VOLUME 71 □ NUMBER 8 □ AUGUST 1985

FEDERAL RESERVE BULLETIN

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, WASHINGTON, D.C.

PUBLICATIONS COMMITTEE

Joseph R. Coyne, *Chairman* □ Stephen H. Axilrod □ Michael Bradfield □ S. David Frost □ Griffith L. Garwood □ James L. Kichline □ Edwin M. Truman

Naomi P. Salus, *Coordinator*

The FEDERAL RESERVE BULLETIN is issued monthly under the direction of the staff publications committee. This committee is responsible for opinions expressed except in official statements and signed articles. It is assisted by the Economic Editing Unit headed by Mendelle T. Berenson, the Graphic Communications Section under the direction of Peter G. Thomas, and Publications Services supervised by Linda C. Kyles.

Table of Contents

Economics in Policy and Practice: Opportunity out of Adversity

This article was adapted from an address given by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Harvard University Alumni Association, Cambridge, Massachusetts, June 6, 1985.

When I was trying to decide on an appropriate subject for this address, I came across an article in the *Wall Street Journal* about economics at Harvard. It said that economics had become the most popular area of concentration—first, because it appealed to corporate recruiters and second because it was easy. The challenge before me today seemed clear.

Have things really changed that much from the time I spent at Harvard? To check my memory, I went to the library to see what had happened the week I received my degree here in 1951. The lead story in the *New York Times* was about the Secretary of the Treasury warning Western European countries that their currencies were out of line—they were way too high!

But I didn't have to read very far to sense a more profound difference in attitudes. Sure, there were enormous problems: the Korean War was deeply troubling; Europe had only begun rebuilding after World War II; and new countries were just emerging in Africa and Asia, with uncertain prospects. But through it all, there was a sense that the United States was in control of its own destiny and that this country was the catalyst for action worldwide. When we sent out signals, others listened.

Here at Harvard, the new Keynesian faith that we had the tools for defeating the business cycle, mainly by manipulating the federal budget, was being actively propagated. If that might involve a little inflation to ensure growth—well, so be it. After all, we had never had a serious peacetime inflation; the Great Depression was fresh in everyone's mind; and the prime interest rate was all of 2½ percent. After the catastrophe of the early 1930s, the financial system was newly protected by federal insurance and other programs.

More broadly, there was a sense that government, far from being part of the problem, could provide solutions. From this very platform, General Marshall had articulated a way by which America could place its enormous resources behind concerted European recovery. At Harvard, as at other leading universities, many of the best and the brightest looked to the government for a worthwhile and challenging career.

I suppose those attitudes culminated in the mid-1960s. We could look back on a period of unrivaled prosperity and growth, not just in the United States, but elsewhere. Unemployment was low throughout the industrialized world. Inflation still seemed a relatively minor problem, even if there were some flutterings of concern when it rose all the way to 3 percent as the Vietnam War heated up. We talked confidently of prospects for the economic "take-off" of the developing world and of a New Frontier and a Great Society at home.

I well remember President Kennedy's celebrated commencement address at Yale, which caught the intellectual spirit of the times. He argued forcefully that old economic ideologies and slogans were dead or dying. We needed dispassionate, informed debate about evident problems—unemployment, inflation, budget deficits, currency values, and the rest. The problems were complex, and the experts might differ. But that technical debate about practical problems should not be encrusted with stereotypes or mythology, such as inevitable links between budget deficits and inflation or the certain dangers of any increases in government spending.

In effect, my Harvard classroom of 1950 had become the forum for national policy. It all seemed sensible enough.

But I also remember, as a Treasury official in the 1960s, feeling vaguely uneasy. The "technical debate" to which President Kennedy referred in fact spanned a substantial range of opinion, rooted in quite different visions of the risks and opportunities before us. More important, I wondered whether, in all the technical debate, we hadn't lost sight of the critical importance of some fixed principles to help guide the conduct of economic policy.

Certainly, within a decade or so, there was a sense that we had lost our way. No sooner had we begun to take economic growth for granted than unemployment began trending higher. Moreover, by the end of the 1970s, productivity practically stopped growing at all. We got used to inflation, but it didn't seem to stimulate the economy; instead it accelerated and persisted to the point that we *counted* on it in our business and private decisions. We freed ourselves from the "discipline" of fixed exchange rates only to find that large shifts in international currency values could themselves bring uncertainties and problems in economic management. Sharp changes in domestic interest rates and financial markets reflected the same pervasive uncertainty and suggested that something in our policies had gone wrong.

Obviously, there has been good news as well of late. The pattern of accelerating inflation in the industrial world has now been broken, and fears of renewed acceleration have at least diminished. In this country, we have enjoyed a strong expansion since 1982. Our growth has helped encourage expansion abroad. Many developing countries, in circumstances far more difficult than ours, are coping courageously with embedded inflation and massive debt, and some of them should now be able to look forward to renewed growth.

More broadly, our political stability is still the envy of the world. There is a renewed spirit of hope and innovation. So let me assert that out of difficulty we now have an opportunity—probably the best opportunity in a generation—to help lead the world into a new period of sustained growth and stability. We again have something upon which to build. But we have to seize that opportunity. Time is short and the obstacles are evident.

We all know about the massive deficit in our federal budget—a deficit that would surely have boggled the imagination of President Kennedy when, more than 20 years ago, he defended the idea that in some circumstances a deficit was appropriate. The pressures of government finance on our capital markets are tolerable only because we have been able to draw freely upon massive amounts of capital from foreign countries—a significant drain on *their* savings. Even so, our interest rates remain historically high, and the capital inflow is necessarily matched by an enormous flow of imports, squeezing our manufacturers, miners, and farmers.

We continue to build more new offices than we can occupy; we've become expert in trading all kinds of companies and financial assets; we build hotels, attend conventions, and travel at home and abroad to an unprecedented extent—but all the while productivity still lags. We spend our days issuing debt and retiring equity—both in record volume—and then we spend our evenings raising each other's eyebrows with gossip about signs of stress in the financial system.

We rail at government's inefficiency and its intrusion in our markets—while we call upon the same government to protect our interests, our industry, and our financial institutions. And the best of our young gravitate toward Wall Street instead of Washington, our state houses, or our courthouses. Or, perhaps more accurately, a great many of our young *do* end up in Washington—to run a lobby or represent a client.

Those internal contradictions are evidence enough of tension and trouble. And to a substantial degree they are mirrored in imbalances in the rest of the world. Unemployment has reached 20 million in Europe, with no clear prospect of significant reduction. New democracies in Latin America have found themselves on the edge of hyperinflation, compounding their difficulties in raising living standards. In Africa and elsewhere, a sustained process of growth has never really started.

I am convinced that the problems are amenable to practical solutions. Indeed, on an intellectual level, the broad outline of a consensus seems clear enough. Tighten up the budget fast. That should reduce our dependence on capital inflows and help create the conditions for lower interest rates. For the first time in decades, we have a program for a more rational tax system. Europe and Japan can encourage more "home-grown" growth. We can all support the efforts of the developing world to make the needed adjustments. All of that should help produce a better alignment of exchange rates.

At that level, economics does look easy.

The part that is hard is converting that vague intellectual consensus into effective action. And that's not a technical problem. It's a problem of the governing process. It's the challenge of reconciling our individual interests and forming them into a single, coherent common interest. It's recognizing that we need strong and consistent signals from government—in effect, clear and enforced rules of the road—if the marketplace is to work its magic of stability and growth.

The lessons of economic history suggest to me that our success or failure in approaching the practical problems will depend on the degree to which we respect some broad guiding principles. Their precise application in particular circumstances will always be debated. But they are important precisely because they provide some fixed points of reference for the technical debate.

Price Stability

After all our experience, here and abroad, confidence in price stability surely must rank as one of those principles. I don't mean we can or should expect to achieve every year some arbitrary statistical measure of zero: today sensitive commodity prices are falling, industrial producer prices are virtually unchanged, and consumer prices are still rising at 4 percent a year or more. My point is simply that in conducting our affairs, we should be able to assume that, over relevant planning horizons, the general level of prices won't change significantly in one direction or another.

That may sound radical to a generation brought up to expect inflation. And I know it was fashionable here and elsewhere, a generation ago, for economists to argue that a "little" inflation wasn't necessarily a bad thing. Businessmen and homebuyers would be pleasantly surprised to find their products or assets worth a little more, and the economy would be stimulated—or so the argument went.

But that was a theory born in depression. It doesn't turn out that way once inflation is anticipated as a way of life. Then the process accelerates, the distortions become greater, and productivity declines. Nor does the solution of some economists—indexation of taxes, wages, and interest rates—help fundamentally. In the end, indexation cures nothing; indeed, it seems to speed up the process.

We in the United States have had only one prolonged period of accelerating peacetime inflation, in the 1970s. By the standards of some countries, that inflation did not reach extreme levels. But it didn't mean a stronger economy—quite the reverse. The public properly was aroused to the point of supporting a strong anti-inflation program.

Now, the more extreme concerns about accelerating inflation are quiescent. But the scars remain in a trail of uneconomic investments, financial strains, and lingering doubts about the prospects for prices.

Some are tempted to seek an answer to our current economic problem by another drink from the same inflationary bottle—just a little sip, of course. But then who could trust that commitment to restraint, and what good would that sip really do us?

The issue is critical, and not for the United States alone. The dollar, like it or not, serves as the principal trading currency for the world and as an important store of value. No effective substitute is available. How can we build a stable international system on an unstable currency? And how, with an unstable currency, could we lead politically as well as economically?

Nor is the question purely economic. A government is created to provide—and is legitimated by providing—certain collective functions: the national defense, internal security, the assurance of due process, and the protection of individual freedom. Government provides the common unit of account and means of payment, and with that, it seems to me, goes the obligation for maintaining its stability.

The obligation of a government to issue the currency and maintain its stability is obviously crucial for a central bank. I don't mean that we can or must direct every decision on monetary policy solely toward achieving price stability as rapidly as feasible, oblivious to all other economic circumstances of the day, or that we can rely on theorizing about a fixed relation between the money supply and prices to govern every policy decision. I do mean that each of those decisions will involve a need to weigh its potential effects on inflation, with the clear objective of returning to, and maintaining, stability over time.

There was, for instance, in my mind no inconsistency between a continuing priority concern about inflation and our recent decision to, in the jargon, "ease money" by lowering the discount rate. That decision took place under particular circumstances: a strong dollar, ample capacity, and slow growth—all of which tend to reduce inflationary pressures. The sensitivity of some to any action that can be interpreted as inflationary is an understandable, if mistaken, heritage of the absence of effective, consistent government policies to deal with inflation over years. One reward of a record of greater stability, and of a credible commitment to maintain that stability, will in fact be greater operational flexibility for the monetary authorities.

Sophisticated economists spent a long time teaching us that a balanced budget is not always appropriate and that deficits aren't always inflationary—that it all depends on circumstances. We learned well—too well.

I need not repeat all the analysis that points toward the urgency of reducing the budget deficit today. Suffice it to say that the deficit is a major factor accounting for the lopsided nature of the present expansion: pouring out purchasing power on the one hand, while straining world capital markets and the financial system on the other. And, at the same time, the deficit helps keep inflationary expectations alive, and the accumulating interest compounds burdens into the future. Those are not circumstances with which monetary policy can deal by itself. It's time for action.

Open World Economy

A second area in which a sense of lasting commitment seems to me essential involves clear recognition that our destiny must be found in the context of an open world economy. It's still an oddity of American textbooks on elementary economics that international economics is relegated to the back of the book, with the implication that the topic can be dropped if the semester isn't long enough. But there really are no separate compartments of "domestic" and "international" economics: as Gertrude Stein might have said, economics is economics is economics.

The arguments for a liberal trading order have always been persuasive, even when sailing ships took months to cross the oceans and foreign travel was rare. Today, with instantaneous communications, with jet planes filling the skies, with business and financial institutions operating across international boundaries as a matter of course, we would forget the international implications of our policies at our peril.

The issue is, again, more than economic. If we have a vision of a flourishing western economic world, providing the opportunity and growth that are the counterparts of our political ideals, then we had better recognize our mutual dependence from the start and seek our prosperity in the context of that of others. Once before at a time of difficulty, when we were still emerging as a world power, we tried in effect to opt out by raising high tariff walls. The results in the 1930s should be warning enough.

Yet, the pressures for protectionism are again strong and growing. That's understandable against the background of the massive trade imbalance. We rightly complain about the trade restrictions of others. But, in one area after another, we ourselves have compromised the liberal trading ideal.

There are more constructive ways to approach the problem. Most of all, we have to face the fact that our trade deficit and exchange rate problems in substantial measure grow out of contradictions in our own economic policies. Some of our trading partners—certainly Japan—need to face up to problems that, in important ways, are the mirror image of our own—undue reliance on trade surpluses.

Instead of shrinking into a trading shell, with all the risks of retaliation and divisiveness, we can again take the offensive by leading the world into a new round of multilateral trade negotiations, seeking a global bargain to deal with existing restrictions. That, of course, is precisely the approach the administration is wisely trying to take.

As a nation, we have been ever more niggardly in our support for the international financial institutions—the World Bank, the Inter-American Development Bank, and others—that far-sighted American leadership brought into being. Those institutions are challenged as never before, and they need our active support and commitment.

We can hardly blind ourselves to the fact that exchange rates, through the floating period, have become more volatile rather than less, increasingly distorting trade and financial transactions. No doubt the erratic—to put it mildly—movements in exchange rates reflect in substantial part those policy imbalances and uncertainties to which I have already referred. If the volatility persists in a context of better international equilibrium, we will have to reexamine with a fresh mind whether ways can be found, in a cooperative international setting, to encourage greater stability.

Stability and Continuity of Financial Markets

The third area I will touch upon briefly is less concrete than price stability and international interdependence, but it may be more important. We have an enormous talent for adapting new information and communications technology to business practices and financial markets. These days we have a market for taking a financial position one way or another almost instantaneously on practically anything, all justified by sophisticated arguments about facilitating preferred investment strategies or hedging risks. But it all raises the question of whether in the process we have lost sight of some of the qualities basic to the stability and continuity of any market.

Financial crisis was a recurrent feature of the American economic landscape in the nineteenth and early twentieth centuries. That is why we have developed an armory of instruments—the Federal Reserve, the Federal Deposit Insurance Corporation, and the Federal Savings and Loan Insurance Corporation—to help assure that inevitable isolated failures or strains do not infect the entire system.

In the aftermath of the last great crisis, in the 1930s, that kind of federal support was hardly needed. The natural bent was to be conservative, and banks and businesses were both highly liquid and amply capitalized.

But today we have a new generation. During our formative years the strength of the financial system, and of the institutions within it, began to be taken for granted. We came to count on inflation. More leverage, less liquidity, and riskier assets could be rationalized—particularly if it could be assumed that the "Government" would protect the depositor. In that environment, some of the old canons of prudent lending and fiduciary behavior seemed less relevant. And for those who had never experienced a crisis of confidence, it was hard to remember that, whatever the urgent competitive pressure to grow and to produce this year's profit, confidence is the most precious asset of any financial institution.

Now, in a time of stress, we have been reminded once again of the relevance of some of those old standards. The federal safeguards, to be sure, hold strong. But by themselves they do not ensure confidence in every institution, or protect the stockholder of a bank or a savings and loan association, or guarantee against dishonesty. And there is renewed recognition that federal protections have a price—that a government that visibly bears much of the ultimate risk will insist on its responsibility to exercise strong supervision and regulation.

There has to be a better way than counting on bureaucrats to do so much of the job.

I wonder whether, over there in the Business School and in its sister institutions at other universities, they take enough time to teach the lessons of financial crises, including how many business reputations have been irretrievably tarnished when competitive pressures or simple greed have led owners or managers to undercut acceptable standards. If schools are not teaching these lessons, recent experience seems to be offering rich material for a new case book—one that illustrates how, in the last analysis, the effective operation of a market system rests on the mutual trust that can be nurtured only by a strong sense of business integrity and fiduciary responsibility. I wonder, too, whether our accountants and lawyers, in serving their clients' interests, are always as sensitive as they should be to their professional responsibilities, designed to protect the public at large.

Maybe all of this sounds like a central banker reverting to type—preaching to others about their responsibilities. But I won't apologize.

Since the days of President Wilson—I am referring to his days as president of Princeton, of course—my own alma mater has had as its motto: "In the nation's service." I know that may sound trite these days, but it still says something to me about what education should be all about.

I also sense that one aspect is less strong today: a willingness to make a lasting commitment to a career in government itself. That strikes me as unfortunate—unfortunate from the standpoint of effective government, which must rely on a core of dedicated civil servants and experienced legislators capable of understanding the great issues of our time. I think that it's unfortunate, too, from the standpoint of those missing what can be a satisfying and exciting career.

I sense some of the reasons why government service has become less attractive, and we ought to deal with them. In the end, it's a matter of respect—for the role of government and for those who work in it. In the end, in our country, the responsibility of government is to foster a climate of opportunity—an environment in which enterprise, and ingenuity, and personal initiative will flourish. We can't afford to lose those traditional American values of "know how" and "can do." My point is that those qualities, in the end, are supposed to work toward bettering the lot, not just of ourselves and our families, but of our communities—local, national, and global. They will do that only if our acquisitive instincts are confined within certain accepted principles of law and policy. In economic terms, amid the diversity of our individual efforts we should be able to count on an overall framework of stability and continuity. That framework has to extend to our relations with other free nations. It demands personal responsibility and integrity rooted in a larger national purpose.

I've talked about economics, but it's not the technical economics of the classroom. My concern is with economics in practice, as a part of the larger human experience, with all its vagaries; and with economics as a responsibility of government, with all its implications for decisionmaking through a political process.

In that sense, I suspect there is as much—perhaps more—to learn in reading history or the classics, or in learning about other cultures, as in the study of economics itself.

We will succeed not because our business leaders or all the members of Congress took Economics 10: they can call on a lot of Ph.D.s for the technical advice. Rather, they will need a larger vision, which encompasses a sense of human frailty as well as human potential. We will need to realize we can't be in business just for ourselves. We need to recognize that our individual and national interests are inextricably tied up with others.

Out of economic adversity, we have new opportunities. Let's make the most of them. □

Treasury and Federal Reserve Foreign Exchange Operations: Interim Report

This interim report, covering the period February through April 1985, is the twenty-fifth of a series providing information on Treasury and System foreign exchange operations to supplement the regular series of semiannual reports that are usually issued each March and September. It was prepared by Sam Y. Cross, Manager of Foreign Operations of the System Open Market Account and Executive Vice President in charge of the Foreign Group of the Federal Reserve Bank of New York, and Richard F. Alford, Senior Economist.

The dollar rose strongly during February to record highs for the floating-rate period against major European currencies, then fell unevenly until mid-April. At the end of April the dollar was trading somewhat above its lows for the three-month period, but on balance was down from levels at the end of January about 2 percent against most major currencies. Exchange markets were highly unsettled on a number of occasions during the period. Monetary authorities intervened heavily during February and early March following the G-5 meeting in January at which the participating countries reaffirmed their commitment to promote convergence of economic policies, to remove structural rigidities, and to undertake coordinated intervention as necessary.

The dollar began to move up strongly as the period under review opened. The dollar's resilience in the face of declining U.S. interest rates during the last quarter of 1984 had increased confidence in the currency. But the main factor spurring the reacceleration of the dollar's rise was the market perception that the U.S. economy was likely to pick up again and maintain strong growth with low inflation after the slowing late in 1984. The expected economic growth and the recent acceleration of the monetary aggregates were thought likely to limit the scope for any further easing of monetary policy.

Moreover, economic recovery in Europe continued to be comparatively sluggish despite the strong contribution to world economic growth provided by the U.S. expansion. Against this background, market sentiment toward the dollar became extremely bullish. There was strong demand for dollars for both commercial and investment purposes as well as by market professionals, even as the dollar set record highs against several European currencies. Markets became one-sided and unsettled as the dollar's rise gained momentum, particularly after it passed levels at which some central banks had intervened in the past. Through February 26, the dollar rose nearly 10 percent against major European currencies—to about DM3.48 and $1.03 against the German mark and British pound respectively—while rising 3 percent against the yen.

1. Federal Reserve reciprocal currency arrangements
Millions of dollars

Institution	Amount of facility, April 30, 1985	Amount of facility, April 30, 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	700	700
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	**30,100**	**30,100**

On three occasions during the first three weeks of February the U.S. authorities intervened, selling a total of $208.6 million against marks, $97.6 million against yen, and $16.8 million against sterling to counter disorderly market conditions in operations coordinated with foreign monetary authorities. But the exchange markets became more unsettled amid uncertainty over the high dollar exchange rates and the speed of the dollar's rise over the preceding weeks. The dollar started to ease back from its highs. Then, coordinated intervention operations, considerably larger than those of the preceding months, were undertaken by several monetary authorities. As for their part in these operations, the U.S. authorities intervened on two occasions at the end of February and once in early March, selling a total of $257.2 million against marks. At the end of these operations the dollar was well below its highs of February 26.

The dollar moved higher during the following week before declining again as newly released U.S. economic statistics indicated that growth in the first quarter might be lower than previously expected. The pace of the dollar's decline accelerated during March and early April as exchange markets became concerned about the implications for monetary policy and, more generally, about the troubles of the Ohio thrift industry and the slowing of U.S. economic growth. As the market adjusted to these uncertainties, the dollar's decline at times was rapid, moving through levels at which resistance had been expected by some market participants.

By the middle of April, the dollar had fallen 15 percent from its highs of February to a low of DM2.95 against the mark. Its drop in terms of the Japanese yen and the Canadian dollar was much smaller—about 6½ percent and 4 percent respectively—just as the dollar's earlier rise relative to those two currencies had been more moderate. The dollar fell most dramatically, by more than 20 percent, against sterling. Following a sharp rise in British interest rates during late January, market participants had come to anticipate that the British authorities would maintain their anti-inflationary stance, with the result that sterling interest rates would remain substantially above those elsewhere. In these circumstances, sterling benefited more than other currencies from investment flows out of dollar-denominated assets as the dollar declined.

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
February 1 through April 30, 1985	0	0
Valuation profits and losses on outstanding assets and liabilities as of April 30, 1985[2]	−1,294.5	−841.2

1. Data are on a value-date basis.

2. Cumulative bookkeeping, or valuation, profits or losses represent the increase or decrease in the dollar value of outstanding currency assets and liabilities, using end-of-period exchange rates as compared with rates of acquisition. These valuation losses reflect the dollar's appreciation since the foreign currencies were acquired.

The dollar found support at the lower levels reached in mid-April as professionals covered short positions and strong investment and commercial demand emerged. The dollar closed April down slightly on balance from the opening of the period. In March and April, however, daily exchange rate movements were sharp and bid–offer spreads were wider than normal as market perceptions about trends in the economy and likely official responses were in a constant state of flux. Under these circumstances, the dollar–mark exchange rate, for example, fluctuated 2 percent each day on average during the two months.

In the period February through April, the Federal Reserve and the Exchange Stabilization Fund (ESF) realized no profits or losses from exchange transactions. The Federal Reserve and the ESF 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 $927.0 million of its foreign currency holdings in securities issued by foreign governments as of April 30. In addition, the Treasury held the equivalent of $1,621.7 million in such securities as of the end of April. □

Staff Studies

The staffs of the Board of Governors of the Federal Reserve System and of the Federal Reserve Banks undertake studies that cover a wide range of economic and financial subjects. From time to time the results of studies that are of general interest to the professions and to others are summarized in the FEDERAL RESERVE BULLETIN.

The analyses and conclusions set forth are those of the authors and do not necessarily indicate concurrence by the Board of Governors, by the Federal Reserve Banks, or by the members of their staffs.

Single copies of the full text of each of the studies or papers summarized in the BULLETIN *are available without charge. The list of Federal Reserve Board publications at the back of each* BULLETIN *includes a separate section entitled "Staff Studies" that lists the studies that are currently available.*

STUDY SUMMARY

SERVICE CHARGES AS A SOURCE OF BANK INCOME AND THEIR IMPACT ON CONSUMERS

Glenn B. Canner and Robert D. Kurtz—Staff, Board of Governors
Prepared as a staff study in the fall of 1984

This study investigates recent changes in service charges at depository institutions to assess their effect on bank income and consumers. The study was requested by the Consumer Advisory Council of the Federal Reserve Board at the Council's July 1984 meeting. Because of limitations associated with the CAC request, no new surveys were undertaken for the study. As a consequence, certain issues regarding the effects of changes in fees on consumers could not be adequately addressed. Nevertheless the study provides important insights into developments of the 1979–83 period, which included the authorization of interest-bearing checking accounts, the start of deregulation of interest rates on depository accounts, and the beginning of fees on certain Federal Reserve services that previously had been provided to commercial banks without charge.

Information on changes in service charges and their influence on bank income is derived from two sources: (1) intertemporal surveys of price schedules at commercial banks and (2) the Functional Cost Analysis, developed by the Federal Reserve Banks to allow costs at commercial banks to be compared. Highlights from the surveys of price schedules are as follows:

- Although there is a broad range of charges for each service within and among categories of bank size, the charges for many services tend to be clustered around the average.
- Increases from 1980 to 1983 in minimum balances needed to avoid service charges on checking or savings accounts are similar to the increase in the Consumer Price Index for that period. Increases in service charges imposed when balances fall below the specified minimum were two to four times larger than the increase in the CPI.
- Although the number of banks imposing service charges continues to increase, some banks still do not impose fees for many services. A majority of banks waive some fees and minimum balance requirements for senior citizens and minors.
- The data show no consistent relationship between the level of service charges and the size of the bank imposing the charges.

The Functional Cost Analysis revealed the following main points about bank income and expense:

• Between 1979 and 1983, both bank income from service charges and bank expenses per personal checking account increased significantly. Higher interest expense accounted for most of the growth in bank expenses.

• The return to banks on personal checking accounts in 1983 was either essentially unchanged or somewhat lower than in 1979, depending upon bank size.

Information on service charges from the perspective of the consumer comes mainly from surveys, which contained the following highlights:

• In both 1977 and 1983, about 80 percent of families had checking accounts.

• Evidence suggests that the proportion of lower-income families and younger families without checking accounts was larger in 1983 than it was in 1977. The cause of this apparent increase is uncertain. Of consumers with a checking account, 57 percent, including the vast majority of families headed by an elderly person (regardless of income), report they normally do not pay service charges on their main checking account.

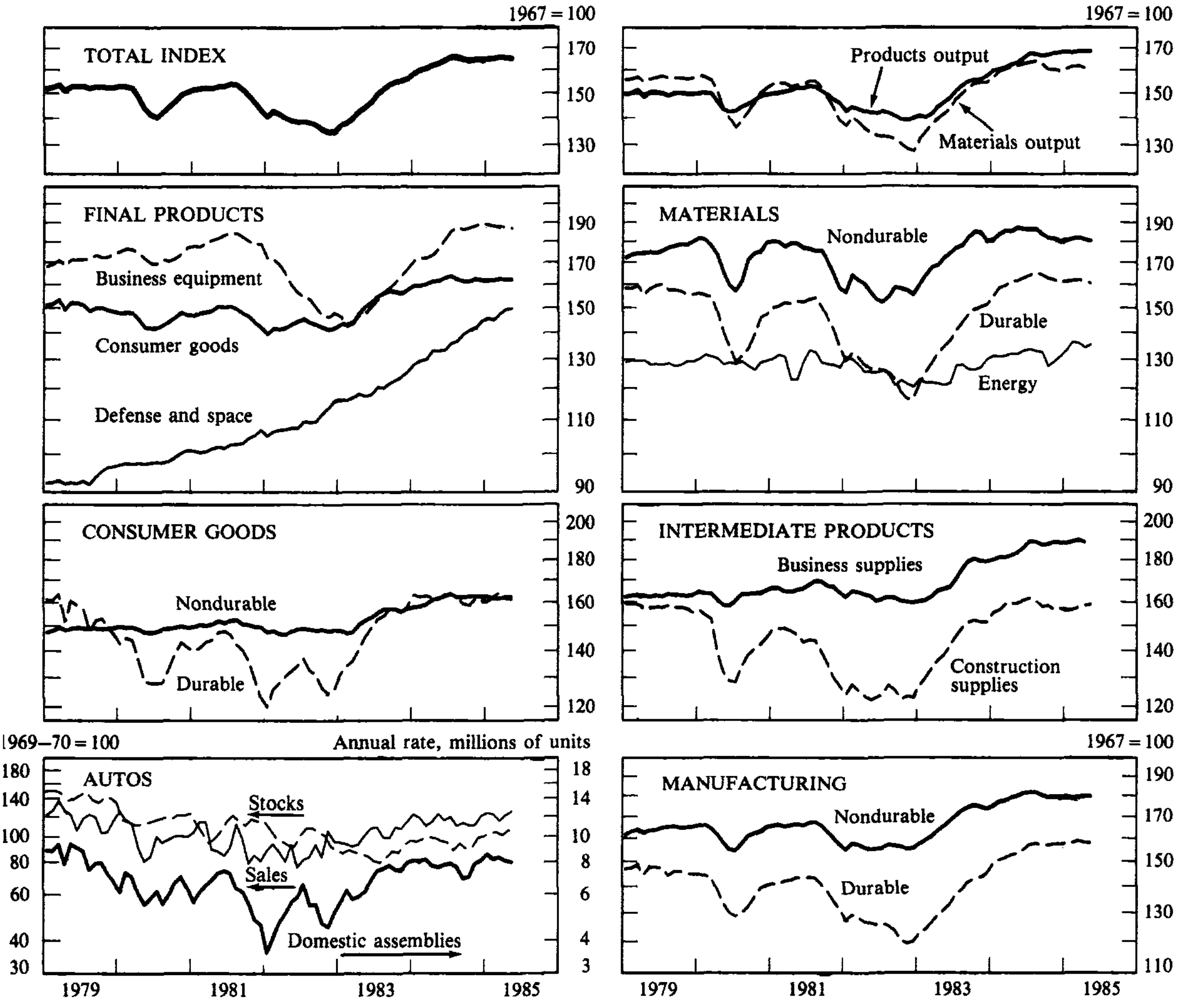
• Regardless of income, only a small fraction of consumers rank service charges ahead of convenience, availability of many services, and safety when asked to list such reasons in order of importance to them in their selection of a primary financial institution.

Industrial Production

Released for publication June 14[1]

Industrial production edged down an estimated 0.1 percent in May, following a decline of 0.2 percent in April. In May, output of construction supplies and defense and space equipment continued to rise, while consumer goods remained unchanged and production was cut back in business equipment and in materials. At 165.3 percent of the 1967 average, output is 1.5 percent

1. This statistical report, which was released on June 14, was the last press release on the index before the major revision that was released on July 18. See "A Revision of the Index of Industrial Production" and accompanying tables that contain revised indexes (1977=100) through December 1984 in the FEDERAL RESERVE BULLETIN, vol. 71 (July 1985), pp. 487–501. The revised indexes for January through June 1985 will be shown in the September BULLETIN.



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

Grouping	1967 = 100		Percentage change from preceding month					Percentage change, May 1984 to May 1985
	1985		1985					
	Apr.	May	Jan.	Feb.	Mar.	Apr.	May	
	Major market groupings							
Total industrial production	**165.5**	**165.3**	**.2**	**.2**	**.3**	**−.2**	**−.1**	**1.5**
Products, total	168.5	168.5	−.1	−.1	.4	.0	.0	3.2
Final products	167.1	166.9	.0	−.2	.4	.1	−.1	3.6
Consumer goods	162.4	162.4	−.1	.0	.3	−.1	.0	.4
Durable	161.9	161.6	−.3	1.2	1.3	−1.6	−.2	.1
Nondurable	162.6	162.7	.1	−.5	−.1	.4	.1	.6
Business equipment	187.8	187.1	−.2	−.4	−.2	−.1	−.4	6.0
Defense and space	149.5	149.9	.8	−.3	1.7	1.2	.3	12.6
Intermediate products	173.9	174.5	−.3	.2	.5	−.1	.3	1.7
Construction supplies	158.7	159.1	−.4	−.1	.6	.6	.3	−.3
Materials	160.9	160.4	.4	.7	.1	−.6	−.3	−1.0
	Major industry groupings							
Manufacturing	167.0	166.9	.0	.0	.4	−.2	−.1	1.6
Durable	158.2	158.0	.0	.3	.6	−.4	−.1	3.1
Nondurable	179.8	179.7	.0	−.3	.2	.2	−.1	−.1
Mining	123.7	122.9	1.0	−.1	1.4	−2.8	−.6	−1.7
Utilities	188.1	189.6	−.1	2.5	−.5	.4	.8	4.0

NOTE. Indexes are seasonally adjusted.

higher than in May 1984 but remains fractionally below last summer.

In market groupings, production of consumer goods was unchanged in May, reflecting a small decline in the output of goods for the home and little change in auto production and nondurable goods. Automobiles were assembled at an annual rate of 8.0 million units, down slightly from the rate in April. Output of business equipment was reduced 0.4 percent in May—the fifth consecutive decline—with continued weakness evident in commercial equipment, which includes computers and office equipment. Increases continued, however, in production of defense and space equipment, and output of construction supplies rose for the third month.

Materials output declined 0.3 percent in May following a reduction of 0.6 percent in April. Nondurable materials were down in May, and durable materials also declined, reflecting cutbacks in metals and equipment parts.

In industry groupings, manufacturing output was off 0.1 percent with similar declines in both durable and nondurable manufacturing. Mining production was reduced 0.6 percent further, mainly reflecting continued weakness in oil and gas well drilling. Utility output gained an estimated 0.8 percent in May.

Statements to Congress

Statement by Theodore E. Allison, Staff Director for Federal Reserve Bank Activities, Board of Governors of the Federal Reserve System, before the Subcommittee on Consumer Affairs and Coinage of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, June 18, 1985.

I appreciate the opportunity to participate on behalf of the Federal Reserve Board in these hearings on the proposed "Currency Design Act." We believe that, in considering design changes, one of the primary concerns of all of us who share the responsibility of maintaining a strong currency system should be its protection against counterfeiting. We appreciate and welcome your subcommittee's interest in this issue. However, the selection of optimum design features for counterfeit deterrence must, by the nature of the problem, be dominated by timing and technical considerations that are more appropriately delegated to a government agency rather than imposed on the Congress.

The position of the Board on counterfeit deterrence remains essentially unchanged since the subcommittee's hearings last July. This position is the following:

1. Major and rapid technological improvements in reprographics—in equipment for color printing, in color copiers, and in printers for color computer output—pose a serious threat to potential counterfeiting and, in turn, a threat to confidence in the currency system.

2. The solutions are neither simple nor costless and must include a combination of currency design improvements that will make the paper more distinctive and the printing more secure while providing a feature (or features) incapable of easy replication by ordinary reprographic equipment.

3. The implementation period will be long—about four years from the time of decision on the final design to the time of replacement of the outstanding currency stock.

Let me emphasize that the integrity of our currency is not in serious jeopardy at this time, but that we see ominous signs for the period not too far ahead. Our most serious concern is that, without action soon to improve the deterrent effectiveness of the currency, counterfeiting will become so easy and so widespread as to affect the very viability of the currency system. We are keenly aware that this viability is largely a function of confidence. If this confidence is shaken, the role of currency as a medium of exchange could be undermined with serious financial and economic dislocations. The record of the use of currency in the United States in the century before the passage of the National Banking Act is ample testimony to the seriousness of this problem.

We are aware that the confidence with which we are concerned is fragile, perhaps more fragile and its loss more contagious now with our almost instantaneous access to the news. We are persuaded, therefore, that we must be willing to take timely and significant measures to avoid even coming close to a risk of such gravity.

All sources that we have consulted advise us that it will become increasingly easy to copy our currency unless the design is changed. There will be more copying equipment on the market and, importantly, it will be more sophisticated yet require less skill by the operator. Marketing projections from the reprographics industry unequivocally point to an escalating increase in the availability of devices that can produce high quality counterfeits.

Since your last hearing we have received two updates of the research in 1982–83 of Battelle Columbus Labs into the counterfeiting threat. The most recent update is dated May 1, 1985. Rather than being based solely on marketing projections, this research also examines the technology of imaging and focuses on the question of how long it would take the technology to mature to counterfeiting quality. Both Battelle Columbus Labs and the marketing projections arrive at the same conclusion. Although they agree more on "how many" than on "when," the message from both is clear: the situation will be serious by the end of this decade.

The role that the Federal Reserve has played in counterfeit deterrence can be traced to its part in forming a committee with three other central banks about six years ago to develop ways to head off a threat that was already foreseeable at that time. The Bureau of Engraving and Printing also serves on this committee. Most of the deterrent programs with which we have been involved derive from the work of this committee.

I might note that we are close to implementing even more sophisticated and secure systems for use by our Federal Reserve Banks to assist us in screening out counterfeit notes from the currency that we process for commercial banks. We plan to maintain 100 percent effectiveness in this area through a combination of mechanical and visual methods. However, this process does not protect the individual user of currency from the fraud of counterfeiting nor the nation from the cost of economic disruption and reduced confidence resulting from large-scale or widespread counterfeiting activity. This protection can be done only through improvements in the design of the note itself.

Such a change will require the commitment of all of us, not only to solving the technical problems involved, but to making sure that the public understands the reason for the change and is shown how to make use of the protection such a change offers. □

Statement by J. Charles Partee, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Agriculture and Transportation of the Joint Economic Committee, June 19, 1985.

I appreciate the opportunity to appear before this committee to discuss the current difficulties that are being experienced by banks in our agricultural communities. As members of this committee are well aware, these problems have been intensifying lately, as more farmers have been finding it difficult, if not impossible, to meet fully the contractual terms of their loan obligations.

The origin of these problems can be traced to the 1970s. Our farm sector experienced a major economic boom during that decade, and many farmers expected the good times to continue in the 1980s. There was, in particular, a general perception that there were limits on the potential world production of agricultural products and that these limits would continue to encourage a rapid growth in farm exports, thus fostering increasing returns to land and to other farm inputs. Many also believed that the more rapid inflation of the decade would persist so that long-term indebtedness could be paid off with less valuable future dollars. Acting on these expectations, farmers and other investors acquired additional farmland, bidding up its price in the process. Farmers also invested heavily in new machinery and equipment. Moreover, in view of the apparently favorable outlook for agriculture and, for most of the decade, of interest rates that were low relative to the expected rise in income and asset prices, many thought it advantageous to finance a relatively large share of these investments with borrowed money. Consequently, farm indebtedness surged—rising, after allowance for inflation, about 60 percent from 1971 to 1979.

As it turned out, however, the agricultural boom of the 1970s gave way to a bust in the 1980s. Both here and abroad, the high farm prices of the 1970s attracted additional resources into agriculture. Moreover, further breakthroughs in genetics and in farm technology enhanced the productivity of such resources. Thus, farm production has been increasing at a considerable pace over this decade. At the same time, the growth in demand for American agricultural products has weakened. Farm exports, in particular, have been reduced by sluggish economic conditions abroad and by the high exchange value of the U.S. dollar as well as by the expanded ability of other nations to meet consumption needs from their own internal production. These market developments have kept farm prices persistently depressed. As a result, farm income has been low for five years in a row, and land values have been declining since 1981.

Farm debt, though no longer increasing, is still high; and interest rates on farm loans, while down from earlier levels, remain well above those prevailing in the last decade when much of the debt was incurred. Thus, many farmers are faced with the problem of servicing a large volume of debt, at relatively high interest rates, with a substantially reduced level of farm earnings. High interest rates and reduced income flows also have added to the downward pressure on land values, thus further limiting the farmers' ability to pay down debt by selling these assets.

The earnings of all farmers have been adversely affected by lower product prices, but not all farmers are experiencing the same degree of financial stress. Farmers that are relatively debt free have suffered declines in asset values but are not in danger of falling into insolvency. In contrast, producers who entered the 1980s with only a relatively small equity cushion have been experiencing increasing financial difficulties. Estimates indicate that perhaps a third of the full-time producers on commercial-sized family farms have debt burdens that are large enough to cause moderate to severe financial stress, and this group owes about two-thirds of all farm debt. The greater proportion of this debt is owed to the Farm Credit System, the Farmers Home Administration, and individuals. Nonetheless, about one-quarter of total farm credit is provided by commercial banks, and a sizable proportion of the farm loan portfolios of many banks have become troubled to a greater or to a lesser degree.

Commercial banks experienced only minimal problems in their farm loan portfolios during the 1970s. Such problems began to pick up in 1981 and have been increasing steadily since then. One indication of the deterioration in the quality of agricultural loans at banks that has occured since then is provided by data on delinquencies and charge-offs. While not all banks are required to report such data for their farm loans, from available information our staff estimates that at the end of March this year, nonaccrual farm production loans at all banks in the nation totaled about $1.7 billion, and other nonperforming loans—those past due 90 days or more but still accruing interest, plus renegotiated troubled loans—totaled about $0.9 billion. In addition, about $1.3 billion of farm production loans were past due 30 to 89 days. Altogether these poor-performing and nonperforming loans constituted about 10 percent of all farm production loans.

In addition, net charge-offs of farm loans at all commercial banks are estimated to have been about $900 million in 1984, or a bit more than 2 percent of outstanding farm loans. Of this total, $240 million was reported by banks in California, representing about 6 percent of their outstanding farm loans. While California banks led the nation in charge-offs, these losses presented less of a problem for these banks than for banks in many other states. This situation occurred because most of the losses were booked by major banks with large branching systems in which agricultural loans constituted a relatively small proportion of their total asset portfolios. In contrast, many banks operating in agricultural areas of states that limit branching—states found mainly in the midwest—have had more trouble accommodating to their loan losses because of the high concentration of these loans in their asset portfolios.

Last year's high charge-offs and an increase in the provision of loan–loss reserves had a marked depressing effect on the profitability of many agricultural banks (banks at which the ratio of farm loans to total loans exceeds the average of such ratios at all banks, currently about 17 percent). On average, returns on equity fell to 9 percent, down from returns that averaged between 14 and 16 percent in every year from 1973 through 1982. There was great variation in the earnings that were recorded among agricultural banks, however, mainly reflecting a sharp difference in loan–loss experience. Thus, 12 percent of these banks reported negative earnings last year, and another 9 percent recorded only minimal positive earnings. At the same time, more than half of these banks earned more than 10 percent on equity, and nearly a fifth, more than 15 percent.

In the aggregate, earnings of agricultural banks were high enough to permit a further buildup in the average capital ratio of these banks, and the capital ratios of most agricultural banks remain high relative to those at nonfarm banks. But more farm banks seem certain to come under financial strain if farm loan losses continue to intensify. Moreover, as I have noted, a small but troubling number of farm banks experiencing relatively high loan losses have already suffered an erosion of their capital base, thus increasing their vulnerability to failure should such losses continue.

Such extremely adverse results have been occurring in small but increasing numbers. Last year, 32 agricultural banks failed—mostly in the second half of the year—compared with only 7 banks in 1983. Many of these banks came from a group that had reported delinquent loans at the beginning of the year in excess of the capital of the bank. Unfortunately, the number of agricultural banks in this condition, while still a relatively small proportion of the 5,000 agricultural banks, rose further during 1984. At 102 agricultural banks, nonperforming loans at the beginning of this year exceeded total capital, up from 44 banks a year earlier. Moreover, at 240 agricultural banks, the combined sum of past due and nonperforming loans exceeded total capital, up from 133 banks a year earlier. Agricultural bank failures are likely to rise commensurately; indeed 30 farm bank failures already have occurred, accounting for two-thirds of the banks that have failed so far this year.

To sum up the current situation, while the incomes of the great bulk of our farmers have been reduced since the beginning of this decade, those farmers that got heavily into debt in the 1970s are primarily the ones who are experiencing serious financial strains, with the severity of these strains increasing with the degree of their leveraging. While such farmers constitute only about one-third of all farmers, they account for about two-thirds of all agricultural debt. As many of these borrowers have found it increasingly difficult to service their loans, banks and other agricultural lenders have been encountering increasing problems. To date, information suggests that the great majority of farm banks remain in good condition despite these problems, but a significant and growing number is experiencing an increasing degree of strain.

That so many of our farm banks remain in relatively strong condition after five years of depressed conditions in the agricultural sector stands, I believe, as a tribute to their management. What this rather clearly suggests is that these banks generally followed prudent standards in extending credit to their farm customers during the boom times of the 1970s, standards that tended to hold down the degree of leveraging that was permitted individual customers—and in the process helped to dampen tendencies for these customers to become overextended. In addition, many farm banks followed policies that permitted them to maintain reasonably diversified asset portfolios.

Banks that failed to adhere to high standards of quality and asset diversity have been considerably more vulnerable to the effects of deteriorating circumstances of agricultural borrowers. One can point to situations in which a bank that is failing or that is in extremely troubled condition is located in close proximity to one or more other banks that remain in good condition. In addition, I understand that the Federal Deposit Insurance Corporation (FDIC), in a study that it conducted of the banks that failed in 1984, found evidence of various kinds of abusive practices, including improper insider transactions, instances of possible fraud, and other forms of irregular management activities.

The management policies and practices of banks, of course, tend to vary along a continuum. Thus, the longer conditions in the agricultural sector remain depressed, the greater will be the number of banks experiencing problems of greater severity. As I have noted, that process is already quite observable in the trends of recent years. Since no dramatic change appears likely in the current balance between supply and demand in agricultural markets, such trends seem almost certain to continue for some time to come. Put more directly and graphically, it seems quite possible that many more agricultural banks and their farmer customers will experience severe financial dislocations over the next several years. I should hasten to add that at present it still appears that the great majority of farmers and of farm banks have sufficient financial strength to weather these conditions, although not without growing strains and problems.

The debt adjustment program, first announced by the administration last September and then modified in March, will offer agricultural banks and their farmer customers some assistance in moving through the difficult transition period that appears to lie ahead. As committee members know, under this program the government will guarantee most of the remainder of a troubled farm loan after the lender reduces the principal amount, or an equivalent in interest charges, 10 percent or more as needed to reduce the borrower's debt service burden to a level that he appears able to handle. Through May, the Farmers Home Administration had guaranteed 259 loans totaling $36.7 million. I understand, moreover, that the Farmers Home Administration, under its regular loan guarantee program, this year already has guaranteed more than 5,000 loans totaling nearly $700 million, and that the total outstanding volume of guaranteed loans is approaching $5 billion.

The Federal Reserve also revised and extended its seasonal lending program in March this year with the objective of making sure that agricultural banks will have sufficient liquidity to provide the needed production loans to their farmer customers. The regular seasonal program, in place since 1973, provides discount window credit to depository institutions with limited access to national money markets that experience recurring seasonal swings in net needs for funds because of the way their deposit flows fluctuate relative to their loan demands. This existing program was liberalized to increase the portion of the seasonal funding needs that the Federal Reserve stands ready to supply to small and midsized institutions. In addition, a temporary simplified seasonal program has been established as an alternative source of seasonal credit. Aimed particularly at smaller banks substantially involved in agricultural lending, this program offers institutions with total loan growth above a base amount of 2 percent the opportunity to fund half of any further loan expansion through discount window loans, up to a maximum amount of 5 percent of the institution's total deposits.

In announcing the broadening of its seasonal credit program, the Federal Reserve noted that there were few, if any, signs to indicate that agricultural banks generally would experience any unusual shortfall of liquidity. The action was taken, nevertheless, to have in place a means to offset any unforeseen liquidity strains that might arise in local areas or for individual banks, thus threatening the necessary flow of credit to farmers. Total borrowing in our seasonal program is currently running at about $150 million. This figure is below that of last year at this time, the difference reflecting mainly easier bank funding conditions in the money market.

The Federal Reserve, as well as the other federal banking agencies, earlier this year reiterated its policy of instructing bank examiners to refrain from taking supervisory actions that would discourage banks from exercising appropriate forbearance when working with farmers or other small businesses with delinquent loans. It is not the intent of this policy to encourage or to permit loan decisions that are inconsistent with a bank's long-term safety and soundness. The policy recognizes, however, that if there is good reason to believe that a borrower's difficulties are temporary in nature, it is prudent banking policy to extend due dates on his loans and in some cases to grant additional credit to carry him over a period of distress. Reserve Banks have designated senior review examiners with expertise in supervising farm banks to oversee the administration of this policy.

While the credit-related programs and practices that I have just reviewed have assisted farmers to obtain credit accommodation, I wish to emphasize that they do not offer a solution to the problems facing the farm sector. Indeed, no credit program can do that because, fundamentally, the farmer's problems are not traceable to an inability to obtain credit.

Reference to experience during the current year will help illustrate this point. There was considerable concern early this year that a fairly large number of farmers would not be able to obtain credit to finance their production activities. But as matters turned out, most farmers were able to obtain production loans adequate to meet their needs either from lending institutions that had financed them in the past or, if cut off by these lenders, from alternative sources. Moreover, some who were unable to obtain credit to fully satisfy their needs, adopted various cost-reducing measures to plant their crops—such as using less fertilizer. And in cases in which land was given up by farmers unable to continue, it was generally taken up and planted by new operators. Thus plantings have not been significantly impaired by a lack of credit availability, and another exceptionally large harvest is in prospect. That, of course, is not an unmixed blessing, because, with large harvests also apparently in train in other major agricultural-producing countries and with no indication that effective demands for such products will expand dramatically, it appears very likely that agricultural prices will remain depressed. Indeed, in response to these prospective supply and demand conditions, farm prices have been edging down in recent weeks from already depressed levels. The implications of these developments for incomes of farmers are obvious—they, too, will remain depressed.

Thus, as I have reviewed earlier, there is a good chance that the number of farmers who are experiencing serious strains will continue to grow, which, in turn, means that an increasing number of farm banks, particularly those that have the greatest concentration of farm loans in their portfolios, will be encountering growing difficulties—because of the inability of their farmer customers to service debts. These conditions will further undermine the capital positions of more banks, adding to the number that will be in danger of failing.

In my view the best way to deal with these very serious problems for banks—and indirectly provide the best help to farmers—will be to encourage and to facilitate the merger of weak banks with stronger banking institutions, particularly those that are not now so heavily involved in agricultural lending. That action would offer several important advantages. First, it would transfer control of the institution's lending resources to a bank with a better management record. Second, it would provide an infusion of real, permanent capital into the bank and thus into agricultural lending in general. Finally, mergers with banks outside the community of agricultural banks would promote greater diversification of portfolio risk. In this way, the banking system would come to be better protected against unforeseen developments that, from time to time, adversely affect the financial health of different sectors of the economy.

There is no doubt that the agricultural sector has been going through some very hard times because of unanticipated weakness in farm product markets that will no longer support the built-in structure of high indebtedness. Many banks that have concentrated their lending in the farm area are thus encountering difficulty because of the inability of farmers to service their debts, and it may be that more will be driven to the point of bankruptcy. But, as I see it, the best way to deal with an erosion of capital is to obtain replacement funds from present or prospective bank owners. And when the bank's problems appear too severe and too fundamental to handle in this manner, the best solution is to seek mergers with other institutions that promise a larger, more stable, lending and deposit base. □

Statement by Emmett J. Rice, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on General Oversight and the Economy of the Committee on Small Business, U.S. House of Representatives, June 25, 1985.

I appreciate the opportunity to participate in this hearing on small business and monetary policy. It is appropriate that we examine these issues because small businesses are such an important part of our economic system. They account for the vast majority of the firms in this country, and they operate in every area of the economy. Much of the growth in employment and output in this country reflects the success of new and small, but growing, enterprises. Estimates from the Small Business Administration, for example, suggest that between 1982 and 1984 the percentage change in employment in industries dominated by smaller firms was twice that of industries dominated by larger firms. The vital role played by small businesses highlights the importance of ensuring a stable economic and financial environment in which these businesses can operate and expand.

The environment for business activity has improved appreciably in the past two years. The rapid and variable inflation of the late 1970s and the two recessions early in this decade—including the quite steep downturn in 1982—imposed hardships on all businesses. Small businesses, which tend to have fewer reserves for weathering adverse periods and frequently must rely on external credit sources, no doubt were hit particularly hard. But the environment today is much improved. Nineteen eighty-three and 1984 saw an unusually strong expansion in real activity; this growth was accompanied by a substantial moderation in inflationary pressures. Indeed, the inflation rate has remained at or below 4 percent over the past two years, and indicators show little evidence of price acceleration this year.

A vital element in the continuing growth of smaller businesses is adequate access to credit at affordable rates. In this respect, the prospects for small business financing have changed noticeably for the better. Short-term interest rates are at their lowest levels in five years, and the prime rate recently was lowered to 9½ percent. These favorable economic and financial developments are reflected in the attitudes of the owners of small businesses: surveys reveal that these owners are quite optimistic about future economic conditions, and this optimism is reflected in their plans for capital spending and employment in coming months.

Nonetheless, not all the problems of businesses have gone away. In particular, some sectors of the economy have not shared in the recovery, and small businesses operating in these areas have experienced some difficulties. The problems in agriculture are of concern, and they have created stresses for nonagricultural businesses in rural areas as well. Export industries and those industries subject to import competition have had difficulty competing with foreign goods as a result of the prolonged rise in the foreign exchange value of the dollar. This latter factor perhaps has had less influence on small businesses because a smaller proportion of them operate in the manufacturing sector, which has been markedly affected. Indeed, small businesses that import goods from abroad have benefited from the prevailing pattern of exchange rates and international trade. Nevertheless, the deterioration in our trade position has had a pervasive effect on all businesses through its broader macroeconomic implications. This deterioration has acted as a strong restraint on domestic production, damping growth in our economy. This weaker demand and lower growth than would otherwise have occurred have in turn contributed to financial stresses among some individual firms, whose earnings and cash flow have come under pressure.

As problems have persisted and accumulated in some sectors, failures and bankruptcies have resulted. An index of business failures has risen in recent months, and bankruptcy filings, typically a quite volatile series, have remained at a fairly high level. The data in these areas are very difficult to interpret, however. Changes in the bankruptcy laws in 1979—which make filing for bankruptcy an easier process—have made comparisons across different time periods difficult.

While the actual number and size of firms that are failing is difficult to ascertain, we are aware of, and concerned about, the trend shown by the available statistics. In part, the data may reflect the cumulative effect on small businesses of the stresses incurred in earlier years that perhaps were exacerbated by the recent slowing in economic activity. Another element may be related to the life cycle of new businesses. There has been a sizable increase in the number of new incorporations since 1982. Historically, about half of firm failures have occurred among enterprises that were five years old or less. Firms that opened in 1982 or 1983 only now may be feeling financial pressures as the resources of their owners are exhausted. The recent slowing in economic activity and the unwinding of pent-up demands likely also have exposed new firms to increasing competitive pressures.

These problems can be addressed by continuing to direct public policy toward a sustainable rate of growth in an environment of price stability. Such policies will have a salubrious effect on business of all sizes. In such an environment, financial uncertainties will be reduced for both borrowers and lenders, and credit needs can be more efficiently met. Past studies have suggested that small businesses have relatively limited access to equity capital and thus are heavily reliant on debt financing, particularly commercial bank loans, to meet their funding needs. Because of the structure of their balance sheets, interest on debt likely absorbs a relatively greater portion of cash flow than at larger firms. Both the cost and the availability of credit, therefore, are crucial issues for small business.

Despite some problems, financing opportunities of small businesses appear more positive than at any time in the last few years. First, as I noted earlier, market interest rates have declined substantially. In particular, the prime rate has declined about 350 basis points from its peak in 1984, and relative to 1982, the reductions are even more substantial. These changes in interest rates have translated into substantial cost reductions for small businesses.

Second, small businesses are less likely to be cut off from credit owing to disintermediation. In earlier periods, lending at banks, particularly at small banks, was constrained when they had difficulty attracting funds as a result of limitations on the interest rates that were payable on deposits. Small businesses often encountered trouble obtaining credit at any price under these circumstances. Deregulation of the rates that financial institutions can pay on most deposits lessens the likelihood of disintermediation during periods of high rates and should help assure adequate access to credit for small businesses. There will, of course, be periods when interest rates are high and credit is tight, but it does not seem likely that small businesses will be rationed out of the credit market in the future. Indeed, credit flows to small businesses have been strong recently. Growth in business loans at small banks, which make a very large share of their loans to small businesses, has equaled or exceeded that at large banks in the past two and one-half years.

Third, legislation and regulations also have been employed to increase the access of small businesses to credit. The Community Reinvestment Act encourages banks to meet the credit needs of their community, which encompasses their small business community. An institution's performance under the act is assessed during periodic bank examinations, and it is one of several factors that are considered by regulatory agencies when applications for mergers, acquisitions, or holding company formations are evaluated. Through this process, the Federal Reserve System encourages banks to be flexible in meeting the needs of small business.

Finally, sources of capital also have improved as small businesses have increased their presence in equity markets. Since 1983, almost 1,500 stock registrations have been recorded by firms making their first, or initial, public offering. Although this figure also includes larger firms, it indicates a market receptive to new offerings, which may ease the access to equity capital for smaller firms.

In my discussion this morning, I have focused upon aggregate trends in the small business sector. However, small businesses are a diverse group, and individual firms face a wide variety of needs about which it is difficult to generalize. Aggregate statistics thus may obscure some of the problems of which policymakers should be aware. To deal with this concern, the Federal Reserve recently established Advisory Councils to the Federal Reserve Banks composed primarily of representatives from small business and agriculture. Since the councils are based at the District Banks, a wide variety of geographic areas will be represented. These councils have been structured so that each one can best reflect the characteristics of the District. Each council will meet regularly with the President of its District Bank, and at least once a year, representatives of the councils will meet with the Board of Governors. We are hopeful that these councils will become effective channels of communication between the small business community and the Federal Reserve System.

In conclusion, there have been improvements in the environment in which small businesses operate during the past few years. Their cost of credit has declined and their access to credit has expanded. Legislation such as the Community Reinvestment Act and groups such as the Reserve Bank Advisory Councils will help us continue to monitor the needs of the small business community. Problems still remain, of course, but we must not forget that the most serious problem that small businesses have faced in this decade has been inflation and the resulting high interest rates. During periods of inflation, financing costs of small businesses increase rapidly, and profit margins are squeezed. Public policies that are oriented toward sustained growth but that do not sacrifice price stability are also policies that create an environment in which small businesses can flourish. □

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Telecommunications, Consumer Protection, and Finance of the Committee on Energy and Commerce, U.S. House of Representatives, June 26, 1985.

I appreciate this opportunity to present the views of the Federal Reserve on the regulation of the market for Treasury and federally sponsored agency securities. My remarks will be relatively brief because your subcommittee is already well informed about the developments that have prompted consideration of the need for formal regulation of these markets. By way of background, however, I should emphasize two points.

First, the problems that have arisen recently have not affected substantially the core of the government securities market—that is, the dealers accounting for the bulk of trading activities, engaging more or less continuously in market-making, and participating regularly in the distribution of new Treasury securities. Consequently, the market has continued to function with a high degree of efficiency and liquidity.

Second, the failure of some dealers operating at the periphery of the market, both in recent months and in earlier incidents, did have severe adverse repercussions for some customers. The insolvency of a number of thrift institutions was precipitated, while other institutions involved in financing or servicing the fringe dealers were placed in some jeopardy. In our highly interrelated and interdependent financial markets, these developments carried at least the seeds of more widespread systemic problems.

In reviewing these circumstances, we have concluded that the legislative authority providing for registration, appropriate recordkeeping, and inspection of those representing to deal in government and federally sponsored agency securities is desirable, and certain minimal regulatory authority should be provided with respect to certain trading practices. We also believe, however, that the legislation should be framed in such a manner as to avoid unnecessarily detailed and costly regulation and supervision—that the mandate given to the regulatory body (or bodies) should provide only limited powers directly related to the integrity of trading practices.

As you know, the Federal Reserve already exercises a degree of surveillance over the government securities markets as an integral part of our responsibilities for conducting open market operations, for monetary policy, and for acting as fiscal agent in the sale and transfer of Treasury and certain sponsored-agency debt. That surveillance activity has centered particularly on the so-called primary dealers—those dealers with whom we have (or are contemplating) a business relationship. It is aimed, in the first instance, at informing ourselves of the financial condition of our counterparties in transactions. That surveillance also encourages the maintenance of liquid markets for our open market operations and the Treasury's sales of securities.

Rather close surveillance of those with whom we deal—the 36 so-called primary dealers—is a natural outgrowth of our business relationship. It has appeared to work effectively, and is not dependent on legislation. In all the considerations of the need for legislation, the Federal Reserve, the Treasury, and the Securities and Exchange Commission (SEC), have assumed that this surveillance of the primary dealers by the Federal Reserve will be maintained in essentially the current mode.

While the primary dealers account for the bulk of dealer participation in the government and "agency" markets, the activities of others have apparently been expanding. In response, the Federal Reserve began to gather data, on a voluntary basis, from the dealers with whom we do not trade. We have taken other steps, such as suggesting guidelines for capital adequacy and educating investors and lenders in appropriate techniques, to protect the integrity of the marketplace.

However, developments also suggest the inherent limitations of such a voluntary approach. The Federal Reserve has no authority over the "fringe" dealers, cannot examine them, and does not have a business relationship with them. Under those conditions, a dealer wishing to avoid official scrutiny or surveillance can do so. Consequently, our present approach, for other than primary dealers, cannot be counted on to minimize fraudulent behavior or excessive risk-taking at the expense of third parties. Indeed, a purely voluntary surveillance program runs the risk of seeming to offer more assurance to customers of these dealers than, in fact, it can deliver—a position in which we do not wish to find ourselves.

The SEC has reviewed with you the steps taken by other regulatory and advisory bodies and investors to help further assure the integrity of the marketplace. These steps are constructive, and if maintained, will certainly help greatly to guard against a repetition of recent problems. We support those efforts.

At the same time, we recognize that, contrary to our own earlier expectations, this kind of market and regulatory response after previous problems materialized did not prove fully adequate. Nor can new legislative authorities or regulatory approaches provide assurance against all fraud, excessive risk, or new weaknesses in trading practices. Nonetheless, we now believe that the balance of consideration does point to a more formal process of registration, inspection, and regulation for all government securities dealers, provided such official intrusion is limited only to areas at the core of our concerns.

The potential costs of highly detailed and expansive regulations are real. We want to preserve the extraordinary liquidity and resiliency of the largest financial market in the world. Those characteristics help make Treasury securities a unique investment vehicle for both domestic and foreign holders, and an efficient market is essential both to the Treasury in selling its securities and to the Federal Reserve in conducting monetary policy. We want to preserve free entry and to avoid imposing heavy operating costs. Registration and rulemaking need not deal with the complexities of other markets involving many different issuers and less standard financing instruments.

In our view, any structure of regulation for the Treasury market should embody—and be confined to—three principal elements.

First, it should provide for registration of dealers and for authority to bar or limit the participation of those who, through violations of securities laws or otherwise, have clearly demonstrated that they should not be allowed to occupy a position of trust in the government securities markets. While a registration requirement can raise difficult issues, including the necessity to define a dealer, it is important that those who have been disciplined in other markets not be allowed to find refuge in trading government securities—the very securities that investors turn to for assurance of relative safety and liquidity.

Second, registration implies the need for certain minimum guidelines for recordkeeping and auditing so that continued adherence to the standards established for registered dealers can be monitored. To assure the accuracy of these reports and conformance to standards, legislation should include the authority to inspect registered dealers on a regular basis and when problems are suspected.

Finally, there should be some mechanism for writing and enforcing rules to foster the financial soundness of government securities dealers and to encourage, in a limited area, market practices consistent with the safety and the efficiency of the market. Obvious cases in point are guidelines with respect to capital and such practices as the collateralization of repurchase agreements (RPs). Legislation might permit regulation of certain other practices—such as appropriate margins or when-issued trading—if needed, but authority should be confined to areas that involve a direct threat to the integrity of the marketplace.

Inevitably, even such limited regulation as we would contemplate would entail some costs. There would be expenses arising directly out of the process of writing, enforcing, and complying with the regulations. These expenses would be borne by dealers and their customers in a manner that is not easily identified. But these administrative costs would appear to be quite modest, relative to the size of the market. *Provided the basic efficiency and liquidity of the market is not impaired,* interest costs should not be affected. It is concern over the latter possibility that militates against the degree of regulation that is characteristic of other securities markets. Within the limited framework proposed, regulation could reinforce the performance of, and confidence in, the market.

Failure to regulate may itself have costs. Savers and taxpayers in Ohio and Maryland can testify that difficulties in the government securities market can have costly repercussions beyond the parties directly involved in the securities transactions themselves. More generally, loss of confidence as a result of failures in sectors of the market could affect other soundly operated, capitalized, and financed dealers, and potentially affect trading conditions generally.

With respect to the specific structure of rulemaking and oversight, we believe that the approach of H.R. 2032 would point to overly detailed regulation. We have sympathy for the concept of using a self-regulatory organization (SRO) to write rules and of employing existing regulatory bodies or SROs to enforce them. However, we do not believe that the Municipal Securities Rulemaking Board (MSRB) provides an appropriate base for such an entity. Its traditions and methods of approach are inappropriate to the government securities market, and the grant of authority provided by H.R. 2032 is overly broad. We also question whether the SEC, acting alone, is the most suitable agency to exercise ultimate oversight authority over the market for Treasury and sponsored-agency securities.

There are large differences between the tax-exempt and the taxable government markets. The former deals with a multitude of issuers of varying credit quality; underwriting is usually done by syndicates of dealers with securities frequently awarded on a negotiated rather than a competitive bid basis, and a much higher proportion of final sales are made to relatively small individual investors. Those circumstances may well warrant a comprehensive set of regulations governing many aspects of dealer behavior, as the MSRB has issued. But those regulations, by and large, do not provide an appropriate starting point for regulating the government securities market, and would, in fact, impose unnecessary and excessive burdens. For example, in the context of the limited number of issuers and issues and the sophistication of customers in the Treasury and agency markets, detailed rules in such areas of MSRB concern as customer suitability, competitive practices, and dealer education, do not appear necessary. On the other hand, the MSRB has no experience in regulating RPs—a first priority of rulemaking in the Treasury market—since this form of financing is not so commonly used in the municipal market.

If an SRO were to be established as the appropriate rulemaking body for the government and agency securities markets, we believe that its responsibilities should be limited to those unique markets. Moreover, the Federal Reserve has a body of expertise and substantive concerns that, in our view, suggests more than a consultative role in overseeing an SRO. The interests of the Treasury and the SEC would also need to be taken into account.

Last week, Chairman Shad described to you a proposed regulatory structure emerging from discussions among the Federal Reserve, the Treasury, and the SEC. That approach provides an acceptable alternative framework to an SRO. The elements that we consider essential for legislation are included: registration; inspection; and provision for limited regulation of financial standards and key market practices. Properly implemented, the principal benefits of regulation could be captured at low cost.

Some legislative proposals would empower the Federal Reserve to inspect and to enforce regulations for primary dealers. We will, in any event, need to continue our surveillance of all primary dealers through the Federal Reserve Bank of New York, and I do not believe we need any new or special legislative base for that effort. We will continue to insist that primary dealers play an active role in Treasury financing operations and will continue to collect data from them that we need on a regular and frequent basis. And we would anticipate that they will continue to meet high financial standards, even beyond those required of other dealers.

In conclusion the Federal Reserve supports legislation providing for registration, inspection, and limited regulation of dealers in government and sponsored-agency securities. However, we share the concerns expressed by others that H.R. 2032, as drafted, does not provide an appropriate framework for such regulation.

We do find the joint Treasury–SEC–Federal Reserve plan acceptable for these purposes. We do not exclude the possibility that other regulatory structures—including an SRO rulemaking body—could work as well, or even better.

We would, of course, be glad to work further with the subcommittee in developing these concepts into appropriate legislation. □

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Economic Goals and Intergovernmental Policy of the Joint Economic Committee, June 27, 1985.

I appreciate the opportunity to appear before this committee to discuss issues involved in the budgetary treatment and procedures of the Federal Reserve System. Attached to my statement are several appendixes that discuss these questions more completely.[1]

The appropriate budgetary treatment of the Federal Reserve has been considered a number of times. Each time the Congress has examined the issue, it has concluded that the Federal Reserve's functional independence is inextricably intertwined with its budgetary independence. I believe that the ability of the Federal Reserve, as provided by the Congress, to conduct its monetary policy with relative freedom from day-to-day political pressure has served the nation well over the years. Maintaining the independence that is necessary to accomplish that objective should remain in the forefront of any consideration to change our budgetary treatment.

I realize that you are sensitive to those concerns. I understand that it is not your intent to propose that the Federal Reserve be subjected to the regular budget control processes of the administration or to congressional appropriations. Your concern, as I understand it, is to assure that adequate information is available to permit and encourage appropriate congressional review and public understanding of Federal Reserve spending.

In approaching that problem, we share the common ground that the Federal Reserve is accountable to the Congress, and through the Congress, ultimately to the American public, for its spending. The fact is that we do make available substantial and detailed information on our spending and on our operations. Budgets for both the Board of Governors and the Reserve Banks are discussed and approved in open meetings of the Board. I would submit that, in those respects, our accounts and budget process are already an "open book," as they should be.

Following my earlier discussions with you, I have reviewed this matter in detail. I would readily agree that the "open book" is hard to read—sometimes confusing and enormously complex. I believe there are changes that we can implement to make our budgets more conveniently accessible and more generally useful. For instance, with that objective in mind, this year's *Annual Report* of the Board of Governors of the Federal Reserve System to the Congress includes a chapter reviewing Federal Reserve spending over the past 10 years and our budgets for 1985.[2] We intend to present similar information in each *Annual Report* in the future.

The burden of my comments this morning is that the legitimate objectives of disclosure and of public accountability can be best achieved by retaining independent budgetary reporting for the Federal Reserve, with our net earnings, as at present, reflected in the regular budget document. Integrating Federal Reserve expenditures into the federal budget, contrary to our entire history and earlier congressional decisions, would, I fear, be interpreted as a clear step toward Executive influence and control over the central bank. I am convinced that, in the end, the effect would be to make our operations less intelligible and "transparent" rather than more. At the same time I believe we can better achieve your objectives by working with the Congress to improve procedures for reporting and oversight.

The Federal Reserve as a Self-Funding Central Bank

The Congress established a central bank for the United States much later in the nation's history than has been the case in most other industrialized countries. To a considerable extent this reflected long and strongly felt concerns about the concentration of economic power. At the same time, the Congress clearly wished to insulate the Federal Reserve from partisan politics. These concerns led to the creation of a regional

1. The attachments to this statement are available on request from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

2. "Expenses, Employment, and Productivity," Board of Governors of the Federal Reserve System, *71st Annual Report, 1984* (1985), pp. 201–10.

system, with operational responsibilities diffused among 12 Reserve Banks, each with its own board of directors and with the entire system supervised by the Board of Governors in Washington. In that connection, the Congress plainly understood that the ability to make considered monetary judgments, independent of day-to-day pressures of the political arena, required freedom from outside fiscal control. These concerns were also evident in the important revisions of the Federal Reserve Act in 1935, which cast the System in essentially the form it has today.

The desirability of independent funding of the Federal Reserve and freedom from potential domination by the executive branch has been reaffirmed each time questions have been raised. And it has not been a partisan or a parochial position. For instance, in 1975 six former Secretaries of the Treasury, in a letter to Senator Proxmire, stressed how important they felt it was that the Federal Reserve retain its status as a nonappropriated agency in these words:

> We all feel that the Congressional reasoning of 60 years ago which purposely insulated the Federal Reserve from immediate political pressures is even more valid today. It is probably more difficult today than 60 years ago for the Congress to take a long view that may well appear to conflict with immediate problems. And yet, this is precisely what the Federal Reserve must do each day and why we feel that its independence must be preserved.
>
> We all agree from a combined total of many years of experience in government that the independence of the Federal Reserve would inexorably be eroded by the appropriations process exposing our country to great potential danger.[3]

I should also point out that the budgetary status of the Federal Reserve is hardly unique: it is indeed the norm for central banks around the world. For instance, whatever other arrangements surround their functional independence, all the central banks of the G-10 countries finance their expenditures out of their own income. Typically, they return all or major parts of their income in excess of expenses to the national treasury, as is the case in the United States, but in no instance is a budget statement for the central bank included in the budget for the central government. That approach by other major industrialized countries reflects widely held concerns about assuring operational autonomy for central banks.

I recognize and appreciate that the stated aim of H.R. 1659 is not to disturb the present method of funding or expense control by the Federal Reserve, much less to change the status of the System within government. My concern, nonetheless, is that the proposed inclusion of Federal Reserve expenditures within the Executive's budget document could be the first step down a slippery slope, encouraging those who clearly would wish to impair our functional independence by bringing the System more fully into the budgetary and appropriations process or otherwise.

Federal Reserve System Budget

The objective specifically sought by H.R. 1659 can, in my judgment, be reached more effectively and more cheaply by other approaches that are consistent with present procedures and budgetary treatment. To help place this issue in context, I would like to summarize the existing budget process and results.

The Process

The Federal Reserve has an intensive budget planning and control process for both the Reserve Banks and for the Board of Governors. That process reflects throughout strong concern with both economy and efficiency.

Initial general guidelines for System spending are approved by the Board of Governors on the basis of analyses and projections of expected work loads, trends in prices and wages, and productivity gains in each area of Federal Reserve responsibility. Within each of the Reserve Banks, directors drawn from the private sector participate in the budgetary process, bringing to bear a great deal of business experience. They must approve the budgets of their banks.

I would emphasize too that more than 40 percent of Reserve Bank budgets represent expenditures for "priced services." As a matter of

3. *Federal Reserve Reform and Audit*. Hearings before the Senate Committee on Banking, Housing and Urban Affairs, on S. 2285 and S. 2509, 94 Cong. 1 Sess. (Government Printing Office, 1976), p. 140.

law and principle, these services must meet a market test in that all expenses, including overhead and the imputed cost of capital and taxes, are covered by charges.

As a last step, budgets for both the Reserve Banks and for the operations of the Federal Reserve Board are presented to the Board of Governors for its review and approval at meetings that are open to the public.

The Results

In the end, the effectiveness of the process must be measured by results. In the 10-year period from 1974 to 1984 Federal Reserve spending has increased at an average annual rate of about 0.7 percent in constant dollars. In the same period, total System employment has fallen about 13 percent, from roughly 28,000 to 24,000. Over the same decade, the principal measures of operational work load have increased 50 to almost 400 percent. The long-term decline in Federal Reserve employment in the face of persistent increases in output reflects, in large measure, persistent efforts to improve productivity in the operating functions of the Federal Reserve Banks.

For 1985 the Federal Reserve Banks and the Board of Governors have budgeted total operating expenditures of approximately \$1.2 billion.[4] Of this amount, some \$900 million reflects operational services to financial institutions, the public, the Treasury, and government agencies, most of which is recovered by charges or reimbursements. Overall, this amount will represent an increase of about 5 percent, in nominal terms, over the 1984 spending level.

As I have indicated, under the provisions of the Monetary Control Act, the System must recover the full cost of most services, including an adjustment for imputed taxes and the cost of capital, that it makes available to depository institutions. In this area—clearing checks, providing wire transfers, and other payment services—the Federal Reserve has to compete effectively in terms of price and quality with other actual and potential suppliers of such services. In 1984 the Federal Reserve met this test and recovered the full cost of priced services.

As fiscal agent for the U.S. government, the Federal Reserve is responsible for issuing and redeeming a variety of Treasury and other government debt instruments ranging from savings bonds and food stamps to large-denomination Treasury bills, notes, and bonds. We are reimbursed in whole or in part for these services by other agencies, bringing our receipts for services to more than \$600 million this year, about half the total expected Federal Reserve expenditures budgeted for 1985.

While this may not be the time or place to review the spending record in great detail, I have attached relevant material and would, of course, be glad to respond to any questions you may have. But I do want to affirm that I believe that further analysis will confirm a disciplined budgetary process and a consistent pattern of economy and efficiency in our actual spending. Indeed I am not aware that our record in these respects has been challenged in any material before the committee.

INFORMATION NOW PUBLICLY AVAILABLE ON FEDERAL RESERVE SPENDING

The Federal Reserve now makes available detailed information on its spending. Much of this data is drawn directly from the Federal Reserve's accounting and management information system (Planning and Control System, or "PACS") used for internal control. That system contains data on spending by every Reserve Bank and branch office by service and subservice line and by object of expenditure (that is, salaries, materials and supplies, equipment, travel, and others). All in all, the PACS reports provide data on 96 services and subservices by 71 detailed objects of expenditure, and on measures of productivity and service quality. These data are publicly available on a quarterly basis with a six-week time lag, and I know of no other governmental body that provides publicly so much detail about its spending and productivity so promptly.

PACS information by its nature is retrospec-

4. This amount does not include another \$175 million, which will be paid to the Bureau of Engraving and Printing for Federal Reserve notes to be distributed to the public. This sum is not usually included in analyses of Federal Reserve spending because it represents simply the cost of providing currency.

tive. However, the Federal Reserve also makes available late in each year information in the form of tables and analyses of anticipated expenditures for the forthcoming year. These tables and analyses are released to the public before the open Board meetings at which spending levels for the Board and the Reserve Banks are set.

Whether we have provided all available information in as readily convenient a form as possible is another question. I believe improvements can be made. We are working to that end.

DIFFICULTIES WITH THE APPROACH OF H.R. 1659

Our Federal Reserve budgeting generally follows business accounting principles, including depreciation of capital assets. The budgets are on a calendar-year basis, and we do not regularly make multiyear expenditure forecasts.

H.R. 1659 would require changes in that approach. All budget information would be provided in the same format and with the same accounting conventions as used for "on budget" agencies. The data would then be included in the federal budget documents although without provisions for executive branch review or for congressional appropriations.

Technical issues, as well as fundamental philosophical concerns, would need to be resolved before such an approach could be adopted. And, I do not believe that the results would effectively achieve the limited aims sought—that is, improved understanding and review of our expenditures by the Congress or by the public.

The technical concerns are threefold: first, problems arising from differences in the accounting procedures used by the Federal Reserve and those employed by budgeted agencies; second, the cost that would be associated with the necessity of maintaining a dual accounting system; and third, the difficulties of meaningfully forecasting Federal Reserve earnings several years ahead.

With respect to accounting conventions, the Federal Reserve is a "business-like" organization that basically keeps its books as would a private concern—that is, using generally accepted accounting principles (GAAP). The primary difference in approach from federal budget concepts is that the Federal Reserve capitalizes and depreciates major assets rather than expensing them in the year that they are acquired.[5] Indeed, we could not sensibly price our services on any other basis, given that the production of these services is highly capital intensive and that our prices, by law, must be set in a manner that is consistent with methods used by private-sector providers. Specifically, expensing computers and other equipment in the year acquired—rather than following GAAP—would result in widely fluctuating prices for Federal Reserve services, rendering the pricing approach stipulated by the Monetary Control Act practically impossible. More generally, from the standpoint of budgetary management of both the Board of Governors and the various Federal Reserve Banks—and the comprehensibility of those budgets to the public—GAAP accounting seems more sensible.

The problems implicit in federal budgetary treatment could be overcome only by maintaining dual accounting systems, which would involve some sizable developmental and maintenance costs if done with precision. And two parallel accounting systems are more likely to contribute to confusion than to clarity.

H.R. 1659 also would require the Federal Reserve to forecast our revenues. The great bulk of the Federal Reserve's earnings are a by-product of the implementation of monetary policy. Earnings on our portfolio of securities account for more than 95 percent of Federal Reserve receipts and reflect mostly the amount of currency outstanding, congressional and Federal Reserve decisions as to the level of reserve requirements, and decisions on open market operations and on the level of interest rates. Meaningful forecasts of those variables are simply not feasible and would be liable to gross misinterpretation if considered indicative of future monetary policy. I would also point out that

5. The GAAP approach used by the Federal Reserve is particularly recommended by the accounting profession for organizations that must cost and price products. See U.S. General Accounting Office, *An Examination of Concerns Expressed about the Federal Reserve's Pricing of Check Clearing Activities*, Report to the Chairman, Senate Committee on Banking, Housing, and Urban Affairs, by the Comptroller General of the United States, January 14, 1985. GAO/GGD-85-9; and Arthur Andersen & Co., *Federal Reserve System: Report on Priced Services Activities* (Arthur Andersen, forthcoming, 1985).

forecasts of costs and receipts in the priced services area would also be subject to market uncertainties and necessarily would be somewhat speculative.

POLICY CONCERNS

My greatest concerns about the approach proposed in H.R. 1659 transcend these technical considerations.

We plainly have the obligation to report to the Congress fully on our policies and operations. My sense is that the arrangements for such reporting have, in most respects, worked relatively well over the years. As you know, as a matter of law, I testify four times each year before the Congress on the general conduct of monetary policy. Altogether, other Governors, Federal Reserve officials, and myself appeared formally before the Congress on 34 occasions last year, and 34 times so far in 1985, testifying on a variety of subjects.

The question raised is whether, in this testimony, in other reports, or otherwise, there is enough focus on our "housekeeping" responsibilities—running an economical, cost-effective operation. Appropriate congressional oversight of Federal Reserve spending can, and should, contribute to that process. I believe this oversight can be done in a manner that does not raise questions about the independence of our budgetary processes and that contributes to public understanding.

To those ends, I would suggest the following:

1. Within the Federal Reserve, we take steps to assure that the mass of information now available in several documents about our spending and budgetary process be presented at times and in a manner more accessible to public and congressional oversight. We are taking steps in that direction and would welcome further suggestions that you may have.

2. We retain our present accounting format, using GAAP concepts rather than shifting to the federal budget accounting conventions. My strong belief is that Federal Reserve spending is likely to receive more, and better informed, congressional and public scrutiny as part of a separate report consistent with GAAP accounting.

The net fiscal impact of Federal Reserve operations is already fully and accurately reported in the budget. Forcing the full array of supporting material into the dark recesses and precise format of a budget presentation developed for quite different purposes—a presentation that already runs to thousands of pages—could hardly be a service to public understanding. It would, I suspect, become just another hard-to-understand "special analysis," alongside a number of others that are virtually incomprehensible to those who are untutored in the intricacies of budget accounting for government or for government-sponsored enterprises.

3. Finally, the appropriate oversight committees in the House and in the Senate might wish to resume a practice, followed for some years in the Senate, of annual hearings directed specifically toward the Federal Reserve budget and internal management. I believe that we, as an organization, benefited from that procedure in the past and would be glad to cooperate in the future.

In closing, I appreciate the careful way in which you have undertaken a reexamination of these questions. Our goals are congruent: to achieve effective cost containment and appropriate accountability. I believe those aims can be accomplished in ways that are fully consistent with our traditional role in government and without raising unintended questions about whether the conduct of monetary policy will continue to be free from partisan and passing political pressures. □

Announcements

NOMINATIONS OF MEMBERS FOR CONSUMER ADVISORY COUNCIL

The Federal Reserve has announced that it is seeking nominations of qualified individuals for 11 appointments to its Consumer Advisory Council, to replace members whose terms expire on December 31, 1985.

The Consumer Advisory Council was established by the Congress in 1976 at the suggestion of the Board, to advise the Board on the exercise of its duties under the Consumer Credit Protection Act and on other consumer-related matters. The council meets three times a year.

Nominations should include the name, address, and telephone number of the nominee. Also, information about past and present positions held, special knowledge, and interests or experience related to consumer credit or other consumer financial services should be included.

Nominations should be submitted in writing to Dolores S. Smith, Assistant Director, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

STATEMENT ON ACTIVITIES OF BANKERS TRUST COMPANY

The Federal Reserve Board has issued a statement on the commercial paper activities of Bankers Trust Company of New York. The Board decided that these activities, as described in the statement, do not constitute selling, underwriting, or distributing securities within the meaning of the Glass–Steagall Act.

The Board's findings were contained in a statement that was filed on June 4, 1985, with the U.S. District Court for the District of Columbia. In a June 1984 decision, *Securities Industry Association* v. *Board of Governors (Bankers Trust),* the Supreme Court ruled that the commercial paper that Bankers Trust places with investors on behalf of issuers unrelated to the bank is a security for purposes of the Glass–Steagall Act, which generally prohibits banks from underwriting or dealing in securities.

The Court, however, expressed no opinion as to whether the bank's method of placing the commercial paper constituted "selling," "underwriting," or "distributing" within the meaning of the act. This issue was subsequently remanded to the Board for resolution.

In the statement detailing its decision, the Board said the following:

> After reviewing all of the relevant facts of record, the Board concludes that Bankers Trust's placement of commercial paper as described in this Statement does not constitute the "selling," "underwriting," or "distributing," of commercial paper securities for purposes of the Act.

FINANCIAL RESULTS REPORTED FOR PRICED SERVICE OPERATIONS

The Federal Reserve Board on June 5, 1985, reported financial results of Federal Reserve priced service operations for the quarter ended March 31, 1985.

The Board issues a report on priced services annually and a priced service balance sheet and income statement quarterly. The financial statements 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.

AMENDMENT TO REGULATION G

The Federal Reserve Board has amended its Regulation G (Securities Credit by Persons Other than Banks, Brokers, or Dealers) to permit persons other than banks, brokers, or dealers to extend credit to trusts for employee stock option plans (ESOPs). The amendment will permit savings and loan associations, insurance companies, and finance companies to extend credit on margin stocks on the same basis as banks. The change became effective July 22, 1985.

AMENDMENTS TO REGULATION T

The Board has amended its Regulation T (Credit by Brokers and Dealers) to permit broker–dealers to extend and to arrange credit for employee stock ownership plans (ESOPs). The change became effective July 22, 1985.

The Board also adopted an amendment to Regulation T that changes the initial margin requirements for the writing of options on equity securities. The amendment will permit a uniform, premium-based system of margin requirements for all types of option contracts. This system will incorporate the maintenance margin required by the national securities exchanges or associations under rules approved by the Securities and Exchange Commission. This action is intended to reduce computer programming requirements for the brokerage industry because it will use one basic program for all types of options.

This amendment becomes effective September 30, 1985.

PROPOSED ACTION

The Federal Reserve Board has requested public comment by July 22, 1985, on applications by Bankers Trust New York Corporation and J.P. Morgan & Co. Incorporated to engage in commercial paper advisory and placement activities consisting of acting as agent for issuers in connection with the placement of such notes with institutional investors.

SYSTEM MEMBERSHIP: ADMISSION OF STATE BANKS

The following banks were admitted to membership in the Federal Reserve System during the period June 1 through June 30, 1985.

Florida
Boynton Beach .... Carney Bank
Boynton Beach .... Prime Bank
Ohio
Mentor .... Chase Bank of Ohio
Pennsylvania
Camp Hill .... Commerce Bank Harrisburg
Texas
Euless .... Landmark Bank Mid Cities

Legal Developments

AMENDMENTS TO REGULATIONS G AND T

The Board of Governors has amended its Regulation G, Securities Credit By Persons Other Than Banks, Brokers, or Dealers to permit non-bank, non-broker lenders to extend credit to trust for employee stock option plans (ESOPs) qualified under section 401 of the Internal Revenue Code without regard to the credit limitations normally applicable under Regulation G.

Effective July 22, 1985, the Board amends 12 C.F.R. Part 207 in the following manner:

Part 207—Securities Credit by Persons Other Than Banks, Brokers or Dealers

1. The authority citation for 12 C.F.R. 207 continues to read as follows:

Authority: Sections 3, 7, 8, 17, and 23 of The Securities Exchange Act of 1934, as amended (15 U.S.C. 78c, 78g, 78q, and 78w).

2. Section 207.5 is amended by revising the heading and adding a new paragraph (c) as follows:

Section 207.5—Employee Stock Option, Purchase and Ownership Plans

* * * * *

(c) *Credit to ESOPs*
A lender may extend and maintain purpose credit without regard to the provisions of this part, except for §§ 207.3(a) and 207.3(o), if such credit is extended to an employee stock ownership plan (ESOP) qualified under section 401 of the Internal Revenue Code as amended (26 U.S.C. 401).

AMENDMENTS TO REGULATION T

The Board of Governors is amending its Regulation T—Credit by Brokers and Dealers, in order to continue the Board's present policy of requiring an initial margin for the writing of options that is identical to the maintenance margin required by exchange or association rules that have been approved by the Securities and Exchange Commission ("SEC").

Effective September 30, 1985, the Board amends 12 C.F.R. Part 220 as set forth below:

Part 220—Credit by Brokers and Dealers

1. The authority citation for 12 C.F.R. Part 220 is revised to read as follows:

Authority: Sections 3, 7, 8, 17, and 23, of The Securities Exchange Act of 1934, as amended (15 U.S.C. 78c, 78g, 78h, 78q, and 78w).

2. Section 220.5(c)(2) is revised to read as set forth below:

Section 220.5—Margin Account Exceptions and Special Provisions

* * * * *

(c) ***

(2) *Margin for options on equity securities.* The required margin for each transaction involving any short put or short call on an equity security shall be the amount set forth in § 220.18 (the Supplement).

* * * * *

3. Section 220.18 is revised to read as follows:

Section 220.18—Supplement: Margin Requirements

The required margin for each security position held in a margin account shall be as follows:

(a) Margin equity security, except for an exempted security or a long position in an option: 50 per cent of the current market value of the security.

(b) Exempted security, registered nonconvertible debt security or OTC margin bond: The margin required by the creditor in good faith.

(c) Short sale of nonexempted security: 150 per cent of the current market value of the security, or 100 per cent of the current market value if a security exchangeable or convertible within 90 calendar days without restriction other than the payment of money into the security sold short is held in the account.

(d) Short sale of an exempted security: 100 per cent of the current market value of the security plus the margin required by the creditor in good faith.
(e) Nonmargin, nonexempted security for a long position in any option: 100 per cent of the current market value.
(f) Short put or short call on a security, certificate of deposit, securities index or foreign currency:
(1) In the case of puts and calls issued by a registered clearing corporation and listed or traded on a registered national securities exchange or a registered securities association, the amount, or other position (except in the case of an option on an equity security), specified by the rules of the registered national securities exchange or the registered securities association authorized to trade the option, provided that all such rules have been approved or amended by the SEC; or
(2) In the case of all other puts and calls, the amount, or other position (except in the case of an option on an equity security), specified by the maintenance rules of the creditor's self-regulatory organization.

AMENDMENTS TO REGULATION T

The Board of Governors is amending Regulation T to permit broker-dealers to extend and to arrange credit for employee stock ownership plans qualified under section 401 of the Internal Revenue Code.

Effective July 22, 1985, the Board amends 12 C.F.R. Part 220 as set forth below:
1. The authority citation for 12 C.F.R. Part 220 is revised to read as follows:

Authority: Sections 3, 7, 8, 17, and 23, of The Securities Exchange Act of 1934, as amended (15 U.S.C. 78c, 78g, 78h, 78q, and 78w).

2. Section 220.9 is amended by revising the heading and by adding a new paragraph (a)(4) as set forth below:

Section 220.9—Nonsecurities Credit and Employee Stock Ownership Account

(a) ***
(4) Extend and maintain credit to employee stock ownership plans without regard to the other sections of this part.

* * * * *

ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT, BANK MERGER ACT, BANK SERVICE CORPORATION ACT, AND FEDERAL RESERVE ACT

Orders Issued Under Section 3 of Bank Holding Company Act

Banco del Pacifico Guayaquil, Ecuador

Banco del Pacifico (Panama), S.A. Panama, Panama

Order Approving the Formation of Bank Holding Companies

Banco del Pacifico, Guayaquil, Ecuador ("Banco Pacifico"), and Banco del Pacifico (Panama), S.A., Panama, Panama ("Banco (Panama)"), have applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) to become bank holding companies by acquiring the voting shares of Pacific National Bank, Miami, Florida ("Bank"), a proposed new 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 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)).

Banco Pacifico, with total assets of $821 million, is the largest privately owned commercial banking organization in Ecuador and provides a broad range of commercial banking services in Ecuador.[1] Banco Pacifico owns all of the voting shares of Banco (Panama), which has total assets of $166 million. Bank is a *de novo* bank that will operate in the Miami, Florida banking market.[2] In view of the *de novo* status of Bank, and based upon the facts of record, the Board concludes that consummation of the proposed transactions would have no adverse effects on existing or potential competition and would not increase the concentration of resources in any relevant area. Therefore, competitive considerations are consistent with approval of the applications.

The financial and managerial resources of Applicants and Bank are considered generally satisfactory

1. Unless otherwise noted, all banking data are as of December 31, 1984.
2. The greater Miami banking market is approximated by all of Dade and Broward Counties, Florida.

and their future prospects appear to be favorable. Thus, considerations relating to banking factors are consistent with approval. Considerations relating to the convenience and needs of the community to be served are also consistent with approval. Accordingly, the Board has determined that consummation of the transactions would be in the public interest and that the applications should be approved.

On the basis of the record, the applications are approved for the reasons summarized above. The transactions shall 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 Atlanta, pursuant to delegated authority.

By order of the Board of Governors, effective June 3, 1985.

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

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

The Chase Manhattan Corporation New York, New York

Order Approving Acquisition of Bank

The Chase Manhattan Corporation, New York, New York, a bank holding company within the meaning of the Bank Holding Company Act (the "BHC Act" or "Act"), has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) and under section 225.14 of the Board's Regulation Y (12 C.F.R. § 225.14) to acquire all of the voting securities of Chase Bank of Ohio ("Bank"), Mentor, Ohio, a newly chartered state bank. Bank will be the successor by merger to Chase Savings Bank of Ohio ("Chase Savings"), Mentor, Ohio; Chase Savings Bank (Federated) of Ohio ("Federated"), Cincinnati, Ohio; and the following state chartered savings and loan associations formerly privately insured by the Ohio Deposit Guaranty Fund ("ODGF"): The American Savings and Loan Company ("American") and The Tri-State Savings & Loan Association ("Tri-State"), both located in Cincinnati, Ohio; and Investor Savings Bank ("Investor") and First State Savings and Loan Association ("First State"), both located in Columbus, Ohio.

Applicant proposes to acquire Bank, a commercial bank to be chartered by the State of Ohio, pursuant to recently enacted emergency legislation, Ohio Am. Sub. H.B. No. 492 (May 21, 1985) ("the Ohio Act"). Upon consummation of the acquisition, Bank will operate approximately 22 commercial bank branches in the greater Cincinnati, Columbus, and Cleveland, Ohio areas.[1]

The establishment of Bank and its acquisition by Applicant is a significant component of the solution to the financial crisis involving savings and loan associations in Ohio that has now extended for over two months. As the Board previously has noted,[2] a number of Ohio savings and loan associations that are members of the ODGF experienced substantial deposit withdrawals after the announcement of the closing of Home State Savings Bank, Cincinnati, Ohio. On March 15, 1985, the Governor of Ohio declared an emergency bank holiday closing all Ohio savings and loan associations insured by the ODGF, which action immobilized the funds of over 500,000 depositors in institutions with assets in excess of $5.5 billion. The Ohio legislature passed emergency legislation on March 19, 1985, providing that the closed Ohio savings and loan associations, including all of the savings banks and savings and loan associations that are the subject of this application, could reopen only for the purpose of permitting limited withdrawals and other depositor transactions, unless they obtained FSLIC or FDIC deposit insurance, or the Ohio Superintendent of Savings and Loan Associations determined that they could qualify for federal deposit insurance, or otherwise finds that the interests of depositors will not be jeopardized by the reopening.[3]

On April 19, 1985, the Board approved, with the concurrence and at the urging of the Ohio Superintendent of Savings and Loan Associations, Applicant's acquisitions of Chase Savings and Federated, which have continued to operate as state chartered thrift institutions. The Board acted on those applications pursuant to the emergency thrift acquisition provisions of section 8 of the Act.

On May 21, 1985, the Ohio legislature passed the emergency legislation upon which the subject applica-

1. Applicant anticipates that its acquisition of Bank will proceed in the following sequence: Applicant will first purchase American. Applicant will contribute cash to American to enable it to purchase the shares of Tri-State, Investor, and First State. Applicant will then contribute to American the shares of Federated and Chase Savings, which it previously acquired with Board approval under section 4 of the Act. *The Chase Manhattan Corporation*, 71 FEDERAL RESERVE BULLETIN 462 (1985). The five S&Ls will then be merged into American, which in turn will be converted simultaneously into a commercial bank with its head office located in Mentor, Ohio.

2. *See e.g., F.N.B. Corporation*, 71 FEDERAL RESERVE BULLETIN 340 (1985) Chase Manhattan Corporation, *supra*.

3. Ohio Am. Sub. S.B. No. 119 § 8 (March 19, 1985).

tion is predicated in part to allow consummation of the transaction proposed in the application. Specifically, the Ohio Act authorizes the Superintendent of Banks to approve the organization and acquisition by a bank holding company located outside of Ohio of a bank in Ohio that results from the conversion of, or the assumption of all or a significant portion of the deposit liabilities of, one or more savings and loan associations under certain specified conditions. The Ohio Act provides that such an acquisition of a bank by a non-Ohio bank holding company is authorized by the laws of the State of Ohio for purposes of the Douglas Amendment to the BHC Act and limits such acquisitions to two out-of-state bank holding companies.

By letters dated May 20 and 22, 1985, the Ohio Superintendent of Savings and Loan Associations and the Ohio Superintendent of Banks requested that the Board approve the application and that the Board act expeditiously in this matter under the emergency procedures of the Act. The Ohio supervisory officials advised the Board that an emergency situation exists in the State of Ohio with respect to savings and loan associations insured by ODGF, which has impaired the credit of citizens of Ohio. They have further stated that a number of the institutions to be acquired by Bank, and the group in the aggregate, have no foreseeable ability to open or remain open without the assistance or continuing assistance of Applicant.

The record shows that American, Tri-State, Investor and First State experienced severe financial difficulties during the period following the closing of Home State Savings Bank. All continue to experience net deposit outflows. The write-off of the required contributions to ODGF of these institutions would reduce their net worth below the levels required by all federal and state regulatory authorities and would not be sufficient to allow the institutions to operate independently on a full-service basis. Indeed, several of these institutions would have a negative net worth. Three of the institutions, Tri-State, Investor, and American, were permitted to reopen on a full service basis only after Applicant had executed written agreements for their acquisition. First State opened on a full service basis on April 25, 1985, and experienced severe deposit outflows.

In similar fashion, at the time Federated was acquired by Applicant, Federated had not been authorized by the Ohio Superintendent of Savings and Loan Associations to reopen except for the purpose of permitting limited withdrawals by its depositors. The Superintendent permitted Mentor (now Chase Savings) to reopen on a full service basis only after determining that Mentor should qualify for FSLIC insurance as a result of a $4.0 million deposit provided by Applicant to Mentor; Mentor would not have been permitted to remain open if Applicant's deposit were withdrawn. Without capital assistance from Applicant, Mentor and Federated also would not have had an adequate capital position after the write-off of their required contributions to ODGF.

In view of these and the other facts of record, the Board believes that an emergency exists that requires expeditious action under section 3(b) of the Act and section 225.14(b)(2) of the Board's Regulation Y (12 C.F.R. § 225.14(b)(2)). Accordingly, the Board has determined that it is appropriate in these cases to shorten the period for interested persons to submit comments regarding these applications. In this regard, the Board promptly published notice of the application in the *Federal Register* (50 *Federal Register* 21,507 (1985)) and in newspapers of general circulation in Cincinnati, Columbus, and Cleveland, providing for a period of public comment on the application. 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).[4]

Applicant, with total assets of $86.9 billion, controls three bank subsidiaries, including The Chase Manhattan Bank, N.A., New York, New York, and is the second largest commercial banking organization in New York State.[5] Applicant operates in Ohio a commercial finance subsidiary, Chase Commercial Corporation, and an economic forecasting and data processing subsidiary, Chase Econometrics/Inter Active Data Corporation. As noted, Chase controls two thrift institutions in Ohio which are to be merged into Bank: Chase Savings, which controls $107.4 million in assets and operates in the Cleveland, Ohio banking market and Federated, which operates in the Cincinnati banking market and controls $53.2 million in assets.

Federated (assets of $53.2 million), American (assets of $54 million) and Tri-State (assets of $45 million) all compete in the Cincinnati, Ohio banking market. Investor (assets of $90 million) and First State (assets of $94 million) compete directly in the Columbus banking market. In view of the relatively small market shares of these institutions, and the fact that Chase's remaining bank subsidiaries operate in separate banking markets, the Board concludes that consummation of the proposed acquisition would not have a significant adverse effect on existing competition in any relevant market. In view of the relatively small sizes of the institutions involved and the number of potential

4. In this regard, one commenter has requested the Board "to condition the approval to acquire shares of an Ohio commercial bank by Chase upon the passage by the Ohio legislature or Congress of interstate banking legislation." The Ohio legislature, however, has specifically authorized this transaction under the terms and conditions it deemed appropriate, and is separately considering interstate banking legislation. Accordingly, the Board has determined not to impose such a condition.

5. All financial data are as of December 31, 1984.

entrants into the relevant markets, the Board finds that these acquisitions would not have any significant adverse effect on potential competition in any relevant market.

The financial and managerial resources and future prospects of Applicant and Bank are satisfactory and consistent with approval of this application. While the Board would normally consider as an adverse factor any significant dilution of capital or increase in leverage by a bank holding company in connection with a proposed acquisition, the Board notes that the proposed acquisitions have a *de minimis* impact on the capital and leverage positions of Applicant.

Consummation of Applicant's proposal will provide adequate capitalization and continuing financial support to the successor to the six thrift institutions involved in the application. At consummation, Applicant will inject $30 million in new capital into Bank. Bank thereafter will have an initial level of primary capital in excess of the minimum standards set forth in the Board's Capital Adequacy Guidelines. This will ensure that the service provided by the six thrift institutions to the convenience and needs of their relevant communities will resume or continue. Accordingly, the Board concludes that convenience and need factors lend substantial weight to approval of this application and that approval of the proposed transaction would be in the public interest.

Section 3(d) of the Act prohibits a bank holding company from acquiring a bank outside of the bank holding company's home state unless the statute laws of the state where the target bank is located specifically authorize such an acquisition.[6] The recently enacted section 1155.45(I) of Title XI of the Ohio Revised Code provides specific statutory authorization for Chase's proposed acquisition of Bank. Accordingly, the instant proposal would not violate the Douglas Amendment to the BHC Act.[7]

Applicant has also applied for approval under section 9 of the Federal Reserve Act, 12 U.S.C. § 321 *et seq.*, and section 208.4 of Regulation H, 12 C.F.R. § 208.4, for Bank to become a member of the Federal Reserve System upon consummation of these acquisitions. Bank appears to meet all the criteria for admission of membership, including capital requirements and considerations related to management character and quality. Accordingly, Bank's membership application is approved.[8]

In connection with Bank's membership application, Applicant's audits of the institutions to be acquired have revealed assets which may not be eligible for ownership by a state member bank. Applicant has requested a two-year period to divest any nonconforming assets. In view of the emergency nature of these acquisitions and the public benefits associated with this proposal, the Board believes that a two-year divestiture period is reasonable and appropriate in this instance. Accordingly, Applicant's request is granted.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be consummated before the fifth 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 New York pursuant to delegated authority.

By order of the Board of Governors, effective June 3, 1985.

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

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

First Atlanta Corporation
Atlanta, Georgia

Order Approving the Merger of Bank Holding Companies

First Atlanta Corporation, Atlanta, Georgia, 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 First Gwinnett Bancshares, Inc., Lawrenceville, Georgia ("First Gwinnett"), and thereby acquire its subsidiary bank, First National Bank of Gwinnett County.

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 re-

6. 12 U.S.C. § 1842(d). The home state of the acquiring holding company is defined for Douglas Amendment purposes as the state in which the operations of the bank holding company's banking subsidiaries were principally conducted on the later of July 1, 1966, or the date on which the company became a bank holding company. *Id.*

7. In this regard, the Board has considered that the Ohio statute involved in this case is similar in effect to statutes in other states that contain limited authorizations for acquisitions of depository institutions in those states by out-of-state bank holding companies in emergency situations. The Board also notes that the statute does not discriminate against out-of-state bank holding companies on the basis of location.

8. In view of the facts of record and at the request of the Ohio Superintendent of Banks, the Board has determined that an emergency exists requiring expeditious action on the membership application. Accordingly, the Board hereby waives the notice and other procedural requirements for membership under the provisions of 12 C.F.R. § 262.3(l).

ceived in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant is the third largest banking organization in Georgia with three subsidiary banks that control aggregate deposits of approximately $4.0 billion, representing 14.4 percent of the total deposits in commercial banks in the state.[1] First Gwinnett is the 27th largest banking organization in Georgia, with one banking subsidiary that controls deposits of $121.8 million, representing 0.4 percent of the total deposits in commercial banks in the state. Upon consummation of the proposed acquisition, Applicant's share of the total deposits in commercial banks in the state would increase to 14.8 percent, and Applicant would become the second largest commercial banking organization in the state. The Board has considered the effect of the proposal on the structure of banking in Georgia and has concluded that consummation of this transaction would not significantly increase the concentration of banking resources in the state.

Applicant and First Gwinnett compete directly in only one market, the Atlanta metropolitan banking market.[2] Applicant is the largest of 24 commercial banking organizations in the market, controlling 25.2 percent of the total deposits in commercial banks in the market. First Gwinnett is the eighth largest commercial banking organization in the relevant banking market, controlling slightly less than 1.0 percent of the total deposits in commercial banks therein. Upon consummation of this proposal, Applicant would remain the largest commercial banking organization in the market, controlling approximately 26.2 percent of the total deposits in commercial banks in the market.

While consummation of the proposal would eliminate some existing competition in the Atlanta metropolitan banking market, the Board believes that certain factors substantially mitigate the anticompetitive effects of the proposal. Upon consummation, Applicant's share of the total deposits in commercial banks in the market would increase by only 1.0 percentage point to 26.2 percent, and the Herfindahl–Hirschman Index ("HHI") would increase by only 49 points to 1839.[3] Twenty-three commercial banking alternatives would remain in the market after consummation of the transaction.

The Board also has considered the influence of thrift institutions in evaluating the competitive effects of this proposal.[4] In this case, the small increase in concentration in the Atlanta metropolitan banking market is alleviated by the presence of 16 thrift institutions in the market, controlling $5.1 billion in deposits, which represents 33 percent of the total deposits in commercial banks and thrift institutions in the market. The thrift institutions offer a full range of consumer services and transaction accounts and some are engaged in commercial lending. Consequently, the Board has determined that consummation of this proposal would not have a significantly adverse effect on existing competition in the Atlanta metropolitan banking market.[5]

The financial and managerial resources of Applicant, First Gwinnett, and their subsidiaries are satisfactory and their prospects appear favorable. Thus, banking factors are consistent with approval of the application. Upon consummation of this proposal, First Gwinnett's customers would have access to Applicant's larger system of automated teller machines. Consequently, considerations relating to the convenience and needs of the community to be served lend weight toward approval of the application. 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 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 Atlanta, acting pursuant to delegated authority.

By order of the Board of Governors, effective June 27, 1985.

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

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

1. Unless otherwise indicated, all banking data are as of June 30, 1984.

2. The Atlanta metropolitan banking market is approximated by Clayton, Cobb, DeKalb, Douglas, Fulton, Gwinnett, Henry, and Rockdale Counties, in Georgia.

3. Under the United States Justice Department Merger Guidelines, a market in which the post-merger HHI is above 1800 is considered highly concentrated. In such markets, the Department is not likely to challenge a merger that produces an increase in the HHI of less than 50 points, as in this case.

4. The Board has previously determined that thrift institutions have become, or at least have the potential to become, major competitors of commercial banks. *E.g., Midlantic Banks, Inc.*, 71 FEDERAL RESERVE BULLETIN 458 (1985); *NCNB Corporation (Ellis)*, 70 FEDERAL RESERVE BULLETIN 225 (1984); *Comerica (Pontiac State Bank)*, 69 FEDERAL RESERVE BULLETIN 911 (1983); *First Tennessee National Corporation*, 69 FEDERAL RESERVE BULLETIN 298 (1983).

5. If 50 percent of the deposits of the thrift institutions were taken into account in computing market shares, Applicant's market share would be 20.2 percent, First Gwinnett's market share would be 0.5 percent, and the HHI would be 1215. Upon consummation of this proposal, Applicant's market share would increase to approximately 20.7 percent, and the HHI would increase by only 20 points to 1235, a level considered only moderately concentrated under the U.S. Department of Justice Merger Guidelines.

First Commercial Bankshares, Inc.
Arlington, Virginia

Order Denying Formation of a Bank Holding Company

First Commercial Bankshares, Arlington, Virginia, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1842(a)(1)) to become a bank holding company through acquisition of the shares of First Commercial Bank, Arlington, Virginia ("Bank").

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)).

On the basis of the record, the application is denied for the reasons set forth in the Board's Statement, which will be released at a later date.

By order of the Board of Governors, effective May 28, 1985.

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*

Statement by Board of Governors of the Federal Reserve System Regarding the Application of First Commercial Bankshares, Inc. to Become a Bank Holding Company

By Order dated May 28, 1985, the Board denied the application of First Commercial Bankshares, Arlington, Virginia, under section 3(a)(1) of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1862(a)(1)) to become a bank holding company by acquiring the shares of First Commercial Bank, Arlington, Virginia ("Bank").

In this Statement, the Board sets forth its reasons for denying this application.

Applicant, a nonoperating Virginia corporation with no subsidiaries, was organized for the purpose of becoming a bank holding company by acquiring Bank, which holds deposits of $41 million.[1] Upon consummation of this proposal, Applicant would control the 68th largest commercial bank in Virginia, holding 0.13 percent of deposits in commercial banks in the state.

Bank is the 40th largest of 71 commercial banking organizations in the Washington, D.C. banking market and holds 0.21 percent of total deposits in commercial banks in the market.[2] Applicant's principals are not affiliated with any other banking organization in the relevant market, and consummation of the proposed transaction would not result in any adverse effects upon competition or increase in the concentration of banking resources in any relevant area. Accordingly, the Board concludes that competitive considerations are consistent with approval.

The BHC Act requires the Board in each case to consider the financial and managerial resources of the bank and company involved in the proposed transaction. In this regard, the Board has indicated on previous occasions that a holding company should serve as a source of financial and managerial strength to its subsidiary bank and that the Board would closely examine the condition of an applicant in each case with this consideration in mind. Having examined the financial and managerial factors in light of the record of this application, the Board concludes that the record presents adverse considerations that warrant denial of the proposal.

The operations of Bank are currently under the direction of Applicant's principals and have been during the past five years. In recent years Bank's capital has declined significantly while Applicant's principals have compensated themselves with Bank's funds in amounts considered to be excessive for a bank of this size and with these characteristics. It is the Board's policy that bank earnings should be preserved for the bank except for prudent dividend payments, and that remunerations should be based on the cost or market value of services rendered.

As Applicant has indicated, Bank lends primarily to business borrowers, which has resulted in relatively large concentrations of credits with commensurate risk exposure. This indicates the need for higher levels of capital. Partly because of the high compensation levels to Applicant's principals, however, Bank lacks sufficient earnings to maintain the higher level of capital that the Board would deem adequate.

Applicant has stated that it plans to borrow funds to provide additional capital for Bank. Given the past record of compensation paid to Bank's principals, a portion of these funds could be used to support excessive levels of compensation in the future. Moreover, Bank's past growth and earnings do not provide assurance that Applicant will be able to service the debt it intends in connection with this transaction

1. Deposit data are as of March 1, 1985.

2. The Washington, D.C. banking market is approximated by the Washington, D.C. R.M.A.

without adversely affecting its capital position. Accordingly, in the Board's view, any improvement in Bank's capital would be temporary given Bank's present expenses. Therefore, the Board concludes at this time that considerations relating to financial and managerial resources would not be consistent with approval of this application.

Applicant has proposed no new services for Bank upon consummation of this proposal. Considerations relating to the convenience and needs of the community to be served thus are consistent with but lend no weight toward approval of this application.

On the basis of the facts of record of this application, the Board concludes that the banking considerations involved in this proposal are adverse and are not outweighed by any relevant competitive or convenience and needs considerations. Accordingly, it is the Board's judgment that approval of the application would not be in the public interest, and the application should be and hereby is denied for the reasons summarized above.

June 6, 1985

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

First Jersey National Corporation
Jersey City, New Jersey

Order Approving Acquisition of Shares of a Bank

First Jersey National Corporation, Jersey City, New Jersey, 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 acquire 8.8 percent of the voting shares of The Broad Street National Bank of Trenton, Trenton, New Jersey ("Bank").

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, including those of Bank, in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).[1]

Applicant, the 5th largest banking organization in New Jersey, controls 4 banks with total deposits of approximately $1.7 billion, representing approximately 4.5 percent of the total deposits in commercial banks in the state.[2] Bank is the 27th largest commercial banking organization in the state, with total deposits of $180 million, representing approximately 0.5 percent of the total deposits in commercial banks in the state. Upon acquisition of Bank, Applicant's share of deposits in commercial banks in the state would increase to 5.0 percent. Accordingly, consummation of this proposal would not result in a significant increase in the concentration of banking resources in New Jersey.

Bank operates in the Trenton market, where Applicant does not operate.[3] Because Applicant and Bank do not operate in the same market, consummation of this proposal would not have a significant adverse effect upon existing competition in any relevant market.[4]

The Board has also examined the effect of the proposed acquisition upon probable future competition in the relevant geographic markets in light of the Board's proposed Market Extension Guidelines.[5] After consideration of these factors in light of the specific facts of this case, the Board has concluded that consummation of this proposal would not have any significant adverse effects on probable future competition in any relevant market. In the Trenton market, the four largest commercial banking organizations control 47.6 percent of the deposits in commercial banks in the market, and thus the market is not considered highly concentrated under the Board's guidelines.

The financial and managerial resources and future prospects of Applicant and Bank are considered satis-

1. The Board received approximately 200 comments from businesses and individuals in the community alleging that Applicant's acquisition of shares of Bank would result in a decline in service for Bank's customers and that Bank would be less receptive to the convenience and needs of the community. The Board has reviewed Applicant's operations and its record in serving the needs of the communities where it currently operates. Because Applicant's record of meeting the needs of the communities it serves is satisfactory, and the protests do not provide any evidence that Applicant will not continue to meet the needs of the communities, the Board concludes that these allegations do not warrant denial of this application.

2. Deposit data are as of June 30, 1983.

3. The Trenton banking market is approximated by all of Mercer County, and portions of Burlington County, Hunterdon County, Middlesex County, Monmouth County, and Somerset County, all in New Jersey; and portions of Bucks County in Pennsylvania.

4. One of Applicant's subsidiaries has applied to purchase the assets and assume the liabilities of a branch of a bank that operates in the Trenton market. Bank controls 6.1 percent of the deposits in commercial banks in the market and the deposits of the branch represent 0.1 percent of the market's deposits. If it is assumed that Applicant will acquire Bank in the future, Applicant's resulting market share would be 6.2 percent. The acquisition would not result in a substantial lessening of competition in the Trenton market.

5. "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 (1982). While the proposed policy statement has not been adopted 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.

factory. Accordingly, the Board concludes that banking factors are consistent with approval of the application.[6]

In reaching this conclusion, the Board has considered comments concerning this application from Bank, which has protested the application on the grounds that managerial factors are substantially adverse because of Applicant's alleged violation of the control provisions of the Board's Regulation Y in its attempt to acquire Bank. Bank argues that the option agreement for the 8.8 percent of Bank's shares triggers the rebuttable presumption of control set forth in the Board's Regulation Y[7] because the option was purchased on January 31, 1985, and expires on December 31, 1985. The Board concludes that Applicant filed for the Board's approval on a timely basis and that the duration of the option is not unreasonable.[8] Bank also argues that the price paid for this option is likely to differ substantially from the price paid for additional shares of Bank if Bank is eventually merged into a subsidiary of Applicant. The Board, however, may not deny an application solely upon the inequality of the offers made to minority shareholders.[9] Bank has raised a number of other issues, which the Board finds do not reflect adversely on the management of Applicant.[10]

On the basis of all the facts of record, the Board does not believe that Bank's comments present sufficient evidence of any adverse effects to warrant denial of this application. Considerations relating to the convenience and needs of the community to be served also are consistent with approval.

Based on the foregoing and other facts of record, the Board has determined that the proposed acquisition is in the public interest and that the application should be approved. Accordingly, 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 New York, pursuant to delegated authority.

By order of the Board of Governors, effective June 17, 1985.

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

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

6. The Board has previously indicated that the acquisition of less than a 25 percent interest in the voting shares of a bank is not a normal acquisition for a bank holding company. *Midlantic Banks, Inc.*, 70 FEDERAL RESERVE BULLETIN 776 (1984). Although this acquisition is less than an absolute controlling interest in Bank, Applicant has informed the Board of its plans to acquire a controlling interest in Bank in the near future.

7. 12 C.F.R. § 225.31(d)(1)(ii)(c).

8. *See, Suburban Bancorp, Inc.*, 71 FEDERAL RESERVE BULLETIN 581.

9. *Western Bancshares, Inc. v. Board of Governors*, 480 F.2d 749 (10th Cir. 1973).

10. Bank alleges that the seller of the option has violated federal securities laws by her purchase of the shares that are subject to the option. Applicant was not involved in the transactions leading to seller's purchase of the shares, and thus the seller's actions do not reflect on Applicant's managerial resources.

First National Vermont Corporation
Springfield, Vermont

Order Approving the Acquisition of a Bank

First National Vermont Corporation, Springfield, Vermont, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended ("Act"), has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire the voting shares of The Caledonia National Bank of Danville, Danville, Vermont ("Bank").

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 (12 U.S.C. § 1842(c)).

Applicant is the eighth largest commercial banking organization in Vermont with total deposits of approximately $108.2 million, representing 3.3 percent of the total deposits in commercial banks in the state.[1] Bank, with total assets of $44.0 million, is the sixteenth largest commercial banking organization in Vermont, and holds total deposits of $40.7 million, representing 1.25 percent of the total deposits in commercial banks in the state. Upon consummation of the proposed acquisition, assuming no divestiture by Applicant, Applicant would remain the eighth largest banking organization in Vermont, and would hold $148.9 million in deposits, representing 4.6 percent of the total deposits in commercial banks in the state. Accordingly, the Board concludes that consummation of this acquisition would not have any significantly adverse effects on the concentration of commercial banking resources in Vermont.

Applicant is presently the smallest of five commercial banking organizations in the St. Johnsbury bank-

1. Unless otherwise indicated, banking data are as of December 31, 1984.

ing market.[2] Applicant's subsidiary bank, the First National Bank of Vermont, Springfield, Vermont, maintains branch facilities in St. Johnsbury, which control 8.3 percent of the total deposits in commercial banks in the market.[3] Bank is the third largest commercial banking organization in the market and controls 23.9 percent of the total deposits in commercial banks in the market. After consummation of the proposal, absent any divestiture, Applicant would become the largest commercial banking organization in the market, and would control 32.1 percent of the market's total deposits in commercial banks. The Herfindahl-Hirschman Index ("HHI") in the market would increase by 395 points to 2714, and the market would be considered highly concentrated.[4] In view of these and other facts of record,[5] the Board concludes that, in the absence of the divestiture proposed by Applicant and discussed below, consummation of the proposed acquisition would have significantly adverse effects on existing competition in the St. Johnsbury banking market.

In connection with this proposal, Applicant has committed to divest its St. Johnsbury branch office facilities and its deposit accounts associated with those facilities to a third financial institution not presently represented in the market.[6] The divestiture would be completed before or contemporaneously with Applicant's consummation of the proposed acquisition of Bank.[7] Applicant's divestiture commitment and the contract of sale included with the application do not, however, cover any portion of Applicant's loan portfolio and Applicant proposes to retain the loans allocable to its St. Johnsbury branch (approximately $8.4 million) after consummation of the acquisition.

The Board normally will not consider a divestiture involving the sale of market deposits and branch facilities "complete" for purposes of analyzing the effects of a proposed acquisition on competition unless the divestiture also provides for the prior or contemporaneous sale of all or substantially all of the commercial loans and other assets that are properly allocable to the office or facility being divested.[8] The Board expects that future bank holding company applicants will arrange their proposals accordingly. However, the Board recognizes that special circumstances in this case justify an exception to this policy. In particular, the Board notes that as a result of the executed contract of sale included with this application, a strong, aggressive competitor would enter the St. Johnsbury banking market simultaneously with consummation of the proposed transaction. In addition, Applicant in this case has documented its persistent and good faith efforts to divest the loans in question.[9] The Board notes that a provision of the contract of sale prohibits Applicant for six months from soliciting customers of the divested branch to shift their deposit accounts or other banking business to the Applicant; that borrowers having loans at the branch may, under

2. The St. Johnsbury banking market is approximated by all of Caledonia County, Vermont, less the towns of Groton, Hardwick, Ryegate, Stannard, and Walden, together with the Essex County towns of Concord, East Haven, Granby, and Victory.

3. Market data are as of June 30, 1984.

4. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,823 (June 29, 1984)), any market in which the post-merger HHI is above 1800 is considered highly concentrated. In such markets, the Department is likely to challenge any merger that produces an increase in the HHI of more than 50 points unless other factors indicate that the merger will not substantially lessen competition. If, as here, the increase in the HHI exceeds 100 points and the HHI substantially exceeds 1800, the Department has indicated that only in extraordinary cases will other factors establish that the merger is not likely substantially to lessen competition. However, the Department has submitted no formal objection to the instant proposal.

5. In this connection, the Board has considered as a mitigating factor in this case the presence in the market of a single thrift insititution. *CB & T Bancshares, Inc.*, 71 Federal Reserve Bulletin 337–338; *First Bancorp of New Hampshire, Inc.*, 68 Federal Reserve Bulletin 769, 770 (1982). The thrift, which is the largest depository institution in the market, engages to some extent in commercial lending and accepts commercial checking accounts. If 50 percent of the deposits held by this thrift were included in the calculation of market concentration, Applicant's existing share of market deposits would be 6.3 percent; Bank's share of market deposits would be 18.3 percent; and their combined share of market deposits as a result of this proposal would be 24.6 percent. The market's HHI would increase 230 points as a result of the acquisition to 2137, and the market would accordingly be considered highly concentrated.

6. Pursuant to the Agreement and Plan of Acquisition and Assumption dated February 11, 1985, included in the application, The Merchants Bank, Burlington, Vermont ("Merchants"), will acquire all of Applicant's land, office facilities, furniture, fixtures, equipment, and deposit accounts allocable to Applicant's St. Johnsbury branch offices. Merchants, with deposits of $262 million, or 8.8 percent of the statewide total, was, as of June 30, 1984, the fifth largest commercial banking organization in Vermont, and is reportedly one of the more aggressive in its marketing efforts.

7. In this respect, Applicant's proposed divestiture conforms to the requirement announced in *Barnett Banks of Florida, Inc.*, 68 Federal Reserve Bulletin 190 (1982); *see also InterFirst Corporation*, 68 Federal Reserve Bulletin 243, 244 (1982).

8. There have been instances where portions of an applicant's allocable loan portfolio, such as residential real estate mortgages and credit card receivables, have not been sold. However, in this case, the applicant proposes to retain all of the loans originated at the divested branch office. Normally, this arrangement would not be regarded a "complete" divestiture under the Board's policy announced in *Barnett Banks of Florida, Inc., supra.*

9. Applicant has submitted correspondence from seven Vermont banking institutions expressing their lack of interest in purchasing Applicant's St. Johnsbury branch. In addition, Applicant has indicated that the loans, totalling approximately $8.4 million, include approximately $800,000 in loans that are involved in litigation or foreclosure, and $3.7 million in real estate loans at rates of interest that are substantially below market rates. Substantially all of the remainder of the loans can be characterized as short term. According to Applicant, the purchaser of Applicant's St. Johnsbury branch was simply not interested in purchasing the loans originated at that facility.

the contract of sale, continue to make loan payments at the branch following its divestiture by Applicant; and that the branch manager and other branch personnel will be transferred from the employ of Applicant to the employ of the acquiring bank contemporaneously with the divestiture. The Board also notes that the offices of Bank to be acquired by Applicant pursuant to this proposal are in a separate town seven miles away from the branch to be divested. In light of these facts, and the additional fact that no compensating (deposit) balance requirements are associated with the loans to be retained by Applicant, the Board concludes that the branch divestiture proposed in this case will be effective and complete, notwithstanding Applicant's retention of loans allocable to the divested facility.

The Board accordingly concludes that the application should be approved on the condition that Applicant divest its St. Johnsbury branch facilities as provided in the contract of sale included in the application prior to or contemporaneously with Applicant's consummation of its acquisition of Bank. Based upon this condition, the Board's judgment is that consummation of the acquisition and divestiture plan described in the application would not have any significantly adverse effects upon existing or potential competition, or on the concentration of banking resources in any relevant market.

The financial and managerial resources of Applicant and Bank are considered satisfactory and their prospects appear favorable. The Board has also determined that considerations relating to the convenience and needs of the community to be served are consistent with approval of the application. Accordingly, it is the Board's judgment that the proposed transaction would be in the public interest and that the application should be approved.

Based on the foregoing and other facts of record, the Board has determined that the application under section 3(a)(3) should be and hereby is approved for the reasons set forth 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 by the Board or by the Federal Reserve Bank of Boston, acting pursuant to delegated authority.

By order of the Board of Governors, effective June 3, 1985.

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

JAMES MCAFEE
Associate Secretary of the Board

[SEAL]

Louisiana Bancshares, Inc.
Baton Rouge, Louisiana

Order Approving Merger of Bank Holding Companies

Louisiana Bancshares, Inc., Baton Rouge, Louisiana, 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(a)(5) of the Act (12 U.S.C. § 1842(a)(5)) to acquire Guaranty Bancshares, Inc., Lafayette, Louisiana ("Guaranty") and indirectly to acquire Guaranty Bank, Lafayette, Louisiana.

Notice of this application, affording an opportunity for interested persons to submit comments, has been given in accordance with section 3 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, the largest commercial banking organization in Louisiana, controls total domestic deposits of $2.4 billion, representing 8.6 percent of the total deposits in commercial banks in the state.[1] Guaranty, the seventh largest commercial banking organization in Louisiana, controls $654.9 million in domestic deposits, representing 2.4 percent of the total deposits in commercial banks in the state. Upon consummation of this transaction, Applicant's share of the total deposits in commercial banks in Louisiana would increase to 11.0 percent.

The Board has carefully considered the effects of the proposal on statewide banking structure and upon competition in the relevant markets. The proposal involves a combination of sizeable commercial banking organizations that are among the leading banking organizations in the state. However, Louisiana is one of the least concentrated states in terms of banking resources,[2] with the four largest commercial banking organizations in the state controlling 29.4 percent of the total deposits in commercial banks in the state. Upon consummation, the four-firm concentration ratio

1. Banking data are as of June 30, 1984 and market data are as of June 30, 1983, unless otherwise noted.
2. Louisiana, formerly a unit-banking state, recently passed legislation that permits multibank holding companies in the state. 1984 Louisiana Acts No. 50. The new law permits a bank holding company to acquire a bank outside of the holding company's parish if the bank has been in existence for at least five years.

would increase to 31.7 percent and the state would remain unconcentrated.[3]

Guaranty and Applicant do not operate subsidiary banks in the same markets. Therefore, consummation of the proposal would not eliminate existing competition in any relevant geographic market.

The Board has considered the effects of this proposal on probable future competition and also examined the proposal in light of its proposed guidelines for assessing the competitive effects of market extension mergers and acquisitions[4] in the markets in which Applicant or Guaranty, but not both, compete.[5] In view of the number of probable future entrants into each of these markets, the Board concludes that consummation of this proposal would not have any significant adverse effects on probable future competition in any relevant market.

The financial and managerial resources of Applicant and Guaranty are regarded as satisfactory and consistent with approval of the proposal. Considerations relating to the convenience and needs of the community to be served are also consistent with approval of the proposal.

Based on the foregoing and other facts of record, the Board has determined that the application under section 3(a)(5) should be, and hereby is, approved for the reasons set forth 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 the Federal Reserve Bank of Atlanta, acting pursuant to delegated authority.

By order of the Board of Governors, effective June 27, 1985.

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

JAMES MCAFEE

[SEAL] *Associate Secretary of the Board*

3. Statewide concentration data take into account the pending merger between First Commerce Corporation and First Lafayette Bancorp, Inc., approved by the Board on May 20, 1985. *First Commerce Corporation*, 71 FEDERAL RESERVE BULLETIN 586 (1985).

4. "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 (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.

5. These banking markets are the Lafayette, Baton Rouge, Monroe, and Shreveport markets. In addition, Applicant has received approval to acquire the 3rd largest bank in Iberia Parish and has an application pending to acquire the 2nd largest bank in La Foruche Parish.

MCorp
Dallas, Texas

MCorp Financial, Inc.
Wilmington, Delaware

Order Approving Acquisition of a Bank

MCorp, Dallas, Texas, and its wholly owned subsidiary, MCorp Financial, Inc., Wilmington, Delaware, both bank holding companies within the meaning of the Bank Holding Company Act ("Act"), have applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 100 percent of the voting shares of MBank USA, Wilmington, Delaware ("Bank"), a proposed new bank.

Notice of the application, affording interested persons an opportunity 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, with total consolidated assets of $20.7 billion, is the 22nd largest commercial banking organization in the nation. It presently operates 67 banking subsidiaries in Texas and is the largest commercial banking organization in the state with total domestic deposits of $16.6 billion.[1] Applicant also engages through subsidiaries in a variety of nonbanking activities.

Bank is a newly chartered state bank formed to engage primarily in consumer lending through its credit card program. Upon consummation of this proposal, Applicant would transfer its existing credit card operations, now conducted through offices in Texas, to Bank. Section 3(d) of the Bank Holding Company Act (12 U.S.C. § 1842(d)) prohibits the Board from approving any application by a bank holding company to acquire any bank located outside the state in which the operations of the bank holding company's banking subsidiaries are principally conducted unless the 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." On February 19, 1981, and on August 13, 1984, the State of Delaware amended its banking laws to permit an out-of-state bank holding company to acquire not more than two *de novo* banks that will be "operated in a manner and at a location that is not likely to attract customers from the general public in [Delaware] to the

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

substantial detriment of existing banking institutions located in this state."[2]

The proposed acquisition under the Delaware law is subject to approval by the State Bank Commissioner who, in acting on the application, must consider the financial and managerial resources of the out-of-state bank holding company or its subsidiary, the financial history and future prospects of such company, whether the acquisition may result in undue concentration of resources or substantial lessening of competition in Delaware, and the convenience and needs of the public in Delaware. On March 7, 1985, the State Banking Commissioner of Delaware preliminarily approved Applicant's formation and acquisition of Bank. Based on the foregoing, the Board has determined, as required by section 3(d) of the Act, that the proposed acquisition conforms to Delaware law and is specifically authorized by the statute laws of Delaware.

Under the limitations imposed by Delaware law on Bank's operations, it is not likely that Bank will be a significant competitor in the Delaware-New Jersey-Maryland PMSA banking market.[3] The Board notes that Bank will engage primarily in consumer lending through its credit card operations. Bank will continue to provide consumer credit card services in Texas and intends in the near future to offer such credit card services in Oklahoma, Arkansas, Louisiana, and New Mexico. The Board notes that this proposal represents a reorganization of Applicant's existing credit card operations. However, Bank will provide additional consumer credit card services on a *de novo* basis. Accordingly, the Board concludes that the proposal will not have adverse effects on competition in any relevant area, and that the overall competitive effects of the proposal are consistent with approval of the application.

In evaluating this application, the Board has considered the financial and managerial resources of Applicant and the effect of this proposal on these resources. In its assessment of Applicant's capital adequacy, the Board notes that Applicant's existing primary and total capital ratios are above the minimum levels specified for bank holding companies under the Board's guidelines without undue reliance on goodwill. Also, the Board has viewed the proposed acquisition in the context of a relocation of existing activities that will provide Applicant with increased income opportunities and will have minimal effect on Applicant's primary and total capital ratios. In the context of this application, the Board concludes that financial and managerial considerations are consistent with approval of the application.

Upon consummation of this proposal, Applicant plans to offer Bank's customers new products and services not currently available to them. Such services include a premium service credit card, travel insurance, and credit card registration. Accordingly, the Board concludes that factors relating to the convenience and needs of the community to be served are consistent with approval of the application.

While this application is being approved, the Board has previously expressed its concern about the proliferation of statutes of this type which permit the entry of out-of-state bank holding companies in order to shift jobs and revenues from other states, while limiting the in-state activities of out-of-state owned banks so as to avoid competition with in-state banking organizations.[4] These statutes do not appear to be based on appropriate public policy considerations for assuring a stable and sound banking system locally and nationwide, and the end result of their adoption by other states can only be a serious impairment of banking standards and no net gains in jobs or revenues because of the proliferation.

Based on the foregoing and other facts of record, the Board has determined that approval of the application would be consistent with the public interest and that the application should be and hereby is approved. 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, and Bank shall be opened for business not later than six months after the effective date of this Order. The latter two periods may be extended for good cause by the Board or by the Federal Reserve Bank of Dallas, acting pursuant to delegated authority.

By order of the Board of Governors, effective June 25, 1985.

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

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

2. Del. Code Ann. tit. 5, § 803 (Supp. 1984). The law provides, however, that each such bank may be operated to attract and retain customers with whom that bank, the out-of-state holding company, or the holding company's banking and nonbanking subsidiaries have or have had business relations.

3. The Delaware-New Jersey-Maryland PMSA banking market is approximated by Cecil County, Maryland, Salem County, New Jersey, and New Castle County, Delaware.

4. *See, Citicorp*, 71 FEDERAL RESERVE BULLETIN 101 (1985).

Midwest Bancshares, Inc.
Poplar Bluff, Missouri

Order Approving Acquisition of a Bank and Merger with a Bank Holding Company

Midwest Bancshares, Inc. ("Midwest"), Poplar Bluff, Missouri, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended ("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 Bank of Piedmont, Piedmont, Missouri. In a related application, Midwest has applied under section 3(a)(5) of the Act, 12 U.S.C. § 1842(a)(5), to merge with Chaffee Bancorporation ("Chaffee"), Chaffee, Missouri, a bank holding company by virtue of its control of Bank of Chaffee ("Chaffee Bank"), Chaffee, Missouri.

Notice of the applications, 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 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 has one subsidiary bank, First State Bank of Dexter ("Dexter Bank"), Dexter, Missouri. Dexter Bank, Bank of Piedmont, and Chaffee Bank are among the smaller banks in Missouri, and control total deposits of $22.5, $21.0, and $13.7 million, respectively.[1] The deposits controlled by each of these institutions represent less than 0.1 percent of the deposits in commercial banks in the state. Upon consummation of this proposal, Applicant would remain one of the smaller commercial banking organizations in Missouri, and would control approximately 0.2 percent of the deposits in the state. Accordingly, the Board concludes that consummation of this proposal would have no significant effect upon the concentration of banking resources in Missouri.

Dexter Bank, Bank of Piedmont, and Chaffee Bank do not compete in the same banking market.[2] Accordingly, the Board concludes that consummation of this proposal would not have a significant adverse effect upon existing competition in any relevant market.

The Board has considered the effects of this proposal upon potential competition in the respective markets where Chaffee Bank and Bank of Piedmont presently operate but Applicant does not. The Board has also considered the effects of this proposal in light of its proposed guidelines for assessing the competitive effects of market extension mergers and acquisitions.[3] With respect to the Wayne County market, Applicant is not considered a probable future entrant and that market is not considered attractive for entry. With respect to the Cape Girardeau market, that market is not highly concentrated. Accordingly, neither of these markets would require extensive analysis under the Board's proposed guidelines, and the Board concludes that consummation of this proposal would not have any significant adverse effects on probable future competition in any relevant market.

Where principals of an applicant are engaged in operating a chain of banking organizations, in addition to analyzing the proposal before it, the Board also considers the entire chain and analyzes the financial resources and future prospects of the chain in light of the Board's Capital Adequacy Guidelines.[4] Based on the facts of record, the Board concludes that the financial and managerial resources and future prospects of Applicant, Dexter Bank, Bank of Piedmont, Chaffee, Chaffee Bank, and the other banks in the chain are consistent with approval of these applications, particularly in light of a capital commitment made in connection with these applications. Although the Board previously denied an application by Applicant to acquire Bank of Piedmont,[5] the present proposal is strengthened by the proposed merger of Applicant and Chaffee. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval.

Based on the foregoing and other facts of record, the Board has determined that the applications should be and hereby are approved. 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

1. Banking data are as of September 30, 1984.

2. Dexter Bank, Bank of Piedmont, and Chaffee Bank operate in the Dexter, Wayne County, and Cape Girardeau markets, respectively. The Dexter market is approximated by the portion of Stoddard County, Missouri, that lies north of highways D and H. The Wayne County market is approximated by Wayne County, Missouri. The Cape Girardeau market is approximated by Cape Girardeau County, and the northern portion of Scott County, both in Missouri.

3. "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 (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.

4. *E.g., Fourth National Corporation*, 70 FEDERAL RESERVE BULLETIN 730 (1984); *Unicorp Bancshares, Inc.*, 69 FEDERAL RESERVE BULLETIN 808 (1983); and *First Carmen Bancshares, Inc.*, 69 FEDERAL RESERVE BULLETIN 801 (1983).

5. *Midwest Bancshares, Inc.*, 71 FEDERAL RESERVE BULLETIN 103 (1985).

by the Federal Reserve Bank of St. Louis pursuant to delegated authority.

By order of the Board of Governors, effective June 18, 1985.

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

JAMES MCAFEE

[SEAL] *Associate Secretary of the Board*

Northwestco, Inc.
Northbrook, Illinois

Order Approving Acquisition of Bank Holding Companies

Northwestco, Inc., Northbrook, Illinois, a bank holding company within the meaning of the Bank Holding Company Act ("the BHC 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 and 100 percent of the nonvoting Class A preferred shares of Lake View Bancorp, Inc. ("Lake View"), Northbrook, Illinois, and 100 percent of the voting shares and 100 percent of nonvoting Class A and Class B preferred shares of Northbrook Bancorp, Inc. ("Northbrook"), Northbrook, Illinois. Applicant would thereby acquire control of Lake View Trust and Savings Bank, Chicago, Illinois, and Northbrook Trust & Savings Bank, Northbrook, Illinois.

Notice of this application, affording an opportunity for interested persons to submit comments and views, has been given in accordance with section 3 of the BHC Act. 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 3(c) of the BHC Act (12 U.S.C. § 1842(c)).

Applicant is a one-bank holding company by virtue of its control of Northwest National Bank of Chicago, Chicago, Illinois. Applicant's principals control Lake View and Northbrook and this proposal represents the reorganization of control of these three banking organizations into a single multibank holding company. Applicant, with deposits of $782 million,[1] is the eighth largest commercial banking organization in the state, controlling 0.8 percent of the total deposits in commercial banking organizations in the state. Lake View controls deposits of $516 million and Northbrook controls deposits of $133.5 million. Upon consummation of this proposal, Applicant would become the sixth largest commercial banking organization in the state, controlling deposits of $1.4 billion, representing 1.5 percent of total deposits in commercial banking organizations in the state. Consummation of the transaction would not have any significant adverse effects upon the concentration of banking resources in the state.

Applicant is the seventh largest banking organization in the Chicago banking market,[2] controlling 1.2 percent of the total deposits in commercial banks in the market. Lake View and Northbrook control respectively 0.8 and 0.2 percent of total deposits in commercial banks in the market. Upon consummation of this proposal, Applicant would become the fifth largest banking organization in the banking market, controlling 2.2 percent of total deposits in commercial banks in the market.

In analyzing the competitive effects of an application to reorganize ownership of banking organizations under common control, the Board considers the competitive effects of the transaction whereby common ownership was established. Applicant's principal controls another bank located in the Chicago banking market, Pioneer Bank and Trust, Chicago, Illinois. In its Order approving the application of Lake View to become a bank holding company, the Board considered the competitive effect of the affiliation of these banks and concluded that given the size of the banking organizations and the structure of the Chicago banking market, the combination of these banking organizations would have no significant adverse effects upon competition within that market.[3] Accordingly, the Board concludes that competitive considerations are consistent with approval of this proposal.

The financial and managerial resources and future prospects of Applicant, its banking subsidiary, the bank holding companies to be acquired and their affiliates are considered consistent with approval. While Applicant proposes to incur debt in connection with its proposal, it appears that Applicant will be able to service its debt while maintaining the capital level required under the Board's guidelines. Considerations relating to the convenience and needs of the communities to be served are also consistent with approval.

1. All banking data are as of June 30, 1984, and the deposits of Applicant include the deposits held by Pioneer Bank and Trust Company, Chicago, Illinois, which is also owned by Applicant's principals.

2. The Chicago banking market consists of Cook, Lake, and DuPage Counties, all in Illinois.

3. 63 FEDERAL RESERVE BULLETIN 1017 (1977).

Based on the foregoing and other facts of record, the Board has determined that the application under section 3(a)(3) should be and hereby is, approved. 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 Chicago, acting pursuant to delegated authority.

By order of the Board of Governors, effective June 20, 1985.

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

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

Third National Corporation Nashville, Tennessee

Order Approving Merger of Bank Holding Companies

Third National Corporation, Nashville, Tennessee, 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)(5) of the Act (12 U.S.C. § 1842(a)(5)) to merge with Mid-South Bancorp, Inc., Murfreesboro, Tennessee ("Mid-South"), also a bank holding company. As a result of the merger, Mid-South's subsidiary bank, Mid-South Bank and Trust Company, Murfreesboro, Tennessee ("Bank"), would become a direct subsidiary of Applicant.

Notice of the application, affording interested persons an opportunity to submit comments, has been given in accordance with section 3(b) of the Act (12 U.S.C. § 1842(b)). 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 is the second largest commercial banking organization in Tennessee and controls deposits of $3.21 billion, representing 12.4 percent of the total deposits in commercial banks in the state.[1] Mid-South is the tenth largest commercial banking organization in the state and controls deposits of $297 million, representing 1.1 percent of the total deposits in commercial banks in the state. Upon merging with Mid-South, Applicant would control deposits of $3.51 billion, representing 13.5 percent of the total deposits in commercial banks in the state, and would remain the second largest commercial banking organization in the state. The merger would have no significant effect on the concentration of banking resources in Tennessee.

Applicant and Mid-South compete directly in the Nashville banking market.[2] Applicant is the largest of 18 commercial banking organizations in the market, with deposits of $1.29 billion, representing 26.2 percent of the total deposits in commercial banks in the market. Mid-South is the sixth largest commercial banking organization in the market, with deposits of $187 million, representing 3.8 percent of the total deposits in commercial banks in the market. Upon merging with Mid-South, Applicant would control 30.0 percent of the total deposits in commercial banks in the market.

The Nashville banking market is concentrated, with the three largest commercial banking organizations controlling 72.3 percent of the total deposits in commercial banks in the market, and with a Herfindahl–Hirschman Index ("HHI") of 1858. The proposed merger would increase the HHI by 199 points to 2057 and would thus be subject to challenge under the Department of Justice Merger Guidelines.[3]

Although the proposed merger would eliminate existing competition between Applicant and Mid-South in the Nashville banking market, the Board notes that 17 competitors, including five of the state's six largest commercial banking organizations, would remain in the market. In addition, the Board has concluded that the effect of the merger on existing competition is mitigated by the extent of competition offered by thrift institutions in the Nashville market.[4] Ten thrift institu-

1. Statewide banking data are as of June 30, 1984. Data for local banking markets are as of June 30, 1983.

2. The Nashville banking market consists of Davidson, Rutherford, Williamson, and Wilson Counties, and the southern halves of Robertson and Sumner Counties, all in Tennessee.

3. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,823 (1984)), a market in which the post-merger HHI is above 1800 is considered highly concentrated, and the Department is likely to challenge a merger that increases the HHI by 50 points or more unless other facts of record indicate that the merger is not likely substantially to lessen competition. Other factors include the post-merger HHI, the increase in the HHI, changing market conditions, the financial condition of the firm to be acquired, ease of entry, nature of the product, substitute products, similarities in firms that are subject to the transaction, and increased efficiencies that may result from the transaction.

The Department has not advised the Board of any objection to Applicant's proposed merger with Mid-South.

4. 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); *First Tennessee National Corporation*, 69 FEDERAL RESERVE BULLETIN 298 (1983).

tions with 53 offices in the market hold total deposits of $1.39 billion, representing 22.1 percent of the total deposits in the market. Most of those institutions offer NOW accounts and make consumer loans and commercial real estate loans; half engage in additional commercial lending. In view of those facts, the Board considers the presence of thrift institutions as a significant factor in assessing the competitive effects of the proposed merger, and has determined that the merger is not likely to have a significant adverse effect on existing competition in the Nashville banking market.[5]

Mid-South operates in the Franklin County, Smith County, and Warren County banking markets, where Applicant does not currently compete.[6] The Board has examined the effect of the proposed merger upon probable future competition in those markets in light of the Board's proposed market extension guidelines.[7] None of the markets is in a metropolitan statistical area, and under the Board's guidelines, none would be considered attractive for entry.[8] The Board has accordingly concluded that the proposed merger would have no significant adverse effect on probable future competition in any of those markets.

The financial and managerial resources and future prospects of Applicant and Mid-South are considered satisfactory and consistent with approval of the application.

Applicant plans to have Bank offer new services, including commercial leasing, international banking, trust, financial counseling, and cash management services, and FHA, VA, and secondary-market mortgage lending. Bank's customers would also gain access to a much larger ATM network. In addition, the merger would allow Bank to meet the credit needs of larger commercial customers. Thus, considerations related to the convenience and needs of the communities to be served lend weight toward approval of the application.

Based on the foregoing and other facts of record, the Board has determined that the application should be and hereby is approved. 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 that period is extended for good cause by the Federal Reserve Bank of Atlanta, pursuant to delegated authority, or by the Board.

By order of the Board of Governors, effective June 19, 1985.

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

JAMES MCAFEE

[SEAL] *Associate Secretary of the Board*

5. If 50 percent of the deposits held by thrift institutions were included in the calculation of market concentration, the pre-merger HHI would decrease to 1467. The proposed merger would increase the HHI by 153 points to 1620. Applicant's post-merger market share would be 23.4 percent.

The Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating an anticompetitive effect) unless the merger increases the HHI by at least 200 points and the post-merger HHI is at least 1800.

6. Those banking markets respectively consist of Franklin County, Smith County, and Warren County, all in Tennessee.

7. "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 (1982). While the proposed policy statement has not been adopted by the Board, the Board is using the policy Guidelines as part of its analysis of the effect of a merger on probable future competition.

8. In none of the three markets do the total deposits in commercial banks exceed $250 million.

United Banks of Colorado, Inc.
Denver, Colorado

Order Approving Acquisition of a Bank

United Banks of Colorado, Inc., Denver, Colorado, 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 acquire all of the voting shares of The Colorado Springs National Bank, Colorado Springs, Colorado ("Bank").

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 (12 U.S.C. § 1842(c)).[1]

Applicant, the largest banking organization in Colorado, controls 31 banks with total deposits of approximately $3.1 billion, representing approximately 17.3 percent of the total deposits in commercial banks in the state.[2] Bank is the 8th largest commercial banking

1. The Board received a protest from the Association of Community Organizations for Reform Now ("ACORN") a community group that challenged Applicant's record of meeting the credit needs of its community under the Community Reinvestment Act. ACORN withdrew its protest after a meeting with Applicant, which resulted in an agreement with Applicant for additional meetings with ACORN and check cashing privileges for Government checks for persons who do not have accounts with Applicant's subsidiary banks.

2. All banking data are as of December 31, 1983, and reflect the Board's approval on November 26, 1984, for Applicant to acquire *IntraWest Bank of Colorado Springs, N.A.* (71 FEDERAL RESERVE BULLETIN 131 (1985)). Although this transaction has not been consummated, the analysis of this proposal assumes that IntraWest Bank is a subsidiary of Applicant.

organization in the state with total deposits of $185.2 million, representing approximately 1.0 percent of the total deposits in commercial banks in the state. Upon acquisition of Bank, Applicant's share of the total deposits in commercial banks in the state would increase to 18.3 percent. Accordingly, consummation of this proposal would not result in a significant increase in the concentration of banking resources in Colorado.

Applicant and Bank both operate in the Colorado Springs banking market.[3] Applicant, the fourth largest commercial banking organization in the market, operates four banking subsidiaries in the market that control $125.2 million in deposits, representing 9.9 percent of total deposits in commercial banks in the market. Bank, with deposits of $185.2 million, is the third largest commercial banking organization in the market and controls 14.7 percent of total deposits in commercial banks in the market. Upon consummation of this transaction, Applicant would become the largest commercial banking organization in the market and would control 24.6 percent of the total deposits in commercial banks in the market.

The Colorado Springs banking market is considered to be moderately concentrated, with the four largest commercial banking organizations controlling 64.2 percent of the total deposits in commercial banks in the market. The Herfindahl-Hirschman Index ("HHI") is 1265 and would increase by 291 points to 1576 upon consummation of this proposal.[4]

Although consummation of the proposal would eliminate some existing competition between Applicant and Bank in the Colorado Springs banking market, numerous other commercial banking organizations would remain as competitors after consummation of the proposal. In addition, the presence of ten thrift institutions that control approximately 39.4 percent of the market's total deposits mitigates the anticompetitive effects of the transaction.[5] Thrift institutions already exert a considerable competitive influence in the market as providers of NOW accounts and consumer loans. In addition, most of the thrift institutions are engaged in the business of making commercial loans and are providing an alternative for such services in the Colorado Springs market. Based upon the above considerations, the Board concludes that consummation of the proposal is not likely to substantially lessen competition in the Colorado Springs banking market.[6]

The financial and managerial resources of Applicant, its subsidiary banks, and Bank are consistent with approval. Considerations relating to the convenience and needs of the communities to be served are also consistent with approval. Based on the foregoing and other facts of record, the Board has determined that consummation of the proposed transaction would be in 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 acquisition 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 June 28, 1985.

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

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

Orders Issued Under Section 4 of Bank Holding Company Act

Barnett Banks of Florida, Inc. Jacksonville, Florida

Order Approving Application to Engage in Credit Card Authorization Services and Lost/Stolen Credit Card Reporting Services

Barnett Banks of Florida, Inc., Jacksonville, Florida, 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, pursuant to section 4(c)(8) of the Act (12 U.S.C.

3. The Colorado Springs banking market is approximated by the Colorado Springs RMA.

4. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,823 (1984)), where a market has a post-merger HHI of between 1000 and 1800 the Department is likely to challenge a transaction that produces an increase in the HHI of more than 100 points, unless other facts of record indicate that the merger is not likely to substantially lessen competition. The Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating an anticompetitive effect) unless the post-merger HHI is at least 1800 and the increase in the HHI caused by the merger is at least 200.

5. The Board has previously indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks. *National City Corporation*, 70 FEDERAL RESERVE BULLETIN 743 (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).

6. If 50 percent of deposits held by thrift institutions in the Colorado Springs banking market were included in the calculation of market concentration, the share of total deposits held by the four largest organizations in the market would be 48.5 percent. Applicant would control 7.5 percent of the market's deposits and Bank would control 11.1 percent of the market's deposits. The HHI would increase by 166 points to 976.

§ 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. § 225.23), to engage *de novo* through its existing nonbank subsidiary, Verifications Inc., Jacksonville, Florida ("Verifications"), in credit card authorization services and lost/stolen credit card reporting services. The credit card authorization activity would consist of providing, for a fee, a service to issuers of credit cards that would enable merchants to determine the validity and credit limits of credit cards tendered to them. In addition, Applicant would provide, for a fee, a reporting service to credit card holders that would enable them to report the loss or theft of any of their credit cards via a single toll-free telephone call to Verifications, Inc. These activities have not been specified by the Board in section 225.25 of Regulation Y as permissible for bank holding companies.

Notice of the application, affording interested persons an opportunity to submit comments, has been duly published, 50 *Federal Register* 19,471 (1985). 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.

Applicant is the largest banking organization in Florida, with total consolidated assets of $12.5 billion.[1] Applicant engages in certain nonbank activities, including trust activities, data processing, consumer and sales financing, check verification services, discount brokerage, mortgage banking, and reinsurance services.

In order to approve an application under section 4(c)(8) of the Act, the Board must determine that the proposed activity is "so closely related to banking or managing or controlling banks as to a proper incident thereto . . ." 12 U.S.C. § 1843(c)(8). In determining whether an activity is closely related to banking under section 4(c)(8), the Board has relied on guidelines established by the federal courts to determine whether a particular activity meets the "closely related to banking" test.[2] Under these guidelines, an activity may be found to be closely related to banking if it is demonstrated that (1) banks generally have, in fact, provided the proposed service; or (2) that banks generally provide services that are operationally or functionally so similar to the proposed services as to equip them particularly well to provide the proposed service; or (3) that banks generally provide services that are so integrally related to the proposed service as to require their provision in a specialized form. The Board has previously found these guidelines useful in determining whether there is a reasonable basis for determining that a proposed nonbanking activity is closely related to banking. Using these criteria, the Board believes that banks generally have, in fact, provided the services proposed by Applicant and are particularly well suited to provide the proposed services. On this basis, the Board concludes that the proposed services are closely related to banking.

The facts of record indicate that banks that offer credit cards, including affiliates of Applicant, typically offer a telephone hotline for reporting lost or stolen cards. A number of banks currently indirectly offer the service of reporting lost cards issued by other institutions by arranging with independent companies to provide the service under a trade name associated with the bank. With respect to credit card authorization services, banks have a financial interest in the security of the credit cards they issue, and already have systems to determine the validity of transactions affecting their cards and the availability of credit. Moreover, Applicant currently maintains an extensive electronic communications and data processing network to operate its 24-hour check verification service, and is therefore particularly well-suited to add credit card authorization to its existing activities and to handle the reporting of lost or stolen credit cards on a volume basis.

Before approving a bank holding company's application to engage in an activity that the Board determines is closely related to banking, the Board must also find that consummation of the proposal can reasonably be expected to produce benefits to the public that outweigh possible adverse effects. The proposed credit card reporting service would provide an additional source of competition in this field and allow an individual who loses more than one card to report all lost cards at once to one source rather than having to make separate calls to each card issuer, thereby providing greater convenience and efficiency to the customer and reducing confusion and delay. In addition, by engaging in credit card authorization services, Applicant would not only provide greater customer convenience but also an additional source of competition in a field in which a limited number of independent organizations are active.

Financial and managerial considerations are consistent with approval of this proposal. Moreover, there is no evidence in the record that consummation of this proposal would result in adverse effects such as unsound banking practices, unfair competition, conflicts of interests or an undue concentration of resources.

Based upon the foregoing and all the facts of record, the Board has determined that the balance of public interest factors it is required to consider under section 4(c)(8) is favorable. Accordingly, the application is

1. All banking data are as of December 31, 1984.

2. *See National Courier Association v. Board of Governors*, 516 F.2d 1229 (D.C. Cir. 1975) Accord, *Securities Industry Ass'n. v. Board of Governors of the Federal Reserve System*, —— U.S. ——, 104, S. Ct. 3003, 3008 (1984).

hereby approved. This determination is subject to all of the conditions set forth in the Board's Regulation Y, including those in sections 225.4(d) and 225.23(b). The approval is also subject to the Board's authority to require modification or termination of the activities of the 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.

This transaction shall not be consummated 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 June 5, 1985.

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

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

Chase Manhattan Corporation New York, New York

Order Approving Application to Execute and Clear Futures Contracts on a Municipal Bond Index and to Provide Futures Advisory Services

The Chase Manhattan Corporation, New York, New York, a bank holding company within the meaning of the Bank Holding Company Act, 12 U.S.C. § 1841 *et seq.* ("BHC Act"), has applied pursuant to section 4(c)(8) of the BHC Act and section 225.21(a) of the Board's Regulation Y, 12 C.F.R. § 225.21(a), to engage, through its subsidiary, Chase Manhattan Futures Corporation ("CMFC"), in the execution and clearance of futures contracts on a municipal bond index on major commodities exchanges for non-affiliated persons and corporate affiliates, and the provision of advisory services to non-affiliated persons with respect to futures contracts and options on futures contracts that CMFC is permitted to execute and clear.

Notice of the application, affording interested persons an opportunity to submit comments on the relation of the proposed activity to banking and on the balance of the public interest factors regarding the application, has been duly published, 50 *Federal Register* 15,979 (1985). 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 BHC Act.[1]

Applicant, with total consolidated assets of $87.5 billion,[2] is the third largest bank holding company in the United States. Applicant operates three commercial banks and also engages in various nonbanking activities through a number of subsidiaries. CMFC is a Futures Commission Merchant ("FCM") registered with the Commodity Futures Trading Commission ("CFTC") that engages in futures trading activities permissible for bank holding companies under section 225.25(b)(18) of the Board's Regulation Y, 12 C.F.R. § 225.25(b)(18).

The Board has previously approved the execution and clearance of futures contracts on a municipal bond index. *Bankers Trust New York Corporation,* 71 FEDERAL RESERVE BULLETIN 111 (1985) ("*Bankers Trust*"). The factors upon which the Board based its approval decision in *Bankers Trust* are present in this application. The proposed futures contract is a financial future that is based on an index of general obligation bonds and revenue bonds selected by *The Bond Buyer.* Applicant's subsidiary, The Chase Manhattan Bank, has long been a major participant, both for its own account and for the accounts of its customers, in the municipal securities market as an underwriter of and dealer in general obligation bonds and other bank-eligible municipal securities.[3]

The Board has determined that Applicant's proposal to execute and clear such futures contracts is substantially similar to the proposal approved by the Board in *Bankers Trust,* and Applicant's prior experience in the municipal securities markets indicates that CMFC would have the expertise to provide the proposed services. Accordingly, the Board concludes that, in the manner proposed, and subject to the conditions set forth in section 225.25(b)(18) of Regulation Y, Applicant's proposal to execute and clear futures contracts on a municipal bond index is closely related to banking.

With respect to the proposed advisory services, such services also were authorized in *Bankers Trust* and several other cases.[4] Applicant proposes to pro-

1. The Board received a comment regarding certain alleged administrative practices by Applicant's banking subsidiary. These alleged practices are of such marginal relevance to the proposed transaction, however, that the Board is unable to accord them any weight in its analysis of Applicant's proposal.

2. As of September 30, 1984.

3. Banks are prohibited by the Glass–Steagall Act from dealing in revenue bonds, although they may hold certain municipal revenue bonds, 12 U.S.C. § 24(7). However, as in *Bankers Trust,* Applicant would not be dealing in or underwriting revenue bonds, but would be executing and clearing a futures contract on an index that includes such bonds.

4. *J.P. Morgan & Co., Incorporated,* 70 FEDERAL RESERVE BULLETIN 780 (1984); *Manufacturers Hanover Corporation,* 70 FEDERAL RESERVE BULLETIN 369 (1984).

vide investment advice and advisory services either on a separate fee basis or as an integrated package of services to FCM customers. The services would include written or oral presentations on the futures markets, a demonstration of the uses of financial futures for hedging, and assistance in structuring hedging strategies. Applicant will deal solely with major corporations and other financial institutions in its provision of the proposed advisory services, and will not act as a principal with respect to any of the instruments involved.

In order to approve this application, the Board is also required to determine that the performance of the proposed activities by Applicant "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects . . . ." (12 U.S.C. § 1843(c)(8)). Consummation of Applicant's proposal would provide added services to those clients of Applicant and its subsidiaries that trade in the cash, forward and futures markets for these instruments. As a result, the Board expects that the *de novo* entry of Applicant into the market for these services would increase the number of participants in the municipal bond index futures market, and would increase the level of competition among providers of these services. Accordingly, the Board concludes that the performance of the proposed activities by Applicant can reasonably be expected to produce benefits to the public.

The Board has also considered the potential for adverse effects that may be associated with this proposal. There is no evidence in the record that consummation of the proposed transactions would result in any adverse effects such as decreased competition, undue concentration of resources, unfair competition, conflicts of interest, or unsound banking practices.

Based upon a consideration of all the relevant facts, the Board concludes that the balance of the public interest factors that the Board is required to consider under section 4(c)(8) is favorable. However, the Board notes that trading of the futures contract involved in this application has not been approved by the CFTC. Accordingly, approval of Applicant's proposal is conditioned upon CFTC approval of a contract substantially similar to that described in the application to the Board. In addition, the Board reserves authority to reconsider its actions in approving the proposal as a record of FCM experience with respect to trading of this contract develops.

This determination is also subject to all of the conditions set forth in Regulation Y, including 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 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 made 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 New York pursuant to delegated authority.

By order of the Board of Governors, effective June 3, 1985.

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

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

Independent Bankers Financial Corporation Dallas, Texas

Order Approving Application to Act as a Municipal Securities Brokers' Broker

Independent Bankers Financial Corporation, Dallas, Texas, a bank holding company by virtue of its control of Texas Independent Bank, Dallas, Texas, has applied for the Board's approval, pursuant to section 4(c)(8) of the Bank Holding Company Act of 1956 ("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 acquire, through its securities brokerage subsidiary, Independent Brokerage of America, a 49 percent interest in a joint venture partnership, G.I.B., New York, New York ("Company").

The other 51 percent of Company's shares would be owned by GGB Holding, Inc., New York, New York, a wholly owned subsidiary of Mills & Allen International PLC, London, England ("Mills & Allen"), a publicly-held multinational company that engages in the wholesale brokerage of securities, money market instruments and insurance and in the advertising business in the United Kingdom and other countries, including the United States.[1] GGB Holding, Inc. was formed for the purpose of holding Mills & Allen's interest in Company and would engage in no activities other than those conducted through the joint venture.

Applicant, with total deposits of $97.4 million,[2] is a one-bank holding company formed over a bankers' bank. The shareholders of Applicant are 325 banks in Texas.

1. Mills & Allen does not presently engage in securities underwriting or dealing in the United States. Its securities activities in the United States consist of brokerage of U.S. government securities and money market instruments.

2. Banking data are as of September 30, 1984.

Company proposes to engage in the activity of acting as a municipal securities brokers' broker, as defined by Rule 15c3-1 implementing section 15(c)(3) of the Securities Exchange Act of 1934.[3] Company would offer such services through offices located in New York, Atlanta and Dallas and provide its services (largely by telephone) to securities brokers and dealers, including dealer banks, located throughout the United States. The New York office would be located in the same building as other Mills & Allen affiliates, but there would be separate offices and separate entrances. Notice of the application, affording interested persons an opportunity to submit comments, has been duly published (50 *Federal Register* 3029 (1985)). 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.

Under the proposal, Company would provide municipal securities brokerage services to other registered securities brokers and dealers, including dealer banks, consisting of acting as an undisclosed agent in the purchase and sale of municipal securities, including revenue bonds, for the account of its customers.

The proposed activity of acting as a brokers' broker of municipal securities has not been approved previously by the Board. Section 4(c)(8) of the Act permits a bank holding company to engage, directly or through a subsidiary, in activities that the Board has determined to be "so closely related to banking . . . as to be a proper incident thereto." Under the guidelines established in *National Courier Association v. Board of Governors*, a particular activity may be found to meet the "closely related to banking" test if it is demonstrated that banks generally have in fact provided the proposed activity; banks generally provide services that are operationally or functionally so similar to the proposed activity so as to equip them particularly well to provide the proposed activity; or that banks generally provide services that are so integrally related to the proposed activity as to require their provision in a specialized form.[4] The record indicates that the proposed activity meets two of the three criteria established under *National Courier*, because banks currently engage in the activity and the activity is functionally equivalent to the securities brokerage services banks provide to their customers.

Applicant's proposal involves the purchase and sale of municipal securities as agent only and would not include dealing or otherwise taking a position in such securities. Thus, the activity falls within the third party securities activities permitted for member banks under section 16 of the Glass-Steagall Act (12 U.S.C. § 24) which permits banks to purchase and sell securities "without recourse, solely upon the order, and for the account of, customers." The record shows that national banks have been permitted to engage in the activity of acting as municipal securities brokers' brokers.

In addition, the Board finds that the proposed activity, acting as an intermediary between principals in order to allow them to buy and sell municipal securities in the secondary market in an anonymous manner, is functionally similar to the retail securities brokerage activities performed by banks for their customers as permitted under section 16 of the Glass–Steagall Act. Accordingly, the Board concludes that the proposed activity of acting as a municipal securities brokers' broker is closely related to banking within the meaning of section 4(c)(8) of the Bank Holding Company Act.

In addition to determining whether an activity is closely related to banking, the Board must consider whether Applicant's performance of the proposed activities can "reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." 12 U.S.C. § 1843(c)(8). The consideration of possible adverse effects also requires an evaluation of the financial and managerial aspects associated with the proposal. 12 C.F.R. § 225.24. After review of the application and other facts of record, including Applicant's representations concerning its obligations to customers under securities and other laws, the Board finds that Applicant's conduct of the proposed activity would not result in adverse effects and finds that financial and managerial considerations are consistent with approval.

Applicant states that the purpose of the joint venture is to permit the parties to combine their unique skills in order to offer a service that neither partner would be able to offer successfully on an independent basis. Mills & Allen has stated that it requires a domestic partner with knowledge of the municipal securities markets and a customer base in order to expand its

3. Rule 15c3-1(a)(8)(ii) implementing section 15(c)(3) of the Securities and Exchange Act of 1934 defines a municipal securities brokers' broker as a "municipal securities broker or dealer who acts exclusively as an undisclosed agent in the purchase or sale of municipal securities for a registered broker or dealer or registered municipal securities dealer" who has "no retail customers" and "maintains no municipal securities in its proprietary or other accounts." Municipal securities brokers' brokers are subject to the federal securities laws applicable to securities brokers and are governed by the rules of the Municipal Securities Rulemaking Board.

4. 516 F.2d 1229 (D.C. Cir. 1975). The *National Courier* guidelines are not the exclusive basis for finding a close relationship between a proposed activity and banking.

securities brokerage activities to include municipal securities. Applicant has stated it has developed such knowledge through the municipal securities dealing operations of its banking subsidiary. In addition, Applicant has indicated that its existing municipal securities dealing customers desire access to brokerage services that Applicant is unable to provide without a financial partner and a New York office. Applicant has stated that its association with Mills & Allen would provide the capital and a New York presence necessary to enter this field.

Prior decisions of the Board in joint venture cases indicate a concern that joint ventures not lead to a matrix of relationships between co-venturers that could erode the legally mandated separation of banking and commerce, lead to conflicts of interests, result in an undue concentration of resources, or compromise the impartiality of the banking organization in the performance of credit evaluation or fiduciary services.[5] In its conditional approval of the joint venture between Amsterdam-Rotterdam Bank, N.V. and a company that engaged in the sponsorship, distribution and management of mutual funds, the Board stated that this concern is exacerbated where the joint venture involves a relationship between a bank holding company and a company that engages in securities activities that are restricted under the Glass–Steagall Act, because of the potential for the mingling of permissible and impermissible securities activities.[6]

In this case, Mills & Allen has stated that it engages domestically only in securities activities that would be permissible for bank holding companies under the Glass–Steagall Act. However, the Board is concerned that in the future Mills & Allen might alter its securities activities in a way that might result in the mingling of permissible activities with impermissible activities. To address these concerns, Applicant and Mills & Allen have made a number of commitments to the Board.

The commitments made by Applicant, and agreed to by Mills & Allen, are intended to prevent the joint venture from becoming involved in impermissible securities activities directly or indirectly and to prevent it from being unduly influenced by Mills & Allen affiliates that may engage in securities dealing in the future.

The Board finds that the commitments made by Applicant and by Mills & Allen largely address the Board's concerns in the context of the facts and circumstances of this application. The commitments are as follows:

1. Mills & Allen agrees to notify the Board and Applicant of any expansion of its or its subsidiaries' activities in the United States and its or its subsidiaries' securities activities generally into areas other than those currently conducted by Mills & Allen or its subsidiaries no later than the earlier of:
   (i) the date upon which any public announcement is made of such proposed new securities activity or
   (ii) the date upon which Mills & Allen or its subsidiary actually commences such new securities activity.
2. In the event that Mills & Allen or its subsidiaries expand their securities activities beyond those currently set forth in the application such that notice to the Board and Applicant is required pursuant to paragraph (1) hereof, Applicant agrees that it will apply to the Board for approval of its retention of its interest in Company.
3. Mills & Allen represents and commits that no officer, director or employee of Company is now or will at any time concurrently serve as an officer or employee of Mills & Allen or its subsidiaries or affiliates; provided, however, that the Chairman of the Board of Directors of Company may serve as an officer, director or employee of a Mills & Allen subsidiary.
4. Applicant and Mills & Allen agree that the offices of Company will be kept separate from the offices of Applicant and other subsidiaries of Mills & Allen in that, although located in the same office building as the offices of other subsidiaries of Mills & Allen, Company will have a separate entrance and telephone number.
5. Applicant agrees that it and its officers, employees and affiliates will not distribute prospectuses or sales literature for Mills & Allen or its subsidiaries and will not make any such literature available to the public at any of their offices.
6. Applicant agrees to instruct its officers and employees and those of its affiliates not to express any opinion concerning the advisability of purchasing any securities or services from Mills & Allen or any of its subsidiaries other than the municipal securities brokerage services offered by Company.

---

5. *See, e.g., The Maybaco Company and Equitable Bancorporation*, 69 FEDERAL RESERVE BULLETIN 375 (1983), and *Deutsche Bank AG*, 67 FEDERAL RESERVE BULLETIN 449 (1981). In the *Deutsche Bank* case, the Board denied one part of the joint venture application on the basis that the public benefits of the proposal did not outweigh the generalized adverse effects that could result from a joint venture between a large banking organization and a large nonbanking company to engage in a broad range of financing activities.

6. *See Amsterdam-Rotterdam Bank, N.V.*, 70 FEDERAL RESERVE BULLETIN 835 (1984) (investment advisory joint venture with a non-U.S. company that sponsored mutual funds), and *The Maybaco Company and Equitable Bancorporation*, 60 FEDERAL RESERVE BULLETIN 375 (1983) (mortgage banking joint venture with an investment banking firm).

7. Applicant agrees that it will not furnish the names of its customers or those of its affiliates to Mills & Allen or its subsidiaries, except that such information may be furnished to Company.
8. Applicant and Mills & Allen agree that neither Mills & Allen nor any of its subsidiaries will own or lease offices in any building which is identified in the public's mind with Applicant or its affiliates.
9. Applicant and Mills & Allen agree that neither Applicant nor its affiliates will act as registrar, transfer agent or custodian for securities of Mills & Allen or its subsidiaries.
10. Applicant and Mills & Allen agree that no officer, director or employee of Mills & Allen or its subsidiaries will concurrently serve as an officer, director or employee of Applicant or its affiliates provided, however, that this commitment shall not prohibit a single individual who is an officer, director or employee of Mills & Allen or its subsidiaries from serving as a chairman of the board or a director of Company.
11. Applicant and Mills & Allen agree that neither Applicant nor any of its affiliates will engage, directly or indirectly, in the sale or distribution of any securities offered by Mills & Allen or its subsidiaries nor purchase any such securities for its own account, other than municipal securities purchased through Company.
12. Applicant and Mills & Allen agree that neither Applicant nor any of its affiliates will purchase any securities through Mills & Allen or subsidiaries of Mills & Allen in a fiduciary capacity other than municipal securities through Company.
13. Neither Applicant nor any of its affiliates will make any investment in Mills & Allen or its subsidiaries or nominate any directors of Mills & Allen or its subsidiaries other than its investment in Company and its nominees to the board of directors of Company.
14. Neither Applicant nor any of its affiliates will take into account the fact that a potential borrower competes with Company in determining whether to extend credit to such borrower.
15. Mills & Allen represents that neither it nor any of its subsidiaries currently engages or plans to engage in the underwriting or issuing of securities in the United States or outside of the United States other than the self-issuance of securities of Mills & Allen or its subsidiaries.

The Board finds that consummation of the proposed transaction would not eliminate any existing or potential competition between Mills & Allen and Applicant, but rather would add a competitor to the field of domestic providers of these services. The co-venturers are not and have not been in competition with each other in the municipal securities market or any other product market either in the United States or abroad. The Board also notes that Applicant does not appear to be a likely independent entrant into the market, because the cost of doing so on a *de novo* basis would be prohibitive. The relatively small absolute size of Applicant, when coupled with Applicant's limited domestic presence, also demonstrates that the proposal would be unlikely to result in an undue concentration of resources.

In light of the foregoing, the Board finds no evidence in the record to indicate that consummation of the proposal would result in adverse effects on the public interest. Moreover, the Board is satisfied that approval of this application does not present the opportunity for unsound banking practices.

The Board finds that consummation of this proposal may be expected to result in public benefits that outweigh possible adverse effects. In particular, the proposal to add Company as a provider of the services would promote competition and would allow bank holding companies to offer a convenient service to banks and financial institutions that deal in municipal securities.

Based on the foregoing and other facts of record, the Board has determined that the balance of the public interest factors it is required to consider under section 4(c)(8) of the Act is favorable. Accordingly, the application should be and hereby is approved. In approving this application, the Board has relied on all the commitments offered by Applicant and the conditions in this Order. This determination is subject to all of 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 proposed activity shall be commenced 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 Dallas, acting pursuant to delegated authority.

By order of the Board of Governors, effective June 26, 1985.

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

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

MCorp
Dallas, Texas

MCorp Financial, Inc.
Wilmington, Delaware

Order Approving Retention of Data Processing Activities

MCorp, Dallas, Texas, and its wholly owned subsidiary MCorp Financial, Inc., Wilmington, Delaware, both 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. § 4(c)(8)) and section 225.23(a) of the Board's Regulation Y (12 C.F.R. § 225.23(a)) to retain 99.8 percent and acquire the remaining 0.2 percent of the shares of MTech, Dallas, Texas, a company engaged in data processing activities. Upon consummation of this proposal, Applicant would own 100 percent of the shares of MTech.[1] MTech is currently engaged in the provision of data processing services to approximately 700 financial institutions. These services include the processing of financial, banking and economic data, the transmission of such data to and from such financial insitutions, and the provision of data processing facilities. In addition, MTech is engaged in the provision of electronic funds transfer services to financial insitutions as the operator of the "MPACT" network of automated teller machines and point-of-sale terminals; MTech provides the necessary data processing and data transmission services, facilities and data bases to the various financial institutions that participate in the MPACT network. MTech also provides data processing and data transmission services and facilities for certain types of economic data for nonfinancial institutions. Such activities have been determined by the Board to be closely related to banking (12 C.F.R. § 225.25(b)(7)).[2] MTech operates data processing centers in 15 Texas cities, and in Tulsa, Oklahoma; New York, New York; Boston, Massachusetts; Alexandria, Virginia; and Clarksburg, West Virginia. Applicant plans to expand its activities in the future throughout the United States.

Notice of the application, affording interested persons an opportunity to submit comments on the public interest factors, has been duly published (50 *Federal Register* 10,110 (1985)). The time for filing comments has expired, and the application and all comments received have been considered in light of the public interest factors set forth in section 4(c)(8) of the Act.

Applicant, the largest commercial banking organization in Texas, controls 67 subsidiary banks with total domestic deposits of $16.1 billion.[3] By this application, Applicant seeks Board approval to retain the shares of MTech, originally held by Applicant under the authority of section 4(c)(5) of the Act on the basis that MTech was a bank service corporation. Because the activities of MTech currently consist of providing data processing services to nondepository institutions as well as to financial insitutions, Applicant may not continue to hold MTech pursuant to section 4(c)(5) of the Act (12 U.S.C. § 1843(c)(5)) and the Board's Regulation Y (12 C.F.R. § 225.22(c)(4)).

Section 4(c)(8) of the Act provides that the Board may approve a bank holding company's application to acquire a nonbanking company or engage in a nonbanking activity only after the Board has determined that performance of the proposed activity by a nonbanking subsidiary of a bank holding company can reasonably be expected to provide benefits to the public such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. In acting on an application under section 4(c)(8) of the Act and Regulation Y to engage in activities previously commenced in a situation where the required prior Board approval was not obtained, the Board applies the same standards that it would apply to an application to commence such activities initially. In analyzing such an application, the Board considers the competitive effects of such a proposal at the time of the commencement of the activities.

In this case, some of the activities were commenced by MTech on a *de novo* basis, while others were commenced by MTech through acquisitions of going concerns. Because *de novo* expansion provides an additional source of competition, the Board views such expansion as being procompetitive. With regard to the acquisitions of going concerns, it is the Board's view that, due to the limited scope of the operations of each of the firms acquired, the geographic distribution

1. MTech, formerly known as Affiliated Computer Systems, Inc., was originally established by one of Applicant's subsidiary banks in 1975 as an operating subsidiary. In 1978, Applicant directly acquired 99.8 percent of MTech's shares, and the remaining 0.2 percent of MTech's shares were acquired by five of Applicant's subsidiary banks.

2. In accordance with the requirements of Regulation Y, Applicant has indicated that, with respect to its data processing activities, all the data to be processed or furnished are financial, banking, or economic, and all services are provided pursuant to written agreements that so describe and limit the services. The facilities are designed, marketed, and operated for the processing and transmission of such data, and hardware is provided only in conjunction with software designed and marketed for the processing and transmission of such data, and any general purpose hardware does not constitute more than 30 percent of the cost of any packaged offering.

3. Deposit data are as of March 31, 1985.

of their operations, and the large number of competitors in the data processing field, these acquisitions did not have a significant effect on competition in any relevant area.

In acting on this application, the Board has considered the fact that Applicant failed to secure the Board's approval before engaging in certain data processing activities for nondepository institutions through MTech. After reviewing the relevant facts, the Board concludes that this failure was inadvertent, and, in view of certain assurances provided by Applicant, the Board has determined that it should not be regarded as reflecting so adversely on the management of Applicant as to warrant denial of the application.

Retention of MTech by Applicant may be expected to result in public benefits because MTech will continue to provide its customers with an additional source of data processing services. Further, there is no evidence in the record to indicate that the retention of MTech would result in any conflicts of interests, unsound banking practices, or other adverse effects.

Based upon the foregoing and certain commitments by Applicant that are reflected in the record, the Board has determined that the balance of the public interest factors it is required to consider under section 4(c)(8) of the Act is favorable. Accordingly, the application is hereby approved. This determination is subject to all of the conditions set forth in Regulation Y, including those contained 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 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 June 5, 1985.

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

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

Norstar Bancorp, Inc.
Albany, New York

Order Approving an Application to Provide Employee Benefits Consulting Services

Norstar Bancorp, Inc., Albany, New York, 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 4(c)(8) of the 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 100 percent of the voting shares of Altman & Brown, Inc., Albany, New York ("Company").

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been duly published, 50 *Federal Register* 8396 (1985). 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.[1]

Norstar, a bank holding company by virtue of its ownership of commercial banks in New York and Maine, has total consolidated assets of $7.2 billion.[2] Norstar also engages in certain nonbanking activities, including discount brokerage, credit-related insurance activities, and mortgage banking activities.

Norstar proposes to acquire Company, an employee benefits consulting firm that provides a full range of services with regard to employee benefits plans. Company's activities can be divided into four basic types of activities:

1. *Plan Design*—designing employee benefit plans, including determining actuarial funding levels and cost estimates;
2. *Plan Implementation*—providing assistance in implementing plans, including assistance in the preparation of plan documents and the implementation of employee benefit administration systems;
3. *Administrative Services*—providing administrative services with respect to plans, including record-keeping services, calculating and certifying employee benefits, preparing periodic actuarial and other reports and government filings pursuant to ERISA, and providing information to a client's legal counsel in labor relations and negotiations;
4. *Employee Communications*—developing employee communication programs with respect to plans for the benefit of the client.

All of these activities involve the use of actuarial skills to some degree since approximately 80 percent of Company's plans under ongoing supervision are "defined benefit plans" based upon payment of a fixed benefit determined by an actuarially based formula in the plan instrument, as distinguished from "defined contribution plans."

In order to approve an application under section 4(c)(8) of the Act, the Board must determine that the

1. *Mellon Bank, N.A., Pittsburgh, Pennsylvania,* commented in favor of approval of this application.
2. Data are as of December 31, 1984.

proposed activity is "so closely related to banking or managing or controlling banks as to be a proper incident thereto . . ." 12 U.S.C. § 1843(c)(8). Norstar submits that all of the proposed activities are included in the trust company or financial or investment advisory service activities permissible under Regulation Y. 12 C.F.R. § 225.25(b)(3) and (4). While certain of the activities of employee benefits consulting as conducted by Company, particularly in the area of plan administration, are conducted by trust companies or trust departments of banks in their capacities as trustees or custodians of employee benefits plans and investment managers of plan assets, and while certain of Company's employee benefits consulting activities are functionally equivalent to general trust activities of banks and trust companies, the record does not indicate that the complete range of employee benefits consulting services are generally conducted by trust companies or authorized by the Board as permissible as trust company activities under Regulation Y. Similarly, while the Board believes that employee benefits consulting is essentially a financial planning activity involving the preparation and conveyance to a client of financial information and while the Board has previously determined the preparation and conveyance of financial data to be closely related to banking and permissible under Regulation Y in the areas of investment advisory services, data processing services and courier services,[3] the record does not indicate that employee benefits consulting is wholly encompassed within any or all such activities. Thus, the Board does not agree with Norstar's contention that all of the proposed activities are currently authorized for bank holding companies under existing provisions of Regulation Y. The Board must determine whether Company's activities are closely related to banking under section 4(c)(8).

Since section 4(c)(8) does not specify any additional criteria or factors on which the Board should base its finding whether an activity is closely related to banking, the Board has generally relied on the minimum guidelines established by the federal courts.[4] Under these guidelines, an activity may be found to be closely related to banking if it is demonstrated that banks generally have in fact provided the proposed service; that banks generally provide services that are operationally or functionally so similar to the proposed services as to equip them particularly well to provide the proposed service; or that banks generally provide services that are so integrally related to the proposed service as to require their provision in a specialized form. The courts have made it clear, however, that these criteria are not exhaustive and that the Board has discretion to consider other criteria which provide a reasonable basis for a finding that a particular nonbanking activity has a close relationship to banking.[5]

Applying these criteria, the Board believes that banks and trust companies generally provide trust services that are operationally or functionally related to many of Company's activities, including activities in each of Company's four basic areas of plan design, plan implementation, plan administration and employee communications. Design activity for employee benefits plans is operationally and functionally similar to the design and establishment of trusts by banks and trust companies. Bank trust departments routinely assist trust customers to determine their objectives, funding levels and costs, and they provide ongoing evaluations regarding whether the needs of the trust donor and beneficiary are being met. Banks also design a variety of savings and individual retirement account plans that share similarities with defined contribution employee benefits plans.

With respect to the plan implementation and administration components of employee benefits consulting, banks and trust companies prepare trust documents and establish administrative systems for such trusts. In addition to performing functionally and operationally related activities, banks and trust companies also serve as custodians or trustees and act as investment managers for employee benefits plans. In these capacities, they may perform recordkeeping, reporting, and payment services for such plans, including the filing of annual reports with the Internal Revenue Service and other regulatory agencies.

While certain aspects of employee communications are unique to benefit plans, banks and trust companies have expertise in maintaining customer accounts and preparing statements for individual customers. Banks also have considerable experience designing informational materials for customers that explain the customer benefits of bank services and products. In summary, many of the proposed employee benefits consulting activities are either already specifically engaged in by banks and trust companies or are functionally related

3. The Board does not believe that employee benefits consulting activities as conducted by Company will involve Norstar in the detailed operational aspects of a commercial enterprise that the Board sought to avoid in declining to permit bank holding companies to engage in management consulting activities. See section 225.25(b)(4) n.2 of Regulation Y, 12 C.F.R. 225.25(b)(4) n.2.

4. *See National Courier Association v. Board of Governors*, 516 F.2d 1229 (D.C. Cir. 1975). *Accord, Securities Industry Ass'n v. Board of Governors*, —— U.S. ——, 104, S. Ct. 3003, 3008 (1984), *Association of Data Processing Service Organizations, Inc. v. Board of Governors*, 745 F.2d 677 (D.C. Cir. 1984).

5. *Securities Industry Ass'n, supra; Board of Governors v. Investment Company Institute*, 450 U.S. 46, 56–58 nn. 20–23 (1981); *Association of Data Processing Organizations, supra.*

to activities in which banks and trust companies regularly engage.

The Board recognizes, however, the actuarial aspect of Company's employee benefit consulting activities not generally included in trust company or bank activities. While actuarial services are an important element of Norstar's proposed activities, such services are limited in scope and purpose in that they are conducted primarily as a means to ensure adequate funding of defined benefits plans. Moreover, in this case they would be performed solely as a means of enabling Norstar to provide a full range of benefits planning activities for its clients. Company's actuarial services would not be conducted as an independent activity but only as a necessary and integrally related component of employee benefits consulting.[6]

In *Association of Data Processing Organizations, Inc. v. Board of Governors,* 745 F.2d 277 (D.C. Cir. 1984), the court of appeals held that the Board may permit those activities that are "a part of " the overall permissible activity where, as here, "in both market contemplation and technological reality, the service is a unitary one." (*Id.* at 694).

The Board believes that employee benefits consulting as conducted by Company is functionally and operationally related to banking and trust company activities. Moreover, employee benefits consulting involves the preparation and conveyance to a client of financial data determined by the Board to be permissible in the context of investment advisory, data processing and courier service activities. Therefore, Norstar's proposed activities are permissible as closely related to banking.

Before approving a bank holding company's application to engage in an activity that the Board determines is closely related to banking, the Board must also find that consummation of the proposal can reasonably be expected to produce benefits to the public that outweigh possible adverse effects. With respect to the proposed employee benefits consulting activities of Norstar, it appears from the record that authorizing the activity would enhance competition and provide greater convenience and increased efficiencies, without resulting in any adverse consequences.

As a matter of increased convenience, clients will have the option to obtain a complete package of employee benefits consulting services from a single company, including those investment and fund management services that can be provided by other subsidiaries of Norstar. Such a system of vertical integration is likely to make Company a more efficient competitor. Findings of greater convenience and increased competition may also be based on the increase in the number of companies that can conduct all aspects of employee benefits consulting.

There is no evidence in the record to indicate that Norstar's engaging in the proposed activity would lead to any undue concentration of resources, decreased or unfair competition, unsound banking practices, or other adverse effects. Clients will have the option to use any component of Norstar's employee benefits consulting services individually as well as the entire package of services, and Norstar has specifically committed to avoid tying any employee benefits consulting service to purchase of the entire employee benefits package or to any other service offered by Norstar or its subsidiaries.

Based upon the foregoing and all the facts of record, the Board has determined that the balance of public interest factors it is required to consider under section 4(c)(8) is favorable. Accordingly, the application is hereby approved. This determination is subject to the conditions set forth in sections 225.4(d) and 225.23(b)(3) of the Board's Regulation Y, 12 C.F.R. §§ 225.4(d) and 225.23(b)(3). The approval is also subject to the Board's authority to require modification or termination of the activities of the 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.

This transaction shall not be consummated 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 New York, pursuant to delegated authority.

By order of the Board of Governors, effective June 19, 1985.

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

JAMES MCAFEE
Associate Secretary of the Board

[SEAL]

6. As part of its acquisition, Norstar proposes to assist firms in IRS audits of plans; to inform clients of development in the field of employee benefit programs through newsletters, other correspondence, and participation in seminars, public programs and other forums relating to such developments; and to engage in professional actuarial activities and other activities incidental to the actuarial profession. The activities are generally related to the type of actuarial activities performed for purposes of engaging in employee benefits consulting and they do not generate any significant income. Such activities, therefore, are permissible as incidental to Norstar's approved activities. Norstar also proposes to provide expert actuarial opinions of a general nature for purposes such as divorce actions and personal injury litigation. The Board believes such activities are beyond the scope of incidental activities and are not permissible.

Security Pacific Corporation
Los Angeles, California

Order Approving Acquisition of Shares in Century Credit Corporation

Security Pacific Corporation, Los Angeles, California, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied for the Board's approval pursuant to section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a)(1) of the Board's Regulation Y (12 C.F.R. § 225.23(a)(1)), to acquire 80 percent of the voting shares of Century Credit Corporation, Linthicum, Maryland ("Company"), a *de novo* joint venture. The remaining 20 percent of Company's voting shares would be acquired by Frederick Weisman Company, Glen Burnie, Maryland ("Weisman").

Company proposes to engage in motor vehicle consumer finance and leasing, motor vehicle inventory finance, and incidental dealer-related commercial lending. 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) and (5)).

Notice of the application, affording interested persons an opportunity to submit comments, has been duly published (50 *Federal Register* 8675 (1985)). 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.

Applicant is the ninth largest banking organization in the United States, controlling consolidated assets of $45.2 billion.[1] Applicant's primary bank subsidiary, Security Pacific National Bank, is the second largest bank in California with total domestic deposits of $23.7 billion. Applicant is also engaged through nonbank subsidiaries in various nonbanking activities, including motor vehicle consumer financing and leasing and dealer inventory financing. Weisman is principally engaged, through its wholly owned subsidiary, Mid-Atlantic Toyota Distributors, Inc., in the distribution of Toyota motor vehicles and products to independent Toyota dealers in the states of Delaware, Maryland, Pennsylvania, Virginia, and West Virginia and the District of Columbia. Weisman does not engage, either directly or through a subsidiary, in any financing or leasing activities.

Under the proposed joint venture arrangement, Applicant and Weisman would engage *de novo* in purchasing and servicing conditional sales contracts and lease agreements originated by the Toyota dealers served by Weisman and in providing inventory financing and incidental capital loans to such dealers. Company would engage in these activities from its office in Linthicum, Maryland, and would serve the states of Delaware, Maryland, Pennsylvania, Virginia, and West Virginia, and the District of Columbia, the same jurisdictions in which the dealers served by Weisman are located.

This proposal has been structured as a joint venture to take advantage of the complementary resources and experience of Applicant and Weisman. While Applicant's subsidiary, Security Pacific Credit Corporation ("SPCC"), currently competes in Company's proposed product markets through an office located in Greenbelt, Maryland, this office of SPCC has had limited success in penetrating these markets in Company's service area because it does not have access to an established customer base. Through its relationship with approximately 100 Toyota dealers, Weisman will provide a customer base for Company, as well as its extensive experience in and understanding of the distribution of motor vehicles.

Because this proposal involves the use of a joint venture between a bank holding company and a nonbanking company, the Board has analyzed the proposal with respect to its effects on existing and potential competition between Applicant and Weisman in the relevant commercial lending and consumer financing and leasing markets.[2] Applicant currently engages, through SPCC, in the proposed activities in the mid-Atlantic area. However, SPCC's sole office in this area holds motor vehicle dealer finance receivables of $1.5 million, and motor vehicle sale contracts and leases of $20.2 million,[3] which represents approximately 0.1 percent of the new motor vehicle registrations in 1983 in the area to be served by Company. Weisman does not engage in any of the proposed activities. Consequently, the commencement of the proposed joint venture would have no effect on existing competition in any relevant market.

With respect to potential competition, the fields of motor vehicle financing and leasing and dealer financing in the mid-Atlantic area are unconcentrated, and

1. Banking data are as of March 31, 1985.

2. The Board has previously indicated its concerns regarding the potential for undue concentration of resources that could result from the combination in a joint venture of banking and nonbanking institutions. The Board is also concerned that joint ventures not lead to a matrix of relationships that could undermine the legally mandated separation of banking and commerce. *See, e.g., Amsterdam-Rotterdam Bank, N.V.*, 70 FEDERAL RESERVE BULLETIN 835 (1984); *Deutsche Bank AG*, 67 FEDERAL RESERVE BULLETIN 449 (1981); *Maryland National Corporation*, 65 FEDERAL RESERVE BULLETIN 271 (1979).

3. As of November 30, 1984.

have numerous participants significantly larger than SPCC. Furthermore, the Board does not consider Weisman to be a likely independent entrant into Company's proposed fields of activity, because Weisman has neither the experience as a lending institution nor the capital to engage independently in financing and leasing activities. Accordingly, the Board concludes that consummation of the proposed joint venture would have little effect on potential competition in the relevant markets.

Furthermore, the Board is satisfied that approval of this application does not inherently present the opportunity or potential for conflicts of interest or other anticompetitive practices. In reaching this conclusion, the Board stresses that the proposed activities are limited in scope and that there are no other joint ventures between Applicant and Weisman. Additionally, the subject of this joint venture represents a relatively minor portion of the business of each joint venturer. Consequently, the Board has no reason to believe that Applicant or Security Pacific National Bank would favor Weisman, or the dealers served by Weisman, in the provision of credit or other services.

Consummation of the proposal may be expected to result in public benefits inasmuch as the joint venture would enable Applicant to provide an additional source of credit to the customers of the Toyota dealers served by Weisman. The financial and managerial resources of Applicant, Weisman, and Company are considered satisfactory, and there is no evidence in the record to indicate that consummation of the proposal would result in undue concentration of resources, 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 Regulation Y, including those in sections 225.4(d) and 225.23(b) (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 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 San Francisco, acting pursuant to delegated authority.

By order of the Board of Governors, effective June 3, 1985.

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

JAMES MCAFEE

[SEAL] *Associate Secretary of the Board*

Security Pacific Corporation
Los Angeles, California

Order Approving an Application to Engage in Consumer Finance Activities and Certain Insurance Activities

Security Pacific Corporation, Los Angeles, California, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended ("Act"), 12 U.S.C. § 1841 *et seq.*, 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)(1) of the Board's Regulation Y, 12 C.F.R. § 225.23(a)(1), to acquire through its wholly owned subsidiary, Security Pacific Housing Services, Inc. ("SP Housing Services"), San Diego, California, substantially all of the manufactured housing, mobile home, and recreational vehicle retail finance assets of General Electric Credit Corporation ("General Electric"), Stamford, Connecticut, including retail accounts, servicing agreements, related equipment, and real property leases for office space in Anaheim and San Jose, California, and Reno, Nevada. Thereafter, SP Housing Services will continue to engage in conditional sales contract finance with respect to mobile homes and manufactured housing in the states of California, Idaho, Montana, Nevada, Oregon and Washington, the servicing of loans and other extensions of credit and the sale of credit life insurance in these same states. In addition, Security Pacific has applied under section 4(c)(8) of the Act to expand the activities of its subsidiary, General Fidelity Life Insurance Company ("General Fidelity"), Richmond, Virginia, to engage in the states of Montana and Nevada in the activity of underwriting and reinsuring credit life insurance for extensions of credit made by Security Pacific and its affiliates. The Board has previously determined that the activities to be engaged in by SP Housing Services and General Fidelity are closely related to banking and permissible for bank holding companies. 12 C.F.R. §§ 225.25(b)(1), (8)(i)(A) and (9).

Applicant also proposes to engage through SP Housing Services in the activity of acting as agent or broker for the sale of credit property insurance for extensions of credit made or acquired by Applicant and its affiliates as limited by section 601(B) of Title VI of the Garn–St Germain Depository Institutions Act of 1982 ("Garn–St Germain Act"), 12 U.S.C. § 1843(c)(8)(B). Section 601(B) provides an exception to the general prohibition in the Act against insurance agency and underwriting activities, and allows a bank holding company's finance company subsidiary to sell insurance (within certain dollar limitations) limited to assuring payment of the outstanding balance on an extension of credit in the event of loss or damage to any property used as collateral on such extension of credit. The Board concludes that Security Pacific, through SP Housing Services, may engage in the activity of acting as an agent or broker for the sale of credit property insurance to the extent that it complies with all of the requirements of section 601(B) of the Garn–St Germain Act.

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been duly published, 50 *Federal Register* 10,319 (1985). 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.

In addition to determining whether an activity is closely related to banking, the Board must consider whether Applicant's performance of the proposed activities can "reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." 12 U.S.C. § 1843(c)(8). This consideration also requires an evaluation of the financial and managerial aspects associated with the proposal. 12 C.F.R. § 225.24.

Applicant is the ninth largest banking organization in the United States, controlling consolidated assets of $45.2 billion.[1] Applicant's primary bank subsidiary, Security Pacific National Bank, Los Angeles, California, is the second largest bank in California with total domestic deposits of $23.7 billion. Applicant also is engaged through nonbank subsidiaries in various nonbanking activities, including consumer and commercial finance, leasing, trust services, mortgage banking and industrial banking.

With respect to the market for manufactured housing, mobile home and recreational vehicle financing, consummation of this proposal would eliminate some existing competition. However, the respective market shares for such financing controlled by Applicant and General Electric are quite small in the geographic markets where Applicant and General Electric both compete,[2] and General Electric has not been a vigorous competitor in this market since 1982. Accordingly, the Board concludes that consummation of this proposal would not have a significant adverse effect on existing competition in any relevant market.

Financial and managerial considerations are consistent with approval of this proposal. Moreover, there is no evidence in the record that consummation of this proposal would result in adverse effects, such as unsound banking practices, unfair competition, conflicts of interest, or an undue concentration of resources.

With respect to the public benefits associated with Applicant's proposal to underwrite and reinsure credit life insurance, the record indicates that, upon consummation of this proposal, Applicant would reduce the premium rates for such insurance in Montana and Nevada. Thus, the Board concludes that consummation of this aspect of the proposal would benefit consumers in these states.[3] As for the public benefits associated with the other aspects of this proposal, consummation would result in the preservation and expansion of the consumer finance and credit-related insurance services previously provided by General Electric.

Based upon the foregoing and the facts of record, the Board concludes that the balance of public interest factors it must consider under section 4(c)(8) of the Act is favorable. Accordingly, the application should be and hereby is approved. This determination is subject to all of the conditions set forth in the Board's Regulation Y, including those in sections 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 proposed activities shall be commenced not later than three months after the effective date of this Order, unless such period is extended by the Board or by the Federal Reserve Bank of San Francisco, acting pursuant to delegated authority.

1. Banking data are as of March 31, 1985.

2. These markets are a region comprised of the states of California and Nevada, and a region comprised of the states of Idaho, Montana, Oregon and Washington.

3. *See* 12 C.F.R. § 225.25(b)(9) n. 7.

By order of the Board of Governors, effective June 4, 1985.

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

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

United City Corporation
Plano, Texas

Order Approving the Provision of Consumer Financial Counseling Services

United City Corporation, Plano, Texas, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied for the Board's approval pursuant to section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a)(1)) of the Board's Regulation Y (12 C.F.R. § 225.23(a)(1)), to engage *de novo* in providing consumer financial counseling services. Applicant proposes to offer such services, which include advice to consumers on debt consolidation, applying for a mortgage, insurance and portfolio management, and investment planning, through a division of Applicant.

The Board has found this activity to be closely related to banking and permissible for bank holding companies on two occasions.[1] Furthermore, the Board has proposed to add consumer financial counseling to its list of permissible nonbanking activities under section 225.25 of Regulation Y (49 *Federal Register* 9215 (1984)).

Notice of the application, affording opportunity for interested persons to comment, has been duly published (50 *Federal Register* 12,405 (1985)). 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 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

Applicant is the 51st largest commercial banking organization in Texas, with consolidated assets of $202.9 million.[2] Applicant's four subsidiary banks have total deposits of $174.3 million, representing approximately 0.1 percent of the total deposits in commercial banks in the state.[3]

In approving Citicorp's application to engage in the provision of financial management courses and financial counseling, the Board indicated its concern that the offering of such services by bank holding companies could result in the misuse of confidential customer information and in certain conflicts of interests between the bank holding company's role as a source of objective financial advice and its interest in promoting the products of its affiliates.[4] The Board's decision in *Citicorp* was conditioned on Citicorp's commitments to maintain a strict separation between its educational and promotional material and activities and to advise each customer that he is not required to purchase any services from Citicorp affiliates. In addition, Citicorp committed that any confidential information obtained by it or any of its subsidiaries in connection with its courses would be obtained only with the customer's consent and would not be made available to any other Citicorp affiliate or any third party for any purpose.[5] The Board believes that these commitments are essential to ensure that the advice rendered will be impartial and to prevent misuse by Applicant of confidential customer information, and Applicant has made similar commitments with respect to this application.

Applicant currently offers discount brokerage services through the same legal entity (the holding company) as that from which it proposes to offer consumer financial counseling. Section 225.25(b)(15) of Regulation Y (12 C.F.R. § 225.25(b)(15)) expressly limits the brokerage services permissible for a bank holding company to "buying and selling securities solely as agent for the account of customers" and provides that the permissible brokerage activities do not include "investment advice or research services." Applicant has made the following commitments designed to separate its discount brokerage activities from the proposed financial counseling activities:

(1) Applicant will make only generic recommendations as to general investment products and will not offer advice as to specific products or investments;
(2) the two services will be provided by completely different personnel;
(3) the brokerage services will be physically separated from the financial counseling services;
(4) Applicant will use separate and distinct marketing programs for its financial counseling and brokerage services; and
(5) Applicant's consumer financial counseling customers will not be solicited by Applicant to use Applicant's brokerage services.

The Board has considered these commitments and has determined that they are sufficient to maintain the separation between the two activities required by section 225.25(b)(15) of Regulation Y. Thus, the Board

1. *Citicorp (Citicorp Person-to-Person Financial Centers)*, 65 FEDERAL RESERVE BULLETIN 265 (1979), and *Maryland National Corporation*, 71 FEDERAL RESERVE BULLETIN 253 (1985).
2. As of December 31, 1984. All financial data reflect Applicant's recent acquisition of First National Bank in DeSoto, DeSoto, Texas.
3. Deposit data are as of June 30, 1984.
4. *Citicorp, supra* note 1, at 266.
5. The Board also imposed these conditions in *Maryland National Corporation*, 71 FEDERAL RESERVE BULLETIN 253 (1985).

has decided that it will not require Applicant to offer the services through separate legal entities. This determination is based on the specific facts and circumstances of this case, including the size and physical facilities of Applicant, and circumstances in future cases might require that the activities be conducted through separate subsidiaries.

The Board finds no evidence that the provision of financial counseling services by Applicant would result in any conflicts of interests, unfair competition, unsafe and unsound banking practices, or other adverse effects. Because Applicant would offer the proposed services *de novo*, consummation of the proposal may reasonably be expected to result in increased competition.

Based upon the foregoing and all of the facts of record, the Board has determined that the balance of public interest factors it is required to consider under section 4(c)(8) of the Act is favorable and consistent with approval of this application. Accordingly, the Board has determined that the application should be and hereby is approved. This determination is subject to the conditions set forth in this Order as well as to all of the conditions set forth 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)). The Board's approval is also subject 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 Dallas, acting pursuant to delegated authority.

By order of the Board of Governors, effective June 24, 1985.

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

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

Concurring Statement of Governor Rice

I agree with the Board that Applicant should be permitted to engage in the proposed financial counseling activities.

I believe that the Applicant's commitments not to offer advice as to the purchase of specific securities, to provide the proposed services and discount brokerage services through completely different personnel and in different physical locations, to use distinct marketing programs for the two services, and not to solicit its financial counseling customers to use its brokerage services, offer a measure of separation of the discount brokerage activities from the financial counseling activities. In my opinion, however, these commitments do not meet the requirement in section 225.25(b)(15) of Regulation Y that discount brokerage activities not include investment advice or research services. I would therefore condition approval of this proposal on the placement of the financial counseling activities and the discount brokerage activity in separate legal entities.

June 24, 1985

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

Marshall & Ilsley Corporation
Milwaukee, Wisconsin

Order Approving Acquisition of a Bank Holding Company and of Companies Engaged in Leasing, Trust Services, and Investment Advisory Services

Marshall & Ilsley Corporation, Milwaukee, Wisconsin, 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 acquire all of the outstanding shares of Heritage Wisconsin Corporation, Wauwatosa, Wisconsin ("Heritage"), also a bank holding company, and thereby indirectly acquire Heritage's three bank subsidiaries: Heritage Bank, Wauwatosa, Wisconsin; Heritage Bank Beloit Mall, Beloit, Wisconsin; and Heritage Bank West Bend, West Bend, Wisconsin.

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 the Board's Regulation Y (12 C.F.R. § 221.23(a)) to acquire indirectly Heritage's three nonbank subsidiaries: Heritage Leasing Corporation, Milwaukee, Wisconsin ("Heritage Leasing"); Heritage Trust Company, Milwaukee, Wisconsin ("Heritage Trust"); and Heritage Investment Advisors, Inc., Milwaukee, Wisconsin ("Heritage Investment Advisors"). These subsidiaries engage in leasing, trust, and investment advisory activities. The Board has previously determined that these activities are closely related to banking and permissible for bank holding companies. 12 C.F.R. § 225.25(b)(3)-(5).

Notice of the applications, affording interested persons an opportunity to submit comments, has been given in accordance with sections 3 and 4 of the Act, 12 U.S.C. §§ 1842 & 1843. 50 *Federal Register* 9906 (1985). 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 is the second largest commercial banking organization in Wisconsin and controls deposits of $2.36 billion, representing 8.6 percent of the total deposits in commercial banks in the state.[1] Heritage is the eighth largest commercial banking organization in the state and controls deposits of $470 million, representing 1.7 percent of the total deposits in commercial banks in the state. Upon acquiring Heritage, Applicant would control deposits of $2.83 billion, representing 10.3 percent of the total deposits in commercial banks in the state, and would remain the second largest banking organization in the state. Consummation of this proposal would have no significant effect on the concentration of banking resources in Wisconsin.

The bank subsidiaries of Applicant compete directly with those of Heritage in the Milwaukee and West Bend banking markets.[2] Applicant is the second largest commercial banking organization in the Milwaukee banking market, controlling deposits of $1.36 billion, representing 16.3 percent of the total deposits in commercial banks in the market. Heritage is the fifth largest commercial banking organization in the market, controlling deposits of $350.3 million, representing 4.2 percent of the total deposits in commercial banks therein. Upon acquiring Heritage, Applicant would control 20.5 percent of the total deposits in commercial banks in the market.

The share of deposits held by the four largest banking organizations in the Milwaukee banking market is 67.0 percent and would increase to 71.2 percent upon consummation of this proposal. The market's Herfindahl-Hirschman Index ("HHI") is 1461 and would increase by 137 points to 1598 upon consummation of the proposal.[3] Although the proposed acquisition would eliminate some existing competition between Applicant and Heritage in the Milwaukee banking market, the market would not become highly concentrated as a result of this transaction and 47 other banking organizations would continue to operate in the market. On the basis of these and other facts of record, the Board concludes that the effects of consummation of the proposal on existing competition in the Milwaukee banking market would not be significantly adverse.

In the West Bend banking market, Applicant is the largest commercial banking organization, with deposits of $96.5 million representing 30.3 percent of the total deposits in commercial banks in the market. Heritage is the fifth largest commercial banking organization in the market, controlling deposits of $17.5 million representing 5.5 percent of the market's commercial bank deposits. Upon acquiring Heritage, Applicant would control 35.8 percent of the total deposits in commercial banks in the market.

The West Bend banking market is concentrated, with the four largest commercial banking organizations controlling 87.4 percent of the market's commercial bank deposits. The HHI in the market is 2140 and would increase by 333 points to 2473 upon consummation of this proposal, making the transaction one that would be subject to challenge under the Department of Justice Merger Guidelines.[4]

While the proposed acquisition would eliminate existing competition between Applicant and Heritage in the West Bend market, the Board notes that 11 competitors, including two of the state's largest commercial banking organizations, would remain in the market following consummation of this proposal. In addition, the Board has concluded that the effect of this proposal on existing competition is mitigated by the extent of competition offered by thrift institutions

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

2. The Milwaukee banking market is coextensive with the Milwaukee RMA, which consists of Milwaukee, Ozaukee, and Waukesha Counties and portions of Jefferson, Racine, Washington, and Walworth Counties, all in Wisconsin.

The West Bend banking market comprises the towns of Addison, Barton, Errin, Hartford, Farmington, Kewaskum, Trenton, Wayne, and West Bend in Washington County, Wisconsin.

3. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,823 (1984)), a market in which the post-merger HHI is between 1000 and 1800 is considered moderately concentrated, and the Department is likely to challenge a merger that increases the HHI by more than 100 points, unless other facts of record indicate that the merger is not likely substantially to lessen competition. The Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating an anticompetitive effect) unless the post-merger HHI is at least 1800 and the merger increases the HHI by at least 200 points.

4. Under the Department of Justice Merger Guidelines, a market in which the post-merger HHI is above 1800 is considered highly concentrated. In such markets, the Department is likely to challenge a merger that produces an increase in the HHI of 50 points or more unless other facts of record indicate that the merger is not likely substantially to lessen competition. Other factors include the post merger HHI, the increase in the HHI, changing market conditions, the financial condition of the firm to be acquired, ease of entry, nature of the product, substitute products, similarities in firms that are subject to the transaction and increased efficiencies that may result from the transaction. The Department has not advised the Board of any objection to this transaction.

in the West Bend market.[5] Five thrift institutions in the market hold total deposits of $134.7 million, representing 29.9 percent of the total deposits in the market. Two of these institutions have located their home offices within the West Bend market, and provide consumer loans, NOW accounts and commercial real estate loans. Moreover, one of the thrift institutions is actively engaged in additional commercial lending. In view of these facts, the Board considers the presence of thrift institutions as a significant factor in assessing the competitive effects of this proposal and has determined that consummation of the proposal is not likely to have a significant adverse effect on existing competition in the West Bend banking market.[6]

Heritage is represented in the Beloit-Janesville market, where Applicant does not currently compete. The Board has examined the effect of the proposed acquisition upon probable future competition in that market in light of the Board's proposed market extension guidelines.[7] With a three-firm concentration ratio of 52.2 percent, the Beloit-Janesville market is not highly concentrated, and the Board has concluded that consummation of this proposal would not have any significant adverse effects on probable future competition in this market.

The financial and managerial resources and future prospects of Applicant and Heritage are considered satisfactory and consistent with approval of the application. Considerations related to the convenience and needs of the communities to be served are also consistent with approval.

Applicant has also applied to acquire Heritage Leasing, Heritage Trust, and Heritage Investment Advisors. Heritage Leasing provides lease finance services, Heritage Trust provides trust services to corporations and individuals, and Heritage Investment Advisors provides portfolio investment advice to mutual funds and individuals. All of these activities are conducted in Milwaukee, Wisconsin.

Applicant is also engaged through various nonbanking subsidiaries in lease finance, trust, and investment advisory services in Milwaukee, Wisconsin. Thus consummation of this proposal would eliminate existing competition between Applicant and Heritage in the provision of such services. However, the respective market shares for these services held by Applicant and Heritage are quite small in the Milwaukee market and numerous other providers of these services would remain in the market upon consummation of this proposal. Accordingly, the Board concludes that consummation of this proposal would not have a significant adverse effect on existing competition in any relevant product or geographic market.

There is no evidence in the record to indicate that Applicant's acquisition of Heritage's nonbanking subsidiaries would result in decreased or unfair competition, undue concentration of resources, conflicts of interests, unsound banking practices, or other adverse effects. 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 proposed acquisitions.

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 Heritage 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 that period is extended for good cause by the Federal Reserve Bank of Chicago, pursuant to delegated authority, or by the Board. The determinations regarding Heritage's nonbanking subsidiaries are subject to 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, and prevent evasions of, the provisions and purposes of the Act and the Board's regulations and orders issued thereunder.

By order of the Board of Governors, effective June 6, 1985.

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

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

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); *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, the pre-acquisition four-firm concentration ratio would decrease to 72.1 percent and the HHI would decrease to 1568. Upon consummation of this proposal, the four-firm concentration ratio would increase to 76.7 percent and the HHI would increase by 229 points to 1796. The resulting market share of Applicant would decrease to 29.5 percent.

7. "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 (1982). While the proposed policy statement has not been adopted 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.

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

By the Board of Governors

During April 1985 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)
Louisiana Bancshares, Inc., Baton Rouge, Louisiana	Gulf National Bancorp, Inc., Lake Charles, Louisiana Gulf National Bank at Lake Charles, Lake Charles, Louisiana	May 29, 1985
Sun Banks, Inc., Orlando, Florida SunTrust Banks, Inc., Atlanta, Georgia	Sun Bank/Martin County, N.A. Stuart, Florida	June 20, 1985

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
The Adino Company, Onida, South Dakota	The Onida Bank, Onida, South Dakota	Minneapolis	June 10, 1985
Bank of Dardanelle Bankshares, Inc., Dardanelle, Arkansas	Bank of Dardanelle, Dardanelle, Arkansas	St. Louis	June 3, 1985
Bank 2000, Inc., McLean, Virginia	Bank 2000, N.A., McLean, Virginia	Richmond	June 5, 1985
Belle Plaine BanCorporation, Inc., Belle Plaine, Minnesota	State Bank of Belle Plaine, Belle Plaine, Minnesota	Minneapolis	June 17, 1985
Blue Water Bancshares, Inc., Port Huron, Michigan	Peoples Bank of Port Huron, Port Huron, Michigan	Chicago	June 3, 1985
Buchanan County Bancshares, Inc., St. Joseph, Missouri	Farmers State Bank of Buchanan County, St. Joseph, Missouri	Kansas City	May 15, 1985
Central Banc System, Inc., Granite City, Illinois	Southern Illinois Bank, Fairview Heights, Illinois	St. Louis	June 3, 1985
Charter Holding Company, Inc., Tuscaloosa, Alabama	First State Bank of Tuscaloosa, Tuscaloosa, Alabama	Atlanta	May 31, 1985
Charter 17 Bancorp, Inc., Richmond, Indiana	Northwest National Bank, Rensselaer, Indiana	Chicago	June 14, 1985

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Citizens Corporation, Manchester, Tennessee	Citizens Bank, Smithville, Tennessee	Atlanta	June 12, 1985
City Banc Corporation, Childersburg, Alabama	City Bank of Childersburg, Childersburg, Alabama	Atlanta	June 14, 1985
Community Bancshares, Inc., Hustonville, Kentucky	The Peoples Bank of Hustonville, Kentucky, Hustonville, Kentucky	Cleveland	June 6, 1985
Corn Belt Bancorporation, Correctionville, Iowa	Union National Bank, Massena, Iowa	Chicago	May 3, 1985
Countricorp, White Sulphur Springs, Montana	The First National Bank of White Sulphur Springs, White Sulphur Springs, Montana	Minneapolis	June 7, 1985
DeWitt First Bancshares Corporation, DeWitt, Arkansas	Bank of Lockesburg, Lockesburg, Arkansas	St. Louis	May 31, 1985
DuPage Financial Corporation, Lake Forest, Illinois	Washington Bank and Trust Company of Naperville, Naperville, Illinois	Chicago	June 13, 1985
Easton Bancshares, Incorporated, Easton, Minnesota	State Bank of Easton, Easton, Minnesota	Minneapolis	June 25, 1985
First Bankshares of St. Martin, Ltd., St. Martinville, Louisiana	First National Bank of St. Martin, St. Martinville, Louisiana	Atlanta	June 10, 1985
First Wisconsin Corporation, Milwaukee, Wisconsin	First Bank of Grantsburg, Grantsburg, Wisconsin	Chicago	June 10, 1985
Fourth Financial Corporation, Wichita, Kansas	M-L Bancshares, Inc., Wichita, Kansas Pittsburg Bancshares, Inc., Pittsburg, Kansas Coffeyville Bancshares, Inc., Coffeyville, Kansas Salina Bancshares, Inc., Salina, Kansas Olathe Bancshares, Inc., Olathe, Kansas	Kansas City	June 11, 1985
George Mason Bankshares, Inc., Fairfax, Virginia	The George Mason Bank, Fairfax, Virginia	Richmond	June 17, 1985
Guyan Bancshares, Inc., Gilbert, West Virginia	American National Bank, Logan, West Virginia	Richmond	June 5, 1985
Headquarters Holding Company, Ava, Illinois	First National Bank of Ava, Ava, Illinois	St. Louis	June 3, 1985
Hibernia Corporation, New Orleans, Louisiana	Guaranty Commerce Corporation, Alexandria, Louisiana	Atlanta	June 14, 1985
Homewood Holdings, Inc., Omaha, Nebraska	Homewood Bancorporation, Inc., Homewood, Illinois	Chicago	June 5, 1985

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Iowa Park Bancshares, Inc., Iowa Park, Texas	Windthorst National Bank, Windthorst, Texas	Dallas	June 6, 1985
Key Banks Inc., Albany, New York Key Bancorp of the Pacific Inc., Anchorage, Alaska	Bank of Oregon, Woodburn, Oregon	New York	May 31, 1985
Landmark Financial Group, Inc., Fort Worth, Texas	Tarrant County Bancshares, Inc., Fort Worth, Texas	Dallas	May 23, 1985
Lee County Bancshares, Inc., Giddings, Texas	Lee County National Bank, Giddings, Texas	Dallas	June 6, 1985
Malden Trust Corporation, Malden, Massachusetts	Malden Trust Company, Malden, Massachusetts	Boston	June 7, 1985
Marshall & Ilsley Corporation, Milwaukee, Wisconsin	Bay View State Bank, Milwaukee, Wisconsin	Chicago	June 12, 1985
Membancshares, Inc., Oklahoma City, Oklahoma	Memorial Bank N.A., Oklahoma City, Oklahoma	Kansas City	June 17, 1985
Neosho County Bancshares, Inc., Chanute, Kansas	Bank of Commerce, Chanute, Kansas	Kansas City	May 9, 1985
Norwood Associates II, Hackensack, New Jersey Midland Bancorporation, Paramus, New Jersey	The Midland Bank and Trust Company, Paramus, New Jersey	New York	June 3, 1985
Oak Hill Financial Inc., Oak Hill, Ohio	Miami Valley Bank of Southwest Ohio, Franklin, Ohio	Cleveland	May 31, 1985
Park Forest Holdings, Inc., Omaha, Nebraska	Park Forest Bancorporation, Inc., Park Forest, Illinois	Chicago	June 5, 1985
Pemi Bancorp, Inc., Plymouth, New Hampshire	The Pemigewasset National Bank of Plymouth, Plymouth, New Hampshire	Boston	June 7, 1985
Peoples Bancorp of Sylacauga, Inc., Sylacauga, Alabama	Peoples Bank and Trust Company of Sylvacauga, Sylacauga, Alabama	Atlanta	June 3, 1985
Peoples State Bancshares, Inc., Rossville, Kansas	Citizens State Bank, Osage City, Kansas	Kansas City	June 13, 1985
Prestonwood Bancshares, Inc., Dallas, Texas	The Oaks Bank & Trust Company, Dallas, Texas	Dallas	May 16, 1985
P.S.B. Bancorporation, Inc., Hampton, Iowa	Peoples Savings Bank, Odebolt, Iowa	Chicago	April 27, 1985
Romy Hammes, Inc., South Bend, Indiana	Peoples Bank Marycrest, Kankakee, Illinois	Chicago	June 10, 1985
Salem Community Bancorp, Inc., Salem, Illinois	Community State Bank, Salem, Illinois	St. Louis	June 10, 1985
Sebree Bankcorp, Sebree, Kentucky	Sebree Deposit Bank, Sebree, Kentucky	St. Louis	May 31, 1985
Shawneetown Bancorp, Inc., Shawneetown, Illinois	Saline County State Bank, Stonefront, Illinois	St. Louis	June 14, 1985

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
South Central Financial Services, Inc., Bricelyn, Minnesota	State Bank of Bricelyn, Bricelyn, Minnesota	Minneapolis	May 31, 1985
SSB Bancshares, Inc., Marshalltown, Iowa	Story County Bank & Trust Company, Story City, Iowa	Chicago	May 9, 1985
St. Martin Bancshares, Inc., St. Martinville, Louisiana	St. Martin Bank and Trust Company, St. Martinville, Louisiana	Atlanta	June 4, 1985
Sutton Bancshares, Inc., Attica, Ohio	Sutton State Bank, Attica, Ohio	Cleveland	June 6, 1985
Tarrant County Bancshares, Inc., Fort Worth, Texas	Landmark Bank-Northwest, White Settlement, Texas	Dallas	May 23, 1985
Union National Bancorp of Barbourville, Inc., Barbourville, Kentucky	The Union National Bank of Barbourville, Barbourville, Kentucky	Cleveland	June 19, 1985
Water Tower Bancorp, Inc., Chicago, Illinois	Water Tower Trust and Savings Bank, Chicago, Illinois	Chicago	June 4, 1985

Section 4

Applicant	Nonbanking company	Reserve Bank	Effective date
Banc One Corporation, Columbus, Ohio	Banc One Credit Corporation of Columbus Ohio Banc One Credit Corporation, Casselberry, Florida	Cleveland	May 31, 1985
Byron Bancshares, Inc., Byron, Illinois	Ives Insurance Agency, Byron, Illinois	Chicago	June 4, 1985
First Railroad & Banking Company of Georgia, Augusta, Georgia	Financial Data Services, Inc., Atlanta, Georgia	Atlanta	June 18, 1985
Marshall & Ilsley Corporation, Milwaukee, Wisconsin	Data Processing Department, The First National Bank of Springfield, Springfield, Illinois	Chicago	June 6, 1985

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.

Florida Bankers Association v. Board of Governors, No. 84-3883 and No. 84-3884 (11th Cir., filed Feb. 15, 1985).

Florida Department of Banking v. Board of Governors, No. 84-3831 (11th Cir., filed Feb. 15, 1985).

Florida Department of Banking v. Board of Governors, No. 84-3832 (11th Cir., filed Feb. 15, 1985).

Dimension Financial Corporation v. Board of Governors, No. 84-1274 (U.S., filed Feb. 6, 1985).

Citicorp v. Board of Governors, No. 85-4009 (2d Cir., filed Jan. 15, 1985).

Citicorp v. Board of Governors, No. 84-4173 (2d Cir., filed Dec. 31, 1984).

Citicorp v. Board of Governors, No. 84-754 (U.S., filed Oct. 12, 1984).

David Bolger Revocable Trust v. Board of Governors, No. 84-4141 (2d Cir., filed Aug. 31, 1984).

Citicorp v. Board of Governors, No. 84-4121 (2d Cir., filed Aug. 27, 1984).

Seattle Bancorporation, et al. v. Board of Governors, No 84-7535 (9th Cir., filed Aug. 15, 1984).

Bank of New York Co., 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).

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

Florida Bankers Association, et al. 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. 84-363 (U.S., filed Mar. 27, 1984).

De Young v. Owens, et al., No. SC 9782-20-6 (D., N. Dist., Iowa, filed Mar. 8, 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).

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 of 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).

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

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

Securities Industry Association v. Board of Governors, No. 80-2614 (D.C. Cir., filed Oct. 24. 1980); and No. 80-2730 (D.C. Cir., filed Oct. 24, 1980).

A. G. Becker, Inc. v. Board of Governors, No. 80-2614 (D.C. Cir., filed Oct. 14, 1980); and No. 80-2730 (D.C. Cir., filed Oct. 14, 1980).

Financial and Business Statistics

CONTENTS

Domestic Financial Statistics

MONEY STOCK AND BANK CREDIT

POLICY INSTRUMENTS

FEDERAL RESERVE BANKS

MONETARY AND CREDIT AGGREGATES

COMMERCIAL BANKING INSTITUTIONS

WEEKLY REPORTING COMMERCIAL BANKS

FINANCIAL MARKETS

FEDERAL FINANCE

SECURITIES MARKETS AND CORPORATE FINANCE

REAL ESTATE

CONSUMER INSTALLMENT CREDIT

FLOW OF FUNDS

Domestic Nonfinancial Statistics

SELECTED MEASURES

International Statistics

SUMMARY STATISTICS

REPORTED BY BANKS IN THE UNITED STATES

REPORTED BY NONBANKING BUSINESS ENTERPRISES IN THE UNITED STATES

SECURITIES HOLDINGS AND TRANSACTIONS

INTEREST AND EXCHANGE RATES

A69 *Guide to Tabular Presentation, Statistical Releases, and Special Tables*

SPECIAL TABLES

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

Item	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)[1]								
	1984			1985	1985				
	Q2	Q3	Q4	Q1	Jan.	Feb.	Mar.	Apr.	May
Reserves of depository institutions[2]									
1 Total	8.6	6.8	−.7	21.2	31.1	19.8	5.9	10.4	13.8
2 Required	10.3	6.6	−1.5	20.7	35.2	15.2	10.3	11.4	12.3
3 Nonborrowed	−10.8	−44.6	30.7	62.0	94.4	23.8	−3.2	19.1r	14.0
4 Monetary base[3]	7.0	7.2	3.9	8.7	8.0	12.2	5.4	4.0	9.6
Concepts of money, liquid assets, and debt[4]									
5 M1	6.5	4.5	3.2	10.6	9.0	14.3	5.7	6.1	13.8
6 M2	7.1	6.8	9.1	12.0	13.8r	11.1r	4.1r	−.5r	8.4
7 M3	10.4r	9.5	11.0	10.7	10.3r	8.1r	5.7r	.7	7.9
8 L	12.1r	12.2	9.4	9.8r	8.2r	10.1r	8.8r	1.5	n.a.
9 Debt	13.0r	12.6r	13.4r	13.4r	13.2r	11.2r	11.0r	12.0	n.a.
Nontransaction components									
10 In M2[5]	7.2	7.6	10.9	12.5	15.2	10.1r	3.5r	−2.5r	6.7
11 In M3 only[6]	24.4r	20.5r	18.7	5.5r	−3.1r	−3.3r	12.4r	5.9r	6.1
Time and savings deposits									
Commercial banks									
12 Savings[7]	−6.7	−5.6	−10.4	−8.7	−9.8	−2.0	−10.9	−7.0	8.0
13 Small-denomination time[8]	13.1	13.4	6.9	−1.8	−7.1	−8.4	2.5	15.0	7.1
14 Large-denomination time[9,10]	21.8	19.3	12.2	2.6	−9.5	9.6	23.1	14.7	−4.8
Thrift institutions									
15 Savings[7]	−.7	−6.5	−6.6	2.2	6.5	7.9	2.9	−.7	5.0
16 Small-denomination time	13.4	17.1	15.2	1.7	−3.4	−3.9	.5	4.8r	9.9
17 Large-denomination time[9]	48.1	37.8	29.8	21.0	22.1	2.3	−5.4	.8	13.2
Debt components[4]									
18 Federal	13.1	14.7	15.6	15.9r	16.0r	13.7r	10.6r	13.2	n.a.
19 Nonfederal	12.9r	12.0r	12.7r	12.6r	12.4r	10.4r	11.1r	11.7r	n.a.
20 Total loans and securities at commercial banks[11]	11.0	9.1	9.1r	9.9	6.4	12.7	11.4	4.7	13.3

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.

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						
	1985			1985						
	Mar.	Apr.	May	Apr. 17	Apr. 24	May 1	May 8	May 15	May 22	May 29
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit**	**182,130**	**187,124**	**189,001**	**186,787**	**186,177**	**195,039**	**195,592**	**188,009**	**186,050**	**185,768**
2 U.S. government securities[1]	159,896	164,467	166,708	164,225	163,900	171,950	172,581	164,869	164,355	164,223
3 Bought outright	159,737	163,690	165,365	164,225	163,900	167,089	168,164	164,869	164,355	164,223
4 Held under repurchase agreements	159	777	1,343	0	0	4,861	4,417	0	0	0
5 Federal agency obligations	8,386	8,454	8,461	8,372	8,372	8,806	8,714	8,364	8,363	8,363
6 Bought outright	8,372	8,372	8,365	8,372	8,372	8,372	8,371	8,364	8,363	8,363
7 Held under repurchase agreements	14	82	96	0	0	434	343	0	0	0
8 Acceptances	0	0	0	0	0	0	0	0	0	0
9 Loans	1,646	1,316	1,178	1,198	1,118	1,272	634	1,393	1,474	1,174
10 Float	540	503	587	542	608	73	696	589	591	496
11 Other Federal Reserve assets	11,662	12,384	12,067	12,450	12,179	12,937	12,967	12,793	11,267	11,512
12 Gold stock	11,093	11,093	11,091	11,093	11,092	11,091	11,091	11,091	11,091	11,091
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	16,565	16,634r	16,696	16,631r	16,645r	16,662	16,675	16,687	16,701	16,715
ABSORBING RESERVE FUNDS										
15 Currency in circulation	179,085	180,973r	183,019	181,698	180,816	180,480	181,916	182,900	183,037	183,966
16 Treasury cash holdings	549	575	600	570	580	587	597	600	602	601
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	3,804	6,711	6,591	3,720	6,016	16,463	12,557	6,883	3,138	3,245
18 Foreign	229	218	227	231	204	222	219	241	233	226
19 Service-related balances and adjustments	1,647	1,556	1,549	1,587	1,543	1,576	1,503	1,516	1,618	1,507
20 Other	628	427	603	653	371	302	542	647	784	487
21 Other Federal Reserve liabilities and capital	6,099	6,424	6,310	6,186	6,407	6,488	6,383	6,290	6,328	6,258
22 Reserve balances with Federal Reserve Banks[2]	22,367	22,587	22,508	24,484	22,596	21,293	24,259	21,328	22,722	21,902
	End-of-month figures			Wednesday figures						
	1985			1985						
	Mar.	Apr.	May	Apr. 17	Apr. 24	May 1	May 8	May 15	May 22	May 29
SUPPLYING RESERVE FUNDS										
23 **Reserve Bank credit**	**184,711**	**197,652**	**185,262**	**187,676**	**189,871**	**200,338**	**192,684**	**186,438**	**190,176**	**186,578**
24 U.S. government securities[1]	160,983	173,913	164,245	164,439	166,717	176,635	169,801	164,212	164,262	164,714
25 Bought outright	160,983	166,460	164,245	164,439	166,717	165,909	167,660	164,212	164,262	164,714
26 Held under repurchase agreements	0	7,453	0	0	0	10,726	2,141	0	0	0
27 Federal agency obligations	8,372	8,903	8,363	8,372	8,372	8,953	8,585	8,363	8,363	8,363
28 Bought outright	8,372	8,372	8,363	8,372	8,372	8,371	8,371	8,363	8,363	8,363
29 Held under repurchase agreements	0	531	0	0	0	582	214	0	0	0
30 Acceptances	0	0	0	0	0	0	0	0	0	0
31 Loans	2,582	1,525	1,765	1,270	1,480	1,288	427	1,484	4,769	1,419
32 Float	298	254	−816	98	416	368	720	743	1,336	162
33 Other Federal Reserve assets	12,476	13,057	11,705	13,497	12,586	13,094	13,151	11,636	11,446	11,920
34 Gold stock	11,093	11,091	11,091	11,093	11,091	11,091	11,091	11,091	11,091	11,091
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	16,601r	16,673r	16,726	16,643r	16,657r	16,673	16,685	16,699	16,713	16,726
ABSORBING RESERVE FUNDS										
37 Currency in circulation	179,210r	180,858r	184,691	181,488	180,545	181,112	182,591	183,114	183,325	184,853
38 Treasury cash holdings	554	586	602	579	586	593	598	602	601	602
Deposits, other than reserve balances with Federal Reserve Banks										
39 Treasury	3,063	19,305	1,933	4,284	8,868	19,660	7,526	3,414	3,110	3,853
40 Foreign	253	348	205	205	180	178	267	319	213	223
41 Service-related balances and adjustments	1,359	1,302	1,337	1,326	1,326	1,302	1,303	1,326	1,327	1,336
42 Other	347	324	557	824	315	366	504	1,469	472	530
43 Other Federal Reserve liabilities and capital	6,600	6,652	6,242	6,071	6,229	6,358	6,186	6,123	6,119	6,086
44 Reserve balances with Federal Reserve Banks[2]	25,638	20,660	22,131	25,254	23,889	23,152	26,104	22,480	27,431	21,531

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	Monthly averages[8]									
	1982	1983	1984	1984		1985				
	Dec.	Dec.	Dec.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.[r]	May
1 Reserve balances with Reserve Banks[1]	24,939	21,138	21,738	20,843	21,738	21,577	20,416	22,065	23,217	22,377
2 Total vault cash[2]	20,392	20,755	22,316	21,827	22,316	23,044	23,927	21,863	21,567	21,898
3 Vault cash used to satisfy reserve requirements[3]	17,049	17,908	18,958	18,392	18,958	19,547	19,857	18,429	18,435	18,666
4 Surplus vault cash[4]	3,343	2,847	3,358	3,434	3,358	3,497	4,070	3,434	3,132	3,232
5 Total reserves[5]	41,853	38,894	40,696	39,235	40,696	41,125	40,273	40,494	41,652	41,043
6 Required reserves	41,353	38,333	39,843	38,542	39,843	40,380	39,370	39,728	40,914	40,245
7 Excess reserve balances at Reserve Banks[6]	500	561	853	693	853	745	903	766	738	798
8 Total borrowings at Reserve Banks	697	774	3,186	4,617	3,186	1,395	1,289	1,593	1,323	1,334
9 Seasonal borrowings at Reserve Banks	33	96	113	212	113	62	71	88	135	165
10 Extended credit at Reserve Banks[7]	187	2	2,604	3,837	2,604	1,050	803	1,059	868	534
	Biweekly averages of daily figures for weeks ending									
	1985									
	Jan. 30[r]	Feb. 13	Feb. 27[r]	Mar. 13	Mar. 27	Apr. 10	Apr. 24[r]	May 8	May 22	June 5[p]
11 Reserve balances with Reserve Banks[1]	20,375	19,924	20,731	22,407	21,458	23,073	23,520	22,751	22,032	22,582
12 Total vault cash[2]	23,828	24,893	23,203	21,518	22,353	21,274	21,880	21,327	22,357	21,692
13 Vault cash used to satisfy reserve requirements[3]	19,994	20,624	19,272	18,093	18,828	18,126	18,764	18,182	19,068	18,472
14 Surplus vault cash[4]	3,834	4,269	3,931	3,425	3,148	3,148	3,116	3,145	3,289	3,221
15 Total reserves[5]	40,369	40,548	40,002	40,500	40,286	41,199	42,284	40,933	41,100	41,053
16 Required reserves	39,599	39,537	39,191	39,719	39,477	40,642	41,400	40,234	40,248	40,253
17 Excess reserve balances at Reserve Banks[6]	771	1,012	812	782	810	557	884	699	852	801
18 Total borrowings at Reserve Banks	976	1,369	1,174	1,865	1,289	1,775	1,158	953	1,434	1,518
19 Seasonal borrowings at Reserve Banks	63	60	81	81	98	121	131	169	160	171
20 Extended credit at Reserve Banks[7]	593	988	603	1,224	839	1,295	766	396	369	914

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.

8. Before February 1984, data are prorated monthly averages of weekly averages; beginning February 1984, data are prorated monthly averages of biweekly averages.

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	1985 week ending Monday								
	Apr. 15	Apr. 22	Apr. 29	May 6	May 13	May 20	May 27	June 3	June 10
One day and continuing contract									
1 Commercial banks in United States	63,357	62,838	54,786	61,576	59,551	60,948	57,948	60,878	71,024
2 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	25,116	24,127	23,919[r]	25,587	27,101	28,373	29,995	28,822	32,686
3 Nonbank securities dealers	7,835	7,372	7,310	6,944	6,769	8,583	9,936	12,702	8,428
4 All other	25,254	26,606	26,982	25,363	26,485	27,378	26,803	26,897	25,487
All other maturities									
5 Commercial banks in United States	9,694	9,744	10,079	10,544	10,074	9,626	9,516	9,151	8,837
6 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	8,215	7,805	8,307	8,739	8,201	8,163	7,677	7,600	7,729
7 Nonbank securities dealers	8,063	8,376	9,475	9,946	9,766	9,499	10,135	8,996	9,214
8 All other	11,250	8,543	8,885	7,765	8,098	8,719	8,758	8,701	8,724
MEMO: Federal funds and resale agreement loans in maturities of one day or continuing contract									
9 Commercial banks in United States	29,887	30,838	27,132	29,253	26,710	29,212	27,759	30,412	33,483
10 Nonbank securities dealers	6,137	6,799	6,581	6,894	6,480	7,492	6,982	7,379	7,928

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[1]			Extended credit[2]						
				First 60 days of borrowing		Next 90 days of borrowing		After 150 days		Effective date for current rates
	Rate on 6/26/85	Effective date	Previous rate	Rate on 6/26/85	Previous rate	Rate on 6/26/85	Previous rate	Rate on 6/26/85	Previous rate	
Boston	7½	5/20/85	8	7½	8	8½	9	9½	10	5/20/85
New York		5/20/85								5/20/85
Philadelphia		5/24/85								5/24/85
Cleveland		5/21/85								5/21/85
Richmond		5/20/85								5/20/85
Atlanta		5/20/85								5/20/85
Chicago		5/20/85								5/20/85
St. Louis		5/21/85								5/21/85
Minneapolis		5/20/85								5/20/85
Kansas City		5/20/85								5/20/85
Dallas		5/20/85								5/20/85
San Francisco	7½	5/21/85	8	7½	8	8½	9	9½	10	5/21/85

Range of rates in recent years[3]

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1973	7½	7½
1974— Apr. 25	7½–8	8
30	8	8
Dec. 9	7¾–8	7¾
16	7¾	7¾
1975— Jan. 6	7¼–7¾	7¾
10	7¼–7¾	7¼
24	7¼	7¼
Feb. 5	6¾–7¼	6¾
7	6¾	6¾
Mar. 10	6¼–6¾	6¼
14	6¼	6¼
May 16	6–6¼	6
23	6	6
1976— Jan. 19	5½–6	5½
23	5½	5½
Nov. 22	5¼–5½	5¼
26	5¼	5¼
1977— Aug. 30	5¼–5¾	5¼
31	5¼–5¾	5¾
Sept. 2	5¾	5¾
Oct. 26	6	6
1978— Jan. 9	6–6½	6½
20	6½	6½
May 11	6½–7	7
12	7	7

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1978— July 3	7–7¼	7¼
10	7¼	7¼
Aug. 21	7¾	7¾
Sept. 22	8	8
Oct. 16	8–8½	8½
20	8½	8½
Nov. 1	8½–9½	9½
3	9½	9½
1979— July 20	10	10
Aug. 17	10–10½	10½
20	10½	10½
Sept. 19	10½–11	11
21	11	11
Oct. 8	11–12	12
10	12	12
1980— Feb. 15	12–13	13
19	13	13
May 29	12–13	13
30	12	12
June 13	11–12	11
16	11	11
July 28	10–11	10
29	10	10
Sept. 26	11	11
Nov. 17	12	12
Dec. 5	12–13	13
8	13	13

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1981— May 5	13–14	14
8	14	14
Nov. 2	13–14	13
6	13	13
Dec. 4	12	12
1982— July 20	11½–12	11½
23	11½	11½
Aug. 2	11–11½	11
3	11	11
16	10½	10½
27	10–10½	10
30	10	10
Oct. 12	9½–10	9½
13	9½	9½
Nov. 22	9–9½	9
26	9	9
Dec. 14	8½–9	9
15	8½–9	8½
17	8½	8½
1984— Apr. 9	8½–9	9
13	9	9
Nov. 21	8½–9	8½
26	8½	8½
Dec. 24	8	8
May 20	7½–8	7½
28	7½	7½
In effect June 26, 1985	7½	7½

1. A temporary simplified seasonal program was established on Mar. 8, 1985, and the interest rate was set at 8½ percent at that time. On May 20 this rate was lowered to 8 percent.

2. 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. As an alternative, for loans outstanding for more than 150 days, a Federal Reserve Bank may charge a flexible rate that takes into account rates on market sources of funds, but in no case will the rate charged be less than the basic rate plus one percentage point. Where credit provided to a particular depository institution is anticipated to be outstanding for an unusually prolonged period and in relatively large amounts, the time period in which each rate under this structure is applied may be shortened. See section 201.3(b)(2) of Regulation A.

3. 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–$29.8 million	3	1/1/85
$2 million–$10 million	9½	12/30/76	Over $29.8 million	12	1/1/85
$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. 1, 1985, the amount of the exemption is $2.4 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; effective Dec. 30, 1982, to $26.3 million; effective Dec. 29, 1983, to $28.9 million; and effective Jan. 1, 1985, to $29.8 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 June 30, 1985		In effect June 30, 1985	
	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 $1,000 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				
5 7–31 days of less than $1,000[4]	5½	1/1/84	5½	9/1/82
6 7–31 days of $1,000 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.*

2. Effective Dec. 1, 1983, IRA/Keogh (HR10) Plan accounts are not subject to minimum deposit requirements. Effective Jan. 1, 1985, the minimum denomination requirement was lowered from $2,500 to $1,000.

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. Effective Jan. 1, 1985, the minimum denomination and average maintenance balance requirements was lowered to $1,000. 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 $1,000, 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. Effective Jan. 1, 1985, the minimum denomination requirement was lowered from $2,500 to $1,000. Deposits of less than $1,000 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	1982	1983	1984	1984				1985		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
U.S. GOVERNMENT SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	17,067	18,888	20,036	3,249	507	4,463	3,410	0	2,976	916
2 Gross sales	8,369	3,420	8,557	71	1,300	0	0	2,668	214	554
3 Exchange	0	0	0	0	0	0	0	0	0	0
4 Redemptions	3,000	2,400	7,700	0	2,200	0	0	1,600	400	500
Others within 1 year										
5 Gross purchases	312	484	1,126	600	0	146	182	0	0	961
6 Gross sales	0	0	0	0	0	0	0	0	0	0
7 Maturity shift	17,295	18,887	16,354	872	896	1,348	771	596	1,987	1,299
8 Exchange	−14,164	−16,553	−20,840	0	−1,497	−3,363	−966	−625	−2,739	0
9 Redemptions	0	87	0	0	0	0	0	0	0	0
1 to 5 years										
10 Gross purchases	1,797	1,896	1,638	0	0	830	0	0	0	465
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shift	−14,524	−15,533	−13,709	−872	−896	594	−771	−596	−1,902	−1,299
13 Exchange	11,804	11,641	16,039	0	1,497	1,763	966	625	1,645	0
5 to 10 years										
14 Gross purchases	388	890	536	0	0	335	0	0	0	0
15 Gross sales	0	0	300	0	0	0	0	100	0	0
16 Maturity shift	−2,172	−2,450	−2,371	0	0	−1,893	0	0	−54	0
17 Exchange	2,128	2,950	2,750	0	0	850	0	0	600	0
Over 10 years										
18 Gross purchases	307	383	441	0	0	164	0	0	0	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shift	−601	−904	−275	0	0	−49	0	0	−30	0
21 Exchange	234	1,962	2,052	0	0	750	0	0	493	0
All maturities										
22 Gross purchases	19,870	22,540	23,476	3,849	507	5,938	3,591	0	2,976	2,343
23 Gross sales	8,369	3,420	7,553	71	1,300	0	0	2,768	214	554
24 Redemptions	3,000	2,487	7,700	0	2,200	0	0	1,600	400	500
Matched transactions										
25 Gross sales	543,804	578,591	808,986	52,893	89,689	51,904	63,674	66,668	57,076	54,718
26 Gross purchases	543,173	576,908	810,432	55,776	85,884	55,516	61,537	66,367	57,283	57,288
Repurchase agreements										
27 Gross purchases	130,774	105,971	139,441	26,040	0	12,063	3,888	20,225	19,584	4,922
28 Gross sales	130,286	108,291	139,019	30,867	0	12,063	2,261	21,852	17,077	7,429
29 Net change in U.S. government securities	8,358	12,631	8,908	1,835	−6,798	9,549	3,080	−6,295	5,077	1,351
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases	0	0	0	0	0	0	0	0	0	0
31 Gross sales	0	0	0	0	0	0	0	0	0	0
32 Redemptions	189	292	256	1	14	90	0	0	17	*
Repurchase agreements										
33 Gross purchases	18,957	8,833	1,205	3,743	0	698	506	1,463	2,428	445
34 Gross sales	18,638	9,213	817	4,112	0	698	119	1,851	2,048	825
35 Net change in federal agency obligations	130	−672	132	−370	−14	−90	388	388	363	−380
BANKERS ACCEPTANCES										
36 Repurchase agreements, net	1,285	−1,062	−418	0	0	0	0	0	0	0
37 Total net change in System Open Market Account	**9,773**	**10,897**	**6,116**	**1,465**	**−6,811**	**9,459**	**3,468**	**−6,683**	**5,440**	**971**

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 1985					End of month 1985		
	May 1	May 8	May 15	May 22	May 29	Mar.	Apr.	May
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,091	11,091	11,091	11,091	11,091	11,093	11,091	11,091
2 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
3 Coin	591	536	525	513	491	566	597	490
Loans								
4 To depository institutions	1,288	427	1,484	4,769	1,419	2,582	1,525	1,765
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	8,371	8,371	8,363	8,363	8,363	8,372	8,372	8,363
8 Held under repurchase agreements	582	214	0	0	0	0	531	0
U.S. government securities								
Bought outright								
9 Bills	75,100	76,851	73,403	73,453	73,905	71,469	75,651	73,436
10 Notes	67,269	67,269	67,066	67,066	67,066	66,070	67,269	67,066
11 Bonds	23,540	23,540	23,743	23,743	23,743	23,444	23,540	23,743
12 Total bought outright[1]	165,909	167,660	164,212	164,262	164,714	160,983	166,460	164,245
13 Held under repurchase agreements	10,726	2,141	0	0	0	0	7,453	0
14 Total U.S. government securities	176,635	169,801	164,212	164,262	164,714	160,983	173,913	164,245
15 **Total loans and securities**	**186,876**	**178,813**	**174,059**	**177,394**	**174,496**	**171,937**	**184,341**	**174,373**
16 Cash items in process of collection	8,174	6,948	10,844	7,430	8,278	6,127	9,730	6,865
17 Bank premises	578	578	582	583	581	572	577	581
Other assets								
18 Denominated in foreign currencies[2]	4,007	4,010	4,017	4,021	4,026	3,971	4,007	4,058
19 All other[3]	8,509	8,563	6,798	6,842	7,313	7,933	8,473	7,066
20 **Total assets**	**224,444**	**215,157**	**212,534**	**212,492**	**210,894**	**206,817**	**223,434**	**209,142**
LIABILITIES								
21 Federal Reserve notes	165,622	167,039	167,541	167,726	169,219	163,728	165,367	169,056
Deposits								
22 To depository institutions	24,454	27,407	23,806	28,758	22,867	26,997	21,962	23,468
23 U.S. Treasury—General account	19,660	7,526	3,414	3,110	3,853	3,063	19,305	1,933
24 Foreign—Official accounts	178	267	319	213	223	253	348	205
25 Other	366	504	1,469	472	530	347	324	557
26 **Total deposits**	**44,658**	**35,704**	**29,008**	**32,553**	**27,473**	**30,660**	**41,939**	**26,163**
27 Deferred availability cash items	7,806	6,228	9,862	6,094	8,116	5,829	9,476	7,681
28 Other liabilities and accrued dividends[4]	2,618	2,438	2,375	2,372	2,335	2,445	2,614	2,359
29 **Total liabilities**	**220,704**	**211,409**	**208,786**	**208,745**	**207,143**	**202,662**	**219,396**	**205,259**
CAPITAL ACCOUNTS								
30 Capital paid in	1,703	1,705	1,711	1,710	1,714	1,687	1,702	1,713
31 Surplus	1,626	1,626	1,626	1,626	1,626	1,624	1,626	1,626
32 Other capital accounts	411	417	411	411	411	844	710	544
33 **Total liabilities and capital accounts**	**224,444**	**215,157**	**212,534**	**212,492**	**210,894**	**206,817**	**223,434**	**209,142**
34 MEMO: Marketable U.S. government securities held in custody for foreign and international account	115,532	117,511	118,116	119,187	120,328	114,890	116,712	119,753
	Federal Reserve note statement							
35 Federal Reserve notes outstanding	196,383	196,954	197,533	197,940	198,229	196,021	196,490	198,021
36 LESS: Held by bank	30,761	29,915	29,992	30,214	29,010	32,293	31,123	28,965
37 Federal Reserve notes, net	165,622	167,039	167,541	167,726	169,219	163,728	165,367	169,056
Collateral held against notes net:								
38 Gold certificate account	11,091	11,091	11,091	11,091	11,091	11,093	11,091	11,091
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	149,913	151,330	151,832	152,017	153,510	148,017	149,658	153,347
42 **Total collateral**	**165,622**	**167,039**	**167,541**	**167,726**	**169,219**	**163,728**	**165,367**	**169,056**

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					End of month		
	1985					1985		
	May 1	May 8	May 15	May 22	May 29	Mar. 29	Apr. 30	May 31
1 Loans—Total	1,288	427	1,484	4,769	1,419	2,582	1,525	1,765
2 Within 15 days	1,180	361	1,410	4,690	1,363	2,558	1,438	1,700
3 16 days to 90 days	108	66	74	79	56	24	87	65
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	176,635	169,801	164,212	164,262	164,714	160,983	173,913	164,245
10 Within 15 days[1]	18,846	12,590	5,281	5,153	7,975	4,565	12,305	4,256
11 16 days to 90 days	34,586	34,263	35,751	37,808	35,578	37,280	38,406	38,379
12 91 days to 1 year	50,568	50,314	49,954	48,075	47,935	46,587	50,568	48,474
13 Over 1 year to 5 years	37,204	37,204	37,132	37,132	37,132	37,309	37,204	37,042
14 Over 5 years to 10 years	14,639	14,638	15,281	15,281	15,281	14,546	14,638	15,281
15 Over 10 years	20,792	20,792	20,813	20,813	20,813	20,696	20,792	20,813
16 Federal agency obligations—Total	8,954	8,585	8,363	8,363	8,363	8,372	8,903	8,363
17 Within 15 days[1]	590	222	67	151	162	142	613	162
18 16 days to 90 days	532	669	631	548	566	461	533	566
19 91 days to 1 year	2,065	1,929	1,949	1,949	1,918	1,942	1,991	1,918
20 Over 1 year to 5 years	4,083	4,082	4,088	4,087	4,089	4,164	4,083	4,089
21 Over 5 years to 10 years	1,284	1,284	1,229	1,229	1,229	1,264	1,284	1,229
22 Over 10 years	400	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	1981 Dec.	1982 Dec.	1983 Dec.	1984 Dec.	1984 Oct.	1984 Nov.	1984 Dec.	1985 Jan.	1985 Feb.	1985 Mar.	1985 Apr.	1985 May
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[1]												
1 **Total reserves**[2]	**32.10**	**34.28**	**36.14**	**38.71**	**37.76**	**38.11**	**38.71**	**39.71**	**40.37**	**40.57**	**40.92**	**41.39**
2 Nonborrowed reserves	31.46	33.65	35.36	35.52	31.74	33.50	35.52	38.32	39.08	38.97	39.59r	40.05
3 Nonborrowed reserves plus extended credit[3]	31.61	33.83	35.37	38.13	36.80	37.33	38.13	39.37	39.88	40.03	40.46	40.59
4 Required reserves	31.78	33.78	35.58	37.86	37.14	37.42	37.86	38.97	39.46	39.80	40.18	40.59
5 Monetary base[4]	158.10	170.14	185.49	198.74	196.18	197.43	198.74	200.07	202.10	203.01	203.69	205.33
	Not seasonally adjusted											
6 **Total reserves**[2]	**32.82**	**35.01**	**36.86**	**40.13**	**37.95**	**38.69**	**40.13**	**40.70**	**39.88**	**40.07**	**41.25r**	**40.63**
7 Nonborrowed reserves	32.18	34.37	36.09	36.94	31.94	34.07	36.94	39.31	38.59	38.47	39.93	39.30
8 Nonborrowed reserves plus extended credit[3]	32.33	34.56	36.09	39.55	36.99	37.91	39.55	40.36	39.39	39.53	40.80	39.83
9 Required reserves	32.50	34.51	36.30	39.28	37.33	37.99	39.28	39.96	38.97	39.30	40.52	39.84
10 Monetary base[4]	160.94	173.17	188.76	202.02	196.13	198.22	202.02	200.93	199.54	200.86	203.42	204.52
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[5]												
11 **Total reserves**[2]	**41.92**	**41.85**	**38.89**	**40.70**	**38.51**	**39.23**	**40.70**	**41.12**	**40.27**	**40.49**	**41.65**	**41.04**
12 Nonborrowed reserves	41.29	41.22	38.12	37.51	32.50	34.62	37.51	39.73	38.98	38.90	40.33	39.71
13 Nonborrowed reserves plus extended credit[3]	41.44	41.41	38.12	40.09	37.37	38.54	40.09	40.88	39.83	40.03	40.77	40.44
14 Required reserves	41.61	41.35	38.33	39.84	37.89	38.54	39.84	40.38	39.37	39.73	40.91	40.25
15 Monetary base[4]	170.47	180.52	192.36	202.59	196.69	198.77	202.59	201.35	199.94	201.29	203.81r	204.93

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]	1981r Dec.	1982r Dec.	1983r Dec.	1984 Dec.	1985 Feb.	1985 Mar.	1985 Apr.r	1985 May
	Seasonally adjusted							
1 M1	441.8	480.8	528.0	558.5	569.4	572.1	575.0	581.6
2 M2	1,794.4	1,954.9	2,188.8	2,371.7r	2,421.0r	2,429.2r	2,428.0	2,445.0
3 M3	2,235.8	2,446.8	2,701.8	2,995.0r	3,041.0r	3,055.6r	3,057.5	3,077.7
4 L	2,596.5	2,857.4	3,176.4	3,543.8r	3,598.1r	3,624.4r	3,628.8	n.a.
5 Debt	4,309.5	4,709.7	5,224.6	5,953.2r	6,074.7r	6,130.2r	6,191.7	n.a.
M1 components								
6 Currency[2]	124.0	134.3	148.4	158.7	160.5	161.3	161.7	163.0
7 Travelers checks[3]	4.4	4.3	4.9	5.2	5.3	5.4	5.5	5.5
8 Demand deposits[4]	235.2	238.6	243.5	248.6	251.7	251.9	252.5	255.7
9 Other checkable deposits[5]	78.2	103.5	131.3	146.0	151.8	153.6	155.3	157.3
Nontransactions components								
10 In M2[6]	1,352.6	1,474.0	1,660.8	1,813.2r	1,851.6r	1,857.0r	1,853.1	1,863.4
11 In M3 only[7]	441.4	492.0	512.9	623.3r	620.0r	626.4r	629.5	632.7
Savings deposits[9]								
12 Commercial Banks	158.6	163.5	133.4	122.6	121.4	120.3	119.6	120.4
13 Thrift institutions	185.8	194.4	173.6	166.0	168.0	168.4	168.3	169.0
Small denomination time deposits[9]								
14 Commerical Banks	347.8	379.8	350.7	387.0	382.0	382.8	387.6	389.9
15 Thrift institutions	475.8	471.7	433.8	498.6	495.6	495.8	497.8	501.9
Money market mutual funds								
16 General purpose and broker/dealer	150.6	185.2	138.2	167.5	175.1r	177.6r	176.3	172.2
17 Institution-only	38.0	51.1	43.2	62.7	62.2	59.5	59.5	63.5
Large denomination time deposits[10]								
18 Commercial Banks[11]	247.5	262.0	228.9	264.4	264.4	269.5	272.8	271.7
19 Thrift institutions	54.6	66.2	101.9	151.8	154.9	154.2	154.3	156.0
Debt components								
20 Federal debt	825.9	979.3	1,172.8	1,367.0r	1,401.0r	1,413.5r	1,429.0	n.a.
21 Non-federal debt	3,483.6	3,730.4	4,051.8	4,586.1r	4,673.7r	4,716.8r	4,762.7	n.a.
	Not seasonally adjusted							
22 M1	452.2	491.8	539.7	570.4	558.6	564.9	581.6	576.2
23 M2	1,798.7	1,959.6	2,194.0	2,376.7	2,414.5r	2,429.5r	2,439.9	2,441.1
24 M3	2,243.4	2,454.4	2,709.2	3,002.2r	3,034.4r	3,057.3r	3,069.4	3,075.6
25 L	2,604.7	2,862.1	3,180.1	3,545.1r	3,596.9r	3,631.8r	3,642.0	n.a.
26 Debt	4,304.7	4,703.8	5,218.8	5,947.2r	6,052.8r	6,101.4r	6,161.2	n.a.
M1 components								
27 Currency[2]	126.2	136.5	150.5	160.9	158.6	159.8	161.2	163.1
28 Travelers checks[3]	4.1	4.0	4.6	4.9	5.0	5.1	5.2	5.4
29 Demand deposits[4]	243.4	247.2	252.2	257.4	244.9	246.3	255.1	251.4
30 Other checkable deposits[5]	78.5	104.1	132.4	147.2	150.1	153.6	160.1	156.2
Nontransactions components								
31 M2[6]	1,346.5	1,467.8	1,654.2	1,806.2r	1,855.9r	1,864.6r	1,858.3	1,864.9
32 M3 only[7]	444.7	494.8	515.2	625.5	619.8r	627.9r	629.5	634.5
Money market deposit accounts								
33 Commercial banks	*	26.3	230.5	267.1	289.3	294.0	295.9	298.3
34 Thrift institutions	.0	16.9	148.7	147.9	159.0	163.9	164.4	165.5
Savings deposits[8]								
35 Commercial Banks	157.5	162.1	132.2	121.4	120.4	120.6	120.9	121.7
36 Thrift institutions	184.7	193.2	172.5	164.9	166.5	168.2	169.3	170.2
Small denomination time deposits[9]								
37 Commercial Banks	347.7	380.1	351.1	387.6	384.1	383.7	383.9	385.2
38 Thrift institutions	475.5	471.7	434.2	499.4	499.5	496.2	495.6	495.4
Money market mutual funds								
39 General purpose and broker/dealer	150.6	185.2	138.2	167.5	175.1r	177.6r	176.3	172.2
40 Institution-only	38.0	51.1	43.2	62.7	62.2	59.5	59.5	63.5
Large denomination time deposits[10]								
41 Commercial Banks[11]	251.7	265.2	230.8	265.9	263.9	269.8	270.3	269.6
42 Thrift institutions	54.4	65.9	101.4	151.1	154.9	153.3	153.4	155.9
Debt components								
43 Federal debt	823.0	976.4	1,170.2	1,364.7	1,397.4	1,412.0	1,427.1	n.a.
44 Non-federal debt	3,481.7	3,727.4	4,048.6	4,582.5r	4,655.4r	4,689.4r	4,734.1	n.a.

For notes see following page.

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.

1.22 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 Nov.	1984 Dec.	1985 Jan.	1985 Feb.	1985 Mar.	1985 Apr.
	Seasonally adjusted								
DEBITS TO									
Demand deposits[2]									
1 All insured banks	80,858.7	90,914.4	109,642.3	134,016.3	137,512.0	140,678.6	143,281.5	139,608.3	154,410.2
2 Major New York City banks	34,108.1	37,932.9	47,769.4	60,992.8	62,341.0	64,474.7	63,157.0	62,523.7	70,597.6
3 Other banks	46,966.5	52,981.5	61,873.1	73,023.5	75,171.0	76,203.9	80,124.5	77,084.6	83,812.6
4 ATS–NOW accounts[3]	761.0	1,036.2	1,405.5	1,678.5	1,677.5	1,552.0	1,618.6	1,567.0	1,684.7
5 Savings deposits[4]	679.6	720.3	741.4	579.1	486.0	501.3	499.8	539.2	589.1
DEPOSIT TURNOVER									
Demand deposits[2]									
6 All insured banks	285.8	324.2	379.7	448.2	453.4	468.6	471.4	456.3	508.5
7 Major New York City banks	1,116.7	1,287.6	1,528.0	1,917.5	1,903.0	2,008.6	1,902.2	1,967.0	2,183.2
8 Other banks	185.9	211.1	240.9	273.3	277.8	284.2	295.9	281.1	308.9
9 ATS–NOW accounts[3]	14.4	14.5	15.6	16.5	16.3	14.6	15.0	14.4	15.3
10 Savings deposits[4]	4.1	4.5	5.4	4.7	4.0	4.2	4.2	4.6	5.0
	Not seasonally adjusted								
DEBITS TO									
Demand deposits[2]									
11 All insured banks	81,197.9	91,031.8	109,517.6	131,791.6	140,166.0	148,880.1	129,297.2	143,154.3	149,500.0
12 Major New York City banks	34,032.0	38,001.0	47,707.4	61,148.7	64,498.9	68,203.1	57,337.4	64,188.9	67,422.3
13 Other banks	47,165.9	53,030.9	64,310.2	70,643.0	75,667.1	80,677.0	71,959.8	78,965.4	82,077.7
14 ATS–NOW accounts[3]	737.6	1,027.1	1,397.0	1,524.8	1,625.4	1,838.9	1,524.4	1,624.7	1,940.9
15 MMDA[5]	....	....	567.4	819.7	899.7	1,103.9	980.9	1,032.5	1,220.5
16 Savings deposits[4]	672.9	720.0	742.0	538.7	470.6	544.7	455.5	552.9	644.4
DEPOSIT TURNOVER									
Demand deposits[2]									
17 All insured banks	286.4	325.0	379.9	438.8	447.1	486.0	437.2	480.9	491.4
18 Major New York City banks	1,114.2	1,295.7	1,510.0	1,944.6	1,910.8	2,025.9	1,780.6	1,990.7	2,138.6
19 Other banks	186.2	211.5	240.5	262.7	270.5	295.9	273.0	297.5	301.0
20 ATS–NOW accounts[3]	14.0	14.4	15.5	14.9	15.4	17.1	14.3	14.9	17.2
21 MMDA[5]	....	....	2.8	3.2	3.4	4.0	3.4	3.5	4.2
22 Savings deposits[4]	4.1	4.5	5.4	4.4	3.9	4.6	3.9	4.7	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.

1.23 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars; averages of Wednesday figures

Category	1984 June	1984 July	1984 Aug.	1984 Sept.	1984 Oct.	1984 Nov.	1984 Dec.	1985 Jan.	1985 Feb.	1985 Mar.	1985 Apr.	1985 May
	Seasonally adjusted											
1 **Total loans and securities[2]**	**1,636.6**	**1,652.6**	**1,662.1**	**1,674.8**	**1,682.8**	**1,701.0r**	**1,714.8**	**1,724.0**	**1,742.3**	**1,758.9**	**1,765.8r**	**1,785.3**
2 U.S. government securities	253.7	256.4	257.1	258.0	257.0	259.4	260.2	260.1	265.8	266.9	261.1	265.9
3 Other securities	139.7	139.5	140.8	141.9	141.5	141.1	139.9	142.4	140.8	138.7	140.1	142.1
4 Total loans and leases[2]	1,243.2	1,256.7	1,264.2	1,274.9	1,284.3	1,300.6	1,314.7	1,321.5	1,335.6	1,353.3	1,364.6r	1,377.3
5 Commercial and industrial	452.2	455.0	458.1	460.0	463.0	467.1	468.1	468.4	473.4	480.4	480.9	483.3
6 Bankers acceptances held[3]	5.7r	6.2r	5.8r	5.4r	5.6r	6.0r	5.2r	5.0r	6.1r	6.4r	5.4r	4.9
7 Other commercial and industrial	446.5r	448.8r	452.3r	454.6r	457.3r	461.1r	462.9r	463.4r	467.2r	474.1r	475.5r	478.4
8 U.S. addressees[4]	434.8r	437.2r	440.6r	443.5r	446.7r	450.7r	453.3r	453.8r	457.1r	463.8r	465.3r	468.7
9 Non-U.S. addressees[4]	11.7	11.7r	11.6	11.1	10.6	10.3	9.6	9.7	10.2	10.3	10.3	9.6
10 Real estate	354.7	358.3	361.2	364.7	367.7	371.8	375.6	377.9	382.1	385.8	389.9	393.8
11 Individual	233.0	236.3	238.5	241.3	243.5	246.7	251.0	254.6	257.7	261.9	265.5	268.7
12 Security	28.6	28.0	26.1	28.8	30.3	30.2	31.5	31.9	31.6	32.8	35.1	37.5
13 Nonbank financial institutions	31.3r	31.4	30.8r	31.2r	31.1r	31.2	31.4	31.2r	30.9	30.7	31.2	31.5
14 Agricultural	40.5r	40.6	40.6r	40.7	40.6	40.5	40.3	40.2	40.2	40.3	40.1	39.8
15 State and political subdivisions	38.9	40.4r	41.2r	41.7r	41.2	42.1	44.0	46.9	46.6	46.8	47.1	47.4
16 Foreign banks	12.4r	12.5r	12.2r	11.7r	11.7r	11.9r	11.5r	11.4r	11.5r	11.2r	10.8r	10.6
17 Foreign official institutions	8.8	9.3	9.4	8.9	8.5	8.4	8.3	7.9r	7.9	7.7	7.8	7.8
18 Lease financing receivables	14.3	14.5	14.8	15.0	15.1	15.3	15.5	15.6	15.8	16.1	16.4	16.7
19 All other loans	28.7r	30.6r	31.4r	30.9r	31.6r	35.5r	37.4r	35.4	38.0	39.5r	39.8r	40.1
	Not seasonally adjusted											
20 **Total loans and securities[2]**	**1,637.6**	**1,646.7**	**1,656.1**	**1,673.2**	**1,684.0**	**1,701.9**	**1,725.8**	**1,732.0**	**1,740.4**	**1,755.0**	**1,766.0r**	**1,781.4**
21 U.S. government securities	257.2	256.2	255.5	255.7	254.1	255.2r	256.9	260.1	266.8	269.0	266.6	268.0
22 Other securities	139.4	138.2	140.4	141.3	140.9	141.2	141.5	143.3	141.0	138.9	139.8r	142.7
23 Total loans and leases[2]	1,241.0	1,252.4	1,260.2	1,276.2	1,289.0	1,305.5	1,327.4	1,328.7	1,332.6	1,347.1	1,359.7	1,370.7
24 Commercial and industrial	450.9	454.3	456.1	459.9	463.8	467.3	471.2	470.3	472.9	480.0	481.2	481.9
25 Bankers acceptances held[3]	5.9r	6.0r	5.6r	5.3r	5.5r	5.9r	5.7r	5.1r	6.0r	6.3r	5.5r	4.9
26 Other commercial and industrial	445.0r	448.2r	450.4r	454.6r	458.3r	461.4r	465.5r	465.2r	466.9r	473.7r	475.7r	477.0
27 U.S. addressees[4]	433.6r	436.5r	438.8r	443.3r	447.2r	450.5r	455.0r	455.4r	457.2r	463.9r	466.2r	467.8
28 Non-U.S. addressees[4]	11.3	11.7	11.6	11.3	11.1	11.0	10.5r	9.8	9.7	9.8	9.5	9.2
29 Real estate	354.1	357.7	361.4	365.8	368.9	372.8	376.2	378.6	381.7	384.7	388.6	392.8
30 Individual	231.3	234.7	238.3	242.3	245.3	248.4	254.0	257.0	257.4	259.7	263.2	266.5
31 Security	28.5	26.6	25.4	27.7	30.2	31.7	35.2	33.0	30.8	32.2	35.0	36.0
32 Nonbank financial institutions	31.3r	31.4	30.9r	31.3r	31.0r	31.1	31.5	31.3	30.7	30.6r	31.3	31.3
33 Agricultural	40.9	41.4r	41.4	41.5	41.2	40.6	40.0	39.6	39.4	39.3	39.4	39.7
34 State and political subdivisions	38.9	40.4r	41.2r	41.7r	41.2	42.1	44.0	46.9	46.6	46.8	47.1	47.4
35 Foreign banks	12.0r	12.3r	11.9r	11.9r	12.0r	12.2r	12.2r	11.7r	11.4	11.0r	10.5r	10.3
36 Foreign official institutions	8.8	9.3	9.4	8.9	8.5	8.4	8.3	7.9r	7.9	7.7	7.8	7.8
37 Lease financing receivables	14.3	14.4	14.7	14.9	15.0	15.1	15.5	15.8	16.0	16.3	16.4	16.7
38 All other loans	30.0r	30.0r	29.5r	30.3r	31.8r	35.6r	39.3r	36.6r	37.7r	38.7r	39.2r	40.3

1. Data are prorated averages of Wednesday estimates for domestically chartered insured banks, based on weekly sample reports and quarterly universe reports. For foreign-related institutions, data are averages of month-end estimates based on weekly reports from large U.S. agencies and branches and quarterly reports from all U.S. agencies and branches, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.

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

3. Includes nonfinancial commercial paper held.

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

NOTE. 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	1984							1985				
	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
Total nondeposit funds												
1 Seasonally adjusted[2]	99.4	100.3	103.5	106.5	107.9	112.0	108.5	102.3r	113.8r	116.8r	105.0	111.6
2 Not seasonally adjusted	101.8	99.9	105.7	107.0	109.6	117.5	111.1	104.6	117.2r	119.2r	108.2r	116.8
Federal funds, RPs, and other borrowings from nonbanks[3]												
3 Seasonally adjusted	133.2	134.5	139.3	141.6	141.4	145.0	140.5	138.7	146.7	147.2	138.7	142.0
4 Not seasonally adjusted	135.7	134.0	141.5	142.1	143.1	150.5	143.1	141.1	150.2	149.6	141.9	147.2
5 Net balances due to foreign-related institutions, not seasonally adjusted	−33.9	−34.2	−35.8	−35.1	−33.5	−33.1	−32.0	−36.5	−33.0r	−30.4r	−33.7r	−30.4
MEMO												
6 Domestically chartered banks' net positions with own foreign branches, not seasonally adjusted[4]	−32.9	−33.1	−35.0	−35.2	−34.2	−32.7	−31.4	−35.0	−31.7r	−29.7r	−32.6	−29.8
7 Gross due from balances	73.8	71.2	72.8	71.5	69.8	68.3	69.0	71.4	70.5r	71.4r	75.0	74.5
8 Gross due to balances	40.9	38.1	37.7	36.3	35.6	35.6	37.6	36.5	38.8	41.7	42.4	44.7
9 Foreign-related institutions' net positions with directly related institutions, not seasonally adjusted[5]	−.9	−1.1	−.8	.1	.7	−.4	−.6	−1.5r	−1.2r	−.7r	−1.1r	−.5
10 Gross due from balances	50.7	51.9	51.6	51.7	50.8	50.7	52.0	52.9	53.9r	53.3	51.7	52.4
11 Gross due to balances	49.7	50.8	50.8	51.8	51.5	50.4	51.4	51.4r	52.7	52.5	50.6r	51.8
Security RP borrowings												
12 Seasonally adjusted[6]	76.1	77.5	79.9	81.4	82.0	84.0	81.1	82.3	90.1	92.0	85.4	85.5
13 Not seasonally adjusted	76.0	74.6	79.6	79.4	81.2	87.0	81.1	82.2	91.1	92.0	86.0	88.3
U.S. Treasury demand balances[7]												
14 Seasonally adjusted	14.1	12.8	13.1	16.0	8.0	17.3	16.1	14.7	13.0	11.8	14.6	22.6
15 Not seasonally adjusted	12.4	11.9	10.3	17.5	11.0	10.4	12.5	18.5	15.8	12.8	15.4r	20.9
Time deposits, $100,000 or more[8]												
16 Seasonally adjusted	309.9	314.8	314.2	315.4	321.4	323.0	325.8	324.8	325.4	329.9	332.5r	331.0
17 Not seasonally adjusted	309.0	313.7	315.6	316.8	322.2	322.9	327.3	325.6	324.9	330.3	330.0r	328.9

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. 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.
4. Averages of daily figures for member and nonmember banks.
5. Averages of daily data.
6. Based on daily average data reported by 122 large banks.
7. Includes U.S. Treasury demand deposits and Treasury tax-and-loan notes at commercial banks. Averages of daily data.
8. 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

Account	1984						1985				
	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
ALL COMMERCIAL BANKING INSTITUTIONS[1]											
1 Loans and securities	1,765.3	1,784.5	1,798.3	1,822.7	1,822.7	1,864.0	1,853.8r	1,873.4r	1,880.5r	1,895.9	1,905.0
2 Investment securities	378.2	376.2	377.2	375.2	374.4	377.5	381.0r	382.0	383.3r	383.4	389.7
3 U.S. government securities	246.5	243.5	243.4	241.2	240.4	242.5	244.9r	248.0	250.9	250.0	254.0
4 Other	131.7	132.7	133.8	134.0	133.9	134.9	136.1r	134.1r	132.5r	133.4	135.7
5 Trading account assets	15.7	20.0	20.9	22.5	21.9	22.9	24.2	27.6	23.7	23.5	23.5
6 Total loans	1,371.4	1,388.4	1,400.2	1,424.9	1,426.4	1,463.7	1,448.7r	1,463.7r	1,473.5r	1,489.0	1,491.8
7 Interbank loans	118.6	127.1	123.3	126.1	122.6	126.9	125.2	128.6	125.9r	130.7	123.8
8 Loans excluding interbank	1,252.8	1,261.2	1,276.9	1,298.8	1,303.8	1,336.8	1,323.4r	1,335.1r	1,347.6	1,358.3	1,368.0
9 Commercial and industrial	454.4	455.2	459.8	467.7	468.7	476.8	469.8r	476.5r	482.7	481.5	482.8
10 Real estate	356.8	361.8	366.6	369.8	374.4	377.7	380.2r	382.5r	386.0r	389.8	394.8
11 Individual	235.2	240.0	243.3	247.1	249.6	255.5	257.4	258.1	260.4	264.2	267.4
12 All other	206.5	204.2	207.3	214.2	211.1	226.8	216.1	218.0r	218.4r	222.8	223.0
13 Total cash assets	179.1	177.3	181.0	188.0	188.4	201.9	187.8	189.2	183.4r	187.3	201.4
14 Reserves with Federal Reserve Banks	19.4	17.4	18.0	18.1	20.4	20.5	20.9	19.6	19.8r	22.9	20.7
15 Cash in vault	21.6	22.2	21.6	21.4	23.9	23.3	21.9	21.8	21.3	21.3	23.3
16 Cash items in process of collection	60.2	60.7	63.2	70.2	66.5	75.9	66.9	68.8	63.9	64.1	76.5
17 Demand balances at U.S. depository institutions	29.3	29.5	30.8	32.0	30.9	34.5	30.9r	32.2	31.6	30.1	34.6
18 Other cash assets	48.6	47.5	47.4	46.3	46.7	47.7	47.3	46.7	46.8r	48.9	46.4
19 Other assets	191.3	190.6	196.8	201.6	190.1	196.8	191.7r	195.4r	188.5r	188.7	183.9
20 Total assets/total liabilities and capital	**2,135.6**	**2,152.4**	**2,176.1**	**2,212.2**	**2,201.2**	**2,262.6**	**2,233.3r**	**2,257.9r**	**2,252.4r**	**2,272.0**	**2,290.4**
21 Deposits	1,535.5	1,539.0	1,549.9	1,578.9	1,578.2	1,631.2	1,604.3r	1,617.8r	1,625.6r	1,636.4	1,659.2
22 Transaction deposits	441.4	440.0	442.3	462.7	453.1	491.1	456.8r	459.2r	457.6	465.3	479.9
23 Savings deposits	368.5	365.1	364.9	371.1	378.1	386.3	400.0	406.8	409.8	409.4	418.0
24 Time deposits	725.6	734.0	742.7	745.0	747.0	753.8	747.5	751.8	758.2r	761.7	761.2
25 Borrowings	292.0	301.5	307.1	314.3	298.8	304.1	306.5r	308.8r	300.6r	309.8	304.9
26 Other liabilities	167.9	169.7	172.9	175.1	179.4	181.1	173.7r	182.2r	176.9r	175.3	175.9
27 Residual (assets less liabilities)	140.2	142.1	146.2	144.0	144.8	146.2	148.8r	149.2r	149.2r	150.5	150.4
MEMO											
28 U.S. government securities (including trading account)	255.6	255.1	255.4	256.3	255.2	256.9	261.9r	269.5	268.4	266.4	268.9
29 Other securities (including trading account)	138.3	141.0	142.7	141.5	141.1	143.4	143.2r	140.2r	138.7r	140.6	144.2
DOMESTICALLY CHARTERED COMMERCIAL BANKS[3]											
30 Loans and securities	1,676.7	1,688.4	1,707.4	1,728.5	1,726.7	1,765.4	1,759.6	1,774.6	1,781.9	1,796.4	1,809.1
31 Investment securities	371.2	369.1	369.8	367.9	367.5	370.5	373.7	374.7	376.6	376.7	383.2
32 U.S. government securities	241.4	238.5	238.4	236.1	235.8	237.9	240.2	243.2	246.6	246.0	250.3
33 Other	129.8	130.7	131.5	131.8	131.6	132.6	133.5	131.5	130.0	130.6	132.9
34 Trading account assets	15.7	20.0	20.9	22.5	21.9	22.9	24.2	27.6	23.7	23.5	23.5
35 Total loans	1,289.8	1,299.4	1,316.6	1,338.0	1,337.3	1,372.1	1,361.7	1,372.3	1,381.6	1,396.2	1,402.5
36 Interbank loans	95.2	97.6	99.9	103.3	96.1	102.8	100.6	100.9	99.9	103.1	100.4
37 Loans excluding interbank	1,194.6	1,201.8	1,216.7	1,234.7	1,241.2	1,269.3	1,261.2	1,271.4	1,281.6	1,293.1	1,302.1
38 Commercial and industrial	414.0	414.5	418.7	423.0	424.7	430.2	425.7	431.5	435.5	436.0	435.9
39 Real estate	353.1	358.0	362.3	365.5	369.1	372.1	375.1	377.3	380.9	384.5	389.4
40 Individual	235.1	239.8	243.1	246.9	249.4	255.3	257.2	257.9	260.2	263.9	267.1
41 All other	192.4	189.6	192.5	199.3	198.0	211.7	203.1	204.8	205.0	208.7	209.6
42 Total cash assets	166.7	165.9	169.0	176.6	176.8	190.3	175.7	177.8	172.5	175.7	190.4
43 Reserves with Federal Reserve Banks	18.0	16.7	17.4	17.1	19.7	19.2	20.2	18.7	19.2	22.3	19.6
44 Cash in vault	21.6	22.2	21.6	21.4	23.9	23.3	21.9	21.8	21.3	21.3	23.2
45 Cash items in process of collection	60.1	60.5	63.0	69.9	66.3	75.6	66.7	68.5	63.7	63.9	76.2
46 Demand balances at U.S. depository institutions	27.9	28.2	29.4	30.7	29.4	32.9	29.5	30.9	30.3	28.7	33.2
47 Other cash assets	39.2	38.3	37.7	37.5	37.5	39.3	37.5	37.9	38.0	39.5	38.2
48 Other assets	138.9	140.6	141.2	147.9	139.7	142.1	137.6	139.0	137.2	137.6	132.1
49 Total assets/total liabilities and capital	**1,982.3**	**1,995.0**	**2,017.6**	**2,053.1**	**2,043.2**	**2,097.8**	**2,072.9**	**2,091.4**	**2,091.7**	**2,109.7**	2,131.6
50 Deposits	1,495.4	1,500.3	1,510.9	1,539.1	1,538.0	1,587.8	1,561.8	1,573.7	1,580.5	1,591.7	1,616.0
51 Transaction deposits	434.8	433.7	435.9	456.2	446.8	484.5	450.6	452.9	451.4	458.9	473.5
52 Savings deposits	367.5	364.2	363.9	370.1	377.1	385.2	398.9	405.6	408.6	408.3	416.7
53 Time deposits	693.0	702.4	711.1	712.8	714.1	718.1	712.3	715.2	720.5	724.5	725.8
54 Borrowings	228.0	236.0	243.5	251.3	240.9	243.1	246.5	247.0	239.9	247.9	245.6
55 Other liabilities	121.5	119.3	119.7	120.5	122.3	123.5	118.4	124.2	124.7	122.3	122.3
56 Residual (assets less liabilities)	137.4	139.3	143.4	142.1	142.0	143.4	146.1	146.5	146.6	147.8	147.7

1. Commercial banking institutions include insured domestically chartered commercial banks, branches and agencies of foreign banks, Edge Act and Agreement corporations, and New York State foreign investment corporations.
2. Data are not comparable with those of later dates. See the Announcements section of the March 1985 BULLETIN for a description of the differences.
3. Insured domestically chartered commercial banks include all member banks and insured nonmember banks.

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

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	1985								
	Apr. 10	Apr. 17	Apr. 24	May 1r	May 8r	May 15	May 22	May 29	June 5
1 Cash and balances due from depository institutions	92,703r	97,789	89,499	105,066	90,371	98,314	94,043	98,116	97,263
2 Total loans, leases and securities, net	**832,786r**	**838,015r**	**834,784r**	**846,176**	**838,925**	**853,845**	**845,013**	**838,882**	**857,749**
3 U.S. Treasury and government agency	86,111	86,882	85,471	84,150	85,607	87,900	88,037	87,417	88,146
4 Trading account	16,040	17,360	16,344	14,750	15,533	15,994	15,854	14,918	16,327
5 Investment account, by maturity	70,071	69,522	69,127	69,401	70,073	71,906	72,183	72,499	71,819
6 One year or less	21,579	21,132	20,753	20,860	20,902	20,862	20,398	20,654	20,684
7 Over one through five years	34,884	34,772	34,074	34,520	35,246	37,118	37,050	37,133	35,640
8 Over five years	13,608	13,618	14,300	14,020	13,925	13,925	14,734	14,713	15,494
9 Other securities	45,814	48,792	48,785	48,909	48,533	48,492	48,892	49,552	49,094
10 Trading account	2,534	5,131	4,862	5,112	4,263	4,393	4,475	4,984	4,304
11 Investment account	43,280	43,661	43,922	43,798	44,270	44,099	44,416	44,568	44,790
12 States and political subdivisions, by maturity	38,518	38,865	38,959	38,903	39,213	39,323	39,398	39,566	39,822
13 One year or less	4,527	4,728	4,723	4,851	4,998	5,000	4,946	5,220	5,255
14 Over one year	33,991	34,137	34,236	34,052	34,214	34,323	34,452	34,346	34,567
15 Other bonds, corporate stocks, and securities	4,762	4,796	4,963	4,894	5,057	4,776	5,018	5,002	4,968
16 Other trading account assets	2,980	2,905	2,309	3,101	3,061	3,371	2,866	3,560	4,205
17 Federal funds sold[1]	56,572	52,697	53,292	57,708	51,816	59,562	54,476	50,918	63,878
18 To commercial banks	40,639	35,766r	36,430	40,102	35,075	40,608	37,052	34,128	44,665
19 To nonbank brokers and dealers in securities	11,091	12,052r	10,775	12,224	10,904	12,887	11,605	11,298	12,347
20 To others	4,842	4,879	6,086	5,381	5,837	6,067	5,818	5,491	6,866
21 Other loans and leases, gross[2]	658,002r	663,476r	661,687r	669,154	666,828	671,472	667,718	664,387	669,519
22 Other loans, gross[2]	644,710r	650,188r	648,218r	655,640	653,281	657,914	654,056	650,785	655,835
23 Commercial and industrial[2]	254,091r	254,572r	253,616r	254,742	255,645	254,734	254,230	253,462	253,973
24 Bankers acceptances and commercial paper	3,228r	2,838r	2,525r	2,582	2,234	2,256	2,200	2,287	2,448
25 All other	250,862r	251,734r	251,091r	252,160	253,410	252,478	252,030	251,174	251,524
26 U.S. addressees	245,228r	246,224r	245,610r	246,763	248,010	246,988	246,584	246,161	246,426
27 Non-U.S. addressees	5,634	5,510	5,481	5,397	5,400	5,490	5,446	5,014	5,098
28 Real estate loans[2]	165,032r	165,363r	165,822r	166,245	166,321	167,193	167,195	167,326	167,290
29 To individuals for personal expenditures	116,698r	117,581r	118,230r	118,847	118,991	119,240	119,534	119,981	120,228
30 To depository and financial institutions	39,380r	39,529r	39,705r	41,561	40,810	40,875	40,569	39,982	40,146
31 Commercial banks in the United States	9,766r	10,209r	10,866r	11,865	11,479	11,298	11,228	10,778	10,446
32 Banks in foreign countries	5,711r	5,412r	5,176r	5,356	5,571	5,528	5,489	5,165	5,384
33 Nonbank depository and other financial institutions	23,902r	23,908r	23,663r	24,340	23,760	24,049	23,852	24,039	24,316
34 For purchasing and carrying securities	15,352	18,438	16,663	18,737	17,502	20,504	17,871	14,924	19,466
35 To finance agricultural production	7,036	7,086	7,119	7,111	7,130	7,191	7,208	7,211	7,238
36 To states and political subdivisions	29,779	29,750	29,880	29,949	29,989	30,057	30,051	30,010	29,913
37 To foreign governments and official institutions	3,923r	3,908r	3,892r	3,793	3,708	4,145	3,820	3,747	3,602
38 All other	13,418r	13,960r	13,291r	14,655	13,184	13,976	13,577	14,142	13,980
39 Lease financing receivables	13,292r	13,288r	13,468r	13,514	13,546	13,557	13,662	13,601	13,683
40 LESS: Unearned income	5,196r	5,199r	5,215r	5,175	5,165	5,179	5,190	5,194	5,147
41 Loan and lease reserve[2]	11,497	11,537	11,544	11,672	11,755	11,773	11,786	11,759	11,946
42 Other loans and leases, net[2]	641,309r	646,740r	644,927r	652,308	649,908	654,520	650,742	647,434	652,425
43 All other assets	131,692r	130,992r	129,040r	130,441	127,803	128,725	127,464	124,269	131,760
44 Total assets	**1,057,181r**	**1,066,796r**	**1,053,323r**	**1,081,684**	**1,057,099**	**1,080,883**	**1,066,521**	**1,061,267**	**1,086,772**
45 Demand deposits	187,809r	192,691r	182,666r	204,478	182,466	200,354	184,566	192,628	197,552
46 Individuals, partnerships, and corporations	144,092r	147,207r	138,963r	154,054	138,617	150,541	140,601	146,219	148,312
47 States and political subdivisions	5,074	5,659	5,256	6,184	4,718	5,735	4,809	5,169	5,378
48 U.S. government	2,471	1,874	3,555	1,491	2,595	3,388	2,271	1,047	4,133
49 Depository institutions in United States	20,695	23,570	20,891r	25,278	21,729	24,248	22,268	25,251	23,523
50 Banks in foreign countries	5,496	5,122	4,921	5,719	5,712	5,813	5,449	5,347	6,041
51 Foreign governments and official institutions	981	902	937	1,175	918	1,089	789	813	787
52 Certified and officers' checks	9,000	8,357	8,141r	10,578	8,179	9,539	8,379	8,780	9,378
53 Transaction balances other than demand deposits	39,160r	40,580r	37,741r	36,937	37,129	36,905	36,408	36,396	38,887
54 Nontransaction balances	465,372	464,520	464,677r	463,962	465,146	466,160	467,152	467,570	469,398
55 Individuals, partnerships and corporations	429,974r	428,763r	428,242r	427,918	428,642	429,366	429,848	430,714	433,058
56 States and political subdivisions	23,279	23,501	24,235	23,978	24,478	24,678	25,051	24,813	24,219
57 U.S. government	350	316	328r	334	338	345	357	376	340
58 Depository institutions in the United States	9,251r	9,352r	9,346r	9,215	9,230	9,321	9,510	9,360	9,382
59 Foreign governments, official institutions and banks	2,517	2,588	2,525	2,518	2,458	2,450	2,386	2,307	2,398
60 Liabilities for borrowed money	194,180	200,800	198,541	203,528	204,436	207,705	208,895	195,705	211,071
61 Borrowings from Federal Reserve Banks	3,175	925	977	700	70	830	3,831	730	2,919
62 Treasury tax-and-loan notes	92	13,583	15,439	15,936	15,946	12,104	11,126	7,575	2,548
63 All other liabilities for borrowed money[3]	190,913	186,291	182,125	186,893	188,420	194,771	193,938	187,400	205,604
64 Other liabilities and subordinated note and debentures	96,568r	94,334r	95,839r	98,620	93,604	95,472	95,200	94,613	94,851
65 Total liabilities	**983,089r**	**992,925r**	**979,464r**	**1,007,525**	**982,781**	**1,006,596**	**992,222**	**986,913**	**1,011,758**
66 Residual (total assets minus total liabilities)[4]	74,092	73,870	73,860	74,159	74,318	74,287	74,299	74,354	75,014
MEMO									
67 Total loans and leases (gross) and investments adjusted[5]	799,073r	808,777r	804,246r	811,056	809,291	818,891	813,709	810,928	819,731
68 Total loans and leases (gross) adjusted[2,5]	664,168r	670,199r	667,682r	674,895	672,090	679,128	673,914	670,398	678,286
69 Time deposits in amounts of $100,000 or more	156,014r	155,606r	156,621r	155,397	155,906	155,579	155,967	155,607	155,240
70 Loans sold outright to affiliates—total[6]	2,862	2,834	2,800	2,805	2,768	2,605	2,586	2,601	2,448
71 Commercial and industrial	1,967	1,933	1,902	1,922	1,875	1,786	1,758	1,721	1,591
72 Other	894	901	898	882	894	820	827	880	857
73 Nontransaction savings deposits (including MMDAs)	178,696	177,396	176,467	176,762	177,377	178,723	179,052	179,792	181,859

1. Includes securities purchased under agreements to resell.
2. Levels of major loan items were affected by the Sept. 26, 1984 transaction between Continental Illinois National Bank and the Federal Deposit Insurance Corporation. For details see the H.4.2 statistical release dated Oct. 5, 1984.
3. 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.
4. This is not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.
5. *Exclusive of loans and federal funds transactions with domestic commercial banks.*
6. 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.

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	1985								
	Apr. 10	Apr. 17	Apr. 24	May 1	May 8	May 15	May 22	May 29	June 5
1 Cash and balances due from depository institutions	22,600	22,779	20,337	27,343	23,542	25,981	24,995	24,824	24,404
2 **Total loans, leases and securities, net**[1]	**175,284**	**175,425**	**174,972**	**183,291**	**178,735**	**184,914**	**179,165**	**176,578**	**183,282**
Securities									
3 U.S. Treasury and government agency[2]	......	.....	......	......	......	......	......	.....	......
4 Trading account[2]	......	.....	......	......	......	......	......	.....	......
5 Investment account, by maturity	13,335	12,557	12,210	12,020	12,295	12,639	12,383	12,352	10,657
6 One year or less	2,321	1,847	1,803	1,683	1,664	1,681	1,428	1,416	1,304
7 Over one through five years	9,280	8,895	8,652	8,546	8,840	9,217	9,218	9,222	7,450
8 Over five years	1,734	1,815	1,754	1,790	1,791	1,741	1,737	1,713	1,903
9 Other securities[2]	......	.....	......	......	......	......	......	.....	......
10 Trading account[2]	......	.....	......	......	......	......	......	.....	......
11 Investment account	9,231	9,489	9,530	9,560	9,674	9,739	9,764	9,769	9,934
12 States and political subdivisions, by maturity	8,354	8,598	8,612	8,603	8,643	8,689	8,670	8,671	8,805
13 One year or less	910	1,082	1,092	1,227	1,227	1,243	1,119	1,248	1,236
14 Over one year	7,444	7,516	7,520	7,376	7,416	7,446	7,550	7,423	7,570
15 Other bonds, corporate stocks and securities	877	890	918	957	1,031	1,050	1,094	1,098	1,129
16 Other trading account assets[2]	......	.....	......	......	......	......	......	.....	......
Loans and leases									
17 Federal funds sold[3]	21,640	19,090	20,593	24,788	21,200	24,037	21,578	21,590	25,905
18 To commercial banks	13,469	9,548	11,092	14,804	11,461	12,137	11,736	11,282	13,890
19 To nonbank brokers and dealers in securities	5,330	6,533	5,316	6,759	5,744	7,818	5,694	6,289	7,081
20 To others	2,841	3,008	4,185	3,225	3,996	4,082	4,147	4,019	4,934
21 Other loans and leases, gross	135,944	139,156	137,506	141,783	140,473r	143,419	140,365	137,789	141,727
22 Other loans, gross	133,671	136,878	135,044	139,320	138,007r	140,950	137,781	135,275	139,209
23 Commercial and industrial	61,210	61,926	61,240	62,063	62,552	62,048	61,765	61,419	61,794
24 Bankers acceptances and commercial paper	798	700	614	665	656	712	720	755	813
25 All other	60,412	61,226	60,626	61,398	61,897	61,336	61,045	60,664	60,981
26 U.S. addressees	59,729	60,556	59,978	60,752	61,227	60,611	60,350	59,956	60,273
27 Non-U.S. addressees	683	670	648	646	670	725	695	708	708
28 Real estate loans	25,359	25,392	25,623	25,697	25,800	25,986	26,043	26,030	26,012
29 To individuals for personal expenditures	16,357	16,481	16,577	16,682	16,789	16,770	16,795	16,870	16,853
30 To depository and financial institutions	11,129	11,215	11,101	12,329	11,938r	11,607	11,704	11,506	11,502
31 Commercial banks in the United States	1,920	2,153	2,255	2,774	2,493r	2,188	2,150	2,297	2,346
32 Banks in foreign countries	2,035	1,884	1,633	1,919	2,169r	2,013	2,025	1,743	1,892
33 Nonbank depository and other financial institutions	7,174	7,179	7,213	7,636	7,276	7,406	7,528	7,466	7,264
34 For purchasing and carrying securities	7,064	9,276	7,956	9,766	8,680	11,397	7,704	6,551	10,446
35 To finance agricultural production	487	478	444	435	435	426	439	434	421
36 To states and political subdivisions	7,874	7,868	7,894	7,938	7,944r	7,973	8,009	7,911	7,869
37 To foreign governments and official institutions	900	918	925	839	816r	1,191	891	848	769
38 All other	3,289	3,324	3,284	3,569	3,051r	3,552	3,431	3,704	3,543
39 Lease financing receivables	2,273	2,278	2,462	2,463	2,466	2,468	2,583	2,514	2,518
40 LESS: Unearned income	1,470	1,466	1,470	1,441	1,446	1,450	1,455	1,453	1,419
41 Loan and lease reserve	3,396	3,400	3,396	3,418	3,462	3,469	3,470	3,469	3,521
42 Other loans and leases, net	131,078	134,289	132,640	136,924	135,566r	138,499	135,440	132,866	136,787
43 All other assets[4]	66,996	70,312	67,797	66,731	64,733r	66,882	66,732	64,185	69,640
44 **Total assets**	**264,880**	**268,516**	**263,106**	**277,366**	**267,010r**	**277,777**	**270,892**	**265,587**	**277,326**
Deposits									
45 Demand deposits	46,144	46,230	45,098	54,385	44,634r	52,418	47,262	48,147	48,651
46 Individuals, partnerships, and corporations	31,702	32,036	30,916	37,065	29,691r	34,536	31,708	32,921	32,183
47 States and political subdivisions	657	704	876	926	780r	1,431	835	771	1,037
48 U.S. government	428	270	611	177	537	646	513	120	825
49 Depository institutions in the United States	4,127	5,209	4,520	5,871	4,624r	5,701	5,176	5,303	4,938
50 Banks in foreign countries	4,226	3,802	3,662	4,323	4,425r	4,577	4,268	4,110	4,674
51 Foreign governments and official institutions	811	721	756	1,003	746r	933	612	640	582
52 Certified and officers' checks	4,192	3,487	3,756	5,020	3,832	4,594	4,149	4,283	4,413
53 Transaction balances other than demand deposits ATS, NOW, Super NOW, telephone transfers)	4,233	4,486	4,124	3,958	3,919	3,933	3,850	3,864	4,044
54 Nontransaction balances	84,642	84,820	84,963	85,608	85,688	86,125	85,950	85,700	86,158
55 Individuals, partnerships and corporations	77,038	76,963	76,977	77,568	77,508	77,997	77,717	77,711	78,378
56 States and political subdivisions	3,860	4,149	4,197	4,208	4,440	4,457	4,553	4,459	4,373
57 U.S. government	61	60	67	66	66	76	80	78	50
58 Depository institutions in the United States	2,360	2,324	2,418	2,469	2,454	2,404	2,436	2,380	2,336
59 Foreign governments, official institutions and banks	1,324	1,324	1,304	1,298	1,220	1,191	1,163	1,071	1,020
60 Liabilities for borrowed money	64,412	67,946	63,121	66,421	68,889r	70,348	69,653	62,852	73,830
61 Borrowings from Federal Reserve Banks	950	.....	......	......	......	......	2,615	.....	1,980
62 Treasury tax-and-loan notes	9	3,876	4,129	4,306	4,144	2,895	2,486	1,746	645
63 All other liabilities for borrowed money[5]	63,453	64,069	58,992	62,115	64,744r	67,454	64,552	61,107	71,205
64 Other liabilities and subordinated note and debentures	41,864	41,535	42,331	43,468	40,341r	41,390	40,529	41,485	40,887
65 **Total liabilities**	**241,296**	**245,017**	**239,637**	**253,840**	**243,470r**	**254,216**	**247,244**	**242,048**	**253,570**
66 Residual (total assets minus total liabilities)[6]	23,584	23,499	23,469	23,526	23,539	23,562	23,647	23,538	23,757
MEMO									
67 Total loans and leases (gross) and investments adjusted[1,7]	164,761	168,590	166,491	170,573	169,689r	175,509	170,204	167,922	171,986
68 Total loans and leases (gross) adjusted[7]	142,195	146,544	144,752	148,993	147,720r	153,131	148,056	145,800	151,395
69 Time deposits in amounts of $100,000 or more	32,582	32,981	33,441	33,546	33,842	34,001	33,829	33,267	33,500

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.
7. Exclusive of loans and federal funds transactions with domestic commercial banks.

NOTE. These data also appear in the Board's H.4.2 (504) release. For address, see inside front cover.

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	1985								
	Apr. 10	Apr. 17	Apr. 24	May 1	May 8	May 15	May 22	May 29	June 5
1 Cash and due from depository institutions	6,751	6,466	6,621	6,686r	6,950r	6,606	6,436	6,302	6,969
2 Total loans and securities	44,820	43,667	46,339	45,826	44,862	44,426	45,989	44,614	45,283
3 U.S. Treasury and govt. agency securities	3,461	3,620	3,431	3,379	3,439	3,375	3,324	3,143	3,269
4 Other securities	1,575	1,626	1,629	1,674	1,642	1,629	1,630	1,632	1,687
5 Federal funds sold[1]	4,002	3,431	5,262	4,911	4,246	3,302	4,389	3,925	3,772
6 To commercial banks in the United States	3,611	3,113	4,916	4,473	3,837	3,066	4,075	3,553	3,385
7 To others	390	318	346	438	409	236	314	372	388
8 Other loans, gross	35,782	34,990	36,016	35,862	35,535	36,120	36,645	35,914	36,554
9 Commercial and industrial	21,328	20,566	20,620	20,899	20,639	20,670	21,351	21,261	21,697
10 Bankers acceptances and commercial paper	1,927	2,031	1,962	1,896	1,776	1,663	1,628	1,819	2,029
11 All other	19,400	18,535	18,657	19,003	18,863	19,006	19,723	19,442	19,669
12 U.S. addressees	18,195	17,406	17,539	17,902	17,743	17,885	18,429	18,389	18,569
13 Non-U.S. addressees	1,205	1,129	1,119	1,102	1,119	1,122	1,294	1,053	1,099
14 To financial institutions	10,604	10,587	11,334	10,916	10,832	11,175	11,209	10,714	10,604
15 Commercial banks in the United States	8,374	8,441	8,906	8,545	8,552r	8,853	9,062	8,444	8,251
16 Banks in foreign countries	1,166	1,132	1,191	1,098	1,024r	1,070	1,023	1,112	1,137
17 Nonbank financial institutions	1,063	1,014	1,237	1,273	1,255	1,252	1,124	1,158	1,216
18 To foreign govts. and official institutions	685	694	686	678	680	667	670	667	707
19 For purchasing and carrying securities	1,084	1,039	1,243	1,323	1,275	1,264	1,089	938	1,195
20 All other	2,082	2,104	2,134	2,045	2,108	2,345	2,326	2,334	2,350
21 Other assets (claims on nonrelated parties)	17,969	18,009	18,418	18,572	18,734r	18,774	18,723	18,911	18,408
22 Net due from related institutions	10,664	10,490	9,952	10,292	10,368r	11,106	9,998	9,294	10,503
23 Total assets	80,205	78,632	81,329	81,376r	80,914r	80,913	81,146	79,121	81,162
24 Deposits or credit balances due to other than directly related institutions	24,978	25,076	25,180	25,068r	24,127r	23,715	23,606	23,649	23,525
25 Credit balances	135	177	188	139	135	158	172	193	157
26 Demand deposits	1,528	1,632	1,629	1,817r	1,581r	1,789	1,556	1,631	1,670
27 Individuals, partnerships, and corporations	836	888	872	987r	829r	877	843	866	854
28 Other	692	743	757	830	752r	912	714	765	816
29 Time and savings deposits	23,315	23,267	23,363	23,112r	22,410r	21,768	21,878	21,825	21,699
30 Individuals, partnerships, and corporations	18,783	18,648	18,764	18,334r	17,774r	17,274	17,458	17,390	16,969
31 Other	4,532	4,619	4,599	4,778	4,636	4,493	4,420	4,435	4,370
32 Borrowings from other than directly related institutions	29,532	28,641	29,207	29,706	29,874	30,695	30,230	27,894	30,664
33 Federal funds purchased[2]	12,547	11,481	11,704	12,474	12,484	13,093	12,384	10,645	13,598
34 From commercial banks in the United States	10,237	9,218	9,659	9,966	10,166	11,103	10,313	8,425	11,340
35 From others	2,310	2,263	2,045	2,507	2,318	1,990	2,071	2,220	2,258
36 Other liabilities for borrowed money	16,985	17,159	17,502	17,232	17,390	17,603	17,846	17,249	17,066
37 To commercial banks in the United States	15,823	15,934	16,256	16,006	16,080	16,288	16,412	16,044	15,850
38 To others	1,162	1,225	1,246	1,226	1,309	1,315	1,434	1,205	1,215
39 Other liabilities to nonrelated parties	19,689	19,786	20,277	20,514	20,749	20,777	20,659	20,866	20,317
40 Net due to related institutions	6,006	5,130	6,665	6,088	6,164r	5,726	6,651	6,712	6,657
41 Total liabilities	80,205	78,632	81,329	81,376r	80,914r	80,913	81,146	79,121	81,162
MEMO									
42 Total loans (gross) and securities adjusted[3]	32,835	32,112	32,517	32,807	32,472r	32,506	32,851	32,617	33,646
43 Total loans (gross) adjusted[3]	27,798	26,867	27,456	27,755	27,391r	27,502	27,897	27,842	28,690

▲ Levels of many asset and liability items were revised beginning Oct. 31, 1984. For details, see the H.4.2 (504) statistical release dated Nov. 23, 1984.

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. These data also appear in the Board's H.4.2 (504) release. For address, see inside front cover.

1.31 GROSS DEMAND DEPOSITS Individuals, Partnerships, and Corporations[1]

Billions of dollars, estimated daily-average balances

Type of holder	Commercial banks									
	1979[2] Dec.	1980 Dec.	1981 Dec.	1982 Dec.	1983		1984			
					Sept.	Dec.	Mar.	June	Sept.	Dec.
1 **All holders—Individuals, partnerships, and corporations**	**302.3**	**315.5**	**288.9**	**291.8**	**280.3**	**293.5**	**279.3**	**285.8**	**284.7**	**304.5**
2 Financial business	27.1	29.8	28.0	35.4	32.1	32.8	31.7	31.7	31.3	33.0
3 Nonfinancial business	157.7	162.8	154.8	150.5	150.2	161.1	150.3	154.9	154.8	166.3
4 Consumer	99.2	102.4	86.6	85.9	77.9	78.5	78.1	78.3	78.4	81.7
5 Foreign	3.1	3.3	2.9	3.0	2.9	3.3	3.3	3.4	3.3	3.6
6 Other	15.1	17.2	16.7	17.0	17.1	17.8	15.9	17.4	16.8	19.9
	Weekly reporting banks									
	1979[3] Dec.	1980 Dec.	1981 Dec.	1982 Dec.	1983		1984			
					Sept.	Dec.[4]	Mar.	June	Sept.	Dec.
7 **All holders—Individuals, partnerships, and corporations**	**139.3**	**147.4**	**137.5**	**144.2**	**136.3**	**146.2**	**139.2**	**145.3**	**145.3**	**157.1**
8 Financial business	20.1	21.8	21.0	26.7	23.6	24.2	23.5	23.6	23.7	25.3
9 Nonfinancial business	74.1	78.3	75.2	74.3	72.9	79.8	76.4	79.7	79.2	87.1
10 Consumer	34.3	35.6	30.4	31.9	28.1	29.7	28.4	29.9	29.8	30.5
11 Foreign	3.0	3.1	2.8	2.9	2.8	3.1	3.2	3.2	3.2	3.4
12 Other	7.8	8.6	8.0	8.4	8.9	9.3	7.7	8.9	9.3	10.9

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] Nov.	1984[3] Dec.	1985 Jan.	1985 Feb.	1985 Mar.	1985 Apr.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**112,803**	**124,374**	**165,829**	**166,436**	**188,312**	**235,363**	**239,117**	**245,322**	**247,095**	**250,575**	**255,236**
Financial companies[4]											
Dealer-placed paper[5]											
2 Total	17,359	19,599	30,333	34,605	44,622	55,176	56,917	59,713	60,186	60,895	63,405
3 Bank-related (not seasonally adjusted)	2,784	3,561	6,045	2,516	2,441	1,996	2,035	2,137	2,265	2,304	2,180
Directly placed paper[6]											
4 Total	64,757	67,854	81,660	84,393	96,918	109,419	110,474	113,101	114,824	118,029	117,841
5 Bank-related (not seasonally adjusted)	17,598	22,382	26,914	32,034	35,566	40,185	42,105	43,046	42,759	43,334	42,405
6 Nonfinancial companies[7]	30,687	36,921	53,836	47,437	46,772	70,768	71,726	72,508	72,085	71,651	73,990
	Bankers dollar acceptances (not seasonally adjusted)[8]										
7 **Total**	**45,321**	**54,744**	**69,226**	**79,543**	**78,309**	**75,179**	**75,470**	**72,273**	**76,109**	**73,726**	**72,825**
Holder											
8 Accepting banks	9,865	10,564	10,857	10,910	9,355	10,397	10,255	10,060	10,623	10,473	9,666
9 Own bills	8,327	8,963	9,743	9,471	8,125	9,113	9,065	8,839	9,726	9,166	8,263
10 Bills bought	1,538	1,601	1,115	1,439	1,230	1,284	1,191	1,220	897	1,340	1,403
Federal Reserve Banks											
11 Own account	704	776	195	1,480	418	0	0	0	0	0	0
12 Foreign correspondents	1,382	1,791	1,442	949	729	615	671	679	761	737	728
13 Others	33,370	41,614	56,731	66,204	68,225	64,167	64,543	61,603	64,779	65,865	65,965
Basis											
14 Imports into United States	10,270	11,776	14,765	17,683	15,649	16,433	16,975	16,733	17,115	16,124	16,417
15 Exports from United States	9,640	12,712	15,400	16,328	16,880	15,849	15,859	15,445	15,881	15,179	14,875
16 All other	25,411	30,257	39,060	45,531	45,781	42,897	42,635	40,095	43,113	42,423r	41,533

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 December 1983. The correction adds some paper to nonfinancial and 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.
8. Beginning October 1984, the number of respondents in the bankers acceptance survey will be reduced from 340 to 160 institutions—those with $50 million or more in total acceptances. The new reporting group accounts for over 95 percent of total acceptances activity.

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
1983—Jan. 11	11.00	1984—Oct. 17	12.50	1983—Jan.	11.16	1984—Apr.	11.93
Feb. 28	10.50	29	12.00	Feb.	10.98	May	12.39
Aug. 8	11.00	Nov. 9	11.75	Mar.	10.50	June	12.60
		28	11.25	Apr.	10.50	July	13.00
1984—Mar. 19	11.50	Dec. 20	10.75	May	10.50	Aug.	13.00
Apr. 5	12.00			June	10.50	Sept.	12.97
May 8	12.50	1985—Jan. 15	10.50	July	10.50	Oct.	12.58
June 25	13.00	May 20	10.00	Aug.	10.89	Nov.	11.77
1984—Sept.27	12.75	June 18	9.50	Sept.	11.00	Dec.	11.06
				Oct.	11.00		
				Nov.	11.00	1985—Jan.	10.61
				Dec.	11.00	Feb.	10.50
						Mar.	10.50
				1984—Jan.	11.00	Apr.	10.50
				Feb.	11.00	May	10.31
				Mar.	11.21		

NOTE. These data also appear in the Board's H.15 (519) release. For address, see inside front cover.

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	1982	1983	1984	1985				1985, week ending				
				Feb.	Mar.	Apr.	May	May 3	May 10	May 17	May 24	May 31
MONEY MARKET RATES												
1 Federal funds[1,2]	12.26	9.09	10.22	8.50	8.58	8.27	7.97	8.35	8.19	8.14	7.91	7.60
2 Discount window borrowing[1,2,3]	11.02	8.50	8.80	8.00	8.00	8.00	7.81	8.00	8.00	8.00	7.79	7.50
Commercial paper[4,5]												
3 1-month	11.83	8.87	10.05	8.46	8.74	8.31	7.80	8.15	8.00	7.93	7.52	7.46
4 3-month	11.89	8.88	10.10	8.54	8.90	8.37	7.83	8.19	8.04	7.95	7.54	7.48
5 6-month	11.89	8.89	10.16	8.69	9.23	8.47	7.88	8.31	8.11	7.96	7.60	7.54
Finance paper, directly placed[4,5]												
6 1-month	11.64	8.80	9.97	8.42	8.70	8.29	7.74	8.16	7.97	7.74	7.49	7.44
7 3-month	11.23	8.70	9.73	8.25	8.67	8.26	7.71	8.02	7.94	7.75	7.49	7.42
8 6-month	11.20	8.69	9.65	8.20	8.65	8.27	7.69	7.96	7.93	7.74	7.50	7.39
Bankers acceptances[5,6]												
9 3-month	11.89	8.90	10.14	8.55	8.88	8.33	7.77	8.14	8.02	7.84	7.51	7.43
10 6-month	11.83	8.91	10.19	8.69	9.20	8.42	7.81	8.26	8.04	7.85	7.59	7.47
Certificates of deposit, secondary market[7]												
11 1-month	12.04	8.96	10.17	8.50	8.73	8.35	7.83	8.17	8.01	7.97	7.58	7.49
12 3-month	12.27	9.07	10.37	8.69	9.02	8.49	7.91	8.29	8.14	8.04	7.64	7.55
13 6-month	12.57	9.27	10.68	9.03	9.60	8.75	8.08	8.57	8.29	8.15	7.81	7.74
14 Eurodollar deposits, 3-month[8]	13.12	9.56	10.73	9.05	9.32	8.74	8.13	8.58	8.44	8.20	8.01	7.86
U.S. Treasury bills[5]												
Secondary market[9]												
15 3-month	10.61	8.61	9.52	8.26	8.52	7.95	7.48	7.78	7.76	7.50	7.25	7.19
16 6-month	11.07	8.73	9.76	8.39	8.90	8.23	7.65	8.03	7.92	7.68	7.41	7.32
17 1-year	11.07	8.80	9.92	8.56	9.06	8.44	7.85	8.25	8.09	7.90	7.63	7.53
Auction average[10]												
18 3-month	10.69r	8.63r	9.58r	8.22	8.56	7.99	7.56	7.87	7.76	7.69	7.28	7.22
19 6-month	11.08r	8.75r	9.80r	8.34	8.92	8.31	7.75	8.11	7.93	7.90	7.43	7.39
20 1-year	11.10r	8.86	9.91	8.46	9.24	8.44	7.94	n.a.	n.a.	7.94	n.a.	n.a.
CAPITAL MARKET RATES												
U.S. Treasury notes and bonds[11]												
Constant maturities[12]												
21 1-year	12.27	9.57	10.89	9.29	9.86	9.14	8.46	8.92	8.73	8.52	8.22	8.09
22 2-year	12.80	10.21	11.65	10.17	10.71	10.09	9.39	9.85	9.68	9.44	9.13	9.01
23 2-½-year[13]	....	....	....	....	....	....	....	....	10.05	n.a.	10.05	n.a.
24 3-year	12.92	10.45	11.89	10.55	11.05	10.49	9.75	10.32	10.06	9.75	9.43	9.36
25 5-year	13.01	10.80	12.24	11.13	11.52	11.01	10.34	10.85	10.68	10.39	10.06	9.84
26 7-year	13.06	11.02	12.40	11.44	11.82	11.34	10.72	11.21	11.06	10.78	10.45	10.25
27 10-year	13.00	11.10	12.44	11.51	11.86	11.43	10.85	11.33	11.17	10.89	10.60	10.39
28 20-year	12.92	11.34	12.48	11.70	12.06	11.69	11.19	11.62	11.49	11.24	10.96	10.78
29 30-year	12.76	11.18	12.39	11.47	11.81	11.47	11.05	11.41	11.30	11.08	10.87	10.67
Composite[14]												
30 Over 10 years (long-term)	12.23	10.84	11.99	11.35	11.78	11.42	10.96	11.35	11.23	11.00	10.76	10.58
State and local notes and bonds												
Moody's series[15]												
31 Aaa	10.86	8.80	9.61	8.98	9.18	8.95	8.52	8.75	8.70	8.45	8.40	8.30
32 Baa	12.46	10.17	10.38	10.05	10.18	9.95	9.54	9.80	9.75	9.45	9.40	9.30
33 *Bond Buyer* series[16]	11.66	9.51	10.10	9.65	9.77	9.42	9.01	9.37	9.11	8.86	8.91	8.81
Corporate bonds												
Seasoned issues[17]												
34 All industries	14.94	12.78	13.49	12.66	13.13	12.89	12.47	12.81	12.73	12.55	12.30	12.01
35 Aaa	13.79	12.04	12.71	12.13	12.56	12.23	11.72	12.15	12.03	11.77	11.50	11.27
36 Aa	14.41	12.42	13.31	12.49	12.91	12.69	12.30	12.63	12.59	12.41	12.11	11.82
37 A	15.43	13.10	13.74	12.80	13.36	13.14	12.70	13.03	12.93	12.79	12.57	12.24
38 Baa	16.11	13.55	14.19	13.23	13.69	13.51	13.15	13.44	13.39	13.24	13.03	12.69
39 A-rated, recently-offered utility bonds[18]	15.49	12.73	13.81	12.76	13.17	12.75	12.25	12.56	12.49	12.24	12.01	11.78
MEMO: Dividend/price ratio[19]												
40 Preferred stocks	12.53	11.02	11.59	10.88	10.97	10.75	10.60	10.88	10.74	10.66	10.48	10.25
41 Common stocks	5.81	4.40	4.64	4.30	4.37	4.37	4.31	4.43	4.40	4.30	4.20	4.23

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	1982	1983	1984	1984				1985				
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
	Prices and trading (averages of daily figures)											
Common stock prices												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	68.93	92.63	92.46	95.68	95.09	95.85	94.85	99.11	104.73	103.92	104.66	107.00
2 Industrial	78.18	107.45	108.01	112.18	110.44	110.91	109.05	113.99	120.71	119.64	119.93	121.88
3 Transportation	60.41	89.36	85.63	86.88	86.82	87.37	88.00	94.88	101.76	98.30	96.47	99.66
4 Utility	39.75	47.00	46.44	47.47	49.02	49.93	50.58	51.95	53.44	53.91	55.51	57.32
5 Finance	71.99	95.34	89.28	91.59	92.94	95.28	95.29	101.34	109.58	107.59	109.39	115.31
6 Standard & Poor's Corporation (1941–43 = 10)[1]	119.71	160.41	160.50	166.11	164.82	166.27	164.48	171.61	180.88	179.42	180.62	180.94
7 American Stock Exchange[2] (Aug. 31, 1973 = 100)	141.31	216.48	207.96	214.50	210.39	209.47	202.28	211.82	228.40	225.62	229.46	228.75
Volume of trading (thousands of shares)												
8 New York Stock Exchange	64,617	85,418	91,084	93,108	91,676	83,692	89,032	121,545	115,489	102,591	94,387	106,827
9 American Stock Exchange	5,283	8,215	6,107	5,967	5,587	6,008	7,254	9,130	10,010	8,677	7,801	7,171
	Customer financing (end-of-period balances, in millions of dollars)											
10 Margin credit at broker–dealers[3]	**13,325**	**23,000**	**22,470**	**22,800**	**22,330**	**22,350**	**22,470**	**22,090**	**22,970**	**23,230**	**23,900**	**24,300**
11 Margin stock	12,980	22,720	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑
12 Convertible bonds	344	279	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 Subscription issues	1	1	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
Free credit balances at brokers[4]												
14 Margin-account	5,735	6,620	7,015	6,690	6,580	6,699	7,015	6,770	6,680	6,780	6,910	6,867
15 Cash-account	8,390	8,430	10,215	8,315	8,650	8,420	10,215	9,725	9,840	10,155r	9,230	9,230
	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**	**100.0**
By equity class (in percent)[5]												
17 Under 40	21.0	41.0	46.0	42.0	44.0	47.0	46.0	35.0	36.0	38.0	39.0	36.0
18 40–49	24.0	22.0	18.0	22.0	21.0	19.0	18.0	19.0	20.0	20.0	19.0	19.0
19 50–59	24.0	16.0	16.0	15.0	14.0	13.0	16.0	20.0	18.0	18.0	18.0	19.0
20 60–69	14.0	9.0	9.0	9.0	9.0	9.0	9.0	11.0	11.0	10.0	10.0	11.0
21 70–79	9.0	6.0	5.0	6.0	6.0	6.0	5.0	7.0	8.0	7.0	7.0	7.0
22 80 or more	8.0	6.0	6.0	6.0	6.0	6.0	6.0	8.0	8.0	7.0	7.0	8.0
	Special miscellaneous-account balances at brokers (end of period)											
23 Total balances (millions of dollars)[6]	**35,598**	**58,329**	**75,840**	**72,350**	**71,914**	**73,904**	**75,840**	**79,600**	**81,830**	**83,729**	**82,990**	**87,120**
Distribution by equity status (percent)												
24 Net credit status	62.0	63.0	59.0	58.0	59.0	59.0	59.0	59.0	59.0	60.0	60.0	60.0
Debt status, equity of												
25 60 percent or more	29.0	28.0	29.0	31.0	30.0	29.0	29.0	30.0	31.0	30.0	30.0	30.0
26 Less than 60 percent	9.0	9.0	11.0	11.0	11.0	12.0	11.0	10.0	10.0	10.0	10.0	10.0

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		65	50
28 Convertible bonds	50	60	50		50	50
29 Short sales	70	80	65		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	1982	1983	1984							1985			
			June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
						Savings and loan associations							
1 **Assets**	**707,646**	**773,417**	**840,682**	**850,780**	**860,088**	**877,642**	**881,627**	**887,696**	**902,449**	**898,537**	**898,086**	**904,827**	**907,139**
2 Mortgages	483,614	494,789	528,172	535,814	540,644	550,129	552,516	556,229	555,277	558,276	556,184	559,263	563,316
3 Cash and investment securities[1]	85,438	104,274	109,752	108,456	108,820	112,350	112,023	114,879	125,358	119,673	119,724	119,713	114,768
4 Other	138,594	174,354	202,758	206,510	210,624	215,163	217,088	216,588	221,814	220,588	222,178	225,851	229,055
5 **Liabilities and net worth**	**707,646**	**773,417**	**840,682**	**850,780**	**860,088**	**877,642**	**881,627**	**887,696**	**902,449**	**898,537**	**898,086**	**904,827**	**907,139**
6 Savings capital	567,961	634,455	681,947	687,817	691,704	704,558	708,846	714,780	724,301	730,709	726,308	732,406	732,205
7 Borrowed money	97,850	92,127	108,417	110,238	114,747	121,329	119,305	117,775	126,169	114,806	116,879	119,461	118,484
8 FHLBB	63,861	52,626	56,558	57,115	60,178	63,627	63,412	63,383	64,207	63,152	63,452	63,187	63,985
9 Other	33,989	39,501	51,859	53,123	54,569	57,702	55,893	54,392	61,962	51,654	53,427	56,274	54,499
10 Loans in process[2]	9,934	21,117	25,726	26,122	26,773	27,141	26,754	26,683	26,959	26,546	26,636	27,004	27,334
11 Other	15,602	15,968	17,586	19,970	20,599	18,050	19,894	21,302	17,215	18,358	19,857	17,471	20,486
12 Net worth[3]	26,233	30,867	32,732	32,755	33,038	33,705	33,582	33,839	34,764	34,664	35,042	35,489	35,964
13 MEMO: Mortgage loan commitments outstanding[4]	18,054	32,996	44,878	43,878	41,182	40,089	38,530	37,856	34,841	33,305	34,217	35,889	35,766
						Mutual savings banks[5]							
14 **Assets**	**174,197**	**193,535**	**198,864**	**199,128**	**200,722**	**201,445**	**203,274**	**204,499**	**203,898**	**204,859**	**206,175**	**207,808**	
Loans													
15 Mortgage	94,091	97,356	99,433	100,091	101,211	101,621	102,704	102,953	102,895	103,393	103,654	103,667	
16 Other	16,957	19,129	23,198	23,213	24,068	24,535	24,486	24,884	24,954	25,747	26,456	27,143	
Securities													
17 U.S. government[6]	9,743	15,360	15,448	15,457	15,019	14,965	15,295	15,034	14,643	14,628	14,917	15,079	
18 State and local government	2,470	2,177	2,037	2,037	2,055	2,052	2,080	2,077	2,077	2,067	2,069	2,092	
19 Corporate and other[7]	36,161	43,580	42,479	42,682	42,632	42,605	43,003	43,361	42,962	43,351	43,063	43,500	
20 Cash	6,919	6,263	5,452	4,896	4,981	4,795	4,605	4,795	4,954	4,140	4,423	4,707	
21 Other assets	7,855	9,670	10,817	10,752	10,756	10,872	11,101	11,395	11,413	11,533	11,593	11,620	
22 **Liabilities**	**174,197**	**193,535**	**198,864**	**199,128**	**200,722**	**201,445**	**203,274**	**204,499**	**203,898**	**204,859**	**206,175**	**207,808**	n.a.
23 Deposits	155,196	172,665	174,972	174,823	176,085	177,345	178,624	180,073	180,616	181,062	181,849	183,030	
24 Regular[8]	152,777	170,135	171,858	171,740	172,990	174,296	175,727	177,130	177,418	177,954	178,791	179,664	
25 Ordinary savings	46,862	38,554	36,322	35,511	34,787	34,564	34,221	34,009	33,739	33,413	33,413	33,607	
26 Time	96,369	95,129	97,168	98,410	101,270	102,934	104,151	104,849	104,732	104,098	103,536	103,688	
27 Other	2,419	2,530	3,114	3,083	3,095	3,049	2,897	2,943	3,198	3,108	3,058	3,346	
28 Other liabilities	8,336	10,154	12,999	13,269	13,604	12,979	13,853	13,453	12,504	12,931	13,387	13,862	
29 General reserve accounts	9,235	10,368	10,404	10,495	10,498	10,488	10,459	10,535	10,510	10,619	10,670	10,680	
30 MEMO: Mortgage loan commitments outstanding[9]	1,285	2,387	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
						Life insurance companies							
31 **Assets**	**588,163**	**654,948**	**679,449**	**684,573**	**694,082**	**699,996**	**705,827**	**712,271**	**720,807**	**730,120**	**734,920**	**741,442**	
Securities													
32 Government	36,499	50,752	53,970	54,688	56,263	57,552	59,825	62,678	64,683	65,367	67,111	66,641	
33 United States[10]	16,529	28,636	32,066	32,654	33,886	35,586	37,594	40,288	41,970	42,183	43,929	43,317	
34 State and local	8,664	9,986	9,213	9,236	9,357	9,221	9,344	9,385	9,757	9,895	9,956	9,770	
35 Foreign[11]	11,306	12,130	12,691	12,798	13,020	12,745	12,887	13,005	12,956	13,289	13,226	13,554	
36 Business	287,126	322,854	338,508	341,802	348,614	350,512	352,059	354,815	354,902	364,617	367,411	370,582	n.a.
37 Bonds	231,406	257,986	276,902	281,113	283,673	285,543	287,607	291,021	290,731	297,666	298,381	302,072	
38 Stocks	55,720	64,868	61,606	60,689	64,941	64,969	64,452	63,794	64,171	66,951	69,030	68,510	
39 Mortgages	141,989	150,999	153,845	154,299	155,438	155,802	156,064	156,691	157,283	157,583	158,052	158,956	
40 Real estate	20,264	22,234	23,792	24,019	24,117	24,685	24,947	25,467	25,985	26,343	26,567	26,911	
41 Policy loans	52,961	54,063	54,430	54,441	54,517	54,551	54,574	54,571	54,610	54,442	54,523	54,466	
42 Other assets	48,571	54,046	54,904	55,324	55,133	56,894	58,358	58,049	63,344	61,768	61,256	63,886	
						Credit unions[12]							
43 **Total assets/liabilities and capital**	**69,585**	**81,961**	**90,276**	**90,145**	**90,503**	**91,651**	**91,619**	**92,521**	**93,036**	**94,646**	**96,183**	**98,646**	**101,268**
44 Federal	45,493	54,482	61,316	61,163	61,500	62,107	61,935	62,690	63,205	64,505	65,989	67,799	68,903
45 State	24,092	27,479	28,960	28,982	29,003	29,544	29,684	29,831	29,831	30,141	30,194	30,847	32,365
46 Loans outstanding	43,232	50,083	55,915	57,286	58,802	59,874	60,483	62,170	62,561	62,662	62,393	62,936	64,341
47 Federal	27,948	32,930	37,547	38,490	39,578	40,310	40,727	41,762	42,337	42,220	42,283	42,804	43,414
48 State	15,284	17,153	18,368	18,796	19,224	19,564	19,756	20,408	20,224	20,442	20,110	20,132	20,927
49 Savings	62,990	74,739	82,578	82,402	82,135	83,172	83,129	84,000	84,348	86,047	86,048	88,560	91,275
50 Federal (shares)	41,352	49,889	56,261	56,278	56,205	56,734	56,655	57,302	57,539	58,820	59,914	61,758	62,867
51 State (shares and deposits)	21,638	24,850	26,317	26,124	25,930	26,438	26,474	26,698	26,809	27,227	26,134	26,802	28,408

1.37 Continued

Account	1982	1983	1984							1985			
			June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
	FSLIC-insured federal savings banks												
52 **Assets**	**6,859**	**64,969**	**81,310**	**83,989**	**87,209**	**82,174**	**87,743**	**94,536**	**98,559**	**98,747**	**106,657**	**109,720**	**110,501**
53 Mortgages	3,353	38,698	48,084	49,996	52,039	48,841	51,554	55,861	57,429	57,667	60,938	62,608	63,486
54 Cash and investment securities[1]	......	10,436	13,071	13,184	13,331	12,867	13,615	14,826	16,001	15,378	17,511	18,237	17,958
55 Other	......	15,835	20,155	20,809	21,839	20,466	22,574	23,849	25,129	25,702	28,208	28,875	29,057
56 **Liabilities and net worth**	**6,859**	**64,969**	**81,310**	**83,989**	**87,209**	**82,174**	**87,743**	**94,536**	**98,559**	**98,747**	**106,657**	**109,720**	**110,501**
57 Savings and capital	5,877	53,227	64,364	66,227	68,443	65,079	70,080	76,167	79,572	80,091	85,632	88,001	88,158
58 Borrowed money	......	7,477	11,489	12,060	12,863	11,828	11,935	11,937	12,798	12,372	14,079	14,860	15,185
59 FHLBB	......	4,640	6,538	6,897	7,654	6,600	6,867	7,041	7,515	7,361	8,023	8,491	8,837
60 Other	......	2,837	4,951	5,163	5,209	5,228	5,068	4,896	5,283	5,011	6,056	6,369	6,348
61 Other	......	1,157	1,646	1,807	1,912	1,610	1,896	2,259	1,903	1,982	2,356	2,174	2,435
62 Net worth[3]	......	3,108	3,811	3,895	3,991	3,657	3,832	4,173	4,286	4,302	4,590	4,685	4,723
MEMO													
63 Loans in process[2]	98	1,264	1,839	1,901	1,895	1,505	1,457	1,689	1,738	1,685	1,747	1,919	2,005
64 Mortgage loan commitments outstanding[4]	......	2,151	3,583	3,988	3,860	2,970	2,925	3,298	3,234	3,510	3,646	3,752	3,952

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 perons.

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 1982	Fiscal year 1983	Fiscal year 1984	Calendar year					
				1983		1984	1985		
				H1	H2	H1	Mar.	Apr.	May
U.S. budget									
1 Receipts[1]	617,766	600,562	666,457	306,331	306,584	341,808	49,606	94,593	39,794
2 Outlays[1]	728,375	795,917	841,800	396,477	406,849	420,700	78,067	82,228	80,245
3 Surplus, or deficit (−)	−110,609	−195,355	−175,343	−90,146	−100,265	−78,892	−28,461	12,365	−40,451
4 Trust funds	5,456	23,056	30,565	22,680	7,745	18,080	−1,682	5,182	6,699
5 Federal funds[2,3]	−116,065	−218,410	−205,908	−112,822	−108,005	−96,971	−26,780	7,183	−47,149
Off-budget entities (surplus, or deficit (−))									
6 Federal Financing Bank outlays	−14,142	−10,404	−7,277	−5,418	−3,199	−2,813	−1,134r	−1,108	−1,192
7 Other[3,4]	−3,190	−1,953	−2,719	−528	−1,206	−838	91r	128	−354
U.S. budget plus off-budget, including Federal Financing Bank									
8 Surplus, or deficit (−)	−127,940	−207,711	−185,339	−96,094	−104,670	−84,884	−29,504r	11,386	−41,997
Source of financing									
9 Borrowing from the public	134,993	212,425	170,817	102,538	84,020	80,592	13,159	17,036	16,333
10 Cash and monetary assets (decrease, or increase (−))[4]	−11,911	−9,889	5,636	−9,664	−16,294	−3,127	3,212r	−27,927	−29,808
11 Other[5]	4,858	5,176	8,885	3,222	4,358	7,418	13,133r	−495	−4,143
MEMO									
12 Treasury operating balance (level, end of period)	29,164	37,057	22,345	27,997	11,817	13,567	13,868	40,022	11,138
13 Federal Reserve Banks	10,975	16,557	3,791	19,442	3,661	4,397	3,063	19,305	1,933
14 Tax and loan accounts	18,189	20,500	18,553	8,764	8,157	9,170	10,805	20,717	9,204

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 U.S. Government, Fiscal Year 1985*.

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1983	Fiscal year 1984	Calendar year 1982 H2	Calendar year 1983 H1	Calendar year 1983 H2	Calendar year 1984 H1	Calendar year 1985 Mar.	Calendar year 1985 Apr.	Calendar year 1985 May
RECEIPTS									
1 All sources	**600,563**	**666,457**	**286,337**	**306,331**	**305,122**	**341,808**	**49,606**	**94,593**	**39,794**
2 Individual income taxes, net	288,938	295,955	145,676	144,551	147,663	144,691	15,254	51,602	3,611
3 Withheld	266,010	279,345	131,567	135,531	133,768	140,657	23,952	26,343	27,640
4 Presidential Election Campaign Fund	36	35	5	30	6	29	8	9	8
5 Nonwithheld	83,586	81,346	20,041	63,014	20,703	61,463	3,136	43,235	1,945
6 Refunds	60,692	64,771	5,938	54,024	6,815	57,458	11,842	17,986	25,982
Corporation income taxes									
7 Gross receipts	61,780	74,179	25,660	33,522	31,064	40,328	10,304	11,265	2,205
8 Refunds	24,758	17,286	11,467	13,809	8,921	10,045	1,888	2,409	975
9 Social insurance taxes and contributions, net	209,001	241,902	94,277	110,520	100,832	131,372	20,551	28,032	28,423
10 Payroll employment taxes and contributions[1]	179,010	203,476	85,064	90,912	88,388	106,436	19,045	18,822	19,204
11 Self-employment taxes and contributions[2]	6,756	8,709	177	6,427	398	7,667	610	5,757	590
12 Unemployment insurance	18,799	25,138	6,856	10,984	8,714	14,942	515	3,062	8,192
13 Other net receipts[3]	4,436	4,580	2,180	2,197	2,290	2,329	380	391	437
14 Excise taxes	35,300	37,361	16,555	16,904	19,586	18,304	2,739	2,700	3,235
15 Customs deposits	8,655	11,370	4,299	4,010	5,079	5,576	998	939	946
16 Estate and gift taxes	6,053	6,010	3,444	2,883	3,050	3,102	430	671	566
17 Miscellaneous receipts[4]	15,594	16,965	7,890	7,751	7,811	8,481	1,218	1,793	1,783
OUTLAYS									
18 All types	**795,917**	**841,800**	**390,847**	**396,477**	**406,849**	**420,700**	**78,067**	**82,228**	**80,245**
19 National defense	210,461	227,405	100,419	105,072	108,967	114,639	21,782	20,239	22,198
20 International affairs	8,927	13,313	4,406	4,705	6,117	5,426	1,416	946	1,201
21 General science, space, and technology	7,777	8,271	3,903	3,486	4,216	3,981	740	743	722
22 Energy	4,035	2,464	2,058	2,073	1,533	1,080	207	355	408
23 Natural resources and environment	12,676	12,677	6,941	5,892	6,933	5,463	929	1,006	1,016
24 Agriculture	22,173	12,215	13,259	10,154	5,278	7,129	1,732	2,822	903
25 Commerce and housing credit	4,721	5,198	2,244	2,164	2,648	2,572	75	1,128	−187
26 Transportation	21,231	24,705	10,686	9,918	13,323	10,616	1,583	2,045	2,124
27 Community and regional development	7,302	7,803	4,187	3,124	4,327	3,154	538	683	508
28 Education, training, employment, social services	25,726	26,616	12,186	12,801	13,246	13,445	2,233	2,344	2,448
29 Health	28,655	30,435	39,072	41,206	42,150	15,748	2,685	2,909	3,016
30 Social security and medicare	223,311	235,764	133,779	143,001			21,031	21,355	21,378
31 Income security	106,211	96,714			135,579	65,212	11,530	13,347	10,740
32 Veterans benefits and services	24,845	25,640	13,240	11,334	13,621	12,849	2,296	2,293	3,207
33 Administration of justice	5,014	5,616	2,373	2,522	2,628	2,807	471	572	492
34 General government	4,991	4,836	2,323	2,434	2,479	2,462	343	80	848
35 General-purpose fiscal assistance	6,287	6,577	3,153	3,124	3,290	2,943	75	1,258	91
36 Net interest[6]	89,774	111,007	44,948	42,358	47,674	53,729	10,517	10,858	11,536
37 Undistributed offsetting receipts[7]	−21,424	−15,454	−8,332	−8,887	−7,262	−7,333	−2,118	−2,754	−2,403

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	1983				1984				1985
	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31
1 **Federal debt outstanding**	**1,249.3**	**1,324.3**	**1,381.9**	**1,415.3**	**1,468.3**	**1,517.2**	**1,576.7**	**1,667.4**	**1,715.1**
2 Public debt securities	1,244.5	1,319.6	1,377.2	1,410.7	1,463.7	1,512.7	1,572.3	1,663.0	1,710.7
3 Held by public	1,043.3	1,090.3	1,138.2	1,174.4	1,223.9	1,255.1	1,309.2	1,373.4	1,415.2
4 Held by agencies	201.2	229.3	239.0	236.3	239.8	257.6	263.1r	289.6	295.5
5 Agency securities	4.8	4.7	4.7	4.6	4.6	4.5	4.5	4.5	4.4
6 Held by public	3.7	3.6	3.6	3.5	3.5	3.4	3.4	3.4	3.3
7 Held by agencies	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
8 **Debt subject to statutory limit**	**1,245.3**	**1,320.4**	**1,378.0**	**1,411.4**	**1,464.5**	**1,513.4**	**1,573.0**	**1,663.7**	**1,711.4**
9 Public debt securities	1,243.9	1,319.0	1,376.6	1,410.1	1,463.1	1,512.1	1,571.7	1,662.4	1,710.1
10 Other debt[1]	1.4	1.4	1.3	1.3	1.3	1.3	1.3	1.3	1.3
11 MEMO: Statutory debt limit	1,290.2	1,389.0	1,389.0	1,490.0	1,490.0	1,520.0	1,573.0	1,823.8	1,823.8

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	1980	1981	1982	1983	1984			1985
					Q2	Q3	Q4	Q1
1 **Total gross public debt**	**930.2**	**1,028.7**	**1,197.1**	**1,410.7**	**1,512.7**	**1,572.3**	**1,663.0**	**1,710.7**
By type								
2 Interest-bearing debt	928.9	1,027.3	1,195.5	1,400.9	1,501.1	1,559.6	1,660.6	1,695.2
3 Marketable	623.2	720.3	881.5	1,050.9	1,126.6	1,176.6	1,247.4	1,271.7
4 Bills	216.1	245.0	311.8	343.8	343.3	356.8	374.4	379.5
5 Notes	321.6	375.3	465.0	573.4	632.1	661.7	705.1	713.8
6 Bonds	85.4	99.9	104.6	133.7	151.2	158.1	167.9	178.4
7 Nonmarketable[1]	305.7	307.0	314.0	350.0	374.5	383.0	413.2	423.6
8 State and local government series	23.8	23.0	25.7	36.7	39.9	41.4	44.4	47.7
9 Foreign issues[2]	24.0	19.0	14.7	10.4	8.8	8.8	9.1	9.1
10 Government	17.6	14.9	13.0	10.4	8.8	8.8	9.1	9.1
11 Public	6.4	4.1	1.7	.0	.0	.0	.0	.0
12 Savings bonds and notes	72.5	68.1	68.0	70.7	72.3	73.1	73.3	74.4
13 Government account series[3]	185.1	196.7	205.4	231.9	253.2	259.5	286.2	292.2
14 Non-interest-bearing debt	1.3	1.4	1.6	9.8	11.6	12.7	2.3	15.5
By holder[4]								
15 U.S. government agencies and trust funds	192.5	203.3	209.4	236.3	257.6	263.1	289.6	295.5
16 Federal Reserve Banks	121.3	131.0	139.3	151.9	152.9	155.0	160.9	161.0
17 Private investors	616.4	694.5	848.4	1,022.6	1,102.2	1,154.1	1,212.5	1,254.1
18 Commercial banks	112.1	111.4	131.4	188.8	182.3	183.0	183.4r	195.0
19 Money market funds	3.5	21.5	42.6	22.8	14.9	13.6	25.9r	26.6
20 Insurance companies	24.0	29.0	39.1	56.7	61.6	73.2r	82.3r	84.0
21 Other companies	19.3	17.9	24.5	39.7	45.3	47.7	51.1r	51.9
22 State and local governments	87.9	104.3	127.8	155.1	165.0	n.a.	n.a.	n.a.
Individuals								
23 Savings bonds	72.5	68.1	68.3	71.5	72.9	73.7	74.5	75.4
24 Other securities	44.6	42.7	48.2	61.9	69.3	68.7r	69.3r	69.9
25 Foreign and international[5]	129.7	136.6	149.5	166.3	171.5	175.5	192.8r	186.3
26 Other miscellaneous investors[6]	122.8	163.0	217.0	259.8	319.4	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	1982	1983	1984	1985			1985 week ending Wednesday					
					Mar.r	Apr.r	May	Apr. 24	May 1	May 8	May 15	May 22	May 29
	Immediate delivery[1]												
1	U.S. government securities	32,260	42,135	52,786	73,319	72,555	82,733	75,757	66,144	74,166	100,659	80,298	71,596
	By maturity												
2	Bills	18,392	22,393	26,040	38,090	35,943	33,913	37,709	30,849	31,972	41,396	30,498	27,199
3	Other within 1 year	810	708	1,305	1,727	1,969	1,923	1,736	2,165	1,870	2,292	2,172	1,296
4	1–5 years	6,271	8,758	11,734	16,143	17,018	23,002	18,359	17,286	21,992	24,554	25,178	23,237
5	5–10 years	3,555	5,279	7,607	10,479	10,901	12,995	10,965	9,402	11,329	15,655	10,792	11,429
6	Over 10 years	3,232	4,997	6,100	6,882	6,725	10,901	6,988	6,443	7,003	16,764	11,659	8,435
	By type of customer												
7	U.S. government securities dealers	1,770	2,257	2,920	3,984	3,894	3,046	2,592	3,285	3,325	3,530	2,595	2,357
8	U.S. government securities brokers	15,794	21,045	25,584	36,408	34,712	39,783	37,141	32,256	34,961	49,331	38,351	34,885
9	All others[2]	14,697	18,832	24,282	32,927	33,949	39,904	36,023	30,603	35,880	47,798	39,353	34,354
10	Federal agency securities	4,140	5,576	7,846	8,756	10,177	10,809	10,003	7,929	9,263	14,535	11,127	7,602
11	Certificates of deposit	5,000	4,333	4,947	3,730	4,355	4,666	5,200	3,701	5,022	4,727	4,695	4,130
12	Bankers acceptances	2,502	2,642	3,244	2,925	3,499	3,898	3,994	3,080	3,796	3,420	3,993	4,231
13	Commercial paper	7,595	8,036	10,018	10,205	12,019	11,274	12,248	12,563	11,795	10,438	10,832	11,020
	Futures transactions[3]												
14	Treasury bills	5,055	6,655	6,947	8,065	6,659	4,528	7,759r	5,276	4,709	5,315	3,770	4,050
15	Treasury coupons	1,487	2,501	4,503	5,097	5,506	5,812	6,277	5,610	5,709	6,441	5,906	4,627
16	Federal agency securities	261	265	262	112	120	147	154	60	96	148	311	121
	Forward transactions[4]												
17	U.S. government securities	835	1,493	1,364	1,329	1,016	1,685	1,673	869	2,753	1,142	1,755	1,399
18	Federal agency securities	978	1,646	2,843	2,148	2,632	3,237	2,330	1,743	3,059	4,457	3,820	2,032

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	1982	1983	1984	1985			1985 week ending Wednesday				
				Mar.	Apr.	May	May 1	May 8	May 15	May 22	May 29
	Positions										
Net immediate[1]											
1 U.S. government securities	13,663	10,701	5,538	11,249r	8,531r	5,493	6,767	7,892	10,426	2,766	−56
2 Bills	7,297	8,020	5,500	14,027r	11,538r	8,016	9,513	11,219	9,958	6,546	3,900
3 Other within 1 year	972	394	63	1,316	1,203	1,082	1,545	1,223	1,198	999	913
4 1–5 years	3,256	1,778	2,159	449	2,235r	3,797	4,227	4,351	4,969	1,311	3,802
5 5–10 years	−318	−78	−1,119	−2,546	−4,468	−5,687	−5,892	−5,283	−5,391	−4,650	−7,165
6 Over 10 years	2,026	528	−1,174	−2,240	−2,303	−2,075	−2,969	−3,980	−669	−1,809	−1,858
7 Federal agency securities	4,145	7,232	15,294	19,337	18,049r	19,814	18,029	19,243	19,515	19,634	20,720
8 Certificates of deposit	5,532	5,839	7,369	8,007r	8,652	9,356	9,165	9,605	9,359	9,103	9,199
9 Bankers acceptances	2,832	3,332	3,874	3,563	3,949	4,469	4,264	4,343	3,979	4,392	4,946
10 Commercial paper	3,317	3,159	3,788	4,646	4,959r	5,469	6,072	6,071	5,072	5,039	5,204
Futures positions											
11 Treasury bills	−2,507	−4,125	−4,525	1,220r	−2,877	−5,930	−240	−2,722	−6,703	−7,158	−7,887
12 Treasury coupons	−2,303	−1,032	1,794	5,573	6,326r	6,589	5,860	7,422	7,541	6,410	5,284
13 Federal agency securities	−224	171	233	−101	38	−99	196	150	4	−194	−421
Forward positions											
14 U.S. government securities	−788	−1,936	−1,643	−1,320	−814	−346	−84	−662	−1,242	−216	813
15 Federal agency securities	−1,432	−3,561	−9,205	−8,252r	−7,881	−7,805	−7,542	−7,543	−7,909	−7,945	−7,641
	Financing[2]										
Reverse repurchase agreements[3]											
16 Overnight and continuing	26,754	29,099	44,078	60,818	62,325	64,824	66,685	59,143	65,564	66,964	66,126
17 Term agreements	48,247	52,493	68,357	75,298	77,440	74,562	78,158	76,167	73,944	75,172	72,491
Repurchase agreements[4]											
18 Overnight and continuing	49,695	57,946	75,717	96,019	94,055	97,989	96,865	94,731	101,773	98,306	97,482
19 Term agreements	43,410	44,410	57,047	62,890	65,621	67,542	68,432	68,813	68,783	66,977	65,962

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.

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1981	1982	1983	1984		1985			
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 **Federal and federally sponsored agencies**	**221,946**	**237,085**	**239,716**	**270,314**	**271,564**	**270,965**	**271,479**	**275,093**	**275,209**
2 Federal agencies	31,806	33,055	33,940	35,078	35,145	35,235	35,360	35,140	35,182
3 Defense Department[1]	484	354	243	146	142	133	122	116	107
4 Export-Import Bank[2,3]	13,339	14,218	14,853	15,721	15,882	15,882	15,881	15,709	15,707
5 Federal Housing Administration[4]	413	288	194	138	133	132	129	127	123
6 Government National Mortgage Association participation certificates[5]	2,715	2,165	2,165	2,165	2,165	2,165	2,165	2,165	2,165
7 Postal Service[6]	1,538	1,471	1,404	1,337	1,337	1,337	1,337	1,337	1,337
8 Tennessee Valley Authority	13,115	14,365	14,970	15,520	15,435	15,535	15,675	15,635	15,776
9 United States Railway Association[6]	202	194	111	51	51	51	51	51	74
10 Federally sponsored agencies[7]	190,140	204,030	205,776	235,236	236,419	235,730	236,120r	239,953	240,027
11 Federal Home Loan Banks	54,131	55,967	48,930	66,230	65,085	64,705	64,706	65,700	65,257
12 Federal Home Loan Mortgage Corporation	5,480	4,524	6,793	10,299	10,270	10,195	11,237	11,882	12,004
13 Federal National Mortgage Association[8]	58,749	70,052	74,594	81,119	83,720	84,612	84,701	86,297	86,913
14 Farm Credit Banks	71,359	71,896	72,409	72,267	71,255	70,642	70,012	70,161	69,882
15 Student Loan Marketing Association	421	1,591	3,050	5,321	5,369	5,576	5,464r	5,913	5,971
MEMO									
16 **Federal Financing Bank debt**[9]	**110,698**	**126,424**	**135,791**	**145,174**	**145,217**	**146,034**	**146,611**	**147,507**	**148,723**
Lending to federal and federally sponsored agencies									
17 Export-Import Bank[3]	12,741	14,177	14,789	15,690	15,852	15,852	15,852	15,690	15,690
18 Postal Service[6]	1,288	1,221	1,154	1,087	1,087	1,087	1,087	1,087	1,087
19 Student Loan Marketing Association	5,400	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
20 Tennessee Valley Authority	11,390	12,640	13,245	13,795	13,710	13,810	13,950	13,910	14,051
21 United States Railway Association[6]	202	194	111	51	51	51	51	51	74
Other Lending[10]									
22 Farmers Home Administration	48,821	53,261	55,266	58,801	58,971	59,066	59,041	59,756	60,641
23 Rural Electrification Administration	13,516	17,157	19,766	20,889	20,693	20,653	20,804	20,730	20,894
24 Other	12,740	22,774	26,460	29,861	29,853	30,515	30,826	31,283	31,286

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.

1.45 NEW SECURITY ISSUES State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1982	1983	1984	1984					1985		
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.r	Mar.
1 **All issues, new and refunding**[1]	**79,138**	**86,421**	**106,641**	**11,726**	**7,967**	**12,558**	**13,548r**	**17,713**	**6,275**	**8,109**	**9,473**
Type of issue											
2 General obligation	21,094	21,566	26,485r	1,781	1,433	3,770	2,611	2,185	1,804	3,463	2,816
3 U.S. government loans[2]	225	96	16	1	4	1	3	2	7	0	5
4 Revenue	58,044	64,855	80,156	9,945	6,534	8,788	10,937	15,528	4,471	4,646	6,657
5 U.S. government loans[2]	461	253	17	1	1	3	1	0	3	0	0
Type of issuer											
6 State	8,438	7,140	9,129	2,157	596	1,110	405	725	367	1,542	252
7 Special district and statutory authority	45,060	51,297	63,550	7,321	5,202	7,087	7,265	11,894	3,847	4,282	5,581
8 Municipalities, counties, townships, school districts	25,640	27,984	33,962	2,248	2,169	4,361	5,878	5,094r	2,061	2,285	3,640
9 **Issues for new capital, total**	**74,804**	**72,441**	**94,050**	**10,749**	**7,454**	**11,105**	**12,352**	**16,354**	**4,904**	**5,580**	**8,032**
Use of proceeds											
10 Education	6,482	8,099	7,553	627	333	755	999	671	661	930	1,015
11 Transportation	6,256	4,387	7,552	423	590	1,018	2,151	1,339	341	472	151
12 Utilities and conservation	14,259	13,588	17,844	1,015	2,013	2,784	534	4,133	1,315	912	1,572
13 Social welfare	26,635	26,910	29,928	4,823	3,018	3,500	3,701	3,598	1,567	1,847	3,017
14 Industrial aid	8,349	7,821	15,415	1,055	679	1,522	3,866	5,572	376	185	515
15 Other purposes	12,822	11,637	15,758	2,806	821	1,526	1,101	1,041	644	1,234	1,762

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 Corporations

Millions of dollars

Type of issue or issuer, or use	1982	1983	1984	1984				1985			
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 **All issues**[1]	**84,638**	**120,074r**	**132,311r**	**7,758**	**12,350**	**11,931**	**6,940**	**7,294**	**6,743**	**14,005**	**11,449**
2 **Bonds**[2]	**54,076**	**68,495r**	**109,683r**	**6,225**	**10,403**	**9,524**	**5,918**	**5,739**	**4,027**	**11,641**	**8,837**
Type of offering											
3 Public	44,278	47,369	73,357	6,225	10,403	9,524	5,918	5,739	4,027	11,641	8,837
4 Private placement	9,798	21,126	36,326	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Industry group											
5 Manufacturing	12,822	16,851r	24,607r	1,614	2,989	1,447	1,741	1,326	1,476	5,660	922
6 Commercial and miscellaneous	5,442	7,540r	13,726r	576	988	1,198	555	144	469	974	1,317
7 Transportation	1,491	3,833r	4,694r	200	161	19	110	297	30	130	334
8 Public utility	12,327	9,125r	10,679r	758	1,150	555	575	309	80	500	860
9 Communication	2,390	3,642r	2,997r	0	240	1,557	169	375	353	300	0
10 Real estate and financial	19,604	27,502r	52,980r	3,076	4,875	4,749	2,768	3,288	1,619	4,077	5,405
11 **Stocks**[3]	**30,562**	**51,579**	**22,628**	**1,533**	**1,947**	**2,407**	**1,022**	**1,555**	**2,716**	**2,364**	**2,612**
Type											
12 Preferred	5,113	7,213	4,118	155	555	655	91	170	218	311	208
13 Common	25,449	44,366	18,510	1,378	1,392	1,752	931	1,385	2,498	2,053	2,404
Industry group											
14 Manufacturing	5,649	14,135	4,054	212	712	227	137	172	229	224	283
15 Commercial and miscellaneous	7,770	13,112	6,277	378	489	1,025	112	234	760	472	978
16 Transportation	709	2,729	589	87	16	66	71	0	153	32	419
17 Public utility	7,517	5,001	1,624	92	146	150	66	225	283	197	157
18 Communication	2,227	1,822	419	9	69	3	26	271	101	15	5
19 Real estate and financial	6,690	14,780	9,665	755	515	936	610	653	1,190	1,424	770

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. Monthly data 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	1983	1984r	1984 Sept.	Oct.	Nov.	Dec.	1985 Jan.	Feb.	Mar.r	Apr.
INVESTMENT COMPANIES[1]										
1 Sales of own shares[2]	84,345	107,485	8,156	9,517	9,458	10,006	19,152	14,786	14,582	18,051
2 Redemptions of own shares[3]	57,100	77,033	6,185	6,766	6,343	8,948	9,183	8,005	9,412	13,500
3 Net sales	27,245	30,452	1,971	2,751	3,115	1,058	9,969	6,781	5,170	4,551
4 Assets[4]	113,599	137,126	129,657	131,539	132,709	137,126	151,534	154,707	157,065	164,520
5 Cash position[5]	8,343	11,978	13,221	11,417	11,518	11,978	13,114	14,567	13,082	15,863
6 Other	105,256	125,148	116,436	120,122	121,191	125,148	138,420	140,140	143,983	148,657

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	1982	1983	1984	1983 Q2	1983 Q3	1983 Q4	1984 Q1	1984 Q2	1984 Q3	1984 Q4	1985 Q1r
1 Corporate profits with inventory valuation and capital consumption adjustment	159.1	225.2	285.7	216.7	245.0	260.0	277.4	291.1	282.8	291.6	292.3
2 Profits before tax	165.5	203.2	235.7	198.2	227.4	225.5	243.3	246.0	224.8	228.7	222.3
3 Profits tax liability	60.7	75.8	89.8	74.8	84.7	84.5	92.7	95.8	83.1	87.7	85.3
4 Profits after tax	104.8	127.4	145.9	123.4	142.6	141.1	150.6	150.2	141.7	141.0	137.0
5 Dividends	69.2	72.9	80.5	71.7	73.3	75.4	77.7	79.9	81.3	83.1	84.5
6 Undistributed profits	35.6	54.5	65.3	51.7	69.3	65.6	72.9	70.2	60.3	58.0	52.5
7 Inventory valuation	-9.5	-11.2	-5.6	-12.1	-19.3	-9.2	-13.5	-7.3	-.2	-1.6	.9
8 Capital consumption adjustment	3.1	33.2	55.7	30.6	36.9	43.6	47.6	52.3	58.3	64.5	69.1

SOURCE. *Survey of Current Business* (Department of Commerce).

1.49 NONFINANCIAL CORPORATIONS Assets and Liabilities

Billions of dollars, except for ratio

Account	1978	1979	1980	1981	1982	1983	1984			
						Q4	Q1	Q2	Q3	Q4
1 **Current assets**	**1,043.7**	**1,214.8**	**1,327.0**	**1,418.4**	**1,432.7**	**1,557.3**	**1,600.6**	**1,630.6**	**1,667.2**	**1,680.9**
2 Cash	105.5	118.0	126.9	135.5	147.0	165.8	159.3	155.0	150.6	161.6
3 U.S. government securities	17.2	16.7	18.7	17.6	22.8	30.6	35.1	36.7	32.3	36.4
4 Notes and accounts receivable	388.0	459.0	506.8	532.0	519.2	577.8	596.9	612.4	628.1	617.7
5 Inventories	431.8	505.1	542.8	583.7	578.6	599.3	623.1	633.3	662.2	659.0
6 Other	101.1	116.0	131.8	149.5	165.2	183.7	186.3	193.2	194.0	206.3
7 **Current liabilities**	**669.5**	**807.3**	**889.3**	**970.0**	**976.8**	**1,043.0**	**1,079.0**	**1,111.9**	**1,143.3**	**1,149.6**
8 Notes and accounts payable	383.0	460.8	513.6	546.3	543.0	577.9	584.1	604.6	624.8	627.7
9 Other	286.5	346.5	375.7	423.7	433.8	465.2	495.0	507.3	518.5	521.9
10 **Net working capital**	**374.3**	**407.5**	**437.8**	**448.4**	**455.9**	**514.3**	**521.6**	**518.6**	**523.9**	**531.4**
11 MEMO: Current ratio[1]	1.559	1.505	1.492	1.462	1.467	1.493	1.483	1.466	1.458	1.462

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]	1983	1984	1985[1]	1983	1984				1985		
				Q4	Q1	Q2	Q3	Q4	Q1	Q2[1]	Q3[1]
1 **Total nonfarm business**	**304.78**	**353.74**	**386.10**	**325.45**	**337.48**	**348.34**	**361.12**	**367.21**	**371.16**	**385.31**	**392.61**
Manufacturing											
2 Durable goods industries	53.08	65.95	75.24	57.56	61.26	63.12	68.31	71.13	69.87	75.72	77.83
3 Nondurable goods industries	63.12	72.43	80.74	66.19	68.71	72.21	73.72	75.07	75.78	79.83	82.96
Nonmanufacturing											
4 Mining	15.19	16.88	16.06	16.27	17.61	16.01	16.96	16.93	15.66	16.47	16.19
Transportation											
5 Railroad	4.88	6.77	7.35	6.04	5.76	7.46	7.47	6.40	6.02	7.44	8.30
6 Air	4.36	3.55	4.09	3.75	3.23	3.52	3.73	3.73	4.20	3.60	4.54
7 Other	4.72	6.17	6.21	5.48	5.96	6.06	6.50	6.16	6.01	6.12	6.47
Public utilities											
8 Electric	37.27	37.09	35.23	37.79	38.36	37.82	36.82	35.37	36.65	35.35	33.93
9 Gas and other	7.70	10.30	12.51	8.07	8.77	10.07	11.07	11.31	11.81	12.36	12.83
10 Commercial and other[2]	114.45	134.39	148.68	124.30	127.83	132.07	136.55	141.10	145.17	148.42	149.56

▲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		
						Q3	Q4	Q1	Q2	Q3
ASSETS										
Accounts receivable, gross										
1 Consumer	52.6	65.7	73.6	85.5	89.5	92.3	92.8	96.9	99.6	103.4
2 Business	63.3	70.3	72.3	80.6	81.0	86.8	95.2	101.1	104.2	103.2
3 Total	116.0	136.0	145.9	166.1	170.4	179.0	188.0	198.0	203.8	206.6
4 LESS: Reserves for unearned income and losses	15.6	20.0	23.3	28.9	30.5	30.1	30.6	31.9	33.4	34.7
5 Accounts receivable, net	100.4	116.0	122.6	137.2	139.8	148.9	157.4	166.1	170.4	171.9
6 Cash and bank deposits	3.5									
7 Securities	1.3	24.9[1]	27.5	34.2	39.7	45.0	45.3	47.1	48.1	49.1
8 All other	17.3									
9 **Total assets**	**122.4**	**140.9**	**150.1**	**171.4**	**179.5**	**193.9**	**202.7**	**213.2**	**218.5**	**220.9**
LIABILITIES										
10 Bank loans	6.5	8.5	13.2	15.4	18.6	17.0	19.1	14.7	15.3	16.0
11 Commercial paper	34.5	43.3	43.4	51.2	45.8	49.7	53.6	58.4	62.0	60.1
Debt										
12 Short-term, n.e.c.	8.1	8.2	7.5	9.6	8.7	8.7	11.3	12.2	15.0	15.1
13 Long-term, n.e.c.	43.6	46.7	52.4	54.8	63.5	66.2	65.4	68.7	67.6	71.2
14 Other	12.6	14.2	14.3	17.8	18.7	24.4	27.1	29.8	29.0	29.2
15 Capital, surplus, and undivided profits	17.2	19.9	19.4	22.8	24.2	27.9	26.2	29.4	29.6	29.2
16 **Total liabilities and capital**	**122.4**	**140.9**	**150.1**	**171.4**	**179.5**	**193.9**	**202.7**	**213.2**	**218.5**	**220.9**

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 Apr. 30, 1985[1]	Changes in accounts receivable			Extensions			Repayments		
		1985			1985			1985		
		Feb.	Mar.	Apr.	Feb.	Mar.	Apr.	Feb.	Mar.	Apr.
1 **Total**	**143,292**	**869**	**873**	**2,045**	**26,444**	**26,283**	**25,833**	**25,575**	**25,410**	**23,788**
Retail financing of installment sales										
2 Automotive (commercial vehicles)	11,751	43	298	119	797	1,060	889	754	762	770
3 Business, industrial, and farm equipment	20,196	−25	84	−102	1,272	1,427	1,063	1,297	1,343	1,165
Wholesale financing										
4 Automotive	20,899	709	476	417	9,394	10,201	9,090	8,685	9,725	8,673
5 Equipment	4,808	−15	105	−213	485	540	479	500	435	692
6 All other	6,841	106	86	−59	1,690	1,652	1,627	1,584	1,566	1,686
Leasing										
7 Automotive	14,174	305	271	538	966	872	1,093	661	601	555
8 Equipment	36,824	39	−252	628	916	1,222	1,313	877	1,474	685
9 Loans on commercial accounts receivable and factored commercial accounts receivable	16,718	−687	−419	835	9,650	8,262	9,183	10,337	8,681	8,348
10 All other business credit	11,081	394	224	−118	1,274	1,047	1,096	880	823	1,214

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	1982	1983	1984	1984 Nov.	1984 Dec.	1985 Jan.	1985 Feb.	1985 Mar.	1985 Apr.	1985 May
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Conventional mortgages on new homes										
Terms[1]										
1 Purchase price (thousands of dollars)	94.6	92.8	96.8	99.5	102.6	94.8	101.8	91.3	101.4[r]	108.4
2 Amount of loan (thousands of dollars)	69.8	69.5	73.7	75.2	76.9	71.4	76.5	69.9	76.9[r]	80.1
3 Loan/price ratio (percent)	76.6	77.1	78.7	77.9	77.9	77.9	77.6	79.8	78.9[r]	76.2
4 Maturity (years)	27.6	26.7	27.8	27.5	28.0	27.7	28.1	27.2	27.4[r]	27.1
5 Fees and charges (percent of loan amount)[2]	2.95	2.40	2.64	2.54	2.65	2.65	2.58	2.65	2.65[r]	2.51
6 Contract rate (percent per annum)	14.47	12.20	11.87	12.27	12.05	11.77	11.74	11.42	11.55[r]	11.59
Yield (percent per annum)										
7 FHLBB series[3]	15.12	12.66	12.37	12.75	12.55	12.27	12.21	11.92	12.05	12.06
8 HUD series[4]	15.79	13.43	13.80	13.20	13.05	12.88	13.06	13.26	13.01	12.49
SECONDARY MARKETS										
Yield (percent per annum)										
9 FHA mortgages (HUD series)[5]	15.30	13.11	13.81	12.90	12.99	13.01	13.27	13.43	12.97	12.28
10 GNMA securities[6]	14.68	12.25	13.13	12.71	12.54	12.26	12.23	12.68	12.31	11.93
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	66,031	74,847	83,339	86,416	87,940	89,353	90,369	91,975	92,765	93,610
12 FHA/VA-insured	39,718	37,393	35,148	34,752	34,711	34,602	34,553	34,585	34,516	34,428
13 Conventional	26,312	37,454	48,191	51,664	53,229	54,751	55,816	57,391	58,250	59,182
Mortgage transactions (during period)										
14 Purchases	15,116	17,554	16,721	1,297	1,962	1,943	1,559	2,256	1,515	1,703
15 Sales	2	3,528	978	0	0	0	0	100	0	0
Mortgage commitments[7]										
16 Contracted (during period)	22,105	18,607	21,007	2,150	2,758	1,230	1,895	1,636	1,921	2,074
17 Outstanding (end of period)	7,606	5,461	6,384	5,916	6,384	5,678	5,665	5,019	5,361	5,589
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
18 Total	5,131	5,996	9,283	9,900	10,399	10,362	11,118	11,549	11,615	
19 FHA/VA	1,027	974	910	886	881	876	859	854	850	
20 Conventional	4,102	5,022	8,373	9,014	9,518	9,485	10,259	10,694	10,765	
Mortgage transactions (during period)										
21 Purchases	23,673	23,089	21,886	2,241	4,137	2,197	3,247	3,232	2,201	n.a.
22 Sales	24,170	19,686	18,506	1,961	3,635	2,162	2,428	2,751	1,973	
Mortgage commitments[9]										
23 Contracted (during period)	28,179	32,852	32,603	4,158	4,174	4,264	3,622	3,453	4,141	
24 Outstanding (end of period)	7,549	16,964	26,990	27,550	26,990	29,654	30,135	30,436	n.a.	

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 averages of Friday figures from the *Wall Street Journal*.
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	1982	1983	1984	1984 Q1	1984 Q2	1984 Q3	1984 Q4	1985 Q1
1 **All holders**	**1,658,450**	**1,829,761**	**2,033,701**	**1,873,345**	**1,932,749**	**1,984,750**	**2,033,701**	**2,076,898**
2 1- to 4-family	1,110,315	1,220,359	1,350,203	1,250,361	1,287,016	1,318,664	1,350,203	1,381,134
3 Multifamily	140,063	150,271	164,439	153,486	158,180	160,523	164,439	168,131
4 Commercial	301,362	349,757	408,194	359,880	377,060	394,494	408,194	416,370
5 Farm	106,710	109,374	110,865	109,618	110,493	111,069	110,865	111,263
6 Major financial institutions	1,024,680	1,112,363	1,247,573	1,137,787	1,181,792	1,219,436	1,247,573	1,267,245
7 Commercial banks[1]	301,272	330,521	374,689	339,653	352,258	363,043	374,689	383,187
8 1- to 4-family	173,804	182,514	196,112	185,213	190,185	193,138	196,112	200,024
9 Multifamily	16,480	18,410	21,395	19,836	20,501	20,040	21,395	22,033
10 Commercial	102,553	120,210	146,653	124,890	131,533	139,663	146,653	150,401
11 Farm	8,435	9,387	10,529	9,714	10,039	10,202	10,529	10,729
12 Mutual savings banks	97,805	136,054	160,324	143,180	147,517	150,462	160,324	166,612
13 1- to 4-family	66,777	96,569	114,076	101,868	105,063	106,944	114,076	118,723
14 Multifamily	15,305	17,785	20,123	18,441	18,752	19,138	20,123	20,767
15 Commercial	15,694	21,671	26,094	22,841	23,672	24,349	26,094	27,091
16 Farm	29	29	31	30	30	31	31	31
17 Savings and loan associations	483,614	494,789	555,277	503,509	528,172	550,129	555,277	559,263
18 1- to 4-family	393,323	390,883	431,450	397,017	414,087	429,101	431,450	433,429
19 Multifamily	38,979	42,552	48,309	43,553	45,951	47,861	48,309	48,936
20 Commercial	51,312	61,354	75,518	62,939	68,134	73,167	75,518	76,898
21 Life insurance companies	141,989	150,999	157,283	151,445	153,845	155,802	157,283	158,183
22 1- to 4-family	16,751	15,319	14,180	14,917	14,437	14,204	14,180	14,153
23 Multifamily	18,856	19,107	19,017	19,083	19,028	18,828	19,017	19,114
24 Commercial	93,547	103,831	111,642	104,890	107,796	110,149	111,642	112,641
25 Farm	12,835	12,742	12,444	12,555	12,584	12,621	12,444	12,275
26 Federal and related agencies	138,138	147,370	157,377	150,784	152,669	153,355	157,377	162,416
27 Government National Mortgage Association	4,227	3,395	2,301	2,900	2,715	2,389	2,301	1,964
28 1- to 4-family	676	630	585	618	605	594	585	576
29 Multifamily	3,551	2,765	1,716	2,282	2,110	1,795	1,716	1,388
30 Farmers Home Administration	1,786	2,141	1,276	2,094	1,344	738	1,276	1,062
31 1- to 4-family	783	1,159	213	1,005	281	206	213	156
32 Multifamily	218	173	119	303	463	126	119	82
33 Commercial	377	409	497	319	81	113	497	421
34 Farm	408	400	447	467	519	293	447	403
35 Federal Housing and Veterans Administration	5,228	4,894	4,782	4,832	4,753	4,749	4,782	4,938
36 1- to 4-family	1,980	1,893	2,007	1,956	1,894	1,982	2,007	2,113
37 Multifamily	3,248	3,001	2,775	2,876	2,859	2,767	2,775	2,825
38 Federal National Mortgage Association	71,814	78,256	87,940	80,975	83,243	84,850	87,940	91,975
39 1- to 4-family	66,500	73,045	82,175	75,770	77,633	79,175	82,175	86,129
40 Multifamily	5,314	5,211	5,765	5,205	5,610	5,675	5,765	5,846
41 Federal Land Banks	50,350	51,052	50,679	51,004	51,136	51,182	50,679	50,929
42 1- to 4-family	3,068	3,000	2,948	2,982	2,958	2,954	2,948	2,998
43 Farm	47,282	48,052	47,731	48,022	48,178	48,228	47,731	47,931
44 Federal Home Loan Mortgage Corporation	4,733	7,632	10,399	8,979	9,478	9,447	10,399	11,548
45 1- to 4-family	4,686	7,559	9,654	8,847	8,931	8,841	9,654	10,642
46 Multifamily	47	73	745	132	547	606	745	906
47 Mortgage pools or trusts[2]	216,654	285,073	332,057	296,481	305,051	317,548	332,057	347,793
48 Government National Mortgage Association	118,940	159,850	179,981	166,261	170,893	175,770	179,981	185,954
49 1- to 4-family	115,831	155,801	175,084	161,943	166,415	171,095	175,084	180,878
50 Multifamily	3,109	4,049	4,897	4,318	4,478	4,675	4,897	5,076
51 Federal Home Loan Mortgage Corporation	42,964	57,895	70,822	59,376	61,267	63,964	70,822	76,759
52 1- to 4-family	42,560	57,273	70,253	58,776	60,636	63,352	70,253	75,781
53 Multifamily	404	622	569	600	631	612	569	978
54 Federal National Mortgage Association[3]	14,450	25,121	36,215	28,354	29,256	32,888	36,215	39,370
55 1- to 4-family	14,450	25,121	35,965	28,354	29,256	32,730	35,965	38,772
56 Multifamily	n.a.	n.a.	250	n.a.	n.a.	158	250	598
57 Farmers Home Administration	40,300	42,207	45,039[r]	42,490	43,635	44,926	45,039	45,710
58 1- to 4-family	20,005	20,404	21,813	20,573	21,331	21,595	21,813	21,928
59 Multifamily	4,344	5,090	5,841	5,081	5,081	5,618	5,841	6,041
60 Commercial	7,011	7,351	7,559	7,456	7,764	7,844	7,559	7,681
61 Farm	8,940	9,362	9,826	9,380	9,459	9,869	9,826	10,060
62 Individual and others[4]	278,978	284,955	296,694	288,293	293,237	294,411	296,694	299,444
63 1- to 4-family[5]	189,121	189,189	193,688	190,522	193,304	192,753	193,688	194,832
64 Multifamily	30,208	31,433	32,918	31,776	32,169	32,624	32,918	33,541
65 Commercial	30,868	34,931	40,231	36,545	38,080	39,209	40,231	41,237
66 Farm	28,781	29,402	29,857	29,450	29,684	29,825	29,857	29,834

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	1983	1984	1984					1985			
			Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
	Amounts outstanding (end of period)										
1 **Total**	**383,701**	**460,500**	**430,795**	**437,469**	**441,358**	**447,783**	**460,500**	**461,530**	**463,628**	**471,567**	**479,935**
By major holder											
2 Commercial banks	171,978	212,391	199,654	202,452	204,582	206,635	212,391	213,951	215,778	219,970	223,850
3 Finance companies	87,429	96,747	94,070	95,594	95,113	95,753	96,747	96,732	97,360	99,133	101,324
4 Credit unions	53,471	67,858	62,679	63,808	64,716	66,528	67,858	68,538	68,939	70,432	71,418
5 Retailers[2]	37,470	40,913	35,359	35,595	35,908	37,124	40,913	38,978	37,483	37,082	37,091
6 Savings and loans	23,108	29,945	26,922	27,880	28,781	29,358	29,945	30,520	31,405	32,349	33,514
7 Gasoline companies	4,131	4,315	4,452	4,328	4,290	4,217	4,315	4,329	4,012	3,820	3,834
8 Mutual savings banks	6,114	8,331	7,659	7,812	7,968	8,168	8,331	8,482	8,651	8,781	8,904
By major type of credit											
9 Automobile	143,114	172,589	165,177	167,231	168,923	170,731	172,589	173,769	175,491	179,661	183,558
10 Commercial banks	67,557	85,501	81,786	82,706	83,620	84,326	85,501	86,223	87,333	89,257	90,915
11 Credit unions	25,574	32,456	29,979	30,519	30,953	31,820	32,456	32,781	32,973	33,687	34,159
12 Finance companies	49,983	54,632	53,412	54,006	54,350	54,585	54,632	54,765	55,185	56,717	58,484
13 Revolving	81,977	101,555	88,202	90,231	91,505	93,944	101,555	100,565	99,316	100,434	101,887
14 Commercial banks	44,184	60,549	52,313	54,258	55,276	56,641	60,549	61,445	61,978	63,684	65,127
15 Retailers	33,662	36,691	31,437	31,645	31,939	33,086	36,691	34,791	33,326	32,930	32,926
16 Gasoline companies	4,131	4,315	4,452	4,328	4,290	4,217	4,315	4,329	4,012	3,820	3,834
17 Mobile home	23,862	24,556	24,947	25,198	24,573	24,439	24,556	24,281	24,379	24,456	24,675
18 Commercial banks	9,842	9,610	9,711	9,761	9,627	9,613	9,610	9,498	9,456	9,425	9,432
19 Finance companies	9,547	9,243	9,992	10,065	9,470	9,235	9,243	9,053	9,044	8,981	8,992
20 Savings and loans	3,906	4,985	4,581	4,697	4,791	4,887	4,985	5,005	5,150	5,305	5,496
21 Credit unions	567	718	663	675	685	704	718	725	729	745	755
22 Other	134,748	161,800	152,469	154,809	156,357	158,669	161,800	162,915	164,442	167,016	169,815
23 Commercial banks	50,395	56,731	55,844	55,727	56,059	56,055	56,731	56,785	57,011	57,604	58,376
24 Finance companies	27,899	32,872	30,666	31,523	31,293	31,933	32,872	32,914	33,131	33,435	33,848
25 Credit unions	27,330	34,684	32,037	32,614	33,078	34,004	34,684	35,032	35,237	36,000	36,504
26 Retailers	3,808	4,222	3,922	3,950	3,969	4,038	4,222	4,187	4,157	4,152	4,165
27 Savings and loans	19,202	24,960	22,341	23,183	23,990	24,471	24,960	25,515	26,255	27,044	28,018
28 Mutual savings banks	6,114	8,331	7,659	7,812	7,968	8,168	8,331	8,482	8,651	8,781	8,904
	Net change (during period)										
29 **Total**	**48,742**	**76,799**	**6,022**	**4,982**	**5,631**	**6,080**	**6,819**	**7,223**	**9,041**	**8,342**	**8,270**
By major holder											
30 Commercial banks	19,488	40,413	2,631	1,384	2,756	2,483	3,028	3,799	5,071	4,847	3,853
31 Finance companies	18,572	18,636	1,381	1,571	398	778	1,196	901	1,203	2,048	1,885
32 Credit unions	6,218	14,387	927	871	1,224	1,731	1,336	1,290	1,423	797	1,215
33 Retailers[2]	5,075	3,443	197	225	128	278	389	251	269	91	168
34 Savings and loans	7,285	6,837	804	770	864	546	576	922	997	715	1,063
35 Gasoline companies	68	184	−63	−38	98	86	117	−91	−102	−142	−45
36 Mutual savings banks	1,322	2,217	145	199	163	178	177	151	180	−14	131
By major type of credit											
37 Automobile	16,856	29,475	2,482	1,513	2,504	2,549	2,687	2,887	3,198	3,391	3,488
38 Commercial banks	8,002	17,944	1,150	434	1,057	1,019	1,275	1,616	1,790	1,767	1,546
39 Credit unions	2,978	6,882	444	416	587	828	640	598	696	381	580
40 Finance companies	11,752	9,298	888	663	860	702	772	673	712	1,243	1,362
41 Revolving	12,353	19,578	1,263	1,484	1,488	1,614	1,445	1,957	2,527	2,631	2,126
42 Commercial banks	7,518	16,365	1,159	1,323	1,279	1,289	1,001	1,809	2,429	2,698	2,003
43 Retailers	4,767	3,029	167	199	111	239	327	239	200	75	168
44 Gasoline companies	68	184	−63	−38	98	86	117	−91	−102	−142	−45
45 Mobile home	1,452	694	217	127	−392	−91	117	−159	282	−11	218
46 Commercial banks	237	−232	4	4	−91	−1	29	−89	41	−50	19
47 Finance companies	776	−608	63	19	−381	−192	−13	−144	33	−63	13
48 Savings and loans	763	1,079	140	95	67	84	88	60	192	92	175
49 Credit unions	64	151	10	9	13	18	13	14	16	10	11
50 Other	18,081	27,052	2,060	1,858	2,031	2,008	2,570	2,538	3,034	2,331	2,438
51 Commercial banks	3,731	6,336	318	−377	511	176	723	463	811	432	285
52 Finance companies	6,044	9,946	430	889	−81	268	437	372	458	868	510
53 Credit unions	3,176	7,354	473	446	624	885	683	678	711	406	624
54 Retailers	308	414	30	26	17	39	62	12	69	16	0
55 Savings and loans	6,522	5,758	664	675	797	462	488	862	805	623	888
56 Mutual savings banks	1,322	2,217	145	199	163	178	177	151	180	−14	131

▲ These data have not been revised this month due to revisions that were not available at time of publication.

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.

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, $85.9 billion at the end of 1982, $96.9 billion at the end of 1983, and $116.6 billion at the end of 1984.

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	1982	1983	1984	1984 Oct.	1984 Nov.	1984 Dec.	1985 Jan.	1985 Feb.	1985 Mar.	1985 Apr.
INTEREST RATES										
Commercial banks[1]										
1 48-month new car[2]	16.82	13.92	13.71	n.a.	13.91	n.a.	n.a.	13.37	n.a.	n.a.
2 24-month personal	18.64	16.50	16.47	n.a.	16.63	n.a.	n.a.	16.21	n.a.	n.a.
3 120-month mobile home[2]	18.05	16.08	15.58	n.a.	15.60	n.a.	n.a.	15.42	n.a.	n.a.
4 Credit card	18.51	18.78	18.77	n.a.	18.82	n.a.	n.a.	18.85	n.a.	n.a.
Auto finance companies										
5 New car	16.15	12.58	14.62	15.18	15.24	15.24	15.11	13.78	12.65	11.92
6 Used car	20.75	18.74	17.85	18.19	18.30	18.34	17.88	17.91	17.78	17.78
OTHER TERMS[3]										
Maturity (months)										
7 New car	45.9	45.9	48.3	49.7	50.0	50.2	50.7	51.4	52.2	51.5
8 Used car	37.0	37.9	39.7	39.9	39.9	39.8	41.3	41.1	41.3	41.3
Loan-to-value ratio										
9 New car	85	86	88	88	89	89	90	90	91	91
10 Used car	90	92	92	93	93	93	93	93	93	93
Amount financed (dollars)										
11 New car	8,178	8,787	9,333	9,449	9,577	9,707	9,654	9,196	9,232	9,305
12 Used car	4,746	5,033	5,691	5,826	5,900	5,975	5,951	5,968	5,976	6,043

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	1979	1980	1981	1982	1983	1984r	1982 H1	1982 H2	1983 H1	1983 H2	1984r H1	1984r H2
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**386.0**	**344.6**	**380.4**	**404.1**	**526.4**	**734.2**	**358.1**	**450.1**	**448.9**	**563.8**	**688.9**	**779.4**
By sector and instrument												
2 U.S. government	37.4	79.2	87.4	161.3	186.6	198.8	104.1	218.4	222.0	151.1	177.4	220.2
3 Treasury securities	38.8	79.8	87.8	162.1	186.7	199.0	105.5	218.8	222.1	151.2	177.6	220.3
4 Agency issues and mortgages	−1.4	−.6	−.5	−.9	−.1	−.2	−1.4	−.4	−.1	−.1	−.2	−.1
5 Private domestic nonfinancial sectors	348.6	265.4	293.1	242.8	339.8	535.4	254.0	231.7	266.9	412.7	511.5	559.2
6 Debt capital instruments	211.2	192.0	159.1	158.9	239.3	300.7	140.7	177.2	214.4	264.2	262.4	338.9
7 Tax-exempt obligations	30.3	30.3	22.7	53.8	56.3	58.9	43.9	63.7	62.8	49.7	21.7	96.1
8 Corporate bonds	17.3	26.7	21.8	18.7	15.7	37.0	12.0	25.3	23.0	8.4	28.9	45.1
9 Mortgages	163.6	135.1	114.6	86.5	167.3	204.7	84.8	88.2	128.6	206.0	211.8	197.7
10 Home mortgages	120.0	96.7	76.0	52.5	108.7	129.9	53.6	51.3	83.8	133.6	137.5	122.2
11 Multifamily residential	7.8	8.8	4.3	5.5	8.4	14.3	5.1	5.8	2.8	13.9	16.7	12.0
12 Commercial	23.9	20.2	24.6	23.6	47.3	59.0	19.7	27.5	40.3	54.3	56.0	62.0
13 Farm	11.8	9.3	9.7	5.0	2.9	1.5	6.5	3.5	1.6	4.1	1.6	1.4
14 Other debt instruments	137.5	73.4	134.0	83.9	100.5	234.7	113.2	54.6	52.5	148.5	249.1	220.3
15 Consumer credit	45.4	6.3	26.7	21.0	51.3	96.5	20.6	21.4	35.9	66.6	102.1	90.9
16 Bank loans n.e.c.	51.2	36.7	54.7	55.5	27.3	77.4	69.0	42.0	13.3	41.2	91.2	63.6
17 Open market paper	11.1	5.7	19.2	−4.1	−1.2	23.8	10.0	−18.2	−10.6	8.3	31.5	16.0
18 Other	29.7	24.8	33.4	11.5	23.1	37.1	13.6	9.4	13.9	32.3	24.3	49.8
19 By borrowing sector	348.6	265.4	293.1	242.8	339.8	535.4	254.0	231.7	266.9	412.7	511.5	559.2
20 State and local governments	17.6	17.2	6.2	31.3	36.7	36.8	24.1	38.5	41.9	31.6	3.0	70.5
21 Households	179.3	122.1	127.5	94.5	175.4	241.7	94.7	94.3	134.8	216.0	240.8	242.5
22 Farm	21.4	14.4	16.3	7.6	4.3	2.3	9.6	5.6	.8	7.9	.9	3.8
23 Nonfarm noncorporate	34.4	33.7	40.2	39.5	63.9	78.8	36.6	42.3	50.1	77.6	83.1	74.4
24 Corporate	96.0	78.1	102.9	70.0	59.5	175.8	89.0	51.0	39.3	79.6	183.7	167.9
25 Foreign net borrowing in United States	20.2	27.2	27.2	15.7	18.9	.6	10.2	21.2	15.3	22.5	19.2	−18.0
26 Bonds	3.9	.8	5.4	6.7	3.8	4.1	2.4	11.0	4.6	2.9	1.1	7.0
27 Bank loans n.e.c.	2.3	11.5	3.7	−6.2	4.9	−7.8	−7.6	−4.7	11.3	−1.5	−6.0	−9.6
28 Open market paper	11.2	10.1	13.9	10.7	6.0	.4	12.5	9.0	−4.6	16.5	18.9	−18.1
29 U.S. government loans	2.9	4.7	4.2	4.5	4.3	4.0	3.0	6.0	3.9	4.6	5.2	2.7
30 **Total domestic plus foreign**	**406.2**	**371.8**	**407.6**	**419.8**	**545.3**	**734.8**	**368.3**	**471.4**	**504.2**	**586.3**	**708.1**	**761.4**
	Financial sectors											
31 **Total net borrowing by financial sectors**	**82.4**	**62.9**	**84.1**	**69.0**	**90.7**	**131.1**	**84.2**	**53.8**	**74.0**	**107.3**	**123.4**	**138.8**
By instrument												
32 U.S. government related	47.9	44.8	47.4	64.9	67.8	74.4	60.0	69.7	66.2	69.4	69.1	79.6
33 Sponsored credit agency securities	24.3	24.4	30.5	14.9	1.4	30.4	22.4	7.5	−4.1	6.9	30.8	30.1
34 Mortgage pool securities	23.1	19.2	15.0	49.5	66.4	43.9	36.8	62.2	70.3	62.5	38.3	49.5
35 Loans from U.S. government	.6	1.2	1.9	.4	.....	.....	.8	.....	.....	.....	.....	.....
36 Private financial sectors	34.5	18.1	36.7	4.1	22.9	56.8	24.2	−16.0	7.8	38.0	54.3	59.2
37 Corporate bonds	7.8	7.1	−.8	2.5	17.1	18.8	−2.5	7.6	15.2	18.9	17.0	20.6
38 Mortgages	*	−.1	−.5	.1	*	*	.1	.1	*	*	*	*
39 Bank loans n.e.c.	−.5	−.9	.9	1.9	−.2	1.0	3.2	.6	−2.5	2.2	.1	1.8
40 Open market paper	18.0	4.8	20.9	−1.2	13.0	21.3	12.3	−14.7	7.2	18.8	21.5	21.1
41 Loans from Federal Home Loan Banks	9.2	7.1	16.2	.8	−7.0	15.7	11.1	−9.5	−12.1	−2.0	15.7	15.7
By sector												
42 Sponsored credit agencies	24.8	25.6	32.4	15.3	1.4	30.4	23.2	7.5	−4.1	6.9	30.8	30.1
43 Mortgage pools	23.1	19.2	15.0	49.5	66.4	43.9	36.8	62.2	70.3	62.5	38.3	49.5
44 Private financial sectors	34.5	18.1	36.7	4.1	22.9	56.8	24.2	−16.0	7.8	38.0	54.3	59.2
45 Commercial banks	1.6	.5	.4	1.2	.5	4.4	.7	1.7	.8	.2	4.8	3.9
46 Bank affiliates	6.5	6.9	8.3	1.9	8.6	10.9	9.7	−5.8	6.1	11.1	20.0	1.8
47 Savings and loan associations	12.6	7.4	15.5	2.5	−2.7	22.7	14.3	−9.3	−10.0	4.5	19.1	26.2
48 Finance companies	16.5	5.8	12.8	−.9	17.0	19.5	*	−1.9	11.4	22.7	10.9	28.1
49 REITs	−1.3	−2.2	.2	.1	.2	.1	.1	.1	.2	.2	.1	.1
	All sectors											
50 **Total net borrowing**	**488.7**	**434.7**	**491.8**	**488.8**	**635.9**	**865.9**	**452.5**	**525.1**	**578.2**	**693.6**	**831.5**	**900.2**
51 U.S. government securities	84.8	122.9	133.0	225.9	254.4	273.3	163.5	288.3	288.4	220.5	246.7	299.8
52 State and local obligations	30.3	30.3	22.7	53.8	56.3	58.9	43.9	63.7	62.8	49.7	21.7	96.1
53 Corporate and foreign bonds	29.0	34.6	26.4	27.8	36.5	59.9	11.8	43.8	42.8	30.3	46.9	72.8
54 Mortgages	163.5	134.9	113.9	86.5	167.2	204.6	84.8	88.2	128.5	206.0	211.7	197.6
55 Consumer credit	45.4	6.3	26.7	21.0	51.3	96.5	20.6	21.4	35.9	66.6	102.1	90.9
56 Bank loans n.e.c.	52.9	47.3	59.3	51.2	32.0	70.6	64.6	37.9	22.1	41.9	85.3	55.8
57 Open market paper	40.3	20.6	54.0	5.4	17.8	45.4	34.8	−23.9	−8.0	43.6	71.8	19.0
58 Other loans	42.4	37.8	55.8	17.2	20.3	56.7	28.5	5.9	5.7	35.0	45.2	68.2
	External corporate equity funds raised in United States											
59 **Total new share issues**	**−3.8**	**22.2**	**−4.1**	**35.3**	**67.8**	**−35.4**	**23.3**	**47.2**	**83.5**	**52.0**	**−43.3**	**−27.5**
60 Mutual funds	.1	5.2	6.3	18.4	32.8	37.5	12.5	24.3	36.8	28.9	39.0	35.9
61 All other	−3.9	17.1	−10.4	16.9	34.9	−72.9	10.9	22.9	46.8	23.1	−82.3	−63.4
62 Nonfinancial corporations	−7.8	12.9	−11.5	11.4	28.3	−77.0	7.0	15.8	38.2	18.4	−84.5	−69.4
63 Financial corporations	3.2	2.1	.8	4.0	2.7	3.0	3.9	4.1	2.8	2.5	2.9	3.2
64 Foreign shares purchased in United States	.8	2.1	.3	1.5	4.0	1.1	−.1	3.0	5.7	2.2	−.7	2.9

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	1979	1980	1981	1982	1983	1984r	1982		1983		1984r	
							H1	H2	H1	H2	H1	H2
1 **Total funds advanced in credit markets to domestic nonfinancial sectors**	**386.0**	**344.6**	**380.4**	**404.1**	**526.4**	**734.2**	**358.1**	**450.1**	**488.9**	**563.8**	**688.9**	**779.4**
By public agencies and foreign												
2 Total net advances	75.2	97.0	97.7	109.1	117.1	142.3	100.8	117.3	119.7	114.6	125.0	159.5
3 U.S. government securities	−6.3	15.7	17.2	18.0	27.6	36.0	9.7	26.2	40.5	14.6	33.4	38.5
4 Residential mortgages	35.8	31.7	23.5	61.0	76.1	56.0	47.6	74.4	80.1	72.0	52.0	60.0
5 FHLB advances to savings and loans	9.2	7.1	16.2	.8	−7.0	15.7	11.1	−9.5	−12.1	−2.0	15.7	15.7
6 Other loans and securities	36.5	42.4	40.9	29.3	20.5	34.6	32.4	26.2	11.1	29.9	23.9	45.3
Total advanced, by sector												
7 U.S. government	19.0	23.7	24.1	16.0	9.7	18.8	14.8	17.1	9.1	10.3	7.4	30.2
8 Sponsored credit agencies	53.0	45.6	48.2	65.3	69.5	72.1	61.8	68.7	68.2	70.7	73.0	71.2
9 Monetary authorities	7.7	4.5	9.2	9.8	10.9	8.4	3.8	15.7	15.6	6.2	17.1	−.3
10 Foreign	−4.6	23.2	16.3	18.1	27.1	42.9	20.4	15.8	26.8	27.4	27.5	58.4
Agency and foreign borrowing not in line 1												
11 Sponsored credit agencies and mortgage pools	47.9	44.8	47.4	64.9	67.8	74.4	60.0	69.7	66.2	69.4	69.1	79.6
12 Foreign	20.2	27.2	27.2	15.7	18.9	.6	10.2	21.2	15.3	22.5	19.2	−18.0
Private domestic funds advanced												
13 Total net advances	379.0	319.6	357.3	375.6	495.9	666.9	327.5	423.8	450.8	541.1	652.2	681.5
14 U.S. government securities	91.1	107.2	115.8	207.9	226.9	237.3	153.7	262.0	247.8	205.9	213.2	261.3
15 State and local obligations	30.3	30.3	22.7	53.8	56.3	58.9	43.9	63.7	62.8	49.7	21.7	96.1
16 Corporate and foreign bonds	18.5	19.3	18.8	14.8	14.6	25.1	−.1	29.6	22.9	6.3	22.8	27.5
17 Residential mortgages	91.9	73.7	56.7	−3.2	40.9	88.1	11.0	−17.4	6.4	75.5	102.2	74.1
18 Other mortgages and loans	156.3	96.2	159.5	103.2	150.2	273.1	130.2	76.3	98.7	201.7	308.0	238.1
19 LESS: Federal Home Loan Bank advances	9.2	7.1	16.2	.8	−7.0	15.7	11.1	−9.5	−12.1	−2.0	15.7	15.7
Private financial intermediation												
20 Credit market funds advanced by private financial institutions	313.9	281.5	323.4	285.6	376.7	544.8	274.4	296.7	323.2	430.1	535.1	554.6
21 Commercial banking	123.1	100.6	102.3	107.2	136.1	179.9	99.9	114.5	121.6	150.6	193.0	166.8
22 Savings institutions	56.5	54.5	27.8	31.3	136.8	145.1	25.2	37.4	128.9	144.6	163.9	126.3
23 Insurance and pension funds	85.9	94.3	97.4	108.8	98.8	113.0	111.4	106.3	89.5	108.1	96.8	129.1
24 Other finance	48.5	32.1	96.0	38.3	5.0	106.8	37.9	38.6	−16.8	26.8	81.2	132.3
25 Sources of funds	313.9	281.5	323.4	285.6	376.7	544.8	274.4	296.7	323.2	430.1	535.1	554.6
26 Private domestic deposits and RPs	137.4	169.6	211.9	174.7	203.5	288.6	147.6	201.9	192.7	214.2	283.5	293.6
27 Credit market borrowing	34.5	18.1	36.7	4.1	22.9	56.8	24.2	−16.0	7.8	38.0	54.3	59.2
28 Other sources	142.0	93.9	74.8	106.7	150.4	199.5	102.6	110.8	122.8	177.9	197.3	201.7
29 Foreign funds	27.6	−21.7	−8.7	−26.7	22.1	16.6	−28.3	−25.1	−14.2	58.5	15.7	17.5
30 Treasury balances	.4	−2.6	−1.1	6.1	−5.3	4.0	−2.0	14.1	10.1	−20.8	.9	7.1
31 Insurance and pension reserves	72.8	83.9	90.4	104.6	99.2	106.2	111.4	97.8	90.0	108.4	107.6	104.8
32 Other, net	41.2	34.2	−5.9	22.8	34.4	72.7	21.5	24.1	36.8	31.9	73.1	72.3
Private domestic nonfinancial investors												
33 Direct lending in credit markets	99.6	56.1	70.6	94.2	142.1	178.8	77.3	111.0	135.3	148.9	171.5	186.1
34 U.S. government securities	52.5	24.6	29.3	37.4	88.7	121.7	35.3	39.5	95.9	81.4	131.3	112.2
35 State and local obligations	9.9	7.0	10.5	34.4	42.5	33.3	30.1	38.7	52.7	32.3	5.6	61.0
36 Corporate and foreign bonds	−1.4	−5.7	−8.1	−5.2	2.0	3.6	−17.7	7.3	−1.7	5.7	15.3	−8.2
37 Open market paper	8.6	−3.1	2.7	−.1	3.9	−.8	3.5	−3.7	−8.1	15.9	−.3	−1.3
38 Other	30.0	33.3	36.3	27.8	5.0	21.0	26.2	29.3	−3.4	13.5	19.6	22.4
39 Deposits and currency	146.8	181.1	221.9	181.9	222.6	290.3	152.1	211.7	214.5	230.7	294.9	285.7
40 Currency	8.0	10.3	9.5	9.7	14.3	8.6	6.7	12.7	14.8	13.8	17.7	−.5
41 Checkable deposits	18.3	5.2	18.0	15.7	21.7	22.8	1.9	29.5	48.0	−4.7	36.6	8.9
42 Small time and savings accounts	59.3	82.9	47.0	138.2	219.1	149.2	83.2	193.1	278.6	159.7	123.0	175.5
43 Money market fund shares	34.4	29.2	107.5	24.7	−44.1	47.2	39.4	10.0	−84.0	−4.2	30.2	64.2
44 Large time deposits	18.8	45.8	36.9	−7.7	−7.5	76.2	21.9	−37.3	−61.0	45.9	92.4	59.9
45 Security RPs	6.6	6.5	2.5	3.8	14.3	−6.8	1.1	6.6	11.0	17.5	1.3	−15.0
46 Deposits in foreign countries	1.5	1.1	.5	−2.5	4.8	−6.9	−2.2	−2.9	7.0	2.7	−6.3	−7.5
47 **Total of credit market instruments, deposits and currency**	**246.5**	**237.2**	**292.5**	**276.1**	**364.7**	**469.1**	**229.4**	**322.7**	**349.8**	**379.6**	**466.4**	**471.8**
48 Public holdings as percent of total	18.5	26.1	24.0	26.0	21.5	19.4	27.4	24.9	23.7	19.5	17.6	21.0
49 Private financial intermediation (in percent)	82.8	88.1	90.5	76.0	76.0	81.7	83.8	70.0	71.7	79.5	82.0	81.4
50 Total foreign funds	23.0	1.5	7.6	−8.6	49.2	59.5	−7.9	−9.3	12.6	85.9	43.1	75.9
MEMO: Corporate equities not included above												
51 **Total net issues**	**−3.8**	**22.2**	**−4.1**	**35.3**	**67.8**	**−35.4**	**23.3**	**47.2**	**83.5**	**52.0**	**−43.3**	**−27.5**
52 Mutual fund shares	.1	5.2	6.3	18.4	32.8	37.5	12.5	24.3	36.8	28.9	39.0	35.9
53 Other equities	−3.9	17.1	−10.4	16.9	34.9	−72.9	10.9	22.9	46.8	23.1	−82.3	−63.4
54 Acquisitions by financial institutions	12.9	24.9	20.1	39.2	57.5	21.9	11.0	67.3	75.9	39.2	7.6	36.2
55 Other net purchases	−16.7	−2.7	−24.2	−3.9	10.2	−57.2	12.3	−20.1	7.6	12.8	−50.8	−63.6

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[1]

1977 = 100; monthly and quarterly data are seasonally adjusted. Exceptions noted.

Measure	1982	1983	1984	1984				1985				
				Sept.^{r}	Oct.^{r}	Nov.^{r}	Dec.	Jan.^{r}	Feb.^{r}	Mar.^{r}	Apr.^{r}	May
1 **Industrial production**	**103.1^r**	**109.2^r**	**121.8^r**	**123.3**	**122.7**	**123.4**	**123.3^r**					
Market groupings												
2 Products, total	107.8^r	113.9^r	127.1^r	128.8	129.0	129.9	129.8^r					
3 Final, total	109.5^r	114.7^r	127.8^r	129.8	129.9	130.7	130.6^r					
4 Consumer goods	101.4^r	109.3^r	118.2^r	118.3	118.5	119.6	119.7^r	n.a.	n.a.	n.a.	n.a.	n.a.
5 Equipment	120.2^r	121.7^r	140.5^r	145.0	145.0	145.5	144.9^r					
6 Intermediate	101.7^r	111.2^r	124.9^r	125.6	126.2	127.2	127.3^r					
7 Materials	96.7^r	102.8^r	114.6^r	115.9	114.2	114.6	114.6^r					
Industry groupings												
8 Manufacturing	102.2^r	110.2^r	123.9^r	125.6	125.5	126.0	125.8^r					
Capacity utilization (percent)[2]												
9 Manufacturing	71.1	75.2	81.6	82.0	81.7	81.6	81.4					
10 Industrial materials industries	70.1	75.2	82.0	82.4	81.0	80.9	80.4					
11 Construction contracts (1977 = 100)[3]	111.0	137.0	149.0	146.0	145.0	151.0	150.0	150.0	145.0	162.0	161.0	162.0
12 Nonagricultural employment, total[4]	136.1	137.0	143.1	144.7	145.2	145.7	146.0	146.5	146.8	147.3	147.6	148.1
13 Goods-producing, total	102.2	100.4	106.8	106.6	106.9	107.1	107.5	107.7	107.5	107.5	107.7	107.7
14 Manufacturing, total	96.6	95.1	100.7	100.2	100.5	100.5	100.8	100.8	100.6	100.4	100.1	100.0
15 Manufacturing, production-worker	89.1	87.9	94.0	93.2	93.5	93.5	93.7	93.6	93.3	93.0	92.6	92.5
16 Service-producing	154.7	157.1	163.0	165.6	166.3	166.9	167.2	167.8	168.3	169.1	169.5	170.3
17 Personal income, total	410.3	435.6	478.1	487.0	488.8	491.7	493.9	496.7	499.4	501.0	506.1	503.5
18 Wages and salary disbursements	367.4	388.6	422.5	428.4	428.8	432.6	436.7	438.5	440.5	443.7	445.8	447.1
19 Manufacturing	285.5	294.7	323.6	325.7	326.7	330.0	333.2	334.4	332.9	334.8	333.3	333.9
20 Disposable personal income[5]	398.0	427.1	470.3	479.1	480.6	482.9	484.5	487.6	484.7	481.3	497.2	505.3
21 Retail sales[6]	326.0	373.0	412.0	414.1	416.4	421.3	422.3	424.0	428.3	427.4	440.8	437.8
Prices[7]												
22 Consumer	289.1	298.4	311.1	314.5	315.3	315.3	315.5	316.1	317.4	318.8	320.1	321.3
23 Producer finished goods	280.7	285.2	291.2	289.5	291.5	292.3	292.0^r	292.3	292.5	292.4	293.1	294.2

1. A major revision of the industrial production index and the capacity utilization rates was released in July 1985. See "A Revision of the Index of Industrial Production" and accompanying tables that contain revised indexes (1977=100) through December 1984 in the FEDERAL RESERVE BULLETIN, vol. 71 (July 1985), pp. 487–501. The revised indexes for January through June 1985 will be shown in the September BULLETIN.

2. 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.

3. Index of dollar value of total construction contracts, including residential, nonresidential and heavy engineering, from McGraw-Hill Information Systems Company, F. W. Dodge Division.

4. Based on data in *Employment and Earnings* (U.S. Department of Labor). Series covers employees only, excluding personnel in the Armed Forces.

5. Based on data in *Survey of Current Business* (U.S. Department of Commerce).

6. Based on Bureau of Census data published in *Survey of Current Business*.

7. 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 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data are seasonally adjusted. Exceptions noted.

Category	1982	1983	1984	1984			1985				
				Oct.[r]	Nov.[r]	Dec.[r]	Jan.[r]	Feb.[r]	Mar.[r]	Apr.	May
HOUSEHOLD SURVEY DATA											
1 **Noninstitutional population**[1]	**174,450**	**176,414**	**178,602**	**179,181**	**179,353**	**179,524**	**179,600**	**179,742**	**179,891**	**180,024**	**180,171**
2 Labor force (including Armed Forces)[1]	112,383	113,749	115,763	116,241	116,292	116,682	117,091	117,310	117,738	117,596	117,600
3 Civilian labor force	110,204	111,550	113,544	114,016	114,074	114,464	114,875	115,084	115,514	115,371	115,373
Employment											
4 Nonagricultural industries[2]	96,125	97,450	101,685	102,480	102,598	102,888	103,071	103,345	103,757	103,517	103,648
5 Agriculture	3,401	3,383	3,321	3,169	3,334	3,385	3,320	3,340	3,362	3,428	3,312
Unemployment											
6 Number	10,678	10,717	8,539	8,367	8,142	8,191	8,484	8,399	8,396	8,426	8,413
7 Rate (percent of civilian labor force)	9.7	9.6	7.5	7.3	7.1	7.2	7.4	7.3	7.3	7.3	7.3
8 Not in labor force	62,067	62,665	62,839	62,940	63,061	62,842	62,509	62,432	62,153	62,428	62,571
ESTABLISHMENT SURVEY DATA											
9 **Nonagricultural payroll employment**[3]	**89,566**	**90,138**	**94,166**	**95,573**	**95,882**	**96,092**	**96,419**	**96,591**	**96,910**	**97,118**[r]	**97,463**
10 Manufacturing	18,781	18,497	19,589	19,536	19,553	19,603	19,604	19,561	19,526	19,469[r]	19,441
11 Mining	1,128	957	999	979	978	973	974	976	977	981[r]	977
12 Contract construction	3,905	3,940	4,315	4,403	4,424	4,469	4,534	4,525	4,553	4,648[r]	4,680
13 Transportation and public utilities	5,082	4,958	5,169	5,223	5,229	5,246	5,259	5,272	5,269	5,286[r]	5,307
14 Trade	20,457	20,804	21,790	22,495	22,641	22,691	22,776	22,857	22,963	23,013[r]	23,145
15 Finance	5,341	5,467	5,665	5,737	5,755	5,776	5,790	5,809	5,835	5,858	5,891
16 Service	19,036	19,665	20,666	21,087	21,184	21,252	21,382	21,480	21,644	21,723[r]	21,834
17 Government	15,837	15,851	15,973	16,113	16,118	16,082	16,100	16,111	16,143	16,140[r]	16,188

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 1984 benchmark and only seasonally adjusted data are available at this time. Based on data from *Employment and Earnings* (U.S. Department of Labor).

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	Output (1967 = 100)				Capacity (percent of 1967 output)				Utilization rate (percent)			
	1984			1985	1984			1985	1984			1985
	Q2	Q3	Q4	Q1r	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1r
1 **Total industry**	**163.1**	**165.6**	**164.7**	**165.5**	**199.7**	**201.1**	**202.4**	**204.0**	**81.7**	**82.4**	**81.3**	**81.1**
2 Mining	125.1	129.0	124.3	126.1	165.9	166.1	166.3	166.5	75.4	77.7	74.7	75.7
3 Utilities	183.1	181.1	183.0	186.4	215.3	216.8	218.3	219.8	85.0	83.5	83.8	84.8
4 **Manufacturing**	**164.4**	**167.2**	**166.5**	**166.8**	**201.0**	**202.5**	**204.0**	**205.7**	**81.8**	**82.5**	**81.6**	**81.1**
5 Primary processing	162.5	162.2	159.8	160.8	197.2	198.0	198.7	199.7	82.4	81.9	80.4	80.5
6 Advanced processing	165.2	169.7	169.6	170.4	203.0	204.9	206.8	208.9	81.4	82.8	82.0	81.6
7 **Materials**	**162.1**	**163.4**	**160.2**	**161.3**	**195.9**	**197.2**	**198.4**	**199.7**	**82.7**	**82.9**	**80.7**	**80.7**
8 Durable goods	162.0	164.6	162.1	161.8	198.3	199.5	200.8	202.4	81.7	82.5	80.7	79.9
9 Metal materials	100.3	97.2	91.0	92.5	138.5	137.9	137.3	136.8	72.4	70.5	66.3	67.6
10 Nondurable goods	186.6	185.7	181.5	181.5	223.4	225.2	226.9	228.4	83.5	82.5	80.0	79.5
11 Textile, paper, and chemical	195.9	194.9	189.6	189.3	236.2	238.2	240.3	242.0	82.9	81.8	79.0	78.2
12 Paper	168.5	171.0	168.3	166.7	169.5	170.5	171.5	172.5	99.4	100.3	98.1	96.7
13 Chemical	240.4	238.4	233.5	234.7	305.2	308.0	310.9	313.5	78.8	77.4	75.1	74.9
14 Energy materials	132.4	133.1	129.4	135.2	156.4	157.0	157.6	158.4	84.6	84.8	82.1	85.4

Series	Previous cycle[1]		Latest cycle[2]		1984	1984				1985				
	High	Low	High	Low	May	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.r	Mar.r	Apr.r	May
	Capacity utilization rate (percent)													
15 **Total industry**	**88.4**	**71.1**	**87.3**	**69.6**	**81.5**	**81.9**	**81.4**	**81.4**	**81.2**	**81.1**	**81.1**	**81.1**	**80.7**	**80.3**
16 Mining	91.8	86.0	88.5	69.6	75.4	77.4	74.3	75.1	74.8	75.4	75.4	76.4	74.2	73.7
17 Utilities	94.9	82.0	86.7	79.0	84.7	83.2	82.9	84.6	83.9	83.7	85.6	85.0	85.2	85.6
18 **Manufacturing**	**87.9**	**69.0**	**87.5**	**68.8**	**81.7**	**82.0**	**81.7**	**81.6**	**81.4**	**81.2**	**81.0**	**81.1**	**80.7**	**80.4**
19 Primary processing	93.7	68.2	91.4	66.2	82.4	81.5	81.2	80.6	79.5	80.1	80.7	80.7	80.3	79.9
20 Advanced processing	85.5	69.4	85.9	70.0	81.2	82.4	81.8	82.0	82.2	82.0	81.4	81.4	80.8	80.5
21 **Materials**	**92.6**	**69.3**	**88.9**	**66.6**	**82.7**	**82.4**	**81.0**	**80.9**	**80.4**	**80.5**	**80.9**	**80.8**	**80.1**	**79.7**
22 Durable goods	91.4	63.5	88.4	59.8	81.5	82.2	81.3	80.8	80.0	80.0	79.9	79.9	79.3	78.5
23 Metal materials	97.8	68.0	95.4	46.2	72.2	69.8	67.6	66.7	64.5	65.2	67.8	69.8	70.1	69.6
24 Nondurable goods	94.4	67.4	91.7	70.7	83.9	81.5	80.5	80.2	79.4	79.2	79.6	79.6	79.0	78.6
25 Textile, paper, and chemical	95.1	65.4	92.3	68.6	83.3	80.5	79.7	79.1	78.0	78.0	78.3	78.4	77.3	76.8
26 Paper	99.4	72.4	97.9	86.3	99.8	99.7	98.7	97.2	98.5	98.2	96.3	95.5	93.0	n.a.
27 Chemical	95.5	64.2	91.3	64.0	79.0	76.1	75.7	75.7	73.9	74.3	75.0	75.5	74.6	n.a.
28 Energy materials	94.5	84.4	88.9	78.5	84.3	84.3	81.0	82.1	83.2	84.2	86.1	85.7	84.6	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.

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value ▲

Monthly data are seasonally adjusted

Grouping	1977 proportion	1984 avg.	1983 Dec.	1984 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
			Index (1977 = 100)												
MAJOR MARKET															
1 **Total index**	**100.00**	**121.8**	**115.5**	**118.4**	**119.3**	**120.1**	**120.7**	**121.3**	**122.3**	**123.2**	**123.5**	**123.3**	**122.7**	**123.4**	**123.3**
2 Products	57.72	127.1	120.0	122.8	123.7	124.5	125.4	126.2	127.5	128.6	129.0	128.8	129.0	129.9	129.8
3 Final products	44.77	127.8	120.8	123.4	124.2	125.0	126.1	126.8	128.2	129.2	129.7	129.8	129.9	130.7	130.6
4 Consumer goods	25.52	118.2	114.4	116.2	116.9	117.3	118.3	117.7	118.5	119.1	118.4	118.3	118.5	119.6	119.7
5 Equipment	19.25	140.5	129.2	132.8	133.9	135.3	136.4	138.8	141.0	142.5	144.5	145.0	145.0	145.5	144.9
6 Intermediate products	12.94	124.9	117.6	120.9	121.9	122.8	123.0	124.2	125.4	127.0	126.9	125.6	126.2	127.2	127.3
7 Materials	42.28	114.6	109.4	112.4	113.3	114.1	114.4	114.7	115.2	115.8	116.1	115.9	114.2	114.6	114.6
Consumer goods															
8 Durable consumer goods	6.89	112.6	109.7	113.0	113.0	112.8	113.0	111.8	111.7	113.8	113.3	111.5	111.4	113.3	113.1
9 Automotive products	2.98	109.8	107.2	110.7	111.2	111.6	110.4	108.9	110.4	110.4	111.6	107.4	104.2	110.2	111.6
10 Autos and trucks	1.79	103.0	101.0	105.7	106.2	106.5	103.4	102.2	102.7	102.8	106.0	98.7	95.0	103.1	104.7
11 Autos, consumer	1.16	93.2	95.1	97.9	98.3	99.4	95.0	93.4	93.7	92.8	92.7	85.1	84.0	89.7	95.6
12 Trucks, consumer	.63	121.2	111.9	120.1	120.9	119.6	119.0	118.5	119.3	121.5	130.8	124.1	115.4	127.8	121.5
13 Auto parts and allied goods	1.19	120.1	116.5	118.1	118.6	119.3	121.0	118.9	122.1	121.9	120.0	120.6	118.1	121.1	122.1
14 Home goods	3.91	114.8	111.6	114.9	114.4	113.7	115.0	114.1	112.7	116.4	114.6	114.7	116.9	115.8	114.3
15 Appliances, A/C and TV	1.24	136.2	132.7	136.3	132.9	131.9	135.9	133.2	131.0	140.9	138.7	138.0	140.5	137.4	137.2
16 Appliances and TV	1.19	137.5	134.8	137.7	134.1	133.4	136.8	134.0	131.8	143.0	140.6	140.1	142.2	138.4	138.2
17 Carpeting and furniture	.96	117.6	111.9	115.5	116.8	117.8	118.5	118.6	118.0	119.3	117.5	118.8	118.1	118.1	114.1
18 Miscellaneous home goods	1.71	97.8	96.3	99.1	99.8	98.2	98.1	97.8	96.6	97.2	95.7	95.6	99.3	99.0	97.9
19 Nondurable consumer goods	18.63	120.2	116.1	117.3	118.3	118.9	120.3	119.9	120.9	120.9	120.2	120.7	121.0	121.8	122.1
20 Consumer staples	15.29	125.0	120.0	121.1	122.2	122.7	124.3	124.4	125.7	125.9	125.4	126.3	126.7	127.4	127.7
21 Consumer foods and tobacco	7.80	126.2	122.1	122.7	123.2	124.0	126.0	125.5	126.8	126.9	126.6	127.7	128.2	127.6	129.1
22 Nonfood staples	7.49	123.9	117.8	119.4	121.3	121.4	122.7	123.3	124.8	125.0	124.3	125.0	125.4	127.5	126.5
23 Consumer chemical products	2.75	137.4	129.6	131.0	134.2	131.1	134.7	133.7	138.1	139.0	138.3	140.4	141.3	143.3	142.7
24 Consumer paper products	1.88	138.4	130.8	130.1	131.7	133.9	136.5	139.0	140.5	143.0	141.2	140.7	140.0	141.5	141.8
25 Consumer energy	2.86	101.4	98.1	101.3	102.1	104.0	102.2	103.0	101.6	99.7	99.8	100.0	100.5	103.0	100.7
26 Consumer fuel	1.44	89.3	82.7	86.0	91.5	92.5	91.2	91.1	89.5	87.4	88.5	88.1	88.8	89.9	87.7
27 Residential utilities	1.42	113.7	113.8	116.9	113.0	115.7	113.4	115.1	113.9	112.2	111.2	112.1	112.4	116.3	113.9
Equipment															
28 Business and defense equipment	18.01	139.6	127.5	131.5	133.1	134.7	136.1	137.9	139.9	141.4	143.5	144.1	144.1	144.6	143.9
29 Business equipment	14.34	134.9	123.0	127.1	128.5	130.4	131.2	133.3	135.5	137.0	139.1	139.2	139.1	139.8	138.4
30 Construction, mining, and farm	2.08	66.6	58.5	60.6	63.5	64.6	66.7	66.3	66.6	68.9	68.1	67.9	69.5	68.2	68.5
31 Manufacturing	3.27	109.4	99.0	101.9	104.3	106.7	107.7	108.5	109.7	110.6	113.4	113.3	112.7	112.4	111.5
32 Power	1.27	79.2	71.6	73.0	74.5	74.9	76.3	76.7	79.8	80.3	80.3	82.4	83.7	83.8	84.5
33 Commercial	5.22	209.2	190.1	194.9	196.3	199.6	202.5	208.7	212.1	213.5	216.5	216.9	216.4	217.1	214.5
34 Transit	2.49	98.6	94.0	101.7	100.1	99.9	94.5	93.2	95.3	97.6	100.6	99.3	98.5	102.9	100.9
35 Defense and space equipment	3.67	157.9	145.5	148.8	151.3	151.9	155.6	156.0	157.2	158.5	160.7	163.4	163.5	163.3	165.3
Intermediate products															
36 Construction supplies	5.95	114.0	106.7	111.2	112.4	113.9	113.7	113.1	114.3	114.3	115.3	114.7	114.6	115.7	114.7
37 Business supplies	6.99	134.2	126.9	129.3	130.0	130.5	130.9	133.7	134.9	137.8	136.9	134.9	136.1	137.1	138.0
38 General business supplies	5.67	137.9	130.0	132.3	133.5	134.1	134.0	137.7	138.4	142.0	141.3	138.7	140.1	140.9	141.4
39 Commercial energy products	1.31	118.0	113.1	116.2	114.7	114.8	117.4	116.2	119.5	119.5	117.4	118.2	118.8	120.4	122.9
Materials															
40 Durable goods materials	20.50	122.3	114.2	118.1	120.1	120.6	121.6	121.7	122.4	123.5	124.4	124.0	123.7	123.9	123.4
41 Durable consumer parts	4.92	98.0	93.7	97.3	97.0	97.4	97.7	96.5	97.2	97.5	99.0	98.8	98.9	99.1	99.8
42 Equipment parts	5.94	164.5	149.2	152.6	157.5	158.6	162.9	162.9	164.8	168.6	170.1	169.9	168.6	169.1	168.8
43 Durable materials n.e.c.	9.64	108.6	103.1	107.3	108.7	109.0	108.3	109.1	109.1	108.8	109.2	108.5	108.7	108.7	107.4
44 Basic metal materials	4.64	86.4	84.5	86.4	88.1	87.5	88.4	87.7	87.2	86.5	85.6	85.0	84.8	85.2	84.0
45 Nondurable goods materials	10.09	111.2	109.1	110.3	111.2	111.8	111.3	111.4	111.2	111.6	111.6	111.4	111.2	110.7	110.7
46 Textile, paper, and chemical materials	7.53	111.6	109.5	111.0	112.0	112.1	111.7	111.8	112.0	111.8	112.5	112.3	111.5	110.5	110.1
47 Textile materials	1.52	101.5	104.4	105.5	105.9	105.7	103.4	104.4	102.1	103.2	104.5	99.2	98.5	93.7	91.2
48 Pulp and paper materials	1.55	126.5	124.8	125.5	125.5	123.9	128.0	126.6	127.6	128.5	127.0	127.7	126.2	125.1	127.2
49 Chemical materials	4.46	109.9	105.9	107.9	109.5	110.3	108.9	109.2	110.0	109.1	110.1	111.5	110.8	111.1	110.6
50 Miscellaneous nondurable materials	2.57	109.8	108.0	108.4	108.8	110.8	110.0	110.0	108.7	110.8	109.0	108.4	109.9	111.1	112.1
51 Energy materials	11.69	104.0	101.3	104.2	103.3	104.5	104.6	105.3	106.0	106.0	105.5	105.5	99.9	101.5	102.4
52 Primary energy	7.57	107.5	103.0	107.3	106.9	107.9	107.9	108.9	110.1	110.7	109.3	110.0	101.4	104.1	106.0
53 Converted fuel materials	4.12	97.6	98.2	98.4	96.6	98.2	98.4	98.9	98.5	97.3	98.5	97.2	97.1	96.8	96.0

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value—Continued

Grouping	SIC code	1977 proportion	1984 avg.	1983 Dec.	1984 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
				Index (1977 = 100)												
MAJOR INDUSTRY																
1 Mining and utilities	......	15.79	110.9	108.0	111.6	109.4	110.4	110.4	111.7	112.7	112.9	111.9	112.1	108.0	110.1	109.9
2 Mining	......	9.83	110.9	105.4	110.9	109.4	109.6	109.8	111.7	113.5	114.8	113.0	113.6	107.2	108.8	108.9
3 Utilities	......	5.96	110.9	112.2	112.7	109.4	111.6	111.4	111.6	111.4	109.8	110.0	109.7	109.4	112.1	111.6
4 Manufacturing	......	84.21	123.9	116.8	119.6	121.0	122.0	122.8	123.2	124.1	125.4	125.9	125.6	125.5	126.0	125.8
5 Nondurable	......	35.11	122.5	117.5	119.5	121.0	121.6	121.9	122.3	123.2	123.9	123.2	123.1	123.3	123.8	123.4
6 Durable	......	49.10	124.8	116.3	119.6	121.0	122.2	123.3	123.8	124.7	126.4	127.7	127.2	127.0	127.5	127.4
Mining																
7 Metal	10	.50	77.0	68.2	74.2	79.6	83.7	81.3	80.0	79.0	79.6	72.2	73.6	75.3	75.5	69.3
8 Coal	11.12	1.60	127.6	113.0	124.1	128.1	130.7	128.1	130.8	137.9	141.7	136.4	144.2	102.0	113.1	116.2
9 Oil and gas extraction	13	7.07	109.1	105.8	110.3	106.9	106.0	106.8	109.2	110.2	110.9	110.2	109.2	110.1	109.8	109.8
10 Stone and earth minerals	14	.66	116.1	109.7	112.7	113.5	115.9	119.5	117.3	117.0	118.3	118.4	117.6	114.2	115.3	113.2
Nondurable manufactures																
11 Foods	20	7.96	127.1	121.7	123.4	124.4	125.5	126.8	126.7	127.4	127.8	127.7	128.2	129.1	128.7	129.0
12 Tobacco products	21	.62	100.7	101.7	100.8	100.4	98.0	99.7	99.2	102.0	100.9	97.3	99.6	103.1	102.7	107.4
13 Textile mill products	22	2.29	103.7	105.5	106.8	107.6	108.7	106.9	107.0	105.0	105.7	103.5	100.9	100.3	97.1	94.7
14 Apparel products	23	2.79	102.8	101.7	104.1	104.7	104.6	106.1	104.2	102.9	102.3	101.3	100.1	100.5	101.1	102.5
15 Paper and products	26	3.15	127.3	125.3	125.9	126.1	126.0	127.3	126.5	127.2	128.2	128.2	128.9	127.6	127.7	128.8
16 Printing and publishing	27	4.54	147.9	137.8	139.7	141.6	143.5	144.1	148.2	149.4	152.3	151.5	148.8	149.5	153.5	151.2
17 Chemicals and products	28	8.05	121.7	115.2	118.2	120.1	120.3	119.9	119.5	122.1	122.9	122.0	124.2	123.5	124.3	123.4
18 Petroleum products	29	2.40	87.4	80.0	86.5	91.3	89.8	88.7	88.3	88.4	87.0	87.5	85.7	85.4	86.2	84.7
19 Rubber and plastic products	30	2.80	143.2	138.1	137.6	138.7	140.7	140.1	143.5	144.9	146.0	144.5	144.1	146.0	146.6	146.6
20 Leather and products	31	.53	76.7	82.5	79.3	82.4	81.7	82.0	78.8	77.3	77.0	74.2	73.4	70.9	71.5	71.4
Durable manufactures																
21 Lumber and products	24	2.30	109.1	105.2	106.7	108.1	109.5	110.0	108.3	109.8	107.9	109.4	110.4	110.2	109.5	109.4
22 Furniture and fixtures	25	1.27	136.7	125.5	128.1	132.2	132.5	132.9	138.3	138.6	139.4	140.0	140.9	139.9	139.8	138.0
23 Clay, glass, stone products	32	2.72	112.3	104.3	108.5	111.0	111.3	112.0	113.2	112.5	113.8	113.7	112.6	113.3	113.6	111.8
24 Primary metals	33	5.33	82.4	79.3	84.3	85.1	83.6	84.2	82.8	80.4	80.6	84.0	82.9	81.3	80.9	78.4
25 Iron and steel	331.2	3.49	73.5	71.0	77.9	78.1	75.6	76.0	74.3	71.0	69.0	74.6	73.6	71.0	71.1	68.9
26 Fabricated metal products	34	6.46	102.8	96.6	97.2	99.1	102.1	101.5	101.9	103.3	103.7	104.1	104.8	104.8	105.4	105.9
27 Nonelectrical machinery	35	9.54	142.0	128.9	131.6	133.4	136.5	138.9	141.9	143.7	146.1	147.8	146.5	146.6	145.8	144.6
28 Electrical machinery	36	7.15	172.4	159.1	163.0	164.6	165.9	169.2	169.2	171.4	175.3	176.2	176.8	178.4	178.9	180.2
29 Transportation equipment	37	9.13	113.6	107.9	112.1	112.3	112.3	112.0	111.2	112.4	114.2	116.2	114.3	113.4	116.0	117.8
30 Motor vehicles and parts	371	5.25	105.6	101.1	106.5	106.0	106.5	103.6	103.4	104.3	105.4	108.3	104.6	103.1	107.5	109.5
31 Aerospace and miscellaneous transportation equipment	372–6.9	3.87	124.4	117.0	119.6	120.8	120.2	123.4	121.6	123.4	126.0	126.9	127.5	127.3	127.5	129.0
32 Instruments	38	2.66	136.9	127.0	130.3	132.6	135.3	135.8	135.1	138.0	139.4	139.8	140.2	138.6	138.6	138.9
33 Miscellaneous manufactures	39	1.46	98.0	96.8	98.7	99.6	96.8	98.3	98.8	96.4	99.7	97.8	95.9	98.6	98.6	97.2
Utilities																
34 Electric	......	4.17	116.8	117.9	117.3	113.8	116.8	117.2	117.7	118.0	116.1	116.8	116.2	116.8	118.7	117.5
		Gross value (billions of 1972 dollars, annual rates)														
MAJOR MARKET																
35 Products, total	......	**596.0**	**745.6**	**706.2**	**725.6**	**731.0**	**738.8**	**740.1**	**743.8**	**749.5**	**748.1**	**752.4**	**749.2**	**753.7**	**759.2**	**756.5**
36 Final	......	472.7	593.7	563.2	577.6	582.7	589.2	590.5	592.6	596.7	593.7	598.0	596.8	600.4	605.2	601.8
37 Consumer goods	......	309.2	356.5	346.9	352.6	355.5	358.7	361.0	358.0	357.7	355.0	354.1	352.5	355.5	359.0	360.0
38 Equipment	......	163.5	237.6	216.5	225.2	227.4	230.8	229.7	234.9	239.4	239.1	244.3	244.8	245.4	246.7	242.3
39 Intermediate	......	123.3	151.8	142.9	147.8	148.1	149.5	149.5	151.0	152.7	154.3	154.3	152.3	153.2	154.0	154.6

▲ A major revision of the industrial production index and the capacity utilization rates was released in July 1985. See "A Revision of the Index of Industrial Production" and accompanying tables that contain revised indexes (1977=100) through December 1984 in the FEDERAL RESERVE BULLETIN, vol. 71 (July 1985), pp. 487–501. The revised indexes for January through June 1985 will be shown in the September BULLETIN.

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	1982	1983	1984	1984 July	1984 Aug.	1984 Sept.	1984 Oct.	1984 Nov.	1984 Dec.	1985 Jan.	1985 Feb.r	1985 Mar.r	1985 Apr.
	Private residential real estate activity (thousands of units)												
NEW UNITS													
1 Permits authorized	1,000	1,605	1,682	1,591	1,542	1,517	1,477	1,616	1,599	1,635	1,624	1,741	1,704
2 1-family	546	902	922	864	853	866	827	846	843	903	927	993	948
3 2-or-more-family	454	703	759	727	689	651	650	770	756	732	697	748	756
4 Started	1,062	1,703	1,749	1,730	1,590	1,669	1,564	1,600	1,630	1,849	1,647	1,889	1,927
5 1-family	663	1,067	1,084	996	962	1,009	979	1,043	1,112	1,060	1,135	1,168	1,159
6 2-or-more-family	400	635	665	734	628	660	585	557	518	789	512	721	768
7 Under construction, end of period[1]	720	1,003	1,051	1,100	1,091	1,088	1,081	1,077	1,073	1,071r	1,066	1,063	1,093
8 1-family	400	524	556	582	574	568	571	574	579	572	580	578	587
9 2-or-more-family	320	479	494	518	517	520	510	503	495	499r	485	484	505
10 Completed	1,005	1,390	1,652	1,699	1,681	1,657	1,614	1,587	1,635	1,719r	1,794	1,686	1,635
11 1-family	631	924	1,025	1,062	1,035	1,040	972	1,001	985	1,107r	1,082	1,042	1,074
12 2-or-more-family	374	466	627	637	646	617	642	586	650	612r	712	644	561
13 Mobile homes shipped	240	296	295	301	302	282	302	291	282	273	276	283	287
Merchant builder activity in 1-family units													
14 Number sold	413	622	639	615	557	670	652	596	604	634r	659	695	612
15 Number for sale, end of period[1]	255	304	358	340	343	343	346	349	356	356	360	360	362
Price (thousands of dollars)[2]													
Median													
16 Units sold	69.3	75.5	80.0	80.7	82.0	81.3	80.1	82.5	78.3	82.5r	82.8	84.3	86.2
Average													
17 Units sold	83.8	89.9	97.5	97.1	96.9	101.3	95.7	101.4	96.3	98.3r	97.2	101.2	105.8
EXISTING UNITS (1-family)													
18 Number sold	1,991	2,719	2,868	2,790	2,770	2,730	2,740	2,830	2,870	3,000	2,880	3,030	3,040
Price of units sold (thousands of dollars)[2]													
19 Median	67.7	69.8	72.3	74.2	73.5	71.9	71.9	71.9	72.1	73.8	73.5	74.2	74.5
20 Average	80.4	82.5	85.9	87.9	87.6	85.4	86.2	85.1	85.9	87.7	87.2	88.6	89.7
	Value of new construction[3] (millions of dollars)												
CONSTRUCTION													
21 Total put in place	**230,068**	**262,167**	**309,740**	**314,223**	**318,031**	**318,685**	**312,849**	**308,111**	**307,579**	**316,356**	**322,667**	**322,358**	**325,744**
22 Private	179,090	211,369	253,924	258,245	261,165	260,871	256,121	251,607	251,283	258,579	264,501	263,926	267,052
23 Residential	74,808	111,727	133,519	137,818	138,926	137,106	131,143	125,906	122,727	128,449	133,158	134,700	133,950
24 Nonresidential, total	104,282	99,642	120,405	120,427	122,239	123,765	124,978	125,701	128,556	130,130	131,343	129,226	133,102
Buildings													
25 Industrial	17,346	12,863	14,426	13,784	14,613	14,917	14,867	15,287	15,353	15,075	15,615	14,647	15,423
26 Commercial	37,281	35,787	49,273	48,436	49,496	50,861	53,509	54,579	56,661	58,456	58,987	59,344	60,657
27 Other	10,507	11,660	12,725	12,744	12,059	12,079	12,111	11,975	12,396	11,847	12,121	11,193	12,546
28 Public utilities and other	39,148	39,332	43,981	45,463	46,071	45,908	44,491	43,860	44,146	44,752	44,620	44,042	44,476
29 Public	50,977	50,798	55,818	55,979	56,866	57,814	56,729	56,504	56,296	57,777	58,166	58,432	58,693
30 Military	2,205	2,544	2,837	2,345	2,851	3,508	2,890	3,082	2,974	3,254	3,324	3,206	3,198
31 Highway	13,428	14,225	16,881	17,136	17,322	17,209	16,794	17,458	17,588	18,133	18,283	18,763	18,880
32 Conservation and development	5,029	4,822	4,586	4,520	4,520	4,890	4,591	5,073	4,555	4,592	4,647	4,684	4,305
33 Other	30,315	29,207	31,514	31,978	32,173	32,207	32,454	30,891	31,179	31,798	31,912	31,779	32,310

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 May 1985 (1967 = 100)[1]
	1984 May	1985 May	1984			1985	1985					
			June	Sept.	Dec.	Mar.	Jan.r	Feb.r	Mar.	Apr.	May	
CONSUMER PRICES[2]												
1 **All items**	**4.2**	**3.7**	**3.2**	**4.5**	**3.0**	**4.1**	**.2**	**.3**	**.5**	**.4**	**.2**	**321.3**
2 Food	3.1	2.5	−.5	3.9	3.7	2.6	.2	.5	.0	−.2	−.1	308.9
3 Energy items	1.1	1.3	.3	.1	−.7	−.8	−.8	−1.4	1.9	1.8	.3	431.7
4 All items less food and energy	5.1	4.5	4.8	5.3	3.5	5.5	.4	.6	.4	.3	.3	312.8
5 Commodities	4.9	2.8	3.9	3.8	.9	6.6	.5	.8	.3	.0	−.2	259.6
6 Services	5.3	5.5	5.2	6.2	5.0	5.0	.4	.4	.4	.4	.7	372.9
PRODUCER PRICES												
7 Finished goods	2.4	1.1	−.4	.0	1.1	1.0	.0	.0	.2	.3	.2	294.2
8 Consumer foods	3.5	−.7	−7.5	4.5	3.3	−2.4	−.5	.0	−.2	−1.0	−1.1	269.7
9 Consumer energy	−.8	−1.9	5.0	−19.7	5.6	−21.0	−2.6	−2.3	−.9	5.8	3.4	747.9
10 Other consumer goods	2.7	2.4	.8	2.5	−.2	6.6	.6	.4	.6	−.2	.2	251.5
11 Capital equipment	2.6	2.0	2.2	2.3	−1.1	6.5	.8	.3	.4	.0	.0	299.8
12 Intermediate materials[3]	3.4	.3	2.7	−1.1	1.2	−2.5	−.1	−.5	−.1	.3	.3	326.4
13 Excluding energy	3.5	.7	2.0	.9	1.5	−1.0	.0	−.2	−.1	.0	.2	305.9
Crude materials												
14 Foods	3.9	−11.0	−19.2	−1.7	10.6	−24.1	−2.3	−1.8	−2.8	−3.0	−2.4	237.0
15 Energy	−.6	−3.0	4.0	.4	−7.6	−12.7	−2.0	−.3	−1.0	.1	2.0	763.1
16 Other	12.2	−9.1	14.3	−15.3	−10.7	−13.4	−1.3	−4.4	2.3	2.1	−1.5	252.4

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	1982	1983	1984	1984 Q1	1984 Q2	1984 Q3	1984 Q4	1985 Q1r
Gross National Product								
1 **Total**	**3,069.3**	**3,304.8**	**3,662.8**	**3,553.3**	**3,644.7**	**3,694.6**	**3,758.7**	**3,810.6**
By source								
2 Personal consumption expenditures	1,984.9	2,155.9	2,341.8	2,276.5	2,332.7	2,361.4	2,396.5	2,446.5
3 Durable goods	245.1	279.8	318.8	310.9	320.7	317.2	326.3	334.8
4 Nondurable goods	757.5	801.7	856.9	841.3	858.3	861.4	866.5	877.3
5 Services	982.2	1,074.4	1,166.1	1,124.4	1,153.7	1,182.8	1,203.8	1,234.4
6 Gross private domestic investment	414.9	471.6	637.8	623.8	627.0	662.8	637.8	646.8
7 Fixed investment	441.0	485.1	579.6	550.0	576.4	591.0	601.1	606.1
8 Nonresidential	349.6	352.9	425.7	398.8	420.8	435.7	447.7	450.9
9 Structures	142.1	129.7	150.4	142.2	150.0	151.4	157.9	162.9
10 Producers' durable equipment	207.5	223.2	275.3	256.7	270.7	284.2	289.7	288.0
11 Residential structures	91.4	132.2	153.9	151.2	155.6	155.3	153.5	155.2
12 Nonfarm	86.6	127.6	148.8	146.4	150.5	150.1	148.3	150.0
13 Change in business inventories	−26.1	−13.5	58.2	73.8	50.6	71.8	36.6	40.7
14 Nonfarm	−24.0	−3.1	49.6	60.6	47.0	63.7	27.2	34.1
15 Net exports of goods and services	19.0	−8.3	−64.2	−51.5	−58.7	−90.6	−56.0	−74.5
16 Exports	348.4	336.2	364.3	358.9	362.4	368.6	367.2	360.7
17 Imports	329.4	344.4	428.5	410.4	421.1	459.3	423.2	435.2
18 Government purchases of goods and services	650.5	685.5	747.4	704.4	743.7	761.0	780.5	791.9
19 Federal	258.9	269.7	295.4	267.6	296.4	302.0	315.7	319.9
20 State and local	391.5	415.8	452.0	436.8	447.4	458.9	464.8	472.0
By major type of product								
21 Final sales, total	3,095.4	3,318.3	3,604.6	3,479.5	3,594.1	3,622.8	3,722.1	3,770.0
22 Goods	1,276.7	1,355.7	1,542.9	1,498.0	1,544.8	1,549.1	1,579.8	1,583.8
23 Durable	499.9	555.3	655.6	632.3	647.9	654.7	687.7	677.1
24 Nondurable	776.9	800.4	887.3	865.7	896.9	894.4	892.1	906.7
25 Services	1,510.8	1,639.3	1,763.3	1,713.7	1,742.6	1,783.3	1,813.7	1,857.2
26 Structures	281.7	309.8	356.5	341.6	357.2	362.1	365.2	369.6
27 Change in business inventories	−26.1	−13.5	58.2	73.8	50.6	71.8	36.6	40.7
28 Durable goods	−18.0	−2.1	30.4	34.9	18.2	41.7	26.7	29.0
29 Nondurable goods	−8.1	−11.3	27.8	38.9	32.4	30.1	9.9	11.7
30 **Memo: Total GNP in 1972 dollars**	**1,480.0**	**1,534.7**	**1,639.3**	**1,610.9**	**1,638.8**	**1,645.2**	**1,662.4**	**1,663.5**
National Income								
31 **Total**	**2,446.8**	**2,646.7**	**2,959.9**	**2,873.5**	**2,944.8**	**2,984.9**	**3,036.3**	**3,076.5**
32 Compensation of employees	1,864.2	1,984.9	2,173.2	2,113.4	2,159.2	2,191.9	2,228.1	2,272.7
33 Wages and salaries	1,568.7	1,658.8	1,804.1	1,755.9	1,793.3	1,819.1	1,848.2	1,882.8
34 Government and government enterprises	306.6	328.2	349.8	342.9	347.5	352.0	357.2	365.5
35 Other	1,262.2	1,331.1	1,454.2	1,413.0	1,445.8	1,467.1	1,490.9	1,517.3
36 Supplement to wages and salaries	295.5	326.2	369.0	357.4	365.9	372.8	380.0	389.8
37 Employer contributions for social insurance	140.0	153.1	173.5	169.4	172.4	174.7	177.5	183.6
38 Other labor income	155.5	173.1	195.5	188.1	193.5	198.1	202.5	206.3
39 Proprietors' income[1]	111.1	121.7	154.4	154.9	149.8	153.7	159.1	159.8
40 Business and professional[1]	89.2	107.9	126.2	122.5	126.3	126.4	129.7	134.0
41 Farm[1]	21.8	13.8	28.2	32.5	23.4	27.3	29.4	25.7
42 Rental income of persons[2]	51.5	58.3	62.5	61.0	62.0	63.0	64.1	64.8
43 Corporate profits[1]	159.1	225.2	285.7	277.4	291.1	282.8	291.6	292.3
44 Profits before tax[3]	165.5	203.2	235.7	243.3	246.0	224.8	228.7	222.3
45 Inventory valuation adjustment	−9.5	−11.2	−5.7	−13.5	−7.3	−.2	−1.6	.9
46 Capital consumption adjustment	3.1	33.2	55.7	47.6	52.3	58.3	64.5	69.1
47 Net interest	260.9	256.6	284.1	266.8	282.8	293.5	293.4	287.0

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	1982	1983	1984	1984				1985
				Q1	Q2	Q3	Q4	Q1r
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**2,584.6**	**2,744.2**	**3,012.1**	**2,920.5**	**2,984.6**	**3,047.3**	**3,096.2**	**3,143.8**
2 Wage and salary disbursements	1,568.7	1,659.2	1,804.0	1,755.7	1,793.1	1,819.5	1,847.6	1,882.7
3 Commodity-producing industries	509.3	519.3	569.3	555.9	567.0	573.3	580.9	590.9
4 Manufacturing	382.9	395.2	433.9	424.6	432.2	436.4	442.4	447.9
5 Distributive industries	378.6	398.6	432.0	419.2	429.5	436.4	443.1	449.0
6 Service industries	374.3	413.1	452.9	437.9	449.3	457.3	466.9	477.4
7 Government and government enterprises	306.6	328.2	349.8	342.8	347.3	352.4	356.7	365.4
8 Other labor income	155.5	173.1	195.5	188.1	193.5	198.1	202.5	206.3
9 Proprietors' income[1]	111.1	121.7	154.4	154.9	149.8	153.7	159.1	159.8
10 Business and professional[1]	89.2	107.9	126.2	122.5	126.3	126.4	129.7	134.0
11 Farm[1]	21.8	13.8	28.2	32.5	23.4	27.3	29.4	25.7
12 Rental income of persons[2]	51.5	58.3	62.5	61.0	62.0	63.0	64.1	64.8
13 Dividends	66.5	70.3	77.7	75.0	77.2	78.5	80.2	81.4
14 Personal interest income	366.6	376.3	433.7	403.9	425.6	449.3	456.1	456.0
15 Transfer payments	376.1	405.0	416.7	411.3	415.2	418.6	421.8	439.2
16 Old-age survivors, disability, and health insurance benefits	204.5	221.6	237.3	232.1	235.2	238.2	243.5	249.6
17 LESS: Personal contributions for social insurance	111.4	119.6	132.5	129.6	131.8	133.4	135.2	146.4
18 EQUALS: Personal income	2,584.6	2,744.2	3,012.1	2,920.5	2,984.6	3,047.3	3,096.2	3,143.8
19 LESS: Personal tax and nontax payments	404.1	404.2	435.3	418.3	430.3	440.9	451.7	489.0
20 EQUALS: Disposable personal income	2,180.5	2,340.1	2,576.8	2,502.2	2,554.3	2,606.4	2,644.5	2,654.8
21 LESS: Personal outlays	2,044.5	2,222.0	2,420.7	2,349.6	2,409.5	2,442.3	2,481.5	2,536.2
22 EQUALS: Personal saving	136.0	118.1	156.1	152.5	144.8	164.1	163.0	118.6
MEMO								
Per capita (1972 dollars)								
23 Gross national product	6,369.7	6,543.4	6,926.1	6,829.4	6,933.2	6,943.2	6,998.3	6,989.0
24 Personal consumption expenditures	4,145.9	4,302.8	4,488.7	4,426.5	4,502.3	4,498.4	4,527.1	4,575.7
25 Disposable personal income	4,555.0	4,670.0	4,939.0	4,865.0	4,930.0	4,965.0	4,996.0	4,965.0
26 Saving rate (percent)	6.2	5.0	6.1	6.1	5.7	6.3	6.2	4.5
GROSS SAVING								
27 **Gross saving**	**408.8**	**437.2**	**551.8**	**543.9**	**551.0**	**556.4**	**556.0**	**550.7**
28 Gross private saving	524.0	571.7	674.8	651.3	660.2	689.4	698.2	662.1
29 Personal saving	136.0	118.1	156.1	152.5	144.8	164.1	163.0	118.6
30 Undistributed corporate profits[1]	29.2	76.5	115.4	107.0	115.3	118.4	120.8	122.5
31 Corporate inventory valuation adjustment	-9.5	-11.2	-5.7	-13.5	-7.3	-.2	-1.6	.9
Capital consumption allowances								
32 Corporate	221.8	231.2	246.2	239.9	244.1	248.1	252.8	257.4
33 Noncorporate	137.1	145.9	157.0	151.8	156.0	158.8	161.5	163.7
34 Wage accruals less disbursements	.0	.0	.0	.0	.0	.0	.0	.0
35 Government surplus, or deficit (−), national income and product accounts	-115.3	-134.5	-122.9	-107.4	-109.2	-133.0	-142.2	-111.4
36 Federal	-148.2	-178.6	-175.8	-161.3	-163.7	-180.6	-197.8	-165.1
37 State and local	32.9	44.1	52.9	53.9	54.5	47.6	55.6	53.7
38 Capital grants received by the United States, net	.0	.0	.0	.0	.0	.0	.0	.0
39 **Gross investment**	**408.3**	**437.7**	**544.4**	**546.1**	**542.0**	**543.4**	**546.1**	**542.6**
40 Gross private domestic	414.9	471.6	637.8	623.8	627.0	662.8	637.8	646.8
41 Net foreign	-6.6	-33.9	-93.4	-77.7	-85.0	-119.4	-91.6	-104.2
42 **Statistical discrepancy**	**-.5**	**.5**	**-7.4**	**2.2**	**-9.0**	**-13.0**	**-9.9**	**-8.1**

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	1982r	1983r	1984r	1984r Q1	1984r Q2	1984r Q3	1984r Q4	1985 Q1p
1 Balance on current account	−8,051	−40,790	−101,532	−19,064	−24,493	−32,500	−25,477	−29,997
2 Not seasonally adjusted	....	....	....	−18,395	−24,654	−35,724	−22,759	−29,079
3 Merchandise trade balance[2]	−36,444	−62,012	−108,281	−25,569	−25,649	−32,507	−24,557	−29,437
4 Merchandise exports	211,198	200,745	220,316	53,753	54,677	55,530	56,355	55,811
5 Merchandise imports	−247,642	−262,757	−328,597	−79,322	−80,326	−88,037	−80,912	−85,248
6 Military transactions, net	−318	−163	−1,765	−346	−593	−250	−575	−89
7 Investment income, net[3]	29,493	25,401	19,109	8,234	3,618	3,256	4,003	2,626
8 Other service transactions, net	7,353	4,837	819	829	363	−123	−253	78
9 Remittances, pensions, and other transfers	−2,633	−2,566	−2,891	−732	−710	−669	−782	−857
10 U.S. government grants (excluding military)	−5,501	−6,287	−8,522	−1,480	−1,522	−2,207	−3,313	−2,318
11 Change in U.S. government assets, other than official reserve assets, net (increase, −)	−6,131	−5,006	−5,516	−2,059	−1,353	−1,369	−734	−795
12 Change in U.S. official reserve assets (increase, −)	−4,965	−1,196	−3,130	−657	−565	−799	−1,109	−233
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−1,371	−66	−979	−226	−288	−271	−194	−264
15 Reserve position in International Monetary Fund	−2,552	−4,434	−995	−200	−321	−331	−143	281
16 Foreign currencies	−1,041	3,304	−1,156	−231	44	−197	−772	−250
17 Change in U.S. private assets abroad (increase, −)[3]	−108,121	−48,842	−11,800	−2,260	−17,070	20,532	−13,003	−2,165
18 Bank-reported claims	−111,070	−29,928	−8,504	−1,110	−20,186	17,725	−4,933	−285
19 Nonbank-reported claims	6,626	−6,513	6,266	1,289	1,908	2,099	970	n.a.
20 U.S. purchase of foreign securities, net	−8,102	−7,007	−5,059	673	−756	−1,313	−3,663	−2,461
21 U.S. direct investments abroad, net[3]	4,425	−5,394	−4,503	−3,112	1,964	2,021	−5,377	581
22 Change in foreign official assets in the United States (increase, +)	3,672	5,795	3,424	−2,786	−224	−686	7,119	−11,402
23 U.S. Treasury securities	5,779	6,972	4,690	−275	−274	−575	5,814	−7,227
24 Other U.S. government obligations	−694	−476	167	3	146	85	−67	−307
25 Other U.S. government liabilities[4]	684	552	453	233	555	−139	−197	−532
26 Other U.S. liabilities reported by U.S. banks	−1,747	545	663	−2,147	328	430	2,052	−3,219
27 Other foreign official assets[5]	−350	−1,798	−2,549	−600	−979	−487	−483	−117
28 Change in foreign private assets in the United States (increase, +)[3]	90,775	78,527	93,895	22,063	41,816	3,825	26,191	27,923
29 U.S. bank-reported liabilities	65,922	49,341	31,674	11,348	20,970	−5,125	4,481	13,011
30 U.S. nonbank-reported liabilities	−2,383	−118	4,284	4,520	4,566	−2,939	−1,863	n.a.
31 Foreign private purchases of U.S. Treasury securities, net	7,052	8,721	22,440	1,396	6,485	5,058	9,501	2,677
32 Foreign purchases of other U.S. securities, net	6,392	8,636	12,983	1,494	506	1,603	9,380	9,522
33 Foreign direct investments in the United States, net[3]	13,792	11,947	22,514	3,305	9,289	5,228	4,692	2,713
34 Allocation of SDRs	0	0	0	0	0	0	0	0
35 Discrepancy	32,821	11,513	24,660	4,763	1,889	10,997	7,013	16,669
36 Owing to seasonal adjustments	....	....	....	−422	−606	−3,170	−4,200	−343
37 Statistical discrepancy in recorded data before seasonal adjustment	32,821	11,513	24,660	5,185	2,495	14,167	11,213	17,012
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	−4,965	−1,196	−3,131	−657	−566	−799	−1,110	−233
39 Foreign official assets in the United States (increase, +)	2,988	5,243	2,971	−3,019	−779	−547	7,316	−10,870
40 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 22 above)	7,291	−8,283	−4,143	−2,405	−2,097	−453	812	−2,013
41 Transfers under military grant programs (excluded from lines 4, 6, and 10 above)	585	194	190	41	44	45	61	15

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			1985			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	233,677	212,193	200,486	18,411	18,395	19,142	19,401	17,853	18,446	17,779
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	261,305	243,952	258,048	26,783	27,331	25,933	28,297	27,985	28,129	28,295
3 **Trade balance**	**−27,628**	**−31,759**	**−57,562**	**−8,372**	**−8,936**	**−6,791**	**−8,896**	**−10,131**	**−9,683**	**−10,516**

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		1985				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
1 **Total**	**30,075**	**33,958**	**33,747**	**34,727**	**34,934**	**34,380**	**34,272**	**35,493**	**35,493**	**35,782**
2 Gold stock, including Exchange Stabilization Fund[1]	11,151	11,148	11,121	11,096	11,096	11,095	11,093	11,093	11,091	11,091
3 Special drawing rights[2,3]	4,095	5,250	5,025	5,693	5,641	5,693	5,781	5,973	5,971	6,163
4 Reserve position in International Monetary Fund[2]	5,055	7,348	11,312	11,675	11,541	11,322	11,097	11,386	11,382	11,370
5 Foreign currencies[4]	9,774	10,212	6,289	6,263	6,656	6,270	6,301	7,041	7,049	7,158

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		1985				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
1 Deposits	505	328	190	392	253	244	331	253	348	204
Assets held in custody										
2 U.S. Treasury securities[1]	104,680	112,544	117,670	117,433	118,267	117,330	115,179	113,532	115,184	116,989
3 Earmarked gold[2]	14,804	14,716	14,414	14,265	14,265	14,261	14,260	14,264	14,264	14,265

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[1]

Millions of dollars, end of period

Asset account	1981	1982	1983	1984 Oct.	1984 Nov.	1984 Dec.	1985 Jan.	1985 Feb.	1985 Mar.	1985 Apr.[p]
					All foreign countries					
1 Total, all currencies	**462,847**	**469,712**	**477,090**	**448,499**	**452,914**	**452,205**	**445,041**	**452,883[r]**	**462,098**	**460,440**
2 Claims on United States	63,743	91,805	115,542	109,292	112,815	113,435	115,501	119,012[r]	118,010	121,388
3 Parent bank	43,267	61,666	82,026	75,736	77,958	78,151	79,318	84,062[r]	84,892	86,472
4 Other banks in United States[2]	20,476	30,139	33,516	12,357[r]	13,313[r]	13,664[r]	13,686[r]	13,737[r]	13,092	14,213
5 Nonbanks[2]				21,199[r]	21,544[r]	21,620[r]	22,497[r]	21,213[r]	20,026	20,703
6 Claims on foreigners	378,954	358,493	342,689	319,075	319,431	318,710	309,193	314,271	323,676	318,991
7 Other branches of parent bank	87,821	91,168	96,004	90,821	91,313	94,738	87,416	89,303	95,002	91,329
8 Banks	150,763	133,752	117,668	102,258	103,050	100,307	99,806	104,278	105,163	104,303
9 Public borrowers	28,197	24,131	24,517	23,053	22,907	22,872	22,441[r]	22,219[r]	22,492	22,844
10 Nonbank foreigners	112,173	109,442	107,785	102,943	102,161	100,793	99,530[r]	98,471[r]	101,019	100,515
11 Other assets	20,150	19,414	18,859	20,132	20,668	20,060	20,347	19,600[r]	20,412	20,061
12 Total payable in U.S. dollars	**350,735**	**361,982**	**371,508**	**340,675**	**345,511**	**349,342**	**343,461**	**351,796[r]**	**354,579**	**351,292**
13 Claims on United States	62,142	90,085	113,436	106,651	110,442	111,468	113,250	116,708[r]	115,645	118,798
14 Parent bank	42,721	61,010	80,909	74,366	76,763	77,271	78,392	83,052[r]	83,810	85,339
15 Other banks in United States[2]	19,421	29,075	32,527	12,107[r]	13,121[r]	13,500[r]	13,493[r]	13,464[r]	12,790	13,856
16 Nonbanks[2]				20,178[r]	20,558[r]	20,697[r]	21,365[r]	20,192[r]	19,045	19,603
17 Claims on foreigners	276,937	259,871	247,406	223,376	224,251	227,303	219,768	224,738	228,892	222,693
18 Other branches of parent bank	69,398	73,537	78,431	73,472	74,600	78,300	72,391	74,367	79,241	75,085
19 Banks	122,110	106,447	93,332	76,915	77,096	76,851	75,691	79,122	78,660	76,874
20 Public borrowers	22,877	18,413	17,890	17,337	17,374	17,160	16,994[r]	16,754[r]	17,010	16,976
21 Nonbank foreigners	62,552	61,474	60,977	55,652	55,181	54,992	54,692[r]	54,495[r]	53,981	53,758
22 Other assets	11,656	12,026	10,666	10,648	10,818	10,571	10,443	10,350[r]	10,042	9,801
					United Kingdom					
23 Total, all currencies	**157,229**	**161,067**	**158,732**	**147,562**	**149,377**	**144,385**	**146,130**	**149,534**	**150,705**	**148,711**
24 Claims on United States	11,823	27,354	34,433	28,952	29,502	27,731	28,783	31,910	29,675	29,497
25 Parent bank	7,885	23,017	29,111	23,283	23,773	21,918	22,296	25,313	23,250	22,803
26 Other banks in United States[2]	3,938	4,337	5,322	1,214	1,484	1,429	1,540	1,561	1,511	1,649
27 Nonbanks[2]				4,455	4,245	4,384	4,947	5,036	4,914	5,045
28 Claims on foreigners	138,888	127,734	119,280	113,524	114,264	111,772	112,284	112,937	115,889	114,122
29 Other branches of parent bank	41,367	37,000	36,565	37,638	37,395	37,897	36,367	35,381	35,857	34,469
30 Banks	56,315	50,767	43,352	38,696	39,262	37,443	39,063	40,961	40,812	41,253
31 Public borrowers	7,490	6,240	5,898	5,441	5,424	5,334	5,345	5,306	5,186	4,959
32 Nonbank foreigners	33,716	33,727	33,465	31,749	32,183	31,098	31,509	31,289	34,034	33,441
33 Other assets	6,518	5,979	5,019	5,086	5,611	4,882	5,063	4,687	5,141	5,092
34 Total payable in U.S. dollars	**115,188**	**123,740**	**126,012**	**113,437**	**114,895**	**112,809**	**112,953**	**116,232**	**114,122**	**111,497**
35 Claims on United States	11,246	26,761	33,756	27,917	28,610	26,924	27,807	30,945	28,839	28,570
36 Parent bank	7,721	22,756	28,756	22,825	23,378	21,551	21,960	24,911	22,910	22,472
37 Other banks in United States[2]	3,525	4,005	5,000	1,113	1,437	1,363	1,496	1,498	1,466	1,576
38 Nonbanks[2]				3,979	3,795	4,010	4,351	4,536	4,463	4,522
39 Claims on foreigners	99,850	92,228	88,917	82,456	82,971	82,889	82,161	82,268	82,437	79,938
40 Other branches of parent bank	35,439	31,648	31,838	32,461	32,669	33,551	31,899	31,099	31,331	29,489
41 Banks	40,703	36,717	32,188	27,093	27,290	26,805	27,465	28,523	27,982	27,808
42 Public borrowers	5,595	4,329	4,194	4,063	4,094	4,030	4,021	3,964	3,804	3,533
43 Nonbank foreigners	18,113	19,534	20,697	18,839	18,918	18,503	18,776	18,682	19,320	19,108
44 Other assets	4,092	4,751	3,339	3,064	3,314	2,996	2,985	3,019	2,846	2,989
					Bahamas and Caymans					
45 Total, all currencies	**149,108**	**145,156**	**152,083**	**138,981**	**141,610**	**146,811**	**141,834**	**144,665**	**147,041**	**145,108**
46 Claims on United States	46,546	59,403	75,309	71,911	75,655	77,296	76,856	76,446[r]	78,886	79,162
47 Parent bank	31,643	34,653	48,720	45,641	48,202	49,449	48,892	50,043[r]	53,937	53,008
48 Other banks in United States[2]	14,903	24,750	26,589	10,479[r]	11,043[r]	11,544[r]	11,326[r]	11,305[r]	10,761	11,659
49 Nonbanks[2]				15,791[r]	16,410[r]	16,303[r]	16,638[r]	15,098[r]	14,188	14,495
50 Claims on foreigners	98,057	81,450	72,868	63,031	62,024	65,598	61,204	64,408	64,339	62,164
51 Other branches of parent bank	12,951	18,720	20,626	15,117	13,837	17,682	14,447	16,330	15,780	14,716
52 Banks	55,151	42,699	36,842	30,263	30,529	30,225	29,165	30,832	31,386	29,887
53 Public borrowers	10,010	6,413	6,093	6,057	6,075	6,089	6,162[r]	6,081[r]	6,349	6,683
54 Nonbank foreigners	19,945	13,618	12,592	11,594	11,583	11,602	11,430[r]	11,165[r]	10,824	10,878
55 Other assets	4,505	4,303	3,906	4,039	3,931	3,917	3,774	3,811[r]	3,816	3,782
56 Total payable in U.S. dollars	**143,743**	**139,605**	**145,641**	**133,002**	**136,211**	**141,562**	**137,090**	**139,543**	**141,543**	**139,938**

1. 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.

2. Data for assets vis-a-vis other banks in the United States and vis-a-vis nonbanks are combined for dates before June 1984.

3.14 Continued

Liability account	1981	1982	1983	1984			1985			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.[p]
	All foreign countries									
57 **Total, all currencies**	**462,847**	**469,712**	**477,090**	**448,499**	**452,914**	**452,205**	**445,041**	**452,883[r]**	**462,098**	**460,440**
58 Negotiable CDs[3]	n.a.	n.a.	n.a.	38,520	37,915	37,725	38,804	41,798	40,889	38,940
59 To United States	137,767	179,015	188,070	139,567	138,498[r]	146,955	143,680	140,914[r]	145,383	145,078
60 Parent bank	56,344	75,621	81,261	74,757	70,284[r]	78,111	75,230	72,338[r]	75,400	75,353
61 Other banks in United States	19,197	33,405	29,453	18,967[r]	18,679[r]	18,409[r]	18,125[r]	17,831[r]	18,073	19,445
62 Nonbanks	62,226	69,989	77,356	45,843[r]	49,535[r]	50,435[r]	50,325[r]	50,745[r]	51,910	50,280
63 To foreigners	305,630	270,853	269,685	248,164	253,925	246,894	241,359	248,381[r]	253,901	254,869
64 Other branches of parent bank	86,396	90,191	90,615	89,492	90,681	93,206	87,722	89,872	94,564	91,856
65 Banks	124,906	96,860	92,889	82,235	86,822	78,203	79,291	84,013	82,611	83,647
66 Official institutions	25,997	19,614	18,896	19,501	20,883	20,281	19,484	19,356	20,831	21,730
67 Nonbank foreigners	68,331	64,188	68,845	56,936	55,539	55,204	54,862	56,140[r]	55,895	57,636
68 Other liabilities	19,450	19,844	19,335	22,248	22,576	20,631	21,198	20,790[r]	21,925	21,553
69 **Total payable in U.S. dollars**	**364,447**	**379,270**	**388,291**	**356,601**	**361,878**	**365,859**	**357,853**	**366,054[r]**	**369,049**	**365,269**
70 Negotiable CDs[3]	n.a.	n.a.	n.a.	36,102	35,608	35,227	36,295	39,544	38,197	35,958
71 To United States	134,700	175,528	184,305	135,296[r]	134,303	142,943	139,811	137,154[r]	141,028	140,300
72 Parent bank	54,492	73,295	79,035	72,246	67,761[r]	75,626	72,892	70,084[r]	72,959	72,721
73 Other banks in United States	18,883	33,040	28,936	18,313[r]	18,128[r]	17,935[r]	17,587[r]	17,302[r]	17,524	18,790
74 Nonbanks	61,325	69,193	76,334	44,737[r]	48,414[r]	49,382[r]	49,332[r]	49,768[r]	50,545	48,789
75 To foreigners	217,602	192,510	194,139	174,107	180,841	177,638	171,479	178,745	179,593	178,787
76 Other branches of parent bank	69,299	72,921	73,522	72,204	74,552	77,222	72,648	74,926	79,027	76,024
77 Banks	79,594	57,463	57,022	46,227[r]	50,509	45,131	44,948	48,734	44,812	45,207
78 Official institutions	20,288	15,055	13,855	14,850	16,068	15,773	14,861	14,653	16,049	17,138
79 Nonbank foreigners	48,421	47,071	51,260	40,826	39,712	39,512	39,022	40,432	39,705	40,418
80 Other liabilities	12,145	11,232	9,847	11,096	11,123	10,051	10,268	10,611[r]	10,231	10,224
	United Kingdom									
81 **Total, all currencies**	**157,229**	**161,067**	**158,732**	**147,562**	**149,377**	**144,385**	**146,130**	**149,534**	**150,705**	**148,711**
82 Negotiable CDs[3]	n.a.	n.a.	n.a.	34,948	34,269	34,413	35,455	38,281	37,350	35,326
83 To United States	38,022	53,954	55,799	26,558	25,338	25,250	27,757	23,439	23,982	23,920
84 Parent bank	5,444	13,091	14,021	16,598	15,060[r]	14,651	16,714	13,763	14,509	13,969
85 Other banks in United States	7,502	12,205	11,328	3,418[r]	3,074[r]	3,125[r]	3,569[r]	2,948[r]	2,918	2,665
86 Nonbanks	25,076	28,658	30,450	6,542[r]	7,204[r]	7,474[r]	7,474[r]	6,728[r]	6,555	7,286
87 To foreigners	112,255	99,567	95,847	77,985	81,217	77,424	75,039	80,418[r]	80,722	80,977
88 Other branches of parent bank	16,545	18,361	19,038	21,023	20,846	21,631	20,199	22,146	23,699	21,951
89 Banks	51,336	44,020	41,624	32,436	34,739	30,436	31,216	33,789	32,003	32,259
90 Official institutions	16,517	11,504	10,151	9,650	10,505	10,154	9,084	9,374	10,305	11,590
91 Nonbank foreigners	27,857	25,682	25,034	14,876	15,127	15,203	14,540	15,109[r]	14,715	15,177
92 Other liabilities	6,952	7,546	7,086	8,071	8,553	7,298	7,879	7,396[r]	8,651	8,488
93 **Total payable in U.S. dollars**	**120,277**	**130,261**	**131,167**	**118,103**	**119,287**	**117,497**	**117,198**	**120,623**	**117,984**	**116,128**
94 Negotiable CDs[3]	n.a.	n.a.	n.a.	33,703	33,168	33,070	34,084	37,033	35,719	33,763
95 To United States	37,332	53,029	54,691	25,178	24,024	24,105	26,587	22,386	22,481	22,219
96 Parent bank	5,350	12,814	13,839	16,209	14,688[r]	14,339	16,349	13,506	14,129	13,507
97 Other banks in United States	7,249	12,026	11,044	3,174[r]	2,862[r]	2,980[r]	3,420[r]	2,804[r]	2,748	2,500
98 Nonbanks	24,733	28,189	29,808	5,795[r]	6,474[r]	6,786[r]	6,818[r]	6,076[r]	5,604	6,212
99 To foreigners	79,034	73,477	73,279	55,482	58,163	56,923	52,954	57,654	56,327	56,535
100 Other branches of parent bank	12,048	14,300	15,403	17,600	17,562	18,294	16,940	18,772	20,127	18,513
101 Banks	32,298	28,810	29,320	18,309	20,262	18,356	17,889	20,022	17,191	17,497
102 Official institutions	13,612	9,668	8,279	8,306	9,072	8,871	7,748	7,854	8,734	9,989
103 Nonbank foreigners	21,076	20,699	20,277	11,267	11,267	11,402	10,377	11,006	10,275	10,536
104 Other liabilities	3,911	3,755	3,197	3,740	3,932	3,399	3,573[r]	3,550	3,457	3,611
	Bahamas and Caymans									
105 **Total, all currencies**	**149,108**	**145,156**	**152,083**	**138,981**	**141,610**	**146,811**	**141,834**	**144,665**	**147,041**	**145,108**
106 Negotiable CDs[3]	n.a.	n.a.	n.a.	878	898	615	734	953	779	634
107 To United States	85,759	104,425	111,299	95,249	95,975	102,955	98,466	99,200[r]	103,096	100,492
108 Parent bank	39,451	47,081	50,980	42,851	40,517	47,162[r]	43,783	43,358[r]	45,441	43,762
109 Other banks in United States	10,474	18,466	16,057	14,167	14,187	13,938	13,320	13,590[r]	13,959	15,112
110 Nonbanks	35,834	38,878	44,262	38,231	41,271	41,855	41,363	42,252	43,696	41,618
111 To foreigners	60,012	38,274	38,445	39,872	41,764	40,320	39,785	41,529	40,308	41,102
112 Other branches of parent bank	20,641	15,796	14,936	14,823	16,455	16,782	16,014	17,111	16,744	17,179
113 Banks	23,202	10,166	11,876	13,068	13,993	12,405	12,274	12,976	12,503	13,469
114 Official institutions	3,498	1,967	1,919	2,211	2,376	2,054	2,020	1,992	1,884	1,598
115 *Nonbank foreigners*	12,671	10,345	11,274	9,770	8,940	9,079	9,477	9,450	9,177	8,856
116 Other liabilities	3,337	2,457	2,339	2,982	2,973	2,921	2,849	2,983[r]	2,858	2,880
117 **Total payable in U.S. dollars**	**145,284**	**141,908**	**148,278**	**135,326**	**137,874**	**143,590**	**138,200**	**140,973[r]**	**143,223**	**140,957**

3. 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 Oct.	1984 Nov.	1984 Dec.	1985 Jan.	1985 Feb.	1985 Mar.	1985 Apr.p
1 **Total**[1]	**172,718**	**177,950**	**176,258**	**178,468**	**180,640**	**176,828**	**173,334**	**169,780**	**170,593**
By type									
2 Liabilities reported by banks in the United States[2]	24,989	25,534	26,934	25,986	26,197	23,310	23,420	22,979	22,673
3 U.S. Treasury bills and certificates[3]	46,658	54,341	55,780	59,570	59,976	56,662	52,474	54,685	57,226
U.S. Treasury bonds and notes									
4 Marketable	67,733	68,514	67,678	67,076	68,995	71,522	72,846	67,568	67,079
5 Nonmarketable[4]	8,750	7,250	5,800	5,800	5,800	5,800	5,300	5,300	4,900
6 U.S. securities other than U.S. Treasury securities[5]	24,588	22,311	20,066	20,036	19,672	19,534	19,294	19,248	18,715
By area									
7 Western Europe[1]	61,298	67,645	68,296	70,510	69,756	68,260	67,354	63,708	65,645
8 Canada	2,070	2,438	1,321	1,466	1,528	1,491	1,136	1,715	1,403
9 Latin America and Caribbean	6,057	6,248	8,141	8,904	8,645	7,450	7,278	7,518	7,528
10 Asia	96,034	92,572	91,916	90,115	93,951	93,044	91,030	90,714	90,001
11 Africa	1,350	958	981	1,423	1,290	1,120	1,397	1,200	1,403
12 Other countries[6]	5,909	8,089	5,603	6,050	5,470	5,463	5,139	4,925	4,613

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	1981	1982	1983	1984 June	1984 Sept.	1984 Dec.	1985 Mar.p
1 Banks' own liabilities	3,523	4,844	5,219	6,459	6,227	7,501	6,774
2 Banks' own claims	4,980	7,707	7,231	9,687	9,334	10,956r	12,645
3 Deposits	3,398	4,251	2,731	4,284	3,685	4,119r	6,174
4 Other claims	1,582	3,456	4,501	5,404	5,649	6,837	6,471
5 Claims of banks' domestic customers[1]	971	676	1,059	227	281	569	440

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			1985			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.p
1 **All foreigners**	**243,889**	**307,056**	**369,607**	**388,894**	**399,681**	**406,381**	**398,987**	**405,198r**	**413,063**	**410,463**
2 Banks' own liabilities	163,817	227,089	279,087	290,184	297,857	306,758	301,398	311,627r	316,935	312,565
3 Demand deposits	19,631	15,889	17,470	16,490	18,351	19,542	17,975	19,369	18,174	18,438
4 Time deposits[1]	29,039	68,797	90,632	109,608	112,218	110,235	114,145	117,065r	119,265	117,570
5 Other[2]	17,647	23,184	25,874	24,441	23,684	26,332	23,542	24,991r	24,896	24,233
6 Own foreign offices[3]	97,500	119,219	145,111	139,645	143,604	150,650	145,736	150,202r	154,600	152,324
7 Banks' custody liabilities[4]	80,072	79,967	90,520	98,710	101,824	100,074	97,588	93,572r	96,128	97,898
8 U.S. Treasury bills and certificates[5]	55,315	55,628	68,669	73,295	76,531	75,838	73,635	69,189	71,552	73,077
9 Other negotiable and readily transferable instruments[6]	18,788	20,636	17,467	20,281	19,703	18,775	18,141	18,068r	18,099	18,279
10 Other	5,970	3,702	4,385	5,135	5,590	5,460	5,812	6,315r	6,477	6,543
11 **Nonmonetary international and regional organizations**[7]	**2,721**	**4,922**	**5,957**	**4,801**	**5,852**	**4,083**	**6,929**	**5,812**	**5,905**	**6,047**
12 Banks' own liabilities	638	1,909	4,632	2,053	2,779	1,644	3,571	2,092	2,333	3,018
13 Demand deposits	262	106	297	144	354	263	417	341	191	167
14 Time deposits[1]	58	1,664	3,584	1,513	2,114	1,093	2,682	936	1,488	2,211
15 Other[2]	318	139	750	396	311	288	472	815	654	640
16 Banks' custody liabilities[4]	2,083	3,013	1,325	2,748	3,073	2,440	3,358	3,719	3,572	3,029
17 U.S. Treasury bills and certificates	541	1,621	463	1,455	1,448	916	1,921	2,258	2,082	1,434
18 Other negotiable and readily transferable instruments[6]	1,542	1,392	862	1,292	1,604	1,524	1,429	1,461	1,490	1,593
19 Other	0	0	0	0	21	0	8	1	0	2
20 **Official institutions**[8]	**79,126**	**71,647**	**79,876**	**82,714**	**85,556**	**86,173**	**79,972**	**75,894**	**77,663**	**79,899**
21 Banks' own liabilities	17,109	16,640	19,427	19,247	18,790	19,065	16,970	17,249	16,765	16,593
22 Demand deposits	2,564	1,899	1,837	1,725	2,133	1,823	1,780	1,881	1,923	2,044
23 Time deposits[1]	4,230	5,528	7,318	8,677	9,457	9,391	8,371	8,673r	8,464	9,071
24 Other[2]	10,315	9,212	10,272	8,846	7,201	7,852	6,818	6,694r	6,378	5,478
25 Banks' custody liabilities[4]	62,018	55,008	60,448	63,467	66,766	67,108	63,002	58,645	60,898	63,306
26 U.S. Treasury bills and certificates[5]	52,389	46,658	54,341	55,780	59,570	59,976	56,662	52,474	54,685	57,226
27 Other negotiable and readily transferable instruments[6]	9,581	8,321	6,082	7,626	7,010	7,038	6,277	6,086	6,109	5,947
28 Other	47	28	25	61	186	94	63	85	105	133
29 **Banks**[9]	**136,008**	**185,881**	**226,887**	**233,555**	**239,806**	**248,360**	**241,515**	**250,039r**	**257,437**	**252,848**
30 Banks' own liabilities	124,312	169,449	205,347	209,431	214,240	225,512	218,980	227,703r	235,004	230,415
31 Unaffiliated foreign banks	26,812	50,230	60,236	69,786	72,635	74,862	73,244	77,501r	80,404	78,091
32 Demand deposits	11,614	8,675	8,759	8,389	9,430	10,526	9,030	9,656	9,151	9,343
33 Time deposits[1]	8,720	28,386	37,439	46,770	47,717	47,059	48,612	50,982r	54,182	51,580
34 Other[2]	6,477	13,169	14,038	14,627	15,488	17,278	15,602	16,862r	17,071	17,168
35 Own foreign offices[3]	97,500	119,219	145,111	139,645	143,604	150,650	145,736	150,202r	154,600	152,324
36 Banks' custody liabilities[4]	11,696	16,432	21,540	24,124	23,566	22,848	22,535	22,336r	22,433	22,432
37 U.S. Treasury bills and certificates	1,685	5,809	10,178	11,828	11,409	10,927	10,933	10,493	10,602	10,446
38 Other negotiable and readily transferable instruments[6]	4,400	7,857	7,485	7,802	7,360	7,156	6,487	6,254r	6,206	6,235
39 Other	5,611	2,766	3,877	4,494	4,797	4,766	5,114	5,589r	5,625	5,751
40 **Other foreigners**	**26,035**	**44,606**	**56,887**	**67,824**	**68,467**	**68,215**	**70,571**	**73,454r**	**72,058**	**71,670**
41 Banks' own liabilities	21,759	39,092	49,680	59,453	60,048	60,537	61,877	64,583r	62,834	62,539
42 Demand deposits	5,191	5,209	6,577	6,232	6,433	6,930	6,747	7,491	6,909	6,883
43 Time deposits	16,030	33,219	42,290	52,648	52,930	52,693	54,481	56,473r	55,132	54,708
44 Other[2]	537	664	813	573	685	914	650	619	793	947
45 Banks' custody liabilities[4]	4,276	5,514	7,207	8,372	8,419	7,678	8,693	8,871	9,224	9,131
46 U.S. Treasury bills and certificates	699	1,540	3,686	4,232	4,103	4,020	4,118	3,964	4,182	3,971
47 Other negotiable and readily transferable instruments[6]	3,265	3,065	3,038	3,560	3,730	3,058	3,948	4,267	4,294	4,503
48 Other	312	908	483	580	586	601	628	640	748	657
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	10,747	14,307	10,346	10,714	10,437	10,476	9,287	9,169r	9,412	9,145

▲ 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.

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."

3.17 Continued

Area and country	1981▲	1982	1983	1984			1985			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.p
1 **Total**	**243,889**	**307,056**	**369,607**	**388,894**	**399,681**	**406,831**	**398,987**	**405,198r**	**413,063**	**410,463**
2 **Foreign countries**	**241,168**	**302,134**	**363,649**	**384,094**	**393,829**	**402,748**	**392,057**	**399,387r**	**407,158**	**404,417**
3 Europe	91,275	117,756	138,072	146,308	150,659	152,395	149,264	152,221r	151,599	149,214
4 Austria	596	519	585	744	627	615	734	625	670	537
5 Belgium-Luxembourg	4,117	2,517	2,709	4,093	3,613	4,114	4,000	4,638	4,797	4,824
6 Denmark	333	509	466	337	434	438	452	530r	452	557
7 Finland	296	748	531	407	487	418	425	735r	804	476
8 France	8,486	8,171	9,441	11,641	11,935	12,701	11,908	12,430	12,776	13,626
9 Germany	7,645	5,351	3,599	3,331	3,425	3,353	3,586	3,258	2,922	3,538
10 Greece	463	537	520	609	602	699	615	583	730	649
11 Italy	7,267	5,626	8,462	8,976	11,056	10,757	9,477	9,108r	8,412	7,895
12 Netherlands	2,823	3,362	4,290	4,421	5,077	4,799	4,663	4,622	4,934	4,448
13 Norway	1,457	1,567	1,673	1,895	1,693	1,548	1,712	1,635r	1,889	2,138
14 Portugal	354	388	373	540	552	597	570	614	715	698
15 Spain	916	1,405	1,603	1,905	1,873	2,082	2,016	1,887	2,078	1,999
16 Sweden	1,545	1,390	1,799	1,945	1,839	1,676	2,133	1,486r	1,667	1,908
17 Switzerland	18,716	29,066	32,246	32,461	31,494	31,054	31,397	31,580r	30,426	30,050
18 Turkey	518	296	467	557	457	584	495	501	527	506
19 United Kingdom	28,286	48,172	60,683	65,280	67,964	68,553	68,039	70,269r	70,244	68,339
20 Yugoslavia	375	499	562	579	565	602	545	602	671	648
21 Other Western Europe[1]	6,541	7,006	7,403	6,062	6,429	7,184	5,855	6,628	6,273	5,774
22 U.S.S.R.	49	50	65	50	54	79	66	60	94	125
23 Other Eastern Europe[2]	493	576	596	476	481	542	575	431	517	481
24 Canada	10,250	12,232	16,026	16,767	16,549	16,048	16,233	18,263r	17,328	17,000
25 Latin America and Caribbean	85,223	114,163	140,088	145,799	149,794	153,985	151,229	154,787r	157,545	156,622
26 Argentina	2,445	3,578	4,038	4,484	4,558	4,424	4,523	4,354r	4,528	4,676
27 Bahamas	34,856	44,744	55,818	52,838	55,470	56,955	55,398	56,928r	59,471	59,037
28 Bermuda	765	1,572	2,266	3,043	3,222	2,370	2,706	3,410r	2,907	3,133
29 Brazil	1,568	2,014	3,168	4,729	4,997	5,332	4,920	6,143	4,595	4,675
30 British West Indies	17,794	26,381	34,545	34,485	34,385	36,949	35,269	35,157	36,537	35,742
31 Chile	664	1,626	1,842	2,052	2,063	2,001	1,948	1,916	1,897	1,908
32 Colombia	2,993	2,594	1,689	2,022	2,057	2,514	2,356	2,453	2,529	2,400
33 Cuba	9	9	8	8	8	10	26	8	7	6
34 Ecuador	434	455	1,047	924	1,029	1,092	912	981	1,024	1,022
35 Guatemala	479	670	788	855	884	896	920	915	950	955
36 Jamaica	87	126	109	122	110	183	157	182	163	154
37 Mexico	7,235	8,377	10,392	12,488	13,422	12,695	13,298	13,000r	13,250	13,163
38 Netherlands Antilles	3,182	3,597	3,879	4,187	4,180	4,153	4,346	4,662	4,576	4,383
39 Panama	4,857	4,805	5,924	6,585	6,847	6,928	6,873	7,149r	7,488	7,582
40 Peru	694	1,147	1,166	1,297	1,209	1,247	1,151	1,064r	1,132	1,077
41 Uruguay	367	759	1,244	1,361	1,309	1,394	1,485	1,413	1,443	1,461
42 Venezuela	4,245	8,417	8,632	10,367	10,013	10,545	10,667	10,740r	10,648	10,790
43 Other Latin America and Caribbean	2,548	3,291	3,535	3,952	4,030	4,297	4,275	4,311	4,401	4,458
44 Asia	49,822	48,716	58,570	66,033	66,952	71,139	66,536	64,981r	72,058	73,092
China										
45 Mainland	158	203	249	804	844	1,153	1,075	1,068	980	912
46 Taiwan	2,082	2,761	4,051	5,098	5,142	4,975	5,098	5,187r	5,306	5,236
47 Hong Kong	3,950	4,465	6,657	6,236	6,535	7,240	6,558	6,648	6,937	7,091
48 India	385	433	464	616	606	507	554	725	738	554
49 Indonesia	640	857	997	1,344	893	1,033	1,136	914	1,052	1,104
50 Israel	592	606	1,722	2,017	1,023	1,268	1,003	994r	941	873
51 Japan	20,750	16,078	18,079	19,644	20,750	20,929	21,662	22,551r	24,513	22,754
52 Korea	2,013	1,692	1,648	1,552	1,609	1,691	1,560	1,584r	1,526	1,536
53 Philippines	874	770	1,234	1,097	1,252	1,396	1,327	1,113r	1,102	1,207
54 Thailand	534	629	747	980	1,458	1,257	1,161	1,050r	1,383	1,141
55 Middle-East oil-exporting countries[3]	12,992	13,433	12,976	13,890	13,399	16,804	15,965	15,202	16,391	16,265
56 Other Asia	4,853	6,789	9,748	12,755	13,442	12,886	9,437	7,945	11,190	14,418
57 Africa	3,180	3,124	2,827	3,343	3,599	3,506	3,170	3,561r	3,476	3,611
58 Egypt	360	432	671	763	739	757	541	637r	715	841
59 Morocco	32	81	84	115	117	118	115	116r	167	155
60 South Africa	420	292	449	459	460	328	376	371	244	339
61 Zaire	26	23	87	141	163	153	76	79	100	128
62 Oil-exporting countries[4]	1,395	1,280	620	1,012	1,141	1,189	1,186	1,450	1,346	1,177
63 Other Africa	946	1,016	917	852	978	961	876	910r	903	969
64 Other countries	1,419	6,143	8,067	5,844	6,277	5,674	5,624	5,574r	5,152	4,877
65 Australia	1,223	5,904	7,857	5,464	5,598	5,290	5,248	5,017r	4,742	4,455
66 All other	196	239	210	379	679	384	377	557r	409	421
67 Nonmonetary international and regional organizations	2,721	4,922	5,957	4,801	5,852	4,083	6,929	5,812	5,905	6,047
68 International	1,661	4,049	5,273	4,086	5,055	3,376	6,165	4,935	5,132	5,182
69 Latin American regional	710	517	419	518	593	587	600	580	632	706
70 Other regional[5]	350	357	265	196	204	120	165	296	141	159

▲ 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.

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."

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			1985			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.[p]
1 **Total**	**251,589**	**355,705**	**391,312**	**383,489**	**384,634**	**398,722**	**386,911**	**393,182[r]**	**396,936**	**389,567**
2 **Foreign countries**	**251,533**	**355,636**	**391,148**	**382,807**	**384,072**	**398,048**	**385,986**	**392,882[r]**	**396,696**	**389,487**
3 Europe	49,262	85,584	91,927	95,415	97,930	97,962	96,044	97,995[r]	101,624	99,524
4 Austria	121	229	401	521	532	433	339	367	484	509
5 Belgium-Luxembourg	2,849	5,138	5,639	5,363	4,988	4,794	4,683	5,097	5,233	5,152
6 Denmark	187	554	1,275	544	520	648	589	589	638	601
7 Finland	546	990	1,044	887	1,098	898	817	907	826	804
8 France	4,127	7,251	8,766	8,812	9,299	9,085	8,617	9,602[r]	10,017	10,274
9 Germany	940	1,876	1,284	1,097	1,261	1,305	1,001	945[r]	1,072	1,011
10 Greece	333	452	476	929	819	817	896	840	847	907
11 Italy	5,240	7,560	9,018	7,820	8,854	9,079	8,040	8,481	8,687	8,256
12 Netherlands	682	1,425	1,267	1,190	1,229	1,351	1,480	1,490	1,350	1,401
13 Norway	384	572	690	676	602	675	651	808	625	748
14 Portugal	529	950	1,114	1,346	1,262	1,243	1,212	1,286	1,184	1,151
15 Spain	2,095	3,744	3,573	3,189	3,017	2,884	2,858	3,135[r]	2,974	2,890
16 Sweden	1,205	3,038	3,358	2,362	2,313	2,220	2,497	2,586	2,342	2,338
17 Switzerland	2,213	1,639	1,863	2,067	2,275	2,201	2,308	2,110[r]	1,921	1,853
18 Turkey	424	560	812	1,121	1,097	1,130	1,232	1,155	1,172	1,147
19 United Kingdom	23,849	45,781	47,364	53,348	54,637	55,184	54,843	54,648[r]	58,100	56,287
20 Yugoslavia	1,225	1,430	1,718	1,868	1,866	1,886	1,862	1,783	1,793	1,892
21 Other Western Europe[1]	211	368	477	660	625	596	671	679[r]	642	640
22 U.S.S.R	377	263	192	159	169	142	118	178[r]	400	245
23 Other Eastern Europe[2]	1,725	1,762	1,598	1,454	1,467	1,391	1,329	1,308[r]	1,317	1,416
24 Canada	9,193	13,678	16,341	16,634	15,778	16,057	16,343	19,082[r]	18,761	18,155
25 Latin America and Caribbean	138,347	187,969	205,491	198,372	199,058	207,577	199,378	200,730[r]	202,980	198,723
26 Argentina	7,527	10,974	11,749	11,014	10,983	11,043	11,453	11,280[r]	11,157	11,163
27 Bahamas	43,542	56,649	59,633	52,006	54,084	58,027	54,369	54,548[r]	57,579	55,521
28 Bermuda	346	603	566	551	635	592	596	448[r]	463	632
29 Brazil	16,926	23,271	24,667	26,146	26,275	26,307	25,886	26,146	26,099	26,206
30 British West Indies	21,981	29,101	35,527	34,871	33,727	38,105	35,358	36,806	36,546	35,237
31 Chile	3,690	5,513	6,072	6,795	6,703	6,839	6,746	6,713	6,775	6,704
32 Colombia	2,018	3,211	3,745	3,343	3,406	3,499	3,369	3,406	3,316	3,246
33 Cuba	3	3	0	0	0	0	0	1	0	0
34 Ecuador	1,531	2,062	2,307	2,452	2,431	2,420	2,477	2,489	2,470	2,467
35 Guatemala[3]	124	124	129	141	148	158	154	157	154	154
36 Jamaica[3]	62	181	215	234	222	252	242	253	233	223
37 Mexico	22,439	29,552	34,802	35,364	35,288	34,697	34,021	33,655[r]	33,410	32,490
38 Netherlands Antilles	1,076	839	1,154	1,337	1,337	1,350	1,273	1,393	1,254	1,319
39 Panama	6,794	10,210	7,848	7,540	7,360	7,707	6,864	7,071[r]	7,083	7,039
40 Peru	1,218	2,357	2,536	2,416	2,358	2,384	2,414	2,337	2,345	2,351
41 Uruguay	157	686	977	962	990	1,088	1,053	1,021	1,019	1,032
42 Venezuela	7,069	10,643	11,287	11,029	10,994	11,017	10,968	10,929	10,937	10,785
43 Other Latin America and Caribbean	1,844	1,991	2,277	2,170	2,118	2,091	2,135	2,077[r]	2,140	2,154
44 Asia	49,851	60,952	67,837	62,356	61,398	66,380	64,387	65,351[r]	63,606	63,384
China										
45 Mainland	107	214	292	409	543	710	507	741	660	572
46 Taiwan	2,461	2,288	1,908	1,588	1,679	1,849	1,745	1,827	1,944	1,976
47 Hong Kong	4,132	6,787	8,489	7,155	6,945	7,368	6,801	7,351	6,639	6,839
48 India	123	222	330	302	381	425	299	354	284	307
49 Indonesia	352	348	805	821	797	734	710	780	780	704
50 Israel	1,567	2,029	1,832	1,890	1,938	2,088	1,993	2,041	1,941	2,004
51 Japan	26,797	28,379	30,354	26,862	26,421	29,059	28,495	29,092[r]	28,020	26,591
52 Korea	7,340	9,387	9,943	9,253	8,896	9,285	8,799	8,813[r]	9,296	9,411
53 Philippines	1,819	2,625	2,107	2,510	2,487	2,550	2,499	2,560	2,435	2,360
54 Thailand	565	643	1,219	1,072	1,112	1,125	1,123	1,076	1,005	939
55 Middle East oil-exporting countries[4]	1,581	3,087	4,954	4,650	4,687	5,054	5,004	4,856	4,708	5,508
56 Other Asia	3,009	4,943	5,603	5,844	5,512	6,133	6,411	5,860	5,895	6,173
57 Africa	3,503	5,346	6,654	6,862	6,719	6,615	6,536	6,376[r]	6,221	6,299
58 Egypt	238	322	747	674	693	728	668	584	674	629
59 Morocco	284	353	440	582	536	583	552	582	584	595
60 South Africa	1,011	2,012	2,634	3,140	2,960	2,795	2,791	2,666	2,420	2,508
61 Zaire	112	57	33	18	19	18	41	29	24	24
62 Oil-exporting countries[5]	657	801	1,073	938	911	842	812	791	874	893
63 Other	1,201	1,802	1,727	1,510	1,600	1,649	1,672	1,724	1,645	1,651
64 Other countries	1,376	2,107	2,898	3,169	3,189	3,456	3,297	3,348	3,505	3,402
65 Australia	1,203	1,713	2,256	2,508	2,487	2,778	2,593	2,635	2,824	2,754
66 All other	172	394	642	661	702	678	704	713	681	648
67 Nonmonetary international and regional organizations[6]	56	68	164	681	562	674	925	300	240	80

▲ 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.

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.

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			1985			
				Oct.	Nov.	Dec.	Jan.	Feb.[r]	Mar.	Apr.[p]
1 **Total**	**287,557**	**396,015**	**426,215**	....	....	**431,639**	....	....	**430,365**	....
2 Banks' own claims on foreigners	251,589	355,705	391,312	383,489	384,634	398,722	386,911	393,182	396,936	389,567
3 Foreign public borrowers	31,260	45,422	57,569	61,367	61,443	61,371	61,364	61,860	61,244	60,517
4 Own foreign offices[1]	96,653	127,293	146,393	143,631	144,809	156,497	153,586	154,500	157,995	154,655
5 Unaffiliated foreign banks	74,704	121,377	123,837	120,879	120,890	123,775	116,903	121,340	122,266	119,251
6 Deposits	23,381	44,223	47,126	46,787	45,788	48,112	45,070	47,685	49,698	47,579
7 Other	51,322	77,153	76,711	74,092	75,102	75,663	71,832	73,655	72,569	71,672
8 All other foreigners	48,972	61,614	63,514	57,612	57,492	57,080	55,058	55,481	55,431	55,145
9 Claims of banks' domestic customers[2]	35,968	40,310	34,903	....	....	32,916	....	....	33,428	....
10 Deposits	1,378	2,491	2,969	....	....	3,380	....	....	3,871	....
11 Negotiable and readily transferable instruments[3]	26,352	30,763	26,064	....	....	23,805	....	....	24,369	....
12 Outstanding collections and other claims	8,238	7,056	5,870	....	....	5,732	....	....	5,188	....
13 MEMO: Customer liability on acceptances	29,952	38,153	37,715	....	....	36,575	....	....	35,222	....
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[4]	40,369	42,499	45,856	43,147[r]	44,322[r]	40,096[r]	41,896[r]	39,916	39,550	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	1981▲	1982	1983	1984			1985
				June	Sept.	Dec.	Mar.[p]
1 **Total**	**154,590**	**228,150**	**243,715**	**249,904**	**240,595**	**243,049**	**238,041**
By borrower							
2 Maturity of 1 year or less[1]	116,394	173,917	176,158	172,474	162,863	165,200	163,965
3 Foreign public borrowers	15,142	21,256	24,039	21,066	21,059	22,076	23,671
4 All other foreigners	101,252	152,661	152,120	151,407	141,804	143,124	140,295
5 Maturity of over 1 year[1]	38,197	54,233	67,557	77,430	77,731	77,849	74,076
6 Foreign public borrowers	15,589	23,137	32,521	37,747	38,410	39,620	37,518
7 All other foreigners	22,608	31,095	35,036	39,683	39,321	38,229	36,558
By area							
Maturity of 1 year or less[1]							
8 Europe	28,130	50,500	56,117	59,924	56,773	58,170	59,709
9 Canada	4,662	7,642	6,211	6,959	5,841	5,978	7,425
10 Latin America and Caribbean	48,717	73,291	73,660	65,136	61,479	60,692	60,147
11 Asia	31,485	37,578	34,403	34,012	32,252	33,450	30,349
12 Africa	2,457	3,680	4,199	4,790	4,798	4,442	4,101
13 All other[2]	943	1,226	1,569	1,652	1,720	2,468	2,234
Maturity of over 1 year[1]							
14 Europe	8,100	11,636	13,576	12,778	11,249	9,590	8,558
15 Canada	1,808	1,931	1,857	2,203	1,801	1,890	2,178
16 Latin America and Caribbean	25,209	35,247	43,888	54,249	56,568	57,834	55,007
17 Asia	1,907	3,185	4,850	5,098	5,106	5,386	5,336
18 Africa	900	1,494	2,286	1,865	1,857	2,033	1,964
19 All other[2]	272	740	1,101	1,237	1,150	1,116	1,035

▲ 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.

1. Remaining time to maturity.

2. Includes nonmonetary international and regional organizations.

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	1980	1981	1982	1983			1984				1985
			Dec.	June	Sept.	Dec.	Mar.	June[7]	Sept.	Dec.r	Mar.p
1 **Total**	**352.0**	**415.2**	**438.7**	**439.9**	**431.0**	**437.3**	**435.1r**	**430.6r**	**410.1r**	**407.7**	**409.2**
2 G-10 countries and Switzerland	162.1	175.5	179.7	177.1	168.8	168.0	166.0r	157.7r	148.0r	147.6	152.0
3 Belgium-Luxembourg	13.0	13.3	13.1	13.3	12.6	12.4	11.0	10.9r	9.8	8.8	9.4
4 France	14.1	15.3	17.1	17.1	16.2	16.3	15.9	14.2r	14.3	14.1	14.5
5 Germany	12.1	12.9	12.7	12.6	11.6	11.3	11.7	10.9r	10.0	9.0	8.9
6 Italy	8.2	9.6	10.3	10.5	9.9	11.4	11.2	11.5	9.7	10.1	10.0
7 Netherlands	4.4	4.0	3.6	4.0	3.6	3.5	3.4	3.0	3.4	3.9	3.7
8 Sweden	2.9	3.7	5.0	4.7	4.9	5.1	5.2	4.3	3.5	3.2	3.1
9 Switzerland	5.0	5.5	5.0	4.8	4.2	4.3	4.3	4.2	3.9	3.9	4.2
10 United Kingdom	67.4	70.1	72.1	70.8	67.8	65.4	65.1	60.5r	57.4	59.8	64.4
11 Canada	8.4	10.9	10.4	10.8	8.9	8.3	8.6	8.9	8.1	7.8	9.0
12 Japan	26.5	30.2	30.2	28.5	29.0	29.9	29.7r	29.3r	27.9	27.2	24.8
13 Other developed countries	21.6	28.4	33.7	34.5	34.3	36.1	35.7	37.1	36.3	33.8	33.0
14 Austria	1.9	1.9	1.9	2.1	1.9	1.9	2.0	1.9r	1.8	1.6	1.6
15 Denmark	2.3	2.3	2.4	3.4	3.3	3.4	3.4	3.1	2.9	2.2	2.1
16 Finland	1.4	1.7	2.2	2.1	1.8	2.4	2.1	2.3	1.9	1.9	1.8
17 Greece	2.8	2.8	3.0	2.9	2.9	2.8	3.0	3.3	3.2	2.9	2.9
18 Norway	2.6	3.1	3.3	3.4	3.2	3.3	3.2	3.2	3.2	3.0	2.9
19 Portugal	.6	1.1	1.5	1.4	1.4	1.5	1.4	1.7	1.6	1.4	1.4
20 Spain	4.4	6.6	7.5	7.2	7.1	7.1	7.1	7.3	6.9	6.5	6.4
21 Turkey	1.5	1.4	1.4	1.4	1.5	1.7	1.9	2.0	2.0	1.9	1.9
22 Other Western Europe	1.7	2.1	2.3	2.0	2.1	1.8	1.8	1.9	1.7	1.7	1.7
23 South Africa	1.1	2.8	3.7	3.9	4.7	4.7	4.8	4.7	5.0	4.5	4.2
24 Australia	1.3	2.5	4.4	4.5	4.4	5.5	5.2	5.7	6.2	6.1	6.2
25 OPEC countries[2]	22.7	24.8	27.4	28.3	27.2	28.9	28.6	26.7	25.0	25.6	25.3
26 Ecuador	2.1	2.2	2.2	2.2	2.1	2.2	2.1	2.1	2.1	2.2	2.2
27 Venezuela	9.1	9.9	10.5	10.4	9.8	9.9	9.7	9.5	9.2	9.3	9.2
28 Indonesia	1.8	2.6	3.2	3.2	3.4	3.8	4.0	4.0	3.8	3.7	3.6
29 Middle East countries	6.9	7.5	8.7	9.5	9.1	10.0	9.8	8.4	7.4	8.2	7.8
30 African countries	2.8	2.5	2.8	3.0	2.8	3.0	3.0	2.7	2.5	2.3	2.4
31 Non-OPEC developing countries	77.4	96.3	107.1	108.8	109.8	111.6	112.2r	112.8r	111.9	112.2	111.3
Latin America											
32 Argentina	7.9	9.4	8.9	9.4	9.5	9.5	9.5	9.2	9.1	8.7	8.6
33 Brazil	16.2	19.1	22.9	22.7	23.1	23.1	25.1	25.4	26.3	26.3	26.4
34 Chile	3.7	5.8	6.3	5.8	6.3	6.4	6.5	6.7	7.1	7.0	7.0
35 Colombia	2.6	2.6	3.1	3.2	3.2	3.2	3.1	3.0	2.9	2.9	2.8
36 Mexico	15.9	21.6	24.5	25.3	25.9	26.1	25.6	26.0	26.1	25.8	25.7
37 Peru	1.8	2.0	2.6	2.6	2.4	2.4	2.3	2.3	2.2	2.2	2.2
38 Other Latin America	3.9	4.1	4.0	4.3	4.2	4.2	4.4	4.1	3.9	3.9	3.8
Asia											
China											
39 Mainland	.2	.2	.2	.2	.2	.3	.3	.6	.5	.7	.7
40 Taiwan	4.2	5.1	5.3	5.1	5.2	5.3	4.9	5.3	5.2	5.1	5.3
41 India	.3	.3	.6	.7	.8	1.0	1.0	1.0	1.1	1.0	1.0
42 Israel	1.5	2.1	2.3	2.3	1.7	1.9	1.6	1.9	1.7	1.8	1.7
43 Korea (South)	7.1	9.4	10.9	10.9	10.9	11.3	11.1	11.2	10.3	10.7	10.5
44 Malaysia	1.1	1.7	2.1	2.6	2.8	2.9	2.8	2.7	3.0	2.8	2.8
45 Philippines	5.1	6.0	6.3	6.4	6.2	6.2	6.7	6.3	5.9	6.0	6.1
46 Thailand	1.6	1.5	1.6	1.8	1.8	2.2	2.1	1.9	1.8	1.8	1.7
47 Other Asia	.6	1.0	1.1	1.2	1.0	1.0	.9	1.1	1.0	1.1	1.1
Africa											
48 Egypt	.8	1.1	1.2	1.3	1.4	1.5	1.4	1.4	1.2	1.2	1.1
49 Morocco	.7	.7	.7	.8	.8	.8	.8	.8	.8	.8	.8
50 Zaire	.2	.2	.1	.1	.1	.1	.1	.1	.1	.1	.1
51 Other Africa[3]	2.1	2.3	2.4	2.2	2.4	2.3	2.2	1.9	1.9	2.1	2.1
52 Eastern Europe	7.4	7.8	6.2	5.8	5.3	5.3	4.9	4.9	4.5	4.4	4.5
53 U.S.S.R.	.4	.6	.3	.4	.2	.2	.2	.2	.2	.1	.4
54 Yugoslavia	2.3	2.5	2.2	2.3	2.3	2.4	2.3	2.3	2.3	2.3	2.2
55 Other	4.6	4.7	3.7	3.0	2.8	2.8	2.5	2.4	2.1	2.0	1.9
56 Offshore banking centers	47.0	63.7	66.8	69.3	68.7	70.5	71.4r	74.1r	66.9r	66.8	66.3
57 Bahamas	13.7	19.0	19.0	20.7	21.6	21.8	24.6	27.5r	23.7	21.5	21.5
58 Bermuda	.6	.7	.9	.8	.8	.9	.7	.7	1.0	.9	.7
59 Cayman Islands and other British West Indies	10.6	12.4	12.9	12.7	10.5	12.2	12.0r	12.2r	11.1r	11.7	12.6
60 Netherlands Antilles	2.1	3.2	3.3	2.6	4.1	4.2	3.3	3.3	3.1	3.4	3.3
61 Panama[4]	5.4	7.7	7.6	6.6	5.7	6.0	6.3	6.6	5.7	6.8	5.7
62 Lebanon	.2	.2	.1	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong	8.1	11.8	13.9	14.5	15.2	15.0	14.4	13.5	12.7	12.5	12.4
64 Singapore	5.9	8.7	9.2	11.2	10.5	10.3	10.0	10.2	9.5	9.8	10.0
65 Others[5]	.3	.1	.0	.0	.1	.0	.0	.0	.0	.0	.0
66 Miscellaneous and unallocated[6]	14.0	18.8	17.9	16.2	16.9	17.0	16.3	17.3	17.3	17.3	16.9

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			
					Dec.	Mar.	June	Sept.	Dec.^{p}
1	**Total**	**29,434**	**28,618**	**27,512**	**25,197**	**29,481**	**34,013**	**30,738**	**28,788**
2	Payable in dollars	25,689	24,909	24,280	22,176	26,243	30,815	27,934	25,915
3	Payable in foreign currencies	3,745	3,709	3,232	3,020	3,237	3,198	2,804	2,873
	By type								
4	Financial liabilities	11,330	12,157	11,066	10,423	14,177	18,339	15,879	13,932
5	Payable in dollars	8,528	9,499	8,858	8,644	12,159	16,297	14,082	12,064
6	Payable in foreign currencies	2,802	2,658	2,208	1,779	2,018	2,043	1,797	1,868
7	Commercial liabilities	18,104	16,461	16,446	14,774	15,304	15,674	14,859	14,857
8	Trade payables	12,201	10,818	9,438	7,765	7,893	7,897	6,900	6,990
9	Advance receipts and other liabilities	5,903	5,643	7,008	7,009	7,411	7,776	7,959	7,867
10	Payable in dollars	17,161	15,409	15,423	13,533	14,085	14,518	13,852	13,851
11	Payable in foreign currencies	943	1,052	1,023	1,241	1,219	1,155	1,007	1,006
	By area or country								
	Financial liabilities								
12	Europe	6,481	6,825	6,501	5,691	7,087	7,230	6,679	6,798
13	Belgium-Luxembourg	479	471	505	302	428	359	428	471
14	France	327	709	783	843	956	900	910	995
15	Germany	582	491	467	492	514	561	521	489
16	Netherlands	681	748	711	581	527	583	595	578
17	Switzerland	354	715	792	486	641	563	514	569
18	United Kingdom	3,923	3,565	3,102	2,839	3,790	4,013	3,463	3,389
19	Canada	964	963	746	764	795	735	825	863
20	Latin America and Caribbean	3,136	3,356	2,751	2,607	4,912	8,888	6,780	4,556
21	Bahamas	964	1,279	904	751	1,419	3,603	2,606	1,423
22	Bermuda	1	7	14	13	51	13	11	13
23	Brazil	23	22	28	32	37	25	33	35
24	British West Indies	1,452	1,241	1,027	1,018	2,635	4,457	3,250	2,059
25	Mexico	99	102	121	213	243	237	260	369
26	Venezuela	81	98	114	124	121	124	130	137
27	Asia	723	976	1,039	1,332	1,355	1,462	1,566	1,682
28	Japan	644	792	715	898	947	1,013	1,085	1,121
29	Middle East oil-exporting countries[2]	38	75	169	170	170	180	144	147
30	Africa	11	14	17	19	19	16	16	14
31	Oil-exporting countries[3]	1	0	0	0	0	0	1	0
32	All other[4]	15	24	12	10	9	9	14	19
	Commercial liabilities								
33	Europe	4,402	3,770	3,831	3,245	3,567	3,409	3,961	3,987
34	Belgium-Luxembourg	90	71	52	62	40	45	34	48
35	France	582	573	598	437	488	525	430	438
36	Germany	679	545	468	427	417	501	558	619
37	Netherlands	219	220	346	268	259	265	239	245
38	Switzerland	499	424	367	241	477	246	405	257
39	United Kingdom	1,209	880	1,027	732	847	794	1,133	1,082
40	Canada	888	897	1,495	1,841	1,776	1,840	1,906	1,975
41	Latin America and Caribbean	1,300	1,044	1,570	1,473	1,807	1,705	1,758	1,871
42	Bahamas	8	2	16	1	14	17	1	7
43	Bermuda	75	67	117	67	158	124	110	114
44	Brazil	111	67	60	44	68	31	68	124
45	British West Indies	35	2	32	6	33	5	8	32
46	Mexico	367	340	436	585	682	568	641	586
47	Venezuela	319	276	642	432	560	630	628	636
48	Asia	10,242	9,384	8,144	6,741	6,620	6,989	5,569	5,307
49	Japan	802	1,094	1,226	1,247	1,291	1,235	1,429	1,256
50	Middle East oil-exporting countries[2,5]	8,098	7,008	5,503	4,178	3,735	4,190	2,364	2,372
51	Africa	817	703	753	553	539	684	597	588
52	Oil-exporting countries[3]	517	344	277	167	243	217	251	233
53	All other[4]	456	664	651	921	995	1,046	1,068	1,128

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	1984			
					Dec.	Mar.	June	Sept.	Dec.p
1	**Total**	**34,482**	**36,185**	**28,725**	**34,932**	**33,645**	**31,740**	**30,183**	**28,673**
2	Payable in dollars	31,528	32,582	26,085	31,842	30,755	28,770	27,391	26,068
3	Payable in foreign currencies	2,955	3,603	2,640	3,090	2,890	2,970	2,792	2,605
	By type								
4	Financial claims	19,763	21,142	17,684	23,801	22,781	21,292	19,794	18,108
5	Deposits	14,166	15,081	13,058	18,356	17,486	16,124	15,014	13,475
6	Payable in dollars	13,381	14,456	12,628	17,859	17,057	15,614	14,574	13,056
7	Payable in foreign currencies	785	625	430	497	429	510	439	420
8	Other financial claims	5,597	6,061	4,626	5,445	5,296	5,168	4,781	4,632
9	Payable in dollars	3,914	3,599	2,979	3,489	3,506	3,407	3,088	3,182
10	Payable in foreign currencies	1,683	2,462	1,647	1,956	1,790	1,761	1,693	1,450
11	Commercial claims	14,720	15,043	11,041	11,131	10,864	10,448	10,389	10,565
12	Trade receivables	13,960	14,007	9,994	9,721	9,540	9,105	8,885	9,084
13	Advance payments and other claims	759	1,036	1,047	1,410	1,323	1,343	1,503	1,481
14	Payable in dollars	14,233	14,527	10,478	10,494	10,193	9,749	9,729	9,830
15	Payable in foreign currencies	487	516	563	637	671	699	659	735
	By area or country								
	Financial claims								
16	Europe	6,069	4,596	4,873	6,434	6,252	6,364	5,569	5,365
17	Belgium-Luxembourg	145	43	15	37	30	37	15	15
18	France	298	285	134	150	171	151	146	114
19	Germany	230	224	178	159	148	161	187	220
20	Netherlands	51	50	97	71	57	158	62	66
21	Switzerland	54	117	107	38	90	61	64	66
22	United Kingdom	4,987	3,546	4,064	5,767	5,548	5,543	4,863	4,486
23	Canada	5,036	6,755	4,377	6,166	5,665	5,180	4,419	3,964
24	Latin America and Caribbean	7,811	8,812	7,546	10,144	9,823	8,469	8,633	7,512
25	Bahamas	3,477	3,650	3,279	4,745	3,927	3,213	3,255	2,951
26	Bermuda	135	18	32	96	3	5	5	6
27	Brazil	96	30	62	53	87	83	84	100
28	British West Indies	2,755	3,971	3,255	4,163	4,903	4,348	4,423	3,703
29	Mexico	208	313	274	291	279	230	232	215
30	Venezuela	137	148	139	134	130	124	128	125
31	Asia	607	758	698	764	753	963	900	944
32	Japan	189	366	153	297	309	307	371	353
33	Middle East oil-exporting countries[2]	20	37	15	4	7	8	7	37
34	Africa	208	173	158	147	144	158	160	210
35	Oil-exporting countries[3]	26	46	48	55	42	35	37	85
36	All other[4]	32	48	31	145	145	158	113	114
	Commercial claims								
37	Europe	5,544	5,405	3,826	3,670	3,610	3,555	3,570	3,805
38	Belgium-Luxembourg	233	234	151	135	173	142	128	138
39	France	1,129	776	474	459	413	408	411	439
40	Germany	599	561	357	348	363	443	370	374
41	Netherlands	318	299	350	334	310	306	303	340
42	Switzerland	354	431	360	317	336	250	289	271
43	United Kingdom	929	985	811	809	787	812	891	1,061
44	Canada	914	967	633	829	1,061	933	1,026	1,020
45	Latin America and Caribbean	3,766	3,479	2,526	2,695	2,419	2,042	1,976	1,972
46	Bahamas	21	12	21	8	8	4	14	8
47	Bermuda	108	223	261	190	216	89	88	115
48	Brazil	861	668	258	493	357	310	219	214
49	British West Indies	34	12	12	7	7	8	10	7
50	Mexico	1,102	1,022	775	884	745	577	595	583
51	Venezuela	410	424	351	272	268	241	245	206
52	Asia	3,522	3,959	3,050	3,063	2,997	3,085	2,884	3,070
53	Japan	1,052	1,245	1,047	1,114	1,186	1,178	1,080	1,180
54	Middle East oil-exporting countries[2]	825	905	751	737	701	710	703	687
55	Africa	653	772	588	588	497	536	595	470
56	Oil-exporting countries[3]	153	152	140	139	132	128	135	134
57	All other[4]	321	461	417	286	280	297	338	228

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	1983	1984	1985 Jan.–Apr.	1984 Oct.	1984 Nov.	1984 Dec.	1985 Jan.	1985 Feb.	1985 Mar.	1985 Apr.p
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	69,770	60,462	23,539	4,657	4,838	4,487	5,005	7,125r	6,303	5,106
2 Foreign sales	64,360	63,388	24,700	5,398	4,746	5,049	5,701	7,180r	6,748	5,071
3 **Net purchases, or sales (−)**	**5,410**	**−2,926**	**−1,161**	**−741**	**92**	**−562**	**−696**	**−56r**	**−445**	**36**
4 **Foreign countries**	**5,312**	**−3,041**	**−1,139**	**−752**	**81**	**−461**	**−713**	**−51r**	**−402**	**28**
5 Europe	3,979	−2,986	−1,517	−529	−90	−359	−558	−215r	−582	−161
6 France	−97	−405	−50	−37	−46	−54	−19	−41	−13	24
7 Germany	1,045	−50	−334	−10	11	−105	−134	−109	−113	23
8 Netherlands	−109	−315	−266	−47	−15	−29	−44	−108r	−129	16
9 Switzerland	1,325	−1,490	−462	−130	−34	−249	−159	−133	−122	−48
10 United Kingdom	1,799	−658	−434	−251	17	91	−178	129r	−195	−191
11 Canada	1,151	1,673	246	150	47	134	46	168r	−2	33
12 Latin America and Caribbean	529	493	510	−89	30	67	103	158r	80	169
13 Middle East[1]	−808	−1,998	−133	−270	−12	−196	−52	−101	116	−96
14 Other Asia	395	−372	−313	−92	74	−91	−264	−99	−41	91
15 Africa	42	−23	−24	−8	−8	−6	−7	−2	−13	−1
16 Other countries	24	171	92	87	39	−11	19	40	39	−6
17 **Nonmonetary international and regional organizations**	**98**	**115**	**−22**	**11**	**11**	**−101**	**17**	**−5**	**−43**	**8**
BONDS[2]										
18 Foreign purchases	24,000	39,341	24,202	6,994	4,902	6,403	5,937	8,219r	5,484	4,562
19 Foreign sales	23,097	26,071	12,423	3,060	2,556	2,900	3,106	3,649	2,598	3,070
20 **Net purchases, or sales (−)**	**903**	**13,269**	**11,779**	**3,934**	**2,346**	**3,503**	**2,831**	**4,570**	**2,886**	**1,492**
21 **Foreign countries**	**888**	**12,972**	**11,728**	**3,954**	**2,133**	**3,527**	**2,835**	**4,489**	**2,936**	**1,468**
22 Europe	909	11,792	11,363	3,956	1,954	3,338	2,635	4,143r	2,952	1,634
23 France	−89	207	47	143	−11	24	55	−17	−10	18
24 Germany	344	1,731	−25	606	139	184	67	−153	−112	174
25 Netherlands	51	93	52	22	−1	15	9	44	8	−9
26 Switzerland	583	644	875	253	159	276	12	315	483	65
27 United Kingdom	434	8,520	10,303	2,860	1,603	2,776	2,441	4,018	2,550	1,294
28 Canada	123	−71	43	−3	13	14	59	−11	−5	0
29 Latin America and Caribbean	100	390	126	42	44	78	90	50	69	−83
30 Middle East[1]	−1,161	−1,011	−841	−232	−45	−179	−123	−84	−127	−507
31 Other Asia	865	1,862	1,008	192	169	276	140	337	89	442
32 Africa	0	1	0	0	−2	1	0	0	0	0
33 Other countries	52	10	29	0	2	0	35	54	−41	−19
34 **Nonmonetary international and regional organizations**	**15**	**297**	**51**	**−20**	**213**	**−24**	**−4**	**81**	**−50**	**25**
	Foreign securities									
35 Stocks, net purchases, or sales (−)	−3,765	−1,077	−1,988	−318	−177	−221	−781	−652	−456	−100
36 Foreign purchases	13,281	14,591	5,520	1,333	1,147	1,169	1,149	1,562	1,372	1,437
37 Foreign sales	17,046	15,668	7,508	1,651	1,324	1,390	1,930	2,215	1,827	1,536
38 Bonds, net purchases, or sales (−)	−3,239	−3,931	−1,272	−1,195	−578	−1,159	168	198	−948	−689
39 Foreign purchases	36,333	57,338	21,996	4,527	6,601	5,134	5,396	5,294	5,652	5,654
40 Foreign sales	39,572	61,270	23,268	5,722	7,179	6,293	5,228	5,096	6,600	6,343
41 **Net purchases, or sales (−), of stocks and bonds**	**−7,004**	**−5,008**	**−3,260**	**−1,513**	**−755**	**−1,379**	**−613**	**−454**	**−1,404**	**−789**
42 **Foreign countries**	**−6,559**	**−4,619**	**−3,408**	**−1,477**	**−908**	**−671**	**−742**	**−754**	**−1,214**	**−698**
43 Europe	−5,492	−8,532	−2,848	−1,582	−707	−1,086	−732	−91	−1,205	−819
44 Canada	−1,328	413	−389	−68	−23	254	75	−422	−68	25
45 Latin America and Caribbean	1,120	2,472	290	217	207	104	194	−47	7	137
46 Asia	−855	1,345	−563	−30	88	−115	−394	−255	99	−13
47 Africa	141	−107	−38	−19	−16	3	−4	−3	−26	−5
48 Other countries	−144	−210	140	6	−457	169	120	64	−21	−22
49 **Nonmonetary international and regional organizations**	**−445**	**−389**	**148**	**−36**	**153**	**−709**	**129**	**300**	**−190**	**−91**

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 Transactions

Millions of dollars

Country or area	1983	1984	1985 Jan.–Apr.	1984 Oct.	1984 Nov.	1984 Dec.	1985 Jan.	1985 Feb.	1985 Mar.	1985 Apr.[p]
	Transactions, net purchases or sales (–) during period[1]									
1 **Estimated total**[2]	**3,693**	**21,412**	**4,662**	**2,931**	**2,197**	**7,508**	**2,312**	**2,319**	**–4,401**	**–4,433**
2 Foreign countries[2]	3,162	16,432	3,562	1,092	2,293	5,066	3,797	2,163	–4,756	2,358
3 Europe[2]	6,226	11,070	834	795	776	1,300	532	–81	–1,435	1,818
4 Belgium-Luxembourg	–431	289	202	27	41	46	104	18	0	80
5 Germany[2]	2,450	2,958	–1,488	–39	36	336	–120	–129	–1,538	299
6 Netherlands	375	454	–268	458	–7	16	–71	11	–201	–7
7 Sweden	170	46	171	–1	1	–88	150	–10	1	30
8 Switzerland[2]	–421	635	819	–172	–288	26	–35	358	313	183
9 United Kingdom	1,966	5,223	558	742	244	716	419	–342	293	188
10 Other Western Europe	2,118	1,465	840	–219	748	248	86	12	–303	1,045
11 Eastern Europe	0	0	0	0	0	0	0	0	0	0
12 Canada	699	1,526	49	237	193	249	–92	–231	38	334
13 Latin America and Caribbean	–212	1,413	1,267	320	965	380	149	735	–82	465
14 Venezuela	–124	14	6	1	7	–10	5	–11	2	10
15 Other Latin America and Caribbean	60	528	311	61	57	213	–2	71	65	177
16 Netherlands Antilles	–149	871	950	258	902	177	146	674	–149	278
17 Asia	–3,535	2,377	1,308	–302	369	3,218	3,093	1,726	–3,289	–222
18 Japan	2,315	6,062	3,031	851	1,287	1,585	578	559	177	1,717
19 Africa	3	–67	17	–1	–5	2	2	1	1	13
20 All other	–17	114	87	43	–5	–83	113	14	11	–50
21 Nonmonetary international and regional organizations	535	4,982	1,098	1,839	–96	2,442	–1,485	154	355	2,074
22 International	218	4,612	960	1,651	–188	2,361	–1,675	504	338	1,792
23 Latin American regional	0	0	–1	0	0	0	0	1	0	–3
MEMO										
24 Foreign countries[2]	3,162	16,432	3,562	1,092	2,293	5,066	3,797	2,163	–4,756	2,358
25 Official institutions	779	481	–1,916	–852	–602	1,919	2,527	1,324	–5,278	–489
26 Other foreign[2]	2,382	15,951	5,479	1,944	2,895	3,147	1,270	840	521	2,848
Oil-exporting countries										
27 Middle East[3]	–5,419	–6,277	–618	–983	–1,284	–200	27	–372	554	–827
28 Africa[4]	–1	–101	0	0	0	0	0	0	0	0

1. Estimated official and private transactions in marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.
2. 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 May 31, 1985		Country	Rate on May 31, 1985		Country	Rate on May 31, 1985	
	Per-cent	Month effective		Per-cent	Month effective		Per-cent	Month effective
Austria	4.5	June 1984	France[1]	10.13	May 1985	Norway	8.0	June 1983
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	Jan. 1985	United Kingdom[2]	....	....
Canada	9.57	May 1985	Japan	5.0	Oct. 1983	Venezuela	11.0	May 1983
Denmark	7.0	Oct. 1983	Netherlands	5.5	Feb. 1985			

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	1982	1983	1984	1984		1985				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
1 Eurodollars	12.24	9.57	10.75	9.50	8.90	8.37	9.05	9.32	8.74	8.13
2 United Kingdom	12.21	10.06	9.91	9.87	9.74	11.63	13.69	13.52	12.70	12.61
3 Canada	14.38	9.48	11.29	11.09	10.41	9.70	10.63	11.42	10.15	9.77
4 Germany	8.81	5.73	5.96	5.92	5.81	5.84	6.13	6.36	5.99	5.87
5 Switzerland	5.04	4.11	4.35	5.03	4.96	5.13	5.66	5.77	5.35	5.15
6 Netherlands	8.26	5.58	6.08	5.87	5.77	5.87	6.90	7.14	6.82	6.90
7 France	14.61	12.44	11.66	10.54	10.66	10.43	10.60	10.71	10.49	10.15
8 Italy	19.99	18.95	17.08	17.13	16.86	15.82	15.79	15.82	15.15	14.91
9 Belgium	14.10	10.51	11.41	10.81	10.75	10.75	10.75	10.75	10.09	9.35
10 Japan	6.84	6.49	6.32	6.32	6.33	6.27	6.29	6.30	6.26	6.26

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	1982	1983	1984	1984	1985				
				Dec.	Jan.	Feb.	Mar.	Apr.	May
1 Australia/dollar[1]	101.65	90.14	87.937	84.00	81.51	73.74	69.70	65.84	67.68
2 Austria/schilling	17.060	17.968	20.005	21.802	22.267	23.190	23.247	21.717	21.868
3 Belgium/franc	45.780	51.121	57.749	62.380	63.455	66.310	66.308	62.283	62.572
4 Brazil/cruzeiro	179.22	573.27	1841.50	3008.55	3346.67	3768.17	4158.19	4511.58	5239.00
5 Canada/dollar	1.2344	1.2325	1.2953	1.3201	1.3240	1.3547	1.3840	1.3658	1.3756
6 China, P.R./yuan	1.8978	1.9809	2.3308	2.7953	2.8160	2.8347	2.8533	2.8480	2.8556
7 Denmark/krone	8.3443	9.1483	10.354	11.126	11.330	11.807	11.797	11.114	11.2244
8 Finland/markka	4.8086	5.5636	6.0007	6.4563	6.6368	6.8616	6.8464	6.4652	6.4641
9 France/franc	6.5793	7.6203	8.7355	9.5083	9.7036	10.093	10.078	9.4427	9.4829
10 Germany/deutsche mark	2.428	2.5539	2.8454	3.1044	3.1706	3.3025	3.2982	3.0946	3.1093
11 Greece/drachma	66.872	87.895	112.73	127.26	129.38	134.73	140.62	134.86	137.239
12 Hong Kong/dollar	6.0697	7.2569	7.8188	7.8287	7.8110	7.8017	7.8009	7.7902	7.7766
13 India/rupee	9.4846	10.1040	11.348	12.293	12.612	12.922	12.861	12.400	12.5004
14 Ireland/pound[1]	142.05	124.81	108.64	100.37	98.23	94.23	94.58	101.17	100.71
15 Israel/shekel	24.407	55.865	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
16 Italy/lira	1354.00	1519.30	1756.10	1912.52	1948.76	2042.00	2078.50	1975.89	1984.45
17 Japan/yen	249.06	237.55	237.45	247.96	254.18	260.48	257.92	251.84	251.73
18 Malaysia/ringgit	2.3395	2.3204	2.3448	2.4164	2.4804	2.5513	2.5734	2.4922	2.4759
19 Mexico/peso	72.990	155.01	192.31	219.56	227.56	236.06	246.15	246.57	254.8182
20 Netherlands/guilder	2.6719	2.8543	3.2083	3.5035	3.5819	3.7387	3.7290	3.4981	3.5097
21 New Zealand/dollar[1]	75.101	66.790	57.837	48.260	47.040	45.223	45.276	45.520	45.197
22 Norway/krone	6.4567	7.3012	8.1596	8.9805	9.1765	9.4695	9.4608	8.9314	8.9442
23 Philippines/peso	8.5324	11.0940	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
24 Portugal/escudo	80.101	111.610	147.70	167.31	172.56	183.24	183.98	174.56	177.545
25 Singapore/dollar	2.1406	2.1136	2.1325	2.1732	2.2011	2.2557	2.2582	2.2199	2.2228
26 South Africa/rand[1]	92.297	89.85	69.534	52.66	46.34	50.57	50.33	51.50	50.18
27 South Korea/won	731.93	776.04	807.91	825.73	832.16	839.16	850.71	861.21	792.56
28 Spain/peseta	110.09	143.500	160.78	171.98	175.13	182.35	183.13	172.85	175.397
29 Sri Lanka/rupee	20.756	23.510	25.428	26.213	26.392	26.605	26.836	27.113	27.404
30 Sweden/krona	6.2838	7.6717	8.2706	8.8614	9.0716	9.3364	9.4135	8.9946	8.9895
31 Switzerland/franc	2.0327	2.1006	2.3500	2.5602	2.6590	2.8045	2.8033	2.5948	2.6150
32 Taiwan/dollar	n.a.	n.a.	39.633	39.509	39.209	39.228	39.542	39.728	39.906
33 Thailand/baht	23.014	22.991	23.582	27.091	27.330	27.961	28.097	27.466	27.554
34 United Kingdom/pound[1]	174.80	151.59	133.66	118.61	112.71	109.31	112.53	123.77	124.83
35 Venezuela/bolivar	4.2981	10.6840	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
MEMO									
36 United States/dollar[2]	116.57	125.34	138.19	149.24	152.83	158.43	158.14	149.56	149.92

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
IPCs	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.

STATISTICAL RELEASES

List Published Semiannually, with Latest Bulletin Reference

SPECIAL TABLES

Published Irregularly, with Latest Bulletin Reference

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 6–10, 1985[1]

A. Commercial and Industrial Loans

Characteristics	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity[2]	Loan rate (percent)			Loans made under commitment (percent)	Participation loans (percent)
			Days	Weighted average effective[3]	Standard error[4]	Interquartile range[5]		
ALL BANKS								
1 Overnight[6]	17,044,661	3,695	*	8.95	.53	8.60–9.14	63.7	9.3
2 One month and under	7,421,894	412	16	9.68	.36	8.88–9.89	76.4	11.4
3 Fixed rate	5,705,205	437	16	9.57	.48	8.88–9.79	73.0	11.8
4 Floating rate	1,716,689	346	15	10.07	.25	8.98–11.06	87.7	9.8
5 Over one month and under a year	9,302,512	66	146	11.26	.44	9.52–12.62	64.2	8.3
6 Fixed rate	4,532,255	45	102	11.04	.49	9.35–12.49	52.6	8.6
7 Floating rate	4,770,257	117	188	11.48	.43	10.92–12.62	75.2	8.0
8 Demand[7]	4,368,947	152	*	11.09	.25	9.76–12.13	70.3	9.7
9 Fixed rate	837,252	211	*	9.60	.69	8.84–11.07	77.7	1.6
10 Floating rate	3,531,695	142	*	11.44	.10	11.02–12.19	68.6	11.7
11 **Total short term**	**38,138,014**	**198**	**44**	**9.90**	**.34**	**8.74–11.02**	**67.0**	**9.5**
12 Fixed rate (thousands of dollars)	27,924,391	230	21	9.43	.38	8.60–9.52	63.9	9.0
13 1–24	660,021	7	106	14.12	.28	13.31–15.03	24.0	1.0
14 25–49	312,283	33	119	13.38	.22	12.68–14.48	13.2	.1
15 50–99	319,243	72	120	13.27	.33	12.37–14.03	10.6	.2
16 100–499	678,332	166	65	12.83	.62	11.49–14.54	26.9	2.5
17 500–999	314,672	674	48	10.39	.25	9.26–11.07	57.6	4.8
18 1000 and over	25,639,840	7,695	15	9.11	.18	8.60–9.34	67.3	9.7
19 Floating rate (thousands of dollars)	10,213,623	144	138	11.19	.30	9.62–12.14	75.5	10.9
20 1–24	347,875	9	154	13.12	.34	12.13–14.37	54.3	1.2
21 25–49	378,884	33	142	12.73	.07	12.13–13.25	60.1	2.4
22 50–99	637,308	66	174	12.70	.26	12.00–13.80	59.3	2.4
23 100–499	1,838,317	182	186	12.22	.22	11.30–12.89	64.4	7.1
24 500–999	729,940	670	148	11.54	.11	11.02–12.13	69.0	7.0
25 1000 and over	6,281,299	3,898	119	10.49	.31	9.20–11.57	83.2	14.3
			Months					
26 **Total long term**	**4,775,340**	**134**	**55**	**11.03**	**.56**	**9.37–12.01**	**76.9**	**7.0**
27 Fixed rate (thousands of dollars)	1,718,901	79	53	11.26	1.17	9.22–11.73	75.0	5.2
28 1–99	323,533	15	41	16.01	1.27	14.37–15.17	3.6	.4
29 100–499	51,108	228	48	12.83	.95	11.30–13.88	52.7	8.1
30 500–999	39,249	637	57	11.77	.70	10.92–13.24	52.3	16.4
31 1000 and over	1,305,011	7,536	56	10.00	.69	9.18–11.20	94.2	5.9
32 Floating rate (thousands of dollars)	3,056,438	220	56	10.90	.47	9.54–12.13	78.0	8.0
33 1–99	248,881	22	45	13.13	.32	12.13–14.93	36.1	2.8
34 100–499	372,075	180	51	12.19	.14	11.57–12.75	52.3	6.7
35 500–999	140,768	638	43	11.51	.34	10.92–12.28	81.0	5.9
36 1000 and over	2,294,715	5,887	58	10.42	.48	9.42–11.30	86.5	8.8
			Days	Loan rate (percent)		Prime rate[9]		
				Effective[3]	Nominal[8]			
LOANS MADE BELOW PRIME[10]								
37 Overnight[6]	16,675,173	10,463	*	8.89	8.52	10.50	63.6	9.5
38 One month and under	6,426,340	3,935	15	9.26	8.87	10.50	80.1	12.2
39 Over one month and under a year	3,897,293	448	113	9.52	9.17	10.62	75.6	9.1
40 Demand[7]	1,265,545	465	*	9.13	8.78	10.69	76.1	8.3
41 **Total short term**	**28,264,351**	**1,929**	**21**	**9.07**	**8.70**	**10.53**	**69.6**	**10.0**
42 Fixed rate	25,093,778	2,209	15	9.05	8.67	10.52	66.9	9.6
43 Floating rate	3,170,573	964	76	9.29	8.91	10.61	90.4	13.3
			Months					
44 **Total long term**	**2,264,102**	**917**	**53**	**9.49**	**9.19**	**10.56**	**89.8**	**9.4**
45 Fixed rate	937,474	434	41	9.46	9.30	10.62	90.7	6.2
46 Floating rate	1,326,628	4,309	61	9.50	9.11	10.51	89.2	11.6

For notes see end of table.

4.23 Continued

A. Continued

Characteristics	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity[2] Days	Loan rate (percent) Weighted average effective[3]	Loan rate (percent) Standard error[4]	Loan rate (percent) Inter-quartile range[5]	Loans made under commitment (percent)	Partici-pation loans (percent)
48 LARGE BANKS								
1 Overnight[6]	14,923,108	10,900	*	8.92	.01	8.60–9.14	64.3	10.6
2 One month and under	5,793,764	2,337	15	9.43	.03	8.88–9.72	81.7	12.0
3 Fixed rate	4,503,939	3,961	15	9.36	.04	8.88–9.68	78.2	13.1
4 Floating rate	1,289,825	961	12	9.69	.02	8.92–10.14	94.1	8.4
5 Over one month and under a year	4,772,551	440	134	10.47	.15	9.35–11.35	79.6	8.2
6 Fixed rate	2,510,117	1,129	98	9.90	.03	9.30–10.89	70.4	10.9
7 Floating rate	2,262,434	262	175	11.09	.17	10.20–12.13	89.8	5.1
8 Demand[7]	1,665,659	302	*	10.91	.21	9.21–11.85	85.3	3.2
9 Fixed rate	438,751	522	*	9.55	.18	8.97–9.65	93.5	1.3
10 Floating rate	1,226,908	262	*	11.39	.05	11.02–12.13	82.4	3.8
11 Total short term	**27,155,082**	**1,343**	**29**	**9.42**	**.02**	**8.65–9.69**	**72.0**	**10.0**
12 Fixed rate (thousands of dollars)	22,181,208	4,004	15	9.13	.03	8.60–9.35	68.1	10.4
13 1–24	15,450	9	107	13.19	.13	12.02–14.28	58.2	.0
14 25–49	13,741	34	106	12.63	.18	11.63–13.39	61.1	1.0
15 50–99	20,357	65	77	12.31	.01	11.63–12.82	71.8	.0
16 100–499	105,300	216	65	11.05	.08	9.51–12.19	85.8	4.1
17 500–999	145,638	655	45	10.12	.06	9.33–10.63	62.1	6.3
18 1000 and over	21,880,722	8,890	15	9.11	.04	8.60–9.35	68.0	10.4
19 Floating rate (thousands of dollars)	4,973,874	339	110	10.73	.13	9.24–11.85	89.5	8.4
20 1–24	65,351	11	169	12.71	.05	12.11–13.31	80.1	2.2
21 25–49	83,010	34	167	12.45	.03	11.85–13.24	79.4	3.1
22 50–99	141,562	66	167	12.21	.04	11.85–12.68	78.0	3.5
23 100–499	556,694	191	148	11.86	.00	11.02–12.19	78.1	3.3
24 500–999	301,706	653	141	11.49	.08	11.02–12.13	79.3	7.3
25 1000 and over	3,825,550	4,229	100	10.38	.16	9.21–11.46	92.8	9.7
			Months					
26 Total long term	**3,375,443**	**1,145**	**55**	**10.33**	**.04**	**9.25–11.24**	**92.6**	**5.6**
27 Fixed rate (thousands of dollars)	1,277,005	1,813	56	9.99	.21	9.18–11.20	97.1	4.7
28 1–99	8,958	21	48	13.50	.36	12.47–14.37	36.8	10.7
29 100–499	22,180	232	44	11.70	.48	11.07–12.19	77.5	15.2
30 500–999	24,494	642	42	11.10	.43	9.90–12.01	74.0	19.6
31 1000 and over	1,221,373	9,106	57	9.91	.25	9.16–11.20	98.3	4.1
32 Floating rate (thousands of dollars)	2,098,438	936	55	10.54	.16	9.47–11.30	89.9	6.2
33 1–99	44,470	35	36	12.52	.03	11.85–13.24	70.2	4.3
34 100–499	130,684	221	39	11.99	.07	11.30–12.47	81.0	7.9
35 500–999	80,192	615	47	11.46	.27	10.92–12.19	89.9	1.7
36 1000 and over	1,843,092	6,921	57	10.35	.15	9.42–11.15	91.0	6.3
			Days	Loan rate (percent) Effective[3]	Loan rate (percent) Nominal[8]	Prime rate[9]		
LOANS MADE BELOW PRIME[10]								
37 Overnight[6]	14,780,904	11,246	*	8.90	8.53	10.50	64.3	10.7
38 One month and under	5,445,920	5,327	14	9.30	8.90	10.50	82.2	12.7
39 Over one month and under a year	2,657,916	3,264	98	9.48	9.12	10.50	77.6	8.6
40 Demand[7]	507,517	1,987	*	8.99	8.64	10.50	88.6	1.1
41 Total short term	**23,392,257**	**6,867**	**16**	**9.06**	**8.68**	**10.50**	**70.5**	**10.7**
42 Fixed rate	21,408,289	7,609	13	9.05	8.67	10.50	68.1	10.4
43 Floating rate	1,983,968	3,347	45	9.19	8.81	10.50	97.1	13.7
			Months					
44 Total long term	**1,979,451**	**6,574**	**50**	**9.45**	**9.17**	**10.50**	**95.0**	**7.8**
45 Fixed rate	863,487	5,672	41	9.28	9.15	10.50	97.7	5.7
46 Floating rate	1,115,964	7,496	57	9.58	9.18	10.50	92.9	9.4

For notes see end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS SURVEY of Loans Made, May 6–10, 1985[1]—Continued

A. Commercial and Industrial Loans—Continued

Characteristics	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity[2] Days	Loan rate (percent) Weighted average effective[3]	Loan rate (percent) Standard error[4]	Loan rate (percent) Inter-quartile range[5]	Loans made under commitment (percent)	Partici-pation loans (percent)
OTHER BANKS								
1 Overnight[6]	2,121,553	654	*	9.14	.53	8.65–9.03	59.3	.5
2 One month and under	1,628,130	105	21	10.57	.36	8.91–11.62	57.2	9.0
3 Fixed rate	1,201,266	101	20	10.33	.48	8.86–11.07	53.4	7.2
4 Floating rate	426,864	118	22	11.24	.25	9.40–12.17	68.2	14.1
5 Over one month and under a year	4,529,961	35	158	12.10	.41	10.92–13.73	48.0	8.4
6 Fixed rate	2,022,138	21	106	12.45	.49	10.26–14.30	30.5	5.7
7 Floating rate	2,507,823	78	200	11.83	.40	10.92–13.24	62.0	10.6
8 Demand[7]	2,703,288	116	*	11.20	.14	10.92–12.19	61.1	13.8
9 Fixed rate	398,501	128	*	9.65	.67	8.79–11.07	60.3	1.9
10 Floating rate	2,304,787	114	*	11.47	.09	11.02–12.28	61.2	15.9
11 Total short term	**10,982,932**	**64**	**91**	**11.08**	**.34**	**8.97–12.68**	**54.8**	**8.3**
12 Fixed rate (thousands of dollars)	5,743,183	50	45	10.59	.38	8.80–12.55	48.0	3.8
13 1–24	644,571	7	106	14.14	.25	13.38–15.22	23.2	1.0
14 25–49	298,542	33	120	13.41	.13	12.68–14.48	11.0	.1
15 50–99	298,885	72	121	13.33	.33	12.37–14.03	6.4	.2
16 100–499	573,032	159	65	13.16	.61	12.01–14.54	16.1	2.2
17 500–999	169,033	691	51	10.62	.25	9.25–11.52	53.7	3.4
18 1000 and over	3,759,118	4,316	18	9.14	.18	8.71–9.31	63.1	5.2
19 Floating rate (thousands of dollars)	5,239,749	93	174	11.62	.27	11.02–12.68	62.2	13.2
20 1–24	282,524	9	150	13.22	.33	12.13–14.37	48.4	1.0
21 25–49	295,874	33	135	12.81	.07	12.13–13.37	54.7	2.2
22 50–99	495,746	66	176	12.84	.25	12.13–13.80	53.9	2.1
23 100–499	1,281,622	178	202	12.38	.22	11.51–13.24	58.4	8.7
24 500–999	428,234	682	152	11.57	.08	11.02–12.13	61.8	6.7
25 1000 and over	2,455,749	3,473	169	10.66	.26	9.11–11.85	68.3	21.6
			Months					
26 Total long term	**1,399,897**	**43**	**54**	**12.71**	**.56**	**11.07–14.17**	**39.0**	**10.2**
27 Fixed rate (thousands of dollars)	441,896	21	46	14.90	1.15	12.54–14.65	11.1	6.6
28 1–99	314,575	15	41	16.09	1.22	14.37–15.50	2.7	.1
29 100–499	28,928	225	50	13.70	.82	12.13–17.23	33.7	2.7
30 500–999	14,755	629	81	12.87	.54	12.13–14.17	16.4	11.1
31 1000 and over	83,638	2,142	56	11.24	.64	10.45–12.54	34.2	31.6
32 Floating rate (thousands of dollars)	958,000	82	57	11.70	.44	11.02–12.75	51.8	11.8
33 1–99	204,410	21	47	13.26	.32	12.13–14.93	28.6	2.5
34 100–499	241,391	164	57	12.30	.13	11.57–12.75	36.8	6.1
35 500–999	60,576	670	37	11.58	.22	11.02–12.68	69.3	11.6
36 1000 and over	451,623	3,657	65	10.69	.45	9.24–12.13	68.0	19.1
			Days	Loan rate (percent) Effective[3]	Loan rate (percent) Nominal[8]	Prime rate[9]		
LOANS MADE BELOW PRIME[10]								
37 Overnight[6]	1,894,269	6,783	*	8.85	8.48	10.50	58.2	.6
38 One month and under	980,419	1,605	18	9.08	8.71	10.53	68.5	9.6
39 Over one month and under a year	1,239,378	157	144	9.62	9.27	10.86	71.4	10.1
40 Demand[7]	758,029	307	*	9.23	8.87	10.82	67.6	13.2
41 Total short term	**4,872,094**	**433**	**48**	**9.15**	**8.79**	**10.65**	**65.1**	**6.8**
42 Fixed rate	3,685,489	431	26	9.06	8.69	10.60	60.5	5.0
43 Floating rate	1,186,605	440	155	9.45	9.09	10.79	79.3	12.5
			Months					
44 Total long term	**284,651**	**131**	**75**	**9.74**	**9.33**	**10.95**	**53.8**	**20.3**
45 Fixed rate	73,987	37	48	11.56	11.01	12.05	8.3	12.1
46 Floating rate	210,664	1,325	84	9.10	8.75	10.56	69.7	23.2

For notes see end of table.

4.23 Continued

B. Construction and Land Development Loans

Characteristics	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity (months)[2]	Loan rate (percent)			Loans made under commitment (percent)	Participation loans (percent)
				Weighted average effective[3]	Standard error[4]	Interquartile range[5]		
ALL BANKS								
1 **Total**	**2,781,435**	**122**	**9**	**13.02**	**.53**	**11.02–14.74**	**69.7**	**6.8**
2 Fixed rate (thousands of dollars)	1,811,577	129	8	13.51	.88	10.54–14.94	74.6	6.9
3 1–24	87,720	13	7	16.64	.98	12.76–24.75	60.6	.1
4 25–49	73,346	29	8	17.35	.96	13.31–24.74	95.0	.4
5 50–99	111,127	76	5	14.45	*	14.45–14.54	59.8	.0
6 100–499	874,869	264	12	15.08	.38	14.09–16.08	66.1	.5
7 500 and over	664,514	5,764	3	10.44	.57	10.13–10.81	87.7	18.2
8 Floating rate (thousands of dollars)	969,859	110	11	12.11	.24	11.57–12.75	60.7	6.6
9 1–24	63,156	12	8	14.16	.34	13.03–14.93	38.5	.8
10 25–49	56,003	33	10	13.56	.26	12.68–14.75	48.7	4.2
11 50–99	43,550	70	10	12.57	.12	12.13–13.24	78.8	7.7
12 100–499	221,927	221	13	12.29	.08	11.85–12.68	70.9	9.1
13 500 and over	585,222	1,763	11	11.65	.20	10.47–12.68	59.0	6.4
By type of construction								
14 Single family	746,918	54	12	14.66	.65	12.91–14.94	44.6	3.9
15 Multifamily	261,908	475	9	11.85	.28	10.80–12.68	34.0	11.7
16 Nonresidential	1,772,610	209	8	12.50	.52	10.47–14.09	85.6	7.3
48 LARGE BANKS								
1 **Total**	**860,251**	**914**	**6**	**10.58**	**.29**	**10.13–11.85**	**96.9**	**14.4**
2 Fixed rate (thousands of dollars)	581,452	3,389	3	10.26	.44	10.13–10.54	97.4	19.5
3 1–24	562	14	8	13.70	.08	13.24–14.65	93.4	8.8
4 25–49	*	*	*	*	*	*	*	*
5 50–99	*	*	*	*	*	*	*	*
6 100–499	7,377	260	8	11.78	.14	11.55–13.52	92.2	48.2
7 500 and over	572,895	6,506	2	10.24	.43	10.13–10.54	97.5	19.2
8 Floating rate (thousands of dollars)	278,800	362	13	11.24	.13	8.81–12.40	96.0	3.8
9 1–24	2,695	10	8	12.65	.12	12.13–13.24	95.4	.0
10 25–49	3,384	37	11	12.52	.10	12.13–13.24	97.0	20.5
11 50–99	6,223	70	9	12.61	.05	12.13–12.75	90.8	6.3
12 100–499	56,307	243	13	12.34	.06	12.13–12.68	96.2	5.2
13 500 and over	210,190	2,102	13	10.87	.24	8.81–12.13	96.1	3.1
By type of construction								
14 Single family	78,302	316	9	12.27	.16	11.85–12.68	94.2	29.7
15 Multifamily	41,026	327	8	12.32	.25	12.13–12.57	93.5	60.8
16 Nonresidential	740,924	1,304	5	10.30	.13	8.81–10.81	97.4	10.2
OTHER BANKS								
1 **Total**	**1,921,184**	**88**	**11**	**14.11**	**.58**	**12.55–14.94**	**57.5**	**3.4**
2 Fixed rate (thousands of dollars)	1,230,125	89	11	15.04	1.00	14.09–16.08	63.8	.9
3 1–24	87,158	13	7	16.66	1.07	12.76–24.75	60.4	.0
4 25–49	72,960	29	8	17.37	1.03	13.31–24.74	95.1	.3
5 50–99	110,896	76	5	14.46	.33	14.45–14.54	59.7	.0
6 100–499	867,492	264	12	15.10	.44	14.09–16.08	65.9	.0
7 500 and over	*	*	*	*	*	*	*	*
8 Floating rate (thousands of dollars)	691,059	86	11	12.47	.26	11.58–13.24	46.4	7.8
9 1–24	60,461	12	8	14.23	.36	13.10–14.93	35.9	.9
10 25–49	52,619	32	10	13.63	.28	12.68–14.75	45.6	3.2
11 50–99	37,328	70	10	12.56	.13	12.13–13.24	76.8	7.9
12 100–499	165,620	215	12	12.28	.09	11.85–12.68	62.3	10.4
13 500 and over	375,032	1,616	11	12.09	.18	11.46–12.68	38.2	8.3
By type of construction								
14 Single family	668,616	49	12	14.94	.68	13.31–15.87	38.7	.9
15 Multifamily	220,882	518	9	11.76	.29	10.47–12.68	22.9	2.6
16 Nonresidential	1,031,686	130	10	14.08	.63	12.68–16.08	77.1	5.2

For notes see end of table.
*Fewer than 10 sample loans.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS SURVEY of Loans Made, May 6–10, 1985[1]—Continued

C. Loans to Farmers[11]

Characteristics	Size class of loans (thousands)						
	All sizes	$1–9	$10–24	$25–49	$50–99	$100–249	$250 and over
ALL BANKS							
1 Amount of loans (thousands of dollars)	1,313,837	175,526	203,050	183,051	164,258	277,549	310,404
2 Number of loans	72,552	48,544	13,730	5,242	2,537	2,118	382
3 Weighted average maturity (months)[2]	8.5	7.4	8.3	7.9	8.7	11.5	6.6
4 Weighted average interest rate (percent)[3]	13.07	14.04	13.30	13.83	13.25	13.36	11.57
5 Standard error[4]	.28	.20	.30	.55	.27	.46	.65
6 Interquartile range[5]	12.13–13.97	13.42–14.76	12.38–13.98	13.31–14.33	12.50–13.95	12.23–13.96	10.89–12.55
By purpose of loan							
7 Feeder livestock	12.93	13.97	13.38	13.60	12.52	13.70	11.71
8 Other livestock	12.94	14.05	13.78	13.73	13.07	13.59	11.61
9 Other current operating expenses	13.46	13.95	13.23	13.44	13.52	13.67	12.83
10 Farm machinery and equipment	14.10	14.62	13.55	*	*	*	*
11 Other	11.96	14.24	13.21	13.44	12.69	12.92	10.63
Percentage of amount of loans							
12 With floating rates	46.2	31.6	26.3	39.1	47.5	48.5	69.1
13 Made under commitment	42.0	26.6	21.0	34.4	30.2	43.2	74.1
By purpose of loan							
14 Feeder livestock	18.6	11.5	14.6	22.6	13.9	19.2	24.7
15 Other livestock	11.6	6.6	5.6	11.7	18.2	11.2	15.3
16 Other current operating expenses	44.1	65.6	61.3	48.5	58.1	29.4	24.0
17 Farm machinery and equipment	7.0	10.5	7.9	*	*	*	*
18 Other	18.2	5.4	10.2	9.2	6.8	25.1	36.0
48 LARGE BANKS[11]							
1 Amount of loans (thousands of dollars)	345,852	7,149	13,463	12,817	17,527	34,944	259,952
2 Number of loans	3,701	1,683	909	386	266	230	227
3 Weighted average maturity (months)[2]	4.7	6.9	7.1	8.2	7.8	7.3	3.8
4 Weighted average interest rate (percent)[3]	11.55	12.96	12.57	12.58	12.31	12.11	11.28
5 Standard error[4]	.23	.12	.17	.16	.14	.35	.33
6 Interquartile range[5]	10.92–12.55	12.28–13.37	11.82–13.24	12.00–13.31	11.62–13.10	11.30–12.82	10.58–12.14
By purpose of loan							
7 Feeder livestock	11.84	12.49	12.32	11.87	12.37	12.14	11.73
8 Other livestock	11.69	13.15	12.75	12.47	*	11.67	11.61
9 Other current operating expenses	12.25	12.88	12.52	12.67	12.36	12.16	12.08
10 Farm machinery and equipment	13.32	13.18	13.19	*	*	*	*
11 Other	10.78	13.24	12.59	12.58	12.21	12.19	10.50
Percentage of amount of loans							
12 With floating rates	73.6	80.6	83.1	88.3	93.3	91.7	68.4
13 Made under commitment	79.6	73.5	77.3	78.7	88.2	82.9	79.0
By purpose of loan							
14 Feeder livestock	27.5	11.0	14.3	15.1	19.8	40.0	28.1
15 Other livestock	16.2	4.3	8.2	10.0	*	13.3	18.2
16 Other current operating expenses	20.1	50.5	47.5	47.7	39.5	25.0	14.6
17 Farm machinery and equipment	.6	4.5	4.7	*	*	*	*
18 Other	34.6	19.6	20.7	15.1	28.0	19.8	39.1
OTHER BANKS[11]							
1 Amount of loans (thousands of dollars)	967,985	168,377	189,587	170,234	146,731	242,606	*
2 Number of loans	68,852	46,860	12,821	4,856	2,272	1,888	*
3 Weighted average maturity (months)[2]	9.6	7.4	8.4	7.8	8.8	11.9	*
4 Weighted average interest rate (percent)[3]	13.62	14.09	13.35	13.92	13.37	13.53	*
5 Standard error[4]	.14	.15	.24	.53	.23	.29	*
6 Interquartile range[5]	12.75–14.17	13.42–14.76	12.40–13.98	13.42–14.33	12.50–13.95	12.62–13.96	*
By purpose of loan							
7 Feeder livestock	13.63	14.03	13.46	13.68	*	*	*
8 Other livestock	13.67	14.07	13.89	*	*	*	*
9 Other current operating expenses	13.63	13.98	13.26	13.50	13.61	13.85	*
10 Farm machinery and equipment	14.12	14.64	13.56	*	*	*	*
11 Other	13.13	14.41	13.30	13.56	*	*	*
Percentage of amount of loans							
12 With floating rates	36.5	29.5	22.3	35.4	42.0	42.3	*
13 Made under commitment	28.5	24.6	17.0	31.1	23.3	37.4	*
By purpose of loan							
14 Feeder livestock	15.4	11.5	14.6	23.1	*	*	*
15 Other livestock	10.0	6.7	5.4	*	*	*	*
16 Other current operating expenses	52.7	66.2	62.3	48.6	60.3	30.0	*
17 Farm machinery and equipment	9.4	10.8	8.2	*	*	*	*
18 Other	12.4	4.8	9.5	8.7	*	*	*

For notes see following page.

NOTES TO TABLE 4.23

1. The survey of terms of bank lending to business collects data on gross loan extensions made during the first full business week in the mid-month of each quarter by a sample of 340 commercial banks of all sizes. The sample data are blown up to estimate the lending terms at all insured commercial banks during that week. The estimated terms of bank lending are not intended for use in collecting the terms of loans extended over the entire quarter or residing in the portfolios of those banks. Construction and land development loans include both unsecured loans and loans secured by real estate. Thus, some of the construction and land development loans would be reported on the statement of condition as real estate loans and the remainder as business loans. The survey of terms of bank lending to farmers covers about 250 banks selected to represent all sizes of banks. Mortgage loans, purchased loans, foreign loans, and loans of less than $1,000 are excluded from the survey.

As of September 30, 1984, average domestic assets of 48 large banks were $14.1 billion and assets of the smallest of these banks were $2.8 billion. For all insured banks total domestic assets averaged $142 million.

2. The weighted average maturity is calculated only for loans with a stated date of maturity (that is, loans payable on demand are excluded). In computing the average, each loan is weighted by its dollar amount.

3. *The approximate compounded annual interest rate on each loan is calculated* from survey data on the stated rate and other terms of the loan; then, in computing the average of these approximate effective rates, each loan is weighted by its dollar amount.

4. The chances are about two out of three that the average rate shown would differ by less than this amount from the average rate that would be found by a complete survey of lending at all banks.

5. The interquartile range shows the interest rate range that encompasses the middle 50 percent of the total dollar amount of loans made.

6. Overnight loans are loans that mature on the following business day.

7. Demand loans have no stated date of maturity.

8. The *approximate annual interest rate on each loan—without regard to compounding*—is calculated from survey data on the stated rate and other terms of the loan; then in computing the average of these approximate nominal rates, each loan is weighted by its dollar amount.

9. The prime rate reported by each bank is weighted by the volume of loans extended and then averaged.

10. This survey provides data on gross loan extensions made during one week of each quarter. The proportion of these loan extensions that is made at rates below prime may vary substantially from the proportion of such loans outstanding in bank loan portfolios.

11. Among banks reporting loans to farmers, most "large banks" had over $500 million in total assets, and most "other banks" had total assets below $500 *million*.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, December 31, 1984[1]

Millions of dollars

Item	All states[2]			New York		California, total[4]	Illinois, branches	Other states[2]	
	Total	Branches[3]	Agencies	Branches[3]	Agencies			Branches	Agencies
1 **Total assets**[5]	**272,443**	**215,826**	**56,617**	**191,816**	**5,880**	**46,292**	**14,159**	**6,547**	**7,749**
2 Cash and due from depository institutions	62,647	56,862	5,785	53,039	332	5,582	2,926	309	459
3 Currency and coin (U.S. and foreign)	30	28	2	22	1	2	3	2	1
4 Balances with Federal Reserve Banks	1,085	1,023	62	916	26	44	45	42	12
5 Balances with other central banks	37	36	2	35	1	0	1	0	1
6 Demand balances with commercial banks in United States	1,462	1,247	215	1,157	81	96	50	23	55
7 All other balances with depository institutions in United States and with banks in foreign countries	59,830	54,332	5,498	50,729	220	5,436	2,819	238	388
8 Time and savings balances with commercial banks in United States	30,279	26,942	3,337	24,873	188	3,125	1,663	151	279
9 Balances with other depository institutions in United States	92	63	29	63	0	4	0	0	26
10 Balances with banks in foreign countries	29,459	27,328	2,132	25,793	33	2,307	1,156	87	84
11 Foreign branches of U.S. banks	2,019	1,939	81	1,893	6	66	46	0	9
12 Other banks in foreign countries	27,440	25,389	2,051	23,900	27	2,241	1,111	87	75
13 Cash items in process of collection	202	196	6	181	2	5	8	3	2
14 **Total securities, loans, and lease financing receivables**	**151,079**	**115,235**	**35,844**	**99,748**	**4,522**	**27,978**	**9,667**	**3,575**	**5,589**
15 Total securities, book value	11,597	10,111	1,486	9,534	163	1,300	405	35	158
16 U.S. Treasury	4,705	4,423	283	4,175	146	60	207	17	100
17 Obligations of other U.S. government agencies and corporations	587	572	15	557	0	15	0	12	2
18 Obligations of states and political subdivisions in United States	77	68	10	54	0	1	13	1	9
19 Other bonds, notes, debentures, and corporate stock	6,228	5,049	1,179	4,748	17	1,225	186	5	47
20 Federal funds sold and securities purchased under agreements to resell	8,983	7,837	1,146	7,389	639	506	287	95	67
By holder									
21 Commercial banks in United States	7,577	6,706	870	6,277	374	496	269	95	66
22 Others	1,407	1,131	276	1,112	265	10	19	0	1
By type									
23 One-day maturity or continuing contract	8,184	7,042	1,143	6,594	639	503	287	95	66
24 Securities purchased under agreements to resell	90	60	30	60	16	0	0	0	14
25 Other	8,095	6,982	1,113	6,534	623	503	287	95	53
26 Other securities purchased under agreements to resell	799	795	4	795	0	3	0	0	1
27 Total loans, gross	139,632	105,229	34,404	90,306	4,360	26,722	9,268	3,543	5,433
28 LESS: Unearned income on loans	150	104	46	92	2	44	6	3	2
29 EQUALS: Loans, net	139,483	105,124	34,358	90,214	4,358	26,678	9,262	3,540	5,431
Total loans, gross, by category									
30 Real estate loans	5,085	2,444	2,641	1,562	23	1,805	336	264	1,095
31 Loans to financial institutions	50,960	38,732	12,227	34,283	903	10,958	3,446	610	759
32 Commercial banks in United States	24,902	17,639	7,263	15,608	179	7,264	1,468	272	110
33 U.S. branches and agencies of other foreign banks	21,278	14,331	6,947	12,459	179	6,927	1,421	216	77
34 Other commercial banks	3,624	3,309	315	3,149	0	337	48	56	33
35 Banks in foreign countries	22,563	17,942	4,621	16,554	675	3,391	986	337	620
36 Foreign branches of U.S. banks	862	625	237	593	29	166	27	5	41
37 Other	21,701	17,317	4,385	15,961	645	3,225	959	332	579
38 Other financial institutions	3,494	3,150	343	2,121	50	303	992	1	29
39 Loans for purchasing or carrying securities	2,288	2,218	70	2,143	30	115	0	0	0
40 Commercial and industrial loans	64,505	49,273	15,232	40,585	1,683	11,951	4,973	2,463	2,850
41 U.S. addressees (domicile)	41,854	31,285	10,569	24,098	252	9,026	4,368	1,750	2,358
42 Non-U.S. addressees (domicile)	22,651	17,989	4,663	16,487	1,431	2,925	604	713	492
43 Loans to individuals for household, family, and other personal expenditures	276	246	30	201	3	25	8	28	10
44 All other loans	16,519	12,315	4,204	11,532	1,718	1,867	505	178	719
45 Loans to foreign governments and official institutions	15,667	11,595	4,073	10,912	1,705	1,771	473	128	679
46 Other	852	721	132	621	13	97	33	50	40
47 Lease financing receivables	0	0	0	0	0	0	0	0	0
48 All other assets	49,734	35,892	13,842	31,639	387	12,226	1,279	2,568	1,634
49 Customers' liability on acceptances outstanding	19,578	14,820	4,757	14,380	55	4,692	147	212	92
50 U.S. addressees (domicile)	12,234	8,015	4,218	7,769	7	4,277	130	36	14
51 Non-U.S. addressees (domicile)	7,344	6,805	539	6,611	48	415	17	176	77
52 Net due from related banking institutions[6]	23,273	15,614	7,658	12,362	150	6,395	826	2,229	1,310
53 Other	6,883	5,457	1,426	4,897	182	1,139	306	128	232

4.30 Continued

Item	All states[2] Total	All states[2] Branches[3]	All states[2] Agencies	New York Branches[3]	New York Agencies	California, total[4]	Illinois, branches	Other states[2] Branches	Other states[2] Agencies
54 **Total liabilities[5]**	**272,443**	**215,826**	**56,617**	**191,816**	**5,880**	**46,292**	**14,159**	**6,547**	**7,749**
55 Total deposits and credit balances	147,641	127,254	20,387	116,804	1,717	17,379	4,825	3,704	3,212
56 Individuals, partnerships, and corporations	45,230	41,685	3,544	35,550	79	1,628	1,918	3,291	2,765
57 U.S. addressees (domicile)	25,010	24,945	65	19,724	10	369	1,696	3,180	30
58 Non-U.S. addressees (domicile)	20,220	16,741	3,480	15,826	68	1,259	222	110	2,735
59 U.S. government, states, and political subdivisions in United States	109	109	0	26	0	6	12	65	0
60 All other	102,303	85,460	16,843	81,228	1,639	15,746	2,894	348	448
61 Foreign governments and official institutions	7,101	6,772	328	6,571	169	198	39	7	118
62 Commercial banks in United States	41,304	31,658	9,646	29,598	755	9,251	1,374	189	137
63 U.S. branches and agencies of other foreign banks	31,060	23,177	7,883	21,496	377	7,878	1,192	74	42
64 Other commercial banks in United States	10,244	8,481	1,763	8,102	377	1,373	182	115	96
65 Banks in foreign countries	53,341	46,524	6,817	44,581	696	6,271	1,470	148	176
66 Foreign branches of U.S. banks	7,030	5,175	1,855	4,749	264	1,670	312	18	16
67 Other banks in foreign countries	46,311	41,348	4,963	39,831	432	4,601	1,158	130	160
68 Certified and officers' checks, travelers checks, and letters of credit sold for cash	557	506	51	479	19	26	12	4	17
69 Demand deposits	3,577	3,291	286	2,984	19	101	147	95	230
70 Individuals, partnerships, and corporations	1,972	1,821	151	1,563	0	66	129	80	134
71 U.S. addressees (domicile)	1,199	1,199	0	967	0	32	125	76	0
72 Non-U.S. addressees (domicile)	773	622	151	596	0	34	4	5	134
73 U.S. government, states, and political subdivisions in United States	7	7	0	6	0	0	1	0	0
74 All other	1,597	1,462	135	1,416	19	35	17	14	96
75 Foreign governments and official institutions	260	256	4	247	0	3	2	7	1
76 Commercial banks in United States	139	90	50	86	0	1	1	2	50
77 U.S. branches and agencies of other foreign banks	6	6	0	6	0	0	0	0	0
78 Other commercial banks in United States	133	84	50	80	0	1	1	2	50
79 Banks in foreign countries	641	611	30	605	0	5	3	0	28
80 Certified and officers' checks, travelers checks, and letters of credit sold for cash	557	506	51	479	19	26	12	4	17
81 Time deposits	142,756	122,914	19,842	112,998	1,595	17,170	4,594	3,518	2,882
82 Individuals, partnerships, and corporations	42,138	38,933	3,205	33,284	43	1,456	1,706	3,119	2,531
83 U.S. addressees (domicile)	23,157	23,157	0	18,366	0	281	1,491	3,019	0
84 Non-U.S. addressees (domicile)	18,982	15,777	3,205	14,918	43	1,175	215	100	2,531
85 U.S. government, states, and political subdivisions in United States	101	101	0	20	0	5	11	65	0
86 All other	100,516	83,879	16,637	79,694	1,552	15,708	2,877	334	351
87 Foreign governments and official institutions	6,800	6,502	299	6,309	145	193	37	0	117
88 Commercial banks in United States	41,143	31,560	9,584	29,503	743	9,249	1,374	187	88
89 U.S. branches and agencies of other foreign banks	31,052	23,170	7,882	21,489	377	7,877	1,192	74	42
90 Other commercial banks in United States	10,091	8,390	1,701	8,014	365	1,372	181	113	46
91 Banks in foreign countries	52,572	45,818	6,754	43,881	665	6,266	1,467	147	146
92 Savings deposits	907	813	94	587	0	78	83	91	68
93 Individuals, partnerships, and corporations	906	812	94	587	0	78	83	91	68
94 U.S. addressees (domicile)	517	517	0	321	0	30	80	85	0
95 Non-U.S. addressees (domicile)	389	295	94	265	0	48	3	5	68
96 U.S. government, states, and political subdivisions in United States	0	0	0	0	0	0	0	0	0
97 All other	0	0	0	0	0	0	0	0	0
98 Credit balances	402	237	165	235	103	30	0	1	33
99 Individuals, partnerships, and corporations	213	118	95	117	36	28	0	1	32
100 U.S. addressees (domicile)	137	72	65	70	10	26	0	1	30
101 Non-U.S. addressees (domicile)	76	47	30	47	26	2	0	0	2
102 U.S. government, states, and political subdivisions in United States	0	0	0	0	0	0	0	0	0
103 All other	190	119	71	119	67	2	0	0	1
104 Foreign governments and official institutions	40	15	25	15	24	1	0	0	0
105 Commercial banks in United States	22	9	13	9	12	1	0	0	0
106 U.S. branches and agencies of other foreign banks	2	2	1	2	0	1	0	0	0
107 Other commercial banks in United States	19	7	12	7	12	0	0	0	0
108 Banks in foreign countries	128	95	33	95	31	1	0	0	1

For notes see end of table.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, December 31, 1984[1]—Continued

Item	All states[2]			New York		California, total[4]	Illinois, branches	Other states[2]	
	Total	Branches[3]	Agencies	Branches[3]	Agencies			Branches	Agencies
109 Federal funds purchased and securities sold under agreements to repurchase	21,659	15,778	5,881	14,962	540	5,326	442	257	131
By holder									
110 Commercial banks in United States	18,491	13,017	5,474	12,294	213	5,241	375	257	109
111 Others	3,168	2,760	407	2,667	327	85	66	0	22
By type									
112 One-day maturity or continuing contract	20,886	15,130	5,756	14,390	418	5,314	376	257	131
113 Securities sold under agreements to repurchase	2,159	2,136	23	2,120	7	26	0	0	7
114 Other	18,727	12,994	5,733	12,270	410	5,289	376	257	125
115 Other securities sold under agreements to repurchase	772	648	125	572	122	12	66	0	0
116 Other liabilities for borrowed money	39,512	24,126	15,386	21,362	1,939	13,072	1,604	685	849
117 Owed to banks	37,081	21,853	15,228	19,335	1,881	12,972	1,359	685	849
118 U.S. addressees (domicile)	35,729	20,769	14,960	18,329	1,835	12,876	1,337	652	701
119 Non-U.S. addressees (domicile)	1,352	1,084	268	1,006	46	96	22	34	148
120 Owed to others	2,431	2,273	158	2,028	58	100	245	0	0
121 U.S. addressees (domicile)	2,163	2,085	78	1,840	13	65	245	0	0
122 Non-U.S. addressees (domicile)	268	188	80	188	45	35	0	0	0
123 All other liabilities	63,631	48,668	14,963	38,688	1,683	10,515	7,289	1,900	3,556
124 Acceptances executed and outstanding	21,970	16,972	4,997	16,489	54	4,953	172	209	92
125 Net due to related banking institutions[6]	36,777	27,497	9,280	18,358	1,522	4,999	6,943	1,585	3,369
126 Other	4,885	4,199	686	3,841	107	562	174	105	96
MEMO									
127 Time deposits of $100,000 or more	106,128	88,378	17,750	78,750	52	16,874	4,532	3,395	2,525
128 Certificates of deposit (CDs) in denominations of $100,000 or more	37,160	34,770	2,391	29,154	0	1,347	1,770	3,091	1,798
129 Other	68,967	53,608	15,359	49,596	52	15,527	2,762	304	727
130 Savings deposits authorized for automatic transfer and NOW accounts	86	54	32	33	0	13	8	8	25
131 Money market time certificates of $10,000 and less than $100,000 with original maturities of 26 weeks	0	0	0	0	0	0	0	0	0
132 Time certificates of deposit in denominations of $100,000 or more with remaining maturity of more than 12 months	11,044	10,875	169	8,940	0	221	461	1,285	138
133 Acceptances refinanced with a U.S.-chartered bank	3,945	2,657	1,288	2,121	97	1,326	0	401	1
134 Statutory or regulatory asset pledge requirement	58,605	57,490	1,115	49,501	1,038	146	7,872	24	23
135 Statutory or regulatory asset maintenance requirement	12,075	11,835	240	5,875	0	514	2,560	2,889	236
136 Commercial letters of credit	8,587	6,128	2,459	5,576	135	2,239	191	218	229
137 Standby letters of credit, total	27,282	23,779	3,503	20,252	92	2,930	2,291	626	1,092
138 U.S. addressees (domicile)	23,789	20,700	3,089	17,405	12	2,707	2,125	597	943
139 Non-U.S. addressees (domicile)	3,493	3,079	414	2,846	80	222	166	29	149
140 Standby letters of credit conveyed to others through participations (included in total standby letters of credit)	4,223	3,863	360	3,464	0	382	215	64	97
141 Holdings of commercial paper included in total gross loans	720	433	286	344	2	277	82	0	14
142 Holdings of acceptances included in total commercial and industrial loans	4,344	3,092	1,251	2,979	56	1,209	85	7	8
143 Immediately available funds with a maturity greater than one day (included in other liabilities for borrowed money)	29,218	18,396	10,823	16,016	1,560	9,541	1,501	498	103
144 Gross due from related banking institutions[6]	98,902	79,505	19,396	71,441	933	17,013	3,668	3,424	2,423
145 U.S. addressees (domicile)	26,600	19,393	7,207	14,631	84	6,529	1,339	2,973	1,043
146 Branches and agencies in the United States	25,824	18,850	6,974	14,109	74	6,307	1,325	2,971	1,037
147 In the same state as reporter	2,571	1,749	822	1,729	1	791	0	2	47
148 In other states	23,253	17,101	6,152	12,380	73	5,516	1,325	2,969	990
149 U.S. banking subsidiaries[7]	776	543	234	522	10	222	14	2	6
150 Non-U.S. addressees (domicile)	72,302	60,112	12,189	56,810	849	10,483	2,330	451	1,379
151 Head office and non-U.S. branches and agencies	70,534	58,694	11,841	55,411	819	10,318	2,312	451	1,224
152 Non-U.S. banking companies and offices	1,767	1,419	349	1,399	30	165	18	0	156
153 Gross due to related banking institutions[6]	112,406	91,388	21,018	77,437	2,304	15,616	9,786	2,781	4,482
154 U.S. addressees (domicile)	26,611	18,815	7,796	11,735	20	4,936	4,406	2,010	3,504
155 Branches and agencies in the United States	26,164	18,478	7,686	11,500	20	4,869	4,322	2,000	3,454
156 In the same state as reporter	2,517	1,672	845	1,653	1	813	0	2	49
157 In other states	23,647	16,806	6,841	9,847	19	4,056	4,322	1,998	3,405
158 U.S. banking subsidiaries[7]	447	337	110	235	0	67	84	10	51
159 Non-U.S. addressees (domicile)	85,795	72,573	13,222	65,701	2,284	10,681	5,380	771	977
160 Head office and non-U.S. branches and agencies	83,110	70,184	12,926	63,352	2,134	10,549	5,370	771	934
161 Non-U.S. banking companies and offices	2,685	2,389	296	2,349	150	131	10	0	43

4.30 Continued

Item	All states[2]			New York		California, total[4]	Illinois, branches	Other states[2]	
	Total	Branches[3]	Agencies	Branches[3]	Agencies			Branches	Agencies
Average for 30 calendar days (or calendar month) ending with report date									
162 Total assets	267,653	211,540	56,113	188,059	5,848	45,862	13,464	6,560	7,861
163 Cash and due from depository institutions	59,929	54,276	5,654	50,679	307	5,413	2,769	302	459
164 Federal funds sold and securities purchased under agreements to resell	8,217	7,137	1,080	6,823	668	402	192	55	77
165 Total loans	134,512	102,202	32,310	87,529	4,207	25,753	8,871	3,547	4,605
166 Loans to banks in foreign countries	22,318	17,673	4,645	16,157	675	3,566	990	344	587
167 Total deposits and credit balances	142,313	122,247	20,066	112,138	1,669	17,011	4,724	3,630	3,141
168 Time CDs in denominations of $100,000 or more	35,050	32,742	2,308	27,157	0	1,335	1,722	3,118	1,719
169 Federal funds purchased and securities sold under agreements to repurchase	19,976	15,207	4,769	14,297	422	4,370	510	273	104
170 Other liabilities for borrowed money	39,434	24,440	14,995	21,874	1,885	12,833	1,467	654	722
171 Number of reports filed[8]	462	292	170	187	26	119	45	32	53

1. Data are aggregates of categories reported on the quarterly form FFIEC 002, "Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks." This form was first used for reporting data as of June 30, 1980. From November 1972 through May 1980, U.S. branches and agencies of foreign banks had filed a monthly FR 886a report. Aggregate data from that report were available through the Federal Reserve statistical release G.11, last issued on July 10, 1980. *Data in this table and in the G.11 tables are not strictly comparable* because of differences in reporting panels and in definitions of balance sheet items.

2. Includes the District of Columbia.

3. Includes all offices that have the power to accept deposits from U.S. residents, including any such offices that are considered agencies under state law.

4. Agencies account for virtually all of the assets and liabilities reported in California.

5. Total assets and total liabilities include *net* balances, if any, due from or due to related banking institutions in the United States and in foreign countries (see footnote 6). On the former monthly branch and agency report, available through the G.11 statistical release, *gross* balances were included in total assets and total liabilities. Therefore, total asset and total liability figures in this table are not comparable to those in the G.11 tables.

6. "Related banking institutions" includes the foreign head office and other U.S. and foreign branches and agencies of the bank, the bank's parent holding company, and majority-owned banking subsidiaries of the bank and of its parent holding company (including subsidiaries owned both directly and indirectly). Gross amounts due from and due to related banking institutions are shown as memo items.

7. "U.S. banking subsidiaries" refers to U.S. banking subsidiaries majority-owned by the foreign bank and by related foreign banks and includes U.S. offices of U.S.-chartered commercial banks, of Edge Act and Agreement corporations, and of New York State (Article XII) investment companies.

8. In some cases two or more offices of a foreign bank within the same metropolitan area file a consolidated report.

Federal Reserve Board of Governors

PAUL A. VOLCKER, *Chairman*
PRESTON MARTIN, *Vice Chairman*

HENRY C. WALLICH
J. CHARLES PARTEE

OFFICE OF BOARD MEMBERS

JOSEPH R. COYNE, *Assistant to the Board*
DONALD J. WINN, *Assistant to the Board*
STEVEN M. ROBERTS, *Assistant to the Chairman*
ANTHONY F. COLE, *Special Assistant to the Board*
NAOMI P. SALUS, *Special Assistant to the Board*

LEGAL DIVISION

MICHAEL BRADFIELD, *General Counsel*
J. VIRGIL MATTINGLY, JR., *Deputy General Counsel*
RICHARD M. ASHTON, *Associate General Counsel*
OLIVER IRELAND, *Associate General Counsel*
RICKI TIGERT, *Assistant General Counsel*
MARYELLEN A. BROWN, *Assistant to the General Counsel*

OFFICE OF THE SECRETARY

WILLIAM W. WILES, *Secretary*
BARBARA R. LOWREY, *Associate Secretary*
JAMES MCAFEE, *Associate Secretary*

DIVISION OF CONSUMER AND COMMUNITY AFFAIRS

GRIFFITH L. GARWOOD, *Director*
JERAULD C. KLUCKMAN, *Associate Director*
GLENN E. LONEY, *Assistant Director*
DOLORES S. SMITH, *Assistant Director*

DIVISION OF BANKING SUPERVISION AND REGULATION

WILLIAM TAYLOR, *Director*
THOMAS E. CIMENO, JR., *Deputy Director*[1]
FREDERICK R. DAHL, *Associate Director*
DON E. KLINE, *Associate Director*
FREDERICK M. STRUBLE, *Associate Director*
HERBERT A. BIERN, *Assistant Director*
ANTHONY CORNYN, *Assistant Director*
ROBERT S. PLOTKIN, *Assistant Director*
STEPHEN C. SCHEMERING, *Assistant Director*
RICHARD SPILLENKOTHEN, *Assistant Director*
SIDNEY M. SUSSAN, *Assistant Director*
LAURA M. HOMER, *Securities Credit Officer*

1. On loan from the Federal Reserve Bank of Boston.

OFFICE OF STAFF DIRECTOR FOR MONETARY AND FINANCIAL POLICY

STEPHEN H. AXILROD, *Staff Director*
DONALD L. KOHN, *Deputy Staff Director*
STANLEY J. SIGEL, *Assistant to the Board*
NORMAND R.V. BERNARD, *Special Assistant to the Board*

DIVISION OF RESEARCH AND STATISTICS

JAMES L. KICHLINE, *Director*
EDWARD C. ETTIN, *Deputy Director*
MICHAEL J. PRELL, *Deputy Director*
JOSEPH S. ZEISEL, *Deputy Director*
JARED J. ENZLER, *Associate Director*
DAVID E. LINDSEY, *Associate Director*
ELEANOR J. STOCKWELL, *Associate Director*
THOMAS D. SIMPSON, *Deputy Associate Director*
LAWRENCE SLIFMAN, *Deputy Associate Director*
HELMUT F. WENDEL, *Deputy Associate Director*
MARTHA BETHEA, *Assistant Director*
ROBERT M. FISHER, *Assistant Director*
DAVID B. HUMPHREY, *Assistant Director*
SUSAN J. LEPPER, *Assistant Director*
RICHARD D. PORTER, *Assistant Director*
PETER A. TINSLEY, *Assistant Director*
LEVON H. GARABEDIAN, *Assistant Director (Administration)*

DIVISION OF INTERNATIONAL FINANCE

EDWIN M. TRUMAN, *Director*
LARRY J. PROMISEL, *Senior Associate Director*
CHARLES J. SIEGMAN, *Senior Associate Director*
DALE W. HENDERSON, *Associate Director*
ROBERT F. GEMMILL, *Staff Adviser*
PETER HOOPER III, *Assistant Director*
DAVID H. HOWARD, *Assistant Director*
RALPH W. SMITH, JR., *Assistant Director*

and Official Staff

EMMETT J. RICE
LYLE E. GRAMLEY

MARTHA R. SEGER

OFFICE OF STAFF DIRECTOR FOR MANAGEMENT

S. DAVID FROST, *Staff Director*
EDWARD T. MULRENIN, *Assistant Staff Director*
CHARLES L. HAMPTON, *Senior Technical Adviser*
PORTIA W. THOMPSON, *Equal Employment Opportunity Programs Officer*

DIVISION OF COMPUTING SERVICES

BRUCE M. BEARDSLEY, *Director*
THOMAS C. JUDD, *Assistant Director*
ELIZABETH B. RIGGS, *Assistant Director*
ROBERT J. ZEMEL, *Assistant Director*

DIVISION OF INFORMATION SERVICES

WILLIAM R. JONES, *Director*
STEPHEN R. MALPHRUS, *Assistant Director*
RICHARD J. MANASSERI, *Assistant Director*
WILLIAM C. SCHNEIDER, JR., *Assistant Director*

DIVISION OF PERSONNEL

DAVID L. SHANNON, *Director*
JOHN R. WEIS, *Assistant Director*
CHARLES W. WOOD, *Assistant Director*

OFFICE OF THE CONTROLLER

GEORGE E. LIVINGSTON, *Controller*
BRENT L. BOWEN, *Assistant Controller*

DIVISION OF SUPPORT SERVICES

ROBERT E. FRAZIER, *Director*
WALTER W. KREIMANN, *Associate Director*
GEORGE M. LOPEZ, *Assistant Director*

OFFICE OF STAFF DIRECTOR FOR FEDERAL RESERVE BANK ACTIVITIES

THEODORE E. ALLISON, *Staff Director*
JOSEPH W. DANIELS, SR., *Adviser, Equal Employment Opportunity Programs, Federal Reserve System*

DIVISION OF FEDERAL RESERVE BANK OPERATIONS

CLYDE H. FARNSWORTH, JR., *Director*
ELLIOTT C. MCENTEE, *Associate Director*
DAVID L. ROBINSON, *Associate Director*
C. WILLIAM SCHLEICHER, JR., *Associate Director*
WALTER ALTHAUSEN, *Assistant Director*
CHARLES W. BENNETT, *Assistant Director*
ANNE M. DEBEER, *Assistant Director*
JACK DENNIS, JR., *Assistant Director*
EARL G. HAMILTON, *Assistant Director*
FLORENCE M. YOUNG, *Adviser*

Federal Open Market Committee

FEDERAL OPEN MARKET COMMITTEE

PAUL A. VOLCKER, *Chairman*

E. GERALD CORRIGAN, *Vice Chairman*

JOHN J. BALLES
ROBERT P. BLACK
ROBERT P. FORRESTAL
LYLE E. GRAMLEY
SILAS KEEHN
PRESTON MARTIN
J. CHARLES PARTEE
EMMETT J. RICE
MARTHA R. SEGER
HENRY C. WALLICH

STEPHEN H. AXILROD, *Staff Director and Secretary*
NORMAND R.V. BERNARD, *Assistant Secretary*
NANCY M. STEELE, *Deputy Assistant Secretary*
MICHAEL BRADFIELD, *General Counsel*
JAMES H. OLTMAN, *Deputy General Counsel*
JAMES L. KICHLINE, *Economist*
EDWIN M. TRUMAN, *Economist (International)*
JOSEPH R. BISIGNANO, *Associate Economist*
J. ALFRED BROADDUS, *Associate Economist*
RICHARD G. DAVIS, *Associate Economist*
DONALD L. KOHN, *Associate Economist*
DAVID E. LINDSEY, *Associate Economist*
MICHAEL J. PRELL, *Associate Economist*
KARL A. SCHELD, *Associate Economist*
CHARLES J. SIEGMAN, *Associate Economist*
SHEILA L. TSCHINKEL, *Associate Economist*

PETER D. STERNLIGHT, *Manager for Domestic Operations, System Open Market Account*
SAM Y. CROSS, *Manager for Foreign Operations, System Open Market Account*

FEDERAL ADVISORY COUNCIL

LEWIS T. PRESTON, *President*
PHILIP F. SEARLE, *Vice President*
WILLIAM H. BOWEN, E. PETER GILLETTE, AND N. BERNE HART, *Directors*

ROBERT L. NEWELL, First District
LEWIS T. PRESTON, Second District
GEORGE A. BUTLER, Third District
JULIEN L. MCCALL, Fourth District
JOHN G. MEDLIN, JR., Fifth District
PHILIP F. SEARLE, Sixth District
HAL C. KUEHL, Seventh District
WILLIAM H. BOWEN, Eighth District
E. PETER GILLETTE, JR., Ninth District
N. BERNE HART, Tenth District
NAT S. ROGERS, Eleventh District
G. ROBERT TRUEX, JR., Twelfth District

HERBERT V. PROCHNOW, *Secretary*
WILLIAM J. KORSVIK, *Associate Secretary*

and Advisory Councils

CONSUMER ADVISORY COUNCIL

TIMOTHY D. MARRINAN, Minneapolis, Minnesota, *Chairman*
THOMAS L. CLARK, JR., New York, New York, *Vice Chairman*

RACHEL G. BRATT, Medford, Massachusetts
JONATHAN BROWN, Washington, D.C.
JEAN A. CROCKETT, Philadelphia, Pennsylvania
THERESA FAITH CUMMINGS, Springfield, Illinois
STEVEN M. GEARY, Jefferson City, Missouri
RICHARD M. HALLIBURTON, Kansas City, Missouri
CHARLES C. HOLT, Austin, Texas
EDWARD N. LANGE, Seattle, Washington
KENNETH V. LARKIN, Berkeley, California
FRED S. MCCHESNEY, Atlanta, Georgia
FREDERICK H. MILLER, Norman, Oklahoma
MARGARET M. MURPHY, Columbia, Maryland
ROBERT F. MURPHY, Detroit, Michigan
HELEN NELSON, Mill Valley, California
LAWRENCE S. OKINAGA, Honolulu, Hawaii
JOSEPH L. PERKOWSKI, Centerville, Minnesota
ELVA QUIJANO, San Antonio, Texas
BRENDA L. SCHNEIDER, Detroit, Michigan
PAULA A. SLIMAK, Cleveland, Ohio
GLENDA G. SLOANE, Washington, D.C.
HENRY J. SOMMER, Philadelphia, Pennsylvania
TED L. SPURLOCK, New York, New York
MEL STILLER, Boston, Massachusetts
CHRISTOPHER J. SUMNER, Salt Lake City, Utah
WINNIE F. TAYLOR, Gainesville, Florida
MICHAEL M. VAN BUSKIRK, Columbus, Ohio
MERVIN WINSTON, Minneapolis, Minnesota
MICHAEL ZOROYA, St. Louis, Missouri

THRIFT INSTITUTIONS ADVISORY COUNCIL

THOMAS R. BOMAR, Miami, Florida, *President*
RICHARD H. DEIHL, Los Angeles, California, *Vice President*

ELLIOTT G. CARR, Harwich Port, Massachusetts
M. TODD COOKE, Philadelphia, Pennsylvania
J. MICHAEL CORNWALL, Dallas, Texas
HAROLD W. GREENWOOD, JR., Minneapolis, Minnesota
JOHN A. HARDIN, Rock Hill, South Carolina
FRANCES LESNIESKI, East Lansing, Michigan
JOHN T. MORGAN, New York, New York
SARAH R. WALLACE, Newark, Ohio

MICHAEL R. WISE, Denver, Colorado

Federal Reserve Board Publications

Copies are available from PUBLICATIONS SERVICES, Mail Stop 138, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. *When a charge is indicated, remittance should accompany request and be made payable to the order of the Board of Governors of the Federal Reserve System. Remittance from foreign residents should be drawn on a U.S. bank. Stamps and coupons are not accepted.*

THE FEDERAL RESERVE SYSTEM—PURPOSES AND FUNCTIONS. 1984. 120 pp.

ANNUAL REPORT.

FEDERAL RESERVE BULLETIN. Monthly. $20.00 per year or $2.00 each in the United States, its possessions, Canada, and Mexico; 10 or more of same issue to one address, $18.00 per year or $1.75 each. Elsewhere, $24.00 per year or $2.50 each.

BANKING AND MONETARY STATISTICS. 1914–1941. (Reprint of Part I only) 1976. 682 pp. $5.00.

BANKING AND MONETARY STATISTICS. 1941–1970. 1976. 1,168 pp. $15.00.

ANNUAL STATISTICAL DIGEST
- 1974–78. 1980. 305 pp. $10.00 per copy.
- 1980. 1981. 241 pp. $10.00 per copy.
- 1981. 1982. 239 pp. $ 6.50 per copy.
- 1982. 1983. 266 pp. $ 7.50 per copy.
- 1983. 1984. 264 pp. $11.50 per copy.

FEDERAL RESERVE CHART BOOK. Issued four times a year in February, May, August, and November. Subscription includes one issue of Historical Chart Book. $7.00 per year or $2.00 each in the United States, its possessions, Canada, and Mexico. Elsewhere, $10.00 per year or $3.00 each.

HISTORICAL CHART BOOK. Issued annually in Sept. Subscription to the Federal Reserve Chart Book includes one issue. $1.25 each in the United States, its possessions, Canada, and Mexico; 10 or more to one address, $1.00 each. Elsewhere, $1.50 each.

SELECTED INTEREST AND EXCHANGE RATES—WEEKLY SERIES OF CHARTS. Weekly. $15.00 per year or $.40 each in the United States, its possessions, Canada, and Mexico; 10 or more of same issue to one address, $13.50 per year or $.35 each. Elsewhere, $20.00 per year or $.50 each.

THE FEDERAL RESERVE ACT, as amended through August 30, 1984, with an appendix containing provisions of certain other statutes affecting the Federal Reserve System. 576 pp. $7.00.

REGULATIONS OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.

REAPPRAISAL OF THE FEDERAL RESERVE DISCOUNT MECHANISM. *Vol. 1.* 1971. 276 pp. *Vol. 2.* 1971. 173 pp. Each volume, $3.00; 10 or more to one address, $2.50 each.

THE ECONOMETRICS OF PRICE DETERMINATION CONFERENCE, October 30–31, 1970, Washington, D.C. 1972. 397 pp. Cloth ed. $5.00 each; 10 or more to one address, $4.50 each. Paper ed. $4.00 each; 10 or more to one address, $3.60 each.

ANNUAL PERCENTAGE RATE TABLES (Truth in Lending—Regulation Z) *Vol. I* (Regular Transactions). 1969. 100 pp. *Vol. II* (Irregular Transactions). 1969. 116 pp. Each volume $2.25; 10 or more of same volume to one address, $2.00 each.

FEDERAL RESERVE MEASURES OF CAPACITY AND CAPACITY UTILIZATION. 1978. 40 pp. $1.75 each; 10 or more to one address, $1.50 each.

THE BANK HOLDING COMPANY MOVEMENT TO 1978: A COMPENDIUM. 1978. 289 pp. $2.50 each; 10 or more to one address, $2.25 each.

FLOW OF FUNDS ACCOUNTS. 1949–1978. 1979. 171 pp. $1.75 each; 10 or more to one address, $1.50 each.

INTRODUCTION TO FLOW OF FUNDS. 1980. 68 pp. $1.50 each; 10 or more to one address, $1.25 each.

PUBLIC POLICY AND CAPITAL FORMATION. 1981. 326 pp. $13.50 each.

NEW MONETARY CONTROL PROCEDURES: FEDERAL RESERVE STAFF STUDY. 1981.

SEASONAL ADJUSTMENT OF THE MONETARY AGGREGATES: REPORT OF THE COMMITTEE OF EXPERTS ON SEASONAL ADJUSTMENT TECHNIQUES. 1981. 55 pp. $2.75 each.

FEDERAL RESERVE REGULATORY SERVICE. Looseleaf; updated at least monthly. (Requests must be prepaid.)
- Consumer and Community Affairs Handbook. $60.00 per year.
- Monetary Policy and Reserve Requirements Handbook. $60.00 per year.
- Securities Credit Transactions Handbook. $60.00 per year.
- Federal Reserve Regulatory Service. 3 vols. (Contains all three Handbooks plus substantial additional material.) $175.00 per year.

Rates for subscribers outside the United States are as follows and include additional air mail costs:
- Federal Reserve Regulatory Service, $225.00 per year.
- Each Handbook, $75.00 per year.

THE U.S. ECONOMY IN AN INTERDEPENDENT WORLD: A MULTICOUNTRY MODEL, May 1984. 590 pp. $14.50 each.

WELCOME TO THE FEDERAL RESERVE.

PROCESSING BANK HOLDING COMPANY AND MERGER APPLICATIONS.

THE MONETARY AUTHORITY OF THE FEDERAL RESERVE, May 1984. (High School Level.)

WRITING IN STYLE AT THE FEDERAL RESERVE. August 1984. 93 pp. $2.50 each.

REMARKS BY CHAIRMAN PAUL A. VOLCKER, AT XIII AMERICAN-GERMAN BIENNIAL CONFERENCE, March 1985

CONSUMER EDUCATION PAMPHLETS

Short pamphlets suitable for classroom use. Multiple copies available without charge.

Alice in Debitland
Consumer Handbook on Adjustable Rate Mortgages
Consumer Handbook to Credit Protection Laws
The Equal Credit Opportunity Act and . . . Age
The Equal Credit Opportunity Act and . . . Credit Rights in Housing
The Equal Credit Opportunity Act and . . . Doctors, Lawyers, Small Retailers, and Others Who May Provide Incidental Credit
The Equal Credit Opportunity Act and . . . Women
Fair Credit Billing
Federal Reserve Glossary
Guide to Federal Reserve Regulations
How to File A Consumer Credit Complaint
If You Borrow To Buy Stock
If You Use A Credit Card
Instructional Materials of the Federal Reserve System
Series on the Structure of the Federal Reserve System
The Board of Governors of the Federal Reserve System
The Federal Open Market Committee
Federal Reserve Bank Board of Directors
Federal Reserve Banks
Monetary Control Act of 1980
Organization and Advisory Committees
Truth in Leasing
U.S. Currency
What Truth in Lending Means to You

STAFF STUDIES: Summaries Only Printed in the Bulletin

Studies and papers on economic and financial subjects that are of general interest. Requests to obtain single copies of the full text or to be added to the mailing list for the series may be sent to Publications Services.

Staff Studies 115–125 are out of print.

114. MULTIBANK HOLDING COMPANIES: RECENT EVIDENCE ON COMPETITION AND PERFORMANCE IN BANKING MARKETS, by Timothy J. Curry and John T. Rose. Jan. 1982. 9 pp.
126. DEFINITION AND MEASUREMENT OF EXCHANGE MARKET INTERVENTION, by Donald B. Adams and Dale W. Henderson. August 1983. 5 pp.
127. U.S. EXPERIENCE WITH EXCHANGE MARKET INTERVENTION: JANUARY–MARCH 1975, by Margaret L. Greene. August 1984. 16 pp.
128. U.S. EXPERIENCE WITH EXCHANGE MARKET INTERVENTION: SEPTEMBER 1977–DECEMBER 1979, by Margaret L. Greene. October 1984. 40 pp.
129. U.S. EXPERIENCE WITH EXCHANGE MARKET INTERVENTION: OCTOBER 1980–OCTOBER 1981, by Margaret L. Greene. August 1984. 36 pp.
130. EFFECTS OF EXCHANGE RATE VARIABILITY ON INTERNATIONAL TRADE AND OTHER ECONOMIC VARIABLES: A REVIEW OF THE LITERATURE, by Victoria S. Farrell with Dean A. DeRosa and T. Ashby McCown. January 1984. 21 pp.
131. CALCULATIONS OF PROFITABILITY FOR U.S. DOLLAR–DEUTSCHE MARK INTERVENTION, by Laurence R. Jacobson. October 1983. 8 pp.
132. TIME-SERIES STUDIES OF THE RELATIONSHIP BETWEEN EXCHANGE RATES AND INTERVENTION: A REVIEW OF THE TECHNIQUES AND LITERATURE, by Kenneth Rogoff. October 1983. 15 pp.
133. RELATIONSHIPS AMONG EXCHANGE RATES, INTERVENTION, AND INTEREST RATES: AN EMPIRICAL INVESTIGATION, by Bonnie E. Loopesko. November 1983. 20 pp.
134. SMALL EMPIRICAL MODELS OF EXCHANGE MARKET INTERVENTION: A REVIEW OF THE LITERATURE, by Ralph W. Tryon. October 1983. 14 pp.
135. SMALL EMPIRICAL MODELS OF EXCHANGE MARKET INTERVENTION: APPLICATIONS TO CANADA, GERMANY, AND JAPAN, by Deborah J. Danker, Richard A. Haas, Dale W. Henderson, Steven A. Symansky, and Ralph W. Tryon. April 1985. 27 pp.
136. THE EFFECTS OF FISCAL POLICY ON THE U.S. ECONOMY, by Darrell Cohen and Peter B. Clark. January 1984. 16 pp.
137. THE IMPLICATIONS FOR BANK MERGER POLICY OF FINANCIAL DEREGULATION, INTERSTATE BANKING, AND FINANCIAL SUPERMARKETS, by Stephen A. Rhoades. February 1984. 8 pp.
138. ANTITRUST LAWS, JUSTICE DEPARTMENT GUIDELINES, AND THE LIMITS OF CONCENTRATION IN LOCAL BANKING MARKETS, by James Burke. June 1984. 14 pp.
139. SOME IMPLICATIONS OF FINANCIAL INNOVATIONS IN THE UNITED STATES, by Thomas D. Simpson and Patrick M. Parkinson. August 1984. 20 pp.
140. GEOGRAPHIC MARKET DELINEATION: A REVIEW OF THE LITERATURE, by John D. Wolken. November 1984. 38 pp.
141. A COMPARISON OF DIRECT DEPOSIT AND CHECK PAYMENT COSTS, by William Dudley. November 1984. 15 pp.
142. MERGERS AND ACQUISITIONS BY COMMERCIAL BANKS, 1960–83, by Stephen A. Rhoades. December 1984. 30 pp.
143. COMPLIANCE COSTS AND CONSUMER BENEFITS OF THE ELECTRONIC FUND TRANSFER ACT: RECENT SURVEY EVIDENCE, by Frederick J. Schroeder. April 1985. 23 pp.
144. SCALE ECONOMIES IN COMPLIANCE COSTS FOR CONSUMER CREDIT REGULATIONS: THE TRUTH IN LENDING AND EQUAL CREDIT OPPORTUNITY LAWS, by Gregory E. Elliehausen and Robert D. Kurtz. May 1985. 10 pp.

REPRINTS OF BULLETIN ARTICLES
Most of the articles reprinted do not exceed 12 pages.

The Commercial Paper Market since the Mid-Seventies. 6/82.
Applying the Theory of Probable Future Competition. 9/82.
International Banking Facilities. 10/82.
Foreign Experience with Targets for Money Growth. 10/83.
Intervention in Foreign Exchange Markets: A Summary of Ten Staff Studies. 11/83.
A Financial Perspective on Agriculture. 1/84.
Survey of Consumer Finances, 1983. 9/84.
Bank Lending to Developing Countries. 10/84.
Survey of Consumer Finances, 1983: A Second Report. 12/84.
Union Settlements and Aggregate Wage Behavior in the 1980s. 12/84.
The Thrift Industry in Transition. 3/85.
U.S. International Transactions in 1984. 5/85.

Index to Statistical Tables

References are to pages A3–A79 although the prefix "A" is omitted in this index

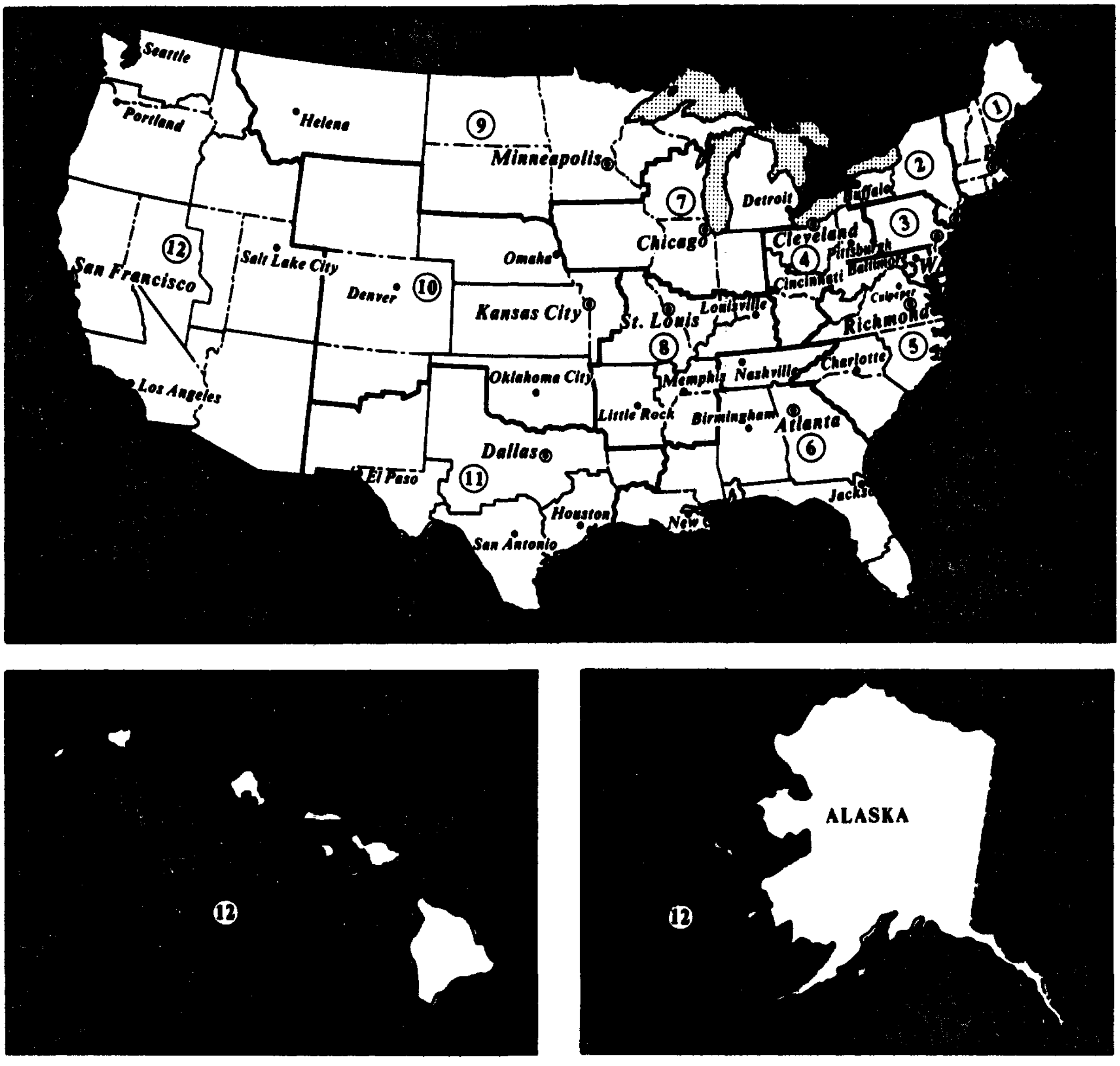
Federal Reserve Banks, Branches, and Offices

FEDERAL RESERVE BANK, branch, or *facility* Zip	Chairman Deputy Chairman	President First Vice President	Vice President in charge of branch
BOSTON*..................02106	Joseph A. Baute Thomas I. Atkins	Frank E. Morris Robert W. Eisenmenger	
NEW YORK*.............10045	John Brademas Clifton R. Wharton, Jr.	E. Gerald Corrigan Thomas M. Timlen	
Buffalo.....................14240	M. Jane Dickman		John T. Keane
PHILADELPHIA........19105	Robert M. Landis Nevius M. Curtis	Edward G. Boehne Richard L. Smoot	
CLEVELAND*...........44101	William H. Knoell E. Mandell de Windt	Karen N. Horn William H. Hendricks	
Cincinnati................45201	Robert E. Boni		Charles A. Cerino
Pittsburgh................15230	Milton G. Hulme, Jr.		Harold J. Swart
RICHMOND*.............23219	Leroy T. Canoles, Jr. Robert A. Georgine	Robert P. Black Jimmie R. Monhollon	
Baltimore................21203	Robert L. Tate		Robert D. McTeer, Jr.
Charlotte..................28230	Wallace J. Jorgenson		Albert D. Tinkelenberg
Culpeper Communications and Records Center 22701			John G. Stoides
ATLANTA.................30301	John H. Weitnauer, Jr. Bradley Currey, Jr.	Robert P. Forrestal Jack Guynn	
Birmingham.............35283	Martha McInnis		Fred R. Herr
Jacksonville.............32231	E. William Nash, Jr.		James D. Hawkins
Miami.......................33152	Eugene E. Cohen		Patrick K. Barron
Nashville..................37203	Condon S. Bush		Jeffrey J. Wells
New Orleans............70161	Leslie B. Lampton		Henry H. Bourgaux
CHICAGO*................60690	Stanton R. Cook Robert J. Day	Silas Keehn Daniel M. Doyle	
Detroit.....................48231	Russell G. Mawby		Roby L. Sloan
ST. LOUIS.................63166	W.L. Hadley Griffin Mary P. Holt	Thomas C. Melzer Joseph P. Garbarini	
Little Rock..............72203	Sheffield Nelson		John F. Breen
Louisville................40232	Henry F. Frigon		James E. Conrad
Memphis.................38101	Donald B. Weis		Paul I. Black, Jr.
MINNEAPOLIS..........55480	John B. Davis, Jr. Michael W. Wright	Gary H. Stern Thomas E. Gainor	
Helena.....................59601	Gene J. Etchart		Robert F. McNellis
KANSAS CITY...........64198	Irvine O. Hockaday, Jr. Robert G. Lueder	Roger Guffey Henry R. Czerwinski	
Denver.....................80217	James E. Nielson		Wayne W. Martin
Oklahoma City.........73125	Patience Latting		William G. Evans
Omaha.....................68102	Kenneth L. Morrison		Robert D. Hamilton
DALLAS...................75222	Robert D. Rogers Bobby R. Inman	Robert H. Boykin William H. Wallace	
El Paso....................79999	John R. Sibley		Joel L. Koonce, Jr.
Houston..................77252	Robert T. Sakowitz		J.Z. Rowe
San Antonio.............78295	Robert F. McDermott		Thomas H. Robertson
SAN FRANCISCO......94120	Alan C. Furth Fred W. Andrew	John J. Balles Richard T. Griffith	
Los Angeles.............90051	Richard C. Seaver		Robert M. McGill
Portland..................97208	Paul E. Bragdon		Angelo S. Carella
Salt Lake City..........84125	Don M. Wheeler		E. Ronald Liggett
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