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FEDERAL RESERVE BULLETIN

Board of Governors of the Federal Reserve System Washington, D.C.

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

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Thrift Institutions in Recent Years

Michael J. Moran of the Board's Division of Research and Statistics prepared this article.

The financial condition of savings and loan associations and mutual savings banks has always been highly sensitive to fluctuations in market interest rates. Changes through the years in asset and liability powers have altered the impact of interest rates on thrift institutions, but they have not eliminated the basic sensitivity to movements in market rates. Regulatory and statutory changes that will limit the exposure of savings and loans and mutual savings banks to interest rate risk have been made over the past two years. However, time to adjust is needed before the industry becomes reasonably well insulated from the vicissitudes of the interest rate cycle.

At times during the 1960s and 1970s, market interest rates rose well above the level that thrift institutions were allowed to pay on their deposits, resulting in weak deposit growth as savers shifted their funds to higher-yielding assets elsewhere. These periods of disintermediation were associated primarily with reductions in the liquidity position of thrift institutions, although their net income also declined somewhat. In 1978, commercial banks and thrift institutions were authorized to issue deposit accounts whose interest rate ceilings were tied to the prevailing return on Treasury securities. These accounts allowed thrift institutions to remain competitive in the market for savings even when interest rates rose. However, as market-rate deposits grew in importance, earnings became much more volatile because the cost of funds tended to change more rapidly than the return on the longer-term assets held by thrift institutions. As interest rates rose to record levels beginning in 1980, the earnings of savings and loan associations and mutual savings banks deteriorated. In 1981 and 1982, large losses and a declining capital base forced many of these institutions to be merged out of existence.

A number of measures have been implemented in the last two years to address the difficult situation caused by the erosion of thrift earnings. Some of these measures simply involve adjustments to accounting methods while others attempt to remedy the underlying causes of the earnings problem. Many of the policies and procedures adopted by the thrift industry run counter to traditional financial practices, and some involve a fundamental restructuring of the industry. Thus they have stirred considerable controversy. The Congress also has taken steps to assist thrift institutions. The most recent action, and perhaps the most significant, was the passage of the Garn-St Germain Depository Institutions Act of 1982. This act affords the regulatory agencies and insurance funds greater latitude in dealing with financially weak institutions and gives the thrift industry new powers that will foster their viability over the long run.

The pressure on the earnings of thrift institutions has begun to subside in recent months with the sharp fall in interest rates. In the absence of a rebound in interest rates, the industry could return to profitability in 1983. However, the outlook for savings and loan associations and mutual savings banks will be influenced by factors other than interest rates. For example, all depository institutions will have to absorb an increase in interest expense next year as a large volume of low-yielding passbook savings deposits is expected to shift to the new "money market deposit account" authorized by the Garn-St Germain act and the "super NOW" account authorized by the Depository Institutions Deregulation Committee.

This article first reviews the earnings experience of thrift institutions over the past three years and analyzes the factors that influence net income. It then discusses the policies that have been adopted to assist troubled thrift institutions and the controversies that have surrounded them.

THE RECENT EARNINGS PERFORMANCE OF THRIFT INSTITUTIONS

The deterioration in the earnings of thrift institutions began in 1980, when savings and loan associations posted only a small profit and mutual savings banks recorded their first loss in the postwar period (table 1). Losses at thrift institutions increased throughout 1981 and totaled \$6.0 billion for the year, or 0.75 percent of average assets. In the first half of 1982, losses of savings and loan associations increased slightly further from the level in the latter part of 1981, while earnings of mutual savings banks showed a small improvement.

As the losses of thrift institutions have accumulated, the net-worth positions reported on their balance sheets have been drawn down. This erosion is especially marked at savings and loans, where the combination of declining net worth and continued expansion in assets has pushed the ratio of net worth to total assets to 3½ percent at the end of the third quarter (table 2). These aggregated data do not reveal the large number of institutions with critically low levels of net worth that probably will require either capital assistance from one of the federal deposit insurance agencies or an arranged merger with a stronger institution. At midyear 1982, for example, about 500 savings and loan associations,

1. Net income at thrift institutions Amounts in billions of dollars; percentages at annual rates

Year		SLIC-insured savings and loan associations		All operating mutual savings banks		
rear	Amount	As a percent of average assets	Amount	As a percent of average assets		
1970 1971 1972 1973 1974 1975	.9 1.3 1.7 1.9 1.5 1.4	.57 .71 .77 .76 .54	.2 .4 .6 .6 .4	.27 .48 .60 .54 .35		
1976 1977 1978 1979 1980	2.3 3.2 3.9 3.6 .8	.63 ,77 ,82 .67 .14	.6 .8 .9 .7 2	.45 .55 .58 .46 12		
1981 H1 H2	-4.6 -1.5 -3.1	73 49 97	-1.4 5 9	83 56 -1.10		
1982-H1	-3.3	-1.01	8	92		

2. Ratio of net worth to total assets at thrift institutions

Percent

Year	FSLIC-insured savings and loans	All operating mutual savings banks
1975	5.80	6.96
1976	5.58	6.71
1977	5.45	6.77
1978	5.51	6.90
1979	5.58	7.05
1980	5.25	6.63
1981	4.23	5.68
19821	3.44	5.34

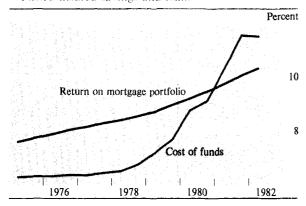
1. Data for 1982 are for the end of September.

accounting for 16 percent of industry assets, had ratios of net worth to assets below 2 percent roughly the minimum amount required by the Federal Home Loan Bank Board. The capital position of mutual savings banks is somewhat stronger; not only is the aggregate ratio of net worth to assets higher than at savings and loan associations, but only eight institutions insured by the Federal Deposit Insurance Corporation, accounting for 7½ percent of total assets, had net-worth ratios below 2 percent.

Factors Influencing Earnings

The underlying causes of the earnings squeeze in the thrift industry are the changing nature of the liabilities held by thrift institutions and the unprecedented movements in interest rates. Specifically, over the last several years the liabilities issued by thrift institutions have moved to current market rates more rapidly than have the assets held in their portfolios. This movement, combined with the sharp rise in interest rates, has pushed the average cost of funds above the average return on assets (chart 1). The divergence between the average cost of funds and the average return on assets was possible because the liabilities of thrift institutions had much shorter maturities than their assets, and thus could be converted to current market rates more quickly. The faster pace of deregulation on the liability side of the thrift industry's balance sheet, and the portfolio decisions of the institutions themselves, contributed to the mismatch between the maturities of assets and liabilities and the acceleration in the average cost of funds.

1. Interest income and expenses at FSLIC-insured savings and loans



The reaction of thrift institution customers to rising market interest rates also has played a role in the recent earnings squeeze.

The Liabilities of Thrift Institutions. Before 1978, thrift institutions relied primarily on savings and small-denomination time deposits, with fixed interest rate ceilings, to finance their large holdings of long-term, fixed-rate mortgages (table 3). When market rates rose above the ceilings on deposit rates, savers frequently withdrew their funds from thrift institutions and invested them in higher-yielding market instruments. Savings and loan associations and mutual savings banks typically responded to this disintermediation by drawing down liquid assets and increasing their reliance on borrowed funds; both methods reduce an institution's liquidity position and depress earnings somewhat.

In 1978 and 1979, the financial regulatory agencies acted to limit the outflow of funds during periods of rising market interest rates by authorizing the six-month money market certificate and the 2½-year small saver certificate. The interest rate ceilings on these accounts change frequently and are tied to the returns on Treasury securities of comparable maturity. Thus, as market rates increased in 1980 and 1981, the ceilings on these deposit accounts also rose. Although institutions can profitably reinvest new inflows into these accounts, transfers from the existing lower-rate accounts represent a pure cost increase not matched by a corresponding adjustment to the return on existing assets. As table 3

shows, savers have reduced significantly their holdings of fixed-ceiling accounts, replacing them with deposits paying market-related rates.

The poor earnings performance of thrift institutions over the past three years, however, cannot be attributed solely to the authorization of these new deposit accounts. If savings and loan associations and mutual savings banks had not been allowed to issue these accounts, the movements in interest rates in recent years probably would have caused massive deposit outflows and generated serious liquidity and earnings problems as institutions sold liquid assets and turned to borrowing at market rates. A more fundamental source of the earnings squeeze was an uneven transformation of the asset and liability sides of the balance sheet. The movement to liabilities with market rates was started while most thrift institutions were prohibited from issuing mortgages with adjustable rates and were limited with respect to the types of nonmortgage loans they could hold. If savings and loan associations and mutual savings banks had been given several years to restructure their asset portfolios toward shorter-term or variable-rate instruments before the deregulation of liabilities began, those institutions that took advantage of such opportunities would have been in a better position to absorb the rapid increases in interest expenses that began in 1980.

The strategies for asset and liability management used by many thrift institutions also were not well suited to the financial situation that took shape in 1980. Conditioned by the relative stability of interest rates in earlier periods, the wide spread between short- and long-term interest rates that was evident before 1980, and certain tax incentives for investment in mortgages, thrift institutions continued to invest in longer-term assets. Simultaneously, they deepened their reliance on short-term funds through the issuance of large-denomination time deposits, advances from the Federal Home Loan Banks, and other types of borrowing. If they had invested more in shorter-term assets (such as Treasury or agency securities or federal funds), or issued more longer-term liabilities (such as mortgage-backed bonds), earnings would have been stronger in 1981 and 1982.

3. Balance sheets of thrift institutions Percent of total liabilities and assets

Item	1977	1978	1979	1980	1981	1982
	***************************************		Savings and I	oan associations	t.,,	<u> </u>
Fixed ceiling liabilities	87.3	75.3	56.2	37.8	25.9	22.0
Passbook and NOW accounts	33.9	28.1	22.0	18.3	15.9	15.6
Fixed ceiling time deposits						
	53.4	47.2	34.2	19.5	10.0	6.4
Market ceiling small time deposits		8.9	24.6	40.9	48.7	52.8
Money market certificate		8.9	23.9	31.6	29.7	28.6
Small saver certificate			.7	9.3	16.0	19.3
Other small time deposits					3.0	4.9
Discretionary liabilities	8.6	11.5	15.2	17.7	21.8	23.2
Large time denosite						
Large time deposits	2.1	2.9	5.0	6.8	7.6	8.1
FHLB advances	4.7	6.5	7.5	8.0	10.0	10.5
Other borrowings	1.8	2.1	2.7	2.9	4.2	4.6
Other liabilities	4.0	4.2	3.9	3.6	3.6	2.0
Total liabilities	100.0	100.0	100.0	100.0	100.0	100.0
Martagan assats	96.0	96.0	0.5 0	04.4	02.2	01.1
Mortgage assets	86.0	86.0	85.8	84.4	83.2	81.
Fixed rate	86.0	86.0	85.8	80.3	77.6	74.9
Adjustable rate	n.a.	n.a.	n.a.	4.1	5.6	6.2
Nonmortgage loans	2.3	2.3	2.8	3.0	2.9	2.6
Cash and nonmortgage investments	9.2	9.3	8.9	9.9	10.2	11.2
Other assets	2.5	2.4	2.5	2.7	3.7	5.1
Total assets						
iouai asseus	100.0	100.0	100.0	100.0	100.0	100.0
			Mutual s	avings banks		
Fixed ceiling liabilities	95.8	85.8	69.1	52.2	40.8	36.1
Passbook and NOW accounts	56.8	48.7	40.2	33.7	29.8	29.0
Fixed ceiling time deposits	39.0	37.1	28.9	18.5	11.0	7.1
Market ceiling small time deposits		8.7	23.5	39.3		
Market cening small time deposits					48.3	52.6
Money market certificate		8.7	22.9	31.6	32.3	31.9
Small saver certificate			.6	7.7	13.3	15.9
Other small time deposits			,		2.7	4.8
Discretionary liabilities	1.3	2.4	4.6	5.9	8.1	8.3
Large time deposits	0.9	1.3	2.2	3.1	3.3	3.2
FHLB advances	0.1	0.5	0.9	1.2	1.4	1.5
Other borrowings	0.3	0.6	1.5	1.6	3.4	3.6
Other liabilities	2.9	3.1	2.8	2.6	2.8	3.0
Total liabilities	100.0	100.0	100.0	100.0	100.0	100.0
Mortgage assets	65.5	66.5	67.8	66.3	64.8	63.1
Nonmortgage loans	4.2	4.6	5.7	6.8	8.4	9.4
Cash and nonmortgage investments	27.6	26.3	23.9	23.9	23.6	23.6
Other assets	2.7	2.6	2.6	3.0	3.2	3.9
m . n .	100.0	100.0	100.0	100.0	100.0	100.0
Total assets						

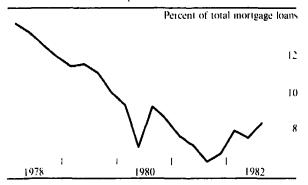
^{1.} Data for 1982 are for the end of June.

The Customers of Thrift Institutions. The reactions of the industry's customers to high interest rates have exacerbated the earnings problems. For example, the slowdown in overall mortgage activity as interest rates rose and the increasing use of so-called creative financing in real estate transactions have reduced the rate of mortgage repayments. In the late 1970s, when housing markets were more robust and mortgage rates were lower, 14 to 16 percent of mortgages held by savings and loan associations and 10 to 12 percent of the mortgages held by mutual savings banks generally were repaid each year. In an environment of secularly rising rates, this turnover helped to raise interest income because low-rate mortgages could be replaced with higher-rate assets.

More recently, however, the repayment rate has fallen to 6 to 8 percent, thereby retarding the increase in asset returns (chart 2).

On the liability side of the balance sheet, the reactions of the industry's customers to rising interest rates and an expansion of investment alternatives also have caused earnings to deteriorate. One obvious impact, already noted, is the shift from lower-yielding passbook and fixedceiling time deposits to the newer accounts tied to market rates (see table 3). A more subtle impact is the gradual erosion over the past two years in the core deposit base (that is, deposits owned by households or smaller organizations). Throughout 1981 and 1982, savings and smalldenomination time deposits at savings and loan

Mortgage repayment rate at I-SI IC insured savings and loans



associations and mutual savings banks have expanded at an exceptionally low rate and also have weakened relative to the growth at commercial banks (table 4). Slower growth in the retail deposit base at thrift institutions will further depress earnings because these institutions must rely on more costly sources of funds, and the acquisition of new assets—which could offset some of the losses embedded in the existing balance sheet—will be smaller than it would have been otherwise.

One of the more important causes of the erosion of the thrift deposit base in 1981 and 1982 has been the competition from money market mutual funds. In previous periods of disintermediation, such as 1970–71 and 1973–75, thrift institutions appeared to have been affected somewhat more severely than commercial banks (see table 4). Thus, if money market mutual funds have grown at the expense of depository institutions, some slowdown in thrift growth both absolutely and relative to commercial banks may be expected.

Another factor that has contributed to the slowdown in deposit growth at savings and loans and mutual savings banks is the loss of a rate advantage on six-month money market certificates vis-à-vis commercial banks. When this account was introduced in June 1978, thrift institutions were allowed to offer an interest rate that was 44 percentage point higher than the commercial bank rate. However, in March 1979, this differential was made effective only at lower levels of interest rates, and deposit growth at

 Growth of savings and small time deposits at commercial banks and thrift institutions

Percent change from December to December

Year	Commercial banks	Thrift institutions ^t (2)	Column 2 less column 1 (3)
1970	7.2	7.0	2
1971	16.6	17.0	.4
1972	12.3	16.5	4.2
1973	5.1	8.1	3.0
1974	6.1	4.9	- 1.2
1975	16.9	15.3	-1.6
1976	17.8	15.3	-2.5
1977	8.2	13.2	5.0
1978	4.3	9.0	4.7
1979	7.6	5.0	2.6
1980	9.7	5.1	4.6
1981	7.9	1.3	- 6.6
19822	13.8	3.8	-10.0

I Includes sayings and loan associations and mutual sayings banks.

savings and loans and mutual savings banks weakened considerably relative to that at commercial banks. Finally, a reluctance of savers to hold funds in institutions experiencing earnings difficulties may help explain the slow deposit growth at savings and loans and mutual savings banks.

Differences in Thrift Earnings

Although nearly all savings and loan associations and mutual savings banks have experienced an erosion in their net income, the performance has varied widely among individual institutions, as indicated by the data presented in table 5. Among savings and loan associations, about 15 percent of all institutions (accounting for slightly more than 10 percent of total assets) had positive income in the first half of 1982. At the opposite end of the distribution, about one-fourth of all institutions (accounting for slightly more than 20) percent of total assets) had a ratio of net income to average assets of ~1.5 percent or less. A much larger proportion of mutual savings banks reported positive earnings, and the proportion of such institutions with very low net income was smaller than it was for savings and loan associations.

Several factors explain the better earnings performance of some thrift institutions, including

² Deposit growth, at an annual rate, from December 1981 to September 1982

5.	Number, assets, and net-worth ratios of thrift
	institutions, by ratio of net income to average
	assets, first half of 1982

Net income as a percent of average assets (annual rate)	Number of institutions	Total assets (billions of dollars)	Net-worth ratio (percent)
	☐ Sav	ings and loan ass	ociations ¹
Less than -2.0	386	73.2	1.27
-2.0 to -1.6	437	77.5	3.02
-1.5 to -1.1	782	153,4	2.70
$-1.0 \text{ to }6 \dots$	778	186.5	4.09
5 to 0	552	108.9	4.51
.1 to .5	310	50.9	4.34
.6 to 1.0	138	16.1	4.30
More than 1.0	128	9.0	4.67
Total	3,511	675.5	3.67
	Mut	ual savings bank	S ²
Less than -2.0	16	24.0	2.44
-2.0 to -1.6	19	13.2	3.80
-1.5 to -1.1	42	31.7	4.58
-1.0 to6	79	42.3	4.94
5 to 0	79	24.9	6.12
.1 to .5	70	17.0	7.99
.6 to 1.0	17	3.2	8.65
More than 1.0	3	.7	13.55
Total	325	157.0	5.02

- 1. FSLIC-insured savings and loan associations.
- 2. FDIC-insured mutual savings banks.

a wider diversification on the asset side of the balance sheet, a more rapid rate of deposit growth so that a greater proportion of assets were acquired at higher interest rates, and relatively larger volumes of low-cost passbook savings deposits. In addition, newer thrift institutions, because they are not burdened with large portfolios of low-yielding mortgages, generally have reported positive earnings. Finally, location has played a role: institutions in areas with a more rapid rate of economic growth and more active housing markets, or in states that did not have mortgage usury ceilings, have tended to fare somewhat better than the industry average.

The Near-Term Outlook for the Industry

In the near term, the primary factor likely to influence the earnings of thrift institutions is the level of short-term interest rates, which have fallen substantially in recent months. Savings and loan associations and mutual savings banks hold a large volume of short-term, market-rate liabilities that are maturing and being replaced with cheaper sources of funds. On the asset side, thrift institutions hold a much smaller volume of

short-term assets that are maturing and being replaced with lower-yielding instruments. This reduction in asset returns could even be offset by the continued, albeit gradual, retirement of lowrate mortgages. Thus, if the lower level of shortterm interest rates is sustained, thrift institution earnings will show a marked improvement as the cost of funds declines in the face of a stable, or perhaps a slightly rising, average return on assets. For the second half of 1982, the decline in short-term interest rates should result in losses that are about 50 percent of those in the first six months. The performance of earnings may be even better in 1983, but whether the industry returns to profitability will depend upon other factors as well.

Another important determinant of earnings at thrift institutions in 1983 will be the composition of deposits. If a large portion of lower-rate passbook savings deposits and negotiable order of withdrawal (NOW) accounts shifts to a market-rate deposit, the interest expenses of thrift institutions will rise and earnings will be lower than otherwise. Pursuant to the mandate of the Congress, the Depository Institutions Deregulation Committee recently established a new deposit instrument that is designed to compete with money market mutual funds, but also might induce large transfers of funds from passbook savings deposits. This new account has no interest rate ceiling or fixed maturity, and provides for up to six third-party transfers per month. In short, it has greater liquidity than savings deposits and allows institutions to pay a market interest rate. The only real constraint on transfers from passbook savings deposits to this new account is a \$2,500 minimum denomination, but this requirement probably will exercise a limited restraint: according to survey data gathered by various trade associations, the bulk of savings deposits—80 percent at savings and loan associations and 85 percent at mutual savings banks are held in accounts with balances in excess of this minimum.

The Depository Institutions Deregulation Committee also has authorized a "super NOW" account that will be available in early January. This account provides unlimited transactions and has no interest rate ceiling if balances remain above \$2,500.

Ratio of savings	Savings	and loans	Mutual savings	banks
deposits to total deposits	Number of institutions	Total assets	Number of institutions	Total assets
Less than 10	722 1.743	66.4	1	3
20 to 29	1,743 738	445.0 135.8	95	84.2
20 to 29	207	21.5	179	61.4
More than 40	101	6.8	46	10.0
Total	3,511	675.5	325	157.0

6. Number and total assets of thrift institutions, by ratio of savings deposits to total deposits, June 1982

The precise impact of the new instruments on the earnings of thrift institutions is difficult to gauge at this early date because it will depend upon the rates paid on the new accounts, the amount of funds transferred internally (especially from savings deposits), the volume of funds that institutions can attract from market instruments, and the profits that institutions earn on these new funds. If interest rates stay at low levels and a large volume of funds is attracted from market instruments, the earnings impact will be damped; with higher levels of interest rates and smaller inflows of new funds, the earnings impact will be more severe. Whatever the overall outcome, mutual savings banks likely will suffer a relatively larger decline in earnings than savings and loan associations because savings deposits account for a larger proportion of their liabilities. At the end of September 1982, savings deposits accounted for 31 percent of total deposits at mutual savings banks, compared with 17 percent at savings and loan associations. In addition, more than two-thirds of all savings banks insured by the FDIC (with 45 percent of total assets) had more than 30 percent of their total deposits in savings accounts (table 6). A relatively small number of savings and loan associations have more than 30 percent of their deposits in passbook accounts.

ACCOUNTING SOLUTIONS TO THE EARNINGS AND NET-WORTH PROBLEMS

Under current statutory and regulatory provisions, the primary determinant of an institution's soundness is the book value of its net worth relative to total assets or total liabilities. Histori-

cally, when an institution fell below some critical value of net worth for a substantial period, supervisory action would be taken, including liquidation or merger with a stronger institution. If the Federal Savings and Loan Insurance Corporation had acted on the basis of traditional capital-adequacy guidelines, however, the insurance fund probably would have been insufficient to facilitate all of the mergers and liquidations that have been necessary over the past two years. Therefore, the FSLIC has adopted several innovative approaches. One approach has simply allowed institutions falling below their required level of net worth to continue operating for longer periods of time. In addition, both the FHLBB and the FSLIC have adopted regulatory changes that boost reported net worth, or the ratio of net worth to total liabilities, above what it otherwise would have been. These policies and regulatory changes largely involve adjustments to the balance sheet of a savings and loan association and do little to reduce an institution's losses or to allow it to absorb losses in any real way. Thus these policies represent "solutions" in an accounting sense rather than in basic economic terms.

Although they provide little real benefit to an institution, accounting solutions at least give the federal insurance agencies flexibility in dealing with the thrift industry's problems. The level of net worth reported on an institution's balance sheet, which insurers are forced to rely upon heavily in judging viability, may not indicate accurately the prospects for long-run profitability. For example, reported net worth does not reflect the possibility that the earnings position of many institutions will improve markedly if the current low level of interest rates is sustained.

Thus accounting solutions may be viewed as devices to extend the time before the FSLIC must act and thus to give lower short-term interest rates or restructuring efforts by an institution's management a chance to improve its real earnings. To the extent that mergers and liquidations are avoided with this approach, the cost to the FSLIC is reduced.

Income Capital Certificates

One method to raise an institution's net worth, as well as the ratio of net worth to total assets or liabilities, is the issuance of income capital certificates, a new security developed by the FSLIC and the FHLBB. These securities are issued by a savings and loan association and are acquired by the FSLIC in exchange for cash or interestbearing notes. Income capital certificates resemble preferred stock in that they have no fixed maturity and carry a specified interest or dividend payment that is made only if the institution has positive net income. With the increase in assets from the FSLIC's cash or notes offset by the issuance of an equity-type security rather than debt, an institution's net worth increases. The earnings impact of income capital certificates will be negligible because the income from the FSLIC's note will be offset by the actual or accrued payment on the income capital certificates. (An article by Douglas P. Faucett and Richard K. Kneipper in the Federal Home Loan Bank Board Journal for October 1981 discusses these certificates in detail.)

Income capital certificates allow an institution that has fallen below its net-worth requirement, but has a reasonable prospect of recovery in the long run, to remain in business rather than to become subject to supervisory action. The advantages to the regulators include limited cash outlays—the only outlays are the semiannual interest payments if the ICC is purchased with an FSLIC note—and the recovery of its investment if the institution survives. In the event of failure, however, the ICC represents an increased commitment by the insurance agency and may add to the costs of merger or liquidation.

Thus far the FSLIC has purchased only a moderate amount of income capital certificates to facilitate mergers of savings and loan associations, but the use of this instrument—or one similar to it—could increase sharply in the near future. One of the major provisions of the Garn-St Germain Depository Institutions Act was the authorization for the FSLIC and FDIC to provide capital assistance through the purchase of "net worth certificates" from institutions with large mortgage portfolios, low net worth, and negative earnings. This provision of the Garn-St Germain act expires in three years.

Regulatory Changes

Over the past two years, the Federal Home Loan Bank Board has authorized several regulatory changes designed to encourage institutions to restructure their asset portfolios and to relieve some of the pressure on deteriorating net worth. In 1981, the Bank Board approved two reductions in the net-worth requirement, almost to the lowest level allowed by statute. Accompanying these reductions was a temporary exemption from the net-worth requirement if an institution took steps to match more closely the maturities of assets and liabilities, such as selling older mortgages and replacing them with liquid assets or issuing longer-term liabilities.

More recently, the FHLBB has approved another regulatory change that will serve to increase the ratio of net worth to total liabilities, which generally is the focus of the agency for regulatory purposes. Beginning in June 1982, the FHLBB reclassified certain liabilities, such as loans in process and unearned discounts on purchased assets, as "contra-assets." As a result, the level of liabilities is lower, and thus the ratio of net worth to liabilities is higher. For the industry as a whole, the increase in this ratio will be negligible, but certain institutions may be able to report significantly higher ratios.

Effective November 1982, the Federal Home Loan Bank Board allowed federally insured savings and loan associations to include "appraised equity capital" as part of the net-worth figure used for regulatory purposes. Appraised equity capital is the difference between the market value and the book value of office land, buildings, and similar assets. Because the value of these assets has appreciated rapidly in recent years, their market values are well above the values reported on the books of savings and loans, and could represent a substantial boost in regulatory net worth. Appraised equity capital will not appear on the balance sheet of an institution, and the net-worth figure reported in financial statements will not be affected by this ruling. Rather, appraised equity capital is simply to be used by a supervisory agent in reviewing the financial condition of a savings and loan association. Institutions can include appraised equity capital in the regulatory net-worth calculation only once, and the ability to use this accounting technique expires on December 31, 1985.

One of the more widely publicized and controversial regulatory changes by the FHLBB was a revision in the accounting treatment of capital gains and losses on the sale of assets. Generally accepted accounting principles, and previous FHLBB regulations, require that the full amount of a capital gain or loss be realized in the accounting period in which it occurs. In September 1981, however, the FHLBB began to allow savings and loan associations to amortize all gains and losses from the sale of assets over a period equal to the remaining term of that asset. The regulatory change sought to encourage institutions to restructure their asset portfolios by disposing of older, low-yielding mortgages and replacing them with instruments bearing current market rates. Because this accounting treatment does not meet generally accepted accounting principles, it cannot be used by institutions in their certified financial statements.

Another change approved by the FHLBB relates to the accounting treatment of mergers between savings and loan associations. Frequently in merger cases, intangible assets, including "goodwill," are purchased by the acquiring institution, and, like other fixed assets, they must be depreciated over time. Previously, the regulations stated that goodwill must be fully depreciated in no more than ten years. However, in September 1981, the FHLBB changed its regulations to incorporate the forty-year maximum allowed by generally accepted accounting principles. This esoteric change lies at the heart of one of the more controversial aspects of the recent situation: the use of "purchase accounting" in mergers of thrift institutions, which results in higher reported earnings in the years immediately after a merger.

Purchase Accounting

The purchase of assets is one of two generally accepted methods of accounting for mergers between business enterprises; the other is the pooling of interests. Specific criteria have been developed for determining which method should be employed by management. The pooling-ofinterests method should be used when the enterprises involved in a merger combine their resources and inherently share the risks and rewards of the resulting firm. The purchase-ofassets method should be used when one of the enterprises clearly dominates and acquires the risks and rewards of the other.

When purchase accounting is employed, two important adjustments are made to the balance sheets of the merging institutions before they are combined. First, the assets and liabilities of the acquired firm are reappraised at their fair market value—that is, they are marked to market. Second, goodwill is recorded as an asset. Goodwill is defined as the purchase price of the acquired institution less net worth after assets and liabilities have been marked to market.

The adjustments made to the balance sheets will be reflected in the combined income statement of the surviving institution in subsequent years. Although the assets of the acquired institution are now recorded at market values, they will be redeemed (or repaid) at the original book value. This difference between the market value and the book value of acquired assets must be accumulated over time and reported as income. It is generally believed that the goodwill purchased by the acquiring firm will diminish over time. Accordingly, goodwill should be gradually depreciated. Thus a second adjustment to the income statement will be the amortization of goodwill, recorded as an expense.

If the difference between the market value and the book value of assets is accumulated over a relatively short period (say, five to ten years) and the goodwill is amortized over a longer period

(say, thirty to forty years), the reported earnings of the merged institution initially will be higher than they would have been in the absence of a merger. This boost to reported earnings is temporary, of course, lasting only until the discount on the assets is fully accreted. After this point, the only adjustment to the income statement is the amortization of goodwill, which will tend to depress reported earnings. The boost to earnings in the early years after a merger is strictly the result of accounting adjustments that alter the timing of income and expenses. The higher earnings do not reflect a basic strengthening in the institution.

After the change by the FHLBB in the regulations governing the amortization of goodwill and the widespread application of purchase accounting by thrift institutions, developments unfolded on two fronts. First, industry representatives attempted to obtain authorization from either the Congress or the regulators to employ purchaseaccounting techniques even when no merger was involved. These "fresh start" accounting proposals were presented as no-cost solutions to the industry's problem. Both the FHLBB and the FDIC have issued proposals concerning these new accounting techniques for savings and loans and mutual savings banks, but the only change authorized thus far has been the use of appraised equity capital by savings and loan associations. Certain states—New Jersey, Pennsylvania, and Michigan—were more sympathetic to this accounting approach and have allowed state-chartered institutions to use mark-to-market accounting in their financial reports.

In contrast, the Financial Accounting Standards Board, which establishes generally accepted accounting principles, has acted to limit the gain in earnings associated with the application of purchase accounting to mergers of thrift institutions. Concerned that purchase accounting does not reflect the true condition of the merged associations, the Financial Accounting Standards Board is expected to rule soon that the period over which goodwill can be amortized cannot exceed the period over which the discount on assets is accreted to income. With this ruling in place, the application of purchase accounting to most mergers of thrift institutions will not enhance earnings and the major account-

ing "solution" used in the thrift industry will be eliminated.

Phoenix Mergers

An accounting solution to the problems of the thrift industry that combines purchase accounting and income capital certificates is the "phoenix" merger (named for the mythical bird that rose from its own ashes). Under this plan, two or more weak institutions are combined with the financial assistance of the FSLIC. The insurance agency will purchase income capital certificates from the new institution, thus raising the level of net worth, and the benefits to earnings associated with purchase accounting will prevent the erosion of net worth in the years immediately after the merger. The hope of the FSLIC is that, over the period that purchase accounting keeps earnings positive, lower interest rates and a restructuring of the institution's operations will restore its profitability. The FSLIC has used the phoenix plan only when other cost-effective mergers were not available; currently, there are five phoenix institutions. Once the ruling of the Financial Accounting Standards Board eliminates the benefit to earnings associated with purchase accounting, the phoenix plan is unlikely to remain a useful alternative.

THE RESTRUCTURING OF THE THRIFT INDUSTRY

Accounting solutions, by themselves, are not the permanent answer to the earnings problems of the thrift industry. Their function is to forestall immediate supervisory action by the insurance agencies and to permit institutions to adjust gradually to a more competitive and volatile financial environment. Over the long run, many institutions will be unable to survive and will have to be merged out of existence, while others will seek merger partners voluntarily to gain access to new markets or to broaden the services they offer. Thus a rapid pace of consolidation can be expected to continue for several years. In addition, various regulatory and statutory changes in recent years have expanded the asset

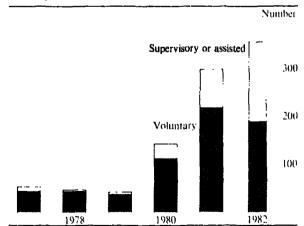
and liability powers in an effort to reduce the volatility of earnings and to allow thrift institutions to retain their customers and to win new ones. Although the industry has already incorporated some of these new powers, change probably will be gradual.

Merger and Consolidation

A general downward trend in the number of institutions in the thrift industry has been evident for two decades: there were 6.850 savings and loan associations and mutual savings banks in 1960 and 5,050 at the end of 1980. During the past two years this trend has accelerated dramatically: more than 300 mergers were completed in 1981. and the total for 1982 could exceed 500 (chart 3).

As might be expected, many of the recent mergers were supervisory in nature—that is, directed or negotiated by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation—and several involved financial assistance. The fundamental objectives of the agencies are to preserve the insurance fund and to protect depositors at the least cost. The first step to these objectives is to encourage institutions to solve their own problems through internal restructuring or voluntary merger. If these methods cannot work, a supervisory merger, perhaps involving financial assist-

Mergers of ESIAC insured savings and loans



Supervisory mergers are those arranged by the ESLIC without financial assistance.

1982 data are as of September 30

ance, will be arranged. Financial assistance from the FSLIC has taken the form of an income capital certificate, which will minimize outlays in the current period and will be repaid if the institution becomes profitable once again. Another method of financial assistance that minimizes current outlays is an income guarantee for some fixed number of years. Under this approach, the insurance agencies would make contributions to maintain income when an increase in interest rates reduced the earnings of the acquired thrift institution; similarly, the insurance agencies would share in any improvement in earnings brought about by a reduction in interest rates.

In its effort to conserve the insurance fund, the FSLIC has turned to nontraditional mergers. Interstate mergers have been allowed when there has been no suitable merger partner within a state or when a bid from an out-of-state institution has reduced significantly the amount of required financial assistance. In addition, to reduce FSLIC outlays and to attract new capital. investors from outside the thrift industry have been encouraged to purchase shares of ownership in institutions being merged out of existence. Investors other than thrift institutions that have injected capital into the industry have included bank holding companies, a finance company, a manufacturing firm, and a steel maker.

Controversy has surrounded some of the recent mergers in the thrift industry because interstate expansion and interindustry mergers traditionally have been prohibited either by statute or by federal regulation. Recent action by the Congress, however, will resolve some of the issues. With the passage of the Garn–St Germain Depository Institutions Act, federal regulators were granted explicit authority to approve both interstate and interindustry mergers in emergency situations. Regulators are required to attempt to merge a weak institution with a similar type of institution within the same state, but if a suitable merger partner is not available, they may seek one among other types of financial institutions or outside the institution's home state. This emergency merger authority is in effect for only three vears.

Although supervisory mergers have been occurring at a record rate, most mergers have been voluntary. Many of these voluntary mergers are. in fact, undertaken to avoid the involvement of the insurance agencies, which might insist on replacing the management of the acquired institution. Another important motivation for the wave of voluntary mergers is to prepare for the transition from the traditional methods of doing business. To reduce the volatility of earnings, and to adapt to technological advances and new competitors, thrift institutions must diversify their activities and develop expertise in new areas. Few institutions have sufficient financial or managerial resources to adapt individually, and thus many are seeking merger partners to adapt more quickly and to compete more effectively. The Federal Home Loan Bank Board has attempted to facilitate this merger process by easing its regulations concerning mergers and conversions to the stock form of ownership.

Expanded Asset and Liability Powers

Continued progress toward restoration of a more stable, noninflationary economy will improve the environment in which thrift institutions, and other financial intermediaries, operate. But there will always be unexpected shocks of one sort or another to the economy, and the key to insulating the thrift industry from such stresses lies in broadened asset and liability powers. Diversification of assets will permit a closer match with the term of liabilities and allow the average return on assets to keep pace with the average cost of funds. On the liability side, the authority to issue attractive deposit instruments will assist thrift institutions in retaining their customer base and will promote the growth of core deposits. Through both regulatory changes and congressional action, thrift institutions now have considerable latitude to restructure their balance sheets and to stabilize their earnings. Because these new powers will foster major changes in the traditional operation of a thrift institution, they probably will be implemented gradually.

Thrift institutions historically have been specialized mortgage lenders, and regulations now are in place that will allow them to continue concentrating on mortgages while reducing their interest rate risk. In July 1979, all federal savings and loan associations received regulatory approval from the Federal Home Loan Bank Board to write variable-rate mortgages. In April 1980, the authority of federal savings and loan associations was expanded further to permit them to issue renegotiable-rate mortgages. These new instruments were welcomed by the industry, but they did not have the potential to solve its problems because of the rigid constraints on changes to the contract mortgage rate and because they did not affect outstanding mortgage loans.

Not until April 1981, when the industry already had entered the early stages of its earnings squeeze, was an unconstrained mortgage instrument authorized. These so-called adjustable mortgage loans allow thrift institutions, when writing loan contracts, to select any index for adjusting the mortgage rate and to alter that rate as frequently as they wish and by as much as the index allows. These mortgages can reduce significantly the amount of interest rate risk assumed by a depository institution, but their use is likely to spread only gradually: both consumers and the secondary mortgage market also must adapt to them. Currently, about 40 to 45 percent of all new conventional first mortgages closed by savings and loan associations have adjustable-rate features. Mortgage loans outstanding with adjustable rates account for only about 6 percent of total mortgages held by savings and loans (see table 3).

Another group of regulatory changes by the FHLBB that are designed to reduce interest rate risk at savings and loans associations involves financial futures and options. Even though adjustable mortgage loans (and other asset powers discussed below) can lower the average maturity of thrift institution assets, the duration of assets and liabilities still may not match. Thus the institutions could remain vulnerable to fluctuations in interest rates. In addition, savings and loan associations are subject to interest rate risk between the time they commit to issue a mortgage and the time that commitment is taken down. Properly used, the authority to trade in financial futures and options will allow institutions to fix borrowing or lending rates in the

future, and thereby reduce any remaining interest rate risk.

Over the past two years, the Congress has expanded significantly the array of assets and liabilities that thrift institutions may have in their portfolios. Under the Depository Institutions Deregulation and Monetary Control Act of 1980, for example, thrift institutions nationwide received the authority to issue NOW accounts. This act also expanded the investment authority of federal savings and loan associations by allowing them to hold commercial paper and corporate debt securities, by easing the constraints on consumer lending, and by permitting them to offer credit card services and to exercise trust and fiduciary powers. Federal savings and loan associations also received expanded authority to invest in service corporations, and mutual savings banks with a federal charter were authorized to issue commercial loans and to hold corporate demand deposits. Finally, this act preempted state laws that limit allowable interest rates on certain contracts for first mortgages.

The Economic Recovery and Tax Act of 1981 authorized all depository institutions to issue from October 1981 through December 1982 a savings certificate on which the first \$1,000 of interest income (\$2,000 for a joint return) was tax exempt. These "all savers certificates" were designed to limit the interest expenses of thrift institutions because their interest rate was set below other market rates. As it turned out, the all savers certificate program was not of great importance to thrift institutions: the combined inflow to savings and loan associations and mutual savings banks was only about \$30 billion, or about 4 percent of total deposits.

The Garn-St Germain Depository Institutions Act of 1982 is the most comprehensive piece of legislation addressing the thrift industry's problems. It provides expanded authority for federal regulators to deal with financially weak institutions, as well as new asset and liability powers that are designed to remedy the underlying causes of the earnings squeeze. As already mentioned, this act authorizes the federal insurance agencies to provide capital assistance to financially weak institutions, permits interindustry and interstate mergers in emergency situations,

and authorizes a deposit account competitive with money market mutual fund shares. It also allows thrift institutions to hold up to 10 percent of their assets in commercial loans (and to issue demand deposits in connection with those loans). increases the limits on the amount of consumer loans that a thrift institution may hold, removes constraints on investing in state and local government securities, and authorizes other categories of loans.

Moreover, the Garn-St Germain act preempts state laws that prohibit the enforcement of dueon-sale clauses in mortgage contracts. These laws, which are in effect in 12 states, prohibit a lender from requiring that a mortgage loan be repaid when the property is sold. The net effect is to prolong the life of a mortgage on the balance sheet of a thrift institution and to depress earnings if the loans in question are low yielding. This preemption is effective immediately on new conventional loans issued by depository institutions, but state laws may continue to protect existing loans for three years.

SUMMARY AND CONCLUSIONS

As recently as six months ago, the situation confronting savings and loan associations and mutual savings banks was bleak. The high level of short-term interest rates was generating large losses at these institutions, and their net-worth positions were deteriorating rapidly. Mergers in the first half of this year had accelerated from the already rapid pace in 1981. Since midyear, however, the prospects for thrift institutions have brightened. The lower level of short-term interest rates improved earnings rather quickly, and the passage of the Garn-St Germain Depository Institutions Act will help ensure the survival of many institutions over the long run.

Although the outlook is now more favorable, many uncertainties and problems still beset this industry. For example, a large transfer of lowcost passbook savings deposits to the new higher-yielding accounts might result in negative income for 1983. In addition, the events of the past three years have left many institutions with very low levels of net worth and earnings problems

that will not necessarily disappear with the lower level of interest rates. Thus the federal insurance agencies still have many problem cases to resolve. Finally, thrift institutions face a period of adaptation to the new asset and liability powers that will help foster growth and profitability. Voluntary mergers probably will be an important part of this process as institutions combine to enter new markets and expand the range of services they offer.

Even after this transition period, thrift institutions may well remain primarily mortgage lenders, but a larger percentage of the loans held in their portfolios are likely to have variable-rate features that effectively match the duration of liabilities. The expanded asset powers of savings and loan associations and mutual savings banks will broaden their diversification and provide new sources of income. This greater diversity, combined with adjustable-rate mortgage loans, should make the revenue of thrift institutions more responsive to the swings in short-term interest rates and reduce the volatility of their net income.

Treasury and Federal Reserve Foreign Exchange Operations: Interim Report

This interim report, covering the period August through October 1982, is the twentieth of a series providing information on Treasury and System foreign exchange operations to supplement the regular series of semiannual reports that are usually issued each March and September. It was prepared by Sam Y. Cross, Manager of Foreign Operations of the System Open Market Account and Executive Vice President in charge of the Foreign Group of the Federal Reserve Bank of New York.

By the end of the August-October period under review the dollar had risen to record highs, or to levels not seen in many years, against several major currencies, strengthening even as U.S. interest rates dropped sharply and as interest differentials favoring dollar-denominated assets narrowed appreciably. Favorable prospects for the U.S. economy relative to other industrial countries, apprehension about the international banking system, and concern about economic and political conditions abroad resulted in an increased global preference for dollar-denominated assets, which pushed dollar exchange rates sharply higher.

Concern over international credit exposures and developing financial strains in various markets around the world were sustaining factors behind the dollar's rise throughout the period. During August, market attention focused on Germany where a large multinational company was being forced into receivership and on Mexico where a foreign exchange crisis was unfolding. During September, concern over the international financial situation mounted as developments in Mexico, particularly in light of the unexpected move to nationalize domestic banks, raised doubts in the market about the ability and willingness of the government and other publicsector institutions in that country to meet their external obligations.

At the same time, the list of countries experiencing payments arrears expanded, and there were well-publicized problems of various commercial banks here and abroad. In this environment, traders did worry about the relatively large exposures of U.S. banks to Mexico and other Latin American countries, and developing pressures on the U.S. banking system were reflected, to an extent, in a widening of yield spreads between U.S. government obligations and private credit instruments. But, with so much of the total international credit exposures made up of dollar-denominated claims, dollar-based institutions were thought to be in a better position than others to deal with emerging liquidity strains. Moreover, individual institutions sought to augment their liquidity positions, especially in dollars, against potential funding and cash-flow problems and in advance of important statement dates.

Meanwhile, prospects for economic recovery remained gloomy, and concerns intensified that many of the industrialized countries would tend to rely more on protectionist measures to deal with high and rising levels of unemployment and slack business investment at home and would welcome improvements in international competitiveness in increasingly restricted export markets. These concerns tended to coalesce in Europe when several Scandinavian countries devalued their currencies, at times by more than private and official observers thought necessary to regain competitive equilibrium. Market speculation developed that several European governments would seek to adjust their currencies downward, involving a realignment of the joint European Monetary System (EMS) float. Within that arrangement speculative selling pressures largely against the French and Belgian francs, the Italian lira, and the Danish krone-intensified around mid-October. But these pressures tended to moderate late in the period after official

actions were taken by several countries to raise domestic interest rates, to adopt domestic austerity measures, or to increase international borrowings. The monetary authorities of the EMS member states intervened heavily as sellers of dollars and, to a lesser extent, of currencies trading at the top of the joint float arrangement. Nonetheless, the EMS currencies as a group declined substantially against the dollar.

Other international developments also reinforced the demands for dollars. These included uncertainties over the future political sovereignty of Hong Kong, which reportedly generated flows of capital to North America, and aggravated hostilities in the Middle East, which kept alive fears of disruption of the flow of internationally traded oil. Certain currencies that had previously offered clear alternatives to investment in dollardenominated assets also came under sometimes unfavorable exchange market scrutiny, as participants focused on unresolved political divisions over economic, social, and foreign policies in a number of countries. In Germany, Chancellor Schmidt's coalition government collapsed over disputes about economic policy. At first, the prospect of a new government generated expectations that the policy stalemate would be broken. But soon the market concluded that the new coalition government might face serious difficulties in winning a majority at upcoming federal elections next spring and that, in the interim, it had less room to reorient policies than had first been hoped. Also, in Japan, Prime Minister Suzuki unexpectedly announced that he would not seek reelection, and uncertainty over his successor clouded the outlook for the course of Japanese economic policy.

To some extent, developments in the U.S. current account also continued to support the dollar, largely because economic activity that was weaker than expected tended to limit the deterioration in U.S. trade performance associated with the eroding price competitiveness of U.S. exports. Thus, although many forecasters projected a modest current account deficit in the third quarter of 1982, few participants anticipated a major shift from equilibrium in the U.S. current account until the domestic economy moved decidedly out of recession. At the same time, Germany's current account had slipped from surplus to near balance, and some analysts,

perceiving structural weaknesses in the German economy, predicted only limited further improvement in Germany's balance of payments in the absence of a recovery in world demand and output. At the same time, earlier optimistic forecasts of Japan's current account surplus were scaled back further.

For these various reasons, the United States was viewed relatively favorably on economic and political grounds, and market participants bid up the value of the dollar. On occasion, however, the impact of these concerns on the dollar was offset, as market participants focused on actual and expected declines in U.S. interest rates. In late August, for example, a shift in the outlook for U.S. interest rates occurred. At midvear Federal Reserve authorities had indicated that, in view of exceptional economic uncertainty and strong liquidity demands, they would tolerate monetary expansion at annual rates that were somewhat higher than those that had been targeted. Market participants, however, were skeptical that declines in interest rates would be sustainable so long as they expected an early recovery in economic activity.

By late summer, however, evidence suggested a deepening of the U.S. recession, a weakening in short-term business credit demands, and a slowing in money supply growth that brought the narrow monetary aggregate—M1—within the annual growth range of $2\frac{1}{2}$ to $5\frac{1}{2}$ percent. By the end of August, therefore, short-term U.S. market rates had dropped about 5 percentage points from the peak levels at the end of June, the Federal Reserve had reduced its discount rate in four steps from 12 to 10 percent, and market participants had gained confidence that these declines would stick. Also, with inflation abating and with the Congress passing a tax increase, bond yields dropped as much as 2 percentage points in the midst of an unusually strong debtmarket rally, accompanied by record price increases in the stock market. Abroad, interest rates did not recede nearly so much, although declines in production and output continued and unemployment advanced further with a deepening of the recession in major foreign economies. As a result, interest differentials favorable to the dollar narrowed dramatically—for instance, on three-month Eurodeposits from 7½ to 3¼ percentage points vis-à-vis the German mark and

from 9½ to 4 percentage points against the Japanese yen—and the dollar moved lower in the exchange markets.

Early in October the dollar's strengthening trend was again temporarily interrupted. After the Federal Open Market Committee meeting early that month, it was announced that less emphasis would be placed in the immediate future on M1 as an operating target of monetary policy and that somewhat more rapid growth of the broader aggregates would also be tolerated in an environment of extreme economic and financial uncertainty. As explained by Chairman Volcker, financial innovation and institutional change—such as the large volume of all savers certificates about to mature and the new money market deposit accounts to be introduced late in 1982—coupled with the still appreciable strengthening in the desire for liquidity served to distort M1 as a reliable policy guide. Also, the rigid pursuit of targets in view of these developments would have had the practical effect of a more restrictive policy than intended when the targets were initially set out. Shortly after these statements deemphasizing the role of M1, the Federal Reserve cut the discount rate another ½ percentage point to 9½ percent. In the market, these actions were widely interpreted as a shift toward greater monetary accommodation by the U.S. authorities and generated expectations that declines in U.S. money market and official interest rates, which had stalled during September, would again resume. Once again the dollar came on offer in the exchange market.

But, as in August, the dollar's decline proved temporary and market psychology toward the dollar remained positive. Few market participants regarded the shift in operating procedure as an abandonment of the fight against inflation. Moreover, substantial progress had already been achieved in moving toward greater price stability in this country, with wage, salary, and price increases slowing markedly and unit labor costs even more dramatically. In response, interest rates in longer-term markets dropped another 1 percentage point in October alone. Yet, compared with other countries, the decline in U.S. nominal interest rates still lagged behind the reduction of inflationary pressures, so that real U.S. interest rates remained high, both absolutely and relative to other countries. Furthermore,

foreign monetary authorities were expected to take fuller advantage of what by this time appeared to be sustainable declines in U.S. interest rates to ease credit conditions in their economies. These expectations were confirmed when official and market interest rates in major European countries declined considerably in the last weeks of October.

Under these circumstances, financial markets were impressed with anecdotal evidence suggesting that foreign investors sought to benefit from the continuing potential for price appreciation in U.S. domestic capital markets by investing in longer-term, dollar-denominated securities. While foreign purchases of these securities were apparently financed largely out of existing dollar-denominated assets, talk of foreign investment activity nonetheless had a positive psychological effect on the dollar and may have been associated with renewed bidding for dollars in the exchange market.

By the end of October the dollar reached record highs against several of the continental currencies, levels not seen in nearly 6 years against the pound sterling and the Japanese yen, and a 14½-month high against the German mark. On balance, for the 3-month period under review the dollar rose 8¼ percent against the Japanese yen, 6 percent against the Swiss franc, 5 percent against the German mark, and 4½ percent against the pound sterling. With respect to the Canadian dollar, however, the dollar declined about 2 percent. On a trade-weighted basis the dollar rose 4¾ percent.

The U.S. authorities intervened on four occasions during the period when the dollar was bid up sharply to higher levels in unsettled markets. The Federal Reserve and the U.S. Treasury intervened early in August and again early in October to purchase \$45.0 million equivalent of German marks and \$57.0 million equivalent of Japanese yen. The German mark purchases were split evenly between the Federal Reserve and the Treasury. Of the total Japanese yen acquired, \$38.5 million equivalent was for the Federal Reserve and \$18.5 million equivalent was for the U.S. Treasury.

In the August-October period, various shortterm financing arrangements were concluded in support of Mexico's efforts to strengthen its economic and financial position. At the begin Drawings and repayments by foreign central banks under reciprocal currency arrangements¹
 Millions of dollars; drawings or repayments (-)

Bank drawing on Federal Reserve System	Out- standing, July 31, 1982	August 1 through October 31, 1982	Out- standing, October 31, 1982
Bank of Mexico	700.0	{ 700.0 −700.0	700.0

^{1.} Data are on value-date basis.

ning of the period, the Bank of Mexico had outstanding a one-day \$700 million drawing on its swap line under the Federal Reserve's reciprocal currency arrangements used to finance a shortrun liquidity need, which was repaid on August 1. Then, with the Mexican authorities proceeding with the implementation of a previously announced stabilization program, the Bank of Mexico again drew \$700 million under its reciprocal swap line with the Federal Reserve on August 4, this time for a period of three months. The Mexican authorities also arranged a temporary new \$1 billion swap facility with the U.S. Treasury over the August 14-15 weekend, drew \$825 million, and then on August 24 repaid the entire drawing using an advance payment for oil from the U.S. Department of Energy.

Meanwhile, negotiations among Mexico, the U.S. Treasury, the Federal Reserve, and major foreign central banks resulted in a multilateral package to provide bridge financing to an International Monetary Fund (IMF) standby credit. The credit facility totaling \$1.85 billion comprised \$325 million with the Federal Reserve, \$600 million with the U.S. Treasury, and \$925 million with the Bank for International Settlements. During the period under review the Bank of Mexico drew, for three months, \$105 million and \$195 million on the Federal Reserve and U.S. Treasury swaps respectively, as part of the first \$600 million it took down on the combined facility. The Mexican authorities also made one overnight drawing of \$250 million on the combined facility, which was repaid. The drawing comprised \$43.8 million on the Federal Reserve, \$81.2 million on the U.S. Treasury, and \$125 million on the Bank for International Settlements. Subsequently, the Bank of Mexico also drew for three months \$87.5 million on the Federal Reserve and \$162.5 million on the U.S.

2. Drawings and repayments by the Bank of Mexico under special reciprocal currency arrangements!

Millions of dollars; drawings or repayments (-)

Drawings on	Out- standing, July 31, 1982	August 1 through October 31, 1982	Out- standing, October 31, 1982
U.S. Treasury special temporary facility for \$1,000 million	0/	{ 825.0 -825.0	} (_0, '
Drawings on special combined credit facility Federal Reserve			
special facility for \$325 million	\0.;	$ \begin{cases} 236.3 \\ -43.8 \end{cases} $	192.5
U.S. Treasury special facility for \$600 million	0	{ 438.8 −81.3	357.5

^{1.} Data are on value-date basis.

Treasury, leaving \$1 billion still available on the entire combined credit facility as of October 31.

In other developments the U.S. Treasury provided \$1.23 billion of short-term financing to Brazil by arrangements that had been under discussion since October. This additional shortterm liquidity was made available in conjunction with economic policies adopted by Brazil at the October meeting of its National Monetary Council. The financing was provided under three swap facilities. One drawing on the first \$500 million facility was made on October 28 for \$350 million. Other facilities made available in November. when combined with the above-mentioned \$500 million, totaled \$1.23 billion and were announced by President Reagan during his visit to Brazil in the first week of December. The swap arrangements represent bridging loans to Brazil's drawings under the Compensatory Financing Facility of the IMF as well as on its reserve position with the IMF.

3. Drawings and repayments by the Bank of Brazil under special reciprocal currency arrangement with the U.S. Treasury!

Millions of dollars; drawings or repayments (-)

Drawing on	Out-	August 1	Out-
	standing,	through	standing,
	July 31,	October 31,	October 31,
	1982	1982	1982
U.S. Treasury special facility for \$500 million	0	350.0	350.0

Data are on value-date basis.

4. U.S. Treasury securities, foreign currency denominated1

Millions of dollars equivalent; issues or redemptions (-)

Issues	Amount of commit- ments July 31, 1982	August 1 through October 31, 1982	Amount of commit- ments October 31, 1982
Public series Germany Switzerland	2,610.6 458.5	-671.2 0	1,939.4 458.5
Total	3,069.1	-671.2	2,397.9

Data are on a value-date basis.

On September 1 the U.S. Treasury redeemed additional securities denominated in German marks equivalent to \$671.2 million. After this redemption, the Treasury had outstanding \$2,397.9 million equivalent of foreign currency notes, public series, which had been issued in the German and Swiss markets with the cooperation of the respective authorities in connection with the dollar-support program of November 1978. Of the notes outstanding as of October 31, 1982, a total of \$1,939.4 million equivalent was denominated in German marks and \$458.5 million equivalent was denominated in Swiss francs.

In the three-month period from August through October, the Federal Reserve had no profits or losses on its foreign currency transac5. Net profits or losses (-) on U.S. Treasury and Federal Reserve current foreign exchange operations

Millions of dollars

		U.S. Treasury		
Period	Federal Reserve	Exchange Stabilization Fund	General account	
August 1 through October 31, 1982 Valuation profits and losses on outstanding	0	6	30.6	
assets and liabilities as of October 31, 1982	~777.9	-1,472.9	619.3	

^{1.} Data are on a value-date basis.

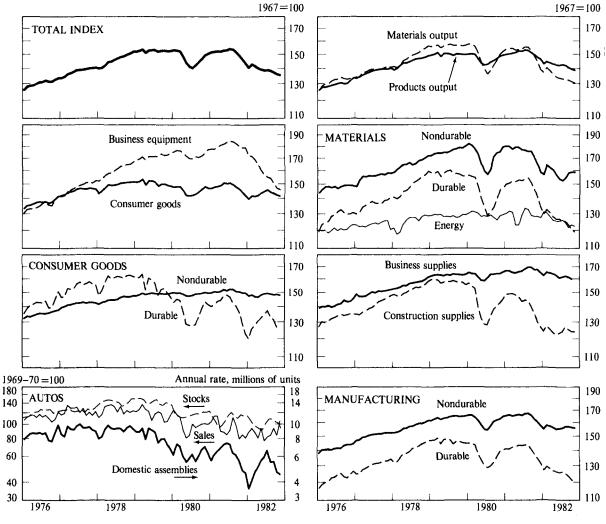
tions. The Exchange Stabilization Fund (ESF) lost \$0.6 million in connection with sales of foreign currency to the Treasury general account, which the Treasury used to finance interest and principal payments on foreign currencydenominated securities. The Treasury general account gained \$30.6 million on the redemption of German mark-denominated securities. As of October 31, 1982, valuation losses on outstanding balances were \$777.9 million for the Federal Reserve and \$1,472.9 million for the ESF. The Treasury general account had valuation gains of \$619.3 million related to outstanding issues of securities denominated in foreign currencies.

Industrial Production

Released for publication December 15

Industrial production declined an estimated 0.4 percent in November. Cutbacks in output were concentrated in motor vehicles, metals, and a number of business equipment industries. At 135.6 percent of the 1967 average, the total index for November was 11.9 percent below its recent peak in July 1981.

In market groupings, output of consumer goods contracted 0.5 percent in November, reflecting a reduction in auto and light truck assemblies as well as declines in nondurable consumer goods, such as food and fuel. The reduced auto assembly rate of 4.5 million units per year helped contract automobile inventories. Production of business equipment declined 0.5 percent, as continued sharp reductions in the output of manufac-



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

	1967 = 100 1982		Percentage change from preceding month				Percentage change, Nov. 1981	
Grouping								
	Oct.p	Nov.e	July	Aug.	Sept.	Oct.	Nov.	to Nov. 1982
		1		Major marke	t groupings			L
Total industrial production	136.2	135.6	.1	3	8	8	4	-7.3
Products, total Final products Consumer goods Durable Nondurable Business equipment Defense and space Intermediate products Construction supplies Materials	139.4 138.6 142.3 127.0 148.3 146.9 111.2 142.1 124.2 131.2	138.9 138.1 141.6 126.0 147.8 146.1 112.1 141.8 124.1 130.4	.4 .3 .7 2.0 .2 -1.1 1.8 .6 .8 4	4 9 -1.2 -3.2 3 6 .0 1.3 2.4 2	-1.0 -1.0 6 -1.2 3 -2.4 .0 9 -1.3 5	9 9 7 -3.3 .1 -2.2 1.6 9 -1.0 8	4 4 5 8 3 5 .8 2 1	-5.8 -6.2 -1.7 -2.9 -1.3 -18.4 6.5 -4.6 -9.8
			N	1ajor industr	y groupings			
Manufacturing Durable Nondurable Mining Utilities	135.6 121.3 156.3 116.6 168.2	134.9 120.3 156.0 116.2 167.2	.3 .3 .2.8 -1.0	1 8 .8 -2.7	7 -1.2 .0 -1.6 5	-1.1 -1.7 4 1.4	5 8 2 3 6	-7.0 -10.5 -2.7 -18.9 -1.0

p Preliminary. e Estimated.

Note. Indexes are seasonally adjusted.

turing, power, and transit equipment were offset in part by a rise in oil and gas well drilling following ten months of steep decline in this activity. Production of construction supplies edged downward in November, and business supplies declined further.

Production of materials was reduced 0.6 percent—about the average rate of decline during the three preceding months. Output of durable materials decreased sharply, reflecting continued cutbacks in the production of metals, particularly

steel, and in the output of parts for consumer durables and for equipment. Production of nondurable materials was unchanged, and output of energy materials declined.

In industry groupings, output of manufacturing declined 0.5 percent in November, reflecting a cutback of 0.8 percent in the production of durables and a decline of 0.2 percent in nondurables. Output of mining and production of utilities were reduced 0.3 and 0.6 percent respectively.

Statements to Congress

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Joint Economic Committee of the U.S. Congress, November 24, 1982.

I appreciate this opportunity to discuss with you the current stance of monetary policy and some problems for the future. Before responding to certain questions directed to me about monetary policy in your letters of October 18 and November 17, Mr. Chairman, I should first emphasize that the basic thrust and goals of our policy are unchanged since I testified before the Congress on July 20. The precise means by which we move toward our goals must take account of all the stream of evidence we have on the behavior of (and distortions in) the various monetary aggregates, the economy, prices, interest rates, and the like. But we remain convinced that lasting recovery and growth must be sought in a framework of continuing progress toward price stability-and that the process of money and credit creation must remain appropriately restrained if we are to deal effectively with inflationary dangers.

For that reason, we must continue to set forth targets for growth in money and credit and to judge the provision of bank reserves—our most important operating instrument—in the light of the trend in the growth of these aggregates. This process necessarily involves continuing judgments about just what growth in those magnitudes is appropriate in the short and longer run, matters affected by institutional change as well as by more fundamental economic factors.

As you are aware, the current job of developing and implementing monetary policy has been complicated by regulatory decisions as well as by recent developments in the economy and in our financial markets. We have as a consequence (1) made some technical modification in our operating procedures to cope with obvious distortions in some of the monetary data, particularly M1, and (2) accommodated growth in the various monetary aggregates at rates somewhat above the targeted ranges. The first of those decisions was essentially technical. The latter decision is entirely consistent with the view I expressed in testifying before the Banking Committees in July that the Federal Open Market Committee would tolerate "growth somewhat above the targeted ranges . . . for a time in circumstances in which it appeared that precautionary or liquidity motivations, during a period of economic uncertainty and turbulence, were leading to stronger than anticipated demands for money."

Unfortunately, the difficulties and complexities of the economic world in which we live do not permit us the luxury of describing policy in terms of a simple, unchanging numerical rule. For instance, the economic significance of any particular statistic we label "money" can change over time—partly because the statistical definition of money is itself arbitrary and the components of the money supply have differing degrees of use as a medium of exchange and liquidity. That fact doesn't make much difference in a relatively stable economic, financial, and institutional environment, but at times of rapid change like the present, it can matter a great deal.

We also have to take account of varying lags—never known with precision—between actions today and their consequences later. We have to try to disentangle the temporary and cyclical from more persistent trends in relationships among different measures of money and inflation and economic activity. And we have to evaluate the significance of developments abroad as well as at home, as reflected in trade accounts and the exchange rate, and of strains in the financial structure itself.

As this suggests, the economic environment in which we set policy—or policy itself—cannot be condensed into a simple, one-dimensional statement. Perhaps the essence of the problem and

our approach can be better captured by a few "yes-but" phrases.

Yes, we have broken the inflationary momentum—but continuing vigilance and effort will be essential to continue progress toward price stability. As you know, the broad price indexes this year have been running at about half or less of the peak levels reached two or three years ago. As part of this disinflationary process, growth in worker compensation in nominal terms has declined to the area of 6 to 7 percent—but that slower growth in nominal income has been consistent with higher real wages as inflation has moderated.

Price and cost trends in particular sectors of the economy are mixed—reflecting in part lags in the process of disinflation, the effects of long wage contracts, international and exchange rate developments, and the immediate effects of recession on some prices—most particularly commodities. But there seems to me strong reason to believe that the progress toward price stability can be maintained—albeit at a slower rate—as the economy recovers. For a time, unemployment and excess capacity should restrain costs and prices and, of more lasting significance, productivity growth should improve from the poor performance of most recent years. Taken together, restraint on nominal wage increases and productivity growth should moderate the increase in unit labor costs, which account for about two-thirds of all costs. Real incomes can rise as inflation slows, paving the way for further progress toward stability.

To be sure, as the economy grows, some factors holding down prices over the past year or two will dissipate or be reversed. But large new "price shocks" in the energy or food areas appear unlikely in the foreseeable future, suggesting that a declining trend in the rise of unit labor costs should be the most fundamental factor defining the price trend.

That analysis would not hold, however, if excessive growth in money and credit over time came again to feed first the expectation, and then the reality, of renewed inflation. Too much has been "invested" in turning the inflationary momentum to lose sight of the necessity of carrying through. There are clear implications, as I will

elaborate in a moment, for fiscal as well as monetary policy.

Yes, exceptional demands for liquidity can reasonably be accommodated in a period of recession, high unemployment, and excess capacity but guidelines for restrained money and credit growth remain relevant to insure against renewed inflation. A variety of specific and general evidence strongly suggests that the desire to hold cash and other highly liquid assets, relative to income, has increased this year. Much of the more rapid increase in M1 has been in interestbearing, negotiable order of withdrawal (NOW) accounts, which did not exist a few years ago, but which provide the basic elements of a savings, as well as a transaction, account. With market interest rates falling, those accounts have been relatively more attractive on interest rate grounds alone, and they are a convenient means of storing liquidity at a time of economic and financial uncertainty. At the same time, the broader aggregates appear to reflect some of the same liquidity motivations, as well as the stronger savings growth in the wake of the tax cut.

Most broadly, we can now observe, over a period of more than a year, a distinct decline in "velocity," that is, the relationship between the gross national product and the monetary aggregates. The velocity decline for M1, which is likely to amount to about 3 percent from the fourth quarter of 1981 to the fourth quarter of 1982, stands in sharp contrast to the average yearly rise in velocity of 3 to 4 percent over the past decade; it will be the first significant decline in velocity in about 30 years. The velocities of M2 and M3—which had been relatively trendless earlier-have also declined significantly. While some tendency toward slower velocity is not unusual in the midst of recession, the magnitude and persistence of the movement in 1982 are indicative of a pronounced tendency to hold more liquid assets relative to current income. Without some accommodation of that preference, monetary policy at the present time would be substantially more restraining in its effect on the economy than intended when the targets for the various aggregates were originally set out earlier this year.

At the same time, policy must take into ac-

count the probability that the demands for liquidity will, in whole or in major part, prove temporary, and that an excessive rise in money or other liquid assets could feed inflationary forces later. Elements of judgment are inevitably involved in sorting out these considerations—judgments resting on analysis of the economy, interest rates, and other factors. But broad guidelines for assessing the appropriate growth on the basis of historical experience will surely remain relevant and appropriate.

In that connection, I must note the implications of the future federal budgetary position. To put the point briefly, the prospect of huge, continuing budgetary deficits, even as the economy recovers, carries with it the threat of either excessive creation of liquidity and inflation in future years, or a "crowding out" of other borrowers as monetary growth is restrained in the face of the Treasury financing needs, or a combination of both. The problems flowing from the future deficits are simply not amenable to solution by monetary policy. Moreover, the concern engendered in the marketplace works in the direction of higher interest rates today than would otherwise be the case, contrary to the needs of recovery. I know something of how difficult it is to achieve further budgetary savings, but I must emphasize again how important it is to see the deficit reduced as the economy recovers. Those looming deficits in fact are a major hazard in sustaining recovery.

Yes, lower interest rates are critically important in supporting the economy and encouraging recovery—but we also want to be able to maintain lower interest rates over time. Since early summer, short-term interest rates have generally declined 5 to 6 percentage points, and mortgage and most other long-term rates have dropped 3 to 4 percentage points. While consumer loan rates administered by banks and other financial institutions have lagged, they are also now moving lower. There are clear signs of a rise in home sales and building in response to these interest rate declines, and other sectors of the economy are benefiting as well.

We have also had experience in recent years of sharp increases in interest rates curtailing economic activity at times when recovery was incomplete and unemployment high. Sudden large fluctuations in interest rates contribute to other economic and financial distortions as well. And no doubt the fact that many interest rates remain historically high, relative to the *current* rate of inflation, reflects continuing skepticism over prospects for carrying through the fight on inflation.

In this situation, the Federal Reserve has welcomed the declines in interest rates both because of the support they offer economic activity and because they seem to reflect a sense that the inflationary trend has changed. However, we do not believe that progress toward lower interest rates should—or for long in practice can—be "forced" at the expense of excessive credit and money creation. To attempt to do so would simply risk the revival of inflationary forces; renewed expectations of inflation would soon be reflected in the longer-term credit markets, damaging prospects for the long-lasting expansion we all want.

Turning to your explicit questions, Mr. Chairman, against this general background, I believe most policymaking officials in the Federal Reserve share the general view that economic recovery will be evident throughout 1983, but at a moderate rate of speed—probably slower than during previous post-recession years. Unambiguous evidence that the recovery is already under way is still absent, although encouraging signs are evident in some rise in housing, in the improved liquidity and wealth and reduced debt positions of consumers, and in surveys reporting that attitudes and orders may be stabilizing or improving. The federal deficit, while fraught with danger for the future, is of course providing massive support for incomes at present.

What is crucially important—particularly in the light of the experience of recent years—is that we set the stage for an expansion that can be sustained over a long period, bringing with it strong gains in productivity and investment and lasting improvement in employment. I have already emphasized the importance of progress toward price stability to that outlook, and the evidence that, with disciplined monetary and fiscal policies, we can sustain that progress.

So far as the specific questions about mone-

tary policy in your October 18 letter are concerned, we have not, as you know, set any new monetary targets for 1982. Current trends do indicate that the various Ms will end the year above the upper end of the target ranges, probably ½ to 1 percent for M2 and M3 and more for M1 given the current distortions. Bank credit will be close to the midpoint of its range. As I indicated at the start, the "overshoots," in the context of today's economic and financial conditions, are consistent with the approach stated in my July testimony.

No decision has been taken to change the tentative targets for 1983. That matter will, of course, be under intensive scrutiny over the next two months, and the targets will be announced in February.

For the time being we are placing much less emphasis than usual on M1. That decision was precipitated in early October entirely by the likelihood that the data would be grossly distorted in that month by the maturity of a large volume of all-savers certificates, part of the proceeds of which might be expected to, at least temporarily, be placed in checking accounts included in M1.

In about three weeks, the introduction of a new ceiling-less account at financial institutions-highly liquid and carrying significant transaction capabilities—is likely to distort further the M1 data. Judging by comments at the last meeting of the Depository Institutions Deregulation Committee, that account could rapidly be followed by a decision to approve a ceiling-less account with full transaction capabilities. These new accounts could have a large, but quite unpredictable, influence on M1 for a number of months ahead as funds are reallocated among various accounts. Moreover, the introduction of market-rate transaction accounts will very likely result in a different relationship and trend of M1 relative to GNP over time. Increasing confidence in the stability of prices and a trend toward lower market interest rates might also affect the desire to hold money over time.

Obviously, some judgments on those matters will be necessary in setting a target for M1 in 1983 and in deciding upon the degree of weight to be attached to changes in M1 in our operations. Those problems should appropriately be de-

scribed as "technical" rather than "policy" in the sense that we will need to continue to be concerned with the rate of growth over time of the monetary aggregates, including transaction balances.

The decisions taken in early October do point to greater emphasis on M2 (and M3) in planning the operational reserve path during this transitional period. The link between reserves and M2 is looser and more uncertain than in the case of M1, in large part because reserve requirements on accounts included in M2, apart from transaction balances, are very low or nonexistent. (Transaction balances are about 17 percent of M2.) Therefore once a reserve path is set, deviations of M2 from a targeted growth range may not, more or less automatically, be reflected in substantial changes in pressures on bank reserve positions or in money markets as is the case with M1. Consequently, "discretionary" judgments may be necessary more frequently in altering a reserve path than when the reserve path is focused more heavily on M1. In that technical sense, the operational approach has necessarily been modified.

In sum, the broad framework of monetary targeting has been retained, but greater emphasis is for the time being placed on the broader aggregates. The specific operating technique that had been closely related to M1 has, by force of circumstances, been conformed to that emphasis. Obviously, entirely apart from questions of economic doctrine and contending approaches to monetary control, so long as M1 is subjected to strong institutional distortions, our techniques must be adapted to take account of that fact.

An alternative operating approach suggested by some of supplying and withdrawing reserves with the intent of achieving a particular interest rate target would suffer from several fundamental defects:¹

^{1.} That was not, as sometimes mistakenly thought, the operating approach used before October 1979. Then, reserves were provided with the aim of achieving and maintaining a particular federal funds rate thought to be consistent with targets for the monetary aggregates. The federal funds rate was a means to achieving a monetary target and in principle was to be handled flexibly. In practice, among other difficulties, there appeared to be a reluctance to permit rates to vary rapidly enough to maintain control of the aggregates.

- 1. The body of theory or practice does not provide a sufficiently clear basis for relating the level of a particular interest rate to our ultimate objectives of growth and price stability.
- 2. The implication that the Federal Reserve could in fact achieve and maintain a particular level of relevant interest rates in a changing economic and financial environment is not warranted.
- 3. The very concept and measurement of a "real" interest rate, as called for in some proposals, is a matter of substantial ambiguity.
- 4. As a practical matter, attempts to target and fix interest rates would make more rigid and tend to politicize the entire process of monetary policy.
- 5. In current circumstances, with huge budget deficits looming, a requirement that the Federal Reserve set explicit interest rate targets is bound to be interpreted as inflationary, and the rekindling of inflationary expectations will work against our objective.

I realize the several legislative proposals addressed to targeting interest rates would, on their face, seem to call for interest rates as only one of several targets. But interest rates would certainly be the most obvious and sensitive target, and those targets would be difficult to change. Other evidence for a need to "tighten" or "ease" would be subordinated, if not ignored.

As we approach the target-setting process for 1983, our objectives will—indeed as required by law—continue to be quantified in terms of growth in relevant money and credit aggregates. We will have to decide how much weight to place on M1 and other aggregates during a transitional period, assuming new accounts continue to distort the data. In reaching and implementing those decisions, the members of the FOMC necessarily rely upon their own analysis of the current and prospective course of business activity; the interrelationships among the aggregates, economic activity, and interest rates; and the implications of monetary growth for inflation. In other words, the process is not a simple mechanical one, and it seems to me capable of incorporating-within a general framework of monetary discipline-the elements of needed flexibility. We will also, as part of that process, review whether technical adjustments in procedures for establishing and

changing the reserve paths are appropriate. I will be reporting our conclusions to the Congress in February.

Mr. Chairman, you have suggested that our monetary targets might reasonably be specified as a single number, with a range above and below. At times we have debated within the FOMC the wisdom of such an approach (or setting forth a single target number without a range). My own feeling has been, and remains, that a single number, with or without a range, would convey a specious sense of precision, with the result of greater pressure to meet a more or less arbitrary number to maintain "credibility," even if developments during the year tend to indicate some element of flexibility is appropriate in pursuit of the targets.

To me, our present practice of setting forth a range is preferable. When appropriate, we can and should suggest the probability of being in the upper or lower portion of the range, or suggest what conditions could evolve in which something other than the midpoints (or even an over- or undershoot) would be appropriate. That approach seems to me to provide more information—and more realism—than a single number and is broadly consistent with present practice.

For similar reasons, I believe we need to measure and target a variety of aggregates because, in a swiftly changing economic environment, any single target can be misleading. In that connection, I believe an indication of total credit flows broadly consistent with the monetary targets could be helpful. As you know, we now provide such estimates for bank credit alone.

Given the limits of forecasting and analysis, and the volatility of the data, I would question the usefulness of further sectoral estimates. Even with respect to total credit flows, there is considerable looseness in relationships to economic activity for periods as long as a year—and still more for shorter periods. The theoretical framework relating credit flows to other variables such as the GNP or inflation is less fully developed than in the case of monetary aggregates, and credit flows are less directly amenable to control. The enormous flows across international borders pose large conceptual and statistical problems. Our credit data are typically less complete and up-to-date than monetary data.

However, so long as those difficulties and limitations are recognized—and some of them are relevant with respect to the monetary aggregates as well—I share the view that analysis of credit flows can contribute to policy formulation. To assist in that process, I will propose to the Open Market Committee that estimates of the expected behavior of a broad credit aggregate be set forth alongside the monetary targets in our next report.

I do strongly resist the idea of the Federal Reserve as an institution forecasting interest rates. No institution or individual is capable of judging accurately the myriad of forces working on market interest rates over time. Expectational elements play a strong role—fundamentally expectations about the course of economic activity and inflation but also, in the short run, expectations of Federal Reserve action. We could not escape the fact that a central bank forecast of interest rates would be itself a market factor. To some degree, therefore, in looking to interest rates and other market developments for information bearing on our policy decisions, we would be looking into a mirror. Moreover, the temptation would always be present to breech the thin line between a forecast and a desire or policy intention, with the result that operational policy decisions could be distorted.

While it seems to me inappropriate for a central bank to forecast interest rates regularly, analysis of key factors influencing credit conditions and prices can be helpful at times. On occasion, we have provided such analysis in the past. My concern about the outlook for fiscal policy is rooted in major part in such analysis because the direction of impact on interest rates seems to be unambiguous. I have also, on a number of occasions, indicated that the recent and even current level of interest rates appears extraordinarily high, provided, as I believe, we continue to make progress on the inflation front. Perhaps, in our semiannual reporting, we can more explicitly call attention to major factors likely to influence short- or long-term interest rates and the significance for various sectors of the economy. But I do not believe interest rate forecasting would be desirable or long sustainable, and would in fact be damaging to the policy process.

Finally, Mr. Chairman, you have requested a "single composite forecast" of the major economic variables by FOMC members. As you are well aware, our present practice is to set forth a range of forecasts of individual FOMC members of the nominal and real GNP, prices, and unemployment. The fact is we have no single "Federal Reserve" forecast, and there is no mechanism. within a Committee or Board structure, to force agreement on such a forecast by individual members bringing different views, typically backed by separate staff analysis, to the table. A simple average—possibly supported by no one—seems to me artificial. The process of attempting to force a censensus would certainly dilute the product.

I would put the point positively. A range of forecasts by individual FOMC members more accurately conveys the range of uncertainty and contingencies that must surround any forecast. The seeming neatness and coherence of a single forecast too often obscures the reality that a variety of outcomes is possible; the very essence of the policy problem is to assess risks and probabilities—what can go wrong as well as what can go right. A point forecast would likely be treated more reverently than it would deserve, and could even distort policy judgments in misguided efforts to "hit" a forecast.

I can understand your concern that a range of forecasts may be misleading if strongly influenced by "outlying" opinions rather than reflecting a more even dispersion of views. For that reason, I would be glad to explore with the Open Market Committee a procedure by which we indicated the "central tendency" of members' views—assuming such a central tendency exists—as well as indicating the range of opinions. Conversely, if the forecasts were evenly distributed within the range, we could so indicate. I believe that approach would meet the objectives you seek in a realistic and helpful manner.

In concluding this already long testimony, let me say that we share the common goals of achieving, in the words of the Employment Act of 1946 and the Humphrey-Hawkins Act of 1978, "Maximum employment, production, and purchasing power" and "full employment... (and) reasonable price stability." Those objectives have eluded us for too many years. We meet

again today in particularly difficult circumstances, and there is a sense of frustration and uncertainty among many.

But I also happen to believe we have come a long way toward laying the base for economic growth and stability: economic recovery should characterize 1983, and that recovery can mark the beginning of a long period of stable growth.

Obviously there are obstacles—interest rates are still too high; inflation is down but not out; there are strains in our financial system; we face budget deficits that are far too high; we are tempted to turn inward or backward for quick solutions that ultimately cannot work. But it is also plainly within our capacity to deal with those threats—provided only that we have a strong base of understanding among us, that we resolve to act when action is necessary, and that

we have the patience and wisdom to refrain from actions that can only be destructive.

You are leaving the Congress after 28 years. Mr. Chairman. Through that time, you have consistently provided constructive leadership to the effort to raise the level of economic discussion in general—and of the dialogue between the Congress and the Federal Reserve in particular. I happen to believe strongly in the independence that the Congress has provided the Federal Reserve through the years—but also in the need for close and continuing communication with the Congress and the administration. I presume that this is the last time I will appear before you personally in this forum, but the dialogue will continue to benefit from your efforts, your initiative, and your sense of commitment in more ways than you may realize.

Statement by J. Charles Partee, Member, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, December 10, 1982.

I am happy to appear before this committee to discuss the Federal Reserve's involvement with the Penn Square Bank. Let me state at the outset that the Federal Reserve's involvement was limited to its role as a lender of last resort and regulator of Penn Square Bank's parent bank holding company and to a general concern over the impact of bank failures on the orderly operation of the nation's financial system.

As a lender of last resort, the Federal Reserve provides essential credit to depository institutions for the purpose of providing temporary liquidity in times of need. The lending function of the Federal Reserve is conducted through the District Federal Reserve Banks, which operate under broad guidelines established by the Board in Washington. In the case of Penn Square Bank, the Federal Reserve Bank of Kansas City was the lending bank. The President of the Kansas City Reserve Bank has appeared before a congressional committee to explain the Reserve Bank's loans to Penn Square Bank in detail, and his testimony is a matter of public record. Briefly, the relevant facts are as follows.

On June 30, Penn Square Bank requested, and was granted, a \$20 million loan from the Federal Reserve Bank of Kansas City. This loan was supported by a pledge of \$26.3 million of Penn Square Bank's customer notes. The loan was repaid the next day. Friday, July 2, the bank again borrowed, this time in the amount of \$5.7 million that was collateralized by \$39.4 million of Penn Square Bank's customer notes.

Over the weekend of the Fourth of July, the Federal Reserve Bank was notified by the Comptroller of the Currency that the Penn Square Bank's current loan losses and potential loan losses arising from irregularities in loan documentation and in other business practices would extinguish the bank's capital funds. The Comptroller also informed the Federal Reserve that the Penn Square Bank would be unable to meet the demands of its depositors and creditors from private funding sources. In response to the Comptroller's evaluation of the bank's asset portfolio, its capital position, and the dissipation of its private funding sources, the Federal Reserve Bank notified the Comptroller of the Currency of its intention not to extend credit to the bank under these circumstances. Subsequently, the Comptroller declared the bank insolvent, and it was closed on July 6. The Federal Deposit Insurance Corporation, as receiver, paid the \$5.7

million loan owing to the Federal Reserve Bank of Kansas City, which released the collateral to the receiver.

The Federal Reserve also functioned as the regulator of the bank's parent company, First Penn Corporation. The condition of First Penn Corporation was essentially reflective of the condition of the bank because the parent company was a "shell" principally serving as a vehicle to hold the stock of the bank. As is the case when the holding company owns a national bank, the Reserve Bank relied on the findings of the Comptroller with respect to the bank's condition. The Federal Reserve Bank of Kansas City inspected the First Penn Corporation on two occasions between the beginning of 1981 and the time the bank failed in July 1982. There was no evidence that any of the activities of the holding company contributed to or were in any way responsible for the difficulties of the Penn Square Bank. Indeed, virtually all of the parent company's assets were represented by deposits with, investments in, or loans purchased from the Penn Square Bank.

In the context of the Board's concern over the effect of the failure of Penn Square Bank in the markets generally, the Federal Reserve explored possible alternatives to liquidation of the bank. Given the circumstances and the short period of time available to arrange an alternative solution, however, it became clear on Monday, July 5, that the bank was destined for liquidation.

Before the closing, the Federal Reserve was notified that the Penn Square Bank had a substantial amount of uninsured deposits from financial institutions. Under the receivership, the uninsured depositors were to be given "receiver's certificates" in amounts equal to the uninsured portion of their respective deposits. In response to the potential liquidity needs of these financial institutions, the Federal Reserve announced that the receiver's certificates would be acceptable as collateral for advances at the Federal Reserve discount window. Since the failure of the Penn Square Bank, the Federal Reserve has received only a limited number of discount window borrowing requests from these institutions. As of today, there are no loans outstanding that are secured by receiver's certificates.

The Federal Reserve has also reviewed the Penn Square episode to determine the capacity of existing bank laws and regulations to handle a similar situation should it occur in the future. In our judgment, current banking statutes and regulations and the supervisory tools available to federal bank regulators are adequate at present to oversee the safety and soundness of our nation's banking system. We would point out, once again, that the failure of Penn Square resulted from an extreme emphasis on growth at the expense of sound lending and funding practices, and in the absence of proper management oversight and controls. The extremely unsound banking practices that caused the failure of the Penn Square Bank represent an isolated instance and are not characteristic or typical of most commercial banks or depository institutions generally. Indeed, the evidence we have continues strongly to indicate that the overwhelming majority of banks are being operated in a sound and prudent manner.

Announcements

CHANGE IN DISCOUNT RATE

The Federal Reserve Board announced a reduction in the discount rate from 9½ to 9 percent, effective November 22, 1982. The discount rate is the interest rate that is charged for borrowings from the District Federal Reserve Banks.

The further half-point reduction in the discount rate, which is broadly consistent with the prevailing pattern of market rates, was taken against the background of continued progress toward greater price stability and indications of continued sluggishness in business activity and relatively strong demands for liquidity.

The Board acted on requests from the directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, and San Francisco. Subsequently, the Board approved similar requests from the directors of the Federal Reserve Bank of Dallas, effective November 23, and the Federal Reserve Bank of Cleveland, effective November 26, 1982.

ACH SERVICE: REVISED FEE SCHEDULE

The Federal Reserve Board has announced a revised fee schedule for its automated clearing-house service and also changes in the Federal Reserve's procedures for administering clearing balances.

ACH Service Fee Schedule

The Monetary Control Act of 1980 requires that the Federal Reserve establish fee schedules for its ACH service and for other Federal Reserve services, according to pricing principles established by the Board. The Board began charging for ACH services, based on pricing principles published earlier, in August 1981. In adopting the 1981 fee schedule for ACH services, the Board recognized that ACH service was in the process of development and had not yet reached a mature level. In recognition of this fact, the Board established 1981 fees on the basis of what it regarded as a mature volume of ACH items, expected to be achieved in about five years, with the objective of promoting the continuing development of the ACH service in the public interest. The Board said it would review its ACH pricing policy annually.

In reviewing its ACH pricing policy in April 1982, the Board decided it was appropriate to continue providing a measure of such encouragement. However, to provide the private sector with information as to when full cost-recovery pricing would begin, the Board decided on a schedule that calls for increasing ACH fees by 20 percent annually, permitting ACH fees to be set in 1985 to recover 100 percent of the costs incurred in providing commercial ACH services. The Board has therefore adopted the following schedule, which will be in effect in 1983, designed to recover 40 percent of the current costs of providing ACH services.

Fee schedule	cents
Day-cycle cost	
Intra-ACH	
Debits originated	2.0
Debits originated	4.0
New York intra-ACH	
Debits originated	1.0
Credits received	2.0
Inter-ACH	
Debits originated	3.5
Credits received	5.5
New York inter-ACH	
Debits originated	2.5
Credits received	3.5
Night-cycle surcharge	
Intra- and inter-ACH	
Debits originated	5.0
New York intra- and inter-ACH	
Debits originated	5.0

^{1.} An automated clearinghouse (ACH) is a computer facility for sorting and settling electronically originated payments, instead of payments originated by checks.

The basic structure of the new ACH fee schedule is the same as the current fee schedule. But the new schedule also recognizes that benefits accrue to receivers of credits arising from reduced costs and from improved availability of funds that are not realized by originators of daytime debits. Consequently, the fees for receivers of ACH credits will be higher, in general, than for originators of ACH debits.

Clearing Balance Procedures

To improve the flexibility of Reserve Banks in meeting the needs of institutions holding clearing balances with the Federal Reserve, the Board approved two changes in procedures governing the establishment and maintenance of clearing balances. Clearing balances are balances maintained with the Federal Reserve by a depository institution for settling fund transfers cleared through the Federal Reserve. These balances earn credits that institutions may use to pay for Federal Reserve services. The changes, to be effective January 27, 1983, or as soon thereafter as possible, are as follows:

- 1. To permit any depository institution desiring a clearing balance to have one. Current procedures vary widely among Reserve Banks, with some Banks allowing clearing balances only for institutions that have zero or small reserve balances and other Banks allowing clearing balances for some larger banks as well.
- 2. For pure clearing balance and mixed accounts, to revise the current carryover limit of 2 percent of the required clearing balance plus required reserves by providing penalty-free bands on either side of the total required balance equal to the greater of \$25,000 or 2 percent of the required clearing balance. Any institution holding a balance within these bands would receive earnings credits on the actual clearing balance held and would not incur penalties for deficiences. The lower bound of the penalty-free band would be truncated at the point at which the total maintained balance equals the required reserve balance. Thus, an institution could not use the penalty-free band on its clearing balance to lower its effective reserve requirement. Carryover would be allowed for amounts outside the penalty-free bands but within current carryover

limits. Institutions with only a reserve balance would remain under current carryover rules.

The Board's clearing balance policy that these changes amend was published in the BULLETIN, vol. 67 (March 1981), pp. 247–52.

CONSUMER ADVISORY COUNCIL: NEW MEMBERS

The Federal Reserve Board has named 13 new members to its Consumer Advisory Council to replace members whose terms are expiring, and has designated a new Council Chairman and Vice Chairman.

Ms. Susan Pierson De Witt was named Chairman to succeed Mrs. Charlotte H. Scott. Ms. De Witt is Assistant Attorney General and Chief of the Consumer Protection Division for the State of Illinois.

Mr. William J. O'Connor, Jr., a partner in a law firm in Buffalo, New York, succeeds Dr. Margaret Reilly-Petrone as Vice Chairman.

The Council advises the Board in the field of consumer financial protection laws and other consumer-related matters. Its members come from all parts of the country and include a broad representation of consumer and financial industry interests. The Council meets several times a year in sessions open to the public.

The 13 new members named for 3-year terms are as follows:

James G. Boyle, Austin, Texas, is a consumer law specialist and a director of the Texas Consumer Association. Mr. Boyle formerly served as director of governmental relations for the Consumer Federation of America in Washington, D.C.; was on the board of directors of the National Consumer Law Center in Boston: founded the National Coalition for Consumer Education; and cofounded the Consumer Law Section of the State Bar of Texas.

Thomas L. Clark, Jr., White Plains, New York, Deputy Superintendent of Banks, New York State Banking Department since 1976, is in charge of the Consumer Affairs Division, which supervises statechartered and licensed financial institutions. Mr. Clark is a member of the Governor's Interagency Task Force on Small Business and the Governor's Minority Business Executive Committee.

Jean A. Crockett, Philadelphia, Pennsylvania, Professor of Finance at the Wharton School of Finance of the University of Pennsylvania, has been at Wharton since 1955. She is the author of numerous publications

on interest rates, consumption, savings, and investment. Dr. Crockett is chairman of the board of directors of the Federal Reserve Bank of Philadelphia, and previously served on the Federal Reserve Board's Truth in Lending Advisory Committee. She is also on the board of directors of the American Finance Association and the National Bureau of Economic Research.

Richard F. Halliburton, Kansas City, Missouri, Deputy Director of Legal Aid of Western Missouri, acts as a statewide consumer law resource to legal services attorneys, and has litigated a variety of consumer issues in both state and federal courts. Mr. Halliburton has discussed consumer law issues on local radio and television shows, and has lectured before consumer and community groups and classes. He has also engaged in a number of consumer education activities.

Charles C. Holt, Austin, Texas, Professor at the Management Department of the University of Texas, has served from 1977 until recently as the director of the University's Bureau of Business Research. Dr. Holt was formerly principal research associate at the Urban Institute in Washington, D.C., and before that chaired the Social Systems Research Institute at the University of Wisconsin. He was also professor of economics at the University of Texas, at the London School of Economics, and at the Graduate School of Industrial Administration, Carnegie Institute of Technology.

Kenneth V. Larkin, San Francisco, California, Executive Vice President of the Bank of America, has been with the bank for 37 years. From 1967 to the present, Mr. Larkin served as director of marketing and has been in charge of installment credit and credit card activities within the bank. He is currently senior consultant to the bank on global retail banking and on the boards of directors of VISA U.S.A., VISA International, Finance America Corporation, the California Bankers Association, and the Student Loan Marketing Association.

Timothy D. Marrinan, Minneapolis, Minnesota, Assistant Vice President and Legal Counsel of First Bank System, is responsible for First Bank System's compliance with the consumer financial protection regulations. He is faculty adviser for the American Bankers Association Graduate Compliance School and former dean of its National Compliance School. Mr. Marrinan is also a frequent lecturer at the University of Colorado's Graduate School of Banking and at the Herbert Prochnow Graduate School of Banking at the University of Wisconsin. He has authored several articles on issues facing the financial industry and is a member of the Consumer Bankers Association Lawyers Committee and of the American Bar Association's Committee on Consumer Financial Services.

Elva Quijano, San Antonio, Texas, Vice President and Executive Professional Officer of the Republic Bank of San Antonio, had formerly served as Executive Vice President of Plaza Bank, N.A. With more than 25 years of banking experience, Ms. Quijano is an

active member of the American Institute of Banking, the National Association of Bank Women, and the National Bankers Association. In 1980, she served on the task force of women in business at the White House Conference on Small Business.

Janet M. Scacciotti, Providence, Rhode Island, President and Chief Executive Officer of Guild Loan and Investment Company, a consumer financial services company and a subsidiary of Old Stone Corporation, has been primarily involved in developing and implementing new consumer savings products. Ms. Scacciotti also serves as a director of the Rhode Island Share and Deposit Indemnity Corporation, which insures credit union, loan and investment company, and bank deposits.

Glenda G. Sloane, Washington, D.C., Director of Housing and Community Development, Center for National Policy Review at Catholic University School of Law, monitors fair housing laws to ensure equal access to housing and housing finance for minorities and women through participation in the regulatory and legislative processes and in litigation. Mrs. Sloane serves as chairwoman of the Housing Task Force of the Leadership Conference on Civil Rights and as a board member of the National Low-Income Housing Coalition. She formerly served on the U.S. Department of Housing and Urban Development's Task Force on Housing Costs and on the board of directors of the National Housing Council.

Henry J. Sommer, Philadelphia, Pennsylvania, Supervising Attorney with Community Legal Services, Inc., has held legal services positions since 1974, and now serves as lead counsel on a variety of federal and state consumer cases. Mr. Sommer is also involved in a wide range of teaching, consulting, and community activities, and he has recently authored a practice manual for the handling of consumer bankruptcy cases. Mr. Sommer is an associate member of the National Bankruptcy Conference and belongs to the National Lawyers Guild and the National Organization of Legal Services Workers.

Winnie F. Taylor, Gainesville, Florida, joined the faculty of the Holland Law Center at the University of Florida in 1979. As an associate professor, she teaches contracts, consumer law, and other subjects in the consumer-commercial law areas. Since 1978, she has served as a consultant to credit unions in identifying and seeking resolution to consumer regulatory compliance problems. Professor Taylor has lectured on the Equal Credit Opportunity Act nationally, and has appeared on radio and television regarding the resolution of credit discrimination problems. Her previous experience includes two years as a law fellow at the University of Wisconsin School of Law and private practice in Rochester, New York, where she handled corporate and consumer-related matters.

Michael M. Van Buskirk, Columbus, Ohio, Community Development Officer of Banc One Corporation since 1979, directs numerous community redevelopment initiatives for the holding company and affiliated banks and coordinates compliance with consumer and

community regulations. From 1974 to 1979, Mr. Van Buskirk served as administrative assistant to Congressman Chalmers Wylie and was involved in the development of many of the consumer banking laws enacted during that period. He chairs the Financial Institutions Committee of the Governor's Task Force on Small Business Financial Incentives; the Ohio Advisory Committee on Community Education; the Columbus-Franklin County PIC (private sector representatives who administer federal manpower training programs); and the Federal Legislative Committee of the Ohio Bankers Association.

REGULATION D: AMENDMENTS

The Federal Reserve Board on November 17, 1982, revised a temporary amendment to Regulation D (Reserve Requirements of Depository Institutions) adopted October 5 that made certain time deposits subject to the reserve requirements that apply to transaction accounts. The amendment affected time deposits linked to a line of credit on which checks or similar third-party transfers may be drawn.

The amendment exempted such time deposit arrangements established before October 5, 1982, but provided that if such a grandfathered deposit is extended, or matures and is renewed, the funds will become subject to the reserve requirements that apply to transaction accounts.

The Board has determined to expand the grandfather provisions of the amendment by exempting from the definition of transaction account such time deposits that mature and automatically renew on or before December 31, 1982. This action was taken to avoid adversely affecting, pending final Board action, some institutions that have been unable to exercise options to terminate such arrangements.

The expansion will provide institutions time to decide whether to terminate these arrangements and to notify depositors of any such decisions. It will also allow institutions to offer, as an alternative to these arrangements, the new money market deposit approved, effective December 14, by the Depository Institutions Deregulation Committee (DIDC).

The Federal Reserve Board has also amended Regulation D to coordinate the end of the phasein of reserve requirements for member banks under the Monetary Control Act with the start of contemporaneous reserve accounting on February 2, 1984. Member banks, and certain other institutions that are required to maintain reserves in the same way as member banks, are phasing down to the generally lower reserve requirements of the Monetary Control Act that were previously scheduled to end March 1, 1984.

REGULATIONS D AND Q: AMENDMENTS

The Federal Reserve Board has amended its Regulation D (Reserve Requirements of Depository Institutions) and Regulation Q (Interest on Deposits) to implement recently enacted legislation affecting reserve requirements and the availability of negotiable order of withdrawal (NOW) accounts.

The Garn-St Germain Depository Institutions Act of 1982 provides that the first \$2 million of reservable liabilities in depository institutions are to be subject to a zero percent reserve requirement; that depository institutions are to be authorized to issue a new type of account, designated a money market depository account (MMDA), to be competitive with money market mutual funds; and that governmental units are eligible to maintain NOW accounts.

To conform its regulations to the requirements of the Garn-St Germain Act affecting reserve requirements, the Board revised Regulation D as follows:

1. Effective with the reserve computation period beginning December 9, 1982, and with the reserve maintenance period beginning December 23, the first \$2.1 million in deposits subject to reserve requirements at depository institutions are subject to a zero percent reserve requirement. The exemption amount of \$2.1 million takes into account the growth in deposits for the one-year period ending June 30, 1982, as required by the act.

This change will completely exempt some 24,600 institutions, including about 18,400 institutions with total deposits of less than \$2 million that have previously been exempted from reserve requirements by Board order, or that have no reservable liabilities.

Institutions that are now reporting their reserve liabilities to the Federal Reserve should continue to report until further notice, even if they are exempt from holding reserves under this provision of the act.

2. With respect to the new money market deposit account authorized by the Garn-St Germain Act, the Depository Institutions Deregulation Committee (DIDC) has authorized depository institutions to issue an MMDA with the following principal features: an account available to all depositors, including businesses; no regulatory interest rate ceiling so long as a balance of \$2,500 is maintained; up to six automatic or preauthorized transfers monthly, up to three of which can be by draft; and no restriction on withdrawals made in person, by messenger, or by mail.

The DIDC also authorized—but said it would reconsider at its December 6 meeting—unlimited telephone transfers by the account holder from an MMDA to other accounts of the depositor at the same institution.

The act and its legislative history provide that the MMDA account is not to be subject to transaction account reserve requirements (generally, 12 percent) even though up to six third-party transfers, including up to three by draft, are permitted. The Board established for such accounts the same reserve requirements that apply to savings accounts: a 0 percent requirement for personal MMDAs and a 3 percent requirement for nonpersonal MMDAs.

For MMDAs established with telephone transfer privileges beyond the six authorized transfers, the transaction account reserve requirement of 12 percent will apply.

The reserve percentages are those that will apply when the current phasing-in of new reserve requirements under the Monetary Control Act is completed. Member banks are phasing down to the new requirements on a $3\frac{1}{2}$ -year schedule to end in February 1984. Nonmember institutions are phasing up to the reserve requirements of the Monetary Control Act over a period ending in September 1987.

The Board also amended its Regulation Q to authorize member banks to permit governmental units—not previously eligible—to place deposits in NOW accounts. This action, which was taken to conform Regulation Q to provisions of the Garn-St Germain Act, was effective October 15, 1982. Entities eligible to maintain NOW accounts as a result of this action include the federal

government, state governments, county and municipal governments and their political subdivisions, the District of Columbia, the Commonwealth of Puerto Rico, American Samoa, Guam, and any territory or possession of the United States and their political subdivisions.

Finally, under the terms of the Monetary Control Act of 1980, the Board increased from \$26 million to \$26.3 million the amount of transaction account deposits subject to a reserve requirement ratio of 3 percent. The Monetary Control Act requires that this low reserve tranche be recalculated yearly based on the change in total transaction accounts at all depository institutions determined as of June 30.

PROPOSED ACTION

The Federal Reserve Board has invited public comment on an application by Hongkong and Shanghai Banking Corporation, together with three other banking organizations, to establish an office in New York City to provide certain services in connection with foreign exchange operations. The Board has requested comment by December 17, 1982.

NEW PAMPHLET

The Board of Governors has published a new pamphlet, "Processing Bank Holding Company and Merger Applications." Designed as a compact reference, the pamphlet assists an applicant banker in preparing and filing an application to merge two banks or to form a bank holding company, explains the application processing steps, and outlines the relevant factors the System must consider in every application. The pamphlet is available free of charge from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

REGULATION T: AMENDMENT

The Federal Reserve Board has amended Regulation T (Securities Credit by Brokers and Dealers) to specify the characteristics of private mort-

gage passthrough securities that may be used as collateral for margin credit, effective January 17, 1983.

The amendment added a provision to the definition of an over-the-counter (OTC) margin bond, on which broker and dealers may extend good faith credit. The final rule requires (1) an original issue (rather than an outstanding principal amount at the time credit is extended) of \$25,000,000 that may be sold in a separate series; (2) current filings with the Securities and Exchange Commission; and (3) a reasonable basis for belief by the selling broker that the servicing agent is passing through the mortgage interest and principal payments and meeting other material terms of the offering.

System Membership: ADMISSION OF STATE BANKS

The following banks were admitted to membership in the Federal Reserve System during the period November 11 through December 10, 1982:

Arizona	
Tempe	Rio Salado Bank
Florida	
Sunrise	e First State Bank of Broward
Montana	
Living	ston Montana Bank of
	Livingston
Virginia	
Floyd	Blue Ridge Bank

Record of Policy Actions of the Federal Open Market Committee

Meeting Held on October 5, 1982

Domestic Policy Directive

The information reviewed at this meeting suggested that real GNP had changed little in the third quarter, following an increase at an annual rate of about 2 percent in the second quarter. Average prices, as measured by the fixed-weight price index for gross domestic business product, were continuing to rise more slowly than in 1981.

The nominal value of retail sales fell nearly 1 percent in August, according to the advance report, returning to the sharply reduced June level. Sales declines were particularly marked at automotive outlets and at general merchandise, apparel, and furniture and appliance stores. Sales of new domestic automobiles increased slightly in August to an annual rate of 5.3 million units; sales rose further to an annual rate of 6 million units in the first 20 days of September, apparently in response to purchase incentives offered by manufacturers in an effort to reduce excess stocks of 1982 models.

After having changed little in July, the index of industrial production declined 0.5 percent in August to a level about 1 percent below its second-quarter average and more than 10 percent below its prerecession level in July 1981. Production of consumer goods fell in August, following a sizable advance over the preceding four months, and output of business equipment continued to drop at a rapid rate. Output of defense and space equipment expanded further. Limited information currently available for September was generally indicative of some further decline in production.

Nonfarm payroll employment fell further in August, mainly reflecting sizable job losses in the manufacturing and trade sectors. In contrast to the payroll data, the survey of households indicated an increase in employment, and the unemployment rate was unchanged at 9.8 percent. But initial claims for unemployment insurance rose to a new high in mid-September, suggesting further deterioration in the labor markets.

The Department of Commerce survey of business spending plans taken in late July and August suggested that businesses had again reduced their spending plans for 1982. The survey results indicated that current-dollar expenditures for plant and equipment would rise only ¾ of a percent in 1982, compared with an estimated 2¼ percent in the May survey and 7¼ percent in the February survey. Actual expansion in 1981 was about 8¾ percent.

Private housing starts fell in August to an annual rate of 1.0 million units, reversing much of the substantial increase in July. While starts in August were above the average in the second quarter, they remained quite low by historical standards. Sales of existing homes declined 5 percent in August to the lowest monthly pace since 1970, while sales of new homes continued at the sluggish pace of recent months.

The producer price index for finished goods rose 0.6 percent in August, the same as in July. The consumer price index rose only 0.3 percent in August; food prices declined for the second consecutive month and energy prices leveled off after increasing sharply over the preceding three months. So far this year the producer price index and the

consumer price index had risen at annual rates of about 3¾ percent and 5 percent respectively. In recent months the advance in the index of average hourly earnings had remained considerably less rapid than during 1981.

In foreign exchange markets the trade-weighted value of the dollar had risen about 5 percent over the period since the last FOMC meeting. The dollar's strength reflected in part a continuing concern in the market about economic and financial difficulties abroad and also some firming of U.S. interest rates relative to foreign rates after a considerable drop earlier. The U.S. foreign trade deficit rose sharply in August, reflecting primarily a substantial rebound in nonpetroleum imports. The deficit on average in July and August was at a rate well above that for the first half of the year, mainly because of increased imports of oil.

At its meeting on August 24, the Committee had agreed to continue seeking behavior of reserve aggregates consistent with growth of M1 and M2 from June to September at annual rates of about 5 percent and about 9 percent respectively. It had also agreed that somewhat more rapid growth in the monetary aggregates would be acceptable depending upon evidence that economic and financial uncertainties were leading to exceptional liquidity demands and changes in holdings of financial assets. The intermeeting range for the federal funds rate, which provides a mechanism for initiating further consultations of the Committee, was set at 7 to 11 percent.

Following three months of weakness, M1 grew at an annual rate of about 10½ percent in August and appeared to have grown more rapidly in September. Much of the strength of M1 was accounted for by rapid growth in other checkable deposits, but demand deposits also expanded in both months, after contracting on average since early in the year. The expansion in checkable deposits may have reflected in part

the early impact on take-home pay of the tax cut as well as unusual liquidity demands in the face of continued economic uncertainties. Moreover, the lower level of short-term market interest rates had reduced the earnings disadvantage of keeping funds in checkable accounts. Growth in M2 accelerated to an annual rate of about 14½ percent in August, but was estimated to have slowed substantially in September as expansion in its nontransaction component decelerated markedly.

Total credit outstanding at U.S. commercial banks grew at an annual rate of about 61/2 percent in August, the same as in July but well below the pace in the first half of the year. Partial data for September suggested that growth slowed somewhat despite a pickup in growth of business loans from the sharply reduced August pace: a significant part of the strengthening in business loans appeared to have been associated with merger activity. Other short-term borrowing by nonfinancial businesses generally was weak: the volume of commercial paper outstanding edged down in August and dropped further in September. However, the weakness in short-term borrowing was largely offset by increased long-term financing in the bond market.

Total reserves expanded quite rapidly in September, after having grown relatively little on average over the preceding several months. A little less than half of the September growth in total reserves was supplied by nonborrowed reserves, and adjustment borrowing (including seasonal borrowing) by depository institutions increased from an average of about \$420 million in August to about \$815 million in September.

Most short-term market interest rates rose somewhat on balance over the intermeeting interval. Rates had declined substantially over the preceding two months, and decreases were particularly marked around the time of the August 24 meeting of the Committee, when expectations of

continued declines in short-term market rates were strong. Effective August 27, the Federal Reserve discount rate was reduced from 101/2 to 10 percent. Subsequently federal funds traded at rates somewhat above the discount rate, as compared with a trading level of around 9 percent in the last statement week of August, and rates on private short-term instruments also rose by about 1 to 2 percentage points from their late August lows. At the same time, rates on Treasury bills moved up only slightly, partly reflecting the increased preference for quality on the part of investors. The well-publicized problems in recent months of a few banks here and abroad, the acute external financing difficulties of Mexico, and emerging financing problems in other developing countries led to a more cautious atmosphere in private credit markets and a widening of yield spreads between U.S. government securities and some private credit instruments. Bond vields continued to decline over the intermeeting period, falling ¼ to ¾ percentage point. Average rates on new commitments for fixedrate conventional home mortgage loans declined about 1 percentage point.

The staff projections presented at this meeting suggested that real GNP would grow moderately in the course of 1983, but that any recovery in economic activity in the months just ahead was likely to be quite limited. The projections for the year ahead also suggested that unemployment would remain at a high level. The rise in prices, as measured by the fixed-weight price index for gross domestic business product, was expected to slow gradually from a rate in the third quarter of 1982 that was estimated to be somewhat higher than that in the first half of the year.

In the Committee's discussion of the economic situation and policy, it was generally agreed that growth in real GNP over the next year at about the relatively restrained pace projected by the staff was a reasonable expectation. Expansion in output at a somewhat faster pace might occur, if consumer and business confidence in the outlook improved during the next few months. So far, however, the widely held expectations of recovery beginning in the spring or summer had been disappointed, and there were still no signs of a strengthening in the economy. The projected expansion in consumer demands associated with the midyear cut in federal income taxes had not yet developed; prospects for business plant and equipment spending and for commercial construction had deteriorated; and agricultural income and expenditures had remained depressed. In September industrial output and employment most likely had declined further, and the unemployment rate had almost surely risen from the July-August level of 9.8 percent. Against that background, it was recognized that there were risks of a shortfall from the projection of moderate growth in real GNP over the quarters ahead.

At the same time, progress in reducing the rate of inflation had been substantial, exceeding expectations of many, even after allowance for the influence of volatile prices of energy products and foods. Moreover, further moderation in labor cost and price pressures and also in inflationary expectations was a reasonable anticipation, given an environment of moderate expansion in output and employment, relatively low levels of resource utilization, and prospects for improvement in productivity.

Domestic problems were being intensified because the recession in economic activity was worldwide; it had affected every major industrial country and, through its impact on foreign trade and commodity prices, the developing countries as well. Many of the latter countries had accumulated large external debts over a number of years, and they now faced difficult financing and adjustment problems. Altogether,

these circumstances had been contributing to an atmosphere of nervous uncertainty, which was reflected in, among other things, the foreign exchange value of the dollar. Over recent months, the dollar had risen against other major currencies even when dollar interest rates were declining relative to foreign rates, and the high exchange value currently had serious implications both for U.S. export industries and for efforts abroad to pursue flexible monetary policies.

The U.S. banking system had been subjected to pressures, owing in part to well-known problems of particular institutions but also to a more general uneasiness about the possibility of further credit problems domestically or internationally. An unusually cautious attitude in private credit markets had led to a widening of risk premiums, with the result that private interest rates had declined less than rates on Treasury securities since midsummer, and in recent weeks private short-term market rates had tended to move up. Altogether, these circumstances appeared to have been associated with business efforts to generate and conserve cash, with market participants' concerns about the quality of credit, and with a general increase in precautionary demands for money and liquidity. In financial markets and elsewhere, a sense of disarray could develop, which could increase the atmosphere of uncertainty.

With respect to the period ahead, the Committee continued to face uncertainties about the interpretation of the behavior of the monetary aggregates in general, arising from the impact of the current economic environment on precautionary demands for money and liquidity. Moreover, the behavior of M1 in particular during the final three months of the year would inevitably be distorted by two institutional developments. First, a very large volume of all savers certificates would mature in the first part of October, and disposition of the proceeds could be expected to

induce temporary bulges in both the demand deposit and NOW account components of M1. Second, later in the quarter, as the Depository Institutions Deregulation Committee (DIDC) implemented recent legislation, depository institutions would be authorized to offer a new account (or accounts) that would be free from interest rate ceilings, would be usable to some degree for transaction purposes, and would be competitive with money market mutual funds. The new account was likely to have a substantial impact on the behavior of M1, but no basis existed for predicting its magnitude. While the new account seemed likely to have a depressing effect on currently defined M1 as it drew money from NOW accounts, the direction of the overall effect was in some doubt since that would depend in part on the exact characteristics of the instrument or instruments authorized by the DIDC. The new instrument could include even more transaction features than the account specifically provided for in the legislation. The new instrument could also be expected to affect the composition of M2 and perhaps in some degree its total as well. It seemed clear, however, that the new instrument would affect the behavior of M2 and other broader aggregates to a much smaller extent than that of M1.

Because of these difficulties in interpreting the behavior of M1 during the fourth quarter, the Committee decided that it would place much less than the usual weight on that aggregate's movements during this period and that it would not set a specific objective for its growth. In the view of most members, against the background of prevailing economic and financial developments, added pressures on bank reserve positions and money markets in response to a bulge in M1 related to the maturing of all saver certificates were not justified; indeed, some easing of the pressures of recent weeks in some sectors of the private credit markets would be desirable, if that could be consistent with growth in the broader aggregates in line with longer-term objectives.

The Committee agreed that in all the circumstances, it would seek to maintain expansion in bank reserves needed for an orderly and sustained flow of money and credit, consistent with growth of M2 (and M3) from September to December at an annual rate in a range of around 81/2 to 91/2 percent, and taking account of the desirability of somewhat reduced pressures in private credit markets in the light of current economic conditions. Growth of M2 from the fourth quarter of 1981 to the fourth quarter of 1982 might be somewhat above the range for the year that the Committee had reaffirmed in July; the Committee had also agreed then that for a time it would tolerate growth somewhat above the target range, in the event of unusual precautionary demands for money and liquidity, and that such growth would be consistent with longerterm objectives. Recent and prospective market and economic conditions appeared consistent with that approach. Somewhat slower growth over the period from September to December, bringing those aggregates around the upper part of the ranges for the year ending in the fourth quarter of 1982, would be acceptable and desirable in a context of declining interest rates. Should economic and financial uncertainties lead to still stronger liquidity demands. somewhat more rapid growth in the broader aggregates would be tolerated. The intermeeting range for the federal funds rate, which provides a mechanism for initiating further consultation of the Committee, was set at 7 to 10½ percent.

The following domestic policy directive was issued to the Federal Reserve Bank of New York:

The information reviewed at this meeting suggests that real GNP changed little in the third quarter, following a small increase in the second quarter, while prices on the average continued to rise

more slowly than in 1981. In August the nominal value of retail sales fell back to the sharply reduced June level, while industrial production and nonfarm payroll employment also declined. Housing starts fell, reversing much of the substantial July increase. The unemployment rate was unchanged at 9.8 percent in August, but claims for unemployment insurance have risen further in recent weeks and there are indications of some further decline in production. In recent months the advance in the index of average hourly earnings has remained considerably less rapid than during 1981.

The weighted average value of the dollar against major foreign currencies has risen strongly further over the past month, reflecting in part a continuing concern in the market about economic and financial difficulties abroad and also some firming of U.S. interest rates relative to foreign rates after a considerable drop earlier. The U.S. merchandise trade deficit rose sharply in August and on average in July and August the deficit rate was well above that for the first half.

After three months of weakness, M1 grew rapidly in August and September; growth in M2 accelerated in August from an already rapid pace but appears to have slowed markedly in September. Following large declines over the preceding two months, short-term market interest rates have risen somewhat on balance since late August, while bond yields and mortgage rates have continued to decline. The Federal Reserve discount rate was reduced from 101/2 percent to 10 percent in late August. Meanwhile, reflecting some well-publicized problems in recent months of a few banks here and abroad and the financing difficulties of Mexico, a more cautious atmosphere in private credit markets has been reflected in wider spreads between U.S. government and some private credit instruments.

The Federal Open Market Committee seeks to foster monetary and financial conditions that will help to reduce inflation, promote a resumption of growth in output on a sustainable basis, and contribute to a sustainable pattern of international transactions. In July, the Committee agreed that these objectives would be furthered by reaffirming the monetary growth ranges for the period from the fourth quarter of 1981 to the fourth quarter of 1982 that it had set at the February meeting. These ranges were 2½ to 5½ percent for M1, 6 to 9 percent for M2, and 61/2 to 91/2 percent for M3. The associated range for bank credit was 6 to 9 percent. The Committee agreed that growth in the monetary and credit aggregates around the top of the indicated ranges would be acceptable in the light of the relatively low base period for the M1 target and other factors, and that it would tolerate for some period of time growth somewhat above the target range should unusual precautionary demands for money and liquidity be evident in the light of current economic uncertainties. The Committee also indicated that it was tentatively planning to continue the current ranges for 1983 but that it would review that decision carefully in the light of developments over the remainder of 1982.

Specification of the behavior of M1 over the balance of the year is subject to unusually great uncertainties because it will be substantially affected by special circumstances—in the very near term by reinvestment of funds from maturing all savers certificates and later by the public's response to the new account directly competitive with money market funds mandated by recent legislation. The probable difficulties in interpretation of M1 during the period suggest much less than usual weight be placed on movements in that aggregate during the current quarter. These developments are expected to affect M2 and other broader aggregates to a much smaller extent.

In all the circumstances, the Committee seeks to maintain expansion in bank reserves needed for an orderly and sustained flow of money and credit, consistent with growth of M2 (and M3) in a range of around 81/2 to 91/2 percent at an annual rate from September to December, and taking account of the desirability of somewhat reduced pressures in private credit markets in the light of current economic conditions. Somewhat slower growth, bringing those aggregates around the upper part of the ranges set for the year, would be acceptable and desirable in a context of declining interest rates. Should economic and financial uncertainties lead to exceptional liquidity demands, somewhat more rapid growth in the broader aggregates would be tolerated. The Chairman may call for Committee consultation if it appears to the Manager for Domestic Operations that pursuit of the monetary objectives and related reserve paths during the period before the next meeting is likely to be associated with a federal funds rate persistently outside a range of 7 to 101/2 percent.

Votes for this action: Messrs. Volcker, Solomon, Balles, Gramley, Martin, Partee, Rice, Mrs. Teeters, and Mr. Wallich. Votes against this action: Messrs. Black and Ford and Mrs. Horn.

Mr. Black dissented from this action because he preferred to direct operations in the period immediately ahead toward restraining monetary growth. Although he was mindful of the current difficulties of interpreting the behavior of M1, he was concerned that the recent strength in M1 might be followed by still more rapid growth in lagged response to the substantial decline in short-term interest rates that had occurred in the summer, which could require even more restrictive operations later.

Mr. Ford dissented from this action because he preferred a policy for the period immediately ahead that was more firmly directed toward restraining monetary growth, although he recognized that the behavior of M1 in particular would be difficult to interpret. He was concerned that the Committee's policy directive might be misinterpreted in ways that could adversely affect pursuit of the System's longer-run antiinflationary objectives, particularly in the context of a highly expansive fiscal policy program.

Mrs. Horn dissented from this action because she preferred to continue setting a specific objective for growth of M1, as well as for M2, over the current quarter, notwithstanding the problems of interpreting its behavior. In setting a target for M1, she would tolerate faster growth early in the period, owing to the uncertain impact of the proceeds from maturing all savers certificates, and would give greater weight to the behavior of M2 for some weeks after the introduction of the new instrument at depository institutions.

Records of policy actions taken by the Federal Open Market Committee at each meeting, in the form in which they will appear in the Board's Annual Report, are made available a few days after the next regularly scheduled meeting and are later published in the BULLETIN.

Legal Developments

AMENDMENTS TO REGULATION D

The Board of Governors of the Federal Reserve System has amended Regulation D-Reserve Requirements of Depository Institutions (12 CFR Part 204) to implement section 708 of the Garn-St Germain Depository Institutions Act of 1982 ("Garn-St Germain Act") (Pub. L. 97-320). Under this provision, a bank that was a member of the Federal Reserve System on or after July 1, 1979, but which withdrew from membership on or before March 31, 1980, is entitled to a phase-in of reserve requirements during a period beginning October 28, 1982, and ending October 24, 1985. Such banks are currently subject to reserve requirements in the same manner as member banks, while other nonmembers are phasing into the reserve requirements of the Monetary Control Act during a period that ends September 3, 1987.

Effective October 28, 1982, the Board amends Part 204 by revising section 204.4(b) and (c) to read as set forth below:

Part 204—Reserve Requirements of Depository Institutions

Section 204.4—Transitional Adjustments

(b) Members and former members. The required reserves of any depository institution that is a member bank on September 1, 1980, or withdraws from membership after March 31, 1980, shall be determined as follows: ***

(c) Certain former member banks. The required reserves of any depository institution that was a member bank on July 1, 1979, and withdrew from membership during the period beginning on July 1, 1979, and ending on March 31, 1980, shall be determined by reducing the amount of required reserves computed under section 204.3 in accordance with the following schedule:

Reserve maintenance periods occurring between	Percentage that computed reserves will be reduced
October 28, 1982 and October 26, 1983	50
October 27, 1983 and October 24, 1984	33.3
October 25, 1984 and October 23, 1985	16.7
October 24, 1985 and forward	0

However, an institution shall not reduce the amount of required reserves on any category of deposits or accounts that are first authorized under Federal law in any State after April 1, 1980.

AMENDMENTS TO REGULATION K

The Board of Governors of the Federal Reserve System has amended its Regulation K to change the procedures for establishing a U.S. branch of an Edge corporation and to shorten the notification period in Section 211.5(c)(2) of its Regulation K from 60 to 45 days.

In addition, the Board has amended Regulation K governing the U.S. operations of foreign banking organizations to delete an exception from a reporting requirement concerning information on U.S. investments not readily available to the reporting organization. The Board also approved a technical change in the language of the regulation to conform it to the corresponding statutory provision in the Bank Holding Company Act.

Effective November 8, 1982, the Board amends Part 211 as set forth below:

Part 211—International Banking Operations

1. By revising section 211.4(c)(1) to read as follows:

Section 211.4—Edge and Agreement Corporations

(c) Branches.

(1) An Edge Corporation may establish branches in the United States 45 days after the Edge Corporation has given notice to its Reserve Bank, which is to include a copy of the notice of the proposal published in a newspaper of general circulation in the communities to be served by the branch, unless the Edge Corporation is notified to the contrary within that time. The newspaper notice shall be placed in the classified advertising legal notices section of the newspaper and may appear no more than 90 calendar days prior to submission of notice of the proposal to the Reserve Bank. The newspaper notice must provide an opportunity for the public to give written comment on the proposal to the appro-

priate Federal Reserve Bank for at least 30 days after the date of publication. The factors considered in acting upon a proposal to establish a branch are those enumerated in section 211.4(a)(1).

2. By revising the first sentence of section 211.5(c)(2) to read as follows:

Section 211.5—Investments in Other **Organizations**

(c) ***

- (2) Prior Notification. An investment in a subsidiary or joint venture that does not qualify under the general consent procedure may be made after the investor has given 45 days' prior written notice to the Board, unless the Board waives such period because it finds immediate action by the investor is required by the circumstances presented, if the total amount to be invested does not exceed 10 percent of the investor's capital and surplus.
- 3. Section 211.23(h) is amended by removing paragraph (3).
 - 4. Section 211.23(a)(3) is revised to read as follows:

Section 211.23—Nonbanking Activities of Foreign Banking Organizations

(a) ***

(3) "Subsidiary" means any organization 25 per cent or more of whose voting shares is directly or indirectly owned, controlled or held with power to vote by a foreign banking organization, or which is otherwise controlled or capable of being controlled by a foreign banking organization.

AMENDMENT TO REGULATION O

The Board of Governors of the Federal Reserve System is amending its Regulation O (12 CFR Part 215), which governs loans by a member bank to its executive officers, directors, and principal shareholders, to implement certain amendments to sections 22(g) and (h) of the Federal Reserve Act, (12 U.S.C. § 375a and 375b), included in the Garn-St Germain Depository Institutions Act of 1982. The amendments to the Regulation relate to the limitations on loans by a member bank to its executive officers. In addition, the rule confirms the dollar amount above which the prior approval of the bank's board of directors is required for loans by a member bank to its executive officers, directors, and principal shareholders and their related interests.

Effective November 1, 1982, the Board amends Part 215 as set forth below:

Part 215—Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks

Section 215.5—Additional Restrictions on Loans to Executive Officers

- (c) A member bank is authorized to extend credit to any executive officer of the bank:
 - (1) in any amount to finance the education of the executive officer's children;
 - (2) in any amount to finance the purchase, construction, maintenance, or improvement of a residence of the executive officer, if the extension of credit is secured by a first lien on the residence and the residence is owned (or expected to be owned after the extension of credit) by the executive officer; and (3) in an aggregate amount not to exceed \$10,000 outstanding at any one time for a purpose not otherwise specifically authorized under this paragraph.

AMENDMENTS TO RULES REGARDING DELEGATION OF AUTHORITY

The Board of Governors of the Federal Reserve System is amending its Rules Regarding Delegation of Authority to delegate (1) to the Federal Reserve Banks authority to approve formation of a foreign "shell" branch by a member bank, and authority to waive the 30 days' notice requirement to the Board before a foreign banking organization exercises its one time change of home State; (2) to the Director of the Division of Banking Supervision and Regulation authority to suspend the notification period in section 211.5(c)(2) of Regulation K; and (3) to the Secretary of the Board authority to act on certain applications where authority is delegated to the Reserve Bank but a senior officer or director of an involved party is also a director of the Reserve Bank or branch. It is anticipated that these new delegations would aid the Board in processing applications and notices in an expeditious fashion.

Effective November 8, 1982, the Board amends Part 265 as set forth below:

Part 265—Rules Regarding Delegation of Authority

Section 265.2—Specific Functions delegated to Board Employees and to Federal Reserve Banks

(a) ***

(1) ***

(2) Under the provisions of sections 18(c) and 18(c)(4) of the Federal Deposit Insurance Act (12 U.S.C. §§ 1828(c) and 1828(c)(4)), sections 3(a) and 4(c)(8) of the Bank Holding Company Act (12 U.S.C. §§ 1842(a) and 1843(c)(8)), the Change in Bank Control Act (12 U.S.C. § 1817(j)) and section 25(a) of the Federal Reserve Act (12 U.S.C. 611 et seq.), and sections 225.3(b) and (c), and 225.4(a) and (b) and 225.7 of Regulation Y (12 CFR §§ 225.3(b) and (c), 225.4(a) and (b), and 225.7), sections 211.3(a), 211.4(c) and 211.5(c) of Regulation K (12 CFR §§ 211.3(a), 211.4(c) and 211.5(c)), to furnish reports on competitive factors involved in a bank merger to the Comptroller of the Currency and the Federal Deposit Insurance Corporation and to take actions the Reserve Bank could take except for the fact that the Reserve Bank may not act because a director or senior officer of any holding company, bank, or company involved in the transaction is a director of a Federal Reserve Bank or branch.

* * * * *

(c) ***

(27) Under section 25 and 25(a) of the Federal Reserve Act and Part 211 of this Chapter (Regulation K), to waive the 45 days' prior notice period for an investment that qualifies for the prior notification procedures set forth in section 211.5(c)(2) of Regulation K (12 CFR 211.5(c)(2)).

(28) Pursuant to section 211.5(c)(2) of this Chapter (Regulation K), to suspend the notification period or to require that an investor file an application for the Board's specific consent.

(f) ***

(f) ***

(30) Under the provisions of the Change in Bank Control Act of 1978 (12 U.S.C. § 1817(j)) and section 225.7 of this chapter (Regulation Y), with respect to a bank holding company or State member bank, to determine the informational sufficiency of notices and reports filed under the Act, to extend periods for consideration of notices, to determine whether a person who is or will be subject to a presumption described in section 225.7(a) of this chapter should file a notice regarding a proposed transaction, and, if all the following conditions are met, to issue a notice of intention not to disapprove a proposed change in control:

- (i) No member of the Board has indicated an objection prior to the Reserve Bank's action.
- (ii) No senior officer or director of an involved party is also a director of a Federal Reserve Bank or branch.
- (iii) All relevant departments of the Reserve Bank concur.
- (iv) If the proposal involves shares of a State member bank or bank holding company controlling a State member bank, the appropriate bank supervisory authorities have indicated that they have no objection to the proposal, or no objection has been received from the appropriate bank supervisory authorities within the time allowed by the Act.
- (v) No significant policy issue is raised by the proposal as to which the Board has not expressed its view.

(50) Pursuant to section 211.4(c)(2) of this Chapter (Regulation K), to approve an Edge Corporation application to establish a branch abroad, provided that no senior officer or director of the involved Parties is also a director of a Reserve Bank or branch and that no significant policy issue is raised by the proposal as to which the Board has not expressed its view.

(55) Pursuant to section 211.3(a) of this Chapter (Regulation K), to approve the establishment, directly or indirectly, of a foreign branch by a member bank where the application is not one for a full-service branch in a foreign country, provided that no senior officer or director of the involved parties is also a director of a Reserve Bank or branch and that no significant policy issue is raised by the proposal as to which the Board has not expressed its view. (56) Pursuant to section 211.22(c)(1) of this Chapter (Regulation K), to waive the 30 days' prior notification period with respect to a foreign bank's change of home State.

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

Orders Under Section 3 of Bank Holding Company Act

First Bancorp of New Hampshire, Inc., Manchester, New Hampshire

Order Approving Acquisition of Bank

First Bancorp of N.H., Inc., Manchester, New Hampshire ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3(a)(3) of the act (12 U.S.C. § 1842(a)(3)) to acquire The Bedford Bank, Bedford, New Hampshire ("Bank").

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

Applicant, the second largest commercial banking organization in the state, controls eight banks with total deposits of \$417 million (as of March 31, 1982), representing 14.9 percent of deposits in commercial banks in New Hampshire. Bank has deposits of \$19.3 million (as of March 31, 1982), representing 0.7 percent of the total deposits in commercial banks in the state, and is the 43rd largest commercial banking organization in the state. Consummation of this proposal would not result in a significant increase in the concentration of commercial banking resources in the state.

Bank is the seventh largest of nine commercial banking organizations in the Manchester banking market and controls 3.2 percent of the deposits in commercial banks in that market. A subsidiary bank of Applicant is the second largest banking organization in the Manchester banking market, controlling 23.2 percent of total commercial bank deposits. Consummation of the proposed transaction would increase Applicant's market share of deposits in commercial banks to 26.4 percent, but would not alter Applicant's rank as the second largest banking organization in the market. In addition, the percentage of the total deposits in commercial banks in the market held by the four largest commercial banking organizations in the market would increase from 78.6 to 81.8 percent. The effect of the proposal would be to eliminate existing competition between Applicant and Bank and also to increase the concentration of banking resources in the Manchester banking market to a level that, absent mitigating considerations, would be likely to subject the merger to challenge under the Merger Guidelines recently issued by the U.S. Department of Justice.²

In a number of previous cases, the Board has, in its evaluation of the impact of the proposal on existing competition, taken into account as a mitigating factor the presence of thrift institutions in the particular market and the extent of the competition afforded by such institutions.3 The Board did not, however, find that the thrift institutions in those cases had developed a sufficiently broad range of products and services such that they should be considered full competitors with commercial banks in the commercial banking line of commerce.4 Although the Board has not included thrift institutions generally in the commercial banking line of commerce, the Board believes that the competition afforded by thrift institutions should be given appropriate weight. This is particularly true where the thrift institutions are among the largest depository institutions in the market, control a substantial amount of the market's NOW or other transaction accounts. have substantial commercial and non-residential mortgage lending authority, and actively engage in the business of commercial lending.5

In this case, the record shows that thrift institutions are among the largest depository institutions in the Manchester market. The aggregate deposits of thrift institutions in the market, including transaction accounts, are nearly twice the amount of deposits held by all nine commercial banks in the market. The two large state savings banks in the market compete with commercial banks in a wide range of banking services, including the provision of savings deposits, demand deposit and other transaction accounts, consumer loans, and mortgage loans. State savings banks in New Hampshire are authorized to invest up to 15 percent of their total deposits without any limitation in unsecured

^{1.} All banking data as of June 30, 1981, unless noted otherwise.

^{2.} Under these guidelines, the Manchester market is considered highly concentrated because of a Herfindahl Hirschman Index ("HHI") of 1907 (as of June 30, 1981). Consummation of Applicant's proposal would increase the HHI by 147 points. The Justice Department's guidelines state that the Department is likely to challenge a merger in a highly concentrated market (a market with a HHI of 1800 or more) that produces an increase in the HHI of 100 points or more.

^{3. &}quot;First Bancorp of N.H., Inc.", 64 FEDERAL RESERVE BULLETIN 967 (1978); "Fidelity Union Bancorporation", 66 FEDERAL RESERVE BULLETIN 576 (1980); "Key Banks, Inc.", 66 FEDERAL RESERVE BULLETIN 781 (1980); "United Bank Corporation of New York", 67 FEDERAL RESERVE BULLETIN 358 (1981).

^{4.} In United States v. Connecticut National Bank, 418 U.S. 656, 666 (1974), the Court suggested that thrift institutions might be included in the commercial banking line of commerce "when and if [they] become significant participants in the marketing of bank services to commercial enterprises."

^{5.} See "Fidelity Union Bancorporation," supra note 3. Cf *United States* v. *Philadelphia National Bank*, 374 U.S. 321, 365, where the Court adjusted downward the market shares at issue to reflect the competitive influence within the market from out-of-market institutions.

^{6.} The two largest savings banks in the market, Amoskeag Savings Bank and Merchants Savings Bank of Manchester, held total deposits of \$669.5 million as of June 30, 1981, as compared to total deposits of \$502.7 million for the nine commercial banks in the market. These two savings banks held over 30 percent of the total deposits in NOW accounts in depository institutions in the market, approximately 15 percent of the total deposits in all transaction accounts and approximately 3 percent of the total deposits in IPC demand deposit accounts and NINOW accounts.

commercial and industrial loans⁷ and to accept demand deposits from commercial customers. The two largest savings banks in the Manchester market have established commercial lending departments, hired commercial lending officers, actively advertised the availability of commercial loans, and made a number of commercial loans.⁸

On the basis of this record, the Board finds that the thrift institutions in the Manchester banking market exert a significant competitive influence in that market, an influence that mitigates the adverse effects of the proposed transaction on competition and concentration of banking resources in the market.9 In this regard, the Board notes that, if only 15 percent of the deposits held by thrift institutions in the market were included in the relevant line of commerce, the market would no longer be considered highly concentrated on the basis of the Justice Department's merger guidelines and the increase in the HHI would be below the level that would be likely to subject the merger to challenge under those guidelines. 10 On the basis of all facts of record, the Board concludes that consummation of the proposed transaction would not substantially lessen competition in the relevant Manchester banking market.

The financial and managerial resources of Applicant, its subsidiaries, and Bank are regarded as generally satisfactory, and their future prospects appear favorable. It is expected that affiliation with Applicant will strengthen Bank's overall financial resources, particularly in view of Applicant's intention to provide

7. New Hampshire R.S.A. Chapter 387.3:(II-a). State savings banks are also authorized to invest an additional 5 percent of their assets in commercial and business loans within the state of New Hampshire or within 75 miles of the institution's home office. New Hampshire R.S.A., Chapter 394-A.

Bank with additional capital. Accordingly, the Board's judgment is that banking factors lend weight toward approval of the application. Upon consummation of the proposed acquisition, Applicant will assist Bank in offering new banking services, including residential mortgage lending and trust services. Thus, considerations relating to the convenience and needs of the community to be served favor approval.

Based on the foregoing and other considerations reflected in the record, the Board has determined that the proposed transaction would be in the public interest. Accordingly, the Board has determined that the proposed transaction should be and hereby is approved. The transaction shall not be consummated before the thirtieth calendar day following the effective date of this Order or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Boston, acting pursuant to delegated authority.

By order of the Board of Governors, effective November 29, 1982.

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

(Signed) JAMES McAfee, [SEAL] Associate Secretary of the Board.

Dissenting Statement of Governors Teeters and Rice

We would deny the application of First Bancorp of N.H., Inc. to acquire The Bedford Bank, Bedford, New Hampshire, because we believe that consummation of this proposal would tend to substantially lessen competition in the Manchester banking market.

Applicant is the second largest commercial banking organization in the Manchester market, and would increase its market share from 23.2 percent to 26.4 percent as a result of acquisition of Bank. Inasmuch as Bank is a viable competitor, we believe its elimination as a competitor would have significantly adverse effects on competition in the Manchester banking market.

In addition to the elimination of existing competition, the proposal would increase the concentration of banking resources in a market that is already highly concentrated. Specifically, upon consummation of this proposal, the market's four-firm concentration ratio would increase from 78.6 to 81.8 percent. Additionally, the Manchester market is considered highly concentrated under the Merger Guidelines recently issued by the United States Department of Justice with a

^{8.} The two largest savings banks in the market hold 4.5 percent of the total commercial and industrial loans and over 55 percent of the total non-residential real estate loans held by all depository institutions in the market. Moreover, the market's largest savings bank has engaged in an aggressive advertising program to increase its volume of commercial lending, suggesting that the market share of commercial and industrial loans held by the thrifts in the Manchester market is likely to increase in the near future, particularly in view of the large share of market deposits held by the thrifts.

^{9.} The Board does not believe that the record in this case supports a finding that the thrift institutions in the Manchester banking market have developed their commercial banking services to the point where they may be considered significant participants in the provision of bank services to commercial enterprises in the market. Accordingly, the Board has not included these thrift institutions in the relevant commercial banking line of commerce in the Manchester market. The total commercial and industrial loans held by the two largest thrift institutions in the market represent less than one percent of their total deposits. The remaining two thrifts in the market hold no commercial and industrial loans.

^{10.} On this basis, the HHI for the Manchester market would be reduced to 1345, and consummation of the merger would increase the HHI by 91 points. The Justice Department's guidelines state that the Department is unlikely to challenge a merger that produces an increase in the HHI of less than 100 points in a market with a premerger HHI between 1000 and 1800.

Herfindahl Hirschman Index ("HHI") of 1907. Consummation of the proposal would increase the HHI by 147 points, an increase that would subject this acquisition to challenge under the Justice Department's guidelines.

The majority found that the anticompetitive effects of this proposal were lessened by the impact of competition from thrift institutions in the market. It is our view that, at present, thrift institutions in the Manchester market are not sufficiently strong competitors of commercial banks, to be weighed equally with them, particularly in the provision of commercial loan and deposit services. It is this cluster of commercial services that the Courts have found relevant in assessing competition with commercial banks. Thus, we do not consider the impact of thrift institutions in the Manchester banking market to be sufficient to mitigate the adverse competitive effects associated with this application.

Accordingly, we would deny this application.

November 29, 1982

First City Bancorporation of Texas, Inc., Houston, Texas

Order Approving Acquisition of Banks

First City Bancorporation of Texas, Inc., Houston, Texas, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3(a)(3) of the act (12) U.S.C. § 1842(a)(3)) to acquire 100 percent of the voting shares of Chisholm Financial Services, Inc., Richardson, Texas and, thus, indirectly acquire 100 percent and 82 percent, respectively, of the voting shares of Citizens Bank, Richardson, Texas, and Chisholm National Bank, Plano, Texas (collectively referred to as "Banks").

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

Applicant, the second largest banking organization in Texas, controls 57 commercial banks with total aggregate deposits of \$9.8 billion, representing 9.25 percent of total deposits in commercial banks in the state.1 Acquisition of Banks, with aggregate deposits of \$181.7 million, would increase Applicant's share of

Banks are currently the only subsidiary banks of Chisholm Financial Services, Inc., Richardson, Texas, a registered bank holding company. Citizens Bank (\$175.5 million in deposits) is the eleventh largest of 151 banks located in the Dallas banking market, and holds 0.81 percent of total market deposits in commercial banks.² Chisholm Bank (\$6.2 million in deposits) is the 151st largest commercial bank in the Dallas market and holds 0.03 percent of total market deposits in commercial banks. Applicant, with 11 subsidiary banks, is the fourth largest banking organization in the Dallas banking market and holds aggregate deposits of \$1.79 billion, representing 5.5 percent of total deposits in commercial banks in the relevant market.

Consummation of this proposal would eliminate some existing competition between Applicant and Banks in the Dallas banking market. Applicant's share of market deposits would increase by 0.84 percent, and Applicant's rank within the market would not change. The Board finds that consummation of the proposal would not have significantly adverse competitive effects. In this regard, the Board notes that the Dallas banking market is not highly concentrated and there would remain a large number of independent banks that could serve as entry vehicles for banking organizations not currently represented in the market. Accordingly, in view of all the facts of record, including the structure of the relevant market, the absolute and relative size of Banks, and the number of banking organizations in the Dallas banking market, the Board is of the view that consummation of the transaction would have no significantly adverse competitive effects in the Dallas banking market.

The financial and managerial resources of Applicant and its subsidiaries are considered satisfactory and their future prospects appear favorable. The financial and managerial resources of Banks are generally satisfactory and their future prospects as affiliates of Applicant appear favorable. Accordingly, banking factors are consistent with approval of the application. Applicant has committed to inject additional capital into Citizens Bank, which would expand the lending capacities of Bank. Also, Applicant proposes to bring greater expertise and specialization to Banks' lending, trust, economic consulting and forecasting, and investment and financial advisory services. The Board's view is that the benefits to the public that may be

state deposits by 0.17 percent and would not alter Applicant's ranking in the state. The Board concludes that consummation of this proposal would not result in a significant increase in concentration of banking resources in Texas.

^{1.} Banking data are as of June 30, 1982.

^{2.} The relevant banking market is approximated by the Dallas Ranally Metropolitan Area.

expected from consummation of the proposed transaction are consistent with approval and are sufficient to outweigh any adverse effects on competition resulting therefrom. Therefore, the Board's judgment is that the proposed transaction would be in the public interest and that the application should be approved.

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

By order of the Board of Governors, effective November 1, 1982.

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

(Signed) JAMES MCAFEE, [SEAL] Associate Secretary of the Board.

Istituto Bancario San Paolo di Torino, Turin, Italy

Order Approving Formation of a Bank Holding Company

Istituto Bancario San Paolo di Torino, Turin, Italy ("San Paolo"), and its subsidiary, San Paolo U.S. Holding Company, New York, New York ("U.S. Holding"), have each applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) to become a bank holding company through the acquisition of 85 percent of the outstanding voting shares of First Los Angeles Bank, Los Angeles, California ("Bank").

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

San Paolo is a Public Law Credit Institution organized under the laws of Italy. Based on all the facts of record, it does not appear that San Paolo is controlled by or is an agency of the Republic of Italy. San Paolo is a nonstock charitable foundation, the capital of which has been derived from private contributions and retained earnings. The Republic of Italy has not made any contributions to the capital funds of San Paolo. The management and policies of San Paolo are determined by an eleven-member board of directors and management officials appointed by that board of directors. The Republic of Italy appoints only two members of the board of directors of San Paolo and does not appoint any of its management officials. The remaining members of the board of directors are appointed by the Chambers of Commerce, Industry, and Agriculture of Turin, Milan, Genoa, and Rome, the Cities of Turin and Genoa, and the Provincial Administration of the District of Turin.

San Paolo offers a full range of commercial banking services in Italy and operates a Federal agency in New York State. U.S. Holding is a non-operating corporation wholly owned by San Paolo and organized under the laws of New York for the purpose of acquiring the shares of Bank.

Upon acquisition of Bank, Applicants would control the 30th largest commercial banking organization in California, with total deposits of \$277 million, representing 0.2 percent of the total deposits in commercial banks in the state.² Bank is the seventeenth largest commercial bank in the Los Angeles, California, banking market, and controls 0.5 percent of the total deposits in commercial banks in that market.3 Inasmuch as Applicants do not conduct any banking operations or other business in the state of California, consummation of the proposed transaction would have no adverse effects on existing or potential competition in any relevant market and would not increase the concentration of resources in any relevant area. Therefore, the Board concludes that competitive considerations are consistent with approval of the applica-

The financial and managerial resources of each of the Applicants appear generally satisfactory and the future prospects of each appear favorable. The financial and managerial resources of Bank appear generally satisfactory and the future prospects of Bank appear favorable, especially in light of commitments made by Applicants to inject additional capital into Bank. Based on these and other commitments made by Applicants, the Board has determined that considerations relating to banking factors are consistent with approval of the applications. Although consummation of the proposal would not result in any changes the services offered by Bank, considerations relating to the convenience and needs of the community to be

^{1.} San Paolo also has a minority interest in Tradinvest Purchasing Company Limited, Hamilton, Bermuda, which owns 95 percent of AGIP USA, Inc., New York, New York. This investment is permissible under section 211.23(f)(5) of the Board's Regulation K. (12 CFR § 211.23(f)(5)).

^{2.} All deposit data are as of June 30, 1981.

^{3.} The Los Angeles banking market is approximated by the Los Angeles RMA.

served are consistent with approval of the applications. Accordingly, the Board has determined that consummation of the transaction would be in the public interest and that the applications should be approved.

Based upon the foregoing, including all of the facts of record and the commitments made by Applicants, the Board has determined that the applications should be and hereby are approved. The transaction shall not be consummated before the thirtieth 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 San Francisco, under delegated authority.

By order of the Board of Governors, effective November 29, 1982.

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

(Signed) JAMES MCAFEE,
[SEAL] Associate Secretary of the Board.

United Midwest Bancshares, Inc., Cincinnati, Ohio

Order Approving Formation of a Bank Holding Company

United Midwest Bancshares, Inc., Cincinnati, Ohio, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)), to form a bank holding company by acquiring 100 percent of the voting shares of Southern Ohio Bank, Cincinnati, Ohio ("Bank").

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

Applicant, a nonoperating Ohio corporation with no subsidiaries, was organized for the purpose of becoming a bank holding company by acquiring Bank, which holds deposits of approximately \$209.6 million.² Upon

acquisition of Bank, Applicant would control the 35th largest bank in Ohio and would hold 0.48 percent of the total commercial deposits in the state.

Bank is the 5th largest of 41 banking organizations in the relevant banking market and holds approximately 4.25 percent of total deposits in commercial banks in the market.³ The proposed transaction is essentially a corporate reorganization, consummation of which would not result in any adverse effects upon competition or in an increase in the concentration of banking resources in any relevant market. Accordingly, the Board concludes that competitive considerations are consistent with approval.

Applicant proposes to become a bank holding company through the purchase of all of the voting shares of Bank for \$28 million. The source of funds for the purchase includes \$7 million in bank borrowings, \$17 million from the sale of Applicant's common stock, and \$4 million from the sale of Applicant's preferred stock. All of Applicant's preferred stock would be purchased by a subsidiary of Baldwin-United Corporation, Cincinnati, Ohio ("Baldwin"), a diversified financial conglomerate engaged in various nonbanking activities. The preferred stock, which is nonvoting, would pay a cumulative annual dividend of 14.5 percent. Baldwin's perferred stock investment would represent approximately 19 percent of Applicant's total equity.

Applicant's common stock will be purchased by a number of individuals and companies. Four of these companies ("Investors") will obtain funds to purchase Applicant's voting common stock⁵ through an investment by Baldwin of \$2.5 million in the nonvoting preferred stock of each of the Investors. In each case, Baldwin's preferred stock investment would represent less than 25 percent of each Investor's total equity.⁶ The preferred stock, which must be redeemed by each of the investor companies at the expiration of fifteen years, would pay a cumulative annual dividend of 15 percent. The Investors could redeem the preferred stock at any time.

By order dated October 14, 1982, the Board denied a previous application by Applicant to acquire Bank. In denying that application the Board found that the debt servicing requirements and substantial arrearage in

^{1.} The Board has received an objection to the application from AmeriTrust Corporation, Cleveland, Ohio ("AmeriTrust"). The Board has also received thirteen comments in support of the proposed acquisition of Bank by Applicant from various business, community, and civic groups in the Cincinnati area, including a letter from the Mayor of Cincinnati.

^{2.} Deposit data are as of March 31, 1982.

^{3.} The relevant banking market is approximated by the Cincinnati Ranally Metro Area. Market data are as of June 30, 1981.

^{4.} Baldwin, which became a bank holding company as a result of the 1970 Amendments to the act, divested its banking subsidiaries in December 31, 1980.

^{5.} The Investors together would control approximately 74 percent of Applicant's common shares. Two of the investors would each acquire 16 percent of Applicant's voting shares. The remaining two investors would each acquire 21 percent.

^{6.} Specifically, Baldwin's equity share in the Investors would be 22.6, 17.4, 24.6, and 5.4 percent, respectively.

preferred stock dividends did not allow Applicant sufficient financial flexibility to serve as a source of strength to its subsidiary Bank in the future. In addition, the previous proposal involved an investment by Baldwin in non-voting preferred stock of Applicant, representing 67 percent of Applicant's total equity. The Board expressed concern that this investment was inconsistent with the Board's July 8, 1982, Policy Statement on non-voting equity investments (12 CFR § 225.143) ("Policy Statement"), and that the size and structure of Baldwin's investment could give Baldwin the ability to exercise a controlling influence over Applicant within the meaning of the act.

The Board believes that Applicant's revised proposal addresses the concerns raised by the Board in its consideration of Applicant's initial application. Specifically, Applicant's acquisition debt will be reduced by \$8 million and its total capital increased by \$2 million. In addition, the purchase price of Bank has been reduced by \$2 million. In view of the restructuring of the proposal, the Board's judgment is that Applicant will have sufficient financial resources to service its debt and the preferred stock dividends and serve as a source of financial strength to its subsidiary bank in the future. Thus, the financial and managerial resources of Applicant and Bank are considered generally satisfactory and their future prospects appear favorable.

Baldwin's preferred stock investment in Applicant is well below the 25 percent guideline mentioned in the Board's Policy Statement and specified by the Board in prior cases as an acceptable level for non-voting equity investments. In addition, Applicant's Articles of Incorporation have been modified to eliminate those provisions that the Board previously determined would provide Baldwin with a number of rights that are otherwise only available through the ownership of voting shares. Similarly, an agreement with Applicant's shareholders contained in the initial application, which would have given Baldwin the ability to affect the disposition of control of Applicant, has been eliminated.

AmeriTrust contends that Baldwin's investment of \$2.5 million in the non-voting preferred stock of each of the Investors amounts to an indirect investment by Baldwin in Applicant. On this basis, it contends that Baldwin's investment in Applicant has actually increased from \$10 million in the previous application to \$14 million in this application. Because an investment

of \$14 million, if aggregated, would equal 67 percent of Applicant's total equity, AmeriTrust asserts that Baldwin's total investment in Applicant would violate the Board's Policy Statement.

In the Board's judgment, Baldwin's purchase of Investor's preferred stock is not equivalent to an indirect investment in Applicant by Baldwin. The purpose of Baldwin's investment in Investors is to facilitate their purchase of Applicant's stock, and there is no evidence in the record to show that the Investors are acting for or at the behest of Baldwin or are controlled by Baldwin, or that Baldwin has assumed the economic risk of gain or loss in connection with the Investors' purchase of Applicant's common shares. The Investors are not related to one another through common ownership or control or by management interlocks. Each is an existing, independent business entity, which has independently elected to make an investment in Applicant. There are no agreements or understandings between any of the Investors and Baldwin as to the voting or disposition of the Investors' shares of Applicant or with respect to any other matter involving Applicant or its management and policies. The dividend on Baldwin's investment in the preferred stock of the Investors is not linked in any way to the earnings of Applicant or Bank, and the Investors have the right to redeem Baldwin's preferred stock at any time with no preference based on Applicant's or Bank's performance. There is no requirement that Baldwin be bought out upon a sale by an Investor of its common stock in Applicant or upon a liquidation of Applicant. In light of the foregoing, the Board does not believe that Baldwin's interest in the Investors should be aggregated with Baldwin's direct interest in Applicant's preferred stock for purposes of determining Baldwin's total equity interest in Applicant under the Policy Statement.8

Applicant does not propose to make any specific changes in the services currently provided by Bank. In this connection, the Board has received comments from a number of Cincinnati groups indicating their belief that local ownership of Bank will enhance its ability to serve the banking needs of the community. The Board believes that considerations relating to the

^{7.} See "Valley View Bancshares" 61 FEDERAL RESERVE BULLETIN 676 (1975); "Security Bancorp, Inc.", 66 FEDERAL RESERVE BULLETIN 977 (1980); "Panhandle Aviation, Inc.", Board Order, December 23, 1980. See also letter from William W. Wiles, Secretary of the Board, to J. A. Maurer, President, Security Corp., Duncan, Oklahoma, June 23, 1982.

^{8.} The Board does not view Baldwin's investment in each of the Investors as providing the "formalized structure" or common control that would make the Investors an association or company under the act. Letter, dated September 13, 1977, from the Secretary of the Board to John P. Roemer, affirmed sub nom Central Bank v. Board of Governors, No. 77-193) (D. C. Cir. Feb. 1, 1979); "WISCUB, Inc.", 64 FEDERAL RESERVE BULLETIN 40 (1978) and 65 FEDERAL RESERVE BULLETIN 773 (1979); Savings BankShares Inc., 65 FEDERAL RESERVE BULLETIN 587 (1977); Cubanc Corporation, 63 FEDERAL RESERVE BULLETIN 587 (1976); and CU Bank Shares, Inc., 62 FEDERAL RESERVE BULLETIN 364 (1976). Letter of November 17, 1978, from the Secretary of the Board to William C. Beaman.

convenience and needs of the community to be served are consistent with approval. Accordingly, the Board has determined that consummation of the transaction would be consistent with the public interest and that the application should be approved.

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

By order of the Board of Governors, effective November 29, 1982.

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

(Signed) JAMES MCAFEE, Associate Secretary of the Board. [SEAL]

Orders Under Section 4 of the Bank Holding Company Act

Citicorp, New York, New York

Order Conditionally Approving Application to Engage in Certain Futures Commission Merchant Activities

Citicorp, New York, New York, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 et seq.), has applied for the Board's approval, under section 4(c)(8) of the act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)), to engage through its subsidiary, Citicorp Futures Corporation, New York, New York ("CFC"), in acting as a futures commission merchant (an "FCM") for nonaffiliated persons, in the execution and clearance of certain futures contracts on major commodity exchanges. Such contracts would cover bullion, foreign exchange, U.S. Government securities, and negotiable money market instruments.

Notice of the application, affording interested persons an opportunity to submit comments and views on the relation of the proposed activity to banking and on the balance of the public interest factors regarding the application has been duly published (47 Federal Register 40486 (1982)). The time for filing comments and views 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, with consolidated assets of \$120.1 billion, is the largest banking organization in New York and the second largest in the U.S. and controls three subsidiary banks—two in New York and one in South Dakota—with aggregate deposits of \$74.5 billion. Applicant has recently received approval to establish a de novo bank in Delaware. Applicant, directly and through certain of its subsidiaries, engages in a broad range of permissible banking-related activities throughout the United States.

The Board recently approved applications by J. P. Morgan & Co. Incorporated, New York, New York ("Morgan"), and Bankers Trust New York Corporation, New York, New York ("Bankers"), each a bank holding company within the meaning of the act, to engage in FCM activities.² Applicant's proposal generally parallels the applications submitted by Morgan and Bankers, and the characteristics of Morgan and Bankers on which the Board relied in considering those applications generally are shared by Applicant. Accordingly, the Board considers it appropriate to examine Applicant's proposal within the same framework the Board used to consider the applications of Morgan and Bankers.

Closely Related to Banking

In order to approve an application submitted pursuant to section 4(c)(8) of the act, the Board is first required to determine that the proposed activity is closely related to banking or managing or controlling banks. In approving the applications of Morgan and Bankers, the Board determined that the proposed FCM activities with respect to the contracts involved in the applications were closely related to banking.³ Upon consideration of all the facts of record, the Board has determined, for the reasons explained below, that with one exception CFC's proposed activities as an FCM, with respect to the contracts involved in this application, would also be closely related to banking.

Bullion and Foreign Exchange. In the Board's Order approving the Morgan and Bankers applications, it was noted that the Board had determined previously that FCM activities or their equivalent, with respect to bullion and foreign exchange, were closely related to banking. The Board made these earlier

Id.

^{1.} All banking data are as of June 30, 1982.

^{2. &}quot;J.P. Morgan & Co. Incorporated", 68 FEDERAL RESERVE BULLETIN 514 (1982); "Bankers Trust New York Corporation", 68 FEDERAL RESERVE BULLETIN 651 (1982).

determinations in connection with applications submitted by Republic New York Corporation, New York, New York,4 and Standard and Chartered Banking Group Ltd., London, England.5 Consequently, the Board now has determined on four occasions that acting as an FCM for bullion or foreign exchange is closely related to banking. Upon examination of the record, it appears that Applicant's situation is substantially similar to those presented previously. In particular, Citicorp is a leading dealer in both the spot and forward bullion markets; it offers bullion deposits and loans, and is the largest privately owned storer of bullion in the United States. Thus, FCM activities in bullion on the part of CFC would appear to complement Citicorp's other activities in the bullion market. In addition, Citibank, N.A., Applicant's principal banking subsidiary, is a leading participant in the cash and forward markets for foreign exchange, with total profits from this activity of \$265 million during 1981. Since Citicorp/Citibank already trade in the cash and forward markets in bullion and foreign exchange for their customers, acting as an FCM in futures markets for the same commodities would appear to be an "integral adjunct" to these present services. Finally, it is reasonable to assume that market participants for whom Citicorp/Citibank trade would regard futures contracts in bullion and foreign exchange as the functional equivalent of forward contracts for some purposes. Accordingly, the proposed activity could be considered fundamentally a substitute for other services Applicant already provides. On this basis, the Board concludes that Applicant's proposal to act as an FCM for bullion and foreign exchange is closely related to banking.

Government Securities and Money Market Instruments. Applicant's proposal also involves the execution and clearance of futures contracts covering U.S. bonds and Treasury bills, GNMA securities, and negotiable money market instruments, particularly domestic and Eurodollar CDs.

As with the Morgan and Bankers applications, the Board has examined the portion of the record of this proposal that concerns FCM activities for U.S. bonds, Treasury bills, GNMA securities, and negotiable money market instruments in light of Applicant's experience in related markets for these instruments. Citibank already trades in futures contracts covering various U.S. Government and GNMA

The Board has also determined, in the circumstances of this case, that CFC's proposed activities as an FCM with respect to futures contracts in negotiable money market instruments would be closely related to banking. Citibank has been an active participant in the cash markets for various money market instruments, and this experience has provided Applicant with useful expertise in trading the underlying instruments involved in these futures contracts. Like futures contracts in U.S. Government securities, futures contracts in these instruments are used in large part to hedge against interest-rate risks associated with holding and trading financial assets and liabilities. There appears to be little basis for distinguishing between the operational or functional characteristics of FCM activities with respect to contracts in these money market instruments and those FCM activities with respect to contracts in Government securities.

Pit Arbitrage. Citicorp has proposed one new activity, pit arbitrage, that was not included in the applications of Morgan and Bankers, and has not previously been considered by the Board in the context of section 4(c)(8). Pit arbitrage involves the actions of floor traders on commodities exchanges in taking advantage of temporary price differentials between futures contracts. Futures market spread positions are taken in anticipation of favorable price movements which will subsequently enable traders to close out positions at a profit. In view of the discussion below, however, it is unnecessary for the Board to determine whether pit arbitrage is closely related to banking.

Incidental Activities. CFC also intends to provide general research and advice on market conditions and trading strategies; client account information

securities for its own account. Also, Citibank is a founding member of the Association of Primary Dealers, and has long been a major participant, for the account of customers as well as its own account, in the U.S. Government securities cash market. Applicant's experience in these activities has provided it with useful expertise in areas that are operationally or functionally similar to FCM activities for nonaffiliated persons in U.S. bonds, Treasury bills, and GNMA securities. Accordingly, the Board concludes that the proposed FCM activities for these instruments would be closely related to banking.

^{4. &}quot;Republic New York Corporation", 63 Federal Reserve Bulletin 951 (1977).

^{5. &}quot;Standard and Chartered Banking Group, Ltd.", 38 Federal Register 27552 (1973).

^{6.} Citicorp has received the Board's approval to transfer certain of these securities activities from Citibank to a nonbanking subsidiary of Citicorp. "Citicorp Government Securities, Inc.", 68 FEDERAL RESERVE BULLETIN 248 (1982).

and reconciliation of trades; and communication linkage between clients and the exchange floor in connection with its proposed FCM activities. These services would be offered as part of an integrated package that would be provided to CFC's customers. None of these services would be offered separately and none would be provided on a fee basis, The Board's Regulation Y (12 CFR § 225.4(a)) allows bank holding companies to engage in activities that are incidential to closely related activities. Incidental activities are those that are necessary to the performance of closely related activities. (National Courier Ass'n v. Board of Governors, 516 F.2d 1229, 1241 (D.C. Cir. 1975)). It appears that with the exception of FCM "discount brokers", FCMs generally provide these kinds of ancillary services as an integral part of their overall business. Moreover, it appears that the major corporations and financial institutions which would make up CFC's client base regard these services as essential. Thus, the provision of such ancillary services would be necessary to the successful operation of Applicant's FCM activities. Accordingly, the Board finds that the provision of these services would be incidental to CFC's proposed FCM activities.

Balance of Public Benefits and Adverse Effects

In order to approve this application, the Board is also required to determine that the performance of the proposed activities by CFC, "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." (12 U.S.C. § 1843(c)(8)).

Public Benefits

Consummation of the proposal would provide added convenience to those clients of Applicant that trade in the cash, forward, and futures markets for the commodities involved in this application. The Board expects that the de novo entry of CFC into the market for FCM services would increase the level of competition among FCMs already in operation. Accordingly, the Board has concluded that the performance of the proposed activities by CFC can reasonably be expected to produce benefits to the public.

Adverse Effects

In its Orders approving the applications of Morgan and Bankers, the Board recognized that the activity of trading futures contracts involves various types of financial risks and potential conflicts of interest, and is susceptible to anticompetitive and manipulative practices. The Board noted, however, that Congress has addressed those types of possible adverse effects through the passage of the Commodity Exchange Act, as amended,7 and the creation of the Commodity Futures Trading Commission ("CFTC"). The Board also noted that the CFTC has promulgated regulations to effectuate the provisions of the Commodity Exchange Act.8 Applicant has chosen to conduct the proposed activities through a separately incorporated subsidiary that would be subject to the Commodity Exchange Act and CFTC regulation. The Board has considered the impact of the applicable statutes and regulation in its evaluation of the likelihood that significant adverse effects regarding conflicts of interest, unsound banking practices, decreased or unfair competition, or undue concentration of resources would develop in this case.

Conflicts of Interest. Conflicts of interest that could be associated with this proposal fall into two broad categories: those arising out of the general business of engaging in FCM activities, and those arising out of the particular circumstance of an FCM that is a subsidiary of a bank holding company. Rules and regulations promulgated and enforced by the CFTC and the relevant futures exchanges substantially reduce the possibility for significant conflicts in the first category. In addition, CFC has committed to time-stamp each order to the minute upon receipt, and to time-stamp the order again at execution. Moreover, CFC will execute orders in the sequence in which they are received, except where the customer consents to delayed execution. The Board concludes that the risk of conflicts of interest arising from the general business of an FCM that may result from consummation of the proposal as submitted is not inconsistent with approval.

With respect to the second category of conflicts, the Board believes that existing statutory and supervisory safeguards, together with Applicant's internal control procedures, will substantially reduce the possibility of significant adverse effects. For example, section 23A of the Federal Reserve Act⁹ would

^{7. 7} U.S.C. §§ 1-24.

^{8.} For example, CFTC regulations require FCMs to keep detailed records on many aspects of FCM activities, such as segregation of funds and investments made on behalf of customers, 17 C.F.R. §§ 1.20, .25; prescribe protective procedures for such activities as buying and selling contracts of two customers on opposite sides of the same transactions, 17 CFR. § 1.39; and impose minimum financial and related reporting requirements, 17 CFR §§ 1.10-.18.

^{9. 12} U.S.C. § 371c.

require any extension of credit by Citibank to CFC to be secured by collateral having a value equal to 100 percent or more of the extension of credit. In addition, any loan from Citibank to CFC's customers would be subject to examination by the Comptroller of the Currency.

Furthermore, Applicant maintains internal procedures that generally prohibit disclosure among employees of Applicant and its subsidiaries of confidential information pertaining to customers, whether received from customers or derived from internal sources. Finally, as discussed below, the circumstances of this application alleviate any substantial concern regarding the possibility of voluntary tying. Thus, there appears to be no significant danger that conflicts associated with the fact that CFC would be a bank holding company subsidiary will develop under this proposal.

Unsound Banking Practices. An FCM, clearing and executing contracts for nonaffiliated persons, is generally exposed to several types of financial risks. However, the Board finds that Applicant's competence, experience and resources equip it to deal with these risks. Furthermore, the Board believes that the Commodity Exchange Act and regulations by the CFTC and the various commodity exchanges are significant factors in ameliorating the general hazards of the FCM activities proposed in the application.¹⁰

As an FCM for nonaffiliated persons, CFC would be contractually liable for nonperformance by a customer of CFC on each futures contract traded by CFC for that customer. Similarly, in some circumstances, CFC could be obligated to meet a margin call delivered to a customer of CFC. Applicant and its subsidiaries appear well prepared to deal with these potential obligations. The risks that a customer of CFC would default on a contract or fail to meet a margin call are credit risks of a type Citibank has significant expertise in evaluating. In addition, the record indicates that CFC would employ a high degree of credit selectivity in choosing its customers, who will include institutional and commercial clients of Citibank.

CFC would face another type of risk because its membership in certain commodity exchange clearing associations could expose it to contingent liability for the contractual obligations due the association by all clearing members. This potential liability exists through the assessment provisions of certain clearing association guaranty funds into which all clearing members must contribute. In evaluating this element of risk to CFC, the Board has considered the effect of margin requirements and the level of supervision and regulation imposed on the futures trading industry by the CFTC, the exchanges and their affiliated clearing associations. Clearing associations, in particular, have established various procedures that reduce the likelihood that this type of liability would arise.

The degree of risk associated with providing FCM services as a clearing member on a commodities exchange can be increased through the practice of certain exchanges or clearing associations of requiring the parent corporation of a clearing member to also become a member of that exchange or clearing association. Applicant has committed that CFC shall not, without the prior consent of the Board, become a clearing member of any exchange that imposes such a requirement and has not waived that requirement for Applicant.

In addition, the Board is concerned that the performance of pit arbitrage services by CFC for its own account would represent an unsound banking practice. The Board has stated its view that bank holding companies or their nonbanking subsidiaries that take positions in futures contracts should do so to reduce risk exposure and not to speculate.11 Clearly, pit arbitrage involves CFC trading for its own account in a speculative manner. In the Board's view, such speculation could pose significant financial risks for the parent bank holding company. These risks could jeopardize the ability of a bank holding company to be a source of strength to its subsidiary banks. In this regard, the Board approved both the applications of Morgan and Bankers in express reliance on the fact that the FCMs involved there would not trade for their own account.12

Applicant argues that by engaging in pit arbitrage, CFC will contribute to the efficient operation of commodity markets, which will benefit market participants. Although some public benefits may be associated with the pit arbitrage, the Board does not believe such benefits are sufficient to outweigh the significant adverse effects of such an activity. Accordingly, the Board concludes that the adverse

^{10.} Among the provisions the Board has considered in this regard are the CFTC's net capital requirements, 17 C.F.R. §§ 1.17(a), .17(c)(2), .17(c)(3), .52(a), and the sections of the Commodity Exchange Act granting the CFTC authority to establish position limits and to approve or disapprove daily price movement limits established by domestic exchanges on futures contracts, 7 U.S.C. §§ 6a, 7a(12).

^{11. 12} C.F.R. § 225.142 (1982).

^{12.} Indeed, the Board recently approved Applicant's proposal to engage in FCM activities abroad on the basis of Applicant's commitment that it would not trade for its own account. "Citibank Overseas Investment Corp.", 68 FEDERAL RESERVE BULLETIN 671 (1982).

effects of pit arbitrage warrant denial of this aspect of Applicant's proposal.

On the basis of all the facts of record, including the limitations noted above, the Board has concluded that the inherent risks of providing FCM services for nonaffiliated persons under the circumstances of this proposal are manageable in view of the expertise and resources of Applicant and its subsidiaries, the commitments entered into by Applicant and CFC, and the regulatory environment in which the FCM activities would be conducted.

Decreased or Unfair Competition. It is conceivable that a commercial bank in Citibank's position could exert pressure on its customers to use the services of Citibank's affiliated FCM, or that a borrower could believe that its use of an affiliated FCM could result in more favorable credit terms for the borrower. As the Board noted in its Order approving the Morgan and Bankers applications, compulsory tying arrangements are prohibited by the act, and voluntary tying can take place only when a firm possesses significant market power.13 However, as was the case with Bankers and Morgan, it appears that Applicant lacks the requisite market power for voluntary tying to occur, in view of the substantial competition among FCMs and in commercial lending. In addition, the Board notes that it is Applicant's corporate policy to explicitly instruct all employees to sell services on the basis of the services' own merits and to avoid any sales method which could give a customer the impression that the purchase of one service necessarily entails the purchase of services offered by an affiliate organization. In addition, Applicant has committed that CFC will advise each customer in writing that doing business with CFC will not in any way affect any provision of credit to that customer from Citibank or any other subsidiary of Applicant.

Conclusion

On the basis of all the facts of record, including the conditions mentioned above, the Board has determined that in the circumstances of this case, the provision by CFC of the proposed FCM services to nonaffiliated persons would not result in decreased or unfair competition, conflicts of interests, unsound banking practices, or undue concentration of resources in either commercial banking or the market for FCM services. In considering this application, the

Board has placed particular reliance on the following commitments and conditions:

- 1. CFC shall not trade for its own account.
- 2. The instruments and precious metals upon which the proposed futures contracts are based are essentially financial in character and the contracts are of a type that a bank may execute for its own account.
- 3. CFC shall have an initial capitalization that is in substantial excess of that required by CFTC regulations, and will maintain fully adequate capitalization.
- 4. CFC and Citibank have entered into a formal service agreement that specifices the services that Citibank will supply to CFC. These services include the assessment of customer credit risk and continuous monitoring of customer positions and the status of customer margin accounts.
- 5. Through its prosposed service agreement with Citibank, CFC will be able to assess customer credit risks, and will take such assessments into consideration in establishing appropriate position limits for each customer, both with respect to each type of contract and with respect to the customer's aggregate position for all contracts.
- 6. CFC shall not, without the prior consent of the Board, become a clearing member of any exchange whose rules require the parent corporation of a clearing member to also become a clearing member, unless the requirement is waived with respect to Applicant.
- 7. CFC has committed that it will, in addition to time-stamping orders of all customers to the nearest minute, execute all orders, to the extent consistent with customers' specifications, in strictly chronological sequence, and that it will execute all orders with reasonable promptness with due regard to market conditions.
- 8. Applicant and its subsidiaries have demonstrated expertise and established capability in the cash, forward, or futures markets for each of the contracts involved.
- 9. Applicant will require CFC to advise each of its customers in writing that doing business with CFC will not in any way affect any provision of credit to that customer by Citibank or any other subsidiary of Applicant.
- 10. Applicant is adequately capitalized to engage in additional nonbanking activities.
- 11. CFC will not extend credit to customers for the purpose of meeting initial or maintenance margin required of customers, subject to the limited exception of posting margin on behalf of customers in advance of prompt reimbursement.

Based upon the foregoing and other considerations reflected in the record, the Board has determined that

^{13. &}quot;Citicorp" (Citicorp Person-to-Person Financial Center of Connecticut, Inc.) 67 FEDERAL RESERVE BULLETIN 443, 446 (1981).

the public benefits associated with consummation of this proposal can reasonably be expected to outweigh possible adverse effects, and that the balance of the public interest factors, which the Board is required to consider under section 4(c)(8) of the act, is favorable. Accordingly, the application is hereby approved.

This determination is subject to the conditions set forth in the Board's Order and section 225.4(c) of Regulation Y and the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

The proposed activities shall not commence 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.

By order of the Board of Governors, effective November 30, 1982.

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

(Signed) JAMES MCAFEE,
[SEAL] Associate Secretary of the Board.

Florida Coast Banks, Inc., Pompano Beach, Florida

Midlantic Banks, Inc., Edison, New Jersey

Order Approving Acquisition of Florida Coast Midlantic Trust Company, N.A.

Florida Coast Banks, Inc., Pompano Beach, Florida ("Florida Coast"), and Midlantic Banks, Inc., Edison, New Jersey ("Midlantic"), both bank holding companies within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 et seq.), have applied for the Board's approval, under section 4(c)(8) of that act and section 225.4(b) of the Board's Regulation Y (12 CFR § 225.4(b)), to acquire, through a joint venture to be known as Midlantic/Florida Coast Holdings, Edison, New Jersey ("Holdings"), Florida Coast Midlantic Trust Company, N.A., Lighthouse Point, Florida ("Trust Company"), a de novo trust company. Holdings will not engage in any activity and will be utilized only to hold shares of Trust Company. Trust Company will engage in the functions and activities

that have been found by the Board to be closely related to banking (12 CFR § 225.4(a)(4)).

Notice of the applications, affording opportunity for interested persons to submit comments and views, has been given in accordance with section 3(b) of the act. The time for filing comments and views has expired and the Board has considered the applications and all comments received in light of the factors set forth in section 4(c)(8) of the act.

Midlantic controls seven banks with aggregate deposits of about \$3.2 billion and is the second largest bank holding company in New Jersey. Through its nonbanking subsidiaries, Midlantic is engaged in the activities of mortgage banking, equipment leasing, factoring, and holding overseas investments. Midlantic also engages in the activity of providing trust services through its subsidiary banks. Midlantic manages \$1.4 billion in trust assets through its lead bank.

Florida Coast controls three banks with aggregate deposits of \$358.9 million and is the twentieth largest bank holding company in Florida. Florida Coast also engages in the activity of providing trust services through its subsidiary banks. Florida Coast manages less than \$100 million in trust assets through its lead bank, which represents less than 2 percent of the trust assets administered by banking organizations in the Miami-Fort Lauderdale market.² Florida Coast would transfer the managed assets of its lead bank to Trust Company within one year of consummation of the proposal.

Florida Coast and Midlantic currently provide trust services in the banking markets in Florida and New Jersey in which their subsidiary banks operate. This proposal contemplates the provisions of trust services by Trust Company in the Miami-Fort Lauderdale market, where Florida Coast currently conducts its trust operations. Midlantic does not provide trust services in that market or in any banking market where Florida Coast operates. The effect of consummation of this proposal, therefore, would be the substitution of Trust Company for Florida Coast in the relevant markets and no existing competition would be eliminated.

It also appears that consummation of this proposal would not have a substantial adverse effect on potential competition. In this regard, the Board does not consider Florida Coast to be a likely entrant into the New Jersey markets served by Midlantic, given Florida Coast's relatively small size, and the location and nature of its customer base.

^{1.} Banking data for Midlantic and Florida Coast are as of June 30, 1982.

^{2.} The Miami-Fort Lauderdale market consists of Dade and Broward Counties.

While Midlantic might be considered a more likely entrant into the Florida markets served by Florida Coast, its loss as a potential entrant cannot be considered significant within the context of the Miami-Fort Lauderdale market. The Miami-Fort Lauderdale market is not concentrated. Currently, 39 banking organizations offer trust services in that market and administer \$7.9 billion in trust assets. There are also numerous potential entrants into the market since barriers to entry into the trust business are low. Moreover, the Board regards it unlikely that Midlantic would enter the Miami-Fort Lauderdale market de novo absent this joint venture. Midlantic has stated that it has little name recognition in Florida and would have difficulties entering that market in any significant fashion. The loss of Midlantic as a potential entrant, therefore, would have little effect on potential competition in the market. Accordingly, the Board concludes that consummation of the proposed joint venture would not adversely affect potential competition in the relevant market.

Consummation of this proposal may be expected to increase competition in the Miami-Fort Lauderdale market and increase the convenience of the communities served. The combination of Midlantic's expertise in the provision of trust services with Florida Coast's knowledge of the relevant market is likely to result in an institution capable of competing for trust services with the large banking organizations in the relevant market. The proposal may also provide greater convenience to Midlantic's trust customers who retire to Florida.

There is no evidence in the record to indicate that consummation of the proposal would result in undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices, or other adverse effects on the public interest.³ Accordingly, the Board concludes that the balance of public interest factors that it must consider under section 4(c)(8) of the act favors approval. In addition, the financial and managerial resources and future prospects of Florida Coast, Midlantic, and Trust Company are considered consistent with approval of the applications and the Board has determined that the applications should be approved.

This determination is subject to the conditions set forth in section 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a bank holding company or its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the act and the Board's regulations and orders issued thereunder or to prevent evasions of them.

The transaction shall not be made later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Banks of New York or Atlanta.

By order of the Board of Governors, effective November 2, 1982.

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

(Signed) JAMES MCAFEE, [SEAL] Associate Secretary of the Board.

Hongkong and Shanghai Banking Corporation, Hong Kong

Kellett, N.V., Curacao, Netherlands Antilles

HSBC Holdings, B.V., Amsterdam, The Netherlands

Marine Midland Banks, Inc., Buffalo, New York

Order Approving Acquisition of Wardley Marine International Investment Management Ltd. and Commencement of Investment Advisory Activities

The Hongkong and Shanghai Banking Corporation ("HSBC"), Hong Kong; Kellett, N.V., Curacao, Netherlands Antilles; HSBC Holdings, B.V. ("Holdings"), Amsterdam, The Netherlands; and Marine Midland Banks, Inc. ("MMBI"), Buffalo, New York (collectively referred to as "Applicants"), bank holding companies within the meaning of the Bank Holding Company Act, have applied for the Board's approval under section 4(c)(8) of the act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(1) of the Board's Regulation Y (12 CFR § 225.4(b)(1)), to engage de novo in investment advisory activities through a New York office of Wardley Marine International Investment Management, Ltd. ("Wardley Marine"), London, England. Such activities have been determined by the Board to be closely related to banking (12 CFR § 225.4(a)(5)). MMBI has also applied for the Board's approval under

^{3.} In Lewis v. BT Investment Managers, Inc., 447 U.S. 27 (1980), the Supreme Court held a provision of Florida law (Fla. Stat. Ann. § 658.29 (West 1981 Supp.)) that generally prohibited an out-of-state bank or bank holding company from acquiring a trust company or investment advisory company in Florida to be unconstitutional at least insofar as it related to the acquisition of an investment advisory company. The rationale of that decision is directly applicable to the trust company prohibitions of section 658.29. Accordingly, the Board concludes that section 658.29 does not bar Midlantic's participation in this proposal. In this regard, the state of Florida has not objected on the basis of this statute to previous applications of this type.

section 4(c)(13) of the Act (12 U.S.C. § 1843(c)(13)) and section 211.5(c)(2) of the Board's Regulation K (12 CFR § 211.5(c)(2)) to acquire 50 percent of the voting shares of Wardley Marine. HSBC will indirectly hold the remaining 50 percent of the shares of Wardley Marine through various foreign subsidiaries.

Notice of the applications, affording opportunity for interested persons to submit comments and views on the public interest factors has been duly published (47 Federal Register 34040 (1982)). The time for filing comments and views has expired and the Board has considered the applications and all comments received in light of the standards set forth in sections 4(c)(8) and (13) of the act.

HSBC, a bank organized under the laws of Hong Kong, is the 31st largest banking organization in the world with total assets of approximately \$52.3 billion. HSBC engages in a broad range of financial and commercial services directly and indirectly through over 900 offices worldwide. Through Kellett and Holdings, HSBC owns 51 percent of the shares of MMBI, which is the 14th largest commercial banking organization in the United States with total assets of \$18.8 billion. MMBI, through its subsidiary bank, offers a full range of banking and trust services from nearly 300 offices. MMBI also engages in commercial lending, leasing, and credit-related insurance underwriting activities under section 4(c)(8) of the act.

Wardley Marine, a newly-formed company organized under the laws of the United Kingdom, will offer investment advisory services worldwide. Under section 211.5(d)(8) of Regulation K, a bank holding company such as MMBI may invest in a foreign company that engages in providing investment, financial or advisory services if the foreign company does no business in the United States except as an incident to its international business.

Wardley Marine proposes to establish an office in New York, New York, from which it will offer investment advisory services permissible under Regulation Y for domestic bank holding companies. Upon the establishment of the New York office, Wardley Marine would be engaged in activities in the United States that are not incidental to its foreign business within the meaning of Regulation K. However, the Board in other contexts has determined that a bank holding company subsidiary may engage in activities on the basis of more than one provision of the act, (12 CFR § 225.123(b)).

In this case, neither HSBC nor MMBI proposes to engage through Wardley Marine in activities in the United States on the basis of exemptions provided in Regulation K. Applicants have applied for approval of Wardley Marine's U.S. activities under the appropriate provision of Regulation Y. Inasmuch as all of the foreign and domestic activities of Wardley Marine are permissible for bank holding companies and could be conducted by separate subsidiaries, and in the absence of any evidence of adverse effects resulting from the structure of the transaction, the Board concludes that MMBI may engage in permissible nonbanking activities in the United States under section 4(c)(8) through a foreign subsidiary held pursuant to section 4(c)(13) of the act and Regulation K.² This determination is subject to the condition that HSBC and MMBI receive the prior approval of the Board before Wardley Marine engages in any additional activities in the United States.

With respect to its New York activities, Wardley Marine will engage in investment advisory activities including offering portfolio investment advice to individuals, corporations, governmental entities and other institutions on a discretionary and nondiscretionary basis. In order to approve this application, the Board must find that Applicants' performance of these activities through Wardley Marine "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests or unsound banking practices." (12 U.S.C. § 1843(c)(8)). The Board notes that Wardley Marine will offer the advisory services through a de novo office serving the entire United States. Accordingly, approval of the applications would not result in any adverse effects on existing or potential competition and would provide the public with an additional source of investment advice. In addition, there is no evidence in the record to indicate that approval of this proposal would result in any other adverse effects, such as undue concentration of resources, unfair competition, conflicts of interests, or unsound banking practices.

Based upon the foregoing and other considerations reflected in the record, the Board has determined that the balance of public interest factors that the Board is required to consider under section 4(c)(8) is favorable. In addition, the Board concludes that the acquisition by MMBI of Wardley Marine is in the public interest and not at variance with the purposes of the act. Accordingly, the applications are hereby approved. These determinations are subject to the conditions set forth in section 225.4(c) of Regulation Y and section

^{1.} Data are as of December 31, 1981.

^{2.} Because Wardley Marine is controlled by HSBC, an affiliate of MMBI, it is also considered a subsidiary of MMBI for purposes of Regulation K (12 C.F.R. § 211.2(p)).

211.5(b) of Regulation K to require termination or such modification of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions of the act and the Board's regulations and orders issued thereunder or to prevent evasion thereof.

The proposed investment by MMBI and the proposed activities of Applicants shall commence not later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of New York, pursuant to authority hereby delegated.

By order of the Board of Governors, effective November 18, 1982.

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

(Signed) WILLIAM W. WILES, Secretary of the Board.

Imperial Bancorp,

Inglewood, California

[SEAL]

Order Approving Data Processing Activities

Imperial Bancorp, Inglewood, California, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 4(c)(8) of the act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)) to recommence the activity of providing packaged data processing and transmission services for banking, financial and economic data for installation on the premises of customers that are depository or similar institutions, through its subsidiary, Imperial Automation, Inc., Costa Mesa, California. Such activities have been determined by the Board to the closely related to banking (12 CFR § 225.4(a)(8)(ii)).

Notice of the application, affording interested persons an opportunity to submit comments and views on the public interest factors, has been duly published (47 Federal Register 38986 (1982)). The time for filing comments and views has expired, and the application and all comments received have been considered in light of the public interest factors set forth in section 4(c)(8) of the act.

Applicant controls one banking subsidiary with total deposits of \$1.2 billion. By this application, Applicant seeks to resume activities it commenced de novo,

based upon approval it received on May 21, 1981, from the Federal Reserve Bank of San Francisco acting under delegated authority. Because of a misinterpretation of the scope of the Board's data processing regulation in effect on that date, one aspect of the activities commenced by Applicant exceeded those then permissible for a bank holding company. When Applicant was advised of the Board's position, Applicant immediately ceased the activity in question. Upon approval by the Board of an amendment to Regulation Y expanding the scope of permissible data processing activities to include the activity in question, (47 Federal Register 37368 (1982)), Applicant submitted this application.

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

In this case, consummation of the proposal will add an additional competitor to the market for data processing services because the activities were commenced by Applicant de novo and this application is to continue to engage in activities commenced de novo. Because de novo expansion provides an additional source of competition, the Board views such expansion as being procompetitive. Accordingly, the Board finds that the de novo nature of this proposal represents a public benefit.²

In acting on this application, the Board has considered Applicant's actions to conform its operations to the act. Upon being notified of the Board's position, Applicant promptly ceased the then impermissible

^{1.} Deposit data are as of May 31, 1982.

^{2. &}quot;Virginia National Bankshares, Inc.", 66 FEDERAL RESERVE BULLETIN 668, 672 (1980); "BankAmerica Corporation (Decimus Corporation)", 66 FEDERAL RESERVE BULLETIN 511, 514 (1980); "Citicorp (Person-to-Person Financial Center of Connecticut, Inc.)" 65 FEDERAL RESERVE BULLETIN 507, 510 (1979).

data processing activity and thereafter cooperated fully with Board staff to resolve this matter. In addition, the Board notes that Applicant took action to conform its operations to the act by filing this application. In light of these facts and other information in the record evidencing Applicant's intent to comply with the requirements of the act, the Board has determined that the circumstances surrounding the violation do not reflect so adversely upon Applicant's management as to warrant denial of the application.

In its evaluation of the financial resources of Applicant, the Board has considered the fact that this application was filed to recommence activities for which most of the required capital expenditures have already been made and the necessary management resources have been put in place based upon the earlier Federal Reserve approval. The Board has also considered Applicant's projections that these activities will make a positive contribution to its earnings and commitments by Applicant that further expenditures in connection with these activities are expected to be minimal. In the context of the specific facts and circumstances of this case, the Board gave particular weight to Applicant's assertion that it would likely lose all or substantially all of its investment in Imperial Automation if this application were denied.

With respect to the other factors required to be considered, the Board finds no evidence in the record indicating that Applicant's data processing activities have resulted in, or would result in, any undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices, or other adverse effects.

Based upon the foregoing and other considerations reflected in the record, the Board has determined that the balance of the public interest factors the Board 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 section 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder or to prevent evasion thereof.

By order of the Board of Governors, effective November 29, 1982.

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

[SEAL]

(Signed) JAMES MCAFEE, Associate Secretary of the Board.

Old Colony Co-Operative Bank, Providence, Rhode Island

Order Approving Retention of De Novo Branch

Old Colony Co-Operative Bank, Providence, Rhode Island ("Applicant"), a Rhode Island mutual buildingloan association which is a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 4(c)(8) of the act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)), to continue to engage in the activities of a mutual building-loan association at a branch office in Woonsocket, Rhode Island, Although the Board has not added the operation of a Rhode Island mutual building-loan association to the list of activities specified in section 225.4(a) of Regulation Y as generally permissible for bank holding companies, the Board has determined by order that the operation of such an institution is closely related to banking in Rhode Island and approved Applicant's proposals to become a bank holding company and to continue to engage in the activities of a mutual building-loan association in 1972, and to acquire the Mayflower Savings and Loan Association ("Mayflower"), a Rhode Island mutual building-loan association, in 1980.1

Notice of the application, affording opportunity for interested persons to submit comments, has been duly published (47 Federal Register 25204 (1982)). The time for filing comments and views has expired and the Board has considered the application and all comments received in light of the factors set forth in section 4(c)(8) of the act.

Applicant (consolidated assets of \$696.5 million), a state-chartered, FSLIC-insured, mutual building-loan association, is a one bank holding company by virtue of its control of Newport National Bank, Newport, Rhode Island (deposits of \$52.7 million).² As of June 30, 1981, Applicant was the second largest thrift institution and the fifth largest commercial banking organization in Rhode Island.

As noted above, the Board first approved Applicant's request to become a bank holding company and to continue to engage in the activities of a mutual

^{1. &}quot;Old Colony Co-Operative Bank," 58 FEDERAL RESERVE BUL-LETIN 417 (1972); "Old Colony Co-Operative Bank", 66 FEDERAL RESERVE BULLETIN 665 (1980). Under section 333 of the Garn-St Germain Depository Institutions Act, Applicant is not a "bank" within the meaning of section 2(c) of the Bank Holding Company Act because its accounts are insured by the Federal Savings and Loan Insurance Corporation.

^{2.} All financial data are as of December 31, 1981, unless otherwise indicated.

building-loan association in Rhode Island in 1972. This application requests Board approval of Applicant's retention of a branch office opened de novo on July 10, 1972, without the Board's prior approval, in violation of Regulation Y. Upon examination of all the facts of the record and the circumstances of this application, the Board's view is that the violation was inadvertent. In acting on this application, the Board has taken into consideration the fact that Applicant, upon becoming aware of the existence of the violation, immediately consulted the Federal Reserve Bank of Boston to determine what actions would be necessary to comply with the act. Applicant has initiated a program to monitor compliance with the act and the Board's regulations to avoid any future violations. In addition, no other compliance problems have been noted since Applicant opened the de novo branch in 1972. In view of Applicant's efforts to comply with the act, its implementation of a compliance program, and its compliance record since 1972, the Board is persuaded that such a violation is unlikely to recur and that it does not reflect so adversely on Applicant's managerial resources as to require denial of this application.

Under the act, the Board is required to assess the public interest factors in each section 4(c)(8) application, including an application for a de novo branch of an approved subsidiary. In making such an assessment with respect to an application to retain activities where necessary prior Board approval was not obtained, the Board applies the same standards that it applies for the commencement of such activities.

The Board has previously determined that the operation of a Rhode Island mutual building-loan association by a Rhode Island bank holding company is so closely related to banking as to be a proper incident thereto. In its 1972 approval of Applicant's application to become a bank holding company and to continue to engage in the activities of a mutual building-loan association, the Board determined that, "in view of the history of affiliation of mutual thrift associations and commercial banks in Rhode Island, Applicant's continuing to engage in the activities of a thrift institution is so closely related to Rhode Island banking as to be a proper incident thereto."3 The Board reaffirmed this determination in 1980.4 Since no evidence has been presented to indicate that banking conditions have substantially changed in Rhode Island since the Board's last consideration of this issue, the Board confirms its finding that the operation of a mutual building-loan association is so closely related to banking in Rhode Island as to be a proper incident thereto.

Notwithstanding this general finding, the Board must also consider the particular facts of this case to determine whether the retention of this office can reasonably be expected to produce benefits to the public that outweigh possible adverse effects. Retention of this branch would have no significant effect on competition because it is a de novo office. The Board views de novo entry as procompetitive and a positive public benefit because such entry provides an additional source of competition in a market.⁵

In considering similar applications involving the affiliation of commercial banks and thrift institutions, the Board has expressed its clear view that serious adverse effects may result from tandem operation of these two types of institutions.6 The Board's concern in these cases is that such an affiliation would result in a subversion of the purpose of the interest rate differential between commercial banks and thrift institutions. In First Financial, the Board stated that it would not approve an application proposing the tandem operation of commercial banks and thrifts. However, in Heritage Banks, Inc., (66 FEDERAL RESERVE BUL-LETIN 590 (1980)), the Board did not apply this principle and approved the tandem operation of the applicant's commercial banks with a thrift institution. The Board found mitigating factors in Heritage Banks which clearly indicated that the proposal was not a device by the applicant to evade the differential. In Heritage Banks, the proposed acquisition of the thrift was not predicated upon the establishment of a tandem relationship with a commercial bank. On the contrary, the applicant had already received the Board's approval of the tandem operation of its commercial banks and thrifts and was only seeking Board approval to retain a branch office that had been inadvertently opened without its prior approval. Moreover, the Board cited the approval of the branch office by the Federal Deposit Insurance Corporation and the appropriate state authorities and the absence of any protests by the authorities as factors mitigating any adverse factors associated with the proposal. Similarly, the Board does not believe that Applicant's proposal is an attempt to undermine the interest rate differential because Applicant had previously received Board approval to operate its thrift institutions in tandem with its commercial banks and had inadvertently opened the subject branch office without the Board's prior approval. In addition, this branch office has been approved by the Federal Savings and Loan Insurance Corporation and the appropriate Rhode Island authorities without protest.

^{3. &}quot;Old Colony Co-Operative Bank", 58 Federal Reserve Bulletin 417 (1972).

^{4. &}quot;Old Colony Co-Operative Bank", 66 FEDERAL RESERVE BUL-LETIN 665 (1980).

^{5. &}quot;Virginia National Bancshares, Inc.", 66 FEDERAL RESERVE BULLETIN 668, 671 (1980).

^{6. &}quot;First Financial Group of New Hampshire, Inc.", 66 FEDERAL RESERVE BULLETIN 594 (1980).

There is no evidence of any other potential adverse effects that might be associated with this proposal and based upon the foregoing and other considerations reflected in the record, the Board has determined that the balance of public interest factors the Board is required to consider under section 4(c)(8) favors approval of Applicant's retention of this particular branch office. This determination is subject to the conditions set forth in section 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective November 17, 1982.

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

(Signed) JAMES McAfee, [SEAL] Associate Secretary of the Board.

Post-och Kreditbanken, PKbanken, Stockholm, Sweden

Order Approving Commercial Finance and Leasing Activities

Post-och Kreditbanken, PKbanken ("Applicant"), Stockholm, Sweden, a foreign bank subject to certain provisions of the Bank Holding Company Act has applied for the Board's approval under section 4(c)(8) of the act (12 U.S.C. § 1843(c)(8)) and section 225,4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)), to engage de novo through its subsidiary, PKfinans International Corporation ("PKFIC") New York, New York, in making or acquiring for its own account or for the account of others, commercial loans and other extensions of credit, leasing real and personal property, acting as agent, broker or adviser with respect to such financing and leasing activities, and servicing loans and other extensions of credit. Such activities have been determined by the Board to be closely related to banking (12 CFR § 225.4(a)(1), (3), (6)).

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (47 Federal Register 39615). The time for filing comments and views 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, a government-owned Swedish commercial bank, is the third largest banking organization in Sweden, and operates 129 branch offices, with total assets of 17.7 billion. Applicant's worldwide operations include a banking subsidiary in Luxembourg, interests in banks in London, Hong Kong, and Paris, and representative offices and finance-related subsidiaries in several countries throughout the world. In the United States, Applicant has a 25 percent interest in American Scandinavian Banking Corporation, an investment company that is chartered under New York banking law, and that pursuant to section 8(a) of the International Banking Act of 1978 (12 U.S.C. § 3106(a)) is subject to certain provisions of the Bank Holding Company Act.

To approve this application, the Board must find that Applicant's performance of the activities through PKFIC "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." The Board views de novo entry as procompetitive and a positive public benefit since such entry provides an additional source of competition in a market. Although PKFIC will be providing various financing and leasing services to borrowers throughout the United States, it expects to concentrate initially on Scandinavian-related borrowers, which it hopes will encourage Scandinavian companies to establish or expand their operations in the United States. Accordingly the Board views the entry of PKFIC into the commercial finance and leasing markets as a public benefit.

There is no evidence in the record to indicate that consummation of the proposal would result in undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices, or other adverse effects on the public interest. Accordingly, the Board concludes that the balance of public interest factors that it must consider under section 4(c)(8) of the act favors approval of the application and that the application should be approved. This determination is subject to the conditions set forth in section 225.4(c) of Regulation Y and the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of

^{1.} All banking data are as of December 31, 1981.

the act and the Board's regulations and orders issued under the act, or to prevent evasions of the act.

These activities shall be commenced not later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of New York, pursuant to delegated authority.

By order of the Board of Governors, effective November 22, 1982.

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

[SEAL]

(Signed) JAMES McAFEE, Associate Secretary of the Board.

Svenska Handelsbanken, Stockholm, Sweden

Den norske Creditbank, Oslo, Norway

Copenhagen Handelsbank, Copenhagen, Denmark

Kansallis-Osake-Pankki, Helsinki, Finland

Order Approving Acquisition of Commercial Funding, Inc.

Svenska Handelsbanken, Stockholm, Sweden ("Svenska"); Den norske Creditbank, Oslo, Norway ("Creditbank"); Copenhagen Handelsbank, Copenhagen, Denmark ("Copenhagen"); Kansallis-Osake-Pankki, Helsinki, Finland ("KOP"), (collectively known as "Applicants"), each a foreign bank subject to certain provisions of the Bank Holding Company Act of 1956, as amended, have applied for Board's approval, pursuant to section 4(c)(8) of the act (12 U.S.C. § 1843(c)(8)), and § 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)), for per-

mission to acquire jointly and indirectly through their subsidiary, N/A Leasing, Inc., New York, New York, 100 percent of the voting shares of Commercial Funding Inc., New York, New York ("CFI"). CFI is engaged in the activities of leasing capital equipment and other personal property and acting as an agent, broker or advisor in leasing such properties. CFI is also engaged in extending credit for its own account or the account of others to manufacturers of and dealers in equipment secured by the receivables of such manufacturers and dealers and the servicing of such accounts. The Board has determined that these activities are so closely related to banking or managing or controlling banks as to be a proper incident thereto. (12 CFR § 225.4(a)(1), (3) and (6)).

Notice of the application, affording opportunity for interested persons to submit comments and views has been given (47 Federal Register 36965 (1982)). The time for filing comments and views 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.

Svenska is the second largest bank in Sweden and the 92nd largest in the world, with consolidated assets of \$18.6 billion.² Creditbank is the largest bank in Norway and the 213th largest in the world, with consolidated assets of \$5.8 billion. Copenhagen is the largest bank in Denmark and the 192nd largest in the world, with consolidated assets of \$6.8 billion. KOP is the second largest bank in Finland and the 185th largest in the world, with consolidated assets of \$7.0 billion. CFI is principally engaged in the leasing of various types of equipment and has assets of \$9.9 million.³

This proposal involves the acquisition of a going concern and the Board has considered the effects of the acquisition on existing competition in the relevant lines of commerce, which are commercial lending and leasing. In its evaluation of the effects of this acquisition on existing competition in commercial lending. the Board notes that Applicants currently engage in commercial lending activities in the United States through their subsidiary, NABC. NABC's activities, however, are generally limited to providing financial services to foreign affiliates of Applicants' Scandinavian customers and its market share is, therefore, insignificant. CFI proposes to engage in commercial lending in Delaware, New York, New Jersey, Connecticut, Pennsylvania, North Carolina and Florida and currently has only a de minimis share of the

^{1.} Applicants are subject to the nonbanking prohibitions of the act by virtue of 12 U.S.C. § 3106(a), which provides that any foreign bank or company controlling a foreign bank that has a branch, agency or commercial lending company in the United States is subject to certain provisions of the act in the same manner as if it were a bank holding company. Applicants each own a 25 percent interest in the Nordic American Banking Corporation, New York, New York ("NABC"), an investment company chartered pursuant to Article XII of the New York Banking Law. Therefore, they are subject to the act and must receive the Board's approval before engaging in the United States in an activity permitted under section 4(c)(8).

^{2.} Unless otherwise indicated, banking data are of December 31, 1981.

^{3.} Datum is of February 28, 1982.

commercial lending market in these states. In view of the small combined market share that would result from consummation of this proposal, the Board finds that the acquisition would have no serious adverse effects on existing competition in commercial lending. Applicants' subsidiary does not engage in leasing activities in the United States and, therefore, consummation of this proposal would not have any effect on existing competition in that line of commerce. Accordingly, the Board's judgment is that consummation of this proposal would not have any adverse effects on existing competition in any relevant line of commerce.

The Board has also considered the effects of consummation of this proposal on probable future competition in the relevant lines of commerce, particularly in light of the fact that this application involves the use of a joint venture to acquire CFI.

The Board finds that each of the four Applicants has the financial and managerial resources to independently enter the commercial leasing and lending markets in the United States. However, a review of Applicants' operations and history of expansion indicates that they are unlikely candidates for independent entry into the relevant market.4 In addition, the small size of CFI, the existence of a number of other potential entrants into the markets, and the unconcentrated nature of the markets indicate that consummation of the proposal would not have any significant adverse effects on probable future competition. Finally, because this application involves a joint venture of four foreign banking organizations, it does not raise questions concerning the undue concentration of economic resources and other adverse effects that ordinarily might result in a joint venture combination of banking and nonbanking institutions.5 Thus, the Board concludes that consummation of the proposal would not have significantly adverse effects on competition in any market.

Consummation of the proposal may be expected to result in public benefits inasmuch as CFI will have access to the resources of Applicants and thus, will be a stronger competitor in the leasing and lending marBased on the foregoing and certain commitments by Applicants that are reflected in the record, the Board has determined that the balance of the public interest factors that the Board 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 section 225.4(c) of Regulation Y, and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the act, and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

The proposed activity shall be commenced not later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Fedeal Reserve Bank of New York, pursuant to delegated authority.

By order of the Board of Governors, effective November 8, 1982.

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

(Signed) JAMES MCAFEE, [SEAL] Associate Secretary of the Board.

Order Under Sections 3 and 4 of Bank Holding Company Act

The Central Bancorporation, Inc., Cincinnati, Ohio

Order Denying Acquisition of a Bank Holding Company

The Central Bancorporation, Inc., Cincinnati, Ohio ("Central"), a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 et seq.), has applied for the Board's approval under section 3(a) of the act (12 U.S.C. § 1842(a)), to acquire Union Commerce Corporation, Cleveland, Ohio ("UCC"), a bank holding company, and thereby indirectly acquire The Union Commerce Bank, Cleveland, Ohio; The Southern Ohio Bank, Cincinnati, Ohio; First National Bank

kets. Further, the Board notes there is no evidence in the record to indicate that consummation of the proposal would result in any undue concentration of resources, conflicts of interests, unsound banking practices, or other adverse effects.

^{4.} With the exception of each Applicant's Luxembourg bank subsidiary, Applicants generally do not engage in business outside their respective home countries except through joint ventures. In addition, KOP has a 9.5 percent interest in Kajaani Oy, Finland, which operates an electronic equipment subsidiary in the United States and an 8.1 percent interest in Rauma-Repola Oy, Finland, which operates a subsidiary in the United States that provides technical assistance to Rauma's woodworking engineering industry. The ownership of these shares is permissible under section 211.23(f)(5) of Regulation K.

^{5.} See, e.g., "Deutsche Bank AG", 67 Federal Reserve Bulletin 449 (1981); "BankAmerica Corporation", 60 Federal Reserve Bulletin 517, 519 (1974).

of Nelsonville, Nelsonville, Ohio; and Port Clinton National Bank, Port Clinton, Ohio.

Central has also applied for the Board's approval under section 4(c)(8) of the act (12 U.S.C. § 1843(c)(8)), and section 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)), to acquire Union Commerce Leasing Corporation ("UCC Leasing") and Union Commerce Management Corporation, both of Cleveland, Ohio ("UCC Management"). UCC Leasing engages in the activity of leasing personal property and equipment; UCC Management engages in the activity of providing investment advice for the trust departments of UCC subsidiary banks. These activities have been determined by the Board to be closely related to banking (12 CFR §§ 225.4(a)(5) and (6)).

Notice of receipt of these applications, affording opportunity for interested persons to submit comments and views, has been given in accordance with sections 3 and 4 of the act (47 Federal Register 29709 (July 8, 1982)). The time for filing comments and views has expired, and the Board has considered the application and all comments received, including those of Huntington Bancshares, Inc., Columbus, Ohio ("Huntington"), in light of the factors set forth in section 3(c) of the act (12 U.S.C. § 1842(c)), and the considerations specified in section 4(c)(8) of the act (12 U.S.C. § 1843(c)(8)).

Central, the eighth largest commercial banking organization in Ohio, controls eight subsidiary banks with aggregate deposits of \$1.84 billion, representing 4.1 percent of deposits in commercial banks in the state.² UCC, the eleventh largest commercial banking organization in Ohio, controls four subsidiary banks with aggregate deposits of \$1.1 billion. Upon acquisition of UCC, Central's share of commercial bank deposits in Ohio would increase by 2.4 percent and Central would become the fourth largest commercial banking organization in Ohio. Although the size of the organizations involved is significant, approval of this proposal will have little effect on statewide concentration, and Ohio

would remain one of the least concentrated states in the United States.

The Board has indicated on previous occasions that a bank holding company should serve as a source of financial and managerial strength to its subsidiary banks and that the Board would closely examine the condition of an applicant in each case with this consideration in mind. Although the financial and managerial resources of Central and its present subsidiaries are considered satisfactory, consummation of the proposal would result in an organization that does not, in the Board's judgment, have the financial resources to serve as a source of strength to its subsidiary banks. Central's proposal involves the use of a substantial amount of debt to finance the acquisition and results in a substantial reduction in the level of equity capital now present in both Central and UCC.

Central proposes to acquire all of the outstanding shares of UCC for a total purchase price of approximately \$98.2 million.3 Central's tender offer for UCC's shares contemplates the purchase of 57.1 percent of UCC's common shares and up to 100 percent of its preferred shares for \$64.5 million in cash, and the exchange of \$33.7 million of convertible subordinated debentures for UCC's remaining common shares. Central would fund the cash portion of the purchase price through short-term bank borrowing of \$35 million and a preferred stock issue of \$29.5 million. The total indebtedness to be incurred in the proposed transaction is \$33.7 million,4 an increase of over 39 percent in the indebtedness of the combined organization, excluding the preferred stock which is being used as a bridge financing vehicle. Central proposes to sell three of its subsidiary banks and two banking offices of its remaining subsidiary banks and three subsidiary banks of UCC in order to use the proceeds from these sales to redeem its proposed new issue of preferred stock and to reduce its overall indebtedness.

As a general proposition, the Board is concerned when transactions that rely on a substantial divestiture of assets to finance a proposed acquisition, substantially weaken the financial resources of the component and combined organizations. Although Central proposes to reduce its indebtedness by repaying the bank loan and redeeming the preferred stock with the proceeds from the sales of subsidiary banks, the reduction is not sufficient, in the Board's judgment, to restore Central's ability to serve as a source of future financial strength to its subsidiary banks. Assuming the pro-

^{1.} Central commenced a tender offer for the common and preferred shares of UCC through a subsidiary, CBC Merger, Inc. ("CBC"). Central plans to merge CBC into UCC, with UCC as the surviving entity. Central will then own 100 percent of UCC.

In connection with its tender offer, Central acquired over 5 percent of UCC's voting preferred stock without obtaining the Board's prior approval. UCC's preferred stock is a separate class of voting securities and, as such, Central's acquisition of more than 5 percent of these shares violated the provisions of sections 2 and 3 of the act. Because of confusion surrounding the definition of a "class of voting securities," the Board does not consider this violation to be an adverse factor in its evaluation of this application. However, the Board expects that Central will take steps to reduce its interest in UCC's preferred stock to below five percent in order to comply with the act.

^{2.} Banking data are as of December 31, 1981.

^{3.} The Board notes that the total purchase price could increase to as much as \$107 million if the holders of UCC's convertible notes convert the notes into UCC shares and tender the shares.

^{4.} Central proposes to retire the short-term borrowings of \$35 million with the proceeds from the sale of The Southern Ohio Bank.

posed sales are consummated, Central's short-term acquisition debt repaid, and its preferred stock redeemed as Central has projected in its application, Central's parent company long-term debt to equity ratio would be about 55 percent compared to 17 percent at the present time. This ratio gives full weight to all contemplated sales of subsidiary banks and other assets. In fact, the sales are in various stages of completeness and the timing of them is uncertain.

In an effort to allow for the uncertainty of asset sales and to build up equity through the retention of earnings. Applicant has committed not to redeem its preferred stock unless, after redemption, its debt to equity ratio would be no higher than 37 percent. The 37 percent ratio is higher than the Board has generally approved in the past and is considered unacceptably high this case. Moreover, the preferred stock commitment further increases the pressures on Central's subsidiary banks to provide support to Central to meet the substantial dividend requirements of its preferred stock. Although Applicant's projections indicate Central could service its additional debt and meet its preferred stock dividend requirements, both strong earnings in its subsidiary banks and relatively high dividend payouts from them would be required. In view of the historical performance of the banks involved, the Board regards Applicant's projections as optimistic. For these reasons, the Board does not believe that the proposal affords the degree of financial flexibility that is required for an organization of this size and importance.

Consummation of the proposal would also reduce Central's equity capital ratio from 7.2 percent to 5.8 percent, representing, in the Board's view, a significant weakening in Central's capital position. In this connection, the Board notes that approximately 25 percent of Central's equity capital funds subsequent to consummation of the proposal would consist of "goodwill."

The Board believes that the substantial increase in Central's indebtedness, the substantial reduction in its capital, the uncertainties surrounding the proposed sale of assets, and the undue strains placed on the earnings of its subsidiary banks to service acquisition debt and to meet preferred stock dividend requirements are each an adverse financial consideration in this case. The Board's judgment is that the cumulative effect of these and the other considerations with respect to the financial resources of Central is so adverse as to warrant denial of the application.

The subsidiary banks of Central and UCC compete directly with each other in the Cleveland, 6 Cincinnati, 7 and Athens8 banking markets. In the Cleveland market, UCC is the fifth largest banking organization with deposits of \$775.3 million, 9 representing seven percent of the total deposits in commercial banks in the market. Central is the thirteenth largest organization in the market with deposits of \$104.8 million, representing less than one percent of the total deposits in commercial banks in the market. Consummation of the proposed acquisition would appear to have no significant adverse effects on existing competition in the Cleveland market.

In the Cincinnati market, Central is the third largest banking organization with deposits of \$789 million, representing 16.9 percent of the total deposits in commercial banks in the market. UCC ranks fifth in the market and controls \$199 million in deposits, representing 4.3 percent of total deposits in commercial banks in the market. The acquisition of UCC would increase Central's market share to 21.2 percent, and Central would become the second largest banking organization in the market. The deposits held by the market's four largest banking organizations would increase from 67.1 percent to 71.4 percent.

In the Athens market, Central is the third largest banking organization with \$28.2 million in deposits, representing 16.2 percent of total deposits in commercial banks in the market. UCC is the smallest of the six banking organizations in the Athens market with deposits of \$14.4 million, representing 8.3 percent of total deposits in commercial banks in the market. The acquisition of UCC by Central would increase Central's market share of deposits in commercial banks in the Athens market to 24.5 percent, and Central would become the second largest banking organization in the market. The deposits held by the market's four largest banking organizations would increase from 83.4 percent to 91.7 percent.

In the Board's opinion, consummation of the proposal would increase the concentration of banking resources and would eliminate a significant amount of existing competition between Central and UCC in the Cincinnati and Athens, Ohio banking markets.¹⁰

^{5.} This assumes consummation of all proposed sales of subsidiary banks and the redemption of Central's new issue of preferred stock.

^{6.} The Cleveland banking market consists of Cuyahoga, Lake, Lorain, and Geauga Counties, the northern third of Summit County, the northwest portion of Portage County, most of Medina County, and the city of Vermilion.

^{7.} The Cincinnati banking market includes Hamilton and Clermont Counties and portions of Warren and Butler Counties in Ohio; Borne, Campbell, and Kenton Counties in Kentucky, and Dearborn County, Indiana.

^{8.} The Athens banking market is defined as all of Athens County except Troy Township.

^{9.} Market deposits are as of June 30, 1981.

^{10.} The Board concludes that consummation of the proposal will have no substantial adverse effects on probable future competition in any relevant market in the state.

In order to eliminate the anticompetitive effects of the acquisition, Central has committed to divest its subsidiary bank in the Athens market, The Peoples Bank. 11 UCC has also contracted to sell its subsidiary bank in the Cincinnati market, The Southern Ohio Bank, to United Midwest Bancshares, Inc., Cincinnati, Ohio ("United Midwest").12 In the event the Board denies United Midwest's application to acquire Southern Ohio Bank, UCC has contracted to sell Southern Ohio Bank to AmeriTrust Corporation, Cleveland, Ohio. The proposed purchasers have filed applications for the Board's prior approval under the act for these acquisitions.

In "Barnett Banks of Florida, Inc.," 68 FEDERAL RESERVE BULLETIN 190 (1982), the Board stated that divestitures that were required to avoid the anticompetitive effects of a proposed transaction "should be completed prior to or concurrent with consummation of the proposal so as to avoid the existence of significant anticompetitive effects for even a short period of time." Central has requested that the Board modify its divestiture policy in this case in light of a competing tender offer for UCC by Huntington. 13 Central has proposed to meet the Board's divestiture policy by placing the shares of Peoples Bank and Southern Ohio Bank in voting trusts until those divestitures can be completed.

The Board continues to believe that the policy set forth in the Barnett decision is necessary where divestitures are proposed to eliminate otherwise substantial anticompetitive effects. However, in light of the Board's adverse findings regarding Central's financial resources, the Board finds it unnecessary to decide whether a modification to the Board's policy is appropriate in this case.

With respect to the convenience and needs of the communities to be served, Applicant states that consummation of this proposal would permit UCC to place greater emphasis on retail banking services and would give UCC access to an expanded ATM network and to Central's expertise in the issuance of retail repurchase agreements, IRAs, and sweep accounts. In the Board's view, these convenience and needs considerations are not sufficient to outweigh the adverse financial effects of this proposal.

Based on the foregoing and other considerations reflected in the record, the Board's judgment is that the proposed acquisition is not in the public interest and that the applications should be, and hereby are denied.

By order of the Board of Governors, effective November 12, 1982.

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

(Signed) JAMES MCAFEE, [SEAL] Associate Secretary of the Board.

First Pacific Investments Limited, Monrovia, Liberia

First Pacific Holdings Limited, Hong Kong

FPC Holdings, N.V., Curação, Netherlands Antilles

First Pacific (Netherlands), B.V., Amsterdam, The Netherlands

First Pacific Corporation, Wilmington, Delaware

Order Approving Formation of Bank Holding Companies

First Pacific Investments Limited, Monrovia, Liberia ("First Pacific"); First Pacific Holdings Limited, Hong Kong ("FP-Hong Kong"); FPC Holdings, N.V., Curacao, Netherlands Antilles ("FP-N.V."); First Pacific (Netherlands), B.V., Amsterdam, Netherlands ("FP-B.V."); and First Pacific Corporation, Wilmington, Delaware ("FP-U.S."), have each applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) to become a bank holding company through the acquisition by FP-U.S. of 100 percent of the voting shares of Hibernia Bancshares Corporation, San Francisco, California ("Hibernia"). Hibernia owns 100 percent of the voting shares of The Hibernia Bank, San Francisco, California ("Bank") and is a registered bank holding company. In addition, First Pacific and FP-Hong Kong have applied for the Board's approval under section 4(c)(13) of the Bank Holding Company Act (12 U.S.C. § 1843(c)(13)) to retain ownership of shares in First Pacific Finance Limited, Hong Kong ("First Pacific Finance"), a registered deposit-taking

^{11.} On August 13, 1982, UCC contracted to sell its subsidiary bank in the Athens, Ohio market to Banc One Corporation, Columbus, Ohio.

^{12.} Although the Board denied United Midwest's original applica-tion to acquire Southern Ohio, "United Midwest Bancshares, Inc.," (Press Release of October 14, 1982), a modified proposal from United Midwest is currently pending at the Board.

^{13.} Huntington's application to acquire UCC was approved by the Federal Reserve Bank of Cleveland, acting pursuant to delegated authority, on May 20, 1982.

company organized under the laws of Hong Kong and publicly traded in Hong Kong.

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

Applicants, with the exception of FP-Hong Kong, are non-operating corporations organized for the purpose of acquiring Hibernia. First Pacific, a holding company organized under the laws of Liberia, owns over 65 percent of the outstanding voting shares of FP-Hong Kong, a publicly traded corporation organized under the laws of Hong Kong. FP-Hong Kong owns a majority of the shares of First Pacific Finance. In addition, FP-Hong Kong proposes to acquire 100 percent of the shares of FP-N.V., a company organized under the laws of the Netherlands Antilles. FP-N.V. owns 100 percent of the shares of FP-B.V., a corporation organized under the laws of The Netherlands, which in turn owns all of the shares of FP-U.S., a corporation chartered under the laws of the State of Delaware.

Upon acquisition of Hibernia and, indirectly, Bank, Applicants would control the twelfth largest commercial banking organization in California, controlling 0.53 percent of the total deposits in commercial banks in the state.¹

Bank has assets of \$888 million and controls \$752 million in deposits in 35 offices in the San Francisco, California, banking market.² Bank is the eleventh largest commercial bank in that market, with 1.4 percent of the total market deposits. Inasmuch as Applicants and their principals control no other banks and conduct no nonbanking business in the United States, consummation of the proposed transaction would have no adverse effects on either existing or potential competition in any relevant market, and would not increase the concentration of resources in any relevant area. Therefore, the Board concludes that competitive considerations are consistent with approval of the applications.

The financial and managerial resources and future prospects of each of the Applicants are considered satisfactory. In this connection, Applicants have committed to refrain from any action to change the proposed financial or organizational structure of the transaction without the consent of the Board, to consent to

the jurisdiction of the United States, to appoint an agent for service of process in the United States, and to maintain adequate books and records in the United States available to the Board on request together with any additional information that the Board may require concerning Applicants' business and financial condition. The financial and managerial resources and future prospects of Bank appear satisfactory in light of commitments made by Applicants to strengthen and improve Bank's overall condition. Based on these and other commitments made by Applicants, the Board has determined that the considerations relating to banking factors are consistent with approval of the applications.

In addition to the fact that affiliation with Applicants will strengthen Bank's condition, consummation of the proposal will enable Bank to remain a viable competitive alternative for serving the convenience and needs of the San Francisco community. Applicants also propose to assist Bank in developing a wide range of international banking capabilities. Therefore, the Board finds that considerations relating to the convenience and needs of the community to be served are consistent with approval. Accordingly, the Board has determined that consummation of the transaction would be in the public interest and that the applications should be approved.

First Pacific and FP-Hong Kong have also applied to retain shares in First Pacific Finance, a majorityowned subsidiary organized under the laws of Hong Kong. First Pacific Finance engages in deposit-taking activities in Hong Kong, as well as commercial lending, money market and inter-bank foreign exchange deposit activities, trade finance activities, loan syndication, financial advisory services regarding industrial, commercial and real estate development projects, and financial advisory activities regarding industrial mergers, acquisitions, and corporate restructurings. First Pacific Finance does not, directly or indirectly, conduct business in the United States. The type of activities engaged in by First Pacific Finance have been found to be usual in connection with the transaction of banking or other financial operations abroad and are permissible activities under the Board's Regulation K (12 CFR § 211.5(d)). Accordingly, the Board concludes that the application by First Pacific and FP-Hong Kong to retain shares of First Pacific Finance should be approved.

Based upon the foregoing, including all of the facts of record and the commitments made by Applicants, the Board has determined that the applications under sections 3(a)(1) and 4(c)(13) of the act should be and hereby are approved. The acquisition of shares of Hibernia shall not be consummated before the thirtieth day following the effective date of this Order, and

^{1.} Asset data are as of June 30, 1981; all other banking data are as of June 30, 1982.

^{2.} The San Francisco banking market is approximated by the San Francisco RMA.

neither the acquisition nor the contemplated transfer of shares of FP-N.V. shall occur 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, under delegated authority.

By order of the Board of Governors, effective November 18, 1982.

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

(Signed) WILLIAM W. WILES, Secretary of the Board. [SEAL]

Third National Corporation, Nashville, Tennessee

Order Approving Merger of Bank Holding Companies and Acquisition on Nonbanking Activities

Third National Corporation, Nashville, Tennessee ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 et seq.), has applied for the Board's approval under section 3(a)(5) of the act (12 U.S.C. § 1842(a)(5)), to merge with Ancorp Bancshares, Inc., Chattanooga, Tennessee ("Ancorp"), also a bank holding company. As a result of the merger, Third National would acquire Ancorp's two subsidiary banks: American National Bank and Trust Company of Chattanooga, Chattanooga, Tennessee; and Hamilton Bank of Johnson City, Johnson City, Tennessee.

Applicant has also applied for the Board's approval under section 4(c)(8) of the act (12 U.S.C. § 1843(c)(8)), and section 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)), to acquire Ancorp Insurance Company, Chattanooga, Tennessee ("Ancorp Insurance"). Ancorp Insurance engages in the underwriting of credit life insurance and credit accident and health insurance directly related to extensions of credit made by Ancorp's subsidiary banks. The Board has determined that these activities are closely related to banking (12 CFR § 225.4(a)(10)) and this determination is consistent with the recent amendments to section 4(c)(8) of the act limiting the permissible insurance activities of bank holding companies.¹

Notice of receipt of these applications, affording opportunity for interested persons to submit comments and views, has been given in accordance with sections 3 and 4 of the act (47 Federal Register 41425 (September 20, 1982)). The time for filing comments has expired and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the act (12 U.S.C. § 1842(c)), and the considerations specified in section 4(c)(8) of the act (12 U.S.C. § 1843(c)(8)).

Applicant is the fourth largest commercial banking organization in Tennessee and controls eight subsidiary banks with aggregate deposits of \$1.6 billion, representing 7.4 percent of the total deposits in commercial banks in the state.² Ancorp is the sixth largest commercial banking organization in Tennessee and controls two subsidiary banks with aggregate deposits of \$692.9 million, representing 3.3 percent of the total deposits in commercial banks in the state. Consummation of the proposed merger would increase Applicant's share of deposits in commercial banks in Tennessee to 10.7 percent and Applicant would become the second largest banking organization in Tennessee. While the size of the organizations involved is significant, approval of this proposal will have little effect on statewide concentration. Because Applicant and Ancorp do not operate any subsidiary banks in the same market, consummation of the proposal would not eliminate existing competition in any relevant market.

The Board has examined the effect of the proposed merger of Applicant and Ancorp upon probable future competition in the relevant geographic markets in light of the Board's proposed probable future competition guidelines.3 Applicant operates in eight banking markets in which Ancorp is not represented. Because of Ancorp's size and its history of limited geographic expansion, the Board does not consider Ancorp to be a likely future entrant into any of the eight markets where Applicant currently operates. Moreover, each of these markets is either not concentrated, as measured by the Board's proposed guidelines, or, because of its small size or market structure, is not attractive for de novo or foothold entry by Ancorp. Accordingly, the Board concludes that the proposal would not have substantial adverse effects on probable future competi-

^{1.} See The Garn-St Germain Depository Institutions Act of 1982. Pub. L. No. 97-320, § 601(A), 96 Stat. 1469 (1982).

^{2.} Banking data are as of December 31, 1981.

^{3. &}quot;Proposed Policy Statement of the Board of Governors of the Federal Reserve System for Assessing Competitive Factors Under the Bank Merger Act and the Bank Holding Company Act", 47 Federal Register 9017 (March 3, 1982). Although the proposed policy statement has not been approved by the Board, the Board has used the proposed policy statement in a number of cases to determine whether an intensive analysis is warranted regarding the effects of a proposal on probable future competition.

^{4.} These banking markets are the Nashville, Knoxville, Obion, Bradley, Sevier, Lawrence, Giles, and Hardin markets.

tion in any of these eight markets in which Ancorp does not operate.

Ancorp controls banks in two banking markets in which Applicant is not represented: Chattanooga and Johnson City. In view of its size, substantial managerial and financial resources, and previous history of expansion, Applicant appears to be a potential entrant into the Chattanooga and Johnson City markets. In the Johnson City market, Ancorp's subsidiary bank is the second largest of seven banks and controls 21.9 percent of the total deposits in commercial banks in the market. The Johnson City market has a three-firm concentration ratio of 65.9 percent and thus is unconcentrated under the Board's proposed guidelines. In addition, in view of the structure of the Johnson City banking market, the Board finds that Applicant's entry de novo or by a foothold acquisition is not likely.

In the Chattanooga market, Ancorp's subsidiary bank is the largest of twelve banks, controlling 41.7 percent of the deposits in commercial banks in the market. The Chattanooga banking market is concentrated, with a three-firm market concentration ratio of 79.6 percent. In light of these factors, the Board has carefully examined the proposed merger to determine its effect on probable future competition in the Chattanooga market. The average growth rate of deposits in the Chattanooga market for the past two years has been below the state and national average. On this basis, the Board finds that the market is not attractive for de novo or foothold entry and that an intensive analysis of the proposal under the Board's guidelines is not required.

In addition, there are three Tennessee bank holding companies with assets over \$1 billion that would remain as probable future entrants into the Chattanooga market following consummation of this proposal. There are also at least four Georgia banking organizations that are considered probable future entrants into Walker County, Georgia, which is adjacent to the city of Chattanooga and is part of the Chattanooga banking market. The presence of these Georgia organizations further mitigates the Board's concerns regarding the elimination of Applicant as a probable future entrant into the Chattanooga market. On the basis of the above and other facts of record, the Board concludes that there are insufficient grounds upon which to determine that consummation of the proposed merger

would substantially lessen probable future competition in any relevant market in the state.

The financial and managerial resources and future prospects of Applicant and Ancorp and their respective subsidiaries are considered satisfactory and consistent with approval. Although some new or expanded services may result from approval of this acquisition, there is no evidence in the record indicating that the banking needs of the communities to be served are not being met. Considerations relating to the convenience and needs of the community to be served are consistent with approval.

Applicant's credit life underwriting subsidiary currently does not derive its business from any of the banking markets where Ancorp Insurance Service operates. Accordingly, consummation of the proposed merger would not decrease competition in this line of commerce. There is no evidence in the record to indicate that approval would result in other adverse effects, such as undue concentration of resources, unfair competition, conflicts of interest, or unsound banking practices. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the act is consistent with approval of the application.

Based on the foregoing and the facts of record, the Board has determined that the applications under sections 3(a)(5) and 4(c)(8) should be and are hereby approved. The merger shall not be made before the thirtieth calendar day following the effective date of this Order; neither the subject merger nor the acquisition of the nonbanking subsidiaries shall be made later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Atlanta, pursuant to delegated authority. The determination as to Applicant's acquisition of Ancorp's nonbank subsidiaries is subject to the conditions set forth in section 225.4(c) of Regulation Y (12 CFR § 225.4(c)) and to the Board's authority to require such modifications or termination of activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the act and the Board's regulations and Orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective November 30, 1982.

^{5.} The Chattanooga banking market is defined as Hamilton County, Tennessee, and Walker County, Georgia. The Johnson City banking market is defined as Carter and Washington Counties, Tennessee.

^{6.} The Board notes that there are two other Tennessee banking organizations not presently represented in the Chattanooga market that have assets over \$700 million, and that have made a number of bank acquisitions outside of the market in which their lead banks were located.

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

Concurring Statement of Governor Teeters

I concur with the decision of the Board that the application to merge these two bank holding companies should be approved. Although the Board's proposed probable future competition guidelines technically would require more intensive review of the effects of this merger in the Bradley banking market, I believe the Board correctly determined that such further analysis is unwarranted. The relatively small size and unique structure of this market makes it unlikely that consummation of the proposal would eliminate a significant amount of probable future competition.

I continue to be concerned, however, with the Board's general approach to the evaluation of the effects of a merger on probable future competition. The Board's guidelines have been proposed as a

method of addressing the standards set out by the United States Court of Appeals for the Fifth Circuit in *Mercantile Texas Corporation* v. *Board of Governors*, 638 F.2d 1255 (5th Cir. 1981). As I have previously indicated, these grounds are so subjective that the Board has great difficulty in enforcing them and, in fact, has allowed a number of combinations of bank holding companies that, in my opinion, were substantially anticompetitive.

The instant case, on the other hand, presents a situation in which these proposed guidelines were triggered where the elimination of significant probable future competition is not an obvious concern. Accordingly, I believe the Board should give increased attention to developing and applying standards that more realistically reflect the adverse effects of the elimination of probable future competition.

November 30, 1982

ORDERS APPROVING APPLICATIONS UNDER THE BANK HOLDING COMPANY ACT AND BANK MERGER ACT

By the Board of Governors

During November 1982, the Board of Governors approved the applications listed below. Copies are available upon request to Publications Services, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Section 3

Applicant	Bank(s)	Board action (effective date)
Atlantic Bancorporation, Jacksonville, Florida	Atlantic National Bank of Florida at Orange Park, Orange Park, Florida	November 5, 1982
Bunceton Bancshares, Inc., Blue Springs, Missouri	Bunceton State Bank, Bunceton, Missouri	November 9, 1982
Community Bancorporation, Inc., Bellville, Texas	The First National Bank of Bellville, Bellville, Texas	November 5, 1982
Cook Investment, Inc., Beatrice, Nebraska	Beatrice National Corporation, Beatrice, Nebraska The Beatrice National Bank and Trust Company, Beatrice, Nebraska	November 4, 1982
First Central Corporation, Searcy, Arkansas	First National Bank of Searcy, Searcy, Arkansas	November 29, 1982
First City Bancorporation of Texas, Inc., Houston, Texas	Graham National Bank, Graham, Texas The Graham National Bank, Graham, Texas	November 3, 1982
First Manitowoc Bancorp, Inc., Manitowoc, Wisconsin	First National Bank in Manitowoc, Manitowoc, Wisconsin	November 16, 1982

Applicant	Bank(s) Reserv Bank	
Madelia Holding Corp., Madelia, Minnesota	The Citizens National Bank of Madelia, Madelia, Minnesota	November 30, 1982
Park National Corporation, Knoxville, Tennessee	Park National Bank of Knoxville, Knoxville, Tennessee	November 26, 1982
Texas American Bancshares, Inc., Forth Worth, Texas	Citizens National Bank of Temple, Temple, Texas	November 8, 1982
	Forum Bank, Arlington, Texas	
Texas Commerce Bancshares, Inc., Houston, Texas	Texas Commerce Bank-West Oaks, N.A. Houston, Texas	A., November 4, 1982

By Federal Reserve Banks

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

Section 3

Applicant Bank(s)		Reserve Bank	Effective date
Abanc Holding, Inc., El Dorando, Kansas	Augusta Bank and Trust, Augusta, Kansas	Kansas City	November 9, 1982
Alamo Corporation of Texas, Alamo, Texas	Alamo Bank of Texas, Alamo, Texas Central National Bank, Pharr, Texas McAllen National Bank, McAllen, Texas	Dallas	November 17, 1982
Alpine Bancorp, Inc., Glenwood Springs, Colorado	Snowmass Bancorp, Inc., Snowmass Village Basalt Bancorp, Inc., Basalt, Colorado Alpine Bank, Glenwood Springs, Colorado Valley Bank, Eagle, Colorado Colorado River Bancorp, Clifton, Colorado	Kansas City	October 29, 1982
American Bancorporation, Inc., Longview, Teaxs	Texas Bank & Trust in Wichita Falls, Wichita Falls, Texas	Dallas	November 19, 1982
American Commerce Bancshares, Inc., Oklahoma City, Oklahoma	American Bank of Commerce, Oklahoma City, Oklahoma	Kansas City	November 16, 1982
Associated Bank Shares Corporation, Colorado Springs, Colorado	Citizens National Bank, Colorado Springs, Colorado	Kansas City	October 29, 1982
Bancap, Inc., Poland, Indiana	Peoples State Bank of Clay County, Poland, Indiana	Chicago	November 26, 1982

Applicant	Bank(s)	Reserve Bank	Effective date
Bank of Virginia Company, Richmond, Virginia	The Bank of Vienna, Vienna, Virginia	Richmond	November 16, 1982
Bryant Bancshares, Inc., Bryant, South Dakota	Bryant State Bank, Bryant, South Dakota	Minneapolis	November 3, 1982
Carver County Bancshares, Inc., Chaska, Minnesota	Carver County State Bank, Chaska, Minnesota	Minneapolis	November 12, 1982
CharterCorp, Kansas City, Missouri	American National Bank, St. Louis, Missouri City Bank, St. Louis, Missouri	Kansas City	October 22, 1982
Citizens State Financial Corporation,	RepublicBank Groveton, Groveton, Texas	Dallas	November 8, 1982
Clay County Bancshares, Inc., Celina, Tennessee	Clay County Bank, Celina, Tennessee	Atlanta	November 26, 1982
Commercial Bancshares, Inc., Wharton, Texas	CB & T Bancshares, Inc., Cleveland, Texas	Dallas	November 8, 1982
Commercial Bankstock, Inc., Oklahoma City, Oklahoma	Commercial Bank, N.A., Oklahoma City, Oklahoma	Kansas City	November 5, 1982
Community Corporation, Enid, Oklahoma	Community Bank and Trust Company, Enid, Oklahoma	Kansas City	October 25, 1982
C.S.B. Corporation, Marianna, Florida	Gadsden State Bank, Chattahoochee, Florida	Atlanta	November 8, 1982
Dairyland State Bancorporation, Inc., Bruce, Wisconsin	Dairyland State Bank, Bruce, Wisconsin	Minneapolis	November 24, 1982
Dawson Springs Bancorp, Inc., Dawson Springs, Kentucky	Commercial Bank of Dawson, Dawson Springs, Kentucky	St. Louis	November 15, 1982
Eitzen Independents, Inc., Eitzen, Minnesota	Eitzen State Bank, Eitzen, Minnesota	Minneapolis	October 29, 1982
Emery Security Bancorporation, Inc., Emery, South Dakota	Security State Bank, Emery, South Dakota	Minneapolis	November 19, 1982
Fairmount Bancorp, Inc., Fairmount, Illinois	The First National Bank of Fair- mount, Fairmount, Illinois	Chicago	November 8, 1982
First Ada Bancshares, Inc., Ada, Oklahoma	The First National Bank, Ada, Oklahoma	Kansas City	November 15, 1982
First Ainsworth Company, Ainsworth, Nebraska	The First National Bank of Ainsworth, Ainsworth, Nebraska	Kansas City	November 16, 1982
First-Citizens Corporation, Raleigh, North Carolina	First-Citizens Bank & Trust Company, Raleigh, North Carolina	Richmond	November 4, 1982
First Edmond Bancshares, Inc., Edmond, Oklahoma	First National Bank of Edmond, Edmond, Oklahoma	Kansas City	November 10, 1982
First Graham Bancorp, Inc., Graham, Texas	First National Bank in Graham, Graham, Texas	Dallas	November 17, 1982
First Jacksboro Bancshares, Inc., Jacksboro, Texas	The First National Bank of Jacksboro, Jacksboro, Texas	Dallas	November 29, 1982

Applicant	Bank(s)	Reserve Bank	Effective date
First National Bank Holding Corporation, Pensacola, Florida	First National Bank of Escambia County, Pensacola, Florida	Atlanta	November 5, 1982
First Pioneer Bank Corp., Brush, Colorado	The Citizens National Bank, Akron, Colorado The First National Bank, Wray, Colorado	Kansas City	November 4, 1982
First Roane County Bankcorp, Inc., Rockwood, Tennessee	First National Bank and Trust Company, Rockwood, Tennessee	Atlanta	November 16, 1982
First State Bancorp, Inc., Pittsburg, Kansas	First State Bank and Trust Company, Pittsburg, Kansas	Kansas City	November 2, 1982
First Winters Holding Company, Winters, Texas	The Winters State Bank, Winters, Texas	Dallas	November 8, 1982
Florida National Banks of Florida, Inc., Jacksonville, Florida	Kingsley Bank, Orange Park, Florida	Atlanta	November 12, 1982
Forrest Bancshares, Inc., Forrest, Illinois	First State Bank of Forrest, Forrest, Illinois	Chicago	October 29, 1982
Franklin Bancshares, Inc., Franklin, Texas	The First National Bank of Frank- lin, Franklin, Texas	Dallas	November 26, 1982
Freeburg Bancorp, Inc., Freeburg, Illinois	The First National Bank of Free- burg, Freeburg, Illinois	St. Louis	October 29, 1982
Gary Holding Company, Gary, South Dakota	Gary State Bank, Gary, South Dakota	Minneapolis	November 24, 1982
Goodhue County Financial Corporation, Red Wing, Minnesota	The Goodhue County National Bank of Red Wing, Red Wing, Minnesota	Minneapolis	November 26, 1982
Grinnell Bancshares, Inc., Grinnell, Iowa	Grinnell State Bank, Grinnell, Iowa	Chicago	November 15, 1982
Gulf Southwest Bancorp, Inc., Houston, Texas	Merchants Park Bank, Houston, Texas Southern State Bank, Houston, Texas League City National Bank, League City, Texas Alvin Community Bank, N.A., Alvin, Texas	Dallas	November 26, 1982
Guaranty Bancshares Holding Corporation, Morgan City, Louisiana	Guaranty Bank & Trust Company of Morgan City, Morgan City, Louisiana	Atlanta	November 10, 1982
H & H Bancshares, Inc., White City, Kansas	First National Bank of White City, White City, Kansas	Kansas City	November 5, 1982
Hawkeye Bancorporation, Des Moines, Iowa	First National Bank in Lenox, Lenox, Iowa State Bank of Vinton, Vinton, Iowa	Chicago	November 4, 1982

Applicant	Bank(s)	Reserve Bank	Effective date
Heartland Financial Bancshares, Inc.,	Heartland Bancorp, Inc., El Paso, Illinois State Bank of Cornland,	Chicago	November 22, 1982
	Cornland, Illinois		
	Bank of Carlock, Carlock, Illinois		
	Woodford Investment Company,		
	Eureka, Illinois		
Hebron Bancshares, Inc.,	Security Bank of Hebron,	Minneapolis	November 26, 1982
Omaha, Nebraska	Hebron, North Dakota	Q. 7	N 0 1000
Hillsboro Bancshares, Inc., Hillsboro, Missouri	Bank of Hillsboro,	St. Louis	November 26, 1982
Hub Financial Corporation,	Hillsboro, Missouri Valley Bank of Helena,	Minneapolis	November 2, 1982
Helena, Montana	Helena, Montana	Minicapons	November 2, 1962
Huntley Bancshares, Inc.,	State Bank of Huntley,	Chicago	November 3, 1982
Huntley, Illinois	Huntley, Illinois		
Lancaster Bancshares, Inc., Lancaster, Texas	The First National Bank of Lan- caster,	Dallas	November 19, 1982
Marmand Carrings Danashanas	Lancaster, Texas	Chiana	N
Maynard Savings Bancshares, Maynard, Iowa	The Maynard Savings Bank, Maynard, Iowa	Chicago	November 1, 1982
Midland BanCor, Inc.,	Midland Bank,	Kansas City	October 27, 1982
Lee's Summit, Missouri	Lee's Summit, Missouri	,	_ , , , , , , , , , , , , , , , , , , ,
M.M. Enterprises of Plentywood, Inc.,	Security State Bank of Plentywood,	Minneapolis	November 19, 1982
Plentywood, Montana	Plentywood, Montana		
Mountain Financial Company,	Jefferson County Bank,	Atlanta	November 26, 1982
Maryville, Tennessee	Dandridge, Tennessee		,
MSB Holding Co., Inc.,	Mandan Security Bank,	Minneapolis	November 19, 1982
Bismarck, North Dakota	Mandan, North Dakota	G. T.	
Nelson Bancorp, Inc., Chaplin, Kentucky	Peoples State Bank, Chaplin, Kentucky	St. Louis	November 1, 1982
Northern Trust Corporation,	Colonial Bank of Schaumburg,	Chicago	November 24, 1982
Chicago, Illinois	Schaumburg, Illinois	Cincago	11010111001 21, 1702
Northern Trust Corporation,	Colonial Bank of Schaumburg,	Chicago	November 24, 1982
Chicago, Illinois	Schaumburg, Illinois		
Peoples Bancorp, Inc.,	Peoples Bank of Richwood, Inc.,	Richmond	November 17, 1982
Richwood, West Virginia	Richwood, West Virginia	St. Louis	Nauamban 12 1002
Piggott Bankstock, Inc., Piggott, Arkansas	Piggott State Bank, Piggott, Arkansas	St. Louis	November 12, 1982
Pioneer Bank Shares,	Pioneer Bank of Evanston,	Kansas City	October 22, 1982
Evanston, Wyoming	Evanston, Wyoming	,	3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3
Pope County Bankshares, Inc.,	Peoples Bank & Trust Company,	St. Louis	November 5, 1982
Russellville, Arkansas	Russellville, Arkansas		
Republic Bancshares, Inc.,	Franklin County Bank,	Atlanta	November 12, 1982
Winchester, Tennessee Southwest Bancshares, Inc.,	Winchester, Tennessee Plaza National Bank,	Dallas	October 28, 1982
Houston, Texas	Harlingen, Texas	Danas	October 28, 1982
State Bancshares, Inc.,	Coffee County Bank,	Atlanta	November 2, 1982
Enterprise, Alabama	Enterprise, Alabama		,
Timpson Financial Corporation,	First State Bank,	Dallas	November 5, 1982
		Dollas	Name - 1002
		Danas	November 5, 1982
Timpson, Texas Trinity Bancshares, Inc., Dallas, Texas	Timpson, Texas Trinity National Bank of Dallas, Dallas, Texas	Dallas	November 5, 19

Applicant		Bank(s)		Reserve Bank	Effective date
Ulm Financial Corporation,	New Ulm Sta	ate Bank,		Dallas	November 26, 1982
New Ulm, Texas	New Ulm,			~	
United Bancorp., Inc., Victoria, Texas	Unitedbank-Victoria, T			Dallas	October 29, 1982
U.S.B. Holding Co., Inc.,	Union State		N	lew York	November 23, 1982
Nanuet, New York	Nanuet, N				
UST Corp.,		Trust Company,	E	Boston	November 23, 1982
Boston, Massachusetts Wayne Bancshares, Inc., Monticello, Kentucky	City & Coun County,	ty Bank of Wayne	S	st. Louis	November 26, 1982
Western Bancshares of El Inc.,		′	Ι	Dallas	November 26, 1982
El Paso, Texas The Wilber Corporation, Oneonta, New York	Wilber Natio Oneonta, 1	,	N	New York	November 23, 1982
Section 4					
Applicant	Nonban compa (or activ	iny	Reserve Bank		Effective date
Eaton Capital Corporation, Loup City, Nebraska	Colorado Indu Eaton, Color		Kansa	as City	October 27, 1982
Sections 3 and 4					
Applicant	Bank(s)	Nonbankin company (or activity	_	Reserve Bank	Effective date
LeClaire Agency, Inc., LeClaire, Iowa	LeClaire State Bank, LeClaire, Iowa	to engage in the		Chicago	November 26, 1981
Princeton Agency, Inc., Princeton, Iowa	Farmers Savings Bank, Princeton, Iowa	to engage in the of general insu	sale	Chicago	November 26, 1982
SafraCorp, Miami, Florida	SafraBank, II, N.A., Pompano Beach, Florida	to engage in lend activities	ling	Atlanta	November 5, 1982
Valley Bancorporation, Appleton, Wisconsin	West Bank and Trust, Green Bay, Wisconsin	to engage in leas personal prope	_	Chicago	November 19, 1982
	East Bank, Green Bay, Wisconsin				
	United Bank of Green Bay, Green Bay, Wiscon- sin				
	Unibank Services, Inc., Green Bay, Wisconsin				

ORDERS APPROVED UNDER BANK MERGER ACT

By Federal Reserve Banks

Applicant	Bank(s)	Reserve Bank	Effective date
First Virginia—Franklin County, Rocky Mount, Virginia	Farmers and Merchants Bank, Boones Mill, Franklin County, Virginia	Richmond	November 9, 1982

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.
- Flagship Banks, Inc. v. Board of Governors, filed October 1982, U.S.D.C. for the District of Columbia.
- Association of Data Processing Service Organizations, Inc., et al. v. Board of Governors, filed August 1982, U.S.C.A. for the District of Columbia.
- The Philadelphia Clearing House Association, et al. v. Board of Governors, filed July 1982, U.S.D.C. for the Eastern District of Pennsylvania.
- Richter v. Board of Governors, et al., filed May 1982, U.S.D.C. for the Northern District of Illinois.
- Montgomery v. Utah, et al., filed May 1982, U.S.D.C. for the District of Utah.
- Wyoming Bancorporation v. Board of Governors, filed May 1982, U.S.C.A. for the Tenth Circuit.
- First Bancorporation v. Board of Governors, filed April 1982, U.S.C.A. for the Tenth Circuit.
- Charles G. Vick v. Paul A. Volcker, et al., filed March 1982, U.S.D.C. for the District of Columbia.
- Jolene Gustafson v. Board of Governors, filed March 1982, U.S.C.A. for the Fifth Circuit.
- Option Advisory Service, Inc. v. Board of Governors, filed December 1981, U.S.C.A. for the Second Circuit.
- Edwin F. Gordon v. Board of Governors, et al., filed October 1981, U.S.C.A. for the Eleventh Circuit (two consolidated cases).
- Allen Wolfson v. Board of Governors, filed September 1981, U.S.D.C. for the Middle District of Florida.

- Option Advisory Service, Inc. v. Board of Governors, filed September 1981, U.S.C.A. for the Second Circuit (two cases).
- Bank Stationers Association, Inc., et al. v. Board of Governors, filed July 1981, U.S.D.C. for the Northern District of Georgia.
- Public Interest Bounty Hunters v. Board of Governors, et al., filed June 1981, U.S.D.C. for the Northern District of Georgia.
- Edwin F. Gordon v. John Heimann, et al., filed May 1981, U.S.C.A. for the Fifth Circuit.
- First Bank & Trust Company v. Board of Governors, filed February 1981, U.S.D.C. for the Eastern District of Kentucky.
- 9 to 5 Organization for Women Office Workers v. Board of Governors, filed December U.S.D.C. for the District of Massachusetts.
- Securities Industry Association v. Board of Governors, et al., filed October 1980, U.S.D.C. for the District of Columbia.
- Securities Industry Association v. Board of Governors, et al., filed October 1980, U.S.C.A. for the District of Columbia.
- A. G. Becker, Inc. v. Board of Governors, et al., filed October 1980, U.S.D.C. for the District of Colum-
- A. G. Becker, Inc. v. Board of Governors, et al., filed October 1980, U.S.C.A. for the District of Columbia.
- A. G. Becker, Inc. v. Board of Governors, et al., filed August 1980, U.S.D.C. for the District of Columbia.
- Berkovitz, et al. v. Government of Iran, et al., filed June 1980, U.S.D.C. for the Northern District of California.

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Item	1981		1982				1982		
, tear	Q4	QI	Q2	Q3	June	July	Aug.	Sept.	Oct.
		(annual rate	Monetary as	and credit a , seasonally	ggregates adjusted in	n percent)	l	
Reserves of depository institutions 1 Total	3.1 3.5 10.9 3.8	7.5 7.1 9 7.8	.6 1.1 4.2 7.1	4.8 4.6 11.2 6.5	2.2 3.8 5 7.7	1.6 1.8 14.8 2.8	8.8 8.9 14.5 6.8	23.6 21.5 10.7 12.2	9.4 8.9 23.8 6.8
Concepts of money and liquid assets ³ 5 M1. 6 M2. 7 M3. 8 L.	5.7 8.9 9.3 10.7	10.4 9.8 8.7 10.3	3.3 9.5 10.7 12.0°	3.5 9.7 12.1' 11.6	3 6.6 8.8 10.9	3 9.7 12.6 14.2	10.4 14.3 18.57 11.3	14.0 5.0 3.9 n.a.	20.3 8.3 9.2 n.a.
Time and savings deposits Commercial banks 9 Total 10 Savings' 11 Small-denomination time' 12 Large-denomination time ⁶ 13 Thrift institutions'	8.3 -11.9 20.8 5.4 2.7	7.5 8.7 9.7 4.6 3.1	17.1 2.0 23.8 17.0 6.6	17.8 -9.7 21.3 26.7 6.8	17.3 -4.5 15.8 29.6 3.8	22.9 -21.8 29.1 36.4 10.4	16.57 -8.4 20.3 23.0 6.3	4.0 5.4 8.8 -1.6 3	.4 20.7 -9.6 2.6 5.8
14 Total loans and securities at commercial banks ⁸	3.6	2.6	8.6	6.0	5.2	6.3	6.6	4.4	6.8
	1981		1982				1982		
	Q4	QI	Q2	Q3	July	Aug.	Sept.	Oct.	Nov.
			Inte	rest rates (I	evels, perce	nt per anni	ım)	·	
Short-term rates 15 Federal funds 16 Discount window borrowing 10 17 Treasury bills (3-month market yield) 11 18 Commercial paper (3-month) 11.12	13.59 13.04 11.75 13.04	14.23 12.00 12.81 13.81	14.52 12.00 12.42 13.81	11.01 10.83 9.32 11.15	12.59 11.81 11.35 12.94	10.12 10.68 8.68 10.15	10.31 10.00 7.92 10.36	9.71 9.68 7.71 9.20	9.20 9.35 8.07 8.69
Long-term rates Bonds 19 U.S. government ¹³ 20 State and local government ¹⁴ 21 Aaa utility (new issue) ¹⁵ 22 Conventional mortgages ¹⁶	14.14 12.54 15.67 17.33	14.27 13.02 15.71 17.10	13.74 12.33 15.73 16.63	12.94 11.39 14.25 15.65	13.76 12.28 15.61 16.50	12.91 11.23 13.95 15.40	12.16 10.66 13.52 15.05	10,97 9,69 12,20 13,95	10.57 10.06 11.76 13.80

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

2. Includes reserve balances at Federal Reserve Banks in the current week plus vault cash held two weeks earlier used to satisfy reserve requirements at all depository institutions plus currency outside the U.S. Treasury, Federal Reserve Banks, the vaults of depository institutions, and surplus vault cash at depository institutions.

the vaults of depository institutions, and surplus vault cash at depository institutions.

3. M1: Averages of daily figures for (1) currency outside the Treasury, Federal Reserve Banks, and the vaults of commercial banks; (2) traveler's checks of non-bank issuers; (3) demand deposits at all commercial banks other than those due to domestic banks, the U.S. government, and foreign banks and official institution less cash items in the process of collection and Federal Reserve Idoat; and (4) negotiable order of withdrawal (NOW) and automatic transfer service (ATS) accounts, and demand deposits at mutual savings banks.

M2: M1 plus savings and small-denomination time deposits at all depository institutions, overnight repurchase agreements at commercial banks, overnight Eurodollars held by U.S. residents other than banks at Caribbean branches of member banks, and balances of money market mutual funds (general purpose and brooker) dealer).

M3: M2 plus large-denomination time deposits at all depository institutions and term RPs at commercial banks and savings and loan associations and balances of institution-only money market mutual funds.

L: M3 plus other liquid assets such as term Eurodollars held by U.S. residents other than banks, bankers acceptances, commercial paper, Treasury bills and other liquid Treasury securities, and U.S. savings bonds.

4. Savings deposits exclude NOW and ATS accounts at commercial banks and thrifts and CUSD accounts at credit unions.

5. Small-denomination time deposits—including retail RPs—are those issued in amounts of less than \$100,000.

6. Large-denomination time deposits are those issued in amounts of \$100,000 or

- 6. Large-denomination time deposits are those issued in amounts of \$100,000 or more.
 7. Savings and loan associations, mutual savings banks, and credit unions.
 8. Changes calculated from figures shown in table 1.23. Beginning December 1981, growth rates reflect shifts of foreign loans and securities from U.S. banking offices to international banking facilities.
 9. Averages of daily effective rates (average of the rates on a given date weighted by the volume of transactions at those rates).
 10. Rate for the Federal Reserve Bank of New York.
 11. Quoted on a bank-discount basis.
 12. Unweighted average of offering rates quoted by at least five dealers.
 13. Market yields adjusted to a 20-year maturity by the U.S. Treasury.
 14. Bond Buyer series for 20 issues of mixed quality.
 15. Weighted averages of new publicly offered bonds rated Aaa, Aa, and A by Moody's Investors Service and adjusted to an Aaa basis. Federal Reserve compilations.

- 16. Average rates on new commitments for conventional first mortgages on new homes in primary markets, unweighted and rounded to nearest 5 basis points, from Dept. of Housing and Urban Development.

NOTE. Revisions in reserves of depository institutions reflect the transitional phase-in of reserve requirements as specified in the Monetary Control Act of 1980.

A4 Domestic Financial Statistics December 1982

1.11 RESERVES OF DEPOSITORY INSTITUTIONS, RESERVE BANK CREDIT

Millions of dollars

		hly average laily figures			Weekl	y averages o	f daily figure	es for week e	nding	
Factors		1982			1982					
	Sept.	Oct.	Nov.	Oct. 13	Oct. 20	Oct. 27	Nov. 3	Nov. 10	Nov. 17	Nov. 24 ^p
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding	153,324	153,666	156,110	152,566	155,737	153,777	153,630	154,473	156,764	156,859
2 U.S. government securities ¹	131,920 131,436	132,374 132,093	134,461 134,207	131,389 131,389	133,593 133,011	132,752 132,752	132,280 132,280	132,215 132,215	134,879 134,626	136,095 135,261
Held under repurchase agreements Federal agency securities	484 9,042	281 9,069	254 8,981	8,947	582 9,048	8,943	8,943	8,943	253 9,001	834 9,049
6 Bought outright	8,951 91	8,945 124	8,943 38	8,947	8,943 105	8,943 0	8,943 0	8,943 (0	8,943 58	8,943 106
8 Acceptances	159 976	112 455	47 579	365	140 516	452	0 458	722 722	74 742	129 467
10 Float	2,123 9,104	1,952 9,704	2,689 9,353	2,291 9,574	2,730 9,710	1,731 9,900	1,858 9,091	2,669 10,924	2,707 9,361	2,325 8,794
12 Gold stock	11,148 4,118	11,148 4.218	11,148 { 4,371	11,148 4,218	11,148 4,218	11,148 4,218	11,148 4,218	11,148 4,304	11,148 4,418	. 11,148 4,418
14 Treasury currency outstanding	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786
Absorbing Reserve Funds							,			
15 Currency in circulation. 16 Treasury cash holdings. Deposits, other than reserves, with Federal Reserve Banks	148,631 415	149,174 (436)	151,288 449	149,828 436	149,675 439	148,807 440	149,337 443	150,631 449	151,535 452	151,512 451
17 Treasury	4,062 264 509	2,932 262 540	3,097 273 569	2,819 248 532	2.858 287 537	2,774 253 550	2,654 313 502	3,256 256 463	3,108 259 596	2,871 277 593
20 Required clearing balances	275	324	391	318	331	347	365	382	394	405
capital	4,836 23,385	4,898 24,252	4,785 24,563	4,982 22,555	4,908 25,854	4,830 24,929	4,802 24,366	4,818 23,457	4,786 24,987	4,764 25,338
	End-	of-month fig	gures			We	dnesday figu	ires		
		1982			, <u>-</u>		1982			
	Sept.	Oct.	Nov.	Oct. 13	Oct. 20	Oct. 27	Nov. 3	Nov. 10	Nov. 17	Nov. 24 <i>p</i>
SUPPLYING RESERVE FUNDS										
23 Reserve Bank credit outstanding	156,502	152,760	159,079	154,442	161,798	154,768	156,078	157,538	155,157	156,292
24 U.S. government securities ¹	134,393	132,080 132,080	137,676 137,676	131,459 131,459	135,926 131,849	132,604 132,604	132,105 132,105	133,057 133,057	133,861 133,861	134,630 134,630
26 Held under repurchase agreements	3,802 9,950 8,949	8,943	8,943 8,943	8,943	4,077 9,680 8,943	8,943 8,943	8,943	8,943 8,043	8,943	8,943 8,943
28 Bought outright	1,001 813	8,943 0 0	0	8,943 0 0	737 981	0,943	8,943 0	8,943 0 0	8,943 0 0	0 0
31 Loans	1,123 550	438 1,168	374 2,401	354 3,945	1,617 3,439	822 2,293	758 3,936	3,208 2,215	425 3,324	804 3,031
33 Other Federal Reserve assets	9,673	10,131	9,685	9,741	10,155	10,106	10,336	10,115	8,604	8,884
34 Gold stock	11,148 4,218 13,786	11,148 4,218 13,786	11,148 4,418 13,786	11,148 4,218 13,786	11,148 4,218 13,786	11,148 4,218 13,786	11,148 4,218 13,786	11,148 4,418 13,786	11,148 4,418 13,786	11,148 4,418 13,786
ABSORBING RESERVE FUNDS										
37 Currency in circulation	148,093 423	148,922 444	152,895 444	150,508 437	149,553 440	149,195 442	150,167 442	151,680 452	151,708 450	152,218 449
Reserve Banks 39 Treasury	10,975 396	2,309 327	2,247 387	2,980 211	3,200 287	3,169 220	3,154 300	3,166 290	3,836	3,394
40 Foreign	405 300	450 356	717 408	516 312	552 321	465 338	467 355	554 378	214 548 392	261 595 405
] 300	3.00	400	312	1 321	3.85	333	3/8	392	1 405
43 Other Federal Reserve liabilities and capital	5,047	4,783	5,209	4,745	4,839	4,653	4,618	4,624	4,629	4,575

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.

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

^{2.} Excludes required clearing balances.

1.12 RESERVES AND BORROWINGS Depository Institutions

Millions of dollars

	!			Mon	thly average:	s of daily fig	ures			
Reserve classification	1981					1982				
	Dec.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov. P
1 Reserve balances with Reserve Banks ¹ . 2 Total vault cash (estimated). 3 Vault cash at institutions with required reserve balances. 4 Vault cash equal to required reserves at other institutions. 5 Surplus vault cash at other institutions. 6 Reserve balances + total vault cash it osatisfy reserve requirements. 7 Reserve balances + total vault cash used to satisfy reserve requirements. 8 Required reserves (estimated). 9 Excess reserve balances at Reserve Banks. 10 Total borrowings at Reserve Banks. 11 Scasonal borrowings at Reserve Banks. 12 Extended credit at Reserve Banks.	26,163 19,538 13,577 2,178 3,783 45,701 41,918 41,606 312 642 53 149	24.254 18.749 12.663 2.313 3.773 43.003 39.230 38.873 357 1.611 174 309	24,565 18,577 12,709 2,284 3,584 43,142 39,588 39,284 274 1,581 167 245	24,207 19,048 12,972 2,373 3,703 43,255 39,552 39,192 360 1,105 237 177	24,031 19,318 13,048 2,488 3,782 43,349 39,567 39,257 310 1,205 239 103	24,273 19,448 13,105 2,486 3,857 43,721 39,864 39,573 291 669 225 46	24,471 19,500 13,188 2,518 3,794 43,971 40,177 39,866 311 510 119 94	23,385 19,921 13,651 2,927 3,343 43,306 39,963 39,579 384 976 102 118	24,252 19,578 13,658 13,658 2,677 3,243 43,830 40,587 40,183 40,4 455 86 141	24,563 19,804 13,909 2,689 3,206 44,367 41,161 40,798 363 579 47 188
				Weekly aver	ages of daily	figures for v	veek ending			
					19	82				
	Sept. 22	Sept. 29	Oct. 6	Oct. 13	Oct. 20	Oct. 27	Nov. 3	Nov. 10	Nov. 17	Nov. 24 <i>p</i>
 13 Reserve balances with Reserve Banks¹. 14 Total vault cash (estimated). 15 Vault cash at institutions with required reserve balances². 16 Vault cash equal to required reserves at other institutions. 17 Surplus vault cash at other institutions³. 18 Reserve balances + total vault cash⁴. 19 Reserve balances + total vault cash used to satisfy reserve requirements^{1,5}. 20 Required reserves (estimated). 21 Excess reserve balances at Reserve Banks^{4,6}. 22 Total borrowings at Reserve Banks. 23 Scasonal borrowings at Reserve Banks 24 Extended redit at Reserve Banks. 	24,543 18,744 13,251 2,460 3,033 43,287 40,254 40,004 250 810 100 118	23,486 20,422 14,131 2,934 3,357 43,908 40,551 40,266 285 753 112 124	23,496 20,045 13,983 2,769 3,293 43,541 40,248 39,737 511 606 104	22,555 20,327 13,762 3,032 3,533 42,882 39,349 38,887 462 365 70 117	25.854 18.391 13.014 2.370 3.007 44.245 41.238 40.977 261 516 85 110	24,929 19,280 13,683 2,476 3,121 44,209 41,088 40,769 319 452 90 179	24,366 20,166 14,070 2,807 3,289 44,532 41,243 40,701 542 458 73 196	23,457 20,175 13,904 2,948 3,323 43,632 40,309 39,967 50 190	24,987 19,905 13,662 2,884 3,359 44,892 41,533 41,135 398 742 48 188	25.338 18.687 13.543 2.289 2.855 44,025 41,170 40,858 312 467 466 186

^{1.} As of Aug. 13, 1981, excludes required clearing balances of all depository institutions.

institutions.

2. Before Nov. 13, 1980, the figures shown reflect only the vault cash held by member banks.

3. Total vault cash at institutions without required reserve balances less vault cash equal to their required reserves.

4. Adjusted to include waivers of penalties for reserve deficiencies in accordance with Board policy, effective Nov. 19, 1975, of permitting transitional relief on a graduated basis over a 24-month period when a nonmember bank merged into an

existing member bank, or when a nonmember bank joins the Federal Reserve System. For weeks for which figures are preliminary, figures by class of bank do not add to total because adjusted data by class are not available.

5. Reserve balances with Federal Reserve Banks, which exclude required clearing balances plus vault cash at institutions with required reserve balances plus vault cash equal to required reserves at other institutions.

6. Reserve balances with Federal Reserve Banks, which exclude required clearing balances plus vault cash used to satisfy reserve requirements less required reserves. (This measure of excess reserves is comparable to the old excess reserve concept published historically.)

A6 Domestic Financial Statistics December 1982

1.13 FEDERAL FUNDS AND REPURCHASE AGREEMENTS Large Member Banks¹

Averages of daily figures, in millions of dollars

By maturity and source	1982, week ending Wednesday								
by maturity and source	Sept. 29	Oct. 6	Oct. 13	Oct. 20	Oct. 27'	Nov. 3	Nov. 10	Nov. 17	Nov. 24
One day and continuing contract 1 Commercial banks in United States. 2 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies. 3 Nonbank securities dealers.	50,9617 24,267 4,710 20,728	60,508 ^r 24,162 ^r 5,077 21,228	62,405° 23,153 5,866 22,012	56,073 26,020 5,878 22,814	52,462 25,399 5,703 23,922	55,305 25,141 5,619 23,766	61,256 25,822 5,144 24,429	59,847 25,118 5,589 24,060	55,162 24,369 5,156 23,808
All other maturities 5 Commercial banks in United States. 6 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies. 7 Nonbank securities dealers. 8 All other	4,400 8,171 5,643 9,289	4,212 8,065 4,469 8,745'	4,461 8,740 4,827 9,165	4,044 8,473 4,838 8,798	3,955 8,285 4,853 8,620	4,515 8,516 5,287 9,683	3,900 8,821 4,614 8,779	3,847 8,917 4,821 8,724	4,219 9,118 4,561 9,443
MEMO: Federal funds and resale agreement loans in ma- turities of one day or continuing contract 9 Commercial banks in United States	24,214 4,576	28,305 <i>′</i> 4,870	28,045 5,336	25,163 5,409	24,207 5,394	25,903 5,166	25,394 5,453	25,998 5,431	21,865 5,897

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

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

Current	and	previous	levels

	Ch				Extended credit ¹										
Federal Reserve Bank	Snort-to an	Short-term adjustment credit and seasonal credit			First 60 days of borrowing		Next 90 days of borrowing		50 days	Effective date					
Boston	Rate on 11/30/82	Effective date	Previous rate	Rate on 11/30/82	Previous rate	Rate on 11/30/82	Previous rate	Rate on 11/30/82	Previous rate	for current rates					
Boston New York Philadelphia Cleveland Richmond Atlanta Chicago St. Louis Minneapolis Kansas City Dallas San Francisco	9	11/22/82 11/22/82 11/22/82 11/26/82 11/22/82 11/22/82 11/22/82 11/22/82 11/22/82 11/22/82 11/23/82 11/23/83	91/2	9	91/2	10	101/2	11	111/2	11/22/82 11/22/82 11/22/82 11/26/82 11/22/82 11/22/82 11/22/82 11/22/82 11/22/82 11/22/82 11/22/82 11/22/82					

Range of rates in recent years2

Effective date	Range (or level)— Ali 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. 1974— Apr. 25. 30. Dec. 9. 16. 1975— Jan. 6. 10. 24. Feb. 5. 7. Mar. 10. 14. May 16. 23. 1976— Jan. 19. 23. Nov. 22. 26. 1977— Aug. 30. 31. Sept. 2. Oct. 26. 1978— Jan. 9. 20. May 11. 12.	7½ 7½-8 8 7¾-8 7¾-8 7¾-7¾ 7¼-7¾ 6¾-7¼ 6¾-6¾ 6½-6 5½ 5½-6 5½-5 5¼-5¾ 5¼-5¾ 5¼-5¾ 5¼-5¾ 6-6½ 6	7½ 8 8 8 734 734 74 74 634 634 634 64 66 6 6 5 5 5 5 4 5 5 4 5 4 6 6 6 6	1978— July 3 10 10 10 10 10 10 10 10 10 16 16 16 10 16 10 1979— July 20 Aug. 17 20 20 20 20 10 1980— Feb. 15 10 1980— Feb. 15 19 10 1980— June 13 16 10 16 11 16 10 16 11 16 11 16 11 16 11 16 11 16 10 17 16 17 16 17 16 17 16 17 16 17 18	7-7¼ 7½ 7½ 88 88½ 8½ 8½ 9½ 10 10-10½ 10½ 10½ 11 11-12 12 12-13 13 12-13 11 10-11 10 11 12 12-13 13	7½ 7½ 8 8 8½ 9½ 9½ 100 10½ 111 12 12 13 13 13 12 11 10 10 10 11 12 13 13	1981— May 5	13-14 14 13-14 13 12 11½-12 11-11½ 10-10½ 10-10½ 10-10½ 9½2-10 9½2-10 9½2 9-9½	14 14 13 13 12 11½ 11½ 11 10 10 10 9½ 9½ 9 9

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.} Applicable to advances when exceptional circumstances or practices involve only a particular depository institution and to advances when an institution is under sustained liquidity pressures. See section 201.3(b)(2) of Regulation A.

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

DEPOSITORY INSTITUTIONS RESERVE REQUIREMENTS¹ 1.15

Percent of deposits

Type of deposit, and deposit interval in millions of dollars	before implem	c requirements tentation of the Control Act	Type of deposit, and deposit interval	Depository institution requirements after implementation of the Monetary Control Act ⁵			
ŧ	Percent	Effective date		Percent	Effective date		
Net demand ² 0-2 10-10 10-100 100-400 Over 400 Time and savings ^{2,3} Savings Time ⁴ 0-5, by maturity 30-179 days 180 days to 4 years 4 years or more Over 5, by maturity 30-179 days. 180 days to 4 years 4 years or more	21/2 1	12/30/76 12/30/76 12/30/76 12/30/76 12/30/76 12/30/76 3/16/67 1/8/76 10/30/75 12/12/74 1/8/76 10/30/75	Net transaction accounts ^{6,7} \$0-\$26 million Over \$26 million Nonpersonal time deposits ⁸ By original maturity Less than 3½ years 3½ years or more Eurocurrency liabilities All types	3 12 3 0	11/13/80 11/13/80 4/29/82 4/29/82 11/13/80		

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

ciations, credit unions, agencies and branches of foreign banks, and Edge Act corporations.

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

The Federal Reserve Act as amended through 1978 specified different ranges of requirements for reserve city banks and for other banks. Reserve cities were designated under a criterion adopted effective Nov. 9, 1972, by which a bank having net demand deposits of more than \$400 million was considered to have the character of business of a reserve city bank. The presence of the head office of such a bank constituted designation of that place as a reserve city. Cities in which there were Federal Reserve Banks nor branches were also reserve cities. Any banks having net demand deposits of \$400 million or less were considered to have the character of business of banks outside of reserve cities and were permitted to maintain reserves at ratios set for banks not in reserve cities.

business of banks outside of reserve cities and were permitted to maintain reserves at ratios set for banks not in reserve cities.

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

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

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

Christmas and vacation club accounts were subject to the same requirements as savings deposits.

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

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

Effective with the reserve maintenance period beginning Oct. 25, 1979, a marginal reserve requirement of 8 percent was added to managed liabilities in excess of a base amount. This marginal requirement was increased to 10 percent beginning Apr. 3, 1980, was decreased to 5 percent beginning June 12, 1980, and was reduced to zero beginning July 24, 1980. Managed liabilities are defined as large time deposits, Eurodollar borrowings, repurchase agreements against U.S.

government and federal agency securities, federal funds borrowings from non-member institutions, and certain other obligations. In general, the base for the marginal reserve requirement was originally the greater of (a) \$100 million or (b) the average amount of the managed liabilities held by a member bank, Edge corporation, or family of U.S. branches and agencies of a foreign bank for the two statement weeks ending Sept. 26, 1979. For the computation period beginning Mar. 20, 1980, the base was lowered by (a) 7 percent or (b) the decrease in an institution's U.S. office gross loans to foreigners and gross balances due from foreign offices of other institutions between the base period (Sept. 13–26, 1979) and the week ending Mar. 12, 1980, whichever was greater. For the computation period beginning May 29, 1980, the base was increased by 7½ percent above the base used to calculate the marginal reserve in the statement week of May 14–21, 1980. In addition, beginning Mar. 19, 1980, the base was reduced to the extent that foreign loans and balances declined.

balances declined.

5. For existing nonnember banks and thrift institutions at the time of implementation of the Monetary Control Act, the phase-in period ends Sept. 3, 1987. For existing member banks the phase-in period is about three years, depending on whether their new reserve requirements are greater or less than the old requirements. For existing agencies and branches of foreign banks, the phase-in ended Aug. 12, 1982. New institutions have a two-year phase-in beginning with the date that they open for business, except for those institutions having total reservable liabilities of \$50 million or more.

that they open for business, except for those institutions having total reservable liabilities of \$50 million or more.

6. 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.

7. The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement will apply be modified annually to 80 percent of the percentage increase in transaction accounts held by all depository institutions on the previous June 30. At the beginning of 1982 the amount was accordingly increased from \$25 million to \$26 million.

8. In general, nonpersonal time deposits are time deposits, including savings deposits, that are not transaction accounts and in which the beneficial interest isheld 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.

The category of time deposit authorized by the Depository Institutions Deregulation Committee (DIDC), effective Sept. 1, 1982 (original maturity or required notice period of 7 to 31 days, required minimum deposit balance of \$20,000, and ceiling rate tied to the 91-day Treasury bill rate), is classified as a time deposit for reserve requirement purposes.

reserve requirement purposés.

Note. Required reserves must be held in the form of deposits with Federal Reserve Banks or vault cash. After implementation of the Monetary Control Act, nonmembers may maintain reserves on a pass-through basis with certain approved

1.16 MAXIMUM INTEREST RATES PAYABLE on Time and Savings Deposits at Federally Insured Institutions Percent per annum

		Commercial	banks		Savings and loan associations and mutual savings banks (thrift institutions)					
Type and maturity of deposit	In effect Nove	mber 30, 1982	Previous	maximum	In effect Nove	mber 30, 1982	Previous maximum			
	Percent	Effective date	Percent	Effective date	Percent	Effective date	Percent	Effective date		
1 Savings	51/4 51/4	7/1/79 12/31/80	5 5	7/1/73 1/1/74	5½ 5¼	7/1/79 12/31/80	51⁄4 5	(¹) 1/1/74		
Time accounts 3	5¼ 5¾ 6 6½ 7¼ 7½ 7¾ 8	8/1/79 1/1/80 7/1/73 7/1/73 11/1/73 12/23/74 6/1/78 6/1/78	5 5½ 5½ 5¾ 5¾ (9) 7¼ (6)	7/1/73 7/1/73 1/21/70 1/21/70 1/21/70 1/21/70 11/1/73	(°) 6 6 ¹ / ₂ 6 ³ / ₄ 7 ¹ / ₂ 7 ³ / ₄ 8	1/1/80 (¹) (¹) 11/1/73 12/23/74 6/1/78 6/1/78	(6) 53/4 53/4 6 6 (7) 71/2 (6) 73/4	(¹) 1/21/70 1/21/70 1/21/70 1/1/73 12/23/74		

1. July 1, 1973, for mutual savings banks; July 6, 1973, for savings and loans.

2. Federally insured commercial banks, savings and loan associations, cooperative banks, and mutual savings banks in Massachusetts and New Hampshire were first permitted to offer negotiable order of withdrawal (NOW) accounts on Jan. 1, 1974. Authorization to issue NOW accounts was extended to similar institutions throughout New England on Feb. 27, 1976, in New York State on Nov. 10, 1978, New Jersey on Dec. 28, 1979, and to similar institutions nationwide effective Dec. 31, 1980.

3. Eve according with

- Jersey on Dec. 28, 19/9, and to similar institutions nationwide effective Dec. 31, 1980.

 3. For exceptions with respect to certain foreign time deposits see the BULLETN for October 1962 (p. 1279), August 1965 (p. 1084), and February 1968 (p. 167).

 4. Effective Nov. 10, 1980, the minimum notice period for public unit accounts at savings and lona associations was decreased to 14 days and the minimum maturity period for time deposits at savings and lona associations in excess of \$100,000 was decreased to 14 days. Effective Oct. 30, 1980, the minimum maturity or notice period for time deposits was decreased from 30 to 14 days at mutual savings banks.

 5. Effective Oct. 30, 1980, the minimum maturity or notice period for time deposits was decreased from 30 to 14 days at commercial banks.

 6. No separate account category.

 7. No minimum denomination. Until July 1, 1979, a minimum of \$1,000 was required for savings and loan associations, except in areas where mutual savings banks permitted lower minimum denominations. This restriction was removed for deposits maturing in less than 1 year, effective Nov. 1, 1973.

 8. No minimum denomination. Until July 1, 1979, the minimum denomination was \$1,000 except for deposits representing funds contributed to an individual retirement account (IRA) or a Keogh (H.R. 10) plan established pursuant to the Internal Revenue Code. The \$1,000 minimum requirement was removed for such accounts in December 1975 and November 1976 respectively.

9. Between July 1, 1973, and Oct. 31, 1973, certificates maturing in 4 years or more with minimum denominations of \$1,000 had no ceiling; however, the amount of such certificates that an institution could issue was limited to 5 percent of its total time and savings deposits. Sales in excess of that amount, as well as certificates of less than \$1,000, were limited to the 6½ percent ceiling on time deposits maturing in 2½ years or more. Effective Nov. 1, 1973, ceilings were reimposed on certificates maturing in 4 years or more with minimum denomination of \$1,000. There is no limitation on the amount of these certificates that banks can issue.

10. Accounts subject to fixed-rate ceilings. See footnote 8 for minimum denomination requirements.

11. Effective Jan. 1, 1980, commercial banks are permitted to pay the same rate as thrifts on IRA and Keogh accounts and accounts of governmental units when such deposits are placed in 2½-year-or-more variable-ceiling certificates or in 26-week money market certificates regardless of the level of the Treasury bill rate.

NOTE. Before Mar. 31, 1980, the maximum rates that could be paid by federally insured commercial banks, mutual savings banks, and savings and loan associations were established by the Board of Governors of the Federal Reserve System, the Board of Directors of the Federal Peopeit Insurance Corporation, and the Federal Home Loan Bank Board under the provisions of 12 CFR 217, 329, and 526 respectively. Title II of the Depository Institutions Deregulation and Monetary Control Act of 1980 (P.L. 96-221) transferred the authority of the agencies to establish maximum rates of interest payable on deposits to the Depository Institutions Deregulation Committee. The maximum rates on time deposits in denominations of \$100,000 or more with maturities of 30-89 days were suspended in June 1970; the maximum rates for such deposits maturing in 90 days or more were suspended in May 1973. For information regarding previous interest rate ceilings on all types of accounts, see earlier issues of the FEDERAL RESERVE BULLETIN, the Federal Home Loan Bank Board Journal, and the Annual Report of the Federal Deposit Insurance Corporation. Corporation

1.16 Continued

TIME DEPOSITS SUBJECT TO VARIABLE CEILING RATES

7- to 31-day time deposits. Effective Sept. 1, 1982, depository institutions are authorized to issue nonnegotiable time deposits of \$20,000 or more with a maturity or required notice period of 7 to 31 days. The maximum rate of interest payable by thrift institutions is the rate established and announced (auction average on a discount basis) for U.S. Treasury bills with maturities of 91 days at the auction held immediately before the date of deposit or renewal ("bill rate"). Commercial banks may pay the bill rate minus 25 basis points. The interest rate ceiling is suspended when the bill rate is 9 percent or below for the four most recent auctions held before the date of deposit or renewal. The interest rate ceiling was suspended for the entire month of November 1982.

91-day time deposits. Effective May 1, 1982, depository institutions were authorized to offer time deposits that have a minimum denomination of \$7,500 and a maturity of 91 days. The ceiling rate of interest on these deposits is indexed to the discount rate (auction average) on most recently issued 91-day Treasury bills for thrift institutions and the discount rate minimum 25 basis points for commercial banks. The rate differential ends 1 year from the effective date of these instruments and is suspended at any time the Treasury bill discount rate is 9 percent or below for four consecutive auctions. The maximum allowable rates in November 1982 (in percent) for commercial banks and thrifts were as follows: Nov. 2, 7.831; Nov. 9, 7.964; Nov. 16, 8.446; Nov. 23, 7.944.

Six-month money market time deposits. Effective June 1, 1978, commercial banks Six-month money market time deposits. Effective June 1, 1978, commercial banks and thrift institutions were authorized to offer time deposits with a maturity of exactly 26 weeks and a minimum denomination requirement of \$10,000. The ceiling rate of interest on these deposits is indexed to the discount rate (auction average) on most recently issued 26-week U.S. Treasury bills. Interest on these certificates may not be compounded. Effective for all 6-month money market certificates issued beginning Nov. 1, 1981, depository institutions may pay rates of interest on these deposits indexed to the higher of (1) the rate for 26-week Treasury bills established immediately before the date of deposit (bill rate) or (2) the average of the four rates for 26-week Treasury bills established for the 4 weeks immediately before the date of deposit (4-week average bill rate). Ceilings are determined as follows:

Bill rate or 4-week average bill rate 7.50 percent or below Above 7.50 percent

8.75 percent or above

Commercial bank ceiling

7.75 percent 1/4 of 1 percentage point plus the higher of the bill rate or 4-week average bill rate

7.75 percent
½ of 1 percentage point plus the higher of the
bill rate or 4-week average bill rate

7.25 percent or below Above 7.25 percent, but below 8.50 percent 8.50 percent or above, but below 8.75 percent 9 percent

1/4 of 1 percentage point plus the higher of the bill rate or 4-week average bill rate

The maximum rates in November 1982 for commercial banks based on the bill rate were as follows: Nov. 2, 8.481; Nov. 9, 8.647; Nov. 16, 8.789; Nov. 23, 8.359; and based on the 4-week average bill rate were as follows: Nov. 2, 8.299; Nov. 9, 8.466; Nov. 23, 8.569. The maximum allowable rates in November 1982 for thrifts based on the bill rate were as follows: Nov. 2, 8.731; Nov. 9, 8.897; Nov. 16, 9.000; Nov. 23, 8.609; and based on the 4-week average bill rate were as follows: Nov. 2, 8.549; Nov. 9, 8.716; Nov. 16, 8.910; Nov. 23, 8.819.

12-month all savers certificates. Effective Oct. 1, 1981, depository institutions are authorized to issue all savers certificates (ASCs) with a 1-year maturity and an annual investment yield equal to 70 percent of the average investment yield for 52-week U.S. Treasury bills as determined by the auction of 52-week Treasury bills held immediately before the calendar week in which the certificate is issued. A maximum lifetime exclusion of \$1,000 (\$2,000 on a joint return) from gross income is generally authorized for interest income from ASCs. The annual investment yield for ASCs issued in November 1982 (in percent) was as follows: Nov. 28, 640 ASCs issued in November 1982 (in percent) was as follows: Nov. 28, 6.40

2½-year to less than 3½-year time deposis. Effective Aug. 1, 1981, commercial banks are authorized to pay interest on any variable ceiling nonnegotiable time deposit with an original maturity of 2½ years to less than 4 years at a rate not to exceed ½ of 1 percent below the average 2½-year yield for U.S. Treasury securities as determined and announced by the Treasury Department immediately before the date of deposit. Effective May 1, 1982, the maximum maturity for this category of deposits was reduced to less than 3½ years. Thrift institutions may pay interest on these certificates at a rate not to exceed the average 2½-year yield for Treasury years its endatemined and announced by the Treasure Department immediately

of deposits was reduced to less than 3/2 years. Inritt institutions may pay interest on these certificates at a rate not to exceed the average 2½-year yield for Treasury securities as determined and announced by the Treasury Department immediately before the date of deposit. If the announced average 2½-year yield for Treasury securities is less than 9.50 percent, commercial banks may pay 9.25 percent and thrift institutions 9.50 percent for these deposits. These deposits have no required minimum denomination, and interest may be compounded on them. The ceiling rates of interest at which they may be offered vary biweekly. The maximum allowable rates in November 1982 (in percent) for commercial banks were as follows: Nov. 9, 9.60; Nov. 23, 9.65; and for thrifts: Nov. 9, 9.85; Nov. 23, 9.90.

Between Jan. 1, 1980, and Aug. 1, 1981, commercial banks and thrift institutions were authorized to offer variable ceiling nonnegotiable time deposits with no required minimum denomination and with maturities of 2½ years or more. Effective Jan. 1, 1980, the maximum rate for commercial banks was ¾ percentage point below the average yield on 2½-year U.S. Treasury securities; the ceiling rate for thrift institutions was ¼ percentage point higher than that for commercial banks. Effective June 2, 1980, a temporary ceiling of 11¼ percent was placed on these accounts at commercial banks and 12 percent on these accounts at savings and loans. Effective June 2, 1980, the ceiling rates for these deposits at commercial banks and 9.50 percent for thrift institutions was setablished.

TIME DEPOSITS NOT SUBJECT TO INTEREST RATE CEILINGS, BY MATURITY

IRAs and Keogh (H.R.10) plans (18 months or more). Effective Dec. 1, 1981, depository institutions are authorized to offer time deposits not subject to interest rate ceilings when the funds are deposited to the credit of, or in which the entire beneficial interest is held by, an individual pursuant to an IRA agreement or Keogh (H.R.10) plan. Such time deposits must have a minimum maturity of 18 months, and additions may be made to the time deposit at any time before its maturity without extending the maturity of all or a portion of the balance of the account.

Time deposits of 3½ years or more. Effective May 1, 1982, depository institutions are authorized to offer negotiable or nonnegotiable time deposits with a minimum original maturity of 3½ years or more that are not subject to interest rate ceilings. Such time deposits have no minimum denomination, but must be made available in a \$500 denomination. Additional deposits may be made to the account during the first new without extending its maturity. the first year without extending its maturity.

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

							1982			
Type of transaction	1979	1980	1981	Apr.	May	June	July	Aug.	Sept.	Oct.
U.S. Government Securities										
Outright transactions (excluding matched transactions)										
Treasury bills 1 Gross purchases	15,998 6,855 0 2,900	7,668 7,331 0 3,389	13,899 6,746 0 1,816	4,149 0 0 0	595 519 0 400	1,559 0 200 0	1,905 1,175 -200 200	1,721 651 0 600	425 674 0 400	774 0 0 0
Others within 1 year ¹ 5 Gross purchases	3,203 0 17,339 -11,308 2,600	912 0 12,427 -18,251 0	317 23 13,794 - 12,869 0	132 0 333 - 525	0 0 1,498 -2,541 0	0 0 988 -1,249 0	71 0 382 0 0	0 0 4,938 -3,914 0	0 0 733 ~650 0	0 0 623 0 0
1 to 5 years 10 Gross purchases 11 Gross sales 12 Maturity shift 13 Exchange	2,148 0 - 12,693 7,508	2,138 0 -8,909 13,412	1,702 0 -10,299 10,117	570 0 -333 525	0 0 -1,000 1,600	0 0 - 988 1,049	691 -382 200	0 0 -4,938 3,078	0 0 0 0	-623 0
5 to 10 years 14 Gross purchases 15 Gross sales 16 Maturity shift 17 Exchange	523 0 -4,646 2,181	703 0 -3,092 2,970	393 0 -3,495 1,500	81 0 0	0 0 -498 941	0 0 0 0	113 0 0	0 0 601 837	0 0 -733 650	0 0 0 0
Over 10 years 18 Gross purchases 19 Gross sales 20 Maturity shift 21 Exchange	454 0 0 1,619	811 0 -426 1,869	379 0 0 1,253	52 0 0 0	0 0 0 0	0 0 0 0	123 0 0 0	0 0 -601 0	0 0 0	0 0 0 0
All maturities 1 22 Gross purchases	22,325 6,855 5,500	12,232 7,331 3,389	16,690 6,769 1,816	4,984 0 0	595 519 400	1,559 0 0	2,903 1,175 200	1,721 651 600	425 674 400	774 () ()
Matched transactions 25 Gross sales 26 Gross purchases	627,350 624,192	674,000 675,496	589,312 589,647	44,748 44,759	36,047 36,790	41,509 37,548	54,646 58,753	39,403 37,962	51,983 51,554	45,655 46,370
Repurchase agreements 27 Gross purchases 28 Gross sales	107,051 106,968	113,902 113,040	79,920 78,733	18,396 14,724	10,155 15,424	5,332 5,332	18,267 18,267	3,755 2,567	9,649 7,035	5,618 9,420
29 Net change in U.S. government securities	6,896	3,869	9,626	8,667	-4,850	-2,402	5,636	217	1,535	-2,313
FEDERAL AGENCY OBLIGATIONS Outright transactions 30 Gross purchases	853 399 134	668 0 145	494 0 108	0 0 5	0 0 1	0 0 6	0 0 1	0 0 46	0 0 5	0 0 6
Repurchase agreements 33 Gross purchases	37,321 36,960	28,895 28,863	13,320 13,576	2,033 1,119	1,305 2,301	831 831	4,389 4,389	1,095 866	1,997 1,225	1,776 2,778
35 Net change in federal agency obligations	681	555	130	909	- 997	-6	-1	183	767	-1,008
BANKERS ACCEPTANCES 36 Repurchase agreements, net	116	73	- 582	280	-768	0	0	565	248	-813
37 Total net change in System Open Market Account	7,693	4,497	9,175	9,856	-6,615	-2,408	5,634	966	2,550	-4,134

^{1.} Both gross purchases and redemptions include special certificates created when the Treasury borrows directly from the Federal Reserve, as follows (millions of dollars): March 1979, 2,600.

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

A12 Domestic Financial Statistics □ December 1982

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements Millions of dollars

				Wednesday			E	nd of month	
	Account			1982				1982	
		Oct. 27	Nov. 3	Nov. 10	Nov. 17	Nov. 24	Sept.	Oct.	Nov.
				Cor	nsolidated con	dition stateme	nt		
	Assets								
2 Spe 3 Co	Ild certificate accountecial drawing rights certificate accountin	11,148 4,218 462	11,148 4,218 458	11,148 4,418 453	11,148 4,418 447	11,148 4,418 445	11,148 4,218 450	11,148 4,218 468	11,148 4,418 436
	ans Fo depository institutions Other	822 0	758 0	3,208 0	425 0	804 0	1,123	438 0	374 0
6 I	ceptances Held under repurchase agreementsderal agency obligations	0	0	0	0	0	813	0	0
7 I 8 I U.:	Bought outright Held under repurchase agreements S. government securities Bought outright	8,943 0	8,943 0	8,943 0	8,943 0	8,943 0	8,949 1,001	8,943	8,943 0
9 10 11 12	Bills Notes Bonds Total Held under repurchase agreements	52,322 62,018 18,264 132,604	51,823 62,018 18,264 132,105	52,775 62,018 18,264 133,057	53,579 61,858 18,424 133,861 0	53,448 62,626 18,556 134,630	50,309 62,018 18,264 130,591 3,802	51,798 62,018 18,264 132,080 0	56,494 62,626 18,556 137,676
14 To	tal U.S. government securities	132,604 142,369	132,105 141,806	133,057	133,861	134,630 144,377	134,393 146,279	132,080	137,676
16 Ca	sh items in process of collection	8,509	11,540	8,668	10,972	9,830	6,779	8,352	146,993 11,893
Ot 18 I	nk premises her assets Denominated in foreign currencies ² All other ³	543 5,345 4,218	545 [5,317 [4,474	545 5,341 4,229	546 5,356 2,702	5,360 2,978	5,116 4,016	5,325 4,262	546 5,649 3,490
20 To	tal assets	176,812	179,506	180,010	178,818	179,102	178,547	175,778	184,573
	Liabilities								
De	deral Reserve notes	136,313	137,281	138,799	138,818	139,326	135,197	136,048	139,989
23 1 24 1	Depository institutions U.S. Treasury—General account Foreign—Official accounts Other	25,777 3,169 220 464	26,085 3,154 300 464	26,125 3,166 290 553	23,127 3,836 214 546	24,153 3,394 261 594	20,318 10,975 396 394	24,678 2,309 327 449	26,533 2,247 387 716
26 To	tal deposits	29,630	30,003	30,134	27,723	28,402	32,083	27,763	29,883
27 De 28 Ot	eferred availability cash items	6,216 1,671	7,604 1,648	6,453 1,625	7,648 1,632	6,799 1,581	6,220 2,027	7,184 1,669	9,492 1,799
29 То	tal liabilities	173,830	176,536	177,011	175,821	176,108	175,527	172,664	181,163
•••	CAPITAL ACCOUNTS	. 250						. 250	
31 Su:	pital paid inrplusher capital accounts	1,350 1,278 354	1,351 1,278 341	1,354 1,278 367	1,354 1,278 365	1,354 1,278 362	1,341 1,278 401	1,350 1,278 486	1,354 1,278 778
	tal liabilities and capital accounts	176,812	179,506	180,010	178,818	179,102	178,547	175,778	184,573
	custody for foreign and international account	100,203	101,394	102,420	103,372	103,541	98,192	101,831	101,703
	1			Fe	deral Reserve	note stateme	nt		
36 37	deral Reserve notes outstanding (issued to bank) Less: Held by bank ⁵ Federal Reserve notes, net Collateral for Federal Reserve notes	157,281 20,968 136,313	157,578 20,297 137,281	157,707 18,908 138,799	158,275 19,457 138,818	159,023 19,697 139,326	156,412 21,215 135,197	157,348 21,300 136,048	159,408 19,419 139,989
38 39 40	Gold certificate account Special drawing rights certificate account Other eligible assets	11,148 4,218 0	11,148 4,218 66	11,148 4,418 78	11,148 4,418 51	11,148 4,418 107	11,148 4,218 0	11,148 4,218 14	11,148 4,418 0
	U.S. government and agency securities	120,947 136,313	121,849 137,281	123,155 138,799	123,201 138,818	123,653 139,326	119,831 135,197	120,668 136,048	124,423 139,989

^{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. Includes U.S. government securities held under repurchase agreement against receipt of foreign currencies and foreign currencies warehoused for the U.S. Treasury. Assets shown in this line are revalued monthly at market exchange rates.

Includes special investment account at Chicago of Treasury bills maturing within 90 days.
 Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign-exchange commitments.
 Beginning September 1980, Federal Reserve notes held by the Reserve Bank are exempt from the collateral requirement.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings Millions of dollars

			Wednesday			1	End of month	
Type and maturity groupings			1982		1982			
	Oct. 27	Nov. 3	Nov. 10	Nov. 17	Nov. 24	Sept. 30	Oct. 31	Nov. 30
1 Loans—Total . 2 Within 15 days . 3 16 days to 90 days . 4 91 days to 1 year .	822 788 34 0	758 729 29 0	3,208 3,173 35 0	425 416 9 0	804 785 19 0	1,123 1,076 47 0	438 398 40 0	374 356 18 0
5 Acceptances—Total. 6 Within 15 days 7 16 days to 90 days 8 91 days to 1 year	0 0 0 0	0 0 0 0	0 0 0	0 0 0	0 0 0 0	813 813 0 0	0 0 0 0	0 0 0 0
9 U.S. government securities—Total 10 Within 15 days¹ 11 16 days to 90 days 12 91 days to 1 year 13 Over 1 year to 5 years 14 Over 5 years to 10 years 15 Over 10 years	132,604 2,652 28,224 37,288 35,891 12,267 16,282	132,105 5,238 25,970 36,602 35,746 12,267 16,282	133,057 3,362 27,568 37,832 35,746 12,267 16,282	133,861 5,682 26,404 38,595 34,837 11,901 16,442	134,630 5,830 26,116 38,691 35,322 12,095 16,576	134,393 5,743 24,429 39,781 35,891 12,267 16,282	132,080 2,652 28,465 36,523 35,891 12,267 16,282	137,676 5,515 30,242 38,185 35,065 12,095 16,574
16 Federal agency obligations—Total 17 Within 15 days¹ 18 16 days to 90 days 19 91 days to 1 year 20 Over 1 year to 5 years 21 Over 5 years to 10 years 22 Over 10 years	8,943 83 490 1,966 4,962 924 518	8,943 0 590 1,949 4,962 924 518	8,943 0 590 1,985 4,926 924 518	8,943 128 462 1,985 4,926 924 518	8,943 128 462 1,985 4,926 924 518	9,950 1,208 407 1,863 5,087 882 503	8,943 83 490 1,966 4,962 924 518	8,943 161 528 1,988 4,804 944 518

^{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 $^{\scriptscriptstyle 1}$

Billions of dollars, averages of daily figures

1978	1979	1980 Dec	1981 Dec	1982							
Dec.	Dec.	Dec.	Dec.	Apr.	May	June	July	Aug.	Sept.	39.40 39.47 172.9 40.00 39.52	Nov.
				,	Seasonally	adjusted					
32.82 31.95 32.59 132.2	34.26 32.79 33.93 142.5	36.46 34.77 35.95 155.0	37.99 37.35 37.67 162.7	38.43 36.87 38.16 166.5	38.50 37.39 38.15 167.7	38.58 37.37 38.27 168.8	38.52 37.83 38.21 169.2	38.80 38.29 38.49 170.1	39.57 38.63 39.18 171.9	39.40	40.48 39.85 40.06 173.8
				No	ot seasona	lly adjust	ed				
33.37	34.83	37.11	38.66	38.33	38.19	38,07	38.43	38.51	39.35	40.00	40.70
32.50 33.13 134.8	33.35 34.50 145.4	35.42 36.59 158.0	38.03 38.34 165.8	36.76 38.06 165.6	37.07 37.83 167.1	36.86 37.76 168.2	37.74 38.12 170.0	38.00 38.20 170.4	38.42 38.97 171.4	39.52 39.59 173.0	40.08 40.28 175.2
41.68 40.81 41.45	43.91 42.43 43.58	40.66 38.97 40.15	41.92 41.29 41.60	39.56 37.99 39.28	39.55 38.43 39.19	39.57 38.36 39.26	39.97 39.28 39.65	40.18 39.66 39.87	39.96 39.03 39.58	40.59 40.11 40.18	41.22 40.60 40.80
	32.82 31.95 32.59 132.2 33.37 32.50 33.13 134.8 41.68 40.81 41.45	32.82 34.26 31.95 32.79 32.59 33.93 132.2 142.5 33.37 34.83 32.50 33.35 33.13 34.50 134.8 45.4 41.68 43.91 40.81 42.43 41.45 43.58	32.82 34.26 36.46 31.95 32.79 34.77 32.59 33.93 35.95 132.2 142.5 155.0 33.37 34.83 37.11 32.50 33.35 35.42 33.13 34.50 36.59 134.8 145.4 158.0 41.68 43.91 40.66 40.81 42.43 38.97 41.45 43.58 40.15	32.82 34.26 36.46 37.99 31.95 32.79 34.77 37.35 32.59 33.93 35.95 37.67 132.2 142.5 155.0 162.7 33.37 34.83 37.11 38.66 32.50 33.35 35.42 38.03 33.13 34.50 36.59 38.34 134.8 145.4 158.0 165.8 41.68 43.91 40.66 41.92 40.81 42.43 38.97 41.29 41.45 43.58 40.15 41.60	32.82 34.26 36.46 37.99 38.43 31.95 32.79 34.77 37.35 36.87 32.59 33.93 35.95 37.67 38.16 132.2 142.5 155.0 162.7 166.5 No. 33.37 34.83 37.11 38.66 38.33 32.50 33.35 35.42 38.03 36.76 33.13 34.50 36.59 38.34 38.06 134.8 145.4 158.0 165.8 165.6 41.68 43.91 40.66 41.92 39.56 40.81 42.43 38.97 41.29 37.99 41.45 43.58 40.15 41.60 39.28	Dec. Dec. Dec. Dec. Apr. May	Dec. Dec. Dec. Dec. Apr. May June	1978 1979 1980 Dec. Apr. May June July	1978 1979 1980 Dec. Dec. Apr. May June July Aug.	1978 1979 1980 Dec. Apr. May June July Aug. Sept.	1978 1979 1980 Dec. Dec. Apr. May June July Aug. Sept. Oct.

For notes see bottom of next page

1.21 MONEY STOCK MEASURES AND COMPONENTS

Billions of dollars, averages of daily figures

14	1978	1979	1980	1981			1982		
ltem	Dec.	Dec.	Dec.	Dec.	June	July	Aug.	Sept.	Oct.
				Sea	sonally adjus	ited			
Measures ¹									
1 M1	363.2 1,403.9 1,629.0 1,938.9	389.0 1,518.9 1,779.4 2,153.9	414.5 1,656.2 1,963.1 2,370.4	440.9 1,822.7 2,188.1 2,642.8	451.4 1,907.9 2,296.0' 2,799.2'	451.3 1,923.4 2,320.2 ^r 2,832.3 ^r	455.2 1,946.3 2,355.9° 2,858.9	460.5 1,954.4 2,363.5 n.a.	468.3 1,967.9 2,381.7 n.a.
SELECTED COMPONENTS									
5 Currency. 6 Traveler's checks ³ 7 Demand deposits. 8 Other checkable deposits ⁴ 9 Savings deposits ⁵ 10 Small-denomination time deposits ⁶ . 11 Large-denomination time deposits ⁷ .	97.4 3.5 253.9 8.4 479.9 533.9 194.6	106.1 3.7 262.2 16.9 421.7 652.6 221.8	116.2 4.2 267.2 26.9 398.9 751.7 257.9	123.1 4.3 236.4 77.0 343.6 854.7 300.3	128.4 4.5 231.0 87.5 349.9 900.9 328.3	128.8 4.4 230.6 87.4 344.0 919.7 335.8	129.5 4.4 231.1 90.2 342.0' 930.6 339.6	130.5 4.4 232.6 93.0 342.5 932.6 339.3	131.2 4.4 236.1 96.5 352.6 924.0 342.9
				Not s	easonally adj	usted			
Measures ¹									
12 M1	372.5 1,408.5 1,637.5 1,946.6	398.8 1,524.7 1,789.2 2,162.8	424.6 1,662.5 1,973.9 2,380.2	451.2 1,829.4 2,199.9 2,653.8	450,5 1,906.4 2,290.0 2,794.4	454.0 1,924.8 2,314.1 2,820.8	454.0 1,938.9 ^r 2,342.5 ^r 2,844.1	460.5 1,950.7 2,356.1	470.1 1971.8 2,383.0 n.a.
SELECTED COMPONENTS									
16 Currency 17 Traveler's checks' 18 Demand deposits. 19 Other checkable deposits' 20 Overnight RPs and Eurodollars' 21 Savings deposits' 22 Small-denomination time deposits' Money market mutual funds 23 General purpose and broker/dealer 11 Institution only 25 Large-denomination time deposits'	99.4 3.3 261.5 8.4 24.1 478.0 531.1 7.1 3.1 198.6	108.2 3.5 270.1 17.0 26.3 420.5 649.7 34.4 9.3 226.0	118.3 3.9 275.1 27.2 35.0 398.0 748.9 61.9 13.9 262.3	125.4 4.1 243.3 78.4 38.1 343.0 851.7 151.2 33.7 305.4	128.3 4.7 230.4 87.2 ^r 43.0 ^r 347.9 902.3 168.6 33.7 323.9	129.8 4.9 231.5 87.97 43.4 348.3 914.1 171.3 36.7 328.3	130.0 • 4.9 229.3 89.8 44.5 346.17 920.2 180.0 43.1 333.7	130.2 4.7 232.4 93.2 43.3 347.4 923.9 181.9 43.9 335.7	131.2 4.5 237.1 97.3 46.3 357.0 921.7 183.4 44.8 340.3

1. Composition of the money stock measures is as follows:

MI: Averages of daily figures for (1) currency outside the Treasury, Federal Reserve Banks, and the vaults of commercial banks; (2) traveler's 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) negotiable order of withdrawal (NOW) and automatic transfer service (ATS) accounts at banks and thrift institutions, credit union share draft (CUSD) accounts, and demand deposits at mutual savings banks.

M2: M1 plus savings and small-denomination time deposits at all depository institutions, overnight repurchase agreements at commercial banks, overnight Eurodollars held by U.S. residents other than banks at Caribbean branches of member banks, and balances of money market mutual funds (general purpose and broker)

banks, and balances of money market mutual funds (general purpose and broker/

banks, and balances of money market mutes removed believed.

M3: M2 plus large-denomination time deposits at all depository institutions, term RPs at commercial banks and savings and loan associations, and balances of institution-only money market mutual funds.

2. L: M3 plus other liquid assets such as term Eurodollars held by U.S. residents other than banks, bankers acceptances, commercial paper, Treasury bills and other liquid Treasury securities, and U.S. savings bonds.

3. Outstanding amount of U.S. dollar-denominated traveler's checks of nonbank

4. Includes ATS and NOW balances at all institutions, credit union share draft balances, and demand deposits at mutual savings banks.

5. Excludes NOW and ATS accounts at commercial banks and thrift institutions

5. Excludes NOW and ATS accounts at commercial banks and thrift institutions and CUSDs at credit unions.

6. Issued in amounts of less than \$100,000 and includes retail RPs.

7. Issued in amounts of \$100,000 or more and are net of the holdings of domestic banks, thrift institutions, the U.S. government, money market mutual funds, and foreign banks and official institutions.

8. Overnight (and continuing contract) RPs are those issued by commercial banks to other than depository institutions and money market mutual funds (general purpose and broker/dealer), and overnight Eurodollars are those issued by Caribbean branches of member banks to U.S. residents other than depository institutions and money market mutual funds (general purpose and broker/dealer).

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

NOTES TO TABLE 1.20

1. Reserve aggregates include required reserves of member banks and Edge Act corporations and other depository institutions. Discontinuities associated with the implementation of the Monetary Control Act, the inclusion of Edge Act corporation reserves, and other changes in Regulation D have been removed. Beginning with the week ended December 23, 1981, reserve aggregates have been reduced by shifts of reservable liabilities to international banking facilities (IBFs). On the basis of reports of liabilities transferred to IBFs by U.S. commercial banks and U.S. agencies and branches of foreign banks, it is estimated that required reserves were lowered on average \$10 million to \$20 million in December 1981 and \$40 million to \$70 million in January 1982.

2. Reserve balances with Federal Reserve Banks (which exclude required clearing balances) plus vault cash at institutions with required reserve bealances plus vault cash equal to required reserves at other institutions.

3. Includes reserve balances and required clearing balances at Federal Reserve Banks in the current week plus vault cash held two weeks earlier used to satisfy reserve requirements at all depository institutions plus currency outside the U.S. Treasury, Federal Reserve Banks, the vaults of depository institutions, and surplus vault cash at depository institutions.

4. Reserves of depository institutions.

4. Reserves of depository institutions.

5. Includes required reserves of member banks and Edge Act corporations and beginning November 13, 1980, other depository institutions. Under the transitional

phase-in program of the Monetary Control Act of 1980, the net changes in required reserves of depository institutions have been as follows: Effective Nov. 13, 1980, a reduction of \$2.9 billion; Feb. 12, 1981, an increase of \$245 million: Mar. 12, 1981, an increase of \$75 million; May 14, 1981, an increase of \$245 million; Aug. 13, 1981, a reduction of \$1.1 billion; Nov. 12, 1981, an increase of \$210 million; Sept. 3, 1981, a reduction of \$60 million; Nov. 12, 1981, an increase of \$210 million; Jan. 14, 1982, a reduction of \$60 million; Feb. 11, 1982 an increase of \$170 million; Mar. 4, 1982, an estimated reduction of \$2.0 billion; May 13, 1982, an estimated increase of \$140 million; and Sept. 2, 1982, an estimated reduction of \$1.2 billion. Beginning with the week ended December 23, 1981, reserve aggregates have been reduced by shifts of reservable liabilities to IBFs. On the basis of reports of liabilities transferred to IBFs by U.S. commercial banks and U.S. agencies and branches of foreign banks, it is estimated that required reserves were lowered on average by \$60 million to \$90 million in December 1981 and \$180 million to \$230 million in January 1982, mostly reflecting a reduction in reservable Eurocurrency transactions. Eurocurrency transactions.

Note. Latest monthly and weekly figures are available from the Board's H.3(502) statistical release. Back data and estimates of the impact on required reserves and 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.

1.22 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	19791	1980 ¹	1981 ¹			19	32		
Dank group, or type of customer	15/7	1700	1701	May	June	July	Aug.	Sept.	Oct.
				Se	easonally adju	sted			
D ЕВІТЅ ТО									
Demand deposits ² 1 All insured banks 2 Major New York City banks 3 Other banks 4 ATS-NOW accounts ³ 5 Savings deposits ⁴	49,903.0 18,481.7 31,421.3 84.4 547.9	62,757.8 25,156.1 37,601.7 159.3 670.0	80,858.7 33,891.9 46,966.9 743.4 672.7	88,573.8 37,248.2 51,325.7 900.5 712.2	87,602.3 35,729.5 51,872.8 977.6 698.9	90,280.7 36,880.8 53,399.9 1,049.9 773.8	95,177.9 39,525.3 55,652.6 1,146.2 770.7	94,480.0 37,986.3 56,493.7 1,165.4 707.8	97,097.0 42,077.9 55,019.1 1,109.4 637.0
DEPOSIT TURNOVER Demand deposits ² 6 All insured banks 7 Major New York City banks. 8 Other banks 9 ATS-NOW accounts ³ 10 Savings deposits ⁴	162.8 634.2 113.3 7.8 2.7	198.7 803.7 132.2 9.7 3.6	285.8 1,105.1 186.2 14.0 4.1	319.3 1,287.8 206.6 13.1 4.5	318.7 1,295.9 209.8 14.2 4.4	325.0 1,265.7 214.8 15.3 5.0	341.6 1,424.2 221.8 16.2 5.0	341.0 1,282.5 228.3 15.9 4.6	343.0 1,298.7 219.5 14.7 4.0
			l	Not	seasonally ad	justed			
•								Ţ	
DEBITS TO			l			ļ	1		
Demand deposits ²	49,777.3 18,487.8 31,289.4 83.3 548.1	63,124.4 25,243.1 37,881.3 158.0 669.8	81,197.9 34,032.0 47,165.9 737.6 672.9	82,913.9 34,585.7 48,328.2 891.7 680.8	92,867.2 38,286.7 54,580.6 1,046.0 694.4	91,318.9 37,502.5 53,816.4 1,021.0 778.2	94,968.5 39,126.7 55,841.8 1,020.5 763.7	95,557.1 39,634.0 55,923.1 1,097.3 695.2	93,543.3 39,657.6 53,885.7 1,098.0 672.7
DEPOSIT TURNOVER					1		1		
Demand deposits ²	163.3 644.1 113.4 7.8 2.7	202.3 814.8 134.8 9.7 3.6	286.1 1,114.2 186.2 14.0 4.1	304.5 1,218.1 198.1 13.2 4.3	339.6 1,361.3 222.5 15.2 4.4	328.2 1,305.8 215.7 14.8 4.9	346.9 1,472.8 225.9 14.4 4.9	345.3 1,362.5 225.8 15.0 4.4	327.8 1,220.8 213.1 14.5 4.2

NOTE. Historical data for demand deposits are available back to 1970 estimated in part from the debits series for 233 SMSA's 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.

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

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1.23 LOANS AND SECURITIES All Commercial Banks 1

Billions of dollars; averages of Wednesday figures

6	1981		·	1982			1981			1982		
Category	Dec. ²	June ³	July	Aug.	Sept.4	Oct.	Dec.2	June ³	July	Aug.	Sept.4	Oct.
			Seasonally	adjusted				Ŋ	Vot seasona	lly adjuste	d	
1 Total loans and securities ⁵	1,316.3	1,368.8	1,376.1	1,383.1	1,389.4	1,397.7	1,326.1	1,366.3	1,370.4	1,377.7	1,391.0	1,403.0
U.S. Treasury securities Other securities Total loans and leases ⁵ Commercial and industrial	111.0	115.8	116.5	117.8	118.2	122.4	111.4	116.1	115.6	116.4	117.8	121.4
	231.4	235.9	235.9	237.1	237.6	237.3	232.8	235.6	234.7	236.4	237.7	237.6
	973.9	1,017.1	1.023.7	1,028.3	1,033.5	1,038.0	981.8	1,014.6	1,020.1	1,024.9	1,035.5	1,044.0
loans. 6 Real estate loans 7 Loans to individuals 8 Security loans 9 Loans to nonbank financial	358.0	383.4	386.7	387.9	392.5	394.8	360.1	382.7	385.5	385.5	392.1	395.5
	285.7	297.3	297.5	298.5	299.5	300.4	286.8	295.8	296.6	298.2	300.1	301.6
	185.1	188.2	189.2	189.5	189.6	190.0	186.4	187.4	188.3	189.7	190.9	191.5
	21.9	19.5	21.0	21.4	22.6	24.2	22.7	20.5	20.5	22.0	22.3	23.9
institutions	30.2	33.6	33.9	33.2	32.6	32.4	31.2	33.1	33.3	33.1	32.8	32.7
	33.0	35.3	35.7	36.0	36.3	36.3	33.0	35.5	36.1	36.5	36.8	36.8
	12.7	13.1	13.2	13.1	13.1	13.1	12.7	13.1	13.2	13.1	13.1	13.1
	47.2	46.7	46.4	48.7	47.4	46.8	49.2	46.4	46.7	46.8	47.5	49.0
MEMO: 13 Total loans and securities plus loans sold ^{5,6}	1,319.1	1,371.7	1,378.9	1,386.0	1,392.2	1,400.5	1,328.9	1,369.3	1,373.2	1,380.5	1,393.8	1,405.8
 14 Total loans plus loans sold^{5,6} 15 Total loans sold to affiliates^{5,6} 	976.7	1,020.1	1,026.5	1,031.1	1,036.4	1,040.9	984.7	1,017.6	1,023.0	1,027.7	1,038.4	1,046.8
	2.8	3.0	2.8	2.8	2.8	2.8	2.8	3.0	2.8	2.8	2.8	2.8
16 Commercial and industrial loans plus loans sold ⁶	360.2	385.8	. 389.0	390.2	394.7	397.0	362.3	385.1	387.8	387.8	394.4	397.7
loans sold ⁶	2.2	2.4	2.3	2.3	2.3	2.2	2.2	2.4	2.3	2.3	2.3	2.2
	8.9	9.1	8.7	9.1	9.3	9.4	9.8	9.2	8.6	8.8	9.4	9.3
trial loans 20 To U.S. addressees' 21 To non-U.S. addressees 22 Loans to foreign banks	349.1	374.3	378.1	378.8	383.1	385.4	350.3	373.5	376.9	376.7	382.7	386.2
	334.9	360.2	364.7	365.8	369.8	372.6	334.3	360.6	363.9	364.0	369.6	373.3
	14.2	14.2	13.3	13.0	13.3	12.7	16.1	13.0	13.0	12.8	13.1	12.8
	19.0	14.7	14.8	14.6	13.8	13.9	20.0	14.2	14.5	14.1	14.2	14.2

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

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

3. Beginning June 2, 1982, total loans and securities, total loans and leases, and loans to individuals were increased 90.5 billion due to acquisition of loans by a commercial bank from a nonbank institution.

commercial bank from a nonbank institution.

4. Reclassification of loans beginning September 29, 1982, increased real estate loans \$0.3 billion and decreased nonbank financial loans \$0.3 billion.

Excludes loans to commercial banks in the United States.
 Loans sold are those sold outright to a bank's own foreign branches, non-consolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.
 United States includes the 50 states and the District of Columbia.

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

1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS¹

Monthly averages, billions of dollars

Source	1980	1981					198	82				
boote	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
Total nondeposit funds 1 Seasonally adjusted ² . 2 Not seasonally adjusted. Federal funds, RPs, and other borrowings from nonbanks ³	122.0	98.5	89.5	88.0	83.8	83.5	82.0	84.2	79.8	78.1	71.8	76.4
	122.6	98.9	87.9	88.5	84.8	84.3	85.5	86.3	81.8	82.6	77.5	78.7
3 Scasonally adjusted	111.1	114.2	116.2	113.8	113.6	113.1	113,2	113.8	114.3	116.7	114.8	122.0
	111.6	114.6	114.6	114.3	114.6	113.9	116.6	115.9	116.3	121.2	120.5	124.4
tions, not seasonally adjusted	8.2	-18.6	-29.6	-28.6	-32.6	- 32.5	-34.0	-32.5	-37.3	-41.4	-45.9	-48.4
	2.7	2.8	2.8	2.8	2.8	2.8	2.8	3.0	2.8	2.8	2.8	2.8
Memo 7 Domestically chartered banks' net positions with own foreign branches, not seasonally adjusted. 8 Gross due from balances. 9 Gross due to balances. 10 Foreign-related institutions' net positions	14.7	-22.5	-27.1	-25.9	-28.8	-29.8	-29.9	- 29.2	-33.0	-34.4	-38.5	-40.4
	37.5	54.9	55.1	55.0	56.7	57.4	58.1	57.7	60.6	65.0	68.3	69.8
	22.8	32.4	28.0	29.1	27.9	27.6	28.3	28.5	27.6	30.6	29.8	29.4
with directly related institutions, not seasonally adjusted ⁶	22.9	3.9	-2.5	- 2.7	-3.8	-2.7	-4.1	-3.3	-4.4	-7,0	- 7.3	-8.0
	32.5	48.1	50.0	50.5	50.0	49.1	49.5	50.2	52.6	53.4	54.1	53.9
	55.4	52.0	47.5	47.9	46.2	46.4	45.4	46.9	48.3	46.4	46.7	45.8
Security RP borrowings 13 Seasonally adjusted	64.0	70.0	73.0	71.0	71.4	71.9	69.0	69.1	69.3	71.9	68.5	75.4
	62.3	68.2	69.2	69.1	70.0	70.4	70.0	68.7	68.9	73.9	71.7	75.2
15 Seasonally adjusted	9.5	11.8	13.4	22.1	17.5	13.6	15.3	9.9	8.4	9.2	10.6	13.6
	9.0	11.2	14.5	20.0	15.5	13.8	15.4	10.8	8.3	8.2	12.4	16.5
17 Seasonally adjusted	267.0	324.0	324.3	327.2	332.0	334.4	341.1	349.5	360.1	366.9	366.4	367.1
	272.4	330.3	330.6	335.3	337.2	335.6	340.0	344.6	350.5	359.1	361.5	364.4
IBF ADJUSTMENTS FOR SELECTED ITEMS ¹⁰ 19 Items 1 and 2 20 Items 3 and 4 21 Item 5 22 Item 7 23 Item 10		22.4 1.7 20.7 3.1 17.6	29.6 2.4 27.2 4.8 22.5	30.4 2.4 28.0 4.9 23.1	30.8 2.4 28.4 4.9 23.6	31.4 2.4 29.0 5.0 24.0	31.7 2.4 29.3 5.0 24.3	32.0 2.4 29.6 5.0 24.6	32.2 2.4 29.8 5.1 24.7	32.4 2.4 30.0 5.1 24.9	32.4 2.4 30.0 5.1 24.9	

tions in pooled loans. Includes averages of daily figures for member banks and averages of current and previous month-end data for foreign-related institutions.

4. Loans initially booked by the bank and later sold to affiliates that are still held by affiliates. Averages of Wednesday data.

5. Averages of daily figures for member and nonmember banks.

6. Averages of daily data.

7. Based on daily average data reported by 122 large banks.

8. Includes U.S. Treasury demand deposits and Treasury tax-and-loan notes at commercial banks. Averages of daily data.

9. Averages of Wednesday figures.

10. Estimated effects of shifts of foreign assets from U.S. banking offices to international banking facilities (IBFs).

^{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 Eurodoldars and loans to affiliates. Includes averages of Wednesday data for domestically chartered banks and averages of current and previous month-end data for foreign-related institutions.

3. Other borrowings are borrowings on any instrument, such as a promissory note or due bill, given for the purpose of borrowing money for the banking business. This includes borrowings from Federal Reserve Banks and from foreign banks, term federal funds, overdrawn due from bank balances, loan RPs, and participa-

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1.25 ASSETS AND LIABILITIES OF COMMERCIAL BANKING INSTITUTIONS Last-Wednesday-of-Month Series Billions of dollars except for number of banks

	1981		· ·			198	32				
	Dec.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
Domestically Chartered Commercial Banks ¹											
Loans and securities, excluding interbank. Loans, excluding interbank. Commercial and industrial. Other. U.S. Treasury securities. Other securities.	1,261.2	1,271.2	1,285.8	1,292.6	1,300.7	1,315.4	1,313.2	1.318.8	1,337.1	1,343.0	1,346.9
	920.1	929.1	939.9	947.2	954.3	969.1	966.6	970.6	985.9	988.5	990.4
	321.0	325.6	332.4	336.7	341.9	348.7	346.4	346.2	354.4	355.2	354.9
	599.1	603.5	607.5	610.5	612.4	620.4	620.3	624.4	631.5	633.3	635.5
	111.5	112.3	114.5	113.0	111.5	113.4	113.4	113.7	115.0	119.4	122.2
	229.6	229.8	231.4	232.4	234.9	232.9	233.2	234.5	236.2	235.1	234.3
7 Cash assets, total	155.3	151.6	164.5	153.6	153.0	165.4	154.5	160.8	157.4	162.1	169.4
	19.8	19.7	18.9	19.9	20.0	20.1	20.5	20.3	20.4	20.5	19.0
	30.2	24.8	25.7	25.5	21.7	18.2	25.1	26.1	17.0	23.5	22.0
	50.3	51.0	55.9	52.4	54.9	59.6	55.4	58.8	60.4	61.3	64.2
	55.0	56.1	64.0	55.8	56.3	67.4	53.6	55.5	59.6	56.8	64.1
12 Other assets ²	197.0	201.9	219.3	206.6	209.9	223.2	224.2	231.3	234.9	237.0	242.0
13 Total assets/total liabilities and capital	1,613.5	1,624.7	1,669.5	1,652.9	1,663.6	1,704.0	1,692.0	1,710.9	1,729.3	1,742,1	1,758.3
14 Deposits. 15 Demand. 16 Savings. 17 Time.	1,205.8	1,213.7	1,250.8	1,231.0	1,244.0	1,284.8	1,266.4	1,279.1	1,290.7	1,300.2	1,315.9
	322.3	316.7	338.3	315.5	315.4	345.2	314.4	315.5	323.0	326.5	337.8
	223.0	222.5	229.9	226.6	227.6	228.9	227.1	229.5	230.9	238.2	244.7
	660.5	674.4	682.6	688.9	701.0	710.7	724.8	734.1	736.8	735.4	733.4
18 Borrowings	191.9	191.0	196.4	201.1	195.1	189.7	195.4	196.0	202.8	203.7	198.1
	89.7	92.5	94.4	92.4	93.9	96.6	99.1	103.9	103.4	106.2	109.5
	126.1	127.5	128.0	128.4	130.6	133.0	131.1	131.9	132.5	132.0	134.7
MEMO: 21 U.S. Treasury note balances included in borrowing	16.7	17.1	10.9	16.6	7.1	7.5	8.0	5.9	17.0 i	11.7	2.4
	14,744	14,702	14,709	14,710	14,722	14,736	14,752	14,770	14,785	14,797	14,782
Institutions ³	į										
23 Loans and securities, excluding interbank. 24 Loans, excluding interbank. 25 Commercial and industrial. 26 Other. 27 U.S. Treasury securities. 28 Other securities.	1,321.6	1,331.5	1,345.8	1,350.7	1,358.5	1,374.3	1,371.3	1,376.6	1,397.3	1,401.7	1,405.5
	975.8	984.4	995.1	1,000.6	1,007.6	1,023.7	1,020.8	1,024.7	1,042.4	1,042.3	1,044.1
	360.3	364.6	372.4	374.7	379.3	386.7	384.4	384.5	395.0	393.1	393.7
	615.5	619.7	622.7	625.8	628.3	637.0	636.4	640.2	647.4	649.2	650.4
	114.5	115.5	117.6	116.1	114.3	116.2	115.7	115.8	117.2	122.7	125.6
	231.4	231.6	233.1	234.1	236.6	234.4	234.8	236.1	237.7	236.7	235.8
29 Cash assets, total	170.0	165.8	178.8	168.1	167.7	180.3	169.3	176.2	173.7	178.7	185.2
	19.8	19.7	18.9	19.9	20.0	20.2	20.5	20.4	20.4	20.5	19.0
	31.3	26.1	26.9	26.8	23.0	19.6	26.5	27.5	18.4	25.0	23.5
	62.7	63.0	68.0	64.6	67.3	72.2	67.8	71.8	74.2	75.3	77.6
	56.1	57.1	65.0	56.8	57.3	68.4	54.6	56.5	60.6	57.8	65.2
34 Other assets ²	274.2	278.1	295.2	280.3	285.9	300.0	299.4	306.8	310.3	313.9	318.7
35 Total assets/total liabilities and capital	1,765.8	1,775.5	1,819.9	1,799.1	1,812.1	1,854.7	1,840.1	1,859.6	1,881.3	1,894.2	1,909.4
36 Deposits. 37 Demand. 38 Savings. 39 Time.	1,251.5	1,258.3	1,295.0	1,272.7	1,286.2	1,325.8	1,307.3	1,321.7	1,335.5	1,345.2	1,361.2
	335.1	329.4	350.8	327.9	327.9	357.4	326.8	327.7	335.1	338.9	350.0
	223.2	222.8	230.2	226.9	227.8	229.1	227.4	229.7	231.1	238.5	244.9
	693.1	706.2	714.0	717.9	730.4	739.3	753.1	764.3	769.2	767.8	766.3
40 Borrowings	253.5	255.9	260.0	260.8	255.3	253.2	260.0	260.0	267.6	268.3	261.0
41 Other liabilities	132.8	131.8	135.0	135.3	138.2	140.8	139.8	144.1	143.8	146.9	150.6
42 Residual (assets less liabilities)	128.1	129.4	129.9	130.3	132.5	134.9	133.0	133.8	134.4	133.9	136.6
MEMO: 43 U.S. Treasury note balances included in borrowing	16.7	17.1	10.9	16.6	7.1	7.5	8.0	5.9	17.0	11.7	2.4
	15,213	15,201	15,214	15,215	15,235	15,235	15,271	15,289	15,311	15,330	15,318

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

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

ALL LARGE WEEKLY REPORTING COMMERCIAL BANKS with Domestic Assets of \$750 Million or More on December 31, 1977, Assets and Liabilities, 1982

Millions of dollars, Wednesday figures

Account		Sept. 29	Oct. 6	Oct. 13	Oct. 20	Oct. 27 ^p	Nov. 3 ^p	Nov. 10 <i>p</i>	Nov. 17 ^p	Nov. 24 ^p
1 Cash items in process of collection 2 Demand deposits due from banks i 3 All other cash and due from deposi	n the United States]	47,962 7,054 28,700	47,236 7,296 31,208	56,479 7,737 34,727	51,408 7,094 39,995	45,478 6,800 35,216	57,825 8,268 35,423	48,499 6,341 35,267	51,107 7,672 32,917	50,023 7,169 33,121
4 Total loans and securities		683,174	647,185	649,677	642,396	640,726	651,819	643,331	641,610	638,948
Securities 5 U.S. Treasury securities. 6 Trading account 7 Investment account, by maturity 8 One year or less. 9 Over one through five years. 10 Other securities. 11 Trading account 12 Trading account 13 Investment account 14 U.S. government agencies. 15 States and political subdivision 16 One year or less. 17 Over one year 18 Other bonds, corporate stocks	s, by maturity	37,798 7,103 30,695 10,289 18,248 2,159 78,573 4,069 74,504 15,508 55,915 7,044 48,872 3,080	39,420 7,405 32,016 10,296 19,572 2,148 59,528 5,359 74,169 15,353 55,754 7,067 48,687 3,062	40,787 8,548 32,238 10,314 19,794 2,130 78,740 4,443 74,296 15,438 55,829 7,112 48,717 3,030	40,464 8,132 32,332 10,172 20,101 2,059 77,860 3,909 73,952 15,327 55,667 6,912 48,754 2,958	40,890 8,256 32,634 10,135 20,467 2,031 78,072 4,214 73,857 15,159 55,723 6,954 48,769 2,975	42,270 9,227 33,043 10,215 20,842 1,986 79,850 6,177 73,674 15,074 55,600 7,003 48,597 3,000	41,895 8,364 33,532 10,494 21,046 1,992 77,701 4,007 73,694 15,104 55,580 6,955 48,625 3,010	41,665 8,051 33,615 10,430 21,273 1,912 77,221 3,734 73,487 15,065 55,447 6,971 48,476 2,975	41,676 7,930 33,746 10,475 21,382 1,889 77,092 3,602 73,490 15,067 55,493 6,947 48,546 2,930
Loans 19 Federal funds sold 1 20 To commercial banks 21 To norbank brokers and dealers 22 To others 23 Other loans, gross 24 Commercial and industrial 25 Bankers acceptances and comr 26 All other 27 U.S. addressees 28 Non-U.S. addressees 29 Real estate 30 To individuals for personal exper	in securities	39,410 28,761 8,767 1,881 495,634 217,288 4,850 212,438 205,022 7,416 131,764 73,503	43,262 31,880 8,526 2,856 498,044 219,976 5,104 214,872 207,519 7,353 131,521 73,337	43,876 32,585 9,149 2,143 499,339 218,557 5,059 213,498 206,214 7,285 131,821 73,244	38,174 27,472 8,251 2,451 498,980 217,771 4,940 212,831 205,762 7,069 131,891 73,280	38,967 27,948 8,741 2,278 495,907 216,830 4,850 211,979 205,008 6,972 131,859 73,423	43,610 31,536 9,154 2,919 499,228 216,951 4,594 212,357 205,358 7,000 131,759 73,405	41,573 30,517 8,322 2,734 495,338 216,821 4,420 212,401 205,373 7,028 131,697 73,391	40,170 28,500 9,062 2,608 495,717 216,256 4,836 211,420 204,472 6,948 131,892 73,400	38,194 26,244 9,125 2,824 495,150 215,478 4,445 211,033 204,071 6,962 132,071 73,716
To financial institutions Commercial banks in the Unit Banks in foreign countries Sales finance, personal finance Other financial institutions To nonbank brokers and dealers To others for purchasing and car To finance agricultural productio All other Less: Uncarned income. Loan loss reserve Other loans, net Lease financing receivables All Other assets	companies, etc in securities rying securities ²	6,850 6,905 11,184 15,858 7,892 2,604 6,571 15,215 5,744 7,498 482,392 11,097 128,783	6,764 7,041 11,137 15,964 7,560 2,608 6,545 15,590 5,707 7,362 484,975 11,068 133,026	7,054 7,586 11,126 16,038 9,036 2,601 6,544 15,731 5,712 7,354 486,274 11,074 132,876	7,253 7,084 10,984 16,037 9,770 2,575 6,525 15,810 5,708 7,374 485,898 11,057 131,307	7,195 7,120 11,201 15,702 8,093 2,564 6,514 15,405 5,701 7,409 482,797 11,031 129,418	7,594 6,685 11,329 15,983 9,500 2,707 6,488 16,826 5,616 7,523 486,089 11,064 137,569	7,017 6,702 11,252 16,160 8,021 2,847 6,478 14,952 5,621 7,556 482,161 11,061 135,569	7,037 7,080 11,119 15,926 7,854 2,877 6,430 15,848 5,610 7,554 482,553 11,052 133,259	6,944 7,078 10,975 15,849 8,137 2,956 6,400 15,546 5,596 7,567 481,986 11,068 132,109
44 Total assets		861,769	877,018	892,570	883,256	868,670	901,968	880,068	877,617	872,437
Deposits Demand deposits Mutual savings banks Individuals, partnerships, and co States and political subdivisions. U.S. government Commercial banks in the United Individuals, partnerships, and co States and political subdivisions. Commercial banks in the United Individuals and officiars (checks) Time and savings deposits Savings Individuals and nonprofit orga Partnerships and corporations Domestic governmental units All Other Individuals, partnerships, and Individuals, partnerships, and Individuals, partnerships, and States and political subdivision U.S. government Commercial banks in the Unit Foreign governments, official in banks Liabilities for borrowed money Borrowings from Federal Reserv Treasury tax-and-loan notes All other liabilities for borrowed Other liabilities and subordinated r	rporations	164,541 526 124,068 4,479 1,874 17.963 5,793 957 8,881 401,320 79,898 76,565 2,770 546 17 321,422 281,320 21,659 12,948 4,936 575 13,187 141,899 83,593	171,131 670 128,934 4,950 1,544 20,307 5,492 1,366 7,868 80,023 2,793 320,166 280,282 21,262 576 13,124 4,921 7 9,968 152,645 82,457	179,704 668 134,918 4,541 1,560 21,577 6,847 914 8,678 404,202 83,256 542 17 320,945 280,808 21,371 320,945 280,808 21,371 320,945 88,808 21,371 320,945 88,808	173,364 605 130,354 4,468 2,671 18,485 6,142 1,080 9,559 403,985 83,093 79,796 2,747 534 16 320,892 281,001 21,388 635 12,974 4,894 9,57 8,780 153,195 85,942	166,343 510 126,347 4,532 1,902 18,070 6,216 1,012 7,754 402,545 82,742 79,383 2,797 546 16 319,802 280,004 21,341 627 12,886 4,943 383 8,7200 147,412 86,422	187,996 139,931 5,391 3,014 22,492 5,854 1,224 403,346 85,199 81,788 2,821 568 23 318,146 278,788 20,953 629 12,721 5,056 3955 3,820 160,351 88,622	168,264 128,045 4,495 1,790 17,799 5,784 856 8,871 403,018 85,338 81,846 2,846 626 21 317,680 278,151 21,108 645 12,806 4,969 2,869 9	173,171 608 131,601 4,878 1,065 20,335 5,891 850 7,942 400,656 85,250 81,774 2,838 617 21 315,406 275,662 21,414 641 12,712 4,976 136 3,373 154,995 87,851	171,784 558 128,522 5,069 2,343 20,182 6,539 834 7,737 402,432 84,412 80,999 2,858 533 22 318,020 278,219 21,464 638 12,833 4,867 502 1,299 149,557 89,606
70 Total liabilities		805,115	819,798	835,248	826,223	811,826	844,530	822,599	820,183	815,180
71 Residual (total assets minus total li	abilities)4	56,654	57,220	57,322	57,033	56,844	57,438	57,469	57,434	57,257

4. Not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

Includes securities purchased under agreements to resell.
 Other than financial institutions and brokers and dealers.
 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.

1.27 LARGE WEEKLY REPORTING COMMERCIAL BANKS with Domestic Assets of \$1 Billion or More on

December 31, 1977, Assets and Liabilities Millions of dollars, Wednesday figures, 1982

Account	Sept. 29	Oct. 6	Oct. 13	Oct. 20	Oct. 27 ^p	Nov. 3 ^p	Nov. 10 ^p	Nov. 17 ^p	Nov. 24 ^p
Cash items in process of collection Demand deposits due from banks in the United States.	45,517 6,376	44,564 6,585	53,150 6,973	48,619 6,418	43,012 6,150	54,668 7,463	46,042 5,719	48,335 6,921	47,192 6,357
3 All other cash and due from depository institutions 4 Total loans and securities	26,227 597,772	28,658 605,929	32,033 608,462	36,950 601,574	32,517 599,853	33,034 609,767	32,694 601,345	30,378 599,783	30,471 597,539
Securities 5 U.S. Treasury securities 6 Trading account 7 Investment account, by maturity 8 One year or less. 9 Over one through five years. 10 Other securities 11 Other securities 12 Trading account 13 Investment account 14 U.S. government agencies. 15 States and political subdivision, by maturity. 16 One year or less 17 Over one year 18 Other bonds, corporate stocks and securities	34,422 7,008 27,414 9,117 16,402 1,894 72,185 3,941 68,244 14,336 51,038 6,281 44,757 2,870	36,080 7,306 28,774 9,167 17,724 1,884 73,200 5,226 67,974 14,179 50,938 6,328 44,610 2,857	37,380 8,412 28,968 9,173 17,930 1,866 72,355 4,292 68,063 14,274 50,959 6,357 44,602 2,829	37,034 8,020 29,014 9,015 18,204 1,795 71,475 3,754 67,720 14,155 50,808 6,194 44,615 2,757	37,435 8,127 29,307 9,033 18,507 71,663 4,077 67,586 13,946 50,870 6,224 44,646 2,770	38,671 9,066 29,605 9,160 18,724 1,722 73,364 5,981 13,856 50,731 6,326 44,405 2,794	38,144 8,190 29,954 9,372 18,858 1,724 71,243 3,857 67,386 13,858 50,721 6,279 44,442 2,807	37,903 7,902 30,001 9,318 19,036 1,646 70,805 3,557 67,248 13,845 50,627 6,306 44,321 2,776	37,922 7,800 30,122 9,369 19,128 1,624 70,678 3,435 67,242 13,825 50,687 6,292 44,394 2,731
Loans 19 Federal funds sold¹ 20 To commercial banks 21 To nonbank brokers and dealers in securities 22 To others 23 Other loans, gross 24 Commercial and industrial. 25 Bankers acceptances and commercial paper 26 All other 27 U.S. addressees 28 Non-U.S. addressees 29 Real estate 30 To individuals for personal expenditures 31 To individuals for personal expenditures	35,673 25,575 8,250 1,848 467,700 206,297 4,477 201,820 194,530 7,289 124,370 65,992	38,569 27,657 8,132 2,780 470,113 208,921 4,728 204,193 196,966 7,227 124,131 65,813	39,406 28,672 8,680 2,053 471,355 207,571 4,725 202,846 195,688 7,158 124,408 65,714	34,174 23,995 7,811 2,368 470,940 206,774 4,581 202,193 195,253 6,940 124,455 65,721	34,997 24,498 8,298 2,201 467,839 205,820 4,482 201,338 194,494 6,843 124,425 65,865	38,676 27,179 8,685 2,812 471,168 205,907 4,246 201,662 194,791 124,384 65,860	36,900 26,388 7,860 2,651 467,217 205,753 4,055 201,698 194,799 6,899 124,324 65,754	35,617 24,460 8,635 2,523 467,601 205,237 4,504 200,733 193,911 6,822 124,470 65,746	34,047 22,643 8,676 2,727 467,048 204,517 4,106 200,411 193,576 6,835 124,654 66,023
To financial institutions 1 Commercial banks in the United States 22 Banks in foreign countries 33 Sales finance, personal finance companies, etc. 34 Other financial institutions 35 To nonbank brokers and dealers in securities 36 To others for purchasing and carrying securities 37 To finance agricultural production. 38 All other 40 Less: Unearned income 40 Loan loss reserve 41 Other loans, net. 42 Lease financing receivables 43 All other assets.	6,686 6,821 11,013 15,459 7,850 2,371 6,390 14,450 5,094 7,113 455,493 10,760 125,016	6,606 6,958 10,961 15,550 7,523 2,377 6,369 14,906 5,064 6,969 458,079 10,731 129,288	6,846 7,492 10,954 15,624 9,005 2,373 6,365 15,001 5,070 6,964 459,321 10,736 129,075	7,088 7,007 10,805 15,604 9,740 2,348 6,345 15,054 5,066 6,983 458,891 10,719 127,630	7,038 7,025 11,021 15,268 8,066 2,332 6,330 14,649 5,062 7,019 455,758 10,692 125,630	7,425 6,604 11,144 15,542 9,447 2,472 6,316 16,066 4,985 7,127 459,056 10,723 133,688	6,852 6,622 11,073 15,717 7,989 2,618 6,306 14,209 4,995 7,164 455,058 10,720 131,695	6,872 7,014 10,941 15,477 7,825 2,650 6,261 15,109 4,979 7,165 455,457 10,711 129,377	6,796 6,996 10,800 15,421 8,094 2,730 6,237 14,780 4,969 7,186 454,892 10,701 128,302
44 Total assets	811,669	825,755	840,429	831,910	817,855	849,342	828,214	825,504	820,562
Deposits 45 Demand deposits	153,122 509 115,121 3,966 1,687 16,589 5,719 935 8,595 376,548 73,711 70,642 2,545 5,719 17,302,838 264,957 19,736 12,712	159,302 645 119,764 4,355 1,387 18,795 5,446 1,365 7,546 378,766 378,766 378,766 378,826 2,569 544 17 301,816 264,122 19,376 12,892	167,127 648 125,120 4,098 1,415 19,784 6,799 913 8,352 2379,390 76,812 73,759 2,534 502 502 17 302,578 264,713 19,428 51 113,068	161,603 585 121,235 3,948 2,414 17,029 6,098 1,072 9,222 379,104 76,656 73,627 2,516 498 16 302,448 264,843 19,411 19,411 12,732	154,856 494 117,375 4,035 1,746 16,624 6,170 999 7,412 377,661 76,303 73,213 2,569 505 16 301,358 263,828 19,390 558	175,287 736 130,265 4,830 2,761 20,757 5,798 1,217 8,922 378,307 78,574 2,594 23 299,733 262,612 19,020 564 412,481	19,122 572	161,012 589 122,176 4,341 917 18,834 5,824 847 7,485 375,473 78,623 75,417 2,606 580 21 296,850 259,343 19,473 568 12,489	19,496 566
65 Foreign governments, official institutions, and banks	4,936	4,921	4,838	4,894	4,943	5,056	4,969	4,976	4,867
66 Borrowings from Federal Reserve Banks	535 12,407 134,507 81,423	9,374 144,244 80,384	12 8,420 150,209 81,496	957 8,192 144,687 83,866	383 8,150 139,156 84,331	395 3,546 151,465 86,453	1,258 150,192	136 3,101 146,099 85,750	492 1,195 140,728 87,509
70 Total liabilities	758,542	772,077	786,654	778,409	764,538	795,453	1	771,573	766,806
71 Residual (total assets minus total liabilities) ⁴	53,127	53,678	53,775	53,501	53,317	53,890		53,932	53,756

Includes securities purchased under agreements to resell.
 Other than financial institutions and brokers and dealers.
 Includes federal funds purchased and securities sold under agreement 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.} Not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

LARGE WEEKLY REPORTING COMMERCIAL BANKS IN NEW YORK CITY Assets and Liabilities 1.28 Millions of dollars, Wednesday figures, 1982

Account	Sept. 29	Oct. 6	Oct. 13	Oct. 20	Oct. 27 ^p	Nov. 3 ^p	Nov. 10 ^p	Nov. 17 ^p	Nov. 24 ^p
Cash items in process of collection Demand deposits due from banks in the United	16,655	14,748	17,746	18,857	15,254	19,745	17,009	15,993	15,052
States 3 All other cash and due from depository institutions	1,191 4,522	1,457 5,166	1,548 7,677	1,469 6,938	1,290 6,276	1,589 6,838	1,058 6,491	1,501 6,421	979 4,488
4 Total loans and securities ¹	142,266	144,281	146,298	145,837	144,468	147,597	143,318	144,885	143,362
Securities 5 U.S. Treasury securities ² 6 Trading account ² 7 Investment account, by maturity. 8 One year or less. 9 Over one through five years 10 Over five years.	6,556 991 4,989 576	7,786 1,068 6,136 581	7,731 1,062 6,088 581	7,649 1,098 6,060 491	7,689 1,100 6,087 502	7,999 1,153 6,322 523	8,047 1,154 6,363 530	8,271 1,227 6,565 479	8,330 1,227 6,671 432
11 Other securities ² 12 Trading account ² 13 Investment account 14 U.S. government agencies 15 States and political subdivision, by maturity 16 One year or less 17 Over one year 18 Other bonds, corporate stocks and securities.	13,928 2,084 10,920 1,253 9,666 924	13,756 1,965 10,865 1,233 9,632 926	13,705 1,956 10,848 1,209 9,639 901	13,694 1,962 10,824 1,160 9,664 907	13,663 1,919 10,825 1,194 9,631 918	13,581 1,842 10,829 1,179 9,650 909	13,449 1,751 10,788 1,175 9,613 910	13,312 1,698 10,736 1,166 9,570 878	13,282 1,697 10,764 1,180 9,584 821
Loans 19 Federal funds sold ³ . 20 To commercial banks 21 To nonbank brokers and dealers in securities 22 To others 23 Other loans, gross 24 Commercial and industrial 25 Bankers acceptances and commercial paper 26 All other 27 U.S. addressees 28 Non-U.S. addressees 29 Real estate. 30 To individuals for personal expenditures.	8,982 4,045 4,067 869 116,578 61,222 1,197 60,025 58,410 1,615 18,941 11,594	9,019 4,277 3,931 810 117,495 62,685 1,545 61,140 59,640 1,500 18,833 11,578	9,562 4,345 4,444 773 119,085 62,514 1,371 61,143 59,612 1,531 18,861 11,605	8,835 4,112 3,845 878 119,453 62,005 1,358 60,647 59,206 1,441 18,837 11,619	9,924 4,978 4,070 875 117,027 61,670 1,410 60,261 58,787 1,474 18,891 11,636	11,116 5,409 4,580 1,127 118,747 61,390 1,155 60,236 58,756 1,480 18,770 11,616	9,256 4,458 3,814 983 116,438 61,312 1,036 60,277 58,701 1,575 18,756 11,627	9,889 4,563 4,195 1,131 117,277 61,314 1,118 60,196 58,678 1,519 18,884 11,621	9,096 3,750 4,183 1,163 116,535 60,875 1,111 59,764 58,149 1,615 18,946 11,647
To financial institutions Commercial banks in the United States Banks in foreign countries Sales finance, personal finance companies, etc. Other financial institutions. To nonbank brokers and dealers in securities To others for purchasing and carrying securities All other. Loan loss reserve Other loans, net Loan loss reserve Other loans, net Loan loss reserve Al Other loans, net Loan lost reserve Al Other loans, net Loan lost reserve Al Other loans, net All other assets'	1,986 2,544 4,723 4,902 5,516 649 424 4,074 1,490 2,289 112,799 2,093 50,615	2,168 2,632 4,609 4,879 4,788 651 420 4,250 1,491 2,283 113,720 2,066 53,243	2,168 3,162 4,583 5,012 5,980 651 419 4,128 1,490 2,294 115,300 2,094 53,245	2,466 2,837 4,582 4,885 7,004 660 417 4,140 1,498 2,296 115,659 2,093 52,652	2,202 2,768 4,821 4,793 5,183 652 387 4,023 1,511 2,324 113,192 2,074 52,291	2,703 2,558 4,914 4,919 6,194 767 371 4,546 1,487 2,359 114,900 2,063 58,914	2,057 2,493 4,800 4,989 5,474 874 392 3,662 1,493 2,378 112,567 2,062 55,710	2,180 2,862 4,857 4,928 5,535 867 392 3,835 1,484 2,381 113,412 2,044 54,500	2,155 2,796 4,776 4,877 5,355 927 380 3,800 1,486 2,395 112,654 2,060 54,626
44 Total assets	217,342	220,962	228,609	227,846	221,653	236,746	225,649	225,344	220,567
Deposits Demand deposits Mutual savings banks Individuals, partnerships, and corporations States and political subdivisions U.S. government Commercial banks in the United States Banks in foreign countries Foreign governments and official institutions. Certified and officers' checks. Time and savings deposits Savings Individuals and nonprofit organizations Individuals and corporations operated for	45,781 249 30,445 519 474 3,877 4,491 686 5,042 72,705 9,645 9,311	47,270 329 31,245 1,032 316 5,294 4,198 1,112 3,745 73,271 10,129 9,779	49,039 330 32,390 648 523 4,476 5,254 653 4,766 73,877 10,236 9,892	50,807 286 33,546 520 616 4,779 4,783 801 5,475 74,567 10,303 9,959	45,960 225 30,813 440 452 4,408 4,850 742 4,030 75,236 10,295 9,962	53,641 322 36,158 574 679 5,617 4,540 962 4,787 75,122 10,784 10,429	45,410 297 30,430 485 490 3,919 4,544 566 4,679 75,886 10,870 10,464	45,862 270 31,154 433 195 4,734 4,637 571 3,867 74,596 10,925 10,537	45,878 252 30,392 501 497 4,600 5,260 626 3,748 74,577 10,487 10,150
profit	228 105	225 123	222 118	222 120	227 105	230 124	231 174	232 154	228 106
59 All other Time 1 Individuals, partnerships, and corporations 2 States and political subdivisions U.S. government Commercial banks in the United States 5 Foreign governments, official institutions, and	63,060 53,183 2,300 195 5,376	1 63,143 52,920 2,368 199 5,638	1 63,640 53,272 2,474 194 5,757	1 64,264 54,019 2,443 217 5,554	1 64,941 54,663 2,539 216 5,517	64,338 54,058 2,497 208 5,475	65,016 54,589 2,563 208 5,575	63,670 52,855 2,681 205 5,810	64,090 53,302 2,618 201 5,938
banks Liabilities for borrowed money	2,006	2,017	1,942	2,030	2,005	2,099	2,080	2,120	2,032
66 Borrowings from Federal Reserve Banks	3,134 47,864	2,355 50,398	2,221 54,977	675 2,259 50,120	375 2,182 48,340	926 55,656	1,405 368 51,984	920 53,522	342 49,172
debentures	29,857	29,274	30,074	31,067	31,404	32,987	32,145	32,012	32,219
70 Total liabilities	199,369	202,569	210,188	209,495	203,495	218,333	207,199	206,912	202,188
71 Residual (total assets minus total liabilities) ⁷	17,973	18,393	18,421	18,351	18,158	18,414	18,450	18,433	18,378

Excludes trading account securities.
 Not available due to confidentiality.
 Includes securities purchased under agreements to resell.
 Other than financial institutions and brokers and dealers.

Includes trading account securities.
 Includes federal funds purchased and securities sold under agreements to repurchase.
 Not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

A22 Domestic Financial Statistics □ December 1982

1.29 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures, 1982

Account	Sept. 29	Oct. 6	Oct. 13	Oct. 20	Oct. 27 ^p	Nov. 3 ^p	Nov. 10 ^p	Nov. 17 ^p	Nov. 24 ^p
Banks with Assets of \$750 Million or More									
Total loans (gross) and securities adjusted Total loans (gross) adjusted Demand deposits adjusted	615,804	621,610	623,104	620,754	618,693	625,827	618,974	619,237	618,923
	499,433	502,662	503,577	502,430	499,731	503,707	499,378	500,350	500,155
	96,742	102,044	100,087	100,800	100,893	104,666	100,176	100,664	99,236
4 Time deposits in accounts of \$100,000 or more	205,706	205,728	206,260	206,021	204,854	203,596	203,283	201,052	202,996
	148,198	148,055	148,414	147,832	146,399	144,812	144,031	141,808	143,275
	57,508	57,672	57,847	58,189	58,455	58,784	59,252	59,244	59,722
7 Loans sold outright to affiliates ³	2,861	2,750	2,815	2,790	2,883	2,874	2,886	2,933	2,956
	2,281	2,196	2,227	2,244	2,264	2,238	2,252	2,308	2,345
	580	554	588	546	619	636	634	624	611
BANKS WITH ASSETS OF \$1 BILLION OR MORE									
10 Total loans (gross) and securities adjusted ¹	577,719	583,699	584,977	582,541	580,398	587,275	580,264	580,595	580,255
	471,112	474,419	475,242	474,032	471,300	475,240	470,877	471,887	471,656
	89,329	94,556	92,778	93,542	93,474	97,100	92,571	92,927	91,625
13 Time deposits in accounts of \$100,000 or more	196,287	196,430	196,977	196,706	195,533	194,250	193,718	191,571	193,506
	142,623	142,585	142,991	142,432	140,951	139,344	138,413	136,220	137,754
	53,664	53,846	53,985	54,274	54,582	54,906	55,305	55,351	55,752
16 Loans sold outright to affiliates ³	2,784	2,679	2,738	2,716	2,808	2,800	2,815	2,862	2,884
	2,218	2,136	2,161	2,182	2,201	2,176	2,193	2,249	2,285
	566	543	576	534	607	624	622	613	599
BANKS IN NEW YORK CITY									
19 Total loans (gross) and securities adjusted ^{1,4}	140,013	141,609	143,570	143,053	141,123	143,331	140,675	142,008	141,338
	119,528	120,068	122,133	121,710	119,771	121,751	119,179	120,424	119,726
	24,776	26,912	26,294	26,556	25,845	27,600	23,991	24,939	25,729
22 Time deposits in accounts of \$100,000 or more	48,155	48,339	48,911	49,667	50,341	49,736	50,679	49,381	49,440
	37,157	37,122	37,500	38,229	38,768	38,016	38,695	37,535	37,657
	10,998	11,217	11,411	11,439	11,573	11,720	11,984	11,847	11,783

^{1.} Exclusive of loans and federal funds transactions with domestic commercial banks.
2. All demand deposits except U.S. government and domestic banks less cash items in process of collection.

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.
 Excludes trading account securities.

1.291 LARGE WEEKLY REPORTING BRANCHES AND AGENCIES OF FOREIGN BANKS Assets and Liabilities Millions of dollars, Wednesday figures, 1982

Account	Sept. 29	Oct. 6	Oct. 13	Oct. 20	Oct. 27 ^p	Nov. 3 ^p	Nov. 10 ^p	Nov. 17 ^p	Nov. 24 ^p
1 Cash and due from depository institutions 2 Total loans and securities	7,253 47,712	7,148 46,767	7,281 46,024	7,352 46,393	7,610 46,082	7,636 46,043	7,923 43,934	7,210 45,846	6,975 46,173
3 U.S. Treasury securities	1,757 840	1,860 857	2,156 855	2,702	2,715	2,731 854	2,848 759	2,797 834	2,802
4 Other securities	4,042	3,287	3,046	856 2,558	853 2,943	2,828	2,643	3,172	825 2,978
6 To commercial banks in United States	3,758	2,918	2,822	2,339	2,722	2,629	2,374	2,919	2,832
7 To others	283	369	224	220	220	200	270	253	146
8 Other loans, gross	41,074 20,156	40,763 19,331	39,966 18,857	40,277 18,918	39,571 18,677	39,629 19,024	37,683 18,545	39,042 19,011	39,567 19,276
10 Bankers acceptances and commercial	20,130	19,551	10,057	15,715	10,077	15,024	10,545	19,011	19,270
paper	3,286	3,060	2,956	2,931	2,826	2,893	2,589	2,918	2,874
11 All other	16,849	16,270	15,901	15,987	15,851	16,131	15,956	16,093	16,402
12 U.S. addressees	14,896 1,953	14,340 1,931	13,977 1.924	13,906 2,081	13,832 2,020	14,046 2,085	13,999 1,957	14,122 1,971	14,456 1,946
14 To financial institutions	16,169	16,635	16,527	16,723	16,433	16,078	14,886	15,931	16,125
15 Commercial banks in United States	13,166	13,523	13,446	13,609	13,175	12,869	11,804	12,857	13,067
16 Banks in foreign countries	2,308 694	2,447 665	2,456 625	2,375 740	2,562 696	2,570 639	2,420 661	2,430 644	2,455 603
17 Nonbank financial institutions	433	479	413	351	310	420	311	203	291
19 All other	4,336	4,318	4,169	4,284	4,151	4,107	3,941	3,897	3,875
20 Other assets (claims on nonrelated	11.000	11 (50	11.763	12.070	12.04	12.040		14.000	
parties)	11,859 11,153	11,459 13,066	11,762 12,900	12,070 12,401	12,046 12,612	12,048 12,864	12,017 13,689	12,009 12,255	12,228 12,184
22 Total assets	77,977	78,440	77,966	78,216	78,350	78,591	77,563	77,319	77,560
22.75	22 77.	24.102	24.400	24.44	22.40	22 020	22.440	22.400	24.00
23 Deposits or credit balances ²	23,771 212	24,192 245	24,489 254	24,114 206	23,487 216	23,820 270	23,660 246	23,400 204	24,192 213
25 Demand deposits	1.906	2,163	1,975	2,159	1,961	2,234	1,941	1,987	1.918
26 Individuals, partnerships, and				·					,
corporations	771	821	922 1,053	943	839	1,079 1,155	903 1.038	895 1,091	944 975
27 Other	1,135 21,653	1,342 21,784	22,260	1,216 ¹ 21,748	1,122 21,310	21,316	21,473	21,209	22,060
29 Individuals, partnerships, and		·			i i				
corporations	18,609	18,673	19,092	18,593	18,179	18,071	18,380	18,131	19,054
30 Other	3,044 32,624	3,111 34,301	3,168 32,383	3,156 32,365	3,131 33,016	3,245 33,694	3,093 32,018	3,078 31,632	3,006 31,773
32 Federal funds purchased4	8,058	9,572	8,541	8,374	9,379	10,144	9,645	8,603	8.038
33 From commercial banks in United									
States	7,227 831	8,743 829	7,677 864	7,412 962	8,482 897	9,080 1,064	8,556 1,089	7,548 1.056	6,950 1,087
34 From others	24,565	24,728	23,842	23,991	23,637	23,550	22,373	23,028	23,735
36 To commercial banks in United States	22,333	22,582	21,750	21,885	21,537	21,177	19,783	20,510	21,204
37 To others	2,232	2,146	2,092	2,106	2,100	2,373	2,590	2,519	2,531
38 Other liabilities to nonrelated parties	11,629 9,954	11,269 8,679	11,596 9,498	11,870 9,868	11,825 10,022	11,665 9,412	11,794 10,090	11,611 10,677	11,814 9,782
40 Total liabilities	77,977	78,440	77,966	78,216	78,350	78,591	77,563	77,319	77,560
]	· .		, ,				, ,	,
MEMO 41 Total loans (gross) and securities									
adjusted ⁵	30,788	30,326	29,755	30,445	30,184	30,545	29,756	30,069	30,274
42 Total loans (gross) adjusted ⁵	28,190	27,610	26,744	26,888	26,616	26,960	26,148	26,438	26,646

Includes securities purchased under agreements to resell.
 Balances due to other than directly related institutions.
 Borrowings from other than directly related institutions.

^{4.} Includes securities sold under agreements to repurchase.
5. Excludes loans and federal funds transactions with commercial banks in United States

A24 Domestic Financial Statistics □ December 1982

1.30 LARGE WEEKLY REPORTING COMMERCIAL BANKS Domestic Classified Commercial and Industrial Loans Millions of dollars

•			Outstanding	}			Net	change du	ring		
Industry classification			1982	-		1982					
	July 28	Aug. 25	Sept. 29	Oct. 27	Nov. 24 ^p	Q2	Q3	Sept.	Oct.	Nov. p	
1 Durable goods manufacturing	28,520	29,117	31,428	31,299	30,238	448	2,348	2,310	- 129	-1,061	
2 Nondurable goods manufacturing 3 Food, liquor, and tobacco. 4 Textiles, apparel, and leather. 5 Petroleum refining. 6 Chemicals and rubber. 7 Other nondurable goods	24,815 4,679 5,068 4,840 5,197 5,030	24,866 4,596 5,064 4,717 5,518 4,971	25,813 4,840 4,855 5,323 5,810 4,985	24,773 4,639 4,571 5,464 5,423 4,677	24,678 4,847 4,297 5,519 5,404 4,611	2,137 254 328 647 412 496	514 36 -7 228 259	947 245 - 209 606 291	-1,040 -202 -284 141 -387 -308	-96 208 -274 55 -19 -66	
8 Mining (including crude petro- leum and natural gas)	27,983	27,313	28,406	29,322	29,507	2,401	154	1,092	916	185	
9 Trade 10 Commodity dealers 11 Other wholesale 12 Retail	28,570 1,648 13,632 13,290	28,320 1,788 13,488 13,044	29,052 1,978 13,976 13,099	28,965 2,036 13,697 13,231	28,825 2,115 13,682 13,029	376 - 461 257 580	- 134 116 202 - 453	732 190 487 54	-87 59 -278 132	- 140 78 - 15 - 203	
13 Transportation, communication, and other public utilities 14 Transportation 15 Communication 16 Other public utilities	24,962 8,868 4,832 11,263	24,751 8,964 4,905 10,882	24,916 8,976 5.154 10,786	24,962 8,913 5.255 10,793	25,179 9,039 5,300 10,839	1,372 73 537 762	-86 -251 376 -210	165 11 250 - 95	46 -62 101 7	217 126 45 46	
17 Construction	7,922 28,859 17,330	7,825 28,960 17,536	7,680 29,315 17,920	7,621 29,705 17,848	7,635 29,540 17,975	509 1,611 -21	-81 563 675	- 146 356 385	- 59 390 - 72	14 - 165 127	
20 Total domestic loans	188,962	188,689	194,530	194,494	193,576	8,832	3,954	5,842	-36	- 919	
21 MEMO: Term loans (original maturity more than 1 year) included in domestic loans.	87,207	87,010	89,135	89,776	90,050	2,606	- 674	2,125	640	275	

^{1.} Includes commercial and industrial loans at a few banks with assets of \$1 billion or more that do not classify their loans.

1.31 GROSS DEMAND DEPOSITS of Individuals, Partnerships, and Corporations¹ Billions of dollars, estimated daily-average balances

1				Con	nmercial ba	anks		j	
Type of holder	1978	1979²	1980		19	981		19	82
	Dec.	Dec.	Dec.	Mar. ³	June ⁴	Sept.	Dec.	Mar.	June
1 All holders—Individuals, partnerships, and corporations	294.6	302.2	315.5	280.8	†	277.5	288.9	268.9	271.5
2 Financial business 3 Nonfinancial business 4 Consumer 5 Foreign 6 Other	27.8 152.7 97.4 2.7 14.1	27.1 157.7 99.2 3.1 15.1	29.8 162.3 102.4 3.3 17.2	30.8 144.3 86.7 3.4 15.6	n.a.	28.2 148.6 82.1 3.1 15.5	28.0 154.8 86.6 2.9 16.7	27.8 138.7 84.6 3.1 14.6	28.6 141.4 83.7 2.9 15.0
				Weekl	y reporting	banks			
	1978	19795	1980		19	981		19	82
	Dec.	Dec.	Dec.	Mar. ³	June ⁴	Sept.	Dec.	Mar.	June
7 All holders—Individuals, partnerships, and corporations	147.0	139.3	147.4	133.2	†	131.3	137.5	126.8	127.9
8 Financial business 9 Nonfinancial business 10 Consumer 11 Foreign 12 Other	19.8 79.0 38.2 2.5 7.5	20.1 74.1 34.3 3.0 7.8	21.8 78.3 35.6 3.1 8.6	21.9 69.8 30.6 3.2 7.7	n.a.	20.7 71.2 28.7 2.9 7.9	21.0 75.2 30.4 2.8 8.0	20.2 67.1 29.2 2.9 7.3	20.2 67.7 29.7 2.8 7.5

^{1.} Figures include cash items in process of collection. Estimates of gross deposits

4. Demand deposit ownership survey estimates for June 1981 are not privailable

^{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 BUILETIN, p. 466.

2. Beginning with the March 1979 survey, the demand deposit ownership survey sample was reduced to 232 banks from 349 banks, and the estimation procedure was modified slightly. To aid in comparing estimates based on the old and new reporting sample, the following estimates in billions of dollars for December 1978 have been constructed using the new smaller sample; financial business, 27.0; nonfinancial business, 146.9; consumer, 98.3; foreign, 2.8; and other, 15.1.

3. Demand deposit ownership data for March 1981 are subject to greater than normal errors reflecting unusual reporting difficulties associated with funds shifted to negotiable order of withdrawal (NOW) accounts authorized at year-end 1980. For the household category, the \$15.7 billion decline in demand deposits all commercial banks between December 1980 and March 1981 has an estimated standard error of \$4.8 billion.

^{4.} Demand deposit ownership survey estimates for June 1981 are not χεταναιιαρίε due to unresolved reporting errors.
5. After the end of 1978 the large weekly reporting bank paner was changed to 170 large commercial banks, each of which had total assets in domestic offices exceeding 5750 million as of Dec. 31, 1977. See "Announcements." p. 408 in the May 1978 BULLETIN. Beginning in March 1979, demand deposit ownership estimates for these large banks are constructed quarterly on the basis of 97 sample banks and are not comparable with earlier data. The following estimates in billions of dollars for December 1978 have been constructed for the new large-bank panel; financial business, 18.2; nonfinancial business, 67.2; consumer, 32.8; foreign, 2.5; other. 6.8.

A26 Domestic Financial Statistics □ December 1982

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1977	1978	19791	1980	1981			198	H2		
III.A.A.M.C.II.	Dec.	Dec.	Dec.	Dec.	Dec.	May	June	July	Aug.	Sept.	Oct.
				Cor	mmercial pa	aper (seasor	nally adjust	ed)	•		
1 All issuers	65,051	83,438	112,803	124,524	165,508	176,210	178,842	180,669	177,182	173,836	170,253
Financial companies ² Dealer-placed paper ³ 2 Total. 3 Bank-related (not seasonally adjusted). Directly placed paper ⁴ 4 Total. 5 Bank-related (not seasonally adjusted). 6 Nonfinancial companies ⁵	8,796 2,132 40,574 7,102 15,681	12,181 3,521 51,647 12,314 19,610	17,359 2,784 64,757 17,598 30,687	19,790 3,561 67,854 22,382 36,880	30,188 6,045 81,660 26,914 53,660	34,683 8,003 82,390 30,576 59,137	36,685 7,188 84,774 30,828 57,383	37,961 6,427 85,684 31,141 57,024	38,066 6,038 81,707 28,901 57,409	36,692 5,924 81,347 27,761 55,797	35,130 5,791 79,846 27,712 55,277
			Bankers d	ollar accept	tances (not	seasonally a	adjusted un	less noted o	otherwise)		
7 Total	25,450	33,700	45,321	54,744	69,226	71,601	71,765	72,559	72,709	73,818	ŧ
Holder 8 Accepting banks 9 Own bills 10 Bills bought Federal Reserve Banks 11 Own account 12 Foreign correspondents	10,434 8,915 1,519 954 362	8,579 7,653 927 1 664	9,865 8,327 1,538 704 1,382	10,564 8,963 1,601 776 1,791	10,857 9,743 1,115 0 1,442	11,104 9,879 1,225 0 1,234	10,362 9,175 1,188 0 1,348	11,164 9,734 1,431 0 1,250	11,805 10,740 1,065 0 1,239	10,752 9,370 1,382 0 1,139	n.a.
13 Others Basis 14 Imports into United States 15 Exports from United States. 16 All other	6,378 5,863 13,209	24,456 8,574 7,586 17,540	33,370 10,270 9,640 25,411	11,776 12,712 30,257	56,926 14,765 15,400 39,061	59,262 14,979 16,255 40,458	15,213 15,649 40,842	15,094 16,167 41,298	59,664 14,921 15,883 41,898	16,075 15,608 42,136	

A change in reporting instructions results in offsetting shifts in the dealer-placed and directly placed financial company paper in October 1979.
 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.

^{3.} Includes all financial company paper sold by dealers in the open market.
4. As reported by financial companies that place their paper directly with inves-

tors.

5. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.

1.33 PRIME RATE CHARGED BY BANKS on Short-Term Business Loans Percent per annum

9 16.50- 29 15.50 July 20.39 May 16. 17.00 Aug 2 15.00 Aug 20.50 June 16. 17 17.00 16. 14.50 Sept 20.08 July 16. 20 16.50 18 14.00 Oct 18.45 Aug 14.	Effective date	Rate	Effective Date	Rate	Month	Average rate	Month	Average rate
Dec. 1 15.75 Oct. 7 13.00 Dec. 15.75 Oct. 12.	9	16.50- 17.00 17.00 16.50 16.00 15.75 16.50 17.00	29. Aug. 2. 16. 18. 23. Oct. 7. 14. Nov. 22.	15.50 15.00 14.50 14.00 13.50 13.00 12.00 11.50	July Aug. Sept. Oct. Nov. Dec. 1982—Jan. Feb.	20.39 20.50 20.08 18.45 16.84 15.75 15.75 16.56	May June July Aug Sept. Oct.	16.50 16.50 16.50 16.26 14.39 13.50 12.52 11.85

1.34 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, August 2–7, 1982

	A.11		Siz	e of loan (in the	ousands of dolla	rs)	
Item	All sizes	124	25-49	50 -99	100-499	500-999	1,000 and over
SHORT-TERM COMMERCIAL AND INDUSTRIAL LOANS							
Amount of loans (thousands of dollars) Number of loans Weighted-average maturity (months) Weighted-average interest rate (percent per annum). Interquartile range ¹ .	37,561,878 165,698 1.2 13,27 11,91–13,62	936,686 115,899 3,8 17.89 17,00-18.74	665,314 20,423 4.0 17.22 16.99–17.94	816,533 12,555 3.8 17.25 16,13–18.00	1,982,909 10,543 4.0 16.81 16.08–18.12	911,670 1,397 3.5 15.92 15.25–17.05	32,248,746 4,882 .8 12.66 11.85-12.83
Percentage of amount of loans 6 With floating rate 7 Made under commitment 8 With no stated maturity	23.1 63.6 9.8	34.0 37.3 15.0	41.4 32.6 14.2	50.8 37.3 21.0	60.7 45.5 23.2	68.1 67.3 33.1	18.2 66.7 7.8
LONG-TERM COMMERCIAL AND INDUSTRIAL LOANS			1-99				
9 Amount of Joans (thousands of dollars) 10 Number of Joans 11 Weighted-average maturity (months) 12 Weighted-average interest rate (percent per annum). 13 Interquartile range	3,907,991 25,774 46.5 15.22 12.33–16.96		272,632 23,334 36,0 18,90 17,23–19,56		350,030 1,637 32.2 16.78 16.50-17.35	158,684 242 34,9 16.20 15.87-17.23	3,126,644 562 49.6 14.68 12.16–16.25
Percentage of amount of loans 14 With floating rate 15 Made under commitment.	60.0 61.2		39.3 45.0		93.1 43.8	79.9 81.4	57.0 63.5
CONSTRUCTION AND LAND DEVELOPMENT LOANS		1-24	25-49	50-99	į	500 an	d over
16 Amount of loans (thousands of dollars)	1,371,559 32,185 7.9 17.19 15.75–18.97	166,552 26,780 5.1 18.29 17.55~19.26	80,023 2,149 5.0 17.79 17.32–18.12	89,757 1,533 5.9 18.59 17.94–19.86	326,158 1,453 7.9 19.19 17.81–20.62		.068 271 9.3 5.77 7.69
Percentage of amount of loans 21 With floating rate 22 Secured by real estate. 23 Made under commitment 24 With no stated maturity.	63.9 73.7 68.6 5.6	26.3 47.3 24.8 .8	92.1 93.1 91.7 3.7	21.0 22.1 19.7 3.4	94.0 87.9 89.6 2.8		61.2 77.6 72.9 8.4
Type of construction 25 1- to 4-family 26 Multifamily 27 Nonresidential	21.0 6.7 72.4	37.5 4.6 57.9	82.7 2.6 14.7	44.4 5.4 50.2	9.9 10.1 80.0		12.3 6.2 81.5
LOANS TO FARMERS	All sizes	19	10–24	25-49	50–99	100–249	250 and over
28 Amount of loans (thousands of dollars) 29 Number of loans 30 Weighted-average maturity (months) 31 Weighted-average interest rate (percent per annum) 32 Interquartile range!	1,217,411 59,556 5,4 16.81 16.33–17.99	144,565 41,163 5.6 17.48 16.87–18.12	158,245 10,914 5.8 17,31 16.63–18.03	121,973 3,734 5.7 17.66 17.17–18.28	140,376 2,105 6,4 17,49 17,00–17,98	194,110 1,251 6.0 17.45 17.05~17.99	458,141 388 4.7 15.72 15.00–17.23
By purpose of loan 33 Feeder livestock. 34 Other livestock. 35 Other current operating expenses. 36 Farm machinery and equipment. 37 Other.	16.76 15.56 16.95 17.27 16.92	17.67 17.02 17.47 17.75 17.54	17.26 17.74 17.27 16.78 18.02	18.18 17.47 17.51 18.22 17.64	17,13 17,66 17.89	17.22 17.38 17.84	15.87 14.92 16.23

I. Interest rate range that covers the middle 50 percent of the total dollar amount of loans made.
 Fewer than 10 sample loans.
 NOTE. For more detail, see the Board's E.2 (111) statistical release.

[▲] Write to the Banking Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, about the differences in statistics because of changes in the reporting form.

1.35 INTEREST RATES Money and Capital Markets

Averages, percent per annum; weekly and monthly figures are averages of business day data unless otherwise noted.

Instrument	1979	1980	1981	1982				1982, week ending				
				Aug.	Sept.	Oct.	Nov.	Oct. 29	Nov. 5	Nov. 12	Nov. 19	Nov. 26
MONEY MARKET RATES												
1 Federal funds ^{1,2}	11.19	13.36	16.38	10.12	10.31	9.71	9.20	9.44	9.43	9.45	9.61	8.91
2 1-month 3 3-month 4 6-month Finance paper, directly placed ^{3,4}	10.86 10.97 10.91	12.76 12.66 12.29	15.69 15.32 14.76	9.50 10.15 10.80	9.96 10.36 10.86	9.08 9.20 9.21	8.66 8.69 8.72	8.74 8.86 8.93	8.68 8.74 8.71	8.73 8.75 8.76	8.88 8.87 8.89	8.34 8.45 8.50
Finance paper, directly placed 5 1-month 6 3-month 7 6-month Bankers acceptances ^{4,5}	10.78 10.47 10.25	12.44 11.49 11.28	15.30 14.08 13.73	9.32 9.62 9.93	9.89 9.65 9.63	8,89 8.60 8.60	8.51 8.39 8.42	8.57 8.36 8.36	8.53 8.40 8.40	8.69 8.43 8.43	8.71 8.55 8.56	8.11 8.18 8.28
8 3-month	11.04 n.a.	12.78 n.a.	15.32 14.66	10.34 10.90	10.40 10.82	9.24 9.21	8.76 8.77	8.93 8.99	8.75 8.70	8.81 8.81	8.91 8.88	8.55 8.58
Certificates of deposit, secondary market ⁶ 10 1-month	11.03 11.22 11.44 11.96	12.91 13.07 12.99 14.00	15.91 15.91 15.77 16.79	10.07 10.61 11.53 11.57	10.23 11.66 11.46 11.74	9.36 9.51 9.67 10.43	8.82 8.95 9.13 9.77	9.01 9.14 9.42 9.95	8.87 8.96 9.08 9.81	8.90 9.01 9.18 9.73	9,06 9,19 9,31 9,93	8.55 8.69 8.91 9.70
Secondary market	10.07 10.06 9.75	11.43 11.37 10.89	14.03 13.80 13.14	8.68 9.88 10.37	7.92 9.37 9.92	7.71 8.29 8.63	8.07 8.34 8.44	7.93 8.39 8.58	7.78 8.24 8.36	8.07 8.39 8.47	8.31 8.41 8.49	7.94 8.18 8.35
Auction average 17 3-month	10.041 10.017 9.817	11.506 11.374 10.748	14.077 13.811 13.159	9.006 10.105 11.195	8.196 9.539 10.286	7.750 8.299 9.521	8.042 8.319 8.567	8.031 8.472	7.813 8.231 8.567	7.964 8.397	8.446 8.539	7.944 8.109
CAPITAL MARKET RATES												
U.S. Treasury notes and bonds ⁹ Constant maturities ¹⁰ 20 -year	10.67 10.12	12.05 11.77	14.78 14.56	11.43 12.32	10.85 11.78	9.32 10.19	9.16 9.80	9.26 9.93	9.03 9.68 9.85	9.19 9.80	9.23 9.86 9.90	9.07 9.76
21 2-year 22 2-½-year ¹ 1 23 3-year 24 5-year 25 7-year 26 10-year 27 20-year 28 30-year 28 30-year 29	9.71 9.52 9.48 9.44 9.33 9.29	11.55 11.48 11.43 11.46 11.39 11.30	14.44 14.24 14.06 13.91 13.72 13.44	12.62 13.00 13.14 13.06 12.91 12.77	12.03 12.25 12.36 12.34 12.16 12.07	10.62 10.80 10.88 10.91 10.97 11.17	9.98 10.38 10.53 10.55 10.57 10.54	10.52 10.73 10.84 10.87 10.97 11.16	9.96 10.34 10.48 10.48 10.55 10.70	9.96 10.44 10.54 10.53 10.56 10.46	10.01 10.51 10.56 10.56 10.56 10.47	9.92 10.21 10.46 10.52 10.52 10.47
Composite ¹² 29 Over 10 years (long-term)	8.74	10.81	12.87	12.15	11.48	10.51	10.18	10.44	10.03	10.11	10.22	10.23
State and local notes and bonds Moody's series ¹³ 30 Aaa. 31 Baa 32 Bond Buyer series ¹⁴	5.92 6.73 6.52	7.85 9.01 8.59	10.43 11.76 11.33	10.68 12.36 11.23	9.70 11.88' 10.66	9.15 ^r 10.66 ^r 9,69	9.45 10.79 10.07	9.40 10.75 10.05	9.40 10.85 9.96	9.30 10.80 9.92	9.70 10.80 10.20	9,40 10,70 10,16
Corporate bonds Seasoned issues ¹⁵ 33 All industries 34 Aaa. 35 Aa. 36 A. 37 Baa Aaa utility bonds ¹⁶ 38 New issue. 39 Recently offered issues.	10.12 9.63 9.94 10.20 10.69 10.03 10.02	12.75 11.94 12.50 12.89 13.67	15.06 14.17 14.75 15.29 16.04	15.06 13.71 14.48 15.70 16.32 13.95 14.47	14.34 12.94 13.72 15.07 15.63 13.50 13.57	13.54 12.12 12.97 14.34 14.73 12.20 12.34	13.08 11.68 12.51 13.81 14.30 11.76 11.88	13.40 12.00 12.86 14.15 14.57 12.20 12.15	13.14 11.68 12.53 13.92 14.44	13.08 11.62 12.49 13.80 14.39	13.06 11.70 12.52 13.80 14.23	13.02 11.67 12.50 13.73 14.18
39 Recently offered issues	9.07 5.46	10.57 5.25	15.56 12.36 5.41	12.78 6.32	12.41 5.63	11.71 5.12	11.18 4.92	11.46 5.05	11.92 11.29 4.79	11.76 11.08 4.84	11.88 11.20 4.94	11.90 11.15 5.10

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 statement week averages—that is, averages for the week ending Wednesday.

3. 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 finance paper; and 30–59 days, 90–119 days, and 150–179 days for finance paper;

4. Yields are quoted on a bank-discount basis, rather than an investment yield basis (which would give a higher figure).

5. 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).

6. Unweighted average of offered rates quoted by at least five dealers early in the day.

11. Each weekly figure is calculated on a biweekly basis and is the average of five business days ending on the Monday following the calendar week. The biweekly rate is used to determine the maximum interest rate payable in the following two-week period on small saver certificates. (See table 1.16.)

12. Unweighted averages of yields (to maturity or call) for all outstanding notes and bonds neither due nor callable in less than 10 years, including several very low yielding "flower" bonds.

13. General obligations only, based on figures for Thursday, from Moody's Investors Service.

14. General obligations only, with 20 years to maturity, issued by 20 years to maturity.

Investors Service.

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

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

16. Compilation of the Federal Reserve. Issues included are long-term (20 years or more). New-issue yields are based on quotations on date of offering; those on recently offered issues (included only for first 4 wecks after termination of underwriter price restrictions), on Friday close-of-business quotations.

17. 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.

^{6.} Unweighted average of offered rates quoted by at least five dealers early in the day.
7. Unweighted average of closing bid rates quoted by at least five dealers.
8. Rates are recorded in the week in which bills are issued.
9. Yields are based on closing bid prices quoted by at least five dealers.
10. 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.

1.36 STOCK MARKET Selected Statistics

Indicator	1979	1980	1981					1982				
thaleator	1979	1900	1961	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
				Pr	ices and	trading (a	verages	of daily fi	gures)			
Common stock prices 1 New York Stock Exchange (Dec. 31, 1965 = 50) 2 Industrial. 3 Transportation 4 Utility. 5 Finance. 6 Standard & Poor's Corporation (1941–43 = 10) ¹ . 7 American Stock Exchange (Aug. 31, 1973 = 100).	55.67 61.82 45.20 36.46 58.65 107.94	68.06 78.64 60.52 37.35 64.28 118.71 300.94	74.02 85.44 72.61 38.90 73.52 128.05	63.86 71.51 55.19 38.57 69.08 110.84 255.08	66.97 75.59 57.91 39.20 71.44 116.31 271.15	67.07 75.97 56.84 39.40 69.16 116.35	63.10 71.59 53.07 37.34 63.19 109.70 254.72	62.82 71.37 53.40 37.20 61.59 109.38 250.63	62.91 70.98 53.98 38.19 62.84 109.65	70.21 80.08 61.39 40.36 69.66 122.43 286.22	76.10 86.67 66.64 42.67 80.59 132.66 308,74	79.75 90.76 71.92 43.46 88.66 138.10
Volume of trading (thousands of shares) 8 New York Stock Exchange 9 American Stock Exchange	32,233 4,182	44,867 6,377	46,967 5,346	55,227 4,329	54,116 3,937	51,328 4,292	50,481 3,720	54,530 3,611	76,031 5,567	73,710 5,064	98,508 7,828	88,431 8,672
		_	Cus	tomer fin	ancing (e	nd-of-per	riod balar	ices, in n	illions of a	lollars)		
10 Regulated margin credit at brokers-dealers ²	11,619	14,721	14,411	12,095	12,202	12,237	11,783	11,729	11,396	11,208	11,728	†
11 Margin stock ³ 12 Convertible bonds 13 Subscription issues.	11,450 167 2	14,500 219 2	14,150 259 2	11,840 249 6	11,950 251 1	11,990 246 1	11,540 242 1	11,470 258 1	11,150 245 1	10,950 257 1	11,450 277 1	n.a.
Free credit balances at brokers ⁴ 14 Margin-account	1,105 4,060	2,105 6,070	3,515 7,150	3,895 6,510	4,145 6,270	4,175 6,355	4,215 6,345	4,410 6,730	4,470 7,550	4,990 7,475	5,520 8,120	
			Margir	-account	debt at l	orokers (į	percentag	e distribu	tion, end	of period)		
16 Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	1
By equity class (in percent) ⁵ 11 Under 40	16.0 29.0 27.0 14.0 8.0 7.0	14.0 30.0 25.0 14.0 9.0 8.0	37.0 21.0 22.0 10.0 6.0 6.0	39.0 24.0 16.0 10.0 6.0 5.0	34.0 25.0 18.0 10.0 7.0 6.0	40.0 24.0 15.0 9.0 6.0 5.0	43.0 21.0 16.0 9.0 6.0 5.0	44.0 23.0 13.0 9.0 6.0 5.0	30.0 26.0 18.0 12.0 8.0 6.0	27.0 26.0 20.0 12.0 8.0 7.0	21.0 24.0 22.0 16.0 9.0 8.0	n.a.
			Spe	cial misc	llaneous	-account	balances	at broker	s (end of p	period)		
23 Total balances (millions of dollars) ⁶	16,150	21,690	25,870	28,030	28,252	28,521	29,798	29,773	31,102	31,644	33,689	†
Distribution by equity status (percent) 24 Net credit status. Debt status, equity of 25 60 percent or more 26 Less than 60 percent	44.2 47.0 8.8	47.8 44.4 7.7	58.0 31.0 11.0	59.0 28.0 13.0	57.0 29.0 13.0	58.0 29.0 13.0	59.0 28.0 13.0	59.0 26.0 14.0	60.0 28.0 12.0	61.0 27.0 12.0	61.0 29.0 10.0	n.a.
			Mai	gin requi	rements	(percent	of market	value ar	nd effective	date) ⁷		
	Mar. 1	1, 1968	June 8	, 1968	May 6	, 1970	Dec. 6	, 1971	Nov. 24	1, 1972	Jan. 3,	1974
27 Margin stocks	5	0 0	8 6 8		6 5 6	0	5: 5: 5:	0	65 50 65) [0 0 0

^{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 formerly 15 rail).

^{425), 20} transportation (formerly 15 rail), 40 public utility (torinerly 60), and refinancial.

2. Margin credit includes all credit extended to purchase or carry stocks or related equity instruments and secured at least in part by stock. Credit extended is endof-month data for member firms of the New York Stock Exchange.

In addition to assigning a current loan value to margin stock generally, Regulations T and U permit special loan values for convertible bonds and stock acquired through exercise of subscription rights.

3. A distribution of this total by equity class is shown on lines 17–22.

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

^{5.} Each customer's equity in his collateral (market value of collateral less net debit balance) is expressed as a percentage of current collateral values.

6. Balances that may be used by customers as the margin deposit required for additional purchases. Balances may arise as transfers based on loan values of other collateral in the customer's margin account or deposits of cash (usually sales proceeds) occur.

7. Regulations G, T, and U of the Federal Reserve Board of Governors, prescribed in accordance with the Securities Exchange Act of 1934, limit the amount of credit to purchase and carry margin stocks that may be extended on securities as collateral by prescribing a maximum loan value, which is a specified percentage of the market value of the collateral at the time the credit is extended. Margin requirements are the difference between the market value (100 percent) and the maximum loan value. The term "margin stocks" is defined in the corresponding regulation.

A30 Domestic Financial Statistics December 1982

1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

									1982				
	Account	1979	1980	1981	Feb.	Mar.	Арг.	May	June	July	Aug.	Sept.	Oct. P
					· · · · · · · · · · · · · · · · · · ·	Savii	ngs and loa	n associat	tions				
2	Assets Mortgages Cash and investment securities ¹ Other	578,962 475,688 46,341 56,933	630,712 503,192 57,928 69,592	664,167 518,547 63,123 82,497	672,219 516,488 66,949 88,782	678,365 516,111 68,125 94,129	681,696 514,702 68,227 98,767	687,273 514,046 70,302 102,925	692,759 512,997 70,824 108,938	697,690 510,678 72,854 114,158	703,399 509,776 74,141 119,482	691,077 493,899 74,692 122,486	691,381 490,860 75,368 125,153
5	Liabilities and net worth	578,962	630,712	664,167	672,219	678,365	681,696	687,273	692,759	697,690	703,399	691,077	691,381
7 8 9 10	Savings capital Borrowed money FHLBB Other Loans in process Other	470,004 55,232 40,441 14,791 9,582 11,506	511,636 64,586 47,045 17,541 8,767 12,394	525,061 88,782 62,794 25,988 6,385 15,544	529,756 89,146 62,690 26,456 6,161 20,078	536,265 90,689 63,636 27,053 6,418 18,505	533,595 93,560 65,347 28,213 6,568 21,948	535,215 94,117 65,216 28,901 6,766 25,756	538,667 96,850 66,925 29,925 7,116 24,671	539,830 98,433 67,019 31,414 7,250 27,375	542,648 98,803 66,374 32,429 7,491 29,965	547,628 99,771 65,567 34,204 8,084 19,202	546,699 100,977 65,005 35,972 8,317 19,303
12	Net worth ²	32,638	33,329	28,395	27,078	26,488	26,025	25,419	25,455	24,802	24,492	24,476	24,402
13	MEMO: Mortgage loan commitments outstanding ³	16,007	16,102	15,225	15,397	15,582	16,375	16,622	16,828	15,924	16,943	17,256	18,093
						N	Autual savi	ings banks	4				
14	Assets	163,405	171,564	175,728	175,763	174,776	174,813	174,952	175,091	175,563	175,563	173,487	<u>†</u>
15 16	Loans Mortgage Other Securities	98,908 9,253	99,865 11,733	99,997 14,753	98,838 15,604	97,464 16,514	97,160 16,424	96,334 17,409	96,346 16,546	96,231 17,104	94,448 16,919	94,382 17,458	
17 18 19 20	U.S. government ⁵ State and local government Corporate and other ⁶ Cash Other assets	7,658 2,930 37,086 3,156 4,412	8,949 2,390 39,282 4,334 5,011	9,810 2,288 37,791 5,442 5,649	9,966 2,293 37,781 5,412 5,869	10,072 2,276 37,379 5,219 5,852	10,146 2,269 37,473 5,494 5,846	9,968 2,259 37,486 5,469 6,027	10,112 2,253 36,958 6,040 6,836	10,036 2,247 36,670 6,167 7,109	9,653 2,214 35,956 6,405 7,185	9,404 2,191 35,845 6,695 7,514	n.a.
22	Liabilities	163,405	171,564	175,728	175,763	174,776	174,813	174,952	175,091	175,563	172,780	173,487	
24 25 26 27 28 29	Deposits Regular' Ordinary savings. Time Other Other liabilities General reserve accounts	146,006 144,070 61,123 82,947 1,936 5,873 11,525	154,805 151,416 53,971 97,445 2,086 6,695 11,368	155,110 153,003 49,425 103,578 2,108 10,632 9,986	154,626 152,616 48,297 104,318 2,010 11,464 9,672	154,022 151,979 48,412 103,567 2,043 11,132 9,622	153,187 151,021 47,733 103,288 2,166 12,141 9,485	153,354 151,253 47,895 103,358 2,101 12,246 9,352	154,273 152,030 47,942 104,088 2,243 11,230 9,588	154,204 151,845 47,534 104,310 2,359 11,940 9,419	151,897 149,613 46,856 102,756 2,285 11,691 21,145	153,089 150,795 47,496 103,299 2,294 11,166 9,232	
30	MEMO: Mortgage loan commitments outstanding ⁸	3,182	1,476	1,293	950	978	953	998	1,010	992	1,056	1,217	ļ
						Lif	e insuranc	e compan	ies				
31	Assets	432,282	479,210	525,803	531,166	535,402	539,801	543,470	547,075	551,124	557,094	563,321	†
32 33 34 35 36 37 38 39 40 41	Securities Government United States State and local Foreign ¹⁰ Business Bonds Stocks Mortgages Real estate Policy loans Other assets	178,171 48,757	21,378 5,345 6,701 9,332 238,113 190,747 47,366 131,030 15,063 41,411 31,702	25,209 8,167 7,151 9,891 255,769 208,098 47,670 137,747 18,278 48,706 40,094	26,208 9,019 7,302 9,887 259,449 213,180 46,269 138,372 18,702 49,490 38,945	26,958 9,576 7,369 10,013 259,770 213,683 46,087 138,762 19,167 50,052 40,696	27,346 9,832 7,467 10,045 262,599 215,586 47,013 139,206 19,516 50,573 40,561	27,835 10,187 7,543 10,105 264,107 217,594 46,513 139,455 19,713 50,992 41,368	28,243 10,403 7,643 10,197 265,080 219,006 46,074 139,539 19,959 51,438 42,816	28,694 10,774 7,705 10,215 267,627 221,503 46,124 140,044 20,198 51,867 42,694	30,263 12,214 7,799 10,250 221,642 48,387 140,244 20,176 52,238 44,144	30,759 12,606 7,834 10,319 273,539 223,783 49,756 140,404 20,268 52,525 45,826	n.a.
							Credit	unions	_				
43	Total assets/liabilities and capital	65,854	71,709	77,682	78,986	81,055	81,351	82,858	84,107	84,423	85,102	86,554	†
45 46 47 48	Federal State Loans outstanding Federal State Savings Federal (shares) State (shares and deposits)	35,934 29,920 53,125 28,698 24,426 56,232 35,530 25,702	39,801 31,908 47,774 25,627 22,147 64,399 36,348 28,051	42,382 35,300 50,448 27,458 22,990 68,871 37,574 31,297	43,111 35,875 49,610 27,051 22,559 70,227 38,331 31,896	44,263 36,792 49,668 27,119 22,549 72,218 39,431 32,787	44,371 36,980 49,533 27,064 22,469 72,569 39,688 32,881	45,077 37,781 49,556 27,073 22,483 73,602 40,213 33,389	45,705 38,402 49,919 27,295 22,624 74,834 40,710 34,124	45,931 38,492 50,133 27,351 22,782 75,088 40,969 34,119	46,310 38,792 50,733 27,659 23,074 75,331 41,178 34,153	47,076 39,478 51,047 27,862 23,185 76,874 41,961 34,913	n.a.

For notes see bottom of opposite page.

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1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

						Calenda	ar year		·····
Type of account or operation	Fiscal year 1980	Fiscal year 1981	Fiscal year 1982	19	81	1982		1982	
				H1	H2	Ні	Aug.	Sept.	Oct.
U.S. budget 1 Receipts 2 Outlays 3 Surplus, or deficit (-). 4 Trust funds. 5 Federal funds 3	517,112	599,272	617,766	317,304	301,777	322,478	44,924	59,694	40,539
	576,675	657,204	728,424	333,115	358,558	348,678	59,628	61,403	66,708
	- 59,563	- 57,932	110,658	-15,811	- 56,780	- 26,200	14,704	-1,708	- 26,169
	8,801	6,817	5,456	5,797	- 8,085	- 17,690	1,997	10,246	- 6,269
	- 68,364	- 64,749	116,115	-21,608	- 48,697	- 43,889	12,707	-11,954	- 19,889
Off-budget entities (surplus, or deficit (-)) 6 Federal Financing Bank outlays	- 14,549	-20,769	-14,142	- 11,046	-8,728	-7,942	-1,336	-1,371	- 521
	303	-236	-3,190	- 900	-1,752	227	-711	-1,495	226
U.S. budget plus off-budget, including Federal Financing Bank 8 Surplus, or deficit (-)	-73,808	-78,936	- 127,989	-27,757	-67,260	-33,914	-16,751	-4,575	-26,462
	70.515	79,329	134,912	33,213	54,081	41,728	21,086	22,129	6,228
	-355	-1,878	11,936	2,873	-1,111	-408	2,338	-20,648	13,964
	3,648	1,485	5,013	-8,328	14,290	-7,405	-6,673	3,094	6,270
MEMO: 12 Treasury operating balance (level, end of period) 13 Federal Reserve Banks 14 Tax and loan accounts	20,990	18,670	29,164	16,389	12,046	10,999	8,019	29,164	14,078
	4,102	3,520	10,975	2,923	4,301	4,099	3,234	10,975	2,309
	16,888	15,150	18,189	13,466	7,745	6,900	4,785	18,189	11,769

The Budget of the U.S. Government, Fiscal Year 1983, has reclassified sup-plemental medical insurance premiums and voluntary hospital insurance premiums, previously included in other social insurance receipts, as offsetting receipts in the health function.

2. Effective Oct. 1, 1980, the Pension Benefit Guaranty Corporation was re-classified from an off-budget agency to an on-budget agency in the Department of

Labor.

3. Half-year figures are calculated as a residual (total surplus/deficit).

4. Other off-budget includes Postal Service Fund; Rural Electrification and Telephone Revolving Fund; and Rural Telephone Bank; it also includes petroleum acquisition and transportation and strategic petroleum reserve effective November 1981.

5. Includes U.S. Treasury operating cash accounts; special drawing rights; gold tranche drawing rights; loans to International Monetary Fund; and other cash and monetary assets.

6. 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 the sale of gold.

SOURCE. "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government," Treasury Bulletin, and the Budget of the United States Government, Fiscal Year 1983.

NOTES TO TABLE 1.37

1. Holdings of stock of the Federal Home Loan Banks are included in "other assets."
2. Includes net undistributed income, which is accrued by most, but not all,

associations.

3. Excludes figures for loans in process, which are shown as a liability.

4. The NAMSB reports that, effective April 1979, balance sheet data are not strictly comparable with previous months. Beginning April 1979, data are reported on a net-of-valuation-reserves basis. Before that date, data were reported on a

- on a net-of-valuation-reserves basis. Before that date, data were reported on a gross-of-valuation-reserves basis.

 5. Beginning April 1979, includes obligations of U.S. government agencies. Before that date, this item was included in "Corporate and other."

 6. Includes securities of foreign governments and international organizations and, before April 1979, nonguaranteed issues of U.S. government agencies.

 7. Excludes checking, club, and school accounts.

 8. Commitments outstanding (including loans in process) of banks in New York State as reported to the Savings Banks Association of the state of New York.

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

10. 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. Data are based on monthly reports of federally insured associations and annual reports of other associations. Even when revised, data for current and preceding year are subject to further revision.

Mutual savings banks: Estimates of National Association of Mutual Savings Banks for all savings banks in the United States.

Life insurance companies: Estimates of the American Council of Life Insurance for all life insurance companies in the United States. Annual figures are annual-statement asset values, with bonds carried on an amortized basis and stocks at year-end market value. Adjustments for interest due and accrued and for differences between market and book values are not made on each item separately but are included, in total, in "other assets."

Credit unions: Estimates by the National Credit Union Administration for a group of federal and state-chartered credit unions that account for about 30 percent of credit union assets. Figures are preliminary and revised annually to incorporate recent benchmark data.

recent benchmark data.

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1.39 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

						Calenda	ır year		
Source or type	Fiscal year 1980	Fiscal year 1981	Fiscal year 1982	198	31	1982		1982	
				ні	Н2	ні	Aug.	Sept.	Oct.
RECEIPTS			-						
1 All sources ¹	517,112	599,272	617,766	317,304	301,777	322,478	44,924	59,694	40,539
2 Individual income taxes, net	244,069 223,763 39	285,917 256,332 41	298,111 267,474 39	142,889 126,101 36	147,035 134,199 5	150,565 133,575 34	20,867 20,521	32,592 21,814 0	20,832 19,541 0
5 Nonwithheld	63,746 43,479	76,844 47,299	85,096 54,498	59,907 43,155	17,391 4,559	66,174 49,217	1,529 1,185	11,429 651	1,791 500
7 Gross receipts	72,380 7,780	73,733 12,596	65,991 16,784	44,048 6,565	31,056 738	37,836 8,028	1,694 1,271	8,118 1,972	2,371 2,832
net	157,803	182,720	201,131	101,316	91,592	108,079	17,961	15,608	15,157
contributions ²	133,042	156,953	172,744	83,851	82,984	88,795	14,823	14,283	14,036
contributions ³	5,723 15,336 3,702	6,041 16,129 3,598	7,941 16,234 4,212	6,240 9,205 2,020	244 6,355 2,009	7,357 9,809 2,119	2,743 396	790 167 368	36 762 324
14 Excise taxes 15 Customs deposits. 16 Estate and gift taxes	24,329 7,174 6,389 12,748	40,839 8,083 6,787 13,790	36,311 8,854 7,991 16,161	21,945 3,926 3,259 6,487	22,097 4,661 3,742 8,441	17,525 4,310 4,208 7,984	2,828 747 681 1,418	2,732 688 595 1,333	2,623 675 500 1,212
Outlays									
18 All types ^{1,6}	576,675	657,204	728,424	333,115	358,558	346,286	59,628	61,403	66,708
19 National defense 20 International affairs 21 General science, space, and technology 22 Energy 23 Natural resources and environment 24 Agriculture	135,856 10,733 5,722 6,313 13,812 4,762	159,765 11,130 6,359 10,277 13,525 5,572	187,397 9,983 7,096 4,844 13,086 14,808	80,005 5,999 3,314 5,677 6,476 3,101	87,421 4,655 3,388 4,394 7,296 5,181	93,154 5,183 3,370 2,814 5,636 7,087	15,318 395 620 256 1,172 707	16,983 1,435 519 71 1,311 1,044	16,283 1,027 603 694 1,137 2,029
25 Commerce and housing credit	7,788 21,120 10,068	3,946 23,381 9,394	3,843 20,589 7,410	2,073 11,991 4,621	1,825 10,753 4,269	1,410 9,915 3,193	- 385 1,836 675	-402 2,054 708	1,119 1,745 946
services 29 Health 30 Income security ⁶	30,767 55,220 193,100	31,402 65,982 225,099	25,411 74,018 248,807	15,928 33,113 113,490	13,878 35,322 129,269	12,595 37,213 112,782	2,408 6,356 20,346	1,696 6,499 21,612	2,167 6,403 22,186
31 Veterans benefits and services 32 Administration of justice 33 General government 34 General-purpose fiscal assistance 35 Interest 36 Undistributed offsetting receipts?	21,183 4,570 4,505 8,584 64,504 -21,933	22,988 4,698 4,614 6,856 82,537 -30,320	23,973 4,648 4,833 6,161 100,777 -29,261	10,531 2,344 2,692 3,015 41,178 -12,432	12,880 2,290 2,311 3,043 47,667 -17,281	10,865 2,334 2,410 3,325 50,070 -14,680	997 427 630 38 8,871 -1,038	1,928 401 365 32 6,931 -1,785	1,945 368 146 1,558 7,672 -1,319

The Budget of the U.S. Government, Fiscal Year 1983 has reclassified supplemental medical insurance premiums and voluntary hospital insurance premiums, previously included in other social insurance receipts, as offsetting receipts in the health function.

2. Old-age, disability, and hospital insurance, and railroad retirement accounts.

3. Old-age, disability, and hospital insurance.

4. Federal employee retirement contributions and civil service retirement and disability fund.

SOURCE. "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government" and the Budget of the U.S. Government, Fiscal Year 1983.

^{5.} Deposits of earnings by Federal Reserve Banks and other miscellaneous re-

^{5.} Deposits of earnings by Federal Reserve Ballias and Otto. Intercepts.

6. Effective Oct. 1, 1980, the Pension Benefit Guaranty Corporation was reclassified from an off-budget agency to an on-budget agency in the Department of Labor.

7. Consists of interest received by trust funds, rents and royalties on the outer continental shelf, and U.S. government contributions for employee retirement.

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	19	80		19	81			1982	
	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30
1 Federal debt outstanding	914.3	936.7	970.9	977.4	1,003.9	1,034.7	1,066.4	1,084.7	1,147.0
2 Public debt securities 3 Held by public	907.7 710.0 197.7	930.2 737.7 192.5	964.5 773.7 190.9	971.2 771.3 199.9	997.9 789.8 208.1	1,028.7 825.5 203.2	1,061.3 858.9 202.4	1,079.6 867.9 211.7	1.142.0 925.6 216.4
5 Agency securities 6 Held by public 7 Held by agencies	6.6 5.1 1.5	6.5 5.0 1.5	6.4 4.9 1.5	6.2 4.7 1.5	6.1 4.6 1.5	6.0 4.6 1.4	5.1 3.9 1.2	5.0 3.9 1.1	5.0 3.7 1.3
8 Debt subject to statutory limit	908.7	931.2	965.5	972.2	998.8	1,029.7	1,062.2	1,080.5	1,142.9
9 Public debt securities	907.1 1.6	929.6 1.6	963.9 1.6	970.6 1.6	997.2 1.6	1,028.1 1.6	1,060.7 1.5	1,079.0 1.5	1,141.4 1.5
11 Мемо: Statutory debt limit	925.0	935.1	985.0	985.0	999,8	1,079.8	1,079.8	1,143,1	1,143.1

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

NOTE. Data from Treasury Bulletin (U.S. Treasury Department).

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

Billions of dollars, end of period

Time and holder	1978	1979	1980	1981			1982		
Type and holder	1976	1979	1900	1961	July	Aug.	Sept.	Oct.	Nov.
1 Total gross public debt	789.2	845.1	930.2	1,028.7	1,089.6	1,109.2	1,142.0	1,142.8	1,161.7
By type 2 Interest-bearing debt. 3 Marketable. 4 Bills. 5 Notes. 6 Bonds. 7 Nonmarketable ¹ . 8 Convertible bonds ² 9 State and local government series. 10 Foreign issues ³ . 11 Government 12 Public. 13 Savings bonds and notes. 4 Government account series ⁴ .	782.4 487.5 161.7 265.8 60.0 294.8 2.2 24.3 29.6 28.0 1.6 80.99	844.0 530.7 172.6 283.4 74.7 313.2 2.2 24.6 28.8 23.6 5.3 79.9 177.5	928.9 623.2 216.1 321.6 85.4 305.7 23.8 24.0 17.6 6.4 72.5 185.1	1,027.3 720.3 245.0 375.3 99.9 307.0 23.0 19.0 14.9 4.1 68.1 196.7	1,083.3 774.1 262.0 411.1 101.0 309.2 	1,108.1 801.4 273.1 457.4 100.9 306.7 23.5 15.6 12.5 3.1 67.4 119.9	1,140.9 824.4 277.9 442.9 103.6 316.5 	1,136.8 824.7 283.9 438.1 102.7 312.2 23.8 14.6 12.2 2.4 67.8 205.7	1,160.5 852.5 293.5 454.2 104.7 308.0 25.0 14.9 12.5 2.4 68.1 199.9
15 Non-interest-bearing debt	6.8	1.2	1.3	1.4	1.1	1.1	1.2	6.0	1.2
By holder ⁵ 16 U.S. government agencies and trust funds. 17 Federal Reserve Banks. 18 Private investors. 19 Commercial banks. 20 Mutual savings banks 21 Insurance companies. 22 Other companies. 23 State and local governments.	170.0 109.6 508.6 93.2 5.0 15.7 19.6 64.4	187.1 117.5 540.5 96.4 4.7 16.7 22.9 69.9	192.5 121.3 616.4 116.0 5.4 20.1 25.7 78.8	203.3 131.0 694.5 109.4 5.2 19.1 37.8 85.6	206.7 129.4 749.6 110.0 5.6 22.6 39.9 88.7	205.8 132.9	216.4 134.4 n.a.	n.a.	n.a.
Individuals 24 Savings bonds 25 Other securities 26 Foreign and international ⁶ . 27 Other miscellaneous investors ⁷ .	80.7 30.3 137.8 58.9	79.9 36.2 124.4 90.1	72.5 56.7 127.7 106.9	68.0 75.6 141.4 152.3	67.4 79.0 143.3 193.1				

Note. Gross public debt excludes guaranteed agency securities.

Data by type of security from Monthly Statement of the Public Debt of the United States (U.S. Treasury Department); data by holder from Treasury Bulletin.

1.42 U.S. GOVERNMENT MARKETABLE SECURITIES Ownership, by maturity▲

▲Series discontinued.

^{1.} Includes (not shown separately): Securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds.

2. These nonmarketable bonds, also known as Investment Series B Bonds, may be exchanged (or converted) at the owner's option for 1½ percent, 5-year marketable Treasury notes. Convertible bonds that have been so exchanged are removed from this category and recorded in the notes category (line 5).

3. Nonmarketable dollar-denominated and foreign currency-denominated series held by foreigners.

held by foreigners.

4. Held almost entirely by U.S. government agencies and trust funds.

^{5.} Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.

6. Consists of investments of foreign balances and international accounts in the United States,

^{7.} Includes savings and loan associations, nonprofit institutions, corporate pension trust funds, dealers and brokers, certain government deposit accounts, and government sponsored agencies.

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1.43 U.S. GOVERNMENT SECURITIES DEALERS Transactions

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

	1979	1980	1981		1982			1982, wee	k ending V	Vednesday	
Item	1979	1980	1981	Aug. '	Sept. '	Oct.	Oct. 27	Nov. 3	Nov. 10	Nov. 17	Nov. 24
Immediate delivery ¹ 1 U.S. government securities	13,183	18,331	24,728	40,466	38,001	35,137	32,897	34,892	38,955	32,660	37,220
By maturity Bills	7,915 454 2,417 1,121 1,276	11,413 421 3,330 1,464 1,704	14,768 621 4,360 2,451 2,528	23,287 1,093 8,631 4,138 3,317	21,037 1,180 7,278 4,863 3,643	18,466 816 7,629 4,250 3,976	16,729 633 8,179 3,747 3,608	19,007 929 7,029 3,716 4,210	17,823 838 7,803 4,595 7,896	19,194 900 5,815 3,016 3,735	20,325 531 7,938 4,695 3,732
By type of customer U.S. government securities dealers	1,448	1,484	1,640	1,980	1,849	1,614	1,939	1,879	2,156	2,190	2,236
8 U.S. government securities brokers 9 All others² 10 Federal agency securities. 11 Certificates of deposit 12 Bankers acceptances 13 Commercial paper	5,170 6,564 2,723 1,764	7,610 9,237 3,258 2,472	11,750 11,337 3,306 4,477 1,807 6,128	19,792 18,695 4,972 5,381 2,787 7,685	17,937 18,215 4,644 4,542 2,376 7,669	17,298 16,225 5,827 5,273 3,065 7,342	15,804 15,153 5,634 4,061 2,708 6,270	16,096 16,917 5,815 5,290 3,247 8,550	17,864 18,935 5,282 3,689 2,577 7,202	16,651 14,819 5,035 4,929 2,723 7,523	17,699 17,286 5,056 5,877 3,278 7,692
Futures transactions ³ 14 Treasury bills 15 Treasury coupons 16 Federal agency securities Forward transactions ⁴		n.a.	3,523 1,330 234	6,404 1,572 331	5,600 1,678 262	4,499 1,922 332	4,048 1,863 337	4,213 1,864 224	3,957 2,242 186	5,575 1,618 269	4,946 1,912 148
17 U.S. government securities			365 1,370	1,027 815	1.752 985	760 1,132	1,125 1,197	865 1,133	1,318 1,228	1,105 1,143	1,590 557

date of the transaction for government securities (Treasury bills, notes, and bonds) or after 30 days for mortgage-backed agency issues.

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

Note. Averages for transactions are based on humber of meaning any an imperiod.

Transactions are market purchases and sales of U.S. government securities dealers reporting to the Federal Reserve Bank of New York. The figures exclude afforments of, and exchanges for, new U.S. government securities, redemptions of called or matured securities, purchases or sales of securities under repurchase agreement, reverse repurchase (resale), or similar contracts.

1.44 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing

Averages of daily figures, in millions of dollars

Item	1979	1980	1981		1982			1982, wee	k ending W	/ednesday	
item	1979	1960	1981	Aug.	Sept. '	Oct.	Oct. 6	Oct. 13	Oct. 20	Oct. 27	Nov. 3
						Positions					
Net immediate ¹ 1 U.S. government securities. 2 Bills. 3 Other within 1 year. 4 1–5 years. 5 5–10 years. 6 Over 10 years. 7 Federal agency securities. 8 Certificates of deposit 9 Bankers acceptances. 10 Commercial paper Futures positions 11 Treasury bills. 12 Treasury coupons. 13 Federal agency securities. Forward positions 14 U.S. government securities. 15 Federal agency securities.	3,223 3,813 - 325 - 455 160 3,471 2,794	4,306 4,103 -1,062 434 166 665 797 3,115	9,033 6,485 -1,526 1,488 292 2,294 2,277 3,435 1,746 2,658 -8,934 -2,733 522 -603 -451	4,957 1,130 -632 2,6457 -2667 1,8807 3,556 7,834 3,210 3,658 6,200 -2,1307 -285 -654 -1,222	2,107 275 -534 1,423 -325 1,268 4,416 6,467 2,778 3,555 5,250 -1,282 -569 -2,117 -1,689	3,641 1,024 109 2,612 -691 587 5,241 6,109 3,283 3,965 5,347 -1,141 -569 -565 -1,835	1,879 85 -128 2,305 -701 317 5,073 6,282 2,823 4,244 2,489 -552 -816 -749 -1,880	3,595 772 4,622 - 369 5,270 6,870 3,368 3,941 4,406 - 998 - 588 - 306 - 1,588	3,931 1,372 126 2,135 -488 786 4,787 6,480 3,393 4,083 5,303 -1,281 -598 -318 -1,789	4,611 1,271 2,71 3,409 -1,020 676 5,617 5,306 3,366 3,366 -1,385 -461 -805 -1,973	4,541 2,062 341 2,484 - 900 554 5,856 5,281 3,488 3,752 5,694 -1,803 - 260 - 732 - 2,042
						Financing ²					
Reverse repurchase agreements ³ . 16 Overnight and continuing. 17 Term agreements . Repurchase agreements ⁴ . 18 Overnight and continuing. 19 Term agreements	n.a.	n.a.	14,568 32,048 35,919 29,449	29,374 50,497 50,318 48,692	30,477 49,870 45,342 50,617	29,581 50,483 51,250 43,963	30,451 47,767 43,919 47,612	28,874 49,792 55,129 40,607	29,951 52,184 53,410 43,744	29,049 52,187 52,544 43,887	30,105 53,539 53,251 42,551

For notes see opposite page.

Before 1981, data for immediate transactions include forward transactions.
 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.
 Securities are standardized agreements arranged on an organized exchange in which parties commit to purchase or sell securities for delivery at a future date.

date.

4. Forward transactions are agreements arranged in the over-the-counter market in which securities are purchased (sold) for delivery after 5 business days from the

1.45 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period 1982 1979 1978 1980 Agency Mar. Apr. May June July Aug. Sept. 137,063 163,290 193,229 228,749 232,274 234,593 238,787 242,565 Federal and federally sponsored agencies¹.... Federal agencies.

Defense Department².

Export-Import Bank^{3,4}
Federal Housing Administration⁵
Government National Mortgage Association
participation certificates⁶

Postal Service⁷ 24,715 31,613 32,606 610 11,250 477 968 738 454 419 13,939 358 8,711 588 9,191 537 13,421 13,475 376 13,416 13,938 353 13,918 345 14,042 335 6 2,979 2,165 1,538 13,410 202 2,165 1,471 13,715 2,165 1,471 3,141 2,364 2,817 1,770 Postal Service⁷
Tennessee Valley Authority
United States Railway Association⁷ 1,837 1,538 13,250 198 1,471 13,500 202 1,471 13,760 207 1,471 13,775 7,460 356 8,997 436 11,190 492 14,010 195 Federally sponsored agencies¹
Federal Home Loan Banks
Federal Home Loan Mortgage Corporation
Federal National Mortgage Association 113,575 27,563 2,262 164,623 41,258 2,536 210,263 62,058 3,099 10 11 12 200.663 203.042 206 513 59,937 2,500 60,772 61,883 58,839 2,500 n.a. n.a. n.a. 65,733 7,652 n.a. 59,270 8,717 1,388 220 41,080 48,486 16,006 55,185 12,365 60,478 8,217 61,996 8,217 62,660 65,563 7,652 68,130 7,652 13 14 15 16 17 Federal Land Banks
Federal Intermediate Credit Banks
Banks for Cooperatives 8,217 926 220 64,506 2,676 584 33,216 926 220 63,381 926 220 63,409 926 220 65,743 926 220 65,553 11,469 4,843 1,821 584 926 220 65,657 5,081 915 48,153 2,720 61,405 Farm Credit Banks1 18 19 Student Loan Marketing Association8..... 1,505 5,000 5,000 5,000 5,000 5,000 5,000 Other Federal Financing Bank debt^{1,9}..... 20 67.383 113,567 117,475 120,241 124,357 51.298 87,460 114,961 121,261 122,623 Lending to federal and federally sponsored agencies
Export-Import Bank⁴ 13,305 1,288 5,000 11,525 13,305 1,288 5,000 11,685 13,305 1,221 5,000 11,775 10,654 1,520 2,720 13,829 1,221 5,000 13,829 1,221 5,000 13,823 1,221 5,000 13,954 1,221 5,000 6,898 2,114 8,353 1,587 r'ostal Service'
Student Loan Marketing Association⁸
Tennessee Valley Authority
United States Railway Association⁷ 1,505 7,272 23 24 915 5,635 12,035 12,050 12,285 11,990 356 436 492 199 202 202 207 207 207 Other Lending10 Other Lending
Farmers Home Administration
Rural Electrification Administration
Other 32,050 23.825 39.431 49.356 51.056 52.346 53.311 53,736 27 28 9,196 13,982 14,452 19,118 14,716 19,409 15,454 20,194 15,688 20,570 15,916 21,095 4,604 6,951 6,484 9,696 15,046 19,870 16,282 21,684

7. Off-budget.

8. Unlike other federally sponsored agencies, the Student Loan Marketing Association may borrow from the Federal Financing Bank (FFB) since its obligations are guaranteed by the Department of Health, Education, and Welfare.

9. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.

10. Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

NOTES TO TABLE 1.44

^{1.} In September 1977 the Farm Credit Banks issued their first consolidated bonds I. In September 1977 the Farm Credit Banks issued their first consolidated bonds, and in January 1979 they began issuing these bonds on a regular basis to replace the financing activities of the Federal Land Banks, the Federal Intermediate Credit Banks, and the Banks for Cooperatives. Line 17 represents those consolidated bonds outstanding, as well as any discount notes that have been issued. Lines 1 and 10 reflect the addition of this item.
 2. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
 3. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.
 4. Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.
 5. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.

curities market.

^{6.} Certificates of participation issued prior to 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.

7. Off-budget.

NOTES TO TABLE 1.44

1. Immediate positions are net amounts (in terms of par values) of securities owned by nonbank dealer firms and dealer departments of commercial banks on a commitment, that is, trade-date basis, including any such securities that have been sold under agreements to repurchase (RPs). The maturities of some repurchase agreements are sufficiently long, however, to suggest that the securities involved are not available for trading purposes. Securities owned, and hence dealer positions, do not include securities to resell (reverse RPs). Before 1981, data for immediate positions include forward positions.

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

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, i.e., matched agreements.

 Includes both repurchase agreements undertaken to finance positions and

^{&#}x27;matched book' repurchase agreements.

NOTE. Data for positions are averages of daily figures, in terms of par value, based on the number of trading days in the period. Positions are shown net and are on a commitment basis. Data for financing are based on Wednesday figures, in terms of actual money borrowed or lent.

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1.46 NEW SECURITY ISSUES of State and Local Governments

Millions of dollars

Type of issue or issuer,	1979	1980	1981				1982			
or use	19/9	1960	1961	Mar.	Apr.	May'	June'	July'	Aug.'	Sept.
1 All issues, new and refunding ¹	43,365	48,367	47,732	5,661	6,709	5,617	5,753	5,528	6,484	6,397
Type of issue 2 General obligation. 3 U.S. government loans ² . 4 Revenue. 5 U.S. government loans ² .	12,109 53 31,256 67	14,100 38 34,267 57	12,394 34 35,338 55	1,733 9 3,928 5	2,223 10 4,486 32	1,506 10 4,111 38	1,811 16 3,942 45	967 22 4,561 49	1,682 25 4,802 52	1,696 30 4,701 54
Type of issuer 6 State. 7 Special district and statutory authority. 8 Municipalities, counties, townships, school districts	4,314 23,434 15,617	5,304 26,972 16,090	5,288 27,499 14,945	432 2,993 2,236	1,061 3,880 1,768	601 2,973 2,043	1,074 2,839 1,840	257 3,696 1,575	835 3,641 2,008	1,071 3,372 1,954
9 Issues for new capital, total	41,505	46,736	46,530	4,798	6,682	5,487	5,663	5,342	6,051	6,198
Use of proceeds 10 Education 11 Transportation 12 Utilities and conservation 13 Social welfare 14 Industrial aid 15 Other purposes.	5,130 2,441 8,594 15,968 3,836 5,536	4,572 2,621 8,149 19,958 3,974 7,462	4,547 3,447 10,037 12,729 7,651 8,119	405 363 754 1,773 636 867	460 284 1,333 2,339 667 1,599	483 293 1,363 2,021 353 974	724 244 830 2,292 397 1,176	288 117 1,272 2,735 493 437	511 767 685 2,488 717 883	833 542 280 2,475 1,030 1,038

Par amounts of long-term issues based on date of sale.
 Consists of tax-exempt issues guaranteed by the Farmers Home Administra-

SOURCE. Public Securities Association.

1.47 NEW SECURITY ISSUES of Corporations

Millions of dollars

Type of issue or issuer,	1979	1980	1981		•		1982			
or use	19/9	1900	1901	Mar.	Apr.	May	June	July'	Aug.'	Sept.
1 All issues ¹	51,533	73,694	69,992	6,655	4,819	7,106	4,546	6,162	8,757	7,748
2 Bonds	40,208	53,206	44,643	4,512	2,575	4,420	2,836	3,919	6,509	5,486
Type of offering 3 Public	25,814 14,394	41,587 11,619	37,653 6,989	3,540 972	2,100 475	3,973 447	2,398 438	2,868 1,051	5,546 963	5,308 178
Industry group 5 Manufacturing 6 Commercial and miscellaneous. 7 Transportation 8 Public utility 9 Communication 10 Real estate and financial	9,678 3,948 3,119 8,153 4,219 11,094	15,409 6,693 3,329 9,557 6,683 11,534	12,325 5,229 2,054 8,963 4,280 11,793	708 691 224 1,568 84 1,236	497 139 26 888 16 1,010	608 490 74 1,186 315 1,748	211 329 79 699 174 1,344	1,638 493 43 717 84 944	1,602 1,202 402 902 205 2,196	1,615 465 64 900 301 2,141
11 Stocks	11,325	20,489	25,349	2,143	2,244	2,686	1,710	2,243	2,248	2,262
Type 12 Preferred	3,574 7,751	3,631 16,858	1,797 23,522	199 1,944	172 2,072	888 1,798	67 1,643	645 1,598	622 1,627	447 1,815
Industry group 14 Manufacturing 15 Commercial and miscellaneous 16 Transportation 17 Public utility 18 Communication 19 Real estate and financial	1,679 2,623 255 5,171 303 1,293	4,839 5,245 549 6,230 567 3,059	5,073 7,557 779 5,577 1,778 4,585	546 657 27 600 3 310	259 770 15 766 3 431	458 578 35 477 44 1,094	444 397 52 277 8 532	203 615 17 267 96 1,045	727 374 62 697 31 357	254 733 84 928 4 259

^{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

Source. Securities and Exchange Commission.

 $^{1933, \,} employee$ stock plans, investment companies other than closed-end, intracorporate transactions, and sales to foreigners.

1.48 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

	Item	1980	1981				19	82			
	nem	1700	1901	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
	Investment Companies ¹										
1 2 3	Sales of own shares ²	15,266 12,012 3,254	20,596 15,866 4,730	3,325 2,056 1,269	2,754 2,293 461	2,345 1,854 491	3,061 2,038 1,023	3,304 2,145 1,159	4,322 2,335 1,987	4,709 3,052 1,657	5,668 3,046 2,622
4 5 6	Assets ⁴ Cash position ⁵ Other	58,400 5,321 53,079	55,207 5,277 49,930	53,001 5,752 47,249	56,026 6,083 49,943	54,889 5,992 48,896	54,238 6,298 47,940	54,592 5,992 48,600	62,212 6,039 56,173	63,783 5,556 58,227	70,962 5,948 65,014

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.

1.49 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data are at seasonally adjusted annual rates.

Account	1979	1980	1981		198	31			1982	
				Q1	Q2	Q3	Q4	Ql	Q2	Q3 p
Corporate profits with inventory valuation and capital consumption adjustment	194.8 252.7 87.6 165.1 52.7 112.4	181.6 242.4 84.6 157.8 58.1 99.7	190.6 232.1 81.2 150.9 65.1 85.8	200.3 253.1 91.5 161.6 61.5 100.1 -35.5 -17.3	185.1 225.4 79.2 146.2 64.0 82.2	193.1 233.3 82.4 150.9 66.8 84.1	183.9 216.5 71.6 144.9 68.1 76.8	157.1 171.6 56.7 114.9 68.8 46.1	155.4 171.7 55.3 116.4 69.3 47.0	165.9 179.9 60.8 119.1 70.5 48.5

SOURCE. Survey of Current Business (U.S. Department of Commerce).

Excluding money market funds.
 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.
 Excludes share redemption resulting from conversions from one fund to another in the same group.

A38 Domestic Financial Statistics □ December 1982

1.50 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, except for ratio

Account	1976	1977	1978	1979	1980		1981		1982		
Account	1976	19//	1978	1979	1980	Q2	Q3	Q4	Q1	Q2	
1 Current assets	827.4	912.7	1,043.7	1,218.2	1,333.5	1,388.3	1,410.9	1,427.1	1,423.6	1,419.4	
2 Cash 3 U.S. government securities. 4 Notes and accounts receivable 5 Inventories 6 Other	88.2 23.5 292.9 342.5 80.3	97.2 18.2 330.3 376.9 90.1	105.5 17.3 388.0 431.6 101.3	118.0 17.0 461.1 505.5 116.7	127.1 19.3 510.6 543.7 132.7	126.2 19.9 533.1 565.3 143.8	125.1 18.0 542.4 577.0 148.3	131.7 17.9 536.7 587.1 153.6	121.3 17.1 537.8 593.8 153.6	123.4 17.4 534.4 589.2 155.0	
7 Current liabilities	495.1	557.1	669.3	807.8	890.9	931.5	967.2	980.0	985.7	982.6	
8 Notes and accounts payable	282.1 213.0	317.6 239.6	382.9 286.4	461.2 346.6	515.2 375.7	525.9 405.5	549.5 417.7	562.9 417.1	555.0 430.8	554.9 427.8	
10 Net working capital	332.4	355.5	374.4	410.5	442.6	456.8	443.7	447.1	437.9	436.8	
11 MEMO: Current ratio 1	1.671	1.638	1.559	1.508	1.497	1.490	1.459	1.456	1.444	1.445	

^{1.} Ratio of total current assets to total current liabilities.

Note. For a description of this series, see "Working Capital of Nonfinancial Corporations" in the July 1978 BULLETIN, pp. 533-37.

All data in this table reflect the most current benchmarks. Complete data are available upon request from the Flow of Funds Section, Division of Research and Statistics.

SOURCE. Federal Trade Commission.

1.51 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment

Billions of dollars; quarterly data are at seasonally adjusted annual rates.

Industry ¹	1980	1981	1982 1	1981			1982				
,				Q2	Q3	Q4	Q1	Q2	Q3	Q4 ¹	
l Total nonfarm business	295.63	321.49	319.99	316.73	328.25	327.83	327.72	323.22	315.79	315.21	
Manufacturing 2 Durable goods industries	58.91 56.90	61.84 64.95	57.95 64.72	63.10 62.40	62.58 67.53	60.78 66.14	60.84 67.48	59.03 64.74	57.14 62.32	55.80 64.70	
Nonmanufacturing 4 Mining Transportation	13.51	16.86	16.05	16.80	17.55	16.81	17.60	16.56	14.63	15.56	
5 Railroad. 6 Air	4.25 4.01 3.82	4.24 3.81 4.00	4.12 3.97 3.71	4.38 3.29 4.04	4.18 3.34 4.09	4.18 4.82 4.12	4.56 3.20 4.23	4.73 3.54 4.06	3.94 4.11 3.24	3.33 5.02 3.48	
Public utilities 8 Electric	28.12 7.32 81.79 36.99	29.74 8.65 86.33 41.06	33.06 8.56 86.42 41.43	29.32 8.53 85.88 39.02	30.54 9.01 87.55 41.89	31.14 8.60 88.33 42.92	30.95 9.17 87.80 41.89	32.26 9.14 88.85 40.33	34.98 8.40 87.31 39.73	33.89 7.78 82.01 43.65	

Anticipated by business.
 "Other" consists of construction; social services and membership organizations; and forestry, fisheries, and agricultural services.

SOURCE. Survey of Current Business (U.S. Dept. of Commerce).

1.52 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1977	1978	1979	1980		1981			1982	
Account		1976	1979	1980	Q2	Q3	Q4	Q1	Q2	Q3
Assets										
Accounts receivable, gross 1 Consumer 2 Business 3 Total. 4 LESS: Reserves for uncarned income and losses. 5 Accounts receivable, net 6 Cash and bank deposits 7 Securities. 8 All other	44.0 55.2 99.2 12.7 86.5 2.6 .9 14.3	52.6 63.3 116.0 15.6 100.4 3.5 1.3 17.3	65.7 70.3 136.0 20.0 116.0 24.9 ¹	73.6 72.3 145.9 23.3 122.6 27.5	79.0 78.2 157.2 25.7 131.4 31.6	84.5 76.9 161.3 27.7 133.6 34.5	85.5 80.6 166.1 28.9 137.2	85.1 80.9 166.0 29.1 136.9	88.0 82.6 170.6 30.2 140.4 37.3	88.3 82.2 170.5 30.4 140.1
9 Total assets	104,3	122.4	140.9	150.1	163,0	168.1	171.4	171.9	177.8	179.2
Liabilities										
10 Bank loans	5.9 29.6	6.5 34.5	8.5 43.3	13.2 43.4	14.4 49.0	14.7 51.2	15.4 51.2	15.4 46.2	14.5 50.3	16.8 46.7
12 Short-term, n.e.c. 13 Long-term, n.e.c. 14 Other	6.2 36.0 11.5	8.1 43.6 12.6	8.2 46.7 14.2	7.5 52.4 14.3	8.5 52.6 17.0	11.9 50.7 17.1	9.6 54.8 17.8	9.0 59.0 19.0	9.3 60.3 18.9	9.9 60.9 20.5
15 Capital, surplus, and undivided profits	15.1	17.2	19.9	19.4	21.5	22.4	22.8	23.3	24.5	24.5
16 Total liabilities and capital	104.3	122.4	140.9	150.1	163.0	168.1	171.4	171.9	177.8	179.2

^{1.} Beginning Q1 1979, asset items on lines 6, 7, and 8 are combined.

NOTE. Components may not add to totals due to rounding.

1.53 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Туре	Accounts receivable	Chan	ges in acc receivable	ounts	I	Extensions	3	Repayments			
	outstanding Sept. 30, 1982		1982			1982		1982			
	.,,,	July	Aug.	Sept.	July	Aug.	Sept.	July	Aug.	Sept.	
1 Total	82,234	868	849	208	20,284	21,549	19,991	19,416	20,700	19,783	
Retail automotive (commercial vehicles)	12,024 13,689 28,161	-118 1,035 -11	24 1,101 - 114	- 59 52 362	802 5,878 1,365	938 6,397 1,448	869 6,040 1,148	920 4,843 1,376	914 5,296 1,562	928 5,988 786	
mercial accounts receivable. 6 All other business credit	9,198 19,162	- 123	- 9 - 153	- 78 - 69	10,571 1,668	11,163 1,603	10,279 1,655	10,486 1,791	11,172 1,756	10,357 1,724	

^{1.} Not seasonally adjusted.

1.54 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1070	1000	1001				1982			
iven.	1979	1980	1981	Apr.	May	June	July	Aug.	Sept.	Oct.
			Ter	ms and yie	lds in prima	ry and seco	ndary marl	cets		
Primary Markets									-	
Conventional mortgages on new homes										
Terms¹ 1 Purchase price (thousands of dollars) 2 Amount of loan (thousands of dollars) 3 Loan/price ratio (percent) 4 Maturity (years) 5 Fees and charges (percent of loan amount)² 6 Contract rate (percent per annum)	74.4 53.3 73.9 28.5 1.66 10.48	83.4 59.2 73.2 28.2 2.09 12.25	90.4 65.3 74.8 27.7 2.67 14.16	95.7 70.4 77.2 28.6 3.28 15.13	86.4 64.8 77.4 25.9 3.16 15.11	89.4 66.2 77.0 27.4 3.00 14.74	98.4 73.1 77.3 28.4 3.15 15.01	91.4 66.5 74.1 26.4 2.87 15.05	95.0' 71.6' 78.7 28.1' 3.04' 14.34	98.7 73.9 77.7 28.3 2.83 14.03
Yield (percent per annum) 7 FHLBB series ³ 8 HUD series ⁴	10.77 11.15	12.65 13.95	14.74 16.52	15.84 16.65	15.89 16.50	15.40 16.75	15.70 16.50	15.68 15.40	14.987 15.05	14.67 13.95
Secondary Markets										
Yield (percent per annum) 9 FHA mortgages (HUD series) ⁵ 10 GNMA securities ⁶ FNMA auctions ⁷	10.92 10.22	13.44 12.55	16.31 15.29	16.31 15.40	16.19 15.30	16.73 15.84	16.29 15.56	14.61 14.51	14.03 13.57	12.99 12.83
11 Government-underwritten loans	11.17 11.77	14.11 14.43	16.70 16.64	16.66	16.27 16.33	16.22 16.73	16.85	15.78 15.78	15.36	13.92
				Act	ivity in seco	ndary marl	kets	-		
Federal National Mortgage Association										
Mortgage holdings (end of period) 13 Total	48,050 33,673 14,377	55,104 37,365 17,725	58,675 39,341 19,334	63,132 39,834 23,298	63,951 39,808 24,143	65,008 39,829 25,179	66,158 39,853 26,305	67,810 39,922 27,888	68,841 39,871 28,970	69,152 39,523 27,629
Mortgage transactions (during period) 16 Purchases	10,812	8,099 0	6,112	755 0	1,006 i	1,223	1,354	1,931 0	1,670	1,449 0
Mortgage commitments ⁸ 18 Contracted (during period)	10,179 6,409	8,083 3,278	9,331 3,717	2,482 6,586	1,550 7,016	1,583 7,206	2,016 7,674	1,820 6,900	1,482 6,587	6,268
Auction of 4-month commitments to buy Government-underwritten loans Offered Conventional loans Offered Offered Accepted Conventional loans Accepted Accepted	8,860.4 3,920.9 4,495.3 2,343.6	8,605.4 4,002.0 3,639.2 1,748.5	2,487.2 1,478.0 2,524.7 1,392.3	7.0 0.0 29.5 22.0	35.7 7.4 37.8 23.0	33.1 7.4 59.0 33.1	8.9 0.0 37.2 23.6	43.3 5.7 70.1 42.9	16.4 0.0 27.5 0.0	2.5 0.0 13.6 8.9
Federal Home Loan Mortgage Corporation										
Mortgage holdings (end of period) ⁹ 24 Total. 25 FHA/VA 26 Conventional	3,543 1,995 1,549	4,362 2,116 2,246	5,245 2,236 3,010	5,274 2,226 3,048	5,279 2,232 3,047	5,295 2,225 3,069	5,309 2,232 3,017	5,201 2,216 2,985	5,207 2,225 2,982	4,931 2,174 2,756
Mortgage transactions (during period) 27 Purchases	5,717 4,544	3,723 2,527	3,789 3,531	2,143 2,177	1,214 1,194	1,581 1,562	2,237 2,204	2,529 2,619	1,799 1,923	2,000 2,197
Mortgage commitments ¹⁰ 29 Contracted (during period)	5,542 797	3,859 447	6,974 3,518	2,824 6,041	2,692 7,420	3,166 8,970	2,189 8,544	2,768 9,318	2,892 10,211	2,506 10,572

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.
 Includes all fees, commissions, discounts, and "points" paid (by the borrower extension.

Includes all rees, commissions, discounts, and points paid (by the bofrower or the seller) to obtain a loan.
 Average effective interest rates on loans closed, assuming prepayment at the end of 10 years.
 Average contract rates on new commitments for conventional first mortgages, rounded to the nearest 5 basis points; from Department of Housing and Urban Development.

Powelopment.

5. Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. Any gaps in data are due to periods of adjustment to changes in maximum permissible contract rates.

Average net yields to investors on Government National Mortgage Association guaranteed, mortgage-backed, fully modified pass-through securities,

assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are unweighted averages of Monday quotations for the month.

7. Average gross yields (before deduction of 38 basis points for mortgage servicing) on accepted bids in Federal National Mortgage Association's auctions of 4-month commitments to purchase home mortgages, assuming prepayment in 12 years for 30-year mortgages. No adjustments are made for FNMA commitment fees or stock related requirements. Monthly figures are unweighted averages for auctions conducted within the month.

8. 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.

9. Includes participation as well as whole loans.

10. Includes conventional and government-underwritten loans.

1.55 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

The field of the state of the s	1070	1000	1001		1981			1982	
Type of holder, and type of property	1979	1980	1981	Q2	Q3	Q4	Q1	Q2	Q3
1 All holders 2 1- to 4-family 3 Multifamily 4 Commercial 5 Farm	1,337,748	1,471,786	1,583,535	1,533,196	1,561,606	1,583,535	1,603,121	1,624,169	1,635,830 °
	891,066	986,979	1,060,469	1,028,297	1,047,626	1,060,469	1,071,889	1,085,182	1,092,274 °
	128,433	137,134	141,427	139,280	140,228	141,427	142,904	143,806	144,654 °
	235,572	255,655	279,912	268,095	273,746	279,912	284,411	289,690	292,180 °
	82,677	92,018	101,727	97,524	100,006	101,727	103,917	105,491	106,722 °
6 Major financial institutions 7 Commercial banks 8 1- to 4-family 9 Multifamily 10 Commercial 11 Farm. 12 Mutual savings banks 13 1- to 4-family 14 Multifamily 15 Commercial 16 Farm.	938,567 245,187 149,460 11,180 75,957 8,590 98,908 66,140 16,557 16,162	997,168 263,030 160,326 12,924 81,081 8,699 99,865 67,489 16,058 16,278 40	1,040,630 284,536 170,013 15,132 91,026 8,365 99,997 68,187 15,960 15,810	1,023,133 273,225 164,873 13,800 86,091 8,461 99,993 68,035 15,909 15,999	1,033,825 279,017 167,550 14,481 88,588 8,398 99,994 68,116 15,939 15,909 30	1,040,630 284,536 170,013 15,132 91,026 8,365 99,997 68,187 15,960 15,810	1,041,487 289,365 171,350 15,338 94,256 8,421 97,464 66,305 15,536 15,594	1,042,652 294,022 172,596 15,431 97,522 8,473 96,346 65,381 15,338 15,598 29	1,028,840 298,342 175,126 15,666 99,050 8,500 94,246 63,755 15,004 15,4587 29
17	475,688	503,192	518,350	515,256	518,778	518,350	515,896	512,745	495,408
	394,345	419,763	432,978	430,702	433,750	432,978	430,928	428,194	413,096 ⁷
	37,579	38,142	37,684	38,077	37,975	37,684	37,506	36,866	35,422 ⁷
	43,764	45,287	47,688	46,477	47,053	47,688	47,462	47,685	46,890 ⁷
21 Life insurance companies 22 I- to 4-family 23 Multifamily 24 Commerciat. 25 Farm.	118,784	131,081	137,747	134,659	136,036	137,747	138,762	139,539	140,844
	16,193	17,943	17,201	17,549	17,376	17,201	17,086	16,451	16,579
	19,274	19,514	19,283	19,495	19,441	19,283	19,199	18,982	19,130
	71,137	80,666	88,163	84,571	86,070	88,163	89,529	91,113	92,125
	12,180	12,958	13,100	13,044	13,149	13,100	12,948	12,993	13,010
26 Federal and related agencies. 27 Government National Mortgage Association 28 1 to 4-family 29 Multifamily	97,084	114,300	126,112	119,124	121,772	126,112	128,721	132,188	136,836*
	3,852	4,642	4,765	4,972	4,382	4,765	4,438	4,669	4,697
	763	704	693	698	696	693	689	688	687
	3,089	3,938	4,072	4,274	3,686	4,072	3,749	3,981	4,010
30 Farmers Home Administration 31 1- to 4-family 32 Multifamily 33 Commercial 34 Farm 34 Farm 35 36 37 38 39 39 39 39 39 39 39	1,274	3,492	2,235	2,662	1,562	2,235	2,469	2,038	2,188
	417	916	914	1,151	500	914	715	792	842
	71	610	473	464	242	473	615	198	223
	174	411	506	357	325	506	499	444	469
	612	1,555	342	690	495	342	640	604	654
35 Federal Housing and Veterans Administration Administration 36 I to 4-family 37 Multifamily	5,555	5,640	5,999	5,895	6,005	5,999	6,003	5,908	5,921
	1,955	2,051	2,289	2,172	2,240	2,289	2,266	2,218	2,171
	3,600	3,589	3,710	3,723	3,765	3,710	3,737	3,690	3,750
38 Federal National Mortgage Association	51,091	57,327	61,412	57,657	59,682	61,412	62,544	65,008	68,841
	45,488	51,775	55,986	52,181	54,227	55,986	57,142	59,631	63,495
	5,603	5,552	5,426	5,476	5,455	5,426	5,402	5,377	5,346
41 Federal Land Banks	31,277	38,131	46,446	42,681	44,708	46,446	47,947	49,270	49,983 ^r
42 I- to 4-family	1,552	2,099	2,788	2,401	2,605	2,788	2,874	2,954	3,029 ^r
43 Farm.	29,725	36,032	43,658	40,280	42,103	43,658	45,073	46,316	46,954 ^r
44 Federal Home Loan Mortgage Corporation . 45 l- to 4-family	4,035	5,068	5,255	5,257	5,433	5,255	5,320	5,295	5,206
	3,059	3,873	4,018	4,025	4,166	4,018	4,075	4,042	3,944
	976	1,195	1,237	1,232	1,267	1,237	1,245	1,253	1,262
47 Mortgage pools or trusts ² . 48 Government National Mortgage Association 49 1- to 4-family 50 Multifamily	118,664	142,258	162,990	152,308	158,140	162,990	172,292	182,945	196,337
	75,787	93,874	105,790	100,558	103,750	105,790	108,592	111,459	114,396
	73,853	91,602	103,007	98,057	101,068	103,007	105,701	108,487	111,348
	1,934	2,272	2,783	2,501	2,682	2,783	2,891	2,972	3,048
51 Federal Home Loan Mortgage Corporation	15,180	16,854	20,560	17,565	17,936	20,560	26,745	33,249	43,254 ^r
	12,149	13,471	16,605	14,115	14,401	16,605	21,781	27,193	35,686 ^r
	3,031	3,383	3,955	3,450	3,535	3,955	4,964	6,056	7,568
Federal National Mortgage Association ³ 1 to 4-family Farmers Home Administration 1 to 4-family Multifamily Commercial Farm.	27,697 14,884 2,163 4,328 6,322	31,530 16,683 2,612 5,271 6,964	717 717 36,640 18,378 3,426 6,161 8,675	34,185 17,165 3,097 5,750 8,173	36,454 18,407 3,488 6,040 8,519	717 717 36,640 18,378 3,426 6,161 8,675	2,786 2,786 36,955 18,740 3,447 6,351 8,417	4,556 4,556 38,237 19,056 4,026 6,574 8,581	8,133 8,133 38,687 19,256 4,076 6,624 8,731
61 Individual and others ⁴	183,433	218,060	253,803	238,631	247,869	253,803	260,621	266,384	273,817
	110,808	138,284	167,412	155,173	162,524	167,412	172,237	177,499	183,260
	23,376	27,345	28,286	27,782	28,272	28,286	29,275	29,636	30,149
	24,050	26,661	30,558	28,850	29,761	30,558	30,720	30,754	31,564
	25,199	25,770	27,547	26,826	27,312	27,547	28,389	28,495	28,844

^{1.} Includes loans held by nondeposit trust companies but not bank trust de-

Note. Based on data from various institutional and governmental sources, with some quarters estimated in part by the Federal Reserve in conjunction with the Federal Home Loan Bank Board and the Department of Commerce. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations when required, are estimated mainly by the Federal Reserve. Multifamily debt refers to loans on structures of five or more units.

I. Includes loans held by nondeposit trust companies but not bank trust uepartments.
 Outstanding principal balances of mortgages backing securities insured or guaranteed by the agency indicated.
 Outstanding balances on FNMA's issues of securities backed by pools of conventional mortgages held in trust. The program was implemented by FNMA in October 1981.
 Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and U.S. agencies for which amounts are small or for which separate data are not readily available.
 Includes a new estimate of residential mortgage credit provided by individuals.

1.56 CONSUMER INSTALLMENT CREDIT¹ Total Outstanding, and Net Change Millions of dollars

	Holder, and type of credit	1979	1980	1981				1982			
	moder, and type of credit	1979	1700	1961	Apr.	May	June	July	Aug.	Sept.	Oct.
					Amoun	ts outstandi	ng (end of	period)			
1	Total	312,024	313,472	333,375	328,363	329,338	331,851	332,471	333,808	335,948	334,871
3 4 5 6 7	By major holder Commercial banks Finance companies Credit unions Retailers ² Savings and loans. Gasoline companies Mutual savings banks	154,177 68,318 46,517 28,119 8,424 3,729 2,740	147,013 76,756 44,041 28,448 9,911 4,468 2,835	149,300 89,818 45,954 29,551 11,598 4,403 2,751	146,616 90,674 45,450 26,537 12,081 4,227 2,778	146,147 91,958 45,472 26,536 12,202 4,218 2,805	146,775 93,009 45,882 26,645 12,312 4,398 2,830	146,745 93,353 45,698 26,710 12,520 4,600 2,845	147,275 93,207 46,154 26,751 12,833 4,714 2,874	148,280 93,357 46,846 26,829 13,051 4,669 2,916	147,926 92,541 46,645 27,046 13,457 4,322 2,934
9 10 11 12 13 14	By major type of credit Automobile. Commercial banks. Indirect paper Direct loans Credit unions Finance companies	116,362 67,367 38,338 29,029 22,244 26,751	116,838 61,536 35,233 26,303 21,060 34,242	126,431 59,181 35,097 24,084 21,975 45,275	126,201 58,458 34,920 23,538 21,733 46,010	127,220 58,099 34,791 23,308 21,744 47,377	128,415 58,140 34,903 23,237 21,940 48,335	128,359 58,131 34,979 23,152 21,852 48,376	128,281 58,222 34,996 23,226 22,071 47,988	129,085 58,762 35,449 23,313 22,402 47,921	128,619 58,796 35,490 23,306 22,306 47,518
15 16 17 18	Revolving Commercial banks Retailers Gasoline companies	56,937 29,862 23,346 3,729	58,352 29,765 24,119 4,468	63,049 33,110 25,536 4,403	58,641 31,638 22,776 4,227	58,647 31,619 22,810 4,218	59,302 31,974 22,930 4,398	59,824 32,205 23,019 4,600	60,475 32,691 23,070 4,714	60,932 33,104 23,159 4,669	60,811 33,085 23,404 4,322
19 20 21 22 23	Mobile home Commercial banks Finance companies Savings and loans Credit unions	16,838 10,647 3,390 2,307 494	17,322 10,371 3,745 2,737 469	18,486 10,300 4,494 3,203 489	18,402 9,974 4,608 3,336 484	18,479 9,960 4,666 3,369 484	18,543 9,924 4,731 3,400 488	18,601 9,857 4,801 3,458 486	18,741 9,790 4,916 3,544 491	18,778 9,723 4,953 3,604 498	18,814 9,631 4,971 3,716 496
24 25 26 27 28 29 30	Other Commercial banks. Finance companies Credit unions Retailers Savings and loans. Mutual savings banks	121,887 46,301 38,177 23,779 4,773 6,117 2,740	120,960 45,341 38,769 22,512 4,329 7,174 2,835	125,409 46,709 40,049 23,490 4,015 8,395 2,751	125,119 46,546 40,056 23,233 3,761 8,745 2,778	124,992 46,469 39,915 23,244 3,726 8,833 2,805	125,591 46,737 39,943 23,454 3,715 8,912 2,830	125,687 46,552 40,176 23,360 3,691 9,063 2,845	126,311 46,572 40,303 23,592 3,681 9,289 2,874	127,153 46,691 40,483 23,946 3,670 9,447 2,916	126,627 46,414 40,052 23,844 3,642 9,741 2,934
					Ne	t change (d	uring perio	d) ³			
31	Total	38,381	1,448	19,894	1,175	1,399	1,349	570	66	1,092	- 324
32 33 34 35 36 37 38	By major holder Commercial banks. Finance companies Credit unions Retailers ² Savings and loans. Gasoline companies. Mutual savings banks	18,161 14,020 2,185 2,132 1,327 509 47	-7,163 8,438 -2,475 329 1,485 739 95	2,284 13,062 1,913 1,103 1,682 -65 -85	96 544 132 181 205 -6 23	-13 1,126 -39 68 221 -20 56	- 100 874 38 304 187 38 8	-66 195 -69 297 196 3	- 252 - 142 179 - 109 268 65 57	481 115 346 60 181 - 115 24	-49 -393 -32 -88 328 -115 25
39 40 41 42 43 44	By major type of credit Automobile. Commercial banks. Indirect paper. Direct loans Credit unions Finance companies	14,715 6,857 4,488 2,369 1,044 6,814	477 - 5,830 - 3,104 - 2,726 - 1,184 7,491	9,595 -2,355 -136 -2,219 914 11,033	233 - 159 2 - 161 54 338	959 -305 -52 -253 -34 1,298	655 -240 -52 -188 28 867	61 101 225 - 124 - 26 - 14	-402 -146 -129 -17 -65 -321	505 435 332 103 159 - 89	-78 52 72 -20 -12 -118
45 46 47 48	Revolving Commercial banks Retailers Gasoline companies	8,628 5,521 2,598 509	1,415 - 97 773 739	4,697 3,345 1,417 - 65	499 285 220 -6	537 436 121 20	507 219 250 38	612 266 343 3	143 162 84 65	210 243 82 -115	108 246 23 115
49 50 51 52 53	Mobile home Commercial banks Finance companies Savings and loans Credit unions	1,603 1,102 238 240 23	483 -276 355 430 -25	1,161 -74 749 466 20	51 -48 53 43 3	70 -41 44 67 0	67 -58 64 60 1	63 - 57 73 47 0	141 -62 108 94	10 -67 20 54 3	-4 -97 -7 100 0
54 55 56 57 58 59 60	Other Commercial banks. Finance companies Credit unions Retailers Savings and loans Mutual savings banks	13,435 4,681 6,968 1,118 -466 1,087 47	-927 -960 592 -1,266 -444 1,056 95	4,441 1,368 1,280 975 -314 1,217 -85	392 18 153 75 - 39 162 23	- 167 - 103 - 216 - 5 - 53 154 56	120 -21 -57 9 54 127 8	- 166 - 376 136 - 43 - 46 149	184 -206 71 113 -25 174 57	367 -130 184 184 -22 127 24	-350 -250 -268 -20 -65 228

^{1.} The Board's series cover most short- and intermediate-term credit extended to individuals through regular business channels, usually to finance the purchase of consumer goods and services or to refinance debts incurred for such purposes, and scheduled to be repaid (or with the option of repayment) in two or more installments.

2. Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.

 $^{3. \} Net \ change \ equals \ extensions \ minus \ liquidations \ (repayments, \ charge-offs \ and \ other \ credit); \ figures \ for \ all \ months \ are seasonally \ adjusted.$

Note: Total consumer noninstallment credit outstanding—credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit—amounted to, not seasonally adjusted \$71.3 billion at the end of 1979, \$74.8 billion at the end of 1980, and \$80.2 billion at the end of 1981.

1.57 CONSUMER INSTALLMENT CREDIT Extensions and Liquidations

Millions of dollars; monthly data are seasonally adjusted.

Millions of dollars; monthly data are seas							1982			
Holder, and type of credit	1979	1980	1981	Apr.	May	June	July	Aug.	Sept.	Oct.
			<u>'</u>	······	Exten	isions (()	a to	Cien	1.00 : 350	à .
1 Total	324,777	306,076	336,341	28,648	29,197	29,737	27,514	27,579	28,268	28,062
By major holder 2 Commercial banks 3 Finance companies 4 Credit unions 5 Retailers: 6 Savings and loans, 7 Gasoline companies 8 Mutual savings banks	154,733 61,518 34,926 47,676 5,901 18,005 2,018	134,960 60,801 29,594 49,942 6,621 22,253 1,905	146,186 66,344 35,444 53,430 8,142 24,902 1,893	12,790 5,343 3,010 4,618 823 1,915	12,765 6,135 2,902 4,449 841 1,880 225	13,460 5,700 2,887 4,762 785 1,969 174	12,485 4,607 2,711 4,785 803 1,944 179	12,499 4,685 2,904 4,396 863 2,021 211	12,750 4,894 3,092 4,684 786 1,876	13,322 4,427 2,897 4,431 961 1,835 189
By major type of credit 9 Automobile. 10 Commercial banks. 11 Indirect paper. 12 Direct loans 13 Credit unions 14 Finance companies	93,901	83,454	94,404	7,871	8,429	8,182	7,332	7,112	7,546	7,970
	53,554	41,109	42,792	3,499	3,317	3,404	3,687	3,454	3,702	4,296
	29,623	22,558	24,941	2,079	1,954	2,036	2,324	1,957	2,077	2,785
	23,931	18,551	17,851	1,420	1,363	1,368	1,363	1,497	1,625	1,511
	17,397	15,294	18,084	1,542	1,483	1,497	1,389	1,499	1,579	1,514
	22,950	27,051	33,527	2,830	3,629	3,281	2,256	2,159	2,265	2,160
15 Revolving 16 Commercial banks. 17 Retailers 18 Gasoline companies	120,174	128,068	140,135	12,416	12,528	13,361	12,551	12,497	12,464	12,340
	61,048	61,593	67,370	6,309	6,604	7,141	6,237	6,512	6,336	6,455
	41,121	44,222	47,863	4,192	4,044	4,251	4,370	3,964	4,252	4,050
	18,005	22,253	24,902	1,915	1,880	1,969	1,944	2,021	1,876	1,835
19 Mobile home 20 Commercial banks. 21 Finance companies 22 Savings and loans. 23 Credit unions	6,471	5,093	6,028	544	478	459	441	581	452	476
	4,542	2,937	3,106	253	201	180	173	194	191	174
	797	898	1,313	122	114	129	133	193	105	81
	948	1,146	1,432	151	151	137	123	181	140	207
	184	113	176	18	12	13	12	13	16	14
24 Other 25 Commercial banks. 26 Finance companies 27 Credit unions 28 Retailers 29 Savings and loans 30 Mutual savings banks	104,231	89,461	95,774	7,853	7,762	7,735	7,190	7,389	7,806	7,276
	35,589	29,321	32,918	2,729	2,643	2,735	2,388	2,339	2,521	2,397
	37,771	32,852	31,504	2,391	2,392	2,290	2,218	2,333	2,524	2,186
	17,345	14,187	17,182	1,450	1,407	1,377	1,310	1,392	1,497	1,369
	6,555	5,720	5,567	426	405	511	415	432	432	381
	4,953	5,476	6,710	672	690	648	680	682	646	754
	2,018	1,905	1,893	185	225	174	179	211	186	189
					Liquid	lations (pe 10	2003)	
31 Total	286,396	304,628	316,447	27,509	27,798	28,388	26,944	27,513	27,176	28,386
By major holder 32 Commercial banks 33 Finance companies 44 Credit unions 55 Retailers ¹ 65 Savings and loans 76 Gasoline companies 86 Mutual savings banks	136,572 47,498 32,741 45,544 4,574 17,496 1,971	142,123 52,363 32,069 49,613 5,136 21,514 1,810	143,902 53,282 33,531 52,327 6,640 24,967 1,978	12,694 4,799 2,878 4,437 618 1,921 162	12,778 5,009 2,941 4,381 620 1,900	13,560 4,826 2,849 4,458 598 1,931	12,551 4,412 2,780 4,488 607 1,941 165	12,751 4,827 2,725 4,505 595 1,956	12,269 4,779 2,746 4,624 605 1,991 162	13,371 4,820 2,929 4,519 633 1,950 164
By major type of credit 39 Automobile. 40 Commercial banks 41 Indirect paper. 42 Direct loans 43 Credit unions 44 Finance companies	79,186	82,977	84,809	7,638	7,470	7,527	7,271	7,514	7,041	8,048
	46,697	46,939	45,147	3,658	3,622	3,644	3,586	3,600	3,267	4,244
	25,135	25,662	25,077	2,077	2,006	2,088	2,099	2,086	1,745	2,713
	21,562	21,277	20,070	1,581	1,616	1,556	1,487	1,514	1,522	1,531
	16,353	16,478	17,169	1,488	1,517	1,469	1,415	1,434	1,420	1,526
	16,136	19,560	22,494	2,492	2,331	2,414	2,270	2,480	2,354	2,278
45 Revolving 46 Commercial banks. 47 Retailers 48 Gasoline companies	111,546	126,653	135,438	11,917	11,991	12,854	11,939	12,354	12,254	12,232
	55,527	61,690	64,025	6,024	6,168	6,922	5,971	6,350	6,093	6,209
	38,523	43,449	46,446	3,972	3,923	4,001	4,027	4,048	4,170	4,073
	17,496	21,514	24,967	1,921	1,900	1,931	1,941	1,956	1,991	1,950
49 Mobile home 50 Commercial banks 51 Finance companies 52 Savings and loans. 53 Credit unions	4,868	4,610	4,867	493	408	392	378	440	442	480
	3,440	3,213	3,180	301	242	238	230	256	258	271
	559	543	564	69	70	65	60	85	85	88
	708	716	966	108	84	77	76	87	86	107
	161	138	156	15	12	12	12	12	13	14
54 Other 55 Commercial banks 56 Finance companies 57 Credit unions 58 Retailers 59 Savings and loans 60 Mutual savings banks	90,796	90,388	91,333	7,461	7,929	7,615	7,356	7,205	7,439	7,626
	30,908	30,281	31,550	2,711	2,746	2,756	2,764	2,545	2,651	2,647
	30,803	32,260	30,224	2,238	2,608	2,347	2,082	2,262	2,340	2,454
	16,227	15,453	16,207	1,375	1,412	1,368	1,353	1,279	1,313	1,389
	7,021	6,164	5,881	465	458	457	461	457	454	446
	3,866	4,420	5,493	510	536	521	531	508	519	526
	1,971	1,810	1,978	162	169	166	165	154	162	164

 $^{1.\ \}mbox{Includes}$ auto dealers and excludes $30\mbox{-day}$ charge credit held by travel and entertainment companies.

A44 Domestic Financial Statistics December 1982

1.58 FUNDS RAISED IN U.S. CREDIT MARKETS

Billions of dollars; half-yearly data are at seasonally adjusted annual rates.

Township colony and a	1076	1077	1079	1070	1090	1001	1979	198	30	198	31	1982
Transaction category, sector	1976	1977	1978	1979	1980	1981	H2	н	H2	HI	H2	H1
					1	Nonfinanci	ial sectors					
1 Total funds raised 2 Excluding equities	273.5 262.7	334.3 331.2	401.7 402.3	402.0 409.1	397.1 382.2	406.9 418.4	406.6 411.0	363.0 354.2	431.2 410.2	438.2 436.7	375.7 400.2	380.6 381.0
By sector and instrument 3 U.S. government 4 Treasury securities. 5 Agency issues and mortgages. 6 All other nonfinancial sectors. 7 Corporate equities. 8 Debt instruments. 9 Private domestic nonfinancial sectors. 10 Corporate equities. 11 Debt instruments. 12 Debt capital instruments. 13 State and local obligations. 14 Corporate bonds.	69.0 69.1 -1.1 204.5 10.8 193.6 184.9 10.5 174.3 123.6 15.7 22.8	56.8 57.6 9 277.5 3.1 274.4 263.6 2.7 260.9 169.8 21.9 21.0	53.7 55.1 -1.4 348.0 6 348.7 314.8 1 314.9 198.7 28.4 20.1	37.4 38.8 -1.4 364.7 -7.1 371.7 343.6 -7.8 351.5 216.0 29.8 22.5	79.2 79.8 6 317.9 15.0 303.0 288.7 12.9 275.8 204.1 35.9 33.2	87.4 87.8 5 319.6 - 11.5 331.0 292.3 - 11.5 303.7 175.0 32.9 23.9	46.1 46.6 5 360.5 -4.3 364.9 332.2 -6.1 38.3 213.1 32.8 22.6	63.3 63.9 6 299.8 8.9 290.9 268.8 6.9 261.9 203.8 30.7 37.3	95.1 95.7 6 336.1 21.0 315.0 308.5 18.8 289.7 204.4 41.0 29.0	81.9 82.4 5 356.3 1.6 354.8 321.7 9 320.8 196.5 35.1 24.7	92.9 93.2 4 282.8 -24.5 307.3 262.9 -23.8 286.7 153.5 30.6 23.0	98.1 98.6 5 282.6 4 282.9 266.5 1 266.7 156.7 47.9 18.5
Mortgages	63.9 3.9 11.6 5.7 50.7 25.4 4.4 4.0 16.9	94.3 7.1 18.4 7.1 91.1 40.2 26.7 2.9 21.3	112.1 9.2 21.7 7.2 116.2 48.8 37.1 5.2 25.1	120.1 7.8 23.9 11.8 135.5 45.4 49.2 11.1 29.7	96.7 8.8 20.2 9.3 71.7 4.9 35.4 6.6 24.9	78.6 4.6 25.3 9.8 128.8 25.3 51.1 19.2 33.1	113.9 6.9 25.4 11.5 125.2 41.0 39.6 17.4 27.2	96.5 8.1 20.3 10.9 58.1 -3.3 18.0 20.3 23.0	96.9 9.5 20.1 7.8 85.4 13.0 52.7 -7.1 26.7	95.2 5.1 27.4 9.0 124.3 29.4 47.7 10.7 36.5	62.0 4.1 23.2 10.5 133.2 21.2 54.6 27.6 29.8	59.5 5.1 20.3 5.4 110.0 16.0 78.2 3.4 12.4
24 By borrowing sector 25 State and local governments 26 Households 27 Farm 28 Nonfarm noncorporate 29 Corporate	184.9 15.2 89.5 10.2 15.4 54.5	263.6 15.4 137.3 12.3 28.3 70.4	314.8 19.1 169.3 14.6 32.4 79.3	343.6 20.2 176.5 21.4 34.4 91.2	288.7 27.3 117.5 14.4 33.8 95.7	292.3 22.3 120.4 16.4 40.5 92.6	332.2 22.5 165.8 22,7 37.0 84.2	268.8 21.8 115.2 15.7 27.5 88.6	308.5 32.8 119.8 13.0 40.2 102.7	321.7 25.1 141.0 19.9 41.8 93.9	262.9 19.5 99.9 12.8 39.3 91.4	266.5 36.3 89.7 8.4 30.4 101.8
Foreign	19.6 .3 19.3 8.6 5.6 1.9 3.3	13.9 .4 13.5 5.1 3.1 2.4 3.0	33.2 5 33.8 4.2 19.1 6.6 3.9	21.0 .8 20.2 3.9 2.3 11.2 2.9	29.3 2.1 27.2 .8 11.5 10.1 4.7	27.3 27.3 5.5 3.7 13.9 4.3	28.3 1.7 26.6 4.9 2.6 16.3 2.8	31.0 1.9 29.0 2.0 5.9 15.7 5.4	27.5 2.2 25.3 4 17.2 4.5 4.0	34.6 .7 34.0 3.3 5.0 20.6 5.0	19.9 7 20.6 7.6 2.3 7.1 3.6	16.0 2 16.2 2.2 6 11.3 3.3
						Financia	sectors			· · · · · · ·		
37 Total funds raised	22.5	52.2	77.5	83.9	68.5	89.3	78.7	65.1	71.9	95.5	83.0	107.9
By instrument 38 U.S. government related 39 Sponsored credit agency securities. 40 Mortgage pool securities 41 Loans from U.S. government 42 Private financial sectors 43 Corporate equities. 44 Debt instruments. 45 Corporate bonds 46 Mortgages. 47 Bank loans n.e.c. 48 Open market paper and RPs 49 Loans from Federal Home Loan Banks	14.3 2.5 12.2 8.2 4 8.2 2 8.4 9.8 2.1 -3.7 2.2 -2.0	21.9 7.0 16.1 -1.2 30.3 3.4 26.9 10.1 3.1 3 9.6 4.3	36.7 23.1 13.6 40.8 2.5 38.3 7.5 .9 2.8 14.6 12.5	47.3 24.3 23.1 36.6 3.2 33.4 7.8 -1.2 4 18.0 9.2	43.6 24.4 19.2 4 24.9 7.2 7.1 7.1 9 4 4.8 7.1	45.1 30.1 15.0 44.1 8.6 35.6 8 -2.9 2.2 20.9 16.2	50.8 25.8 25.9 27.9 2.6 25.3 7.7 -2.9 .5 10.8 9.2	47.3 27.1 20.2 + 17.7 7.5 10.3 9.9 -5.3 .1 1 5.8	39.8 21.7 18.1 32.0 6.9 25.2 4.4 3.5 9 9.7 8.5	42.5 26.9 15.6 53.0 9.7 43.4 - 2.1 - 2.3 3.7 24.8 19.3	47.8 33.3 14.5 35.3 7.5 27.8 4 -3.5 .7 17.0 13.2	57.9 21.4 36.5 50.0 16.0 34.0 -3.6 1.9 5.9 16.1 13.8
By sector 50 Sponsored credit agencies 51 Mortgage pools 52 Private financial sectors 53 Commercial banks. 54 Bank affiliates 55 Savings and loan associations 66 Other insurance companies 67 Finance companies 68 REITs 69 Open-end investment companies	2.1 12.2 8.2 2.3 5.4 .1 .9 4.3 -2.2 -2.4	5.8 16.1 30.3 1.1 2.0 9.9 1.4 16.9 -1.9	23.1 13.6 40.8 1.3 7.2 14.3 .8 18.1 9 1	24.3 23.1 36.6 1.6 6.5 11.4 .9 16.6 3	24.4 19.2 24.9 .5 6.9 6.6 1.1 6.3 -1.5 5.0	30.1 15.0 44.1 .4 8.3 13.1 1.1 14.1 5 7.7	25.8 25.0 27.9 1.8 4.9 10.2 .9 11.0 1 8	27.1 20.2 17.7 .8 5.8 .1 1.0 6.0 -1.4 5.5	21.7 18.1 32.0 .3 8.0 13.2 1.1 6.5 -1.7 4.5	26.9 15.6 53.0 .2 6.9 19.2 1.1 17.3 6 8.9	33.3 14.5 35.3 .5 9.7 6.9 1.1 11.0 3 6.5	21.4 36.5 50.0 .6 9.7 16.8 1.0 7.7 2 14.5
						All se	ctors					
60 Total funds raised, by instrument. 61 Investment company shares. 62 Other corporate equities 63 Debt instruments 64 U.S. government securities 65 State and local obligations. 66 Corporate and foreign bonds 67 Mortgages. 68 Consumer credit. 69 Bank loans n.e.c.	296.0 -2.4 13.1 285.4 83.8 15.7 41.2 87.1 25.4 6.2	386.5 .9 5.6 379.9 79.9 21.9 36.1 129.9 40.2 29.5	479.2 1 1.9 477.4 90.5 28.4 31.8 151.0 48.8 59.0	485.9 .1 -3.9 489.7 84.8 29.8 34.2 162.4 45.4 51.0	5.0 17.1 443.5 122.9 35.9 41.1 134.0 4.9 46.5	7.7 -10.6 499.1 132.6 32.9 28.5 115.2 25.3 57.0	485.3 89 487.1 97.0 32.8 35.2 154.7 41.0 42.7	5.5 10.8 411.8 110.7 30.7 49.3 130.4 -3.3 24.0	503.1 4.5 23.4 475.2 135.1 41.0 33.0 137.7 13.0 69.0	8.9 2.3 522.5 124.5 35.1 26.0 134.3 29.4 56.4	458.7 6.5 -23.5 475.7 140.7 30.6 30.9 96.2 21.2 57.6	488.6 14.5 1.2 472.9 156.1 47.9 17.0 92.1 16.0 83.6
70 Open market paper and RPs. 71 Other loans.	8.1 17.8	15.0 27.4	26.4 41.5	40.3 41.8	21.6 36.6	54.0 53.7	44.5 39.2	35.9 34.1	7.2 39.2	56.2 60.7	51.8 46.6	30.9 29.4

1.59 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

Billions of dollars, except as noted; half-yearly data are at seasonally adjusted annual rates

	1000		40=			40.14	1979	19	80	1	981	1982
Transaction category, or sector	1976	1977	1978	1979	1980	1981	H2	Н1	Н2	ні	H2	HI'
1 Total funds advanced in credit markets to nonfi- nancial sectors	262.7	331.2	402.3	409.1	382.2	418.4	411.0	354.2	410.2	436.7	400.2	381.0
By public agencies and foreign 2 Total net advances. 3 U.S. government securities 4 Residential mortgages. 5 FHLB advances to savings and loans 6 Other loans and securities	49.8	79.2	101.9	74.6	95.8	95.9	101.0	104.6	87.0	98.7	93.2 ;	91.9
	23.1	34.9	36.1	6.3	15.7	17.2	16.6	20.5	10.9	15.9	18.5 ;	8
	12.3	20.0	25.7	35.8	31.7	23.4	36.7	34.9	28.5	21.4	25.5 ;	47.4
	-2.0	4.3	12.5	9.2	7.1	16.2	9.2	5.8	8.5	19.3	13.2 ;	13.8
	16.4	20.1	27.6	35.9	41.3	39.1	38.6	43.4	39.1	42.1	36.0	31.5
Total advanced, by sector 7 U.S. government	7.9	10.0	17.1	19.0	23.7	24.2	18.7	24.6	22.8	27.1	21.2	15.4
	16.8	22.4	39.9	52.4	44.4	46.0	56.9	45.2	43.7	44.3	47.7	59.0
	9.8	7.1	7.0	7.7	4.5	9.2	14.0	14.9	- 5.9	-3.7	22.1	-6.5
	15.2	39.6	38.0	-4.6	23.2	16.6	11.3	19.9	26.5	30.9	2.2	23.9
	14.3	21.9	36.7	47.3	43.6	45.1	50.8	47.3	39.8	42.5	47.8	57.9
Private domestic funds advanced 12 Total net advances. 13 U.S. government securities 14 State and local obligations. 15 Corporate and foreign bonds 16 Residential mortgages. 17 Other mortgages and loans 18 LESS: Federal Home Loan Bank advances. 19 Private financial intermediation	227.1	273.9	337.1	381.8	329.9	367.6	360.8	296.9	362.9	380.5	354.7	347.0
	60.7	45.1	54.3	91.1	107.2	115.4	80.5	90.2	124.2	108.5	122.3	156.9
	15.7	21.9	28.4	29.8	35.9	32.9	32.8	30.7	41.0	35.1	30.6	47.9
	30.5	22.2	22.4	23.7	25.8	20.6	24.1	31.6	20.1	18.6	22.7	4.5
	55.4	81.4	95.5	92.0	73.7	59.7	84.0	69.6	77.8	78.8	40.5	17.0
	62.9	107.6	149.1	154.3	94.4	155.3	148.7	80.6	108.3	158.7	151.8	134.5
	2.0	4.3	12.5	9.2	7.1	16.2	9.2	5.8	8.5	19.3	13.2	13.8
19 Credit market funds advanced by private financial institutions. 20 Commercial banking. 21 Savings institutions. 22 Insurance and pension funds. 23 Other finance.	190.9	261.7	302.9	292.2	257.9	301.3	260.7	245.4	270.4	326.3	276.3	281.3
	59.6	87.6	128.7	121.1	99.7	103.5	108.1	64.7	134.8	107.8	99.2	122.3
	70.2	81.6	73.6	55.5	54.1	24.6	48.9	34.9	73.2	43.9	5.3	30.2
	49.7	69.0	75.0	66.4	74.4	75.8	60.1	84.3	64.4	75.8	75.8	89.0
	11.4	23.5	25.6	49.2	29.8	97.4	43.6	61.5	-1.9	98.8	95.9	39.7
24 Sources of funds. 25 Private domestic deposits. 26 Credit market borrowing. 27 Other sources. 28 Foreign funds. 29 Treasury balances. 30 Insurance and pension reserves. 31 Other, net.	190.9	261.7	302.9	292.2	257.9	301.3	260.7	245.4	270.4	326.3	276.3	281.3
	124.4	138.9	141.1	142.5	167.8	211.2	145.9	162.5	173.1	212.0	210.3	177.5
	8.4	26.9	38.3	33.4	17.7	35.6	25.3	10.3	25.2	43.4	27.8	34.0
	58.0	96.0	123.5	116.4	72.4	54.6	89.5	72.7	72.1	70.9	38.2	69.8
	- 4.7	1.2	6.3	25.6	-23.0	-8.8	3.4	-20.0	-26.0	7	-16.8	-31.1
	1	4.3	6.8	.4	-2.6	-1.1	7	-6.1	1.0	6.0	-8.2	-4.1
	34.3	51.4	62.2	49.1	65.4	70.8	43.8	70.3	60.5	66.0	75.6	77.4
	28.5	39.1	48.3	41.3	32.6	-6.4	43.0	28.6	36.6	4	-12.3	27.6
Private domestic nonfinancial investors 32 Direct lending in credit markets. 33 U.S. government securities 34 State and local obligations. 35 Corporate and foreign bonds 36 Commercial paper. 37 Other.	44.7	39.0	72.5	122.9	89.7	101.9	125.4	61.7	117.7	97.5	106.2	99.8
	15.9	24.6	36.3	61.4	38.3	50.4	54.9	23.3	53.3	43.0	57.7	54.8
	3.3	8	3.6	9.4	12.6	20.3	11.5	6.2	18.9	22.8	17.8	35.7
	11.8	-5.1	-2.9	10.2	9.3	-7.9	16.9	7.8	10.8	-9.2	-6.6	-22.9
	1.9	9.6	15.6	12.1	-3.4	3.5	14.6	-8.1	1.4	-1.4	8.4	7.9
	11.8	10.7	19.9	29.8	32.9	35.6	27.6	32.5	33.3	42.3	29.0	24.2
38 Deposits and currency 39 Currency 40 Checkable deposits 41 Small time and savings accounts 42 Money market fund shares 43 Large time deposits 44 Security RPs 45 Foreign deposits	133.4 7.3 10.4 123.7 - 12.0 2.3 1.7	148.5 8.3 17.2 93.5 .2 25.8 2.2 1.3	152.3 9.3 16.3 63.7 6.9 46.6 7.5 2.0	151.9 7.9 19.2 61.0 34.4 21.2 6.6 1.5	179.2 10.3 4.2 79.5 29.2 48.3 6.5 1.1	221.0 9.5 18.3 46.6 107.5 36.3 2.5 .3	149.9 6.3 22.5 50.7 38.6 39.4 -5.3 -2.3	172.4 9.3 -2.5 73.4 61.9 24.4 5.3	186.1 11.3 11.0 85.7 -3.4 72.1 7.8 1.7	218.6 5.8 26.5 26.9 104.1 46.8 7.7 .8	223.4 13.2 10.1 66.3 110.8 25.7 -2.6 2	177.5 2.0 6.9 78.8 39.4 51.4 1.0 -2.0
46 Total of credit market instruments, deposits and currency	178.1	187.5	224.9	274.8	269.0	322.8	275.3	234,1	303.8	316.1	329.6	277.2
47 Public support rate (in percent)	19.0	23.9	25.3	18.2	25.1	22.9	24.6	29.5	21.2	22.6	23.3	24.1
	84.0	95.6	89.9	76.5	78.2	82.0	72.3	82.7	74.5	85.8	77.9	81.0
	10.5	40.8	44.3	21.0	.2	7.8	14.8	*	.5	30.3	- 14.6	- 7.2
MEMO: Corporate equities not included above 50 Total net Issues 51 Mutual fund shares 52 Other equities.	10.6	6.5	1.9	-3.8	22.1	-2.9	-1.7	16.3	27.9	11.2	- 17.0	15.7
	-2.4	.9	1	.1	5.0	7.7	8	5.5	4.5	8.9	6.5	14.5
	13.1	5.6	1.9	-3.9	17.1	-10.6	9	10.8	23.4	2.3	- 23.5	1.2
53 Acquisitions by financial institutions	12.5	7.4	4.6	10.4	14.6	22.9	14.2	8.6	20.7	25.3	20.5	20.7
	-1.9	8	-2.7	- 14.2	7.5	- 25.8	- 15.9	7.7	7.2	- 14.1	-37.5	-5.1

Notes by Line Number.

1. Line 2 of table 1.58.

2. Sum of lines 3-6 or 7-10.

6. Includes farm and commercial mortgages.

11. Credit market funds raised by federally sponsored credit agencies, and net issues of federally related mortgage pool securities.

12. Line 1 less line 2 plus line 11. Also line 19 less line 26 plus line 32. Also sum of lines 27, 32, and 38 less lines 39 and 45.

13. Includes farm and commercial mortgages.

25. Line 38 less lines 39 and 45.

26. Excludes equity issues and investment company shares. Includes line 18.

27. Erorigin deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates.

29. Demand deposits at commercial banks.

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

31. Mainly retained earnings and net miscellaneous liabilities.
32. Line 12 less line 19 plus line 26.
33-37. Lines 13-17 less amounts acquired by private finance. Line 37 includes mortgages.
39. Mainly an offset to line 9.
46. Lines 32 plus 38, or line 12 less line 27 plus 39 and 45.
47. Line 2/line 1.

48. Line Pyline 12.
48. Line Pyline 12.
49. Sum of lines 10 and 28.
50, 52. Includes issues by financial institutions.

Note. Full statements for sectors and transaction types quarterly, and annually for flows and for 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.

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2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

1967 = 100; monthly and quarterly data are seasonally adjusted Exceptions noted.

Measure	1979	1980	1981					1982				
Measure	19/9	1960	1901	Mar.	Apr.	May	June	July	Aug. '	Sept. r	Oct. p	Nov.
1 Industrial production ¹	152.5	147.0	151.0	141.7	140.2	139.2	138.7	138.8	138.4	137.3	136.2	135.6
Market groupings 2 Products, total 3 Final, total 4 Consumer goods 5 Equipment 6 Intermediate 7 Materials	150.0 147.2 150.8 142.2 160.5 156.4	146.7 145.3 145.4 145.2 151.9 147.6	150.6 149.5 147.9 151.5 154.4 151.6	143.7 143.3 141.5 145.9 145.2 138.5	142.9 142.6 142.1 143.4 143.7 136.2	142.3 142.2 143.6 140.4 142.6 134.3	142.1 142.1 144.8 138.4 141.9 133.5	142.6 142.5 145.8 138.0 142.8 133.0	142.0 141.2 144.1 137.3 144.7 132.8	140.6 139.8 143.3 135.0 143.4 132.2	139.4 138.6 142.3 133.6 142.1 131.2	138.9 138.1 141.6 133.4 141.8 130.4
Industry groupings 8 Manufacturing	153.6	146.7	150.4	140.1	138.7	137.9	137.7	138.1	138.0	137.1	135.6	134.9
Capacity utilization (percent) ^{1,2} 9 Manufacturing	85.7 87.4	79.1 80.0	78.5 79.9	71.6 71.8	70.8 70.5	70.2 69.4	70.0 68.8	70.0 68.5	69.8 68.2	69.2 67.8	68.3 67.2	67.8 66.7
11 Construction contracts (1977 = 100) ³	121.0	106.0	107.0	105.0	88.0	94.0	111.0	98.0	112.0	117.0	n.a.	n.a.
12 Nonagricultural employment, total ⁴ . 13 Goods-producing, total 14 Manufacturing, total 15 Manufacturing, production-worker 16 Service-producing 17 Personal income, total 18 Wages and salary disbursements 19 Manufacturing 19 Disposable personal income ⁵ 21 Retail sales ⁶	136.5 113.5 108.2 105.3 149.1 309.7 289.8 249.0 301.2 281.6	137.4 110.3 104.3 99.4 152.6 342.9 317.6 264.3 332.9 303.8	138.5 110.2 103.7 98.5 155.0 383.5 349.9 288.1 370.3 330.6	137.2 104.9 99.3 92.1 155.0 399.8 361.3 286.4 387.7 333.5	136.9 104.2 98.6 91.2 154.8 402.5 362.2 286.3 391.7 337.4	137.0 104.1 98.3 90.9 155.1 405.7 365.4 288.1 392.9 347.1	136.5 102.9 97.3 89.8 154.9 407.3 366.0 288.4 393.4 336.4	136.1 102.3 96.7 89.2 154.6 411.2 367.6 287.7 400.6 341.8	135.7 101.5 96.0 88.4 154.5 412.0 367.8 286.4 400.9 338.2	135.7 101.0 95.5 87.8 154.7 413.0 367.6 284.3 402.0 341.3	135.1 99.7 94.2 86.2 154.5 416.0 368.1 281.1 404.0 343.3	134.8 99.0 93.5 85.4 154.4 n.a. n.a. 405.5 351.2
Prices ⁷ 22 Consumer	217.4 217.7	246.8 247.0	272.4 269.8	283.1 277.3	284.3 277.3	287.1 277.8	290.6 279.9	292.2 281.7	292.8 282.4	293.3 281.4	294.1 284.1	n.a. n.a.

2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	1981		1982		1981 1982			1981				
Series	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	C	Output (1967 = 100)				y (percen	t of 1967	output)	Ut	ilization r	ate (perce	nt)
1 Manufacturing . 2 Primary processing	145.0 143.5 145.8	139.8 137.1 141.6	138,1 132.3 141.2	137.7 132.5 140.5	193.9 197.5 192.0	195.2 198.6 193.5	196.4 199.5 194.9	197.7 200.4 196.2	74.8 72.7 75.9	71.6 69.1 73.2	70.3 66.3 72.5	69.7 66.1 71.6
4 Materials	144.0	138.7	134.7	132.7	191.5	192.6	193.7	194.6	75.2	72.0	69.6	68.2
5 Durable goods 6 Metal materials 7 Nondurable goods 8 Textile, paper, and chemical. 9 Textile 10 Paper 11 Chemical 12 Energy materials	140.2 99.5 164.5 169.4 106.8 147.0 206.2 127.9	130.9 90.9 161.0 164.5 101.3 146.1 200.0 129.8	127.1 77.0 156.8 160.5 101.8 142.0 194.0	124.8 73.0 155.0 158.2 102.2 145.6 188.3 124.0	195.3 142.1 213.1 223.9 141.6 162.8 284.4 155.8	196.4 142.3 214.6 225.6 142.1 163.8 287.3 156.5	197.3 142.4 216.1 227.3 142.4 164.6 289.6 157.0	198.3 142.3 217.4 228.8 142.8 165.4 291.9 157.6	71.8 70.1 77.2 75.7 75.4 90.3 72.5 82.1	66.7 63.9 75.0 72.9 71.3 89.2 69.6 82.9	64.4 54.1 72.6 70.6 71.5 86.3 67.0 79.9	63.0 51.3 71.3 69.2 71.5 88.0 64.5 78.7

^{1.} The industrial production and capacity utilization series have been revised back to January 1979.

2. Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, and Department of Com-

merce.

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 Continued

Contra	Previou	s cycle ¹	Latest	cycle ²	1981					1982				
Series	High	Low	High	Low	Nov.	Mar.	Apr.	May	June	July	Aug.	Sept.'	Oct.	Nov.
						Capacit	y utilizati	on rate (p	ercent)					
13 Manufacturing	88.0	69.0	87.2	74.9	74.8	71.6	70.8	70.2	70.0	70.0	69.8	69.2	68.3	67.8
14 Primary processing 15 Advanced processing	93.8 85.5	68.2 69.4	90.1 86.2	71.0 77.2	72.7 75.8	68.6 73.2	67.2 72.6	66.1 72.5	65.7 72.3	65.7 72.3	66.1 71.7	66.5 70.7	65.9 69.6	65.4 69.1
16 Materials	92.6 91.5 98.3	69.4 63.6 68.6	88.8 88.4 96.0	73.8 68.2 59.6	75.5 72.2 70.8	71.8 66.4 61.1	70.5 65.0 56.2	69.4 64.2 53.9	68.8 64.0 52.2	68.5 63.7 50.7	68.2 63.1 51.2	67.8 62.1 51.9	67.2 60.6 50.4	66.7 59.8 n.a.
19 Nondurable goods 20 Textile, paper, and chemical 21 Textile 22 Paper 23 Chemical	94.5 95.1 92.6 99.4 95.5	67.2 65.3 57.9 72.4 64.2	91.6 92.2 90.6 97.7 91.3	77.5 75.3 80.9 89.3 70.7	77.3 75.9 75.5 92.3 72.4	75.3 73.7 73.5 89.4 70.2	74.4 72.5 73.4 87.4 69.0	72.5 70.6 71.5 86.1 66.9	70.9 68.8 69.6 85.3 65.0	70.2 68.0 69.8 86.0 63.7	71.0 68.9 72.3 88.6 63.6	72.7 70.5 72.6 89.3 65.9	72.8 70.9 74.3 89.7 66.0	72.5 70.7 n.a. n.a. n.a.
24 Energy materials	94.6	84.8	88.3	82.7	82.2	81.8	80.2	79.9	79.8	80.0	79.0	77.0	77.9	77.3

^{1.} Monthly high 1973; monthly low 1975.

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

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

Cohenne	1979	1980	1981			<u> </u>	1982			
Category	1979	1980	1961	May	June	July	Aug.	Sept. '	Oct.'	Nov. p
Household Survey Data										
1 Noninstitutional population ¹	166,951	169,847	172,272	174,201	174,363	174,544	174,707	174,888	175,069	175,238
Labor force (including Armed Forces) Civilian labor force	107,050 104,962	109,042 106,940	110,812 108,670	112,841 110,666	112,364 110,191	112,702 110,522	112,840 110,644	113,178 110,980	112,832 110,644	113,199 111,019
4 Nonagricultural industries ²	95,477 3,347	95,938 3,364	97,030 3,368	96,629 3,488	96,406 3,357	96,272 3,460	96,404 3,435	96,352 3,368	95,667 3,426	95,563 3,470
6 Number	6,137 5.8 59,901	7,637 7.1 60,805	8,273 7.6 61,460	10,549 9.5 61,360	10,427 9.5 61,999	10,790 9.8 61,842	10,805 9.8 61,867	11,260 10.1 61,710	11,551 10.4 62,237	11,987 10.8 62,039
ESTABLISHMENT SURVEY DATA										
9 Nonagricultural payroll employment ³	89,823	90,406	91,105	90,166	89,839	89,535	89,312	89,267	88,878	88,715
10 Manufacturing 11 Mining 12 Contract construction 13 Transportation and public utilities 14 Trade 15 Finance 16 Service 17 Government	21,040 958 4,463 5,136 20,192 4,975 17,112 15,947	20,285 1,020 4,399 5,143 20,386 5,168 17,901 16,249	20,173 1,104 4,307 5,152 20,736 5,330 18,598 16,056	19,115 1,152 3,988 5,101 20,652 5,342 18,963 15,853	18,930 1,124 3,940 5,078 20,595 5,352 18,988 15,832	18,813 1,100 3,927 5,044 20,615 5,359 19,042 15,635	18,672 1,086 3,899 5,025 20,550 5,360 19,048 15,672	18,572 1,075 3,883 5,031 20,492 5,367 19,084 15,763	18,323 1,065 3,854 5,009 20,437 5,358 19,087 15,745	18,185 1,051 3,850 5,009 20,388 5,364 19,127 15,741

^{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.

^{2.} Preliminary; monthly highs December 1978 through January 1980; monthly lows July 1980 through October 1980.

^{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 1979 benchmark and only seasonally adjusted data are available at this time. Based on data from *Employment and Earnings* (U.S. Department of Labor).

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2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value

Monthly data are seasonally adjusted.

_	Grouping	1967 pro-	1981	19	81				,	,	1982					
	Citaping	por- tion	aver- age	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct. p	Nov. *
								-	Index	(1967 =	= 100)					
	Major Market															
	Total index	100.00	151.0	146.3	143.4	140.7	142.9	141.7	140.2	139.2	138.7	138.8	138.4	137.3	136.2	135.6
2 3 4 5 6 7	Products Final products Consumer goods. Equipment Intermediate products Materials	60.71 47.82 27.68 20.14 12.89 39.29	150.6 149.5 147.9 151.8 154.4 151.6	147.5 147.2 144.0 151.5 148.7 144.6	146.2 146.3 142.0 152.1 145.9 139.0	142.9 142.8 139.6 147.2 143.4 137.2	144.6 144.1 141.8 147.3 146.3 140.4	143.7 143.3 141.5 145.9 145.2 138.5	142.9 142.6 142.1 143.4 143.7 136.2	142.3 142.2 143.6 140.4 142.6 134.3	142.1 142.1 144.8 138.4 141.9 133.5	142.6 142.5 145.8 138.0 142.8 133.0	142.0 141.2 144.1 137.3 144.7 132.8	140.6 139.8 143.3 135.0 143.4 132.2	139.4 138.6 142.3 133.6 142.1 131.2	138.9 138.1 141.6 133.4 141.8 130.4
8 9 10 11 12 13 14 15 16 17	Consumer goods Durable consumer goods Automotive products Autos and utility vehicles. Autos Auto parts and allied goods. Home goods Appliances, A/C, and TV Appliances and TV Carpeting and furniture Miscellaneous home goods	7.89 2.83 2.03 1.90 80 5.06 1.40 1.33 1.07 2.59	140.5 137.9 111.2 103.4 205.6 142.0 119.6 121.2 158.0 147.4	129.7 121.7 88.9 81.1 205.0 134.1 107.7 108.7 146.9 143.2	123.2 119.2 87.5 78.1 199.7 125.4 85.7 86.6 144.4 139.1	120.1 109.2 71.6 61.3 204.4 126.3 100.6 101.6 137.9 135.4	125.9 117.5 82.0 70.5 207.8 130.6 103.5 104.1 147.8 138.1	128.1 125.0 93.6 79.8 204.5 129.9 97.0 97.4 151.3 138.9	130.7 129.9 100.5 87.2 204.6 131.1 102.7 103.1 151.8 138.0	132.6 138.9 111.8 96.1 207.6 129.1 100.5 101.5 145.9 137.7	134.6 143.0 117.1 101.9 208.6 129.9 106.4 108.8 149.0 134.9	137.3 149.7 127.7 114.6 205.4 130.4 102.7 106.1 151.4 136.7	132.9 135.5 107.1 93.3 207.6 131.4 104.5 108.6 152.5 137.2	131.3 135.5 105.8 94.3 210.7 128.9 99.4 104.1 153.3 134.9	127.0 123.0 89.6 79.5 207.8 129.2 106.0 110.3 151.8 132.5	126.0 120.9 87.2 77.7 206.3 128.8 106.6
18 19 20 21 22 23 24 25 26	Nondurable consumer goods Clothing. Consumer staples Consumer foods and tobacco Nonfood staples Consumer chemical products Consumer paper products Consumer energy products Residential utilities	19.79 4.29 15.50 8.33 7.17 2.63 1.92 2.62 1.45	150.9 119.8 159.5 150.3 170.0 223.1 127.9 147.7 166.3	149.7 116.1 159.0 150.4 169.1 220.3 125.7 149.4 167.4	149.5 113.8 159.4 150.9 169.3 220.1 127.2 149.1 167.5	158.9 150.0 169.1 220.1 127.0 148.9 172.3	148.1 159.2 151.1 168.7 218.2 130.2 147.2 171.6	146.8 158.1 149.6 168.0 217.8 127.8 147.6 170.4	158.3 148.1 170.0 218.3 128.7 151.9 174.5	147.9 159.0 149.9 169.5 216.6 126.7 153.6 173.7	159.9 150.9 170.4 219.8 126.7 152.8 171.1	149.1 159.7 149.9 171.2 222.3 128.1 151.4 167.7	148.6 159.4 149.6 170.8 222.4 129.4 149.3 169.7	148.1 158.7 148.5 170.5 220.7 128.2 151.2 169.5	159.0 170.3 220.1 126.4 152.5	147.8 158.4 169.6
27 28 29 30 31	Equipment Business Industrial Building and mining Manufacturing. Power	12.63 6.77 1.44 3.85 1.47	181.1 166.4 286.2 127.9 149.7	179.0 165.1 293.8 123.6 147.1	179.0 164.0 294.6 122.0 145.5	172.2 158.1 289.0 116.9 137.4	171.6 155.9 274.9 116.8 141.1	169.0 151.2 256.9 116.3 139.0	164.9 145.9 242.2 114.0 134.8	159.9 138.9 224.4 109.7 131.5	156.7 134.0 209.0 107.5 129.9	154.9 131.3 200.4 106.0 129.6	153.9 128.4 190.8 104.4 130.1	150.2 123.8 182.1 101.6 124.7	146.9 119.0 164.0 100.6 122.8	146.1 118.5 168.0 99.0 121.1
32 33 34 35	Commercial transit, farm Commercial Transit Farm	5.86 3.26 1.93 .67	198.0 258.7 125.4 112.0	195.0 260.6 116.6 101.7	196.3 262.9 117.5 98.9	188.5 256.1 109.0 88.4	189.9 256.4 110.4 95.1	189.5 257.8 110.5 84.9	186.9 253.1 110.9 83.5	184,1 247.7 110.9 85.8	183.0 247.5 108.3 84.1	182.2 248.8 106.3 76.9	183.3 253.5 102.0 75.8	180.6 251.9 96.5 76.1	179.3 251.2 93.1 77.6	177.8 250.0 91.0
36	Defense and space	7.51	102.7	105.3	107.0	105.2	106.5	107.0	107.2	107.7	107.6	109.5	109.5	109.5	111.2	112.1
37 38 39	Intermediate products Construction supplies Business supplies Commercial energy products	6.42 6.47 1.14	141.9 166.7 176.4	130.1 167.1 177.0	127.0 164.6 177.3	124.2 162.4 181.7	127.5 165.1 184.1	125.6 164.6 184.5	123.6 163.7 183.5	122.2 162.8 180.3	123.1 160.6 178.3	124.1 161.4 179.8	127.1 162.1 178.1	125.4 161.4 179.2	124.2 159.9 179.4	124.1
40 41 42 43 44	Durable consumer parts	20.35 4.58 5.44 10.34 5.57	149.1 114.5 191.2 142.3 112.0	141.0 102.8 188.7 132.9 101.6	134.0 92.9 183.3 126.1 94.8	129.7 86.9 177.2 123.6 94.5	132.4 92.2 180.1 125.1 94.3	130.7 94.1 177.5 122.2 88.6	128.1 94.7 173.9 118.8 82.3	126.6 98.9 170.0 116.1 79.4	126.6 103.1 168.3 115.1 77.4	126.0 103.8 166.1 114.8 75.7	125.1 101.0 164.1 115.4 76.1	123.2 97.9 158.3 116.0 77.7	120.4 93.0 156.0 113.9 75.6	119.2 91.5 154.5 112.9
45 46	Nondurable goods materials Textile, paper, and chemical	10.47	174.6	164.7	158.3	156.8	164,2	162.0	160.3	156.6	153.5	152.3	154.5	158.3	158.8	158.8
47 48 49 50 51	materials Textile materials Paper materials Chemical materials	7.62 1.85 1.62 4.15 1.70 1.14	181.4 113.0 150.6 224.0 169.3 137.4	169.9 106.9 150.2 205.8 163.5 131.9	161.9 102.0 141.2 196.8 161.9 128.6	193.0 162.4	167.9 102.2 148.5 204.9 166.7 136.0	166.6 104.5 146.7 202.2 161.3 132.4	164.4 104.5 143.5 199.3 159.8 134.2	160.4 101.8 141.8 193.9 157.2 130.6	156.7 99.1 140.7 188.7 158.5 124.8	155.3 99.6 142.1 185.4 158.1 123.4	157.7 103.2 146.6 186.5 162.8 120.1	161.7 103.7 148.0 193.0 168.3 120.9	162.9 106.3 148.9 193.6 165.7 121.4	162.9
52 53 54	Energy materials Primary energy Converted fuel materials	8.48 4.65 3.82	129.0 115.0 145.9	115.6	127.4 115.9 141.4	119.2	130.3 119.5 143.4	128.2 119.2 139.1	125.8 117.3 136.1	125.4 116.9 135.7	125.4 116.6 136.0	126.0 117.2 136.7	124.5 113.8 137.4	121.6 111.3 134.0	123.1 114.5 133.7	122.3
55 56 57 58	Supplementary groups Home goods and clothing. Energy, total Products. Materials	9.35 12.23 3.76 8.48	131.8 137.4 156.4 129.0	125.9 137.2 157.8 128.1	120.1 136.7 157.7 127.4	117.0 139.5 158.8 130.9	120.1 138.9 158.4 130.3	118.9 137.6 158.8 128.2	118.9 136.7 161.5 125.8	119.5 136.5 161.7 125.4	120.2 136.2 160.5 125.4	121.4 136.4 160.0 126.0	121.3 134.8 158.0 124.5	120.2 133.3 159.7 121.6	120.3 134.7 160.7 123.1	120.0 133.4 122.3

2.13 Continued

	SIC	1967 pro-	1981	19	81						1982					
Grouping	code	por- tion	avg.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct. p	Nov. e
									Index	(1967 =	100)				I <u>-</u>	
Major Industry																
1 Mining and utilities 2 Mining 3 Utilities 4 Electric 5 Manufacturing 6 Nondurable 7 Durable		12.05 6.36 5.69 3.88 87.95 35.97 51.98	155.0 142.2 169.1 190.9 150.4 164.8 140.5	155.4 143.3 168.9 190.9 145.0 160.3 134.4	154.7 142.6 168.2 190.2 142.0 157.4 131.3	157.4 144.5 171.8 195.2 138.5 155.1 127.1	155.6 142.4 170.4 192.5 140.9 157.8 129.3	153.1 138.1 170.0 191.7 140.1 157.3 128.2	151.6 134.1 171.0 193.1 138.7 156.1 126.7	148.8 128.9 170.9 193.4 137.9 155.0 126.1	145.2 123.5 169.4 191.6 137.7 155.3 125.5	142.6 120.1 167.7 189.2 138.1 155.7 125.9	141.3 116.9 168.5 189.9 138.0 156.9 124.9	139.8 115.0 167.6 188.3 137.1 156.9 123.4	141.0 116.6 168.2 189.6 135.6 156.3 121.3	140.3 116.2 167.2 188.3 134.9 156.0 120.3
Mining 8 Metal 9 Coal 10 Oil and gas extraction 11 Stone and earth minerals	10 11.12 13 14	.51 .69 4.40 .75	123.1 141.3 146.8 129.4	115.4 160.8 148.4 116.7	110.9 145.5 150.5 115.7	121.3 147.9 151.5 115.8	120.8 156.0 146.6 120.5	109.9 155.6 141.4 121.6	108.8 146.2 137.7 119.6	90.0 149.2 132.7 114.6	71.8 144.4 129.1 106.6	58.1 140.3 127.0 103.8	53.4 135.8 123.3 105.7	55.3 127.9 121.4 106.3	69.1 143.2 119.3 108.6	134.3 119.7
Nondurable manufactures 15 Foods. 13 Tobacco products 14 Textile mill products 15 Apparel products. 16 Paper and products.	20 21 22 23 26	8.75 .67 2.68 3.31 3.21	152.1 122.2 135.7 120.4 155.0	153.0 119.6 126.1 113.8 152.6	152.8 112.6 122.8 114.1 146.6	151.1 112.7 120.0 148.3	151.7 126.7 125.8 	150.8 126.7 126.0 150.6	149.7 116.1 126.3 	150.5 118.6 123.5 146.5	151.0 123.6 123.7 	151.0 121.4 124.3 147.0	150.7 120.6 125.9	149.8 114.3 126.4 	128.1	155.8
17 Printing and publishing 18 Chemicals and products 19 Petroleum products 20 Rubber and plastic products 21 Leather and products	27 28 29 30 31	4.72 7.74 1.79 2.24 .86	144.2 215.6 129.7 274.0 69.3	143.4 204.6 128.0 264.1 70.8	145.3 199.8 128.3 247.3 65.6	145.6 196.7 123.3 244.7 63.1	146.4 201.3 119.5 251.8 64.0	145.9 200.3 121.3 253.4 61.2	144.2 198.6 120.8 255.1 60.6	143.8 193.6 122.2 257.0 61.1	142.6 193.2 124.3 258.9 62.3	143.9 194.1 124.7 256.8 62.9	145.3 195.6 121.4 261.1 60.8	144.3 196.0 124.4 262.0 60.9	142.4 195.5 125.3 255.7 59.9	142.8
Durable manufactures 22 Ordnance, private and government 23 Lumber and products 24 Furniture and fixtures. 25 Clay, glass, stone products	19.91 24 25 32	3.64 1.64 1.37 2.74	81.1 119.1 157.2 147.9	84.3 104.7 153.7 135.9	85.5 104.8 149.4 131.5	84.1 99.2 144.3 128.5	83.8 104.9 148.4 135.0	83.8 103.5 150.2 131.5	85.2 106.2 151.8 127.0	86.3 110.6 151.1 125.0	86.5 112.2 152.5 126.1	87.1 116.9 154.5 126.9	86.5 120.3 156.7 128.8	86.9 120.2 155.7 130.0	88.7 118.4 154.7 128.9	89.5
26 Primary metals. 27 Iron and steel 28 Fabricated metal products. 29 Nonelectrical machinery. 30 Electrical machinery.	33 331.2 34 35 36	6.57 4.21 5.93 9.15 8.05	107.9 99.8 136.4 171.2 178.4	96.6 87.2 130.2 167.9 175.7	89.6 79.2 126.1 167.4 170.7	89.7 79.6 120.7 160.9 168.2	88.5 78.5 121.4 160.0 172.9	83.0 73.0 121.1 157.3 172.6	76.4 65.1 119.1 153.7 172.2	75.2 62.4 115.8 150.0 170.9	72.8 58.0 115.0 147.4 170.8	72.9 58.1 115.5 147.1 170.3	72.9 57.4 114.3 147.2 169.7	73.3 56.5 112.2 144.1 167.0	72.4 55.2 109.9 141.1 166.1	70.1 109.3 138.6 165.6
31 Transportation equipment	37 371	9.27 4.50	116.1 122.3	106.1 105.5	103.7 100.4	96.6 90.4	102.0 98.6	104.4 105.6	105.9 110.7	110.0 119.8	111.6 124.0 99.9	112.7 127.2 99.0	107.0 116.7 97.8	105.3 113.5 97.6	100.6 103.0	99.7 101.2
transportation equipment	372–9 38 39	4.77 2.11 1.51	110.2 170.3 154.7	106.8 167.1 151.7	106.8 166.8 147.9	102.4 162.2 144.9	105.3 164.5 144.5	103.2 163.0 145.3	101.3 162.8 144.6	100.8 163.8 141.7	164.8 136.8	165.2 134.7	165.5 133.9	162.2 132.9	98.4 158.4 131.2	98.3 158.0 130.5
	Gross value (billions of 1972 dollars, annual rates)															
Major Market																
36 Products, total		507.4	612.3	597.6	592.8	577.4	588.1	586.8	582.1	586.1	584.1	585.8	578.5	573.1	569.3	566.8
37 Final. 38 Consumer goods 39 Equipment 40 Intermediate.		390.9 277.5 113.4 116.6	474.1 318.0 156.1 138.2	465.2 310.5 154.7 132.4	462.3 307.2 155.1 130.5	448.8 298.9 149.9 128.7	457.1 306.3 150.8 131.1	456.6 306.9 149.7 130.2	453.5 306.7 146.8 128.6	458.3 312.3 146.0 127.8	456.7 313.1 143.5 127.4	457.2 314.9 142.3 128.7	449.2 309.1 140.1 129.3	444.4 307.6 136.7 128.7	441.8 306.0 135.7 127.6	439.2 303.5 135.7 127.5

1. 1972 dollar value.

NOTE. Published groupings include some series and subtotals not shown separately. For description and historical data, see *Industrial Production—1976 Revision* (Board of Governors of the Federal Reserve System: Washington, D.C.), December 1977.

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2.14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates except as noted.

		1070	1000	1001				19	82			
	Item	1979	1980	1981	Mar.	Apr.	May	June	July	Aug.	Sept. '	Oct.
				I	rivate resid	lential real	estate activ	ity (thousar	nds of units))		
N	New Units				•							
2 1-family	zednily	1,552 981 570	1,191 710 480	986 564 421	851 460 i 391	879 450 429	944 488 456	929 516 413	1,062 500 562	888 497 391	1,003 561 442	1,181 634 547
5 1-family	nily	1,745 1,194 551	1,292 852 440	1,084 705 379	931 621 310	882 566 316	1,066 631 435	908 621 287	1,193 628 565	1,033 645 388	1,111 670 441	1,122 679 443
8 1-family	tion, end of period ¹	1,140 639 501	896 515 382	682 382 301	682 399 283	673 393 280	664 382 282	660 384 276	673 ′ 377 ′ 296 ′	669 373 296	686 379 307	n.a. n.a. n.a.
11 1-family	nily	1,855 1,286 569	1,502 957 545	1,266 818 447	926 585 341	962 596 366	1,138 684 454	939 582 357	1,007 693 314	1,006 638 368	925 577 348	n.a. n.a. n.a.
13 Mobile homes s	hipped	277	222	241	252	255	246	257	246	234	222	n.a.
14 Number sold	er activity in I-family units	709 402	545 342	436 278	380 269	335 264	395 259	369 254	3527 250	382 248	489 248	487 243
Average	s of dollars) ²	62.8 71.9	64.7 76.4	68.8 83.1	67.2 83.7	70.2 85.0	69.3 86.5	69.3 84.9	70.9 86.57	70.7 86.9	67.7 79.6	69.4 81.3
	UNITS (1-family)	71.9	70.4	65.1	63.7	0,00	80.5	04.9	60.5	80.9	/9.0	81.3
		3,701	2,881	2,350	1,990	1,910	1,900	1,980	1,890	1,820	1,840	1,920
19 Median	ld (thousands of dollars) ²	55.5 64.0	62.1 72.7	66.1 78.0	67.0 79.1	67.1 79.4	67.8 80.6	69.4 82.3	69.2 82.0	68.9 82.0	67.3 80.0	67.5 79.8
					Value	of new cons	struction ³ (1	nillions of o	iollars)		L	
Co	North					-						
	NSTRUCTION ce	230,412	230,748	238,198	224,583	226,095	228,745	231,589	228,775	230,413	232,353	234,905
22 Private	al, total	181,622 99,028 82,594	175,701 87,261 88,440	185,221 86,566 98,655	173,605 70,040 103,565	175,142 72,300 102,842	179,941 75,453 104,488	182,651 75,251 107,400	180,336 76,234 104,102	179,638 76,935 102,703	182,014 77,336 104,678	182,902 77,721 105,181
25 Industria 26 Commerce 27 Other	l	14,953 24,919 7,427 35,295	13,839 29,940 8,654 36,007	17,031 34,243 9,543 37,838	16,641 38,362 9,880 38,682	15,882 38,437 9,897 38,626	17,118 36,818 10,427 40,125	18,424 38,048 10,579 40,349	16,404 37,512 10,130 40,056	16,691 36,091 10,499 39,422	17,728 37,129 10,506 39,315	18,283 36,049 10,826 40,023
30 Military 31 Highway 32 Conservation	and development	48,790 1,648 11,997 4,586 30,559	55,047 1,880 13,808 5,089 34,270	52,977 1,966 13,304 5,225 32,482	50,978 2,317 13,307 5,056 30,298	50,953 1,706 12,113 5,493 31,641	48,804 2,140 11,655 5,223 29,786	48,938 1,901 13,073 5,051 28,913	48,439 1,891 14,119 5,060 27,369	50,775 1,997 13,327 5,036 30,415	50,339 2,060 13,464 4,719 30,096	52,003 2,149 14,151 5,242 30,461

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.

^{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.

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data, except as noted

	- 12 mor	nths 🍎	3 m	onthe ('at a	nnual rate	e) v Ø			l month	, i .		Index level
Item	1981	1982	1981		1982				1982			Oct. 1982 (1967
	Oct.	Oct.	Dec.	Mar.	June	Sept.	June	July	Aug.	Sept.	Oct.	$=100)^{1}$
Consumer Prices ²												
1 All items	10.2	5.1	5.4	1.0	9.3	4.2	1.0	.6	.3	.2	.5	294.1
2 Commodities 3 Food. 4 Commodities less food. 5 Durable. 6 Nondurable. 7 Services. 8 Rent. 9 Services less rent.	7.1 5.8 7.7 6.8 8.8 14.6 8.4 15.5	3.7 3.4 3.9 5.6 1.9 6.8 7.2 6.8	3.6 1.7 4.3 1.2 3.8 7.8 9.0 7.6	.8 3.9 -2.6 3.5 -4.9 3.5 5.9	7.8 7.3 7.9 14.1 1.9 11.3 5.6	3.4 .6 4.7 1.5 6.1 5.4 8.0 5.0	1.3 .6 1.5 1.3 2.0 .8 .4	.6 1 .8 .3 1.1 .6 1.0 .5	.0 .3 .2 .3 .2 .6 .5	.2 .5 .2 2 .2 .1 .4 .1	.6 .2 .8 .5 1.1 .2 .9	267.5 287.0 255.4 246.0 265.7 340.3 228.9 361.6
Other groupings 10 All items less food. 11 All items less food and energy. 12 Homeownership.	11.2 10.9 13.2	5.4 5.9 4.4	6.2 5.6 .3	.9 3.0 -2.4	9.7 10.6 19.8	4.9 4.6 .4	1.2 .9 1.4	.7 .6 .4	.4 .5 .4	.1 .0 7	.5 .4 1	294.0 281.5 382.8
PRODUCER PRICES						,						
13 Finished goods 14 Consumer 15 Foods 16 Excluding foods 17 Capital equipment 18 Intermediate materials 2 Crude materials 9 Nonfood	7.4 7.0 2.4 8.9 8.9 9.2	3.6 3.3 1.5 4.2 4.5 .3	5.5 4.5 -3.9 7.8 9.7 2.7 -6.0	.9 .6 6.1 -1.4 2.4 -1.8	4.1 3.7' 11.5 .7' 5.6' -1.5'	4.2 4.2 7.4 9.5 3.8 2.4 8.1	1.0 1.1 ^r .5 1.3 ^r .7 ^r .3	.6 .5 -1.5 1.4 .6 .5	.6 .6 .1 .8 .7 1	1 1 5 .1 4 .1	.5 2 .8 .2 1	284.1 284.2 257.8 293.3 283.8 315.5 475.4
20 Food.	- 12.0	-3.8	-25.5	23.3	24.3	-26.4	8r	-2.7	-1.0	-3.8	-1.9	236.3

SOURCE. Bureau of Labor Statistics. -

Not seasonally adjusted.
 Figures for consumer prices are those for all urban consumers.

 $^{3.\} Excludes$ intermediate materials for food manufacturing and manufactured animal feeds.

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2.16 GROSS NATIONAL PRODUCT AND INCOME

Billions of current dollars except as noted; quarterly data are at seasonally adjusted annual rates.

		1979	1000	1001	198	31		1982	
	Account	1979	1980	1981	Q3	Q4	Q1	Q2	Q3′
	Gross National Product								
1	Total	2,417.8	2,633.1	2,937.7	2,980.9	3,003.2	2,995.5	3,045.2	3,080.7
2	Nondurable goods	1,507.2	1,667.2	1,843.2	1,868.8	1,884.5	1,919.4	1,947.8	1,987.5
3		213.4	214.3	234.6	241.2	229.6	237.9	240.7	240.1
4		600.0	670.4	734.5	741.3	746.5	749.1	755.0	767.9
5		693.7	782.5	874.1	886.3	908.3	932.4	952.1	979.5
6	Fixed investment Nonresidential Structures Producers' durable equipment Residential structures	423.0	402.4	471.5	486.0	468.9	414.8	431.5	441.3
7		408.8	412.4	451.1	454.2	455.7	450.4	447.7	438.4
8		290.2	309.2	346.1	353.0	360.2	357.0	352.2	341.2
9		98.3	110.5	129.7	132.7	139.6	141.4	143.6	139.1
10		191.9	198.6	216.4	220.2	220.6	215.6	208.6	202.1
11		118.6	103.2	105.0	101.2	95.5	93.4	95.5	97.2
12		114.0	98.3	99.7	95.6	89.4	87.9	89.6	91.3
13		14.3	-10.0	20.5	31.8	13.2	-35.6	-16.2	2.9
14		8.6	-5.7	15.0	24.6	6.0	-36.0	-15.0	2.9
15	Net exports of goods and services Exports. Imports.	13.2	25.2	26.1	25.9	23.5	31.3	34.9	2.7
16		281.4	339.2	367.3	367.2	367.9	359.9	365.8	347.0
17		268.1	314.0	341.3	341.3	344.4	328.6	330.9	344.2
18		474.4	538.4	596.9	600.2	626.3	630.1	630.9	649.2
19		168.3	197.2	229.0	230.0	250.5	249.7	244.3	256.4
20		306.0	341.2	368.0	370.1	375.7	380.4	386.6	392.7
21	Nondurable	2,403.5	2,643.1	2,917.3	2,949.1	2,989.9	3,031.1	3,061.4	3,077,8
22		1,065.6	1,141.9	1,289.2	1,317.0	1,298.5	1,269.4	1,283.1	1,285,8
23		464.8	477.3	528.1	547.3	504.9	482.4	505.9	512.4
24		600.8	664.6	761.1	769.7	793.6	787.0	777.2	773.4
25		1,089.7	1,225.6	1,364.3	1,382.1	1,421.5	1,444.4	1,476.7	1,511.1
26		262.5	265.7	284.2	281.9	283.3	281.7	285.3	283.8
27	Change in business inventories Durable goods Nondurable goods	14.3	-10.0	20.5	31.8	13.2	- 35.6	- 16.2	2.9
28		10.5	-5.2	8.7	19.8	-5.6	- 30.9	6.6	9.5
29		3.8	-4.8	11.8	12.0	18.9	- 4.8	9.6	-6.6
30	MEMO: Total GNP in 1972 dollars	1,479.4	1,474.0	1,502.6	1,510.4	1,490.1	1,470.7	1,478.4	1,478.4
21	National Income	1 044 7				2 404 5	2 304 0	2 425 2	2 455 6
32 33 34 35 36 37 38	Wages and salaries	1,966.7 1,458.1 1,237.4 236.2 1,001.4 220.7 105.8 114.9	2,117.1 1,598.6 1,356.1 260.2 1,095.9 242.5 115.3 127.3	2,352.5 1,767.6 1,494.0 283.1 1,210.9 273.6 133.2 140.4	2,387.3 1,789.1 1,512.6 284.0 1,228.6 276.5 134.3 142.2	2,404.5 1,813.4 1,531.1 292.3 1,238.8 282.3 136.5 145.8	2,396.9 1,830.8 1,541.5 296.3 1,245.2 289.3 140.2 149.1	2,425.2 1,850.7 1,556.6 300.0 1,256.6 294.1 141.7 152.5	2,457.6 1,868.2 1,569.9 303.5 1,266.3 298.3 142.8 155.5
39	Business and professional ¹	132.1	116.3	124.7	127.5	124.1	116.4	117.3	118.3
40		100.2	96.9	100.7	100.4	99.5	98.6	99.9	101.7
41		31.9	19.4	24.0	27.1	24.6	17.8	17.4	16.6
42	Rental income of persons ²	27.9	32.9	33.9	33.6	33.6	33.9	34.2	34.6
43	Profits before tax ³	194.8	181.6	190.6	193.1	183.9	157.1	155.4	165.9
44		252.7	242.5	232.1	233.3	216.5	171.6	171.7	179.9
45		- 43.1	43.0	- 24.6	-23.0	- 17.1	4.4	- 9.4	- 9.9
46		- 14.8	17.8	- 16.8	-17.1	- 15.5	10.1	- 6.9	- 4.0
47	Net interest	153.8	187.7	235.7	244.0	249.5	258.7	267.5	270.6

 $^{1. \} With inventory \ valuation \ and \ capital \ consumption \ adjustments. \\ 2. \ With \ capital \ consumption \ adjustment. \\$

Source. Survey of Current Business (Department of Commerce).

^{3.} For after-tax profits, dividends, and the like, see table 1.49.

2.17 PERSONAL INCOME AND SAVING

Billions of current dollars; quarterly data are at seasonally adjusted annual rates. Exceptions noted.

		1070	4000	1001	198	81		1982	
	Account	1979	1980	1981	Q3	Q4	Q1	Q2	Q3'
_	Personal Income and Saving			-					
1	Total personal income	1,943.8	2,160.2	2,404.1	2,458.2	2,494.6	2,510.5	2,552.7	2,596.0
2 3 4 5 6 7	Commodity-producing industries Manufacturing Distributive industries Service industries	1,237.6 438.4 333.9 303.4 259.7 236.2	1,356.1 468.0 354.4 330.5 297.5 260.2	1,493.9 510.8 386.4 361.4 338.6 283.1	1,512.3 519.3 392.9 366.5 342.8 283.8	1,531.2 517.7 388.7 368.3 352.8 292.4	1,541.6 514.3 385.1 371.4 359.5 296.5	1,556.6 513.6 385.6 375.4 367.6 300.0	1,569.9 510.1 383.7 378.5 377.7 303.5
10 11 12 13 14	Business and professional ¹ Farm ¹ Rental income of persons ² Dividends. Personal interest income. Transfer payments.	114.9 132.1 100.2 31.9 27.9 50.8 209.6 250.3 131.8	127.3 116.3 96.9 19.4 32.9 55.9 256.3 297.2 154.2	140.4 124.7 100.7 24.0 33.9 62.5 308.5 336.3 182.0	142.2 127.5 100.4 27.1 33.6 64.1 339.6 344.8 190.6	145.8 124.1 99.5 24.6 33.6 65.2 351.0 350.7 192.8	149.1 116.4 98.6 17.8 33.9 65.8 359.7 354.6 194.7	152.5 117.3 99.9 17.4 34.2 66.1 372.0 365.2 197.5	155.5 118.3 101.7 16.6 34.6 67.2 382.2 380.7 209.2
17	LESS: Personal contributions for social insurance	81.1	88.7	104.9	106.1	107.0	110.6	111.4	112.4
18	EQUALS: Personal income	1,943.8	2,160.2	2,404.1	2,458.2	2,494.6	2,510.5	2,552.7	2,596.0
19	Less: Personal tax and nontax payments	301.0	336.3	386.7	398.1	393.2	393.4	401.2	394.3
20	EQUALS: Disposable personal income	1,650.2	1,824.1	2,029.2	2,060.0	2,101.4	2,117.1	2,151.5	2,201.7
21	Less: Personal outlays	1,553.5	1,717.9	1,898.9	1,925.7	1,942.7	1,977.9	2,007.2	2,047.3
22	EQUALS: Personal saving	96.7	106.2	130.2	134.4	158.6	139.1	144.3	154.4
23 24 25 26	MEMO: Per capita (1972 dollars). Gross national product Personal consumption expenditures Disposable personal income Saving rate (percent).	6,572 4,120 4,512 5.9	6,474 4,087 4,472 5.8	6,536 4,122 4,538 6.4	6,563 4,134 4,557 6.5	6,458 4,088 4,559 7.5	6,360 4,104 4,527 6.6	6,380 4,121 4,552 6.7	6,364 4,123 4,566 7.0
	Gross Saving								
27	Gross saving	422.8	406.3	477.5	490.0	476.3	428.8	441.5	428.2
29 30	Gross private saving Personal saving Undistributed corporate profits Corporate inventory valuation adjustment	407.3 96.7 54.5 -43.1	438.3 106.2 38.9 - 43.0	504.7 130.2 44.4 - 24.6	513.4 134.4 43.9 -23.0	547.7 158.6 44.3 -17.1	520,3 139,1 32,5 -4,4	529.0 144.3 30.7 - 9.4	548.8 154.4 34.6 -9.9
33	Capital consumption allowances Corporate Noncorporate Wage accruals less disbursements	157.5 98.6 .0	181.2 112.0 .0	206.2 123.9 .0	209.7 125.5 .0	216.0 128.7 .0	218.9 129.8 .0	223.4 130.5 .0	227.8 132.1 .0
35 36 37	Government surplus, or deficit (-), national income and product accounts Federal State and local	14.3 -16.1 30.4	- 33.2 - 61.4 28.2	-28.2 -60.0 31.7	-24.5 -58.0 33.5	- 72.5 - 101.7 29.1	-90.7 -118.4 27.7	-87.5 -119.6 32.1	- 120.6 - 153.1 32.5
38	Capital grants received by the United States, net	1.1	1.2	1.1	1.1	1.1	.0	.0	.0
39	Gross investment	421.2	410.1	475.6	489.1	469.0	421.3	442.3	421.4
40 41	Gross private domestic.	423.0 -1.8	402.4 7.8	471.5 4.1	486.0 3.1	468.9 0.1	414.8 6.5	431.5 10.8	441.3 - 19.9
42	Statistical discrepancy	~1.5	3.9	- 1.9	-0.8	-7.2	-7.5	.8	-6.8

With inventory valuation and capital consumption adjustments.
 With capital consumption adjustment.

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

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3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data are seasonally adjusted except as noted.1

Term and the control of	1979	1000	1981		1981		19	82
Item credits or debits	1979	1980	1901	Q2	Q3	Q4	Ql	Q2 <i>p</i>
Balance on current account Not seasonally adjusted.	- 466	1,520	4,471	1,399 1,975	751 -1,834	-927 1,293	1,088 742	2,062 2,680
3 Merchandise trade balance ² 4 Merchandise exports 5 Merchandise imports 6 Military transactions, net 7 Investment income, net ³ 8 Other service transactions, net	-27,346 184,473 -211,819 -2,035 31,215 3,262	-25,338 224,237 -249,575 -2,472 29,910 6,203	-27,889 236,254 -264,143 -1,541 33,037 7,472	-6,547 60,284 -66,831 -587 8,201 1,842	-7,845 57,694 -65,539 61 8,183 2,160	-9,185 57,593 -66,778 -528 8,529 2,127	-5,873 55,780 -61,653 167 6,861 1,981	-5,784 55,094 -60,878 371 7,672 1,535
9 Remittances, pensions, and other transfers	-2,011 $-3,549$	-2,101 -4,681	-2,104 -4,504	- 524 - 986	$-558 \\ -1,250$	- 562 - 1,308	- 575 - 1,473	- 662 1,070
11 Change in U.S. government assets, other than official reserve assets, net (increase, -)	-3,743	-5,126	-5,137	-1,518	-1,257	- 987	- 904	-1,559
12 Change in U.S. official reserve assets (increase, -) 13 Gold 14 Special drawing rights (SDRs) 15 Reserve position in International Monetary Fund. 16 Foreign currencies	-1,133 -65 -1,136 -189 257	-8,155 0 -16 -1,667 -6,472	-5,175 0 -1,823 -2,491 -861	- 905 0 - 23 - 780 - 102	-4 0 -225 -647 868	262 0 134 358 754	-1,089 0 -400 -547 -142	-1,132 0 -241 -814 -77
17 Change in U.S. private assets abroad (increase, -) ³ . 18 Bank-reported claims. 19 Nonbank-reported claims 20 U.S. purchase of foreign securities, net. 21 U.S. direct investments abroad, net ³ .	- 59,469 - 26,213 - 3,307 - 4,726 - 25,222	- 72,746 46,838 3,146 3,524 19,238	-98,982 -84,531 -331 -5,429 -8,691	-19,143 -14,998 -2,470 -1,511 -5,104	-15,996 -15,254 -855 -618 -979	-46,952 -42,645 -508 -2,843 -956	-29,208 -32,708 4,112 -531 -81	-31,924 -33,866 n.a. -409 2,351
22 Change in foreign official assets in the United States (increase, +). 23 U.S. Treasury securities 24 Other U.S. government obligations 25 Other U.S. government liabilities ⁴ 26 Other U.S. liabilities reported by U.S. banks 27 Other foreign official assets ⁵	-13,697 -22,435 463 -73 7,213 1,135	15,442 9,708 2,187 561 - 159 3,145	4,785 4,983 1,289 -69 -4,083 2,665	-2,860 -2,063 536 48 -2,028 647	-5,835 -4,635 545 -337 -2,382 974	8,119 4,439 -246 275 3,436 215	3,122 1,344 296 182 1,516 216	1,935 -2,087 258 361 3,367 36
28 Change in foreign private assets in the United States (increase, +) ³ . 29 U.S. bank-reported liabilities. 30 U.S. nonbank-reported liabilities 31 Foreign private purchases of U.S. Treasury securities, net 25 Foreign purchases of other U.S. securities, net 36 Foreign purchases of other U.S. securities, net 37 Foreign direct investments in the United States, net 38 Foreign direct investments in the United States, net 39 Foreign direct investments in the United States, net 39 Foreign direct investments in the United States, net 39 Foreign direct investments in the United States, net 39 Foreign direct investments in the United States, net 39 Foreign direct investments in the United States, net 30 Foreign direct investments in the United States, net 30 Foreign direct investments in the United States, net 30 Foreign direct investments in the United States, net 30 Foreign direct investments in the United States, net 30 Foreign direct investments in the United States, net 30 Foreign direct investments in the United States, net 30 Foreign direct investments in the United States, net 30 Foreign direct investments in the United States, net 30 Foreign direct investments in the United States, net 30 Foreign direct investments in the United States, net 30 Foreign direct investments in the United States, net 30 Foreign direct investments in the United States, net 30 Foreign direct investments in the United States, net 30 Foreign direct investments in the United States, net 30 Foreign direct investments in the United States, net 30 Foreign direct investments in the United States, net 30 Foreign direct investments in the United States direct investments in the United	52,157 32,607 1,362 4,960 1,351	39,042 10,743 6,530 2,645 5,457 13,666	73,136 41,262 532 2,932 7,109 21,301	16,324 7,663 -162 750 3,533 4,540	22,715 16,916 1,006 - 446 761 4,478	30,988 20,476 457 1,238 396 9,335	28,203 25,423 - 982 1,277 1,319 1,166	29,248 22,006 n.a. 2,074 2,495 2,673
34 Allocation of SDRs 35 Discrepancy 36 Owing to seasonal adjustments	1,139 25,212	1,152 28,870	1,093 25,809	0 6,703 503	$\begin{array}{c} 0 \\ -374 \\ -2,144 \end{array}$	9,497 2,474	0 5,032 - 899	0 1,370 577
37 Statistical discrepancy in recorded data before seasonal adjustment	25,212	28,870	25,809	6,200	1,770	7,023	5,931	793
MEMO: Changes in official assets 38 U.S. official reserve assets (increase, ") 39 Foreign official assets in the United States (increase, +)	-1,133 -13,624	-8,155 14,881	-5,175 4,854	-905 -2,908	-4 -5,498	262 7,844	-1,089 -2,940	- 1,132 1,574
official assets in the United States (part of line 22 above). 41 Transfers under military grant programs (excluded from lines 4, 6, and 10 above).	5,543 465	12,769 631	13,314 602	2,786 214	2,935 132	2,230 64	4,988 93	3,072 126

NOTE. Data are from Bureau of Economic Analysis, Survey of Current Business (U.S. Department of Commerce).

Seasonal factors are no longer calculated for lines 12 through 41.
 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.
 Includes reinvested earnings of incorporated affiliates.

Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.
 Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted.

	Item	1979	1980	1981				1982			
	nem	1979	1980	1981	Apr.	May	June	July	Aug.	Sept.	Oct.
1	EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	181,860	220,626	233,677	17,843	18,218	18,822	18,026	17,498	17,387	16,698
2	GENERAL IMPORTS including mer- chandise for immediate consump- tion plus entries into bonded warehouses	209,458	244,871	261,305	17,387	20,558	21,310	19,559	23,494	20,644	21,096
3	Trade balance	- 27,598	- 24,245	- 27,628	456	- 2,340	-2,488	-1,532	- 5,996	- 3,257	-4,398

NOTE. The data through 1981 in this table are reported by the Bureau of Census NOTE. The data infough 1981 in this table are reported by the Bureau of Census data on a free-alongside-ship (f. a.s.) value basis—that is, value at the port of export. Beginning in 1981, foreign trade of the U.S. Virgin Islands is included in the Census basis trade data; this adjustment has been made for all data shown in the table. Beginning with 1982 data, the value of imports are on a customs valuation basis. The Census basis data differ from merchandise trade data shown in table 3, 10, U.S. International Transactions Summary, for reasons of coverage and timing. On the export side, the largest adjustments are: (1) the addition of exports to Canada

not covered in Census statistics, and (2) the exclusion of military sales (which are combined with other military transactions and reported separately in the "service account" in table 3.10, line 6). On the *import side*, additions are made for gold, ship purchases, imports of electricity from Canada and other transactions; military payments are excluded and shown separately as indicated above.

SOURCE. FT900 "Summary of U.S. Export and Import Merchandise Trade" (U.S. Department of Commerce, Bureau of the Census).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

	Туре	1979	1980	1981				1982			
	Туре	1979	1900	1201	May	June	July	Aug.	Sept.'	Oct.	Nov.
1	Total ¹	18,956	26,756	30,075	30,915	30,671	31,227	31,233	31,864	31,711	34,006
2	Gold stock, including Exchange Stabilization Fund ¹	11,172	11,160	11,151	11,149	11,149	11,149	11,148	11,148	11,148	11,148
3	Special drawing rights ^{2,3}	2,724	2,610	4,095	4,521	4,461	4,591	4,601	4,809	4,801	4,929
4	Reserve position in International Monetary Fund ²	1,253 3,807	2,852 10,134	5,055 9,774	6,099 9,146	6,062 8,999	6,386 9,101	6,433 9,051	6,406 8,630	6,367 9,395	7,185 10,744

^{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 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets Deposits	1979	1980	1981				1982			
	1979	1980	1961	May	June	July	Aug.	Sept.	Oct.	Nov.
1 Deposits	429	411	505	308	585	982	347	396	326	386
Assets held in custody U.S. Treasury securities Earmarked gold ²	95,075 15,169	102,417 14,965	104,680 14,804	102,112 14,778	103,292 14,777	106,696 14,762	104,136 14,761	106,117 14,726	107,636 14,706	107,467 15,279

^{1.} Marketable U.S. Treasury bills, notes, and bonds; and nonmarketable U.S. Treasury securities payable in dollars and in foreign currencies.

2. The value of earmarked gold increased because of the changes in par value of the U.S. dollar in May 1972 and in October 1973.

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.

<sup>3.13.

2.</sup> 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 net transactions in SDRs.
4. Beginning November 1978, valued at current market exchange rates.
5. Includes U.S. government securities held under repurchase agreement against receipt of foreign currencies, if any.

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3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data

Millions of dollars, end of period

				·			1982					
Asset account	1979	1980	1981	Mar	Apr.	May	June'	July'	Aug.	Sept. p		
	h		<u></u>		All foreign	1 countries		· · ·				
1 Total, all currencies	364,409	401,135	462,790	463,849	460,437	461,800	458,841	465,658	471,469	470,750		
2 Claims on United States	32,302 25,929 6,373	28,460 20,202 8,258	63,540 43,064 20,476	75,760 53,135 22,625	77,932 55,713 22,219	79,621 57,092 22,529	83,573 58,598 24,975	82,250 55,594 26,656	88,885 60,232 28,653	90,189 60,801 29,388		
5 Claims on foreigners. 6 Other branches of parent bank. 7 Banks. 8 Public borrowers. 9 Nonbank foreigners.	317,330 79,662 123,420 26,097 88,151	354,960 77,019 146,448 28,033 103,460	379,102 87,840 150,892 28,197 112,173	368,843 86,797 147,119 26,346 108,581	362,877 86,120' 142,582' 25,603 108,572	362,457 88,4067 139,5897 25,002 109,460	356,389 87,189 137,588 25,239 106,373	364,160 89,481 143,046 24,654 106,979	362,253 91,639 138,465 24,492 107,657	360,196 93,347 135,281 24,321 107,247		
10 Other assets	14,777	17,715	20,148	19,246	19,628	19,722	18,879	19,248	20,331	20,365		
11 Total payable in U.S. dollars	267,713	291,798	350,678	355,721	351,561	351,966	353,816	360,004	366,176	369,675		
12 Claims on United States 13 Parent bank 14 Other	31,171 25,632 5,539	27,191 19,896 7,295	61,939 42,518 19,421	74,241 52,546 21,695	76,428 55,257 21,171	78,015 56,607 21,408	82,006 58,101 23,905	80,607 54,915 25,692	87,267 59,541 27,726	88,535 60,136 28,399		
15 Claims on foreigners 16 Other branches of parent bank 17 Banks. 19 Public borrowers 19 Nonbank foreigners	229,120 61,525 96,261 21,629 49,705	255,391 58,541 117,342 23,491 56,017	277,085 69,403 122,253 22,877 62,552	269,713 70,321 117,530 20,645 61,217	263,234 69,3437 113,8687 20,183 59,840	262,008 70,733' 110,972' 19,592 60,711	260,530 70,395 110,265 19,957 59,913	267,586 72,515 115,364 19,306 60,401	266,503 74,293 111,756 19,043 61,411	268,236 77,525 110,516 18,984 61,211		
20 Other assets	7,422	9,216	11,654	11,767	11,899	11,943	11,280	11,811	12,406	12,904		
	United Kingdom											
21 Total, all currencies	130,873	144,717	157,229	161,471	159,481	161,036	158,466	164,106	164,523	167,189		
22 Claims on United States 23 Parent bank 24 Other	11,117 9,338 1,779	7,509 5,275 2,234	11,823 7,885 3,938	16,343 12,446 3,897	17,676 13,750 3,926	20,155 15,854 4,301	20,744 16,768 3,976	23,962 19,680 4,282	27,031 22,730 4,301	27,534 22,970 4,564		
25 Claims on foreigners. 26 Other branches of parent bank 27 Banks. 28 Public borrowers. 29 Nonbank foreigners.	115,123 34,291 51,343 4,919 24,570	131,142 34,760 58,741 6,688 30,953	138,888 41,367 56,315 7,490 33,716	139,292 41,186 56,940 7,541 33,625	135,634 39,811 55,545 6,822 33,456	134,845 39,621 54,674 6,663 33,887	131,860 37,696 54,727 6,595 32,842	133,964 37,250 56,428 6,456 33,830	130,814 36,937 53,582 6,286 34,009	132,746 40,385 52,203 6,086 34,072		
30 Other assets	4,633	6,066	6,518	5,836	6,171	6,063	5,862	6,180	6,678	6,909		
31 Total payable in U.S. dollars	94,287	99,699	115,188	120,432	117,914	119,586	120,002	125,247	126,344	131,129		
32 Claims on United States 33 Parent bank 34 Other	10,746 9,297 1,449	7,116 5,229 1,887	11,246 7,721 3,525	15,842 12,293 3,549	17,182 13,623 3,559	19,608 15,663 3,945	20,256 16,599 3,657	23,421 19,451 3,970	26,514 22,496 4,018	26,919 22,758 4,161		
35 Claims on foreigners	81,294 28,928 36,760 3,319 12,287	89,723 28,268 42,073 4,911 14,471	99,850 35,439 40,703 5,595 18,113	100,500 36,055 40,732 5,360 18,353	96,595 34,240 40,070 4,717 17,568	95,926 33,922 39,593 4,507 17,904	95,857 32,567 40,479 4,655 18,156	97,699 32,007 42,515 4,513 18,664	95,293 31,414 40,321 4,336 19,222	99,008 35,703 39,786 4,214 19,305		
40 Other assets	2,247	2,860	4,092	4,090	4,137	4,052	3,889	4,127	4,537	5,202		
					Bahamas a	nd Caymans		II	1			
41 Total, all currencies	108,977	123,837	149,051	143,981	143,153	140,045	141,878	141,124	144,230	140,528		
42 Claims on United States 43 Parent bank 44 Other	19,124 15,196 3,928	17,751 12,631 5,120	46,343 31,440 14,903	54,034 36,468 17,566	55,551 38,163 17,388	54,331 37,039 17,292	56,704 36,623 20,081	52,341 30,874 21,467	56,034 32,737 23,297	55,397 32,089 23,308		
45 Claims on foreigners. 46 Other branches of parent bank 47 Banks. 48 Public borrowers 49 Nonbank foreigners	86,718 9,689 43,189 12,905 20,935	101,926 13,342 54,861 12,577 21,146	98,205 12,951 55,299 10,010 19,945	85,630 11,979 48,026 7,993 17,632	83,311 12,5747 45,9637 7,860 16,914	81,377 14,186' 43,354' 7,361 16,476	81,170 15,407 42,747 7,327 15,689	84,734 17,538 44,547 7,031 15,618	83,918 17,806 43,701 7,036 15,375	81,034 17,772 41,313 6,999 14,950		
50 Other assets	3,135	4,160	4,503	4,317	4,291	4,337	4,004	4,049	4,278	4,097		
51 Total payable in U.S. dollars	102,368	117,654	143,686	138,934	138,052	135,134	136,910	135,645	138,807	135,991		

3.14 Continued

	1070	1000	1001			-	1982				
Liability account	1979	1980	1981	Mar.	Apr.	May	June'	July'	Aug.	Sept.p	
	······································			· · · · · · · · · · · · · · · · · · ·	All foreign	countries			•		
52 Total, all currencies	364,409	401,135	462,790	463,849	460,437	461,800	458,841	465,658	471,469	470,750	
53 To United States 54 Parent bank 55 Other banks in United States 56 Nonbanks	66,689 24,533 13,968 28,188	91,079 39,286 14,473 37,275	137,712 56,143 19,343 62,226	150,975 58,898 24,427 67,650	153,220 57,031 26,022 70,167	156,296 56,414 27,685 72,197	160,914 59,202 29,534 72,178	164,549 60,949 31,560 72,040	167,689 64,390 32,453 70,846	170,428 66,909 33,885 69,634	
57 To foreigners	283,510 77,640 122,922 35,668 47,280	295,411 75,773 132,116 32,473 55,049	305,630 86,406 124,896 25,997 68,331	293,416 85,576 117,121 23,039 67,680	287,024 84,149' 111,716' 22,340 68,819	284,411 85,630' 107,376' 22,703 68,702	278,451 84,517 105,147 19,914 68,873	281,571 86,777 105,962 20,239 68,593	283,693 92,190 103,417 20,004 68,082	280,107 93,721 99,919 20,277 66,190	
62 Other liabilities	14,210	14,690	19,448	19,458	20,193	21,093	19,476	19,538	20,087	20,215	
63 Total payable in U.S. dollars	273,857	303,281	364,390	369,689	366,867	368,544	369,380	376,153	381,929	385,394	
64 To United States 65 Parent bank 66 Other banks in United States 67 Nonbanks	64,530 23,403 13,771 27,356	88,157 37,528 14,203 36,426	134,645 54,291 19,029 61,325	147,928 56,833 24,186 66,909	150,116 54,970 25,685 69,461	153,166 54,452 27,270 71,444	157,717 57,174 29,198 71,345	161,294 58,968 31,228 71,098	164,450 62,374 32,175 69,901	167,585 65,048 33,630 68,907	
68 To foreigners	201,514 60,551 80,691 29,048 31,224	206,883 58,172 87,497 24,697 36,517	217,602 69,309 79,584 20,288 48,421	210,314 69,492 73,233 18,120 49,469	205,039 68,046' 69,332' 17,491 50,170	202,585 68,539 r 66,666 r 17,900 49,480	200,262 68,517 65,820 15,373 50,552	203,746 70,430 66,523 15,737 51,056	205,692 75,343 63,974 15,667 50,708	206,435 78,467 62,534 16,357 49,077	
73 Other liabilities	7,813	8,241	12,143	11,447	11,712	12,793	11,401	11,113	11,787	11,374	
	United Kingdom										
74 Total, all currencies	130,873	144,717	157,229	161,471	159,481	161,036	158,466	164,106	164,523	167,189	
75 To United States	20,986 3,104 7,693 10,189	21,785 4,225 5,716 11,844	38,022 5,444 7,502 25,076	42,481 6,313 8,607 27,561	41,886 8,006 8,345 25,535	43,882 6,694 8,972 28,216	44,086 6,323 9,985 27,778	46,965 6,679 11,215 29,071	49,001 8,022 11,616 29,363	53,919 11,336 13,280 29,303	
79 To foreigners 80 Other branches of parent bank 81 Banks 82 Official institutions 83 Nonbank foreigners	104,032 12,567 47,620 24,202 19,643	117,438 15,384 56,262 21,412 24,380	112,255 16,545 51,336 16,517 27,857	111,262 17,245 49,616 14,608 29,793	109,629 18,358 47,549 13,908 29,814	109,199 19,412 46,204 14,119 29,464	106,665 17,771 46,628 11,746 30,520	109,105 18,010 48,541 12,076 30,478	107,268 18,666 47,502 12,006 29,094	104,967 19,123 45,526 12,098 28,220	
84 Other liabilities	5,855	5,494	6,952	7,728	7,966	7,955	7,715	8,036	8,254	8,303	
85 Total payable in U.S. dollars	95,449	103,440	120,277	126,359	124,248	126,901	125,859	131,199	132,536	137,268	
86 To United States	20,552 3,054 7,651 9,847	21,080 4,078 5,626 11,376	37,332 5,350 7,249 24,733	41,885 6,211 8,489 27,185	41,198 7,907 8,167 25,124	43,143 6,624 8,755 27,764	43,323 6,212 9,806 27,305	46,129 6,603 11,048 28,478	48,266 7,928 11,510 28,828	53,262 11,223 13,142 28,897	
90 To foreigners 91 Other branches of parent bank 92 Banks 93 Official institutions 94 Nonbank foreigners	72,397 8,446 29,424 20,192 14,335	79,636 10,474 35,388 17,024 16,750	79,034 12,048 32,298 13,612 21,076	80,825 13,130 32,090 12,196 23,409	79,444 14,102 30,415 11,568 23,359	79,914 14,958 29,965 11,829 23,162	78,794 13,903 30,557 9,843 24,491	81,207 14,202 32,364 10,200 24,441	79,954 14,514 31,898 10,322 23,220	80,025 15,548 31,187 10,762 22,528	
95 Other liabilities	2,500	2,724	3,911	3,649	3,606	3,844	3,742	3,863	4,316	3,981	
			.		Bahamas an	d Caymans	L			L	
96 Total, all currencies	108,977	123,837	149,051	143,981	143,153	140,045	141,878	141,124	144,230	140,528	
97 To United States	37,719 15,267 5,204 17,248	59,666 28,181 7,379 24,106	85,704 39,250 10,620 35,834	91,946 39,278 14,281 38,387	94,322 35,956 15,903 42,463	94,579 36,552 16,827 41,200	97,916 39,416 17,410 41,090	98,654 41,132 17,836 39,686	99,315 42,976 17,922 38,417	96,895 41,720 17,977 37,198	
101 To foreigners 102 Other branches of parent bank 103 Banks. 104 Official institutions 105 Nonbank foreigners	68,598 20,875 33,631 4,866 9,226	61,218 17,040 29,895 4,361 9,922	60,012 20,641 23,202 3,498 12,671	49,052 18,609 16,470 2,607 11,366	45,828 17,364 ⁷ 14,779 ⁷ 2,512 11,173	42,082 15,887 13,5087 2,448 10,239	41,204 15,855 12,702 2,471 10,176	39,719 15,018 11,770 2,407 10,524	42,029 17,348 11,615 2,288 10,778	40,919 17,690 10,910 2,091 10,228	
106 Other liabilities	2,660	2,953	3,335	2,983	3,003	3,384	2,758	2,751	2,886	2,714	
107 Total payable in U.S. dollars	103,460	119,657	145,227	140,301	139,673	136,713	138,640	137,934	140,786	137,632	

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

I	1980	1981	1982							
Item	1960	1991	Apr.	May.	June	July	Aug.	Sept.	Oct. p	
1 Total ¹	164,578	169,702	165,506	166,972	168,355	169,835	169,231	171,000	171,166	
By type 2 Liabilities reported by banks in the United States ² 3 U.S. Treasury bills and certificates ³ U.S. Treasury bonds and notes	30,381	26,572	26,333	27,730	28,459	25,469	26,533	26,313	26,762	
	56,243	52,389	43,850	42,741	43,509	45,824	44,182	44,450	43,994	
4 Marketable 5 Nonmarketable ⁴ 6 U.S. securities other than U.S. Treasury securities ⁵	41,455	53,150	58,459	59,933	60,251	63,043	63,410	64,990	65,602	
	14,654	11,791	11,050	10,750	10,150	9,750	9,350	9,350	9,350	
	21,845	25,800	25,814	25,818	25,986	25,749	25,756	25,897	25,458	
By area 7 Western Europe ¹ 8 Canada 9 Latin America and Caribbean 10 Asia 11 Africa 12 Other countries ⁶ .	81,592	65,484	57,403	57,382	58,079	58,787	61,121	61,288	60,567	
	1,562	2,403	1,721	1,329	1,568	1,519	1,771	2,057	2,203	
	5,688	6,954	7,124	7,248	7,692	7,124	6,734	6,276	7,081	
	70,784	91,790	94,837	95,887	95,466	97,120	94,891	95,880	95,300	
	4,123	1,829	1,823	1,381	1,437	1,485	1,326	1,303	1,452	
	829	1,242	2,600	3,745	4,113	3,799	3,388	4,196	4,563	

LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in Foreign Currencies

Millions of dollars, end of period

Item		1980	1981 '	1981	1982				
		1700	1701	Dec. r	Mar.	June'	Sept. p		
1 Banks' own liabilities 2 Banks' own claims 3 Deposits. 4 Other claims 5 Claims of banks' domestic customers ¹ .	1,918 2,419 994 1,425 580	3,748 4,206 2,507 1,699 962	3,763 5,224 3,398 1,826 971	3,763 5,224 3,398 1,826 971	4,285 5,574 3,532 2,042 944	4,648 6,260 3,457 2,803 921	4,841 6,604 3,537 3,067 506		

^{1.} Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of their domestic customers.

NOTE. Data on claims exclude foreign currencies held by U.S. monetary authorities.

Includes the Bank for International Settlements.
 Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase

paper, negotiable time certificates of deposit, and bofrowings under repurenase 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.

LIABILITIES TO FOREIGNERS Reported by Banks in the United States Payable in U.S. dollars 3.17

Millions of dollars, end of period

TI-Maria Charles	1979	1980	1001 4				1982			<u>'</u>
Holder and type of liability	1979	1980	1981	Apr.	May	June	July	Aug.	Sept.	Oct.p
1 All foreigners	187,521	205,297	243,010	266,483	274,638	285,911	284,226	293,050	296,554	296,017
2 Banks' own liabilities 3 Demand deposits 4 Time deposits 5 Other ² 6 Own foreign offices ³	117,196	124,791	162,780	195,117	203,259	212,634	208,290	217,492	218,466	217,151
	23,303	23,462	19,646	17,716	16,566	17,285	17,101	15,852	15,418	17,091
	13,623	15,076	28,816	48,754	53,667	56,007	59,517	62,103	61,881	61,997
	16,453	17,583	17,474	19,030	21,187	22,146	20,308	24,232	23,387	22,619
	63,817	68,670	96,844	109,616	111,839	117,196	111,363	115,305	117,780	115,444
7 Banks' custody liabilities ⁴	70,325	80,506	80,230	71,366	71,379	73,277	75,936	75,558	78,089	78,866
	48,573	57,595	55,316	47,362	46,487	48,817	51,211	49,646	51,572	53,403
instruments ⁶	19,396	20,079	18,944	19,326	20,751	20,448	20,717	22,134	22,437	21,748
	2,356	2,832	5,970	4,679	4,141	4,011	4,009	3,778	4,080	3,715
11 Nonmonetary international and regional organizations ⁷	2,356	2,344	2,721	2,048	3,039	4,001	4,082	5,073	4,936	5,804
12 Banks' own liabilities 13 Demand deposits 14 Time deposits 15 Other ²	714	444	638	608	1,272	1,233	2,246	3,093	2,638	2,112
	260	146	262	149	185	300	343	265	194	263
	151	85	58	291	471	586	633	453	734	409
	303	212	318	168	616	347	1,271	2,376	1,711	1,440
16 Banks' custody liabilities ⁴ 17 U.S. Treasury bills and certificates 18 Other negotiable and readily transferable	1.643	1,900	2,083	1,439	1,767	2,768	1,835	1,980	2,298	3,692
	102	254	541	142	253	1,425	487	328	676	2,160
Other negotiable and readily transferable instruments ⁶ Other	1,538	1,646 0	1,542 0	1,297 0	1,514 0	1,343 0	1,349 0	1,652 0	1,621 0	1,532 0
20 Official institutions ⁸	78,206	86,624	78,962	70,184	70,471	71,968	71,293	70,715	70,763	70,756
21 Banks' own liabilities 22 Demand deposits 23 Time deposits ¹ 24 Other ²	18,292	17,826	16,813	17,122	17,633	18,964	15,887	16,262	16,519	16,728
	4,671	3,771	2,581	2,800	2,162	3,167	2,800	2,006	2,526	2,164
	3,050	3,612	4,146	5,623	5,769	5,500	6,061	5,749	5,203	5,965
	10,571	10,443	10,086	8,699	9,702	10,297	7,026	8,507	8,790	8,599
25 Banks' custody liabilities ⁴	59,914	68,798	62,149	53,063	52,838	53,004	55,406	54,453	54,245	54,028
	47,666	56,243	52,389	43,850	42,741	43,509	45,824	44,182	44,450	43,994
instruments ⁶	12,196	12,501	9,712	9,029	10,057	9,461	9,547	10,234	9,755	10,000
	52	54	47	183	40	33	36	37	39	34
29 Banks ⁹	88,316	96,415	135,359	161,229	165,465	173,299	170,998	177,575	179,830	178,399
30 Banks' own liabilities 1 Unaffiliated foreign banks 32 Demand deposits 33 Time deposits 34 Other ² 35 Own foreign offices ³	83,299	90,456	123,640	148,502	152,893	160,594	157,327	163,365	164,005	162,949
	19,482	21,786	26,796	38,886	41,054	43,398	45,964	48,060	46,226	47,506
	13,285	14,188	11,614	9,912	9,700	9,274	9,384	8,765	8,138	9,887
	1,667	1,703	8,654	19,301	21,189	23,403	25,390	26,731	26,260	26,139
	4,530	5,895	6,528	9,673	10,165	10,721	11,190	12,564	11,828	11,480
	63,817	68,670	96,844	109,616	111,839	117,196	111,363	115,305	117,780	115,444
36 Banks' custody liabilities ⁴	5,017	5,959	11,718	12,727	12,573	12,706	13,671	14,209	15,825	15,449
	422	623	1,687	2,598	2,707	2,926	3,872	3,970	4,897	5,634
instruments ⁶	2.415	2,748	4,421	5,968	6,100	6,520	6,661	7,102	7,916	7,069
	2.179	2,588	5,611	4,161	3,766	3,260	3,138	3,138	3,012	2,746
40 Other foreigners	18,642	19,914	25,968	33,022	35,663	36,642	37,853	39,688	41,025	41,059
41 Banks' own liabilities	14,891	16,065	21,689	28,885	31,462	31,842	32,829	34,772	35,304	35,363
42 Demand deposits	5,087	5,356	5,189	4,855	4,518	4,544	4,575	4,816	4,560	4,778
43 Time deposits	8,755	9,676	15,958	23,540	26,239	26,518	27,433	29,171	29,685	29,485
44 Other ²	1,048	1,033	543	490	705	781	822	785	1,059	1,100
45 Banks' custody liabilities ⁴	3,751	3,849	4,279	4,137	4,201	4,800	5,023	4,916	5,721	5,696
	382	474	699	7871	786	957	1,028	1,167	1,548	1,615
instruments ⁶ 48 Other	3,247	3,185	3,268	3,032	3,080	3,125	3,160	3,147	3,146	3,147
	123	190	312	334	335	718	835	603	1,028	934
49 Memo: Negotiable time certificates of deposit in custody for foreigners	10,984	10,745	10,672	11,673	12,652	12,878	13,029	13,921	13,533	13,990

Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
 Includes borrowing under repurchase agreements.
 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.

branches, agencies of wholly owned substituties of near office of 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.

International Settlements.

9. Excludes central banks, which are included in "Official institutions."

A Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

3.17 Continued

		45.00		1982						
Area and country	1979	1980	1981▲	Apr.	May	June	July	Aug.	Sept.	Oct. p
l Total	187,521	205,297	243,010	266,483	274,638	285,911	284,226	293,050	296,554	296,017
2 Foreign countries	185,164	202,953	240,289	264,435	271,599	281,910	280,144	287,977	291,619	290,214
3 Europe	90,952 413	90,897	90,951 587	91,908 472	97,469 454	102,699 434	106,284	112,022 531	114,201	114,832 508
5 Belgium-Luxembourg	2,375	523 4,019	4,117	2,898	3,075	2,869	501 2,957	3,218	537 3,259	2,777
6 Denmark	1,092 398	497 455	333 296	613 229	608 212	510 181	452 162	446 224	149 328	166 478
8 France	10,433	12,125	8,486	6,737	6,312	9,234	8,635	8,145	7,720	7,374
9 Germany	12,935 635	9,973 670	7,665 463	6,556 457	6,954 549	6,221 512	5,624 506	5,397 559	5,311 471	5,341 516
11 Italy	7,782	7,572	7,290	3,695	3,420	4,720	5,760	6,703	6,714	5,541
12 Netherlands	2,337	2,441	2,823 1,457	2,963	2,719	2,836	2,789	2,838	2,899	3,098 2,026
13 Norway	1.267 557	1,344 374	354	1,666 272	1,981 276	1,370 365	1,333 365	1,634 453	1,773 386	356
15 Spain	1,259	1,500	916	1,055	1,114	1,191	1,133	1,223	1,096	1,315
16 Sweden	2,005 17,954	1,737 16,689	1,545 18,726	1,373 20,346	1,425 21,567	1,416 22,473	1,385 23,851	1,278 25,019	1,324 26,519	2,000 26,750
18 Turkey	120	242	518	364	204	167	222	287	301	317
19 United Kingdom	24,700 266	22,680	28,288 375	35,452 259	39,872 237	41,159 314	44,115	46,881	48,445 307	48,809 390
20 Yugoslavia	4,070	681 6,939	6,170	6,116	6,090	6,163	320 5,734	317 6,381	6,275	6,400
22 U.S.S.R	52	68	49	37	30	44	41	47	47	111
23 Other Eastern Europe ²	302	370	493	350	371	521	397	440	342	559
24 Canada	7,379	10,031	10,250	12,298	10,621	11,541	11,168	12,194	11,607	12,163
25 Latin America and Caribbean	49,686 1,582	53,170	84,685 2,445	103,999	105,891	109,452	103,874	106,805	107,340	105,169
26 Argentina	15,255	2,132 16,381	34,400	2,729 45,608	2,207 44,756	2,030 44,615	2,088 39,482	2,636 41,502	3,250 40,786	5,140 38,030
28 Bermuda	430	670	765	1.165	1,350	1,300	1,302	1,289	1,519	1,517
29 Brazil	1,005 11,138	1,216 12,766	1,568 17,794	1.462 19.656	1,615 19,749	1,822 22,631	1,823 22,069	1,865 22,871	1,761 23,288	2,101 22,943
31 Chile	468	460	664	992	1,224	1,224	1,442	1,170	1,293	1,438
32 Colombia	2.617	3,077	2,993	2,639	2,515	2,700	2,699	2,636	2,516	2,407
33 Cuba	13 425	371	434	491	465	559	527	478	524	556
35 Guatemala	414	367	479	569	583	580	613	616	639	636
36 Jamaica	76 4,185	97 4,547	87 7,163	133 8,533	104 9,438	100 8,957	139 9,643	136 9,259	121 8,370	118 8,023
38 Netherlands Antilles	499	413	3,182	3,474	3,449	3,727	3,602	3,759	3,713	3,659
39 Panama	4,483 383	4,718 403	4,847 694	4,238 620	4,338 753	5,357 1,069	4,884 931	4,656 984	6,001 974	4,714 1,031
41 Uruguay	202	254	367	410	561	542	609	665	721	844
42 Venezuela	4,192	3,170	4,245	8,218	9,421	9,310	9,139	9,219	8,625	8,796
43 Other Latin America and Caribbean	2,318	2,123	2,548	3,056	3,357	3,022	2,874	3,056	3,232	3,209
44 Asia	33,005	42,420	49,805	50,378	50,991	51,143	52,041	50,854	51,115	49,942
45 Mainland	1 202	49	158	331	284	244	261	245	254	216
46 Taiwan	1.393 1,672	1,662 2,548	2,082 3,950	2,291 4,587	2,378 4,737	2,334 4,880	2,371 4,918	2,323 4,551	2,490 4,945	2,564 4,956
48 India	527	416	385	544	603	540	551	655	407	449
49 Indonesia	504 707	730 883	640 592	837 537	789 562	583 610	722 476	593 486	436 584	748 888
51 Japan	8,907	16,281	20,551	19,311	18,896	18,994	19,827	19,291	18.906	16,734
52 Korea	993	1,528	2,013	2,356	2,192	1,863	1,934	1,712	1,894	1,886
53 Philippines	795 277	919 464	874 534	709 517	785 474	839 485	660 450	728 369	712 310	736 365
55 Middle-East oil-exporting countries ³	15,300	14,453	13,174	14,342	14,400	14,267	14,243	14,106	14,026	14,053
56 Other Asia	1.879	2,487	4,852	4,016	4,891	5,503	5,629	5,795	6,152	6,348
57 Africa	3,239	5,187	3,180	3,111	2,629	2,675	2,692	2,586	2,783	3,369
58 Egypt	475 33	485 33	360 32	411 52	382 37	447 59	430 52	405 47	385 63	242 54
60 South Africa	184	288	420	308	305	335	339	341	344	279
61 Zaire	1,635	3 540	26 1,395	1 144	27	37 901	25	25 908	1 074	1 660
62 Oil-exporting countries ⁴	804	3,540 783	946	1,144 1,156	846 1,031	901 896	1,025 821	908 860	1,074 897	1,669 1,103
64 Other countries	904	1,247	1,419	2,742	3,997	4,400	4,085	3,516	4,572	4,738
65 Australia	684	950	1,223	2,541	3,752	4,172	3,831	3,317	4,355	4,530
66 All other	220	297	196	201	245	228	254	199	216	207
67 Nonmonetary international and regional	2.251	2 24 :	2.721	2040	2.020	4 00-	4 000	5.074	4.00	£ 00.
organizations	2,356 1,238	2,344 1,157	2,721 1,661	2,048 1,269	3,039 2,064	4,001 2,860	4,082 3,064	5,073 3,937	4,936 3,820	5,804 4,916
69 Latin American regional	806	890	710	450	661	694	606	776	719	573
70 Other regional ⁵	313	296	350	328	314	446	412	361	397	315
	<u> </u>	<u> </u>	L		<u> </u>	<u> </u>	<u> </u>	<u> </u>		

I. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.
 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."

A Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

3.18 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars

Millions of dollars, end of period

A	1979	1000	1001 4				1982			
Area and country	1979	1980	1981▲	Apr.	May	June	July	Aug.	Sept.	Oct. P
1 Total	133,943	172,592	251,035	288,353	301,247	314,381	322,831	328,555	339,120	334,090
2 Foreign countries	133,906	172,514	250,979	288,313	301,203	314,338	322,785	328,448	339,076	334,034
3 Europe . 4 Austria . 5 Belgium-Luxembourg . 6 Denmark . 7 Finland . 8 France . 9 Germany . 10 Greece . 11 Italy . 12 Netherlands . 13 Norway . 14 Portugal . 15 Spain . 16 Sweden . 17 Switzerland . 18 Turkey . 19 United Kingdom .	28,388 284 1,339 147 202 3,322 1,179 154 1,631 5,14 276 330 1,051 542 1,165 149 13,795	32,108 236 1,621 127 460 2,958 948 256 3,364 575 527 331 993 783 1,446 145	49,054 121 2,843 188 547 4,126 936 333 5,240 682 384 529 2,100 1,206 2,213 424 23,645	59,334 200 3,848 279 525 5,062 1,483 279 5,095 740 452 813 2,052 1,441 1,564 487 31,073	62,051 201 3,669 276 638 5,528 1,512 262 5,861 917 416 797 2,628 1,692 1,557 573 31,974	64,115 140 3,760 287 736 6,405 1,758 297 6,024 1,005 429 938 3,086 1,638 1,596 584 31,834	67,237 189 4,102 303 699 5,917 1,734 294 6,282 1,118 538 990 3,308 1,513 1,601 1,601 1,604	70,788 186 4,421 323 776 5,960 1,565 270 6,569 1,085 482 970 3,520 1,693 1,589 600 37,162	76,142 136 4,820 359 806 5,795 1,610 283 6,742 1,096 575 998 3,464 2,417 1,860 605 40,991	78,324 1,78 4,904 396 813 6,218 1,521 335 7,346 1,285 544 1,018 3,558 2,799 1,751 603 41,525
20 Yugoslavia	611 175	853 179	1,224 209	1,238 282	1,202 386	1,294 247	1,266 280	1,220 286	1,196 325	1,248 266
21 Other Western Europe ² 22 U.S.S.R. 23 Other Eastern Europe ²	268 1,254	281 1,410	377 1,725	195 1,777	251 1,711	296 1,761	274 274 1,791	286 296 1,814	249 1,816	242 1,773
24 Canada	4.143	4,810	9,164	11,805	11,349	12,693	13,070	12,083	11,719	12,962
25 Latin America and Caribbean. 26 Argentina 27 Bahamas 28 Bermuda 29 Brazil 30 British West Indies 31 Chile. 32 Colombia. 33 Cuba. 34 Ecuador. 35 Guatemala ³ 36 Jamaica ³ 37 Mexico. 38 Netherlands Antilles. 39 Panama 40 Peru 41 Uruguay. 42 Venezuela 43 Other Latin America and Caribbean.	67,993 4,389 18,918 496 7,713 9,818 1,441 1,025 134 47 9,099 248 6,041 652 105 4,657 1,593	92,992 5,689 29,419 218 10,496 15,663 1,951 1,752 3 3 1,190 137 36 12,595 821 4,974 890 137 5,438 81,583	138,114 7,522 43,437 346 16,918 21,913 3,690 2,018 3,1531 124 6,779 1,218 1,076 6,779 1,218 1,076 6,779 1,218	158.212 10,896 47,875 575 19.217 22,741 4,590 2,146 137 16,879 116 130 26,087 8,246 1,593 3,593 8,246 1,593 8,561 2,220	167,187 10,816 49,079 396 20,420 25,469 2,270 37 1,852 112 781 28,357 880 8,321 1,672 347 9,184 2,295	173,201 11,012 51,849 414 21,147 25,825 5,268 2,554 3 2,022 124 29,547 1,028 8,660 2,047 381 9,138 2,057	178,018 10,971 52,403 3988 21,557 27,914 5,228 2,612 8 2,027 121 578 29,749 1,032 9,146 2,064 413 9,691 2,105	181,600 10,936 54,613 3855 22,146 28,504 5,367 2,650 3,2048 116 5088 29,347 778 9,842 2,062 457 9,800 2,039	186,361 11,020 55,238 429 23,121 29,987 5,358 2,827 3 2,132 121 387 29,799 826 10,288 2,261 552 9,954 2,058	179,976 11,019 51,724 610 23,065 28,088 5,276 2,838 3 2,057 111 151 29,371 688 9,978 2,244 572 9,925 2,257
44 Asia	30,730	39,078	49,770	52,770	53,963	57,368	57,404	57,235	57,519	55,679
45 Mainland 46 Taiwan 47 Hong Kong 48 India 49 Indonesia 50 Israel 51 Japan 52 Korea 53 Philippines 54 Thailand 55 Middle East oil-exporting countries ⁴ 56 Other Asia	35 1,821 1,804 92 131 990 16,911 3,793 737 933 1,548 1,934	195 2,469 2,247 142 245 1,172 21,361 5,697 989 876 1,432 2,252	107 2,461 4,126 123 346 1,562 26,757 7,324 1,817 564 1,575 3,009	98 2,275 5,352 195 308 1,160 27,949 7,007 2,270 565 2,411 3,180	68 2,114 6,002 185 315 1,391 27,549 7,104 2,464 502 2,613 3,656	124 2,048 6,390 252 288 1,835 29,258 7,119 2,605 459 2,564 4,426	139 1,977 6,124 266 294 1,637 30,082 7,046 2,605 406 2,493 4,335	127 1,891 6,447 235 297 1,534 29,495 6,967 2,611 388 2,633 4,609	126 1,951 6,721 275 300 1,625 28,655 7,382 2,508 410 2,643 4,925	139 2,020 5,976 254 315 1,748 26,730 7,786 2,560 442 2,847 4,862
57 Africa 58 Egypt 59 Morocco 60 South Africa 61 Zaire 62 Oil-exporting countries ⁵ 63 Other	1,797 114 103 445 144 391 600	2,377 151 223 370 94 805 734	3,503 238 284 1,011 112 657 1,201	4,389 345 312 1,344 100 730 1,559	4,775 400 278 1,389 81 844 1,783	4,851 416 334 1,467 84 799 1,751	5,029 378 314 1,620 81 849 1,787	4,865 399 368 1,574 58 761 1,705	5,201 390 376 1,779 62 852 1,742	5,016 365 367 1,744 61 762 1,718
64 Other countries 65 Australia	855 673 182	1,150 859 290	1,376 1,203 172	1,803 1,560 243	1,878 1,655 223	2,111 1,806 305	2,028 1,700 328	1,878 1,534 344	2,135 1,803 332	2,078 1,708 370
67 Nonmonetary international and regional organizations ⁶	36	78	56	40	43	43	45	106	44	56

5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Excludes the Bank for International Settlements, which is included in "Other Western Europe."
NOTE: Data for period prior to April 1978 include claims of banks' domestic customers on foreigners.

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

^{1.} Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.

2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.

3. Included in "Other Latin America and Caribbean" through March 1978.

4. Comprises Bahrain, Iran, Iraq. Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

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	1070	1000	1001 Å				1982			
Type or came	1979	1980	1981▲	Apr.	May	June'	July	Aug.	Sept.	Oct. p
1 Total	154,030	198,698	286,404			355,093			376,196	
2 Banks' own claims on foreigners	133,943 15,937 47,428 40,927 6,274 34,654 29,650	172,592 20,882 65,084 50,168 8,254 41,914 36,459	251,035 31,294 96,639 74,104 22,704 51,400 48,998	288,353 35,039 106,988 90,823 29,338 61,485 55,502	301,247 37,630 108,699 97,175 33,725 63,450 57,743	314,381 40,001 113,722 101,756 35,667 66,090 58,901	322,831 40,684 114,098 108,313 40,028 68,285 59,736	328,555 41,678 118,563 109,133 40,945 68,189 59,181	339,120 42,708 125,339 111,263 40,513 70,750 59,811	334,090 42,581 116,876 114,290 42,070 72,220 60,343
9 Claims of banks' domestic customers ²	20,088 955	26,106 885	35,368 1,378			40,712 1,426			37,076 1,390	
Negotiable and readily transferable instruments ³	13,100 6,032	15,574 9,648	25,752 8,238			31,966 7,320			28,577 7,110	
13 MEMO: Customer liability on acceptances	18,021	22,714	29,565			33,180			35,103	
Dollar deposits in banks abroad, re- ported by nonbanking business en- terprises in the United States ⁴	22,305	24,511	39,820	41,480	44,030	44,530	45,213	43,698	43,575	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.

BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars

Millions of dollars, end of period

Marie de la companya	1979	1980	1981		1982			
Maturity; by borrower and area	Dec.	Dec.	Sept	Dec.▲	Mar.	June	Sept. p	
1 Total	86,181	106,748	122,477	153,932	174,618	200,515	213,061	
By borrower 2 Maturity of 1 year or less¹ 3 Foreign public borrowers 4 All other foreigners 5 Maturity of over 1 year¹ 6 Foreign public borrowers 7 All other foreigners	65,152	82,555	94,957	115,908	133,019	151,592	160,949	
	7,233	9,974	12,978	15,192	16,603	19,439	20,138	
	57,919	72,581	81,979	100,715	116,416	132,153	140,811	
	21,030	24,193	27,520	38,025	41,598	48,923	52,112	
	8,371	10,152	12,564	15,645	16,843	19,995	21,928	
	12,659	14,041	14,956	22,380	24,755	28,928	30,184	
By area Maturity of 1 year or less¹ 8 Europe. 9 Canada. 10 Latin America and Caribbean. 11 Asia. 12 Africa. 13 All other² Maturity of over 1 year¹ 14 Europe. 15 Canada. 16 Latin America and Caribbean.	15,235	18,715	23,015	27,893	34,246	38,904	44,555	
	1,777	2,723	3,959	4,634	5,807	6,593	6,975	
	24,928	32,034	35,590	48,473	58,243	67,967	71,536	
	21,641	26,686	29,295	31,508	30,585	33,603	33,079	
	1,077	1,757	2,324	2,457	2,890	3,308	3,624	
	493	640	774	943	1,249	1,218	1,180	
	4,160	5,118	6,424	8,095	8,435	9,356	10,576	
	1,317	1,448	1,347	1,774	1,863	2,345	1,867	
	12,814	15,075	17,478	25,088	27,684	32,857	34,258	
17 Asia.	1,911	1,865	1,550	1,902	2,245	2,465	3,370	
18 Africa	655	507	548	899	1,056	1,276	1,351	
19 All other ² .	173	179	172	267	315	625	690	

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

branches, ageitties, of wholf source 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.

A Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign resident. Notre. 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.

a quarterly basis only.

Remaining time to maturity.
 Includes nonmonetary international and regional organizations.

3.21 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks¹ Billions of dollars, end of period

	10902	1050	19	80		19	81	-		1982	
Area or country	1978 ²	1979	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept. P
1 Total 2 G-10 countries and Switzerland 3 Belgium-Luxembourg 4 France 5 Germany 6 Italy 7 Netherlands 8 Sweden 9 Switzerland 10 United Kingdom 11 Canada 12 Japan	20.3 12.2 .8 .7 3.1 .7 .5 .5 .2 8.9 2.0 .3	24.7 12.3 .8 1.2 3.3 .7 1.1 .5 .1 8.2 1.3 1.3	339.3 158.8 13.6 13.9 12.9 7.2 4.4 2.8 3.4 66.7 7.7 26.1	352.0 162.1 13.0 14.1 12.1 8.2 4.4 2.9 5.0 67.4 8.4 26.5	372.1 168.5 13.6 14.5 13.3 7.7 4.6 3.2 5.1 68.5 8.9 29.1	382.8 168.3 13.8 14.7 12.1 8.4 4.2 3.1 5.2 67.0 10.8 28.9	399.8 172.2 14.1 16.0 12.7 8.6 3.7 3.4 5.1 68.8 11.8 28.0	412.3 173.9 13.3 15.3 12.9 9.8 4.0 3.7 5.5 69.1 11.0 29.4	411.8 172.2 13.1 15.8 12.5 8.9 4.0 4.0 5.3 68.8 11.4 28.4	421.9 171.1 13.9 16.3 12.7 8.8 4.1 3.9 5.1 67.1 10.9 28.4	433.4 173.4 13.5 15.7 12.2 9.7 3.8 4.7 5.0 68.8 10.7 29.2
13 Other developed countries 14 Austria 15 Denmark 16 Finland 17 Greece 18 Norway 19 Portugal 20 Spain 21 Turkey 22 Other Western Europe 23 South Africa 24 Australia	.4 .1 .2 .3 .6 .3 .2 .9 .3 .2 .1 .6 .6	.4 .0 .1 .2 .7 .3 .3 .9 .1 2.4	20.6 1.8 2.2 1.2 2.6 2.4 .7 4.2 1.3 1.7 1.2	21.6 1.9 2.3 1.4 2.8 2.6 .6 4.4 1.5 1.7 1.1	23.5 1.8 2.4 1.4 2.7 2.8 .6 5.5 1.5 1.5 1.5	24.8 2.1 2.3 1.3 3.0 2.8 5.7 1.4 1.8 1.9 1.7	26.4 2.2 2.5 1.4 2.9 3.0 1.0 5.8 1.5 1.9 2.5	28.4 1.9 2.3 1.7 2.8 3.1 1.1 6.6 1.4 2.1 2.8 2.5	30.4 2.1 2.5 1.6 2.8 3.2 1.1 7.1 1.5 2.2 3.2 3.1	31.7 2.1 2.6 1.6 2.5 3.2 1.5 7.2 1.4 2.2 3.4 4.0	32.7 2.0 2.5 1.8 2.5 3.4 1.6 7.7 1.5 2.1 3.6 4.0
25 OPEC countries³ 26 Ecuador 27 Venezuela 28 Indonesia 29 Middle East countries 30 African countries	1.1 .6 2.1 .1 4.2 .3	.3 .7 2.2 .1 3.5 .3	21.4 1.9 8.5 1.9 6.7 2.4	22.7 2.1 9.1 1.8 6.9 2.8	21.7 2.0 8.3 2.1 6.7 2.6	22.2 2.0 8.8 2.1 6.8 2.6	23.5 2.1 9.2 2.5 7.1 2.6	24.4 2.2 9.6 2.5 7.6 2.5	24.8 2.3 9.4 2.7 8.2 2.2	25.4 2.3 9.4 2.7 8.6 2.3	27.2 2.3 10.2 2.9 9.1 2.7
31 Non-OPEC developing countries	14.6	16.7	73.0	77.4	82.2	84.8	90.2	95.8	94.8	100.2	104.3
Latin America 32 Argentina 33 Brazil 34 Chile 35 Colombia 36 Mexico 37 Peru 38 Other Latin America	1.0 2.7 .7 .9 3.2 .8 1.3	1.7 2.4 .8 1.1 3.5 .4 1.4	7.6 15.8 3.2 2.4 14.4 1.5 3.9	7.9 16.2 3.7 2.6 15.9 1.8 3.9	9.5 17.0 4.0 2.4 17.0 1.8 4.7	8.5 17.5 4.8 2.5 18.2 1.7 3.8	9.3 17.7 5.5 2.5 20.0 1.8 4.2	9.3 19.0 5.8 2.6 21.5 2.0 4.1	9.4 19.0 5.7 2.2 22.5 1.8 4.1	9.0 20.4 6.0 2.5 24.2 2.3 3.9	9.2 22.4 6.2 2.8 25.1 2.6 4.5
Asia China China 39 Mainland 40 Taiwan 41 India 42 Israel 43 Korea (South) 44 Malaysia 45 Philippines 46 Thailand 47 Other Asia	.0 .9 .0 .6 1.5 .1 .1	.0 1.1 .6 2.6 .2 .6 .8 .3	.1 4.1 .2 1.1 7.3 1.1 4.8 1.5	.2 4.2 .3 1.5 7.1 1.1 5.1 1.6 .6	.2 4.4 .3 1.3 7.7 1.2 4.8 1.6 .5	.2 4.6 .3 1.8 8.8 1.4 5.1 1.5	5.1 3 1.5 8.6 1.4 5.6 1.4 8	.2 5.1 .3 2.0 9.4 1.7 6.0 1.5 1.0	.2 5.1 .5 1.6 8.6 1.7 5.8 1.3 1.0	.3 5.0 .5 2.1 8.9 1.9 6.2 1.3 1.2	.2 4.9 .5 1.9 9.4 1.8 6.0 1.3 1.3
Africa 48 Egypt	.1 .1 .1 .2	.1 .1 .1	.6 .6 .2 2.1	.8 .7 .2 2.1	.8 .6 .2 2.2	.7 .5 .2 2.1	1.0 .7 .2 2.2	1.1 .7 .2 2.3	1.3 .7 .2 2.3	1.3 .7 .2 2.3	1.3 .8 .0 2.3
52 Eastern Europe 53 U.S.S.R. 54 Yugoslavia 55 Other	1.2 .3 .3 .5	1.7 .3 .6 .9	7.3 .5 2.1 4.7	7.4 .4 2.3 4.6	7.7 .4 2.4 4.8	7.7 .5 2.5 4.8	7.7 .4 2.5 4.7	7.7 .6 2.5 4.7	7.0 .4 2.4 4.2	6.4 .4 2.3 3.7	6.4 .3 2.2 3.8
56 Offshore banking centers 57 Bahamas 58 Bermuda 59 Cayman Islands and other British West Indies 60 Netherlands Antilles 61 Panama ⁵ 62 Lebanon 63 Hong Kong 64 Singapore 65 Others ⁶ 66 Miscellaneous and unallocated ⁷	23.4 11.9 .1 .6 .1 2.9 .0 3.8 3.8 .4	30.9 13.6 .2 4.6 .3 4.9 .0 3.2 4.2 .5	44.6 13.2 .6 10.1 1.3 5.6 .2 7.5 5.6 .4	47.0 13.7 .6 10.6 2.1 5.4 .2 8.1 5.9 .3	53.7 15.5 .7 11.9 2.3 6.5 .2 8.4 7.3 .9	59.3 17.9 .7 12.6 2.4 6.9 .2 10.3 8.1 .3	61.7 21.3 .8 12.1 2.2 6.7 .2 10.3 8.0 .1	63.6 18.9 .7 12.6 3.2 7.5 .2 11.8 8.6 .1	64.4 19.7 .7 11.5 3.2 7.0 .2 12.8 9.2 .1	69.5 22.9 .7 11.6 3.0 7.1 .2 14.3 9.6 .1	69.7 20.2 .8 13.0 3.3 7.7 .1 14.9 9.7 .0

^{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 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). However, see also footnote 2.

2. Beginning with data for June 1978, the claims of the U.S. offices

in this table include only banks' own claims payable in dollars. For earlier dates the claims of the U.S. offices also include customer claims and foreign currency claims (amounting in June 1978 to \$10 billion).

3. In addition to 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.

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LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States¹ 3.22

Millions of dollars, end of period

Type, and area or country	1979	1980	1981	19.	81	19	82
,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	13,7	1,00	.,,,	Sept.	Dec.	Mar.	June
1 Total	17,383	22,125	22,001	23,347	22,001	21,711	20,496
2 Payable in dollars 3 Payable in foreign currencies	14,288	18,394	18,367	20,218	18,367	19,026	17,821
	3,095	3,731	3,635	3,129	3,635	2,685	2,675
By type 4 Financial liabilities . 5 Payable in dollars . 6 Payable in foreign currencies .	7,476	11,282	11,723	12,894	11,723	11,930	9,670
	5,192	8,494	9,130	10,592	9,130	10,043	7,774
	2,284	2,788	2,593	2,302	2,593	1,887	1,896
7 Commercial liabilities. 8 Trade payables	9,906	10,843	10,278	10,453	10,278	9,782	10,826
	4,591	4,940	4,647	4,364	4,647	4,022	4,967
	5,315	5,903	5,631	6,089	5,631	5,760	5,859
10 Payable in dollars	9,095	9,900	9,237	9,626	9,237	8,983	10,047
	811	943	1,041	827	1,041	798	779
By area or country Financial liabilities 12 Europe 13 Belgium-Luxembourg 14 France 15 Germany 16 Netherlands 17 Switzerland 18 United Kingdom	4,649	6,467	6,667	7,824	6,667	7,584	5,795
	322	465	431	482	431	534	499
	175	327	636	846	636	856	531
	497	582	491	430	491	503	439
	829	681	738	664	738	735	503
	170	354	715	465	715	707	661
	2,477	3,923	3,531	4,773	3,531	4,143	3,027
19 Canada	532	964	958	977	958	914	758
20 Latin America and Caribbean 21 Bahamas 22 Bermuda 23 Brazil 24 British West Indies 25 Mexico 26 Venezuela	1,483	3,103	3,114	3,247	3,114	2,968	2,605
	375	964	1,279	1,019	1,279	1,095	1,003
	81	1	7	6	7	6	7
	18	23	22	20	22	27	24
	514	1,452	1,045	1,395	1,045	1,123	858
	121	99	102	107	102	67	83
	72	81	98	90	98	97	100
27 Asia 28 Japan 29 Middle East oil-exporting countries ² .	804	723	957	814	957	450	498
	726	644	792	696	792	293	340
	31	38	47	30	47	63	66
30 Africa	4	11 1	3 0	3 1	3 0	2 0	3
32 All other ⁴	4	15	24	29	24	12	11
Commercial liabilities 33	3,707	4,402	3,771	3,961	3,771	3,422	3,661
	137	90	67	78	67	50	47
	467	582	573	575	573	504	657
	545	679	545	590	545	473	457
	227	219	221	238	221	232	247
	316	499	424	569	424	400	412
	1,077	1,209	884	925	884	824	849
40 Canada	924	876	870	834	870	884	1,116
41 Latin America 42 Bahamas 43 Bermuda 44 Brazil 45 British West Indies 46 Mexico 47 Venezuela	1,323	1,259	986	1,087	986	804	1,399
	69	8	2	3	2	22	20
	32	75	67	113	67	71	102
	203	111	67	61	67	83	62
	21	35	2	11	2	27	1
	257	326	293	345	293	210	727
	301	319	276	273	276	194	219
48 Asia	2,991	3,034	3,285	3,221	3,285	3,404	3,286
49 Japan	583	802	1,094	775	1,094	1,090	1,060
50 Middle East oil-exporting countries ² .	1,014	890	910	881	910	998	954
51 Africa	728	817	703	757	703	664	733
	384	517	344	355	344	247	340
53 All other ⁴	233	456	664	593	664	604	630

^{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).

Comprises Algeria, Gabon, Libya, and Nigeria.
 Includes nonmonetary international and regional organizations.

3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States¹

Millions of dollars, end of period

Type, and area or country	1979	1980	1981	19	1981		1982	
Type, and area of county	15/7	1700	1701	Sept.	Dec.	Mar.	June	
1 Total	31,375	34,743	35,790	34,544	35,790	30,080	30,386	
2 Payable in dollars	28,183	31,803	32,206	31,541	32,206	27,474	27,921	
	3,193	2,940	3,584	3,003	3,584	2,606	2,465	
By type 4 Financial claims 5 Deposits 6 Payable in dollars 7 Payable in foreign currencies 8 Other financial claims 9 Payable in dollars 10 Payable in foreign currencies	18,484	20,057	20,906	19,586	20,906	17,658	18,368	
	12,847	14,220	14,694	13,775	14,694	12,590	13,463	
	11,931	13,445	14,080	13,048	14,080	12,133	13,112	
	916	775	614	727	614	457	351	
	5,637	5,837	6,212	5,811	6,212	5,068	4,905	
	3,810	4,154	3,758	4,116	3,758	3,439	3,348	
	1,826	1,683	2,454	1,695	2,454	1,629	1,557	
11 Commercial claims 12 Trade receivables 13 Advance payments and other claims.	12,892	14,686	14,884	14,959	14,884	12,422	12,019	
	12,188	13,953	13,944	14,048	13,944	11,462	10,960	
	704	733	940	911	940	960	1,058	
14 Payable in dollars 15 Payable in foreign currencies	12,441	14,203	14,368	14,377	14,368	11,902	11,461	
	450	483	516	582	516	520	557	
By area or country Financial claims 16 Europe 17 Belgium-Luxembourg. 18 France 19 Germany. 20 Netherlands 21 Switzerland. 22 United Kingdom	6,191	6,179	4,592	4,846	4,592	4,511	4,624	
	32	195	43	26	43	16	13	
	177	337	325	348	325	422	418	
	409	230	244	320	244	197	190	
	53	51	50	68	50	79	81	
	73	59	87	100	87	53	63	
	5,111	4,992	3,505	3,659	3,505	3,502	3,577	
23 Canada	4,997	5,064	6,624	6,032	6,624	4,891	4,381	
24 Latin America and Caribbean 25 Bahamas 26 Bermuda 27 Brazil 28 British West Indies 29 Mexico 30 Venezuela	6,293	7,823	8,589	7,747	8,589	7,377	8,243	
	2,765	3,479	3,902	3,262	3,902	3,482	3,792	
	30	135	18	15	18	27	42	
	163	96	30	66	30	49	76	
	2,011	2,755	3,500	3,313	3,500	2,797	3,487	
	157	208	313	283	313	281	274	
	143	137	148	143	148	130	134	
31 Asia	706	722	882	623	882	680	870	
	199	189	363	111	363	267	397	
	16	20	37	29	37	36	33	
34 Africa	253	238	168	222	168	164	156	
	49	26	46	41	46	43	41	
36 All other ⁴	44	32	51	116	51	34	94	
Commercial claims 37	4,909	5,512	5,329	5,347	5,329	4,375	4,241	
	202	233	234	220	234	245	209	
	727	1,129	776	767	776	696	634	
	589	591	554	580	554	452	391	
	298	318	303	308	303	227	296	
	272	353	427	404	427	354	383	
	901	928	967	1,032	967	1,060	893	
44 Canada	859	914	967	1,017	967	939	707	
45 Latin America and Caribbean 46 Bahamas 47 Bermuda 48 Brazil 49 British West Indies 50 Mexico 51 Venezuela	2,879	3,765	3,464	3,726	3,464	2,905	2,763	
	21	21	12	18	12	80	30	
	197	108	223	241	223	212	226	
	645	861	668	726	668	417	419	
	16	34	12	13	12	23	14	
	708	1,101	1,020	983	1,020	761	748	
	343	410	422	454	422	396	381	
52 Asia	3,451	3,522	3,914	3,700	3,914	3,152	3,297	
	1,177	1,052	1,244	1,129	1,244	1,158	1,211	
	765	825	901	829	901	757	793	
55 Africa	554	655	750	717	750	587	597	
	133	156	152	154	152	142	132	
57 All other ⁴	240	318	459	451	459	463	413	

For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.
 Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

Comprises Algeria, Gabon, Libya, and Nigeria.
 Includes nonmonetary international and regional organizations.

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

			1982				1982			
Transactions, and area or country	1980	1981	Jan Oct.	Apr.	May	June	July	Aug.	Sept.	Oct. ^p
				U.	S. corporate	securities				
STOCKS										
1 Foreign purchases	40,298 34,870	40,672 34,844	30,643 28,031	2,359 2,101	2,622 2,186	2,166 1,863	2,707 2,695	3,183 2,650	4,463 4,630	5,966 5,660
3 Net purchases, or sales (–)	5,427	5,827	2,613	258	436	303	12	532	- 167	306
4 Foreign countries	5,409	5,803	2,562	252	429	299	6	530	- 170	296
5 Europe 6 France 7 Germany 8 Netherlands 9 Switzerland 10 United Kingdom 11 Canada 12 Latin America and Caribbean 13 Middle East 14 Other Asia 15 Africa 16 Other countries	3,116 492 169 -328 310 2,528 887 148 1,206 -1 -1 38	3,662 900 - 22 42 288 2,235 783 - 30 1,140 287 7 - 46	1,876 - 179 170 - 59 - 541 2,584 - 8 141 515 - 78 - 3 103	167 33 29 - 9 - 66 176 0 53 61 - 40 0	306 - 48 43 36 6 279 - 10 22 104 - 21 27	158 -25 11 23 -85 225 2 25 73 39 -3 6	303 0 21 0 - 34 309 - 36 - 69 137 - 57	272 -7 -12 -53 366 73 121 101 -43 1 5	-262 -45 -42 -61 -137 73 116 -153 137 -15 1	190 -30 47 -102 -118 449 5 142 -98 22 0 35
17 Nonmonetary international and regional organizations	18	24	50	6	6	4	6	2	3	10
Bonds ²										
18 Foreign purchases	15,425 9,964	17,290 12,247	17,197 15,692	2,217 1,485	1,929 1,199	1,483 1,153	1,738 1,630	1,513 1,760	2,098 2,312	2,737 2,949
20 Net purchases, or sales (-)	5,461	5,043	1,505	733	730	330	107	- 247	- 214	- 212
21 Foreign countries	5,526	4,976	1,533	674	690	356	72	-111	178	- 253
22 Europe	1,576 129 212 65 54 1,257 135 185 3,499 117 5	1,356 11 848 70 108 181 -12 132 3,465 44 -1	2,007 124 2,067 35 130 -418 20 140 -572 -51 -19 8	540 20 396 14 46 59 46 8 126 18 13	704 46 500 11 48 91 23 15 -112 61 0	244 23 115 5 12 67 21 61 22 9 0	187 55 256 -3 -22 -63 1 1 18 -68 -66 0 0	- 27 - 18 106 0 32 - 109 4 18 - 78 - 31 0 2	- 349 23 87 - 10 - 24 - 450 5 20 193 - 52 0 5	379 -16 190 -2 -4 189 -152 -15 -435 -30 0
34 Nonmonetary international and regional organizations	- 65	66	- 27	59	40	- 26	35	- 136	- 36	41
				-	Foreign se	curities				
35 Stocks, net purchases, or sales (-). 36 Foreign purchases. 37 Foreign sales.	-2,136 7,893 10,029	- 140 9,262 9,402	- 309 5,449 5,758	-63 385 448	-115 486 601	79 619 540	44 452 409	11 532 520	- 164 547 711	-311 701 1,012
38 Bonds, net purchases, or sales (-). 39 Foreign purchases	-1,000 17,084 18,084	-5,446 17,549 22,995	-5,375 24,237 29,611	-40 2,255 2,295	461 2,755 2,294	- 762 2,033 2,795	-614 2,293 2,907	-1,353 3,279 4,632	996 3,258 4,255	-1,295 3,058 4,353
41 Net purchases, or sales (–), of stocks and bonds .	-3,136	-5,586	-5,684	- 103	346	-684	- 571	-1,342	-1,160	-1,606
42 Foreign countries 43 Europe. 44 Canada. 45 Latin America and Caribbean 46 Asia. 47 Africa. 48 Other countries 49 Nomonetary international and	-4,013 -1,108 -1,948 87 -1,147 24 79	-4,574 -687 -3,698 -69 -295 -53 90	-4,474 -1,239 -2,174 424 -1,090 -17 -379	-38 -127 120 202 -215 -17 0	126 -40 76 144 -53 -1 -1	- 305 - 425 - 81 - 76 127 - 0 - 2	-578 -21 -265 3 -303 3 6	-1,144 -128 -678 49 -433 17 29	-653 -184 -272 -44 261 1 -416	-1,214 -520 -179 -234 -284 0 3
regional organizations	876	-1,012	-1,210	- 65	219	- 379	7	- 198	- 507	- 392

^{1.} Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

Includes state and local government securities, and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.25 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Holdings and Transactions Millions of dollars

willions of donars										
			1982			-	1982			
Country or area	1980	1981	Jan Oct.	Apr.	May	June	July	Aug.	Sept.	Oct. p
	Holdings (end of period) ¹									
1 Estimated total ²	57,549	70,201		77,268	77,836	78,199	79,615	80,437	82,099	83,776
2 Foreign countries ²	52,961	64,530		71,925	72,950	73,005	75,343	76,717	78,386	79,143
3 Europe ² 4 Belgium-Luxembourg 5 Germany ² 6 Netherlands. 7 Sweden. 8 Switzerland ³ 9 United Kingdom 10 Other Western Europe 11 Eastern Europe 12 Canada. 13 Latin America and Caribbean. 14 Venezuela 15 Other Latin America and Caribbean. 16 Netherlands Antilles 17 Asia. 18 Japan 19 Africa. 20 All other	24,468 77 12,327 1,884 595 1,485 7,323 777 0 449 999 292 285 421 26,112 9,479 919 14	23,976 543 11,861 1,955 643 846 6,709 1,419 0 514 736 286 319 119 110,780 631 2		26,393 709 13,231 2,139 662 1,157 6,737 1,757 0 473 886 306 313,813 196 43,750 11,381 403 22	26,021 340 12,974 2,152 6,811 1,954 6,811 1,954 437 204 445,060 11,396 405 21	25,738 152 13,022 2,176 652 1,039 6,674 2,023 0 410 910 253 432 445,516 11,137 405 26	26,442 155 13,535 2,137 650 1,016 6,922 2,028 848 229 402 217 47,179 11,289 405 23	27,717 576 13,959 2,302 644 1,100 7,124 2,012 0 353 1,166 222 611 333 47,165 11,247 305 12	28.790 551 14.528 2.333 640 1.234 7.345 2.160 0 434 1.207 774 211 47.734 11.394 180 41	28,983 834 14,501 2,315 650 1,266 7,210 2,207 0 488 1,089 204 660 225 48,344 11,380 180 60
22 International	4,548 36	5,637 I		5,278 - 4	4,822 - 4	5,123 4	4,167 - 4	3,629 - 4	3,519 -4	4,378 - 4
		·	Trans	actions (no	t purchases	, or sales (-) during	period)		L
24 Total ²	6,066	12,652	13,575	1,474	568	362	1,416	822	1,663	1,677
25 Foreign countries ² . 26 Official institutions 27 Other foreign ² 28 Nonmonetary international and regional organizations.	6,906 3,865 3,040 - 843	11,568 11,694 - 127 1,085	14,613 12,452 2,161 -1,038	1,674 812 862 - 200	1,025 1,474 - 448 - 457	54 318 -264 309	2,338 2,792 - 454 922	1,374 367 1,007 - 553	1,669 1,580 90 -8	757 611 146 920
MEMO: Oil-exporting countries 29 Middle East ³	7,672 327	11,156 - 289	7,593 - 452	906 2	907 2	924 0	1,313	257 - 100	226 - 125	198 0

^{1.} Estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per annum

0	Rate on Nov. 30, 1982		Country	Rate on	Nov. 30, 1982	0	Rate on Nov. 30, 1982		
Country	Per- cent	Month effective	Country	Per- cent	Month effective	Country	Per- cent	Month effective	
Austria Belgium Brazil Canada Denmark	5.75 11.5 49.0 10.97 10.0	Oct. 1982 Nov. 1982 Mar. 1981 Nov. 1982 Nov. 1980	France ¹ Germany, Fed. Rep. of	12.75 6.0 18.0 5.5 5.5	Nov. 1982 Oct. 1982 Aug. 1981 Dec. 1981 Nov. 1982	Norway Switzerland United Kingdom ² Venezuela	9.0 5.0 13.0	Nov. 1979 Aug. 1982 Sept. 1982	

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.
 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.

Beginning December 1978, includes U.S. Treasury notes publicly issued to private foreign residents denominated in foreign currencies.
 Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
 Comprises Algeria, Gabon, Libya, and Nigeria.

3.27 FOREIGN SHORT-TERM INTEREST RATES

Percent per annum, averages of daily figures

Country	1979	1980 1981		1982						
Country, or type	1979	1980	1961	May	June	July	Aug.	Sept.	Oct.	Nov.
1 Eurodollars 2 United Kingdom 3 Canada 4 Germany 5 Switzerland	11.96	14.00	16.79	14.53	15.45	14.37	11.57	11.74	10.43	9.77
	13.60	16.59	13.86	13.31	12.96	12.35	11.08	10.84	9.74	9.30
	11.91	13.12	18.84	15.46	16.84	16.23	14.76	13.57	12.14	11.08
	6.64	9.45	12.05	9.12	9.22	9.41	8.94	8.13	7.55	7.24
	2.04	5.79	9.15	3.80	5.39	4.32	4.07	3.97	3.66	3.76
6 Netherlands 7 France 8 Italy 9 Belgium 10 Japan	9.33	10.60	11,52	8.62	8.75	8.95	8.66	7.85	7.09	6.36
	9.44	12.18	15,28	16.17	15.67	14.64	14.43	14.09	13.51	12.98
	11.85	17.50	19,98	20.59	20.51	20.18	19.52	18.56	18.57	19.05
	10.48	14.06	15,28	15.00	15.38	15.22	14.00	13.06	12.75	12.50
	6.10	11.45	7,58	6.80	7.14	7.15	7.14	7.19	6.97	6.98

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	1979	1980	1981			19	82		
country various	1975	1700	1961	June	July	Aug.	Sept.	Oct.	Nov.
1 Argentina/peso 2 Australia/dollar 3 Austria/schilling 4 Belgium/franc 5 Brazil/cruzeiro 6 Canada/dollar 7 Chile/peso 8 China, P. R./yuan 9 Colombia/peso 10 Denmark/krone	n.a. 111.77 13.387 29.342 n.a. 1.1603 n.a. n.a. 5.2622	n.a. 114.00 12.945 29.237 n.a. 1.1693 n.a. n.a. 5.6345	n.a. 114.95 15.948 37.194 92.374 1.1990 n.a. 1.7031 n.a. 7.1350	15025.00 103.23 17.114 6.183 167.70 1.2756 43.373 1.9014 63.318 8.3481	19671.43 101.09 17.342 47.029 177.97 1.2699 47.228 1.9300 65.539 8.5402	21172.73 97.83 17.431 47.483 188.25 1.2452 54.941 1.9432 65.179 8.6482	25961.90 95.820 17.597 48.300 201.73 1.2348 62.643 1.9567 65.921 8.8038	29487.50 94.35 17.797 49.103 215.34 1.2301 66.770 1.9887 66.856 8.9192	39200.00 94.27 17.947 49.600 228.51 1.2262 69.050 2.0002 68.168 8.9595
11 Finland/markka. 12 France/franc 13 Germany/deutsche mark 14 Greec/drachma 15 Hong Kong/dollar 16 India/rupee 17 Indonesia/rupiah 18 Iran/rial 19 Ireland/pound ¹ 20 Israel/shekel	3.8886 4.2566 1.8342 n.a. n.a. 8.1555 n.a. 204.65 n.a.	3.7206 4.2250 1.8175 n.a. 7.8866 n.a. n.a. 205.77 n.a.	4,3128 5,4396 2,2631 n.a. 5,5678 8,6807 n.a. 79,324 161,32 n.a.	4.6763 6.5785 2.4292 67.795 5.8669 9.4668 654.98 n.a. 141.92 23.179	4.7278 6.8560 2.4662 69.434 5.9025 9.5633 659.18 n.a. 139.48 25.320	4.7515 6.9285 2.4813 70.165 6.0598 9.5741 662.11 n.a. 138.54 26.940	4.8014 7.0649 2.5055 70.946 6.1253 9.6495 662.75 n.a. 136.53 28.922	5.3480 7.1557 2.5320 71.948 6.6038 9.7005 670.31 n.a. 134.35 29.860	5.5263 7.2152 2.5543 72.889 6.6724 9.7968 680.92 n.a. 132.91 31.344
21 Italy/lira 22 Japan/yen 23 Malaysia/ringgit 24 Mexico/peso 25 Netherlands/guilder 26 New Zealand/dollar 27 Norway/krone 28 Peru/sol 29 Philippines/peso 30 Portugal/escudo	831.10 219.02 2.1721 22.816 2.0072 102.23 5.0650 n.a. n.a. 48.953	856.20 226.63 2.1767 22.968 1.9875 97.34 4.9381 n.a. n.a. 50.082	1138.60 220.63 2.3048 24.547 2.4998 86.848 5.7430 n.a. 7.8113 61.739	1358.43 251.20 2.3392 47.716 2.6848 74.951 6.1869 656.11 8.4511 78.477	1382.26 255.03 2.3554 48.594 2.7239 73.990 6.3557 693.56 8.4802 84.514	1392.60 259.04 2.3528 90.187 2.7295 73.217 6.6785 730.97 8.5142 85.914	1411.19 263.29 2.3610 101.86 2.7444 72.419 6.8999 772.08 8.6521 87.702	1439.94 271.61 2.3688 108.83 2.7608 71.431 7.1735 819.14 8.7760 89.652	1468.84 264.09 2.3647 130.61 71.092 7.2397 878.66 8.8733 91.911
31 Singapore/dollar 32 South Africa/rand/ ¹ 33 South Korea/won 34 Spain/peseta 35 Sri Lanka/rupee 36 Sweden/krona 37 Switzerland/franc 38 Thailand/baht 39 United Kingdom/pound ¹ 40 Venezuela/bolivar	n.a. 118.72 n.a. 67.158 15.570 4.2892 1.6643 n.a. 212.24 n.a.	n.a. 128.54 n.a. 71.758 16.167 4.2309 1.6772 n.a. 232.58 n.a.	2.1053 114.77 n.a. 92.396 18.967 5.0659 1.9674 21.731 202.43 4.2781	2.1379 89.57 738.30 109.215 20.750 6.0244 2.0789 23.000 175.63 4.2953	2.1464 87.20 743.06 111.57 20.895 6.1159 2.0960 23.000 173.54 4.2951	2.1594 86.77 744.45 112.079 20.895 6.1441 2.1119 23.000 172.50 4.2981	2.1671 86.830 743.61 113.049 20.918 6.2313 2.1418 23.000 171.20 4.3006	2.1984 86.20 743.65 115.20 20.898 7.1543 2.1736 23.000 169.62 4.2976	2.2123 87.77 745.60 119.09 21.009 7.5095 2.1931 23.000 163.21 4.2996
Мемо: United States/dollar ²	88.09	87.39	102.94	116.97	118.91	119.63	120.93	123.16	124.27

revised as of August 1978. For description and back data, see "Index of the Weighted-Average Exchange Value of the U.S. Dollar: Revision" on page 700 of the August 1978 BULLETIN.

NOTE. Averages of certified noon buying rates in New York for cable transfers.

Value in U.S. cents.
 Index of weighted-average exchange value of U.S. dollar against currencies of other G-10 countries plus Switzerland. March 1973 = 100. Weights are 1972-76 global trade of each of the 10 countries. Series

Guide to Tabular Presentation, Statistical Releases, and Special Tables

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

c	Corrected	0
e	Estimated	n.
р	Preliminary	n.
r	Revised (Notation appears on column heading when	IP

Revised (Notation appears on column heading when about half of the figures in that column are changed.)

 Amounts insignificant in terms of the last decimal place shown in the table (for example, less than 500,000 when the smallest unit given is millions)

0	Calculated	to	be	zero

n.a. Not available n.e.c. Not elsewhere cl

n.e.c. Not elsewhere classified IPCs Individuals, partnerships, and corporations

REITs Real estate investment trusts

RPs Repurchase agreements

SMSAs Standard metropolitan statistical areas

···· Cell not applicable

General Information

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct

obligations of the Treasury. "State and local government" also includes municipalities, special districts, and other political subdivisions.

In some of the tables details do not add to totals because of rounding.

STATISTICAL RELEASES

SPECIAL TABLES

Published Irregularly, with Latest Bulletin Reference

Assets and liabilities of U.S. branches and agencies of foreign banks, September 30, 1981	January 1982	A76
Assets and liabilities of U.S. branches and agencies of foreign banks, December 31, 1981	April 1982	A78
Assets and liabilities of U.S. branches and agencies of foreign banks, March 31, 1982	July 1982	A76
Assets and liabilities of U.S. branches and agencies of foreign banks, June 30, 1982	October 1982	A76
Commercial bank assets and liabilities, September 30, 1981	January 1982	A70
Commercial bank assets and liabilities, December 31, 1981	April 1982	A72
Commercial bank assets and liabilities, March 31, 1982	July 1982	A70
Commercial bank assets and liabilities, June 30, 1982	October 1982	A70

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Aggregate Reserves of Depository Institutions and Monetary Base. H.3 (502) [1.22]	Monday	Week ended previous Wednesday
Actions of the Board; Applications and Reports. H.2 (501)	Friday	Week ended previous Saturday
Assets and Liabilities of Domestically Chartered and Foreign Related Banking Institutions. H.8 (510) [1.25]	Wednesday	Wednesday, 2 weeks earlier
Changes in State Member Banks. K.3 (615)	Tuesday	Week ended previous Saturday
Factors Affecting Reserves of Depository Institutions and Condition Statement of Federal Reserve Banks. H.4.1 (503) [1.11]	Friday	Week ended previous Wednesday
Foreign Exchange Rates. H.10 (512) [3.28]	Monday	Week ended previous Friday
Money Stock Measures and Liquid Assets. H.6 (508) [1.21]	Friday	Week ended Wednesday of of previous week
Selected Borrowings in Immediately Available Funds of Large Member Banks. H.5 (507) [1.13]	Thursday	Week ended Thursday of previous week
Selected Interest Rates. H.15 (519) [1.35]	Monday	Week ended previous Saturday
Weekly Consolidated Condition Report of Large Commercial Banks and Domestic Subsidiaries. H.4.2 (504) [1.26, 1.27, 1.28, 1.29, 1.291]	Friday	Wednesday, I week earlier
Weekly Report of Assets and Liabilities of International Banking Facilities. H.14 (518)	Monday	Wednesday, 2 weeks earlier
Weekly Summary of Reserves and Interest Rates. H.9 (511)	Friday	Week ended previous Wednesday; and week ended Wednesday of previous week
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Capacity Utilization: Manufacturing and Materials. G.3 (402) [2.11]	Mid month	Previous month
Changes in Status of Banks and Branches. G.4.5 (404)	25th of month	Previous month
Commercial and Industrial Loans to U.S. Addressees Excluding Bankers' Acceptances and Commercial Paper by Industry. G.27 (429) [1.30]	2nd Monday of month	Last Wednesday of previous month
Consumer Installment Credit. G.19 (421) [1.56, 1.57]	5th working day of month	2nd month previous
Debits and Deposit Turnover at Commercial Banks. G.6 (406) [1.20]	25th of month	Previous month
Finance Companies. G.20 (422) [1.52, 1.53]	5th working day of month	2nd month previous
Foreign Exchange Rates. G.5 (405) [3.28]	1st of month	Previous month

^{1.} Release dates are those anticipated or usually met. However, please note that for some releases there is normally a certain variability because of reporting or processing procedures. Moreover, for all series unusual circumstances may, from time to time, result in a release date being later than anticipated.

The BULLETIN table that reports these data is designated in brackets.

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Industrial Production. G.12.3 (414) [2.13]	Mid month	Previous month
Loan Commitments at Selected Large Commercial Banks. G.21 (423)	20th of month	2nd month previous
Loans and Securities at all Commercial Banks. G.7 (407) [1.23]	20th of month	Previous month
Major Nondeposit Funds of Commercial Banks. G.10 (411) [1.24]	20th of month	Previous month
Maturity Distribution of Outstanding Negotiable Time Certificates of Deposit. G.9 (410)	24th of month	Last Wednesday of previous month
Research Library—Recent Acquisitions. G.15 (417)	1st of month	Previous month
Selected Interest Rates. G.13 (415) [1.35]	3rd working day of month	Previous month
Summary of Equity Security Transactions. G.16 (418)	Last week of month	Release date
Quarterly Releases		
Agricultural Finance Databook. E.15 (125)	End of March, June, September, and December	January, April, July, and October
Automobile Credit. E.4 (114)	4th of April, July, October, and January	Previous quarter
Finance Rates and Other Terms on Selected Types of Consumer Installment Credit Extended by Major Finance Companies. E.10 (120)	25th of January, April, July, and October	2nd month previous
Flow of Funds: Seasonally adjusted and unadjusted. Z.1 (780) [1.58, 1.59]	15th of February, May, August, and November	Previous quarter
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Survey of Terms of Bank Lending. E.2 (111) [1.34]	15th of March, June, September, and December	February, May, August, and November
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Check Collection Services—Federal Reserve System. E.9 (119)	February and July	Previous 6 months
Country Exposure Lending Survey. E.16 (126)	May and November	End of previous December and June
List of OTC Margin Stocks. E.7 (117)	February, June and October	Release date

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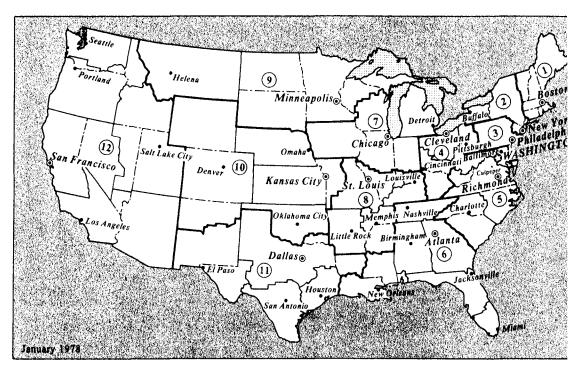
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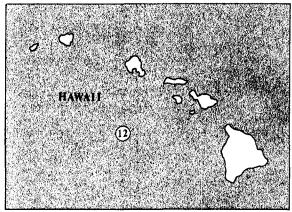
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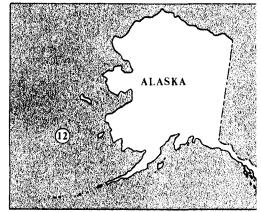
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The Federal Reserve System

Boundaries of Federal Reserve Districts and Their Branch Territories







LEGEND

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