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# FEDERAL RESERVE BULLETIN

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

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# Monetary Policy Report to the Congress

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*Report submitted to the Congress on July 21, 1987, pursuant to the Full Employment and Balanced Growth Act of 1978.<sup>1</sup>*

## *MONETARY POLICY AND THE ECONOMIC OUTLOOK FOR 1987 AND 1988*

The economy expanded at a somewhat accelerated pace in the first half of 1987, and the civilian unemployment rate declined over the period to 6.1 percent in June, the lowest level in this decade. Moreover, the pattern of activity has exhibited encouraging signs that a turnaround in the trade sector is under way. An improvement in net exports in real terms appears to be providing a lift to activity in the industrial sector, offsetting slower growth of domestic spending and sustaining a moderate rise in overall domestic production. However, the process of restoring balance to the U.S. external accounts has involved a sizable increase in the prices paid for imported goods. These price increases have occurred at the same time that a rebound in world oil prices has been carrying inflation rates above last year's modest pace.

Although some of the elements necessary for sustaining economic growth are now beginning to fall into place, the economic outlook continues to be clouded by a number of imbalances, risks, and uncertainties. The experience of the first half underscored, in particular, the dangers associated with a loss of market confidence in the dollar and the related potential for a rekindling of inflation expectations. The Federal Reserve, in implementing monetary policy, was sensitive to these dangers, while it continued to provide support for sustainable economic growth. During

the first part of the year, growth in money and credit slowed from the rapid pace of 1986, even though pressures on the reserve positions of depository institutions remained mild. Those pressures were increased somewhat in late April and May, however, as the dollar fell sharply against other key currencies, inflation expectations flared up, and long-term interest rates jumped to higher levels. In response to these steps, and to complementary policy actions taken abroad, the dollar has stabilized, and interest rates have retreated somewhat from their May highs.

If the nation is to achieve an orderly transition to better external balance, one marked by a minimum of financial or inflationary pressures, responsible action by many parties—in addition to the Federal Reserve—will be necessary. Further progress in reducing our federal budget deficit is essential: a failure to achieve this oft-stated objective could only damage confidence in our ability to deal with our economic problems and contribute to imbalances in financial markets and the economy. In addition, satisfactory growth in the other major industrial countries is crucial, as are efforts on all sides to maintain and improve the openness of the international marketplace. The private sector also must play a constructive role by remaining sensitive to wage and price practices that promote the international competitiveness of American business.

### *Economic and Financial Background*

The economic expansion has now progressed well into its fifth year. Real gross national product rose at a 4¾ percent annual rate in the first quarter. However, much of the increase in production reflected a rebuilding of business inventories that had been drawn down late in 1986, and real GNP appears to have increased at an appreciably more moderate pace in the second quarter.

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

Nonetheless, growth remained strong enough to sustain a downtrend in unemployment.

Beneath these solid gains in aggregate economic activity have been welcome improvements in the fortunes of sectors that have failed to participate in the increasing prosperity of the past several years. As suggested above, the most significant development has been the emerging improvement in the nation's trade performance, which has begun to close the gap between the pace of growth in the industrial sector and in the rest of the economy; indeed, some segments of manufacturing have reached relatively high levels of capacity utilization and strong profitability. Economic strains also appear to be easing in other troubled sectors. Oil-well drilling, while still at depressed levels, has turned up as a consequence of the firming of world oil prices. Agricultural income was quite high last year, although it continued to be heavily dependent on government support; farmland values seem to have stabilized, and the amount of delinquent farm loans has begun to decline.

While the external sector has been strengthening in real terms in recent quarters, growth in domestic demand has moderated considerably. To some extent, the slower rise in household and business purchases in the early months of this year was a reflection of the acceleration that had occurred at the end of 1986, motivated by tax considerations. However, consumers, in particular, have shown signs of less exuberance in their expenditure patterns after a period of several years in which their willingness to spend increasing proportions of their income provided considerable thrust to business activity. A moderation of domestic spending growth is, of course, a fundamental ingredient in achieving better external balance without putting excessive strains on available resources.

A key element in the recent trade developments has been the steep drop in the foreign exchange value of the dollar—almost 40 percent on a trade-weighted basis against the currencies of the other Group of Ten countries—since early 1985. That decline, in conjunction with notable restraint on labor costs, has greatly enhanced the competitiveness of U.S. producers in international markets. At the same time, though, the

depreciation has caused prices of imported goods to increase—sharply in some cases—and has exacerbated a bulge in prices coming from higher energy costs. The rise in consumer prices, averaging more than 5 percent at an annual rate over the first five months of this year, was a disturbing departure from recent experience. Moreover, as the dollar exhibited continued weakness in the early spring, and with progress toward improvement in the U.S. current account slower than many had anticipated, concerns mounted about inflation prospects. This was reflected for a time in rising prices of precious metals and other actively traded commodities, an event that only served to reinforce the inflation fears that simultaneously were unsettling U.S. securities markets.

In these circumstances, and with the economic advance evidencing reasonable momentum, the Federal Reserve in late April and May adjusted its open market operations to impose a somewhat greater, but still quite limited, degree of pressure on the reserve positions of depository institutions. This step was reassuring to the markets. Coupled with complementary actions by monetary authorities abroad and more favorable news on prices and U.S. merchandise trade flows, the firming of money market conditions contributed not only to a turnaround in the dollar on exchange markets but also to a rally in bond prices. On balance, however, short-term interest rates currently are about  $\frac{1}{2}$  percentage point above their levels at the time of the Board's February monetary policy report to the Congress, and long-term rates are up about a full percentage point.

The rate of growth of the money stock measures M2 and M3 has been well below that of last year and close to, or below, the lower end of the target ranges adopted in February. This has been viewed as acceptable by the Federal Open Market Committee (FOMC), given the inflation and exchange rate developments described above, as well as indications of greater-than-anticipated strength in the velocity of money (that is, the ratio of nominal GNP to money). M2 rose at an annual rate of only 4 percent between the fourth quarter and June, appreciably below the growth range of  $5\frac{1}{2}$  to  $8\frac{1}{2}$  percent for the year, while M3

grew at a 5¼ percent rate, a shade below the lower bound of its identical range.

The marked deceleration of monetary growth, and the accompanying rise in M2 and M3 velocity after two years of decline, reflected a variety of influences. Some unwinding of the buildup in balances that occurred late last year in connection with a huge volume of tax-related transactions may have been involved; tax reform also may have damped growth in money as individuals reduced their additions to deposit holdings rather than using consumer credit, on which interest is no longer fully tax-deductible. Capital constraints on the growth of bank and thrift institution assets may have limited the depositories' efforts to seek funds, an effect likely to express itself most fully at the level of M3, which encompasses a broad range of depository-institution liabilities.

But it is another factor that appeared most important, particularly in the case of M2. Changes in deposit rates have lagged changes in market rates—behavior exhibited quite consistently in the period since most restrictions on deposit rates were removed. With market rates rising, financial assets other than those included in M2 have become relatively more attractive to the public, the opposite of developments in 1985 and 1986. This same phenomenon, reinforced by the normal downward adjustment of compensating-balance requirements as rising interest rates enable banks to earn more on business demand deposits, has had a marked effect on M1 growth as well, which slowed to a 10 percent annual rate between the fourth and second quarters (and to a 7¾ percent rate between the fourth quarter and June); M1 velocity appears to have changed little in the second quarter, after more than two years of steep decline.

Reflecting in large part the diminution of the federal deficit and a slowing in state and local government borrowing, influenced by the Tax Reform Act, aggregate credit expansion in the economy has slowed noticeably this year. The debt of domestic nonfinancial sectors is estimated to have expanded at an annual rate of about 9¾ percent through June, still high relative to the growth of nominal GNP but less rapid than in the past several years and within the monitor-

ing range of 8 to 11 percent specified by the Federal Open Market Committee.

*Ranges for Money and Credit Growth in 1987 and 1988*

At its meeting earlier this month, the FOMC did not change the 1987 ranges for money and credit growth that it had established in February. As indicated at that time, operating decisions will continue to be made not only with due regard to the behavior of these aggregates, but also in light of evidence on emerging trends in economic activity and inflation and developments in domestic and international financial markets. At this juncture, given the actual growth achieved in the first half, it seems likely that, absent major movements in interest rates that alter the incentives to hold monetary assets, expansion in M2 and M3 around the lower ends of their 5½ to 8½ percent annual ranges may well be appropriate. Indeed, should the recent tendency toward a strengthening in velocity, which has been particularly noticeable in the case of M2, persist, or if inflationary pressures appear to be mounting, some shortfall from the annual ranges might well be appropriate. With regard to the domestic debt aggregate, the FOMC anticipated that the slower pace of debt growth in the first half would continue and that the aggregate would end the year well within the monitoring range of 8 to 11 percent.

Consistent with the objective of maintaining progress over time toward general price stability while supporting sustainable growth in economic activity, the FOMC decided to adopt on a tentative basis lower growth ranges for money and credit in 1988. The target growth ranges for M2 and M3 were reduced ½ percentage point, to 5 to 8 percent, measured from the fourth quarter of 1987 to the fourth quarter of 1988. At the same

Ranges of growth for monetary and credit aggregates  
Percent change, fourth quarter to fourth quarter

Monetary or credit aggregate	1987	1988, tentative
M2 .....	5½ to 8½	5 to 8
M3 .....	5½ to 8½	5 to 8
Credit .....	8 to 11	7½ to 10½

time, the monitoring range for growth of nonfinancial sector debt also was tentatively reduced by ½ percentage point, to 7½ to 10½ percent.

The Committee noted that M1 has continued to exhibit considerable sensitivity to changes in interest rates, among other factors, as illustrated by its sharp deceleration in the first half of this year. In view of this, and the still-limited experience with the behavior of deregulated transactions accounts, the Committee decided not to set a specific target range for M1 for the second half of 1987, and no tentative range was adopted for 1988. In its policy deliberations over the remainder of the year, the FOMC will take account of M1 growth in light of the behavior of its velocity, incoming information about the economy and financial markets, and the degree of emerging price pressures.

### *Economic Projections*

As noted above, the Committee believes that the monetary objectives that it has set are consistent with restraint on inflation in the context of continued moderate growth in economic activity and progress toward a sustainable external position. As is indicated in the following table, the central tendency of the forecasts of Committee members and other Reserve Bank presidents is for growth in real GNP of 2½ to 3 percent in 1987 and 1988. Between now and the end of next year, this pace of activity is expected to generate jobs in about sufficient number to match the expansion of the work force. Consequently, the civilian unemployment rate is not expected to change appreciably from the 6¼ percent average of the second quarter, although recent experience suggests that the projected growth of real GNP might lead to somewhat lower unemployment.

Real net exports of goods and services are expected to strengthen further while the growth of domestic demand remains relatively subdued. The improved competitive position of U.S. producers resulting in large part from the dollar depreciation of the past two years has only begun to be reflected in trade flows, and further improvement in the nation's external position should be realized in coming quarters. Household spending is expected to grow slowly, but stronger increases in business investment, espe-

### Economic projections for 1987 and 1988<sup>1</sup>

Percent

GNP or unemployment	FOMC members and other FRB Presidents	
	Range	Central tendency
	1987	
GNP, change from fourth quarter to fourth quarter		
Nominal .....	5¼ to 7¼	6¼ to 7
Real .....	2 to 3¾	2½ to 3
Implicit deflator .....	3 to 4¼	3½ to 4
Civilian unemployment rate, average level in the fourth quarter .....	6.1 to 6.5	6.2 to 6.4
	1988	
GNP, change from fourth quarter to fourth quarter		
Nominal .....	5 to 8	5¾ to 7
Real .....	1 to 3	2½ to 3
Implicit deflator .....	2½ to 5	3¾ to 4¼
Civilian unemployment rate, average level in the fourth quarter .....	5.9 to 6.8	6 to 6.5

1. The administration has yet to publish its midsession budget review but spokesmen have indicated that earlier forecasts will be revised. As a consequence, the customary comparison of FOMC forecasts and administration economic goals has not been included in this report.

cially in equipment, are anticipated as industrial firms respond to more favorable sales trends.

Prices, as measured by the implicit deflator for GNP, are expected to rise 3½ to 4 percent over the four quarters of 1987—slightly more than the central-tendency range reported to the Congress in February. For 1988, projections of the increase in the GNP deflator center on 4 percent. Assuming world oil prices are more stable, there should be no repetition of the rebound in domestic energy prices that raised the general rate of inflation earlier this year. However, the acceleration in prices of non-oil imported goods that is occurring in the wake of the decline in the foreign exchange value of the dollar likely will continue for a time to provide some impetus to inflation, even if the dollar is more stable over the period ahead, as assumed. The size of further increases in import prices resulting from the depreciation to date will depend on the aggressiveness with which foreign exporters and U.S. distributors seek to restore profit margins that have been squeezed in the past two years. The view that inflation next year will not rise significantly from the pace projected for 1987 is grounded in a belief that recognition of the potential for losses of

market share and job opportunities will continue to influence wage- and price-setting behavior.

While restraint on inflation is crucial in achieving an orderly adjustment as our massive external imbalance is corrected, so too is continued progress in reducing the federal budget deficit. Inflows of foreign capital will shrink in step with the reduction in our current account deficit, and in that context excessive federal borrowing requirements, as they put pressure on financial markets, pose a threat to the ability of our economy to fund necessary private capital formation.

Finally, the members of the Committee and other Reserve Bank presidents also view the prospects for a healthy U.S., and world, economy as depending significantly on the avoidance of further protectionist measures here and abroad and on satisfactory economic growth in other major industrial countries.

#### *THE PERFORMANCE OF THE ECONOMY DURING THE FIRST HALF OF 1987*

The economy continued to expand in the first half of 1987, and, in contrast to the pattern of the preceding four years, the composition of activity appeared to be moving toward a better balance between domestic spending and domestic production. The overall growth in output during the first six months of the year led to a net gain in jobs of around 1¼ million, a faster pace of hiring than during 1986. Moreover, the civilian unemployment rate, which had hovered close to 7 percent throughout most of last year, moved down to 6.1 percent by June.

Inflation picked up early this year, with most broad indexes of prices posting increases substantially above those of the past several years. In large part, the acceleration reflected developments in oil markets, where prices have retraced part of last year's decline. But rising prices for other imported goods also began to surface at the retail level, and, at the producer level, prices paid for raw materials and other supplies clearly turned up. Wage trends, however, have remained both stable and restrained.

Higher inflation rates have been, in part, a consequence of the ongoing adjustment of the U.S. economy to a lower foreign exchange value

of the dollar. Prices of non-oil imports, particularly for finished consumer goods and capital equipment, have been rising at rates in excess of domestic prices in recent quarters, damping the demand for imported goods. At the same time, goods produced in the United States have become more competitive in world markets. The volume of exports, which began to pick up noticeably in the second half of 1986, continued to expand in early 1987, although the rebound likely has been limited by slow economic growth abroad.

Toward the end of 1986, some manufacturing industries—notably those producing textiles, apparel, steel, chemicals, and paper—began to experience a firming in demand apparently associated with improved trade conditions. In the first six months of 1987, production of office equipment and some other high-tech capital goods as well as several categories of industrial machinery also picked up. Moreover, domestic energy output stabilized, after having been a serious drag on industrial production last year. On the whole, the pace of activity in the goods-producing sector moved back into line with the overall rise in GNP. The index of industrial production increased at a 3 percent annual rate between the third quarter of 1986 and the second quarter of 1987, after little change during the preceding year.

#### *The External Sector*

The dollar depreciated further against other major currencies in the first half of 1987, with most of the adjustment concentrated in one episode early in January and in another during a period of unsettled markets in the early spring. Since mid-May, the dollar has retraced part of its recent decline, but, on a trade-weighted basis against other G-10 currencies, it remains about 6 percent below its average level in December 1986 and almost 40 percent below its peak in February 1985. The underlying downward pressure on the dollar during the first half was fueled by perceptions that progress in reducing the U.S. current account deficit had been slow and by disappointment concerning prospects for policy adjustments, here and abroad, aimed at restoring better balance in the world economy. An offsetting

factor until recently was the widening of interest rate differentials between the United States and the other major industrial countries, as rates rose in the United States while declining abroad.

The U.S. current account deficit stood at just under \$150 billion in the first quarter of 1987, little changed, in nominal terms, from the deficit in the second half of 1986. The volume of merchandise imports of goods other than oil has been about flat in recent quarters, after rising steadily for three and one-half years. Demand has leveled off for a wide range of imported industrial materials, consumer goods, and capital equipment. This adjustment occurred, however, as dollar prices for these goods began to pick up, and thus the value of non-oil imports has continued to edge higher. Demand for imported petroleum products dropped back early this year, but with world oil prices higher, the U.S. oil import bill stayed at about its 1986 level.

At the same time, the expansion in the volume of merchandise exports that began in mid-1986 extended into early 1987. The improvement in foreign sales has been broadly based; in particular, shipments abroad of industrial materials and capital goods, which account for the bulk of U.S. merchandise exports, both were up about 10 percent in real terms in the first quarter from the average in the first half of 1986. The volume of agricultural exports also firmed somewhat recently, as sharply reduced support prices appear to be combining with the lower dollar to boost foreign demand for some U.S. farm products.

The adjustment in the U.S. trade position to date has occurred without much impetus from economic expansion abroad. Growth of real GNP in other industrial countries averaged less than 2½ percent last year; moreover, economic activity began to slow in the second half of the year, and, at least in Europe, the weakness continued into early 1987. Export and import volumes in Europe and Japan have begun to adjust to the exchange rate movements of the past two years, cutting into the growth generated by their external sectors. While growth in domestic demand has been maintained above the rate for domestic production, it, too, has slowed and has not taken up the slack from a weak external sector.

Outside of the industrial countries, average

growth last year was quite uneven and, on balance, provided only a limited offset to slower economic activity in Europe and Japan. Weakness in oil markets held down OPEC growth while the newly industrialized countries in Asia continued to expand strongly. In Latin America, which is an important market for U.S. exports, output rose close to 4 percent for a third year, a marked turnaround from the 1982–83 period, when the onset of external financing difficulties seriously disrupted trade. Internal pressures to maintain reasonably strong growth persist in these countries; such growth could be facilitated by an improved performance of the industrial economies as a group.

### *The Household Sector*

Consumer spending weakened considerably in the first half of 1987, after three years in which real gains averaged 3¾ percent per year. In particular, households cut back sharply their purchases of durable goods and outlays for non-durables flattened out; spending for services, however, continued to trend up. Slower sales of new automobiles contributed importantly to the overall deceleration in consumer spending. During the first half, sales of new cars averaged 10 million units at an annual rate, down from a record 11½ million units in 1986. The slackening in demand was most noticeable for domestic makes and persisted despite the continuation of special incentive programs on a wide range of models.

The deceleration in consumer outlays, especially for durables such as motor vehicles, furniture, and home appliances, followed a period of several years during which a variety of factors were working to encourage households to increase their holdings of big-ticket items: relatively moderate increases, or even decreases, in the prices of many home goods; declines in interest rates; and pent-up demands from the period of economic weakness in the early 1980s. As those influences dissipated, and with the personal saving rate reaching an historically low level by late 1986, consumers apparently became more cautious in their buying patterns. Nonetheless, survey evidence still suggested that house-

holds' evaluations of market conditions for major purchases and of their personal finances remained generally positive.

During the first five months of 1987, growth in nominal disposable income picked up from its 1986 pace; but, with consumer prices rising more rapidly, income growth in real terms was little different from the 2 percent pace of the preceding two years. However, the aggregate balance sheet of the household sector showed further improvement early this year. Asset holdings were bolstered especially by gains in stock prices, while debt accumulation slowed. Growth of mortgage debt dropped back from the extraordinary pace of late 1986 despite the popularity of home equity loans, and growth of consumer credit dropped sharply. To some extent, the deceleration in consumer debt, as well as the slowdown in spending on durable goods, may be a consequence of the rapid rise in household debt burdens during the past several years. In addition, the new tax law diminished the incentive to finance expenditures with installment credit. Despite the slower growth of consumer and mortgage debt, some indicators suggest that a considerable number of households still are having problems servicing existing liabilities. Although some loan delinquency rates dropped a bit, others rose in the first quarter, as did personal bankruptcies.

Spurred by a decline in mortgage interest rates, which reached a nine-year low at the end of March, starts of new single-family homes averaged 1¼ million units at an annual rate from January through April, the highest level since the late 1970s. Sales of single-family homes, which had been boosted by tax considerations at the end of 1986, also remained brisk through April. Subsequently, the backup in mortgage rates to early-1986 levels resulted in some reduction in single-family homebuilding, to around the pace that prevailed last fall. In the multifamily market, the downtrend in activity that began in early 1986 continued through the first half of 1987. In the second quarter, multifamily starts were one-third below last year's peak. Despite the adjustment thus far to overbuilding and the reduced after-tax profitability of multifamily housing investment, rental vacancy rates nationwide are still close to record highs.

### *The Business Sector*

Business spending on plant and equipment fell sharply in the first quarter of 1987. For equipment, the weakness was concentrated in January and followed a tax-induced bunching of purchases in late 1986. In subsequent months, shipments of nondefense capital goods recovered, leaving the average level for April and May, in nominal terms, 1¼ percent above the third quarter of last year. New orders for nondefense capital goods also dipped at the beginning of the year, but then strengthened noticeably as bookings for aircraft and for office and computing equipment rose sharply. The recent level of orders appears consistent with a continuation in the near term of the moderate uptrend in spending on equipment that has prevailed over the past two years. According to responses to private surveys concerning business capital spending plans for the year as a whole, firms still intend to direct the bulk of these purchases toward modernization and cost-saving improvements in their production lines.

In contrast, the environment for expansion of plant facilities and office space is still generally unfavorable. Large amounts of vacant and underused space in both office buildings and factories began to take a toll of nonresidential construction last year; and less favorable treatment of commercial structures under the new tax code reinforced the tendencies toward a lower level of activity in this sector. As a result, spending for commercial and industrial buildings dropped further in the first quarter of 1987, to a level about 20 percent below that of a year earlier. The decline in spending for these types of buildings accounted for the overall weakness in nonresidential structures early this year, in the face of an upturn in oil drilling and some increases in other categories.

A sizable swing in business inventories around the turn of this year was associated with sharp, tax-induced fluctuations in sales. The surge in consumer and business spending at the end of 1986 was met to a considerable extent by drawing down stocks, which were then rebuilt at the beginning of this year. This spring, inventory-sales ratios generally were not indicating serious imbalances, with the notable exception of the

auto industry. Domestic car makers boosted production in early 1987 in excess of slackening sales, leading to a substantial backlog of unsold cars on dealer lots. By June, a scaling back of assemblies had stemmed further accumulation, but the industry entered the summer with stocks that were quite large by historical standards.

Before-tax profits of nonfinancial corporations, which had slipped a bit relative to GNP since 1984, rose in the first quarter. After-tax profits relative to GNP were up as well, although the rise was damped by increases in corporate tax liabilities associated with the new tax law. Corporations paid out a slightly larger share of earnings as dividends in the first quarter; nonetheless, internally generated funds remained sizable relative to investment outlays.

### *The Government Sector*

A substantial reduction in the federal budget deficit for fiscal year 1987 appears in train, with the most recent estimate from the Congressional Budget Office at \$161 billion, compared with \$221 billion in fiscal 1986. Growth in receipts has been extremely rapid; this reflects, in large part, a one-time surge in tax payments this April from individuals who realized capital gains last December, taking advantage of lower tax rates under the old tax code. But more fundamental progress in reducing spending growth also appears to have been made in the wake of the Gramm-Rudman-Hollings legislation. Total outlays have been rising at a rate of around 2 percent in the current fiscal year, a marked slowing from 8 percent per year during the preceding five years. Although entitlements spending is still increasing steadily, agricultural support payments and interest outlays have leveled off. Moreover, military spending has begun to respond to reductions in defense authorizations and has slowed to about half its 1986 rate of increase. In addition, there has been continued budgetary restraint on discretionary domestic programs. On balance, these developments have held down the growth of federal purchases, which account for about a third of total federal expenditures; excluding changes in farm inventories held by the Commodity Credit Corpora-

tion, real federal purchases were little changed between the second quarter of 1986 and the first quarter of this year.

Real purchases of goods and services by state and local governments rose at a 4 percent annual rate in the first quarter of 1987, close to the brisk pace of the past several years. The growth in outlays continues to be boosted by efforts to upgrade basic infrastructures. This rise in spending has outpaced growth in receipts, however, and the sector's combined operating and capital accounts (that is, excluding social insurance funds) moved into deficit in the first quarter of this year. In many instances, a current deficit does not signal any fundamental financial problem, as capital expenditures are financed through bond issues. Nonetheless, a good many units are experiencing a degree of difficulty, with oil-producing states under the most stress. Many states are responding with plans to trim their general funds budgets; some are considering tax increases or are planning to retain the extra receipts generated by changes in federal tax laws.

### *Labor Markets*

Employment accelerated early in 1987, and, despite a slowing in recent months, the average monthly increase in nonfarm payroll employment of just over 200,000 so far this year exceeds the pace of hiring in 1986. The improvement in labor demand has been fairly broadly based. In manufacturing, a two-year string of cutbacks in durable goods industries ended late last year, and hiring picked up a bit in the nondurable goods sector. As a result, factory employment, overall, edged higher over the first six months of 1987. In addition, the number of jobs in oil and gas extraction stabilized after the sharp retrenchment in 1986. At the same time, the expansion of jobs in the trade, services, and finance industries, despite some recent slowing, remained sizable.

The combination of strong gains in employment and declining numbers of unemployed workers over the first half lowered the civilian jobless rate to 6¼ percent on average in the second quarter from just under 7 percent at the end of last year. The rate for adult men (aged 25 years and over), which had been stuck at around

5½ percent from mid-1984 to late 1986, moved below 5 percent this spring; further improvement also occurred for adult women, whose unemployment rate in the past year has moved below that of their male counterparts.

Despite falling unemployment, available measures of labor compensation showed little sign of acceleration early this year. Hourly compensation, as measured by the employment cost index, rose 3.1 percent in the 12 months ending in March, the same as the year-over-year changes in the second half of 1986 and down nearly three-quarters of a percentage point from a year earlier. A wide gap persisted between the size of pay increases for white-collar workers and for those in blue-collar occupations. Nonetheless, the slowing in wage inflation compared with a year earlier was relatively widespread by industry and occupational group. An exception is the Northeast region, where wages showed no deceleration in the year ending in March and increases were still outpacing those in other parts of the country by a sizable margin.

The moderation in hourly compensation increases has been the principal factor holding down labor costs, as productivity continues to be quite sluggish. After declining in the second half of 1986, output per hour in the nonfarm business sector rebounded in the first quarter of 1987, but remained little different from its year-earlier level. Since 1984, productivity gains in the nonfarm business sector have averaged less than 1 percent per year. The trend has been much more favorable in the manufacturing sector, where firms apparently have had some success in their efforts to boost the efficiency of their production processes; indeed, productivity gains in U.S. manufacturing between 1985 and 1986 outstripped those recorded by other major industrial countries.

### *Price Developments*

As expected, inflation rates have been higher so far this year, largely reflecting a rebound in energy prices. The GNP fixed-weight price index, a broad measure of inflation for goods and services produced by the United States, increased at an annual rate of about 4 percent in the

first quarter; it had risen 2½ percent during 1986. Sharper accelerations occurred in the consumer price index, which was up at a 5½ percent rate over the first five months of the year, and in the producer price index for finished goods, which rose at a 4½ percent annual rate over the six months ended in June.

The rebound in energy prices began in January, when spot prices of crude oil jumped about \$3 per barrel in response to the reductions in output to which OPEC had agreed late in December. Higher crude oil costs were quickly passed on to end-users, and by May consumer prices for gasoline and fuel oil had risen about 15 percent, retracing half of last year's decline. Spot prices of petroleum products moved up a bit further early in the summer as inventories tightened, and these increases were supported subsequently by the renewal of OPEC's agreement to control production.

In addition to the developments in energy markets, the influence of a lower value of the dollar, as well as trade restrictions, on the prices of imported goods became increasingly evident at the retail level in the first part of this year. The dockside prices of non-oil imports turned up in 1986 after several years in which stable or declining import prices had helped to restrain domestic inflation. Although price changes have varied considerably among different categories of imported goods, some of the largest increases have been reported for consumer commodities, including autos. Retail prices for a number of items with higher-than-average import proportions—such as apparel, footwear, and some other home goods—have shown markedly faster increases than they did during the past several years. These increases contributed to a sharp acceleration in the consumer price index for goods other than food and energy between December and May compared with 1986, while the rise in prices of nonenergy services over the same period was slightly less rapid than last year.

At the domestic producer level, prices of finished consumer goods and capital equipment other than food and energy rose at an annual rate of less than 2 percent over the first six months of the year. At earlier stages of processing, however, prices of domestically produced intermediate materials other than food and energy rose at

a 4 percent annual rate, after two years of essentially no change. This acceleration reflected a sharp rise in the prices of industrial chemicals and some other petroleum-related materials as well as increases in a number of other categories.

Prices of primary commodities other than petroleum also have increased so far in 1987. In the agricultural sector, crop prices have retraced part of last year's decline, which occurred when farmers sold large amounts of the grain they had received from the government in lieu of cash payments. Prices of cattle and hogs also were up markedly into the spring, but, with supplies improving, cattle prices have retraced much of their advance, and hog futures prices point to declines later this year. Prices of industrial materials, with the exception of a brief period early this year, have been rising fairly steadily since the early autumn of 1986. Spot prices for precious metals have been particularly sensitive to developments in foreign exchange markets and renewed market concerns about inflation; after climbing sharply into May, they fell back a bit with the subsequent firming of the dollar.

#### *MONETARY POLICY AND FINANCIAL MARKETS IN THE FIRST HALF OF 1987*

The Federal Open Market Committee at its meeting in February established 1987 target ranges, measured from the fourth quarter of 1986 to the fourth quarter of 1987, of 5½ to 8½ percent for both M2 and M3. It also set a 1987 monitoring range for domestic nonfinancial debt of 8 to 11 percent. The M2 and M3 ranges represented a reduction of ½ percentage point from last year's target ranges, and the Committee expected growth to be well within the ranges, especially in the absence of dramatic movements in interest rates. The range for debt was unchanged from 1986 but below the actual outcome in that year and other recent years; thus, the Committee anticipated that debt growth also would slow this year.

The Committee viewed a substantial slowing in money and credit growth from the rapid pace of 1986 as likely to be consistent with continuation of sustainable economic expansion and conducive to further progress over time toward reason-

able price stability. Growth of M1 also was expected to moderate considerably this year. However, the Committee in February elected not to set a target range for M1 for 1987 because of the continuing uncertainties about the relationship of this aggregate to the economy. These uncertainties partly reflected the substantial sensitivity of its velocity to changes in financial conditions that had been evident in recent years, capped by a record postwar decline in the velocity of M1 over 1986. Instead, the FOMC decided to continue evaluating movements in this aggregate in light of the behavior of its velocity, the rate of economic expansion, inflationary pressures, and developments in financial markets.

Over the first half of 1987, monetary policy was conducted against a backdrop of heightened concerns about inflation, stimulated in part by substantial downward pressure on the dollar in foreign exchange markets. At the same time, growth of money and credit aggregates moderated considerably and the velocities of the broader monetary aggregates turned upward after several years of rapid money growth and falling velocities. Measured from the fourth quarter of 1986, M2 in June was below the lower end of its target growth range, while M3 was around the lower end of its range. Meanwhile, growth in M1 slowed to a 7¼ percent pace and debt expansion moderated to a 9¼ percent rate. As pressures on the dollar and inflation worries intensified in April and May, interest rates began to rise substantially, especially in long-term markets. In late April and May, the Federal Reserve adopted a somewhat less accommodative stance with respect to the provision of reserves through open market operations. These actions, together with monetary easing moves by key industrial trading partners, helped to stabilize the dollar and calm inflation fears, contributing to some decline in long-term interest rates and strengthening of the dollar.

#### *Money, Credit, and Monetary Policy*

In its conduct of policy thus far this year, the Federal Reserve has given a good deal of weight to a number of considerations in addition to the monetary aggregates—principally recurrent epi-

## Growth of money and credit

Percentage changes at annual rates

Period	M1	M2	M3	Domestic nonfinancial sector debt
<i>Fourth quarter to fourth quarter</i>				
1979	7.9	8.2	10.4	12.2
1980	7.3	8.9	9.6	9.6
1981	5.1(2.4) <sup>1</sup>	9.3	12.3	9.9
1982	8.6	9.1	9.9	8.9
1983	10.2	12.1	9.8	11.5
1984	5.4	7.9	10.7	13.9
1985	12.1	8.8	7.7	13.4
1986	15.3	8.9	8.8	13.2
Fourth quarter 1986 to second quarter 1987	9.9	4.5	5.3	9.8 <sup>c</sup>
Fourth quarter 1986 to June 1987	7.7	4.0	5.3	9.8 <sup>c</sup>
<i>Quarterly average</i>				
1986:1	8.8	5.3	7.7	15.5
2	15.5	9.4	8.7	10.2
3	16.5	10.6	9.7	12.5
4	17.0	9.2	8.0	12.1
1987:1	13.1	6.3	6.3	10.4
2	6.4	2.5	4.1	9.0 <sup>c</sup>

1. M1 figure in parentheses is adjusted for shifts to NOW accounts in 1981.

c estimated

sodes of heavy downward pressure on the dollar, indications from long-term securities and commodity markets of heightened inflation expectations, and evidence that the economy continued to advance at a pace sufficient to produce rising levels of resource utilization. Under these circumstances, interest rates tended to move higher, and the patterns of rapid money growth and declining velocities of the last several years, when inflation and interest rates were moving down, began to be reversed. Growth of the broad aggregates remained around the lower bounds of their growth cones through most of the first half of the year, although M2 dropped well below its long-run range later in the period. Growth of both M2 and M3 was considerably below the pace of recent years, and their velocities increased. Expansion of M1 also slowed markedly, while growth of domestic nonfinancial sector debt moderated.

Through the early spring of this year, System open market operations were conducted to keep pressures on the reserve positions of depository institutions unchanged from last year. In January, the strong credit and money demands associated with a burst of tax-related financial activity in late 1986 began to abate, and short-term interest rates eased; however, these rates remained above levels prevailing in the fall of last year.

In foreign exchange markets, the dollar had begun to decline in late December, after a period of some stability. The drop continued through January, amid market concerns about the prospects for correcting U.S. and foreign external imbalances. In late February, the statement in Paris by the ministers of finance and central bank governors of six major industrial countries that they "agreed to cooperate closely to foster stability of exchange rates around current levels," along with a cut in the discount rate by the Bank of Japan, seemed to stabilize the dollar for a time.

The spread between private short-term rates and Treasury bill rates widened after Brazil announced a suspension of interest payments to banks in February, and subsequently widened further as the Treasury's paydown of bills, which began early in the year, picked up and foreign official institutions purchased bills with the proceeds of dollars acquired in exchange market intervention. Reflecting the somewhat higher private short-term interest rates and concomitant increases in funding costs, commercial banks raised the prime rate by  $\frac{1}{4}$  percentage point on April 1.

Long-term rates, which had not been much affected by the transitory credit demands of late 1986, continued to drift down in the early months of 1987, displaying little short-term volatility.

The placid conditions in long-term markets were abruptly changed in late March, primarily by developments in the international sphere. Announcements of trade sanctions by the United States, persisting weakness of the dollar, and disappointing trade figures all raised questions about continuing private demands for dollar assets, prospects for inflation, and the response of monetary policy. The dollar dropped sharply in the last three weeks of March, and between late March and late April, yields on 30-year government bonds rose about 1 percentage point on balance. The exchange and bond markets became highly volatile during this period, as the dollar continued to drop and inflation fears appeared to be intensified by the publication of adverse price data. Mortgage rates and yields on mortgage pass-through securities reacted very promptly to the deterioration in the bond markets and, indeed, rose more than most other long-term rates as many investors shied away from these instruments subject to substantial prepayment risk.

The effects of these developments also were evident in short-term credit markets, where rates rose in April partly in anticipation that monetary policy would have to firm to contain pressures on prices and the dollar. In late April and again in May, the Federal Reserve did move to tighten the availability of nonborrowed reserves through open market operations. Short-term interest rates rose about  $\frac{1}{2}$  to  $\frac{3}{4}$  percentage point during April and May, and the prime rate was raised twice more, on May 1 and May 15, in quarter-point increments. The System's firming actions, along with complementary moves abroad, helped to stabilize the dollar and ameliorate the concerns about the inflation outlook.

Along with some better price news and evidence of improvement in our trade deficit, this policy appeared to impart an improved tone to short-term and, especially, long-term credit markets over the latter part of May and June. Since May, most short-term rates have posted declines of  $\frac{1}{4}$  percentage point or more. Longer-term markets generally have registered greater gains, and in early July long rates were off  $\frac{1}{2}$  to  $\frac{3}{4}$  percentage point from their May highs. The dollar, meanwhile, has shown more dramatic improvement, regaining the ground it lost in April and May.

As interest rate incentives favoring market

instruments over monetary assets became more pronounced in the first half of the year, growth of the monetary aggregates slowed. M2 decelerated in both quarters, expanding at an annual rate of only  $2\frac{1}{2}$  percent in the March-to-June period. In addition to the influence of rising interest rates, tax reform may have weakened the public's demand for M2 assets, particularly household-type deposits, to the extent that it induced individuals to pay down consumer debt or to finance expenditures out of liquid assets rather than with credit. The velocity of M2 is estimated to have risen in the first and second quarters, after declining in 1985 and 1986.

The slowing of M2 growth was accompanied by a marked change in the composition of deposit inflows away from transactions and other highly liquid instruments and toward longer-term retail deposits. This reversal of the pattern of portfolio shifts in 1985 and 1986 occurred as rates on time deposits adjusted more promptly to rising market rates than did yields on more liquid monetary components, and the deposit rate curve steepened.

Growth in transactions instruments fell in the first half to a pace not seen since 1984, the last time interest rates rose on a sustained basis. Demand deposits, along with other checkable deposits (OCDs), were boosted smartly in April as individuals prepared to pay tax liabilities, which were swollen by capital gains taken in 1986 to avoid higher rates under tax reform. On balance, however, demand deposits have exhibited no sustained strength since late last summer. Among other factors, the rise in interest rates reduced the volume of demand deposits that businesses need to hold as compensating balances for bank services. As rates on time deposits and market instruments rose, OCDs became a less attractive savings vehicle. The progressive slowing this year of OCD growth, which had averaged close to 30 percent during most of 1986, was interrupted only by the April surge. With demand deposits and OCDs both running off in June, growth in M1 for the second quarter was down to a  $6\frac{1}{2}$  percent rate. The velocity of M1 in the second quarter is estimated to have changed little, after declining in each quarter since 1984.

Growth in other liquid balances also has been falling. Savings deposits, after expanding at a

rate of around 30 percent since the late summer of last year, slowed in the second quarter and advanced at a rate of only 10 percent in June, and money market deposit accounts have been particularly weak this year. By contrast, small time deposits, which had run off over much of last year in an environment of falling short-term rates, expanded significantly in June for the first time since April 1986. Growth in small time deposits this year has been especially strong at thrift institutions, reflecting elevated offering rates and, in certain cases, a shift to deposits in denominations of under \$100,000, as some of these institutions have encountered difficulties in issuing large time deposits.

Even with weak inflows to core deposits, the need among commercial banks to tap wholesale managed liabilities was limited by a moderation in demands for credit. M3 growth was further damped in the first half as banks obtained funds from sources not encompassed by the monetary aggregates, including borrowing from their foreign branches and a sharp rise in Treasury deposits. Federal Home Loan Bank advances to thrifts also were strong, although below the pace of last year. Growth of M3 fell below that of income in the first half, and M3 velocity apparently rose in both quarters, the first sustained increase in three years.

Credit flows were reduced in the first half of 1987, with total domestic nonfinancial sector debt expanding at an annual rate of around 9¾ percent, compared with rates in excess of 13 percent in each of the preceding three years. Even so, expansion of both the private and public components of the debt aggregate continued to outstrip the growth of income, as generally has been the case in the 1980s.

Overall business credit demands continued to be buoyed in the first half by heavy net retirements of shares associated with mergers, buy-outs, and other corporate restructurings. With long-term rates subdued in the first three months of the year, firms concentrated their borrowings in bond markets and short-term business credit contracted. However, as long-term markets deteriorated in April, bond issuance abated and business credit demands focused on the commercial paper market. By June, with some improvement in long-term markets, these financing patterns reversed again as bond issuance picked up

and growth of short-term business credit came to a halt.

Growth of consumer installment credit was considerably diminished during the first half. The reduced deductibility of consumer interest payments under the new tax code encouraged this development. The tax law change made the use of mortgage credit relatively more attractive, and the active promotion by lenders of home equity lines of credit reinforced tendencies toward substitution. In addition to credit taken down under home equity lines, mortgage growth in the first half was maintained by heavy volumes of new and existing home sales.

Federal government credit needs in the first half were held down by unusually strong tax payments stemming from the retroactive repeal of the investment tax credit and, principally, from the capital gains realized late last year. The budget showed a small surplus in the April-to-June period, after a \$59 billion deficit in the first quarter. Net borrowing from the public nevertheless rose in the second quarter on a seasonally adjusted basis as the Treasury replenished its cash balances, which had been drawn down sharply in the initial months of the year. The Treasury ran off bills in both quarters but continued to issue coupon securities in volume. Federal debt expanded at a 9¾ percent annual rate in the first half of the year, down from the pace of 1986.

Borrowing by state and local governments has fallen off this year. Issuance of municipal debt for new capital has been slowed considerably by provisions of tax reform that narrowed the definition of public-purpose debt and constrained private-purpose offerings. In addition, issuance of refunding bonds, which was strong in the first quarter, slackened after April because of higher interest rates.

The financial system has continued to evidence strains in 1987. Indications that the agricultural sector is beginning to stabilize have emerged, with loan delinquencies declining, land prices bottoming out, and export volume firming; the failure rate among agricultural banks seems likely to have peaked. However, the Farm Credit System, the nation's largest farm lender, lost considerable sums in 1985 and 1986, and many of its units continue to struggle with troubled loan portfolios.

In addition to difficulties with agricultural loans, commercial banks have been saddled with persisting problems in their energy and developing-country loan portfolios. Although some banks remain highly profitable, 19 percent lost money last year, compared with about 3 percent as the decade began; loan-loss provisions were the main cause of the earnings problems. The banking system is likely to post record losses this year owing to huge reserve provisions taken by large banks primarily as a consequence of developments in the international debt area. Despite the shrinkage in the book value of shareholder equity recognized by these actions, share prices rose at many banks that announced large increases in loan-loss reserves.

Net operating income before taxes for solvent thrift institutions rose last year as interest margins widened with falling market rates, and thrifts overall have raised their ratio of net worth to total assets by taking advantage of strong stock prices to issue large volumes of equity. Nonetheless, at a significant minority of thrifts, already negative net worth positions have been aggra-

vated by continued losses. Moreover, the problems of some troubled institutions intensified this year as the real estate market in certain areas of the country remained depressed and interest rates backed up.

The difficulties of the thrift industry are mirrored in the situation of the Federal Savings and Loan Insurance Corporation. Estimates indicate that current and potential claims against the FSLIC exceed its reserves by significant amounts. With premiums levied on member institutions already at a statutory maximum, some action clearly is called for to strengthen the FSLIC and bolster its ability to deal with problem institutions. Plans currently under study by the Congress would involve using retained earnings from the Federal Home Loan Banks to capitalize a financing corporation that, in turn, would issue obligations and invest the proceeds in FSLIC capital stock. At this stage, these plans call for a maximum capacity to issue debt of \$8½ billion. This would be repaid over an extended period of time through FSLIC assessments on member institutions.

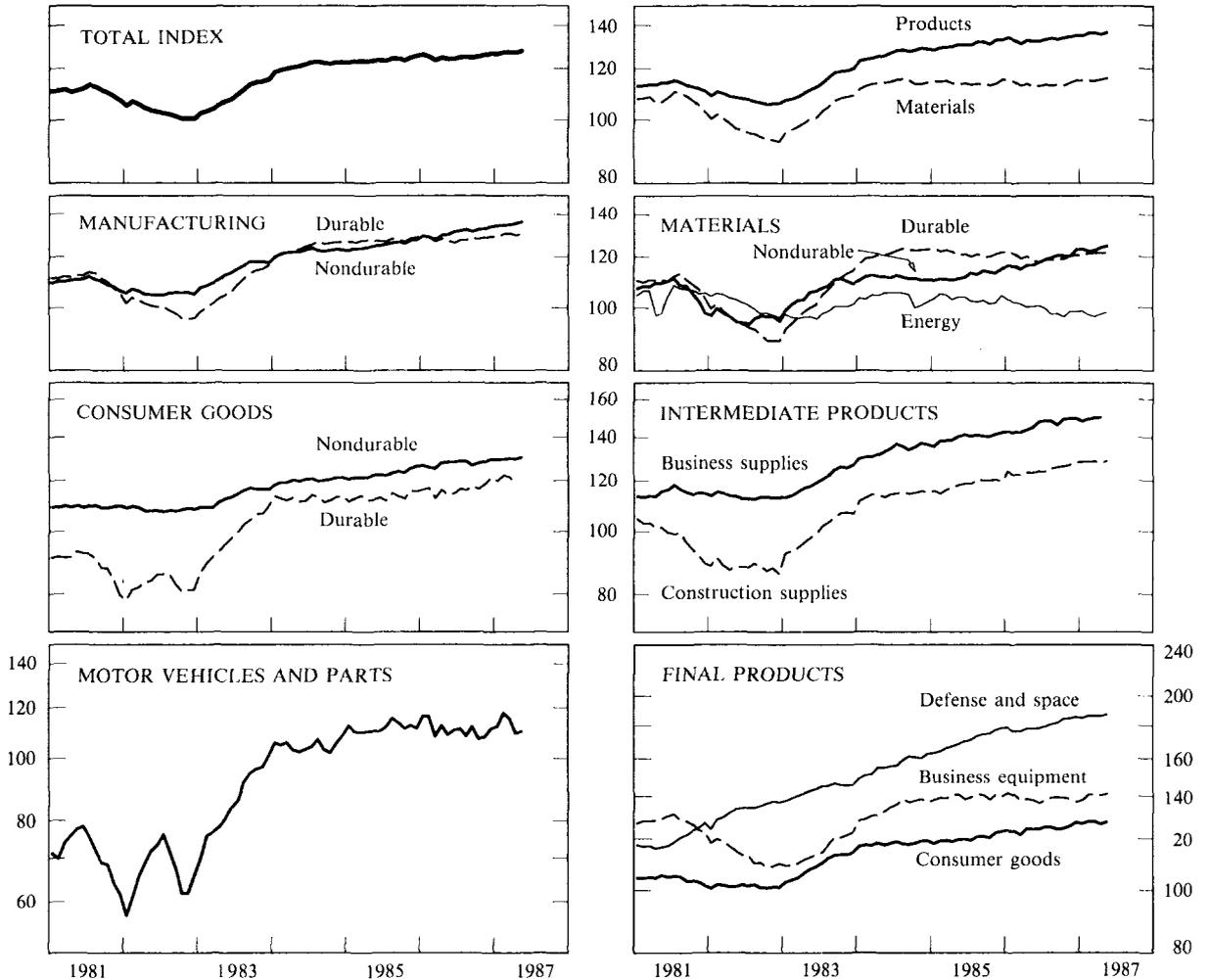
# Industrial Production

Released for publication June 16

Industrial production increased an estimated 0.5 percent in May, while the level of output in each of the preceding three months was revised upward. In May, gains in output were widespread among products and materials. At 127.8 percent of the 1977 average, the total index for May was 2.9 percent higher than that of a year earlier.

In market groups, output of consumer goods increased 0.6 percent in May following a decline of 0.8 percent in April. Auto production was off slightly in May, but output of lightweight trucks as well as that of home goods and nondurable consumer goods increased during the month. Auto assemblies were trimmed further in May to an annual rate of 7.1 million units, but still exceeded sales for May; industry schedules for

Ratio scale, 1977 = 100



All data are seasonally adjusted. Latest figures: May.

Group	1977 = 100		Percentage change from preceding month					Percentage change, May 1986 to May 1987
	1987		1987					
	Apr.	May	Jan.	Feb.	Mar.	Apr.	May	
Major market groups								
<b>Total industrial production</b> .....	127.2	127.8	-.1	.5	.0	-.1	.5	2.9
Products, total .....	135.6	136.5	-.1	.9	.1	-.4	.6	3.1
Final products .....	134.4	135.2	.0	1.0	.0	-.5	.6	2.8
Consumer goods .....	126.6	127.4	-.4	.6	.0	-.8	.6	2.5
Durable .....	118.4	119.4	-1.2	2.0	-.6	-2.6	.8	4.9
Nondurable .....	129.6	130.3	-.1	.2	.3	-.1	.6	1.7
Business equipment .....	140.4	141.2	.7	1.9	-.1	-.1	.5	2.4
Defense and space .....	186.5	187.4	-.3	.7	.0	-.1	.5	5.3
Intermediate products .....	140.0	140.7	-.4	.4	.3	-.1	.5	4.2
Construction supplies .....	127.9	128.6	.3	.1	.1	-.5	.5	4.2
Materials .....	115.6	116.0	.0	.0	-.1	.4	.4	2.7
Major industry groups								
Manufacturing .....	132.0	132.7	.1	.7	.1	-.2	.5	3.5
Durable .....	129.8	130.4	-.1	1.1	.1	-.6	.5	2.7
Nondurable .....	135.1	135.9	.3	.1	.2	.4	.6	4.6
Mining .....	96.5	96.3	.5	-1.0	.2	.1	-.2	-3.5
Utilities .....	110.4	111.9	-1.0	.1	-.3	1.1	1.4	3.1

NOTE. Indexes are seasonally adjusted.

June production show a further small decline. Production of business equipment was up in May, continuing the overall improvement that began in January, particularly in the output of manufacturing and commercial equipment.

After almost no change in both March and April, output of defense equipment increased in May, bringing production to a level about 5 percent higher than that of a year earlier. Output

of both construction and business supplies increased half a percent in May but has shown, on balance, only small gains since the beginning of the year. Total materials production rose 0.4 percent following a similar gain (upward revised) in April. Among durable materials, output of metals and equipment parts increased in May; nondurable materials, such as chemicals and paper, also rose. Output of energy materials, although relatively strong in May due largely to increased electricity generation, remained below year-earlier levels.

In industry groups, total manufacturing output increased 0.5 percent in May following a decline of 0.2 percent in April, which occurred mainly in durables. In May, the durable manufacturing sector almost regained March levels; nondurable manufacturing, with a gain of 0.6 percent in May following a revised rise of 0.4 percent in April, surpassed the March level considerably. Mining output edged down in May, but production by utilities was up sharply.

#### Total industrial production—Revisions

Estimates as shown last month and current estimates

Month	Index (1977-100)		Percentage change from previous months	
	Previous	Current	Previous	Current
February .....	127.1	127.2	.4	.5
March .....	126.8	127.3	-.2	.0
April .....	126.3	127.2	-.4	-.1
May .....	n.a.	127.8	n.a.	.5

n.a.—Not applicable.

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# Statement to Congress

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*Statement by Manuel H. Johnson, Vice Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Financial Institutions Supervision, Regulation and Insurance of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, June 9, 1987.*

I am pleased to appear on behalf of the Federal Reserve Board to offer additional testimony on the issue of money laundering. The Federal Reserve has a strong commitment to implementing appropriate policies to ensure compliance with laws enacted to eliminate money laundering.

My goal today is to more fully inform the committee of efforts by myself and by the staff to press for greater international cooperation by bank supervisors in addressing the use of banking organizations to launder money. In addition, the committee has asked that I give a status report on the studies required under the Anti-Drug Abuse Act of 1986 and that I address the subject of bank fraud and insider dealing. Finally, I will provide further information on the Federal Reserve's supervisory efforts to ensure compliance with the Bank Secrecy Act and other laws to discourage the use of banks and the payments system generally for laundering money.

## *INTERNATIONAL COOPERATION*

The Federal Reserve shares the concerns of this committee and believes that the effectiveness of efforts to discourage money laundering could be further enhanced by initiatives on an international level. For the past year, the Federal Reserve, together with the other federal banking agencies, has worked to secure the cooperation of bank supervisory authorities in other countries of the world. Discussions have been held among members of the Basle Committee on Bank Regulation

and Supervisory Practices with the goal of obtaining a consensus on how best to proceed with efforts to discourage criminal elements from using the international payments system for the purpose of laundering money.<sup>1</sup> The subject was first raised with the Basle Committee in a meeting in Washington last June. Although all members of the committee were clear in their view that abuse of the banking system in the form of currency laundering was a serious matter, many members felt that the primary responsibility for monitoring and detecting this activity rested largely with law enforcement authorities. Nonetheless, the committee agreed that the subject should be reviewed, and at the December 1986 meeting the U.S. delegation agreed to draft a paper outlining the issue and making recommendations.

In addition, this paper will propose rules of conduct that could be utilized by banks in any country to discourage the use of the payments system for illegal transactions. In constructing this proposal, we have consulted with other countries for the purpose of incorporating their ideas as well as seeking their support of a more active role for bank supervisors. We expect that in the next few weeks a draft of an initial proposal will be ready for review by the Basle Committee, and we are attempting to put the item on the committee agenda for the regular meeting later this month. We recognize that encouraging foreign supervisors to endorse the concept that international banks should adopt a code of conduct falls short of the extensive currency reporting requirements in place in the United States; however, we are hopeful that this

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1. The Basle Committee was established at the end of 1974 by the central bank governors of the Group of Ten industrialized countries with the objective of strengthening collaboration among national authorities in their prudential supervision of international banking. The committee, whose members are officials of the central banks and supervisory agencies, meets three times a year at the Bank for International Settlements in Basle, Switzerland.

effort, in combination with the activities of our federal law enforcement authorities, will make a meaningful contribution toward inhibiting the use of the banking system for illicit money laundering.

Attempts to eliminate money laundering through legislation are, of course, not confined to the United States. Recently, Switzerland, for example, has proposed laws designed to make money laundering a crime. It is our hope that other countries will follow suit. The proposed rules of conduct to which I have just referred endorse the concept that bank supervisory authorities should support legislation that would make money laundering a crime.

Federal Reserve efforts to encourage international cooperation in this area will not be limited to the Basle Committee. We intend to discuss this issue when appropriate at formal and informal meetings with foreign bank supervisory authorities. It is our hope, however, that the work going on in the Basle Supervisors' Committee will serve as the principal vehicle for advancing effective constraints on the involvement of international banking institutions in money laundering activities.

#### *INTERNATIONAL STUDIES*

The Anti-Drug Abuse Act of 1986 requires that two studies be conducted and furnished to this committee. Both of these studies are being prepared under the auspices of the Department of the Treasury in consultation with the Board of Governors. The Justice Department is also to contribute to one of the studies.

The first study deals with the results of discussions with central banks and other appropriate governmental authorities concerning the establishment of arrangements to facilitate the flow of information among supervisory authorities throughout the world. The flow of information among international supervisors is particularly important, and the Federal Reserve is discussing with international authorities the need to improve communications and information-sharing procedures to strengthen supervisory activities vis-à-vis international banking organizations. We expect to be able to provide the Treasury with the results of our discussions in sufficient time to ensure a timely response to this committee.

The other study requires that information be furnished to this committee on the following: (1) the extent to which foreign branches of domestic institutions are used to facilitate illicit transfers of currency and other monetary instruments or to evade reporting requirements; (2) the extent to which U.S. law is applicable to the activities of such foreign branches; and (3) methods for obtaining the cooperation of foreign countries for the purpose of enforcing money laundering laws and currency reporting requirements. The Federal Reserve and the Comptroller of the Currency were asked to assist the Treasury on sections 2 and 3 of the study. While we are still in the process of developing materials to provide to the Treasury, we expect that the study will be completed within the committee's requested time frame.

#### *BANK FRAUD AND INSIDER DEALING*

I would now like to turn to the subject of bank fraud and insider dealings. Experience has demonstrated that insider abuse and misconduct, as well as criminal activities, are among the factors contributing to bank failures. Data provided to the Department of Justice and the Federal Bureau of Investigation (FBI) confirm that criminal misconduct, such as fraud and embezzlement, is a serious problem. For example, the FBI recently reported that in 1985 it worked on 6,373 bank fraud and embezzlement cases—one-third of which involved amounts exceeding \$100,000. In 1986, this number rose to 7,286—with a corresponding increase in the number of cases involving more than \$100,000. The FBI reports that in 1985 the amount of reported dollar losses because of bank fraud and embezzlement totaled about \$850 million; in 1986, this total increased to more than \$1.1 billion.

Over the past several years, the Federal Reserve by itself, and in conjunction with the other federal banking and law enforcement agencies, has taken a number of steps to address bank fraud and insider abuse. A major part of this effort relates to our involvement in the Interagency Bank Fraud Enforcement Working Group (the "Working Group") that was formed in April 1985. The Working Group is comprised of officials from all of the federal financial institution

regulator agencies, the Justice Department, and the FBI. The principal results of the Working Group's efforts over the past two years include the following:

- The Working Group developed and implemented a uniform criminal referral form to be used by all banks, bank holding companies, savings and loan institutions, and credit unions.

- The Department of Justice developed and implemented a "significant referral" tracking system. For this purpose, a criminal referral is considered "significant" if the dollar amount of the suspected violation exceeds \$200,000, the suspected offense involves insider abuse by senior officials, or the violation involves, in the opinion of Board staff, activities or practices that affect the integrity of the supervisory process or otherwise have nationwide implications. Each significant referral received by the Federal Reserve System is forwarded to the Fraud Section of the Department of Justice for tracking and special attention.

- As a complement to these efforts, the Enforcement Section of the Board's Division of Banking Supervision and Regulation developed and implemented an automated system to monitor and track all of the Federal Reserve criminal referrals. Complete access to the Board's criminal referral recordkeeping system is available to all the agencies comprising the Working Group.

- The members of the Working Group developed and distributed lists of key persons to be contacted at the local FBI offices, U.S. Attorney's offices, Federal Reserve Banks, and all district offices of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board on matters relating to criminal referrals and bank-related insider abuse and fraud. These lists provide important information for the staffs of the agencies that are responsible for criminal referral and follow-up.

- The examiner training programs sponsored by the Federal Financial Institutions Examination Council have been expanded to include extensive instruction in the detection and investigation of insider abuse and misconduct within financial institutions. In addition, the members of the Working Group jointly sponsor white-collar crime seminars with the FBI.

- At the urging of the Working Group, the

Attorney General called upon each U.S. attorney to intensify his or her efforts in bank fraud enforcement. In a memorandum distributed in February 1987, the Attorney General asked all U.S. attorneys to prepare inventories of bank fraud cases involving more than \$100,000 that are pending prosecutive decision or action, to make prompt prosecutive determinations in those cases ready for decision, and to assign the needed personnel to complete the investigation of open cases with the goal of indictment or declination within nine months.

As part of this overall effort, the Federal Reserve Board has attempted to improve its communication and coordination with the enforcement agencies in this all-important area. I believe that we have made considerable progress in strengthening our working relationships with the Department of Justice and the FBI at both the federal and the local levels. There is also now, I believe, a better mutual understanding of the procedures and responsibilities of the federal financial institution supervisory agencies and the federal law enforcement agencies.

Besides these interagency efforts, the Board has sought to enhance its supervisory and enforcement activities regarding insider abuse and misconduct. This effort is reflected in an increase in the number of formal enforcement actions taken by the Board. In the period 1981-82, the Federal Reserve System averaged 42 enforcement actions per year; from 1984-86, the average number of enforcement actions had increased to 177. These figures include actions against state member banks, bank holding companies, and Edge act corporations. Moreover, during this period, there has been a significant increase in the number of enforcement orders addressing improper or abusive actions of bank officials. This increase in enforcement actions has occurred across the Board—involving civil money penalties and fines, cease and desist orders, and suspension and removal proceedings against officers and directors.

Board staff members are also working with their counterparts at the other federal financial institution regulatory agencies to develop a joint legislative proposal for amending the agencies' enforcement statutes. The purpose of the proposal would be to clarify the agencies' authority to obtain reimbursement from individuals who

violate applicable banking laws; broaden the agencies' powers to issue cease and desist orders; strengthen removal procedures; and codify existing interpretations of the Right to Financial Privacy Act. We believe that these changes would strengthen the agencies' ability to address bank fraud and insider dealings, and it is our hope that a proposal will be ready soon for referral to the Congress.

### *DOMESTIC REGULATORY ACTIVITIES*

To conclude my testimony, let me describe the range of our domestic activities to fight money laundering in U.S. banks. First, the Federal Reserve provides monthly reports on currency flows for several government agencies. These reports supply data on currency sent into and out of each of the 37 Federal Reserve offices. The purpose of the report is to establish payment patterns throughout the United States so that marked deviations in normal patterns can be identified and enforcement resources more efficiently deployed.

In addition, Federal Reserve Banks provide currency, shipping, and receiving data to government agencies covering cash flows between the Federal Reserve and a particular depository institution that is ordering or depositing cash. That information is useful also in establishing marked deviations in normal depositing and ordering patterns. The Federal Reserve is fully cooperative in responding to any requests for data of this type.

### *EXAMINATIONS*

The Board believes that the most effective way to ensure that banks are meeting the recordkeeping and reporting requirements of the Bank Secrecy Act is to conduct on-site examinations. The Federal Reserve has developed detailed examination procedures in this area and has held special training sessions for examiners as well as for bankers. It is our policy to review compliance with the Bank Secrecy Act at each examination of a state member bank or Edge act corporation. In 1986, 844 such examinations were conducted, and through the first quarter of 1987 an additional

227 examinations were completed. The number and intensity of our reviews of currency reporting requirements have increased steadily in the past five years.

During the period covered by these examinations, deficiencies were discovered in 256 banks. These deficiencies included failure to file currency transaction reports, filing incomplete or inaccurate currency transaction reports, improper maintenance of exemption lists, and poor record-keeping practices. In all cases, the banks have been required to initiate corrective action and in 16 cases the violations resulted in our forwarding details to the Justice Department for further review. Of course, as a matter of policy, every violation is reported to the Department of Treasury on a quarterly basis.

While considerable effort has been expended in recent years to ensure that adequate and in-depth examinations are being conducted, the Federal Reserve reviews on a regular basis its practices and procedures in an effort to strengthen its oversight activities. In addition, as already noted, the Federal Reserve actively participates in the Bank Secrecy Act Interagency Working Group that is chaired by the Treasury Department. This working group has developed new procedures that are designed to assist in detecting violations of law. These procedures are currently in the process of being integrated into our examination instructions.

### *REGULATION*

Pursuant to the Anti-Drug Abuse Act of 1986, the federal banking agencies have developed regulations that require banks to establish and maintain procedures to ensure compliance with the Bank Secrecy Act. The Federal Reserve published its regulations for this purpose as amendments to Regulation H on January 27, 1987. These amendments require banks to implement a written program that must be approved by the bank's directors to assure compliance with the recordkeeping and reporting requirements of the Bank Secrecy Act. The compliance program must, at a minimum, include four elements: (1) a system of internal controls; (2) independent testing for compliance; (3) designation of individual(s) to be responsible for compliance; and (4) appropriate training of employees.

Noncompliance with this regulation will result in the issuance of a cease and desist order. Although no such orders have yet been issued based on this recently published regulation, the Board has included requirements to strengthen compliance with the Bank Secrecy Act in other formal supervisory actions. Between 1980 and 1986, the Board or the Reserve Banks entered into 165 enforcement orders or agreements with state member banks. Provisions requiring corrective action relative to the Bank Secrecy Act were included in 25 of these enforcement orders.

### *INDUSTRY EDUCATION*

Besides focusing on strengthening regulations and examining procedures, efforts have been directed at educating banks and the public on the requirements of the Bank Secrecy Act and on Federal Reserve policies and procedures regarding currency reporting. Board staff members have participated in seminars and programs intended to educate bankers about the Bank Secrecy Act, especially as it relates to the Regulation H amendments and the requirements for currency reporting. We believe that these seminars have been particularly helpful and have achieved a substantial degree of participation among bank managers and compliance personnel. Regional programs conducted through our District banks have also provided opportunities for bank compliance officers to discuss issues and to ask questions relating to the Bank Secrecy Act.

To provide assistance and guidance for state member banks in developing compliance programs, the Federal Reserve has developed and issued guidelines and sample documentation. These materials have been widely distributed and, we understand, have been particularly useful to banking organizations in developing compliance programs.

### *APPLICATIONS*

Any banking organization or bank holding company making application to the Federal Reserve receives a careful scrutiny to determine whether the organization is in compliance with the currency recordkeeping and reporting requirements

of the Bank Secrecy Act. When violations exist, procedures require that a thorough analysis be performed that looks carefully at the nature of the violations, efforts taken by the Bank to cure the deficiencies, and procedures developed to prevent any future occurrence. Applicants are required to provide detailed responses on the cause of the violations and to submit copies of their compliance programs, and procedures, and their related internal audit reports. Normal processing of any application is suspended until all questions relating to Bank Secrecy Act compliance are fully resolved. From the beginning of 1985 through May 1987, 125 applications involved issues relating to Bank Secrecy Act compliance. In 25 of these cases, resolution of the compliance problems resulted in a delay in the processing of the application beyond the normal 60-day period.

Those cases that involve serious issues of noncompliance and that cannot be resolved by furnishing additional information may require a special examination. These examinations are conducted either by the Federal Reserve or by the regulatory agency responsible for the primary supervision of the applicant banking organization. No action is taken on any application until satisfactory compliance is demonstrated and any associated issues are resolved. An ongoing investigation by any law enforcement agency, would also suspend processing of the application.

### *CONCLUSIONS*

The Federal Reserve shares this committee's concern that banking organizations not be used to launder funds or participate in other illegal or improper activities. To this end, we have devoted considerable effort and resources to monitor compliance of state member banks with the Bank Secrecy Act and the Anti-Drug Abuse Act of 1986. We have tightened our examination procedures, put in place policies for carefully reviewing a bank's compliance record at the time an application is made, and taken steps to ensure that criminal referrals are made in a timely fashion with appropriate follow-up. The Federal Reserve has also contributed to banker educational programs and provided guidance to bank-

ing organizations for complying with the Bank Secrecy Act. Finally, we are pursuing cooperative efforts on the international level that we hope will heighten awareness of the need to strengthen supervisory and enforcement activities worldwide.

Despite these intense efforts, we recognize

that we must remain vigilant and continue our efforts to improve compliance with the Bank Secrecy Act. The Federal Reserve intends to continue to place strong emphasis on its oversight responsibilities for Bank Secrecy Act compliance and to contribute fully to efforts to eliminate money laundering. □

# Announcements

## *STATEMENT BY CHAIRMAN VOLCKER ON THE DEATH OF ARTHUR F. BURNS*

Paul A. Volcker, Chairman of the Federal Reserve Board, issued on June 26, 1987, the following statement on the passing of Arthur F. Burns:

Arthur Burns was a staunch supporter of the Federal Reserve as an institution and a firm friend of many of us within it. We have enormously benefited from both that support and that friendship. He will be honored in our memory.

Arthur first came to the Federal Reserve in 1970 as Chairman of the Board of Governors. He was then at an age that, for most men, might be considered a normal time for retirement. He had great vigor and brought to his new position force of personality, intellectual vigor, and physical endurance that had a profound influence throughout the institution and on U.S. economic policy for eight years.

Arthur without doubt saw those active "Fed" years as a culmination of a career already distinguished by promising studies of the business cycle, by large contributions to the teaching and the profession of economics at Columbia University and the National Bureau of Economic Research, and by public service as President Eisenhower's first Chairman of the Council of Economic Advisers, and as Counselor to President Nixon, whom he had long advised informally. It was a measure of the breadth and strength of the man that in his mid-70s he took on a key diplomatic assignment, serving with great distinction as Ambassador to the Federal Republic of Germany.

## *MEETING OF CONSUMER ADVISORY COUNCIL*

The Federal Reserve Board announced that its Consumer Advisory Council met on June 25 and 26 in sessions open to the public.

The Council's function is to advise the Board on the exercise of the Board's responsibilities under the Consumer Credit Protection Act and on other matters on which the Board seeks its advice.

## *NOMINATIONS SOUGHT FOR APPOINTMENTS TO CONSUMER ADVISORY COUNCIL*

The Federal Reserve Board announced on June 25, 1987, 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, 1987.

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, past and present positions held, and special knowledge, interests, or experience related to consumer credit or other consumer financial services.

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. Nominations should be received by August 31, 1987.

## *DIRECT DEPOSIT OF SOCIAL SECURITY PAYMENTS IN THE UNITED KINGDOM*

The Federal Reserve and the Social Security Administration announced on June 26, 1987, the beginning of direct electronic deposit of Social Security benefit payments in the United Kingdom.

About 5,300 of the United Kingdom's 14,000 recipients of U.S. benefits have had their June benefit payment electronically deposited into their bank accounts. This marks the first time that the U.S. government has made direct deposit payments overseas.

The new system assures prompt payment of

benefits on the same day as U.S. recipients, normally the third day of the month, and obviates the process of changing U.S. dollars into British pounds sterling. Direct deposit is also a more efficient means of payment delivery than paper checks.

The start of this new international direct deposit program culminates a two-year, multi-agency effort by the Social Security Administration, Federal Reserve Bank of New York, Bank of England, British Automated Clearing Services, Ltd., and the Departments of Treasury and State to pay overseas beneficiaries electronically rather than by paper check. This is the first time that the Federal Reserve has transformed the U.S. automated clearinghouse (ACH) format into that of another country to transfer payments to foreign financial institutions.

Although implementation plans have not been completed, the direct deposit of Social Security payments to beneficiaries residing in other countries, such as Canada and West Germany, is under study.

#### *AMENDMENT TO REGULATION Y*

The Federal Reserve Board announced on June 12, 1987, approval of an amendment to Regulation Y implementing amendments to the Change in Bank Control Act required by the Anti-Drug Abuse Act of 1986.

The Anti-Drug Abuse Act of 1986 amended the Change in Bank Control Act (CBCA) to require federal banking agencies to publish notice of any filing made under the CBCA to acquire control of a bank or a bank holding company.

The Anti-Drug Abuse Act requires the banking agencies to publish the name of each party acquiring control of a bank or a bank holding company, as well as the name of the target institution, and to solicit public comment on the proposed acquisition, in particular from persons in the relevant local area.

#### *PROPOSED ACTION*

The Federal Reserve Board requested comment by July 6, 1987, on a revised proposal to charge assessments and fees for certain supervisory

activities. The Board had previously requested comments on a specific schedule of assessments and fees for the supervision of Edge act corporations and for processing various applications submitted to the Federal Reserve System by banks, bank holding companies, and other companies and individuals.

The Board is now seeking comment on a revised proposal that would charge an annual assessment for inspection and supervision of the parent company and nondepository subsidiaries of bank holding companies as well as a significantly reduced fee schedule for supervising Edge act corporations and for processing applications. While the Board is still considering whether to begin charging for certain supervisory activities, the Board seeks comment on this revised approach of recovering a smaller percentage of costs over a broader range of services.

#### *CHANGES IN BOARD STAFF*

The Board of Governors announced the following official staff actions effective June 17, 1987:

(1) Change of title of James L. Kichline from Director to Staff Director, Research and Statistics; (2) change of title of William Taylor from Director to Staff Director, Banking Supervision and Regulation; (3) change of title of Edwin M. Truman from Director to Staff Director, International Finance; (4) transfer and title change of Donald L. Kohn from Deputy Staff Director in the Office of Staff Director for Monetary and Financial Policy to Deputy Director, Division of Research and Statistics (Monetary Policy and Financial Markets); and (5) transfer of Normand R.V. Bernard to the Office of Board Members.

These assignments will result in the dissolution of the Office of Staff Director for Monetary and Financial Policy.

The Board announced the following additional staff actions:

James L. Kichline, Staff Director, Division of Research and Statistics, resigned, effective July 31, 1987.

Lynn Smith Fox was appointed Special Assistant to the Board for Congressional Liaison in the Office of Board Members, effective July 6, 1987.

David L. Williams was appointed Assistant Director in the Division of Support Services, effective July 6, 1987.

Ms. Fox came to the Board in January 1986 after several years on the staff of the House Subcommittee on Economic Stabilization. She holds a B.A. from Smith College and an M.B.A. from George Washington University.

Mr. Williams came to the Board in 1973 and was promoted to Assistant to the Director of the Division of Support Services in January 1987.

*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, 1987:

*Ohio*

Dayton ..... Trustcorp Company

*Virginia*

Richlands ..... First Virginia Bank—Clinch Valley

# Legal Developments

## AMENDMENT TO REGULATION Y

The Board of Governors is amending its Regulation Y, Bank Holding Companies and Change in Bank Control, to implement certain amendments to the Change in Bank Control Act. Under the final rule, notificants under the Act are required to publish, in a newspaper of general circulation in communities where the bank or bank holding company to be acquired is located, an announcement of the proposed acquisition no later than 10 calendar days after the notice has been accepted by the appropriate Federal Reserve Bank.

Effective June 12, 1987, the Board amends 12 C.F.R. Part 225 as follows:

### *Part 225—Bank Holding Companies and Change in Bank Control*

1. The authority citation for Part 225 continues to read as follows:

*Authority:* 12 U.S.C. 1817(j)(13), 1818, 1843(c)(8), 1844(b), 3106, 3108, 3907 and 3909.

2. Section 225.43(a) is revised to read as follows:

#### **Section 225.43—Procedures for Filing, Processing, Publishing, and Acting on Notices**

(a)(1) *Filing notice.* A notice required under this subpart shall be filed with the appropriate Reserve Bank and shall contain the information required by paragraph 6 of the Change in Bank Control Act (12 U.S.C. 1817(j)(6)), or prescribed in the designated Board form. With respect to personal financial statements required by paragraph 6(B) of the Change in Bank Control Act, an individual may include a statement of assets and liabilities as of a date within 90 days of filing the notice, a brief income summary, and a description of any subsequent material changes, subject to the authority of the Reserve Bank or the Board to require additional information.

(2) *Acceptance of notice.* The 60-day notice period specified in section 225.41 of this subpart shall commence on the date all required information is received by the appropriate Reserve Bank or the Board. The Reserve Bank shall notify the person or

persons submitting a notice under this subpart of the date all such required information is received and the notice is accepted for processing.

#### (3) *Publication.*

(i) *Newspaper announcement.* A person(s) filing a notice under this subpart shall publish, in a form prescribed by the Board, an announcement soliciting public comment on the proposed acquisition. The announcement shall be published in a newspaper of general circulation in the community in which the head office of the state member bank to be acquired is located or, in the case of a proposed acquisition of a bank holding company, in the community in which its head office is located and in the community in which the head office of each of its subsidiary banks is located. The announcement shall be published no earlier than 10 calendar days prior to the filing of the notice with the appropriate Reserve Bank and no later than 10 calendar days after acceptance of the notice by the Reserve Bank. A copy of the announcement and the publisher's affidavit of publication shall be provided to the appropriate Reserve Bank.

(ii) *Contents of newspaper announcement.* The newspaper announcement shall state:

(A) the name of each person identified in the notice as a proposed acquiror of the bank or bank holding company and the percentage of shares proposed to be acquired;

(B) the name of the bank or bank holding company to be acquired, including, in the case of a bank holding company, the name of each of its subsidiary banks; and

(C) a statement that interested persons may submit comments on the notice to the Board or the appropriate Reserve Bank for a period of 20 days or such shorter period as may be provided pursuant to paragraph (a)(3)(v) of this section.

(iii) *Federal Register announcement.* The Board will, upon filing of a notice under this subpart, publish announcement in the *Federal Register* of receipt of the notice. The *Federal Register* announcement will contain the information required under paragraphs (a)(3)(ii)(A) and (a)(3)(ii)(B) of this section and a statement that interested persons may submit comments on the proposed acquisition for a period of 15 days or such shorter

period as may be provided pursuant to paragraph (a)(3)(v) of this section. The Board may waive publication in the *Federal Register* if the Board determines that such action is appropriate.

(iv) *Delay of publication.* The Board may permit delay in the publication required under paragraphs (a)(3)(i) and (a)(3)(iii) if the Board determines, for good cause shown, that it is in the public interest to grant such a delay. Requests for delay of publication may be submitted to the appropriate Reserve Bank.

(v) *Shortening or waiving notice.* In circumstances requiring prompt action, the Board may shorten the public comment period required under this paragraph. The Board may also waive the newspaper publication and solicitation of public comment requirements of this paragraph, or it may act on a notice before the expiration of a public comment period, if it certifies in writing that disclosure of the notice, solicitation of public comment, or delay until expiration of the public comment period would seriously threaten the safety or soundness of the bank or bank holding company to be acquired.

(4) *Consideration of public comments.* In acting upon a notice filed under this subpart, the Board shall consider all public comments received in writing within the period specified in the newspaper or *Federal Register* announcement, whichever is later. At the Board's option, comments received after this period may, but need not, be considered.

(5) *Standing.* No person (other than the acquiring person) who submits comments or information on a notice filed under this subpart shall thereby become a party to the proceeding or acquire any standing or right to participate in the Board's consideration of the notice or to appeal or otherwise contest the notice or the Board's action regarding the notice.

\* \* \* \* \*

3. Section 225.43(c)(2) is revised to read as follows:

\* \* \* \* \*

(c) \* \* \*

(2) *Extensions of time period.*

(i) The Board may extend the 60-day period in paragraph (c)(1) of this section for an additional 30 days by notifying the acquiring person(s).

(ii) The Board may further extend the period during which it may disapprove a notice for two additional periods of not more than 45 days each if the Board determines that:

(A) any acquiring person has not furnished all the information required under paragraph (a) of this section;

(B) any material information submitted is substantially inaccurate;

(C) it is unable to complete the investigation of an acquiring person because of inadequate cooperation or delay by that person; or

(D) additional time is needed to investigate and determine that no acquiring person has a record of failing to comply with the requirements of the Bank Secrecy Act, subchapter II of Chapter 53 of Title 31, United States Code.

(iii) If the Board extends the time period under this paragraph, it shall notify the acquiring person(s) of the reasons therefor and shall include a statement of the information, if any, deemed incomplete or inaccurate.

\* \* \* \* \*

4. Section 225.43(d) is revised to read as follows:

\* \* \* \* \*

(d)(1) *Investigation and report.* After receiving a notice under this subpart, the Board or the appropriate Reserve Bank shall conduct an investigation of the competence, experience, integrity, and financial ability of each person by and for whom an acquisition is to be made. The Board shall also make an independent determination of the accuracy and completeness of any information required to be contained in a notice under paragraph (a) of this section. In investigating any notice accepted under this subpart, the Board or Reserve Bank may solicit information or views from any person, including any bank or bank holding company involved in the notice, and any appropriate state, federal, or foreign governmental authority.

(2) The Board or the appropriate Reserve Bank shall prepare a written report of its investigation, which shall contain, at a minimum, a summary of the results of the investigation.

\* \* \* \* \*

#### *Modification to Federal Reserve ACH Service*

The Board of Governors has modified the procedure used by Federal Reserve Banks to recover the value of float generated in automated clearing house (ACH) operations due to nonstandard holiday closings by eliminating the exception procedure for institutions that object to receiving debits on mandatory nonstandard holidays.

The Board's policy on float recovery procedures used by Reserve Banks when processing ACH debits on days when a receiving institution is closed due to a mandatory nonstandard holiday states that if a receiver of an ACH debit transaction is closed on a nonstan-

dard holiday, the Reserve Bank will debit the receiver's account as though the institution were open or assess the cost of the float through an explicit charge or an as-of adjustment. If, after consultation with its Reserve Bank, an institution still objects to receiving debits on mandatory nonstandard holidays, the Reserve Bank will not charge the institution on such days, but will use the preexisting procedures for recovering the ACH float that results. (Adopted by the Board on June 12, 1986, 51 *Fed. Reg.* 21,421, effective April 1, 1987).

On May 14, 1987, NACHA, the national trade association for depository institutions participating in the ACH service, adopted a rule requiring its member institutions to accept debit charges to their reserve or clearing accounts for debit transactions on nonstandard holidays. Under Reserve Bank operating circulars, NACHA rules are incorporated by reference and therefore apply to all ACH participants.

Because industry practice appears to call for payment of ACH debit on mandatory nonstandard holidays, the Board has determined to modify its policy to conform with the rule adopted by NACHA. As a result, the exceptions procedure no longer applies.

Effective July 2, 1987.

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

*Orders Issued Under Section 3 of the Bank Holding Company Act*

Hartford National Corporation  
Hartford, Connecticut

*Order Approving Acquisition of a Bank*

Hartford National Corporation, Hartford, Connecticut, 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 the Savings and Loan Association of Southington, Southington, Connecticut ("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, 52 *Federal Register* 7,487 (1987). 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.

Bank is a state chartered, stock savings bank, the accounts of which are insured by the Federal Savings and Loan Insurance Corporation ("FSLIC"). Bank has adopted a plan by which it will withdraw its insurance of deposits from the FSLIC fund and convert instead to Federal Deposit Insurance Corporation ("FDIC") insurance.

Since Bank, at the time of acquisition by Applicant, will be a state chartered bank that accepts demand deposits and makes commercial loans, Bank is a "bank" for purposes of the Act, and Applicant properly has applied to acquire Bank under section 3 of the Act, which governs the acquisition of banks by bank holding companies.

Applicant, with deposits of \$7 billion, is the second largest commercial banking organization in Connecticut, controlling 25.8 percent of the total deposits in commercial banks in the state.<sup>1</sup> After conversion to FDIC insurance, Bank will control deposits of \$76.7 million, representing less than 1 percent of the total deposits in commercial banking organizations in the state.<sup>2</sup> Upon consummation of this proposal, Applicant will continue to be the second largest commercial banking organization in Connecticut, with no significant change in its market share or deposit size. Consummation of this proposal therefore would not have any significant adverse effect upon the concentration of banking resources in the state.

Bank is located in the Hartford banking market, where Applicant also competes.<sup>3</sup> In the Hartford banking market, Applicant is the second largest of 17 commercial banking organizations, controlling deposits of \$2.5 billion, which represents 35.8 percent of total deposits in commercial banks in the market.<sup>4</sup> Upon conversion, Bank will be the 13th largest of 18 commercial banking organizations in Hartford, controlling deposits of \$48.5 million, representing less than 1 percent of the market share. Following acquisition of Bank, Applicant would remain the second largest commercial banking organization in the Hartford banking market, controlling 36.5 percent of the market's total commercial bank deposits. The Herfin-

1. State deposit data are as of December 31, 1986.

2. Deposit data for Bank are calculated on a commercial banks only basis, based on financial information reported prior to Bank's conversion.

3. The Hartford banking market is approximated by the Hartford Rand McNally Area ("RMA"), minus the Windham County township of Windham and the Tolland County township of Mansfield, plus the Windham County township of Ashford, the Hartford County township of Hartland, the Tolland County township of Union, and the remaining portions of Plymouth and East Haddam not already included in the RMA.

4. Market data are as of June 30, 1985.

dahl-Hirschman Index ("HHI")<sup>5</sup> would increase by only 8 points to 3079, and the market would remain moderately concentrated. Consummation of this proposal therefore is unlikely to substantially lessen competition in the Hartford banking market.

Based upon a review of all facts of record, the Board has determined that 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 also are consistent with approval of this proposal.

The Board notes that this application involves the acquisition of a bank that results from conversion of a non-failing, FDIC-insured state savings bank. The acquisition proposed here, however, does not fall within the scope of the Board's policy and rulings regarding acquisitions of thrift institutions under section 4 of the Act<sup>6</sup> or the provisions of the 1982 Garn-St Germain Depository Institution Act regarding acquisitions of thrift institutions. Upon its acquisition by Applicant, Bank will accept demand deposits and engage in commercial lending, and will be subject to all the banking standards of the Act.

In addition, the Board expects that Applicant will comply with all state and federal requirements necessary for consummation of the acquisition, and the Board's approval of this application under the Act is not intended to preempt any such requirements.<sup>7</sup> The Board has previously stated that its approval of transactions under section 3 of the Act does not relieve an applicant or the bank involved of the responsibility to obtain approval under other federal or state laws and regulations and does not shield an applicant from the consequences of violations of other laws.<sup>8</sup>

Based on the foregoing and other facts of record, the Board has determined that the application should be, and hereby is, approved. This 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 Boston, acting pursuant to delegated authority.

By order of the Board of Governors, effective June 1, 1987.

Voting for this action: Chairman Volcker and Governors Johnson, Seger, Angell, Heller, and Kelley.

WILLIAM W. WILES  
Secretary of the Board

[SEAL]

KeyCorp  
Albany, New York

Key Bancshares of New York, Inc.  
Albany, New York

#### *Order Approving Acquisition of a Bank*

KeyCorp and Key Bancshares of New York, Inc. ("Key New York"), both of Albany, New York ("Applicants"), bank holding companies within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) ("BHC Act") have applied for the Board's approval under section 3(a)(3) of the BHC Act, (12 U.S.C. § 1842(a)(3)), to acquire all of the voting shares of Key Bank USA, National Association, Albany, New York ("Bank").

Notice of the application, affording opportunity for interested persons to submit comments, has been given in accordance with section 3(b) of the BHC Act (52 *Federal Register* 6,218 (1987)). 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 BHC Act (12 U.S.C. § 1842(c)).

KeyCorp is the 59th largest commercial banking organization in the United States, with 13 bank subsidiaries held through four intermediate bank holding companies in Maine, Alaska, Oregon and New York. Key New York is the 12th largest commercial banking organization in New York with 6 bank subsidiaries. Key New York controls total deposits of \$1.9 billion, representing 2.1 percent of the total deposits in commercial banking organizations in the state.<sup>1</sup>

5. 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 over 1800 is considered highly concentrated, and the Department is likely to challenge a merger that increases the HHI by more than 50 points unless other factors indicate that the merger will not 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 facts indicating an anticompetitive effect) unless the post-merger HHI is at least 1800 and the merger increases the HHI by at least 200 points.

6. *D.H. Baldwin Company*, 63 FEDERAL RESERVE BULLETIN 280 (1977).

7. The Board may not approve an application that would result in a violation of federal or state law. *Whitney National Bank v. Bank of New Orleans*, 379 U.S. 411 (1964).

8. *The One Bancorp*, 73 FEDERAL RESERVE BULLETIN 55, 135 (1987); *SafraCorp*, 73 FEDERAL RESERVE BULLETIN 137 (1987); *Comerica Incorporated* (Order dated May 4, 1987).

1. State deposit data are as of December 31, 1986.

Bank is a newly chartered national bank formed to engage in traditional retail bank lending and deposit taking activities.<sup>2</sup> Bank will offer its services through direct response marketing nationwide, by mail order and by advertising in newspapers and magazines. Bank will direct its marketing efforts to customers in geographic areas not served by Applicants' existing subsidiary banks. Consummation of the proposed transaction therefore would not result in any significant adverse effects on existing or potential competition or increase the concentration of banking resources in any relevant area.

The financial resources and future prospects of Applicants, their subsidiary banks, and Bank are considered satisfactory and consistent with approval.

In its evaluation of Applicants' managerial resources, the Board has considered certain violations of the Currency and Foreign Transactions Reporting Act ("CFTRA") and the regulations issued thereunder by Applicants' subsidiary banks.<sup>3</sup> In this regard, the Board notes that Applicants brought these matters to the attention of appropriate supervisory authorities after CFTRA violations were discovered through an internal audit program. Applicants also have cooperated fully with the Department of Treasury and law enforcement agencies throughout the investigative process. In addition, Applicants have undertaken a comprehensive remedial program to correct these violations and to prevent similar violations from occurring in the future. Specifically, Applicants each have filed corrective currency transaction reports ("CTRs"); appointed a senior officer responsible for ensuring compliance with CFTRA reporting requirements; instituted intensive internal training for bank personnel regarding compliance with the CFTRA; established a new computer software system allowing for the centralization of exempt list computation and the monitoring of CTRs; and required all bank personnel to participate in CFTRA retraining courses at least once a year. Finally, Applicants have advised the Board that they have reached agreement with the Department of Treasury on a settlement of all outstanding CFTRA violations.

Based on the foregoing and all of the facts of record, the Board concludes that the managerial resources of Applicants, their subsidiary banks, and Bank are consistent with approval. Considerations related 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 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, unless such period is extended for good cause by the Board or the Federal Reserve Bank of New York, acting pursuant to delegated authority.

By order of the Board of Governors, effective June 15, 1987.

Voting for this action: Chairman Voleker and Governors Johnson, Seger, Heller, and Kelley. Absent and not voting: Governor Angell.

JAMES MCAFFEE

[SEAL]

*Associate Secretary of the Board*

KeyCorp  
Albany, New York

Key Pacific Bancorp  
Anchorage, Alaska

*Order Approving Acquisition of a Bank*

KeyCorp, Albany, New York and Key Pacific Bancorp, Anchorage, Alaska ("Key Pacific") (together "Applicants"), bank holding companies within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) ("BHC Act") have applied for the Board's approval under section 3(a)(3) of the BHC Act (12 U.S.C. § 1842(a)(3)), to acquire all of the voting shares of Seattle Trust & Savings Bank, Seattle, Washington ("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 (52 *Federal Register* 17,334 (1987)). 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 BHC Act (12 U.S.C. § 1842(c)).

Applicants' proposal represents the first direct acquisition of a Washington banking organization by an Alaska bank holding company; it also represents the first indirect acquisition by a New York bank holding company. The Board is prohibited under section 3(d) of the BHC Act, 12 U.S.C. § 1842(d) ("Douglas Amendment"), from approving any application by a bank holding company seeking to acquire a bank or bank holding company outside the applicant's home

2. Bank received preliminary charter approval from the Office of the Comptroller of the Currency on February 11, 1987.

3. 31 U.S.C. § 5311, *et seq.*; 31 C.F.R. § 103.

state,<sup>1</sup> unless the state where the target bank is located has specifically authorized the acquisition, "by language to the effect and not merely by implication." KeyCorp's home state is New York and Key Pacific's home state is Alaska.

Effective July 1, 1987, the statute laws of Washington<sup>2</sup> will allow an out-of-state bank holding company to acquire a bank located in Washington if:

- (1) the bank or banking association to be acquired has conducted business for at least three years;
- (2) the laws of the state where the bank holding company acquiror principally conducts its operations would allow a Washington bank holding company to acquire more than 5 percent of the voting stock, or all or substantially all of the assets, of a bank in that state and to operate the acquired bank on no less favorable terms and conditions than are imposed under Washington law; and
- (3) the state supervisor of banking has determined that the laws of Washington and of the acquiring banking organization's home state are reciprocal.

Based on its review of the relevant Washington, New York<sup>3</sup>, and Alaska<sup>4</sup> statutes, the Board has determined that New York and Alaska laws would permit a Washington bank holding company to acquire a bank in those states. The Board therefore concludes that the proposed acquisition satisfies the requirements of Washington's interstate banking statute, and that New York and Alaska holding companies, such as Applicants, may acquire a bank located in Washington, such as Bank. In addition, by letter dated April 3, 1987, the Supervisor of Banking of the State of Washington has indicated that the requirements of Alaska and New York interstate banking laws are reciprocal with those of Washington, and that Applicants' proposal would be authorized under Washington law. Accordingly, the Board concludes that approval of Applicants' proposal to acquire Bank is not barred by the Douglas Amendment.

KeyCorp is the 59th largest commercial banking organization in the United States, with 13 bank subsidiaries in Maine, Alaska, Oregon, and New York that control \$9.1 billion in deposits. Key Pacific is the fourth largest of the thirteen commercial banking

organizations in Alaska with two bank subsidiaries. Key Pacific controls total deposits of \$502.5 million in Alaska, representing 12.4 percent of the total deposits in commercial banking organizations in the state.<sup>5</sup> Key Pacific has one bank subsidiary in Oregon and is the third largest of 54 commercial banking organizations in that state. Key Pacific controls total deposits of \$885.7 million in Oregon, representing 6.1 percent of total deposits in commercial banking organizations in the state. Bank is the seventh largest of 89 commercial banking institutions in Washington, controlling deposits of \$666.8 million, representing 2.6 percent of the total deposits in commercial banks in the state. Consummation of this proposal therefore would not have a significant effect upon the concentration of banking resources in Alaska, New York or Washington.

Applicants and Bank operate in different banking markets. Principals of Applicants are not affiliated with any other depository organizations in any of those markets. Applicants' proposal therefore would not result in any adverse effects upon competition in any relevant market. Accordingly, the Board concludes that competitive considerations under the BHC Act are consistent with approval.

In its evaluation of Applicants' managerial resources, the Board has considered certain violations of the Currency and Foreign Transactions Reporting Act ("CFTRA") and the regulations issued thereunder by Applicants' subsidiary banks.<sup>6</sup> In this regard, the Board notes that Applicants brought these matters to the attention of appropriate supervisory authorities after CFTRA violations were discovered through an internal audit program. Applicants also have cooperated fully with the Department of Treasury and law enforcement agencies throughout the investigative process. In addition, Applicants have undertaken a comprehensive remedial program to correct these violations and to prevent similar violations from occurring in the future. Specifically, Applicants each have filed corrective currency transaction reports ("CTRs"); appointed a senior officer responsible for ensuring compliance with CFTRA reporting requirements; instituted intensive internal training for bank personnel regarding compliance with the CFTRA; established a new computer software system allowing for the centralization of exempt list computation and the monitoring of CTRs; and required all bank personnel to participate in CFTRA retraining courses at least once a year. Finally, Applicants' have advised the Board that they have reached agreement with the

1. A bank holding company's home state for purposes of the Douglas Amendment is that state in which the total deposits of its banking subsidiaries were largest on July 1, 1966, or on the date it became a bank holding company, whichever is later. 12 U.S.C. § 1842(d).

2. Revised Code of Washington §§ 30.04.232(b)(1)-(3) (1987).

3. N.Y.S. Banking L. §§ 142-b1(a), (b) (1987).

4. Alaska Statutes §§ 06.05.235(e)-(g) (1986).

5. State deposit data are as of December 31, 1986.

6. 31 U.S.C. § 5311, *et seq.*; 31 C.F.R. § 103.

Department of Treasury on a settlement of all outstanding CFTRA violations.

For the foregoing reasons and based upon a review of all of the facts of record, the Board concludes that the managerial resources of Applicants are consistent with approval. The Board also finds that the financial resources of Applicants, their subsidiaries and Bank are consistent with approval of this application. 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 this application should be and hereby is approved.<sup>7</sup> 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 New York acting pursuant to delegated authority.

By order of the Board of Governors, effective June 15, 1987.

Voting for this action: Chairman Volcker and Governors Johnson, Seger, Heller, and Kelley. Absent and not voting: Governor Angell.

JAMES MCAFEE

[SEAL]

Associate Secretary of the Board

## Mercantile Bankshares Corporation Baltimore, Maryland

### Order Approving Acquisition of a Bank

Mercantile Bankshares Corporation, Baltimore, Maryland, a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841

7. The National Association of Life Underwriters and the National Association of Professional Insurance Agents submitted comments protesting Board approval of this application on the grounds that the general insurance agency activities conducted by a department of Bank are prohibited under the amendments to section 4 of the BHC Act contained in the 1982 Garn-St Germain Depository Institutions Act. In response to these protests, Applicants have agreed that Bank will divest or terminate its general insurance agency activities within two years of consummation of the acquisition, unless during such period Applicants receive approval pursuant to an application under section 4(c)(8) of the BHC Act to retain such activities. During this two-year period or unless authorization is granted pursuant to the BHC Act for broader activities, Applicants will limit the insurance agency activities of Bank to the renewal of existing policies and those credit-related insurance agency activities permitted under section 4(c)(8)(A) of the BHC Act. The Board believes that Applicants' divestiture commitments adequately address the issues raised by these protestants.

*et seq.*) ("Act"), has applied for the Board's approval under section 3 of the Act to acquire The Eastville Bank, Eastville, Virginia ("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 (52 *Federal Register* 11,547 (1987)). 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.

Applicant is the fifth largest commercial banking organization in Maryland, controlling total deposits of \$2.4 billion, representing 9.1 percent of the deposits in commercial banks in the state.<sup>1</sup> Bank is among the smaller commercial banking organizations in Virginia, controlling total deposits of \$18.5 million, representing less than 1 percent of the deposits in commercial banks in the state. Consummation of this proposal would not have any significant effect upon the concentration of banking resources in either Maryland or Virginia.

Section 3(d) of the Act, the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire a bank located outside the bank holding company's home state, unless such acquisition is "specifically authorized by the statute laws of the state in which such bank is located, by language to that effect and not merely by implication."<sup>2</sup>

Applicant's home state is Maryland. The Commonwealth of Virginia has enacted an interstate banking statute that permits, on a reciprocal basis, the acquisition of a bank in Virginia by a bank holding company that has its principal place of business located in a defined region, which includes the state of Maryland, subject to the approval of the Virginia Commissioner of Financial Institutions.<sup>3</sup> Maryland has enacted a regional interstate banking statute similar to that of Virginia, which permits the acquisition of a Maryland bank holding company or bank by an institution located in Virginia on a reciprocal basis.

Upon its review of the relevant Virginia and Maryland statutes, the Board has determined that the Maryland statute satisfies the conditions of the Virginia regional interstate banking statute and that Virginia has by statute expressly authorized a Maryland bank

1. Deposit data are as of June 30, 1986.

2. A bank holding company's home state for purposes of the Douglas Amendment is that state in which the total deposits of its banking subsidiaries were largest on July 1, 1966, or on the date it became a bank holding company, whichever date is later. 12 U.S.C. § 1842.

3. Va. Code Ann. § 6.1-399 (Supp. 1986); Md. Ann. Code art. 5, § 1003 (1986).

holding company, such as Applicant, to acquire a Virginia bank or bank holding company, such as Bank.<sup>4</sup> Moreover, the banking commissioners for Maryland and Virginia have executed a cooperative agreement for access to records, examinations, and other information relating to state-chartered banks, based on a finding of general reciprocity between the two statutes. Accordingly, based on the above factors, the Board concludes that the Douglas Amendment does not prohibit Board approval of this proposal. The Board's Order is specifically conditioned upon approval of the transaction by the Virginia Commissioner of Financial Institutions.

Applicant and Bank currently operate in different banking markets. Principals of Applicant are not affiliated with any depository institution in the market in which Bank operates. The proposal would not result in any adverse effects upon competition in any relevant market. Accordingly, the Board concludes that competitive considerations under the Act are consistent with approval.

In its evaluation of Applicant's managerial resources, the Board has considered certain violations by Applicant's subsidiary banks of the Currency and Foreign Transactions Reporting Act ("CFTRA") and the regulations thereunder.<sup>5</sup> The violations appear to have been limited in scope, and Applicant has taken appropriate remedial action to correct such violations and prevent their reoccurrence. The sufficiency of the compliance procedures adopted to address the CFTRA violations at Applicant's subsidiary banks has been reviewed by examiners from the appropriate regulatory authorities. The Board also has consulted with appropriate enforcement agencies, and has considered the banks' past record of overall compliance with the law, as well as Applicant's stated commitments and programs to comply with CFTRA in the future. For the foregoing reasons, and based upon a review of all the facts of record, the Board finds the managerial resources of Applicant and Bank to be consistent with approval.

The financial resources and future prospects of Applicant and Bank are considered satisfactory and consistent with approval. Considerations relating to the convenience and needs of the community to be served are also consistent with approval.

Based on the foregoing and other facts of record, the Board has determined that the application should be,

and hereby is, approved. The acquisition of Bank shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Richmond pursuant to delegated authority.

By order of the Board of Governors, effective June 10, 1987.

Voting for this action: Vice Chairman Johnson and Governors Seger, Heller, and Kelley. Absent and not voting: Chairman Volcker and Governor Angell.

JAMES McAFFEE

[SEAL]

Associate Secretary of the Board

NCNB Corporation  
Charlotte, North Carolina

#### *Order Approving Acquisition of a Bank*

NCNB Corporation, Charlotte, North Carolina, has applied for the Board's approval pursuant to section 3(a)(3) of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) (the "Act") to acquire NCNB Bank of Maryland, Baltimore, Maryland ("NCNB Bank"), a *de novo* Maryland-chartered trust company. NCNB Bank is a nonoperating subsidiary that will be merged with CentraBank, Inc., Baltimore, Maryland, a Maryland-chartered FDIC-insured mutual savings bank. The resulting bank will be an FDIC-insured state bank,<sup>1</sup> operating under NCNB Bank's charter with the name CentraBank.

Notice of the application, affording opportunity for interested persons to submit comments, has been published (52 *Federal Register* 10,162 (1987)). The time for filing comments has expired, and the Board has considered all comments received in light of the factors set forth in section 3(c) of the Act.

Applicant is the largest commercial banking organization in North Carolina, with deposits of \$7.7 billion, representing 22.2 percent of the total deposits in commercial banks in the state.<sup>2</sup> Applicant also operates banks in Florida, Georgia, South Carolina, and Virginia. On a consolidated basis, Applicant controls deposits of \$18.6 billion.

4. In that regard, the Board previously has determined that the Maryland and Virginia statutes are reciprocal in the course of its approval of the acquisition by a Virginia bank holding company of a Maryland bank. *Bank of Virginia Company*, 72 *FEDERAL RESERVE BULLETIN* 65 (1986).

5. 31 U.S.C. § 5311 *et seq.*; 31 C.F.R. § 103.

1. NCNB Bank filed an application to merge with CentraBank with the FDIC on March 20, 1987.

2. Deposit data are as of December 31, 1986. Structure data are as of June 30, 1986.

CentraBank is the 18th largest commercial bank in Maryland, with deposits of \$226.6 million, representing 0.8 percent of total deposits in commercial banks in Maryland. Because Applicant does not operate a bank in Maryland, consummation of this proposal would have no effect on the concentration of resources in Maryland.

Section 3(d) of the Act (12 U.S.C. § 1842(d)), the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire control of any bank located outside of the bank holding company's home state 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."<sup>3</sup>

Applicant's home state is North Carolina. The statute laws of Maryland authorize the acquisition of a bank or bank holding company in Maryland by a bank holding company located in another state in a defined region, which includes North Carolina as of July 1, 1987, if the laws of that state permit Maryland bank holding companies to acquire banks and bank holding companies in that state.<sup>4</sup> North Carolina has enacted a similar regional interstate banking statute that permits the acquisition of a North Carolina bank holding company or bank by an institution located in Maryland.<sup>5</sup>

The Maryland Bank Commissioner has informed the Board that the proposal appears to meet the requirements under Maryland law, and, accordingly, the Commissioner anticipates approving the acquisition. Based on the foregoing, the Board has determined that the proposed acquisition is specifically authorized by the statute laws of Maryland and thus is not prohibited by the Douglas Amendment. The Board's order is specifically conditioned upon satisfaction of the state regulatory approval requirement and the effective date of the provision of Maryland law that includes North Carolina within the region.

CentraBank operates in the Baltimore banking market,<sup>6</sup> a market in which Applicant does not operate. Accordingly, consummation of the proposal is not likely to result in the elimination of any significant existing competition. In view of the numerous entrants into the market, the Board concludes that the proposal would not have any significant adverse effect on probable future competition.

The financial and managerial resources of Applicant, its subsidiary banks, and CentraBank are considered satisfactory and consistent with approval of this application. In considering the convenience and needs of the communities to be served, the Board has taken into account Applicant's record under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*, ("CRA")),<sup>7</sup> and comments received from the Maryland Alliance for Responsible Investment ("MARI"), a coalition of non-profit developers and other community-based organizations representing Baltimore's low-income and minority neighborhoods.<sup>8</sup> MARI requests that the Board not approve the application until Applicant provides adequate assurances that it will meet the convenience and needs of the low- and moderate-income persons, and minorities, that CentraBank currently serves. MARI also requests that the Board deny the application because Applicant's lending practices are not consistent with safe and sound banking practices.

In accordance with the Board's practice and procedure for handling protested applications,<sup>9</sup> the Federal Reserve Bank of Richmond assisted in arranging several meetings between the parties to clarify the issues under the CRA and to provide a forum for resolution of differences. The parties, however, were unable to come to a resolution of their differences.

In response to MARI's comments, the Board notes that both Applicant and CentraBank have satisfactory CRA records. Moreover, Applicant has developed a comprehensive corporate CRA policy for Maryland in which Applicant has committed to:

- (1) name a Community Affairs Officer for Maryland who will meet with community organizations, become familiar with available financing programs, and work with CentraBank's branch manager, officers, and personnel to meet CRA goals;
- (2) determine and monitor community needs through study of selected low- and moderate-income areas and meetings with community groups;
- (3) use its best efforts to inform the community of its services through marketing and advertising, with programs specially directed at targeted areas;<sup>10</sup>

3. A bank holding company's home state is the state in which the operations of the bank holding company's subsidiary banks were principally conducted on July 1, 1966, or on the date on which the company became a bank holding company, whichever is later.

4. Md. Fin. Inst. Code Ann. § 5-1001 *et seq.* (1986).

5. N.C. Gen. Stat. § 53-209 *et seq.* (1985).

6. The Baltimore banking market is approximated by the Baltimore RMA and the remainder of Harford County, Maryland.

7. The CRA requires the Board, in its evaluation of a bank holding company application, to assess the record of an applicant in meeting the credit needs of the entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation.

8. Although MARI's protest was not received within the time limits set forth by the Board, the Board has considered these comments in reviewing this application.

9. See 12 C.F.R. § 262.25(c).

10. These areas are census tracts within the community served by CentraBank having a median household income equal to or less than 80% of the median household income of the MSA within which the census tracts are located.

(4) endeavor to use flexibility in applying credit criteria, consistent with safe and sound banking practices, and meet with community groups in order to obtain input from such groups as to flexible standards as well as to keep such groups informed of lending criteria;

(5) seek to provide counseling and technical assistance to governmental and private community-based agencies working within the targeted areas;

(6) develop basic banking services such as a program to cash government checks and a regular checking account service at reduced maintenance fees; and

(7) devote special effort to providing housing, small business, and economic development loans to targeted areas.

In addition, Applicant has stated it will make a good faith effort to provide at least \$2 million in home mortgage and home improvement loans as well as \$1 million in small business loans in low- and moderate-income areas.

Based on the above and all the facts of record, and after taking into account Applicant's commitments to enhance CentraBank's service to meet the convenience and needs of its community, including low- and moderate-income segments, the Board concludes that convenience and needs considerations are consistent with approval of this application.<sup>11</sup>

CentraBank currently engages, through a wholly owned subsidiary, in the sale of both credit-related and noncredit-related insurance to CentraBank's customers and the sale to CentraBank and its affiliates of insurance required for their operations. The National Association of Life Underwriters and the National Association of Professional Insurance Agents submitted comments protesting the application on the grounds that the activities conducted by CentraBank are prohibited under the amendments to section 4 of the Act contained in the 1982 Garn-St Germain Depository Institutions Act ("Garn Act").

In response to the protest, Applicant has committed that, upon consummation, CentraBank will cease all

11. MARI also requested that the Board deny this application because of Applicant's lending practices to third world nations, especially South Africa. Applicant is in compliance with all federal laws regarding its lending activities to South Africa. In addition, as noted above, the Board believes that Applicant's financial condition is consistent with approval of this application.

MARI has also requested that the Board order a public meeting to receive public testimony on the issues presented by this application. Although section 3(b) of the Act does not require a formal hearing in this instance, the Board may, in any case, order a formal or informal hearing. In the Board's view, the parties have had ample opportunity to present their arguments in writing and to respond to one another's submissions. In light of these facts, the proposals by Applicant to expand its services, and other facts of record, the Board has determined that a hearing would serve no useful purpose. Accordingly, MARI's request for a public hearing is hereby denied.

sales of noncredit-related insurance to CentraBank's customers, and will limit its insurance activities to those credit-related insurance activities permitted under section 4(c)(8)(A) of the Act. Applicant's remaining insurance activity, the sale to CentraBank and its affiliates of insurance required for their operation, is a permissible servicing activity under sections 4(a)(2)(A) and 4(c)(1)(C) of the Act, and section 225.22(a)(2)(ix) of the Board's Regulation Y. The Board previously has determined that the prohibition on insurance activities now contained in section 4(c)(8) of the Act as a result of the Garn Act has no bearing on the internal operations of a bank holding company (49 *Federal Register* 808 (1984)). Accordingly, the Board concludes that CentraBank's credit-related insurance activities and servicing activities are consistent with the Act.<sup>12</sup>

CentraBank also currently engages, through a partnership, in real estate investment activities.<sup>13</sup> Applicant has committed that, upon consummation, CentraBank will not engage, directly or indirectly, in any real estate investment activities impermissible under the Act, except to complete its existing project. Applicant has committed to complete this project and divest of it within two years of consummation of the proposal.

Based on the foregoing and other facts of record, including the commitments made by Applicant, the Board has determined that the application under section 3 of the Act should be and hereby is approved. The acquisition of NCNB Bank shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than 90 days after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Richmond, pursuant to delegated authority.

By order of the Board of Governors, effective June 1, 1987.

Voting for this action: Chairman Volcker and Governors Johnson, Seger, Angell, Heller, and Kelley.

JAMES MCAFFEE  
[SEAL] Associate Secretary of the Board

12. The Independent Insurance Agents of America, Inc., the National Association of Casualty and Surety Agents, and the National Association of Surety Bond Producers submitted comments stating that, in light of Applicant's commitment to terminate noncredit-related insurance sales, they did not oppose Applicant's continuation of credit-related insurance sales permissible under section 4(c)(8)(A) of the Act and insurance activities required for the operation of CentraBank and its affiliates.

13. The Maryland Bank Commissioner has questioned the legality of this investment under state law and has requested the advice of the Maryland Attorney General on the issue. The Attorney General has not provided an opinion yet. Applicant has committed to conform its investment to the terms of the opinion within a reasonable period of time following receipt of the opinion.

*Orders Issued Under Section 4 of the Bank Holding Company Act*

Citicorp  
New York, New York

*Order Approving Purchase of Certain Assets and Assumption of Certain Liabilities of a Savings and Loan Association*

Citicorp, New York, New York, a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) (the "BHC Act"), has applied for the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)), for its subsidiary, Citicorp Savings, a Federal Savings and Loan Association, Oakland, California ("Citicorp Savings"), to purchase certain assets and assume certain liabilities of 50 branch offices of Sears Savings Bank, Glendale, California ("Sears Savings").

Notice of the application, affording opportunity for interested persons to submit comments, has been published (52 *Federal Register* 12,252 (1987)). 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 BHC Act.

Citicorp, with total consolidated assets of \$196.1 billion, is the largest banking organization in the United States.<sup>1</sup> Citicorp controls nine subsidiary banks and engages in numerous nonbanking activities, including the operation of savings and loan associations in California, Washington, D.C., Florida, and Illinois.

Citicorp Savings is a federally chartered, FSLIC-insured savings and loan association ("S&L"), which is the successor to the failed Fidelity Savings & Loan Association.<sup>2</sup> Citicorp Savings has total assets of \$4.9 billion and operates 86 branches in California, primarily in the northern part of the state.

Sears Savings is a California-chartered, FSLIC-insured S&L and a wholly owned subsidiary of Sears Roebuck & Co., Chicago, Illinois. Sears Savings has 91 branches in California, predominantly in the southern part of the state, and \$6.6 billion in total assets.

Citicorp Savings proposes to assume approximately \$2 billion of deposits and other liabilities and to purchase approximately \$1.9 billion in tangible assets of 50 branch offices of Sears Savings.

Section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) authorizes a bank holding company to engage in nonbanking activities and acquire shares of a nonbanking company that engages in activities determined by the Board to be "so closely related to banking or managing or controlling banks as to be a proper incident thereto." The Board previously has determined that the operation of a thrift institution is closely related to banking.<sup>3</sup>

With respect to the "proper incident" requirement, section 4(c)(8) of the BHC Act requires the Board to consider whether the performance of the activity by an affiliate of a holding company "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."

In 1977, the Board determined that, as a general matter, the operation of an S&L was not a proper incident to banking because the potential adverse effects of generally allowing affiliations of banks and S&Ls were then sufficiently strong to outweigh any public benefits that might result from individual cases.<sup>4</sup> In evaluating this application, the Board has considered whether Citicorp's proposal involves the acquisition of an existing, healthy S&L, thus requiring the Board to reconsider its *D.H. Baldwin* decision that the acquisition of a healthy thrift is not generally a proper incident to banking, or whether the proposal represents merely the permissible acquisition of certain assets and the assumption of certain liabilities of S&L branches.

Based upon its review of the record, the Board has concluded that Citicorp's proposal properly may be viewed as the permissible acquisition of certain assets and liabilities of S&L branches rather than the acquisition of an S&L. The acquisition here involves less than one-third of Sears Savings' assets and liabilities, and Sears Savings will not be eliminated as a competitor in any relevant market.<sup>5</sup> This proposal also is consistent

3. See, e.g., *D.H. Baldwin Company*, 63 FEDERAL RESERVE BULLETIN 280 (1977); *Interstate Financial Corp.*, 68 FEDERAL RESERVE BULLETIN 316 (1982).

4. *D.H. Baldwin Company*, 63 FEDERAL RESERVE BULLETIN 280 (1977). While the Board has not permitted bank holding companies to acquire thrift institutions on a general basis, the Board has consistently regarded the BHC Act as authorizing it to permit such an acquisition and has approved several such proposals involving failing thrift institutions on the basis that any adverse effects would be overcome by the public benefits of preserving the failing thrift institutions. See, e.g., *F.N.B. Corporation*, 71 FEDERAL RESERVE BULLETIN 340 (1985); *The Chase Manhattan Corporation*, 71 FEDERAL RESERVE BULLETIN 462 (1985).

5. These factors distinguish this case from the Board's decision in *Old Stone Corporation* (Catawba), 70 FEDERAL RESERVE BULLETIN 593 (1984). In that case, the Board denied a proposal by a bank holding company to acquire through an existing S&L subsidiary, all of the assets and liabilities of a healthy S&L.

1. Banking data are as of December 31, 1986, unless otherwise specified.

2. The acquisition of Citicorp Savings was approved by the Board by Order of September 28, 1982. *Citicorp (Fidelity)*, 68 FEDERAL RESERVE BULLETIN 656 (1982).

with the branching restrictions in the Board's Order allowing the initial acquisition of Citicorp Savings, since the branches to be acquired are all at locations at which a state or national bank in California may establish a branch.<sup>6</sup>

Citicorp Savings is the 21st largest depository institution among commercial banking organizations and S&Ls in California, with total deposits of \$2.9 billion, representing less than 1 percent of the total deposits in commercial banks and thrifts in the state. Upon consummation of the proposal, Citicorp Savings would become the 15th largest depository institution among commercial banking organizations and S&Ls in California, and the ninth largest S&L in California, controlling 1.4 percent of the total deposits in commercial banks and thrifts in the state. Accordingly, the Board concludes that consummation of this proposal would not have a significant adverse effect on the concentration of commercial bank and thrift institution resources.

Citicorp Savings and Sears Savings compete for S&I services in the Los Angeles, San Francisco-Oakland-San Jose, and San Diego markets.<sup>7</sup> Upon consummation of the proposal, Citicorp Savings' market share would be less than 5 percent (based on deposits in commercial banks and thrifts) in each of the markets, and the increase in concentration in the markets would not be substantial. Accordingly, the Board concludes that consummation of this proposal will not have a significant adverse effect on existing competition in any relevant market. The Board also concludes that the proposal would not have any significant adverse effect on probable future competition.

In evaluating this application, the Board has considered the financial resources of Applicant and the effect on these resources of the proposed acquisition. The Board has stated and continues to believe that capital adequacy is an especially important factor in the analysis of bank holding company proposals, particularly in transactions where a significant acquisition is proposed.<sup>8</sup>

In this regard, the Board expects that banking organizations experiencing substantial growth internally and by acquisition, such as Applicant, should

maintain a strong capital position substantially above the minimum levels specified in the Capital Adequacy Guidelines without significant reliance on intangibles, particularly goodwill.<sup>9</sup> The Board will carefully analyze the effect of expansion proposals on the preservation or achievement of such capital positions.

The Board has reviewed this case in the light of Applicant's capital and asset position. In approving this application, the Board has relied on the assurances of Applicant that it plans to strengthen its capital base in the near term, and the Board intends to monitor progress toward this objective. Accordingly, on the basis of the above considerations, the Board concludes that financial factors are consistent with approval of the application. Managerial factors and convenience and needs also are consistent with approval.

The Board also concludes that consummation of the proposal will not result in conflicts of interests, unsound banking practices, undue concentration of resources, or other adverse effects.

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) of the BHC Act 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 BHC 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 29, 1987.

Voting for this action: Chairman Volcker and Governors Seger, Angell, and Kelley. Absent and not voting: Governors Johnson and Heller.

JAMES MCAFFEE

[SEAL]

Associate Secretary of the Board

6. The proposal also is consistent with the principles underlying the branching restrictions of the emergency thrift acquisition provisions of the Garn-St Germain Depository Institutions Act of 1982. (12 U.S.C. § 1730a(m)(5)).

7. The Los Angeles market is approximated by the Los Angeles RMA. The San Francisco-Oakland-San Jose market is approximated by the San Francisco-Oakland-San Jose RMA. The San Diego market is approximated by the San Diego RMA. Market data are as of June 30, 1985.

8. See e.g., *Chase Manhattan Corporation*, 70 FEDERAL RESERVE BULLETIN 529 (1984); *NCNB Corporation*, 69 FEDERAL RESERVE BULLETIN 49 (1983).

9. Capital Adequacy Guidelines, 50 *Federal Register* 16,057 16,066-67 (April 24, 1985) (71 FEDERAL RESERVE BULLETIN 445 (1985)); *National City Corporation*, 70 FEDERAL RESERVE BULLETIN 743, 746 (1984).

Security Pacific Corporation  
Los Angeles, California

*Order Approving an Application to provide Asset-Based Credit Facilities to Commercial Borrowers*

Security Pacific Corporation, Los Angeles, California, a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) (the "Act"), has applied for the Board's approval, pursuant to section 4(c)(8) of the Act (12 U.S.C. § 1843 (c)(8)), to acquire substantially all of the assets of Wells Fargo Business Credit, Inc., Dallas, Texas ("Company").

Notice of the application, affording interested persons an opportunity to submit comments, has been published (52 *Federal Register* 10,632 (1987)). 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 a multibank holding company with six subsidiary banks in California, Arizona, Washington, and Oregon, controlling \$31 billion in domestic deposits.<sup>1</sup> Applicant also engages through subsidiaries in various nonbanking activities.

Company engages in providing asset-based credit facilities to commercial borrowers nationwide, including accounts receivable, inventory, capital equipment, and leveraged buyout/merger financing. This activity is permissible under Regulation Y (12 C.F.R. § 225.25(b)(1)(iv)).

In order to approve this application, the Board must also find that the performance of the proposed activity 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 interest, or unsound banking practices. Both Applicant and Company engage in commercial finance nationwide, and therefore, some existing competition would be eliminated as a result of consummation of the proposal. The combined market share resulting from the acquisition, however, would be approximately 3 percent. In addition, given the large number of alternative participants providing similar services, no appreciable amount of potential or probable future competition would be eliminated by the proposal. Accordingly, the Board does not regard the proposed

acquisition as raising any significant competitive issues.

Consummation of the proposal will provide public benefits in the form of increased commercial finance services to the market currently served by Company. Company's parent, Wells Fargo & Company, San Francisco, California, has made a corporate decision to withdraw from the commercial finance business. Applicant's acquisition of Company will preserve a competitor in the market and Applicant will provide the financial and managerial resources to support the continued operation of Company.

In evaluating this application, the Board also has considered the financial resources of Applicant and the effect on those resources of the proposed acquisition. In this regard, the Board has previously expressed concern that expansionary proposals should be based on the maintenance of an adequate tangible primary capital position. In connection with an earlier acquisition which had the effect of decreasing Applicant's tangible primary capital,<sup>2</sup> Applicant expressed its intention to restore its tangible primary capital ratio to pre-acquisition levels and to continue to strengthen its capital position. In this case, the proposal would involve only a negligible reduction in Applicant's tangible primary capital ratio, and should not have any material effect on applicant's ability to meet its stated capital goals. Based on the above facts, particularly Applicant's plans to continue to strengthen its primary capital position, the Board concludes that the financial and managerial resources of Applicant are consistent with approval.

There is no evidence in the record to indicate that consummation of the proposal would lead to any undue concentration of resources, decreased or unfair competition, unsound banking practices, or other adverse effects. Based on 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

1. Data are as of March 31, 1987.

2. *Security Pacific Corporation*, 72 FEDERAL RESERVE BULLETIN 800 (1986).

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 San Francisco, pursuant to delegated authority.

By order of the Board of Governors, effective June 29, 1987.

Voting for this action: Chairman Volcker and Governors Seger, Angell, and Kelley. Absent and not voting: Governors Johnson and Heller.

JAMES MCAFEE

[SEAL] Associate Secretary of the Board

### Sovran Financial Corporation Norfolk, Virginia

#### *Order Approving Retention Shares of an Insurance Agency*

Sovran Financial Corporation, Norfolk, Virginia ("Sovran"), a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) (the "BHC Act"), has applied for the Board's approval under section 4(c)(8)(D) of the BHC Act and section 225.25(b)(8)(iv) of Regulation Y (12 C.F.R. § 225.25(b)(8)(iv)), to retain indirectly all of the voting shares of Sovran Insurance, Inc., a company that engages in general insurance agency activities, including the sale of life and property and casualty insurance to the general public.

Applicant has total consolidated assets of approximately \$14.6 billion and controls banks in Maryland, Virginia and the District of Columbia.<sup>1</sup> Applicant also engages through certain subsidiaries in a variety of nonbanking activities permissible for bank holding companies.

On February 27, 1986, the Board approved an application under the BHC Act by Sovran to acquire Suburban Bancorp, Bethesda, Maryland, and its subsidiary bank, Suburban Bank. Suburban Bank, since 1964, has controlled, pursuant to Maryland law, Suburban Insurance, Inc. (now renamed Sovran Insurance, Inc.), which engages in general insurance agency activities. Suburban Bancorp, which became a bank holding company in 1972 through acquisition of Suburban Bank, has since that time claimed entitlement to retain indirect ownership and control of the insurance

agency under the BHC Act on the basis of section 225.22(d)(2) of the Board's Regulation Y. That regulation allows a state bank owned by a bank holding company to acquire and retain all of the voting shares of company that engages in activities the parent state bank may conduct directly. 12 C.F.R. § 225.22(d)(2).

Sovran's application to acquire Suburban Bancorp was protested by various insurance industry trade groups on the ground that Suburban Insurance's activities are prohibited under Title VI of the Garn-St Germain Depository Institutions Act of 1982. The Garn-St Germain Act amended section 4 of the BHC Act to provide that, with seven specific exceptions, insurance activities are not closely related to banking and thus are not generally permissible for bank holding companies.<sup>2</sup>

The Board's February 27, 1986, Order approving Sovran's acquisition of Suburban Bancorp did not resolve this issue. In response to the protests, Sovran committed that if its acquisition of Suburban Bank were approved, Suburban Insurance would, upon its acquisition by Sovran, cease writing new policies until the Board acted to resolve the legal questions raised by its insurance activities. On the basis of this commitment, the acquisition was consummated on March 31, 1986.<sup>3</sup>

On November 11, 1986, Sovran filed the present application claiming entitlement to retain indirect control over Suburban Insurance pursuant to section 4(c)(8)(D) of the BHC Act, the grandfather provision of the Garn-St Germain Act (hereinafter "exemption D"). This section provides an exception to the general insurance prohibition of the Garn-St Germain Act for any insurance agency activity which was engaged in by a bank holding company or any of its subsidiaries on May 1, 1982, subject to certain geographic and functional limitations.<sup>4</sup>

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been published in the *Federal Register*. (51 *Federal Register* 42,138 (1986)). The time for filing

2. On October 3, 1986, the Board amended Regulation Y to include in the list of activities that the Board has found to be closely related to banking within the meaning of section 4(c)(8) of the Act and thus permissible for bank holding companies, the insurance agency activities delineated in the seven exemptions to the Garn-St Germain Act. 51 *Federal Register* 36,201 (1986), to be codified at 12 C.F.R. § 225.25(b)(8).

3. 72 *FEDERAL RESERVE BULLETIN* 347 (1986).

4. Exemption D restricts grandfathered insurance activities to the state in which the grandfathered bank holding company has its principal place of business, any state immediately adjacent to that state, and any state or states in which insurance activities were conducted by the bank holding company or any of its subsidiaries on May 1, 1982, or were approved to be conducted by the bank holding company or any of its subsidiaries on or before May 1, 1982. 12 U.S.C. § 1843(c)(8)(D) and 12 C.F.R. § 225.25(b)(8)(iv).

1. Banking data are as of March 31, 1987.

comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 4 of the BHC Act.<sup>5</sup>

Protestants assert that the Board should not approve the application because Suburban Bank is prohibited by Maryland law from engaging directly in general insurance agency activities and thus, under section 225.22(d)(2) of the Board's Regulation Y, could not acquire or retain control of a company engaged in these activities. On this basis, Protestants claim Suburban Insurance was not lawfully held by Suburban Bancorp under the BHC Act or Regulation Y on May 1, 1982, the grandfather date under exemption D, and thus Suburban Insurance does not qualify for grandfather privileges under exemption D. Protestants also contend that, even if Suburban Insurance qualifies for grandfather privileges under exemption D, those grandfather privileges would terminate if it were acquired by another bank holding company, such as Sovran, which has no grandfather rights under the BHC Act.<sup>6</sup>

Applicant responds that Suburban Bancorp and its indirect subsidiary, Suburban Insurance, qualify under exemption D because Suburban Insurance was engaging in the insurance agency activities in question on May 1, 1982, with the full knowledge and consent of the Board and the state regulatory authorities, and that Suburban's grandfather privileges do not terminate when it is acquired by another bank holding company. Alternatively, Applicant contends that the Board should disregard the separate corporate identity of the insurance agency subsidiary and treat its insurance activities as being conducted directly by the parent state bank, and thus, in Applicant's view, outside the scope of the nonbanking and insurance restrictions in section 4 of the BHC Act. Finally, Applicant contends that the nonbanking provisions of section 4 of the BHC Act do not apply to nonbank subsidiaries of holding company banks and thus Suburban Insurance may continue to sell insurance regardless of whether Suburban Insurance's activities comply with the Board's state bank regulation.

5. The Board received comments from the following associations opposing approval of the application ("Protestants"): the Independent Insurance Agents of America, the National Association of Casualty and Surety Agents, the National Association of Surety Bond Producers, the National Association of Life Underwriters, the National Association of Professional Insurance Agents, the Maryland State Association of Life Underwriters, the PIA Association of Pennsylvania, Maryland and Delaware, the American Council of Life Insurance, the American Insurance Association, the National Association of Independent Insurers, and the Alliance of American Insurers.

6. In addition, Protestants contend that Exemption D only applies where the activities were conducted pursuant to specific approval from the Board under section 4(c)(8) of the Act and that in any event Suburban Bank may not under Maryland law control an affiliate engaged in general insurance agency activities.

After considering the arguments of the Applicant and Protestants, as well as the views of the Maryland Bank Commissioner and the Maryland Insurance Commissioner, the Board has determined that Suburban Bancorp is entitled to retain indirect ownership and control of Suburban Insurance under exemption D and section 225.25(b)(8)(iv) of Regulation Y and that this entitlement does not terminate upon Suburban Bancorp's acquisition by Sovran. With regard to Applicant's contention regarding the applicability of section 4 of the BHC Act to nonbanking companies controlled by holding company banks, the Board has previously determined that under the specific terms of the BHC Act, the acquisition and retention by holding company banks of voting shares of nonbanking companies is governed by section 4 of the BHC Act.<sup>7</sup> As this case reflects, the Board has had in place since 1971 a regulation promulgated under the BHC Act that governs the type of nonbanking activities in which nonbank companies controlled by holding company banks may engage. In light of the Board's determination regarding Sovran's application for grandfather rights under exemption D, however, the Board finds it unnecessary to address Applicant's alternative contentions, including its views on the scope of coverage of section 4 of the Act.

#### *A. Suburban Insurance Qualifies For Grandfather Privileges Under Exemption D of the Garn-St Germain Act*

As indicated, exemption D by its terms provides an exception to the general prohibition on the conduct by bank holding companies of insurance activities for those insurance agency activities engaged in by a bank holding company or any of its subsidiaries on May 1, 1982, subject to certain geographic and functional limitations.<sup>8</sup>

The record is clear that on the relevant date, May 1, 1982, Suburban Insurance was engaged in insurance agency activities and therefore meets the literal qualifications for grandfather rights under the exemption.

7. See e.g. *Security Pacific Corporation*, 72 FEDERAL RESERVE BULLETIN 800 (1986), and the authorities referenced therein.

8. 12 U.S.C. § 1843(c)(8)(D). Specifically, paragraph (8) of section 4(c) of the BHC Act provides an exception to the nonbanking prohibitions of section 4(a) of the Act for shares of companies engaged in activities that the Board has determined to be so closely related to banking as to be a proper incident thereto. The Garn-St Germain Act amended this paragraph to provide that:

for purposes of this subsection, it is not closely related to banking or managing a controlling banks for a bank holding company to provide insurance as principal, agent, or broker except . . . (D) any insurance activity which was engaged in by the bank holding company or any of its subsidiaries on May 1, 1982, or which the Board approved for such company or any of its subsidiaries on or before May 1, 1982 . . . 12 U.S.C. § 1843(c)(8).

The Board notes that the Senate Banking Committee report associated with exemption D explains that the activities grandfathered under this provision must have been engaged in pursuant to and in accordance with the applicable statutory and regulatory standards in effect on May 1, 1982.<sup>9</sup> Thus, the question raised by this application is whether Suburban Insurance's activities on that date were being conducted in conformance with applicable statutory and regulatory requirements for purposes of exemption D.

Suburban Bancorp never applied under section 4(c)(8) of the BHC Act to acquire or retain indirect ownership or control of Suburban Insurance. Rather, when it applied to become a bank holding company in 1972, Suburban Bancorp relied upon section 225.22(d) of the Board's Regulation Y as authority to acquire and retain indirect control of Suburban Insurance. As noted, this regulatory provision provides an exception to the general nonbanking prohibitions of the BHC Act by permitting a state bank, without the Board's prior approval, "to acquire or retain all . . . of the securities of a company that engages solely in activities in which the parent bank may engage, at locations which the bank may engage in the activity, and subject to the same limitations as if the bank were engaging in the activity directly." 12 C.F.R. § 225.22(d)(2).

In order to qualify under this regulation, the company in question must be engaged in activities that the bank could conduct directly.<sup>10</sup> Protestants argue that Suburban Insurance is not now, and was not on May 1, 1982, operating in accordance with this requirement of the Board's regulation because Maryland banking and insurance law prohibit a Maryland bank from engaging directly in insurance agency activities.<sup>11</sup>

The insurance activities of Suburban Bank may be traced back to 1922, when Prince George's Bank, a predecessor of Suburban Bank, sold insurance through licensed agents. Insurance sales by employees of the bank or predecessor institutions continued, and in 1955 a formal insurance department was organized within the bank. In 1964, Suburban Bank consolidated

the insurance department with an incorporated affiliate of the bank that was engaged in holding bank premises, Citizens Building, Inc. In 1984, the subsidiary's name was changed to Suburban Insurance, Inc.

In connection with its application to become a bank holding company in 1972, Suburban Bancorp advised the Board that Suburban Bank controlled a general insurance agency, and Suburban has subsequently kept the Board apprised of the affiliate's insurance activities. On September 12, 1972, the Federal Reserve Bank of Richmond, in order to respond to an inquiry from a law firm representing certain insurance interests, inquired of the Maryland Bank Commissioner whether such insurance activities were permitted for state banks in Maryland. On September 14, 1972, the Maryland Deputy Bank Commissioner responded by advising that the Department was aware of the insurance activities of Suburban and "took no exception." In 1986, in connection with the processing of Sovran's application to acquire Suburban Bancorp, the Maryland Bank Commissioner advised the Board that that office had been aware of the insurance agency activities conducted by Suburban Bank directly and through Suburban Insurance and that "Suburban's insurance activities are and have been lawful activities for a state-chartered bank in Maryland."

However, in 1987 the Maryland Insurance Commissioner informed the Board that Suburban Bank could not engage directly in insurance agency activities under the State Insurance Code as it now stands and as it stood in 1982.<sup>12</sup> Under Maryland law, only a corporation engaged primarily in the insurance business may obtain an insurance license.<sup>13</sup> The Commissioner advised that because Suburban Bank is primarily engaged in the banking business, it could not be issued a license to sell insurance and could not receive commissions for procuring or influencing the procurement of insurance sales.<sup>14</sup> The Insurance Commissioner confirmed that Suburban Bank could control a company that holds a license to sell insurance and that Suburban Insurance's current activities were fully consistent with Maryland insurance laws.

While it now appears in retrospect that Suburban Insurance's activities did not qualify for the exemption under the section 225.22(d)(2) of Regulation Y on May 1, 1982, the overriding factor in this case is that the activities were being conducted on that date and for

9. S. Rep. No. 536, 97th Cong., 2d Sess. 39 (1982).

10. See e.g., *Piedmont Carolina Financial Services*, 59 FEDERAL RESERVE BULLETIN 766 (1973), where the Board stated that this regulatory provision would permit a holding company to acquire a company engaged in insurance activities that the bank could conduct directly. The Board specifically noted, however, that this company could not be acquired under this provision, if state law permitted the bank to invest in shares of a company engaging in this activity, but did not permit the bank to engage in the activity directly.

11. Protestants also assert that this provision of Regulation Y is invalid. However, since this regulation was in effect on May 1, 1982, compliance with it would satisfy the requirements of exemption D, regardless of later challenges to its validity.

12. See letter of Mr. Edward J. Muhl, State Insurance Commissioner, dated May 18, 1987. See also, *Goodman v. Perpetual Building Ass'n.*, 320 F. Supp. 20, 36 (D.D.C. 1970).

13. Md. Ann. Code, art. 48A, § 168(d) (1979), now codified at Md. Ann. Code, art. 48A, § 168(e) (1986).

14. See Md. Ann. Code, art. 48A, §§ 167(a) and (c) and 168(d) (1979); Md. Ann. Code, art. 48A, §§ 167 and 168(c)(2) (1986).

many years prior thereto with the knowledge of the Board and state regulatory agencies and without a determination by these agencies that the activities were not in accordance with applicable statutes and regulations. On this basis, the Board finds that Suburban Insurance qualifies for grandfather privileges under exemption D.<sup>15</sup>

The purpose of a grandfather provision is to avoid the disruption of settled and established relationships and to maintain the status quo. The legislative history of exemption D specifically states that it is intended to permit the "continuation of previously authorized insurance activities."<sup>16</sup> The insurance activities of Suburban Insurance were authorized to the extent that these activities were conducted with the full knowledge of and without objection from the Board on May 1, 1982, and are thus within the type of insurance activity Congress sought to protect in exemption D. While it appears that, based on information brought to the Board's attention in 1987—16 years after Suburban became a bank holding company and informed the Board of its interest in Suburban Insurance—Suburban Insurance may not have technically qualified under the Board's regulation, that determination should not be applied retroactively to deprive the company of a benefit which under the terms of the statute are made available to any company engaged in the activity on May 1, 1982. Further, given the intent of the grandfather provision, it would not appear appropriate to upset settled and long-standing relationships which existed on the grandfather date with the knowledge of and without objection from appropriate regulatory authorities.

In this regard, the Board has considered the legislative history of exemption D which, as noted, indicates that grandfather privileges were not intended for companies that were operating in violation of applicable statutes and regulations. This legislative history does not, however, in the Board's view, indicate a Congressional intent to foreclose grandfather rights to holding company subsidiaries that had been selling insurance

on the grandfather date with the approval of state banking and insurance regulatory authorities and with no determination by the Board that the activities of the subsidiary were not in compliance with the BHC Act or Board's regulations under the Act. In such circumstances, showing that the bank holding company was not operating in disregard of applicable statutes or regulations on the grandfather date, the holding company would, in the Board's view, qualify for grandfather rights under the terms and Congressional intent of exemption D.

Finally, the Board believes that equitable considerations would also indicate that since the insurance activities of Suburban Insurance were known to the public since 1972, and were being conducted with the knowledge of the Board since that date, it would be unfair to now penalize Suburban Insurance for any incorrect assumptions regarding state law. For example, in *Independent Bankers Association of America v. Heimann*,<sup>17</sup> the court held that an industry trade group could not challenge an interpretive ruling of the Comptroller of the Currency which had been issued 12 years earlier and of which the trade group had knowledge. The court stated: "Equity will not protect a party that through years of silence has created an impression of acquiescence that has led others to make substantial financial commitments." *Id.* at 488.

Protestants also argue that in order to qualify for grandfather privileges under exemption D, the bank holding company must have obtained specific approval from the Board under section 4(c)(8) of the BHC Act to conduct the particular activity and that the insurance activity must be directly related to an extension of credit by an affiliate as opposed to the type of general insurance activity conducted by Suburban Insurance. Because Suburban Insurance's activities were not specifically approved by Board order under section 4(c)(8) of the Act and are not confined to the sale of credit-related insurance, Protestants claim Suburban Insurance does not qualify under exemption D. Neither the language of exemption D nor its legislative history supports this position.

The language of the statute states clearly and unambiguously that it applies to any insurance activity that was engaged in on May 1, 1982, or which was approved by the Board on or before that date. Thus, the language itself does not limit grandfather rights to the sale of credit-related insurance or to insurance activities that were specifically approved by the Board by order under section 4(c)(8).

The legislative history of this section confirms this interpretation. A prior version of the statute (H.R.

15. Protestants further contend that a Maryland bank is not authorized under Maryland banking law to sell insurance. As noted, the Maryland Bank Commissioner has advised the Board in writing on two occasions (in 1972 and in 1986) that Suburban Bank's insurance activities are authorized under Maryland banking law. The Commissioner has referred to a provision of the Maryland Code that permits a state bank to exercise all of the powers usual in carrying on a banking business. (Md. Financial Institutions Code § 3-206(b)(12)).

The present application does not require the Board to resolve this dispute over permissible banking powers under Maryland law. Even if the Maryland Bank Commissioner's conclusion is erroneous, the Board nevertheless believes that Suburban Insurance qualifies for the grandfather privileges under exemption D in light of the facts and circumstances relating to its conduct of insurance activities on May 1, 1982, as discussed in detail in this Order.

16. S. Rep. No. 536, 97th Cong. 2d Sess. 71 (1982).

17. 627 F.2d 486 (D.C. Cir. 1980).

2255, 96th Cong. 1st Sess. (1979)) grandfathered insurance activities which were engaged in on or before a grandfather date, but only if such activities were specifically approved by the Board. During hearings on this bill held by the House Banking Committee, the Association of Bank Holding Companies protested that this grandfather provision "fails to take into consideration insurance activities which were "grandfathered" in 1956, 1966 and 1970, and for which there was never an occasion to have an application approved by the Board."<sup>18</sup> Following these hearings, the House Banking Committee reported out a version of H.R. 2255 that deleted the requirement for Board approval, and instead grandfathered any insurance activity lawfully engaged in on the specified grandfather date. (H.R. Rep. No. 845, 96th Cong. 2d Sess. (1980)). This grandfather language was adopted, with modifications, by the Senate (See, S. Rep. No. 923, 96th Cong. 2d Sess (1980)).

In the Board's view, this legislative history makes it clear that the grandfather provision in exemption D was not intended to be limited to the credit-related property and casualty insurance activities approved by the Board under section 4(c)(8) of the Act prior to enactment of the Garn-St Germain Act.

*B. Suburban Insurance's Grandfather Privileges do not Terminate Upon its Acquisition by a Non-Grandfathered Bank Holding Company*

Under section 4 of the BHC Act, Sovran may not directly or indirectly acquire control of a nonbank company, unless the acquisition qualifies under one of the exceptions found in the Act. 12 U.S.C. § 1843(a). In this case, Sovran is claiming the exception in section 4(c)(8)(D), which as noted grandfathers insurance activities conducted by a bank holding company or any of its subsidiaries on May 1, 1982. However, on this date, Suburban Insurance was a subsidiary of Suburban Bancorp, thus raising the issue whether Suburban Insurance loses its grandfather rights under exemption D when its parent holding company is acquired by another bank holding company.

Section 4(c)(8)(D) of the BHC Act does not specifically deal with this question. The Senate Committee report associated with this legislation, however, explains that:

The authority to engage in activities under the grandfather amendment only extends to the entity, be that the holding company itself or a subsidiary or subsidiaries thereof, which qualifies for the grandfathered activities status.<sup>19</sup>

This legislative history as well as the terms of the statute indicate a Congressional intent that the grandfather privilege be limited to the entity which *qualifies* for the grandfather privilege under exemption D, in this case Suburban Insurance. In other words, exemption D rights attach to the entity actually conducting the activity on the grandfather date. As long as it is only that grandfathered subsidiary that conducts the activity and not some other affiliate, the requirements of exemption D are satisfied. Thus, in the Board's view, the intent of the statute is that the grandfathered subsidiary continues to be able to engage in the activity, even if acquired by another bank holding company so long as the subsidiary complies with the geographic and functional limitations proscribed in exemption D.

The Board believes this conclusion is consistent with the overall intent of the grandfather provision to permit the continuation of established relationships. There is nothing in the legislative history that suggests that a company that was engaged in an insurance activity under the BHC Act for many years should cease the activity because it is acquired by another bank holding company, when the acquisition would not add an additional insurance competitor or permit the grandfathered subsidiary to expand its activities. As noted, Suburban Insurance could not expand its insurance activities to any location or in any manner other than as permitted under exemption D before Suburban's acquisition by Sovran. In other words, the acquisition does not disturb the status quo insofar as the insurance activities of Suburban Insurance are concerned.

On two prior occasions, the Board has determined that grandfather privileges under exemption D do not terminate when the grandfathered entity is acquired by another bank holding company, provided the insurance activities continue to be conducted by the subsidiary that actually conducted the activity on the grandfather date and would not be expanded to other affiliates of the bank holding company.

In 1983, the Board allowed Seafirst Corporation to continue to sell credit-related property and casualty insurance after its acquisition by BankAmerica.<sup>20</sup> The

18. *Hearings on H.R. 2255 before the Subcomm. on Financial Institutions Supervision, Regulation and Insurance of the House Comm. on Banking, Finance and Urban Affairs*, 96th Cong. 1st Sess. 285 (1979).

19. S. Rep. No. 536, 97th Cong., 2d Sess. 40 (1982).

20. *BankAmerica Corporation*, 69 FEDERAL RESERVE BULLETIN 568 (1983).

Board noted that Seafirst was entitled under the terms of exemption D to continue to sell the insurance because it was lawfully engaged in the activity on May 1, 1982, pursuant to a prior Board approval. The Board concluded that Seafirst could continue to engage in that particular activity after its acquisition by BankAmerica because Seafirst would remain an independent and separate subsidiary of BankAmerica and the activity would not be conducted by any other subsidiary of BankAmerica or through any of its other offices. The Board concluded that under the circumstances presented there, the grandfathered insurance activity would not be transferred to any other entity or conducted beyond the scope Congress intended in exemption D.

Similarly, in late 1983, the Board permitted the Fuji Bank, Ltd. to acquire Walter Heller Inc.'s commercial finance subsidiary, including a subsidiary that sold property and casualty insurance in connection with loans by the finance company.<sup>21</sup> The Board noted that the Heller subsidiary was entitled to grandfather rights under exemption D because it received Board approval to engage in the activity before May 1, 1982. As in the *BankAmerica* case, the Board allowed the subsidiary, after its acquisition by Fuji, to continue to conduct the grandfathered activity, noting that the insurance agency would remain an independent and separate subsidiary of Fuji, would conduct activities only from its office in Chicago and only in connection with loans by the finance company.<sup>22</sup>

The Board notes that it has in the past required the termination of grandfather privileges under section 4(a) of the BHC Act when the company entitled to those rights was acquired by another company.<sup>23</sup> However, unlike the situation under exemption D, the terms and legislative history of the grandfather provision of section 4(a) indicate that grandfather rights were limited only to those companies that were initially brought under the terms of the Bank Holding Company Act by the 1970 amendments to that Act. As discussed above, the terms of exemption D and its legislative history indicate that a grandfathered bank holding company would be permitted to continue to conduct insurance activities so long as the grandfath-

ered activities are conducted by the subsidiary that was conducting the activity on May 1, 1982.

Based on these factors, the Board concludes that Sovran may retain indirect ownership and control of Suburban Insurance, pursuant to section 4(c)(8)(D), provided that Suburban's general insurance agency activities are limited to those conducted on the grandfather date and that these activities are conducted only by Suburban Insurance, which must remain an independent and separate subsidiary of Sovran. Consistent with the provisions of exemption D, Suburban Insurance must limit its general insurance agency activities to the state in which its parent holding company, Suburban Bancorp, maintained its principal place of business on May 1, 1982 (*i. e.* Maryland), states adjacent to Maryland including the District of Columbia, and any additional states in which Suburban Insurance conducted insurance agency activities on May 1, 1982. See 12 U.S.C. § 1843(c)(8)(D) and 12 C.F.R. § 225.25(b)(8)(iv).

### C. Other Issues

Protestants question whether Suburban Bank may be lawfully affiliated with an insurance agency under Maryland banking law, even if the exemption D provision applies. The Protestants note that the Maryland Banking Code provides that, except with the prior approval of the State Bank Commissioner, no banking institution may have an affiliate. (Md. Financial Institutions Code § 5-403 (1986)). The Bank Commissioner may approve an affiliation with a company providing insurance services, but only if the approval imposes the same conditions that federal law requires or permits for a national bank. (Id.) Since national banks are not currently authorized to conduct the types of general insurance agency activities at issue here (except in towns with populations of 5,000 or less), Protestants conclude that Suburban Bank cannot be lawfully affiliated with a company engaging in such insurance agency activities.

On March 12, 1987, the Maryland Bank Commissioner advised the Board that Suburban Bank's control of the insurance affiliate was permissible under the Maryland Banking Code. Under the Maryland Banking Code, restrictions on bank affiliations do not affect any affiliate, if the affiliation existed on June 1, 1935. (Md. Financial Institutions Code § 5-402 (1986)). In this instance, since the affiliation in question can be traced back to 1932, it would appear to be exempt from the provisions in the Maryland Code limiting affiliations of Maryland banks. Based on this analysis of Maryland law, the Board has determined to accept the Maryland Bank Commissioner's conclusion with respect to the consistency of this particular affiliation

21. *Fuji Bank, Limited*, 69 FEDERAL RESERVE BULLETIN 50 (1983).

22. The Board relied upon the above legislative history which indicates that grandfather rights under exemption D accrue to the entity actually conducting the relevant insurance agency activity, in that case the nonbank subsidiary of Heller.

23. See *Maryland National/American Security Corporation*, 73 FEDERAL RESERVE BULLETIN 310 (1987), where the Board approved the acquisition upon the condition that the applicant divest grandfathered nonbanking activities conducted by the acquired bank holding company.

under Maryland law insofar as it applies to the conduct of insurance agency activities that the affiliate has conducted since 1964.

#### *D. Public Benefits*

While the Board has determined that Suburban Insurance's general insurance activities are permissible under section 4(c)(8)(D) of the BHC Act and section 225.25(b)(8)(iv) of Regulation Y, the Board must also determine that these activities are a proper incident to banking under section 4(c)(8) of the Act. In making this determination, the Board must consider whether the performance of the activity can reasonably be expected to produce benefits to the public that outweigh possible adverse effects.

The Board believes that approval of this application will maintain competition in the provision of insurance agency services in the area served by Suburban Insurance and will avoid disrupting established relationships between Suburban Insurance and its customers. The Board finds that there is no evidence in the record to indicate that approval of this proposal would result in undue concentration of resources, unfair or decreased competition, conflicts of interest, 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 application.

#### *E. Request for Hearing*

Protestants have requested that the Board conduct a hearing on the application in order to determine the historical facts that underlie Suburban's entry into the insurance field, the status of Maryland law, and Sovran's plans to expand its insurance operations in the future. Under section 4 of the Bank Holding Company Act, a protestant is not entitled to a hearing on every application. A hearing is only required when there are material issues of fact in dispute.<sup>24</sup>

In this case, there are no material issues of fact in dispute. The historical facts relating to Suburban's entry into the insurance field have been established, and no specific allegation has been made that these facts are in error. The issues relating to Maryland law and its interplay with the Bank Holding Company Act are legal issues, not factual, and therefore a hearing is not required to resolve this matter. With respect to the future activities of Suburban Insurance, exemption D specifically limits the geographic and functional scope of the grandfathered insurance activities, and thus Sovran's future plans with respect to these activities are circumscribed by the statute. Accordingly, the Board has determined that a hearing is not required in this case and hereby denies protestants' request for a hearing.<sup>25</sup>

Based on the foregoing, the Board has determined that the application under section 4 should be, and hereby is, approved. This determination is subject to all of the conditions set forth in Regulation Y, and the requirement that the insurance activities are conducted solely by Sovran Insurance, which must remain an independent subsidiary of Suburban Bancorp. It is also subject to the Board's authority to require such modification or termination of activities of the 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 BHC Act and the Board's regulations and orders issued thereunder.

By order of the Board of Governors, effective June 29, 1987.

Voting for this action: Chairman Volcker and Governors Seger, Angell, and Kelley. Absent and not voting: Governors Johnson and Heller.

[SEAL]

WILLIAM W. WILES  
*Secretary of the Board*

24. *Connecticut Bankers Assn. v. Board of Governors*, 627 F.2d 245 (11th Cir. 1980).

25. One protestant makes the claim that a public hearing is required under the net public benefits standard in the Act because of issues relating to the nature and extent of Suburban Insurance's proposed activities. However, as noted Suburban Insurance's activities will be limited by statute to those in which it was engaged on May 1, 1982, subject to the functional and geographic restrictions in section 4(c)(8)(D) and the Board's Regulation Y. Accordingly, the Board does not believe a hearing is appropriate or necessary with regard to this claim.

## ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

## By Federal Reserve Banks

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

## Section 3

Applicant	Bank(s)	Reserve Bank	Effective date
Americorp, Ventura, California	American Commercial Bank, Ventura, California	San Francisco	June 2, 1987
Arkansas Union Bankshares, Inc., Benton, Arkansas	Union Bancshares of Benton, Inc., Benton, Arkansas	St. Louis	June 15, 1987
BancAlabama, Inc., Huntsville, Alabama	BankAlabama—Huntsville, Huntsville, Alabama	Atlanta	June 15, 1987
Branch Corporation, Wilson, North Carolina	Community Bancorporation, Inc., Greenville, South Carolina	Richmond	June 12, 1987
Buffalo Bancshares, Inc., Kansas City, Missouri	O'Bannon Banking Co., Buffalo, Missouri	St. Louis	June 24, 1987
Butler Point, Inc., Catlin, Illinois	The First National Bank of Catlin, Catlin, Illinois	Chicago	June 2, 1987
Cando Holding Company, Inc., Cando, North Dakota	The First Bank Cando, N.A., Cando, North Dakota	Minneapolis	May 26, 1987
CB Bancshares, Inc., Fort Valley, Georgia	Cook Banking Company, Cochran, Georgia	Atlanta	June 1, 1987
CBE, Inc., Elkhorn, Wisconsin	Community Bank of Elkhorn, Elkhorn, Wisconsin	Chicago	June 5, 1987
CCB Financial Corporation, Sandy, Oregon	Clackamas County Bank, Sandy, Oregon	San Francisco	May 21, 1987
Central Bancshares of the South, Inc., Birmingham, Alabama	Central Bank of Shelby County, Shelby County, Alabama	Atlanta	May 29, 1987
Central Bank Corporation, Sault Ste. Marie, Michigan	Central Savings Bank, Sault Ste. Marie, Michigan	Minneapolis	June 4, 1987
Chemical Financial Corporation, Midland, Michigan	Manufacturers Bank of Bay City, Bay City, Michigan	Chicago	May 27, 1987
Citizens' Capital Corporation, Robertsdale, Alabama	Citizens' Bank, Inc., Robertsdale, Alabama	Atlanta	June 11, 1987
Citizens Corporation, Columbia, Mississippi	Citizens Bank, Columbia, Mississippi	Atlanta	June 12, 1987
CNB Bancshares, Inc., Evansville, Indiana	Wabash Valley Bank of Vincennes, Vincennes, Indiana	St. Louis	May 29, 1987
Commonwealth Bancshares Corporation, Williamsport, Pennsylvania	County Bancorp, Inc., Montrose, Pennsylvania	Philadelphia	May 22, 1987
Cosmopolitan Financial Services, Inc., Countryside, Illinois	OLD CANAL BANKSHARES II, INC., Lockport, Illinois	Chicago	June 25, 1987
Coteau Hills Company, Gackle, North Dakota	First State Bank of Gackle, Gackle, North Dakota	Minneapolis	May 20, 1987

## Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
DS Bancor, Inc., Derby, Connecticut	The Derby Savings Bank, Derby, Connecticut	Boston	June 10, 1987
D.S.B. Bankshares, Inc., Randolph, Wisconsin	Dairyman's State Bank, Randolph, Wisconsin	Chicago	June 16, 1987
Eagle Fidelity, Inc., Williamstown, Kentucky	The Bank of Williamstown, Williamstown, Kentucky	Cleveland	May 29, 1987
E.C.S.B. Holding Company, Inc., Mary Esther, Florida	Emerald Coast State Bank, Mary Esther, Florida	Atlanta	June 17, 1987
Escrow Corporation of America, Inc., Pennock, Minnesota	Madefia Holding Corp., Madefia, Minnesota	Minneapolis	June 5, 1987
F & M Bancorporation, Inc., Kaukauna, Wisconsin	New London National Bank, New London, Wisconsin	Chicago	June 15, 1987
Farmers Enterprises, Inc., Albert, Kansas	Charter West Bank, N.A., Great Bend, Kansas	Kansas City	June 2, 1987
FIN, Inc., Mesa, Arizona	American National Bank of Afton, Afton, Wyoming	Kansas City	May 28, 1987
First Albany Bancshares, Inc., Albany, Texas	The First National Bank of Albany, Albany, Texas	Dallas	June 22, 1987
First Bancorp of Louisiana, Inc., West Monroe, Louisiana	First National Bank of West Monroe, West Monroe, Louisiana	Dallas	June 10, 1987
First Coleman Bancshares, Inc., Coleman, Texas	First Coleman National Bank of Coleman, Coleman, Texas	Dallas	June 17, 1987
First Dodge City Bancshares, Inc., Dodge City, Kansas	Metro Bancshares, Inc., Broken Arrow, Oklahoma	Kansas City	May 29, 1987
First National Bancorp, Gainesville, Georgia	Banks County Financial Corporation, Homer, Georgia	Atlanta	May 18, 1987
The First National Bankshares, Inc., Tucumcari, New Mexico	The First National Bank of Santa Rosa, Santa Rosa, New Mexico The First National Bank in Tucumcari, Tucumcari, New Mexico	Dallas	May 26, 1987
First National Corporation, Grand Forks, North Dakota	West Fargo State Bank, West Fargo, North Dakota	Minneapolis	June 9, 1987
First Peterborough Bank Corp., Peterborough, New Hampshire	The First National Bank of Peterborough, Peterborough, New Hampshire	Boston	May 18, 1987
First State Bancorporation, Inc., Elkins, West Virginia	First State Bank Elkins, Inc., Elkins, West Virginia	Richmond	May 29, 1987
First Wisconsin Corporation, Milwaukee, Wisconsin	North Shore Bancorp, Inc., Northbrook, Illinois	Chicago	May 29, 1987

## Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
FNB Bancshares, Inc., Blue Earth, Minnesota	The First National Bank of Blue Earth, Blue Earth, Minnesota	Minneapolis	May 15, 1987
Granite State Bankshares, Inc., Keene, New Hampshire	Granite Bank, Amherst, New Hampshire	Boston	June 1, 1987
GreatBanc, Inc., Aurora, Illinois	Evco, Inc., Chicago, Illinois	Chicago	May 21, 1987
Greater Chicago Financial Corp., Chicago, Illinois	Austin Bank of Chicago, Chicago, Illinois	Chicago	May 19, 1987
Hometown Bancorporation, Inc., Darien, Connecticut	The Bank of Darien, Darien, Connecticut	New York	June 19, 1987
Honat Bancorp, Inc., Honesdale, Pennsylvania	The Honesdale National Bank, Honesdale, Pennsylvania	Philadelphia	June 9, 1987
Illinois Regional Bancorp, Inc., Elmhurst, Illinois	PLUM GROVE BANCORPORATION, INC., Rolling Meadows, Illinois	Chicago	June 5, 1987
Independent American Financial Corporation, Harrisburg, Pennsylvania	The Dauphin National Bank, Dauphin, Pennsylvania	Philadelphia	May 22, 1987
Independent Banks of Virginia, Inc., Norfolk, Virginia	Heritage Bank of Northern Virginia, McLean, Virginia	Richmond	June 12, 1987
Iron and Glass Bancorp, Inc., Pittsburgh, Pennsylvania	Iron and Glass Bank, Pittsburgh, Pennsylvania	Cleveland	June 8, 1987
Kilgore Bancshares, Inc., Troup, Texas	City National Bank of Kilgore, Kilgore, Texas	Dallas	June 19, 1987
Landmark Bancshares Corporation, Clayton, Missouri	Christian County National Bank, Ozark, Missouri	St. Louis	June 11, 1987
Lemont Bancorp, Inc., Chicago, Illinois	The Lemont National Bank, Lemont, Illinois	Chicago	June 19, 1987
Lewisburg Bancshares Corporation, Lewisburg, Kentucky	Lewisburg Banking Company, Lewisburg, Kentucky	St. Louis	June 19, 1987
Liberty Bancshares Inc., Montgomery, West Virginia	The National Bank of Ansted, Ansted, West Virginia	Richmond	May 29, 1987
Magnolia State Capital Corporation, Magee, Mississippi	State Bank and Trust Company, Collins, Mississippi	Atlanta	June 15, 1987
The Marine Corporation, Milwaukee, Wisconsin	Banco di Roma, Chicago, Illinois	Chicago	May 19, 1987
Mark Twain Bancshares, Inc., St. Louis, Missouri	Edwardsville National Bank and Trust Company, Edwardsville, Illinois	St. Louis	June 12, 1987
Marrowbone Bancorp, Inc., Marrowbone, Kentucky	Bank of Marrowbone, Marrowbone, Kentucky	St. Louis	June 8, 1987
National Security Bank Holding Company, Newport, Oregon	National Security Bank, Newport, Oregon	San Francisco	June 1, 1987

## Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Nebraska Capital Corporation, Lincoln, Nebraska	Havelock Bank, Lincoln, Nebraska	Kansas City	May 22, 1987
Northern Bancorp, Inc., Woburn, Massachusetts	Woburn Bank and Trust Company, Woburn, Massachusetts	Boston	June 25, 1987
Northwest Georgia Financial Corporation, Dallas, Georgia	Alcovy Banking Company, Mansfield, Georgia	Atlanta	June 5, 1987
Norwood Associates II, Haekensack, New Jersey	Midland Bancorporation, Paramus, New Jersey	New York	May 22, 1987
Pearl City Bancorp, Pearl City, Illinois	The State Bank of Pearl City, Pearl City, Illinois	Chicago	May 27, 1987
Peoples Bancorp Inc., Marietta, Ohio	The First National Bank of Chesterhill, Chesterhill, Ohio	Cleveland	June 23, 1987
Peoples Bancshares, Inc., Clanton, Alabama	The Peoples Savings Bank, Clanton, Alabama	Atlanta	May 27, 1987
Peoples Ltd., Wyalusing, Pennsylvania	Peoples State Bank of Wyalusing, Wyalusing, Pennsylvania	Philadelphia	May 15, 1987
P.T.C. Bancorp, Brookville, Indiana	Arlington Banc Corporation, Arlington, Indiana	Chicago	June 2, 1987
Regional Bancorp, Inc., Medford, Massachusetts	Medford Savings Bank, Medford, Massachusetts	Boston	June 18, 1987
Rolla Holding Company, Inc., Rolla, North Dakota	The First Bank of Rolla, Rolla, North Dakota	Minneapolis	May 19, 1987
Security National Bancshares of Sapulpa, Inc., Sapulpa, Oklahoma	Security National Bank of Sapulpa, Sapulpa, Oklahoma	Kansas City	May 21, 1987
Sharon Bancshares, Inc., Sharon, Tennessee	City State Bank, Martin, Tennessee	St. Louis	June 4, 1987
Southeast Banking Corporation, Miami, Florida	The West Florida Bank, Pensacola, Florida	Atlanta	June 1, 1987
Southern National Corporation, Lumberton, North Carolina	Liberty National Bank, Charleston, South Carolina	Richmond	May 29, 1987
SouthTrust Corporation, Birmingham, Alabama	Bank of Pensacola, Pensacola, Florida	Atlanta	May 22, 1987
SouthTrust Corporation, Birmingham, Alabama	Central Bank of Volusia County, South Daytona, Florida	Atlanta	May 22, 1987
The Tampa Banking Company, Tampa, Florida	The Bank of Tampa, Tampa, Florida	Atlanta	June 5, 1987
Three Rivers Bancshares, Inc., Milan, Georgia	Bank of Milan, Milan, Georgia	Atlanta	June 17, 1987
Union Planters Corporation, Memphis, Tennessee	First BancCrossville, Inc., Crossville, Tennessee	St. Louis	May 29, 1987
Western Security Bancorp, Burbank, California	Western Security Interim Bank, National Association, Burbank, California Western Security Bank, National Association, Burbank, California	San Francisco	June 19, 1987

Section 4

Applicant	Nonbanking Company/Activity	Reserve Bank	Effective Date
Alex Brown Financial Group, Sacramento, California	River City Money Management Company, Sacramento, California	San Francisco	May 22, 1987
Banco Nacional de Mexico, S.N.C., Mexico City, Mexico	issuance of consumer-type payment instruments	San Francisco	April 27, 1987
Banamex Holding Company, Los Angeles, California			
Ammex Holding Company, Los Angeles, California			
Ellinwood Bankshares, Inc., Ellinwood, Kansas	Ellinwood Insurance Agency, Inc., Ellinwood, Kansas	Kansas City	June 17, 1987
Fidelcor, Inc., Philadelphia, Pennsylvania	sale of general insurance Lazere Financial Corporation, New York, New York	Philadelphia	June 11, 1987
First Union Corporation, Charlotte, North Carolina	Business Life Insurance Company of America, Charlotte, North Carolina	Richmond	June 23, 1987
	Northwestern Services Corporation, Charlotte, North Carolina		
F.N.B. Corporation, Hermitage, Pennsylvania	Mortgage Service Corporation of Pittsburgh, Pittsburgh, Pennsylvania	Cleveland	June 19, 1987
Lake Ariel Bancorp, Lake Ariel, Pennsylvania	L.A. Lease, Inc. Lake Ariel, Pennsylvania	Philadelphia	May 19, 1987
	personal property leasing		
O'Neill Properties, Inc., Minneapolis, Minnesota	Meierhenry Agency, Inc., O'Neill, Nebraska	Kansas City	June 5, 1987
	sale of general insurance		
Security Bancshares, Inc., Des Arc, Arkansas	Security Insurance Agency of Des Arc, Inc., Des Arc, Arkansas	St. Louis	June 22, 1987
United Community Financial Corporation, Wayland, Michigan	McIntyre & Associates Insurance, Clarksville, Michigan	Chicago	May 26, 1987
	general insurance activities		
Westdeutsche Landesbank Girozentrale, Dusseldorf, West Germany	Vertex Business Systems, Inc. New York, New York	New York	June 12, 1987
	data processing activities		

## Sections 3 and 4

Applicant	Bank(s)/Nonbanking Company	Reserve Bank	Effective Date
First of America Bank Corporation, Kalamazoo, Michigan	BancServe Group, Inc., Rockford, Illinois	Chicago	May 29, 1987
First of America Bancorporation-Illinois, Inc., Libertyville, Illinois	Boone State Bank, Belvidere, Illinois City National Bank & Trust Co. of Rockford, Rockford, Illinois BancServe Credit Life Insurance Company, Rockford, Illinois		

## ORDERS APPROVED UNDER BANK MERGER ACT

## By Federal Reserve Banks

Applicant	Bank(s)	Reserve Bank	Effective Date
Chase Bank of Ohio, Mentor, Ohio	Atrium I Branch Cincinnati, Ohio Bank One, Milford, N.A., Milford, Ohio	Cleveland	June 18, 1987
Sandusky Interim Bank, Sandusky, Ohio	The Citizens Banking Company, Sandusky, Ohio	Cleveland	May 28, 1987

## 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.*

*Securities Industry Association v. Board of Governors, et al.* No. 87-4041 and consolidated cases (2d Cir., filed May 1, 1987).

*Securities Industry Association v. Board of Governors, et al.*, No. 87-1169 (D.C. Cir., filed April 17, 1987).

*Jones v. Volcker*, No. 87-0427 (D.D.C., filed Feb. 19, 1987).

*Bankers Trust New York Corp. v. Board of Governors*, No. 87-1035 (D.C. Cir., filed Jan. 23, 1987).

*Securities Industry Association v. Board of Governors, et al.*, No. 87-1030 (D.C. Cir., filed Jan. 20, 1987).

*Grimm v. Board of Governors*, No. 87-4006 (2nd Cir., filed Jan. 16, 1987).

*Independent Insurance Agents of America, et al. v. Board of Governors*, Nos. 86-1572, 1573, 1576 (D.C. Cir., filed Oct. 24, 1986).

*Securities Industry Association v. Board of Governors*, No. 86-2768 (D.D.C., filed Oct. 7, 1986).

*Independent Community Bankers Association of South Dakota v. Board of Governors*, No. 86-5373 (8th Cir., filed Oct. 3, 1986).

*Jenkins v. Board of Governors*, No. 86-1419 (D.C. Cir., filed July 18, 1986).

*Securities Industry Association v. Board of Governors*, No. 86-1412 (D.C. Cir., filed July 14, 1986).

- Adkins v. Board of Governors*, No. 86-3853 (4th Cir., filed May 14, 1986).
- Optical Coating Laboratory, Inc. v. United States*, No. 288-86C (U.S. Claims Ct., filed May 6, 1986).
- CBC, Inc. v. Board of Governors*, No. 86-1001 (10th Cir., filed Jan. 2, 1986).
- Myers, et al. v. Federal Reserve Board*, No. 85-1427 (D. Idaho, filed Nov. 18, 1985).
- Souser, et al. v. Volcker, et al.*, No. 85-C-2370, et al. (D. Colo., filed Nov. 1, 1985).
- Podolak v. Volcker*, No. C85-0456, et al. (D. Wyo., filed Oct. 28, 1985).
- Kolb v. Wilkinson, et al.*, No. C85-4184 (N.D. Iowa, filed Oct. 22, 1985).
- Farmer v. Wilkinson, et al.*, No. 4-85-CIVIL-1448 (D. Minn., filed Oct. 21, 1985).
- Kurkowski v. Wilkinson, et al.*, No. CV-85-0-916 (D. Neb., filed Oct. 16, 1985).
- Alfson v. Wilkinson, et al.*, No. A1-85-267 (D. N.D., filed Oct. 8, 1985).
- Independent Community Bankers Association of South Dakota v. Board of Governors*, No. 84-1496 (D.C. Cir., filed Aug. 7, 1985).
- Urwyler, et al. v. Internal Revenue Service, et al.*, No. 85-2877 (9th Cir., filed July 18, 1985).
- Wight, et al. v. Internal Revenue Service, et al.*, No. 85-2826 (9th Cir., filed July 12, 1985).
- 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), and No. 84-3832 (11th Cir., filed Feb. 15, 1985).
- Lewis v. Volcker, et al.*, No. 86-3210 (6th Cir., filed Jan. 14, 1985).
- Brown v. United States Congress, et al.*, No. 84-2887-6(IG) (S.D. Cal., filed Dec. 7, 1984).
- Melcher v. Federal Open Market Committee*, No. 84-1335 (D.D.C., filed Apr. 30, 1984).

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

Item	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent) <sup>1</sup>									
	1986			1987	1987					
	Q2	Q3	Q4	Q1 <sup>r</sup>	Jan. <sup>r</sup>	Feb. <sup>r</sup>	Mar. <sup>r</sup>	Apr.	May	
<i>Reserves of depository institutions<sup>2</sup></i>										
1 Total	18.7	21.0	24.3	16.4	15.3	-2	-4	23.3 <sup>r</sup>	8.2	
2 Required	20.7	21.9	22.8	16.5	22.3	-3.3	5.9	25.5	3.0	
3 Nonborrowed	18.6	21.3	25.3	18.5	20.9	.3	.2	13.6 <sup>r</sup>	7.4	
4 Monetary base <sup>3</sup>	9.1	9.7	11.0	11.3	14.6	7.6	2.9	9.9	8.7	
<i>Concepts of money, liquid assets, and debt<sup>4</sup></i>										
5 M1	15.5	16.5	17.0	13.1	11.8	-5	3.4	17.7	4.5	
6 M2	9.4	10.6	9.2	6.3	9.3	-4	1.4	6.0 <sup>r</sup>	.6	
7 M3	8.7	9.7 <sup>r</sup>	8.0	6.4	8.9	1.3	1.8	5.9 <sup>r</sup>	4.9	
8 L	7.1	8.1 <sup>r</sup>	8.2	6.3	9.7	2.1	-3.0	4.6	n.a.	
9 Debt	10.0 <sup>r</sup>	12.6 <sup>r</sup>	12.8 <sup>r</sup>	10.6	10.8	6.7	5.7	8.9	n.a.	
<i>Nontransaction components</i>										
10 M2 <sup>5</sup>	7.5	8.6	6.6	3.9	8.5	-4	.6	2.0 <sup>r</sup>	-8	
11 M3 only <sup>6</sup>	5.9 <sup>r</sup>	6.2 <sup>r</sup>	3.1 <sup>r</sup>	6.8	7.1	8.5	3.3	5.3 <sup>r</sup>	22.2	
<i>Time and savings deposits</i>										
<i>Commercial banks</i>										
12 Savings <sup>7</sup>	13.4	25.0	36.9	37.3	41.2	34.5	28.5	27.8	16.0	
13 Small-denomination time <sup>8</sup>	-2.5	-7.5	-10.7	-4.9	.0	-6.9	-8.6	-8.3	-1.3	
14 Large-denomination time <sup>9,10</sup>	-3.5	-1.5	.1 <sup>r</sup>	9.7	16.0	1.2	12.2	27.7	18.4	
<i>Thrift institutions</i>										
15 Savings <sup>7</sup>	16.0	21.0	23.2 <sup>r</sup>	27.3	28.9	32.1	28.0	30.5	16.9	
16 Small-denomination time	.3	-3.4	-6.4	-4.6	-4.9	-3.2	.2	1.2 <sup>r</sup>	1.2	
17 Large-denomination time <sup>9</sup>	11.2	2.8	-7.0 <sup>r</sup>	-9.7	-10.0	-14.0	-8.7	-19.1	2.4	
<i>Debt components<sup>4</sup></i>										
18 Federal	11.6	14.5	12.6 <sup>r</sup>	10.0	7.4	5.2	3.7	6.5	n.a.	
19 Nonfederal	9.5 <sup>r</sup>	12.1 <sup>r</sup>	12.9 <sup>r</sup>	10.7	11.8	7.1	6.3	9.6	n.a.	
20 Total loans and securities at commercial banks <sup>11</sup>	4.1	10.6	9.1	10.1	16.1	.9	3.8	11.9	7.4	

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, Money Market Deposit Accounts (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 based on monthly averages. 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.

A4 Domestic Financial Statistics □ August 1987

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								
	1987			1987								
	Mar.	Apr.	May	Apr. 15	Apr. 22	Apr. 29	May 6	May 13	May 20	May 27		
<b>SUPPLYING RESERVE FUNDS</b>												
<b>1 Reserve Bank credit</b>	<b>221,583</b>	<b>230,049</b>	<b>241,800</b>	<b>227,243</b>	<b>232,065</b>	<b>233,864</b>	<b>251,207</b>	<b>245,284</b>	<b>239,658</b>	<b>237,479</b>		
2 U.S. government securities <sup>1</sup>	195,925	203,630	213,797	201,744	204,393	207,658	220,047	216,195	212,250	210,803		
3 Bought outright	195,619	201,662	206,318	201,299	202,535	205,270	206,068	206,051	205,674	206,414		
4 Held under repurchase agreements	306	1,968	7,479	445	1,858	2,388	13,979	10,144	6,576	4,389		
5 Federal agency obligations	7,772	8,220	10,065	7,862	8,195	8,374	11,516	10,785	10,011	9,446		
6 Bought outright	7,719	7,703	7,683	7,714	7,701	7,683	7,683	7,683	7,683	7,683		
7 Held under repurchase agreements	53	517	2,382	148	494	691	3,833	3,102	2,328	1,763		
8 Acceptances	0	0	0	0	0	0	0	0	0	0		
9 Loans	535	872	1,179	693	1,219	798	2,021	768	891	1,427		
10 Float	466	604	645	224	1,512	-48	312	210	1,016	674		
11 Other Federal Reserve assets	16,885	16,723	16,114	16,720	16,746	17,082	17,312	17,327	15,491	15,129		
12 Gold stock <sup>2</sup>	11,083	11,079	11,073	11,078	11,078	11,076	11,076	11,074	11,072	11,072		
13 Special drawing rights certificate account	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018		
14 Treasury currency outstanding	17,711	17,744	17,795	17,738	17,748	17,758	17,769	17,783	17,797	17,811		
<b>ABSORBING RESERVE FUNDS</b>												
15 Currency in circulation	207,265	209,684	212,064	210,111	210,281	209,620	210,458	211,745	212,004	212,890		
16 Treasury cash holdings <sup>2</sup>	506	530	523	531	534	531	528	528	525	520		
Deposits, other than reserve balances, with Federal Reserve Banks												
17 Treasury	3,161	7,163	16,028	3,815	4,758	13,312	22,844	21,006	14,940	12,684		
18 Foreign	238	279	314	202	270	354	403	317	286	258		
19 Service-related balances and adjustments	2,026	2,211	2,095	2,318	2,041	1,993	2,447	1,951	2,041	1,955		
20 Other	442	424	407	399	451	390	551	375	374	362		
21 Other Federal Reserve liabilities and capital	6,345	6,896	6,910	6,762	7,018	7,043	7,104	6,988	6,932	6,848		
22 Reserve balances with Federal Reserve Banks <sup>3</sup>	35,412	36,701	37,344	36,939	40,556	34,474	40,736	36,248	36,443	35,863		
			End-of-month figures			Wednesday figures						
			1987			1987						
			Mar.	Apr.	May	Apr. 15	Apr. 22	Apr. 29	May 6	May 13	May 20	May 27
<b>SUPPLYING RESERVE FUNDS</b>												
<b>23 Reserve Bank credit</b>	<b>227,578</b>	<b>249,706</b>	<b>231,880</b>	<b>229,625</b>	<b>242,619</b>	<b>243,550</b>	<b>246,508</b>	<b>245,848</b>	<b>230,812</b>	<b>241,687</b>		
24 U.S. government securities <sup>1</sup>	196,409	218,883	207,304	203,917	209,978	213,824	216,189	215,517	203,105	214,754		
25 Bought outright	196,409	205,112	207,304	202,818	202,034	204,590	207,218	205,862	200,054	205,853		
26 Held under repurchase agreements	0	13,771	0	1,099	7,944	9,234	8,971	9,655	3,051	8,901		
27 Federal agency obligations	7,719	11,039	7,683	8,198	10,028	10,436	10,473	11,669	9,116	9,109		
28 Bought outright	7,719	7,683	7,683	7,714	7,683	7,683	7,683	7,683	7,683	7,683		
29 Held under repurchase agreements	0	3,356	0	484	2,345	2,753	2,790	3,986	1,433	1,426		
30 Acceptances	0	0	0	0	0	0	0	0	0	0		
31 Loans	1,587	2,464	832	464	5,627	1,096	1,742	751	1,591	797		
32 Float	5,241	126	922	294	-102	691	1,006	364	1,846	1,557		
33 Other Federal Reserve assets	16,622	17,914	15,139	16,752	17,088	17,503	17,098	17,547	15,154	15,470		
34 Gold stock <sup>2</sup>	11,081	11,076	11,070	11,078	11,077	11,076	11,076	11,073	11,071	11,070		
35 Special drawing rights certificate account	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018		
36 Treasury currency outstanding	17,735	17,767	17,823	17,747	17,757	17,767	17,781	17,795	17,809	17,823		
<b>ABSORBING RESERVE FUNDS</b>												
37 Currency in circulation	207,818	210,265	213,547	210,460	210,179	209,899	211,250	212,077	212,355	213,706		
38 Treasury cash holdings <sup>2</sup>	518	531	514	534	531	529	529	526	520	512		
Deposits, other than reserve balances with Federal Reserve Banks												
39 Treasury	3,576	29,688	6,383	4,056	9,431	25,802	23,043	19,914	12,608	10,832		
40 Foreign	268	343	320	285	225	504	421	258	297	355		
41 Service-related balances and adjustments	1,817	1,812	1,779	1,806	1,810	1,811	1,812	1,791	1,793	1,778		
42 Other	577	533	372	557	522	527	418	394	298	446		
43 Other Federal Reserve liabilities and capital	6,682	7,057	6,511	6,677	7,037	7,165	6,810	6,676	6,579	6,789		
44 Reserve balances with Federal Reserve Banks <sup>3</sup>	40,156	33,337	36,365	39,092	46,736	31,172	36,100	38,097	30,260	41,179		

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

2. Revised for periods between October 1986 and April 1987. At times during this interval, outstanding gold certificates were inadvertently in excess of the gold

stock. Revised data not included in this table are available from the Division of Research and Statistics, Banking Section.

3. 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 <sup>8</sup>									
	1984	1985	1986	1986			1987			
	Dec.	Dec.	Dec.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 Reserve balances with Reserve Banks <sup>1</sup> .....	21,738	27,620	37,360	32,947	34,803	37,360	36,584	33,625	35,318	37,807
2 Total vault cash <sup>2</sup> .....	22,313	22,953	24,071	23,753	23,543	24,071	25,049	25,889	23,759	23,353
3 Vault <sup>3</sup> .....	18,958	20,522	22,199	21,676	21,595	22,199	23,084	23,435	21,743	21,587
4 Surplus <sup>4</sup> .....	3,355	2,431	1,872	2,078	1,947	1,872	1,965	2,454	2,016	1,767
5 Total reserves <sup>5</sup> .....	40,696	48,142	59,560	56,623	56,399	59,560	59,668	57,060	57,061	59,393
6 Required reserves.....	39,843	47,085	58,191	53,877	55,421	58,191	58,600	55,849	56,146	58,566
7 Excess reserve balances at Reserve Banks <sup>6</sup> .....	853	1,058	1,369	746	978	1,369	1,068	1,211	916	827
8 Total borrowings at Reserve Banks.....	3,186	1,318	827	841	752	827	580	556	527	993
9 Seasonal borrowings at Reserve Banks.....	113	56	38	99	70	38	34	71	91	120
10 Extended credit at Reserve Banks.....	2,604	499	303	497	418	303	225	283	264	270
Biweekly averages of daily figures for weeks ending										
1987										
	Feb. 11	Feb. 25	Mar. 11	Mar. 25	Apr. 8	Apr. 22	May 6	May 20	June 3 <sup>7</sup>	June 17 <sup>7c</sup>
11 Reserve balances with Reserve Banks <sup>1</sup> .....	32,991	33,742	35,400	34,809	36,358	38,746	37,612	36,327	36,022	37,189
12 Total vault cash <sup>2</sup> .....	27,327	25,237	23,662	24,077	23,198	23,479	23,289	23,552	24,094	23,668
13 Vault <sup>3</sup> .....	24,677	22,857	21,582	22,038	21,350	21,761	21,519	21,801	22,151	21,976
14 Surplus <sup>4</sup> .....	2,650	2,380	2,080	2,039	1,848	1,719	1,770	1,751	1,943	1,692
15 Total reserves <sup>5</sup> .....	57,667	56,599	56,982	56,847	57,708	60,506	59,131	58,128	58,173	59,165
16 Required reserves.....	56,208	55,530	56,021	55,866	57,029	59,703	58,115	57,066	57,048	58,307
17 Excess reserve balances at Reserve Banks <sup>6</sup> .....	1,459	1,070	961	981	679	804	1,016	1,063	1,125	858
18 Total borrowings at Reserve Banks.....	425	680	466	528	641	956	1,410	830	1,094	635
19 Seasonal borrowings at Reserve Banks.....	56	81	83	96	98	110	159	190	226	233
20 Extended credit at Reserve Banks.....	265	299	275	263	248	267	299	276	297	254

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.

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1.13 SELECTED BORROWINGS IN IMMEDIATELY AVAILABLE FUNDS Large Member Banks<sup>1</sup>

Averages of daily figures, in millions of dollars

Maturity and source	1987 week ending Monday								
	Feb. 23	Mar. 2	Mar. 9	Mar. 16	Mar. 23	Mar. 30	Apr. 6	Apr. 13	Apr. 20
<i>Federal funds purchased, repurchase agreements, and other selected borrowing in immediately available funds</i>									
From commercial banks in the United States									
1 For one day or under continuing contract .....	77,242	75,122	80,561	78,545	76,854	74,628	80,467	81,639	80,380
2 For all other maturities .....	8,315	9,130	8,677	8,385	8,387	8,312	8,639	8,974	9,877
From other depository institutions, foreign banks and foreign official institutions, and United States government agencies									
3 For one day or under continuing contract .....	39,390	40,802	43,033	42,504	39,322	39,651	38,893	42,511	45,807
4 For all other maturities .....	6,021	6,631	6,504	7,083	6,917	7,412	7,922	7,974	8,287
<i>Repurchase agreements on United States government and federal agency securities in immediately available funds</i>									
Brokers and nonbank dealers in securities									
5 For one day or under continuing contract .....	14,289	14,033	12,682	12,226	11,325	12,120	12,806	12,556	12,495
6 For all other maturities .....	9,258	10,649	9,714	9,638	10,345	10,525	9,347	9,869	13,167
All other customers									
7 For one day or under continuing contract .....	27,380	27,176	27,408	26,848	25,636	25,813	26,223	26,049	21,149
8 For all other maturities .....	9,880	10,098	9,578	9,209	9,399	9,874	9,940	10,332	12,483
M.M.O.: Federal funds loans and resale agreements in immediately available funds in maturities of one day or under continuing contract									
9 To commercial banks in the United States .....	28,649 <sup>1</sup>	27,373 <sup>1</sup>	27,994 <sup>1</sup>	26,854 <sup>1</sup>	25,703 <sup>1</sup>	23,914 <sup>1</sup>	29,107	28,649	30,933
10 To all other specified customers <sup>2</sup> .....	11,791 <sup>1</sup>	11,718 <sup>1</sup>	10,721 <sup>1</sup>	11,485 <sup>1</sup>	11,926 <sup>1</sup>	10,282 <sup>2</sup>	11,329	11,124	11,615

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

2. Brokers and nonbank dealers in securities; other depository institutions; foreign banks and official institutions; and United States government agencies.

## 1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

Federal Reserve Bank	Current and previous levels									Effective date for current rates
	Short-term adjustment credit and seasonal credit <sup>1</sup>			Extended credit <sup>2</sup>						
	Rate on 6/26/87	Effective date	Previous rate	First 60 days of borrowing		Next 90 days of borrowing		After 150 days		
Rate on 6/26/87				Previous rate	Rate on 6/26/87	Previous rate	Rate on 6/26/87	Previous rate		
Boston.....	5½	8/21/86	6	5½	6	6½	7	7½	8	8/21/86
New York.....	↑	8/21/86	↑	↑	↑	↑	↑	↑	↑	8/21/86
Philadelphia.....	↑	8/22/86	↑	↑	↑	↑	↑	↑	↑	8/22/86
Cleveland.....	↑	8/21/86	↑	↑	↑	↑	↑	↑	↑	8/21/86
Richmond.....	↑	8/21/86	↑	↑	↑	↑	↑	↑	↑	8/21/86
Atlanta.....	↑	8/21/86	↑	↑	↑	↑	↑	↑	↑	8/21/86
Chicago.....	↓	8/21/86	↓	↓	↓	↓	↓	↓	↓	8/21/86
St. Louis.....	↓	8/22/86	↓	↓	↓	↓	↓	↓	↓	8/22/86
Minneapolis.....	↓	8/21/86	↓	↓	↓	↓	↓	↓	↓	8/21/86
Kansas City.....	↓	8/21/86	↓	↓	↓	↓	↓	↓	↓	8/21/86
Dallas.....	↓	8/21/86	↓	↓	↓	↓	↓	↓	↓	8/21/86
San Francisco.....	5½	8/21/86	6	5½	6	6½	7	7½	8	8/21/86

Range of rates in recent years<sup>3</sup>

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1973.....	7½	7½	1978—Aug. 21.....	7¾	7¾	1982—July 20.....	11½-12	11½
1974—Apr. 25.....	7½-8	8	Sept. 22.....	8	8	23.....	11½	11½
30.....	8	8	Oct. 16.....	8-8½	8½	Aug. 2.....	11-11½	11
Dec. 9.....	7¾-8	7¾	20.....	8½	8½	3.....	11	11
16.....	7¾	7¾	Nov. 1.....	8½-9½	9½	6.....	10½	10½
1975—Jan. 6.....	7¼-7¾	7¾	3.....	9½	9½	27.....	10-10½	10
10.....	7¼-7¾	7¼	1979—July 20.....	10	10	30.....	10	10
24.....	7¼	7¼	Aug. 17.....	10-10½	10½	Oct. 12.....	9½-10	9½
Feb. 5.....	6¾-7¼	6¾	20.....	10½	10½	13.....	9½	9½
7.....	6¾	6¾	Sept. 19.....	10½-11	11	22.....	9-9½	9
Mar. 10.....	6¼-6¾	6¼	21.....	11	11	26.....	9	9
14.....	6¼	6¼	Oct. 8.....	11-12	12	Dec. 14.....	8½-9	9
May 16.....	6-6¼	6	10.....	12	12	15.....	8½-9	8½
23.....	6	6	1980—Feb. 15.....	12-13	13	17.....	8½	8½
1976—Jan. 19.....	5½-6	5½	19.....	13	13	1984—Apr. 9.....	8½-9	9
21.....	5½	5½	May 29.....	12-13	13	13.....	9	9
Nov. 22.....	5¼-5½	5¼	30.....	12	12	21.....	8½-9	8½
26.....	5¼	5¼	June 13.....	11-12	11	26.....	8½	8½
1977—Aug. 30.....	5¼-5¾	5¼	16.....	11	11	Dec. 24.....	8	8
31.....	5¼-5¾	5¾	July 28.....	10-11	10	1985—May 20.....	7½-8	7½
Sept. 2.....	5¾	5¾	29.....	10	10	24.....	7½	7½
Oct. 26.....	6	6	Sept. 26.....	11	11	1986—Mar. 7.....	7-7½	7
1978—Jan. 9.....	6-6½	6½	Nov. 17.....	12	12	10.....	7	7
20.....	6½	6½	Dec. 5.....	12-13	13	21.....	6½-7	6½
May 11.....	6½-7	7	8.....	13	13	23.....	6½	6½
12.....	7	7	1981—May 5.....	13-14	14	July 11.....	6	6
July 3.....	7-7¼	7¼	8.....	14	14	21.....	5½-6	5½
July 10.....	7¼	7¼	Nov. 2.....	13-14	13	Aug. 22.....	5½	5½
			6.....	13	13	In effect June 26, 1987.....	5½	5½
			Dec. 4.....	12	12			

1. After May 19, 1986, the highest rate within the structure of discount rates may be charged on adjustment credit loans of unusual size that result from a major operating problem at the borrower's facility.

A temporary simplified seasonal program was established on Mar. 8, 1985, and the interest rate was a fixed rate ½ percent above the rate on adjustment credit. The program was re-established on Feb. 18, 1986 and again on Jan. 28, 1987; the rate may be either the same as that for adjustment credit or a fixed rate ½ percent higher.

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<sup>1</sup>

Percent of deposits

Type of deposit, and deposit interval <sup>2</sup>	Depository institution requirements after implementation of the Monetary Control Act	
	Percent of deposits	Effective date
<i>Net transaction accounts</i> <sup>3,4</sup>		
\$0 million-\$36.7 million .....	3	12/30/86
More than \$36.7 million .....	12	12/30/86
<i>Nonpersonal time deposits</i> <sup>5</sup>		
By original maturity		
Less than 1½ years .....	3	10/6/86
1½ years or more .....	0	10/6/83
<i>Eurocurrency liabilities</i>		
All types .....	3	11/13/80

1. Reserve requirements in effect on Dec. 31, 1986. 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. For previous reserve requirements, see earlier editions of the *Annual Report* and of the *FEDERAL RESERVE BULLETIN*. 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 corporations.

2. The Garn-St. Germain Depository Institutions Act of 1982 (Public Law 97-320) requires 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 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. On Dec. 30, 1986, the exemption was raised from \$2.6 million to \$2.9 million. In determining the reserve requirements of depository institutions, the exemption shall apply in the following order: (1) net NOW accounts (NOW accounts less allowable deductions); (2) net other transaction accounts; and (3) 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.

3. 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 subject to the rules 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).

4. 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. 30, 1986, the amount was increased from \$31.7 million to \$36.7 million.

5. 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.

I.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS<sup>1</sup>

Millions of dollars

Type of transaction	1984	1985	1986	1986			1987			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
<b>U.S. TREASURY SECURITIES</b>										
<i>Outright transactions (excluding matched transactions)</i>										
Treasury bills										
1 Gross purchases	20,036	22,214	22,602	928	3,318	5,422	997	191	1,062	4,226
2 Gross sales	8,557	4,118	2,502	0	0	0	583	3,581	0	653
3 Exchange	0	0	0	0	0	0	0	0	0	0
4 Redemptions	7,700	3,500	1,000	0	0	0	0	800	0	0
Others within 1 year										
5 Gross purchases	1,126	1,349	190	0	190	0	0	0	0	1,232
6 Gross sales	0	0	0	0	0	0	0	0	0	0
7 Maturity shift	16,354	19,763	18,673	974	2,974	1,280	611	1,855	1,762	1,375
8 Exchange	20,840	-17,717	-20,179	-529	-1,810	-1,502	0	-4,954	-1,799	-522
9 Redemptions	0	0	0	0	0	0	0	0	0	0
1 to 5 years										
10 Gross purchases	1,638	2,185	893	0	893	0	0	0	0	3,642
11 Gross sales	0	0	0	0	0	0	0	252	0	0
12 Maturity shift	13,709	-17,459	-17,058	-969	-2,414	-1,280	-591	-1,650	-1,762	-1,373
13 Exchange	16,039	13,853	16,984	529	1,510	1,502	0	4,354	1,799	522
5 to 10 years										
14 Gross purchases	536	458	236	0	236	0	0	0	0	914
15 Gross sales	300	100	0	0	0	0	0	0	0	0
16 Maturity shift	-2,371	-1,857	-1,620	5	-560	0	-20	204	0	-3
17 Exchange	2,750	2,184	2,050	0	200	0	0	400	0	0
Over 10 years										
18 Gross purchases	441	293	158	0	158	0	0	0	0	669
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shift	-275	-447	0	0	0	0	0	0	0	0
21 Exchange	2,052	1,679	1,150	0	100	0	0	200	0	0
All maturities										
22 Gross purchases	23,776	26,499	24,078	928	4,795	5,422	997	191	1,062	10,683
23 Gross sales	8,857	4,218	2,502	0	0	0	583	3,833	0	653
24 Redemptions	7,700	3,500	1,000	0	0	0	0	800	0	0
<i>Matched transactions</i>										
25 Gross sales	808,986	866,175	927,997	77,262	60,146	91,404	63,865	82,086	72,306	83,822
26 Gross purchases	810,432	865,968	927,247	81,892	60,232	88,730	65,145	81,387	73,476	82,494
<i>Repurchase agreements<sup>2</sup></i>										
27 Gross purchases	127,933	134,253	170,431	5,670	16,888	44,303	36,373	0	5,657	37,653
28 Gross sales	127,690	132,351	160,268	11,984	15,471	32,028	46,897	3,168	5,657	23,881
29 Net change in U.S. government securities	8,908	20,477	29,989	-756	6,298	15,023	8,830	-8,307	2,231	22,474
<b>FEDERAL AGENCY OBLIGATIONS</b>										
<i>Outright transactions</i>										
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	256	162	398	93	125	0	110	0	0	37
<i>Repurchase agreements<sup>2</sup></i>										
33 Gross purchases	11,509	22,183	31,142	952	1,622	5,488	4,714	0	897	9,265
34 Gross sales	11,328	20,877	30,522	2,761	1,274	3,522	6,171	857	897	5,908
35 Net change in federal agency obligations	-76	1,144	222	-1,902	223	1,965	-1,567	-857	0	3,320
<b>BANKERS ACCEPTANCES</b>										
36 Repurchase agreements, net	-418	0	0	0	0	0	0	0	0	0
37 Total net change in System Open Market Account	8,414	21,621	30,211	-2,658	6,522	16,988	-10,397	-9,165	2,231	25,794

1. 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.

2. In July 1984 the Open Market Trading Desk discontinued accepting bankers acceptances in repurchase agreements.

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1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements

Millions of dollars

Account	Wednesday					End of month		
	1987					1987		
	Apr. 29	May 6	May 13	May 20	May 27	Mar.	Apr.	May
<b>Consolidated condition statement</b>								
<b>ASSETS</b>								
1 Gold certificate account	11,077	11,076	11,074	11,072	11,072	11,081	11,076	11,070
2 Special drawing rights certificate account	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018
3 Com.	523	515	516	511	484	569	517	476
<i>Loans</i>								
4 To depository institutions	1,096	1,742	751	1,591	797	1,587	2,464	832
5 Other	0	0	0	0	0	0	0	0
<i>Acceptances—Bought outright</i>								
6 Held under repurchase agreements	0	0	0	0	0	0	0	0
<i>Federal agency obligations</i>								
7 Bought outright	7,683	7,683	7,683	7,683	7,683	7,719	7,683	7,683
8 Held under repurchase agreements	2,753	2,790	3,986	1,433	1,426	0	3,356	0
<i>U.S. government securities</i>								
<i>Bought outright</i>								
9 Bills	104,536	107,164	105,808	100,000	105,799	102,812	105,058	107,250
10 Notes	73,378	73,378	73,378	73,303	73,303	67,673	73,378	73,303
11 Bonds	26,676	26,676	26,676	26,751	26,751	25,924	26,676	26,751
12 Total bought outright <sup>1</sup>	204,590	207,218	205,862	200,054	205,853	196,409	205,112	207,304
13 Held under repurchase agreements	9,234	8,971	9,655	3,051	8,901	0	13,771	0
14 Total U.S. government securities	213,824	216,189	215,517	203,105	214,754	196,409	218,883	207,304
15 Total loans and securities	225,356	228,404	227,937	213,812	224,660	205,715	232,386	215,819
16 Items in process of collection	7,039	7,389	6,373	8,003	9,379	13,284	6,203	6,356
17 Bank premises	675	674	678	677	678	671	675	678
<i>Other assets</i>								
18 Denominated in foreign currencies <sup>2</sup>	8,642	8,231	8,232	8,240	8,195	9,467	8,283	8,035
19 All other <sup>3</sup>	8,186	8,193	8,637	6,237	6,597	6,484	8,236	6,426
20 Total assets	266,516	269,500	268,465	253,570	266,083	252,289	272,394	253,878
<b>LIABILITIES</b>								
21 Federal Reserve notes	193,187	194,513	195,326	195,578	196,882	191,170	193,547	196,714
<i>Deposits</i>								
22 To depository institutions	32,983	37,912	39,888	32,053	42,957	41,973	35,149	38,144
23 U.S. Treasury—General account	25,802	23,043	19,914	12,608	10,832	3,576	29,688	6,383
24 Foreign—Official accounts	504	421	258	297	355	268	343	320
25 Other	527	418	394	298	446	577	533	372
26 Total deposits	59,816	61,794	60,454	45,256	54,590	46,394	65,713	45,219
27 Deferred credit items	6,348	6,383	6,009	6,157	7,822	8,043	6,077	5,434
28 Other liabilities and accrued dividends <sup>4</sup>	3,024	2,482	2,524	2,386	2,588	2,219	2,696	2,300
29 Total liabilities	262,375	265,172	264,313	249,377	261,882	247,826	268,033	249,667
<b>CAPITAL ACCOUNTS</b>								
30 Capital paid in	1,921	1,914	1,918	1,948	1,950	1,916	1,921	1,950
31 Surplus	1,873	1,873	1,873	1,873	1,873	1,874	1,873	1,873
32 Other capital accounts	347	541	361	372	378	673	567	388
33 Total liabilities and capital accounts	266,516	269,500	268,465	253,570	266,083	252,289	272,394	253,878
34 Memo: Marketable U.S. government securities held in custody for foreign and international account	176,544	177,389	179,204	182,993	179,473	175,569	174,715	181,247
<b>Federal Reserve note statement</b>								
35 Federal Reserve notes outstanding	240,024	240,323	240,625	241,142	241,622	236,868	240,164	241,604
36 Less: Held by bank	46,837	45,810	45,299	45,564	44,740	45,698	46,617	44,890
37 Federal Reserve notes, net	193,187	194,513	195,326	195,578	196,882	191,170	193,547	196,714
<i>Collateral held against notes net:</i>								
38 Gold certificate account	11,077	11,076	11,074	11,072	11,072	11,081	11,076	11,070
39 Special drawing rights certificate account	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. government and agency securities	177,092	178,419	179,234	179,488	180,792	175,071	177,453	180,626
42 Total collateral	193,187	194,513	195,326	195,578	196,882	191,170	193,547	196,714

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		
	1987					1987		
	Apr. 29	May 6	May 13	May 20	May 27	Mar. 31	Apr. 30	May 29
1 Loans—Total.....	1,096	1,742	751	1,591	797	1,587	2,464	832
2 Within 15 days.....	1,082	1,673	668	1,577	781	1,573	2,413	752
3 16 days to 90 days.....	14	69	83	14	16	14	51	80
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. Treasury securities—Total.....	213,824	216,189	215,517	203,105	214,754	196,409	218,883	207,304
10 Within 15 days.....	19,553	22,775	22,295	13,011	21,002	4,688	21,640	8,970
11 16 days to 80 days.....	50,056	49,124	51,168	44,389	47,788	53,011	48,780	51,848
12 91 days to 1 year.....	61,890	62,657	60,421	66,104	66,364	61,450	66,830	66,885
13 Over 1 year to 5 years.....	41,851	41,159	41,159	41,160	41,160	38,367	41,159	41,160
14 Over 5 years to 10 years.....	16,538	16,538	16,538	14,430	14,430	15,627	16,538	14,430
15 Over 10 years.....	23,936	23,936	23,936	24,011	24,010	23,266	23,936	24,011
16 Federal agency obligations—Total.....	10,436	10,473	11,669	9,116	9,109	7,719	11,039	7,683
17 Within 15 days.....	2,884	2,790	4,058	1,713	1,707	295	3,487	281
18 16 days to 90 days.....	669	794	762	554	532	532	669	532
19 91 days to 1 year.....	1,547	1,553	1,524	1,524	1,521	1,352	1,547	1,521
20 Over 1 year to 5 years.....	3,750	3,750	3,739	3,739	3,763	3,918	3,750	3,763
21 Over 5 years to 10 years.....	1,306	1,306	1,306	1,306	1,306	1,342	1,306	1,306
22 Over 10 years.....	280	280	280	280	280	280	280	280

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	1983 Dec.	1984 Dec.	1985 Dec.	1986 Dec.	1986			1987				
					Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS <sup>1</sup>												
Seasonally adjusted												
1 Total reserves <sup>2</sup> .....	36.16	39.51	46.06	56.17	53.23	54.49	56.17	56.88	56.87	56.85	57.95	58.35
2 Nonborrowed reserves.....	35.38	36.32	44.74	55.34	52.38	53.74	55.34	56.30	56.32	56.33	56.96	57.32
3 Nonborrowed reserves plus extended credit <sup>3</sup> .....	35.38	38.93	45.24	55.64	52.88	54.16	55.64	56.53	56.60	56.59	57.23	57.60
4 Required reserves.....	35.59	38.66	45.00	54.80	52.48	53.51	54.80	55.82	55.66	55.94	57.13	57.28
5 Monetary base <sup>4</sup> .....	185.38	199.20	217.32	239.51	234.43	236.88	239.51	242.43	243.97	244.56	246.59	248.37
Not seasonally adjusted												
6 Total reserves <sup>2</sup> .....	36.87	40.57	47.24	57.64	52.83	54.59	57.64	58.73	56.09	56.07	58.37	57.30
7 Nonborrowed reserves.....	36.09	37.38	45.92	56.81	51.98	53.84	56.81	58.15	55.53	55.54	57.38	56.26
8 Nonborrowed reserves plus extended credit <sup>3</sup> .....	36.10	39.98	46.42	57.11	52.48	54.26	57.11	58.38	55.82	55.81	57.65	56.55
9 Required reserves.....	36.31	39.71	46.18	56.27	52.08	53.61	56.27	57.66	54.88	55.15	57.54	56.22
10 Monetary base <sup>4</sup> .....	188.65	202.34	220.82	243.63	233.61	237.50	243.63	243.42	240.82	241.93	246.07	246.83
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS <sup>5</sup>												
11 Total reserves <sup>2</sup> .....	38.89	40.70	48.14	59.56	54.62	56.40	59.56	59.67	57.06	57.06	59.39	58.34
12 Nonborrowed reserves.....	38.12	37.51	46.82	58.73	53.78	55.65	58.73	59.09	56.50	56.53	58.40	57.30
13 Nonborrowed reserves plus extended credit <sup>3</sup> .....	38.12	40.09	47.41	59.04	54.15	56.15	59.04	59.32	56.74	56.82	58.19	58.02
14 Required reserves.....	38.33	39.84	47.08	58.19	53.88	55.42	58.19	58.60	55.85	56.15	58.57	57.26
15 Monetary base <sup>4</sup> .....	192.26	204.18	223.53	247.71	237.26	241.27	247.71	246.75	244.22	244.98	249.24	249.93

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 <sup>1</sup>	1983 Dec.	1984 Dec.	1985 Dec.	1986 Dec. <sup>2</sup>	1987			
					Feb. <sup>3</sup>	Mar. <sup>4</sup>	Apr. <sup>5</sup>	May
Seasonally adjusted								
1 M1 .....	526.9	557.5	627.0	730.5	737.4	739.5	750.4	753.2
2 M2 .....	2,184.6	2,369.1	2,569.5	2,800.2	2,821.1	2,824.3	2,838.5	2,839.9
3 M3 .....	2,692.8	2,985.4	3,205.5	3,488.6	3,518.5	3,523.6	3,540.8	3,555.4
4 L .....	3,154.6	3,529.0	3,838.9	4,140.6	4,181.3	4,170.9	4,186.8	n.a.
5 Debt .....	5,206.3	5,946.0	6,774.9	7,643.0	7,754.6	7,791.3	7,848.7	n.a.
M1 components								
6 Currency <sup>2</sup> .....	148.3	158.5	170.6	183.5	187.2	187.7	188.9	190.2
7 Travelers checks <sup>3</sup> .....	4.9	5.2	5.9	6.4	6.7	6.8	6.8	6.7
8 Demand deposits <sup>4</sup> .....	242.3	248.3	272.2	308.3	300.8	299.3	304.0	304.0
9 Other checkable deposits <sup>5</sup> .....	131.4	145.5	178.3	232.3	242.9	245.7	250.8	252.3
Nontransactions components								
10 In M2 <sup>6</sup> .....	1,657.7	1,811.5	1,942.5	2,069.7	2,083.7	2,084.8	2,088.1	2,086.7
11 In M3 only <sup>7</sup> .....	508.2	616.3	636.1	688.4	697.4	699.3	702.4	715.5
Savings deposits <sup>8</sup>								
12 Commercial Banks .....	133.2	122.2	124.6	154.5	164.4	168.3	172.2	174.5
13 Thrift institutions .....	173.0	166.6	179.0	211.8	222.7	227.9	233.7	237.1
Small denomination time deposits <sup>9</sup>								
14 Commercial Banks .....	350.9	386.6	383.9	364.7	362.6	360.0	357.5	357.1
15 Thrift institutions .....	432.9	498.6	500.3	488.7	485.4	485.5	486.0	486.5
Money market mutual funds								
16 General purpose and broker/dealer .....	138.2	167.5	176.5	207.6	210.7	211.6	211.8	210.3
17 Institution-only .....	43.2	62.7	65.1	84.1	84.7	84.9	83.1	81.8
Large denomination time deposits <sup>10</sup>								
18 Commercial Banks <sup>11</sup> .....	230.0	269.6	284.1	291.8	296.0	299.0	305.9	310.6
19 Thrift institutions .....	96.2	147.3	152.1	155.3	152.2	151.1	148.7	149.0
Debt components								
20 Federal debt .....	1,172.8	1,367.6	1,587.0	1,806.9	1,825.9	1,831.6	1,841.6	n.a.
21 Nonfederal debt .....	4,033.5	4,578.4	5,187.9	5,836.2	5,928.7	5,959.6	6,007.1	n.a.
Not seasonally adjusted								
22 M1 .....	538.3	570.3	641.0	746.5	723.3	729.0	757.6	745.0
23 M2 .....	2,191.6	2,378.3	2,580.5	2,813.7	2,809.1	2,818.0	2,847.1	2,828.9
24 M3 .....	2,702.4	2,997.2	3,218.8	3,503.9	3,508.7	3,520.7	3,548.9	3,545.6
25 L .....	3,163.1	3,539.7	3,850.7	4,154.1	4,173.1	4,174.1	4,194.8	n.a.
26 Debt .....	5,200.7	5,940.2	6,768.3	7,635.8	7,738.2	7,768.1	7,821.1	n.a.
M1 components								
27 Currency <sup>2</sup> .....	150.6	160.8	173.1	186.2	184.8	186.0	188.0	190.1
28 Travelers checks <sup>3</sup> .....	4.6	4.9	5.5	6.0	6.2	6.4	6.4	6.5
29 Demand deposits <sup>4</sup> .....	251.0	257.2	282.0	319.5	291.9	291.5	305.8	298.9
30 Other checkable deposits <sup>5</sup> .....	132.2	147.4	180.4	235.0	240.3	245.1	257.5	249.5
Nontransactions components								
31 M2 <sup>6</sup> .....	1,653.3	1,808.0	1,939.5	2,067.1	2,085.8	2,089.0	2,089.5	2,083.8
32 M3 only <sup>7</sup> .....	510.8	618.9	638.3	690.2	699.6	702.7	701.8	716.8
Money market deposit accounts								
33 Commercial banks .....	230.4	267.4	332.5	379.0	378.5	378.2	375.4	368.8
34 Thrift institutions .....	148.5	150.0	180.7	192.4	192.3	192.3	190.1	188.3
Savings deposits <sup>8</sup>								
35 Commercial Banks .....	132.2	121.4	123.9	153.8	162.8	167.2	172.1	174.9
36 Thrift institutions .....	172.4	166.2	178.8	211.8	221.8	227.8	233.9	237.7
Small denomination time deposits <sup>9</sup>								
37 Commercial Banks .....	351.1	386.7	383.8	364.4	362.1	359.6	355.6	355.6
38 Thrift institutions .....	433.5	499.6	501.5	489.8	487.9	485.8	484.4	483.2
Money market mutual funds								
39 General purpose and broker/dealer .....	138.2	167.5	176.5	207.6	210.7	211.6	211.8	210.3
40 Institution-only .....	43.2	62.7	65.1	84.1	84.7	84.9	83.1	81.8
Large denomination time deposits <sup>10</sup>								
41 Commercial Banks <sup>11</sup> .....	231.6	271.2	285.6	293.2	298.1	301.3	303.2	309.2
42 Thrift institutions .....	96.3	147.3	151.9	154.9	153.1	151.2	148.0	149.0
Debt components								
43 Federal debt .....	1,170.2	1,364.7	1,583.7	1,805.4	1,827.9	1,839.1	1,846.7	n.a.
44 Nonfederal debt .....	4,030.5	4,575.5	5,184.6	5,830.4	5,910.4	5,928.9	5,974.4	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 based on monthly averages.

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 non-bank 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	1984 <sup>1</sup>	1985 <sup>1</sup>	1986 <sup>1</sup>	1986		1987			
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
DEBITS TO									
Seasonally adjusted									
Demand deposits <sup>2</sup>									
1 All insured banks	128,440.8	154,556.0	189,534.1	187,594.4	206,689.6	210,574.2	211,169.4	217,019.7	224,603.0
2 Major New York City banks	57,392.7	70,445.1	91,212.9	96,829.5	95,831.3	99,357.1	98,712.3	104,224.5	107,159.2
3 Other banks	71,048.1	84,110.9	98,321.4	90,764.9	110,858.4	111,217.1	112,457.1	112,795.2	117,443.7
4 ATS-NOW accounts <sup>3</sup>	1,588.7	1,920.8	2,351.1	2,501.0	2,960.8	2,255.7	2,306.0	2,344.6	2,384.7
5 Savings deposits <sup>4</sup>	633.1	539.0	410.3	424.9	533.7	459.2	477.7	468.6	528.0
DEPOSIT TURNOVER									
Demand deposits <sup>2</sup>									
6 All insured banks	434.4	496.5	561.8	538.2	560.7	580.3	594.7	613.8	627.0
7 Major New York City banks	1,843.0	2,168.9	2,460.6	2,513.2	2,251.6	2,426.4	2,461.0	2,707.8	2,711.5
8 Other banks	268.6	301.8	327.4	292.8	340.0	345.5	357.0	358.0	368.5
9 ATS-NOW accounts <sup>3</sup>	15.8	16.7	16.8	16.1	18.3	13.4	13.5	13.6	13.6
10 Savings deposits <sup>4</sup>	5.0	4.5	3.1	2.9	3.5	2.9	2.9	2.8	3.1
DEBITS TO									
Not seasonally adjusted									
Demand deposits <sup>2</sup>									
11 All insured banks	128,059.1	154,108.4	189,443.3	167,465.5	226,263.1	216,638.7	191,572.9	222,532.0	229,095.0
12 Major New York City banks	57,282.4	70,400.9	91,294.4	85,849.7	106,935.2	102,274.2	89,866.7	106,161.2	108,597.8
13 Other banks	70,776.9	83,707.8	98,149.0	81,615.8	119,327.9	114,364.5	101,706.2	116,370.8	120,497.3
14 ATS-NOW accounts <sup>3</sup>	1,579.5	1,903.4	2,338.4	2,255.1	2,841.5	2,679.2	2,173.2	2,422.7	2,735.8
15 MMDA <sup>5</sup>	848.8	1,179.0	1,599.3	1,434.0	2,058.2	1,913.3	1,600.7	1,754.4	2,071.1
16 Savings deposits <sup>4</sup>	632.9	538.7	404.3	382.7	503.6	499.0	434.6	476.2	570.8
DEPOSIT TURNOVER									
Demand deposits <sup>2</sup>									
17 All insured banks	433.5	497.4	564.0	476.4	600.3 <sup>r</sup>	579.9 <sup>r</sup>	550.0	641.0	635.1
18 Major New York City banks	1,838.6	2,191.1	2,494.3	2,225.4	2,483.2 <sup>r</sup>	2,345.5 <sup>r</sup>	2,273.2 <sup>r</sup>	2,742.6	2,755.6
19 Other banks	267.9	301.6	327.9	260.8	357.4	346.6	329.4	377.3	375.0
20 ATS-NOW accounts <sup>3</sup>	15.7	16.6	16.8	14.6	17.4	15.7	12.9	14.1	15.2
21 MMDA <sup>5</sup>	3.5	3.8	4.5	3.8	5.5 <sup>r</sup>	5.1 <sup>r</sup>	4.3 <sup>r</sup>	4.7	5.6
22 Savings deposits <sup>4</sup>	5.0	4.5	3.1	2.6	3.3	3.1	2.7	2.9	3.4

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 are available beginning 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.

A16 Domestic Financial Statistics □ August 1987

1.23 LOANS AND SECURITIES All Commercial Banks<sup>1</sup>

Billions of dollars; averages of Wednesday figures

Category	1986							1987				
	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
Seasonally adjusted												
1 Total loans and securities <sup>2</sup> .....	1,978.3	1,998.2	2,022.6	2,044.6	2,052.4	2,063.5	2,089.8	2,118.3	2,119.7	2,126.2	2,147.3	2,160.6
2 U.S. government securities .....	275.7	284.7	291.5	294.9	299.6	304.1	309.9	316.3	315.2	314.3	315.8	320.1
3 Other securities .....	187.0	189.7	196.0	204.2	199.8	197.9	196.9	190.2	193.8	195.5	197.2	197.6
4 Total loans and leases <sup>2</sup> .....	1,515.6	1,523.7	1,535.1	1,545.4	1,553.0	1,561.5	1,583.0	1,611.8	1,610.7	1,616.4	1,634.3	1,642.9
5 Commercial and industrial .....	513.0	512.6	515.2	517.3	520.0	525.7	541.4	554.1	553.8	551.7	553.9	555.8
6 Bankers acceptances held <sup>3</sup> .....	6.3	6.1	6.5	6.6	6.7	6.4	6.4	6.8 <sup>a</sup>	6.8	6.2 <sup>a</sup>	6.5	6.8
7 Other commercial and industrial .....	506.6	506.5	508.7	510.7	513.3	519.2	535.0 <sup>a</sup>	547.2 <sup>a</sup>	546.9 <sup>a</sup>	545.5	547.4 <sup>a</sup>	549.0
8 U.S. addressees <sup>4</sup> .....	497.3	497.7	499.8	501.7	504.6	510.7	525.7	537.8	537.9	536.8	538.9 <sup>a</sup>	540.8
9 Non-U.S. addressees <sup>4</sup> .....	9.4	8.9	8.9	9.0	8.8	8.5	9.4	9.5	9.1	8.7	8.5	8.2
10 Real estate .....	453.6	458.3	464.8	468.9	474.2	479.6	489.0	499.2	504.0	511.0	517.9	526.3
11 Individual .....	305.1	306.3	308.1	309.9	311.2	312.6	314.2	314.9	315.2	315.7	316.6	316.7
12 Security .....	41.3	43.7	43.1	42.8	39.1	40.1	38.6	37.7	38.5	38.3	43.6	42.0
13 Nonbank financial institutions .....	34.6	34.5	34.5	34.9	35.5	34.9	35.2	35.7	34.7	35.0	35.4	35.4
14 Agricultural .....	33.7	33.2 <sup>a</sup>	33.0	32.7	32.4	32.1	31.7	31.2 <sup>a</sup>	30.7 <sup>a</sup>	30.1 <sup>a</sup>	29.5 <sup>a</sup>	29.3
15 State and political subdivisions .....	60.1	59.9	60.1	60.0	59.3	58.7	57.9	57.8	57.2	56.9	56.0 <sup>a</sup>	55.2
16 Foreign banks .....	10.3	10.3	10.1	10.1	10.0	10.0	10.4	10.6	10.3	9.7	9.9	9.9
17 Foreign official institutions .....	6.0	6.1	6.1	6.0	6.0	5.9	5.8	5.9	6.1	6.7	6.7	5.8
18 Lease financing receivables .....	20.4	20.5	20.7	21.1	21.8	22.0	22.2	22.1	22.2	22.3	22.6	22.9
19 All other loans .....	37.4	38.3 <sup>a</sup>	39.6 <sup>a</sup>	41.8 <sup>a</sup>	43.4 <sup>a</sup>	40.0 <sup>a</sup>	36.6	42.6 <sup>a</sup>	38.1 <sup>a</sup>	38.8 <sup>a</sup>	42.2 <sup>a</sup>	43.6
Not seasonally adjusted												
20 Total loans and securities <sup>2</sup> .....	1,978.2	1,993.7	2,015.1	2,042.3	2,044.0	2,064.2	2,105.2	2,123.7	2,121.6	2,127.8	2,148.4	2,157.9
21 U.S. government securities .....	276.2	285.6	290.5	293.8	296.1	303.2	308.3	314.6	318.9	317.2	317.7	319.8
22 Other securities .....	185.7	187.5	196.2	205.0	200.1	198.3	198.1	193.7	194.1	194.4	195.2	196.8
23 Total loans and leases <sup>2</sup> .....	1,516.3	1,520.6	1,528.4	1,543.5	1,547.8	1,562.6	1,598.7	1,615.4	1,608.6	1,616.2	1,635.4	1,641.4
24 Commercial and industrial .....	514.2	512.1	512.8	516.1	517.8	525.2	544.3	552.4	551.7	554.5	556.5	557.5
25 Bankers acceptances held <sup>3</sup> .....	6.4	6.2	6.3	6.7	6.6	6.6	6.7	6.7 <sup>a</sup>	6.7 <sup>a</sup>	6.2	6.4	6.7
26 Other commercial and industrial .....	507.8	506.0	506.5	509.4	511.2	518.5	537.6	545.8 <sup>a</sup>	545.0 <sup>a</sup>	548.3	550.0 <sup>a</sup>	550.8
27 U.S. addressees <sup>4</sup> .....	498.4	496.8	497.3	500.2	502.1	509.5	528.8	537.1	536.3	539.9	541.6	542.4
28 Non-U.S. addressees <sup>4</sup> .....	9.4	9.2	9.1	9.2	9.1	9.1	8.8	8.7 <sup>a</sup>	8.7 <sup>a</sup>	8.4	8.4	8.4
29 Real estate .....	453.3	458.4	464.9	469.9	475.1	480.7	489.9	499.3	503.1	509.8	516.7	525.4
30 Individual .....	303.8	305.2	307.9	310.8	312.3	313.7	317.8	317.9	314.7	313.3	314.4	314.8
31 Security .....	41.9	42.7	40.7	41.3	37.8	40.4	40.9	39.4	37.5	38.6	45.1	42.1
32 Nonbank financial institutions .....	34.7	34.5	34.8	35.6	35.6	35.4	36.4	35.7	33.8	33.8	34.9 <sup>a</sup>	34.9
33 Agricultural .....	34.1	34.0	33.9	33.7	33.1 <sup>a</sup>	32.2	31.4	30.5 <sup>a</sup>	29.8 <sup>a</sup>	29.2 <sup>a</sup>	28.8 <sup>a</sup>	29.1
34 State and political subdivisions .....	60.1	59.9	60.1	60.0	59.3	58.7	57.9	57.8	57.2	56.9	56.0 <sup>a</sup>	55.2
35 Foreign banks .....	10.1	10.3	9.9	10.3	10.0	10.1	10.9	10.7	10.5	9.7	9.5	9.6
36 Foreign official institutions .....	6.0	6.1	6.1	6.0	6.0	5.9	5.8	5.9	6.1	6.7	6.7	5.8
37 Lease financing receivables .....	20.5	20.5	20.6	21.0	21.5	21.8	22.2	22.4	22.4	22.5	22.7	22.9
38 All other loans .....	37.7	36.8	36.8 <sup>a</sup>	39.0	39.1	38.6	41.3	43.3 <sup>a</sup>	41.6 <sup>a</sup>	41.1 <sup>a</sup>	44.2 <sup>a</sup>	44.1

1. These data also appear in the Board's G-7 (407) release.

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.

1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS<sup>1</sup>

Monthly averages, billions of dollars

Source	1986							1987				
	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
Total nondeposit funds												
1 Seasonally adjusted <sup>2</sup>	134.3	136.1	137.9	142.6	140.5	144.2	144.9	153.9 <sup>r</sup>	157.1	161.7 <sup>r</sup>	158.0 <sup>r</sup>	165.9
2 Not seasonally adjusted	132.0	132.9	137.8	141.9	139.5	145.7	145.0	153.4 <sup>r</sup>	159.8	164.0 <sup>r</sup>	158.1 <sup>r</sup>	166.6
Federal funds, RPs, and other borrowings from nonbanks <sup>3</sup>												
3 Seasonally adjusted	158.0	165.5	167.4	166.9	167.8	166.0	164.0	169.0 <sup>r</sup>	169.3	167.7 <sup>r</sup>	167.7 <sup>r</sup>	165.4
4 Not seasonally adjusted	155.7	162.4	167.3	166.2	166.9	167.5	164.1	168.5 <sup>r</sup>	171.9	170.0 <sup>r</sup>	167.8 <sup>r</sup>	166.2
5 Net balances due to foreign-related institutions, not seasonally adjusted	-23.7	-29.5	-29.5	-24.3	-27.3	-21.8	-19.1	15.1	-12.2	6.0	-9.7	.5
MEMO												
6 Domestically chartered banks' net positions with own foreign branches, not seasonally adjusted <sup>4</sup>	-30.5	-33.8	-31.2	-29.2	-31.9	-28.7	30.7	-25.7	-24.0	20.8	22.4	15.1
7 Gross due from balances	72.2	73.9	75.2	74.0	73.5	70.8	73.4	70.8	68.6	65.7	70.0	67.9
8 Gross due to balances	41.7	40.1	44.0	44.8	41.6	42.1	42.7	45.2	44.6	44.8	47.6	52.8
9 Foreign-related institutions' net positions with directly related institutions, not seasonally adjusted <sup>5</sup>	6.8	4.3	1.7	4.9	4.6	6.9	11.6	10.6	11.8	14.8 <sup>r</sup>	12.7	15.5
10 Gross due from balances	62.8	64.2	66.3	67.9	68.3	68.7	70.8	74.6	72.9	71.1	72.6	75.4
11 Gross due to balances	69.6	68.6	67.9	72.7	72.9	75.6	82.5	85.1	84.8	85.9 <sup>r</sup>	85.3	90.9
Security RP borrowings												
12 Seasonally adjusted <sup>6</sup>	90.1	95.2	95.9	95.9	97.0	96.9	97.0	99.2 <sup>r</sup>	95.5	92.5 <sup>r</sup>	95.3 <sup>r</sup>	95.1
13 Not seasonally adjusted	87.9	92.0	95.8	95.2	96.1	98.5	97.1	98.7 <sup>r</sup>	98.1	94.8 <sup>r</sup>	95.4 <sup>r</sup>	95.9
U.S. Treasury demand balances <sup>7</sup>												
14 Seasonally adjusted	17.7	15.4	14.5	16.5	17.1	23.2	21.2	21.3	23.2	17.7	20.7	26.1
15 Not seasonally adjusted	16.1	16.8	11.1	18.2	15.3	15.3	19.2	27.5	28.6	17.1	21.6	30.8
Time deposits, \$100,000 or more <sup>8</sup>												
16 Seasonally adjusted	341.8	341.1	344.3	344.2	342.7	343.3	345.6	350.1	351.1	354.1	359.8	366.2
17 Not seasonally adjusted	339.2	338.3	344.0	345.5	343.8	344.1	347.1	351.3	353.2	356.4	357.1	364.7

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.

A18 Domestic Financial Statistics □ August 1987

1.25 ASSETS AND LIABILITIES OF COMMERCIAL BANKING INSTITUTIONS Last-Wednesday-of-Month Series<sup>1</sup>

Billions of dollars

Account	1986						1987					
	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	
<b>ALL COMMERCIAL BANKING INSTITUTIONS<sup>2</sup></b>												
1 Loans and securities .....	2,144.5	2,164.8	2,179.7	2,183.2	2,227.3	2,314.3	2,284.8	2,279.4	2,279.2	2,306.2 <sup>3</sup>	2,318.9	
2 Investment securities .....	449.0	460.0	469.4	471.9	475.4	479.6	482.2	484.7	486.2	492.5	495.4	
3 U.S. government securities .....	269.1	272.9	276.6	282.8	287.3	292.6	296.1	298.8	299.5	305.1 <sup>3</sup>	307.0	
4 Other .....	179.9	187.1	192.8	189.1	188.0	187.0	186.1	185.9	186.7	187.5 <sup>3</sup>	188.4	
5 Trading account assets .....	28.6	29.3	27.9	26.0	28.1	27.8	26.4	29.0	25.2	23.3	21.4	
6 Total loans .....	1,666.9	1,675.6	1,682.4	1,685.3	1,723.8	1,807.0	1,776.3	1,765.6	1,767.8	1,790.3	1,802.1	
7 Interbank loans .....	148.7	145.5	139.8	141.2	154.7	168.9	160.1	156.7	154.3	151.8	160.4	
8 Loans excluding interbank .....	1,518.2	1,530.1	1,542.5	1,544.1	1,569.1	1,638.1	1,616.2	1,608.9	1,613.5	1,638.5	1,641.7	
9 Commercial and industrial .....	510.6	513.8	515.9	517.2	524.9	568.2	551.1	551.5	555.3	555.5	558.2	
10 Real estate .....	459.8	466.5	470.5	476.2	481.8	497.5	499.9	503.5	510.7	519.0 <sup>3</sup>	527.4	
11 Individual .....	305.8	308.8	311.2	312.8	314.1	320.4	317.0	314.7	313.1	315.2	314.8	
12 All other .....	242.1	241.0	244.9	237.8	248.2	252.0	248.3	239.2	234.4	248.9	241.3	
13 Total cash assets .....	209.0	208.3	199.3	203.5	227.0	273.7	214.4	206.3	203.8	209.7	230.8	
14 Reserves with Federal Reserve Banks .....	28.6	28.3	28.2	31.6	32.2	41.2	33.4	28.4	31.1	29.8	37.9	
15 Cash in vault .....	23.3	23.7	22.9	23.5	22.2	25.7	23.7	23.5	22.9	24.0	25.1	
16 Cash items in process of collection .....	72.2	73.5	66.2	66.2	86.5	111.3	74.5	71.4	68.1	74.5	81.3	
17 Demand balances at U.S. depository institutions .....	34.3	34.0	32.8	33.1	38.3	43.3	34.0	33.0	32.7	33.9	37.2	
18 Other cash assets .....	50.7	48.7	49.2	49.0	47.9	52.3	48.8	50.1	49.0	47.5	49.3	
19 Other assets .....	195.3	194.8	201.4	198.6	202.2	224.8	201.3	201.1	202.1	204.0 <sup>3</sup>	208.5	
<b>20 Total assets/total liabilities and capital .....</b>	<b>2,548.9</b>	<b>2,567.8</b>	<b>2,580.4</b>	<b>2,585.3</b>	<b>2,656.5</b>	<b>2,812.8</b>	<b>2,700.5</b>	<b>2,686.8</b>	<b>2,685.2</b>	<b>2,719.9<sup>3</sup></b>	<b>2,758.2</b>	
21 Deposits .....	1,822.4	1,837.6	1,834.5	1,847.1	1,900.2	2,018.0	1,898.3	1,895.5	1,899.6	1,919.5 <sup>3</sup>	1,939.1	
22 Transaction deposits .....	541.6	545.7	538.9	548.8	596.3	691.1	577.8	569.2	568.8	590.7	596.9	
23 Savings deposits .....	492.5	499.2	505.5	516.0	522.9	535.0	532.3	535.9	539.7	535.1	538.6	
24 Time deposits .....	788.3	792.6	790.1	782.2	781.1	791.9	788.2	790.3	791.2	793.6	803.6	
25 Borrowings .....	381.7	379.8	391.6	383.3	397.4	414.5	432.7	425.6	414.9	422.7 <sup>3</sup>	435.6	
26 Other liabilities .....	168.7	173.8	176.3	175.7	180.0	199.6	188.0	184.6	188.7	195.2 <sup>3</sup>	200.2	
27 Residual (assets less liabilities) .....	176.0	176.7	178.1	179.2	178.9	180.6	181.5	181.2	181.9	182.5 <sup>3</sup>	183.3	
<b>MIMO</b>												
28 U.S. government securities (including trading account) .....	288.4	290.6	293.2	299.5	304.8	308.4	314.5	320.1	316.7	318.9	320.6	
29 Other securities (including trading account) .....	189.2	198.7	204.1	198.4	198.8	198.9	194.1	193.7	194.7	196.9	196.1	
<b>DOMESTICALLY CHARTERED COMMERCIAL BANKS<sup>3</sup></b>												
30 Loans and securities .....	2,020.1	2,034.6	2,044.8	2,052.1	2,094.7	2,154.4	2,136.7	2,130.3	2,121.7	2,146.9 <sup>3</sup>	2,156.2	
31 Investment securities .....	433.8	443.0	450.5	452.9	457.1	459.3	461.5	463.3	463.6	470.0 <sup>3</sup>	471.5	
32 U.S. government securities .....	262.5	265.0	267.9	273.6	279.0	283.0	286.8	289.2	289.4	295.2	296.7	
33 Other .....	171.3	178.0	182.5	179.3	178.2	176.3	174.8	174.1	174.2	174.8 <sup>3</sup>	174.8	
34 Trading account assets .....	28.6	29.3	27.9	26.0	28.1	27.8	26.4	29.0	25.2	23.3	21.4	
35 Total loans .....	1,557.7	1,562.3	1,566.4	1,573.2	1,609.5	1,667.3	1,648.8	1,638.0	1,632.9	1,653.6 <sup>3</sup>	1,663.3	
36 Interbank loans .....	124.0	119.7	115.6	118.8	133.0	137.9	134.3	130.5	124.1	124.2	128.6	
37 Loans excluding interbank .....	1,433.7	1,442.7	1,450.8	1,454.3	1,476.4	1,476.4	1,514.5	1,507.5	1,508.8	1,529.3	1,534.7	
38 Commercial and industrial .....	448.9	449.4	448.1	449.0	455.7	488.2	475.5	474.1	474.6	473.5	475.3	
39 Real estate .....	453.8	460.4	464.3	470.0	475.1	490.3	493.2	497.0	504.1	512.0 <sup>3</sup>	520.3	
40 Individual .....	305.4	308.5	310.9	312.5	313.8	320.1	316.7	314.4	312.7	314.9	314.5	
41 All other .....	225.6	224.4	227.5	222.7	231.8	230.9	229.2	221.9	217.4	229.0	224.7	
42 Total cash assets .....	190.1	191.2	182.5	185.6	210.0	253.5	196.6	188.9	186.5	192.5	213.2	
43 Reserves with Federal Reserve Banks .....	27.2	26.6	26.9	29.7	29.8	39.7	31.2	27.1	29.7	27.2	35.9	
44 Cash in vault .....	23.3	23.7	22.9	23.5	22.2	25.7	23.6	23.5	22.8	24.0	25.0	
45 Cash items in process of collection .....	71.7	73.1	65.8	65.6	86.1	110.9	74.0	71.0	67.7	74.0	80.9	
46 Demand balances at U.S. depository institutions .....	32.5	32.3	30.9	31.3	36.3	40.8	32.2	31.1	31.1	31.9	35.1	
47 Other cash assets .....	35.4	35.5	36.0	35.5	35.6	36.4	35.6	36.4	35.2	35.4	36.2	
48 Other assets .....	140.4	139.3	143.5	141.0	141.6	165.0	141.5	144.0	143.4	144.4	143.0	
<b>49 Total assets/total liabilities and capital .....</b>	<b>2,350.6</b>	<b>2,365.0</b>	<b>2,370.8</b>	<b>2,378.7</b>	<b>2,446.3</b>	<b>2,572.8</b>	<b>2,474.8</b>	<b>2,463.2</b>	<b>2,451.5</b>	<b>2,483.8<sup>3</sup></b>	<b>2,512.4</b>	
50 Deposits .....	1,771.6	1,784.2	1,779.3	1,792.8	1,844.8	1,957.0	1,840.8	1,838.2	1,840.7	1,857.1	1,876.5	
51 Transaction deposits .....	533.5	537.6	530.6	540.9	588.2	682.2	569.4	561.3	560.5	582.2	588.4	
52 Savings deposits .....	490.8	497.4	503.7	514.1	520.8	533.0	530.3	533.9	537.7	533.1 <sup>3</sup>	536.6	
53 Time deposits .....	747.3	749.3	745.0	737.7	735.8	741.8	741.1	743.0	742.5	741.8 <sup>3</sup>	751.5	
54 Borrowings .....	302.2	296.8	306.9	301.3	314.1	322.9	341.7	336.1	319.1	328.2 <sup>3</sup>	337.1	
55 Other liabilities .....	103.9	110.5	109.6	108.6	111.7	115.5	114.0	110.8	113.0	119.1 <sup>3</sup>	118.7	
56 Residual (assets less liabilities) .....	172.9	173.5	174.9	176.0	175.8	177.5	178.3	178.1	178.8	179.4 <sup>3</sup>	180.2	

1. Data have been revised because of benchmarking to new Call Reports and new seasonal factors beginning July 1985. Back data are available from the Banking Section, Board of Governors of the Federal Reserve System, Washington, D.C., 20551.

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.

2. 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.

3. Insured domestically chartered commercial banks include all member banks and insured nonmember banks.

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	1987									
	Apr. 1 <sup>1</sup>	Apr. 8 <sup>1</sup>	Apr. 15	Apr. 22	Apr. 29	May 6	May 13	May 20	May 27	
1 Cash and balances due from depository institutions	114,764	103,001	119,102	109,998	99,258	99,081	100,312	94,593	114,534	
2 Total loans, leases and securities, net	1,011,944	1,006,954	1,020,867 <sup>1</sup>	1,022,162 <sup>1</sup>	1,016,966 <sup>1</sup>	1,019,275	1,007,593	1,021,292	1,034,501	
3 U.S. Treasury and government agency	112,715	112,481	112,292 <sup>1</sup>	110,833 <sup>1</sup>	110,969 <sup>1</sup>	111,297	110,477	112,136	111,722	
4 Trading account	16,396	16,368	16,578	14,346	13,847	13,840	12,705	14,496	13,612	
5 Investment account, by maturity	96,118	96,113	95,714 <sup>1</sup>	96,486 <sup>1</sup>	97,123 <sup>1</sup>	97,458	97,772	97,640	98,110	
6 One year or less	15,993	16,016	16,017	15,396 <sup>1</sup>	15,253 <sup>1</sup>	15,261	15,062	15,095	14,817	
7 Over one through five years	40,597	40,048	40,630	41,532 <sup>1</sup>	42,055 <sup>1</sup>	43,314	43,348	44,825	44,760	
8 Over five years	39,528	40,048	39,067 <sup>1</sup>	39,067 <sup>1</sup>	39,559 <sup>1</sup>	39,774 <sup>1</sup>	38,882	39,361	37,720	
9 Other securities	67,349	67,107	67,949 <sup>1</sup>	68,435 <sup>1</sup>	69,313 <sup>1</sup>	69,107	68,619	68,245	68,218	
10 Trading account	3,773	3,511	4,182	4,576	4,946	4,617	4,164	3,801	3,719	
11 Investment account	63,575	63,596	63,768 <sup>1</sup>	63,859 <sup>1</sup>	64,367 <sup>1</sup>	64,490	64,456	64,444	64,499	
12 States and political subdivisions, by maturity	51,369	51,310	51,380	51,421	51,528	51,333	51,348	51,338	51,394	
13 One year or less	6,528	6,575	6,544	6,580	6,629	6,604	6,566	6,515	6,501	
14 Over one year	44,841	44,735	44,835	44,841	44,899	44,729	44,782	44,823	44,893	
15 Other bonds, corporate stocks, and securities	12,207	12,286	12,388 <sup>1</sup>	12,437 <sup>1</sup>	12,840 <sup>1</sup>	13,157	13,107	13,106	13,105	
16 Other trading account assets	4,279	4,909	4,792 <sup>1</sup>	4,517 <sup>1</sup>	4,535 <sup>1</sup>	4,946	4,819	4,469	4,045	
17 Federal funds sold <sup>1</sup>	62,950	58,332	63,856	65,983	60,379	64,038	56,279	64,090	61,737	
18 To commercial banks	38,441	35,870	41,298	39,636	35,833	37,820	32,273	35,874	35,880	
19 To nonbank brokers and dealers in securities	18,402	15,202	16,118	18,885	16,539	18,006	16,655	18,688	17,944	
20 To others	6,107	7,261	6,439	7,462	8,007	8,212	7,351	9,507	8,364	
21 Other loans and leases, gross <sup>2</sup>	786,991	786,533	794,406 <sup>1</sup>	794,712 <sup>1</sup>	793,930 <sup>1</sup>	792,674	789,760	794,833	792,846	
22 Other loans, gross <sup>2</sup>	768,644	768,146	775,969 <sup>1</sup>	776,282 <sup>1</sup>	775,326 <sup>1</sup>	774,084	771,165	776,234	774,168	
23 Commercial and industrial <sup>1</sup>	279,251	278,291	279,974 <sup>1</sup>	279,510 <sup>1</sup>	277,996 <sup>1</sup>	278,649	277,184	280,527	278,868	
24 Bankers acceptances and commercial paper	2,369	2,350	2,229 <sup>1</sup>	2,480 <sup>1</sup>	2,247 <sup>1</sup>	2,475	2,415	2,514	2,214	
25 All other	276,882	275,941	277,744 <sup>1</sup>	277,030 <sup>1</sup>	275,049 <sup>1</sup>	276,174	274,769	278,013	276,654	
26 U.S. addressees	273,569	272,606	274,304 <sup>1</sup>	273,672 <sup>1</sup>	271,734 <sup>1</sup>	272,832	271,476	274,669	273,358	
27 Non-U.S. addressees	3,313	3,335	3,440	3,358	3,315	3,341	3,293	3,344	3,296	
28 Real estate loans <sup>2</sup>	219,727	220,005	220,970 <sup>1</sup>	220,850 <sup>1</sup>	221,383 <sup>1</sup>	221,775	223,466	225,557	225,630	
29 To individuals for personal expenditures	140,568	140,393	140,986 <sup>1</sup>	141,486 <sup>1</sup>	141,928 <sup>1</sup>	141,795	141,746	141,349	141,369	
30 To depository and financial institutions	51,988	53,592	53,060	52,571 <sup>1</sup>	53,490 <sup>1</sup>	54,593	54,321	54,124	53,684	
31 Commercial banks in the United States	21,171	22,600	21,782	22,504	23,356 <sup>1</sup>	23,062	23,202	22,805	23,614	
32 Banks in foreign countries	5,200	5,001	4,632	4,896	4,561	5,109	4,556	4,920	4,949	
33 Nonbank depository and other financial institutions	25,614	25,990	26,645	25,171 <sup>1</sup>	25,573 <sup>1</sup>	26,422	26,564	26,398	25,121	
34 For purchasing and carrying securities	14,900	15,762	18,463	20,353	20,435	16,577	15,234	15,299	14,465	
35 To finance agricultural production	5,322	5,325	5,323	5,326	5,318	5,367	5,389	5,478	5,475	
36 To states and political subdivisions	34,077	33,798	33,742 <sup>1</sup>	33,679 <sup>1</sup>	33,533 <sup>1</sup>	33,296	33,241	33,269	33,215	
37 To foreign governments and official institutions	3,166	3,027	3,068	3,000	3,045	3,111	2,984	2,990	2,905	
38 All other	19,645	17,954	20,383 <sup>1</sup>	19,508 <sup>1</sup>	18,897 <sup>1</sup>	18,920	17,601	17,640	18,555	
39 Lease financing receivables	18,346	18,387	18,437	18,430	18,604	18,590	18,594	18,599	18,678	
40 Less: Unearned income	4,578	4,600	4,607 <sup>1</sup>	4,602 <sup>1</sup>	4,495 <sup>1</sup>	4,470	4,480	4,401	4,473	
41 Loan and lease reserve <sup>2</sup>	17,760	17,808	17,822	17,716	17,667	17,824	17,891	18,001	19,594	
42 Other loans and leases, net <sup>2</sup>	764,652	764,124	771,978 <sup>1</sup>	772,394 <sup>1</sup>	771,769 <sup>1</sup>	770,395	767,398	772,352	768,779	
43 All other assets	130,848	129,474	128,054 <sup>1</sup>	126,362 <sup>1</sup>	125,988 <sup>1</sup>	125,055	123,976	120,826	126,390	
44 Total assets	1,257,556	1,239,429	1,268,024 <sup>1</sup>	1,258,522 <sup>1</sup>	1,242,212 <sup>1</sup>	1,243,412	1,231,881	1,236,711	1,255,426	
45 Demand deposits	250,145	223,884	262,558 <sup>1</sup>	233,431	228,895	226,206	218,037	227,904	231,830	
46 Individuals, partnerships, and corporations	194,452	174,173	195,730 <sup>1</sup>	179,974	176,883	174,649	172,153	176,985	179,549	
47 States and political subdivisions	5,776	4,594	6,138	5,755	5,585	5,913	4,826	5,226	5,478	
48 U.S. government	1,516	3,877	11,518	3,963	4,378	2,335	4,083	4,083	1,288	
49 Depository institutions in United States	30,113	23,630	28,222	25,181	23,857	25,570	23,365	24,988	27,652	
50 Banks in foreign countries	6,643	6,640	6,546	6,421	6,338	6,846	5,892	6,324	6,774	
51 Foreign governments and official institutions	1,030	928	855	829	1,076	1,148	959	927	1,128	
52 Certified and officers' checks	10,615	11,042	13,549	11,309	10,777	9,743	9,586	9,377	9,960	
53 Transaction balances other than demand deposits	61,602	63,235	66,729	64,623	60,280	60,165	58,996	59,331	59,148	
54 Nontransaction balances	521,088	521,011	518,641	516,313	516,208	517,195	518,242	520,744	523,201	
55 Individuals, partnerships and corporations	482,865	483,188	481,172	478,418	478,130	478,411	479,174	480,996	483,352	
56 States and political subdivisions	26,498	26,352	26,170	26,439	26,698	27,313	27,514	28,099	28,107	
57 U.S. government	745	738	699	833	791	876	880	896	897	
58 Depository institutions in the United States	10,029	9,801	9,672	9,705	9,698	9,722	9,791	9,860	9,934	
59 Foreign governments, official institutions and banks	951	932	928	918	890	873	883	892	911	
60 Liabilities for borrowed money	251,568	261,387	251,681 <sup>1</sup>	267,021 <sup>1</sup>	253,928 <sup>1</sup>	264,402	257,996	254,111	261,270	
61 Borrowings from Federal Reserve Banks	0	1,180	0	4,838	156	1,075	0	844	0	
62 Treasury tax-and-loan notes	4,977	8,904	7,906	20,504 <sup>1</sup>	20,764	20,980	20,633	20,865	20,549	
63 All other liabilities for borrowed money <sup>3</sup>	246,592	251,303	243,775 <sup>1</sup>	241,679 <sup>1</sup>	233,008 <sup>1</sup>	242,347	237,364	232,402	240,721	
64 Other liabilities and subordinated note and debentures	84,443	81,150	79,924 <sup>1</sup>	88,656 <sup>1</sup>	94,408 <sup>1</sup>	86,538	89,311	85,521	90,945	
65 Total liabilities	1,168,847	1,150,668	1,179,533 <sup>1</sup>	1,170,044 <sup>1</sup>	1,153,720 <sup>1</sup>	1,154,506	1,142,582	1,147,611	1,166,394	
66 Residual (total assets minus total liabilities) <sup>4</sup>	88,709	88,761	88,491	88,478	88,492	88,906	89,299	89,100	89,032	
MEMO										
67 Total loans and leases (gross) and investments adjusted <sup>5</sup>	974,671	970,893	980,214 <sup>1</sup>	982,340 <sup>1</sup>	979,939 <sup>1</sup>	980,672	974,478	985,074	979,075	
68 Total loans and leases (gross) adjusted <sup>2,5</sup>	790,329	786,396	795,181 <sup>1</sup>	798,555 <sup>1</sup>	795,121 <sup>1</sup>	795,830	790,563	800,223	795,089	
69 Time deposits in amounts of \$100,000 or more	157,684	158,678	157,278	158,003	159,599	159,952	160,553	162,880	164,502	
70 Loans sold outright to affiliates—total <sup>6</sup>	1,940	1,903	1,862	1,754	1,685	1,722	1,698	1,703	1,677	
71 Commercial and industrial	1,460	1,457	1,402	1,283	1,215	1,252	1,216	1,190	1,165	
72 Other	480	446	460	470	470	470	482	513	513	
73 Nontransaction savings deposits (including MMDAs)	236,368	235,664	234,545	231,712	230,211	230,838	230,886	230,901	231,157	

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.

A20 Domestic Financial Statistics [ ] August 1987

1.28 LARGE WEEKLY REPORTING COMMERCIAL BANKS IN NEW YORK CITY Assets and Liabilities

Millions of dollars, Wednesday figures except as noted

Account	1987								
	Apr. 1	Apr. 8	Apr. 15	Apr. 22	Apr. 29	May 6	May 13	May 20	May 27
1 Cash and balances due from depository institutions.....	34,104	28,339	32,137	27,134	24,078	23,225	22,904	21,202	28,872
2 Total loans, leases and securities, net <sup>1</sup> .....	220,495	220,858	223,880	229,297	226,815	229,013	221,084	227,461	223,290
Securities									
3 U.S. Treasury and government agency <sup>2</sup> .....	0	0	0	0	0	0	0	0	0
4 Trading account <sup>3</sup> .....	0	0	0	0	0	0	0	0	0
5 Investment account, by maturity.....	13,793	14,002	13,929	14,041	14,218	14,100	14,038	14,382	14,081
6 One year or less.....	1,594	1,613	1,650	1,536	1,535	1,532	1,483	1,791	1,388
7 Over one through five years.....	4,173	4,221	4,407	4,981	5,135	5,178	5,170	5,687	5,680
8 Over five years.....	8,025	8,168	7,872	7,524	7,547	7,390	7,385	6,904	7,013
9 Other securities <sup>4</sup> .....	0	0	0	0	0	0	0	0	0
10 Trading account <sup>3</sup> .....	0	0	0	0	0	0	0	0	0
11 Investment account.....	16,472	16,498	16,555	16,482	16,527	16,471	16,453	16,428	16,496
12 States and political subdivisions, by maturity.....	13,868	13,869	13,933	13,915	13,955	13,920	13,966	13,963	14,010
13 One year or less.....	1,350	1,386	1,368	1,380	1,395	1,404	1,392	1,388	1,386
14 Over one year.....	12,517	12,483	12,564	12,536	12,560	12,516	12,574	12,575	12,625
15 Other bonds, corporate stocks and securities.....	2,605	2,629	2,622	2,567	2,572	2,550	2,487	2,465	2,486
16 Other trading account assets <sup>5</sup> .....	0	0	0	0	0	0	0	0	0
Loans and leases									
17 Federal funds sold <sup>1</sup> .....	22,934	23,054	23,906	28,502	26,681	30,730	24,226	28,361	26,007
18 To commercial banks.....	9,572	10,488	11,366	13,432	11,837	13,796	8,895	10,919	9,432
19 To nonbank brokers and dealers in securities.....	9,451	7,408	8,311	9,749	8,456	9,974	9,338	10,500	10,235
20 To others.....	3,911	5,158	4,228	5,322	6,388	6,960	5,992	6,942	6,340
21 Other loans and leases, gross.....	174,035	174,057	176,262	176,943	175,959	174,314	173,075	174,972	174,979
22 Other loans, gross.....	169,559	169,560	171,748	172,422	171,302	169,643	168,375	170,280	170,238
23 Commercial and industrial.....	62,882	62,575	62,558	62,283	61,118	61,790	61,721	63,360	62,272
24 Bankers acceptances and commercial paper.....	578	601	562	743	590	677	706	744	538
25 All other.....	62,304	61,974	61,996	61,540	60,527	61,113	61,014	62,616	61,734
26 U.S. addressees.....	61,880	61,568	61,539	61,086	60,096	60,656	60,554	62,136	61,240
27 Non-U.S. addressees.....	423	406	457	453	431	458	460	479	494
28 Real estate loans.....	40,831	40,813	40,817	40,895	41,204	41,599	41,599	42,297	42,427
29 To individuals for personal expenditures.....	20,508	20,500	20,641	20,788	20,908	20,940	20,949	20,716	20,781
30 To depository and financial institutions.....	21,679	22,583	21,444	21,521	21,792	22,275	22,086	21,435	22,224
31 Commercial banks in the United States.....	11,865	12,815	11,751	12,026	12,311	12,259	12,294	12,028	12,747
32 Banks in foreign countries.....	2,786	2,642	2,319	2,563	2,365	2,667	2,555	2,429	2,556
33 Nonbank depository and other financial institutions.....	7,028	7,126	7,374	6,932	7,117	7,349	7,336	6,979	6,920
34 For purchasing and carrying securities.....	7,990	7,868	9,936	11,006	11,265	7,902	7,512	7,825	7,418
35 To finance agricultural production.....	252	258	252	253	248	252	257	257	273
36 To states and political subdivisions.....	8,237	8,172	8,223	8,207	8,088	8,023	8,024	8,036	8,075
37 To foreign governments and official institutions.....	974	833	887	845	882	926	787	828	737
38 All other.....	6,807	5,957	7,215	6,701	6,108	6,333	5,440	5,533	6,031
39 Lease financing receivables.....	4,476	4,497	4,514	4,521	4,657	4,671	4,662	4,683	4,741
40 Less: Unearned income.....	1,579	1,588	1,589	1,585	1,485	1,467	1,470	1,479	1,482
41 Loan and lease reserve.....	5,160	5,165	5,183	5,086	5,085	5,135	5,199	5,203	6,790
42 Other loans and leases, net.....	167,295	167,304	169,489	170,271	169,389	167,712	166,368	168,290	166,706
43 All other assets <sup>1</sup> .....	65,752	62,611	62,520	62,166	62,900	61,003	59,961	59,002	63,854
44 Total assets.....	320,351	311,808	318,536	318,596	313,793	313,242	303,950	307,665	316,016
Deposits									
45 Demand deposits.....	71,589	57,581	72,378	61,261	59,405	58,373	52,845	59,417	60,741
46 Individuals, partnerships, and corporations.....	50,265	39,243	48,460	42,007	41,385	40,351	37,095	41,469	42,065
47 States and political subdivisions.....	709	571	757	528	556	848	515	682	615
48 U.S. government.....	149	504	2,660	707	713	370	112	809	189
49 Depository institutions in the United States.....	9,944	5,441	7,306	7,047	5,771	6,130	5,120	6,484	6,550
50 Banks in foreign countries.....	5,409	5,383	5,329	5,073	5,176	5,674	4,763	5,140	5,558
51 Foreign governments and official institutions.....	882	770	709	688	917	1,008	797	798	965
52 Certified and officers' checks.....	4,231	5,670	7,157	5,210	4,886	3,990	4,441	4,053	4,800
53 Transaction balances other than demand deposits.....									
ATS, NOW, Super NOW, telephone transfers).....	8,115	8,456	9,190	8,769	8,135	8,023	7,865	7,950	7,858
54 Nontransaction balances.....	100,184	99,553	98,996	98,544	98,093	98,562	98,342	99,425	99,940
55 Individuals, partnerships and corporations.....	91,620	91,041	90,694	90,205	89,705	89,866	89,563	90,350	90,799
56 States and political subdivisions.....	6,152	6,149	6,111	6,105	6,123	6,494	6,588	6,838	6,908
57 U.S. government.....	32	33	31	31	31	25	25	32	28
58 Depository institutions in the United States.....	1,848	1,820	1,647	1,694	1,752	1,712	1,722	1,729	1,714
59 Foreign governments, official institutions and banks.....	532	510	513	508	482	465	473	476	492
60 Liabilities for borrowed money.....	76,943	83,640	76,413	79,879	73,209	78,771	73,061	71,971	75,998
61 Borrowings from Federal Reserve Banks.....	0	1,180	0	3,250	0	500	0	430	0
62 Treasury tax-and-loan notes.....	1,367	2,111	1,932	5,236	5,244	5,242	4,995	5,219	5,154
63 All other liabilities for borrowed money.....	75,576	80,348	74,481	71,393	67,965	73,029	68,065	66,322	70,844
64 Other liabilities and subordinated note and debentures.....	33,841	32,899	32,053	40,697	45,586	39,900	42,134	39,153	41,760
65 Total liabilities.....	290,671	282,130	289,030	289,151	284,429	283,630	274,246	277,936	286,297
66 Residual (total assets minus total liabilities) <sup>6</sup> .....	29,680	29,678	29,506	29,446	29,365	29,612	29,704	29,729	29,719
Memo									
67 Total loans and leases (gross) and investments adjusted <sup>1,7</sup> .....	205,799	204,307	207,534	210,511	209,237	209,560	206,565	211,196	209,384
68 Total loans and leases (gross) adjusted <sup>1,7</sup> .....	175,533	173,808	177,050	179,988	178,492	176,074	176,074	180,386	178,806
69 Time deposits in amounts of \$100,000 or more.....	35,881	36,174	35,816	35,733	35,955	36,465	36,431	37,326	37,289

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 11.4.2 (504) release. For address, see inside front cover.

**I.30 LARGE WEEKLY REPORTING U.S. BRANCHES AND AGENCIES OF FOREIGN BANKS<sup>1</sup> Assets and Liabilities**  
Millions of dollars, Wednesday figures

Account	1987									
	Apr. 1	Apr. 8	Apr. 15	Apr. 22	Apr. 29	May 6	May 13	May 20	May 27	
1 Cash and due from depository institutions	10,354	10,092	9,722	10,152	10,282 <sup>c</sup>	10,654	9,951	9,863	10,168	
2 Total loans and securities	90,327 <sup>a</sup>	87,760 <sup>a</sup>	89,702 <sup>a</sup>	94,674 <sup>a</sup>	92,318 <sup>a</sup>	91,055	90,421	92,540	94,518	
3 U.S. Treasury and govt. agency securities	6,966	6,748	6,551	6,370	6,728	6,716	6,461	6,712	7,051	
4 Other securities	7,087	7,225	7,264	7,278	7,493	7,884	7,921	8,070	8,100	
5 Federal funds sold <sup>b</sup>	4,523	4,173	5,098	9,212	7,223	7,007	6,532	7,793	8,370	
6 To commercial banks in the United States	1,339	1,336	1,643	1,976	1,464	1,077	832	922	850	
7 To others	70,412 <sup>a</sup>	69,614 <sup>a</sup>	70,788 <sup>a</sup>	71,815 <sup>a</sup>	70,874 <sup>a</sup>	69,448	67,601	69,964	70,997	
8 Other loans, gross	44,547 <sup>a</sup>	43,382 <sup>a</sup>	43,871 <sup>a</sup>	44,672 <sup>a</sup>	44,208	43,894	43,876	44,583	44,519	
9 Commercial and industrial										
10 Bankers acceptances and commercial paper	2,660	2,838	2,971	3,126	3,112	3,184	3,139	3,270	3,237	
11 All other	41,887 <sup>a</sup>	40,544 <sup>a</sup>	40,900 <sup>a</sup>	41,546 <sup>a</sup>	41,096	40,710	40,737	41,313	41,282	
12 U.S. addresses	39,587 <sup>a</sup>	38,228 <sup>a</sup>	38,612 <sup>a</sup>	39,143 <sup>a</sup>	38,835	38,438	38,467	38,945	39,006	
13 Non-U.S. addressees	2,300 <sup>a</sup>	2,316 <sup>a</sup>	2,289 <sup>a</sup>	2,404 <sup>a</sup>	2,261	2,271	2,270	2,368	2,275	
14 To financial institutions	16,433	16,396	16,403	16,278	15,922	15,397	16,452	16,536	16,953	
15 Commercial banks in the United States	12,840	12,750	12,475	12,568	12,173	11,650	12,729	12,666	13,116	
16 Banks in foreign countries	912	900	1,085	1,018	953	908	924	1,061	950	
17 Nonbank financial institutions	2,680	2,747	2,843	2,693	2,795	2,839	2,799	2,897	2,887	
18 To foreign govt. and official institutions	1,028	1,153	1,152	908	839	746	657	572	595	
19 For purchasing and carrying securities	2,916 <sup>a</sup>	3,274 <sup>a</sup>	3,940 <sup>a</sup>	4,534 <sup>a</sup>	4,412 <sup>a</sup>	3,900	2,968	2,697	3,105	
20 All other	5,488	5,409	5,422	5,421	5,493	5,511	5,554	5,576	5,825	
21 Other assets (claims on nonrelated parties)	22,625 <sup>a</sup>	23,250 <sup>a</sup>	22,821 <sup>a</sup>	22,946 <sup>a</sup>	23,587 <sup>a</sup>	23,847	24,447	24,613	24,208	
22 Net due from related institutions	15,447	15,467	15,984	15,086	13,753	14,863	14,246	16,921	16,283	
23 Total assets	138,752	136,569 <sup>a</sup>	138,230 <sup>a</sup>	142,858 <sup>a</sup>	139,940 <sup>a</sup>	140,419	139,065	143,937	145,178	
24 Deposits or credit balances due to other than directly related institutions <sup>3</sup>	40,678	40,160	40,955	41,955	43,556	43,491	43,684	43,389	43,949	
25 Transaction accounts and credit balances <sup>4</sup>	3,417	2,982	3,232	3,392	3,786	3,442	3,275	3,322	3,781	
26 Individuals, partnerships, and corporations	1,802 <sup>c</sup>	1,781 <sup>c</sup>	1,906 <sup>c</sup>	2,041 <sup>c</sup>	2,035 <sup>c</sup>	2,019	1,993	2,066	2,046	
27 Other	1,615 <sup>c</sup>	1,201	1,326 <sup>c</sup>	1,351 <sup>c</sup>	1,750	1,423	1,282	1,256	1,735	
28 Nontransaction accounts <sup>4</sup>	37,261	37,177	37,723	38,563	39,771	40,048	40,409	40,067	40,169	
29 Individuals, partnerships, and corporations	30,116	30,058	30,502	31,374	32,299	32,480	32,849	32,492	32,887	
30 Other	7,145	7,120	7,221	7,189	7,471	7,569	7,559	7,575	7,282	
31 Borrowings from other than directly related institutions	58,121 <sup>a</sup>	56,636 <sup>a</sup>	57,452 <sup>a</sup>	58,461 <sup>a</sup>	54,106 <sup>a</sup>	53,936	50,976	58,021	55,359	
32 Federal funds purchased <sup>5</sup>	27,813	25,702	25,848	26,489	23,451	25,553	21,121	27,050	24,053	
33 From commercial banks in the United States	16,972	15,455	15,480	15,178	12,771	15,394	10,997	15,121	14,509	
34 From others	10,841	10,248	10,368	11,312	10,680	10,159	10,124	11,929	9,544	
35 Other liabilities for borrowed money	30,307 <sup>a</sup>	30,933 <sup>a</sup>	31,604 <sup>a</sup>	31,971 <sup>a</sup>	30,655 <sup>a</sup>	28,383	29,855	30,971	31,305	
36 To commercial banks in the United States	26,051	26,800	27,577	27,791	26,439	24,322	25,671	26,037	26,670	
37 To others	4,256 <sup>a</sup>	4,133 <sup>a</sup>	4,027 <sup>a</sup>	4,180 <sup>a</sup>	4,216 <sup>a</sup>	4,061	4,184	4,933	4,635	
38 Other liabilities to nonrelated parties	24,474 <sup>a</sup>	25,563 <sup>a</sup>	25,889 <sup>a</sup>	26,252 <sup>a</sup>	27,024	27,271	27,828	28,044	27,630	
39 Net due to related institutions	15,480	14,210 <sup>a</sup>	13,934	16,190	15,254	15,721	16,576	14,483	18,239	
40 Total liabilities	138,752	136,569 <sup>a</sup>	138,230 <sup>a</sup>	142,858 <sup>a</sup>	139,940 <sup>a</sup>	140,419	139,065	143,937	145,178	
<b>MEMO</b>										
41 Total loans (gross) and securities adjusted <sup>6</sup>	72,964 <sup>a</sup>	72,173 <sup>a</sup>	73,772 <sup>a</sup>	74,872 <sup>a</sup>	74,386 <sup>a</sup>	73,475	71,991	73,002	73,582	
42 Total loans (gross) adjusted <sup>6</sup>	58,911 <sup>a</sup>	58,200 <sup>a</sup>	59,957 <sup>a</sup>	61,224 <sup>a</sup>	60,165 <sup>a</sup>	58,875	57,609	58,220	58,431	

1. Effective Jan. 1, 1986, the reporting panel includes 65 U.S. branches and agencies of foreign banks that include those branches and agencies with assets of \$750 million or more on June 30, 1980, plus those branches and agencies that had reached the \$750 million asset level on Dec. 31, 1984.

2. Includes securities purchased under agreements to resell.

3. Includes credit balances, demand deposits, and other checkable deposits.

4. Includes savings deposits, money market deposit accounts, and time deposits.

5. Includes securities sold under agreements to repurchase.

6. Exclusive of loans to and federal funds sold to commercial banks in the United States.

1.31 GROSS DEMAND DEPOSITS Individuals, Partnerships, and Corporations<sup>1</sup>

Billions of dollars, estimated daily-average balances, not seasonally adjusted

Type of holder	Commercial banks									
	1981 Dec.	1982 Dec.	1983 Dec.	1984 Dec.	1985	1986				1987
					Dec. <sup>3,9</sup>	Mar.	June	Sept.	Dec.	Mar.
<b>1 All holders—Individuals, partnerships, and corporations</b> .....	<b>288.9</b>	<b>291.8</b>	<b>293.5</b>	<b>302.7</b>	<b>321.0</b>	<b>307.4</b>	<b>322.4</b>	<b>333.6</b>	<b>363.6</b>	<b>336.0</b>
2 Financial business.....	28.0	35.4	32.8	31.7	32.3	31.8	32.3	35.9	41.4	35.9
3 Nonfinancial business.....	154.8	150.5	161.1	166.3	178.5	166.6	180.0	185.9	202.0	183.1
4 Consumer.....	86.6	85.9	78.5	81.5	85.5	84.0	86.4	86.3	91.1	88.9
5 Foreign.....	2.9	3.0	3.3	3.6	3.5	3.4	3.0	3.3	3.3	2.9
6 Other.....	16.7	17.0	17.8	19.7	21.2	21.6	20.7	22.2	25.8	25.2
	Weekly reporting banks									
	1981 Dec.	1982 Dec.	1983 Dec.	1984 Dec. <sup>2</sup>	1985	1986				1987
					Dec. <sup>3,9</sup>	Mar.	June	Sept.	Dec.	Mar.
<b>7 All holders—Individuals, partnerships, and corporations</b> .....	<b>137.5</b>	<b>144.2</b>	<b>146.2</b>	<b>157.1</b>	<b>168.6</b>	<b>159.7</b>	<b>168.5</b>	<b>174.7</b>	<b>195.1</b>	<b>178.2</b>
8 Financial business.....	21.0	26.7	24.2	25.3	25.9	25.5	25.7	28.9	32.5	28.7
9 Nonfinancial business.....	75.2	74.3	79.8	87.1	94.5	86.8	93.1	94.8	106.4	94.4
10 Consumer.....	30.4	31.9	29.7	30.5	33.2	32.6	34.9	35.0	37.5	36.8
11 Foreign.....	2.8	2.9	3.1	3.4	3.1	3.3	2.9	3.2	3.3	2.8
12 Other.....	8.0	8.4	9.3	10.9	12.0	11.5	11.9	12.8	15.4	15.5

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. Figures may not add to totals because of rounding.

2. Beginning in March 1984, these data reflect a change in the panel of weekly reporting banks, and are not comparable to earlier data. Estimates in billions of dollars for December 1983 based on the new weekly reporting panel are: financial business, 24.4; nonfinancial business, 80.9; consumer, 30.1; foreign, 3.1; other, 9.5.

3. Beginning March 1985, financial business deposits and, by implication, total gross demand deposits have been redefined to exclude demand deposits due to

thrift institutions. Historical data have not been revised. The estimated volume of such deposits for December 1984 is \$5.0 billion at all insured commercial banks and \$3.0 billion at weekly reporting banks.

4. Historical data back to March 1985 have been revised to account for corrections of bank reporting errors. Historical data before March 1985 have not been revised, and may contain reporting errors. Data for all commercial banks for March 1985 were revised as follows (in billions of dollars): all holders, -.3; financial business, -.8; nonfinancial business, -.4; consumer, .9; foreign, .1; other, -.1. Data for weekly reporting banks for March 1985 were revised as follows (in billions of dollars): all holders, .1; financial business, .7; nonfinancial business, -.5; consumer, 1.1; foreign, .1; other, -.2.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1982 Dec.	1983 Dec.	1984 Dec.	1985 Dec.	1986 Dec.	1986		1987			
						Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
Commercial paper (seasonally adjusted unless noted otherwise)											
1 All issuers	166,436	187,658	237,586	300,899	331,016	322,435	331,016	337,190	336,677	338,797	346,769
Financial companies <sup>3</sup>											
Dealer-placed paper <sup>4</sup>											
2 Total	34,605	44,455	56,485	78,443	100,207 <sup>5</sup>	95,176 <sup>6</sup>	100,207 <sup>5</sup>	101,965 <sup>6</sup>	102,939 <sup>6</sup>	102,889	103,957
3 Bank-related (not seasonally adjusted)	2,516	2,441	2,035	1,602	2,265	2,035 <sup>6</sup>	2,265	2,284	2,174	2,116	2,307
Directly placed paper <sup>5</sup>											
4 Total	84,393	97,042	110,543	135,504	152,385	146,856	152,385	157,252	158,954	159,333	163,421
5 Bank-related (not seasonally adjusted)	32,034	35,566	42,105	44,778	40,860	39,205	40,860	45,085	45,722	46,634	48,604
6 Nonfinancial companies <sup>6</sup>	47,437	46,161	70,558	86,952	78,424 <sup>7</sup>	80,403 <sup>7</sup>	78,424 <sup>7</sup>	77,973 <sup>7</sup>	74,784 <sup>7</sup>	76,575	79,391
Bankers dollar acceptances (not seasonally adjusted) <sup>7</sup>											
7 Total	79,543	78,309	78,364	68,413	64,974	64,952	64,974	65,049	65,144	65,954 <sup>8</sup>	66,660
Holder											
8 Accepting banks	10,910	9,355	9,811	11,197	13,423	12,787	13,423	13,224	11,828	12,255 <sup>8</sup>	11,118
9 Own bills	9,471	8,125	8,621	9,471	11,707	10,951	11,707	10,662	10,006	10,516	9,721
10 Bills bought	1,439	1,230	1,191	1,726	1,716	1,835	1,716	2,561	1,821	1,730 <sup>8</sup>	1,396
Federal Reserve Banks											
11 Own account	1,480	418	0	0	0	0	0	0	0	0	0
12 Foreign correspondents	949	729	671	937	1,317	1,052	1,317	983	1,230	1,453	1,519
13 Others	66,204	67,807	67,881	56,279	50,234	51,113	50,234	50,843	52,087	52,255 <sup>8</sup>	54,024
Basis											
14 Imports into United States	17,683	15,649	17,845	15,147	14,670	15,354	14,670	14,459	14,615	14,711 <sup>8</sup>	15,095
15 Exports from United States	16,328	16,880	16,305	13,204	12,960	12,699	12,960	12,783	12,876 <sup>8</sup>	13,083 <sup>8</sup>	13,826
16 All other	45,531	45,781	44,214	40,062	37,344 <sup>8</sup>	36,899	37,344	37,807	37,654 <sup>8</sup>	38,159 <sup>8</sup>	37,739

1. 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.  
 2. 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.  
 3. 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.

4. Includes all financial company paper sold by dealers in the open market.  
 5. As reported by financial companies that place their paper directly with investors.  
 6. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.  
 7. Beginning October 1984, the number of respondents in the bankers acceptance survey were 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
1985—Jan. 15	10.50	1986—July 11	8.00	1985—Jan.	10.61	1986—Apr.	8.83
May 20	10.00	Aug. 26	7.50	Feb.	10.50	May	8.50
June 18	9.50			Mar.	10.50	June	8.50
		1987—Apr. 1	7.75	Apr.	10.50	July	8.16
1986—Mar. 7	9.00	May 1	8.00	May	10.31	Aug.	7.90
Apr. 21	8.50	15	8.25	June	9.78	Sept.	7.50
				July	9.50	Oct.	7.50
				Aug.	9.50	Nov.	7.50
				Sept.	9.50	Dec.	7.50
				Oct.	9.50		
				Nov.	9.50	1987—Jan.	7.50
				Dec.	9.50	Feb.	7.50
						Mar.	7.50
				1986—Jan.	9.50	Apr.	7.75
				Feb.	9.50	May	8.14
				Mar.	9.10	June	8.25

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

## I.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	1984	1985	1986	1987				1987, week ending				
				Feb.	Mar.	Apr.	May	May 1	May 8	May 15	May 22	May 29
<b>MONETARY MARKET RATES</b>												
1 Federal funds <sup>1,2</sup>	10.22	8.10	6.80	6.10	6.13	6.37	6.85	6.50	7.30	6.75	6.77	6.80
2 Discount window borrowing <sup>1,2,3</sup>	8.80	7.69	6.33	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Commercial paper <sup>1,5</sup>												
3 1-month	10.05	7.94	6.62	6.12	6.22	6.39	6.83	6.59	6.76	6.78	6.94	6.88
4 3-month	10.10	7.95	6.49	6.05	6.16	6.45	6.93	6.74	6.83	6.85	7.11	6.99
5 6-month	10.16	8.01	6.39	5.99	6.10	6.50	7.04	6.85	6.91	6.93	7.27	7.12
Finance paper, directly placed <sup>1,5</sup>												
6 1-month	9.97	7.91	6.58	6.02	6.11	6.28	6.78	6.43	6.73	6.76	6.86	6.81
7 3-month	9.73	7.77	6.38	5.88	5.95	6.22	6.74	6.42	6.67	6.74	6.83	6.76
8 6-month	9.65	7.75	6.31	5.79	5.88	6.14	6.47	6.29	6.44	6.47	6.52	6.47
Bankers acceptances <sup>5,6</sup>												
9 3-month	10.14	7.92	6.39	5.99	6.09	6.41	6.91	6.68	6.75	6.82	7.15	6.98
10 6-month	10.19	7.96	6.29	5.93	6.02	6.44	7.03	6.77	6.85	6.92	7.30	7.11
Certificates of deposit, secondary market <sup>7</sup>												
11 1-month	10.17	7.97	6.61	6.10	6.18	6.42	6.81	6.59	6.69	6.72	7.00	6.86
12 3-month	10.37	8.05	6.52	6.10	6.17	6.52	6.99	6.78	6.85	6.89	7.23	7.03
13 6-month	10.68	8.25	6.51	6.10	6.18	6.65	7.24	7.03	7.07	7.11	7.53	7.33
14 Eurodollar deposits, 3-month <sup>8</sup>	10.73	8.28	6.71	6.32	6.37	6.73	7.25	6.94	7.11	7.10	7.36	7.36
U.S. Treasury bills <sup>3</sup>												
Secondary market <sup>9</sup>												
15 3-month	9.52	7.48	5.98	5.59	5.59	5.64	5.66	5.69	5.61	5.69	5.68	5.67
16 6-month	9.76	7.65	6.03	5.59	5.60	5.90	6.05	6.05	5.91	5.95	6.21	6.17
17 1-year	9.92	7.81	6.08	5.63	5.68	6.09	6.52	6.31	6.39	6.54	6.71	6.48
Auction average <sup>10</sup>												
18 3-month	9.57	7.49	5.97	5.59	5.56	5.76	5.75	5.79	5.81	5.47	6.03	5.70
19 6-month	9.80	7.66	6.02	5.60	5.56	5.93	6.11	6.14	6.16	5.74	6.34	6.18
20 1-year	9.91	7.76	6.07	5.74	5.68	5.92	6.56	n.a.	n.a.	6.56	n.a.	n.a.
<b>CAPITAL MARKET RATES</b>												
U.S. Treasury notes and bonds <sup>11</sup>												
Constant maturities <sup>12</sup>												
21 1-year	10.89	8.43	6.46	5.96	6.03	6.50	7.00	6.76	6.88	7.03	7.20	6.95
22 2-year	11.65	9.27	6.87	6.40	6.42	7.02	7.76	7.44	7.60	7.73	8.00	7.78
23 3-year	11.89	9.64	7.06	6.56	6.58	7.32	8.02	7.71	7.87	8.00	8.27	8.01
24 5-year	12.24	10.13	7.31	6.79	6.79	7.57	8.26	7.92	8.09	8.24	8.52	8.23
25 7-year	12.40	10.51	7.55	7.06	7.06	7.83	8.47	8.16	8.33	8.47	8.71	8.42
26 10-year	12.44	10.62	7.68	7.25	7.25	8.02	8.61	8.32	8.49	8.61	8.84	8.55
27 20-year	12.48	10.97	7.85	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
28 30-year	12.39	10.79	7.80	7.54	7.55	8.25	8.78	8.54	8.67	8.77	9.00	8.71
Composite <sup>13</sup>												
29 Over 10 years (long-term)	11.99	10.75	8.14	7.69	7.62	8.31	8.79	8.57	8.66	8.76	9.03	8.73
State and local notes and bonds												
Moody's series <sup>14</sup>												
30 Aaa	9.61	8.60	6.95	6.05	6.25	7.20	7.61	7.40	7.55	7.50	7.80	7.60
31 Baa	10.38	9.58	7.76	6.98	7.25	8.29	8.78	8.55	8.70	8.65	8.95	8.80
32 Bond Buyer series <sup>15</sup>	10.10	9.11	7.32	6.61	6.66	7.55	8.00	7.85	7.86	7.82	8.31	8.03
Corporate bonds												
Seasoned issues <sup>16</sup>												
33 All industries	13.49	12.05	9.71	9.03	8.99	9.35	9.82	9.64	9.68	9.75	9.97	9.93
34 Aaa	12.71	11.37	9.02	8.38	8.36	8.85	9.33	9.21	9.21	9.25	9.49	9.40
35 Aa	13.31	11.82	9.47	8.88	8.84	9.15	9.59	9.40	9.42	9.52	9.77	9.73
36 A	13.74	12.28	9.95	9.20	9.13	9.36	9.83	9.58	9.64	9.77	9.99	9.98
37 Baa	14.19	12.72	10.39	9.65	9.61	10.04	10.51	10.37	10.45	10.45	10.62	10.58
38 A-rated, recently-offered utility bonds <sup>17</sup>	13.81	12.06	9.61	8.82	8.84	9.51	10.05	9.90	9.87	10.10	10.27	10.05
MIMO: Dividend/price ratio <sup>18</sup>												
39 Preferred stocks	11.59	10.49	8.76	7.93	7.52	7.94	8.41	8.26	8.22	8.36	8.52	8.55
40 Common stocks	4.64	4.25	3.48	3.02	2.90	2.99	3.02	3.05	2.94	2.96	3.14	3.03

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. Averages (to maturity or call) for all outstanding bonds neither due nor callable in less than 10 years, including one very low yielding "flower" bond.

14. General obligations based on Thursday figures; Moody's Investors Service.

15. General obligations only, with 20 years to maturity, issued by 20 state and local governmental units of mixed quality. Based on figures for Thursday.

16. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.

17. 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.

18. 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 (5/19) and G.13 (4/15) releases. For address, see inside front cover.

## 1.36 STOCK MARKET Selected Statistics

Indicator	1984	1985	1986	1986				1987				
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
				Prices and trading (averages of daily figures)								
<i>Common stock prices</i>												
1 New York Stock Exchange (Dec. 31, 1965 = 50).....	92.46	108.09	136.00	137.06	136.74	140.84	142.12	151.17	160.23	166.43	163.88	163.00
2 Industrial .....	108.01	123.79	155.85	156.52	156.56	162.10	163.85	175.60	189.17	198.95	199.03	198.78
3 Transportation .....	85.63	104.11	119.85	114.06	120.04	122.27	121.26	126.61	135.49	138.55	137.91	141.30
4 Utility .....	46.44	56.75	71.35	74.56	73.38	75.77	76.07	78.54	78.19	77.15	72.74	71.64
5 Finance .....	89.28	114.21	147.18	145.56	143.89	142.97	144.29	153.32	158.41	162.41	150.52	145.97
6 Standard & Poor's Corporation (1941-43 = 10) <sup>1</sup> .....	160.50	186.84	236.34	238.27	237.36	245.09	248.61	264.51	280.93	292.47	289.32	289.12
7 American Stock Exchange <sup>2</sup> (Aug. 31, 1973 = 50).....	207.96	229.10	264.38	264.30	257.82	265.14	264.65	289.02	315.60	332.55	330.65	328.77
<i>Volume of trading (thousands of shares)</i>												
8 New York Stock Exchange.....	91,084	109,191	141,306	150,831	131,155	154,770	148,228	192,419	183,478	180,251	187,135	170,898
9 American Stock Exchange .....	6,107	8,355	11,846	10,853	8,930	10,513	12,272	14,755	14,962	15,678	14,420	11,655
Customer financing (end-of-period balances, in millions of dollars)												
10 Margin credit at broker-dealers <sup>3</sup> .....	22,470	28,390	36,840	34,580	36,310	37,090	36,840	34,960	35,740	38,080	39,820	38,890
<i>Free credit balances at brokers<sup>4</sup></i>												
11 Margin-account <sup>5</sup> .....	1,755	2,715	4,880	3,395	3,805	3,765	4,880	5,060	4,470	4,730	4,660	4,355
12 Cash-account .....	10,215	12,840	19,000	14,060	14,445	15,045	19,000	17,395	17,325	17,370	17,285	16,985
Margin requirements (percent of market value and effective date) <sup>6</sup>												
	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974						
13 Margin stocks .....	70	80	65	55	65	50						
14 Convertible bonds.....	50	60	50	50	50	50						
15 Short sales .....	70	80	65	55	65	50						

1. Effective July 1976, includes a new financial group, banks and insurance companies. With this change the index includes 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.

2. Beginning July 5, 1983, the American Stock Exchange rebased its index effectively cutting previous readings in half.

3. Beginning July 1983, under the revised Regulation T, margin credit at broker-dealers includes credit extended against stocks, convertible bonds, stocks acquired through exercise of subscription rights, corporate bonds, and government securities. Separate reporting of data for margin stocks, convertible bonds, and subscription issues was discontinued in April 1984.

4. Free credit balances are in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand.

5. New series beginning June 1984.

6. 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.

A26 Domestic Financial Statistics [ ] August 1987

1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1984	1985	1986								1987		
			May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Savings and loan associations													
1 Assets.....	903,488	948,781	963,274	954,226	957,945	965,032	957,229	961,894	964,096	963,316 <sup>r</sup>	935,424	936,903	↕ n.a. ↕
2 Mortgages.....	555,291	583,235	574,992	565,037	565,353	566,438	557,137	557,303	556,780	553,552	n.a.	n.a.	
3 Mortgage-backed securities.....	97,303	108,324	113,158	113,100	113,621	117,617	121,606	122,682	123,257	128,695	128,097		
4 Cash and investment securities <sup>1</sup> .....	124,801	126,712	134,881	130,877	132,787	138,863	138,619	138,213 <sup>r</sup>	141,510 <sup>r</sup>	142,700 <sup>r</sup>	133,237	136,226	
5 Other.....	223,396	238,833	253,400	258,310	259,798	259,726	261,415	250,781 <sup>r</sup>	250,297 <sup>r</sup>	251,769 <sup>r</sup>	260,892	262,921	
6 Liabilities and net worth.....	903,488	948,781	963,274	954,226	957,945	965,032	957,229	961,894	964,096	963,316 <sup>r</sup>	935,424	936,903	
7 Savings capital.....	725,045	750,071	751,138	744,026	747,020	749,020	743,518	742,747	740,066	741,081 <sup>r</sup>	721,574	722,082	
8 Borrowed money.....	125,666	138,798	145,032	148,054	146,578	148,541	155,748	152,567	156,920	159,742 <sup>r</sup>	152,981	151,786	
9 FHL/BB.....	64,207	73,888	73,520	73,553	75,058	75,594	80,364	75,295	75,626	80,194	75,552	75,673	
10 Other.....	61,459	64,910	71,512	74,501	71,520	72,947	75,384	77,272	81,294	79,548 <sup>r</sup>	77,429	76,113	
11 Other.....	17,944	19,045	24,722	20,792	22,785	24,706	15,461	23,255	24,078	20,071 <sup>r</sup>	19,969	22,015	
12 Net worth <sup>2</sup> .....	34,833	41,064	42,382	41,353	41,560	42,764	42,503	43,326	43,034	42,423 <sup>r</sup>	40,901	41,019	
MEMO													
13 Mortgage loan commitments outstanding <sup>3</sup> .....	61,305	54,475	57,997	57,200	55,687	53,180	51,163	49,887	48,222	41,650	n.a.	n.a.	
FSLIC-insured federal savings banks													
14 Assets.....	98,559	131,868	164,129	180,124	183,317	186,810	196,225	202,106	204,918	210,562	235,351	235,661	↕ n.a. ↕
15 Mortgages.....	57,429	72,355	89,108	99,758	101,755	103,019	108,627	110,826	112,117	113,638	136,707	136,428	
16 Mortgage-backed securities.....	9,949	15,676	19,829	21,598	23,247	24,097	26,431	27,516	28,324	29,766	33,393	34,457	
17 Other.....	10,971	11,723	15,083	16,774	17,027	17,056	18,509	18,697	19,266	19,034	15,948	16,209	
18 Liabilities and net worth.....	98,559	131,868	164,129	180,124	183,317	186,810	196,225	202,106	204,918	210,562	235,351	235,661	
19 Savings capital.....	79,572	103,462	126,123	138,168	140,610	142,858	149,074	152,834	154,447	157,872	176,722	177,335	
20 Borrowed money.....	12,798	19,323	25,686	28,502	28,722	29,390	32,319	33,430	33,937	37,329	40,502	39,623	
21 FHL/BB.....	7,515	10,510	12,830	15,301	15,866	16,123	16,853	17,382	17,863	19,897	20,730	20,226	
22 Other.....	5,283	8,813	12,856	13,201	12,856	13,267	15,466	16,048	16,074	17,432	19,772	19,397	
23 Other.....	1,903	2,732	4,338	4,279	4,564	4,914	4,666	5,330	5,652	4,263	5,321	5,540	
24 Net worth.....	4,286	6,351	7,982	9,175	9,422	9,647	10,165	10,511	10,883	11,098	12,811	13,165	
MEMO													
25 Mortgage loan commitments outstanding <sup>3</sup> .....	3,234	5,355	8,762	9,410	10,139	9,770	10,221	9,356	9,952	8,686	n.a.	n.a.	
Savings banks													
26 Assets.....	203,898	216,776	226,495	223,367	224,569	227,011	228,854	230,919	232,577	236,866	235,603	238,074	240,739
Loans													
27 Mortgage.....	102,895	110,448	112,417	110,958	111,971	113,265	114,188	116,648	117,612	118,323	119,199	119,737	121,178
28 Other.....	24,954	30,876	35,500	36,692	36,421	37,350	37,298	36,130	36,149	35,167	36,122	37,207	38,012
Securities													
29 U.S. government.....	14,643	13,111	13,210	12,115	12,297	12,043	12,357	12,585	13,037	14,209	13,332	13,525	13,631
30 Mortgage-backed securities.....	19,215	19,481	22,546	22,413	22,954	21,161	23,216	23,437	24,051	25,836	26,220	26,893	27,463
31 State and local government.....	2,077	2,323	2,343	2,281	2,309	2,400	2,407	2,347	2,290	2,185	2,180	2,168	2,041
32 Corporate and other.....	23,747	21,199	20,260	2,036	20,862	20,602	20,902	21,156	20,749	20,459	19,795	19,770	19,598
33 Cash.....	4,954	6,225	6,225	5,301	4,651	5,018	4,811	5,195	5,052	6,894	5,239	5,143	5,703
34 Other assets.....	11,413	13,113	13,994	13,244	13,104	13,172	13,675	13,421	13,637	13,793	13,516	13,631	13,713
35 Liabilities.....	203,898	216,776	226,495	223,367	224,569	227,011	228,854	230,919	232,577	236,866	235,603	238,074	240,739
36 Deposits.....	180,616	185,972	190,310	189,109	188,615	189,937	190,210	190,334	190,858	192,194	191,441	192,559	193,693
37 Regular <sup>4</sup> .....	177,418	181,921	185,716	183,970	183,433	184,764	185,002	185,254	185,958	186,345	186,385	187,597	188,432
38 Ordinary savings.....	33,739	33,018	33,577	34,008	34,166	34,530	35,227	36,165	36,739	37,717	38,467	39,370	40,558
39 Time.....	104,732	103,311	105,146	103,083	102,374	102,668	102,191	101,125	101,240	100,809	100,604	100,922	100,896
40 Other.....	3,198	4,051	4,594	5,139	5,182	5,173	5,208	5,080	4,900	5,849	5,056	4,962	5,261
41 Other liabilities.....	12,504	17,414	21,384	19,226	20,641	21,360	21,947	23,319	24,254	25,274	24,710	25,663	27,003
42 General reserve accounts.....	10,510	12,823	14,519	14,731	15,084	15,427	16,319	16,896	17,146	18,105	18,236	18,486	18,830

## I.37—Continued

Account	1984	1985	1986							1987			
			May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Credit unions <sup>5</sup>													
43 Total assets/liabilities and capital	93,036	118,010	132,415	134,703	137,901	139,233	140,496	143,662	145,653	147,726			
44 Federal	63,205	77,861	86,289	87,579	89,539	90,367	91,981	93,257	94,638	95,483	↑	↑	↑
45 State	29,831	40,149	46,126	47,124	48,362	48,866	48,515	50,405	51,015	52,243	n.a.	n.a.	n.a.
46 Loans outstanding	62,561	73,513	76,774	77,847	79,647	80,656	81,820	83,388	84,635	86,137	n.a.	n.a.	n.a.
47 Federal	42,337	47,933	49,950	50,613	51,331	52,007	53,042	53,434	53,877	55,304	↓	↓	↓
48 State	20,224	25,580	26,824	27,234	28,316	28,649	28,778	29,954	30,758	30,833			
49 Savings	84,348	105,963	120,331	122,952	125,331	126,268	128,125	130,483	131,778	134,327			
50 Federal	57,539	70,926	79,479	80,975	82,596	83,132	84,607	86,158	87,009	87,954			
51 State	26,809	35,037	40,852	41,977	42,735	43,136	43,518	44,325	44,769	46,373			
Life insurance companies													
52 Assets	722,979	825,901	863,610	872,359	877,919	887,255	892,304	860,682	910,691	920,771	931,962	↑	↑
Securities													
53 Government	63,899	75,230	79,051	78,284	78,722	79,188	81,636	82,047	84,858	85,849	85,000		
54 United States <sup>6</sup>	42,204	51,700	55,120	54,197	54,321	54,487	56,698	57,511	59,802	61,494	61,014		
55 State and local	8,713	9,708	9,930	10,114	10,350	10,472	10,606	10,212	10,712	10,267	10,048		
56 Foreign <sup>7</sup>	12,982	13,822	14,001	13,973	14,051	14,229	14,332	14,324	14,344	14,088	13,938	n.a.	n.a.
57 Business	359,333	423,712	450,279	455,119	455,013	463,135	462,540	467,433	473,860	474,485	487,837		
58 Bonds	295,998	346,216	364,122	367,966	369,704	374,670	378,267	381,381	386,293	386,994	395,994		
59 Stocks	63,335	77,496	86,157	87,153	85,309	88,465	84,273	86,052	87,567	87,491	91,843		
60 Mortgages	156,699	171,797	177,554	180,041	182,542	183,943	185,268	186,976	189,460	192,975	193,395		
61 Real estate	25,767	28,822	30,025	30,350	31,151	31,844	31,725	31,918	32,184	32,079	32,229		
62 Policy loans	54,505	54,369	54,351	57,342	54,249	54,247	54,273	54,199	54,152	54,016	53,692		
63 Other assets	63,776	71,971	72,352	74,223	76,214	74,898	76,862	77,798	76,177	81,367	79,809		

1. Holdings of stock of the Federal Home Loan Banks are in "other assets."

2. Includes net undistributed income accrued by most associations.

3. As of July 1985, data include loans in process.

4. Excludes checking, club, and school accounts.

5. Data include all federally insured credit unions, both federal and state chartered, serving natural persons.

6. Direct and guaranteed obligations. Excludes federal agency issues not guaranteed, which are shown in the table under "Business" securities.

7. Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.

NOTE. *Savings and loan associations*: Estimates by the FHLBB for all associations in the United States based on annual benchmarks for non-FSLIC-insured associations and the experience of FSLIC-insured associations.

*FSLIC-insured federal savings banks*: Estimates by the FHLBB for federal savings banks insured by the FSLIC and based on monthly reports of federally insured institutions.

*Savings banks*: Estimates by the National Council of Savings Institutions for all savings banks in the United States and for FDIC-insured savings banks that have converted to federal savings banks.

*Credit unions*: Estimates by the National Credit Union Administration for federally chartered and federally insured state-chartered credit unions serving natural persons.

*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."

## I.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1984	Fiscal year 1985	Fiscal year 1986	Calendar year					
				1986	1987				
				Dec.	Jan.	Feb.	Mar.	Apr.	May
<i>U.S. budget</i> <sup>1</sup>									
1 Receipts, total	666,457	734,057	769,091	78,035	81,771	55,463	56,515	122,897	47,691
2 On-budget	500,482	547,886	568,862	60,694	62,981	37,919	38,469	99,083	30,205
3 Off-budget	166,075	186,171	200,228	17,341	18,790	17,544	18,046	23,814	17,486
4 Outlays, total	851,781	946,316	989,815	89,158	83,942	83,828	84,527	84,240	83,435
5 On-budget	685,968	769,509	806,318	74,669	68,176	67,138	67,872	69,215	66,389
6 Off-budget	165,813	176,807	183,498	14,489	15,766	16,690	16,655	15,025	17,046
7 Surplus, or deficit ( ), total	185,324	212,260	220,725	11,123	2,170	28,366	28,012	38,657	35,744
8 On-budget	185,586	221,623	237,455	13,976	5,195	29,219	29,403	29,867	36,184
9 Off-budget	262	9,363	16,371	2,853	3,024	854	1,391	8,790	440
Source of financing (total)									
10 Borrowing from the public	170,817	197,269	236,284	22,824	4,353	15,248	7,884	9,075	13,005
11 Cash and monetary assets (decrease, or increase ( )) <sup>2</sup>	6,631	13,367	14,324	14,751	9,564	16,574	15,621	47,189	24,217
12 Other <sup>3</sup>	7,875	1,630	1,235	4,004	7,381	3,456	4,506	543	1,478
MIMO									
13 Treasury operating balance (level, end of period)	30,426	17,060	31,384	30,946	41,307	24,816	8,969	55,744	33,106
14 Federal Reserve Banks	8,514	4,174	7,514	7,588	15,746	3,482	3,576	29,688	6,383
15 Tax and loan accounts	21,913	12,886	23,870	23,357	25,561	21,334	5,394	26,056	26,723

1. In accordance with the Balanced Budget and Emergency Deficit Control Act of 1985, all former off-budget entries are now presented on-budget. The Federal Financing Bank (FFB) activities are now shown as separate accounts under the agencies that use the FFB to finance their programs. The act has also moved two social security trust funds (Federal old-age survivors insurance and Federal disability insurance trust funds) off-budget.

2. Includes U.S. Treasury operating cash accounts; SDRs; reserve position on the U.S. quota in the IMF; loans to International Monetary Fund; and other cash and monetary assets.

3. 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.

SOURCES: "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government" and the *Budget of the U.S. Government*.

## I.39 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1985	Fiscal year 1986	Calendar year						
			1985		1986		1987		
			H1	H2	H1	H2	Mar.	Apr.	May
<b>RECEIPTS</b>									
<b>1 All sources</b> .....	<b>734,057</b>	<b>769,091</b>	<b>380,618</b>	<b>364,790</b>	<b>394,345</b>	<b>387,524</b>	<b>56,515</b>	<b>122,897</b>	<b>47,691</b>
2 Individual income taxes, net.....	334,531	348,959	166,783	169,987	169,444	183,156	14,240	71,850	9,275
3 Withheld.....	298,941	314,838	149,288	155,725	153,919	164,071	27,608	26,943	24,823
4 Presidential Election Campaign Fund.....	35	36	29	6	31	4	10	7	7
5 Nonwithheld.....	101,328	105,994	76,155	22,295	78,981	27,733	4,106	62,939	7,228
6 Refunds.....	65,743	71,873	58,684	8,038	63,488	8,652	17,482	18,039	22,782
Corporation income taxes									
7 Gross receipts.....	77,413	80,442	42,193	36,528	41,946	42,108	15,948	13,290	2,885
8 Refunds.....	16,082	17,298	8,370	7,751	9,557	8,230	2,834	2,101	1,042
9 Social insurance taxes and contributions, net.....	265,163	283,901	144,598	128,017	156,714	134,006	23,689	33,646	30,218
10 Employment taxes and contributions <sup>1</sup> .....	234,646	255,062	126,038	116,276	139,706	122,246	23,128	30,457	22,270
11 Self-employment taxes and contributions <sup>2</sup> .....	10,468	11,840	9,482	985	10,581	1,338	669	7,403	732
12 Unemployment insurance.....	25,758	24,098	16,213	9,281	14,674	9,328	186	2,827	7,529
13 Other net receipts <sup>3</sup> .....	4,759	4,742	2,350	2,458	2,333	2,429	375	361	419
14 Excise taxes.....	35,992	32,919	17,259	18,470	15,944	15,947	2,511	2,471	2,633
15 Customs deposits.....	12,079	13,323	5,807	6,354	6,369	7,282	1,220	1,165	1,142
16 Estate and gift taxes.....	6,422	6,958	3,204	3,323	3,487	3,649	570	810	726
17 Miscellaneous receipts <sup>4</sup> .....	18,539	19,887	9,144	9,861	10,002	9,605	1,171	1,767	1,853
<b>OUTLAYS</b>									
<b>18 All types</b> .....	<b>946,223</b>	<b>989,789</b>	<b>463,842</b>	<b>487,188</b>	<b>486,037</b>	<b>504,785</b>	<b>84,527</b>	<b>84,240</b>	<b>83,435</b>
19 National defense.....	252,748	273,369	124,186	134,675	135,367	138,544	24,742	24,407	23,471
20 International affairs.....	16,176	14,471	6,675	8,367	5,384	8,876	681	163	831
21 General science, space, and technology.....	8,627	9,017	4,230	4,727	12,519	4,594	703	653	779
22 Energy.....	5,685	4,792	680	3,305	2,484	2,735	441	361	356
23 Natural resources and environment.....	13,357	13,508	5,892	7,553	6,245	7,141	1,092	1,052	985
24 Agriculture.....	25,565	31,169	11,705	15,412	14,482	16,160	2,453	2,641	716
25 Commerce and housing credit.....	4,229	4,258	-260	644	860	3,647	1,677	1,129	997
26 Transportation.....	25,838	28,058	11,440	15,360	12,658	14,745	1,982	1,936	2,089
27 Community and regional development.....	7,680	7,510	3,408	3,901	3,169	3,494	490	592	585
28 Education, training, employment, social services.....	29,342	29,662	14,149	14,481	14,712	15,268	2,440	2,317	2,255
29 Health.....	33,542	35,936	16,945	17,237	17,872	19,814	3,263	3,672	3,544
30 Social security and medicare.....	254,446	190,850	128,351	129,037	135,214	138,296	23,407	23,615	23,782
31 Income security.....	128,200	120,686	65,246	59,457	60,786	59,628	10,910	11,282	10,273
32 Veterans benefits and services.....	26,352	26,614	11,956	14,527	12,193	14,497	1,137	2,360	2,047
33 Administration of justice.....	6,277	6,555	3,016	3,212	3,352	3,360	570	619	646
34 General government.....	5,228	6,796	2,857	3,634	3,566	2,786	439	196	358
35 General-purpose fiscal assistance.....	6,353	6,430	2,659	3,391	2,179	2,767	61	179	62
36 Net interest.....	129,436	135,284	65,143	67,448	68,054	65,816	10,971	11,295	12,284
37 Undistributed offsetting receipts <sup>5</sup> .....	-32,759	-33,244	-14,436	-17,953	-17,193	-17,426	-2,932	-4,230	-2,626

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. Net interest function includes interest received by trust funds.

6. 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 1988*.

A30 Domestic Financial Statistics □ August 1987

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1985				1986				1987
	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31
1 Federal debt outstanding	1,715.1	1,779.0	1,827.5	1,950.3	1,991.1	2,063.6	2,129.5	2,218.9	2,250.7
2 Public debt securities	1,710.7	1,774.6	1,823.1	1,945.9	1,986.8	2,059.3	2,125.3	2,214.8	2,246.7
3 Held by public	1,415.2	1,460.5	1,506.6	1,597.1	1,634.3	1,684.9	1,742.4	1,811.7	1,839.3
4 Held by agencies	295.5	314.2	316.5	348.9	352.6	374.4	382.9	403.1	407.5
5 Agency securities	4.4	4.4	4.4	4.4	4.3	4.3	4.2	4.0	4.0
6 Held by public	3.3	3.3	3.3	3.3	3.2	3.2	3.2	3.0	2.9
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	1,711.4	1,775.3	1,823.8	1,932.4	1,973.3	2,060.0	2,111.0	2,200.5	2,232.4
9 Public debt securities	1,710.1	1,774.0	1,822.5	1,931.1	1,972.0	2,058.7	2,109.7	2,199.3	2,231.1
10 Other debt <sup>1</sup>	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
11 MIMO: Statutory debt limit	1,823.8	1,823.8	1,823.8	2,078.7	2,078.7	2,078.7	2,111.0	2,300.0	2,300.0

1. Includes guaranteed debt of government agencies, specified participation certificates, notes to international lending organizations, and District of Columbia stadium bonds.

SOURCES: *Treasury Bulletin* and *Monthly Statement of the Public Debt of the United States*.

1.41 GROSS PUBLIC DEBT OF U.S. TREASURY Types and Ownership

Billions of dollars, end of period

Type and holder	1983	1984	1985	1986	1986			1987
					Q2	Q3	Q4	Q1
1 Total gross public debt	1,410.7	1,663.0	1,945.9	2,214.8	2,059.3	2,125.3	2,214.8	2,246.7
<i>By type</i>								
2 Interest-bearing debt	1,400.9	1,660.6	1,943.4	2,212.0	2,056.7	2,122.7	2,212.0	2,244.0
3 Marketable	1,050.9	1,247.4	1,437.7	1,619.0	1,498.2	1,564.3	1,619.0	1,635.7
4 Bills	343.8	374.4	399.9	426.7	396.9	410.7	426.7	406.2
5 Notes	573.4	705.1	812.5	927.5	869.3	896.9	927.5	955.3
6 Bonds	133.7	167.9	211.1	249.8	232.3	241.7	249.8	259.3
7 Nonmarketable <sup>1</sup>	350.0	413.2	505.7	593.1	558.5	558.4	593.1	608.3
8 State and local government series	36.7	44.4	87.5	110.5	98.2	102.4	110.5	118.5
9 Foreign issues <sup>2</sup>	10.4	9.1	7.5	4.7	5.3	4.1	4.7	4.9
10 Government	10.4	9.1	7.5	4.7	5.3	4.1	4.7	4.9
11 Public	.0	.0	.0	.0	.0	.0	.0	.0
12 Savings bonds and notes	70.7	73.1	78.1	90.6	82.3	85.6	90.6	93.0
13 Government account series <sup>3</sup>	231.9	286.2	332.2	386.9	372.3	365.9	386.9	391.4
14 Non-interest-bearing debt	9.8	2.3	2.5	2.8	2.6	2.6	2.8	2.7
<i>By holder<sup>4</sup></i>								
15 U.S. government agencies and trust funds	236.3	289.6	348.9	403.1	374.4	382.9	403.1	407.5
16 Federal Reserve Banks	151.9	160.9	181.3	211.3	183.8	190.8	211.3	196.4
17 Private investors	1,022.6	1,212.5	1,417.2	1,602.0	1,502.7	1,553.3	1,602.0	1,641.4
18 Commercial banks	188.8	183.4	192.2	225.0	192.2	212.5	225.0	232.0
19 Money market funds	22.8	25.9	25.1	28.6	22.8	24.9	28.6	18.8
20 Insurance companies	56.7	76.4	95.8 <sup>5</sup>	106.9	97.7	100.9	106.9	n.a.
21 Other companies	39.7	50.1	59.0	68.8	61.2 <sup>6</sup>	65.7 <sup>6</sup>	68.8	72.1
22 State and local governments	155.1	179.4	235.8	273.1	239.8	256.4	273.1	n.a.
Individuals								
23 Savings bonds	71.5	74.5	79.8	92.3	83.8	87.1	92.3	94.7
24 Other securities	61.9	69.3	75.0	70.4 <sup>6</sup>	75.7 <sup>6</sup>	70.9 <sup>6</sup>	70.4 <sup>6</sup>	68.4
25 Foreign and international <sup>5</sup>	166.3	192.9	214.6	257.0	239.8	256.4	255.6	272.1
26 Other miscellaneous investors <sup>6</sup>	259.8	360.6	439.9	476.2	469.2	474.7	476.2	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 securities 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<sup>1</sup>

Par value; averages of daily figures, in millions of dollars

Item	1984	1985	1986	1987			1987					
				Mar.	Apr.	May	Apr. 22	Apr. 29	May 6	May 13	May 20	May 27
Immediate delivery <sup>2</sup>												
1 U.S. government securities.....	52,778	75,331	95,447	102,209	138,007	116,376	142,263	135,360	111,829	117,762	121,141	117,483
<i>By maturity</i>												
2 Bills.....	26,035	32,900	34,249	37,027	50,528	36,913	52,915	45,951	38,268	34,077	39,326	37,347
3 Other within 1 year.....	1,305	1,811	2,115	2,647	3,190	3,084	3,262	3,485	2,720	3,628	3,081	3,055
4 1-5 years.....	11,733	18,361	24,667	24,322	29,094	30,979	30,550	29,460	28,390	27,572	35,876	33,065
5 5-10 years.....	7,606	12,703	20,455	22,444	31,476	22,716	30,883	32,297	22,563	22,776	20,788	23,522
6 Over 10 years.....	6,099	9,556	13,961	15,769	23,718	22,684	24,652	24,167	19,888	29,709	22,071	20,495
<i>By type of customer</i>												
7 U.S. government securities dealers.....	2,919	3,336	3,646	3,506	3,113	2,801	2,678	3,134	3,018	3,128	2,939	2,007
8 U.S. government securities brokers.....	25,580	36,222	49,368	52,671	78,533	63,089	80,973	79,222	63,279	66,294	65,532	61,457
9 All others <sup>3</sup> .....	24,278	35,773	42,218	45,446	55,648	49,808	58,611	53,004	45,532	48,340	52,668	54,018
10 Federal agency securities.....	7,846	11,640	16,746	20,984	22,184	19,694	28,811	17,516	17,748	15,630	22,630	24,729
11 Certificates of deposit.....	4,947	4,016	4,355	3,570	4,964	3,880	5,344	4,553	3,608	3,320	3,832	4,733
12 Bankers acceptances.....	3,243	3,242	3,272	2,917	3,453	2,762	3,605	3,166	2,478	2,534	2,999	3,040
13 Commercial paper.....	10,018	12,717	16,660	15,489	17,914	18,375	21,206	18,625	19,487	15,436	19,638	18,606
Futures transactions <sup>4</sup>												
14 Treasury bills.....	6,947	5,561	3,311	3,577	3,575	4,128	4,240	3,092	4,137	4,000	3,891	5,406
15 Treasury coupons.....	4,533	6,085	7,175	6,891	12,018	10,374	11,497	13,109	11,404	9,696	11,733	9,579
16 Federal agency securities.....	264	252	16	9	1	6	0	0	0	0	0	13
Forward transactions <sup>5</sup>												
17 U.S. government securities.....	1,364	1,283	1,876	1,952	2,760	2,840	4,591	2,476	4,267	2,672	2,272	2,534
18 Federal agency securities.....	2,843	3,857	7,830	10,656	15,961	11,951	20,145	11,921	9,364	10,960	16,074	14,021

1. Transactions are market purchases and sales of securities as reported to the Federal Reserve Bank of New York by the U.S. government securities dealers on its published list of primary dealers.

Averages for transactions are based on the number of trading days in the period. 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.

2. Data for immediate transactions do not include forward transactions.

3. 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.

4. 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.

5. 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: Data for the period May 1 to Sept. 30, 1986, are partially estimated.

I.43 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing<sup>1</sup>

Averages of daily figures, in millions of dollars

Item	1984	1985	1986	1987			1987					
				Mar.	Apr. <sup>2</sup>	May	Apr. 29	May 6	May 15	May 20	May 27	
Positions												
Net immediate <sup>2</sup>												
1 U.S. government securities.....	5,429	7,391	13,055	7,840	6,965	13,454	16,831 <sup>3</sup>	19,068	11,852	14,035	11,021	
2 Bills.....	5,500	10,075	12,724	7,070	779	5,937	6,448	8,007	5,110	6,170	6,010	
3 Other within 1 year.....	63	1,050	3,699	3,513	3,076	3,530	2,794	3,643	3,340	3,681	3,486	
4 1-5 years.....	2,159	5,154	9,297	7,451	2,519	1,074	2,224	40	1,427	378	3,486	
5 5-10 years.....	1,419	6,202	9,504	5,208	5,944	7,644	8,803	8,908	6,935	6,965	8,549	
6 Over 10 years.....	1,174	2,686	3,161 <sup>4</sup>	4,986	5,836	4,477	6,599	5,756	4,574	4,202	3,434	
7 Federal agency securities.....	15,294	22,860	33,066	31,296	32,863	32,766	31,430	30,648	32,498	35,362	32,660	
8 Certificates of deposit.....	7,369	9,192	10,533	8,615	8,502	8,990	8,818	8,836	8,972	8,922	9,153	
9 Bankers acceptances.....	3,874	4,586	5,535 <sup>5</sup>	5,015	3,694	3,714	3,154	3,089	4,181	4,019	3,503	
10 Commercial paper.....	3,788	5,570	8,087	8,954	6,258	6,391	6,449	6,762	6,550	6,713	6,279	
Futures positions												
11 Treasury bills.....	4,525	7,322	18,062	10,805	5,004	1,789	3,465 <sup>5</sup>	880	1,310	2,285	3,716	
12 Treasury coupons.....	1,794	4,465	3,489 <sup>5</sup>	4,313	3,936	2,612	3,586	3,530	2,553	2,544	2,211	
13 Federal agency securities.....	233	722	153	98	95	98	96	98	98	98	98	
Forward positions												
14 U.S. government securities.....	1,643	911	2,304	2,151	2,386	4,305	2,996	3,784	3,939	5,607	4,789	
15 Federal agency securities.....	9,205	9,420	11,909 <sup>5</sup>	16,703	15,767	20,297	15,369	17,688	20,669	22,650	20,181	
Financing <sup>4</sup>												
Reverse repurchase agreements <sup>4</sup>												
16 Overnight and continuing.....	44,078	68,035	98,954	127,183	129,443	n.a.	125,916	122,241	116,064	120,745	124,737	
17 Term agreements.....	68,357	80,809	108,693	130,489	133,833	n.a.	149,607	148,645	154,191	152,715	150,494	
Repurchase agreements <sup>5</sup>												
18 Overnight and continuing.....	75,717	101,410	141,735	177,021	176,340	n.a.	170,842	162,337	154,942	167,444	173,210	
19 Term agreements.....	57,047	70,076	102,640	112,078	108,841	n.a.	122,608	119,105	131,012	124,198	124,105	

1. Data for dealer positions and sources of financing are obtained from reports submitted to the Federal Reserve Bank of New York by the U.S. government securities dealers on its published list of primary dealers.

2. 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 net amounts and are shown on a commitment basis. Data for financing are in terms of actual amounts borrowed or lent and are based on Wednesday figures.

3. 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. 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. Data for immediate positions do not include forward positions.

4. Figures cover financing involving U.S. government and federal agency securities, negotiable CDs, bankers acceptances, and commercial paper.

5. 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.

6. Includes both repurchase agreements undertaken to finance positions and "matched book" repurchase agreements.

7. Data on positions for the period May 1 to Sept. 30, 1986, are partially estimated.

## 1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1983	1984	1985	1986		1987			
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
<b>1 Federal and federally sponsored agencies</b> .....	<b>240,068</b>	<b>271,220</b>	<b>293,905</b>	<b>305,097</b>	<b>307,361</b>	<b>305,114</b>	<b>305,603</b>	n.a.	↑
2 Federal agencies .....	33,940	35,145	36,390	36,952	36,958	37,041	37,073'	36,660	↑
3 Defense Department <sup>1</sup> .....	243	142	71	35	33	32	27	24	↑
4 Export-Import Bank <sup>2,3</sup> .....	14,853	15,882	15,678	14,274	14,211	14,211	14,211	13,813	↑
5 Federal Housing Administration <sup>4</sup> .....	194	133	115	124	138	136	147	158	n.a.
6 Government National Mortgage Association participation certificates <sup>5</sup> .....	2,165	2,165	2,165	2,165	2,165	2,165	2,165	2,165	↓
7 Postal Service <sup>6</sup> .....	1,404	1,337	1,940	3,104	3,104	3,104	3,104	3,104	↓
8 Tennessee Valley Authority .....	14,970	15,435	16,347	17,176	17,222	17,308	17,334'	17,311	↓
9 United States Railway Association <sup>6</sup> .....	111	51	74	74	85	85	85	85	↓
10 Federally sponsored agencies <sup>7</sup> .....	206,128	236,075	257,515	268,145	270,403	268,073	268,530	n.a.	↑
11 Federal Home Loan Banks .....	48,930	65,085	74,447	86,891	88,752	90,225	91,313	92,087	94,606
12 Federal Home Loan Mortgage Corporation .....	6,793	10,270	11,926	13,606	13,589	13,492	13,847	n.a.	n.a.
13 Federal National Mortgage Association .....	74,594	83,720	93,896	93,477	93,563	92,588	91,522	91,618	89,741
14 Farm Credit Banks .....	72,816	71,193	68,851	62,693	62,328	59,984	59,367	58,364	57,251
15 Student Loan Marketing Association <sup>8</sup> .....	3,402	5,745	8,395	11,478	12,171	11,784	12,481	13,230	n.a.
<b>MEMO</b>									
<b>16 Federal Financing Bank debt<sup>9</sup></b> .....	<b>135,791</b>	<b>145,217</b>	<b>153,373</b>	<b>157,452</b>	<b>157,510</b>	<b>157,650</b>	<b>157,724</b>	<b>157,012</b>	↑
<i>Lending to federal and federally sponsored agencies</i>									
17 Export-Import Bank <sup>3</sup> .....	14,789	15,852	15,670	14,268	14,205	14,205'	14,205	13,807	↑
18 Postal Service <sup>6</sup> .....	1,154	1,087	1,690	2,854	2,854	2,854	2,854	2,854	↑
19 Student Loan Marketing Association .....	5,000	5,000	5,000	4,970	4,970	4,970	4,970	4,970	n.a.
20 Tennessee Valley Authority .....	13,245	13,710	14,622	15,751	15,797	15,928	15,954	15,931	↑
21 United States Railway Association <sup>6</sup> .....	111	51	74	74	85	85	85	85	↑
<i>Other Lending<sup>10</sup></i>									
22 Farmers Home Administration .....	55,266	58,971	64,234	65,374	65,374	65,374	65,374	65,224	↑
23 Rural Electrification Administration .....	19,766	20,693	20,654	21,531	21,680	21,719	21,749	21,473	↑
24 Other .....	26,460	29,853	31,429	32,630	32,545	32,515	32,533	32,668	↑

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. Some data are estimated.

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 Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1984	1985	1986	1986 <sup>1</sup>			1987				
				Oct.	Nov.	Dec.	Jan. <sup>2</sup>	Feb. <sup>2</sup>	Mar. <sup>2</sup>	Apr. <sup>2</sup>	May
<b>1 All issues, new and refunding<sup>1</sup></b>	106,641	214,189	134,606	9,524	11,010	15,662	7,343	8,969	14,591	6,854	5,453
<i>Type of issue</i>											
2 General obligation	26,485	52,622	44,801	2,390	1,607	4,426	1,100	3,643	3,853	3,449	2,713
3 Revenue	80,156	161,567	89,806	7,134	9,403	11,236	6,243	5,325	10,738	3,405	2,740
<i>Type of issuer</i>											
4 State	9,129	13,004	14,935	127	6	961	153	1,364	1,217	427	978
5 Special district and statutory authority <sup>2</sup>	63,550	134,363	79,291	6,265	8,124	10,431	5,275	5,825	10,004	4,790	2,530
6 Municipalities, counties, townships	33,962	66,822	40,374	2,562	2,759	4,265	1,915	1,781	3,370	1,637	1,946
<b>7 Issues for new capital, total</b>	94,050	156,050	79,195	3,319	4,220	10,050	1,930	2,774	4,480	3,237	3,944
<i>Use of proceeds</i>											
8 Education	7,553	16,658	16,948	530	566	925	452	448	659	774	643
9 Transportation	7,552	12,070	11,666	661	843	356	92	145	111	98	109
10 Utilities and conservation	17,844	26,852	35,383	336	671	1,165	681	482	444	571	591
11 Social welfare	29,928	63,181	17,332	1,175	2,931	3,944	380	527	991	468	376
12 Industrial aid	15,415	12,892	5,594	184	483	2,845	38	89	368	33	47
13 Other purposes	15,758	24,398	47,433	772	483	1,829	286	1,084	1,907	1,295	2,178

1. Par amounts of long-term issues based on date of sale.  
2. Includes school districts beginning April 1986.

SOURCE: Securities Data Company beginning April 1986. Public Securities Association for earlier data. This new data source began with the November BILLING.

## 1.46 NEW SECURITY ISSUES Corporations

Millions of dollars

Type of issue or issuer, or use	1984	1985	1986	1986				1987			
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar. <sup>2</sup>	Apr.
<b>1 All issues<sup>1</sup></b>	132,531	201,269 <sup>2</sup>	375,056 <sup>2</sup>	16,093	28,577 <sup>2</sup>	28,822 <sup>2</sup>	25,168 <sup>2</sup>	23,165 <sup>2</sup>	24,053 <sup>2</sup>	33,089	21,703
<b>2 Bonds<sup>2</sup></b>	109,903	165,754 <sup>2</sup>	313,226 <sup>2</sup>	12,830	23,471 <sup>2</sup>	22,223 <sup>2</sup>	18,920 <sup>2</sup>	20,250 <sup>2</sup>	20,286 <sup>2</sup>	23,279	17,527
<i>Type of offering</i>											
3 Public	73,579	119,559	232,465 <sup>2</sup>	12,829	23,471 <sup>2</sup>	22,223 <sup>2</sup>	18,920 <sup>2</sup>	20,250 <sup>2</sup>	20,286 <sup>2</sup>	23,279	17,527
4 Private placement <sup>1</sup>	36,324	46,195	80,761	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Industry group</i>											
5 Manufacturing	24,607	52,128	78,584 <sup>2</sup>	2,345	2,055	3,378	3,786 <sup>2</sup>	4,165	3,679	6,349	2,184
6 Commercial and miscellaneous	13,726	15,140	37,277 <sup>2</sup>	1,387	1,067	1,213	2,067	1,074	1,714	3,723	1,308
7 Transportation	4,694	5,743	9,734 <sup>2</sup>	375	170	0	70	0	100	521	168
8 Public utility	10,679	12,957	31,058 <sup>2</sup>	1,915	2,537	2,587	2,498	1,491	2,715	694	1,360
9 Communication	2,997	10,456	15,489 <sup>2</sup>	417	1,255	1,158	776	65	250	300	100
10 Real estate and financial	53,199	69,332	141,086 <sup>2</sup>	6,390	16,387 <sup>2</sup>	13,888 <sup>2</sup>	9,723 <sup>2</sup>	13,455 <sup>2</sup>	11,829 <sup>2</sup>	11,693	12,407
<b>11 Stocks</b>	22,628	35,515	61,830	3,263	5,106	6,599	6,248	2,915	3,767	9,810	4,176
<i>Type</i>											
12 Preferred	4,118	6,505	11,514	402	817	1,390	1,293	429	905	2,257	530
13 Common	18,510	29,010	50,316	2,861	4,289	5,209	4,955	2,486	2,862	7,553	3,646
<i>Industry group</i>											
14 Manufacturing	4,054	5,700	14,234	250	570	2,565	1,781	365	814	2,016	770
15 Commercial and miscellaneous	6,277	9,149	9,252	1,009	1,271	535	709	148	437	2,366	2,163
16 Transportation	589	1,544	2,392	28	511	15	183	0	191	299	216
17 Public utility	1,624	1,966	3,791	174	410	218	873	237	509	907	189
18 Communication	419	978	1,504	0	89	104	101	16	9	57	18
19 Real estate and financial	9,665	16,178	30,657 <sup>2</sup>	1,802	2,285	3,162	2,601	2,149	1,807	4,165	820

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. Data are not available on a monthly basis.

SOURCE: DDD Information Services, Inc., U.S. 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	1985	1986	1986				1987			
			Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
<b>INVESTMENT COMPANIES<sup>1</sup></b>										
1 Sales of own shares <sup>2</sup> .....	222,670	411,739	34,690	37,150	33,672	44,796	50,116	36,307	40,378	42,773
2 Redemptions of own shares <sup>3</sup> .....	132,440	239,396	21,338	20,782	20,724	34,835	26,565	21,576	24,730	37,127
3 Net sales .....	90,230	172,343	13,352	16,368	12,948	9,961	23,551	14,731	15,648	5,646
4 Assets <sup>4</sup> .....	251,695	424,156	381,872	402,644	416,939	424,156	464,415	490,643	506,752	499,086
5 Cash position <sup>5</sup> .....	20,607	30,716	29,540	30,826	29,579	30,716	34,098	35,279	37,090	45,031
6 Other .....	231,088	393,440	352,332	371,818	387,360	393,440	430,317	455,364	469,662	454,055

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	1984	1985	1986	1985			1986				1987
				Q2	Q3	Q4	Q1	Q2	Q3	Q4	
1 Corporate profits with inventory valuation and capital consumption adjustment .....	264.7	280.6	300.7	274.3	296.3	285.6	296.4	293.1	302.0	311.2	335.4
2 Profits before tax .....	235.7	223.1	237.5	213.8	229.2	235.8	222.5	227.7	240.4	259.6	267.6
3 Profits tax liability .....	95.4	91.8	103.5	87.1	95.8	96.4	95.7	99.0	104.4	115.1	128.8
4 Profits after tax .....	140.3	131.4	134.0	126.7	133.4	139.4	126.9	128.8	135.9	144.5	138.8
5 Dividends .....	78.3	81.6	87.8	81.4	81.6	82.5	85.2	87.5	88.8	89.7	91.4
6 Undistributed profits .....	62.0	49.8	46.2	45.3	51.8	57.0	41.7	41.2	47.2	54.8	47.4
7 Inventory valuation .....	-5.5	-6	6.5	1.6	6.1	-9.4	16.5	10.6	6.1	-7.2	6.9
8 Capital consumption adjustment .....	34.5	58.1	56.6	58.9	61.0	59.2	57.3	54.8	55.5	58.8	74.7

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

1.49 NONFINANCIAL CORPORATIONS Assets and Liabilities<sup>1</sup>

Billions of dollars, except for ratio

Account	1980	1981	1982	1983	1984	1985				1986
						Q1	Q2	Q3	Q4	Q1
<b>1 Current assets</b> .....	<b>1,328.3</b>	<b>1,419.6</b>	<b>1,437.1</b>	<b>1,575.9</b>	<b>1,703.0</b>	<b>1,722.7</b>	<b>1,734.6</b>	<b>1,763.0</b>	<b>1,784.6</b>	<b>1,795.7</b>
2 Cash.....	127.0	135.6	147.8	171.8	173.6	167.5	167.1	176.3	189.2	195.3
3 U.S. government securities.....	18.7	17.7	23.0	31.0	36.2	35.7	35.4	32.6	33.0	31.0
4 Notes and accounts receivable.....	507.5	532.5	517.4	583.0	633.1	650.3	654.1	661.0	671.5	663.4
5 Inventories.....	543.0	584.0	579.0	603.4	656.9	665.7	666.7	675.0	666.0	679.6
6 Other.....	132.1	149.7	169.8	186.7	203.2	203.5	211.2	218.0	224.9	226.3
<b>7 Current liabilities</b> .....	<b>890.6</b>	<b>971.3</b>	<b>986.0</b>	<b>1,059.6</b>	<b>1,163.6</b>	<b>1,174.1</b>	<b>1,182.9</b>	<b>1,211.9</b>	<b>1,233.6</b>	<b>1,222.3</b>
8 Notes and accounts payable.....	514.4	547.1	550.7	595.7	647.8	636.9	651.7	670.4	682.7	668.4
9 Other.....	376.2	424.1	435.3	463.9	515.8	537.1	531.2	541.5	550.9	553.9
<b>10 Net working capital</b> .....	<b>437.8</b>	<b>448.3</b>	<b>451.1</b>	<b>516.3</b>	<b>539.5</b>	<b>548.6</b>	<b>551.7</b>	<b>551.1</b>	<b>551.0</b>	<b>573.4</b>
<b>11 MEMO: Current ratio</b> <sup>2</sup> .....	<b>1.492</b>	<b>1.462</b>	<b>1.458</b>	<b>1.487</b>	<b>1.464</b>	<b>1.467</b>	<b>1.466</b>	<b>1.455</b>	<b>1.447</b>	<b>1.469</b>

1. For a description of this series, see "Working Capital of Nonfinancial Corporations" in the July 1978 BULLETIN, pp. 533-37. Data are not currently available after 1986:1.

2. Ratio of total current assets to total current liabilities.

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	1985	1986	1987 <sup>1,2</sup>	1985	1986				1987		
				Q4	Q1	Q2	Q3	Q4	Q1	Q2 <sup>1</sup>	Q3 <sup>1</sup>
<b>1 Total nonfarm business</b> .....	<b>387.13</b>	<b>379.27<sup>2</sup></b>	<b>390.89</b>	<b>397.88</b>	<b>377.94</b>	<b>375.92</b>	<b>374.55</b>	<b>388.69</b>	<b>372.24</b>	<b>392.02</b>	<b>397.06</b>
<i>Manufacturing</i>											
2 Durable goods industries.....	73.27	69.08	70.86	75.47	68.01	68.33	69.31	70.68	69.72	73.06	71.84
3 Nondurable goods industries.....	80.21	73.65	75.05	82.79	76.02	73.35	69.89	75.33	69.65	73.83	76.61
<i>Nonmanufacturing</i>											
4 Mining.....	15.88	11.25	10.45	15.25	12.99	11.22	10.15	10.63	10.17	10.85	10.60
<i>Transportation</i>											
5 Railroad.....	7.08	6.63	6.06	6.74	6.22	6.77	7.31	6.25	5.29	6.32	6.84
6 Air.....	4.79	6.26	6.76	6.07	6.58	5.77	5.69	6.99	7.55	6.76	6.36
7 Other.....	6.15	5.86	6.58	6.34	5.42	5.74	6.03	6.24	5.93	6.39	6.82
<i>Public utilities</i>											
8 Electric.....	36.11	33.93	32.93	36.38	34.21	33.81	33.91	33.78	30.81	33.51	33.97
9 Gas and other.....	12.71	12.51	12.71	13.41	12.82	12.74	11.99	12.49	12.63	12.43	12.82
10 Commercial and other <sup>2</sup> .....	150.93	160.10	169.50	155.42	155.67	158.18	160.25	166.31	160.49	168.86	171.19

▲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	1982	1983	1984	1985		1986				1987
				Q3	Q4	Q1	Q2	Q3	Q4	Q1
<b>ASSETS</b>										
Accounts receivable, gross										
1 Consumer	75.3	83.3	89.9	108.6	113.4	117.2	125.1	137.1	136.5	133.9
2 Business	100.4	113.4	137.8	143.7	158.3	165.9	167.7	161.0	174.8	182.8
3 Real estate	18.7	20.5	23.8	26.3	28.9	29.9	30.8	32.1	33.7	35.1
4 Total	194.3	217.3	251.5	278.6	300.6	312.9	323.6	330.2	345.0	351.8
<i>Less:</i>										
5 Reserves for unearned income	29.9	30.3	33.8	38.0	39.2	40.0	40.7	42.4	41.4	40.4
6 Reserves for losses	3.3	3.7	4.2	4.6	4.9	5.0	5.1	5.4	5.8	5.9
7 Accounts receivable, net	161.1	183.2	213.5	236.0	256.5	268.0	277.8	282.4	297.8	305.5
8 All other	30.4	34.4	35.7	46.3	45.3	48.8	48.8	59.9	57.9	59.0
9 Total assets	191.5	217.6	249.2	282.3	301.9	316.8	326.6	342.3	355.6	364.5
<b>LIABILITIES</b>										
10 Bank loans	16.5	18.3	20.0	18.9	20.6	19.0	19.2	20.2	22.2	17.3
11 Commercial paper	51.4	60.5	73.1	93.2	99.2	104.3	108.4	112.8	117.8	119.1
Debt										
12 Other short-term	11.9	11.1	12.9	12.4	12.5	13.4	15.4	16.0	17.2	21.6
13 Long-term	63.7	67.7	77.2	85.5	93.1	101.0	105.2	109.8	115.6	118.4
14 All other liabilities	21.6	31.2	34.5	38.2	40.9	42.3	40.1	44.1	43.4	46.3
15 Capital, surplus, and undivided profits	26.4	28.9	31.5	34.1	35.7	36.7	38.4	39.4	39.4	41.8
16 Total liabilities and capital	191.5	217.6	249.2	282.3	301.9	316.8	326.6	342.3	355.6	364.5

NOTE: Components may not add to totals because of rounding.

1.52 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding Apr. 30, 1987 <sup>1</sup>	Changes in accounts receivable			Extensions			Repayments		
		1987			1987			1987		
		Feb.	Mar.	Apr.	Feb.	Mar.	Apr.	Feb.	Mar.	Apr.
1 Total	185,182	1,850	1,579	3,534	28,193	29,836	29,212	26,342	28,257	25,678
Retail financing of installment sales										
2 Automotive (commercial vehicles)	27,520	602	570	750	1,036	1,138	1,200	434	568	449
3 Business, industrial, and farm equipment	22,327	-429	-40	4	1,067	1,255	1,352	1,496	1,295	1,349
Wholesale financing										
4 Automotive	30,075	-1,081	995	620	11,573	12,676	11,474	10,492	11,681	10,854
5 Equipment	5,365	31	235	76	658	672	690	626	907	614
6 All other	8,846	-41	269	25	2,919	3,064	3,056	2,960	2,795	3,082
Leasing										
7 Automotive	20,507	161	77	515	1,259	1,148	1,136	1,099	1,071	622
8 Equipment	39,639	121	440	582	885	995	970	764	555	388
9 Loans on commercial accounts receivable and factored commercial accounts receivable	16,741	238	652	723	7,619	7,664	8,122	7,381	8,316	7,399
10 All other business credit	14,162	86	155	290	1,177	1,224	1,211	1,092	1,069	921

These data also appear in the Board's G-20 (422) release. For address, see inside front cover.

1. Not seasonally adjusted.

## 1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1984	1985	1986	1986		1987				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
Terms and yields in primary and secondary markets										
PRIMARY MARKETS										
Conventional mortgages on new homes										
<i>Terms<sup>1</sup></i>										
1 Purchase price (thousands of dollars) .....	96.8	104.1	118.1	124.2	124.8	132.6	135.6	130.2	136.9 <sup>2</sup>	133.7
2 Amount of loan (thousands of dollars) .....	73.7	77.4	86.2	92.5	93.2	97.3	99.1	95.0	100.9 <sup>2</sup>	100.0
3 Loan/price ratio (percent) .....	78.7	77.1	75.2	76.2	76.4	75.5	75.3	74.3	75.2 <sup>2</sup>	76.2
4 Maturity (years) .....	27.8	26.9	26.6	27.3	27.4	27.7	27.6	27.1	27.1 <sup>2</sup>	28.2
5 Fees and charges (percent of loan amount) <sup>2</sup> .....	2.64	2.53	2.48	2.64	2.46	2.23	2.21	2.20	2.23 <sup>2</sup>	2.34
6 Contract rate (percent per annum) .....	11.87	11.12	9.82	9.45	9.28	9.14	8.87	8.77	8.84 <sup>2</sup>	9.07
<i>Yield (percent per annum)</i>										
7 FHLMC series <sup>3</sup> .....	12.37	11.58	10.25	9.91	9.69	9.51	9.23	9.14	9.21 <sup>2</sup>	9.46
8 HUD series <sup>4</sup> .....	13.80	12.28	10.07	9.47	9.33	9.09	9.04	9.19	10.11	n.a.
SECONDARY MARKETS										
<i>Yield (percent per annum)</i>										
9 FHA mortgages (HUD series) <sup>5</sup> .....	13.81	12.24	9.91	9.26	9.21	8.79	8.81	8.94	10.02	n.a.
10 GNMA securities <sup>6</sup> .....	13.13	11.61	9.30	8.83	8.62	8.46	8.28	8.18	8.85	9.40
Activity in secondary markets										
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
<i>Mortgage holdings (end of period)</i>										
11 Total .....	83,339	94,574	98,048	98,210	97,895	96,382	95,514	95,140	94,404	94,064
12 FHA/VA-insured .....	35,148	34,244	29,683	24,300	23,121	22,178	22,063	21,843	21,765	21,999
13 Conventional .....	48,191	60,331	68,365	73,910	74,774	74,204	73,451	73,297	72,639	72,065
<i>Mortgage transactions (during period)</i>										
14 Purchases .....	16,721	21,510	30,826	2,549	2,336	1,346	979	1,435	2,118	1,718
<i>Mortgage commitments<sup>7</sup></i>										
15 Contracted (during period) .....	21,007	20,155	32,987	1,811	1,272	948	912	2,805	3,208	1,726
16 Outstanding (end of period) .....	6,384	3,402	3,386	4,625	3,386	2,258	2,175	3,539	4,421	4,410
FEDERAL HOME LOAN MORTGAGE CORPORATION										
<i>Mortgage holdings (end of period)<sup>8</sup></i>										
17 Total .....	9,283	12,399	13,517	12,315	11,564	10,964	11,363	↑	↑	↑
18 FHA/VA .....	910	841	746	707	694	686	686	↑	↑	↑
19 Conventional .....	8,373	11,558	12,837	11,607	10,870	10,279	10,677	↑	↑	↑
<i>Mortgage transactions (during period)</i>										
20 Purchases .....	21,886	44,012	103,474	9,862	11,305	7,950	7,961	n.a.	n.a.	n.a.
21 Sales .....	18,506	38,905	100,236	10,510	11,169	8,269	7,840	↓	↓	↓
<i>Mortgage commitments<sup>9</sup></i>										
22 Contracted (during period) .....	32,603	48,989	110,855	11,233	8,742	7,685	9,197	↓	↓	↓

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. Based on transactions on first day of subsequent month. Large monthly movements in average yields may reflect market adjustments 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<sup>1</sup>

Millions of dollars, end of period

Type of holder, and type of property	1984	1985	1986	1986				1987
				Q1	Q2	Q3	Q4	
<b>1 All holders</b>	<b>2,033,654</b>	<b>2,266,923</b>	<b>2,566,386<sup>2</sup></b>	<b>2,315,962</b>	<b>2,383,989</b>	<b>2,469,796<sup>2</sup></b>	<b>2,566,386<sup>2</sup></b>	<b>2,625,342<sup>2</sup></b>
2 1- to 4-family	1,317,940	1,466,773	1,667,055 <sup>2</sup>	1,494,603	1,543,681	1,607,113 <sup>2</sup>	1,667,055 <sup>2</sup>	1,711,106 <sup>2</sup>
3 Multifamily	185,414	213,816	246,925 <sup>2</sup>	221,587	229,145	237,410 <sup>2</sup>	246,925 <sup>2</sup>	250,254 <sup>2</sup>
4 Commercial	418,300	480,719	554,733 <sup>2</sup>	495,879	509,574	525,122 <sup>2</sup>	554,733 <sup>2</sup>	567,980 <sup>2</sup>
5 Farm	112,000	105,615	97,673 <sup>2</sup>	103,893	101,589	100,151 <sup>2</sup>	97,673 <sup>2</sup>	96,002 <sup>2</sup>
6 Selected financial institutions	1,269,702	1,390,394	1,508,599 <sup>2</sup>	1,408,665	1,435,437	1,464,213 <sup>2</sup>	1,508,599 <sup>2</sup>	1,525,130 <sup>2</sup>
7 Commercial banks <sup>2</sup>	379,498	429,196	502,534 <sup>2</sup>	441,096	456,163	474,658 <sup>2</sup>	502,534 <sup>2</sup>	518,998 <sup>2</sup>
8 1- to 4-family	196,163	213,434	235,814 <sup>2</sup>	216,290	221,640	228,593 <sup>2</sup>	235,814 <sup>2</sup>	241,871 <sup>2</sup>
9 Multifamily	20,264	23,373	31,173 <sup>2</sup>	25,389	26,799	28,623 <sup>2</sup>	31,173 <sup>2</sup>	31,869 <sup>2</sup>
10 Commercial	152,894	181,032	222,799 <sup>2</sup>	187,620	195,484	204,996 <sup>2</sup>	222,799 <sup>2</sup>	232,000 <sup>2</sup>
11 Farm	10,177	11,357	12,748 <sup>2</sup>	11,797	12,240	12,446 <sup>2</sup>	12,748 <sup>2</sup>	13,258 <sup>2</sup>
12 Savings banks	154,441	177,263	226,409 <sup>2</sup>	188,154	203,398	215,036	226,409 <sup>2</sup>	227,087 <sup>2</sup>
13 1- to 4-family	107,302	121,879	156,236 <sup>2</sup>	131,381	142,174	149,786	156,236 <sup>2</sup>	156,683 <sup>2</sup>
14 Multifamily	19,817	23,329	30,476 <sup>2</sup>	23,980	26,543	28,400	30,476 <sup>2</sup>	30,574 <sup>2</sup>
15 Commercial	27,291	31,973	39,592 <sup>2</sup>	32,707	34,577	36,762	39,592 <sup>2</sup>	39,725 <sup>2</sup>
16 Farm	31	82	105 <sup>2</sup>	86	104	88	105 <sup>2</sup>	105 <sup>2</sup>
17 Savings and loan associations	555,277	583,236	553,080	574,732	565,037	557,139	553,080	547,383 <sup>2</sup>
18 1- to 4-family	421,489	432,422	403,611	420,073	413,865	408,152	403,611	399,042 <sup>2</sup>
19 Multifamily	55,750	66,410	66,898	67,140	66,020	65,827	66,898	66,781 <sup>2</sup>
20 Commercial	77,605	83,798	82,070	86,860	84,618	82,644	82,070	81,122 <sup>2</sup>
21 Farm	433	606	501	659	534	516	501	438 <sup>2</sup>
22 Life insurance companies	156,699	171,797	192,975	174,823	180,041	185,269	192,975	196,575
23 1- to 4-family	14,120	12,381	12,763	12,605	12,608	12,927	12,763	12,763
24 Multifamily	18,938	19,894	20,847	20,009	20,181	20,709	20,847	20,997 <sup>2</sup>
25 Commercial	111,175	127,670	148,367	130,569	135,924	140,213	148,367	151,867 <sup>2</sup>
26 Farm	12,466	11,852	10,998	11,640	11,328	11,420	10,998	10,948
27 Finance companies <sup>3</sup>	23,787	28,902	33,601	29,860	30,798	32,111	33,601	35,087 <sup>2</sup>
28 Federal and related agencies	158,993	166,928	203,800	165,041	161,398	159,505	203,800	198,728 <sup>2</sup>
29 Government National Mortgage Association	2,301	1,473	889	1,533	876	887	889	846
30 1- to 4-family	585	539	47	527	49	48	47	46
31 Multifamily	1,716	934	842	1,006	827	839	842	800
32 Farmers Home Administration <sup>4</sup>	1,276	733	48,421	704	570	457	48,421	48,203 <sup>2</sup>
33 1- to 4-family	213	183	21,625	217	146	132	21,625	21,390 <sup>2</sup>
34 Multifamily	119	113	7,608	33	66	57	7,608	7,710 <sup>2</sup>
35 Commercial	497	159	8,446	217	111	115	8,446	8,463 <sup>2</sup>
36 Farm	447	278	10,742	237	247	153	10,742	10,640 <sup>2</sup>
37 Federal Housing and Veterans Administration	4,816	4,920	5,047	4,964	5,094	4,966	5,047	5,091
38 1- to 4-family	2,048	2,254	2,386	2,309	2,449	2,331	2,386	2,440
39 Multifamily	2,768	2,666	2,661	2,655	2,645	2,635	2,661	2,651
40 Federal National Mortgage Association	87,940	98,282	97,895	98,795	97,295	97,717	97,895	95,140
41 1- to 4-family	82,175	91,966	90,718	92,315	90,460	90,508	90,718	88,126
42 Multifamily	5,765	6,316	7,177	6,480	6,835	7,209	7,177	7,014
43 Federal Land Banks	52,261	47,498	39,984	45,422	43,369	42,119	39,984	38,684
44 1- to 4-family	3,074	2,798	2,353	2,673	2,552	2,478	2,353	2,276
45 Farm	49,187	44,700	37,631	42,749	40,817	39,641	37,631	36,408
46 Federal Home Loan Mortgage Corporation	10,399	14,022	11,564	13,623	14,194	13,359	11,564	10,764
47 1- to 4-family	9,654	11,881	10,010	12,231	11,890	11,127	10,010	9,610
48 Multifamily	745	2,141	1,554	1,392	2,304	2,232	1,554	1,154
49 Mortgage pools or trusts <sup>5</sup>	332,057	415,042	529,763	440,701	475,615	522,721	529,763	573,372 <sup>2</sup>
50 Government National Mortgage Association	179,981	212,145	260,869	220,348	229,204	241,230	260,869	277,386 <sup>2</sup>
51 1- to 4-family	175,589	207,198	255,132	215,148	223,838	235,664	255,132	271,065 <sup>2</sup>
52 Multifamily	4,392	4,947	5,737	5,200	5,366	5,666	5,737	6,321 <sup>2</sup>
53 Federal Home Loan Mortgage Corporation	70,822	100,387	171,372	110,337	125,903	146,871	171,372	187,962
54 1- to 4-family	70,253	99,515	166,667	108,020	123,676	143,734	166,667	182,857
55 Multifamily	569	872	4,705	2,317	2,227	3,137	4,705	5,105
56 Federal National Mortgage Association	36,215	54,987	97,174	62,310	72,377	86,359	97,174	107,673
57 1- to 4-family	35,965	54,036	95,791	61,117	71,153	85,171	95,791	106,068
58 Multifamily	250	951	1,383	1,193	1,224	1,188	1,383	1,605
59 Farmers Home Administration <sup>4</sup>	45,039	47,523	348	47,706	48,131	48,261	348	351 <sup>2</sup>
60 1- to 4-family	21,813	22,186	142	22,082	21,987	21,782	142	154 <sup>2</sup>
61 Multifamily	5,841	6,675	n.a.	6,943	7,170	7,353	n.a.	n.a.
62 Commercial	7,559	8,190	132	8,150	8,347	8,409	132	127
63 Farm	9,826	10,472	74	10,531	10,627	10,717	74	70
64 Individuals and others <sup>6</sup>	272,902	294,559	324,224	301,555	311,539	323,357	324,224	328,112
65 1- to 4-family	153,710	165,199	180,159	167,755	174,396	182,569	180,159	181,628
66 Multifamily	48,480	55,195	65,864	57,850	60,938	63,635	65,864	67,673
67 Commercial	41,279	47,897	53,327	49,756	50,513	51,983	53,327	54,676
68 Farm	29,433	26,268	24,874	26,194	25,692	25,170	24,874	24,135

1. Based on data from various institutional and governmental sources, with some quarters estimated in part by the Federal Reserve. Multifamily debt refers to loans on structures of five or more units.

2. Includes loans held by nondeposit trust companies but not bank trust departments.

3. Assumed to be entirely 1- to 4-family loans.

4. FmHA-guaranteed securities sold to the Federal Financing Bank were

reallocated from FmHA mortgage pools to FmHA mortgage holdings in 1986: 4, because of accounting changes by the Farmers Home Administration.

5. Outstanding principal balances of mortgage pools backing securities insured or guaranteed by the agency indicated.

6. 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 other U.S. agencies.

A40 Domestic Financial Statistics □ August 1987

1.55 CONSUMER INSTALLMENT CREDIT<sup>1</sup> Total Outstanding, and Net Change, seasonally adjusted

Millions of dollars

Holder, and type of credit	1985	1986	1986					1987			
			Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar. <sup>2</sup>	Apr.
Amounts outstanding (end of period)											
<b>1 Total</b> .....	<b>522,805</b>	<b>577,784</b>	<b>563,660</b>	<b>571,280</b>	<b>576,874</b>	<b>577,656</b>	<b>577,784</b>	<b>578,578</b>	<b>579,591</b>	<b>579,913</b>	<b>582,840</b>
<i>By major holder</i>											
2 Commercial banks.....	242,084	261,604	257,482	258,990	260,940	262,949	261,604	261,694	262,105	261,933	263,308
3 Finance companies <sup>3</sup> .....	113,070	136,494	129,265	135,516	138,038	136,314	136,494	135,802	136,009	136,050	137,091
4 Credit unions.....	72,119	77,857	75,637	76,299	76,995	77,508	77,857	78,284	78,492	78,569	78,871
5 Retailers <sup>4</sup> .....	38,864	40,586	40,379	40,455	40,565	40,496	40,586	40,617	40,644	40,469	40,467
6 Savings institutions.....	52,433	58,047	57,524	56,687	57,046	57,168	58,037	58,906	59,031	59,488	59,582
7 Gasoline companies.....	4,235	3,205	3,372	3,333	3,289	3,221	3,205	3,276	3,311	3,405	3,522
<i>By major type of credit</i>											
8 Automobile.....	208,057	245,055	231,200	239,014	243,400	243,005	245,055	245,472	246,064	246,290	247,186
9 Commercial banks.....	93,003	100,709	96,871	98,057	99,385	100,221	100,709	101,389	101,688	101,528	101,548
10 Credit unions.....	35,635	39,029	37,916	38,248	38,597	38,854	39,029	39,243	39,347	39,386	39,537
11 Finance companies.....	70,091	93,274	84,868	91,241	93,786	92,188	93,274	92,617	92,780	93,032	93,738
12 Savings institutions.....	9,328	12,043	11,545	11,468	11,632	11,742	12,043	12,223	12,249	12,344	12,363
13 Revolving.....	122,021	134,938	133,180	133,123	133,816	134,391	134,938	134,916	135,663	135,166	136,598
14 Commercial banks.....	75,866	85,652	84,545	84,430	84,868	85,426	85,652	85,395	86,053	85,567	86,863
15 Retailers.....	34,695	36,240	36,028	36,086	36,190	36,137	36,240	36,277	36,308	36,141	36,139
16 Gasoline companies.....	4,235	3,205	3,372	3,333	3,289	3,221	3,205	3,276	3,311	3,405	3,522
17 Savings institutions.....	5,705	7,313	7,325	7,308	7,345	7,529	7,713	7,829	7,845	7,906	7,918
18 Credit unions.....	1,520	2,128	1,910	1,966	2,024	2,078	2,128	2,139	2,145	2,147	2,156
19 Mobile home.....	25,488	25,710	25,939	25,732	25,784	25,731	25,710	25,852	25,789	25,614	25,611
20 Commercial banks.....	9,538	8,812	9,055	9,016	9,025	8,951	8,812	8,787	8,739	8,725	8,716
21 Finance companies.....	9,391	9,028	9,337	9,216	9,149	9,091	9,028	9,077	9,045	8,823	8,816
22 Savings institutions.....	6,559	7,870	7,547	7,500	7,610	7,689	7,870	7,988	8,005	8,067	8,079
23 Other.....	167,239	172,081	173,341	173,311	173,874	174,529	172,081	172,338	172,076	172,844	173,446
24 Commercial banks.....	63,677	66,431	67,011	67,487	67,662	68,351	66,431	66,122	65,625	66,113	66,181
25 Finance companies.....	33,588	34,192	35,061	35,059	35,304	35,035	34,192	34,108	34,183	34,196	34,537
26 Credit unions.....	34,964	36,700	35,811	36,085	36,374	36,576	36,700	36,901	36,999	37,036	37,178
27 Retailers.....	4,169	4,346	4,351	4,369	4,375	4,359	4,346	4,340	4,336	4,327	4,328
28 Savings institutions.....	30,841	30,412	31,107	30,411	30,359	30,208	30,412	30,867	30,932	31,172	31,221
Net change (during period)											
<b>29 Total</b> .....	<b>76,622</b>	<b>54,979</b>	<b>5,601</b>	<b>7,620</b>	<b>5,594</b>	<b>782</b>	<b>128</b>	<b>794</b>	<b>1,013</b>	<b>322</b>	<b>2,927</b>
<i>By major holder</i>											
30 Commercial banks.....	32,926	19,520	1,738	1,508	1,950	2,009	1,345	90	411	172	1,375
31 Finance companies <sup>3</sup> .....	23,566	23,424	1,885	6,251	2,522	1,724	180	692	207	41	1,041
32 Credit unions.....	6,493	5,738	772	662	696	513	349	427	208	77	302
33 Retailers <sup>4</sup> .....	1,660	1,722	221	76	110	69	90	31	27	-175	2
34 Savings institutions.....	12,103	5,604	1,024	837	359	122	869	869	125	457	94
35 Gasoline companies.....	126	1,030	39	-39	44	68	16	71	35	94	117
<i>By major type of credit</i>											
36 Automobile.....	35,705	36,998	3,378	7,814	4,386	395	2,050	417	592	226	896
37 Commercial banks.....	9,103	7,706	899	1,186	1,328	836	488	680	299	-160	20
38 Credit unions.....	5,330	3,394	387	332	349	257	175	214	104	39	151
39 Finance companies.....	17,840	23,183	1,802	6,373	2,545	1,598	1,086	657	163	252	706
40 Savings institutions.....	3,432	2,715	290	77	164	110	301	180	26	95	19
41 Revolving.....	22,401	12,917	999	57	693	575	547	22	747	497	1,432
42 Commercial banks.....	17,721	9,786	558	115	438	558	226	257	658	486	1,296
43 Retailers.....	1,488	1,545	201	58	104	53	103	37	31	167	2
44 Gasoline companies.....	126	1,030	39	39	44	68	16	71	35	94	117
45 Savings institutions.....	2,771	2,008	220	17	137	84	184	116	16	61	12
46 Credit unions.....	547	608	59	56	58	54	50	11	6	2	9
47 Mobile home.....	778	222	48	207	52	53	21	142	63	175	3
48 Commercial banks.....	85	726	71	39	9	74	139	25	-48	14	9
49 Finance companies.....	405	363	77	121	67	58	63	49	32	222	7
50 Savings institutions.....	1,268	1,311	196	47	110	79	181	118	17	62	12
51 Other.....	17,738	4,842	1,176	70	463	655	2,448	257	262	768	602
52 Commercial banks.....	6,187	2,754	352	476	175	689	1,920	309	497	488	68
53 Finance companies.....	6,131	604	161	2	45	69	843	84	75	13	341
54 Credit unions.....	616	1,736	326	274	289	202	124	201	98	37	142
55 Retailers.....	172	177	20	18	6	16	13	6	4	9	1
56 Savings institutions.....	4,632	429	317	696	52	151	204	455	65	240	49

1. The Board's series cover most short- and intermediate-term credit extended to individuals that is scheduled to be repaid (or has the option of repayment) in two or more installments.

2. More detail for finance companies is available in the G-20 statistical release.  
 3. Excludes 30-day charge credit held by travel and entertainment companies.  
 4. All data have been revised.

## 1.56 TERMS OF CONSUMER INSTALLMENT CREDIT

Percent unless noted otherwise

Item	1984	1985	1986	1986			1987			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
<b>INTEREST RATES</b>										
Commercial banks <sup>1</sup>										
1 48-month new car <sup>2</sup>	13.71	12.91	11.33	n.a.	10.58	n.a.	n.a.	10.35	n.a.	n.a.
2 24-month personal	16.47	15.94	14.82	n.a.	14.19	n.a.	n.a.	14.10	n.a.	n.a.
3 120-month mobile home <sup>2</sup>	15.58	14.96	13.99	n.a.	13.49	n.a.	n.a.	13.42	n.a.	n.a.
4 Credit card	18.77	18.69	18.26	n.a.	18.09	n.a.	n.a.	18.10	n.a.	n.a.
Auto finance companies										
5 New car	14.62	11.98	9.44	6.12	11.83	11.71	11.65	10.78	10.59	10.81
6 Used car	17.85	17.59	15.95	15.17	15.20	15.12	14.62	14.56	14.40	14.49
<b>OTHER TERMS<sup>3</sup></b>										
Maturity (months)										
7 New car	48.3	51.5	50.0	45.3	53.4	53.3	53.8	53.6	53.7	54.3
8 Used car	39.7	41.4	42.6	42.2	42.6	42.7	44.8	44.7	44.9	45.0
Loan-to-value ratio										
9 New car	88	91	91	92	93	93	94	94	94	94
10 Used car	92	94	97	97	97	98	98	99	99	98
Amount financed (dollars)										
11 New car	9,333	9,915	10,665	11,340	11,160	10,835	10,902	10,602	10,641	10,946
12 Used car	5,691	6,089	6,555	6,746	6,946	7,168	7,067	7,075	7,145	7,234

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	1981	1982	1983	1984	1985	1986'	1984		1985		1986'	
							III	II	III	II	III	II
Nonfinancial sectors												
1 Total net borrowing by domestic nonfinancial sectors .....	375.8	387.4	548.8	756.3	869.3	834.0	727.8	784.8	732.6	1,006.1	706.0	962.5
<i>By sector and instrument</i>												
2 U.S. government .....	87.4	161.3	186.6	198.8	223.6	214.3	181.3	216.3	201.8	245.5	211.3	217.5
3 Treasury securities .....	87.8	162.1	186.7	199.0	223.7	214.7	181.5	216.4	201.9	245.5	211.4	218.0
4 Agency issues and mortgages .....	.5	.9	.1	.2	.1	.3	.2	.1	-.1	.1	-.1	.5
5 Private domestic nonfinancial sectors .....	288.5	226.2	362.2	557.5	645.7	619.6	546.5	568.5	530.8	760.6	494.7	745.0
6 Debt capital instruments .....	155.5	148.3	252.8	314.0	461.7	461.7	298.4	329.6	355.4	568.0	392.3	531.2
7 Tax-exempt obligations .....	23.4	44.2	53.7	50.4	152.4	49.5	42.8	58.0	67.5	237.3	15.9	83.0
8 Corporate bonds .....	22.8	18.7	16.0	46.1	73.9	113.7	31.2	61.1	72.7	75.1	137.0	90.4
9 Mortgages .....	109.3	85.4	183.0	217.5	235.4	298.5	224.5	210.5	215.2	255.7	239.3	357.7
10 Home mortgages .....	72.2	50.5	117.1	129.9	150.3	199.2	135.2	124.7	133.1	167.5	156.1	242.3
11 Multifamily residential .....	4.8	5.4	14.1	25.1	29.2	33.0	27.5	22.7	24.6	33.7	30.8	35.1
12 Commercial .....	22.2	25.2	49.0	63.3	62.4	73.7	62.9	63.7	60.3	64.4	59.7	87.7
13 Farm .....	10.0	4.2	2.8	.8	6.4	7.4	1.1	.5	2.8	10.0	-7.4	7.4
14 Other debt instruments .....	133.0	77.9	109.5	243.5	184.0	157.9	248.1	238.9	175.4	192.6	102.4	213.9
15 Consumer credit .....	22.6	17.7	56.8	95.0	96.6	65.8	98.7	91.3	97.3	95.9	70.6	61.6
16 Bank loans n.e.c. .....	57.0	52.9	25.8	80.1	41.3	71.0	91.9	68.4	24.9	57.7	17.6	124.4
17 Open market paper .....	14.7	6.1	.8	21.7	14.6	9.3	24.8	18.7	12.3	16.9	-15.7	3.0
18 Other .....	38.7	13.4	27.7	46.6	31.4	30.3	32.7	60.5	40.9	22.0	20.9	30.7
19 By borrowing sector .....	288.5	226.2	362.2	557.5	645.7	619.6	546.5	568.5	530.8	760.6	494.7	745.0
20 State and local governments .....	6.8	21.5	34.0	27.4	107.8	39.4	25.2	29.6	56.8	158.7	35.7	83.2
21 Households .....	121.4	88.4	188.0	239.5	295.0	282.1	232.8	246.2	253.6	336.4	222.4	342.3
22 Farm .....	16.6	6.8	4.3	.1	13.6	14.4	.4	.5	5.9	21.3	15.1	13.7
23 Nonfarm noncorporate .....	38.5	40.2	76.6	97.1	92.8	114.6	101.4	92.7	85.6	99.9	94.4	134.7
24 Corporate .....	105.2	69.2	59.3	193.4	163.7	178.0	187.4	199.5	140.7	186.8	157.3	198.6
25 Foreign net borrowing in United States .....	23.5	16.0	17.4	6.1	1.7	9.7	35.5	23.3	4.1	7.5	24.3	5.0
26 Bonds .....	5.4	6.7	3.1	1.3	4.0	3.2	1.3	1.5	5.5	2.6	7.1	.8
27 Bank loans n.e.c. .....	3.0	5.5	3.6	6.6	2.8	1.0	2.2	11.1	6.1	.4	1.4	3.5
28 Open market paper .....	3.9	1.9	6.5	6.2	6.2	11.5	18.0	5.6	4.2	8.2	20.6	2.4
29 U.S. government loans .....	11.1	13.0	4.1	5.3	5.7	4.0	18.7	8.1	7.8	3.6	4.8	-3.1
30 Total domestic plus foreign .....	399.3	403.4	566.2	762.4	871.0	843.6	763.3	761.5	728.4	1,013.5	730.3	957.6
Financial sectors												
31 Total net borrowing by financial sectors .....	101.9	90.1	94.0	139.0	186.9	248.4	134.2	143.8	154.8	218.9	185.9	310.9
<i>By instrument</i>												
32 U.S. government related .....	47.4	64.9	67.8	74.9	101.5	173.7	69.8	80.0	92.9	110.2	129.5	217.8
33 Sponsored credit agency securities .....	30.5	14.9	1.4	30.4	20.6	12.6	29.1	31.8	25.3	15.9	4.4	20.8
34 Mortgage pool securities .....	15.0	49.5	66.4	44.4	79.9	161.4	40.7	48.2	67.6	92.1	124.3	198.6
35 Loans from U.S. government .....	1.9	.4	.....	.....	1.1	.4	.....	.....	.....	2.2	.8	1.5
36 Private financial sectors .....	54.5	25.2	26.2	64.1	85.3	74.8	64.4	63.8	61.9	108.8	56.4	93.1
37 Corporate bonds .....	4.4	12.5	12.1	23.3	36.5	26.6	17.3	29.3	35.3	37.7	25.5	27.7
38 Mortgages .....	.....	.1	.....	.4	.1	.1	.4	.4	.....	.1	.6	.4
39 Bank loans n.e.c. .....	1.2	1.9	.1	.7	2.6	4.0	.1	1.4	.9	4.2	2.4	5.6
40 Open market paper .....	32.7	9.9	21.3	24.1	32.0	24.2	31.1	17.0	13.9	50.1	14.4	34.1
41 Loans from Federal Home Loan Banks .....	16.2	.8	7.0	15.7	14.2	19.8	15.7	15.7	11.7	16.7	13.5	26.2
<i>By sector</i>												
42 Sponsored credit agencies .....	32.4	15.3	1.4	30.4	21.7	12.2	29.1	31.8	25.3	18.1	5.2	19.3
43 Mortgage pools .....	15.0	49.5	66.4	44.4	79.9	161.4	40.7	48.2	67.6	92.1	124.3	198.6
44 Private financial sectors .....	54.5	25.2	26.2	64.1	85.3	74.8	64.4	63.8	61.9	108.8	56.4	93.1
45 Commercial banks .....	11.6	11.7	5.0	7.3	4.9	3.6	15.4	.9	-9.2	.6	-6.7	.5
46 Bank affiliates .....	9.2	6.8	12.1	15.6	14.5	4.5	23.7	7.5	13.7	15.3	1.7	7.4
47 Savings and loan associations .....	15.5	2.5	-2.1	22.7	22.3	29.2	20.2	25.1	12.1	32.6	23.1	35.3
48 Finance companies .....	18.5	4.3	11.4	17.8	52.8	44.1	4.3	31.3	44.8	60.9	37.5	50.6
49 REITs .....	.2	.8	.2	.8	.5	.6	.8	.8	.5	.5	.9	.3
All sectors												
50 Total net borrowing .....	501.3	493.5	660.2	901.4	1057.8	1092.1	897.5	905.3	833.3	1,232.4	916.2	1268.5
51 U.S. government securities .....	133.0	225.9	254.4	273.8	324.2	388.4	251.2	296.4	294.8	353.5	340.0	436.9
52 State and local obligations .....	23.4	44.2	53.7	50.4	152.4	49.5	42.8	58.0	67.5	237.3	15.9	83.0
53 Corporate and foreign bonds .....	32.6	37.8	31.2	70.7	114.4	143.5	49.6	91.9	113.5	115.3	169.6	117.4
54 Mortgages .....	109.2	85.4	183.0	217.8	235.4	298.6	224.8	210.8	215.2	255.7	239.9	357.3
55 Consumer credit .....	22.6	17.7	56.8	95.0	96.6	65.8	98.7	91.3	97.3	95.9	70.6	61.6
56 Bank loans n.e.c. .....	61.2	49.3	29.3	74.2	41.0	74.0	89.6	58.8	19.8	62.3	21.4	126.6
57 Open market paper .....	51.3	5.7	26.9	52.0	52.8	26.4	73.8	30.1	30.4	75.2	19.3	33.4
58 Other loans .....	68.0	27.6	24.8	67.6	41.0	45.8	67.1	68.1	44.8	37.3	39.4	52.3
External corporate equity funds raised in United States												
59 Total new share issues .....	-3.3	33.6	67.0	-31.1	37.5	119.5	-40.1	-22.2	33.3	41.6	146.8	92.3
60 Mutual funds .....	6.0	16.8	32.1	38.0	103.4	191.7	39.3	36.6	93.6	113.1	198.7	184.6
61 All other .....	9.3	16.8	34.9	69.1	65.9	-72.1	79.4	58.8	60.4	71.5	-52.0	92.3
62 Nonfinancial corporations .....	11.5	11.4	28.3	77.0	81.6	80.8	84.5	69.4	75.7	87.5	68.7	92.7
63 Financial corporations .....	1.9	4.0	2.7	6.7	11.7	7.0	5.9	7.6	11.0	12.4	8.3	5.7
64 Foreign shares purchased in United States .....	.3	1.5	3.9	1.2	4.0	1.6	.7	3.0	4.3	3.6	8.5	5.3

## 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	1981	1982	1983	1984	1985	1986'	1984		1985		1986'	
							H1	H2	H1	H2	H1	H2
<b>1 Total funds advanced in credit markets to domestic nonfinancial sectors</b>	<b>375.8</b>	<b>387.4</b>	<b>548.8</b>	<b>756.3</b>	<b>869.3</b>	<b>834.0</b>	<b>727.8</b>	<b>784.8</b>	<b>732.6</b>	<b>1,006.1</b>	<b>706.0</b>	<b>962.5</b>
<i>By public agencies and foreign</i>												
2 Total net advances	104.4	115.4	115.3	154.6	203.3	311.1	132.5	176.6	201.8	204.9	267.6	354.5
3 U.S. government securities	17.1	22.7	27.6	36.0	47.2	87.8	26.8	45.2	53.1	41.3	85.4	90.1
4 Residential mortgages	23.5	61.0	76.1	56.5	94.6	158.5	52.7	60.2	85.6	103.7	121.0	196.0
5 FHLB advances to savings and loans	16.2	.8	-7.0	15.7	14.2	19.8	15.7	15.7	11.7	16.7	13.5	26.2
6 Other loans and securities	47.7	30.8	18.6	46.5	47.3	45.0	37.5	55.5	51.4	43.2	47.7	42.3
<i>Total advanced, by sector</i>												
7 U.S. government	24.0	15.9	9.7	17.4	17.8	10.9	9.0	25.7	28.8	6.7	12.9	9.0
8 Sponsored credit agencies	48.2	65.5	69.8	73.3	101.5	176.6	74.0	72.5	98.2	104.9	135.3	217.9
9 Monetary authorities	9.2	9.8	10.9	8.4	21.6	30.2	8.8	8.0	23.7	19.5	9.8	50.6
10 Foreign	23.0	24.1	24.9	55.5	62.4	93.4	40.7	70.4	51.0	73.8	109.7	77.1
<i>Agency and foreign borrowing not in line 1</i>												
11 Sponsored credit agencies and mortgage pools	47.4	64.9	67.8	74.9	101.5	173.7	69.8	80.0	92.9	110.2	129.5	217.8
12 Foreign	23.5	16.0	17.4	6.1	1.7	9.7	35.5	23.3	-4.1	7.5	24.3	5.0
<i>Private domestic funds advanced</i>												
13 Total net advances	342.3	352.9	518.7	682.7	769.2	706.2	700.5	664.9	619.6	918.8	592.1	820.9
14 U.S. government securities	115.9	203.1	226.9	237.8	277.0	300.6	224.4	251.2	241.7	312.2	254.5	346.8
15 State and local obligations	23.4	44.2	53.7	50.4	152.4	49.5	42.8	58.0	67.5	237.3	15.9	83.0
16 Corporate and foreign bonds	19.8	14.8	14.6	32.6	41.2	79.0	25.6	39.6	49.7	32.7	104.2	53.9
17 Residential mortgages	53.5	5.3	55.0	98.5	84.8	73.7	109.9	87.0	72.0	97.5	65.9	81.4
18 Other mortgages and loans	145.9	96.9	161.5	279.1	228.1	223.2	313.6	244.7	200.4	255.9	165.0	281.9
19 LESS: Federal Home Loan Bank advances	16.2	.8	-7.0	15.7	14.2	19.8	15.7	15.7	11.7	16.7	13.5	26.2
<i>Private financial intermediation</i>												
<i>Credit market funds advanced by private financial institutions</i>												
20 Commercial banking	320.2	261.9	391.9	550.5	554.4	647.9	581.8	519.1	471.3	637.4	572.4	724.0
21 Savings institutions	106.5	110.2	144.3	168.9	186.3	194.8	184.2	153.5	133.8	238.8	106.9	283.0
22 Insurance and pension funds	26.2	21.8	135.6	149.2	83.4	105.3	173.5	124.9	63.0	103.9	101.4	109.3
23 Other finance	93.5	86.2	97.8	124.0	141.0	137.2	144.5	103.5	121.8	160.1	128.6	145.9
24	94.0	43.7	14.1	108.3	143.6	210.5	79.5	137.2	152.7	134.5	235.6	185.8
<i>Sources of funds</i>												
25 Private domestic deposits and RPs	320.2	261.9	391.9	550.5	554.4	647.9	581.8	519.1	471.3	637.4	572.4	724.0
26 Credit market borrowing	214.5	195.2	212.2	317.6	317.6	204.8	300.2	334.9	203.0	206.6	224.5	260.3
27 Other sources	54.5	25.2	26.2	64.1	85.3	74.8	64.4	63.8	61.9	108.8	56.4	93.1
28 Foreign funds	51.2	41.5	153.4	168.8	264.2	330.8	217.2	120.4	206.5	322.0	291.5	370.5
29 Treasury balances	-23.7	-31.4	16.3	5.4	17.7	12.4	3.0	7.8	11.2	24.3	.9	24.0
30 Insurance and pension reserves	-1.1	6.1	-5.3	4.0	10.3	1.7	-1	8.2	14.4	6.1	5.5	9.0
31 Other, net	89.6	92.5	110.6	112.5	107.0	120.0	146.5	78.5	97.4	116.6	104.5	135.5
32	-13.6	-25.7	31.8	46.8	129.2	196.6	67.8	25.9	83.5	175.0	191.5	202.1
<i>Private domestic nonfinancial investors</i>												
33 Direct lending in credit markets	76.6	116.3	153.0	196.4	300.2	133.1	183.1	209.6	210.2	390.2	76.1	190.0
34 U.S. government securities	37.1	69.9	95.5	132.9	150.9	81.0	142.2	123.6	130.8	171.0	41.4	120.9
35 State and local obligations	11.1	25.0	39.0	29.6	59.2	17.8	25.0	34.3	20.5	98.0	-21.8	57.4
36 Corporate and foreign bonds	-4.0	2.0	-12.7	3.4	13.2	12.3	-26.8	19.9	25.4	1.0	49.3	-24.7
37 Open market paper	1.4	-1.3	15.1	8.9	51.8	1.4	15.7	2.2	7.3	96.3	-13.8	16.7
38 Other	31.0	20.6	16.2	28.3	25.1	20.6	26.9	29.7	26.3	24.0	21.0	19.8
<i>Deposits and currency</i>												
39 Currency	222.4	204.5	229.7	321.1	215.1	262.7	311.3	330.9	215.9	214.3	241.6	284.0
40 Checkable deposits	9.5	9.7	14.3	8.6	12.4	14.4	13.1	4.1	15.8	9.0	10.9	17.9
41 Small time and savings accounts	18.5	18.6	28.8	27.8	42.0	99.4	29.4	26.3	18.2	65.8	83.1	115.9
42 Money market fund shares	47.3	135.7	215.3	150.7	137.5	123.1	136.4	164.9	167.1	108.0	119.5	126.7
43 Large time deposits	107.5	24.7	-44.1	47.2	-2.2	20.8	30.2	64.2	4.2	-8.6	29.0	12.7
44 Security RPs	36.0	5.2	-6.3	84.9	14.0	8.2	93.4	76.5	-8	28.9	.9	-17.3
45 Deposits in foreign countries	5.2	11.1	18.5	7.0	13.4	7.2	10.8	3.1	14.3	12.5	-7.9	22.3
46	-1.7	-4	3.1	-5.1	2.1	6.0	-2.0	-8.2	-2.9	-1.3	6.2	5.7
<b>47 Total of credit market instruments, deposits and currency</b>	<b>299.0</b>	<b>320.7</b>	<b>382.7</b>	<b>517.4</b>	<b>515.3</b>	<b>395.8</b>	<b>494.4</b>	<b>540.5</b>	<b>426.0</b>	<b>604.5</b>	<b>317.8</b>	<b>474.0</b>
48 Public holdings as percent of total	26.2	28.6	20.4	20.3	23.3	36.9	17.4	23.2	27.7	20.2	36.6	37.0
49 Private financial intermediation (in percent)	93.6	74.2	75.5	80.6	72.1	91.7	83.1	78.1	76.1	69.4	96.7	88.2
50 Total foreign funds	-7	7.3	41.3	60.9	80.1	105.8	43.7	78.2	62.2	98.1	110.5	101.1
<i>MEMO: Corporate equities not included above</i>												
51 Total net issues	-3.3	33.6	67.0	-31.1	37.5	119.5	-40.1	-22.2	33.3	41.6	146.8	92.3
52 Mutual fund shares	6.0	16.8	32.1	38.0	103.4	191.7	39.3	36.6	93.6	113.1	198.7	184.6
53 Other equities	-9.3	16.8	34.9	-69.1	-65.9	-72.1	-79.4	-58.8	-60.4	71.5	-52.0	92.3
54 Acquisitions by financial institutions	19.9	27.6	46.8	8.2	33.3	25.2	4.1	20.6	54.0	12.6	35.4	15.1
55 Other net purchases	-23.2	6.0	20.2	-39.4	4.1	94.3	-36.0	-42.7	-20.7	29.0	111.4	77.2

## NOTES BY LINE NUMBER.

- Line 1 of table 1.57.
- Sum of lines 3-6 or 7-10.
- Includes farm and commercial mortgages.
- Credit market funds raised by federally sponsored credit agencies, and net issues of federally related mortgage pool securities.
- 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.
- Includes farm and commercial mortgages.
- Line 39 less lines 40 and 46.
- Excludes equity issues and investment company shares. Includes line 19.
- Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates, less claims on foreign affiliates and deposits by banking in foreign banks.
- Demand deposits and note balances at commercial banks.

31. Excludes net investment of these reserves in corporate equities.

32. Mainly retained earnings and net miscellaneous liabilities.

33. Line 13 less line 20 plus line 27.

34-38. Lines 14-18 less amounts acquired by private finance plus amounts borrowed 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<sup>1</sup>

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

Measure	1984	1985	1986	1986				1987				
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb. <sup>7</sup>	Mar. <sup>7</sup>	Apr. <sup>7</sup>	May
1 Industrial production .....	121.4	123.8	125.0	124.9	125.3	126.0	126.7	126.5	127.2	127.3	127.2	127.8
<i>Market groupings</i>												
2 Products, total, .....	126.7	130.8	133.2	133.3	134.0	134.5	135.0	134.9	136.1	136.2	135.6	136.5
3 Final, total, .....	127.3	131.1	132.3	132.2	132.7	133.1	133.7	133.6	135.0	135.1	134.4	135.2
4 Consumer goods, .....	118.0	120.2	124.4	124.2	124.7	125.6	127.2	126.8	127.5	127.6	126.6	127.4
5 Equipment, .....	139.6	145.4	142.7	142.8	143.3	143.1	142.2	142.8	144.9	145.0	144.7	145.6
6 Intermediate, .....	124.7	130.0	136.4	137.0	138.7	139.2	139.7	139.1	139.7	140.1	140.0	140.7
7 Materials, .....	114.2	114.2	113.9	113.5	113.3	114.3	115.2	115.2	115.1	115.1	115.6	116.0
<i>Industry groupings</i>												
8 Manufacturing, .....	123.4	126.4	129.1	129.5	129.9	130.3	131.1	131.1	132.0	132.2	132.0	132.7
Capacity utilization (percent) <sup>2</sup>												
9 Manufacturing, .....	80.5	80.1	79.8	79.6	79.6	79.7 <sup>7</sup>	80.0	79.9 <sup>7</sup>	80.3	80.2	79.9	80.2
10 Industrial materials industries, .....	82.0	80.2	78.5	78.1	77.8	78.8 <sup>7</sup>	78.9	78.8	78.7	78.6	78.8	79.0
11 Construction contracts (1982 = 100) <sup>3</sup> , .....	135.0	148.0	155.0	155.0	151.0	156.0	155.0	150.0	145.0	160.0	158.0	149.0
Nonagricultural employment, total <sup>4</sup>												
12 Manufacturing, .....	114.6	118.4	121.5	121.3 <sup>7</sup>	121.5 <sup>7</sup>	121.8 <sup>7</sup>	121.9 <sup>7</sup>	122.4 <sup>7</sup>	122.7	122.9	123.2	123.4
13 Goods-producing, total, .....	101.6	102.4	102.4	101.1 <sup>7</sup>	101.1 <sup>7</sup>	101.2 <sup>7</sup>	101.5 <sup>7</sup>	101.6	101.6	101.7	101.7	101.7
14 Manufacturing, total, .....	98.4	98.1	97.5	96.2 <sup>7</sup>	96.2 <sup>7</sup>	96.3 <sup>7</sup>	96.4 <sup>7</sup>	96.3 <sup>7</sup>	96.4	96.5	96.6	96.6
15 Manufacturing, production-worker, .....	94.1	92.9	92.1	90.9 <sup>7</sup>	90.9 <sup>7</sup>	91.1 <sup>7</sup>	91.3 <sup>7</sup>	91.1 <sup>7</sup>	91.4	91.4	91.5	91.6
16 Service-producing, .....	120.0	125.0	129.4	129.8 <sup>7</sup>	130.1 <sup>7</sup>	130.4 <sup>7</sup>	130.6 <sup>7</sup>	131.1 <sup>7</sup>	131.5	131.8	132.2	132.4
17 Personal income, total, .....	193.5	206.2	216.8	218.2	218.8	219.2	220.4	221.3 <sup>7</sup>	223.8	224.5	225.3	225.8
18 Wages and salary disbursements, .....	184.8	197.8	208.6	210.1	211.5	212.5	212.8	214.2 <sup>7</sup>	216.0	216.8	217.5	218.4
19 Manufacturing, .....	164.6	172.5	176.7	176.5	179.0	177.8	178.1	178.7	179.6	179.3	178.8	179.4
20 Disposable personal income, .....	193.6	205.0	215.5	216.4	216.7	216.8	217.5	219.0 <sup>7</sup>	222.4	223.0	217.0	224.3
21 Retail sales <sup>6</sup> , .....	179.0	190.6	199.9	213.0	201.9	200.9	211.8	196.8	206.3	207.9	208.1	206.7
Prices <sup>7</sup>												
22 Consumer (1967 = 100), .....	311.1	322.2	328.4	330.2	330.5	330.8	331.1	333.1	334.4	335.9	337.7	338.7
23 Producer finished goods (1967 = 100), .....	291.1	293.7	289.6	287.3	290.7	290.7	290.4	291.8 <sup>7</sup>	292.3	292.3	295.0	296.3

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 were 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	1984	1985 <sup>a</sup>	1986 <sup>a</sup>	1986			1987				
				Oct. <sup>b</sup>	Nov. <sup>b</sup>	Dec. <sup>b</sup>	Jan.	Feb. <sup>b</sup>	Mar. <sup>b</sup>	Apr. <sup>b</sup>	May
<b>HOUSEHOLD SURVEY DATA</b>											
1 Noninstitutional population <sup>1</sup> .....	178,602	180,440	182,822	183,450	183,628	183,815	184,092	184,259	184,436	184,597	184,777
2 Labor force (including Armed Forces) <sup>1</sup> .....	115,763	117,695	120,078	120,678	120,940	120,854	121,299	121,610	121,479	121,588	122,237
3 Civilian labor force .....	113,544	115,461	117,834	118,414	118,675	118,586	119,034	119,349	119,222	119,335	119,993
<i>Employment</i>											
4 Nonagricultural industries <sup>2</sup> .....	101,685	103,971	106,434	107,030	107,217	107,476	107,866	108,146	108,084	108,545	109,112
5 Agriculture .....	3,321	3,179	3,163	3,162	3,215	3,161	3,145	3,236	3,284	3,290	3,335
<i>Unemployment</i>											
6 Number .....	8,539	8,312	8,237	8,222	8,243	7,949	8,023	7,967	7,854	7,500	7,546
7 Rate (percent of civilian labor force) .....	7.5	7.2	7.0	6.9	6.9	6.7	6.7	6.7	6.6	6.3	6.3
8 Not in labor force .....	62,839	62,745	62,744	62,772	62,688	62,961	62,793	62,649	62,957	63,009	62,540
<b>ESTABLISHMENT SURVEY DATA</b>											
9 Nonagricultural payroll employment <sup>3</sup> .....	94,496	97,519	99,610	100,209	100,415	100,567	100,919 <sup>c</sup>	101,150	101,329	101,609	101,732
10 Manufacturing .....	19,378	19,260	18,994	18,934	18,954	18,970	18,956 <sup>c</sup>	18,986	18,995	19,011	19,016
11 Mining .....	966	927	783	735	730	724	718 <sup>c</sup>	719	722	730	735
12 Contract construction .....	4,383	4,673	4,904	4,942	4,946	4,936	5,034 <sup>c</sup>	5,038	5,032	5,016	4,996
13 Transportation and public utilities .....	5,159	5,238	5,244	5,251	5,278	5,286	5,304 <sup>c</sup>	5,315	5,333	5,345	5,344
14 Trade .....	22,100	23,073	23,580	23,711	23,737	23,732	23,821 <sup>c</sup>	23,897	23,902	23,982	24,006
15 Finance .....	5,689	5,955	6,297	6,395	6,418	6,451	6,480 <sup>c</sup>	6,501	6,526	6,560	6,577
16 Service .....	20,797	22,000	23,099	23,369	23,452	23,544	23,670	23,759	23,842	23,926	24,022
17 Government .....	16,023	16,394	16,710	16,872	16,900	16,924	16,936 <sup>c</sup>	16,935	16,977	17,039	17,036

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 1987 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	1986			1987	1986			1987	1986			1987
	Q2	Q3	Q4	Q1'	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1'
	Output (1977 = 100)				Capacity (percent of 1977 output)				Utilization rate (percent)			
1 Total industry .....	124.4	125.0	126.0	127.0	157.1	157.9	158.8'	159.6	79.2	79.1	79.3	79.6
2 Mining .....	99.9	96.6	96.6	96.6	132.1	131.9	131.7	131.3	75.6	73.2	73.4	73.6
3 Utilities .....	108.9	108.8	110.4	109.5	136.9	137.5	138.1	138.7	79.5	79.1	79.9	78.9
4 Manufacturing .....	128.4	129.4	130.4	131.8	161.4	162.4	163.4	164.4	79.5	79.7	79.8	80.2
5 Primary processing .....	111.1	112.1	114.0	115.1	134.0	134.6	135.1	135.9'	82.9	83.3	84.3'	84.7
6 Advanced processing .....	138.9	139.7	140.4	141.8	177.9	179.1	180.4	181.7	78.0	78.0	77.8	78.1
7 Materials .....	113.3	113.4	114.3	115.1	144.7	145.3	145.8	146.3	78.3	78.1	78.4	78.7
8 Durable goods .....	118.8	118.8	120.1	121.2	160.7	161.5	162.2	163.0	73.9	73.6	74.0	74.4
9 Metal materials .....	75.1	73.1	75.7	75.5	114.5	114.0	113.4	112.7	65.6	64.2	66.7	67.0
10 Nondurable goods .....	116.9	119.7	121.1	122.8	139.5	139.9	140.4	141.0	83.8	85.6	86.4	87.1
11 Textile, paper, and chemical .....	117.0	120.4	122.4	124.2	138.8	139.2	139.6	140.4	84.3	86.5	87.6	88.5
12 Paper .....	130.1	135.1	136.0	136.4	138.1	138.9	139.7	140.8	94.2	97.3	97.3	96.9
13 Chemical .....	115.4	117.7	120.1	122.5	144.3	144.7	145.0	145.6	80.0	81.4	82.8	84.2
14 Energy materials .....	100.6	98.6	98.2	97.8	121.3	121.4	121.6	121.6	82.9	81.2	80.7	80.5

	Previous cycle <sup>1</sup>		Latest cycle <sup>2</sup>		1986	1986					1987				
	High	Low	High	Low	May	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.'	Mar.'	Apr.'	May	
	Capacity utilization rate (percent)														
15 Total industry .....	88.6	72.1	86.9	69.5	79.1	79.0	79.0	79.4	79.6	79.4	79.7	79.6	79.4	79.6	
16 Mining .....	92.8	87.8	95.2	76.9	75.5	72.9	72.5	73.9	73.8	73.9	73.3	73.5	73.7	73.7	
17 Utilities .....	95.6	82.9	88.5	78.0	79.3	78.7	79.3	80.5	79.5	79.1	79.0	78.7	79.4	80.4	
18 Manufacturing .....	87.7	69.9	86.5	68.0	79.4	79.6	79.6	79.8	80.0	79.9'	80.3	80.2	79.9	80.2	
19 Primary processing .....	91.9	68.3	89.1	65.1	82.9	83.7	83.8	84.4	85.0	84.8'	84.7	84.7	85.0	85.5	
20 Advanced processing .....	86.0	71.1	85.1	69.5	78.0	77.6	77.8	77.7	77.9	77.8	78.3	78.1	77.7	77.9	
21 Materials .....	92.0	70.5	89.1	68.4	78.1	78.1	77.8	78.4	78.9	78.8	78.7	78.6	78.8	79.0	
22 Durable goods .....	91.8	64.4	89.8	60.9	73.7	73.5	73.6	74.2	74.3	74.0	74.6	74.5	74.4	74.5	
23 Metal materials .....	99.2	67.1	93.6	45.7	65.2	64.8	65.2	68.4	66.5	65.9	67.3	68.0	68.3	68.7	
24 Nondurable goods .....	91.1	66.7	88.1	70.6	83.5	86.1	85.8	85.7	87.7	87.5	86.8	86.8	87.6	87.8	
25 Textile, paper, and chemical .....	92.8	64.8	89.4	68.6	84.2	87.4	87.0	86.7	89.2	89.3	88.1	88.1	88.9	89.1	
26 Paper .....	98.4	70.6	97.3	79.9	93.1	96.1	95.7	96.0	100.2	98.3	97.1	95.4	95.1	.....	
27 Chemical .....	92.5	64.4	87.9	63.3	80.2	82.6	82.5	81.7	84.3	84.9	83.7	84.0	85.6	.....	
28 Energy materials .....	94.6	86.9	94.0	82.2	82.9	80.7	79.7	81.2	81.2	81.3	80.3	79.7	80.5	81.0	

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 pro- por- tion	1986 avg.	1986									1987				
			May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb. <sup>r</sup>	Mar.	Apr. <sup>p</sup>	May <sup>r</sup>	
Index (1977 = 100)																
<b>MAJOR MARKET</b>																
1 Total index .....	100.00	125.0	124.2	124.2	124.9	125.1	124.9	125.3	126.0	126.7	126.5	127.2	127.3	127.2	127.8	
2 Products .....	57.72	133.2	132.4	132.4	133.2	133.8	133.3	134.0	134.5	135.0	134.9	136.1	136.2	135.6	136.5	
3 Final products .....	44.77	132.3	131.6	131.1	132.0	132.6	132.2	132.7	133.1	133.7	133.6	135.0	135.1	134.4	135.2	
4 Consumer goods .....	25.52	124.4	124.3	124.4	125.2	125.1	124.2	124.7	125.6	127.2	126.8	127.5	127.6	126.6	127.4	
5 Equipment .....	19.25	142.7	141.2	140.0	141.0	142.5	142.8	143.3	143.1	142.2	142.8	144.9	145.0	144.7	145.6	
6 Intermediate products .....	12.94	136.4	135.1	137.0	137.3	137.8	137.0	138.7	139.2	139.7	139.1	139.7	140.1	140.0	140.7	
7 Materials .....	42.28	113.9	113.0	113.1	113.6	113.2	113.5	113.3	114.3	115.2	115.2	115.1	115.1	115.6	116.0	
<i>Consumer goods</i>																
8 Durable consumer goods .....	6.89	116.2	113.8	114.3	116.3	115.7	112.4	116.3	118.4	121.5	120.0	122.4	121.6	118.4	119.4	
9 Automotive products .....	2.98	115.1	113.2	113.7	116.4	114.5	112.0	112.7	114.6	117.7	117.6	123.5	121.1	115.5	116.7	
10 Autos and trucks .....	1.79	112.9	110.3	112.2	114.5	110.4	116.8	107.7	107.6	115.6	117.9	125.2	121.6	111.5	113.1	
11 Autos, consumer .....	1.16	97.3	94.8	99.3	95.3	87.8	96.2	91.9	92.3	99.5	94.3	105.3	100.9	91.8	91.0	
12 Trucks, consumer .....	.63	141.8	139.1	136.1	150.3	152.4	155.1	137.1	136.0	145.6	161.9	162.1	159.9	.....	.....	
13 Auto parts and allied goods .....	1.19	118.4	117.4	116.1	119.1	120.7	112.3	120.1	125.2	120.8	117.1	121.0	120.3	121.4	122.0	
14 Home goods .....	3.91	117.1	114.3	114.8	116.3	116.7	112.7	119.0	121.2	124.4	121.9	121.6	122.0	120.6	121.5	
15 Appliances, A/C and TV .....	1.24	139.5	133.9	137.5	138.9	139.4	141.2	142.6	148.1	153.2	146.9	145.2	144.0	138.9	141.1	
16 Appliances and TV .....	1.19	141.6	135.8	139.1	141.6	142.5	143.5	144.3	150.0	155.1	148.9	146.7	144.9	140.5	.....	
17 Carpeting and furniture .....	.96	125.8	123.3	122.5	126.6	125.8	126.2	128.8	131.1	132.0	129.1	130.8	132.6	134.5	.....	
18 Miscellaneous home goods .....	1.71	96.0	95.0	94.1	94.1	95.1	96.0	96.5	96.3	99.4	99.8	99.3	100.2	99.7	.....	
19 Nondurable consumer goods .....	18.63	127.5	128.1	128.1	128.4	128.6	126.7	127.8	128.3	129.4	129.2	129.4	129.8	129.6	130.3	
20 Consumer staples .....	15.29	97.0	135.0	135.1	135.3	135.5	133.6	134.4	135.0	136.0	135.9	135.9	136.4	136.3	137.0	
21 Consumer foods and tobacco .....	7.80	134.1	132.4	133.3	132.2	133.2	131.0	131.6	132.6	133.9	132.9	134.0	134.3	134.1	.....	
22 Nonfood staples .....	7.49	131.9	137.7	137.0	138.5	137.9	136.3	137.2	137.4	138.2	139.0	137.9	138.6	138.6	139.2	
23 Consumer chemical products .....	2.75	136.5	162.4	163.6	166.4	166.4	161.1	161.7	161.0	163.1	165.9	164.7	167.3	167.0	.....	
24 Consumer paper products .....	1.88	161.2	148.6	147.1	146.4	147.7	145.7	150.3	151.5	150.1	149.4	147.8	146.7	147.1	.....	
25 Consumer energy .....	2.86	147.4	106.8	104.8	106.6	107.1	106.3	105.2	105.5	106.4	106.3	105.7	105.8	105.7	.....	
26 Consumer fuel .....	1.44	105.7	96.4	91.8	91.2	94.9	92.0	90.8	91.7	92.2	95.0	92.5	94.1	93.5	.....	
27 Residential utilities .....	1.42	92.8	117.5	118.1	122.3	119.6	120.9	119.8	119.6	120.8	117.8	119.2	117.7	.....	.....	
<i>Equipment</i>																
28 Business and defense equipment .....	18.01	147.1	146.0	145.1	146.4	147.8	148.0	148.4	148.1	147.0	147.7	150.1	150.0	149.8	150.6	
29 Business equipment .....	14.34	138.6	137.9	136.6	137.9	139.3	139.3	139.1	138.6	137.1	138.1	140.8	140.6	140.4	141.2	
30 Construction, mining, and farm .....	2.08	59.8	60.9	61.9	60.6	58.3	58.1	58.0	56.6	58.2	57.2	56.8	57.6	58.2	.....	
31 Manufacturing .....	3.27	112.0	111.9	111.7	112.6	113.3	113.0	112.7	109.6	108.8	110.1	111.5	111.2	111.9	112.3	
32 Power .....	1.27	81.6	82.9	83.5	81.7	81.7	80.3	80.5	79.5	80.2	79.6	81.2	81.4	81.0	81.0	
33 Commercial .....	5.22	214.6	212.9	208.2	214.5	217.5	215.1	215.4	217.3	213.7	215.9	218.4	219.4	220.2	221.5	
34 Transit .....	2.49	109.2	107.3	108.8	103.9	106.9	113.3	111.8	110.7	108.9	109.5	117.4	114.0	110.0	110.3	
35 Defense and space equipment .....	3.67	180.3	178.0	178.4	179.5	181.0	182.0	184.6	184.9	185.8	185.2	186.5	186.6	186.5	187.4	
<i>Intermediate products</i>																
36 Construction supplies .....	5.95	124.7	123.5	124.1	124.0	125.4	125.9	126.3	126.8	127.9	128.3	128.4	128.5	127.9	128.6	
37 Business supplies .....	6.99	146.4	145.0	147.9	148.6	148.4	146.4	149.3	149.7	149.8	148.3	149.4	150.0	150.3	.....	
38 General business supplies .....	5.67	150.6	148.3	151.6	153.3	152.5	151.2	154.1	153.7	154.3	153.3	154.1	154.6	154.5	.....	
39 Commercial energy products .....	1.31	128.3	130.7	131.9	128.3	130.6	125.8	128.8	132.4	130.3	126.8	128.8	130.4	132.3	.....	
<i>Materials</i>																
40 Durable goods materials .....	20.50	119.7	118.4	117.8	118.8	118.8	118.9	119.2	120.4	120.7	120.5	121.5	121.6	121.5	121.8	
41 Durable consumer parts .....	4.92	98.5	96.4	96.3	96.7	95.2	95.3	97.0	98.0	98.8	99.0	100.0	98.8	96.4	96.1	
42 Equipment parts .....	5.94	153.9	152.3	151.8	154.3	155.6	154.8	153.5	154.5	154.2	154.0	155.6	155.8	156.3	156.8	
43 Durable materials n.e.c. ....	9.64	109.4	108.8	107.9	108.2	108.1	108.8	109.4	110.7	111.2	110.8	111.5	112.3	113.0	113.4	
44 Basic metal materials .....	4.64	80.0	78.9	76.7	77.4	76.9	78.4	78.8	82.1	80.3	79.2	80.3	80.9	81.5	.....	
45 Nondurable goods materials .....	10.09	118.3	116.5	117.7	118.9	119.7	120.6	120.3	120.2	123.2	123.2	122.5	122.7	124.1	124.7	
46 Textile, paper, and chemical .....	7.53	118.9	116.9	118.2	119.0	120.5	121.8	121.3	121.0	124.7	125.0	123.6	124.0	125.3	126.0	
47 Textile materials .....	1.52	110.6	108.4	109.5	111.2	113.4	116.0	114.3	115.6	116.1	116.5	115.8	117.6	119.0	.....	
48 Pulp and paper materials .....	1.55	132.1	128.6	132.7	135.6	136.0	133.7	133.5	134.2	140.2	137.9	136.7	134.7	134.9	.....	
49 Chemical materials .....	4.46	117.1	115.7	116.1	115.9	117.5	119.7	119.5	118.5	122.3	123.4	121.8	122.4	124.2	.....	
50 Miscellaneous nondurable materials .....	2.57	116.5	115.3	116.4	118.3	117.2	117.1	117.5	117.6	118.5	118.0	119.0	119.0	.....	.....	
51 Energy materials .....	11.69	99.9	100.5	100.8	99.9	97.9	98.0	96.9	98.7	98.8	98.9	97.6	96.9	97.8	98.4	
52 Primary energy .....	7.57	105.5	106.7	106.5	104.8	103.7	103.8	102.7	104.8	105.1	104.1	102.6	101.5	102.0	.....	
53 Converted fuel materials .....	4.12	89.6	89.2	90.4	90.9	87.3	87.4	86.2	87.6	87.3	89.4	88.5	88.5	90.0	.....	

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2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value—Continued

Grouping	SIC code	1977 proportion	1986 avg.	1986								1987				
				May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb. <sup>a</sup>	Mar.	Apr. <sup>b</sup>	May <sup>c</sup>
				Index (1977 = 100)												
<b>MAJOR INDUSTRY</b>																
1 Mining and utilities		15.79	103.4	103.1	102.6	101.8	100.9	100.8	100.7	102.6	101.9	101.9	101.3	101.3	101.7	102.2
2 Mining		9.83	99.6	99.8	98.9	97.1	96.4	96.2	95.6	97.4	96.7	97.2	96.2	96.4	96.5	96.3
3 Utilities		5.96	109.6	108.5	108.6	109.7	108.3	108.3	109.3	111.2	110.6	109.5	109.6	109.3	110.4	111.9
4 Manufacturing		84.21	129.1	128.2	128.3	129.2	129.5	129.5	129.9	130.3	131.1	131.1	132.0	132.2	132.0	132.7
5 Nondurable		35.11	130.9	129.9	131.2	131.7	132.2	131.4	132.3	132.7	133.7	134.1	134.3	134.6	135.1	135.9
6 Durable		49.10	127.9	127.0	126.2	127.4	127.5	128.1	128.1	128.6	129.2	129.0	130.4	130.5	129.8	130.4
<i>Mining</i>																
7 Metal	10	.50		72.0	65.9	69.2	70.9	70.7	68.5	68.3	73.5	72.1	72.0	71.6		
8 Coal	11.12	1.60	124.2	124.0	127.3	120.2	122.2	120.8	117.6	130.1	124.3	133.5	127.7	121.8	121.6	122.9
9 Oil and gas extraction	13	7.07	94.7	95.1	93.3	92.4	90.7	91.0	90.5	90.4	90.9	89.9	89.5	91.0	91.2	90.6
10 Stone and earth minerals	14	.66	113.9	112.4	114.5	111.8	114.8	111.7	116.4	115.2	109.6	107.1	110.0	111.2	112.4	
<i>Nondurable manufactures</i>																
11 Foods	20	7.96	133.6	133.7	134.6	134.3	135.1	134.3	133.7	134.4	135.3	135.3	135.7	136.1	135.9	
12 Tobacco products	21	.62	96.6	101.6	97.6	97.9	97.1	89.8	100.1	96.8	92.9	89.1	98.7	100.7		
13 Textile mill products	22	2.29	113.2	111.3	112.6	113.4	114.7	116.0	117.8	118.4	118.0	118.4	118.8	118.8	120.5	
14 Apparel products	23	2.79	103.6	102.6	101.7	102.5	102.7	104.2	105.1		107.2	107.4	106.7			
15 Paper and products	26	3.15	136.4	133.2	137.2	138.1	138.6	136.9	137.8	139.5	141.6	139.8	140.5	139.2	138.4	
16 Printing and publishing	27	4.54	163.4	161.9	164.0	165.4	164.6	163.0	167.8	168.5	167.7	168.1	166.7	167.9	169.2	171.6
17 Chemicals and products	28	8.05	133.0	131.5	134.2	134.1	134.4	133.9	133.9	132.3	134.6	137.4	137.7	138.2	139.0	
18 Petroleum products	29	2.40	92.1	95.7	91.8	90.6	94.0	93.3	91.1	92.0	92.5	94.7	91.9	91.4	92.6	92.3
19 Rubber and plastic products	30	2.80	153.3	150.1	152.2	155.5	155.5	154.9	157.6	159.0	160.7	158.1	159.2	160.2	162.2	
20 Leather and products	31	.53	61.3	59.5	57.9	61.9	62.0	59.4	60.2	61.3	59.4	58.3	59.6	59.1	59.3	
<i>Durable manufactures</i>																
21 Lumber and products	24	2.30	123.4	121.6	120.9	120.8	122.5	125.0	125.9	129.5	133.1	130.2	130.0	129.6	130.6	
22 Furniture and fixtures	25	1.27	146.7	146.2	147.1	149.5	148.3	147.7	149.2	148.6	150.5	148.7	151.8	153.8	155.7	
23 Clay, glass, stone products	32	2.72	120.2	120.2	120.8	119.6	119.7	121.6	118.1	120.6	121.7	122.8	121.5	122.6	121.5	
24 Primary metals	33	5.33	75.8	74.8	71.4	73.6	73.4	74.1	74.2	76.8	73.5	73.6	76.3	77.5	76.8	77.4
25 Iron and steel	331.2	3.49	63.4	60.2	58.3	61.7	60.8	61.1	62.2	64.8	60.5	60.2	63.1	65.1	65.1	
26 Fabricated metal products	34	6.46	107.4	106.5	106.6	105.7	105.9	107.3	108.3	107.1	108.3	108.0	108.2	108.6	108.6	109.0
27 Nonelectrical machinery	35	9.54	141.9	141.3	140.4	142.6	142.6	140.9	142.2	141.2	139.9	140.3	142.3	143.7	144.3	145.3
28 Electrical machinery	36	7.15	166.5	166.0	163.2	166.8	167.2	166.9	167.7	168.3	170.2	169.2	169.3	167.7	166.4	166.7
29 Transportation equipment	37	9.13	125.8	124.1	125.1	125.6	125.1	127.7	125.2	125.6	127.0	128.1	131.8	130.6	126.9	127.7
30 Motor vehicles and parts	371	5.25	110.9	108.7	110.6	111.2	108.2	112.2	107.1	107.9	111.2	112.2	117.8	115.5	109.3	110.2
31 Aerospace and miscellaneous transportation equipment	372-6.9	3.87	146.1	145.0	144.7	145.2	148.0	148.7	149.7	149.6	148.4	149.6	150.7	151.1	150.7	151.4
32 Instruments	38	2.66	141.3	140.3	139.9	141.7	142.0	141.7	140.3	141.1	142.4	142.5	143.3	142.2	143.1	143.0
33 Miscellaneous manufactures	39	1.46	99.3	101.0	98.3	97.5	98.3	97.7	99.0	98.9	103.1	101.8	101.1	102.2	101.5	
<i>Utilities</i>																
34 Electric		4.17	122.2	121.7	123.1	125.4	122.4	122.8	123.8	125.1	123.5	121.7	122.3	123.3	123.7	
Gross value (billions of 1982 dollars, annual rates)																
<b>MAJOR MARKET</b>																
35 Products, total		517.5	1,702.2	1,687.6	1,676.7	1,669.9	1,681.3	1,677.8	1,683.9	1,690.8	1,701.9	1,707.1	1,721.4	1,723.6	1,712.2	1,721.4
36 Final		405.7	1,314.5	1,301.1	1,289.5	1,282.7	1,292.6	1,292.3	1,292.5	1,297.6	1,306.7	1,315.1	1,331.9	1,330.2	1,317.6	1,322.6
37 Consumer goods		272.7	853.8	852.4	843.8	842.4	846.9	839.8	839.3	847.2	860.5	865.5	869.7	870.1	861.1	863.0
38 Equipment		133.0	458.2	448.7	445.7	440.4	445.7	452.5	453.2	450.4	446.2	449.6	462.2	460.0	456.5	459.6
39 Intermediate		111.9	387.6	386.4	387.2	387.1	388.7	385.5	391.4	393.2	395.3	391.9	389.5	393.4	394.6	398.8

▲ 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 were 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	1984	1985	1986	1986						1987			
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb. <sup>1</sup>	Mar. <sup>1</sup>	Apr.
Private residential real estate activity (thousands of units)													
<b>NEW UNITS</b>													
1 Permits authorized .....	1,682	1,733	1,750	1,778	1,728	1,687	1,664	1,667	1,862	1,652	1,676	1,719	1,598
2 1-family .....	922	957	1,071	1,098	1,059	1,071	1,036	1,028	1,184	1,085	1,204	1,150	1,058
3 2-or-more-family .....	759	777	679	680	669	616	628	639	678	567	472	569	540
4 Started .....	1,749	1,742	1,805	1,786	1,800	1,689	1,657	1,637	1,813	1,816	1,838	1,730	1,665
5 1-family .....	1,084	1,072	1,179	1,147	1,180	1,123	1,114	1,129	1,233	1,253	1,303	1,211	1,222
6 2-or-more-family .....	665	669	626	639	620	566	543	508	580	563	535	519	443
7 Under construction, end of period <sup>1</sup> .....	1,051	1,063	1,074	1,154	1,163	1,154	1,142	1,125	1,104	1,089	1,096	1,085	1,075
8 1-family .....	556	539	583	620	628	627	625	619	610	609	621	617	624
9 2-or-more-family .....	494	524	490	534	534	527	518	506	494	480	476	469	450
10 Completed .....	1,652	1,703	1,756	1,750	1,757	1,740	1,745	1,774	1,894	1,956	1,726	1,696	1,821
11 1-family .....	1,025	1,072	1,120	1,074	1,124	1,113	1,165	1,158	1,184	1,217	1,107	1,145	1,142
12 2-or-more-family .....	627	631	637	676	633	627	580	616	710	739	619	551	679
13 Mobile homes shipped .....	296	284	244	238	231	243	241	237	251	242	231	228	227
<i>Merchant builder activity in 1-family units</i>													
14 Number sold .....	639	688	748	691	623	744	675	691	768	712	742	722	777
15 Number for sale, end of period <sup>2</sup> .....	358	350	361	350	352	355	357	353	357	358	358	357	355
<i>Price (thousands of dollars)<sup>2</sup></i>													
Median													
16 Units sold .....	80.0	84.3	92.2	94.1	91.5	95.0	96.4	94.0	95.0 <sup>1</sup>	98.5 <sup>1</sup>	95.0	99.0	99.0
Average													
17 Units sold .....	97.5	101.0	112.2	116.8	113.2	114.0	114.9	113.6	118.9 <sup>1</sup>	122.1 <sup>1</sup>	120.3	121.2	118.8
<b>EXISTING UNITS (1-family)</b>													
18 Number sold .....	2,868	3,217	3,566	3,460	3,590	3,710	3,760	3,850	4,060	3,470	3,690	3,680	3,560
<i>Price of units sold (thousands of dollars)<sup>2</sup></i>													
Median													
19 Median .....	72.3	75.4	80.3	79.9	82.0	80.3	79.4	80.4	80.8	82.4	85.0	85.6	85.0
Average													
20 Average .....	85.9	90.6	98.3	99.2	100.3	98.2	97.3	99.1	100.6	100.3	104.3	104.7	105.0
Value of new construction <sup>3</sup> (millions of dollars)													
<b>CONSTRUCTION</b>													
21 Total put in place .....	327,209	355,570	377,903	380,722	382,603	382,581	388,471	383,142	378,527	381,084	386,797	382,411	384,141
22 Private .....	271,973	292,792	306,697	309,003	310,155	308,617	315,267	311,668	305,489	307,199	311,325	306,011	307,911
23 Residential .....	155,148	158,818	175,597	178,821	178,761	178,480	186,962	185,716	181,514	185,373	184,915	184,659	184,192
24 Nonresidential, total .....	116,825	133,974	131,100	130,182	131,394	130,137	128,305	125,952	123,975	121,826	126,410	121,352	123,719
Buildings													
25 Industrial .....	13,746	15,769	13,653	12,866	12,543	13,180	12,948	13,532	12,582	12,155	12,723	11,101	11,171
26 Commercial .....	48,100	59,626	52,084	58,132	60,054	58,001	56,220	54,884	54,419	51,908	55,363	53,390	54,362
27 Other .....	12,547	12,619	13,433	13,277	13,315	14,001	14,324	13,937	13,880	14,100	14,633	14,975	14,898
28 Public utilities and other .....	42,432	45,960	51,930	45,907	45,482	44,955	44,813	43,599	43,094	43,663	43,691	41,886	43,288
29 Public .....	55,232	62,777	71,204	71,719	72,448	73,964	73,204	71,474	73,039	73,885	75,472	76,401	76,230
30 Military .....	2,839	3,283	3,893	3,553	4,132	5,050	3,540	3,980	4,295	4,025	3,616	4,156	3,888
31 Highway .....	16,343	19,998	21,260	21,603	21,607	20,552	20,480	18,425	18,989	22,895	21,898	21,881	21,087
32 Conservation and development .....	4,654	4,952	4,728	4,415	4,294	4,841	4,754	4,516	5,038	5,100	4,759	4,833	5,297
33 Other .....	31,396	34,544	41,323	42,148	42,415	43,521	44,430	44,553	44,717	41,865	45,199	45,531	45,958

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 1987 (1967=100) <sup>1</sup>
	1986 May	1987 May	1986			1987	1987					
			June	Sept.	Dec.	Mar.	Jan.	Feb.	Mar.	Apr.	May	
<b>CONSUMER PRICES<sup>2</sup></b>												
1 All items .....	1.6	3.8	1.6	2.0	2.5	6.2	.7	.4	.4	.4	.3	338.7
2 Food .....	2.6	4.9	3.9	8.4	4.1	2.5	.4	.3	.1	.3	.5	332.5
3 Energy items .....	14.8	.2	12.6	21.0	9.9	26.1	3.0	1.9	1.0	.3	.2	366.9
4 All items less food and energy .....	4.0	4.2	3.3	3.7	3.7	5.2	.5	.3	.5	.5	.3	338.9
5 Commodities .....	1.0	3.2	.3	2.6	1.4	5.1	.6	.0	.7	.6	.3	270.7
6 Services .....	5.8	4.7	4.9	4.3	5.1	5.3	.5	.4	.4	.4	.3	413.2
<b>PRODUCER PRICES</b>												
7 Finished goods .....	1.8	2.6	.7	-.4	1.8	3.9	.4	.1	.4	.7	.3	296.3
8 Consumer foods .....	2.0	4.3	8.2	11.2	1.0	6.7	1.8	.5	.5	1.5	1.4	286.7
9 Consumer energy .....	28.4	3.3	20.7	42.7	12.5	57.6	7.7 <sup>3</sup>	4.3 <sup>3</sup>	.2	2.1	.0	516.5
10 Other consumer goods .....	2.4	2.7	.9	2.3	4.4	3.4	.5 <sup>3</sup>	.4 <sup>3</sup>	.8	.2	.2	264.4
11 Capital equipment .....	1.8	2.0	2.4	2.0	3.4	.1	.2	.3	.1	.3	.1	311.9
12 Intermediate materials <sup>3</sup> .....	4.3	1.8	5.1	1.5	1.2	8.0	1.0	.5	.4	.3	.4	318.1
13 Excluding energy .....	.6	2.1	-1.2	1.5	1.2	3.3	.4	.1 <sup>3</sup>	.3	.2	.4	310.5
<b>Crude materials</b>												
14 Foods .....	2.7	9.3	5.9	18.1	-2.7	11.3	3.1 <sup>3</sup>	.3 <sup>3</sup>	.4	4.3	4.8	251.3
15 Energy .....	25.0	6.4	29.1	-19.6	-.5	41.2	8.4 <sup>3</sup>	1.4 <sup>3</sup>	.9	1.7	2.7	606.9
16 Other .....	1.2	5.5	6.6	-24.1	8.5	16.3	4.5 <sup>3</sup>	.3 <sup>3</sup>	.9	.7	2.4	263.1

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	1984	1985	1986	1986				1987
				Q1	Q2	Q3	Q4	
<b>GROSS NATIONAL PRODUCT</b>								
1 Total .....	3,765.0	3,998.1	4,206.1	4,149.2	4,175.6	4,240.7	4,258.7	4,352.1
<i>By source</i>								
2 Personal consumption expenditures .....	2,428.2	2,600.5	2,762.5	2,697.9	2,732.0	2,799.8	2,820.4	2,850.4
3 Durable goods .....	331.2	359.3	388.1	360.8	373.9	414.5	403.1	383.0
4 Nondurable goods .....	870.1	905.1	932.7	929.7	928.4	932.8	940.1	960.3
5 Services .....	1,227.0	1,336.1	1,441.7	1,407.4	1,429.8	1,452.4	1,477.2	1,507.0
6 Gross private domestic investment .....	662.1	661.1	683.6	708.3	687.3	675.8	663.2	722.1
7 Fixed investment .....	598.0	650.0	677.0	664.4	672.8	680.3	690.3	677.9
8 Nonresidential .....	416.5	458.2	460.0	459.2	457.5	459.0	464.3	451.5
9 Structures .....	139.3	154.8	143.3	154.6	141.5	139.5	137.5	134.0
10 Producers' durable equipment .....	277.3	303.4	316.7	304.6	316.0	319.5	326.8	317.5
11 Residential structures .....	181.4	191.8	217.0	205.3	215.3	221.3	226.0	226.4
12 Change in business inventories .....	64.1	11.1	6.7	43.8	14.5	-4.5	-27.1	44.2
13 Nonfarm .....	56.6	12.2	7.7	41.2	10.5	-10.3	10.8	38.6
14 Net exports of goods and services .....	-58.7	78.9	-104.3	93.7	104.5	-108.9	-110.2	107.9
15 Exports .....	382.7	369.8	373.0	374.8	363.0	370.8	383.5	399.0
16 Imports .....	441.4	448.6	477.3	468.5	467.5	479.7	493.7	506.9
17 Government purchases of goods and services .....	733.4	815.4	864.2	836.7	860.8	874.0	885.3	887.6
18 Federal .....	311.3	354.1	366.2	355.7	367.6	369.3	372.1	364.8
19 State and local .....	422.2	461.3	498.0	480.9	493.3	504.7	513.2	522.8
<i>By major type of product</i>								
20 Final sales, total .....	3,700.9	3,987.0	4,199.4	4,105.4	4,161.2	4,245.2	4,285.8	4,307.9
21 Goods .....	1,576.7	1,630.2	1,670.5	1,669.0	1,661.6	1,680.2	1,671.3	1,720.6
22 Durable .....	675.0	700.2	716.8	710.6	703.1	730.1	723.5	745.6
23 Nondurable .....	901.7	930.0	953.7	958.4	950.1	947.8	947.8	975.0
24 Services .....	1,813.1	1,959.8	2,105.6	2,057.7	2,087.4	2,125.2	2,152.1	2,196.7
25 Structures .....	375.1	408.1	430.0	422.6	426.7	435.3	435.3	434.9
26 Change in business inventories .....	64.1	11.1	6.7	43.8	14.5	-4.5	-27.1	44.2
27 Durable goods .....	39.2	6.6	-1.0	28.6	-1.1	-15.6	-16.9	31.4
28 Nondurable goods .....	24.9	4.5	7.7	15.3	14.6	11.1	-10.2	12.8
29 MEMO:								
Total GNP in 1982 dollars .....	3,489.9	3,585.2	3,674.9	3,655.9	3,661.4	3,686.4	3,696.1	3,739.4
<b>NATIONAL INCOME</b>								
30 Total .....	3,032.0	3,222.3	3,386.4	3,340.7	3,376.4	3,396.1	3,432.3	3,510.9
31 Compensation of employees .....	2,214.7	2,368.2	2,498.0	2,461.5	2,480.2	2,507.4	2,542.8	2,579.0
32 Wages and salaries .....	1,837.0	1,965.8	2,073.5	2,044.1	2,058.8	2,081.1	2,109.8	2,143.6
33 Government and government enterprises .....	346.2	372.2	395.7	387.2	392.5	398.4	404.4	413.0
34 Other .....	1,490.6	1,593.9	1,677.8	1,656.8	1,666.3	1,682.7	1,705.4	1,730.7
35 Supplement to wages and salaries .....	377.7	402.4	424.5	417.4	421.3	426.3	433.0	435.3
36 Employer contributions for social insurance .....	193.1	205.5	215.7	212.9	214.1	215.9	220.1	220.0
37 Other labor income .....	184.5	196.9	208.8	204.5	207.3	210.4	213.0	215.4
38 Proprietors' income <sup>1</sup> .....	236.9	254.4	278.8	265.3	289.1	277.5	283.2	296.1
39 Business and professional <sup>1</sup> .....	205.3	225.2	252.7	240.9	249.6	258.0	262.2	268.2
40 Farm <sup>1</sup> .....	31.5	29.2	26.1	24.4	39.5	19.6	21.0	27.8
41 Rental income of persons <sup>2</sup> .....	8.3	7.6	15.0	12.8	16.3	16.2	14.8	15.4
42 Corporate profits <sup>1</sup> .....	264.7	280.7	299.7	296.4	293.1	302.0	311.2	335.4
43 Profits before tax <sup>1</sup> .....	235.7	223.2	237.5	222.5	227.7	240.4	259.6	267.6
44 Inventory valuation adjustment .....	-5.5	-6.6	6.5	16.5	10.6	6.1	-7.2	-6.9
45 Capital consumption adjustment .....	34.5	58.1	56.6	57.3	54.8	55.5	58.8	74.7
46 Net interest .....	307.4	311.4	294.0	304.9	297.7	292.9	280.4	285.1

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	1984	1985	1986	1986				1987
				Q1	Q2	Q3	Q4	Q1 <sup>1</sup>
<b>PERSONAL INCOME AND SAVING</b>								
<b>1 Total personal income</b> .....	<b>3,110.2</b>	<b>3,314.5</b>	<b>3,485.7</b>	<b>3,432.6</b>	<b>3,483.3</b>	<b>3,498.8</b>	<b>3,527.9</b>	<b>3,587.9</b>
2 Wage and salary disbursements.....	1,836.8	1,966.1	2,073.5	2,044.1	2,058.8	2,081.1	2,109.8	2,143.6
3 Commodity producing industries.....	577.8	607.7	623.2	622.0	620.8	621.8	628.3	633.1
4 Manufacturing.....	439.1	460.1	471.2	470.5	468.8	470.0	475.4	477.9
5 Distributive industries.....	442.2	469.8	487.9	485.2	484.3	488.3	493.9	500.7
6 Service industries.....	470.6	516.4	566.7	549.6	561.3	572.6	583.2	596.9
7 Government and government enterprises.....	346.2	372.2	395.7	387.2	392.5	398.4	404.4	413.0
8 Other labor income.....	184.5	196.9	208.8	204.5	207.3	210.4	213.0	215.4
9 Proprietors' income <sup>1</sup> .....	236.9	254.4	278.8	265.3	289.1	277.5	283.2	296.1
10 Business and professional <sup>1</sup> .....	205.3	225.2	252.7	240.9	249.6	258.0	262.2	268.2
11 Farm <sup>1</sup> .....	31.5	29.2	26.1	24.4	39.5	19.6	21.0	27.8
12 Rental income of persons <sup>2</sup> .....	8.3	7.6	15.0	12.8	16.3	16.2	14.8	15.4
13 Dividends.....	74.7	76.4	81.2	79.1	81.1	82.0	82.7	84.1
14 Personal interest income.....	446.9	476.2	475.0	480.8	480.1	473.8	465.2	470.7
15 Transfer payments.....	455.6	487.1	513.8	504.7	510.1	518.5	521.8	530.3
16 Old-age survivors, disability, and health insurance benefits.....	235.7	253.4	266.8	263.2	264.1	269.6	270.2	273.7
17 <b>LESS: Personal contributions for social insurance</b> .....	<b>133.5</b>	<b>150.2</b>	<b>160.3</b>	<b>158.6</b>	<b>159.5</b>	<b>160.8</b>	<b>162.4</b>	<b>167.7</b>
18 <b>EQUALS: Personal income</b> .....	<b>3,110.2</b>	<b>3,314.5</b>	<b>3,485.7</b>	<b>3,432.6</b>	<b>3,483.3</b>	<b>3,498.8</b>	<b>3,527.9</b>	<b>3,587.9</b>
19 <b>LESS: Personal tax and nontax payments</b> .....	<b>439.6</b>	<b>486.5</b>	<b>514.1</b>	<b>497.5</b>	<b>504.8</b>	<b>519.0</b>	<b>534.9</b>	<b>533.0</b>
20 <b>EQUALS: Disposable personal income</b> .....	<b>2,670.6</b>	<b>2,828.0</b>	<b>2,971.6</b>	<b>2,935.1</b>	<b>2,978.5</b>	<b>2,979.9</b>	<b>2,993.0</b>	<b>3,054.9</b>
21 <b>LESS: Personal outlays</b> .....	<b>2,501.9</b>	<b>2,684.7</b>	<b>2,857.4</b>	<b>2,789.4</b>	<b>2,825.5</b>	<b>2,895.8</b>	<b>2,918.8</b>	<b>2,948.4</b>
22 <b>EQUALS: Personal saving</b> .....	<b>168.7</b>	<b>143.3</b>	<b>114.2</b>	<b>145.6</b>	<b>153.1</b>	<b>84.1</b>	<b>74.2</b>	<b>106.5</b>
<b>MEMO</b>								
Per capita (1982 dollars)								
23 Gross national product.....	14,721.1	14,982.0	15,216.9	15,188.0	15,178.9	15,245.6	15,247.9	15,394.8
24 Personal consumption expenditures.....	9,475.4	9,713.7	10,015.3	9,857.1	9,984.4	10,124.0	10,089.9	10,040.3
25 Disposable personal income.....	10,421.0	10,563.0	10,773.0	10,723.0	10,886.0	10,776.0	10,708.0	10,762.0
26 Saving rate (percent).....	6.3	5.1	3.8	5.0	5.1	2.8	2.5	3.5
<b>GROSS SAVING</b>								
27 <b>Gross saving</b> .....	<b>573.3</b>	<b>551.5</b>	<b>538.7</b>	<b>583.2</b>	<b>539.7</b>	<b>517.2</b>	<b>514.9</b>	<b>569.5</b>
28 Gross private saving.....	674.8	687.8	679.0	708.3	713.0	650.5	644.3	689.7
29 Personal saving.....	168.7	143.3	114.2	145.6	153.1	84.1	74.2	106.5
30 Undistributed corporate profits <sup>1</sup> .....	91.0	107.3	109.4	115.5	106.6	108.8	106.4	115.2
31 Corporate inventory valuation adjustment.....	5.5	.6	6.5	16.5	10.6	6.1	-7.2	-6.9
<i>Capital consumption allowances</i>								
32 Corporate.....	253.9	268.2	280.3	275.3	278.9	281.6	285.5	287.3
33 Noncorporate.....	161.2	169.0	175.1	171.8	174.4	176.0	178.2	180.7
34 Government surplus, or deficit (-), national income and product accounts.....	101.5	136.3	140.3	125.1	173.3	-133.3	-129.4	120.3
35 Federal.....	170.0	198.0	203.3	195.0	232.2	197.4	188.8	170.4
36 State and local.....	68.5	61.7	63.1	69.9	58.9	64.0	59.4	50.2
37 <b>Gross investment</b> .....	<b>571.4</b>	<b>545.9</b>	<b>541.7</b>	<b>579.6</b>	<b>544.3</b>	<b>527.5</b>	<b>515.5</b>	<b>580.7</b>
38 Gross private domestic.....	662.1	661.1	683.6	708.3	687.3	675.8	663.2	722.1
39 Net foreign.....	90.7	115.2	141.9	128.6	143.0	148.3	-147.7	-141.4
40 <b>Statistical discrepancy</b> .....	<b>-1.9</b>	<b>-5.5</b>	<b>3.0</b>	<b>-3.6</b>	<b>4.6</b>	<b>10.3</b>	<b>.6</b>	<b>11.2</b>

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.<sup>1</sup>

Item credits or debits	1984 <sup>a</sup>	1985 <sup>a</sup>	1986 <sup>a</sup>	1986 <sup>a</sup>				1987
				Q1	Q2	Q3	Q4	
1 Balance on current account .....	-107,013	-116,394	141,352	-33,040	-33,755	-36,583	-37,977	37,122
2 Not seasonally adjusted .....				-30,090	-34,634	-40,230	-36,398	-33,866
3 Merchandise trade balance <sup>2</sup> .....	-112,522	122,148	-144,339	-34,978	-33,651	-37,115	-38,595	-38,330
4 Merchandise exports .....	219,900	215,935	224,361	53,878	56,928	56,534	57,021	58,212
5 Merchandise imports .....	-332,422	-338,083	-368,700	-88,856	-90,579	-93,649	-95,616	-96,542
6 Military transactions, net .....	1,942	-3,338	-3,662	-1,298	1,054	-815	-495	198
7 Investment income, net <sup>3</sup> .....	18,490	25,398	20,844	6,425	4,587	5,339	4,492	3,836
8 Other service transactions, net .....	1,138	-1,005	1,463	-168	530	342	759	264
9 Remittances, pensions, and other transfers .....	-3,637	4,079	-3,885	-943	-918	875	1,151	-993
10 U.S. government grants (excluding military) .....	-8,541	-11,222	-11,772	-2,078	3,249	-3,459	-2,987	2,097
11 Change in U.S. government assets, other than official reserve assets, net (increase, -) .....	-5,476	-2,831	1,920	-240	-242	1,454	15	219
12 Change in U.S. official reserve assets (increase, -) .....	-3,130	-3,858	312	-115	16	280	132	1,956
13 Gold .....	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs) .....	-979	897	-246	274	104	163	-31	76
15 Reserve position in International Monetary Fund .....	-995	908	1,500	344	366	508	283	606
16 Foreign currencies .....	-1,156	-3,869	-942	185	-246	391	-120	1,274
17 Change in U.S. private assets abroad (increase, -) <sup>3</sup> .....	-13,685	24,711	-94,374	-13,415	-25,303	-23,304	32,351	16,517
18 Bank-reported claims .....	-11,127	-1,323	-59,039	6,373	14,734	-18,878	-31,800	27,802
19 Nonbank-reported claims .....	5,019	1,361	3,986	-2,947	1,894	685	170	
20 U.S. purchase of foreign securities, net .....	4,756	7,481	-3,302	-5,886	-1,149	620	3,113	-1,317
21 U.S. direct investments abroad, net <sup>3</sup> .....	2,821	17,268	-28,047	-10,955	-7,526	-5,731	-3,834	-9,968
22 Change in foreign official assets in the United States (increase, -) .....	2,987	-1,140	34,698	2,576	15,568	15,551	1,003	14,123
23 U.S. Treasury securities .....	4,690	-838	34,515	3,238	14,538	12,167	4,572	11,999
24 Other U.S. government obligations .....	13	-301	-1,214	-177	-644	-276	-117	51
25 Other U.S. government liabilities <sup>4</sup> .....	586	823	1,723	406	925	999	607	1,421
26 Other U.S. liabilities reported by U.S. banks .....	555	645	554	-1,254	1,280	2,963	2,435	3,964
27 Other foreign official assets <sup>5</sup> .....	-2,857	-1,469	880	363	-531	-302	-410	368
28 Change in foreign private assets in the United States (increase, -) <sup>3</sup> .....	99,481	131,012	178,689	33,746	33,475	54,040	57,428	13,435
29 U.S. bank-reported liabilities .....	33,849	41,045	77,350	8,487	3,899	30,360	34,604	13,836
30 U.S. nonbank-reported liabilities .....	4,704	-450	-2,791	-2,193	-1,553	-80	1,035	
31 Foreign private purchases of U.S. Treasury securities, net .....	23,001	20,433	8,275	7,035	3,705	609	-3,074	5,445
32 Foreign purchases of other U.S. securities, net .....	12,568	50,962	70,802	18,571	22,888	17,074	12,269	18,454
33 Foreign direct investments in the United States, net .....	25,359	19,022	25,053	1,846	4,536	6,077	12,594	3,372
34 Allocation of SDRs .....	0	0	0	0	0	0	0	0
35 Discrepancy .....	26,837	17,920	23,947	10,488	10,241	-8,530	11,750	-9,128
36 Owing to seasonal adjustments .....				2,294	2,044	-4,153	3,904	2,749
37 Statistical discrepancy in recorded data before seasonal adjustment .....	26,837	17,920	23,947	8,194	12,285	-4,377	7,846	-11,877
<b>MEMO</b>								
38 Changes in official assets .....	-3,130	-3,858	312	-115	16	280	132	1,956
39 Foreign official assets in the United States (increase, -) .....	2,401	-1,963	32,975	2,170	14,643	14,552	1,610	15,544
40 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 22 above) .....	-4,504	-6,709	-8,508	1,876	-2,166	3,023	-5,195	-2,941
41 Transfers under military grant programs (excluded from lines 4, 6, and 10 above) .....	153	46	101	19	11	19	53	10

1. Seasonal factors are not 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 not seasonally adjusted.

Item	1983	1984	1985	1986			1987			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1. EXPORTS of domestic and foreign merchandise excluding grant aid shipments	200,486	217,865	213,146	19,330	18,595	18,431	16,421	18,660	21,064	20,141
2. GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	258,048	325,726	345,276	30,018	36,187	27,795	27,466	32,307	33,197	31,983
3. Trade balance	-57,562	107,861	-132,129	-10,688	-17,592	-9,364	-11,045	-13,647	-12,134	-11,842

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. As of Jan. 1, 1987 census data are released 45 days after the end of the month.

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	1983	1984	1985	1986		1987				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May <sup>a</sup>
1. Total	33,747	34,934	43,186	47,824	48,517	49,386	49,358	48,824	46,591	45,920
2. Gold stock, including Exchange Stabilization Fund <sup>1</sup>	11,121	11,096	11,090	11,070	11,064	11,062	11,085	11,081	11,076	11,070
3. Special drawing rights <sup>2,3</sup>	5,025	5,641	7,293	8,310	8,395	8,470	8,615	8,740	8,879	8,904
4. Reserve position in International Monetary Fund <sup>4</sup>	11,312	11,531	11,947	11,659	11,730	11,872	11,699	11,711	11,745	11,524
5. Foreign currencies <sup>4</sup>	6,289	6,656	12,856	16,785	17,328	17,982	17,959	17,292	14,891	14,422

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	1983	1984	1985	1986		1987				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
1. Deposits	190	267	480	224	287	226	255	268	342	319
Assets held in custody										
2. U.S. Treasury securities <sup>1</sup>	117,670	118,000	121,004	156,919	155,835	159,597	160,942	167,423	172,929	175,849
3. Earmarked gold	14,414	14,242	14,245	14,057	14,048	14,041	14,046	14,036	14,031	14,031

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<sup>1</sup>

Millions of dollars, end of period

Asset account	1983	1984	1985	1986			1987			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr. <sup>2</sup>
All foreign countries										
1 Total, all currencies	477,090	453,656	458,012	446,581	446,618	456,628	458,305	457,819	456,655	484,827
2 Claims on United States	115,542	113,393	119,706	112,078	108,420	113,178	115,273	113,815	111,865	127,643
3 Parent bank	82,026	78,109	87,201	79,999	76,280	81,985	83,185	81,953	81,325	93,414
4 Other banks in United States <sup>2</sup>	33,516	13,664	13,057	11,659	12,034	13,685	12,723	13,158	13,044	15,189
5 Nonbanks <sup>2</sup>		21,620	19,448	20,420	20,106	17,508	19,365	18,704	17,496	19,040
6 Claims on foreigners	342,689	320,162	315,676	305,562	308,322	314,340	311,411	312,096	311,599	322,390
7 Other branches of parent bank	96,004	95,184	91,399	90,412	91,576	97,788	93,290	90,326	89,200	93,288
8 Banks	117,668	100,397	102,960	100,707	103,293	105,237	105,377	109,748	109,580	116,057
9 Public borrowers	24,517	23,343	23,478	24,215	23,314	23,584	23,337	23,192	23,579	23,483
10 Nonbank foreigners	107,785	101,238	97,839	90,228	90,139	87,731	89,407	88,830	89,240	89,562
11 Other assets	18,859	20,101	22,630	28,941	29,876	29,110	31,621	31,908	33,191	34,794
12 Total payable in U.S. dollars	371,508	350,636	336,520	309,087	306,683	317,487 <sup>2</sup>	309,719	311,669	306,079	328,920
13 Claims on United States	113,436	111,426	116,638	107,612	104,281	109,235 <sup>2</sup>	110,596	109,341	107,016	121,852
14 Parent bank	80,909	77,229	85,971	78,335	74,762	80,575	81,423	80,359	79,465	91,459
15 Other banks in United States <sup>2</sup>	32,527	13,500	12,454	10,544	10,986	12,830	11,531	12,102	11,907	13,380
16 Nonbanks <sup>2</sup>		20,697	20,697	18,213	18,733	18,533	15,830	17,642	16,880	15,644
17 Claims on foreigners	247,406	228,600	210,129	190,030	190,656	196,448	187,296	189,875	185,418	192,802
18 Other branches of parent bank	78,431	78,746	72,727	67,835	67,841	73,704	67,479	65,220	63,983	66,535
19 Banks	93,332	76,940	71,868	62,836	64,920	66,421	63,637	68,320	65,997	70,304
20 Public borrowers	17,890	17,626	17,450	16,820	16,586	16,459	16,320	16,224	16,512	16,512
21 Nonbank foreigners	60,977	55,288	48,274	41,904	41,075	39,737	39,721	40,015	39,214	39,451
22 Other assets	10,666	10,610	9,753	11,445	11,746	11,804	11,827	12,453	13,645	14,266
United Kingdom										
23 Total, all currencies	158,732	144,385	148,599	142,398	143,806	140,917	144,093	146,188	145,486	149,998
24 Claims on United States	34,433	27,675	33,157	30,747	28,940	24,599	28,720	28,851	28,503	31,001
25 Parent bank	29,111	21,862	26,970	24,800	22,671	19,085	23,330	23,326	23,303	25,315
26 Other banks in United States <sup>2</sup>	5,322	1,429	1,106	1,314	1,534	1,612	1,220	1,258	1,288	1,564
27 Nonbanks <sup>2</sup>		4,384	5,081	4,633	4,735	3,902	4,170	4,267	3,912	4,122
28 Claims on foreigners	119,280	111,828	110,217	105,534	108,153	109,508	108,720	110,274	109,297	111,113
29 Other branches of parent bank	36,565	37,953	31,576	31,268	29,966	33,422	30,218	29,575	28,782	29,555
30 Banks	43,352	37,443	39,250	37,836	41,145	39,468	40,677	43,189	42,537	43,369
31 Public borrowers	5,898	5,334	5,644	5,157	5,038	4,990	4,942	4,983	4,897	4,964
32 Nonbank foreigners	33,465	31,098	33,747	31,273	32,004	31,628	32,883	32,527	33,081	33,225
33 Other assets	5,019	4,882	5,225	6,117	6,713	6,810	6,653	7,063	7,686	7,884
34 Total payable in U.S. dollars	126,012	112,809	108,626	97,295	97,125	95,028	95,359	97,568	95,319	99,398
35 Claims on United States	33,756	26,868	32,092	29,312	27,564	23,193	27,070	27,290	26,665	29,066
36 Parent bank	28,756	21,495	26,568	24,323	22,106	18,526	22,673	22,749	22,662	24,689
37 Other banks in United States <sup>2</sup>	5,000	1,363	1,005	1,110	1,364	1,475	996	1,061	980	1,192
38 Nonbanks <sup>2</sup>		4,010	4,519	3,879	4,094	3,192	3,401	3,480	3,023	3,185
39 Claims on foreigners	88,917	82,945	73,475	64,873	66,304	68,138	65,022	66,872	64,466	66,257
40 Other branches of parent bank	31,838	33,607	26,011	24,632	23,229	26,361	22,720	22,578	21,785	21,958
41 Banks	32,188	26,805	26,139	21,011	24,020	23,251	23,656	25,685	24,225	25,370
42 Public borrowers	4,194	4,030	3,999	3,859	3,811	3,677	3,683	3,716	3,660	3,712
43 Nonbank foreigners	20,697	18,503	17,326	15,371	15,244	14,849	14,963	14,893	14,796	15,217
44 Other assets	3,349	2,996	3,059	3,110	3,257	3,697	3,267	3,406	4,188	4,075
Bahamas and Caymans										
45 Total, all currencies	152,083	146,811	142,055	134,060	131,363	142,592	135,627	133,229	133,837	146,437
46 Claims on United States	75,309	77,296	74,864	68,624	66,078	76,663	72,643	68,238	67,357	77,822
47 Parent bank	48,720	49,449	50,553	44,476	42,223	53,068	48,036	44,124	41,150	51,747
48 Other banks in United States <sup>2</sup>	26,589	11,544	11,204	9,557	9,628	11,156	10,625	10,924	10,855	12,561
49 Nonbanks <sup>2</sup>		16,303	13,107	14,591	14,227	12,439	13,982	13,190	12,352	13,514
50 Claims on foreigners	72,868	65,598	63,882	59,612	59,436	61,390	57,825	59,671	60,643	62,857
51 Other branches of parent bank	20,626	17,661	19,042	16,985	18,139	18,803	16,258	16,151	16,529	16,562
52 Banks	36,842	30,246	28,192	26,205	25,743	27,476	26,366	28,139	28,568	31,005
53 Public borrowers	6,093	6,089	6,458	7,263	6,697	6,929	7,026	6,974	6,915	7,120
54 Nonbank foreigners	12,592	11,602	10,190	9,159	8,857	8,182	8,175	8,407	8,631	8,170
55 Other assets	3,906	3,917	3,309	5,824	5,849	4,539	5,159	5,320	5,837	5,758
56 Total payable in U.S. dollars	145,641	141,562	136,794	127,361	124,801	136,813	129,474	126,605	126,808	138,445

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	1983	1984	1985	1986			1987			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr. <sup>3</sup>
All foreign countries										
57 Total, all currencies	477,090	453,656	458,012	446,581	446,618	456,628	458,305	457,819	456,655	484,827
58 Negotiable CDs <sup>3</sup>	n.a.	37,725	34,607	32,444	32,926	31,629	33,395	36,074	34,873	33,155
59 To United States	188,070	147,583	155,538	141,126	137,029	151,632	140,089	140,046	141,341	152,447
60 Parent bank	81,261	78,739	83,914	75,777	75,062	82,561	70,047	73,095	70,866	74,772
61 Other banks in United States	29,453	18,409	16,894	14,791	14,532	15,646	15,068	13,602	13,695	16,913
62 Nonbanks	77,356	50,435	54,730	50,558	47,435	53,425	54,974	53,349	56,780	60,762
63 To foreigners	269,685	247,907	245,939	253,202	256,611	253,775	264,463	261,944	260,585	277,918
64 Other branches of parent bank	90,615	93,909	89,529	87,883	87,993	95,146	90,303	88,524	87,867	94,559
65 Banks	92,889	78,203	76,814	80,709	83,784	77,809	89,199	86,474	84,976	92,647
66 Official institutions	18,896	20,281	19,520	19,436	18,831	17,835	19,532	19,818	20,591	21,293
67 Nonbank foreigners	68,845	55,514	60,076	65,174	66,003	62,985	65,429	67,128	67,151	69,419
68 Other liabilities	19,335	20,441	21,928	19,809	20,052	19,592	20,358	19,755	19,856	21,307
69 Total payable in U.S. dollars	388,291	367,145	353,712	323,699	320,348	336,406	323,900	325,951	321,354	340,161
70 Negotiable CDs <sup>3</sup>	n.a.	35,227	31,063	29,206	29,752	28,466	29,921	32,407	31,148	29,505
71 To United States	184,305	143,571	150,162	133,301	129,224	143,650	131,557	131,617	132,313	141,126
72 Parent bank	79,035	76,254	80,888	71,858	71,017	78,472	65,419	68,540	65,755	68,064
73 Other banks in United States	28,936	17,935	16,264	13,768	13,679	14,609	14,047	12,505	12,593	15,455
74 Nonbanks	76,334	49,382	53,010	47,675	44,528	50,569	52,091	50,572	54,065	57,607
75 To foreigners	194,139	178,260	163,583	153,536	153,972	156,806	155,182	154,343	149,949	161,216
76 Other branches of parent bank	73,522	77,770	71,078	65,077	64,178	71,181	64,380	63,272	62,172	67,278
77 Banks	57,022	45,123	37,365	33,802	35,306	33,850	37,159	37,253	35,116	39,111
78 Official institutions	13,855	15,773	14,359	13,320	13,139	12,371	13,688	13,189	13,392	14,318
79 Nonbank foreigners	51,260	39,594	40,781	41,337	41,349	39,404	39,955	40,629	39,269	40,509
80 Other liabilities	9,847	10,087	8,904	7,656	7,400	7,484	7,240	7,584	7,844	8,314
United Kingdom										
81 Total, all currencies	158,732	144,385	148,599	142,398	143,806	140,917	144,093	146,188	145,486	149,998
82 Negotiable CDs <sup>3</sup>	n.a.	34,413	31,260	28,847	28,984	27,781	29,432	32,233	30,968	29,311
83 To United States	55,799	25,250	29,422	24,610	22,585	24,657	19,465	22,501	21,433	23,967
84 Parent bank	14,021	14,651	19,330	14,014	13,811	14,469	10,004	12,735	12,332	13,201
85 Other banks in United States	11,328	3,125	2,974	2,382	2,184	2,649	2,154	2,154	1,816	2,205
86 Nonbanks	30,450	7,474	7,118	8,214	6,590	7,339	7,307	7,612	7,285	8,561
87 To foreigners	95,847	77,424	78,525	80,252	83,455	79,498	86,229	82,418	83,723	87,350
88 Other branches of parent bank	19,038	21,631	23,389	24,194	23,739	25,036	23,595	21,230	21,371	22,390
89 Banks	41,624	30,436	28,581	31,001	34,321	30,877	36,479	35,434	35,971	37,562
90 Official institutions	10,151	10,154	9,676	8,068	7,875	6,836	8,484	7,832	7,827	8,871
91 Nonbank foreigners	25,034	15,203	16,879	16,989	17,520	16,749	17,671	17,922	18,554	18,527
92 Other liabilities	7,086	7,298	9,392	8,689	8,782	8,981	8,967	9,036	9,362	9,370
93 Total payable in U.S. dollars	131,167	117,497	112,697	99,820	99,327	99,707	98,741	101,603	98,967	101,793
94 Negotiable CDs <sup>3</sup>	n.a.	33,070	29,337	26,927	27,166	26,169	27,701	30,175	28,868	27,189
95 To United States	54,691	24,105	27,756	21,960	20,055	22,075	16,829	19,894	18,940	21,144
96 Parent bank	13,839	14,339	18,956	13,591	13,438	14,021	9,451	12,157	11,606	12,352
97 Other banks in United States	11,044	2,980	2,826	2,108	1,880	2,325	1,887	1,926	1,602	2,021
98 Nonbanks	29,808	6,786	5,974	6,261	4,737	5,729	5,491	5,811	5,732	6,771
99 To foreigners	73,279	56,923	51,980	47,491	49,056	48,138	51,174	48,242	47,531	49,708
100 Other branches of parent bank	15,403	18,294	18,493	17,289	16,695	17,951	16,386	14,323	14,471	14,367
101 Banks	29,320	18,356	14,344	14,123	15,984	15,203	18,626	18,207	18,027	19,498
102 Official institutions	8,279	8,871	7,661	5,685	5,655	4,934	6,096	5,176	4,924	5,786
103 Nonbank foreigners	20,277	11,402	11,482	10,394	10,722	10,050	10,066	10,536	10,109	10,057
104 Other liabilities	3,197	3,399	3,624	3,442	3,050	3,325	3,037	3,292	3,628	3,752
Bahamas and Caymans										
105 Total, all currencies	152,083	146,811	142,055	134,060	131,363	142,592	135,627	133,229	133,837	146,437
106 Negotiable CDs <sup>3</sup>	n.a.	615	610	683	784	847	995	855	813	883
107 To United States	111,299	102,955	103,813	95,840	94,493	105,248	98,733	95,221	98,560	107,028
108 Parent bank	50,980	47,162	44,811	43,470	43,572	48,648	40,845	40,409	39,625	42,976
109 Other banks in United States	16,057	13,938	12,778	11,444	11,131	11,715	11,687	10,151	10,568	13,345
110 Nonbanks	44,262	41,855	46,224	41,226	39,790	44,885	46,201	44,661	48,367	50,707
111 To foreigners	38,445	40,320	35,053	35,427	33,841	34,400	33,831	35,053	32,501	36,491
112 Other branches of parent bank	14,936	16,782	14,075	13,574	12,661	12,631	12,323	12,972	11,673	13,891
113 Banks	11,876	12,405	10,669	8,964	8,545	8,617	8,402	8,507	8,140	9,452
114 Official institutions	1,919	2,054	1,776	2,665	2,577	2,719	2,808	3,013	2,836	2,937
115 Nonbank foreigners	11,274	9,079	8,533	10,224	10,058	10,433	10,298	10,561	9,852	10,211
116 Other liabilities	2,339	2,921	2,579	2,110	2,245	2,097	2,068	2,100	1,963	2,035
117 Total payable in U.S. dollars	148,278	143,582	138,322	130,084	127,309	138,774	131,572	129,183	129,048	140,457

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	1984 <sup>1</sup>	1985 <sup>1</sup>	1986 <sup>1</sup>			1987			
			Oct.	Nov.	Dec.	Jan. <sup>1</sup>	Feb. <sup>1</sup>	Mar.	Apr. <sup>1</sup>
1 Total <sup>1</sup> .....	180,348	178,380	211,293	211,117	211,350	213,362	215,240	227,039	234,192
<i>By type</i>									
2 Liabilities reported by banks in the United States <sup>2</sup> .....	26,090	26,734	27,392	27,777	27,288	27,593	29,184	31,252	32,064
3 U.S. Treasury bills and certificates <sup>3</sup> .....	59,976	53,252	75,457	75,132	75,650	75,718	75,434	79,629	83,640
U.S. Treasury bonds and notes									
4 Marketable <sup>4</sup> .....	69,019	77,154	91,092	91,225	91,520	93,018	93,852	99,689	102,055
5 Nonmarketable <sup>4</sup> .....	5,800	3,550	1,300	1,300	1,300	1,300	1,300	1,300	1,300
6 U.S. securities other than U.S. Treasury securities <sup>4</sup> .....	19,463	17,690	16,052	15,683	15,592	15,733	15,470	15,169	15,133
<i>By area</i>									
7 Western Europe <sup>1</sup> .....	69,818	74,447	88,714	87,799	87,937	89,630	90,645	99,732	103,647
8 Canada.....	1,528	1,315	1,699	1,892	2,004	3,383	3,761	5,110	3,941
9 Latin America and Caribbean.....	8,565	11,148	10,146	9,096	8,368	7,681	7,426	8,242	9,407
10 Asia.....	93,701	86,448	105,350	105,509	106,023	107,448	108,886	108,642	110,240
11 Africa.....	1,263	1,824	1,717	1,545	1,503	1,300	1,164	1,192	1,284
12 Other countries <sup>6</sup> .....	5,472	3,199	3,667	5,276	5,515	3,922	3,358	4,123	5,671

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	1983 <sup>1</sup>	1984 <sup>1</sup>	1984 <sup>1</sup>	1986			1987 <sup>1</sup>
				June	Sept.	Dec.	Mar.
1 Banks' own liabilities.....	5,219	8,586	15,368	24,130	29,353	29,481	36,436
2 Banks' own claims.....	7,231	11,984	16,294	21,264	24,567	25,441	31,748
3 Deposits.....	2,731	4,998	8,437	11,413	13,716	13,359	13,929
4 Other claims.....	4,501	6,986	7,857	9,851	10,851	12,083	17,819
5 Claims of banks' domestic customers <sup>1</sup> .....	1,059	569	580	1,385	1,659	2,613	2,120

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 the 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	1983	1984	1985	1986			1987			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr. <sup>P</sup>
<b>1 All foreigners</b> .....	<b>369,607</b>	<b>407,306</b>	<b>435,726</b>	<b>501,095</b>	<b>512,653</b>	<b>537,778</b>	<b>524,912</b>	<b>521,876<sup>1</sup></b>	<b>523,696</b>	<b>549,252</b>
2 Banks' own liabilities.....	279,087	306,898	341,070	365,956	378,023	404,395	391,417	387,376 <sup>1</sup>	388,481	410,133
3 Demand deposits.....	17,470	19,571	21,107	21,730	24,772	23,786	22,492	22,448	22,273	22,541
4 Time deposits <sup>1</sup> .....	90,632	110,413	117,278	123,752	125,618	131,281	125,010	125,364 <sup>1</sup>	124,436	132,338
5 Other <sup>2</sup> .....	25,874	26,268	29,305	36,332	35,915	40,545	39,373	40,302 <sup>1</sup>	42,216	44,690
6 Own foreign offices.....	145,111	150,646	173,381	184,142	191,718	208,782	204,543	199,263 <sup>1</sup>	199,555	210,564
7 Banks' custody liabilities <sup>4</sup> .....	90,520	100,408	94,656	135,139	134,630	133,383	133,495	134,500	135,216	139,118
8 U.S. Treasury bills and certificates.....	68,669	76,368	69,133	91,305	90,351	90,257	89,278	90,695	93,048	97,489
9 Other negotiable and readily transferable instruments <sup>6</sup> .....	17,467	18,747	17,964	15,649	15,343	16,523	14,656	13,839	14,881	14,623
10 Other.....	4,385	5,293	7,558	28,184	28,936	26,603	29,561	29,966	27,287	27,006
<b>11 Nonmonetary international and regional organizations<sup>7</sup></b> .....	<b>5,957</b>	<b>4,454</b>	<b>5,821</b>	<b>3,902</b>	<b>4,315</b>	<b>4,826</b>	<b>5,081</b>	<b>4,520</b>	<b>3,739</b>	<b>6,830</b>
12 Banks' own liabilities.....	4,632	2,014	2,621	2,426	2,944	2,977	3,732	2,193	2,360	5,236
13 Demand deposits.....	297	254	85	175	135	199	183	157	246	159
14 Time deposits <sup>1</sup> .....	3,584	1,267	2,067	1,939	2,299	2,166	2,515	1,488	1,230	3,100
15 Other <sup>2</sup> .....	750	493	469	312	511	611	1,034	548	883	1,977
16 Banks' custody liabilities <sup>4</sup> .....	1,325	2,440	3,200	1,476	1,371	1,849	1,349	2,326	1,379	1,594
17 U.S. Treasury bills and certificates.....	463	916	1,736	308	262	259	86	1,213	154	428
18 Other negotiable and readily transferable instruments <sup>6</sup> .....	862	1,524	1,464	1,162	1,104	1,590	1,261	1,112	1,225	1,152
19 Other.....	0	0	0	6	5	0	2	1	0	14
<b>20 Official institutions<sup>8</sup></b> .....	<b>79,876</b>	<b>86,065</b>	<b>79,985</b>	<b>102,849</b>	<b>102,909</b>	<b>102,938</b>	<b>103,311</b>	<b>104,618<sup>1</sup></b>	<b>110,882</b>	<b>115,705</b>
21 Banks' own liabilities.....	19,427	19,039	20,835	24,268	25,165	24,796	25,367	26,626 <sup>1</sup>	27,991	29,078
22 Demand deposits.....	1,837	1,823	2,077	1,840	2,188	2,267	1,487	1,513	1,923	1,979
23 Time deposits <sup>1</sup> .....	7,318	9,374	10,949	10,593	11,271	10,577	11,311	11,385	11,056	12,362
24 Other <sup>2</sup> .....	10,272	7,842	7,809	11,835	11,706	11,952	12,569	13,728 <sup>1</sup>	15,011	14,736
25 Banks' custody liabilities <sup>4</sup> .....	60,448	67,026	59,150	78,581	77,744	78,142	77,944	77,992	82,891	86,627
26 U.S. Treasury bills and certificates.....	54,341	59,976	53,252	75,457	75,132	75,650	75,718	75,434	79,629	83,640
27 Other negotiable and readily transferable instruments <sup>6</sup> .....	6,082	6,966	5,824	2,920	2,480	2,347	2,158	2,418	3,129	2,832
28 Other.....	25	84	75	204	132	145	69	140	132	154
<b>29 Banks<sup>9</sup></b> .....	<b>226,887</b>	<b>248,893</b>	<b>275,589</b>	<b>314,433</b>	<b>325,392</b>	<b>349,605</b>	<b>339,131</b>	<b>335,083<sup>1</sup></b>	<b>333,332</b>	<b>348,621</b>
30 Banks' own liabilities.....	205,347	225,368	252,723	271,790	282,785	309,792	296,436	292,675 <sup>1</sup>	294,185	310,238
31 Unaffiliated foreign banks.....	60,236	74,722	79,341	87,648	91,067	101,010	91,893	93,412	94,630	99,674
32 Demand deposits.....	8,759	10,556	10,271	9,714	11,626	10,301	10,432	10,102	9,509	9,779
33 Time deposits <sup>1</sup> .....	37,439	47,095	49,510	55,601	57,515	64,480	57,772	59,680	61,267	64,750
34 Other <sup>2</sup> .....	14,038	17,071	19,361	22,333	21,927	26,229	23,689	23,630	23,854	25,145
35 Own foreign offices.....	145,111	150,646	173,381	184,142	191,718	208,782	204,543	199,263 <sup>1</sup>	199,555	210,564
36 Banks' custody liabilities <sup>4</sup> .....	21,540	23,525	22,866	42,643	42,607	39,812	42,695	42,408	39,147	38,383
37 U.S. Treasury bills and certificates.....	10,178	11,448	9,832	10,601	10,491	9,962	9,826	10,486	9,744	9,527
38 Other negotiable and readily transferable instruments <sup>6</sup> .....	7,485	7,236	6,040	5,600	5,550	5,513	5,433	4,340	4,377	4,271
39 Other.....	3,877	4,841	6,994	26,442	26,566	24,338	27,436	27,582	25,026	24,586
<b>40 Other foreigners</b> .....	<b>56,887</b>	<b>67,894</b>	<b>74,331</b>	<b>79,911</b>	<b>80,037</b>	<b>80,411</b>	<b>77,389</b>	<b>77,656<sup>1</sup></b>	<b>75,744</b>	<b>78,095</b>
41 Banks' own liabilities.....	49,680	60,477	64,892	67,472	67,129	66,830	65,882	65,882 <sup>1</sup>	63,945	65,582
42 Demand deposits.....	6,577	6,938	8,673	10,000	10,824	11,019	10,389	10,676	10,594	10,624
43 Time deposits.....	42,290	52,678	54,752	55,620	54,533	54,059	53,412	52,811	50,883	52,126
44 Other <sup>2</sup> .....	813	861	1,467	1,852	1,772	1,752	2,081	2,395	2,468	2,831
45 Banks' custody liabilities <sup>4</sup> .....	7,207	7,417	9,439	12,439	12,908	13,580	11,507	11,774	11,798	12,514
46 U.S. Treasury bills and certificates.....	3,686	4,029	4,314	4,939	4,465	4,387	3,648	3,563	3,520	3,894
47 Other negotiable and readily transferable instruments <sup>6</sup> .....	3,038	3,021	4,636	5,968	6,209	7,074	5,804	5,969	6,150	6,368
48 Other.....	483	367	489	1,532	2,234	2,120	2,055	2,242	2,128	2,252
<b>49 Memo: Negotiable time certificates of deposit in custody for foreigners</b> .....	<b>10,346</b>	<b>10,476</b>	<b>9,845</b>	<b>6,759</b>	<b>6,609</b>	<b>7,343</b>	<b>7,191</b>	<b>7,722</b>	<b>7,694</b>	<b>7,925</b>

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	1983	1984	1985	1986			1987			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr. <sup>1</sup>
1 Total	369,607	407,306	435,726	501,095	512,653	537,778	524,912	521,876 <sup>1</sup>	523,696	549,252
2 Foreign countries	363,649	402,852	429,905	497,193	508,338	532,953	519,831	517,356 <sup>1</sup>	519,957	542,421
3 Europe	138,072	153,145	164,114	173,578	176,077	180,521	179,104	180,641 <sup>1</sup>	182,075	189,551
4 Austria	585	615	693	972	1,197	1,186	972	928 <sup>1</sup>	790	1,064
5 Belgium-Luxembourg	2,709	4,114	5,243	6,070	6,863	6,729	6,729	7,583 <sup>1</sup>	7,210	7,923
6 Denmark	466	438	513	478	576	485	475	520	618	425
7 Finland	531	418	496	606	448	580	565	762	925	930
8 France	9,441	12,701	15,541	21,243	21,917	22,849	21,372	22,654 <sup>1</sup>	23,805	27,376
9 Germany	3,599	3,358	4,835	6,624	5,856	5,688	6,813	5,797 <sup>1</sup>	7,406	6,302
10 Greece	520	699	666	646	755	706	745	749	741	601
11 Italy	8,462	10,762	9,667	8,807	9,304	10,866	9,374	8,489 <sup>1</sup>	10,088	10,331
12 Netherlands	4,290	4,731	4,212	4,858	4,410	5,558	5,075	5,224 <sup>1</sup>	4,694	5,962
13 Norway	1,673	1,548	948	654	512	678	575	575	490	572
14 Portugal	373	597	652	738	685	700	657	709	688	660
15 Spain	1,603	2,082	2,114	2,297	2,197	2,393	2,238	2,333 <sup>1</sup>	2,192	2,205
16 Sweden	1,799	1,676	1,422	1,016	1,301	889	884	1,062	1,052	1,344
17 Switzerland	32,246	31,740	29,020	29,695	30,406	31,239	28,886	27,555 <sup>1</sup>	27,569	26,468
18 Turkey	467	584	429	401	418	454	454	359	412	833
19 United Kingdom	60,683	68,671	76,728	84,308	84,913	85,336	87,871	89,905 <sup>1</sup>	88,049	90,950
20 Yugoslavia	562	602	493	515	544	631	554	565	564	521
21 Other Western Europe <sup>1</sup>	7,403	7,192	9,635	3,141	3,308	2,705	4,309	4,322 <sup>1</sup>	3,982	4,280
22 U.S.S.R.	65	79	105	25	16	23	21	23	30	32
23 Other Eastern Europe <sup>1</sup>	596	537	523	484	452	702	535	546	669	771
24 Canada	16,026	16,059	17,427	24,340	25,753	26,256	26,072	25,116 <sup>1</sup>	26,523	25,253
25 Latin America and Caribbean	140,088	153,381	167,856	191,916	189,773	208,057	195,263	191,441 <sup>1</sup>	195,025	206,208
26 Argentina	4,038	4,394	4,032	5,718	5,202	4,754	4,497	4,668	4,756	4,461
27 Bahamas	55,818	56,897	57,657	64,106	62,613	72,347	64,945	62,968	62,390	71,562
28 Bermuda	2,266	2,370	2,765	1,918	2,349	2,965	2,295	2,392	2,281	2,162
29 Brazil	3,168	5,275	5,373	8,895	4,684	4,321	3,813	3,797 <sup>1</sup>	3,692	3,713
30 British West Indies	34,545	36,773	42,674	59,143	61,855	70,918	66,470	65,504 <sup>1</sup>	69,748	68,983
31 Chile	1,842	2,001	2,049	2,398	2,325	2,053	2,208	2,046	2,060	2,252
32 Colombia	1,689	2,514	3,104	3,775	3,873	4,281	4,293	4,268 <sup>1</sup>	4,271	4,373
33 Cuba	8	10	11	6	6	7	6	7	6	6
34 Ecuador	1,047	1,092	1,239	1,217	1,199	1,235	1,049	1,120 <sup>1</sup>	1,014	1,044
35 Guatemala	788	896	1,071	1,176	1,129	1,122	1,124	1,081	1,082	1,164
36 Jamaica	109	183	122	151	153	149	149	145	230	149
37 Mexico	10,392	12,303	14,060	13,209	13,488	13,631	13,484	13,363 <sup>1</sup>	13,004	14,963
38 Netherlands Antilles	3,879	4,230	4,875	4,645	4,706	4,903	5,570	5,620	5,643	5,291
39 Panama	5,924	6,951	7,514	6,524	6,729	6,865	7,361	6,484 <sup>1</sup>	6,670	7,125
40 Peru	1,166	1,266	1,167	1,167	1,146	1,163	1,110	1,131 <sup>1</sup>	1,062	1,086
41 Uruguay	1,244	1,394	1,552	1,608	1,610	1,537	1,609	1,583	1,630	1,540
42 Venezuela	8,632	10,545	11,922	11,392	11,592	10,452	10,494	10,362 <sup>1</sup>	10,365	10,562
43 Other Latin America and Caribbean	3,535	4,297	4,668	4,917	4,914	5,368	4,768	4,894	5,031	5,280
44 Asia	58,570	71,187	72,280	99,360	107,054	108,973	112,054	113,433 <sup>1</sup>	108,879	112,554
45 China	249	1,153	1,607	1,585	1,450	1,476	2,046	1,625 <sup>1</sup>	1,948	1,889
46 Taiwan	4,051	4,990	7,786	16,534	17,540	18,903	19,553	21,127	20,131	19,451
47 Hong Kong	6,657	6,581	8,067	8,663	9,347	9,383	9,317	9,328 <sup>1</sup>	9,160	9,334
48 India	464	507	712	755	701	673	664	686	500	523
49 Indonesia	997	1,033	1,466	1,530	1,528	1,548	1,410	1,591	1,377	1,460
50 Israel	1,722	1,268	1,601	1,986	2,380	1,890	1,761	1,892	1,666	1,451
51 Japan	18,079	21,640	23,077	41,340	46,184	47,436	49,997	50,920	48,971	53,132
52 Korea	1,648	1,730	1,665	1,446	1,128	1,146	1,063	1,072	1,134	1,172
53 Philippines	1,234	1,383	1,140	1,707	1,720	1,865	1,811	1,779	1,737	1,426
54 Thailand	747	1,257	1,358	1,115	1,083	1,120	1,282	1,224	1,235	1,131
55 Middle-East oil-exporting countries <sup>1</sup>	12,976	16,804	14,523	12,045	13,010	12,356	12,325	12,129 <sup>1</sup>	11,576	11,393
56 Other Asia	9,748	12,841	9,276	10,654	10,984	11,042	10,760	10,110 <sup>1</sup>	9,443	10,191
57 Africa	2,827	3,396	4,883	3,973	4,018	4,018	3,662	3,499 <sup>1</sup>	3,475	3,702
58 Egypt	671	647	1,363	640	710	706	608	791	753	847
59 Morocco	84	118	163	86	84	92	74	76	99	101
60 South Africa	449	328	388	347	261	271	341	201 <sup>1</sup>	196	287
61 Zaire	87	153	163	79	96	74	54	42	40	39
62 Oil-exporting countries <sup>4</sup>	620	1,189	1,494	1,623	1,593	1,518	1,366	1,156	1,108	1,213
63 Other Africa	917	961	1,312	1,199	1,272	1,358	1,249	1,233	1,278	1,215
64 Other countries	8,067	5,684	3,347	4,026	5,662	5,128	3,674	3,226	3,981	5,153
65 Australia	7,857	5,300	2,779	2,943	4,286	4,205	2,677	2,459	3,020	4,266
66 All other	210	384	568	1,083	1,376	922	997	767	960	888
67 Nonmonetary international and regional organizations	5,957	4,454	5,821	3,902	4,315	4,826	5,081	4,520	3,739	6,830
68 International	5,273	3,747	4,806	2,748	3,232	3,512	3,958	3,606	2,747	5,561
69 Latin American regional	419	587	894	957	927	1,033	960	762	788	850
70 Other regional <sup>5</sup>	265	120	121	197	157	281	164	152	204	420

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	1983	1984	1985	1986			1987			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr. <sup>a</sup>
1 Total	391,312	400,162	401,608	407,832	418,485	444,458	420,632	417,437 <sup>b</sup>	413,312	437,936
2 Foreign countries	391,148	399,363	400,577	407,460	418,313	441,475	420,570	417,259 <sup>b</sup>	412,768	434,036
3 Europe	91,927	99,014	106,413	104,647	107,047	107,549	100,817	102,406 <sup>c</sup>	99,183	107,868
4 Austria	401	433	598	595	748	738	559	559	660	747
5 Belgium-Luxembourg	5,639	4,794	5,772	7,712	8,149	7,511	7,571	8,920 <sup>c</sup>	8,053	8,520
6 Denmark	1,275	648	706	796	764	700	667	631	642	536
7 Finland	1,044	898	823	1,111	1,176	947	797	1,050	1,086	1,100
8 France	8,766	9,157	9,124	9,600	9,574	11,401	9,095	10,001	9,731	10,810
9 Germany	1,284	1,306	1,267	1,432	1,769	1,826	2,277	1,736	1,634	1,366
10 Greece	476	817	991	626	792	648	635	634	530	455
11 Italy	9,018	9,119	8,848	7,713	8,391	9,051	7,916	7,339	6,979	7,517
12 Netherlands	1,267	1,356	1,258	2,592	2,427	3,314	2,087	2,107 <sup>c</sup>	2,375	3,075
13 Norway	690	675	706	711	712	654	741	766	663	678
14 Portugal	1,114	1,243	1,058	699	682	706	677	679	737	666
15 Spain	3,573	2,884	1,908	1,922	1,722	1,459	1,479	1,637	1,766	1,936
16 Sweden	3,358	2,230	2,219	2,375	2,343	1,945	2,280	2,422	2,457	2,404
17 Switzerland	1,863	2,123	3,171	2,832	3,574	3,049	2,622	2,423	2,336	2,847
18 Turkey	812	1,130	1,200	1,612	1,539	1,541	1,469	1,436	1,577	1,561
19 United Kingdom	47,364	56,185	62,566	58,248	59,120	58,380	55,765	56,431 <sup>c</sup>	53,956	59,767
20 Yugoslavia	1,718	1,886	1,964	1,886	1,813	1,833	1,775	1,769	1,840	1,763
21 Other Western Europe <sup>1</sup>	477	596	998	799	600	556	536	491	781	670
22 U.S.S.R.	192	142	130	296	225	345	396	401	364	380
23 Other Eastern Europe <sup>2</sup>	1,598	1,389	1,107	1,090	927	944	1,379	971 <sup>c</sup>	1,014	1,070
24 Canada	16,341	16,109	16,482	19,532	20,338	20,957	20,749	19,193 <sup>c</sup>	19,799	20,253
25 Latin America and Caribbean	205,491	207,862	202,674	196,861	196,768	208,902	195,094	196,310 <sup>c</sup>	198,644	208,994
26 Argentina	11,749	11,050	11,462	12,243	12,017	12,079	12,114	12,211	12,162	12,154
27 Bahamas	59,633	58,009	58,258	53,557	54,196	59,877	51,694	53,052 <sup>c</sup>	53,725	62,763
28 Bermuda	566	592	499	452	447	418	415	376	545	740
29 Brazil	24,667	26,315	25,283	24,740	25,882	25,586	25,766	25,778 <sup>c</sup>	25,979	26,221
30 British West Indies	35,527	38,205	38,881	39,981	39,694	46,305	41,128	41,084 <sup>c</sup>	42,523	42,681
31 Chile	6,072	6,839	6,603	6,514	6,526	6,533	6,472	6,565	6,401	6,399
32 Colombia	3,745	3,499	3,249	2,674	2,665	2,819	2,801	2,743	2,692	2,679
33 Cuba	0	0	0	0	1	0	2	1	6	9
34 Ecuador	2,307	2,420	2,390	2,420	2,395	2,430	2,425	2,422	2,338	2,388
35 Guatemala <sup>3</sup>	129	158	194	122	138	140	133	145	135	120
36 Jamaica <sup>3</sup>	215	252	224	209	216	198	199	199	192	189
37 Mexico	34,802	34,885	31,799	31,061	30,659	30,490	30,273	29,868 <sup>c</sup>	29,799	30,084
38 Netherlands Antilles	1,154	1,340	1,340	967	931	1,039	960	1,029 <sup>c</sup>	992	1,202
39 Panama	7,848	7,707	6,645	6,094	5,354	5,423	5,270	5,204	5,465	5,849
40 Peru	2,536	2,384	1,947	1,625	1,618	1,637	1,624	1,616	1,583	1,584
41 Uruguay	977	1,088	960	930	943	940	937	932	959	957
42 Venezuela	11,287	11,017	10,871	11,185	11,019	11,052	10,018	11,175	11,278	11,063
43 Other Latin America and Caribbean	2,277	2,091	2,067	2,086	2,067	1,937	1,864	1,910	1,868	1,910
44 Asia	67,837	66,316	66,212	78,631	86,236	96,148	95,988	91,799 <sup>c</sup>	87,426	89,199
45 China										
46 Mainland	292	710	639	758	793	787	983	873	1,373	1,450
47 Taiwan	1,908	1,849	1,535	1,528	1,812	2,675	2,617	2,890	2,696	3,194
48 Hong Kong	8,489	7,293	6,797	8,337	7,575	8,250	8,443	9,225	8,254	7,822
49 India	330	425	450	316	327	321	333	325	486	414
50 Indonesia	805	724	698	694	722	718	699	679	652	621
51 Israel	1,832	2,088	1,991	1,630	1,615	1,645	1,611	1,531	1,528	1,492
52 Japan	30,354	29,066	31,249	45,240	53,351	59,852	58,315	55,623	52,213	54,602
53 Korea	9,943	9,285	9,226	7,023	6,533	7,155	6,783	6,161	5,955	5,331
54 Philippines	2,107	2,555	2,224	2,071	1,972	2,202	2,147	2,120	2,275	2,114
55 Thailand	1,219	1,125	845	611	595	577	521	557 <sup>c</sup>	490	461
56 Middle East oil-exporting countries <sup>4</sup>	4,954	5,044	4,298	3,396	3,778	4,122	5,483	4,892	5,150	4,568
56 Other Asia	5,603	6,152	6,260	7,027	7,162	7,845	8,053	6,922	6,357	7,131
57 Africa	6,654	6,615	5,407	4,531	4,737	4,621	4,599	4,673 <sup>c</sup>	4,834	4,771
58 Egypt	747	728	721	577	560	567	577	593	618	574
59 Morocco	440	583	575	621	598	590	585	584	565	565
60 South Africa	2,634	2,795	1,942	1,549	1,586	1,531	1,516	1,543 <sup>c</sup>	1,531	1,560
61 Zaïre	33	18	20	35	27	28	36	42	42	41
62 Oil-exporting countries <sup>5</sup>	1,073	842	630	545	690	688	725	743	856	795
63 Other	1,727	1,649	1,520	1,203	1,253	1,208	1,156	1,168	1,204	1,236
64 Other countries	2,898	3,447	3,390	3,259	3,187	3,297	3,323	2,878	2,883	2,950
65 Australia	2,256	2,769	2,413	2,143	1,980	1,952	2,081	1,902 <sup>c</sup>	1,991	2,066
66 All other	642	678	978	1,115	1,207	1,345	1,242	976 <sup>c</sup>	892	884
67 Nonmonetary international and regional organizations <sup>6</sup>	164	800	1,030	372	171	2,983	62	178	544	3,900

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 (Fruical States).

5. Comprises Algeria, Gabon, Libya, and Nigeria.

6. Excludes the Bank for International Settlements, which is included in "Other Western Europe."

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	1983	1984	1985	1986			1987			
				Oct.	Nov.	Dec.	Jan.	Feb. <sup>7</sup>	Mar.	Apr. <sup>8</sup>
1 Total	426,215	433,078	430,489			478,429			444,813	
2 Banks' own claims on foreigners	391,312	400,162	401,608	407,832	418,485	444,458	420,632	417,437	413,312	437,936
3 Foreign public borrowers	57,569	62,237	60,507	60,745	60,785	63,582	61,833	61,709	62,631	65,486
4 Own foreign offices <sup>1</sup>	146,393	156,216	174,261	182,548	189,732	212,023	192,120	191,000	189,850	207,023
5 Unaffiliated foreign banks	123,837	124,932	116,654	117,865	120,485	122,819	121,005	120,411	116,567	120,438
6 Deposits	47,126	49,226	48,372	53,546	53,300	57,349	54,266	55,494	53,636	57,461
7 Other	76,711	75,706	68,282	64,319	67,185	65,471	66,740	64,917	62,931	62,978
8 All other foreigners	63,514	56,777	50,185	46,675	47,483	46,034	45,674	44,317	44,264	44,989
9 Claims of banks' domestic customers <sup>2</sup>	34,903	32,916	28,881			33,971			31,501	
10 Deposits	2,969	3,380	3,335			4,413			3,320	
11 Negotiable and readily transferable instruments <sup>3</sup>	26,064	23,805	19,332			24,044			20,551	
12 Outstanding collections and other claims	5,870	5,732	6,214			5,514			7,630	
13 MEMO: Customer liability on acceptances	37,715	37,103	28,487			25,606			25,319	
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States <sup>4</sup>	46,337	40,714	37,780	42,771	44,772	43,597	46,611 <sup>7</sup>	48,002	42,595	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.

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	1983	1984	1985	1986			1987
				June	Sept.	Dec.	Mar. <sup>1</sup>
1 Total	243,715	243,952	227,903	222,597	224,693	230,897	222,841
<i>By borrower</i>							
2 Maturity of 1 year or less <sup>1</sup>	176,158	167,858	160,824	152,589	155,116	159,414	151,002
3 Foreign public borrowers	24,039	23,912	26,302	23,171	22,527	24,920	22,339
4 All other foreigners	152,120	143,947	134,522	129,418	132,589	134,494	128,664
5 Maturity of over 1 year <sup>1</sup>	67,557	76,094	67,078	70,008	69,577	71,483	71,839
6 Foreign public borrowers	32,521	38,695	34,512	37,365	38,189	39,816	40,998
7 All other foreigners	35,036	37,399	32,567	32,643	31,388	31,667	30,840
<i>By area</i>							
8 Maturity of 1 year or less <sup>1</sup>							
9 Europe	56,117	58,498	56,585	57,948	59,383	61,057	57,455
10 Canada	6,211	6,028	6,401	6,074	6,160	5,794	5,497
11 Latin America and Caribbean	73,660	62,791	63,328	57,397	58,191	55,879	53,635
12 Asia	34,403	33,504	27,966	25,802	26,474	29,372	29,251
13 Africa	4,199	4,442	3,753	3,297	3,071	2,854	3,065
14 All other <sup>2</sup>	1,569	2,593	2,791	2,073	1,838	4,458	2,099
15 Maturity of over 1 year <sup>1</sup>							
16 Europe	13,576	9,605	7,634	7,934	7,297	6,796	6,894
17 Canada	1,857	1,882	1,805	2,256	1,930	1,930	1,936
18 Latin America and Caribbean	43,888	56,144	50,674	53,572	54,093	56,336	56,629
19 Asia	4,850	5,323	4,502	4,034	3,976	4,091	4,183
20 Africa	2,286	2,033	1,538	1,497	1,479	1,534	1,624
21 All other <sup>2</sup>	1,101	1,107	926	714	802	795	573

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<sup>1,2</sup>

Billions of dollars, end of period

Area or country	1982	1983	1984	1985			1986				1987
				June	Sept.	Dec.	Mar.	June	Sept.	Dec.	
1 Total	436.1	433.9	405.7	396.8	394.9	391.9	394.4	391.3	391.4	391.7	395.8
2 G-10 countries and Switzerland	179.6	167.8	148.1	146.7	152.0	148.5	156.4 <sup>4</sup>	159.9	158.9	158.1	163.2
3 Belgium-Luxembourg	13.1	12.4	8.7	8.9	9.5	9.3	8.3	9.0	8.5	8.4	9.1
4 France	17.1	16.2	14.1	13.5	14.8	12.3	13.8	15.1	14.6	13.8	13.3
5 Germany	12.7	11.3	9.0	9.6	9.8	10.5	11.3 <sup>5</sup>	11.5	12.5	11.7	12.1
6 Italy	10.3	11.4	10.1	8.6	8.4	9.8	8.5	9.3	8.1	9.0	8.6
7 Netherlands	3.6	3.5	3.9	3.7	3.4	3.7	3.5	3.4	3.9	4.6	4.4
8 Sweden	5.0	5.1	3.2	2.9	3.1	2.8	2.9	2.9	2.7	2.4	3.0
9 Switzerland	5.0	4.3	3.9	4.0	4.1	4.4	5.4	5.6	4.8	5.5	5.8
10 United Kingdom	72.1	65.3	60.3	65.7	67.1	64.6	68.5	68.9	70.0	71.9	74.5
11 Canada	10.4	8.3	7.9	8.1	7.6	7.0	6.2	6.8	6.1	5.4	5.2
12 Japan	30.2	29.9	27.1	21.7	24.3	24.2	28.1	27.4	27.7	25.3	27.1
13 Other developed countries	33.5	36.0	33.6	32.3	32.0	30.4	31.6	30.6	29.4	26.1	26.2
14 Austria	1.9	1.9	1.6	1.6	1.7	1.6	1.6	1.7	1.7	1.7	1.9
15 Denmark	2.4	3.4	2.2	1.9	2.1	2.4	2.5	2.4	2.3	1.7	1.8
16 Finland	2.2	2.4	1.9	1.8	1.8	1.6	1.9	1.6	1.7	1.4	1.5
17 Greece	3.0	2.8	2.9	2.9	2.8	2.6	2.5	2.6	2.3	2.3	2.1
18 Norway	3.3	3.3	3.0	2.9	3.4	2.9	2.7	3.0	2.7	2.4	2.1
19 Portugal	1.5	1.5	1.4	1.3	1.4	1.3	1.1	1.0	1.0	.8	.9
20 Spain	7.5	7.1	6.5	5.9	6.1	5.8	6.4	6.4	6.7	5.8	6.2
21 Turkey	1.4	1.7	1.9	2.0	2.1	1.9	2.3	2.5	2.1	2.0	1.9
22 Other Western Europe	2.3	1.8	1.7	1.8	1.7	2.0	2.4	2.1	1.6	1.5	1.6
23 South Africa	3.7	4.7	4.5	3.9	3.3	3.2	3.2	3.1	3.1	3.1	3.1
24 Australia	4.3	5.4	6.0	6.2	5.6	5.0	4.9	4.2	4.1	3.5	3.2
25 OPEC countries <sup>4</sup>	26.9	28.4	24.9	22.8	22.7	21.6	20.7	20.6	20.0	19.5	20.2
26 Ecuador	2.2	2.2	2.2	2.2	2.2	2.1	2.2	2.1	2.1	2.2	2.1
27 Venezuela	10.5	9.9	9.3	9.3	9.0	8.9	8.7	8.8	8.7	8.6	8.7
28 Indonesia	2.9	3.4	3.3	3.1	3.1	3.0	3.3	3.0	2.8	2.5	2.2
29 Middle East countries	8.5	9.8	7.9	6.1	6.2	5.5	4.8	5.0	4.6	4.5	5.5
30 African countries	2.8	3.0	2.3	2.2	2.3	2.0	1.8	1.7	1.7	1.7	1.6
31 Non-OPEC developing countries	106.5	110.8	111.8	110.0	107.8	105.1	103.6 <sup>6</sup>	101.5	99.7	99.3	99.9
<i>Latin America</i>											
32 Argentina	8.9	9.5	8.7	8.6	8.9	8.9	8.9	9.2	9.3	9.5	9.5
33 Brazil	22.9	23.1	26.3	26.6	25.5	25.6	25.6	25.3	25.2	25.2	25.6
34 Chile	6.3	6.4	7.0	6.9	6.6	7.0	7.0	7.1	7.1	7.1	7.2
35 Colombia	3.1	4.2	2.9	2.7	2.6	2.7	2.3	2.2	2.0	2.1	2.0
36 Mexico	24.2	25.8	25.7	25.3	24.4	24.2	24.0	23.8	23.8	23.8	23.8
37 Peru	2.6	2.4	2.2	2.1	1.9	1.8	1.7	1.6	1.5	1.4	1.4
38 Other Latin America	4.0	4.2	3.9	3.7	3.5	3.4	3.3	3.3	3.3	3.1	3.0
<i>Asia</i>											
39 Mainland	.2	.3	.7	.3	1.1	.5	.6	.6	.6	.4	.9
40 Taiwan	5.3	5.2	5.1	5.5	5.1	4.5	4.3	3.7	4.3	4.9	5.4
41 India	.5	.9	.9	.9	1.1	1.2	1.2	1.3	1.3	1.2	1.8
42 Israel	2.3	1.9	1.8	2.3	1.5	1.6	1.3	1.6	1.4	1.6	1.4
43 Korea (South)	10.7	11.2	10.6	10.0	10.4	9.4	9.5	8.7	7.3	6.7	6.2
44 Malaysia	2.1	2.8	2.7	2.8	2.7	2.4	2.2	2.0	2.1	2.1	1.9
45 Philippines	6.3	6.1	6.0	6.0	6.0	5.7	5.6	5.7	5.4	5.4	5.4
46 Thailand	1.6	2.2	1.8	1.6	1.7	1.4	1.3	1.1	1.0	.9	.9
47 Other Asia	1.1	1.0	1.1	.9	.9	1.0	.9	.8	.7	.7	.6
<i>Africa</i>											
48 Egypt	1.2	1.5	1.2	1.0	1.0	1.0	.9	.9	.7	.7	.6
49 Morocco	.7	.8	.8	.8	.9	.9	.9	.9	.9	.9	.9
50 Zaire	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
51 Other Africa <sup>4</sup>	2.4	2.3	2.1	2.0	2.0	1.9	1.9	1.7	1.6	1.6	1.4
52 Eastern Europe	6.2	5.3	4.4	4.3	4.6	4.2	4.0	4.0	3.4	3.2	3.1
53 U.S.S.R.	.3	.2	.1	.3	.2	.1	.3	.3	.1	.1	.1
54 Yugoslavia	2.2	2.4	2.3	2.2	2.4	2.2	2.0	2.0	1.9	1.7	1.6
55 Other	3.7	2.8	2.0	1.8	1.9	1.8	1.7	1.7	1.4	1.4	1.3
56 Offshore banking centers	66.0	68.9	65.6	63.9	58.8	65.4	61.6	57.8 <sup>5</sup>	62.6	65.5	65.5
57 Bahamas	19.0	21.7	21.5	21.1	16.6	21.4	21.5	17.3	20.0	22.8	23.8
58 Bermuda	.9	.9	.9	.9	.8	.7	.7	.8 <sup>6</sup>	.4	.7	.8
59 Cayman Islands and other British West Indies	12.8	12.2	11.8	12.1	12.3	13.4	11.3	13.0 <sup>7</sup>	13.2	14.5	13.3
60 Netherlands Antilles	3.3	4.2	3.4	3.2	2.3	2.3	2.3	2.3	1.9	1.8	1.7
61 Panama	7.5	5.8	6.7	5.4	6.1	6.0	5.9	5.5	6.8	5.1	5.5
62 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong	13.3	13.8	11.4	11.4	11.4	11.5	11.4	9.4	10.4	11.2	11.5
64 Singapore	9.1	10.3	9.8	9.7	9.4	9.9	8.4	9.3	9.7	9.3	8.8
65 Others <sup>6</sup>	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
66 Miscellaneous and unallocated <sup>7</sup>	17.5	16.8	17.3	16.9	17.3	16.9	16.7	17.2	17.5	20.1	17.8

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. 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. 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).

4. Excludes Liberia.

5. Includes Canal Zone beginning December 1979.

6. Foreign branch claims only.

7. Includes New Zealand, Liberia, and international and regional organizations.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States<sup>1</sup>

Millions of dollars, end of period

Type, and area or country	1982	1983	1984	1985	1986			
				Dec.	Mar.	June	Sept.	Dec.
1 Total	27,512	25,346	29,357	27,741	26,301	24,698	24,460	25,321
2 Payable in dollars	24,280	22,233	26,389	24,352	22,544	21,040	20,633	21,553
3 Payable in foreign currencies	3,232	3,113	2,968	3,389	3,757	3,657	3,827	3,768
<i>By type</i>								
4 Financial liabilities	11,066	10,572	14,509	13,516	12,971	11,578	11,700	12,070
5 Payable in dollars	8,858	8,700	12,553	11,313	10,705	9,515	9,418	9,705
6 Payable in foreign currencies	2,208	1,872	1,955	2,203	2,267	2,063	2,281	2,365
7 Commercial liabilities	16,446	14,774	14,849	14,225	13,329	13,120	12,760	13,251
8 Trade payables	9,438	7,765	7,005	6,685	5,618	5,472	5,592	6,290
9 Advance receipts and other liabilities	7,008	7,009	7,843	7,540	7,711	7,648	7,168	6,961
10 Payable in dollars	15,423	13,533	13,836	13,039	11,839	11,525	11,214	11,848
11 Payable in foreign currencies	1,023	1,241	1,013	1,186	1,490	1,595	1,546	1,404
<i>By area or country</i>								
Financial liabilities								
12 Europe	6,501	5,742	6,728	7,616	7,460	7,022	7,254	7,851
13 Belgium-Luxembourg	505	302	471	329	338	288	322	245
14 France	783	843	995	857	851	686	501	729
15 Germany	467	502	489	434	388	280	319	372
16 Netherlands	711	621	590	745	630	635	708	701
17 Switzerland	792	486	569	676	692	561	692	714
18 United Kingdom	3,102	2,839	3,297	4,254	4,217	4,274	4,272	4,790
19 Canada	746	764	863	839	832	367	362	403
20 Latin America and Caribbean	2,751	2,596	5,086	3,184	2,810	2,443	2,269	1,969
21 Bahamas	904	751	1,926	1,123	958	874	863	621
22 Bermuda	14	13	13	4	4	14	4	4
23 Brazil	28	32	35	29	26	27	28	32
24 British West Indies	1,027	1,041	2,103	1,843	1,639	1,386	1,256	1,160
25 Mexico	121	213	367	15	20	30	18	22
26 Venezuela	114	124	137	3	3	3	5	3
27 Asia	1,039	1,424	1,777	1,815	1,824	1,685	1,790	1,767
28 Japan	715	991	1,209	1,198	1,217	1,214	1,354	1,352
29 Middle East oil-exporting countries <sup>2</sup>	169	170	155	82	78	43	3	8
30 Africa	17	19	14	12	12	12	4	1
31 Oil-exporting countries <sup>3</sup>	0	0	0	0	0	0	2	1
32 All other <sup>4</sup>	12	27	41	50	32	49	21	79
Commercial liabilities								
33 Europe	3,831	3,245	4,001	4,074	3,925	3,826	4,337	4,421
34 Belgium-Luxembourg	52	62	48	62	66	58	75	99
35 France	598	437	438	453	382	358	369	338
36 Germany	468	427	622	607	546	561	628	693
37 Netherlands	346	268	245	364	545	586	613	493
38 Switzerland	367	241	257	379	261	284	360	384
39 United Kingdom	1,027	732	1,095	976	957	864	1,086	1,279
40 Canada	1,495	1,841	1,975	1,449	1,445	1,357	1,240	1,386
41 Latin America and Caribbean	1,570	1,473	1,871	1,088	1,107	1,242	843	850
42 Bahamas	16	1	7	12	26	10	37	19
43 Bermuda	117	67	114	77	218	294	172	132
44 Brazil	60	44	124	58	64	45	43	59
45 British West Indies	32	6	32	44	7	35	45	48
46 Mexico	436	585	586	430	256	235	196	210
47 Venezuela	642	432	636	212	364	488	207	215
48 Asia	8,144	6,741	5,285	6,046	5,384	5,075	4,781	5,011
49 Japan	1,226	1,247	1,256	1,799	2,039	2,100	2,114	2,046
50 Middle East oil-exporting countries <sup>2,5</sup>	5,503	4,178	2,372	2,829	2,171	1,787	1,490	1,666
51 Africa	753	553	588	587	486	567	578	619
52 Oil-exporting countries <sup>3</sup>	277	167	233	238	148	215	176	197
53 All other <sup>4</sup>	651	921	1,128	982	983	1,053	980	963

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 (Ucrual 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<sup>1</sup>

Millions of dollars, end of period

Type, and area or country	1982	1983	1984	1985	1986			
				Dec.	Mar.	June	Sept.	Dec.
1 Total	28,725	34,911	29,901	28,437	31,383	33,282	32,599	33,101
2 Payable in dollars	26,085	31,815	27,304	26,135	29,196	31,100	30,123	30,498
3 Payable in foreign currencies	2,640	3,096	2,597	2,302	2,187	2,182	2,475	2,603
<i>By type</i>								
4 Financial claims	17,684	23,780	19,254	18,451	21,996	24,139	23,503	23,550
5 Deposits	13,058	18,496	14,621	15,204	18,612	20,833	18,566	18,796
6 Payable in dollars	12,628	17,993	14,202	14,589	18,155	20,278	18,078	18,247
7 Payable in foreign currencies	430	503	420	615	457	555	488	549
8 Other financial claims	4,626	5,284	4,633	3,248	3,384	3,306	4,937	4,754
9 Payable in dollars	2,979	3,328	3,190	2,213	2,291	2,285	3,717	3,456
10 Payable in foreign currencies	1,647	1,956	1,442	1,035	1,093	1,021	1,220	1,298
11 Commercial claims	11,041	11,131	10,646	9,986	9,387	9,142	9,096	9,551
12 Trade receivables	9,994	9,721	9,177	8,696	8,087	7,802	7,924	8,405
13 Advance payments and other claims	1,047	1,410	1,470	1,290	1,300	1,341	1,172	1,146
14 Payable in dollars	10,478	10,494	9,912	9,333	8,750	8,537	8,329	8,794
15 Payable in foreign currencies	563	637	735	652	637	606	767	756
<i>By area or country</i>								
<i>Financial claims</i>								
16 Europe	4,874	6,488	5,762	6,530	7,183	9,626	9,548	8,678
17 Belgium-Luxembourg	15	37	15	10	10	11	67	41
18 France	134	150	126	184	217	257	418	131
19 Germany	178	163	224	223	174	148	129	86
20 Netherlands	97	71	66	61	61	17	44	87
21 Switzerland	107	38	66	74	166	177	138	134
22 United Kingdom	4,064	5,817	4,864	5,725	6,310	8,799	8,525	7,948
23 Canada	4,377	5,989	3,988	3,260	4,020	4,429	3,817	4,119
24 Latin America and Caribbean	7,546	10,234	8,216	7,841	10,073	9,253	9,300	9,306
25 Bahamas	3,279	4,771	3,306	2,698	3,516	3,310	2,912	2,534
26 Bermuda	32	102	6	6	2	19	13	3
27 Brazil	62	53	100	78	77	75	101	67
28 British West Indies	3,255	4,206	4,043	4,571	6,034	5,402	5,871	6,194
29 Mexico	274	293	215	180	178	176	173	173
30 Venezuela	139	134	125	48	43	42	40	24
31 Asia	698	764	961	696	619	723	673	1,335
32 Japan	153	297	353	475	350	499	387	1,003
33 Middle East oil-exporting countries <sup>2</sup>	15	4	13	4	2	2	2	11
34 Africa	158	147	210	103	87	89	84	85
35 Oil-exporting countries <sup>3</sup>	48	55	85	29	27	25	18	28
36 All other <sup>3</sup>	31	159	117	21	14	20	81	27
<i>Commercial claims</i>								
37 Europe	3,826	3,670	3,801	3,533	3,390	3,304	3,344	3,518
38 Belgium-Luxembourg	151	135	165	175	148	131	123	127
39 France	474	459	440	426	384	391	412	387
40 Germany	357	349	374	346	399	418	397	428
41 Netherlands	350	334	335	284	221	230	183	199
42 Switzerland	360	317	271	284	247	228	232	213
43 United Kingdom	811	809	1,063	898	795	674	830	820
44 Canada	633	829	1,021	1,023	1,061	965	929	909
45 Latin America and Caribbean	2,526	2,695	2,052	1,753	1,592	1,611	1,665	1,825
46 Bahamas	21	8	8	13	27	24	29	29
47 Bermuda	261	190	115	93	82	148	132	157
48 Brazil	258	493	214	206	217	193	206	229
49 British West Indies	12	7	7	6	29	29	23	55
50 Mexico	775	884	583	510	388	323	299	385
51 Venezuela	351	272	206	157	172	181	190	216
52 Asia	3,050	3,063	3,073	2,982	2,609	2,574	2,471	2,619
53 Japan	1,047	1,114	1,191	1,016	801	845	788	840
54 Middle East oil-exporting countries <sup>2</sup>	751	737	668	638	630	622	597	506
55 Africa	588	588	470	437	491	450	456	464
56 Oil-exporting countries <sup>3</sup>	140	139	134	130	167	170	168	134
57 All other <sup>3</sup>	417	286	229	257	244	237	231	215

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	1985	1986	1987	1986			1987			
			Jan.-Apr.	Oct.	Nov.	Dec.	Jan.	Feb. <sup>1</sup>	Mar.	Apr. <sup>2</sup>
U.S. corporate securities										
STOCKS										
1 Foreign purchases	81,995	148,134	82,075	10,979	12,033	14,096	17,617	20,704	23,064	20,690
2 Foreign sales	77,054	129,436	68,944	12,300	12,086	12,320	15,956	17,599	17,999	17,390
3 Net purchases, or sales (-)	4,941	18,698	13,130	-1,322	-52	1,776	1,661	3,105	5,065	3,300
4 Foreign countries	4,857	18,905	13,210	-1,179	-19	1,696	1,741	3,204	5,028	3,238
5 Europe	2,057	9,559	5,717	-1,124	-485	557	1,061	1,786	1,843	1,028
6 France	438	459	1,574	-92	-69	113	140	446	656	332
7 Germany	730	341	1,574	-104	-3	24	62	16	19	-101
8 Netherlands	-123	936	337	-19	-50	14	53	91	69	124
9 Switzerland	-75	1,560	687	-405	-236	47	101	100	180	306
10 United Kingdom	1,665	4,826	2,607	-481	-114	363	647	996	783	181
11 Canada	356	807	566	115	41	102	100	-118	343	241
12 Latin America and Caribbean	1,718	3,029	1,047	154	367	220	308	331	372	36
13 Middle East <sup>1</sup>	238	975	-249	-51	-92	267	136	-175	-230	20
14 Other Asia	296	3,865	5,668	16	80	450	88	1,153	2,638	1,790
15 Africa	24	297	74	39	23	17	-1	15	-1	59
16 Other countries	168	373	387	-97	48	84	49	212	61	64
17 Nonmonetary international and regional organizations	84	-208	-80	-143	-34	80	-80	-100	37	62
BONDS <sup>2</sup>										
18 Foreign purchases	86,587	122,743	39,286	9,752	9,277	11,879	9,308	8,021	12,121	9,836
19 Foreign sales	42,455	71,840	27,365	5,539	6,105	7,733	7,178	5,457	8,274	6,456
20 Net purchases, or sales (-)	44,132	50,903	11,921	4,213	3,172	4,147	2,130	2,565	3,847	3,380
21 Foreign countries	44,227	50,056	11,606	4,455	2,853	4,251	2,218	2,179	4,005	3,204
22 Europe	40,047	39,307	9,312	3,475	2,100	3,074	1,375	1,402	3,605	2,930
23 France	210	388	83	0	328	32	6	17	81	-22
24 Germany	2,001	-251	10	82	-108	-19	-213	145	198	-120
25 Netherlands	222	387	79	-55	113	52	-7	-29	69	47
26 Switzerland	3,987	4,529	776	265	204	-117	66	78	588	74
27 United Kingdom	32,762	33,899	8,361	3,177	1,416	2,770	1,392	1,178	2,936	2,855
28 Canada	190	548	612	88	154	153	-103	364	190	161
29 Latin America and Caribbean	498	1,468	395	101	66	102	103	98	72	123
30 Middle East <sup>1</sup>	-2,648	-2,961	-146	-33	-355	-258	-57	-139	-12	62
31 Other Asia	6,091	11,539	1,482	817	902	1,174	917	469	169	-73
32 Africa	11	16	6	-3	3	3	0	1	3	1
33 Other countries	38	139	-55	11	-15	3	-16	-16	-22	0
34 Nonmonetary international and regional organizations	-95	847	315	-243	319	-104	-88	386	-159	176
Foreign securities										
35 Stocks, net purchases, or sales (-)	3,941	-1,452	-2,561	1,311	391	65	-167	-561	-714	-1119
36 Foreign purchases	20,861	50,292	25,304	6,426	4,190	4,709	5,001	7,175	7,009	7,119
37 Foreign sales	24,803	51,744	28,865	5,115	3,799	4,644	5,169	7,736	7,722	8,238
38 Bonds, net purchases, or sales (-)	-3,999	3,098	-916	2,125	-683	-441	320	-71	-489	-675
39 Foreign purchases	81,216	166,700	62,910	16,274	12,663	16,316	11,427	15,821	16,651	19,012
40 Foreign sales	85,214	169,798	63,826	14,149	13,346	16,756	11,107	15,891	17,140	19,687
41 Net purchases, or sales (-), of stocks and bonds	-7,940	-4,550	-3,477	3,436	-292	-376	152	-632	-1,203	-1,794
42 Foreign countries	-9,003	-5,665	-4,138	3,117	-294	-825	10	-712	-1,508	-1,929
43 Europe	-9,887	-17,675	-4,802	-657	1,010	-1,369	-188	-1,220	-658	-2,737
44 Canada	-1,686	-875	-1,167	94	-106	-264	-396	-566	-202	-3
45 Latin America and Caribbean	1,797	3,469	323	502	16	203	389	104	-428	259
46 Asia	659	11,342	2,034	3,237	820	1,511	168	925	306	636
47 Africa	75	52	11	-1	4	3	4	0	-1	8
48 Other countries	38	1,977	-538	-59	-19	-909	33	45	-524	91
49 Nonmonetary international and regional organizations	1,063	1,115	662	320	2	449	143	80	305	135

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Uruial States).  
 2. Includes state and local government securities, and securities of U.S. government agencies and corporations. Also includes issues of new debt securi-

ties 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	1985	1986	1987	1986			1987			
			Jan. - Apr.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr. <sup>4</sup>
Transactions, net purchases or sales ( ) during period <sup>1</sup>										
1 Estimated total <sup>2</sup> .....	29,208	24,173	4,585	3,032	-2,259	991	-436	932	7,124	-3,036
2 Foreign countries <sup>3</sup> .....	28,768	25,277	5,186	2,717	301	488	580	1,818	4,239	1,451
3 Europe <sup>2</sup> .....	4,303	16,851	9,481	3,046	-727	1,001	1,376	1,709	5,865	532
4 Belgium-Luxembourg .....	476	349	201	4	-53	75	59	211	-35	35
5 Germany <sup>2</sup> .....	1,917	7,531	5,026	2,497	700	-487	581	1,118	2,141	1,187
6 Netherlands .....	269	1,283	558	112	38	-58	366	41	-212	-22
7 Sweden .....	976	132	529	6	-70	-236	229	440	334	-16
8 Switzerland <sup>2</sup> .....	773	310	2,631	449	498	-428	135	473	1,641	652
9 United Kingdom .....	1,810	4,648	389	141	335	1,036	1,227	-57	360	1,140
10 Other Western Europe .....	1,701	2,598	1,301	149	-510	1,099	236	-518	1,635	53
11 Eastern Europe .....	0	0	38	0	0	0	3	0	0	41
12 Canada .....	188	881	1,861	230	19	297	846	-403	702	716
13 Latin America and Caribbean .....	4,315	878	1,392	219	75	97	1,006	-290	-62	-34
14 Venezuela .....	248	95	101	69	139	29	33	18	102	14
15 Other Latin America and Caribbean .....	2,336	1,131	-408	314	6	96	445	374	156	-180
16 Netherlands Antilles .....	1,731	159	-1,085	26	208	28	-528	-682	8	133
17 Asia .....	19,919	5,466	-5,067	-30	152	-2,067	922	1,231	2,309	3,067
18 Japan .....	17,909	4,048	3,426	450	188	-2,086	-76	1,767	2,388	-2,729
19 Africa .....	112	54	30	13	2	-14	6	-34	-12	15
20 All other .....	308	1,255	333	163	482	198	280	396	32	416
21 Nonmonetary international and regional organizations .....	442	1,105	599	315	-1,958	1,478	1,016	-884	2,885	-1,584
22 International .....	436	1,430	468	365	2,010	1,412	-1,070	-886	2,835	1,347
23 Latin American regional .....	18	157	11	-5	0	0	0	0	11	0
MEMO										
24 Foreign countries <sup>3</sup> .....	28,768	25,277	5,186	2,717	301	488	580	1,818	4,239	1,451
25 Official institutions .....	8,135	14,366	10,534	3,589	133	295	1,498	834	5,837	2,366
26 Other foreign <sup>3</sup> .....	20,631	10,913	5,349	872	434	-782	918	983	1,597	3,817
Oil-exporting countries										
27 Middle East <sup>4</sup> .....	-1,547	-1473	1,516	-377	1,014	21	-721	-962	226	-60
28 Africa <sup>4</sup> .....	7	5	20	1	1	0	1	1	17	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, 1987		Country	Rate on May 31, 1987		Country	Rate on May 31, 1987	
	Per-cent	Month effective		Per-cent	Month effective		Per-cent	Month effective
Austria .....	3.5	Jan. 1987	France <sup>1</sup> .....	7.75	Mar. 1987	Norway .....	8.0	June 1983
Belgium .....	7.75	May 1987	Germany, Fed. Rep. of .....	3.5	Mar. 1986	Switzerland .....	3.5	Jan. 1987
Brazil .....	49.0	Mar. 1981	Italy .....	11.5	Mar. 1987	United Kingdom <sup>2</sup> .....		
Canada .....	8.54	May 1987	Japan .....	2.5	Feb. 1987	Venezuela .....	8.0	Oct. 1985
Denmark .....	7.0	Oct. 1983	Netherlands .....	4.5	Mar. 1986			

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	1984	1985	1986	1986		1987				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
1 Eurodollars .....	10.75	8.27	6.70	5.96	6.23	6.10	6.32	6.37	6.73	7.25
2 United Kingdom .....	9.91	12.16	10.87	11.12	11.30	10.98	10.79	9.90	9.72	8.79
3 Canada .....	11.29	9.64	9.18	8.39	8.34	7.95	7.44	7.14	7.62	8.22
4 Germany .....	5.96	5.40	4.58	4.67	4.80	4.45	3.94	3.97	3.85	3.73
5 Switzerland .....	4.35	4.92	4.19	3.88	4.08	3.63	3.58	3.93	3.65	3.63
6 Netherlands .....	6.08	6.29	5.56	5.48	6.03	5.58	5.31	5.38	5.31	5.11
7 France .....	11.66	9.91	7.68	7.51	7.92	8.49	8.36	7.85	7.87	8.09
8 Italy .....	17.08	14.86	12.60	11.05	11.40	11.39	11.13	10.65	10.03	10.15
9 Belgium .....	11.41	9.60	8.04	7.38	7.39	7.88	7.75	7.49	7.21	7.13
10 Japan .....	6.32	6.47	4.96	4.39	4.40	4.23	3.98	4.00	3.92	3.77

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	1984	1985	1986	1986	1987				
				Dec.	Jan.	Feb.	Mar.	Apr.	May
1 Australia/dollar <sup>1</sup>	87.937	70.026	67.093	65.95	66.09	66.77	68.17	71.19	71.42
2 Austria/schilling	20.005	20.676	15.260	13.996	13.087	12.833	12.905	12.739	12.574
3 Belgium/franc	57.749	59.336	44.662	41.381	38.616	37.789	38.029	35.562	37.091
4 Brazil/cruzeiro	1841.50	6205.10	13.051	14.54	15.58	18.08	20.56	22.59	n.a.
5 Canada/dollar	1.2953	1.3658	1.3896	1.3801	1.3605	1.3340	1.3194	1.3183	1.3411
6 China, P.R./yuan	2.3308	2.9434	3.4615	3.7314	3.7314	3.7314	3.7314	3.7314	3.7314
7 Denmark/krone	10.354	10.598	8.0954	7.5235	7.0591	6.8939	6.9166	6.8388	6.7333
8 Finland/markka	6.0007	6.1971	5.0721	4.8980	4.6419	4.5556	4.5102	4.4227	4.3604
9 France/franc	8.7355	8.9799	6.9256	6.5296	6.2007	6.0760	6.1091	6.0332	5.9748
10 Germany/deutsche mark	2.8454	2.9419	2.1704	1.9880	1.8596	1.8239	1.8355	1.8125	1.7881
11 Greece/drachma	112.73	138.40	139.93	140.13	134.80	133.88	134.68	133.502	133.35
12 Hong Kong/dollar	7.8188	7.7911	7.8037	7.7931	7.7698	7.7952	7.8017	7.8023	7.8049
13 India/rupee	11.348	12.332	12.597	13.149	13.029	13.062	12.924	12.8224	12.666
14 Ireland/pound <sup>1</sup>	108.64	106.62	134.14	136.78	143.90	145.93	145.54	147.49	149.59
15 Italy/lira	1756.10	1908.90	1491.16	1379.44	1317.17	1297.74	1305.90	1292.96	1290.80
16 Japan/yen	237.45	238.47	168.35	162.05	154.83	153.41	151.43	143.00	140.48
17 Malaysia/ringgit	2.3448	2.4806	2.5830	2.5966	2.5701	2.5418	2.5230	2.4861	2.4759
18 Netherlands/guilder	3.2083	3.3184	2.4484	2.2470	2.0978	2.0592	2.0731	2.0447	2.0154
19 New Zealand/dollar <sup>1</sup>	57.837	49.752	52.456	51.339	53.605	54.815	56.333	57.751	57.639
20 Norway/krone	8.1596	8.5933	7.3984	7.5294	7.1731	7.0067	6.9335	6.7781	6.6632
21 Portugal/escudo	147.70	172.07	149.80	148.61	142.90	141.62	141.48	140.339	139.18
22 Singapore/dollar	2.1325	2.2008	2.1782	2.1900	2.1510	2.1410	2.1418	2.1350	2.1202
23 South Africa/rand <sup>1</sup>	69.534	45.57	43.952	44.94	47.70	47.97	48.21	49.55	49.87
24 South Korea/won	807.91	861.89	884.61	868.43	862.86	857.38	856.11	845.00	832.53
25 Spain/peseta	160.78	169.98	140.04	134.49	129.54	128.62	128.86	126.975	125.28
26 Sri Lanka/rupee	25.428	27.187	27.933	28.532	28.578	28.662	28.823	28.902	28.988
27 Sweden/krona	8.2706	8.6031	7.1272	6.9081	6.6188	6.5016	6.4202	6.3210	6.2606
28 Switzerland/franc	2.3500	2.4551	1.7979	1.6647	1.5616	1.5403	1.5391	1.4968	1.4705
29 Taiwan/dollar	39.633	39.889	37.837	36.001	35.304	35.056	34.681	33.863	32.354
30 Thailand/baht	23.582	27.193	26.314	26.239	26.037	25.933	25.881	25.695	25.629
31 United Kingdom/pound <sup>1</sup>	133.66	129.74	146.77	143.93	150.54	152.80	159.23	162.99	166.66
MIMO									
32 United States/dollar <sup>2</sup>	138.19	143.01	112.22	106.54	101.13	99.46	98.99	97.09	96.05

1. Value in U.S. cents.

2. Index of weighted-average exchange value of U.S. dollar against the currencies of 10 industrial countries. The weight for each of the 10 countries is the 1972-76 average world trade of that country divided by the average world trade of all 10 countries combined. Series revised as of August 1978 (see FEDERAL RESERVE BULLETIN, vol. 64, August 1978, p. 7001).

3. Currency reform.

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	0	Calculated to be zero
e	Estimated	n.a.	Not available
p	Preliminary	n.e.c.	Not elsewhere classified
r	Revised (Notation appears on column heading when about half of the figures in that column are changed.)	IPCs	Individuals, partnerships, and corporations
*	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)	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

	Issue	Page
Anticipated schedule of release dates for periodic releases.....	June 1987	A89

## SPECIAL TABLES

### Published Irregularly, with Latest Bulletin Reference

Assets and liabilities of commercial banks, March 31, 1986.....	June 1987	A70
Assets and liabilities of commercial banks, June 30, 1986.....	June 1987	A76
Assets and liabilities of commercial banks, September 30, 1986.....	July 1987	A70
Assets and liabilities of commercial banks, December 31, 1986.....	July 1987	A76
Assets and liabilities of U.S. branches and agencies of foreign banks, June 30, 1986.....	December 1986	A76
Assets and liabilities of U.S. branches and agencies of foreign banks, September 30, 1986.....	March 1987	A70
Assets and liabilities of U.S. branches and agencies of foreign banks, December 31, 1986.....	May 1987	A76
Assets and liabilities of U.S. branches and agencies of foreign banks, March 31, 1987.....	August 1987	A70
Terms of lending at commercial banks, May 1986.....	July 1986	A70
Terms of lending at commercial banks, August 1986.....	December 1986	A70
Terms of lending at commercial banks, November 1986.....	February 1987	A70
Terms of lending at commercial banks, February 1987.....	May 1987	A70

Special tables begin on next page.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, March 31, 1987<sup>1</sup>

Millions of dollars

Item	All states <sup>2</sup>		New York		California		Illinois	
	Total including IBEs <sup>3</sup>	IBEs only <sup>3</sup>	Total including IBEs <sup>3</sup>	IBEs only <sup>3</sup>	Total including IBEs <sup>3</sup>	IBEs only <sup>3</sup>	Total including IBEs <sup>3</sup>	IBEs only <sup>3</sup>
<b>1 Total assets<sup>4</sup></b>	<b>395,893</b>	<b>195,277</b>	<b>295,029</b>	<b>154,394</b>	<b>60,964</b>	<b>27,070</b>	<b>22,008</b>	<b>8,430</b>
2 Claims on nonrelated parties	367,441	167,050	276,420	131,716	54,471	24,216	22,008	8,249
3 Cash and balances due from depository institutions	91,661	74,891	76,589	62,210	8,791	8,118	5,025	3,919
4 Cash items in process of collection and unposted debits	406	0	380	0	5	0	5	0
5 Currency and coin (U.S. and foreign)	28	n.a.	21	n.a.	2	n.a.	2	n.a.
6 Balances with depository institutions in United States	50,516	37,227	41,447	30,229	5,603	5,003	2,763	1,746
7 U.S. branches and agencies of other foreign banks (including their IBEs)	43,784	35,126	35,596	28,267	5,316	4,933	2,385	1,689
8 Other depository institutions in United States (including their IBEs)	6,732	2,101	5,851	1,961	288	70	378	57
9 Balances with banks in foreign countries and with foreign central banks	38,597	37,664	32,788	31,981	3,138	3,115	2,195	2,173
10 Foreign branches of U.S. banks	2,517	2,437	2,392	2,325	42	36	67	65
11 Other banks in foreign countries and foreign central banks	36,079	35,228	30,396	29,657	3,096	3,079	2,129	2,108
12 Balances with Federal Reserve Banks	2,114	n.a.	1,952	n.a.	43	n.a.	59	n.a.
<b>13 Total securities and loans</b>	<b>226,270</b>	<b>86,624</b>	<b>159,498</b>	<b>65,359</b>	<b>38,333</b>	<b>15,189</b>	<b>15,906</b>	<b>3,980</b>
14 Total securities, book value	30,428	8,193	24,617	6,112	3,941	1,777	874	209
15 U.S. Treasury	7,519	n.a.	7,155	n.a.	165	n.a.	493	n.a.
16 Obligations of U.S. government agencies and corporations	2,385	n.a.	2,259	n.a.	120	n.a.	0	n.a.
17 Other bonds, notes, debentures and corporate stock (including state and local securities)	20,524	8,193	15,204	6,112	3,657	1,777	771	209
18 Federal funds sold and securities purchased under agreements to resell	17,137	2,107	15,707	1,644	800	234	329	136
19 U.S. branches and agencies of other foreign banks	11,425	1,160	10,243	780	702	229	285	116
20 Commercial banks in United States	3,323	47	3,212	47	45	0	19	0
21 Other	2,389	900	2,253	817	53	5	25	20
22 Total loans, gross	196,062	78,505	135,034	59,296	34,448	13,436	15,037	3,771
23 Less: Unearned income on loans	220	74	153	49	56	25	5	0
24 Equals: Loans, net	195,842	78,431	134,881	59,247	34,392	13,411	15,032	3,771
<i>Total loans, gross, by category</i>								
25 Real estate loans	8,352	89	3,921	65	2,147	24	549	0
26 Loans to depository institutions	63,481	44,223	46,117	30,226	12,037	9,792	3,871	3,075
27 Commercial banks in United States (including IBEs)	35,272	17,948	24,796	10,526	7,545	5,399	2,624	1,898
28 U.S. branches and agencies of other foreign banks	32,512	16,901	22,408	9,615	7,408	5,280	2,579	1,881
29 Other commercial banks in United States	2,760	1,047	2,388	910	237	120	46	17
30 Other depository institutions in United States (including IBEs)	196	115	119	69	14	0	15	0
31 Banks in foreign countries	28,014	26,159	21,203	19,631	4,478	4,392	1,232	1,177
32 Foreign branches of U.S. banks	1,071	997	864	790	183	182	25	25
33 Other banks in foreign countries	26,943	25,163	20,340	18,841	4,295	4,210	1,207	1,152
34 Other financial institutions	5,687	920	3,530	836	930	39	1,000	28
35 Commercial and industrial loans	93,833	18,195	60,341	15,338	17,252	2,183	9,038	352
36 U.S. addressees (domicile)	71,469	77	41,975	49	14,644	26	8,605	0
37 Non-U.S. addressees (domicile)	22,364	18,118	18,366	15,289	2,608	2,157	433	352
38 Acceptances of other banks	1,022	22	854	17	126	0	17	5
39 U.S. banks	431	2	289	2	124	0	0	0
40 Foreign banks	592	21	564	16	2	0	16	5
41 Loans to foreign governments and official institutions (including foreign central banks)	17,169	14,697	14,720	12,563	1,393	1,345	343	280
42 Loans for purchasing or carrying securities (secured and unsecured)	4,200	104	3,656	72	466	0	62	32
43 All other loans	2,317	255	1,895	179	96	55	157	0
44 All other assets	32,373	3,429	24,626	2,503	6,547	675	748	214
45 Customers' liability on acceptances outstanding	21,489	n.a.	15,871	n.a.	5,214	n.a.	231	n.a.
46 U.S. addressees (domicile)	14,683	n.a.	10,027	n.a.	4,386	n.a.	211	n.a.
47 Non-U.S. addressees (domicile)	6,806	n.a.	5,845	n.a.	827	n.a.	20	n.a.
48 Other assets including other claims on nonrelated parties	10,884	3,429	8,755	2,503	1,333	675	517	214
49 Net due from related depository institutions <sup>5</sup>	28,452	28,227	18,609	22,678	6,492	2,855	0	182
50 Net due from head office and other related depository institutions <sup>5</sup>	28,452	n.a.	18,609	n.a.	6,492	n.a.	0	n.a.
51 Net due from establishing entry, head offices, and other related depository institutions <sup>5</sup>	n.a.	28,227	n.a.	22,678	n.a.	2,855	n.a.	182
<b>52 Total liabilities<sup>4</sup></b>	<b>395,893</b>	<b>195,277</b>	<b>295,029</b>	<b>154,394</b>	<b>60,964</b>	<b>27,070</b>	<b>22,008</b>	<b>8,430</b>
53 Liabilities to nonrelated parties	345,562	170,151	267,481	135,161	54,089	23,776	13,316	6,219

4.30 Continued  
Millions of dollars

Item	All states <sup>2</sup>		New York		California		Illinois	
	Total excluding IBFs <sup>3</sup>	IBFs only <sup>3</sup>	Total excluding IBFs <sup>3</sup>	IBFs only <sup>3</sup>	Total excluding IBFs <sup>3</sup>	IBFs only <sup>3</sup>	Total excluding IBFs <sup>3</sup>	IBFs only <sup>3</sup>
54 Total deposits and credit balances	54,912	134,695	46,615	119,216	1,645	8,661	2,817	2,324
55 Individuals, partnerships, and corporations	42,770	13,496	35,377	10,312	1,501	341	2,177	104
56 U.S. addressees (domicile)	33,709	466	29,074	461	437	0	1,997	0
57 Non-U.S. addressees (domicile)	9,070	13,030	6,303	9,851	1,065	341	181	104
58 Commercial banks in United States (including IBFs)	8,587	47,235	7,892	40,579	46	4,643	621	1,217
59 U.S. branches and agencies of other foreign banks	4,355	40,720	3,782	34,780	5	4,173	551	1,105
60 Other commercial banks in United States	4,232	6,515	4,110	5,799	40	470	69	112
61 Banks in foreign countries	1,876	68,460	1,815	63,076	14	3,627	3	911
62 Foreign branches of U.S. banks	224	7,443	224	6,206	0	671	0	383
63 Other banks in foreign countries	1,652	61,018	1,592	56,870	14	2,956	3	529
64 Foreign governments and official institutions (including foreign central banks)	770	5,019	746	4,765	17	50	3	91
65 All other deposits and credit balances	318	484	291	483	4	0	2	0
66 Certified and official checks	591		494		63		11	
67 Transaction accounts and credit balances (excluding IBFs)	5,988	↑	5,126	↑	210	↑	235	↑
68 Individuals, partnerships, and corporations	3,670	↑	2,984	↑	136	↑	218	↑
69 U.S. addressees (domicile)	2,459	↑	2,038	↑	90	↑	214	↑
70 Non-U.S. addressees (domicile)	1,211	↑	946	↑	46	↑	3	↑
71 Commercial banks in United States (including IBFs)	391	↑	382	↑	5	↑	0	↑
72 U.S. branches and agencies of other foreign banks	82	↑	81	↑	0	↑	0	↑
73 Other commercial banks in United States	310	n.a.	301	n.a.	4	n.a.	0	n.a.
74 Banks in foreign countries	918	↑	877	↑	4	↑	2	↑
75 Foreign branches of U.S. banks	12	↑	12	↑	0	↑	0	↑
76 Other banks in foreign countries	906	↑	865	↑	4	↑	2	↑
77 Foreign governments and official institutions (including foreign central banks)	289	↑	281	↑	1	↑	3	↑
78 All other deposits and credit balances	129	↑	109	↑	3	↑	1	↑
79 Certified and official checks	591	↑	494	↑	63	↑	11	↑
80 Demand deposits (included in transaction accounts and credit balances)	4,833	↑	4,136	↑	133	↑	225	↑
81 Individuals, partnerships, and corporations	3,168	↑	2,634	↑	61	↑	207	↑
82 U.S. addressees (domicile)	2,092	↑	1,781	↑	30	↑	204	↑
83 Non-U.S. addressees (domicile)	1,077	↑	853	↑	31	↑	3	↑
84 Commercial banks in United States (including IBFs)	155	↑	146	↑	4	↑	0	↑
85 U.S. branches and agencies of other foreign banks	5	↑	5	↑	0	↑	0	↑
86 Other commercial banks in United States	149	n.a.	141	n.a.	4	n.a.	0	n.a.
87 Banks in foreign countries	620	↑	580	↑	3	↑	2	↑
88 Foreign branches of U.S. banks	1	↑	1	↑	0	↑	0	↑
89 Other banks in foreign countries	619	↑	579	↑	3	↑	2	↑
90 Foreign governments and official institutions (including foreign central banks)	225	↑	217	↑	1	↑	3	↑
91 All other deposits and credit balances	74	↑	65	↑	0	↑	1	↑
92 Certified and official checks	591	↑	494	↑	63	↑	11	↑
93 Non-transaction accounts (including MMDAs, excluding IBFs)	48,923	↑	41,489	↑	1,434	↑	2,582	↑
94 Individuals, partnerships, and corporations	39,100	↑	32,393	↑	1,366	↑	1,960	↑
95 U.S. addressees (domicile)	31,240	↑	27,036	↑	347	↑	1,782	↑
96 Non-U.S. addressees (domicile)	7,860	↑	5,357	↑	1,019	↑	177	↑
97 Commercial banks in United States (including IBFs)	8,196	↑	7,510	↑	41	↑	620	↑
98 U.S. branches and agencies of other foreign banks	4,274	↑	3,700	↑	5	↑	551	↑
99 Other commercial banks in United States	3,922	n.a.	3,809	n.a.	36	n.a.	69	n.a.
100 Banks in foreign countries	958	↑	938	↑	10	↑	1	↑
101 Foreign branches of U.S. banks	212	↑	212	↑	0	↑	0	↑
102 Other banks in foreign countries	746	↑	726	↑	10	↑	1	↑
103 Foreign governments and official institutions (including foreign central banks)	481	↑	465	↑	15	↑	0	↑
104 All other deposits and credit balances	188	↑	183	↑	2	↑	1	↑
105 IBF deposit liabilities	↑	134,695	↑	119,216	↑	8,661	↑	2,324
106 Individuals, partnerships, and corporations	↑	13,496	↑	10,312	↑	341	↑	104
107 U.S. addressees (domicile)	↑	466	↑	461	↑	0	↑	0
108 Non-U.S. addressees (domicile)	↑	13,030	↑	9,851	↑	341	↑	104
109 Commercial banks in United States (including IBFs)	↑	47,235	↑	40,579	↑	4,643	↑	1,217
110 U.S. branches and agencies of other foreign banks	↑	40,720	↑	34,780	↑	4,173	↑	1,105
111 Other commercial banks in United States	n.a.	6,515	n.a.	5,799	n.a.	470	n.a.	112
112 Banks in foreign countries	↑	68,460	↑	63,076	↑	3,627	↑	911
113 Foreign branches of U.S. banks	↑	7,443	↑	6,206	↑	671	↑	383
114 Other banks in foreign countries	↑	61,018	↑	56,870	↑	2,956	↑	529
115 Foreign governments and official institutions (including foreign central banks)	↑	5,019	↑	4,765	↑	50	↑	91
116 All other deposits and credit balances	↑	484	↑	483	↑	0	↑	0

For notes see end of table.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, March 31, 1987<sup>1</sup>—Continued  
Millions of dollars

Item	All states <sup>2</sup>		New York		California		Illinois	
	Total including IBFs	IBFs only <sup>3</sup>	Total including IBFs	IBFs only <sup>3</sup>	Total including IBFs	IBFs only <sup>3</sup>	Total including IBFs	IBFs only <sup>3</sup>
117 Federal funds purchased and securities sold under agreements to repurchase.....	44,345	2,825	31,420	1,482	7,889	1,194	1,458	49
118 U.S. branches and agencies of other foreign banks.....	14,924	1,496	10,034	649	3,977	731	714	32
119 Other commercial banks in United States.....	10,560	220	7,385	85	2,256	125	620	0
120 Other.....	15,862	1,109	14,000	748	1,655	338	124	17
121 Other borrowed money.....	80,692	29,876	44,175	12,388	29,012	13,474	6,071	3,652
122 Owed to nonrelated commercial banks in United States (including IBFs).....	55,805	12,557	30,336	3,699	21,592	7,967	2,704	698
123 Owed to U.S. offices of nonrelated U.S. banks.....	25,018	2,513	15,691	931	7,592	1,352	1,037	119
124 Owed to U.S. branches and agencies of nonrelated foreign banks.....	30,787	10,044	14,645	2,768	13,999	6,615	1,667	579
125 Owed to nonrelated banks in foreign countries.....	16,660	15,734	7,704	7,170	5,777	5,442	2,991	2,954
126 Owed to foreign branches of nonrelated U.S. banks.....	2,519	2,379	822	747	1,276	1,211	316	316
127 Owed to foreign offices of nonrelated foreign banks.....	14,142	13,354	6,882	6,423	4,501	4,231	2,675	2,638
128 Owed to others.....	8,227	1,585	6,135	1,520	1,643	65	377	0
129 All other liabilities.....	33,918	2,755	26,055	2,075	6,882	446	646	194
130 Branch or agency liability on acceptances executed and outstanding.....	25,581	n.a.	19,253	n.a.	5,908	n.a.	238	n.a.
131 Other liabilities to nonrelated parties.....	8,337	2,755	6,802	2,075	975	446	408	194
132 Net due to related depository institutions <sup>5</sup> .....	50,331	25,126	27,548	19,233	6,875	3,294	8,692	2,211
133 Net due to head office and other related depository institutions <sup>5</sup> .....	50,331	n.a.	27,548	n.a.	6,875	n.a.	8,692	n.a.
134 Net due to establishing entity, head office, and other related depository institutions <sup>5</sup> .....	n.a.	25,126	n.a.	19,233	n.a.	3,294	n.a.	2,211
MISMO								
135 Non-interest bearing balances with commercial banks in United States.....	2,237	2	2,011	2	114	0	49	0
136 Holding of commercial paper included in total loans.....	639		483		60		91	
137 Holding of own acceptances included in commercial and industrial loans.....	3,649	↑	2,711	↑	678	↑	123	↑
138 Commercial and industrial loans with remaining maturity of one year or less.....	56,370		35,080		10,700		6,119	
139 Predetermined interest rates.....	34,127	n.a.	20,035	n.a.	7,560	n.a.	4,139	n.a.
140 Floating interest rates.....	22,243		15,045		3,140		1,960	
141 Commercial and industrial loans with remaining maturity of more than one year.....	37,463	↓	25,261	↓	6,552	↓	2,919	↓
142 Predetermined interest rates.....	12,733		7,906		2,672		1,453	
143 Floating interest rates.....	24,730	↓	17,356	↓	3,880	↓	1,466	↓

4.30 Continued  
Millions of dollars

Item	All states <sup>2</sup>		New York		California		Illinois	
	Total excluding IBFs	IBFs only <sup>3</sup>	Total excluding IBFs	IBFs only <sup>3</sup>	Total excluding IBFs	IBFs only <sup>3</sup>	Total excluding IBFs	IBFs only <sup>3</sup>
144 Components of total nontransaction accounts, included in total deposits and credit balances of nontransactional accounts, including IBFs	57,870	↑	50,254	↑	1,407	↑	3,040	↑
145 Time CDs in denominations of \$100,000 or more	36,629		30,880		1,058		2,120	
146 Other time deposits in denominations of \$100,000 or more	7,355	n.a.	6,870	n.a.	185	n.a.	230	n.a.
147 Time CDs in denominations of \$100,000 or more with remaining maturity of more than 12 months	13,886	↓	12,504	↓	164	↓	689	↓
	All states <sup>2</sup>		New York		California		Illinois	
	Total including IBFs	IBFs only <sup>3</sup>	Total including IBFs	IBFs only <sup>3</sup>	Total including IBFs	IBFs only <sup>3</sup>	Total including IBFs	IBFs only <sup>3</sup>
148 Market value of securities held	29,353	8,171	23,861	6,227	3,631	1,641	873	209
150 Immediately available funds with a maturity greater than one day included in other borrowed money	52,159	n.a.	28,929	n.a.	20,446	n.a.	1,794	n.a.
150 Number of reports filed <sup>6</sup>	488		221		122		47	

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." Details may not add to totals because of rounding. This form was first used for reporting data as of June 30, 1980, and was revised as of December 31, 1985. 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. Effective December 1981, the Federal Reserve Board amended Regulations D and Q to permit banking offices located in the United States to operate International Banking Facilities (IBFs). As of December 31, 1985, data for IBFs are reported in a separate column. These data are either included in or excluded from the total columns as indicated in the headings. The notation "n.a." indicates

that no IBF data are reported for that item, either because the item is not an eligible IBF asset or liability or because that level of detail is not reported for IBFs. From December 1981 through September 1985, IBF data were included in all applicable items reported.

4. 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 5). 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.

5. "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).

6. In some cases two or more offices of a foreign bank within the same metropolitan area file a consolidated report.

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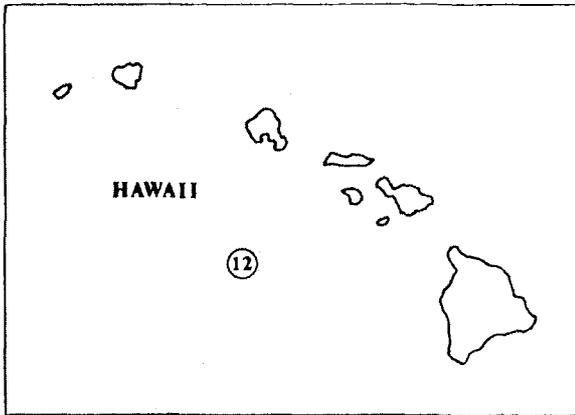
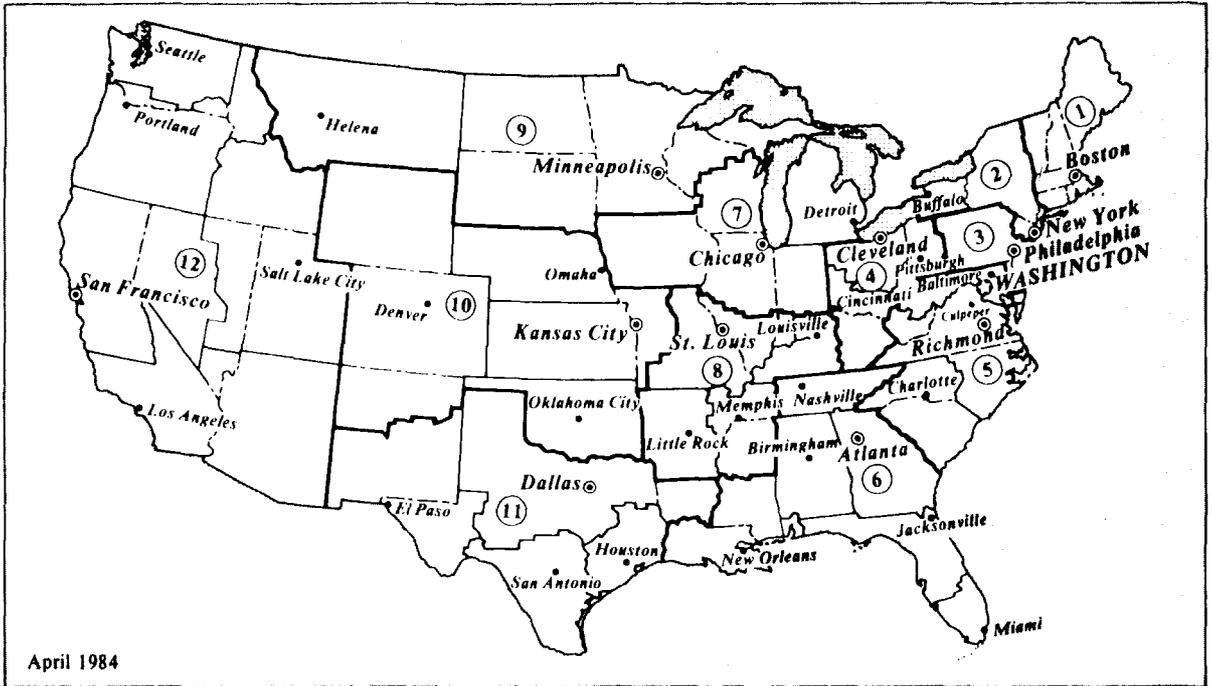
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— Boundaries of Federal Reserve Districts

— Boundaries of Federal Reserve Branch Territories

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