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Table of Contents

The Use of Cash and Transaction Accounts by American Families

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The payments mechanism plays a central role in supporting economic activity in the United States. The means of payment in the U.S. monetary system are principally cash—currency and coin—and several categories of checkable deposits at financial institutions. Although very good quantitative data are available on these means of payment, major gaps exist in the knowledge of how these quantities are acquired and used in the economy. Also, the role of credit cards in consumer expenditures and their relationship to other means of payment is not well understood.

Recent changes in technology and regulation have afforded households significant opportunities to change the methods they use to pay for expenditures. For example, money market deposit accounts with market interest rates and limited check-writing features did not exist until December 1982. The use of electronic payments methods and automated teller machines also has grown very rapidly in the past five years. Understanding these changes is important for several reasons. First, the linkages between monetary aggregates and the overall level of economic activity are key factors in determining the weight that should be placed on these aggregates in the conduct of policy. These linkages are likely to be sensitive to the methods households use for making payments. Second, despite a decade of financial deregulation, some restrictions still remain on accounts at depository institutions. Determining the effects of these restrictions requires knowledge of how account holders use accounts and of how their behavior might be affected by further regulatory changes.

The Board of Governors of the Federal Reserve System commissioned the Survey of Currency and Transaction Account Usage to understand better how cash and other means of payment are acquired and used. The survey, which was conducted between May and August 1984, focused on the household sector of the U.S. economy. It collected information on the payment practices of families, on the rate of expenditure out of deposit accounts with transaction features, on the use of credit cards, and on the acquisition and patterns of use of cash.

In this article we first describe the survey design and initial preparation of the raw data. Next we present findings on the distribution of expenditures of selected demographic groups by method of payment and on the distribution of total payments by the means of payment used. Then we discuss survey evidence bearing on the use of cash, its rate of circulation, and the demographic determinants of cash holdings. Finally, we summarize our findings.

THE SURVEY

The questionnaire for the Survey of Currency and Transaction Account Usage contains two principal lines of inquiry. The first documents activity for the preceding month in the main checking account of families and in their other checking, money market, and savings accounts. The questions request information on (1) the number and dollar amount of deposits, (2) the number of withdrawals, (3) the number and dollar amount of cash deposits and withdrawals, (4) the dollar amount of transfers between accounts, and (5) the dollar amount of investments and large expenditures from accounts. Respondents

NOTE. The data from the Survey of Currency and Transaction Account Usage are available on request from the National Technical Information Service, 5285 Port Royal Rd., Springfield, Virginia 22161.

were encouraged to consult records. Answers to these questions are used to determine the monthly cash use of families and their rates of expenditure out of accounts with transaction features.

The second line of inquiry focuses on the cash inventories of individual respondents. For the last time they obtained cash and for their typical cash acquisition patterns, respondents were asked (1) the dollar amount of cash obtained, (2) the balance on hand just before the acquisition, and (3) the time between cash acquisitions. Respondents were also asked about the rate at which they spent cash since the last time it was acquired. The survey, which elicited information on several standard demographic characteristics of the families, also asked several questions about other types of transactions—such as credit card use and electronic fund transfer services.

Between May and August 1984 a total of 1,946 telephone interviews were obtained from a randomly selected sample of 2,500 families residing in the United States. The respondent was either the head of the family or a financially knowledgeable spouse. Appendix A gives a brief description of the survey sample design. The selection and interviewing of the respondents and the coding and preliminary editing of the data were performed by the Survey Research Center at the University of Michigan. The results tabulated here, which are based on an edited and imputed version of the data using sampling weights described in appendix B, are primarily one-way

1. Distribution of total expenditures of families with selected characteristics, by method of payment, 1984

Family characteristic	Proportion of all families (percent)	Cash[1]		Credit card			Check[2]		
		Mean monthly expenditure (dollars)	Mean share of total expenditures	Families using this method (percent)	Mean monthly expenditure (dollars)	Mean share of total expenditures	Families using this method (percent)	Mean monthly expenditure (dollars)	Mean share of total expenditures
Income (dollars)									
Less than 10,000	24	210	53	17	20	3	62	423	44
10,000–19,999	23	408	40	45	78	6	80	885	54
20,000–29,999	19	541	32	59	154	6	92	1,582	61
30,000–49,999	21	663	29	72	210	8	93	2,418	63
50,000 or more	13	847	18	88	618	10	96	5,355	72
Age of head (years)									
Less than 35	30	486	40	53	159	6	80	1,383	54
35–44	18	569	31	62	218	7	89	2,454	63
45–54	16	649	37	59	216	7	83	2,368	56
55–64	18	465	38	51	211	8	80	1,823	54
65 or more	17	313	34	33	85	4	84	1,284	62
Race or national origin of head									
Caucasian[3]	82	512	32	56	198	7	88	2,002	61
Nonwhite or Hispanic	18	414	55	34	73	4	60	875	41
Education of head									
Less than 12 years	21	397	53	22	51	3	63	777	44
High school diploma	33	473	40	44	83	4	81	1,386	56
Some college	19	453	30	59	159	6	91	1,920	64
College degree	27	621	24	79	391	10	94	2,986	65
Location									
Urban	53	457	40	49	145	6	79	1,558	55
Suburban	23	646	30	71	332	10	89	2,496	60
Rural	24	432	36	40	92	4	84	1,663	60
Marital and work status of head									
Unmarried									
In labor force	15	219	44	24	44	4	70	778	53
Not in labor force	23	386	38	50	155	7	79	1,384	54
Married									
Neither spouse in labor force	10	354	42	38	93	6	77	1,228	52
One spouse in labor force	22	640	37	59	199	6	84	2,202	57
Both spouses in labor force	29	662	29	66	269	7	93	2,545	64
All families	**100**	**494**	**36**	**52**	**175**	**6**	**83**	**1,798**	**57**

1. Cash includes money orders and is used by 100 percent of each family group.

2. Checks include personal checks, bank checks, automatic payments, and electronic payments.

3. Here and in succeeding tables, Hispanics are counted separately from other Caucasians.

classifications; they should be viewed as preliminary to a more formal, multivariate analysis (see note 2 in appendix B).

USE OF TRANSACTION ACCOUNTS BY FAMILIES

The survey provides a rich source from which to address the general payments behavior of each family surveyed. In particular, sufficient information was collected to estimate the distribution of family expenditures during the month preceding the survey among three payment methods: (1) cash and money orders, (2) credit cards, and (3) checks. Checks cover all noncurrency withdrawals from depository institutions and include personal checks, bank checks, automatic payments, and electronic payments.

Total monthly expenditures for each household using each payment method were calculated in the following manner. For each account re-

2. Monthly use of credit cards and main checking accounts of families with selected characteristics, 1984[1]

Family characteristic	Credit cards: Families owning this method (percent)	Credit cards: Owners using this method (percent)	Credit cards: Mean number of charges[2]	Credit cards: Mean size of charge (dollars)[2]	Main checking account: Families owning this method (percent)	Main checking account: Owners using this method (percent)	Main checking account: Mean turnover rate[3]	Main checking account: Mean number of checks[2]	Main checking account: Mean size of check (dollars)[2]	Main checking account: Mean share of total expenditures (percent)[2]
Income (dollars)										
Less than 10,000	32	53	4	36	67	91	3.1	10	116	48
10,000–19,999	67	67	5	49	85	94	6.3	13	120	64
20,000–29,999	79	75	6	63	94	97	4.6	16	138	59
30,000–49,999	87	82	7	52	96	96	4.7	18	166	58
50,000 or more	98	90	13	69	99	95	6.6	24	247	58
Age of head (years)										
Less than 35	68	78	7	52	83	94	6.0	17	129	61
35–44	78	79	8	50	90	98	7.8	20	147	62
45–54	75	79	8	68	86	96	5.0	18	156	56
55–64	70	72	7	56	83	94	3.8	15	160	60
65 or more	54	62	6	59	92	90	1.8	11	188	69
Race or national origin of respondent										
Caucasian	73	76	8	57	91	95	5.2	17	150	61
Nonwhite or Hispanic	49	69	4	47	65	89	3.8	12	174	65
Education of head										
Less than 12 years	43	52	4	52	69	92	3.6	10	154	65
High school diploma	62	70	5	51	86	93	5.2	15	156	62
Some college	77	77	7	49	92	97	4.3	17	131	62
College degree	91	87	10	64	97	95	6.0	20	163	59
Location										
Urban	65	75	7	51	83	94	5.2	15	162	62
Suburban	85	83	9	62	93	95	5.4	18	145	57
Rural	62	64	5	58	88	95	4.2	16	140	64
Marital and work status of head										
Unmarried										
In labor force	40	59	4	45	77	89	1.7	10	148	72
Not in labor force	65	78	7	55	83	93	4.6	15	123	63
Married										
Neither spouse in labor force	62	60	6	54	81	95	2.9	12	170	62
One spouse in labor force	77	77	8	59	89	95	6.5	18	140	58
Both spouses in labor force	83	80	8	57	94	94	6.3	19	178	59
All families	**69**	**75**	**7**	**56**	**86**	**94**	**5.0**	**16**	**153**	**61**

1. Some of the numbers in this table and in table 3 are based on data from only a small number of families. In these cases the averages are especially sensitive to extraordinary expenditures. For example, in table 3 the extremely large value of the average size of checks for the savings account of families with income between \$30,000 and \$50,000 can be traced to one family, which purchased an automobile for \$46,000. The median value, particularly for check size, would probably be more indicative of typical behavior but could not be computed because of the way the data were constructed.

2. For those using the payment method.

3. Here and in succeeding tables, the ratio of account expenditures to the average account balance for all account owners.

3. *Monthly use of other checking accounts, money market accounts, and savings accounts by families with selected characteristics, 1984*[1]

Family characteristic	Families owning this method (percent)	Owners using this method	Turnover rate[2]	Average number of checks[3]	Average size of check (dollars)[3]	Average share of total expenditures (percent)[3]
	Other checking accounts					
Income (dollars)						
Less than 10,000	5	46	1.3	6	184	46
10,000–19,999	11	40	1.1	8	167	26
20,000–29,999	21	66	1.5	9	216	28
30,000–49,999	25	60	2.0	10	297	33
50,000 or more	45	67	2.7	10	436	26
Age of head (years)						
Less than 35	17	57	2.1	8	288	30
35–44	22	63	2.6	11	300	28
45–54	26	72	2.5	10	360	25
55–64	19	51	.9	9	276	40
65 or more	10	50	.7	6	299	30
Race or national origin of head						
Caucasian	21	61	1.8	9	311	29
Nonwhite or Hispanic	7	43	3.5	7	276	37
Education of head						
Less than 12 years	6	42	.6	10	200	33
High school diploma	15	56	2.0	10	380	36
Some college	20	69	2.1	11	281	35
College degree	32	61	2.0	8	300	23
Location						
Urban	16	60	1.7	9	279	32
Suburban	24	66	3.1	9	311	27
Rural	18	52	1.1	10	379	29
Marital and work status of head						
Unmarried						
In labor force	8	42	.2	5	144	26
Not in labor force	15	52	2.0	6	477	33
Married						
Neither spouse in labor force	12	38	.7	8	200	28
One spouse in labor force	23	63	1.6	9	277	28
Both spouses in labor force	27	67	2.6	11	297	30
All families	**19**	**60**	**2.3**	**9**	**310**	**30**
Family characteristic	Money market accounts					
Income (dollars)						
Less than 10,000	14	12	.0	9	177	48
10,000–19,999	24	9	.1	2	1,311	47
20,000–29,999	28	29	.2	3	755	27
30,000–49,999	35	18	.1	3	3,076	46
50,000 or more	59	27	.1	4	2,303	46
Age of head (years)						
Less than 35	18	20	.1	4	1,387	46
35–44	29	19	.1	4	1,746	44
45–54	33	22	.1	2	2,307	41
55–64	41	20	.1	4	2,424	39
65 or more	32	20	.0	5	1,045	39
Race or national origin of head						
Caucasian	32	21	.1	4	1,872	42
Nonwhite or hispanic	14	12	.0	1	1,219	29
Education of head						
Less than 12 years	15	2	.0	13	2,383	27
High school diploma	22	4	.1	17	1,507	53
Some college	29	6	.1	19	1,361	40
College degree	48	11	.1	24	2,052	39

3. Continued

Family characteristic	Families owning this method (percent)	Owners using this method	Turnover rate[2]	Average number of checks[3]	Average size of check (dollars)[3]	Average share of total expenditures (percent)[3]
	Money market accounts—continued					
Location						
Urban	25	20	.1	4	1,273	40
Suburban	41	21	.1	3	2,486	41
Rural	25	18	.1	3	1,992	47
Marital and work status of head						
Unmarried						
In labor force	25	19	.0	5	1,408	33
Not in labor force	26	18	.1	7	714	44
Married						
Neither spouse in labor force	30	17	.2	2	2,564	53
One spouse in labor force	32	22	.1	3	2,062	34
Both spouses in labor force	31	21	.1	3	2,255	46
All families	**29**	**20**	**.1**	**4**	**1,837**	**41**
Family characteristic	Savings accounts					
Income (dollars)						
Less than 10,000	34	7	.0	3	218	34
10,000–19,999	49	10	.1	2	270	20
20,000–29,999	62	16	.1	3	365	19
30,000–49,999	70	10	.1	2	1,996	27
50,000 or more	68	16	.6	2	715	17
Age of head (years)						
Less than 35	59	11	.1	2	476	24
35–44	64	14	.1	2	645	21
45–54	58	16	.1	2	1,702	19
55–64	44	7	.0	2	233	24
65 or more	44	10	.7	5	383	23
Race or national origin of head						
Caucasian	58	12	.2	2	877	22
Nonwhite or Hispanic	40	15	.1	2	285	22
Education of head						
Less than 12 years	32	13	.1	4	337	31
High school diploma	54	12	.1	3	380	21
Some college	60	9	.1	2	2,495	25
College degree	68	13	.4	2	554	18
Location						
Urban	53	12	.1	2	327	17
Suburban	61	13	.4	3	1,918	30
Rural	51	11	.1	2	405	22
Marital and work status of head						
Unmarried						
In labor force	33	13	.0	3	265	30
Not in labor force	54	14	.1	2	421	22
Married						
Neither spouse in labor force	41	4	.0	2	176	12
One spouse in labor force	59	10	.5	4	2,228	28
Both spouses in labor force	68	14	.1	2	445	18
All families	**54**	**12**	**.3**	**2**	**779**	**22**

1. See table 2, note 1.
2. For those owning the payment method.
3. For those using the payment method.

ported at a financial institution, the current balance plus cash withdrawals was subtracted from the balance reported for the previous month plus deposits (including interest) to yield total check withdrawals. Reported interaccount transfers, investments, and purchases of houses were subtracted from this total. These figures were summed over all deposit accounts to yield a measure of check withdrawals that conforms with the national income accounts definition of current expenditure. Note that this definition is broader than that of current consumption in that it also includes purchases of nonfinal goods such as used cars and lottery tickets.

Cash expenditures were computed in a similar manner by summing cash withdrawals (including checks for cash) for all accounts and netting out cash deposited to accounts and cash used for investments or purchases of houses. Cash obtained from other sources and used for expenditures was sometimes estimated from information given in the section on currency use; it was added to the total for cash withdrawals. These procedures technically produced an estimate of each family's net withdrawals of cash during the month, which would represent the expenditures with cash only if the family's cash reserves remained the same and all new cash were used for spending. In fact, family currency reserves probably change over time, and some cash is used to purchase alternative payment methods, such as money orders or travelers checks.

Credit card expenditures were computed by summing monthly charges reported on all cards held by any family member. Because most credit card bills are ultimately paid by check, the measurement of credit card expenditures is likely to represent double counting.

General Payment Patterns

The data indicate that all families make some cash payments. In terms of dollars, however, checks are the main means of payment for the sample as a whole and for all but three demographic subgroups: families with incomes of less than $10,000, those in which the head has an education of less than 12 years, and nonwhite or Hispanic families (table 1). These three groups each use cash as the primary means of payment. Although the use of all three methods rises in absolute terms with income, education, and the number of earners in the family, clearly households substitute credit cards and checks for cash as income rises. Note that the mean monthly expenditure and the mean percent of total expenditures in table 1 exhibit very different patterns across payment methods. This result is explained by the fact that a significant number of families do not use credit cards and checks, thus skewing the percentages and distributions toward zero. The typical household uses all three methods of payment, but 14 percent use cash exclusively, and about 36 percent of these families use money orders for 41 percent of their expenditures (not shown in the table).

Further insight into payments behavior can be obtained by examining disaggregated data on account use. Several different measures of activity computed for credit cards and for the family's main checking account are shown in table 2; activity in secondary depository accounts, including other checking, money market, and savings accounts, is shown in table 3. As might be expected, these data show great variation in the use of different accounts. Virtually all families with a main checking account use it, whereas the proportion of families using their other checking, money market, and savings accounts during the sample month was only 60, 20, and 12 percent respectively. When these other accounts are used, however, they typically are used for large expenditures that constitute a significant proportion of the family's expenditures. The infrequent use of such accounts is consistent with the low turnover rate shown for each of them. Other checking accounts, for example, have a turnover rate less than one-half that of the main checking account.

A comparison of account use across demographic groups also reveals several differences. Low-income, less-educated, and nonwhite or Hispanic families are significantly less likely than other families to have secondary accounts or to use them when they have them. When families in such groups do use secondary accounts, however, they appear to use them for roughly the same proportion of their total expenditures as other households. Activity in both main and secondary checking accounts bears a relationship to income that is worth noting. Both the number of checks and the average size of checks increase at roughly the same rate in response to income. Use of money market and savings accounts shows a much more erratic relationship to income. Families headed by older individuals or by persons outside the labor force appear to use their secondary accounts in roughly the same fashion as other families, but they have much lower turnover rates. This finding suggests that these families tend to carry higher account balances per dollar of expenditure than other families. Somewhat surprisingly, the number of workers in married families appears to bear little relationship to account activity. The only exception is reduced use of other checking accounts for families in which neither spouse works.

Credit card use shows patterns similar to those for depository institution accounts. Low-income, less-educated, older, rural, and nonwhite or Hispanic families are less likely to have credit cards or to use them when they do. As in the case of checking account use, the number and average dollar size of credit card transactions rise roughly in tandem with income. However, despite the fact that credit cards are widely used by virtually every group, they account for a relatively small proportion of total expenditures.

Account Characteristics and Payment Patterns

The results just presented may in part reflect differences in transaction costs or in use of alternative methods of payment for various demographic groups. For example, if payment of checking account fees based on the number of checks written is inversely related to income, then the greater reliance on cash by lower-income groups may be explained by their attempt to minimize the cost of making payments. Or the high proportion of cash expenditures in lower-income groups may simply be caused by the smaller proportion of these groups that own checking accounts. To account for such possibilities, we examined the payment practices of families having different combinations of payment methods, the terms on their main checking account, and their use of automated teller machines.

As mentioned, exclusive reliance on cash as a method of payment is found primarily among lower-income families, but both checking accounts and credit cards are widely distributed among such families: two-fifths of the lowest-income group have checking accounts, and about one-fourth of that group have both checking accounts and credit cards (table 4).

For low-income families with checking accounts, the proportion of total expenditures made with cash does not differ significantly from that for middle-income families (table 5). Although the volume of check and credit-card expenditures among low-income families is relatively low, the distribution of their expenditures among the different methods of payment is similar to that of middle-income families. Only in the highest-income group does the proportion of expenditures made with cash decline significantly.

Table 5 also shows that the proportion of expenditures from accounts other than the main checking account increases with income. In contrast, although the percentage of families using credit cards rises with income, the share of total expenditures made with credit cards is nearly constant across income groups.

The survey obtained information on the payment of interest and the fees charged on the main checking accounts of families (table 6). The proportion of families whose main checking account

4. Distribution of families with selected characteristics, by method of payment, 1984
Percent

Family characteristic	Cash	Cash and check	Cash, check, and credit card	Total
Income (dollars)				
Less than 10,000	33	41	26	100
10,000–19,999	15	21	63	100
20,000–29,999	6	18	76	100
30,000–49,999	4	10	86	100
50,000 or more	1	2	97	100
Age of head (years)				
Less than 35	17	19	65	100
35–44	10	15	75	100
45–54	14	14	72	100
55–64	17	18	66	100
65 or more	8	38	53	100
All families	**14**	**21**	**66**	**100**

5. Distribution of total expenditures of families with selected characteristics, by available selected methods of payment, 1984

Percent

Family characteristic	Checking and other accounts, no credit card			Checking and other accounts and credit card			
	Cash	Main checking account	Other accounts[1]	Cash	Main checking account	Other accounts[1]	Credit card[2]
Income (dollars)							
Less than 10,000	24	71	5	23	64	6	7
10,000–19,999	31	66	3	24	60	9	7
20,000–29,999	32	61	7	21	55	16	8
30,000–49,999	16	67	17	20	51	22	7
50,000 or more	12	88	0	12	55	24	9
Age of head (years)							
Less than 35	33	61	6	20	56	15	9
35–44	26	69	5	16	58	19	7
45–54	23	73	4	18	50	25	7
55–64	20	60	20	17	52	21	10
65 or more	20	56	20	17	58	18	7
All families	**24**	**69**	**7**	**17**	**55**	**20**	**8**

1. Other accounts include other checking accounts, money market deposit accounts, money market mutual fund accounts, and savings accounts.

2. Average for families making credit card charges in the month preceding the survey.

pays interest rises from 30 percent in the lowest-income group to 44 percent in the highest-income group. The proportion of families that do not pay fees on their main checking account, however, does not appear to be related to income except among those families earning $50,000 or more, for whom the proportion is markedly higher. Families headed by individuals aged 65 years or more are more likely than other families to have main checking accounts that pay interest and are less likely than other families to pay fees on those accounts.

The distribution of total expenditures of families with main checking accounts that pay interest is similar to that for families with regular main checking accounts (not shown in the tables). *Families that normally pay checking account* fees based on the number of checks written pay only a slightly higher share of expenditures with cash than families that normally do not pay fees. This result, however, can be attributed primarily to relatively greater cash expenditures in one income group ($10,000–$19,999).

About 42 percent of all families have cards for

6. Distribution of checking account holders with selected characteristics, by type of fee on main checking account, and proportion of such families whose main checking account pays interest, 1984

Percent

Family characteristic	Does not usually pay a fee	Usually pays a fee				Account pays interest
		Fee depends on account balance	Fee depends on number of checks	Fee depends on balance and number of checks	Fee depends on other factors	
Income dollars						
Less than 10,000	61	13	14	8	4	30
10,000–19,999	58	12	9	9	11	38
20,000–29,999	53	16	12	10	8	39
30,000–49,999	57	14	11	10	8	39
50,000 or more	72	12	3	7	7	44
Age of head (years)						
Less than 35	44	18	12	15	11	39
35–44	47	16	13	10	14	34
45–54	54	18	12	10	6	40
55–64	76	7	5	6	5	38
65 or more	86	5	7	7	1	40
All checking account holders	**59**	**14**	**10**	**9**	**8**	**38**

7. Proportion of families with selected characteristics that own an ATM card and their frequency of cash withdrawals with the card, 1984

Family characteristic	Families owning an ATM card (percent)	Monthly number of cash withdrawals with ATM card[1]	
		Mean	Median
Marital status of respondent			
Married	42	3	2
Single male	43	3	2
Single female	32	4	2
Income (dollars)			
Less than 10,000	19	4	0
10,000–19,999	31	3	2
20,000–29,999	40	4	2
30,000–49,999	52	5	2
50,000 or more	65	3	2
Age of head (years)			
Less than 35	48	5	3
35–44	47	4	3
45–54	44	2	1
55–64	34	2	0
65 or more	21	1	0
Education of head			
Less than 12 years	15	2	0
High school diploma	33	3	1
Some college	50	3	2
College degree	58	4	2
Race or national origin of head			
Caucasian	43	3	1
Nonwhite or Hispanic	28	4	2
Location			
Urban	39	4	2
Suburban	56	3	2
Rural	28	3	0
Work status of head			
Working	47	4	2
Not working	22	2	0
Work status of spouses			
One spouse working	40	3	1
Both spouses working	49	4	2
How head is paid[2]			
Check	43	3	2
Cash	36	3	2
Automatic transfer	70	5	3
Other	40	6	4
How family is paid[3]			
Check[4]	42	3	1
Cash[5]	28	3	2
Automatic transfer[6]	68	5	3
Other	36	6	4
Method of deposit of social security check[7]			
Check directly deposited	30	3	0
Check not directly deposited	17	1	0
Family holdings of credit cards			
No credit cards	26	2	0
One or more credit cards	47	4	2
All families	42	3	2

1. For owners of ATM cards.
2. For employed family heads.
3. For couples with at least one employed member.
4. Neither member of couple paid in cash or by automatic transfer.
5. At least one member of couple paid in cash.
6. At least one member of couple paid by automatic transfer and neither member paid in cash.
7. For families receiving social security income.

automated teller machines (ATMs) (table 7). Ownership of ATM cards is positively related to income and higher levels of education and inversely related to age. Single females, nonwhites or Hispanics, and retired heads of families are significantly less likely than other groups to have ATM cards. Suburban families and families whose paychecks or social security checks are deposited automatically are more likely to have ATM cards, possibly an indication of greater financial sophistication.

Nearly half of families with checking accounts have ATM cards, but as shown in table 8, only about 30 percent of these families use them. Use of automated teller machines is also positively related to income and negatively related to age. Families that use ATMs appear to make a somewhat greater proportion of their expenditures with cash, especially families that use ATMs one to three times a month. Particularly noteworthy is the greater use of cash by families with incomes of $50,000 or more that use ATMs one to three times a month: these families make 17 percent of their expenditures with cash, whereas families that do not use ATMs or that use ATMs more frequently make only 11 percent of their expenditures with cash.

CASH ACQUISITION AND USE

Cash, which includes currency and coin, is usually ill-suited for transactions that involve very large sums of money or for which payment at a remote location is required. In other cases, however, cash is usually a highly suitable means of payment. To use cash, one must maintain an inventory of it that one replenishes as payments are made. Because maintaining a large supply of cash is costly (interest income is forgone, and there are security risks), individuals have an incentive to hold a relatively small average supply that is replenished frequently. On the other hand, because cash acquisition is costly ("shoe-leather" costs are incurred, and fees may be

8. Distribution and use of payment methods of checking account holders with selected characteristics, by use of ATMs, 1984

Percent

Family characteristic	Does not have card	Has card but does not use ATMs				
		Proportion of checking account holders	Share of total expenditures			
			Cash	Main checking account	Other accounts	Credit cards
Income (dollars)						
Less than 10,000	72	13	22	64	9	5
10,000–19,999	62	14	19	67	4	10
20,000–29,999	57	15	20	56	16	8
30,000–49,999	46	21	17	48	29	6
50,000 or more	34	26	11	53	28	8
Age of head (years)						
Less than 35	44	13	16	56	21	7
35–44	50	14	16	53	22	9
45–54	50	24	16	50	26	8
55–64	63	21	12	46	35	7
65 or more	76	18	13	67	13	7
All checking account holders	**55**	**18**	**15**	**54**	**23**	**8**

Family characteristic	Uses ATMs fewer than four times per month				
	Proportion of checking account holders	Share of total expenditures			
		Cash	Main checking account	Other accounts	Credit cards
Income (dollars)					
Less than 10,000	7	33	62	0	5
10,000–19,999	14	34	56	2	8
20,000–29,999	13	22	50	19	9
30,000–49,999	14	20	61	10	9
50,000 or more	17	17	56	19	8
Age of head (years)					
Less than 35	16	28	57	6	9
35–44	15	18	63	10	9
45–54	17	18	49	27	6
55–64	9	18	58	14	10
65 or more	4	27	41	16	16
All checking account holders	**13**	**21**	**56**	**14**	**9**

Family characteristic	Uses ATMs four or more times per month				
Income (dollars)					
Less than 10,000	8	33	45	10	12
10,000–19,999	10	25	64	3	8
20,000–29,999	15	27	48	14	11
30,000–49,999	20	21	57	14	8
50,000 or more	23	11	56	22	11
Age of head (years)					
Less than 35	27	28	57	6	9
35–44	20	16	56	19	9
45–54	10	13	58	20	6
55–64	7	19	68	4	9
65 or more	1	65	14	13	8
All checking account holders	**15**	**18**	**55**	**17**	**10**

charged) individuals also have an incentive to hold a larger average supply that is replenished less frequently.

The survey provides a great deal of information on patterns of cash acquisition and use. This part of the survey is different from the others in that the unit of observation is the individual respondent rather than the family. This restriction is motivated by the fact that respondents can give information about the transaction accounts of other family members that is likely to be more accurate than information about the cash accounts. For example, for transaction accounts with written records, data on each account, whether joint or separate, can be gathered from the individual respondent who consults these records. But for the cash account, written records generally are lacking, and the respondent cannot be expected to have accurate information on the cash transactions of other household members. Thus, the unit of observation for these data was the respondent rather than the family, and therefore we used sampling weights based on characteristics of the respondent, whereas, for the family data, we used sampling weights based on characteristics of the respondent's family. When thus weighted, the respondents represent all noninstitutionalized U.S. residents aged 18 years or more—more than 176 million persons at the time of the sampling.

The survey collected two kinds of information about patterns of cash acquisition and use. The first kind is the description by respondents of their own "typical" behavior in managing cash balances: how frequently they obtain cash, how much cash they usually have on hand before they obtain more cash, and how much cash they typically get when they obtain it. Also, individuals were asked to identify their usual source of cash.

The second kind of information the survey collected about cash acquisition and use focuses on the most recent occasion on which the individual had obtained cash (not counting change returned for a purchase made using cash). This information is more easily recalled than information about typical behavior and allows for the collection of considerably more details about the use of cash: the date on which respondents last obtained cash, the amount of cash they had on hand before this acquisition, the amount they acquired, the amount they spent during the first hour and during the first day after the acquisition, the amount they had remaining at interview time, and the next date on which they expected to obtain cash. The interview date was also recorded. Respondents were also asked how much of the cash they obtained on the last occasion had since been deposited into an account or used to purchase a financial asset, given to a family member, or used to purchase a money order or traveler's checks. This information is useful for distinguishing how much cash is used for financial purposes (that is, redistribution, investment, or conversion to another form of payment) from how much is used to pay for goods and services. Respondents were also asked to identify the source of their cash on the last occasion they obtained it.

Patterns of Cash Acquisition

Individuals obtain cash to replenish their supplies in a variety of ways (table 9). For about 5 percent of the population, the receipt of income in cash is the principal mode of cash acquisition. Another small proportion, about 3 percent, typically obtain their cash from a family member. Thirty-seven percent of individuals ordinarily acquire cash by cashing a check drawn on someone else's account, such as a paycheck. But the

9. Distribution of individuals and of aggregate cash obtained, by principal source and method of acquiring cash, 1984

Percent

Source and method	Individuals	Aggregate cash obtained
From another		
Income received in cash[1]	5	6
From family member	3	4
Cash check drawn on another	37	44
From own account		
Cash own check at financial institution	32	29
ATM	11	9
Cash own check at store	8	6
Withdrawal from savings or credit union account	3	2
Total	**100**	**100**

1. Here and in succeeding tables, includes all sources and methods not otherwise classified.

10. *Distribution of respondents with selected characteristics, by principal method of acquiring cash, 1984*
Percent

Respondent characteristic	Method						
	Income received in cash	From family member	Cash check drawn on another	Cash own check at financial institution	ATM	Cash own check at store	Withdrawal from savings or credit union account
Marital status							
Married							
Male	6	2	39	31	12	6	3
Female	3	5	37	34	8	10	3
Single	7	1	34	34	12	8	4
Family income							
Less than 10,000	9	4	40	32	4	7	3
10,000–19,999	6	1	43	32	8	7	2
20,000–29,999	3	6	37	34	10	7	2
30,000–49,999	5	3	36	30	15	9	3
50,000 or more	1	3	24	38	18	11	4
Age (years)							
Less than 35	5	3	41	24	17	9	2
35–44	3	4	38	28	13	9	3
45–54	3	7	40	27	9	8	6
55–64	6	1	34	40	6	10	2
65 or more	8	1	38	56	1	4	4
Education							
Less than 12 years	9	3	44	36	1	4	3
High school diploma	4	3	46	30	7	8	2
Some college	5	3	29	36	14	8	4
College degree	5	4	26	32	20	10	4
Sex							
Male	6	2	38	31	12	6	3
Female	4	4	36	34	9	9	3
Race or national origin							
Caucasian	5	3	35	34	11	8	3
Nonwhite or Hispanic	7	7	45	24	8	7	3
Location of residence							
Urban	6	4	37	30	11	7	4
Suburban	4	2	34	33	15	9	2
Rural	5	2	40	37	5	8	2

majority, 55 percent, usually obtain cash by debiting one of their own accounts: by cashing a check drawn on their own account at a store or financial institution, by using an ATM, or by withdrawing funds from a savings or credit union share account.

A small proportion of the total amount of cash obtained by all individuals simply involves a transfer of cash from one person's inventory to another's, such as cash obtained from a family member or labor sold for cash. The bulk, however, is obtained by converting some part of a financial account balance into cash. When the conversion takes place at a depository institution, the cash so acquired represents a gross cash drain from the vault cash of that institution. As shown in table 9, the survey data suggest that at least 85 percent of the aggregate amount of currency obtained by individuals is acquired by methods that result in a gross drain of vault cash. When weighted to represent the U.S. adult population, gross outflow at the time of the survey amounts to about $65 billion per month. Since depository institutions held approximately $20 billion in vault cash at the time, this total implies that their aggregate vault cash turned over at the rate of about 3¼ times per month in support of the cash inventory practices of U.S. adults.

The principal methods of obtaining cash vary over demographic groups (table 10). As income rises, individuals are more likely to obtain cash from an ATM or by cashing their own check and are less likely to obtain cash by cashing a check they receive from someone else. Older persons, whether working or retired, acquire cash less frequently through ATMs and more frequently

10. Continued

Respondent characteristic	Method						
	Income received in cash	From family member	Cash check drawn on another	Cash own check at financial institution	ATM	Cash own check at store	Withdrawal from savings or credit union account
Labor force participation							
Respondent							
Working	6	3	39	28	13	8	3
Not working	4	5	34	41	5	7	3
Spouses							
One spouse working	4	6	40	29	10	9	3
Both spouses working	4	3	39	29	13	8	3
How respondent is paid[1]							
Check	4	2	46	27	11	8	2
Cash	36	2	18	22	8	7	6
Automatic transfer	4	3	13	31	29	14	8
Other	5	5	33	34	13	8	2
How family is paid[2]							
Check[3]	3	3	46	29	9	8	2
Cash[4]	16	12	30	21	9	9	4
Automatic transfer[5]	2	3	18	32	24	14	7
Other	3	5	37	35	10	7	2
Method of depositing social security check[6]							
Directly deposited	9	1	17	55	4	7	6
Not directly deposited	4	0	48	37	3	5	3
Family ownership of credit cards							
None	4	5	33	40	7	7	3
One or more cards	6	2	39	28	13	9	3
Family ownership of ATM cards							
None	6	4	45	35	0	7	3
One or more cards	4	2	25	31	26	9	3
Proximity to ATMs[7]							
Not near	5	1	16	33	24	13	7
Near	3	2	26	31	26	9	3

1. For employed respondents.
2. For couples with at least one employed member.
3. Neither member of couple paid in cash or by automatic transfer.
4. At least one member of couple paid in cash.
5. At least one member of couple paid by automatic transfer and neither member paid in cash.
6. For families receiving such income.
7. For families owning ATM cards.

by cashing a check drawn on their own account at a financial institution. An individual's typical source of cash is more likely to be an ATM or a store the more education the person has; less-educated individuals are more likely to obtain cash by cashing a check they receive from someone else. Finally, the cash acquisitions for individuals whose income is automatically deposited into an account are more concentrated in ATMs and in cashing checks drawn on their own accounts at financial institutions. For other individuals, cash is more likely to be obtained by cashing checks received.

The time between acquisitions of cash also varies systematically among groups of individuals (table 11). For example, as income rises, the time declines from a mean of about 18 days for persons with annual incomes of less than $10,000 to a mean of less than 8 days for persons with incomes of $50,000 or more. Persons with more education tend to acquire cash more frequently than those with less education, and younger persons more frequently than older persons. Individuals who typically obtain cash from ATMs have the shortest interval, averaging only about 7 days between cash replenishments, whereas individuals who typically obtain cash by withdrawing funds from a savings account have the longest, an average of about 17 days.

The amount of cash individuals typically acquire to replenish depleted supplies averages $135. Because a few individuals obtain very large

11. Typical and most recent behavior of respondents with selected characteristics in obtaining cash, 1984

Percent

Respondent characteristic	Typical behavior						Most recent behavior					
	Days between acquisitions		Dollars on hand before acquisition		Dollars acquired		Days between acquisitions		Dollars on hand before acquisition		Dollars acquired	
	Mean	Median	Mean	Median	Mean	Median	Mean	Median	Mean	Median	Mean	Median
Marital status												
Married												
Male	14	7	43	20	156	100	13	8	38	20	172	100
Female	11	7	24	10	117	67	11	8	28	10	129	65
Single	15	10	34	10	124	75	14	9	29	10	127	70
Family income												
Less than 10,000	19	15	28	10	135	80	17	14	24	10	123	60
10,000–19,999	15	7	32	15	149	100	14	8	28	10	135	70
20,000–29,999	11	7	30	15	123	63	12	8	35	15	139	75
30,000–49,999	10	7	40	20	131	75	11	8	39	20	150	80
50,000 or more	9	7	37	20	129	100	9	7	36	20	187	100
Age (years)												
Less than 35	10	7	26	10	121	50	9	7	26	10	116	60
35–44	10	7	37	12	137	75	11	7	43	15	162	80
45–54	11	7	35	20	136	100	11	7	36	20	165	100
55–64	17	7	38	20	147	100	16	10	32	15	157	75
65 or more	22	30	37	20	143	100	20	16	26	20	149	100
Education												
Less than 12 years	19	15	37	17	185	100	17	14	46	13	176	130
High school diploma	14	7	32	15	138	85	14	8	28	10	130	69
Some college	10	7	32	15	115	70	10	7	30	15	125	72
College degree	10	7	34	15	113	75	10	7	30	15	157	70
Sex												
Male	13	7	44	20	156	100	13	8	39	20	170	100
Female	13	7	25	10	114	63	12	8	26	10	123	60
Race												
Caucasian	12	7	34	15	128	75	12	8	30	15	139	75
Other	18	14	31	18	163	100	15	10	41	10	173	100
Location of residence												
Urban	14	7	34	17	139	100	13	8	33	15	131	90
Suburban	11	7	32	20	121	75	10	7	34	15	173	75
Rural	13	9	33	13	135	75	14	9	29	10	145	63
Labor force participation												
Respondent												
Working	11	7	33	15	129	75	11	7	35	15	143	70
Not working	17	15	34	15	143	100	16	12	27	12	149	100
Spouses												
One spouse working	13	7	34	20	145	100	13	8	40	20	154	100
Both spouses working	9	7	32	15	124	65	10	7	32	13	145	60

amounts of cash, however, the average exceeds the median amount, which is $80. Some groups of individuals tend to obtain larger amounts of cash than do others. The median amount acquired by males, for example, whether married or single, is $100 per transaction, and the median for females is $60. Individuals with higher incomes acquire larger amounts of cash than do individuals with lower incomes, but the quantity of cash obtained increases less than proportionately with income. Up to middle age, the amount of cash obtained on each occasion increases with age; beyond middle age, it does not. Individuals who acquire cash primarily through ATMs or by cashing checks at stores obtain relatively smaller quantities—median amounts of $50 and $35 respectively—and, as noted above, obtain cash most frequently.

Cash Velocity

The turnover rate, or velocity, of cash is a ratio defined as total spending out of cash during some interval of time, divided by average cash holdings during the same interval. Velocity measures the payments efficiency of cash in the sense that

11. Continued

Respondent characteristic	Typical behavior: Days between acquisitions		Typical behavior: Dollars on hand before acquisition		Typical behavior: Dollars acquired		Most recent behavior: Days between acquisitions		Most recent behavior: Dollars on hand before acquisition		Most recent behavior: Dollars acquired	
	Mean	Median	Mean	Median	Mean	Median	Mean	Median	Mean	Median	Mean	Median
How respondent is paid[1]												
Check	11	7	34	17	140	80	11	7	36	15	143	80
Cash	8	7	40	20	152	80	9	7	48	25	118	60
Automatic transfer	9	7	28	10	75	50	9	7	28	10	183	50
Other	11	7	34	13	111	57	9	7	33	10	99	50
How family is paid[2]												
Check[3]	12	7	33	17	144	100	12	8	36	15	148	90
Cash[4]	9	7	46	20	158	75	10	7	50	20	141	90
Automatic transfer[5]	9	7	25	13	89	60	9	7	26	10	176	60
Other	10	7	36	15	111	65	10	7	37	15	103	60
Method of depositing social security check[6]												
Directly deposited	18	15	40	20	125	100	18	14	25	15	143	100
Not directly deposited	26	30	30	16	167	100	22	16	23	10	170	100
Typical means of obtaining cash												
Income received in cash	13	7	36	20	166	100	12	9	47	25	143	100
From family member	10	7	27	10	112	75	10	7	31	10	100	50
Cash check drawn on another	15	10	42	20	185	112	15	9	38	15	173	100
Cash own check at financial institution	14	7	33	20	117	90	13	9	32	19	154	80
ATM	7	7	16	8	60	50	7	6	19	10	104	50
Cash own check at store	9	7	20	7	71	35	9	7	14	5	66	30
Withdrawal from savings or credit union account	15	14	28	15	108	80	15	13	32	15	103	80
Family ownership of credit cards												
None	16	14	32	15	137	100	15	11	26	11	141	85
One or more cards	11	7	34	17	132	75	11	7	36	15	147	75
Family ownership of depository accounts												
None	10	15	22	10	232	200	17	14	23	5	182	158
One or more accounts	12	7	34	17	127	75	12	8	33	15	142	75
Family ownership of ATM cards												
None	16	10	38	20	156	100	15	10	36	15	160	100
One or more cards	9	7	27	13	103	50	10	7	26	10	123	60
Proximity to ATMs[7]												
Not near	10	7	18	13	84	60	12	9	18	10	159	50
Near	9	7	27	13	104	50	9	7	27	10	121	60
All respondents	**13**	**7**	**33**	**15**	**134**	**80**	**13**	**8**	**32**	**13**	**75**	**75**

1. For employed respondents.
2. For couples with at least one employed member.
3. Neither member of couple paid in cash or by automatic transfer.
4. At least one member of couple paid in cash.
5. At least one member of couple paid by automatic transfer and neither member paid in cash.
6. For families receiving such income.
7. For families owning ATM cards.

a higher turnover rate implies that each dollar of cash outstanding supports a larger volume of spending. A central objective of obtaining sample data on the cash inventory practices of U.S. residents was to develop population estimates of average cash balances and turnover rates.

The survey was limited to U.S. family members aged 18 years or more, and thus it provides no direct information on the cash management of business enterprises (whether legitimate or "underground"), persons outside the United States, or persons aged less than 18 years. Neverthe-

12. Typical behavior of respondents with selected characteristics in holding and spending cash, 1984

Respondent characteristic	Proportion of respondents (percent)	Mean monthly cash expenditure (dollars)	Mean average balance (dollars)	Mean monthly turnover rate	Cash expenditures ratio (percent)[1]	Cash balance ratio (percent)[2]
Marital status						
Married						
Male	38	489	121	4.1	44	46
Female	38	399	82	4.9	36	31
Single	24	344	96	3.6	20	23
Family income						
Less than 10,000	20	297	97	3.1	14	20
10,000–19,999	22	421	105	4.0	22	23
20,000–29,999	20	412	92	4.5	19	18
30,000–49,999	23	464	105	4.4	26	24
50,000 or more	15	528	101	5.2	19	15
Age (years)						
Less than 35	32	446	86	5.2	34	28
35–44	20	463	104	4.5	22	21
45–54	17	468	103	4.6	19	17
55–64	16	424	110	3.9	16	17
65 or more	15	255	114	2.2	9	16
Education						
Less than 12 years	17	415	129	3.2	17	22
High school diploma	36	422	101	4.2	37	37
Some college	20	429	89	4.8	20	17
College degree	27	414	90	4.6	27	24
Sex						
Male	46	422	122	4.0	53	56
Female	54	366	82	4.5	47	44
Race or national origin						
Caucasian	83	424	98	4.3	84	81
Nonwhite or Hispanic	17	398	112	3.6	16	19
Location of residence						
Urban	51	426	104	4.1	52	53
Suburban	24	444	91	4.9	25	22
Rural	25	384	100	3.8	23	25
Labor force participation						
Respondent						
Working	66	463	97	4.8	73	64
Not working	34	337	106	3.2	27	36
Spouses						
One spouse working	27	466	105	4.4	30	29
Both spouses working	37	471	93	5.1	41	34

less, the survey results are significant because previously it was impossible to estimate directly from existing data the volumes of cash holdings and spending or to assess the accuracy of indirect estimates. The survey thus goes a long way toward filling an important gap in quantitative knowledge about the role of cash in the U.S. payments mechanism.

Individuals cannot be expected to recall accurately their total volume of spending with cash over a month or a year or to know the average amount of cash they held to support this spending; therefore, the survey did not attempt to solicit this information directly. Estimates of these quantities can be calculated from the survey responses, however, by using the framework of inventory theory as a guide. For example, suppose an individual reports that he or she obtains cash three times per month, typically has $20 on hand just before acquiring cash to replenish the inventory, and usually obtains $80. Over a representative interval between cash acquisitions, then, this individual spends $80 (the beginning inventory balance of $100 less the ending inventory balance of $20) and, assuming a uniform rate of spending over the interval, maintains an average inventory balance of $60 ($20 plus one-half of $80). Because there are three such intervals per month, total monthly cash expenditure is $240 ($80 × 3), and the average

12. Continued

Respondent characteristic	Proportion of respondents (percent)	Mean monthly cash expenditure (dollars)	Mean average balance (dollars)	Mean monthly turnover rate	Cash expenditures ratio (percent)[1]	Cash balance ratio (percent)[2]
How respondent is paid[3]						
Check	47	473	103	4.6	53	48
Cash	3	683	119	5.7	5	4
Automatic transfer	9	356	65	5.5	8	6
Other	6	425	89	4.8	6	6
How family is paid[4]						
Check[5]	44	474	104	4.6	49	45
Cash[6]	4	572	122	4.7	6	5
Automatic transfer[7]	11	411	70	5.9	11	8
Other	5	463	91	5.1	6	5
Method of depositing social security check[8]						
Directly deposited	12	268	104	2.6	8	12
Not directly deposited	12	290	116	2.5	9	14
Typical means of obtaining cash						
Income received in cash	5	510	115	4.4	6	6
From family member	3	464	84	5.5	4	3
Cash check drawn on another	37	498	133	3.8	44	49
Cash own check at financial institution	33	369	93	4.0	28	30
ATM	11	361	46	7.8	9	5
Cash own check at store	8	324	55	5.9	6	4
Withdrawal from savings or credit union account	3	293	85	3.5	2	3
Family ownership of credit cards						
None	40	345	102	3.4	40	41
One or more cards	60	470	99	4.7	60	59
Family ownership of depository accounts						
None	8	462	131	3.5	8	10
One or more accounts	93	417	98	4.3	92	90
Family ownership of ATM cards						
None	60	426	116	3.7	61	69
One or more cards	40	411	78	5.3	39	31
Proximity to ATMs[9]						
Not near	2	345	60	5.8	2	1
Near	38	415	79	5.3	38	30
All respondents	**100**	**420**	**100**	**4.2**	**100**	**100**

1. Total cash expenditures of subgroup as a share of total cash expenditures of all respondents.
2. Sum of average cash balances of subgroup members as a share of sum of average cash balances of all respondents.
3. For employed respondents.
4. For couples with at least one employed member.
5. Neither member of couple paid in cash or by automatic transfer.
6. At least one member of couple paid in cash.
7. At least one member of couple paid by automatic transfer.
8. For families receiving such income.
9. For families owning ATM cards.

amount of cash held over the month is $60; these figures imply a cash turnover rate of 4 times per month for this individual.

The average cash holdings and monthly cash expenditures of individuals have been used to calculate aggregate turnover rates rather than simple averages of individual turnover rates; the aggregate rates are calculated for any class of individuals by dividing the group's total volume of monthly cash expenditure by the group's total average holdings of cash (tables 12 and 13). Table 12 reports data derived from questions on typical cash spending patterns; table 13 is based on the last time the respondents obtained cash.

The estimated average cash holdings per individual amounted to about $100. Given the size of the sampled population at the time of the survey, these estimates imply that, in the aggregate, adult, noninstitutionalized U.S. residents held about $18 billion in cash, which they used for transactions. Given the sampling variation and a statistical confidence interval of 95 percent,

13. Most recent behavior of respondents with selected characteristics in holding and spending cash, 1984

Respondent characteristic	Proportion of respondents	Mean gross monthly cash expenditure[1]	Mean net monthly cash expenditure[1]	Mean average cash balance	Mean gross monthly turnover rate[1]	Mean net monthly turnover rate[1]	Gross cash expenditures ratio (percent)[2]	Net cash expenditures ratio (percent)[3]	Cash balance ratio (percent)[4]
Marital status									
Married									
Male	38	556	469	124	4.5	3.8	44	42	45
Female	38	457	396	93	4.9	4.3	37	36	34
Single	24	387	378	92	4.2	4.1	19	22	21
Family income									
Less than 10,000	20	298	291	85	3.5	3.4	13	14	16
10,000–19,999	22	484	429	96	5.1	4.5	22	22	20
20,000–29,999	20	450	410	104	4.3	3.9	19	19	20
30,000–49,999	23	500	450	114	4.4	4.0	24	25	25
50,000 or more	15	702	557	130	5.4	4.3	22	20	19
Age (years)									
Less than 35	32	490	422	84	5.9	5.0	33	32	26
35–44	20	535	480	124	4.3	3.9	22	23	24
45–54	17	563	498	119	4.7	4.2	20	20	19
55–64	16	467	400	111	4.2	3.6	15	15	16
65 or more	15	285	284	101	2.8	2.8	9	10	15
Education									
Less than 12 years	17	472	467	135	3.5	3.5	17	19	22
High school diploma	36	412	384	94	4.4	4.1	32	33	33
Some college	20	525	429	93	5.6	4.6	22	20	18
College degree	27	532	434	108	4.9	4.0	30	28	28
Sex									
Male	46	540	468	124	4.4	3.8	53	52	55
Female	54	420	381	88	4.8	4.3	47	48	45
Race									
Caucasian	83	479	417	100	4.8	4.2	84	82	80
Other	17	463	444	127	3.6	3.5	16	18	20
Location of residence									
Urban	51	441	421	99	4.5	4.3	47	51	48
Suburban	24	568	479	120	4.7	4.0	29	27	28
Rural	25	459	368	101	4.5	3.6	24	22	24
Labor force participation									
Respondent									
Working	66	519	454	106	4.9	4.3	72	71	67
Not working	34	393	359	101	3.9	3.5	28	29	33
Spouses									
One spouse working	27	547	497	117	4.7	4.3	31	32	30
Both spouses working	36	534	428	104	5.1	4.1	41	37	37

these holdings represented only 11 to 12 percent of the stock of currency and coin in circulation outside banks, which was $153.9 billion (not seasonally adjusted) in the second quarter of 1984. Unless respondents have severely understated their cash holdings, more than 85 percent of the U.S. currency stock outside depository institutions was held—apart from some that may be lost and unaccounted for—by other agents such as business enterprises, persons in other countries, and persons aged less than 18 years. It does not seem likely that children could have held cash inventories much greater than the total holdings of adults. In addition, the cash holdings of businesses generally consist of cash received from sales and inventories of cash held for making change and minor purchases. Because there are strong economic and safety incentives to minimize cash holdings, legitimate businesses are not likely to hold much more cash than all adults. Therefore, the survey results suggest that a large proportion of the U.S. currency stock is held either in hoards, "underground," or offshore and thus for purposes not directly related to measured domestic economic activity.

According to the survey results, the cash holdings of individuals were turned over at an aggregate rate of about 4.2 times per month in support

13. Continued

Respondent characteristic	Proportion of respondents	Mean gross monthly cash expenditure[1]	Mean net monthly cash expenditure[1]	Mean average cash balance	Mean gross monthly turnover rate[1]	Mean net monthly turnover rate[1]	Gross cash expenditures ratio (percent)[2]	Net cash expenditures ratio (percent)[3]	Cash balance ratio (percent)[4]
How respondent is paid[5]									
Check	47	553	475	107	5.0	4.5	53	53	48
Cash	3	542	520	108	5.0	4.8	4	4	3
Automatic transfer	9	535	373	119	4.5	3.1	10	8	10
Other	6	380	376	82	4.6	4.6	5	6	5
How family is paid[6]									
Check[7]	44	547	474	110	5.0	4.3	50	49	46
Cash[8]	4	543	490	120	4.5	4.1	5	5	5
Automatic transfer[9]	11	576	407	114	5.0	3.6	13	10	12
Other	5	395	394	88	4.5	4.5	4	5	4
Method of depositing social security check[10]									
Directly deposited	12	315	313	96	3.3	3.2	8	9	11
Not directly deposited	12	323	291	107	3.0	2.7	8	9	13
Typical means of obtaining cash									
Income received in cash	5	496	477	118	4.2	4.0	5	6	6
From family member	3	418	389	82	5.1	4.8	3	3	3
Cash check drawn on another	37	569	481	125	4.5	3.8	44	42	44
Cash own check at financial institution	33	438	381	109	4.0	3.5	30	30	34
ATM	11	507	453	71	7.1	6.4	11	11	7
Cash own check at store	8	308	266	47	6.6	5.7	5	5	4
Withdrawal from savings or credit union account	3	307	297	83	3.7	3.6	2	2	3
Family ownership of credit cards									
None	40	390	361	97	4.0	3.7	33	35	37
One or more cards	60	534	462	110	4.9	4.2	67	65	63
Family ownership of depository accounts									
None	7	466	461	114	4.1	4.0	7	8	8
One or more accounts	93	477	418	104	4.6	4.0	93	92	92
Family ownership of ATM cards									
None	60	466	418	116	4.0	3.6	59	59	66
One or more cards	40	490	427	88	5.6	4.9	41	41	34
Proximity to ATMs[11]									
Not near	2	567	557	98	5.8	5.7	3	3	2
Near	38	486	420	87	5.6	4.8	39	38	32
All respondents	**100**	**476**	**453**	**104**	**4.6**	**4.3**	**100**	**100**	**100**

1. Gross cash expenditures are all cash expenditures, including financial transactions and cash given to other family members. Net cash expenditures exclude these two categories. Gross and net cash turnover rates are defined as gross and net cash expenditures respectively, divided by average cash balances.
2. Total gross cash expenditures of subgroup as a share of total gross cash expenditures of all respondents.
3. Calculation in note 2 using net cash expenditures.
4. Sum of average cash balances of subgroup members as a share of sum of average cash balances of all respondents.
5. For employed respondents.
6. For couples with at least one employed member.
7. Neither member of couple paid in cash or by automatic transfer.
8. At least one member of couple paid in cash.
9. At least one member of couple paid by automatic transfer and neither member paid in cash.
10. For families receiving such income.
11. For families owning ATM cards.

of about $420 in gross cash expenditure. Gross expenditure here is taken to include all cash expenditures, financial investments, and transfers to other family members. These estimates imply that the stock of cash held by the sampled population supported a flow of expenditure that, at an annual rate, amounted to about $920 billion. Thus, although individuals' holdings of cash represented a small fraction of the U.S. currency stock, these balances were used very actively in support of trade.

The aggregate turnover rates reported in tables 11 and 12 can be broken down into weighted averages of turnover rates for groups of individuals with similar demographic or other distinguishing characteristics; the individual weights are the product of the fractions of aggregate cash holdings accounted for by the group members and their respective population weights described in appendix B. This type of analysis is the starting point for assessing probable secular changes in the aggregate cash turnover rate given projected demographic shifts. As revealed in the tables, the cash turnover rate varies substantially across classes of individuals using different methods for acquiring cash. The general pattern is that the cash turnover rate tends to be highest for those groups of individuals who acquire cash through methods with comparatively low marginal convenience costs—ATMs, check cashing at stores, and from a family member. These individuals also tend to acquire cash with the highest frequency and to hold relatively small average cash inventories. The high turnover rate of cash obtained through ATMs, coupled with the low average supply of cash maintained by individuals who acquire it principally from ATMs, suggests that the widening use of ATMs may damp the growth of the aggregate currency demand of individuals and increase the aggregate velocity of cash.

The survey also shows strong life-cycle effects in the cash turnover rate, which is highest for younger individuals and declines with age. Older individuals acquire cash less frequently, maintain higher average inventories of cash, and have a lower dollar volume of spending out of cash than do younger persons. Taken as a percentage of income, however, cash expenditures are highest for individuals aged less than 35 years, decline to a low of about 23 percent for middle-age individuals, and thereafter increase with age.

Based on respondents' reports of their typical behavior, average cash inventories do not vary significantly across income classes, but cash expenditures rise strongly with income. The result is that cash turnover rates rise with income. Respondents' reports of their most recent cash acquisition confirm the positive link between turnover rates and income found in the data describing typical behavior; but they contradict the finding there about cash inventories, which they suggest do increase, though less than proportionately, with income. In both sets of data, cash expenditures rise with income, but less than proportionately.

Summary of Findings

This article has presented some preliminary results from the 1984 Survey of Currency and Transaction Account Usage. An important finding is that different means of payment have different uses that vary over socioeconomic classes. While all families use cash for expenditures, 14 percent use only cash. Checking accounts are by far the principal means of payment, covering an average of 57 percent of total family expenditures. As income rises, the use and dollar volume per transaction of secondary transaction accounts rises, though that increase is less than proportional. Although credit cards are widely used, credit card expenditures on average are a relatively small fraction of total family expenditures. One surprising implication of the findings on cash inventories is that less than 15 percent of the stock of currency in the United States (adjusted for vault cash and known losses) is held for transaction purposes by the sampled population of individuals.

The availability of ATMs has increased rapidly across the country. At the time of the survey, 43 percent of families had ATM cards, but only 30 percent of families actually used an ATM card in the month preceding the survey. Use of ATMs is higher for younger and for higher-income families. On average, individuals who use ATMs as their principal source of cash maintain average cash holdings that are significantly smaller, and they replenish them more often.

Appendix A: Survey Design

The 1984 Survey of Currency and Transaction Account Usage employed multistage probability sampling to select 2,500 residential telephone numbers. At the first stage, the universe of these telephone numbers was stratified geographically. Final sample telephone numbers with the first-stage selection of prefix numbers were randomly drawn from 44 states and the District of Columbia.

The sample represents the four major U.S. regions—Northeast, North Central, South, and West—in proportion to their populations. At each telephone number, the individual selected as respondent was either the head of the family or, in the case of a married couple, a financially knowledgeable spouse.[1] Respondents were encouraged to consult other family members and financial records in an effort to obtain complete and accurate responses. Nevertheless, as is the case with all sample surveys, the data are subject to errors of sampling, reporting, and nonresponse. Appendix B discusses the influence of these factors in the results of the survey.

Certain facts about this survey sample should be noted. First, the sample is restricted to families with telephones. For this reason, it is likely that single individuals and poorer individuals and families are sampled less frequently. Second, there are two types of sample elements for each observation, the individual respondent and the respondent's family. For each telephone number, only one person was chosen as a respondent. For this reason, single individuals are more likely to have been chosen than married individuals with similar characteristics. To the extent that the behavior of groups excluded from the sample is represented by similar groups within the sample, population characteristics may be estimated with appropriate individual and family sampling weights as described in appendix B.

Interviewing for the survey was conducted by the Survey Research Center of the University of Michigan primarily in the second quarter of 1984, a period chosen because it is the least likely to exhibit strong seasonal effects. A total of 1,946 interviews were obtained by the end of the survey, in August 1984.

1. In the survey, the family is defined as an individual living alone or as any number of persons related by blood or marriage who are living together. The head of the family is defined as the individual living alone, the male of a married couple, or the adult in a family with more than one person and only one adult. When there is no married couple and more than one adult, the head is the person designated by the family. Adults are persons aged 18 years or more.

Appendix B: Errors of Sampling, Reporting, and Nonresponse

The results of any survey and the estimates of population characteristics derived from it are subject to errors based on the degree to which the sample varies from the population, errors arising during the interview, and errors derived from incomplete responses.

Errors of Sampling

Sampling error is a measure of the possible random deviation of the survey findings resulting from the selection of a particular sample. Table B.1 contains the approximate sampling errors associated with various sample sizes and reported percentages from a survey, assuming a confidence level of 95 percent. Therefore, for most responses, the chances are 95 in 100 that the estimated value lies within a range equal to the reported percentages plus or minus the sampling error. For most of the tables in this article, the appropriate sample size is between 1,000 and 2,000 respondents.

B.1 Approximate sampling errors of survey results, by size of sample[1]

Percentage points

Survey results (percent)	Size of sample				
	3,000	2,000	500	300	100
50	2.5	2.8	3.6	6.2	10.5
30 or 70	2.3	2.5	3.3	5.7	9.6
20 or 80	2.0	2.2	2.9	4.9	8.4
10 or 90	1.5	1.7	2.2	3.7	6.3
5 or 95	1.1	1.2	1.6	2.7	4.6

1. Two standard errors.

Errors of Reporting

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

Errors of Nonresponse

Nonresponse errors may arise because a family selected for participation in the survey could not be interviewed, perhaps because the family refused to participate, could not be contacted after callbacks, or was unable to respond for medical reasons or because the interviewer and the respondent did not share a common language. Errors of nonresponse may be reduced by imposing strict requirements for response rates on the organization conducting the interviewing. A response rate of 78 percent was achieved for the 1984 Survey of Currency and Transactions Account Usage. Errors of this type, like reporting errors, are not precisely measurable.

As is the case in virtually every household survey, the Survey of Currency and Transactions Account Usage also contained observations with missing values for some of the variables. Of the 1,946 observations in the original set of data, 1,122 were incomplete. The average number of missing values, however, was quite small—about 3 out of 230 variables per observation. Most key variables were present in all but a small proportion of observations. For example, data on the amount of currency usually obtained was missing in only 4 to 5 percent of the interviews. The dollar amount of family income was the most frequently missing variable; it was missing in about 10 percent of the observations, though a significant proportion of these respondents furnished information on their range of income.

Sixty-one cases were discarded from the sample because most of the dollar values were missing or because values of key variables were highly implausible. For the remaining 1,885 observations, all missing values were imputed. Briefly, we imputed the missing values by iteratively estimating the distribution of variables that were missing; after this estimation, which was conditioned on the set of variables observed for a given case, we calculated the most probable estimates of the missing values. We made final imputations using the estimated value plus a random term that preserves unexplained variation within the sample.[2]

Sampling Weights

One means of making formal correction for nonresponse bias is to use sampling weights in the calculation of population statistics.[3] In the case of the Survey of Currency and Transaction Account Usage, two population universes of U.S. residents are of interest: noninstitutionalized families and noninstitutionalized individuals aged 18 years or more. For purposes of computing appropriate sampling weights, the survey sample was post-stratified by marital status, sex, age, race, and income for individual respondents and for their families. Corresponding population frequencies were estimated using the 1983 Survey of Consumer Finances.[4] For each cell, individual sampling weights and family sampling weights are given by the ratio of the respective universe and sample cell frequencies. All calculations reported in this article were made using the individual or the family sampling weights.

2. Details of this procedure are given in Robert B. Avery, Gregory E. Elliehausen, Arthur B. Kennickell, and Paul A. Spindt, "A Microanalytic View of the Payments Mechanism: Some Preliminary Results from the Survey of Currency and Transaction Account Usage" (paper presented at the annual meeting of the Financial Management Association, October 9–11, 1985).

3. D.G. Horwitz and D.J. Thompson, "A Generalization of Sampling Without Replacement from a Finite Universe," *Journal of the American Statistical Association*, vol. 48 (December 1952), pp. 396–404.

4. Robert B. Avery and Gregory E. Elliehausen, *1983 Survey of Consumer Finances* (Board of Governors of the Federal Reserve System, forthcoming).

Treasury and Federal Reserve Foreign Exchange Operations: Interim Report

This interim report, covering the period August through October 1985, is the twenty-sixth 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.

After rising for a time in August and early September, dollar exchange rates dropped sharply after an announcement on September 22 by the Ministers of Finance and Central Bank Governors of the five major industrial nations.[1] The monetary authorities agreed to pursue additional, specific policies to sustain and accelerate more balanced expansion with low inflation, and to cooperate more closely in furthering an orderly appreciation of nondollar currencies. For the August–October period as a whole, the dollar extended the decline that had begun in early 1985, against a background of spreading perceptions that U.S. economic growth was slowing while activity abroad was picking up. By the end of October, the dollar had fallen nearly 11 percent in terms of the Japanese yen compared with its level at the end of July, by about 6 percent relative to continental currencies, and by 2 percent against the pound sterling. On a trade-weighted average basis, the dollar closed about 5½ percent lower than its levels at the end of July, and 22 percent below its highs of late February 1985.

As the period opened, the dollar continued the irregular decline that had occurred during the previous five months, but the pace of decline was slowing. Economic statistics were still suggesting that growth of U.S. production and employment remained sluggish during the summer months. But market participants doubted that U.S. interest rates would extend the decline that had begun earlier in the spring since they viewed the Federal Reserve as likely to be increasingly cautious in the face of continued rapid monetary growth. Starting in late August, the dollar actually began to rise as it appeared that the outlook for U.S. economic growth might be more favorable than had been predicted earlier. Trade and employment data that were better than anticipated prompted market participants to change their expectations for the U.S. economy and for interest rates. Under these circumstances, commercial customers as well as professionals acted to cover short positions and to reduce hedges against dollar assets established when the dollar

1. Federal Reserve reciprocal currency arrangements
Millions of dollars

Institution	Amount of facility, October 31, 1985
Austrian National Bank	250
National Bank of Belgium	1,000
Bank of Canada	2,000
National Bank of Denmark	250
Bank of England	3,000
Bank of France	2,000
German Federal Bank	6,000
Bank of Italy	3,000
Bank of Japan	5,000
Bank of Mexico	700
Netherlands Bank	500
Bank of Norway	250
Bank of Sweden	300
Swiss National Bank	4,000
Bank for International Settlements:	
Swiss francs–dollars	600
Other authorized European currencies–dollars	1,250
Total	**30,100**

1. The text of the statement made on September 22, 1985, by the Ministers of Finance and Central Bank Governors of France, the Federal Republic of Germany, Japan, the United Kingdom, and the United States is available on request from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

had been falling. Moreover, evidence of a renewed flow of private foreign capital into the U.S. securities markets during September, after a temporary slackening in August, helped to dispel concern that the dollar's decline since the spring would cause a major shift of investor preferences toward nondollar currencies. The dollar reached its highest levels of the three-month period under review during the second week of September, as traders anticipated that upcoming "flash" estimates of gross national product would reveal strong growth in the third quarter.

By mid-September, however, market participants began to question whether the expected pickup in economic activity would be strong enough to sustain dollar exchange rates at the levels they had reached, which were 4 to 9 percent higher than those of early August. As these questions led some professionals to take profits, the dollar fell, dropping further when the "flash" GNP estimate turned out to be lower than most market forecasts.

The dollar's fall then gained momentum after September 22, when the G-5 Finance Ministers and Central Bank Governors made their announcement following a meeting in New York. The statement drew attention to changes already occurring in fundamental economic conditions around the world, in particular the shift to more moderate growth in the United States, stronger growth in other countries, and the convergence of inflation rates at a lower level. Recognizing that these changes had not yet been fully reflected in exchange rates, the officials affirmed the strong prospects for progress in reducing international economic imbalances and the intentions of the G-5 governments to implement policies to sustain and accelerate these improvements. Each of the countries issued a specific statement of policy intentions to intensify individual and cooperative efforts to achieve sustained noninflationary expansion.

The G-5 announcement had an immediate and strong effect on dollar exchange rates. In part, the exchange market reaction reflected the fact that the announcement was unexpected. More importantly, market participants noted that the initiative had come from the United States and viewed it as a change in the U.S. government's previously perceived attitude of accepting or even welcoming the strong dollar. In addition, the agreement was interpreted as eliminating the likelihood that the Federal Reserve would tighten reserve conditions in response to rapid U.S. monetary growth.

In these circumstances, the dollar dropped sharply on the day following the G-5 announcement even before any official intervention occurred. With Tokyo closed for a holiday, the first central bank operations were in Europe; the dollar had already fallen against major foreign currencies by the time the Bundesbank stepped in to sell dollars at the afternoon fixing in Frankfurt for the first time in more than six months. Later the same day, the U.S. authorities conducted their first operation during the period under review, selling dollars against Japanese yen and German marks in a visible manner to resist a rise of the dollar from the lower levels.

During the next few days, there was some skepticism in the market that the lower dollar levels would be maintained, and a number of commercial customers responded to the apparently attractive rates by buying dollars. This phenomenon was most dramatic in Tokyo where, when the market opened on Tuesday, September 24, after a three-day weekend, demand for dollars by corporations and investors spurred the largest turnover on record for spot dollar–yen trading. The Bank of Japan then responded with massive dollar sales. Even though these sales were partly offset by sizable normal interest earnings, Japan's published foreign exchange reserves dropped nearly $1 billion in the month of September. Following these and other operations in subsequent days by the Japanese and other G-5 central banks, market participants came to believe that the authorities were firmly committed to the joint effort, and upward pressures on the dollar abated. The U.S. authorities sold a total of $199 million against German marks and $262 million against the Japanese yen during the last week of September and the first week of October, operating repeatedly and visibly at times when the dollar showed a tendency to rise from the lower levels it had reached.

In the two weeks beginning October 7, the dollar came under heavier upward pressure, reflecting strong commercial and investor demand. While impressed with the central bank intervention, market participants still anticipated additional economic policy initiatives. The demand for dollars was spurred when the annual World Bank–IMF meetings in Seoul, Korea, passed without any policy announcements. Also, some statements, attributed to monetary officials at the Seoul meetings, were viewed as expressing satisfaction with the extent of the dollar's decline and suggesting that it would not fall much further. Also contributing to upward pressure on the dollar were growing perceptions that U.S. economic activity was picking up and that new estimates of third-quarter growth of GNP would show a substantial upward revision.

The demand for dollars, especially against the German mark, intensified around mid-October when commercial participants who had held off meeting their dollar needs after the G-5 announcement reentered the market. But the dollar's rise was largely held in check by coordinated intervention by the United States and other monetary authorities. On October 16, as the dollar staged its strongest rebound since the G-5 announcement, the Trading Desk of the Federal Reserve Bank of New York sold $797 million against German marks and $67 million against Japanese yen, and on the next day it sold additional amounts as the dollar eased back when the upward revision of the U.S. GNP statistics failed to live up to expectations. During the two weeks after the September 22 communique, the United States sold a total of $1,550.2 million against German marks and $617.6 million against Japanese yen. These operations, some of which were conducted in Far Eastern markets as well as in New York, were closely coordinated with those of the Bank of Japan and European G-5 central banks in their own centers.

During the last two weeks of October, much of the upward pressure on the dollar relative to the European currencies abated in response both to the intervention operations and to a fading of optimism about the U.S. economic outlook. The upward pressure on the dollar vis-à-vis the Japanese yen, however, was slower to subside—even though the government of Japan had announced on October 15 a program to increase the rate of growth of domestic demand. Accordingly, the Desk's dollar sales in this two-week period, while more modest in size, were concentrated in yen. In all during these two weeks, the U.S. authorities sold $482.9 million against Japanese yen and $87 million against the German mark.

Late in October the Bank of Japan allowed Japanese money market interest rates to drift higher. It was then that the dollar began to decline particularly sharply against the yen. Many market observers viewed the Japanese actions on interest rates as possibly representing the first of a series of steps to be taken by the G-5 countries to lower interest differentials favorable to the dollar. Despite denials by U.S., German, and Japanese officials that any agreement existed for such coordinated interest rate policy moves, the idea persisted, and the dollar declined across the board to close near its lowest levels of the three-month period under review. It ended October about 13 percent below the level at which it had traded in the week before the G-5 meeting in terms of the Japanese yen, 10½ percent down in terms of the German mark, and 8 percent down vis-à-vis sterling. Total intervention sales of dollars by the U.S. authorities, which were split equally between the U.S. Treasury and the Federal Reserve, came to $3,198.7 million during the three months. After September 22, the central banks of France, Germany, Japan, and the Unit-

2. Drawings and repayments by the Argentine central bank under special swap arrangements with the U.S. Treasury

Millions of dollars, drawings or repayments (−)

Amounts of U.S. drawings on Treasury facilities	Outstanding September 30, 1984	1984:4	1985:1	1985:2	1985:3	Outstanding October 31, 1985
500 million	*	500	−230 −270	*	*	*
150 million	*	*	*	75 68	−71.4 −71.4	*

Data are on a value-date basis.
*No facility.

3. Net profits or losses (–) on U.S. Treasury and Federal Reserve current foreign exchange operations

Millions of dollars

Period	Federal Reserve	U.S. Treasury Exchange Stabilization Fund
August 1, 1985–October 31, 1985	0	0
Valuation profits and losses on outstanding assets and liabilities as of October 31, 1984	–451.0	–202.7

Data are on a value-date basis.

ed Kingdom sold about $5 billion. The central banks of other G-10 countries sold more than $2 billion.

In other operations, Argentina repaid its drawing on its swap agreement with the U.S. Treasury established on June 19, 1985. The drawing was repaid as scheduled in two installments of $71.4 million each on August 15 and September 30. The payments coincided with Argentina's drawings from the International Monetary Fund under its new economic stabilization program. Also completed at the same time were the repayments of $460 million of outstanding credits to Argentina from 12 foreign central banks, representing their part of the cooperative bridging facility established in June.

In the period from August through October, the Federal Reserve and the Exchange Stabilization Fund (ESF) realized no profits or losses from exchange transactions. As of October 31, cumulative bookkeeping or valuation losses on outstanding foreign currency balances were $451 million for the Federal Reserve and $203 million for the Treasury's ESF. These valuation losses represent the decrease in the dollar value of outstanding currency assets valued at end-of-period exchange rates, compared with the rates prevailing at the time the foreign currencies were acquired.

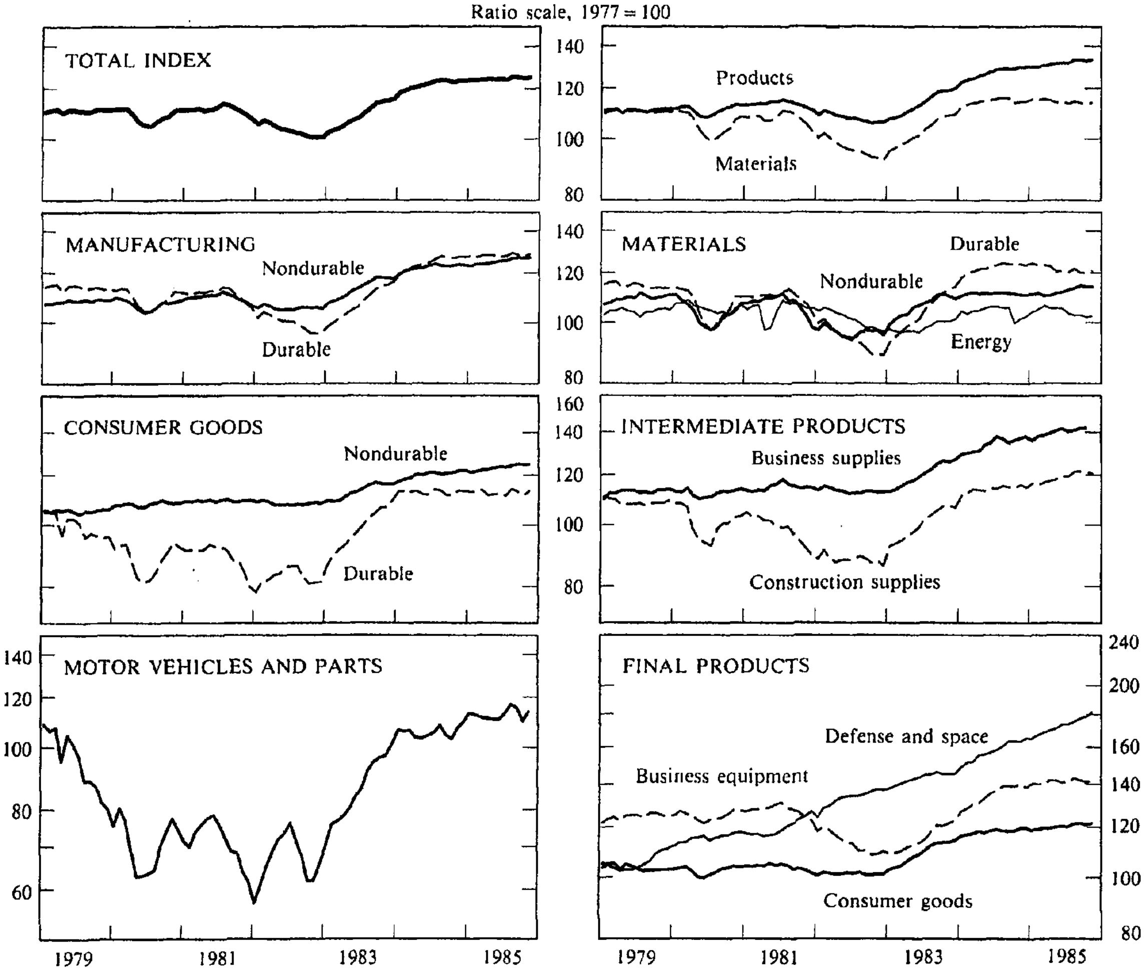
The Federal Reserve and the ESF invest foreign currency balances acquired in the market as a result of their foreign operations in a variety of instruments that yield market-related rates of return and that have a high degree of quality and liquidity. Under the authority provided by the Monetary Control Act of 1980, the Federal Reserve has invested $1,796.6 million equivalent of its foreign currency holdings in securities issued by foreign governments as of October 31. In addition, the Treasury held the equivalent of $2,672.1 million in such securities as of the end of October. □

Industrial Production

Released for publication December 13

Industrial production increased an estimated 0.4 percent in November following a downward revision of 0.4 percent in October. In November, most market groups posted gains following declines in October. Over the last three months, total industrial production has changed little. At 125.1 percent of the 1977 average, the index in November was 1.4 percent higher than that of a year earlier.

In market groups, output of consumer goods increased 0.4 percent in November, reflecting a rise of 1.4 percent in durable goods and a gain of 0.1 percent in nondurable goods. In November, autos were assembled at an annual rate of 7.7



All series are seasonally adjusted. Latest figures: November.

Group	1977 = 100		Percentage change from preceding month					Percentage change, Nov. 1984 to Nov. 1985
	1985		1985					
	Oct.	Nov.	July	Aug.	Sept.	Oct.	Nov.	
	Major market groups							
Total industrial production	**124.6**	**125.1**	**-.2**	**.9**	**-.1**	**-.4**	**.4**	**1.4**
Products, total	132.5	133.1	.0	1.1	.1	-.4	.4	2.5
Final products	132.6	133.2	.1	1.1	.0	-.5	.5	1.9
Consumer goods	121.1	121.7	-.2	1.1	.2	-.5	.4	1.8
Durable	111.6	113.1	-.6	2.5	-1.0	-1.2	1.4	-.2
Nondurable	124.6	124.8	-.1	.7	.6	-.2	.1	2.5
Business equipment	141.1	141.9	.4	1.2	-.6	-.7	.5	1.5
Defense and space	178.7	181.5	.3	.9	1.1	.7	1.6	11.1
Intermediate products	132.5	132.6	-.5	1.0	.4	.0	.1	4.2
Construction supplies	121.1	120.8	.2	1.8	.0	-.4	-.2	4.4
Materials	113.6	114.2	-.5	.7	-.4	-.4	.5	-.4
	Major industry groups							
Manufacturing	127.5	128.1	.2	1.0	-.3	-.3	.5	1.7
Durable	127.9	128.9	.2	1.2	-.7	-.5	.8	1.1
Nondurable	127.0	127.1	.1	.8	.3	.0	.1	2.7
Mining	106.0	105.6	-1.7	-.4	-.5	-1.6	-.4	-3.0
Utilities	113.4	114.0	-2.4	-.3	2.6	.1	.5	1.7

NOTE. Indexes are seasonally adjusted.

million units, only slightly higher than the strike-affected rate of 7.6 million units in October. However, lightweight truck production rebounded sharply in November. Output of home goods, which includes appliances, rose an estimated 0.7 percent following a gain of 1.0 percent in October.

Production of business equipment rose 0.5 percent in November, with gains in most categories; October data, however, were revised downward. Output of defense equipment increased 1.6 percent following an upward revision of 0.7 percent in October. Materials output rose 0.5 percent in November following a decline in October; production of durable goods materials increased 0.7 percent, while nondurable materials edged up 0.2 percent.

In industry groups, manufacturing output increased 0.5 percent in November. Durable manufacturing rose 0.8 percent, with output of iron and steel rising again, while nondurable manufacturing changed little. Mining production declined 0.4 percent further in November; the output of utilities rose 0.5 percent.

Statements to Congress

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Domestic Monetary Policy of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, December 12, 1985.

I appreciate the opportunity to discuss with you questions relating to the operational problems experienced by the Bank of New York on November 21 and the response of the Federal Reserve Bank of New York. My remarks will be relatively brief. Mr. Corrigan, President of the New York Federal Reserve Bank, who was on the scene and who is here with you today, is in a position to review in full detail the specific facts and the Federal Reserve's response to the events as they unfolded.

The settlement problem, which resulted in the loan of $22.6 billion to the Bank of New York, was caused by a failure of the computer system software. The effects in this instance were of unprecedented magnitude, measured by the amount of the overnight loan. But the effects in terms of market performance and risk were well contained.

It is also true that more limited computer interruptions, either at private participants or at one of the Reserve Banks, are not unusual. The impact is typically small, reflected only in temporary delays of minutes or hours in operations or in final settlement for a day's work. This time, the interruption was much more prolonged, extending overnight. Consequently, potentially serious implications for the payments system and for the securities markets were highlighted although they were avoided in this instance.

Since Mr. Corrigan will be reviewing in some detail the particular circumstances surrounding the Bank of New York (BONY) borrowing, I will simply turn to some of the policy issues.

Like it or not, computers and their software systems—with the possibility of mechanical or human failure—are an integral part of the payments mechanism. The scale and the speed of transactions permit no other approach. It is therefore appropriate to ask what type of backup systems—both hardware and software—and controls should be required of participants in the payments system, especially those participants with potentially large exposures measured relative to assets, capital, and any other measures.

That question is one that must, in the first instance, be faced by each participant. Those participants, however, also face intense competitive pressures to minimize costs and cash balances. As participants in and regulators of the payments system, the Federal Reserve has the responsibility to see to it that there is a countervailing pressure to provide protection against unacceptable risks for the system as a whole.

In approaching that question, the Federal Reserve has tried to identify and assess the risks facing participants in the payments and settlement mechanisms, and to determine how these risks interact and what can be done to limit them in a cost-effective way.

For some years, the Federal Reserve has been actively encouraging participants to adopt measures and policies to limit risk in payments and settlement systems, and we are reinforcing our own computer facilities, including backup systems. After long discussions with other interested parties, the Federal Reserve Board earlier this year, in May, issued a policy statement addressing certain problems in this area. That statement called upon participants in private funds transfer systems—including the so-called Clearing House Interbank Payments System (CHIPS), which handles some one hundred thousand individual international payments transactions, valued at several hundred billion dollars, per day—to better evaluate and control risks inherent in large-scale automated transfers. We also announced at that time measures to control and reduce so-called "daylight overdrafts" on our own books—

overdrafts that occur when, in the course of a day, a bank exhausts its reserve balance with a Federal Reserve Bank.

In the last analysis, no mechanical system can be *entirely* "fail-safe" and also be commercially viable. The costs would simply be too high, and the money and the Treasury securities markets could not operate at the present level of efficiency. Nor can key clearing operations be easily closed down in the middle of a day without having a potentially severe impact on markets and third parties, sowing confusion at the least, and at the worst a chain reaction of losses. In these circumstances, the importance of institutions having access to the discount window is evident; in this instance, we could extend credit with the knowledge that we were dealing with a known and a reputable depository institution, supervised by federal authorities.

The discount window advance to the BONY was, by any measure, enormous, but the collateral in our hands—U.S. government securities that had been delivered to us for the account of BONY—was sound, and the Federal Reserve Bank of New York also had further security from BONY. The market could, and did, proceed with its business, with minimal disruption. In contrast, had the Federal Reserve Bank of New York refused to make payments on behalf of BONY as it received government securities for its account, other market participants would have found themselves short of cash, other banks and their customers presumably would have been forced into overdraft and requests for discount window assistance, and financial pressures would have appeared elsewhere.

A question about the interest rate charged BONY for the use of the discount window in this circumstance is entirely appropriate. I have been assured, and Mr. Corrigan will explain more fully, that the net result of all financial transactions between the Federal Reserve and BONY was to offset fully the "subsidy" arising from the fact that the discount rate was below the federal funds rate prevailing that day.

Those particular results were, however, fortuitous. At the same time, BONY did incur substantial expenses because it had to finance overnight some $25 billion of securities, upon which it received no interest. Notwithstanding that circumstance, a special penalty rate, designed to encourage better backup systems, when exceptionally large borrowing is caused by the institution's own computer problems may well be appropriate. Over time we will also be reviewing, as already contemplated, our policies toward tolerable levels of daylight overdrafts.

Your letter, Mr. Chairman, also asks whether the Federal Reserve itself should play a large role directly in clearing securities—as a priced service—to reduce the overall risks to the System. That, frankly, is an area that we would be extremely reluctant to enter, but we will be glad to provide further analysis of the advantages and disadvantages.

I believe it would be wrong to overdramatize this incident. There was a serious operational problem that illustrated some potential vulnerabilities in the clearing mechanism. But it is also true that the problem could be dealt with effectively within our present arrangements—in that sense the system did, in this instance, prove "fail-safe." The overnight loan, huge as it was, was fully secured, with an ample margin of protection.

But the incident is also indicative of the relevance of our continuing efforts—and that of the banks—to control risk in the payments system and of effective supervision of the participants. That work may seem mundane and tedious—that is, until something goes wrong. Then, it is also seen as essential. □

Statement of E. Gerald Corrigan, President, Federal Reserve Bank of New York, before the Subcommittee on Domestic Monetary Policy of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, December 12, 1985.

I welcome this opportunity to appear before this subcommittee to testify about the circumstances surrounding the malfunction in the government securities clearance mechanism that occurred on November 21–22, 1985. Before turning to the specifics of that episode, let me make a few introductory remarks about (1) the workings of the book-entry system for Treasury securities, and (2) the structure and operation of the electronic network that permits the system to work with the speed and efficiency to which we are all so accustomed.

The most important operational characteristic of the book-entry system is its "payment against delivery" feature. That is, when bank A sells a security from its own account or from a customer account, the security is electronically delivered to bank B, and the reserve account of bank B is simultaneously and automatically debited to effect payment for the security. This feature of simultaneous and automatic payment in "final" funds is central to the efficiency and liquidity of the market. However, it is because of this feature of the system that it is common for large banks, especially large clearing banks, to have "daylight overdrafts" in their reserve accounts. And, it is because of this feature that the Federal Reserve has recently issued for public comment several proposals aimed at controlling daylight overdrafts growing out of such securities processing. These proposals, together with a more detailed discussion of the workings of the book-entry system, are summarized in appendix A.[1]

The electronic network over which transfers of securities and funds take place is a complex web involving the Federal Reserve Banks (and their branches), thousands of depository institutions throughout the country, and thousands of customers of depository institutions. The electronic linkages between these entities take several forms, ranging from the conventional telephone to direct interconnection by high-speed computer processors. While the network has thousands of participants, the vast majority are not "critical" participants since operational or other problems at most institutions do not have the potential for major consequences to others and can usually be worked around with relative ease. However, there are several dozen very large participants, certainly including the Reserve Banks and most of our large commercial banks, that constitute the "critical mass" of the system. A major interruption in processing by any one of these entities does have the potential for more generalized problems elsewhere in the system.

Unfortunately, but inevitably, such disruptions do occur. For example, through December 5 this year, there have been 70 days on which the closing of the securities wire has been extended two hours or more. In rough orders of magnitude, about half these extensions were due to hardware problems and half, to software problems; although in many instances both hardware and software problems appear to have their roots in very large processing volumes on particular days. Viewed from a different vantage point, about half the extensions were due to problems in a Reserve Bank and half were due to problems in the very large commercial banks. However, of the 70 episodes, only 4 episodes required the wire to remain open after 10 p.m., and before November 21, none of the episodes produced a situation in which the day's work was not completed.

The Events of November 21–22

Against that background, the Federal Reserve Bank of New York received a routine phone call from Bank of New York at about 8:00 a.m., November 21, indicating that Bank of New York was still in the process of completing its accounting and related work growing out of Wednesday's record volume of work and that it would not be in a position to begin the processing of Thursday's securities until late morning. In this time frame there was no indication of a major problem at Bank of New York. However, between 8:15 a.m. and 10:15 a.m. all the other major market participants began their normal

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

work flows that entailed deliveries of securities to Bank of New York—securities that, in the normal course, Bank of New York would redeliver for payment to others. Because Bank of New York was not in a position to process and redeliver these securities, the overdraft in its account began building the moment other banks commenced operations Thursday morning.

At about 11:30 a.m., we first learned of a software problem at Bank of New York. At that time, the overdraft in Bank of New York's securities account had reached almost $12 billion. While the overdraft position was large for that time of day, it was not cause for undue concern in a context in which there was still no indication of a sustained outage at Bank of New York. At about 2:15 p.m., a senior official at Bank of New York called the Federal Reserve Bank of New York with the first firm indication that the problem might be much more serious than had been previously thought. At that time, the overdraft in Bank of New York's securities account was in excess of $20 billion.

Between 2:15 p.m. and 4:00 p.m., it became increasingly clear that the problem at Bank of New York was of potentially major dimensions, although prospects for recovering still seemed reasonable. However, it was also in this time frame that it became very clear that Bank of New York's data base of account information and individual transaction data had been damaged. As events were to prove, it was the damage to such records that severely complicated the recovery process at Bank of New York and, as a practical matter, rendered unworkable several schemes that might have permitted the problem to be at least partially mitigated as the day proceeded.

When, at about 4:00 p.m., I personally learned of the apparent damage to data files at Bank of New York, I immediately requested senior management at the Federal Reserve Bank of New York to establish contact with top management at Bank of New York to get their appraisal of the situation. I also requested my associates at the Federal Reserve Bank of New York to begin drafting special loan agreements that could be used if Bank of New York could not solve its problem, thus necessitating a large loan at the discount window. Having been through a number of broadly similar situations, I remained hopeful that the problem would be solved, but the fact of the damaged data files did concern me greatly. In this time frame, Bank of New York was indicating that it expected to be operational in the period from 6:00 p.m. to 7:00 p.m., which, while late, would still provide ample time to get the day's processing completed while permitting a comfortable margin of time for all parties to get their end-of-day accounting and related work completed for the next day's opening of business.

Between 4:00 p.m. and 8:30 p.m., numerous conversations occurred between officials of the Federal Reserve Bank of New York and Bank of New York and, at about 8:00 p.m., the special loan agreements were executed. At about 8:30 p.m., we were advised that Bank of New York's data base problem had been solved and at 8:31 p.m. we received the first securities transfer message of the day from Bank of New York. At that time, Bank of New York's overdraft was almost $30 billion. By 10:00 p.m. we had seen only a trickle of securities transfers from Bank of New York. And, it was at this time that other problems and constraints began to crowd in on the situation. These problems included concerns about fatigue, technical constraints associated with keeping systems operational around the country after midnight, and the need to close down the systems in time to permit all parties to do the end-of-day processing to produce account statements that would permit an orderly opening of business on Friday. It is important to note here that while problems somewhere in the system are not uncommon, we have never been confronted with a situation that required the system to be kept open past midnight.

Nevertheless, the Federal Reserve Bank of New York decided to extend the processing hours as long as possible, based on a judgment as to how close we could shave it, while keeping in mind the time needed to do end-of-day processing. Thus, confronted with increasing evidence of potential problems at other institutions around the country, at about 12:30 a.m. the Federal Reserve Bank of New York broadcast a message nationwide that the securities wire would close at 1:30 a.m. and that the funds wire would close at 2:15 a.m. Bank of New York was notified of the decision in advance and was told to use the remaining time to process whatever it could and also to go into the market and raise money to reduce further its overdraft. However, given the hour and because the operating system at Bank of New York was, at best, limping along and because it did not have such large credit lines established, Bank of New York's debit position in its securities account was reduced only to $24.2 billion when the securities wire was closed at 1:30 a.m. After the close of the cash wire at 2:15 a.m., Bank of New York requested and was granted a discount window advance of $22.6 billion.

As it turned out, Bank of New York's estimate of its overall position at 2:15 a.m. was incorrect and, as a result, its reserve account was overdrawn by an additional $1 billion. Thus, the total credit extended to Bank of New York by the Federal Reserve Bank of New York was $23.6 billion.

Given the special loan agreements that had been executed early Thursday evening, the decision to grant the discount window advance was an easy one since the only alternative at that time would have been an inadequately secured overdraft of $23 billion. In that most fundamental sense, the important issues raised by this episode are not so much the fact of the discount window advance but rather its terms and, even more importantly, the underlying circumstances that permitted the buildup of the overdraft in the reserve account in the first instance.

The absolute size of the discount window advance is, of course, enormous by any standard. The loan is almost double the size of Bank of New York and exceeds its capital by a factor of about 23. It is far and away the largest overnight loan ever made through the discount window. This particular advance, however, should not be contrasted with large discount window advances to other institutions, such as the extended credit that was provided to the Continental Illinois Bank, since the circumstances in these cases are fundamentally different.

Under the terms of the special loan agreements, the loan was secured by all of Bank of New York's domestic assets and by all of the customer securities that they were empowered to pledge for such purposes. We estimate that the book value of the assets and securities available to secure the loan was about $36 billion, thereby providing a sizable margin of excess collateral. Since the loan was adequately secured, the Federal Reserve Bank of New York was never subject to risk of loss; and since the capital of Bank of New York was not impaired, its solvency was not in question.

The loan was made at the basic discount rate of 7.5 percent, which was 54 basis points below the prevailing federal funds rate that day. Thus, looking at the discount window advance itself, Bank of New York's interest expenses were less than a "market" rate would have produced. However, when one takes account of all the financial transactions between the Federal Reserve Bank of New York and Bank of New York growing out of this episode, interest savings is more than offset. Specifically, because of the penalties assessed on Bank of New York incident to the overdraft of $1 billion in its reserve account and because Bank of New York's problems prevented the delivery of certain securities to the Federal Reserve Bank of New York, which Bank of New York ended up financing but on which we, in effect, received the interest income, the net financial result of all transactions between Bank of New York and the Federal Reserve Bank of New York was in favor of the Federal Reserve Bank of New York. But, this result was by chance and leaves open the question of whether there should not be special terms associated with discount window lending of the nature encountered in this case.

As far as Bank of New York is concerned, the overall episode entailed direct out-of-pocket costs of about $5 million, which is about 7 percent of its earnings over the first three quarters of this year and, more importantly, is a sizable percentage of the gross revenues that it generates via its clearing activities. The cost to Bank of New York reflects the fact that it was required to finance almost $25 billion in securities overnight in a context in which the interest income on those securities accrued to those who were due to receive the securities. Indeed, those individuals and institutions who bought the securities in question received a windfall since they received interest for the day but did not incur any cost of financing.

Against this background, the subcommittee has raised a number of questions concerning the appropriateness of such a discount window advance being made at the basic discount rate and even larger questions as to whether, in the circumstances, the overall cost of the episode to Bank of New York reflects the seriousness of the situation taken as a whole. With regard to the first of those questions, I believe the episode does point to the need for a reconsideration of the terms of discount window advances in situations like this.

The second question is, however, more difficult to deal with, for in the end it raises very difficult value judgments. Looked at narrowly, one can argue that the cost to Bank of New York as referred to earlier is sizable, keeping in mind that there are indirect, as well as direct costs. On the other hand, it is also true that in the circumstances that prevailed on that day, Bank of New York could not have funded itself any other way than at the Federal Reserve nor could it have repositioned or liquidated the securities in question. In the final analysis, therefore, the ultimate backup implicit in access to the Federal Reserve discount window supports the effective operation of the clearing system, and the question is whether those operating and paying for the system in fact bear its true costs, including the cost of adequate computer backup facilities. In this regard, I would hope that this experience—including its direct and indirect costs to Bank of New York—would powerfully drive home the point that the oft-repeated concerns about payments risk are not simply a matter of abstraction but can be very real indeed and demand the attention of all who operate and manage the system, including the top management of financial institutions.

Of course, the saga of Bank of New York did not end with the extension of the discount window advance at 2:15 a.m., Friday. Indeed, as the normal business day opened later on Friday, Bank of New York still was not operational. As a result, by 11:00 a.m. it had accumulated a further overdraft in its reserve account of $2 billion. Faced with this situation, at about 11:30 a.m. we temporarily stopped accepting securities transfers for the account of Bank of New York in an attempt to stabilize the situation somewhat and to see whether it was practical to prevent further increases in the overdraft without causing excessive disruption in the market more generally. As described in the next section, experience with this temporary stoppage illustrated all too vividly the potential for more generalized disorder that can result from such a partial shutdown of the market.

Fortunately, shortly thereafter Bank of New York regained full operational capabilities and, with only a few further glitches, we were able to complete the day's business and close the securities wire at 8:00 p.m. and the funds wire at 8:45 p.m. Bank of New York had repaid its discount window advance in full and had closed the day with a comfortable positive balance in its reserve account.

As noted earlier, the most basic issues raised by this episode are not the discount window loan made at 2:15 a.m., Friday. Rather the real issues are (1) whether there was some alternate course of action available during the day on Thursday that would have prevented the overdraft from developing in the first place, and (2) if not, what can be done to mitigate against the reoccurrence of a similar situation in the future. The remaining sections of my testimony deal with the second question, but allow me to say a few words about the first at this time.

I have rigorously reconsidered, in retrospect, the question of whether on Thursday, November 21 we could have, or should have, done anything fundamentally different. My conclusion is that in the particular circumstances that we faced there was no reasonable alternative course of action available. That is, given the following: (1) experience with generally similar problems in the past; (2) Bank of New York's assurance that the problem would be fixed; (3) the fact that Bank of New York's overdraft was in excess of $15 billion by 12:30 p.m.; (4) the fact that the data files at Bank of New York were damaged; (5) the fact that the solvency of the bank was not in question; (6) the fact that the opportunity to secure the loan was there; and (7) the enormous uncertainties, if not disruption, that could result from a partial or a complete shutdown of the market, I believe that our actions were prudent, disciplined, and appropriate. In saying this, I should also confess that in some respects we were a bit lucky. The day in question was not an end-of-reserve-period settlement date; it was not a day on which there were other problems—technical or otherwise—in the markets; and unlike the preceding day, it was not a day in which the market was effecting settlement for billions of dollars in trading in mortgage-backed securities that had taken place over the previous month.

IMPORTANCE OF THE PAYMENTS MECHANISM

I think it is important to step back from the particular situation related to the Bank of New York's recent clearance problem and to address some of the broader questions related to the operations of the payments mechanism. At the outset, let me stress again the importance that we attach to maintaining an efficient and a safe payments system. In a manner of speaking, it represents the financial equivalent of our interstate highway system, hooking together depository institutions of all sizes throughout the country, and through them financial and nonfinancial firms throughout the world. However, because of the value, the volume, and the speed of traffic on the electronic version of the financial interstate highway system, the potential for disruptive chain reaction accidents is something that we must take seriously.

Yet, there is a tendency to take for granted that the payments system will always do the job in a safe and an efficient manner. In fact, only when there are highly visible disruptions to the system does the public even take some notice. And then the public does so typically only for a passing few days. So one of the reasons why we welcome these hearings, is the opportunity that they provide to reinforce the importance that we attach to keeping our payments system efficient, reliable, and trusted.

Much of the focus today is on a particularly vital element of that overall system; namely, the clearance and the settlement mechanisms for U.S. government securities. As this subcommittee well knows, the market for U.S. government securities is the largest, the most efficient, and the most liquid securities market in the world. It is true that, in the first instance, the depth and the resiliency of that market derive from the fact that the full faith and credit of the United States stands behind each U.S. Treasury security. But that market also draws considerable strength from the speed, the efficiency, and the low transaction costs that are associated with secondary market transfers over the book-entry system. These efficiencies contribute importantly to the liquidity of the market, to the attractiveness to investors of Treasury securities, to the Treasury's ability to carry out debt management operations, and to the Federal Reserve Bank of New York's ability to carry out Federal Reserve System open market operations.

Perhaps never has the need for an efficient market been more apparent than over the past month when, as a result of repeated delays in congressional passage of a permanent debt ceiling extension, the Treasury has had to do the following: (1) announce plans on two occasions to auction for same day delivery and settlement new issues of Treasury bills, one of $22 billion and another of $15 billion, all of which had to be sold, delivered, and settled within a period of hours, and (2) compact into a period of 11 business days in November the auction and settlement of more than $100 billion in bills, notes, and bonds.

It is difficult to imagine how debt management operations of this size would have been possible without the benefit of a highly efficient clearing and settlement system. Moreover, while these examples are somewhat unusual, just citing figures on the normal value and volume of government securities that clear *daily* through this system—averaging about $200 billion and 27,000 items—underscores the need for high-speed, efficient, and reliable clearings. All participants in the market—including the dealers, investors, the Federal Reserve, and the Treasury itself—have come to depend on this system. This dependence is not limited just to the efficiency and the availability of the system. Rather, this dependence extends in an ultimately crucial way to its safety and integrity as well.

If I ever had any doubts about this system—and I do not think I have—they were laid to rest on the second day of the Bank of New York's clearance problem. As I noted earlier, on that day we concluded that it was necessary to establish a temporary stoppage on securities transfers being sent over the system to the Bank of New York. The purpose of this stoppage was to attempt to stabilize the situation somewhat and, frankly, to see also whether it was practical to prevent further increases in the Bank of New York's overdraft on our books without causing excessive market disruption. Operationally, this stoppage meant that holders of government securities who had contracts to deliver those securities against payment to the Bank of New York for one of its customers were temporarily unable to make delivery under those contracts. And those firms that tried to send securities to the Bank of New York—including those firms whose computer systems were preprogrammed to make such deliveries once the securities were available—would have had the transfers rejected.

This temporary stoppage was only in effect for about one and a half hours, and it did not become generally known in the market until about one hour after it was put in place. Yet, even in this short period of time, the result was a backup in the willingness and the ability of some other market participants to transfer securities among themselves. This situation was especially true for other large clearing banks who were suddenly faced with the task of shutting off a segment of the flow of preprogrammed outgoing work in highly automated systems. They also found themselves in a position of potentially accumulating large overdrafts on our books since they could continue to receive transfers but were blocked from sending to a key, large-value end point. Perhaps most importantly, there was also some evidence that investors were beginning to seek to break trades and financing transactions with dealers who were serviced by the Bank of New York. For those investors selling securities to such dealers or seeking financing from them, there was the sudden prospect that they could no longer count on making delivery against automatic payment, as well as the uncertainty as to whether they would be held financially responsible for a failure to make good delivery.

Fortunately for all concerned, the Bank of New York was able to restore normal operations within a short time after the stoppage was put in place. So we did not have to confront a general stoppage in market activity or clearings that day. Yet all this action did was raise the specter of potentially larger and more disruptive problems should for any reason market participants suddenly have to confront doubts about their ability to clear government securities over this system in a safe, assured, low-risk manner. So what I conclude from this experience is that, at least as things now exist and without potentially major changes in market practices and clearing techniques, it is unrealistic to think of "disconnecting" a major participant except in circumstances that, in the end, might require closing the market as a whole.

All this experience naturally raises questions as to our current perspective on the broader issues related to payments system risk exposures. On that score, I think it is fair to say that the Federal Reserve has consistently been out front in calling attention to these issues and to the need for initiatives to better control these risk exposures. Indeed, in the early going, ours was something of a lonely voice on these issues. More recently, the importance of these issues has been recognized by a broad cross-section of bankers, supervisory authorities, and others with an interest in the strength of our financial system. But, even in the framework of this more constructive environment, the subject still has an aura of abstraction. We hope that the reality of a loan of $22.6 billion will instill at least some "religion" into the remaining agnostics on payments system risk.

Against that background, allow me to suggest several broad elements of concern that, in my judgment, should remain central to our thinking as we seek to further enhance the reliability of the payments system. These points of emphasis are not new, but, if anything, our recent experiences only serve to strongly reinforce their value as a framework for addressing payments system risk issues:

1. Operating the nation's payments system is an intrinsic function of banks and the central bank that is inexorably and irreversibly tied to the other functions of both. As an extension of this point, I am not at all sure that we can continue indefinitely to process an ever-increasing volume of payments against an ever-decreasing level of cash balances in the system.

2. Operating the payments system is not limited to pushing paper or to computer blips—as important as these processes are—but fundamentally entails continuous extensions of credit and hundreds of credit decisions a day. The "back office" must be incorporated into the "front office."

3. All participants in the major payments system have public responsiblities, including the

responsibility to take the larger, longer look at the manner in which their decisions, their systems, and their behavior add to or detract from not just the speed and efficiency of the system but also its strength and integrity.

4. And, since no system can ever be completely fail-safe, in either a credit or operational sense, all major participants have a collective interest in pursuing initiatives to lower the aggregate risk in the system and to provide the means to continue operations despite a problem at any major link.

Let me expand briefly on each of these points and what they imply.

For some time now, I have emphasized what I regard as the "special" functions that are performed by banks in our financial system and our economy generally—functions that justify the existence of the public safety net of federal deposit insurance and central bank discount window support and that warrant the regulation and the supervision of banks and companies that own and operate them. Operation of the payments system is one of those special core functions. From my perspective, this principle is firmly established in our traditions, if not laws, but is increasingly challenged by developments in the marketplace and, if I may be frank, by lack of developments in the Congress. The linkage between direct access to operations of the payments system, access to the banking safety net, and acceptance of the regime of banking regulations and supervision is central to efforts to ensure the public interest in the strength and the integrity of the payments system.

Just as I believe that you cannot separate operations of the payments system from the functions of banks and the central bank, I also feel that you cannot separate processing of large dollar payments and clearings from the credit extension process. The present operations of the book-entry clearing system amply demonstrate this point. As I have noted earlier, perhaps the single most important operational characteristic of that system is the ability to make delivery of securities against simultaneous receipt of final payment. This same feature often results in the clearing bank in effect extending daylight credit to its customers and in Reserve Banks extending such credit to the clearers. To be sure, that credit can be viewed in each case as supported by the underlying U.S. government securities, but it still constitutes credit. Most other large dollar payment transactions do not have the built-in protections provided by the book-entry system as it pertains to payment against delivery of U.S. government securities. Thus, if credit decisions are central to these transactions, they can only be even more important in the case of other large dollar payment transactions.

If, as I maintain, provision of large dollar payments and clearing services fundamentally entails managing credit exposures, then an important aspect of controlling payments risk is improved programs to address these credit exposures. For our part, we have been active on at least the following five fronts in this regard:

1. We have forced a broad-based dialogue on the general subject of payment risk, and we are now at the center of efforts to implement a program to control large dollar payments risk.

2. We are working closely with other bank supervisory agencies to promote strong internal bank policies and controls over settlement risk.

3. We are further stepping up our own bank examination efforts in the reviews of payment risk and clearing operations. In this regard, the Board's recently announced initiative to expand the frequency and the scope of examinations of large banks will enable us to do some in-depth target examinations of clearing operations *without* foregoing a regular full scope safety and soundness review of the overall bank.

4. We are strengthening our internal systems and back-up capabilities on FedWire to monitor developments and to control them as the need arises.

5. We are expanding still further our analytical and empirical efforts to better understand the workings of financial markets and institutions so that we can be better equipped to head off problems as well as to respond to problems if and when they arise.

As a general matter, bankers and their customers have also become much more attentive to the need to monitor and control credit exposure to payments risk. This heightened awareness to risk is a constructive development, but in a highly competitive environment, awareness does not easily translate into concrete actions to limit risk across the board. And, at the other extreme, there is always the danger that reactions can go too far and lead to greater defensiveness or steps at self-protection that can harm the functioning of the system as a whole. So even on this front we have to find the right balance between controlling credit exposures and not shutting off the flow of credit needed to keep the system functioning.

While much of our public emphasis and that of the industry has been on the issues of credit risk, we have not been ignoring the need to strengthen the operational systems that are used for large dollar clearings and settlement. The case for effective back-up systems is clear, but a vision as to what constitutes "effective" is somewhat elusive. At one time, the term "effective" implied that every major participant had redundant computer processors and communication lines, together with the ability to shift quickly from its main system to its back-up processor if a problem occurred. Then, when it became apparent that smooth, uninterrupted electrical power could not be taken for granted, various forms of sources of back-up power became more the rule than the exception. Still later, as the volume and the value of transactions grew exponentially, finely tuned elements of contingency planning and exceptions management began to take hold in a context in which it was increasingly recognized that the implications of major and extended outages somewhere in the system—including at a Federal Reserve Bank—could be highly disruptive.

As impressive as these developments were, experience shows that more effort is needed. We must, for example, improve our ability to diagnose and respond to problems whether of the software variety or of some form of hardware or other physical disruption to a data communications center that could knock out both a main system and a back-up system, which are typically located in the same location. Within the Federal Reserve, we are developing remote site back-up arrangements at Culpeper, Virginia, to support our FedWire system. But, in my personal view, even this arrangement may not be adequate to assure sufficiently quick recovery from any major outage at the New York Reserve Bank. For this reason we have, for many months, been considering the costs and the benefits of establishing a fully equipped back-up center within convenient reach of our main office. While such a facility would be very expensive, it seems to me that we must be prepared to give serious consideration to such an arrangement—despite its costs.

Finally, while I have no doubt that more can, and will, be done by individual institutions to strengthen their operations and to improve credit controls, it is unrealistic to expect that we will ever achieve a fail-safe payments system in either an operational or a credit sense. To use the episode of Bank of New York as a case in point, it is not at all clear that even the most elaborate and expensive back-up system would have materially altered its capacity to respond to the particular problem once the apparent limitation in the software was in place since the same software would have been in place at a back-up facility. To me this underscores the collective interest that all participants in the payments and clearing systems have in exploring ways to limit the impact of operational disruptions or credit problems on the system. As far as the operational side is concerned, a common goal could be to have in place effective operating techniques to bypass any one link in the system and thus to permit the continued functioning of at least the largest payments despite an extended operational outage at any one participant. In terms of the credit side, this procedure has to translate into a collective willingness to explore changes in clearing techniques *and* changes in market practices that would help reduce aggregate credit risk in the clearing system without impairing the smooth functioning of the markets that those systems serve. Neither of these goals will be easily achieved. On the operational side, further costly investments in back-up arrangements will be required. On the credit side, achieving the goals means rethinking market practices that have evolved over many years and that should not be changed without careful consideration of possible unintended side effects.

Summary and Conclusions

In the course of the preceding elements of this testimony, I have referred to a number of steps that seem, to me, to warrant particular attention as we seek to provide a higher level of assurance that episodes of the nature experienced on November 21–22 are not repeated. In the very near term, the priorities seem to lie in four areas: (1) considerations relating to the terms under which discount window credit is extended in similar situations, (2) the development of better techniques to secure securities-related daylight overdrafts, (3) efforts to explore possible opportunities whereby dealers and others may be able to bypass operational blockages even at a major institution, and (4) efforts to press ahead with stronger back-up facilities on the part of the Federal Reserve and other major participants even though such facilities may be quite costly.

In a somewhat larger time frame, we must also look with care for opportunities to alter market practices and incentives in ways that can strengthen reliability and reduce risk while at the same time preserving the liquidity and the efficiency of the market. That change will not be easy, but it must be done. □

Statement by William Taylor, Director, Division of Banking Supervision and Regulation, Board of Governors of the Federal Reserve System, before the Subcommittee on Commerce, Consumer, and Monetary Affairs of the Committee on Government Operations, U.S. House of Representatives, December 12, 1985.

I appreciate the opportunity to appear before this committee today to discuss the impact that faulty and fraudulent real estate appraisals may be having on federally insured depository institutions. In your letter you requested that the Federal Reserve respond to a number of questions on the policies and the procedures that it follows in reviewing property appraisals for real estate loans and on our experience regarding the extent to which such appraisals have been found to be inaccurate, either because of faulty procedures or fraud. The Federal Reserve's answers to these questions—which in the case of certain questions incorporate, as you requested, the responses of the Federal Reserve Banks of Atlanta, Dallas, San Francisco, and Chicago—are presented as an attachment to my statement.[1]

Let me begin by noting that real estate loans constitute a smaller proportion of the loan portfolios of state member banks than is the case for other groups of depository institutions. As of June this year, real estate loans accounted for approximately 16 percent of the total loans of state member banks; in comparison, the percentages for national banks and state nonmember banks were 26 percent and 37 percent respectively, while the percentage for savings and loan associations exceeded 90 percent. Moreover, the real estate loans of state member banks have generally expanded at a slower pace over the current decade than have such loans at other depository institutions. Indeed, the growth of real estate loans at state member banks was slower than the expansion of other components of their loan portfolios, so that the ratio of real estate loans to total loans has edged down slightly.

But while real estate loans would thus appear to pose less of a potential problem in the case of state member banks, we nonetheless agree that there is a good reason at this time for the Federal Reserve as well as the Congress to be concerned with conditions in the real estate market, with the policies and practices that have been, and are being, followed by financial institutions in making real estate loans and with the procedures that the federal agencies are following in supervising such activities.

As this committee is well aware, important areas of the nation's real estate market are currently experiencing serious difficulties and are creating problems of varying degrees of severity for our financial institutions. The most dramatic situation can be found in the market for farmland, where, given the generally depressed condition of our farm sector, prices in many areas have dropped very sharply over the past couple of years. As a result, landowners have generally experienced a substantial decline in their wealth, and, unfortunately, in all too many cases have been unable to service their mortgage indebtedness. Thus, financial institutions, too, have incurred large losses.

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

Serious strains have also developed in the commercial real estate markets, particularly for office buildings, in many cities of our country. Construction of office space has been outpacing demand for several years now, and office vacancy rates have been rising. These developments have been most apparent in a number of the sunbelt cities that experienced boom conditions in the late 1970s and early 1980s, but also can be increasingly found in a number of other cities. Moreover, incoming data continue to suggest that the situation in many cities may be getting worse as construction of new office space continues to outpace the rate of its absorption. Thus vacancy rates have continued to rise, in many cases to levels unprecedented in the post World War II period, and developers have been unable to get their buildings leased up sufficiently either to promote their sale or to meet the servicing requirements on construction loans. As a consequence, lenders in all too many cases have either become unexpected owners of buildings with much empty office space or have found it necessary to renegotiate loans to lengthen their maturity and to provide additional funds to support the leasing efforts of the developer.

Relevant to today's hearing, the important question that needs to be answered with regard to these conditions is the extent to which they can be attributed to faulty or fraudulent property appraisals. I have little doubt that there have been cases in both the market for farmland and for commercial properties in which loans have been made based on fraudulent or faulty appraisals. Human nature being what it is, that situation would seem to be unavoidable. But I do not believe that the problems are primarily or even largely traceable to such appraisals. Farmland appraisals that now appear to be much too high, for example, were made when there were boom conditions in the market, and it was a common view that land prices would continue moving up as they had moved over a long preceding period. One cannot expect those appraising property to be better at forecasting a sharp change in economic conditions than others in the marketplace.

Much the same kind of economic dynamics accounts for the fact that property appraisals in the commercial real estate market also now appear unrealistically high in many cases. The long period of inflation that was recorded in the late 1960s and throughout the 1970s affected, and to some degree continues to affect, the thinking of participants in this market. Over that period the general experience was that, if not seriously flawed in design or construction, real estate projects would eventually prove to be profitable. Thus, the view developed—and still continues to be expressed today—that while a newly constructed building might remain considerably underoccupied for a time, eventually inflation along with growth of the local economy would assure its sale at a price that provided a profit for the developer as well as the full repayment of loans that financed the project. But while widely held, this view has clearly been proved wrong as inflation has been brought under control and as growth of local economies has slowed. Here again, however, the failure of appraisals to hold up appears traceable not primarily to fraud or to faulty procedures but to the sharp shift in market conditions that was unexpected by appraisers as well as a great many other market participants.

Having offered that general judgment, however, let me go on to say that it is now necessary for developers, lending institutions, investors, and appraisers to recognize that economic conditions have clearly changed, and to incorporate that fact into the assumptions on which property values are based. It is my understanding that such a process is beginning to be clearly evident in the appraisals that are being made for new construction projects. That process, I must say, appears to have taken a really long while, but experience suggests that expectations—which are generally based heavily on extrapolation of past trends—are slow to change. Besides influencing appraisals for new property, however, it is equally important that the shift in current economic conditions and the outlook for future conditions be properly taken into account in reviewing appraisals that were formulated at earlier times on older properties under more optimistic conditions. More specifically, it is necessary for lending institutions observing that a building has failed to lease up or is leasing up only after substantial concessions not to continue to rely on an appraisal based on the assumptions that more favorable conditions would prevail. That is to say, while an appraiser and a banking institution should not be expected to "call" a marked turn in economic conditions, it is most reasonable to expect that, once it is clear that such a turn has occurred, it be quickly recognized.

There is, of course, as I have indicated, a gap between when circumstances first change and when that change begins to significantly offset the expectations of market participants. There is good reason to expect, then, that as time goes by, institutions will become increasingly inclined to revise overstated appraisals to make them more consistent with conditions.

To speed that process, however, and thus achieve a clear picture of the true state of real estate loan portfolios, the federal banking agencies have developed guidelines that will work to formalize and help promote uniformity in procedures followed in classifying problem real estate loans. An important element of these guidelines is that the appraisals of property underlying real estate loans will be carefully questioned, and when it appears that the property is overappraised, the bank will be required either to adjust down the appraisal immediately or to have the property reappraised by an independent appraiser. Obviously when this process results in a reduction in the estimated value of the property supporting a loan, it may be necessary for the examiner to classify the loan, to require the bank to add to its loan-loss reserve, and in some cases to require the recognition of loss, when appropriate. The Federal Reserve is now in the process of field testing these guidelines with the intention of eventually adopting them.

Besides this initiative, the Federal Reserve is undertaking a program to enhance its general supervisory activities, and this program will have important implications for identifying and correcting problems in the real estate loan portfolios of the banking organizations that we supervise. I will not take the time to recount that entire program here today, but I would like to report that one of its important elements will be to generally increase the frequency by which examinations of state member banks and inspections of bank holding companies are conducted. We hope, and expect, to enlist the participation of state banking departments in carrying out this new frequency, but in all cases it is our intention to ensure that all state member banks and all but the smallest bank holding companies are examined at least once each year. Moreover, in conducting these examinations and inspections we intend to intensify our scrutiny of loan portfolios, including real estate loans.

As I have reviewed, there are serious problems in certain areas of the real estate market today that are posing problems of greater or lesser severity for depository institutions. I would conclude by saying that the Federal Reserve is taking steps that we deem appropriate and necessary to address these problems. □

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON NOVEMBER 4–5, 1985

1. Domestic Policy Directive

The information reviewed at this meeting indicated that growth in real GNP, which had picked up in the third quarter from the relatively slow pace in the first half, appeared to be continuing at a relatively modest rate. Broad measures of prices and wages appeared to be rising at rates close to or somewhat below those recorded earlier in the year.

Total retail sales increased considerably further in September, after a strong rise in August. But the gains in both months were attributable primarily to a surge in auto sales occasioned by financing incentive programs during the period. As expected, the surge proved temporary, and sales of domestic automobiles dropped to an annual rate of 6¼ million units in October from 11¼ million in the preceding month. Outlays for discretionary purchases other than autos were generally lackluster in recent months; spending at general merchandise and apparel stores and at furniture and appliance outlets, for example, changed little on balance in the third quarter. But with overall spending boosted by the transitory spurt in auto sales, the personal saving rate dropped to less than 3 percent in the third quarter—an extraordinarily low rate historically.

Total nonfarm payroll employment rose about 415,000 in October, substantially above the average monthly increase of 225,000 posted over preceding months of the year. To some extent, however, the October gain balanced out a weaker-than-usual advance in September; the average increase over the two months was 275,000. Service industries and finance and trade establishments continued to record job gains during the two-month period, while manufacturing employment edged down further. In October, the length of the factory workweek remained relatively high at 40.7 hours, and factory overtime rose slightly. The civilian unemployment rate was unchanged at 7.1 percent.

The index of industrial production edged down in September and increased at an annual rate of only 1.1 percent during the third quarter. Nearly two-thirds of that rise was attributable to production of motor vehicles. Output of defense and space equipment and of construction supplies remained strong while production of durable goods materials and energy materials declined over the period. The capacity utilization rate for total industry fell 0.3 percentage point in September, reversing the August increase. At 80.2 percent, the rate was about 1½ percentage points below its year-earlier level and its average for the 1967–84 period.

Total private housing starts fell in September and in the third quarter as a whole, with declines registered in both the multifamily and single-family sectors. But sales of new homes were higher during the quarter and sales of existing homes were up more than 10 percent on average. Moreover, newly issued permits for residential construction rose for the fourth consecutive quarter and a recent survey of consumer sentiment showed that favorable attitudes toward homebuying reached their highest level on record.

Incoming information generally suggested a leveling of business capital spending. Shipments of nondefense capital goods fell in September and were essentially flat for the third quarter as a whole. However, business spending for motor vehicles advanced sharply in the quarter and, on balance, has accounted for virtually all of the rise in business equipment expenditures this year. New orders for nondefense capital goods, excluding the volatile components of aircraft and parts, rose about 1¾ percent in the quarter but on balance have shown little change thus far in 1985.

Over the first three quarters of 1985, most aggregate measures of inflation have evidenced some slowing from the rates posted in 1984, mainly reflecting downward pressures on prices of food and energy items. In September, the producer price index for finished goods fell 0.6 percent, leaving the index about unchanged on balance since the beginning of the year. The consumer price index rose 0.2 percent in September for the fifth consecutive month, down somewhat from the average monthly increase earlier this year and during 1984. On the wage side, the index of average hourly earnings rose at an annual rate of only 1 percent in the third quarter and 2½ percent over the first nine months of the year, compared with an increase of about 3 percent in 1984. However, the employment cost index, which takes account of nonwage benefits and salaries of white-collar workers as well as hourly wage earners, has risen at an annual rate of about 4¾ percent thus far this year, a little above last year's rate.

The trade-weighted value of the dollar against major foreign currencies had declined about 1½ percent further on balance since the Committee's meeting on October 1, bringing its net depreciation during the period after the G-5 announcement on September 22 to nearly 8 percent. Intervention sales of dollars by U.S. and foreign authorities were relatively large. With respect to individual currencies, the dollar's depreciation had been considerably greater against the Japanese yen than against major European currencies. Preliminary data on U.S. merchandise trade for the third quarter, which need to be interpreted with an extra amount of caution in light of uncertainties in the statistical reports, suggested that imports rose somewhat more than had been estimated earlier and that the trade deficit may have widened slightly in the quarter.

At its meeting on October 1, 1985, the Committee had adopted a directive that called for maintaining the degree of pressure on reserve positions sought in the weeks before the meeting. That action was expected to be consistent with growth of both M2 and M3 at annual rates of around 6 to 7 percent for the period from September to December. Over the same period, growth in M1 was expected to slow markedly—also to an annual rate of 6 to 7 percent—and even slower growth would be acceptable in the context of satisfactory economic performance, given the very rapid expansion in M1 in other recent months. The members agreed that somewhat greater or lesser reserve restraint would be acceptable over the intermeeting period, depending on the behavior of the monetary aggregates and taking account of appraisals of the strength of the business expansion, the performance of the dollar in foreign exchange markets, progress against inflation, and conditions in domestic and international credit markets. It was understood that policy might be implemented with somewhat more flexibility than usual over the relatively short intermeeting period, given the uncertainties associated with particularly sensitive conditions in the foreign exchange and other markets. The intermeeting range for the federal funds rate was retained at 6 to 10 percent.

M1 appeared to have changed little on balance in October and may have declined slightly after several months of rapid expansion; but it remained well above the range set by the Committee in July of 3 to 8 percent at an annual rate for the period from the second quarter to the fourth quarter of the year. M2 and M3 apparently grew sluggishly during the month, reflecting a moderation in their nontransactions components as well as the weakness in M1. As a result, by October M2 apparently had moved to a level a bit below the upper end of its annual range, while M3 was still near the middle of its long-run range. Expansion in total domestic nonfinancial debt had remained relatively rapid and continued to be somewhat above the upper end of its monitoring range for the year.

Growth of total reserves slowed in October to an annual rate of about 4½ percent, in association with the marked deceleration in transactions accounts. Nonborrowed reserves rose somewhat more rapidly than total reserves, however, as borrowing from the discount window fell from a temporarily inflated level at the end of September that was related to disruptions from the hurricane on the East Coast and to end-of-quarter statement date pressures. Over the full reserve maintenance period ending October 23, the level of adjustment plus seasonal borrowing averaged $470 million.

The weekly federal funds rate generally moved in a range of about 7⅞ to 8⅛ percent and averaged 8 percent for the five weeks preceding this meeting. Interest rates on short-term Treasury securities were up about 10 to 20 basis points over the period since the October 1 meeting of the Committee, while rates on private short-term market instruments were little changed to down somewhat. Most long-term rates fell about 25 to 35 basis points. The average rate on new commitments for fixed-rate conventional home mortgage loans declined about 15 basis points to around 12 percent.

The staff projections presented at this meeting suggested that growth in real GNP would continue at a relatively modest pace for the remainder of this year and throughout 1986. The staff continued to expect the average unemployment rate to change little over the projection horizon, and the rate of increase in prices to remain close to that experienced in the past few years.

During the Committee's discussion of the economic situation and outlook, members commented that, on the whole, the latest information suggested a more sluggish economic performance than had been indicated earlier. Nonetheless, several members felt that further economic expansion broadly in line with the staff forecast remained a reasonable expectation for the year ahead. In general, the members did not anticipate that any major sector of the economy would provide a strong fillip to the expansion, but they thought further growth was likely to be sustained by at least modest gains in several key sectors of the economy. At the same time, a number of members gave considerable emphasis to possible harbingers of a very sluggish economy. One member referred to the risk that the expansion itself might falter if persisting problems and financial strains in some sectors of the economy were not contained. The members recognized that under current circumstances their forecasts were subject to a great deal of uncertainty, and particular reference was made to the outlook for legislation to reduce the federal budget deficit and to the behavior of the dollar in foreign exchange markets.

In the course of the Committee's discussion, a number of members observed that consumer spending was likely to continue to expand but that its growth would be constrained by prospectively limited increases in real disposable income, relatively high consumer debt burdens, and a possible rise in the saving rate from its abnormally low third-quarter level. Views on the outlook for housing differed to some extent, with some members emphasizing the reduced levels of mortgage rates and current activity in resale markets while others stressed the negative implications of generally tighter lending standards. Growth in business fixed investment had already slowed markedly and the possibility of further weakening was suggested by a number of current indicators, including recent surveys of business spending plans and reports of deteriorating business sentiment in some parts of the country. With a ready availability of financing, commercial construction remained strong in many areas and might continue to hold up for a time. However, at least some types of construction such as office buildings appeared to be vulnerable to excess capacity and to possible changes in tax laws relating to real estate investments. Though agricultural conditions varied in different parts of the country, members commented that there were few, if any, signs of general improvement, and growth of income in agriculture and associated industries was considered likely to be weak over the next few quarters.

The outlook for foreign trade was viewed as especially difficult to discern. A reduced value of the dollar could be expected to foster improvement in the trade balance over time, with favorable repercussions on domestic economic activity and lessened incentives to close domestic production facilities or to relocate them abroad. The extent of progress in lowering the trade deficit over the year ahead was highly uncertain, however, and would depend not only on the performance of the dollar but importantly also on appropriate economic policies, including satisfactory progress in reducing federal budgetary deficits. Over time, stronger economic growth in other industrialized countries and more open markets abroad would also be needed.

While it was believed that the drop in the dollar since the G-5 meeting would tend to exert a positive effect on the economy by relieving pressures on export and on import-sensitive industries, it was also pointed out that an unduly large and rapid depreciation could have the potential for unsettling economic consequences under present circumstances. One member commented that rising prices were already being reported for a few imported materials, apparently as a consequence of earlier reductions in the value of the dollar. The members were also concerned that, at a time when the deficit in the U.S. current account continued to require large net inflows of funds from abroad, any considerable reduction in the willingness of investors to accumulate dollar assets could exert upward pressure on domestic interest rates as well, with damaging implications for interest-sensitive sectors of the domestic economy and for several developing countries burdened by international debt problems. Time was required to make, in an orderly way, the adjustments in domestic spending and production that would be needed if the balance of trade were to move toward a more sustainable level. Those adjustments would be greatly facilitated by a substantial reduction over time in the federal budget deficit and could be disruptive without it.

At its meeting in July the Committee had reviewed the basic policy objectives that it had established in February for growth of the monetary and credit aggregates in 1985 and had set tentative objectives for expansion in 1986. For the period from the fourth quarter of 1984 to the fourth quarter of 1985, the Committee had reaffirmed the ranges for the broader aggregates set in February of 6 to 9 percent for M2 and 6 to 9½ percent for M3. The associated range for total domestic nonfinancial debt was also reaffirmed at 9 to 12 percent for 1985. With respect to M1, the base was moved forward to the second quarter of 1985 and a range of 3 to 8 percent at an annual growth rate was established for the period to the fourth quarter of the year. For 1986 the Committee had agreed on tentative monetary growth objectives that included reductions of 1 percentage point in the upper end of the M1 range and ½ percentage point in the upper end of the M3 range. The provisional range for total domestic nonfinancial debt was reduced by 1 percentage point for 1986.

The Committee turned to a discussion of policy implementation for the forthcoming intermeeting period, and most of the members indicated that they were in favor of maintaining reserve conditions essentially unchanged, at least initially following today's meeting. The members took account, among other things, of an analysis, which suggested that, given the prospect of modest expansion in economic activity during the fourth quarter, a steady degree of reserve pressure was likely to be associated with some pickup in growth of all the monetary aggregates over the remainder of the quarter from the reduced October pace. For the three-month period as a whole, their rates of expansion would probably be close to, possibly a bit below, those anticipated at the time of the October meeting.

If these expectations for the fourth quarter were realized, they would represent less monetary growth than had occurred in the third quarter—substantially less in the case of M1. Even so, growth in M1 would remain well above the rebased range for the second half of 1985. The Committee had established that range at the July meeting on the presumption that the relationship between M1 and broad measures of economic activity would move toward a more normal pattern following the sizable and unusual decline in M1 velocity in the first and second quarters. But M1 velocity dropped even more in the third quarter. While the expansion of M1 was expected to slow considerably in the fourth quarter to a rate much closer to that of nominal GNP, even a substantial tightening of reserve conditions and a sharp rise in interest rates might not bring this aggregate within the Committee's range for the second half as a whole. As they had at previous meetings, the members agreed that the behavior of M1 needed to be judged in the context of the performance of the economy and the fact that the broader aggregates were growing at rates within their ranges. Under prevailing circumstances, and unless the dollar declined sharply further, the strength of M1 thus far did not appear to suggest strong inflationary consequences. Thus, aggressive efforts to reduce its growth beyond the slower pace that was already expected were deemed to be unwarranted, especially in light of the financial strains and other problems in some sectors of the economy and the attendant risks to the expansion itself. Accordingly, the members concluded that growth of M1 above its target range would be acceptable for the second half of the year. Growth of M2 and M3 within their long-run ranges continued to be appropriate.

In the Committee's discussion of possible intermeeting adjustments in the degree of reserve restraint, members could foresee conditions that would call for either some easing or some tightening. Most of the members felt that policy implementation should be particularly alert to opportunities for some easing in light of the relatively sluggish growth in domestic economic activity and the favorable price performance, subject to the constraint imposed by a desire to minimize the risk of inducing unacceptably faster growth in money and credit. It was also emphasized that account needed to be taken of the behavior of the dollar on foreign exchange markets in any policy adjustments. One member urged giving considerable weight to the behavior of M1 in relation to expectations, with no presumptions regarding the direction of any intermeeting adjustment in the degree of reserve restraint.

At the conclusion of the Committee's discussion, most of the members indicated their acceptance of a directive that called for maintaining about the current degree of reserve restraint. Given the sensitivity of economic and financial conditions and exchange market developments, it was understood that policy would be implemented with some added degree of day-to-day flexibility. The members expected such an approach to policy implementation to be consistent with growth of both M2 and M3 at an annual rate of about 6 percent for the period from September to December. Over the same period, M1 was also expected to expand at an annual rate of around 6 percent, but in light of its very rapid growth in the third quarter, slower growth in this aggregate would be acceptable. Somewhat greater reserve restraint might, and somewhat lesser restraint would, be acceptable depending on the behavior of the monetary aggregates over the intermeeting period and taking account of appraisals of the strength of the business expansion, the performance of the dollar on foreign exchange markets, progress against inflation, and conditions in domestic and international credit markets. The members agreed that the intermeeting range for the federal funds rate, which provides a mechanism for initiating consultation of the Committee when its boundaries are persistently exceeded, should be left unchanged at 6 to 10 percent.

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

The information reviewed at this meeting suggests that economic activity is continuing to expand at a relatively modest pace. In September, total retail sales rose considerably further, but the gain was boosted by a temporary surge in auto sales that was reversed in October. Total nonfarm payroll employment increased considerably in October, following a much slower advance in September, and the civilian unemployment rate was unchanged at 7.1 percent. In recent months industrial production has increased only slightly on balance. Housing starts fell in September, but sales of new and existing homes remained at a relatively high level on average. Incoming information generally suggests a leveling of business capital spending. Merchandise trade data for the third quarter indicate that the deficit widened slightly, as imports continued to increase. Broad measures of prices and wages appear to be rising at rates close to or somewhat below those recorded earlier in the year.

M1 appears to have shown little net change in October following several months of rapid expansion. Largely reflecting the weakness in M1, growth in M2 and M3 apparently was quite moderate in October. Expansion in total domestic nonfinancial debt has remained relatively rapid. Most short-term market interest rates have changed little on balance since the October 1 meeting of the Committee, while long-term rates have declined somewhat. The trade-weighted value of the dollar against major foreign currencies has dropped slightly further on balance since October 1, following a substantial decline after the September 22 meeting of the Finance Ministers and Central Bank Governors of the G-5 countries.

The Federal Open Market Committee seeks to foster monetary and financial conditions that will help to reduce inflation further, promote growth in output on a sustainable basis, and contribute to an improved pattern of international transactions. In furtherance of these objectives the Committee at the July meeting reaffirmed ranges for the year of 6 to 9 percent for M2 and 6 to 9½ percent for M3. The associated range for total domestic nonfinancial debt was reaffirmed at 9 to 12 percent. With respect to M1, the base was moved forward to the second quarter of 1985 and a range was established at an annual growth rate of 3 to 8 percent. The range takes account of expectations of a return of velocity growth toward more usual patterns, following the sharp decline in velocity during the first half of the year, while also recognizing a higher degree of uncertainty regarding that behavior. The appropriateness of the new range will continue to be reexamined in the light of evidence with respect to economic and financial developments including developments in foreign exchange markets. More generally, the Committee agreed that growth in the aggregates may be in the upper parts of their ranges, depending on continuing developments with respect to velocity and provided that inflationary pressures remain subdued.

For 1986 the Committee agreed on tentative ranges of monetary growth, measured from the fourth quarter of 1985 to the fourth quarter of 1986, of 4 to 7 percent for M1, 6 to 9 percent for M2, and 6 to 9 percent for M3. The associated range for growth in total domestic nonfinancial debt was provisionally set at 8 to 11 percent for 1986. With respect to M1 particularly, the Committee recognized that uncertainties surrounding recent behavior of velocity would require careful reappraisal of the target range at the beginning of 1986. Moreover, in establishing ranges for next year, the Committee also recognized that account would need to be taken of experience with institutional and depository behavior in response to the completion of deposit rate deregulation early in the year.

In the implementation of policy for the immediate future, the Committee seeks generally to maintain about the existing degree of pressure on reserve positions. This action is expected to be consistent with growth in M2 and M3 over the period from September to December at annual rates of about 6 percent. M1 growth over the period at an annual rate of around 6 percent is also anticipated; slower growth for that aggregate would be acceptable in the context of satisfactory economic performance, given the very rapid growth in M1 over the summer. Somewhat greater reserve restraint might, and somewhat lesser reserve restraint would, be acceptable depending on behavior of the aggregates, taking account of appraisals of the strength of the business expansion, developments in foreign exchange markets, progress against inflation, and conditions in domestic and international credit markets. The Chairman may call for Committee consultation if it appears to the Manager for Domestic Operations that reserve conditions during the period before the next meeting are likely to be associated with a federal funds rate persistently outside a range of 6 to 10 percent.

Votes for this action: Messrs. Volcker, Corrigan, Balles, Black, Forrestal, Keehn, Partee, Martin, and Rice. Vote against this action: Ms. Seger. Absent and not voting: Mr. Wallich.

Ms. Seger dissented because she believed that some reduction in the degree of reserve restraint was needed to help relieve financial strains in the economy, and to promote a more acceptable rate of economic expansion closer to the faster growth expected by Committee members early this year.

2. Authorization for Domestic Open Market Operations

On December 9, 1985, the Committee approved a temporary increase of $1 billion, to $7 billion, in the limit between Committee meetings on changes in System Account holdings of U.S. government and federal agency securities specified in paragraph 1(a) of the authorization for domestic open market operations. The increase was effective immediately for the intermeeting period ending with the close of business on December 17, 1985.

Votes for this action: Messrs. Volcker, Balles, Black, Forrestal, Keehn, Martin, Partee, Rice, Ms. Seger, and Mr. Timlen. Votes against this action: None. Absent and not voting: Messrs. Corrigan and Wallich. (Mr. Timlen voted as alternate for Mr. Corrigan.)

This action was taken on the recommendation of the Manager for Domestic Operations. On December 9, the Manager had advised that outright purchases of securities thus far in the intermeeting interval had reduced the leeway under the usual $6 billion limit to slightly over $1.2 billion. Additional purchases of securities in excess of that leeway were likely to be necessary over the remainder of the intermeeting period, largely to offset reserve drains associated with seasonal increases in currency in circulation.

Announcements

AMENDMENT TO REGULATION D

The Federal Reserve Board has announced an increase in the amount of net transaction accounts to which the 3 percent reserve requirement will apply in 1986 from $29.8 million to $31.7 million. The Board also increased the amount of reservable liabilities in depository institutions that are subject to a zero percentage reserve requirement from $2.4 million to $2.6 million. These adjustments take effect beginning December 31, 1985.

The Monetary Control Act requires the Board to amend its Regulation D (Reserve Requirements of Depository Institutions) annually to increase the amount of transaction accounts subject to a 3 percent reserve requirement. The annual adjustment must be 80 percent of the annual percentage increase in transaction accounts held by all depository institutions. The growth in total net transaction accounts of all depository institutions from June 30, 1984, to June 30, 1985, was 8.1 percent. The statutory rule thus requires an increase of $1.9 million over last year's amount, to $31.7 million.

The Board is required by the Garn–St Germain Depository Institutions Act of 1982 to amend Regulation D to adjust the amount exempt from reserve requirements for the upcoming year by 80 percent of the annual percentage increase in total reservable liabilities. Growth in total reservable liabilities was 9.1 percent from June 30, 1984, to June 30, 1985, requiring an increase in the reserve requirement exemption to $2.6 million.

The Board will also change the basis of the cutoff level for reporting (currently $25 million in total deposits), which is used to separate weekly reporters from quarterly reporters. The new basis will be indexed to 80 percent of the annual percentage increase in total deposits and other reservable liabilities. The annual adjustment of this basis will be computed as of June 30 of each year.

The Federal Reserve Board has also issued an amendment to Regulation D concerning reserve requirements on money market deposit accounts held by Hawaiian nonmember depository institutions, effective January 2, 1986.

PROPOSED ACTIONS

The Federal Reserve Board on December 26, 1985, issued for comment proposed amendments to Regulations D and Q (Interest on Deposits) to preserve money market deposit accounts (MMDAs) and to maintain penalties for early withdrawal of time deposits, in certain circumstances, for monetary policy purposes.

The Federal Reserve Board has also issued for public comment an interpretation of Regulation G (Securities Credit by Persons Other Than Banks, Brokers, or Dealers) applying margin requirements to a limited class of transactions used to secure credit for the purpose of acquiring margin stock. The proposed interpretation of Regulation G affects a specific class of borrowing involving debt securities issued by a shell corporation that is used as an acquisition vehicle for purchasing the stock of the target company. Although a comment period is not required, the Board allowed a short period of public comment, ending on December 23, 1985, to provide full assurance of no unintended effects.

The Federal Reserve Board has also issued for public comment proposed changes to the official staff commentary on Regulation E (Electronic Fund Transfers) and Regulation Z (Truth in Lending). These proposed revisions address questions that have arisen about the regulations. Comment is requested by February 7, 1986.

CHANGES IN BOARD STAFF

The Board of Governors has announced a reorganization in the Division of Banking Supervision and Regulation, including the following appointments.

Temporary assignment of Welford S. Farmer, Senior Vice President of the Federal Reserve Bank of Richmond, to the position of Deputy Director for approximately one year; promotion of Stephen C. Schemering to Deputy Associate Director for Supervision; promotion of Richard Spillenkothen to Deputy Associate Director for Training and Policy Development; appointment of James I. Garner as Assistant Director for Supervision and Surveillance; and appointment of James D. Goetzinger as Assistant Director for Supervisory Information Services.

Mr. Farmer has been employed with the Federal Reserve Bank of Richmond since 1950. He has a B.S. in Business Administration and a J.D. from the University of Richmond and is also a graduate of the Stonier Graduate School of Banking.

Mr. Garner joined the staff of the Division of Banking Supervision and Regulation in March 1970. He has a B.S. in Business Administration from the University of Maryland.

Mr. Goetzinger has a B.S. in Business Administration from St. Benedict's College and an M.S. in Economics from Kansas State University.

The Board has also approved the following officer appointments in the Division of Federal Reserve Bank Operations and in the Division of Information Services.

Appointment of John H. Parrish as Assistant Director in the Division of Federal Reserve Bank Operations.

Appointment of Richard C. Stevens as Assistant Director for the Banking Statistics Branch in the Division of Information Services.

Mr. Parrish came to the Board in January 1972. He received his undergraduate degree from Miami University of Ohio.

Mr. Stevens joined the Board's staff in April 1973. He has a B.A. in Business Administration from Lemoyne College.

SYSTEM MEMBERSHIP: ADMISSION OF STATE BANKS

The following banks were admitted to membership in the Federal Reserve System during the period December 1 through December 31, 1985:

Florida

Coral Gables .... Imperial Bank
Tampa .... City Bank of Tampa

Georgia

Gainesville .... Georgia First Bank
Smyrna............ Smyrna Bank and Trust

Texas

Fort Worth .... Fort Worth State Bank

Legal Developments

AMENDMENTS TO REGULATION D

The Board of Governors is amending its Regulation D, Reserve Requirements of Depository Institutions, to: (1) increase the amount of transaction accounts subject to a reserve requirement ratio of 3 percent, as required by section 19(b)(2)(C) of the Federal Reserve Act (12 U.S.C. § 461(b)(2)(C)), from $29.8 million to $31.7 million; and (2) increase the amount of reservable liabilities of each depository institution that is subject to a reserve requirement of zero percent, as required by section 19(b)(11)(B) of the Federal Reserve Act (12 U.S.C. § 461(b)(11)(B)), from $2.4 million to $2.6 million. The Board is also changing the basis of the reporting cutoff level (currently $25 million in "total deposits"), which is used to separate weekly reporters from quarterly reporters, from "total deposits" to "total deposits and other reservable liabilities."

Effective December 31, 1985, the Board amends 12 C.F.R. Part 204 as follows:

Part 204—Reserve Requirements of Depository Institutions

1. The authority citation for 12 C.F.R. Part 204 continues to read as follows:

Authority: 12 U.S.C. § 461 *et seq.*

2. Part 204 is amended by revising paragraph (a) of section 204.9 to read as follows:

Section 204.9—Reserve Requirement Ratios

(a)(1) *Reserve percentages.* The following reserve ratios are prescribed for all depository institutions, Edge and Agreement Corporations, and United States branches and agencies of foreign banks:

Category	Reserve Requirement
Net transaction accounts	
$0 to $31.7 million	3 percent of amount
over $31.7 million	$951,000 plus 12% of amount over $31.7 million
Nonpersonal time deposits	
By original maturity (or notice period):	
Less than 1½ years	3%
1½ years or more	0%
Eurocurrency liabilities	3%

(2) *Exemption from reserve requirements.* Each depository institution, Edge or Agreement Corporation, and U.S. branch or agency of a foreign bank is subject to a zero percent reserve requirement on an amount of its transaction accounts subject to the low reserve tranche in paragraph (a)(1), nonpersonal time deposits, or Eurocurrency liabilities or any combination thereof not in excess of $2.6 million determined in accordance with section 204.3(a)(3) of this Part.

* * * * *

AMENDMENT TO REGULATION D

The Board of Governors is amending its Regulation D, Reserve Requirements of Depository Institutions, to relieve the restriction on reserve requirements on money market deposit accounts held by Hawaiian nonmember depository institutions. The Board will require the phase-in of reserves on MMDAs in these institutions on the same schedule generally applied to their other deposits.

Effective December 31, 1985, the Board amends 12 C.F.R. Part 204 as follows:

Part 204—Reserve Requirements of Depository Institutions

1. The authority citation for 12 C.F.R. Part 204 continues to read as follows:

Authority: 12 U.S.C. § 461 *et seq.*

2. Part 204 is amended by revising paragraph (f) of section 204.4 by removing the last sentence.

* * * * *

AMENDMENT TO RULES REGARDING DELEGATION OF AUTHORITY

The Board of Governors is amending 12 C.F.R. Part 265, its Rules Regarding Delegtion of Authority, to delegate to the Federal Reserve Banks authority to act on certain applications requiring prior approval of the Federal Reserve Board and to furnish certain competitive factor reports. It is expected that this delegation of authority would aid in the expeditious processing of certain applications requiring the Board's prior approval and furnishing of certain competitive factor reports.

Effective December 16, 1985, the Board amends 12 C.F.R. Part 265 as follows:

Part 265.2—Rules Regarding Delegation of Authority

1. The authority citation for 12 C.F.R. Part 265 continues to read as follows:

Authority: Sec. 11, 38 Stat. 261; 12 U.S.C. 248.

2. Part 265 is amended by revising section 265.2 as follows:

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

* * * * *

(f) ***

(22) ***

(v) With respect to bank holding company formations, bank acquisitions or mergers, the proposed transaction involves two or more banking organizations:

(A) That rank among a State's five largest banking organizations, or among the 50 largest banking organizations in the United States (as measured by total domestic deposits within the relevant area); or

(B) That, upon consummation of the proposal, would control over 30 percent of total deposits in banking offices in the relevant geographic market, or would result in an increase of at least 200 points in the Herfindahl–Hirschman Index ("HHI") in a highly concentrated market (a market with a post-merger HHI of at least 1800); or

(C) Where divestitures designed to address any substantial anticompetitive effects are not effected on or before consummation of the proposed transaction; or

* * * * *

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

Orders Issued Under Section 3 of the Bank Holding Company Act

Bank of New England Corporation
Boston, Massachusetts

OCB Corporation
Boston, Massachusetts

Order Approving Acquisition of a Bank

Bank of New England Corporation, Boston, Massachusetts, a bank holding company within the meaning of the Bank Holding Company Act ("Act" or "BHC Act"), has applied for the Board's approval under section 3 of the Act to acquire, through its wholly owned subsidiary, OCB Corporation, the successor to Old Colony Bank, Providence, Rhode Island ("Bank").[1] Bank is a federally chartered savings bank, the accounts of which are insured by the FSLIC, that, in connection with this proposal, will convert to a national bank the accounts of which will be insured by the FDIC.[2] Upon consummation of this proposal, Bank's name will be changed to Bank of New England/Old Colony, N.A.

Notice of the applications, affording an opportunity for interested persons to submit comments, has been given in accordance with section 3 of the Act, 50 *Federal Register* 48,642 (1985). The time for filing comments has expired, and the Board has considered the applications and all comments received[3] in light of the factors set forth in section 3(c) of the BHC Act, 12 U.S.C. § 1842(c).

Bank, under its current charter and with FSLIC insurance, is not considered a "bank" under section

1. OCB Corporation has also applied under section 3(a)(1) of the BHC Act to become a bank holding company. OCB is of no significance except as a means to facilitate Applicant's acquisition of Bank.
2. Bank is also a bank holding company by virtue of its ownership of Newport National Bank, Newport, Rhode Island. Subsequent to this proposal, Newport Bank will be merged into Bank.
3. A letter protesting this application on Community Reinvestment Act grounds was received from the South Providence Revitalization Committee. After a series of meetings between Applicant and the Committee, an agreement was reached and the protest was withdrawn.

2(c) of the Act.[4] However, in connection with this proposal, Bank would convert to a national bank. The application has therefore been considered in light of the requirements of section 3 of the BHC Act pertaining to the acquisition of banks.[5]

Applicant, the second largest banking organization in New England, controls nine subsidiary banks in Massachusetts and Connecticut with total domestic deposits of $9.1 billion. Applicant is the second largest commercial banking organization in Massachusetts, controlling approximately 13.6 percent of the total deposits in depository institutions in Massachusetts.[6] Applicant is also the largest commercial banking organization in Connecticut, controlling 26.5 percent of the total deposits in commercial banks in Connecticut. Bank, the fifth largest depository institution in Rhode Island, controls total domestic deposits of $724 million, representing approximately 7.1 percent of the total deposits in commercial banking organizations in Rhode Island.[7]

Section 3(d) of the BHC Act (12 U.S.C. § 1842(d)), the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire control of any bank located outside of the bank's home state,[8] unless such acquisition is "specifically authorized by the statute laws of the state in which such bank is located, by language to that effect and not merely by implication." The statute laws of Rhode Island permit a bank holding company in a defined New England region, including Massachusetts, to acquire a bank located in Rhode Island, and the Board has previously determined that an acquisition such as the proposed transaction is specifically authorized by the statute laws of Rhode Island and is not barred by the Douglas Amendment.[9]

Applicant and Bank compete directly in the Providence, Rhode Island, banking market.[10] Applicant's banking subsidiary in that market controls deposits of $7 million, which represent approximately 0.1 percent of the total deposits in commercial banks in the market.[11] Bank holds deposits of $581.1 million, which represent approximately 6.5 percent of the total deposits in commercial banking organizations in the market. Upon consummation of this proposal, Applicant would become the fifth largest of 17 banking organizations in the market and control approximately 6.6 percent of the total deposits in commercial banks therein. In view of the small amount of existing competition that would be eliminated as a result of this proposal, consummation of this transaction would not have a significant effect on existing competition in this market.

The Board has also examined the effect of the proposed acquisition upon probable future competition in the 31 banking markets[12] in which either Applicant or Bank, but not both, now compete. In view of the fact that there are numerous potential entrants from the New England region into each of these markets, the Board has concluded that consummation of this proposal would not have any significant adverse effects on probable future competition in any relevant market. Competitive considerations are therefore consistent with approval of this application.

The financial and managerial resources of Applicant and its subsidiaries are satisfactory and their prospects appear favorable. As a result of this proposal, which includes a substantial capital injection into the resulting bank, the financial and managerial resources and prospects of Bank will be strengthened. Thus, considerations relating to banking factors lend weight toward approval of the application. Convenience and needs considerations are also consistent with approval of the transaction.

Based on the foregoing and other facts of record, the Board has determined that the applications under section 3 of the Act should be, and hereby are, approved and that, in accordance with section 11(b) of the BHC Act, the acquisition of Bank shall not be consummated before the fifth calendar day following

4. Section 2(c) of the BHC Act was amended by the Garn-St Germain Depository Institutions Act of 1982 expressly to exclude institutions, the accounts of which are insured by the FSLIC or institutions chartered by the Federal Home Loan Bank Board.

5. Bank has received the approval of the Federal Home Loan Bank Board to convert from mutual to stock form, and the Comptroller of the Currency is currently processing Bank's application to convert to a national bank with FDIC insurance.

6. Banking data are as of June 30, 1985.

7. The deposits of Rhode Island thrift institutions that own commercial banks are included as deposits of commercial banking organizations.

8. A bank holding company's home state is that state in which the operations of the bank holding company's banking subsidiaries were principally conducted on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. Applicant's home state is Massachusetts.

9. *Bank of Boston Corporation*, 70 FEDERAL RESERVE BULLETIN 737 (1984).

10. The Providence, Rhode Island, banking market is approximated by the Pawtucket-Woonsocket-Attleboro, Rhode Island-Mass (PMSA); the Providence, Rhode Island, PMSA; the towns of Charlestown and West Greenwich, both in Rhode Island; and Norton, Massachusetts.

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

12. Including the markets served by Maine National Corporation, Portland, Maine, which Applicant received the Board's approval to acquire on November 18, 1985.

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 December 19, 1985.

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

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

Grupo Financiero Popular, S.A. Santo Domingo, Dominican Republic

Order Approving the Acquisition of a Bank

Grupo Financiero Popular, S.A., Santo Domingo, Dominican Republic, has applied for Board approval under section 3(a)(1) of the Bank Holding Company Act (the "Act") (12 U.S.C. § 1842 (a)(1)) to become a bank holding company by acquiring the voting shares of The Dominican Bank, New York, New York ("Bank"), a proposed new bank.

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

Applicant, with total assets of approximately $276 million, is the largest bank holding company in the Dominican Republic.[1] Applicant owns Banco Popular Dominicano, C. por. A., Santo Domingo, which is the largest commercial bank in the Dominican Republic, with total assets of approximately $206 million. Based on all of the facts of record, the Board has determined that Applicant does not meet the requirements of section 211.23(b) of Regulation K for the exemptions to the nonbanking prohibitions of the Act provided to qualifying foreign banking organizations. 12 C.F.R. § 211.23(b), (c) and (f). Applicant must, therefore, conform its nonbanking activities to section 4 of the Act.

Bank is a proposed new bank that would operate in the New York Metropolitan banking market[2] and is being established primarily to serve New York City residents with ties to the Dominican Republic. Applicant proposes to acquire at least 48 percent of the voting shares of Bank. The remaining shares of Bank will be offered to other organizers of Bank and to investors in the local community. Applicant proposes to acquire any shares not subscribed to by other investors.

Applicant and its subsidiary banks do not currently operate any banking subsidiaries or branches in the United States. Bank will be established *de novo*. Consequently, consummation of the proposal would not have adverse effects on existing or potential competition or on the concentration of resources in any relevant market. The Board concludes, therefore, that competitive considerations are consistent with approval of this application.

The financial and managerial resources of Applicant and its bank subsidiaries appear generally satisfactory and the future prospects of Applicant and Bank appear favorable. Based on the facts of record, including commitments made by Applicant, the Board has determined that considerations relating to banking factors are consistent with approval of the application. Consummation of the proposal would also increase banking services in the communities in which Bank will operate, in particular the Dominican community in New York City. Considerations regarding the convenience and needs of the communities to be served therefore favor approval of this application. Accordingly, the Board has determined that consummation of the transaction would be in the public interest.

Based on the foregoing and all the facts of record and commitments made by Applicant, the Board has determined that the application should be, and hereby is, 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, and Bank shall be opened for business not later than six months after the effective date of this Order. The latter two periods may be extended for good cause by the Board or the Federal Reserve Bank of New York under delegated authority.

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

2. The New York Metropolitan banking market consists of the southern portion of Fairfield County, Connecticut; New York City, all of Nassau, Putnam, Rockland and Westchester Counties, and western Suffolk County in New York; and eastern Hudson County and the northern two-thirds of Bergen County in New Jersey.

By order of the Board of Governors, effective December 2, 1985.

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

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

Slayton Bancshares, Inc.
Slayton, Minnesota

Order Approving Formation of a Bank Holding Company

Slayton Bancshares, Inc., Slayton, Minnesota, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act ("Act") (12 U.S.C. § 1842(a)(1)) to become a bank holding company by acquiring 80.6 percent of the voting shares of Peoples State Bank of Slayton, Slayton, Minnesota ("Bank").

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

Applicant is a nonoperating corporation with no subsidiaries formed for the purpose of acquiring Bank. Bank is the 219th largest commercial bank in Minnesota, with total deposits of $22.3 million, which represents less than 0.1 percent of total deposits in commercial banks in the state.[1] Principals of Applicant are also principals of Bank. Consummation of the transaction would not result in an increase in the concentration of banking resources in Minnesota.

Bank operates in the Marshall banking market,[2] where it is the fourth largest of 15 commercial banks, controlling 5.5 percent of total deposits in commercial banks. Principals of Applicant are not affiliated with any other depository organization in this market. Consummation of this proposal would not result in any adverse effects upon competition or increase in the concentration of banking resources in any relevant area. Accordingly, the Board concludes that competitive considerations under the Act are consistent with approval.

The financial and managerial resources and future prospects of Applicant and Bank are consistent with approval. Applicant proposes to acquire Bank (assets of $24 million) through an exchange of shares. Applicant intends to make a capital injection of $300,000 into Bank and will finance this injection through the issuance of debentures to its principals. Based upon the facts of record, including commitments made by Applicant in connection with this application, it appears that the debt will not strain Bank's resources. Considerations relating to the convenience and needs of the community to be served also are consistent with approval of the application.

Based on the foregoing and other facts of record, the Board has determined that consummation of the 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 consummated before the thirtieth calendar day following the effective date of this Order, or later than three months following the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Minneapolis, acting pursuant to delegated authority.

By order of the Board of Governors, effective December 9, 1985.

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

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

1. Banking data are as of March 31, 1985.
2. The Marshall banking market is approximated by all of Lincoln County, Lyon County, and portions of Murray County, Redwood County, and Yellow Medicine County, all in Minnesota.

Orders Issued Under Section 4 of the Bank Holding Company Act

Compagnie Financiere de Suez
Paris, France

Banque Indosuez
Paris, France

Order Denying Application to Act as a Specialist in Options on Foreign Exchange

Compagnie Financiere de Suez and its wholly owned subsidiary, Banque Indosuez, both of Paris, France (hereinafter jointly referred to as "Applicant"), have applied for the Board's approval, under section 4(c)(8) of the Bank Holding Company Act ("Act") (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)), to engage through a subsidiary of Banque Indosuez, Indosuez Options Inc., Philadelphia, Pennsylvania ("Company"), in acting as the specialist in options on French francs traded on the Philadelphia Stock Exchange ("the Exchange"). Company would be the sole specialist in French franc options designated by the Exchange. As specialist, Company would act as dealer and market maker in such options to assist in the maintenance of a fair and orderly market on the Exchange. Applicant would be a limited member of the Exchange, but would not be permitted to trade other options or securities on the Exchange.

Notice of the application, affording interested persons an opportunity to submit comments[1] and views on the relation of the proposed activity to banking and on the balance of public interest factors regarding the application, has been duly published (*50 Federal Register* 16,752 (1985)). 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.

Under the International Banking Act of 1978, Banque Indosuez and its parent Compagnie Financiere de Suez, are subject to the nonbanking provisions of the Bank Holding Company Act of 1956, as amended, with respect to their activities in the United States because of Banque's operation of branches and an agency in the United States (12 U.S.C. § 3106(a)). Compagnie, with consolidated assets of approximately $27.4 billion,[2] is wholly owned by the French government as a result of nationalization in 1982 and has holdings in over 230 financial and industrial companies in France and abroad. Banque Indosuez, with consolidated assets of approximately $25.8 billion, is the seventh largest bank in France, and an international banking organization that operates in 65 countries. Banque Indosuez operates branches in New York, Chicago and Los Angeles, and an agency in Atlanta. In addition, the bank has established an Edge corporation in Houston.

In order to approve an application submitted pursuant to section 4(c)(8) of the Act, the Board is required to determine that the proposed activity is "so closely related to banking . . . as to be a proper incident thereto." In considering whether a proposed new activity would be a proper incident to banking, the Board is required to determine that the performance of the proposed activities by Applicant, "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 has not previously approved a proposal by a bank holding company to act as a specialist on a regulated securities exchange.[3] Applicant maintains that the proposed specialist activity is comparable to traditional bank foreign exchange activities,[4] including those approved for bank holding companies under section 4(c)(8) of the Act.[5]

However, the Board has previously denied an application by a bank holding company to buy and sell foreign currency futures for its own account through pit arbitrage on the basis that the activity could lead to unsound banking practices.[6] Pit arbitrage involves the actions of floor traders on commodities exchanges in buying and selling futures for their own account in an effort to profit from temporary price differentials between futures contracts. Moreover, in approving applications by bank holding companies to execute and clear options and futures relating to foreign currency and to provide foreign currency advisory and transactional services, the Board has generally required the nonbanking subsidiary to agree not to take positions for its own account.

One role of the specialist under the rules of the SEC pertaining to the regulated securities markets is to provide liquidity for members of the exchange. As

1. Public comments in favor of the proposal were received from Bank of America, San Francisco, California, Meridian Bancorp, Inc., Reading, Pennsylvania, and the Philadelphia Stock Exchange.

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

3. Applicant notes that the Comptroller of the Currency has permitted a national bank (Bank of America) to act as the specialist in Deutsche mark options on the Philadelphia Stock Exchange through a joint venture with a securities firm. Letter from the Deputy Comptroller for Multinational Banking to H. Helmut Loring, Bank of America, N.T. & S.A. (January 11, 1984).

4. Banks historically have been significant participants in the spot and forward foreign exchange markets. Banks write and purchase options contracts in the over-the-counter, or interbank, foreign currency options market, and may rely on the spot and forward markets as well as on standardized commodity and securities exchange-traded options and futures, for hedging purposes.

5. The Board has previously approved applications of bank holding companies to execute and clear options and futures relating to foreign exchange for customers and to provide foreign exchange advisory and transactional services. Sections 225.25(b)(17) and 225.25(b)(18) of Regulation Y. *See, e.g., J.P. Morgan & Co. Incorporated,* 68 FEDERAL RESERVE BULLETIN 514 (1982) (execution and clearance of foreign currency futures as a futures commission merchant (FCM)); *Hongkong and Shanghai Banking Corporation,* 69 FEDERAL RESERVE BULLETIN 221, 223 (1983) (foreign exchange advisory and transactional services); and *Fidelcor Inc.,* 70 FEDERAL RESERVE BULLETIN 368 (1984).

6. *Citicorp/Citicorp Futures Corporation,* 68 FEDERAL RESERVE BULLETIN 776, 779 (1982).

such, the specialist is required to "engage in a course of dealings for his own account to assist in the maintenance, insofar as reasonably practicable, of a fair and orderly market on the Exchange" and is subject to suspension for failure to fulfill that obligation to the Exchange under Rule 203(b) of the Philadelphia Stock Exchange Guide.

In the Board's view, the undertaking by a banking organization of the obligation of the specialist to engage in a course of dealings for its own account to maintain the market for the Exchange would involve the banking organization in an activity that carries potential financial risks of a similar nature to those presented by pit arbitrage. The specialist is obligated to bid and offer for all traders who approach it on the Exchange and therefore the activity has the potential to involve a banking organization in position-taking for longer periods of time than pit arbitrage and in trading for its own account at times when dealers may choose not to because of adverse market conditions.

The Board has considered the qualifications and resources of Applicant and the regulatory environment in which the activity would be conducted, but notes that these considerations would not prevent possible adverse effects that are associated with the activity itself, which is a key concern to the Board in this case. The Board notes that the specialist activity requires skill and experience in trading on the floor of a stock exchange, which are not possessed by banks generally. The Board is unable to conclude that Applicant has demonstrated it now possesses the necessary floor-trading skill and experience as a result of hiring or allowing certain of its employees to train for short periods of time with floor traders.

The Board has also considered the potential for conflicts of interest to arise in connection with this proposal. In the Board's view, the fact that Applicant is a significant participant in the foreign exchange markets, particularly regarding the French franc, and would under this proposal also be the specialist in French franc options on the Exchange, with access to information regarding the extent, volume and details of ongoing trading in such options on the Exchange, presents the potential and incentive for conflicts of interest to arise.

In order to approve an application under section 4(c)(8) the Board must find that the performance of an activity can reasonably be expected to produce public benefits that outweigh possible adverse effects. Applicant states that approval of its application would contribute to the further development of the market for standardized French franc options and result in benefits to the public such as increased market efficiency and liquidity. In the Board's view, however, this potential public benefit does not outweigh the possible adverse effects associated with the proposal. Moreover, it does not appear that denial of the application would cause the specialist position, which is a privileged position on the Exchange for which there is competition, to go unfilled. Consequently, the Board finds that the potential public benefits associated with this proposal do not outweigh the possible adverse effects associated with the proposed activity.

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) is not favorable. Accordingly, the application is denied.

By order of the Board of Governors, effective December 9, 1985.

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

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

CoreStates Financial Corp.
Philadelphia, Pennsylvania

Order Approving the Acquisition of Nonbank Company

CoreStates Financial Corp., Philadelphia, Pennsylvania, a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*), has applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) to acquire through its indirect subsidiary, Congress Financial Corporation ("Congress"), 100 percent of the voting shares of James Talcott, Inc., New York, New York ("Talcott"). Talcott is a factoring and commercial finance company that provides financial services primarily to the textile, apparel and related industries. These activities have been determined by the Board to be closely related to banking and permissible for bank holding companies (12 C.F.R. § 225.25(b)(1)).

Notice of the application, affording interested persons an opportunity to submit comments and views, has been duly published (50 *Federal Register* 45,666 (1985)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors specified in section 4(c)(8) of the Act.

Applicant, with consolidated assets of approximately $9.4 billion,[1] is the third largest bank holding

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

company in the state of Pennsylvania. Applicant operates three bank subsidiaries, including Philadelphia National Bank, Philadelphia, Pennsylvania ("PNB"), which controls $4.4 billion in deposits and Hamilton Bank, Lancaster, Pennsylvania, which controls $2.0 billion in deposits.

Congress engages in factoring and commercial finance activities from its headquarters in New York and offices in Atlanta, Georgia; Baltimore, Maryland; Buffalo, New York; Chicago, Illinois; Minneapolis, Minnesota; Miami, Florida; Los Angeles and San Francisco, California; and San Juan, Puerto Rico. Talcott has offices in Los Angeles, California, Atlanta, Georgia and New York, New York.

Talcott, with total assets of $271 million, is the eleventh largest factoring company in the United States, controlling 3.7 percent of the market for factoring services.[2] Applicant is the fifteenth largest factor in the nation, controlling 2.6 percent of the national factoring market. Upon consummation of the proposal, Applicant would become the fifth largest factor in the nation, controlling 6.3 percent of the national factoring market. While consummation of this proposal would eliminate existing competition between Applicant and Company, the Board notes that the market for factoring is unconcentrated, with a Herfindahl–Hirschman Index ("HHI") of 817 and a four-firm concentration ratio of 43.9 percent. Upon consummation of the proposal, the HHI would increase by 19 points. Moreover, there are numerous existing and potential competitors in the factoring business.

Applicant, through its subsidiaries, Congress and PNB, also engages in commercial finance activities, in competition with Talcott. The Board has previously determined that the market for commercial finance services is regional or national in scope.[3] Talcott's loans, which totalled less than $100 million as of September 30, 1985, are made in a national market and are serviced out of Talcott's offices in New York and Atlanta. Talcott has a relatively insignificant presence in the commercial lending market and the market is unconcentrated with numerous existing and potential competitors. In view of all the facts of record, the Board concludes that consummation of this proposal would not have a significant adverse effect on competition in the factoring or commercial finance market.

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

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

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

By order of the Board of Governors, effective December 13, 1985.

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

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

Manufacturers Hanover Corporation
New York, New York

Order Approving Application to Execute and Clear Certain Futures Contracts and to Provide Certain Advisory Services

Manufacturers Hanover Corporation, New York, New York, a bank holding company within the meaning of the Bank Holding Company Act, 12 U.S.C. § 1841 *et seq.* ("BHC Act"), has applied pursuant to section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a)(3) of the Board's Regulation Y (12 C.F.R. § 225.23(a)(3)) to engage *de novo* through its wholly owned subsidiary, Manufacturers Hanover Futures, Inc., New York, New York ("MH Futures"), in the execution and clearance, on major commodity exchanges, of futures contracts on stock indexes, options on such futures contracts, and futures contracts on a municipal bond index.

MH Futures proposes to execute and clear:

(1) the Standard & Poor's 100 Stock Price Index futures contract, the Standard & Poor's 500 Stock

2. The Board has previously determined that the factoring market is a nationwide market. *Barclays Bank Limited*, 66 FEDERAL RESERVE BULLETIN 980 (1980); *Lloyds & Scottish-Talcott*, 66 FEDERAL RESERVE BULLETIN 518 (1980).

3. *First Interstate Bancorp*, 70 FEDERAL RESERVE BULLETIN 886 (1984).

Price Index futures contract ("S&P 500"), and options on the S&P 500, all of which are currently traded on the Index and Option Division of the Chicago Mercantile Exchange;
(2) the New York Stock Exchange ("NYSE") Composite Index futures contract and options on the NYSE Composite Index futures, both of which are currently traded on the New York Futures Exchange, a subsidiary of the New York Stock Exchange;
(3) the Value Line Average Stock Index futures contract, currently traded on the Board of Trade of Kansas City; and
(4) the Major Market Index futures contract and the Bond Buyer Municipal Bond Index futures contract, both of which are currently traded on the Chicago Board of Trade.

In addition, Applicant has applied to provide, through MH Futures, advisory services with respect to the Bond Buyer Municipal Bond Index futures contract, both on a separate-fee basis and as an integrated package of futures commission merchant and advisory services. Such advisory services would include general research and advice on futures market conditions and trading strategies. Applicant proposes to offer these services to financial institutions, major corporations, and other sophisticated customers in the United States and abroad through its offices in New York and Chicago.

Notice of the application, affording interested persons an opportunity to submit comments on the relation of the proposed activities to banking and on the balance of public interest factors, has been duly published (50 *Federal Register* 42,777 (1985)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.

Applicant, with consolidated assets of $75.3 billion,[1] is the third largest banking organization in New York. Applicant operates three subsidiary banks and engages, directly and through certain of its subsidiaries, in a broad range of permissible nonbanking activities throughout the United States. MH Futures is a futures commission merchant ("FCM"), registered with the Commodity Futures Trading Commission ("CFTC"), that engages in futures activities permissible for bank holding companies under section 225.25(b)(18) of the Board's Regulation Y.

The Board has previously determined that the execution and clearance of futures contracts and options on futures contracts based on stock indexes, and of futures contracts on a municipal bond index, and the provision of advisory services with respect to futures contracts on a municipal bond index, are closely related to banking. *J.P. Morgan & Co. Incorporated*, 71 FEDERAL RESERVE BULLETIN 251 (1985); *Bankers Trust New York Corporation*, 71 FEDERAL RESERVE BULLETIN 111 (1985). The proposed activities of MH Futures are essentially identical to those activities previously approved by the Board. Thus, the Board concludes that Applicant's proposal to execute and clear futures contracts on stock indexes, options thereon, and futures contracts on a municipal bond index, and to provide advisory services with respect to futures contracts on a municipal bond index, is closely related to banking.

In order to approve this application, the Board is also required to determine that the performance of the proposed activities by Applicant "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." (12 U.S.C. § 1843(c)(8)).

Consummation of Applicant's proposal would provide added convenience to those clients of Applicant and its subsidiaries that trade in the cash, forward and futures markets for these instruments. The Board expects that the *de novo* entry of Applicant into the market for these services would increase the level of competition among providers of these services already in operation. Accordingly, the Board concludes that the performance of the proposed activities by Applicant can reasonably be expected to provide benefits to the public.

The Board also has considered the potential for adverse effects that may be associated with this proposal. There is no evidence in the record that consummation of the proposed FCM activities would result in any adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. The Board notes that additional safeguards are provided by CFTC regulation of the trading of futures, as well as by the conditions set forth in section 225.25(b)(18) of Regulation Y with respect to executing and clearing futures contracts.

Based upon a consideration of all the relevant facts, the Board concludes that the balance of the public interest factors that it is required to consider under section 4(c)(8) is favorable.

This determination is also subject to all of the conditions set forth in Regulation Y, including sections 225.4(d) and 225.23(b)(3) (12 C.F.R. §§ 225.4(d) and 225.23(b)(3)), and to the Board's authority to require

1. As of September 30, 1985.

such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

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

By order of the Board of Governors, effective December 2, 1985.

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

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

Sovran Financial Corporation
Norfolk, Virginia

Order Approving an Application to Provide Securities Brokerage Services, to Broker Options on Government Obligations and Money Market Instruments, and to Broker Gold and Silver Bullion and Gold Coins

Sovran Financial Corporation, Norfolk, Virginia, a bank holding company within the meaning of the Bank Holding Company Act of 1956 ("Act" or "BHC Act"), 12 U.S.C. § 1841 *et seq.*, has applied pursuant to section 4(c)(8) of the Act, 12 U.S.C. § 1843(c)(8), and section 225.23(a) of the Board's Regulation Y, 12 C.F.R. § 225.23(a), to expand the activities of its wholly owned subsidiary, Sovran Investment Corporation ("SIC"), Richmond, Virginia, to include:

(1) securities brokerage services,

(2) buying and selling, as agent on behalf of non-affiliated persons, options on securities issued or guaranteed by the U.S. Government and its agencies, and options on U.S. and foreign money market instruments, and

(3) purchasing and selling gold and silver bullion and gold coins solely for the account of customers.[1]

Notice of the application, affording interested persons an opportunity to submit comments, has been duly published, 50 *Federal Register* 45,872 (1985). The time for filing comments has expired, and the Board has considered the application and all comments received, including those of the Securities Industry Association ("SIA") in opposition to the proposal,[2] in light of the public interest factors set forth in section 4(c)(8) of the Act.

Applicant, with total assets of $8.9 billion,[3] is the largest banking organization in Virginia. Applicant has one subsidiary bank, Sovran Bank, N.A. ("Sovran Bank"), Richmond, Virginia, and engages through certain subsidiaries in other nonbanking activities permissible for bank holding companies.[4]

The Board has previously determined that acting as a broker with respect to options on securities issued or guaranteed by the U.S. government and its agents and options on U.S. and foreign money market instruments is closely related to banking. *Security Pacific Corporation*, 70 FEDERAL RESERVE BULLETIN 238 (1984). The Board also has previously determined that the purchase and sale of gold and silver bullion and gold coins solely for the account of customers is an activity that is closely related to banking. *First Interstate Bancorp*, 71 FEDERAL RESERVE BULLETIN 467 (1985).[5]

The Board by regulation has authorized bank holding companies to engage in securities brokerage activities that "are restricted to buying and selling securities solely as agent for the account of customers and do not include securities underwriting or dealing or investment advice." 12 C.F.R. § 225.25(b)(15). In *Securities Industry Association v. Board of Governors*, ___ U.S. ___, 104 S. Ct. 3003 (1984), the United States Supreme Court upheld the Board's decision that such activity by a bank holding company does not violate the Glass–Steagall Act and is so closely related to banking as to be a proper incident thereto under section 4(c)(8) of the BHC Act.

The principal issue raised by this application is whether Applicant may, through the same subsidiary,

1. SIC has previously received authorization under the BHC Act to (1) underwrite and deal in government obligations and money market instruments, pursuant to section 225.25(b)(16) of Regulation Y, (2) provide investment advice relating solely to government obligations and money market instruments, pursuant to section 225.25(b)(4) of Regulation Y, and (3) provide certain fiduciary services, including securities safekeeping, custodial services, and acting as a paying agent and as a dividend disbursement agent.

2. In addition to the comment opposing the proposal from the SIA, the Board received comments supporting the proposal from the Dealer Bank Association, the California Bankers Association, and Union Bank, Los Angeles, California.

3. As of September 30, 1985.

4. Applicant has previously been authorized to engage through Sovran Capital Management Corporation ("SCM"), Richmond, Virginia, in the provision of investment or financial advice on a fee basis. Sovran has committed that SCM will not utilize the securities brokerage services to be provided by SIC.

5. SIC will not engage in the sale of platinum and palladium or deal in gold and silver for its own account. The present application does not include the activity of buying and selling options on gold and silver bullion. Moreover, SIC does not propose to extend credit or offer investment advice to customers in connection with the proposed precious metals services.

provide securities brokerage services, underwrite and deal in government obligations and money market instruments, and provide investment advice related solely to such bank-eligible securities. Applicant contends that the proviso in section 225.25(b)(15) of Regulation Y against securities underwriting, dealing or investment advisory or research services in connection with securities brokerage activities was not intended to preclude a bank holding company from *separately* engaging in otherwise permissible underwriting, dealing, and investment advisory activities in the same subsidiary. Applicant contends that the appropriate regulatory focus should be the functional manner in which, and not the legal entity through which, such securities brokerage services are provided.

Accordingly, Applicant has stated that SIC will not provide investment advice or research in connection with any securities it brokers pursuant to section 225.25(b)(15) of Regulation Y, and will not underwrite, deal in, or provide investment advice on securities other than those authorized under section 225.25(b)(16) of Regulation Y. Applicant also has put into place a number of mechanisms that it contends provide adequate assurance that it will maintain a firm functional and operational separation between the proposed securities brokerage activities and the previously approved investment advisory and bank-eligible underwriting and dealing activities.

Applicant has stated that it will carry over to SIC existing operational arrangements in Sovran Bank to maintain the functional and operational separation that already exists between Sovran Bank's securities brokerage activities and its underwriting, dealing, and advisory activities. Specifically, the proposed securities brokerage services will be performed by personnel who will be instructed specifically not to provide, and will not provide, any investment advice.[6] All securities brokerage orders will be taken by telephone in tape recorded transactions, and Applicant will monitor and provide regulatory access to the recordings to ensure that no investment advice is provided by securities brokerage personnel. Securities brokerage personnel will be compensated by fixed salary rather than by commission to remove financial incentives for the promotion or "selling" of securities. The securities brokerage personnel will have distinct training, equipment, and operational support facilities tailored specifically to the securities brokerage function, and will not have access to equipment providing information about bank-eligible securities of the types that SIC deals in or underwrites pursuant to section 225.25(b)(16) of Regulation Y.[7]

In addition, the separate SIC personnel engaged in underwriting, dealing and advisory activities with respect to bank-eligible securities and obligations will be trained not to provide particularized or specific investment advice, but only generalized and publicly available information concerning such bank-eligible securities.

The SIA contends that the combination of securities brokerage activities and investment advice violates section 20 of the Glass–Steagall Act and is not closely related to banking or a proper incident thereto. The SIA asserts that banks have not, and indeed may not, simultaneously provide both securities brokerage services and investment advice to their customers, and that the proposed activities are not functionally or operationally similar to the investment, management, fiduciary or agency services traditionally provided by banks.

The Board believes that the SIA's contentions under the BHC Act and the Glass–Steagall Act do not warrant denial of the application. The SIA's contentions are premised on the assumption that investment advice will be provided in connection with SIC's securities brokerage activities, which is not the case. Because Applicant will not provide advice or research in connection with securities it brokers pursuant to section 225.25(b)(15) and will maintain a functional and operational separation between SIC's securities brokerage services and its authorized underwriting, dealing, and investment advisory activities, the Board believes the proposal is permissible under section 225.25(b)(15) of Regulation Y and does not violate the Glass–Steagall Act.[8] The Board's approval of this application is expressly conditioned on the fact that SIC will not provide any advice or research services in connection with its securities brokerage services under section 225.25(b)(15) and will maintain a functional separation between such activities and its other activities as described in this application. In the Board's view, the critical consideration under section 225.25(b)(15) of Regulation Y is whether the securities brokerage activity is conducted separate and apart from investment advisory, dealing or underwriting activities, not whether the activities are conducted through separate subsidiaries.

6. Sovran Bank's securities brokerage customers can purchase for a separate fee certain types of advisory services from the unaffiliated registered broker-dealer that acts as the clearing agent for all of Sovran Bank's securities brokerage trades. Sovran Bank does not, however, receive any portion of this fee.

7. The personnel providing securities brokerage services will be located in a physically distinct and identifiable portion of SIC's premises.

8. The Board recently approved an application to provide securities brokerage services and consumer financial counseling through the same legal entity. *United City Corporation*, 71 FEDERAL RESERVE BULLETIN 662 (1985). The Board found that several commitments offered by the applicant would be sufficient to establish the degree of functional separation between securities brokerage services and consumer financial counseling services that is required under the proviso of section 225.25(b)(15) that prohibits investment advice.

The Board has considered the SIA's assertions that consummation of the proposal could result in conflicts of interest and unsound banking practices, but believes these objections are not warranted because they presuppose an integration of securities brokerage with investment advisory and research services—an integration that, for the reasons discussed above, is not involved in Applicant's proposal. As in *BankAmerica Corporation (Schwab)*,[9] SIC will not have a "salesman's stake" or other promotional interest in any securities it brokers because it will not purchase or sell any such securities for its own account, and will not provide *any* investment advice or research in connection with its securities brokerage services authorized under section 225.25(b)(15) of Regulation Y.

The Board has also considered SIA's contention that the voluntary or regulated restraints proposed by Applicant are inadequate to address the problems raised by the application under the BHC Act or the Glass–Steagall Act. The Board, however, believes it appropriate to rely on the fact that Applicant will not offer investment advice or research in connection with its securities brokerage activities and will maintain a functional and operational separation between the securities brokerage activities of SIC and its underwriting, dealing, and investment advisory activities relating to bank-eligible securities.[10] Moreover, Applicant has established mechanisms and procedures to ensure that no advice or research services will be provided in connection with securities it brokers pursuant to section 225.25(b)(15) of Regulation Y, which the Board believes are appropriate.

The Board's approval of the present application is based solely on its finding that the proposal is consistent with the requirements of section 225.25(b)(15) of Regulation Y. It does not constitute in any way a determination that the combination of securities brokerage and investment advisory or underwriting activities is permissible under section 20 of the Glass–Steagall Act or is so closely related to banking as to be a proper incident thereto under section 4(c)(8) of the BHC Act. The Board has this issue under consideration in connection with a proposal by National Westminster Bank PLC, London, England.

Based upon the foregoing and other facts of record, the Board concludes that the balance of the public interest factors it must consider under section 4(c)(8) of the Act is favorable. Accordingly, the Board has determined that the application should be, and hereby is, approved. This determination is subject to all the conditions set forth in Regulation Y, including those in sections 225.4(d) and 225.23(b), 12 C.F.R. §§ 225.4(d) and 225.23(b), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

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

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

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

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

9. 69 FEDERAL RESERVE BULLETIN 105 (1983).

10. *E.g., Independent Insurance Agents of America, Inc. v. Board of Governors*, 736 F.2d 468, 474–476 (8th Cir. 1984); *Independent Insurance Agents of America, Inc. v. Board of Governors*, 646 F.2d 868, 869–870 (4th Cir. 1981).

Wells Fargo & Company
San Francisco, California

Order Approving the Issuance and Sale of Variably Denominated Payment Instruments

Wells Fargo & Company ("Applicant" or "Wells Fargo"), San Francisco, California, a bank holding company within the meaning of the Bank Holding Company Act ("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 225.23(a)(3) of the Board's Regulation Y (12 C.F.R. § 225.23(a)(3)), to engage *de novo* in the issuance and sale of payment instruments, as follows:

(1) domestic money orders up to a maximum face value of $10,000;

(2) international money orders in denominations not to exceed $10,000; and

(3) official checks with no maximum limitation on the face amount, but subject to certain conditions.

These instruments would be sold throughout California exclusively through branches of its subsidiary, Wells Fargo Bank, N.A. ("Wells Fargo Bank").[1]

1. In this regard, Applicant relies on section 4(c)(1)(C) of the Act for authority to furnish data processing, marketing, and servicing assistance in connection with its payment instrument activities.

Notice of the application, affording interested persons an opportunity to submit comments, has been published (50 *Federal Register* 47,274 (1985)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the Act.

Wells Fargo controls total consolidated assets of $29.2 billion and is the third largest bank holding company in the state of California based on total domestic deposits in Wells Fargo Bank.[2] Wells Fargo also engages in a number of nonbanking activities.

Regulation Y includes on the list of permissible nonbanking activities the issuance and sale of money orders and other similar consumer-type payment instruments with a face value not exceeding $1,000.[3] The Board previously has approved by Order applications to engage in the issuance of payment instruments with a maximum face value of $10,000.[4] In its Orders, the Board found that an increase in the denomination of such instruments would not affect the fundamental nature of the payment instruments, and the Board concluded that the issuance and sale of the proposed instruments in increased denominations is closely related to banking.

In order to approve this application, the Board must also find that the performance of the proposed activity by Wells Fargo "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 or interests, or unsound banking practices."

Consumer-type payment instruments, such as traditional money orders, are marketed nationally on the wholesale level by a few large organizations and locally on the retail level by a wide variety of financial and nonfinancial institutions.[5] On the national scale, the market is highly concentrated, being dominated by a few large organizations. Entry into this business on a national scale involves overcoming significant barriers because a potential entrant must possess the capability for managing the extensive sales and servicing operation necessary for handling a low unit-price, high-volume product. Such capabilities frequently are associated with banking organizations of significant size, such as Wells Fargo. Wells Fargo's entry into this market would result in increased competition in an industry that currently is highly concentrated. Accordingly, the Board views Wells Fargo's proposal as procompetitive and in the public interest.

Applicant proposes to issue and sell domestic and international money orders with a maximum face value of $10,000, and official checks with no limitation on the maximum face amount. In its *BankAmerica* Order, the Board noted its concern that the issuance of such instruments with a face value of over $1,000 could result in an adverse effect on the reserve base because such instruments are not subject to transaction account reserve requirements. Because reserve requirements serve as an essential tool of monetary policy, the Board was concerned that the BankAmerica proposal might result in adverse effects on monetary policy.

In order to assess the effects of that proposal on the reserve base, the Board determined that it should closely monitor its effects on the Board's conduct of monetary policy. To that end, the Board approved the BankAmerica proposal to issue such instruments with a face value up to $10,000, but required BankAmerica to file with the Board weekly reports of daily data on this activity. If it appeared that the activity caused a significant reduction in the reserve base or other adverse effect on the conduct of monetary policy, the Board stated that it might impose reserve requirements on such transactions, pursuant to section 19 of the Federal Reserve Act (12 U.S.C. § 461(a)) and the Board's Regulation D (12 C.F.R Part 204).

To address the monetary policy concerns expressed in the Board's *BankAmerica* Order, Wells Fargo has committed that it shall deposit into a demand deposit account at its subsidiary, Wells Fargo Bank, all the proceeds of any official check having a face value in excess of $10,000, and the proceeds of each item will remain in the demand account until the respective payment instrument is paid. Weekly reports will be made of daily data showing separately the aggregate value of all outstanding instruments (including money orders as well as official checks) with face values of up to $10,000, as well as the aggregate value of all official checks with face values exceeding $10,000.

Applicant contends that implementation of the foregoing commitments and procedures will maintain reserves at the same level as would be the case if the Board were to approve an application to increase the denomination of official checks available for sale by Wells Fargo from $1,000 to $10,000 (as previously

2. Asset data are as of June 30, 1985, and deposit data are as of March 31, 1985.

3. 12 C.F.R. § 225.25(b)(12).

4. *BankAmerica Corporation*, 70 FEDERAL RESERVE BULLETIN 364 (1984); *see also The Chase Manhattan Corporation*, 71 FEDERAL RESERVE BULLETIN 905 (1985); and *Citicorp*, 71 FEDERAL RESERVE BULLETIN 58 (1985).

5. Money orders are primarily used to transmit money by consumers who do not or cannot maintain checking accounts. Traditionally, money orders have a maximum face value printed on the instrument, which is generally at or lower than the limit set by Regulation Y. Official checks can be used as a substitute for a variety of payment instruments, such as cashier's checks, and could be used by businesses as part of their cash management strategy.

approved by order for other bank holding companies), but at the same time will permit Wells Fargo to increase the efficiency and reduce the overall cost of its payment instrument activities. Having reviewed the proposal, the Board has determined that the commitments and procedures outlined therein sufficiently mitigate the Board's concerns regarding potential adverse effects on the reserve base, as to allow Applicant to commence the activity as proposed. The Board's approval for Applicant to engage in this activity, of course, is subject to the continued evaluation of its potential adverse effects on monetary policy. If the Board discerns such effects in the future, the Board would require appropriate modification of the activity and/or imposition of additional reserve requirements.

The record shows that the sale of these larger-denominated money orders by Wells Fargo would increase competition in this field and enhance the convenience of purchasers. The Board finds that these instruments, which will be issued by a large financial organization and will enjoy ready acceptability, will provide benefits to the public. Moreover, there is no evidence in the record that consummation of this proposal would result in adverse effects, such as unsound banking practices, unfair competition, conflicts of interests, or undue concentration of resources.

Based upon the foregoing and other considerations reflected in the record, the Board has determined that the balance of the public interest factors it is required to consider under section 4(c)(8) is favorable. This determination is subject to all of the conditions set forth in Regulation Y, including sections 225.4(d) and 225.23(b), and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

The activity shall be commenced no later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of San Francisco, acting pursuant to delegated authority.

By order of the Board of Governors, effective December 16, 1985.

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

JAMES MCAFEE
Associate Secretary of the Board

[SEAL]

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

Hudson Financial Associates
Wayne, New Jersey

Order Approving Application to Become a Bank Holding Company and Engage in Certain Nonbanking Activities

Hudson Financial Associates, Wayne, New Jersey, has applied under section 3(a)(1) of the Bank Holding Company Act ("BHC Act"), 12 U.S.C. § 1842(a)(1), to become a bank holding company by acquiring up to 24.9 percent of the voting shares of HUBCO, Inc. ("HUBCO"), Union City, New Jersey, a bank holding company by virtue of its control of Hudson United Bank ("Bank"), Union City, New Jersey.[1] Applicant also has applied under section 4(c)(8) of the BHC Act, 12 U.S.C. § 1843(c)(8), to acquire indirectly HUB Financial Services, Inc. ("HUB Financial"), Union City, New Jersey. HUB Financial provides data processing services and leases personal property. The Board has previously determined that these activities are closely related to banking and permissible for bank holding companies. 12 C.F.R. §§ 225.25(b)(5) and (7).

Notice of the applications, affording interested persons an opportunity to submit comments, has been given in accordance with sections 3 and 4 of the BHC Act, 50 *Federal Register* 33,107 (1985). The time for filing comments has expired, and the Board has considered the applications and all comments received, including those submitted by HUBCO in opposition to the applications, in light of the factors set forth in section 3(c) and the considerations specified in section 4 of the BHC Act.

Agreement Between Applicant and Mr. Sheldon Goldstein

Applicant and Mr. Sheldon Goldstein have entered into an agreement whereby Mr. Goldstein would purchase one-half of the HUBCO shares presently owned by Applicant,[2] and thereafter Applicant and Mr. Goldstein would each purchase one-half of the HUBCO shares offered to Mr. Seidman, as agent for Hudson and Mr. Goldstein. HUBCO contends that this agreement between Applicant and Mr. Goldstein creates a company under the BHC Act and that the

1. Applicant is a limited partnership with 38 limited partners. The general partners of Applicant are Mr. Lawrence Seidman and Mr. Laurence Rappaport.

2. As of August 21, 1985, Applicant owned approximately 11.3 percent of the voting shares of HUBCO.

application to become a bank holding company filed solely by Hudson is improperly filed and incomplete.[3]

Section 2(b) of the BHC Act defines a company as "any corporation, partnership, business trust, association, or similar organization. . ." 12 U.S.C. § 1841(b). HUBCO contends that Hudson and Mr. Goldstein have created a formalized structure to acquire and manage HUBCO and Bank that would meet the definition of a "partnership" or "association" for purposes of section 2(b) of the BHC Act. The term "association," which was added to the definition of "company" in 1970, is not defined in the BHC Act. The Board has interpreted the term "association" to mean a structured and somewhat formal entity controlling a bank rather than a group of persons associated solely through common ownership of a bank.[4] In this regard, the Board, in determining whether a structured relationship is present, has considered the existence of a formal agreement binding the parties together as a group, including agreements relating to the sale, transferability, or voting of any of the shares of the bank, or relating to the operation or control of the bank.

Several factors indicate that the agreement between Mr. Goldstein and Hudson may create an association under the BHC Act. First, Hudson and Mr. Goldstein have entered into a formal agreement governing the acquisition, retention and voting of the shares of HUBCO by each party. Second, the parties are required to purchase shares of HUBCO simultaneously and in equal amounts. Third, the parties are obligated to vote their shares of HUBCO in concert with each other with respect to any nominees to the board of HUBCO or any other matters presented to the shareholders of HUBCO. Fourth, the parties to the agreement will share certain benefits, responsibilities and liability. For example, Mr. Goldstein has agreed to pay one-half of reasonable legal fees incurred and actually paid after May 1, 1985, in connection with litigation involving HUBCO or Bank and Hudson or its general partners.[5] In addition, Hudson and Mr. Goldstein agreed to divide equally any payment made by or reimbursement received by Hudson for expenses incurred in connection with the prosecution, defense or settlement of the litigation involving Hudson and HUBCO, and any monetary judgment awarded Hudson or its general partners. Fifth, Mr. Goldstein and Hudson each agreed to commit funds to purchase HUBCO stock, pay any litigation costs relating to the ownership of HUBCO stock, and defray the cost of any proxy relating to HUBCO stock. Finally, absent specified events of default by either of the parties, Hudson and Mr. Goldstein cannot transfer or sell their shares of HUBCO to third parties during the five-year term of the agreement.

Based upon all of the facts of record, the Board has determined that the agreement between Hudson and Mr. Goldstein creates the type of structured entity that constitutes an association within the meaning of section 2(b) of the BHC Act as long as the agreement remains in force.[6]

The Board's determination that the agreement between Mr. Goldstein and Applicant creates an association under the BHC Act does not mean, however, that the application must be denied. Hudson filed a complete application to become a bank holding company, and provided complete notice of all aspects of this transaction bearing on the statutory factors under section 3(c) of the BHC Act, including details of the agreement between Mr. Goldstein and Hudson. Mr. Goldstein has filed with the Board a notice under the Change in Bank Control Act, in which he has provided detailed information concerning his financial resources and background. Accordingly, the Board believes that the company has complied with the application requirements of section 3(a) of the BHC Act to seek Board approval before becoming a bank holding company.

Alleged Securities Law Violations

HUBCO contends that the violation of various Federal securities laws by Applicant and its general partners is an adverse managerial factor that the Board must consider. HUBCO contends that Hudson and its general partners have violated section 13(d) of the Securities Exchange Act of 1934 ("'34 Act") by filing a Schedule 13D with the Securities and Exchange Commission ("SEC") that was intentionally false and misleading in several respects and also violated the '34 Act in connection with a tender offer for up to 300,000 shares of HUBCO stock.

In accordance with its established policy, the Board has considered HUBCO's allegations in the context of

3. Mr. Goldstein has filed a notice under the Change in Bank Control Act to acquire up to 24.9 percent of HUBCO.

4. *E.g.*, letter, dated September 13, 1977, to Mr. John P. Roemer from Theodore Allison, *aff'd*, *Central Bank v. Board of Governors*, No. 77-1937, slip op. (D.C. Cir. 1979). *See also American Security and Trust Company*, 60 FEDERAL RESERVE BULLETIN 875 (1974).

5. HUBCO's management did file suit against Hudson, Seidman and Rappaport in the United States District Court for the District of New Jersey, alleging violations of various federal and state securities laws and banking laws.

6. The Board has issued a published interpretation that certain voting trusts and buy-sell agreements will not be deemed to be companies under the BHC Act. The agreement between Mr. Goldstein and Hudson is not a voting trust since no provision is made for the appointment of trustees or the issuance of voting trust certificates. The agreement between Mr. Goldstein and the Applicant does not meet the description of the typical buy-sell agreement and also has several elements not present in the normal buy-sell agreement contemplated by the Board's interpretation.

its evaluation of the financial and managerial factors in this case.[7] The Board's review of the record does not indicate that the alleged securities law violations by Hudson and its general partners, even if established, reflect any fraudulent intent by Hudson or otherwise reflect so adversely on Hudson's managerial resources as to warrant denial of the applications.

In this regard, the Board notes that, with respect to the alleged violations of section 13(d) of the '34 Act, the United States District Court for the District of New Jersey has considered these issues and, on November 1, 1985, dismissed the action brought by HUBCO against Hudson and its general partners.[8] With respect to the alleged violations in connection with the tender offer, the management of HUBCO has presented its allegations to the SEC, which is the agency empowered to investigate alleged violations of the securities laws.[9]

Adherence to Commitments

HUBCO also contends that Hudson and its general partners failed to observe commitments made in connection with a notice previously filed under the Change in Bank Control Act, 12 U.S.C. § 1817, by Applicant and its general partners to acquire up to 14.4 percent of HUBCO. In applications under section 3 of the BHC Act the Board considers as a relevant issue reflecting on an applicant's management, the applicant's record of fulfilling commitments to, and any conditions imposed by, the Board in connection with prior applications. 12 C.F.R. § 225.13(b)(2).

The Board indicated on May 20, 1985, that it did not intend to disapprove the Notice filed by Hudson and its general partners. The Board relied upon commitments by Hudson and its general partners that they would not, among other things, exercise or attempt to exercise a controlling influence over the management or policies of HUBCO or Bank. HUBCO contends that Hudson and its general partners violated these commitments on several occasions.[10]

The Board has carefully considered the allegations that Hudson and its general partners violated the commitments made in connection with the Notice. Based upon all of the facts of record, the Board has determined that neither Hudson nor its general partners violated any of the commitments. As noted, Hudson has filed an application with the Board to become a bank holding company through the acquisition of control of HUBCO. The commitments were designed to ensure that Hudson would not acquire control of HUBCO without the Board's approval. They were not intended to prohibit Hudson from taking the steps incidental to a proposed acquisition of control to be effected with the Board's approval as required by the BHC Act. Moreover, the record does not indicate that Hudson's principals have advanced any specific plans or proposals with respect to the operation or policies of HUBCO or Bank. Mr. Seidman's comments on the litigation with which he is directly involved provide no basis for a finding of a violation of the commitments.

Relationship of Hudson and Certain of Its Limited Partners

HUBCO contends that Hudson cannot become a bank holding company because one of its limited partners, L Enterprises, Wayne, New Jersey, is a real estate development partnership. The general partners of Applicant also are general partners of L Enterprises. Hudson has committed, however, that L Enterprises

7. *See, e.g., Suburban Bancorp, Inc.*, 71 FEDERAL RESERVE BULLETIN 581 (1985).

8. *HUBCO, Inc., et al v. Laurence J. Rappaport*, No. 84-4413, slip, op. (D.N.J. November 1, 1985).

9. With respect to the tender offer for up to 300,000 shares of HUBCO's stock at $18.50 per share, HUBCO alleged, in a letter to the Director of the SEC's Division of Enforcement dated August 30, 1985, that Hudson and Mr. Goldstein had violated the SEC's rules and regulations and the tender offer provisions of the '34 Act by its failure to: (1) disseminate adequately information concerning the tender offer, and that this failure may have been intended to manipulate the market in HUBCO's stock; (2) disclose material financial information about Hudson and Mr. Goldstein; (3) describe adequately the regulatory requirements; and (4) disclose adequately the conditions under which the bidders could abandon the offer.

10. HUBCO's specific allegations of violations of the commitments are as follows. On May 21, 1985, Mr. Seidman met with some shareholders of HUBCO to discuss the impact of litigation and proxy solicitation costs on the earnings of HUBCO and Bank. HUBCO contends that the purpose of this meeting was to solicit support for Hudson's program to influence HUBCO and Bank. On May 28, 1985, Hudson, Mr. Seidman and Mr. Rappaport amended their Schedule 13D to report that they would seek to modify the commitments, that they intended to seek influence or control over HUBCO and its policies and operations, and that they were negotiating with a third party for support of their acquisition efforts. On June 18, 1985, an article appeared in the Newark *Star Ledger* that reported that Mr. Seidman wanted Bank to change its operational methods and to stop wasting funds through litigation against him. On the same day, Hudson entered into the agreement with Mr. Goldstein. HUBCO contends that these facts are evidence of an attempt by Hudson, Mr. Rappaport and Mr. Seidman to publicly intimidate the management of HUBCO and thereby exercise influence, or control, over the management and policies of HUBCO and Bank.

will divest itself of any interest in Hudson prior to the acquisition of control of HUBCO.[11]

The Board has considered the competitive effects of this application under section 3 of the BHC Act. Hudson and the Hudson/Goldstein "association" are non-operating companies that would control one of the smaller banking organizations in New Jersey upon consummation of the proposal. Bank is the 22nd largest commercial bank in New Jersey. It controls deposits of $322.9 million,[12] which represents less than one percent of the deposits in commercial banks in New Jersey.

Bank operates in the Plainfield banking market and in the Metropolitan New York banking market. Bank is the 10th largest of 14 banks in the Plainfield banking market,[13] and controls 1.4 percent of the deposits in the market. Bank is the 34th largest of 103 banks in the Metropolitan New York banking market, and controls less than one percent of the deposits in the market. Neither Hudson nor Mr. Goldstein has any interest in any other depository institution. Moreover, neither Goldstein, Rappaport or Seidman serve in any official capacity in any depository institution. Accordingly, the Board has determined that consummation of the proposal would have no adverse effect on competition in the Plainfield banking market, the Metropolitan New York banking market, or in any other relevant market.

The Board has considered the financial and managerial resources and future prospects of Hudson, the Hudson/Goldstein "association," HUBCO and Bank. Based upon a careful consideration of the facts of record, the Board has determined that financial and managerial factors are consistent with approval. Hudson will not be highly leveraged as a result of this transaction and both Hudson and Goldstein have adequate resources to support this transaction. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval.

Future Prospects

HUBCO contends that the Board should deny the application by Hudson because the acquisition of HUBCO's shares would only perpetuate dissension in Bank's management without permitting Hudson to gain actual control of HUBCO or Bank. HUBCO relies on the Board's decision in *NBC Co.*, 60 FEDERAL RESERVE BULLETIN 782 (1974), in support of its position. There, the Board denied an application by *NBC Co.* to acquire between 20 and 25 percent of the shares of a bank where the application would cause continuing management division because it was opposed by a controlling shareholder who held 50 percent of the target bank. The *NBC Co.* precedent does not apply where the applicant is seeking to acquire control and would become the largest shareholder of the target bank or bank holding company.[14]

Hudson is presently the largest single shareholder of HUBCO voting stock, and upon consummation of the proposal, Hudson and Goldstein together will be the largest single shareholder of HUBCO. Hudson has applied up to 24.9 percent of HUBCO, and together with Mr. Goldstein, would control up to 49.8 percent of HUBCO upon consummation of this proposal. As of December 1984, the management of HUBCO as a group owned only 14.78 percent of HUBCO.

HUBCO's position would preclude the Board from approving any proposal to acquire less than an absolute majority of the shares of a bank or bank holding company if the management of the bank or bank holding company opposes the acquisition. The BHC Act, however, recognizes that control of a bank or bank holding company is possible without ownership of an absolute majority of voting shares. After careful consideration of HUBCO's argument, the Board cannot conclude that consummation of the proposal would impair the future prospects of HUBCO or Bank.

11. Two other limited partners of Hudson are companies within the meaning of section 2(b) of the BHC Act and involved in real estate development and investment activities. These real estate companies could not acquire direct or indirect control of Hudson, HUBCO or Bank under the BHC Act. Neither of these companies controls more than a 5 percent interest in Hudson, and neither Hudson nor its general partners have any ownership interest in these companies. In addition, Applicant has made several commitments designed to prevent these real estate development companies from becoming bank holding companies with respect to Hudson, HUBCO or Bank.

12. Unless otherwise indicated, all deposit data are as of June 30, 1984.

13. The Plainfield banking market includes Middlesex County, New Jersey, which includes Middlesex, Piscataway, South Plainfield, and Dunnellen; Somerset County, New Jersey, excluding Bernards, Bernardsville, Franklin, Millstone, Montgomery and Rocky Hill; and Union County, New Jersey, including Plainfield. The Metropolitan New York banking market is defined to include New York City, Nassau, Putnam, Rockland, Westchester, and western Suffolk Counties in New York State; the northeastern two-thirds of Bergen County and eastern Hudson County in New Jersey; and southwestern Fairfield County in Connecticut.

14. *City Holding Company*, 71 FEDERAL RESERVE BULLETIN 575 (1985).

Request for Hearing

HUBCO also has requested that the Board conduct a formal hearing concerning the application by Hudson and the notice by Mr. Goldstein in order to develop a full factual record. The Board is not required under section 3(b) of the BHC Act, 12 U.S.C. § 1842(b), to hold a hearing since neither the primary supervisor of HUBCO nor Bank requested the Board to conduct a hearing. The Board has reviewed the record of these applications, and has determined that HUBCO's arguments relate to the interpretation or significance to be accorded undisputed facts of record. Moreover, all parties have had an ample opportunity to present their arguments in writing and respond to all the submissions by each other. Accordingly, the Board has determined that a hearing would serve no useful purpose and HUBCO's request for a formal hearing is hereby denied.

Applicant also has applied under section 4(c)(8) of the BHC Act to acquire indirectly HUB Financial. HUB Financial provides data processing services and leases personal property. The Board has previously found that these activities are closely related to banking and permissible for bank holding companies. 12 C.F.R. §§ 225.25(b)(5) and (b)(7).

There is no evidence in the record to indicate that consummation of the proposal would result in any adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests or unsound banking practices. Neither Hudson nor Mr. Goldstein is involved in leasing personal property or providing data processing services. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval of the proposal.

Based upon the foregoing and other facts of record, the Board has determined that the applications under sections 3 and 4 of the BHC Act should be and hereby are approved. The acquisition of HUBCO's subsidiary bank shall not be consummated before the thirtieth calendar day following the effective date of this Order. Neither the banking acquisition nor the nonbanking acquisition shall occur later than three months after the effective date of this Order, unless that period is extended for good cause by the Board or by the Federal Reserve Bank of New York, acting pursuant to delegated authority. The determination with respect to the acquisition of HUB Financial is subject to all of the conditions set forth in Regulation Y, including sections 225.4(d) and 225.23(b)(3), 12 C.F.R. §§ 225.4(d) and 225.23(b)(3), and 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 BHC Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective December 10, 1985.

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

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

Louisiana Bancshares, Inc.
Baton Rouge, Louisiana

Order Approving the Merger of Bank Holding Companies and the Acquisition of a Nonbank Subsidiary

Louisiana Bancshares, Inc., Baton Rouge, Louisiana, a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) ("Act"), has applied for the Board's approval under section 3(a)(5) of the Act (12 U.S.C. § 1842(a)(5)) to merge with The Terrebonne Corporation, Houma, Louisiana ("Company"), and indirectly to acquire Terrebonne Bank and Trust Company, Houma, Louisiana ("Bank").

Applicant has also applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. § 225.23) to acquire Terre Agency, Inc., Houma, Louisiana, a subsidiary of Company that engages in the activity of acting as agent in the sale of credit life, credit accident, and credit health insurance directly related to extensions of credit by Bank.[1]

Notice of the applications, affording opportunity for interested persons to submit comments, has been given in accordance with sections 3 and 4 of the Act (50 *Federal Register* 41,023 (1985)). The time for filing comments and views has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)) and the considerations specified in section 4(c)(8) of the Act.

1. Company has another subsidiary, Terrealty, which will be divested upon consummation of this transaction.

Applicant is the largest commercial banking organization in Louisiana, controlling deposits of $3.5 billion, representing 11.9 percent of the total deposits in commercial banking organizations in the state.[2] Company is the 24th largest commercial banking organization in the state, controlling deposits of $286.5 million, representing approximately 1.0 percent of total deposits in commercial banking organizations in the state. Upon consummation of this proposal, Applicant would control deposits of $3.8 billion, representing 12.9 percent of total deposits in commercial banking organizations in the state. Consummation of this proposal would have no significant effect on the concentration of banking resources in Louisiana.

Applicant and Company compete in the Houma-Thibodaux banking market.[3] Applicant is the fourth largest of twelve commercial banking organizations in the Houma-Thibodaux market, controlling 13 percent of total deposits in commercial banks therein. Bank is the largest commercial bank in the market, controlling 21 percent of total deposits in commercial banks therein.[4] Upon consummation of this proposal, Applicant would become the largest commercial banking organization in the market, controlling 34 percent of the total deposits in commercial banks in the market.

The Houma-Thibodaux banking market is not highly concentrated and would not become highly concentrated upon consummation of this proposal. The share of deposits held by the four largest commercial banks is 66.9 percent and the market's Herfindahl-Hirschman Index ("HHI") is 1155. Consummation of this transaction would increase the market's HHI by 548 points to 1703, and the four-firm concentration ratio would increase to 75 percent. The increase in the HHI would make this transaction one that would be subject to challenge under the Department of Justice Merger Guidelines.[5]

Although consummation of the proposal would eliminate existing competition between Applicant and Company in the market, numerous other commercial banking organizations would remain as competitors after consummation of the proposal. In addition, the effect of this proposal on existing competition is further mitigated by the extent of competition offered by thrift institutions in the market.[6] Six thrift institutions hold 25.6 percent of the total deposits in the market. These institutions compete with the commercial banks in the market for transaction accounts, consumer loans and commercial loans. In view of these facts, the Board considers the presence of thrift institutions a significant factor in assessing the competitive effects of this proposal.[7] Accordingly, in view of the competition provided by thrift institutions and the number and size of competitors remaining in the market, the Board concludes that consummation of the proposed acquisition is not likely to have a significant adverse effect on competition in the Houma-Thibodaux banking market.

The financial and managerial resources of Applicant, Terrebonne and their respective subsidiary banks are generally satisfactory and consistent with approval. Applicant will incur no debt as a result of this transaction. Accordingly, the Board concludes that banking factors are consistent with approval of this proposal. Considerations relating to the convenience and needs of the community to be served are also consistent with approval.

Applicant has also applied, pursuant to section 4(c)(8) of the Act, to acquire Terre Agency, Inc. ("Agency"). Agency presently acts as agent in the sale of life, accident and health insurance to assure repayment of extensions of credit by Bank. Applicant and Agency do not compete in the sale of life, accident or health insurance in any market. Accordingly, the proposed acquisition would not have any effect on competition for insurance services in any relevant market. Furthermore, there is no evidence in the record to indicate that approval of this proposal would result in undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices, or other adverse effects on the public inter-

2. Banking data are as of December 31, 1984, unless otherwise indicated.

3. The Houma-Thibodaux banking market is approximated by the Houma-Thibodaux Metropolitan Statistical Area, which consists of Lafourche and Terrebonne Parishes in Louisiana.

4. All market data are as of June 30, 1984.

5. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,823 (June 29, 1984)), any market in which the post-merger HHI is between 1000 and 1800 is considered moderately concentrated, and the Department is likely to challenge a merger that increases the HHI by more than 100 points, unless other facts of record indicate that the merger is not likely substantially to lessen competition. The Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by at least 200 points.

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

7. If 50 percent of the deposits held by thrift institutions were included in the calculation of market concentration, upon consummation of the proposal, Applicant would control 30.3 percent of the total deposits in the market. Consummation of the proposal would increase the HHI by 431 points, from 1089 to 1520.

est. Accordingly, the Board has determined that the balance of the public interest factors it must consider under section 4(c)(8) of the Act is favorable and consistent with approval of the application to acquire Agency.

Based on the foregoing and other facts of record, the Board has determined that the applications under sections 3 and 4 of the Act should be, and hereby are, approved. The merger shall not be consummated before the thirtieth calendar day following the effective date of this Order, and neither the merger nor the acquisition of Agency 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 Atlanta pursuant to delegated authority. The determination as to Applicant's nonbanking activity is subject to the conditions set forth in Regulation Y, including those in sections 225.4(d) and 225.23(b), and to the Board's authority to require such modification or termination of the activities of a 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 December 17, 1985.

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

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

Orders Issued Under the Federal Reserve Act

Citibank Overseas Investment Corporation Wilmington, Delaware

Order Approving Additional Activity under Section 25(a) of the Federal Reserve Act

Citibank Overseas Investment Corporation ("COIC"), Wilmington, Delaware, has applied for the Board's consent under section 25(a) of the Federal Reserve Act (12 U.S.C. § 615(c)) and section 211.5(d) of the Board's Regulation K (12 C.F.R. § 211.5(d)) to engage indirectly through a *de novo* company, Hong Kong Real Estate Agency Ltd ("Agency"), Hong Kong, in real estate brokerage. The proposed activities of Agency would include identifying and locating properties for buyers; locating and introducing potential buyers to owners of properties; acting as intermediary in negotiations; and providing ancillary services to buyers and sellers.

COIC, with consolidated assets of approximately $13.0 billion as of year-end 1984, is a corporation organized under section 25(a) of the Federal Reserve Act (an "Edge Corporation") and is a wholly owned subsidiary of Citibank, N.A., New York, New York. Citibank is a subsidiary of Citicorp, New York, New York, the largest commercial banking organization in the United States, with consolidated assets of $169 billion as of September 30, 1985.

In reviewing proposals by U.S. banking organizations to engage in activities overseas, the Board has recognized that in other banking and financial systems, local institutions are often permitted to engage in activities that would not be permissible for United States banking organizations under applicable United States laws and regulations. In the Edge Act and the Bank Holding Company Act, the Board has been granted authority to permit activities abroad that are generally not authorized in the United States for bank holding companies.

In the exercise of that authority, the Board has adhered to the policy that the foreign activities that it authorizes should be of a banking or financial, as opposed to commercial, nature, or that such activities should be usual in connection with banking or other financial operations abroad. The Board may also consider whether conduct of the activity will enable the U.S. banking organization to compete effectively with foreign organizations. In addition, the Board takes into account whether the performance of the activity by a United States banking organization overseas is consistent with the prudent conduct and management of the company's banking and nonbanking operations, and the effect of the activity on the capital and managerial resources of the U.S. banking organization. The activity of acting as a real estate broker is not contained in the list of activities that the Board has found to be usual in connection with the transaction of banking or financial operations abroad. 12 C.F.R. § 211.5(d).

In support of its application, COIC has asserted that a number of major banking organizations in Hong Kong offer real estate brokerage services either directly or through subsidiaries and has provided materials relating to advertising of such services by several of these banks. COIC also asserts that the activity can be considered a natural extension of the Citicorp organization's real estate lending activities and would enable Citicorp to provide a more complete range of services to its customers in Hong Kong.

The banking organizations that provide real estate brokerage services in Hong Kong appear to be among the largest in the market, holding a substantial percentage of the deposits in commercial banks and other deposit-takers in Hong Kong. It is these organizations, as well as local offices and affiliates of other foreign banks, with which Citicorp competes in Hong Kong. Although the activities proposed are not inherently banking in nature, it appears that the ability to offer such services would complement other activities permitted to the Citicorp organization. By providing such services to customers, Citicorp would be better able to compete with other local organizations in the provision of banking and financial services in Hong Kong. Based on all of the facts reflected in the record, the Board concludes that acting as a real estate broker can be considered usual in connection with the transaction of banking and financial operations in Hong Kong.

In assessing the risks associated with this activity, the Board notes that the activity will require a minimal amount of capital and other financial resources. The activities are fee-based and non-leveraged and will not subject Agency to any special liability. Agency will not purchase any real estate for its own account nor will it take title to real property on an interim basis for any customer. COIC expects to develop a customer base from customer referrals from other parts of the Citicorp organization. It has committed, however, that there will be no requirement that a customer of Agency must accept services from Citicorp affiliates and that Citicorp's other customers will not be required to take services from Agency. In addition, Agency will have no involvement in the credit application and approval process for properties that it handles. Therefore, it does not appear that the proposal presents any undue risks or other adverse effects.

In reliance on all of the factors specified above, and other considerations reflected in the record, the Board has concluded that the proposed activity in the circumstances of this case may be considered usual in connection with the transaction of banking or other financial operations in Hong Kong, and that its performance by COIC would not be inconsistent with the supervisory purposes of the Federal Reserve Act. Accordingly, the application is approved.

By order of the Board of Governors, effective December 9, 1985.

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

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

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

By Federal Reserve Banks

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

Section 3

Applicant	Bank(s)	Reserve Bank	Effective date
American National Financial Corporation, Panama City, Florida	The American National Bank, Panama City, Florida	Atlanta	December 11, 1985
Associated Banc-Corp, Green Bay, Wisconsin	Memorial Drive Bank, Sheboygan, Wisconsin	Chicago	December 3, 1985
Benton Capital Corporation, Benton, Louisiana	East River Bancshares, Inc., Benton, Louisiana	Dallas	December 10, 1985
Big Lake Financial Corporation, Okeechobee, Florida	Big Lake National Bank, Okeechobee, Florida	Atlanta	November 26, 1985
Cahaba Bancorp, Trussville, Alabama	Cahaba Bank & Trust, Trussville, Alabama	Atlanta	November 26, 1985
Capital City Bank Group, Inc., Tallahassee, Florida	Farmers and Merchants Bank of Trenton, Trenton, Florida	Atlanta	December 16, 1985

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Cattleman's Bancshares, Inc., Gordon, Texas	The First National Bank of Gordon, Gordon, Texas	Dallas	November 29, 1985
Citizens Community Bankshares, Inc., Wittenberg, Wisconsin	FS Bancshares, Inc., Stetsonville, Wisconsin	Chicago	December 4, 1985
Cloverdale Bank Corporation, Cloverdale, Indiana	The First National Bank of Cloverdale, Cloverdale, Indiana	Chicago	December 2, 1985
CNB Financial Corporation, Kansas City, Kansas	United Kansas Bancshares, Inc., Atchison, Kansas	Kansas City	November 27, 1985
Cochranton Bancorp, Inc., Cochranton, Pennsylvania	The First National Bank of Cochranton, Cochranton, Pennsylvania	Cleveland	December 3, 1985
Cullman Bancshares, Inc., Cullman, Alabama	Peoples Bank of Cullman County, Cullman, Alabama	Atlanta	November 26, 1985
Dermott Bancshares, Inc., Dermott, Arkansas	First Delta Financial Corporation, Dermott, Arkansas	St. Louis	December 12, 1985
Duncanville Bancshares, Inc., Duncanville, Texas	First State Bank of Texas, Duncanville, Texas	Dallas	December 13, 1985
Eudora Bancshares, Inc., Eudora, Kansas	Kaw Valley State Bank, Eudora, Kansas	Kansas City	November 29, 1985
Fannin Bancorp, Inc., Windom, Texas	Fannin Bank, Windom, Texas	Dallas	November 27, 1985
Farmers & Merchants Walterboro Bancshares Corporation, Walterboro, South Carolina	Farmers & Merchants Bank, Walterboro, South Carolina	Richmond	December 5, 1985
First American Bancshares, Inc., Baytown, Texas	First American Bank and Trust of Friendswood, Friendswood, Texas	Dallas	November 29, 1985
First American Bancshares, Inc., North Little Rock, Arkansas	Bank of Mulberry, Mulberry, Arkansas	St. Louis	December 4, 1985
1st Bancorp Vienna, Vienna, Illinois	First State Bank of Vienna, Vienna, Illinois	St. Louis	December 10, 1985
First Burke Banking Company, Waynesboro, Georgia	The First National Bank of Waynesboro, Waynesboro, Georgia	Atlanta	December 9, 1985
First Busey Corporation, Urbana, Illinois	Farmers State Bank of Heyworth, Heyworth, Illinois	Chicago	December 23, 1985
First Colonial Bankshares Corporation, Chicago, Illinois	All American Bank of Chicago, Chicago, Illinois Northwest Commerce Bank, Rosemont, Illinois	Chicago	November 29, 1985
First Commercial Financial Corporation, Bradenton, Florida	First Commercial Bank of Manatee County, Bradenton, Florida	Atlanta	December 5, 1985
First Financial Corporation, Terre Haute, Indiana	The Citizens State Bank, Newport, Indiana	Chicago	December 11, 1985
First Interstate Hawaii, Inc., Honolulu, Hawaii	First Interstate Bank of Hawaii, Honolulu, Hawaii	San Francisco	November 27, 1985

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
First Midwest Financial Corporation, Hanover Park, Illinois	First State Bank & Trust Company of Hanover Park, Hanover Park, Illinois	Chicago	November 26, 1985
First of America Bank Corporation, Kalamazoo, Michigan	Michigan National Bank-Grand Traverse, Traverse City, Michigan Michigan National Bank-North, Petoskey, Michigan	Chicago	December 18, 1985
First Western Bancorp, Inc., New Castle, Pennsylvania	Beaver Trust Company, Beaver, Pennsylvania	Cleveland	December 5, 1985
Foresight Financial Group, Inc., Freeport, Illinois	German-American State Bank, German Valley, Illinois State Bank of Davis, Davis, Illinois	Chicago	November 29, 1985
Gassaway Bancshares, Inc., Gassaway, West Virginia	Bank of Gassaway, Gassaway, West Virginia	Richmond	December 12, 1985
Gibsland Bancshares, Inc., Gibsland, Louisiana	Gibsland Bank & Trust Company, Gibsland, Louisiana	Dallas	December 12, 1985
Independent Bank Corp., Rockland, Massachusetts	Rockland Trust Company, Rockland, Massachusetts Middleborough Trust Company, Middleboro, Massachusetts	Boston	December 4, 1985
Lynxx Banking Corporation, Little Rock, Arkansas	Farmers and Merchants Bank, Rogers, Arkansas First National Bank, Bentonville, Arkansas	St. Louis	December 13, 1985
Macon Capital Corporation, Prattville, Alabama	Alabama Exchange Bank, Tuskegee, Alabama	Atlanta	December 9, 1985
Mapleton Bancshares, Inc., Mapleton, Minnesota	First National Bank of Mapleton, Mapleton, Minnesota	Minneapolis	December 4, 1985
Metropolitan Bancshares, Inc., Springfield, Missouri	Metropolitan National Bank, Springfield, Missouri	St. Louis	December 5, 1985
Ocean Bankshares, Inc., Miami, Florida	Ocean Bank of Miami, Miami, Florida	Atlanta	December 9, 1985
Olde Windsor Bancorp, Inc., Windsor, Connecticut	New England Bank and Trust Company, Enfield, Connecticut	Boston	December 16, 1985
Patterson Bankshares, Inc., Patterson, Georgia	The Patterson Bank, Patterson, Georgia	Atlanta	December 10, 1985
The Peoples Bancshares Corporation, Van Wert, Ohio	The Peoples Bank and Trust Company, Van Wert, Ohio	Cleveland	December 10, 1985
Peoples National of LaFollette Financial Corporation, LaFollette, Tennessee	The Peoples National Bank of LaFollette, LaFollette, Tennessee	Atlanta	December 17, 1985
Rosendale Bancshares, Inc., Rosendale, Wisconsin	Rosendale State Bank, Rosendale, Wisconsin	Chicago	December 11, 1985
St. Stephen Bancorporation, Minneapolis, Minnesota	St. Stephen State Bank, St. Stephen, Minnesota	Minneapolis	December 4, 1985

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Security Bank Shares, Inc., Port Wing, Wisconsin	Bank of New Auburn, New Auburn, Wisconsin	Minneapolis	December 16, 1985
7L Corporation, Tampa, Florida	First Florida Banks, Inc., Tampa, Florida	Atlanta	November 29, 1985
South Alabama Bancorporation, Inc., Brewton, Alabama	The First National Bank, Brewton, Alabama	Atlanta	December 6, 1985
Southern National Corporation, Lumberton, North Carolina	Horry County National Bank, Loris, South Carolina	Richmond	December 6, 1985
SSB, Inc., Manistique, Michigan	The State Savings Bank of Manistique, Manistique, Michigan	Minneapolis	December 13, 1985
Summcorp, Fort Wayne, Indiana	Decatur Financial, Inc., Decatur, Indiana	Chicago	November 27, 1985
Sun Belt Bancshares Corporation, Conroe, Texas	National Bank of Conroe, Conroe, Texas	Dallas	December 13, 1985
Texas American Bancshares, Inc., Fort Worth, Texas	BancTEXAS Tyler, N.A., Tyler, Texas	Dallas	December 16, 1985
Union National Corporation, Mount Lebanon, Pennsylvania	First Financial Group, Inc., Washington, Pennsylvania	Cleveland	December 11, 1985
USA FIRSTRUST, INC., Oglesby, Illinois	First National Bank of Oglesby, Oglesby, Illinois	Chicago	December 6, 1985
Wayne Bancorp, Inc., Wooster, Ohio	The Wayne County National Bank of Wooster, Wooster, Ohio	Cleveland	December 6, 1985
Wesbanco, Inc., Wheeling, West Virginia	Wellsburg National Bank, Wellsburg, West Virginia	Cleveland	November 29, 1985
Wichita Falls Bancshares, Inc., Wichita Falls, Texas	First National Bank, Wichita Falls, Texas	Dallas	December 13, 1985

Section 4

Applicant	Bank(s)/Nonbanking Company	Reserve Bank	Effective date
Bank of Virginia Company, Richmond, Virginia	Internet, Inc., Reston, Virginia	Richmond	December 13, 1985
The Sanwa Bank, Limited, Higashi-ku, Osaka, Japan	to acquire certain assets from two subsidiaries of Commercial Credit Company, Baltimore, Maryland	San Francisco	November 26, 1985

ORDERS APPROVED UNDER BANK MERGER ACT

By Federal Reserve Banks

Applicant	Bank(s)	Reserve Bank	Effective date
Beaver Trust Company, Beaver, Pennsylvania	Beaver Trust Company Interim Bank, Beaver, Pennsylvania	Cleveland	December 18, 1985
First Railroad & Banking Company of Georgia, Augusta, Georgia	Georgia State Bank, Martinez, Georgia	Atlanta	November 27, 1985
First Railroad & Banking Company of Georgia, Augusta, Georgia	Gwinnett Bank & Trust Company, Norcross, Georgia	Atlanta	November 27, 1985
First Railroad & Banking Company of Georgia, Augusta, Georgia	Washington Loan and Banking Company, Washington, Georgia	Atlanta	November 27, 1985
Boca Bank, Boca Raton, Florida	Boca Interim Bank, Boca Raton, Florida	Atlanta	December 16, 1985
ONB Merger Bank I, Greencastle, Indiana	First-Citizens Bank and Trust Company, Greencastle, Indiana	Chicago	November 29, 1985

PENDING CASES INVOLVING THE BOARD OF GOVERNORS

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

First National Bank of Blue Island Employee Stock Ownership Plan v. Board of Governors, No. 85-2615 (7th Cir., filed Sept. 23, 1985).

First National Bancshares II v. Board of Governors, No. 85-3702 (6th Cir., filed Sept. 4, 1985).

Independent Community Bankers Associaton of South Dakota v. Board of Governors, No. 84-1496 (D.C. Cir., filed Aug. 7, 1985).

Florida Bankers Association, et al. v. Board of Governors, No. 85-193 (U.S., filed Aug. 5, 1985).

Populist Party of Iowa v. Federal Reserve Board, No. 85-626-B (S.D. Iowa, filed Aug. 2, 1985).

John R. Urwyler, et al. v. Internal Revenue Service, et al., No. CV-F-85-402 REC (E.D. Cal., filed July 18, 1985).

Broad Street National Bank of Trenton v. Board of Governors, No. 85-3387 (3d Cir., filed July 17, 1985).

Wight , et al. v. Internal Revenue Service, et al., No. CIV S-85-0012 MLS (E.D. Cal., filed July 12, 1985).

Cook v. Spillman, et al., No. CIV S-85-0953 EJG (E.D. Cal. filed July 10, 1985).

Calhoun, et al. v. Board of Governors, No. 85-1750 (D.D.C., filed May 30, 1985).

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

Florida Department of Banking v. Board of Governors, No. 84-3831 (11th Cir., filed Feb. 15, 1985), and No. 84-3832 (11th Cir., filed Feb. 15, 1985).

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

Lewis v. Volcker, et al., No. C-1-85-0099 (S.D. Ohio, filed Jan. 14, 1985).

Brown v. United States Congress, et al., No. 84-2887-6(IG) (S.D. Cal., filed Dec. 7, 1984).

Legal Developments continued on the following page.

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

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

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

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

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

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

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

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

Financial and Business Statistics

CONTENTS

Domestic Financial Statistics

MONEY STOCK AND BANK CREDIT

POLICY INSTRUMENTS

FEDERAL RESERVE BANKS

MONETARY AND CREDIT AGGREGATES

COMMERCIAL BANKING INSTITUTIONS

WEEKLY REPORTING COMMERCIAL BANKS

FINANCIAL MARKETS

FEDERAL FINANCE

SECURITIES MARKETS AND CORPORATE FINANCE

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

Item	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)[1]								
	1984	1985			1985				
	Q4	Q1	Q2	Q3	July	Aug.	Sept.	Oct.	Nov.
Reserves of depository institutions[2]									
1 Total	3.8	17.4	12.2	16.4	12.2	16.5	8.7	4.0	19.7
2 Required	3.0	16.9	12.3	17.1	13.9	17.7	13.5	1.6r	15.2
3 Nonborrowed	36.3	57.3	14.1	18.2	15.4	18.0	2.8	7.0	4.7
4 Monetary base[3]	4.7	8.2	7.5	10.2r	6.8	13.3r	7.0	6.1	10.1
Concepts of money, liquid assets, and debt[4]									
5 M1	3.2	10.6	10.2	15.0r	9.3	20.3r	11.9r	−1.6r	13.2
6 M2	9.1	12.1	5.3	10.2	8.6	11.3	7.1r	2.1r	6.6
7 M3	11.0	10.7	5.3r	8.3r	4.9r	9.7r	10.1	3.9r	5.1
8 L	9.6	10.0	6.0r	9.0r	6.2r	12.4r	10.0r	n.a.	n.a.
9 Debt	14.0	13.6	11.8r	12.3r	12.6r	12.0r	11.0r	n.a.	n.a.
Nontransaction components									
10 In M2[5]	10.9	12.5	3.8	8.7	8.4	8.4	5.6r	3.3	4.6
11 In M3 only[6]	18.7	5.5	5.1r	.8r	−9.5r	3.4r	22.3	10.9r	−1.1
Time and savings deposits									
Commercial banks									
12 Savings[7]	−10.4	−8.7	−1.7	11.3	12.8	9.7	3.9	4.8	1.9
13 Small-denomination time[8]	6.9	−1.8	6.5	−4.4	−7.1	−13.3	−4.1	−3.1	−.3
14 Large-denomination time[9,10]	12.2	2.6	8.3	−3.2	−9.0r	8.6r	23.8r	18.9r	12.1
Thrift institutions									
15 Savings[7]	−6.6	2.2	3.1	14.7	18.3	22.9	6.8	14.9	7.4
16 Small-denomination time	15.2	1.7	3.9	−4.6	−7.9	−13.9	−6.6	−4.1r	.0
17 Large-denomination time[9]	29.8	21.0	2.6	−2.8	−16.9	−3.9	15.6	3.1	11.5
Debt components[4]									
18 Federal	16.1	15.2r	12.3	14.6r	16.6r	14.2r	7.7r	8.7	n.a.
19 Nonfederal	13.3	13.1r	11.6	11.6r	11.4r	11.4r	12.1r	12.5	n.a.
20 Total loans and securities at commercial banks[11]	9.2	10.1	9.7	9.6	10.9	6.5	8.2	2.0	16.4

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

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

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

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

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

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

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

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

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

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

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

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

7. Excludes MMDAs.

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

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

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

11. Changes calculated from figures shown in table 1.23.

1.11 RESERVES OF DEPOSITORY INSTITUTIONS AND RESERVE BANK CREDIT

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for week ending						
	1985			1985						
	Sept.	Oct.	Nov.	Oct. 16	Oct. 23	Oct. 30	Nov. 6	Nov. 13	Nov. 20	Nov. 27
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit**	**194,350**	**193,817**	**196,936**	**193,731**	**195,568**	**193,075**	**195,109**	**198,178**	**196,468**	**198,854**
2 U.S. government securities[1]	171,246	170,018	171,234	170,667	171,140	168,755	170,611	172,407	171,242	171,384
3 Bought outright	170,503	170,018	170,943	170,667	171,140	168,755	170,611	172,180	170,222	171,384
4 Held under repurchase agreements	743	0	291	0	0	0	0	227	1,020	0
5 Federal agency obligations	8,428	8,227	8,362	8,227	8,227	8,227	8,227	8,476	8,556	8,227
6 Bought outright	8,227	8,227	8,227	8,227	8,227	8,227	8,227	8,227	8,227	8,227
7 Held under repurchase agreements	201	0	135	0	0	0	0	249	329	0
8 Acceptances	0	0	0	0	0	0	0	0	0	0
9 Loans	1,283	1,140	1,920	935	1,301	1,025	1,125	791	1,565	4,282
10 Float	779	669	1,203	500	869	566	369	1,471	1,494	1,287[r]
11 Other Federal Reserve assets	12,614	13,763	14,217	13,402	14,031	14,502	14,777	15,033	13,610	13,674
12 Gold stock	11,090	11,090	11,090	11,090	11,090	11,090	11,090	11,090	11,090	11,090
13 Special drawing rights certificate account	4,618	4,692	4,718	4,718	4,718	4,718	4,718	4,718	4,718	4,718
14 Treasury currency outstanding	16,892[r]	16,943[r]	16,994	16,938	16,950	16,962	16,973	16,985	16,997	17,009
ABSORBING RESERVE FUNDS										
15 Currency in circulation	188,364[r]	189,053[r]	191,396	189,784	189,401	188,520	189,786	191,389	191,553	191,743
16 Treasury cash holdings	546	543	553	541	544	544	547	554	554	554
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	4,275	3,006	2,925	2,945	3,650	2,664	3,107	3,064	3,008	2,587
18 Foreign	235	214	242	203	193	203	236	229	231	246
19 Service-related balances and adjustments	1,607	1,738	1,795	1,832	1,809	1,671	1,683	1,714	1,718	1,729
20 Other	466	446	574	545	441	375	624	473	667	518
21 Other Federal Reserve liabilities and capital	6,274	6,270	6,339	6,226	6,233	6,170	6,366	6,343	6,267	6,390
22 Reserve balances with Federal Reserve Banks[2]	25,183	25,272	25,914	24,400	26,056	25,697	25,539	27,207	25,274	27,903
	End-of-month figures			Wednesday figures						
	1985			1985						
	Sept.	Oct.	Nov.	Oct. 16	Oct. 23	Oct. 30	Nov. 6	Nov. 13	Nov. 20	Nov. 27
SUPPLYING RESERVE FUNDS										
23 **Reserve Bank credit**	**194,148**	**192,884**	**194,729**	**194,398**	**198,249**	**186,296**	**199,092**	**201,217**	**191,810**	**192,701**
24 U.S. government securities[1]	169,702	168,705	169,168	170,238	172,215	161,902	172,377	172,282	163,594	167,889
25 Bought outright	169,702	168,705	169,168	170,238	172,215	161,902	172,377	172,282	163,594	167,889
26 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
27 Federal agency obligations	8,227	8,227	8,227	8,227	8,227	8,227	8,227	8,227	8,227	8,227
28 Bought outright	8,227	8,227	8,227	8,227	8,227	8,227	8,227	8,227	8,227	8,227
29 Held under repurchase agreements	0	0	0	0	0	0	0	0	0	0
30 Acceptances	0	0	0	0	0	0	0	0	0	0
31 Loans	2,520	886	1,602	887	2,355	1,092	2,446	758	4,682	924
32 Float	69	335	909	1,500	1,018	355	940	4,653	1,527	1,848
33 Other Federal Reserve assets	13,630	14,731	14,823	13,546	14,434	14,720	15,102	15,297	13,780	13,813
34 Gold stock	11,090	11,090	11,090	11,090	11,090	11,090	11,090	11,090	11,090	11,090
35 Special drawing rights certificate account	4,618	4,718	4,718	4,718	4,718	4,718	4,718	4,718	4,718	4,718
36 Treasury currency outstanding	16,912[r]	16,971[r]	17,019	16,948[r]	16,960[r]	16,971[r]	16,983	16,995	17,007	17,019
ABSORBING RESERVE FUNDS										
37 Currency in circulation	187,325[r]	189,490[r]	193,463	190,138[r]	189,015[r]	188,886[r]	190,645	192,022	191,441	193,131
38 Treasury cash holdings	546	547	556	544	544	547	555	544	554	554
Deposits, other than reserve balances with Federal Reserve Banks										
39 Treasury	4,174	1,528	2,294	2,773	2,590	1,186	3,955	3,310	2,652	2,331
40 Foreign	535	268	340	144	180	221	210	229	236	250
41 Service-related balances and adjustments	1,444	1,469	1,483	1,463	1,461	1,468	1,469	1,481	1,481	1,484
42 Other	497	372	598	674	372	377	529	479	534	440
43 Other Federal Reserve liabilities and capital	6,530	6,339	6,475	6,107	6,063	5,964	6,193	6,096	6,018	6,004
44 Reserve balances with Federal Reserve Banks[2]	25,718	25,650	22,347	25,311	30,793	20,426	28,327	29,849	21,708	21,332

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

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

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

1.12 RESERVES AND BORROWINGS Depository Institutions

Millions of dollars

Reserve classification	Monthly averages[8]									
	1982	1983	1984	1985						
	Dec.	Dec.	Dec.	Apr.	May	June	July	Aug.	Sept.	Oct.
1 Reserve balances with Reserve Banks[1]	24,939	21,138	21,738	23,217	22,385	23,367	23,503	23,415	24,972	25,431
2 Total vault cash[2]	20,392	20,755	22,316	21,567	21,898	22,180	22,530	22,839	22,465	22,724
3 Vault cash used to satisfy reserve requirements[3]	17,049	17,908	18,958	18,435	18,666	18,985	19,300	19,548	19,475	20,038
4 Surplus vault cash[4]	3,343	2,847	3,358	3,132	3,231	3,196	3,230	3,291	2,990	2,686
5 Total reserves[5]	41,853	38,894	40,696	41,652	41,051	42,352	42,803	42,963	44,447	44,469
6 Required reserves	41,353	38,333	39,843	40,914	40,247	41,447	41,948	42,135	43,782	44,716
7 Excess reserve balances at Reserve Banks[6]	500	561	853	738	804	905	855	827	666	753
8 Total borrowings at Reserve Banks	697	774	3,186	1,323	1,334	1,205	1,107	1,073	1,289	1,187
9 Seasonal borrowings at Reserve Banks	33	96	113	135	165	151	167	221	203	172
10 Extended credit at Reserve Banks[7]	187	2	2,604	868	534	665	507	570	656	629
	Biweekly averages of daily figures for weeks ending									
	1985									
	Aug. 14	Aug. 28	Sept. 11	Sept. 25	Oct. 9	Oct. 23	Nov. 6r	Nov. 20	Dec.4	Dec. 18p
11 Reserve balances with Reserve Banks[1]	23,468	23,102r	43,509	44,800	25,553	25,232	25,643	26,242	27,002	27,564
12 Total vault cash[2]	22,829	23,052	21,887	22,705	23,067	22,831	22,151	22,528	22,543	22,464
13 Vault cash used to satisfy reserve requirements[3]	19,550	19,689r	18,880	19,766	19,971	20,294	19,667	20,117	20,032	20,160
14 Surplus vault cash[4]	3,280	3,363r	3,008	2,939	3,097	2,538	2,484	2,412	2,511	2,304
15 Total reserves[5]	43,018	42,791r	43,509	44,800	45,523	45,525	45,310	46,359	47,034	47,724
16 Required reserves	42,280	41,841r	42,838	44,133	44,876	44,733	44,508	45,466	45,987	46,927
17 Excess reserve balances at Reserve Banks[6]	738	950r	672	667	647	793	802	893	1,048	797
18 Total borrowings at Reserve Banks	990	1,088	1,392	1,171	1,395	1,118	1,075	1,178	2,928	841
19 Seasonal borrowings at Reserve Banks	224	225	196	212	195	169	151	104	84	53
20 Extended credit at Reserve Banks[7]	509	610	669	656	627	649	598	522	503	524

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

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

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

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

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

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

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

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

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

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

Averages of daily figures, in millions of dollars

By maturity and source	1985 week ending Monday								
	Oct. 14	Oct. 21	Oct. 28	Nov. 4r	Nov. 11r	Nov. 18	Nov. 25	Dec. 2	Dec. 9
One day and continuing contract									
1 Commercial banks in United States	65,966	61,501	58,757	67,993	70,092	69,997	66,797	70,752	74,961
2 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	28,238	28,620	28,543	28,652	32,264	30,383	33,679	31,771	34,070
3 Nonbank securities dealers	9,926	9,753	9,967	10,392	9,768	10,095	9,867	9,965	10,306
4 All other	25,641	26,098	26,104	26,550	25,581	27,453	30,288	27,657	29,700
All other maturities									
5 Commercial banks in United States	9,582	8,822	8,490	8,953	9,588	9,333	9,778	9,869	9,095
6 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	7,629	7,114	7,073	7,075	8,093	7,476	6,911	8,053	7,325
7 Nonbank securities dealers	9,833	9,468	9,565	9,602	9,477	8,733	8,093	8,759	7,786
8 All other	7,348	7,314	7,506	7,498	7,750	8,446	8,175	12,628	7,994
MEMO: Federal funds and resale agreement loans in maturities of one day or continuing contract									
9 Commercial banks in United States	30,925	29,495	27,025	32,516	32,175	34,330	32,778	35,834	32,729
10 Nonbank securities dealers	9,316	9,080	7,992	8,782	8,383	8,979	8,234	8,829	9,955

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

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

Current and previous levels

Federal Reserve Bank	Short-term adjustment credit and seasonal credit[1]			Extended credit[2]						Effective date for current rates
				First 60 days of borrowing		Next 90 days of borrowing		After 150 days		
	Rate on 12/26/85	Effective date	Previous rate	Rate on 12/26/85	Previous rate	Rate on 12/26/85	Previous rate	Rate on 12/26/85	Previous rate	
Boston	7½	5/20/85	8	7½	8	8½	9	9½	10	5/20/85
New York		5/20/85								5/20/85
Philadelphia		5/24/85								5/24/85
Cleveland		5/21/85								5/21/85
Richmond		5/20/85								5/20/85
Atlanta		5/20/85								5/20/85
Chicago		5/20/85								5/20/85
St. Louis		5/21/85								5/21/85
Minneapolis		5/20/85								5/20/85
Kansas City		5/20/85								5/20/85
Dallas		5/20/85								5/20/85
San Francisco	7½	5/21/85	8	7½	8	8½	9	9½	10	5/21/85

Range of rates in recent years[3]

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

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1978— July 3	7–7¼	7¼
10	7¼	7¼
Aug. 21	7¾	7¾
Sept. 22	8	8
Oct. 16	8–8½	8½
20	8½	8½
Nov. 1	8½–9½	9½
3	9½	9½
1979— July 20	10	10
Aug. 17	10–10½	10½
20	10½	10½
Sept. 19	10½–11	11
21	11	11
Oct. 8	11–12	12
10	12	12
1980— Feb. 15	12–13	13
19	13	13
May 29	12–13	13
30	12	12
June 13	11–12	11
16	11	11
July 28	10–11	10
29	10	10
Sept. 26	11	11
Nov. 17	12	12
Dec. 5	12–13	13
8	13	13
5	13–14	14

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

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

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

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

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

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

Percent of deposits

Type of deposit, and deposit interval	Member bank requirements before implementation of the Monetary Control Act	
	Percent	Effective date
Net demand[2]		
$0 million–$2 million	7	12/30/76
$2 million–$10 million	9½	12/30/76
$10 million–$100 million	11¾	12/30/76
$100 million–$400 million	12¾	12/30/76
Over $400 million	16¼	12/30/76
Time and savings[2,3]		
Savings	3	3/16/67
Time[4]		
$0 million–$5 million, by maturity		
30–179 days	3	3/16/67
180 days to 4 years	2½	1/8/76
4 years or more	1	10/30/75
Over $5 million, by maturity		
30–179 days	6	12/12/74
180 days to 4 years	2½	1/8/76
4 years or more	1	10/30/75

Type of deposit, and deposit interval[5]	Depository institution requirements after implementation of the Monetary Control Act[6]	
	Percent	Effective date
Net transaction accounts[7,8]		
$0–$31.7 million	3	12/31/85
Over $31.7 million	12	12/31/85
Nonpersonal time deposits[9]		
By original maturity		
Less than 1½ years	3	10/6/83
1½ years or more	0	10/6/83
Eurocurrency liabilities		
All types	3	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 corporations.

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

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

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

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

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

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

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

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

5. The Garn–St Germain Depository Institutions Act of 1982 (Public Law 97–320) provides that $2 million of reservable liabilities (transaction accounts, nonpersonal time deposits, and Eurocurrency liabilities) of each depository institution be subject to a zero percent reserve requirement. The Board is to adjust the amount of reservable liabilities subject to this zero percent reserve requirement each year for the next succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is to be made in the event of a decrease. Effective Dec. 9, 1982, the amount of the exemption was established at $2.1 million. Effective with the reserve maintenance period beginning Jan. 1, 1985, the amount of the exemption is $2.4 million. Effective with the reserve computation period beginning Dec. 31, 1985, the amount of the exemption is $2.7 million. In determining the reserve requirements of a depository institution, the exemption shall apply in the following order: (1) nonpersonal money market deposit accounts (MMDAs) authorized under 12 CFR section 1204.122; (2) net NOW accounts (NOW accounts less allowable deductions); (3) net other transaction accounts; and (4) nonpersonal time deposits or Eurocurrency liabilities starting with those with the highest reserve ratio. With respect to NOW accounts and other transaction accounts, the exemption applies only to such accounts that would be subject to a 3 percent reserve requirement.

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

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

8. The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage increase in transaction accounts held by all depository institutions determined as of June 30 each year. Effective Dec. 31, 1981, the amount was increased accordingly from $25 million to $26 million; effective Dec. 30, 1982, to $26.3 million; effective Dec. 29, 1983, to $28.9 million; effective Jan. 1, 1985, to $29.8 million; and effective Dec. 31, 1985, to $31.7 million.

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

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

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

Percent per annum

Type of deposit	Commercial banks		Savings and loan associations and mutual savings banks (thrift institutions)[1]	
	In effect Dec. 31, 1985		In effect Dec. 31, 1985	
	Percent	Effective date	Percent	Effective date
1 Savings	5½	1/1/84	5½	7/1/79
2 Negotiable order of withdrawal accounts	5¼	12/31/80	5¼	12/31/80
3 Negotiable order of withdrawal accounts of $1,000 or more[2]	....	1/5/83	....	1/5/83
4 Money market deposit account[2]	(3)	12/14/82	(3)	12/14/82
Time accounts				
5 7–31 days of less than $1,000[4]	5½	1/1/84	5½	9/1/82
6 7–31 days of $1,000 or more[2]	....	1/5/83	....	1/5/83
7 More than 31 days	....	10/1/83	....	10/1/83

1. Effective Oct. 1, 1983, restrictions on the maximum rates of interest payable by commercial banks and thrift institutions on various categories of deposits were removed. For information regarding previous interest rate ceilings on all categories of accounts see earlier issues of the FEDERAL RESERVE BULLETIN, the *Federal Home Loan Bank Board Journal*, and the *Annual Report of the Federal Deposit Insurance Corporation*.
2. Effective Dec. 1, 1983, IRA/Keogh (HR10) Plan accounts are not subject to minimum deposit requirements. Effective Jan. 1, 1985, the minimum denomination requirement was lowered from $2,500 to $1,000.
3. Effective Dec. 14, 1982, depository institutions are authorized to offer a new account with a required initial balance of $2,500 and an average maintenance balance of $2,500 not subject to interest rate restrictions. Effective Jan. 1, 1985, the minimum denomination and average balance maintenance requirements was lowered to $1,000. No minimum maturity period is required for this account, but depository institutions must reserve the right to require seven days, notice before withdrawals. When the average balance is less than $1,000, the account is subject to the maximum ceiling rate of interest for NOW accounts; compliance with the average balance requirement may be determined over a period of one month. Depository institutions may not guarantee a rate of interest for this account for a period longer than one month or condition the payment of a rate on a requirement that the funds remain on deposit for longer than one month.
4. Effective Jan. 1, 1985, the minimum denomination requirement was lowered from $2,500 to $1,000. Deposits of less than $1,000 issued to governmental units continue to be subject to an interest rate ceiling of 8 percent.

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS
Millions of dollars

Type of transaction	1982	1983	1984	1985 Apr.	May	June	July	Aug.	Sept.	Oct.
U.S. GOVERNMENT SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	17,067	18,888	20,036	6,026	274	2,099	0	3,056	1,171r	0
2 Gross sales	8,369	3,420	8,557	0	417	0	0	0	0	265
3 Exchange	0	0	0	0	0	0	0	0	350r	0
4 Redemptions	3,000	2,400	7,700	0	800	0	200	0	0	0
Others within 1 year										
5 Gross purchases	312	484	1,126	245	0	0	0	0	0	0
6 Gross sales	0	0	0	0	0	0	0	0	0r	0
7 Maturity shift	17,295	18,887	16,354	1,129	2,443	1,312	1,238	4,895	1,028	529
8 Exchange	−14,164	−16,553	−20,840	−1,463	−2,945	0	−1,778	−3,275	−1,806r	−1,942
9 Redemptions	0	87	0	0	0	0	0	0	0	0
1 to 5 years										
10 Gross purchases	1,797	1,896	1,638	846	0	0	0	6	0	0
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shift	−14,524	−15,533	−13,709	−1,114	−2,101	−1,312	−1,153	−3,760	−1,028	−520
13 Exchange	11,804	11,641	16,039	1,463	1,940	0	1,778	1,825	1,457	942
5 to 10 years										
14 Gross purchases	388	890	536	108	0	0	0	6	0	0
15 Gross sales	0	0	300	0	0	0	0	0	0	0
16 Maturity shift	−2,172	−2,450	−2,371	−16	42	0	−85	−1,136	0	−10
17 Exchange	2,128	2,950	2,750	0	600	0	0	800	0	0
Over 10 years										
18 Gross purchases	307	383	441	0	0	0	0	0	0	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shift	−601	−904	−275	0	−384	0	0	0	0	0
21 Exchange	234	1,962	2,052	0	405	0	0	650	0	0
All maturities										
22 Gross purchases	19,870	22,540	23,476	7,321	274	2,099	0	3,068	1,171r	0
23 Gross sales	8,369	3,420	7,553	0	417	0	0	0	0r	265
24 Redemptions	3,000	2,487	7,700	0	800	0	200	0	0	0
Matched transactions										
25 Gross sales	543,804	578,591	808,986	65,845	78,870	81,016	60,980	64,263	73,925	100,929
26 Gross purchases	543,173	576,908	810,432	64,001	77,597	83,782	59,165	64,209	72,347	100,197
Repurchase agreements										
27 Gross purchases	130,774	105,971	139,441	11,540	21,716	2,801	10,486	1,928	14,029	0
28 Gross sales	130,286	108,291	139,019	4,088	29,168	2,801	10,486	1,928	14,029	0
29 Net change in U.S. government securities	8,358	12,631	8,908	12,931	−9,668	4,865	−2,015	3,014	−408	−997
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases	0	0	0	0	0	0	0	0	0	0
31 Gross sales	0	0	0	0	0	0	0	0	0	0
32 Redemptions	189	292	256	n.a.	8	60	46	30	0r	0
Repurchase agreements										
33 Gross purchases	18,957	8,833	1,205	983	1,336	120	2,439	354	3,522	0
34 Gross sales	18,638	9,213	817	452	1,867	120	2,439	354	3,522	0
35 Net change in federal agency obligations	130	−672	132	531	−540	−60	−46	−30	0r	0
BANKERS ACCEPTANCES										
36 Repurchase agreements, net	1,285	−1,062	−418	0	0	0	0	0	0	0
37 Total net change in System Open Market Account	**9,773**	**10,897**	**6,116**	**13,462**	**−10,208**	**4,805**	**−2,061**	**2,984**	**−408**	**−997**

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

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements

Millions of dollars

Account	Wednesday 1985					End of month 1985		
	Oct. 30	Nov. 6	Nov. 13	Nov. 20	Nov. 27	Sept.	Oct.	Nov.
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,090	11,090	11,090	11,090	11,090	11,090	11,090	11,090
2 Special drawing rights certificate account	4,718	4,718	4,718	4,718	4,718	4,618	4,718	4,718
3 Coin	529	548	569	528	508	518	524	504
Loans								
4 To depository institutions	1,092	2,446	758	4,682	924	2,520	886	1,602
5 Other	0	0	0	0	0	0	0	0
Acceptances—Bought outright								
6 Held under repurchase agreements	0	0	0	0	0	0	0	0
Federal agency obligations								
7 Bought outright	8,227	8,227	8,227	8,227	8,227	8,227	8,227	8,227
8 Held under repurchase agreements	0	0	0	0	0	0	0	0
U.S. government securities								
Bought outright								
9 Bills	71,431	81,556	81,461	73,388	77,383	79,231	78,234	78,347
10 Notes	66,072	66,422	66,422	65,807	66,107	66,072	66,072	66,292
11 Bonds	24,399	24,399	24,399	24,399	24,399	24,399	24,399	24,529
12 Total bought outright[1]	161,902	172,377	172,282	163,594	167,889	169,702	168,705	169,168
13 Held under repurchase agreements	0	0	0	0	0	0	0	0
14 Total U.S. government securities	161,902	172,377	172,282	163,594	167,889	169,702	168,705	169,168
15 **Total loans and securities**	**171,221**	**183,050**	**181,267**	**176,503**	**177,040**	**180,449**	**177,818**	**178,997**
16 Cash items in process of collection	6,117	7,390	14,027	8,124	8,702	4,297	5,843	5,915
17 Bank premises	594	593	597	599	600	594	595	600
Other assets								
18 Denominated in foreign currencies[2]	6,392	6,573	6,627	6,637	6,644	4,963	6,530	6,834
19 All other[3]	7,734	7,936	8,073	6,544	6,569	8,073	7,606	7,389
20 **Total assets**	**208,395**	**221,898**	**226,968**	**214,743**	**215,871**	**214,602**	**214,724**	**216,047**
LIABILITIES								
21 Federal Reserve notes	172,991	174,765	176,150	175,517	177,176	171,476	173,590	177,504
Deposits								
22 To depository institutions	21,894	29,796	31,330	23,189	22,816	27,162	27,119	23,830
23 U.S. Treasury—General account	1,186	3,955	3,310	2,652	2,331	4,174	1,528	2,294
24 Foreign—Official accounts	221	210	229	236	250	535	268	340
25 Other	377	529	479	534	440	497	372	598
26 **Total deposits**	**23,678**	**34,490**	**35,348**	**26,611**	**25,837**	**32,368**	**29,287**	**27,062**
27 Deferred availability cash items	5,762	6,450	9,374	6,597	6,854	4,228	5,508	5,006
28 Other liabilities and accrued dividends[4]	2,131	2,247	2,240	2,168	2,141	2,272	2,335	2,306
29 **Total liabilities**	**204,562**	**217,952**	**223,112**	**210,893**	**212,008**	**210,344**	**210,720**	**211,878**
CAPITAL ACCOUNTS								
30 Capital paid in	1,762	1,766	1,768	1,772	1,773	1,753	1,762	1,773
31 Surplus	1,626	1,626	1,626	1,626	1,626	1,626	1,626	1,626
32 Other capital accounts	445	554	462	452	464	879	616	770
33 **Total liabilities and capital accounts**	**208,395**	**221,898**	**226,968**	**214,743**	**215,871**	**214,602**	**214,724**	**216,047**
34 MEMO: Marketable U.S. government securities held in custody for foreign and international account	123,327	126,296	123,982	124,617	126,551	126,128	123,099	127,566
	Federal Reserve note statement							
35 Federal Reserve notes outstanding	206,879	207,182	207,864	208,523	208,797	205,459	206,884	208,830
36 LESS: Held by bank	33,888	32,417	31,714	33,006	31,621	33,983	33,294	31,326
37 Federal Reserve notes, net	172,991	174,765	176,150	175,517	177,176	171,476	173,590	177,504
Collateral held against notes net:								
38 Gold certificate account	11,090	11,090	11,090	11,090	11,090	11,090	11,090	11,090
39 Special drawing rights certificate account	4,718	4,718	4,718	4,718	4,718	4,618	4,718	4,718
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. government and agency securities	157,183	158,957	160,342	159,709	161,368	155,768	157,782	161,696
42 **Total collateral**	**172,991**	**174,765**	**176,150**	**175,517**	**177,176**	**171,476**	**173,590**	**177,504**

1. *Includes* securities loaned—fully guaranteed by U.S. government securities pledged with Federal Reserve Banks—and *excludes* (if any) securities sold and scheduled to be bought back under matched sale-purchase transactions.
2. Assets shown in this line are revalued monthly at market exchange rates.
3. Includes special investment account at Chicago of Treasury bills maturing within 90 days.
4. Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign-exchange commitments.

NOTE: Some of these data also appear in the Board's H.4.1 (503) release. For address, see inside front cover.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity groupings	Wednesday					End of month		
	1985					1985		
	Oct. 30	Nov. 6	Nov. 13	Nov. 20	Nov. 27	Sept. 30	Oct. 31	Nov. 29
1 Loans—Total	1,092	2,446	758	4,682	924	2,520	886	1,602
2 Within 15 days	1,046	2,379	717	4,648	884	2,452	829	1,564
3 16 days to 90 days	46	67	41	34	40	68	57	38
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances—Total	0	0	0	0	0	0	0	0
6 Within 15 days	0	0	0	0	0	0	0	0
7 16 days to 90 days	0	0	0	0	0	0	0	0
8 91 days to 1 year	0	0	0	0	0	0	0	0
9 U.S. government securities—*Total*	*161,902*	*172,377*	*172,282*	*163,594*	*167,889*	*169,702*	*168,705*	*169,168*
10 Within 15 days[1]	5,848	6,828	3,693	6,206	8,332	5,823	1,133	1,558
11 16 days to 90 days	30,880	38,047	41,107	31,615	35,441	38,796	37,043	41,194
12 91 days to 1 year	53,990	55,556	55,536	55,631	53,674	53,899	58,933	55,659
13 Over 1 year to 5 years	34,865	35,627	35,627	34,455	34,755	34,855	35,277	34,755
14 Over 5 years to 10 years	14,856	14,856	14,856	14,256	14,256	14,866	14,856	14,440
15 Over 10 years	21,463	21,463	21,463	21,431	21,431	21,463	21,463	21,562
16 Federal agency obligations—Total	8,227	8,227	8,227	8,227	8,227	8,227	8,227	8,227
17 Within 15 days[1]	84	0	66	175	273	162	84	273
18 16 days to 90 days	668	753	719	610	504	529	668	504
19 91 days to 1 year	1,757	1,756	1,848	1,848	1,820	1,762	1,757	1,820
20 Over 1 year to 5 years	4,141	4,141	4,016	4,016	4,070	4,109	4,141	4,070
21 Over 5 years to 10 years	1,178	1,178	1,179	1,179	1,161	1,266	1,178	1,161
22 Over 10 years	399	399	399	399	399	399	399	399

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

1.20 AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND MONETARY BASE

Billions of dollars, averages of daily figures

Item	1981 Dec.	1982 Dec.	1983 Dec.	1984 Dec.	1985 Apr.	1985 May	1985 June	1985 July	1985 Aug.	1985 Sept.	1985 Oct.	1985 Nov.
					Seasonally adjusted							
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[1]												
1 **Total reserves[2]**	**32.10**	**34.28**	**36.14**	**39.08**	**40.71**	**41.32**	**42.18**	**42.61**	**43.19**	**43.51**	**43.65**	**44.37**
2 Nonborrowed reserves	31.46	33.65	35.36	35.90	39.39	39.99	40.97	41.50	42.12	42.22	42.46	42.63
3 Nonborrowed reserves plus extended credit[3]	31.61	33.83	35.37	38.50	40.26	40.52	41.64	42.01	42.69	42.87	43.09	43.16
4 Required reserves	31.78	33.78	35.58	38.23	39.97	40.52	41.27	41.75	42.37	42.84	42.90r	43.44
5 Monetary base[4]	158.10	170.14	185.49	199.03	203.56	205.35	207.66	208.83	211.15	212.38r	213.46r	215.25
					Not seasonally adjusted							
6 **Total reserves[2]**	**32.82**	**35.01**	**36.86**	**40.13**	**41.25**	**40.64**	**41.96**	**42.41**	**42.60**	**43.22**	**43.75**	**44.62**
7 Nonborrowed reserves	32.18	34.37	36.09	36.94	39.93	39.31	40.75	41.30	41.52	41.93	42.56	42.88
8 Nonborrowed reserves plus extended credit[3]	32.33	34.56	36.09	39.55	40.80	39.84	41.42	41.81	42.09	42.59	43.19	43.41
9 Required reserves	32.50	34.51	36.30	39.28	40.52	39.84	41.05	41.55	41.77	42.56	42.99	43.69
10 Monetary base[4]	160.94	173.17	188.76	202.02	203.42	204.54	207.99	210.26	211.23	211.81r	212.97r	215.64
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[5]												
11 **Total reserves[2]**	**41.92**	**41.85**	**38.89**	**40.70**	**41.65**	**41.05**	**42.35**	**42.80**	**42.96**	**44.45**	**45.47**	**46.37**
12 Nonborrowed reserves	41.29	41.22	38.12	37.51	40.33	39.72	41.15	41.70	41.89	43.16	44.28	44.63
13 Nonborrowed reserves plus extended credit[3]	41.44	41.41	38.12	40.09	40.77	40.45	41.88	42.23	42.50	43.83	44.90r	45.06
14 Required reserves	41.61	41.35	38.33	39.84	40.91	40.25	41.45	41.95	42.14	43.78	44.72r	45.45
15 Monetary base[4]	170.47	180.52	192.36	202.59	203.81	204.94	208.39	210.65	211.60	213.04r	214.69r	217.39

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

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

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

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

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

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

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

1.21 MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES

Billions of dollars, averages of daily figures

Item[1]	1981 Dec.	1982 Dec.	1983 Dec.	1984 Dec.	1985 Aug.[r]	1985 Sept.[r]	1985 Oct.[r]	1985 Nov.
	Seasonally adjusted							
1 M1	441.8	480.8	528.0	558.5	605.9	611.9	611.1	617.8
2 M2	1,794.4	1,954.9	2,188.8	2,371.7	2,514.1	2,528.9	2,533.4	2,547.4
3 M3	2,235.8	2,446.8	2,701.8	2,995.0	3,142.5	3,169.0	3,179.3	3,192.7
4 L	2,596.4	2,854.7	3,168.8	3,541.3[r]	3,730.1	3,761.2	n.a.	n.a.
5 Debt	4,255.8	4,649.8	5,177.2	5,927.1	6,420.2	6,479.3	6,541.9	n.a.
M1 components								
6 Currency[2]	124.0	134.3	148.4	158.7	167.1	167.9	168.8	169.9
7 Travelers checks[3]	4.4	4.3	4.9	5.2	5.9	5.9	5.9	5.9
8 Demand deposits[4]	235.2	238.6	243.5	248.6	264.1	266.8	264.0	266.3
9 Other checkable deposits[5]	78.2	103.5	131.3	146.0	168.9	171.3	172.4	175.7
Nontransactions components								
10 In M2[6]	1,352.6	1,474.0	1,660.8	1,813.3	1,908.1	1,917.0	1,922.3	1,929.6
11 In M3 only[7]	441.4	492.0	512.9	623.3	628.4	640.1	645.9	645.3
Savings deposits[9]								
12 Commercial Banks	158.6	163.5	133.4	122.6	124.2	124.6	125.1	125.3
13 Thrift institutions	185.8	194.4	173.6	166.0	176.1	177.1	179.3	180.4
Small denomination time deposits[9]								
14 Commerical Banks	347.8	379.8	350.7	387.0	384.1	382.8	381.8	381.7
15 Thrift institutions	475.8	471.7	433.8	498.6	494.3	491.6	489.9	489.9
Money market mutual funds								
16 General purpose and broker/dealer	150.6	185.2	138.2	167.5	176.8	176.7	176.9	176.4
17 Institution-only	38.0	51.1	43.2	62.7	63.6	62.3	63.3	64.5
Large denomination time deposits[10]								
18 Commercial Banks[11]	247.5	262.0	228.9	264.4	267.6	272.9	277.2	280.0
19 Thrift institutions	54.6	66.2	101.9	151.8	153.7	155.7	156.1	157.6
Debt components								
20 Federal debt	825.9	979.2	1,173.0	1,367.4[r]	1,496.1	1,505.6	1,516.6	n.a.
21 Non-federal debt	3,429.9	3,670.6	4,004.3	4,559.7[r]	4,924.1	4,973.7	5,025.3	n.a.
	Not seasonally adjusted							
22 M1	452.2	491.8	539.7	570.4	601.5	608.6	611.0	620.0
23 M2	1,798.7	1,959.6	2,194.0	2,376.7	2,507.4	2,517.6	2,530.1	2,545.3
24 M3	2,243.4	2,454.4	2,709.2	3,002.2[r]	3,137.4	3,157.2	3,173.8	3,193.3
25 L	2,604.7	2,859.5	3,172.7	3,542.9[r]	3,722.2	3,749.2	n.a.	n.a.
26 Debt	4,251.1	4,644.2	5,171.6	5,921.2[r]	6,400.8	6,463.9	6,528.5	n.a.
M1 components								
27 Currency[2]	126.2	136.5	150.5	160.9	167.7	167.6	168.5	170.7
28 Travelers checks[3]	4.1	4.0	4.6	4.9	6.5	6.2	5.9	5.6
29 Demand deposits[4]	243.4	247.2	252.2	257.4	260.9	265.5	265.4	268.4
30 Other checkable deposits[5]	78.5	104.1	132.4	147.2	166.4	169.3	171.2	175.3
Nontransactions components								
31 M2[6]	1,346.5	1,467.8	1,654.2	1,806.3	1,905.8	1,909.0	1,919.1	1,925.3
32 M3 only[7]	444.7	494.8	515.2	625.4	630.0	639.7	643.7	648.0
Money market deposit accounts								
33 Commercial banks	n.a.	26.3	230.5	267.1	317.7	321.2	324.3	329.2
34 Thrift institutions	.0	16.9	148.7	147.9	174.3	175.5	176.8	177.3
Savings deposits[8]								
35 Commercial Banks	157.5	162.1	132.2	121.4	124.0	123.7	124.5	124.3
36 Thrift institutions	184.7	193.2	172.5	164.9	175.5	176.0	179.0	179.6
Small denomination time deposits[9]								
37 Commercial Banks	347.7	380.1	351.1	387.6	385.4	385.2	384.9	384.3
38 Thrift institutions	475.5	471.7	434.2	499.4	494.0	492.3	493.6	493.4
Money market mutual funds								
39 General purpose and broker/dealer	150.6	185.2	138.2	167.5	176.8	176.7	176.9	176.4
40 Institution-only	38.0	51.1	43.2	62.7	63.6	62.3	63.3	64.5
Large denomination time deposits[10]								
41 Commercial Banks[11]	251.7	265.2	230.8	265.9	269.4	274.5	278.2	279.9
42 Thrift institutions	54.4	65.9	101.4	151.1	155.1	156.3	157.4	158.2
Debt components								
43 Federal debt	823.0	976.4	1,170.2	1,364.7	1,495.8	1,506.9	1,515.5	n.a.
44 Non-federal debt	3,428.2	3,667.7	4,001.4	4,556.4[r]	4,905.0	4,957.0	5,013.0	n.a.

For notes see following page.

NOTES TO TABLE 1.21

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

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

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

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

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

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

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

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

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

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

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

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

8. Savings deposits exclude MMDAs.

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

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

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

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

1.22 BANK DEBITS AND DEPOSIT TURNOVER

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

Bank group, or type of customer	1982[1]	1983[1]	1984[1]	1985					
				May	June	July	Aug.	Sept.	Oct.
	Seasonally adjusted								
DEBITS TO									
Demand deposits[2]									
1 All insured banks	90,914.4	109,642.3	128,440.8	149,252.8	146,714.9	157,128.3	147,455.5	159,593.3	162,205.4
2 Major New York City banks	37,932.9	47,769.4	57,392.7	66,394.3	66,615.5	69,952.8	65,645.6	72,765.4	76,706.3
3 Other banks	52,981.5	61,873.1	71,048.1	82,858.4	80,099.4	87,175.5	81,809.9	86,827.9	85,499.2
4 ATS-NOW accounts[3]	1,036.2	1,405.5	1,588.7	1,771.1	1,614.3	1,870.1	2,008.8	2,465.3	2,212.7
5 Savings deposits[4]	720.3	741.4	633.1	636.4	544.4	584.3	550.7	509.1	562.0
DEPOSIT TURNOVER									
Demand deposits[2]									
6 All insured banks	324.2	379.7	434.4	484.6	471.4	506.4	469.6	510.9	513.2
7 Major New York City banks	1,287.6	1,528.0	1,843.0	2,079.6	2,104.9	2,131.4	1,965.4	2,326.3	2,422.2
8 Other banks	211.1	240.9	268.6	300.2	286.5	314.2	291.5	308.9	300.6
9 ATS-NOW accounts[3]	14.5	15.6	15.8	16.1	14.4	16.4	17.1	20.6	18.4
10 Savings deposits[4]	4.5	5.4	5.0	5.4	4.6	4.9	4.6	4.2	4.6
	Not seasonally adjusted								
DEBITS TO									
Demand deposits[2]									
11 All insured banks	91,031.8	109,517.6	128,059.1	151,342.3	148,651.5	157,898.2	152,985.1	148,788.8	167,639.3
12 Major New York City banks	38,001.0	47,707.4	57,282.4	67,249.3	67,999.4	70,496.1	68,401.8	68,967.9	78,010.5
13 Other banks	53,030.9	64,310.2	70,776.9	84,093.0	80,652.1	87,402.1	84,583.3	79,820.9	89,628.8
14 ATS-NOW accounts[3]	1,027.1	1,397.0	1,579.5	1,775.5	1,744.0	1,807.5	1,770.5	2,289.9	2,157.7
15 MMDA[5]	....	567.4	848.8	1,146.7	1,077.9	1,183.3	1,201.2	1,192.2	1,293.0
16 Savings deposits[4]	720.0	742.0	632.9	621.1	549.7	586.0	538.4	490.1	579.9
DEPOSIT TURNOVER									
Demand deposits[2]									
17 All insured banks	325.0	379.9	433.5	505.5	480.6	509.5	499.3	475.0	532.1
18 Major New York City banks	1,295.7	1,510.0	1,838.6	2,205.8	2,125.9	2,185.9	2,189.4	2,216.6	2,507.4
19 Other banks	211.5	240.5	267.9	312.7	290.8	314.8	307.4	282.9	315.7
20 ATS-NOW accounts[3]	14.4	15.5	15.7	16.2	15.5	15.9	15.3	19.4	18.1
21 MMDA[5]	....	2.8	3.5	3.9	3.5	3.5	3.8	3.7[r]	4.0
22 Savings deposits[4]	4.5	5.4	5.0	5.2	4.6	4.8	4.5	4.1	4.8

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

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

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

1.23 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars; averages of Wednesday figures

Category	1984 Dec.r	1985 Jan.r	Feb.r	Mar.r	Apr.r	Mayr	Juner	Julyr	Aug.r	Sept.r	Oct.	Nov.
	Seasonally adjusted											
1 Total loans and securities[2]	**1,716.8**	**1,726.3**	**1,744.8**	**1,761.6**	**1,768.8**	**1,788.5**	**1,802.7**	**1,819.0**	**1,828.8**	**1,841.3**	**1,844.4**	**1,869.6**
2 U.S. government securities	260.3	260.3	266.0	267.1	261.4	266.3	267.1	271.6	271.4	273.1	270.0	275.0
3 Other securities	140.0	142.6	141.1	138.9	140.2	142.2	144.5	145.4	148.2	151.3	154.8	160.7
4 Total loans and leases[2]	1,316.5	1,323.4	1,337.7	1,355.6	1,367.1	1,380.0	1,391.0	1,402.1	1,409.2	1,416.9	1,419.7	1,433.9
5 Commercial and industrial	469.0	469.2	474.1	481.2	481.9	484.3	484.3	484.1	485.7	487.2	487.0	490.6
6 Bankers acceptances held[3]	5.4	5.1	6.2	6.4	5.4	4.9	4.7	5.1	5.0	4.7	4.7	4.9
7 Other commercial and industrial	463.6	464.1	468.0	474.9	476.5	479.3	479.6	479.0	480.7	482.5	482.3	485.7
8 U.S. addressees[4]	453.6	454.0	457.4	464.2	465.8	469.2	470.1	469.6	471.1	473.3	473.7	477.3
9 Non-U.S. addressees[4]	10.0	10.2	10.6	10.7	10.7	10.1	9.5	9.4	9.6	9.2	8.6	8.4
10 Real estate	376.2	378.6	382.8	386.7	390.8	394.8	398.7	403.7	407.1	409.9	414.5	419.2
11 Individual	251.5	255.3	258.5	262.9	266.5	269.9	272.7	276.3	278.5	280.3	281.3	283.8
12 Security	31.4	31.9	31.6	32.8	35.1	37.5	40.0	40.3	36.7	38.1	37.9	37.5
13 Nonbank financial institutions	31.6	31.4	30.9	30.6	31.1	31.5	31.2	31.6	32.3	32.5	32.4	33.2
14 Agricultural	40.3	39.9	39.6	39.5	39.4	39.4	39.4	39.6	39.6	40.1	40.3	40.5
15 State and political subdivisions	44.3	47.0	46.7	47.0	47.2	47.5	47.5	47.8	48.8	48.8	49.3	50.0
16 Foreign banks	11.5	11.5	11.5	11.2	10.9	10.6	10.3	10.4	10.2	9.9	9.6	9.6
17 Foreign official institutions	7.4	7.0	7.1	7.0	7.0	7.0	6.8	6.7	6.5	6.7	6.9	7.0
18 Lease financing receivables	15.5	15.6	15.8	16.1	16.4	16.7	17.0	17.3	17.5	17.6	17.7	17.9
19 All other loans	37.5	36.0	39.0	40.6	40.8	40.8	43.1	44.2	46.4	45.8	42.8	44.8
	Not seasonally adjusted											
20 Total loans and securities[2]	**1,727.8**	**1,734.3**	**1,742.9**	**1,757.7**	**1,769.0**	**1,784.6**	**1,803.6**	**1,812.5**	**1,822.1**	**1,839.8**	**1,846.1**	**1,870.8**
21 U.S. government securities	257.0	260.2	266.9	269.2	266.9	268.4	270.8	271.4	269.8	270.7	266.9	270.6
22 Other securities	141.6	143.4	141.3	139.1	139.9	142.8	144.2	144.0	147.7	150.7	154.2	160.8
23 Total loans and leases[2]	1,329.2	1,330.6	1,334.6	1,349.4	1,362.3	1,373.4	1,388.6	1,397.2	1,404.6	1,418.4	1,424.9	1,439.4
24 Commercial and industrial	472.1	471.1	473.7	480.8	482.1	482.8	482.8	483.2	483.5	487.2	488.0	491.0
25 Bankers acceptances held[3]	5.8	5.2	6.1	6.3	5.5	4.9	4.8	5.0	4.9	4.6	4.6	4.8
26 Other commercial and industrial	466.3	465.9	467.6	474.5	476.6	477.9	477.9	478.2	478.6	482.6	483.4	486.2
27 U.S. addressees[4]	455.3	455.6	457.5	464.3	466.7	468.3	468.6	468.7	469.0	473.1	474.3	477.1
28 Non-U.S. addressees[4]	11.0	10.3	10.1	10.2	9.9	9.6	9.3	9.5	9.6	9.4	9.1	9.1
29 Real estate	376.8	379.3	382.4	385.6	389.5	393.8	398.1	403.1	407.3	411.2	415.9	420.3
30 Individual	254.6	257.8	258.2	260.7	264.3	267.7	270.7	274.5	278.3	281.5	283.4	285.8
31 Security	35.2	33.0	30.8	32.2	35.0	36.0	39.9	38.3	35.8	36.7	37.7	39.5
32 Nonbank financial institutions	31.7	31.5	30.7	30.6	31.3	31.3	31.2	31.7	32.4	32.6	32.4	33.1
33 Agricultural	40.0	39.3	38.8	38.6	38.8	39.3	39.9	40.4	40.5	40.9	40.9	40.6
34 State and political subdivisions	44.3	47.0	46.7	47.0	47.2	47.5	47.5	47.8	48.8	48.8	49.3	50.0
35 Foreign banks	12.2	11.7	11.5	11.0	10.5	10.3	10.0	10.3	9.9	10.1	9.9	9.8
36 Foreign official institutions	7.4	7.0	7.1	7.0	7.0	7.0	6.8	6.7	6.5	6.7	6.9	7.0
37 Lease financing receivables	15.5	15.8	16.0	16.3	16.4	16.7	16.9	17.2	17.4	17.5	17.6	17.7
38 All other loans	39.5	37.2	38.8	39.8	40.2	41.0	44.7	44.1	44.2	45.3	43.0	44.6

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

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

3. Includes nonfinancial commercial paper held.

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

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

1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	1984 Dec.	1985 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
Total nondeposit funds												
1 Seasonally adjusted[2]	108.5	102.5	113.9	116.9	105.2	112.0	112.6	108.5r	112.9	116.1	118.8	120.7
2 Not seasonally adjusted	111.1	104.8	117.4	119.4	108.4	117.2	114.9	107.4	114.8	116.2r	120.4	126.7
Federal funds, RPs, and other borrowings from nonbanks[3]												
3 Seasonally adjusted	140.5	138.8	146.8	147.2	138.8	142.0	146.7	146.9	144.1	146.3	145.4	149.0
4 Not seasonally adjusted	143.1	141.1	150.2	149.7	141.9	147.2	149.0	145.8	146.0	146.4	147.0	155.0
5 Net balances due to foreign-related institutions, not seasonally adjusted	−32.0	−36.3	−32.8	−30.3	−33.5	−30.0	−34.1	−38.4	−31.2	−30.2	−26.6	−28.3
MEMO												
6 Domestically chartered banks' net positions with own foreign branches, not seasonally adjusted[4]	−31.4	−34.8	−31.6	−29.5	−32.4	−29.6r	−32.5	−38.3	−32.8	−30.7	−28.7	−30.3
7 Gross due from balances	69.0	71.4	70.5	71.4	74.8r	74.5r	76.4r	79.1r	75.8r	74.6r	74.1r	74.0
8 Gross due to balances	37.6	36.6	38.9	41.9	42.4r	44.9r	44.0r	40.8r	43.0r	44.0r	45.4r	43.8
9 Foreign-related institutions' net positions with directly related institutions, not seasonally adjusted[5]	−.6	−1.5	−1.2	−.8	−1.1	−.5	−1.7r	−.1r	1.6	.5	2.1	2.0
10 Gross due from balances	52.0	53.1	54.1	53.4	51.8	52.4	53.8	54.9	55.3	56.1	55.5	56.0
11 Gross due to balances	51.4	51.6	52.8	52.7	50.7	52.0	52.1	54.9	56.8r	56.6	57.6	58.0
Security RP borrowings												
12 Seasonally adjusted[6]	81.1	82.3	90.1	92.0	85.4	85.5	86.5	87.1	87.4	90.8	88.4	87.9
13 Not seasonally adjusted	81.1	82.2	91.1	92.0	86.0	88.3	86.3	83.4	86.8	88.4	87.5	91.3
U.S. Treasury demand balances[7]												
14 Seasonally adjusted	16.1	14.7	13.0	11.8	14.6	22.6	17.4	24.9	16.7	15.3	3.8	13.2
15 Not seasonally adjusted	12.5	18.5	15.8	12.8	15.4	20.9	14.9	23.1	13.4	16.8	5.4	7.7
Time deposits, $100,000 or more[8]												
16 Seasonally adjusted	325.8	324.8	325.4	329.9	332.6	331.2	326.8	323.2	325.1	330.3	334.4	336.6
17 Not seasonally adjusted	327.3	325.6	324.9	330.3	330.1	329.1	326.4	322.4r	326.9	331.9	335.4	336.5

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

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

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

Billions of dollars

Account	1985 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
ALL COMMERCIAL BANKING INSTITUTIONS[1]											
1 Loans and securities	1,856.1	1,875.9	1,883.4	1,899.2	1,908.6	1,927.3	1,948.5	1,952.1	1,969.9	1,979.1	2,029.8
2 Investment securities	381.2	382.2	383.7	383.9	390.3	392.1	392.3	393.7	397.0	396.3	404.4
3 U.S. government securities	245.1	248.1	251.1	250.4	254.4	255.3	256.1	254.2	254.4	249.3	251.6
4 Other	136.1	134.1	132.5	133.5	135.9	136.8	136.2	139.6	142.6	147.0	152.7
5 Trading account assets	24.2	27.6	23.7	23.5	23.5	23.1	22.3	24.2	26.4	25.0	32.0
6 Total loans	1,450.8	1,466.0	1,476.0	1,491.8	1,494.9	1,512.1	1,534.0	1,534.1	1,546.5	1,557.8	1,593.5
7 Interbank loans	125.4	128.8	126.0	130.9	124.0	123.1	133.0	128.6	129.1	131.7	149.4
8 Loans excluding interbank	1,325.4	1,337.3	1,350.0	1,360.9	1,370.8	1,388.9	1,401.0	1,405.5	1,417.5	1,426.1	1,444.1
9 Commercial and industrial	470.2	477.0	483.2	482.1	483.4	484.3	485.9	484.6	489.2	488.8	492.8
10 Real estate	380.9	383.3	386.9	390.7	395.8	400.0	405.6	409.3	412.8	418.3	421.8
11 Individual	258.2	259.0	261.4	265.2	268.5	272.1	276.1	280.0	282.1	285.1	286.7
12 All other	216.1	218.0	218.5	222.9	223.0	232.6	233.4	231.5	233.4	233.9	242.9
13 Total cash assets	188.0	189.4	183.6	187.6	202.3	190.4	198.0	188.4	188.2	190.1	207.7
14 Reserves with Federal Reserve Banks	20.9	19.6	19.8	22.9	20.7	21.6	21.0	24.5	24.9	19.6	20.1
15 Cash in vault	21.9	21.8	21.3	21.3	23.3	22.2	22.0	22.7	22.1	22.6	21.4
16 Cash items in process of collection	66.9	68.8	63.9	64.2	76.5	68.4	70.5	62.5	61.4	67.9	81.7
17 Demand balances at U.S. depository institutions	30.9	32.3	31.7	30.2	35.2	31.3	33.5	30.6	30.8	31.6	35.5
18 Other cash assets	47.4	46.8	46.9	49.0	46.6	46.8	51.0	48.2	49.1	48.4	49.0
19 Other assets	191.8	195.4	188.5	188.6	183.4	189.4	194.5	180.8	185.8	178.1	181.8
20 Total assets/total liabilities and capital	**2,235.9**	**2,260.7**	**2,255.5**	**2,275.4**	**2,294.2**	**2,307.1**	**2,341.1**	**2,321.3**	**2,344.0**	**2,347.3**	**2,419.3**
21 Deposits	1,605.9	1,619.5	1,627.5	1,638.5	1,661.5	1,659.8	1,685.0	1,676.9	1,683.0[r]	1,705.6	1,743.4
22 Transaction deposits	457.1	459.5	457.9	465.6	480.3	474.0	492.3	475.4	474.9	491.4	521.6
23 Savings deposits	400.4	407.2	410.4	410.1	418.7	425.6	434.3	436.4[r]	438.3	443.8	448.4
24 Time deposits	748.4	752.7	759.2	762.9	762.5	760.1	758.4	765.0	769.8	770.4	773.4
25 Borrowings	307.0	309.4	301.3	310.3	305.4	315.8	321.6	308.9	323.2	309.0	345.9
26 Other liabilities	173.8	182.2	177.0	175.6	176.0	179.7	181.1	182.0	183.6	177.9	174.9
27 Residual (assets less liabilities)	149.1	149.6	149.7	150.9	151.3	151.8	153.4	153.4	154.1	154.8	155.2
MEMO											
28 U.S. government securities (including trading account)	262.1	269.6	268.6	266.7	269.3	271.0	270.0	268.3	271.5	265.1	271.5
29 Other securities (including trading account)	143.3	140.2	138.8	140.7	144.4	144.3	144.6	149.7	151.9	156.2	164.8
DOMESTICALLY CHARTERED COMMERCIAL BANKS[2]											
30 Loans and securities	1,761.8	1,777.1	1,784.8	1,799.6	1,812.7	1,829.2	1,847.9	1,850.8	1,863.6	1,872.3	1,917.6
31 Investment securities	373.9	374.9	376.9	377.1	383.8	385.1	385.1	386.5	389.1	388.1	396.6
32 U.S. government securities	240.3	243.4	246.9	246.4	250.7	251.4	252.4	250.4	250.5	245.0	248.0
33 Other	133.5	131.5	130.1	130.7	133.1	133.8	132.7	136.0	138.6	143.1	148.7
34 Trading account assets	24.2	27.6	23.7	23.5	23.5	23.1	22.3	24.2	26.4	25.0	32.0
35 Total loans	1,363.8	1,374.6	1,384.1	1,399.0	1,405.5	1,420.9	1,440.5	1,440.1	1,448.1	1,459.2	1,489.0
36 Interbank loans	100.7	101.1	100.1	103.3	100.6	100.6	110.0	104.7	103.8	106.8	121.0
37 Loans excluding interbank	1,263.1	1,273.5	1,284.0	1,295.7	1,304.9	1,320.3	1,330.5	1,335.5	1,344.2	1,352.4	1,368.0
38 Commercial and industrial	426.1	431.9	436.0	436.5	436.6	436.0	437.6	435.7	437.9	437.4	440.0
39 Real estate	375.8	378.0	381.8	385.4	390.4	394.4	399.9	403.7	407.0	412.7	416.3
40 Individual	258.0	258.7	261.2	265.0	268.3	271.8	275.9	279.8	281.8	284.8	286.5
41 All other	203.2	204.8	205.0	208.7	209.6	218.1	217.2	216.3	217.5	217.5	225.2
42 Total cash assets	175.9	178.0	172.7	176.0	191.2	179.2	185.3	176.4	176.1	178.0	195.6
43 Reserves with Federal Reserve Banks	20.2	18.7	19.2	22.3	19.6	20.9	20.4	23.8	24.4	18.6	19.5
44 Cash in vault	21.9	21.8	21.3	21.3	23.2	22.2	22.0	22.6	22.0	22.6	21.4
45 Cash items in process of collection	66.7	68.5	63.7	63.9	76.2	68.2	70.3	62.2	61.1	67.7	81.5
46 Demand balances at U.S. depository institutions	29.5	31.0	30.4	28.8	33.8	29.8	32.2	29.0	29.4	30.2	33.8
47 Other cash assets	37.6	38.0	38.1	39.6	38.3	38.1	40.4	38.8	39.2	38.9	39.3
48 Other assets	137.7	139.0	137.2	137.5	131.5	137.7	144.9	132.6	133.3	132.0	137.1
49 Total assets/total liabilities and capital	**2,075.4**	**2,094.2**	**2,094.7**	**2,113.1**	**2,135.4**	**2,146.2**	**2,178.1**	**2,159.8**	**2,173.0**	**2,182.3**	**2,250.3**
50 Deposits	1,563.3	1,575.4	1,582.4	1,593.8	1,618.4	1,617.2	1,642.3	1,631.9	1,636.6	1,659.5	1,697.4
51 Transaction deposits	450.8	453.1	451.7	459.3	473.8	467.7	486.0	468.9	468.3	484.9	515.1
52 Savings deposits	399.3	406.1	409.2	408.9	417.5	424.3	432.9[r]	435.1	436.9[r]	442.4	446.9
53 Time deposits	713.2	716.2	721.6	725.6	727.1	725.2	723.3	727.9	731.4	732.2	735.5
54 Borrowings	247.1	247.6	240.6	248.5	246.1	253.8	258.4	249.6	259.0	248.0	280.2
55 Other liabilities	118.5	124.3	124.8	122.6	122.4	126.1	126.8	127.4	125.9	122.7	120.1
56 Residual (assets less liabilities)	146.5	146.9	147.0	148.3	148.6	149.1	150.7	150.8[r]	151.5	152.2[r]	152.5

1. Commercial banking institutions include insured domestically chartered commercial banks, branches and agencies of foreign banks, Edge Act and Agreement corporations, and New York State foreign investment corporations.
2. *Insured domestically chartered commercial banks* include all member banks and insured nonmember banks.

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

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

Millions of dollars, Wednesday figures

Account	1985								
	Oct. 2	Oct. 9	Oct. 16	Oct. 23	Oct. 30	Nov. 6	Nov. 13	Nov. 20	Nov. 27
1 Cash and balances due from depository institutions	100,834r	89,082r	108,742	93,038r	89,335r	95,981	109,379	92,150	99,262
2 **Total loans, leases and securities, net**	**869,525r**	**872,118r**	**864,442**	**858,864**	**863,196**	**881,249**	**873,648**	**891,824**	**894,322**
3 U.S. Treasury and government agency	84,692	86,268	85,027	84,159	82,863	88,455	87,845	90,409	90,439
4 Trading account	15,257	18,441	17,316	17,044	15,781	19,459	18,724	21,339	19,892
5 Investment account, by maturity	69,434	67,828	67,711	67,115	67,082	68,996	69,122	69,070	70,547
6 One year or less	19,522	18,586	18,434	18,092	18,235	19,909	19,622	20,541	21,069
7 Over one through five years	35,802	35,194	35,275	34,774	34,551	34,691	35,375	34,683	35,286
8 Over five years	14,111	14,048	14,002	14,248	14,296	14,396	14,125	13,846	14,192
9 Other securities	53,418r	52,700	52,969	53,423	54,216	54,725	54,978	55,693	58,424
10 Trading account	5,381r	4,569	4,618	4,744	4,930	5,239	5,245	5,063	6,262
11 Investment account	48,037	48,131	48,351	48,679	49,286	49,486	49,733	50,630	52,162
12 States and political subdivisions, by maturity	42,826	42,897	43,026	43,416	43,917	43,996	44,335	45,224	46,713
13 One year or less	6,688	6,718	6,746	6,756	6,805	6,728	6,599	6,636	6,894
14 Over one year	36,138	36,179	36,280	36,660	37,112	37,268	37,736	38,587	39,820
15 Other bonds, corporate stocks, and securities	5,212	5,234	5,325	5,263	5,369	5,490	5,398	5,407	5,449
16 Other trading account assets	3,986	3,597	3,560	3,902	4,306	5,076	4,660	4,440	5,807
17 Federal funds sold[1]	57,161	62,353	55,948	53,941	55,082	62,913	57,185	64,826	61,179
18 To commercial banks	36,930	41,275	35,868	35,139	35,674	42,615	36,389	42,558	40,145
19 To nonbank brokers and dealers in securities	13,433	14,485	14,177	13,102	13,126	13,271	13,712	13,064	13,904
20 To others	6,798	6,592	5,903	5,700	6,282	7,027	7,084	9,205	7,130
21 Other loans and leases, gross[2]	688,472r	685,380r	685,198	681,751	685,017	688,600	687,601	695,024	696,979
22 Other loans, gross[2]	674,143r	671,039r	670,853	667,394	670,616	674,138	673,156	680,517	682,435
23 Commercial and industrial[2]	254,319r	252,907r	252,024r	252,466r	252,574	254,988	253,526	254,276	254,987
24 Bankers acceptances and commercial paper	2,439r	2,248	2,425	2,238	2,229	2,571	2,345	2,181	2,198
25 All other	251,880r	250,659r	249,598r	250,228r	250,345	252,417	251,181	252,096	252,788
26 U.S. addressees	246,889r	245,731r	244,699r	245,352r	245,522	247,545	246,309	247,246	247,839
27 Non-U.S. addressees	4,991r	4,927r	4,899r	4,876r	4,823	4,872	4,872	4,850	4,949
28 Real estate loans[2]	174,966r	175,353r	175,956r	176,203r	176,658	176,968	177,622	177,809	177,874
29 To individuals for personal expenditures	127,376r	127,503r	127,616r	127,928r	128,513	128,602	128,780	129,174	129,922
30 To depository and financial institutions	41,597r	40,927r	41,412r	39,604r	39,740	40,702	40,945	41,105	41,278
31 Commercial banks in the United States	10,569	11,188r	10,842	10,528	10,494	10,008	10,571	10,744	11,256
32 Banks in foreign countries	6,097r	5,197r	5,863r	5,031r	4,974	5,606	5,230	4,968	4,936
33 Nonbank depository and other financial institutions	24,931r	24,543r	24,707r	24,045r	24,272	25,088	25,143	25,393	25,085
34 For purchasing and carrying securities	17,566	18,640r	17,492r	15,369	17,052	16,814	15,822	21,418	20,707
35 To finance agricultural production	7,129r	7,130r	7,085r	7,048r	7,002	6,922	6,862	6,817	6,760
36 To states and political subdivisions	31,083	31,092	31,103	31,225	31,326	31,553	31,450	31,575	31,886
37 To foreign governments and official institutions	3,382	3,267	3,434	3,287	3,231	3,351	3,470	3,307	3,284
38 All other	16,724r	14,219r	14,729r	14,264r	14,519	14,238	14,680	15,035	15,738
39 Lease financing receivables	14,329r	14,340	14,345	14,357	14,401	14,462	14,445	14,507	14,544
40 LESS: Unearned income	5,108r	5,112	5,136	5,135	5,137	5,112	5,098	5,090	5,089
41 Loan and lease reserve[2]	13,097	13,068	13,125	13,177	13,153	13,408	13,524	13,478	13,417
42 Other loans and leases, net[2]	670,267r	667,200r	666,938	663,439	666,728	670,080	668,979	676,455	678,473
43 All other assets	130,816r	126,704	128,540	125,272r	124,315	127,878	125,822	126,913	129,774
44 **Total assets**	**1,101,174r**	**1,087,905r**	**1,101,724**	**1,077,174r**	**1,076,846**	**1,105,108**	**1,108,848**	**1,110,886**	**1,123,357**
45 Demand deposits	209,726r	189,321r	214,748	189,003r	195,740	198,717	208,576	201,285	211,661
46 Individuals, partnerships, and corporations	158,684r	146,281r	162,371	144,215r	148,655r	149,384	158,297	151,075	160,774
47 States and political subdivisions	6,016	4,686	5,342	5,028	4,854	5,132	4,739	5,254	5,345
48 U.S. government	1,414	1,334	1,787	2,441	2,511r	2,189	1,558	3,678	2,899
49 Depository institutions in United States	25,713	22,126	29,616	21,944	22,436	23,739	27,619	24,072	26,421
50 Banks in foreign countries	6,816	5,153	5,689	5,274	5,593	5,558	5,667	5,618	5,449
51 Foreign governments and official institutions	794	891	885	915	767	1,056	1,060	854	1,219
52 Certified and officers' checks	10,289r	8,851r	9,057	9,186	10,924	11,658	9,636	10,734	9,553
53 Transaction balances other than demand deposits	39,937	40,128r	40,054r	39,270	39,042	41,135	40,547	40,158	40,587
54 Nontransaction balances	478,579r	479,148r	477,509r	477,361	478,268r	478,385	478,537	479,542	479,723
55 Individuals, partnerships and corporations	441,459r	441,698r	440,467r	440,064	440,924r	441,654	441,376	443,536	444,201
56 States and political subdivisions	25,181	25,394	25,014	25,123	25,263	24,599	24,893	23,879	23,648
57 U.S. government	467	482	476	492	478	479	492	502	535
58 Depository institutions in the United States	9,049	9,181	9,189	9,207	9,153	9,057	9,136	9,054	9,081
59 Foreign governments, official institutions and banks	2,423	2,393	2,362	2,474	2,450	2,596	2,641	2,570	2,258
60 Liabilities for borrowed money	206,971r	213,858r	204,713r	202,885r	198,533r	224,382	216,570	225,512	228,368
61 Borrowings from Federal Reserve Banks	320	3,262	265	1,551	285	1,928	250	4,124	365
62 Treasury tax-and-loan notes	7,322	199r	338	1,249	215r	2,740	3,218	622	9,454
63 All other liabilities for borrowed money[3]	199,329r	210,397r	204,109r	200,085r	198,033r	219,714	213,102	220,766	218,550
64 Other liabilities and subordinated note and debentures	88,727r	87,791r	87,273r	91,314r	88,153r	84,692	86,604	86,698	85,639
65 **Total liabilities**	**1,023,941r**	**1,010,246r**	**1,024,296r**	**999,833r**	**999,736**	**1,027,310**	**1,030,834**	**1,033,195**	**1,045,978**
66 Residual (total assets minus total liabilities)[4]	77,233r	77,658	77,427	77,341	77,110	77,798	78,014	77,692	77,379
MEMO									
67 Total loans and leases (gross) and investments adjusted[5]	840,230r	837,836r	835,992	831,509	835,317	847,146	845,309	857,091	861,427
68 Total loans and leases (gross) adjusted[2,5]	698,134r	695,269r	694,435	690,025	693,931	698,890	697,826	706,549	706,757
69 Time deposits in amounts of $100,000 or more	158,245	158,811r	157,168r	157,467	158,262r	157,315	157,022	157,350	157,689
70 Loans sold outright to affiliates—total[6]	2,185	2,072	2,077	2,045	1,946	1,968	2,014	1,977	1,896
71 Commercial and industrial	1,298	1,249	1,261	1,248	1,170	1,230	1,264	1,213	1,137
72 Other	887	823	816	797	777	738	750	764	760
73 Nontransaction savings deposits (including MMDAs)	188,828	189,368r	189,219r	189,050	189,431r	190,380	190,803	191,471	191,303

1. Includes securities purchased under agreements to resell.
2. Levels of major loan items were affected by the Sept. 26, 1984, transaction between Continental Illinois National Bank and the Federal Deposit Insurance Corporation. For details see the H.4.2 statistical release dated Oct. 5, 1984.
3. Includes federal funds purchased and securities sold under agreements to repurchase; for information on these liabilities at banks with assets of $1 billion or more on Dec. 31, 1977, see table 1.13.
4. This is not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.
5. Exclusive of loans and federal funds transactions with domestic commercial banks.
6. Loans sold are those sold outright to a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.

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

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

Millions of dollars, Wednesday figures

Account	1985								
	Oct. 2	Oct. 9	Oct. 16	Oct. 23	Oct. 30	Nov. 6	Nov. 13	Nov. 20	Nov. 27
1 Cash and balances due from depository institutions	24,556	22,981	23,944	23,387	23,052	25,534	24,998	22,401	22,043
2 **Total loans, leases and securities, net[1]**	**183,833**	**184,844**	**181,186**	**180,057**	**181,200**	**186,342**	**183,784**	**193,723**	**191,685**
Securities									
3 U.S. Treasury and government agency[2]	......	.....	......	......	......	......	......	.....	......
4 Trading account[2]	......	.....	......	......	......	......	......	.....	......
5 Investment account, by maturity	10,121	8,773	8,725	8,719	8,753	10,225	10,993	11,319	11,644
6 One year or less	1,854	1,341	1,340	1,342	1,339	2,301	2,276	2,556	2,557
7 Over one through five years	6,612	5,794	5,737	5,662	5,634	6,110	6,870	6,874	7,228
8 Over five years	1,655	1,639	1,647	1,716	1,780	1,813	1,848	1,889	1,858
9 Other securities[2]	......	.....	......	......	......	......	......	.....	......
10 Trading account[2]	......	.....	......	......	......	......	......	.....	......
11 Investment account	10,792	10,807	10,835	10,956	11,095	11,381	11,602	11,839	12,245
12 States and political subdivisions, by maturity	9,616	9,635	9,655	9,716	9,853	9,933	10,118	10,338	10,736
13 One year or less	1,717	1,731	1,729	1,690	1,698	1,690	1,749	1,778	1,778
14 Over one year	7,899	7,904	7,926	8,026	8,155	8,243	8,369	8,560	8,957
15 Other bonds, corporate stocks and securities	1,176	1,172	1,180	1,240	1,242	1,447	1,484	1,500	1,510
16 Other trading account assets[2]	......	.....	......	......	......	......	......	.....	......
Loans and leases									
17 Federal funds sold[3]	22,822	26,625	23,775	24,759	23,502	26,430	23,617	28,387	25,772
18 To commercial banks	11,010	14,119	11,806	13,358	12,138	14,252	11,222	13,699	13,074
19 To nonbank brokers and dealers in securities	6,899	7,730	7,826	7,169	6,710	7,120	7,242	7,148	7,260
20 To others	4,913	4,776	4,144	4,232	4,654	5,057	5,153	7,540	5,438
21 Other loans and leases, gross	145,372	143,922	143,168	140,989	143,218	143,738	143,028	147,623	147,466
22 Other loans, gross	142,632	141,166	140,404	138,218	140,437	140,938	140,242	144,831	144,668
23 Commercial and industrial	60,602	59,702	59,947	59,525	59,665	60,384	59,700	59,405	59,236
24 Bankers acceptances and commercial paper	676	546	639	605	685	811	644	620	630
25 All other	59,926	59,156	59,308	58,920	58,979	59,573	59,056	58,786	58,606
26 U.S. addressees	59,244	58,470	58,629	58,231	58,284	58,878	58,361	58,085	57,880
27 Non-U.S. addressees	682	686	680	689	695	695	695	701	726
28 Real estate loans	27,980	27,994	28,237	28,325	28,368	28,691	28,699	28,699	28,833
29 To individuals for personal expenditures	17,778	17,732	17,762	17,804	17,878	17,940	17,934	18,041	18,081
30 To depository and financial institutions	12,794	12,278	12,544	11,746	11,445	12,334	12,404	12,410	12,741
31 Commercial banks in the United States	2,686	2,858	2,714	2,475	2,338	2,393	2,753	2,754	3,106
32 Banks in foreign countries	2,872	2,232	2,607	2,141	2,031	2,568	2,246	2,132	2,088
33 Nonbank depository and other financial institutions	7,236	7,188	7,223	7,131	7,076	7,374	7,404	7,523	7,547
34 For purchasing and carrying securities	9,362	10,510	8,918	7,860	9,729	8,342	8,260	12,868	11,687
35 To finance agricultural production	349	345	341	359	353	342	324	325	328
36 To states and political subdivisions	8,168	8,157	8,141	8,165	8,168	8,358	8,236	8,210	8,390
37 To foreign governments and official institutions	986	874	1,042	912	876	965	1,064	930	882
38 All other	4,612	3,572	3,471	3,520	3,955	3,581	3,621	3,942	4,490
39 Lease financing receivables	2,741	2,756	2,764	2,771	2,781	2,800	2,786	2,792	2,798
40 LESS: Unearned income	1,412	1,411	1,437	1,439	1,444	1,436	1,425	1,427	1,429
41 Loan and lease reserve	3,862	3,873	3,880	3,928	3,924	3,995	4,032	4,018	4,013
42 Other loans and leases, net	140,098	138,638	137,850	135,622	137,849	138,307	137,571	142,178	142,024
43 All other assets[4]	69,951	68,775	67,924	66,220	66,192	71,049	71,371	72,443	73,707
44 **Total assets**	**278,340**	**276,600**	**273,054**	**269,664**	**270,444**	**282,926**	**280,154**	**288,567**	**287,436**
Deposits									
45 Demand deposits	52,957	45,600	51,496	46,935	49,620	49,437	50,064	50,326	51,642
46 Individuals, partnerships, and corporations	34,898	30,445	34,101	30,695	32,500[r]	31,136	32,868	31,838	34,342
47 States and political subdivisions	1,256	874	960	813	706	820	831	1,051	761
48 U.S. government	159	154	229	500	487[r]	378	285	712	550
49 Depository institutions in the United States	6,575	5,324	7,188	5,456	5,272	5,300	6,355	6,032	6,811
50 Banks in foreign countries	5,412	3,904	4,349	4,110	4,256	4,287	4,296	4,382	4,243
51 Foreign governments and official institutions	628	716	701	743	579	890	881	669	1,042
52 Certified and officers' checks	4,029	4,182	3,968	4,618	5,820	6,626	4,547	5,641	3,892
53 Transaction balances other than demand deposits ATS, NOW, Super NOW, telephone transfers)	4,281	4,308	4,265	4,201	4,151	4,343	4,312	4,274	4,380
54 Nontransaction balances	86,417	86,711	86,458	86,591	87,094	87,036	86,797	87,996	87,995
55 Individuals, partnerships and corporations	78,168	78,310	78,131	78,088	78,677	78,705	78,408	79,727	79,884
56 States and political subdivisions	4,979	4,965	4,962	5,072	5,094	4,926	4,961	4,972	5,064
57 U.S. government	35	34	33	37	36	37	37	43	41
58 Depository institutions in the United States	2,060	2,226	2,172	2,186	2,124	2,124	2,109	1,981	1,985
59 Foreign governments, official institutions and banks	1,174	1,175	1,160	1,208	1,163	1,243	1,282	1,272	1,020
60 Liabilities for borrowed money	74,400	80,952	71,854	68,827	70,482	83,836	79,429	87,242	84,541
61 Borrowings from Federal Reserve Banks	......	2,275	.....	600	......	1,375	......	3,143	......
62 Treasury tax-and-loan notes	1,699	6[r]	1	178	1	650	980	120	2,314
63 All other liabilities for borrowed money[5]	72,702	78,672[r]	71,852	68,050	70,481	81,811	78,449	83,979	82,227
64 Other liabilities and subordinated note and debentures	35,816	34,350	34,341	38,506	34,681	33,523	34,704	33,931	34,271
65 **Total liabilities**	**253,871**	**251,921**	**248,414**	**245,061**	**246,028**	**258,175**	**255,306**	**263,768**	**262,829**
66 Residual (total assets minus total liabilities)[6]	24,469	24,678	24,640	24,604	24,416	24,750	24,848	24,798	24,607
MEMO									
67 Total loans and leases (gross) and investments adjusted[1,7]	175,411	173,151	171,984	169,591	172,092	175,128	175,267	182,714	180,948
68 Total loans and leases (gross) adjusted[7]	154,498	153,570	152,424	149,915	152,244	153,522	152,671	159,556	157,058
69 Time deposits in amounts of $100,000 or more	32,945	33,682[r]	33,456[r]	33,648	33,764	33,479	33,114	33,758	33,458

1. Excludes trading account securities.
2. Not available due to confidentiality.
3. Includes securities purchased under agreements to resell.
4. Includes trading account securities.
5. Includes federal funds purchased and securities sold under agreements to repurchase.
6. Not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.
7. Exclusive of loans and federal funds transactions with domestic commercial banks.

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

1.30 LARGE WEEKLY REPORTING U.S. BRANCHES AND AGENCIES OF FOREIGN BANKS WITH ASSETS OF $750 MILLION OR MORE ON JUNE 30, 1980 Assets and Liabilities ▲

Millions of dollars, Wednesday figures

Account	1985								
	Oct. 2	Oct. 9	Oct. 16	Oct. 23	Oct. 30	Nov. 6	Nov. 13	Nov. 20	Nov. 27
1 Cash and due from depository institutions	6,517	7,132	7,981	8,428	6,967	6,697	6,720	6,965	6,868
2 Total loans and securities	50,836	49,192	49,174	47,874	49,900	50,542	49,258	52,453	51,648
3 U.S. Treasury and govt. agency securities	3,562	3,634	3,712	3,651	3,704	3,943	3,608	3,149	3,304
4 Other securities	2,379	2,440	2,437	2,308	2,330	2,364	2,384	2,444	2,484
5 Federal funds sold[1]	4,334	4,284	4,047	3,564	4,556	3,665	3,504	5,576	4,556
6 To commercial banks in the United States	3,887	3,834	3,611	2,994	3,935	3,021	2,911	4,918	3,886
7 To others	447	450	436	569	620	644	593	657	669
8 Other loans, gross	40,561	38,834	38,977	38,351	39,309	40,570	39,762	41,284	41,305
9 Commercial and industrial	23,756	22,476	22,879	22,812	23,727	23,970	23,923	24,344	24,586
10 Bankers acceptances and commercial paper	1,696	1,650	1,720	1,606	1,693	1,753	1,804	1,918	1,898
11 All other	22,060	20,826	21,159	21,205	22,034	22,216	22,118	22,425	22,688
12 U.S. addressees	20,788	19,578	19,952	19,955	20,780	20,973	20,905	21,219	21,434
13 Non-U.S. addressees	1,272	1,248	1,206	1,250	1,254	1,244	1,214	1,206	1,254
14 To financial institutions	12,024	11,934	11,761	11,356	11,302	12,186	11,799	12,190	11,974
15 Commercial banks in the United States	9,057	9,318	9,220	8,831	8,822	9,660	9,363	9,489	9,515
16 Banks in foreign countries	1,407	1,096	1,128	1,119	1,076	1,070	991	1,086	981
17 Nonbank financial institutions	1,560	1,520	1,412	1,405	1,404	1,457	1,445	1,615	1,478
18 To foreign govts. and official institutions	544	549	552	558	574	607	598	612	601
19 For purchasing and carrying securities	1,682	1,371	1,332	1,258	1,331	1,506	1,134	1,861	1,840
20 All other	2,554	2,503	2,454	2,368	2,374	2,301	2,308	2,278	2,303
21 Other assets (claims on nonrelated parties)	18,935	18,574	19,014	19,208	18,754	18,430	18,501	18,471	18,577
22 Net due from related institutions	8,792	11,008	9,152	8,267	8,289	9,037	9,487	8,511	10,326
23 Total assets	85,079	85,907	85,320	83,778	83,910	84,706	83,967	86,401	87,419
24 Deposits or credit balances due to other than directly related institutions	26,604	26,700	26,716	26,661	26,351	26,363	26,353	25,848	26,475
25 Credit balances	262	235	228	149	179	161	181	190	196
26 Demand deposits	2,146	1,973	2,417	2,382	1,924	1,757	1,971	1,774	2,058
27 Individuals, partnerships, and corporations	1,080	1,036	1,578	1,543	1,128	1,041	1,021	1,006	1,109
28 Other	1,067	937	839	839	796	716	950	768	949
29 Time and savings deposits	24,196	24,492	24,071	24,130	24,249	24,445	24,200	23,884	24,221
30 Individuals, partnerships, and corporations	19,265	19,452	19,023	19,149	19,207	19,032	18,735	18,522	18,945
31 Other	4,930	5,040	5,048	4,981	5,042	5,413	5,465	5,362	5,276
32 Borrowings from other than directly related institutions	31,610	32,562	30,964	29,087	29,432	32,858	32,138	32,096	34,579
33 Federal funds purchased[2]	13,878	15,041	14,425	12,586	12,336	16,011	14,796	14,953	14,352
34 From commercial banks in the United States	10,771	11,789	10,962	9,141	9,054	12,673	11,077	12,192	11,458
35 From others	3,107	3,252	3,463	3,445	3,282	3,338	3,719	2,761	2,894
36 Other liabilities for borrowed money	17,732	17,522	16,538	16,501	17,096	16,847	17,342	17,143	20,227
37 To commercial banks in the United States	16,575	16,454	15,377	15,402	16,014	15,821	16,283	16,127	18,969
38 To others	1,156	1,067	1,162	1,099	1,081	1,026	1,060	1,016	1,258
39 Other liabilities to nonrelated parties	21,026	20,757	20,624	20,690	20,749	20,656	20,585	20,625	20,602
40 Net due to related institutions	5,839	5,887	7,017	7,340	7,378	4,828	4,891	7,832	5,763
41 Total liabilities	85,079	85,907	85,320	83,778	83,910	84,706	83,967	86,401	87,419
MEMO									
42 Total loans (gross) and securities adjusted[3]	37,891	36,039	36,342	36,048	37,143	37,861	36,985	38,046	38,246
43 Total loans (gross) adjusted[3]	31,950	29,965	30,193	30,089	31,108	31,554	30,993	32,452	32,459

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

1. Includes securities purchased under agreements to resell.
2. Includes securities sold under agreements to repurchase.
3. Exclusive of loans to and federal funds sold to commercial banks in the United States.

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

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

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

Type of holder	Commercial banks									
	1980 Dec.	1981 Dec.	1982 Dec.	1983 Dec.	1984			1985		
					June	Sept.	Dec.	Mar.[3]	June	Sept.
1 **All holders—Individuals, partnerships, and corporations**	**315.5**	**288.9**	**291.8**	**293.5**	**286.3**	**288.8**	**302.7**	**286.5**	**298.6**	**298.9**
2 Financial business	29.8	28.0	35.4	32.8	30.8	30.4	31.7	28.1	28.9	28.8
3 Nonfinancial business	162.8	154.8	150.5	161.1	156.7	158.9	166.3	158.2	164.7	167.7
4 Consumer	102.4	86.6	85.9	78.5	78.7	79.9	81.5	77.9	81.8	80.5
5 Foreign	3.3	2.9	3.0	3.3	3.5	3.3	3.6	3.5	3.7	3.5
6 Other	17.2	16.7	17.0	17.8	16.7	16.3	19.7	18.8	19.5	18.5
	Weekly reporting banks									
	1980 Dec.	1981 Dec.	1982 Dec.	1983 Dec.[2]	1984			1985		
					June	Sept.	Dec.	Mar.[3]	June	Sept.
7 **All holders—Individuals, partnerships, and corporations**	**147.4**	**137.5**	**144.2**	**146.2**	**145.3**	**145.3**	**157.1**	**147.8**	**151.4r**	**153.7**
8 Financial business	21.8	21.0	26.7	24.2	23.6	23.7	25.3	22.6	22.9	23.3
9 Nonfinancial business	78.3	75.2	74.3	79.8	79.7	79.2	87.1	82.8	84.0	85.9
10 Consumer	35.6	30.4	31.9	29.7	29.9	29.8	30.5	29.1	29.9	30.6
11 Foreign	3.1	2.8	2.9	3.1	3.2	3.2	3.4	3.3	3.5	3.3
12 Other	8.6	8.0	8.4	9.3	8.9	9.3	10.9	10.0	11.0	10.6

1. Figures include cash items in process of collection. Estimates of gross deposits are based on reports supplied by a sample of commercial banks. Types of depositors in each category are described in the June 1971 BULLETIN, p. 466.
2. In January 1984 the weekly reporting panel was revised; it now includes 168 banks. Beginning with March 1984, estimates are constructed on the basis of 92 sample banks and are not comparable with earlier data. Estimates in billions of dollars for December 1983 based on the newly weekly reporting panel are: financial business, 24.4; nonfinancial business, 80.9; consumer, 30.1; foreign, 3.1; other, 9.5.
3. Beginning March 1985, financial business deposits and, by implication, total gross demand deposits have been redefined to exclude demand deposits due to thrift institutions. Historical data have not been revised. The estimated volume of such deposits for December 1984 is $5.0 billion at all insured commercial banks and $3.0 billion at weekly reporting banks.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1980 Dec.	1981 Dec.	1982 Dec.[1]	1983 Dec.	1984 Dec.[2]	1985 May	1985 June	1985 July	1985 Aug.	1985 Sept.	1985 Oct.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**124,374**	**165,829**	**166,436**	**188,312**	**239,117**	**258,943**	**254,627**	**262,769**	**273,327**	**276,559r**	**280,930**
Financial companies[3]											
Dealer-placed paper[4]											
2 Total	19,599	30,333	34,605	44,622	56,917	61,282	61,602	67,419	67,816	69,904	68,378
3 Bank-related (not seasonally adjusted)	3,561	6,045	2,516	2,441	2,035	2,295	2,051	2,083	2,136	2,333	2,077
Directly placed paper[5]											
4 Total	67,854	81,660	84,393	96,918	110,474	119,975	118,432	118,722	128,216	131,801r	131,064
5 Bank-related (not seasonally adjusted)	22,382	26,914	32,034	35,566	42,105	43,126	43,454	41,228	42,926	43,224	42,570
6 Nonfinancial companies[6]	36,921	53,836	47,437	46,772	71,726	77,686	74,593	76,628	77,295	74,854	81,488
	Bankers dollar acceptances (not seasonally adjusted)[7]										
7 **Total**	**54,744**	**69,226**	**79,543**	**78,309**	**75,470**	**69,689**	**68,375**	**68,497**	**68,822**	**68,728**	**67,592**
Holder											
8 Accepting banks	10,564	10,857	10,910	9,355	10,255	9,265	9,470	9,299	9,208	10,679	9,866
9 Own bills	8,963	9,743	9,471	8,125	9,065	7,578	7,869	8,012	8,010	9,166	8,189
10 Bills bought	1,601	1,115	1,439	1,230	1,191	1,687	1,601	1,287	1,198	1,513	1,677
Federal Reserve Banks											
11 Own account	776	195	1,480	418	0	0	0	0	0	0	0
12 Foreign correspondents	1,791	1,442	949	729	671	575	511	652	789	793	850
13 Others	41,614	56,731	66,204	68,225	67,595	59,849	58,394	58,546	58,825	57,256	56,876
Basis											
14 Imports into United States	11,776	14,765	17,683	15,649	16,975	16,670	16,286	16,444	17,207	16,677	16,145
15 Exports from United States	12,712	15,400	16,328	16,880	15,859	14,214	13,340	12,969	12,850	12,810	12,635
16 All other	30,257	39,060	45,531	45,781	42,635	38,804	38,748	39,084	37,149	37,708	n.a.

1. Effective Dec. 1, 1982, there was a break in the commercial paper series. The key changes in the content of the data involved additions to the reporting panel, the exclusion of broker or dealer placed borrowings under any master note agreements from the reported data, and the reclassification of a large portion of bank-related paper from dealer-placed to directly placed.
2. Correction of a previous misclassification of paper by a reporter has created a break in the series beginning December 1983. The correction adds some paper to nonfinancial and to dealer-placed financial paper.
3. Institutions engaged primarily in activities such as, but not limited to, commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.
4. Includes all financial company paper sold by dealers in the open market.
5. As reported by financial companies that place their paper directly with investors.
6. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.
7. Beginning October 1984, the number of respondents in the bankers acceptance survey will be reduced from 340 to 160 institutions—those with $50 million or more in total acceptances. The new reporting group accounts for over 95 percent of total acceptances activity.

1.33 PRIME RATE CHARGED BY BANKS on Short-Term Business Loans

Percent per annum

Effective date	Rate	Effective Date	Rate	Month	Average rate	Month	Average rate
1983—Jan. 11	11.00	1984—Oct. 17	12.50	1983—Jan.	11.16	1984—June	12.60
Feb. 28	10.50	29	12.00	Feb.	10.98	July	13.00
Aug. 8	11.00	Nov. 9	11.75	Mar.	10.50	Aug.	13.00
		28	11.25	Apr.	10.50	Sept.	12.97
1984—Mar. 19	11.50	Dec. 20	10.75	May	10.50	Oct.	12.58
Apr. 5	12.00			June	10.50	Nov.	11.77
May 8	12.50	1985—Jan. 15	10.50	July	10.50	Dec.	11.06
June 25	13.00	May 20	10.00	Aug.	10.89		
1984—Sept.27	12.75	June 18	9.50	Sept.	11.00	1985—Jan.	10.61
				Oct.	11.00	Feb.	10.50
				Nov.	11.00	Mar.	10.50
				Dec.	11.00	Apr.	10.50
						May	10.31
				1984—Jan.	11.00	June	9.78
				Feb.	11.00	July	9.50
				Mar.	11.21	Aug.	9.50
				Apr.	11.93	Sept.	9.50
						Oct.	9.50
						Nov.	9.50

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

1.35 INTEREST RATES Money and Capital Markets

Averages, percent per annum; weekly and monthly figures are averages of business day data unless otherwise noted.

Instrument	1982	1983	1984	1985				1985, week ending				
				Aug.	Sept.	Oct.	Nov.	Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29
MONEY MARKET RATES												
1 Federal funds[1,2]	12.26	9.09	10.22	7.90	7.92	7.99	8.05	7.89	8.30	7.95	8.13	7.71
2 Discount window borrowing[1,2,3]	11.02	8.50	8.80	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50
Commercial paper[4,5]												
3 1-month	11.83	8.87	10.05	7.73	7.83	7.81	7.84	7.77	7.87	7.88	7.79	7.82
4 3-month	11.89	8.88	10.10	7.72	7.83	7.80	7.77	7.74	7.78	7.79	7.74	7.77
5 6-month	11.89	8.89	10.16	7.74	7.86	7.79	7.69	7.73	7.71	7.69	7.67	7.69
Finance paper, directly placed[4,5]												
6 1-month	11.64	8.80	9.97	7.70	7.84	7.79	7.81	7.75	7.88	7.85	7.78	7.73
7 3-month	11.23	8.70	9.73	7.56	7.64	7.60	7.58	7.62	7.60	7.58	7.58	7.58
8 6-month	11.20	8.69	9.65	7.55	7.60	7.59	7.57	7.60	7.59	7.57	7.54	7.56
Bankers acceptances[5,6]												
9 3-month	11.89	8.90	10.14	7.68	7.81	7.76	7.70	7.69	7.68	7.70	7.70	7.71
10 6-month	11.83	8.91	10.19	7.68	7.84	7.75	7.59	7.65	7.60	7.62	7.57	7.57
Certificates of deposit, secondary market[7]												
11 1-month	12.04	8.96	10.17	7.77	7.88	7.85	7.82	7.79	7.80	7.85	7.80	7.86
12 3-month	12.27	9.07	10.37	7.81	7.93	7.88	7.81	7.82	7.79	7.82	7.80	7.86
13 6-month	12.57	9.27	10.68	7.97	8.09	7.97	7.82	7.85	7.79	7.83	7.81	7.88
14 Eurodollar deposits, 3-month[8]	13.12	9.56	10.73	8.02	8.14	8.08	8.02	8.09	8.00	7.99	8.03	8.03
U.S. Treasury bills[5]												
Secondary market[9]												
15 3-month	10.61	8.61	9.52	7.13	7.10	7.16	7.24	7.20	7.25	7.29	7.23	7.18
16 6-month	11.07	8.73	9.76	7.32	7.27	7.33	7.30	7.32	7.32	7.32	7.29	7.27
17 1-year	11.07	8.80	9.92	7.48	7.50	7.45	7.33	7.41	7.36	7.34	7.30	7.32
Auction average[10]												
18 3-month	10.69r	8.63r	9.58r	7.18	7.08	7.17	7.20	7.24	7.21	7.21	7.24	7.15
19 6-month	11.08r	8.75r	9.80r	7.35	7.26	7.32	7.26	7.37	7.30	7.23	7.26	7.26
20 1-year	11.10	8.86r	9.91	7.60	7.36	7.42	7.33	n.a.	n.a.	n.a.	n.a.	7.33
CAPITAL MARKET RATES												
U.S. Treasury notes and bonds[11]												
Constant maturities[12]												
21 1-year	12.27	9.57	10.89	8.05	8.07	8.01	7.88	7.97	7.91	7.88	7.85	7.87
22 2-year	12.80	10.21	11.65	8.94	8.98	8.86	8.58	8.76	8.66	8.60	8.52	8.51
23 2-½-year[13]	......	......	......	......	......	......	......	......	8.95	n.a.	8.80	n.a.
24 3-year	12.92	10.45	11.89	9.31	9.37	9.25	8.88	9.13	9.00	8.94	8.78	8.74
25 5-year	13.01	10.80	12.24	9.81	9.81	9.69	9.28	9.55	9.38	9.30	9.21	9.16
26 7-year	13.06	11.02	12.40	10.20	10.24	10.11	9.62	9.91	9.74	9.63	9.53	9.52
27 10-year	13.00	11.10	12.44	10.33	10.37	10.24	9.78	10.07	9.92	9.82	9.68	9.65
28 20-year	12.92	11.34	12.48	10.73	10.80	10.67	10.24	10.52	10.35	10.27	10.14	10.14
29 30-year	12.76	11.18	12.39	10.56	10.61	10.50	10.06	10.34	10.18	10.10	9.98	9.93
Composite[14]												
30 Over 10 years (long-term)	12.23	10.84	11.99	10.59	10.67	10.56	10.08	10.37	10.21	10.10	9.98	9.96
State and local notes and bonds												
Moody's series[15]												
31 Aaa	10.86	8.80	9.61	8.49	8.70	8.58	8.13	8.30	8.30	8.20	8.00	8.00
32 Baa	12.46	10.17	10.38	9.50	9.63	9.54	9.20	9.35	9.35	9.25	9.10	9.10
33 *Bond Buyer* series[16]	11.66	9.51	10.10	9.08	9.27	9.08	8.54	8.76	8.68	8.60	8.37	8.51
Corporate bonds												
Seasoned issues[17]												
34 All industries	14.94	12.78	13.49	11.76	11.75	11.69	11.29	11.56	11.41	11.31	11.20	11.16
35 Aaa	13.79	12.04	12.71	11.05	11.07	11.02	10.55	10.87	10.67	10.56	10.47	10.43
36 Aa	14.41	12.42	13.31	11.47	11.46	11.45	11.07	11.34	11.19	11.10	10.97	10.95
37 A	15.43	13.10	13.74	12.00	11.99	11.94	11.54	11.78	11.65	11.55	11.46	11.42
38 Baa	16.11	13.55	14.19	12.50	12.48	12.36	11.99	12.24	12.12	12.02	11.91	11.85
39 A-rated, recently-offered utility bonds[18]	15.49	12.73	13.81	11.77	11.87	11.82	11.38	11.52	11.42	11.42	11.30	11.25
MEMO: Dividend/price ratio[19]												
40 Preferred stocks	12.53	11.02	11.59	10.15	10.26	10.35	10.12	10.32	10.01	10.09	10.13	9.84
41 Common stocks	5.81	4.40	4.64	4.23	4.32	4.28	4.06	4.20	4.14	4.08	4.03	3.98

1. Weekly and monthly figures are averages of all calendar days, where the rate for a weekend or holiday is taken to be the rate prevailing on the preceding business day. The daily rate is the average of the rates on a given day weighted by the volume of transactions at these rates.
2. Weekly figures are averages for statement week ending Wednesday.
3. Rate for the Federal Reserve Bank of New York.
4. Unweighted average of offering rates quoted by at least five dealers (in the case of commercial paper), or finance companies (in the case of finance paper). Before November 1979, maturities for data shown are 30–59 days, 90–119 days, and 120–179 days for commercial paper; and 30–59 days, 90–119 days, and 150–179 days for finance paper.
5. Yields are quoted on a bank-discount basis, rather than an investment yield basis (which would give a higher figure).
6. Dealer closing offered rates for top-rated banks. Most representative rate (which may be, but need not be, the average of the rates quoted by the dealers).
7. Unweighted average of offered rates quoted by at least five dealers early in the day.
8. Calendar week average. For indication purposes only.
9. Unweighted average of closing bid rates quoted by at least five dealers.
10. Rates are recorded in the week in which bills are issued. Beginning with the Treasury bill auction held on Apr. 18, 1983, bidders were required to state the *percentage yield (on a bank discount basis) that they would accept to two decimal* places. Thus, average issuing rates in bill auctions will be reported using two rather than three decimal places.
11. Yields are based on closing bid prices quoted by at least five dealers.
12. Yields adjusted to constant maturities by the U.S. Treasury. That is, yields are read from a yield curve at fixed maturities. Based on only recently issued, actively traded securities.
13. Each biweekly figure is the average of five business days ending on the Monday following the date indicated. Until Mar. 31, 1983, the biweekly rate determined the maximum interest rate payable in the following two-week period on 2-½-year small saver certificates. (See table 1.16.)
14. Averages (to maturity or call) for all outstanding bonds neither due nor callable in less than 10 years, including one very low yielding "flower" bond.
15. General obligations based on Thursday figures; Moody's Investors Service.
16. General obligations only, with 20 years to maturity, issued by 20 state and local governmental units of mixed quality. Based on figures for Thursday.
17. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.
18. Compilation of the Federal Reserve. This series is an estimate of the yield on recently-offered, A-rated utility bonds with a 30-year maturity and 5 years of call protection. Weekly data are based on Friday quotations.
19. Standard and Poor's corporate series. Preferred stock ratio based on a sample of ten issues: four public utilities, four industrials, one financial, and one transportation. Common stock ratios on the 500 stocks in the price index.

NOTE. These data also appear in the Board's H.15 (519) and G.13 (415) releases. For address, see inside front cover.

1.36 STOCK MARKET Selected Statistics

Indicator	1982	1983	1984	1985 Mar.	1985 Apr.	1985 May	1985 June	1985 July	1985 Aug.	1985 Sept.	1985 Oct.	1985 Nov.
	Prices and trading (averages of daily figures)											
Common stock prices												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	68.93	92.63	92.46	103.92	104.66	107.00	109.52	111.64	109.09	106.62	107.57	113.93
2 Industrial	78.18	107.45	108.01	119.64	119.93	121.88	124.11	126.94	124.92	122.35	123.65	130.53
3 Transportation	60.41	89.36	85.63	98.30	96.47	99.66	105.79	111.67	109.92	104.96	103.72	108.61
4 Utility	39.75	47.00	46.44	53.91	55.51	57.32	59.61	59.68	56.99	55.93	55.84	59.07
5 Finance	71.99	95.34	89.28	107.59	109.39	115.31	118.44	119.85	114.68	110.21	112.36	122.83
6 Standard & Poor's Corporation (1941–43 = 10)[1]	119.71	160.41	160.50	179.42	180.62	184.90	188.89	192.54	188.31	184.06	186.18	197.45
7 American Stock Exchange[2] (Aug. 31, 1973 = 50)	282.62	216.48	207.96	225.62	229.46	228.75	227.48	235.21	232.65	226.27	225.00	236.53
Volume of trading (thousands of shares)												
8 New York Stock Exchange	64,868	85,418	91,084	102,591	94,387	106,827	105,849	111,952	87,468	97,910	110,569	122,263
9 American Stock Exchange	5,283	8,215	6,107	8,677	7,801	7,171	7,128	7,284	7,275	7,057	7,648	9,183
	Customer financing (end-of-period balances, in millions of dollars)											
10 **Margin credit at broker–dealers**[3]	**13,325**	**23,000**	**22,470**	**23,230**	**23,900**	**24,300**	**25,260**	**25,220**	**25,780**	**25,330**	**26,350**	**26,400**
Free credit balances at brokers[4]												
11 Margin-account	5,735	6,620	7,015	6,780	6,910	6,865	7,300	7,000	6,455	6,225	6,125r	6,490
12 Cash-account	8,390	8,430	10,215	10,160	9,230	9,230	10,115	9,700	9,440	10,080	9,630	10,340
	Margin-account debt at brokers (percentage distribution, end of period)											
13 **Total**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
By equity class (in percent)[5]												
14 Under 40	21.0	41.0	46.0	38.0	39.0	36.0	34.0	34.0	35.0	40.0	37.0	35.0
15 40–49	24.0	22.0	18.0	20.0	19.0	19.0	20.0	20.0	21.0	22.0	22.0	20.0
16 50–59	24.0	16.0	16.0	18.0	18.0	19.0	19.0	19.0	18.0	16.0	17.0	19.0
17 60–69	14.0	9.0	9.0	10.0	10.0	11.0	11.0	11.0	11.0	9.0	10.0	11.0
18 70–79	9.0	6.0	5.0	7.0	7.0	7.0	8.0	8.0	8.0	6.0	7.0	7.0
19 80 or more	8.0	6.0	6.0	7.0	7.0	8.0	8.0	8.0	7.0	7.0	7.0	8.0
	Special miscellaneous-account balances at brokers (end of period)											
20 **Total balances (millions of dollars)**[6]	**35,598**	**58,329**	**75,840**	**83,729**	**82,990**	**87,120**	**86,910**	**89,240**	**90,930**	**91,400**	**92,250**	**95,240**
Distribution by equity status (percent)												
21 Net credit status	62.0	63.0	59.0	60.0	60.0	60.0	59.0	59.0	59.0	59.0	58.0	57.0
Debt status, equity of												
22 60 percent or more	29.0	28.0	29.0	30.0	30.0	30.0	31.0	32.0	30.0	31.0	31.0	32.0
23 Less than 60 percent	9.0	9.0	11.0	10.0	10.0	10.0	10.0	9.0	11.0	10.0	11.0	11.0

Margin requirements (percent of market value and effective date)[7]

Indicator	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
24 Margin stocks	70	80	65	55	65	50
25 Convertible bonds	50	60	50	50	50	50
26 Short sales	70	80	65	55	65	50

1. Effective July 1976, includes a new financial group, banks and insurance companies. With this change the index includes 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.
2. Beginning July 5, 1983, the American Stock Exchange rebased its index effectively cutting previous readings in half.
3. Beginning July 1983, under the revised Regulation T, margin credit at broker-dealers includes credit extended against stocks, convertible bonds, stocks acquired through exercise of subscription rights, corporate bonds, and government securities. Separate reporting of data for margin stocks, convertible bonds, and subscription issues was discontinued in April 1984, and margin credit at broker-dealers became the total that is distributed by equity class and shown on lines 17–22.
4. Free credit balances are in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand.
5. Each customer's equity in his collateral (market value of collateral less net debit balance) is expressed as a percentage of current collateral values.
6. Balances that may be used by customers as the margin deposit required for additional purchases. Balances may arise as transfers based on loan values of other collateral in the customer's margin account or deposits of cash (usually sales proceeds) occur.
7. Regulations G, T, and U of the Federal Reserve Board of Governors, prescribed in accordance with the Securities Exchange Act of 1934, limit the amount of credit to purchase and carry margin stocks that may be extended on securities as collateral by prescribing a maximum loan value, which is a specified percentage of the market value of the collateral at the time the credit is extended. Margin requirements are the difference between the market value (100 percent) and the maximum loan value. The term "margin stocks" is defined in the corresponding regulation.

1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1982	1983	1984 Dec.	1985 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
							FSLIC insured institutions						
1 **Assets**	**692,663**	**819,168**	**978,514**	**974,881**	**982,182**	**992,289**	**995,430**	**1,003,225**	**1,012,312**	**1,022,425r**	**1,034,830r**	**1,041,286r**	**1,049,017**
2 Mortgages	477,009	521,308	599,021	602,180	603,308	608,267	613,334	617,574	623,275	627,935r	632,621r	637,356r	644,076
3 Mortgage-backed securities	62,793	90,902	108,219	106,836	107,779	108,755	108,174	106,433	102,892	104,664r	108,229r	111,196r	111,178
4 Cash and investment securities[1]	82,300	109,923	135,640	129,481	131,625	132,438	125,528	129,918	132,109	133,868r	135,349r	130,682r	131,176
5 Other	....	....	91,516	91,211	93,100	94,625	96,903	98,034	100,595	101,566r	101,922r	102,652r	102,763
6 **Liabilities and net worth**	**692,663**	**819,168**	**978,514**	**974,881**	**982,182**	**992,289**	**995,430**	**1,003,225**	**1,012,312**	**1,022,425r**	**1,034,830r**	**1,041,286r**	**1,049,017**
7 Savings capital	554,584	671,059	784,724	791,475	792,566	801,293	801,293	809,083	817,551	822,144r	826,703r	831,004r	833,367
8 Borrowed money	97,459	98,511	137,123	125,605	129,321	132,665	132,230	129,082	130,269	133,683r	139,154r	143,699r	146,874
9 FHLBB	63,818	57,253	71,719	70,509	71,470	71,674	72,785	74,159	75,897	77,749	80,129	81,472r	82,554
10 Other	33,641	41,258	65,404	55,096	57,851	60,991	59,445	54,923	54,372	55,934r	59,025r	62,227r	64,320
11 Other	15,233	16,619	18,746	19,961	21,816	19,290	22,468	24,215	22,055	23,428r	25,333r	22,432r	24,308
12 Net worth[2]	25,386	32,980	37,921	37,840	38,488	39,041	39,476	40,845	42,436	43,171	43,641r	44,151r	44,469
13 MEMO: Mortgage loan commitments outstanding[3]	27,806	56,785	65,836	64,154	65,323	67,615	68,671	69,683	69,585	68,712r	65,793r	65,865r	64,863
							Mutual savings banks[4]						
14 **Assets**	**174,197**	**193,535**	**203,898**	**204,859**	**206,175**	**210,568**	**210,469**	**212,509**	**212,163**	**213,824**	**215,298**	**215,560**	
Loans													
15 Mortgage	94,091	97,356	102,895	103,393	103,654	104,340	105,102	105,869	105,891	106,441	107,322	108,842	
16 Other	16,957	19,129	24,954	25,747	26,456	27,798	28,000	28,530	29,211	30,339	30,195	29,672	
Securities													
17 U.S. government	9,743	15,360	14,643	14,628	14,917	15,098	14,504	14,895	14,074	13,960	13,868	13,686	
18 Mortgage-backed securities	14,055	18,205	19,215	19,459	19,167	19,694	19,750	19,527	19,160	19,779	20,101	20,368	
19 State and local government	2,470	2,177	2,077	2,067	2,069	2,092	2,097	2,094	2,093	2,086r	2,105	2,105	
20 Corporate and other[7]	22,106	25,375	23,747	23,892	23,896	24,194	24,139	24,344	24,047	23,738	23,735	23,534	
21 Cash	6,919	6,263	4,954	4,140	4,423	4,864	4,679	5,004	4,935	4,544	4,821	4,916	
22 Other assets	7,855	9,670	11,413	11,533	11,593	12,488	12,288	12,246	12,770	12,937	13,151	12,345	
23 **Liabilities**	**174,197**	**193,535**	**203,898**	**204,859**	**206,175**	**210,568**	**210,469**	**212,509**	**212,163**	**213,824**	**215,298**	**215,560**	n.a.
24 Deposits	155,196	172,665	180,616	181,062	181,849	185,197	184,478	185,802	186,091	186,824	187,207	187,722	
25 Regular[8]	152,777	170,135	177,418	177,954	178,791	181,742	180,804	182,113	182,218	182,881	183,222	183,560	
26 Ordinary savings	46,862	38,554	33,739	33,413	33,413	33,715	33,211	33,457	33,526	33,495	33,398	33,252	
27 Time	96,369	95,129	104,732	104,098	103,536	105,204	104,527	104,843	104,756	104,737	104,448	104,668	
28 Other	2,419	2,530	3,198	3,108	3,058	3,455	3,689	3,674	3,873	3,943	3,985	4,162	
29 Other liabilities	8,336	10,154	12,504	12,931	13,387	14,393	14,959	15,546	14,348	15,137	15,971	15,546	
30 General reserve accounts	9,235	10,368	10,510	10,619	10,670	10,720	10,803	10,913	11,238	11,453	11,704	11,882	
							Life insurance companies[8]						
31 **Assets**	**588,163**	**654,948**	**722,979**	**731,113**	**735,332**	**742,154**	**748,865**	**757,523**	**765,891**	**772,452**	**778,293**	**783,828**	
Securities													
32 Government	36,499	50,752	63,899	63,979	65,867	65,603	66,402	67,880	68,636	68,983	69,975	71,049	
33 United States[6]	16,529	28,636	42,204r	41,982	43,916	43,502	44,200	45,593	46,260	46,514	47,343	48,181	
34 State and local	....	....	8,713	8,913	9,000	8,902	8,923	8,998	9,044	8,980	9,201	9,293	
35 Foreign[7]	11,306	12,130	12,982	13,084	12,951	13,199	13,279	13,289	13,332	13,489	13,431	13,575	
36 Business	287,126	322,854	359,333	368,306	371,009	374,757	379,247	384,342	388,448	393,386	397,202	355,505	n.a.
37 Bonds	231,406	257,986	295,998	302,260	303,452	307,078	311,123	314,021	317,029	321,752	325,647	285,164	
38 Stocks	55,720	64,868	63,335	66,046	67,557	67,679	68,124	70,321	71,419	71,634	71,555	70,341	
39 Mortgages	141,989	150,999	156,699	156,850	157,253	158,162	159,393	160,470	161,485	162,690	163,027	163,929	
40 Real estate	20,264	22,234	25,767	25,983	26,186	26,527	26,828	27,215	27,831	28,240	28,450	28,476	
41 Policy loans	52,961	54,063	54,505	54,414	54,489	54,438	54,439	54,384	54,320	54,300	54,238	54,225	
42 Other assets	48,571	54,046	63,776	61,571	60,528	62,667	62,556	63,232	65,171	64,853	65,401	66,629	
							Credit unions[9]						
43 **Total assets/liabilities and capital**	**69,585**	**81,961**	**93,036**	**94,646**	**96,183**	**98,646**	**101,268**	**104,992**	**106,783**	**107,991**	**111,150**	**113,016**	**114,783**
44 Federal	45,493	54,482	63,205	64,505	65,989	67,799	68,903	71,342	72,021	72,932	74,869	75,567	76,415
45 State	24,092	27,479	29,831	30,141	30,194	30,847	32,365	33,650	34,762	35,059	36,281	37,449	38,368
46 Loans outstanding	43,232	50,083	62,561	62,662	62,393	62,936	64,341	65,298	66,817	67,662	69,171	70,765	71,811
47 Federal	27,948	32,930	42,337	42,220	42,283	42,804	43,414	44,042	44,707	44,963	46,036	46,702	47,065
48 State	15,284	17,153	20,224	20,442	20,110	20,132	20,927	21,256	22,110	22,699	23,135	24,063	24,746
49 Savings	62,990	74,739	84,348	86,047	86,048	88,560	91,275	95,278	96,702	98,026	99,834	101,318	103,677
50 Federal (shares)	41,352	49,889	57,539	58,820	59,914	61,758	62,867	66,680	66,243	67,070	68,087	68,592	70,063
51 State (shares and deposits)	21,638	24,850	26,809	27,227	26,134	26,802	28,408	28,598	30,459	30,956	31,747	32,726	33,614

NOTES TO TABLE 1.37

1. Holdings of stock of the Federal Home Loan Banks are in "other assets."
2. Includes net undistributed income accrued by most associations.
3. As of July 1985, data include loans in process.
4. The National Council reports data on member mutual savings banks and on savings banks that have converted to stock institutions, and to federal savings banks.
5. Excludes checking, club, and school accounts.
6. Direct and guaranteed obligations. Excludes federal agency issues not guaranteed, which are shown in the table under "Business" securities.
7. Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.
8. Data for December 1984 through April 1985 have been revised.
9. As of June 1982, data include federally chartered or federally insured, state-chartered credit unions serving natural persons. Before that date, data were estimates of all credit unions.

NOTE. *FSLIC-insured institutions:* Estimates by the FHLBB for all associations in the United States. Data are based on monthly reports of federally insured associations. Even when revised, data for current and preceding year are subject to further revision.

Savings banks: Estimates of National Council of Savings Institutions for all savings banks in the United States.

Life insurance companies: Estimates of the American Council of Life Insurance for all life insurance companies in the United States. Annual figures are annual-statement asset values, with bonds carried on an amortized basis and stocks at year-end market value. Adjustments for interest due and accrued and for differences between market and book values are not made on each item separately but are included, in total, in "other assets."

Credit unions: Estimates by the National Credit Union Administration for a group of federal and federally insured state credit unions serving natural persons. Figures are preliminary and revised annually to incorporate recent data.

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1983	Fiscal year 1984	Fiscal year 1985	Calendar year					
				1983		1984	1985		
				H1	H2	H1	Sept.	Oct.	Nov.
U.S. budget									
1 Receipts[1]	600,562	666,457	733,996	306,331	306,584	341,808	73,808	57,881	51,163
2 Outlays[1]	795,917	841,800	936,809	396,477	406,849	420,700	73,191	85,074	84,763
3 Surplus, or deficit (−)	−195,355	−175,343	−202,813	−90,146	−100,265	−78,892	617	−27,193	−33,601
4 Trust funds	23,056	30,565	53,540	22,680	7,745	18,080	13,164	3,371	−1,420
5 Federal funds[2,3]	−218,410	−205,908	−256,353	−112,822	−108,005	−96,971	−12,547	−30,564	−32,181
Off-budget entities (surplus, or deficit (−))									
6 Federal Financing Bank outlays	−10,404	−7,277	−7,339	−5,418	−3,199	−2,813	−31	86	−322
7 Other[3,4]	−1,953	−2,719	−1,779	−528	−1,206	−838	−1,350	20	537
U.S. budget plus off-budget, including Federal Financing Bank									
8 Surplus, or deficit (−)	−207,711	−185,339	−211,931	−96,094	−104,670	−84,884	−764	−27,087	−33,386
Source of financing									
9 Borrowing from the public	212,425	170,817	197,269	102,538	84,020	80,592	5,975	11,390	45,863
10 Cash and monetary assets (decrease, or increase (−))[4]	−9,889	5,636	10,673	−9,664	−16,294	−3,127	−6,248	13,964	−8,671
11 Other[5]	5,176	8,885	3,989	3,222	4,358	7,418	−1,037	1,733	3,806
MEMO									
12 Treasury operating balance (level, end of period)	37,057	22,345	17,060	27,997	11,817	13,567	17,060	1,823	10,051
13 Federal Reserve Banks	16,557	3,791	4,174	19,442	3,661	4,397	4,174	1,528	2,294
14 Tax and loan accounts	20,500	18,553	12,886	8,764	8,157	9,170	12,886	294	7,757

1. Effective Feb. 8, 1982, supplemental medical insurance premiums and voluntary hospital insurance premiums, previously included in other insurance receipts, have been reclassified as offsetting receipts in the health function.
2. Half-year figures are calculated as a residual (total surplus/deficit less trust fund surplus/deficit).
3. Other off-budget includes Postal Service Fund; Rural Electrification and Telephone Revolving Fund; Rural Telephone Bank; and petroleum acquisition and transportation and strategic petroleum reserve effective November 1981.
4. Includes U.S. Treasury operating cash accounts; SDRs; gold tranche drawing rights; loans to International Monetary Fund; and other cash and monetary assets.
5. Includes accrued interest payable to the public; allocations of special drawing rights; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seigniorage; increment on gold; net gain/loss for U.S. currency valuation adjustment; net gain/loss for IMF valuation adjustment; and profit on the sale of gold.

SOURCE. "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government," *Treasury Bulletin*, and the *Budget of the U.S. Government, Fiscal Year 1986*.

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1984	Fiscal year 1985	Calendar year						
			1983		1984		1985		
			H1	H2	H1	H2	Sept.	Oct.[r]	Nov.
RECEIPTS									
1 **All sources**	**666,457**	**733,996**	**306,331**	**305,122**	**341,808**	**341,392**	**73,808**	**57,881**	**51,162**
2 Individual income taxes, net	295,960	330,918	144,551	147,663	144,691	157,229	34,643	29,730	23,399
3 Withheld	279,350	298,941	135,531	133,768	140,657	145,210	22,569	29,360	23,416
4 Presidential Election Campaign Fund	35	35	30	6	29	5	1	0	0
5 Nonwithheld	81,346	97,685	63,014	20,703	61,463	19,403	13,613	1,547	1,269
6 Refunds	64,770	65,743	54,024	6,815	57,458	7,387	1,539	1,177	1,286
Corporation income taxes									
7 Gross receipts	74,179	77,413	33,522	31,064	40,328	35,190	12,224	3,383	2,364
8 Refunds	17,286	16,082	13,809	8,921	10,045	6,847	1,275	2,202	973
9 Social insurance taxes and contributions, net	241,902	268,805	110,520	100,832	131,372	118,690	21,977	20,431	20,151
10 Payroll employment taxes and contributions[1]	212,180	238,288	97,339	88,786	114,102	105,624	21,325	18,708	17,478
11 Self-employment taxes and contributions[2]	8,709	10,468	6,427	398	7,667	1,086	1,247	144	0
12 Unemployment insurance	25,138	25,758	10,984	8,714	14,942	10,706	275	1,340	2,241
13 Other net receipts[3]	4,580	4,759	2,197	2,290	2,329	2,360	376	382	432
14 Excise taxes	37,361	35,865	16,904	19,586	18,304	18,961	3,331	2,958	3,211
15 Customs deposits	11,370	12,079	4,010	5,079	5,576	6,329	936	1,106	1,028
16 Estate and gift taxes	6,010	6,422	2,883	3,050	3,102	3,029	497	574	564
17 Miscellaneous receipts[4]	16,965	18,576	7,751	7,811	8,481	8,812	1,473	1,902	1,419
OUTLAYS									
18 **All types**	**841,800**	**936,809**	**396,477**	**406,849**	**420,700**	**446,943**	**73,191**	**85,074**	**84,763**
19 National defense	227,411	251,468	105,072	108,967	114,639	118,286	21,498	21,942	21,971
20 International affairs	13,063	15,426	4,705	6,117	5,426	8,550	1,995	2,387	831
21 General science, space, and technology	8,310	8,700	3,486	4,216	3,981	4,473	742	1,029	697
22 Energy	2,538	3,906	2,073	1,533	1,080	1,423	1,128	384	480
23 Natural resources and environment	12,591	13,298	5,892	6,933	5,463	7,370	1,083	1,363	1,088
24 Agriculture	12,203	22,780	10,154	5,278	7,129	8,524	978	3,048	4,307
25 Commerce and housing credit	5,213	1,817	2,164	2,648	2,572	2,663	401	954	−194
26 Transportation	24,587	25,874	9,918	13,323	10,616	13,673	2,524	2,602	2,667
27 Community and regional development	7,307	7,748	3,124	4,327	3,154	4,836	521	898	661
28 Education, training, employment, social services	26,579	28,352	12,801	13,246	13,445	13,737	2,136	2,581	2,776
29 Health	30,432	33,560	41,206	27,271	15,551	15,692	2,672	3,125	2,780
30 Social security and medicare	235,764	254,446	n.a.	n.a.	119,420	119,613	21,170	21,843	21,326
31 Income security	112,556	128,993	143,001	92,643	50,450	57,411	8,574	9,340	10,791
32 Veterans benefits and services	25,614	26,376	11,334	13,621	12,849	13,317	942	2,132	3,302
33 Administration of justice	5,660	6,188	2,522	2,628	2,807	2,992	469	538	441
34 General government	5,117	5,483	2,434	2,479	2,462	2,552	788	265	600
35 General-purpose fiscal assistance	6,770	6,140	3,124	3,290	2,943	3,458	291	1,667	74
36 Net interest[6]	111,058	129,148	42,358	47,674	54,748	61,293	9,773	11,440	12,312
37 Undistributed offsetting receipts[7]	−31,957	−32,893	−8,887	−7,262	−8,036	−12,914	−4,495	−2,465	−2,146

1. Old-age, disability, and hospital insurance, and railroad retirement accounts.
2. Old-age, disability, and hospital insurance.
3. Federal employee retirement contributions and civil service retirement and disability fund.
4. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.
5. In accordance with the Social Security Amendments Act of 1983, the Treasury now provides social security and medicare outlays as a separate function. Before February 1984, these outlays were included in the income security and health functions.
6. Net interest function includes interest received by trust funds.
7. Consists of rents and royalties on the outer continental shelf and U.S. government contributions for employee retirement.

SOURCE. "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government" and the *Budget of the U.S. Government, Fiscal Year 1985*.

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1983		1984				1985		
	Sep. 30	Dec. 31	Mar. 31	June 30	Sep. 30	Dec. 31	Mar. 31	June 30	Sept. 30
1 **Federal debt outstanding**	**1,381.9**	**1,415.3**	**1,468.3**	**1,517.2**	**1,576.7**	**1,667.4**	**1,715.1**	**1,779.0**	**1,827.5**
2 Public debt securities	1,377.2	1,410.7	1,463.7	1,512.7	1,572.3	1,663.0	1,710.7	1,774.6	1,823.1
3 Held by public	1,138.2	1,174.4	1,223.9	1,255.1	1,309.2	1,373.4	1,415.2	1,460.5	1,506.6
4 Held by agencies	239.0	236.3	239.8	257.6	263.1	289.6	295.5	314.2	316.5
5 Agency securities	4.7	4.6	4.6	4.5	4.5	4.5	4.4	4.4	4.4
6 Held by public	3.6	3.5	3.5	3.4	3.4	3.4	3.3	3.3	3.3
7 Held by agencies	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
8 **Debt subject to statutory limit**	**1,378.0**	**1,411.4**	**1,464.5**	**1,513.4**	**1,573.0**	**1,663.7**	**1,711.4**	**1,775.3**	**n.a.**
9 Public debt securities	1,376.6	1,410.1	1,463.1	1,512.1	1,571.7	1,662.4	1,710.1	1,774.0	1,822.5
10 Other debt[1]	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	n.a.
11 MEMO: Statutory debt limit	1,389.0	1,490.0	1,490.0	1,520.0	1,573.0	1,823.8	1,823.8	1,823.8	1,823.8

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

NOTE. Data from *Treasury Bulletin* (U.S. Treasury Department).

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

Billions of dollars, end of period

Type and holder	1980	1981	1982	1983	1984	1985		
					Q4	Q1	Q2	Q3
1 **Total gross public debt**	**930.2**	**1,028.7**	**1,197.1**	**1,410.7**	**1,663.0**	**1,710.7**	**1,774.6**	**1,823.1**
By type								
2 Interest-bearing debt	928.9	1,027.3	1,195.5	1,400.9	1,660.6	1,695.2	1,759.8	1,821.0
3 Marketable	623.2	720.3	881.5	1,050.9	1,247.4	1,271.7	1,310.7	1,360.2
4 Bills	216.1	245.0	311.8	343.8	374.4	379.5	381.9	384.2
5 Notes	321.6	375.3	465.0	573.4	705.1	713.8	740.9	976.0
6 Bonds	85.4	99.9	104.6	133.7	167.9	178.4	187.9	776.5
7 Nonmarketable[1]	305.7	307.0	314.0	350.0	413.2	423.6	449.1	199.5
8 State and local government series	23.8	23.0	25.7	36.7	44.4	47.7	53.9	6.6
9 Foreign issues[2]	24.0	19.0	14.7	10.4	9.1	9.1	8.3	77.3
10 Government	17.6	14.9	13.0	10.4	9.1	9.1	8.3	6.6
11 Public	6.4	4.1	1.7	.0	.0	.0	.0	.0
12 Savings bonds and notes	72.5	68.1	68.0	70.7	73.3	74.4	75.7	313.9
13 Government account series[3]	185.1	196.7	205.4	231.9	286.2	292.2	311.0	460.8
14 Non-interest-bearing debt	1.3	1.4	1.6	9.8	2.3	15.5	14.8	62.8
By holder[4]								
15 U.S. government agencies and trust funds	192.5	203.3	209.4	236.3	289.6	295.5	314.2	
16 Federal Reserve Banks	121.3	131.0	139.3	151.9	160.9	161.0	169.1	
17 Private investors	616.4	694.5	848.4	1,022.6	1,212.5	1,254.1	1,292.0	
18 Commercial banks	112.1	111.4	131.4	188.8	183.4	195.0	196.3	
19 Money market funds	3.5	21.5	42.6	22.8	25.9	26.7	24.8	
20 Insurance companies	24.0	29.0	39.1	56.7	82.3	84.0	n.a.	
21 Other companies	19.3	17.9	24.5	39.7	50.1	50.9	52.3	
22 State and local governments	87.9	104.3	127.8	155.1	n.a.	n.a.	n.a.	n.a.
Individuals								
23 Savings bonds	72.5	68.1	68.3	71.5	74.5	75.4	76.7	
24 Other securities	44.6	42.7	48.2	61.9	69.3	79.9	81.9	
25 Foreign and international[5]	129.7	136.6	149.5	166.3	192.9	186.3	200.7	
26 Other miscellaneous investors[6]	122.8	163.0	217.0	259.8	n.a.	n.a.	n.a.	

1. Includes (not shown separately): Securities issued to the Rural Electrification Administration; depository bonds, retirement plan bonds, and individual retirement bonds.
2. Nonmarketable dollar-denominated and foreign currency-denominated series held by foreigners.
3. Held almost entirely by U.S. government agencies and trust funds.
4. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.
5. Consists of investments of foreign and international accounts. Excludes non-interest-bearing notes issued to the International Monetary Fund.
6. Includes savings and loan associations, nonprofit institutions, credit unions, mutual savings banks, corporate pension trust funds, dealers and brokers, certain U.S. government deposit accounts, and U.S. government-sponsored agencies.

SOURCES. Data by type of security, U.S. Treasury Department, *Monthly Statement of the Public Debt of the United States*; data by holder, *Treasury Bulletin*.

1.42 U.S. GOVERNMENT SECURITIES DEALERS Transactions

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

	Item	1982	1983	1984	1985			1985 week ending Wednesday					
					Sept.r	Oct.r	Nov.	Oct. 23	Oct. 30r	Nov. 6	Nov. 13	Nov. 20	Nov. 27
	Immediate delivery[1]												
1	U.S. government securities	32,261	42,135	52,778	62,925	71,702	92,039	65,960r	95,745	86,377	86,894	104,413	95,675
	By maturity												
2	Bills	18,393	22,393	26,035	27,629	31,795	36,013	29,097r	39,066	28,635	33,295	46,764	35,478
3	Other within 1 year	810	708	1,305	1,683	1,943	1,954	1,421	1,605	2,166	1,919	1,953	2,062
4	1–5 years	6,271	8,758	11,733	15,295	15,328	21,328	14,484r	25,918	18,620	18,213	26,942	23,351
5	5–10 years	3,555	5,279	7,606	10,465	13,613	18,497	11,881	17,263	23,001	19,465	15,258	18,201
6	Over 10 years	3,232	4,997	6,099	7,853	9,024	14,247	9,078	11,894	13,955	14,003	13,496	16,583
	By type of customer												
7	U.S. government securities dealers	1,770	2,257	2,919	2,946	3,246	3,125	2,754	4,330	3,809	2,771	3,127	3,472
8	U.S. government securities brokers	15,794	21,045	25,580	30,770	33,815	43,676	30,889	46,101	40,768	43,137	49,617	44,163
9	All others[2]	14,697	18,833	24,278	29,209	34,641	45,237	32,318r	45,314	41,800	40,986	51,670	48,039
10	Federal agency securities	4,140	5,576	7,846	11,666	13,337	15,282	12,836r	13,535	12,073	15,275	20,451	15,168
11	Certificates of deposit	5,001	4,333	4,947	3,386	3,245	3,102	2,690	3,791	3,009	2,990	3,849	2,844
12	Bankers acceptances	2,502	2,642	3,243	3,007	2,789	2,629	2,280	3,341	2,448	2,936	3,107	2,397
13	Commercial paper	7,595	8,036	10,018	13,466	14,381	14,703	14,232	13,880	15,221	14,841	15,815	15,018
	Futures transactions[3]												
14	Treasury bills	5,055	6,655	6,947	5,836	4,608	4,990	4,585r	5,788	4,260	4,136	6,545	4,745
15	Treasury coupons	1,487	2,501	4,503	6,585	6,037	7,442	5,901r	7,950	7,292	7,894	7,840	7,422
16	Federal agency securities	261	265	262	234	564	467	540	694	853	850	169	146
	Forward transactions[4]												
17	U.S. government securities	835	1,493	1,364	1,034	721	1,736	1,152	648	819	699	2,635	2,481
18	Federal agency securities	978	1,646	2,843	3,810	4,770	5,651	4,419r	4,736	4,814	7,331	7,092	4,323

1. Data for immediate transactions does not include forward transactions.
2. Includes, among others, all other dealers and brokers in commodities and securities, nondealer departments of commercial banks, foreign banking agencies, and the Federal Reserve System.
3. Futures contracts are standardized agreements arranged on an organized exchange in which parties commit to purchase or sell securities for delivery at a future date.
4. Forward transactions are agreements arranged in the over-the-counter market in which securities are purchased (sold) for delivery after 5 business days from the date of the transaction for government securities (Treasury bills, notes, and bonds) or after 30 days for mortgage-backed agency issues.

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

Transactions are market purchases and sales of U.S. government securities dealers reporting to the Federal Reserve Bank of New York. The figures exclude allotments of, and exchanges for, new U.S. government securities, redemptions of called or matured securities, purchases or sales of securities under repurchase agreement, reverse repurchase (resale), or similar contracts.

1.43 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing

Averages of daily figures, in millions of dollars

	Item	1982	1983	1984	1985			1985 week ending Wednesday				
					Sept.	Oct.	Nov.	Oct. 30	Nov. 6	Nov. 13	Nov. 20	Nov. 27
		Positions										
	Net immediate[1]											
1	U.S. government securities	14,769	14,224	5,538	2,294r	3,891r	17,153	7,012	14,882	16,138	17,825	19,163
2	Bills	8,226	10,800	5,500	6,416r	12,146	17,445	14,072	14,995	15,456	18,624	19,922
3	Other within 1 year	1,088	921	63	1,059	1,056	1,112	1,096	588	913	1,442	1,368
4	1–5 years	3,293	1,912	2,159	5,733	6,164	9,242	7,256	10,634	11,382	7,405	8,650
5	5–10 years	−318	−78	−1,119	−6,381	−9,192r	−8,209	−9,736	−7,782	−8,749	−7,699	−8,533
6	Over 10 years	2,026	528	−1,174	−4,734r	−6,483	−2,646	−5,875	−3,765	−3,072	−2,154	−2,449
7	Federal agency securities	4,169	7,313	15,294	23,787	25,313r	26,485	25,001	26,047	25,548	26,016	27,889
8	Certificates of deposit	5,532	5,838	7,369	8,288	8,850	9,982	9,249	9,475	9,842	9,710	10,499
9	Bankers acceptances	2,832	3,332	3,874	4,179r	4,949r	5,492	4,839r	5,297	5,839	5,388	5,389
10	Commercial paper	3,317	3,159	3,788	5,624	5,699	7,449	5,406	7,776	7,295	7,548	7,044
	Futures positions											
11	Treasury bills	−2,507	−4,125	−4,525	−6,222r	−13,573	−15,857	−18,031	−16,407	−17,445	−15,829	−14,373
12	Treasury coupons	−2,303	−1,033	1,794	5,122	5,789r	2,621	4,546r	3,261	2,971	1,614	2,873
13	Federal agency securities	−224	171	233	−1,209	−2,677	−1,333	−3,193	−3,335	−1,221	−591	−622
	Forward positions											
14	U.S. government securities	−788	−1,936	−1,643	−1,464	−1,574	−862	−1,438	−1,524	−896	−1,330	72
15	Federal agency securities	−1,432	−3,561	−9,205	−10,433	−9,325r	−11,103	−8,635	−9,831	−11,720	−11,335	−11,155
		Financing[2]										
	Reverse repurchase agreements[3]											
16	Overnight and continuing	26,754	29,099	44,078	72,392	77,247	n.a.	75,713	79,794	80,765	74,295	69,065
17	Term agreements	48,247	52,493	68,357	80,007	219,416	n.a.	694,822	96,171	97,968	94,006	100,601
	Repurchase agreements[4]											
18	Overnight and continuing	49,695	57,946	75,717	107,884	93,334	n.a.	113,650	124,225	121,264	124,373	93,413
19	Term agreements	43,410	44,410	57,047	67,645	74,425	n.a.	83,299	80,589	85,475	79,170	108,969

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. Before 1984, securities owned, and hence dealer positions, do not include all securities acquired under reverse RPs. After January 1984, immediate positions include reverses to maturity, which are securities that were sold after having been obtained under reverse repurchase agreements that mature on the same day as the securities. Data for immediate positions does not include forward positions.

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

3. Includes all reverse repurchase agreements, including those that have been arranged to make delivery on short sales and those for which the securities obtained have been used as collateral on borrowings, that is, matched agreements.

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

NOTE. Data for positions are averages of daily figures, in terms of par value, based on the number of trading days in the period. Positions are shown net and are on a commitment basis. Data for financing are based on Wednesday figures, in terms of actual money borrowed or lent.

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1982	1983	1984	1985					
				May	June	July	Aug.	Sept.	Oct.
1 **Federal and federally sponsored agencies**	**237,787**	**240,068**	**271,220**	**279,449**	**284,871**	**286,159**	**289,277**	**288,857r**	**292,618**
2 Federal agencies	33,055	33,940	35,145	34,915	35,646	35,354	35,338	36,103r	36,011
3 Defense Department[1]	354	243	142	102	97	93	89	82	79
4 Export-Import Bank[2,3]	14,218	14,853	15,882	15,706	15,746	15,746	15,744	15,419r	15,418
5 Federal Housing Administration[4]	288	194	133	122	119	118	116	117	116
6 Government National Mortgage Association participation certificates[5]	2,165	2,165	2,165	2,165	2,165	2,165	2,165	2,165	2,165
7 Postal Service[6]	1,471	1,404	1,337	970	970	970	970	1,940	1,940
8 Tennessee Valley Authority	14,365	14,970	15,435	15,776	16,475	16,188	16,200r	16,306r	16,219
9 United States Railway Association[6]	194	111	51	74	74	74	74	74	74
10 Federally sponsored agencies[7]	204,732	206,128	236,075	244,534	249,225	250,805	253,939	252,754r	256,607
11 Federal Home Loan Banks	55,967	48,930	65,085	67,765	69,898	70,244	71,949	72,384	73,260
12 Federal Home Loan Mortgage Corporation	4,524	6,793	10,270	12,167	12,723	13,197	13,393	12,720r	13,239
13 Federal National Mortgage Association[8]	70,052	74,594	83,720	88,170	89,518	90,208	91,318	91,693	92,578
14 Farm Credit Banks	73,004r	72,816r	71,193r	69,321	70,039	70,069	70,092	68,287r	69,274
15 Student Loan Marketing Association	2,293	3,402	5,745	7,111	7,047	7,087	7,187	7,670	8,256
MEMO									
16 **Federal Financing Bank debt**[9]	**126,424**	**135,791**	**145,217**	**149,597**	**149,957**	**152,962**	**152,941**	**153,513**	**153,565**
Lending to federal and federally sponsored agencies									
17 Export-Import Bank[3]	14,177	14,789	15,852	15,690	15,729	15,729	15,729	15,409	15,409
18 Postal Service[6]	1,221	1,154	1,087	720	720	720	720	1,690	1,690
19 Student Loan Marketing Association	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
20 Tennessee Valley Authority	12,640	13,245	13,710	14,154	14,750	14,463	14,455	14,381	14,474
21 United States Railway Association[6]	194	111	51	74	74	74	74	74	74
Other Lending[10]									
22 Farmers Home Administration	53,261	55,266	58,971	61,461	62,606	63,546	63,779	64,169	63,969
23 Rural Electrification Administration	17,157	19,766	20,693	21,003	21,183	21,364	21,463	21,676	21,792
24 Other	22,774	26,460	29,853	31,495	31,909	32,066	31,721	31,114	31,157

1. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
2. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.
3. Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.
4. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
5. Certificates of participation issued before fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare; Department of Housing and Urban Development; Small Business Administration; and the Veterans Administration.
6. Off-budget.
7. Includes outstanding noncontingent liabilities: Notes, bonds, and debentures. Some data are estimated.
8. Before late 1981, the Association obtained financing through the Federal Financing Bank.
9. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.
10. Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

1.45 NEW SECURITY ISSUES State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1982	1983	1984	1985							
				Feb.	Mar.	Apr.	May	June	July	Aug.[r]	Sept.
1 **All issues, new and refunding**[1]	**79,138**	**86,421**	**106,641**	**8,510**	**9,873**	**12,095**	**14,097**	**11,801**	**12,268**	**15,239**	**12,917**
Type of issue											
2 General obligation	21,094	21,566	26,485	3,527	2,998	3,265	4,535	2,739	5,257	3,160	3,998
3 U.S. government loans[2]	225	96	16	0	5	0	2	0	0	0	0
4 Revenue	58,044	64,855	80,156	4,983	6,875	8,830	9,562	9,062	7,011	12,079	8,919
5 U.S. government loans[2]	461	253	17	0	0	2	0	1	6	2	0
Type of issuer											
6 State	8,438	7,140	9,129	1,559	252	958	1,298	350	786	800	1,175
7 Special district and statutory authority	45,060	51,297	63,550	4,493	5,754	7,279	8,126	7,625	6,893	9,484	7,515
8 Municipalities, counties, townships, school districts	25,640	27,984	33,962	2,458	3,867	3,858	4,673	3,826	4,589	4,955	4,227
9 **Issues for new capital, total**	**74,804**	**72,441**	**94,050**	**5,890**	**8,253**	**9,075**	**9,279**	**7,966**	**7,660**	**10,709**	**9,797**
Use of proceeds											
10 Education	6,482	8,099	7,553	950	1,018	1,121	1,169	962	797	1,194	1,260
11 Transportation	6,256	4,387	7,552	472	173	319	631	276	651	252	468
12 Utilities and conservation	14,259	13,588	17,844	1,008	1,491	2,347	1,478	1,844	720	1,987	1,401
13 Social welfare	26,635	26,910	29,928	1,848	3,155	3,105	3,454	2,956	3,155	4,283	4,034
14 Industrial aid	8,349	7,821	15,415	353	584	293	782	560	553	1,524	629
15 Other purposes	12,822	11,637	15,758	1,259	1,832	1,890	1,765	1,368	1,784	1,469	2,005

1. Par amounts of long-term issues based on date of sale.
2. Consists of tax-exempt issues guaranteed by the Farmers Home Administration.

SOURCE. Public Securities Association.

1.46 NEW SECURITY ISSUES Corporations

Millions of dollars

Type of issue or issuer, or use	1982	1983	1984	1985							
				Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.[p]
1 **All issues**[1]	**84,638**	**120,074**	**132,311**	**14,005**	**11,790**	**12,896**	**19,391**	**11,854**	**14,197**	**11,265[r]**	**11,460**
2 **Bonds**[2]	**54,076**	**68,495**	**109,683**	**11,641**	**8,850**	9,738	**15,651**	**8,647**	**11,241**	8,794	**9,181**
Type of offering											
3 Public	44,278	47,369	73,357	11,641	8,850	9,738	15,651	8,647	11,241	8,794	9,181
4 Private placement	9,798	21,126	36,326	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Industry group											
5 Manufacturing	12,822	16,851	24,607	5,660	922	1,500	8,044	2,688	2,352	2,079	1,953
6 Commercial and miscellaneous	5,442	7,540	13,726	974	1,317	639	865	1,642	911	186	898
7 Transportation	1,491	3,833	4,694	130	334	357	512	76	459	177	348
8 Public utility	12,327	9,125	10,679	500	860	1,136	585	423	835	1,042	863
9 Communication	2,390	3,642	2,997	300	0	150	125	110	1,295	367	690
10 Real estate and financial	19,604	27,502	52,980	4,077	5,418	5,956	5,520	3,709	5,379	4,943	4,429
11 **Stocks**[3]	**30,562**	**51,579**	**22,628**	**2,364**	**2,940**	**3,158**	**3,740**	**3,207**	**2,956**	**2,471[r]**	**2,279**
Type											
12 Preferred	5,113	7,213	4,118	311	312	634	726	631	603	653	406
13 Common	25,449	44,366	18,510	2,053	2,628	2,524	3,014	2,576	2,353	1,818[r]	1,873
Industry group											
14 Manufacturing	5,649	14,135	4,054	224	283	504	558	601	225	820[r]	279
15 Commercial and miscellaneous	7,770	13,112	6,277	472	1,019	624	1,453	562	1,288	507[r]	368
16 Transportation	709	2,729	589	32	522	33	236	0	79	107	113
17 Public utility	7,517	5,001	1,624	197	157	185	91	87	73	47	408
18 Communication	2,227	1,822	419	15	5	119	151	99	18	7	41
19 Real estate and financial	6,690	14,780	9,665	1,424	954	1,693	1,251	1,798	1,273	983[r]	1,070

1. Figures, which represent gross proceeds of issues maturing in more than one year, sold for cash in the United States, are principal amount or number of units multiplied by offering price. Excludes offerings of less than $100,000, secondary offerings, undefined or exempted issues as defined in the Securities Act of 1933, employee stock plans, investment companies other than closed-end, intracorporate transactions, and sales to foreigners.
2. Monthly data include only public offerings.
3. Beginning in August 1981, gross stock offerings include new equity volume from swaps of debt for equity.

SOURCE. Securities and Exchange Commission and the Board of Governors of the Federal Reserve System.

1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1983	1984r	1985 Mar.	Apr.	May	June	July	Aug.	Sept.r	Oct.
INVESTMENT COMPANIES[1]										
1 Sales of own shares[2]	84,345	107,480	14,582	18,049	16,408	18,191	20,284	18,049	16,936	21,924
2 Redemptions of own shares[3]	57,100	77,032	9,412	13,500	10,069	9,836	11,502	10,837	9,963	10,653
3 Net sales	27,245	30,448	5,170	4,549	6,339	8,355	8,782	7,212	6,973	11,271
4 Assets[4]	113,599	137,126	157,065	164,087	178,275	186,284	195,707	201,608	203,210	218,341
5 Cash position[5]	8,343	11,978	13,082	15,444	15,017	15,565	16,943	17,959	18,700	21,824
6 Other	105,256	125,148	143,983	148,643	163,258	170,719	178,764	183,649	184,510	196,517

1. Excluding money market funds.
2. Includes reinvestment of investment income dividends. Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group.
3. Excludes share redemption resulting from conversions from one fund to another in the same group.
4. Market value at end of period, less current liabilities.
5. Also includes all U.S. government securities and other short-term debt securities.

NOTE. Investment Company Institute data based on reports of members, which comprise substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect newly formed companies after their initial offering of securities.

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data are at seasonally adjusted annual rates.

Account	1982r	1983r	1984r	1983 Q4r	1984 Q1r	Q2r	Q3r	Q4r	1985 Q1r	Q2r	Q3r
1 Corporate profits with inventory valuation and capital consumption adjustment	150.0	213.8	273.3	247.6	268.0	277.8	271.2	276.2	281.7	288.1	309.1
2 Profits before tax	169.6	205.0	237.6	227.6	247.4	247.4	227.7	228.0	220.0	218.7	228.6
3 Profits tax liability	63.1	75.2	93.6	84.0	99.1	100.6	87.4	87.4	83.4	82.3	87.4
4 Profits after tax	106.5	129.8	144.0	143.6	148.3	146.7	140.3	140.6	136.6	136.4	141.1
5 Dividends	66.9	70.8	78.1	73.1	75.3	77.5	78.9	80.7	82.0	83.1	83.9
6 Undistributed profits	39.6	59.0	65.9	70.6	73.1	69.2	61.3	60.0	54.6	53.3	57.3
7 Inventory valuation	−10.3	−9.9	−5.4	−8.9	−13.0	−5.6	−1.3	−1.6	.7	2.2	4.7
8 Capital consumption adjustment	−9.2	18.8	41.0	28.9	33.5	36.0	44.8	49.8	61.1	67.2	75.9

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

1.49 NONFINANCIAL CORPORATIONS Assets and Liabilities

Billions of dollars, except for ratio

Account	1979	1980	1981	1982	1983	1984			1985	
						Q2	Q3	Q4	Q1	Q2
1 **Current assets**	**1,214.8**	**1,327.0**	**1,418.4**	**1,432.7**	**1,557.3**	**1,630.1**	**1,666.1**	**1,682.0**	**1,694.7**	**1,704.0**
2 Cash	118.0	126.9	135.5	147.0	165.8	154.7	150.0	160.9	153.5	154.6
3 U.S. government securities	16.7	18.7	17.6	22.8	30.6	36.9	33.2	36.6	35.2	35.1
4 Notes and accounts receivable	459.0	506.8	532.0	519.2	577.8	615.4	630.6	622.3	635.2	635.9
5 Inventories	505.1	542.8	583.7	578.6	599.3	629.8	656.9	655.6	664.6	663.7
6 Other	116.0	131.8	149.5	165.2	183.7	193.4	195.4	206.6	206.2	214.7
7 **Current liabilities**	**807.3**	**889.3**	**970.0**	**976.8**	**1,043.0**	**1,111.9**	**1,142.2**	**1,150.7**	**1,159.5**	**1,163.9**
8 Notes and accounts payable	460.8	513.6	546.3	543.0	577.8	605.1	623.9	627.4	615.6	625.9
9 Other	346.5	375.7	423.7	433.8	465.3	506.9	518.2	523.3	543.9	538.1
10 **Net working capital**	**407.5**	**437.8**	**448.4**	**455.9**	**514.3**	**518.1**	**523.9**	**531.3**	**535.2**	**540.1**
11 MEMO: Current ratio[1]	1.505	1.492	1.462	1.467	1.493	1.466	1.459	1.462	1.462	1.464

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

NOTE. For a description of this series, see "Working Capital of Nonfinancial Corporations" in the July 1978 BULLETIN, pp. 533–37.

All data in this table reflect the most current benchmarks. Complete data are available upon request from the Flow of Funds Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

SOURCE. Federal Trade Commission and Bureau of the Census.

1.50 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment ▲

Billions of dollars; quarterly data are at seasonally adjusted annual rates.

Industry	1983	1984	1985[r]	1984			1985				1986
				Q2	Q3	Q4	Q1	Q2	Q3[r]	Q4[r]	Q1[1]
1 ***Total nonfarm business***	**304.78**	**354.44**	**384.22**	**349.97**	**361.48**	**368.29**	**371.16**	**387.83**	**388.90**	**388.98**	**402.13**
Manufacturing											
2 Durable goods industries	53.08	66.24	72.53	64.03	68.26	71.43	69.87	73.96	72.85	73.46	71.95
3 Nondurable goods industries	63.12	72.58	79.89	71.93	74.18	75.53	75.78	80.36	81.19	82.22	82.79
Nonmanufacturing											
4 Mining	15.19	16.86	15.84	16.38	16.82	17.00	15.66	16.51	15.94	15.24	15.30
Transportation											
5 Railroad	4.88	6.79	7.33	7.34	7.31	6.44	6.02	7.48	8.13	7.68	7.02
6 Air	4.36	3.56	4.42	3.53	3.72	3.65	4.20	3.66	5.20	4.64	5.96
7 Other	4.72	6.17	6.02	6.14	6.47	6.18	6.01	6.37	5.77	5.93	5.83
Public utilities											
8 Electric	37.27	37.03	35.60	37.79	36.63	35.40	36.65	36.04	35.34	34.38	35.49
9 Gas and other	7.70	10.44	12.63	10.16	11.28	11.52	11.81	12.43	12.80	13.47	13.50
10 Commercial and other[2]	114.45	134.75	149.96	132.67	136.80	141.13	145.16	151.02	151.69	151.96	164.30

▲Trade and services are no longer being reported separately. They are included in Commercial and other, *line 10*.

1. Anticipated by business.

2. "Other" consists of construction; wholesale and retail trade; finance and insurance; personal and business services; and communication.

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

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1981	1982	1983	1984				1985		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3
Assets										
Accounts receivable, gross										
1 Consumer	72.4	78.1	87.4	87.4	90.5	95.6	96.7	99.1	106.0	116.4
2 Business	100.3	101.4	113.4	120.5	124.4	124.5	135.2	142.1	144.6	141.4
3 Real estate	17.9	20.2	22.5	22.2	23.0	25.2	26.3	27.2	28.4	29.0
4 Total	190.5	199.7	223.4	230.1	238.0	245.3	258.3	268.5	279.0	286.5
Less:										
5 Reserves for unearned income	30.0	31.9	33.0	32.8	33.9	36.0	36.5	36.6	38.6	41.0
6 Reserves for losses	3.2	3.5	4.0	4.1	4.4	4.3	4.4	4.9	4.8	4.9
7 Accounts receivable, net	157.3	164.3	186.4	193.2	199.6	205.0	217.3	227.0	235.6	240.6
8 All other	27.1	30.7	34.0	35.7	35.8	36.4	35.4	35.9	39.5	46.3
9 Total assets	**184.4**	**195.0**	**220.4**	**228.9**	**235.4**	**241.3**	**252.7**	**262.9**	**275.2**	**286.9**
Liabilities										
10 Bank loans	16.1	18.3	18.7	16.2	18.3	19.7	21.3	19.8	18.5	18.2
11 Commercial paper	57.2	51.1	59.7	64.8	68.5	66.8	72.5	79.1	82.6	93.6
Debt										
12 Other short-term	11.3	12.7	13.9	14.1	15.5	16.1	16.2	16.8	16.6	16.6
13 Long-term	56.0	64.4	68.1	70.3	69.7	73.8	77.2	78.3	85.7	86.4
14 All other liabilities	18.5	21.2	30.1	32.4	32.1	32.6	33.1	35.4	36.9	36.6
15 Capital, surplus, and undivided profits	25.3	27.4	29.8	31.1	31.4	32.3	32.3	33.5	34.8	35.7
16 Total liabilities and capital	**184.4**	**195.0**	**220.4**	**228.9**	**235.4**	**241.3**	**252.7**	**262.9**	**275.2**	**286.9**

Note. Components may not add to totals due to rounding.
These data also appear in the Board's G.20 (422) release. For address, see inside front cover.

1.52 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding Oct. 31, 1985[1]	Changes in accounts receivable			Extensions			Repayments		
		1985			1985			1985		
		Aug.	Sept.	Oct.	Aug.	Sept.	Oct.	Aug.	Sept.	Oct.
1 Total	**146,057**	**1,430**	**−3,380r**	**5,112**	**28,942**	**26,111**	**31,099**	**27,512**	**29,491r**	**25,987**
Retail financing of installment sales										
2 Automotive (commercial vehicles)	14,341	389	660	586	1,212	1,488	1,441	823	828	855
3 Business, industrial, and farm equipment	20,297	−37	−329	−46	1,105	1,180	1,222	1,142	1,509	1,268
Wholesale financing										
4 Automotive	18,923	759	−4,746	3,716	10,471	7,853	12,252	9,712	12,599	8,536
5 Equipment	4,450	−80	6	32	882	508	494	962	502	462
6 All other	7,139	59	118	45	1,695	1,751	1,815	1,636	1,633	1,770
Leasing										
7 Automotive	15,847	461	409	417	1,117	1,119	972	656	710	555
8 Equipment	38,252	231	271	381	1,048	1,215	1,178	817	944	797
9 Loans on commercial accounts receivable and factored commercial accounts receivable	15,462	−354	677r	−662	9,994	9,654	9,749	10,348	8,977r	10,411
10 All other business credit	11,346	2	−446	643	1,418	1,343	1,976	1,416	1,789	1,333

1. Not seasonally adjusted.

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

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1982	1983	1984	1985 May	June	July	Aug.	Sept.	Oct.	Nov.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Conventional mortgages on new homes										
Terms[1]										
1 Purchase price (thousands of dollars)	94.6	92.8	96.8	106.4	102.4	119.2	104.4	104.6	104.1r	105.9
2 Amount of loan (thousands of dollars)	69.8	69.5	73.7	78.4	79.7	89.4	74.4	76.7	77.1r	77.2
3 Loan/price ratio (percent)	76.6	77.1	78.7	76.1	79.9	77.5	74.6	76.0	76.0r	75.2
4 Maturity (years)	27.6	26.7	27.8	26.8	27.7	27.5	24.5	26.7	26.7r	26.3
5 Fees and charges (percent of loan amount)[2]	2.95	2.40	2.64	2.49	2.40	2.24	2.46	2.62	2.49r	2.52
6 Contract rate (percent per annum)	14.47	12.20	11.87	11.55	11.31	10.94	10.78	10.69	10.64r	10.57
Yield (percent per annum)										
7 FHLBB series[3]	15.12	12.66	12.37	12.01	11.75	11.34	11.24	11.17	11.09r	11.02
8 HUD series[4]	15.79	13.43	13.80	12.49	12.06	12.09	12.06	12.02	11.86	11.56
SECONDARY MARKETS										
Yield (percent per annum)										
9 FHA mortgages (HUD series)[5]	15.30	13.11	13.81	12.28	11.89	12.12	11.99	12.04	11.87	11.28
10 GNMA securities[6]	14.68	12.25	13.13	11.93	11.54	11.48	11.24	11.29	11.16	10.81
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	66,031	74,847	83,339	93,610	94,777	95,634	96,324	96,769	97,228	97,807
12 FHA/VA-insured	39,718	37,393	35,148	34,428	34,307	34,276	34,177	34,084	33,885	33,828
13 Conventional	26,312	37,454	48,191	59,182	60,470	61,359	62,147	62,685	63,343	63,979
Mortgage transactions (during period)										
14 Purchases	15,116	17,554	16,721	1,703	1,904	1,918	1,921	1,739	1,767	1,624
15 Sales	2	3,528	978	0	0	251	230	101	200	n.a.
Mortgage commitments[7]										
16 Contracted (during period)	22,105	18,607	21,007	2,074	1,593	1,583	1,797	1,638	1,733	1,199
17 Outstanding (end of period)	7,606	5,461	6,384	5,589	5,062	4,517	4,245	3,974	3,840	3,330
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
18 Total	5,131	5,996	9,283	11,879	12,576	12,844	13,521	13,088	13,025	n.a.
19 FHA/VA	1,027	974	910	843	838	842	835	829	823	n.a.
20 Conventional	4,102	5,022	8,373	11,036	11,738	12,002	12,686	12,259	12,202	n.a.
Mortgage transactions (during period)										
21 Purchases	23,673	23,089	21,886	3,591	4,106	4,626	3,602	4,219	3,215	n.a.
22 Sales	24,170	19,686	18,506	3,189	3,292	4,200	2,682	4,501	3,076	n.a.
Mortgage commitments[9]										
23 Contracted (during period)	28,179	32,852	32,603	3,701	5,172	3,259	3,958	2,919	3,995	n.a.
24 Outstanding (end of period)	7,549	16,964	13,318	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups; compiled by the Federal Home Loan Bank Board in cooperation with the Federal Deposit Insurance Corporation.
2. Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) to obtain a loan.
3. Average effective interest rates on loans closed, assuming prepayment at the end of 10 years.
4. Average contract rates on new commitments for conventional first mortgages; from Department of Housing and Urban Development.
5. Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. Any gaps in data are due to periods of adjustment to changes in maximum permissible contract rates.
6. Average net yields to investors on Government National Mortgage Association guaranteed, mortgage-backed, fully modified pass-through securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are averages of Friday figures from the *Wall Street Journal*.
7. Includes some multifamily and nonprofit hospital loan commitments in addition to 1- to 4-family loan commitments accepted in FNMA's free market auction system, and through the FNMA-GNMA tandem plans.
8. Includes participation as well as whole loans.
9. Includes conventional and government-underwritten loans. FHLMC's mortgage commitments and mortgage transactions include activity under mortgage/securities swap programs, while the corresponding data for FNMA exclude swap activity.

1.54 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

Type of holder, and type of property	1982	1983	1984	1984		1985		
				Q3	Q4	Q1	Q2	Q3r
1 **All holders**	**1,631,262r**	**1,811,395r**	**2,022,521r**	**1,972,773r**	**2,022,521r**	**2,068,282r**	**2,126,905r**	**2,183,935**
2 1- to 4-family	1,074,670	1,192,840	1,329,606r	1,296,534r	1,329,606r	1,360,325r	1,401,952r	1,443,651
3 Multifamily	145,767	156,738	170,536r	167,892r	170,536r	175,474r	178,488r	181,452
4 Commercial	300,799	349,195	410,742r	395,683r	410,742r	420,997r	435,708r	449,821
5 Farm	110,026r	112,622r	111,637r	112,664r	111,637r	111,486r	110,757r	109,011
6 Major financial institutions	1,021,327	1,108,249	1,241,197	1,214,729r	1,241,197	1,261,901	1,292,438	1,321,195
7 Commercial banks[1]	301,272	330,521	374,780	363,156	374,780	383,444	395,956	408,227
8 1- to 4-family	173,804	182,514	196,540	193,090	196,540	198,912	203,510	207,775
9 Multifamily	16,480	18,410	20,216	20,083	20,216	21,974	21,698	21,963
10 Commercial	102,553	120,210	147,845	139,742	147,845	152,242	160,121	167,532
11 Farm	8,435	9,387	10,179	10,241	10,179	10,316	10,627	10,957
12 Mutual savings banks	94,452	131,940	154,441	146,072	154,441	161,032	165,705	173,476
13 1- to 4-family	64,488	93,649	107,302	101,810	107,302	111,592	114,375	119,023
14 Multifamily	14,780	17,247	19,817	18,947	19,817	20,668	21,357	22,368
15 Commercial	15,156	21,016	27,291	25,285	27,291	28,741	29,942	31,971
16 Farm	28	28	31	30	31	31	31	114
17 Savings and loan associations	483,614	494,789	555,277	550,129	555,277	559,263	569,292	575,563
18 1- to 4-family	393,323	390,883	431,450	429,101	431,450	433,429	441,201	446,061
19 Multifamily	38,979	42,552	48,309	47,861	48,309	48,936	49,813	50,362
20 Commercial	51,312	61,354	75,518	73,167	75,518	76,898	78,278	79,140
21 Life insurance companies	141,989	150,999	156,699	155,372r	156,699	158,162	161,485	163,929
22 1- to 4-family	16,751	15,319	14,120	14,159r	14,120	13,840	13,562	13,382
23 Multifamily	18,856	19,107	18,938	18,769r	18,938	18,964	18,983	18,972
24 Commercial	93,547	103,831	111,175	109,801r	111,175	113,187	116,812	119,543
25 Farm	12,835	12,742	12,466	12,643r	12,466	12,171	12,128	12,032
26 Federal and related agencies	138,741	148,328	158,993	154,768	158,993	163,531	165,912r	166,248
27 Government National Mortgage Association	4,227	3,395	2.301	2,389	2,301	1,964	1,825	1,640
28 1- to 4-family	676	630	585	594	585	576	564	552
29 Multifamily	3,551	2,765	1,716	1,795	1,716	1,388	1,261	1,088
30 Farmers Home Administration	1,786	2,141	1,276	738	1,276	1,062	790	577
31 1- to 4-family	783	1,159	213	206	213	156	223	185
32 Multifamily	218	173	119	126	119	82	136	139
33 Commercial	377	409	497	113	497	421	163	72
34 Farm	408	400	447	293	447	403	268	181
35 Federal Housing and Veterans Administration	5,228	4,894	4,816	4,749	4,816	4,878	4,888r	4,918
36 1- to 4-family	1,980	1,893	2,048	1,982	2,048	2,181	2,199r	2,251
37 Multifamily	3,248	3,001	2,768	2,767	2,768	2,697	2,689r	2,667
38 Federal National Mortgage Association	71,814	78,256	87,940	84,850	87,940	91,975	94,777	96,769
39 1- to 4-family	66,500	73,045	82,175	79,175	82,175	86,129	88,788	90,590
40 Multifamily	5,314	5,211	5,765	5,675	5,765	5,846	5,989	6,179
41 Federal Land Banks	50,953	52,010	52,261	52,595	52,261	52,104	51,056	49,255
42 1- to 4-family	3,130	3,081	3,074	3,068	3,074	3,064	3,006	2,895
43 Farm	47,823	48,929	49,187	49,527	49,187	49,040	48,050	46,360
44 Federal Home Loan Mortgage Corporation	4,733	7,632	10,399	9,447	10,399	11,548	12,576	13,089
45 1- to 4-family	4,686	7,559	9,654	8,841	9,654	10,642	11,288	11,457
46 Multifamily	47	73	745	606	745	906	1,288	1,632
47 Mortgage pools or trusts[2]	216,654	285,073	332,057	317,548	332,057	347,793	365,748	388,948
48 Government National Mortgage Association	118,940	159,850	179,981	175,770	179,981	185,954	192,925	201,026
49 1- to 4-family	116,038	155,950	175,589	171,481	175,589	181,419	188,228	196,198
50 Multifamily	2,902	3,900	4,392	4,289	4,392	4,535	4,697	4,828
51 Federal Home Loan Mortgage Corporation	42,964	57,895	70,822	63,964	70,822	76,759	83,327	91,915
52 1- to 4-family	42,560	57,273	70,253	63,352	70,253	75,781	82,369	90,997
53 Multifamily	404	622	569	612	569	978	958	918
54 Federal National Mortgage Association[3]	14,450	25,121	36,215	32,888	36,215	39,370	42,755	48,769
55 1- to 4-family	14,450	25,121	35,965	32,730	35,965	38,772	41,985	47,857
56 Multifamily	n.a.	n.a.	250	158	250	598	770	912
57 Farmers Home Administration	40,300	42,207	45,039	44,926	45,039	45,710	46,741	47,238
58 1- to 4-family	20,005	20,404	21,813	21,595	21,813	21,928	21,962	22,090
59 Multifamily	4,344	5,090	5,841	5,618	5,841	6,041	6,377	6,415
60 Commercial	7,011	7,351	7,559	7,844	7,559	7,681	8,014	8,192
61 Farm	8,940	9,362	9,826	9,869	9,826	10,060	10,388	10,541
62 Individual and others[4]	254,540r	269,745r	290,274r	285,728r	290,274r	295,057r	302,807r	307,544
63 1- to 4-family[5]	155,496	164,360	178,825r	175,350r	178,825r	181,904r	188,692r	192,338
64 Multifamily	36,644	38,587	41,091r	40,586r	41,091r	41,861r	42,472r	43,009
65 Commercial	30,843	35,024	40,857r	39,731r	40,857r	41,827r	42,378r	43,371
66 Farm	31,557r	31,774r	29,501r	30,061r	29,501r	29,465r	29,265r	28,826

1. Includes loans held by nondeposit trust companies but not bank trust departments.
2. Outstanding principal balances of mortgages backing securities insured or guaranteed by the agency indicated.
3. Outstanding balances on FNMA's issues of securities backed by pools of conventional mortgages held in trust. Implemented by FNMA in October 1981.
4. Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and U.S. agencies for which amounts are small or for which separate data are not readily available.
5. Includes estimate of residential mortgage credit provided by individuals.

NOTE. Based on data from various institutional and governmental sources, with some quarters estimated in part by the Federal Reserve in conjunction with the Federal Home Loan Bank Board and the Department of Commerce. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations when required, are estimated mainly by the Federal Reserve. Multifamily debt refers to loans on structures of five or more units.

1.55 CONSUMER INSTALLMENT CREDIT[1] Total Outstanding, and Net Change

Millions of dollars

Holder, and type of credit	1983	1984	1984	1985							
			Dec.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
	Amounts outstanding (end of period)										
1 **Total**	**383,701**	**460,500**	**460,500**	**471,567**	**479,935**	**488,666**	**495,813**	**503,834**	**512,393**	**524,698**	**530,153**
By major holder											
2 Commercial banks	171,978	212,391	212,391	219,970	223,850	226,973	229,676	232,913	236,390	241,030	242,220
3 Finance companies	87,429	96,747	96,747	99,133	101,324	104,130	105,971	107,985	110,378	116,422	118,846
4 Credit unions	53,471	67,858	67,858	70,432	71,418	72,381	73,468	74,614	75,689	76,447	76,957
5 Retailers[2]	37,470	40,913	40,913	37,082	37,091	37,472	37,548	37,399	37,481	37,421	37,784
6 Savings and loans	23,108	29,945	29,945	32,349	33,514	34,754	35,901	37,301	38,496	39,421	40,408
7 Gasoline companies	4,131	4,315	4,315	3,820	3,834	3,918	4,075	4,316	4,467	4,346	4,241
8 Mutual savings banks	6,114	8,331	8,331	8,781	8,904	9,038	9,174	9,306	9,492	9,611	9,697
By major type of credit											
9 Automobile	143,114	172,589	172,589	179,661	183,558	187,795	191,315	194,678	197,768	205,102	208,121
10 Commercial banks	67,557	85,501	85,501	89,257	90,915	92,403	94,099	95,763	96,576	98,042	98,707
11 Credit unions	25,574	32,456	32,456	33,687	34,159	34,620	35,139	35,687	36,201	36,563	36,807
12 Finance companies	49,983	54,632	54,632	56,717	58,484	60,772	62,077	63,228	64,991	70,497	72,607
13 Revolving	81,977	101,555	101,555	100,434	101,887	103,492	104,333	105,539	107,584	109,941	111,442
14 Commercial banks	44,184	60,549	60,549	63,684	65,127	66,311	66,956	68,093	69,949	72,514	73,778
15 Retailers	33,662	36,691	36,691	32,930	32,926	33,263	33,302	33,130	33,168	33,081	33,423
16 Gasoline companies	4,131	4,315	4,315	3,820	3,834	3,918	4,075	4,316	4,467	4,346	4,241
17 Mobile home	23,862	24,556	24,556	24,456	24,675	24,925	25,205	25,545	25,826	26,043	26,187
18 Commercial banks	9,842	9,610	9,610	9,425	9,432	9,445	9,480	9,493	9,550	9,600	9,570
19 Finance companies	9,547	9,243	9,243	8,981	8,992	9,016	9,061	9,146	9,163	9,170	9,177
20 Savings and loans	3,906	4,985	4,985	5,305	5,496	5,699	5,887	6,117	6,313	6,465	6,627
21 Credit unions	567	718	718	745	755	765	777	789	800	808	813
22 Other	134,748	161,800	161,800	167,016	169,815	172,454	174,960	178,072	181,215	183,612	184,403
23 Commercial banks	50,395	56,731	56,731	57,604	58,376	58,814	59,141	59,564	60,315	60,874	60,165
24 Finance companies	27,899	32,872	32,872	33,435	33,848	34,342	34,833	35,611	36,224	36,755	37,062
25 Credit unions	27,330	34,684	34,684	36,000	36,504	36,996	37,552	38,138	38,688	39,076	39,337
26 Retailers	3,808	4,222	4,222	4,152	4,165	4,209	4,246	4,269	4,313	4,340	4,361
27 Savings and loans	19,202	24,960	24,960	27,044	28,018	29,055	30,014	31,184	32,183	32,956	33,781
28 Mutual savings banks	6,114	8,331	8,331	8,781	8,904	9,038	9,174	9,306	9,492	9,611	9,697
	Net change (during period)										
29 **Total**	**48,742**	**76,799**	**6,819**	**8,342**	**8,270**	**9,042**	**5,227**	**6,247**	**5,726**	**11,531**	**6,628**
By major holder											
30 Commercial banks	19,488	40,413	3,028	4,847	3,853	4,108	1,690	1,824	1,764	3,748	1,462
31 Finance companies	18,572	18,636	1,196	2,048	1,885	2,373	1,218	1,629	2,371	6,407	3,140
32 Credit unions	6,218	14,387	1,336	797	1,215	673	797	1,149	479	374	956
33 Retailers[2]	5,075	3,443	389	91	168	341	−31	112	−99	−27	97
34 Savings and loans	7,285	6,837	576	715	1,063	1,327	1,417	1,338	969	924	747
35 Gasoline companies	68	184	117	−142	−45	59	−51	21	103	−43	62
36 Mutual savings banks	1,322	2,217	177	−14	131	161	187	174	139	148	164
By major type of credit											
37 Automobile	16,856	29,475	2,687	3,391	3,488	3,792	2,686	2,365	2,206	7,204	3,653
38 Commercial banks	8,002	17,944	1,275	1,767	1,546	1,589	1,488	1,025	136	1,048	599
39 Credit unions	2,978	6,882	640	381	580	325	380	550	226	180	459
40 Finance companies	11,752	9,298	772	1,243	1,362	1,878	818	790	1,844	5,976	2,595
41 Revolving	12,353	19,578	1,445	2,631	2,126	2,429	−73	856	936	1,974	1,519
42 Commercial banks	7,518	16,365	1,001	2,698	2,003	2,095	42	733	968	2,071	1,385
43 Retailers	4,767	3,029	327	75	168	275	−64	102	−135	−54	72
44 Gasoline companies	68	184	117	−142	−45	59	−51	21	103	−43	62
45 Mobile home	1,452	694	117	−11	218	186	196	324	199	168	168
46 Commercial banks	237	−232	29	−50	19	−21	−31	−22	3	61	−15
47 Finance companies	776	−608	−13	−63	13	−19	1	74	−13	−19	32
48 Savings and loans	763	1,079	88	92	175	219	217	261	204	121	143
49 Credit unions	64	151	13	10	11	7	9	11	12	5	8
50 Other	18,081	27,052	2,570	2,331	2,438	2,635	2,418	2,702	2,385	2,185	1,288
51 Commercial banks	3,731	6,336	723	432	285	445	191	88	657	568	−507
52 Finance companies	6,044	9,946	437	868	510	514	399	765	540	450	513
53 Credit unions	3,176	7,354	683	406	624	341	408	588	248	189	489
54 Retailers	308	414	62	16	0	66	33	10	36	27	25
55 Savings and loans	6,522	5,758	488	623	888	1,108	1,200	1,077	765	803	604
56 Mutual savings banks	1,322	2,217	177	−14	131	161	187	174	139	148	164

1. The Board's series cover most short- and intermediate-term credit extended to individuals through regular business channels, usually to finance the purchase of consumer goods and services or to refinance debts incurred for such purposes, and scheduled to be repaid (or with the option of repayment) in two or more installments.

2. Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.

NOTE. Total consumer noninstallment credit outstanding—credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit—amounted to, not seasonally adjusted, $85.9 billion at the end of 1982, $96.9 billion at the end of 1983, and $116.6 billion at the end of 1984.

These data also appear in the Board's G.19 (421) release. For address, see inside front cover.

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT

Percent unless noted otherwise

Item	1982	1983	1984	1985						
				Apr.	May	June	July	Aug.	Sept.	Oct.
INTEREST RATES										
Commercial banks[1]										
1 48-month new car[2]	16.82	13.92	13.71	n.a.	13.16	n.a.	n.a.	12.72	n.a.	n.a.
2 24-month personal	18.64	16.50	16.47	n.a.	16.09	n.a.	n.a.	15.84	n.a.	n.a.
3 120-month mobile home[2]	18.05	16.08	15.58	n.a.	15.03	n.a.	n.a.	14.72	n.a.	n.a.
4 Credit card	18.51	18.78	18.77	n.a.	18.74	n.a.	n.a.	18.62	n.a.	n.a.
Auto finance companies										
5 New car	16.15	12.58	14.62	11.92	11.87	12.06	12.46	10.87	8.84	9.97
6 Used car	20.75	18.74	17.85	17.78	17.84	17.77	17.49	17.57	17.31	17.21
OTHER TERMS[3]										
Maturity (months)										
7 New car	45.9	45.9	48.3	51.5	50.9	51.3	51.7	51.1	51.2	51.5
8 Used car	37.0	37.9	39.7	41.3	41.4	41.3	41.5	41.6	41.4	41.4
Loan-to-value ratio										
9 New car	85	86	88	91	91	91	91	91	92	93
10 Used car	90	92	92	93	94	94	95	95	95	95
Amount financed (dollars)										
11 New car	8,178	8,787	9,333	9,305	9,775	9,965	10,355	10,422	10,449	10,498
12 Used car	4,746	5,033	5,691	6,043	6,117	6,116	6,146	6,139	6,097	6,091

1. Data for midmonth of quarter only.
2. Before 1983 the maturity for new car loans was 36 months, and for mobile home loans was 84 months.
3. At auto finance companies.

NOTE. These data also appear in the Board's G.19 (421) release. For address, see inside front cover.

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

Billions of dollars; half-yearly data are at seasonally adjusted annual rates.

Transaction category, sector	1979	1980	1981	1982	1983	1984	1982	1983		1984		1985[r]
							H2	H1	H2	H1	H2	H1
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**388.7**	**340.0**	**371.6**	**398.3**	**538.9**	**755.6**	**442.1**	**508.8**	**569.0**	**704.0**	**807.3**	**718.0**
By sector and instrument												
2 U.S. government	37.4	79.2	87.4	161.3	186.6	198.8	218.4	222.0	151.1	172.7	224.9	181.1
3 Treasury securities	38.8	79.8	87.8	162.1	186.7	199.0	218.8	222.1	151.2	172.9	225.0	181.2
4 Agency issues and mortgages	−1.4	−.6	−.5	−.9	−.1	−.2	−.4	−.1	−.1	−.2	−.1	−.1
5 Private domestic nonfinancial sectors	351.3	260.8	284.2	237.0	352.3	556.8	223.7	286.7	417.9	531.3	582.4	536.9
6 Debt capital instruments	213.9	186.3	153.7	153.5	249.1	322.1	167.1	225.4	272.7	281.8	362.4	349.7
7 Tax-exempt obligations	30.3	30.3	23.4	48.6	57.3	65.8	54.6	57.3	57.3	38.9	92.6	88.5
8 Corporate bonds	17.3	26.7	21.8	18.7	16.0	42.3	25.3	21.4	10.6	24.4	60.2	61.5
9 Mortgages	166.2	129.4	108.5	86.2	175.7	214.1	87.1	146.7	204.7	218.5	209.6	199.7
10 Home mortgages	121.7	93.8	71.6	50.4	115.6	139.2	50.1	96.2	135.1	144.8	133.5	136.7
11 Multifamily residential	8.3	7.1	4.8	5.3	9.4	14.0	5.8	6.3	12.6	16.0	12.0	15.1
12 Commercial	24.4	19.2	22.2	25.2	47.6	58.8	27.3	42.3	53.0	55.6	62.0	49.7
13 Farm	11.8	9.3	9.9	5.3	3.0	2.1	3.9	1.9	4.1	2.0	2.1	−1.8
14 Other debt instruments	137.5	74.5	130.5	83.6	103.3	234.8	56.6	61.3	145.2	249.5	220.0	187.2
15 Consumer credit	45.4	4.7	22.7	20.1	59.8	96.5	21.7	44.1	75.5	102.1	90.9	116.7
16 Bank loans n.e.c.	51.2	37.0	54.7	54.1	26.7	79.4	41.9	13.7	39.8	90.2	68.7	25.4
17 Open market paper	11.1	5.7	19.2	−4.7	−1.6	23.7	−19.3	−10.0	6.9	33.5	13.8	16.3
18 Other	29.7	27.1	33.9	14.0	18.3	35.2	12.4	13.6	23.1	23.7	46.7	28.8
19 By borrowing sector	351.3	260.8	284.2	237.0	352.3	556.8	223.7	286.7	417.9	531.3	582.4	536.9
20 State and local governments	17.6	17.2	6.8	25.9	37.6	45.0	29.3	36.1	39.2	21.4	68.6	71.6
21 Households	181.0	117.9	119.2	90.4	190.4	249.5	93.5	156.0	224.8	248.2	250.7	268.0
22 Farm	21.4	14.3	16.4	7.9	4.5	2.9	5.9	1.1	7.8	2.1	3.8	−7.2
23 Nonfarm noncorporate	35.3	31.0	38.4	40.9	65.2	77.8	42.1	55.5	75.0	83.0	72.5	71.4
24 Corporate	96.0	80.4	103.4	71.9	54.6	181.7	52.9	38.0	71.1	176.6	186.8	133.0
25 Foreign net borrowing in United States	20.2	27.2	27.2	15.7	18.9	1.7	21.2	15.3	22.5	22.9	−19.5	−7.1
26 Bonds	3.9	.8	5.4	6.7	3.8	4.1	11.0	4.6	2.9	1.1	7.0	5.2
27 Bank loans n.e.c.	2.3	11.5	3.7	−6.2	4.9	−7.8	−4.7	11.3	−1.5	−4.6	−11.0	−6.0
28 Open market paper	11.2	10.1	13.9	10.7	6.0	1.4	9.0	−4.6	16.5	20.9	−18.1	−8.8
29 U.S. government loans	2.9	4.7	4.2	4.5	4.3	4.0	6.0	3.9	4.6	5.5	2.6	2.6
30 ***Total domestic plus foreign***	**408.9**	**367.2**	**398.8**	**414.0**	**557.8**	**757.4**	**463.3**	**524.0**	**591.5**	**726.9**	**787.8**	**710.9**
	Financial sectors											
31 **Total net borrowing by financial sectors**	**82.4**	**57.6**	**89.0**	**76.2**	**85.2**	**130.3**	**57.5**	**66.7**	**103.7**	**119.2**	**141.3**	**165.6**
By instrument												
32 U.S. government related	47.9	44.8	47.4	64.9	67.8	74.9	69.7	66.2	69.4	69.6	80.1	92.7
33 Sponsored credit agency securities	24.3	24.4	30.5	14.9	1.4	30.4	7.5	−4.1	6.9	29.9	31.0	26.1
34 Mortgage pool securities	23.1	19.2	15.0	49.5	66.4	44.4	62.2	70.3	62.5	39.7	49.2	66.7
35 Loans from U.S. government	.6	1.2	1.9	.4	......	......	......	......	......	......	......	......
36 Private financial sectors	34.5	12.8	41.6	11.3	17.4	55.4	−12.2	.5	34.4	49.6	61.2	72.8
37 Corporate bonds	7.8	1.8	3.5	9.7	8.6	18.5	11.2	6.4	10.7	12.2	24.7	30.6
38 Mortgages	*	*	*	.1	*	−.1	.1	*	*	−.1	−.1	*
39 Bank loans n.e.c.	−.5	−.9	.9	1.9	−.2	1.0	.6	−2.5	2.2	.3	1.6	1.8
40 Open market paper	18.0	4.8	20.9	−1.1	16.0	20.4	−14.6	8.7	23.4	21.3	19.5	28.8
41 Loans from Federal Home Loan Banks	9.2	7.1	16.2	.8	−7.0	15.7	−9.5	−12.1	−2.0	15.9	15.5	11.7
By sector												
42 Sponsored credit agencies	24.8	25.6	32.4	15.3	1.4	30.4	7.5	−4.1	6.9	29.9	31.0	26.1
43 Mortgage pools	23.1	19.2	15.0	49.5	66.4	44.4	62.2	70.3	62.5	39.7	49.2	66.7
44 Private financial sectors	34.5	12.8	41.6	11.3	17.4	55.4	−12.2	.5	34.4	49.6	61.2	72.8
45 Commercial banks	1.6	.5	.4	1.2	.5	4.4	1.7	.8	.2	4.8	3.9	5.2
46 Bank affiliates	6.5	6.9	8.3	1.9	8.6	10.9	−5.8	6.1	11.1	20.0	1.8	9.2
47 Savings and loan associations	12.6	7.4	15.5	2.5	−2.1	22.7	−9.3	−9.3	5.2	19.7	25.6	10.9
48 Finance companies	15.3	−1.1	18.2	6.3	11.3	18.1	1.9	3.9	18.8	5.6	30.6	48.4
49 REITs	−.1	−.5	−.2	*	.3	.2	*	−.3	−.2	.3	.1	.1
	All sectors											
50 **Total net borrowing**	**491.3**	**424.9**	**487.8**	**490.2**	**643.0**	**887.6**	**520.8**	**590.7**	**695.2**	**846.1**	**929.2**	**876.5**
51 U.S. government securities	84.8	122.9	133.0	225.9	254.4	273.8	288.3	288.4	220.5	242.4	305.1	273.9
52 State and local obligations	30.3	30.3	23.4	48.6	57.3	65.8	54.6	57.3	57.3	38.9	92.6	88.5
53 Corporate and foreign bonds	29.0	29.3	30.7	35.0	28.4	64.8	47.5	32.5	24.3	37.7	92.0	97.2
54 Mortgages	166.1	129.3	108.4	86.2	175.6	213.9	87.1	146.6	204.7	218.3	209.4	199.6
55 Consumer credit	45.4	4.7	22.7	20.1	59.8	96.5	21.7	44.1	75.5	102.1	90.9	116.7
56 Bank loans n.e.c.	52.9	47.7	59.2	49.9	31.4	72.6	37.8	22.5	40.4	85.9	59.3	21.2
57 Open market paper	40.3	20.6	54.0	4.9	20.4	45.4	−25.0	−5.9	46.8	75.7	15.2	36.3
58 Other loans	42.4	40.1	56.2	19.7	15.5	54.9	8.9	5.3	25.7	45.1	64.8	43.1
	External corporate equity funds raised in United States											
59 **Total new share issues**	**−4.3**	**21.9**	**−3.0**	**35.3**	**67.8**	**−33.1**	**47.2**	**83.4**	**52.1**	**−40.8**	**−25.5**	**25.9**
60 Mutual funds	.1	5.2	6.3	18.4	32.8	37.7	24.3	36.8	28.9	39.6	35.7	92.0
61 All other	−4.3	16.8	−9.3	16.9	35.0	−70.8	22.9	46.7	23.2	−80.4	−61.2	−66.1
62 Nonfinancial corporations	−7.8	12.9	−11.5	11.4	28.3	−77.0	15.8	38.2	18.4	−84.5	−69.4	−75.7
63 Financial corporations	2.7	1.8	1.9	4.0	2.7	5.1	4.1	2.7	2.6	4.8	5.3	5.4
64 Foreign shares purchased in United States	.8	2.1	.3	1.5	4.0	1.1	3.0	5.7	2.2	−.7	2.9	4.2

1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

Billions of dollars, except as noted; half-yearly data are at seasonally adjusted annual rates.

Transaction category, or sector	1979	1980	1981	1982	1983	1984	1982 H2	1983 H1	1983 H2	1984 H1	1984 H2	1985[r] H1
1 **Total funds advanced in credit markets to domestic nonfinancial sectors**	**388.7**	**340.0**	**371.6**	**398.3**	**538.9**	**755.6**	**442.1**	**508.8**	**569.0**	**704.0**	**807.3**	**718.0**
By public agencies and foreign												
2 Total net advances	75.2	97.1	97.7	114.1	117.5	142.2	127.1	120.2	114.7	123.2	161.2	193.3
3 U.S. government securities	−6.3	15.8	17.1	22.7	27.6	36.0	35.7	40.7	14.4	29.5	42.5	52.1
4 Residential mortgages	35.8	31.7	23.5	61.0	76.1	56.5	74.5	80.2	72.1	52.8	60.1	86.0
5 FHLB advances to savings and loans	9.2	7.1	16.2	.8	−7.0	15.7	−9.5	−12.1	−2.0	15.9	15.5	11.7
6 Other loans and securities	36.5	42.5	40.9	29.5	20.8	34.1	26.5	11.5	30.2	25.1	43.2	43.5
Total advanced, by sector												
7 U.S. government	19.0	23.7	24.0	15.9	9.7	17.2	17.1	9.1	10.3	7.9	26.5	19.4
8 Sponsored credit agencies	53.1	45.6	48.2	65.5	69.8	73.3	69.1	68.6	71.0	73.6	73.0	97.7
9 Monetary authorities	7.7	4.5	9.2	9.8	10.9	8.4	15.7	15.6	6.2	11.9	4.9	27.3
10 Foreign	−4.5	23.3	16.2	22.8	27.1	43.4	25.3	27.0	27.2	29.9	56.9	48.9
Agency and foreign borrowing not in line 1												
11 Sponsored credit agencies and mortgage pools	47.9	44.8	47.4	64.9	67.8	74.9	69.7	66.2	69.4	69.6	80.1	92.7
12 Foreign	20.2	27.2	27.2	15.7	18.9	1.7	21.2	15.3	22.5	22.9	−19.5	−7.1
Private domestic funds advanced												
13 Total net advances	381.6	314.9	348.5	364.8	508.1	690.0	405.9	470.0	546.1	673.3	706.8	610.3
14 U.S. government securities	91.0	107.1	115.9	203.1	226.9	237.8	252.6	247.6	206.1	213.0	262.7	221.8
15 State and local obligations	30.3	30.3	23.4	48.6	57.3	65.8	54.6	57.3	57.3	38.9	92.6	88.5
16 Corporate and foreign bonds	18.5	19.3	18.8	14.8	14.9	29.9	29.6	21.4	8.5	17.7	42.2	33.9
17 Residential mortgages	94.2	69.1	52.9	−5.5	48.9	96.6	−18.7	22.2	75.5	107.9	85.3	65.7
18 Other mortgages and loans	156.7	96.3	153.8	104.6	153.0	275.6	78.2	109.4	196.7	311.7	239.5	212.1
19 LESS: Federal Home Loan Bank advances	9.2	7.1	16.2	.8	−7.0	15.7	−9.5	−12.1	−2.0	15.9	15.5	11.7
Private financial intermediation												
20 Credit market funds advanced by private financial institutions	316.4	281.3	317.2	287.6	382.7	553.2	300.7	334.6	430.7	548.1	558.3	472.9
21 Commercial banking	123.1	100.6	102.3	107.2	136.1	181.9	114.5	121.6	150.6	196.0	167.9	149.6
22 Savings institutions	56.5	54.5	27.4	31.4	140.5	143.0	37.6	132.7	148.4	161.5	124.6	62.0
23 Insurance and pension funds	85.6	94.5	97.6	107.4	94.2	123.1	103.8	83.0	105.3	111.8	134.4	117.1
24 Other finance	51.2	31.7	89.9	41.5	11.9	105.1	44.8	−2.7	26.5	78.8	131.4	144.2
25 Sources of funds	316.4	281.3	317.2	287.6	382.7	553.2	300.7	334.6	430.7	548.1	558.3	472.9
26 Private domestic deposits and RPs	137.4	169.6	211.9	174.4	205.2	287.7	201.7	194.1	216.3	277.1	298.2	173.8
27 Credit market borrowing	34.5	12.8	41.6	11.3	17.4	55.4	−12.2	.5	34.4	49.6	61.2	72.8
28 Other sources	144.5	98.8	63.7	101.8	160.0	210.1	111.2	140.0	180.0	221.3	198.9	226.3
29 Foreign funds	27.6	−21.7	−8.7	−26.7	22.1	19.0	−25.1	−14.2	58.5	27.2	10.9	10.8
30 Treasury balances	.4	−2.6	−1.1	6.1	−5.3	4.0	14.1	10.1	−20.8	1.7	6.4	19.4
31 Insurance and pension reserves	72.9	83.7	90.7	103.2	95.1	111.7	95.3	83.5	106.8	118.0	105.5	117.4
32 Other, net	43.6	39.4	−17.2	19.3	48.1	75.4	26.9	60.6	35.6	74.6	76.2	78.8
Private domestic nonfinancial investors												
33 Direct lending in credit markets	99.7	46.5	72.9	88.5	142.8	192.2	93.0	135.9	149.8	174.8	209.6	210.2
34 U.S. government securities	52.5	24.6	29.3	32.1	88.3	122.8	28.9	97.5	79.1	128.3	117.3	110.0
35 State and local obligations	9.9	7.0	11.1	29.2	43.5	42.2	29.7	47.2	39.8	24.3	60.1	49.2
36 Corporate and foreign bonds	−1.4	−11.0	−3.9	3.9	−9.2	*	13.8	−14.5	−4.0	−8.4	8.5	11.4
37 Open market paper	8.6	−3.1	2.7	−.6	6.5	−1.0	−4.7	−6.0	19.1	4.4	−6.5	15.7
38 Other	30.1	29.1	33.7	24.0	13.7	28.2	25.4	11.8	15.6	26.2	30.3	23.9
39 Deposits and currency	146.8	181.1	221.9	181.6	224.4	292.2	211.5	215.9	232.8	288.5	296.0	188.0
40 Currency	8.0	10.3	9.5	9.7	14.3	8.6	12.7	14.8	13.8	15.9	1.4	18.6
41 Checkable deposits	18.3	5.2	18.0	15.4	23.0	21.4	29.3	49.1	−3.0	25.0	17.7	7.4
42 Small time and savings accounts	59.3	82.9	47.0	138.1	219.5	149.2	193.1	278.9	160.1	129.9	168.6	162.7
43 Money market fund shares	34.4	29.2	107.5	24.7	−44.1	47.2	10.0	−84.0	−4.2	30.2	64.2	4.2
44 Large time deposits	18.8	45.8	36.9	−7.7	−7.5	75.7	−37.3	−61.0	45.9	88.8	62.7	.8
45 Security RPs	6.6	6.5	2.5	3.8	14.3	−5.8	6.6	11.0	17.5	3.3	−15.0	−1.3
46 Deposits in foreign countries	1.5	1.1	.5	−2.5	4.8	−4.0	−2.9	7.0	2.7	−4.5	−3.6	−4.3
47 **Total of credit market instruments, deposits and currency**	**246.5**	**227.6**	**294.7**	**270.1**	**367.2**	**484.5**	**304.5**	**351.8**	**382.6**	**463.3**	**505.6**	**398.3**
48 Public holdings as percent of total	18.4	26.4	24.5	27.6	21.1	18.8	27.4	22.9	19.4	17.0	20.5	27.2
49 Private financial intermediation (in percent)	82.9	89.3	91.0	78.8	75.3	80.2	74.1	71.2	78.9	81.4	79.0	77.5
50 Total foreign funds	23.1	1.6	7.6	−3.9	49.2	62.4	.1	12.8	85.7	57.0	67.8	59.7
MEMO: Corporate equities not included above												
51 **Total net issues**	**−4.3**	**21.9**	**−3.0**	**35.3**	**67.8**	**−33.1**	**47.2**	**83.4**	**52.1**	**−40.8**	**−25.5**	**25.9**
52 Mutual fund shares	.1	5.2	6.3	18.4	32.8	37.7	24.3	36.8	28.9	39.6	35.7	92.0
53 Other equities	−4.3	16.8	−9.3	16.9	35.0	−70.8	22.9	46.7	23.2	−80.4	−61.2	−66.1
54 Acquisitions by financial institutions	12.9	24.9	20.9	37.1	56.4	11.1	63.9	76.2	36.5	2.6	19.6	40.9
55 Other net purchases	−17.1	−3.0	−23.9	−1.8	11.4	−44.3	−16.7	7.2	15.6	−43.4	−45.1	−15.0

NOTES BY LINE NUMBER.
1. Line 1 of table 1.58.
2. Sum of lines 3–6 or 7–10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by federally sponsored credit agencies, and net issues of federally related mortgage pool securities.
13. Line 1 less line 2 plus line 11 and 12. Also line 20 less line 27 plus line 33. Also sum of lines 28 and 47 less lines 40 and 46.
18. Includes farm and commercial mortgages.
26. Line 39 less lines 40 and 46.
27. Excludes equity issues and investment company shares. Includes line 19.
29. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates.
30. Demand deposits at commercial banks.
31. Excludes net investment of these reserves in corporate equities.
32. Mainly retained earnings and net miscellaneous liabilities.
33. Line 12 less line 20 plus line 27.
34–38. Lines 14–18 less amounts acquired by private finance. Line 38 includes mortgages.
40. Mainly an offset to line 9.
47. Lines 33 plus 39, or line 13 less line 28 plus 40 and 46.
48. Line 2/line 1.
49. Line 20/line 13.
50. Sum of lines 10 and 29.
51, 53. Includes issues by financial institutions.

NOTE. Full statements for sectors and transaction types in flows and in amounts outstanding may be obtained from Flow of Funds Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures[1]

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

Measure	1982	1983	1984	1985 Mar.	1985 Apr.	1985 May	1985 June	1985 July	1985 Aug.r	1985 Sept.r	1985 Oct.r	1985 Nov.
1 **Industrial production**	**103.1**	**109.2**	**121.8**	**124.0**	**124.1**	**124.1**	**124.3**	**124.1**	**125.2**	**125.0**	**124.6**	**125.1**
Market groupings												
2 Products, total	107.8	113.9	127.1	130.3	130.8	131.4	131.6	131.6	133.0	133.1	132.5	133.1
3 Final, total	109.5	114.7	127.8	130.8	131.3	131.7	131.6	131.8	133.3	133.3	132.6	133.2
4 Consumer goods	101.4	109.3	118.2	119.8	119.5	120.0	120.4	120.1	121.5	121.7	121.1	121.7
5 Equipment	120.2	121.7	140.5	145.4	146.9	147.1	146.6	147.3	149.0	148.6	147.7	148.5
6 Intermediate	101.7	111.2	124.9	128.6	129.3	130.3	131.4	130.7	132.0	132.5	132.5	132.6
7 Materials	96.7	102.8	114.6	115.5	115.0	114.2	114.3	113.8	114.5	114.1	113.6	114.2
Industry groupings												
8 Manufacturing	102.2	110.2	123.9	126.3	126.6	126.6	126.7	126.9	128.2	127.9	127.5	128.1
Capacity utilization (percent)[2]												
9 Manufacturing	70.3	74.0	80.8	80.5	80.5	80.3	80.1	80.1	80.7	80.3	79.8	80.0
10 Industrial materials industries	71.7	75.3	82.3	81.4	80.9	80.1	80.1	79.5	79.9	79.4	78.9	79.1
11 Construction contracts (1977 = 100)[3]	111.0	137.0	149.0	162.0	161.0	162.0	142.0	164.0	163.0	166.0	169.0	160.0
12 Nonagricultural employment, total[4]	136.1	137.1	143.6	147.3	147.6	148.0	148.1	148.5	148.9	149.3	149.8	150.1
13 Goods-producing, total	102.2	100.1	106.1	107.5	107.6	107.5	107.3	107.2	107.3	107.1	107.5	107.6
14 Manufacturing, total	96.6	94.8	99.8	100.4	100.1	99.9	99.7	99.5	99.6	99.1	99.5	99.6
15 Manufacturing, production-worker	89.1	87.9	94.0	93.0	92.6	92.3	92.0	91.8	91.9	91.5	91.8	92.1
16 Service-producing	154.7	157.3	164.1	169.1	169.5	170.3	170.5	171.1	171.7	172.4	173.0	173.4
17 Personal income, total	423.9r	450.2r	494.0r	517.2r	522.0r	519.2r	520.7r	522.2r	523.1	525.4	528.0	530.9
18 Wages and salary disbursements	371.5r	392.5r	429.7r	452.2r	454.4r	455.9r	458.7r	459.0r	461.2	464.0	465.4	467.9
19 Manufacturing	286.4r	296.3r	327.3r	339.3r	338.5r	339.3r	339.9r	339.7r	341.2	341.8	342.6	343.8
20 Disposable personal income[5]	164.0r	175.8r	193.6r	197.6r	203.6r	207.2r	202.1r	202.7r	202.8	203.5	204.6	205.7
21 Retail sales (1977 = 100)[6]	148.1	162.0	179.0	185.7	191.5	190.7	188.8	189.9	194.2	198.4	190.1	192.3
Prices[7]												
22 Consumer	289.1	298.4	311.1	318.8	320.1	321.3	322.3	322.8	323.5	324.5	325.5	326.6
23 Producer finished goods	280.7	285.2	291.1	292.1	293.1	294.1	294.0r	294.8	293.5	290.2	294.8	296.7

1. A major revision of the industrial production index and the capacity utilization rates was released in July 1985. See "A Revision of the Index of Industrial Production" and accompanying tables that contain revised indexes (1977=100) through December 1984 in the FEDERAL RESERVE BULLETIN, vol. 71 (July 1985), pp. 487–501. The revised indexes for January through June 1985 were shown in the September BULLETIN.
2. Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, Department of Commerce, and other sources.
3. Index of dollar value of total construction contracts, including residential, nonresidential and heavy engineering, from McGraw-Hill Information Systems Company, F. W. Dodge Division.
4. Based on data in *Employment and Earnings* (U.S. Department of Labor). Series covers employees only, excluding personnel in the Armed Forces.
5. Based on data in *Survey of Current Business* (U.S. Department of Commerce).
6. Based on Bureau of Census data published in *Survey of Current Business*.
7. Data without seasonal adjustment, as published in *Monthly Labor Review*. Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Department of Labor.

NOTE. Basic data (not index numbers) for series mentioned in notes 4, 5, and 6, and indexes for series mentioned in notes 3 and 7 may also be found in the *Survey of Current Business*.

Figures for industrial production for the last two months are preliminary and estimated, respectively.

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

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

Category	1982	1983	1984	1985							
				Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
HOUSEHOLD SURVEY DATA											
1 **Noninstitutional population**[1]	**174,450**	**176,414**	**178,602**	**180,024**	**180,171**	**180,322**	**180,492**	**180,657**	**180,831**	**181,011**	**181,186**
2 Labor force (including Armed Forces)[1]	112,383	113,749	115,763	117,596	117,600	117,009	117,543	117,551	118,077	118,400	118,313
3 Civilian labor force	110,204	111,550	113,544	115,371	115,373	114,783	115,314	115,299	115,818	116,159	116,067
Employment											
4 Nonagricultural industries[2]	96,125	97,450	101,685	103,517	103,648	103,232	103,737	104,080	104,568	104,841	104,920
5 Agriculture	3,401	3,383	3,321	3,428	3,312	3,138	3,126	3,092	2,976	3,026	3,008
Unemployment											
6 Number	10,678	10,717	8,539	8,426	8,413	8,413	8,451	8,127	8,274	8,291	8,140
7 Rate (percent of civilian labor force)	9.7	9.6	7.5	7.3	7.3	7.3	7.3	7.0	7.1	7.1	7.0
8 Not in labor force	62,067	62,665	62,839	62,428	62,571	63,313	62,949	63,106	62,754	62,611	62,873
ESTABLISHMENT SURVEY DATA											
9 **Nonagricultural payroll employment**[3]	**89,566**	**90,196**	**94,461**	**97,120**	**97,421**	**97,473**	**97,707**	**97,977**	**98,217r**	**98,571r**	**98,753**
10 Manufacturing	18,781	18,434	19,412	19,467	19,426	19,398	19,351	19,362	19,279r	19,342r	19,372
11 Mining	1,128	952	974	982	982	974	969	965	962r	958	951
12 Contract construction	3,905	3,948	4,345	4,641	4,658	4,638	4,660	4,688	4,721r	4,745r	4,750
13 Transportation and public utilities	5,082	4,954	5,171	5,278	5,301	5,295	5,302	5,282	5,317r	5,326r	5,350
14 Trade	20,457	20,881	22,134	23,013	23,140	23,193	23,226	23,305	23,344r	23,438r	23,416
15 Finance	5,341	5,468	5,682	5,858	5,888	5,906	5,932	5,959	5,987r	6,008r	6,040
16 Service	19,036	19,694	20,761	5,278	5,270	5,276	5,284	5,314	5,338	5,356	5,376
17 Government	15,837	15,870	15,987	16,158	16,213	16,213	16,341	16,343	16,452r	16,509r	16,508

1. Persons 16 years of age and over. Monthly figures, which are based on sample data, relate to the calendar week that contains the 12th day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures. Based on data from *Employment and Earnings* (U.S. Department of Labor).

2. Includes self-employed, unpaid family, and domestic service workers.

3. Data include all full- and part-time employees who worked during, or received pay for, the pay period that includes the 12th day of the month, and exclude proprietors, self-employed persons, domestic servants, unpaid family workers, and members of the Armed Forces. Data are adjusted to the March 1984 benchmark and only seasonally adjusted data are available at this time. Based on data from *Employment and Earnings* (U.S. Department of Labor).

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	1984 Q4	1985 Q1	1985 Q2	1985 Q3r	1984 Q4	1985 Q1	1985 Q2	1985 Q3	1984 Q4	1985 Q1	1985 Q2r	1985 Q3r
	Output (1977 = 100)				Capacity (percent of 1977 output)				Utilization rate (percent)			
1 **Total industry**	**123.1**	**123.8**	**124.2**	**124.8**	**151.7**	**152.8**	**154.0**	**155.1**	**81.2**	**81.0**	80.7	**80.5**
2 Mining	108.3	110.1	110.0	108.2	133.1	133.4	133.6	133.9	81.3	82.6	82.3	80.8
3 Utilities	111.1	114.2	113.6	111.4	133.0	133.7	134.5	135.4	83.5	85.5	84.4	82.3
4 **Manufacturing**	**125.8**	**126.0**	**126.6**	**127.7**	**155.2**	**156.5**	**157.7**	**158.9**	**81.0**	**80.5**	80.3	**80.3**
5 Primary processing	107.0	107.5	108.1	109.5	131.4	131.6	132.0	132.4	81.5	81.6	81.9	82.7
6 Advanced processing	137.0	137.1	137.9	138.7	169.6	171.4	173.2	174.9	80.8	80.0	79.6	79.3
7 **Materials**	**114.5**	**115.4**	**114.5**	**114.1**	**140.7**	**141.6**	142.5	**143.4**	**81.4**	**81.5**	80.4	**79.6**
8 Durable goods	123.7	123.6	121.4	120.7	154.4	155.9	157.4	158.9	80.1	79.3	77.1	76.0
9 Metal materials	80.4	80.6	80.2	79.4	117.8	117.3	117.3	117.3	68.2	68.7	68.4	67.7
10 Nondurable goods	110.9	110.9	111.2	113.6	136.8	137.3	137.8	138.2	81.0	80.7	80.7	82.2
11 Textile, paper, and chemical	110.7	111.6	111.0	114.1	136.2	136.7	137.0	137.4	81.3	81.7	81.0	83.0
12 Paper	126.2	126.3	121.8	123.8	135.3	136.1	136.2	136.3	93.3	92.8	89.4	90.8
13 Chemical	110.9	113.2	112.6	114.6	141.1	141.5	142.0	142.6	78.6	80.0	79.3	80.4
14 Energy materials	101.3	105.0	105.2	103.0	119.7	120.0	120.3	120.6	84.6	87.5	87.5	85.4

Series	Previous cycle[1] High	Previous cycle[1] Low	Latest cycle[2] High	Latest cycle[2] Low	1984 Nov.	1985 Mar.	1985 Apr.	1985 May	1985 June	1985 July	1985 Aug.r	1985 Sept.r	1985 Oct.r	1985 Nov.
	Capacity utilization rate (percent)													
15 **Total industry**	88.6	72.1	86.9	69.5	81.3	81.0	80.8	80.6	80.5	80.2	80.7	80.4	79.9	80.1
16 Mining	92.8	87.8	95.2	76.9	81.7	82.8	82.1	82.2	82.7	81.2	80.9	80.4	79.1	78.7
17 Utilities	95.6	82.9	88.5	78.0	84.3	85.0	84.6	84.5	84.1	81.9	81.5	83.4	83.4	83.6
18 **Manufacturing**	87.7	69.9	86.5	68.0	81.2	80.5	80.5	80.3	80.1	80.1	80.7	80.3	79.8	80.0
19 Primary processing	91.9	68.3	89.1	65.1	81.7	81.8	82.1	81.5	82.0	82.3	82.9	82.9	83.1	83.4
20 Advanced processing	86.0	71.1	85.1	69.5	80.9	79.8	79.7	79.8	79.3	79.1	79.6	79.1	78.2	78.5
21 **Materials**	92.0	70.5	89.1	68.4	81.5	81.4	80.9	80.1	80.1	79.5	79.9	79.4	78.9	79.1
22 Durable goods	91.8	64.4	89.8	60.9	80.2	78.9	78.3	76.6	76.5	75.8	76.6	75.4	75.0	75.3
23 Metal materials	99.2	67.1	93.6	45.7	68.6	69.8	69.9	66.2	69.0	66.4	69.4	67.3	69.4	70.7
24 Nondurable goods	91.1	66.7	88.1	70.6	80.9	80.2	80.2	80.8	81.0	81.7	82.1	82.8	82.3	82.3
25 Textile, paper, and chemical	92.8	64.8	89.4	68.6	81.1	81.4	80.7	80.9	81.4	82.7	82.8	83.6	82.9	83.0
26 Paper	98.4	70.6	97.3	79.9	92.5	92.1	89.1	88.8	90.5	91.7	90.1	90.7	88.5	89.8
27 Chemical	92.5	64.4	87.9	63.3	78.8	79.5	79.2	79.5	79.2	80.1	79.8	81.2	81.1	80.7
28 Energy materials	94.6	86.9	94.0	82.2	84.8	88.4	87.6	87.5	87.3	85.8	85.1	85.2	84.5	84.7

1. Monthly high 1973; monthly low 1975.
2. Monthly highs 1978 through 1980; monthly lows 1982.

NOTE. These data also appear in the Board's G.3 (402) release. For address, see inside front cover.

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value ▲

Monthly data are seasonally adjusted

Grouping	1977 proportion	1984 avg.	1984 Nov.	1984 Dec.	1985 Jan.	1985 Feb.	1985 Mar.	1985 Apr.	1985 May	1985 June	1985 July	1985 Aug.	1985 Sept.	1985 Oct.[p]	1985 Nov.[e]
			Index (1977 = 100)												
MAJOR MARKET															
1 **Total index**	**100.00**	**121.8**	**123.4**	**123.3**	**123.6**	**123.7**	**124.0**	**124.1**	**124.1**	**124.3**	**124.1**	**125.2**	**125.0**	**124.6**	**125.1**
2 Products	57.72	127.1	129.9	129.8	129.6	129.8	130.3	130.8	131.4	131.6	131.6	133.0	133.1	132.5	133.1
3 Final products	44.77	127.8	130.7	130.6	130.4	130.4	130.8	131.3	131.7	131.6	131.8	133.3	133.3	132.6	133.2
4 Consumer goods	25.52	118.2	119.6	119.7	118.8	119.1	119.8	119.5	120.0	120.4	120.1	121.5	121.7	121.1	121.7
5 Equipment	19.25	140.5	145.5	144.9	145.7	145.3	145.4	146.9	147.1	146.6	147.3	149.0	148.6	147.7	148.5
6 Intermediate products	12.94	124.9	127.2	127.3	126.8	127.7	128.6	129.3	130.3	131.4	130.7	132.0	132.5	132.5	132.6
7 Materials	42.28	114.6	114.6	114.6	115.4	115.4	115.5	115.0	114.2	114.3	113.8	114.5	114.1	113.6	114.2
Consumer goods															
8 Durable consumer goods	6.89	112.6	113.3	113.1	112.8	112.8	113.5	111.5	111.8	112.0	111.3	114.0	112.9	111.6	113.1
9 Automotive products	2.98	109.8	110.2	111.6	114.2	115.4	115.1	113.1	113.6	113.4	115.0	120.0	117.8	113.1	115.7
10 Autos and trucks	1.79	103.0	103.1	104.7	112.5	111.7	110.5	109.0	109.6	109.4	113.7	120.2	116.6	108.7	112.7
11 *Autos, consumer*	1.16	93.2	89.7	95.6	102.5	100.7	101.3	100.5	98.1	97.0	101.1	101.3	98.8	92.3	93.9
12 Trucks, consumer	.63	121.2	127.8	121.5	131.1	132.0	127.5	124.7	130.9	132.3	137.2	155.4	149.7	139.1	.....
13 Auto parts and allied goods	1.19	120.1	121.1	122.1	116.8	121.1	122.0	119.4	119.6	119.4	116.8	119.6	119.5	119.8	120.2
14 Home goods	3.91	114.8	115.8	114.3	111.6	110.9	112.2	110.2	110.4	110.9	108.4	109.5	109.3	110.4	111.2
15 Appliances, A/C and TV	1.24	136.2	137.4	137.2	126.1	127.1	131.8	126.9	129.3	131.5	121.6	124.5	123.7	124.3	126.5
16 Appliances and TV	1.19	137.5	138.4	138.2	126.6	127.2	131.8	127.1	128.7	131.7	123.2	125.5	125.6	126.6	.....
17 Carpeting and furniture	.96	117.6	118.1	114.1	112.7	117.9	117.7	118.1	116.9	119.6	122.2	119.5	120.2	120.4	.....
18 Miscellaneous home goods	1.71	97.8	99.0	97.9	100.6	95.1	95.0	93.7	93.1	91.2	91.2	93.0	92.7	94.7	.....
19 Nondurable consumer goods	18.63	120.2	121.8	122.1	121.1	121.4	122.1	122.5	123.1	123.5	123.4	124.2	124.9	124.6	124.8
20 Consumer staples	15.29	125.0	127.4	127.7	126.6	126.9	127.9	128.5	129.0	129.6	129.3	130.3	130.8	130.6	130.6
21 Consumer foods and tobacco	7.80	126.2	127.6	129.1	127.1	127.8	128.0	129.4	128.9	130.5	130.1	130.8	131.2	130.0	.....
22 Nonfood staples	7.49	123.9	127.5	126.5	126.0	126.0	127.7	127.6	129.1	128.7	128.5	129.7	130.4	131.2	131.7
23 Consumer chemical products	2.75	137.4	143.3	142.7	142.9	143.2	145.1	145.1	147.3	145.4	145.4	149.1	151.8	151.7	.....
24 Consumer paper products	1.88	138.4	141.5	141.8	141.2	138.1	141.7	142.0	143.7	144.6	144.9	143.9	144.7	144.4	.....
25 Consumer energy	2.86	101.4	103.0	100.7	99.9	101.5	101.9	101.5	102.1	102.2	101.5	101.8	100.5	102.8	.....
26 Consumer fuel	1.44	89.3	89.9	87.7	85.1	84.9	87.0	90.0	90.2	88.8	89.2	91.1	84.8	89.2	.....
27 Residential utilities	1.42	113.7	116.3	113.9	115.0	118.4	117.1	113.2	114.4	115.9	114.0	112.7	116.5	.....	.....
Equipment															
28 Business and defense equipment	18.01	139.6	144.6	143.9	145.5	145.6	146.1	147.7	147.9	147.4	147.9	149.7	149.3	148.8	149.9
29 Business equipment	14.34	134.9	139.8	138.4	140.4	140.0	140.2	142.0	141.9	140.7	141.3	143.0	142.1	141.1	141.9
30 Construction, mining, and farm	2.08	66.6	68.2	68.5	68.8	68.3	67.1	68.4	67.4	67.7	68.6	67.2	67.0	66.8	.....
31 Manufacturing	3.27	109.4	112.4	111.5	111.6	112.3	112.0	112.4	113.1	111.9	113.5	115.1	114.8	113.9	114.3
32 Power	1.27	79.2	83.8	84.5	82.5	81.8	79.6	81.8	82.8	84.1	85.6	84.5	85.1	85.9	86.3
33 Commercial	5.22	209.2	217.1	214.5	217.4	217.0	218.9	221.8	222.8	219.6	219.5	222.8	219.3	216.3	217.2
34 Transit	2.49	98.6	102.9	100.9	106.7	104.9	104.5	106.0	102.9	103.4	103.3	106.0	108.3	109.6	111.6
35 Defense and space equipment	3.67	157.9	163.3	165.3	165.3	167.3	169.0	170.1	171.2	173.4	173.9	175.5	177.5	178.7	181.5
Intermediate products															
36 Construction supplies	5.95	114.0	115.7	114.7	116.2	115.7	116.9	117.4	118.1	119.2	119.4	121.5	121.5	121.1	120.8
37 Business supplies	6.99	134.2	137.1	138.0	135.9	137.9	138.6	139.4	140.7	141.7	140.3	140.9	141.9	142.3	.....
38 General business supplies	5.67	137.9	140.9	141.4	140.2	141.1	141.9	143.4	144.4	146.1	144.4	145.1	145.7	145.4	.....
39 Commercial energy products	1.31	118.0	120.4	122.9	117.1	124.1	124.5	122.4	124.6	122.7	122.7	122.5	125.7	128.6	.....
Materials															
40 Durable goods materials	20.50	122.3	123.9	123.4	124.2	123.3	123.3	122.8	120.7	120.8	120.2	121.8	120.2	120.0	120.8
41 Durable consumer parts	4.92	98.0	99.1	99.8	102.6	102.2	102.1	101.8	100.1	98.7	98.3	100.0	99.0	97.4	100.4
42 Equipment parts	5.94	164.5	169.1	168.8	166.7	164.2	163.3	161.1	157.8	157.3	157.0	158.7	156.5	155.3	155.0
43 Durable materials n.e.c.	9.64	108.6	108.7	107.4	109.1	109.0	109.6	110.0	108.2	109.6	108.6	110.2	108.7	109.8	110.2
44 Basic metal materials	4.64	86.4	85.2	84.0	83.5	84.1	85.1	86.6	82.0	85.0	82.5	85.1	82.8	85.5	.....
45 Nondurable goods materials	10.09	111.2	110.7	110.7	110.9	111.4	110.3	110.4	111.3	111.8	112.8	113.5	114.5	114.0	114.2
46 Textile, paper, and chemical materials	7.53	111.6	110.5	110.1	111.5	112.1	111.3	110.5	110.9	111.7	113.5	113.8	115.0	114.2	114.4
47 Textile materials	1.52	101.5	93.7	91.2	90.3	93.5	93.0	94.1	95.0	97.3	100.2	104.4	103.4	102.5	.....
48 Pulp and paper materials	1.55	126.5	125.1	127.2	127.5	126.0	125.4	121.3	120.9	123.3	125.0	122.8	123.7	120.8	.....
49 Chemical materials	4.46	109.9	111.1	110.6	113.3	113.5	112.7	112.3	112.9	112.6	114.0	113.8	115.9	115.9	.....
50 Miscellaneous nondurable materials	2.57	109.8	111.1	112.1	109.2	109.4	107.2	110.1	112.5	112.0	110.8	112.7	113.2	113.5	.....
51 Energy materials	11.69	104.0	101.5	102.4	103.9	104.9	106.2	105.3	105.3	105.1	103.5	102.7	102.8	102.1	102.5
52 Primary energy	7.57	107.5	104.1	106.0	107.0	107.6	110.2	107.9	107.8	109.0	107.4	106.4	106.0	104.5	.....
53 Converted fuel materials	4.12	97.6	96.8	96.0	98.2	100.0	99.0	100.6	100.6	98.1	96.2	95.9	97.0	97.8	.....

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value—Continued

Grouping	SIC code	1977 proportion	1984 avg.	1984 Nov.	1984 Dec.	1985 Jan.	1985 Feb.	1985 Mar.	1985 Apr.	1985 May	1985 June	1985 July	1985 Aug.	1985 Sept.	1985 Oct.[p]	1985 Nov.[e]
				Index (1977 = 100)												
MAJOR INDUSTRY																
1 Mining and utilities	......	15.79	110.9	110.1	109.9	111.4	111.9	111.8	111.1	111.3	111.6	109.4	109.1	109.8	108.8	108.8
2 Mining	......	9.83	110.9	108.8	108.9	110.5	109.5	110.5	109.6	109.8	110.6	108.7	108.3	107.7	106.0	105.6
3 Utilities	......	5.96	110.9	112.1	111.6	113.0	115.8	113.9	113.6	113.7	113.4	110.7	110.3	113.2	113.4	114.0
4 Manufacturing	......	84.21	123.9	126.0	125.8	125.9	125.8	126.3	126.6	126.6	126.7	126.9	128.2	127.9	127.5	128.1
5 Nondurable	......	35.11	122.5	123.8	123.4	123.2	123.8	123.9	124.3	124.7	125.5	125.6	126.6	127.0	127.0	127.1
6 Durable	......	49.10	124.8	127.5	127.4	127.8	127.2	128.0	128.2	127.9	127.6	127.9	129.4	128.5	127.9	128.9
Mining																
7 Metal	10	.50	77.0	75.5	69.3	70.5	74.5	83.6	81.2	78.3	77.5	60.9	73.1	71.4	73.1	.....
8 Coal	11.12	1.60	127.6	113.1	116.2	118.5	121.5	131.9	128.5	128.7	134.0	128.0	127.7	126.3	118.9	123.0
9 Oil and gas extraction	13	7.07	109.1	109.8	109.8	110.7	108.2	106.8	106.5	106.9	106.9	106.9	105.5	105.1	104.2	102.6
10 Stone and earth minerals	14	.66	116.1	115.3	113.2	118.5	119.8	118.7	118.5	118.7	117.9	116.6	117.7	117.9	118.1	.....
Nondurable manufactures																
11 Foods	20	7.96	127.1	128.7	129.0	128.2	129.4	128.5	130.8	131.4	131.8	132.2	132.6	132.8	132.0	.....
12 Tobacco products	21	.62	100.7	102.7	107.4	97.2	103.8	103.4	98.4	95.7	98.9	96.0	97.7	97.8	97.6	.....
13 Textile mill products	22	2.29	103.7	97.1	94.7	93.6	98.5	99.4	99.0	100.0	103.3	104.1	106.3	106.7	106.0	.....
14 Apparel products	23	2.79	102.8	101.1	102.5	102.6	103.1	101.3	100.2	100.3	99.2	100.6	100.4	101.8	102.3	.....
15 Paper and products	26	3.15	127.3	127.7	128.8	128.3	126.4	126.9	125.1	124.1	127.1	129.0	127.5	128.6	128.0	.....
16 Printing and publishing	27	4.54	147.9	153.5	151.2	150.4	150.3	152.6	154.2	155.4	156.7	154.3	156.3	155.9	156.3	156.5
17 Chemicals and products	28	8.05	121.7	124.3	123.4	125.7	125.8	126.5	125.8	126.7	126.4	126.4	128.2	129.5	129.5	.....
18 Petroleum products	29	2.40	87.4	86.2	84.7	84.1	84.0	84.7	87.3	87.4	87.1	88.3	88.2	85.9	88.3	88.6
19 Rubber and plastic products	30	2.80	143.2	146.6	146.6	145.9	145.7	144.1	144.9	144.3	145.5	145.6	148.0	148.6	148.6	.....
20 Leather and products	31	.53	76.7	71.5	71.4	69.1	69.2	69.4	69.9	71.0	71.5	72.2	72.7	73.3	71.5	.....
Durable manufactures																
21 Lumber and products	24	2.30	109.1	109.5	109.4	109.2	109.1	109.5	110.9	112.2	113.5	113.0	114.8	115.9	.....	.....
22 Furniture and fixtures	25	1.27	136.7	139.8	138.0	136.5	139.0	139.2	141.0	142.0	141.9	145.3	144.3	144.2	143.4	.....
23 Clay, glass, stone products	32	2.72	112.3	113.6	111.8	112.7	110.5	111.4	114.5	116.3	116.1	115.1	116.2	116.7	115.6	.....
24 Primary metals	33	5.33	82.4	80.9	78.4	81.7	80.2	81.8	81.4	76.4	78.3	79.0	82.0	80.3	83.2	84.7
25 Iron and steel	331.2	3.49	73.5	71.1	68.9	71.0	68.5	73.2	71.9	65.4	67.6	68.7	71.6	69.7	74.6	.....
26 Fabricated metal products	34	6.46	102.8	105.4	105.9	106.4	107.6	108.6	109.1	108.3	107.4	107.3	107.8	107.5	108.0	108.2
27 Nonelectrical machinery	35	9.54	142.0	145.8	144.6	145.0	144.9	146.5	148.9	149.1	145.6	147.5	149.2	147.4	144.6	144.8
28 Electrical machinery	36	7.15	172.4	178.9	180.2	176.0	173.2	173.1	168.9	169.3	169.5	165.7	166.1	165.1	165.5	166.3
29 Transportation equipment	37	9.13	113.6	116.0	117.8	120.4	120.5	120.8	120.7	120.9	121.8	123.7	126.8	126.2	123.5	126.7
30 Motor vehicles and parts	371	5.25	105.6	107.5	109.5	113.0	112.5	111.3	110.9	110.5	110.5	112.8	116.8	115.3	110.0	113.9
31 Aerospace and miscellaneous transportation equipment	372–6.9	3.87	124.4	127.5	129.0	130.5	131.4	133.7	134.1	134.9	137.1	138.5	140.4	141.1	141.8	144.2
32 Instruments	38	2.66	136.9	138.6	138.9	138.7	138.7	139.0	138.5	139.9	140.7	141.1	141.8	138.9	138.0	139.4
33 Miscellaneous manufactures	39	1.46	98.0	98.6	97.2	99.0	96.4	96.0	98.3	98.3	96.8	95.9	97.2	96.4	97.5	.....
Utilities																
34 Electric	......	4.17	116.8	118.7	117.5	118.9	121.9	119.5	119.1	119.5	119.4	117.5	116.7	120.6	120.5	121.2
		Gross value (billions of 1972 dollars, annual rates)														
MAJOR MARKET																
35 Products, total	......	**596.0**	**745.6**	**759.2**	**756.5**	**761.3**	**764.2**	**769.5**	**773.3**	**774.4**	**773.4**	**769.0**	**778.7**	**777.6**	**776.0**	**778.0**
36 Final	......	472.7	593.7	605.2	601.8	606.5	608.7	613.3	616.2	616.2	613.9	610.1	618.6	617.3	615.4	617.4
37 Consumer goods	......	309.2	356.5	359.0	360.0	358.8	360.9	364.6	364.7	365.1	364.0	361.7	366.2	365.2	364.2	365.4
38 Equipment	......	163.5	237.6	246.7	242.3	247.6	247.8	248.7	251.4	251.1	249.9	248.4	252.4	252.1	251.3	252.0
39 Intermediate	......	123.3	151.8	154.0	154.6	154.9	155.5	156.3	157.1	158.2	159.5	158.9	160.1	160.3	160.6	160.6

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

NOTE. These data also appear in the Board's G.12.3 (414) release. For address, see inside front cover.

2.14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates except as noted.

Item	1982	1983	1984	1985 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.ʳ	Sept.ʳ	Oct.
	Private residential real estate activity (thousands of units)												
NEW UNITS													
1 Permits authorized	1,000	1,605	1,682	1,635	1,624	1,741	1,704	1,778	1,712	1,694	1,784	1,808	1,688
2 1-family	546	902	922	903	927	993	948	933	961	967	990	949	965
3 2-or-more-family	454	703	759	732	697	748	756	845	751	727	794	859	723
4 Started	1,062	1,703	1,749	1,603ʳ	1,662ʳ	1,785ʳ	1,824ʳ	1,883ʳ	1,834ʳ	1,976ʳ	1,945	2,052	2,042
5 1-family	663	1,067	1,084	1,060	1,135	1,168	1,155	1,039	1,031	1,062	1,059	975	1,125
6 2-or-more-family	400	635	665	789	512	721	778	642	670	601	681	641	636
7 Under construction, end of period[1]	720	1,003	1,051	1,071	1,066	1,063	1,088	1,089	1,075	1,073	1,084	1,063	1,090
8 1-family	400	524	556	572	580	578	583	582	575	578	583	567	579
9 2-or-more-family	320	479	494	499	485	485	505	507	500	495	502	495	512
10 Completed	1,005	1,390	1,652	1,719	1,794	1,685	1,641	1,627	1,789	1,725	1,721	1,796	1,521
11 1-family	631	924	1,025	1,107	1,082	1,043	1,074	1,020	1,097	1,048	1,019	1,110	1,054
12 2-or-more-family	374	466	627	612	712	642	567	607	692	677	702	686	467
13 Mobile homes shipped	240	296	295	273	276	283	287	287	270	286	290	278	298
Merchant builder activity in 1-family units													
14 Number sold	413	622	639	634	676	699	649	682	710	748ʳ	708	676	623
15 Number for sale, end of period[1]	255	304	358	356	360	357	356	356	354	351ʳ	348	350	355
Price (thousands of dollars)[2]													
Median													
16 Units sold	69.3	75.5	80.0	82.5	82.0	84.2	85.6	80.1	86.3	82.1ʳ	83.3	84.7	85.5
Average													
17 Units sold	83.8	89.9	97.5	98.3	96.2	100.9	104.7	98.1	99.6	99.4ʳ	99.2	103.2	102.4
EXISTING UNITS (1-family)													
18 Number sold	1,991	2,719	2,868	3,000	2,880	3,030	3,040	3,040	3,060	3,140	3,500	3,450	3,550
Price of units sold (thousands of dollars)[2]													
19 Median	67.7	69.8	72.3	73.8	73.5	74.2	74.5	75.0	76.2	77.4	76.9	75.5	74.8
20 Average	80.4	82.5	85.9	87.7	87.2	88.6	89.7	90.1	91.5	93.5	93.0	91.1	90.8
	Value of new construction[3] (millions of dollars)												
CONSTRUCTION													
21 Total put in place	**236,935**	**268,730**	**312,989**	**341,038**	**334,254**	**333,723**	**341,861**	**339,943**	**343,837**	**344,206ʳ**	**343,246**	**346,084**	**346,290**
22 Private	186,091	218,016	257,802	283,688	276,452	274,575	281,988	276,420	278,939	279,521ʳ	279,371	282,505	282,683
23 Residential	80,609	121,309	145,058	155,260	146,042	146,195	146,539	142,254	147,158	148,699ʳ	146,858	148,915	150,596
24 Nonresidential, total	105,482	96,707	112,744	128,428	130,410	128,380	135,449	134,166	131,781	130,822ʳ	132,513	133,590	132,087
Buildings													
25 Industrial	17,346	12,863	13,746	15,195	15,815	14,585	17,283	16,443	15,170	15,384ʳ	15,118	15,567	15,429
26 Commercial	37,281	35,787	48,102	58,524	58,922	59,382	61,219	60,064	58,290	57,956	59,910	61,227	60,820
27 Other	10,507	11,660	12,298	11,889	12,054	11,245	12,663	12,929	12,786	12,578	12,957	12,769	12,249
28 *Public utilities and other*	40,348	36,397	38,598	42,820	43,619	43,168	44,284	44,730	45,535	44,904ʳ	44,528	44,027	43,589
29 Public	50,843	50,715	55,186	57,350	57,802	59,148	59,873	63,523	64,897	64,686ʳ	63,875	63,580	63,606
30 Military	2,205	2,544	2,839	2,969	3,036	3,078	3,166	3,349	3,426	3,364	2,966	3,008	3,354
31 Highway	13,293	14,143	16,295	17,759	18,416	19,176	19,920	22,314	21,093	19,589	20,224	19,585	19,180
32 Conservation and development	5,029	4,822	4,656	4,645	4,674	4,727	4,393	5,051	5,410	5,075	4,824	5,254	4,921
33 Other	30,316	29,206	31,396	31,977	31,676	32,167	32,394	32,809	34,968	36,658ʳ	35,861	35,733	36,151

1. Not at annual rates.
2. Not seasonally adjusted.
3. Value of new construction data in recent periods may not be strictly comparable with data in prior periods because of changes by the Bureau of the Census in its estimating techniques. For a description of these changes see *Construction Reports* (C-30-76-5), issued by the Bureau in July 1976.

NOTE. Census Bureau estimates for all series except (a) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (b) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from originating agency. Permit authorizations are those reported to the Census Bureau from 16,000 jurisdictions beginning with 1978.

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data, except as noted

Item	Change from 12 months earlier		Change from 3 months earlier (at annual rate)				Change from 1 month earlier					Index level Nov. 1985 (1967 = 100)[1]
	1984 Nov.	1985 Nov.	1984 Dec.	1985 Mar.	1985 June	1985 Sept.	1985 July	1985 Aug.	1985 Sept.	1985 Oct.	1985 Nov.	
CONSUMER PRICES[2]												
1 All items	4.0	3.6	3.0	4.1	3.3	2.3	.2	.2	.2	.3	.6	326.6
2 Food	4.0	2.3	3.7	2.6	−.9	1.8	.1	.0	.3	.2	.7	311.0
3 Energy items	.5	.8	−.7	−.8	9.6	−4.3	−.3	−.6	−.2	−.8	.9	425.1
4 All items less food and energy	4.7	4.4	3.5	5.5	3.4	3.5	.3	.3	.2	.5	.4	320.4
5 Commodities	3.3	2.2	.9	6.6	−1.4	.8	−.2	.1	.3	.4	.2	262.7
6 Services	5.5	5.7	5.0	5.0	6.4	5.0	.5	.5	.2	.6	.6	384.8
PRODUCER PRICES												
7 Finished goods	1.9	1.5	1.1	.5	1.7	−2.4	.3	−.3	−.6	.9	.8	296.7
8 Consumer foods	3.9	.0	3.3	−3.0	−8.1	−1.6	1.0r	−.5r	−.9	1.4	1.6	272.0
9 Consumer energy	−3.8	−2.0	5.6	−21.3	27.3	−12.8	−1.5r	−1.7r	−.1	−.2	3.1	732.9
10 Other consumer goods	2.3	2.8	−.2	6.5	1.4	−.2	.5r	.0	−.5	.8	.1	255.1
11 Capital equipment	2.2	2.5	−1.1	6.2	1.6	−1.2	.1	.2	−.6	1.0	.1	303.8
12 Intermediate materials[3]	1.9	−.5	1.2	−2.5	1.1	−1.2	−.3	−.1	.1	.0	.2	324.5
13 Excluding energy	2.4	−.2	1.5	−1.0	1.2	−1.2	−.1	−.1	−.1	.0	.0	304.2
Crude materials												
14 Foods	.4	−6.4	10.6	−24.9	−20.4	−19.9	−1.1r	−3.6r	−.7	6.3	5.8	236.7
15 Energy	−.4	−4.6	−7.6	−13.1	4.4	−4.7	−.3r	−1.4r	.4	−.3	−.1	742.9
16 Other	−1.8	−4.1	−10.7	−13.3	3.1	−4.2	.8	−1.2	−.6	.5	−.2	244.9

1. Not seasonally adjusted.
2. Figures for consumer prices are those for all urban consumers and reflect a rental equivalence measure of homeownership after 1982.
3. Excludes intermediate materials for food manufacturing and manufactured animal feeds.

SOURCE. Bureau of Labor Statistics.

2.16 GROSS NATIONAL PRODUCT AND INCOME

Billions of current dollars except as noted; quarterly data are at seasonally adjusted annual rates.

Account	1982r	1983r	1984r	1984		1985		
				Q3r	Q4r	Q1r	Q2r	Q3r
GROSS NATIONAL PRODUCT								
1 **Total**	**3,166.0**	**3,401.6**	**3,774.7**	**3,812.2**	**3,852.5**	**3,917.5**	**3,960.6**	**4,016.9**
By source								
2 Personal consumption expenditures	2,050.7	2,229.3	2,423.0	2,439.0	2,480.1	2,525.0	2,563.3	2,606.1
3 Durable goods	252.7	289.6	331.1	331.1	341.5	351.5	356.5	376.0
4 Nondurable goods	771.0	817.0	872.4	876.6	883.1	895.7	910.2	914.5
5 Services	1,027.0	1,122.7	1,219.6	1,231.3	1,255.4	1,277.8	1,296.6	1,315.6
6 Gross private domestic investment	447.3	501.9	674.0	687.9	676.2	657.6	672.8	666.1
7 Fixed investment	471.8	508.3	607.0	619.5	637.2	639.1	657.3	665.9
8 Nonresidential	366.7	356.3	427.9	435.9	458.1	459.6	474.2	478.5
9 Structures	143.3	126.1	147.6	151.3	157.2	166.1	169.7	170.4
10 Producers' durable equipment	223.4	230.2	280.2	284.5	300.9	293.5	304.5	308.1
11 Residential structures	105.1	152.0	179.1	183.7	179.1	179.4	183.1	187.4
12 Change in business inventories	−24.5	−6.4	67.1	68.3	39.0	18.5	15.5	.2
13 Nonfarm	−23.1	.8	58.0	62.8	36.4	14.2	10.8	3.1
14 Net exports of goods and services	26.3	−5.3	−59.2	−61.9	−72.2	−42.3	−70.3	−87.8
15 Exports	361.9	354.1	384.6	391.4	389.5	379.6	369.2	363.2
16 Imports	335.6	359.4	443.8	453.3	461.7	421.9	439.5	451.0
17 Government purchases of goods and services	641.7	675.7	736.8	747.3	768.4	777.2	794.8	832.5
18 Federal	272.7	284.8	312.9	318.5	332.9	334.4	337.8	364.8
19 State and local	369.0	390.9	423.9	428.8	435.5	442.8	457.1	467.7
By major type of product								
20 Final sales, total	3,190.5	3,408.0	3,707.6	3,743.9	3,813.5	3,899.0	3,945.0	4,016.7
21 Goods	1,319.1	1,394.6	1,585.8	1,595.9	1,604.0	1,628.3	1,636.1	1,650.7
22 Durable	527.5	573.4	681.1	682.2	703.4	706.2	705.9	714.8
23 Nondurable	791.6	821.2	904.8	913.7	900.6	922.1	930.2	935.9
24 Services	1,547.5	1,678.0	1,806.6	1,823.8	1,855.6	1,887.6	1,908.2	1,939.9
25 Structures	299.4	328.9	382.2	392.6	392.9	401.5	416.3	426.2
26 Change in business inventories	−24.5	−6.4	67.1	68.3	39.0	18.5	15.5	.2
27 Durable goods	−16.8	−.8	37.0	39.4	29.3	16.9	1.8	−6.4
28 Nondurable goods	−7.7	−5.5	30.1	28.9	9.7	1.6	13.7	6.6
29 **MEMO: Total GNP in 1982 dollars**	**3,166.0**	**3,275.2**	**3,492.0**	**3,510.4**	**3,515.6**	**3,547.8**	**3,557.4**	**3,584.1**
NATIONAL INCOME								
30 **Total**	**2,518.4**	**2,718.3**	**3,039.3**	**3,064.2**	**3,104.4**	**3,155.3**	**3,192.2**	**3,228.0**
31 Compensation of employees	1,907.0	2,025.9	2,221.3	2,241.2	2,278.5	2,320.4	2,356.9	2,385.2
32 Wages and salaries	1,586.1	1,675.4	1,835.2	1,852.8	1,884.4	1,917.7	1,947.6	1,970.1
33 Government and government enterprises	305.9	324.2	346.1	349.2	354.7	362.6	367.4	372.6
34 Other	1,280.2	1,351.6	1,488.9	1,503.7	1,529.8	1,555.1	1,580.2	1,597.5
35 Supplement to wages and salaries	320.9	350.5	386.2	388.4	394.0	402.7	409.4	415.1
36 Employer contributions for social insurance	157.3	171.0	192.8	194.0	196.8	201.8	204.6	206.7
37 Other labor income	163.6	179.5	193.4	194.4	197.2	200.9	204.8	208.4
38 Proprietors' income[1]	175.5	192.3	233.7	232.3	232.9	239.4	240.9	237.5
39 Business and professional[1]	150.9	178.0	201.6	204.5	206.3	212.9	218.1	225.3
40 Farm[1]	24.6	14.3	32.1	27.8	26.6	26.5	22.8	12.2
41 Rental income of persons[2]	13.6	12.8	10.8	10.0	9.7	11.0	13.8	14.5
42 Corporate profits[1]	150.0	213.8	273.3	271.2	276.2	281.7	288.1	309.1
43 Profits before tax[3]	169.6	205.0	237.6	227.7	228.0	220.0	218.7	228.6
44 Inventory valuation adjustment	−10.4	−10.0	−5.4	−1.3	−1.6	.7	2.2	4.7
45 Capital consumption adjustment	−9.2	18.8	41.0	44.8	49.8	61.1	67.2	75.9
46 Net interest	272.3	273.6	300.2	309.5	307.0	302.9	292.4	281.8

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.
3. For after-tax profits, dividends, and the like, see table 1.48.

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

2.17 PERSONAL INCOME AND SAVING

Billions of current dollars; quarterly data are at seasonally adjusted annual rates. Exceptions noted.

Account	1982r	1983r	1984r	1984		1985		
				Q3r	Q4r	Q1r	Q2r	Q3r
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**2,670.8**	**2,836.4**	**3,111.9**	**3,144.2**	**3,186.2**	**3,240.9**	**3,280.1**	**3,298.5**
2 Wage and salary disbursements	1,586.1	1,675.8	1,834.9	1,852.9	1,883.9	1,917.6	1,948.6	1,970.1
3 Commodity-producing industries	511.7	523.0	577.9	583.2	591.2	600.1	604.7	607.6
4 Manufacturing	384.0	397.4	438.9	442.6	449.0	453.5	454.9	457.2
5 Distributive industries	384.2	404.2	441.6	446.1	453.0	459.8	467.4	471.2
6 Service industries	384.4	424.4	469.4	474.4	485.5	495.2	508.1	518.7
7 Government and government enterprises	305.9	324.2	346.1	349.2	354.1	362.5	368.4	372.6
8 Other labor income	163.6	179.5	193.4	194.4	197.2	200.9	204.8	208.4
9 Proprietors' income[1]	175.5	192.3	233.7	232.3	232.9	239.4	240.9	237.5
10 Business and professional[1]	150.9	178.0	201.6	204.5	206.3	212.9	218.1	225.3
11 Farm[1]	24.6	14.3	32.1	27.8	26.6	26.5	22.8	12.2
12 Rental income of persons[2]	13.6	12.8	10.8	10.0	9.7	11.0	13.8	14.5
13 Dividends	63.9	68.0	74.6	75.3	76.9	77.9	78.7	79.1
14 Personal interest income	369.7	385.7	442.2	456.8	461.3	462.8	460.5	450.6
15 Transfer payments	410.6	442.2	454.7	456.0	459.2	477.6	481.0	488.1
16 *Old-age survivors, disability, and health insurance benefits*	204.5	221.7	235.7	236.0	241.8	249.2	250.7	256.5
17 LESS: Personal contributions for social insurance	112.3	119.8	132.4	133.4	134.9	146.3	148.3	149.7
18 EQUALS: Personal income	2,670.8	2,836.4	3,111.9	3,144.2	3,186.2	3,240.9	3,280.1	3,298.5
19 LESS: Personal tax and nontax payments	409.3	411.1	441.8	447.5	462.4	501.7	462.4	498.2
20 EQUALS: Disposable personal income	2,261.4	2,425.4	2,670.2	2,696.7	2,723.8	2,739.2	2,817.7	2,800.2
21 LESS: Personal outlays	2,107.5	2,292.2	2,497.7	2,515.2	2,559.4	2,608.4	2,650.6	2,697.6
22 EQUALS: Personal saving	153.9	133.2	172.5	181.5	164.5	130.9	167.2	102.6
MEMO								
Per capita (1982 dollars)								
23 Gross national product	13,624.4	13,962.0	14,750.9	14,811.9	14,797.2	14,902.6	14,915.5	14,988.3
24 Personal consumption expenditures	8,824.9	9,147.9	9,461.8	9,465.9	9,520.8	9,613.3	9,658.1	9,742.1
25 Disposable personal income	9,732.0	9,952.0	10,427.0	10,466.0	10,457.0	10,429.0	10,617.0	10,468.0
26 Saving rate (percent)	6.8	5.5	6.5	6.7	6.0	4.8	5.9	3.7
GROSS SAVING								
27 **Gross saving**	**446.4**	**469.8**	**584.5**	**592.8**	**573.5**	**578.3**	**571.7**	**537.3**
28 Gross private saving	557.1	600.6	693.0	708.8	700.3	677.7	723.6	681.8
29 Personal saving	153.9	133.2	172.5	181.5	164.5	130.9	167.2	102.6
30 Undistributed corporate profits[1]	20.0	67.9	101.6	104.9	108.2	116.3	122.6	137.8
31 Corporate inventory valuation adjustment	-10.4	-10.0	-5.4	-1.3	-1.6	.7	2.2	4.7
Capital consumption allowances								
32 Corporate	235.0	245.0	256.6	258.5	261.8	264.3	266.8	270.9
33 Noncorporate	148.2	154.6	162.3	164.0	165.9	166.3	167.0	170.5
34 Wage accruals less disbursements	.0	.0	.0	.0	.0	.0	.0	.0
35 Government surplus, or deficit (-), national income and product accounts	-110.8	-130.8	-108.5	-116.0	-126.8	-99.4	-151.9	-144.5
36 Federal	-145.9	-179.4	-172.9	-178.1	-192.7	-162.6	-209.1	-201.3
37 State and local	35.1	48.6	64.4	62.1	65.8	63.2	57.3	56.9
38 Capital grants received by the United States, net	.0	.0	.0	.0	.0	.0	.0	.0
39 **Gross investment**	**446.3**	**469.2**	**583.0**	**593.6**	**565.8**	**580.7**	**567.0**	**539.9**
40 Gross private domestic	447.3	501.9	674.0	687.9	676.2	657.6	672.8	666.1
41 Net foreign	-1.0	-32.7	-91.0	-94.3	-110.4	-76.8	-105.8	-126.2
42 **Statistical discrepancy**	-.1	-.6	-1.5	.8	-7.6	2.5	-4.7	2.5

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.

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

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data are seasonally adjusted except as noted.[1]

Item credits or debits	1982	1983	1984r	1984r		1985		
				Q3	Q4	Q1r	Q2	Q3p
1 Balance on current account	−8,051	−45,994r	−107,358	−28,969	−31,805	−24,247	−27,696	−30,451
2 Not seasonally adjusted	....	....	....	−32,297	−28,982	−23,417	−27,927	−34,087
3 Merchandise trade balance[2]	−36,444	−67,216r	−114,107	−28,977	−30,885	−23,454	−28,587	−33,142
4 Merchandise exports	211,198	201,712r	219,916	55,649	56,242	55,302	53,624	52,310
5 Merchandise imports	−247,642	−268,928r	−334,023	−84,626	−87,127	−78,756	−82,211	−85,452
6 Military transactions, net	−318	−163	−1,765	−250	−575	−212	−586	−487
7 Investment income, net[3]	29,493	25,401	19,109	3,256	4,003	2,537	5,387	7,549
8 Other service transactions, net	7,353	4,837	819	−122	−253	54	−482	−403
9 Remittances, pensions, and other transfers	−2,633	−2,566	−2,891	−669	−782	−934	−843	−849
10 U.S. government grants (excluding military)	−5,501	−6,287	−8,522	−2,207	−3,313	−2,238	−2,585	−3,119
11 Change in U.S. government assets, other than official reserve assets, net (increase, −)	−6,131	−5,006	−5,516	−1,369	−734	−850	−853	−420
12 Change in U.S. official reserve assets (increase, −)	−4,965	−1,196	−3,130	−799	−1,109	−233	−356	−121
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−1,371	−66	−979	−271	−194	−264	−180	−264
15 Reserve position in International Monetary Fund	−2,552	−4,434	−995	−331	−143	281	72	388
16 Foreign currencies	−1,041	3,304	−1,156	−197	−772	−250	−248	−245
17 Change in U.S. private assets abroad (increase, −)[3]	−108,121	−48,842	−11,800	20,532	−13,003	718	−1,246	−9,458
18 Bank-reported claims	−111,070	−29,928	−8,504	17,725	−4,933	135	4,095	−1,408
19 Nonbank-reported claims	6,626	−6,513	6,266	2,099	970	1,201	1,863	n.a.
20 U.S. purchase of foreign securities, net	−8,102	−7,007	−5,059	−1,313	−3,663	−2,494	−2,214	−1,787
21 U.S. direct investments abroad, net[3]	4,425	−5,394	−4,503	2,021	−5,377	1,876	−4,990	−6,263
22 Change in foreign official assets in the United States (increase, +)	3,672	5,795	3,424	−686	7,119	−11,204	8,465	2,415
23 U.S. Treasury securities	5,779	6,972	4,690	−575	5,814	−7,219	8,722	−90
24 Other U.S. government obligations	−694	−476	167	85	−67	−307	136	24
25 Other U.S. government liabilities[4]	684	552	453	−139	−197	−462	575	−95
26 Other U.S. liabilities reported by U.S. banks	−1,747	545	663	430	2,052	−3,099	−134	2,954
27 Other foreign official assets[5]	−350	−1,798	−2,549	−487	−483	−117	−834	−378
28 Change in foreign private assets in the United States (increase, +)[3]	90,775	78,527	93,895	3,825	26,191	24,915	17,849	31,494
29 U.S. bank-reported liabilities	65,922	49,341	31,674	−5,125	4,481	13,345	195	6,452
30 U.S. nonbank-reported liabilities	−2,383	−118	4,284	−2,939	−1,863	−2,655	−1,324	n.a.
31 Foreign private purchases of U.S. Treasury securities, net	7,052	8,721	22,440	5,058	9,501	2,633	5,106	7,824
32 Foreign purchases of other U.S. securities, net	6,392	8,636	12,983	1,603	9,380	9,510	7,135	11,641
33 Foreign direct investments in the United States, net[3]	13,792	11,947	22,514	5,228	4,692	2,082	6,737	5,577
34 Allocation of SDRs	0	0	0	0	0	0	0	0
35 Discrepancy	32,821	16,717r	30,486	7,466	13,341	10,901	3,837	6,541
36 Owing to seasonal adjustments	....	....	....	−3,274	4,305	−384	−570	−3,487
37 Statistical discrepancy in recorded data before seasonal adjustment	32,821	16,717r	30,486	10,740	9,036	11,285	4,407	10,028
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	−4,965	−1,196	−3,130	−799	−1,110	−233	−356	−121
39 Foreign official assets in the United States (increase, +)	2,988	5,243	2,971	−547	7,316	−10,742	7,890	2,510
40 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 22 above)	7,291	−8,283	−4,143	−453	812	−2,021	−1,808	−1,960
41 Transfers under military grant programs (excluded from lines 4, 6, and 10 above)	585	194	190	45	61	10	12	15

1. Seasonal factors are not calculated for lines 6, 10, 12–16, 18–20, 22–34, and 38–41.

2. Data are on an international accounts (IA) basis. Differs from the Census basis data, shown in table 3.11, for reasons of coverage and timing; military exports are excluded from merchandise data and are included in line 6.

3. Includes reinvested earnings.

4. Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.

5. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

NOTE. Data are from Bureau of Economic Analysis, *Survey of Current Business* (Department of Commerce).

3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted.

Item	1982	1983	1984	1985						
				Apr.	May	June	July	Aug.	Sept.	Oct.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	212,193	200,486	19,142	17,779	17,414	17,438	17,411	17,423	17,732	17,368
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	243,952	258,048	25,933	28,295	28,685	29,425	26,630	26,083	31,764	27,594
3 **Trade balance**	**−31,759**	**−57,562**	**−6,791**	**−10,516**	**−11,271**	**−11,987**	**−9,219**	**−8,660**	**−14,032**	**−10,226**

NOTE. The data through 1981 in this table are reported by the Bureau of Census data of a free-alongside-ship (f.a.s.) value basis—that is, value at the port of export. Beginning in 1981, foreign trade of the U.S. Virgin Islands is included in the Census basis trade data; this adjustment has been made for all data shown in the table. Beginning with 1982 data, the value of imports are on a customs valuation basis.

The Census basis data differ from merchandise trade data shown in table 3.10, U.S. International Transactions Summary, for reasons of coverage and timing. On the *export side*, the largest adjustments are: (1) the addition of exports to Canada not covered in Census statistics, and (2) the exclusion of military sales (which are combined with other military transactions and reported separately in the "service account" in table 3.10, line 6). On the *import side*, additions are made for gold, ship purchases, imports of electricity from Canada, and other transactions; military payments are excluded and shown separately as indicated above.

SOURCE. FT900 "Summary of U.S. Export and Import Merchandise Trade" (Department of Commerce, Bureau of the Census).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1982	1983	1984	1985						
				May	June	July	Aug.	Sept.	Oct.	Nov.
1 **Total**	**33,958**	**33,747**	**34,934**	**35,782**	**36,088**	**37,071**	**37,154**	**38,295**	**41,657**	**42,852**
2 Gold stock, including Exchange Stabilization Fund[1]	11,148	11,121	11,096	11,091	11,091	11,090	11,090	11,090	11,090	11,090
3 Special drawing rights[2,3]	5,250	5,025	5,641	6,163	6,196	6,510	6,692	6,847	6,926	7,253
4 Reserve position in International Monetary Fund[2]	7,348	11,312	11,541	11,370	11,394	11,513	11,478	11,686	11,843	11,955
5 Foreign currencies[4]	10,212	6,289	6,656	7,158	7,408	7,958	7,894	8,672	11,798	12,554

1. Gold held under earmark at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.13. Gold stock is valued at $42.22 per fine troy ounce.

2. Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, 16 currencies were used; from January 1981, 5 currencies have been used. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974.

3. Includes allocations by the International Monetary Fund of SDRs as follows: $867 million on Jan. 1, 1970; $717 million on Jan. 1, 1971; $710 million on Jan. 1, 1972; $1,139 million on Jan. 1, 1979; $1,152 million on Jan. 1, 1980; and $1,093 million on Jan. 1, 1981; plus transactions in SDRs.

4. Valued at current market exchange rates.

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1982	1983	1984	1985						
				May	June	July	Aug.	Sept.	Oct.	Nov.
1 Deposits	328	190	253	204	310	274	223	535	267	340
Assets held in custody										
2 U.S. Treasury securities[1]	112,544	117,670	118,267	116,989	121,755	124,400	123,321	120,978	118,000	117,814
3 Earmarked gold[2]	14,716	14,414	14,265	14,265	14,262	14,251	14,251	14,245	14,242	14,240

1. Marketable U.S. Treasury bills, notes, and bonds; and nonmarketable U.S. Treasury securities payable in dollars and in foreign currencies.

2. Earmarked gold is valued at $42.22 per fine troy ounce.

NOTE. Excludes deposits and U.S. Treasury securities held for international and regional organizations. Earmarked gold is gold held for foreign and international accounts and is not included in the gold stock of the United States.

3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data[1]

Millions of dollars, end of period

Asset account	1982	1983	1984	1985						
				Apr.	May	June	July	Aug.	Sept.	Oct.[p]
All foreign countries										
1 **Total, all currencies**	**469,712**	**477,090**	**453,656**	**461,636**	**459,416**	**458,243**	**464,000**	**457,553**	**456,405**	**454,216**
2 Claims on United States	91,805	115,542	113,449	121,823	121,140	121,284	119,393	122,932	119,431	121,702
3 Parent bank	61,666	82,026	78,165	86,907	85,609	85,272	84,045	86,779	85,447	87,291
4 Other banks in United States[2]	30,139	33,516	13,664	14,199	14,101	14,461	14,739	14,058	13,129	12,655
5 Nonbanks[2]			21,620	20,717	21,430	21,551	20,609	22,095	20,855	21,756
6 Claims on foreigners	358,493	342,689	320,106	319,749	317,589	316,081	322,749	313,073	314,717	310,412
7 Other branches of parent bank	91,168	96,004	95,128	91,302	90,826	89,833	91,172	89,640	87,658	86,876
8 Banks	133,752	117,668	100,397	104,350	102,312	101,500	104,813	99,032	102,135	98,465
9 Public borrowers	24,131	24,517	23,343	23,195	23,128	23,051	23,124	22,863	23,277	23,512
10 Nonbank foreigners	109,442	107,785	101,238	100,902	101,323	101,697	103,640	101,538	101,647	101,559
11 Other assets	19,414	18,859	20,101	20,064	20,687	20,878	21,858	21,548	22,257	22,102
12 **Total payable in U.S. dollars**	**361,982**	**371,508**	**350,636**	**352,428**	**350,609**	**350,136**	**346,109**	**341,871**	**335,021**	**331,299**
13 Claims on United States	90,085	113,436	111,482	119,228	118,687	118,726	116,422	120,184	116,535	118,526
14 Parent bank	61,010	80,909	77,285	85,775	84,640	84,286	82,895	85,850	84,236	86,137
15 Other banks in United States[2]	29,075	32,527	13,500	13,840	13,705	14,019	14,115	13,451	12,568	12,105
16 Nonbanks[2]			20,697	19,613	20,342	20,421	19,412	20,883	19,731	20,284
17 Claims on foreigners	259,871	247,406	228,544	223,383	221,989	221,478	219,824	212,023	208,664	202,808
18 Other branches of parent bank	73,537	78,431	78,690	75,057	75,067	74,593	74,471	72,437	69,226	68,540
19 Banks	106,447	93,332	76,940	76,926	75,706	75,337	75,339	70,973	70,890	67,244
20 Public borrowers	18,413	17,890	17,626	17,316	17,331	17,220	17,033	17,037	17,274	17,320
21 Nonbank foreigners	61,474	60,977	55,288	54,084	53,885	54,328	52,981	51,576	51,274	49,704
22 Other assets	12,026	10,666	10,610	9,817	9,933	9,932	9,863	9,664	9,822	9,965
United Kingdom										
23 **Total, all currencies**	**161,067**	**158,732**	**144,385**	**148,711**	**148,285**	**149,599**	**151,455**	**151,117**	**150,276**	**149,607**
24 Claims on United States	27,354	34,433	27,731	29,930	30,314	31,322	31,140	35,300	32,635	33,852
25 Parent bank	23,017	29,111	21,918	23,236	23,554	23,930	24,368	28,200	25,813	26,992
26 Other banks in United States[2]	4,337	5,322	1,429	1,649	1,613	1,691	1,525	1,474	1,329	1,269
27 Nonbanks[2]			4,384	5,045	5,147	5,701	5,247	5,626	5,488	5,591
28 Claims on foreigners	127,734	119,280	111,772	113,689	112,829	113,192	114,827	110,475	112,514	110,435
29 Other branches of parent bank	37,000	36,565	37,897	34,036	33,948	34,188	33,539	32,616	32,403	32,074
30 Banks	50,767	43,352	37,443	41,242	39,905	39,850	40,546	37,796	40,509	37,858
31 Public borrowers	6,240	5,898	5,334	4,967	4,932	4,973	5,056	5,054	5,112	5,628
32 Nonbank foreigners	33,727	33,465	31,098	33,444	34,044	34,181	35,686	35,009	34,495	34,875
33 Other assets	5,979	5,019	4,882	5,092	5,142	5,085	5,488	5,342	5,127	5,320
34 **Total payable in U.S. dollars**	**123,740**	**126,012**	**112,809**	**111,498**	**111,305**	**112,686**	**110,451**	**110,972**	**108,731**	**108,024**
35 Claims on United States	26,761	33,756	26,924	28,998	29,389	30,368	30,087	34,251	31,520	32,605
36 Parent bank	22,756	28,756	21,551	22,906	23,261	23,625	23,995	27,897	25,342	26,531
37 Other banks in United States[2]	4,005	5,000	1,363	1,572	1,488	1,604	1,415	1,355	1,247	1,194
38 Nonbanks[2]			4,010	4,520	4,640	5,139	4,677	4,999	4,931	4,880
39 Claims on foreigners	92,228	88,917	82,889	79,509	79,029	79,464	77,446	73,769	74,286	72,287
40 Other branches of parent bank	31,648	31,838	33,551	29,056	29,230	29,364	28,623	26,993	26,581	26,683
41 Banks	36,717	32,188	26,805	27,803	27,184	27,317	26,349	24,382	25,458	23,888
42 Public borrowers	4,329	4,194	4,030	3,503	3,500	3,587	3,538	3,599	3,633	3,966
43 Nonbank foreigners	19,534	20,697	18,503	19,147	19,115	19,196	18,936	18,795	18,614	17,750
44 Other assets	4,751	3,339	2,996	2,991	2,887	2,854	2,918	2,952	2,925	3,132
Bahamas and Caymans										
45 **Total, all currencies**	**145,156**	**152,083**	**146,811**	**145,096**	**144,033**	**143,549**	**140,785**	**138,510**	**135,214**	**134,951**
46 Claims on United States	59,403	75,309	77,296	79,150	78,849	78,049	75,275	74,448	72,634	73,432
47 Parent bank	34,653	48,720	49,449	52,996	51,886	51,171	48,669	47,815	47,299	47,918
48 Other banks in United States[2]	24,750	26,589	11,544	11,647	11,723	11,999	12,381	11,725	11,009	10,659
49 Nonbanks[2]			16,303	14,507	15,240	14,879	14,225	14,908	14,326	14,855
50 Claims on foreigners	81,450	72,868	65,598	62,164	61,604	61,959	62,209	60,964	59,277	58,302
51 Other branches of parent bank	18,720	20,626	17,661	14,716	15,271	15,645	15,669	16,479	15,428	15,856
52 Banks	42,699	36,842	30,246	29,887	28,942	28,501	29,240	27,601	26,964	25,761
53 Public borrowers	6,413	6,093	6,089	6,683	6,604	6,642	6,505	6,432	6,486	6,305
54 Nonbank foreigners	13,618	12,592	11,602	10,878	10,787	11,171	10,795	10,452	10,399	10,380
55 Other assets	4,303	3,906	3,917	3,782	3,580	3,541	3,301	3,098	3,303	3,217
56 **Total payable in U.S. dollars**	**139,605**	**145,641**	**141,562**	**139,926**	**138,724**	**138,581**	**135,472**	**133,521**	**129,830**	**129,476**

1. Beginning with June 1984 data, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from $50 *million* to $150 *million* equivalent in total assets, the threshold now applicable to all reporting branches.

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

3.14 Continued

Liability account	1982	1983	1984	1985 Apr.	1985 May	1985 June	1985 July	1985 Aug.	1985 Sept.	1985 Oct.p
	All foreign countries									
57 **Total, all currencies**	**469,712**	**477,090**	**453,656**	**461,636**	**459,416**	**458,243**	**464,000**	**457,553**	**456,405**	**454,216**
58 Negotiable CDs[3]	n.a.	n.a.	37,725	38,940	37,188	37,952	37,683	37,885	39,676	38,044
59 To United States	179,015	188,070	147,583	145,511	145,610	147,424	146,389	144,408	143,452	139,832
60 Parent bank	75,621	81,261	78,739	76,385	78,419	79,846	80,656	77,484	78,415	75,236
61 Other banks in United States	33,405	29,453	18,409	18,834	18,782	19,430	17,032	16,087	17,006	15,582
62 Nonbanks	69,989	77,356	50,435	50,292	48,409	48,148	48,701	50,837	47,831	49,014
63 To foreigners	270,853	269,685	247,907	255,632	254,535	251,572	256,769	252,717	250,344	252,252
64 Other branches of parent bank	90,191	90,615	93,909	92,502	91,967	91,110	92,984	90,483	87,854	88,539
65 Banks	96,860	92,889	78,203	83,614	81,537	80,496	82,777	80,940	82,426	82,473
66 Official institutions	19,614	18,896	20,281	21,854	21,827	21,703	20,937	21,234	21,015	21,319
67 Nonbank foreigners	64,188	68,845	55,514	57,662	59,204	58,263	60,071	60,060	59,049	59,921
68 Other liabilities	19,844	19,335	20,441	21,553	22,083	21,295	23,159	22,543	23,133	24,088
69 **Total payable in U.S. dollars**	**379,270**	**388,291**	**367,145**	**366,525**	**364,590**	**365,812**	**361,403**	**357,182**	**350,122**	**345,254**
70 Negotiable CDs[3]	n.a.	n.a.	35,227	35,958	34,216	34,637	33,716	34,030	35,695	33,995
71 To United States	175,528	184,305	143,571	140,855	140,958	142,499	141,145	138,786	136,613	132,638
72 Parent bank	73,295	79,035	76,254	73,786	75,795	77,040	77,543	74,176	74,562	70,435
73 Other banks in United States	33,040	28,936	17,935	18,270	18,209	18,869	16,446	15,466	16,081	15,108
74 Nonbanks	69,193	76,334	49,382	48,799	46,954	46,590	47,156	49,144	45,970	47,095
75 To foreigners	192,510	194,139	178,260	179,488	179,567	179,353	177,144	174,645	167,817	168,377
76 Other branches of parent bank	72,921	73,522	77,770	76,650	76,107	75,930	76,386	73,770	69,606	70,007
77 Banks	57,463	57,022	45,123	45,167	44,413	44,694	43,691	42,859	41,216	41,562
78 Official institutions	15,055	13,855	15,773	17,178	17,407	17,278	15,935	16,238	16,221	16,007
79 Nonbank foreigners	47,071	51,260	39,594	40,493	41,640	41,451	41,132	41,778	40,774	40,801
80 Other liabilities	11,232	9,847	10,087	10,224	9,849	9,323	9,398	9,721	9,997	10,244
	United Kingdom									
81 **Total, all currencies**	**161,067**	**158,732**	**144,385**	**148,711**	**148,285**	**149,599**	**151,455**	**151,117**	**150,276**	**149,607**
82 Negotiable CDs[3]	n.a.	n.a.	34,413	35,326	33,661	34,437	34,094	34,156	35,819	33,913
83 To United States	53,954	55,799	25,250	23,986	24,811	25,480	24,167	25,158	25,547	24,958
84 Parent bank	13,091	14,021	14,651	14,033	14,278	14,910	13,434	14,336	14,592	13,893
85 Other banks in United States	12,205	11,328	3,125	2,665	2,735	3,571	2,853	2,839	3,526	2,602
86 Nonbanks	28,658	30,450	7,474	7,288	7,798	6,999	7,880	7,983	7,429	8,463
87 To foreigners	99,567	95,847	77,424	80,913	81,033	81,004	83,480	82,317	79,671	80,646
88 Other branches of parent bank	18,361	19,038	21,631	21,887	21,784	22,565	23,647	22,348	20,233	20,175
89 Banks	44,020	41,624	30,436	32,259	31,573	30,852	32,389	31,518	32,041	33,102
90 Official institutions	11,504	10,151	10,154	11,590	11,260	11,240	10,180	10,823	10,824	10,812
91 Nonbank foreigners	25,682	25,034	15,203	15,177	16,416	16,347	17,264	17,628	16,573	16,557
92 Other liabilities	7,546	7,086	7,298	8,486	8,780	8,678	9,714	9,486	9,239	10,090
93 **Total payable in U.S. dollars**	**130,261**	**131,167**	**117,497**	**116,128**	**115,742**	**117,333**	**114,123**	**115,064**	**112,816**	**109,945**
94 Negotiable CDs[3]	n.a.	n.a.	33,070	33,763	32,140	32,721	31,743	31,911	33,380	31,574
95 To United States	53,029	54,691	24,105	22,281	23,206	23,729	22,254	23,119	23,329	21,536
96 Parent bank	12,814	13,839	14,339	13,569	13,869	14,472	12,777	13,773	13,995	12,032
97 Other banks in United States	12,026	11,044	2,980	2,500	2,550	3,387	2,687	2,628	3,309	2,479
98 Nonbanks	28,189	29,808	6,786	6,212	6,787	5,870	6,790	6,718	6,025	7,025
99 To foreigners	73,477	73,279	56,923	56,473	56,885	57,504	56,783	56,208	52,245	52,469
100 Other branches of parent bank	14,300	15,403	18,294	18,451	18,375	19,053	19,640	18,241	15,999	15,480
101 Banks	28,810	29,320	18,356	17,497	17,417	17,175	17,249	16,975	15,787	17,053
102 Official institutions	9,668	8,279	8,871	9,989	9,687	9,648	8,430	9,005	9,055	8,877
103 Nonbank foreigners	20,699	20,277	11,402	10,536	11,406	11,628	11,464	11,987	11,404	11,059
104 Other liabilities	3,755	3,197	3,399	3,611	3,511	3,379	3,343	3,826	3,862	4,366
	Bahamas and Caymans									
105 **Total, all currencies**	**145,156**	**152,083**	**146,811**	**145,096**	**144,033**	**143,549**	**140,785**	**138,510**	**135,214**	**134,951**
106 Negotiable CDs[3]	n.a.	n.a.	615	634	436	344	320	356	686	745
107 To United States	104,425	111,299	102,955	100,489	99,379	99,856	98,682	95,793	94,071	92,668
108 Parent bank	47,081	50,980	47,162	43,749	45,557	45,740	47,147	43,384	44,431	42,841
109 Other banks in United States	18,466	16,057	13,938	15,112	14,545	14,748	12,979	12,153	12,081	11,940
110 Nonbanks	38,878	44,262	41,855	41,628	39,277	39,368	38,566	40,256	37,559	37,887
111 To foreigners	38,274	38,445	40,320	41,102	41,437	40,621	39,081	39,679	37,667	38,786
112 Other branches of parent bank	15,796	14,936	16,782	17,179	17,759	16,615	16,645	17,638	16,023	17,201
113 Banks	10,166	11,876	12,405	13,469	12,879	13,600	12,329	11,452	11,423	11,123
114 Official institutions	1,967	1,919	2,054	1,598	2,194	1,866	1,941	1,687	1,760	1,869
115 Nonbank foreigners	10,345	11,274	9,079	8,856	8,605	8,540	8,166	8,902	8,461	8,593
116 Other liabilities	2,457	2,339	2,921	2,871	2,781	2,728	2,702	2,682	2,790	2,752
117 **Total payable in U.S. dollars**	**141,908**	**148,278**	**143,582**	**140,945**	**139,909**	**139,648**	**136,820**	**134,623**	**130,921**	**130,681**

3. Before June 1984, *liabilities on negotiable CDs were included in liabilities to* the United States or liabilities to foreigners, according to the address of the initial purchaser.

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1983	1984	1985						
			Apr.	May	June	July	Aug.[r]	Sept.	Oct.[p]
1 Total[1]	**177,950**	**180,525**[r]	**170,609**	**173,725**	**177,780**	**180,766**	**181,175**	**180,289**	**178,271**
By type									
2 Liabilities reported by banks in the United States[2]	25,534	26,089	22,771	23,153	22,915	22,101	23,224	25,869	26,969
3 U.S. Treasury bills and certificates[3]	54,341	59,976	57,226	56,691	58,589	60,727	60,921	56,493	54,398
U.S. Treasury bonds and notes									
4 Marketable	68,514	69,029	67,022	70,552	73,265	75,053	75,157	76,221	75,016
5 Nonmarketable[4]	7,250	5,800	4,900	4,500	4,500	4,500	3,550	3,550	3,550
6 U.S. securities other than U.S. Treasury securities[5]	22,311	19,631[r]	18,690	18,829	18,511	18,385	18,323	18,156	18,338
By area									
7 Western Europe[1]	67,645	69,789	65,660	67,948	70,346	73,378	75,226	74,525	74,260
8 Canada	2,438	1,528	1,403	1,558	1,571	2,010	1,664	1,561	1,586
9 Latin America and Caribbean	6,248	8,554	7,528	8,072	8,467	8,846	9,524	10,532	10,079
10 Asia	92,572	93,920[r]	89,965	90,181	91,406	90,834	89,485	88,282	87,246
11 Africa	958	1,264	1,403	1,262	1,299	1,259	1,110	1,397	1,410
12 Other countries[6]	8,089	5,470	4,650	4,704	4,691	4,439	4,166	3,992	3,690

1. Includes the Bank for International Settlements.
2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.
3. Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.
4. Excludes notes issued to foreign official nonreserve agencies. Includes bonds and notes payable in foreign currencies.
5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.
6. Includes countries in Oceania and Eastern Europe.

NOTE. Based on Treasury Department data and on data reported to the Treasury Department by banks (including Federal Reserve Banks) and securities dealers in the United States.

3.16 LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in Foreign Currencies

Millions of dollars, end of period

Item	1981	1982	1983	1984	1985		
				Dec.	Mar.	June	Sept.[p]
1 Banks' own liabilities	3,523	4,844	5,219	8,578	8,012	10,150	12,048
2 Banks' own claims	4,980	7,707	7,231	11,874	12,639	14,012	14,930
3 Deposits	3,398	4,251	2,731	4,998	6,148	7,437	8,505
4 Other claims	1,582	3,456	4,501	6,876	6,491	6,575	6,425
5 Claims of banks' domestic customers[1]	971	676	1,059	569	440	243	328

1. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of their domestic customers.

NOTE. Data on claims exclude foreign currencies held by U.S. monetary authorities.

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States
Payable in U.S. dollars

Millions of dollars, end of period

Holder and type of liability	1982	1983	1984	1985 Apr.	1985 May	1985 June	1985 July	1985 Aug.	1985 Sept.	1985 Oct.p
1 **All foreigners**	**307,056**	**369,607**	**407,133**	**410,976**	**411,297**	**412,861**	**416,420**	**420,182r**	**420,706**	**418,559**
2 Banks' own liabilities	227,089	279,087	306,499	313,018	315,608	317,062	318,944	321,364r	323,307	322,740
3 Demand deposits	15,889	17,470	19,571	18,295	17,705	19,423	17,662	17,735	20,926	18,605
4 Time deposits[1]	68,797	90,632	110,286	117,872	120,792	116,331	116,069	119,071r	115,265	114,766
5 Other[2]	23,184	25,874	26,002	24,392	25,614	25,782	25,875	25,701r	29,739	28,670
6 Own foreign offices[3]	119,219	145,111	150,640	152,459	151,496	155,526	159,338	158,857r	157,377	160,699
7 Banks' custody liabilities[4]	79,967	90,520	100,634	97,958	95,690	95,799	97,477	98,818	97,399	95,819
8 U.S. Treasury bills and certificates[5]	55,628	68,669	76,368	73,078	71,597	73,061	75,396	75,797	73,398	72,163
9 Other negotiable and readily transferable instruments[6]	20,636	17,467	18,747	18,337	17,690	16,207	16,165	16,610r	17,140	16,746
10 Other	3,702	4,385	5,518	6,543	6,403	6,532	5,916	6,412r	6,861	6,911
11 ***Nonmonetary international and regional organizations***[7]	**4,922**	**5,957**	**4,083**	**6,166**	**6,694**	**5,709**	**5,019**	**7,353**	**7,467**	**6,766**
12 Banks' own liabilities	1,909	4,632	1,644	3,137	4,389	3,928	3,243	5,569	3,275	1,842
13 Demand deposits	106	297	254	167	264	164	134	252	243	143
14 Time deposits[1]	1,664	3,584	1,102	2,276	3,747	3,023	2,556	4,366	2,261	1,299
15 Other[2]	139	750	288	694	377	740	553	951	771	399
16 Banks' custody liabilities[4]	3,013	1,325	2,440	3,029	2,305	1,782	1,777	1,784	4,192	4,924
17 U.S. Treasury bills and certificates	1,621	463	916	1,434	775	642	767	742	2,759	3,636
18 Other negotiable and readily transferable instruments[6]	1,392	862	1,524	1,593	1,531	1,140	1,010	1,042	1,433	1,287
19 Other	0	0	0	2	0	0	0	1	0	1
20 **Official institutions**[8]	**71,647**	**79,876**	**86,065**	**79,997**	**79,844**	**81,504**	**82,828**	**84,145r**	**82,362**	**81,366**
21 Banks' own liabilities	16,640	19,427	19,039	16,631	17,652	17,795	17,256	17,720r	20,262	21,142
22 Demand deposits	1,899	1,837	1,823	1,975	1,630	1,891	1,546	1,538	2,151	1,722
23 Time deposits[1]	5,528	7,318	9,374	9,176	8,728	9,050	9,070	9,334r	8,964	10,262
24 Other[2]	9,212	10,272	7,842	5,481	7,294	6,853	6,640	6,849r	9,147	9,158
25 Banks' custody liabilities[4]	55,008	60,448	67,026	63,366	62,192	63,710	65,572	66,425	62,100	60,225
26 U.S. Treasury bills and certificates[5]	46,658	54,341	59,976	57,226	56,691	58,589	60,727	60,921	56,493	54,398
27 Other negotiable and readily transferable instruments[6]	8,321	6,082	6,966	6,007	5,451	5,042	4,725	5,291	5,472	5,758
28 Other	28	25	84	133	50	78	120	213	135	69
29 **Banks**[9]	**185,881**	**226,887**	**248,897**	**253,040**	**251,784**	**254,045**	**257,113**	**256,645r**	**257,643**	**257,246**
30 Banks' own liabilities	169,449	205,347	225,372	230,607	229,858	232,319	235,488	234,401r	235,016	235,295
31 Unaffiliated foreign banks	50,230	60,236	74,732	78,149	78,361	76,793	76,150	75,544r	77,639	74,596
32 Demand deposits	8,675	8,759	10,556	9,266	8,714	9,847	8,647	8,594	10,468	9,045
33 Time deposits[1]	28,386	37,439	47,155	51,610	52,674	49,968	49,919	49,915r	48,822	48,124
34 Other[2]	13,169	14,038	17,021	17,273	16,973	16,977	17,584	17,035r	18,350	17,428
35 Own foreign offices[3]	119,219	145,111	150,640	152,459	151,496	155,526	159,338	158,857r	157,377	160,699
36 Banks' custody liabilities[4]	16,432	21,540	23,525	22,432	21,926	21,727	21,625	22,244	22,627	21,951
37 U.S. Treasury bills and certificates	5,809	10,178	11,448	10,446	10,216	9,745	9,934	9,966	9,952	9,896
38 Other negotiable and readily transferable instruments[6]	7,857	7,485	7,236	6,235	6,104	6,231	6,390	6,569r	6,462	5,906
39 Other	2,766	3,877	4,841	5,751	5,606	5,751	5,301	5,710r	6,213	6,148
40 **Other foreigners**	**44,606**	**56,887**	**68,087**	**71,774**	**72,976**	**71,602**	**71,460**	**72,039r**	**73,233**	**73,181**
41 Banks' own liabilities	39,092	49,680	60,444	62,643	63,710	63,020	62,957	63,674r	64,754	64,461
42 Demand deposits	5,209	6,577	6,938	6,888	7,098	7,520	7,335	7,351	8,064	7,696
43 Time deposits	33,219	42,290	52,655	54,810	55,643	54,290	54,524	55,456r	55,218	55,080
44 Other[2]	664	813	851	945	969	1,211	1,098	867	1,471	1,686
45 Banks' custody liabilities[4]	5,514	7,207	7,642	9,131	9,266	8,581	8,503	8,365	8,479	8,719
46 U.S. Treasury bills and certificates	1,540	3,686	4,029	3,973	3,915	4,085	3,968	4,169	4,193	4,232
47 Other negotiable and readily transferable instruments[6]	3,065	3,038	3,021	4,501	4,604	3,793	4,040	3,708	3,774	3,795
48 Other	908	483	593	657	746	704	495	489	513	692
49 MEMO: *Negotiable time certificates of deposit in custody for foreigners*	14,307	10,346	10,476	9,145	9,081	8,679	8,567	8,903	9,208	9,078

1. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
2. Includes borrowing under repurchase agreements.
3. U.S. banks: includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due to head office or parent foreign bank, and foreign branches, agencies or wholly owned subsidiaries of head office or parent foreign bank.
4. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
5. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
6. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
7. Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.
8. Foreign central banks and foreign central governments, and the Bank for International Settlements.
9. Excludes central banks, which are included in "Official institutions."

3.17 Continued

Area and country	1982	1983	1984	1985						
				Apr.	May	June	July	Aug.	Sept.	Oct.^{p}
1 **Total**	**307,056**	**369,607**	407,133^r	**410,976**	**411,297**	**412,861**	**416,420**	**420,182^r**	**420,706**	**418,559**
2 **Foreign countries**	**302,134**	**363,649**	403,049^r	**404,811**	**404,603**	**407,152**	**411,401**	**412,829^r**	**413,238**	**411,793**
3 Europe	117,756	138,072	153,212^r	149,218	151,219	153,718	156,132	160,127^r	157,201	158,268
4 Austria	519	585	615	537	627	563	567	711	767	613
5 Belgium-Luxembourg	2,517	2,709	4,114	4,795	4,619	4,889	5,743	5,416	5,710	5,249
6 Denmark	509	466	438	557	494	727	684	617	778	558
7 Finland	748	531	418	476	604	325	349	377	351	594
8 France	8,171	9,441	12,701	13,627	14,178	13,849	15,237	15,626	15,743	15,949
9 Germany	5,351	3,599	3,358	3,539	3,727	4,003	4,389	5,359	5,224	4,366
10 Greece	537	520	699	649	585	605	588	531	603	536
11 Italy	5,626	8,462	10,762^r	7,895	8,467	9,276	9,624	9,537	9,088	9,721
12 Netherlands	3,362	4,290	4,799	4,558	4,685	4,386	4,689	4,588^r	4,568	4,285
13 Norway	1,567	1,673	1,548	2,138	1,994	1,397	1,183	1,156	1,043	1,132
14 Portugal	388	373	597	698	665	635	658	672	640	647
15 Spain	1,405	1,603	2,082	2,000	2,030	2,015	2,113	2,034	2,140	2,097
16 Sweden	1,390	1,799	1,676	1,901	1,689	2,277	2,559	2,008	1,668	1,760
17 Switzerland	29,066	32,246	31,740^r	30,059	29,706	29,547	29,835	29,475^r	29,294	28,499
18 Turkey	296	467	584	506	384	631	598	404	516	417
19 United Kingdom	48,172	60,683	68,671^r	68,239	69,779	70,958	70,208	73,562^r	70,500	73,330
20 Yugoslavia	499	562	602	648	585	729	626	622	647	626
21 Other Western Europe[1]	7,006	7,403	7,192^r	5,790	5,877	6,261	6,004	6,884^r	7,407	7,367
22 U.S.S.R.	50	65	79	125	67	31	72	45	37	51
23 Other Eastern Europe[2]	576	596	537	480	458	614	406	503^r	477	471
24 Canada	12,232	16,026	16,048	17,006	16,214	15,874	16,284	16,739	17,363	16,269
25 Latin America and Caribbean	114,163	140,088	153,516^r	156,823	157,092	158,310	159,011	157,634^r	157,470	157,741
26 Argentina	3,578	4,038	4,394^r	4,664	4,912	5,081	5,322	5,187^r	5,634	5,872
27 Bahamas	44,744	55,818	56,897	59,069	58,195	57,406	55,858	55,486^r	53,665	55,149
28 Bermuda	1,572	2,266	2,370	3,159	3,192	2,503	2,380	2,741	2,124	2,238
29 Brazil	2,014	3,168	5,275^r	4,743	5,376	5,187	5,602	5,918^r	5,894	5,861
30 British West Indies	26,381	34,545	36,773^r	35,765	35,489	38,965	40,965	38,338^r	38,955	37,043
31 Chile	1,626	1,842	2,001	1,909	1,922	1,870	1,910	1,966	1,907	1,940
32 Colombia	2,594	1,689	2,514	2,401	2,452	2,526	2,421	2,543	2,599	2,561
33 Cuba	9	8	10	6	7	6	10	9	13	64
34 Ecuador	455	1,047	1,092	1,022	987	1,004	1,046	1,043	1,251	1,029
35 Guatemala	670	788	896	955	979	963	972	995	1,005	957
36 Jamaica	126	109	183	154	146	123	194	152	144	142
37 Mexico	8,377	10,392	12,506	13,222	13,678	13,533	13,123	13,381	13,809	13,590
38 Netherlands Antilles	3,597	3,879	4,153	4,383	4,439	4,200	4,025	4,364^r	4,973	4,665
39 Panama	4,805	5,924	6,951	7,584	7,570	7,427	7,462	7,447	7,163	8,250
40 Peru	1,147	1,166	1,266	1,077	1,162	1,168	1,113	1,133	1,159	1,093
41 Uruguay	759	1,244	1,394	1,461	1,492	1,415	1,460	1,557	1,576	1,498
42 Venezuela	8,417	8,632	10,545	10,791	10,696	10,471	10,853	10,940	11,121	11,404
43 Other Latin America and Caribbean	3,291	3,535	4,297	4,458	4,396	4,460	4,297	4,435	4,479	4,387
44 Asia	48,716	58,570	71,192^r	73,370	71,641	70,477	71,715	70,509^r	73,267	71,821
China										
45 Mainland	203	249	1,153	912	698	886	939	1,135	1,973	1,809
46 Taiwan	2,761	4,051	4,975	5,242	5,381	5,545	5,849	6,047	6,244	6,455
47 Hong Kong	4,465	6,657	6,594	7,091	7,360	7,989	7,831	8,012	7,923	7,940
48 India	433	464	507	554	546	569	555	484	646	642
49 Indonesia	857	997	1,033	1,241	1,164	1,264	1,463	1,337	1,363	1,570
50 Israel	606	1,722	1,268	873	988	1,053	1,011	885	1,190	2,118
51 Japan	16,078	18,079	21,652^r	22,683	22,688	21,103	22,913	22,537	23,582	22,091
52 Korea	1,692	1,648	1,724	1,595	1,598	1,705	1,493	1,580^r	1,657	1,751
53 Philippines	770	1,234	1,383	1,223	1,305	1,443	1,335	1,694	1,606	1,325
54 Thailand	629	747	1,257	1,141	1,167	1,063	984	1,073	1,029	1,014
55 Middle-East oil-exporting countries[3]	13,433	12,976	16,804	16,373	16,316	15,052	15,410	14,811^r	15,337	15,253
56 Other Asia	6,789	9,748	12,841^r	14,441	12,430	12,805	11,932	10,916^r	10,718	9,852
57 Africa	3,124	2,827	3,396	3,517	3,429	3,920	3,384	3,501	3,635	3,723
58 Egypt	432	671	647	747	618	745	881	737	923	885
59 Morocco	81	84	118	155	189	161	98	162	157	140
60 South Africa	292	449	328	339	273	332	181	420	370	404
61 Zaire	23	87	153	128	124	170	87	103	115	136
62 *Oil-exporting countries*[4]	*1,280*	*620*	*1,189*	*1,177*	*1,114*	1,497	1,099	1,092	1,049	1,076
63 Other Africa	1,016	917	961	969	1,112	1,015	1,037	986	1,021	1,082
64 Other countries	6,143	8,067	5,684	4,877	5,009	4,854	4,876	4,319	4,302	3,971
65 Australia	5,904	7,857	5,300	4,456	4,608	4,462	4,364	3,850	3,762	3,477
66 All other	239	210	384	422	401	392	511	469	540	494
67 Nonmonetary international and regional organizations	4,922	5,957	4,083	6,166	6,694	5,709	5,019	7,353	7,467	6,766
68 International	4,049	5,273	3,376	5,301	5,636	4,698	3,967	6,458	6,542	5,770
69 Latin American regional	517	419	587	706	834	808	782	739	796	646
70 Other regional[5]	357	265	120	159	224	203	270	156	129	350

1. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.
2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.
5. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."

3.18 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States
Payable in U.S. Dollars

Millions of dollars, end of period

Area and country	1982	1983	1984	1985 Apr.	May	June	July	Aug.	Sept.	Oct.p
1 **Total**	**355,705**	**391,312**	**398,845**	**391,432**	**391,355**	**396,253**	**390,368**	**387,997r**	**392,624**	**381,277**
2 **Foreign countries**	**355,636**	**391,148**	**398,251**	**390,295**	**390,540**	**395,543**	**390,094**	**387,558r**	**392,242**	**380,508**
3 Europe	85,584	91,927	98,151	99,630	100,205	100,953	100,377	101,028r	105,835	102,322
4 Austria	229	401	433	519	552	536	815	703r	764	673
5 Belgium-Luxembourg	5,138	5,639	4,794	5,161	5,264	5,219	5,740	5,501r	6,147	5,871
6 Denmark	554	1,275	648	601	560	474	498	492	615	638
7 Finland	990	1,044	898	804	700	896	875	738	905	796
8 France	7,251	8,766	9,142	10,278	10,462	9,969	10,001	10,282r	11,046	10,193
9 Germany	1,876	1,284	1,313	1,008	1,015	1,223	1,115	948r	999	1,036
10 Greece	452	476	817	907	921	1,002	947	959r	1,016	966
11 Italy	7,560	9,018	9,119	8,256	7,798	7,520	7,623	6,527r	7,426	7,597
12 Netherlands	1,425	1,267	1,351	1,401	1,040	1,339	1,137	1,200r	1,281	1,110
13 Norway	572	690	675	748	753	750	710	683	858	787
14 Portugal	950	1,114	1,243	1,151	1,158	1,156	1,151	1,181	1,211	1,141
15 Spain	3,744	3,573	2,884	2,890	2,587	2,700	2,387	2,156r	2,438	2,312
16 Sweden	3,038	3,358	2,220	2,338	2,177	2,067	2,698	2,496r	2,475	2,616
17 Switzerland	1,639	1,863	2,123	1,843	1,631	2,231	2,669	2,629	3,091	2,629
18 Turkey	560	812	1,130	1,147	1,162	1,208	1,313	1,234	1,303	1,355
19 United Kingdom	45,781	47,364	55,352	56,396	58,020	58,377	56,437	59,280r	60,218	58,023
20 Yugoslavia	1,430	1,718	1,886	1,892	1,940	1,958	1,972	1,954	1,899	1,866
21 Other Western Europe[1]	368	477	596	640	760	775	679	629	694	1,250
22 U.S.S.R	263	192	142	245	312	297	250	239	199	332
23 Other Eastern Europe[2]	1,762	1,598	1,382	1,404	1,393	1,255	1,358	1,198	1,252	1,131
24 Canada	13,678	16,341	16,093	18,383	17,926	17,889	16,696	17,005r	16,944	15,932
25 Latin America and Caribbean	187,969	205,491	207,649	199,130	201,180	203,974	200,765	197,106r	196,299	190,595
26 Argentina	10,974	11,749	11,043	11,163	11,346	11,416	11,456	11,293	11,850	11,230
27 Bahamas	56,649	59,633	57,949	55,554	56,781	59,477	55,610	53,707r	53,325	51,236
28 Bermuda	603	566	592	633	506	563	405	502r	546	1,017
29 Brazil	23,271	24,667	26,315	26,207	26,434	26,549	26,559	26,441r	26,022	25,389
30 British West Indies	29,101	35,527	38,120	35,571	36,107	36,372	37,436	35,853r	35,083	34,152
31 Chile	5,513	6,072	6,839	6,676	6,634	6,680	6,663	6,476	6,524	6,136
32 Colombia	3,211	3,745	3,499	3,246	3,270	3,207	3,210	3,205r	3,195	3,211
33 Cuba	3	0	0	0	0	0	0	0	0	4
34 Ecuador	2,062	2,307	2,420	2,467	2,487	2,493	2,450	2,430	2,486	2,411
35 Guatemala[3]	124	129	158	154	149	145	153	149	168	165
36 Jamaica[3]	181	215	252	223	237	227	234	228	228	222
37 Mexico	29,552	34,802	34,824	32,554	32,748	32,384	32,129	32,375r	32,349	31,704
38 Netherlands Antilles	839	1,154	1,350	1,319	1,386	1,249	1,110	1,135	1,170	1,387
39 Panama	10,210	7,848	7,707	7,039	6,751	6,856	6,985	6,923	7,055	6,530
40 Peru	2,357	2,536	2,384	2,353	2,310	2,286	2,237	2,221	2,206	2,013
41 Uruguay	686	977	1,088	1,014	1,013	1,013	1,007	1,018	1,035	947
42 Venezuela	10,643	11,287	11,017	10,804	10,947	10,996	10,992	11,028	11,052	10,818
43 Other Latin America and Caribbean	1,991	2,277	2,091	2,154	2,072	2,060	2,129	2,122	2,005	2,022
44 Asia	60,952	67,837	66,296	63,450	61,833	63,470	63,242	63,710r	64,374	63,091
China										
45 Mainland	214	292	710	572	543	358	635	560	1,148	997
46 Taiwan	2,288	1,908	1,849	1,937	1,641	1,718	1,540	1,527r	1,525	1,329
47 Hong Kong	6,787	8,489	7,283	6,897	7,290	7,237	7,473	7,999r	7,718	6,937
48 India	222	330	425	307	270	310	385	460	461	388
49 Indonesia	348	805	724	704	701	682	631	623	718	653
50 Israel	2,029	1,832	2,088	2,004	2,038	2,598	2,053	1,955r	1,875	1,901
51 Japan	28,379	30,354	29,066	26,614	25,429	26,529	26,336	27,785r	26,952	28,136
52 Korea	9,387	9,943	9,285	9,434	9,127	9,158	9,707	9,337r	9,092	9,736
53 Philippines	2,625	2,107	2,550	2,360	2,384	2,448	2,454	2,487	2,443	2,237
54 Thailand	643	1,219	1,125	939	852	862	746	757r	804	768
55 Middle East oil-exporting countries[4]	3,087	4,954	5,044	5,509	5,546	5,120	5,315	4,116	4,845	4,575
56 Other Asia	4,943	5,603	6,147	6,171	6,012	6,449	5,967	6,104r	6,791	5,436
57 Africa	5,346	6,654	6,615	6,299	6,203	6,075	5,957	5,718	5,701	5,458
58 Egypt	322	747	728	629	612	626	606	585	634	668
59 Morocco	353	440	583	595	577	592	596	598	592	610
60 South Africa	2,012	2,634	2,795	2,508	2,497	2,524	2,402	2,214	2,063	1,968
61 Zaire	57	33	18	24	24	24	24	25	22	21
62 Oil-exporting countries[5]	801	1,073	842	893	871	740	743	722	860	674
63 Other	1,802	1,727	1,649	1,651	1,621	1,569	1,587	1,574	1,531	1,516
64 Other countries	2,107	2,898	3,447	3,403	3,194	3,183	3,057	2,991r	3,090	3,110
65 Australia	1,713	2,256	2,769	2,755	2,536	2,498	2,320	2,227r	2,303	2,293
66 All other	394	642	678	648	658	685	737	764	787	818
67 Nonmonetary international and regional organizations[6]	68	164	594	1138	815	710	275	438	382	768

1. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.
2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.
3. Included in "Other Latin America and Caribbean" through March 1978.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Excludes the Bank for International Settlements, which is included in "Other Western Europe."

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	1982	1983	1984	1985						
				Apr.	May	June	July	Aug.[r]	Sept.	Oct.[p]
1 **Total**	**396,015**	**426,215**	**431,761**	....	....	**425,692**	....	....	**426,093**	....
2 Banks' own claims on foreigners	355,705	391,312	398,845	391,432	391,355	396,253	390,368	387,997	392,624	381,277
3 Foreign public borrowers	45,422	57,569	61,595	62,114	61,673	61,241	61,239	60,961	62,007	60,101
4 Own foreign offices[1]	127,293	146,393	156,174	155,070	157,026	162,840	158,164	155,734	159,354	156,103
5 Unaffiliated foreign banks	121,377	123,837	123,967	119,696	119,435	118,493	117,446	118,023	118,345	113,194
6 Deposits	44,223	47,126	48,379	47,990	48,459	48,135	48,786	49,528	49,348	46,886
7 Other	77,153	76,711	75,588	71,706	70,976	70,358	68,660	68,495	68,997	66,308
8 All other foreigners	61,614	63,514	57,109	54,552	53,222	53,679	53,520	53,279	52,918	51,879
9 Claims of banks' domestic customers[2]	40,310	34,903	32,916	....	....	29,439	....	....	33,468	....
10 Deposits	2,491	2,969	3,380	....	....	2,870	....	....	6,605	....
11 Negotiable and readily transferable instruments[3]	30,763	26,064	23,805	....	....	21,064	....	....	21,536	....
12 Outstanding collections and other claims	7,056	5,870	5,732	....	....	5,505	....	....	5,327	....
13 MEMO: Customer liability on acceptances	38,153	37,715	37,103	....	....	31,699	....	....	30,517	....
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[4]	42,499	46,217	40,508	39,552[r]	37,546[r]	36,236[r]	37,430[r]	38,160	38,355	n.a.

1. *U.S. banks:* includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. *Agencies, branches, and majority-owned subsidiaries of foreign banks:* principally amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account of their domestic customers.
3. Principally negotiable time certificates of deposit and bankers acceptances.
4. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see July 1979 BULLETIN, p. 550.

NOTE. Beginning April 1978, data for banks' own claims are given on a monthly basis, but the data for claims of banks' own domestic customers are available on a quarterly basis only.

3.20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars

Millions of dollars, end of period

Maturity; by borrower and area	1981▲	1982	1983	1984	1985		
				Dec.	Mar.	June	Sept.[p]
1 **Total**	**154,590**	**228,150**	**243,715**	**243,409**	**239,521**	**231,713**	**231,832**
By borrower							
2 Maturity of 1 year or less[1]	116,394	173,917	176,158	166,381	165,185	158,641	160,664
3 Foreign public borrowers	15,142	21,256	24,039	22,758	23,615	23,899	25,473
4 All other foreigners	101,252	152,661	152,120	143,623	141,570	134,742	135,191
5 Maturity of over 1 year[1]	38,197	54,233	67,557	77,027	74,335	73,072	71,168
6 Foreign public borrowers	15,589	23,137	32,521	39,247	38,164	37,425	36,741
7 All other foreigners	22,608	31,095	35,036	37,780	36,171	35,647	34,428
By area							
Maturity of 1 year or less[1]							
8 Europe	28,130	50,500	56,117	58,398	60,391	55,656	57,914
9 Canada	4,662	7,642	6,211	6,015	7,531	6,135	6,052
10 Latin America and Caribbean	48,717	73,291	73,660	61,653	60,162	63,545	61,935
11 Asia	31,485	37,578	34,403	33,484	30,690	27,537	29,026
12 Africa	2,457	3,680	4,199	4,442	4,109	4,003	3,954
13 All other[2]	943	1,226	1,569	2,388	2,301	1,764	1,782
Maturity of over 1 year[1]							
14 Europe	8,100	11,636	13,576	9,605	8,545	8,628	8,065
15 Canada	1,808	1,931	1,857	1,890	2,181	2,116	1,940
16 Latin America and Caribbean	25,209	35,247	43,888	57,069	55,372	53,507	53,125
17 Asia	1,907	3,185	4,850	5,323	5,221	5,203	5,215
18 Africa	900	1,494	2,286	2,033	1,963	1,996	1,665
19 All other[2]	272	740	1,101	1,107	1,053	1,622	1,157

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

1. Remaining time to maturity.
2. Includes nonmonetary international and regional organizations.

3.21 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks[1]

Billions of dollars, end of period

Area or country	1981	1982	1983		1984				1985		
			Sept.	Dec.	Mar.	June[7]	Sept.	Dec.	Mar.	June	Sept.p
1 **Total**	**415.2**	**438.7**	**431.0**	**437.3**	**435.1**	**432.4r**	**411.9r**	**409.2r**	**411.0r**	**402.6r**	**403.9**
2 G-10 countries and Switzerland	175.5	179.7	168.8	168.0	166.0	157.9r	148.2r	148.0r	152.8r	146.8r	153.2
3 Belgium-Luxembourg	13.3	13.1	12.6	12.4	11.0	10.9	9.8	8.8	9.4	9.0	9.5
4 France	15.3	17.1	16.2	16.3	15.9	14.2	14.3	14.1	14.6	13.6	14.9
5 Germany	12.9	12.7	11.6	11.3	11.7	10.9	10.0	9.0	8.9	9.6	9.8
6 Italy	9.6	10.3	9.9	11.4	11.2	11.5	9.7	10.1	10.0	8.5r	8.4
7 Netherlands	4.0	3.6	3.6	3.5	3.4	3.0	3.4	3.9	3.7	3.7	3.4
8 Sweden	3.7	5.0	4.9	5.1	5.2	4.3	3.5	3.2	3.1	2.8r	3.1
9 Switzerland	5.5	5.0	4.2	4.3	4.3	4.2	3.9	3.9	4.2	4.0	4.1
10 United Kingdom	70.1	72.1	67.8	65.4	65.1	60.6r	57.5r	60.0r	65.1r	65.6r	68.1
11 Canada	10.9	10.4	8.9	8.3	8.6	8.9	8.1	7.9r	9.0	8.0	7.5
12 Japan	30.2	30.2	29.0	29.9	29.7	29.3	27.9	27.2	24.8r	21.9	24.3
13 Other developed countries	28.4	33.7	34.3	36.1	35.7	37.2r	36.4r	33.9r	33.0	32.5r	32.3
14 Austria	1.9	1.9	1.9	1.9	2.0	1.9	1.8	1.6	1.6	1.6	1.7
15 Denmark	2.3	2.4	3.3	3.4	3.4	3.1	2.9	2.2	2.1	1.9	2.1
16 Finland	1.7	2.2	1.8	2.4	2.1	2.3	1.9	1.9	1.8	1.8	1.8
17 Greece	2.8	3.0	2.9	2.8	3.0	3.3	3.2	2.9	2.9	2.9	2.8
18 Norway	3.1	3.3	3.2	3.3	3.2	3.2	3.2	3.0	2.9	2.9	3.4
19 Portugal	1.1	1.5	1.4	1.5	1.4	1.7	1.6	1.4	1.4	1.3	1.4
20 Spain	6.6	7.5	7.1	7.1	7.1	7.3	6.9	6.5	6.4r	5.9	6.2
21 Turkey	1.4	1.4	1.5	1.7	1.9	2.0	2.0	1.9	1.9	2.0	2.1
22 Other Western Europe	2.1	2.3	2.1	1.8	1.8	1.9	1.7	1.7	1.7	1.8	1.7
23 South Africa	2.8	3.7	4.7	4.7	4.8	4.7	5.0	4.5	4.2	3.9	3.3
24 Australia	2.5	4.4	4.4	5.5	5.2	5.8r	6.3r	6.2r	6.2	6.4r	5.8
25 OPEC countries[2]	24.8	27.4	27.2	28.9	28.6	27.0r	25.2r	25.8r	25.4r	23.8r	24.1
26 Ecuador	2.2	2.2	2.1	2.2	2.1	2.1	2.1	2.2	2.2	2.3	2.3
27 Venezuela	9.9	10.5	9.8	9.9	9.7	9.5	9.2	9.3	9.3	9.3	9.2
28 Indonesia	2.6	3.2	3.4	3.8	4.0	4.3r	4.0r	3.9r	3.8r	3.6r	3.6
29 Middle East countries	7.5	8.7	9.1	10.0	9.8	8.4	7.4	8.2	7.8	6.6r	6.7
30 African countries	2.5	2.8	2.8	3.0	3.0	2.7	2.5	2.3	2.3	2.2r	2.3
31 Non-OPEC developing countries	96.3	107.1	109.8	111.6	112.2	113.5r	112.7r	112.9r	111.8r	111.0r	111.1
Latin America											
32 Argentina	9.4	8.9	9.5	9.5	9.5	9.2	9.1	8.7	8.6	8.6	9.3
33 Brazil	19.1	22.9	23.1	23.1	25.1	25.4	26.3	26.3	26.4	26.6	26.1
34 Chile	5.8	6.3	6.3	6.4	6.5	6.7	7.1	7.0	7.0	6.9	6.9
35 Colombia	2.6	3.1	3.2	3.2	3.1	3.0	2.9	2.9	2.8	2.7	2.6
36 Mexico	21.6	24.5	25.9	26.1	25.6	26.2r	26.2r	26.0r	25.7	25.6	25.2
37 Peru	2.0	2.6	2.4	2.4	2.3	2.3	2.2	2.2	2.2	2.1	2.0
38 Other Latin America	4.1	4.0	4.2	4.2	4.4	4.1	3.9	3.9	3.7	3.6	3.5
Asia											
China											
39 Mainland	.2	.2	.2	.3	.3	.6	.5	.7	.7	.3	1.1
40 Taiwan	5.1	5.3	5.2	5.3	4.9	5.4r	5.3r	5.3r	5.4r	5.5	5.2
41 India	.3	.6	.8	1.0	1.0	1.0	1.1	1.0	1.0	1.0	1.2
42 Israel	2.1	2.3	1.7	1.9	1.6	1.9	1.7	1.8	1.7	2.3	1.5
43 Korea (South)	9.4	10.9	10.9	11.3	11.1	11.3r	10.5r	10.9r	10.6r	10.3r	10.6
44 Malaysia	1.7	2.1	2.8	2.9	2.8	2.9r	3.1r	3.0r	2.9r	3.0r	2.9
45 Philippines	6.0	6.3	6.2	6.2	6.7	6.3	5.9	6.0	6.1	6.0r	6.1
46 Thailand	1.5	1.6	1.8	2.2	2.1	1.9	1.8	1.8	1.7	1.6r	1.7
47 Other Asia	1.0	1.1	1.0	1.0	.9	1.1	1.0r	1.2r	1.1	1.0r	1.1
Africa											
48 Egypt	1.1	1.2	1.4	1.5	1.4	1.4	1.2	1.2	1.1	1.0	1.0
49 Morocco	.7	.7	.8	.8	.8	.8	.8	.8	.8	.8	.9
50 Zaire	.2	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
51 Other Africa[3]	2.3	2.4	2.4	2.3	2.2	1.9	1.9	2.1	2.2	2.0	2.0
52 Eastern Europe	7.8	6.2	5.3	5.3	4.9	4.9	4.5	4.4	4.3	4.3	4.6
53 U.S.S.R.	.6	.3	.2	.2	.2	.2	.2	.1	.2	.3	.2
54 Yugoslavia	2.5	2.2	2.3	2.4	2.3	2.3	2.3	2.3	2.2	2.2	2.5
55 Other	4.7	3.7	2.8	2.8	2.5	2.4	2.1	2.0	1.9	1.8	1.9
56 Offshore banking centers	63.7	66.8	68.7	70.5	71.4	74.6r	67.4r	67.0r	66.6r	66.8r	61.2
57 Bahamas	19.0	19.0	21.6	21.8	24.6	27.5	23.8r	21.5	21.6	21.9r	16.8
58 Bermuda	.7	.9	.8	.9	.7	.7	1.0	.9	.7	.9	.8
59 Cayman Islands and other British West Indies	12.4	12.9	10.5	12.2	12.0	12.2	11.1	11.7	12.4r	12.4	12.5
60 Netherlands Antilles	3.2	3.3	4.1	4.2	3.3	3.3	3.1	3.4	3.3	3.2	2.3
61 Panama[4]	7.7	7.6	5.7	6.0	6.3	6.6	5.7	6.8	5.7	5.5	6.2
62 Lebanon	.2	.1	.1	.1	.1	.1	.1	.1	.1	.1	.0
63 Hong Kong	11.8	13.9	15.2	15.0	14.4	13.9r	13.1r	12.8r	12.9r	13.1r	13.2
64 Singapore	8.7	9.2	10.5	10.3	10.0	10.3r	9.5	9.8	10.0	9.7r	9.4
65 Others[5]	.1	.0	.1	.0	.0	.0	.0	.0	.0	.0	.0
66 Miscellaneous and unallocated[6]	18.8	17.9	16.9	17.0	16.3	17.4r	17.4r	17.3	17.1r	17.4r	17.8

1. The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices *not* covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. To minimize duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution. The data in this table combine foreign branch claims in table 3.14 (the sum of lines 7 through 10) with the claims of U.S. offices in table 3.18 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches).

2. Besides the Organization of Petroleum Exporting Countries shown individually, this group includes other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates) as well as Bahrain and Oman (not formally members of OPEC).

3. Excludes Liberia.

4. Includes Canal Zone beginning December 1979.

5. Foreign branch claims only.

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

7. Beginning with June 1984 data, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from $50 million to $150 million equivalent in total assets, the threshold now applicable to all reporting branches.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type, and area or country	1981	1982	1983	1984			1985	
				June	Sept.	Dec.	Mar.	June
1 **Total**	**28,618**	**27,512**	**25,236**	**34,269**	**30,759**	**28,808**	**25,594**	**24,456**
2 Payable in dollars	24,909	24,280	22,216	31,071	27,954	25,935	22,915	21,898
3 Payable in foreign currencies	3,709	3,232	3,020	3,198	2,804	2,873	2,679	2,558
By type								
4 Financial liabilities	12,157	11,066	10,462	18,595	15,900	13,951	11,073	11,353
5 Payable in dollars	9,499	8,858	8,683	16,553	14,103	12,084	9,322	9,485
6 Payable in foreign currencies	2,658	2,208	1,779	2,043	1,797	1,868	1,751	1,868
7 Commercial liabilities	16,461	16,446	14,774	15,674	14,859	14,857	14,521	13,103
8 Trade payables	10,818	9,438	7,765	7,897	6,900	6,990	7,052	5,854
9 Advance receipts and other liabilities	5,643	7,008	7,009	7,776	7,959	7,867	7,469	7,249
10 Payable in dollars	15,409	15,423	13,533	14,518	13,852	13,851	13,593	12,413
11 Payable in foreign currencies	1,052	1,023	1,241	1,155	1,007	1,006	928	690
By area or country								
Financial liabilities								
12 Europe	6,825	6,501	5,742	7,335	6,679	6,798	6,100	5,893
13 Belgium-Luxembourg	471	505	302	359	428	471	298	348
14 France	709	783	843	900	910	995	896	865
15 Germany	491	467	502	571	521	489	506	474
16 Netherlands	748	711	621	595	595	578	602	597
17 Switzerland	715	792	486	563	514	569	541	566
18 United Kingdom	3,565	3,102	2,839	4,097	3,463	3,389	3,028	2,801
19 Canada	963	746	764	735	825	863	840	850
20 Latin America and Caribbean	3,356	2,751	2,596	9,038	6,800	4,576	2,652	3,106
21 Bahamas	1,279	904	751	3,642	2,606	1,423	853	1,107
22 Bermuda	7	14	13	13	11	13	25	10
23 Brazil	22	28	32	25	33	35	29	27
24 British West Indies	1,241	1,027	1,041	4,567	3,271	2,103	1,521	1,734
25 Mexico	102	121	213	237	260	367	25	32
26 Venezuela	98	114	124	124	130	137	3	3
27 Asia	976	1,039	1,332	1,462	1,566	1,682	1,460	1,478
28 Japan	792	715	898	1,013	1,085	1,121	945	877
29 Middle East oil-exporting countries[2]	75	169	170	180	144	147	116	147
30 Africa	14	17	19	16	16	14	12	14
31 Oil-exporting countries[3]	0	0	0	0	1	0	0	0
32 All other[4]	24	12	10	9	14	19	10	13
Commercial liabilities								
33 Europe	3,770	3,831	3,245	3,409	3,961	3,987	3,519	3,485
34 Belgium-Luxembourg	71	52	62	45	34	48	37	53
35 France	573	598	437	525	430	438	401	425
36 Germany	545	468	427	501	558	619	590	431
37 Netherlands	220	346	268	265	239	245	272	284
38 Switzerland	424	367	241	246	405	257	233	353
39 United Kingdom	880	1,027	732	794	1,133	1,082	752	740
40 Canada	897	1,495	1,841	1,840	1,906	1,975	1,727	1,494
41 Latin America and Caribbean	1,044	1,570	1,473	1,705	1,758	1,871	1,717	1,244
42 Bahamas	2	16	1	17	1	7	11	12
43 Bermuda	67	117	67	124	110	114	112	77
44 Brazil	67	60	44	31	68	124	101	90
45 British West Indies	2	32	6	5	8	32	21	1
46 Mexico	340	436	585	568	641	586	654	492
47 Venezuela	276	642	432	630	628	636	395	309
48 Asia	9,384	8,144	6,741	6,989	5,569	5,307	5,721	5,259
49 Japan	1,094	1,226	1,247	1,235	1,429	1,256	1,241	1,232
50 Middle East oil-exporting countries[2,5]	7,008	5,503	4,178	4,190	2,364	2,372	2,786	2,396
51 Africa	703	753	553	684	597	588	765	633
52 Oil-exporting countries[3]	344	277	167	217	251	233	294	265
53 All other[4]	664	651	921	1,046	1,068	1,128	1,070	988

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.
5. Revisions include a reclassification of transactions, which also affects the totals for Asia and the grand totals.

3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type, and area or country	1981	1982	1983	1984			1985	
				June	Sept.	Dec.	Mar.	June
1 **Total**	**36,185**	**28,725**	**34,790**	**32,099**	**30,626**	**29,570**	**28,415**	**26,554**
2 Payable in dollars	32,582	26,085	31,695	29,118	27,835	26,973	25,843	23,935
3 Payable in foreign currencies	3,603	2,640	3,096	2,982	2,792	2,597	2,571	2,619
By type								
4 Financial claims	21,142	17,684	23,660	21,646	20,227	18,980	18,118	16,067
5 Deposits	15,081	13,058	18,375	16,498	15,419	14,347	14,126	12,183
6 Payable in dollars	14,456	12,628	17,872	15,977	14,979	13,927	13,629	11,637
7 Payable in foreign currencies	625	430	503	522	439	420	497	546
8 Other financial claims	6,061	4,626	5,284	5,148	4,808	4,633	3,992	3,884
9 Payable in dollars	3,599	2,979	3,328	3,387	3,116	3,190	2,427	2,403
10 Payable in foreign currencies	2,462	1,647	1,956	1,761	1,693	1,442	1,565	1,480
11 Commercial claims	15,043	11,041	11,131	10,454	10,399	10,591	10,297	10,487
12 Trade receivables	14,007	9,994	9,721	9,111	8,896	9,110	8,784	9,121
13 Advance payments and other claims	1,036	1,047	1,410	1,343	1,503	1,481	1,513	1,367
14 Payable in dollars	14,527	10,478	10,494	9,754	9,740	9,856	9,787	9,895
15 Payable in foreign currencies	516	563	637	699	659	735	510	592
By area or country								
Financial claims								
16 Europe	4,596	4,873	6,452	6,485	5,703	5,643	5,691	5,293
17 Belgium-Luxembourg	43	15	37	37	15	15	29	15
18 France	285	134	150	151	151	126	86	46
19 Germany	224	178	163	166	192	224	196	168
20 Netherlands	50	97	71	158	62	66	72	37
21 Switzerland	117	107	38	61	64	66	46	16
22 United Kingdom	3,546	4,064	5,781	5,660	4,988	4,745	4,974	4,737
23 Canada	6,755	4,377	5,974	5,302	4,492	4,006	3,945	3,790
24 Latin America and Caribbean	8,812	7,546	10,164	8,615	8,859	8,045	7,427	6,158
25 Bahamas	3,650	3,279	4,745	3,269	3,392	3,270	2,992	2,156
26 Bermuda	18	32	102	11	5	6	4	5
27 Brazil	30	62	53	83	84	100	98	96
28 British West Indies	3,971	3,255	4,163	4,415	4,495	3,905	3,745	3,341
29 Mexico	313	274	293	230	232	215	201	205
30 Venezuela	148	139	134	124	128	125	101	100
31 Asia	758	698	764	977	900	961	856	620
32 Japan	366	153	297	321	371	353	509	281
33 Middle East oil-exporting countries[2]	37	15	4	8	7	13	6	6
34 Africa	173	158	147	158	160	210	101	111
35 Oil-exporting countries[3]	46	48	55	35	37	85	32	25
36 All other[4]	48	31	159	109	113	114	97	95
Commercial claims								
37 Europe	5,405	3,826	3,670	3,555	3,570	3,812	3,360	3,707
38 Belgium-Luxembourg	234	151	135	142	128	138	149	224
39 France	776	474	459	408	411	440	375	410
40 Germany	561	357	349	447	370	374	358	373
41 Netherlands	299	350	334	306	303	340	340	301
42 Switzerland	431	360	317	250	289	271	253	376
43 United Kingdom	985	811	809	812	891	1,063	885	952
44 Canada	967	633	829	933	1,026	1,021	1,248	1,065
45 Latin America and Caribbean	3,479	2,526	2,695	2,042	1,976	1,973	1,973	2,137
46 Bahamas	12	21	8	4	14	8	9	11
47 Bermuda	223	261	190	89	88	115	164	65
48 Brazil	668	258	493	310	219	214	210	193
49 British West Indies	12	12	7	8	10	7	6	6
50 Mexico	1,022	775	884	577	595	583	493	616
51 Venezuela	424	351	272	241	245	206	192	224
52 Asia	3,959	3,050	3,063	3,091	2,895	3,086	2,985	2,720
53 Japan	1,245	1,047	1,114	1,183	1,089	1,191	1,154	968
54 Middle East oil-exporting countries[2]	905	751	737	710	703	688	666	593
55 Africa	772	588	588	536	595	470	510	522
56 Oil-exporting countries[3]	152	140	139	128	135	134	141	139
57 All other[4]	461	417	286	297	338	229	221	337

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transactions, and area or country	1983	1984	1985 Jan.–Oct.	1985 Apr.	May	June	July	Aug.	Sept.	Oct.^{p}
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	69,770	60,704	62,257	5,147	6,520	6,471	7,181	6,366	4,802	7,232
2 Foreign sales	64,360	63,628	60,823	5,104	6,423	6,069	6,522	5,721	4,690	6,560
3 Net purchases, or sales (–)	**5,410**	**–2,924**	**1,434**	**44**	**97**	**402**	**659**	**645**	**112**	**673**
4 Foreign countries	**5,312**	**–3,039**	**1,423**	**35**	**140**	**404**	**559**	**644**	**163**	**644**
5 Europe	3,979	–2,975	–305	–160	–285	72	336	364	170	554
6 France	–97	–405	–252	24	17	26	–3	–41	–120	–82
7 Germany	1,045	–50	177	23	39	5	126	76	29	235
8 Netherlands	–109	–315	–284	16	–51	–86	42	18	25	33
9 Switzerland	1,325	–1,490	–454	–48	–90	49	38	–28	–87	125
10 United Kingdom	1,799	–647	298	–191	–219	49	104	295	293	210
11 Canada	1,151	1,672	332	34	7	–62	66	68	34	–31
12 Latin America and Caribbean	529	493	1,153	169	247	132	119	109	–35	78
13 Middle East[1]	–808	–2,006	186	–90	53	106	53	35	54	8
14 Other Asia	395	–372	–46	91	101	174	–23	58	–26	–16
15 Africa	42	–23	13	–1	–8	13	25	9	0	–4
16 Other countries	24	171	91	–6	25	–31	–16	1	–34	55
17 Nonmonetary international and regional organizations	**98**	**115**	**11**	**8**	**–44**	**–1**	**100**	**1**	**–51**	**28**
BONDS[2]										
18 Foreign purchases	24,000	39,853	65,342	4,562	6,789	5,319	8,502	5,547^r	7,482	7,401
19 Foreign sales	23,097	26,612	34,673	3,135	3,697	3,943	4,254	3,741	3,632	2,783
20 Net purchases, or sales (–)	**903**	**13,241**	**30,669**	**1,427**	**3,092**	**1,376**	**4,249**	**1,806^r**	**3,850**	**4,618**
21 Foreign countries	**888**	**12,944**	**30,763**	**1,402**	**3,230**	**1,243**	**3,597**	**2,118^r**	**4,176**	**4,772**
22 Europe	909	11,793	27,956	1,622	2,752	1,199	3,210	1,834^r	3,949	3,665
23 France	–89	207	229	18	0	–35	–2	169	42	8
24 Germany	344	1,731	701	162	–17	13	182	103	152	308
25 Netherlands	51	93	52	–9	–11	–9	–2	25	–4	0
26 Switzerland	583	644	2,176	65	71	93	492	243	154	249
27 United Kingdom	434	8,520	24,055	1,294	2,398	1,039	2,391	1,368^r	3,519	3,037
28 Canada	123	–76	74	0	44	4	–4	–24	–31	42
29 Latin America and Caribbean	100	390	302	–83	178	27	39	–81	–64	81
30 Middle East[1]	–1,161	–1,026	–1,993	–509	–119	–507	–265	–80	–187	11
31 Other Asia	865	1,862	4,392	381	372	518	610	465	508	966
32 Africa	0	1	7	0	1	0	3	1	0	1
33 Other countries	52	0	25	–9	2	1	3	3	1	6
34 Nonmonetary international and regional organizations	**15**	**297**	**–95**	**25**	**–138**	**133**	**651**	**–312**	**–326**	**–154**
	Foreign securities									
35 Stocks, net purchases, or sales (–)	–3,765	–1,219	–3,210	–145	100	–174	–550	–213	–224	–72
36 Foreign purchases	13,281	14,597	16,069	1,446	1,764	1,632	1,580	1,689	1,538	2,172
37 Foreign sales	17,046	15,816	19,278	1,591	1,665	1,806	2,130	1,902	1,762	2,244
38 Bonds, net purchases, or sales (–)	–3,239	–4,131	–4,019	–674	–1,059	–261	–589	305^r	–496	–690
39 Foreign purchases	36,333	57,312	67,135	5,674	7,448	6,691	7,147	6,959^r	8,255	8,538
40 Foreign sales	39,572	61,443	71,153	6,348	8,507	6,952	7,736	6,654	8,751	9,228
41 Net purchases, or sales (–), of stocks and bonds	**–7,004**	**–5,350**	**–7,228**	**–819**	**–959**	**–434**	**–1,139**	**92^r**	**–720**	**–762**
42 Foreign countries	**–6,559**	**–4,961**	**–7,734**	**–728**	**–1,123**	**–386**	**–1,368**	**302^r**	**–955**	**–750**
43 Europe	–5,492	–8,740	–8,331	–827	–2,024	–680	–1,185	–258^r	–764	–579
44 Canada	–1,328	404	–1,421	22	–96	–157	–783	36	1	–26
45 Latin America and Caribbean	1,120	2,472	1,731	136	810	73	150	178	191	48
46 Asia	–855	1,252	202	–18	201	353	418	387	–400	–193
47 Africa	141	–107	–4	–5	2	13	18	9	–2	–5
48 Other countries	–144	–242	90	–36	–15	14	13	–51	19	6
49 Nonmonetary international and regional organizations	**–445**	**–389**	**505**	**–91**	**164**	**–49**	**229**	**–210**	**235**	**–13**

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Includes state and local government securities, and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.25 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Transactions

Millions of dollars

Country or area	1983	1984	1985 Jan.–Oct.	1985 Apr.	1985 May	1985 June	1985 July	1985 Aug.	1985 Sept.	1985 Oct.p
	Transactions, net purchases or sales (−) during period[1]									
1 **Estimated total[1]**	**3,693**	**21,447**	**21,193**	**−4,294**	**3,069**	**5,757**	**4,786**	**−3,345**	**6,902**	**−643**
2 Foreign countries[2]	3,162	16,444	24,296	2,219	4,337	5,757	5,364	1,027	4,357	−112
3 Europe[2]	6,226	11,081	4,786	1,798	686	1,025	975	953	958	−691
4 Belgium-Luxembourg	−431	289	492	80	101	17	21	92	49	10
5 Germany[2]	2,450	2,958	1,720	293	838	415	725	937	294	17
6 Netherlands	375	454	203	−7	−73	10	148	386	127	−126
7 Sweden	170	46	1,059	30	157	775	119	−89	−33	−41
8 Switzerland[2]	−421	635	1,030	183	−135	143	−21	72	25	116
9 United Kingdom	1,966	5,234	−1,644	174	−865	−96	−761	−82	283	−735
10 Other Western Europe	2,118	1,466	1,926	1,045	663	−239	743	−363	214	68
11 Eastern Europe	0	0	0	0	0	0	0	0	0	0
12 Canada	699	1,526	248	334	113	6	7	−144	106	138
13 Latin America and Caribbean	−212	1,413	3,433	467	581	205	156	524	562	125
14 Venezuela	−124	14	203	10	−9	80	0	33	2	91
15 Other Latin America and Caribbean	60	528	1,663	179	463	123	−7	95	556	110
16 Netherlands Antilles	−149	871	1,566	278	126	2	163	397	4	−76
17 Asia	−3,535	2,377	15,389	−343	2,891	4,516	4,307	−416	2,594	244
18 Japan	2,315	6,062	15,289	1,731	1,060	2,666	3,752	875	2,253	1,630
19 Africa	3	−67	102	13	57	10	10	−1	0	9
20 All other	−17	114	337	−51	9	−6	−91	111	137	63
21 Nonmonetary international and regional organizations	535	5,001	−3,103	2,075	−1,268	−1	−577	−4,372	2,545	−530
22 International	218	4,610	−3,370	1,792	−1,057	−105	−219	−4,400	1,883	−430
23 Latin American regional	0	0	2	−3	5	0	0	0	−1	0
MEMO										
24 Foreign countries[2]	3,162	16,444	24,296	2,219	4,337	5,757	5,364	1,027	4,357	−112
25 Official institutions	779	515	5,987	−625	3,530	2,713	1,788	104	1,064	−1,205
26 Other foreign[2]	2,382	15,930	18,308	2,844	807	3,045	3,575	923	3,293	1,093
Oil-exporting countries										
27 Middle East[3]	−5,419	6,277	−1,907	−851	52	1,422	−1	−1,132	−838	−817
28 Africa[4]	−1	−101	4	0	0	0	0	0	0	4

1. Estimated official and private transactions in marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.
2. Includes U.S. Treasury notes publicly issued to private foreign residents denominated in foreign currencies.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per annum

Country	Rate on Nov. 30, 1985		Country	Rate on Nov. 30, 1985		Country	Rate on Nov. 30, 1985	
	Per-cent	Month effective		Per-cent	Month effective		Per-cent	Month effective
Austria	4.0	Aug. 1985	France[1]	8.75	Nov. 1985	Norway	8.0	June 1983
Belgium	8.75	Nov. 1985	Germany, Fed. Rep. of	4.0	Aug. 1984	Switzerland	4.0	Mar. 1983
Brazil	49.0	Mar. 1981	Italy	15.0	Nov. 1985	United Kingdom[2]	....	....
Canada	9.10	Nov. 1985	Japan	5.0	Oct. 1983	Venezuela	8.0	Oct. 1985
Denmark	7.0	Oct. 1983	Netherlands	5.0	Aug. 1985			

1. As of the end of February 1981, the rate is that at which the Bank of France discounts Treasury bills for 7 to 10 days.
2. Minimum lending rate suspended as of Aug. 20, 1981.

NOTE. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or government commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

3.27 FOREIGN SHORT-TERM INTEREST RATES

Percent per annum, averages of daily figures

Country, or type	1982	1983	1984	1985						
				May	June	July	Aug.	Sept.	Oct.	Nov.
1 Eurodollars	12.24	9.57	10.75	8.13	7.60	7.89	8.02	8.14	8.08	8.02
2 United Kingdom	12.21	10.06	9.91	12.61	12.38	12.01	11.42	11.49	11.49	11.50
3 Canada	14.38	9.48	11.29	9.77	9.58	9.33	9.16	9.10	8.73	8.85
4 Germany	8.81	5.73	5.96	5.87	5.66	5.31	4.75	4.64	4.77	4.82
5 Switzerland	5.04	4.11	4.35	5.15	5.14	5.07	4.64	4.59	4.53	4.07
6 Netherlands	8.26	5.58	6.08	6.90	6.58	6.29	5.80	5.72	5.89	5.90
7 France	14.61	12.44	11.66	10.15	10.18	9.97	9.79	9.57	9.29	8.95
8 Italy	19.99	18.95	17.08	14.91	15.00	14.37	14.36	13.95	14.16	14.29
9 Belgium	14.10	10.51	11.41	9.35	8.96	8.95	9.50	9.33	8.97	8.66
10 Japan	6.84	6.49	6.32	6.26	6.30	6.29	6.30	6.31	6.47	7.29

NOTE. Rates are for 3-month interbank loans except for Canada, finance company paper; Belgium, 3-month Treasury bills; and Japan, Gensaki rate.

3.28 FOREIGN EXCHANGE RATES

Currency units per dollar

Country/currency	1982	1983	1984	1985					
				June	July	Aug.	Sept.	Oct.	Nov.
1 Australia/dollar[1]	101.65	90.14	87.937	66.51	69.95	70.70	68.96	70.25	67.74
2 Austria/schilling	17.060	17.968	20.005	21.532	20.446	19.632	19.949	18.569	18.236
3 Belgium/franc	45.780	51.121	57.749	61.719	58.626	56.543	57.395	53.618	52.474
4 Brazil/cruzeiro	179.22	573.27	1841.50	5786.00	6236.19	6714.00	7453.33	8203.57	8913.95
5 Canada/dollar	1.2344	1.2325	1.2953	1.3676	1.3526	1.3575	1.3703	1.3667	1.3765
6 China, P.R./yuan	1.8978	1.9809	2.3308	2.8693	2.8809	2.9093	2.9722	3.0782	3.2086
7 Denmark/krone	8.3443	9.1483	10.354	10.9962	10.456	10.1459	10.2906	9.5880	9.3918
8 Finland/markka	4.8086	5.5636	6.0007	6.3660	6.0798	5.9464	6.0140	5.6836	5.5709
9 France/franc	6.5793	7.6203	8.7355	9.3414	8.8513	8.5323	8.6599	8.0641	7.9095
10 Germany/deutsche mark	2.428	2.5539	2.8454	3.0636	2.9083	2.7937	2.8381	2.6446	2.5954
11 Greece/drachma	66.872	87.895	112.73	136.00	131.75	131.75	136.74	145.74	153.037
12 Hong Kong/dollar	6.0697	7.2569	7.8188	7.7698	7.7527	7.7906	7.8043	7.7908	7.8042
13 India/rupee	9.4846	10.1040	11.348	12.441	12.031	11.898	12.126	12.033	12.1010
14 Ireland/pound[1]	142.05	124.81	108.64	102.19	107.79	111.43	109.55	117.00	119.19
15 Italy/lira	1354.00	1519.30	1756.10	1953.92	1900.33	1873.51	1903.42	1785.43	1753.72
16 Japan/yen	249.06	237.55	237.45	248.84	241.14	237.46	236.53	214.68	204.07
17 Malaysia/ringgit	2.3395	2.3204	2.3448	2.4685	2.4696	2.4644	2.4841	2.4529	2.4341
18 Netherlands/guilder	2.6719	2.8543	3.2083	3.4535	3.2732	3.1429	3.1921	2.9819	2.9230
19 New Zealand/dollar[1]	75.101	66.790	57.837	45.949	49.826	53.564	53.285	56.931	57.230
20 Norway/krone	6.4567	7.3012	8.1596	8.8255	8.4338	8.2487	8.3337	7.9099	7.8076
21 Portugal/escudo	80.101	111.610	147.70	176.15	169.77	167.34	172.5	164.59	162.963
22 Singapore/dollar	2.1406	2.1136	2.1325	2.2291	2.2109	2.2191	2.2268	2.1387	2.1084
23 South Africa/rand[1]	92.297	89.85	69.534	50.54	51.07	43.07	39.49	38.38	37.57
24 South Korea/won	731.93	776.04	807.91	875.00	876.46	885.09	847.46	894.49	893.35
25 Spain/peseta	110.09	143.500	160.78	173.42	167.97	164.49	168.91	161.712	159.658
26 Sri Lanka/rupee	20.756	23.510	25.428	27.433	27.327	27.377	27.430	27.421	27.449
27 Sweden/krona	6.2838	7.6717	8.2706	8.8565	.8.4703	8.3106	8.3907	7.9557	7.8127
28 Switzerland/franc	2.0327	2.1006	2.3500	2.5721	2.4060	2.2962	2.3749	2.1692	2.1306
29 Taiwan/dollar	n.a.	n.a.	39.633	39.857	40.136	40.501	40.465	40.195	39.981
30 Thailand/baht	23.014	22.991	23.582	27.433	27.053	26.889	27.050	26.569	26.315
31 United Kingdom/pound[1]	174.80	151.59	133.66	128.08	138.07	138.40	136.42	142.15	143.96
MEMO									
32 United States/dollar[2]	116.57	125.34	138.19	147.71	140.94	137.55	139.14	130.71	128.08

1. Value in U.S. cents.
2. Index of weighted-average exchange value of U.S. dollar against currencies of other G-10 countries plus Switzerland. March 1973 = 100. Weights are 1972–76 global trade of each of the 10 countries. Series revised as of August 1978. For description and back data, see "Index of the Weighted-Average Exchange Value of the U.S. Dollar: Revision" on p. 700 of the August 1978 BULLETIN.

NOTE. Averages of certified noon buying rates in New York for cable transfers. Data in this table also appear in the Board's G.5 (405) release. For address, see inside front cover.

Guide to Tabular Presentation, Statistical Releases, and Special Tables

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

c	Corrected	0	Calculated to be zero
e	Estimated	n.a.	Not available
p	Preliminary	n.e.c.	Not elsewhere classified
r	Revised (Notation appears on column heading when about half of the figures in that column are changed.)	IPCs	Individuals, partnerships, and corporations
*	Amounts insignificant in terms of the last decimal place shown in the table (for example, less than 500,000 when the smallest unit given is millions)	REITs	Real estate investment trusts
		RPs	Repurchase agreements
		SMSAs	Standard metropolitan statistical areas
		. . . . .	Cell not applicable

General Information

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct obligations of the Treasury. "State and local government" also includes municipalities, special districts, and other political subdivisions.

In some of the tables details do not add to totals because of rounding.

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List Published Semiannually, with Latest Bulletin Reference

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126. DEFINITION AND MEASUREMENT OF EXCHANGE MARKET INTERVENTION, by Donald B. Adams and Dale W. Henderson. August 1983. 5 pp.
127. U.S. EXPERIENCE WITH EXCHANGE MARKET INTERVENTION: JANUARY–MARCH 1975, by Margaret L. Greene. August 1984. 16 pp.
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130. EFFECTS OF EXCHANGE RATE VARIABILITY ON INTERNATIONAL TRADE AND OTHER ECONOMIC VARIABLES: A REVIEW OF THE LITERATURE, by Victoria S. Farrell with Dean A. DeRosa and T. Ashby McCown. January 1984. *Out of print.*
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Financial Innovation and Deregulation in Foreign Industrial Countries. 10/85.
Recent Developments in the Bankers Acceptance Market. 1/86.

Index to Statistical Tables

References are to pages A3–A68 although the prefix "A" is omitted in this index

Federal Reserve Banks, Branches, and Offices

FEDERAL RESERVE BANK, branch, or *facility* Zip	Chairman Deputy Chairman	President First Vice President	Vice President in charge of branch
BOSTON*....................02106	Joseph A. Baute George N. Hatsopoulos	Frank E. Morris Robert W. Eisenmenger	
NEW YORK*..............10045	John Brademas Clifton R. Wharton, Jr.	E. Gerald Corrigan Thomas M. Timlen	
Buffalo.....................14240	Mary Ann Lambertsen		John T. Keane
PHILADELPHIA.........19105	Robert M. Landis Nevius M. Curtis	Edward G. Boehne Richard L. Smoot	
CLEVELAND*............44101	William H. Knoell E. Mandell de Windt	Karen N. Horn William H. Hendricks	
Cincinnati.................45201	Robert E. Boni		Charles A. Cerino
Pittsburgh.................15230	James E. Haas		Harold J. Swart
RICHMOND*..............23219	Leroy T. Canoles, Jr. Robert A. Georgine	Robert P. Black Jimmie R. Monhollon	
Baltimore.................21203	Robert L. Tate		Robert D. McTeer, Jr.
Charlotte..................28230	Wallace J. Jorgenson		Albert D. Tinkelenberg
Culpeper Communications and Records Center 22701			John G. Stoides
ATLANTA..................30301	John H. Weitnauer, Jr. Bradley Currey, Jr.	Robert P. Forrestal Jack Guynn	
Birmingham..............35283	A. G. Trammell		Fred R. Herr
Jacksonville..............32231	JoAnn Smith		James D. Hawkins
Miami.......................33152	Sue McCourt Cobb		Patrick K. Barron
Nashville..................37203	Patsy R. Williams		Jeffrey J. Wells
New Orleans.............70161	Sharon A. Perlis		Henry H. Bourgaux
CHICAGO*.................60690	Robert J. Day Marcus Alexis	Silas Keehn Daniel M. Doyle	
Detroit......................48231	Robert E. Brewer		Roby L. Sloan
ST. LOUIS..................63166	W.L. Hadley Griffin Mary P. Holt	Thomas C. Melzer Joseph P. Garbarini	
Little Rock...............72203	Sheffield Nelson		John F. Breen
Louisville.................40232	William C. Ballard, Jr.		James E. Conrad
Memphis..................38101	G. Rives Neblett		Paul I. Black, Jr.
MINNEAPOLIS...........55480	John B. Davis, Jr. Michael W. Wright	Gary H. Stern Thomas E. Gainor	
Helena......................59601	†		Robert F. McNellis
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Denver......................80217	James E. Nielson		Wayne W. Martin
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Omaha......................68102	Kenneth L. Morrison		Robert D. Hamilton
DALLAS....................75222	Robert D. Rogers Bobby R. Inman	Robert H. Boykin William H. Wallace	
El Paso.....................79999	†		Joel L. Koonce, Jr.
Houston....................77252	†		J.Z. Rowe
San Antonio..............78295	†		Thomas H. Robertson
SAN FRANCISCO.......94120	Alan C. Furth Fred W. Andrew	Robert T. Parry Richard T. Griffith	
Los Angeles..............90051	Richard C. Seaver		Robert M. McGill
Portland...................97208	Paul E. Bragdon		Angelo S. Carella
Salt Lake City...........84125	Don M. Wheeler		E. Ronald Liggett
Seattle......................98124	John W. Ellis		Gerald R. Kelly

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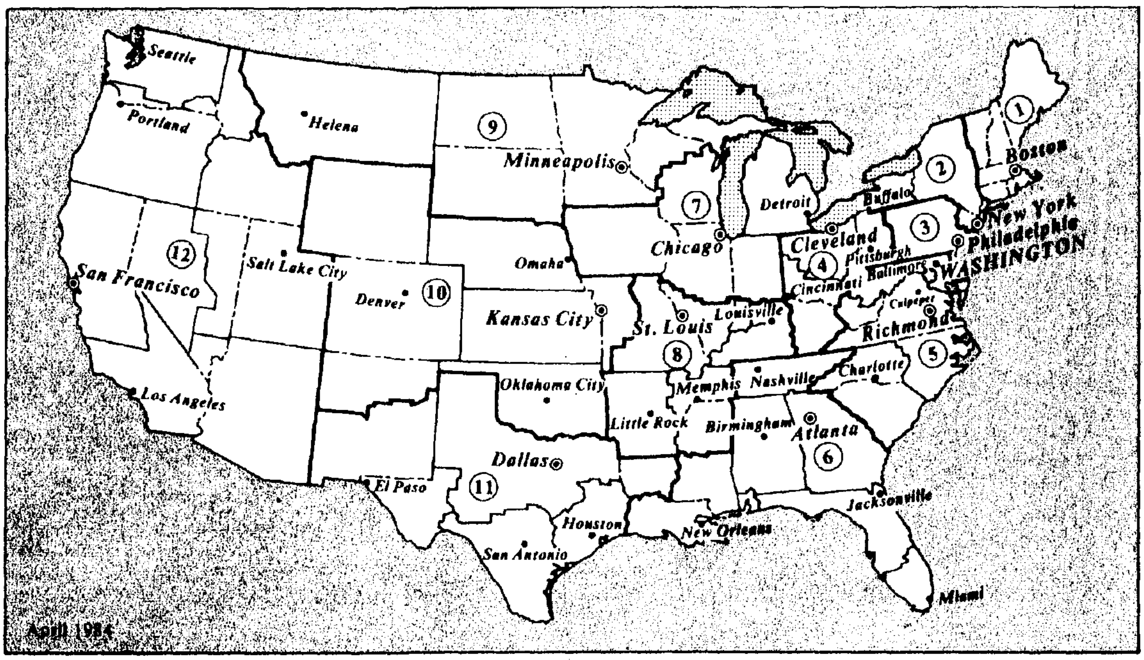
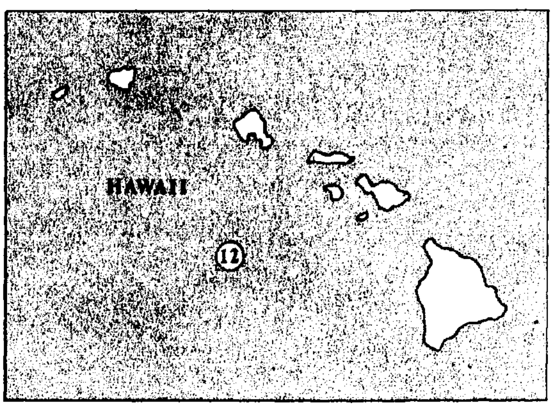
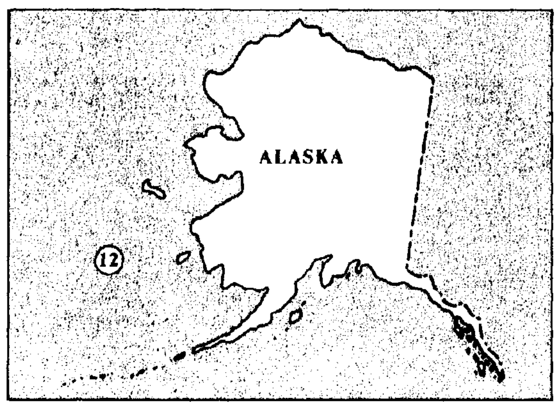
† Several branch chairmanships had not been determined at the time the BULLETIN went to press.

The Federal Reserve System

Boundaries of Federal Reserve Districts and Their Branch Territories







LEGEND

- Boundaries of Federal Reserve Districts
- Boundaries of Federal Reserve Branch Territories
- Board of Governors of the Federal Reserve System
- Federal Reserve Bank Cities
- Federal Reserve Branch Cities
- Federal Reserve Bank Facility