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Survey of Consumer Finances, 1983

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The financial position of American households has changed significantly since 1970. To understand these changes better and to assess their implications, the Board of Governors of the Federal Reserve System, the United States Department of Health and Human Services, and five other federal agencies joined together to sponsor the 1983 Survey of Consumer Finances.[1] The overriding common interest among the sponsors was the estimation of the debt obligations and asset holdings of a nationally representative sample of American families. Such a balance-sheet approach allows analysis of the net financial position of families, their use of financial institutions, their holdings of various types of assets, and the structure and sources of their debt obligations. Besides collecting data on the balance sheets from 3,824 families, the 1983 survey sought the attitudes of consumers toward credit use, their reactions to new financial instruments and to consumer credit regulations, and detailed information on consumer pension rights and benefits.

This article presents results from the income and asset sections of the 1983 Survey of Consumer Finances. Articles in forthcoming issues of the FEDERAL RESERVE BULLETIN will present other results from the survey. In addition, a comprehensive presentation of the survey results is being prepared.

Historical Origins

The Federal Reserve first sponsored a survey of consumer finances just after World War II. Noting that households had accumulated a large stock of liquid assets during the war and had deferred expenditures for a wide range of products, the Federal Reserve believed that information obtained from such a survey would be useful in understanding and predicting consumer expenditure and savings patterns. The first such survey was conducted in 1946 for the Federal Reserve by the Bureau of Agricultural Economics of the United States Department of Agriculture. Surveys of consumer finances were conducted by the Survey Research Center of the University of Michigan annually from 1947 through 1970 but then were discontinued. In 1977, balance-sheet data were collected as part of a survey of consumer credit sponsored by the federal banking agencies.[2] In addition, the Federal Reserve Board sponsored the one-time Survey of Financial Characteristics of Consumers in 1962, which obtained consumer balance-sheet data that were more detailed than those available from the surveys of consumer finances.[3] The 1983 Survey of Consumer Finances updates balance-sheet information from the 1977 survey. No survey since the 1962 Survey of Financial Characteristics of Consumers has collected a more comprehensive inventory of consumers' assets than that contained in the 1983 survey. The latest survey provides much new information that analysts may use to identify important trends in income and wealth distribution, asset ownership, and household borrowing patterns, and it affords a comprehensive understanding of the financial state of households. The recent survey provides a unique opportunity to link data on consumer assets and liabilities, income, and financial behavior.

Selected Results of the 1983 Survey

This article presents selected highlights from the 1983 Survey of Consumer Finances. The unit of observation is the family, which is defined to include all persons residing together in the same dwelling who are related by blood, marriage, or adoption. Families include one-person units as well as units of two or more persons.[4] Balance-sheet items are reported as of the date of the interview; income is reported for the previous calendar year.

The first section examines the distribution of family income in 1982 and compares family income in 1969, 1976, and 1982. The next section focuses on home equity, the largest single asset in many families' asset portfolios. The final section presents survey results on ownership and dollar amounts of holdings of various financial assets. The discussion covers changes in holdings of financial assets between 1970 and 1983, holdings of financial assets by income classes and by various demographic groups, and the characteristics of owners of different types of financial assets. Appendix A describes the survey design and data preparation. Appendix B discusses sampling, response, and nonresponse errors.

Family Income

Income is important both as a factor influencing the saving and spending decisions of consumers and as an indicator of economic well-being. The 1983 Survey of Consumer Finances asked respondents to report their total family income in 1982 from all sources, before deductions and taxes. Family income, measured in current dollars, increased substantially from 1969 to 1982 (see table 1).[5] By 1982, the proportion of families with incomes of $25,000 or more had increased to 39 percent from 17 percent in 1976 and from less than 5 percent in 1969. Since 1976, mean and median family incomes have increased 55 percent to $26,259 and 44 percent to $19,446 respectively.[6]

Because the large increases in prices during the period under review make comparisons of dollar amounts over time misleading, reported family income was adjusted for changes in the price level with the consumer price index (these data are also presented in table 1). Comparison of the income distribution in constant dollars reveals that changes in real family income were substantially smaller than those in nominal income. After remaining nearly constant at about 45 percent from 1969 to 1976, the proportion of families with incomes of $25,000 or more (in constant 1982 dollars) fell to 39 percent in 1982. Mean and median real family incomes increased slightly between 1969 and 1976. However, in 1982, mean real family income was 9 percent lower than it was in 1976, and median real family income was 16 percent lower.

1. Distribution of family income, selected years

Percentage distribution of families, except as noted

Family income (dollars)	Current dollars			Constant (1982) dollars		
	1969	1976	1982	1969	1976	1982
Less than 3,000	14	7	3	2	2	3
3,000–4,999	12	8	7	4	5	7
5,000–7,499	16	10	8	7	6	8
7,500–9,999	16	10	7	6	7	7
10,000–14,999	25	20	14	10	11	14
15,000–19,999	11	15	13	13	12	13
20,000–24,999	4	12	11	13	11	11
25,000–29,999	2	6	9	11	10	9
30,000–39,999	1	5	13	17	15	13
40,000–49,999	*	3	7	8	9	7
50,000 and more	1	3	10	9	12	10
Total	**100**	**100**	**100**	**100**	**100**	**100**
MEMO (dollars)						
Mean	10,420	16,893	26,259	27,603	28,860	26,259
Median	8,690	13,549	19,446	23,020	23,147	19,446

*Less than 0.5 percent

SOURCES. George Katona, Lewis Mandell, and Jay Schmiedeskamp, *1970 Survey of Consumer Finances* (University of Michigan, Institute for Social Research, 1971); and Thomas Durkin and Gregory E. Elliehausen, *1977 Consumer Credit Survey* (Board of Governors of the Federal Reserve System, 1977).

2. Share of family income, by income deciles, selected years

Percentage distribution of families

Income decile	Share of total income		
	1969	1976	1982
Lowest	1	1	1
Second	3	3	3
Third	5	4	4
Fourth	6	6	5
Fifth	8	7	7
Sixth	9	8	8
Seventh	11	10	10
Eighth	12	13	13
Ninth	16	16	16
Highest	29	32	33
Total	**100**	**100**	**100**

SOURCES. Katona and others, *1970 Survey;* and Durkin and Elliehausen, *1977 Survey.*

In part, the changes in real family income reflect differences in economic activity at the time the surveys were conducted. Both in 1969 and in 1982, the economy was in recession, and 1976 was a year of economic recovery. The decline in real family income may also be attributed to changes in family composition. For example, an increase in the number of "families" consisting of unmarried people (including single-person families) contributed to a decrease in average family size between 1976 and 1982 and may have reduced average family income.

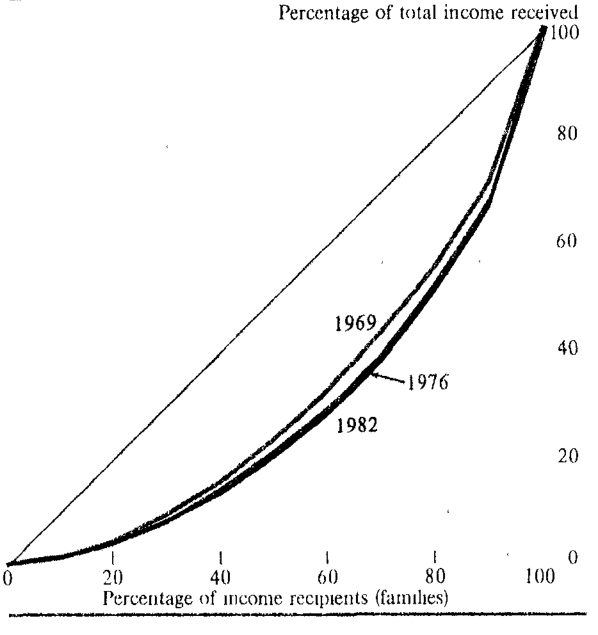
Statistics from the national income and product accounts offer an interesting comparison with these data. Such comparisons—between survey-based and aggregate measures of income—are difficult to make because part of the aggregate consists of income that consumers do not receive in the form of money and consequently do not report in surveys. Examples are the imputed value of rental income for owner-occupied housing, contributions by employers to pensions, and in-kind transfers.[7] Granted this qualification, aggregate real personal income increased 9 percent from 1976 to 1982, but per capita income rose only 3 percent. Per family real personal income fell 3 percent, however, a decline somewhat smaller than that observed between the 1977 and the 1983 surveys. This divergence in trend suggests that changes in family composition indeed were a factor in the changes in real family income.

The distribution of family income over this period is shown in table 2. The share of aggregate family income received by the highest income decile increased a little from 1969 to 1976, rising from 29 percent to 32 percent; it then remained virtually unchanged through 1982.

The accompanying diagram, which depicts a Lorenz curve, graphically displays the size distribution of income presented in table 2. The Lorenz curve is determined by plotting the cumulative percentage of aggregate income received by the cumulative percentage of families arrayed from the lowest to the highest income. For example, in this case, it shows that in 1982, 40 percent of the families received 13 percent of the income (the sum of the first four numbers in the last column of table 2). The degree of inequality is indicated by the area between the Lorenz curve and the 45-degree line that signifies perfect equality (that is, say, 40 percent of the families receive 40 percent of the income). The larger this area, the greater is the degree of inequality. The curves in the chart indicate that the distribution of family income has become somewhat more unequal since 1969.[8]

Table 3 presents mean and median family incomes according to the age, stage in the life cycle, education, occupation, housing status, and racial and ethnic characteristics of the head of the family. Just as previous surveys of con-

Distribution of family income



sumer finances found, the 1983 results reveal that family income tends to increase with the age of the head up to retirement and with the level of education, and to be higher in families headed by individuals in professional, technical, and managerial occupations. Whites also tend to have higher family incomes than nonwhites and Hispanics.

3. Mean and median family income, by selected family characteristics, 1983

Characteristic	Percent of families	Family income (dollars)	
		Mean	Median
Age of family head (years)			
Under 25	8	13,385	12,003
25–34	23	23,963	20,097
35–44	19	32,449	27,114
45–54	16	32,935	25,535
55–64	15	32,292	21,855
65–74	12	21,818	12,538
75 and over	7	11,334	7,176
Education of family head			
0–8 grades	14	11,718	8,870
9–11 grades	13	17,146	13,755
High school diploma	32	23,830	20,000
Some college	20	27,412	22,000
College degree	19	46,443	35,000
Occupation of family head			
Professional, technical	14	36,191	28,278
Manager	11	44,685	35,000
Self-employed manager	5	49,925	30,000
Clerical or sales	13	23,416	18,000
Craftsman or foreman	18	24,730	22,075
Operative, labor, or service worker	29	16,675	14,000
Farmer or farm manager	2	26,477	16,365
Miscellaneous	8	12,309	6,991
Housing status			
Own	64	31,754	24,623
Rent or other	36	16,503	13,000
Race of family head			
Caucasian	82	28,035	21,000
Nonwhite and Hispanic	18	18,405	12,722
Life-cycle stage of family head			
Under 45 years			
Unmarried, no children	12	18,749	15,000
Married, no children	7	32,516	28,150
Married, with children	23	30,659	25,800
45 years and over			
Head in labor force	26	35,821	27,000
Head retired	22	17,315	10,200
All ages			
Unmarried, with children	9	13,487	11,020
All families	**100**	**26,259**	**19,446**

Homeownership

For most Americans, homeownership is a major social and economic objective. The surveys of consumer finances reveal an increase in rates of homeownership between 1970 and 1977 but a decline between 1977 and 1983 (see table 4).[9] While nearly 65 percent of nonfarm families owned their own homes in 1977, only 60 percent of such families were owners in 1983.[10] These rates of homeownership exclude families that reside in mobile homes, 83 percent of which were owner-occupied.

4. Housing status of nonfarm families, selected years
Percentage distribution of families

Housing status	1970	1977	1983
Homeowner	62	65	60
Renter	32	28	32
Mobile home[1]	4	6	6
Other[2]	2	1	2
Total	**100**	**100**	**100**

1. Owners and renters
2. Includes, among others, families who receive housing as a gift or as compensation from employment and respondents who refused to answer.

SOURCES. Katona and others, *1970 Survey*, table 3-12, and Durkin and Elliehausen, *1977 Survey*, table 11-10.

Many factors could explain these changes in homeownership. The perception that homeownership offered an effective hedge against inflation may have contributed to the growth in homeownership during the 1970s. Growth in the number of families with an unmarried head and increases in mortgage interest rates may have been partly responsible for the decline in homeownership in recent years.

The frequency of homeownership is not uniform among all groups of consumers (see table 5). In 1983, at least two-thirds of all families whose head was at least 35 years old owned their own homes while only 34 percent of families headed by someone under 35 did. Older persons, whether working or retired, had the highest frequency of homeownership. Rates of homeownership generally fell or were unchanged for families at all stages of the life cycle between

5. Housing status of nonfarm families, by selected characteristics, 1977 and 1983

Percentage of families

Characteristic	Own 1977	Own 1983	Rent 1977	Rent 1983
Family income (constant, 1982, dollars)				
Less than 10,000	43	36	50	52
10,000–19,999	54	51	36	38
20,000–29,999	63	60	25	32
30,000–49,999	80	82	17	13
50,000 and more	92	89	7	11
Age of family head (years)				
Under 35	41	34	48	55
35–44	75	66	19	28
45–54	80	75	15	18
55–64	76	73	17	20
65 and over	74	70	19	21
Race of family head				
Caucasian	66	64	24	28
Nonwhite and Hispanic	52	40	42	51
Life-cycle stage of family head				
Under 45 years				
Unmarried, no children	14	23	78	71
Married, no children	45	44	46	44
Married with children	72	65	19	26
45 years and over				
Head in labor force	77	76	15	17
Head retired	77	69	18	23
All ages				
Unmarried, with children	41	38	48	54
All families	**65**	**60**	**28**	**32**

SOURCE. Durkin and Elliehausen, *1977 Survey*

1977 and 1983. The only exception was single, childless individuals under 45. Of this group, 23 percent owned homes in 1983 compared with only 14 percent in 1977. As table 5 shows, homeownership rates fell for nonwhites and Hispanics but remained nearly the same for whites between 1977 and 1983. In 1983, the rate of homeownership was 60 percent higher for whites than for nonwhites and Hispanics.

As one expects, homeownership rates increase with family income. Only 36 percent of families with incomes of less than $10,000 owned their own homes in 1983, but 89 percent of families with incomes of $50,000 or more were homeowners in that year. Comparisons over time of the frequency of homeownership rates for families arrayed by income, measured in constant 1982 dollars, indicates that for most groups homeownership rates declined between 1977 and 1983.

Equity in the home, defined as the current value of the property less the amount of first mortgage debt, is the largest asset for many homeowners.[11] The 1983 survey asked each homeowner to report the current market value of his residence. In addition, each homeowner was questioned about the terms of his outstanding

6. Value of houses owned by families and net equity in current and constant dollars, selected years

Percentage distribution of owner-occupied nonfarm houses except as noted

Value or equity[1]	Current dollars 1970	Current dollars 1977	Current dollars 1983	Constant (1983) dollars 1970	Constant (1983) dollars 1977	Constant (1983) dollars 1983
House value (dollars)[2]						
Less than 25,000	71	21	9	17	9	9
25,000–49,999	25	49	30	42	29	30
50,000–74,999	3	19	25	22	29	25
75,000–99,999	*	7	16	12	16	16
100,000–149,999	1	3	12	6	13	12
150,000 and more	*	1	8	2	4	8
Total	**100**	**100**	**100**	**100**	**100**	**100**
MEMO (dollars)						
Mean	20,751	42,972	72,238	53,190	70,460	72,238
Median	17,800	37,000	57,500	45,625	60,669	57,500
Equity in house (dollars)						
Less than 15,000	63	26	12	24	14	12
15,000–24,999	23	20	12	17	13	12
25,000–49,999	12	38	33	36	32	33
50,000–74,999	1	11	21	13	21	21
75,000 and more	1	6	22	10	19	22
Total	**100**	**100**	**100**	**100**	**100**	**100**
MEMO (dollars)						
Mean	14,767	32,122	56,133	37,853	52,670	56,133
Median	11,800	27,000	41,261	30,246	44,272	41,261

1. Mobile homes are excluded.
2. As valued by respondents in the year indicated, except that houses purchased during 1976, 1977, 1982, or 1983 were valued at the purchase price

*Less than 0.5 percent.

SOURCES. Katona and others, *1970 Survey*, table 3-6; and Durkin and Elliehausen, *1977 Survey*.

mortgage debt. From the responses on payment size, maturity, and interest rate, outstanding mortgage debt was calculated. Estimated first mortgage debt outstanding was subtracted from reported property value to determine home equity for each homeowner.

Increases in housing prices boosted the median reported value of homes dramatically between 1970 and 1977, more than doubling it, from $17,800 to $37,000 (see table 6). While nominal housing prices continued to rise between 1977 and 1983, the median value of homes declined 5 percent in real terms over this six-year interval. Interestingly, in face of this decline, the mean real home value increased. This finding may be attributed to an increase in the proportion of families owning homes valued at $150,000 or more measured in constant 1983 dollars.

Changes in calculated real equity values and real home prices exhibited similar patterns between 1970 and 1983. Median home equity increased 46 percent in real terms between 1970 and 1977 and then declined nearly 7 percent to $41,261 in 1983. Real mean home equity increased 39 percent between 1970 and 1977 and then increased nearly 7 percent to $56,133 in 1983. However, home equity varies considerably with the characteristics of the household (see table 7). According to survey results, both mean and median equity increase steadily with total family income and with the age of the family head until 65. In 1983, both mean and median home equity were higher for whites than nonwhites and Hispanics.

7. Mean and median net equity in homes of nonfarm homeowning families, by selected characteristics, 1983

Dollars

Characteristic	Mean	Median
Family income (dollars)		
Less than 10,000	39,996	29,810
10,000–19,999	42,896	35,000
20,000–29,999	48,309	38,075
30,000–49,999	55,679	46,206
50,000 and more	100,675	74,756
Age of family head (years)		
Under 35	31,496	25,985
35–44	52,067	40,600
45–54	64,467	50,000
55–64	73,578	55,000
65 and over	58,269	41,857
Race of family head		
Caucasian	57,623	43,466
Nonwhite and Hispanic	45,329	30,000
Life-cycle stage of family head		
Under 45 years		
Unmarried, no children	35,437	30,000
Married, no children	36,508	27,504
Married with children	45,539	34,900
45 years and over		
Head in labor force	68,388	53,772
Head retired	62,464	44,168
All ages		
Unmarried, with children	41,879	34,294
All families	**56,133**	**41,261**

Financial Assets

Economic developments in the past six years have altered markedly the selection of financial assets by consumers. In financial markets, deregulation has increased the discretion of financial institutions in the pricing and breadth of product offerings. Nonbank competitors have aggressively sought consumer savings with a variety of new instruments. Yields on instruments, in both real and nominal terms, have also risen substantially over this period. For these reasons, asset holdings of consumers received particular emphasis in the 1983 Survey of Consumer Finances.

Consumers were asked to report on their asset holdings in greater detail than in any other recent survey of consumer finances. Questions were asked about the size and location of each checking, money market, and savings account.[12] Similar detail was solicited about stock holdings, different types of bonds, trusts, mutual fund holdings, individual retirement accounts (IRAs), Keogh accounts, certificates of deposit, life insurance, loans to friends or relatives, real estate, and businesses. Questions were asked about pension assets and holdings in nontaxable forms such as municipal bonds and nontaxable mutual funds. Respondents were also queried about their use of different financial services and the reasons for their choices, about their attitudes toward risk and savings, and about income received from various financial instruments. Emphasizing only a few of the numerous findings from all of these questions, this section highlights the ownership of liquid and total financial assets by different types of families.

Comparisons of the percentages of families holding different types of financial assets in 1970, 1977, and 1983 indicate a substantial reduction in the proportion of families with savings accounts,

8. Families holding selected liquid and other financial assets, selected years

Percentage of families

Type of asset	1970	1977	1983
Liquid assets			
Checking account	75	81	79
Certificates of deposit	8	14	20
Savings account	65	77	62
Money market account	n.a.	n.a.	14
Savings bonds	27	31	21
Other financial assets			
Stocks	25	25	19
Nontaxable bonds[1]	2	2	3
Other bonds[1]		2	3

1. The *1970 Survey* did not distinguish between household ownership of municipal bonds (nontaxable) and corporate bonds (taxable)

n.a. Not available

SOURCES. Katona and others, *1970 Survey*, and Durkin and Elliehausen, *1977 Survey*.

savings bonds, and stocks since 1977 (see table 8). The decline in savings accounts can be explained largely by the growth in holdings of other assets such as individual retirement accounts, certificates of deposit, and money market accounts. The decline in stock holding is somewhat more puzzling, although it may be explained partially by a decline in the popularity of stock mutual funds and investment clubs as well as by the lackluster performance of the stock market during most of the 1977–83 period.

Table 9 shows distributions by dollar amount of liquid and total financial asset holdings in 1970, 1977, and 1983. Liquid assets include checking, money market, and savings accounts; individual retirement and Keogh accounts; certificates of deposit; and savings bonds. Financial assets are liquid assets plus stocks, other bonds, and trusts. Over this period, the proportion of families that did not report liquid assets declined slightly, from 16 percent to 12 percent. Mean holdings of liquid assets increased 15 percent in

9. Distribution of total financial assets and liquid assets, selected years

Percentage distribution except as noted

Holdings (dollars)	Current dollars			Constant (1983) dollars		
	1970	1977	1983	1970	1977	1983
	Total financial assets[1]					
None	16	11	12	16	11	12
1–999	34	30	27	22	24	27
1,000–1,999	10	10	9	9	9	9
2,000–4,999	14	14	13	13	12	13
5,000–9,999	9	9	10	11	11	10
10,000–14,999	4	6	5	6	6	5
15,000–24,999	5	6	7	6	7	7
25,000–49,999	3	7	7	7	8	7
50,000–99,999	2	4	5	5	5	5
100,000 and more	1	3	5	5	6	5
Total	**100**	**100**	**100**	**100**	**100**	**100**
MEMO (dollars)						
Mean	9,088	14,803	24,128	23,295	24,273	24,128
Median	900	1,850	2,300	2,307	3,033	2,300
	Liquid assets[2]					
None	16	11	12	16	11	12
1–199	14	13	9	7	9	9
200–499	12	10	9	6	7	9
500–999	11	9	10	9	9	10
1,000–1,999	11	11	10	11	10	10
2,000–4,999	15	15	14	15	14	14
5,000–9,999	9	9	10	11	12	10
10,000–24,999	8	12	13	12	13	13
25,000–39,999	2	3	5	5	6	5
40,000 and more	2	6	8	7	10	8
Total	**100**	**100**	**100**	**100**	**100**	**100**
MEMO (dollars)						
Mean	4,398	9,284	12,934	11,274	15,224	12,934
Median	800	1,550	1,967	2,051	2,542	1,967

1. Financial assets include liquid assets plus stocks, other bonds, nontaxable holdings (municipal bonds and shares in certain mutual funds), and trusts

2. Liquid assets include checking accounts, savings accounts, money market accounts, certificates of deposit, IRA and Keogh accounts, and savings bonds.

SOURCE. Katona and others, *1970 Survey*; and Durkin and Elliehausen, *1977 Survey*.

constant dollars, from $11,274 in 1970 to $12,934 in 1983. In contrast, median holdings decreased 4 percent from 1970 to 1983. Mean and median holdings were higher in 1977 than in either 1970 or 1983. However, as mentioned, 1970 and 1983 followed recessions, while 1977 was in the middle of an economic expansion. Thus holdings of liquid assets may have been lower in 1970 and 1983 because families used such assets to meet shortfalls in income.

Mean holdings of total financial assets were roughly twice the amount of mean holdings of liquid assets during this period. The mean amount of financial assets in constant dollars

10 Mean and median liquid and total financial assets of families holding such assets, by selected family characteristics, 1983

Characteristic	Percent of families owning liquid assets	Liquid assets (dollars)[1]		Total financial assets (dollars)	
		Mean	Median	Mean	Median
Family income (dollars)					
Less than 5,000	57	2,177	500	3,254	513
5,000–7,499	70	3,663	1,000	4,296	1,000
7,500–9,999	75	5,378	800	6,114	848
10,000–14,999	87	9,549	1,719	11,619	2,205
15,000–19,999	93	9,130	1,513	12,021	1,780
20,000–24,999	95	11,365	2,105	14,078	2,385
25,000–29,999	97	12,509	2,798	18,539	3,349
30,000–39,999	99	17,783	4,717	22,752	5,950
40,000–49,999	99	16,285	7,828	32,342	10,631
50,000 and more	99	45,541	19,886	125,131	31,658
Age of family head (years)					
Under 25	81	1,972	600	2,646	746
25–34	87	4,274	1,203	7,963	1,514
35–44	91	8,911	3,000	14,414	3,750
45–54	89	14,826	3,308	23,009	4,131
55–64	91	25,439	7,425	54,951	9,338
65–74	88	30,666	9,676	65,339	11,400
75 and over	86	26,481	7,885	37,060	10,350
Education of family head					
0–8 grades	72	9,552	1,490	10,598	1,502
9–11 grades	77	11,394	1,519	14,437	1,800
High school diploma	91	11,822	2,212	17,221	2,550
Some college	93	13,165	2,888	24,466	3,785
College degree	98	25,112	7,825	61,016	10,977
Occupation of family head					
Professional, technical	97	19,276	5,521	32,226	7,727
Manager	96	22,651	7,720	47,713	10,650
Self-employed manager	96	34,784	11,110	125,983	15,150
Clerical or sales	94	13,623	3,255	24,433	4,225
Craftsman or foreman	90	9,690	2,105	13,592	2,775
Operative, labor, or service worker	79	6,122	1,115	7,441	1,316
Farmer or farm manager	93	38,619	8,500	42,118	10,203
Miscellaneous	74	15,169	1,275	21,751	1,372
Housing status					
Own	94	18,385	5,000	34,534	6,069
Rent or other	78	6,759	1,000	12,010	1,100
Race of family head					
Caucasian	93	16,050	3,500	30,560	4,500
Nonwhite and Hispanic	66	6,217	961	7,339	1,000
Life-cycle stage of family head					
Under 45 years					
Unmarried, no children	89	4,980	1,303	7,920	1,700
Married, no children	91	6,338	2,384	9,479	2,894
Married, with children	92	6,460	1,677	10,177	1,842
45 years and over					
Head in labor force	93	20,962	6,230	42,790	8,199
Head retired	86	28,203	6,725	50,170	8,747
All ages					
Unmarried, with children	67	4,016	775	11,062	961
All families	**88**	**14,695**	**2,850**	**27,365**	**3,500**

1. The figures for mean and median liquid and total financial assets in this table differ from those in table 9 because the latter include families without liquid or financial assets.

increased slightly, from $23,295 in 1970 to $24,128 in 1983. Median holdings of financial assets were about the same in real terms in 1970 and 1983.

The proportion of owners and the dollar amounts of holdings of liquid assets, and of financial assets generally, rise dramatically from the lowest to the highest family income groups (see table 10). The proportion of families having liquid assets increases from 57 percent for families with less than $5,000 to 97 percent or more for families with above $25,000. The rise of both mean and median dollar holdings of liquid assets with income is also striking. However, the mean holdings are much higher than the medians, reflecting very large holdings by a few families.

Holdings of liquid assets by age, stage in the life cycle, education, occupation, housing status, and racial and ethnic group follow the patterns related to income with one notable exception. Although families headed by an older or retired person are less likely to own liquid assets, those who do own them tend to have holdings that are larger than the average.

The 1983 patterns of ownership of specific assets by different groups, shown in table 11, are consistent with findings from past surveys. Low-income and nonwhite and Hispanic families are

11. Ownership of selected assets by families, by selected family characteristics, 1983

Percentage of families

Characteristic	Financial assets										Other assets	
	Liquid assets					Other financial assets						
	Checking account	Savings account	Money market account	Certificates of deposit	IRA or Keogh account	Savings bonds	Stocks	Bonds	Nontaxable holdings[1]	Trust	Property	Business
Family income (dollars)												
Less than 10,000	53	39	3	10	2	7	5	*	*	2	7	5
10,000–19,999	77	59	10	19	7	16	13	2	2	2	14	8
20,000–29,999	88	72	12	21	16	24	20	3	1	3	18	16
30,000–49,999	94	78	21	26	30	33	31	3	4	6	28	21
50,000 and more	97	75	36	36	55	35	51	11	16	12	44	37
Age of family head (years)												
Under 35	72	63	8	9	9	20	13	1	1	4	10	7
35–44	83	68	16	16	19	27	22	3	3	4	20	13
45–54	81	65	12	18	25	23	22	3	3	6	22	11
55–64	83	58	18	30	33	21	25	5	5	4	30	12
65 and over	80	53	18	37	8	14	21	4	5	3	20	7
Housing status												
Own	88	68	17	27	22	25	24	3	4	5	24	12
Rent or other	63	51	8	9	7	13	11	2	1	3	9	4
Race												
Caucasian	85	66	15	23	19	23	22	3	3	5	21	16
Nonwhite and Hispanic	49	45	5	6	6	10	7	*	2	1	11	7
Life-cycle stage of family head												
Under 45 years												
Unmarried, no children	73	62	13	9	11	14	17	2	1	3	10	10
Married, no children	84	68	17	13	15	23	21	1	2	6	15	14
Married with children	82	70	10	13	15	28	17	1	2	4	18	19
45 years and over												
Head in labor force	86	66	17	27	32	23	25	4	4	5	28	22
Head retired	78	50	16	34	8	15	20	4	5	3	19	7
All ages												
Unmarried with children	54	50	6	8	5	16	9	2	1	4	7	4
All families	**79**	**62**	**14**	**20**	**17**	**21**	**19**	**3**	**3**	**4**	**19**	**14**

1. Municipal bonds and shares in certain mutual funds

*Less than 0.5 percent.

considerably less likely than upper income and white families to have accounts with financial institutions. As might be expected, ownership of every type of asset is an increasing function of income. The stage in the life cycle appears to have less influence than income does on holdings except for certificates of deposit, individual retirement accounts, and nontaxable bonds. Intergroup differences are even less apparent for median dollar holdings (table 12). Although, in general, nonwhites and Hispanics are less likely to hold assets, those who have them apparently hold amounts similar to those held by white families.

The survey data suggest that ownership of nonbank financial assets, such as stocks and bonds, is not widespread. Most families that own stock did not appear to be active investors. For example, of the one-fifth in the sample who reported owning stock, only 40 percent reported owning shares in more than one company. An even smaller percentage of stockowners reported having a brokerage account (35 percent) or trading stock in 1982 (27 percent). Similarly, only a small fraction of the sample reported seeking advice from professionals such as lawyers (5 percent), accountants (6 percent), or tax advisers (4 percent). The same was true of families in the

12. Median amount of assets of families holding such assets, by selected family characteristics, 1983

Dollars

Characteristic	Financial assets										Other assets	
	Liquid assets					Other financial assets						
	Checking account	Savings account	Money market account	Certificates of deposit	IRA or Keogh account	Savings bonds	Stocks	Bonds	Nontaxable holdings[1]	Trust	Property	Business
Family income (dollars)												
Less than 10,000	300	500	3,160	5,799	2,000	205	1,957	1,827	6,923	3,282	15,000	20,000
10,000–19,999	400	840	5,250	13,250	2,500	200	3,500	10,000	12,240	2,654	20,000	12,867
20,000–29,999	500	1,100	7,250	11,902	2,000	300	2,000	6,250	3,000	5,750	29,375	31,250
30,000–49,999	625	1,500	6,000	10,000	3,332	475	3,250	8,500	6,500	10,000	40,000	42,500
50,000 and more	1,700	3,837	14,000	18,046	4,500	500	13,512	20,000	26,604	15,000	83,000	100,000
Age of family head (years)												
Under 35	300	500	4,388	4,000	2,000	200	1,200	7,511	2,747	2,957	25,000	13,500
35–44	500	1,194	6,000	8,717	3,000	300	3,300	5,272	8,673	8,000	40,000	40,000
45–54	600	1,400	15,250	8,250	3,790	330	3,623	8,400	16,500	10,000	27,000	52,500
55–64	995	1,588	7,400	12,255	4,000	750	7,250	12,500	17,500	15,500	40,000	55,000
65 and over	987	2,412	11,156	19,892	6,000	846	10,150	20,500	21,932	20,791	40,000	83,202
Housing status												
Own	600	1,500	9,213	11,000	4,000	352	5,000	15,000	14,125	10,000	35,750	52,500
Rent or other	400	572	5,000	7,957	2,250	288	2,500	5,511	9,914	3,032	30,199	20,690
Race of family head												
Caucasian	535	1,240	8,000	10,000	4,000	326	4,673	10,000	15,726	10,000	40,000	47,700
Nonwhite and Hispanic	400	700	10,000	10,000	2,500	288	989	17,500	2,417	1,616	20,000	50,000
Life-cycle stage of family head												
Under 45 years												
Unmarried, no children	400	525	5,000	4,500	2,875	200	2,073	10,000	5,750	400	32,500	13,500
Married, no children	500	890	4,750	5,200	2,918	300	1,550	1,100	5,500	6,016	40,450	24,690
Married with children	350	1,000	6,000	5,400	2,376	200	2,500	5,272	7,676	2,960	31,546	30,000
45 years and over												
Head in labor force	750	1,550	10,000	10,000	4,000	500	5,040	10,000	22,500	12,872	40,000	55,000
Head retired	900	2,188	11,156	19,392	4,000	800	10,000	17,500	13,740	20,500	31,000	97,500
All ages												
Unmarried with children	264	460	4,000	5,000	1,728	263	1,650	850	10,298	3,200	20,250	13,392
All families	**500**	**1,151**	**8,000**	**10,000**	**4,000**	**325**	**4,016**	**10,000**	**14,125**	**10,000**	**35,000**	**50,000**

1. Municipal bonds and shares in certain mutual funds.

13. Selected characteristics of asset owners and assets, by type of asset, 1983

Type of asset	Percent of all families owning	Median size of asset (dollars)	Median income of owners (dollars)	Median total financial assets of owners (dollars)	Percent held by selected families, ranked by income: Top 10 percent	Top 2 percent
Financial assets, total						
Liquid assets	88	2,850	21,600	3,501	51	30
Checking account	79	500	23,000	4,355	41	23
Savings account	62	1,151	23,580	4,839	26	8
Money market account	14	8,000	33,190	27,360	40	15
Certificates of deposit	20	10,000	26,000	26,750	33	15
IRA or Keogh account	17	4,000	38,170	20,961	48	17
Savings bonds	21	325	29,003	8,782	26	12
Other financial assets						
Stocks	19	4,016	33,438	22,626	72	50
Bonds	3	10,000	42,500	71,952	70	39
Nontaxable holdings[1]	3	14,125	52,575	115,250	86	71
Trust	4	10,000	32,128	25,395	46	34
Other assets						
Property	19	35,000	31,000	12,036	50	20
Business	14	50,000	32,138	11,300	78	33

1. Municipal bonds and shares in certain mutual funds.

top income decile, those with incomes of $50,000 or more: Only about one-half of these families reported owning any stock, and less than one-sixth reported owning other nonbank financial assets. Even for this group, dollar holdings of real estate property and business holdings were more important than holdings of financial assets.

The concentration of nonliquid financial assets in a small number of families with very high incomes is apparent from table 13. That table presents the median income and median total financial assets in 1983 along with the percentage of total dollar holdings of each type of asset held by the top 10 percent of families in the sample (income of $50,000 or more) and the top 2 percent (income of $100,000 or more). Similar calculations are presented for total financial assets. The results are striking. Asset holdings are much more highly concentrated than family income. More than 70 percent of the dollar holdings of nontaxable bonds, 50 percent of the stockholdings, and 39 percent of the other bonds are held by the 2 percent of families with incomes that exceed $100,000. Yet only 15 percent of the liquid asset holdings and 20 percent of the property values are held by this group. These families hold about 30 percent of the financial assets in the sample, yet receive about 15 percent of the income.

Future Reports

Articles in forthcoming issues of the BULLETIN will focus on other results from the 1983 Survey of Consumer Finances. Family debt will be the next topic covered, along with an analysis of both the level and the changes in mortgage debt and consumer credit outstanding. The article will also investigate the sources of these loans and the factors that influence the family's selection of a creditor.

Recognizing that a relatively small proportion of families have substantially larger holdings of assets than other families, and thus are adequately represented only in a very large random sample, the sponsors of the 1983 Survey of Consumer Finances obtained a special sample of high-income families from the United States Department of the Treasury. These families were given the same questionnaire as the larger, cross-section sample, whose results are reported here. In total, 438 high-income families completed interviews. This special sample presents an unusual opportunity to examine in some detail the financial behavior of the very wealthy. The results of this analysis will be presented in a forthcoming BULLETIN.

FOOTNOTES

1. The other agencies were the Federal Deposit Insurance Corporation, the Comptroller of the Currency, the Federal Trade Commission, the U.S. Department of Labor, and the U.S. Treasury, Office of Tax Analysis.

2. Thomas A. Durkin and Gregory E. Elliehausen, *1977 Consumer Credit Survey* (Board of Governors of the Federal Reserve System, 1978).

3. Dorothy S. Projector and Gertrude S. Weiss, *Survey of Financial Characteristics of Consumers* (Board of Governors of the Federal Reserve System, August 1966).

4. This definition of "family" is consistent with those used in previous surveys of consumer finances. However, it differs from the definition used by the Bureau of the Census. The bureau calls one-person units "nonfamily householders" or "secondary individuals," depending on their housing arrangements.

5. Data for 1969 and 1976 family income in table 1 are from the data tapes of the 1970 Survey of Consumer Finances and the 1977 Consumer Credit Survey respectively. There were 2,317 respondents in the 1970 survey and 2,563 respondents in the 1977 survey. Summaries of the basic results of these surveys are found in George Katona, Lewis Mandell, and Jay Schmiedeskamp, *1970 Survey of Consumer Finances* (University of Michigan, Institute of Social Research, 1971), and Durkin and Elliehausen, *1977 Consumer Credit Survey.*

6. Survey respondents have a tendency to underreport income so that the actual means and medians are likely to be higher than those shown in table 1. For a discussion of response errors in consumer surveys and the implications for analysis, see Arthur L. Broida, "Consumer Surveys as a Source of Information for Social Accounting: The Problems," in *The Flow-of-Funds Approach to Social Accounting: Appraisals, Analysis and Applications,* National Bureau of Economic Research, Studies in Income and Wealth, vol. 26 (Princeton University Press, 1962), pp. 335–81.

7. The Census Bureau's Current Population Survey (CPS) provides annual data on household income. The bureau reports a downward trend since 1973 in mean and median real family income. Its data for 1969, 1976, and 1982 family income are consistent with findings from the surveys of consumer finances. Like the survey, the CPS does not include the imputed rental value of owner-occupied housing or other forms of nonmoney income.

8. The Gini coefficient is the ratio of the area between the Lorenz curve and the 45-degree line to the total area below the 45-degree line. The larger this ratio, the greater the degree of inequality. Gini ratios for 1969, 1976, and 1982 are 0.39, 0.42, and 0.45 respectively. Thus the distribution of family income, by this measure, appears to have become more unequal during the years 1969–82.

9. The 1983 figure for homeownership in table 4 differs from the one in table 3 because farm families are excluded in table 4 and occupants of mobile homes are in a separate category.

10. The growing inability of families in early stages of the life cycle to afford homes is probably a more important factor than foreclosures and forced sales in the decline in homeownership.

11. Home equity could also be defined to exclude outstanding second mortgages and other debts secured by the home.

12. Money market accounts include both money market deposit and money market mutual fund accounts.

13. Copies of the questionnaire, code book, and data tape containing responses to the survey may be obtained from Robert Chamberlin, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

APPENDIX A: SURVEY DESIGN

The methods employed in the 1983 Survey of Consumer Finances are similar to those used in earlier surveys.[13] A multistage probability sampling design was used to select a sample of dwelling units and their occupants representative of all families in the coterminous United States (the lower 48 states), exclusive of those on military installations. Participating families were drawn from 74 sample points in 37 states and the District of Columbia. The sample represents the four major geographic regions—Northeast, North Central, South, and West—in proportion to their respective populations. Probability selection was enforced at all stages of sampling. Interviewers were given no discretion in the choice of households and families to be interviewed.

Interviewing for the 1983 survey was carried out by the Survey Research Center of the University of Michigan from February through July 1983. A total of 3,824 families voluntarily participated and completed personal interviews during this period. Within each participating family the individual selected as respondent was either the head of the family or, in the case of a married couple, the person most knowledgeable about the family finances. Respondents were encouraged to consult other family members and financial records in an effort to obtain complete and accurate responses. Nevertheless, as is the case with all sample surveys, data derived from the Survey of Consumer Finances are subject to sampling errors, reporting errors, and errors due to nonreporting. Appendix B discusses the influence of these factors on the results of consumer surveys.

The numbers presented in the tables of this article are based upon data that differ somewhat from the raw sample responses. Particularly for questions of a sensitive nature, respondents are not always willing to answer. As a result, conclusions based only on actual responses, ignoring missing values, can be biased. To correct for this potential bias, a series of statistical procedures was used with the 1983 survey data to impute missing values. A detailed discussion of these imputation techniques will appear in the comprehensive report on the results of the 1983 Survey of Consumer Finances.

To summarize these procedures, observations were separated into two groups: those in which the majority of dollar figures were present and those in which they were not. A combination of regression models, "hot deck" imputations, and inferences from other surveys was used to assign values for all missing asset, liability, and income data in the former group. The 159 observations in the latter group (4.1 percent of the sample) were discarded. A probit regression was fit for the included and excluded groups utilizing information available for all observations, to calculate a sampling weight to compensate for any nonrandom exclusion of observations with missing values. This weight was used in conjunction with the survey's response weights to weight the 3,665 observations used to construct the tables. Although this procedure could have altered results, as a practical matter, weighted tables did not differ dramatically from tables computed from unweighted data.

Appendix B: Sampling, Response, and Nonresponse Errors

Estimates of population characteristics derived from sample interview surveys such as the 1983 Survey of Consumer Finances differ somewhat from the figures that would have been obtained if a complete census had been taken using the same questionnaire, instructions, and enumerators. All information derived from the surveys of consumer finances is subject to sampling errors, reporting errors, and errors due to nonreporting.

Sampling Errors

Sampling errors arise when survey estimates are based on a sample of a population rather than a complete census of that population. Sampling error is a measure of the possible random deviation of survey findings resulting from the selection of a particular sample. A statistical technique is available for measuring these chance fluctuations in survey results. Although this technique does not measure the actual error of a particular sample result, given a stated probability and a known sample size, it does provide a method of determining the range on either side of the sample estimate within which the "true" value is likely to fall.

Table B.1 contains the approximate sampling errors associated with various sample sizes and reported percentages from a survey. This table was constructed assuming a 95 percent confidence level. Therefore, for most responses, the chances are 95 in 100 that the value being estimated lies within a range equal to the reported percentages, plus or minus the sampling error. For most of the tables presented in this article, the appropriate sample size is between 1,000 and 2,000 respondents.

B.1. Approximate sampling errors of survey findings, by size of sample or subgroup[1]

Percentage

Reported percentage	Number of interviews					
	3,000	2,000	1,000	500	300	100
50	2.5	2.8	3.6	4.9	6.2	10.5
30 or 70	2.3	2.5	3.3	4.5	5.7	9.6
20 or 80	2.0	2.2	2.9	3.9	4.9	8.4
10 or 90	1.5	1.7	2.2	2.9	3.7	6.3
5 or 95	1.1	1.2	1.6	2.1	2.7	4.6

1. The figures in this table represent *two* standard errors.

Reporting Errors

All survey results are subject to reporting errors. Reporting errors may occur either accidentally, purposely, or from a lack of information. Reporting errors arise because respondents may misunderstand questions, falsify responses, or simply lack interest in the survey. They may also arise because interviewers misinterpret responses or query respondents in an inconsistent manner. These sources of error can be minimized by careful training of interviewers and by gaining the confidence and cooperation of respondents. Identifying inconsistencies during data processing and coding of responses also aids in minimizing reporting errors.

Nonresponse Errors

Nonresponse errors arise because of an inability to interview a family selected for participation in the survey. This inability may occur because the family refuses to participate, cannot be contacted after repeated callbacks, is medically incapacitated, or does not understand the language used by the interviewer. Problems of nonresponse may be reduced by imposing strict requirements for response rates on the organization conducting the interviewing. A response rate of 71 percent was achieved for the 1983 Survey of Consumer Finances, while the 1977 Survey of Consumer Credit recorded a response rate of 75 percent. Nonresponse errors, like reporting errors, are not precisely measurable. However, they seem to remain fairly constant in successive surveys.

Treasury and Federal Reserve Foreign Exchange Operations

This 45th joint report reflects the Treasury–Federal Reserve policy of making available additional information on foreign exchange operations from time to time. The Federal Reserve Bank of New York acts as agent for both the Treasury and the Federal Open Market Committee of the Federal Reserve System in the conduct of foreign exchange operations.

This report was prepared by Sam Y. Cross, Manager of Foreign Operations for the System Open Market Account and Executive Vice President in charge of the Foreign Group of the Federal Reserve Bank of New York. It covers the period February 1984 through July 1984. Previous reports have been published in the March and September [October 1982] BULLETINS of each year beginning with September 1962.

During the February–July period under review, the exchange markets were subject to frequent shifts in expectations, shifts that were reflected in swings in dollar rates. The dollar declined substantially during February and early March only to strengthen thereafter. By the end of July, it had risen on balance against major currencies to trade at an 11-month high against the Japanese yen, an 11-year high against the German mark, and at record levels against many other European currencies.

In early February, sentiment toward the dollar turned decidedly cautious, though it was trading in the exchange markets close to highs reached in early January. Market observers were concerned that economic policies would be unduly stimulative given the economy's underlying strength, and they came to focus on the risk for the dollar of a potential rekindling of inflation. Evidence indicated that the U.S. economy was growing far more rapidly than had been estimated just weeks before. Budget deliberations left the impression that the deficit problems were unlikely to be resolved quickly. Market participants felt that the scope for flexibility in monetary policy would similarly be limited in view of sensitivities to the high level of interest rates both in nominal and real terms.

Meanwhile, the climate for investment abroad appeared to be improving. News of strengthening foreign industrial activity and orders, especially in Germany, generated expectations of rising earnings and prompt relief from earlier financial strains. Inflation remained quiescent, and several countries were making clear progress in reducing the structural components of their budget deficits.

Under these circumstances, foreign exchange market participants questioned whether the burgeoning current account deficit of the United

1. Federal Reserve reciprocal currency arrangements
Millions of dollars

Institution	Amount of facility, July 31, 1983	Amount of facility, July 31, 1984
Austrian National Bank	250	250
National Bank of Belgium	1,000	1,000
Bank of Canada	2,000	2,000
National Bank of Denmark	250	250
Bank of England	3,000	3,000
Bank of France	2,000	2,000
German Federal Bank	6,000	6,000
Bank of Italy	3,000	3,000
Bank of Japan	5,000	5,000
Bank of Mexico		
Regular facility	700	700
Special facility	269	(1)
Netherlands Bank	500	500
Bank of Norway	250	250
Bank of Sweden	300	300
Swiss National Bank	4,000	4,000
Bank for International Settlements		
Swiss francs/dollars	600	600
Other authorized European currencies/dollars	1,250	1,250
Total	**30,369**	**30,100**

1. Facility, which became effective August 30, 1982, expired on August 23, 1983.

States could be financed at prevailing exchange rates and interest differentials. The deficits projected for 1984–85 implied that the United States would require capital inflows of such a magnitude as to eliminate the large net creditor position the United States had established over the entire postwar period. Public officials and private commentators around the world expressed concern about the size of the financing requirements ahead, the dependency of the United States on foreign capital inflows, and the vulnerability of the dollar to a potential shift in investor sentiment.

Market participants were, therefore, sensitive to reports that some internationally oriented investors were already reducing the share of dollar-denominated assets in their portfolios in favor of the German mark and other currencies. The belief spread that the dollar had begun a long-awaited decline. Commercial leads and lags, as well as professional positions, were turned against the dollar. As the dollar declined and economic statistics confirmed that U.S. economic growth remained stronger than expected, some market observers pointed to the additional impact a drop in the dollar would have on domestic prices. Although U.S. interest rates rose modestly during February and March, the increases were seen as not fully compensating for the escalation of inflationary expectations. Thus, the dollar fell steadily through the first week in March. Its decline of 10 percent against the German mark was among the largest. On a trade-weighted average basis the dollar declined about 7 percent.

In March, market participants began to sense more restraint in U.S. monetary policy and more progress in reducing the fiscal deficit than they had previously anticipated. The narrowly defined monetary aggregate (M1) had strengthened relative to its intended growth range. More fundamentally, the preliminary statistics for the first quarter showed credit demands accelerating rapidly and the overall economy expanding far more quickly than the Federal Open Market Committee had assumed when it set its monetary targets for the current year. Senior Federal Reserve officials expressed concern about the implications of these developments for a sustained expansion. Consequently, as the federal funds rate continued to firm, market participants no longer expected the central bank to resist a rate rise. By late March, U.S. interest rates of all maturities had increased about 1 percentage point, and on April 9 the Federal Reserve raised its discount rate to 9 percent, bringing it more in line with money market rates. About the same time, the Congress and the administration were moving toward agreement on a "down payment" to reduce the fiscal deficit. Indeed, work on some of the legislation to cut the deficit $150 billion over three years was completed before the congressional summer recess.

Largely in response to these developments, the dollar reversed course in the exchange markets early in March. With real interest rates in the United States again perceived to be rising, concerns about financing the current account deficit receded. Also, earlier predictions of gathering economic strength abroad were disappointed. The immediate outlook was complicated in a number of important countries by labor disputes in key industries that draw attention to serious labor–management conflicts, inflexibility of work rules, and a variety of domestic political issues. Thus, the earlier, more positive assessment of the investment climate abroad tended to erode, and talk of portfolio shifts out of the dollar gave way to reports of investors returning to dollar assets.

By early May, economic statistics suggested that the U.S. economic expansion was remaining exceptionally vigorous in the second quarter and that credit demands were reflecting heavy borrowing needs in both the private and public sectors. With the Federal Reserve then widely presumed to be willing to let these developments show through in rising interest rates, expectations solidified that dollar-based rates would increase substantially further. Banks sought to lengthen their liabilities so as to lock in the cost of funds, putting medium-term interest rates especially under pressure. By the end of May, most dollar-based market rates had risen another full percentage point. Since most foreign interest rates held steady during the spring, interest differentials moved further in the dollar's favor.

Meanwhile, concern deepened in some quarters that rising interest rates were increasing burdens on the heavily indebted developing countries. Some market participants were also wary of the possibility that a meeting of Latin American debtor countries in Cartegena, Colombia, in July would lead to a polarization of the debt negotiations.

It was in this context that one large American bank experienced funding difficulties in mid-May, following market rumors that it had substantial undisclosed losses on its domestic loans. Support efforts were organized by other large banks and by the federal authorities. But market participants were unsure that the financial strains could be contained without modification of monetary policy, and they took particular note of a temporary easing in the federal funds rate. During late May, rumors circulated that deposits were being withdrawn from a few large U.S. banks known to have sizable exposures in Latin America. The dollar eased back as exchange markets became somewhat unsettled over the implications of these developments as well as the prospect of sizable amounts of funds being moved out of dollar assets. By May 24, rumors had come to encompass American banks more generally, and the exchange markets became extremely disorderly. The U.S. authorities conducted their only intervention operation of the period that day, selling $135 million equivalent of German marks to counter the disorder. Trading conditions did improve thereafter, though the dollar continued to decline for several more days.

Early in June the dollar resumed its climb as some of the concerns of May began to dissipate. Market professionals came to realize that the Federal Reserve had been able to provide the needed liquidity without compromising its monetary targets. Some questions about the adequacy of U.S. banks' accounting procedures were laid to rest as the rules on reporting loans to be "nonaccruing" were clarified. Concern over the debt problem of the developing countries also eased amid discussion of multiyear debt restructurings for countries demonstrating the greatest progress in external adjustment. Another positive factor was the emergence of a constructive attitude from the Cartagena meeting.

Later, the demand for dollars intensified as U.S. capital markets regained their attraction to foreign investors. A succession of economic statistics suggested that a significant deceleration of real growth in the United States had yet to occur. At the same time, statistics on U.S. inflation were much better than had been expected, implying that interest rate differentials adjusted for comparative price performance had become even more favorable to dollar investments. Moreover, the deficit-reduction legislation nearing passage in the Congress contained a provision to remove a longstanding 30 percent withholding tax on interest earned on U.S. investments by nonresidents. This legislation, which was subsequently enacted, prompted talk that large new foreign inflows of capital would be attracted to the United States as certain investors who had been subject to the tax gained greater access to U.S. markets. When the U.S. bond and stock markets staged a strong rally late in July, market participants therefore anticipated substantial foreign interest.

The dollar was bid up quite strongly at the end of July to reach its highs for the period under review. The dollar's net advance for the six months was greatest against the Swiss franc and the pound sterling, at 10 percent and 8 percent respectively. Against most other major currencies the dollar rose on balance about 4 to 5 percent, and in trade-weighted terms it increased 4¼ percent.

There were few changes in currency relationships among the other major currencies during the six months. Indeed, during the latter part of the period when the dollar was rising, the currencies participating in the joint intervention arrangements of the European Monetary System (EMS) traded without strain. The authorities in those countries whose currencies had previously been under pressure were thereby able to rebuild their official reserve positions as well as to move cautiously in the direction of easing domestic interest rates and relaxing exchange controls. As a group, the major industrialized countries abroad sold dollars on balance during the six months in their intervention operations to support their own currencies. But these intervention sales were more than offset by interest earnings and acquisitions of currencies through foreign borrowings and other transactions, so that the foreign currency reserves of the major countries continued to grow.

At the beginning of the six-month period, the only drawing outstanding on credit arrangements of the U.S. monetary authorities was $10 million drawn on December 29, 1983, by the Bank of Jamaica against a U.S. Treasury temporary swap facility of $50 million. The Bank of Jamaica fully repaid this amount on March 2 whereupon this facility expired.

On March 30 the U.S. Treasury announced that it would participate in an arrangement related to the efforts of the government of Argentina to put into place an economic adjustment program supported by the International Monetary Fund (IMF). The Treasury's participation consisted of agreeing to extend temporary swap credits of up to $300 million to Argentina upon agreement on an economic adjustment program between Argentina and the IMF; Argentina agreed to repay any such drawings on the Treasury from proceeds of IMF drawings. This undertaking was part of a $500 million financing package that was used by Argentina to pay certain interest arrears. The $500 million package consisted of $300 million in credits extended to Argentina by the governments of Mexico, Venezuela, Brazil, and Colombia, to be repaid upon Argentina's drawing from the U.S. Treasury; $100 million additional credits extended by the eleven commercial banks in the working group for Argentina; and $100 million provided from Argentina's resources. The U.S. commitment, originally made for a 30-day period, was extended at the end of April for another month and again at the end of May for an additional 15 days. The Treasury's commitment under this agreement lapsed on June 15.

The Federal Reserve and the Treasury invest foreign currency balances acquired in the market as a result of their foreign exchange operations in a variety of instruments that yield market-related rates of return and that have a high degree of quality and liquidity. Under the authority provided by the Monetary Control Act of 1980, the Federal Reserve had invested $1,424.2 million of its foreign currency resources in securities issued by foreign governments as of July 31. In addition, the Treasury held the equivalent of $1,746.8 million in such securities as of the end of July.

In the period from February through July, the Federal Reserve and the Exchange Stabilization Fund (ESF) of the Treasury received earnings of

2. Net profits or losses (−) on U.S. Treasury and Federal Reserve current foreign exchange operations[1]

Millions of dollars

Period	Federal Reserve	U.S. Treasury	
		Exchange Stabilization Fund	General account
1983:3	0	0	70.1
1983:4	0	−204.8	0
1984:1	0	0	0
1984:2	−17.7	−21.4	0
July 1984	0	0	0
Valuation profits and losses on outstanding assets and liabilities as of July 31, 1984	−1,084.0	−742.5	0

1. Data are on a value-date basis.

$111.8 million and $84.2 million respectively, on their foreign currency balances. They realized losses of $17.7 million and $21.4 million respectively on all of their operations in the market. As of July 31, cumulative bookkeeping, or valuation, losses on outstanding foreign currency balances were $1,084.0 million for the Federal Reserve and $742.5 million for the ESF. (Valuation gains and losses represent the increase or decrease in the dollar value of outstanding currency assets and liabilities, using the end-of-period exchange rates as compared with rates of acquisition.) These valuation losses reflect the fact that the dollar has appreciated since the foreign currencies were acquired.

German Mark

Through February and early March, the German mark strengthened against the dollar in response to substantial investment inflows, only to decline unevenly through July when these inflows subsequently slowed and then reversed. The capital inflows early in the period reflected optimism that the difference in economic performance of the United States and Germany would substantially narrow. But by spring it was clear that the U.S. economy remained stronger than expected and predictions of more rapid expansion in Germany were again disappointed.

At the opening of the period, the near-term outlook for the German economy and the German mark had become more buoyant. The pace of economic activity had regained momentum around the turn of the year, stimulated by a pickup of incoming foreign orders, renewed spending on plant and equipment, and a rebuilding of inventories in anticipation of a progressive revival of demand. Inflation remained low and earlier concerns were receding that the rise in import prices, reflecting last year's rise of the dollar against the mark, would generate generalized price pressures.

Meanwhile, the government had made even more progress than expected in reducing its fiscal deficit during 1983. The growth of central bank money had dropped within the Bundesbank's target range by the end of 1983 and was remaining close to the lower limit of the central bank's even narrower target of 4 to 6 percent for 1984. With the outlook for sustained, noninflationary growth thus improving, the capital markets in Germany strengthened.

Under these circumstances, the mark was the currency to benefit most from the shift in international portfolio investment flows that developed early in the year. Investors were attracted by the prospect of favorable trends in both asset prices and the mark's exchange rate, even though interest differentials remained strongly negative by comparison with the dollar and with most currencies within the European Monetary System. Long-term capital had begun to flow into Germany in January, reversing the capital outflows that had been stimulated over much of the preceeding two years by the prospect of greater growth opportunities or higher yields abroad. The flows continued in February, and reports of foreign buying in the rallying German bond and stock markets received wide publicity. With Germany's current account expected to remain in substantial surplus for the year, reports of these investment transactions helped to encourage the view that the mark was embarked on a long-awaited upward trend. The mark's rise gained additional momentum from statements by public officials to the effect that the dollar was increasingly vulnerable to a sharp decline. The mark rose against the dollar to DM 2.5210 by March 7, 13 percent above its low of January and 11½ percent from levels at the end of January. This rise occurred even though German interest yields for most maturities eased, and negative yield differentials compared with dollar investments widened a full percentage point. As the mark strengthened, the Bundesbank bought back some of the dollars sold in earlier intervention operations. In addition, its reserve position in the EMS improved as other countries in that arrangement sold marks to slow the advance of the mark against their own currencies. During February and March, Germany's foreign currency reserves rose \$3.8 billion to \$41.0 billion.

After the first week of March, however, the mark began a decline that was to continue, except for one major interruption, through the remainder of the period under review. As interest rates in the United States rose and figures were released showing that the expected increase in inflation had not yet materialized, market participants came to question whether large investment flows into Germany would be sustained. Market participants doubted that the Bundesbank would allow any corresponding rise in German short-term interest rates, since the domestic recovery had not yet led to a significant reduction in unemployment. This perception deepened in April, when new data showed some faltering of industrial activity. Thus the earlier positive evaluations of the relative attractiveness of mark-denominated investments eroded, and net portfolio inflows to Germany slowed markedly in March before turning negative in April.

Developments in the German labor market also contributed to the mark's decline starting early in April. By mid-month it became clear that annual wage negotiations between the union and employers in Germany's important metalworking industries were locked in a dispute over the union's demand for a five-hour reduction in the standard workweek. Strikes began in May in two major regions, initiating the most serious work stoppage in German industry in many years. Exchange market participants viewed the strike as important because of potential reductions in Germany's industrial production and current account performance for the year, as well as the possible long-term effect on Germany's competitiveness of any substantial concession to the union's demands. Against this background, trading in German marks became sensitive to news of the labor negotiations from April onward.

In these circumstances, news that Germany continued to register sizable trade account surpluses, while U.S. monthly trade deficits mounted to record levels, made little impression on the exchange markets. The mark dropped through several psychologically important levels, and its decline drew added impetus from selling by commercial entities and technically oriented speculators. By May 10, the mark fell some 10 percent from its March peak to DM 2.8010, less than 2 percent above the lowest level reached during the previous January.

The mark's decline against the dollar stalled at that point as problems of the U.S. and international banking systems became a dominant preoccupation in exchange markets for a time. The mark was temporarily buoyed by the belief that the Federal Reserve would modify its monetary stance to ease financial strains. At the same time, signs of a modest firming in money market interest rates in Germany were taken as presaging a possible move toward a tighter monetary policy by the Bundesbank. Thus, the mark rose through much of May.

The exchange markets also became nervous in response to rumors of liquidity problems at several major U.S. banks with sizable loan exposures in developing countries or other problem loans. On May 24, trading conditions became extremely disorderly as these rumors began indiscriminately to refer to American banks more generally. Many traders attempted to withdraw from dealing in the face of such rumors. As the German mark jumped some 1½ percent in less than an hour, spreads between bid and asked quotes widened sharply and transactions became difficult to execute. In these circumstances the Desk entered the market to counter disorder, selling $135 million equivalent of German marks. These marks were drawn in equal proportion from the foreign currency balances of the U.S. Treasury and the Federal Reserve. After the operation, trading became more normal. The mark continued its rise at a more subdued pace through the first days of June, reaching DM 2.6600 on June 5.

The mark then resumed its decline against the dollar as new estimates indicated that U.S. growth still overshadowed Germany's growth performance and as further increases in U.S. interest rates widened the rate differentials that were adverse to the mark. The Bundesbank made clear it was not tightening monetary policy, even though it raised the discount rate, effective June 29, ½ percent to 4½ percent. The central bank acted at the same time to expand quotas of discount credit available to German banks, specified that the change was designed merely to shift more of its liquidity provision from the Lombard facility to the discount window, and kept its Lombard interest rate unchanged at 5.5 percent. These steps did not lead to any rise of German money market interest rates, which remained steady throughout June and July.

In addition, the labor situation continued to influence the German currency during the summer. As the metalworkers' strike dragged on far longer than most observers had initially predicted, forecasts of Germany's 1984 growth and current account performance were revised downward. Even after settlement was announced late in June, press commentary questioned whether the upward momentum of the German economy could be recaptured. There was also uncertainty about the likely effects of the agreement on productivity in the affected industries and the extent to which this agreement might become a standard for settlements in other sectors of the German economy.

Thus, the mark became vulnerable to renewed investor enthusiasm for dollar-denominated assets. By late July, the German mark had dropped below its previous low for the year, falling to DM 2.9205 on July 31 before closing that day at DM 2.9180. At this point the mark was trading 4 percent below its levels at the end of January. Within the EMS, the mark remained at the top of the narrow band, but its margin over the other currencies had been considerably reduced. As pressures against the other EMS currencies subsided, some participating central banks purchased marks in the market to add to their own reserves.

Meanwhile, German foreign exchange reserves dropped some $2.5 billion equivalent after March to $38.4 billion. The change partly reflected dollar sales by the Bundesbank to slow the decline of its currency against the dollar, as well as some reduction in Germany's creditor position within the European Monetary System resulting from repayment of mark debt by partner countries.

Japanese Yen

As the period opened, the Japanese yen was trading near record levels against European currencies, while showing somewhat less buoyancy against the dollar. By comparison with Europe, Japan's economic recovery was moving ahead more briskly. Its current account surplus, expected to exceed the previous year's $21 billion, was likely to far surpass any other country's surplus. These factors had attracted some investment from abroad. But, overall, inflows to Japan through the current account and through nonresident investments were more than offset by outflows of residents' long-term capital—outflows that slowed the yen's advance against the dollar. To some extent these outflows were attracted by the relatively high interest rates and even more rapid growth in the United States. In part they reflected continuing diversification by Japanese investors of their rapidly growing financial assets. In addition, discussion about liberalizing the Japanese capital market, internationalizing the yen, and improving access of foreign firms to the Japanese capital market added to uncertainties about the immediate outlook for the dollar–yen exchange rate.

During February and early March, the yen was slow to benefit from the shift in sentiment against the dollar. In contrast to the mark, the yen remained steady against the dollar until early March 2. Then it rose abruptly as bidding appeared from both commercial and professional sources. The yen's advance quickened after market participants sensed that the yen might be catching up with the earlier rise of the mark. By March 7, the currency had risen some 6 percent to ¥220.00 against the dollar, its high for the period.

After this rise, calls on the Bank of Japan to cut the discount rate were heard from diverse quarters. The central bank, however, rejected these suggestions, arguing that the yen's recovery was not yet sufficiently well established and that domestic as well as international developments should be taken into account. As it was, monetary policy was generally viewed as accommodative, with the Bank of Japan forecasting monetary growth to continue at about an 8 percent annual rate. Also, the Bank of Japan raised the ceiling for net new domestic lending by Japanese banks, as the domestic demand for funds continued to grow apace. Although the central bank's discount rate remained unchanged during the period, the banks lowered the long-term prime rate from 8.2 percent to 7.9 percent at the end of March.

From March onward, interest differentials favoring dollar over yen assets widened steadily because short-term interest rates in Japan remained little changed or even declined slightly. At first, the yen held steady against the dollar, and thereby regained some ground against European currencies, as optimism about the Japanese economy was reinforced by fresh evidence of strengthening growth and a widening current account surplus. Domestic demand picked up and business confidence improved. With the prospect of rising profits for Japanese companies, prices on the Tokyo stock exchange were still climbing and reports circulated of increased foreign demand for Japanese equities.

But the yen started to decline against the dollar late in April. Soon afterward it began falling against other currencies as well, so that the yen did not return to the peak levels against the mark registered earlier in the year. Late in April the Tokyo stock market lost its upward momentum, and stock prices started to erase some of the 11 percent gain of the first four months of the year. Talk of capital outflows then intensified.

In addition, attention had been directed to new discussions between the Japanese Ministry of Finance and the U.S. Treasury about liberalizing the Japanese capital market and internationalizing the yen. As one move toward liberalization, the Japanese authorities eliminated, effective April 1, the requirement that corporations identify underlying commercial transactions before entering a forward contract, and also made other changes in the administration of the foreign exchange market during the spring. On May 29, the Japanese Minister of Finance and the U.S. Secretary of the Treasury released a report containing a broad range of policy changes expected to affect the exchange rate over time. (See "Summary of Report on Yen/Dollar Exchange Rates," on the following page.) The report stated that the measures ". . . will help enable the yen to reflect more fully its underlying strength."

Summary of Report on Yen/Dollar Exchange Rate Issues

The Japanese Minister of Finance and the U.S. Secretary of the Treasury released on May 29 a report containing a broad range of policy changes. The report contained announcements by Japanese authorities of policy change in three broad areas: the Euroyen market, the operation of Japan's domestic capital market, and the access of foreign financial institutions to the Japanese capital market. In the Euroyen market, perhaps the most important area for the internationalization of the yen, the authorities announced the basic commitment and decisions necessary to allow for the development of Euroyen bond and banking markets, where non-Japanese can freely invest in or borrow a range of yen-denominated instruments.

Specifically, in the Euroyen bond market, the announcement provided for the first time for the issue by non-Japanese corporations of yen-denominated bonds. Foreign issuers will face no restrictions on the number or size of issues and will not be required to use the Samurai market (Japanese domestic market for foreign bonds) as a prerequisite. In the Euroyen banking market, the announcements include authorization for foreign and Japanese banks to issue short-term negotiable Euroyen certificates of deposit from their offices outside Japan. On the lending side, Japanese and non-Japanese banks will be free to extend Euroyen loans to nonresidents of Japan.

Substantial changes in domestic financial market policies were also announced by the Ministry of Finance. These include the removal of nonprudential restrictions on overseas yen lending from Japan; the elimination of limits on oversold spot foreign exchange positions—so-called swap limits; relaxation of regulations on domestic certificates of deposit, permitting banks to sell new types of large-denomination deposit instruments with market-determined interest rates; a plan for establishment of a yen-denominated bankers acceptance market in Japan, and allowing qualified Japanese branches of foreign banks to trade Japanese government securities in the secondary market.

In the area of access by foreign financial institutions to the Japanese market, foreign banks will for the first time be allowed to engage in the trust banking business, the Tokyo Stock Exchange has begun to study ways to provide membership opportunities to foreign firms, and the Japanese authorities expressed their commitment to permit greater participation of foreign institutions in discussions pertaining to development of and in the implementation of financial policies.

During the remainder of the period, large-scale liquidation of nonresidents' holdings of Japanese securities and heavy Japanese investment in foreign securities persisted. Overall, long-term capital outflows jumped well in excess of the underlying current account surplus—to a record $4.4 billion in April and to more than $6 billion by June. Under these circumstances, the yen steadily declined against the dollar, easing to a low for the period of ¥247.3 on July 23. Trading at the close of ¥246.9, the yen had declined 5 percent against the dollar and 1½ percent against the mark from levels at the end of January. The Bank of Japan intervened during the second half of the period to moderate the downward pressure on the yen at times when trading became especially volatile. But over the six-month period, Japan's foreign exchange reserves showed little change, since declines due to intervention were offset by interest receipts.

SWISS FRANC

At the beginning of the period under review, the Swiss franc was trading steadily around SF2.2455 in terms of the dollar, slightly above seven-year lows reached in early January. Against the mark, however, the franc was strong by historical standards and near the SF0.80 level, which, in the past, had prompted official concern over the competitiveness of Swiss exports. Yet, this time, market participants concluded that the authorities would not act to prevent a further appreciation of the franc if doing so would require them to deviate from their monetary policy objective of controlling inflation. Accordingly, exchange market participants had established positions in Swiss francs against marks and, thereby, had helped the franc to hold up better against the dollar just before the period.

During February and early March, however, the Swiss franc did not benefit as much as the mark from the shift in investor preferences then taking place, and the franc failed to keep up with the rise of EMS currencies against the dollar. The outlook for economic growth had not improved as much as it had for Germany and, though inflation was running at a comparable rate, interest rates in Switzerland remained more than 2 percentage points lower than those on mark assets. Encouraged both by the interest rate differentials and by an easing of official regulations at the beginning of 1984, foreign bond offerings in the Swiss market picked up. The conversion of these borrowings into foreign currencies put pressure on the Swiss franc. At the same time, market professionals moved to reverse positions in Swiss francs against marks established earlier. Thus, the Swiss franc, while climbing 7¼ percent against the dollar to its high for the period of SF2.0940 on March 7, fell nearly 4 percent to nearly SF0.83 in terms of the German mark.

From March onward, the Swiss franc moved more in line with other European currencies as it fell against the dollar. Swiss interest rates rose somewhat. But, with U.S. rates also rising, adverse interest differentials compared with dollar assets widened to more than 7 percentage points for the three-month maturity. Capital outflows therefore continued, reflecting borrowings by Japanese corporations in particular. Thus the Swiss franc declined against the dollar to SF2.4760 by the end of July, a fall of 9½ percent for the six-month period. Against the mark, the franc dropped about 3 percent to around SF0.85 in the final two months of the period, bringing the decline for the six-month interval to 6 percent. By late June, settlement of a major strike in Germany eliminated a factor that had tended to favor the Swiss franc relative to the mark. In addition, the Swiss franc did not benefit as did the mark from large-scale central bank intervention purchases.

The Swiss authorities did not intervene during the period. Fluctuations in Switzerland's foreign currency reserves reflected foreign currency swap operations to adjust liquidity in the Swiss banking system.

STERLING

Between February and July, sterling extended the decline that had taken place with only few interruptions since early 1981. After staging a short-lived advance as the dollar generally eased, in February and early March sterling dropped during the period 7½ percent against the dollar and 4 percent according to the Bank of England's trade-weighted index. During the period, Britain's economy was showing distinct signs of improvement, but several questions remained about the immediate outlook. Economic expansion was far more established in the United Kingdom than in most other European countries, but output growth was not yet sufficient to reverse a rise in unemployment. Inflation had stabilized at about 5 percent, but prices and cost pressures were even more subdued in some other countries so that Britain's competitive position failed to show further improvement. The three-year weakening in Britain's non-oil trade position slowed as demand began to pick up in major export markets, but foreign exchange market participants continued to perceive Britain's overall external position to be vulnerable to further declines in oil prices. Thus, trading in the pound was frequently influenced by developments in the oil market, as well as by changes in yields on short-term investments in sterling relative to those in other currencies—especially the dollar.

During February, both interest rate and oil market factors tended to favor sterling. The government had continued to aim at moderately restrictive fiscal and monetary targets, but both public sector borrowing and monetary growth had been running somewhat over their targets for the fiscal year. At least until these economic indicators had come closer to their intended ranges, market participants expected the pound would be supported by relatively attractive short-term interest rates. British interest rates were substantially higher than those in most major markets and close to parity with those available for U.S. dollar assets. In addition, intensifying military conflict in the Persian Gulf threatened at times to interrupt oil supplies, and the resulting upward pressure on crude oil prices was expected to improve Britain's current account position. Thus, sterling rose some 6½ percent in terms of the dollar during the month to a high of $1.4955 on February 29. The currency was not, however, identified in market talk as one of those benefiting from reported shifts in portfolio capital out of dollar investments. Overall, the British currency rose nearly 2 percent on average to close the month at 83.3 in terms of the Bank of England's trade-weighted index, its highest level during the period. At the same time, Britain's foreign currency reserves rose $0.6 billion to $9.1 billion.

After the end of February, sterling began to decline against the dollar and other currencies. Unemployment had risen steeply in January and February, and there were fears—borne out in early April—that industrial production would turn down as a result of a miners' strike. Expectations grew that the British authorities would be under pressure to lower interest rates. Then, publication of statistics showing that sterling M3 had dropped within its target range in the first two months of the year led market participants to believe that the authorities were in a position to let interest rates ease in order to stem the rise in unemployment.

Sterling's decline was interrupted briefly in the aftermath of the government's announcement on March 13 of its budget and monetary targets for

1984–85. Market participants generally praised the budget, which projected a decline in the public sector borrowing target and a reduced rate of monetary expansion, along with some corporate tax reductions and other tax support for sterling as the period went on. Even with reforms, sterling rose as foreign buying of British bonds and equities reportedly contributed to strong rallies in London's capital markets.

But the rise in the exchange rate was soon erased when market attention reverted to the developing pattern of interest rates. The Bank of England endorsed a decline of ½ percentage point in the general level of short-term interest rates by cutting its dealing rates in two steps around mid-March. Combined with the rise of dollar interest rates then under way, this caused short-term differentials vis-à-vis the dollar to move some 2 percentage points and to become decidedly negative for sterling by late March.

The world oil market situation also provided less support for sterling as the period went on. Even with the continued fighting in the Persian Gulf, market participants became less convinced of the potential for higher oil prices in light of apparently ample supplies. In these circumstances, an occasional flareup of Middle East tensions no longer caused the same surge of sterling buying as before, and market professionals, who as a group had been willing to hold long sterling positions for a brief period in February, reestablished short positions.

Domestic labor problems also contributed to sterling's weakness at times. The strike by Britain's coal miners was not a particularly serious concern in the exchange markets at its inception in March, in view of the limited support given the miners' position by unions in other industries and the ample coal stocks available to supply the country's needs. But the strike began to be viewed more negatively as time went on. Sterling exchange rates thus became more sensitive to news of the miners' strike and other labor disputes later in the period.

During May and June, negative interest differentials relative to the dollar widened further as U.S. interest rates rose. Market participants became increasingly convinced that, if faced with the choice, British authorities would let sterling depreciate rather than put further economic expansion at risk by raising domestic interest rates substantially. This view was consistent with the perception that, at current exchange rates, production costs in the United Kingdom were still high relative to those on the Continent, and that much of the growth in consumption during this recovery had been met by imports. It persisted even after the Bank of England endorsed a rise of ½ percentage point in short-term market interest rates in early May. It was reinforced when, as the Bank of England announced a technical adjustment of the structure of its dealing rates in late June, the central bank indicated that there was no need on monetary grounds for a general increase in interest rates.

Under these conditions, which were aggravated by a national dock strike, sterling's drop accelerated in early July, until the pound hit an all-time low of $1.2975 and an eight-year low in effective terms. This drop quickly led to a sharp rise in interest rates in the London market that ended with a cumulative 2¼-percentage point increase in the Bank of England's money market dealing rates and the major banks' base lending rates. These increases restored sterling's short-term interest rate advantage relative to the dollar. Subsequently, helped by settlement of the dock strike, sterling steadied to fluctuate along with other currencies against the dollar. Although it closed July at a new low against the dollar of $1.2970, it had recovered nearly 2 percent in effective terms. During the five months to the end of July, Britain's foreign currency reserves declined almost continuously, dropping $2.3 billion to $15.4 billion by the end of the period.

EUROPEAN MONETARY SYSTEM

During the period under review, the alignment of central exchange rates within the European Monetary System remained relatively free from strain. Economic divergencies among the participating countries were reduced as all seven countries continued to implement policies aimed at reducing fiscal deficits, strengthening current account positions, and holding down inflation. Increases in wages and consumer prices had decelerated during 1983 in France, Italy, Denmark, Belgium, and Ireland, bringing inflation in these countries somewhat closer to—although still much higher than—the low rates prevailing in Germany and the Netherlands. The large current account deficits of France, Italy, Belgium, Denmark, and Ireland had all been substantially cut—and in the case of Italy, reversed—while the German and Dutch surpluses remained rather stable by comparison.

The joint float came under some pressure in the early part of the period as the dollar fell from its January highs. Flows out of dollar assets were attracted to the German mark to a far greater extent than to any other EMS currencies—reflecting sanguine assessments of the investment climate in Germany as well as the wider opportunities for inflows afforded by its relatively open financial system. Thus, by the beginning of February, the mark was trading at or near its upper limit against the Belgian franc, after having quickly risen to the top of the EMS narrow band. All of the other EMS currencies were also clustered near the mark at the top of the narrow band, except for the Italian lira, which traded about 3½ percent above the band within the wider limits established for their currency.

The German mark continued to strengthen through early March against all other EMS currencies. The Belgian franc became pinned at its lower EMS limit against the mark. The Belgian central bank countered speculative pressure against its currency partly by raising its official lending rates 1 percentage point, effective February 16. The currencies that had shared the top of the narrow EMS band with the mark at the beginning of the period dispersed through the top half of the band, and the Italian lira moved down closer to the narrow band.

Intervention support was provided to several currencies. The central banks of France, Belgium, and Ireland financed the bulk of their official currency sales from the proceeds of external borrowings or other sources so that their foreign exchange reserves were little changed or even rose during the two months. Belgium also drew on the very short-term facility available through the European Monetary Cooperation Fund (EMCF). In the case of Italy, however, official sales of marks and dollars were partly reflected in a drop of foreign currency reserves of $0.7 billion for February and March.

Pressures within the float ebbed after the first week of March, as the dollar began rising again and inflows into the German mark subsided. The mark eased against its partner currencies and, at times, the Dutch guilder alternated with the mark at the top of the narrow band. In addition, the spread between the topmost currency and the Belgian franc at the bottom narrowed to less than 1 percent by the end of July.

With the waning of tensions in the EMS, the French and Italian central banks were able to purchase substantial amounts of foreign currencies in the market to rebuild their reserve positions. Over the six-month period as a whole, foreign exchange reserves of these two countries rose on balance—by $2.4 billion equivalent for France and by $0.6 billion equivalent for Italy—to close at $20.1 billion and $18.5 billion respectively. The Belgian central bank was able to cease its intervention sales of foreign currency and to use the proceeds of further external borrowings to reduce its liabilities to the EMCF. Although Belgium's foreign currency reserves declined $0.5 billion during the six months to $3.1 billion by the end of July, the decline was considerably smaller than its repayments of indebtedness to the EMCF over the six-month period.

The authorities of France, Italy, and Belgium also took advantage of the easing of exchange-market pressures against their currencies to ease interest rates or, in the case of the first two countries, to ease foreign exchange controls. Money market interest rates in the three countries declined ½ to 1 percentage point in the last four months of the period. Italy's Trade Ministry reduced the extent to which Italian exporters are required to conduct their trade financing in foreign currencies. In France, one of the first official actions of the new cabinet that took power in July was to relax restrictions on the use of credit cards abroad, an action that had been part of the March 1983 austerity program.

By the end of July, the EMS currencies had fallen between 13 and 16 percent from their March highs against the dollar, but were only 2 to 4 percent lower over the six-month period as a whole. Nevertheless they closed at levels that represented, in most cases, all-time lows against the dollar. These wide movements against the dollar contrasted with their steadiness against one another. By the end of the period, the exchange rate structure that had been adopted in

March 1983 had lasted longer than any other in the six-year history of the EMS.

CANADIAN DOLLAR

By the opening of the six-month period under review, the Canadian dollar had settled into a trading range around Can.$1.245 ($0.803), drawing support from surpluses on Canada's trade and current accounts. But sentiment toward the Canadian dollar deteriorated early in February when published figures revealed that, despite an impressive recovery during 1983, the Canadian economy had not yet returned to satisfactory levels of production, and employment and investment remained sluggish. Looking ahead, observers questioned whether exports, a major contributor to Canada's growth last year, would remain so buoyant if the economic expansion in the United States were to moderate. They wondered also if credit demands would be as strong in Canada as they appeared to be in the United States. Thus, market participants focused on the monetary authorities' potential policy conflict between lending support to further economic growth and incurring the inflationary consequences of a weakening in the exchange rate. Against this background, the currency showed vulnerability to selling pressure when Canadian short-term interest rates slipped below comparable U.S. rates.

Public officials denied that they would welcome a sharp drop in the Canadian dollar, and the central bank's Annual Report pointed to the dangers of currency depreciation. The central bank asserted that in the event of sharp downward movements of the Canadian dollar, "the successful pursuit in Canada of increasing price stability requires that Canadian policy try to moderate the exchange rate movements and to offset their inflationary effects." But, for several months, market participants perceived the Canadian authorities to be reluctant to allow interest rates to rise along with U.S. rates.

The Canadian currency was also subjected to other pressures during the spring. Market participants thought that Canadian subsidiaries of some U.S. oil companies would be sold and the proceeds converted into U.S. dollars to finance large takeover bids involving the parents. Commercial leads and lags shifted against the Canadian dollar. At the same time, market professionals sought to establish or increase short positions in the currency adding further to the pressure.

Against this background, the Canadian dollar dropped off sharply in several waves of selling from March through July. The pressures were particularly intense in June and early July, when a change in the leadership of the governing party and the prospect of national elections in September stimulated renewed debate on interest and exchange rate policy. During this episode the Canadian currency dropped to an all-time low of Can.$1.3368 ($0.7481). The Bank of Canada intervened in the exchanges to resist this decline.

Meanwhile, Canadian money market interest rates ratcheted upward and the Bank of Canada's bank rate rose to a peak of 13.26 percent in the middle of July, even after U.S. money market rates had started to ease. These movements pushed interest rates on Canadian dollar assets significantly above those on U.S. dollar assets and buoyed the currency. Market sentiment was also encouraged by the waning of public debate over exchange rate and interest rate policy. As market participants' earlier concerns that the currency would depreciate lifted, the Canadian dollar recovered some of its earlier decline. It closed the period at Can.$1.3094, down 5 percent on balance against the dollar over the period.

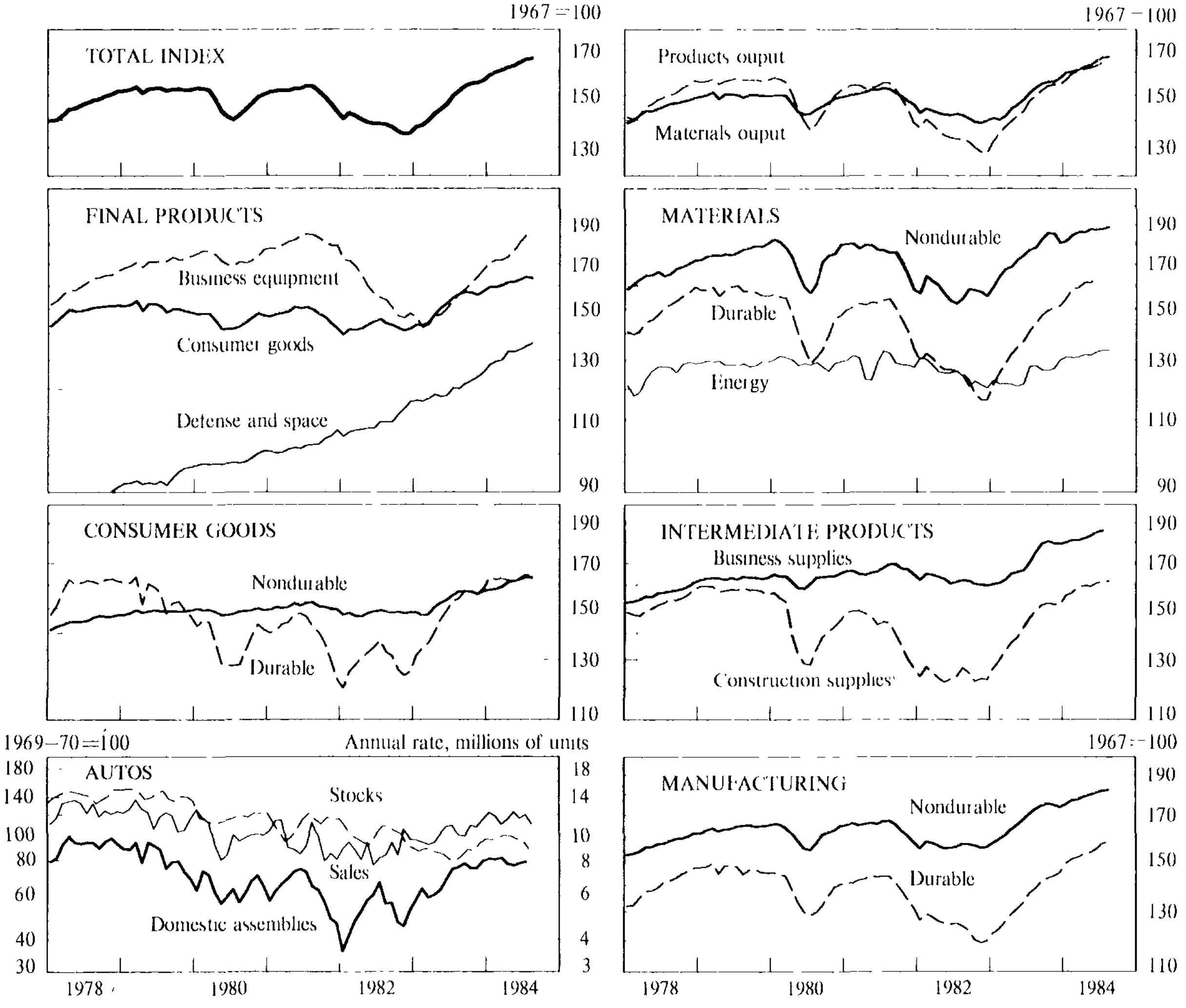
The Canadian authorities drew heavily on their reserve position to finance intervention to support the Canadian dollar from February to June, but they were able to buy back reserves in July. Their foreign currency reserves were supplemented as needed by borrowings of U.S. dollars on credit lines with Canadian and foreign banks, totaling $1.4 billion, as well as by net borrowings in other foreign currencies equivalent to $0.6 billion. Canada's foreign currency reserves nevertheless declined from the end of January to the end of April, falling $1.1 billion to $1.7 billion before returning to $2.7 billion by the close of the period.

Industrial Production

Released for publication September 14

Industrial production increased an estimated 0.2 percent in August following rises of 0.9 percent in both June and July. Output growth remained vigorous in equipment industries, but production of autos and steel was down. At 166.2 percent of the 1967 average, the August index was 9.5 percent higher than a year earlier.

In market groupings, output of consumer goods declined 0.4 percent in August, largely reflecting a decline in assemblies of autos and lightweight trucks. Auto assemblies declined to an annual rate of 7.7 million units, compared with the July rate of 7.9 million units; tight supply of parts of adequate quality reportedly limited assemblies in August. Output of goods for the home, including appliances, and of non-



All series are seasonally adjusted and are plotted on a ratio scale. Auto sales and stocks include imports. Latest figures: August.

Grouping	1967 = 100		Percentage change from preceding month					Percentage change, Aug. 1983 to Aug. 1984
	1984		1984					
	July	Aug.	Apr.	May	June	July	Aug.	
	Major market groupings							
Total industrial production	**165.8**	**166.2**	**.8**	**.4**	**.9**	**.9**	**.2**	**9.5**
Products, total	166.6	167.0	.9	.5	1.1	.9	2	9.0
Final products	164.7	165.0	1.0	.6	1.2	1.0	.2	9.5
Consumer goods	163.9	163.2	7	2	.6	.7	−.4	4.4
Durable	164.8	163.2	−.6	−.5	1.2	.9	−1.0	5.8
Nondurable	163.6	163.3	1.3	4	4	.7	−.2	3.9
Business equipment	184.1	186.1	8	1.7	2.4	1.8	1.1	18.8
Defense and space	135.1	136.1	2.4	−1	7	.8	7	13.2
Intermediate products	173.7	174.2	.5	.4	.9	.3	.3	7.4
Construction supplies	161.4	161.7	3	−.1	9	.3	2	8.5
Materials	164.4	164.9	7	3	6	9	.3	10.2
	Major industry groupings							
Manufacturing	167.3	167.6	.8	.5	.9	1.0	.2	9.7
Durable	157.3	157.6	.8	.5	1.0	1.5	.2	13.5
Nondurable	181.8	182.2	.8	.4	.6	.5	.2	5.4
Mining	129.5	129.1	−.4	1.4	1.4	2.1	−.3	11.2
Utilities	182.3	183.3	1.5	−.2	1.2	−1.1	.5	2.2

NOTE. Indexes are seasonally adjusted.

durable consumer goods declined slightly in August. Production of equipment—for both business and defense—continued to advance strongly, with sharp gains in the output of transit, commercial, and manufacturing equipment. Output of construction and business supplies edged up.

Output of durable materials rose 0.4 percent, production of nondurable materials increased 0.5 percent, and energy materials edged down 0.2 percent in August. Among durable materials, equipment parts again increased sharply; however, declines in steel reduced the production of basic metals an estimated 3 percent.

In industry groupings, manufacturing output was up 0.2 percent in August. Gains in machinery industries, fabricated metals, and instruments were largely offset by reduced production of metals, motor vehicles, and some other industries. Mining output was reduced 0.3 percent due in part to a decline in coal production from the very high July level. Production by utilities increased 0.5 percent.

Announcements

Statement on Priced Services

The Federal Reserve Board has approved the two accompanying policy papers regarding the Federal Reserve System's role in the nation's payment mechanism and the System's policies and procedures designed to carry out provisions of the Monetary Control Act with respect to services to depository institutions.

One paper, entitled "The Federal Reserve in the Payment System," sets forth the rationale for the Federal Reserve's participation in the payment mechanism, describes the System's procedures for evaluating Federal Reserve priced services to depository institutions, and states the System's objectives, including cost recovery, for the pricing of such services as directed by the Monetary Control Act.

The other paper, "Standards Related to Priced Services Activities of the Federal Reserve Banks," is concerned with System safeguards for avoiding any internal conflict of interest between the exercise of the Federal Reserve's responsibilities for the provision of priced services to depository institutions and its other principal responsibilities in the fields of monetary policy, bank supervision, and lending to depository institutions.

The primary responsibility for assuring that the standards are applied is entrusted to the management of each Reserve Bank. The Board exercises oversight over standards for provision of priced services through review and approval by the Board of changes in the level of pricing and services, and through frequent on-site reviews by Board staff of Reserve Bank activities. In addition, the Board specified in approving its policy statement that the Board member serving as chairman of the Board's Federal Reserve Bank Activities Committee is responsible for overseeing investigation and responses to complaints in this area. Vice Chairman Martin is the current chairman of this committee and inquiries may be directed to his attention.

The Federal Reserve in the Payment System

This paper defines the mission and role of the Federal Reserve in the payment system. The objective of the paper is to clarify the Federal Reserve's purpose and role in the payment system in order to encourage closer cooperation among all participants in improving the payment system and to facilitate the business planning of users and providers of payment mechanism services. The paper also outlines the procedure the Federal Reserve will use in reviewing its services.

In summary, the mission of the Federal Reserve in providing payment services is to promote the integrity and efficiency of the payment mechanism and to ensure the provision of payment services to all depository institutions on an equitable basis. Given the size, speed, and interdependencies of payments, this mission is, and will likely continue to be, even more important than it was when the Federal Reserve was established in 1913.

Role of the Federal Reserve

Background. For 70 years, active involvement by the Federal Reserve in payment processing has been an integral part of the development of the nation's financial system. The Congress, responding in part to the breakdown of the check collection system in the early 1900s, established the Federal Reserve in 1913. At that time the Congress envisioned that the Federal Reserve would play a dual role as an operator and as a regulator of the payment mechanism. The Congress has, as recently as 1980, reaffirmed its commitment to this dual role for the Federal Reserve.

The Federal Reserve has a wide-ranging role in the payment system. Reserve Banks process about 35 percent of the checks written in this country and provide a nationwide network for the collection of items ineligible for processing through normal check collection channels, such as matured coupons, bonds, and bankers acceptances. The Federal Reserve assisted in developing the automated clearinghouse (ACH) system and now provides a nationwide electronic ACH network. Depository institutions transfer billions of dollars in payments each day over the Federal Reserve's nationwide wire transfer system (Fedwire). The Federal Reserve also operates a book-entry securities service for the safekeeping and transfer of U.S. government and agency securities. Finally, through its nationwide network of account relationships, the Federal Reserve provides net settlement for a variety of clearing arrangements.

This participatory role has served the United States well—contributing directly and indirectly to widespread public confidence in a payment system that is quick, sure, and efficient. The Federal Reserve's participatory role is well-suited to the structure of the U.S. financial industry. This country has a highly fractionalized banking system spread over wide areas with different types of institutions—commercial banks, savings institutions, and credit unions—that have different payments needs. No one private banking organization holds more than 4 percent of total deposits or offers deposit services in all regions.

If and when generalized structural changes such as interstate banking are authorized, the underlying public policy rationale for a Federal Reserve operational presence in the payment mechanism will continue to be as important a consideration as it is today. Then, as now, the Federal Reserve can be expected to bring to payment markets an overall concern for safety and soundness, promotion of operating efficiency, and equitable access. Indeed, those considerations relating to integrity, efficiency, and access to the payment mechanism will remain at the core of the Federal Reserve's role and responsibilities regarding the operation of the payment mechanism.

Integrity of the Payment System

A reliable payment system is crucial to the economic growth and stability of the nation. The smooth functioning of markets for virtually every good and service is dependent upon the smooth functioning of banking and financial markets, which in turn is dependent upon the integrity of the nation's payment mechanism. History tells us—all too vividly—that fragility of a country's payment system can precipitate or intensify a general economic crisis. The breakdown of the payment machinery in the United States during the panic of 1907—which helped to precipitate the creation of the Federal Reserve System—is a case in point. More recently, the 1974 failure of a relatively small German financial institution, Bankhouse I.D., Herstatt, and the consequent uncertainty regarding payments through private clearing networks, temporarily caused substantial disruption in the U.S. payment system. This clearly demonstrated that financial failures can have a dramatic rippling effect, via the payment system, to financial institutions in all parts of the world.

The value of funds transferred is so large that no private concern is perceived as able adequately to ensure the integrity and reliability of the system. The Federal Reserve's direct and ongoing participation in the operation of the payment mechanism enhances the integrity and reliability of the system. For example, the Federal Reserve's final irrevocable Fedwire transfer service reduces the risk that failure of one institution could be rapidly transmitted to other institutions. The current effort to control intraday risk on large-dollar payment networks is another example of a Federal Reserve initiative, in conjunction with the private sector, to enhance the integrity of the payment system.

Efficiency of the Payment System

Federal Reserve involvement in the payment system promotes efficiency for a variety of reasons.

The Federal Reserve has a public interest motivation in seeking to stimulate improvements in the efficiency of the payment mechanism. The Federal Reserve has worked closely with other providers of payment mechanism services to develop and utilize advancements in technology and procedures. Because of its day-to-day operating presence in the payment mechanism, it has the know-how to contribute to such advancements as well as the ability to help promote their implementation. This is particularly true in the case of significant payment mechanism advancements that involve substantial resources, such as the ACH. Federal Reserve involvement may also be particularly appropriate for advancements that require widespread cooperation among depository institutions (for example, introduction and implementation of MICR encoding of checks). Moreover, Federal Reserve involvement as a neutral and trusted intermediary may facilitate acceptance of innovations that improve the efficiency of the payment mechanism. Additional efficiencies result from the scope of the Federal Reserve's participation in the payment mechanism.

As the Congress anticipated in the Monetary Control Act of 1980, competition between the Federal Reserve and other providers of payment services has resulted in a more efficient payment system. Both the Federal Reserve and other service suppliers have been prompted by competition during the last three years to trim the cost of processing payments and to improve the quality of the services offered.

It is recognized that further gains in payment efficiency are most likely to come from the application of advances in electronic technology. These gains will become more widespread as the new technology becomes available to all depository institutions regard-less of size or location. An impediment to the conversion of paper-based payments to electronic payments, however, is the significant float advantage enjoyed by some initiators of paper-based payments. To eliminate part of this advantage and thus help spur the shift to electronic payments, the Federal Reserve has during the past two years accelerated the collection of checks, including checks drawn on institutions at relatively remote locations. As a result of these efforts, more than $3 billion in checks daily are now being collected and paid one day quicker than was the case previously.

Provision of Payment Services to All Depository Institutions

Federal Reserve payment services are available to all depository institutions, including smaller institutions in remote locations that other providers might not choose to serve. Under the Monetary Control Act, in making payment services available to depository institutions, the Federal Reserve is to give due regard to the provision of an adequate level of services nationwide. Since implementation of the act, the Reserve Banks have opened access to Federal Reserve services to nonmember banks, mutual savings banks, savings and loan associations, and credit unions. Furthermore, the Reserve Banks currently handle paper and electronic items that are destined for more than 20,000 depository institutions.

The Federal Reserve also stands ready to provide payment mechanism services to troubled depository institutions that other providers of payment services may not serve because of the risks involved. This helps to ensure that the inability of a depository institution to make or process payments will not trigger its insolvency and that the institution's problems can be resolved in an orderly fashion with a minimum of disruptive effects.

Fiscal Agency Functions

In addition to the payment services provided to depository institutions, the Federal Reserve, as fiscal agent, provides a variety of services on behalf of the U.S. Treasury and other government agencies. These services include the creation, safekeeping, and transfer of book-entry records evidencing ownership of the public debt and the processing of government payments.

To the extent that the facilities and expertise required to provide these services can be used to produce other similar services for depository institutions, production efficiencies result. Also, paper and electronic payment services are supplied to the Treasury and other government agencies at lower costs than would be possible if there were no opportunities for the Federal Reserve also to offer these services to depository institutions.

Criteria for Federal Reserve Services

In offering payment services, the Federal Reserve must satisfy the cost recovery objective of the Monetary Control Act: in the long run, aggregate revenues should match costs. The Federal Reserve is currently achieving this objective.

In addition to the aggregate cost recovery objective specified in the Monetary Control Act, the pricing principles adopted by the Board of Governors in 1980 added the more stringent objective of full cost recovery (including all operating and float costs and imputed taxes and return on capital) for each service line.[1] Based on more than two years of experience with the provision of priced services, this internal objective of cost recovery at each service line has been elaborated to provide that revenues for each service line must cover all operating costs, float costs, and certain imputed costs such as the cost of interest on short- and long-term debt, as well as to make some contribution to the pre-tax return on equity. Thus, each service line must be at least marginally "profitable" and all service lines combined must, in the aggregate, cover all costs, float costs, and the overall private sector adjustment factor (PSAF). At present, check collection, cash services, wire transfer and net settlement, and the book-entry securities service lines are meeting this secondary cost recovery objective. The commercial ACH service line is also meeting this objective, after taking into account the planned subsidy. Only the definitive securities safekeeping and noncash collection service line is not presently meeting this objective.

Federal Reserve objectives are established in terms of cost recovery rather than targeted volume. Circumstances might materialize that could jeopardize the Federal Reserve's ability to meet its cost recovery objectives. Such circumstances include changing technology and consolidation of depository institutions. If a service that is experiencing such developments can be made more responsive to the market, it would continue to be offered. If it becomes clear, however, that the service simply cannot be expected to meet cost recovery objectives, the Federal Reserve would reassess the appropriateness of continuing to provide the service after taking into account its other objec-

1 See the appendix for details on calculation of costs and fees.

tives, including the requirement of providing equitable access and an adequate level of services nationwide. For example, several Reserve Banks have stopped offering the cash transportation service in areas where an adequate level of this service is provided by the private sector.

Failure to meet cost recovery objectives may also result from an aggressive pricing policy pursued by other service providers. Because the Monetary Control Act directs the Federal Reserve to give due regard to competitive factors, a decision would have to be made whether the public benefits of continuing to offer the service justify the shortfall. The Federal Reserve might also continue to provide a service that did not meet cost recovery objectives if the revenue shortfall was caused by some temporary situation that could be corrected. In any event, any decision to continue to provide a service that could not reasonably be expected to meet these objectives would be made by the Federal Reserve Board only after soliciting public comment and only in circumstances in which there were clear public benefits associated with such a course of action. Similarly, any decision to withdraw from a particular service line would have to be undertaken in an orderly way, giving due regard to the transition problems associated with the discontinuation of services.

The Federal Reserve's operational presence in the payment system can be expected to change as the payment system evolves. Technological developments are likely to be the most important influence, but changes also can be expected from increased interstate banking, the creative efforts of individual depository institutions, the entry of new participants in the payment system, and developments in law and regulation accommodating these and other changes.

As the Federal Reserve introduces new services or major service enhancements in the future, all of the following criteria must be met:

1. The Federal Reserve must expect to achieve full recovery of costs over the long run.

2. The Federal Reserve must expect its provision of the service to yield a clear public benefit, including, for example, promoting the integrity of the payment mechanism, improving the effectiveness of financial markets, reducing the risk associated with payments and securities transfer services, improving the efficiency of the payment mechanism, or reducing the use of real resources, such as through the introduction of new technology.

3. The service should be one that other providers alone cannot be expected to provide with reasonable effectiveness, scope, and equity. For example, it may be necessary for the Federal Reserve to provide a payment mechanism service to ensure that an adequate level of the service is provided nationwide or to avoid undue delay in the development and implementation of the service.

The Federal Reserve recognizes that its unique position carries with it unique responsibilities, including a willingness to cooperate with other providers in improving the payment mechanism and a fundamental commitment to competitive fairness. These unique responsibilities must, in the final analysis, be viewed as an extension of the Federal Reserve's underlying responsibility for preserving the safety and soundness of, and improving, the payment system.

Possible Payment System Improvements

The Federal Reserve is committed to improving the payment mechanism. In this regard, interest has been expressed by some depository institutions and others in having the Federal Reserve introduce major enhancements to existing services and offer new services that will improve the payment system. In all such cases, further study will be required before such enhancements and services can be offered for public comment or for implementation.

Among other things, such study will focus on technical feasibility, cost and benefits, the compatibility of the particular initiative with the Federal Reserve's mission regarding the payment mechanism, and the compatibility of the initiative with the three criteria for new service offerings and major service enhancements specified in this paper. These services might best be developed by the Federal Reserve independently, or by acting jointly with depository institutions and other providers of payment services, as was the case with MICR encoding of checks and the introduction of ACH. With this in mind, there are several service areas that the Federal Reserve believes warrant particular attention over the next year or two. They include the following:

• Minimization of the costs and the time associated with the handling and processing of return items. Initiatives in this area may entail certain short-term efforts such as notification of the institution of first deposit of large-dollar return items along the lines proposed by the Board in June 1984. Long-term efforts may require the application of new and higher technology to return-item processing as well as continued efforts to accelerate the collection of checks more generally.

• In part related to improvements in the return-item process, efforts to speed up the collection of checks as well as eliminate some of the physical handling of paper by applying electronic technology to the existing paper-based system. Some form of check truncation, for example, appears to be a logical step in the progression toward electronic payments.

- Book-entry service for selected and limited classes of securities not presently held in book-entry form, such as municipal securities, might offer attractive economies while improving security and the payment flow. The Federal Reserve could provide access to a number of institutions that might not have access to existing alternatives.
- Enhancements to existing electronic services, including improved electronic delivery and security of payments.

The payment system will continue to evolve, adopting new technologies and creating new risks and opportunities. The Federal Reserve has an important role as a participant in that evolution. As such, the Federal Reserve will seek opportunities to improve existing services or to offer new services within the framework of satisfying its responsibilities to promote the integrity and efficiency of the payment system, providing an adequate level of services nationwide, and serving the long-range interests of the economy.

Appendix: Methodology for Computing Federal Reserve Bank Costs and Fees

In accordance with the Monetary Control Act, the Federal Reserve establishes prices for its payment services in order to recover costs and a private sector adjustment factor (PSAF). The PSAF is an allowance for the taxes that would have been paid and the return on capital that would have been provided had the Federal Reserve's priced services been furnished by a private sector firm.

Costs for providing services are derived from the Federal Reserve's Planning and Control System (PACS). PACS is the uniform financial accounting system Reserve Banks use for determining the full costs of fulfilling their four basic areas of responsibility: monetary policy, supervision and regulation, treasury, and financial institutions and the public (the latter includes both priced and nonpriced services). The system was developed in the mid-1970s to serve as a cost accounting system, similar to systems used in the private sector, and also to serve as a vehicle for evaluating the cost effectiveness and relative efficiency of Reserve Banks.

PACS provides the Federal Reserve with an important management tool for budgeting and expense control by ensuring that similar expenditures are recorded by Reserve Banks in the same way and that all Reserve Banks post and report operating expenses under a set of common and uniform definitions.

Like most expense accounting systems used in the private sector, expenses under PACS are classified by type or "object" of expense, such as salaries, supplies, equipment, and travel, and the reason or "output" to which the expense is related, such as fiscal service to the Treasury or the provision of check collection services to depositing institutions. Classification of expenses by type enables the Federal Reserve to collect necessary information for external and internal financial reporting and control purposes. Classification of expenses by reason or output enables Federal Reserve management to analyze the overall costs of Reserve Bank operations in terms of on-going service responsibilities, the programs instituted to fulfill these service responsibilities, and the basic activities or processes included in the provision of each service.

Within each area of responsibility ("service line") there are subsidiary "services." The "Services to Financial Institutions and the Public" service line, for example, encompasses priced services such as commercial check, electronic funds transfer, securities, and noncash collection. Within each of these subsidiary services, PACS identifies specific "activities" that reflect the basic operations or processes within the services.

PACS classifies all costs into three categories: direct costs, support costs, and overhead costs. Direct costs are those costs directly attributable to a given service. Support costs are those costs, such as computer programming and building maintenance that, although not directly used in priced service operations, are required to support such activities. All support costs are fully charged to the benefiting activities on a usage basis. Overhead costs represent all remaining Federal Reserve costs that cannot be charged directly to an output service on a usage basis. Examples of overhead functions include personnel, protection, and budget control. Overhead costs are allocated to benefiting services based upon formulas that reflect relative usage.

Each year, all Federal Reserve fees are reviewed and revised if necessary. The annual review takes place during the third quarter of the year. Each Reserve Bank forecasts its costs and volumes for each priced service for the upcoming year. Included in the cost estimate is all direct, support, overhead, and float costs that are to be allocated to each priced service line. The cost and volume estimates are based on a combination of historical experience and projections. At the same time, the Federal Reserve calculates a proposed PSAF for the year. Services that have Systemwide uniform prices are based upon the aggregate cost and volume estimates of the 12 Reserve Banks. Fees for other priced services (check, safekeeping, and the like) are based upon cost and volume estimates of the individual Reserve Banks.

The proposed fees of the Reserve Banks are reviewed by the System's Pricing Policy Committee and the staff of the Board of Governors. The purpose of the review is to ensure that the cost and volume estimates are reasonable, the PSAF calculation is consistent with System guidelines, and the proposed prices meet the cost recovery policies of the Board of Governors. Finally, the Board of Governors reviews the proposed prices and PSAF.

Standards Related to Priced Service Activities of the Federal Reserve Banks

Background

Since 1913, the Federal Reserve has performed a dual role as both an operator in and a regulator of the nation's payment mechanism. Over the last 70 years—and as recently as 1980—the Congress has reaffirmed this role of the Federal Reserve. The Monetary Control Act of 1980 (MCA) has expanded the Federal Reserve's role by requiring the Federal Reserve to provide its services to all depository institutions on an equitable basis, taking into account the need to ensure an adequate level of services nationwide.

The Federal Reserve has exercised care to avoid actual or apparent conflict between its role as a provider of services and its role as a regulator, supervisor, and lender. Further, the Federal Reserve is careful to ensure that its actions promote the integrity and efficiency of the payment mechanism. As an extension of this, the Federal Reserve exercises care to ensure that it provides payment services to all depository institutions on an equitable and impartial basis. Federal Reserve actions are also implemented in a manner that ensures fairness to other providers of payment services. Moreover, there are in place external and internal safeguards that ensure that these objectives are achieved. Externally, the safeguards include congressional oversight, directly and through the General Accounting Office, and statutory controls. An additional level of external review is provided by the public through the opportunity to comment on all significant Board proposals. The internal safeguards include oversight by the Board of Governors and Reserve Bank boards of directors through various means, including use of Board examiners and Reserve Bank internal auditors. Finally, the Federal Reserve itself imposes restrictions upon the conduct of its employees—restrictions intended to avoid even the appearance of impropriety.

To ensure further that its public interest role is paramount in providing priced services under the MCA, the following additional standards have been adopted with respect to organization and operations and business practices.

Organization and Operations

1. No Reserve Bank personnel with responsibility for priced services, unless acting in the capacity of President or First Vice President, will also be responsible for monetary policy, bank supervision, or lending areas. Personnel involved in priced services will not make policy decisions affecting monetary policy, bank supervision, or lending matters.

2. Branch managers may administer policy decisions of a Reserve Bank in the lending area but may not make policy decisions in this area.

3. Federal Reserve actions relative to the monetary policy, supervisory, or lending functions involving a particular depository institution will be made without regard to whether that institution is a user of Reserve Bank services or is an alternate provider of such services.

4. Except for the President, First Vice President, branch manager, or persons acting in these capacities, Reserve Bank personnel involved in monetary policy, bank supervision, or the lending function may discuss Federal Reserve priced services with a depository institution only when necessary to carry out their responsibilities. With the exceptions noted above, personnel involved in priced services may discuss matters relating to monetary policy, bank supervision, or lending with a depository institution only when the information discussed is general in nature or is public.

5. Reserve Bank personnel involved in monetary policy, bank supervision, or the lending function may provide confidential information obtained in the course of their duties to Reserve Bank personnel involved in priced services only when such action fulfills an important supervisory objective, preserves the integrity of the payment mechanism, or protects the assets of the Reserve Banks. In such cases, information will be provided on a need-to-know basis and only with the approval of senior management.

Business Practices

1. All activities incident to the provision of priced services will be conducted in a manner that is fully consistent with the public role and responsibilities of the Federal Reserve.

2. Federal Reserve services will be offered on a fair and equitable basis to all depository institutions on similar terms and conditions. The prices charged will be in accordance with the requirements of the MCA as implemented by policies of the Board of Governors. Reserve Banks will provide full and accurate information regarding the provision of Federal Reserve services, including features, quality, prices, and operating requirements, to enable depository institutions to make informed decisions. Comparisons of Federal Reserve services with those of other providers will be fair and objective.

4. When introducing or revising services, Reserve Banks will announce such changes to the public in a manner that will ensure that communications reach all interested depository institutions in sufficient time to enable them to make appropriate adjustments.

Internal Oversight

The primary responsibility for assuring that the above standards are applied is entrusted to the management of each Reserve Bank. Accordingly, Reserve Bank management will ensure that these standards are clearly represented in Reserve Bank policies, procedures, and controls. Consistent with overall responsibilities, each Reserve Bank's board of directors provides oversight of business conduct, principally through the Bank's internal audit function. The internal audit function of each Reserve Bank maintains independence from operating management by reporting directly to the Reserve Bank's board of directors.

Oversight of Reserve Bank priced service activities is also carried out by the Board of Governors. This is accomplished through review and approval at the Board level of price and service level changes. Furthermore, Reserve Bank priced service activities are evaluated in conjunction with on-site reviews by the Board's operations review and financial examination staffs. Board oversight through these means ensures that Reserve Bank activities are consistent with the MCA and Board policies with regard to priced services. In addition, the Board member serving as the Chairman of the Board's Federal Reserve Bank Activities Committee is responsible for investigating and responding to complaints concerning actions of Reserve Bank personnel that are alleged to be inconsistent with the standards presented above. Currently, Vice Chairman Preston Martin serves in this capacity. Accordingly, inquiries concerning Reserve Bank actions may be directed to Vice Chairman Martin's attention.

The internal audit and Board examination activities focus on Reserve Bank compliance with policies, procedures, and controls, including standards of conduct related to priced service activities. Audit and examination attention also encompasses activities and functions such as organizational structure and staffing, financial accounting and reporting, allocation of costs, information flows, and associated internal controls.

Conclusion

It is the policy and practice of the Federal Reserve System to conduct its affairs in a manner that will serve to maintain the integrity and credibility essential to the effective discharge of its public responsibilities. The Federal Reserve believes that these standards effectively address questions of potential conflicts while permitting the Federal Reserve to fulfill its public responsibilities in the provision of services to the nation's depository institutions.

Financial Results of Priced Service Operations

The Federal Reserve Board has reported financial results of Federal Reserve priced service operations for the quarter ended June 30, 1984.

The Board issues a report on priced services annually and a priced service balance sheet and income statement quarterly. The financial statements, which are shown in accompanying tables 1 and 2, are designed to reflect standard accounting practices, taking into account the nature of the Federal Reserve's activities and its unique position in this field.

Notes to the Financial Statements

Balance Sheet (table 1)

Federal Reserve assets are classified as short- or long-term. Short-term assets represent assets such as cash and due from balances, marketable securities, receivables, materials and supplies, prepaid expenses, and items in the process of collection. Long-term assets are primarily fixed assets, such as premises and equipment.

The imputed reserve requirement on clearing balances and investment in marketable securities reflects the Federal Reserve's treatment of clearing balances maintained on deposit with Reserve Banks by depository institutions. For balance sheet and income statement presentation, clearing balances are reported on a basis comparable with reporting of compensating balances held by respondent institutions with correspondents.

1. Pro forma balance sheet for priced services of Federal Reserve Banks, June 30, 1984

Millions of dollars

ASSETS		
Short-term assets		
Imputed reserve requirements on clearing balances	160.0	
Investment in marketable securities	1,173.4	
Receivables	50.9	
Materials and supplies	4.6	
Prepaid expenses	3.0	
Net items in process of collection (float)	282.8	
Total short-term assets		1,674.7
Long-term assets		
Premises	169.7	
Furniture and equipment	99.5	
Leases and leasehold improvements	2.3	
Total long-term assets		271.4
Total assets		**1,946.1**
LIABILITIES		
Short-term liabilities		
Clearing balances	1,333.4	
Balances arising from early credit of uncollected items	282.8	
Short-term debt	58.5	
Total short-term liabilities		1,674.7
Long-term liabilities		
Obligations under capital leases	.4	
Long-term debt	86.2	
Total long-term liabilities		86.6
Total liabilities		1,761.2
Equity		184.8
Total liabilities and equity		**1,946.1**

NOTE. Details may not add to totals due to rounding. Accompanying notes are an integral part of these financial statements.

2. Pro forma income statement for priced services of the Federal Reserve System

Millions of dollars

Income or expense item	For three months ending June 30, 1984		For six months ending June 30, 1984	
Income				
Services provided to depository institutions		144.4		284.2
Expenses				
Production expenses	112.1		223.1	
LESS: Board approved subsidies	1.6	110.5	3.1	219.9
Income from operations		33.9		64.2
Imputed costs				
Interest on float	4.6		17.1	
Interest on short-term debt	0.8		1.6	
Interest on long-term debt	2.2		4.4	
Sales taxes	1.2		2.4	
FDIC insurance	.3	9.1	.6	26.1
Income from operations after imputed costs		24.7		38.2
Other income and expenses				
Investment income	31.7		59.6	
Earnings credits	30.1	1.7	56.5	3.2
Income before income taxes		26.4		41.3
Imputed income taxes		10.2		16.0
Net income		**16.2**		**25.4**
MEMO				
Targeted return on equity		6.0		11.9

NOTE. Details may not add to totals due to rounding. Accompanying notes are an integral part of these financial statements.

Net items in the process of collection is the amount of float used to calculate additions to the cost base subject to recovery. Thus, it is the difference between cash items in the process of collection, including checks, coupons, securities, and ACH transactions, and deferred availability cash items. Therefore, the asset item on the balance sheet corresponds to the amount of float that the Federal Reserve must recover through fees to satisfy the Monetary Control Act. Conventional accounting procedures would call for the gross amount of cash items and deferred availability items to be included on a balance sheet. However, because the gross amounts have no implications for income or costs and no implications for the calculation of the private sector adjustment factor (PSAF), they are not reflected on the pro forma balance sheet.

The accompanying table depicts the Federal Reserve's float performance and float recovery. The amount of float recovered through per-item fees is valued at the federal funds rate. The value of this float is then added to the cost base subject to recovery for each appropriate service.

Long-term assets that are reflected on the balance sheet have been allocated to priced services using a direct determination basis. This approach was adopted along with other changes in calculating the PSAF for 1984 The direct determination method utilizes the Federal Reserve's Planning and Control System (PACS) to identify assets used solely in priced services and to apportion assets used jointly in the provision of different services to priced and nonpriced services. Included in long-term assets are leases, which have been capitalized and which are related to priced services. Additionally, resulting from changes to the PSAF methodology for 1984, an estimate of the assets of the Board of Governors related to the development of priced services has been included in long-term assets in the premises account.

A matched-book capital structure for those assets that are not "self-financing" has been used to determine the liability and equity amounts Short-term assets are financed with short-term debt. Long-term assets are financed with long-term debt and equity in a proportion equal to the ratio of long-term debt and equity of the bank holding companies used in the private sector adjustment model.

Float recovery by the Federal Reserve Banks, 1984:2	Daily average, millions of dollars
Total, adjusted	568.9
Unrecovered[1]	105.4
Subject to recovery	463.5
Recovered through "as of" adjustments[2]	286.8
Recovered through direct charges[2]	119.4
Recovered through per-item fees[3]	57 3

1. Includes float generated in providing services to government agencies or in other central bank services and float not recovered as a result of the ACH subsidy and the phase-in of other float recovery.

2. Interterritory check float may be recovered from depositing institutions through adjustments to the institution's reserve or clearing balance or by valuing the float at the federal funds rate and billing the institution directly.

3. This float is valued at the federal funds rate and has been added to the cost base subject to recovery in the second quarter.

Other short-term liabilities include clearing balances maintained at Reserve Banks and deposit balances arising from float. Other long-term liabilities consist of obligations on capital leases.

System Income Statement (table 2)

The income statement reflects the income and expenses for priced services. Included in these amounts are Board approved subsidies, imputed float costs, imputed financing costs, and the income and cost related to clearing balances.

Income reflects charges to depository institutions for priced services. This income is realized through one of two methods: direct charges to an institution's deposit account or charges against accumulated earnings credits. Expenses include production expenses and the expenses of Board staff working directly on the development of priced services that amounted to $0.5 billion in the second quarter of 1984.

Board approved subsidies consist of a program established for the commercial automated clearinghouse (ACH) service. The incentive pricing program established for the ACH service provides for fee structures designed to recover an increasing share of expenses. In 1984, ACH revenues are intended to recover 60 percent of costs plus the private sector adjustment. This incentive pricing program is being phased out, with complete elimination planned in 1985.

Imputed float costs include the value of float that was intended to be recovered, either explicitly or through per-item fees, during the first quarter of 1984 for the commercial check, automated clearinghouse, and book-entry securities transfer services. Also included in imputed costs is the interest on short- and long-term debt used to finance priced service assets through the PSAF, and the sales taxes and FDIC insurance, which the Federal Reserve would have paid had it been a private sector firm.

Other income and expenses are comprised of income on clearing balances and the cost of earnings credits granted to depository institutions. In calculating the earnings credits paid on clearing balances, the Federal Reserve takes into account the fact that reserve requirements would be applied to compensating balances held at correspondent banks. Had the reserve adjustment to earnings credits been in place in the second quarter, and assuming no resulting shift in clearing balances, the expenses of earnings credits would have been about $28.0 million with a resulting increase in net clearing balance income of $2.1 million and an increase in net income of $1.3 million to $17.7 million.

Imputed income taxes are calculated at the effective tax rate used in the PSAF calculation applied to the net income before taxes.

The targeted return on equity represents the after-tax rate of return on equity that the Federal Reserve would have earned based on a model of bank holding companies.

Changes in Board Staff

The Board of Governors has announced the promotion of William R. Jones to Assistant Staff Director in the Office of the Staff Director for Management effective September 12, 1984.

The Board has also announced the death of Raymond Lubitz, Assistant Director, Division of International Finance. He had been a staff member since 1973.

Proposed Actions

The Federal Reserve Board approved publication for comment of a revision and expansion of its Rules Regarding Equal Employment Opportunity. The Board requested comment by October 23, 1984.

The Board also announced that it has extended the period for comment on proposals published in June for revision of the Board's Regulation K (International Banking Operations) from September 12 to October 12, 1984.

Revision of Fee Structure for Wire Transfers of Funds

The Federal Reserve Board has published a revision to the fee structure for the Federal Reserve's wire transfer of funds service. The revision includes a reduction of the basic fee for originating or receiving a wire transfer of funds from $0.65 to $0.60 per transfer, effective September 27, 1984.

At the same time, the Board established a fixed monthly fee for all depository institutions that have an electronic connection with the Federal Reserve for one or more priced services, effective January 2, 1985.[1]

The Board acted after consideration of comment received on proposals published in January.

The fixed monthly fees are the following:

Type of connection	Monthly fees (dollars)
All priced services, except dedicated ACH connections	
Dedicated leased line	300
Multi-drop (shared) leased line	225
Dial-up line	60
Dedicated ACH connections[1]	
Dedicated leased line	240
Multi-drop (shared) leased line	180
Dial-up line	48

1. The automated clearing house (ACH) service is priced under an incentive pricing policy. The fees for dedicated ACH connections reflect the 80 percent recovery rate for the service that is anticipated to be in effect during January 1985. Currently, a daily fee of $0.75 is assessed for ACH electronic deliveries. This fee will be eliminated on January 2, 1985.

The Board's notice respecting the fixed monthly fees for electronic connections will be available shortly from the Federal Reserve Banks.

1. Priced services include the automated clearinghouse, wire transfer of funds, net settlement, book-entry securities, check collection, definitive safekeeping, and noncash collection. The fees would not be assessed for dedicated book-entry securities connections because the fee structure for that service is currently under review.

System Membership: Admission of State Banks

The following banks were admitted to membership in the Federal Reserve System during the period August 10 through September 10, 1984:

Arizona
Grande........ Bank of Casa Grande Valley
Florida
Coral Gables .... Transatlantic Bank
Texas
Flower Mound .... Flower Mound Bank
Garland .... Southwest Bank–Garland
Virginia
Vienna .... Sailors and Merchants Bank and Trust Company
Wyoming
Cheyenne .... Frontier Bank of Laramie County

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON JULY 16–17, 1984

Domestic Policy Directive

The information reviewed at this meeting suggested that growth in real GNP in the second quarter, though moderating from the annual rate of about 9¾ percent currently recorded for the first quarter, would be stronger than the annual rate of about 5¾ percent indicated by the preliminary estimate of the Commerce Department. Although the expansion in economic activity was continuing at a strong pace, in late spring and early summer there were indications of moderation in some sectors. Average prices, as measured by the fixed-weight price index for gross domestic business product, appeared to have risen more slowly in the first half of 1984 than in 1983.

Industrial production rose about ½ percent in both May and June, after average increases of about 1 percent per month earlier in the year. Output of business equipment and defense and space products continued to show sizable gains, while production of durable consumer goods and construction supplies leveled off. The rate of capacity utilization in manufacturing edged up 0.1 percentage point in each month to 81.8 percent in June, the average for the 1967–82 period.

The rise in total retail sales slowed in the May–June period from an extraordinarily rapid pace in April. In the second quarter as a whole, sales advanced about 2¾ percent, after a rise of 3½ percent in the first quarter. Sales gains were reported at all major types of stores in the second quarter, but were particularly strong at general merchandise, apparel, and furniture and appliance stores. Sales of new domestic automobiles continued at an annual rate of about 8¼ million units, the same pace as in the first quarter.

Housing starts declined in May, the latest month for which data were available, to a level about 10 percent below the average for the first four months of the year. Sales of both new and existing homes edged down in May, apparently in response to the rising cost of mortgage credit.

In contrast to the slowing in the housing sector, business fixed investment, in real terms, appeared to have grown quite rapidly in the second quarter, perhaps faster than the annual rate of 16 percent reported for the first quarter. Shipments of nondefense capital goods increased sharply in May, more than offsetting a decline in April, and data on new orders pointed to further gains in the months ahead. Recent surveys on spending plans also suggested continued strength in business fixed investment.

Nonfarm payroll employment, adjusted for strike activity, rose 300,000 further in both May and June. Employment gains in services and trade accounted for a major part of the increase in each month. In manufacturing, employment in durable goods industries advanced somewhat further, but employment in nondurable goods firms was flat. The civilian unemployment rate fell appreciably over the two-month period, to 7.1 percent in June.

The producer price index for finished goods was unchanged in June for the third consecutive month. In the second quarter as a whole, a marked decline in prices of consumer foods offset an increase in prices of energy-related items, as most other components of the index changed little. The rise in the consumer price index slowed in May to 0.2 percent from 0.5 percent in April. The index of average hourly earnings increased more slowly over the first half of this year than in 1983.

In foreign exchange markets, the trade-weighted value of the dollar against major foreign currencies had risen about 3½ percent on balance since the Committee's meeting in May. The dollar weakened for a brief period early in the intermeeting interval, partly reflecting rumors about the vulnerability of large U.S. banks to international debt problems. Subsequently, indications of more strength in U.S. economic activity than had been anticipated and increases in U.S. short-term interest rates contributed to an appreciation of the dollar to a level above its peak in early January. The U.S. merchandise trade deficit rose further in the April–May period relative to the first quarter; an increase in oil and non-oil imports exceeded a slight rise in exports.

At its meeting on May 21–22, 1984, the Committee had decided that, in the period immediately ahead, policy should be directed toward maintaining existing pressures on reserve positions. That action was expected to be consistent with growth in M1, M2, and M3 at annual rates of around 6½, 8, and 10 percent respectively during the period from March to June. The Committee also agreed that somewhat greater restraint might be acceptable in the event of more substantial growth of the monetary aggregates, while somewhat lesser restraint might be acceptable if growth of the monetary aggregates slowed significantly. Any such adjustment would be considered only in the context of appraisals of the continuing strength of the business expansion, inflationary pressures, financial market conditions, and the rate of credit growth. The intermeeting range for the federal funds rate, which provides a mechanism for initiating consultation of the Committee, was retained at 7½ to 11½ percent.

M1 grew at an annual rate of about 12¼ percent on average in May and June, after having changed little in April. As a result, expansion in M1 over the March-to-June period was at an annual rate of about 8¼ percent, above the Committee's expectation for that period. Growth in the broader aggregates was about in line with expectations, as M2 and M3 grew at estimated annual rates of 7¾ and 10¼ percent respectively over the three-month period. Relative to the Committee's longer-run ranges for 1984, M1 by June was somewhat below its upper limit, M2 was a little below the midpoint of its range, and M3 was above the upper limit of its range.

Total domestic nonfinancial debt continued to expand in the second quarter at a pace above the Committee's monitoring range for the year, with both federal and private borrowing very strong. Borrowing that was related to business mergers and acquisitions accounted for some of the rapid private credit growth but even after adjustment for such borrowing, the rate of expansion in total debt was estimated to have exceeded the upper limit of the Committee's range.

Growth in total reserves picked up in May and accelerated further in June, reflecting increased demand for excess reserves and rapid expansion of required reserves associated with strong growth in demand deposits in June and a surge in large time deposits that began in May. The increase in reserves provided by discount window credit, extended because of the special situation of one large bank, was offset by reduced reserve provision through open market operations, so that there was little change in other borrowing. Adjustment plus seasonal borrowing (excluding advances to the large bank) continued to average close to $1 billion in the three complete reserve maintenance periods after the previous Committee meeting. In the first part of the current two-week statement period ending July 18, average borrowing was running lower, at about $670 million.

The federal funds rate moved up irregularly over the intermeeting period, from an average of around 10½ percent at the time of the May meeting to a range of around 11 to 11½ percent in recent weeks. Pressures in the money market were especially marked around the mid-June tax date and in the reserve maintenance period containing the quarter-end statement date and the July 4 holiday. The federal funds rate moved higher over the intermeeting interval despite little change in the average level of adjustment plus seasonal borrowing at the discount window. In addition to usual end-of-quarter and holiday pressures in the federal funds market, banks apparently became willing to pay more for federal funds as credit demands continued strong and other sources of funds remained relatively expensive. On balance, rates on bank CDs and other private short-term securities rose about ½ to ¾ percentage point further, while rates on Treasury bills were about unchanged. The heightened uncertainties in financial markets, reflecting concerns about international debt problems and shifting perceptions about the outlook for economic activity and credit demands, led to a widening of differentials between yields on private instruments and Treasury obligations and to considerable day-to-day rate fluctuation. In long-term debt markets, rates moved over an exceptionally wide range but over the intermeeting period as a whole rates on most private obligations changed little on balance, while those on Treasury bonds declined about 15 to 40 basis points. Commercial banks raised their "prime" rate ½ percentage point to 13 percent in the last week of June. The average rate on conventional fixed-rate mortgage loans at savings and loan associations rose about ⅝ percentage point over the intermeeting interval to a little above 14⅝ percent.

The staff projections presented at this meeting suggested that growth in real GNP would moderate appreciably over the second half of the year and into 1985 to a sustainable rate of expansion. The staff continued to expect a decline in unemployment over the period and, given recent strong gains in employment, the projected level of unemployment was somewhat lower than previously anticipated. Although current evidence of wage and price pressures was limited, the rate of increase in prices was expected to pick up modestly from its recent pace as the economy continued to move toward fuller utilization of its productive resources.

In the Committee's discussion of the economic situation and outlook, the members commented that the expansion appeared to have a good deal of momentum, but with limited indications of some moderation. For the months immediately ahead, the members generally expected a slower, although relatively sizable, rate of expansion in economic activity and a comparatively subdued rate of inflation. Most believed that appreciably slower but sustainable growth with some pickup in the rate of inflation were probable, though by no means certain, prospects for 1985. Several observed, however, that uncertainties created by various imbalances and financial strains in the economy made forecasting economic activity and prices particularly difficult at this time, and less confidence should be placed in any particular forecast.

In keeping with the usual practice for meetings when the Committee considers its longer-run objectives for monetary growth, the members had prepared specific projections of economic activity, the rate of unemployment, and average prices. With regard to growth in real GNP, the projections had a central tendency of 6¼ to 6¾ percent for 1984 as a whole and 3 to 3¼ percent for 1985, all measured from fourth quarter to fourth quarter. The central tendency for the rate of unemployment was an average rate in a range of 6¾ to 7 percent for the fourth quarter of 1984 and 6½ to 7 percent for the fourth quarter of 1985. The members' projections for the implicit GNP deflator centered on a rise of 4 to 4½ percent for the year 1984 and about one percentage point higher for the year 1985, assuming that the value of the dollar in foreign exchange markets would remain generally in the trading range experienced over the past year. The projections also took into account the monetary policy decisions made at this meeting.

The members recognized that there were a number of threats to the realization of the relatively favorable economic developments implied by their projections and that the maintenance of a satisfactory economic performance for an extended period could only be assured by timely actions in a number of policy areas. Given the persisting strength of domestic demands, which had been growing faster than GNP as reflected in the widening deficit in external trade, several members indicated their concern about the risks that those demands might proceed too long at an unsustainable pace, with potentially adverse implications for inflationary pressures and for the continuation of the expansion itself. On the other hand, most members clearly did not want to rule out the possibility that relatively high interest rates, partly related strains in international and domestic financial markets, and cautionary attitudes that might be emerging in economic sectors such as housing might result in more substantial slowing than was typically indicated. Various imbalances and distortions in the economic and financial picture, notably the massive deficits in the federal budget and in the current account of the balance of payments, were also viewed as particular sources of concern.

With regard to the federal budget, current legislation was cited as a welcome development, but further measures were deemed essential to reduce the widening structural deficit. Federal financing requirements would otherwise continue to absorb a large part of available net savings in a period of heavy demands for credit by businesses and households. The resulting pressures in financial markets would aggravate the strains on thrift and some other financial institutions and would impair the creditworthiness of both potential new borrowers such as home-buyers and the growing number of borrowers with outstanding loans or commitments on a variable interest rate basis. Relatively high interest rates would also worsen financial pressures in the agricultural sector where many farmers were experiencing serious debt problems. In addition, high U.S. interest rates tended to exacerbate the already severe debt-servicing problems of several developing countries and, in the process, to lessen confidence in U.S. banks with sizable loans to such countries.

With regard to the balance of payments and related capital flows, the unprecedented volume of capital attracted from abroad was contributing to the appreciation of the dollar despite enlarged deficits in the trade and current accounts. Such inflows were helping to finance domestic credit needs and were contributing to moderation of inflationary pressures. However, their sustainability was subject to doubt, and their eventual decrease, especially if associated with a sudden and sharp fall in the value of the dollar, could have adverse repercussions for the economy.

While the members generally anticipated a small increase in wages and prices over the period through the end of 1985, they discussed possible developments that could produce a different outcome. Some members, who were relatively optimistic about the outlook for inflation, emphasized such factors as the remaining margins of unemployed resources in the economy, which might in fact be underestimated by current measures of capacity utilization, the impact of competition from abroad, and the prospects for faster gains in productivity than many observers expected. They also suggested that wage settlements might continue to be relatively restrained, to the extent that workers' wage demands had been reduced significantly by back-to-back recessions in the past few years and concomitant high unemployment and a recent period of relatively low inflation. Several members noted, however, that important negotiations currently under way or about to begin, especially in the automobile industry, could have a significant precedential impact on subsequent wage negotiations. All of the members recognized that inflationary pressures would be greater than otherwise, perhaps substantially so, if growth in demands for goods and services for too long exceeded sustainable rates or if the value of the dollar were to decline substantially over the projection period.

At this meeting the Committee reviewed its target ranges for 1984 and established tentative ranges for 1985 within the framework of the Full Employment and Balanced Growth Act of 1978 (the Humphrey–Hawkins Act).[1] At its meeting on January 30–31, 1984, the Committee had adopted growth ranges of 6 to 9 percent for both M2 and M3 for the period from the fourth quarter of 1983 to the fourth quarter of 1984, and a range of 4 to 8 percent for M1 over the same period. It was understood at that time that substantial weight would continue to be placed on M2 and M3 in policy implementation and that, for some interim period, the behavior of M1 would be evaluated in light of the performance of the broader aggregates. Because of the changed composition of M1, reflected in the relatively rapid growth of its NOW and Super NOW components, its relationship to GNP remained uncertain and required further observation. The monitoring range for total domestic nonfinancial debt had been set at 8 to 11 percent for the year 1984.

With regard to the target ranges for 1984, all of the members favored the retention of the existing ranges for M1 and M2, both of which had grown at rates within the Committee's targets over the first half of 1984. The members continued, however, to recognize the difficulty of anticipating the ongoing relationships of these aggregates with broad economic measures under changing economic and financial circumstances, particularly in light of the rapid expansion of new deposit accounts in a period of deregulation and of marked changes in financial practices.

The members expected expansion in M3 and total domestic nonfinancial debt to moderate during the second half of 1984, but growth in both measures, especially domestic debt, was still believed likely to exceed the existing ranges for the year as a whole. Accordingly, some members favored raising the ranges somewhat to

1. The Board's Midyear Monetary Policy Report pursuant to this legislation was transmitted to the Congress on July 25, 1984.

reflect first-half developments and the Committee's expectations for the year. However, a majority preferred to retain the existing ranges on the ground that higher ranges would provide an inappropriate benchmark for judging the long-run growth desired by the Committee. It was also suggested that raising these ranges might be misread as an easing of monetary policy rather than as a technical adjustment to past developments, including the unusual extent of merger-related and leveraged buyout financings, which were estimated to have added about 1 percentage point to the rate of credit growth during the first half of the year.

At the conclusion of this discussion, the Committee voted as follows to reaffirm the ranges for the monetary aggregates and the associated range for total domestic nonfinancial debt that were established at the January meeting:

The Committee agreed at this meeting to reaffirm the ranges for monetary growth that it had established in January: 4 to 8 percent for M1 and 6 to 9 percent for both M2 and M3 for the period from the fourth quarter of 1983 to the fourth quarter of 1984. The associated range for total domestic nonfinancial debt was also reaffirmed at 8 to 11 percent for the year 1984. It was anticipated that M3 and nonfinancial debt might increase at rates somewhat above the upper limits of their 1984 ranges, given developments in the first half of the year, but the Committee felt that higher target ranges would provide inappropriate benchmarks for evaluating longer-term trends in M3 and credit growth.

Votes for this action: Messrs. Volcker, Solomon, Boehne, Boykin, Corrigan, Gramley, Mrs. Horn, Messrs. Martin, Partee, Rice, Ms. Seger, and Mr. Wallich. Votes against this action: None.

Turning to the establishment of tentative ranges for 1985, the members stressed the desirability of taking further action, in line with previously stated Committee intentions, to reduce growth in money and credit over time to rates that would be consistent with maintaining reasonable price stability and sustainable economic expansion. However, individual members expressed some small differences in their views about the amount or timing of specific reductions in the ranges for 1985.

In discussion of the tentative range for M1 growth for 1985, the members generally favored lowering the upper limit and narrowing the range to a width more consistent with the ranges for the other aggregates. Discussion centered on whether the range should be reduced to 4 to 7 percent or 4 to 7½ percent. Members who preferred the range with a 7 percent upper limit commented that it would represent an appropriate reduction from 1984 because it would signal more clearly the Committee's intention to reduce monetary growth to rates more consistent with reasonable price stability while encouraging further expansion of economic activity. Those who preferred the smaller reduction in the upper limit felt that a cautious approach was warranted in light of the many uncertainties bearing on the economic outlook and developments with respect to velocity. They also noted that the ranges would be reviewed next February and could then be reduced further if circumstances warranted.

Most members favored a small reduction for M2 in 1985, although a few expressed an initial preference for no change. A lower range for M2 would be in keeping with the Committee's intention to reduce monetary growth over time and, at least on the basis of the recent behavior of M2, would be consistent with the members' projections of lower growth in nominal GNP for 1985. On the other hand, it was argued in support of retaining the 1984 range that the recently prevailing relationship between M2 and nominal GNP was at odds with historical trends and a reduction in the M2 range would incur too much of a risk that actual growth might exceed the range, even with much slower expansion in nominal GNP during 1985.

A majority of the members were in favor of not changing the current ranges for M3 and total domestic nonfinancial debt for 1985, but a few members proposed small reductions in the range for M3 and additional members favored marginal reductions in the monitoring range for nonfinancial debt. In support of retaining the current ranges, it was pointed out that, given the expectation that actual growth was likely to exceed both ranges in 1984, expansion within those ranges next year would represent a significant slowdown. However, some members expressed concern about the implications of rapid debt expansion this year, which appeared to be reflected to some extent in M3, and they believed that reduced ranges would be desirable and consistent with overall policy objectives.

In the course of discussion about the appropriate ranges for the aggregates, the members noted that in recent quarters the behavior of M1 in relation to nominal GNP had been more consistent with previous cyclical patterns than had been the case during 1982 and early 1983. As a result it was concluded that M1 should be given roughly equal weight with the broader monetary aggregates in the implementation of monetary policy. However, the behavior of M1 as well as that of the broader aggregates would still continue to be appraised in light of developments in the economy and financial markets, the outlook for inflation, and the rate of credit growth.

At the conclusion of its discussion, the Committee took the following action to establish tentative ranges for 1985 that included reductions from 1984 in the upper limits of the ranges for M1 and M2 by 1 and ½ percentage point respectively and no changes in the range for M3 and the associated range for total domestic nonfinancial debt:

For 1985 the Committee agreed on tentative ranges of monetary growth, measured from the fourth quarter of 1984 to the fourth quarter of 1985, of 4 to 7 percent for M1, 6 to 8½ percent for M2, and 6 to 9 percent for M3. The associated range for nonfinancial debt was set at 8 to 11 percent.

The Committee understood that policy implementation would require continuing appraisal of the relationships not only among the various measures of money and credit but also between those aggregates and nominal GNP, including evaluation of conditions in domestic credit and foreign exchange markets.

Votes for this action: Messrs. Volcker, Solomon, Boehne, Boykin, Corrigan, Gramley, Mrs. Horn, Messrs. Martin, Partee, Rice, Ms. Seger, and Mr. Wallich. Votes against this action: None.

In the Committee's discussion of policy implementation for the weeks immediately ahead, most of the members indicated that they could support an approach directed toward maintaining the existing degree of restraint on reserve positions. Such an approach was thought likely to be associated with growth in the monetary aggregates from June to September at rates that were consistent with the Committee's objectives for the year and below those experienced over the second quarter, particularly for M1. Some members commented that the risks of intensified inflationary pressures as the economy moved closer to capacity limits would, in other circumstances, warrant some increase of reserve restraint; but the current behavior of the monetary aggregates and the prospect that earlier increases in market interest rates would tend after some lag to be reflected in growth at sustainable rates, together with the relatively sensitive conditions in some financial markets, were factors that argued in favor of an essentially unchanged approach to policy implementation.

With regard to possible deviations in pressure on reserve positions toward greater or lesser restraint in response to incoming information, some members endorsed a symmetrical approach that would relate any deviation in either direction to the behavior of the monetary aggregates judged in the context of developments in economic activity, inflationary pressures, financial market conditions, and the rate of growth in credit. However, most of the members preferred a somewhat asymmetrical approach that would involve a more prompt response to the potential need for a move toward somewhat greater restraint if monetary growth should accelerate in association with continued indications of an ebullient economy. In this view, policy implementation should be relatively tolerant, for a time, of some shortfall in monetary growth because the latter might well prove to be temporary if the present apparent momentum in the economy were to continue.

In light of recent market developments, the members generally favored, for technical reasons, raising the intermeeting range for the federal funds rate by a small amount. The members regard the federal funds range as essentially a mechanism for initiating Committee consultation when its limits are persistently exceeded. In recent weeks federal funds had tended to trade well up in the current 7½ to 11½ percent range, and occasionally above that range, despite a relatively unchanged level of borrowing at the discount window (apart from special borrowing by one large bank). A small upward adjustment was deemed advisable to provide some leeway above the recent trading level before triggering a consultation of the Committee.

At the conclusion of the Committee's discussion, the members indicated their acceptance of a directive that called for maintaining the existing degree of restraint on reserve positions. The members expected such an approach to be associated with growth of M1, M2, and M3 at annual rates of around 5½, 7½, and 9 percent respectively in the period from June to September. The members agreed that somewhat greater restraint on reserve conditions would be acceptable in the context of more substantial growth in the monetary aggregates, while somewhat lesser restraint might be appropriate if monetary growth were significantly slower. In either event, the need for greater or lesser restraint would be considered only against the background of developments relating to the continuing strength of the business expansion, inflationary pressures, conditions in financial markets, and the rate of credit growth. It was agreed that the intermeeting range for the federal funds rate would be raised to 8 to 12 percent.

At the conclusion of the meeting the following domestic policy directive was issued to the Federal Reserve Bank of New York:

The information reviewed at this meeting suggests that the expansion in economic activity is continuing at a strong pace, but there are indications of moderation in some sectors. In May and June, industrial production and retail sales expanded further, though at a somewhat slower pace than earlier in the year. Nonfarm payroll employment rose substantially further in both months and the civilian unemployment rate fell to 7.1 percent in June. Housing starts declined in May to a rate appreciably below the average in the first four months of 1984. Information on outlays and spending plans continues to suggest strength in business fixed investment. Since the beginning of the year, average prices and the index of average hourly earnings have risen more slowly than in 1983.

M1 grew rapidly in May and June after having changed little in April, while M2 continued to expand moderately. M3 growth slowed somewhat in June but was relatively strong over the second quarter. From the fourth quarter of 1983 through June, M1 grew at a rate somewhat below the upper limit of the Committee's range for 1984; M2 increased at a rate a little below the midpoint of its longer-run range, while M3 expanded at a rate above the upper limit of its range. Total domestic nonfinancial debt continued to grow in the second quarter at a pace above the Committee's monitoring range for the year, reflecting very large government borrowing along with strong private credit growth. Interest rates have fluctuated considerably since the May meeting of the Committee. Financial markets were affected by concerns arising from international debt problems. On balance, rates on private short-term securities rose further, while rates on Treasury bills were about unchanged; in long-term debt markets, rates on most private obligations changed little while those on Treasury bonds declined.

The foreign exchange value of the dollar against a trade-weighted average of major foreign currencies has risen considerably further since mid-May to a level above its peak in early January. The merchandise trade deficit rose further in April–May compared with the first quarter; an increase in oil and non-oil imports exceeded a slight rise in exports.

The Federal Open Market Committee seeks to foster monetary and financial conditions that will help to reduce inflation further, promote growth in output on a sustainable basis, and contribute to an improved pattern of international transactions. In furtherance of these objectives the Committee agreed at this meeting to reaffirm the ranges for monetary growth that it had established in January: 4 to 8 percent for M1 and 6 to 9 percent for both M2 and M3 for the period from the fourth quarter of 1983 to the fourth quarter of 1984. The associated range for total domestic nonfinancial debt was also reaffirmed at 8 to 11 percent for the year 1984. It was anticipated that M3 and nonfinancial debt might increase at rates somewhat above the upper limits of their 1984 ranges, given developments in the first half of the year, but the Committee felt that higher target ranges would provide inappropriate benchmarks for evaluating longer-term trends in M3 and credit growth. For 1985 the Committee agreed on tentative ranges of monetary growth, measured from the fourth quarter of 1984 to the fourth quarter of 1985, of 4 to 7 percent for M1, 6 to 8½ percent for M2, and 6 to 9 percent for M3. The associated range for nonfinancial debt was set at 8 to 11 percent.

The Committee understood that policy implementation would require continuing appraisal of the relationships not only among the various measures of money and credit but also between those aggregates and nominal GNP, including evaluation of conditions in domestic credit and foreign exchange markets.

In the short run, the Committee seeks to maintain existing pressures on reserve positions. This action is expected to be consistent with growth in M1, M2, and M3 at annual rates of around 5½, 7½, and 9 percent respectively during the period from June to September. Somewhat greater reserve restraint would be acceptable in the event of more substantial growth of the monetary aggregates, while somewhat lesser restraint might be acceptable if growth of the monetary aggregates slowed significantly. In either case, such a change would be considered only in the context of appraisals of the continuing strength of the business expansion, inflationary pressures, financial market conditions, and the rate of credit growth. The Chairman may call for Committee consultation if it appears to the Manager for Domestic Operations that pursuit of the monetary objectives and related reserve paths during the period before the next meeting is likely to be associated with a federal funds rate persistently outside a range of 8 to 12 percent.

Votes for this action: Messrs. Volcker, Solomon, Boehne, Boykin, Corrigan, Gramley, Mrs. Horn, Messrs. Partee, Rice, Ms. Seger, and Mr. Wallich. Vote against this action: Mr. Martin.

Mr. Martin dissented from this action because he wanted to give more weight to the possible need for some easing of reserve conditions in light of the vulnerability of key sectors of the economy and of financial markets to high interest rates. He also believed that somewhat higher objectives for monetary growth should be established for the third quarter.

Legal Developments

BANK HOLDING COMPANY, BANK MERGER, AND BANK SERVICE CORPORATION ORDERS ISSUED BY THE BOARD OF GOVERNORS

Orders Issued Under Section 3 of Bank Holding Company Act

The following Order was inadvertently omitted from the September 1983 BULLETIN.

Credit and Commerce American Holdings N.V., Willemstad, Netherlands Antilles

Credit and Commerce American Investment B.V., Amsterdam, The Netherlands

First American Corporation Washington, D.C.

First American Bankshares, Inc., Washington, D.C.

Order Approving Acquisition of Shares of Bank

Credit and Commerce American Holdings, N.V., Willemstad, Netherlands Antilles; Credit and Commerce American Investment, B.V., Amsterdam, The Netherlands; First American Corporation, Washington, D.C.; and First American Bankshares, Inc., Washington, D.C. (collectively "CCAH"), have applied for the Board's approval under section 3(a)(3) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(3)) to acquire additional shares of Valley Fidelity Bank and Trust Company ("Valley Fidelity"), Knoxville, Tennessee; CCAH already owns 35 percent of the voting stock of Valley Fidelity.

CCAH is a grandfathered multi-state bank holding company with subsidiary banks in Maryland, New York, Tennessee, Virginia, and the District of Columbia. It succeeded to this status when it acquired Financial General Bankshares, Inc., (*Credit and Commerce American Holdings, N.V.*, 67 FEDERAL RESERVE BULLETIN 737 (1981)).

Notice of the application, affording opportunity for interested persons to submit comments, has been given in accordance with section 3 of the Act and the time for filing comments has expired. The Board has considered the application and all comments received, including those of Union Planters Corporation, Knoxville, Tennessee ("Union Planters"), in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Valley Fidelity, with deposits of $189 million, is the 16th largest bank in Tennessee, holding 0.9 percent of total deposits in commercial banks in the state.[1] It is the 3rd largest of eight banks in the relevant banking market,[2] and holds 8.1 percent of deposits in commercial banks in the market.

Because CCAH proposes only to acquire additional shares of a bank that is a subsidiary, consummation of the proposal would have no adverse effects on competition or increase the concentration of banking resources in any relevant market. Accordingly, competitive considerations are consistent with approval.

The financial and managerial resources and future prospects of CCAH and Valley Fidelity are satisfactory. The Board thus concludes that considerations relating to banking factors are consistent with approval. Although no changes are contemplated in the services to be offered by Valley Fidelity, considerations relating to the convenience and needs of the community to be served are also consistent with approval.

Section 3(d) of the Act (12 U.S.C. § 1842(d)) prohibits Board approval of any application which would permit a bank holding company to acquire, directly or indirectly, any voting shares of "any additional bank located outside of the State in which the operations of such bank holding company's banking subsidiaries were principally conducted on . . . the date on which the company became a bank holding company." The proposed transaction raises the issue of the applicability of section 3(d), because CCAH has its primary place of business in Virginia and Valley Fidelity is in Tennessee. Thus, the issue presented is whether acquisition of additional shares of Valley Fidelity would constitute acquisition of shares of an "additional bank" located in Tennessee, a state other than the

1. All banking data are as of June 30, 1982.
2. The relevant banking market is the Knoxville banking market, which consists of the Knoxville RMA and includes Anderson, Blount, and Knox Counties in Tennessee.

home state of CCAH. If Valley Fidelity were an additional bank, then the Board could not approve the proposed acquisition.

Neither the Act nor the legislative history of section 3(d) definitively explains the term "additional bank." The legislative history of the section indicates that its general purposes were to prohibit future expansion of bank holding company banking operations across state lines, to preserve local control of banks, and to conform the restrictions in the BHC Act to the prohibitions against branch banking contained in the McFadden Act.[3]

Union Planters opposes CCAH's application, contending that Board approval of the application is barred by section 3(d). Union Planters argues that unless section 3(d) is construed to permit the acquisition of additional shares only in cases where the bank holding company already controls a majority of the bank's shares, Congressional intent to prevent interstate expansion would be frustrated.

As support for this assertion, Union Planters cites the provisions of section 3(a)(B) of the Act, which exclude from the Act's prior approval requirements the acquisition of additional shares in majority-owned banks. In Union Planters' view, this section evidences a Congressional determination that only a majority-owned bank would not be deemed an "additional bank" within the meaning of section 3(d). Alternatively, Union Planters states that at minimum a bank holding company should be required to demonstrate that it has "actual operating control" of an out-of-state bank before being allowed to increase its ownership interest. Finally, Union Planters asserts that the Board should deny CCAH's application on the basis that it is inconsistent with the purposes of section 3(d), even if it is not barred by the literal words of that section. Thus, Union Planters claims that approval of this application would permit CCAH to merge Valley Fidelity with other Tennessee banks and thereby expand CCAH's Tennessee operations in a manner inconsistent with the underlying purpose of section 3(d).

The Board has carefully reviewed Union Planters' contentions and finds them to be unpersuasive for the following reasons. It is unlikely that Congress intended the phrase "additional bank" in section 3(d) to mean any bank that is not majority-owned, because the prohibitions of section 3(d) only apply to applications that must be filed under the BHC Act and, as noted above, applications are not required for the acquisition of additional shares of majority-owned banks. Thus, Union Planters' construction of the statute would effectively alter section 3(d) to state that the Board may not approve an application to acquire shares of *any* out-of-state bank, and the word "additional" would be meaningless.

In contrast, a straightforward reading of the prohibition of section 3(d) would be that it bars the purchase of shares of out-of-state banks that the bank holding company does not control. Such an interpretation provides a common sense meaning for the term "additional bank," and would prevent bank holding companies from acquiring any out-of-state banks that were not controlled on the date the company became a bank holding company. This reading of the statute would be consistent with the stated desire of Congress to grandfather existing interstate banking organizations. It is far more likely that Congress intended that the meaning of "additional bank" be construed in light of its determination that a company is to be presumed conclusively to control a bank when it owns 25 percent or more of the bank's voting shares, 12 U.S.C. § 1841(a), and that such a bank also is deemed a subsidiary of the company, 12 U.S.C. § 1841(d). Thus, the Board believes that it is more reasonable to conclude that a bank that is 25 percent or more owned by an out-of-state bank holding company is not an "additional bank" for purposes of section 3(d).

This construction of the statute also is consistent with Board precedent. In *Otto Bremer Foundation,* 52 FEDERAL RESERVE BULLETIN 1761 (1966), the applicant bank holding companies (two affiliated organizations) had owned 49 percent of the shares of an out-of-state bank prior to enactment of the Act. In acting on a proposal to acquire an additional 50 percent of the bank's shares, the Board ruled that:

> The term "additional bank" is interpreted by the Board to mean a bank other than a subsidiary bank. Therefore, since Bank is already a subsidiary of Applicants, the subject applications may be approved provided such approval is authorized by and consistent with other provisions of the Act. *Id.* at 1763.

The Board regards its *Otto Bremer* decision as providing direct support for CCAH's proposal to acquire additional shares of Valley Fidelity.[4]

3. 102 CONG. REC. 6856–6863 (1956).

4. Contrary to Union Planters' assertions, the Board's decision in the *Sumitomo Bank, Ltd.* case, 63 FEDERAL RESERVE BULLETIN 411 (1977), has little relevance to the *Otto Bremer* precedent. *Sumitomo* involved the issue of whether a company can have a grandfathered interest in an out-of-state bank as a result of having a controlling influence over that bank under section 2(a)(2)(C) of the BHC Act, and the conditions imposed by the Board in that case were simply a means of reserving this issue for later decision. Reservation of this issue in no way limits the *Otto Bremer* precedent because the bank in *Otto Bremer,* as the bank in this case, was a subsidiary as a matter of law, by virtue of the holding company's ownership of more than 25 percent of its voting shares.

Although Union Planters claims that CCAH does not have "actual operating control" over Valley Fidelity, such a requirement is irrelevant for purposes of section 3(d).[5] The term "control" is defined with some precision in the BHC Act, and the concept of "actual operating control" is not articulated in that definition. The term "controlling influence" is used in the Act, but it is merely one of three types of control listed and, as noted above, CCAH clearly possesses one of the other types of control defined in the Act. Moreover, whereas a controlling influence may be found only after a formal Board determination that such control exists, the type of control held by CCAH through its ownership of 25 percent or more of Valley Fidelity's shares is both automatic and conclusive.[6]

Union Planters nevertheless asserts that the Board's Otto Bremer decision stands for the proposition that a bank holding company must have "actual operating control" of an out-of-state bank in order to acquire additional shares of that bank. Although the Board stated that the *Otto Bremer* applicants appeared to have "working control" of the bank involved, 52 FEDERAL RESERVE BULLETIN at 1765, this statement was unrelated to the Board's analysis of the section 3(d) issue. Rather, this observation was related to the Board's assessment of the likelihood that an increase in the bank's shares owned by the applicants would result in an alteration of the bank's operations that would benefit the local community.

Finally, although the Board agrees with Union Planters' statement that the Board has broad discretion under section 5(b) of the BHC Act to prevent evasion of that Act, the Board does not accept Union Planters' further assertion that this proposal represents an evasion of the purposes of section 3(d), even if it is not prohibited by the literal words of that section. Union Planters claims that this proposal could result in a change in the actual control of Valley Fidelity and that such a shift in control is inconsistent with the basic purposes of section 3(d) to prevent expansion of out-of-state banking interests. Union Planters also states that such a shift in actual control would allow CCAH to acquire other Tennessee banks by merger.

In view of the fact that CCAH is conclusively presumed to control Valley Fidelity under the BHC Act, the Board believes that an increase in CCAH's interest in that bank cannot be viewed as inconsistent with the Act's purposes. Similarily, the BHC Act generally exempts bank mergers from the Act's prior approval requirements, and the use of such transactions by grandfathered multi-state bank holding companies to expand their banking operations outside of their state of principal banking operations is therefore consistent with the Act's structure. In addition, it is quite clear that Congress intended to grandfather existing multi-state bank holding companies, and there is no evidence of any desire on the part of Congress to prevent such holding companies from preserving their control of existing out-of-state subsidiaries. Only a few bank holding companies possess such grandfather rights, and this exception is thus of very limited applicability.

Union Planters also asserts that the application provides insufficient information regarding (1) the source of funds to be used to finance the proposed transaction, (2) the identities of any new shareholders of CCAH, and (3) certain allegations surrounding Mr. Darwaish, a principal shareholder of CCAH.

CCAH proposes to acquire the remaining 63.4 percent ownership in Valley Fidelity for $20.3 million. The application indicates that the source of funds for the acquisition of additional shares of Valley Fidelity will be additional equity investments by shareholders or available cash resources. The record also shows that on March 28, 1983, CCAH sold its 67.6 percent investment in the Bank of Commerce, New York, New York, for $34.4 million cash. These funds will be available, if necessary, for the purchase of Valley Fidelity's shares.

5. Even if both the validity and relevance of the allegations made by Union Planters in this regard are assumed, the Board would not regard this evidence as being particularly persuasive. For example, although Union Planters attaches significance to its assertion that officers and directors of Valley Fidelity discussed with Union Planters a proposal by Union Planters to acquire Valley Fidelity, such actions appear consistent with the fiduciary duties of those officials to the shareholders of Valley Fidelity and would not, therefore, provide evidence that CCAH does not have actual control of Valley Fidelity. Similarly, the fact that CCAH has only one director on Valley Fidelity's board suggests little regarding CCAH's ability to control Valley Fidelity because many bank holding companies have only one or two representatives on the boards of directors of their subsidiary banks.

6. Union Planters has requested that a hearing be held to determine whether CCAH exercises "actual operating control" over Valley Fidelity. However, whether CCAH has "actual operating control", as defined by Union Planters, is immaterial to the Board's determination whether Valley Fidelity is an "additional bank" within the meaning of section 3(d). As noted above, the Board has previously ruled that a subsidiary bank is not an "additional bank" under section 3(d). Valley Fidelity is not an "additional bank" as a matter of law by virtue of CCAH's ownership of more than 25 percent of Valley Fidelity's shares.

Under section 3(b) of the Act, the Board is required to hold a hearing when the primary supervisor of the bank to be acquired recommends disapproval of an application (12 U.S.C. § 1842(b)). In this case, the Tennessee Commissioner of Banking has not objected to the application. Thus, there is no statutory requirement that the Board hold a hearing. Moreover, there are no material issues of fact to be resolved at a hearing since the existence of "actual operating control" is irrelevant. The Board has received numerous written submissions by Union Planters and CCAH, and it does not appear that a hearing would significantly supplement the record before the Board. In view of these facts, the Board concludes that the record in this case is sufficiently complete to render a decision. Accordingly, Union Planters' request for a hearing is denied.

CCAH may sell additional shares at some time in the future to raise additional equity. The identity of any possible new shareholders of CCAH is not provided in the application. However, the Board does not believe that such information is necessary to assess the managerial factors of this application. CCAH's current principals have been identified to the Board and the Board has assessed the management of CCAH in the course of its ongoing supervisory and regulatory responsibilities. If any change in the control of CCAH were contemplated, a notice to the Board would be required which would necessarily include information concerning any new principal of CCAH. Union Planters notes that information concerning Mr. Abdullah Darwaish, a former principal of CCAH who has been the subject of certain allegations, is not included in the application. However, the Board has been informed by CCAH that Mr. Darwaish was a principal only to the extent that he acted as the representative of Mohammad bin Zaid al Nahyan, a minor son of Sheik Zayed Nahyan, the ruler of Abu Dhabi, who owns 14.7 percent of CCAH's shares. Mr. Darwaish was dismissed from this position in 1982. The son has reached his majority and is now acting on his own behalf as an owner of CCAH.

Finally, CCAH argues that Union Planters has no standing to oppose this application since section 105 of the 1970 Amendments to the Act (12 U.S.C. § 1850) extends standing only to "a party who would become a competitor of the applicant or subsidiary thereof by virtue of the applicant's or its subsidiary's acquisition." Here, Union Planters currently competes with Valley Fidelity, through Hamilton First Bank, N.A., a subsidiary bank located in the Knoxville banking market. In addition, CCAH claims that Union Planters is not within the zone of interests to be protected by section 3(d) of the Act since CCAH does not believe its proposal contravenes section 3(d) or its underlying rationale.

The language contained in section 105 of the 1970 Amendments to the BHC Act serves as a specific grant of standing to particular parties, but is not meant to exclude all other parties who may have a legitimate interest in Board proceedings. Judicial tests of standing apply to any party that seeks to intervene in a Board proceeding. *Martin-Trigona v. Federal Reserve Board,* 509 F.2d 363, 366 (D.C. Cir. 1975). *See National Welfare Rights Organization v. Finch,* 429 F.2d 725, 732 and n. 27 (D.C. Cir. 1970).

Even if it were determined that the protest by Union Planters did not fall within the specific grant of standing contained in section 105, the assertions by Union Planters concerning the applicability of section 3(d) to CCAH's proposal represent a colorable claim of injury sufficient to give Union Planters standing to participate in these proceedings, particularly since one purpose of section 3(d) is to protect banking organizations such as Union Planters from out-of-state competition. *See Sierra Club v. Morton,* 405 U.S. 727, 736–40 (1972).

Having found that the competitive, financial and managerial, and convenience and needs considerations associated with the application are consistent with approval, the Board has determined that consummation of the transaction would be consistent with the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be consummated before the thirtieth calendar day following the effective date of this Order or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Richmond acting pursuant to delegated authority.

By order of the Board of Governors, effective August 17, 1983.

Voting for this action: Governors Wallich, Partee, Teeters, Rice, and Gramley. Absent and not voting: Chairman Volcker and Governor Martin.

JAMES MCAFEE

[SEAL] *Associate Secretary of the Board*

Eagle Bancorporation, Inc.
Highland, Illinois

Order Approving Merger of Bank Holding Companies, Acquisition of Banks and Denying Acquisition of a Bank

Eagle Bancorporation, Highland, Illinois, has applied for the Board's approval under sections 3(a)(3) and 3(a)(5) of the Bank Holding Company Act (the "Act") (12 U.S.C. §§ 1842(a)(3), (5)) to merge with two one bank holding companies and thereby acquire their subsidiary banks; to acquire directly the voting stock of a bank, and to acquire two one bank holding companies and thereby indirectly acquire their subsidiary banks. Applicant proposes to merge with American Eagle Bancorp, Inc., Glen Carbon, Illinois ("American Eagle"), whose subsidiary bank is Eagle Bank of Madison County, Glen Carbon, Illinois, and with EBI, Inc., whose subsidiary bank is Eagle Bank of Charleston, Charleston, Illinois (Charleston Bank). Applicant proposes to acquire 97.5 percent of the voting shares of Eagle Bank of Macon County, Forsyth, Illinois ("Macon Bank"), and the following one bank holding companies: First Rantoul Corporation, Rantoul, Illinois, and thereby indirectly the Eagle Bank of Champaign County, Rantoul, Illinois ("Rantoul Bank") and Harrisburg Bancshares, Inc., Harrisburg, Illinois, and thereby indirectly Harrisburg National Bank, Harrisburg, Illinois (Harrisburg Bank). Together, the banks and bank holding companies to be acquired are referred to as "Banks". Applicant's principals currently control all of the banks to be acquired except Harrisburg Bank.

Notice of the applications, affording opportunity for interested persons to submit comments and views, has been given in accordance with section 3(b) of the Act. The time for filing comments and views has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant is one of the smaller banking organizations in Illinois, and controls three banking subsidiaries with aggregate domestic deposits of $117.7 million, representing approximately 0.1 percent of the total deposits in commercial banks in the state.[1] Approval of the proposals to acquire the five additional banks, which hold combined deposits of $127.7 million, would make the Applicant the 39th largest commercial banking organization in Illinois, and Applicant's share of the total deposits in commercial banks in the state would increase to approximately 0.3 percent. Consummation of this proposal would not result in a significant increase in the concentration of banking resources in Illinois.

Both Applicant and American Eagle compete in the St. Louis banking market.[2] American Eagle's subsidiary bank controls 0.1 percent of the total deposits in commercial banks in the market. On October 3, 1983, Applicant's lead bank, Eagle Bank and Trust Company, Highland, Illinois, opened a facility in the St. Louis banking market at Collinsville, Illinois. Due to its relatively recent opening, data regarding the market share for the facility are not available. In the Board's judgment, consummation of the transaction would not have a significant adverse effect upon existing competition in the St. Louis banking market.

Each of the other four banks Applicant proposes to acquire operates in a separate banking market in which Applicant's subsidiary banks do not compete. Accordingly, consummation of these proposals would not have any significant adverse effects on existing competition in these markets.[3] In addition, in view of the size and market shares of the banks involved in this proposal, consummation of the transaction would not result in any significant adverse effects upon probable future competition in any relevant market. Considerations related to the convenience and needs of the community are also consistent with approval.

The Board has indicated on previous occasions that a bank holding company should be a source of financial and managerial strength to its subsidiaries, and that the Board will closely examine the condition of an applicant in each case with these considerations in mind.[4] The Board has also indicated and continues to believe that capital adequacy is an especially important factor in the analysis of bank holding company proposals, particularly in transactions where a significant acquisition is proposed, and that it will consider the implications of a significant level of intangible assets arising from a proposed expansion.[5]

The proposed transactions represent a substantial acquisition for Applicant that would more than double its size in terms of total assets. Applicant proposes to fund these acquisitions through the issuance of equity securities and the assumption of debt, which would significantly increase its debt-to-equity ratio.

Applicant's primary capital and total capital ratios both exceed the minimum levels in the Board's current[6] and proposed Capital Adequacy Guidelines.[7] Intangibles represent less than 7 percent of Applicant's primary capital.

As a result of this proposal, Applicant's capital on a tangible basis would decline substantially, to a level below that specified in the Board's current and proposed Capital Adequacy Guidelines, and more than one third of Applicant's primary capital would consist of intangibles. On a tangible basis, Applicant's pro forma primary capital ratio would be less than 4.5 percent. While, in previous cases, the Board has included intangible assets in evaluating a bank holding

1. Banking data are as of June 30, 1983.

2. The St. Louis banking market includes all of the city of St. Louis and St. Louis County, portions of Franklin, Jefferson, Lincoln and St. Charles Counties, Missouri, plus portions of Jersey, Macoupin, Madison, Monroe, and St. Clair Counties, Illinois.

3. These markets are the Champaign-Urbana banking market, which is approximated by all of Champaign County, Illinois, except for the southeastern townships of Ayer, Raymond and Crittenden; the Harrisburg banking market, which is approximated by Gallatin and Saline Counties, Illinois; the Decatur banking market, which is approximated by all of Macon County, Illinois, plus Moweaqua township in Shelby County, Illinois, and the Coles County banking market, which is approximated by Coles County, Illinois.

4. *Emerson First National Company*, 67 FEDERAL RESERVE BULLETIN 344 (1981). 12 CFR § 225.4(a)(1).

5. *National City Corporation*, 70 FEDERAL RESERVE BULLETIN 743. *Banks of Mid America, Inc.*,70 FEDERAL RESERVE BULLETIN 460 (1984). *Manufacturers Hanover Corporation (CIT)*, 70 FEDERAL RESERVE BULLETIN 452, 453 (1984).

6. Capital Adequacy Guidelines (12 C.F R. Part 225 Appendix A).

7. Proposed Minimum Capital Guidelines for Bank Holding Companies, 49 *Federal Register* 30317 (July 30, 1984)

company's capital adequacy, the Board has not approved an Applicant's reliance on intangible assets to the extent proposed here to meet the Board's minimum capital requirements.

The financial and managerial resources of Applicant's three existing subsidiary banks, Harrisburg Bank, and two of the remaining four banks to be acquired are generally satisfactory. The financial and managerial resources of the other two banks, however, which had been subject to supervisory concern when they were recently acquired by Applicant's principals, are in need of improvement, and Applicant's principals have begun to take action to improve these banks. The Board is particularly concerned with the substantial reduction in Applicant's tangible primary capital and increase in the level of indebtedness that would result from this proposal in view of the need for improvement of these two banks.

In evaluating Applicant's financial and managerial resources the Board has considered the fact that four of the banking organizations to be acquired are already owned by Applicant's principals and that this proposal represents merely a reorganization of the ownership of the banks from individuals to a corporation owned by the same individuals. The acquisition of Harrisburg, however, represents a major expansion by Applicant and its principal shareholders and a diversion of their overall financial and managerial resources at a time when their efforts should be devoted to ensuring the proper maintenance of the four banking organizations they already control, and particularly their two recent acquisitions.

On the basis of the facts of record, including the fact that the financial and managerial resources of Applicant and its principal shareholders are already committed to Applicant's existing subsidiary banks and the affiliated banks, the Board believes that, on balance, Applicant's financial and managerial resources are consistent with approval of its application to acquire the four banks that are already owned by Applicant's principals. The Board concludes, however, that Applicant's resources are not sufficient to support the additional acquisition of Harrisburg Bank and at the same time continue to serve as a source of financial and managerial strength to its existing subsidiary banks as well as the four affiliated banks it seeks to acquire. The record shows that over half of the intangible assets involved in the combined transactions and one third of the debt of the consolidated organization would be attributable to the acquisition of Harrisburg Bank. Absent the Harrisburg acquisition, Applicant's pro forma ratios of debt to equity, and primary capital are generally consistent with the Board's Capital Adequacy Guidelines, and do not unduly rely on intangibles.

On the basis of the foregoing and all the facts of record, it is the Board's judgment that approval of the application to acquire Harrisburg Bancshares, Inc., would not be in the public interest, and that this application should be and hereby is denied. The applications to merge with American Eagle Bancorp, Inc., and EBI, Inc., and to acquire Eagle Bank of Macon County and First Rantoul Corporation are approved.

The approved transactions should not be made before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of St. Louis under delegated authority.

By order of the Board of Governors, effective August 17, 1984.

Voting for this action: Vice Chairman Martin and Governors Wallich, Partee, Rice, and Gramley. Absent and not voting: Chairman Volcker and Governor Seger.

WILLIAM W. WILES
[SEAL] *Secretary of the Board*

Fourth National Corporation
Marion, Arkansas

Order Approving Acquisition of a Bank Holding Company

Fourth National Corporation, Tulsa, Oklahoma, a bank holding company within the meaning of the Bank Holding Company Act of 1956 ("Act"), 12 U.S.C. § 1841 *et seq.*, has applied for the Board's approval under section 3(a)(3) of the Act, 12 U.S.C. § 1842(a)(3), to acquire all of the voting shares of United Bancshares, Inc. ("UBI"), Tulsa, Oklahoma, and thereby to acquire indirectly United Bank, Tulsa, Oklahoma.

Notice of the application, affording an opportunity for interested persons to submit comments, has been given in accordance with section 3(b) of the Act. The time for filing comments has expired, and the Board has considered all comments in light of the factors set forth in section 3(c) of the Act, 12 U.S.C. § 1842(c).

Applicant's subsidiary bank, the Fourth National Bank of Tulsa ("Fourth National"), Tulsa, Oklahoma, is the sixth largest commercial bank in Oklahoma. It controls total deposits of $327 million,[1] which represents 1.3 percent of the total deposits in commercial

1. All deposit data are as of June 30, 1983.

banks in the state. United Bank is the 127th largest commercial bank in Oklahoma. It controls total deposits of $47.5 million, which represents 0.2 percent of the total deposits in commercial banks in the state. Upon consummation of the proposal, Applicant would remain the sixth largest commercial banking organization in Oklahoma. It would control total deposits of $374.5 million, which represents 1.5 percent of the total deposits in commercial banks in the state. Thus, consummation of this proposal would have no significant effect upon the concentration of commercial banking resources in Oklahoma.

Fourth National Bank and United Bank operate in the Tulsa market.[2] Although one of Applicant's principals is also a principal in six other Oklahoma bank holding companies, none of the subsidiary banks of these companies is located in the Tulsa market. Fourth National Bank is the third largest commercial bank in that market, controlling 6.4 percent of deposits in commercial banks in the market. United Bank is the 25th largest bank in the Tulsa market, controlling 0.9 percent of the deposits in commercial banks in the market.

Upon consummation of this proposal, Applicant would control 7.4 percent of the deposits in commercial banks in the Tulsa market, and would remain the third largest commercial banking organization. The Tulsa market is only moderately concentrated and would remain so upon consummation of this proposal.[3] The pre-merger Herfindahl-Hirschman Index ("HHI") in the Tulsa market is approximately 1280. Upon consummation of the proposal, the HHI would increase by 12 points to approximately 1292. In view of these facts, the Board concludes that while consummation of this proposal would eliminate some existing competition in the Tulsa market, it would not have a significant adverse effect upon competition in that market, or in any other relevant market. Accordingly, competitive considerations are consistent with approval of this application.

Where principals of an applicant are engaged in operating a chain of banking organizations, the Board, in addition to analyzing the proposal before it, also considers the entire chain and analyzes the financial and managerial resources and future prospects of the chain under the Board's Capital Adequacy Guidelines. The financial and managerial resources and future prospects of Applicant, its affiliates, UBI, and United Bank are consistent with approval, particularly in light of the recent efforts of Applicant's principal to strengthen the financial and managerial resources of three of Applicant's affiliates. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval of this application.

2. The Tulsa market is defined as the Tulsa Ranally Metro Area.

3. Under the Justice Department Merger Guidelines (June 14, 1982), a market with a Herfindahl-Hirschman Index ("HHI") of between 1000 and 1800 is considered moderately concentrated. In such markets, the Justice Department is unlikely to challenge any acquisition that results in an increase in the HHI of less than 100 points.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Kansas City, acting pursuant to delegated authority.

By order of the Board of Governors, effective August 29, 1984.

Voting for this action: Vice Chairman Martin and Governors Wallich, Partee, Gramley, and Seger. Absent and not voting: Chairman Volcker and Governor Rice.

JAMES MCAFEE
[SEAL] *Associate Secretary of the Board*

Ken-Caryl Investment Company
Littleton, Colorado

Order Approving Formation of a Bank Holding Company

Ken-Caryl Investment Company, Littleton, Colorado, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act of 1956, as amended ("Act") (12 U.S.C. § 1842(a)(1)), to become a bank holding company by acquiring all of the voting shares of Ken-Caryl National Bank, Littleton, Colorado.

Notice of the application, affording opportunity for interested persons to submit comments, has been given in accordance with section 3(b) of the Act. The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant, a nonoperating company, was organized for the purpose of becoming a bank holding company by acquiring Bank. Upon consummation, principals of Applicant would control a banking organization with deposits of $7.4 million, which is one of the smallest banking organizations in Colorado.[1]

1. Banking data are as of March 31, 1984.

The proposed transaction represents a corporate reorganization and would not increase the concentration of banking resources in any relevant area. Neither Applicant nor any of its principals is affiliated with any other banking organization in the banking market within which Bank is located[2] and consummation of the proposal would not result in any adverse effects upon competition in any relevant area. Considerations relating to the convenience and needs of the community to be served are also consistent with approval.

Although Applicant will incur some debt in connection with the proposed acquisition, its debt-to-equity ratio will be within the level permitted under the Board's policy statement regarding the formation of small one-bank holding companies.[3] Based on all the facts of record, particularly commitments made by Applicant's principal, the Board concludes that Applicant's financial and managerial resources and future prospects are consistent with approval.

On the basis of these and other facts of record, it is the Board's judgment that the application should be, and hereby is, approved for the reasons summarized above. The transaction shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board, or by the Federal Reserve Bank of Kansas City pursuant to delegated authority.

By order of the Board of Governors, effective August 22, 1984.

Voting for this action: Chairman Volcker and Governors Martin, Wallich, Partee, Rice, Gramley, and Seger.

JAMES MCAFEE
[SEAL] *Associate Secretary of the Board*

Midwest Financial Group, Inc.
Peoria, Illinois

Order Approving the Merger of Bank Holding Companies

Midwest Financial Group, Inc., Peoria, Illinois, a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) ("Act"), has applied for the Board's approval under section 3(a) of the Act (12 U.S.C. § 1842(a)) to merge with First Bloomington Corporation, Bloomington, Illinois ("Company"). As a result of the transaction, Applicant would acquire Company's subsidiary bank, The National Bank of Bloomington, Bloomington, Illinois ("Bank").[1]

Notice of the application, affording an opportunity for interested persons to submit comments, has been given in accordance with section 3(b) of the Act. The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the Act.

Applicant, the fifth largest commercial banking organization in Illinois, controls 17 subsidiary banks with aggregate deposits of $1.4 billion, representing 1.4 percent of the total deposits in commercial banks in the state.[2] Company, one of the smaller commercial banking organizations in Illinois, controls one subsidiary bank with aggregate deposits of $113.9 million, representing 0.1 percent of the total deposits in commercial banks in the state. Upon consummation of this proposal, Applicant would remain the fifth largest commercial banking organization in Illinois, controlling 1.5 percent of the total deposits in commercial banks in the state. Accordingly, the merger of Applicant and Company would not have any significant effect on the concentration of banking resources in Illinois.

Applicant competes directly with Company's subsidiary bank in the Bloomington-Normal banking market.[3] Applicant is the largest commercial banking organization in the relevant banking market with $121.5 million in deposits, which represents 16.0 percent of the total deposits in commercial banks in the market.[4] Company is the third largest commercial banking organization in the relevant market, controlling $104.4 million in deposits, which represents 13.7 percent of the total deposits in commercial banks in the market. Upon consummation of this proposal, Applicant would control $225.9 million in deposits in the relevant market and 29.7 percent of the total deposits in commercial banks in the market.

2. Bank is located in the Denver banking market, which is approximated by all of Denver County, plus the western third of Adams county, the western third of Arapahoe County, the northern half of Jefferson County, a portion of extreme southwest Weld County, and a portion of extreme southeast Boulder County.

3. "Revision of Regulation Y," 70 FEDERAL RESERVE BULLETIN 144–145 (1984), "Appendix B—Policy Statement for Formation of Small One-Bank Holding Companies."

1. Applicant has also filed an application with the Comptroller of the Currency under the Bank Merger Act to merge one of its bank subsidiaries, Corn Belt Bank, Bloomington, Illinois, with Bank. The resulting bank would operate under the name of Corn Belt National Bank of Bloomington.

2. State banking data are as of June 30, 1983.

3. The Bloomington-Normal banking market is approximated by McLean County, Illinois.

4. All market data are as of September 30, 1983.

Although an acquisition of this size would normally cause concern, the Board believes that certain facts of record mitigate the anticompetitive effects of the transaction. First, the Bloomington-Normal banking market is only moderately concentrated and would remain so upon consummation of this proposal. Although the Herfindahl–Hirschman Index ("HHI") would increase by 438 points upon consummation, the resulting HHI would be only 1488,[5] and the share of deposits held by the four largest commercial banking organizations in the market would be 66.8 percent. Furthermore, 18 independent commercial banking competitors would remain in the market upon consummation of this proposal.

Finally, in its evaluation in previous cases of the competitive effects of a proposal, the Board has indicated that thrift institutions have become, or at least have the potential to become, major competitors of commercial banks.[6] On this basis, the Board has accorded substantial weight to the influence of thrift institutions in its evaluation of the competitive effects of a proposal. In this case, the increase in concentration in the Bloomington-Normal banking market is alleviated by the presence of eight thrift institutions in the market that hold deposits of $538.2 million, which represents approximately 41 percent of the total deposits in commercial banks and thrift institutions in the market.[7] The market's largest depository institution, Bloomington Federal Savings and Loan Association ("Bloomington Federal") is a thrift institution that controls $333.8 million in deposits[8] and is substantially larger than any of the commercial banking organizations in the market. The thrift institutions in the market currently offer a full range of consumer services and transaction accounts, as well as commercial real estate loans. Thrift institutions in the market have the power to engage in the business of making commercial loans, and available evidence indicates that a number of the market's thrift institutions, particularly Bloomington Federal, are now engaged in commercial lending activities. Consequently, the Board has determined that consummation of this proposal would not have a significantly adverse effect on existing competition in the Bloomington-Normal banking market.

Applicant's financial and managerial resources and future prospects are generally satisfactory. Bank has not been a strong competitor recently and its market share and deposits declined during 1983. Approval of this application would provide Bank with the financial resources needed to improve its capital and earnings position and maintain banking services to the Bloomington-Normal community. Banking and convenience and needs factors therefore lend weight toward approval of the application and outweigh any anticompetitive effects that may result from consummation of this proposal. Accordingly, the Board has determined that consummation of the transaction would be consistent with the public interest and that the application should be approved.

On the basis of the record, this application is approved for the reasons summarized above. The merger shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Chicago, acting pursuant to delegated authority.

By order of the Board of Governors, effective August 14, 1984.

Voting for this action: Vice Chairman Martin and Governors Wallich, Partee, Rice, and Gramley. Absent and not voting: Chairman Volcker and Governor Seger.

[SEAL]

WILLIAM W. WILES
Secretary of the Board

Northwest Illinois Bancorp, Inc.
Freeport, Illinois

Order Approving Retention of Bank Holding Companies and Banks

Northwest Illinois Bancorp, Inc., Freeport, Illinois, a bank holding company within the meaning of the Bank Holding Company Act ("Act")(12 U.S.C. § 1841 *et seq.*), has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to retain all of the voting shares of Pecatonica Bancshares, Inc., Pecatonica, Illinois ("Pecatonica Bancshares"), and thereby indirectly Bank of Pecatonica, Pecatonica, Illinois ("Pecatonica Bank"); all of the

5. Under the Department of Justice Merger Guidelines, a market with a post-merger HHI of between 1000 and 1800 is considered moderately concentrated. In such markets, the Department is "more likely than not" to challenge a merger that produces an increase in the HHI of 100 points or more.

6. *Florida National Banks of Florida, Inc.*, 70 FEDERAL RESERVE BULLETIN 147 (1984); *Comerica, Inc. (Bank of the Commonwealth)*, 69 FEDERAL RESERVE BULLETIN 797 (1983); *General Bancshares Corporation*, 69 FEDERAL RESERVE BULLETIN 802 (1983); *First Tennessee National Corporation*, 69 FEDERAL RESERVE BULLETIN 298 (1983).

7. If 50 percent of the deposits of thrift institutions were taken into account in computing market shares, Applicant's market share would be 11.8 percent, Company's market share would be 10.1 percent, and the HHI would be 867, a level which the Justice Department considers as representing unconcentrated markets. Upon consummation of this proposal, Applicant's market share would increase to 21.9 percent, and the HHI would increase by 239 points to 1106, a level in the lower end of the moderately concentrated range.

8. Thrift institution data are as of September 30, 1982.

voting shares of Rock City Bancshares, Inc., Rock City, Illinois ("Rock City Bancshares"), and thereby indirectly Rock City Bank, Rock City, Illinois ("Rock City Bank"); and 70 percent of the voting shares of The Whaples and Farmers State Bank, Neponset, Illinois ("Whaples Bank").[1] Together the bank holding companies and banks to be retained are referred to as Banks.

Notice of the application, affording opportunity for interested persons to submit comments, has been given in accordance with section 3(b) of the Act. The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant controls one commercial bank, Freeport State Bank, Freeport, Illinois ("Freeport Bank"). Freeport Bank is the 117th largest commercial bank in Illinois, with total deposits of $121.1 million, representing 0.1 percent of total deposits in commercial banks in the state.[2] Pecatonica Bank (deposits of $19.5 million), Rock City Bank (deposits of $12.7 million), and Whaples Bank (deposits of $4.2 million), are among the smaller commercial banks in the state. Upon consummation of this proposal, Applicant would control total deposits of $157.5 million, representing less than 0.2 percent of the total deposits in commercial banks in the state. Accordingly, consummation of this proposal would not result in any significant adverse effects on the concentration of banking resources in Illinois.

Both Freeport Bank and Rock City Bank compete in the Freeport banking market.[3] Freeport Bank is the largest of 12 commercial banks in the market, controlling 30.3 percent of the total deposits in commercial banks. Rock City Bank is the seventh largest commercial bank in the market, controlling 3.2 percent of the total deposits in commercial banks. Upon consummation of this proposal, Applicant would control total deposits of $133.8 million, representing 33.5 percent of the total deposits in commercial banks in the market. The four largest commercial banks in the Freeport banking market control 75.1 percent of the total deposits in commercial banks and the Herfindahl–Hirschman Index ("HHI") is 1962. Upon consummation of this proposal, the four-firm concentration ratio would increase to 78.3 percent and the HHI would increase by 194 points to 2156.[4] While consummation of this proposal would eliminate some existing competition between Freeport Bank and Rock City Bank, the Board has concluded that the anticompetitive effects of this proposal are mitigated by the extent of competition afforded by thrift institutions in the market and several other factors.[5]

Three thrift institutions hold total deposits of $132.2 million, representing 24.9 percent of the total deposits in the market and rank as the third, fourth, and eighth largest depository organizations in the market. The thrift institutions in the market offer a full range of transaction accounts (including NOW accounts), in addition to consumer lending services, and have begun to offer commercial lending services. In view of these facts, the Board has considered the presence of thrift institutions as a significant factor in assessing the competitive effects of this proposal in the Freeport banking market.[6]

The Board has also considered the fact that Banks had been subject to supervisory concern prior to their acquisition by Freeport Bank, further mitigating the competitive effects of Applicant's acquisition of Rock City Bank.[7] Based on the foregoing and other facts of record, the Board concludes that consummation of this proposal would not result in any significant adverse competitive effects in the Freeport banking market.

Whaples Bank competes in the Kewanee banking market[8] and Pecatonica Bank competes in the Rockford banking market.[9] Applicant does not compete in

1. Applicant, through its subsidiary, Freeport State Bank, Freeport, Illinois ("Freeport Bank"), currently controls Banks indirectly. Freeport Bank acquired Banks on April 25, 1984, from their former principals in satisfaction of debts previously contracted in good faith.

2. All banking data are as of June 30, 1983.

3. The Freeport banking market is defined as Stephenson County, Illinois.

4. Under the United States Department of Justice Merger Guidelines (June 14, 1982), a market in which the post-merger HHI is greater than 1800 is considered to be highly concentrated. In such markets, the Department has indicated that it is likely to challenge any merger that produces an increase in the HHI of 100 points or more.

5. The Board has previously determined that thrift institutions have become, or at least have the potential to become, major competitors of banks. *NCNB Corporation*, 70 FEDERAL RESERVE BULLETIN 225 (1984); *Sun Banks, Inc.*, 69 FEDERAL RESERVE BULLETIN 934 (1983); *Merchants Bancorp, Inc.*, 69 FEDERAL RESERVE BULLETIN 865 (1983); *Monmouth Financial Services, Inc.*, 69 FEDERAL RESERVE BULLETIN 867 (1983); *First Tennessee National Corporation*, 69 FEDERAL RESERVE BULLETIN 298 (1983).

6. If 50 percent of the deposits held by thrift institutions were included in the calculation of market concentration, Applicant would remain the largest financial institution in the market, controlling 26 percent of the total deposits; Rock City Bank would be the 10th largest financial institution in the market controlling 2.7 percent of total deposits; the four-firm concentration ratio would be 65.9 percent; and the HHI would decrease to 1526. Upon consummation of this proposal, Applicant would control 28.7 percent of the total deposits in the market, the four-firm concentration ratio would increase to 68.6 percent, and the HHI would increase by 140 points to 1666.

7. *See Gainer Corporation*, 70 FEDERAL RESERVE BULLETIN 439 (1984).

8. The Kewanee banking market is defined as all of Bureau County and all of Henry County, except for the townships of Western, Colona, Edford, Hanna, and Geneseo, all in Illinois.

9. The Rockford banking market is defined as all of Boone and Winnebago Counties, plus the townships of Marion, Scott, Byron, and Monroe in Ogle County, all in Illinois.

either of these markets, and accordingly, consummation of this proposal would have no effect on existing competition in those markets. In addition, consummation of this proposal would have no significant effect on probable future competition in the Kewanee or Rockford banking markets.

The financial and managerial resources of Applicant and its subsidiaries are generally satisfactory and their prospects appear favorable. The financial and managerial resources of Banks would be enhanced by this proposal and their prospects appear favorable, especially in light of certain commitments made by Applicant. Applicant has proposed several new services for Banks, including investment advisory services, discount brokerage services, farm management services, student loans, credit card services, overdraft checking services, credit insurance services, and ATM facilities. In addition, Applicant plans to expand the Banks' trust, data processing, checking, and deposit services. Accordingly, the Board has concluded that factors relating to the convenience and needs of the communities to be served lend weight toward approval of this proposal and outweigh any adverse competitive effects of this proposal.

Based on the foregoing and other facts of record, the Board has determined that consummation of this proposal is in the public interest and that the application should be and hereby is approved for the reasons summarized above.

By order of the Board of Governors, effective August 29, 1984.

Voting for this action: Vice Chairman Martin and Governors Wallich, Partee, Gramley, and Seger. Absent and not voting: Chairman Volcker and Governor Rice.

JAMES MCAFEE
[SEAL] *Associate Secretary of the Board*

Orders Issued Under Section 4 of Bank Holding Company Act

First City Bancorp, Inc.
Marietta, Georgia

Order Approving Acquisition of Shares in Georgia Interchange Network, Inc.

First City Bancorp, Inc., Marietta, Georgia, a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1841 *et seq.*), has applied for the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. § 225.23), to acquire 8.33 percent of the voting shares of Georgia Interchange Network, Inc. ("GIN Network"), Atlanta, Georgia, a joint venture to engage *de novo* in data processing and related activities. The GIN Network will operate an electronic funds transfer ("EFT") system for interchanging financial transactions throughout the state of Georgia. The Board has previously determined that participation in a joint venture to operate an EFT system is closely related to banking and permissible under section 225.25(b)(7) (12 C.F.R. § 225.25(b)(7)(i) and (ii)) of Regulation Y. *See e.g., Atlantic Bancorporation, et al.*, 69 FEDERAL RESERVE BULLETIN 639 (1983).

Notice of the application, affording opportunity for interested persons to submit comments and views, has been duly published. 49 *Federal Register* 13426 (April 4, 1984). The time for filing comments and views has expired and the Board has considered the application and all comments received in light of the factors set forth in section 4(c)(8) of the BHC Act.

On June 25, 1984, the Board approved the applications of seven bank holding companies for each also to acquire an 8.33 percent interest in the GIN Network. *See CB&T Bancshares, Inc., et al./Georgia Interchange Network, Inc.*, 70 FEDERAL RESERVE BULLETIN 589 (1984) ("CB&T Order").[1] The purpose of the instant application is to allow Applicant to become an additional equity participant in the GIN Network. Applicant incorporates by reference the record of those applications, and has committed to abide by the terms and conditions of the CB&T Order.

Upon a review of the record of this application and the record reflected in the related CB&T Order, the Board concludes that consummation of this *de novo* joint venture proposal would not result in any significantly adverse effects on existing or probable future competition. Approval of this application and operation of the joint venture also can reasonably be expected to produce benefits to the public through the addition of a new provider of data processing services and an alternative EFT interchange in Georgia, as well as providing increased individual access to automated teller machines and point of sale terminals throughout Georgia.

There is no evidence in the record in this case indicating that consummation of the present proposal would result in undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices or other adverse effects. Based upon

1. The remaining 8.33 percent owners of the GIN Network are: Georgia Telco Credit Union, Atlanta, Georgia; DFS Services, Inc., a wholly owned subsidiary of Decatur Federal Savings and Loan Association, Decatur, Georgia; a wholly owned subsidiary of Fulton Federal Savings and Loan Association, Atlanta, Georgia; and a wholly owned subsidiary of Georgia Federal Bank, F.S.B., Atlanta, Georgia.

the foregoing and other facts of record, the Board concludes that the balance of public interest factors it must consider under section 4(c)(8) favors approval of this application. In addition, the financial and managerial resources and future prospects of Applicant are considered consistent with approval.

Accordingly, the Board concludes that approval of this application is in the public interest and has determined that the application should be approved. This determination is subject to the conditions set forth in Regulation Y, including sections 225.4(d) and 225.23(b)(3), to the terms and conditions of the CB&T Order that are expressly incorporated herein by reference, and to the Board's authority to require such modification or termination of the activities of a bank holding company or its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder or to prevent evasion thereof.

Consummation of this transaction shall not be made later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Atlanta pursuant to delegated authority.

By order of the Board of Governors, effective August 6, 1984.

Voting for this action: Chairman Volcker and Governors Martin and Partee. Abstaining from this action: Governors Wallich and Gramley. Absent and not voting: Governors Rice and Seger.

[SEAL]

WILLIAM W. WILES
Secretary of the Board

First Highland Corporation
Highland Park, Illinois

Elk Grove Investment Corporation
Elk Grove Village, Illinois

Financial Investments Corporation
Chicago, Illinois

North State Investment Corporation
Highland Park, Illinois

Order Approving Acquisition of Interfinancial Funding Corporation

First Highland Corporation, Highland Park, Illinois ("First Highland"), Elk Grove Investment Corporation, Elk Grove Village, Illinois ("Elk Grove"), Financial Investments Corporation, Chicago, Illinois ("FIC"), and North State Investment Corporation, Highland Park, Illinois ("North State") (collectively, "Applicants"), all bank holding companies within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) ("Act"), have applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.21(a) of the Board's Regulation Y (12 C.F.R. § 225.21(a)) to jointly establish Interfinancial Funding Corporation, Chicago, Illinois ("Company"), a *de novo* company.[1] Company would engage in commercial finance company activities, including the making, acquiring and servicing of loans or other extensions of credit for Company's account or for the account of others, and in factoring. All of the activities proposed by Applicants are included on the list of permissible nonbanking activities for bank holding companies in Regulation Y (12 C.F.R. § 225.25(b)(1)).[2]

Notice of the application, affording interested persons an opportunity to submit comments, has been duly published (49 *Federal Register* 21989 (1984)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the Act.

Applicants are affiliated with one another through common ownership.[3] Together they control aggregate deposits of $687.5 million, which represents 0.7 percent of the total deposits in commercial banks in Illinois.[4] All of Applicants' subsidiary banks operate in the Chicago banking market.[5] If their deposits were aggregated, Applicants would be the eighth largest of 321 banking organizations in the Chicago banking market, controlling one percent of the total deposits in commercial banks therein. It is the Board's judgment that consummation of this proposal would have no adverse effects upon competition in any relevant area.

1. First Highland would own 32 percent of Company's shares, while Elk Grove, FIC, and North State would own 20.7, 16.9, and 10.4 percent, respectively. In addition, Company's President and Chief Executive Officer, Mr. Lawrence H. Tayne, would control 20 percent of Company's shares.

2. Approximately 97 percent of Company's loans would be participated to Applicants' subsidiary banks, as well as to non-affiliated banks in certain cases. Thus, Company would function primarily as a loan origination and servicing organization for Applicants' subsidiary banks, rather than as a credit-extending company.

3. A fifth bank holding company, Woodfield Investment Corporation, Schaumburg, Illinois, is also affiliated with Applicants through common ownership, but is not participating in this transaction. All state and market share computations include the deposits of this affiliate.

4. All banking data are as of June 30, 1983.

5. The Chicago banking market is approximated by Cook, DuPage, and Lake Counties, all in Illinois.

Consummation of this proposal may be expected to result in public benefits inasmuch as Company, a *de novo* corporation, would provide an additional and convenient source of commercial loan services. With regard to financial considerations, the Board has analyzed the chain organization on a consolidated basis and has analyzed the individual applicants on a consolidated bank holding company basis pursuant to the Board's current and proposed guidelines regarding capital adequacy.[6] The Board finds that the level of Applicants' capitalization is consistent with approval.

The other financial and managerial resources of Applicants, their subsidiary banks, and Company are consistent with approval, and there is no evidence in the record to indicate that consummation of this proposal would result in undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices, or other adverse effects on the public interest.

Based on the foregoing and other facts of record, the Board concludes that the balance of the public interest factors it must consider under section 4(c)(8) of the Act favors approval of the application. Accordingly, the Board has determined that the application should be and hereby is approved. This determination is subject to all the conditions set forth in the Board's Regulation Y, including those in sections 225.4(d) and 225.23(b), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

The transaction shall be consummated not later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Chicago, acting pursuant to delegated authority.

By order of the Board of Governors, effective August 13, 1984.

Voting for this action: Chairman Volcker and Governors Martin, Wallich, Partee, and Gramley. Absent and not voting: Governors Rice and Seger.

WILLIAM W. WILES
Secretary of the Board

[SEAL]

6. "Revision of Regulation Y," 70 FEDERAL RESERVE BULLETIN 144–145, "Appendix A—Capital Adequacy Guidelines"; and Proposed Rulemaking, "Capital Maintenance" (49 *Federal Register* 30317 (1984).

Orders Issued Under Sections 3 and 4 of Bank Holding Company Act

Bank of Boston Corporation
Boston, Massachusetts

Order Approving Acquisition of a Bank Holding Company and Companies Engaged in Insurance, Mortgage Banking, Trust, and Investment Advisory Activities

Bank of Boston Corporation, Boston, Massachusetts, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 *et seq.*) ("Act"), has applied for the Board's approval under section 3 of the Act (12 U.S.C. § 1842), to acquire the successor by merger to RIHT Financial Corporation, Providence, Rhode Island ("RIHT"), also a bank holding company.[1] As a result of this transaction, Applicant would acquire RIHT's subsidiary banks, Rhode Island Hospital Trust National Bank and Columbus National Bank of Rhode Island, both located in Providence, Rhode Island.

In addition, Applicant has applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a)(2) of the Board's Regulation Y (12 C.F.R. § 225.23(a)(2)) to acquire RIHT's nonbanking subsidiaries: RIHT Life Insurance Company, Phoenix, Arizona ("RIHT Life Insurance"), which underwrites credit life and credit accident and health insurance directly related to extensions of credit by subsidiaries of RIHT; RIHT Mortgage Corporation, Charlotte, North Carolina ("RIHT Mortgage"), which engages in mortgage banking activities; The Washington Row Company, Providence, Rhode Island ("Washington Row"), an inactive company that formerly engaged in mortgage banking activities; Hospital Trust of Florida, N.A., Palm Beach, Florida ("HT Florida"), which engages in trust company activities; and HT Investors, Inc., Providence, Rhode Island ("HT Investors"), which provides investment advisory services. These activities have been determined by the Board to be closely related to banking and permissible for bank holding companies (12 C.F.R. § 225.25(b)(1), (3), (4), and (9)).

1. Applicant has also applied under section 3(a)(1) of the Act (12 U.S.C. § 1842(a)(1)) for approval for its wholly owned inactive subsidiary, Rhode Island Holding Company ("RIHC"), to become a bank holding company by merging with RIHT. RIHC is of no significance except as a means to facilitate Applicant's acquisition of the voting shares of RIHT.

Notice of these applications, affording opportunity for interested persons to submit comments, has been given in accordance with sections 3 and 4 of the Act (49 *Federal Register* 11013 (1984)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)) and the considerations set forth in section 4(c)(8) of the Act, including the comments of a shareholder of RIHT and of Citicorp, New York, New York, challenging the constitutionality of the Rhode Island statute under which the proposed acquisition is to be made.

Applicant is, and would remain upon consummation, the largest commercial banking organization in New England. Applicant, the largest commercial banking organization in Massachusetts with consolidated assets of $19.5 billion, controls nine banking subsidiaries holding aggregate domestic deposits of $6.2 billion in the Commonwealth, representing 20.2 percent of the total deposits in commercial banks in Massachusetts.[2] On March 30, 1984, Applicant consummated its acquisition of Casco-Northern Corporation, Portland, Maine, thereby becoming the second largest commercial banking organization in Maine. Its one banking subsidiary in Maine has total domestic deposits of $631 million, representing 17.9 percent of the total deposits in commercial banks in Maine.[3] RIHT, the second largest commercial banking organization in Rhode Island with consolidated assets of $1.9 billion, controls two subsidiary banks holding aggregate domestic deposits of $1.6 billion, representing 25.9 percent of the total deposits in commercial banks in Rhode Island.

Applicant's subsidiary banks compete directly with RIHT's subsidiary banks in two banking markets: the Providence, Rhode Island, and Fall River, Massachusetts, banking markets. RIHT is the third largest of 17 commercial banking organizations in the Providence banking market[4] with $1.2 billion in deposits therein, representing 15.9 percent of the total deposits in commercial banks in the market. Applicant is the 15th largest commercial banking organization in the market with $7.8 million in deposits, representing 0.1 percent of the total deposits in commercial banks in the market. Upon consummation of the proposed transaction, Applicant would become the third largest banking organization in the Providence banking market, with a market share of approximately 16 percent of the total deposits in commercial banks in the market.

The proposed acquisition would eliminate some existing competition in the Providence banking market. The market, however, is not highly concentrated, with the four largest banking organizations controlling 70.6 percent of the total deposits in commercial banks and a Herfindahl–Hirschman Index ("HHI") of 1738. Upon consummation of this proposal, the market's four-firm concentration ratio would increase to 70.7 percent and the HHI would increase only 3 points, to 1741.[5] In view of this small increase in market concentration and of the number and size of the remaining banking competitors in the market, consummation of this proposal would not have a significantly adverse effect on competition in the Providence banking market.

In the Fall River banking market,[6] Applicant is the largest of nine commercial banking organizations in the market with $96.3 million in deposits therein, representing 24.9 percent of the total deposits in commercial banks in the market. RIHT is the eighth largest commercial banking organization in the market with $5.7 million in deposits, representing 1.5 percent of the total deposits in commercial banks in the market. Upon consummation of this proposal, Applicant would remain the largest commercial banking organization in the Fall River banking market, with a market share of approximately 26.3 percent of the deposits in commercial banks in the market. The Fall River market is concentrated, with a four-firm concentration ratio of 81.8 percent and an HHI of 1917. Upon consummation of the proposal, the market's four-firm concentration ratio would increase to 83.3 percent and the HHI would increase 75 points to 1992.[7]

2. Banking data are as of December 31, 1983, unless otherwise indicated.

3. In addition, on May 18, 1984, the Board approved Applicant's application to acquire Colonial Bancorp, Inc., Waterbury, Connecticut, which has consolidated assets of $1.4 billion and total domestic deposits of $1.2 billion. Upon consummation of that acquisition, Applicant would become the fourth largest banking organization in Connecticut. The Board has, however, stayed its approval of that application pending the completion of judicial review of the Board's Order.

4. The Providence banking market includes all of Rhode Island, except for the southwestern part of Washington County and the eastern part of Newport County, and in addition includes the City of Attleboro and the towns of Blackstone, Millville, North Attleboro, Norton, Plainville, Rehoboth, and Seekonk in Massachusetts. Market data for the Providence market is as of June 30, 1982.

5. Under the Department of Justice Merger Guidelines, a market in which the post-merger HHI is between 1000 and 1800 is considered moderately concentrated. In such markets, the Department of Justice is unlikely to challenge a merger that produces an increase in the HHI of less than 100 points.

6. The Fall River banking market includes the southwestern part of Bristol County, Massachusetts, and the towns of Little Compton and Tiverton in Rhode Island. Market data are as of June 30, 1983.

7. Under the Department of Justice Merger Guidelines, where the post-merger HHI is 1800 or more, the Department will decide on a case-by-case basis whether to challenge a merger that produces an increase in the HHI of between 50 and 100 points.

Although consummation of the proposed transaction would eliminate existing competition in the Fall River banking market, there are a number of factors that mitigate the anticompetitive effects of this proposal. Eight commercial banks would continue to operate in the market after consummation, including the largest banking organizations in Massachusetts and Rhode Island. The Board also has considered the influence of thrift institutions in evaluating the competitive effects of this proposal.[8] In the Fall River market, thrift institutions control approximately 62 percent of the total deposits in the market, and the deposits of each of the three largest thrift institutions are substantially larger than those held by the largest commercial bank in the market. All six thrift institutions in the market offer a full range of consumer banking services. In addition, all six make commercial real estate loans, and five of the six engage in limited commercial lending activities. Based upon the size and activities of thrift institutions in the Fall River banking market, the Board concludes that thrift institutions exert a significant competitive influence that substantially mitigates the anticompetitive effects of the proposed transaction.[9]

After consideration of the above facts and other facts of record, the Board concludes that consummation of this proposal would not have a significant adverse effect on existing competition in any relevant market.

The Board has considered the effects of this proposal on probable future competition and also has examined the proposal in light of the Board's proposed guidelines for assessing the competitive effects of market-extension mergers or acquisitions.[10] In evaluating the effects of a proposal on probable future competition, the Board considers market concentration, the number of probable future entrants into the market, the size of the bank to be acquired, and the attractiveness of the market for entry on a *de novo* or foothold basis absent approval of the acquisition. After consideration of these factors in the context of the specific facts of this case, the Board concludes that consummation of this proposal would not have any significant adverse effects on probable future competition in any relevant market.

There are nine banking markets in Massachusetts and fourteen in Maine in which Applicant, but not RIHT, competes.[11] With respect to the nine Massachusetts banking markets in which Applicant operates, in eight of these markets the record discloses more than six commercial banking organizations as probable future entrants into each of the markets. The ninth Massachusetts banking market, the Boston market, is not highly concentrated. With respect to the fourteen Maine banking markets in which only Applicant competes and the seven Connecticut banking markets into which Applicant's entry has been approved by the Board, the record discloses numerous commercial banking organizations as probable future entrants into each of these markets. On the basis of these considerations and other facts of record, the Board concludes that the elimination of RIHT as a probable future entrant into markets served by Applicant would not have a substantial anticompetitive effect in any of those markets.

There is one banking market in Rhode Island (Newport) and one in Connecticut (New London) in which RIHT, but not Applicant, competes. With respect to these two banking markets, the record shows that neither market is highly concentrated. On the basis of this consideration and other facts of record, the Board concludes that elimination of Applicant as a probable future entrant into markets served by RIHT would not have a substantial anticompetitive effect in any of those markets.

The financial and managerial resources and future prospects of Applicant and RIHT are consistent with approval of this application. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval of the application.

Section 3(d) of the Act prohibits the Board from approving any application by a bank holding company to acquire any bank located outside of the state in which the operations of the bank holding company's banking subsidiaries are principally conducted, unless such acquisition is "specifically authorized by the statute laws of the State in which such bank is located, by language to that effect and not merely by implication." (12 U.S.C. § 1842(d)). Based upon its review of the Rhode Island interstate banking statute,[12] the Board concludes that Rhode Island has by statute

8. The Board has previously determined that thrift institutions have become, or at least have the potential to become, major competitors of commercial banks *NCNB Bancorporation*, 70 FEDERAL RESERVE BULLETIN 225 (1984); *Sun Banks, Inc.*, 69 FEDERAL RESERVE BULLETIN 934 (1983); *First Tennessee National Corporation*, 69 FEDERAL RESERVE BULLETIN 298 (1983).

9. If 50 percent of thrift deposits were included in the calculation of market concentration, the HHI would rise by only 22 points upon consummation of this proposal, from 1037 to 1059.

10. 47 *Federal Register* 9017 (March 3, 1982). Although the proposed Policy Statement has not been adopted by the Board, the Board is using the proposed guidelines in its analysis of the effects of a proposal on probable future competition

11. In addition, upon consummation of Applicant's acquisition of Colonial Bancorp, Inc., Applicant would compete in seven banking markets in Connecticut, in none of which RIHT competes.

12. 1983 R.I. Pub. L. Ch. 201.

expressly authorized, within the meaning of the Douglas Amendment, a Massachusetts bank holding company, such as Applicant, to acquire a Rhode Island bank or bank holding company, such as RIHT.[13]

This application raises a question under the United States Constitution concerning the constitutionality of a provision of the Rhode Island interstate banking statute that bars bank holding companies located outside of New England from acquiring banks in Rhode Island.[14] The Board has addressed the constitutionality of parallel Connecticut and Massachusetts statutes in its Orders approving three previous interstate acquisitions under those statutes.[15] In its Bank of New England Corporation Order, after review of the record and in reliance on a detailed analysis of the constitutional issues included in an Appendix to the Order, the Board concluded that, while the issue was not free from doubt, there was no clear and unequivocal basis for a determination that the Connecticut statute is inconsistent with the Constitution.[16]

Subsequent to the Board's approval of the three prior applications under the Connecticut and Massachusetts interstate banking laws, protestants in each case sought judicial review of the Board's Orders on the sole ground that the Connecticut and Massachusetts interstate banking laws are unconstitutional. Following expedited review of the issues, the United States Court of Appeals for the Second Circuit issued an opinion in *Northeast Bancorp, Inc. v. Board of Governors of the Federal Reserve System*, Nos. 84-4047, 84-4051, 84-4053, and 84-4081 (2d Cir. Aug. 1, 1984), rejecting the petitioners' constitutional challenges to the New England statutes and affirming the Board's Orders. The constitutional issues involved in BBC's current application are the same as those resolved by the Second Circuit.[17]

In addition to seeking judicial review, the protestants to the Bank of New England Corporation and Hartford National Corporation applications obtained a stay of the Board's Orders from the Second Circuit pending that Court's consideration of those cases. In addition, following Citicorp's petition to the Board to stay its Order approving Bank of Boston Corporation's application to acquire Colonial Bancorporation, the Board issued a stay in reliance on the court-imposed stay in the previous cases.

Following the Second Circuit's decision in *Northeast Bancorp*, the Court on August 9 imposed a stay of its decision pending the Supreme Court's review of these cases. As a result of the Court's action, the prior interstate transactions approved by the Board may not be consummated until final action by the Supreme Court. The Board, therefore, has considered whether to stay the effectiveness of its action on this application pending such final judicial action. The protestants in this case have not requested a stay, and, under 5 U.S.C. § 705, the Board's authority to stay its action absent a petition for judicial review is not clear. Consequently, the Board has determined not to stay, on its own motion, the effectiveness of its decision in this case.

Applicant has also applied, under section 4(c)(8) of the Act, to acquire the nonbanking subsidiaries of RIHT: RIHT Mortgage, RIHT Life Insurance, HT Florida, HT Investors, and Washington Row.[18] RIHT Mortgage, which engages in mortgage banking activities, competes directly with mortgage banking subsidiaries of Applicant in the following markets: Boston, Massachusetts, Raleigh, North Carolina, and Atlanta, Georgia. RIHT Mortgage's market share of mortgage originations is not significant in any of these markets, and each market is unconcentrated in mortgage banking and has low barriers to entry in that product market. Thus, Applicant's acquisition of RIHT Mortgage would not eliminate any significant competition in any relevant market.

HT Florida provides personal trust services in Palm Beach County, Florida. Applicant engages in similar activities in Florida through its subsidiaries, Bank of Boston Trust Company of Southeast Florida, N.A., Deerfield Beach, Florida (which also competes in Palm Beach County), and Bank of Boston Trust Com-

13. *See Bank of New England Corporation*, 70 FEDERAL RESERVE BULLETIN 374, 375 (1984), and *Bank of Boston Corporation*, 70 FEDERAL RESERVE BULLETIN 524 (1984). In these cases, an identical finding was made with respect to the parallel Connecticut interstate banking statute.

14. New England bank holding companies include those located in Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont.

15. *Bank of New England Corporation, supra; Bank of Boston Corporation, supra; Hartford National Corporation*, 70 FEDERAL RESERVE BULLETIN 353 (1984).

16. *Bank of New England Corporation, supra*, 70 FEDERAL RESERVE BULLETIN at 376. It is the Board's policy that it will not hold a state law unconstitutional in the absence of clear and unequivocal evidence of the inconsistency of the state law with the United States Constitution. *See NCNB Corp.*, 68 FEDERAL RESERVE BULLETIN 54, 56 (1982).

17. The only significant difference between the Rhode Island statute and the other two New England interstate statutes is that the Rhode Island statute terminates its provision restricting reciprocal interstate banking to other New England states on July 1, 1986, while the Massachusetts and Connecticut statutes have no such termination date. To the extent this fact alters the analysis of the Rhode Island statute, it adds an argument in favor of that statute's constitutionality not present in the analysis of the other two statutes.

18. Washington Row is currently inactive and will be liquidated by Applicant.

pany of Southwest Florida, N.A., Sarasota, Florida. Together, Applicant's and RIHT's Florida trust subsidiaries manage total combined assets of $85 million. The combined market share of Applicant and RIHT in any relevant market is quite small, and the Florida market for trust services is highly competitive, with numerous competitors and low barriers to entry. Accordingly, consummation of this proposal would have little effect on competition for trust services in any relevant market.

After consideration of the above facts and other facts of record, the Board concludes that Applicant's acquisition of RIHT's nonbanking subsidiaries would not have a significant adverse effect on competition in any market. Furthermore, there is no evidence in the record to indicate that approval of this proposal would result in undue concentration of resources, unfair competition, conflicts of interest, unsound banking practices, or other adverse effects on the public interest. Accordingly, the Board has determined that the balance of the public interest factors it must consider under section 4(c)(8) of the Act is favorable and consistent with approval of the application to acquire RIHT's nonbanking subsidiaries.

Based on the foregoing and other facts of record, the Board has determined that the applications under sections 3 and 4 of the Act should be and hereby are approved. The acquisition of RIHT's bank subsidiaries shall not be consummated before the thirtieth calendar day following the effective date of this Order or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Boston, pursuant to delegated authority. The approval of Applicant's proposal to acquire RIHT's nonbanking activities is subject to all of the conditions contained in Regulation Y, including those in sections 225.4(d) and 225.23(b)(3) (12 C.F.R. §§ 225.4(d) and 225.23(b)(3)), and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective August 20, 1984.

Voting for this action: Chairman Volcker and Governors Martin, Wallich, Partee, Rice, Gramley, and Seger. Governor Wallich abstained from the insurance portion of these applications.

JAMES MCAFEE
Associate Secretary of the Board

[SEAL]

Centennial Beneficial Corp.
Orange, California

Order Approving Formation of a Bank Holding Company and Retention of Nonbanking Subsidiaries

Centennial Beneficial Corp., Orange, California, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act ("Act")(12 U.S.C. § 1842(a)(1)) to become a bank holding company by acquiring Sunwest Bank, Tustin, California ("Sunwest Bank"), and Sacramento First National Bank, Sacramento, California ("Sacramento Bank").

Applicant has also applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a) of Regulation Y (12 C.F.R. § 225.23(a)), to engage in the activities of making, acquiring, and servicing loans and operating an industrial bank. These activities would be conducted through Applicant's existing subsidiaries, Centennial Beneficial Mortgage Company ("Mortgage Company"), Centennial Beneficial Loan Company ("Loan Company"), and Centennial Mortgage Income Fund ("CMIF"), all of Orange, California, Heritage Thrift and Loan Company ("Heritage"), and Chancellor Financial Services, Inc. ("Chancellor"), both of Brea, California. Mortgage Company and Chancellor are currently engaged in the activity of making, acquiring and servicing loans, while Loan Company, currently inactive, and CMIF, currently in organization, would engage in the activities of making, acquiring and servicing loans upon consummation of these proposals. Heritage is engaged in the activities of a California thrift and loan company (an entity similar to an industrial bank). The Board has previously determined that these activities are closely related to banking and are permissible for bank holding companies (12 C.F.R. § 225.25(b)(1) and (2)).

Notice of the applications, affording opportunity for interested persons to submit comments and views, has been given in accordance with sections 3 and 4 of the Act. 49 *Federal Register* 17091 (April 23, 1984). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)) and the considerations specified in section 4(c)(8) of the Act.

Applicant, a financial services holding company, has no banking subsidiaries. Sunwest Bank, with total deposits of approximately $142 million,[1] is one of the

1. Banking data are as of June 30, 1984, unless otherwise indicated.

smaller commercial banks in the state of California. Sacramento Bank is a *de novo* bank in organization. Consummation of this proposal would have no significant effect on the concentration of banking resources in California.

Sunwest Bank is one of the smaller banks in the Los Angeles banking market.[2] While neither Applicant nor its principals currently competes in commercial banking in the Los Angeles market, Applicant, through Mortgage Company, Chancellor, and Heritage, competes with Sunwest for loans in the Los Angeles banking market. Further, Applicant, through Heritage, competes with Sunwest for thrift accounts in the Los Angeles banking market. Some competition would be eliminated between Sunwest Bank and Applicant upon consummation of this proposal. However, in view of the small shares of loans and thrift accounts held by these entities in the Los Angeles banking market, Applicant's acquisition of Sunwest Bank would have no significant effect on competition in that market.

Sacramento Bank will be located in the Sacramento banking market.[3] The formation of Sacramento Bank would add a new source of banking services to the Sacramento banking market, and increase competition in that banking market.

The financial and managerial resources of Applicant, its subsidiaries, Sunwest Bank, and Sacramento Bank are regarded as generally satisfactory and their prospects appear favorable, especially in light of Applicant's commitment to inject capital into Sunwest Bank. As discussed above, the formation of Sacramento Bank will add a new source of banking services in the Sacramento banking market. Accordingly, considerations relating to the convenience and needs of the communities are consistent with approval of the applications.

Applicant has committed to the Board that Heritage, which currently engages in making commercial loans, will not accept demand deposits, including NOW accounts, without the prior approval of the Board. Accordingly, Heritage would not be a "bank" within the meaning of section 2(c) of the Act (12 U.S.C. § 1841(c)). In recent cases involving the acquisition of nonbank banks and industrial banks,[4] the Board relied on several conditions that were designed to prevent certain linkages between nonbank banks, industrial banks, and applicants. However, such conditions appear to be unnecessary in this case because Applicant could acquire a full service bank in California.

There is no evidence in the record to indicate that Applicant's proposal to engage in nonbanking activities through Mortgage Company, Loan Company, CMIF, Heritage, and Chancellor would result in any undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices, or other adverse effects on the public interest. Accordingly, the Board has determined that the balance of public interest factors that it must consider under section 4(c)(8) is favorable and consistent with approval of the applications.

On the basis of the record of the applications and the foregoing, including the commitments made by Applicant, the Board has determined that consummation of the proposal would be in the public interest and that the applications under sections 3(a)(1) and 4(c)(8) of the Act should be and hereby are approved. This determination is subject to the conditions set forth in this Order and in section 225.4(d) and 225.23(b) of Regulation Y (12 C.F.R. §§ 225.4(d) and 225.23(b)), and the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

The acquisition of Sunwest Bank and Sacramento Bank shall not be consummated before the thirtieth calendar day following the effective date of this Order, nor shall the transactions be consummated later than three months after the effective date of this Order, and Sacramento Bank shall be opened for business not later than six months after the effective date of this Order, unless such periods are extended for good cause by the Board or the Federal Reserve Bank of San Francisco, pursuant to delegated authority.

By order of the Board of Governors, effective August 20, 1984.

Voting for this action: Chairman Volcker and Governors Martin, Wallich, Partee, Rice, Gramley, and Seger.

JAMES MCAFEE
[SEAL] *Associate Secretary of the Board*

2. The Los Angeles banking market is defined as the Los Angeles RMA.
3. The Sacramento banking market is defined as the Sacramento RMA.

4. *Nevada First Development Corporation*, 70 FEDERAL RESERVE BULLETIN 469 (1984); *U.S. Trust Company*, 70 FEDERAL RESERVE BULLETIN 371 (1984).

National City Corporation
Cleveland, Ohio

Order Approving the Merger of Bank Holding Companies and the Acquisition of Companies Engaged In Leasing, Insurance, Mortgage Banking, Trust Services, Investment Advice and Equity Financing Activities

National City Corporation, Cleveland, Ohio, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied for the Board's approval under section 3(a)(5) of the Act (12 U.S.C. § 1842(a)(5)), to merge with BancOhio Corporation, Columbus, Ohio ("BOC"), and thereby indirectly to acquire BancOhio National Bank, and The Ohio State Bank, both of Columbus, Ohio.

Applicant also has applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a)(2) of the Board's Regulation Y (12 C.F.R. § 225.23(a)(2)), to acquire the following nonbank subsidiaries of BOC: Franklinton Assurance Company, Columbus, Ohio, engaged in the reinsurance of credit life insurance directly related to extensions of credit by banking subsidiaries of BancOhio; BancOhio Mortgage Company, with offices in Columbus, Akron, Cleveland, Cincinnati, and Dayton, Ohio, engaged in residential mortgage banking activities; W. Lyman Case and Company, with offices in Columbus, Ohio, and Miami, Florida, engaged in commercial mortgage banking activities; BancOhio Leasing Company, Columbus, Ohio, engaged in originating and servicing leases for BancOhio National Bank; Midwest Econometrics, an inactive company that formerly engaged in investment advice activities; and Plaza Trust Company, Columbus, Ohio, engaged in trust company activities. These activities have been determined by the Board to be closely related to banking and permissible for bank holding companies (12 C.F.R. § 225.23(b)(1), (3), (4), (5), (9), and (14)).

Notice of the applications, affording opportunity for interested persons to submit comments, has been given in accordance with sections 3 and 4 of the Act (49 *Federal Register* 21990 and 29688 (May 24 and July 23, 1984)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)) and the considerations specified in section 4(c)(8) of the Act.[1]

Applicant is the fourth largest commercial banking organization in Ohio with 12 subsidiary banks that control aggregate deposits of $4.3 billion,[2] representing 8.4 percent of total deposits in commercial banks in the state. BOC is the second largest commercial banking organization in the state, with two banking subsidiaries that control aggregate deposits of $4.9 billion, representing 9.4 percent of total deposits in commercial banks in the state. Upon consummation of the proposed acquisition and all planned divestitures, Applicant's share of total deposits in commercial banks in the state would increase to approximately $9 billion, representing 17.2 percent of statewide deposits, and Applicant would become the largest commercial banking organization in the state.

Although the Board is concerned about the effect of the merger of the second and fourth largest commercial banking organizations in Ohio on the concentration of banking resources within the state, certain circumstances mitigate that concern. Following consummation of the proposal, the share of commercial bank deposits held by the four largest commercial banking organizations in Ohio would increase to 45.7 percent and Ohio would remain only moderately concentrated. In addition, 10 other multibank holding companies with deposits over $1 billion would remain after consummation of the proposal.

Applicant's subsidiary banks compete directly with BOC's subsidiary banks in nine banking markets: the Akron, Canton, Cleveland, Columbus, Dayton, Fulton, Salem, Sandusky, and Toledo banking markets. In three of these markets, Salem, Sandusky and Fulton,[3] Applicant will divest all of BOC's banking of-

1. The Board received comments from the Akron Coalition for Community Reinvestment, Akron, Ohio ("ACCR"). In 1982, ACCR protested Applicant's application to acquire Goodyear Bank, Akron, Ohio (renamed National City Bank, Akron ("NCB-A")), challenging the community reinvestment records of Applicant's lead bank in Cleveland and of the Goodyear Bank. ACCR has asked the Board to "closely review" this application, indicating that Applicant has made "little progress" in its lending practices in Akron. The Board has reviewed the submissions of ACCR, Applicant's response, NCB-A's Home Mortgage Disclosure Act data, and its CRA examination reports. This review indicates that since 1983 Applicant has increased its lending to low- and moderate-income neighborhoods in the Akron market at a time when NCB-A's total loan volume was falling and lending by other institutions to such neighborhoods was declining. Moreover, when the Board approved Applicant's 1982 application, the Board accepted certain commitments by Applicant with regard to Goodyear Bank's future operations. The record indicates that these commitments, which include increased advertising in low- and moderate-income neighborhoods, financial counseling for community residents, increased attendance at community meetings by Applicant's personnel, and increased input from community groups in Applicant's community, have been met by Applicant.

2. Unless otherwise indicated, deposit data are as of December 31, 1983.

3. The Salem banking market is approximated by the northern two-thirds of Columbiana County plus Green, Goshen and a portion of Beaver Township in Mahoning County. The Sandusky banking market is approximated by all of Erie County except the City of Vermilion. The Fulton County banking market is approximated by all of Fulton County, except the eastern half of Swan Creek Township and the southeastern quadrant of Fulton Township, and the southern half of Seneca, Fairfield, and Ogden Townships in Lenawee County, Michigan

fices.[4] Applicant has committed that all of the proposed divestitures will take place on or before the date of consummation of the proposed merger.[5] Applicant also has committed to divest its bank, The Fairfield National Bank of Lancaster, that operates in the Columbus market.[6] Therefore, the Board finds that consummation of this proposal would have no significant adverse effect upon competition in these markets.

In the Akron banking market,[7] Applicant proposes to divest 16 of BOC's 30 banking offices.[8] Applicant is the fourth largest commercial banking organization in the market, with 12 offices that control total deposits of $241.5 million, representing 9.4 percent of the total deposits in commercial banks in the market. Currently, BOC is the market's third largest commercial banking organization, with $448.9 million in deposits, representing 17.6 percent of the total deposits in commercial banks in the market. The Akron banking market contains 11 banks and is highly concentrated, with the four largest commercial banking organizations in the market controlling 79.2 percent of the deposits in commercial banks in the market. After consummation of the proposed divestiture, Applicant would control approximately 21.7 percent of the total deposits in commercial banks in the market, and the share of deposits held by the market's four largest commercial banking organizations would increase to 82.5 percent.

The Board has considered the presence of 20 thrift institutions in the market that hold deposits of $1.6 billion, which is approximately 38.4 percent of the total deposits in the market. The Board has previously indicated that thrift institutions have become, or at least have the potential to become, major competitors of commercial banks.[9] Thrift institutions already exert a considerable competitive influence in the market as providers of NOW accounts and consumer loans, and many also are engaged in the business of making commercial loans.[10] Based upon the number, size and market shares of these institutions in the Akron market, the Board has concluded that thrift institutions exert a significant competitive influence that substantially mitigates the anticompetitive effects of this proposal.

Applicant and BOC compete in four markets in which no divestitures are proposed: the Canton, Cleveland, Dayton, and Toledo banking markets. Although consummation of this proposal would eliminate some existing competition between Applicant and BOC in these markets, certain facts of record mitigate the competitive effects of the proposal in these markets. In the Canton banking market,[11] Applicant controls only 0.2 percent of total deposits in commercial banks in the market, and BOC controls only 1.3 percent of market deposits. Upon consummation, Applicant would become the eighth largest banking organization and its market share would increase to 1.5 percent. The Herfindahl-Hirschman Index ("HHI") would increase by only five points as a result of the proposal.

In the Toledo banking market, Applicant controls the third largest commercial banking organization in the market, with 18.1 percent of the deposits in commercial banks in the market.[12] BOC controls ap-

4. Applicant proposes to divest the Salem offices of BOC to the Potters Bank and Trust Company, East Liverpool, Ohio. Toledo Trustcorporation, Toledo, Ohio ("Toledo"), through its subsidiaries, First Buckeye Bank, N.A., Mansfield, Ohio and Maumee Valley National Bank, Defiance, Ohio, would acquire BOC's Sandusky and Fulton County offices, respectively. The Board is concerned that Toledo's acquisition of the Fulton County offices would cause its share of deposits in the market to increase from 8.9 percent to 19.7 percent, and would cause the HHI to increase by 192 to 2344. The Board's concerns are mitigated, however, by the presence of four thrift institutions in the market, two of which, the third and fifth largest competitors in the market, actively engage in making commercial loans. In addition, Applicant solicited bids for the purchase of the Fulton branches from a total of 44 commercial banking organizations, thrift institutions and investors in Ohio. Of the two bids received, Toledo's bid was the least anticompetitive.

5. The Board's policy with regard to divestitures requires that divestitures intended to cure the anticompetitive effects resulting from a merger or acquisition occur on or before the date of consummation of the merger. *Barnett Banks of Florida, Inc.*, 68 FEDERAL RESERVE BULLETIN 190 (1982); *InterFirst Corporation*, 68 FEDERAL RESERVE BULLETIN 243 (1982).

6. The Columbus banking market is approximated by all of Franklin, Fairfield, Licking, Delaware, and Pickaway Counties plus Perry Township in Hocking County and Thorn Township in Perry County.

Based upon the particular facts and circumstances of this case, the Board believes that Applicant's commitment to divest its bank promptly is sufficient to alleviate its concerns regarding the competitive effects of the proposed merger.

7. The Akron banking market is defined as the southern two-thirds of Summit and Portage Counties, southern Medina County, Milton and Chippewa townships in Wayne County and Lawrence and the western half of Lake Township in Stark County.

8. Society National Bank, a subsidiary of Society Corporation, will acquire the 16 offices, representing 5.3 percent of the market's deposits. Society currently controls 2.8 percent of the deposits in commercial banks in the market and upon consummation would control 8.1 percent of the market's deposits. All market deposit data are as of June 30, 1982.

9. *The Chase Manhattan Corporation*, 70 FEDERAL RESERVE BULLETIN 529 (1984); *NCNB Bancorporation*, 70 FEDERAL RESERVE BULLETIN 225 (1984); *General Bancshares Corporation*, 69 FEDERAL RESERVE BULLETIN 802 (1983); *First Tennessee National Corporation*, 69 FEDERAL RESERVE BULLETIN 298 (1983).

10. If 25 percent of the deposits in thrift institutions in the Akron banking market are included in the calculation of market concentration, the share of total deposits held by the four largest organizations in the market is 71.4 percent and Applicant's combined share would be 18.8 percent.

11. The Canton banking market is approximated by all of Stark County, except Lawrence and the western half of Lake Township; Smith Township in Mahoning County; the northern tier of Carroll County; and Lawrence and Sandy Townships in Tuscarawas County.

12. The Toledo banking market is approximated by all of Lucas and Wood Counties, plus the eastern half of Swan Creek Township and the southeastern quadrant of Fulton Township in Fulton County; the western third of Ottawa County; Woodville Township in Sandusky County, Ohio; and Whiteford, Bedford and Erie Townships in Monroe County, Michigan.

proximately 1.6 percent of market deposits. The market is moderately concentrated, with an HHI of 1707. After consummation, Applicant would become the second largest commercial banking organization in the market, with a market share of approximately 19.7 percent. Eighteen commercial banks would continue to operate in the market after consummation of the proposal and the HHI would increase by only 59 points.[13]

The Dayton banking market is concentrated, with an HHI of 1866 and the four largest commercial banking organizations controlling 77 percent of total deposits in commercial banks in the market.[14] Applicant controls the third largest commercial banking organization in the market, with 16.4 percent of the deposits in commercial banks in the market. BOC controls 1.4 percent of market deposits. After consummation, Applicant's rank would remain the same, and Applicant would control approximately 17.8 percent of the deposits in commercial banks in the market. Nineteen commercial banks would continue to operate in the market after consummation of the proposal and the HHI would increase by only 44 points.

In the Cleveland banking market,[15] Applicant is the market's second largest commercial banking organization with deposits of $2.2 billion, representing 19.3 percent of total deposits in commercial banks in the market. BOC is the market's eighth largest commercial banking organization with $281.3 million in deposits, representing 2.4 percent of total deposits in commercial banks in the market. After consummation of the proposal, Applicant would control 21.7 percent of total deposits in commercial banks in the market.

The Cleveland banking market is considered to be moderately concentrated. The HHI in the market is 1603 and would increase by 93 points to 1696 upon consummation of the proposal. Although consummation of this proposal would eliminate some existing competition between Applicant and BOC in the Cleveland market, 20 other commercial banking organizations would continue to operate in the market after consummation of this proposal. In addition, the presence of 35 thrift institutions, some of which are actively engaged in commercial lending, mitigates the competitive effects of the transaction. These institutions hold combined deposits of $9.2 billion, or approximately 44.1 percent of total deposits in the market. As noted above, the Board has previously indicated that thrift institutions have become, or at least have the potential to become, major competitors of commercial banks. Based upon the number, size and market shares and commercial lending activity of thrift institutions in the Cleveland market, the Board has concluded that thrift institutions exert a significant competitive influence that mitigates the anticompetitive effects of this proposal in the Cleveland market.

On the basis of the above facts and other facts of record, the Board concludes that the effects of consummation of the proposal would not have a substantial adverse effect on existing competition in the Canton, Cleveland, Dayton, or Toledo banking markets.

The Board has considered the effects of this proposal on probable future competition in the 31 markets in which only one of the two holding companies competes and in the four markets in which divestitures will occur in light of its proposed guidelines for assessing the competitive effects of market extension mergers and acquisitions.[16] In evaluating the effects of a proposed merger or consolidation upon probable future competition, the Board considers market concentration, the number of probable future entrants into the market, the size and market position of the bank to be acquired and the attractiveness of the market for entry on a *de novo* or foothold basis, absent approval of the acquisition.

Of the 35 relevant markets, 33 have more than six probable future entrants and thus none of these markets would require intensive analysis under the Board's proposed guidelines. Moreover, 22 of the 31 markets contain fewer than $250 million in deposits and thus are not considered markets that are attractive for *de novo* or toehold expansion. The remaining two markets are not considered concentrated and thus the doctrine of probable future competition is not applicable in these markets.

After consideration of these factors in the context of the specific facts of this case, the Board concludes that consummation of this proposal would not have any significant adverse effects on probable future competition in any relevant market.

In evaluating this application, the Board has considered the financial and managerial resources of Appli-

13. Under the Department of Justice Merger Guidelines, a market in which the post-merger HHI is between 1000 and 1800 is considered moderately concentrated. In such markets, the Department is unlikely to challenge an acquisition that results in an increase in the HHI of less than 100 points.

14. The Dayton banking market is approximated by all of Montgomery, Greene and Miami Counties; Bethel and Mad River Townships in Clark County; and Clear Creek, Massie and Wayne Townships in Warren County.

15. The Cleveland banking market is approximated by all of Cuyahoga, Lake, Lorain and Geauga Counties; all but the southernmost tier of townships in Medina County; the northwestern corner of Portage County; the northern tier of townships in Summit County; and the City of Vermilion in Erie County.

16. "Policy Statement of the Board of Governors of the Federal Reserve System for Assessing Competitive Factors Under the Bank Merger Act and the Bank Holding Company Act," 47 *Federal Register* 9017 (March 3, 1982). While the proposed policy statement has not been approved by the Board, the Board is using the policy guidelines as part of its analysis of the effect of a proposal on probable future competition.

cant and the effect on these resources of the proposed merger with BOC. The Board has stated and continues to believe that capital adequacy is an especially important factor in the analysis of bank holding company proposals, particularly in transactions where a significant acquisition is proposed.[17]

The acquisition of BOC represents a sizeable transaction for Applicant, one that would almost double Applicant's size in terms of total assets. Financing for the proposed acquisition would be provided in part by the issuance of Applicant's equity securities, but a substantial portion of the purchase price would be debt-financed. Applicant's and BOC's existing primary and total capital ratios (even after excluding goodwill) are well above the minimum levels specified in both the Board's current[18] and proposed Capital Adequacy Guidelines.[19] Consummation of the proposed merger, however, would decrease significantly Applicant's primary capital ratio. Applicant already has a substantial amount of goodwill and this acquisition would increase that amount further. If goodwill is excluded, Applicant's primary capital ratio, on a pro forma basis, would be slightly above that required under the Board's current Guidelines, but would fall below that contemplated under the proposed Guidelines.

The Board views with concern any decline in capital of the magnitude proposed here, particularly when, after consummation of the proposal, an applicant's pro forma capital ratios will be close to the minimum level specified in the Board's Guidelines, or where goodwill will be a significant factor in an applicant's capital base. The Board expects bank holding companies contemplating expansion proposals to ensure that pro forma capital ratios exceed the Board's minimum standards and without significant reliance on goodwill.

In considering this proposal, the Board noted that Applicant has historically maintained a strong capital position, and will remain in overall sound financial condition with a capital position that is generally consistent with the Board's Guidelines. In addition, Applicant recognizes that its pro forma capital ratios are lower than the ratios it has maintained in the past, and has indicated that because a strong capital position continues to be a primary objective of management, it intends to augment its capital following the acquisition and will provide the Federal Reserve System with plans to strengthen its capital position. Based on these and other facts of record, including the current and pro forma financial condition of Applicant, the Board concludes that the financial and managerial resources and future prospects of Applicant, BOC and the combined organization are consistent with approval.

With regard to considerations relating to the convenience and needs of the communities to be served, the Board finds that such factors also are consistent with approval of the application.

Applicant also has applied, pursuant to section 4(c)(8) of the Act, to acquire Franklinton Assurance Company, Columbus, Ohio ("Franklinton"), a wholly owned subsidiary of BOC which engages in the reinsurance of credit-related insurance associated with loans by BOC's subsidiary banks. Although Applicant currently engages in the the reinsurance of credit-related insurance, no adverse competitive effect would result from this acquisition because the activities of Franklinton would be limited to insurance directly related to extensions of credit made by the subsidiaries of BOC. Applicant also has applied to acquire BancOhio Mortgage Corporation, Columbus, Ohio ("BOC Mortgage"), a company that engages in residential mortgage banking activities in Ohio and W. Lyman Case and Company, Columbus, Ohio, a company that engages in mortgage banking activities with regard to commercial real estate. Applicant presently engages in mortgage banking activities through its subsidiary banks in five of the markets where BOC Mortgage operates. There are numerous other competitors in these markets, however, and Applicant's acquisition of BOC Mortgage would not eliminate any significant competition in any relevant market.

Applicant has applied to acquire BancOhio Leasing Company, Columbus, Ohio, a company that engages in the leasing of personal property. Applicant also proposes to acquire Plaza Trust Company, Columbus, Ohio, an inactive company that is chartered to provide custodial, trust management and other fiduciary services. Applicant also engages in the leasing of personal property and trust company activities. Numerous bank and nonbank entities compete in these areas, and there is little direct competition between Applicant and BOC in this regard. Applicant also has applied to acquire Midwest Econometrics, Columbus, Ohio, an inactive company that formerly provided economic data and forecasts for its subscribers. Applicant does not engage in this activity, and thus its acquisition will not eliminate any existing competition.

Accordingly, it does not appear that Applicant's acquisition of these nonbanking subsidiaries would have any significant adverse effects upon competition in any market. Furthermore, there is no evidence in the record to indicate that approval of this proposal would result in undue concentration of resources, decreased or unfair competition, conflicts of interests,

17. *Chase Manhattan Corporation*, 70 Federal Reserve Bulletin 529 (1984); *Banks of Mid-America, Inc.*, 70 Federal Reserve Bulletin 460 (1984); *Manufacturers Hanover Corporation*, 70 Federal Reserve Bulletin 452 (1984); *NCNB Corporation*, 69 Federal Reserve Bulletin 49 (1983).

18. Capital Adequacy Guidelines, (12 C.F.R. Part 225, Appendix A).

19. Proposed Minimum Capital Guidelines for Bank Holding Companies, 49 *Federal Register* 30317 (July 30, 1984).

unsound banking practices, or other adverse effects on the public interest. Accordingly, the Board has determined that the balance of the public interest factors it must consider under section 4(c)(8) of the Act is favorable and consistent with approval of the application to acquire BOC's nonbanking subsidiaries.

Based on the foregoing and other facts or record, the Board has determined that the applications under sections 3 and 4 of the Act should be and hereby are approved, subject to Applicant's commitments to divest branches of BOC in the Akron, Fulton, Salem, and Sandusky markets, and its bank in the Columbus market. The merger with BOC shall not be consummated before the thirtieth calendar day following the effective date of this Order or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Cleveland pursuant to delegated authority. The determinations as to Applicant's nonbanking activities are subject to all of the conditions contained in Regulation Y, including those in sections 225.4(d) and 225.23(b)(3) (12 C.F.R. §§ 225.4(d) and 225.23(b)(3)), and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective August 10, 1984.

Voting for this action: Chairman Volcker and Governors Martin, Wallich, Partee, and Gramley. Governor Wallich abstained from the insurance portion of this action. Absent and not voting: Governors Rice and Seger.

WILLIAM W. WILES
Secretary of the Board

[SEAL]

Orders Issued Under Section 5 of Bank Service Corporation Act

Chemical Bank
New York, New York

Chem Network Processing Services, Inc.
Somerset, New Jersey

Order Approving Investment in a Bank Service Corporation

Chemical Bank, New York, New York, an insured state member bank, has applied for the Board's approval under section 5(b) of the Bank Service Corporation Act, as amended ("BSCA") (12 U.S.C. § 1861 *et seq.*), to acquire all of the voting shares of a bank service corporation, Chem Network Processing Services, Inc., Somerset, New Jersey ("Company"). Company currently engages in data processing activities under section 4(c)(8) of the Bank Holding Company Act, 12 U.S.C. § 1841 *et seq.*, and section 225.25(b)(7) of the Board's Regulation Y, 12 C.F.R. § 225.25(b)(7), as a wholly owned subsidiary of a bank holding company, Chemical New York Corporation, New York, New York. Chemical Bank, the holding company's lead banking subsidiary, proposes to acquire Company, which would become a bank service corporation subject to the BSCA. In connection with this proposal, Company has applied under section 5(b) of the BSCA for permission to provide data processing services throughout the United States as a bank service corporation.[1]

Section 4(f) of the BSCA, 12 U.S.C. § 1864(f), provides that a bank service corporation may perform at any geographic location any service, other than deposit taking, that the Board has determined, by regulation, to be permissible for a bank holding company under section 4(c)(8) of the Bank Holding Company Act.[2] Company would provide throughout the United States data processing services to the extent those activities are generally permissible for bank holding companies under the Board's Regulation Y, 12 C.F.R. § 225.25(b)(7).

Section 5(b) of the BSCA, 12 U.S.C. § 1865(b), requires prior Board approval of any investment by an insured bank (as defined)[3] in the capital stock of a bank service corporation that performs any service under authority of section 4(f) of the BSCA. Section 5(b) of the BSCA also requires a Company that becomes a bank service corporation under the BSCA to obtain the Board's approval before providing a service under authority of section 4(f) of the Act.

Section 5(c) of the BSCA, 12 U.S.C. § 1865(c), authorizes the Board, in acting upon applications to invest in bank service corporations, to consider the financial and managerial resources of the institutions involved, their prospects, and possible adverse effects, such as undue concentration of resources, unfair or decreased competition, conflicts of interest, or unsafe or unsound banking practices. The Board finds that considerations relating to these factors are con-

1. The proposal represents a corporate reorganization under which ownership of Company is to be transferred from the parent bank holding company to its lead banking subsidiary.

2. Under section 4(c)(8) of the Bank Holding Company Act, a bank holding company may engage in activities determined by the Board to be closely related to banking and a proper incident thereto.

3. Under section 1(b)(5) of the BSCA (12 U.S.C § 1861(b)(5)), the term "insured bank" has the meaning provided in section 3(h) of the Federal Deposit Insurance Act (12 U.S.C. § 1813(h)) and encompasses banks insured by the Federal Deposit Insurance Corporation.

sistent with approval and that there is no evidence of adverse effects.

Accordingly, on the basis of the record, the application is approved for the reasons summarized above. This determination is subject to the Board's authority to require such modification or termination of the activities of a bank service corporation as the Board finds necessary to assure compliance with the BSCA or to prevent evasions thereof. The transactions shall be consummated within three months after the date of this Order, unless such period is extended for good cause by the Board or the Federal Reserve Bank of New York.

By order of the Board of Governors, effective August 14, 1984.

Voting for this action: Vice Chairman Martin and Governors Wallich, Partee, Rice and Gramley. Absent and not voting: Chairman Volcker and Governor Seger.

WILLIAM W. WILES
Secretary of the Board

[SEAL]

Sun Bank of Ocala
Ocala, Florida

Sun Bank of Tampa Bay
Tampa, Florida

Order Approving Investment in a Bank Service Corporation

Sun Bank of Ocala, Ocala, Florida, and Sun Bank of Tampa Bay, Tampa, Florida, insured state member banks, have applied for the Board's approval under section 5(a) of the Bank Service Corporation Act, as amended ("BSCA") (12 U.S.C. § 1861 *et seq.*), to invest in 9.4 percent of the voting and nonvoting preferred stock of a bank service corporation, Sunbank Service Corporation, Orlando, Florida ("Company").[1] Company is currently a wholly owned subsidiary of Sun Banks, Inc., Orlando, Florida ("Sun Banks"), a multibank holding company. Applicants are two of Sun Banks' 29 state and national bank subsidiaries that propose to jointly invest in all of the capital stock of Company, which would provide data processing services to Sun Banks, its banking subsidiaries and its mortgage company subsidiary through Company's offices in Orlando, Florida.[2]

Section 4(e) of the BSCA (12 U.S.C. § 1864(e)) permits a bank service corporation to perform those services that may be performed both by the state bank shareholders under the applicable state law and by the national bank shareholders under federal law, provided that the services are performed only at locations in the state in which both the state bank and national bank shareholders could be authorized to perform such services. Applicants propose to engage through Company in data processing activities in authorized locations to the extent those activities are permissible both for state banks under Florida law and for national banks under federal law. The services would be performed only in Florida, at locations where all the proposed shareholders of Company would be permitted to provide the services directly.

In order to consummate this proposal, Applicants are required under section 5(a) of the BSCA (12 U.S.C. § 1865(a)) to obtain the prior approval of the "appropriate Federal banking agency." Congress has designated the Board as the appropriate Federal banking agency to approve applications by state member banks to invest in bank service corporations acquired under the authority of section 4(e) of the BSCA.[3]

Section 5(c) of the BSCA (12 U.S.C. § 1865(c)) authorizes the Board, in acting upon applications to invest in bank service corporations, to consider the financial and managerial resources of the institutions involved, their prospects, and possible adverse effects, such as undue concentration of resources, unfair or decreased competition, conflicts of interests, or unsafe or unsound banking practices. The Board finds that considerations relating to these factors are consistent with approval and that there is no evidence of adverse effects.

Accordingly, on the basis of the record, the applications are approved for the reasons summarized above.

1. Sun Bank of Ocala proposes to invest in 3.0 percent of Company's shares, and Sun Bank of Tampa Bay proposes to invest in 6.4 percent.

2. The proposal represents a corporate reorganization under which ownership of Company is to be transferred from Sun Banks to its banking subsidiaries. Applicants together with the other investing banks would acquire from Sun Banks all the voting shares of Company and would subscribe to a new issuance by Company of nonvoting preferred stock. With the exception of two recently acquired banks, all of the banking subsidiaries of Sun Banks would be investors in Company.

3. Under section 1(b)(1) of the BSCA (12 U.S.C. § 1861(b)(1)), the Board is the appropriate Federal banking agency with respect to state member banks. The Comptroller of the Currency is the appropriate Federal banking agency with respect to the national bank investors under this proposal, and the Federal Deposit Insurance Corporation is the appropriate Federal banking agency with respect to the state nonmember bank investors. Sun Banks' national bank subsidiaries and state nonmember bank subsidiaries have applied to their appropriate agencies for prior approval of their proposed investments in Company.

This determination is subject to the Board's authority to require such modification or termination of the activities of a bank service corporation as the Board finds necessary to assure compliance with the BSCA or to prevent evasions thereof. The transactions may not be consummated later than three months after the date of this Order, unless the time is extended for good cause by the Board or the Federal Reserve Bank of Atlanta.

By order of the Board of Governors, effective August 6, 1984.

Voting for this action: Chairman Volcker and Governors Martin and Partee. Abstaining from this action: Governors Wallich and Gramley. Absent and not voting: Governors Rice and Seger.

[SEAL]

WILLIAM W. WILES
Secretary of the Board

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

By the Board of Governors

During August 1984 the Board of Governors approved the applications listed below. Copies are available upon request to Publications Services, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551

Section 3

Applicant	Bank(s)	Board action (effective date)
First Citizens Bancshares Company, Marion, Arkansas	Citizens Bank, Marion, Arkansas	August 7, 1984
InterFirst Corporation, Dallas, Texas	InterFirst Bank Westlake, N.A., Austin, Texas	August 10, 1984
	InterFirst Bank North Austin, N.A., Austin, Texas	
	InterFirst Bank West Beaumont, N.A., Beaumont, Texas	
Royce Corporation, Council Bluffs, Iow	Manning Trust & Savings Bank, Manning, Iowa	August 17, 1984
	Walnut State Bank, Walnut, Iowa	

By Federal Reserve Banks

Recent applications have been approved by the Federal Reserve Banks as listed below. Copies of the orders are available upon request to the Reserve Banks.

Section 3

Applicant	Bank(s)	Reserve Bank	Effective date
American Bank Corporation, Denver, Colorado	American National Bank of Evanston, Evanston, Wyoming	Kansas City	August 13, 1984
American National Bancshares, Inc., Waco, Texas	American National Bank, Waco, Texas	Dallas	August 3, 1984

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
B. C. Bankshares, Inc., Canton, Georgia	Bank of Canton, Canton, Georgia	Atlanta	August 15, 1984
BancEdmond, Inc., Edmond, Oklahoma	Bank of Edmond, N.A., Edmond, Oklahoma	Kansas City	August 8, 1984
Bancenter One Group, Inc., Ellisville, Missouri	Bankcenter One, Ellisville, Missouri	St. Louis	August 14, 1984
Bay Lake Bancorp, Inc., Kewaunee, Wisconsin	Union State Bank, Kewaunee, Wisconsin	Chicago	August 13, 1984
C. S. Bancshares, Inc., Connersville, Indiana	Central State Bank, Connersville, Indiana	Chicago	July 30, 1984
Charlotte Bancshares, Inc., Charlotte, Texas	Charlotte State Bank, Charlotte, Texas	Dallas	July 25, 1984
Charter 17 Bancorp, Inc., Richmond, Indiana	Northwest National Bank, Rensselaer, Indiana	Chicago	July 31, 1984
Citizens Bankshares, Inc., Okemah, Oklahoma	The Citizens State Bank, Okemah, Oklahoma Affiliated Bank of Sapulpa, N.A., Sapulpa, Oklahoma	Kansas City	July 27, 1984
City National Bankcorp, Inc., Metropolis, Illinois	The City National Bank, Metropolis, Illinois	St. Louis	July 31, 1984
Columbus Bancorp, Inc., Columbus, Indiana	Columbus Corporation, Columbus, Indiana Columbus Bank and Trust Company, Columbus, Indiana	Chicago	August 1, 1984
Commercial Bancshares, Inc., Franklin, Louisiana	Commercial Bank & Trust Company, Franklin, Louisiana	Atlanta	July 27, 1984
Community State Bankshares, Inc., Wisconsin Rapids, Wisconsin	Community State Bank, Wisconsin Rapids, Wisconsin	Chicago	August 9, 1984
Continental Bancorp, Miami, Florida	Continental National Bank of Miami, Miami, Florida	Atlanta	August 3, 1984
Continental Bancorporation, Inc., Sikeston, Missouri	The First National Bank of Sikeston, Sikeston, Missouri	St. Louis	July 31, 1984
Dixon Bancorp, Inc., Dixon, Illinois	The Dixon National Bank, Dixon, Illinois	Chicago	August 14, 1984
Elmore City Bancshares, Inc., Elmore City, Oklahoma	First State Bank, Elmore City, Oklahoma	Kansas City	August 3, 1984
Erie Financial Corp., Detroit, Michigan	Erie State Bank, Monroe, Michigan	Chicago	August 3, 1984

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
F.N.B. Corporation, Hermitage, Pennsylvania	North Central Financial Corporation, Emporium, Pennsylvania Bucktail Bank and Trust Company, Emporium, Pennsylvania	Cleveland	August 1, 1984
Farmers State Bancshares of Sabetha, Inc., Sabetha, Kansas	Farmers State Bank, Sabetha, Kansas	Kansas City	August 10, 1984
Financial Shares, Inc., Morland, Kansas	Citizens State Bank, Morland, Kansas	Kansas City	July 27, 1984
First Bancshares, Inc., Grove Hill, Alabama	The First Bank of Grove Hill, Grove Hill, Alabama	Atlanta	August 15, 1984
First Community Bank Group, Incorporated, Burlington, Wisconsin	Bank of Albany, Albany, Wisconsin	Chicago	July 30, 1984
First Fidelity Bancorp, Inc., Fairmont, West Virginia	Central National Bank, Morgantown, West Virginia	Richmond	July 30, 1984
First Guthrie Bancshares, Inc., Guthrie, Oklahoma	First Stillwater Bancshares, Inc., Stillwater, Oklahoma	Kansas City	August 13, 1984
First Intermountain Holding Corp., Salt Lake City, Utah	United Bank, Murray, Utah	San Francisco	August 10, 1984
First Park Ridge Corporation, Chicago, Illinois	Bank of Buffalo Grove, Buffalo Grove, Illinois	Chicago	August 1, 1984
First State Bancshares, Thousand Oaks, California	First State Bank of the Oaks Thousand Oaks, California	San Francisco	August 14, 1984
First Valley Corporation, Bethlehem, Pennsylvania	The Hazleton National Bank, Hazleton, Pennsylvania	Philadelphia	August 1, 1984
First Washington Bancorp, Inc., Naperville, Illinois	Washington Bank and Trust Company of Naperville, Naperville, Illinois	Chicago	August 13, 1984
First Western Bancshares, Inc., Duncanville, Texas	The National Bank of Grand Prairie, Grand Prairie, Texas	Dallas	July 30, 1984
G.N.B. Bankshares, Inc., Oakland, Maryland	The Garrett National Bank in Oakland, Oakland, Maryland	Richmond	August 13, 1984
Greensburg Bancshares, Inc., Greensburg, Louisiana	Bank of Greensburg, Greensburg, Louisiana	Atlanta	July 26, 1984
Guardian Bancorp, Inc., Phoenix, Arizona	Guardian Bank, Phoenix, Arizona	San Francisco	August 15, 1984
Hallam Bancorp, Inc., Hallam, Nebraska	Hallam Bank, Hallam, Nebraska	Kansas City	July 27, 1984
Hartford Financial Corp., Hartford, Alabama	City Bank of Hartford, Hartford, Alabama	Atlanta	August 6, 1984

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Hometown Bancshares, Inc., Houston, Texas	Clear Lake National Bank, Houston, Texas	Dallas	August 16, 1984
Hopkins County First Financial Services Corporation, Sulphur Springs, Texas	First National Bank of Sulphur Springs, Sulphur Springs, Texas	Dallas	August 10, 1984
Huntsville Bancshares, Inc., Huntsville, Missouri	Farmers and Merchants Bank, Huntsville, Missouri	St. Louis	August 13, 1984
Island BankShares, Inc., Long Island, Kansas	Commercial State Bank, Long Island, Kansas	Kansas City	August 7, 1984
Langdon Bancshares, Inc., Langdon, North Dakota	Farmers and Merchants State Bank, Langdon, North Dakota	Minneapolis	August 16, 1984
Liberty Bancorp, Inc., Broadview, Illinois	Liberty Bank, Broadview, Illinois	Chicago	August 9, 1984
Lizton Financial Corporation, Lizton, Indiana	State Bank of Lizton, Lizton, Indiana	Chicago	August 13, 1984
Maple Bank Bancshares, Inc., Maple Park, Illinois	First State Bank of Maple Park, Maple Park, Illinois	Chicago	August 3, 1984
Mississippi Valley Investment Company, St. Louis, Missouri	Southwest Bank of St. Louis, St. Louis, Missouri	St. Louis	August 3, 1984
Monticorp Inc., Monticello, Indiana	First National Bank of Monticello, Monticello, Indiana	Chicago	July 31, 1984
Montgomery County Bancshares, Inc., Little Rock, Arkansas	The Bank of Montgomery County, Mount Ida, Arkansas	St. Louis	July 26, 1984
Mutual Banc Corp, New Albany, Indiana	Mutual Trust Bank, New Albany, Indiana	St. Louis	August 10, 1984
Napoleon Bancorp, Napoleon, Indiana	The Napoleon State Bank, Napoleon, Indiana	Chicago	August 10, 1984
National Banc of Commerce Company, Charleston, West Virginia	Bank of Nitro, Nitro, West Virginia	Richmond	August 14, 1984
National Bancshares Corporation of Texas, San Antonio, Texas	Boerne State Bank, Boerne, Texas	Dallas	August 13, 1984
North Texas American Bancshares, Inc., Denison, Texas	The American Bank and Trust of Denison, Denison, Texas	Dallas	July 30, 1984
Prairie Capital, Inc., Augusta, Kansas	The Prairie State Bank, Augusta, Kansas	Kansas City	August 13, 1984
R & J Financial Corporation, Plainsfield, Iowa	Peoples Savings Bank, Elma, Iowa	Chicago	August 13, 1984
Ruth Bank Corporation, Ruth, Michigan	Ruth State Bank, Ruth, Michigan	Chicago	August 10, 1984

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Shreveport Bancshares, Inc., Shreveport, Louisiana	Shreveport Bank & Trust Company, Shreveport, Louisiana	Dallas	August 14, 1984
Smithtown Bancorp, Inc., Smithtown, New York	Bank of Smithtown, Smithtown, New York	New York	August 6, 1984
Southwest Tennessee Bancshares, Inc., Adamsville, Tennessee	Farmers & Merchants Bank, Adamsville, Tennessee	St. Louis	August 1, 1984
Spring Woods Bancshares, Inc., Houston, Texas	Richmark Bank, N.A., Houston, Texas	Dallas	July 31, 1984
Springhill Bancshares, Inc., Springhill, Louisiana	Springhill Bank & Trust Company, Springhill, Louisiana	Dallas	August 13, 1984
Stewart County Bancorp, Inc., Dover, Tennessee	Dover-Peoples Bank & Trust Company, Dover, Tennessee	Atlanta	August 6, 1984
The Chattahoochee Financial Corporation, Marietta, Georgia	The Chattahoochee Bank, Marietta, Georgia	Atlanta	August 7, 1984
Unibancorp, Loogootee, Indiana	The Union Bank, Loogootee, Indiana	St. Louis	August 10, 1984
Western Kansas Bancshares, Inc., Ulysses, Kansas	Southwest Kansas National Bank, Ulysses, Kansas	Kansas City	August 9, 1984
Valley Bancorp, Inc., Brighton, Colorado	Platte Valley Industrial Bank, Brighton, Colorado	Kansas City	August 13, 1984

Section 4

Applicant	Nonbanking company	Reserve Bank	Effective date
Marshall & Ilsley Corporation, Milwaukee, Wisconsin	Midwest Bank's Data Processing, Inc., Moline, Illinois	Chicago	August 14, 1984

Sections 3 and 4

Applicant	Bank(s)/Nonbanking Company	Reserve Bank	Effective date
First Victoria Corporation, Victoria, Texas	First Victoria National Bank, Victoria, Texas	Dallas	August 13, 1984

ORDERS APPROVED UNDER BANK MERGER ACT

By Federal Reserve Banks

Applicant	Bank(s)	Reserve Bank	Effective date
Virginia Community Bank, Louisa, Virginia	The Bank of Louisa, Louisa, Virginia	Richmond	August 8, 1984

PENDING CASES INVOLVING THE BOARD OF GOVERNORS

This list of pending cases does not include suits against the Federal Reserve Banks in which the Board of Governors is not named a party.

Old Stone Corp. v. Board of Governors, No. 84–1498 (1st Cir., filed June 20, 1984).

Bank of Boston Corp. v. Board of Governors, No. 84–4089 (2d Cir., filed June 14, 1984).

Bank of New York Company, Inc. v. Board of Governors, No. 84- 4091 (2d Cir., filed June 14, 1984).

Citicorp v. Board of Governors, No. 84–4081 (2d Cir., filed May 22, 1984).

Lamb v. Pioneer First Federal Savings and Loan Association, No. C84–702 (D. Wash., filed May 8, 1984).

Girard Bank v. Board of Governors, No. 84–3262 (3rd Cir., filed May 2, 1984).

Melcher v. Federal Open Market Committee, No. 84–1335 (D.D.C., filed, Apr. 30, 1984).

Florida Bankers Association v. Board of Governors, No. 84–3269 and No. 84–3270 (11th Cir., filed Apr. 20, 1984).

Northeast Bancorp, Inc. v. Board of Governors, No. 84–4047, No. 84–4051, No. 84–4053 (2d Cir., filed Mar. 27, 1984).

Huston v. Board of Governors, No. 84–1361 (8th Cir., filed Mar. 20, 1984); and No. 84–1084 (8th Cir. filed Jan. 17, 1984).

De Young v. Owens, No. SC 9782–20–6 (Iowa Dist. Ct., filed Mar. 8, 1984).

First Tennessee National Corp. v. Board of Governors, No. 84–3201 (6th Cir., filed Mar. 6, 1984).

Independent Insurance Agents of America v. Board of Governors, No. 84–1083 (D.C. Cir., filed Mar. 5, 1984).

State of Ohio v. Board of Governors, No. 84–1270 (10th Cir., filed Jan. 30, 1984).

Ohio Deposit Guarantee Fund v. Board of Governors, No. 84–1257 (10th Cir., filed Jan. 28, 1984).

Colorado Industrial Bankers Association v. Board oj Governors, No. 84–1122 (10th Cir., filed Jan. 27, 1984).

Financial Institutions Assurance Corp. v. Board of Governors, No. 84–1101 (4th Cir., filed Jan. 27, 1984).

First Bancorporation v. Board of Governors, No. 84–1011 (10th Cir., filed Jan. 5, 1984).

Dimension Financial Corporation v. Board of Governors, No. 83–2696 (10th Cir., filed Dec. 30, 1983).

Oklahoma Bankers Association v. Federal Reserve Board, No. 83–2591 (10th Cir., filed Dec. 13, 1983).

Independent Insurance Agents of America, Inc. v. Board of Governors, No. 83–1818 (8th Cir., filed June 21, 1983); and No. 83–1819 (8th Cir., filed June 21, 1983).

The Committee for Monetary Reform v. Board of Governors, No. 84–5067 (D.C. Cir., filed June 16, 1983).

Securities Industry Association v. Board of Governors, No. 83–614 (U.S., filed Feb. 3, 1983).

Association of Data Processing Service Organizations v. Board of Governors, No. 82–1910 (D.C. Cir., filed Aug. 16, 1982); and No. 82–2108 (D.C. Cir., filed Aug. 16, 1982).

First Bancorporation v. Board of Governors, No. 82–1401 (10th Cir., filed Apr. 9, 1982).

Wolfson v. Board of Governors, No. 83–3570 (11th Cir., filed Sept. 28, 1981).

First Bank & Trust Company v. Board of Governors, No. 81–38 (E.D. Ky., filed Feb. 24, 1981).

9 to 5 Organization for Women Office Workers v. Board of Governors, No. 83–1171 (1st Cir., filed Dec. 30, 1980).

Securities Industry Association v. Board of Governors, No. 82–1766 (U.S., filed Oct. 24, 1980).

A. G. Becker, Inc. v. Board of Governors, No. 82–1766 (U.S., filed Oct. 14, 1980).

A. G. Becker, Inc. v. Board of Governors, No. 81–1493 (D.C. Cir., filed Aug. 25, 1980).

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FINANCIAL MARKETS

FEDERAL FINANCE

1.10 RESERVES, MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES

Item	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)[1]								
	1983		1984		1984				
	Q3	Q4	Q1	Q2	Mar	Apr	May	June	July
Reserves of depository institutions[2]									
1 Total	6.0	.5	6.9	7.8	1.3	.0	10.7	26.5	1.8
2 Required	5.9	-.1	4.5	9.6	9.3	7.4	8.0	20.6	3.5
3 Nonborrowed	2.9	8.0	8.2	-12.1	-11.7	-9.6	46.2	17.7	94.7
4 Monetary base[3]	8.1	7.8	9.0	7.0	.8	6.0	10.1	11.7	5.6
Concepts of money, liquid assets, and debt[4]									
5 M1	9.5	4.8	7.2	6.1r	.4r	.7	12.8	11.5	-1.3
6 M2	6.9	8.5	6.9	6.8r	4.0	6.9r	8.5r	7.0r	5.0
7 M3	7.4	9.8	8.9r	10.4	9.3r	10.7r	11.2r	9.3r	8.9
8 L	9.6	8.8	10.8r	12.3	15.6	9.7r	11.6r	15.1	n.a.
9 Debt	11.8	10.4	12.5	13.5	12.3r	13.4r	14.8r	12.6	n.a.
Nontransaction components									
10 In M2[5]	6.1	9.7	6.9	7.0r	3.7	9.0	7.0r	5.6r	7.0
11 In M3 only[6]	9.8r	15.8	17.5r	25.3	31.3r	26.7	22.4r	18.7r	24.4
Time and savings deposits									
Commercial banks									
12 Savings[7]	-6.3	6.4	-16.2	-6.4	-11.1	-2.8	3.7	-1.9	-5.6
13 Small-denomination time[8]	13.7	19.3	4.4	8.6	2.4	8.5	15.2	17.3	20.0
14 Large-denomination time[9,10]	4.8	-.2	10.0	24.2	23.7	18.6	37.6	28.5	26.0
Thrift institutions									
15 Savings[7]	2.2	4.4	-5.1	.5	.7	2.0	2.7	.7r	8.1
16 Small-denomination time	12.3	18.8	11.8	9.0	4.8	6.7	9.8r	18.9	25.1
17 Large-denomination time[9]	63.5	58.1	59.0	46.4	37.5	41.6	43.2	54.3	42.7
Debt components[4]									
18 Federal	22.9	13.3	14.7	14.0	7.5r	12.5r	19.3	11.8	n.a.
19 Nonfederal	8.7	9.6	11.8	13.4	13.7r	13.8	13.5	12.9	n.a.
20 Total loans and securities at commercial banks[11]	9.7	10.4	14.0	10.4r	13.4	5.8	13.9r	1.7r	8.7

1. Unless otherwise noted, rates of change are calculated from average amounts outstanding in preceding month or quarter.

2. Figures incorporate adjustments for discontinuities associated with the implementation of the Monetary Control Act and other regulatory changes to reserve requirements. To adjust for discontinuities due to changes in reserve requirements on reservable nondeposit liabilities, the sum of such required reserves is subtracted from the actual series. Similarly, in adjusting for discontinuities in the monetary base, required clearing balances and adjustments to compensate for float also are subtracted from the actual series.

3. The monetary base not adjusted for discontinuities consists of total reserves plus required clearing balances and adjustments to compensate for float at Federal Reserve Banks plus the currency component of the money stock less the amount of vault cash holdings of thrift institutions that is included in the currency component of the money stock plus, for institutions not having required reserve balances, the excess of current vault cash over the amount applied to satisfy current reserve requirements. After the introduction of contemporaneous reserve requirements (CRR), currency and vault cash figures are measured over the weekly computation period ending Monday.

Before CRR, all components of the monetary base other than excess reserves are seasonally adjusted as a whole, rather than by component, and excess reserves are added on a not seasonally adjusted basis. After CRR, the seasonally adjusted series consists of seasonally adjusted total reserves, which include excess reserves on a not seasonally adjusted basis, plus the seasonally adjusted currency component of the money stock plus the remaining items seasonally adjusted as a whole.

4. Composition of the money stock measures and debt is as follows.

M1: (1) currency outside the Treasury, Federal Reserve Banks, and the vaults of commercial banks; (2) travelers checks of nonbank issuers; (3) demand deposits at all commercial banks other than those due to domestic banks, the U.S. government, and foreign banks and official institutions less cash items in the process of collection and Federal Reserve float; and (4) other checkable deposits (OCD) consisting of negotiable order of withdrawal (NOW) and automatic transfer service (ATS) accounts at depository institutions, credit union share draft accounts, and demand deposits at thrift institutions. The currency and demand *deposit components exclude the estimated amount of vault cash and demand* deposits respectively held by thrift institutions to service their OCD liabilities.

M2: M1 plus overnight (and continuing contract) repurchase agreements (RPs) issued by all commercial banks and overnight Eurodollars issued to U.S. residents by foreign branches of U.S. banks worldwide, MMDAs, savings and small-denomination time deposits (time deposits—including retail RPs—in amounts of less than $100,000), and balances in both taxable and tax-exempt general purpose and broker/dealer money market mutual funds. Excludes individual retirement accounts (IRA) and Keogh balances at depository institutions and money market funds. Also excludes all balances held by U.S. commercial banks, money market funds (general purpose and broker/dealer), foreign governments and commercial banks, and the U.S. government. Also subtracted is a consolidation adjustment that represents the estimated amount of demand deposits and vault cash held by thrift institutions to service their time and savings deposits.

M3: M2 plus large-denomination time deposits and term RP liabilities (in amounts of $100,000 or more) issued by commercial banks and thrift institutions, term Eurodollars held by U.S. residents at foreign branches of U.S. banks worldwide and at all banking offices in the United Kingdom and Canada, and balances in both taxable and tax-exempt, institution-only money market mutual funds. Excludes amounts held by depository institutions, the U.S. government, money market funds, and foreign banks and official institutions. Also subtracted is a consolidation adjustment that represents the estimated amount of overnight RPs and Eurodollars held by institution-only money market mutual funds.

L: M3 plus the nonbank public holdings of U.S. savings bonds, short-term Treasury securities, commercial paper and bankers acceptances, net of money market mutual fund holdings of these assets.

Debt: Debt of domestic nonfinancial sectors consists of outstanding credit market debt of the U.S. government, state and local governments, and private nonfinancial sectors. Private debt consists of corporate bonds, mortgages, consumer credit (including bank loans), other bank loans, commercial paper, bankers acceptances, and other debt instruments. The source of data on domestic nonfinancial debt is the Federal Reserve Board's flow of funds accounts. Debt data are on an end-of-month basis. *Growth rates for debt reflect adjustments for* discontinuities over time in the levels of debt presented in other tables.

5. Sum of overnight RPs and Eurodollars, money market fund balances (general purpose and broker/dealer), MMDAs, and savings and small time deposits less the estimated amount of demand deposits and vault cash held by thrift institutions to service their time and savings deposit liabilities.

6. Sum of large time deposits, term RPs, and Eurodollars of U.S. residents, money market fund balances (institution-only), less a consolidation adjustment that represents the estimated amount of overnight RPs and Eurodollars held by institution-only money market mutual funds.

7. Excludes MMDAs.

8. Small-denomination time deposits—including retail RPs—are those issued in amounts of less than $100,000. All IRA and Keogh accounts at commercial banks and thrifts are subtracted from small time deposits.

9. Large-denomination time deposits are those issued in amounts of $100,000 or more, excluding those booked at international banking facilities.

10. Large-denomination time deposits at commercial banks less those held by money market mutual funds, depository institutions, and foreign banks and official institutions.

11. Changes calculated from figures shown in table 1.23. Beginning December 1981, growth rates reflect shifts of foreign loans and securities from U.S. banking offices to international banking facilities.

1.11 RESERVES OF DEPOSITORY INSTITUTIONS AND RESERVE BANK CREDIT

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for week ending						
	1984			1984						
	June	July	Aug.	July 18	July 25	Aug 1	Aug 8	Aug. 15	Aug 22	Aug. 29
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit**	**175,397**	**176,910**	**175,604**	**177,945**	**176,331**	**175,366**	**176,186**	**176,122**	**174,924**	**174,371**
2 U S. government securities[1]	154,500	152,628	150,145	154,054	151,472	149,972	150,701	149,443	150,378	149,332
3 Bought outright	153,354	152,050	149,890	153,102	151,472	149,972	150,701	149,443	150,378	149,332
4 Held under repurchase agreements	1,146	578	255	952	0	0	0	0	0	0
5 Federal agency obligations	8,602	8,540	8,512	8,542	8,500	8,498	8,494	8,494	8,494	8,494
6 Bought outright	8,503	8,500	8,494	8,500	8,500	8,498	8,494	8,494	8,494	8,494
7 Held under repurchase agreements	99	40	18	42	0	0	0	0	0	0
8 Acceptances	106	0	0	0	0	0	0	0	0	0
9 Loans	3,166	6,023	8,095	5,891	6,849	7,460	7,282	8,692	7,935	8,356
10 Float	594	822	417	713	603	370	784	583	286	106
11 Other Federal Reserve assets	8,429	8,897	8,435	8,745	8,907	9,066	8,925	8,910	7,831	8,083
12 Gold stock	11,103	11,099	11,099	11,099	11,099	11,099	11,099	11,099	11,099	11,099
13 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
14 Treasury currency outstanding	16,082	16,147	16,186	16,128[r]	16,136[r]	16,146	16,162	16,177	16,192	16,207
ABSORBING RESERVE FUNDS										
15 Currency in circulation	174,219	176,358	176,182	176,828[r]	175,892[r]	175,355	176,257	176,767	176,117	175,468
16 Treasury cash holdings	530	514	475	521	510	497	480	476	475	472
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	3,894	3,966	3,528	3,415	3,972	4,179	3,942	3,120	3,348	3,615
18 Foreign	244	227	214	248	227	215	218	205	208	206
19 Service-related balances and adjustments	1,388	1,526	1,462	1,339	2,043[r]	1,502	1,404	1,378	1,452	1,504
20 Other	439	329	339	341	276	314	274	275	322	436
21 Other Federal Reserve liabilities and capital	6,214	6,128	5,986	6,196	6,147	6,097	5,853	6,067	6,039	5,979
22 Reserve balances with Federal Reserve Banks[2]	20,272	19,726	19,321	20,904	19,118[r]	19,071	19,637	19,728	18,871	18,614
	End-of-month figures			Wednesday figures						
	1984			1984						
	June	July	Aug.	July 18	July 25	Aug 1	Aug 8	Aug 15	Aug. 22	Aug 29
SUPPLYING RESERVE FUNDS										
23 **Reserve Bank credit**	**175,051**	**176,127**	**178,938**	**181,230**	**174,907**	**178,219**	**177,009**	**174,186**	**174,939**	**173,944**
24 U S. government securities[1]	152,859	150,705	153,183	155,637	150,167	151,352	150,660	144,689	150,392	149,054
25 Bought outright	152,859	150,705	148,356	152,630	150,167	151,352	150,660	144,689	150,392	149,054
26 Held under repurchase agreements	0	0	4,827	3,007	0	0	0	0	0	0
27 Federal agency obligations	8,501	8,499	8,863	8,659	8,499	8,494	8,494	8,494	8,494	8,494
28 Bought outright	8,501	8,499	8,494	8,500	8,499	8,494	8,494	8,494	8,494	8,494
29 Held under repurchase agreements	0	0	369	159	0	0	0	0	0	0
30 Acceptances	0	0	0	0	0	0	0	0	0	0
31 Loans	4,760	7,238	8,276	6,958	6,995	8,775	7,385	12,787	7,826	8,166
32 Float	−655	671	326	1,006	198	604	1,225	264	38	−24
33 Other Federal Reserve assets	9,586	9,014	8,290	8,970	9,048	8,994	9,245	7,952	8,189	8,254
34 Gold stock	11,100	11,099	11,098	11,099	11,099	11,099	11,099	11,099	11,099	11,098
35 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
36 Treasury currency outstanding	16,111	16,173	16,220	16,135[r]	16,143[r]	16,160	16,175	16,190	16,205	16,220
ABSORBING RESERVE FUNDS										
37 Currency in circulation	175,069	175,634	176,852	176,527[r]	175,614[r]	175,777	176,713	176,667	175,837	176,005
38 Treasury cash holdings	523	497	465	512	497	489	476	475	473	465
Deposits, other than reserve balances with Federal Reserve Banks										
39 Treasury	4,397	3,972	4,029	3,848	3,958	3,586	4,220	4,393	3,358	3,783
40 Foreign	237	215	242	195	246	256	228	205	233	215
41 Service-related balances and adjustments	1,148	1,159	1,148	1,156	1,157[r]	1,158	1,145	1,145	1,141	1,142
42 Other	432	309	413	275	265	533	246	289	485	428
43 Other Federal Reserve liabilities and capital	5,971	6,035	6,140	6,126	5,967	5,815	5,811	5,842	5,863	5,792
44 Reserve balances with Federal Reserve Banks[2]	19,104	20,196	21,585	24,444	19,064[r]	22,482	20,062	17,077	19,470	18,050

1. *Includes* securities loaned—fully guaranteed by U.S government securities pledged with Federal Reserve Banks—and *excludes* (if any) securities sold and scheduled to be bought back under matched sale-purchase transactions.

2. Excludes required clearing balances and adjustments to compensate for float

NOTE For amounts of currency and coin held as reserves, see table 1.12.

1.12 RESERVES AND BORROWINGS Depository Institutions

Millions of dollars

Reserve classification	1981 Dec	1982 Dec	1983 Dec	1984 Jan	1984 Feb	1984 Mar	1984 Apr	1984 May	1984 June	1984 July
	Monthly averages of daily figures									
1 Reserve balances with Reserve Banks[1]	26,163	24,804	20,986	21,325	18,414	19,484	20,351	19,560	20,210	19,885
2 Total vault cash[2]	19,538	20,392	20,755	22,578	22,269	20,396	20,152	20,446	20,770	21,134
3 Vault cash used to satisfy reserve requirements[3]	15,755	17,049	17,908	18,795	17,951	16,794	16,802	16,960	17,308	17,579
4 Surplus vault cash[4]	3,783	3,343	2,847	3,782	4,318	3,602	3,349	3,486	3,461	3,555
5 Total reserves[5]	41,918	41,853	38,894	40,120	36,365	36,278	37,154	36,519	37,518	37,464
6 Required reserves	41,606	41,353	38,333	39,507	35,423	35,569	36,664	35,942	36,752	36,858
7 Excess reserve balances at Reserve Banks[6]	312	500	561	613	942	709	490	577	767	607
8 Total borrowings at Reserve Banks	642	697	774r	715	567	952	1,234	2,988	3,300	5,924
9 Seasonal borrowings at Reserve Banks	53	33	96	86	103	133	139	196	264	308
10 Extended credit at Reserve Banks[7]	149	187	2	4	5	27	44	37	1,873	5,008

Reserve classification	Apr 25	May 9	May 23	June 6	June 20	July 4	July 18	Aug 1	Aug. 15p	Aug. 29p
	Biweekly averages of daily figures for weeks ending 1984									
11 Reserve balances with Reserve Banks[1]	20,556	20,029	19,390	19,329	20,603	20,189	20,546	19,079	19,669	18,727
12 Total vault cash[2]	20,476	20,010	20,655	20,570	20,604	21,121	20,708	21,597	21,533	21,981
13 Vault cash used to satisfy reserve requirements[3]	17,103	16,582	17,167	17,023	17,284	17,513	17,404	17,789	17,922	18,156
14 Surplus vault cash[4]	3,373	3,429	3,489	3,547	3,320	3,608	3,304	3,808	3,611	3,825
15 Total reserves[5]	37,659	36,611	36,556	36,352	37,887	37,702	37,950	36,868	37,590	36,882
16 Required reserves	37,091	36,019	35,937	35,865	37,208	36,645	37,499	36,233	36,914	36,184
17 Excess reserve balances at Reserve Banks[6]	568	592	620	487	679	1,058	451	635	677	698
18 Total borrowings at Reserve Banks	1,232	1,064	4,180	3,070	2,965	3,909	5,358	7,155	7,987	8,146
19 Seasonal borrowings at Reserve Banks	138	159	195	239	257	289	284	340	338	359
20 Extended credit at Reserve Banks[7]	44	61	34	16	1,974	2,846	4,614	6,098	6,976	7,184

1 Excludes required clearing balances and adjustments to compensate for float

2 Dates refer to the maintenance periods in which the vault cash can be used to satisfy reserve requirements. Under contemporaneous reserve requirements, maintenance periods end 30 days after the lagged computation periods in which the balances are held

3 Equal to all vault cash held during the lagged computation period by *institutions having required reserve balances at Federal Reserve Banks* plus the amount of vault cash equal to required reserves during the maintenance period at institutions having no required reserve balances

4 Total vault cash at institutions having no required reserve balances less the amount of vault cash equal to their required reserves during the maintenance period

5 Total reserves not adjusted for discontinuities consist of reserve balances with Federal Reserve Banks, which exclude required clearing balances and adjustments to compensate for float, plus vault cash used to satisfy reserve requirements. Such vault cash consists of all vault cash held during the lagged computation period by institutions having required reserve balances at Federal Reserve Banks plus the amount of vault cash equal to required reserves during the maintenance period at institutions having no required reserve balances.

6 Reserve balances with Federal Reserve Banks plus vault cash used to satisfy reserve requirements less required reserves

7 Extended credit consists of borrowing at the discount window under the terms and conditions established for the extended credit program to help depository institutions deal with sustained liquidity pressures. Because there is not the same need to repay such borrowing promptly as there is with traditional short-term adjustment credit, the money market impact of extended credit is similar to that of nonborrowed reserves

NOTE. These data also appear in the Board's H.3 (502) release. For address, see inside front cover.

1.13 FEDERAL FUNDS AND REPURCHASE AGREEMENTS Large Member Banks[1]

Averages of daily figures, in millions of dollars

By maturity and source	July 2	July 9	July 16	July 23	July 30r	Aug. 6	Aug 13	Aug 20	Aug 27
	1984 week ending Monday								
One day and continuing contract									
1 Commercial banks in United States	56,052	64,992	59,295	55,879r	54,302	60,070	62,041	59,692	56,969
2 Other depository institutions, foreign banks and foreign official institutions, and U S government agencies	18,828	21,053	19,970	19,502	19,437	21,050	22,831	21,881	21,738
3 Nonbank securities dealers	5,570	5,361	4,740	5,027	4,758	5,029	5,469	5,287	5,073
4 All other	24,075	24,357	24,793	25,787	25,654	25,363	26,088	26,242	27,663
All other maturities									
5 Commercial banks in United States	9,296	8,908	9,084	9,065	9,133	9,040	8,908	8,620	9,236
6 Other depository institutions, foreign banks and foreign official institutions, and U S government agencies	11,980	11,728	12,033	10,799	10,650	10,397	10,159	9,923	9,614
7 Nonbank securities dealers	6,557	5,466	5,723	5,901	6,862	6,758	6,514	6,304	6,117
8 All other	9,186	8,535	9,586	9,484	9,734	10,008	10,320	10,290	10,413
MEMO. Federal funds and resale agreement loans in maturities of one day or continuing contract									
9 Commercial banks in United States	25,074r	24,908r	24,744r	23,686r	23,954	26,938	26,008	26,517	24,220
10 Nonbank securities dealers	5,328	4,936	4,896	4,239	3,950	3,882	3,809	4,189	3,987

1 Banks with assets of $1 billion or more as of Dec 31, 1977

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

Current and previous levels

Federal Reserve Bank	Short-term adjustment credit and seasonal credit			Extended credit[1]						
				First 60 days of borrowing		Next 90 days of borrowing		After 150 days		Effective date for current rates
	Rate on 8/31/84	Effective date	Previous rate	Rate on 8/31/84	Previous rate	Rate on 8/31/84	Previous rate	Rate on 8/31/84	Previous rate	
Boston	9	4/9/84	8½	9	8½	10	9½	11	10½	4/9/84
New York		4/9/84								4/9/84
Philadelphia		4/9/84								4/9/84
Cleveland		4/10/84								4/10/84
Richmond		4/9/84								4/9/84
Atlanta		4/10/84								4/10/84
Chicago		4/9/84								4/9/84
St. Louis		4/9/84								4/9/84
Minneapolis		4/9/84								4/9/84
Kansas City		4/13/84								4/13/84
Dallas		4/9/84								4/9/84
San Francisco	9	4/13/84	8½	9	8½	10	9½	11	10½	4/13/84

Range of rates in recent years[2]

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1973	7½	7½	1978— July 3	7–7¼	7¼	1981— May 5	13–14	14
1974— Apr 25	7½–8	8	10	7¼	7¼	8	14	14
30	8	8	Aug. 21	7¾	7¾	Nov 2	13–14	13
Dec. 9	7¾–8	7¾	Sept 22	8	8	6	13	13
16	7¾	7¾	Oct. 16	8–8½	8½	Dec. 4	12	12
			20	8½	8½			
1975— Jan 6	7¼–7¾	7¾	Nov. 1	8½–9½	9½	1982— July 20	11½–12	11½
10	7¼–7¾	7¼	3	9½	9½	23	11½	11½
24	7¼	7¼				Aug 2	11–11½	11
Feb. 5	6¾–7¼	6¾	1979— July 20	10	10	3	11	11
7	6¾	6¾	Aug. 17	10–10½	10½	16	10½	10½
Mar. 10	6¼–6¾	6¼	20	10½	10½	27	10–10½	10
14	6¼	6¼	Sept 19	10½–11	11	30	10	10
May 16	6–6¼	6	21	11	11	Oct. 12	9½–10	9½
23	6	6	Oct 8	11–12	12	13	9½	9½
			10	12	12	Nov. 22	9–9½	9
1976— Jan. 19	5½–6	5½				26	9	9
23	5½	5½	1980— Feb 15	12–13	13	Dec 14	8½–9	9
Nov. 22	5¼–5½	5¼	19	13	13	15	8½–9	8½
26	5¼	5¼	May 29	12–13	13	17	8½	8½
			30	12	12			
1977— Aug. 30	5¼–5¾	5¼	June 13	11–12	11	1984— Apr. 9	8½–9	9
31	5¼–5¾	5¾	16	11	11	13	9	9
Sept. 2	5¾	5¾	July 28	10–11	10			
Oct 26	6	6	29	10	10			
			Sept. 26	11	11			
1978— Jan 9	6–6½	6½	Nov 17	12	12			
20	6½	6½	Dec 5	12–13	13			
May 11	6½–7	7	8	13	13			
12	7	7				In effect Aug. 31, 1984	9	9

1. Applicable to advances when exceptional circumstances or practices involve only a particular depository institution and to advances when an institution is under sustained liquidity pressures. See section 201 3(b)(2) of Regulation A.

2. Rates for short-term adjustment credit. For description and earlier data see the following publications of the Board of Governors. *Banking and Monetary Statistics, 1914–1941*, and *1941–1970*, *Annual Statistical Digest, 1970–1979, 1980, 1981*, and *1982*.

In 1980 and 1981, the Federal Reserve applied a surcharge to short-term adjustment credit borrowings by institutions with deposits of $500 million or more that had borrowed in successive weeks or in more than 4 weeks in a calendar quarter A 3 percent surcharge was in effect from Mar 17, 1980, through May 7, 1980 There was no surcharge until Nov. 17, 1980, when a 2 percent surcharge was adopted, the surcharge was subsequently raised to 3 percent on Dec. 5, 1980, and to 4 percent on May 5, 1981. The surcharge was reduced to 3 percent effective Sept 22, 1981, and to 2 percent effective Oct 12. As of Oct. 1, the formula for applying the surcharge was changed from a calendar quarter to a moving 13-week period. The surcharge was eliminated on Nov. 17, 1981

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

Percent of deposits

Type of deposit, and deposit interval	Member bank requirements before implementation of the Monetary Control Act		Type of deposit, and deposit interval[5]	Depository institution requirements after implementation of the Monetary Control Act[6]	
	Percent	Effective date		Percent	Effective date
Net demand[2]			*Net transaction accounts*[7,8]		
$0 million–$2 million	7	12/30/76	$0–$28.9 million	3	12/29/83
$2 million–$10 million	9½	12/30/76	Over $28.9 million	12	12/29/83
$10 million–$100 million	11¾	12/30/76			
$100 million–$400 million	12¾	12/30/76	*Nonpersonal time deposits*[9]		
Over $400 million	16¼	12/30/76	By original maturity		
			Less than 1½ years	3	10/6/83
Time and savings[2,3]			1½ years or more	0	10/6/83
Savings	3	3/16/67			
			Eurocurrency liabilities		
Time[4]			All types	3	11/13/80
$0 million–$5 million, by maturity					
30–179 days	3	3/16/67			
180 days to 4 years	2½	1/8/76			
4 years or more	1	10/30/75			
Over $5 million, by maturity					
30–179 days	6	12/12/74			
180 days to 4 years	2½	1/8/76			
4 years or more	1	10/30/75			

1. For changes in reserve requirements beginning 1963, see Board's *Annual Statistical Digest, 1971–1975*, and for prior changes, see Board's *Annual Report* for 1976, table 13. Under provisions of the Monetary Control Act, depository institutions include commercial banks, mutual savings banks, savings and loan associations, credit unions, agencies and branches of foreign banks, and Edge Act corporations.

2. Requirement schedules are graduated, and each deposit interval applies to that part of the deposits of each bank. Demand deposits subject to reserve requirements were gross demand deposits minus cash items in process of collection and demand balances due from domestic banks.

The Federal Reserve Act as amended through 1978 specified different ranges of requirements for reserve city banks and for other banks. Reserve cities were designated under a criterion adopted effective Nov. 9, 1972, by which a bank having net demand deposits of more than $400 million was considered to have the character of business of a reserve city bank. The presence of the head office of such a bank constituted designation of that place as a reserve city. Cities in which there were Federal Reserve Banks or branches were also reserve cities. Any banks having net demand deposits of $400 million or less were considered to have the character of business of banks outside of reserve cities and were permitted to maintain reserves at ratios set for banks not in reserve cities.

Effective Aug. 24, 1978, the Regulation M reserve requirements on net balances due from domestic banks to their foreign branches and on deposits that foreign branches lend to U.S. residents were reduced to zero from 4 percent and 1 percent respectively. The Regulation D reserve requirement of borrowings from unrelated banks abroad was also reduced to zero from 4 percent.

Effective with the reserve computation period beginning Nov. 16, 1978, domestic deposits of Edge corporations were subject to the same reserve requirements as deposits of member banks.

3. Negotiable order of withdrawal (NOW) accounts and time deposits such as Christmas and vacation club accounts were subject to the same requirements as savings deposits.

The average reserve requirement on savings and other time deposits before implementation of the Monetary Control Act had to be at least 3 percent, the minimum specified by law.

4. Effective Nov. 2, 1978, a supplementary reserve requirement of 2 percent was imposed on large time deposits of $100,000 or more, obligations of affiliates, and ineligible acceptances. This supplementary requirement was eliminated with the maintenance period beginning July 24, 1980.

Effective with the reserve maintenance period beginning Oct. 25, 1979, a marginal reserve requirement of 8 percent was added to managed liabilities in excess of a base amount. This marginal requirement was increased to 10 percent beginning Apr. 3, 1980, was decreased to 5 percent beginning June 12, 1980, and was eliminated beginning July 24, 1980. Managed liabilities are defined as large time deposits, Eurodollar borrowings, repurchase agreements against U.S. government and federal agency securities, federal funds borrowings from nonmember institutions, and certain other obligations. In general, the base for the marginal reserve requirement was originally the greater of (a) $100 million or (b) the average amount of the managed liabilities held by a member bank, Edge corporation, or family of U.S. branches and agencies of a foreign bank for the two reserve computation periods ending Sept. 26, 1979. For the computation period beginning Mar. 20, 1980, the base was lowered by (a) 7 percent or (b) the decrease in an institution's U.S. office gross loans to foreigners and gross balances due from foreign offices of other institutions between the base period (Sept. 13–26, 1979) and the week ending Mar. 12, 1980, whichever was greater. For the computation period beginning May 29, 1980, the base was increased by 7½ percent above the base used to calculate the marginal reserve in the statement week of May 14–21, 1980. In addition, beginning Mar. 19, 1980, the base was reduced to the extent that foreign loans and balances declined.

5. The Garn–St Germain Depository Institutions Act of 1982 (Public Law 97–320) provides that $2 million of reservable liabilities (transaction accounts, nonpersonal time deposits, and Eurocurrency liabilities) of each depository institution be subject to a zero percent reserve requirement. The Board is to adjust the amount of reservable liabilities subject to this zero percent reserve requirement each year for the next succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is to be made in the event of a decrease. Effective Dec. 9, 1982, the amount of the exemption was established at $2.1 million. Effective with the reserve maintenance period beginning Jan. 12, 1984, the amount of the exemption is $2.2 million. In determining the reserve requirements of a depository institution, the exemption shall apply in the following order: (1) nonpersonal money market deposit accounts (MMDAs) authorized under 12 CFR section 1204.122; (2) net NOW accounts (NOW accounts less allowable deductions); (3) net other transaction accounts; and (4) nonpersonal time deposits or Eurocurrency liabilities starting with those with the highest reserve ratio. With respect to NOW accounts and other transaction accounts, the exemption applies only to such accounts that would be subject to a 3 percent reserve requirement.

6. For nonmember banks and thrift institutions that were not members of the Federal Reserve System on or after July 1, 1979, a phase-in period ends Sept. 3, 1987. For banks that were members on or after July 1, 1979, but withdrew on or before Mar. 31, 1980, the phase-in period established by Public Law 97–320 ends on Oct. 24, 1985. For existing member banks the phase-in period of about three years was completed on Feb. 2, 1984. All new institutions will have a two-year phase-in beginning with the date that they open for business, except for those institutions that have total reservable liabilities of $50 million or more.

7. Transaction accounts include all deposits on which the account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, and telephone and preauthorized transfers (in excess of three per month) for the purpose of making payments to third persons or others. However, MMDAs and similar accounts offered by institutions not subject to the rules of the Depository Institutions Deregulation Committee (DIDC) that permit no more than six preauthorized, automatic, or other transfers per month of which no more than three can be checks—are not transaction accounts (such accounts are savings deposits subject to time deposit reserve requirements.)

8. The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage increase in transaction accounts held by all depository institutions determined as of June 30 each year. Effective Dec. 31, 1981, the amount was increased accordingly from $25 million to $26 million; and effective Dec. 30, 1982, to $26.3 million; and effective Dec. 29, 1983, to $28.9 million.

9. In general, nonpersonal time deposits are time deposits, including savings deposits, that are not transaction accounts and in which a beneficial interest is held by a depositor that is not a natural person. Also included are certain transferable time deposits held by natural persons, and certain obligations issued to depository institution offices located outside the United States. For details, see section 204.2 of Regulation D.

NOTE. Required reserves must be held in the form of deposits with Federal Reserve Banks or vault cash. Nonmembers may maintain reserve balances with a Federal Reserve Bank indirectly on a pass-through basis with certain approved institutions.

1.16 MAXIMUM INTEREST RATES PAYABLE on Time and Savings Deposits at Federally Insured Institutions[1]

Percent per annum

Type of deposit	Commercial banks		Savings and loan associations and mutual savings banks (thrift institutions)[1]	
	In effect Sept. 30, 1984		In effect Sept. 30, 1984	
	Percent	Effective date	Percent	Effective date
1 Savings	5½	1/1/84	5½	7/1/79
2 Negotiable order of withdrawal accounts	5¼	12/31/80	5¼	12/31/80
3 Negotiable order of withdrawal accounts of $2,500 or more[2]	....	1/5/83	....	1/5/83
4 Money market deposit account[2]	....[3]	12/14/82	....[3]	12/14/82
Time accounts by maturity				
5 7–31 days of less than $2,500[4]	5½	1/1/84	5½	9/1/82
6 7–31 days of $2,500 or more[2]	....	1/5/83	....	1/5/83
7 More than 31 days	....	10/1/83	....	10/1/83

1. Effective Oct. 1, 1983, restrictions on the maximum rates of interest payable by commercial banks and thrift institutions on various categories of deposits were removed. For information regarding previous interest rate ceilings on all categories of accounts see earlier issues of the FEDERAL RESERVE BULLETIN, the *Federal Home Loan Bank Board Journal*, and the *Annual Report of the Federal Deposit Insurance Corporation* before November 1983.

2. Effective Dec. 1, 1983, IRA/Keogh (HR10) Plan accounts are not subject to minimum deposit requirements.

3. Effective Dec. 14, 1982, depository institutions are authorized to offer a new account with a required initial balance of $2,500 and an average maintenance balance of $2,500 not subject to interest rate restrictions. No minimum maturity period is required for this account, but depository institutions must reserve the right to require seven days notice before withdrawals. When the average balance is less than $2,500, the account is subject to the maximum ceiling rate of interest for NOW accounts; compliance with the average balance requirement may be determined over a period of one month. Depository institutions may not guarantee a rate of interest for this account for a period longer than one month or condition the payment of a rate on a requirement that the funds remain on deposit for longer than one month.

4. Deposits of less than $2,500 issued to governmental units continue to be subject to an interest rate ceiling of 8 percent.

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

Type of transaction	1981	1982	1983	1984						
				Jan	Feb	Mar.	Apr	May	June	July
U.S. GOVERNMENT SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	13,899	17,067	18,888	0	368	3,159	3,283	610	801	0
2 Gross sales	6,746	8,369	3,420	1,967	828	0	0	2,003	0	897
3 Exchange	0	0	0	0	0	0	0	0	0	0
4 Redemptions	1,816	3,000	2,400	1,300	600	0	3,283	2,200	801	600
Others within 1 year										
5 Gross purchases	317	312	484	0	0	0	198	0	0	0
6 Gross sales	23	0	0	0	0	0	0	0	0	0
7 Maturity shift	13,794	17,295	18,887	573	-2,488	1,012	347	2,739	1,069	427
8 Exchange	-12,869	-14,164	-16,553	1,530	-4,574	0	-2,223	1,807	0	2,606
9 Redemptions	0	0	87	0	0	0	0	0	0	0
1 to 5 years										
10 Gross purchases	1,702	1,797	1,896	0	0	0	808	0	0	0
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shift	-10,299	-14,524	-15,533	-487	2,488	-1,012	273	-2,279	1,069	-345
13 Exchange	10,117	11,804	11,641	1,530	2,861	0	2,223	1,150	0	2,606
5 to 10 years										
14 Gross purchases	393	388	890	0	0	0	200	0	0	0
15 Gross sales	0	0	0	300	0	0	0	0	0	0
16 Maturity shift	3,495	-2,172	-2,450	-86	97	0	75	383	0	83
17 Exchange	1,500	2,128	2,950	0	1,000	0	0	400	0	0
Over 10 years										
18 Gross purchases	379	307	383	0	0	0	277	0	0	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shift	0	-601	904	0	97	0	0	-77	0	0
21 Exchange	1,253	234	1,962	0	713	0	0	257	0	0
All maturities										
22 Gross purchases	16,690	19,870	22,540	0	368	3,159	1,484	610	801	0
23 Gross sales	6,769	8,369	3,420	2,267	828	0	0	2,003	0	897
24 Redemptions	1,816	3,000	2,487	1,300	600	0	0	2,200	0	600
Matched transactions										
25 Gross sales	589,312	543,804	578,591	54,833	55,656	66,827	72,293	79,313	61,017	81,799
26 Gross purchases	589,647	543,173	576,908	58,096	47,310	73,634	71,754	79,608	61,331	81,143
Repurchase agreements										
27 Gross purchases	79,920	130,774	105,971	14,245	0	4,996	15,313	8,267	23,298	14,830
28 Gross sales	78,733	130,286	108,291	15,629	0	4,996	8,220	12,199	26,460	14,830
29 Net change in U.S. government securities	9,626	8,358	12,631	-1,688	-9,407	9,966	11,321	-7,228	2,047	-2,154
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases	494	0	0	0	0	0	0	0	0	0
31 Gross sales	0	0	0	0	0	0	0	0	0	0
32 Redemptions	108	189	292	40	38	10	2	40	15	-1
Repurchase agreements										
33 Gross purchases	13,320	18,957	8,833	931	0	609	1,247	616	1,819	958
34 Gross sales	13,576	18,638	9,213	1,139	0	609	820	744	2,117	958
35 Net change in federal agency obligations	130	130	-672	-248	38	10	424	169	-313	-1
BANKERS ACCEPTANCES										
36 Repurchase agreements, net	-582	1,285	-1,062	-418	0	0	305	122	426	0
37 Total net change in System Open Market Account	**9,175**	**9,773**	**10,897**	**-2,354**	**-9,444**	**9,956**	**12,050**	**-7,275**	**-2,786**	**-2,155**

NOTE. Sales, redemptions, and negative figures reduce holdings of the System Open Market Account; all other figures increase such holdings. Details may not add to totals because of rounding.

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements

Millions of dollars

Account	Wednesday					End of month		
	1984					1984		
	Aug. 1	Aug. 8	Aug. 15	Aug 22	Aug. 29	June	July	Aug.
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,099	11,099	11,099	11,099	11,098	11,100	11,099	11,098
2 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
3 Coin	445	446	455	460	462	435	444	454
Loans								
4 To depository institutions	8,775	7,385	12,787	7,826	8,166	4,760	7,238	8,276
5 Other	0	0	0	0	0	0	0	0
Acceptances—Bought outright								
6 Held under repurchase agreements	0	0	0	0	0	0	0	0
Federal agency obligations								
7 Bought outright	8,494	8,494	8,494	8,494	8,494	8,501	8,499	8,494
8 Held under repurchase agreements	0	0	0	0	0	0	0	369
U S government securities								
Bought outright								
9 Bills	65,421	64,729	58,758	64,461	63,123	66,928	64,774	62,425
10 Notes	63,870	63,870	63,894	63,894	63,894	63,870	63,870	63,894
11 Bonds	22,061	22,061	22,037	22,037	22,037	22,061	22,061	22,037
12 Total bought outright[1]	151,352	150,660	144,689	150,392	149,054	152,859	150,705	148,356
13 Held under repurchase agreements	0	0	0	0	0	0	0	4,827
14 Total U.S. government securities	151,352	150,660	144,689	150,392	149,054	152,859	150,705	153,183
15 **Total loans and securities**	**168,621**	**166,539**	**165,970**	**166,712**	**165,714**	**166,120**	**166,442**	**170,322**
16 Cash items in process of collection	8,496	7,720	7,541	6,457	6,130	6,350	9,747	6,808
17 Bank premises	555	556	555	556	556	556	555	554
Other assets								
18 Denominated in foreign currencies[2]	3,638	3,640	3,643	3,646	3,651	3,733	3,638	3,672
19 All other[3]	4,801	5,049	3,754	3,987	4,047	5,297	4,821	4,064
20 **Total assets**	***202,273***	***199,667***	***197,635***	***197,535***	***196,276***	***198,209***	***201,364***	***201,590***
LIABILITIES								
21 Federal Reserve notes	160,551	161,460	161,407	160,566	160,712	159,915	160,402	161,551
Deposits								
22 To depository institutions	23,640	21,207	18,222	20,611	19,192	20,252	21,355	22,733
23 U S Treasury—General account	3,586	4,220	4,393	3,358	3,783	4,397	3,972	4,029
24 Foreign—Official accounts	256	228	205	233	215	237	215	242
25 Other	533	246	289	485	428	432	309	413
26 **Total deposits**	**28,015**	**25,901**	**23,109**	**24,687**	**23,618**	**25,318**	**25,851**	**27,417**
27 Deferred availability cash items	7,892	6,495	7,277	6,419	6,154	7,005	9,076	6,482
28 Other liabilities and accrued dividends[4]	2,530	2,379	2,404	2,422	2,356	2,528	2,463	2,591
29 **Total liabilities**	**198,988**	**196,235**	**194,197**	**194,094**	**192,840**	**194,766**	**197,792**	**198,041**
CAPITAL ACCOUNTS								
30 Capital paid in	1,545	1,554	1,557	1,556	1,558	1,541	1,545	1,557
31 Surplus	1,465	1,465	1,465	1,465	1,465	1,465	1,465	1,465
32 Other capital accounts	275	413	416	420	413	437	562	527
33 **Total liabilities and capital accounts**	**202,273**	**199,667**	**197,635**	**197,535**	**196,276**	**198,209**	**201,364**	**201,590**
34 MEMO: Marketable U.S. government securities held in custody for foreign and international account	115,046	117,389	119,120	117,709	118,930	116,234	115,318	119,421
	Federal Reserve note statement							
35 Federal Reserve notes outstanding	188,565	188,662	188,886	189,108	189,348	187,637	188,428	189,217
36 LESS. Held by bank	28,014	27,202	27,479	28,542	28,636	27,722	28,026	27,666
37 Federal Reserve notes, net	160,551	161,460	161,407	160,566	160,712	159,915	160,402	161,551
Collateral held against notes net								
38 Gold certificate account	11,099	11,099	11,099	11,099	11,098	11,100	11,099	11,098
39 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U S. government and agency securities	144,834	145,743	145,690	144,849	144,996	144,197	144,685	145,835
42 **Total collateral**	**160,551**	**161,460**	**161,407**	**160,566**	**160,712**	**159,915**	**160,402**	**161,551**

1. *Includes* securities loaned—fully guaranteed by U.S. government securities pledged with Federal Reserve Banks—and *excludes* (if any) securities sold and scheduled to be bought back under matched sale-purchase transactions.

2 Assets shown in this line are revalued monthly at market exchange rates.

3. Includes special investment account at Chicago of Treasury bills maturing within 90 days

4. Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign-exchange commitments.

NOTE · Some of these data also appear in the Board's H 4 1 (503) release. For address, see inside front cover

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity groupings	Wednesday 1984					End of month 1984		
	Aug 1	Aug 8	Aug. 15	Aug 22	Aug. 29	June 29	July 31	Aug 31
1 Loans—Total	8,775	7,385	12,787	7,826	8,166	4,760	7,238	8,276
2 Within 15 days	8,554	7,169	12,496	7,792	8,109	4,674	7,135	8,111
3 16 days to 90 days	221	216	291	34	57	86	103	165
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances—Total	0	0	0	0	0	0	0	0
6 Within 15 days	0	0	0	0	0	0	0	0
7 16 days to 90 days	0	0	0	0	0	0	0	0
8 91 days to 1 year	0	0	0	0	0	0	0	0
9 U.S. government securities—Total	151,352	150,660	144,689	150,392	149,054	152,859	150,705	153,183
10 Within 15 days[1]	5,542	7,032	3,583	7,254	7,293	5,129	3,013	8,544
11 16 days to 90 days	31,435	31,395	25,677	30,049	29,081	34,053	33,317	33,105
12 91 days to 1 year	44,702	42,560	47,268	44,928	44,519	45,112	44,702	44,040
13 Over 1 year to 5 years	36,329	36,329	33,985	33,985	33,985	35,138	36,329	33,318
14 Over 5 years to 10 years	14,256	14,256	14,808	14,808	14,808	14,339	14,256	14,808
15 Over 10 years	19,088	19,088	19,368	19,368	19,368	19,088	19,088	19,368
16 Federal agency obligations—Total	8,494	8,494	8,494	8,494	8,494	8,501	8,499	8,863
17 Within 15 days[1]	0	0	103	184	202	159	85	571
18 16 days to 90 days	613	698	685	604	523	519	613	523
19 91 days to 1 year	1,799	1,714	1,654	1,654	1,754	1,647	1,719	1,754
20 Over 1 year to 5 years	4,371	4,371	4,341	4,341	4,304	4,476	4,371	4,304
21 Over 5 years to 10 years	1,312	1,312	1,312	1,312	1,312	1,301	1,312	1,312
22 Over 10 years	399	399	399	399	399	399	399	399

1. Holdings under repurchase agreements are classified as maturing within 15 days in accordance with maximum maturity of the agreements.

1.20 AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND MONETARY BASE

Billions of dollars, averages of daily figures

Item	1980 Dec.	1981 Dec.	1982 Dec	1983 Dec.	1983 Dec.	1984 Jan	1984 Feb	1984 Mar	1984 Apr	1984 May	1984 June	1984 July
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[1]	Seasonally adjusted											
1 **Total reserves[2]**	**30.64**	**31.51**	**33.63**	**35.28**	**35.28**	**35.50**	**36.07**	**36.10**	**36.10**	**36.43**	**37.23**	**37.18**
2 Nonborrowed reserves	28.95	30.88	33.00	34.51	34.51	34.79	35.50	35.15	34.87	33.44	33.93	31.25
3 Nonborrowed reserves plus extended credit[3]	28.95	31.03	33.18	34.51	34.51	34.79	35.50	35.18	34.91	33.48	35.80	36.26
4 Required reserves	30.13	31.20	33.13	34.72	34.72	34.89	35.12	35.40	35.61	35.85	36.47	36.57
5 Monetary base[4]	150.11	157.82	169.81	184.97	184.97	186.94	188.58	188.72	189.66	191.26	193.12	194.03
	Not seasonally adjusted											
6 **Total reserves[2]**	**31.34**	**32.23**	**34.35**	**36.00**	**36.00**	**37.30**	**35.65**	**35.63**	**36.46**	**35.76**	**36.76**	**36.80**
7 Nonborrowed reserves	29.65	31.59	33.71	35.22	35.22	36.59	35.09	34.68	35.23	32.78	33.46	30.88
8 Nonborrowed reserves plus extended credit[3]	29.65	31.74	33.90	35.23	35.23	36.59	35.09	34.71[r]	35.28	32.81	35.33	35.89
9 Required reserves	30.82	31.91	33.85	35.44	35.44	36.69	34.71	34.92[r]	35.97	35.19	35.99	36.20
10 *Monetary base[4]*	152.80	160.65	172.83	188.23	188.23	188.10	185.93	187.17	189.66[r]	190.33	193.20	194.86
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[5]												
11 **Total reserves[2]**	**40.66**	**41.93**	**41.85**	**38.89**	**38.89**	**40.12**	**36.37**	**36.28**	**37.15**	**36.52**	**37.52**	**37.46**
12 Nonborrowed reserves	38.97	41.29	41.22	38.12	38.12	39.41	35.80	35.33	35.92	33.53	34.22	31.54
13 Nonborrowed reserves plus extended credit[3]	38.97	41.44	41.41	38.12	38.12	39.41	35.80	35.33	35.78	33.83	36.22	36.38
14 Required reserves	40.15	41.61	41.35	38.33	38.33	39.51	35.42	35.57	36.66	35.94	36.75	36.86
15 Monetary base[4]	163.00	170.47	180.52	192.36	192.36	192.30	186.67	187.81	190.34	191.08[r]	193.96	195.53

1 Figures incorporate adjustments for discontinuities associated with the implementation of the Monetary Control Act and other regulatory changes to reserve requirements. To adjust for discontinuities due to changes in reserve requirements on reservable nondeposit liabilities, the sum of such required reserves is subtracted from the actual series. Similarly, in adjusting for discontinuities in the monetary base, required clearing balances and adjustments to compensate for float also are subtracted from the actual series.

2 Total reserves not adjusted for discontinuities consist of reserve balances with Federal Reserve Banks, which exclude required clearing balances and adjustments to compensate for float, plus vault cash used to satisfy reserve requirements. Such vault cash consists of all vault cash held during the lagged computation period by institutions having required reserve balances at Federal Reserve Banks *plus the amount of vault cash equal to required reserves during the* maintenance period at institutions having no required reserve balances.

3. Extended credit consists of borrowing at the discount window under the terms and conditions established for the extended credit program to help depository institutions deal with sustained liquidity pressures. Because there is not the same need to repay such borrowing promptly as there is with traditional short-term adjustment credit, the money market impact of extended credit is similar to that of nonborrowed reserves.

4. The monetary base not adjusted for discontinuities consists of total reserves plus required clearing balances and adjustments to compensate for float at Federal Reserve Banks and the currency component of the money stock less the amount of vault cash holdings of thrift institutions that is included in the currency component of the money stock plus, for institutions not having required reserve balances, the excess of current vault cash over the amount applied to satisfy current reserve requirements. After the introduction of contemporaneous reserve requirements (CRR), currency and vault cash figures are measured over the weekly computation period ending Monday.

Before CRR, all components of the monetary base other than excess reserves are seasonally adjusted as a whole, rather than by component, and excess reserves are added on a not seasonally adjusted basis. After CRR, the seasonally adjusted series consists of seasonally adjusted total reserves, which include excess reserves on a not seasonally adjusted basis, plus the seasonally adjusted currency component of the money stock and the remaining items seasonally *adjusted as a whole*.

5 Reflects actual reserve requirements, including those on nondeposit liabilities, with no adjustments to eliminate the effects of discontinuities associated with implementation of the Monetary Control Act or other regulatory changes to reserve requirements.

NOTE Latest monthly and biweekly figures are available from the Board's H.3(502) statistical release. Historical data and estimates of the impact on required reserves of changes in reserve requirements are available from the Banking Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551

1.21 MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES

Billions of dollars, averages of daily figures

Item[1]	1980 Dec.	1981 Dec.	1982 Dec.	1983 Dec.	1984 Apr.	1984 May	1984 June	1984 July
				Seasonally adjusted				
1 M1	414.9	441.9	480.5	525.3	535.3r	541.0r	546.2r	545.6
2 M2	1,632.6	1,796.6	1,965.3	2,196.2	2,242.8r	2,258.6r	2,271.6r	2,281.1
3 M3	1,989.8	2,236.7	2,460.3	2,708.0r	2,790.0r	2,816.1r	2,837.8r	2,858.8
4 L	2,326.0	2,598.4	2,868.7	3,178.1r	3,295.3r	3,327.3r	3,369.2	n.a.
5 Debt[2]	3,946.9	4,323.8	4,710.1	5,225.2r	5,452.6r	5,513.3r	5,565.6	n.a.
M1 components								
6 Currency[2]	116.7	124.0	134.1	148.0	151.8	152.9	154.2	155.0
7 Travelers checks[3]	4.2	4.3	4.3	4.9	5.1	5.1	5.1	5.2
8 Demand deposits[4]	266.5	236.2	239.7	243.7	245.3	245.3	248.3	247.1
9 Other checkable deposits[5]	27.6	77.4	102.4	128.8	133.2	137.8	138.6r	138.3
Nontransactions components								
10 In M2[6]	1,217.7	1,354.6	1,484.8	1,670.9	1,707.5	1,717.5r	1,725.4r	1,735.5
11 In M3 only[7]	357.2	440.2	495.0	511.8r	547.1r	557.5r	566.2r	577.7
Savings deposits[9]								
12 Commercial Banks	185.9	159.7	164.9	134.6	128.6	128.2	128.0	127.4
13 Thrift Institutions	215.6	186.1	197.2	178.2	176.9	177.3	177.2	176.0
Small denomination time deposits[9]								
14 Commercial Banks	287.5	349.6	382.2	353.1	356.0	360.5	365.7	371.8
15 Thrift Institutions	443.9	477.7	474.7	440.0	452.4	456.1r	463.3r	473.8
Money market mutual funds								
16 General purpose and broker/dealer	61.6	150.6	185.2	138.2	146.0	146.5	148.8	150.4
17 Institution-only	15.0	36.2	48.4	40.3	41.8	42.0	42.3	42.6
Large denomination time deposits[10]								
18 Commercial Banks[11]	213.9	247.3	261.8	225.5	236.4	243.8	249.7r	255.2
19 Thrift Institutions	44.6	54.3	66.1	100.4	119.5	123.8	129.4	134.0
Debt components								
20 Federal debt	742.8	830.1	991.4	1,173.1r	1,236.5r	1,252.5r	1,260.2	n.a.
21 Non-federal debt	3,204.1	3,493.7	3,718.7	4,052.1r	4,216.1r	4,260.9r	4,305.5	n.a.
				Not seasonally adjusted				
22 M1	424.8	452.3	491.9	537.8	543.2	543.9	545.5	547.3
23 M2	1,635.4	1,798.7	1,967.4	2,198.0	2,254.7	2,253.5r	2,273.4r	2,286.3
24 M3	1,996.1	2,242.7	2,466.6	2,714.1r	2,798.5r	2,811.4r	2,836.5r	2,857.7
25 L	2,332.8	2,605.6	2,876.5	3,186.0r	3,306.8r	3,323.2r	3,365.2	n.a.
26 Debt[2]	3,946.9	4,323.8	4,710.1	5,219.2r	5,426.6r	5,486.8r	5,543.5	n.a.
M1 components								
27 Currency[2]	118.8	126.1	136.4	150.5	151.5	152.9	154.9	156.3
28 Travelers checks[3]	3.9	4.1	4.1	4.6	4.8	5.0	5.4	5.8
29 Demand deposits[4]	274.7	243.6	247.3	251.6	247.8	241.3	247.0	247.5
30 Other checkable deposits[5]	27.4	78.5	104.1	131.2	139.0	135.8	138.1r	137.8
Nontransactions components								
31 M2[6]	1,210.6	1,346.3	1,475.5	1,660.2	1,711.5	1,718.6r	1,728.0r	1,738.8
32 M3 only[7]	360.7	444.1	499.2	516.1r	543.8r	557.9r	563.1r	571.5
Money market deposit accounts								
33 Commercial banks	n.a.	n.a.	26.3	230.0	245.4	244.3	244.9	243.9
34 Thrift institutions	n.a.	n.a.	16.6	145.9	151.0	150.2	148.0	145.0
Savings deposits[8]								
35 Commercial Banks	183.8	157.5	162.1	132.0	130.5	129.9	129.7	128.9
36 Thrift Institutions	214.4	184.7	195.5	176.5	178.1r	178.3	178.9	178.1
Small denomination time deposits[9]								
37 Commercial Banks	286.0	347.7	380.1	351.0	356.5	360.5	365.4	370.7
38 Thrift Institutions	442.3	475.6	472.4	437.6	454.2	457.2r	463.7r	473.6
Money market mutual funds								
39 General purpose and broker/dealer	61.6	150.6	185.2	138.2	146.0	146.5	148.8	150.4
40 Institution-only	15.0	36.2	48.4	40.3	41.8	42.0	42.3	42.6
Large denomination time deposits[10]								
41 Commercial Banks[11]	218.5	252.1	266.2	229.0	233.7	241.6	247.3r	251.9
42 Thrift Institutions	44.3	54.3	66.2	100.7	118.2	123.3	128.2	132.8
Debt components								
43 Federal debt	742.8	830.1	991.4	1,170.2	1,235.9	1,248.7	1,255.8	n.a.
44 Non-federal debt	3,204.1	3,943.7	3,718.7	4,049.0r	4,190.7r	4,238.1r	4,287.8	n.a.

For notes see bottom of next page

1.22 BANK DEBITS AND DEPOSIT TURNOVER

Debits are shown in billions of dollars, turnover as ratio of debits to deposits. Monthly data are at annual rates.

Bank group, or type of customer	1981[1]	1982[1]	1983[1]	1984 Feb.	1984 Mar	1984 Apr.	1984 May	1984 June	1984 July
				Seasonally adjusted					
DEBITS TO									
Demand deposits[2]									
1 All insured banks	80,858.7	90,914.4	108,646.4	126,749.9	116,416.7	129,229.4	131,456.9	121,488.2	128,299.3
2 Major New York City banks	33,891.9	37,932.9	47,336.9	55,776.7	50,765.2	57,868.3	60,351.3	53,147.7	55,340.6
3 Other banks	46,966.9	52,981.6	61,309.5	70,973.1	65,651.5	71,361.1	71,105.6	68,340.4	72,958.7
4 ATS-NOW accounts[3]	743.4	1,036.2	1,394.9	1,491.1	1,464.9	1,432.1	1,608.9	1,515.8	1,658.9
5 Savings deposits[4]	672.7	721.4	735.7	708.3	688.9	606.5	688.8	677.9	682.4
DEPOSIT TURNOVER									
Demand deposits[2]									
6 All insured banks	285.8	324.2	376.8	434.7	394.9	441.7	442.7	401.8	433.0
7 Major New York City banks	1,105.1	1,287.6	1,512.0	1,747.7	1,649.5	2,012.5	1,938.7	1,665.2	1,774.3
8 Other banks	186.2	211.1	238.5	273.3	248.7	270.5	267.5	252.7	275.2
9 ATS-NOW accounts[3]	14.0	14.5	15.5	15.0	14.7	14.6	16.0	15.1	16.6
10 Savings deposits[4]	4.1	4.5	5.3	5.5	5.4	4.8	5.5	5.4	5.5
				Not seasonally adjusted					
DEBITS TO									
Demand deposits[2]									
11 All insured banks	81,197.9	91,031.9	108,459.5	114,721.3	124,088.6	121,514.4	132,521.7	128,522.3	124,604.3
12 Major New York City banks	34,032.0	38,001.0	47,238.2	50,724.8	54,301.1	53,514.4	60,214.5	57,168.1	54,060.5
13 Other banks	47,165.9	53,030.9	61,221.3	63,996.5	69,787.5	68,000.0	72,307.2	71,354.3	70,543.8
14 ATS-NOW accounts[3]	737.6	1,027.1	1,387.5	1,389.5	1,504.3	1,670.1	1,599.0	1,621.7	1,598.5
15 MMDA[5]	0	0	567.4	682.1	790.3	918.9	883.6	894.8	891.7
16 Savings deposits[4]	672.9	720.0	736.4	649.9	711.9	665.7	673.8	686.2	686.3
DEPOSIT TURNOVER									
Demand deposits[2]									
17 All insured banks	286.1	325.0	376.1	402.7	431.8	410.8	456.8	428.6	418.1
18 Major New York City banks	1,114.2	1,295.7	1,510.0	1,618.7	1,795.5	1,770.2	1,997.1	1,792.0	1,738.1
19 Other banks	186.2	211.5	238.1	252.4	271.4	256.0	278.1	266.3	264.3
20 ATS-NOW accounts[3]	14.0	14.3	15.4	14.3	15.2	16.4	16.1	16.2	16.0
21 MMDA[5]	0	0	2.8	2.9	3.3	3.8	3.6	3.7	3.7
22 Savings deposits[4]	4.1	4.5	5.3	5.1	5.5	5.2	5.3	5.4	5.4

1. Annual averages of monthly figures.
2. Represents accounts of individuals, partnerships, and corporations and of states and political subdivisions.
3. Accounts authorized for negotiable orders of withdrawal (NOW) and accounts authorized for automatic transfer to demand deposits (ATS). ATS data availability starts with December 1978.
4. Excludes ATS and NOW accounts, MMDA and special club accounts, such as Christmas and vacation clubs.
5. Money market deposit accounts

NOTE. Historical data for demand deposits are available back to 1970 estimated in part from the debits series for 233 SMSAs that were available through June 1977. Historical data for ATS–NOW and savings deposits are available back to July 1977. Back data are available on request from the Banking Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

These data also appear on the Board's G.6 (406) release For address, see inside front cover.

NOTES TO TABLE 1.21

1 Composition of the money stock measures and debt is as follows:

M1 (1) currency outside the Treasury, Federal Reserve Banks, and the vaults of commercial banks; (2) travelers checks of nonbank issuers, (3) demand deposits at all commercial banks other than those due to domestic banks, the U.S. government, and foreign banks and official institutions less cash items in the process of collection and Federal Reserve float; and (4) other checkable deposits (OCD) consisting of negotiable order of withdrawal (NOW) and automatic transfer service (ATS) accounts at depository institutions, credit union share draft accounts, and demand deposits at thrift institutions. The currency and demand deposit components exclude the estimated amount of vault cash and demand deposits respectively held by thrift institutions to service their OCD liabilities

M2. M1 plus overnight (and continuing contract) repurchase agreements (RPs) issued by all commercial banks and overnight Eurodollars issued to U.S. residents by foreign branches of U.S. banks worldwide, MMDAs, savings and small-denomination time deposits (time deposits—including retail RPs—in amounts of less than $100,000), and balances in both taxable and tax-exempt general purpose and broker/dealer money market mutual funds Excludes individual retirement accounts (IRA) and Keogh balances at depository institutions and money market funds. Also excludes all balances held by U.S. commercial banks, money market funds (general purpose and broker/dealer), foreign governments and commercial banks, and the U.S. government. Also subtracted is a consolidation adjustment that represents the estimated amount of demand deposits and vault cash held by thrift institutions to service their time and savings deposits.

M3: M2 plus large-denomination time deposits and term RP liabilities (in amounts of $100,000 or more) issued by commercial banks and thrift institutions, term Eurodollars held by U.S. residents at foreign branches of U.S. banks worldwide and at all banking offices in the United Kingdom and Canada, and balances in both taxable and tax-exempt, institution-only money market mutual funds. Excludes amounts held by depository institutions, the U.S. government, money market funds, and foreign banks and official institutions. Also subtracted is a consolidation adjustment that represents the estimated amount of overnight RPs and Eurodollars held by institution-only money market mutual funds.

L. M3 plus the nonbank public holdings of U.S savings bonds, short-term Treasury securities, commercial paper and bankers acceptances, net of money market mutual fund holdings of these assets.

Debt. Debt of domestic nonfinancial sectors consists of outstanding credit market debt of the U S government, state and local governments, and private nonfinancial sectors Private debt consists of corporate bonds, mortgages, consumer credit (including bank loans), other bank loans, commercial paper, bankers acceptances, and other debt instruments The source of data on domestic nonfinancial debt is the Federal Reserve Board's flow of funds accounts. Debt data are on an end-of-month basis.

2 Currency outside the U.S. Treasury, Federal Reserve Banks, and vaults of commercial banks Excludes the estimated amount of vault cash held by thrift institutions to service their OCD liabilities.

3. Outstanding amount of U.S dollar-denominated travelers checks of nonbank issuers Travelers checks issued by depository institutions are included in demand deposits

4. Demand deposits at commercial banks and foreign-related institutions other than those due to domestic banks, the U.S. government, and foreign banks and official institutions less cash items in the process of collection and Federal Reserve float. Excludes the estimated amount of demand deposits held at commercial banks by thrift institutions to service their OCD liabilities

5. Consists of NOW and ATS balances at all depository institutions, credit union share draft balances, and demand deposits at thrift institutions. Other checkable deposits seasonally adjusted equals the difference between the seasonally adjusted sum of demand deposits plus OCD and seasonally adjusted demand deposits. Included are all ceiling free "Super NOWs," authorized by the Depository Institutions Deregulation committee to be offered beginning Jan. 5, 1983

6. Sum of overnight RPs and overnight Eurodollars, money market fund balances (general purpose and broker/dealer), MMDAs, and savings and small time deposits, less the consolidation adjustment that represents the estimated amount of demand deposits and vault cash held by thrift institutions to service their time and savings deposits liabilities

7 Sum of large time deposits, term RPs and term Eurodollars of U.S. residents, money market fund balances (institution-only), less a consolidation adjustment that represents the estimated amount of overnight RPs and Eurodollars held by institution-only money market funds.

8. Savings deposits exclude MMDAs

9. Small-denomination time deposits—including retail RPs— are those issued in amounts of less than $100,000. All individual retirement accounts (IRA) and Keogh accounts at commercial banks and thrifts are subtracted from small time deposits.

10. Large-denomination time deposits are those issued in amounts of $100,000 or more, excluding those booked at international banking facilities.

11. Large-denomination time deposits at commercial banks less those held by money market mutual funds, depository institutions, and foreign banks and official institutions.

NOTE: Latest monthly and weekly figures are available from the Board's H.6 (508) release Historical data are available from the Banking Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

1.23 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars, averages of Wednesday figures

Category	1982	1983	1984				1982	1983	1984			
	Dec	Dec	Apr	May	June	July	Dec.	Dec.	Apr	May	June	July
	Seasonally adjusted						Not seasonally adjusted					
1 **Total loans and securities**[3]	**1,412.0**	**1,566.5**	**1,630.6**	**1,650.1**	**1,653.2**	**1,665.4**	**1,422.4**	**1,577.8**	**1,630.1**	**1,643.0**	**1,650.5**	**1,658.6**
2 U.S Treasury securities	130.9	188.0	185.9	186.4	182.0	183.1	131.5	188.8	189.2	185.6	182.5	181.7
3 Other securities	239.2	247.5	250.5	249.6	247.9	247.3	240.6	249.0	250.4	249.8	247.6	246.1
4 Total loans and leases[3]	1,042.0	1,131.0	1,194.2	1,214.0	1,223.3	1,235.0	1,050.3	1,140.0	1,190.4	1,207.6	1,220.4	1,230.8
5 Commercial and industrial loans	392.3	413.8	437.2	447.6	453.2	456.7	394.5	416.2	439.7	447.7	452.4	455.3
6 Real estate loans	303.1	334.6	350.5	354.6	359.3	362.7	304.0	335.6	349.4	353.2	357.5	361.6
7 Loans to individuals	191.9	219.2	235.3	239.7	243.9	248.2	193.2	220.7	233.6	238.3	242.9	247.0
8 Security loans	24.7	27.3	26.9	27.2	24.6	24.7	25.5	28.2	26.9	26.1	25.8	24.1
9 Loans to nonbank financial institutions	31.1	29.7	30.9	31.7	31.9	32.1	32.1	30.6	30.7	31.3	31.5	31.5
10 Agricultural loans	36.3	39.6	40.6	40.8	41.0	41.1	36.3	39.6	39.9	40.6	41.2	41.6
11 Lease financing receivables	13.1	13.1	13.5	13.6	13.7	13.7	13.1	13.1	13.5	13.6	13.7	13.7
12 All other loans	49.5	53.7	59.5	59.0	55.9	55.7	51.5	55.9	56.8	56.9	55.5	56.0
MEMO												
13 **Total loans and securities plus loans sold**[3,4]	**1,415.0**	**1,568.9**	**1,633.7**	**1,652.9**	**1,655.9**	**1,668.3**	**1,425.4**	**1,580.2**	**1,633.2**	**1,645.8**	**1,653.2**	**1,661.4**
14 Total loans plus loans sold[3,4]	1,044.9	1,133.4	1,197.4	1,216.9	1,226.0	1,237.8	1,053.3	1,142.4	1,193.5	1,210.4	1,223.1	1,233.7
15 Total loans sold to affiliates[3,4]	2.9	2.4	3.1	2.8	2.7	2.9	2.9	2.4	3.1	2.8	2.7	2.9
16 Commercial and industrial loans plus loans sold[4]	394.5	415.6	439.1	449.5	455.2	458.8	396.8	418.0	441.6	449.7	454.4	457.3
17 Commercial and industrial loans sold[4]	2.3	1.8	1.9	2.0	1.9	2.0	2.3	1.8	1.9	2.0	1.9	2.0
18 Acceptances held	8.5	8.2	9.6	9.9	9.6	10.1	9.5	9.1	8.8	9.3	9.7	10.1
19 Other commercial and industrial loans	383.7	405.5	427.6	437.7	443.6	446.6	385.1	407.1	430.8	438.4	442.8	445.2
20 To U S addressees[5]	373.4	395.3	415.5	424.7	430.6	434.2	372.6	394.5	418.9	426.6	431.2	433.2
21 To non-U.S. addressees	10.3	10.3	12.1	12.9	13.0	12.5	12.4	12.6	12.0	11.8	11.6	12.0
22 Loans to foreign banks	13.5	12.7	13.0	12.7	12.6	12.5	14.5	13.6	12.5	12.2	12.2	12.2

1. Includes domestically chartered banks, U.S branches and agencies of foreign banks, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks

2. Beginning December 1981, shifts of foreign loans and securities from U S banking offices to international banking facilities (IBFs) reduced the levels of several items Seasonally adjusted data that include adjustments for the amounts shifted from domestic offices to IBFs are available in the Board's G 7 (407) statistical release (available from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551)

3. Excludes loans to commercial banks in the United States.

4. Loans sold are those sold outright to a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company

5. United States includes the 50 states and the District of Columbia.

NOTE. Data are prorated averages of Wednesday estimates for domestically chartered banks, based on weekly reports of a sample of domestically chartered banks and quarterly reports of all domestically chartered banks For foreign-related institutions, data are averages of month-end estimates based on weekly reports from large agencies and branches and quarterly reports from all agencies, branches, investment companies, and Edge Act corporations engaged in banking.

These data also appear in the Board's G 7 (407) release. For address, see inside front cover

1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	1981	1982	1983				1984						
	Dec	Dec.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
Total nondeposit funds													
1 Seasonally adjusted[2]	96.3	82.9	85.4	82.0	96.3	100.3	98.2	102.3	108.1	111.7	116.7	105.3	105.9
2 Not seasonally adjusted	98.1	84.9	86.5	83.0	99.6	102.5	99.3	103.8	109.5	112.9	121.0	108.2	106.3
Federal funds, RPs, and other borrowings from nonbanks[3]													
3 Seasonally adjusted	111.8	127.7	134.2	135.2	140.8	140.7	139.4	143.0	141.8	142.3	142.4	136.8	137.5
4 Not seasonally adjusted	113.5	129.7	135.3	136.2	144.1	142.8	140.4	144.5	143.3	143.5	146.7	139.6	137.9
5 Net balances due to foreign-related institutions, not seasonally adjusted	−18.1	−47.7	−51.3	−55.7	−47.0	−42.7	−43.6	−43.2	−36.9	−33.8	−28.5	−34.1	−34.4
6 Loans sold to affiliates, not seasonally adjusted[4]	2.8	2.9	2.6	2.6	2.5	2.4	2.4	2.5	3.1	3.1	2.8	2.7	2.9
MEMO													
7 Domestically chartered banks' net positions with own foreign branches, not seasonally adjusted[5]	−22.4	−39.6	−46.3	−48.5	−43.0	−39.8	−38.8	−39.0	−34.9	−33.2	−29.9	−32.9r	−33.0
8 Gross due from balances	54.9	72.2	74.7	76.4	76.5	75.3	73.2	74.7	73.8	73.6	73.5	73.8	71.2
9 Gross due to balances	32.4	32.6	28.3	27.9	33.6	35.5	34.5	35.7	38.8	40.3	43.6	40.8	38.1
10 Foreign-related institutions' net positions with directly related institutions, not seasonally adjusted[6]	4.3	−8.1	−5.0	−7.2	−4.0	−3.0	−4.8	−4.2	−1.9	−0.6	1.4	−1.2r	−1.4
11 Gross due from balances	48.1	54.7	53.5	55.5	53.5	54.1	53.4	53.0	50.2	49.7	50.0r	51.0r	52.2
12 Gross due to balances	52.4	46.6	48.5	48.3	49.5	51.1	48.6	48.8	48.3	49.2	51.4r	49.8	50.8
Security RP borrowings													
13 Seasonally adjusted[7]	59.0	71.0	78.1	79.9	83.3	84.8	85.5	86.9	85.5	86.9	84.0	79.0	79.9
14 Not seasonally adjusted	59.2	71.2	77.3	79.1	84.6	85.1	84.6	86.5	85.1	86.2	86.4	80.0	78.4
U.S. Treasury demand balances[8]													
15 Seasonally adjusted	12.2	12.8	16.7	18.9	12.0	13.1	16.5	20.6	16.7	15.9	12.2	12.9	11.7
16 Not seasonally adjusted	11.1	10.8	17.9	24.7	7.5	10.8	19.6	22.3	17.5	16.5	12.8	12.4	11.8
Time deposits, $100,000 or more[9]													
17 Seasonally adjusted	325.4	347.9	282.8	278.3	280.7	283.1	284.4	283.8	289.2	292.4r	302.9r	312.7r	315.8
18 Not seasonally adjusted	330.4	354.6	284.7	280.3	283.0	288.1	287.1	285.0	288.8	288.7	298.8r	307.7r	311.6

1. Commercial banks are those in the 50 states and the District of Columbia with national or state charters plus agencies and branches of foreign banks, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks
2. Includes seasonally adjusted federal funds, RPs, and other borrowings from nonbanks and not seasonally adjusted net Eurodollars and loans to affiliates Includes averages of Wednesday data for domestically chartered banks and averages of current and previous month-end data for foreign-related institutions
3. *Other borrowings* are borrowings on any instrument, such as a promissory note or due bill, given for the purpose of borrowing money for the banking business. This includes borrowings from Federal Reserve Banks and from foreign banks, term federal funds, overdrawn due from bank balances, loan RPs, and participations in pooled loans. Includes averages of daily figures for member banks and averages of current and previous month-end data for foreign-related institutions.
4 *Loans initially booked by the bank and later sold to affiliates that are still held by affiliates* Averages of Wednesday data
5. Averages of daily figures for member and nonmember banks
6 Averages of daily data.
7. Based on daily average data reported by 122 large banks
8. Includes U.S. Treasury demand deposits and Treasury tax-and-loan notes at commercial banks. Averages of daily data.
9. Averages of Wednesday figures.

NOTE. These data also appear in the Board's G 10 (411) release. For address see inside front cover.

1.25 ASSETS AND LIABILITIES OF COMMERCIAL BANKING INSTITUTIONS Last-Wednesday-of-Month Series

Billions of dollars except for number of banks

	1982	1983									
	Dec	Mar.	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
DOMESTICALLY CHARTERED COMMERCIAL BANKS[1]											
1 Loans and securities, excluding interbank	1,370.3	1,392.2	1,403.8	1,411.9	1,435.1	1,437.4	1,457.0	1,466.1	1,483.0	1,502.3	1,525.2
2 Loans, excluding interbank	1,000.7	1,001.7	1,005.1	1,007.5	1,025.6	1,029.1	1,043.4	1,049.7	1,060.3	1,075.5	1,095.1
3 Commercial and industrial	356.7	358.0	357.9	356.7	360.1	361.1	363.0	364.0	367.0	372.8	380.8
4 Other	644.0	643.7	647.2	650.8	665.6	668.0	680.4	685.7	693.3	702.7	714.4
5 U.S. Treasury securities	129.0	150.6	155.5	160.9	166.0	165.1	167.5	171.2	176.8	180.4	181.4
6 Other securities	240.5	239.9	243.3	243.5	243.5	243.3	246.1	245.2	245.9	246.4	248.7
7 Cash assets, total	184.4	168.9	170.1	164.5	176.9	168.7	176.9	160.0	164.0	179.0	190.5
8 Currency and coin	23.0	19.9	20.4	20.3	21.3	20.7	21.0	20.8	20.5	22.3	23.3
9 Reserves with Federal Reserve Banks	25.4	20.5	23.9	22.4	18.8	20.6	22.5	15.4	19.7	17.6	18.6
10 Balances with depository institutions	67.6	67.1	66.1	65.6	69.7	67.1	69.0	66.7	67.1	70.9	75.6
11 Cash items in process of collection	68.4	61.5	59.6	56.3	67.1	60.3	64.4	56.9	56.6	69.0	73.0
12 Other assets[2]	265.3	257.9	252.4	248.3	253.2	254.5	257.2	252.3	253.0	261.9	253.8
13 Total assets/total liabilities and capital	**1,820.0**	**1,818.9**	**1,826.3**	**1,824.8**	**1,865.2**	**1,860.6**	**1,891.0**	**1,878.4**	**1,900.0**	**1,943.9**	**1,969.5**
14 Deposits	1,361.8	1,374.2	1,368.0	1,370.8	1,402.7	1,396.5	1,420.1	1,408.1	1,419.5	1,459.2	1,482.6
15 Demand	363.9	333.4	329.2	324.5	344.4	334.2	344.7	328.1	331.3	358.1	371.0
16 Savings	296.4	419.2	426.9	440.2	445.3	447.5	449.0	448.8	451.5	458.3	460.7
17 Time	701.5	621.6	611.9	606.1	613.1	614.8	626.4	631.2	636.8	642.8	650.8
18 Borrowings	215.1	211.3	224.0	214.1	221.2	217.5	217.2	217.8	226.8	219.7	216.3
19 Other liabilities	109.2	103.5	102.3	104.7	104.3	105.5	107.6	107.1	106.5	112.6	117.9
20 Residual (assets less liabilities)	133.8	130.0	132.0	135.1	137.0	141.0	146.1	145.4	147.2	152.4	152.8
MEMO											
21 U.S. Treasury note balances included in borrowing	10.7	9.6	17.8	2.7	19.3	19.3	14.8	20.8	22.5	2.8	8.8
22 Number of banks	14,787	14,819	14,823	14,817	14,826	14,785	14,795	14,804	14,800	14,799	14,796
ALL COMMERCIAL BANKING INSTITUTIONS[3]											
23 Loans and securities, excluding interbank	1,429.7	1,451.3	1,460.8	1,467.6	1,491.5	1,494.1	1,515.4	1,525.4	1,541.8	1,563.2	1,586.8
24 Loans, excluding interbank	1,054.8	1,054.5	1,055.7	1,056.4	1,075.2	1,078.8	1,094.9	1,102.5	1,112.2	1,129.2	1,149.3
25 Commercial and industrial	395.3	395.9	393.5	391.7	395.3	397.7	400.6	402.7	405.3	412.0	420.1
26 Other	659.5	658.6	662.2	664.7	679.9	681.2	694.3	699.8	706.8	717.2	729.2
27 U.S. Treasury securities	132.8	155.3	160.2	166.1	171.3	170.3	172.7	176.1	182.0	185.9	186.9
28 Other securities	242.1	241.5	244.9	245.2	245.1	245.0	247.8	246.9	247.7	248.1	250.6
29 Cash assets, total	200.7	185.5	186.3	180.3	193.5	185.2	193.3	174.7	178.4	195.0	205.0
30 Currency and coin	23.0	19.9	20.4	20.3	21.3	20.7	21.1	20.9	20.5	22.3	23.4
31 Reserves with Federal Reserve Banks	26.8	22.0	25.4	23.8	20.0	21.9	24.0	16.6	20.8	19.1	19.7
32 Balances with depository institutions	81.4	81.0	79.8	78.9	84.0	81.2	82.8	79.3	79.5	83.6	88.0
33 Cash items in process of collection	69.4	62.6	60.7	57.3	68.2	61.4	65.4	58.0	57.6	70.0	74.0
34 Other assets[2]	341.7	325.4	317.8	309.5	318.1	318.7	324.6	320.9	318.8	329.7	321.3
35 Total assets/total liabilities and capital	**1,972.1**	**1,962.2**	**1,964.9**	**1,957.4**	**2,003.2**	**1,998.0**	**2,033.3**	**2,021.0**	**2,039.1**	**2,088.0**	**2,113.1**
36 Deposits	1,409.7	1,419.5	1,411.0	1,413.1	1,443.8	1,438.1	1,461.4	1,448.9	1,459.0	1,499.4	1,524.8
37 Demand	376.2	345.7	341.1	336.4	356.4	346.4	356.6	340.0	343.2	369.9	383.2
38 Savings	296.7	419.7	427.3	440.7	445.7	448.0	449.5	449.3	452.0	458.8	461.3
39 Time	736.7	654.1	642.6	636.0	641.6	643.8	655.3	659.5	663.8	670.6	680.4
40 Borrowings	278.3	269.9	281.3	269.5	278.2	277.9	280.5	282.6	289.6	282.5	275.1
41 Other liabilities	148.4	141.1	138.6	137.9	142.3	139.1	143.4	142.3	141.5	151.9	158.6
42 Residual (assets less liabilities)	135.7	131.9	133.9	137.0	138.9	142.9	148.0	147.3	149.1	154.2	154.7
MEMO											
43 U.S. Treasury note balances included in borrowing	10.7	9.6	17.8	2.7	19.3	19.3	14.8	20.8	22.5	2.8	8.8
44 Number of banks	15,329	15,376	15,390	15,385	15,396	15,359	15,370	15,382	15,383	15,382	15,380

1. Domestically chartered commercial banks include all commercial banks in the United States except branches of foreign banks, included are member and nonmember banks, stock savings banks, and nondeposit trust companies
2. Other assets include loans to U.S. commercial banks
3. Commercial banking institutions include domestically chartered commercial banks, branches and agencies of foreign banks, Edge Act and Agreement corporations, and New York State foreign investment corporations

NOTE Figures are partly estimated They include all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries. Data for domestically chartered commercial banks are for the last Wednesday of the month Data for other banking institutions are estimates made on the last Wednesday of the month based on a weekly reporting sample of foreign-related institutions and quarter-end condition report data

1.26 ALL LARGE WEEKLY REPORTING COMMERCIAL BANKS with Domestic Assets of $1.4 Billion or More on December 31, 1982, Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1984								
	July 4r	July 11r	July 18r	July 25r	Aug 1	Aug. 8	Aug. 15	Aug 22	Aug 29
1 Cash and balances due from depository institutions	105,493	88,069	92,199	82,089	95,104	84,176	87,852	82,529	81,314
2 **Total loans, leases and securities, net**	**771,470**	**760,485**	**763,508**	**762,057**	**769,688**	**765,136**	**773,111**	**765,432**	**767,985**
Securities									
3 U.S Treasury and government agency	73,263	74,985	72,381	72,955	73,539	74,413	75,370	75,881	75,068
4 Trading account	8,692	10,987	8,629	9,164	9,944	11,039	11,786	12,440	11,613
5 Investment account, by maturity	64,571	63,998	63,752	63,791	63,594	63,374	63,585	63,441	63,456
6 One year or less	17,270	16,448	16,196	16,018	16,762	16,713	16,895	16,717	16,717
7 Over one through five years	34,995	35,282	35,304	35,490	34,646	34,554	34,578	34,628	34,573
8 Over five years	12,306	12,268	12,252	12,282	12,186	12,107	12,112	12,096	12,166
9 Other securities	46,591	46,029	46,253	46,490	47,208	47,397	47,953	47,909	48,091
10 Trading account	4,443	3,818	3,905	4,077	4,919	5,010	5,500	5,309	5,435
11 Investment account	42,148	42,211	42,348	42,412	42,289	42,387	42,453	42,600	42,656
12 States and political subdivisions, by maturity	38,502	38,533	38,666	38,740	38,660	38,740	38,825	38,911	38,975
13 One year or less	3,909	4,031	4,077	4,121	4,227	4,254	4,343	4,484	4,469
14 Over one year	34,594	34,501	34,589	34,619	34,433	34,485	34,481	34,427	34,506
15 Other bonds, corporate stocks, and securities	3,645	3,678	3,682	3,672	3,629	3,647	3,628	3,689	3,681
16 Other trading account assets	2,411	2,508	2,575	2,486	2,596	2,792	2,673	2,759	2,902
Loans and leases									
17 Federal funds sold[1]	48,552	41,828	47,467	42,963	47,009	43,708	47,700	42,658	44,941
18 To commercial banks	34,746	28,543	34,124	29,874	34,029	31,341	33,526	30,137	32,984
19 To nonbank brokers and dealers in securities	9,146	8,436	8,464	8,092	7,920	7,284	8,444	7,468	7,123
20 To others	4,660	4,849	4,880	4,998	5,059	5,084	5,729	5,053	4,834
21 Other loans and leases, gross	615,819	610,311	610,012	612,396	614,692	612,256	614,882	611,712	612,516
22 Other loans, gross	604,012	598,596	598,286	600,621	602,835	600,382	602,868	599,652	600,400
23 Commercial and industrial	244,361	243,166	244,015	243,910	244,856	245,010	243,893	243,055	242,089
24 Bankers acceptances and commercial paper	4,267	4,301	4,032	3,877	4,053	3,702	3,564	3,848	3,511
25 All other	240,094	238,866	239,983	240,033	240,803	241,308	240,329	239,207	238,577
26 U.S. addressees	233,509	232,218	233,348	233,440	234,162	234,721	233,778	232,750	232,114
27 Non-U.S. addressees	6,585	6,648	6,635	6,593	6,640	6,587	6,551	6,457	6,463
28 Real estate loans	150,882	151,316	152,020	151,845	152,395	152,334	152,942	153,132	153,301
29 To individuals for personal expenditures	99,440	99,652	100,073	100,543	100,938	101,191	101,713	102,187	102,961
30 To depository and financial institutions	43,189	41,624	41,154	41,366	41,678	40,959	40,330	40,046	40,293
31 Commercial banks in the United States	10,065	9,129	8,920	9,194	9,410	9,307	8,629	8,568	8,718
32 Banks in foreign countries	6,779	6,552	6,349	6,683	6,688	6,346	6,204	6,359	6,103
33 Nonbank depository and other financial institutions	26,345	25,943	25,886	25,489	25,580	25,306	25,496	25,119	25,471
34 For purchasing and carrying securities	14,311	12,224	11,340	12,252	12,806	11,449	13,317	11,409	11,494
35 To finance agricultural production	7,737	7,757	7,803	7,744	7,595	7,580	7,561	7,508	7,510
36 To states and political subdivisions	25,105	25,321	24,621	24,611	24,788	24,680	25,607	25,756	25,806
37 To foreign governments and official institutions	4,292	4,140	4,107	4,039	4,008	4,030	4,084	3,928	4,058
38 All other	14,694	13,396	13,152	14,311	13,769	13,150	13,420	12,630	12,887
39 Lease financing receivables	11,807	11,714	11,726	11,775	11,857	11,873	12,013	12,060	12,115
40 LESS. Unearned income	5,117	5,160	5,159	5,162	5,151	5,137	5,145	5,155	5,167
41 Loan and lease reserve	10,049	10,016	10,021	10,072	10,204	10,293	10,322	10,333	10,366
42 Other loans and leases, net	600,653	595,136	594,832	597,163	599,336	596,825	599,414	596,224	596,982
43 All other assets	145,922	142,793	139,402	137,220	142,740	142,928	145,140	136,751	136,231
44 **Total assets**	**1,022,884**	**991,348**	**995,109**	**981,367**	**1,007,532**	**992,240**	**1,006,103**	**984,712**	**985,529**
Deposits									
45 Demand deposits	204,450	180,627	180,548	173,338	188,441	176,596	188,358	171,246	172,628
46 Individuals, partnerships, and corporations	153,670	138,986	137,083	132,462	142,199	133,558	141,582	131,037	131,817
47 States and political subdivisions	5,444	4,799	4,938	4,633	6,120	4,559	4,739	4,526	4,435
48 U.S. government	1,417	2,191	3,035	1,741	1,200	2,366	3,011	2,082	2,143
49 Depository institutions in United States	27,510	20,592	21,200	19,218	23,298	19,713	22,418	20,028	19,161
50 Banks in foreign countries	6,519	5,914	5,913	6,218	6,143	5,912	6,242	5,585	6,097
51 Foreign governments and official institutions	1,140	900	866	1,017	696	863	1,023	998	826
52 Certified and officers' checks	8,751	7,246	7,513	8,048	8,784	9,625	9,343	6,990	8,149
53 Transaction balances other than demand deposits (ATS, NOW, Super NOW, telephone transfers)	34,400	33,446	33,033	32,338	33,356	33,427	33,069	32,561	32,261
54 Nontransaction balances	432,311	432,224	432,202	433,577	434,057	435,310	436,508	436,110	436,107
55 Individuals, partnerships and corporations	401,599	401,740	401,848	402,699	403,134	403,648	404,223	403,648	403,344
56 States and political subdivisions	19,027	19,225	19,433	19,898	19,808	20,269	20,736	20,959	21,158
57 U S government	337	311	307	314	331	312	319	315	325
58 Depository institutions in the United States	8,101	7,740	7,506	7,496	7,528	7,562	7,721	7,744	7,848
59 Foreign governments, official institutions and banks	3,247	3,207	3,108	3,171	3,256	3,517	3,508	3,444	3,431
60 Liabilities for borrowed money	183,116	180,492	183,679	177,215	187,492	184,805	186,066	183,116	185,432
61 Borrowings from Federal Reserve Banks	4,445	4,000	6,235	6,217	8,040	6,750	12,075	6,992	7,260
62 Treasury tax-and-loan notes	2,459	7,575	6,238	7,923	9,986	2,492	1,450	5,415	4,688
63 All other liabilities for borrowed money[2]	176,212	168,916	171,206	163,075	169,466	175,563	172,541	170,710	173,484
64 Other liabilities and subordinated note and debentures	101,733	97,539	98,839	98,062	96,874	94,670	94,985	94,410	91,919
65 **Total liabilities**	**956,010**	**924,328**	**928,301**	**914,530**	**940,221**	**924,809**	**938,986**	**917,444**	**918,346**
66 Residual (total assets minus total liabilities)[3]	66,874	67,019	66,808	66,838	67,311	67,431	67,116	67,268	67,183

1. Includes securities purchased under agreements to resell

2 Includes federal funds purchased and securities sold under agreements to repurchase, for information on these liabilities at banks with assets of $1 billion or more on Dec 31, 1977, see table 1 13

3 This is not a measure of equity capital for use in capital adequacy analysis or for other analytic uses

NOTE. These data also appear in the Board's H.4.2 (504) release For address, see inside front cover

1.28 LARGE WEEKLY REPORTING COMMERCIAL BANKS IN NEW YORK CITY Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1984								
	July 4	July 11	July 18	July 25	Aug 1	Aug 8	Aug 15	Aug 22	Aug 29
1 Cash and balances due from depository institutions	23,864	20,219	22,330	20,861	24,644	22,135	22,312	19,834	20,925
2 **Total loans, leases and securities, net**[1]	**168,956r**	**161,414r**	**164,266r**	**163,239r**	**164,288**	**159,920**	**163,676**	**159,552**	**160,028**
Securities									
3 U S Treasury and government agency[2]				.		.			
4 Trading account[2]						. .			
5 Investment account, by maturity	9,419	9,441	9,440	9,405	9,348	9,186	9,520	9,639	9,538
6 One year or less	1,832	1,695	1,650	1,658	1,687	1,647	1,670	1,734	1,733
7 Over one through five years	6,449	6,599	6,642	6,603	6,516	6,397	6,698	6,749	6,648
8 Over five years	1,138	1,147	1,148	1,144	1,144	1,143	1,152	1,157	1,157
9 Other securities[2]	.			.					
10 Trading account[2]									
11 Investment account	9,052	9,083	9,155	9,162	9,138	9,212	9,260	9,380	9,429
12 States and political subdivisions, by maturity	8,384	8,406	8,479	8,486	8,513	8,581	8,630	8,710	8,762
13 One year or less	1,055	1,072	1,085	1,095	1,178	1,193	1,258	1,342	1,366
14 Over one year	7,328	7,333	7,394	7,391	7,335	7 388	7,373	7,368	7,396
15 Other bonds, corporate stocks and securities	668	677	676	676	624	631	629	670	667
16 Other trading account assets[2]							.		
Loans and leases									
17 Federal funds sold[3]	17,657r	13,299r	16,474r	13,525r	14,636	11,994	14,192	11,640	12,683
18 To commercial banks	10,850r	6,858r	9,855r	7,580r	8,795	6,524	8,345	6,440	7,372
19 To nonbank brokers and dealers in securities	4,455r	3,765r	3,924r	3,387r	3,331	2,952	3,147	2,652	2,585
20 To others	2,353r	2,675r	2,696r	2,558r	2,510	2 518	2,700	2,548	2,725
21 Other loans and leases, gross	137,319	134,104	133,705	135,665r	135,711	134,097	135,288	133,469	132,980
22 Other loans, gross	135,295	132,080	131,670	133,621r	133,645	132,024	133,121	131,292	130,802
23 Commercial and industrial	64,843r	64,294r	64,542r	64,457r	64,730	64,686	64,230	64,082	63,745
24 Bankers acceptances and commercial paper	756	780	736	782	960	740	662	909	700
25 All other	64,087r	63,514r	63,806r	63,674r	63,770	63,946	63,568	63,174	63,045
26 U S addressees	62,893r	62,363r	62,707r	62,611r	62,681	62,913	62,544	62,184	62,050
27 Non-U S addressees	1,194	1,151	1,099	1,064	1,089	1,032	1,023	990	995
28 Real estate loans	22,014	22,224	22,294	21,997	22,258	22,351	22,455	22,430	22,521
29 To individuals for personal expenditures	14,699r	14,732r	14,807r	14,853r	14,756	14,804	14,826	14,910	15,027
30 To depository and financial institutions	13,398	12,700	12,642	12,846r	12,870	12,450	12,240	12,338	11,981
31 Commercial banks in the United States	2,379	1,860	1,891	1,754r	1,751	1,648	1,410	1,556	1,506
32 Banks in foreign countries	2,318	2,288	2,228	2,558r	2,640	2,384	2,264	2,372	2,035
33 Nonbank depository and other financial institutions	8,702	8,552	8,522	8,534	8,479	8,418	8,565	8,410	8,440
34 For purchasing and carrying securities	7,160	5,590	5,041	5,965	6,308	5,184	6,623	5,338	5,056
35 To finance agricultural production	472	480	470	460	359	359	317	311	315
36 To states and political subdivisions	7,712	7,856	7,800	7,848	8,070	7,957	8,027	8,180	8,160
37 To foreign governments and official institutions	594	426	381	384r	347	412	496	327	443
38 All other	4,402	3,777	3,693	4,811r	3,947	3,821	3,908	3,375	3,556
39 Lease financing receivables	2,024	2,023	2,036	2,044	2,066	2,072	2,166	2,177	2,178
40 LESS Unearned income	1,511	1,536	1,531	1,526	1,519	1,506	1,509	1,497	1,501
41 Loan and lease reserve	2,979	2,977	2,977	2,992	3,025	3,063	3,076	3,079	3,102
42 Other loans and leases, net	132,828	129,591	129,197	131,146r	131,166	129,528	130,703	128,893	128,378
43 All other assets[4]	68,199r	67,784r	64,003r	63,191r	67,025	70,527	73,370	67,380	67,315
44 **Total assets**	**261,020r**	**249,417r**	**250,599r**	**247,291r**	**255,957**	**252,582**	**259,358**	**246,766**	**248,268**
Deposits									
45 Demand deposits	52,565	43,798	46,083	46,255r	49,402	46,121	50,650	42,622	45,175
46 Individuals, partnerships, and corporations	35,372	29,980	31,223	31,001r	33,448	30,172	33,283	28,939	30,323
47 States and political subdivisions	863	704	896	610	712	603	686	534	512
48 U S government	249	504	688	392	168	423	639	403	460
49 Depository institutions in the United States	6,470	4,406	4,690	4,358r	5,932	4,228	5,696	4,742	4,400
50 Banks in foreign countries	5,116	4,591	4,526	4,920r	4,803	4,574	4,855	4,226	4,782
51 Foreign governments and official institutions	932	704	664	814r	519	617	824	790	616
52 Certified and officers' checks	3,563	2,909	3,394	4,160	3,820	5,503	4,667	2,988	4,082
53 Transaction balances other than demand deposits ATS, NOW, Super NOW, telephone transfers)	3,812	3,716	3,707	3,540	3,615	3,593	3,552	3,491	3,453
54 Nontransaction balances	78,750	78,278	78,531	79,536	80,171	80,912	81,758	80,729	80,576
55 Individuals, partnerships and corporations	71,248	70,723	71,066	71,850	72,226	72,534	73,284	72,190	72,039
56 States and political subdivisions	2,892	2,919	3,028	3,178	3,255	3,581	3,848	3,959	4,026
57 U S government	33	29	29	35	33	33	35	35	35
58 Depository institutions in the United States	2,951	2,989	2,796	2,840	2,908	2,801	2,679	2,662	2,603
59 Foreign governments, official institutions and banks	1,627	1,618	1,611	1,633	1,750	1,964	1,912	1,882	1,873
60 Liabilities for borrowed money	59,860r	60,113r	57,012r	52,609r	59,062	59,683	61,123	58,338	59,040
61 Borrowings from Federal Reserve Banks			400		1,230		4,013		
62 Treasury tax-and-loan notes	511	1,966	1,659	2,148	2,575	497	466	1,239	1,024
63 All other liabilities for borrowed money[5]	59,350r	58,146r	54,953r	50,461r	55,258	59,186	56,644	57,100	58,017
64 Other liabilities and subordinated note and debentures	43,835r	41,259r	43,125r	43,237r	41,309	39,822	39,925	39,210	37,711
65 **Total liabilities**	**238,823r**	**227,164r**	**228,457r**	**225,177r**	**233,560**	**230,130**	**237,009**	**224,390**	**225,955**
66 Residual (total assets minus total liabilities)[6]	22,197	22,253	22,142	22,115r	22,397	22,452	22,350	22,376	22,312

1 Excludes trading account securities
2 Not available due to confidentiality
3. Includes securities purchased under agreements to resell
4. Includes trading account securities
5 Includes federal funds purchased and securities sold under agreements to repurchase
6 Not a measure of equity capital for use in capital adequacy analysis or for other analytic uses

NOTE These data also appear in the Board's H 4 2 (504) release For address, see inside front cover

1.29 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures

Account	1984								
	July 4r	July 11r	July 18r	July 25r	Aug 1	Aug 8	Aug 15	Aug 22	Aug. 29
BANKS WITH ASSETS OF $1 4 BILLION OR MORE									
1 Total loans and leases (gross) and investments adjusted[1]	741,825	737,988	735,645	738,223	741,604	739,918	746,422	742,214	741,816
2 Total loans and leases (gross) adjusted[1]	619,560	614,466	614,436	616,292	618,261	615 316	620,426	615,666	615,754
3 Time deposits in amounts of $100,000 or more	155,803	156,199	156,193	157,284	156,664	157,433	158,146	157,851	158,036
4 Loans sold outright to affiliates—total[2]	2,753	2,794	2,918	2,895	2,877	2,905	2,912	2,945	3,015
5 Commercial and industrial	1,957	1,986	2,103	2,083	2,057	2,086	2,091	2,102	2,150
6 Other	796	809	816	811	821	819	821	842	864
7 Nontransaction savings deposits (including MMDAs)	155,264	154,489	154,056	153,110	152,932	152,438	152,122	151,434	151,158
BANKS IN NEW YORK CITY									
8 Total loans and leases (gross) and investments adjusted[1,3]	160,218	157,207	157,028	158,424	158,286	156,317	158,505	156,132	155,752
9 Total loans and leases (gross) adjusted[1]	141,747	138,683	138,434	139,856	139,800	137,918	139,725	137,112	136,785
10 Time deposits in amounts of $100,000 or more	34,845	34,625	34,675	35,288	35,282	35,668	36,043	35,146	35,094

1 Exclusive of loans and federal funds transactions with domestic commercial banks

2. Loans sold are those sold outright to a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company

3 Excludes trading account securities

1.30 LARGE WEEKLY REPORTING U.S. BRANCHES AND AGENCIES OF FOREIGN BANKS WITH ASSETS OF $750 MILLION OR MORE ON JUNE 30, 1980 Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1984								
	July 4	July 11	July 18r	July 25	Aug 1	Aug. 8	Aug 15	Aug 22	Aug 29
1 Cash and due from depository institutions	7,229	6,720	6,631	6,840	7,024	6,415	6,525	6,165	6,327
2 Total loans and securities	47,370r	45,879r	46,625	44,714	44,305	44,844	46,698	46,541	48,320
3 U S Treasury and govt agency securities	4,296	4,295	4,385	4,334	4,194	4,226	4,307	4,300	4,292
4 Other securities	822	839	964	984	1,003	1,002	1,016	1,050	1,091
5 Federal funds sold[1]	4,981	3,555	4,665	2,792	2,775	3,173	4,109	3,985	5,680
6 To commercial banks in the United States	4,786	3,427	4,480	2,736	2,695	3,115	3,902	3,840	5,457
7 To others	195	128	185	56	80	58	207	145	223
8 Other loans, gross	37,271r	37,190r	36,610	36,603	36,333	36,443	37,265	37,206	37,258
9 Commercial and industrial	20,511r	20,719r	20,653	20,383	20,163	20,046	20,226	20,350	20,702
10 Bankers acceptances and commercial paper	3,452r	3,543r	3,467	3,333	3,313	3,255	3,175	3,271	3,417
11 All other	17,058r	17,176r	17,186	17,050	16,850	16,791	17,051	17,079	17,285
12 U S addressees	15,169r	15,350r	15,276	15,187	15,097	15,019	15,294	15,317	15,404
13 Non-U S addressees	1,889	1,826	1,910	1,862	1,753	1,772	1,757	1,762	1,881
14 To financial institutions	13,367	13,060	12,772	12,919	12,689	13,078	13,537	13,670	13,265
15 Commercial banks in the United States	11,178	10,914	10,627	10,790	10,289	11,010	11,215	11,361	11,066
16 Banks in foreign countries	1,431	1,542	1,501	1,505	1,622	1,528	1,607	1,603	1,494
17 Nonbank financial institutions	758	604	643	624	778	541	714	707	705
18 To foreign govts and official institutions	794	789	792	827	794	785	755	752	747
19 For purchasing and carrying securities	643	710	479	631	840	712	874	589	655
20 All other	1,956	1,912	1,915	1,843	1,848	1,821	1,872	1,845	1,889
21 Other assets (claims on nonrelated parties)	15,744r	15,958r	16,304	16,170r	15 956	16,018	16,346	16,892	17,133
22 Net due from related institutions	11,316	11,796	11,578	11,954r	11 179	11,249	10,863	10,518	10,298
23 Total assets	81,659	80,354	81,138	79,678r	78 464	78,525	80,432	80,116	82,079
24 Deposits or credit balances due to other than directly related institutions	22,474	22,175	22,207	22,300	22 259	21,542	21,694	21,108	21,182
25 Credit balances	207	115	170	203	197	118	148	113	132
26 Demand deposits	1,730r	1,699r	1,740	1,759	1 796	1,731	2,009	1,576	1,718
27 Individuals, partnerships, and corporations	926	842r	810	792	854	829	872	810	812
28 Other	804r	857	930	966	942	902	1,136	766	906
29 Time and savings deposits	20,538r	20,360r	20,297	20,338	20.266	19,693	19,537	19,419	19,332
30 Individuals, partnerships, and corporations	17,052	16,914r	16,957	16,966	16 760	16,336	16,121	16,012	15,895
31 Other	3,486r	3,447	3,340	3,372	3 506	3,357	3,416	3,406	3,437
32 Borrowings from other than directly related institutions	33,645r	34,081r	34,617	34,352	33,403	33,640	34,329	33,666	34,957
33 Federal funds purchased[2]	9,310	9,734	10,387	9,985	9.562	9,551	10,099	9,342	10,371
34 From commercial banks in the United States	6,629	7,101	7,398	6,951	6,814	6,695	7,394	6,344	7,334
35 From others	2,681	2,634	2,990	3,034	2 748	2,856	2,706	2,998	3,036
36 Other liabilities for borrowed money	24,335r	24,347r	24,230	24,367	23, 840	24,088	24,230	24,324	24,586
37 To commercial banks in the United States	20,445	20,480	20,287	20,228	19.596	19,742	19,863	20,063	20,282
38 To others	3,890	3,866	3,943	4,139	4.244	4,346	4,366	4,261	4,304
39 Other liabilities to nonrelated parties	16,418r	16,611r	16,767	16,765r	16,820	16,735	17,051	17,522	18,024
40 Net due to related institutions	9,121	7,487	7,547	6,260	5,982	6,610	7,358	7,820	7,916
41 Total liabilities	81,659	80,354	81,138	79,678r	78,464	78,525	80,432	80,116	82,079
MEMO									
42 Total loans (gross) and securities adjusted[3]	31,406r	31,538r	31,518	31,188	31,321	30,719	31,581	31,340	31,797
43 Total loans (gross) adjusted[3]	26,288r	26,404r	26,168	25,870	26,124	25,491	26,257	25,990	26,415

1. Includes securities purchased under agreements to resell

2 Includes securities sold under agreements to repurchase

3 Exclusive of loans to and federal funds sold to commercial banks in the United States.

NOTE Data from tables 1 29 and 1 30 also appear in the Board's H 4 2 (504) release For address, see inside front cover

1.31 GROSS DEMAND DEPOSITS of Individuals, Partnerships, and Corporations[1]

Billions of dollars, estimated daily-average balances

Type of holder	1978 Dec	1979[2] Dec.	1980 Dec	1981 Dec.	1982 Dec	1983 Mar	1983 June	1983 Sept	1983 Dec	1984 Mar
	Commercial banks									
1 **All holders—Individuals, partnerships, and corporations**	**290.0**	**302.3**	**315.5**	**288.9**	**291.8**	**272.0**	**281.9**	**280.3**	**293.5**	**279.3**
2 Financial business	27.0	27.1	29.8	28.0	35.4	32.7	34.6	32.1	32.8	31.7
3 Nonfinancial business	146.8	157.7	162.8	154.8	150.5	139.9	146.9	150.2	161.1	150.3
4 Consumer	98.2	99.2	102.4	86.6	85.9	79.4	80.3	78.0	78.5	78.1
5 Foreign	2.8	3.1	3.3	2.9	3.0	3.1	3.0	2.9	3.3	3.3
6 Other	15.1	15.1	17.2	16.7	17.0	16.9	17.2	17.1	17.8	15.9
	Weekly reporting banks									
	1978 Dec	1979[3] Dec	1980 Dec	1981 Dec	1982 Dec	1983 Mar	1983 June	1983 Sept	1983 Dec[4]	1984 Mar
7 **All holders—Individuals, partnerships, and corporations**	**127.6**	**139.3**	**147.4**	**137.5**	**144.2**	**133.0**	**139.6**	**136.3**	**146.2**	**139.2**
8 Financial business	18.2	20.1	21.8	21.0	26.7	24.3	26.2	23.6	24.2	23.5
9 Nonfinancial business	67.2	74.1	78.3	75.2	74.3	68.9	72.8	72.9	79.8	76.4
10 Consumer	32.8	34.3	35.6	30.4	31.9	28.7	28.5	28.1	29.7	28.4
11 Foreign	2.5	3.0	3.1	2.8	2.9	3.0	2.8	2.8	3.1	3.2
12 Other	6.8	7.8	8.6	8.0	8.4	8.1	9.3	8.9	9.3	7.7

1. Figures include cash items in process of collection. Estimates of gross deposits are based on reports supplied by a sample of commercial banks. Types of depositors in each category are described in the June 1971 BULLETIN, p. 466.

2. Beginning with the March 1979 survey, the demand deposit ownership survey sample was reduced to 232 banks from 349 banks, and the estimation procedure was modified slightly. To aid in comparing estimates based on the old and new reporting sample, the following estimates in billions of dollars for December 1978 have been constructed using the new smaller sample; financial business, 27.0; nonfinancial business, 146.9; consumer, 98.3; foreign, 2.8; and other, 15.1.

3. After the end of 1978 the large weekly reporting bank panel was changed to 170 large commercial banks, each of which had total assets in domestic offices exceeding $750 million as of Dec. 31, 1977. Beginning in March 1979, demand deposit ownership estimates for these large banks are constructed quarterly on the basis of 97 sample banks and are not comparable with earlier data. The following estimates in billions of dollars for December 1978 have been constructed for the new large-bank panel; financial business, 18.2; nonfinancial business, 67.2; consumer, 32.8; foreign, 2.5; other, 6.8.

4. In January 1984 the weekly reporting panel was revised; it now includes 168 banks. Beginning with March 1984, estimates are constructed on the basis of 92 sample banks and are not comparable with earlier data. Estimates in billions of dollars for December 1983 based on the newly weekly reporting panel are: financial business, 24.4; nonfinancial business, 80.9; consumer, 30.1; foreign, 3.1; other, 9.5.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1979[1] Dec	1980 Dec	1981 Dec	1982 Dec.[2]	1983 Dec	1984[3] Feb	Mar.	Apr.	May	June	July
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**112,803**	**124,374**	**165,829**	**166,670**	**185,852**	**191,004**	**200,517**	**209,565**	**213,582**	**217,188r**	**220,716**
Financial companies[4]											
Dealer-placed paper[5]											
2 Total	17,359	19,599	30,333	34,634	41,688	44,749	46,573	49,864	51,926	52,356	52,585
3 Bank-related (not seasonally adjusted)	2,784	3,561	6,045	2,516	2,441	1,765	1,767	1,865	1,696	1,944r	1,799
Directly placed paper[6]											
4 Total	64,757	67,854	81,660	84,130	96,548	102,606	107,421	109,376	110,791	109,413	109,292
5 Bank-related (not seasonally adjusted)	17,598	22,382	26,914	32,034	35,566	36,958	39,617	41,881	46,338	43,960	45,090
6 Nonfinancial companies[7]	30,687	36,921	53,836	47,906	47,616	43,649	46,523	50,325	50,865	55,419r	58,839
	Bankers dollar acceptances (not seasonally adjusted)										
7 **Total**	**45,321**	**54,744**	**69,226**	**79,543**	**78,309**	**74,367**	**73,221**	**78,457**	79,530	82,067	80,957
Holder											
8 Accepting banks	9,865	10,564	10,857	10,910	9,355	9,237	8,734	11,160	9,927	10,877	10,708
9 Own bills	8,327	8,963	9,743	9,471	8,125	7,897	7,040	9,029	8,422	9,354	8,854
10 Bills bought	1,538	1,601	1,115	1,439	1,230	1,340	1,694	2,131	1,504	1,523	1,853
Federal Reserve Banks											
11 Own account	704	776	195	1,480	418	0	0	305r	0	0	0
12 Foreign correspondents	1,382	1,791	1,442	949	729	777	896	834	679	697	611
13 Others	33,370	41,614	56,731	66,204	68,225	64,353	63,592	66,468	68,925	70,493	69,639
Basis											
14 Imports into United States	10,270	11,776	14,765	17,683	15,649	15,495	15,107	16,579	16,687	17,301	17,947
15 Exports from United States	9,640	12,712	15,400	16,328	16,880	15,818	15,572	16,283	15,938	16,421	15,485
16 All other	25,411	30,257	39,060	45,531	45,781	43,055	42,542	45,545	46,906	48,345	47,525

1. A change in reporting instructions results in offsetting shifts in the dealer-placed and directly placed financial company paper in October 1979

2 Effective Dec 1, 1982, there was a break in the commercial paper series. The key changes in the content of the data involved additions to the reporting panel, the exclusion of broker or dealer placed borrowings under any master note agreements from the reported data, and the reclassification of a large portion of bank-related paper from dealer-placed to directly placed

3. Correction of a previous misclassification of paper by a reporter has created a break in the series beginning January 1984 The correction shifts some paper from nonfinancial companies to dealer-placed financial paper

4. Institutions engaged primarily in activities such as, but not limited to, commercial, savings, and mortgage banking, sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting, and other investment activities.

5. Includes all financial company paper sold by dealers in the open market

6. As reported by financial companies that place their paper directly with investors

7. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services

1.33 PRIME RATE CHARGED BY BANKS on Short-Term Business Loans

Percent per annum

Effective date	Rate	Effective Date	Rate	Month	Average rate	Month	Average rate
1981—Nov. 24	16 00	1982—Oct 7	13 00	1982—Jan.	15 75	1983—May	10.50
Dec 1	15 75	14	12.00	Feb.	16.56	June	10.50
		Nov 22	11 50	Mar.	16 50	July	10 50
				Apr	16 50	Aug	10 89
1982—Feb 2	16 50			May	16.50	Sept	11.00
18	17 00	1983—Jan 11	11 00	June	16.50	Oct	11 00
23	16 50	Feb. 28	10.50	July	16 26	Nov	11.00
July 20	16 00	Aug 8	11 00	Aug.	14 39	Dec	11 00
29	15 50			Sept	13 50		
Aug 2	15 00	1984—Mar 19	11 50	Oct	12 52	1984—Jan.	11 00
16	14 50	Apr 5	12 00	Nov	11.85	Feb	11 00
18	14 00	May 8	12 50	Dec.	11 50	Mar.	11.21
23	13 50	June 25	13 00			Apr.	11.93
				1983—Jan	11.16	May	12.39
				Feb	10 98	June	12 60
				Mar	10 50	July	13.00
				Apr	10 50	Aug	13.00

NOTE These data also appear in the Board's H 15 (519) release For address, see inside front cover.

1.34 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 7–11, 1984

Item	All sizes	Size of loan (in thousands of dollars) 1–24	25–49	50–99	100–499	500–999	1,000 and over
SHORT-TERM COMMERCIAL AND INDUSTRIAL LOANS							
1 Amount of loans (thousands of dollars)	38,733,851	1,071,948	786,804	947,786	2,643,636	987,715	32,295,962
2 Number of loans	194,776	135,176	23,944	14,370	15,327	1,503	4,456
3 Weighted-average maturity (months)	1.4	4.5	4.6	5.0	5.4	3.5	.8
4 With fixed rates	1.0	3.8	4.0	3.0	4.1	2.1	.7
5 With floating rates	2.1	6.0	5.4	7.0	6.3	4.6	1.1
6 Weighted-average interest rate (percent per annum)	12.45	14.93	14.46	14.41	13.86	13.37	12.12
7 Interquartile range[1]	11.82–12.75	13.95–15.87	13.70–15.39	13.80–14.94	13.24–14.37	12.68–13.88	11.75–12.36
8 With fixed rates	12.23	14.89	14.16	14.28	13.76	12.86	11.99
9 With floating rates	12.80	14.99	14.80	14.50	13.90	13.61	12.36
Percentage of amount of loans							
10 With floating rate	39.2	34.7	46.2	57.8	67.4	68.8	35.4
11 Made under commitment	69.7	32.3	40.1	51.7	54.8	70.6	73.4
12 With no stated maturity	9.9	9.1	10.2	18.6	24.7	35.4	7.7
13 With one-day maturity	39.0	.1	.1	.1	.3	3.4	46.7

Item	All sizes	1–99	100–499	500–999	1,000 and over
LONG-TERM COMMERCIAL AND INDUSTRIAL LOANS					
14 Amount of loans (thousands of dollars)	4,129,515	683,061	348,909	198,394	2,899,152
15 Number of loans	35,908	33,322	1,689	296	600
16 Weighted-average maturity (months)	47.9	42.8	46.1	45.2	49.4
17 With fixed rates	44.3	38.2	57.2	54.6	44.6
18 With floating rates	50.2	46.2	42.5	43.7	53.1
19 Weighted-average interest rate (percent per annum)	13.12	15.00	13.91	13.50	12.56
20 Interquartile range[1]	12.00–13.92	14.37–15.87	13.10–14.45	12.68–14.09	11.75–13.24
21 With fixed rates	12.58	14.98	14.03	12.75	11.94
22 With floating rates	13.49	15.02	13.87	13.62	13.04
Percentage of amount of loans					
23 With floating rate	59.9	58.4	75.7	86.7	56.5
24 Made under commitment	75.4	37.0	57.1	74.5	86.7

Item	All sizes	1–24	25–49	50–99	100–499	500 and over
CONSTRUCTION AND LAND DEVELOPMENT LOANS						
25 Amount of loans (thousands of dollars)	2,567,543	211,528	118,448	163,406	890,297	1,183,865
26 Number of loans	32,938	22,087	3,012	2,292	4,563	984
27 Weighted-average maturity (months)	8.2	10.4	9.3	7.7	5.9	9.7
28 With fixed rates	7.9	12.7	9.3	6.1	4.2	11.0
29 With floating rates	8.5	5.8	9.1	11.8	8.5	8.6
30 Weighted-average interest rate (percent per annum)	13.76	15.04	14.78	14.71	13.92	13.19
31 Interquartile range[1]	13.22–14.50	14.37–15.79	14.75–15.03	14.37–15.57	13.24–14.50	12.02–14.09
32 With fixed rates	13.53	15.05	14.87	14.80	14.00	12.28
33 With floating rates	14.07	15.03	14.33	14.51	13.80	14.06
Percentage of amount of loans						
34 With floating rate	43.2	35.3	17.1	31.7	40.8	50.7
35 Secured by real estate	72.6	95.4	98.3	97.8	78.7	57.8
36 Made under commitment	43.8	50.0	18.0	25.1	37.9	52.2
37 With no stated maturity	9.5	3.7	33.6	5.8	3.4	13.1
38 With one-day maturity	0	0	.1	.6	0	0
Type of construction						
39 1- to 4-family	28.8	53.5	91.1	79.3	34.0	7.2
40 Multifamily	3.6	3.0	2.2	5.9	2.8	4.1
41 Nonresidential	67.6	43.5	6.8	14.8	63.1	88.6

LOANS TO FARMERS	All sizes	1–9	10–24	25–49	50–99	100–249	250 and over
42 Amount of loans (thousands of dollars)	1,502,201	199,153	176,270	195,641	173,959	339,127	418,052
43 Number of loans	77,344	53,658	11,974	6,105	2,720	2,312	574
44 Weighted-average maturity (months)	8.3	6.6	7.1	8.0	8.4	11.3	7.5
45 Weighted-average interest rate (percent per annum)	14.25	14.64	14.35	14.41	14.24	14.51	13.75
46 Interquartile range[1]	13.55–14.95	13.96–15.02	13.67–15.02	13.80–14.95	13.59–15.03	14.09–15.02	12.55–14.49
By purpose of loan							
47 Feeder livestock	14.51	14.79	14.07	14.34	14.63	14.84	13.74
48 Other livestock	13.86	13.97	14.59	14.63	[2]	[2]	13.33
49 Other current operating expenses	14.29	14.56	14.41	14.54	14.21	14.44	13.89
50 Farm machinery and equipment	15.04	15.88	14.55	14.68	[2]	[2]	[2]
51 Other	13.93	14.59	14.02	13.91	14.10	14.14	13.63

1. Interest rate range that covers the middle 50 percent of the total dollar amount of loans made.
2. Fewer than 10 sample loans.

NOTE. For more detail, see the Board's E.2 (111) statistical release.

1.35 INTEREST RATES Money and Capital Markets

Averages, percent per annum; weekly and monthly figures are averages of business day data unless otherwise noted.

Instrument	1981	1982	1983	1984				1984, week ending				
				May	June	July	Aug.	Aug 3	Aug 10	Aug 17	Aug 24	Aug. 31
MONEY MARKET RATES												
1 Federal funds[1,2]	16.38	12.26	9.09	10.32	11.06	11.23	11.64	11.53	11.59	11.63	11.77	11.50
2 Discount window borrowing[1,2,3]	13.42	11.02	8.50	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Commercial paper[4,5]												
3 1-month	15.69	11.83	8.87	10.38	10.82	11.06	11.19	11.02	11.11	11.18	11.28	11.28
4 3-month	15.32	11.89	8.88	10.65	10.98	11.19	11.18	11.12	11.14	11.16	11.22	11.23
5 6-month	14.76	11.89	8.89	10.87	11.23	11.34	11.16	11.19	11.16	11.13	11.16	11.17
Finance paper, directly placed[4,5]												
6 1-month	15.30	11.64	8.80	10.26	10.76	10.99	11.16	10.83	11.13	11.18	11.23	11.26
7 3-month	14.08	11.23	8.70	10.16	10.38	10.54	10.61	10.58	10.55	10.65	10.58	10.63
8 6-month	13.73	11.20	8.69	10.03	10.25	10.42	10.52	10.45	10.45	10.55	10.54	10.57
Bankers acceptances[5,6]												
9 3-month	15.32	11.89	8.90	10.84	11.04	11.30	11.23	11.14	11.21	11.22	11.24	11.29
10 6-month	14.66	11.83	8.91	11.06	11.30	11.44	11.13	11.17	11.12	11.10	11.11	11.17
Certificates of deposit, secondary market[7]												
11 1-month	15.91	12.04	8.96	10.62	11.02	11.28	11.32	11.21	11.29	11.32	11.37	11.37
12 3-month	15.91	12.27	9.07	11.11	11.34	11.56	11.47	11.39	11.43	11.46	11.50	11.52
13 6-month	15.77	12.57	9.27	11.64	11.96	12.08	11.71	11.77	11.70	11.68	11.69	11.75
14 Eurodollar deposits, 3-month[8]	16.79	13.12	9.56	11.53	11.68	12.02	11.81	11.73	10.47	11.80	11.83	11.86
U.S. Treasury bills[5]												
Secondary market[9]												
15 3-month	14.03	10.61	8.61	9.83	9.87	10.12	10.47	10.42	10.48	10.31	10.44	10.65
16 6-month	13.80	11.07	8.73	10.31	10.51	10.53	10.61	10.63	10.59	10.52	10.57	10.75
17 1-year	13.14	11.07	8.80	10.57	10.93	10.89	10.71	10.73	10.69	10.64	10.68	10.84
Auction average[10]												
18 3-month	14.029	10.686	8.63	9.90	9.94	10.13	10.49	10.40	10.55	10.49	10.40	10.60
19 6-month	13.776	11.084	8.75	10.31	10.55	10.58	10.65	10.64	10.68	10.63	10.59	10.70
20 1-year	13.159	11.099	8.86	10.64	10.92	10.99	10.79	...	10.79	...	...	...
CAPITAL MARKET RATES												
U.S. Treasury notes and bonds[11]												
Constant maturities[12]												
21 1-year	14.78	12.27	9.57	11.66	12.08	12.03	11.82	11.84	11.80	11.73	11.80	11.97
22 2-year	14.56	12.80	10.21	12.47	12.91	12.88	12.43	12.50	12.38	12.40	12.43	12.55
23 2-½-year[13]	...	...	...	...	...	...	...	12.75	...	12.40	...	12.45
24 3-year	14.44	12.92	10.45	12.75	13.18	13.08	12.50	12.63	12.44	12.45	12.46	12.60
25 5-year	14.24	13.01	10.80	13.17	13.48	13.28	12.69	12.77	12.63	12.67	12.66	12.79
26 7-year	14.06	13.06	11.02	13.34	13.56	13.35	12.75	12.83	12.69	12.74	12.70	12.86
27 10-year	13.91	13.00	11.10	13.41	13.56	13.36	12.72	12.82	12.67	12.71	12.66	12.82
28 20-year	13.72	12.92	11.34	13.43	13.54	13.36	12.71	12.87	12.72	12.75	12.60	12.75
29 30-year	13.44	12.76	11.18	13.43	13.44	13.21	12.54	12.79	12.58	12.51	12.42	12.56
Composite[14]												
30 Over 10 years (long-term)	12.87	12.23	10.84	12.89	13.00	12.82	12.23	12.36	12.23	12.25	12.15	12.29
State and local notes and bonds												
Moody's series[15]												
31 Aaa	10.43	10.88	8.80	9.98	10.05	10.10	9.58	9.75	9.55	9.50	9.50	9.60
32 Baa	11.76	12.48	10.17	10.55	10.68	10.61	10.30	10.45	10.30	10.25	10.15	10.35
33 *Bond Buyer* series[16]	11.33	11.66	9.51	10.49	10.67	10.42	9.99	9.92	9.81	10.02	10.02	10.17
Corporate bonds												
Seasoned issues[17]												
34 All industries	15.06	14.94	12.78	14.13	14.40	14.32	13.78	13.96	13.76	13.77	13.73	13.77
35 Aaa	14.17	13.79	12.04	13.28	13.55	13.44	12.87	13.05	12.84	12.86	12.85	12.88
36 Aa	14.75	14.41	12.42	14.10	14.33	14.12	13.47	13.66	13.47	13.44	13.41	13.47
37 A	15.29	15.43	13.10	14.37	14.66	14.57	14.13	14.25	14.07	14.14	14.09	14.13
38 Baa	16.04	16.11	13.55	14.74	15.05	15.15	14.63	14.89	14.65	14.63	14.55	14.58
39 A-rated, recently-offered utility bonds[18]	16.63	15.49	12.73	14.79	15.00	14.93	14.12	14.10	14.08	14.16	14.10	14.15
MEMO: Dividend/price ratio[19]												
40 Preferred stocks	12.36	12.53	11.02	11.72	12.04	12.13	11.77	12.08	11.73	11.65	11.66	11.71
41 Common stocks	5.20	5.81	4.40	4.72	4.86	4.93	4.62	4.84	4.64	4.61	4.50	4.50

1. Weekly and monthly figures are averages of all calendar days, where the rate for a weekend or holiday is taken to be the rate prevailing on the preceding business day. The daily rate is the average of the rates on a given day weighted by the volume of transactions at these rates.
2. Weekly figures are averages for statement week ending Wednesday.
3. Rate for the Federal Reserve Bank of New York.
4. Unweighted average of offering rates quoted by at least five dealers (in the case of commercial paper), or finance companies (in the case of finance paper). Before November 1979, maturities for data shown are 30–59 days, 90–119 days, and 120–179 days for commercial paper, and 30–59 days, 90–119 days, and 150–179 days for finance paper.
5. Yields are quoted on a bank-discount basis, rather than an investment yield basis (which would give a higher figure).
6. Dealer closing offered rates for top-rated banks. Most representative rate (which may be, but need not be, the average of the rates quoted by the dealers).
7. Unweighted average of offered rates quoted by at least five dealers early in the day.
8. Calendar week average. For indication purposes only.
9. Unweighted average of closing bid rates quoted by at least five dealers.
10. Rates are recorded in the week in which bills are issued. Beginning with the Treasury bill auction held on Apr 18, 1983, bidders were required to state the percentage yield (on a bank discount basis) that they would accept to two decimal places. Thus, average issuing rates in bill auctions will be reported using two rather than three decimal places.
11. Yields are based on closing bid prices quoted by at least five dealers.
12. Yields adjusted to constant maturities by the U.S. Treasury. That is, yields are read from a yield curve at fixed maturities. Based on only recently issued, actively traded securities.
13. Each biweekly figure is the average of five business days ending on the Monday following the date indicated. Until Mar 31, 1983, the biweekly rate determined the maximum interest rate payable in the following two-week period on 2-½-year small saver certificates. (See table 1.16.)
14. Averages (to maturity or call) for all outstanding bonds neither due nor callable in less than 10 years, including several very low yielding "flower" bonds.
15. General obligations based on Thursday figures, Moody's Investors Service.
16. General obligations only, with 20 years to maturity, issued by 20 state and local governmental units of mixed quality. Based on figures for Thursday.
17. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.
18. Compilation of the Federal Reserve. This series is an estimate of the yield on recently-offered, A-rated utility bonds with a 30-year maturity and 5 years of call protection. Weekly data are based on Friday quotations.
19. Standard and Poor's corporate series. Preferred stock ratio based on a sample of ten issues: four public utilities, four industrials, one financial, and one transportation. Common stock ratios on the 500 stocks in the price index.

NOTE. These data also appear in the Board's H.15 (519) and G.13 (415) releases. For address, see inside front cover.

1.36 STOCK MARKET Selected Statistics

Indicator	1981	1982	1983	1983 Dec	1984 Jan	Feb	Mar	Apr	May	June	July	Aug
	Prices and trading (averages of daily figures)											
Common stock prices												
1 New York Stock Exchange (Dec 31, 1965 = 50)	74.02	68.93	92.63	94.92	96.16	90.60	90.66	90.67	90.07	88.28	87.08	94.49
2 Industrial	85.44	78.18	107.45	110.60	112.16	105.44	105.92	106.56	105.94	104.04	102.29	111.20
3 Transportation	72.61	60.41	89.36	98.79	97.98	86.33	86.10	83.61	81.62	79.29	76.72	86.86
4 Utility	38.90	39.75	47.00	47.00	47.43	45.67	44.83	43.86	44.22	43.65	44.17	46.69
5 Finance	73.52	71.99	95.34	94.25	95.79	89.95	89.50	88.22	85.06	80.75	79.03	87.92
6 Standard & Poor's Corporation (1941-43 = 10)[1]	128.05	119.71	160.41	164.36	166.39	157.70	157.44	157.60	156.55	153.12	151.08	164.42
7 American Stock Exchange[2] (Aug 31, 1973 = 100)	171.79	141.31	216.48	221.31	224.83	207.95	210.09	207.66	206.39	201.24	192.82	207.90
Volume of trading (thousands of shares)												
8 New York Stock Exchange	46,967	64,617	85,418	88,041	105,518	96,641	84,328	85,874	88,170	85,920	79,156	109,892
9 American Stock Exchange	5,346	5,283	8,215	6,939	7,167	6,431	5,382	5,863	5,935	5,071	5,141	7,477
	Customer financing (end-of-period balances, in millions of dollars)											
10 Margin credit at broker–dealers[3]	**14,411**	**13,325**	**23,000**	**23,000**	**23,132**	**22,557**	**22,668**	**22,830**	**22,360**	**23,450**	**22,980**	n.a.
11 Margin stock	14,150	12,980	22,720	22,720	22,870	22,330	22,460	n.a.	n.a.	n.a.	n.a.	n.a.
12 Convertible bonds	259	344	279	279	261	226	208	n.a.	n.a.	n.a.	n.a.	n.a.
13 Subscription issues	2	1	1	1	1	1	*	n.a.	n.a.	n.a.	n.a.	n.a.
Free credit balances at brokers[4]												
14 Margin-account	3,515	5,735	6,620	6,620	6,510	6,420	6,520	6,450	6,685	6,430	6,430	n.a.
15 Cash-account	7,150	8,390	8,430	8,430	8,230	8,420	8,265	7,910	8,115	8,304	8,124	n.a.
	Margin-account debt at brokers (percentage distribution, end of period)											
16 Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	n.a.
By equity class (in percent)[5]												
17 Under 40	37.0	21.0	41.0	41.0	43.0	48.0	46.0	47.0	53.0	50.0	52.0	n.a.
18 40–49	24.0	24.0	22.0	22.0	21.0	20.0	20.0	20.0	18.0	19.0	17.0	n.a.
19 50–59	17.0	24.0	16.0	16.0	15.0	13.0	14.0	13.0	12.0	12.0	12.0	n.a.
20 60–69	10.0	14.0	9.0	9.0	9.0	8.0	9.0	8.0	7.0	8.0	8.0	n.a.
21 70–79	6.0	9.0	6.0	6.0	6.0	6.0	6.0	6.0	5.0	6.0	5.0	n.a.
22 80 or more	6.0	8.0	6.0	6.0	6.0	5.0	5.0	6.0	5.0	5.0	6.0	n.a.
	Special miscellaneous-account balances at brokers (end of period)											
23 Total balances (millions of dollars)[6]	**25,870**	**35,598**	**58,329**	**58,329**	**62,670**	**63,410**	**65,860**	**66,340**	**70,110**	**69,410**	**70,588**	n.a.
Distribution by equity status (percent)												
24 Net credit status	58.0	62.0	63.0	63.0	61.0	59.0	61.0	60.0	60.0	56.0	57.0	n.a.
Debt status, equity of												
25 60 percent or more	31.0	29.0	28.0	28.0	29.0	29.0	28.0	29.0	27.0	30.0	30.0	n.a.
26 Less than 60 percent	11.0	9.0	9.0	9.0	10.0	12.0	11.0	11.0	13.0	14.0	13.0	n.a.

Margin requirements (percent of market value and effective date)[7]

	Mar 11, 1968	June 8, 1968	May 6, 1970	Dec 6, 1971	Nov 24, 1972	Jan 3, 1974
27 Margin stocks	70	80	65	55	65	50
28 Convertible bonds	50	60	50	50	50	50
29 Short sales	70	80	65	55	65	50

1 Effective July 1976, includes a new financial group, banks and insurance companies. With this change the index includes 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.

2 Beginning July 5, 1983, the American Stock Exchange rebased its index effectively cutting previous readings in half.

3. Beginning July 1983, under the revised Regulation T, margin credit at broker-dealers includes credit extended against stocks, convertible bonds, stocks acquired through exercise of subscription rights, corporate bonds, and government securities. Separate reporting of data for margin stocks, convertible bonds, and subscription issues was discontinued in April 1984, and margin credit at broker-dealers became the total that is distributed by equity class and shown on lines 17-22.

4 Free credit balances are in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand.

5 Each customer's equity in his collateral (market value of collateral less net debit balance) is expressed as a percentage of current collateral values.

6 Balances that may be used by customers as the margin deposit required for additional purchases. Balances may arise as transfers based on loan values of other collateral in the customer's margin account or deposits of cash (usually sales proceeds) occur.

7 Regulations G, T, and U of the Federal Reserve Board of Governors, prescribed in accordance with the Securities Exchange Act of 1934, limit the amount of credit to purchase and carry margin stocks that may be extended on securities as collateral by prescribing a maximum loan value, which is a specified percentage of the market value of the collateral at the time the credit is extended. Margin requirements are the difference between the market value (100 percent) and the maximum loan value. The term "margin stocks" is defined in the corresponding regulation.

1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1981	1982	1983				1984						
			Sept	Oct	Nov	Dec	Jan.	Feb.	Mar.	Apr.	May	June	July[p]
	Savings and loan associations												
1 **Assets**	**664,167**	**707,646**	**748,491**	**756,953**	**763,365**	**771,705**	**772,723**	**780,107**	**796,095**	**806,482**	**823,737**	**838,825**	**849,761**
2 Mortgages	518,547	483,614	482,305	485,366	489,720	493,432	494,682	497,987	502,143	509,283	518,214	526,732	534,704
3 Cash and investment securities[1]	63,123	85,438	100,243	101,553	101,553	103,395	101,883	103,917	108,565	105,950	109,102	108,809	107,717
4 Other	82,497	138,594	165,943	170,034	172,259	174,878	176,158	178,203	185,387	191,249	196,421	203,284	207,340
5 **Liabilities and net worth**	**664,167**	**707,646**	**748,491**	**756,953**	**763,365**	**771,705**	**772,723**	**780,107**	**796,095**	**806,482**	**823,737**	**838,825**	**849,761**
6 Savings capital	525,061	567,961	618,002	622,577	625,013	634,076	639,694	644,588	656,252	660,262	670,259	681,532	687,930
7 Borrowed money	88,782	97,850	85,976	87,367	89,235	91,443	86,322	86,526	93,321	97,468	102,281	107,554	109,401
8 FHLBB	62,794	63,861	52,179	52,678	51,735	52,626	50,880	50,465	50,663	51,951	53,485	56,558	57,245
9 Other	25,988	33,989	33,797	34,689	37,500	38,817	35,442	36,061	42,658	45,517	48,796	50,996	52,156
10 Loans in process[2]	6,385	9,934	18,812	19,209	19,728	21,117	21,498	21,939	22,929	23,898	24,717	25,680	26,140
11 Other	15,544	15,602	15,496	17,458	19,179	15,275	15,777	17,520	14,938	16,904	19,207	16,957	19,509
12 Net worth[3]	28,395	26,233	29,017	29,551	29,938	30,911	30,930	31,473	31,584	31,848	31,990	32,782	32,921
13 MEMO: Mortgage loan commitments outstanding[4]	15,225	18,054	32,483	32,798	34,780	32,996	33,504	36,150	39,813	41,672	45,207	44,811	44,116
	Mutual savings banks[5]												
14 **Assets**	**175,728**	**174,197**	**186,041**	**187,385**	**189,149**	**193,535**	**194,217**	**195,168**	**197,178**	**198,000**	**200,087**	**198,744**	
Loans													
15 Mortgage	99,997	94,091	94,831	94,863	95,600	97,356	97,703	97,895	98,472	99,017	99,881	99,356	
16 Other	14,753	16,957	17,830	19,589	19,675	19,129	20,463	21,694	21,971	22,531	22,907	22,972	
Securities													
17 U.S. government[6]	9,810	9,743	14,794	14,634	15,092	15,360	15,167	15,667	15,772	15,913	16,404	15,440	
18 State and local government	2,288	2,470	2,244	2,195	2,195	2,177	2,180	2,054	2,067	2,033	2,024	2,037	
19 Corporate and other[7]	37,791	36,161	41,889	42,092	42,629	43,580	43,542	43,439	43,547	43,122	43,200	42,675	
20 Cash	5,442	6,919	5,560	4,993	4,983	6,263	4,788	4,580	5,040	5,008	5,031	5,449	
21 Other assets	5,649	7,855	8,893	9,019	8,975	9,670	10,374	9,839	10,309	10,376	10,640	10,815	
22 **Liabilities**	**175,728**	**174,197**	**186,041**	**187,385**	**189,149**	**193,535**	**194,217**	**195,168**	**197,178**	**198,000**	**200,087**	**198,744**	**n.a.**
23 Deposits	155,110	155,196	165,887	168,064	169,356	172,665	173,636	174,370	176,044	175,875	176,253	174,855	
24 Regular[8]	153,003	152,777	162,998	165,575	167,006	170,135	171,099	171,957	173,385	173,010	173,310	171,742	
25 Ordinary savings	49,425	46,862	39,768	38,485	38,448	38,554	37,992	37,642	37,866	37,329	37,147	36,300	
26 Time	103,578	96,369	85,603	91,795	93,073	95,129	96,519	96,005	97,339	96,920	97,236	97,131	
27 Other	2,108	2,419	2,889	2,489	2,350	2,530	2,537	2,413	2,659	2,865	2,943	3,113	
28 Other liabilities	10,632	8,336	9,475	8,779	9,185	10,154	9,917	10,019	10,390	11,211	12,861	13,003	
29 General reserve accounts	9,986	9,235	9,879	10,015	10,210	10,368	10,350	10,492	10,373	10,466	10,554	10,396	
30 MEMO: Mortgage loan commitments outstanding[9]	1,293	1,285	2,023	2,210	2,418	2,387	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
	Life insurance companies[r]												
31 **Assets**	**525,803**	**588,163**	**639,035**	**643,338**	**649,081**	**654,948**	**658,504**	**660,901**	**665,836**	**671,259**	**673,518**		
Securities													
32 Government	25,209	36,499	46,605	48,478	48,341	50,752	51,328	51,762	52,504	52,828	53,422		
33 United States[10]	8,167	16,529	24,513	26,054	26,293	28,636	29,179	30,130	31,056	31,358	31,706		
34 State and local	7,151	8,664	10,022	10,010	9,925	9,986	9,995	9,426	9,259	9,192	9,239		
35 Foreign[11]	9,891	11,306	12,070	12,414	12,123	12,130	12,154	12,206	12,189	12,278	12,477		
36 Business	255,769	287,126	318,668	319,644	323,714	322,854	328,075	328,235	331,631	334,634	334,151	n.a.	n.a.
37 Bonds	208,099	231,406	253,602	255,409	258,757	257,986	263,207	265,798	268,446	271,296	273,212		
38 Stocks	47,670	55,720	65,066	64,235	64,957	64,868	64,868	62,437	63,185	63,338	60,939		
39 Mortgages	137,747	141,989	147,025	147,839	148,487	150,999	151,085	151,020	151,445	152,373	152,968		
40 Real estate	18,278	20,264	21,536	21,731	21,864	22,234	22,500	22,591	23,034	23,237	23,517		
41 Policy loans	48,706	52,961	53,860	53,917	53,979	54,063	54,089	54,170	54,254	54,365	54,399		
42 Other assets	40,094	48,571	51,341	51,729	52,696	54,046	51,939	53,123	52,968	53,822	55,061		
	Credit unions[12]												
43 **Total assets/liabilities and capital**	**60,611**	**69,585**	**80,189**	**80,419**	**81,094**	**81,961**	**82,287**	**83,779**	**86,498**	**87,204**	**89,378**	**90,021**	**91,431**
44 Federal	39,181	45,493	53,086	53,297	53,801	54,482	54,770	55,753	57,569	58,127	59,636	59,748	61,163
45 State	21,430	24,092	27,103	27,122	27,293	27,479	27,517	28,026	28,929	29,077	29,742	30,273	30,268
46 Loans outstanding	42,333	43,232	47,829	48,454	49,240	50,083	50,477	51,386	52,353	53,355	54,813	56,272	58,027
47 Federal	27,096	27,948	31,212	31,691	32,304	32,930	33,270	33,878	34,510	35,286	36,274	36,872	38,490
48 State	15,237	15,284	16,617	16,763	16,936	17,153	17,207	17,508	17,843	18,069	18,539	19,400	19,537
49 Savings	54,152	62,990	73,280	73,661	74,051	74,739	75,373	76,423	79,150	80,032	81,571	82,319	83,757
50 Federal (shares)	35,250	41,352	48,709	49,044	49,400	49,889	50,438	51,218	52,905	53,587	54,632	54,780	56,278
51 State (shares and deposits)	18,902	21,638	24,571	24,617	24,651	24,850	24,935	25,205	26,245	26,445	26,939	27,539	27,476

1.37 Continued

Account	1981	1982	1983 Sept	1983 Oct	1983 Nov	1983 Dec	1984 Jan	1984 Feb	1984 Mar	1984 Apr	1984 May	1984 June	1984 July[p]
	FSLIC-insured federal savings banks												
52 **Assets**	......	**6,859**	**57,496**	**59,422**	**61,717**	**64,969**	**69,835**	**72,143**	**75,555**	**77,374**	**78,952**	**81,310**	**82,862**
53 Mortgages		3,353	34,814	35,637	37,166	38,698	41,754	43,371	44,708	45,900	46,791	48,084	49,282
54 Cash and investment securities[1]			9,245	9,587	9,653	10,436	11,243	11,662	12,552	12,762	12,814	13,071	13,057
55 Other			13,437	14,198	14,898	15,835	16,838	17,110	18,295	18,712	19,347	20,155	20,523
56 **Liabilities and net worth**	......	**6,859**	**57,496**	**59,422**	**61,717**	**64,969**	**69,835**	**72,143**	**75,555**	**77,374**	**78,952**	**81,310**	**82,862**
57 Savings and capital		5,877	47,058	48,544	50,384	53,227	57,195	59,107	61,433	62,495	63,026	64,364	65,299
58 Borrowed money			6,598	6,775	6,981	7,477	8,048	8,088	9,213	9,707	10,475	11,489	11,947
59 FHLBB			4,192	4,323	4,381	4,640	4,751	4,884	5,232	5,491	5,900	6,538	6,784
60 Other			2,406	2,452	2,600	2,837	3,297	3,204	3,981	4,216	4,575	4,951	5,163
61 Other			1,089	1,293	1,428	1,157	1,347	1,545	1,360	1,548	1,747	1,646	1,771
62 Net worth[3]			2,751	2,810	2,924	3,108	3,245	3,403	3,549	3,624	3,704	3,811	3,845
MEMO													
63 Loans in process[2]		98	1,120	1,181	1,222	1,264	1,387	1,531	1,669	1,716	1,787	1,839	1,856
64 Mortgage loan commitments outstanding[4]			2,130	2,064	2,230	2,151	2,974	2,704	3,253	3,714	3,763	3,583	3,889

1 Holdings of stock of the Federal Home Loan Banks are in "other assets."
2 Beginning in 1982, loans in process are classified as contra-assets and are not included in total liabilities and net worth. Total assets are net of loans in process.
3 Includes net undistributed income accrued by most associations.
4 Excludes figures for loans in process.
5 The National Council reports data on member mutual savings banks and on savings banks that have converted to stock institutions, and to federal savings banks.
6 Beginning April 1979, includes obligations of U.S. government agencies. Before that date, this item was included in "Corporate and other."
7 Includes securities of foreign governments and international organizations and, before April 1979, nonguaranteed issues of U.S. government agencies.
8 Excludes checking, club, and school accounts.
9 Commitments outstanding (including loans in process) of banks in New York State as reported to the Savings Banks Association of the State of New York.
10 Direct and guaranteed obligations. Excludes federal agency issues not guaranteed, which are shown in the table under "Business" securities.
11 Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.
12 As of June 1982, data include only federal or federally insured state credit unions serving natural persons.

NOTE. *Savings and loan associations*: Estimates by the FHLBB for all associations in the United States. Data are based on monthly reports of federally insured associations and annual reports of other associations. Even when revised, data for current and preceding year are subject to further revision.
Mutual savings banks: Estimates of National Council of Savings Institutions for all savings banks in the United States.
Life insurance companies: Estimates of the American Council of Life Insurance for all life insurance companies in the United States. Annual figures are annual-statement asset values, with bonds carried on an amortized basis and stocks at year-end market value. Adjustments for interest due and accrued and for differences between market and book values are not made on each item separately but are included, in total, in "other assets."
Credit unions: Estimates by the National Credit Union Administration for a group of federal and federally insured state credit unions serving natural persons. Figures are preliminary and revised annually to incorporate recent data.

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1981	Fiscal year 1982	Fiscal year 1983	Calendar year 1982 H1	Calendar year 1982 H2	Calendar year 1983 H1	Calendar year 1984 May	Calendar year 1984 June	Calendar year 1984 July
U.S. budget									
1 Receipts[1]	599,272	617,766	600,562	322,478	286,338	306,331	37,459	69,282	52,017
2 Outlays[1]	657,204	728,375	795,917	348,678	390,846	396,477	71,391	71,283	68,433
3 Surplus, or deficit ( )	57,932	110,609	195,355	-26,200	−104,508	90,146	33,932	−2,001	16,416
4 Trust funds	6,817	5,456	23,056	−17,690	−6,576	22,680	3,849	10,425	441
5 Federal funds[2,3]	64,749	−116,065	218,410	43,889	97,934	112,822	−37,781	12,425	-16,857
Off-budget entities (surplus, or deficit ( ))									
6 Federal Financing Bank outlays	-20,769	- 14,142	−10,404	7,942	4,923	- 5,418	1,171	1,504	-1,406
7 Other[3,4]	236	- 3,190	-1,953	227	- 2,267	- 528	- 181	296	2,363
U.S. budget plus off-budget, including Federal Financing Bank									
8 Surplus, or deficit ( )	78,936	127,940	207,711	33,914	−111,699	96,094	35,284	−3,801	−18,128
Source of financing									
9 Borrowing from the public	79,329	134,993	212,425	41,728	119,609	102,538	8,604	5,524	24,540
10 Cash and monetary assets (decrease, or increase (−))[4]	1,878	11,911	9,889	408	- 9,057	−9,664	31,023	- 6,388	3,264
11 Other[5]	1,485	4,858	5,176	- 7,405	1,146	3,222	4,344	4,666	3,148
MEMO									
12 Treasury operating balance (level, end of period)	18,670	29,164	37,057	10,999	19,773	100,243	8,182	13,567	16,312
13 Federal Reserve Banks	3,520	10,975	16,557	4,099	5,033	19,442	4,855	4,397	3,972
14 Tax and loan accounts	15,150	18,189	20,500	6,900	14,740	72,037	3,327	9,170	12,340

1 Effective Feb. 8, 1982, supplemental medical insurance premiums and voluntary hospital insurance premiums, previously included in other insurance receipts, have been reclassified as offsetting receipts in the health function.
2 Half-year figures are calculated as a residual (total surplus/deficit less trust fund surplus/deficit).
3 Other off-budget includes Postal Service Fund, Rural Electrification and Telephone Revolving Fund, Rural Telephone Bank, and petroleum acquisition and transportation and strategic petroleum reserve effective November 1981.
4 Includes U.S. Treasury operating cash accounts, SDRs, gold tranche drawing rights, loans to International Monetary Fund, and other cash and monetary assets.
5 Includes accrued interest payable to the public, allocations of special drawing rights, deposit funds, miscellaneous liability (including checks outstanding) and asset accounts, seigniorage, increment on gold, net gain/loss for U.S. currency valuation adjustment, net gain/loss for IMF valuation adjustment, and profit on the sale of gold.

SOURCE. "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government," *Treasury Bulletin*, and the *Budget of the United States Government, Fiscal Year 1985*.

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1981	Fiscal year 1982	Fiscal year 1983	Calendar year					
				1982		1983	1984		
				H1	H2	H1	May	June	July
RECEIPTS									
1 **All sources**	**599,272**	**617,766**	**600,563**	**322,478**	**286,338**	**306,331**	**37,459**	**69,282**	**52,017**
2 Individual income taxes, net	285,917	297,744	288,938	150,565	145,676	144,550	4,333	32,200	22,398
3 Withheld	256,332	267,513	266,010	133,575	131,567	135,531	23,519	23,347	23,013
4 Presidential Election Campaign Fund	41	39	36	34	5	30	8	3	3
5 Nonwithheld	76,844	84,691	83,586	66,174	20,040	63,014	1,269	11,196	789
6 Refunds	47,299	54,498	60,692	49,217	5,938	54,024	20,463	2,346	1,407
Corporation income taxes									
7 Gross receipts	73,733	65,991	61,780	37,836	25,661	33,522	2 295	11,929	3,376
8 Refunds	12,596	16,784	24,758	8,028	11,467	13,809	2,015	614	1,313
9 Social insurance taxes and contributions, net	182,720	201,498	209,001	108,079	94,278	110,521	26,441	19,759	21,361
10 Payroll employment taxes and contributions[1]	156,932	172,744	179,010	88,795	85,063	90,912	17,168	17,811	18,858
11 Self-employment taxes and contributions[2]	6,041	7,941	6,756	7,357	177	6,427	432	1,165	0
12 Unemployment insurance	15,763	16,600	18,799	9,809	6,857	11,146	8,457	373	2,093
13 Other net receipts[3]	3,984	4,212	4,436	2,119	2,181	2,196	384	410	410
14 Excise taxes	40,839	36,311	35,300	17,525	16,556	16,904	3,322	3,229	3,298
15 Customs deposits	8,083	8,854	8,655	4,310	4,299	4,010	990	1,060	1,088
16 Estate and gift taxes	6,787	7,991	6,053	4,208	3,445	2,883	550	466	476
17 Miscellaneous receipts[4]	13,790	16,161	15,594	7,984	7,891	7,751	1,543	1,253	1,333
OUTLAYS									
18 **All types**	**657,204**	**728,424**	**795,917**	**348,683**	**390,847**	**396,477**	**71,391**	**71,283**	**68,433**
19 National defense	159,765	187,418	210,461	93,154	100,419	105,072	19,955	19,659	18,870
20 International affairs	11,130	9,982	8,927	5,183	4,406	4,705	999	857	1,117
21 General science, space, and technology	6,359	7,070	7,777	3,370	3,903	3,486	756	705	745
22 Energy	10,277	4,674	4,035	2,946	2,059	2,073	119	350	309
23 Natural resources and environment	13,525	12,934	12,676	5,636	6,940	5,892	951	975	1,232
24 Agriculture	5,572	14,875	22,173	7,087	13,260	10,154	687	191	503
25 Commerce and housing credit	3,946	3,865	4,721	1,408	2,244	2,164	2,013	296	559
26 Transportation	23,381	20,560	21,231	9,915	10,686	9,918	1,798	2,077	2,322
27 Community and regional development	9,394	7,165	7,302	3,055	4,186	3,124	563	638	682
28 Education, training, employment, social services	31,402	26,300	25,726	12,607	12,187	12,801	2,260	2,022	2,075
29 Health	26,858	27,435	28,655				2,638	2,515	2,536
30 Social security and medicare	178,733	202,531	223,311	150,001[5]	172,852	184,207	19,555	21,718	19,656
31 Income security	85,514	92,084	106,211				8,498	6,380	7,047
32 Veterans benefits and services	22,988	23,955	24,845	112,782	13,241	11,334	2,204	3,151	1,243
33 Administration of justice	4,696	4,671	5,014	2,334	2,373	2,522	441	463	543
34 General government	4,614	4,726	4,991	2,400	2,322	2,434	558	471	290
35 General-purpose fiscal assistance	6,856	6,393	6,287	3,325	3,152	3,124	80	204	1,256
36 Net interest[6]	68,726	84,697	89,774	41,883	44,948	42,358	10,235	9,606	8,743
37 Undistributed offsetting receipts[7]	−16,509	−13,270	−21,424	−6,490	−8,333	−8,885	−2,918	−998	−1,296

1. Old-age, disability, and hospital insurance, and railroad retirement accounts.
2. Old-age, disability, and hospital insurance.
3. Federal employee retirement contributions and civil service retirement and disability fund.
4. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.
5. In accordance with the Social Security Amendments Act of 1983, the Treasury now provides social security and medicare outlays as a separate function. Before February 1984, these outlays were included in the income security and health functions.
6. Net interest function includes interest received by trust funds.
7. Consists of rents and royalties on the outer continental shelf and U.S. government contributions for employee retirement.

SOURCE. "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government" and the *Budget of the U.S. Government, Fiscal Year 1985*.

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1982 June 30	1982 Sept 30	1982 Dec 31	1983 Mar 31	1983 June 30	1983 Sept 30	1983 Dec 31	1984 Mar 31	1984 June 30
1 **Federal debt outstanding**	**1,084.7**	**1,147.0**	**1,201.9**	**1,249.3**	**1,324.3**	**1,381.9**	**1,415.3**	**1,468.3**	**1,517.2**
2 Public debt securities	1,079.6	1,142.0	1,197.1	1,244.5	1,319.6	1,377.2	1,410.7	1,463.7	1,512.7
3 Held by public	867.9	925.6	987.7	1,043.3	1,090.3	1,138.2	1,174.4	1,223.9	1,255.1
4 Held by agencies	211.7	216.4	209.4	201.2	229.3	239.0	236.3	239.8	257.6
5 Agency securities	5.0	5.0	4.8	4.8	4.7	4.7	4.6	4.6	4.5
6 Held by public	3.9	3.7	3.7	3.7	3.6	3.6	3.5	3.5	3.4
7 Held by agencies	1.2	1.2	1.2	1.1	1.1	1.1	1.1	1.1	1.1
8 **Debt subject to statutory limit**	**1,080.5**	**1,142.9**	**1,197.9**	**1,245.3**	**1,320.4**	**1,378.0**	**1,411.4**	**1,464.5**	**1,513.4**
9 Public debt securities	1,079.0	1,141.4	1,196.5	1,243.9	1,319.0	1,376.6	1,410.1	1,463.1	1,512.1
10 Other debt[1]	1.5	1.5	1.4	1.4	1.4	1.3	1.3	1.3	1.3
11 MEMO Statutory debt limit	1,143.1	1,143.1	1,290.2	1,290.2	1,389.0	1,389.0	1,490.0	1,490.0	1,520.0

1 Includes guaranteed debt of government agencies, specified participation certificates, notes to international lending organizations, and District of Columbia stadium bonds.

NOTE Data from *Treasury Bulletin* (U S Treasury Department)

1.41 GROSS PUBLIC DEBT OF U.S. TREASURY Types and Ownership

Billions of dollars, end of period

Type and holder	1979	1980	1981	1982	1983 Q3	1983 Q4	1984 Q1	1984 Q2
1 **Total gross public debt**	**845.1**	**930.2**	**1,028.7**	**1,197.1**	**1,377.2**	**1,410.7**	**1,463.7**	**1,512.7**
By type								
2 Interest-bearing debt	844.0	928.9	1,027.3	1,195.5	1,375.8	1,400.9	1,452.1	1,501.1
3 Marketable	530.7	623.2	720.3	881.5	1,024.0	1,050.9	1,097.7	1,126.6
4 Bills	172.6	216.1	245.0	311.8	340.7	343.8	350.2	343.3
5 Notes	283.4	321.6	375.3	465.0	557.5	573.4	604.9	632.1
6 Bonds	74.7	85.4	100.0	104.6	125.7	133.7	142.6	151.2
7 Nonmarketable[1]	313.2	305.7	307.0	314.0	351.8	350.0	354.4	374.5
8 State and local government series	24.6	23.8	23.0	25.7	35.1	36.7	38.1	39.9
9 Foreign issues[2]	28.8	24.0	19.0	14.7	11.4	10.4	9.9	8.8
10 Government	23.6	17.6	14.9	13.0	11.4	10.4	9.9	8.8
11 Public	5.3	6.4	4.1	1.7	0	0	0	0
12 Savings bonds and notes	79.9	72.5	68.1	68.0	70.3	70.7	71.6	72.3
13 Government account series[3]	177.5	185.1	196.7	205.4	234.7	231.9	234.6	253.2
14 Non-interest-bearing debt	1.2	1.3	1.4	1.6	1.5	9.8	11.6	11.6
By holder[4]								
15 U S government agencies and trust funds	187.1	192.5	203.3	209.4	239.0	236.3	239.8	257.6
16 Federal Reserve Banks	117.5	121.3	131.0	139.3	155.4	151.9	150.8	152.9
17 Private investors	540.5	616.4	694.5	848.4	982.7	1,022.6	1,073.0	1,093.7
18 Commercial banks	88.1	112.1	111.4	131.4	176.3	188.8	189.8	183.8
19 Money market funds	5.6	3.5	21.5	42.6	22.1	22.8	19.4	14.9
20 Insurance companies	21.4	24.0	29.0	39.1	47.3	48.9	n.a.	n.a.
21 Other companies	17.0	19.3	17.9	24.5	35.9	39.7r	45.4r	47.9
22 State and local governments	69.9	84.4	85.6	113.4	n.a.	n.a.	n.a.	n.a.
Individuals								
23 Savings bonds	79.9	72.5	68.1	68.3	70.6	71.5	72.2	72.9
24 Other securities	38.1	44.6	42.7	48.2	58.4	61.9	64.7r	69.3
25 Foreign and international[5]	119.0	129.7	136.6	149.5	160.2	168.9	166.3r	170.9
26 Other miscellaneous investors[6]	99.6	126.3	167.8	231.4	n.a.	n.a.	n.a.	n.a.

1 Includes (not shown separately) Securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds.

2 Nonmarketable dollar denominated and foreign currency - denominated series held by foreigners

3 Held almost entirely by U S government agencies and trust funds

4. Data for Federal Reserve Banks and U S government agencies and trust funds are actual holdings, data for other groups are Treasury estimates

5 Consists of investments of foreign and international accounts. Excludes non-interest - bearing notes issued to the International Monetary Fund

6 Includes savings and loan associations, nonprofit institutions, credit unions, mutual savings banks, corporate pension trust funds, dealers and brokers, certain U S government deposit accounts, and U S government - sponsored agencies

SOURCES Data by type of security, U S Treasury Department, *Monthly Statement of the Public Debt of the United States*, data by holder *Treasury Bulletin*.

1.42 U.S. GOVERNMENT SECURITIES DEALERS Transactions

Par value, averages of daily figures, in millions of dollars

	Item	1981	1982	1983	1984			1984 week ending Wednesday					
					June^r	July^r	Aug	July 4	July 11	July 18	July 25	Aug. 1	Aug 8
	Immediate delivery[1]												
1	U.S. government securities	24,728	32,271	42,135	51,017	47,313	44,458	45,863r	51,306r	43,755	44,554	48,839	47,271
	By maturity												
2	Bills	14,768	18,398	22,393	27,529	23,390	21,319	24,106	25,596r	23,013	21,915	21,439	22,130
3	Other within 1 year	621	810	708	1,206	1,195	940	1,535	1,208	1,289	922	1,182	1,075
4	1–5 years	4,360	6,272	8,758	10,597	9,827	9,448	9,532r	8,869	7,930	9,627	13,171	11,729
5	5–10 years	2,451	3,557	5,279	6,785	7,679	6,737	6,199	9,465	6,375	7,044	7,808	6,034
6	Over 10 years	2,528	3,234	4,997	4,899	5,222	6,014	4,492	6,168	5,148	5,046	5,239	6,303
	By type of customer												
7	U S government securities dealers	1,640	1,769	2,257	2,270	2,384	2,663	2,902	2,660	2,497	1,396	2,866	2,868
8	U S government securities brokers	11,750	15,659	21,045	26,510	23,511	21,487	21,324	24,649	21,900	22,858	24,460	22,323
9	All others[2]	11,337	15,344	18,832	22,237	21,419	20,308	21,639r	23,997r	19,358	20,300	21,513	22,080
10	Federal agency securities	3,306	4,142	5,576	7,090	7,956	7,002	6,889	7,737	9,614	7,261	7,479	8,809
11	Certificates of deposit	4,477	5,001	4,334	3,976	4,512	3,002	4,263r	4,993	4,336	4,546	3,915	3,560
12	Bankers acceptances	1,807	2,502	2,642	3,107	3,185	2,531	2,981	3,260	3,245	3,170	2,963	3,275
13	Commercial paper	6,128	7,595	8,036	10,034	11,580	10,528	12,251	11,038	12,056	11,117	11,312	10,650
	Futures transactions[3]												
14	Treasury bills	3,523	5,031	6,655	8,173	7,126	5,498	6,033	6,699	8,218	7,554	6,149	5,798
15	Treasury coupons	1,330	1,490	2,501	4,960	4,235	4,380	3,771r	4,817r	4,046	4,035	4,405	5,128
16	Federal agency securities	234	259	265	381	221	282	417	263	195	225	265	207
	Forward transactions[4]												
17	U S government securities	365	835	1,492	1,703	1,142	1,434	1,382	1,151	1,016	1,296	1,270	1,622
18	Federal agency securities	1,370	982	1,646	2,810	2,711	3,140	2,997	3,367	3,178	1,747	2,135	5,063

1. Before 1981, data for immediate transactions include forward transactions
2 Includes, among others, all other dealers and brokers in commodities and securities, nondealer departments of commercial banks, foreign banking agencies, and the Federal Reserve System
3 Futures contracts are standardized agreements arranged on an organized exchange in which parties commit to purchase or sell securities for delivery at a future date
4 Forward transactions are agreements arranged in the over-the-counter market in which securities are purchased (sold) for delivery after 5 business days from the date of the transaction for government securities (Treasury bills, notes, and bonds) or after 30 days for mortgage-backed agency issues

NOTE Averages for transactions are based on number of trading days in the period

Transactions are market purchases and sales of U S government securities dealers reporting to the Federal Reserve Bank of New York The figures exclude allotments of, and exchanges for, new U S government securities, redemptions of called or matured securities, purchases or sales of securities under repurchase agreement, reverse repurchase (resale), or similar contracts

1.43 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing

Averages of daily figures, in millions of dollars

	Item	1981	1982	1983	1984			1984 week ending Wednesday				
					June	July^r	Aug.	June 27	July 4	July 11	July 18	July 25
		Positions										
	Net immediate[1]											
1	U S government securities	9,033	9,328	6,263	−6,387	−6,121	3,363	−7,714	11,796	−7,932	−6,929	4,594
2	Bills	6,485	4,837	4,282	−2,628	−2,362	4,546	−4,087	−5,310	4,371	2,912	−223
3	Other within 1 year	−1,526	−199	177	−596	−604	−89	−848	1,038	−670	−547	−615
4	1–5 years	1,488	2,932	1,709	343	331	2,471	1,093	948	339	−426	−818
5	5–10 years	292	−341	78	1,341	−860	−1,167	−1,431	−2,029	712	−616	−457
6	Over 10 years	2,294	2,001	528	−2,250	−2,715	−2,490	−2,535	−4,453	2,607	−2,519	−2,574
7	Federal agency securities	2,277	3,712	7,172	15,996r	16,040	16,098	14,981	15,961	16,889	16,230	15,191
8	Certificates of deposit	3,435	5,531	5,839	6,990	7,407	6,708	7,289	7,569	7,780	7,492	7,025
9	Bankers acceptances	1,746	2,832	3,332	3,498		4,693	3,172	3,703	4,296	4,283	4,002
10	Commercial paper	2,658	3,317	3,159	3,969	3,161	4,158	3,817	3,562	3,132	3,350	2,907
	Futures positions											
11	Treasury bills	−8,934	−2,508	−4,125	2,613	1,383	−7,158	−95	828	−1,372	−1,430	−1,401
12	Treasury coupons	−2,733	−2,361	1,032	1,863r	3,368	2,826	2,354	3,501	3,217	2,975	3,601
13	Federal agency securities	522	224	170	826	622	610	977	1,071	616	530	560
	Forward positions											
14	U S government securities	−603	−788	−1,935	836	−1,794	−673	416	−565	1,874	1,696	2,696
15	Federal agency securities	−451	1,190	−3,561	−10,763	−10,272	−9,682	−10,161	−11,555	11,239	10,286	9,177
		Financing[2]										
	Reverse repurchase agreements[3]											
16	Overnight and continuing	14,568	26,754	29,099	44,990	42,412	n a	44,412	42,730	43,159	42,822	41,762
17	Term agreements	32,048	48,247	52,493	65,225	69,221	n a	68,725	71,150	66,738	69,361	69,002
	Repurchase agreements[4]											
18	Overnight and continuing	35,919	49,695	57,946	70,133	69,928	n a	71,413	55,549	73,162	73,633	70,359
19	Term agreements	29,449	43,410	44,410	54,761r	55,217	n a	55,059	68,881	51,592	52,588	54,057

For notes see opposite page

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1980	1981	1982	1984					
				Jan	Feb	Mar	Apr	May	June
1 **Federal and federally sponsored agencies**	**188,665**	**221,946**	**237,085**	**239,872**	**241,628**	**244,691ʳ**	**247,148**	**252,044**	**255,376**
2 Federal agencies	28,606	31,806	33,055	33,919	33,785	32,800	34,273	34,231	34,473
3 Defense Department[1]	610	484	354	234	215	206	197	188	181
4 Export-Import Bank[2,3]	11,250	13,339	14,218	14,852	14,846	15,347	15,344	15,344	15,604
5 Federal Housing Administration[4]	477	413	288	173	169	166	162	156	155
6 Government National Mortgage Association participation certificates[5]	2,817	2,715	2,165	2,165	2,165	2,165	2,165	2,165	2,165
7 Postal Service[6]	1,770	1,538	1,471	1,404	1,404	1,404	1,404	1,337	1,337
8 Tennessee Valley Authority	11,190	13,115	14,365	14,980	14,875	14,805	14,890	14,930	14,980
9 United States Railway Association[6]	492	202	194	111	111	111	111	111	51
10 Federally sponsored agencies[7]	160,059	190,140	204,030	205,953	207,843	211,891	212,872	217,813	220,903
11 Federal Home Loan Banks	37,268	54,131	55,967	48,344	48,224	48,594	49,786	52,281	54,799
12 Federal Home Loan Mortgage Corporation	4,686	5,480	4,524	6,679	7,556	8,633	8,134	9,131	8,988
13 Federal National Mortgage Association	55,182	58,749	70,052	74,676	75,865	77,966	78,073	79,267	79,871
14 Farm Credit Banks	62,923	71,359	71,896	73,023	72,856	73,180	73,130	73,138	73,061
15 Student Loan Marketing Association	(8)	421	1,591	3,231	3,342	3,518	3,749	3,996	4,184
MEMO									
16 **Federal Financing Bank debt**[9]	**87,460**	**110,698**	**126,424**	**135,940**	**135,859**	**137,707**	**138,769**	**139,936**	**141,734**
Lending to federal and federally sponsored agencies									
17 Export-Import Bank[3]	10,654	12,741	14,177	14,789	14,789	15,296	15,296	15,296	15,556
18 Postal Service[6]	1,520	1,288	1,221	1,154	1,154	1,154	1,154	1,087	1,087
19 Student Loan Marketing Association	2,720	5,400	5,000	5,000	5,000	5,000	5,000	5,000	5,000
20 Tennessee Valley Authority	9,465	11,390	12,640	13,255	13,150	13,080	13,165	13,205	13,255
21 United States Railway Association[6]	492	202	194	111	111	111	111	111	51
Other Lending[10]									
22 Farmers Home Administration	39,431	48,821	53,261	54,776	54,471	55,186	55,691	56,476	57,701
23 Rural Electrification Administration	9,196	13,516	17,157	19,927	19,982	20,186	20,413	20,456	20,611
24 Other	11,262	12,740	22,774	26,928	27,202	27,694	27,939	28,305	28,473

1 Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs

2 Includes participation certificates reclassified as debt beginning Oct 1, 1976

3 Off-budget Aug. 17, 1974, through Sept 30, 1976, on-budget thereafter

4 Consists of debentures issued in payment of Federal Housing Administration insurance claims Once issued, these securities may be sold privately on the securities market

5 Certificates of participation issued before fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare, Department of Housing and Urban Development, Small Business Administration, and the Veterans Administration

6 Off-budget

7 Includes outstanding noncontingent liabilities Notes, bonds, and debentures.

8 Before late 1981, the Association obtained financing through the Federal Financing Bank

9 The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting

10 Includes FFB purchases of agency assets and guaranteed loans, the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans

NOTES TO TABLE 1 43

1 Immediate positions are net amounts (in terms of par values) of securities owned by nonbank dealer firms and dealer departments of commercial banks on a commitment, that is, trade-date basis, including any such securities that have been sold under agreements to repurchase (RPs) The maturities of some repurchase agreements are sufficiently long, however, to suggest that the securities involved are not available for trading purposes. Prior to 1984, securities owned, and hence dealer positions, do not include all securities acquired under reverse RPs After January 1984, immediate positions include reverses to maturity, which are securities that were sold after having been obtained under reverse repurchase agreements that mature on the same day as the securities Before 1981, data for immediate positions include forward positions

2 Figures cover financing involving U.S government and federal agency securities, negotiable CDs, bankers acceptances, and commercial paper

3 Includes all reverse repurchase agreements, including those that have been arranged to make delivery on short sales and those for which the securities obtained have been used as collateral on borrowings, that is, matched agreements.

4 Includes both repurchase agreements undertaken to finance positions and "matched book" repurchase agreements

NOTE Data for positions are averages of daily figures, in terms of par value, based on the number of trading days in the period Positions are shown net and are on a commitment basis Data for financing are based on Wednesday figures, in terms of actual money borrowed or lent

1.45 NEW SECURITY ISSUES of State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1981	1982	1983	1983		1984					
				Nov	Dec	Jan[r]	Feb[r]	Mar[r]	Apr[r]	May[r]	June
1 **All issues, new and refunding**[1]	**47,732**	**79,138**	**86,421**	**5,945**	**9,833**	**5,068**	**4,591**	**5,505**	**5,569**	**7,090**	**6,391**
Type of issue											
2 General obligation	12,394	21,094	21,566	1,730	1,153	1,121	1,850	2,509	2,311	2,409	1,813
3 U.S. government loans[2]	34	225	96	15	15	0	2	2	3	3	3
4 Revenue	35,338	58,044	64,855	4,215	8,680	3,947	2,741	2,996	3,258	4,681	4,578
5 U.S. government loans[2]	55	461	253	39	39	1	2	4	8	13	15
Type of issuer											
6 State	5,288	8,438	7,140	405	204	327	935	584	886	497	447
7 Special district and statutory authority	27,499	45,060	51,297	3,358	6,323	3,502	2,139	3,014	2,826	3,767	3,830
8 Municipalities, counties, townships, school districts	14,945	25,640	27,984	2,182	3,306	1,239	1,517	1,907	1,857	2,826	2,114
9 **Issues for new capital, total**	**46,530**	**74,804**	**72,441**	**5,448**	**9,405**	**4,065**	**4,004**	**4,687**	**4,437**	**6,007**	**5,806**
Use of proceeds											
10 Education	4,547	6,482	8,099	406	753	388	354	592	465	891	730
11 Transportation	3,447	6,256	4,387	353	438	126	336	56	548	402	653
12 Utilities and conservation	10,037	14,259	13,588	1,122	1,243	1,915	740	1,279	669	1,379	1,168
13 Social welfare	12,729	26,635	26,910	2,175	2,951	831	1,134	1,100	1,192	1,332	1,943
14 Industrial aid	7,651	8,349	7,821	584	2,945	128	288	79	355	457	344
15 Other purposes	8,119	12,822	11,637	808	1,075	677	1,152	1,581	1,208	1,546	968

1. Par amounts of long-term issues based on date of sale.
2. Consists of tax-exempt issues guaranteed by the Farmers Home Administration.

SOURCE. Public Securities Association.

1.46 NEW SECURITY ISSUES of Corporations

Millions of dollars

Type of issue or issuer, or use	1981	1982[r]	1983	1983		1984					
				Nov	Dec	Jan	Feb	Mar	Apr	May	June
1 **All issues**[1,2]	**70,441**	**84,638**	**98,550**	**8,103**	**6,812**	**7,690**	**7,629**	**5,442**	**6,047**	**4,023**	**7,265**
2 **Bonds**	**45,092**	**54,076**	**46,971**	**4,075**	**3,173**	**5,647**	**5,250**	**3,346**	**4,262**	**2,214**	**5,044**
Type of offering											
3 Public	38,103	44,278	46,971	4,075	3,173	5,647	5,250	3,346	4,262	2,214	5,044
4 Private placement	6,989	9,798	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Industry group											
5 Manufacturing	12,325	12,822	7,842	22	423	179	452	68	691	383	1,440
6 Commercial and miscellaneous	5,229	5,442	5,158	22	201	976	626	258	1,096	221	531
7 Transportation	2,052	1,491	1,038	111	105	10	75	180	69	0	225
8 Public utility	8,963	12,327	7,241	910	120	325	385	521	495	100	475
9 Communication	4,280	2,390	3,159	0	0	210	0	200	0	0	0
10 Real estate and financial	12,243	19,604	22,531	3,009	2,324	3,947	3,712	2,119	1,911	1,510	2,374
11 **Stocks**[3]	**25,349**	**30,562**	**51,579**	**4,028**	**3,639**	**2,043**	**2,379**	**2,096**	**1,785**	**1,809**	**2,221**
Type											
12 Preferred	1,797	5,113	7,213	433	253	305	425	227	339	579	244
13 Common	23,552	25,449	44,366	3,595	3,386	1,738	1,954	1,869	1,446	1,230	1,977
Industry group											
14 Manufacturing	5,074	5,649	14,135	458	649	427	299	387	165	442	584
15 Commercial and miscellaneous	7,557	7,770	13,112	1,598	852	465	616	486	732	718	316
16 Transportation	779	709	2,729	192	413	54	15	105	62	84	1
17 Public utility	5,577	7,517	5,001	622	245	225	45	134	188	116	282
18 Communication	1,778	2,227	1,822	13	12	30	20	18	94	16	11
19 Real estate and financial	4,584	6,690	14,780	1,145	1,468	842	1,384	966	544	433	1,027

1. Figures, which represent gross proceeds of issues maturing in more than one year, sold for cash in the United States, are principal amount or number of units multiplied by offering price. Excludes offerings of less than $100,000, secondary offerings, undefined or exempted issues as defined in the Securities Act of 1933, employee stock plans, investment companies other than closed-end, intracorporate transactions, and sales to foreigners.
2. Data for 1983 include only public offerings.
3. Beginning in August 1981, gross stock offerings include new equity volume from swaps of debt for equity.

SOURCE. Securities and Exchange Commission and the Board of Governors of the Federal Reserve System.

1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1982	1983	1983 Dec	1984 Jan	Feb	Mar.	Apr	May	June^r	July
INVESTMENT COMPANIES[1]										
1 Sales of own shares[2]	45,675	84,793	6,846	10,274	8,233	8,857	9,549	8,657	8,397	7,559
2 Redemptions of own shares[3]	30,078	57,120	5,946	5,544	5,162	5,339	7,451	5,993	6,156	5,777
3 Net sales	15,597	27,673	900	4,730	3,071	3,518	2,098	2,664	2,241	1,782
4 Assets[4]	76,841	113,599	113,599	114,839	111,068	114,537	116,812	111,071	115,034	115,481
5 Cash position[5]	6,040	8,343	8,343	8,963	9,140	10,406	10,941	10,847	11,907	11,813
6 Other	70,801	105,256	105,256	105,876	101,928	104,131	105,871	100,224	103,127	103,668

1 Excluding money market funds

2 Includes reinvestment of investment income dividends Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group

3 Excludes share redemption resulting from conversions from one fund to another in the same group

4 Market value at end of period, less current liabilities

5 Also includes all U S government securities and other short term debt securities

NOTE Investment Company Institute data based on reports of members, which comprise substantially all open–end investment companies registered with the Securities and Exchange Commission Data reflect newly formed companies after their initial offering of securities

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars, quarterly data are at seasonally adjusted annual rates

Account	1981	1982	1983	1982 Q2	1982 Q3	1982 Q4	1983 Q1	1983 Q2	1983 Q3	1983 Q4	1984 Q1
1 Corporate profits with inventory valuation and capital consumption adjustment	189.9	159.1	225.2	161.7	163.3	151.6	179.1	216.7	245.0	260.0	277.4
2 Profits before tax	221.2	165.5	203.2	169.8	168.9	155.8	161.7	198.2	227.4	225.5	243.3
3 Profits tax liability	81.2	60.7	75.8	62.9	61.9	55.0	59.1	74.8	84.7	84.5	92.7
4 Profits after tax	140.0	104.8	127.4	106.9	107.0	100.8	102.6	123.4	142.6	141.1	150.6
5 Dividends	66.5	69.2	72.9	68.6	69.0	70.2	71.1	71.7	73.3	75.4	77.7
6 Undistributed profits	73.5	35.6	54.5	38.2	38.1	30.6	31.4	51.7	69.3	65.6	72.9
7 Inventory valuation	23.6	9.5	11.2	8.9	10.1	−12.6	4.3	−12.1	19.3	9.2	13.5
8 Capital consumption adjustment	−7.6	3.1	33.2	8	4.5	8.4	21.7	30.6	36.9	43.6	47.6

SOURCE *Survey of Current Business* (Department of Commerce)

1.49 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, except for ratio

Account	1978	1979	1980	1981[r]	1982	1983[r]				1984
						Q1	Q2	Q3	Q4	Q1
1 **Current assets**	**1,043.7**	**1,214.8**	**1,327.0**	**1,418.4**	**1,432.7**	**1,444.2**	**1,468.0**	**1,522.8**	**1,557.3**	**1,604.4**
2 Cash	105.5	118.0	126.9	135.5	147.0	143.1	147.9	150.5	165.8	158.8
3 U.S. government securities	17.2	16.7	18.7	17.6	22.8	26.0	28.2	27.0	30.6	36.3
4 Notes and accounts receivable	388.0	459.0	506.8	532.0	519.2	525.3	539.3	565.0	577.8	597.7
5 Inventories	431.8	505.1	542.8	583.7	578.6	577.6	576.2	597.3	599.3	622.8
6 Other	101.1	116.0	131.8	149.5	165.2	172.1	176.4	183.0	183.7	188.8
7 **Current liabilities**	**669.5**	**807.3**	**889.3**	**970.0**	**976.8**	**983.4**	**990.2**	**1,026.6**	**1,043.0**	**1,077.7**
8 Notes and accounts payable	383.0	460.8	513.6	546.3	543.0	530.9	536.6	559.4	577.9	581.4
9 Other	286.5	346.5	375.7	423.7	433.8	452.6	453.6	467.2	465.2	496.3
10 **Net working capital**	**374.3**	**407.5**	**437.8**	**448.4**	**455.9**	**460.7**	**477.8**	**496.3**	**514.3**	**526.7**
11 MEMO Current ratio[1]	1.559	1.505	1.492	1.462	1.467	1.469	1.483	1.483	1.493	1.489

1. Ratio of total current assets to total current liabilities

NOTE. For a description of this series, see "Working Capital of Nonfinancial Corporations" in the July 1978 BULLETIN, pp 533–37

All data in this table reflect the most current benchmarks Complete data are available upon request from the Flow of Funds Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D C 20551.

SOURCE *Federal Trade Commission and Bureau of the Census*

1.50 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment ▲

Billions of dollars; quarterly data are at seasonally adjusted annual rates.

Industry[1]	1982	1983	1984[1]	1983				1984			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3[1]	Q4[1]
1 **Total nonfarm business**	**282.71**	**269.22**	**307.60**	**261.71**	**261.16**	**270.05**	**283.96**	**293.15**	**302.70**	**316.22**	**318.33**
Manufacturing											
2 Durable goods industries	56.44	51.78	62.73	50.74	48.48	53.06	54.85	58.94	60.20	64.82	66.98
3 Nondurable goods industries	63.23	59.75	67.66	59.12	60.31	58.06	61.50	63.84	67.46	69.64	69.69
Nonmanufacturing											
4 Mining	15.45	11.83	13.11	12.03	10.91	11.93	12.43	13.95	12.13	13.24	13.14
Transportation											
5 Railroad	4.38	3.92	5.19	3.35	3.64	4.07	4.63	4.41	5.64	5.31	5.41
6 Air	3.93	3.77	2.91	4.09	4.10	3.57	3.32	2.77	2.98	3.19	2.70
7 Other	3.64	3.50	4.36	3.60	3.14	3.36	3.91	4.28	4.33	4.36	4.47
Public utilities											
8 Electric	33.40	34.99	34.78	33.97	34.86	35.84	35.31	35.74	35.30	34.20	33.88
9 Gas and other	8.55	7.00	9.55	7.64	6.62	6.38	7.37	7.87	9.30	9.86	11.15
10 Commercial and other[2]	93.68	92.67	107.30	87.17	89.10	93.79	100.62	101.35	105.35	111.60	110.92

▲Trade and services are no longer being reported separately They are included in Commercial and other, line 10.

1 Anticipated by business.

2 "Other" consists of construction, wholesale and retail trade, finance and insurance, personal and business services, and communication

SOURCE. *Survey of Current Business* (Department of Commerce).

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1978	1979	1980	1981	1982	1983			1984	
						Q2	Q3	Q4	Q1	Q2
ASSETS										
Accounts receivable, gross										
1 Consumer	52.6	65.7	73.6	85.5	89.5	91.3	92.3	92.8	96.9	99.6
2 Business	63.3	70.3	72.3	80.6	81.0	84.9	86.8	95.2	101.1	104.2
3 Total	116.0	136.0	145.9	166.1	170.4	176.2	179.0	188.0	198.0	203.8
4 LESS: Reserves for unearned income and losses	15.6	20.0	23.3	28.9	30.5	30.4	30.1	30.6	31.9	33.4
5 Accounts receivable, net	100.4	116.0	122.6	137.2	139.8	145.8	148.9	157.4	166.1	170.4
6 Cash and bank deposits	3.5									
7 Securities	1.3	24.9[1]	27.5	34.2	39.7	44.3	45.0	45.3	47.1	48.1
8 All other	17.3									
9 **Total assets**	**122.4**	**140.9**	**150.1**	**171.4**	**179.5**	**190.2**	**193.9**	**202.7**	**213.2**	**218.5**
LIABILITIES										
10 Bank loans	6.5	8.5	13.2	15.4	18.6	16.3	17.0	19.1	14.7	15.3
11 Commercial paper	34.5	43.3	43.4	51.2	45.8	49.0	49.7	53.6	58.4	62.0
Debt										
12 Short-term, n.e.c.	8.1	8.2	7.5	9.6	8.7	9.6	8.7	11.3	12.2	15.0
13 Long-term, n.e.c.	43.6	46.7	52.4	54.8	63.5	64.5	66.2	65.4	68.7	67.6
14 Other	12.6	14.2	14.3	17.8	18.7	24.0	24.4	27.1	29.8	29.0
15 Capital, surplus, and undivided profits	17.2	19.9	19.4	22.8	24.2	26.7	27.9	26.2	29.4	29.6
16 **Total liabilities and capital**	**122.4**	**140.9**	**150.1**	**171.4**	**179.5**	**190.2**	**193.9**	**202.7**	**213.2**	**218.5**

1. Beginning Q1 1979, asset items on lines 6, 7, and 8 are combined.

NOTE. Components may not add to totals due to rounding.

These data also appear in the Board's G.20 (422) release. For address, see inside front cover.

1.52 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding June 30, 1984[1]	Changes in accounts receivable			Extensions			Repayments		
		1984			1984			1984		
		Apr	May	June	Apr	May	June	Apr	May	June
1 **Total**	**104,206**	**818**	**997**	**973**	**24,643**	**27,451**	**24,412**	**23,825**	**26,454**	**23,439**
2 Retail automotive (commercial vehicles)	25,557	466	816	660	2,002	2,391	2,336	1,536	1,575	1,676
3 Wholesale automotive	16,087	343	402	587	8,713	8,626	7,542	8,370	9,028	8,129
4 Retail paper on business, industrial, and farm equipment	30,175	-5	233	634	1,142	1,406	1,406	1,147	1,173	772
5 Loans on commercial accounts receivable and factored commercial accounts receivable	10,857	-78	302	-79	10,705	12,468	10,776	10,783	12,166	10,855
6 All other business credit	21,530	92	48	345	2,081	2,560	2,352	1,989	2,512	2,007

1. Not seasonally adjusted.

NOTE. These data also appear in the Board's G.20 (422) release. For address, see inside front cover.

1.53 MORTGAGE MARKETS

Millions of dollars, exceptions noted.

Item	1981	1982	1983	1984 Jan	Feb.	Mar.	Apr	May	June	July
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Conventional mortgages on new homes										
Terms[1]										
1 Purchase price (thousands of dollars)	90.4	94.6	92.8	92.9	104.1	94.0	92.4	93.9	93.4	97.1
2 Amount of loan (thousands of dollars)	65.3	69.8	69.6	71.7	77.8	73.4	71.1	72.8	72.5	73.6
3 Loan/price ratio (percent)	74.8	76.6	77.1	79.2	77.8	80.4	79.2	79.8	79.9	78.2
4 Maturity (years)	27.7	27.6	26.7	27.8	27.3	27.9	28.0	27.6	28.1	28.2
5 Fees and charges (percent of loan amount)[2]	2.67	2.95	2.40	2.61	2.41	2.52	2.63	2.63	2.58	3.13
6 Contract rate (percent per annum)	14.16	14.47	12.20	11.80	11.78	11.56	11.55	11.68	11.61	11.97
Yield (percent per annum)										
7 FHLBB series[3]	14.74	15.12	12.66	12.29	12.23	12.02	12.04	12.18	12.10	12.56
8 HUD series[4]	16.52	15.79	13.43	13.28	13.31	13.57	13.77	14.38	14.65	14.54
SECONDARY MARKETS										
Yield (percent per annum)										
9 FHA mortgages (HUD series)[5]	16.31	15.31	13.11	13.08	13.20	13.68	13.80	15.01	14.91	14.58
10 GNMA securities[6]	15.29	14.68	12.26	12.35	12.31	12.70	13.01	13.67	14.14	13.86
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	58,675	66,031	74,847	79,049	79,350	80,974	81,956	82,697	83,243	83,858
12 FHA/VA-insured	39,341	39,718	37,393	40,873	35,420	35,329	35,438	35,309	35,153	35,049
13 Conventional	19,334	26,312	37,454	38,177	43,930	45,645	46,518	47,388	48,090	48,809
Mortgage transactions (during period)										
14 Purchases	6,112	15,116	17,554	1,285	1,507	2,030	1,775	1,379	1,209	1,226
15 Sales	2	2	3,528	20	723	0	235	0	0	0
Mortgage commitments[7]										
16 Contracted (during period)	9,331	22,105	18,607	1,772	1,930	1,626	1,561	1,233	1,995	1,976
17 Outstanding (end of period)	3,717	7,606	5,461	5,470	5,872	5,333	5,135	4,981	5,640	6,281
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
18 Total	5,231	5,131	5,996	8,049	8,566	8,980	9,143	9,224	9,478	
19 FHA/VA	1,065	1,027	974	940	934	929	924	918	912	
20 Conventional	4,166	4,102	5,022	7,109	7,632	8,050	8,219	8,306	8,566	
Mortgage transactions (during period)										
21 Purchases	3,800	23,673	23,089	1,419	1,389	1,291	983	987	2,204	n.a.
22 Sales	3,531	24,170	19,686	984	810	863	717	829	1,854	
Mortgage commitments[9]										
23 Contracted (during period)	6,896	28,179	32,852	1,470	1,386	1,874	1,701	1,966	2,712	
24 Outstanding (end of period)	3,518	7,549	16,964	16,994	16,944	17,514	18,183	19,139	19,649	

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups, compiled by the Federal Home Loan Bank Board in cooperation with the Federal Deposit Insurance Corporation.
2. Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) to obtain a loan.
3. Average effective interest rates on loans closed, assuming prepayment at the end of 10 years.
4. Average contract rates on new commitments for conventional first mortgages; from Department of Housing and Urban Development.
5. Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. Any gaps in data are due to periods of adjustment to changes in maximum permissible contract rates.
6. Average net yields to investors on Government National Mortgage Association guaranteed, mortgage-backed, fully modified pass-through securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are unweighted averages of Monday quotations for the month.
7. Includes some multifamily and nonprofit hospital loan commitments in addition to 1- to 4-family loan commitments accepted in FNMA's free market auction system, and through the FNMA-GNMA tandem plans.
8. Includes participation as well as whole loans.
9. Includes conventional and government-underwritten loans. FHLMC's mortgage commitments and mortgage transactions include activity under mortgage/securities swap programs, while the corresponding data for FNMA exclude swap activity.

1.54 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

Type of holder, and type of property	1981	1982	1983	1983			1984	
				Q2	Q3	Q4	Q1	Q2p
1 **All holders**	**1,583,264**	**1,655,036**	**1,826,395**	**1,723,052**	**1,775,117**	**1,826,395**	**1,869,442r**	**1,927,668**
2 1- to 4-family	1,065,294	1,105,717	1,214,592	1,146,926	1,182,356	1,214,592	1,244,157r	1,281,922
3 Multifamily	136,354	140,551	150,949	144,731	147,052	150,949	154,338r	159,494
4 Commercial	279,889	302,055	351,287	323,427	336,697	351,287	360,888r	375 275
5 Farm	101,727	106,713	109,567	107,968	109,012	109,567	110,059r	110,977
6 Major financial institutions	1,040,827	1,023,611	1,109,963	1,048,688	1,079,605	1,109,963	1,136,168	1,180,558
7 Commercial banks[1]	284,536	300,203	328,878	310,217	320,299	328,878	338,877	351,246
8 1- to 4-family	170,013	173,157	181,672	174,032	178,054	181,672	184,925	190,727
9 Multifamily	15,132	16,421	18,023	16,876	17,424	18,023	19,689	20,548
10 Commercial	91,026	102,219	119,843	110,437	115,692	119,843	124,571	129,961
11 Farm	8,365	8,406	9,340	8,872	9,129	9,340	9,692	10,010
12 Mutual savings banks	99,997	97,805	136,054	119,236	129,645	136,054	143,180	148,756
13 1- to 4-family	68,187	66,777	96,569	84,349	92,467	96,569	101,868	105,985
14 Multifamily	15,960	15,305	17,785	16,667	17,588	17,785	18,441	18,928
15 Commercial	15,810	15,694	21,671	18,192	19,562	21,671	22,841	23,813
16 Farm	40	29	29	28	28	29	30	30
17 Savings and loan associations	518,547	483,614	493,432	474,510	482,305	493,432	502,143	526,838
18 1- to 4-family	433,142	393,323	389,811	377,947	381,744	389,811	395,940	413,831
19 Multifamily	37,699	38,979	42,435	39,954	41,334	42,435	43,435	45,308
20 Commercial	47,706	51,312	61,186	56,609	59,227	61,186	62,768	67,699
21 Life insurance companies	137,747	141,989	151,599	144,725	147,356	151,599	151,968	153,718
22 1- to 4-family	17,201	16,751	15,385	15,860	15,534	15,385	14,971	14,982
23 Multifamily	19,283	18,856	19,189	18,778	18,857	19,189	19,153	19,312
24 Commercial	88,163	93,547	104,279	97,416	100,209	104,279	105,270	106,774
25 Farm	13,100	12,835	12,746	12,671	12,756	12,746	12,574	12 650
26 Federal and related agencies	126,094	138,138	147,370	142,094	142,224	147,370	150,784	152,687
27 Government National Mortgage Association	4,765	4,227	3,395	3,643	3,475	3,395	2,900	2,715
28 1- to 4-family	693	676	630	651	639	630	618	605
29 Multifamily	4,072	3,551	2,765	2,992	2,836	2,765	2,282	2,110
30 Farmers Home Administration	2,235	1,786	2,141	1,605	600	2,141	2,094	1,344
31 1- to 4-family	914	783	1,159	381	211	1,159	1,005	281
32 Multifamily	473	218	173	555	32	173	303	463
33 Commercial	506	377	409	248	113	409	319	81
34 Farm	342	408	400	421	244	400	467	519
35 Federal Housing and Veterans Administration	5,999	5,228	4,894	5,084	5,050	4,894	4,832	4,771
36 1- to 4-family	2,289	1,980	1,893	1,911	2,061	1,893	1,956	1,846
37 Multifamily	3,710	3,248	3,001	3,173	2,989	3,001	2 876	2,925
38 Federal National Mortgage Association	61,412	71,814	78,256	74,669	75,174	78,256	80 975	83,243
39 1- to 4-family	55,986	66,500	73,045	69,396	69,938	73,045	75,770	77,633
40 Multifamily	5,426	5,314	5,211	5,273	5,236	5,211	5 205	5,610
41 Federal Land Banks	46,446	50,350	51,052	50,858	51,069	51,052	51 004	51,136
42 1- to 4-family	2,788	3,068	3,000	3,030	3,008	3,000	2 982	2,958
43 Farm	43,658	47,282	48,052	47,828	48,061	48,052	48 022	48,178
44 Federal Home Loan Mortgage Corporation	5,237	4,733	7,632	6,235	6,856	7,632	8 979	9 478
45 1- to 4-family	5,181	4,686	7,559	6,119	6,799	7,559	8 847	8 931
46 Multifamily	56	47	73	116	57	73	132	547
47 Mortgage pools or trusts[2]	163,000	216,654	285,073	252,665	272,611	285,073	296 481	305,051
48 Government National Mortgage Association	105,790	118,940	159,850	139,276	151,597	159,850	166,261	170,893
49 1- to 4-family	103,007	115,831	155,801	135,628	147,761	155,801	161 943	166,415
50 Multifamily	2,783	3,109	4,049	3,648	3,836	4,049	4,318	4,478
51 Federal Home Loan Mortgage Corporation	19,853	42,964	57,895	50,934	54,152	57,895	59 376	61,267
52 1- to 4-family	19,501	42,560	57,273	50,446	53,539	57,273	58 776	60,636
53 Multifamily	352	404	622	488	613	622	600	631
54 Federal National Mortgage Association[3]	717	14,450	25,121	20,933	23,819	25,121	28,354	29,256
55 1- to 4-family	717	14,450	25,121	20,933	23,819	25,121	28,354	29,256
56 Farmers Home Administration	36,640	40,300	42,207	41,522	43,043	42,207	42,490	43,635
57 1- to 4-family	18,378	20,005	20,404	20,728	21,083	20,404	20,573	21,331
58 Multifamily	3,426	4,344	5,090	4,343	5,042	5,090	5,081	5,081
59 Commercial	6,161	7,011	7,351	7,303	7,542	7,351	7,456	7,764
60 Farm	8,675	8,940	9,362	9,148	9,376	9,362	9,380	9,459
61 Individual and others[4]	253,343	276,633	283,989	279,605	280,677	283,989	286,009r	289,372
62 1- to 4-family[5]	167,297	185,170	185,270	185,515	185,699	185,270	185,629r	186,505
63 Multifamily	27,982	30,755	32,533	31,868	31,208	32,533	32,823r	33,553
64 Commercial	30,517	31,895	36,548	33,222	34,352	36,548	37,663r	39,183
65 Farm	27,547	28,813	29,638	29,000	29,418	29,638	29,894r	30,131

1. Includes loans held by nondeposit trust companies but not bank trust departments.
2. Outstanding principal balances of mortgages backing securities insured or guaranteed by the agency indicated.
3. Outstanding balances on FNMA's issues of securities backed by pools of conventional mortgages held in trust. Implemented by FNMA in October 1981.
4. Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and U.S. agencies for which amounts are small or for which separate data are not readily available.
5. Includes estimate of residential mortgage credit provided by individuals.

NOTE. Based on data from various institutional and governmental sources, with some quarters estimated in part by the Federal Reserve in conjunction with the Federal Home Loan Bank Board and the Department of Commerce. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations when required, are estimated mainly by the Federal Reserve. Multifamily debt refers to loans on structures of five or more units.

1.55 CONSUMER INSTALLMENT CREDIT[1] Total Outstanding, and Net Change▲

Millions of dollars

Holder, and type of credit	1980	1981	1982	1983 Dec	1984 Jan	1984 Feb	1984 Mar.	1984 Apr.	1984 May	1984 June	1984 July
	Amounts outstanding (end of period)										
1 **Total**	**314,910**	**335,691**	**355,849**	**396,082**	**394,922**	**399,177**	**402,466**	**407,671**	**418,080**	**427,565**	**435,367**
By major holder											
2 Commercial banks	147,013	147,622	152,490	171,978	171,934	175,941	177,625	181,022	186,668	191,519	195,265
3 Finance companies	76,756	89,818	98,693	102,862	101,680	101,702	101,619	101,119	102,967	104,460	106,219
4 Credit unions	44,041	45,953	47,253	53,471	53,882	54,851	55,892	56,962	58,517	59,893	61,151
5 Retailers[2]	28,697	31,348	32,735	35,911	34,505	33,455	33,208	33,327	33,730	34,206	34,022
6 Savings and loans	9,911	12,410	15,823	21,615	21,823	22,269	23,071	23,957	24,915	25,837	26,767
7 Gasoline companies	4,468	4,403	4,063	4,131	4,300	4,025	3,944	3,955	4,020	4,289	4,472
8 Mutual savings banks	4,024	4,137	4,792	6,114	6,798	6,934	7,107	7,329	7,263	7,361	7,471
By major type of credit											
9 Automobile	116,838	125,331	131,086	142,449	143,186	146,047	146,047	147,944	152,225	155,937	159,649
10 Commercial banks	61,536	58,081	59,555	67,557	68,747	71,327	71,237	73,016	75,787	78,018	80,103
11 Indirect paper	35,233	34,375	34,755	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
12 Direct loans	26,303	23,706	23,472	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
13 Credit unions	21,060	21,975	22,596	25,574	25,771	26,234	26,732	27,244	27,988	28,646	29,248
14 Finance companies	34,242	45,275	48,935	49,318	48,668	48,486	48,078	47,684	48,450	49,273	50,298
15 Revolving	58,506	64,500	69,998	80,823	78,566	77,671	79,110	80,184	82,436	84,598	85,588
16 Commercial banks	29,765	32,880	36,666	44,184	43,118	43,506	45,235	46,149	47,936	49,374	50,358
17 Retailers	24,273	27,217	29,269	32,508	31,148	30,140	29,931	30,080	30,480	30,935	30,758
18 Gasoline companies	4,468	4,403	4,063	4,131	4,300	4,025	3,944	3,955	4,020	4,289	4,472
19 Mobile home	17,321	17,958	22,254	23,680	23,668	23,571	23,661	23,850	24,104	24,427	24,751
20 Commercial banks	10,371	10,187	9,605	9,842	9,829	9,663	9,589	9,580	9,573	9,621	9,681
21 Finance companies	3,745	4,494	9,003	9,365	9,345	9,324	9,333	9,361	9,434	9,528	9,612
22 Savings and loans	2,737	2,788	3,143	3,906	3,923	4,003	4,147	4,306	4,478	4,644	4,811
23 Credit unions	469	489	503	567	571	581	592	603	619	634	647
24 Other	122,244	127,903	132,511	149,130	149,502	151,888	153,648	155,693	159,315	162,603	165,379
25 Commercial banks	45,341	46,474	46,664	50,395	50,240	51,445	51,564	52,277	53,372	54,506	55,123
26 Finance companies	38,769	40,049	40,755	44,179	43,667	43,892	44,208	44,074	45,083	45,659	46,309
27 Credit unions	22,512	23,490	24,154	27,330	27,540	28,036	28,568	29,115	29,910	30,613	31,256
28 Retailers	4,424	4,131	3,466	3,403	3,357	3,315	3,277	3,247	3,250	3,271	3,264
29 Savings and loans	7,174	9,622	12,680	17,709	17,900	18,266	18,924	19,651	20,437	21,193	21,956
30 Mutual savings banks	4,024	4,137	4,792	6,114	6,798	6,934	7,107	7,329	7,263	7,361	7,471
	Net change (during period)[4]										
31 **Total**	**1,448**	**18,217**	**13,096**	**5,782**	**4,469**	**6,608**	**5,870**	**6,408**	**10,233**	**7,825**	**7,106**
By major holder											
32 Commercial banks	7,163	607	4,442	3,977	2,029	4,914	3,422	4,025	6,065	3,835	3,192
33 Finance companies	8,438	13,062	4,504	-146	-66	258	-193	-350	1,304	1,353	1,402
34 Credit unions	-2,475	1,913	1,298	731	916	712	1,230	1,529	1,453	962	1,566
35 Retailers[2]	329	1,103	651	537	422	325	355	278	476	471	-101
36 Savings and loans	1,485	1,682	2,290	589	364	414	813	868	979	1,069	847
37 Gasoline companies	739	-65	-340	-31	72	-172	2	2	46	89	-40
38 Mutual savings banks	95	85	251	126	731	156	242	66	-90	46	240
By major type of credit											
39 Automobile	477	8,495	4,898	1,468	2,106	2,799	326	2,158	3,689	2,897	3,422
40 Commercial banks	-5,830	-3,455	-9	1,568	1,722	2,635	432	1,766	2,807	1,907	1,852
41 Indirect paper	-3,104	-858	225	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
42 Direct loans	-2,726	-2,597	-234	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
43 Credit unions	-1,184	914	622	349	428	276	660	734	695	461	750
44 Finance companies	7,491	11,033	3,505	-449	-44	112	-766	-342	187	529	820
45 Revolving	1,415	4,467	4,365	1,690	505	1,273	2,962	1,868	2,817	1,569	640
46 Commercial banks	97	3,115	3,808	1,207	18	1,127	2,613	1,568	2,298	1,047	764
47 Retailers	773	1,417	897	515	414	318	347	298	473	433	-84
48 Gasoline companies	739	-65	-340	-31	72	-172	2	2	46	89	-40
49 Mobile home	483	1,049	609	1	92	-127	285	285	302	454	462
50 Commercial banks	-276	-186	-508	39	-15	-112	-85	27	-50	10	31
51 Finance companies	355	749	471	-166	-104	-93	218	110	156	258	185
52 Savings and loans	430	466	633	120	18	68	141	132	183	174	230
53 Credit unions	25	20	14	9	9	10	10	16	13	12	16
54 Other	927	4,206	3,224	2,623	1,950	2,662	2,298	2,097	3,425	2,905	2,582
55 Commercial banks	-960	1,133	372	1,163	304	1,264	463	653	1,010	871	545
56 Finance companies	592	1,280	528	469	82	463	355	-118	961	566	397
57 Credit unions	-1,266	975	662	374	479	426	558	780	745	489	800
58 Retailers	-444	-314	-246	22	8	7	8	20	3	38	-17
59 Savings and loans	1,056	1,217	1,657	469	346	346	673	735	796	895	617
60 Mutual savings banks	95	85	251	126	731	156	242	66	-90	46	240

▲ These data have been revised from July 1979 through February 1984

1. The Board's series cover most short- and intermediate-term credit extended to individuals through regular business channels, usually to finance the purchase of consumer goods and services or to refinance debts incurred for such purposes, and scheduled to be repaid (or with the option of repayment) in two or more installments

2 Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.

3 Not reported after December 1982

4 For 1982 and earlier, net change equals extensions, seasonally adjusted less liquidations, seasonally adjusted Beginning 1983, net change equals outstandings, seasonally adjusted less outstandings of the previous period, seasonally adjusted.

NOTE. Total consumer noninstallment credit outstanding—credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit—amounted to, not seasonally adjusted, $80 7 billion at the end of 1981, $85.9 billion at the end of 1982, and $96 9 billion at the end of 1983.

These data also appear in the Board's G 19 (421) release For address, see inside front cover

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT

Percent unless noted otherwise

Item	1981	1982	1983	1984						
				Feb	Mar	Apr	May	June	July	Aug
INTEREST RATES										
Commercial banks[1]										
1 48-month new car[2]	16.54	16.83	13.92	13.32	...	...	13.53	...	...	14.08
2 24-month personal	18.09	18.65	16.68	16.16	...	...	16.35	...	...	16.75
3 120-month mobile home[2]	17.45	18.05	15.91	15.45	...	...	15.54	...	...	15.72
4 Credit card	17.78	18.51	18.73	18.73	...	...	18.71	...	...	18.81
Auto finance companies										
5 New car	16.17	16.15	12.58	14.11	14.05	14.06	14.17	14.33	14.68	...
6 Used car	20.00	20.75	18.74	17.59	17.52	17.59	17.60	17.64	17.77	...
OTHER TERMS[3]										
Maturity (months)										
7 New car	45.4	46.0	45.9	46.4	46.7	47.1	47.7	48.2	48.6	...
8 Used car	35.8	34.0	37.9	39.4	39.4	39.5	39.7	39.8	39.8	...
Loan-to-value ratio										
9 New car	86.1	85.3	86.0	87	87	88	88	88	88	...
10 Used car	91.8	90.3	92.0	91	92	92	92	92	92	...
Amount financed (dollars)										
11 New car	7,339	8,178	8,787	9,072	9,139	9,190	9,262	9,311	9,377	...
12 Used car	4,343	4,746	5,033	5,418	5,474	5,547	5,675	5,774	5,763	...

1. Data for midmonth of quarter only.
2. Before 1983 the maturity for new car loans was 36 months, and for mobile home loans was 84 months.
3. At auto finance companies.

NOTE. These data also appear in the Board's G.19 (421) release. For address, see inside front cover.

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

Billions of dollars; half-yearly data are at seasonally adjusted annual rates

Transaction category, sector	1978r	1979r	1980r	1981r	1982r	1983r	1981r	1982r		1983r		1984
							H2	H1	H2	H1	H2	H1
						Nonfinancial sectors						
1 **Total net borrowing by domestic nonfinancial sectors**	**369.8**	**386.0**	**344.6**	**380.4**	**404.1**	**526.4**	**368.0**	**358.1**	**450.1**	**448.9**	**563.8**	**673.9**
By sector and instrument												
2 U.S. government	53.7	37.4	79.2	87.4	161.3	186.6	88.1	104.1	218.4	222.0	151.1	173.0
3 Treasury securities	55.1	38.8	79.8	87.8	162.1	186.7	88.5	105.5	218.8	222.1	151.2	173.2
4 Agency issues and mortgages	-1.4	1.4	6	5	9	1	4	1.4	4	1	1	2
5 Private domestic nonfinancial sectors	316.2	348.6	265.4	293.1	242.8	339.8	279.9	254.0	231.7	266.9	412.7	500.9
6 Debt capital instruments	199.7	211.2	192.0	159.1	158.9	239.3	140.3	140.7	177.2	214.4	264.2	265.1
7 Tax-exempt obligations	28.4	30.3	30.3	22.7	53.8	56.3	24.7	43.9	63.7	62.8	49.7	35.2
8 Corporate bonds	21.1	17.3	26.7	21.8	18.7	15.7	16.8	12.0	25.3	23.0	8.4	24.0
9 Mortgages	150.2	163.6	135.1	114.6	86.5	167.3	98.8	84.8	88.2	128.6	206.0	205.8
10 Home mortgages	112.2	120.0	96.7	76.0	52.5	108.7	62.3	53.6	51.3	83.8	133.6	139.2
11 Multifamily residential	9.2	7.8	8.8	4.3	5.5	8.4	3.8	5.1	5.8	2.8	13.9	16.8
12 Commercial	21.7	23.9	20.2	24.6	23.6	47.3	22.9	19.7	27.5	40.3	54.3	47.7
13 Farm	7.2	11.8	9.3	9.7	5.0	2.9	9.8	6.5	3.5	1.6	4.1	2.1
14 Other debt instruments	116.5	137.5	73.4	134.0	83.9	100.5	139.6	113.2	54.6	52.5	148.5	235.9
15 Consumer credit	48.8	45.4	6.3	26.7	21.0	51.3	21.9	20.6	21.4	35.9	66.6	104.3
16 Bank loans n.e.c.	37.4	51.2	36.7	54.7	55.5	27.3	65.1	69.0	42.0	13.3	41.2	79.6
17 Open market paper	5.2	11.1	5.7	19.2	4.1	1.2	24.1	10.0	-18.2	10.6	8.3	27.4
18 Other	25.1	29.7	24.8	33.4	11.5	23.1	28.6	13.6	9.4	13.9	32.3	24.6
19 By borrowing sector	316.2	348.6	265.4	293.1	242.8	339.8	279.9	254.0	231.7	266.9	412.7	500.9
20 State and local governments	16.5	17.6	17.2	6.2	31.3	36.7	7.3	24.1	38.5	41.9	31.6	16.6
21 Households	172.0	179.3	122.1	127.5	94.5	175.4	113.1	94.7	94.3	134.8	216.0	253.0
22 Farm	14.6	21.4	14.4	16.3	7.6	4.3	12.2	9.6	5.6	.8	7.9	.8
23 Nonfarm noncorporate	32.4	34.4	33.7	40.2	39.5	63.9	38.7	36.6	42.3	50.1	77.6	73.5
24 Corporate	80.6	96.0	78.1	102.9	70.0	59.5	108.7	89.0	51.0	39.3	79.6	158.7
25 Foreign net borrowing in United States	33.8	20.2	27.2	27.2	15.7	18.9	24.4	10.2	21.2	15.3	22.5	22.1
26 Bonds	4.2	3.9	8	5.4	6.7	3.8	7.6	2.4	11.0	4.6	2.9	2.0
27 Bank loans n.e.c.	19.1	2.3	11.5	3.7	-6.2	4.9	6.2	7.6	4.7	11.3	1.5	5.8
28 Open market paper	6.6	11.2	10.1	13.9	10.7	6.0	7.1	12.5	9.0	4.6	16.5	20.1
29 U.S. government loans	3.9	2.9	4.7	4.2	4.5	4.3	3.5	3.0	6.0	3.9	4.6	5.9
30 **Total domestic plus foreign**	**403.6**	**406.2**	**371.8**	**407.6**	**419.8**	**545.3**	**392.4**	**368.3**	**471.4**	**504.2**	**586.3**	**696.0**
						Financial sectors						
31 **Total net borrowing by financial sectors**	**74.1**	**82.4**	**62.9**	**84.1**	**69.0**	**90.7**	**83.9**	**84.2**	**53.8**	**74.0**	**107.3**	**116.3**
By instrument												
32 U.S. government related	37.1	47.9	44.8	47.4	64.9	67.8	50.9	60.0	69.7	66.2	69.4	69.4
33 Sponsored credit agency securities	23.1	24.3	24.4	30.5	14.9	1.4	33.2	22.4	7.5	4.1	6.9	31.1
34 Mortgage pool securities	13.6	23.1	19.2	15.0	49.5	66.4	15.3	36.8	62.2	70.3	62.5	38.3
35 Loans from U.S. government	4	6	1.2	1.9	4		2.4	8				
36 Private financial sectors	37.0	34.5	18.1	36.7	4.1	22.9	33.0	24.2	16.0	7.8	38.0	46.9
37 Corporate bonds	7.5	7.8	7.1	8	2.5	17.1	-1.2	2.5	7.6	15.2	18.9	10.2
38 Mortgages	1	*	-1	5	1	*	-2	1	1	*	*	*
39 Bank loans n.e.c.	2.3	-5	-9	9	1.9	2	-1	3.2	6	2.5	2.2	4.3
40 Open market paper	14.6	18.0	4.8	20.9	1.2	13.0	19.5	12.3	14.7	7.2	18.8	25.3
41 Loans from Federal Home Loan Banks	12.5	9.2	7.1	16.2	8	7.0	15.1	11.1	9.5	12.1	2.0	15.7
By sector												
42 Sponsored credit agencies	23.5	24.8	25.6	32.4	15.3	1.4	35.6	23.2	7.5	4.1	6.9	31.1
43 Mortgage pools	13.6	23.1	19.2	15.0	49.5	66.4	15.3	36.8	62.2	70.3	62.5	38.3
44 Private financial sectors	37.0	34.5	18.1	36.7	4.1	22.9	33.0	24.2	16.0	7.8	38.0	46.9
45 Commercial banks	1.3	1.6	5	4	1.2	5	.5	7	1.7	8	2	*
46 Bank affiliates	7.2	6.5	6.9	8.3	1.9	8.6	9.7	9.7	5.8	6.1	11.1	20.0
47 Savings and loan associations	13.5	12.6	7.4	15.5	2.5	-2.7	13.7	14.3	9.3	10.0	4.5	16.6
48 Finance companies	17.6	16.5	5.8	12.8	-.9	17.0	9.4	*	1.9	11.4	22.7	10.8
49 REITs	-1.4	1.3	2.2	2	1	2	2	1	1	2	.2	1
						All sectors						
50 **Total net borrowing**	**477.7**	**488.7**	**434.7**	**491.8**	**488.8**	**635.9**	**476.3**	**452.5**	**525.1**	**578.2**	**693.6**	**812.3**
51 U.S. government securities	90.5	84.8	122.9	133.0	225.9	254.4	136.7	163.5	288.3	288.4	220.5	242.5
52 State and local obligations	28.4	30.3	30.3	22.7	53.8	56.3	24.7	43.9	63.7	62.8	49.7	35.2
53 Corporate and foreign bonds	32.8	29.0	34.6	26.4	27.8	36.5	23.2	11.8	43.8	42.8	30.3	36.2
54 Mortgages	150.2	163.5	134.9	113.9	86.5	167.2	98.5	84.8	88.2	128.5	206.0	205.7
55 Consumer credit	48.8	45.4	6.3	26.7	21.0	51.3	21.9	20.6	21.4	35.9	66.6	104.3
56 Bank loans n.e.c.	58.8	52.9	47.3	59.3	51.2	32.0	71.2	64.6	37.9	22.1	41.9	69.4
57 Open market paper	26.4	40.3	20.6	54.0	5.4	17.8	50.7	34.8	23.9	-8.0	43.6	72.8
58 Other loans	41.9	42.4	37.8	55.8	17.2	20.3	49.5	28.5	5.9	5.7	35.0	46.2
						External corporate equity funds raised in United States						
59 **Total new share issues**	**1.9**	**-3.8**	**22.2**	**-4.1**	**35.3**	**67.8**	**-17.4**	**23.3**	**47.2**	**83.5**	**52.0**	**-37.4**
60 Mutual funds	-1	1	5.2	6.3	18.4	32.8	5.7	12.5	24.3	36.8	28.9	44.8
61 All other	1.9	3.9	17.1	-10.4	16.9	34.9	23.0	10.9	22.9	46.8	23.1	-82.3
62 Nonfinancial corporations	1	-7.8	12.9	-11.5	11.4	28.3	23.8	7.0	15.8	38.2	18.4	84.5
63 Financial corporations	2.5	3.2	2.1	8	4.0	2.7	1.1	3.9	4.1	2.8	2.5	2.9
64 Foreign shares purchased in United States	5	8	2.1	3	1.5	4.0	4	1	3.0	5.7	2.2	7

1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

Billions of dollars, except as noted; half-yearly data are at seasonally adjusted annual rates

Transaction category, or sector	1978	1979	1980	1981	1982	1983	1981	1982		1983		1984
							H2	H1	H2	H1	H2	H1
1 **Total funds advanced in credit markets to domestic nonfinancial sectors**	**369.8**	**386.0**	**344.6**	**380.4**	**404.1**	**526.4**	**368.0**	**358.1**	**450.1**	**488.9**	**563.8**	**673.9**
By public agencies and foreign												
2 Total net advances	102.3	75.2	97.0	97.7	109.1	117.1	90.3	100.8	117.3	119.7	114.6	121.9
3 U.S. government securities	36.1	6.3	15.7	17.2	18.0	27.6	12.4	9.7	26.2	40.5	14.6	32.0
4 Residential mortgages	25.7	35.8	31.7	23.5	61.0	76.1	25.5	47.6	74.4	80.1	72.0	52.0
5 FHLB advances to savings and loans	12.5	9.2	7.1	16.2	.8	7.0	15.1	11.1	-9.5	-12.1	2.0	15.7
6 Other loans and securities	28.0	36.5	42.4	40.9	29.3	20.5	37.3	32.4	26.2	11.1	29.9	22.2
Total advanced, by sector												
7 U.S. government	17.1	19.0	23.7	24.1	16.0	9.7	19.8	14.8	17.1	9.1	10.3	8.4
8 Sponsored credit agencies	40.3	53.0	45.6	48.2	65.3	69.5	50.1	61.8	68.7	68.2	70.7	72.9
9 Monetary authorities	7.0	7.7	4.5	9.2	9.8	10.9	14.1	3.8	15.7	15.6	6.2	17.2
10 Foreign	38.0	4.6	23.2	16.3	18.1	27.1	6.3	20.4	15.8	26.8	27.4	23.4
Agency and foreign borrowing not in line 1												
11 Sponsored credit agencies and mortgage pools	37.1	47.9	44.8	47.4	64.9	67.8	50.9	60.0	69.7	66.2	69.4	69.4
12 Foreign	33.8	20.2	27.2	27.2	15.7	18.9	24.4	10.2	21.2	15.3	22.5	22.1
Private domestic funds advanced												
13 Total net advances	338.4	379.0	319.6	357.3	375.6	495.9	353.0	327.5	423.8	450.8	541.1	643.6
14 U.S. government securities	54.3	91.1	107.2	115.8	207.9	226.9	124.3	153.7	262.0	247.8	205.9	210.5
15 State and local obligations	28.4	30.3	30.3	22.7	53.8	56.3	24.7	43.9	63.7	62.8	49.7	35.2
16 Corporate and foreign bonds	23.4	18.5	19.3	18.8	14.8	14.6	15.9	.1	29.6	22.9	6.3	21.5
17 Residential mortgages	95.6	91.9	73.7	56.7	3.2	40.9	40.6	11.0	17.4	6.4	75.5	103.8
18 Other mortgages and loans	149.3	156.3	96.2	159.5	103.2	150.2	162.7	130.2	76.3	98.7	201.7	288.2
19 LESS: Federal Home Loan Bank advances	12.5	9.2	7.1	16.2	.8	7.0	15.1	11.1	9.5	-12.1	-2.0	15.7
Private financial intermediation												
20 Credit market funds advanced by private financial institutions	315.7	313.9	281.5	323.4	285.6	377.1	323.2	274.4	296.7	323.2	430.9	505.6
21 Commercial banking	128.5	123.1	100.6	102.3	107.2	136.1	112.7	99.9	114.5	121.6	150.6	171.7
22 Savings institutions	72.3	56.5	54.5	27.8	31.3	136.8	18.4	25.2	37.4	128.9	144.6	155.9
23 Insurance and pension funds	89.5	85.9	94.3	97.4	108.8	99.2	101.4	111.4	106.3	89.5	108.9	108.5
24 Other finance	25.5	48.5	32.1	96.0	38.3	5.0	90.8	37.9	38.6	16.8	26.8	69.6
25 Sources of funds	315.7	313.9	281.5	323.4	285.6	377.1	323.2	274.4	296.7	323.2	430.9	505.6
26 Private domestic deposits and RPs	142.7	137.4	169.6	211.9	174.7	203.2	217.9	147.6	201.9	192.7	213.7	281.0
27 Credit market borrowing	37.0	34.5	18.1	36.7	4.1	22.9	33.0	24.2	-16.0	7.8	38.0	46.9
28 Other sources	136.1	142.0	93.9	74.8	106.7	151.0	72.3	102.6	110.8	122.8	179.2	177.7
29 Foreign funds	6.5	27.6	21.7	8.7	26.7	22.1	9.8	28.3	-25.1	14.2	58.5	6.6
30 Treasury balances	6.8	.4	2.6	1.1	6.1	5.3	10.2	2.0	14.1	10.1	20.8	5.3
31 Insurance and pension reserves	74.9	72.8	83.9	90.4	104.6	98.4	101.0	111.4	97.8	87.7	109.1	108.1
32 Other, net	47.9	41.2	34.2	5.9	22.8	35.8	8.7	21.5	24.1	39.1	32.4	57.7
Private domestic nonfinancial investors												
33 Direct lending in credit markets	59.6	99.6	56.1	70.6	94.2	141.7	62.8	77.3	111.0	135.3	148.1	184.9
34 U.S. government securities	33.5	52.5	24.6	29.3	37.4	88.9	24.5	35.3	39.5	95.9	82.0	132.2
35 State and local obligations	3.6	9.9	7.0	10.5	34.4	42.6	12.5	30.1	38.7	52.7	32.6	21.9
36 Corporate and foreign bonds	6.3	1.4	5.7	8.1	5.2	1.2	10.7	17.7	7.3	-1.7	4.1	7.3
37 Open market paper	8.3	8.6	3.1	2.7	.1	3.9	8.2	3.5	3.7	8.1	15.9	1.9
38 Other	20.5	30.0	33.3	36.3	27.8	5.0	28.4	26.2	29.3	3.4	13.5	21.6
39 Deposits and currency	153.9	146.8	181.1	221.9	181.9	222.4	229.3	152.1	211.7	214.5	230.2	301.2
40 Currency	9.3	8.0	10.3	9.5	9.7	14.3	11.2	6.7	12.7	14.8	13.8	17.6
41 Checkable deposits	16.2	18.3	5.2	18.0	15.7	21.4	13.3	1.9	29.5	48.0	-5.2	27.4
42 Small time and savings accounts	65.9	59.3	82.9	47.0	138.2	219.1	71.8	83.2	193.1	278.6	159.7	110.0
43 Money market fund shares	6.9	34.4	29.2	107.5	24.7	44.1	110.8	39.4	30.0	84.0	-4.2	30.2
44 Large time deposits	46.3	18.8	45.8	36.9	-7.7	7.5	24.6	21.9	37.3	61.0	45.9	92.1
45 Security RPs	7.5	6.6	6.5	2.5	3.8	14.3	2.6	1.1	6.6	11.0	17.5	21.3
46 Deposits in foreign countries	2.0	1.5	1.1	.5	2.5	4.8	.2	2.2	-2.9	7.0	2.7	2.6
47 **Total of credit market instruments, deposits and currency**	**213.6**	**246.5**	**237.2**	**292.5**	**276.1**	**364.1**	**292.1**	**229.4**	**322.7**	**349.8**	**378.4**	**486.1**
48 Public holdings as percent of total	25.3	18.5	26.1	24.0	26.0	21.5	23.0	27.4	24.9	23.7	19.5	17.5
49 Private financial intermediation (in percent)	93.3	82.8	88.1	90.5	76.0	76.0	91.6	83.8	70.0	71.7	79.6	78.6
50 Total foreign funds	44.6	23.0	1.5	7.6	8.6	49.2	3.5	7.9	9.3	12.6	85.9	30.0
MEMO: Corporate equities not included above												
51 **Total net issues**	**1.9**	**-3.8**	**22.2**	**-4.1**	**35.3**	**67.8**	**-17.4**	23.3	**47.2**	**83.5**	**52.0**	**-37.4**
52 Mutual fund shares	.1	.1	5.2	6.3	18.4	32.8	5.7	12.5	24.3	36.8	28.9	44.8
53 Other equities	1.9	3.9	17.1	10.4	16.9	34.9	23.0	10.9	22.9	46.8	23.1	82.3
54 Acquisitions by financial institutions	4.7	12.9	24.9	20.1	39.2	58.4	22.6	11.0	67.3	78.2	38.5	24.3
55 Other net purchases	2.8	16.7	2.7	-24.2	3.9	9.4	40.0	12.3	-20.1	5.3	13.5	61.7

NOTES BY LINE NUMBER
1. Line 1 of table 1.58.
2. Sum of lines 3-6 or 7-10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by federally sponsored credit agencies, and net issues of federally related mortgage pool securities.
13. Line 1 less line 2 plus line 11 and 12. Also line 20 less line 27 plus line 33. Also sum of lines 28 and 47 less lines 40 and 46.
18. Includes farm and commercial mortgages.
26. Line 39 less lines 40 and 46.
27. Excludes equity issues and investment company shares. Includes line 19.
29. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates.
30. Demand deposits at commercial banks.
31. Excludes net investment of these reserves in corporate equities.
32. Mainly retained earnings and net miscellaneous liabilities.
33. Line 12 less line 20 plus line 27.
34-38. Lines 14-18 less amounts acquired by private finance. Line 38 includes mortgages.
40. Mainly an offset to line 9.
47. Lines 33 plus 39, or line 13 less line 28 plus 40 and 46.
48. Line 2/line 1.
49. Line 20/line 13.
50. Sum of lines 10 and 29.
51, 53. Includes issues by financial institutions.

NOTE. Full statements for sectors and transaction types in flows and in amounts outstanding may be obtained from Flow of Funds Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

1967 = 100; monthly and quarterly data are seasonally adjusted. Exceptions noted.

Measure	1981	1982	1983	1983 Dec	1984 Jan	Feb	Mar	Apr	May	June[r]	July[r]	Aug.
1 **Industrial production**	**151.0**	**138.6**	**147.6**	**156.2**	**158.5**	**160.0**	**160.8**	**162.1**	**162.8[r]**	**164.3**	**165.8**	**166.2**
Market groupings												
2 Products, total	150.6	141.8	149.2	157.4	159.7	160.4	161.1	162.5	163.3	165.1	166.6	167.0
3 Final, total	149.5	141.5	147.1	155.2	157.5	158.0	158.6	160.2	161.1	163.0	164.7	165.0
4 Consumer goods	147.9	142.6	151.7	157.7	159.5	159.4	160.2	161.4	161.7	162.7	163.9	163.2
5 Equipment	151.5	139.8	140.8	151.8	154.9	156.1	156.4	158.5	160.3[r]	163.3	165.8	167.4
6 Intermediate	154.4	143.3	156.6	165.4	167.8	169.0	170.2	171.0	171.6[r]	173.1	173.7	174.2
7 Materials	151.6	133.7	145.2	154.5	156.6	159.4	160.4	161.5	162.0[r]	163.0	164.4	164.9
Industry groupings												
8 Manufacturing	150.4	137.6	148.2	156.8	159.5	161.4	162.1	163.4	164.2[r]	165.6	167.3	167.6
Capacity utilization (percent)[1]												
9 Manufacturing	79.4	71.1	75.2	78.9	80.1	80.9	81.0	81.5	81.7[r]	82.1	82.8	82.8
10 Industrial materials industries	80.7	70.1	75.2	79.6	80.6	81.9	82.2	82.5	82.7[r]	83.0	83.5	83.6
11 Construction contracts (1977 = 100)[2]	111.0	111.0	138.0	134.0	150.0	150.0	144.0	145.0	165.0	148.0	152.0	n.a.
12 Nonagricultural employment, total[3]	138.5	136.2	136.8	139.9	140.4	141.1	141.4	142.0	142.5	143.1	143.4	143.6
13 Goods-producing, total	109.4	102.6	101.5	103.8	104.6	105.4	105.5	106.2	106.6	107.1	107.6	107.7
14 Manufacturing, total	103.7	96.9	96.0	98.4	99.0	99.6	100.1	100.4	100.6	100.9	101.4	101.5
15 Manufacturing, production-worker	98.0	89.4	88.7	91.9	92.5	93.1	93.6	94.0	94.1	94.3	94.7	94.9
16 Service-producing	154.4	154.6	156.1	159.6	160.0	160.7	161.1	161.6	162.2	162.8	163.0	163.3
17 Personal income, total	386.5	410.3	435.6	454.0	459.9	464.0	466.8	471.3	473.1	476.6	480.5	
18 Wages and salary disbursements	349.7	367.4	388.6	404.7	409.3	411.0	413.3	418.1	419.0	422.4	425.2	n.a.
19 Manufacturing	287.3	285.5	294.7	310.4	314.0	317.1	318.8	322.0	321.8	323.3	325.1	
20 Disposable personal income[4]	372.6	398.0	427.1	446.9	453.0	457.1	459.9	464.0[r]	464.9[r]	468.4	472.1	
21 Retail sales[5]	330.6	326.0	373.0	391.4	407.3	403.0	396.9	410.8	413.6	417.7	409.4	405.9
Prices[6]												
22 Consumer	272.4	289.1	298.4	303.5	305.2	306.6	307.3	308.8	309.7	310.7	311.7	n.a.
23 Producer finished goods	269.8	280.7	285.2	287.2	289.5	290.6	291.7	291.4	291.5	291.2	292.6	n.a.

1. Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, Department of Commerce, and other sources.
2. Index of dollar value of total construction contracts, including residential, nonresidential and heavy engineering, from McGraw-Hill Information Systems Company, F. W. Dodge Division.
3. Based on data in *Employment and Earnings* (U.S. Department of Labor). Series covers employees only, excluding personnel in the Armed Forces.
4. Based on data in *Survey of Current Business* (U.S. Department of Commerce).
5. Based on Bureau of Census data published in *Survey of Current Business*.
6. Data without seasonal adjustment, as published in *Monthly Labor Review*. Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Department of Labor.

NOTE. Basic data (not index numbers) for series mentioned in notes 4, 5, and 6, and indexes for series mentioned in notes 3 and 7 may also be found in the *Survey of Current Business*.

Figures for industrial production for the last two months are preliminary and estimated, respectively.

2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	Output (1967 = 100) 1983 Q3	1983 Q4	1984 Q1	1984 Q2[r]	Capacity (percent of 1967 output) 1983 Q3	1983 Q4	1984 Q1	1984 Q2	Utilization rate (percent) 1983 Q3	1983 Q4	1984 Q1	1984 Q2[r]
1 **Total industry**	**151.8**	**155.5**	**159.8**	**163.1**	**196.4**	**197.3**	**198.4**	**199.7**	**77.3**	**78.8**	**80.5**	**81.6**
2 Mining	116.1	121.0	124.2	125.0	165.4	165.5	165.7	165.9	70.2	73.1	75.0	75.4
3 Utilities	178.2	178.4	179.2	183.1	211.1	212.4	213.8	215.3	84.4	84.0	83.8	85.0
4 **Manufacturing**	**152.8**	**156.5**	**161.0**	**164.4**	**197.5**	**198.4**	**199.5**	**201.0**	**77.4**	**78.9**	**80.7**	**81.8**
5 Primary processing	152.8	156.4	160.5	162.3	195.3	195.8	196.5	197.2	78.3	79.9	81.7	82.3
6 Advanced processing	152.8	156.1	161.7	165.2	198.6	199.7	201.1[r]	203.0	76.9	78.2	80.3	81.4
7 **Materials**	**149.9**	**154.3**	**158.8**	**162.2**	**193.4**	**194.0**	**194.7**	**195.9**	**77.5**	**79.6**	**81.6**	**82.7**
8 Durable goods	144.2	150.3	157.6	162.0	196.0	196.5	197.1	198.3	73.6	76.5	79.9	81.6
9 Metal materials	89.3	93.8	97.3	100.3	139.8	139.6	139.1	138.5	63.9	67.2	70.0	72.4
10 Nondurable goods	179.1	183.5	183.7	186.7	219.6	220.6	221.8	223.4	81.5	83.2	82.8	83.5
11 Textile, paper, and chemical	188.0	193.2	193.2	196.1	231.6	232.7	234.2	236.2	81.2	83.0	82.5	83.0
12 Paper	162.8	167.4	165.8	168.5	166.9	167.7	168.5	169.5	97.5	99.8	98.4	99.4
13 Chemical	227.8	235.0	236.7	240.8	298.3	300.1	302.3	305.2	76.4	78.3	78.3	78.9
14 Energy materials	127.4	127.8	131.2	132.4	154.7	155.3	155.8	156.4	82.3	82.3	84.2	84.6

2.11 Continued

Series	Previous cycle[1] High	Previous cycle[1] Low	Latest cycle[2] High	Latest cycle[2] Low	1983 Aug	1983 Dec	1984 Jan	1984 Feb	1984 Mar	1984 Apr	1984 May[r]	1984 June[r]	1984 July[r]	1984 Aug
	Capacity utilization rate (percent)													
15 **Total industry**	**88.4**	**71.1**	**87.3**	**69.6**	**77.3**	**79.0**	**80.1**	**80.7**	**80.9**	**81.3**	**81.5**	**82.1**	**82.6**	**82.6**
16 Mining	91.8	86.0	88.5	69.6	70.2	74.7	75.4	74.9	74.7	74.3	75.4	76.4	78.0	77.7
17 Utilities	94.9	82.0	86.7	79.0	85.0	85.7	84.8	82.5	84.0	85.0	84.7	85.4	84.3	84.5
18 **Manufacturing**	**87.9**	**69.0**	**87.5**	**68.8**	**77.3**	**78.9**	**80.1**	**80.9**	**81.0**	**81.5**	**81.7**	**82.1**	**82.8**	**82.8**
19 Primary processing	93.7	68.2	91.4	66.2	78.1	79.2	80.6	82.2	82.2	82.2	82.4	82.3	82.7	82.7
20 Advanced processing	85.5	69.4	85.9	70.0	76.9	78.6	80.0	80.4	80.6	81.0	81.2	81.9	82.9	82.9
21 **Materials**	**92.6**	**69.3**	**88.9**	**66.6**	**77.4**	**79.6**	**80.6**	**81.9**	**82.2**	**82.5**	**82.7**	**83.0**	**83.5**	**83.6**
22 Durable goods	91.4	63.5	88.4	59.8	73.6	77.0	78.5	80.5	80.7	81.5	81.5	82.0	83.0	83.1
23 Metal materials	97.8	68.0	95.4	46.2	64.0	66.8	67.3	71.1	71.5	73.0	72.2	72.0	73.0	71.8
24 Nondurable goods	94.4	67.4	91.7	70.7	81.1	81.6	81.9	83.0	83.6	83.2	83.9	83.5	83.5	83.8
25 Textile, paper, and chemical	95.1	65.4	92.3	68.6	80.5	81.2	81.5	82.8	83.1	82.7	83.3	82.9	83.1	83.5
26 Paper	99.4	72.4	97.9	86.3	96.9	98.8	99.3	99.0	96.8	98.5	99.8	99.7	100.4	n.a.
27 Chemical	95.5	64.2	91.3	64.0	75.5	76.2	76.7	78.6	79.5	78.9	79.0	78.8	78.6	n.a.
28 Energy materials	94.5	84.4	88.9	78.5	82.8	83.6	84.4	84.1	84.1	84.5	84.3	84.9	85.3	85.1

1. Monthly high 1973, monthly low 1975
2. Monthly highs 1978 through 1980, monthly lows 1982

NOTE These data also appear in the Board's G.3 (402) release. For address, see inside front cover

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data are seasonally adjusted. Exceptions noted

Category	1981	1982	1983	1984 Jan	1984 Feb	1984 Mar	1984 Apr	1984 May	1984 June	1984 July	1984 Aug
HOUSEHOLD SURVEY DATA											
1 **Noninstitutional population**[1]	**172,272**	**174,450**	**176,414**	**177,733**	**177,882**	**178,033**	**178,185**	**178,337**	**178,501**	**178,669**	**178,821**
2 Labor force (including Armed Forces)[1]	110,812	112,383	113,749	114,415	114,896	115,121	115,461	116,017	116,094	116,167	115,732
3 Civilian labor force	108,670	110,204	111,550	112,215	112,693	112,912	113,245	113,803	113,877	113,938	113,494
Employment											
4 Nonagricultural industries[2]	97,030	96,125	97,450	99,918	100,496	100,859	101,009	101,899	102,344	102,050	101,744
5 Agriculture	3,368	3,401	3,383	3,271	3,395	3,281	3,393	3,389	3,403	3,345	3,224
Unemployment											
6 Number	8,273	10,678	10,717	9,026	8,801	8,772	8,843	8,514	8,130	8,543	8,526
7 Rate (percent of civilian labor force)	7.6	9.7	9.6	8.0	7.8	7.8	7.8	7.5	7.1	7.5	7.5
8 Not in labor force	61,460	62,067	62,665	63,318	62,986	62,912	62,724	62,320	62,407	62,502	63,089
ESTABLISHMENT SURVEY DATA											
9 **Nonagricultural payroll employment**[3]	**91,156**	**89,596**	**89,986**	**92,391**	**92,846**	**93,058**	**93,449**	**93,768**	**94,076**	**94,378**	**94,510**
10 Manufacturing	20,170	18,853	18,678	19,254	19,373	19,466	19,530	19,570	19,639	19,744	19,740
11 Mining	1,132	1,143	1,021	975	978	978	984	995	1,002	1,002	1,015
12 Contract construction	4,176	3,911	3,949	4,154	4,226	4,151	4,246	4,286	4,348	4,380	4,357
13 Transportation and public utilities	5,157	5,081	4,943	5,095	5,105	5,112	5,129	5,144	5,151	5,179	5,182
14 Trade	20,551	20,401	20,508	21,320	21,418	21,493	21,568	21,658	21,735	21,775	21,857
15 Finance	5,301	5,340	5,456	5,573	5,593	5,613	5,640	5,662	5,676	5,677	5,692
16 Service	20,547	19,064	19,685	20,162	20,278	20,378	20,449	20,549	20,652	20,692	20,732
17 Government	16,024	15,803	15,747	15,858	15,875	15,873	15,903	15,904	15,873	15,931	15,935

1 Persons 16 years of age and over Monthly figures, which are based on sample data, relate to the calendar week that contains the 12th day, annual data are averages of monthly figures By definition, seasonality does not exist in population figures Based on data from *Employment and Earnings* (U S Department of Labor).

2 Includes self-employed, unpaid family, and domestic service workers

3 Data include all full- and part-time employees who worked during, or received pay for, the pay period that includes the 12th day of the month, and exclude proprietors, self-employed persons, domestic servants, unpaid family workers, and members of the Armed Forces Data are adjusted to the March 1983 benchmark and only seasonally adjusted data are available at this time Based on data from *Employment and Earnings* (U S. Department of Labor).

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value

Monthly data are seasonally adjusted

Grouping	1967 pro-por-tion	1983 avg	1983 Aug	1983 Sept	1983 Oct	1983 Nov	1983 Dec	1984 Jan	1984 Feb	1984 Mar	1984 Apr	1984 May[r]	1984 June	1984 July[p]	1984 Aug[e]
			Index (1967 = 100)												
MAJOR MARKET															
1 **Total index**	**100.00**	**147.6**	**151.8**	**153.8**	**155.0**	**155.3**	**156.2**	**158.5**	**160.0**	**160.8**	**162.1**	**162.8**	**164.3**	**165.8**	**166.2**
2 Products	60.71	149.2	153.2	154.9	155.6	155.8	157.4	159.7	160.4	161.1	162.5	163.3	165.1	166.6	167.0
3 Final products	47.82	147.1	150.7	152.1	152.7	153.2	155.2	157.5	158.0	158.6	160.2	161.1	163.0	164.7	165.0
4 Consumer goods	27.68	151.7	156.3	157.4	156.9	156.1	157.7	159.5	159.4	160.2	161.4	161.7	162.7	163.9	163.2
5 Equipment	20.14	140.8	143.1	144.9	147.0	149.1	151.8	154.9	156.1	156.4	158.5	160.3	163.3	165.8	167.4
6 Intermediate products	12.89	156.6	162.2	165.3	166.5	165.5	165.4	167.8	169.0	170.2	171.0	171.6	173.1	173.7	174.2
7 Materials	39.29	145.2	149.7	152.3	154.0	154.5	154.5	156.6	159.4	160.4	161.5	162.0	163.0	164.4	164.9
Consumer goods															
8 Durable consumer goods	7.89	147.5	154.2	157.4	156.7	155.9	158.6	163.4	162.5	163.1	162.2	161.4	163.3	164.8	163.2
9 Automotive products	2.83	158.2	168.1	172.9	171.3	171.5	178.4	184.5	182.1	184.1	180.9	179.8	184.1	184.9	181.1
10 Autos and utility vehicles	2.03	134.0	147.0	153.1	149.2	149.2	157.8	163.3	162.2	164.1	158.4	155.9	158.7	162.4	157.6
11 Autos	1.90	117.4	132.0	135.0	129.6	129.4	137.4	140.7	140.4	142.4	134.5	132.9	136.2	138.7	134.3
12 Auto parts and allied goods	.80	219.6	221.8	223.1	227.4	228.2	230.7	238.4	232.6	234.7	238.0	240.6	248.6	241.9	240.7
13 Home goods	5.06	141.4	146.4	148.7	148.4	147.2	147.5	151.5	151.5	151.3	151.7	151.1	151.6	153.6	153.2
14 Appliances, A/C, and TV	1.40	116.4	121.2	125.2	129.2	127.0	126.3	136.4	135.1	134.4	136.1	134.0	133.5	139.8	139.8
15 Appliances and TV	1.33	120.1	125.0	129.7	133.3	131.3	130.2	140.0	138.6	138.0	138.8	136.7	136.6	143.6	
16 Carpeting and furniture	1.07	178.1	187.5	186.3	185.5	182.7	184.0	183.1	178.7	180.2	181.0	179.6	179.4	179.6	.
17 Miscellaneous home goods	2.59	139.9	143.2	145.9	143.6	143.4	143.9	146.7	149.1	148.5	148.0	148.6	150.0	150.3	149.8
18 Nondurable consumer goods	19.79	153.4	157.1	157.5	157.1	156.1	157.3	157.9	158.2	159.1	161.1	161.8	162.5	163.6	163.3
19 Clothing	4.29														
20 Consumer staples	15.50	163.7	168.0	168.0	167.2	165.4	166.0	166.5	166.9	168.0	170.2	171.6	172.9	173.8	173.7
21 Consumer foods and tobacco	8.33	153.5	156.3	154.9	156.0	154.5	155.4	156.5	156.8	157.6	160.4	161.0	161.9		
22 Nonfood staples	7.17	175.4	181.6	183.2	180.3	178.1	178.3	178.2	178.7	180.1	181.6	183.9	185.7	187.1	187.6
23 Consumer chemical products	2.63	231.0	239.7	241.5	238.7	232.4	229.9	231.6	231.9	231.3	233.4	235.9	240.5	245.9	
24 Consumer paper products	1.92	132.7	137.4	138.2	137.6	136.6	137.2	138.8	140.3	141.8	144.0	145.6	147.1	148.6	.
25 Consumer energy products	2.62	150.9	155.7	157.7	153.0	154.1	156.5	153.4	153.3	156.8	157.1	159.8	159.0	156.2	
26 Residential utilities	1.45	173.4	179.9	182.8	174.5	175.8	185.2	180.0	172.8	177.7	177.4	181.1	182.4	.	.
Equipment															
27 Business	12.63	153.3	156.6	158.8	161.3	164.1	167.3	170.7	171.9	172.1	173.5	176.5	180.8	184.1	186.1
28 Industrial	6.77	120.4	124.3	125.6	126.6	128.6	130.8	133.7	134.6	134.8	135.9	138.5	140.2	141.8	142.6
29 Building and mining	1.44	159.3	159.2	160.8	166.9	175.8	185.3	185.1	182.0	175.2	173.6	182.9	185.8	189.0	189.8
30 Manufacturing	3.85	107.1	113.3	115.0	114.6	114.3	115.1	119.7	120.9	124.2	126.2	127.4	128.4	129.7	130.8
31 Power	1.47	117.1	119.0	118.8	118.5	119.4	118.4	120.0	123.8	122.7	124.1	124.1	126.1	127.3	127.4
32 Commercial transit, farm	5.86	191.3	194.0	196.7	201.3	205.1	209.6	213.3	215.1	215.3	217.0	220.5	227.7	232.9	236.2
33 Commercial	3.26	273.2	277.4	281.2	288.1	292.5	298.9	303.2	305.9	306.9	309.6	315.5	325.8	331.7	334.9
34 Transit	1.93	95.2	95.9	97.6	100.0	103.2	106.0	110.1	110.1	109.2	108.9	109.7	114.0	118.6	122.3
35 Farm	.67	69.5	70.8	71.0	70.9	73.5	73.5	73.6	75.7	75.0	78.0	77.1	78.0	81.4	
36 Defense and space	7.51	119.9	120.2	121.8	122.9	124.0	125.7	128.3	129.5	130.1	133.2	133.1	134.0	135.1	136.1
Intermediate products															
37 Construction supplies	6.42	142.5	149.0	151.1	152.3	151.6	151.5	155.5	156.6	159.1	159.6	159.5	160.9	161.4	161.7
38 Business supplies	6.47	170.7	175.3	179.3	180.6	179.4	179.3	180.1	181.3	181.3	182.3	183.5	185.3	186.0	
39 Commercial energy products	1.14	184.3	186.9	190.2	187.0	187.6	188.0	192.1	191.6	187.0	190.0	190.8	195.3	192.2	
Materials															
40 Durable goods materials	20.35	138.6	144.2	147.2	149.4	150.3	151.3	154.6	158.6	159.5	161.3	161.6	163.0	165.2	165.8
41 Durable consumer parts	4.58	113.6	119.9	123.1	124.9	125.0	127.9	131.6	133.1	133.0	133.2	132.6	134.7	136.4	137.4
42 Equipment parts	5.44	176.4	183.6	186.0	188.3	192.5	193.4	198.2	204.0	206.7	210.9	210.6	214.0	219.5	222.8
43 Durable materials n.e.c.	10.34	129.9	134.2	137.4	139.8	139.3	139.5	141.8	146.0	146.3	147.7	148.6	148.6	149.4	148.3
44 Basic metal materials	5.57	90.2	93.1	94.5	98.0	97.1	96.9	97.7	103.0	103.0	105.7	104.5	104.0	105.6	
45 Nondurable goods materials	10.47	174.5	178.0	183.4	185.3	184.8	180.3	181.2	184.1	185.9	185.7	187.4	187.1	187.6	188.6
46 Textile, paper, and chemical materials	7.62	182.6	186.4	192.0	195.4	194.7	189.6	190.5	193.9	195.3	195.0	196.8	196.4	197.4	198.8
47 Textile materials	1.85	116.2	121.5	123.1	124.0	121.9	121.3	119.9	119.9	120.6	118.9	121.9	119.6	122.3	
48 Paper materials	1.62	158.2	161.8	165.4	166.3	169.8	166.0	167.0	166.8	163.5	166.7	169.2	169.5	170.8	
49 Chemical materials	4.15	221.7	225.1	233.1	238.7	237.0	229.3	231.3	237.6	241.1	240.0	241.1	241.3	241.3	
50 Containers, nondurable	1.70	167.9	170.6	179.1	175.9	176.6	173.0	173.5	173.0	176.0	175.7	176.6	176.7	175.5	
51 Nondurable materials n.e.c.	1.14	130.5	133.0	132.6	131.9	130.6	129.5	130.5	135.2	137.7	138.6	140.5	140.7	140.2	
52 Energy materials	8.48	124.8	128.0	126.4	126.3	127.1	130.0	131.3	131.0	131.3	132.1	131.9	133.1	133.8	133.6
53 Primary energy	4.65	114.7	113.9	112.8	114.1	115.5	117.6	119.3	121.3	119.6	119.5	119.8	119.9	122.4	
54 Converted fuel materials	3.82	137.0	145.2	142.8	141.2	141.1	145.1	145.8	142.8	145.4	147.3	146.5	149.1	147.7	
Supplementary groups															
55 Home goods and clothing	9.35	129.9	133.3	135.2	135.5	135.9	137.6	140.1	140.3	140.1	141.0	139.8	139.4	141.2	140.5
56 Energy, total	12.23	135.9	139.4	139.0	137.7	138.5	141.1	141.6	141.4	141.9	142.8	143.3	144.4	144.0	144.3
57 Products	3.76	161.0	165.2	167.5	163.3	164.3	166.0	165.1	164.9	166.0	167.1	169.2	170.0	167.1	
58 Materials	8.48	124.8	128.0	126.4	126.3	127.1	130.0	131.3	131.0	131.3	132.1	131.9	133.1	133.8	133.6

NOTE. These data also appear in the Board's G.12.3 (414) release. For address see inside front cover.

2.13 Continued

Grouping	SIC code	1967 proportion	1983 avg	1983 Aug	1983 Sept	1983 Oct	1983 Nov	1983 Dec	1984 Jan	1984 Feb	1984 Mar	1984 Apr	1984 May[r]	1984 June	1984 July[p]	1984 Aug[e]
				Index (1967 = 100)												
MAJOR INDUSTRY																
1 Mining and utilities		12.05	142.9	146.0	146.5	145.8	147.2	151.5	151.4	148.9	150.4	151.3	152.1	154.0	154.4	154.7
2 Mining		6.36	116.6	116.1	117.1	118.3	121.1	123.7	124.8	124.1	123.8	123.3	125.0	126.8	129.5	129.1
3 Utilities		5.69	172.4	179.3	179.3	176.5	176.3	182.5	181.0	176.5	180.0	182.7	182.3	184.4	182.3	183.3
4 Electric		3.88	196.0	205.4	204.5	200.7	200.2	208.0	206.8	200.0	204.6	207.7	206.8	209.7	206.5	207.6
5 Manufacturing		87.95	148.2	152.8	155.1	156.2	156.4	156.8	159.5	161.4	162.1	163.4	164.2	165.6	167.3	167.6
6 Nondurable		35.97	168.1	172.9	174.6	175.6	174.8	173.9	175.2	177.2	177.6	179.1	179.9	180.9	181.8	182.2
7 Durable		51.98	134.5	138.8	141.6	142.8	143.6	145.0	148.6	150.5	151.4	152.6	153.3	154.9	157.3	157.6
Mining																
8 Metal	10	.51	80.9	80.9	78.7	81.0	84.6	82.3	89.4	97.4	100.0	98.5	98.0	97.1	99.4	
9 Coal	11,12	.69	136.3	141.2	140.5	142.7	144.8	145.2	151.5	163.2	164.0	151.4	153.9	161.5	176.5	172.1
10 Oil and gas extraction	13	4.40	116.6	114.7	116.3	117.3	119.8	123.4	123.1	119.6	118.2	118.8	120.4	121.4	122.3	122.3
11 Stone and earth minerals	14	.75	122.8	125.0	126.5	127.4	132.2	133.9	134.8	133.0	135.8	140.4	144.0	147.1	149.0	
Nondurable manufactures																
12 Foods	20	8.75	156.4	159.3	158.2	157.6	157.1	157.7	159.4	160.0	161.2	163.1	164.2	165.2		
13 Tobacco products	21	.67	112.1	117.1	112.7	109.1	109.5	112.3	116.4	110.9	111.8	113.3	112.8	117.7		
14 Textile mill products	22	2.68	140.8	147.4	148.7	148.7	145.8	145.0	143.9	142.3	143.5	140.0	140.5	140.7	141.9	
15 Apparel products	23	3.31														
16 Paper and products	26	3.21	164.3	168.6	170.4	171.5	172.1	170.1	172.3	176.6	173.8	172.4	174.1	174.6	175.8	175.7
17 Printing and publishing	27	4.72	152.5	157.8	161.7	162.7	162.0	161.7	163.4	164.8	165.2	166.3	167.5	168.8	171.6	172.5
18 Chemicals and products	28	7.74	215.0	220.3	224.1	228.4	225.6	221.1	221.5	224.8	225.0	228.3	227.9	229.0	231.9	
19 Petroleum products	29	1.79	120.3	123.2	125.1	123.6	125.4	114.4	118.8	127.6	127.0	126.8	127.9	127.6	125.4	127.6
20 Rubber and plastic products	30	2.24	291.9	306.9	310.9	310.8	309.1	314.4	317.2	318.5	323.8	328.0	334.1	341.0	341.1	
21 Leather and products	31	.86	61.9	64.4	64.2	64.0	63.2	66.0	61.4	63.9	63.9	63.5	61.4	59.7	61.4	
Durable manufactures																
22 Ordnance, private and government	19,91	3.64	95.4	96.8	98.0	98.8	99.3	99.8	99.7	99.6	100.6	101.4	100.8	101.7	101.4	103.4
23 Lumber and products	24	1.64	137.2	141.6	142.3	141.7	141.0	143.8	146.0	145.6	149.3	151.2	146.3	148.5	147.5	
24 Furniture and fixtures	25	1.37	170.5	179.0	180.7	181.0	177.5	177.9	183.8	185.6	184.6	186.6	190.5	191.9	193.6	
25 Clay, glass, stone products	32	2.74	143.4	147.9	151.7	151.9	152.7	153.8	157.8	160.4	160.2	160.0	160.6	159.5	160.7	
26 Primary metals	33	6.57	85.4	87.5	90.6	95.3	92.2	90.4	93.2	98.4	97.5	99.3	98.2	97.6	96.9	94.0
27 Iron and steel	331.2	4.21	71.5	75.1	78.2	84.3	79.2	74.1	80.7	86.0	84.4	84.0	83.5	83.5	80.7	
28 Fabricated metal products	34	5.93	120.2	126.0	127.4	26.9	128.5	129.2	131.7	132.8	134.9	135.5	136.5	138.7	139.5	140.3
29 Nonelectrical machinery	35	9.15	150.6	157.3	158.3	159.2	161.8	164.3	169.5	170.9	171.9	174.9	178.8	182.1	185.7	187.7
30 Electrical machinery	36	8.05	185.5	189.2	195.8	198.4	200.1	201.5	206.2	209.9	212.0	214.6	214.5	216.6	222.4	223.8
31 Transportation equipment	37	9.27	117.8	121.1	124.7	125.5	127.3	130.8	134.9	135.2	135.8	134.5	135.0	137.2	140.6	140.0
32 Motor vehicles and parts	371	4.50	137.1	144.3	150.9	150.9	152.9	158.9	166.3	164.4	165.8	161.9	163.0	165.3	169.1	167.6
33 Aerospace and miscellaneous transportation equipment	372.9	4.77	99.6	99.2	100.0	101.6	103.2	104.3	105.3	107.7	107.5	108.8	108.6	110.8	113.7	114.0
34 Instruments	38	2.11	158.7	161.6	163.6	163.0	163.0	164.6	167.8	168.6	169.7	171.0	171.8	173.7	175.9	177.3
35 Miscellaneous manufactures	39	1.51	146.2	153.1	151.7	149.1	148.9	149.3	151.1	152.0	152.3	152.1	151.5	149.9	152.3	151.4
		Gross value (billions of 1972 dollars, annual rates)														
MAJOR MARKET[1]																
36 Products, total		**507.4**	**612.6**	**626.6**	**637.0**	**637.8**	**638.4**	**645.4**	**655.1**	**656.9**	**661.8**	**661.1**	**665.9**	**671.3**	**675.2**	**674.2**
37 Final		390.9	472.6	481.8	489.9	490.7	490.8	497.8	505.3	505.0	509.6	509.0	514.0	517.9	521.0	519.8
38 Consumer goods		277.5	328.7	336.7	341.6	340.2	338.3	341.9	345.3	345.3	347.7	347.8	349.5	350.8	349.9	346.8
39 Equipment		113.4	144.0	145.1	148.4	150.5	152.5	155.9	160.0	159.7	161.9	161.2	164.4	167.1	171.1	172.9
40 Intermediate		116.6	140.0	144.8	147.1	147.1	147.6	147.6	149.8	151.9	152.2	152.2	151.9	153.4	154.2	154.5

1. 1972 dollar value

NOTE. These data also appear in the Board's G.12.3 (414) release. For address, see inside front cover.

2.14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates except as noted.

Item	1981	1982	1983	1983 Oct	1983 Nov	1983 Dec.	1984 Jan.	1984 Feb	1984 Mar	1984 Apr	1984 May[r]	1984 June[r]	1984 July
	Private residential real estate activity (thousands of units)												
NEW UNITS													
1 Permits authorized	986	1,001	1,605	1,650	1,649	1,602	1,799	1,902	1,727	1,758	1,745	1,768	1,562
2 1-family	564	546	902	905	919	913	989	1,083	974	957	913	916	813
3 2-or-more-family	421	454	703	745	730	689	810	819	753	801	832	852	749
4 Started	1,084	1,062	1,703	1,672	1,730	1,694	1,980	2,262	1,662	2,015	1,794	1,886	1,761
5 1-family	705	663	1,068	1,017	1,074	1,021	1,301	1,463	1,071	1,196	1,131	1,092	982
6 2-or-more-family	379	400	636	655	656	673	679	799	591	819	663	794	779
7 Under construction, end of period[1]	682	720	1,003	994	1,011	1,020	1,032	1,033	1,065	1,091[r]	1,099	1,116	n.a.
8 1-family	382	400	524	542	543	542	552	557	571	582[r]	591	596	n.a.
9 2-or-more-family	301	320	479	452	468	478	480	477	494	509[r]	509	520	n.a.
10 Completed	1,266	1,006	1,391	1,567	1,445	1,489	1,606	1,565	1,590	1,654[r]	1,730	1,711	n.a.
11 1-family	818	631	924	1,028	994	986	1,014	1,034	1,031	974[r]	1,078	1,027	n.a.
12 2-or-more-family	447	374	466	539	451	503	592	531	559	680[r]	652	684	n.a.
13 Mobile homes shipped	241	240	295	308	313	310	314	293	287	287	295	301	n.a.
Merchant builder activity in 1-family units													
14 Number sold	436	413	622	624	636	755	681	712	682	649[r]	615	630	630
15 Number for sale, end of period[1]	278	255	303	301	304	300	302	303	320	328[r]	333	340	342
Price (thousands of dollars)[2]													
Median													
16 Units sold	68.8	69.3	75.5	75.9	75.9	75.9	76.2	79.2	78.4	79.6	81.6	79.9	80.3
Average													
17 Units sold	83.1	83.8	89.9	89.5	91.4	91.7	92.2	94.4	97.7	96.2	102.4	97.8	95.6
EXISTING UNITS (1-family)													
18 Number sold	2,418	1,991	2,719	2,720	2,700	2,850	2,890	2,910	3,020	3,090	3,060	2,960	2,780
Price of units sold (thousands of dollars)[2]													
19 Median	66.1	67.7	69.8	69.8	70.4	69.9	71.3	71.8	72.2	72.5	73.1	73.8	74.7
20 Average	78.0	80.4	82.5	83.0	83.4	82.9	84.8	84.9	85.1	86.1	86.2	87.7	88.6
	Value of new construction[3] (millions of dollars)												
CONSTRUCTION													
21 Total put in place	**239,112**	**230,068**	**262,167**	**267,930**	**267,017**	**263,867**	**280,897**	**300,355**	**309,744**	**305,262**	**311,037**	**309,267**	**311,358**
22 Private	185,761	179,090	211,369	219,164	217,444	213,272	229,972	248,104	254,958	250,696	255,467	251,628	254,346
23 Residential	86,564	74,808	111,727	118,605	113,455	109,706	121,931	137,403	141,087	133,694	133,919	130,947	133,299
24 Nonresidential, total	99,197	104,282	99,642	100,559	103,989	103,566	108,041	110,701	113,871	117,002	121,548	120,681	121,047
Buildings													
25 Industrial	17,031	17,346	12,863	10,363	11,632	12,208	12,872	13,969	14,363	13,734	14,969	14,143	14,171
26 Commercial	34,243	37,281	35,787	37,441	38,132	37,364	41,057	42,076	45,280	47,501	49,597	49,166	49,904
27 Other	9,543	10,507	11,660	12,243	12,028	11,854	12,742	12,999	13,190	13,384	13,870	13,481	13,341
28 Public utilities and other	38,380	39,148	39,332	40,512	42,197	42,140	41,370	41,657	41,038	42,383	43,112	43,891	43,631
29 Public	53,346	50,977	50,798	48,766	49,573	50,596	50,925	52,251	54,786	54,566	55,571	57,639	57,013
30 Military	1,966	2,205	2,544	2,590	3,064	2,898	2,608	2,474	2,872	3,020	2,847	2,906	2,507
31 Highway	13,599	13,428	14,225	14,397	14,059	14,666	14,240	14,993	16,205	16,734	16,949	16,865	17,318
32 Conservation and development	5,300	5,029	4,822	4,041	3,916	4,984	4,319	4,608	4,531	4,516	4,344	4,498	4,475
33 Other	32,481	30,315	29,207	27,738	28,534	28,048	29,758	30,176	31,178	30,296	31,431	33,370	32,713

1. Not at annual rates.
2. Not seasonally adjusted.
3. Value of new construction data in recent periods may not be strictly comparable with data in prior periods because of changes by the Bureau of the Census in its estimating techniques. For a description of these changes see *Construction Reports* (C-30-76-5), issued by the Bureau in July 1976.

NOTE. Census Bureau estimates for all series except (a) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (b) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from originating agency. Permit authorizations are those reported to the Census Bureau from 16,000 jurisdictions beginning with 1978.

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data, except as noted

Item	Change from 12 months earlier		Change from 3 months earlier (at annual rate)				Change from 1 month earlier					Index level July 1984 (1967 = 100)[1]
	1983 July	1984 July	1983		1984		1984					
			Sept	Dec	Mar[r]	June[r]	Mar[r]	Apr[r]	May	June	July	
CONSUMER PRICES[2]												
1 **All items**	**2.4**	**4.1**	**4.5**	**4.0**	**5.0**	**3.3**	**.2**	**.5**	**.2**	**.2**	**.3**	**311.7**
2 Food	1.2	3.8	1.1	4.3	9.0	.7	.1	.0	-.3	.1	.3	303.2
3 Energy items	1.3	.4	3.4	-1.7	1.4	.8	.2	.7	.2	-.7	.3	428.3
4 All items less food and energy	2.9	5.1	5.9	4.9	5.1	4.7	.4	.5	.3	.3	.4	301.3
5 Commodities	4.1	4.2	6.8	4.6	3.4	3.7	.4	.6	.2	.1	.2	253.0
6 Services	1.8	5.6	5.2	5.2	5.9	5.4	.4	.5	.4	.4	.6	356.8
PRODUCER PRICES												
7 Finished goods	1.4	2.4	2.0	1.1	5.7	.0	.4	.1	.0	.0	.3	292.6
8 Consumer foods	.0	5.7	2.5	5.8	16.9	8.5	.7	.5	1.2	-.6	1.4	275.6
9 Consumer energy	4.9	-4.3	1.3	-10.4	-8.1	9.6	1.2	.9	1.5	-.2	-1.7	760.2
10 Other consumer goods	3.4	2.4	2.7	1.5	4.5	1.3	.7	.0	.1	.3	.2	246.4
11 Capital equipment	2.5	2.6	2.1	1.8	3.8	2.8	.3	.4	.2	.0	.2	294.8
12 Intermediate materials[3]	.6	2.7	4.0	2.5	2.9	3.4	.5	.0	.3	.5	.1	326.7
13 Excluding energy	2.0	3.0	3.6	4.1	3.8	1.9	.6	.0	.1	.3	.0	304.1
Crude materials												
14 Foods	2.8	6.3	15.6	12.1	12.5	-21.3	4.0	.9	-2.7	-2.3	.4	264.0
15 Energy	1.6	.6	1.7	-2.3	-1.6	4.2	.8	.5	.4	.2	.3	790.8
16 Other	8.2	5.5	16.6	2.4	-9.7	30.6	.1	3.0	2.6	1.2	1.6	265.7

1. Not seasonally adjusted.
2. Figures for consumer prices are those for all urban consumers and reflect a rental equivalence measure of homeownership after 1982.
3. Excludes intermediate materials for food manufacturing and manufactured animal feeds.

SOURCE. Bureau of Labor Statistics.

2.16 GROSS NATIONAL PRODUCT AND INCOME

Billions of current dollars except as noted; quarterly data are at seasonally adjusted annual rates.

Account	1981	1982	1983	1983			1984	
				Q2	Q3	Q4	Q1	Q2[r]
GROSS NATIONAL PRODUCT								
1 **Total**	**2,957.8**	**3,069.2**	**3,304.8**	**3,267.0**	**3,346.6**	**3,431.7**	**3,553.3**	**3,648.1**
By source								
2 Personal consumption expenditures	1,849.1	1,984.9	2,155.9	2,141.6	2,181.4	2,230.2	2,276.5	2,329.5
3 Durable goods	235.4	245.1	279.8	276.1	284.1	299.8	310.9	320.3
4 Nondurable goods	730.7	757.5	801.7	796.9	811.7	823.0	841.3	858.2
5 Services	883.0	982.2	1,074.4	1,068.6	1,085.7	1,107.5	1,124.4	1,151.0
6 Gross private domestic investment	484.2	414.9	471.6	449.6	491.9	540.0	623.8	626.4
7 Fixed investment	458.1	441.0	485.1	469.0	496.2	527.3	550.0	577.9
8 Nonresidential	353.9	349.6	352.9	339.3	353.9	383.9	398.8	422.1
9 Structures	135.3	142.1	129.7	125.6	126.2	136.6	142.2	151.2
10 Producers' durable equipment	218.6	207.5	223.2	213.6	227.8	247.3	256.7	271.0
11 Residential structures	104.2	91.4	132.2	129.8	142.3	143.4	151.2	155.7
12 Nonfarm	99.8	86.6	127.6	125.3	137.7	138.7	146.4	150.6
13 Change in business inventories	26.0	26.1	-13.5	-19.4	4.3	12.7	73.8	48.5
14 Nonfarm	18.2	-24.0	-3.1	-5.4	11.6	14.1	60.6	44.7
15 Net exports of goods and services	28.0	19.0	8.3	-6.5	-16.4	-29.8	51.5	54.6
16 Exports	369.9	348.4	336.2	328.1	342.0	346.1	358.9	366.9
17 Imports	341.9	329.4	344.4	334.5	358.4	375.9	410.4	421.6
18 Government purchases of goods and services	596.5	650.5	685.5	682.2	689.8	691.4	704.4	746.8
19 Federal	228.9	259.0	269.7	270.5	269.2	266.3	267.6	299.3
20 State and local	367.6	391.5	415.8	411.6	420.6	425.1	436.8	447.5
By major type of product								
21 Final sales, total	2,931.7	3,095.4	3,318.3	3,286.4	3,350.9	3,419.0	3,479.5	3,599.6
22 Goods	1,294.8	1,276.8	1,355.7	1,337.2	1,373.1	1,423.9	1,498.0	1,542.8
23 Durable	530.4	499.9	555.3	541.1	576.9	607.4	632.3	645.1
24 Nondurable	764.4	776.9	800.4	796.1	796.2	816.5	865.7	897.7
25 Services	1,373.0	1,510.8	1,639.3	1,627.2	1,654.5	1,681.3	1,713.7	1,746.5
26 Structures	289.9	281.7	309.8	302.6	319.0	326.5	341.6	358.7
27 *Change in business inventories*	26.0	-26.1	-13.5	-19.4	-4.3	12.7	73.8	48.5
28 Durable goods	7.3	-18.0	2.1	5.5	12.5	14.5	34.9	16.1
29 Nondurable goods	18.8	-8.1	-11.3	-13.9	16.8	1.7	38.9	32.4
30 MEMO: **Total GNP in 1972 dollars**	**1,512.2**	**1,480.0**	**1,534.7**	**1,524.8**	**1,550.2**	**1,572.7**	**1,610.9**	**1,640.8**
NATIONAL INCOME								
31 **Total**	**2,363.8**	**2,446.8**	**2,646.7**	**2,609.0**	**2,684.4**	**2,766.5**	**2,873.5**	**2,943.0**
32 Compensation of employees	1,765.4	1,864.2	1,985.0	1,962.4	2,000.7	2,055.4	2,113.4	2,158.9
33 Wages and salaries	1,493.2	1,568.7	1,658.8	1,640.8	1,670.8	1,715.4	1,755.9	1,793.1
34 Government and government enterprises	284.6	306.6	328.2	325.0	330.6	335.0	342.9	347.5
35 Other	1,208.6	1,262.2	1,331.1	1,315.9	1,340.3	1,380.4	1,413.0	1,445.6
36 Supplement to wages and salaries	272.2	295.5	326.2	321.6	329.9	340.0	357.4	365.7
37 Employer contributions for social insurance	132.3	140.0	153.1	151.7	153.9	157.9	169.4	172.2
38 Other labor income	140.0	155.5	173.1	169.9	175.9	182.1	188.1	193.5
39 Proprietors' income[1]	125.1	111.1	121.7	116.9	123.3	131.9	154.9	149.9
40 Business and professional[1]	93.6	89.2	107.9	106.8	112.1	114.6	122.5	126.3
41 Farm[1]	31.5	21.8	13.8	10.1	11.2	17.3	32.5	23.6
42 Rental income of persons[2]	42.3	51.5	58.3	59.0	56.2	60.4	61.0	61.6
43 Corporate profits[1]	189.9	159.1	225.2	216.7	245.0	260.0	277.4	291.4
44 Profits before tax[3]	221.2	165.5	203.2	198.2	227.4	225.5	243.3	246.7
45 Inventory valuation adjustment	-23.6	9.5	-11.2	-12.1	-19.3	9.2	13.5	7.4
46 Capital consumption adjustment	-7.6	3.1	33.2	30.6	36.9	43.6	47.6	52.1
47 Net interest	241.0	260.9	256.6	254.2	259.2	258.9	266.8	281.2

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.
3. For after-tax profits, dividends, and the like, see table 1.48.

SOURCE. *Survey of Current Business* (Department of Commerce).

2.17 PERSONAL INCOME AND SAVING

Billions of current dollars; quarterly data are at seasonally adjusted annual rates. Exceptions noted

Account	1981	1982	1983	1983			1984	
				Q2	Q3	Q4	Q1	Q2p
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**2,429.5**	**2,584.6**	**2,744.2**	**2,714.4**	**2,763.3**	**2,836.5**	**2,920.5**	**2,982.3**
2 Wage and salary disbursements	1,493.1	1,568.7	1,659.2	1,642.1	1,671.3	1,715.4	1,755.7	1,792.9
3 Commodity-producing industries	509.3	509.3	519.3	511.4	523.5	539.0	555.9	567.1
4 Manufacturing	385.6	382.9	395.2	389.3	399.1	411.9	424.6	432.3
5 Distributive industries	361.6	378.6	398.6	395.4	399.7	413.2	419.2	429.2
6 Service industries	337.7	374.3	413.1	409.1	417.0	428.2	437.9	449.3
7 Government and government enterprises	284.6	306.6	328.2	326.2	331.0	335.0	342.8	347.3
8 Other labor income	140.0	155.5	173.1	169.9	175.9	182.1	188.1	193.5
9 Proprietors' income[1]	125.1	111.1	121.7	116.9	123.3	131.9	154.9	149.9
10 Business and professional[1]	93.6	89.2	107.9	106.8	112.1	114.6	122.5	126.3
11 Farm[1]	31.5	21.8	13.8	10.1	11.2	17.3	32.5	23.6
12 Rental income of persons[2]	42.3	51.5	58.3	59.0	56.2	60.4	61.0	61.6
13 Dividends	64.3	66.5	70.3	69.1	70.7	72.8	75.0	77.2
14 Personal interest income	331.8	366.6	376.3	368.8	382.3	388.2	403.9	423.3
15 Transfer payments	337.2	376.0	405.0	407.3	403.9	408.8	411.3	415.7
16 Old-age survivors, disability, and health insurance benefits	182.0	204.5	221.6	219.8	222.4	227.7	232.1	235.2
17 LESS: Personal contributions for social insurance	104.5	111.4	119.6	118.5	120.4	123.2	129.6	131.7
18 EQUALS: Personal income	2,429.5	2,584.6	2,744.2	2,714.4	2,763.3	2,836.5	2,920.5	2,982.3
19 LESS: Personal tax and nontax payments	387.7	404.1	404.2	411.6	395.8	407.9	418.3	430.3
20 EQUALS: Disposable personal income	2,041.7	2,180.5	2,340.1	2,302.9	2,367.4	2,428.6	2,502.2	2,552.0
21 LESS: Personal outlays	1,904.4	2,044.5	2,222.0	2,206.1	2,248.4	2,300.0	2,349.6	2,406.4
22 *EQUALS: Personal saving*	*137.4*	*136.0*	*118.1*	*96.7*	*119.0*	*128.7*	*152.5*	*145.6*
MEMO								
Per capita (1972 dollars)								
23 Gross national product	6,572.8	6,369.6	6,543.4	6,509.8	6,601.9	6,681.4	6,829.4	6,941.8
24 Personal consumption expenditures	4,131.4	4,145.9	4,302.8	4,295.8	4,325.2	4,386.0	4,426.5	4,497.7
25 Disposable personal income	4,561.0	4,555.0	4,670.0	4,619.0	4,694.0	4,776.0	4,865.0	4,927.0
26 Saving rate (percent)	6.7	6.2	5.0	4.2	5.0	5.3	6.1	5.7
GROSS SAVING								
27 **Gross saving**	**484.3**	**408.8**	**437.2**	**414.7**	**455.2**	**485.7**	**543.9**	**550.1**
28 Gross private saving	509.9	524.0	571.7	538.1	588.6	615.0	651.3	663.2
29 Personal saving	137.4	136.0	118.1	96.7	119.0	128.7	152.5	145.6
30 Undistributed corporate profits[1]	42.3	29.2	76.5	70.2	86.9	100.0	107.0	117.7
31 Corporate inventory valuation adjustment	−23.6	9.5	11.2	12.1	19.3	9.2	−13.5	7.4
Capital consumption allowances								
32 Corporate	202.6	221.8	231.2	228.2	233.4	236.4	239.9	243.4
33 Noncorporate	127.6	137.1	145.9	143.0	149.4	150.0	151.8	156.4
34 Wage accruals less disbursements	0	0	0	0	0	0	0	0
35 Government surplus, or deficit (−), national income and product accounts	−26.7	115.2	134.5	123.4	133.5	129.3	107.4	113.1
36 Federal	64.3	148.2	178.6	−167.3	180.9	−180.5	−161.3	166.9
37 State and local	37.6	32.9	44.1	43.9	47.4	51.2	53.9	53.9
38 Capital grants received by the United States, net	1.1	0	0	0	0	0	0	0
39 **Gross investment**	490.0	408.3	437.7	418.7	450.3	480.9	546.1	545.7
40 Gross private domestic	484.2	414.9	471.6	449.6	491.9	540.0	623.8	626.4
41 Net foreign	5.8	−6.6	33.9	30.9	41.5	59.1	77.7	80.6
42 **Statistical discrepancy**	5.6	5	5	4.1	4.8	−4.8	2.2	4.4

1. With inventory valuation and capital consumption adjustments
2. With capital consumption adjustment

SOURCE: *Survey of Current Business* (Department of Commerce)

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data are seasonally adjusted except as noted.[1]

Item credits or debits	1981	1982	1983	1983 Q1	1983 Q2	1983 Q3	1983 Q4	1984 Q1[p]
1 Balance on current account	6,294	-9,199	41,563	-2,943	9,560	-11,846	-17,213	-19,408
2 Not seasonally adjusted	...		...	-2,332	-8,769	-14,498	-15,964	18,360
3 Merchandise trade balance[2]	28,001	36,469	-61,055	-9,277	-14,870	17,501	-19,407	-25,641
4 Merchandise exports	237,085	211,198	200,257	49,246	48,745	50,437	51,829	54,164
5 Merchandise imports	-265,086	247,667	-261,312	58,523	63,615	-67,938	-71,236	79,805
6 Military transactions, net	-1,116	195	515	790	53	55	-273	-284
7 Investment income, net[3]	34,053	27,802	23,508	5,238	5,978	7,172	5,119	7,619
8 Other service transactions, net	8,191	7,331	4,121	1,879	1,127	681	434	1,050
9 Remittances, pensions, and other transfers	2,382	-2,635	2,590	-599	-638	-665	-688	723
10 *U.S. government grants (excluding military)*	-4,451	-5,423	-6,060	-974	-1,210	-1,478	-2,398	-1,429
11 Change in U.S. government assets, other than official reserve assets, net (increase, -)	5,107	6,143	-5,013	1,130	-1,251	1,204	-1,429	1,989
12 *Change in U.S. official reserve assets (increase, -)*	5,175	4,965	-1,196	787	16	529	-953	657
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	1,823	1,371	66	98	303	209	545	226
15 Reserve position in International Monetary Fund	2,491	2,552	-4,434	2,139	-212	88	-1,996	-200
16 Foreign currencies	861	-1,041	3,304	1,450	531	826	498	-231
17 Change in U.S. private assets abroad (increase, -)[3]	100,694	-107,790	-43,281	-22,447	175	-8,548	-12,461	-3,281
18 Bank-reported claims	-84,175	111,070	-25,391	-18,175	3,894	-2,871	8,239	-334
19 Nonbank-reported claims	-1,181	6,626	-5,333	-3,199	230	233	-1,671	n.a.
20 U.S. purchase of foreign securities, net	-5,714	-8,102	7,676	1,866	-3,257	1,571	-983	244
21 U.S. direct investments abroad, net[3]	-9,624	4,756	4,881	793	-232	-3,873	-1,568	-3,191
22 Change in foreign official assets in the United States (increase, +)	5,003	3,318	5,339	-252	1,739	-2,703	6,555	-2,859
23 U.S. Treasury securities	5,019	5,728	6,989	3,012	1,985	611	2,603	-269
24 Other U.S. government obligations	1,289	694	-487	-371	-170	363	417	-36
25 Other U.S. government liabilities[4]	300	382	199	533	434	137	161	185
26 Other U.S. liabilities reported by U.S. banks	-3,670	-1,747	433	-1,978	316	-1,403	3,498	-2,140
27 Other foreign official assets[5]	2,665	-351	-1,795	-382	826	463	-124	-599
28 Change in foreign private assets in the United States (increase, +)[3]	76,310	91,863	76,383	16,139	10,714	22,281	27,249	14,662
29 U.S. bank-reported liabilities	42,128	65,922	49,059	10,244	1,698	14,792	22,325	9,763
30 U.S. nonbank-reported liabilities	917	-2,383	1,318	-2,337	64	1,311	-228	n.a.
31 Foreign private purchases of U.S. Treasury securities, net	2,946	7,062	8,731	2,924	3,139	995	1,673	1,490
32 Foreign purchases of other U.S. securities, net	7,171	6,396	8,612	3,003	2,614	1,861	1,134	1,547
33 Foreign direct investments in the United States, net[3]	23,148	14,865	11,299	2,305	3,327	3,322	2,345	1,862
34 Allocation of SDRs	1,093	0	0	0	0	0	0	0
35 Discrepancy	22,275	32,916	9,331	11,420	1,833	1,491	-1,748	13,532
36 Owing to seasonal adjustments		...	...	-579	439	2,518	2,657	-172
37 Statistical discrepancy in recorded data before seasonal adjustment	22,275	32,916	9,331	11,999	-2,272	4,009	4,405	13,704
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, -)	-5,175	-4,965	-1,196	-787	16	529	-953	-657
39 Foreign official assets in the United States (increase, +)	5,303	2,936	5,140	281	1,305	-2,840	6,394	-3,044
40 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 22 above)	13,581	7,291	8,639	-1,466	-3,482	2,051	-1,640	-2,525
41 Transfers under military grant programs (*excluded from* lines 4, 6, and 10 above)	675	593	205	42	30	49	84	27

1 Seasonal factors are no longer calculated for lines 6, 10, 12–16, 18–20, 22–34, and 38–41.

2. Data are on an international accounts (IA) basis. Differs from the Census basis data, shown in table 3.11, for reasons of coverage and timing; military exports are excluded from merchandise data and are included in line 6.

3 Includes reinvested earnings.

4 Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.

5 Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

NOTE. Data are from Bureau of Economic Analysis, *Survey of Current Business* (Department of Commerce).

3.11 U.S. FOREIGN TRADE

Millions of dollars, monthly data are seasonally adjusted

Item	1981	1982	1983	1984 Jan	Feb	Mar	Apr	May	June	July
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	233,677	212,193	200,486	18,326	17,212	17,727	17,521	17,950	17,633	19,442
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	261,305	243,952	258,048	26,586	26,147	26,771	28,368	25,569	25,356	31,883
3 **Trade balance**	**27,628**	**−31,759**	**−57,562**	**−8,260**	**−8,935**	**−9,044**	**−10,846**	**−7,619**	**−7,723**	**−12,440**

NOTE The data through 1981 in this table are reported by the Bureau of Census data of a free-alongside ship (f.a.s.) value basis that is, value at the port of export. Beginning in 1981, foreign trade of the U.S. Virgin Islands is included in the Census basis trade data, this adjustment has been made for all data shown in the table. Beginning with 1982 data, the value of imports are on a customs valuation basis.

The Census basis data differ from merchandise trade data shown in table 3.10, U.S. International Transactions Summary, for reasons of coverage and timing. On the *export side*, the largest adjustments are (1) the addition of exports to Canada not covered in Census statistics, and (2) the exclusion of military sales (which are combined with other military transactions and reported separately in the "service account" in table 3.10, line 6). On the *import side*, additions are made for gold, ship purchases, imports of electricity from Canada, and other transactions, military payments are excluded and shown separately as indicated above.

SOURCE FT900 "Summary of U.S. Export and Import Merchandise Trade" (Department of Commerce, Bureau of the Census)

3.12 U.S RESERVE ASSETS

Millions of dollars, end of period

Type	1981	1982	1983	1984 Feb	Mar	Apr	May	June	July	Aug
1 **Total**	**30,075**	**33,958**	**33,747**	**34,820**	**34,975**	**34,585**	**34,713**	**34,547**	**34,392**	**34,771**
2 Gold stock, including Exchange Stabilization Fund[1]	11,151	11,148	11,121	11,116	11,111	11,107	11,104	11,100	11,099	11,098
3 Special drawing rights[2,3]	4,095	5,250	5,025	5,320	5,341	5,266	5,513	5,459	5,453	5,652
4 Reserve position in International Monetary Fund[2]	5,055	7,348	11,312	11,707	11,706	11,618	11,666	11,659	11,735	11,831
5 Foreign currencies[4]	9,774	10,212	6,289	6,677	6,817	6,594	6,430	6,329	6,105	6,190

1 Gold held under earmark at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States, see table 3.13. Gold stock is valued at $42.22 per fine troy ounce.

2 Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, 16 currencies were used, from January 1981, 5 currencies have been used. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974.

3 Includes allocations by the International Monetary Fund of SDRs as follows $867 million on Jan 1, 1970, $717 million on Jan 1, 1971, $710 million on Jan 1, 1972, $1,139 million on Jan 1, 1979, $1,152 million on Jan 1, 1980, and $1,093 million on Jan 1, 1981, plus transactions in SDRs.

4 Valued at current market exchange rates.

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1981	1982	1983	1984 Feb	Mar	Apr	May	June	July	Aug
1 Deposits	505	328	190	216	222	345	295	238	215	242
Assets held in custody										
2 U.S. Treasury securities[1]	104,680	112,544	117,670	119,499	116,768	117,808	114,562	117,143	115,760	117,130
3 Earmarked gold[2]	14,804	14,716	14,414	14,291	14,278	14,278	14,268	14,266	14,270	14,258

1 Marketable U.S. Treasury bills, notes, and bonds, and nonmarketable U.S. Treasury securities payable in dollars and in foreign currencies.

2 Earmarked gold is valued at $42.22 per fine troy ounce.

NOTE Excludes deposits and U.S. Treasury securities held for international and regional organizations. Earmarked gold is gold held for foreign and international accounts and is not included in the gold stock of the United States.

3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data

Millions of dollars, end of period

Asset account	1980	1981	1982	1983	1984					
				Dec	Jan	Feb	Mar	Apr	May	June[p]
	All foreign countries									
1 **Total, all currencies**	**401,135**	**462,847**	**469,712**	**476,539**	**457,936**	**465,498**	**480,629**	**474,103**	**484,888[r]**	**476,726**
2 Claims on United States	28,460	63,743	91,805	115,065	112,237	112,778	121,813	120,834	125,659	124,932
3 Parent bank	20,202	43,267	61,666	81,113	77,697	79,429	86,379	85,150	88,863	89,705
4 Other banks in United States[1]	8,258	20,476	30,139	33,952	34,540	33,349	35,434	35,684	36,796	14,342
5 Nonbanks[1]										20,885
6 Claims on foreigners	354,960	378,954	358,493	342,609	326,312	332,383	338,726	333,187	338,641[r]	331,820
7 Other branches of parent bank	77,019	87,821	91,168	92,718	85,985	85,754	90,703	92,842	95,095	95,773
8 Banks	146,448	150,763	133,752	117,593	107,633	110,848	114,200	107,048	112,182[r]	104,998
9 Public borrowers	28,033	28,197	24,131	24,508	25,288	25,719	24,775	24,753	24,401[r]	23,497
10 Nonbank foreigners	103,460	112,173	109,442	107,790	107,406	110,062	109,048	108,544	106,965[r]	107,552
11 Other assets	17,715	20,150	19,414	18,865	19,387	20,337	20,090	20,082	20,588[r]	19,974
12 **Total payable in U.S. dollars**	**291,798**	**350,735**	**361,982**	**370,958**	**349,408**	**350,306**	**364,591**	**358,606**	**371,601[r]**	**366,947**
13 Claims on United States	27,191	62,142	90,085	112,959	110,139	110,543	119,436	118,355	123,284	122,737
14 Parent bank	19,896	42,721	61,010	80,018	76,550	78,200	85,067	83,729	87,683	88,593
15 Other banks in United States[1]	7,295	19,421	29,075	32,941	33,589	32,343	34,369	34,626	35,601	14,100
16 Nonbanks[1]										20,044
17 Claims on foreigners	255,391	276,937	259,871	247,327	228,647	229,241	235,215	229,872	237,472[r]	233,654
18 Other branches of parent bank	58,541	69,398	73,537	75,207	68,113	66,792	70,940	70,100	75,503	77,326
19 Banks	117,342	122,110	106,447	93,257	82,551	84,230	87,764	82,702	86,123[r]	80,675
20 Public borrowers	23,491	22,877	18,413	17,881	17,880	18,127	18,104	17,935	17,669	17 067
21 Nonbank foreigners	56,017	62,552	61,474	60,982	60,103	60,092	58,407	59,135	58,177	58,586
22 Other assets	9,216	11,656	12,026	10,672	10,622	10,522	9,940	10,379	10,845[r]	10 556
	United Kingdom									
23 **Total, all currencies**	**144,717**	**157,229**	**161,067**	**158,732**	**155,096**	**157,972**	**161,007**	**161,109**	**159,059**	**158,724**
24 Claims on United States	7,509	11,823	27,354	34,433	36,603	36,646	38,072	38,428	36,148	36,309
25 Parent bank	5,275	7,885	23,017	29,111	30,728	30,875	32,201	32,855	30,266	30,621
26 Other banks in United States[1]	2,234	3,938	4,337	5,322	5,875	5,771	5,871	5,573	5,882	1,223
27 Nonbanks[1]										4,465
28 Claims on foreigners	131,142	138,888	127,734	119,280	113,316	116,055	118,200	117,713	117,808	117,212
29 Other branches of parent bank	34,760	41,367	37,000	36,565	33,871	33,296	34,617	38,571	36,804	38,518
30 Banks	58,741	56,315	50,767	43,352	40,119	42,300	43,804	39,779	42,084	39,892
31 Public borrowers	6,688	7,490	6,240	5,898	6,063	6,213	6,076	6,072	5,992	5,876
32 Nonbank foreigners	30,953	33,716	33,727	33,465	33,263	34,246	33,703	33,291	32,928	32,926
33 Other assets	6,066	6,518	5,979	5,019	5,177	5,271	4,735	4,968	5,103	5,203
34 **Total payable in U.S. dollars**	**99,699**	**115,188**	**123,740**	**126,012**	**121,195**	**121,944**	**124,501**	**123,174**	**122,215**	**123,628**
35 Claims on United States	7,116	11,246	26,761	33,756	35,886	35,934	37,282	37,598	35,210	35,358
36 Parent bank	5,229	7,721	22,756	28,756	30,383	30,515	31,789	32,453	29,876	30,181
37 Other banks in United States[1]	1,887	3,525	4,005	5,000	5,503	5,419	5,493	5,145	5,334	1,115
38 Nonbanks[1]										4,062
39 Claims on foreigners	89,723	99,850	92,228	88,917	82,190	83,067	84,599	82,769	83,925	85,176
40 Other branches of parent bank	28,268	35,439	31,648	31,838	28,770	28,103	28,723	29,247	30,278	32,765
41 Banks	42,073	40,703	36,717	32,188	28,749	30,158	31,613	29,135	30,036	28,610
42 Public borrowers	4,911	5,595	4,329	4,194	4,356	4,414	4,390	4,408	4,296	4,284
43 Nonbank foreigners	14,471	18,113	19,534	20,697	20,315	20,392	19,873	19,979	19,315	19,517
44 Other assets	2,860	4,092	4,751	3,339	3,119	2,943	2,620	2,807	3,080	3,094
	Bahamas and Caymans									
45 **Total, all currencies**	**123,837**	**149,108**	**145,156**	**151,532**	**141,573**	**140,198**	**149,164**	**144,502**	**155,805**	**153,038**
46 Claims on United States	17,751	46,546	59,403	74,832	70,729	70,706	77,807	75,443	83,311	81,301
47 Parent bank	12,631	31,643	34,653	47,807	43,444	44,474	50,146	47,566	54,122	53,651
48 Other banks in United States[1]	5,120	14,903	24,750	27,025	27,285	26,232	27,661	27,877	29,189	12,049
49 Nonbanks[1]										15,601
50 Claims on foreigners	101,926	98,057	81,450	72,788	66,926	65,609	67,422	65,152	68,440	67,905
51 Other branches of parent bank	13,342	12,951	18,720	17,340	15,989	14,657	15,265	14,811	16,931	18,057
52 Banks	54,861	55,151	42,699	36,767	32,451	32,525	34,295	32,231	33,237	31,349
53 Public borrowers	12,577	10,010	6,413	6,084	5,992	5,956	6,028	5,983	5,920	5,996
54 Nonbank foreigners	21,146	19,945	13,618	12,597	12,494	12,471	11,834	12,127	12,352	12,503
55 Other assets	4,160	4,505	4,303	3,912	3,918	3,883	3,935	3,907	4,054	3,832
56 **Total payable in U.S. dollars**	**117,654**	**143,743**	**139,605**	**145,091**	**135,166**	**133,836**	**142,677**	**138,102**	**149,340**	**146,880**

1 Data for assets vis-a-vis other banks in the United States and vis-a-vis nonbanks are combined for dates prior to June 1984

3.14 Continued

Liability account	1980	1981	1982	1983	1984					
				Dec	Jan	Feb	Mar	Apr.	May	June[p]
	All foreign countries									
57 **Total, all currencies**	**401,135**	**462,847**	**469,712**	**476,539**	**457,936**	**465,498**	**480,629**	**474,103**	**484,888[r]**	**476,726**
58 Negotiable CDs[2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	43,704
59 To United States	91,079	137,767	179,015	187,602	181,735	184,482	187,436[r]	183,691	190,245[r]	161,531
60 Parent bank	39,286	56,344	75,621	80,537	79,136	81,112	75,307[r]	75,282	80,027	80,819
61 Other banks in United States	14,473	19,197	33,405	29,107	26,660	25,678	28,694[r]	26,810	27,451	21,618
62 Nonbanks	37,275	62,226	69,989	77,958	75,939	77,692	81,435	81,599	82,767[r]	59,094
63 To foreigners	295,411	305,630	270,853	269,602	257,155	261,522	273,159[r]	270,242	274,840[r]	251,916
64 Other branches of parent bank	75,773	86,396	90,191	89,055	81,793	81,684	87,229	90,937	92,254	92,572
65 Banks	132,116	124,906	96,860	92,882	86,961	89,538	95,690	90,166	94,041[r]	83,026
66 Official institutions	32,473	25,997	19,614	18,893	19,702	20,549	18,250	17,882	19,608	19,083
67 Nonbank foreigners	55,049	68,331	64,188	68,772	68,699	69,751	71,982	71,257	68,937[r]	57,235
68 Other liabilities	14,690	19,450	19,844	19,335	19,046	19,494	20,034	20,170	19,803[r]	19,575
69 **Total payable in U.S. dollars**	**303,281**	**364,447**	**379,270**	**387,740**	**367,557**	**369,156**	**381,976**	**374,664**	**389,683**	**384,274**
70 Negotiable CDs[2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	41,135
71 To United States	88,157	134,700	175,528	183,837	177,864	180,161	183,148	179,389	185,966	156,988
72 Parent bank	37,528	54,492	73,295	78,328	76,778	78,512	74,724[r]	72,856	77,568	78,132
73 Other banks in United States	14,203	18,883	33,040	28,573	26,166	25,111	28,108[r]	26,223	26,798	21,024
74 Nonbanks	36,426	61,325	69,193	76,936	74,920	76,538	80,316	80,310	81,600	57,832
75 To foreigners	206,883	217,602	192,510	194,056	180,676	179,884	189,612	185,165	193,763	176,282
76 Other branches of parent bank	58,172	69,299	72,921	72,002	64,830	63,480	68,557	69,096	73,380	74,548
77 Banks	87,497	79,594	57,463	57,015	50,583	50,683	56,202	50,874	54,932	46,992
78 Official institutions	24,697	20,288	15,055	13,852	14,673	15,835	13,161	13,347	14,835	13,799
79 Nonbank foreigners	36,517	48,421	47,071	51,187	50,590	49,886	51,692	51,848	50,616	40,943
80 Other liabilities	8,241	12,145	11,232	9,847	9,017	9,111	9,216	10,110	9,954	9,869
	United Kingdom									
81 **Total, all currencies**	**144,717**	**157,229**	**161,067**	**158,732**	**155,096**	**157,972**	**161,007**	**161,109**	**159,059**	**158,724**
82 Negotiable CDs[2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	39,520
83 To United States	21,785	38,022	53,954	55,799	55,618	56,550	56,228	56,526	55,353	32,079
84 Parent bank	4,225	5,444	13,091	14,021	17,075	18,307	15,850	16,311	17,820	18,532
85 Other banks in United States	5,716	7,502	12,205	11,328	10,640	10,570	11,440	10,542	9,487	4,712
86 Nonbanks	11,844	25,076	28,658	30,450	27,903	27,673	28,938	29,673	28,046	8,835
87 To foreigners	117,438	112,255	99,567	95,847	92,268	93,734	97,109	97,064	96,339	79,678
88 Other branches of parent bank	15,384	16,545	18,361	19,038	18,526	17,741	21,477	21,939	20,617	21,668
89 Banks	56,262	51,336	44,020	41,624	38,812	39,548	42,073	40,751	41,597	32,950
90 Official institutions	21,412	16,517	11,504	10,151	10,530	11,531	8,833	9,403	10,377	9,533
91 Nonbank foreigners	24,380	27,857	25,682	25,034	24,400	24,914	24,726	24,971	23,748	15,527
92 Other liabilities	5,494	6,952	7,546	7,086	7,210	7,688	7,670	7,519	7,367	7,447
93 **Total payable in U.S. dollars**	**103,440**	**120,277**	**130,261**	**131,167**	**126,987**	**127,622**	**130,985**	**128,369**	**128,255**	**128,612**
94 Negotiable CDs[2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	38,143
95 To United States	21,080	37,332	53,029	54,691	54,535	55,105	55,031	55,201	54,094	30,733
96 Parent bank	4,078	5,350	12,814	13,839	16,838	17,900	15,606	16,127	17,624	18,244
97 Other banks in United States	5,626	7,249	12,026	11,044	10,406	10,247	11,204	10,292	9,200	4,497
98 Nonbanks	11,376	24,733	28,189	29,808	27,291	26,958	28,221	28,782	27,270	7,992
99 To foreigners	79,636	79,034	73,477	73,279	69,557	69,438	72,892	69,739	70,764	56,153
100 Other branches of parent bank	10,474	12,048	14,300	15,403	14,758	13,956	17,559	14,801	15,733	17,646
101 Banks	35,388	32,298	28,810	29,320	26,386	26,229	28,833	27,286	27,308	19,574
102 Official institutions	17,024	13,612	9,668	8,279	8,594	9,777	6,910	7,650	8,760	7,639
103 Nonbank foreigners	16,750	21,076	20,699	20,277	19,819	19,476	19,590	20,002	18,963	11,294
104 Other liabilities	2,724	3,911	3,755	3,197	2,895	3,079	3,062	3,429	3,397	3,583
	Bahamas and Caymans									
105 **Total, all currencies**	**123,837**	**149,108**	**145,156**	**151,532**	**141,573**	**140,198**	**149,164**	**144,502**	**155,805**	**153,038**
106 Negotiable CDs[2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1,668
107 To United States	59,666	85,759	104,425	110,831	104,170	104,552	109,975	106,672	113,920	109,505
108 Parent bank	28,181	39,451	47,081	50,256	44,734	44,186	45,227	43,211	45,987	45,457
109 Other banks in United States	7,379	10,474	18,466	15,711	14,401	13,578	15,636	14,867	16,530	15,450
110 Nonbanks	24,106	35,834	38,878	44,864	45,035	46,788	49,112	48,594	51,403	48,598
111 To foreigners	61,218	60,012	38,274	38,362	35,163	33,409	36,836	35,502	39,390	39,313
112 Other branches of parent bank	17,040	20,641	15,796	13,376	12,253	11,790	11,987	12,858	14,031	13,771
113 Banks	29,895	23,202	10,166	11,869	9,883	9,351	11,405	9,859	12,106	12,496
114 Official institutions	4,361	3,498	1,967	1,916	2,309	1,870	2,395	1,869	2,197	2,662
115 Nonbank foreigners	9,922	12,671	10,345	11,201	10,718	10,398	11,049	10,916	11,056	10,384
116 Other liabilities	2,953	3,337	2,457	2,339	2,240	2,237	2,353	2,328	2,495	2,552
117 **Total payable in U.S. dollars**	**119,657**	**145,284**	**141,908**	**147,727**	**137,709**	**136,517**	**145,128**	**140,261**	**151,664**	**148,964**

2 Before June 1984, liabilities on negotiable CDs were included in liabilities to the United States or liabilities to foreigners, according to the address of the initial purchaser

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1982	1983	1984						
			Jan.	Feb.	Mar.	Apr.	May[r]	June	July[p]
1 **Total**[1]	**172,718**	**177,922**	**176,232**	**176,461**	**174,906**	**175,319**	**171,932**	**173,979**	**174,627**
By type									
2 Liabilities reported by banks in the United States[2]	24,989	25,503	22,768	23,169	23,373	23,834	23,124	23,592	25,666
3 U.S. Treasury bills and certificates[3]	46,658	54,341	55,327	56,084	53,681	53,171	51,035	53,977	52,003
U.S. Treasury bonds and notes									
4 Marketable	67,733	68,514	69,053	69,061	69,545	70,167	69,809	68,936	69,146
5 Nonmarketable[4]	8,750	7,250	7,250	6,600	6,600	6,600	6,600	6,600	6,600
6 U.S. securities other than U.S. Treasury securities[5]	24,588	22,314	21,823	21,907	21,707	21,547	21,364	20,874	21,212
By area									
7 Western Europe[1]	61,298	67,645	66,185	67,903	67,714	69,928	69,898	70,029	68,427
8 Canada	2,070	2,438	2,511	2,329	1,944	1,557	1,247	994	1,250
9 Latin America and Caribbean	6,057	6,248	6,443	7,605	6,460	7,468	6,474	7,073	7,417
10 Asia	96,034	92,544	92,185	90,547	90,610	88,517	86,505	88,411	90,435
11 Africa	1,350	958	1,051	1,067	1 038	941	1,179	996	956
12 Other countries[6]	5,909	8,089	7,846	7,370	7,140	6,908	6,629	6,476	6,142

1 Includes the Bank for International Settlements.
2 Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.
3 Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.
4 Excludes notes issued to foreign official nonreserve agencies. Includes bonds and notes payable in foreign currencies.
5 Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.
6 Includes countries in Oceania and Eastern Europe.

NOTE. Based on Treasury Department data and on data reported to the Treasury Department by banks (including Federal Reserve Banks) and securities dealers in the United States.

3.16 LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in Foreign Currencies

Millions of dollars, end of period

Item	1980	1981	1982	1983		1984	
				Sept.	Dec.	Mar.	June[p]
1 Banks' own liabilities	3,748	3,523	4,844	5,976	5,310	6,168	6,402
2 Banks' own claims	4,206	4,980	7,707	7,998	7,231	8,992	9,622
3 Deposits	2,507	3,398	4,251	3,045	2,731	4,000	4,280
4 Other claims	1,699	1,582	3,456	4,953	4,501	4,992	5,342
5 Claims of banks' domestic customers[1]	962	971	676	717	1,059	361	227

1. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of their domestic customers.

NOTE. Data on claims exclude foreign currencies held by U.S. monetary authorities.

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States
Payable in U.S. dollars
Millions of dollars, end of period

Holder and type of liability	1981▲	1982	1983	1984						
				Jan	Feb	Mar	Apr	May	June	July[p]
1 **All foreigners**	**243,889**	**307,056**	**369,560**	**358,958**	**368,902**	**377,173**	**379,806**	**393,784[r]**	**400,516**	**393,844**
2 Banks' own liabilities	163,817	227,089	278,977	264,951	271,858	284,926	286,601	301,382[r]	303,788	298,367
3 Demand deposits	19,631	15,889	17,602	16,124	16,639	17,466	17,162	17,200[r]	17,630	16,352
4 Time deposits[1]	29,039	68,035	89,977	87,846	91,220	96,462	96,629	103,403[r]	105,207	108,002
5 Other[2]	17,647	23,946	26,406	23,277	24,012	24,485	24,082	23,733	23,085	25,176
6 Own foreign offices[3]	97,500	119,219	144,993	137,703	139,988	146,513	148,728	157,047[r]	157,866	148,837
7 Banks' custody liabilities[4]	80,072	79,967	90,582	94,007	97,043	92,247	93,205	92,402	96,728	95,477
8 U.S. Treasury bills and certificates[5]	55,315	55,628	68,669	71,083	74,277	69,666	69,893	68,511	72,191	71,158
9 Other negotiable and readily transferable instruments[6]	18,788	20,636	17,529	18,063	17,864	18,075	18,703	18,780	19,533	19,328
10 Other	5,970	3,702	4,385	4,862	4,903	4,506	4,608	5,112	5,003	4,990
11 **Nonmonetary international and regional organizations[7]**	**2,721**	**4,922**	**5,957**	**4,759**	**6,831**	**6,243**	**6,356**	**5,316**	**5,055**	**5,344**
12 Banks' own liabilities	638	1,909	4,632	2,867	2,317	4,047	3,528	2,229	2,920	2,612
13 Demand deposits	262	106	297	271	347	414	194	255	182	142
14 Time deposits[1]	58	1,664	3,584	2,235	1,611	2,656	2,468	1,640	2,209	2,213
15 Other[2]	318	139	750	361	360	977	866	335	529	257
16 Banks' custody liabilities[4]	2,083	3,013	1,325	1,892	4,514	2,196	2,827	3,087	2,135	2,732
17 U.S. Treasury bills and certificates	541	1,621	463	1,045	3,416	1,224	1,759	2,057	887	1,709
18 Other negotiable and readily transferable instruments[6]	1,542	1,392	862	847	1,098	971	1,068	1,030	1,248	1,023
19 Other	0	0	0	0	0	0	0	0	0	0
20 **Official institutions[8]**	**79,126**	**71,647**	**79,844**	**78,095**	**79,253**	**77,053**	**77,005**	**74,160**	**77,569**	**77,669**
21 Banks' own liabilities	17,109	16,640	19,396	16,488	17,512	17,105	17,532	16,779	16,471	18,421
22 Demand deposits	2,564	1,899	1,837	1,753	1,663	1,955	1,761	1,733	1,898	1,884
23 Time deposits[1]	4,230	5,528	7,320	7,286	7,638	6,698	7,489	7,168	7,418	8,212
24 Other[2]	10,315	9,212	10,239	7,449	8,211	8,452	8,282	7,878	7,154	8,324
25 Banks' custody liabilities[4]	62,018	55,008	60,448	61,607	61,741	59,948	59,473	57,380	61,098	59,248
26 U.S. Treasury bills and certificates[5]	52,389	46,658	54,341	55,327	56,084	53,681	53,171	51,035	53,977	52,003
27 Other negotiable and readily transferable instruments[6]	9,581	8,321	6,082	6,257	5,623	6,249	6,287	6,307	7,030	7,236
28 Other	47	28	25	23	34	19	15	38	91	9
29 **Banks[9]**	**136,008**	**185,881**	**226,886**	**218,387**	**222,995**	**233,424**	**234,285**	**249,289[r]**	**251,937**	**246,583**
30 Banks' own liabilities	124,312	169,449	205,347	195,811	200,477	211,040	211,812	226,139[r]	227,349	221,323
31 Unaffiliated foreign banks	26,812	50,230	60,354	58,107	60,489	64,527	63,083	69,092	69,483	72,486
32 Demand deposits	11,614	8,675	8,787	8,175	8,394	8,328	8,797	8,879	9,083	8,175
33 Time deposits[1]	8,720	28,386	36,964	35,189	37,538	41,905	40,055	45,369	45,689	48,418
34 Other[2]	6,477	13,169	14,603	14,743	14,557	14,294	14,230	14,845	14,711	15,894
35 Own foreign offices[3]	97,500	119,219	144,993	137,703	139,988	146,513	148,728	157,047[r]	157,866	148,837
36 Banks' custody liabilities[4]	11,696	16,432	21,540	22,576	22,519	22,384	22,473	23,150	24,588	25,260
37 U.S. Treasury bills and certificates	1,685	5,809	10,178	10,776	10,756	10,760	10,795	11,182	12,771	12,967
38 Other negotiable and readily transferable instruments[6]	4,400	7,857	7,485	7,416	7,378	7,447	7,586	7,523	7,446	7,867
39 Other	5,611	2,766	3,877	4,384	4,385	4,177	4,092	4,445	4,371	4,426
40 **Other foreigners**	**26,035**	**44,606**	**56,872**	**57,717**	**59,822**	**60,454**	**62,160**	**65,020[r]**	**65,955**	**64,249**
41 Banks' own liabilities	21,759	39,092	49,603	49,785	51,552	52,734	53,728	56,235[r]	57,047	56,012
42 Demand deposits	5,191	5,209	6,681	5,925	6,234	6,770	6,409	6,333[r]	6,466	6,152
43 Time deposits	16,030	32,457	42,109	43,136	44,434	45,203	46,617	49,226[r]	49,890	49,159
44 Other[2]	537	1,426	813	724	884	761	703	675	691	701
45 Banks' custody liabilities[4]	4,276	5,514	7,269	7,932	8,270	7,719	8,431	8,785	8,907	8,237
46 U.S. Treasury bills and certificates	699	1,540	3,686	3,935	4,021	4,001	4,168	4,238	4,556	4,480
47 Other negotiable and readily transferable instruments[6]	3,265	3,065	3,100	3,542	3,764	3,408	3,763	3,919	3,810	3,201
48 Other	312	908	483	455	484	311	501	628	541	556
49 MEMO Negotiable time certificates of deposit in custody for foreigners	10,747	14,307	10,407	10,307	9,416	9,688	10,128	10,630	11,001	10,929

1 Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
2. Includes borrowing under repurchase agreements.
3 U.S. banks: includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due to head office or parent foreign bank, and foreign branches, agencies or wholly owned subsidiaries of head office or parent foreign bank.
4 Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
5 Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
6 Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
7 Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.
8 Foreign central banks and foreign central governments, and the Bank for International Settlements.
9 Excludes central banks, which are included in "Official institutions."
▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

3.17 Continued

	Area and country	1981▲	1982	1983	1984						
					Jan	Feb	Mar	Apr.	May	June	July[p]
1	**Total**	**243,889**	**307,056**	**369,560**	**358,958**	**368,902**	**377,173**	**379,806**	**393,784[r]**	**400,516**	**393,844**
2	**Foreign countries**	**241,168**	**302,134**	**363,603**	**354,199**	**362,070**	**370,931**	**373,450**	**388,469[r]**	**395,461**	**388,501**
3	Europe	91,275	117,756	138,045	134,899	140,061	142,406	147,724	151,532[r]	155,668	150,587
4	Austria	596	519	585	755	756	861	883	867	770	720
5	Belgium-Luxembourg	4,117	2,517	2,709	2,972	3,218	3,367	3,585	4,680	5,138	4,771
6	Denmark	333	509	466	372	355	285	307	378	291	429
7	Finland	296	748	531	298	398	287	485	405	1,249	947
8	France	8,486	8,171	9,441	8,122	10,098	10,728	10,730	12,119[r]	11,670	11,997
9	Germany	7,645	5,351	3,599	3,823	4,586	4,878	5,205	3,990	3,663	3,896
10	Greece	463	537	520	513	513	503	528	594	596	598
11	Italy	7,267	5,626	8,462	7,622	7,648	7,395	7,813	8,315	8,147	6,949
12	Netherlands	2,823	3,362	4,290	4,008	4,210	4,444	5,036	5,030	5,735	5,616
13	Norway	1,457	1,567	1,673	1,481	1,452	1,285	1,847	1,536	2,084	1,624
14	Portugal	354	388	373	377	352	403	414	401	425	440
15	Spain	916	1,405	1,603	1,645	1,664	1,749	1,707	1,663	1,774	1,824
16	Sweden	1,545	1,390	1,799	1,896	1,755	1,838	1,673	1,962	1,486	1,832
17	Switzerland	18,716	29,066	32,219	31,956	32,241	32,237	32,765	32,784	35,152	32,088
18	Turkey	518	296	467	334	400	318	335	444	315	349
19	United Kingdom	28,286	48,172	60,683	61,806	64,436	64,971	67,805	69,006	69,650	69,377
20	Yugoslavia	375	499	562	505	477	479	448	511	556	524
21	Other Western Europe[1]	6,541	7,006	7,403	5,872	4,965	5,738	5,584	6,309	6,315	6,069
22	U.S.S.R.	49	50	65	62	74	177	61	53	41	31
23	Other Eastern Europe[2]	493	576	596	482	464	464	510	484	612	504
24	Canada	10,250	12,232	16,026	16,270	17,679	17,182	16,707	17,455	17,572	19,176
25	Latin America and Caribbean	85,223	114,163	140,270	136,091	138,465	143,255	143,864	152,237[r]	152,086	147,587
26	Argentina	2,445	3,578	4,011	4,303	4,536	4,365	4,616	4,583[r]	4,535	4,426
27	Bahamas	34,856	44,744	55,977	52,381	52,845	58,141	56,930	62,656	61,566	54,544
28	Bermuda	765	1,572	2,328	2,745	3,165	2,886	3,097	3,276	2,598	6,292
29	Brazil	1,568	2,014	3,178	2,997	3,485	3,723	3,795	3,568[r]	3,690	4,091
30	British West Indies	17,794	26,381	34,545	33,082	32,504	32,677	32,936	33,777	34,605	33,720
31	Chile	664	1,626	1,842	1,811	1,935	1,876	1,972	1,887	1,970	2,161
32	Colombia	2,993	2,594	1,689	1,586	1,840	1,669	1,814	1,767[r]	1,809	1,800
33	Cuba	9	9	8	9	13	8	8	10	9	7
34	Ecuador	434	455	1,047	828	826	825	970	885	908	845
35	Guatemala	479	670	788	800	812	815	850	842	825	809
36	Jamaica	87	126	109	113	131	132	131	131	157	116
37	Mexico	7,235	8,377	10,392	11,006	10,705	10,699	11,187	11,874	11,976	11,631
38	Netherlands Antilles	3,182	3,597	3,879	3,773	4,503	4,901	4,668	4,666[r]	4,459	4,252
39	Panama	4,857	4,805	5,924	5,372	5,545	5,498	5,482	6,293	6,652	6,659
40	Peru	694	1,147	1,166	1,130	1,146	1,157	1,179	1,249	1,279	1,277
41	Uruguay	367	759	1,232	1,278	1,321	1,418	1,330	1,380[r]	1,309	1,300
42	Venezuela	4,245	8,417	8,622	9,332	9,461	8,566	9,076	9,434	10,129	9,683
43	Other Latin America and Caribbean	2,548	3,291	3,533	3,543	3,693	3,899	3,823	3,958[r]	3,610	3,975
44	Asia	49,822	48,716	58,409[r]	56,043	55,344	57,662	54,951	57,180	60,196	61,633
	China										
45	Mainland	158	203	249	249	168	272	302	400	469	631
46	Taiwan	2,082	2,761	3,997	4,270	4,291	4,193	4,388	4,364	4,578	4,795
47	Hong Kong	3,950	4,465	6,610	6,196	5,884	6,387	5,447	5,862	6,416	6,116
48	India	385	433	464	670	749	687	651	646	498	620
49	Indonesia	640	857	997	1,093	859	753	784	897	1,281	911
50	Israel	592	606	1,722	786	752	832	706	754	768	803
51	Japan	20,750	16,078	18,079	17,069	17,615	19,216	18,862	20,522	19,433	19,399
52	Korea	2,013	1,692	1,648	1,614	1,542	1,748	1,409	1,337	1,276	1,381
53	Philippines	874	770	1,234	1,235	1,280	1,264	1,015	1,130	1,032	976
54	Thailand	534	629	747	776	622	714	636	730	875	778
55	Middle-East oil-exporting countries[3]	12,992	13,433	12,970	12,516	11,587	12,197	12,269	11,615	12,341	14,746
56	Other Asia	4,853	6,789	9,693	9,570	9,994	9,398	8,482	8,924	11,229	10,476
57	Africa	3,180	3,124	2,800	2,917	3,070	3,111	3,182	3,140	3,330	3,130
58	Egypt	360	432	645	572	568	561	649	698	893	857
59	Morocco	32	81	84	109	138	122	127	132	133	128
60	South Africa	420	292	449	486	502	538	264	329	420	409
61	Zaire	26	23	87	61	66	77	119	124	136	99
62	Oil-exporting countries[4]	1,395	1,280	620	869	839	893	1,046	895	816	695
63	Other Africa	946	1,016	917	821	957	920	978	962	932	943
64	Other countries	1,419	6,143	8,053	7,979	7,451	7,315	7,023	6,925	6,608	6,388
65	Australia	1,223	5,904	7,857	7,742	7,197	7,095	6,803	6,685	6,316	6,095
66	All other	196	239	196	237	255	220	220	240	292	294
67	Nonmonetary international and regional organizations	2,721	4,922	5,957	4,759	6,831	6,243	6,356	5,316	5,055	5,344
68	International	1,661	4,049	5,273	4,174	6,189	5,426	5,641	4,741	4,436	5,130
69	Latin American regional	710	517	419	433	457	451	419	428	438	41
70	Other regional[5]	350	357	265	152	186	366	296	146	180	173

1. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.
2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.
5. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."
▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

3.18 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars

Millions of dollars, end of period

Area and country	1981▲	1982	1983	1984						
				Jan	Feb	Mar	Apr	May	June	July[p]
1 **Total**	**251,589**	**355,705**	**389,329**	**373,493**	**377,732**	**385,029**	**387,429**	**399,049[r]**	**408,323**	**402,851**
2 **Foreign countries**	**251,533**	**355,636**	**389,166**	**373,429**	**377,568**	**384,879**	**387,355**	**398,846[r]**	**408,209**	**402,634**
3 Europe	49,262	85,584	91,416	90,578	91,496	91,836	95,959	97,994[r]	103,846	101,173
4 Austria	121	229	401	354	414	449	679	456	632	646
5 Belgium-Luxembourg	2,849	5,138	5,639	5,942	6,182	5,970	6,238	6,626	6,734	6,057
6 Denmark	187	554	1,275	1,301	1,244	1,283	1,197	1,118	1,212	1,200
7 Finland	546	990	1,044	945	952	931	1,021	1,041	1,100	938
8 France	4,127	7,251	8,766	7,998	8,314	8,388	8,734	9,029	9,393	9,673
9 Germany	940	1,876	1,294	1,058	1,047	1,098	1,502	1,111	1,175	1,121
10 Greece	333	452	476	508	549	694	830	940	1,036	979
11 Italy	5,240	7,560	9,018	7,899	7,904	8,161	8,286	7,901	8,556	8,317
12 Netherlands	682	1,425	1,302	1,407	1,319	1,309	2,329	1,787	1,781	1,811
13 Norway	384	572	690	652	645	638	705	719	729	648
14 Portugal	529	950	939	954	944	908	1,079	1,146	1,463	1,291
15 Spain	2,095	3,744	3,583	3,391	3,280	3,347	3,719	3,700	3,792	3,941
16 Sweden	1,205	3,038	3,358	3,373	3,356	3,528	3,646	2,957	3,206	2,717
17 Switzerland	2,213	1,639	1,856	1,452	1,302	1,447	1,844	1,570	1,904	1,520
18 Turkey	424	560	812	814	933	958	1,019	1,002	1,160	1,238
19 United Kingdom	23,849	45,781	47,025	48,621	49,219	48,800	49,051	52,850	55,744	54,812
20 Yugoslavia	1,225	1,430	1,673	1,718	1,702	1,706	1,694	1,719	1,808	1,682
21 Other Western Europe[1]	211	368	477	493	547	499	651	565	571	810
22 U.S.S.R.	377	263	192	162	169	181	174	154	175	155
23 Other Eastern Europe[2]	1,725	1,762	1,598	1,537	1,475	1,540	1,562	1,602	1,675	1,619
24 Canada	9,193	13,678	16,336	15,881	15,984	17,233	17,065	17,879[r]	17,524	18,450
25 Latin America and Caribbean	138,347	187,969	204,053	194,811	197,398	201,810	201,573	209,822[r]	209,417	207,990
26 Argentina	7,527	10,974	11,740	11,746	11,751	11,626	11,427	11,071	11,162	11,360
27 Bahamas	43,542	56,649	58,808	53,084	53,278[r]	57,169	56,958	61,526	59,437	57,242
28 Bermuda	346	603	566	644	409	532	614	845	559	585
29 Brazil	16,926	23,271	24,482	24,828	24,928	25,697	25,926	25,865	26,226	25,810
30 British West Indies	21,981	29,101	35,232	31,558	33,188	33,157	33,893	36,788	37,431	38,419
31 Chile	3,690	5,513	6,038	6,163	6,286	6,131	6,085	6,146	6,490	6,598
32 Colombia	2,018	3,211	3,745	3,695	3,536	3,667	3,649	3,524	3,559	3,488
33 Cuba	3	3	0	0	0	0	4	0	21	0
34 Ecuador	1,531	2,062	2,307	2,367	2,350	2,334	2,335	2,332	2,373	2,356
35 Guatemala[3]	124	124	129	189	126	128	129	127	125	140
36 Jamaica[3]	62	181	215	218	219	210	227	242	216	218
37 Mexico	22,439	29,552	34,705	34,565	34,685	34,593	34,575	35,300[r]	35,806	35,264
38 Netherlands Antilles	1,076	839	1,154	971	1,043	1,245	1,149	1,164[r]	1,312	1,350
39 Panama	6,794	10,210	7,848	7,847	8,794	8,367	7,679	7,990[r]	7,843	8,402
40 Peru	1,218	2,357	2,536	2,467	2,415	2,453	2,380	2,438	2,473	2,477
41 Uruguay	157	686	977	982	908	924	923	887	950	959
42 Venezuela	7,069	10,643	11,287	11,255	11,183	11,142	11,105	11,019	11,174	10,857
43 Other Latin America and Caribbean	1,844	1,991	2,283	2,232	2,298	2,436	2,514	2,557[r]	2,260	2,466
44 Asia	49,851	60,952	67,802	62,876	62,746	64,347	63,004	63,546	67,585	64,958
China										
45 Mainland	107	214	292	420	337	364	428	348	554	641
46 Taiwan	2,461	2,288	1,908	1,810	1,710	1,657	1,654	1,585	2,202	2,000
47 Hong Kong	4,132	6,787	8,429	8,129	8,030	7,470	7,921	7,448	8,146	6,838
48 India	123	222	330	344	253	337	372	362	355	322
49 Indonesia	352	348	805	853	899	935	911	983	969	948
50 Israel	1,567	2,029	1,832	1,556	1,478	1,607	1,846	1,822	1,910	1,809
51 Japan	26,797	28,379	30,564	27,333	27,845	28,688	26,173	27,147	29,274	27,898
52 Korea	7,340	9,387	9,889	9,600	9,513	9,676	10,259	9,565	9,651	9,683
53 Philippines	1,819	2,625	2,099	2,408	2,357	2,371	2,359	2,404	2,495	2,586
54 Thailand	565	643	1,099	1,091	1,109	999	1,014	1,139	949	970
55 Middle East oil-exporting countries[4]	1,581	3,087	4,954	4,637	4,264	5,039	5,122	5,208	5,093	5,189
56 Other Asia	3,009	4,943	5,599	4,696	4,952	5,203	4,945	5,535	5,986	6,072
57 Africa	3,503	5,346	6,654	6,571	7,226	6,919	6,645	6,764[r]	6,840	7,029
58 Egypt	238	322	747	738	712	744	698	666	734	638
59 Morocco	284	353	440	450	481	484	486	561	497	548
60 South Africa	1,011	2,012	2,634	2,684	2,928	2,989	2,908	2,974	3,065	3,306
61 Zaire	112	57	33	29	16	13	26	28	39	43
62 *Oil-exporting countries*[5]	657	801	1,073	1,037	1,124	1,029	1,000	967	1,004	1,025
63 Other	1,201	1,802	1,727	1,631	1,964	1,661	1,526	1,568[r]	1,502	1,469
64 Other countries	1,376	2,107	2,904	2,712	2,718	2,734	3,109	2,942	2,996	3,033
65 Australia	1,203	1,713	2,276	2,105	2,048	2,007	2,489	2,345	2,435	2,479
66 All other	172	394	627	607	670	727	620	597	561	554
67 Nonmonetary international and regional organizations[6]	56	68	164	64	164	150	74	103	114	217

1. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.
2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.
3. Included in "Other Latin America and Caribbean" through March 1978.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Excludes the Bank for International Settlements, which is included in "Other Western Europe."

NOTE. Data for period before April 1978 include claims of banks' domestic customers on foreigners.

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

3.19 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States
Payable in U.S. Dollars

Millions of dollars, end of period

Type of claim	1981▲	1982	1983	1984						
				Jan	Feb	Mar	Apr	May[r]	June	July[p]
1 **Total**	**287,557**	**396,015**	**424,232**	....	....	**421,214**	....	....	**444,885**	....
2 Banks' own claims on foreigners	251,589	355,705	389,329	373,493	377,732	385,029	387,429	399,049	408,323	402,851
3 Foreign public borrowers	31,260	45,422	57,500	58,248	57,349	57,731	58,041	58,069	59,266	59,717
4 Own foreign offices[1]	96,653	127,293	144,964	139,476	141,717	146,467	145,865	155,694	157,805	154,742
5 Unaffiliated foreign banks	74,704	121,377	123,344	115,225	116,877	119,496	121,472	123,417	128,994	125,473
6 Deposits	23,381	44,223	47,005	43,105	44,742	45,364	45,068	47,066	49,705	48,509
7 Other	51,322	77,153	76,338	72,120	72,135	74,132	76,403	76,351	79,289	76,964
8 All other foreigners	48,972	61,614	63,522	60,544	61,788	61,335	62,051	61,869	62,258	62,918
9 Claims of banks' domestic customers[2]	35,968	40,310	34,903	.	.	36,185	.	. .	36,562	. ...
10 Deposits	1,378	2,491	2,969	.		3,660			3,502	. .
11 Negotiable and readily transferable instruments[3]	26,352	30,763	26,064		.	25,992	.....	....	25,698	......
12 Outstanding collections and other claims	8,238	7,056	5,870	.		6,533	.		7,362	. ...
13 MEMO Customer liability on acceptances	29,952	38,153	37,820	.	...	36,984	. .	. . .	42,627	.
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[4]	40,369	42,358	44,994	45,688[r]	48,023[r]	46,979[r]	48,425[r]	47,596	43,797	n a

1 *U.S. banks* includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies *Agencies, branches, and majority-owned subsidiaries of foreign banks* principally amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank

2 Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account of their domestic customers

3 Principally negotiable time certificates of deposit and bankers acceptances

4 Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U S dollars issued by banks abroad For description of changes in data reported by nonbanks, see July 1979 BULLETIN, p 550

▲ Liabilities and claims of banks in the United States were increased, *beginning in December 1981, by the shift from foreign branches to international* banking facilities in the United States of liabilities to, and claims on, foreign residents

NOTE. Beginning April 1978, data for banks' own claims are given on a monthly basis, but the data for claims of banks' own domestic customers are available on a quarterly basis only.

3.20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States
Payable in U.S. Dollars

Millions of dollars, end of period

Maturity, by borrower and area	1980	1981▲	1982	1983		1984	
				Sept.	Dec.	Mar	June[p]
1 **Total**	**106,748**	**154,590**	**228,150**	**237,217**	**243,602**	**235,501**	**249,765**
By borrower							
2 Maturity of 1 year or less[1]	82,555	116,394	173,917	176,258	176,623	161,864	172,227
3 Foreign public borrowers	9,974	15,142	21,256	25,563	24,455	20,656	21,028
4 All other foreigners	72,581	101,252	152,661	150,695	152,168	141,208	151,199
5 Maturity of over 1 year[1]	24,193	38,197	54,233	60,958	66,979	73,637	77,537
6 Foreign public borrowers	10,152	15,589	23,137	28,284	32,478	35,825	37,788
7 All other foreigners	14,041	22,608	31,095	32,674	34,501	37,812	39,750
By area							
Maturity of 1 year or less[1]							
8 Europe	18,715	28,130	50,500	53,499	56,078	53,167	59,208
9 Canada	2,723	4,662	7,642	6,652	6,206	6,566	6,940
10 Latin America and Caribbean	32,034	48,717	73,291	76,396	73,974	65,082	64,842
11 Asia	26,686	31,485	37,578	33,686	34,569	31,238	34,807
12 Africa	1,757	2,457	3,680	4,570	4,206	4,472	4,782
13 All other[2]	640	943	1,226	1,454	1,589	1,340	1,647
Maturity of over 1 year[1]							
14 Europe	5,118	8,100	11,636	12,358	13,354	13,068	12,839
15 Canada	1,448	1,808	1,931	1,760	1,857	2,035	2,206
16 Latin America and Caribbean	15,075	25,209	35,247	39,150	43,561	49,907	54,289
17 Asia	1,865	1,907	3,185	4,735	4,828	5,131	5,107
18 Africa	507	900	1,494	1,819	2,278	2,291	1,859
19 All other[2]	179	272	740	1,136	1,101	1,206	1,237

1 Remaining time to maturity.

2 Includes nonmonetary international and regional organizations

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

3.21 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks[1]

Billions of dollars, end of period

Area or country	1979	1980	1981	1982		1983				1984	
				Sept	Dec	Mar	June	Sept	Dec	Mar	June[7]p
1 **Total**	**303.9**	**352.0**	**415.2**	**438.4**	**438.7**	**441.1**	**437.4**	**430.2r**	**436.0r**	**431.3r**	**429.2**
2 G-10 countries and Switzerland	138.4	162.1	175.5	175.4	179.7	182.2	176.9	168.9r	167.9r	165.1r	156.1
3 Belgium-Luxembourg	11.1	13.0	13.3	13.6	13.1	13.7	13.3	12.6	12.4	11.0	10.4
4 France	11.7	14.1	15.3	15.8	17.1	17.1	17.1	16.2	16.3	15.9	14.2
5 Germany	12.2	12.1	12.9	12.2	12.7	13.5	12.6	11.6	11.3	11.7	11.0
6 Italy	6.4	8.2	9.6	9.7	10.3	10.2	10.5	10.0	11.4	11.2	11.5
7 Netherlands	4.8	4.4	4.0	3.8	3.6	4.3	4.0	3.6	3.5	3.3r	3.0
8 Sweden	2.4	2.9	3.7	4.7	5.0	4.3	4.7	4.9	5.1	5.2	4.3
9 Switzerland	4.7	5.0	5.5	5.1	5.0	4.6	4.8	4.2	4.3	4.2	4.2
10 United Kingdom	56.4	67.4	70.1	70.3	72.1	72.9	70.3	67.6r	65.1r	64.2r	59.2
11 Canada	6.3	8.4	10.9	11.0	10.4	12.5	10.8	9.0	8.3	8.6	8.8
12 Japan	22.4	26.5	30.2	29.3	30.2	29.2	28.7	29.2r	30.1	30.0	29.5
13 Other developed countries	19.9	21.6	28.4	32.7	33.7	34.0	34.4	34.2	35.9	35.5	37.1
14 Austria	2.0	1.9	1.9	2.0	1.9	2.1	2.1	1.9	1.9	2.0	2.0
15 Denmark	2.2	2.3	2.3	2.5	2.4	3.3	3.4	3.3	3.4	3.4	3.1
16 Finland	1.2	1.4	1.7	1.8	2.2	2.1	2.1	1.8	2.4	2.1	2.3
17 Greece	2.4	2.8	2.8	2.6	3.0	2.9	2.9	2.9	2.8	3.0	3.3
18 Norway	2.3	2.6	3.1	3.4	3.3	3.3	3.4	3.2	3.3	3.2	3.2
19 Portugal	7	6	1.1	1.6	1.5	1.4	1.4	1.3	1.3	1.1	1.7
20 Spain	3.5	4.4	6.6	7.7	7.5	7.1	7.2	7.2	7.1	7.1	7.3
21 Turkey	1.4	1.5	1.4	1.5	1.4	1.5	1.4	1.5	1.7	1.9	2.0
22 Other Western Europe	1.4	1.7	2.1	2.1	2.3	2.3	2.0	2.1	1.8	1.8	1.9
23 South Africa	1.3	1.1	2.8	3.6	3.7	3.6	3.9	4.7	4.7	4.8	4.7
24 Australia	1.3	1.3	2.5	4.0	4.4	4.6	4.6	4.4	5.5	5.2	5.7
25 OPEC countries[2]	22.9	22.7	24.8	27.3	27.4	28.5	28.3	27.2	28.9	28.6r	26.7
26 Ecuador	1.7	2.1	2.2	2.3	2.2	2.2	2.2	2.1	2.2	2.1	2.1
27 Venezuela	8.7	9.1	9.9	10.4	10.5	10.4	10.4	9.8	9.9	9.7	9.5
28 Indonesia	1.9	1.8	2.6	2.9	3.2	3.5	3.2	3.4	3.8	4.0	4.1
29 Middle East countries	8.0	6.9	7.5	9.0	8.7	9.3	9.5	9.1	10.0	9.8	8.4
30 African countries	2.6	2.8	2.5	2.7	2.8	3.0	3.0	2.8	3.0	3.0	2.7
31 Non-OPEC developing countries	63.0	77.4	96.3	104.1	107.1	107.7	108.3	109.4r	111.1r	111.6r	114.8
Latin America											
32 Argentina	5.0	7.9	9.4	9.2	8.9	9.0	9.4	9.5	9.5	9.5	9.2
33 Brazil	15.2	16.2	19.1	22.4	22.9	23.1	22.6	22.9	22.9	24.9	25.4
34 Chile	2.5	3.7	5.8	6.2	6.3	6.0	5.8	6.2	6.4	6.5r	6.7
35 Colombia	2.2	2.6	2.6	2.8	3.1	2.9	3.2	3.2	3.2	3.1	3.0
36 Mexico	12.0	15.9	21.6	25.0	24.5	25.1	25.2	25.9r	26.0	25.4r	27.7
37 Peru	1.5	1.8	2.0	2.6	2.6	2.4	2.6	2.4	2.4	2.3	2.3
38 Other Latin America	3.7	3.9	4.1	4.3	4.0	4.2	4.3	4.2	4.2	4.4	4.1
Asia											
China											
39 Mainland	1	2	2	2	2	2	2	2	3	3r	6
40 Taiwan	3.4	4.2	5.1	4.9	5.3	5.1	5.1	5.2	5.3	4.9r	5.8
41 India	2	3	3	5	6	4	5	8r	1.0r	1.0	1.0
42 Israel	1.3	1.5	2.1	1.9	2.3	2.0	2.3	1.7	1.9r	1.6	1.9
43 Korea (South)	5.4	7.1	9.4	9.4	10.9	10.9	10.8	10.9r	11.3	11.1	11.2
44 Malaysia	1.0	1.1	1.7	1.8	2.1	2.5	2.6	2.8	2.9	2.8	2.7
45 Philippines	4.2	5.1	6.0	6.1	6.3	6.6	6.4	6.2	6.2	6.6r	6.3
46 Thailand	1.5	1.6	1.5	1.3	1.6	1.6	1.8	1.7	2.1r	1.9	1.8
47 Other Asia	5	6	1.0	1.3	1.1	1.4	1.2	1.0	1.0	9	1.1
Africa											
48 Egypt	6	8	1.1	1.3	1.2	1.1	1.3	1.4	1.5r	1.5r	1.4
49 Morocco	6	7	7	8	7	8	8	8	8	8	8
50 Zaire	2	2	2	1	1	1	1	1	1	1	1
51 Other Africa[3]	1.7	2.1	2.3	2.2	2.4	2.3	2.2	2.4	2.3	2.2	1.9
52 Eastern Europe	7.3	7.4	7.8	6.3	6.2	5.7	5.7	5.3	5.3	4.9	4.9
53 U.S.S.R.	7	4	6	3	3	3	4	2	2	2	2
54 Yugoslavia	1.8	2.3	2.5	2.2	2.2	2.2	2.3	2.3	2.3	2.2	2.3
55 Other	4.8	4.6	4.7	3.8	3.7	3.2	3.0	2.8	2.8	2.5	2.5
56 Offshore banking centers	40.4	47.0	63.7	72.2	66.8	66.2	67.6	68.3r	70.1r	69.3r	72.3
57 Bahamas	13.7	13.7	19.0	21.4	19.0	17.4	19.6	21.1r	21.2r	23.7r	26.5
58 Bermuda	8	6	7	8	9	1.0	8	8	9	7	7
59 Cayman Islands and other British West Indies	9.4	10.6	12.4	13.6	12.9	12.0	12.2	10.7r	12.4r	11.0r	11.7
60 Netherlands Antilles	1.2	2.1	3.2	3.3	3.3	3.1	2.6	4.1	4.2	3.3r	3.3
61 Panama[4]	4.3	5.4	7.7	8.1	7.6	7.1	6.6	5.7	6.0	6.3	6.4
62 Lebanon	2	2	2	1	1	1	1	1	1	1	1
63 Hong Kong	6.0	8.1	11.8	15.1	13.9	15.1	14.6	15.1	14.9	14.4r	13.5
64 Singapore	4.5	5.9	8.7	9.8	9.2	10.3	11.0	10.5	10.3r	9.9r	10.1
65 Others[5]	4	3	1	0	0	0	0	1	0	0	0
66 Miscellaneous and unallocated[6]	11.7	14.0	18.8	20.4	17.9	16.8	16.1	16.9r	17.0	16.4r	17.3

1 The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices *not* covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. To minimize duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution. The data in this table combine foreign branch claims in table 3.14 (the sum of lines 7 through 10) with the claims of U.S. offices in table 3.18 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches).

2. Besides the Organization of Petroleum Exporting Countries shown individually, this group includes other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates) as well as Bahrain and Oman (not formally members of OPEC).

3 Excludes Liberia.

4 Includes Canal Zone beginning December 1979.

5 Foreign branch claims only.

6 Includes New Zealand, Liberia, and international and regional organizations.

7 Beginning with June 1984 data, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from $50 million to $150 million equivalent in total assets, the threshold now applicable to all reporting branches.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type, and area or country	1980	1981	1982	1983				1984
				Mar	June	Sept	Dec	Mar p
1 **Total**	**29,434**	**28,618**	**25,663**	**23,450**	**22,846**	**24,762**	**23,791**	**27,958**
2 Payable in dollars	25,689	24,909	22,470	20,459	19,922	21,895	20,715	24,677
3 Payable in foreign currencies	3,745	3,709	3,193	2,991	2,924	2,867	3,076	3,282
By type								
4 Financial liabilities	11,330	12,157	11,001	10,996	11,181	10,946	10,504	14,129
5 Payable in dollars	8,528	9,499	8,829	8,952	9,120	8,976	8,646	12,037
6 Payable in foreign currencies	2,802	2,658	2,172	2,044	2,061	1,971	1,858	2,092
7 Commercial liabilities	18,104	16,461	14,662	12,454	11,665	13,815	13,286	13,829
8 Trade payables	12,201	10,818	7,707	5,627	6,026	7,056	6,615	6,758
9 Advance receipts and other liabilities	5,903	5,643	6,955	6,827	5,640	6,760	6,672	7,071
10 Payable in dollars	17,161	15,409	13,641	11,507	10,802	12,919	12,069	12,639
11 Payable in foreign currencies	943	1,052	1,021	947	864	896	1,218	1,190
By area or country								
Financial liabilities								
12 Europe	6,481	6,825	6,438	6,319	6,337	6,027	5,721	7,041
13 Belgium-Luxembourg	479	471	557	459	482	379	302	426
14 France	327	709	731	725	756	785	820	933
15 Germany	582	491	470	487	460	454	498	524
16 Netherlands	681	748	711	699	728	730	581	532
17 Switzerland	354	715	753	710	629	530	486	641
18 United Kingdom	3,923	3,565	3,075	3,097	3,108	2,992	2,885	3,835
19 Canada	964	963	746	733	876	788	768	798
20 Latin America and Caribbean	3,136	3,356	2,749	2,787	2,623	2,709	2,592	4,858
21 Bahamas	964	1,279	904	857	776	771	749	1,411
22 Bermuda	1	7	14	18	10	13	13	51
23 Brazil	23	22	28	39	34	32	32	37
24 British West Indies	1,452	1,241	1,025	1,053	1,033	1,023	1,003	2,595
25 Mexico	99	102	121	149	151	185	215	245
26 Venezuela	81	98	114	121	124	117	124	121
27 Asia	723	976	1,039	1,124	1,319	1,388	1,396	1,404
28 Japan	644	792	715	781	943	957	962	1,013
29 Middle East oil-exporting countries[2]	38	75	169	168	205	201	170	170
30 Africa	11	14	17	20	17	19	18	19
31 Oil-exporting countries[3]	1	0	0	0	0	0	0	0
32 All other[4]	15	24	12	13	9	15	10	9
Commercial liabilities								
33 Europe	4,402	3,770	3,649	3,443	3,368	3,384	3,153	3,354
34 Belgium-Luxembourg	90	71	52	45	41	47	62	40
35 France	582	573	597	578	617	506	437	481
36 Germany	679	545	467	455	439	461	427	416
37 Netherlands	219	220	346	351	342	243	268	259
38 Switzerland	499	424	363	354	357	448	241	413
39 United Kingdom	1,209	880	850	679	633	786	637	734
40 Canada	888	897	1,490	1,433	1,465	1,407	1,841	1,789
41 Latin America and Caribbean	1,300	1,044	1,008	1,066	1024	1,067	1,125	1,426
42 Bahamas	8	2	16	4	1	1	1	14
43 Bermuda	75	67	89	117	76	76	67	144
44 Brazil	111	67	60	51	49	48	44	68
45 British West Indies	35	2	32	4	22	14	6	33
46 Mexico	367	340	379	355	399	429	536	619
47 Venezuela	319	276	165	198	236	217	180	254
48 Asia	10,242	9,384	7,160	5,437	4,799	6,852	6,032	5,961
49 Japan	802	1,094	1,226	1,235	1,236	1,294	1,247	1,291
50 Middle East oil-exporting countries[2,5]	8,098	7,008	4,531	2,803	2,294	4,072	3,498	3,209
51 Africa	817	703	704	497	492	506	442	539
52 Oil-exporting countries[3]	517	344	277	158	167	204	157	243
53 All other[4]	456	664	651	578	518	600	692	760

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States)
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.
5. Revisions include a reclassification of transactions, which also affects the totals for Asia and the grand totals.

3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type, and area or country	1980	1981	1982	1983 Mar.	1983 June	1983 Sept	1983 Dec	1984 Mar.^{p}
1 **Total**	**34,482**	**36,185**	**28,483**	**31,230**	**31,505**	**31,656**	**34,083**	**32,426**
2 Payable in dollars	31,528	32,582	25,851	28,510	28,849	28,780	31,077	29,519
3 Payable in foreign currencies	2,955	3,603	2,632	2,720	2,656	2,877	3,006	2,908
By type								
4 Financial claims	19,763	21,142	17,501	20,261	20,896	20,831	22,978	21,579
5 Deposits	14,166	15,081	12,965	15,610	16,072	15,987	17,911	16,495
6 Payable in dollars	13,381	14,456	12,534	15,130	15,632	15,542	17,415	16,066
7 Payable in foreign currencies	785	625	430	480	439	445	497	428
8 Other financial claims	5,597	6,061	4,536	4,651	4,824	4,845	5,067	5,084
9 Payable in dollars	3,914	3,599	2,895	3,006	3,226	3,019	3,165	3,277
10 Payable in foreign currencies	1,683	2,462	1,641	1,645	1,598	1,826	1,902	1,808
11 Commercial claims	14,720	15,043	10,982	10,969	10,609	10,825	11,105	10,847
12 Trade receivables	13,960	14,007	9,973	9,765	9,241	9,526	9,695	9,540
13 Advance payments and other claims	759	1,036	1,010	1,203	1,367	1,299	1,410	1,307
14 Payable in dollars	14,233	14,527	10,422	10,374	9,991	10,219	10,498	10,176
15 Payable in foreign currencies	487	516	561	595	618	606	607	671
By area or country								
Financial claims								
16 Europe	6,069	4,596	4,868	6,229	6,847	6,202	6,374	6,446
17 Belgium-Luxembourg	145	43	10	58	12	25	37	30
18 France	298	285	134	98	140	135	130	145
19 Germany	230	224	178	127	216	151	129	121
20 Netherlands	51	50	97	140	136	89	49	57
21 Switzerland	54	117	107	107	37	34	38	90
22 United Kingdom	4,987	3,546	4,064	5,434	6,058	5,547	5,768	5,783
23 Canada	5,036	6,755	4,287	4,613	4,885	4,958	5,836	5,577
24 Latin America and Caribbean	7,811	8,812	7,458	8,527	8,089	8,609	9,767	8,467
25 Bahamas	3,477	3,650	3,265	3,811	3,291	3,389	4,732	3,233
26 Bermuda	135	18	32	21	92	62	96	3
27 Brazil	96	30	62	50	48	49	53	87
28 British West Indies	2,755	3,971	3,171	3,408	3,447	3,932	3,801	4,243
29 Mexico	208	313	274	352	348	315	291	279
30 Venezuela	137	148	139	156	152	137	134	130
31 Asia	607	758	698	712	771	764	709	776
32 Japan	189	366	153	233	288	257	242	333
33 Middle East oil-exporting countries[2]	20	37	15	18	14	8	4	7
34 Africa	208	173	158	153	154	151	147	144
35 Oil-exporting countries[3]	26	46	48	45	48	45	55	42
36 All other[4]	32	48	31	25	149	148	145	169
Commercial claims								
37 Europe	5,544	5,405	3,777	3,594	3,410	3,349	3,678	3,623
38 Belgium-Luxembourg	233	234	150	140	144	131	142	188
39 France	1,129	776	473	489	499	486	459	413
40 Germany	599	561	356	424	364	381	348	363
41 Netherlands	318	299	347	309	242	282	333	308
42 Switzerland	354	431	339	227	303	270	317	336
43 United Kingdom	929	985	808	754	739	734	809	786
44 Canada	914	967	632	648	716	788	829	1,052
45 Latin America and Caribbean	3,766	3,479	2,521	2,699	2,722	2,864	2,695	2,420
46 Bahamas	21	12	21	30	30	15	8	8
47 Bermuda	108	223	259	172	108	242	190	216
48 Brazil	861	668	258	402	512	611	493	357
49 British West Indies	34	12	12	21	21	12	7	7
50 Mexico	1,102	1,022	774	894	956	897	884	745
51 Venezuela	410	424	351	288	273	282	272	268
52 Asia	3,522	3,959	3,048	3,128	2,871	2,936	3,041	2,994
53 Japan	1,052	1,245	1,047	1,115	949	1,037	1,092	1,200
54 Middle East oil-exporting countries[2]	825	905	751	702	700	719	737	701
55 Africa	653	772	588	559	528	562	585	497
56 Oil-exporting countries[3]	153	152	140	131	130	131	139	133
57 All other[4]	321	461	417	342	361	326	277	261

1 For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.

2 Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

3 Comprises Algeria, Gabon, Libya, and Nigeria.

4 Includes nonmonetary international and regional organizations.

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transactions, and area or country	1982	1983	1984	1984						
			Jan.-July	Jan	Feb	Mar	Apr	May	June	July[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	41,881	69,770	35,241	5,438	6,234	6,101	4,510	5,048	4,552	3,358
2 Foreign sales	37,981	64,360	35,717	5,799	5,823	5,599	4,189	5,494	4,899	3,914
3 **Net purchases, or sales (−)**	**3,901**	**5,410**	**−477**	**−361**	**411**	**502**	**321**	**446**	**−347**	**−556**
4 **Foreign countries**	**3,816**	**5,312**	**−456**	**−350**	**480**	**470**	**320**	**−454**	**−357**	**−565**
5 Europe	2,530	3,979	687	168	147	329	208	281	317	605
6 France	143	97	83	72	97	4	38	100	3	45
7 Germany	333	1,045	242	95	116	151	43	40	2	38
8 Netherlands	63	109	138	1	1	32	15	47	76	34
9 Switzerland	579	1,325	385	92	282	−3	90	220	120	322
10 United Kingdom	3,117	1,799	399	−94	168	125	137	80[r]	179	140
11 Canada	222	1,151	1,065	83	323	300	73	61	158	188
12 Latin America and Caribbean	317	529	267	124	43	14	25	82	38	58
13 Middle East[1]	366	807	1,098	361	44	197	58	168	215	55
14 Other Asia	247	394	17	48	36	33	66	28	27	49
15 Africa	2	42	10	5	10	7	5	1	3	2
16 Other countries	131	24	5	16	34	1	2	6	2	16
17 **Nonmonetary international and regional organizations**	**85**	**98**	**−21**	**−11**	**−70**	**32**	**1**	**8**	**10**	**9**
BONDS[2]										
18 Foreign purchases	21,639	24,049	14,664	1,834	2,113	2,200	1,701	1,619[r]	2,004	3,194
19 Foreign sales	20,188	23,092	13,304	1,773	1,943	2,074	1,857	1,442	1,795	2,420
20 **Net purchases, or sales (−)**	**1,451**	**957**	**1,360**	**61**	**170**	**126**	**−156**	**178[r]**	**208**	**774**
21 **Foreign countries**	**1,479**	**942**	**1,227**	**72**	**82**	**183**	**−224**	**212[r]**	**169**	**733**
22 Europe	2,082	961	870	72	55	15	21	85	273	490
23 France	305	89	25	1	5	1	5	0	4	33
24 Germany	2,110	347	602	37	32	117	68	107	122	257
25 Netherlands	33	51	38	3	25	9	12	1	11	3
26 Switzerland	157	632	101	12	102	45	22	8	35	13
27 United Kingdom	589	434	122	127	101	58	239	59	87	71
28 Canada	24	123	109	1	10	23	77	3	32	35
29 Latin America and Caribbean	159	100	162	9	16	18	8	13[r]	15	99
30 Middle East[1]	752	1,159	436	26	58	30	263	11	287	40
31 Other Asia	22	865	738	18	75	170	102	100	135	138
32 Africa	19	0	1	1	0	0	1	0	0	0
33 Other countries	7	52	2	0	2	3	1	0	0	1
34 **Nonmonetary international and regional organizations**	**−28**	**15**	**133**	**−11**	**87**	**−57**	**67**	**−34**	**40**	**41**
	Foreign securities									
35 Stocks, net purchases, or sales (−)	1,341	3,765	501	114	345	145	18	70[r]	40	113
36 Foreign purchases	7,163	13,281	8,688	1,215	1,487	1,575	1,242	1,163[r]	1,110	897
37 Foreign sales	8,504	17,046	8,187	1,329	1,142	1,429	1,260	1,092	1,150	785
38 Bonds, net purchases, or sales (−)	6,631	3,651	423	267	−72	77	−399	641[r]	246	99
39 *Foreign purchases*	27,167	35,922	31,390	3,424	3,903	4,985	3,812	5,155[r]	5,307	4,803
40 Foreign sales	33,798	39,572	31,813	3,157	3,975	4,907	4,211	5,797	5,061	4,704
41 **Net purchases, or sales (−), of stocks and bonds**	**−7,972**	**−7,416**	**78**	**153**	**273**	**223**	**−417**	**−571[r]**	**206**	**211**
42 **Foreign countries**	**−6,806**	**−6,971**	**−217**	**124**	**241**	**138**	**−415**	**−646[r]**	**192**	**149**
43 Europe	2,584	5,866	3,648	34	−404	236	537	1,524[r]	466	447
44 Canada	2,363	1,344	459	14	185	117	187	38	122	171
45 Latin America and Caribbean	336	1,120	1,681	114	188	49	126	602	466	136
46 Asia	1,822	855	1,382	33	282	220	187	243	80	336
47 Africa	9	141	72	5	−11	10	4	16	4	21
48 Other countries	364	166	19	2	1	3	0	12	6	−25
49 **Nonmonetary international and regional organizations**	**−1,165**	**−445**	**295**	**28**	**32**	**85**	**−2**	**74**	**15**	**62**

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Includes state and local government securities, and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.25 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Holdings and Transactions

Millions of dollars

Country or area	1982	1983	1984 Jan.–July	1984 Jan.	Feb.	Mar.	Apr.	May[r]	June	July[p]
	Holdings (end of period)[1]									
1 **Estimated total**[2]	**85,220**	**88,932**	.....	**89,645**	**90,206**	**89,656**	**92,005**	**93,412**	**93,339**	**94,963**
2 Foreign countries[2]	80,637	83,818		84,534	84,382	84,383	85,408	85,791	86,804	88,001
3 Europe[2]	29,284	35,509		36,009	37,319	37,226	37,787	38,383	39,287	40,379
4 Belgium-Luxembourg	447	16		33	50	57	91	61	135	138
5 Germany[2]	14,841	17,290		17,581	18,527	18,834	19,201	19,649	19,735	19,627
6 Netherlands	2,754	3,129		3,113	3,052	3,023	3,117	2,979	3,014	3,120
7 Sweden	677	847		878	898	945	949	954	940	957
8 Switzerland[2]	1,540	1,118		1,167	1,206	1,256	1,241	1,403	1,752	2,021
9 United Kingdom	6,549	8,515		8,701	8,587	8,406	8,411	8,647	9,191	9,439
10 Other Western Europe	2,476	4,594		4,536	5,000	4,707	4,776	4,691	4,520	5,079
11 Eastern Europe	0	0		0	0	0	0	1	1	1
12 Canada	602	1,301		1,298	1,310	1,090	1,299	1,308	1,415	1,446
13 Latin America and Caribbean	1,076	863		1,426	840	563	572	962	862	319
14 Venezuela	188	64		64	64	64	65	65	75	75
15 Other Latin America and Caribbean	656	716		696	574	504	453	546	490	592
16 Netherlands Antilles	232	83		665	201	6	53	351	297	347
17 Asia	49,543	46,026		45,690	44,811	45,401	45,610	44,973	45,075	45,661
18 Japan	11,578	13,911		14,013	14,351	14,334	14,547	14,871	15,361	15,746
19 Africa	77	79		79	78	82	85	88	88	88
20 All other	55	38		31	23	21	57	77	77	108
21 Nonmonetary international and regional organizations	4,583	5,114		5,111	5,824	5,273	6,597	7,621	6,535	6,962
22 International	4,186	4,404		4,467	5,139	4,614	5,936	6,946	5,860	6,241
23 Latin American regional	6	6		6	6	6	6	6	6	6
	Transactions (net purchases, or sales (–) during period)									
24 **Total**[2]	**14,972**	**3,711**	**6,032**	**713**	**561**	**–550**	**2,348**	**1,407**	**–73**	**1,624**
25 Foreign countries[2]	16,072	3,180	4,183	716	152	1	1,025	382	1,013	1,197
26 Official institutions	14,550	779	623	539	8	476	622	358	873	209
27 Other foreign[2]	1,518	2,400	3,562	178	159	475	403	740	1,887	988
28 Nonmonetary international and regional organizations	1,097	535	1,845	4	712	551	1,322	1,026	1,087	427
MEMO Oil-exporting countries										
29 Middle East[3]	7,575	5,419	3,238	515	829	46	678	1,037	67	291
30 Africa[4]	552	1	0	0	0	0	0	0	0	0

1. Estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.
2. Beginning December 1978, includes U.S. Treasury notes publicly issued to private foreign residents denominated in foreign currencies.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per annum

Country	Rate on Aug. 31, 1984 Percent	Rate on Aug. 31, 1984 Month effective	Country	Rate on Aug. 31, 1984 Percent	Rate on Aug. 31, 1984 Month effective	Country	Rate on Aug. 31, 1984 Percent	Rate on Aug. 31, 1984 Month effective
Austria	4.5	June 1984	France[1]	11.25	July 1984	Norway	8.0	June 1979
Belgium	11.0	Feb. 1984	Germany, Fed. Rep. of	4.5	June 1984	Switzerland	4.0	Mar. 1983
Brazil	49.0	Mar. 1981	Italy	15.5	May 1984	United Kingdom[2]		
Canada	12.39	Aug. 1984	Japan	5.0	Oct. 1983	Venezuela	11.0	May 1983
Denmark	7.0	Oct. 1983	Netherlands	5.0	Sept. 1983			

1. As of the end of February 1981, the rate is that at which the Bank of France discounts Treasury bills for 7 to 10 days.
2. Minimum lending rate suspended as of Aug. 20, 1981.

NOTE. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or government commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

3.27 FOREIGN SHORT-TERM INTEREST RATES

Percent per annum, averages of daily figures

Country, or type	1981	1982	1983	1984 Feb	1984 Mar	1984 Apr	1984 May	1984 June	1984 July	1984 Aug
1 Eurodollars	16.79	12.24	9.57	9.91	10.40	10.83	11.53	11.68	12.02	11.81
2 United Kingdom	13.86	12.21	10.06	9.35	8.90	8.84	9.32	9.43	11.38	11.09
3 Canada	18.84	14.38	9.48	9.85	10.40	10.75	11.52	11.86	13.03	12.41
4 Germany	12.05	8.81	5.73	5.91	5.82	5.81	6.08	6.11	6.09	6.00
5 Switzerland	9.15	5.04	4.11	3.47	3.60	3.61	3.83	4.15	4.72	4.81
6 Netherlands	11.52	8.26	5.58	5.95	6.09	6.04	6.05	6.09	6.39	6.26
7 France	15.28	14.61	12.44	12.36	12.53	12.46	12.16	12.23	11.70	11.37
8 Italy	19.98	19.99	18.95	17.40	17.28	17.38	16.80	16.75	16.73	16.50
9 Belgium	15.28	14.10	10.51	11.43	12.02	11.66	11.80	11.90	11.90	11.73
10 Japan	7.58	6.84	6.49	6.34	6.41	6.26	6.24	6.35	6.31	6.35

NOTE Rates are for 3-month interbank loans except for Canada, finance company paper, Belgium, 3-month Treasury bills, and Japan, Gensaki rate

3.28 FOREIGN EXCHANGE RATES

Currency units per dollar

Country/currency	1981	1982	1983	1984 Mar	1984 Apr	1984 May	1984 June	1984 July	1984 Aug
1 Australia/dollar[1]	114.95	101.65	90.14	95.13	92.31	90.61	88.26	83.42	84.73
2 Austria/schilling	15.948	17.060	17.968	18.285	18.630	19.316	19.226	19.998	20.268
3 Belgium/franc	37.194	45.780	51.121	53.135	54.078	55.925	55.840	57.714	58.282
4 Brazil/cruzeiro	92.374	179.22	573.27	1266.64	1387.52	1497.64	1,643.81	1,819.00	1994.30
5 Canada/dollar	1.1990	1.2344	1.2325	1.2697	1.2796	1.2944	1.3040	1.3238	1.3035
6 China, P.R./yuan	1.7031	1.8978	1.9809	2.0646	2.0929	2.1866	2.2178	2.2996	2.3718
7 Denmark/krone	7.1350	8.3443	9.1483	9.5175	9.7311	10.0618	10.050	10.4178	10.5174
8 Finland/markka	4.3128	4.8086	5.5636	5.6136	5.6434	5.8115	5.8182	6.0187	6.0626
9 France/franc	5.4396	6.5793	7.6203	8.0022	8.1411	8.4435	8.4181	8.7438	8.8567
10 Germany/deutsche mark	2.2631	2.428	2.5539	2.5973	2.6474	2.7484	2.7397	2.8492	2.8856
11 Greece/drachma	n.a.	66.872	87.895	102.40	104.89	108.37	108.85	112.40	115.11
12 Hong Kong/dollar	5.5678	6.0697	7.2569	7.7942	7.8073	7.8159	7.8131	7.8519	7.8388
13 India/rupee	8.6807	9.4846	10.1040	10.714	10.820	11.017	11.064	11.371	11.556
14 Ireland/pound[1]	161.32	142.05	124.81	117.88	115.67	111.75	111.67	107.63	106.84
15 Israel/shekel	n.a.	24.407	55.865	146.40	168.76	191.56	215.06	253.14	n.a.
16 Italy/lira	1138.60	1354.00	1519.30	1614.17	1638.48	1696.32	1,694.80	1,751.18	1780.47
17 Japan/yen	220.63	249.06	237.55	225.27	225.20	230.48	233.57	243.07	242.26
18 Malaysia/ringgit	2.3048	2.3395	2.3204	2.2933	2.2904	2.3029	2.3109	2.3385	2.3331
19 Mexico/peso	24.547	72.990	155.01	172.93	179.07	198.35	196.54	196.63	196.98
20 Netherlands/guilder	2.4998	2.6719	2.8543	2.9326	2.9864	3.0926	3.0882	3.2155	3.2539
21 New Zealand/dollar[1]	86.848	75.101	66.790	66.714	65.834	64.892	64.205	55.631	49.912
22 Norway/krone	5.7430	6.4567	7.3012	7.5028	7.5992	7.8100	7.8162	8.2151	8.2991
23 Philippines/peso	7.8113	8.5324	11.0940	14.186	14.257	14.262	14.250	n.a.	n.a.
24 Portugal/escudo	61.739	80.101	111.610	131.70	134.46	139.85	141.83	152.17	151.02
25 Singapore/dollar	2.1053	2.1406	2.1136	2.0893	2.0853	2.1006	2.1122	2.1473	2.1472
26 South Africa/rand[1]	114.77	92.297	89.85	82.10	80.19	78.15	76.49	66.52	63.76
27 South Korea/won	n.a.	731.93	776.04	794.51	796.41	801.54	802.20	810.96	811.42
28 Spain/peseta	92.396	110.09	143.500	149.68	150.26	154.03	154.75	161.37	164.41
29 Sri Lanka/rupee	18.967	20.756	23.510	25.177	25.133	25.161	25.176	25.223	25.285
30 Sweden/krona	5.0659	6.2838	7.6717	7.7323	7.8444	8.0782	8.0993	8.3063	8.3489
31 Switzerland/franc	1.9674	2.0327	2.1006	2.1490	2.1913	2.2680	2.2832	2.4115	2.4150
32 Taiwan/Dollar	n.a.	n.a.	n.a.	40.078	39.784	39.716	39.843	39.477	39.092
33 Thailand/baht	21.731	23.014	22.991	23.004	23.010	23.010	23.010	23.020	23.018
34 United Kingdom/pound[1]	202.43	174.80	151.59	145.57	142.10	138.94	137.70	132.00	131.32
35 Venezuela/bolivar	4.2781	4.2981	10.6840	13.470	14.375	15.661	14.709	13.067	12.725
MEMO									
United States/dollar[2]	102.94	116.57	125.34	128.07	130.01	133.99	134.31	139.30	140.21

1 Value in U.S. cents

2 Index of weighted-average exchange value of U.S. dollar against currencies of other G-10 countries plus Switzerland. March 1973 = 100. Weights are 1972-76 global trade of each of the 10 countries. Series revised as of August 1978. For description and back data, see "Index of the Weighted-Average Exchange Value of the U.S. Dollar: Revision" on p. 700 of the August 1978 BULLETIN.

NOTE Averages of certified noon buying rates in New York for cable transfers. *Data in this table also appear in the Board's G.5 (405) release. For address, see inside front cover.*

Guide to Tabular Presentation, Statistical Releases, and Special Tables

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

c	Corrected
e	Estimated
p	Preliminary
r	Revised (Notation appears on column heading when about half of the figures in that column are changed.)
*	Amounts insignificant in terms of the last decimal place shown in the table (for example, less than 500,000 when the smallest unit given is millions)
0	Calculated to be zero
n.a.	Not available
n.e.c.	Not elsewhere classified
IPC's	Individuals, partnerships, and corporations
REITs	Real estate investment trusts
RPs	Repurchase agreements
SMSAs	Standard metropolitan statistical areas
.	Cell not applicable

General Information

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct obligations of the Treasury. "State and local government" also includes municipalities, special districts, and other political subdivisions.

In some of the tables details do not add to totals because of rounding.

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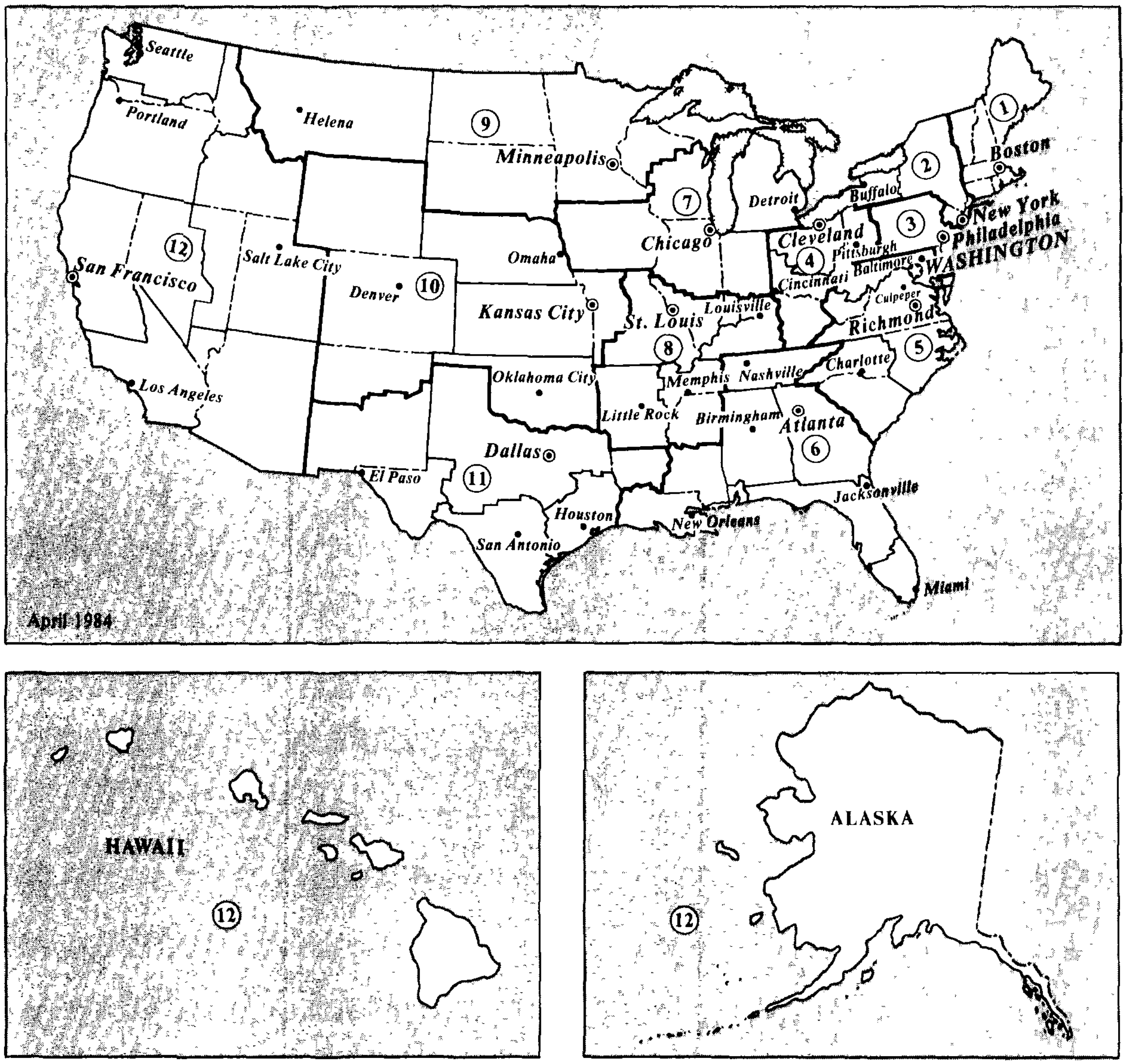
Detroit 48231	Russell G. Mawby		Roby L. Sloan
ST. LOUIS 63166	W.L. Hadley Griffin Mary P. Holt	Theodore H. Roberts Joseph P. Garbarini	
Little Rock 72203	Sheffield Nelson		John F. Breen
Louisville 40232	Sister Eileen M. Egan		James E. Conrad
Memphis 38101	Patricia W. Shaw		Paul I. Black, Jr.
MINNEAPOLIS 55480	William G. Phillips John B. Davis, Jr.	E. Gerald Corrigan Thomas E. Gainor	
Helena 59601	Ernest B. Corrick		Robert F. McNellis
KANSAS CITY 64198	Doris M. Drury Irvine O. Hockaday, Jr.	Roger Guffey Henry R. Czerwinski	
Denver 80217	James E. Nielson		Wayne W. Martin
Oklahoma City 73125	Patience Latting		William G. Evans
Omaha 68102	Robert G. Lueder		Robert D. Hamilton
DALLAS 75222	Robert D. Rogers John V. James	Robert H. Boykin William H. Wallace	
El Paso 79999	Mary Carmen Saucedo		Joel L. Koonce, Jr.
Houston 77252	Paul N. Howell		J.Z. Rowe
San Antonio 78295	Lawrence L. Crum		Thomas H. Robertson
SAN FRANCISCO 94120	Caroline L. Ahmanson Alan C. Furth	John J. Balles Richard T. Griffith	
Los Angeles 90051	Bruce M. Schwaegler		Richard C. Dunn
Portland 97208	Paul E. Bragdon		Angelo S. Carella
Salt Lake City 84125	Wendell J. Ashton		A. Grant Holman
Seattle 98124	John W. Ellis		Gerald R. Kelly

*Additional offices of these Banks are located at Lewiston, Maine 04240; Windsor Locks, Connecticut 06096; Cranford, New Jersey 07016; Jericho, New York 11753; Utica at Oriskany, New York 13424; Columbus, Ohio 43216; Columbia, South Carolina 29210; Charleston, West Virginia 25311; Des Moines, Iowa 50306; Indianapolis, Indiana 46204; and Milwaukee, Wisconsin 53202.

The Federal Reserve System

Boundaries of Federal Reserve Districts and Their Branch Territories



LEGEND

- Boundaries of Federal Reserve Districts
- Boundaries of Federal Reserve Branch Territories
- Board of Governors of the Federal Reserve System
- Federal Reserve Bank Cities
- Federal Reserve Branch Cities
- Federal Reserve Bank Facility