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expansion and inflationary pressures, conditions in domestic and international financial markets, and the rate of credit growth. Conversely, greater restraint might be acceptable in the event of substantially more rapid growth in the monetary aggregates than was currently expected, provided such growth was associated with evidence that economic activity and inflationary pressures were strengthening significantly. It was agreed that the intermeeting range for the federal funds rate, which provides a mechanism for initiating consultation of the Committee, should be left unchanged at 8 to 12 percent.

Changes in Loan Pricing and Business Lending at Commercial Banks

Thomas F. Brady of the Board's Division of Research and Statistics prepared this article. Sukkoo Kim provided research assistance.

The last half-dozen or so years have been marked by important changes in the environment in which U.S. commercial banks compete as suppliers of business credit. Since 1977, for example, the outstanding volume of commercial paper issued by nonfinancial corporations has increased several-fold, and the number of firms tapping this market has expanded substantially. Certainly as important have been inroads made by foreign banks, which have used aggressive pricing policies to supply large volumes of credit to domestic firms. Life insurance and finance companies have become major competitors in traditional bank lending sectors. The conditions under which commercial banks fund their lending also have changed, as deposits still subject to interest rate ceilings, mostly retail deposits, were almost completely deregulated between mid-1978 and late 1983.

To one degree or another, each of these developments has fostered the practice among large banks of pricing a considerable share of their large business loans at rates linked directly to money market funding costs. The role of the prime rate, the traditional benchmark of the cost of short-term business credit, has correspondingly diminished. This article examines current procedures for pricing commercial and industrial (C&I) loans and reviews developments in this area since 1977 using information from the Survey of Terms of Bank Lending (STBL), the Senior Loan Officer Opinion Survey of Bank Lending Practices (LPS), and other sources, including discussions with bank lending officers. The article also includes a detailed examination of business lending developments since late 1981 as reflected in the surveys. The surveys are discussed in the appendix to this article.

CURRENT PROCEDURES FOR PRICING LARGER LOANS

The concept of the prime rate as a base cost of commercial bank credit dates back to the late 1920s, and a uniform national prime rate began to be publicized by large banks in 1933. A large majority of business loans made today continue to feature prices that are based on an announced base rate, traditionally the prime rate, or, as it is now often called, the base, or reference, rate. However, most large loans—those accounting for the bulk of the dollar volume of all business loans being made—have rates linked to money market rates. Such large loans are made under two types of credit facilities, referred to by banks as "lines" and "commitments." Lines are relatively informal arrangements under which banks agree that on demand they will quote a price on a fixed-rate loan for a particular amount and maturity (usually under a year) selected by the borrower, within specified limits. Banks typically set the price of such loans by marking up a reference market rate for the same maturity as the loan—for example, the rate on 30-day certificates of deposit for a 30-day loan (though funding decisions are quite separate from lending decisions). Banks retain full flexibility with respect to pricing under such arrangements, and the borrower is offered an "all-in rate" reflecting the base rate and the markup on a take-it-or-leave-it basis. By widening or narrowing their markups, banks can affect the quantity of these loans outstanding.

Unlike lines, loan commitments require fees, which are paid on the unused credit available under the arrangement. Commitments oblige banks to lend up to agreed-upon amounts as long as borrowers meet loan covenants included in the contract. Although there are several different formal arrangements for committing banks to lend, by far the most common are revolving loan commitments. Under this arrangement, borrowers draw down credit up to specified limits at preestablished spreads over reference rates. These loans can be repaid in part or in full during the term of the commitment, and any untapped amounts remain available to the customer. Revolving credit arrangements are attractive to borrowers because they provide some certainty about the pricing of future credit needs and guarantee the prompt availability of funds up to a predetermined amount, usually over a span of several years. From the point of view of a bank, however, commitments entail several risks. First, they oblige the bank to stand ready over an extended period to provide credit at fixed markups above market rates when its own future costs of funds are uncertain. Second, by increasing the likely rate of future loan growth, commitments may require a bank to augment equity or to reduce other assets under unattractive circumstances. Finally, depending on the comprehensiveness of their covenants, commitments may expose a bank to deterioration in a customer's financial condition.

Loans available under revolving arrangements typically provide for two basic pricing options: funds can be drawn down at a rate tied to the bank's prime rate, with no set maturity, or at a rate linked to a money market rate (such as the London interbank offer rate—LIBOR—or a CD rate) with a fixed maturity selected by the borrower, frequently 30, 90, or 180 days. The flexibility that revolving loan arrangements offer borrowers has made them very popular. Loans taken down under such arrangements have risen from about 20 percent of all outstanding domestically booked C&I loans at selected large banks in 1977 to more than 35 percent in 1984 (table 1). These data understate, probably substantially, lending by U.S.-chartered banks under revolving loan commitments because a number of banks book at their foreign branches many of the loans taken down under the fixed-rate options that these arrangements offer. As of October 1984, loans to U.S. nonbank residents booked at foreign branches of U.S.-chartered banks totaled \$19½ billion. During the same month, C&I loans booked at domestic offices of 122 large banks and taken down under revolving commitments amounted to \$73½ billion. According to the April

1. Commercial and industrial loans made to U.S. residents by selected large banks[1]

Averages of month-end data

Period	Loans made under revolving loan commitments		
	Dollar amount (billions)	Percentage	
		Of all C&I loans	Of all C&I loans made under commitment
1977:4	19.7	19.3	24.7
1978:4	23.5	20.3	24.8
1979:4	31.0	24.3	27.1
1980:4	36.6	25.7	29.1
1981:4	46.3	28.8	32.6
1982:4	62.9	34.4	40.1
1983:4	62.5	34.0	41.2
1984:3	73.5	36.7	44.2

1. Domestically booked loans of the approximately 114 respondents to the Board's monthly Commercial and Industrial Loan Commitments Survey that also file a Weekly Report of Condition.

1984 LPS, the most important determinant of whether a loan to a U.S. resident is booked domestically or at a foreign branch is the rate the borrower chooses. At very large banks (those with assets of \$5 billion or more), almost half the dollar volume of loans priced off LIBOR is booked at foreign branches; for loans priced off CD rates, the share is 10 percent. Loans priced off other market rates or the prime rate are rarely booked at foreign branches. LPS respondents with assets of less than \$5 billion generally book all their C&I loans domestically. C&I loans made under revolving loan commitments have grown largely at the expense of term loans and reflect demands from a variety of industries.

A Statistical Profile of Loan Pricing

Charts 1A and 1B use information on the rate distribution of domestically booked short-term C&I loans at 48 large banks to contrast current loan pricing practices with those prevalent in 1977. For this purpose, the rate distributions of the dollar volume and the number of loans made are both of interest. As the upper panel of chart 1A shows, in August 1984 the rates on most of the dollar volume of large short-term loans—those of \$1 million or more—were within about 75 basis points of money market rates, as measured by the federal funds rate. By contrast, smaller loans typically had rates of prime and spreads above prime, as shown in the lower panel of chart 1A. The rate distributions for August 1977 illustrate that in earlier years comparatively few large loans were made at rates close to money market rates, and that for the most part loans of all sizes had the same base rate, the prime rate (although, to be sure, large loans typically were made at prime while most other loans were made at rates above prime).

Loans that are priced at spreads over market rates typically have rates that are below the prime rate. Consequently, the volume of loans having below-prime rates is generally a good proxy for C&I lending at rates linked to market rates. STBL data indicate that the share of gross short-term C&I loan extensions made by 48 large banks at rates below prime had risen from less than 10 percent in 1977 to around 90 percent by late 1982. Thereafter, as table 2 shows, the share stabilized around this high level.

By their nature, the data on gross extensions are dominated by loans with shorter maturities. If, say, a bank maintained a given stock of overnight loans in its portfolio during a survey week, they would appear five times in the gross extensions data, and seven-day loans in the portfolio would appear once; of the ninety-day loans in the portfolio only those made during the survey week would appear in the data. As a result, the STBL exaggerates the magnitude of below-prime loans in bank portfolios because almost all overnight loans and other loans with very short terms are made at such rates. However, as table 2 illustrates, the share of gross C&I loans extended at rates below prime at 48 large banks remains considerable even when loans with overnight and other very short terms to maturity are excluded. Estimates of loans outstanding in bank portfolios based on the gross extensions data—unavoidably rough because they require a number of assumptions—suggest that about 70 percent of the short-term C&I loan portfolio of the 48 large banks is accounted for by loans made at rates below prime. The share of C&I loans made at rates below prime at other banks appears to be appreciably smaller.

The portfolio estimate of below-prime loans based on the STBL data is consistent with some of the responses to LPS questions about the share of outstanding C&I loans based on money market rates. Several money center banks reported that as of late 1983, 70 percent or more of their outstanding short-term C&I loans had rates linked to money market rates. However, many other large banks reported lower, in some cases much lower, percentages, and for all respondents the average portfolio share accounted for by loans with market-based rates (weighted by their C&I loans outstanding) was 52 percent. Thus, although the evidence on the volume of C&I loans in large bank portfolios having market-linked rates is mixed, the share appears to be substantial.

Forces Underlying Money Market Pricing

The practice of basing lending on money market rates became more widespread because domestic banks faced growing competition—from foreign banks that historically used money market pricing and from the rapidly developing commercial paper market—at the same time that increased interest rate volatility made it difficult to change the prime rate rapidly enough to reflect market rates. Keeping the prime rate in alignment with market rates became increasingly important in the early 1970s. On the one hand, an expanding

2 Percentage of gross extensions of short term commercial and industrial loans made at rates below prime

Type of bank and maturity of loan	1982		1983				1984			
	Aug	Nov.	Feb	May	Aug.	Nov	Feb.	May	Aug	Nov p
48 large banks, total[1]	91.0	92.2	93.7	89.2	72.0	89.0	88.9	88.2	89.6	94.0
Excluding overnight loans	80.9	83.3	83.7	77.9	46.9	79.5	72.6	73.9	76.8	82.3
Excluding loans with a maturity of a month or less	70.7	72.3	75.3	65.7	26.2	64.4	58.7	51.1	54.9	66.7
Other banks, total[2]	38.0	40.4	44.7	43.6	40.7	46.0	42.7	52.2	48.2	55.6

1 Consists of the 48 STBL respondents with the largest amounts of C&I loans as of June 30, 1974

2 Data for other banks are derived from a stratified random sample of 292 insured commercial banks

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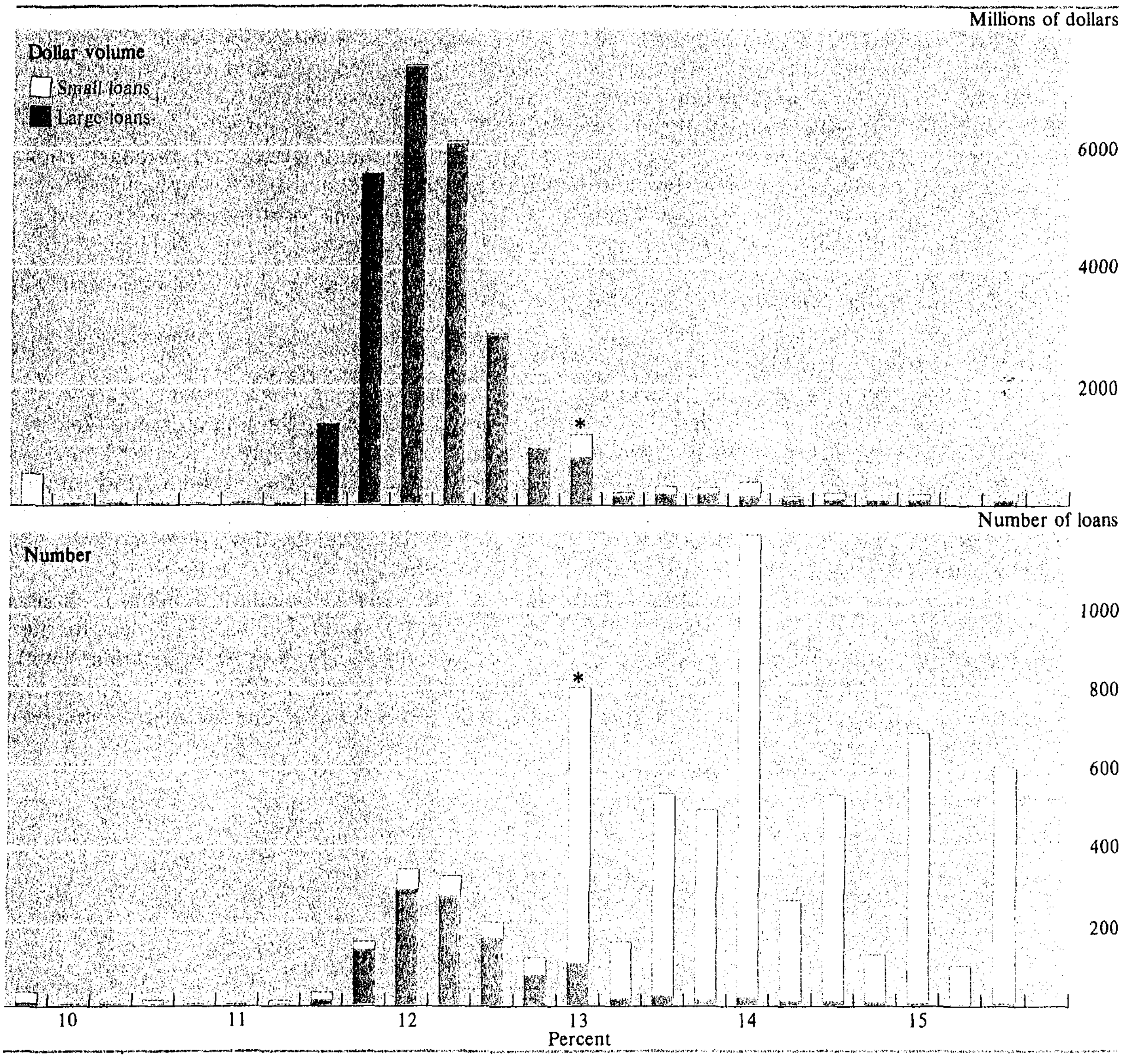
commercial paper market posed a growing competitive challenge to banks, particularly when their lending costs failed to adjust promptly to downward rate pressures. On the other hand, rapid expansion of certificates of deposit and other time deposits and the concomitant decline in the relative importance of demand deposits as a source of funds made banks' interest margins more susceptible to a squeeze when interest rates were under upward pressure.

In response to these developments, banks made their loan rates more flexible in two ways. First, First National City Bank (now Citibank) announced in October 1971 that it would review its prime rate weekly and adjust it so as to keep it about 50 basis points above the rate on 90-day commercial paper. Some other large banks adopted similar formulas. Second, by the late 1970s banks began to link some loan rates directly to the marginal cost of funding rather than to the administered prime rate. In late 1977, two money center banks, Morgan Guaranty and Wells Fargo, announced "special credit facilities," under which selected large customers

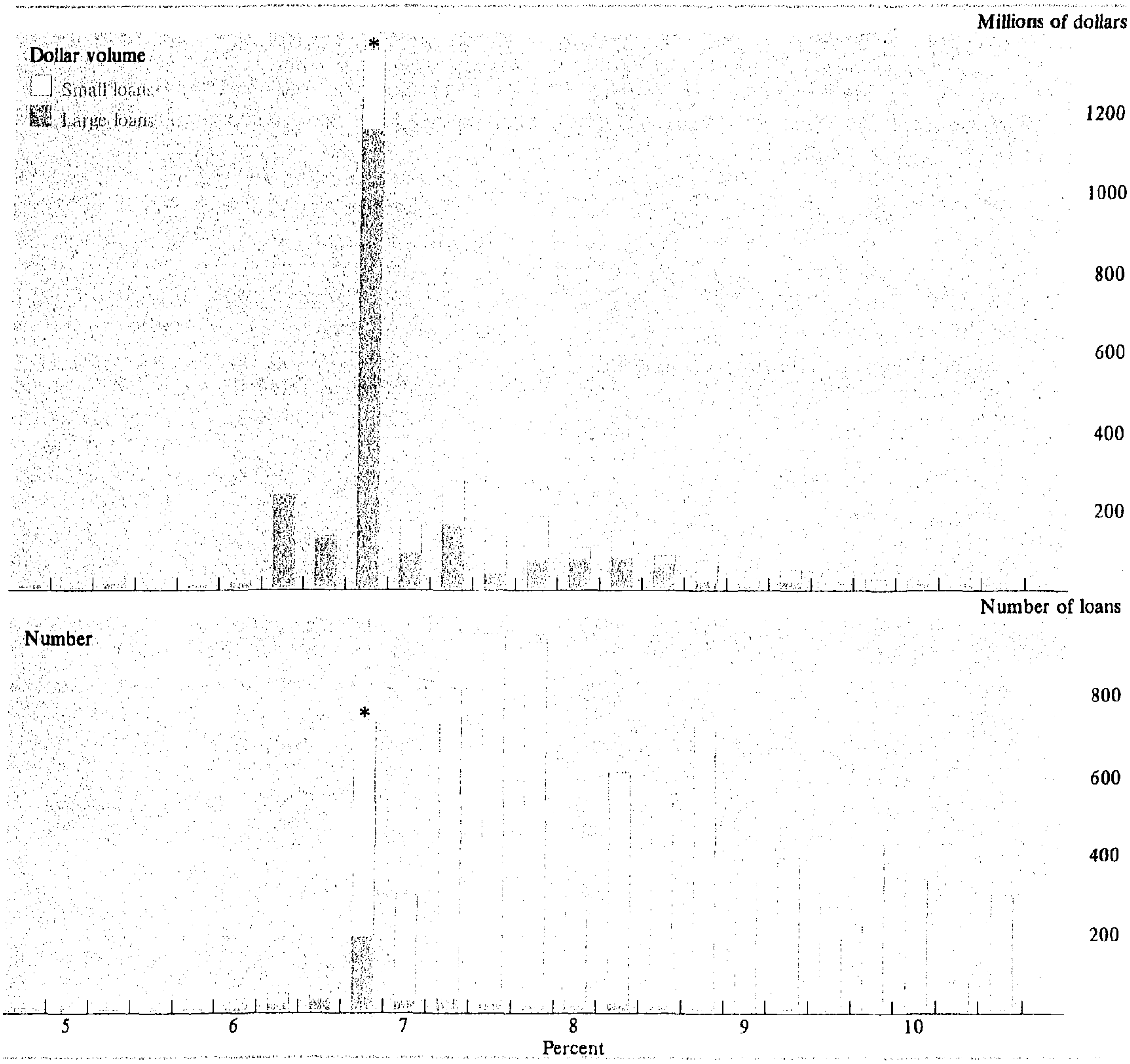
1A. Gross short-term loans extended by 48 large banks, by loan rate, August 1984



For notes, see opposite page.

could obtain credit for a few days or weeks at rates based on those in the money markets. The announced purpose of these facilities was to aid the customers of the banks in timing their issuance of commercial paper. An important impetus toward market-based pricing by domestically chartered banks was aggressive competition from foreign banks, which had long used the practice and were competing vigorously on that basis for loans to U.S. multinational corporations. According to a special one-time Federal Reserve survey, total loans to U.S. residents booked at head offices of foreign banks and at their U.S. branches and agencies as of December 31, 1982, totaled respectively $23.6 billion and $41.1 billion. And in the four years 1978 to 1981, close to one-fifth of the net increase in bank loans on the books of U.S. nonfinancial corporations (excluding those booked at head offices of foreign banks) was supplied by U.S. branches of

1B. Gross short-term loans extended by 48 large banks, by loan rate, August 1977



Small loans are less than $1 million; large loans are $1 million or more.

* Includes loans made at the prevailing prime rate, which was 6.75 percent in the August 1977 survey week and 13 percent in the August 1984 survey week. The federal funds rate averaged 5.77 percent and 11.64 percent respectively during the 1977 and 1984 survey weeks.

The initial and final bars on the charts are open-ended and include respectively all loans made below the lowest rate and above the highest rate shown.

SOURCE. Survey of Terms of Bank Lending.

Short- and intermediate-term business credit

Annual flows, billions of dollars except as noted

Type of credit and lender	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
Bank loans	31.1	−10.0	.7	20.8	35.8	45.5	37.2	49.5	41.8	23.8
U.S.-chartered banks[1]	26.7	−10.9	1.3	18.9	27.6	34.7	30.3	45.9	41.0	24.0
U.S. branches of foreign banks	4.3	.9	−.6	1.9	8.2	10.8	6.9	3.6	.8	−.2
Commercial paper	5.3	−3.0	2.6	2.2	4.0	10.3	8.1	17.8	−4.7	−4.0
Total	**36.4**	**−13.0**	**3.3**	**23.0**	**39.8**	**55.8**	**45.3**	**67.3**	**37.1**	**19.8**
MEMO: Share of U.S.-chartered banks (percent)	73.4	83.8	39.4	82.2	69.3	62.2	66.9	68.2	110.5	121.2

1. Includes loans to U.S. residents booked at foreign branches of U.S. banks.

foreign banks (table 3). These were the years when the share of loans made by domestic banks at market-linked rates rose most rapidly, though some of these banks are reported to have begun the practice as early as 1972.

By early 1980, Citibank, the only bank still doing so, had discontinued the practice of formally linking its prime rate to market rates. In view of the sharp changes in banks' funding costs and other market rates since 1980, the removal of a formal link between the prime rate and money market rates may have been related to the growing volume of domestic business lending at large banks tied directly to market rates. This type of credit is now available at all maturity ranges, from overnight to more than a year. Being a commercial paper issuer is no longer a precondition for eligibility for this kind of credit, at least at a number of banks.

Although most large borrowings now take place at market-related rates, which are generally below the prime rate, the prime continues to be an important measure of the cost of credit. As noted above, most smaller loans, which account for the great majority of the C&I loans made, are linked to the prime, and large loans taken down under revolving loan commitments also may be linked to the prime. In addition, the prime rate serves as a base rate for other kinds of loans: many construction loans, some consumer loans, and many syndicated Eurocurrency loans made by U.S. banks have prime-based rates.

The spread of business loan pricing based on market rates occurred over a period that included the virtually complete deregulation of retail deposit rates. By making deposit rates more sensitive to changes in market rates, deregulation clearly increased pressures on banks to use market rates to price their business loans. For large banks, however, the implications of deregulation for business loan pricing probably were limited, because they already relied heavily on large time deposits and other managed liabilities having market-sensitive rates.

The most important deregulatory step, the introduction of money market deposit accounts (MMDAs), occurred in late 1982. Inflows to MMDAs were immediate and massive. Nevertheless, as of February 1983, only a handful of banks had responded by strengthening their practice of pricing loans directly on the cost of funds, according to the LPS. A similarly small number of banks (mostly having assets of less than $5 billion) reported that, in response to MMDA inflows, they had become less willing to make fixed-rate, longer-term C&I loans. The authorization of MMDAs appears to have increased the willingness on the part of some banks to make business loans, however. By May 1983, about a third of LPS respondents having assets of more than $5 billion and a somewhat larger proportion of smaller respondents reported that they had become more aggressive seekers of new business loans as a result of MMDA inflows. For the large majority of LPS respondents, however, the advent of MMDAs did not affect the type of business loans they wished to hold.

THE TWO C&I LOAN MARKETS

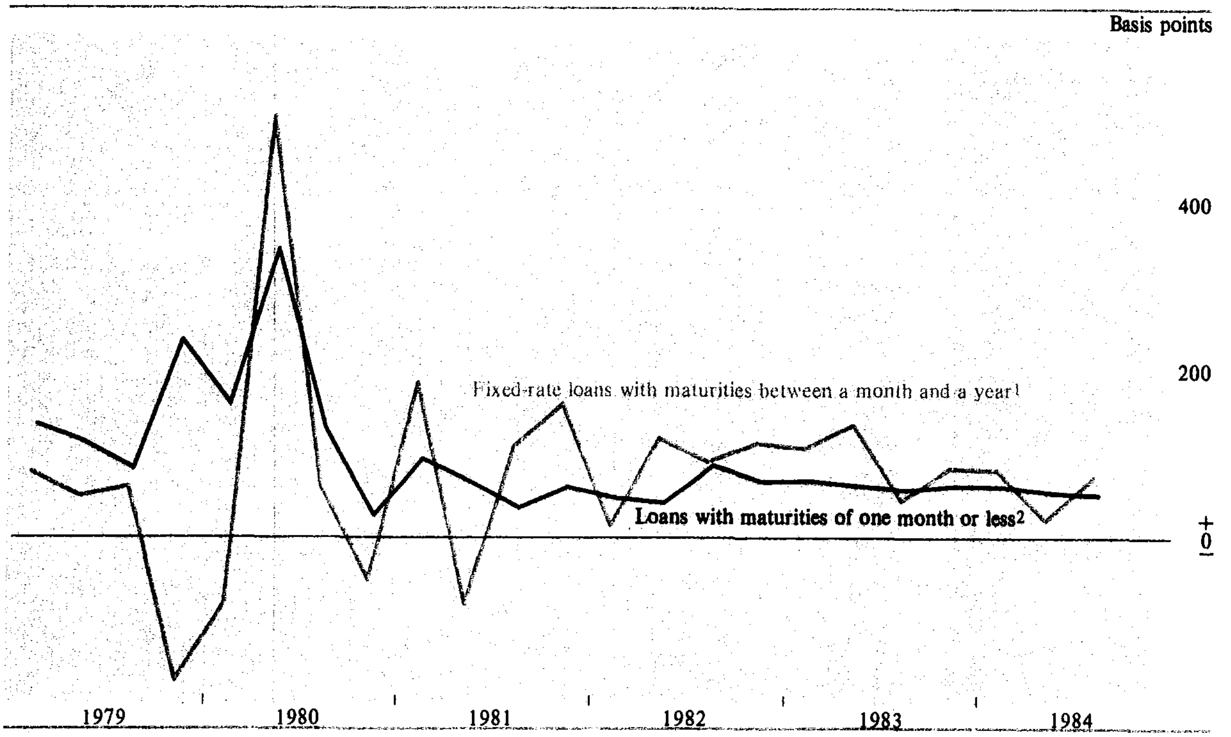
A proper analysis of the behavior of loan rates must recognize the existence of two basically separate C&I loan markets, one in which pricing is based on the lending bank's prime rate and the other in which loan rates are linked directly to market rates. Because the STBL does not collect information on base rates, loans are separated for this purpose according to size.

Large Loans

For selected types of large loans—$1 million and above—loan rates are measured relative to estimated funding costs. Because it is not apparent how to characterize their funding costs, no attempt is made to examine the pricing of large floating-rate loans with maturities of between one and twelve months or of large term loans. But for large loans with a maturity of a month or less, the cost of funding is taken as the federal funds rate. For large loans having a maturity of between a month and a year (averaging about four months) and featuring fixed rates, the funding cost is assumed to be the 90-day CD rate, adjusted for reserve requirements (chart 2). Like the loan rates it is compared with in calculating spreads, the federal funds rate is an average of the rates during each day of the survey week weighted by the volume of transactions taking place at these rates. The 90-day CD rate, by contrast, is based on a single observation early in the day.

These measures of funding costs appear reasonable in light of current pricing procedures as described by lending officers at several very large banks. For overnight loans and other very short-term lending, these banks typically adjust their base rates at frequent intervals during each business day to keep them in line with market developments. For loans made at maturities of between a month and a year, on the other hand, base rates are set once daily, in the morning. Other procedures also have been used to establish base rates for loans of one month to one year. Press reports from the period during which this market was becoming established indicate that some banks were using published weekly average CD rates to determine their base rates. Because this procedure introduces a lag between the rate used to price loans and the cost of funding them, it compounds lender uncertainty. Nevertheless, some of the volatility exhibited by the spread between rates on one-month to one-year loans and the concurrent 90-day CD rate, as depicted in chart 2, may reflect the basing of loan

2. Spread between loan rates and estimated funding costs for loans of $1 million or more, all insured commercial banks



1. Funding cost taken as 90-day rate on certificates of deposit.
2. Funding cost taken as the federal funds rate.

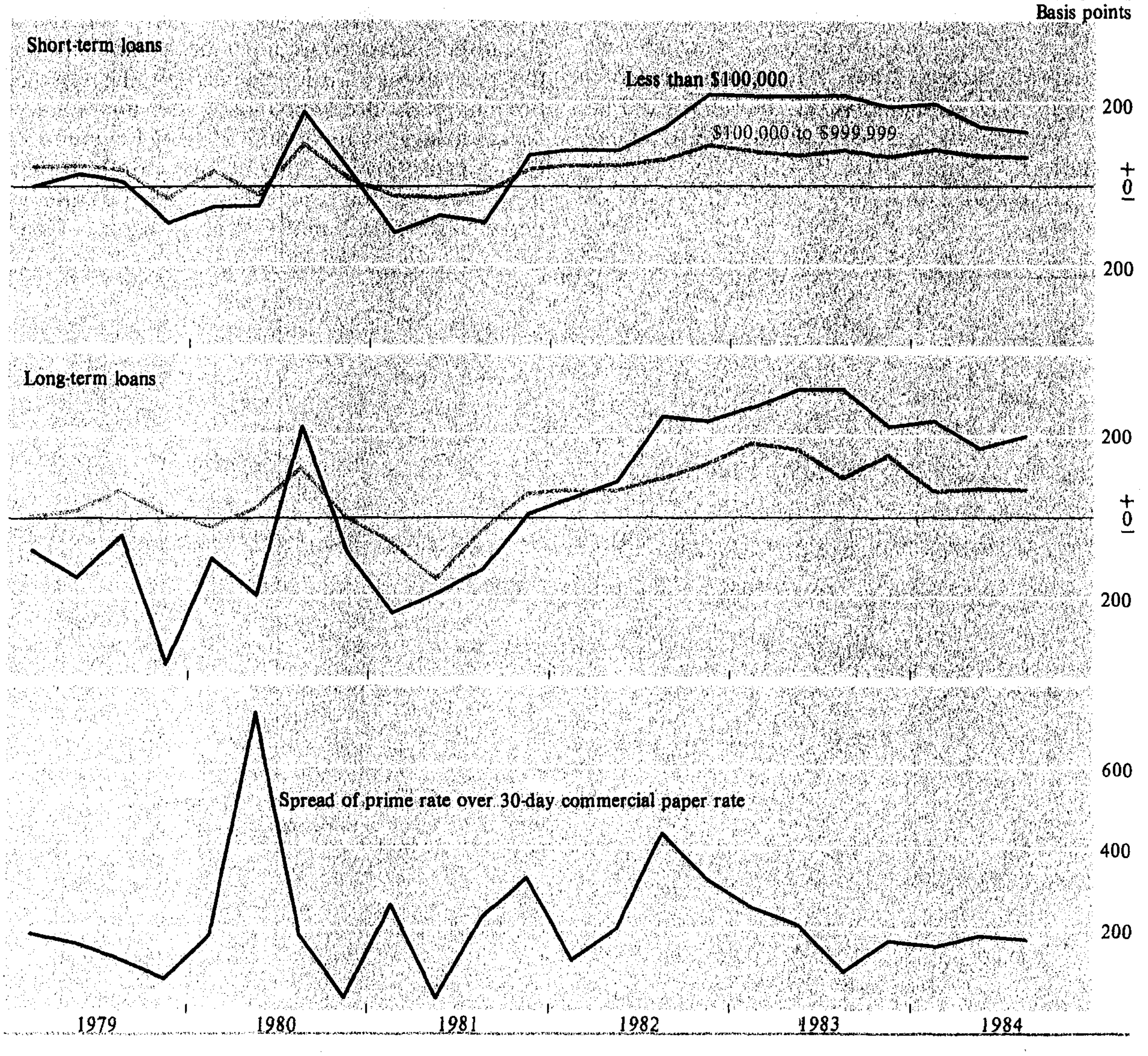
SOURCE. Survey of Terms of Bank Lending.

rates on the previous week's CD rate. For example, when CD rates fell rapidly at the time of the May 1980 survey, the spread between loan rates in the survey week and concurrent CD rates widened considerably. Similarly, when market rates rose rapidly at the time of the November 1980 and May 1981 surveys, the spread narrowed and actually became negative. Estimating costs of funding assets with CDs is also complicated by marginal reserve requirements that were in effect from October 1979 to July 1980. Although these marginal requirements are assumed to have been binding in adjusting the CD rate, for many banks they may not have been. As a result, funding costs apparently were overstated, producing the negative estimated "markups" for late 1979 and early 1980 shown in chart 2.

Medium-Sized and Small Loans

Rates on medium-sized loans ($100,000 to $999,999) and small loans (less than $100,000) are assumed to have the prime as a base rate;

3. Spread between loan rates and prevailing prime rate for selected sizes and maturities of loans, all insured commercial banks



SOURCE. Survey of Terms of Bank Lending.

accordingly, they are measured relative to the prevailing prime rate, as shown in the upper panels of chart 3. For comparison, the behavior of the prevailing prime rate relative to market rates appears in the lower panel of the chart. Many smaller banks post prime rates that differ from the prevailing prime, defined to be the most common rate posted by 30 large banks that announce their prime or base rate on a regular basis. When rates are relatively stable the average prime posted by smaller banks tends to exceed the prevailing prime. However, the primes at smaller banks have tended to adjust more slowly than has the prevailing prime when market interest rates are changing. Thus, in periods of rapidly rising or very high market rates—for example, in late 1979, early 1980, and much of 1981—small loans (and to a lesser extent medium-sized loans) made at or above the prime rate of the lending bank often had rates that were below the prevailing prime. Loan rates below prime are particularly evident in the case of small long-term loans. A large share of such loans (more than two-thirds in 1979 and 1980) was made at fixed rates, which presumably were influenced more by long- than short-term market rates. Short-term rates typically exceed long-term rates, often by considerable margins, during periods of intense upward rate pressures.

DEVELOPMENTS IN THE C&I LOAN MARKET SINCE NOVEMBER 1981

Since November 1981, according to the results of the Federal Reserve's surveys, the market for commercial and industrial loans has experienced several distinct periods, characterized by varying demands for loans and varying responses by banks to that demand.

November 1981 to May 1982: Strong Loan Demand and Accommodation by Banks

By November 1981, the economy had been in recession for four months. According to the LPS taken in that month, 57 percent of respondents had noticed a deterioration in the financial condition of their established customers; and the condition of the new customers of close to 40 percent of respondents was not so good as that of the new customers they had seen three months earlier. Nevertheless, as interest rates began to fall from the record or near-record levels attained during the summer (as chart 4 shows), LPS respondents on balance continued to report some easing in standards to qualify for the prime rate and in compensating-balance or fee requirements. This evidence of easing was, however, weaker than that provided by the three previous surveys; and, for the first time since May 1980, more banks reported tighter policies with respect to new and nonlocal customers than reported easier policies. Moreover, the standards to qualify for the prime rate eased during a period when declines in market rates outpaced drops in the prevailing prime, and the spread between average rates on both small and medium-sized loans and the prevailing prime actually widened. In part, the slower declines in the cost of credit for these loans likely reflected the tendency for prime rates posted at some smaller banks to lag declines in the prevailing prime rate. In addition, the emerging recession may have worsened the perceived riskiness of loans. Spreads of rates on large loans over funding costs also appeared to widen between August and November 1981.

Apparently reflecting some narrowing of the gap between the capital expenditures of nonfinancial firms and their internally generated funds, growth in business loans fell to an annual rate of 9¼ percent for the fourth quarter, less than half the pace of the previous quarter (see table 4). Loan growth likely would have weakened more had not some bond issues been delayed, as the cost of short-term credit fell much more rapidly than did long-term rates. According to the LPS, 60 percent of very large banks (those with assets exceeding $5 billion) found substitution of short- for long-term credit to be an important source of business credit demand at that time. Most of the loan demand from this source apparently was satisfied under revolving credit arrangements.

In the first two quarters of 1982, loan growth rebounded to the 16 percent range, despite a continued narrowing of the financing gap of nonfinancial corporations. Strength in loan growth over this period was due to a further shifting from longer- to shorter-term financing as long-term rates, while declining, remained well above short-term rates, and bond issuance continued to moderate. The pickup in loan growth

4. Growth of business loans, excluding bankers acceptances at commercial banks, 1980–84

Percent, seasonally adjusted annual rate

Period	All commercial banks	Large banks[1]	Other banks[2]
1980: 1	16.4	16.7	15.4
2	−5.4	−9.0	−.9
3	15.0	13.8	16.4
4	23.4	24.0	22.0
1981: 1	3.6	−7.7	16.3
2	16.2	20.7	11.3
3	19.7	17.9	21.7
4	9.3	14.1	4.0
1982: 1	16.5	18.4	14.5
2	15.9	21.0	9.9
3	9.0	9.5	8.4
4	.5	−2.2	3.7
1983: 1	3.6	3.5	3.6
2	−.4	−3.5	3.4
3	7.4	.0	15.6
4	10.3	6.0	14.8
1984: 1	18.2	18.4	18.0
2	17.3	24.0	10.1
3	8.0	5.1	11.1

1. For 1984, the 168 domestically chartered weekly reporting banks with domestic assets, as of December 31, 1982, of $1.4 billion or more; for earlier years, 171 banks with domestic assets of $750 million or more as of December 31, 1977.

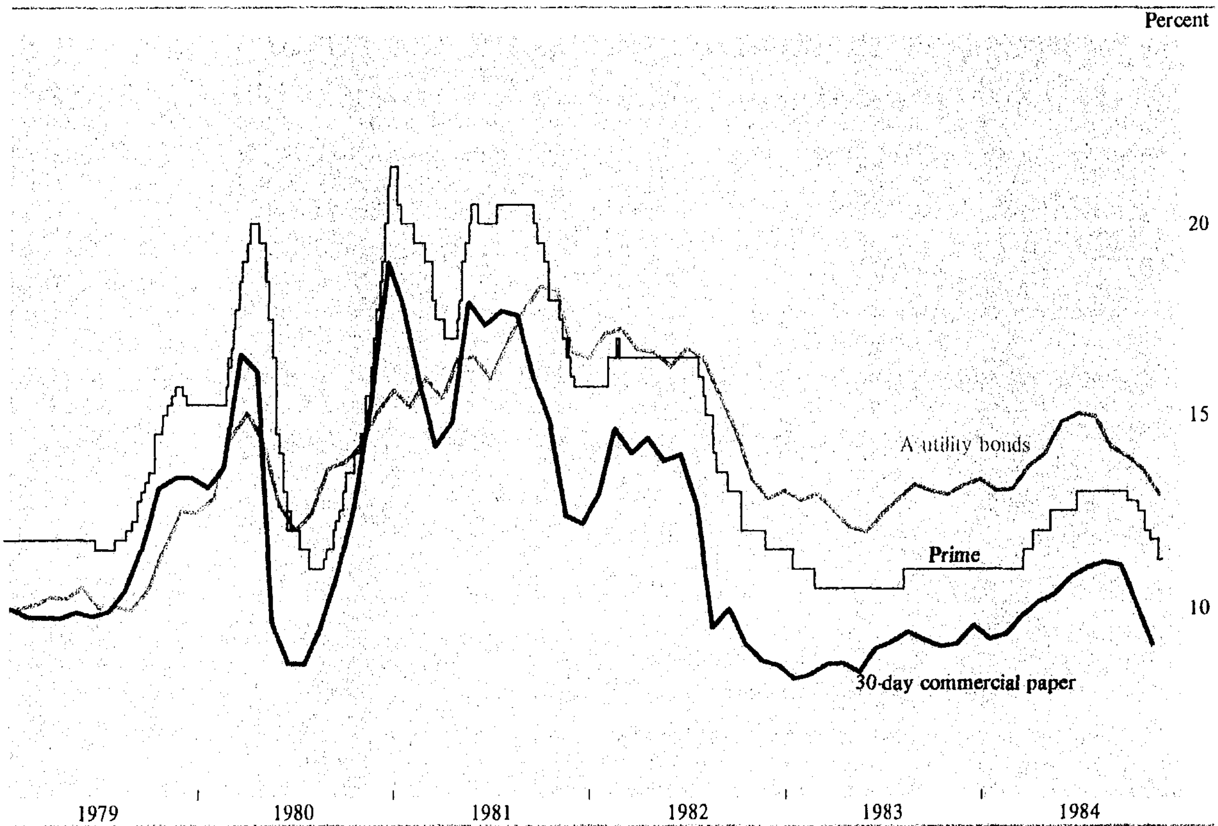
2. Defined as domestically chartered banks with assets of less than $1.4 billion or $750 million plus foreign-related banking institutions in the United States.

appears to have been facilitated by an easing of loan supply conditions during the first half of 1982. By May, the spread of the prevailing prime rate over market rates was considerably narrower than in November, while spreads of loan rates over the prevailing prime were either slightly wider or unchanged. Markups over market rates also shrank for large loans between November and May. Over the periods surveyed in February and May 1982, LPS respondents reported, standards to qualify for the prime or a spread over prime changed little, while compensating-balance or fee requirements were eased.

August 1982 to May 1983: Weak Loan Demand and Tightening by Banks

By August 1982, the share of LPS respondents indicating that they had seen a deterioration in the financial condition of their current and new

4. Selected interest rates



Prime rate, effective date of change; other rates, monthly averages.

5. Percentage of LPS respondents reporting deterioration in customers' financial condition in three months ending with survey date

Survey date	Established customers	New customers
1981		
November	57	38
1982		
February	70	32
May	88	40
August	88	57
November	87	42
1983		
February	60	n.a.

n.a. Not available.

customers in the preceding three months stood at 88 percent and 57 percent respectively (table 5). According to the November LPS, these indicators of increasing financial distress had declined only a bit as the recession came to an end, and for established customers at least, the situation continued to worsen into early 1983. Deterioration in financial condition was more common in manufacturing, real estate (including construction), and the automobile industries (including dealers) early in the recession, according to LPS respondents. Later, energy and agribusiness were more frequently mentioned. Most banks dealt with a deterioration in an established customer's financial condition through a combination of additional collateral and restructuring; for new customers, the most common response was a higher rate of loan rejection.

Loan growth was quite sluggish over the four quarters ending with the second quarter of 1983, as the internally generated funds of nonfinancial firms exceeded their capital expenditures, and corporate treasurers took advantage of declines in long-term rates by boosting their issuance of bonds. Weak loan growth over this period also may have reflected more stringent lending policies. LPS respondents on balance reported tighter lending policies in the three months ending with August 1982, and these policies were left essentially unchanged through May 1983, according to subsequent surveys. Over most of this period, the prime rate was unusually high relative to market rates. Nevertheless, in the year ending with the May 1983 STBL, banks raised their markups over prime for both short- and long-term loans, particularly for those less than $100,000. Over the same period, markups over funding costs widened for large loans with maturities of a month or less and with fixed rates and maturities of a month to a year.

The Period since May 1983

By the August 1983 survey week, market rates had risen and, with the prevailing prime unchanged, the spread of the prime over market rates was as narrow as it had been since before the recession began. Even so, LPS responses indicate, there was some easing of standards to qualify for the prime or a spread above prime. Changes in markups over prime were mixed for small and medium-sized loans; markups on large loans declined. For the first time in two years, LPS respondents on balance did not tighten their stance on C&I lending toward new or nonlocal customers. Against this backdrop of easier supply conditions, loan growth in the third quarter of 1983 picked up to a 7½ percent rate. With the corporate financing gap still negative, much of this growth reflected a substitution for long-term financing as bond issuance slumped in the face of rising long-term interest rates.

In the fourth quarter, bond issuance slipped below the already reduced level of the previous quarter as long-term rates edged up. With credit demands focused on short-term markets, growth in the outstanding commercial paper of nonfinancial companies increased to an annual rate of about 20 percent, while business loan growth picked up to a 10¼ percent pace. Most LPS respondents having customers that raised funds in the commercial paper market in the three months ending with November 1983 reported that this choice of financing reflected more favorable rates available for commercial paper. However, only one-fifth of LPS banks reported that their competitive position vis-à-vis the commercial paper market had deteriorated over the same period. STBL data indicate that spreads of rates on large loans over marginal funding costs did widen in November for loans with maturities of between a month and a year but were about unchanged for loans of a month and under. Many borrowers with highly rated commercial paper make only limited use of banks as a source of short-term credit, and the heavy issuance of commercial paper in the fourth quarter of 1983 may have been concentrated among such firms.

Business credit demands became very strong in the first quarter of 1984 as the rapidly growing financing needs that accompanied the maturing recovery were bolstered by strong demands for credit related to mergers. Bond issuance of nonfinancial corporations rose to its highest volume since 1980, and commercial paper and C&I loans also surged. Responses to the April 1984 LPS suggest that almost 20 percent of the dollar volume of new lending in the first quarter of 1984, concentrated at very large banks, was to finance mergers and acquisitions. Respondents indicated that loan demand was boosted by a variety of other factors at that time too, but chiefly a pickup in inventory accumulation and capital spending. Growth in business loans continued strong in the second quarter with identifiable merger-related lending picking up a bit. Bond issuance moderated considerably, however, as interest rates rose sharply through the spring and early summer. Spreads of rates on small and medium-sized loans over the prevailing prime declined on balance during the first two quarters of 1984, and markups on large loans were smaller.

Bank lending policies became somewhat more restrictive during the spring, after Continental Illinois Bank encountered serious difficulties associated with market concerns about the quality of its assets. According to the June 1984 LPS, 44 percent of very large banks and more than one-third of other respondents reported tighter lending terms owing to concerns about funding in light of this development. The policy was directed mainly at requests for credit to finance leveraged buyouts, but also for those related to other mergers and acquisitions and real estate. A few banks also reported more stringent terms for loans to other financial institutions and for international loans. Most banks achieved tightening by establishing higher standards of credit-worthiness.

This move toward restriction apparently was short-lived. Only a handful of LPS respondents attributed the sharp braking in loan growth in the third quarter of 1984 to tighter lending policies. Rather, this weakness was attributed to lower demand that reflected in part a decline in merger and acquisition activity. LPS responses suggest that the share of gross loans extended to finance such activity fell from 20 percent in the first quarter to about 8 percent by September. Indeed, identifiable merger-related lending activity actually damped loan growth in September and in the third quarter as a whole, as repayments exceeded extensions. Also contributing to lower growth in business loans in the third quarter was a shift to longer-term financing as bond issuance surged to well above even the high pace of the first quarter. According to LPS respondents, reduced demands for business loans also reflected slower inventory accumulation and reduced capital spending. Flow of funds data, on the other hand, indicate that the financing gap increased in the third quarter because investment spending rose. STBL data do not indicate any clear change in supply conditions over this period. Markups on large loans of a month and less declined a bit in August; for large loans with a maturity of between a month and a year, however, the estimated spread over funding costs returned almost to its February level after declining in May. The relative cost of small and medium-sized loans was up slightly between May and August.

Other Developments in Business Lending by Commercial Banks

Increased interest rate volatility in recent years has spawned substantial growth in futures markets. According to the June 1984 LPS, however, hedging opportunities provided by these markets have not expanded the availability of long-term, fixed-rate business loans. Almost two-thirds of very large banks and 80 percent of other respondents reported that the availability of interest rate futures had had no effect on their willingness to make such loans. Respondents suggested that around 5 percent of the long-term, fixed-rate loans they made in the first half of 1984 were funded with short-term liabilities that were hedged with interest rate futures. The limited use banks have made of futures markets for hedging purposes is due partly to their ability to attract ample supplies of fixed-rate liabilities to fund term loans, according to LPS respondents. Other reasons cited were the illiquidity of markets for future contracts with distant delivery dates and accounting standards that require banks to report gains and losses on futures market instruments as they occur.

On a related issue, two-thirds of very large banks and about one-half of other LPS respondents indicated that they offer forward contracts that allow business customers to lock in financing costs on a future loan takedown. Forty percent of very large banks offering this service hedge their forward contracts in the futures markets; only 10 percent of other LPS respondents do so.

In recent years, banks have shown a growing interest in activities that generate income but do not demand more capital. One example is the "participating out" of loans. In this process, very large banks originate and take a commission on loans in which they then sell a participation to a bank with lower marginal costs of funds and unused lending capacity, and can still quote the borrower a lower rate than they could if they handled the loan entirely by themselves. According to the LPS, more than half of very large banks and about one-third of other respondents had sold C&I loans or participations in them in the three months ending with September 1984. Sixty percent of respondents indicated that these loans were purchased by small or medium-sized banks. However, this type of business was also done with other large banks, subsidiaries of the bank or its holding company, and, to a much lesser extent, foreign banks. □

Appendix: Surveys of Lending Practices at Commercial Banks

The Federal Reserve has surveyed lending practices at selected commercial banks since 1964. Through February 1981, the Senior Loan Officer Opinion Survey of Bank Lending Practices (LPS) consisted of 22 standard, or "core," questions regarding changes in loan demand and willingness to lend and was conducted at 120 banks. In May 1981, the panel was reduced to 60 banks distributed about evenly among Federal Reserve Districts, the number of standard questions was reduced to 6, and ad hoc questions were added regarding specific aspects of bank lending practices of particular interest. Commencing with the survey for February 1984, all core questions were dropped, and since then the LPS has consisted only of questions addressed to particular bank lending practices of current interest. Also in 1984, the frequency of the survey was increased from four to a maximum of eight a year. Under the new schedule, the survey generally is taken several weeks before meetings of the Federal Open Market Committee, and a summary of results is included in briefing materials prepared for those meetings.

As of December 31, 1983, 35 of the surveyed banks had assets of $5 billion or more. The combined assets of these institutions totaled $611 billion, compared with $690 billion for the entire 60-bank panel and $2.02 trillion for all federally insured commercial banks.

First conducted in February 1977, the Survey of Terms of Bank Lending (STBL) gathers information on the gross volume and on the rate and selected nonrate characteristics of short- and long-term business loans (defined respectively as less than one year and one year or more) extended during the first full week of the middle month of each quarter. The STBL panel includes 48 large commercial banks and a stratified sample of about 292 other banks, from which estimates for all commercial banks are derived. The STBL also obtains data on construction and land development loans and loans to farmers. The results of the most recent STBL are shown in the Financial and Business Statistics section of the FEDERAL RESERVE BULLETIN.

The most recent article to summarize LPS and STBL results covered the period from late 1979 through August 1981, and was published in the FEDERAL RESERVE BULLETIN, vol. 67 (September 1981), pages 671–86. Previous articles have included an appendix containing LPS survey questions and a tabulation of responses. Owing to the number of surveys reviewed in this article, the appendix is not being published. Copies may be obtained from the Banking Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System.

U.S. Monetary Policy in Recent Years: An Overview

This paper was prepared by Stephen H. Axilrod, Staff Director for Monetary and Financial Policy, Board of Governors of the Federal Reserve System, for presentation at the conference, "Monetary Conditions for Economic Recovery," sponsored by the University of Amsterdam, Amsterdam, the Netherlands, November 14–16, 1984. The views expressed in this paper are not necessarily those of the Board.

U.S. monetary policy in recent years, in terms of its basic thrust, has aimed at curbing inflation and setting the stage for sustainable economic growth. In the process, the shorter-term policy stance and the day-to-day operating procedures have been complicated by, and have had to be adapted to, a variety of powerful exogenous forces. Among the more important from the mid-1970s through the early 1980s have been large oil price increases, a credit control program, deregulation of and innovations in banking and deposit markets, emergence of a large structural budget deficit, a large current account deficit in the balance of payments accompanied by what many believe to be an overvalued dollar on exchange markets, and strongly embedded inflationary expectations.

Not all exogenous forces are purely exogenous. Rising inflationary expectations in the late 1970s were in part the product of earlier monetary policies (as well as other events) as these policies affected attitudes toward the future, but once embedded the expectations were exogenous to and influenced current policies—as in October 1979. The present deficit in the current account and the high foreign exchange value of the dollar also could be viewed in part as endogenous to policies being pursued, or at least to the mix of fiscal and monetary policies; however, the deficit and the exchange rate have also been exogenous to policy in the degree that they have reflected shifts in preferences toward dollar assets, for any given interest differential, on the part of foreigners and U.S. residents who normally would have invested abroad.

This paper analyzes how monetary policy has evolved over the recent period in response to the exogenous forces facing it—forces that have also shaped the responses of financial and goods markets to the stance of policy. The review starts around the mid-1970s in order to set in relief the more recent period, beginning in late 1979, when there was a significant shift in monetary strategy—a shift that was designed not only to provide greater assurance that actual inflation would be curbed but also to reduce inflationary expectations with less of a lag, given past price behavior, than might otherwise occur. A relatively prompt abatement of expectations might be accomplished if the public's belief in the credibility of monetary policy's will to achieve price stability over time were greatly enhanced. If that were to lead to quicker wage, price, and interest rate adjustments for any given money supply target, the adjustment process to a noninflationary environment would be eased. In one sense, monetary strategy in recent years can be viewed as a continuing struggle to attain and maintain credibility in the face of continuing shocks and disturbances in money, credit, and goods markets.

THE PERIOD BEFORE OCTOBER 1979

The change in operating procedures announced by Chairman Volcker at an unusual Saturday press conference on October 6, 1979, was, at the time and more so in retrospect, a watershed event. It signaled a shift to greater emphasis on reserve aggregates in carrying out monetary policy and, by implication, greater concern with achieving goals for monetary aggregates (especially M1) and less concern with interest rates. The shift had its historical basis partly in experience over the several years following the first oil shock in late 1973 and early 1974.

That shock contributed to a sharp rise in the U.S. consumer price index of more than 12 percent from the end of 1973 to the end of 1974, following a rise of almost 9 percent over the preceding year. Annual price increases had generally been in the area of 1 to 2 percent in the last half of the 1950s and first half of the 1960s. Subsequently, there had been a step-up to price increases in the range of 3 to 6 percent for the years from 1966 to 1972.

Some part (a third to a half) of the faster price increases of 1973 and 1974 can be attributed to the oil and other commodity price shocks of the time, abstracting from the impact of the phase-out of price controls during the period. Money growth had accelerated earlier in that decade, producing with some lag (of a year or two) upward pressures on the aggregate price level. But with M1 growth averaging around 7½ percent annually in 1971 and 1972, the degree of acceleration did not seem sufficient in itself to produce price increases as large as we saw in the aftermath of the first oil shock.[1]

However much one might apportion, on technical econometric grounds, the price increases after the oil shock to the shock itself or to monetary policy, the price increases appear to have led to a rise of inflationary expectations. Despite the ensuing recession, consumer prices rose 7 percent over 1975 (when they probably still reflected some of the direct impact of import price increases) and expanded in a range of 5 to 7 percent during the next two years of recovery. Thus, after the initial response to the oil price shock, inflation did not revert to its earlier range, but was somewhat higher—even during recession and the early stages of recovery—reflecting, as well as providing an impetus to, higher inflationary expectations.

The tendency for inflationary expectations to worsen was buttressed in 1978 when price increases accelerated further and the dollar deteriorated markedly on exchange markets. Efforts by monetary policy to curb these adverse developments involved the conventional approaches of the period. In late 1978, for instance, a package was announced that encompassed an increase of 1 percentage point in the discount rate, a supplementary reserve requirement of 2 percent on large time deposits (the deposit instrument most readily employed by banks at their own initiative to finance growing credit demands), a tightening of conditions in the money market through more restrained open market operations, and, together with the U.S. Treasury (and with the cooperation of foreign official institutions), mobilization of a large amount of dollars to help support the currency on exchange markets.

In the event, this package had little success in stemming inflationary pressures and attitudes. That outcome can probably be attributed in part to the overhanging effect of the monetary policy pursued over the preceding several years as well as to the behavior of monetary aggregates during much of 1979.

In 1977 and 1978, M1 growth had accelerated to a pace of slightly more than 8 percent per year, after growing by an average of 5½ percent per year over the previous two years. Not only did this acceleration itself appear to signal that policy was becoming more expansionary, but also the credibility of policy was being eroded by the consistency with which actual M1 growth came in above adopted target ranges in a strong economy. This psychological effect was made even worse in the circumstances of the time by the fact that new one-year target ranges were adopted quarterly, with the most recent quarter serving as a base (so that for any year there were four one-year target periods ending in successive quarters of a year) and with no apparent effort to make up for the preceding overshoots. This became known as "base drift." The erosion of credibility because the targets were missed and because the process of target setting also led to a perception that the targets were perhaps not serious constraints fueled inflationary expectations.

1. Alan S. Blinder, "The Anatomy of Double-Digit Inflation in the 1970s," in Robert E. Hall, ed., *Inflation: Causes and Effects* (University of Chicago Press for the National Bureau of Economic Research, 1982).

In addition, it appears with the benefit of hindsight that the actual growth of M1 in 1975 and 1976 was much more expansive than suggested by the relatively low growth rates at the time—rates that were within targets adopted for those years.[2] There were a series of financial market innovations in that period spurred by relatively high market interest rates that greatly increased the opportunity cost of holding non-interest-bearing demand deposits and led cash managers to seek other outlets for highly liquid funds.[3] Depositors shifted funds out of demand deposits to other newly emerging, highly substitutable instruments at banks and other depository institutions—savings accounts that became available mainly to smaller businesses, accounts with telephone and preauthorized transfers, and so forth. Demand deposit holders probably also shifted funds into market instruments in the process of re-evaluating their whole approach to cash management. It is probable that the change in approach to cash management in that period reduced the desire to hold M1, given actual income and interest rates, on the order of 3 to 4 percent in each of the two years.[4] This meant that 5½ percent a year of M1 growth should, in terms of its economic effect, be construed as more on the order of 8 to 10 percent—quite expansionary and well above target.

Growth of M1 failed to slow over the first three quarters of 1979. At the same time, prices were placed under additional upward pressure by the second oil shock in the early part of the year. Overall price increases moved into the double-digit area. That had also occurred in 1974, but in the earlier period there had been less of a buildup in inflationary expectations and less of an erosion in the credibility of the Federal Reserve's will and capacity to control the situation.

2. The first "year" for which M1 targets were announced was the period from March 1975 to March 1976. Subsequently, there were one-year targets based on each quarter of the year. Starting with the 1978:4 to 1979:4, monetary targets have pertained only to calendar years.

3. While demand deposits by law earn no explicit interest, there are implicit positive returns, more sizable for large businesses than for consumers and small businesses.

4. Richard D. Porter, Thomas D. Simpson, and Eileen Mauskopf, "Financial Innovation and the Monetary Aggregates," *Brookings Papers on Economic Activity, 1:1979*, pp. 213–29.

THE PERIOD FROM OCTOBER 1979 TO THE FALL OF 1982

The conditions facing monetary policy in the fall of 1979 were in some respects similar to those in the fall of 1978. Inflation was worsening, as signaled not only in the domestic markets but also by a sharp drop in the dollar's value on exchange markets. However, by the fall of 1979 it had become even clearer that the cumulative lessening of confidence in monetary policy had contributed additionally to a substantial worsening of inflationary expectations.

Thus the policy announced on October 6, 1979, contained a new approach to implementation of open market operations, in addition to the more conventional rise of 1 percentage point in the discount rate and an additional reserve requirement applicable to increases in large time deposits and certain other managed liabilities. An important objective of the new approach was to help convince the public that the Federal Reserve would in practice achieve its monetary targets—was indeed changing its fundamental operating procedures to do so—and thereby increase the credibility of monetary policy and facilitate the transition to a noninflationary environment.

This new approach has been amply described and evaluated elsewhere.[5] Its essence was to secure direct control of aggregate bank reserves—for operational purposes, nonborrowed reserves—and let interest rates vary as a product of the interaction between the nonborrowed reserve path and the emerging demand for reserves. It was believed that this approach would

5. Stephen H. Axilrod and David E. Lindsey, "Federal Reserve System Implementation of Monetary Policy: Analytical Foundations of the New Approach," *American Economic Review*, vol. 71 (May 1981, Papers and Proceedings, 1980) pp. 246–52; Stephen H. Axilrod, "New Monetary Control Procedure: Findings and Evaluation from a Federal Reserve Study," FEDERAL RESERVE BULLETIN, vol. 67 (April 1981), pp. 277–90; Stephen H. Axilrod, "Monetary Policy, Money Supply, and the Federal Reserve's Operating Procedures," FEDERAL RESERVE BULLETIN, vol. 68 (January 1982), pp. 13–24. For a more critical assessment see Karl Brunner and Allan H. Meltzer, "Strategies and Tactics for Monetary Control," with related comments and replies by Axilrod, and Brunner and Meltzer, Carnegie-Rochester Conference Series on Public Policy, vol. 18 (Spring 1983), pp. 59–116.

increase the odds that money growth, particularly M1 (the aggregate most closely related to the reserve base), would in fact be controlled within target ranges, given a relatively predictable relationship between the supply of reserves and the supply of money over a reasonable length of time. Previous efforts to control money growth used money market conditions—typified in much of the 1970s by the federal funds rate (the rate charged on overnight loans of reserve funds among banks)—as the guide for open market operations. Such efforts had foundered partly on policymakers' innate caution in adjusting any policy instrument and partly, and more fundamentally, on the difficulty in predicting the relationship between market interest rates and money growth—a difficulty that was compounded by uncertainties about the interpretation and significance of nominal market rates being introduced by inflationary expectations.

The change in policy procedure, in addition to whatever merits it may have had on its own as a more effective means of controlling money, was an effort to counteract the buildup of inflationary expectations that was a major obstacle to an orderly reduction of inflation. As noted earlier, those expectations may have been partly the result of earlier monetary policies. Inflationary expectations were also the product of two successive oil price shocks. One impact was to shift the Phillips curve upward, leading to a higher rate of inflation given the natural unemployment rate. The policy adaptation in that context represented an effort to improve the tradeoff between unemployment and the rate of inflation by itself leading to a shift in attitudes in labor and product markets that would bring the curve back down.

In undertaking that change, it was clearly understood that the desirability of M1, or other monetary aggregates, as a policy target depended on its having a reasonably stable or predictable relationship to the ultimate objectives of policy—sustained economic growth with general price stability. Thus M1 would be less desirable as a policy target, or certainly as a relatively rigid one, the more the uncertainty about public preferences for it, given income and interest rates, as had been the case in the mid-1970s. However, evidence from econometric models suggested that the large-scale demand shifts of that period had not been repeated (or reversed) in later years of the decade.

Still, there were in process innovations and regulatory changes affecting the public's disposition to hold M1, as well as other monetary assets, that had to be taken into account in setting target ranges and that also necessitated a redefinition of M1 and other aggregates. Interest-bearing accounts against which checks could be written (termed NOW accounts), offered by both banks and thrift institutions, were introduced first in New England and then in a few other states. M1 was redefined in 1980 to include such accounts, and certain other definitional changes affecting it and the broader aggregates were also made at the time.[6] Later, NOW accounts were introduced on a nationwide basis at the beginning of 1981. The annual growth ranges for M1 set from 1979 through 1981 attempted to make allowance for shifts in funds that would take place in the course of the year in response to the introduction of the new accounts. Effects of the shifts were confined almost entirely to M1, since shifts among various deposit instruments were offsetting in the higher-order aggregates.

Tying policy operations more closely to the behavior of M1 to reduce inflationary pressures and inflationary expectations heightened the need to assess on an ongoing basis whether, and to what extent, institutional change was affecting the public's attitudes toward and use of the aggregate in relation to estimates made when the targets were set. This assessment was made more complicated by the increased instability of M1, month by month and quarter by quarter, as compared with earlier periods. A question naturally arises about whether that short-run instability was itself the product of the particular operating procedure used.

That seems doubtful in the conditions of the time. Much of the variation was associated with the credit control program introduced in the spring of 1980 and rescinded several months later. The program as such was mild, but the psychological impact on the public was strong—leading to a sharp rundown in debt, the money supply, and interest rates after inception and

6. "The Redefined Monetary Aggregates," FEDERAL RESERVE BULLETIN, vol. 66 (February 1980), pp. 97–114.

followed by a ballooning of all three after rescission. Beyond that, the financial innovations, variations in credit demands, and general uncertainties about the future, which were engendered as an almost inevitable by-product of the fight against inflation and questions about its ultimate success, were associated with large variations in attitudes toward financial assets and, concomitantly, money. Given these conditions, it seems as if money variations had been the product mostly of short-run demand disturbances; thus, if money growth somehow could have been stabilized from month to month, the probable result would have been even greater interest rate volatility.[7]

THE SHIFT IN POLICY APPROACH IN LATE 1982

The policy adopted in October 1979 was successful in reducing the rate of inflation—with the rate of increase in consumer prices dropping rapidly from about 12½ percent in 1980 to about 4 percent in 1982. M1 growth fell to 7½ percent in 1980, 5 percent in 1981, and about 6 percent (annual rate) over the first three quarters of 1982—after growing at an annual rate of a little more than 8 percent in the two and three-fourths years before October 1979.

The cost of the reduction in inflation was a substantial recession with relatively high levels of unemployment. In that sense, the new operating procedure for monetary policy had not led to a very large, virtually miraculous downward shift of the Phillips curve, lowering the inflation rate sharply for any given unemployment rate. Still, so far as can be judged from qualitative information, the willingness to stick to the new procedure through a very difficult and volatile period greatly increased the Federal Reserve's credibility in fighting inflation. Thus it seems likely that, as time went on, the approach itself did have at least some beneficial impact on attitudes in labor and product markets and on the position of the Phillips curve.

Some "casual" empirical evidence that is at least not inconsistent with this conclusion may be found in recent wage and price data. Through the first year and a half of an exceptionally rapid economic recovery accompanied by a sharp drop in the unemployment rate, consumer prices have increased relatively moderately—remaining around 4 percent at an annual rate. True, prices typically do not tend to accelerate noticeably until later in an expansion. But wage settlements have thus far been unusually modest given the reduction in the unemployment rate.

Moreover, the policy shift in late 1982—when the new operating procedure was abandoned as M1 was de-emphasized, followed by a very rapid surge of M1 growth—did not tend to exacerbate inflationary expectations. Even though M1 expanded at near an 11½ percent rate from mid-1982 to mid-1983, long-term interest rates declined sharply over the period, and the dollar actually appreciated somewhat on exchange markets. Thus it may be concluded that the credibility obtained during the period of a rather strict reserve-aggregate–M1-oriented operating procedure was at least in some part responsible for enabling the Federal Reserve to accommodate to a sharp reacceleration of M1 growth without igniting inflationary expectations. Of course, the weakness of the economy at the time was another and very important factor in keeping inflation expectations from reviving.

The De-emphasis of M1

The precipitating event for the de-emphasis of M1 was the maturity of a very large volume ($31 billion) of all savers certificates in October 1982, and uncertainty about how M1 might be affected in the process of the public's reinvesting those funds in other instruments.[8] In addition, movements of funds into and out of M1 were also

7. Peter A. Tinsley and others, "Money Market Impacts of Alternative Operating Procedures," in Board of Governors of the Federal Reserve System, *New Monetary Control Procedures*, vol. 2 (Board of Governors, 1981).

8. The certificates, which bore a very favorable yield and originally a one-year maturity, had been authorized by law a year earlier as part of a special effort to channel funds into agricultural and housing loans. The large volume issued in the first month matured in October 1982, and most holders did not have the option of reinvesting in the certificates.

going to be affected in uncertain amounts by regulatory changes scheduled within a couple of months permitting the introduction of money-market-type accounts at banks and thrift institutions. But the more sustained de-emphasis of M1 as a guide to policy implementation was connected basically with the change that was becoming observable in the public's preference for holding liquid assets in the form of M1. There was evidence of increased demand for M1, given income and interest rates, leading to historically atypical, sharp declines in the velocity of M1, or increases that were smaller than usual at the same time that M1 growth was moving above target ranges in the latter part of 1982 and through much of 1983.

While it was uncertain how long such a shift in preference would last, it seemed at least in part related to the change in the structure of deposits that had taken place in the previous years and in the role played by the new assets in M1 in the public's portfolio choices. In particular, NOW accounts had grown by that time to nearly $100 billion, or almost 30 percent of the deposits in M1, and these accounts—whose turnover on average was low relative to demand deposits—served both as a repository for longer-term savings and as a means of payment. As interest rates declined in reflection of weakening credit demands and abatement of inflationary expectations, the public increased the amount of funds it was willing to place in NOW accounts, just as it was also increasing the amount of funds flowing into ordinary savings accounts. As market interest rates declined, the opportunity cost of holding money in interest-bearing NOW accounts dropped relatively more rapidly than did that of demand deposits that bore no explicit interest. Thus, incentives for holding M1-type assets had shifted favorably.

Even without the change in the structure of M1 caused by the introduction of NOW accounts, one might well have expected a decrease in M1 velocity as interest rates dropped sharply. And the drop relative to a prior trend might have been expected to be permanent in the degree that it reflected a downward adjustment of inflationary expectations (with increased demand for money relative to goods) and an associated sustained lower level of market interest rates (with increased demand for money relative to other financial assets).

It has been much debated whether the observed reduction in velocity reflected a movement along an existing money demand curve as interest rates dropped; a shift in the existing demand curve; the emergence of a new demand curve with a different interest elasticity and implying a different long-run trend in velocity; or simply aberrant behavior related to special, nonrecurrent circumstances of the time, such as uncertainties affecting financial and other markets, that may have heightened precautionary demands for highly liquid assets.[9] Even now, it is probably too soon to be certain of the explanation, or of the relative importance of various explanations. But in view of all the unusual circumstances and institutional changes through the early 1980s, it seems unlikely that monetary policy was dealing simply with a movement of money in relation to income implied by a preexisting demand curve. Of course, even if it had been, and even if that curve implied a sufficiently large interest elasticity of money demand, it would still be the case that rapid money growth would have needed to be encouraged.

That conclusion would be drawn on the assumption that the demand for goods and services at any given level of interest rates had fallen exogenously (as was quite likely given the reduction of inflationary expectations), so that an especially large actual money growth was required both to encourage economic expansion and to satisfy the demands of money holders. In other words, given a downward shift in the demands for goods and services, the velocity of money would tend to drop for any given money supply; the choice for policy is whether the drop was to be reflected more in rising money or in lower income.

9. Stephen H. Axilrod, "Issues in Monetary Targeting and Velocity," in Federal Reserve Bank of San Francisco, *Monetary Targeting and Velocity*, Proceedings of a Conference, December 1983 (December 1983), pp. 4–13; Thomas D. Simpson, "Changes in the Financial System: Implications for Monetary Policy," *Brookings Papers in Economic Activity, 1:1984*, pp. 249–72; Flint Brayton, Terry Farr, and Richard Porter, "Alternative Money Demand Specifications and Recent Growth in M1" (Board of Governors of the Federal Reserve System, Division of Research and Statistics, May 1983).

Since the latter part of 1983, the income velocity of M1 has been rising at a pace not far from that of earlier cyclical experience. This has contributed to some restoration of confidence in that aggregate as a guide, though it has not been restored to the role it had before late 1982. It is still too soon to be sure about the underlying trend, not to mention the cyclical behavior, of the velocity of M1, given the changed composition of the aggregate as well as the new deposits and fund outlets (such as money market deposit accounts and money market funds) in other, higher-order aggregates that also serve as both a means of payment and a store of liquidity.

Many take the view that the trend increase of M1 velocity has been lowered on the thought that, with deregulation of deposit rates, the pace of technological innovation may diminish. Also, with deposits in M1 affected more by saving motives, the elasticity of demand with respect to income may be higher than it has been. But the intensifying competition for financial and payments services and the still evolving deposit markets leave considerable room for doubt about any such conclusion with respect to M1 and have also complicated and made more uncertain the interpretation of the other monetary aggregates.

In all of these circumstances, while the aggregates remain as important guides to policy operations and policy objectives are presented in terms of money and credit aggregates, ongoing money supply behavior has needed to be interpreted, more so than usual, in light of surrounding economic and financial conditions. The implementation of policy has thus necessarily become more judgmental than it was in the period from late 1979 to late 1982. The result is that changes in pressures on bank reserve positions do not respond more or less automatically to variations in money demand as they affect the demand for reserves relative to a fixed path for nonborrowed reserves. Rather, the reserve path is adjusted more frequently, on a week-to-week basis, to accommodate to short-run money behavior, with the degree of reserve pressure embodied in the path—indexed by the amount of borrowing allowed for at the discount window—set judgmentally, in light of incoming information, as is thought consistent with desired money and credit growth over a longer period.

Partly in view of the uncertainties that came to affect the monetary aggregates because of institutional change, the Federal Reserve also introduced a broad credit aggregate—the debt (whether incurred in domestic markets or abroad) of domestic nonfinancial sectors—for monitoring purposes, and began stipulating annual growth ranges for that aggregate as well as for measures of the money supply. A debt aggregate is less affected by shifts in preferences for differing financial assets, and provides a basis for assessing the interaction of credit and money demands in relation to the underlying policy objective of sustained economic growth and reasonable price stability.

The Impact of Fiscal Policy

The credit variable and its components have proved to be especially useful in evaluating the impact of fiscal policy on credit markets and in relation to monetary policy. Fiscal policy, as measured by growing high-employment deficits (accompanied by even larger actual deficits), has been a major element in shaping the rapid recovery and expansion following the 1981–82 recession. In 1983, U.S. government debt expanded 21½ percent, whereas it had risen less than 8½ percent on average in the first year of five previous recoveries. At the same time, private debt rose about 8 percent, close to its pace in the first year of earlier recoveries. Spurred evidently by the rise in federal borrowing, total debt rose almost 11 percent last year, about 3 percentage points more than the average for earlier recoveries, while nominal GNP grew about the same as it did on average in the comparable earlier periods.

By the second year after a cyclical low in economic activity, federal debt expansion normally slows sharply, to about a 4 percent rate. In the first half of 1984, however, federal debt expansion, while slowing somewhat from the year before, still was at a very rapid 15 percent annual rate. At the same time, private debt expansion accelerated to about an 11 percent annual rate (abstracting from growth of merger-related debt issues), about the same as in comparable periods of earlier recoveries. The sustained strength of federal debt expansion brought total debt growth in the first half of 1984 to an annual rate of a little less than 12 percent (again abstracting from merger-related debt)—above the range for the year anticipated by the Federal Reserve in setting its money and credit ranges and also nearly 4 percentage points more than in the second year of earlier expansions.

With fiscal policy remaining quite stimulative into the second year of expansion, and with the market concerned that deficits will remain large even as economic growth continues, nominal and presumably real interest rates have remained relatively high. Indeed, market rates rose into the summer of 1984. However, after midyear, and through early fall, first long-term and later short-term interest rates declined somewhat, retracing a part of their rise earlier in the year.

The behavior of interest rates during the current year has been consistent with growth of M1 and M2 within target ranges. The money demand function, which behaved atypically during the recession and very early in the recovery, has seemed in late 1983 and thus far in 1984 to be more consistent with historical expectations. Thus the rise of interest rates in the first part of 1984 can be viewed more as the result of strong credit demands stemming from an upward shift in the demand for goods and services, impelled in part by the continued federal deficit. Subsequent declines of rates probably reflected moderation, or expected moderation, of private credit demands, and demand for money as economic growth slowed over the summer and as indications of upward price pressures remained limited. In addition, there was some lessening of tension in the financial system as Latin American debt negotiations were in process of resolution and problems with certain large depository institutions were contained.

The Balance of Payments and the Dollar Exchange Rate

The strength of demands for goods so far in 1984 has not been reflected in additional upward price pressures, or in conventional signs of anticipated upward price pressures such as intentions to accumulate inventories well ahead of sales. While this good price performance partly reflects the still relatively sizable amount of unused labor and plant resources, it may also reflect the strengthened conviction that monetary policy will in fact restrain inflation and work toward price stability. But the ability of U.S. demands for goods and services to increase unusually rapidly in the first 18 months of recovery without signs of further price pressure also needs to be considered in relation to the relatively high value of the dollar on exchange markets and the sharp turn toward deficit in the U.S. current account of the balance of payments—a deficit that reached $42 billion in 1983 and may be estimated at close to $90 billion at an annual rate in the first half of 1984 (with trade deficits that are some $15 billion to $20 billion deeper).

The deficits have permitted expansion of spending by domestic sectors without concomitant pressure on U.S. productive capacity and resources. Over the first six quarters of recovery, real GNP rose 7¼ percent (annual rate) while real spending increased 8¾ percent (annual rate). As an aspect of those developments, private investment and the federal deficit were financed to a greater extent than normal by net inflows of foreign saving. Such inflows amounted to almost 12½ percent of the sum of net private investment and the federal deficit in 1983 and rose to 20 percent in the first half of 1984.

More remarkable than these arithmetic relationships to GNP and its components is the fact that the current account deficits have not been accompanied by any significant tendency for the dollar to decline in value on exchange markets. Indeed, quite the opposite: from the end of 1982 through September 1984, the dollar rose about 22 percent on a multilateral trade-weighted basis. Foreigners have been quite willing to finance U.S. consumption in excess of output and private investment and a budgetary deficit in excess of domestic saving. The question naturally arises whether this willingness should be construed as an event exogenous to policy or as the product of policies in place.

It is probably some of both. As a response to policies, it would seem to be related less to monetary policy alone than to the mix between fiscal and monetary policies—a mix that has worked, through shifts noted above in the demand for goods and services induced by fiscal policy, to keep interest rates higher than they otherwise would be. As an event exogenous to policy, it reflects the shift of international investment preferences toward the United States, for any given interest differential, caused by political disturbances abroad, reduced confidence in countries burdened with debt crises, and a positive change in attitude toward the United States as confidence in its economy revived (signaled first, perhaps, by the huge stock market rally in the second half of 1982).

Particularly to the extent that dollar exchange rates have remained high for exogenous reasons, one might view the current account deficit as determined by the capital account rather than vice versa. In that sense, the growing demand for goods and services could be accommodated in part by "artificially" low-priced imports, taking pressure off domestic resources and keeping the level of domestic prices lower than it would otherwise be. Once the exogenous shift in investment preferences toward the dollar is completed, and particularly if it begins to be reversed, there is the risk that domestic prices will adjust upward—although any such rise could be moderated to the extent that domestic demands are reduced commensurately (by, for example, more fiscal restraint) or to the extent that foreigners absorb a reduction in home-currency profits more than they usually do. However that eventually works out, the unusually large current account deficit and relatively high exchange rate make it difficult to be certain that progress toward price stability has been as great as the published price series may suggest.

Concluding Observations

This broad review of monetary policy in the United States during recent years suggests a number of general observations, as well as observations more specific to current conditions.

1. Monetary policy has been confronted by shifts both in the demand for goods and services, given interest rates, and in the demand for money, given interest rates and income. Downward shifts in the demand for goods and services seemed evident from the psychological impact associated with initiation of the credit control program in early 1980 and during the recession of 1982 when inflationary expectations began to wane; upward shifts appeared as the credit control program was lifted and more recently in the wake of the turn to a quite expansionary fiscal policy. The shifts related to the psychological impact of the credit control program were very short run in nature, disturbances of no more than a quarter or so. The impacts of other shifts noted were sustained over a longer period. Meanwhile, through much of the period since the mid-1970s there were widespread institutional and regulatory changes introducing new instruments to serve as money or money substitutes, or affecting the implicit or explicit price of old instruments, that also led to shifts in the demand for money relative to historical experience.

2. It is by now very conventional wisdom that a money supply target for monetary policy will produce better policy in the face of shifts in the demand for goods and services than it will in the face of shifts in the demand for money. It does not necessarily follow that a money supply target, or guide, should be abandoned when there are shifts in the demand for money. So long as shifts in demand for goods and services are with us—and I suspect that they are, except on some occasions, the dominant type of shift—there is obvious value to a money supply guide, but one that necessarily entails certain judgmental adjustments to allow for, among other things, shifts in money demand.

3. Shifts in money demand may be most easily and clearly allowed for in advance in monetary targets when a regulatory change is known to be about to take place, such as payment of interest on demand deposits (to which the introduction of NOW accounts was tantamount), with fairly predictable one-time effects. When institutional change is taking place from an internally generated market process, as in 1975–76, it is extremely difficult to know what will happen in advance, requiring adjustments on an ongoing basis as best that may be estimated. Or after the initial adjustment to a regulatory change, like the introduction of NOW accounts nationwide, has been accomplished, it may also be some time before one can be reasonably certain in advance how the public will respond in varying economic

circumstances, given the changes in the composition of money assets and presumably also in the motives and sensitivity to changing market conditions of money holders.

4. The advantage of retaining money guides is that they provide protection against the ever-present, unanticipated shocks to demand for goods and services and provide the public with a sense that there is a discipline on the central bank, even though uncertainties about money demand tend to argue for a more judgmental approach to policy implementation, including a willingness to adjust targets in light of evolving circumstances. For instance, one might argue that money growth targets should have been lowered in 1975–76, just as the M1 target was effectively raised in 1982–83. The ability of a central bank to adjust or miss monetary targets without impairing its credibility in fighting inflation depends on the underlying conviction in the marketplace that the central bank has the will to encourage price stability. That obviously depends on surrounding circumstances, actual price behavior, and the whole historical background that goes into determining a central bank's "image." In the late 1970s, money target misses and evidence of accelerating prices eroded the market's confidence in the Federal Reserve's will. That has not happened thus far in the 1980s, reflecting, one might judge, the credibility gained by the policy approach taken from late 1979 to the fall of 1982 and the continuing moderate behavior of prices after that policy approach was dropped and a more judgmental one (but one still based on money targets) adopted. Moreover, money growth in 1984, as measured by M1 and M2, has been well within target ranges.

5. While the credibility of monetary policy has increased in recent years, there is probably some way to go before the public is fully convinced that policy is aimed at and will achieve price stability over some reasonable period of time. Considerable progress has been made in curbing inflation, but there can be doubt about the exact extent of progress to date, in part because of the still relatively strong dollar exchange rate in the face of persistent large current account deficits and in part because the more intense upward price pressures normally come later in an expansion. The prospects for curbing inflation further are also subject to doubt because the lack of progress so far in reducing planned federal deficits raises questions in the minds of market participants about the will of the government generally.

6. Nominal market interest rates that have been high relative to the comparatively low increase observed in the average level of prices as the current economic expansion has continued may be taken as an indication that inflationary expectations, though lower than in the early 1980s, remain well above zero. However, interest rates appear to have been high in real as well as nominal terms, reflecting in part the exogenous upward shift in the demands for goods and services engendered by the continuing stimulative fiscal policy.

7. In contrast to the behavior of interest rates in credit markets, price and wage behavior in labor and product markets does not seem to suggest particularly strong inflationary expectations. Unless one takes the view that the real rate of return on investment goods over time will be exceptionally high, the question arises as to why borrowers have been willing to pay the prevailing high nominal and real market interest rates. Business borrowers would do so to finance longer-term capital outlays either if they expected inflation to accelerate or if they expected market rates to decline. In the latter respect, while the present yield curve does not suggest future rate declines, corporate financing has been concentrated in the short-term market or in floating-rate obligations, an approach consistent with expectations, or hopes, that current capital outlays can be refinanced later at lower market rates. There is an obvious potential for problems if there are expectational differences about inflation between real and financial markets—or between expectations in both markets and intentions on the part of monetary policymakers. A conflict in expectations between financial and real markets cannot be long sustained; it is resolved either as expectations in financial markets improve or as they worsen in real markets. An improvement of inflationary expectations in financial markets could take the form of shifts out of money-type assets into intermediate- or longer-term securities, with consequent downward impacts on in-

terest rates on such securities, as well as on short-term interest rates as reserves were provided to maintain money growth. A worsening of expectations in real markets would be manifested in upward price pressures needed, among other reasons, to generate the income for servicing debt bearing high interest rates (as it became more feared that existing debt would not turn out to be refundable at lower rates). Assuming U.S. monetary policy is in fact on a course toward reasonable price stability over time, an early improvement in financial market expectations represents the smoother process of adjustment—an improvement that would be greatly promoted by a turn toward a less expansionary fiscal policy.

Staff Studies

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

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

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

STUDY SUMMARY

MERGERS AND ACQUISITIONS BY COMMERCIAL BANKS, 1960–83

Stephen A. Rhoades—Staff, Board of Governors
Prepared as a staff study in the fall of 1984.

For many years, economists have been interested in merger activity because of the potential implications for competition, overall economic concentration, and the organizational structure, motivation, and performance of acquiring firms. In spite of the critical role of banks in the economy, there has never been a thorough documentation of bank mergers that could be used for descriptive and analytical purposes.

This study provides a description of bank merger activity from a merger documentation project that has taken four person-years. The study presents data on the 4,373 bank mergers and acquisitions from 1960 through 1982 by state, year, type of merger, approving federal regulator, type of market, type of acquiring organization, and the size of acquired and acquiring firms. An addendum summarizing bank merger activity in 1983 is also included.

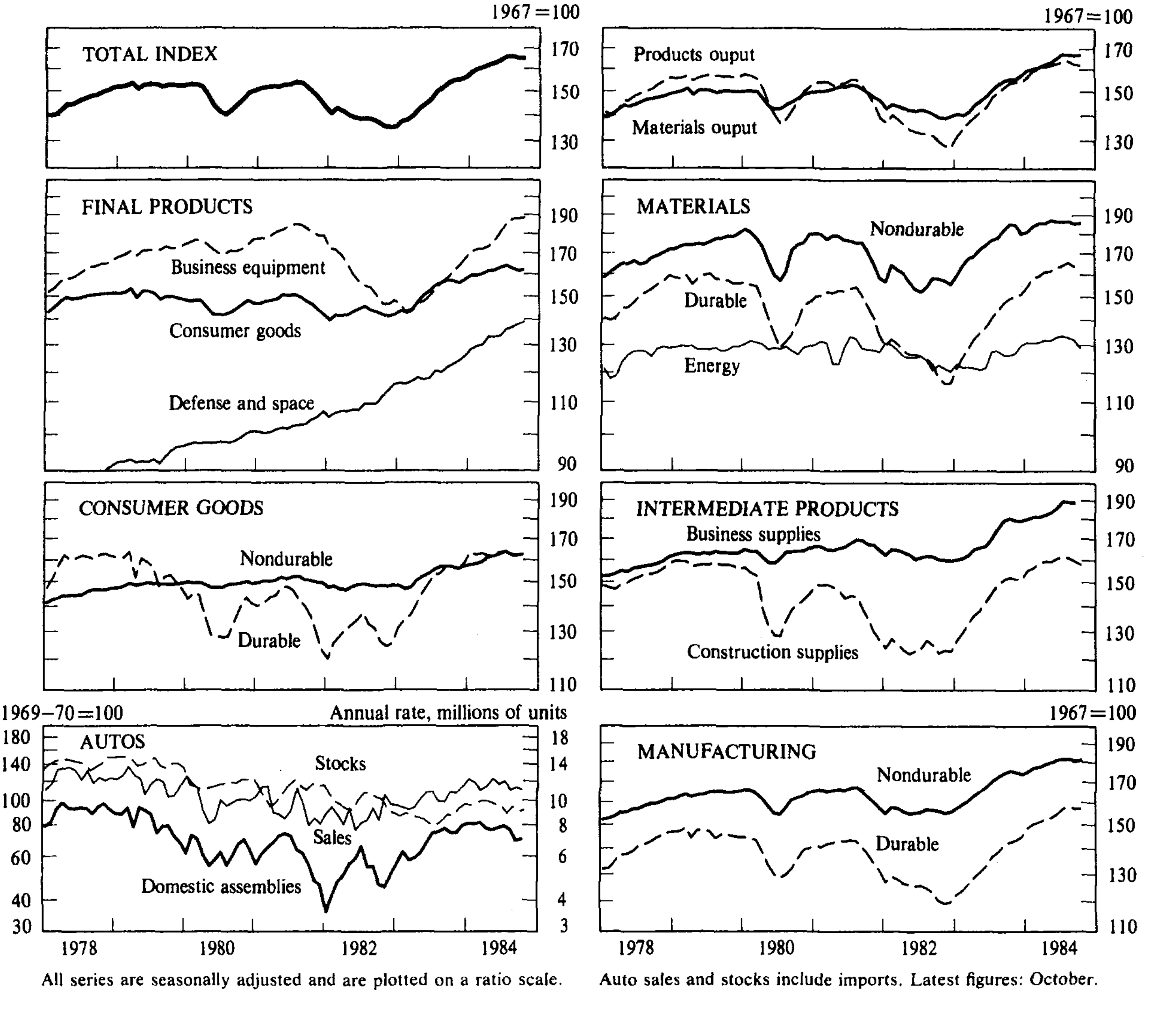
Some of the conclusions from the data are that from 1960 through 1983, there were 4,805 bank mergers and acquisitions involving $206.3 billion in acquired assets. Merger activity increased sharply in the 1980s as did the proportion of mergers that were horizontal. Even after accounting for inflation, acquired firms tended to be larger toward the end of the period. Finally, the ten leading acquirers accounted for about 10 percent of the banks and assets acquired, but only a few of the 25 largest banking organizations in the country were among the ten most active acquirers.

Industrial Production

Released for publication November 15

Total industrial production was unchanged in October following a decline of one-half percent in September and a rise of 0.1 percent in August. Production of equipment and consumer goods increased moderately in October, but the output of materials and construction supplies was reduced. At 165.2 percent of the 1967 average, the index for October was 6.6 percent higher than a year earlier.

In market groupings, output of durable consumer goods edged down 0.1 percent, but nondurable consumer goods rose 0.3 percent reflecting gains in the production of food, fuel, and other goods. The scheduled rebound in auto assemblies from the strike-depressed annual rate of 6.9 million units in September did not materialize. In



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

Grouping	1967 = 100		Percentage change from preceding month					Percentage change, Oct. 1983 to Oct. 1984
	1984		1984					
	Sept.	Oct.	June	July	Aug.	Sept.	Oct.	
	Major market groupings							
Total industrial production	***165.2***	***165.2***	***1.0***	***.9***	***.1***	***−.5***	***.0***	***6.6***
Products, total	166.9	167.1	1.2	1.3	−.1	−.2	.1	7.4
Final products	164.9	165.3	1.2	1.3	.0	−.2	.2	8.3
Consumer goods	161.6	161.9	.8	.5	−.8	−.6	.2	3.2
Durable	160.2	160.1	1.4	.1	−.6	−1.6	−.1	2.2
Nondurable	162.2	162.7	.6	.7	−.9	−.1	.3	3.6
Business equipment	188.0	188.5	2.6	2.4	1.2	.1	.3	16.9
Defense and space	138.0	139.0	.3	1.8	.7	.9	.7	13.1
Intermediate products	174.3	173.8	1.1	1.3	−.3	−.5	−.3	4.4
Construction supplies	159.7	158.3	.9	.6	−.4	−.9	−.9	3.9
Materials	162.8	162.1	.6	.4	.5	−.9	−.4	5.3
	Major industry groupings							
Manufacturing	166.9	167.2	.9	1.0	.3	−.5	.2	7.0
Durable	157.2	157.3	1.0	1.5	.6	−.6	.1	10.2
Nondurable	180.8	181.4	.8	.3	−.1	−.5	.3	3.3
Mining	128.4	123.7	1.6	2.3	−1.1	−.1	−3.7	4.6
Utilities	180.2	180.3	1.1	−1.4	−.7	−.2	.1	2.2

NOTE. Indexes are seasonally adjusted.

October, parts shortages caused by the Canadian auto strike held car output to an annual rate of 7.0 million units; light truck production decreased substantially. Output of home goods was off slightly following a 0.9 percent gain in September. Production of business equipment increased only moderately for the second month as the output of transit equipment—especially trucks—and farm equipment was reduced. Production of construction supplies declined an estimated 0.9 percent.

Production of total materials declined 0.4 percent, largely reflecting a sharp reduction in coal output. Among durable materials, there was some increase in production of metals. Output of equipment parts declined, and little change occurred in other components. Among nondurable materials, production of chemicals increased but textile output continued to decline.

In industry groupings, manufacturing output increased 0.2 percent in October following a decrease of 0.5 percent in September. Durable goods manufacturing edged upward during the month, reflecting gains in steel and nonelectrical machinery, while nondurables increased 0.3 percent. To reduce stockpiles built earlier in anticipation of a strike, coal mining output was reduced very sharply. Output of utilities changed little.

Announcements

CHANGE IN THE DISCOUNT RATE

The Federal Reserve Board approved a reduction in the discount rate from 9 percent to 8½ percent, effective November 21, 1984. The discount rate is the interest rate that is charged depository institutions when they borrow from the Federal Reserve bank in their District.

The reduction was taken against the background of growth in M1 and M2 in the lower part of the desired ranges and in the context of distinct moderation in the pace of business expansion, of relative stability in producer and commodity prices in recent months, of the restrained trend of wages and costs, and of the continued strength of the dollar internationally.

In announcing the change, the Board voted on requests submitted by the boards of directors of the Federal Reserve Banks of New York, Philadelphia, Richmond, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco. The Board subsequently approved similar requests from the Federal Reserve Banks of Boston and Atlanta, effective November 23, and from the Federal Reserve Bank of Cleveland, effective November 26.

CONDITIONAL APPROVAL OF APPLICATIONS TO ACQUIRE NONBANK BANKS

In connection with the announcement on November 1, 1984, by the Federal Reserve Board of the conditional approval of applications to acquire nonbank banks, Chairman Paul A. Volcker sent the accompanying letter on this matter to the leadership of the Senate and House Banking Committees.

November 1, 1984

Dear Mr. Chairman:

As you are aware, the Board of Governors has had before it for some time applications by three bank holding companies and one commercial firm to acquire "nonbank banks." Board action on the pending applications was required this week to avoid automatic and unconditional approval, under existing law, due to the passage of time after the receipt of the applications.

Final consideration of these applications had been deferred pending Congressional disposition of bills before it that would plainly have prohibited such acquisitions. However, while the proposed legislation was approved in somewhat different form by the Senate and by the House Banking Committees, Congress adjourned without final action. The Board is fully aware that the leadership of both the Senate and House Banking Committees have indicated their intention to reintroduce such legislation and seek passage early in the next Congressional session in a form that would require divestiture of any nonbank banks formed after June 30, 1983.

In these circumstances, the majority of the Board felt it had no alternative but to approve the pending applications as technically consistent with the current law, despite serious reservations about the consistency of the proposal with basic policy established by Congress in the Bank Holding Company Act. Our concerns in this respect have focused on both unfair competitive distortions that can result from exploitation of narrow loopholes to achieve broader purposes, and, even more fundamentally, on the possibility of a progressive unraveling of the basic tenets of public policy that underlie the Bank Holding Company Act—that is, the maintenance of banks as impartial providers of credit, and the avoidance of undue risk and conflicts of interest in the banking system.

With respect to these issues and within the framework and intent of present law, in approving the applications the Board imposed certain broad conditions upon its approval that it had first established in the U.S. Trust case decided last March. These conditions prohibit the parent company of a nonbank bank from: (1) operating the nonbank bank's demand deposit taking activities in tandem with operation of any other subsidiary or other financial institution; (2) linking in any way the demand deposit and commercial lending services that define a bank under the Act; and (3) allowing the nonbank bank to engage in any transaction with affiliates, other than the payment of dividends to the parent or the infusion of capital, without the Board's approval. In effect, these conditions will require nonbank banks to operate as separate entities independent from the other operations of the parent and its subsidiaries.

We have also emphasized to the applicants the potential need for divestiture of nonbank bank acquisitions should Congress pass legislation you have sponsored and that we support. Similarly, we have stressed that the fact that the Board was constrained by the technical aspects of the bank definition in the Act to approve the applications before it should not be construed as encouragement to the applicants to consummate these proposals or to others to pursue similar acquisitions.

I would also like to note that a minority of the Board would have denied these applications on the basis of existing law. While the majority did not share this view, the Board as a whole is unanimous in its concern about the dangers of proceeding through loophole exploitation and about the need for prompt Congressional action to remedy this problem.

The Board has repeatedly emphasized the dangers of permitting the financial system to evolve in a haphazard and potentially dangerous way through the exploitation of technical "loopholes" in existing law, and the need for fresh direction by the Congress along the lines of the legislation proposed earlier this year. We feel no less strongly today, and welcome the efforts you have made toward developing new law appropriate to today's competitive and market circumstances while preserving those basic continuing elements of public policy with which we, as you, have been concerned.

Sincerely,

Paul A. Volcker

Changes in Fees for Wire Transfers of Funds and Automated Clearinghouse Services

The Federal Reserve Board has approved a reduction in the fee the Federal Reserve Banks charge depository institutions for originating or receiving a transfer of funds over the Federal Reserve System's wire transfer of funds network and a revised schedule of fees for automated clearinghouse services.

The changes for wire transfer are effective December 27, 1984, as are most of the revisions in automated clearinghouse services.

The Board acted under the directives of the Monetary Control Act of 1980, which require the Federal Reserve to charge for its services to depositories.

The Board approved the following schedule of fees for wire transfers and for net settlement service, reducing the fee for basic wire transfers from 60 cents to 55 cents per transfer:

Transaction	Amount (dollars)
Wire transfer of funds	
Basic transfer originated	.55
Basic transfer received	.55
Off-line origination	5.50
Telephone advice	3.00
Net settlement[1]	
Settlement entry	1.30
Off-line settlement	8.00
Telephone advice	3.00

1. For cases in which net settlement arrangements result in higher operating costs than those incurred for standard arrangements, the Reserve Banks may establish higher fees.

The revised schedule of fees for automated clearinghouse services is intended to recover 80 percent of costs, compared with 60 percent in 1984.

In setting its revised fees for ACH services, the Board re-evaluated several aspects of ACH fees. These include the use of benefit-based fees, the level of transaction fees, fees for delivery by other than electronic means, and fee recovery of the costs of handling of ACH return items and notification of change.

Current fees for corporate trade payments will remain in effect.

The revised ACH fee schedule for 1985 is shown in the accompanying tables.

Transaction fees	Amount (cents except as noted)
Origination	
Intra-ACH	1.0
Inter-ACH	
Unsorted	1.8
Presorted	1.2
Night time surcharges	
Debits	6.0
Next-day credits	3.0
Receipt	
Intra-ACH	1.0
Inter-ACH	1.8
New York	1.2
Paper return items and notifications of change (dollars)	2.50

Fixed fees	Amount (dollars except as noted)
Deposit fees	
Tape handling	3.00 per tape
File processing	1.00 per file
Receiver handling fees	
Courier	3.00 per delivery
Messenger pick-up	1.25 per delivery
Telephone advice	
Including ten pieces of information	2.50
Each additional piece of information (cents)	.05

NEW FEE SCHEDULES FOR CHECK COLLECTION SERVICES

The Federal Reserve Board has approved fee schedules for 1985 for the check collection services of the Federal Reserve Banks, effective December 27, 1984. The 1985 fee schedules are available from the Reserve Banks.

The 1985 check collection fees are generally about the same as in 1984. The System's check collection fees are set to recover anticipated costs, including the cost of check float and the private sector adjustment factor. This last represents imputed taxes that would have been paid and the return on capital that would have been provided for had the services been furnished by a private business firm. Federal Reserve check float results from the Federal Reserve giving credit to depository institutions that sent the checks to the Federal Reserve for collection but for which the Federal Reserve has not yet received payment from the institutions to which the check was sent for payment.

The Federal Reserve estimates that revenues for check collection in 1985 will be approximately $433 million and that the System's costs will be approximately $415 million. These estimates include the public sector adjustment factor and the anticipated cost of float during the year.

PRICED SERVICES: TREATMENT OF SURPLUSES AND SHORTFALLS

The Federal Reserve Board has approved a statement of policy respecting the treatment of surpluses and shortfalls that arise from the provision of services to depository institutions for which, in accordance with the Monetary Control Act of 1980, fees are charged.

The policy statement formalizes the Federal Reserve's current practice of establishing fees for its services designed to recover projected costs for the calendar year, rather than to offset the previous year's surpluses or shortfalls.

The Monetary Control Act of 1980 requires that "over the long run, fees shall be established on the basis of all direct and indirect costs actually incurred. . . ." Consequently, the Board has established the policy that Reserve Bank fees for Federal Reserve services will be established in order to generate sufficient revenue to cover the anticipated costs of providing services to depository institutions for the calendar year, rather than to offset prior years' surpluses and shortfalls.

The Board believes that this policy better advances the Federal Reserve's objective of promoting efficiency in the payment mechanism than does the alternative approach of accumulating surpluses and shortfalls. If, for example, the Federal Reserve were to establish a lower price to compensate for a previous year's surplus, inefficiencies could result as below-cost pricing might lead to services being produced by the Federal Reserve at a higher societal cost than if they had been produced by other service providers. In addition, the short-term fluctuations in Federal Reserve fees that could result from compensating for previous years' surpluses or shortfalls could be disruptive to the Federal Reserve, other providers of payment services, and users of such services. Moreover, other providers of payment services do not typically establish prices in order to eliminate surpluses or shortfalls incurred in prior years. Finally, if the Federal Reserve seeks to match costs and revenues each year, any surpluses or shortfalls incurred should be reduced, if not eliminated, over time.

Accordingly, the Board has determined that it is appropriate to continue the current policy of establishing Reserve Bank fees for Federal Reserve services in order to generate sufficient revenue to cover the anticipated costs of providing services to depository institutions for the calendar year, rather than to offset prior years' surpluses and shortfalls.

APPROVAL OF PRIVATE SECTOR ADJUSTMENT FACTOR

The Federal Reserve Board has approved a private sector adjustment factor (PSAF) for 1985 of $61.1 million. The PSAF for 1985 represents an increase of $2.3 million, or approximately four percent, from the target PSAF for 1984.

The PSAF is an allowance for the taxes that would have been paid and the return on capital that would have been provided had all of the Federal Reserve's priced services been furnished by a private business firm.

The PSAF is determined by applying the Federal Reserve's pre-tax cost of capital to the assets used by the Federal Reserve in the production of priced services. These assets are determined on a direct basis and include the net effect of those assets expected to be acquired and disposed of during the year. Short-term assets are assumed to be financed by short-term debt and long-term assets are assumed to be financed by a combination of equity and long-term debt.

The ratio of long-term debt to equity and the rates for short-term debt, long-term debt, equity, and income taxes are based on the experience of the 25 largest U.S. bank holding companies. Also included in the PSAF are imputations for estimated sales taxes, insurance assessment by the Federal Deposit Insurance Corporation, and the expenses and fixed assets of the Board of Governors related to the development of priced services.

Modification to Extended Credit Program

The Federal Reserve Board announced on November 8, 1984, a technical modification in its extended credit program to permit the application of a flexible rate under certain conditions.

Under usual procedures, institutions borrowing funds on an extended basis pay the basic discount rate for the first 60 days, an additional 1 percent surcharge for the next 90 days, and a 2 percent surcharge for any borrowings outstanding for more than 150 days. This procedure was modified earlier to provide a flexible, market-related rate in certain circumstances.

The new procedure will retain the basic structure for the first 150 days of borrowing but will regularize alternative structures of flexible market-related rates for borrowing for more than 150 days.

Amendment to Regulation D

The Federal Reserve Board has announced an increase in the amount of net transaction accounts to which the lowest—3 percent—reserve requirement will apply in 1985 from $28.9 million to $29.8 million. The Board also increased the amount of reservable liabilities in depository institutions that are subject to a zero percentage reserve requirement from $2.2 million to $2.4 million. The adjustments take effect beginning January 1, 1985.

The Board made the changes in accordance with provisions of the Monetary Control Act of 1980 and the Garn–St Germain Depository Institutions Act of 1982.

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 reserve requirement of 3 percent in the next calendar year to 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, 1983, to June 30, 1984, was 3.8 percent. The statutory rule thus requires an increase of $900 million, to $29.8 million.

The Garn–St Germain Act requires the Board to amend Regulation D to adjust the amount that is 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, 1983, to June 30, 1984, requiring an increase in the reserve requirement exemption to $2.4 million.

Amendment to Regulation Z

The Federal Reserve Board has announced the adoption of an amendment to Regulation Z (Truth in Lending) clarifying that all credit cards are subject to the provisions of the regulation regarding the issuance of credit cards and the liability for unauthorized use. The amendment becomes effective December 31, 1984.

The amendment applies to credit cards issued for use in transactions that are exempt from all other provisions of Regulation Z. The amendment states that such cards are subject nonetheless to the provisions of Regulation Z that limit cardholder liability for unauthorized use of the card to $50 and that prohibit issuance of credit cards that have not been requested.

The amendment principally affects credit cards issued for use in certain extensions of credit of more than $25,000, and for extensions of credit for public utility services. Such extensions of credit are generally exempt from the provisions of Regulation Z. The vast majority of credit cards affected by the amendment are telephone calling cards. The amendment will not affect the application of the exemptions noted above to other provisions of Regulation Z.

AVAILABILITY OF BANK HOLDING COMPANY LIST

The annual list of *Bank Holding Companies and Subsidiary Banks, Foreign and Domestic,* as of December 31, 1983, is available now. There will be a $12.00 charge for the book, and remittance should be made payable to the order of the Board of Governors of the Federal Reserve System. To order a copy, please forward the request and remittance to the Office of the Controller, Federal Reserve Board, Washington, D.C. 20551. When the book becomes available each year, an announcement will appear in the FEDERAL RESERVE BULLETIN because a mailing list will no longer be maintained.

Publication of a separate list of domestic assets and deposits of bank holding companies is being discontinued.

PROPOSED ACTIONS

The Federal Reserve Board has requested comment by December 14, 1984, on an application by Bankers Trust New York Corporation to expand the scope of the activities of its subsidiary, BT Futures Corp., which engages in futures commission merchant activities.

The Board issued for comment a proposal to permit the Federal Reserve Banks to use a two-tier fee schedule for the collection of certain checks depending on whether they are destined for high- or low-unit-cost endpoints. Comments must be received by January 11, 1985.

The Federal Reserve Board has also requested comment on a proposal to amend Regulation AA (Unfair or Deceptive Acts or Practices) to apply to banks rules substantially similar to those recently adopted by the Federal Trade Commission prohibiting certain debt collection practices in consumer credit obligations. The Board requested comment by January 28, 1985.

The Federal Reserve Board has published for comment proposed changes to the official staff commentary on Regulation E (Electronic Fund Transfers). The changes pertain to questions that have arisen about the regulation and include new interpretations and changes to existing interpretations. Comment is requested by January 31, 1985.

The Board has also published for comment proposed changes to the official staff commentary on Regulation Z (Truth in Lending). The changes pertain to questions that have arisen about the regulation and include new interpretations and changes to existing interpretations. Comment is requested by January 31, 1985.

SYSTEM MEMBERSHIP: ADMISSION OF STATE BANKS

The following bank was admitted to membership in the Federal Reserve System during the period November 1 through December 1, 1984:

Colorado

Colorado Springs ...... State Bank and Trust of Colorado Springs

Record of Policy Actions of the Federal Open Market Committee

Meeting Held on October 2, 1984

Domestic Policy Directive

The information reviewed at this meeting indicated that growth in real GNP had slowed appreciably in the third quarter from the annual rate of about 8½ percent recorded in the first half of the year. The slowing was most marked in final sales, which seemed to grow little during the quarter, while the rate of inventory accumulation appeared to have accelerated. Thus far in 1984, the rise in various measures of prices and wages appeared to be close to, or slightly below, the pace in 1983.

Industrial production edged up 0.2 percent in August, after climbing 0.9 percent in both June and July. Output of consumer durable goods fell markedly in August, largely reflecting fewer assemblies of automobiles and light trucks, and production of nondurable consumer goods also declined. In contrast, production of equipment for business and defense continued to advance briskly, and output of construction supplies edged up. With production gains moderating in August, capacity utilization in manufacturing was unchanged, after a sizable increase in July. At 82.8 percent, the utilization rate was slightly higher than the 1967–82 average and 14 percentage points above the postwar low registered in late 1982.

Gains in employment slowed in recent months. As measured by the establishment survey, nonfarm payroll employment (adjusted for strikes) rose a little over 200,000 per month in July and August, about two-thirds the average monthly increase during the first half of 1984. As measured by the survey of households, employment fell sharply in both July and August, partly reversing exceptionally large increases in the two preceding months. In August, the drop was about equal to the decline in the civilian labor force—a decline accounted for by youths under 25, apparently related to their leaving jobs and returning to school—and the civilian unemployment rate was unchanged at 7.5 percent.

Consumer spending, after rapid growth earlier, was notably weaker during the summer. The advance report on retail sales in August suggested a decline of about ¾ percent; moreover, the decline in sales in July, originally reported to be about 1 percent, was revised substantially to 2 percent. Sales of new domestic automobiles, hindered by a shortage of popular models, dropped to an annual rate of 7.6 million units in August. However, a rebound to an 8.5 million unit pace was reported for the first 20 days of September, reflecting in part the early introduction of 1985 models by some major producers.

Housing starts fell appreciably in August to 1.5 million units. Starts of single-family units, declining for the fourth consecutive month, were more than 20 percent below their average in the second quarter. Multifamily starts, which had changed little on balance over the spring and early summer, fell to a level about 17 percent below their second-quarter pace. Newly issued building permits for both types of structures moved down for the second straight month.

Information on outlays and spending plans suggested that the expansion in business fixed investment in the third quarter had been slower than the exceptionally rapid pace over the preceding year. In August, orders placed at U.S. manufacturers for nondefense capital goods fell for the third consecutive month, and shipments edged off further after an appreciable decline in July; in contrast, purchases of equipment from abroad continued to climb. Backlogs of unfilled orders, which were still relatively large, continued good levels of corporate profits, and reported increases in business spending plans in the latest Department of Commerce survey suggested further growth in capital expenditures.

Incoming information on prices and wages generally indicated a continuation of recent favorable trends. The producer price index for finished goods edged down 0.1 percent in August; the index had risen 0.3 percent in July but had shown no change in the three preceding months. The consumer price index rose 0.5 percent in August after an increase of 0.3 percent in July. Thus far in 1984, producer and consumer prices had risen at annual rates of about 2½ and 4¾ percent respectively, and the index of average hourly earnings had increased at an annual rate of about 2¾ percent.

The foreign exchange value of the dollar fluctuated widely in often volatile market conditions but rose sharply on balance over the intermeeting period. By September 20 the dollar had risen 7 percent to a new high; since then, it had declined somewhat to a level about 5 percent above its value at the time of the August FOMC meeting. In this environment, monetary authorities intervened, some on a substantial scale, in exchange markets. The U.S. foreign trade deficit increased to a record high rate in the July–August period, as a further surge in non-oil imports overwhelmed a moderate increase in exports.

At its meeting on August 21, 1984, the Committee had adopted a directive specifying no change in the degree of pressure on reserve positions in the period immediately ahead, but calling for a response to any significant deviation in the aggregates from expectations, viewed against the background of economic and financial developments. The members had anticipated that this approach to policy implementation would be consistent with growth of M1, M2, and M3 over the period from June to September at annual rates of around 5 percent or slightly less, 7½ percent, and 9 percent respectively. The intermeeting range for the federal funds rate was left unchanged at 8 to 12 percent.

As the intermeeting period progressed, incoming information pointed to continuing substantial shortfalls in growth of the monetary aggregates relative to the Committee's expectations for the third quarter. Growth of M1 in August turned out to be quite small, and while there appeared to be a moderate acceleration in September, expansion over the three-month period from June to September was running well below the Committee's expectations. Growth of M2 and M3 also appeared to have picked up in September after expanding at relatively sluggish rates over the previous two months, but growth in these broader aggregates over the summer was also lower than expected.

Expansion of total domestic nonfinancial debt was estimated to have been at an average annual rate of around 13¼ percent in July and August, keeping growth thus far in 1984 at a pace well above the Committee's monitoring range of 8 to 11 percent for the year. Expansion of private debt was estimated to have eased a bit from the rapid rates recorded earlier in the year, as the growth of mortgage and consumer borrowing slowed somewhat and merger financing abated. Expansion in business borrowing remained at a relatively rapid pace, however, and growth of federal debt surged.

Against the background of monetary growth that was weaker than anticipated, evidence of a slowing pace of economic advance, and a rapidly rising dollar in foreign exchange markets, open market operations were conducted, as the intermeeting period progressed, so as to lessen pressures on bank reserve positions. In the two complete reserve maintenance periods ending in September, adjustment plus seasonal borrowing averaged about $750 million, down from an average of about $1 billion over the previous intermeeting period. The easing in bank reserve positions was reflected in a decline in the federal funds rate from the area of 11½ to 11¾ percent at the time of the August FOMC meeting to a range around 11 percent recently, though day-to-day trading levels fluctuated widely. In short-term markets, yields on Treasury securities fell about ¼ percentage point over the intermeeting interval, and those on private instruments declined about ½ percentage point. Most long-term interest rates declined about 5 to 30 basis points, while yields on municipal bonds increased under heavy supply pressure. Most major banks reduced their "prime" lending rate from 13 to 12¾ percent.

The staff projections presented at this meeting suggested that real GNP would expand at a moderate pace over the remainder of the year and in 1985. The unemployment rate was projected to decline somewhat further over the period, and the rate of price increase was expected to pick up a little from its recent pace, as the economy continued to move toward fuller utilization of its productive resources.

The Committee's discussion of the economic situation and outlook focused on the implications of recent indications of appreciably slower growth in the context of an economic outlook that was already complicated by unusually large, sustained federal deficits, a strengthening dollar on exchange markets, and sensitive domestic and international financial markets. Many members commented that the economy appeared to be adjusting to a reduced, but potentially more sustainable, rate of expansion and that the moderation was likely in turn to be associated with relatively subdued rates of wage and price inflation. It was noted that many past expansions had been interrupted by a "pause" in the rate of economic growth. Although no one could say with certainty whether this most recent experience represented a "pause" and, if so, how long it would last, a number of members believed that a modest rebound was a likely prospect for the next quarter or two followed by some moderation in the rate of expansion later. Other members gave more weight to elements of slowing in the current economic situation, and they saw a greater likelihood of sluggish growth in the period ahead.

While acknowledging a greater potential for adverse developments, a number of members stressed various factors that seemed conducive to continued satisfactory expansion in economic activity. Among these were the direct economic stimulus provided by fiscal policy; a high level of consumer confidence sustained by continued growth in disposable incomes and relatively strong financial positions; and a favorable climate for business investment fostered by generally good profit levels, substantial tax incentives, and reduced margins of unused capacity. Other members, who were somewhat more concerned about the prospects for economic activity, placed more emphasis on the retarding influences of lower housing expenditures, the competition of imports, and the vulnerability of some depository institutions, businesses, and farmers to financial strains. Reference was also made to the related possibility that consumers might tend to curtail their spending if uncertainties about economic and financial conditions should intensify. In that event growth in business spending might also be scaled back, with inventories especially likely to become a less expansive factor.

Several members referred to the progress that had been made in containing inflation, although some threats to future progress remained, and a few members commented that inflation was still the main economic problem for the longer run. In this connection, concern was expressed that too strong a resurgence in spending, though not viewed as a likely development, would intensify inflationary pressures and would set in motion forces, which could threaten the sustainability of the expansion itself. Moreover, as the foreign exchange value of the dollar rose, the possibility increased that a subsequent decline in the exchange rate could be precipitous when it occurred, which would exert significant upward pressures on domestic prices. Prior experience suggested that those pressures would emerge after some lag, but one member commented that the lag might well be shorter than usual as many domestic producers attempted to restore profit margins that were held down by foreign competition. On the favorable side, it was noted that apparently diminished inflationary expectations, relatively restrained wage settlements, and a business climate favoring improvements in productivity had enhanced the prospects for containing inflation.

At its meeting in July, the Committee had reviewed and reaffirmed the basic policy objectives that it had established in January for growth of the monetary and credit aggregates in 1984 and had set tentative objectives for growth in 1985. For the period from the fourth quarter of 1983 to the fourth quarter of 1984, the policy objectives included growth of 4 to 8 percent for M1 and 6 to 9 percent for both M2 and M3. Through September, M1 apparently grew at a rate close to the midpoint of the range for the year, M2 at a rate somewhat below the midpoint of its range, and M3 at a rate near the upper limit of its range. For 1985 the Committee had established tentative ranges that included reductions from the upper limits of the 1984 ranges for M1 and M2 of 1 and ½ percentage point respectively and no change in the range for M3. For both years the associated range for growth in total domestic nonfinancial debt was set at 8 to 11 percent.

In the Committee's discussion of policy implementation for the weeks immediately ahead, most of the members favored directing open market operations, at least initially, toward maintaining the lesser degree of reserve restraint that had been sought in recent weeks. Such an approach to policy was expected to be associated with expansion in the monetary aggregates from September to December at rates that were somewhat above those experienced over the third quarter, especially in the case of M1. It was noted in this connection that the degree of reserve restraint had been eased appreciably in recent weeks and that any further easing should be contingent upon clear evidence of further weakness in the monetary aggregates and the economy. A number of members expressed particular concern that under current conditions appreciably lesser restraint might well induce a sharp decline in market interest rates, excessive money growth, and an unsustainably strong rebound in economic activity. These members noted the risk that such a decline in interest rates might have to be strongly reversed later with damaging conseqences for the financial system and the economy. Some members, however, favored a prompt further lessening of reserve restraint. They deemed such an approach to operations to be desirable for a number of reasons, including the recent behavior of the monetary aggregates, the progressive slowdown in the economic expansion since the first quarter, the relatively favorable outlook for inflation, and the strength of the dollar in foreign exchange markets.

In the course of discussing how operations should respond to incoming information, most of the members agreed that the Committee should be prepared to respond a little more promptly in an easing than in a tightening direction, should monetary developments deviate significantly from expectations. In this view policy implementation, given recent shortfalls in money growth, should be relatively tolerant, up to a point, of any tendency for expansion in the monetary aggregates to strengthen more than expected, especially if such growth were not accompanied by clear indications of a strengthening of inflationary pressures or economic activity and if the dollar remained under strong upward pressure in the foreign exchange markets. Others, while not disagreeing that there might be a need to reduce restraint over the coming intermeeting period, emphasized that policy implementation should also be alert to potential developments that might call for greater restraint and that any move in either direction should be carried out in a cautious and probing manner.

At the conclusion of the Committee's discussion, a majority of the members indicated that they favored or could accept a directive that called for maintaining the lesser degree of restraint on reserve positions that had been attained over recent weeks. The members expected that such an approach to policy implementation would be consistent with growth of M1, M2, and M3 at annual rates of about 6, 7½, and 9 percent respectively for the period from September to December. Somewhat lesser restraint would be acceptable if growth of the monetary aggregates should fall significantly short of expectations, with any adjustment in operations to be evaluated in the context of the strength of the business expansion and inflationary pressures, conditions in domestic and international financial markets, and the rate of credit growth. Conversely, greater restraint might be acceptable in the event of substantially more rapid growth in the monetary aggregates than was currently expected, provided such growth was associated with evidence that economic activity and inflationary pressures were strengthening significantly. It was agreed that the intermeeting range for the federal funds rate, which provides a mechanism for initiating consultation of the Committee, should be left unchanged at 8 to 12 percent.

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

The information reviewed at this meeting suggests that the expansion in economic activity slowed appreciably in the third quarter from a strong pace earlier in the year. In August, industrial production rose only slightly and gains in nonfarm payroll employment moderated further; retail sales and housing starts declined for the second month in a row. The civilian unemployment rate was unchanged in August at 7.5 percent. Information on outlays and spending plans suggests slower expansion in business fixed investment, following exceptionally rapid growth in recent quarters. Since the beginning of the year, average prices and the index of average hourly earnings have risen more slowly than in 1983.

In August the monetary aggregates expanded at relatively slow rates, but data available for September suggested some strengthening. From the fourth quarter of 1983 through September, M1 apparently grew at a rate close to the midpoint of the Committee's range for 1984, M2 at a rate somewhat below the midpoint of its longer-run range, and M3 at a rate near the upper limit of its range. Growth in total domestic nonfinancial debt appears to be continuing at a pace above the Committee's monitoring range for the year, reflecting large government borrowing along with relatively strong private credit growth. Interest rates generally have fallen somewhat further since the August meeting of the Committee.

Over the past month, the foreign exchange value of the dollar against a trade-weighted average of major foreign currencies has fluctuated widely under often volatile market conditions, reaching a new high in the latter part of September; since then the dollar has declined somewhat. The merchandise trade deficit rose sharply to a record high rate in the July–August period.

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

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

In the implementation of policy in the short run, the Committee seeks to maintain the lesser degree of restraint on reserve positions sought in recent weeks. This action is expected to be consistent with growth in M1, M2, and M3 at annual rates of around 6, 7½, and 9 percent, respectively, during the period from September to December. A somewhat further lessening of restraint on reserve positions would be acceptable in the event of significantly slower growth in the monetary aggregates, evaluated in relation to the strength of business expansion and inflationary pressures, domestic and international financial market conditions, and the rate of credit growth. Conversely, greater restraint might be acceptable in the event of substantially more rapid monetary growth and indications of significant strengthening of economic activity and inflationary pressures. The Chairman may call for Committee consultation if it appears to the Manager for Domestic Operations that pursuit of the monetary objectives and related reserve paths during the period before the next meeting is likely to be associated with a federal funds rate persistently outside a range of 8 to 12 percent.

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

Messrs. Martin, Rice, and Ms. Seger dissented from this action because they preferred a directive calling for a somewhat lesser degree of reserve restraint and marginally faster monetary growth in the fourth quarter. In their view some additional easing of reserve positions would be appropriate given the reduction in monetary growth over the third quarter and indications of further slowing in the rate of economic expansion. Somewhat lesser restraint would not incur a significant risk of stimulating inflation and would also be desirable in light of current conditions in domestic and international financial markets. Mr. Martin in particular expressed concern about strains now being experienced by some financial institutions.

Legal Developments

AMENDMENTS TO REGULATION D

The Board of Governors is amending 12 C.F.R. Part 204 (Regulation D—Reserve Requirements of Depository Institutions) to increase the amount of transactions accounts subject to a reserve requirement ratio of three per cent, as required by the Monetary Control Act of 1980 from $28.9 million to $29.8 million; and to increase the amount of reservable liabilities of each depository institution that is subject to a reserve requirement of zero per cent, as required by the Garn–St Germain Depository Institutions Act of 1982 from $2.2 million to $2.4 million.

Effective January 1, 1985, the Board amends 12 C.F.R. Part 204, Regulation D by revising paragraph (a) of section 204.9 to read as follows:

Reserve Requirements of Depository Institutions

Part 204

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 $29.8 million	3 percent of amount
over $29.8 million	$894,000 plus 12% of amount over $29.8 million
Nonpersonal time deposits	
By original maturity (or notice period):	
Less than 1½ years	3 percent
1½ years or more	0 percent
Eurocurrency liabilities	3 percent

(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 $2.4 million determined in accordance with section 204.3(a)(3) of this Part.

* * * * *

AMENDMENTS TO REGULATION Z

The Board of Governors has amended its Regulation Z—Truth in Lending to specifically provide that credit cards issued for use with transactions that are exempt from all other provisions of the regulation are subject to the Regulation Z provisions governing the issuance of credit cards and the liability for unauthorized use. The amendment resolves any uncertainty that the issuance and liability protections apply to all credit cards regardless of use or cardholder status.

Effective December 31, 1984, the Board amends 12 C.F.R. Part 226, Regulation Z, by adding an Office of Management and Budget control number to section 226.1, and by removing existing footnote 4 in section 226.3 and replacing it with a new footnote 4, to read as follows:

Truth in Lending

Part 226

Section 226.1—Authority, Purpose, Coverage, Organization, Enforcement and Liability

* * * * *

(Information collection requirements contained in this section have been approved by the Office of Management and Budget under OMB Control No. 7100–0199.)

* * * * *

Section 226.3—Exempt Transactions

This regulation does not apply to the following: [4]***

4. The provisions in section 226.12(a) and (b) governing the issuance of credit cards and the liability for their unauthorized use apply to all credit cards, even if the credit cards are issued for use in connection with extensions of credit that otherwise are exempt under this section.

* * * * *

Bank Holding Company, Bank Merger, and Bank Service Corporation Orders Issued by the Board of Governors

Orders Issued under Section 3 of Bank Holding Company Act

Bank of Virginia Company
Richmond, Virginia

Order Approving Acquisition of Shares of a Bank Holding Company

Bank of Virginia Company, Richmond, Virginia, a bank holding company with the meaning of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 *et seq.*) ("Act"), has applied for the Boards' approval pursuant to section 3(a) (3) of the Act (12 U.S.C. § 1842(a) (3)) to acquire up to 40.3 percent of the voting shares of Citizens Trust Company, Portsmouth, Virginia ("Company"), and indirectly of Citizens Trust Bank, Portsmouth, Virginia ("Bank").[1]

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

Applicant, the fourth largest commercial banking organization in Virginia, controls one subsidiary bank with total deposits of $2.8 billion, representing 9.3 percent of the total deposits in commercial banks in the state.[2] Company, the 13th largest commercial banking organization in Virginia, holds deposits of $123.5 million, representing approximately 0.5 percent of the deposits in commercial banks in the state. Upon consummation of the proposed transaction, Applicant would remain Virginia's fourth largest commercial banking organization and would control approximately 9.8 percent of the total deposits in commercial banks in the state. Consummation of this proposal would not have a significantly adverse effect on the concentration of commercial banking resources in Virginia.

Applicant and Company compete in the Norfolk-Portsmouth banking market,[3] where all of Bank's offices are located. Applicant is the fourth largest commercial banking organization in the Norfolk-Portsmouth banking market, controlling 7.5 percent of the deposits in commercial banks in the market.[4] Company is the seventh largest banking organization in the market and controls 4.2 percent of the deposits in commercial banks in the market. Upon consummation of the proposed transaction, Applicant would become the third largest banking organization in the Norfolk-Portsmouth market, and would control 11.7 percent of the deposits in commercial banks in the market.

The share of deposits held by the four largest commercial banking organizations in the Norfolk-Portsmouth banking market is 71.2 percent, and the market's Herfindahl-Hirschman Index ("HHI") is 1875. Upon consummation of this proposal, the four-firm concentration ratio would increase to 75.4 percent and the HHI would increase 63 points to 1938.[5] While the proposed acquisition would eliminate existing competition in the Norfolk-Portsmouth market, the Board believes that the anticompetitive effects of this proposal are mitigated by the extent to which thrift institutions compete with commercial banks in the market.[6]

The 14 thrift institutions that compete in the market hold total deposits of $1.9 billion, representing approximately 41 percent of the total deposits in commercial banks and thrift institutions in the market. Four of the market's six largest depository institutions are thrift institutions. The thrift institutions in the market offer NOW accounts and are active in consumer lending. Moreover, four of the market's thrift institutions offer

1. Applicant has applied to acquire 96,932 shares of Company (representing 18.1 percent of Company's shares) and $8,000 principal amount of Bank's debentures, which are convertible into 529 shares (or 0.5 percent) of Company's common stock. The shares and debentures would be acquired through the exercise of an option purchased from United Virginia Bankshares Incorporated. If this application is approved, Applicant intends to make an offer for the remaining outstanding shares of Company and merge Bank into Applicant's subsidiary bank. Applicant has entered into a merger agreement with Company and will file a separate application with respect to the anticipated merger transaction. In its present application, Applicant also seeks approval to exercise an option to purchase from Company 200,000 newly issued voting shares. This second option would, if exercised, result in Applicant's purchase of a total of 40.3 percent of Company's voting shares.

2. Statewide banking data are as of December 31, 1983.

3. The Norfolk-Portsmouth banking market is defined as the Norfolk-Portsmouth Ranally Metro Area.

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

5. Under the Department of Justice Merger Guidelines, a market in which the post-merger HHI is above 1800 is considered highly concentrated. In such a market, where the increase in the HHI is less than 100 but more than 50 points, the Department considers a number of factors to determine whether they mitigate the decrease in competition in the market. If such mitigating factors are present, the Department is unlikely to challenge the merger.

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).

commercial lending services and commercial transaction accounts. Based upon this and other evidence of record, the Board has concluded that the competition offered by thrift institutions in the Norfolk-Portsmouth market mitigates the anticompetitive effects of this proposal and has determined that consummation of the proposal would not have a significant adverse effect on existing competition in the market.[7]

The financial and managerial resources and future prospects of Applicant, Company, and Bank are satisfactory and consistent with approval of this application. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval. Based on these and other facts of record, it is the Board's judgment that consummation of the proposed transaction would be in the public interest and that the application should be approved.

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

By order of the Board of Governors, effective November 21, 1984.

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

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

First Midwest Bancorp, Inc.
Joliet, Illinois

Order Approving Acquisition of a Bank

First Midwest Bancorp, Inc., Joliet, Illinois, a bank holding company within the meaning of the Bank Holding Company Act ("Act") (12 U.S.C. § 1841 *et seq.*), has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire all of the voting shares of the successor by merger to First National Bank of Carthage, Carthage, Illinois ("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 the seventh largest commercial banking organization in Illinois, controlling 18 banks with total deposits of $1.14 billion, representing 1.1 percent of the total deposits in commercial banks in the state.[1] Bank is one of the smaller commercial banks in Illinois, with total deposits of $23.4 million, representing less than 0.1 percent of total deposits in commercial banks in the state. Upon consummation of this proposal, Applicant would control total deposits of $1.16 billion, representing 1.1 percent of total deposits in commercial banks in the state, and its rank would remain unchanged. Accordingly, consummation of this proposal would have no significant effect on the concentration of banking resources in Illinois.

Within the relevant banking market,[2] Bank is the second largest of six commercial banks, with 19.4 percent of total deposits in commercial banks. Neither Applicant nor any of its principals are associated with any other banking organization in the relevant banking market. Accordingly, no existing competition would be eliminated as a result of this proposal.

The Board has considered this proposal in light of its proposed guidelines for assessing the competitive effects of market-extension mergers or acquisitions.[3] The Carthage banking market is not highly concentrated under the Board's guidelines, is not located in a SMSA, and is not considered attractive for entry. Accordingly, consummation of this proposal would not result in any significant adverse effects on probable future competition in this market.

The financial and managerial resources of Applicant, its subsidiaries, and Bank and their future prospects are considered consistent with approval of this proposal, particularly in light of recent improvements

7. If 50 percent of the deposits held by thrift institutions were included in the calculation of market concentration, Applicant's post-merger market share would be 8.7 percent, making it the fourth largest depository institution in the market. Furthermore, when thrift data are considered, consummation of the proposal would increase the market's four-firm concentration ratio to 56 percent and would increase the HHI only 35 points, from 1141 to 1176. The Justice Department has stated that where a post-merger market HHI is between 1000 and 1800 and the merger produces an increase of less than 100 points, the Department is unlikely to challenge such a merger. In this case, the increase would be less than 100 points.

1. Banking data are as of December 31, 1983, and have been adjusted to reflect bank holding company acquisitions approved as of July 5, 1984.

2. The relevant banking market is the Carthage banking market which is defined as the townships of Bear Creek and St. Albans and the eastern two tiers of Hancock County, all in Illinois.

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

in certain of Applicant's subsidiary banks. Applicant has proposed no new services for Bank. There is no evidence in the record that the banking needs of the community to be served are not being met. Accordingly, considerations relating to the convenience and needs of the community to be served are also consistent with approval.

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

By order of the Board of Governors, effective November 1, 1984.

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

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

Florida National Banks of Florida, Inc. Jacksonville, Florida

Order Approving the Merger of Bank Holding Companies

Florida National Banks of Florida, Inc., Jacksonville, Florida, 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 Beacon Financial Corporation, Inc., Jupiter, Florida ("Company"). As a result of the transaction, Applicant would acquire Company's subsidiary bank, Lighthouse National Bank, Jupiter, Florida ("Bank").[1]

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

Applicant, the fourth largest banking organization in Florida, controls two banking subsidiaries with total deposits of approximately \$3.8 billion, representing 6.5 percent of the total deposits in commercial banks in the state.[2] Company, with deposits of approximately \$36.7 million, is one of the smaller commercial banking organizations in Florida, controlling less than 0.1 percent of the total deposits in commercial banks in the state. Upon consummation of this transaction, Applicant would remain the fourth largest banking organization in the state and would control 6.6 percent of the total deposits in commercial banks in the state. Accordingly, consummation of this proposal would not have a significant effect upon the concentration of banking resources in Florida.

Applicant competes directly with Company's subsidiary bank in the Eastern Palm Beach County banking market.[3] Applicant is the ninth largest commercial banking organization in the relevant banking market, controlling 5.4 percent of the total deposits in commercial banks in the market. Company is the sixteenth largest commercial banking organization in the relevant market, controlling 0.9 percent of the total deposits in commercial banks in the market. Upon consummation of this proposal, Applicant would become the sixth largest commercial banking organization in the market. Although consummation of this proposal would eliminate some existing competition in the relevant banking market, the Board believes that certain facts of record mitigate the anticompetitive effects of the transaction. Upon consummation, Applicant's share of the total deposits in commercial banks in the market would increase by only 0.9 percent to 6.3 percent, the Herfindahl–Hirschman Index ("HHI") would increase by only 10 points to 946, and the market would remain unconcentrated as measured by this Index.[4] In addition, 21 commercial banking alternatives would remain in the market after consummation of the transaction. Accordingly, the Board has determined that consummation of this proposal would not have a significantly adverse effect on existing competition in the Eastern Palm Beach County banking market.

The financial and managerial resources and future

1. Applicant and Company have committed to liquidate all of Company's nonbanking subsidiaries prior to consummation of the proposed merger.

Applicant has also filed an application with the Comptroller of the Currency under the Bank Merger Act to merge Bank into its lead bank, Florida National Bank.

2. State banking data are as of December 31, 1983, and market data are as of June 30, 1983.

3. The Eastern Palm Beach County banking market is approximated by all of Palm Beach County, Florida, excluding the towns of Belle Glade and Pahokee.

4. Under the United States Justice Department Merger Guidelines (June 14, 1982), a market in which the post-merger HHI is below 1000 is considered unconcentrated. The Department has indicated that it will not challenge mergers in such markets.

prospects of Applicant, Company and their subsidiaries are considered to be generally satisfactory and consistent with approval.[5]

Upon consummation of this proposal, Company's existing customers would have access to extensive investment services, personal and corporate trust services, and a statewide network of automatic teller machines. Consequently, considerations relating to the convenience and needs of the community to be served are consistent with approval of the proposed merger. Accordingly, the Board has determined that consummation of the transaction would be consistent with the public interest and that the application should be approved.

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

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

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

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

Hartford National Corporation
Hartford, Connecticut

Order Approving Acquisition of Bank

Hartford National Corporation, Hartford, Connecticut, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 *et seq.*) ("Act"), has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire Rhode Island Bancorp, Inc., Hartford, Connecticut, and thus to acquire indirectly Rhode Island National Bank, Providence, Rhode Island ("Bank"), a proposed new 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)), including the comments of Citicorp, New York, New York, challenging the constitutionality of the Rhode Island statute under which the proposed acquisition is to be made.[1]

Applicant, the second largest commercial banking organization in Connecticut with consolidated assets of $5.6 billion, has one banking subsidiary with total deposits of $3.3 billion, representing approximately 24 percent of the total deposits in commercial banks in Connecticut.[2] Bank, which will compete in the Providence banking market,[3] is a proposed new bank. Applicant does not currently compete in the Providence banking market. In light of the *de novo* nature of this proposal, consummation of the proposed transaction would have no adverse effects on competition or the concentration of banking resources in any relevant area.

The financial and managerial resources and future prospects of Applicant and Bank are consistent with approval of the application. As a *de novo* institution, Bank will provide additional full service banking facili-

5. In several recent cases, the Board has noted its concerns regarding the capital adequacy of bank holding company applicants seeking to expand through sizeable acquisitions involving a significant level of intangible assets. *E.g.*, *National City Corporation*, 70 FEDERAL RESERVE BULLETIN 743 (1984). Applicant has a substantial amount of intangible assets on its balance sheet, and, if intangibles are excluded, Applicant's tangible primary capital ratio meets the Board's current Capital Adequacy Guidelines, but is below the level contemplated under the proposed Guidelines. *Capital Adequacy Guidelines*, 12 C.F.R., Part 225, Appendix A. *Capital Adequacy Guidelines for Bank Holding Companies*, 49 *Federal Register* 30,322 (July 30, 1984). Applicant's stated primary and total capital ratios, however, exceed the minimum levels specified in the Board's current and proposed Capital Adequacy Guidelines, and Applicant has submitted a capital plan demonstrating its ability to increase its tangible primary capital ratio to meet the Board's proposed Guidelines. Moreover, because of Company's relatively small size, the proposed acquisition would not result in any significant increase in Applicant's intangible assets or significant decline in Applicant's capital ratios.

1. The Board received comments from Hartford Areas Rally Together, a coalition of neighborhood associations in Hartford, Connecticut. Those comments were subsequently withdrawn and the Board did not consider them in acting on the subject application.

2. Banking data are as of June 30, 1984. These figures do not reflect the acquisition of Arltru Bancorporation and its subsidiary bank, The Arlington Trust Company, Lawrence, Massachusetts, approved by the Board on March 26, 1984. At the time of approval, Arltru Bancorporation had total assets of $819 million and total deposits of $689 million, and it was the eighth largest bank holding company in Massachusetts. Consummation of this acquisition has been stayed by the United States Court of Appeals for the Second Circuit pending disposition by the United States Supreme Court of a petition for a writ of certiorari that raises the issue of the constitutionality of the Massachusetts and Connecticut interstate banking statutes. *Northeast Bancorp, Inc. v. Board of Governors*, 740 F.2d 203 (2d Cir. 1984), *petition for cert. filed*, 52 U.S.L.W. 3189 (U.S. Sept. 6, 1984).

3. The Providence banking market includes all of Rhode Island, except for the southwestern portion of Washington County and the eastern part of Newport County, and in addition includes Attleboro, Blackstone, Millville, North Attleboro, Norton, Plainville, Rehoboth, and Seekonk, Massachusetts.

ties, and on this basis considerations relating to convenience and needs of the community to be served lend weight toward approval.

Section 3(d) of the Act prohibits the Board from approving any application by a bank holding company to acquire any bank located outside the state in which the operations of the bank holding company's banking subsidiaries are principally conducted, unless such acquisition is "specifically authorized by the statute laws of the State in which such bank is located, by language to that effect and not merely by implication." (12 U.S.C. § 1842(d)). Based upon its review of the Rhode Island interstate banking statute,[4] the Board concludes that Rhode Island has by statute expressly authorized, within the meaning of section 3(d) of the Act, a Connecticut bank holding company, such as Applicant, to acquire a bank or bank holding company in Rhode Island.[5]

These applications raise questions under the United States Constitution concerning the constitutionality of provisions of the Rhode Island interstate banking statute that bars bank holding companies located outside New England from acquiring banks in Rhode Island.[6] The Board has addressed the constitutionality of the Rhode Island statute in its Order concerning a previous interstate acquisition under that statute.[7] The Board cited as dispositive of the constitutional issue the finding in its Bank of New England Corporation Order that, while the issue was not free from doubt, there is no clear and unequivocal basis for a determination that a parallel Connecticut statute is inconsistent with the Constitution.[8]

Subsequent to the Board's approval of three prior applications under parallel Connecticut and Massachusetts interstate banking laws, protestants in each case sought judicial review of the Board's Orders on the sole ground that such regional interstate banking laws are unconstitutional. Following review of the issues, the United States Court of Appeals for the Second Circuit issued an opinion rejecting the petitioner's constitutional challenges to such regional interstate banking statutes and affirming the Board's Orders.[9] The constitutional issues involved in Applicant's current application are the same as those involved in the Second Circuit decision.

Based on the foregoing and other facts of record, the Board has determined that the application should be and hereby is approved. The transaction shall not be consummated before the thirtieth day after the effective date of the Order, or later than three months after the effective date of this Order, and the bank to be acquired shall be opened for business not later than six months after the effective date of this Order, unless such latter periods are extended for good cause by the Board, or by the Federal Reserve Bank of Boston pursuant to delegated authority.

By order of the Board of Governors, effective November 19, 1984.

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

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

Kentucky Bancorporation, Inc.
Covington, Kentucky

Order Approving Merger of Bank Holding Companies

Kentucky Bancorporation, Inc., Covington, Kentucky, a bank holding company within the meaning of the Bank Holding Company Act ("Act") (12 U.S.C. § 1841 *et seq.*), has applied for the Board's approval under section 3(a)(5) of the Act (12 U.S.C. § 1842(a)(5)) to merge with Northern Kentucky Bancshares, Inc., Covington, Kentucky (NKB), and thereby indirectly acquire The Falmouth Deposit Bank, Falmouth, Kentucky ("Falmouth Bank"); and with Kentucky National Corporation, Covington, Kentucky ("KNC"), and thereby indirectly acquire Kentucky National Bank, Walton, Kentucky ("Walton Bank") (collectively, "Banks").

Notice of the application, affording opportunity for interested persons to submit comments, has been given in accordance with section 3(b) of the Act. The time for filing comments has expired, and the Board has considered the application and all comments re-

4. 1983 R. I. Pub. L. Ch. 201.

5. The Board previously made such a finding with respect to the Rhode Island statute. *See Bank of Boston Corporation*, 70 FEDERAL RESERVE BULLETIN 737, 740 (1984).

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

7. *Bank of Boston Corporation* (RIHT Financial Corporation), 70 FEDERAL RESERVE BULLETIN 737, 740 (1984).

8. *Bank of New England Corporation*, 70 FEDERAL RESERVE BULLETIN 374, 376 (1984). It is the Board's policy that it will not hold a state law unconstitutional in the absence of clear and unequivocal evidence of the inconsistency of the state law with the United States Constitution. *See NCNB Corp.*, 68 FEDERAL RESERVE BULLETIN 54, 56 (1982). The Board repeated these constitutional findings with respect to the Massachusetts statute in *Hartford National Corporation*, 70 FEDERAL RESERVE BULLETIN at 354.

9. *Northeast Bancorp, Inc. v. Board of Governors, supra.*

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

Applicant, NKB, and KNC are each controlled by the same shareholder, and thus this proposal represents a reorganization of existing ownership interests. Applicant is the 31st largest commercial banking organization in Kentucky, controlling one bank, First National Bank and Trust Company of Covington, Covington, Kentucky ("Covington Bank"), with total deposits of $103.4 million, representing approximately 0.5 percent of total deposits in commercial banks in the state.[1] NKB is the 251st largest commercial banking organization in Kentucky, controlling one bank with total deposits of $18 million, representing less than 0.1 percent of the total deposits in commercial banks in the state. KNC is the 263rd largest commercial banking organization in Kentucky, controlling one bank with total deposits of $17 million, representing less than 0.1 percent of the total deposits in commercial banks in the state. Upon consummation of this proposal, Applicant would become the 22nd largest commercial banking organization in Kentucky, controlling three banks with total deposits of $138.4 million, representing approximately 0.7 percent of total deposits in commercial banks in the state. The Board concludes that consummation of this proposal would not have a significant effect upon the concentration of banking resources in Kentucky.

Applicant and KNC both compete in the Cincinnati banking market.[2] Covington Bank operates in the Kenton County, Kentucky, portion of the Cincinnati banking market and is the 11th largest of 39 commercial banks in the market, controlling approximately 1.7 percent of total deposits in commercial banks in the market.[3] Walton Bank operates in the Boone County portion of the Cincinnati banking market and is the 32nd largest commercial bank controlling approximately 0.3 percent of total deposits in commercial banks in the market. Kentucky law prohibits Covington Bank and Walton Bank from branching into the portions of the market where the other is located.[4] Upon consummation of this proposal, Applicant would remain the 11th largest commercial banking organization controlling approximately 2 percent of total deposits in commercial banks in the market. In view of these facts and the small market shares controlled by Covington Bank and Walton Bank, the Board concludes that consummation of the proposal would not have any significant effect on competition in the Cincinnati banking market.

Falmouth Bank operates in Pendleton County which is outside of the Cincinnati banking market. Kentucky law prohibits Falmouth Bank from branching into the Cincinnati banking market and Covington Bank and Walton Bank from branching into Pendleton County.[5] In view of this and other facts of record, consummation of this proposal would have no significant effects on potential competition in any relevant market. Accordingly, the Board concludes that competitive considerations are consistent with approval of the application.[6]

Upon consummation of this proposal, Applicant would become a multibank holding company with consolidated assets of $161 million. Accordingly, the Board has analyzed Applicant's financial resources under the Board's Capital Adequacy Guidelines, applicable to bank holding companies with more than $150 million in assets.[7] Based on the facts of record, the financial and managerial resources of Applicant and Banks are consistent with approval and their prospects appear favorable, especially in light of certain commitments made by Applicant in connection with this application. Applicant has proposed no new services for Banks. However, there is no evidence in the record indicating that the needs of the communities to be served are not being met. Accordingly, considerations relating to the convenience and needs of the communities to be served are consistent with approval.

Based on the foregoing and all of the facts of record, the Board has determined that approval of this application is consistent with the public interest and that the application should be and hereby is approved. The acquisitions shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Cleveland, pursuant to delegated authority.

1. All banking data are as of December 31, 1983, unless otherwise indicated.
2. The Cincinnati banking market is defined as all of Boone, Kenton, and Campbell Counties, Kentucky; all of Hamilton (Cincinnati) and Clermont Counties and portions of Warren and Butler Counties, Ohio; and Dearborn County, Indiana.
3. Competitive data for the Cincinnati banking market are as of June 30, 1982.
4. Under Kentucky banking law, a bank is prohibited from branching outside of its home county. Ky. Rev. Stat. Ann. § 287.180(2).
5. *Id.*
6. Central Bancorporation, Cincinnati, Ohio, owns all of Applicant's nonvoting common stock as well as 4.9 percent of Applicant's voting common stock, representing 24.9 percent of Applicant's total equity. Central Bancorporation's ownership interest in Applicant would be diluted as a result of this proposal. In its decision approving Applicant's formation, the Board determined that Central Bancorporation did not control Applicant by virtue of this investment. *Kentucky Bancorporation*, 69 FEDERAL RESERVE BULLETIN 863 (1983).
7. *Capital Adequacy Guidelines*, 12 C.F.R. Part 225, Appendix A.

By order of the Board of Governors, effective November 27, 1984.

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

[SEAL]

WILLIAM W. WILES
Secretary of the Board

Norstar Bancorp Inc.
Albany, New York

Northeast Bankshare Association
Portland, Maine

Order Approving Applications to Merge Bank Holding Companies and Acquire a Bank

Norstar Bancorp Inc., Albany, New York, and Northeast Bankshare Association, Portland, Maine, bank holding companies within the meaning of the Bank Holding Company Act ("Act"), 12 U.S.C. § 1841 *et seq.*, have applied for the Board's approval under sections 3(a)(3) and 3(a)(5) of the Act, 12 U.S.C. §§ 1842(a)(3) and 1842(a)(5), to acquire all of the outstanding shares of Banc of Maine Corporation, Augusta, Maine, and thereby indirectly to acquire its subsidiary bank, Bank of Maine, N.A., Augusta, Maine, and simultaneously to merge Banc of Maine Corporation into Northeast Bankshare Association.

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

Northeast Bankshare Association ("Northeast") is a wholly owned subsidiary of Norstar. Northeast has one subsidiary bank, Northeast Bank, Portland, Maine. Norstar, through its ownership of Northeast, is the fourth largest commercial banking organization in Maine. Northeast controls total deposits of $492 million, which represents 13.6 percent of the total deposits in commercial banks in Maine.[1] Banc of Maine Corporation is the eighth largest commercial banking organization in Maine. It controls total deposits of $73 million, which represents 2.0 percent of the total deposits in commercial banks in Maine. Upon consummation of this proposal, Norstar would become the third largest commercial banking organization in Maine, and would control 15.6 percent of the total deposits in commercial banks in the state. On the basis of all the facts of record, the Board concludes that consummation of this proposal would not have a significant adverse effect upon the concentration of banking resources in Maine.

Norstar and Banc of Maine Corporation compete in the Augusta banking market.[2] Norstar is the smallest of six commercial banking organizations in the market. It controls total deposits of $10.2 million, which represents 3 percent of the deposits in commercial banks in the market.[3] Banc of Maine Corporation is the third largest commercial banking organization in the Augusta market. It controls total deposits of $65.9 million, which represents 19.5 percent of the deposits in commercial banks in the market. Upon consummation of the proposal, Norstar would become the third largest commercial banking organization in the market and have 22.5 percent of the total deposits in commercial banks.

Based on commercial bank deposits, the Augusta market is highly concentrated. The three largest commercial banking organizations control 86.4 percent of the market's deposits. The Herfindahl–Hirschman Index ("HHI") is 2855 and would increase by 117 points to 2972 upon consummation of this proposal.[4] Although consummation of this proposal would eliminate some existing competition between Norstar and Banc of Maine Corporation in the Augusta market, the extent and nature of competition from thrift institutions and other commercial banks significantly mitigate any anticompetitive effects of this merger.[5]

Seven thrift institutions control 53.9 percent of the total deposits in depository institutions in the Augusta market. The second and third largest depository institutions in the market are thrifts, and these institutions control 16.4 percent and 11.9 percent, respectively, of the total deposits in the market. All the thrift institu-

1. As of June 30, 1984.

2. The Augusta banking market is defined to include Kennebec County, Maine, and the towns of Canaan, Fairfield, Freedom, Hilbert's Gore, Jefferson, Palermo, Smithfield, Thorndike, Troy, and Unity, all in Maine.

3. As of June 30, 1983.

4. Under the revised Justice Department Merger Guidelines (June 14, 1984), a market in which the post-merger HHI is above 1800 is considered highly concentrated. In such a market, the Justice Department is likely to challenge mergers that produce an increase in the HHI of more than 50 points, unless the Justice Department concludes after considering a number of mitigating factors that the merger is not likely substantially to lessen competition.

5. The Board has previously determined that thrift institutions have become, or at least have the potential to become, major competitors of banks. *E.g., First National Bankshares of Sheridan*, 70 FEDERAL RESERVE BULLETIN 832 (Board Order dated September 28, 1984); *Midlantic Banks, Inc.*, 70 FEDERAL RESERVE BULLETIN 776 (1984); *Commercial Landmark Corporation*, 70 FEDERAL RESERVE BULLETIN 651 (1984).

tions in the Augusta market are active competitors for the consumer accounts of commercial banks by their provision of NOW accounts, and residential real estate and consumer loans. In addition, several of the largest thrifts have made significant progress in exercising their commercial real estate and expanded commercial and industrial loan powers.

After consideration of the extent and nature of competition from several Augusta thrifts for the full array of banking services, the Board concludes that their activity in consumer and commercial services substantially mitigates the anticompetitive effects of this proposal.[6] Accordingly, the Board concludes that consummation of this proposal would not have a significant adverse effect upon existing competition in the Augusta market, or in any other relevant market.

The Board also has considered the effect of this proposal upon probable future competition in light of its proposed guidelines for assessing the competitive effects of market extension mergers and acquisitions.[7] Because of the number of potential entrants, the proposed transaction would not require extensive analysis under the Board's proposed guidelines, and the Board concludes that consummation of this proposal would not have any significant adverse effects on probable future competition in any relevant market.

The financial and managerial resources and future prospects of Norstar, Banc of Maine Corporation, and their subsidiaries are satisfactory and consistent with approval of these applications. Considerations relating to the convenience and needs of the communities to be served are also consistent with approval of these applications. Consummation will provide the communities presently served by Banc of Maine Corporation with expanded services in the areas of commercial and consumer lending, trust services, and checking and savings accounts.

6. If 50 percent of the deposits held by thrift institutions are included in the competitive analysis, Norstar would control 1.9 percent of the deposits in depository institutions in the Augusta market, and Banc of Maine Corporation would control 12.3 percent of the market's deposits. Upon consummation, Norstar would control 14.2 percent of the deposits in depository institutions in the market. The Augusta market would only be moderately concentrated with a three-firm concentration ratio of 54.4 percent, and the HHI would increase by 47 points to 1445. Under the revised Justice Department Guidelines, the Justice Department is unlikely to challenge a merger producing an increase in the HHI of less than 100 points in a market in which the post-merger HHI is between 1000 and 1800.

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

Based on the foregoing and all of the facts of record,[8] the Board has determined that these applications should be and hereby are approved. The acquisition shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of New York, pursuant to delegated authority.

By order of the Board of Governors, effective November 26, 1984.

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

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

Sheridan Bancshares, Inc.
Tulsa, Oklahoma

Order Approving Acquisition of a Bank

Sheridan Bancshares, Inc., Tulsa, Oklahoma, 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 all of the voting shares of Sunbelt Bank and Trust Company, Tulsa, Oklahoma ("Bank"). This application is designed to effect a transfer of control of Bank from its current shareholder to a group of individual investors.

The Oklahoma State Department of Banking has requested the Board to take expeditious action on the application in accordance with the provisions of section 3(b) of the Act (12 U.S.C. § 1842(b)). Notice of the application, affording interested persons opportunity to submit comments, has been given in accordance with the provisions of section 3(b) of the Act for applications requiring expeditious action. The time for filing comments has expired and the Board has considered the application and all comments received, in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant, a nonoperating company with no subsidiaries, was organized for the purpose of becoming a bank holding company by acquiring Bank. Bank, with deposits of $103.1 million, is the 39th largest bank in

8. The Board has found that for purposes of section 3(d) of the Act, the statute laws of Maine specifically authorize an out-of-state bank holding company to acquire a bank in Maine. *Bank of Boston Corporation*, 70 FEDERAL RESERVE BULLETIN 219 (1984).

Oklahoma, holding 0.4 percent of the total deposits of commercial banks in the state.[1] Bank operates in the Tulsa, Oklahoma banking market,[2] where it is the eighth largest of 58 commercial banks, controlling 1.83 percent of the total deposits in commercial banks. None of Applicant's principals are principals of any other financial organization located within the relevant market. Accordingly, consummation of this proposal would not result in any significant adverse effects on competition or increase in concentration of resources in any relevant area. Therefore, the Board concludes that competitive considerations are consistent with approval.

In connection with the application, the Board has taken into consideration the financial and managerial resources and future prospects of Applicant and Bank and the convenience and needs of the community to be served. In this regard, the Board notes that this proposal is designed to strengthen and restore public confidence in Bank and thereby to maintain Bank's service to the convenience and needs of the community. On this basis and in view of certain commitments made by Applicant, the Board has determined that consummation of the transaction would be in the public interest, and that the application should be and hereby is approved.[3]

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

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

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

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

1. Banking data are as of December 31, 1983.
2. The Tulsa banking market is defined as the Tulsa Ranally Metro Area.
3. In making this judgment, the Board has considered the comments submitted by the Creditors Committee for the Republic Financial Corporation protesting the application and requesting a hearing. The Board's Rules of Procedure require that requests for a hearing must include a statement of why a written presentation would not suffice in lieu of a hearing and specifically identify any questions of fact that are in dispute and summarize the evidence that would be presented at a hearing. 12 C.F.R. 262.3(e). Protestant has not presented any facts indicating the nature of its objection to the application or summarized any evidence that would be presented at a hearing, despite requests that it do so. Accordingly, the Board has determined that Protestant's comments do not warrant denial of the application or provide a basis for a hearing. Protestant's request for a hearing is therefore denied.

United Virginia Bankshares Incorporated
Richmond, Virginia

Order Approving Acquisition of Shares of a Bank Holding Company

United Virginia Bankshares Incorporated, Richmond, Virginia, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 *et seq.*) ("Act"), has applied for the Board's approval pursuant to section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to retain certain voting shares and debentures convertible into voting shares[1] and to acquire an additional 18.1 percent of the voting shares and additional debentures convertible into voting shares of Citizens Trust Company, Portsmouth, Virginia ("Company"), and indirectly of Citizens Trust Bank, Portsmouth, Virginia ("Bank").[2] Following acquisition and conversion, Applicant would control a total of 25.4 percent of Company's voting shares.

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

Applicant, the second largest commercial banking organization in Virginia, controls one subsidiary bank with total deposits of $4.1 billion, representing 15.1 percent of the total deposits in commercial banks in the state.[3] Company, the thirteenth largest commercial banking organization in Virginia, holds deposits of $123.5 million, representing approximately 0.5 percent of the deposits in commercial banks in the state. Upon acquisition of Company, Applicant would remain Virginia's second largest commercial banking organization and would control approximately 15.5 percent of the total deposits in commercial banks in the state. Consummation of this proposal would not have a significantly adverse effect on the concentration of commercial banking resources in Virginia.

1. Applicant currently holds 5 percent of the voting shares of Company and $241,000 principal amount of Bank's debentures, which are convertible into Company's voting shares. If the debentures were converted, Applicant's present holdings would equal 6.7 percent of Company's shares.
2. The proposal to acquire additional shares will only be consummated if Bank of Virginia Company, Richmond, Virginia ("BVC"), does not exercise an option, assigned to it by Applicant, to purchase the 18.1 percent of voting shares and the additional debentures convertible into voting shares of Company. In the event BVC does not consummate its proposed acquisition by December 24, 1984, Applicant may repurchase the option.
3. Statewide banking data are as of December 31, 1983.

Applicant and Company compete in the Norfolk-Portsmouth banking market,[4] where all of Bank's offices are located. Applicant is the second largest commercial banking organization in the Norfolk-Portsmouth banking market, controlling 17.8 percent of the deposits in commercial banks in the market.[5] Bank is the seventh largest banking organization in the market and controls 4.2 percent of the deposits in commercial banks in the market. Upon consummation of the proposed transaction, Applicant would remain the second largest banking organization in the Norfolk-Portsmouth market and would control 22 percent of the deposits in commercial banks in the market.

The share of deposits held by the four largest banking organizations in the Norfolk-Portsmouth banking market is 71.2 percent, and the market's Herfindahl–Hirschman Index ("HHI") is 1875. Upon consummation of this proposal, the four-firm concentration ratio would increase to 75.4 percent and the HHI would increase 149 points to 2024.[6] While the proposed acquisition would eliminate existing competition in the Norfolk-Portsmouth market, the Board believes that the anticompetitive effects of this proposal are mitigated by the extent to which thrift institutions compete with commercial banks in the market.[7]

The 14 thrift institutions that compete in the market hold total deposits of $1.9 billion, representing approximately 41 percent of the total deposits in commercial banks and thrift institutions in the market. Four of the market's six largest depository institutions are thrift institutions. The thrift institutions in the market offer NOW accounts and are active in consumer lending. Moreover, four of the market's thrift institutions offer commercial lending services and commercial transaction accounts. Based upon this and other evidence of record, the Board has concluded that the competition offered by thrift institutions in the Norfolk-Portsmouth market mitigates the anticompetitive effects of this proposal and has determined that consummation of the proposal would not have a significant adverse effect on existing competition in the market.[8]

The financial and managerial resources and future prospects of Applicant, Company, and Bank are satisfactory and consistent with approval of this application. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval. Based on these and other facts of record, it is the Board's judgment that consummation of the proposed transaction would be in the public interest and that the application should be approved.

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

By order of the Board of Governors, effective November 21, 1984.

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

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

Wesbanco, Inc.
Wheeling, West Virginia

Order Approving Acquisition of a Bank

Wesbanco, Inc., Wheeling, West Virginia, a bank holding company within the meaning of the Bank Holding Company Act ("Act") (12 U.S.C. § 1841 *et seq.*), has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire all of the voting shares of First-Tyler Bank & Trust Company, Sisterville, West Virginia ("Bank").

Notice of the application, affording an opportunity for interested persons to submit comments, has been given in accordance with section 3(b) of the Act. 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)).

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4. The Norfolk-Portsmouth banking market is defined as the Norfolk-Portsmouth Ranally Metro Area.
5. Market data are as of June 30, 1984.
6. Under the Department of Justice Merger Guidelines, a market in which the post-merger HHI is above 1800 is considered highly concentrated. In such a market, the Department is likely to challenge a merger that produces an increase in the HHI of 100 points or more.
7. 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).
8. If 50 percent of the deposits held by thrift institutions were included in the calculation of market concentration, Applicant's post-merger market share would be 16.3 percent, making it the second largest depository institution in the market. Furthermore, when thrift data are considered, consummation of the proposal would increase the market's four-firm concentration ratio to 56.3 percent and would increase the HHI 82 points from 1141 to 1223. The Justice Department has stated that where a post-merger market HHI is between 1000 and 1800 and the merger produces an increase of less than 100 points, the Department is unlikely to challenge such a merger. In this case, the increase would be less than 100 points.

Applicant is the seventh largest banking organization in West Virginia, controlling three banks with total deposits of $193.9 million, representing approximately 2 percent of total deposits in commercial banks in the state.[1] Bank is the 195th largest banking organization with total deposits of $10.6 million, representing approximately 0.1 percent of total deposits in commercial banks in the state. Upon consummation Applicant would control total deposits of $204.5 million, representing approximately 2.1 percent of total deposits in commercial banks in the state, and Applicant's rank within the state would remain unchanged. Consummation of this proposal would not result in the concentration of banking resources in West Virginia.

Applicant and Bank both operate in the Tyler-Wetzel County banking market.[2] Applicant is the third largest of seven commercial banking organizations in the market, controlling total deposits of $22.8 million, representing 17.1 percent of total deposits in commercial banks. Bank, with deposits of $10.6 million, is the sixth largest commercial banking organization in the market controlling 7.9 percent of total deposits in commercial banks. Upon consummation of this proposal, Applicant would become the second largest commercial banking organization in the market controlling total deposits of $33.4 million, representing 25 percent of the total deposits in commercial banks.

The Tyler-Wetzel County banking market is considered to be moderately concentrated with a four-firm concentration ratio of 76 percent and a Herfindahl–Hirschman Index ("HHI") of 1701. Upon consummation of this proposal, the four-firm concentration ratio would increase to 83.9 percent and the HHI would increase by 270 points to 1971. These market shares and concentration measures, however, substantially overstate the competitive effects of this merger. While consummation of this proposal would eliminate existing competition between Applicant and Bank, the Board has concluded that the anticompetitive effects of this proposal are mitigated by the extent and nature of competition provided by the thrift institutions in the Tyler-Wetzel market[3] and by Bank's diminishing effectiveness as a competitor in the market.

Three thrift institutions rank as the first, sixth and tenth largest depository institutions in the market and hold total deposits of $73 million, representing 35.3 percent of total deposits in commercial banks and savings and loan associations in the market.[4] The thrift institutions are aggressive competitors, particularly for retail services, that have experienced more rapid deposit growth than commercial banks in the market over the last four years. The thrift institutions offer a full range of transaction accounts (including NOW accounts) and offer consumer lending services. Moreover, these thrifts were found to have a significant competitive influence on commercial lending in this market. In view of these facts, the Board has considered the presence of thrift institutions a significant factor in assessing the competitive effects of this proposal. The Board has also considered that Bank's deposit market share has been steadily declining over the past eleven years and its loan-to-deposit ratio is the lowest of any financial institution in the market. Although acquisition of Bank by Applicant would eliminate Bank as an independent competitor, the Board has determined that, in view of Bank's declining market share, its small size, and its low loan-to-deposit ratio, Bank has been a decreasingly effective competitor and consummation of the proposal would not have a significant adverse effect on existing competition in the relevant banking market.[5]

The financial and managerial resources of Applicant, its subsidiary banks, and Bank are satisfactory and their future prospects appear favorable. Applicant plans to offer new services to Bank's customers, including unsecured commercial loans, Small Business Administration loans, home improvement loans, and expand Bank's range of CD's and offer both fixed and variable rate CDs for IRAs. Applicant also proposes to have Bank join an ATM network and plans to offer credit card, trust, and discount brokerage services from its lead bank through Bank. Accordingly, considerations relating to the convenience and needs of the communities to be served lend substantial weight toward approval of this proposal and outweigh any adverse competitive effects of this proposal.

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

1. All banking data are as of December 31, 1983, except for Applicant's consolidated deposits which are as of September 30, 1983.

2. The Tyler-Wetzel County banking market is defined as Tyler and Wetzel Counties, West Virginia.

3. The Board has previously determined that thrift institutions have become, or at least have the potential to become, major competitors of banks. *First Illini Bancorp, Inc.*, 70 FEDERAL RESERVE BULLETIN 879 (1984); *NCNB Corporation*, 70 FEDERAL RESERVE BULLETIN 225 (1984); *First Tennessee National Corporation*, 69 FEDERAL RESERVE BULLETIN 298 (1983).

4. Savings and loan data are as of December 31, 1983.

5. If 50 percent of the deposits held by thrift institutions were included in the calculation of market concentration, the pre-acquisition four-firm concentration ratio would decrease to 63 percent and the HHI would decrease to 1295. Upon consummation of this proposal, the four-firm concentration ratio would increase to 69.2 percent and the HHI would increase by 166 points to 1461. The resulting market share of Applicant would decrease to 19.6 percent.

would be consistent with the public interest and that the application should be and hereby is approved. The transaction shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or the Federal Reserve Bank of Cleveland, acting pursuant to delegated authority.

By order of the Board of Governors, effective November 28, 1984.

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

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

Orders Issued Under Section 4 of Bank Holding Company Act

Bankers Trust New York Corporation
New York, New York

Order Approving Expansion of Activities of Trust Company to Include Offering Checking Accounts and Consumer Lending

Bankers Trust New York 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 for approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a)(1) of the Board's Regulation Y (12 C.F.R. § 225.23(a)(1)) to expand the activities of its subsidiary, Bankers Trust Company of Florida, N.A., Palm Beach, Florida ("Trust Company"), to include the acceptance of time and demand deposit accounts, including checking accounts, and the making of consumer loans. These activities have been previously determined by the Board to be closely related to banking. 12 C.F.R. § 225.25(b)(1); *U.S. Trust Corporation,* 70 FEDERAL RESERVE BULLETIN 371 (1984); *Citizens Fidelity Corporation,* 69 FEDERAL RESERVE BULLETIN 556 (1983); *First Bancorporation,* 68 FEDERAL RESERVE BULLETIN 253 (1982).

Notice of the application, affording opportunity for interested persons to comment, has been duly published (49 *Federal Register* 17,091 (April 23, 1984)). The time for filing comments and views has expired and the Board has considered the application and all comments received, including those submitted by the Comptroller of the State of Florida and the Florida Bankers Association ("Protestants") in opposition to the proposal, in light of the factors set forth in section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)).

Applicant is the sixth largest commercial banking organization in New York, with total consolidated assets of $40 billion.[1] Applicant operates two subsidiary banks with total deposits of approximately $24.4 billion.

Trust Company was established in 1981 as a nationally chartered nondepository trust company. Trust Company currently engages in providing fiduciary, investment advisory, agency and custodial services from a single office in Palm Beach. Applicant proposes to expand Trust Company's powers under its national bank charter to offer the services of a national bank, including acceptance of time and demand deposits and the making of loans to individuals for personal, family, household, or charitable purposes. Applicant has, however, stated that Trust Company will not make commercial loans as that term is defined in the Board's Regulation Y, 12 C.F.R. § 225.2(a)(1)(B).[2] On this basis, Applicant asserts that Trust Company would not be a "bank" under the BHC Act, and that this application therefore is properly filed under section 4(c)(8) of that Act. Protestants, in contrast, assert that Trust Company would be a bank because its demand-deposit taking activities should be combined with the commercial lending activities of other subsidiaries of Applicant.

In its decision earlier this year in *U.S. Trust Corporation,* the Board was constrained by the technical definition of "bank" in the Act to conclude that a bank holding company could acquire, on an interstate basis, a national bank that stated it would accept demand deposits but not make commercial loans. The Board, however, imposed the following conditions to prevent the linkage or integration of the applicant's activities with the proposed nonbank bank, as well as transactions between the nonbank bank and its holding company affiliates, in order to limit, to the extent possible, the potential for undermining the policies of the Act:

1. Applicant will not operate the demand-deposit taking activities of the nonbank bank in tandem with any other subsidiary or other financial institution;

1. Financial data are as of December 31, 1983.

2. The Board's definition of "commercial loan" contained in Regulation Y is the subject of ongoing litigation. The U.S. Court of Appeals for the Tenth Circuit in *Dimension Financial Corporation v. Board of Governors,* No. 83-2696, slip op. (10th Cir. Sept. 24, 1984), set aside the Board's definition of commercial loans. The mandate has not yet issued in that case, and the Board plans to ask the Department of Justice to file a petition for a writ of certiorari with the Supreme Court.

2. Applicant will not link in any way the demand deposit and commercial lending services that define a bank under the Act; and

3. The nonbank bank will not engage in any transactions with affiliates, other than the payment of dividends to Applicant or the infusion of capital by Applicant into the bank, without the Board's approval.

These conditions preclude the type of integrated operation that could otherwise render Trust Company a bank for purposes of the Act. Applicant has stated in its application that it will comply with each of these conditions. On the basis of Applicant's adherence to these conditions and for the reasons set out more fully in the Board's decision in *U.S. Trust*, the Board is constrained, as it was in *U.S. Trust*, to conclude that Trust Company will not be a bank as that term is defined in the BHC Act and that Applicant's proposal is properly filed under section 4 of the BHC Act. Accordingly, the Board does not find Protestants' contention concerning the linkage of Applicant's commercial lending activities and Trust Company's demand deposit activities persuasive.[3]

Applicant's proposal differs from the facts presented in *U.S. Trust* in one respect: U.S. Trust Corporation had no commercial lending subsidiaries located in Florida, whereas Applicant has an Edge Act subsidiary in Florida that engages in commercial lending. The conditions imposed by the Board in *U.S. Trust*, and relied on here, however, prohibit any integration of the operations of Trust Company and this Edge Act subsidiary, or any other subsidiary of Applicant, and thus, in almost all circumstances, obviate concerns about integrated operations arising from geographic location. While circumstances could arise, for example in the case of location of affiliate operations in the same building or otherwise in close physical proximity, that might result in a different conclusion, such a situation does not exist in this case.

There is no evidence in the record of integrated operations between Trust Company and any office or affiliate of Applicant engaged in commercial lending. The Board also finds no evidence that consummation of this proposal would result in any conflicts of interest, unfair competition, unsound banking practices or other adverse effects. Due to the *de novo* nature of this proposal, there will not be any decrease in competition. Indeed, consummation of the proposal may reasonably be expected to result in increased competition.

Protestants' Hearing Request

Protestants have requested a formal hearing on the issue of whether Applicant will operate its commercial lending subsidiaries in an integrated fashion with Trust Company, and thus whether Trust Company or Applicant itself can be viewed as a "bank" within the technical definition of that term contained in the BHC Act.[4] Protestants list several areas of inquiry to be undertaken by the Board at such a hearing.

First, Protestants argue that a hearing is required to determine whether Applicant's commercial lending subsidiaries solicit commercial loans from Florida-based customers. In the course of its consideration of this application, the Board determined that Applicant's subsidiary bank in New York has $230 million in commercial loans outstanding to Florida customers. The existence of such loans, however, do not necessarily result in a linkage of demand deposit and commercial lending services in the absence of evidence of integrated operations between Trust Company and Applicant or any of its affiliates. It is undisputed that Applicant has no commercial lending subsidiary in close proximity to Trust Company, and the Board has imposed conditions on the operations of Trust Company to prohibit integrated operations with Applicant or any of its subsidiaries. As noted, Applicant has stated in its application that it will strictly adhere to these conditions. Protestants have offered no evidence that Applicant will not comply with the conditions imposed by the Board, conditions which the Board has specific authority to enforce under the BHC Act and the Financial Institutions Supervisory Act of 1966.

Protestants also claim that a hearing is required to probe Applicant's "history of integrating the activities of its subsidiaries" as well as an alleged pattern of integrated operations between Applicant's finance company subsidiary and the activities of Applicant's commercial bank subsidiaries to show that the dynamics of "corporate socialization" preclude the independent operation of Trust Company. Protestants offer no facts to support their contentions of a history of integrated operations or "corporate socialization." Bare allegations are insufficient to warrant a hearing.

3. In its *U.S. Trust* Order, the Board also concluded that consummation of that proposal was not barred by any valid provision of Florida law. For the reasons set out in that decision, the Board continues to adhere to its conclusion in that case regarding the constitutionality of the Florida statute upon which Protestants rely.

4. The Board addressed a similar issue in its *U.S. Trust* Order, 70 FEDERAL RESERVE BULLETIN 371, 373 (1984). The Board continues to believe that protestants are raising a legal issue dealing with the technical definition of the term "bank" in the BHC Act that is not an appropriate issue for a formal hearing.

Moreover, any history of operations of other subsidiaries of Applicant would be largely immaterial since these subsidiaries do not operate under the specific conditions imposed by the Board in this Order to prevent integrated operations.

The type of information Protestants request the Board to compel Applicant to supply in the course of a hearing has been obtained by the Board, including the nature of offices maintained by Applicant in Florida, the extent of commercial lending by the Florida offices of Applicant's subsidiaries and the commercial lending to Florida customers by Applicant's commercial bank subsidiaries located outside of Florida. The Board finds the other materials sought, such as leasing and factoring activities in Florida by Applicant's subsidiaries, to be immaterial in view of the conditions imposed by the Board, which would prevent any integration of such activities with the operations of Trust Company. The request for a hearing must be based upon a showing that there are material facts truly disputed. *Connecticut Bankers Association v. Board of Governors*, 627 F.2d 245 (D.C. Cir. 1980). The Board finds no such material facts at issue and, accordingly, denies the request of Protestants for a hearing.

Need for Congressional Action

In its *U.S. Trust Corporation* Order, the Board addressed the critical need for legislation to apply the policies of the BHC Act to companies that control institutions that are chartered as banks and that offer transaction accounts to the public. Since the Board's *U.S. Trust* decision, 55 bank holding companies have applied to the Comptroller for approximately 330 national nonbank bank charters and a number of large nonbanking companies, including retail, securities and insurance concerns, have acquired, or announced their intentions to acquire, nonbank banks. The approval of this application and the others approved today underscore the critical need for Congress to take final action on legislation to close the so-called nonbank bank loophole.

The recent decisions of the United States Court of Appeals for the Tenth Circuit reversing the Board's interpretation of NOW accounts as demand deposits and the Board's definition of "commercial loans" for purposes of the BHC Act[5] serve to make nonbank banks a more attractive acquisition target by making them even more clearly like traditional commercial banks. The continued acquisition of nonbank banks by securities, insurance, and other nonbanking organizations presents the potential for a significant, haphazard, and possibly dangerous alteration of the banking structure, without Congressional action on the underlying policy issues.

If the nonbank bank concept, particularly as expanded by the interpretation of demand deposits and commercial loans adopted by the Tenth Circuit, becomes broadly generalized, a bank holding company or commercial or industrial company, through exploitation of an unintended loophole, could operate "banks" that offer NOW accounts and make commercial loans in every state, thus defeating Congressional policies on commingling of banking and commerce, conflicts of interest, concentration of resources and excessive risk, or with respect to limitations on interstate banking. With the lifting of the moratorium on the chartering of nonbank banks by the Comptroller of the Currency, action by the Congress is imperative to ensure that the policies of the BHC Act are maintained.

The fact that the Board is required by the technical aspects of the bank definition in the Act to approve this and similar applications today should not be construed as encouragement to the applicants to consummate these proposals or to others to pursue similar acquisitions. In this regard, the Board notes that legislation passed by the United States Senate and the House Banking Committee would clarify the definition of the term "bank" in the BHC Act to include all FDIC-insured banks. Enactment of this legislation would preclude acquisition of so-called nonbank banks by bank holding companies on an interstate basis, such as proposed in this case, and by nonbanking concerns, and would require divestiture of any nonbank bank acquired after June 30, 1983. The Chairmen of the two Congressional banking committees have announced that they intend to address this nonbank bank issue in the next session of Congress, and that the grandfather date in the legislation for nonbank banks will not be altered. The Board wishes to call to the Applicant's attention that in the event this legislation is enacted, Applicant would be required to divest Trust Company or otherwise limit Trust Company's activities to comply with the legislation, and Applicant could suffer financial loss as a result.

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. If this proposal is consummated, it shall be subject to the conditions set forth in this order with respect to avoiding operation of an integrated institution and the conditions set forth in the Board's

5. *First Bancorporation v. Board of Governors*, 728 F.2d 434 (10th Cir. 1984), and *Dimension Financial Corporation v. Board of Governors*, No. 83-2696, slip op. (10th Cir. September 24, 1984).

Regulation Y, including those in sections 225.4(d) and 225.23(b). The approval is also subject to the Board's authority to require modification or termination of the activities of the holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof. In accordance with the provisions of section 225.23(b)(1)(iii) of Regulation Y, the Board's approval would be required for additional acquisitions by Applicant of nonbank banks or for the establishment of offices of Trust Company to be located in a state other than Florida.

By order of the Board of Governors, effective November 1, 1984.

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

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

Dissenting Statement of Governor Rice

For the reasons stated in my dissents to the Board's Orders approving the applications by Citizens Fidelity Corporation and U.S. Trust Corporation to acquire so-called nonbank banks (69 FEDERAL RESERVE BULLETIN 556 (1983); 70 FEDERAL RESERVE BULLETIN 371 (1984)), I would deny this application. Approval of this application and the others approved today by the Board, in my view, further erodes the purposes of the Bank Holding Company Act to prevent interstate banking without express state authorization and threatens to seriously undermine the Congressional policy to separate banking and commerce.

Following the Board's *U.S. Trust* decision, numerous bank holding companies have applied to acquire hundreds of nonbank banks throughout the country and a number of large nonbanking companies have indicated their plans to acquire such banks. The Board's action today reaffirming its *U.S. Trust* decision establishes a further precedent for the multitude of pending nonbank bank applications. Approval of these applications, in my opinion, would result in far-reaching changes in the banking structure of this country, changes which should not occur without Congressional direction.

For these reasons, I am particularly concerned about the Board's decision not to disapprove the notice filed under the Change in Bank Control Act by Continental Telecom Inc., to acquire a nonbank bank, as this would be the first time that the Board will have sanctioned the acquisition of a bank by a firm engaged in activities that are impermissible for bank holding companies under the Bank Holding Company Act.

The Senate recently passed by an overwhelming majority a bill that would close the so-called nonbank bank loophole by redefining the term "bank" in the Act. The House Banking Committee approved a bill with a similar redefinition of the bank definition, but the full House failed to vote on the bill before the Congress adjourned. In view of this indication of Congressional intent to reaffirm the basic policies of the Act, I believe that the Board should exercise its broad powers under the Act to deny this application and other similar proposals. Such applications present serious adverse effects which are not outweighed by any compelling public benefits, particularly in the context of the number of similar applications pending and the effect that approval of such a number of applications would have on the Act's fundamental policies.

November 1, 1984

Dissenting Statement of Governor Wallich

I concur with the views of Governor Rice and would deny this application.

I voted to approve the *U.S. Trust* proposal in the belief that approval, subject to the conditions imposed by the Board, would not lead to a serious evasion of the Bank Holding Company Act, particularly in view of my belief that Congressional action was imminent to clarify the definition of "bank" in the Act and so to mitigate my concern that the nonbank bank device might be used to undermine the basic concepts and purposes of the Act. Following the *U.S. Trust* decision, however, virtually all of the nation's largest bank holding companies have filed applications for hundreds of nonbank banks to be located nationwide. In addition, a number of nonbanking companies, including the nation's largest retail, insurance, and securities firms, have announced their intentions to acquire nonbank banks, as Congress adjourned without taking action on these issues.

Nevertheless, we have had strong indications of Congressional agreement that the bank definition should be amended to prevent acquisitions of nonbank banks in conflict with the Act. Approval of the multitude of nonbank bank applications would effect fundamental changes in the structure of banking in this country by weakening if not altogether eliminating the separation of banking and commerce, and the restrictions on interstate banking. While I believe that changes in our banking system in both directions are desirable, I also believe that such major changes should not take place without clear authority by the Congress. Consequently, I believe that approval of this application would result in serious adverse effects that would not be outweighed by the public benefits of the proposal. Accordingly, I would deny this application.

November 1, 1984

Bank of Boston Corporation
Boston, Massachusetts

Order Approving the Expansion of Activities of Trust Companies to Include Offering Checking Accounts and Consumer Lending

Bank of Boston Corporation, Boston, Massachusetts, a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) ("BHC Act"), has applied for approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a)(1) of the Board's Regulation Y (12 C.F.R. § 225.23(a)(1)) to expand the activities of its subsidiaries, Bank of Boston Trust Company of Southeast Florida, N.A., Deerfield Beach, Florida ("Southeast"), and Bank of Boston Trust Company of Southwest Florida, N.A., Sarasota, Florida ("Southwest") (collectively, "Trust Companies"), to include the acceptance of time and demand deposit accounts, including checking accounts, and the making of consumer loans. These activities have been previously determined by the Board to be closely related to banking. 12 C.F.R. § 225.25(b)(1); *U.S. Trust Corporation*, 70 FEDERAL RESERVE BULLETIN 371 (1984); *Citizens Fidelity Corporation*, 69 FEDERAL RESERVE BULLETIN 556 (1983).

Notice of the applications, affording opportunity for interested persons to comment, has been duly published (49 *Federal Register* 19,737 (May 9, 1984)). The time for filing comments and views has expired and the Board has considered the applications and all comments received, including those submitted by the Florida Bankers Association in opposition to the proposals, in light of the factors set forth in section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)).

Applicant is the largest commercial banking organization in Massachusetts, with consolidated assets of \$20 billion.[1] Applicant operates nine subsidiary banks with total domestic deposits of approximately \$6.8 billion.

Trust Companies were established in 1982 as nationally chartered nondepository trust companies. Trust Companies are currently engaged in providing fiduciary, investment advisory, agency and custodial services—Southeast from a single office in Deerfield Beach and Southwest from a single office in Sarasota. Applicant proposes to expand the powers of Trust Companies under their national bank charters to offer the services of a national bank, including the acceptance of time and demand deposits and the making of loans to individuals for personal, family, household, or charitable purposes. Applicant has, however, stated that Trust Companies will not make commercial loans as that term is defined in the Board's Regulation Y, 12 C.F.R. § 225.2(a)(1)(B).[2] On this basis, Applicant asserts that Trust Companies would not fall within the definition of "bank" in the BHC Act, and that these applications therefore are properly filed under section 4(c)(8) of that Act. The Protestant, in contrast, asserts that Trust Companies would be banks because their demand-deposit taking activities should be combined with the commercial lending activities of other subsidiaries of Applicant.

In its decision earlier this year in *U.S. Trust Corporation*, the Board was constrained by the technical definition of "bank" in the Act to conclude that a bank holding company could acquire, on an interstate basis, a national bank that stated it would accept demand deposits but not make commercial loans. The Board, however, imposed the following conditions to prevent the linkage or integration of the applicant's activities with the proposed nonbank banks, as well as transactions between the nonbank bank and its holding company affiliates, in order to limit, to the extent possible, the potential for undermining the policies of the Act:

1. Applicant will not operate the demand-deposit taking activities of the nonbank bank in tandem with any other subsidiary or other financial institution;
2. Applicant will not link in any way the demand deposit and commercial lending services that define a bank under the Act; and
3. The bank will not engage in any transaction with affiliates, other than the payment of dividends to Applicant or the infusion of capital by Applicant into the bank, without the Board's approval.

These conditions preclude the type of integrated operation that could otherwise render Trust Compa-

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

2. The Board's definition of "commercial loan" contained in Regulation Y is the subject of ongoing litigation. The U.S. Court of Appeals for the Tenth Circuit in *Dimension Financial Corporation v. Board of Governors*, No. 83-2696, slip op. (10th Cir. Sept. 24, 1984), set aside the Board's definition of commercial loans. The mandate has not yet issued in that case, and the Board plans to ask the Department of Justice to file a petition for a writ of certiorari with the Supreme Court.

nies banks for purposes of the BHC Act. Applicant has stated in its applications that it will comply with each of these conditions. On the basis of Applicant's adherence to these conditions and for the reasons set out more fully in the Board's decision in *U.S. Trust,* the Board is constrained, as it was in *U.S. Trust,* to conclude that Trust Companies will not fall within the BHC Act's definition of bank and that Applicant's proposals are properly filed under section 4 of the BHC Act. Accordingly, the Board does not find Protestant's contention concerning the linkage of Applicant's commercial lending activities and Trust Companies' demand deposit activities persuasive.[3]

Applicant's proposals differ from the facts presented in *U.S. Trust* in one respect: U.S. Trust Corporation had no commercial lending subsidiaries located in Florida, whereas Applicant engages in commercial lending in Florida through the Boca Raton office of its commercial mortgage company subsidiary and the Tampa office of its commercial finance company subsidiary. The conditions imposed by the Board in *U.S. Trust,* and relied on here, however, prohibit any integration of the operations of Trust Companies and these commercial lending subsidiaries or any other subsidiary of Applicant, and thus, in almost all circumstances, obviate concerns about integrated operations arising from geographic location. While circumstances could arise, for example in the case of location of affiliate operations in the same building or otherwise in close physical proximity, that might result in a different conclusion, such a situation does not exist in this case.

There is no evidence in the record of integrated operations between Trust Companies and any office or affiliate of Applicant engaged in commercial lending. The Board also finds no evidence that consummation of these proposals would result in any conflicts of interest, unfair competition, unsound banking practices or other adverse effects. Due to the *de novo* nature of these proposals, there will not be any decrease in competition. Indeed, consummation of the proposals may reasonably be expected to result in increased competition.

Protestant's Hearing Request

The Protestant has requested a formal hearing on the issue of whether Applicant will operate its commercial lending subsidiaries in an integrated fashion with Trust Companies, and thus whether Southeast, Southwest, or Applicant itself can be viewed as a "bank" within the technical definition of that term contained in the BHC Act.[4] The Protestant lists several areas of inquiry to be undertaken by the Board at such a hearing.

First, the Protestant argues that a hearing is required to determine whether Applicant's commercial lending subsidiaries solicit commercial loans from Florida-based customers. In the course of its consideration of these applications, the Board determined that Applicant's two commercial lending offices in Florida have a combined total of $160 million in outstanding commercial loans in that state, while Applicant's subsidiary bank in Boston has $354.1 million in commercial loans outstanding to Florida customers. The existence of such loans, however, does not necessarily result in a linkage of demand deposit and commercial lending services in the absence of evidence of integrated operations between Trust Companies and Applicant or any of its affiliates. It is undisputed that Applicant has no commercial lending subsidiary in close proximity to either Southeast or Southwest, and the Board has imposed conditions on the operations of Trust Companies to prohibit integrated operations with Applicant or any of its subsidiaries. As noted, Applicant has stated in its applications that it will strictly adhere to these conditions. The Protestant has offered no evidence that Applicant will not comply with the conditions imposed by the Board, conditions which the Board has specific authority to enforce under the BHC Act and the Financial Institutions Supervisory Act of 1966.

The Protestant also claims that a hearing is required to probe Applicant's "history of integrating the activities of its subsidiaries" as well as an alleged pattern of integrated operations between Applicant's commercial lending activities in Florida and the activities of Applicant's commercial bank subsidiaries to show that the dynamics of "corporate socialization" preclude the independent operation of Trust Companies. The Protestant offers no facts to support its contentions of a history of integrated operations or "corporate socialization." Bare allegations are insufficient to warrant a hearing. Moreover, any history of operations of other subsidiaries of Applicant would be largely immaterial since these subsidiaries do not operate under the specific conditions imposed by the Board in this Order to prevent integrated operations.

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3. In its *U.S. Trust Order,* the Board also concluded that consummation of that proposal was not barred by any valid provision of Florida law. For the reasons set out in that decision, the Board continues to adhere to its conclusion in that case regarding the constitutionality of the Florida statute upon which the Protestant relies.

4. The Board addressed a similar issue in its *U.S. Trust* Order, 70 FEDERAL RESERVE BULLETIN 371, 373. The Board continues to believe that the Protestant is raising a legal issue dealing with the technical definition of the term "bank" in the BHC Act that is not an appropriate issue for a formal hearing.

The type of information the Protestant requests the Board to compel Applicant to supply in the course of a hearing has been obtained by the Board, including the nature of offices maintained by Applicant in Florida, the extent of commercial lending by the Florida offices of Applicant's subsidiaries, and the commercial lending to Florida customers by Applicant's commercial bank subsidiaries located outside of Florida. The Board finds the other materials sought, such as leasing and factoring activities in Florida by Applicant's subsidiaries, to be immaterial in view of the conditions imposed by the Board, which would prevent any integration of such activities with the operations of Trust Companies. The request for a hearing must be based upon a showing that there are material facts truly disputed. *Connecticut Bankers Association v. Board of Governors*, 627 F.2d 245 (D.C. Cir. 1980). The Board finds no such material facts at issue and, accordingly, denies the Protestant's request for a hearing.

Need for Congressional Action

In its *U.S. Trust Corporation* Order, the Board addressed the critical need for legislation to apply the policies of the BHC Act to companies that control institutions that are chartered as banks and that offer transaction accounts to the public. Since the Board's *U.S. Trust* decision, 55 bank holding companies have applied to the Comptroller for approximately 330 national nonbank bank charters and a number of large nonbanking companies, including retail, securities, and insurance concerns, have acquired, or announced their intentions to acquire, nonbank banks. The approval of these applications and the others approved today underscore the critical need for Congress to take final action on legislation to close the so-called nonbank bank loophole.

The recent decisions of the United States Court of Appeals for the Tenth Circuit reversing the Board's interpretation of NOW accounts as demand deposits and the Board's definition of "commercial loans" for purposes of the BHC Act[5] serve to make nonbank banks a more attractive acquisition target by making them even more clearly like traditional commercial banks. The continued acquisition of nonbank banks by securities, insurance, and other nonbanking organizations presents the potential for a significant, haphazard, and possibly dangerous alteration of the banking structure, without Congressional action on the underlying policy issues.

5. *First Bancorporation v. Board of Governors*, 728 F.2d 434 (10th Cir. 1984), and *Dimension Financial Corporation v. Board of Governors*, No. 83-2696, slip op. (10th Cir. September 24, 1984).

If the nonbank bank concept, particularly as expanded by the interpretation of demand deposits and commercial loans adopted by the Tenth Circuit, becomes broadly generalized, a bank holding company or commercial or industrial company, through exploitation of an unintended loophole, could operate "banks" that offer NOW accounts and make commercial loans in every state, thus defeating Congressional policies on commingling of banking and commerce, conflicts of interest, concentration of resources and excessive risk, or with respect to limitations on interstate banking. With the lifting of the moratorium on the chartering of nonbank banks by the Comptroller of the Currency, action by the Congress is imperative to ensure that the policies of the BHC Act are maintained.

The fact that the Board is required by the technical aspects of the bank definition in the Act to approve these and similar applications today should not be construed as encouragement to the applicants to consummate these proposals or to others to pursue similar acquisitions. In this regard, the Board notes that legislation passed by the United States Senate and the House Banking Committee would clarify the definition of the term bank in the BHC Act to include all FDIC-insured banks. Enactment of this legislation would preclude acquisition of so-called nonbank banks by bank holding companies on an interstate basis, such as proposed in these applications, and by nonbanking concerns, and would require divestiture of any nonbank bank acquired after June 30, 1983. The Chairmen of the two Congressional banking committees have announced that they intend to address this nonbank bank issue in the next session of Congress, and that the grandfather date in the legislation for nonbank banks will not be altered. The Board wishes to call to the Applicant's attention that in the event this legislation is enacted, Applicant would be required to divest Trust Companies or otherwise limit the activities of Trust Companies to comply with the legislation, and Applicant could suffer financial loss as a result.

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 applications are hereby approved. If these proposals are consummated, they shall be subject to the conditions set forth in this order with respect to avoiding operation of an integrated institution and the conditions set forth in the Board's Regulation Y, including those in sections 225.4(d) and 225.23(b). The approval is also subject to the Board's authority to require modification or termination of the activities of the holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof. In accordance with the provisions of section 225.23(b)(1)(iii) of Regulation Y, the Board's approval would be required for additional acquisitions by Applicant of nonbank banks or for the establishment of offices of Trust Companies to be located in a state other than Florida.

By order of the Board of Governors, effective November 1, 1984.

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

[SEAL]

JAMES MCAFEE
Associate Secretary of the Board

Dissenting Statement of Governors Wallich and Rice

For the reasons set forth in our dissents today from the Board's decision to approve the application of Bankers Trust New York Corporation to acquire a nonbank bank in Florida, we would deny this application.

November 1, 1984

Citicorp
New York, New York

Order Approving the Sale and Issuance of Payment Instruments and Related Activities

Citicorp, New York, New York, 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 of the Board's Regulation Y (12 C.F.R. § 225.23) to engage *de novo* directly or indirectly, through its subsidiary, Citicorp Services, Inc., Chicago, Illinois ("CSI"), in the issuance and sale of variably denominated payment instruments with a maximum face value of $10,000. These instruments will be sold primarily by Citicorp's subsidiaries and unaffiliated financial institutions throughout the world. In connection with this application, Citicorp has applied to engage through CSI in certain data processing, marketing, and other services related to the issuance and sale of the payment instruments.

Notice of the application, affording interested persons an opportunity to submit comments on the relatedness of the proposed activity to banking, and on the balance of public interest factors regarding the application, has been published (49 *Federal Register* 40,447 (1984)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the Act.

Citicorp is a bank holding company by virtue of its control of five commercial banks and, in terms of domestic deposits, is the second largest commercial banking organization in New York. With total assets of $144.7 billion as of September 30, 1984, Citicorp is the largest bank holding company in the United States. Citicorp also engages in a variety of nonbanking activities, including mortgage banking, commercial lending and leasing, the sale of credit-related insurance, and data processing activities.

Citicorp proposes to engage *de novo* in the issuance and sale of variably denominated payment instruments with a face value of up to $10,000. These instruments will include money orders and official checks and will be issued on a world-wide basis. These instruments will be sold primarily by Citicorp's subsidiaries, unaffiliated banks, savings and loan associations, and other financial institutions. Regulation Y includes the issuance or sale of money orders and other similar consumer-type payment instruments with a face value not exceeding $1,000 on the list of permissible nonbanking activities.[1] The Board has previously approved an application by BankAmerica Corporation to engage in the issuance of payment instruments with a maximum face value of $10,000. In its Order, 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 is closely related to banking.[2]

In order to approve this application, the Board must also find that the performance of the proposed activity by a nonbank affiliate of 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."

Official checks and consumer-type payment instruments, such as traditional money orders, are marketed nationally on the wholesale level by a few large organizations and locally on a retail level by a wide variety of financial and nonfinancial institutions. On

1. 12 C.F.R. § 225.25(b)(12)).
2. *BankAmerica Corporation*, 70 FEDERAL RESERVE BULLETIN 364 (1984).

the national scale, the market is concentrated, being dominated by only a few large organizations.[3] 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 Citicorp. Citicorp's entry into this market would result in increased competition in this industry and may be expected ultimately to result in increased prospects for some deconcentration of the industry in the future. Accordingly, the Board views Citicorp's proposal as procompetitive and in the public interest insofar as it relates to the issuance of instruments that are intended primarily for use by consumers.

In its past consideration of the issuance of variably denominated payment instruments, the Board has been concerned that the issuance of such instruments with a face value of over $1,000 would result in an adverse effect on the reserve base. Because reserve requirements serve as an essential tool of monetary policy, the Board is concerned that this proposal may result in adverse effects due to the erosion of the reservable deposits of the banking system.

In its *BankAmerica* Order, the Board decided that BankAmerica and any other bank holding company that receives approval to engage in this activity would be required to file with the Board weekly reports of daily data on this activity for use in conjunction with measuring and interpreting the money stock and for assessing the effects of the proposal on the reserve base. The Board also determined to closely monitor the effects of such proposals by bank holding companies on the Board's conduct of monetary policy. If it later appears that the result of such proposals is a significant reduction in the reserve base or other adverse effect on the conduct of monetary policy, the Board may 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).

In addition to increased competition, Citicorp states that its proposal should provide benefits to the public through reduced costs and increased convenience to the purchaser. Citicorp states that it will provide telephone access to customer service centers, reissue lost or stolen instruments, provide photocopying of paid instruments, and the selling institution will be required to disclose to purchasers if a right to stop payment exists and how that right can be exercised. The Board believes that such services would benefit the purchasers of these instruments. In summary, the Board finds that these instruments, which will be issued by a large financial organization and will enjoy ready acceptability, will offer greater convenience and benefits to the public and foster increased competition in the industry.

Citicorp also has applied to engage, through its subsidiary, Citicorp Services, Inc., in marketing and servicing activities for its payment instruments. These services will include coordinating advertising programs, developing marketing and sales materials, and providing customer service and certain data processing activities. The Board believes that these activities are either permissible under Regulation Y or may be performed as incidental to the principal activity of issuing and selling payment instruments.[4]

Based upon the foregoing and other considerations reflected in the record, the Board has determined that the balance of the public interest factors the Board is required to consider under section 4(c)(8) is favorable with respect to the activity of issuing consumer-oriented payment instruments. This determination is subject to all of the conditions set forth in Regulation Y, including section 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 activities approved hereby shall be commenced not later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of New York.

By order of the Board of Governors, effective November 28, 1984.

Voting for this action: Chairman Volcker and Governors Martin, Wallich, Partee, Rice, Gramley, and Seger. Abstaining from the data processing portion of this application: Governors Wallich and Gramley.

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

3. Money orders are primarily used to transmit money by members of the consumer public who do not or cannot maintain checking accounts. 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. 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.

4. 12 C.F.R. § 225.25(a)(7) and (a)(11).

Norwest Corporation
Minneapolis, Minnesota

Order Approving Application to Transfer General Insurance Agency Activities

Norwest Corporation, Minneapolis, Minnesota, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 *et seq.*) (the "Act"), has applied 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) for the Board's approval to transfer the insurance agency activities of its subsidiary bank, Norwest Bank Two Harbors, N.A. ("Bank"), Two Harbors, Minnesota, to Applicant's insurance agency subsidiary, Norwest Agencies, Inc. ("Company"), Minneapolis, Minnesota.

Notice of the application, affording interested persons an opportunity to submit comments, has been duly published. 49 *Federal Register* 35,695 (1984). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the Act.

Applicant, with consolidated assets of $21.4 billion,[1] is one of the two largest commercial banking organizations in Minnesota. Applicant controls 86 banking organizations in seven states in the Midwest and owns a number of subsidiaries engaged in nonbanking activities, including Company. Company holds the stock of 35 general insurance agencies and coordinates the activities of 26 additional affiliated agencies on behalf of Applicant, and now proposes to conduct the insurance agency activities currently performed by Bank.[2]

Title VI of the Garn–St Germain Depository Institutions Act of 1982 ("Garn–St Germain Act") amended section 4(c)(8) of the Act to provide that insurance activities are not "closely related to banking" and thus are not permissible activities for bank holding companies, unless the activities are included within one of seven specific exemptions (contained in clauses A through G) of section 4(c)(8). Applicant has applied to acquire Agency and to engage in general insurance agency activities under exemption G,[3] which exempts from the insurance prohibition of the Act insurance agency activities conducted by bank holding companies that received Board approval prior to 1971 to engage in such activities.

The record reflects that Applicant has been engaged in general insurance agency activities on a continuous basis since 1929 and received Board approval in 1959 to retain its general insurance agency subsidiaries. (45 Federal Reserve Bulletin 963 (1959)). Moreover, the Board previously has held that Norwest is one of 16 active bank holding companies that qualifies for exemption G as a company that engaged in insurance agency activities pursuant to Board approval prior to 1971. The Board has determined that since Norwest was approved to engage in general insurance agency activities prior to 1971, Norwest may continue to engage in such general insurance activities without restriction as to location or type of insurance sold. *Norwest Corporation,* 70 Federal Reserve Bulletin 470 (1984); 70 Federal Reserve Bulletin 235 (1984).

Bank, a subsidiary of Applicant, presently engages in general insurance agency activities from its main office in Two Harbors and its branch office in Silver Bay, Minnesota.[4] Applicant seeks to transfer Bank's general insurance activities to Company for management and efficiency purposes. Upon consummation of the proposal, these activities would continue to be conducted from Bank's present offices.

There is no evidence in the record to indicate that consummation of Applicant's proposal would result in any undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices, or other adverse effects. Moreover, the Board has determined that the balance of the public interest factors it is required to consider under section 4(c)(8) of the Act is favorable. Applicant has indicated that it will use Company's centralized management system to enhance the efficiency of Bank's existing insurance agency activities. Moreover, Applicant would continue to serve as an alternative source of insurance services in a predominantly rural area.[5]

Accordingly, based upon the foregoing and other facts of record, the Board has determined that the application should be and hereby is approved. This determination is subject to all the conditions set forth

1. Asset data are as of June 30, 1984.
2. Company acts as liaison between the agencies and various insurance companies in the negotiation and administration of group commission and contingency contracts. Company also provides personnel recruiting and training assistance and aids the agencies in sales, underwriting, and claim problems.
3. Applicant has applied in the alternative to transfer these activities under authority of exemptions C or D of section 4(c)(8), 12 U.S.C. §§ 1843(c)(8)(C), (D). In view of the Board's approval of this application under exemption G, consideration of Applicant's eligibility to engage in general insurance agency activities under exemptions C or D is not necessary.
4. Bank's service area for its general insurance agency activities comprises northeastern Minnesota.
5. Two Harbors and Silver Bay are communities with populations not exceeding 5,000.

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.

Moreover, upon a review of the record, the Board also has concluded that further applications by Norwest Corporation to acquire additional general insurance agencies or to transfer such activities among its subsidiaries, may be processed in the same manner as other *de novo* or going concern applications under the provisions of section 225.23 of Regulation Y (12 C.F.R. § 225.23), and authority is hereby delegated to the Federal Reserve Bank of Minneapolis to accept and take action on such notices properly filed as there prescribed.

This 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 Minneapolis, acting pursuant to delegated authority.

By order of the Board of Governors, effective November 5, 1984.

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

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

Suburban Bancorporation
Bethesda, Maryland

Order Approving the Acquisition of an Institution Offering Checking Accounts and Consumer Lending

Suburban Bancorporation, Bethesda, Maryland, a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) ("BHC Act"), has applied for approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a)(1) of the Board's Regulation Y (12 C.F.R. § 225.23(a)(1)) to acquire Suburban Bank/Washington, N.A., Washington, D.C. ("SBW"), a *de novo* nonbank bank that will offer time and demand deposit accounts, including checking accounts, and make consumer loans. These activities have been previously determined by the Board to be closely related to banking. 12 C.F.R. § 225.25(b)(1); *U.S. Trust Corporation*, 70 FEDERAL RESERVE BULLETIN 371 (1984); *Citizens Fidelity Corporation*, 69 FEDERAL RESERVE BULLETIN 556 (1983); *First Bancorporation*, 68 FEDERAL RESERVE BULLETIN 253 (1982).

Notice of the application, affording opportunity for interested persons to comment, has been duly published (49 *Federal Register* 21,117 (1984)). The time for filing comments and views has expired and the Board has considered the application and all comments received in light of the factors set forth in section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

Applicant is the fourth largest commercial banking organization in Maryland, with total consolidated assets of $2.6 billion.[1] Applicant operates one subsidiary bank with total deposits of approximately $2.0 billion, representing approximately 12 percent of the deposits in commercial banks in Maryland. Applicant is the fourth largest commercial banking organization in the Washington, D.C. banking market[2] with 58 offices and deposits of $1.5 billion, representing approximately 8.7 percent of the deposits in commercial banks in the market.

SBW is newly chartered as a national bank. Applicant proposes to operate SBW in Washington, D.C., as a nonbank bank that will accept time and demand deposits and make loans to individuals for personal, family, household, or charitable purposes. Applicant has committed, however, that SBW will not engage in the business of making commercial loans as that term is defined in the Board's Regulation Y.[3] 12 C.F.R. § 225.2(a)(1)(8). On this basis, Applicant asserts that SBW would not be a "bank" under the BHC Act, and that this application therefore is properly filed under section 4(c)(8) of that Act.

In its decision earlier this year in *U.S. Trust Corporation*, the Board was constrained by the technical definition of "bank" in the Act to conclude that a bank holding company could acquire, on an interstate basis, a national bank that stated it would accept demand deposits but not make commercial loans. The Board however, imposed the following conditions to prevent the linkage or integration of the applicant's activities

1. Financial data are as of December 31, 1983.
2. The Washington, D.C. banking market is approximated by the Washington Ranally Metro Area ("RMA"), which includes the District of Columbia and adjoining portions of Maryland and Virginia.
3. The Board's definition of "commercial loan" contained in Regulation Y is the subject of ongoing litigation. The U.S. Court of Appeals for the Tenth Circuit in *Dimension Financial Corporation v. Board of Governors*, No. 83-2696, slip op. (10th Cir. Sept. 24, 1984), set aside the Board's definition of commercial loans. The mandate has not yet issued in that case, and the Board plans to ask the Department of Justice to file a petition for a writ of certiorari with the Supreme Court.

with the proposed nonbank bank, as well as transactions between the nonbank bank and its holding company affiliates, in order to limit, to the extent possible, the potential for undermining the policies of the Act:

1. Applicant will not operate the demand-deposit taking activities of the bank in tandem with any other subsidiary or other financial institution;
2. Applicant will not link in any way the demand deposit and commercial lending services that define a bank under the Act; and
3. The nonbank bank will not engage in any transactions with affiliates, other than the payment of dividends to Applicant or the infusion of capital by Applicant into the bank, without the Board's approval.

These conditions preclude the type of integrated operation that could otherwise render SBW a bank for purposes of the Act. Applicant has stated in its application that it will comply with each of these conditions. On the basis of Applicant's adherence to these conditions and for the reasons set out more fully in the Board's decision in *U.S. Trust*, the Board is constrained, as it was in *U.S. Trust*, to conclude that SBW will not be a bank as that term is defined in the BHC Act and that Applicant's proposal is properly filed under section 4 of the BHC Act.

Applicant's proposal differs from the facts presented in *U.S. Trust* in one respect: U.S. Trust Corporation had no commercial lending subsidiaries located in the same state or market where it proposed to operate its nonbank bank, whereas Applicant has its headquarters and 58 offices of its subsidiary bank operating in the same Washington, D.C., market as it proposes to operate SBW. The conditions imposed by the Board in *U.S. Trust*, and relied on here, however, prohibit any integration of the operations of SBW and Applicant's subsidiary bank or any other subsidiary of Applicant, and thus, in almost all circumstances, obviate concerns about integrated operations arising from geographic location. While circumstances could arise, for example in the case of location of affiliate operations in the same building or otherwise in close physical proximity, that might result in a different conclusion such a situation does not exist in this case.

There is no evidence in the record of integrated operations between SBW and any office or affiliate of Applicant engaged in commercial lending. The Board also finds no evidence that consummation of this proposal would result in any conflicts of interest, unfair competition, unsound banking practices or other adverse effects. Due to the *de novo* nature of this proposal, there will not be any decrease in competition. Indeed, consummation of the proposal may reasonable be expected to result in increased competition.

Need for Congressional Action

In its *U.S. Trust Corporation* Order, the Board addressed the critical need for legislation to apply the policies of the BHC Act to companies that control institutions that are chartered as banks and that offer transaction accounts to the public. Since the Board's *U.S. Trust* decision, 55 bank holding companies have applied to the Comptroller for approximately 330 national nonbank bank charters and a number of large nonbanking companies, including retail, securities and insurance concerns, has acquired, or announced their intentions to acquire, nonbank banks. The approval of this application and the others approved today underscore the critical need for Congress to take final action on legislation to close the so-called nonbank bank loophole.

The recent decisions of the United States Court of Appeals for the Tenth Circuit reversing the Board's interpretation of NOW accounts as demand deposits and the Board's definition of "commercial loans" for purposes of the BHC Act[4] serve to make nonbank banks a more attractive acquisition target by making them even more clearly like traditional commercial banks. The continued acquisition of nonbank banks by securities, insurance, and other nonbanking organizations presents the potential for a significant, haphazard, and possibly dangerous alteration of the banking structure, without Congressional action on the underlying policy issues.

If the nonbank bank concept, particularly as expanded by the interpretation of demand deposits and commercial loans adopted by the Tenth Circuit, becomes broadly generalized, a bank holding company or commercial or industrial company, through exploitation of an unintended loophole, could operate "banks" that offer NOW accounts and make commercial loans in every state, thus defeating Congressional policies on commingling of banking and commerce, conflicts of interest, concentration of resources and excessive risk, or with respect to limitations on interstate banking. With the lifting of the moratorium on the chartering of nonbank banks by the Comptroller of the Currency, action by the Congress is imperative to ensure that the policies of the BHC Act are maintained.

The fact that the Board is required by the technical aspects of the bank definition in the Act to approve

4. *First Bancorporation v. Board of Governors*, 728 F.2d 434 (10th Cir. 1984), and *Dimension Financial Corporation v. Board of Governors*, No. 83-2696, slip op. (10th Cir. September 24, 1984).

this and similar applications today should not be construed as encouragement to the applicants to consummate these proposals or to others to pursue similar acquisitions. In this regard, the Board notes that legislation passed by the United States Senate and the House Banking Committee would clarify the definition of the term bank in the BHC Act to include all FDIC-insured banks. Enactment of this legislation would preclude acquisition of so-called nonbank banks by bank holding companies on an interstate basis, such as proposed in this case, and by nonbanking concerns, and would require divestiture of any nonbank bank acquired after June 30, 1983. The Chairmen of the two Congressional banking committees have announced that they intend to address this nonbank bank issue in the next session of Congress, and that the grandfather date in the legislation for nonbank banks will not be altered. The Board wishes to call to the Applicant's attention that in the event this legislation is enacted, Applicant would be required to divest Trust Company or otherwise limit Trust Company's activities to comply with the legislation, and Applicant could suffer financial loss as a result.

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. If this proposal is consummated, it shall be subject to the conditions set forth in this Order with respect to avoiding operation of an integrated institution and the conditions set forth in the Board's Regulation Y, including those in sections 225.4(d) and 225.23(b). The approval is also subject to the Board's authority to require modification or termination of the activities of the holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof. In accordance with the provisions of section 225.23(b)(1)(iii) of Regulation Y, the Board's approval would be required for additional acquisitions by Applicant of nonbank banks or for the establishment of offices of SBW to be located outside of the District of Columbia.

By order of the Board of Governors, effective November 1, 1984.

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

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

Dissenting Statement of Governors Wallich and Rice

For the reasons set forth in our dissents today from the Board's decision to approve the application of Bankers Trust New York Corporation to acquire a nonbank bank in Florida, we would deny this application.

November 1, 1984

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

United Mizrahi Overseas Holding Company B.V.
Amsterdam, The Netherlands

Order Approving the Formation of a Bank Holding Company

United Mizrahi Overseas Holding Company B.V., Amsterdam, The Netherlands ("Company"), has applied for Board approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) to become a bank holding company by acquiring the shares of UMB Bank and Trust Company, New York, New York ("Bank"). Company has also applied for Board approval under section 4(c)(13) of the Act (12 U.S.C. § 1843(c)(13)) to acquire the shares of United Mizrahi Casa Bancaria, Montevideo, Uruguay ("UMB Uruguay"); United Mizrahi Bank (Switzerland) Ltd., Zurich, Switzerland ("UMB Switzerland"); and United Mizrahi Financial Corporation Ltd., London, England ("UMB England"); and to continue to engage through UMB Switzerland in trading platinum and palladium for the account and upon the order of customers of UMB Switzerland.

Notice of the application under section 3 of the Act, 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.

Company is a nonoperating corporation, a majority of whose shares are owned by Mizrahi Holdings Association, Tel Aviv, Israel ("MHA"), and United Mizrahi Bank Ltd., Tel Aviv, Israel, both of which are registered bank holding companies. The Board has previously approved the acquisition of shares of Bank by MHA and United Mizrahi Bank Ltd.[1] The pro-

1. 64 FEDERAL RESERVE BULLETIN 319 (1978).

posed transaction is a corporate reorganization in which Company will acquire from United Mizrahi Bank Ltd. the shares of Bank, UMB Uruguay, UMB Switzerland, and UMB England. Company will also acquire shares from minority shareholders of Bank in exchange for its shares.

Bank, with total assets of $506 million, controls less than one percent of the total deposits in commercial banks in New York State.[2] In view of the fact that the proposed transaction represents a corporate reorganization, consummation of the proposed transaction will not have any significant adverse effects on existing or potential competition in any relevant market.

The proposed reorganization will allow MHA and United Mizrahi Bank Ltd. to establish an organizational structure that will permit additional access, through Company, to capital markets for the purpose of supporting the future needs of Bank. In light of this and the fact that Bank will be provided additional capital as part of the proposed transaction, the financial and managerial resources of Company, MHA, United Mizrahi Bank Ltd., and Bank are considered generally satisfactory and their future prospects appear favorable. While no new services will be offered as a result of consummation of the proposal, there is no evidence that the banking needs of the community to be served are not being met. Accordingly, considerations relating to the convenience and needs of the community to be served are consistent with approval of this application.

Company has also applied for Board approval under section 4(c)(13) of the Act to acquire UMB Uruguay, UMB Switzerland, and UMB England, and to engage, through UMB Switzerland, in trading platinum and palladium for the account and upon the order of customers of UMB Switzerland. The activities of UMB Uruguay, UMB Switzerland, and UMB England include banking and activities that the Board has determined are permissible activities for U.S. banking organizations under section 211.5(d) of the Board's Regulation K (12 C.F.R. § 211.5(d)).

Company contends that trading platinum and palladium for the account and upon the order of customers is usual in connection with the conduct of banking in Switzerland and the record indicates that the five largest Swiss banking organizations conduct these activities on behalf of their customers. In order to limit the risk to UMB Switzerland and any other adverse effects that may be associated with this activity, UMB Switzerland has instituted certain policies and procedures regarding the conduct of this activity that include the prior review and approval of each proposed transaction by UMB Switzerland's credit committee before any trade is initiated. In addition, trading in platinum and palladium is subject to strict margin requirements of between 25 and 50 percent for each transaction. UMB Switzerland has also committed that it will not trade platinum or palladium for its own account.

Based on all of the facts of record, the Board has determined that approval of Company's proposal to continue to trade platinum and palladium through UMB Switzerland for the account and upon the order of customers of UMB Switzerland would not be substantially at variance with the supervisory or other purposes of the Bank Holding Company Act.

Accordingly, based on the foregoing, the commitments offered by Company, and all of the other facts of record, the Board has determined that approval of the applications under section 3 and section 4(c)(13) of the Act would be consistent with the public interest, and that the applications should be, and hereby are, approved. The acquisition by Company of shares of Bank shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or the Federal Reserve Bank of New York, acting pursuant to delegated authority.

By order of the Board of Governors, effective November 28, 1984.

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

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

Orders Issued Under Section 18 of Bank Merger Act

M&I Marshall & Ilsley Bank
Milwaukee, Wisconsin

Order Approving the Merger of Banks

M&I Marshall & Ilsley Bank, Milwaukee, Wisconsin, has applied for the Board's approval under the Bank Merger Act (12 U.S.C. § 1828(c)) to merge with the

2. All banking data are as of June 30, 1984.

Milwaukee County Bank, West Allis, Wisconsin ("Bank") under the charter and name of Applicant.[1]

Notice of the application, affording interested persons an opportunity to submit comments, has been given in accordance with the Bank Merger Act and the Board's Rules of Procedure (12 C.F.R. § 262.3(b)). As required by the Bank Merger Act, reports on the competitive effects of the merger were requested from the United States Attorney General, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation. 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 18(c) of the Bank Merger Act.

Applicant is the lead bank subsidiary of Marshall & Ilsley Corporation, Milwaukee, Wisconsin ("Corporation"). Corporation is the second largest commercial banking organization in Wisconsin, controlling 29 banking subsidiaries with total deposits of approximately \$2.5 billion, representing 9.1 percent of total deposits in commercial banks in Wisconsin.[2] Bank is the 38th largest banking organization in the state with deposits of \$118.3 million, representing less than one percent of total deposits in commercial banks in Wisconsin. Upon consummation of this proposal, Corporation would control total deposits of approximately \$2.6 billion, representing 9.5 percent of total deposits in commercial banks in the state. Corporation's rank would not change as a result of the proposed merger. Accordingly, the Board concludes that the merger of Applicant and Bank would have no significant effect on the concentration of banking resources in Wisconsin.

Applicant and Bank both compete in the Milwaukee, Wisconsin, banking market.[3] Applicant is the third largest of 48 commercial banking organizations in the market, controlling deposits of \$845 million which represent 10.1 percent of the total deposits in commercial banks in the market. Corporation's six other commercial banking subsidiaries in the market, together with Applicant, control 15.8 percent of the total deposits in commercial banks in the market. Bank is the eleventh largest commercial banking organization in the market, controlling deposits of \$118.3 million, representing 1.4 percent of the total deposits in commercial banks in the market. Upon consummation of this proposal, Applicant would become the second largest banking organization in the market, controlling 11.5 percent of the total deposits in commercial banks in the market, and Corporation's share of total deposits in commercial banks in the market would increase from 15.8 percent to 17.2 percent.

While approval of the proposed transaction would result in the elimination of some existing competition between Applicant and Bank, the Board does not believe that consummation of the proposal would have any significant effects on competition in the Milwaukee market. The market is considered to be only moderately concentrated, with a four-firm concentration ratio of 65 percent and a Herfindahl–Hirschman Index ("HHI") of 1416. Consummation of the proposal would increase the four-firm concentration level by only 1.4 percentage points and the HHI by 46 points. In addition, numerous banking organizations would remain as competitors of Applicant after consummation. Accordingly, the Board concludes that Applicant's acquisition of Bank would not have any significant adverse effects on competition in any relevant area and that competitive considerations are consistent with approval of the application.

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

Based on the foregoing and other facts of record, the Board has determined that 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 after the effective date of this Order, unless such period is extended by the Board or by the Federal Reserve Bank of Chicago, acting pursuant to delegated authority.

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

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

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

1. Applicant has also applied under section 9 of the Federal Reserve Act for permission to establish a branch in the location where Bank has its main office. In acting to approve the application under the Bank Merger Act, the Board also hereby approves Applicant's application under section 9 of the Federal Reserve Act.

2. Banking data are as of December 31, 1983.

3. The Milwaukee banking market is approximated by the Milwaukee, Wisconsin, Rand McNally Metro Area which consists of Milwaukee, Waukesha, and Ozaukee Counties plus portions of Jefferson, Racine, Walworth, and Washington Counties, all in Wisconsin.

Orders Issued Under Section 5 of Bank Service Corporation Act

American National Bank and Trust Company
St. Paul, Minnesota

American Data Technology, Inc.
St. Paul, Minnesota

Order Approving Investment in a Bank Service Corporation

American National Bank and Trust Company, St. Paul, Minnesota ("Bank"), has applied for the Board's approval under section 5(b) of the Bank Service Corporation Act, as amended ("BSCA") (12 U.S.C. § 1861 *et seq.*), to acquire all of the capital stock of a bank service corporation, American Data Technology, Inc., St. Paul, Minnesota ("Company").[1]

In addition, Company has applied under section 5(b) of the BSCA for permission to engage in an activity that would be permissible for a bank holding company under section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) and section 225.25 of Regulation Y (12 C.F.R. § 225.25). Company proposes to provide data processing services, including check and deposit sorting and posting, computation and posting of credits and charges, preparation and mailing of checks, statements, notices and similar items, brokerage and leasing of computer hardware,[2] the sale of microcomputer software, and other clerical, bookkeeping, accounting, statistical and similar functions for which advanced computer technology may be utilized. The services would be offered in Minnesota, North Dakota, South Dakota, Wisconsin, and Michigan, to depository institutions and other customers.[3]

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

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

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

By order of the Board of Governors, effective November 27, 1984.

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

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

1. Section 1(b)(2) of the BSCA (12 U.S.C. § 1861(b)(2)) defines a bank service corporation as a corporation organized to perform services authorized by the BSCA, all of the capital stock of which is owned by one or more insured banks.

2. Bank states that Company's brokerage and leasing activities will be performed in conformance with the requirements of section 225.25(b)(7) of the Board's Regulation Y, including the 30 percent limitation contained therein with respect to general purpose hardware, and only to assist customers in purchasing and leasing equipment necessary to facilitate the data processing services Company will offer.

3. Bank previously provided the proposed services directly to correspondent banks in Michigan, Minnesota, North Dakota and South Dakota. Under this proposal, Bank would be moving the equipment and other assets used in the provision of these services to Company, which would serve existing correspondent bank customers as well as nonfinancial commercial customers.

4. Under section 4(c)(8) of the Bank Holding Company Act, 12 U.S.C. § 1843(c)(8), a bank holding company may engage in activities determined by the Board to be closely related to banking and a proper incident thereto.

Orders Approved under Bank Holding Company Act

By the Board of Governors

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

Section 3

Applicant	Bank	Board action (effective date)
Giddings Bancshares, Inc., Giddings, Texas	Allied First National Bank, Giddings, Texas	November 15, 1984
Mammoth Bancorp, Inc., Brownsville, Kentucky	Brownsville Deposit Bank, Brownsville, Kentucky	November 6, 1984

Sections 3 and 4

Applicant	Bank(s)/Nonbanking Company	Effective date
Midland Bank, plc, London, England	European American Bancorp, New York, New York	November 15, 1984

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
Allied Bancshares, Inc., Houston, Texas	Allied Bank Austin, Austin, Texas	Dallas	October 25, 1984
Allied Bancshares, Inc., Houston, Texas	Allied Bank Northwest, N.A., San Antonio, Texas	Dallas	October 31, 1984
Anchor Bancorp, Inc., Wayzata, Minnesota	Exchange State Bank, St. Paul, Minnesota	Minneapolis	November 16, 1984
Arlington Bank Corporation, Arlington, Indiana	Arlington State Bank, Arlington, Indiana	Chicago	November 15, 1984
Aurora Bancorporation, Aurora, Colorado	The Aurora Bank, Aurora, Colorado	Kansas City	October 31, 1984
Austin Colony, Inc., Lake Jackson, Texas	First National Bank of Lake Jackson, Lake Jackson, Texas	Dallas	November 9, 1984

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Benton Financial Corporation, Fowler, Indiana	Fowler State Bank, Fowler, Indiana	Chicago	October 26, 1984
BSB Bancorp, Batesville, Indiana	Batesville State Bank, Batesville, Indiana	Chicago	November 14, 1984
BW Bancshares, Inc., Warrensburg, Illinois	Bank of Warrensburg, Warrensburg, Illinois	Chicago	November 9, 1984
Capital City Bank Group, Inc., Tallahassee, Florida	Levy County Bancorporation, Chiefland, Florida	Atlanta	November 16, 1984
Carlisle Bancorp, Inc., Arlington, Kentucky	Citizens Deposit Bank of Arlington, Inc., Arlington, Kentucky	St. Louis	November 13, 1984
CB&T Financial Corp., Fairmont, West Virginia	Stonewall National Bank, Wston, West Virginia Clarksburg Community Bank, Clarksburg, West Virginia	Richmond	November 9, 1984
Chariton County Bancshares, Inc., Brunswick, Missouri	Chariton County Bank, Brunswick, Missouri	Kansas City	November 8, 1984
Citizens Bancshares of Batesville, Inc., Batesville, Arkansas	The Citizens Bank, Batesville, Arkansas	St. Louis	November 13, 1984
Clintonville Bancshares, Inc., Clintonville, Wisconsin	Dairyman's State Bank, Clintonville, Wisconsin	Chicago	November 9, 1984
Colorado National Bankshares, Inc., Denver, Colorado	Longmont National Bankshares, Inc., Longmont, Colorado The Longmont National Bank, Longmont, Colorado	Kansas City	November 2, 1984
Commercial BancShares, Inc., Parkersburg, West Virginia	Jackson County Bank, Ravenswood, West Virginia	Richmond	November 15, 1984
Community Bankshares Incorporated, Petersburg, Virginia	Community Bank, Petersburg, Virginia	Richmond	November 15, 1984
Comp One Corporation, Piqua, Ohio	The Piqua National Bank and Trust Company, Piqua, Ohio	Cleveland	October 25, 1984
Congress National Bancshares, Inc., Austin, Texas	Congress National Bank, Austin, Texas	Dallas	November 2, 1984
Consolidated Bancorporation, Inc., Chattanooga, Tennessee	Volunteer Bank and Trust Company of Hamilton County, Chattanooga, Tennessee	Atlanta	October 24, 1984
Coppell Financial Corporation, Dallas, Texas	Coppell Bank, N.A., Dallas, Texas	Dallas	October 31, 1984
Cortland Bancorp., Cortland, Ohio	Cortland Savings and Banking Company, Cortland, Ohio	Cleveland	November 9, 1984

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Crockett Bancshares, Inc., Crockett, Texas	Crockett State Bank, Crockett, Texas	Dallas	November 9, 1984
F. and M. Bancorp. of Tomah, Inc., Tomah, Wisconsin	Farmers & Merchants Bank, Tomah, Wisconsin	Chicago	October 24, 1984
The Farmers Bancapital Corporation, Carnegie, Oklahoma	The Farmers Bank, Carnegie, Oklahoma	Kansas City	November 1, 1984
First American Bank Corporation, Elk Grove Village, Illinois	Meadowview Bancorp, Inc., Chicago, Illinois	Chicago	November 2, 1984
First Bancorp, Inc., Denton, Texas	First State Bank of Denton, Denton, Texas	Dallas	October 26, 1984
First Evergreen Corporation, Evergreen Park, Illinois	Clear Bancorp, Inc., Chicago, Illinois	Chicago	November 9, 1984
First Farmers Corporation of Madisonville, Madisonville, Kentucky	Farmers Bank and Trust Company of Madisonville, Madisonville, Kentucky	St. Louis	November 13, 1984
First Houston Bancshares, Inc., Houston, Texas	Houston National Bank, Houston, Texas	Dallas	November 16, 1984
First National Bancshares of Nelsonville, Inc., Nelsonville, Ohio	The Huntington National Bank of Nelsonville, Nelsonville, Ohio	Cleveland	October 31, 1984
First Paintsville Bancshares, Inc., Paintsville, Kentucky	The First National Bank of Paintsville, Paintsville, Kentucky	Cleveland	November 15, 1984
First Sheridan Bancshares, Inc., Sheridan, Arkansas	First National Bank of Sheridan, Sheridan, Arkansas	St. Louis	October 30, 1984
First State Corporation, Albany, Georgia	First State Bank in Cordele, Cordele, Georgia	Atlanta	October 26, 1984
First Winnebago Corporation, Winnebago, Illinois	First National Bank of Winnebago, Winnebago, Illinois	Chicago	November 16, 1984
FNB Financial Services Corporation, Reidsville, North Carolina	First National Bank of Reidsville, FNB National Bank, Reidsville, North Carolina	Richmond	October 26, 1984
Fort Knox Bancshares, Inc., Chillicothe, Missouri	Investors Services, Inc., Fort Knox, Kentucky	St. Louis	November 2, 1984
Franklin Bancorp, Somerset, New Jersey	Hillsborough National Bank, Belle Meade, New Jersey	New York	November 16, 1984
Houston Bancorporation, Inc., Lake Jackson, Texas	Citizens National Bank, Houston, Texas	Dallas	November 14, 1984

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Houston City Bancshares, Inc., Houston, Texas	Citizens National Bank-West, Houston, Texas	Dallas	November 15, 1984
Inter Community Bancorp, Springfield, New Jersey	Inter Community Bank, Springfield, New Jersey	New York	November 16, 1984
The International Commercial Bank of China, Taiwan, Republic of China	The Chinese American Bank, New York, New York	New York	November 14, 1984
InvestArk Bankshares, Inc., Stuttgart, Arkansas	First National Bank in Stuttgart, Stuttgart, Arkansas	St. Louis	November 2, 1984
Jack's Fork Bancorporation, Inc., Columbia, Missouri	Bank of Mountain View, Mountain View, Missouri Summersville Bancshares, Inc., Summersville, Missouri	St. Louis	November 15, 1984
Jest, Inc., Oakley, Kansas	Peoples State Bank of Rexford, Rexford, Kansas	Kansas City	October 16, 1984
Keystone Community Bancorporation, Keystone, Iowa	Keystone Savings Bank, Keystone, Iowa	Chicago	November 16, 1984
Landmark Bancshares, Inc., Denver, Colorado	Landmark National Bank, Denver, Colorado	Kansas City	November 8, 1984
Lincoln Bancshares, Inc., Lincolnton, Georgia	Farmers State Bank, Lincolnton, Georgia	Atlanta	October 25, 1984
Marshall Financial Corporation, Byhalia, Mississippi	Citizens Bank, Byhalia, Mississippi	St. Louis	October 24, 1984
Meadowview Bancorp, Inc., Chicago, Illinois	First Bank of Meadowview, Kankakee, Illinois	Chicago	October 25, 1984
The Merchants Bancorporation, Inc., Norwalk, Connecticut	The Merchants Bank and Trust Company, Norwalk, Connecticut	New York	November 14, 1984
Metro Bancorp, Inc., Douglasville, Georgia	The Commercial Bank, Douglasville, Georgia	Atlanta	October 26, 1984
Metropolitan Bancorp, Lima, Ohio	United National Bank, Convoy, Ohio	Cleveland	October 31, 1984
Mid Continent Bancshares, Inc., Blue Springs, Missouri	Jacomo Bancshares, Inc., Blue Springs, Missouri Ray County Bancshares, Inc., Richmond, Missouri	Kansas City	November 8, 1984
Midland Capital Co., Oklahoma City, Oklahoma	ONB Bancorp, Inc., Chickasha, Oklahoma	Kansas City	October 23, 1984
Morton Financial Corporation, Morton, Texas	Morton Bancshares, Inc., Morton, Texas	Dallas	November 8, 1984
National Bancshares Corporation of Texas, San Antonio, Texas	Uvalde Bancshares, Inc., Uvalde, Texas	Dallas	November 7, 1984

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
National Bankshares of La Jolla, La Jolla, California	National Bank of Fairbanks Ranch, Rancho Santa Fe, California	San Francisco	November 15, 1984
New Era Bancorporation, Inc., Fredericktown, Missouri	New Era Bank, Fredericktown, Missouri	St. Louis	November 6, 1984
Northern Kentucky Trustcorp, Inc., Alexandria, Kentucky	Northern Kentucky Bank & Trust, Inc., Alexandria, Kentucky	Cleveland	November 15, 1984
Ocean National Corporation, Kennebunk, Maine	The Ocean National Bank of Kennebunk, Kennebunk, Maine	Boston	November 5, 1984
Plano Bancshares, Inc., Plano, Illinois	Community Bank of Plano, Plano, Illinois	Chicago	November 9, 1984
Pulaski Bancshares, Inc., Dixon, Missouri	State Bank of Dixon, Dixon, Missouri	St. Louis	November 14, 1984
Rankin Commerce Corp., Brandon, Mississippi	Rankin County Bank, Brandon, Mississippi	Atlanta	November 13, 1984
Rensselaer Financial Corporation, Rensselaer, Indiana	State Bank of Rensselaer, Rensselaer, Indiana	Chicago	November 15, 1984
Republic Bancshares, Inc., Oklahoma City, Oklahoma	Republic Bank of Tecumseh, Tecumseh, Oklahoma	Kansas City	October 10, 1984
Rogers County Bank Holding Company, Claremore, Oklahoma	Rogers County Bank, Claremore, Oklahoma	Kansas City	November 5, 1984
Saver's Bancorp, Inc., Littleton, New Hampshire	Belknap Bank & Trust, Belmont, New Hampshire	Boston	November 9, 1984
Southern Bank Corp., Inc., Tallahassee, Florida	The Southern Bank of Tallahassee, Tallahassee, Flordia	Atlanta	November 9, 1984
State First Financial Corporation, Texarkana, Arkansas	The State First National Bank of Texarkana, Texarkana, Arkansas Commercial Investment Company, Texarkana, Arkansas	St. Louis	October 25, 1984
Texarkana National Bancshares, Inc., Texarkana, Texas	Texarkana National Bank-Central Plaza, Texarkana, Texas	Dallas	October 29, 1984
Thomas Bancshares, Inc., Thomas, Oklahoma	The Bank of Thomas, Thomas, Oklahoma	Kansas City	October 26, 1984
Wapello Bankshares, Inc., Wapello, Iowa	State Bank of Wapello, Wapello, Iowa	Chicago	October 30, 1984
Waterville Bancshares, Inc., Waterville, Kansas	The Citizens State Bank of Waterville, Waterville, Kansas	Kansas City	October 23, 1984
Woodstock Holding Company, Inc., Woodstock, Vermont	The Woodstock National Bank, Woodstock, Vermont	Boston	October 24, 1984

Section 4

Applicant	Nonbanking company	Reserve Bank	Effective date
Barclays Bank PLC, London, London, England	Barclays Bank International Limited, London, England Firstmark Corporation Buffalo, New York	New York	November 14, 1984
First Bank System, Inc., Minneapolis, Minnesota	Bartels Agency, Inc., Butte, Montana	Minneapolis	October 26, 1984
First Railroad & Banking Company, Augusta, Georgia	E Z Loan Company, Inc., Chattanooga, Tennessee	Atlanta	October 29, 1984
Norstar Bancorp Inc., Albany, New York	Chapdelaine & Co. Government Securities, Inc., New York, New York	New York	November 2, 1984

Sections 3 and 4

Applicant	Bank(s)/Nonbanking Company	Reserve Bank	Effective date
Chalfen Bankshares, Inc., Minneapolis, Minnesota	First National Bank in Anoka, Anoka, Minnesota International Ice Group, London, England	Minneapolis	October 31, 1984

ORDERS APPROVED UNDER BANK MERGER ACT

By Federal Reserve Banks

Applicant	Bank(s)	Reserve Bank	Effective date
P.B.T. Bank, East Liverpool, Ohio	The Potters Bank & Trust Company, East Liverpool, Ohio	Cleveland	November 16, 1984

PENDING CASES INVOLVING THE BOARD OF GOVERNORS

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

Citicorp v. Board of Governors, No. 84–445 (2d Cir., filed Oct. 12, 1984).

David Bolger Revocable Trust v. Board of Governors, No. 84–3550 (3rd Cir., filed Aug. 31, 1984).

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

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

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

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

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

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

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

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

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

Northeast Bancorp, Inc. v. Board of Governors, No. 84–363 (U.S., filed Mar. 27, 1984).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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INTEREST AND EXCHANGE RATES

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

Item	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)[1]								
	1983	1984			1984				
	Q4	Q1	Q2	Q3	June	July	Aug.	Sept.	Oct.
Reserves of depository institutions[2]									
1 Total	.8r	7.6	8.5	6.8r	26.7	−1.5	4.6	−7.7r	−12.4
2 Required	.3r	5.2	10.3	6.6r	21.0	3.5	2.3	−5.8r	−12.0
3 Nonborrowed	8.2r	8.9	−10.8	−44.6r	18.2	−91.7r	−72.3r	21.0r	32.2
4 Monetary base[3]	7.8	9.3	7.1	7.3	11.8	5.6r	7.5r	.1r	2.3
Concepts of money, liquid assets, and debt[4]									
5 M1	4.8	7.2	6.1	4.6	11.5	−1.3	1.5	5.9	−7.4
6 M2	8.5	6.9	6.8	6.1	7.2	4.9	4.7	7.9	6.0
7 M3	9.8	8.9	10.4	8.0	9.0	8.4	4.6	7.7	10.8
8 L	8.8	11.2	10.2	12.7r	14.8	12.4	n.a.	n.a.	n.a.
9 Debt	10.8	12.8	12.1	12.9	11.4	13.3	13.9	10.3	n.a.
Nontransaction components									
10 In M2[5]	9.7	6.8	7.1	6.6	5.9	7.0	5.6	8.5	10.2
11 In M3 only[6]	15.8	17.5	24.6	15.5	16.6	22.5	4.4	6.9	29.3
Time and savings deposits									
Commercial banks									
12 Savings[7]	−6.4	−16.2	−6.4	−5.6	−1.9	−5.6	−10.4	−3.8	−6.7
13 Small-denomination time[8]	19.3	4.4	8.6	18.4	17.3	20.0	19.4	14.0	6.6
14 Large-denomination time[9,10]	−.2	10.0	24.2	21.2	29.0	26.0	1.9	11.7	19.6
Thrift institutions									
15 Savings[7]	−4.4	−5.1	.5	−5.4	−.7	−8.1	−12.3	−2.1	−5.5
16 Small-denomination time	18.8	11.8	9.0	22.6	18.9	25.6	27.1	20.6	20.2
17 Large-denomination time[9]	58.1	59.0	46.4	35.1	54.3	42.7	20.6	−12.3	32.0
Debt components[4]									
18 Federal	14.3	16.7	12.7	14.7	7.4	15.8	21.1	n.a.	11.4
19 Nonfederal	9.8r	11.7	12.9	12.4	12.6	12.5	11.8	n.a.	10.9
20 Total loans and securities at commercial banks[11]	10.2	14.0	10.0	7.5	1.7	8.7	8.2	7.3r	7.6

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

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

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

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

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

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

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

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

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

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

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

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

7. Excludes MMDAs.

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

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

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

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

1.11 RESERVES OF DEPOSITORY INSTITUTIONS AND RESERVE BANK CREDIT

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for week ending						
	1984			1984						
	Aug.	Sept.	Oct.	Sept. 19	Sept. 26	Oct. 3	Oct. 10	Oct. 17	Oct. 24	Oct. 31
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit**	**175,604**	**179,643**	**177,114**	**178,922**	**180,950**	**181,066**	**178,283**	**177,882**	**175,166**	**176,159**
2 U.S. government securities[1]	150,145	154,137	149,686	153,650	156,106	153,866	150,966	148,833	148,166	149,457
3 Bought outright	149,890	152,532	149,686	152,579	154,044	153,866	150,966	148,833	148,166	149,457
4 Held under repurchase agreements	255	1,605	0	1,071	2,062	0	0	0	0	0
5 Federal agency obligations	8,512	8,674	8,484	8,679	8,724	8,493	8,492	8,482	8,479	8,479
6 Bought outright	8,494	8,493	8,484	8,493	8,493	8,493	8,492	8,482	8,479	8,479
7 Held under repurchase agreements	18	181	0	186	231	0	0	0	0	0
8 Acceptances	0	0	0	0	0	0	0	0	0	0
9 Loans	8,095	7,251	5,940	7,323	6,896	6,173	6,157	6,822	5,645	5,187
10 Float	417	462	820	779	−113	418	550	1,451	679	557
11 Other Federal Reserve assets	8,435	9,119	12,184	8,491	9,337	12,116	12,119	12,295	12,198	12,478
12 Gold stock	11,099	11,098	11,097	11,098	11,097	11,097	11,097	11,097	11,097	11,096
13 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
14 Treasury currency outstanding	16,186	16,219	16,266	16,221r	16,232r	16,239	16,251	16,263	16,275	16,286
ABSORBING RESERVE FUNDS										
15 Currency in circulation	176,182	176,436	176,560	176,559r	175,346r	175,628	177,025	177,244	176,387	175,857
16 Treasury cash holdings	475	465	474	465	465	465	474	475	475	475
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	3,528	6,117	4,021	5,602	8,410	7,742	4,642	3,702	3,136	3,803
18 Foreign	215	234	226	252	236	231	229	216	213	237
19 Service-related balances and adjustments	1,462	1,339	1,483	1,346	1,353	1,452	1,428	1,349	1,395	1,906
20 Other	339	476	348	580	432	423	405	355	287	286
21 Other Federal Reserve liabilities and capital	5,987	6,253	6,195	6,269	6,320	6,066	6,155	6,307	6,228	6,172
22 Reserve balances with Federal Reserve Banks[2]	19,321	20,258	19,789	19,786	20,334	21,011	19,892	20,214	19,035	19,422

Factors	End-of-month figures			Wednesday figures						
	1984			1984						
	Aug.	Sept.	Oct.	Sept. 19	Sept. 26	Oct. 3	Oct. 10	Oct. 17	Oct. 24	Oct. 31
SUPPLYING RESERVE FUNDS										
23 **Reserve Bank credit**	**178,938**	**182,641**	**174,892**	**182,600**	**179,737**	**179,356**	**178,558**	**179,104**	**173,495**	**174,892**
24 U.S. government securities[1]	153,183	155,018	148,220	156,630	153,748	152,435	147,432	150,419	147,877	148,220
25 Bought outright	148,356	155,018	148,220	152,332	153,480	152,435	147,432	150,419	147,877	148,220
26 Held under repurchase agreements	4,827	0	0	4,298	268	0	0	0	0	0
27 Federal agency obligations	8,863	8,493	8,479	9,042	8,519	8,493	8,484	8,479	8,479	8,479
28 Bought outright	8,494	8,493	8,479	8,493	8,493	8,493	8,484	8,479	8,479	8,479
29 Held under repurchase agreements	369	0	0	549	26	0	0	0	0	0
30 Acceptances	0	0	0	0	0	0	0	0	0	0
31 Loans	8,276	6,633	5,060	7,683	4,786	5,711	5,809	6,425	5,164	5,060
32 Float	326	289	658	465	165	578	4,408	1,580	−602	658
33 Other Federal Reserve assets	8,290	12,208	12,475	8,780	12,519	12,139	12,425	12,201	12,577	12,475
34 Gold stock	11,098	11,097	11,096	11,098	11,097	11,097	11,097	11,097	11,096	11,096
35 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
36 Treasury currency outstanding	16,220	16,237r	16,295	16,231r	16,237r	16,249	16,261	16,273	16,285	16,295
ABSORBING RESERVE FUNDS										
37 Currency in circulation	176,852	175,340r	176,300	176,118r	175,394r	176,299	177,775	177,066	176,122	176,300
38 Treasury cash holdings	465	465	482	465	470r	465	474	472	475	482
Deposits, other than reserve balances with Federal Reserve Banks										
39 Treasury	4,029	8,514	3,791	11,710	8,814	5,396	3,144	4,188	2,971	3,791
40 Foreign	242	206	270	261	196	250	246	259	194	270
41 Service-related balances and adjustments	1,147	1,139	1,132	1,155	1,155	1,139	1,139	1,143	1,142	1,132
42 Other	413	383	321	490	402	431	429	318	275	321
43 Other Federal Reserve liabilities and capital	6,140	6,073	5,997	6,213	6,068	5,796	6,146	6,110	6,037	5,997
44 Reserve balances with Federal Reserve Banks[2]	21,586	22,473	18,608	18,135	19,190	21,544	21,182	21,536	18,279	18,608

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]									
	1981	1982	1983	1984						
	Dec.	Dec.	Dec.	Apr.	May	June	July	Aug.	Sept.r	Oct.
1 Reserve balances with Reserve Banks[1]	26,163	24,804	20,986	20,351	19,560	20,210	19,885	19,263	20,135	20,088
2 Total vault cash[2]	19,538	20,392	20,755	20,152	20,446	20,770	21,134	21,688	21,232	21,875
3 Vault cash used to satisfy reserve requirements[3]	15,755	17,049	17,908	16,802	16,960	17,308	17,579	17,995	17,900	18,413
4 Surplus vault cash[4]	3,783	3,343	2,847	3,349	3,486	3,461	3,555	3,694	3,333	3,462
5 Total reserves[5]	41,918	41,853	38,894	37,154	36,519	37,518	37,464	37,258	38,035	38,501
6 Required reserves	41,606	41,353	38,333	36,664	35,942	36,752	36,858	36,575	37,415	37,893
7 Excess reserve balances at Reserve Banks[6]	312	500	561	490	577	767	607	683	620	608
8 Total borrowings at Reserve Banks	642	697	774	1,234	2,988	3,300	5,924	8,017	7,242	6,017
9 Seasonal borrowings at Reserve Banks	53	33	96	139	196	264	308	346	319	299
10 Extended credit at Reserve Banks[7]	149	187	2	44	37	1,873	5,008	7,043	6,459	5,057
	Biweekly averages of daily figures for weeks ending									
	1984									
	July 4	July 18	Aug. 1	Aug. 15	Aug. 29	Sept. 12	Sept. 26	Oct. 10	Oct. 24	Nov. 7
11 Reserve balances with Reserve Banks[1]	20,189	20,546	19,079	19,690	18,722	20,158	20,038	20,406	19,617	20,574
12 Total vault cash[2]	21,121	20,708	21,597	21,533	21,981	20,782	21,522	21,571	22,329	21,404
13 Vault cash used to satisfy reserve requirements[3]	17,513	17,404	17,789	17,923	18,166	17,405	18,232	18,221	18,784	17,949
14 Surplus vault cash[4]	3,608	3,304	3,808	3,610	3,815	3,377	3,290	3,350	3,545	3,456
15 Total reserves[5]	37,702	37,950	36,868	37,613	36,887	37,563	38,270	38,627	38,400	38,523
16 Required reserves	36,645	37,499	36,233	36,914	36,211	36,929	37,744	37,723	37,984	37,954
17 Excess reserve balances at Reserve Banks[6]	1,058	451	635	699	677	634	527	904	416	569
18 Total borrowings at Reserve Banks	3,909	5,358	7,155	7,987	8,146	7,755	7,110	6,165	6,234	5,373
19 Seasonal borrowings at Reserve Banks	289	284	340	338	360	309	328	315	305	265
20 Extended credit at Reserve Banks[7]	2,846	4,614	6,098	6,976	7,184	7,001	6,369	5,147	5,431	4,187

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	1984 week ending Monday								
	Sept. 24	Oct. 1	Oct. 8	Oct. 15	Oct. 22	Oct. 29	Nov. 5	Nov. 12	Nov. 19
One day and continuing contract									
1 Commercial banks in United States	56,625	54,888	61,252	61,830	58,666	55,512	62,538	65,520	63,478
2 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	24,865	23,998	24,649	25,128	26,160	25,391	27,218	29,396	29,239r
3 Nonbank securities dealers	4,109	3,758	3,901	4,965	4,856	5,195	6,420	6,045	6,498
4 All other	27,082	26,926	26,210	25,751	26,481	26,717	27,833	27,548	28,937
All other maturities									
5 Commercial banks in United States	9,496	9,468	9,345	9,766	9,691	9,661	9,527	9,516	8,677
6 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	8,972	9,034	9,587	9,138	8,532	8,266	8,118	8,083	7,716
7 Nonbank securities dealers	6,732	6,576	6,841	6,762	7,187	7,580	7,261	7,014	6,574
8 All other	10,885	10,706	10,458	10,588	10,904	11,128	11,519	12,487	10,342
MEMO: *Federal funds and resale agreement loans in maturities of one day or continuing contract*									
9 Commercial banks in United States	26,809	26,947	28,013	28,777	28,594r	28,125	32,333	31,489	30,484
10 Nonbank securities dealers	4,906	5,037	5,259	5,432	4,864	5,284	6,343	5,907	5,520

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

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

Current and previous levels

Federal Reserve Bank	Short-term adjustment credit and seasonal credit			Extended credit[1]						Effective date for current rates
				First 60 days of borrowing		Next 90 days of borrowing		After 150 days		
	Rate on 11/30/84	Effective date	Previous rate	Rate on 11/30/84	Previous rate	Rate on 11/30/84	Previous rate	Rate on 11/30/84	Previous rate	
Boston	8½	11/23/84	9	8½	9	9½	10	10½	11	11/23/84
New York		11/21/84								11/21/84
Philadelphia		11/21/84								11/21/84
Cleveland		11/26/84								11/26/84
Richmond		11/21/84								11/21/84
Atlanta		11/23/84								11/23/84
Chicago		11/21/84								11/21/84
St. Louis		11/21/84								11/21/84
Minneapolis		11/21/84								11/21/84
Kansas City		11/21/84								11/21/84
Dallas		11/21/84								11/21/84
San Francisco	8½	11/21/84	9	8½	9	9½	10	10½	11	11/21/84

Range of rates in recent years[2]

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

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

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

1. Applicable to advances when exceptional circumstances or practices involve only a particular depository institution and to advances when an institution is under sustained liquidity pressures. 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.

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

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

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

Percent of deposits

Type of deposit, and deposit interval	Member bank requirements before implementation of the Monetary Control Act	
	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–\$28.9 million	3	12/29/83
Over \$28.9 million	12	12/29/83
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. 12, 1984, the amount of the exemption is \$2.2 million. In determining the reserve requirements of a depository institution, the exemption shall apply in the following order: (1) nonpersonal money market deposit accounts (MMDAs) authorized under 12 CFR section 1204.122; (2) net NOW accounts (NOW accounts less allowable deductions); (3) net other transaction accounts; and (4) nonpersonal time deposits or Eurocurrency liabilities starting with those with the highest reserve ratio. With respect to NOW accounts and other transaction accounts, the exemption applies only to such accounts that would be subject to a 3 percent reserve requirement.

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

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

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

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

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

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

Percent per annum

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

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

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

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

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

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

	Type of transaction	1981	1982	1983	1984 Mar.	Apr.	May	June	July	Aug.	Sept.
	U.S. GOVERNMENT SECURITIES										
	Outright transactions (excluding matched transactions)										
	Treasury bills										
1	Gross purchases	13,899	17,067	18,888	3,159	3,283	610	801	0	187	3,249
2	Gross sales	6,746	8,369	3,420	0	0	2,003	0	897	1,491	71
3	Exchange	0	0	0	0	0	0	0	0	0	0
4	Redemptions	1,816	3,000	2,400	0	3,283	2,200	801	600	800	0
	Others within 1 year										
5	Gross purchases	317	312	484	0	198	0	0	0	0	600
6	Gross sales	23	0	0	0	0	0	0	0	0	0
7	Maturity shift	13,794	17,295	18,887	1,012	347	2,739	1,069	427	3,811	872
8	Exchange	−12,869	−14,164	−16,553	0	−2,223	−1,807	0	−2,606	−2,274	0
9	Redemptions	0	0	87	0	0	0	0	0	0	0
	1 to 5 years										
10	Gross purchases	1,702	1,797	1,896	0	808	0	0	0	0	0
11	Gross sales	0	0	0	0	0	0	0	0	0	0
12	Maturity shift	−10,299	−14,524	−15,533	−1,012	−273	−2,279	−1,069	−345	−3,811	−872
13	Exchange	10,117	11,804	11,641	0	2,223	1,150	0	2,606	1,443	0
	5 to 10 years										
14	Gross purchases	393	388	890	0	200	0	0	0	0	0
15	Gross sales	0	0	0	0	0	0	0	0	0	0
16	Maturity shift	−3,495	−2,172	−2,450	0	−75	−383	0	−83	52	0
17	Exchange	1,500	2,128	2,950	0	0	400	0	0	500	0
	Over 10 years										
18	Gross purchases	379	307	383	0	277	0	0	0	0	0
19	Gross sales	0	0	0	0	0	0	0	0	0	0
20	Maturity shift	0	−601	−904	0	0	−77	0	0	−52	0
21	Exchange	1,253	234	1,962	0	0	257	0	0	332	0
	All maturities										
22	Gross purchases	16,690	19,870	22,540	3,159	1,484	610	801	0	0	3,849
23	Gross sales	6,769	8,369	3,420	0	0	2,003	0	897	187	71
24	Redemptions	1,816	3,000	2,487	0	0	2,200	0	600	800	0
	Matched transactions										
25	Gross sales	589,312	543,804	578,591	66,827	72,293	79,313	61,017	81,799	79,087	52,893
26	Gross purchases	589,647	543,173	576,908	73,634	71,754	79,608	61,331	81,143	78,842	55,776
	Repurchase agreements										
27	Gross purchases	79,920	130,774	105,971	4,996	15,313	8,267	23,298	14,830	4,992	26,040
28	Gross sales	78,733	130,286	108,291	4,996	8,220	12,199	26,460	14,830	166	30,867
29	Net change in U.S. government securities	9,626	8,358	12,631	9,966	11,321	−7,228	−2,047	−2,154	2,478	1,835
	FEDERAL AGENCY OBLIGATIONS										
	Outright transactions										
30	Gross purchases	494	0	0	0	0	0	0	0	0	0
31	Gross sales	0	0	0	0	0	0	0	0	0	0
32	Redemptions	108	189	292	10	2	40	15	−1	5	3,743
	Repurchase agreements										
33	Gross purchases	13,320	18,957	8,833	609	1,247	616	1,819	958	381	3,743
34	Gross sales	13,576	18,638	9,213	609	820	744	2,117	958	12	4,112
35	Net change in federal agency obligations	130	130	−672	−10	424	−169	−313	−1	364	−370
	BANKERS ACCEPTANCES										
36	Repurchase agreements, net	−582	1,285	−1,062	0	305	122	−426	0	0	0
37	**Total net change in System Open Market Account**	**9,175**	**9,773**	**10,897**	**9,956**	**12,050**	**−7,275**	**−2,786**	**−2,155**	**2,842**	**1,465**

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

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements

Millions of dollars

Account	Wednesday					End of month		
	1984					1984		
	Oct. 3	Oct. 10	Oct. 17	Oct. 24	Oct. 31	Aug.	Sept.	Oct.
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,097	11,097	11,097	11,096	11,096	11,098	11,097	11,096
2 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
3 Coin	487	482	485	490	485	454	478r	485
Loans								
4 To depository institutions	5,711	5,809	6,425	5,164	5,060	8,276	6,633	5,060
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	8,493	8,484	8,479	8,479	8,479	8,494	8,493	8,479
8 *Held under repurchase agreements*	0	0	0	0	0	369	0	0
U.S. government securities								
Bought outright								
9 Bills	66,204	61,201	64,188	61,646	61,689	62,425	68,487	61,689
10 Notes	64,194	64,194	64,194	64,194	64,494	63,894	64,494	64,494
11 Bonds	22,037	22,037	22,037	22,037	22,037	22,037	22,037	22,037
12 Total bought outright[1]	152,435	147,432	150,419	147,877	148,220	148,356	155,018	148,220
13 Held under repurchase agreements	0	0	0	0	0	4,827	0	0
14 Total U.S. government securities	152,435	147,432	150,419	147,877	148,220	153,183	155,018	148,220
15 Total loans and securities	**166,639**	**161,725**	**165,323**	**161,520**	**161,759**	**170,322**	**170,144**	**161,759**
16 Cash items in process of collection	8,078	13,416	9,430	5,199	7,020	6,808	7,052	7,020
17 Bank premises	564	564	565	566	565	554	564	565
Other assets								
18 Denominated in foreign currencies[2]	3,567	3,569	3,571	3,621	3,647	3,672	3,522	3,647
19 *All other*[3]	8,008	8,292	8,065	8,390	8,263	4,064	8,122	8,263
20 Total assets	**203,058**	**203,763**	**203,154**	**195,500**	**197,453**	**201,590**	**205,597r**	**197,453**
LIABILITIES								
21 Federal Reserve notes	161,002	162,469	161,750	160,801	160,972	161,551	160,046r	160,972
Deposits								
22 To depository institutions	22,683	22,321	22,679	19,421	19,740	22,733	23,612	19,740
23 U.S. Treasury—General account	5,396	3,144	4,188	2,971	3,791	4,029	8,514	3,791
24 Foreign—Official accounts	250	246	259	194	270	242	206	270
25 Other	431	429	318	275	321	413	383	321
26 Total deposits	**28,760**	**26,140**	**27,444**	**22,861**	**24,122**	**27,417**	**32,715**	**24,122**
27 Deferred availability cash items	7,500	9,008	7,850	5,801	6,362	6,482	6,763	6,362
28 *Other liabilities and accrued dividends*[4]	2,512	2,616	2,573	2,492	2,433	2,591	2,593	2,433
29 Total liabilities	**199,774**	**200,233**	**199,617**	**191,955**	**193,889**	**198,041**	**202,117r**	**193,889**
CAPITAL ACCOUNTS								
30 Capital paid in	1,601	1,604	1,607	1,608	1,611	1,557	1,597	1,611
31 Surplus	1,465	1,465	1,465	1,465	1,465	1,465	1,465	1,465
32 Other capital accounts	218	461	465	472	488	527	418	488
33 Total liabilities and capital accounts	**203,058**	**203,763**	**203,154**	**195,500**	**197,453**	**201,590**	**205,597r**	**197,453**
34 MEMO: Marketable U.S. government securities held in custody for foreign and international account	116,671	116,909	115,107	119,058	119,233	119,421	115,174	119,233
	Federal Reserve note statement							
35 Federal Reserve notes outstanding	190,478	190,806	191,334	191,730	191,730	189,217	189,882	191,730
36 LESS: Held by bank	29,476	28,337	29,584	30,929	30,758	27,666	29,836r	30,758
37 Federal Reserve notes, net	161,002	162,469	161,750	160,801	160,972	161,551	160,046r	160,972
Collateral held against notes net:								
38 Gold certificate account	11,097	11,097	11,097	11,096	11,096	11,098	11,097	11,096
39 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. government and agency securities	145,287	146,754	146,035	145,087	145,258	145,835	144,331r	145,258
42 Total collateral	**161,002**	**162,469**	**161,750**	**160,801**	**160,972**	**161,551**	**160,046r**	**160,972**

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		
	1984					1984		
	Oct. 3	Oct. 10	Oct. 17	Oct. 24	Oct. 31	Aug. 31	Sept. 28	Oct. 31
1 Loans—Total	5,711	5,809	6,425	5,164	5,060	8,276	6,633	5,060
2 Within 15 days	5,540	5,635	6,375	5,101	4,973	8,111	6,546	4,973
3 16 days to 90 days	171	174	50	63	87	165	87	87
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	152,435	147,432	150,419	147,877	148,220	153,183	155,018	148,220
10 Within 15 days[1]	6,792	3,268	4,197	4,285	5,672	8,544	7,125	5,672
11 16 days to 90 days	33,744	30,888	33,445	30,882	29,871	33,105	35,452	29,871
12 91 days to 1 year	43,967	45,344	44,845	44,778	44,811	44,040	44,305	44,811
13 Over 1 year to 5 years	33,756	33,756	33,756	33,756	33,690	33,318	33,960	33,690
14 Over 5 years to 10 years	14,808	14,808	14,808	14,808	14,808	14,808	14,808	14,808
15 Over 10 years	19,368	19,368	19,368	19,368	19,368	19,368	19,368	19,368
16 Federal agency obligations—Total	8,493	8,484	8,479	8,479	8,479	8,863	8,493	8,479
17 Within 15 days[1]	104	50	129	104	174	571	234	17
18 16 days to 90 days	558	650	616	641	560	523	563	560
19 91 days to 1 year	1,856	1,734	1,684	1,750	1,756	1,754	1,721	1,756
20 Over 1 year to 5 years	4,310	4,399	4,399	4,353	4,358	4,304	4,310	4,358
21 Over 5 years to 10 years	1,266	1,252	1,252	1,232	1,232	1,312	1,266	1,232
22 Over 10 years	399	399	399	399	399	399	399	399

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

1.20 AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND MONETARY BASE ▲

Billions of dollars, averages of daily figures

Item	1980 Dec.	1981 Dec.	1982 Dec.	1983 Dec.	1984 Mar.	1984 Apr.	1984 May	1984 June	1984 July	1984 Aug.	1984 Sept.	1984 Oct.
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[1]	Seasonally adjusted											
1 **Total reserves[2]**	**31.07**	**32.14**	**34.34**	**36.21**	**37.10**	**37.11**	**37.45**	**38.28**	**38.23**	**38.38**	**38.14**	**37.75**
2 Nonborrowed reserves	29.38	31.51	33.70	35.44	36.15	35.87	34.46	34.98	32.31	30.36	30.89	31.73
3 Nonborrowed reserves plus extended credit[3]	29.38	31.65	33.89	35.44	36.17	35.92	34.50	36.85	37.32	37.41	37.35	36.79
4 Required reserves	30.55	31.82	33.84	35.65	36.39	36.62	36.87	37.52	37.63	37.70	37.52	37.14
5 Monetary base[4]	150.38	158.15	170.21	185.57	189.42	190.36	191.98	193.86	194.75	195.98	195.99	196.38
	Not seasonally adjusted											
6 **Total reserves[2]**	**31.77**	**32.86**	**35.06**	**36.86**	**36.61**	**37.45**	**36.77**	**37.79**	**37.85**	**37.69**	**37.87**	**37.94**
7 Nonborrowed reserves	30.08	32.23	34.43	36.16	35.66	36.24	33.78	34.49	31.92	29.67	30.63	31.92
8 Nonborrowed reserves plus extended credit[3]	30.08	32.37	34.62	36.16	35.69	36.29	33.82	36.37	36.93	36.72	37.09	36.98
9 Required reserves	31.25	32.54	34.56	36.37	35.90	36.99	36.19	37.03	37.24	37.01	37.25	37.33
10 Monetary base[4]	153.08	161.00	173.24	188.84	188.15	190.67	191.33	194.24	195.91	196.13	196.07	196.12
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[5]												
11 **Total reserves[2]**	**40.66**	**41.92**	**41.85**	**38.89**	**36.28**	**37.15**	**36.52**	**37.52**	**37.46**	**37.27**	**38.04**	**38.50**
12 Nonborrowed reserves	38.97	41.29	41.22	38.12	35.30	35.73	33.79	34.46	31.27	29.22	30.87	32.20
13 Nonborrowed reserves plus extended credit[3]	38.97	41.44	41.41	38.12	35.33	35.77	33.83	36.22	36.38	36.28	37.28	37.36
14 Required reserves	40.15	41.61	41.35	38.33	35.53	36.67	35.81	36.85	36.93	36.54	37.42	37.78
15 Monetary base[4]	163.00	170.47	180.52	192.36	187.66	190.10	191.39	194.15	195.44	195.66	196.25	196.34

▲ Figures have been revised from 1959 to date.

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

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

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

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

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

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

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

1.21 MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES

Billions of dollars, averages of daily figures

	Item[1]	1980 Dec.	1981 Dec.	1982 Dec.	1983 Dec.	1984 July[r]	1984 Aug.[r]	1984 Sept.[r]	1984 Oct.
		Seasonally adjusted							
1	M1	414.9	441.9	480.5	525.3	545.8	546.7	548.9	545.5
2	M2	1,632.6	1,796.6	1,965.3	2,196.2	2,281.9	2,291.1	2,305.8	2,317.2
3	M3	1,989.8	2,236.7	2,460.3	2,707.9	2,860.5	2,872.2	2,890.6	2,917.3
4	L	2,326.0	2,598.4	2,868.7	3,176.3	3,407.0	n.a.	n.a.	n.a.
5	Debt[2]	3,946.9	4,323.8	4,710.1	5,224.8	5,632.2	5,694.0	5,742.8	n.a.
	M1 components								
6	Currency[2]	116.7	124.0	134.1	148.0	155.0	156.0	156.7	157.2
7	Travelers checks[3]	4.2	4.3	4.3	4.9	5.2	5.2	5.1	5.0
8	Demand deposits[4]	266.5	236.2	239.7	243.7	247.1	245.5	246.4	243.8
9	Other checkable deposits[5]	27.6	77.4	102.4	128.8	138.3	139.6	140.8	139.6
	Nontransactions components								
10	In M2[6]	1,217.7	1,354.6	1,484.8	1,670.9	1,736.1	1,744.4	1,756.9	1,771.8
11	In M3 only[7]	357.2	440.2	495.0	511.8	578.6	581.1	584.8	600.1
	Savings deposits[9]								
12	Commercial Banks	185.9	159.7	164.9	134.6	127.4	126.3	125.9	125.2
13	Thrift institutions	215.6	186.1	197.2	178.2	175.6	173.4	173.0	172.2
	Small denomination time deposits[9]								
14	Commerical Banks	287.5	349.6	382.2	353.1	371.8	377.9	382.3	384.4
15	Thrift institutions	443.9	477.7	474.7	440.0	473.3	484.2	492.3	500.6
	Money market mutual funds								
16	General purpose and broker/dealer	61.6	150.6	185.2	138.2	150.5	150.5	151.9	155.5
17	Institution-only	15.0	36.2	48.4	40.3	46.1	46.2	46.9	52.2
	Large denomination time deposits[10]								
18	Commercial Banks[11]	213.9	247.3	261.8	225.5	254.8	255.3	257.8	262.3
19	Thrift institutions	44.6	54.3	66.1	100.4	134.2	136.7	135.1	138.7
	Debt components								
20	Federal debt	742.8	830.1	991.4	1,173.1	1,276.8	1,300.1	1,310.9	n.a.
21	Non-federal debt	3,204.1	3,493.7	3,718.7	4,052.1	4,355.4	4,393.9	4,431.8	n.a.
		Not seasonally adjusted							
22	M1	424.8	452.3	491.9	537.8	547.5	542.7	546.3	546.0
23	M2	1,635.4	1,798.7	1,967.4	2,198.0	2,287.0	2,288.5	2,299.4	2,316.5
24	M3	1,996.1	2,242.7	2,466.6	2,713.9	2,859.4	2,870.3	2,884.9	2,915.4
25	L	2,332.8	2,605.6	2,876.5	3,187.0	3,399.1	n.a.	n.a.	n.a.
26	Debt[2]	3,946.9	4,323.8	4,710.1	5,218.7	5,613.0	5,675.8	5,731.5	n.a.
	M1 components								
27	Currency[2]	118.8	126.1	136.4	150.5	156.3	156.5	156.5	156.7
28	Travelers checks[3]	3.9	4.1	4.1	4.6	5.8	5.7	5.4	5.0
29	Demand deposits[4]	274.7	243.6	247.3	251.6	247.5	242.9	245.3	244.9
30	Other checkable deposits[5]	27.4	78.5	104.1	131.2	137.7	137.3	139.1	139.4
	Nontransactions components								
31	M2[6]	1,210.6	1,346.3	1,475.5	1,660.2	1,739.5	1,745.8	1,753.1	1,770.6
32	M3 only[7]	360.7	444.1	499.2	516.1	572.4	581.8	585.6	598.9
	Money market deposit accounts								
33	Commercial banks	n.a.	n.a.	26.3	230.0	243.9	242.6	243.8	247.2
34	Thrift institutions	n.a.	n.a.	16.6	145.9	145.3	141.2	139.6	139.6
	Savings deposits[8]								
35	Commercial Banks	183.8	157.5	162.1	132.0	128.9	126.4	124.7	123.8
36	Thrift institutions	214.4	184.7	195.5	176.5	177.7	173.4	171.9	171.9
	Small denomination time deposits[9]								
37	Commercial Banks	286.0	347.7	380.1	351.0	370.8	377.6	381.6	383.8
38	Thrift institutions	442.3	475.6	472.4	437.6	473.1	482.6	490.2	499.7
	Money market mutual funds								
39	General purpose and broker/dealer	61.6	150.6	185.2	138.2	150.5	150.5	151.9	155.5
40	Institution-only	15.0	36.2	48.4	40.3	−46.1	46.2	46.9	52.5
	Large denomination time deposits[10]								
41	Commercial Banks[11]	218.5	252.1	266.2	229.0	251.5	255.6	258.7	263.2
42	Thrift institutions	44.3	54.3	66.2	100.7	−132.9	136.9	136.9	141.7
	Debt components								
43	Federal debt	742.8	830.1	991.4	1,170.2	1,270.8	1,295.8	1,310.5	n.a.
44	Non-federal debt	3,204.1	3,943.7	3,718.7	4,048.5	4,342.2	4,380.0	4,421.0	n.a.

For notes see bottom of next page.

NOTES TO TABLE 1.21

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

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

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

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

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

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

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

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

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

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

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

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

8. Savings deposits exclude MMDAs.

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

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

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

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

1.22 BANK DEBITS AND DEPOSIT TURNOVER

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

Bank group, or type of customer	1981[1]	1982[1]	1983[1]	1984 Apr.	May	June	July	Aug.	Sept.
				Seasonally adjusted					
DEBITS TO									
Demand deposits[2]									
1 All insured banks	80,858.7	90,914.4	109,642.3	129,229.4	131,456.9	121,488.2	128,299.3	128,141.9	124,117.4
2 Major New York City banks	34,108.1	37,932.9	47,769.4	57,868.3	60,351.3	53,147.7	55,340.6	57,096.5	55,591.4
3 Other banks	46,966.5	52,981.5	61,873.1	71,361.1	71,105.6	68,340.4	72,958.7	71,045.4	68,526.0
4 ATS-NOW accounts[3]	761.0	1,036.2	1,405.5	1,432.1	1,608.9	1,515.8	1,658.9	1,851.9	1,640.6
5 Savings deposits[4]	679.6	720.3	741.4	606.5	688.8	677.9	682.4	694.5	566.8
DEPOSIT TURNOVER									
Demand deposits[2]									
6 All insured banks	285.8	324.2	379.7	441.7	442.7	401.8	433.0	436.7	424.5
7 Major New York City banks	1,116.7	1,287.6	1,528.0	2,012.5	1,938.7	1,665.2	1,774.3	1,834.6	1,822.5
8 Other banks	185.9	211.1	240.9	270.5	267.5	252.7	275.2	270.9	261.7
9 ATS-NOW accounts[3]	14.4	14.5	15.6	14.6	16.0	15.1	16.6	18.3	16.2
10 Savings deposits[4]	4.1	4.5	5.4	4.8	5.5	5.4	5.5	5.6	4.6
				Not seasonally adjusted					
DEBITS TO									
Demand deposits[2]									
11 All insured banks	81,197.9	91,031.8	109,517.6	121,514.4	132,521.7	128,522.3	124,604.3	133,844.2	120,120.8
12 Major New York City banks	34,032.0	38,001.0	47,707.4	53,514.4	60,214.5	57,168.1	54,060.5	59,743.8	54,329.0
13 Other banks	47,165.9	53,030.9	64,310.2	68,000.0	72,307.2	71,354.3	70,543.8	74,100.3	65,791.8
14 ATS-NOW accounts[3]	737.6	1,027.1	1,397.0	1,670.1	1,599.0	1,621.7	1,598.5	1,629.4	1,523.7
15 MMDA[5]	....	....	567.4	918.9	883.6	894.8	891.7	888.2	821.6
16 Savings deposits[4]	672.9	720.0	742.0	665.7	673.8	686.2	686.3	680.3	543.1
DEPOSIT TURNOVER									
Demand deposits[2]									
17 All insured banks	286.4	325.0	379.9	410.8	456.8	428.6	418.1	465.7	408.9
18 Major New York City banks	1,114.2	1,295.7	1,510.0	1,770.2	1,997.1	1,792.0	1,738.1	2,008.0	1,786.4
19 Other banks	186.2	211.5	240.5	256.0	278.1	266.3	264.3	287.6	249.8
20 ATS-NOW accounts[3]	14.0	14.4	15.5	16.4	16.1	16.2	16.0	16.4	15.2
21 MMDA[5]	....	....	2.8	3.8	3.6	3.7	3.7	3.7	3.4
22 Savings deposits[4]	4.1	4.5	5.4	5.2	5.3	5.5	5.4	5.5	4.5

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	1982	1983	1984				1982	1983	1984			
	Dec.	Dec.	July	Aug.	Sept.	Oct.	Dec.	Dec.	July	Aug.	Sept.	Oct.
	Seasonally adjusted						Not seasonally adjusted					
1 **Total loans and securities[3,4]**	**1,412.0**	**1,568.1**	**1,664.7**	**1,675.5**	**1,685.6**	**1,693.9**	**1,422.4**	**1,579.5**	**1,657.9**	**1,668.8**	**1,687.2**	**1,699.7**
2 U.S. Treasury securities	130.9	188.0	182.8	184.8	183.7	182.8	131.5	188.8	181.4	182.7	183.0	181.3
3 Other securities[4]	239.2	247.5	247.7	249.6	250.9	250.8	240.6	249.0	246.4	248.8	251.0	251.1
4 Total loans and leases[3,4]	1,042.0	1,132.6	1,234.2	1,241.1	1,251.0	1,260.3	1,050.3	1,141.7	1,230.0	1,237.3	1,253.1	1,267.3
5 Commercial and industrial loans[4]	392.3	413.7	456.6	459.7	461.2	464.7	394.5	416.1	455.2	457.0	460.7	465.5
6 Real estate loans[4]	303.1	335.5	362.7	366.2	369.6	372.9	304.0	336.5	361.6	365.8	370.3	374.3
7 Loans to individuals	191.9	219.7	248.3	251.2	253.0	254.9	193.2	221.2	247.1	251.5	254.8	256.9
8 Security loans	24.7	27.3	24.6	22.3	25.6	27.5	25.5	28.2	24.0	23.0	25.3	27.3
9 Loans to nonbank financial institutions	31.1	29.7	32.1	31.0	31.0	30.7	32.1	30.6	31.5	30.9	31.1	31.0
10 Agricultural loans	36.3	39.6	41.1	41.4	41.6	41.8	36.3	39.6	41.6	41.9	42.2	42.4
11 Lease financing receivables	13.1	13.1	13.8	14.1	14.3	14.3	13.1	13.1	13.8	14.1	14.3	14.3
12 All other loans	49.5	54.0	54.8	55.2	54.7	53.4	51.5	56.3	55.2	53.2	54.4	55.7
MEMO												
13 **Total loans and securities plus loans sold[3,4,5]**	**1,415.0**	**1,570.5**	**1,667.6**	**1,678.4**	**1,688.6**	**1,696.9**	**1,425.4**	**1,581.9**	**1,660.7**	**1,671.8**	**1,690.2**	**1,702.7**
14 Total loans plus loans sold[3,4,5]	1,044.9	1,135.0	1,237.0	1,244.1	1,254.0	1,263.3	1,053.3	1,144.1	1,232.9	1,240.3	1,256.2	1,270.3
15 Total loans sold to affiliates[3]	2.9	2.4	2.9	2.9	3.0	2.9	2.9	2.4	2.9	2.9	3.0	2.9
16 Commercial and industrial loans plus loans sold[4,5]	394.5	415.5	458.7	461.8	463.3	466.8	396.8	417.9	457.2	459.1	462.9	467.6
17 Commercial and industrial loans sold[5]	2.3	1.8	2.0	2.1	2.2	2.1	2.3	1.8	2.0	2.1	2.2	2.1
18 Acceptances held	8.5	8.3	10.0	10.0	9.4	9.5	9.5	9.1	10.0	9.7	9.4	9.3
19 Other commercial and industrial loans	383.7	405.4	446.6	449.7	451.8	455.3	385.1	407.0	445.2	447.3	451.3	456.2
20 To U.S. addressees[6]	373.4	395.2	434.1	437.3	439.7	443.6	372.6	394.4	433.2	435.2	439.4	444.4
21 To non-U.S. addressees	10.3	10.3	12.5	12.4	12.1	11.7	12.4	12.6	12.0	12.1	11.9	11.8
22 Loans to foreign banks	13.5	12.7	12.5	12.4	11.5	11.6	14.5	13.6	12.2	11.9	11.8	11.8

1. Includes domestically chartered banks; U.S. branches and agencies of foreign banks, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.
2. Beginning December 1981, shifts of foreign loans and securities from U.S. banking offices to international banking facilities (IBFs) reduced the levels of several items. Seasonally adjusted data that include adjustments for the amounts shifted from domestic offices to IBFs are available in the Board's G.7 (407) statistical release (available from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551).
3. Excludes loans to commercial banks in the United States.
4. Beginning Sept. 19, 1984, a reclassification of loans decreased commercial and industrial loans and increased real estate loans by $200 million. Beginning Sept. 26, 1984, a transfer of loans from Continental Illinois National Bank to the FDIC reduced total loans and investments and total loans $1.9 billion, commercial and industrial loans $1.4 billion, and real estate loans $.4 billion.
5. 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.
6. United States includes the 50 states and the District of Columbia.

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

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

1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	1981	1982	1983	1984									
	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
Total nondeposit funds													
1 Seasonally adjusted[2]	82.9	96.3	100.3	98.2	102.3	108.1	111.7	116.7	105.3	105.9	109.6r	112.8	115.6
2 Not seasonally adjusted	84.9	99.6	102.5	99.3	103.8	109.5	112.9	121.0	108.2	106.3	112.2r	113.6	116.6
Federal funds, RPs, and other borrowings from nonbanks[3]													
3 Seasonally adjusted	127.7	140.8	140.7	139.4	143.0	141.8	142.3	142.4	136.8	137.5	142.7	145.0	145.7
4 Not seasonally adjusted	129.7	144.1	142.8	140.4	144.5	143.3	143.5	146.7	139.6	137.8	145.3	145.8	146.6
5 Net balances due to foreign-related institutions, not seasonally adjusted	−47.7	−47.0	−42.7	−43.6	−43.2	−36.9	−33.8	−28.5	−34.1	−34.4	−36.0r	−35.2	−33.0
6 Loans sold to affiliates, not seasonally adjusted[4]	2.9	2.5	2.4	2.4	2.5	3.1	3.1	2.8	2.7	2.9	2.9	3.0	2.9
MEMO													
7 Domestically chartered banks' net positions with own foreign branches, not seasonally adjusted[5]	−39.6	−43.0	−39.8	−38.8	−39.0	−34.9	−33.2	−29.9	−32.9	−33.1	−35.0	−35.1	−34.0
8 Gross due from balances	72.2	76.5	75.3	73.2	74.7	73.8	73.6	73.5	73.8	71.2	72.8	71.4	69.7
9 Gross due to balances	32.6	33.6	35.5	34.5	35.7	38.8	40.3	43.6	40.9r	38.1	37.8	36.3	35.7
10 Foreign-related institutions' net positions with directly related institutions, not seasonally adjusted[6]	−8.1	−4.0	−3.0	−4.8	−4.2	−1.9	−.6	1.4	−1.2r	−1.3	−1.0r	.0r	1.0
11 Gross due from balances	54.7	53.5	54.1	53.4	53.0	50.2	49.7	50.0	51.0	52.2	52.0	51.9	50.9
12 Gross due to balances	46.6	49.5	51.1	48.6	48.8	48.3	49.2	51.4	49.8	50.9	51.0r	51.9	51.9
Security RP borrowings													
13 Seasonally adjusted[7]	71.0	83.3	84.8	85.5	86.9	85.5	86.9	84.0	79.0	79.9	82.7	84.2	85.8
14 Not seasonally adjusted	71.2	84.6	85.1	84.6	86.5	85.1	86.2	86.4	80.0	78.4	83.4	83.1r	84.8
U.S. Treasury demand balances[8]													
15 Seasonally adjusted	12.8	12.0	13.1	16.5	20.6	16.7	15.9	12.2	12.9	11.7	12.7	16.5r	8.3
16 Not seasonally adjusted	10.8	7.5	10.8	19.6	22.3	17.5	16.5	12.8	12.3r	11.8	10.3	17.5	11.0
Time deposits, $100,000 or more[9]													
17 Seasonally adjusted	347.9	280.7	283.1	284.4	283.8	289.2	292.4	302.9	312.8	315.8r	313.4r	312.8r	318.0
18 Not seasonally adjusted	354.6	283.0	288.1	287.1	285.0	288.8	288.7	298.8	307.7	311.7r	314.3r	315.4r	320.7

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

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

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

Billions of dollars except for number of banks

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

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

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

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

Millions of dollars, Wednesday figures

Account	1984								
	Sept. 19	Sept. 26[r]	Oct. 3[r]	Oct. 10[r]	Oct. 17[r]	Oct. 24	Oct. 31	Nov. 7	Nov. 14
1 Cash and balances due from depository institutions	85,682	83,752	89,656	92,938	88,207	80,402	87,341	95,346	98,645
2 **Total loans, leases and securities, net**	**780,956**	**779,648**	**780,278**	**787,040**	**779,722**	**784,112**	**797,851**	**799,904**	**799,855**
Securities									
3 U.S. Treasury and government agency	76,183	75,342	74,077	75,415	75,935	73,392	78,441	77,061	77,223
4 Trading account	12,961	12,032	11,148	12,499	12,664	10,675	15,125	13,774	14,017
5 Investment account, by maturity	63,222	63,310	62,928	62,916	63,271	62,717	63,316	63,287	63,206
6 One year or less	17,181	17,293	18,318	18,361	18,565	18,227	18,308	18,766	18,970
7 Over one through five years	33,765	33,800	32,421	32,399	32,675	32,354	32,883	32,436	32,140
8 Over five years	12,277	12,217	12,189	12,156	12,031	12,137	12,126	12,085	12,096
9 Other securities	48,367	49,079	47,748	47,346	47,558	48,141	47,816	47,129	47,341
10 Trading account	5,274	5,863	4,717	4,151	4,385	4,678	4,560	4,063	4,435
11 Investment account	43,093	43,216	43,031	43,195	43,173	43,463	43,256	43,066	42,906
12 States and political subdivisions, by maturity	39,300	39,373	39,124	39,231	39,219	39,402	39,239	38,916	38,852
13 One year or less	4,586	4,686	4,646	4,604	4,502	4,602	4,591	4,512	4,458
14 Over one year	34,714	34,686	34,477	34,627	34,717	34,800	34,648	34,404	34,394
15 Other bonds, corporate stocks, and securities	3,793	3,843	3,908	3,964	3,954	4,061	4,017	4,150	4,054
16 Other trading account assets	2,910	3,041	2,820	2,506	2,869	2,764	2,855	3,177	3,763
Loans and leases									
17 Federal funds sold[1]	47,820	47,734	47,501	52,683	45,707	51,435	54,276	55,643	53,261
18 To commercial banks	34,196	34,591	34,572	37,817	31,923	36,586	38,379	38,614	36,580
19 To nonbank brokers and dealers in securities	8,588	8,912	8,664	10,107	9,138	10,158	10,965	11,043	11,401
20 To others	5,036	4,231	4,265	4,758	4,646	4,691	4,931	5,985	5,279
21 Other loans and leases, gross[2]	621,412	619,689	623,496	624,478	623,102	623,868	630,054	632,575	633,953
22 Other loans, gross[2]	609,202	607,457	611,220	612,221	610,818	611,590	617,729	620,224	621,610
23 Commercial and industrial[2]	245,971[r]	243,924	246,318	246,418	245,535	245,944	246,932	248,867	248,574
24 Bankers acceptances and commercial paper	3,472	3,210	3,607	3,475	3,608	3,343	3,882	3,860	3,914
25 All other	242,500[r]	240,714	242,710	242,943	241,928	242,601	243,050	245,007	244,660
26 U.S. addressees	236,047[r]	234,191	236,079	236,352	235,376	235,999	236,431	238,366	238,043
27 Non-U.S. addressees	6,452	6,523	6,631	6,591	6,551	6,601	6,619	6,641	6,618
28 Real estate loans[2]	154,713	155,021	155,112	155,555	156,190	156,450	157,130	157,228	157,848
29 To individuals for personal expenditures	104,287	104,740	105,139	105,052	105,739	106,279	106,879	107,147	107,354
30 To depository and financial institutions	40,265	39,856	39,830	39,803	39,722	38,442	40,048	40,332	41,352
31 Commercial banks in the United States	8,848	9,375	8,792	9,210	9,081	8,197	8,980	8,998	9,628
32 Banks in foreign countries	5,971	5,969	6,097	5,928	6,132	6,090	6,206	6,336	6,755
33 Nonbank depository and other financial institutions	25,446	24,513	24,940	24,665	24,510	24,154	24,862	24,997	24,970
34 For purchasing and carrying securities	12,921	13,345	13,376	14,554	12,967	14,086	15,275	15,258	14,135
35 To finance agricultural production	7,480	7,427	7,446	7,408	7,326	7,274	7,228	7,209	7,251
36 To states and political subdivisions	25,775[r]	25,957	25,588	25,548	25,621	25,463	25,645	25,875	25,982
37 To foreign governments and official institutions	4,607[r]	4,469	4,368	4,457	4,412	4,347	4,423	4,378	4,316
38 All other	13,181[r]	12,717	14,045	13,425	13,304	13,307	14,168	13,930	14,798
39 Lease financing receivables	12,210	12,232	12,276	12,257	12,284	12,278	12,325	12,350	12,343
40 LESS: Unearned income	5,191	5,174	5,138	5,143	5,161	5,170	5,181	5,140	5,123
41 Loan and lease reserve[2]	10,544	10,064	10,226	10,244	10,288	10,320	10,409	10,541	10,562
42 Other loans and leases, net[2]	605,676	604,451	608,132	609,091	607,653	608,379	614,464	616,893	618,268
43 All other assets	139,598	138,345	139,551	138,242	134,211	133,756	140,119	136,862	131,681
44 **Total assets**	**1,006,237**	**1,001,746**	**1,009,484**	**1,018,221**	**1,002,140**	**998,270**	**1,025,312**	**1,032,112**	**1,030,182**
Deposits									
45 Demand deposits	179,456	176,232	186,158	192,112	178,974	175,735	184,952	188,100	194,717
46 Individuals, partnerships, and corporations	135,135	132,632	139,271	145,167	137,264	132,901	141,378	142,582	149,410
47 States and political subdivisions	4,822	4,519	4,867	4,592	4,946	4,592	4,896	5,142	4,732
48 U.S. government	4,119	2,222	3,936	1,432	1,124	2,638	1,394	2,156	1,682
49 Depository institutions in United States	20,352	21,187	22,540	25,517	20,828	21,084	21,042	21,229	23,150
50 Banks in foreign countries	5,847	5,666	6,278	6,238	5,855	6,001	6,470	6,783	6,612
51 Foreign governments and official institutions	963	1,016	752	859	812	895	916	897	889
52 Certified and officers' checks	8,218	8,990	8,513	8,307	8,146	7,624	8,856	9,311	8,240
53 Transaction balances other than demand deposits (ATS, NOW, Super NOW, telephone transfers)	32,832	31,789	33,887	33,723	33,065	32,356	32,998	34,175	33,338
54 Nontransaction balances	436,966	439,754	440,744	441,639	442,593	443,821	443,805	444,596	444,152
55 Individuals, partnerships and corporations	404,146	405,992	407,478	407,975	408,554	410,128	410,066	411,001	410,460
56 States and political subdivisions	21,398	21,571	21,285	21,677	21,758	21,803	21,528	21,186	21,244
57 U.S. government	331	332	340	354	371	360	464	468	516
58 Depository institutions in the United States	7,569	8,352	8,328	8,424	8,656	8,369	8,492	8,598	8,526
59 Foreign governments, official institutions and banks	3,522	3,507	3,312	3,209	3,254	3,161	3,255	3,342	3,404
60 Liabilities for borrowed money	195,335	192,766	188,526	189,986	184,490	185,217	200,611	204,644	195,741
61 Borrowings from Federal Reserve Banks	6,990	4,000	5,110	5,275	5,893	4,620	4,550	11,739	4,639
62 Treasury tax-and-loan notes	14,446	16,612	7,974	2,925	2,403	7,093	14,203	3,969	4,743
63 All other liabilities for borrowed money[3]	173,900	172,154	175,442	181,786	176,194	173,505	181,858	188,936	186,359
64 Other liabilities and subordinated note and debentures	94,047	92,427	90,823	90,915	93,299	91,410	92,880	90,361	92,016
65 **Total liabilities**	**938,637**	**932,969**	**940,138**	**948,376**	**932,420**	**928,540**	**955,246**	**961,876**	**959,963**
66 Residual (total assets minus total liabilities)[4]	67,600	68,777	69,346	69,845	69,720	69,729	70,066	70,236	70,219

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.

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

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

Millions of dollars, Wednesday figures

Account	1984								
	Sept. 19	Sept. 26	Oct. 3	Oct. 10	Oct. 17	Oct. 24	Oct. 31	Nov. 7	Nov. 14
1 Cash and balances due from depository institutions	21,670	20,334	22,121	21,562	22,345	19,651	21,726	25,886	23,786
2 **Total loans, leases and securities, net**[1]	**165,256**	**164,874**	**165,072**	**168,071**	**164,359r**	**165,793**	**171,620**	**170,813**	**169,741**
Securities									
3 U.S. Treasury and government agency[2]	......	......	......	......	......	......	......	......	......
4 Trading account[2]	......	......	......	......	......	......	......	......	......
5 Investment account, by maturity	9,549	9,598	9,547	9,608	9,584	9,408	9,844	9,482	9,428
6 One year or less	1,671	1,667	1,592	1,593	1,611	1,525	1,532	1,560	2,028
7 Over one through five years	6,531	6,580	6,608	6,671	6,706	6,468	6,836	6,506	5,964
8 Over five years	1,346	1,351	1,348	1,344	1,268	1,416	1,475	1,416	1,436
9 Other securities[2]	......	......	......	......	......	......	......	......	......
10 Trading account[2]	......	......	......	......	......	......	......	......	......
11 Investment account	9,650	9,685	9,679	9,712	9,642	9,726	9,454	9,382	9,310
12 States and political subdivisions, by maturity	8,948	8,970	8,937	8,954	8,856	8,956	8,679	8,601	8,543
13 One year or less	1,465	1,485	1,455	1,470	1,342	1,418	1,315	1,281	1,218
14 Over one year	7,483	7,485	7,482	7,484	7,514	7,538	7,363	7,320	7,325
15 Other bonds, corporate stocks and securities	701	715	741	758	786	770	775	780	767
16 Other trading account assets[2]	......	......	......	......	......	......	......	......	......
Loans and leases									
17 Federal funds sold[3]	14,186	14,966	14,202	16,451	15,075	16,180	19,757	19,365	17,735
18 To commercial banks	7,798	8,811	8,094	9,311	8,313	8,926	12,237	11,359	9,603
19 To nonbank brokers and dealers in securities	3,605	3,701	3,869	4,596	3,980	4,689	4,970	4,973	5,338
20 To others	2,783	2,453	2,239	2,544	2,782	2,565	2,550	3,033	2,794
21 Other loans and leases, gross	136,598	135,260	136,248	136,924	134,693r	135,138	137,203	137,267	137,970
22 Other loans, gross	134,416	133,069	134,055	134,744	132,511r	132,961	135,025	135,094	135,796
23 Commercial and industrial	65,374	64,118	64,942	65,097	64,115	64,288	64,021	64,437	64,290
24 Bankers acceptances and commercial paper	637	511	590	550	622	598	644	576	590
25 All other	64,737	63,608	64,352	64,546	63,493	63,690	63,377	63,861	63,700
26 U.S. addressees	63,757	62,644	63,320	63,506	62,512	62,672	62,351	62,798	62,598
27 Non-U.S. addressees	980	964	1,032	1,040	982	1,018	1,026	1,063	1,102
28 Real estate loans	23,017	23,188	23,125	23,143	23,242	23,356	23,597	23,567	23,781
29 To individuals for personal expenditures	15,198	15,215	15,238	15,271	15,313	15,359	15,451	15,498	15,543
30 To depository and financial institutions	12,003	11,909	11,746	11,703	11,701r	11,225	11,701	11,753	12,791
31 Commercial banks in the United States	1,593	1,912	1,487	1,486	1,447r	1,116	1,582	1,403	2,149
32 Banks in foreign countries	1,987	2,063	2,167	2,174	2,229r	2,153	2,095	2,222	2,515
33 Nonbank depository and other financial institutions	8,422	7,935	8,092	8,043	8,026	7,956	8,023	8,127	8,126
34 For purchasing and carrying securities	6,242	6,365	6,323	7,226	5,791r	6,523	7,792	7,414	6,649
35 To finance agricultural production	342	342	357	356	379	386	364	364	353
36 To states and political subdivisions	8,097	8,150	7,963	7,860	7,843	7,721	7,702	7,768	7,809
37 To foreign governments and official institutions	898r	776	734	876	858r	808	918	875	828
38 All other	3,244r	3,005	3,627	3,212	3,269r	3,294	3,480	3,418	3,752
39 Lease financing receivables	2,182	2,191	2,193	2,180	2,182	2,177	2,178	2,173	2,173
40 LESS: Unearned income	1,546	1,506	1,484	1,480	1,485	1,488	1,472	1,467	1,474
41 Loan and lease reserve	3,180	3,128	3,120	3,144	3,151	3,171	3,165	3,215	3,229
42 Other loans and leases, net	131,872	130,626	131,644	132,300	130,057r	130,478	132,566	132,584	133,267
43 All other assets[4]	67,787	67,624	67,013	67,305	65,217r	64,419	71,134	69,303	65,545
44 **Total assets**	**254,712**	**252,832**	**254,206**	**256,938**	**251,921r**	**249,863**	**264,480**	**266,003**	**259,072**
Deposits									
45 Demand deposits	46,684	46,136	46,223	48,347	45,089r	45,249	48,564	49,054	50,512
46 Individuals, partnerships, and corporations	31,099	29,686	30,549	32,240	30,648r	30,012	32,744	32,641	34,724
47 States and political subdivisions	620	658	838	725	657	667	578	722	672
48 U.S. government	785	452	850	225	135	490	196	288	244
49 Depository institutions in the United States	4,805	5,406	4,706	5,984	4,761r	5,112	4,935	4,650	5,249
50 Banks in foreign countries	4,571	4,328	4,910	4,790	4,498r	4,740	5,213	5,429	5,312
51 Foreign governments and official institutions	743	744	511	649	595r	612	673	631	629
52 Certified and officers' checks	4,060	4,863	3,859	3,735	3,794	3,616	4,224	4,692	3,682
53 Transaction balances other than demand deposits ATS, NOW, Super NOW, telephone transfers)	3,565	3,418	3,599	3,626	3,513	3,472	3,493	3,679	3,558
54 Nontransaction balances	81,400	81,428	81,560	81,038	81,479r	81,358	81,874	81,944	81,937
55 Individuals, partnerships and corporations	72,885	72,875	73,227	72,696	72,944	73,018	73,388	73,407	73,452
56 States and political subdivisions	4,107	4,139	4,258	4,325	4,371	4,313	4,315	4,209	4,101
57 U.S. government	25	24	23	27	29	30	29	29	84
58 Depository institutions in the United States	2,419	2,418	2,264	2,224	2,325	2,245	2,321	2,389	2,345
59 Foreign governments, official institutions and banks	1,965	1,972	1,788	1,765	1,811	1,752	1,821	1,909	1,955
60 *Liabilities for borrowed money*	61,963	61,362	61,935	62,752	59,033	58,700	67,882	70,070	60,724
61 Borrowings from Federal Reserve Banks	......	......	......	......	......	400	800	4,432	......
62 Treasury tax-and-loan notes	3,677	4,084	1,816	582	484	1,791	3,628	890	1,355
63 All other liabilities for borrowed money[5]	58,285	57,278	60,118	62,171	58,548	56,508	63,454	64,748	59,369
64 Other liabilities and subordinated note and debentures	38,768	38,162	38,287	38,444	40,113r	38,353	39,847	38,367	39,392
65 **Total liabilities**	**232,380**	**230,506**	**231,604**	**234,206**	**229,227r**	**227,132**	**241,659**	**243,114**	**236,124**
66 Residual (total assets minus total liabilities)[6]	22,333	22,326	22,602	22,732	22,695	22,731	22,821	22,889	22,949

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

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

1.29 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures

Account	1984								
	Sept. 19	Sept. 26	Oct. 3	Oct. 10	Oct. 17r	Oct. 24	Oct. 31	Nov. 7	Nov. 14
BANKS WITH ASSETS OF $1.4 BILLION OR MORE									
1 Total loans and leases (gross) and investments adjusted[1]	753,648	750,921r	752,278r	755,401r	754,168	754,818	766,082	767,972	769,333
2 Total loans and leases (gross) adjusted[1,2]	626,188	623,458r	627,633r	630,134r	627,806	630,520	636,970	640,604	641,005
3 Time deposits in amounts of $100,000 or more	157,098	159,611r	159,215r	159,507r	160,151	160,664	159,141	158,526	158,289
4 Loans sold outright to affiliates—total[3]	3,042	2,972	2,992	2,961	2,982	3,001	2,817	2,892	2,911
5 Commercial and industrial	2,179	2,148	2,160	2,105	2,128	2,152	1,972	2,045	2,062
6 Other	863	824	832	855	853	849	845	847	850
7 *Nontransaction savings deposits (including MMDAs)*	*151,442*	*151,688r*	*152,695r*	*153,443r*	*153,944*	*154,582*	*155,892*	*157,009*	*157,580*
BANKS IN NEW YORK CITY									
8 Total loans and leases (gross) and investments adjusted[1,4]	160,590	158,785	160,096	161,898	159,236	160,410	162,438	162,734	162,692
9 Total loans and leases (gross) adjusted[1]	141,392	139,502	140,870	142,578	140,008	141,275	143,141	143,870	143,954
10 Time deposits in amounts of $100,000 or more	35,313	34,924	34,868	34,319	34,413	34,178	33,835	33,916	33,857

1. Exclusive of loans and federal funds transactions with domestic commercial banks.
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. 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.
4. Excludes trading account securities.

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	1984								
	Sept. 19	Sept. 26	Oct. 3	Oct. 10	Oct. 17	Oct. 24	Oct. 31	Nov. 7	Nov. 14
1 Cash and due from depository institutions	6,280	6,670	6,082	6,854	5,984	6,221	6,319	6,792	6,530
2 Total loans and securities	45,417	46,654	46,206	46,448	46,862	47,427	43,817	43,992	43,102
3 U.S. Treasury and govt. agency securities	4,330	4,281	4,361r	4,449r	4,300r	4,306	4,337	4,336	4,233
4 Other securities	1,050	1,258	1,037r	1,049r	1,059r	1,058	1,195	1,207	1,286
5 Federal funds sold[1]	2,262	3,358	2,780	2,911r	3,436	4,081	2,656	3,059	3,072
6 To commercial banks in the United States	2,036	2,999	2,399	2,642	3,126	3,778	2,324	2,726	2,718
7 To others	225	359	381	269r	310	303	332	333	354
8 Other loans, gross	37,775	37,758	38,028	38,038r	38,067	37,982	35,630	35,390	34,511
9 Commercial and industrial	21,041	21,080	21,464	21,362	21,332	21,260	19,600	19,340	19,388
10 Bankers acceptances and commercial paper	3,354	3,264	3,213	3,178	3,019	3,002	1,380	1,358	1,304
11 All other	17,687	17,816	18,251	18,184	18,313	18,258	18,221	17,981	18,084
12 U.S. addressees	16,138	16,190	16,642	16,532	16,679	16,619	16,759	16,500	16,660
13 *Non-U.S. addressees*	1,550	1,625	1,608	1,651	1,634	1,639	1,462	1,481	1,423
14 To financial institutions	13,111	13,227	13,018	13,196r	12,934	13,106	12,166	12,334	11,486
15 Commercial banks in the United States	10,644	10,673	10,536	10,611r	10,409	10,573	9,515	9,718	9,049
16 Banks in foreign countries	1,584	1,602	1,523	1,541	1,504	1,481	1,523	1,493	1,519
17 Nonbank financial institutions	882	951	959	1,044	1,022	1,052	1,127	1,124	918
18 To foreign govts. and official institutions	725	721	699	709	716	715	712	714	705
19 For purchasing and carrying securities	1,067	857	934	791	1,103	904	1,130	978	918
20 All other	1,830	1,872	1,913	1,979	1,981	1,998	2,021	2,023	2,014
21 Other assets (claims on nonrelated parties)	18,702	18,725	18,530	18,647	18,800	18,873	18,776	18,446	18,360
22 Net due from related institutions	11,074	10,667	10,336	10,791	9,717	9,580	10,099	11,201	10,245
23 Total assets	81,473	82,717	81,154	82,740	81,362	82,102	79,011	80,431	78,237
24 Deposits or credit balances due to other than directly related institutions	21,083r	21,438r	21,297r	21,378	21,131	21,293	21,756	22,099	22,414
25 Credit balances	119	123	128	164	126	148	215	130	153
26 Demand deposits	1,742	1,764r	1,612r	1,964	1,632	1,554	1,746	1,752	1,770
27 Individuals, partnerships, and corporations	859	830r	833	878	880	840	897	924	934
28 Other	883	935	780r	1,086	752	714	849	828	835
29 Time and savings deposits	19,222r	19,550r	19,557r	19,250	19,373	19,590	19,794	20,217	20,491
30 Individuals, partnerships, and corporations	15,752	16,100	15,998	15,831	15,999	16,262	16,413	16,570	16,891
31 Other	3,470r	3,450r	3,559r	3,419	3,374	3,328	3,382	3,647	3,599
32 Borrowings from other than directly related institutions	34,170r	34,310r	33,427r	34,680	33,286	33,224	29,554	30,338	28,309
33 Federal funds purchased[2]	10,067	10,418	9,856	11,198	10,148	10,524	10,777	11,558	10,579
34 *From commercial banks in the United States*	7,668	7,697	7,487	8,760	7,103	7,845	8,644	9,266	8,118
35 From others	2,398	2,720	2,369	2,438	3,045	2,679	2,133	2,291	2,461
36 Other liabilities for borrowed money	24,104r	23,892r	23,571r	23,481	23,138	22,700	18,777	18,780	17,730
37 To commercial banks in the United States	20,322r	20,142r	20,048r	19,884	19,598	19,120	17,248	17,128	16,106
38 To others	3,782	3,750	3,522	3,597	3,540	3,580	1,529	1,652	1,624
39 Other liabilities to nonrelated parties	19,470	19,437r	19,196	19,440	19,368	19,295	19,858	19,586	19,320
40 Net due to related institutions	6,750	7,532	7,234r	7,242	7,577	8,290	7,843	8,409	8,194
41 Total liabilities	81,473	82,717	81,154	82,740	81,362	82,102	79,011	80,431	78,237
MEMO									
42 Total loans (gross) and securities adjusted[3]	32,736	32,981	33,271	33,194r	33,327	33,076	31,978	31,548	31,335
43 Total loans (gross) adjusted[3]	27,355	27,443	27,873	27,696r	27,968	27,712	26,446	26,005	25,817

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

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

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

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

Billions of dollars, estimated daily-average balances

Type of holder	1979[2] Dec.	1980 Dec.	1981 Dec.	1982 Dec.	1983 June	1983 Sept.	1983 Dec.	1984 Mar.	1984 June	1984 Sept.
	Commercial banks									
1 **All holders—Individuals, partnerships, and corporations**	**302.3**	**315.5**	**288.9**	**291.8**	**281.9**	**280.3**	**293.5**	**279.3**	**285.8**	**284.3**
2 Financial business	27.1	29.8	28.0	35.4	34.6	32.1	32.8	31.7	31.7	31.9
3 Nonfinancial business	157.7	162.8	154.8	150.5	146.9	150.2	161.1	150.3	154.9	154.7
4 Consumer	99.2	102.4	86.6	85.9	80.3	77.9	78.5	78.1	78.3	77.2
5 Foreign	3.1	3.3	2.9	3.0	3.0	2.9	3.3	3.3	3.4	3.3
6 Other	15.1	17.2	16.7	17.0	17.2	17.1	17.8	15.9	17.4	17.3
	Weekly reporting banks									
	1979[3] Dec.	1980 Dec.	1981 Dec.	1982 Dec.	1983 June	1983 Sept.	1983 Dec.[4]	1984 Mar.	1984 June	1984 Sept.
7 **All holders—Individuals, partnerships, and corporations**	**139.3**	**147.4**	**137.5**	**144.2**	**139.6**	**136.3**	**146.2**	**139.2**	**145.3**	**145.6**
8 Financial business	20.1	21.8	21.0	26.7	26.1	23.6	24.2	23.5	23.6	23.7
9 Nonfinancial business	74.1	78.3	75.2	74.3	72.8	72.9	79.8	76.4	79.7	79.4
10 Consumer	34.3	35.6	30.4	31.9	28.5	28.1	29.7	28.4	29.9	30.0
11 Foreign	3.0	3.1	2.8	2.9	2.8	2.8	3.1	3.2	3.2	3.2
12 Other	7.8	8.6	8.0	8.4	9.3	8.9	9.3	7.7	8.9	9.3

1. Figures include cash items in process of collection. Estimates of gross deposits are based on reports supplied by a sample of commercial banks. Types of depositors in each category are described in the June 1971 BULLETIN, p. 466.
2. Beginning with the March 1979 survey, the demand deposit ownership survey sample was reduced to 232 banks from 349 banks, and the estimation procedure was modified slightly. To aid in comparing estimates based on the old and new reporting sample, the following estimates in billions of dollars for December 1978 have been constructed using the new smaller sample; financial business, 27.0; nonfinancial business, 146.9; consumer, 98.3; foreign, 2.8; and other, 15.1.
3. After the end of 1978 the large weekly reporting bank panel was changed to 170 large commercial banks, each of which had total assets in domestic offices exceeding $750 million as of Dec. 31, 1977. Beginning in March 1979, demand deposit ownership estimates for these large banks are constructed quarterly on the basis of 97 sample banks and are not comparable with earlier data. The following estimates in billions of dollars for December 1978 have been constructed for the new large-bank panel; financial business, 18.2; nonfinancial business, 67.2; consumer, 32.8; foreign, 2.5; other, 6.8.
4. In January 1984 the weekly reporting panel was revised; it now includes 168 banks. Beginning with March 1984, estimates are constructed on the basis of 92 sample banks and are not comparable with earlier data. Estimates in billions of dollars for December 1983 based on the newly weekly reporting panel are: financial business, 24.4; nonfinancial business, 80.9; consumer, 30.1; foreign, 3.1; other, 9.5.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1979[1] Dec.	1980 Dec.	1981 Dec.	1982 Dec.[2]	1983 Dec.	1984[3] May	June	July	Aug.	Sept.	Oct.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**112,803**	**124,374**	**165,829**	**166,670**	**188,057**	**214,431**	**218,898**	**221,431**	**222,448**	**226,474**	**227,960**
Financial companies[4]											
Dealer-placed paper[5]											
2 Total	17,359	19,599	30,333	34,634	44,943	50,355	51,101	51,157	52,695	54,283	53,388
3 Bank-related (not seasonally adjusted)	2,784	3,561	6,045	2,516	2,441	1,696	1,944	1,799	2,010	1,959	2,060
Directly placed paper[6]											
4 Total	64,757	67,854	81,660	84,130	96,548	110,791	109,026	109,076	108,109	107,206	104,655
5 Bank-related (not seasonally adjusted)	17,598	22,382	26,914	32,034	35,566	46,338	43,960	45,090	43,665	41,066	38,112
6 *Nonfinancial companies*[7]	30,687	36,921	53,836	47,906	46,566	53,285	58,771	61,198	61,644	64,985	69,917
	Bankers dollar acceptances (not seasonally adjusted)[8]										
7 **Total**	**45,321**	**54,744**	**69,226**	**79,543**	**78,309**	**79,530**	**82,067**	**80,957**	**79,779**	**77,928**	n.a.
Holder											
8 Accepting banks	9,865	10,564	10,857	10,910	9,355	9,927	10,877	10,708	10,743	11,065	n.a.
9 Own bills	8,327	8,963	9,743	9,471	8,125	8,422	9,354	8,854	8,823	8,729	n.a.
10 Bills bought	1,538	1,601	1,115	1,439	1,230	1,504	1,523	1,853	1,920	2,336	n.a.
Federal Reserve Banks											
11 Own account	704	776	195	1,480	418	426	0	0	0	0	n.a.
12 Foreign correspondents	1,382	1,791	1,442	949	729	679	697	611	632	686	n.a.
13 Others	33,370	41,614	56,731	66,204	68,225	68,924	70,493	69,639	68,404	66,177	n.a.
Basis											
14 Imports into United States	10,270	11,776	14,765	17,683	15,649	16,687	17,301	17,947	17,647	17,196	n.a.
15 Exports from United States	9,640	12,712	15,400	16,328	16,880	15,938	16,421	15,485	15,871	15,985	n.a.
16 All other	25,411	30,257	39,060	45,531	45,781	46,906	48,345	47,525	46,260	44,746	n.a.

1. A change in reporting instructions results in offsetting shifts in the dealer-placed and directly placed financial company paper in October 1979.
2. Effective Dec. 1, 1982, there was a break in the commercial paper series. The key changes in the content of the data involved additions to the reporting panel, the exclusion of broker or dealer placed borrowings under any master note agreements from the reported data, and the reclassification of a large portion of bank-related paper from dealer-placed to directly placed.
3. Correction of a previous misclassification of paper by a reporter has created a break in the series beginning December 1983. The correction adds some paper to nonfinancial and to dealer-placed financial paper.
4. Institutions engaged primarily in activities such as, but not limited to, commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.
5. Includes all financial company paper sold by dealers in the open market.
6. As reported by financial companies that place their paper directly with investors.
7. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.
8. *Beginning October 1984, the number of respondents in the bankers acceptance survey will be reduced from 340 to 160 institutions—those with $50 million or more in total acceptances. The new reporting group accounts for over 95 percent of total acceptances activity.*

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

Percent per annum

Effective date	Rate	Effective Date	Rate	Month	Average rate	Month	Average rate
1981—Nov.24	16.00	1983—Jan. 11	11.00	1982—Jan.	15.75	1983—July	10.50
Dec. 1	15.75	Feb. 28	10.50	Feb.	16.56	Aug.	10.89
		Aug. 8	11.00	Mar.	16.50	Sept.	11.00
				Apr.	16.50	Oct.	11.00
1982—Feb. 2	16.50	1984—Mar. 19	11.50	May	16.50	Nov.	11.00
18	17.00	Apr. 5	12.00	June	16.50	Dec.	11.00
23	16.50	May 8	12.50	July	16.26		
July 20	16.00	June 25	13.00	Aug.	14.39	1984—Jan.	11.00
29	15.50	Sept.27	12.75	Sept.	13.50	Feb.	11.00
Aug. 2	15.00	Oct. 17	12.50	Oct.	12.52	Mar.	11.21
16	14.50	29	12.00	Nov.	11.85	Apr.	11.93
18	14.00	Nov. 9	11.75	Dec.	11.50	May	12.39
23	13.50	28	11.25			June	12.60
Oct. 7	13.00			1983—Jan.	11.16	July	13.00
Oct. 14	12.00			Feb.	10.98	Aug.	13.00
Nov.22	11.50			Mar.	10.50	Sept.	12.97
				Apr.	10.50	Oct.	12.58
				May	10.50	Nov.	11.77
				June	10.50		

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

1.34 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, August 6–10, 1984

Item	All sizes	Size of loan (in thousands of dollars)					
		1–24	25–49	50–99	100–499	500–999	1,000 and over
SHORT-TERM COMMERCIAL AND INDUSTRIAL LOANS							
1 Amount of loans (thousands of dollars)	36,985,734	951,772	646,703	956,171	2,222,353	1,002,098	31,206,636
2 Number of loans	171,018	119,869	19,238	15,095	11,083	1,501	4,233
3 Weighted-average maturity (months)	1.2	4.0	4.4	3.9	3.6	4.3	.8
4 With fixed rates	.9	3.6	4.3	3.3	1.7	2.5	.6
5 With floating rates	1.8	5.1	4.7	4.8	4.9	5.5	1.2
6 Weighted-average interest rate (percent per annum)	13.29	15.41	15.40	14.81	14.65	14.14	13.01
7 Interquartile range[1]	12.72–13.47	14.65–16.15	14.37–16.08	13.96–15.43	13.80–15.11	13.65–14.86	12.69–13.17
8 With fixed rates	13.18	15.26	15.29	14.51	14.70	13.65	12.96
9 With floating rates	13.46	15.69	15.54	15.14	14.61	14.35	13.09
Percentage of amount of loans							
10 With floating rate	40.4	34.4	45.2	48.2	60.7	70.1	37.9
11 Made under commitment	69.4	30.4	45.0	40.5	50.8	67.8	73.4
12 With no stated maturity	9.7	10.3	19.4	15.3	37.4	34.0	6.5
13 With one-day maturity	38.7	.1	.1	.1	1.0	1.0	45.7
LONG-TERM COMMERCIAL AND INDUSTRIAL LOANS		1–99					
14 Amount of loans (thousands of dollars)	3,982,434	471,238			350,926	213,024	2,947,246
15 Number of loans	26,744	24,143			1,679	322	601
16 Weighted-average maturity (months)	49.4	35.3			41.7	52.9	52.4
17 With fixed rates	41.6	29.5			45.4	60.9	46.9
18 With floating rates	51.2	41.4			40.8	51.3	53.2
19 Weighted-average interest rate (percent per annum)	13.81	16.05			14.68	14.01	13.33
20 Interquartile range[1]	12.89–14.48	14.75–16.65			13.80–15.50	13.65–14.75	12.82–13.80
21 With fixed rates	14.27	16.16			14.59	14.55	13.01
22 With floating rates	13.70	15.92			14.70	13.91	13.38
Percentage of amount of loans							
23 With floating rate	81.5	48.0			80.8	84.0	86.7
24 Made under commitment	79.5	47.7			59.0	67.3	88.0
CONSTRUCTION AND LAND DEVELOPMENT LOANS		1–24	25–49	50–99		500 and over	
25 Amount of loans (thousands of dollars)	3,049,989	221,702	188,964	141,543	1,018,190	1,479,589	
26 Number of loans	33,300	21,475	5,296	2,230	3,941	358	
27 Weighted-average maturity (months)	9.2	8.8	8.7	18.1	10.1	7.8	
28 With fixed rates	8.0	9.8	9.9	30.7	10.6	5.6	
29 With floating rates	11.1	5.8	6.7	11.1	9.8	14.9	
30 Weighted-average interest rate (percent per annum)	14.56	15.35	15.38	15.23	15.05	13.93	
31 Interquartile range[1]	13.24–15.50	14.93–16.09	14.20–15.98	15.00–15.67	13.72–15.52	12.93–14.79	
32 With fixed rates	13.96	15.12	14.89	15.52	14.05	13.58	
33 With floating rates	15.44	15.97	16.39	15.08	15.68	14.91	
Percentage of amount of loans							
34 With floating rate	40.4	27.2	32.8	66.2	61.1	26.6	
35 Secured by real estate	73.3	88.9	83.0	95.0	98.0	50.6	
36 Made under commitment	71.6	61.0	37.7	91.1	82.4	68.3	
37 With no stated maturity	4.0	61.8	83.0	79.0	6.3	5.1	
38 With one-day maturity	.2	.5	1.0	2.9	2.9	2.1	
Type of construction							
39 1- to 4-family	17.9	37.7	16.1	18.1	90.8	92.8	
40 Multifamily	2.2	2.3	18.0	5.9	2.5	3.4	
41 Nonresidential	79.9	.0	.0	.0	.0	.4	
LOANS TO FARMERS	All sizes	1–9	10–24	25–49	50–99	100–249	250 and over
42 Amount of loans (thousands of dollars)	998,347	186,662	122,404	146,481	125,457	152,701	264,643
43 Number of loans	67,803	51,876	8,086	4,675	1,793	929	445
44 Weighted-average maturity (months)	6.6	6.1	6.2	6.3	5.6	5.2	9.1
45 Weighted-average interest rate (percent per annum)	14.87	15.05	14.69	14.98	15.10	15.06	14.54
46 Interquartile range[1]	14.35–15.45	14.49–15.53	14.23–15.03	14.56–15.27	14.65–15.58	14.76–15.56	13.86–15.45
By purpose of loan							
47 Feeder livestock	14.63	14.72	14.57	14.87	14.47	14.85	14.52
48 Other livestock	15.17	15.12	14.16	15.22	(2)	(2)	(2)
49 Other current operating expenses	14.99	14.88	14.75	15.01	15.41	15.32	14.66
50 Farm machinery and equipment	14.96	15.24	14.54	14.57	(2)	(2)	(2)
51 Other	14.38	16.77	15.11	14.90	14.50	14.50	13.84

1. Interest rate range that covers the middle 50 percent of the total dollar amount of loans made.
2. Fewer than 10 sample loans.

NOTE. For more detail, see the Board's E.2 (111) statistical release.

1.35 INTEREST RATES Money and Capital Markets

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

Instrument	1981	1982	1983	1984				1984, week ending				
				July	Aug.	Sept.	Oct.	Sept. 28	Oct. 5	Oct. 12	Oct. 19	Oct. 26
MONEY MARKET RATES												
1 Federal funds[1,2]	16.38	12.26	9.09	11.23	11.64	11.30	9.99	10.73	11.20	10.01	10.22	9.45
2 Discount window borrowing[1,2,3]	13.42	11.02	8.50	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Commercial paper[4,5]												
3 1-month	15.69	11.83	8.87	11.06	11.19	11.11	10.05	10.77	10.75	10.36	10.05	9.43
4 3-month	15.32	11.89	8.88	11.19	11.18	11.04	10.12	10.75	10.72	10.45	10.13	9.54
5 6-month	14.76	11.89	8.89	11.34	11.16	10.94	10.16	10.70	10.71	10.49	10.18	9.63
Finance paper, directly placed[4,5]												
6 1-month	15.30	11.64	8.80	10.99	11.16	10.98	9.92	10.45	10.54	10.22	9.90	9.35
7 3-month	14.08	11.23	8.70	10.54	10.61	10.62	9.87	10.45	10.43	10.20	9.88	9.31
8 6-month	13.73	11.20	8.69	10.42	10.52	10.56	9.87	10.41	10.40	10.18	9.88	9.42
Bankers acceptances[5,6]												
9 3-month	15.32	11.89	8.90	11.30	11.23	11.04	10.13	10.78	10.77	10.45	10.13	9.60
10 6-month	14.66	11.83	8.91	11.44	11.13	10.91	10.14	10.71	10.69	10.46	10.15	9.64
Certificates of deposit, secondary market[7]												
11 1-month	15.91	12.04	8.96	11.28	11.32	11.20	10.18	10.90	10.85	10.48	10.21	9.50
12 3-month	15.91	12.27	9.07	11.56	11.47	11.29	10.38	11.00	11.02	10.76	10.39	9.82
13 6-month	15.77	12.57	9.27	12.08	11.71	11.47	10.63	11.22	11.24	10.99	10.63	10.05
14 Eurodollar deposits, 3-month[8]	16.79	13.12	9.56	12.02	11.81	11.67	10.77	11.40	11.44	11.15	10.73	10.16
U.S. Treasury bills[5]												
Secondary market[9]												
15 3-month	14.03	10.61	8.61	10.12	10.47	10.37	9.74	10.24	10.19	10.01	9.81	9.33
16 6-month	13.80	11.07	8.73	10.53	10.61	10.47	9.87	10.34	10.30	10.12	9.91	9.46
17 1-year	13.14	11.07	8.80	10.89	10.71	10.51	9.93	10.38	10.35	10.15	9.96	9.56
Auction average[10]												
18 3-month	14.029	10.686	8.63	10.13	10.49	10.41	9.97	10.27	10.23	10.11	9.98	9.54
19 6-month	13.776	11.084	8.75	10.58	10.65	10.51	10.05	10.39	10.35	10.21	10.08	9.57
20 1-year	13.159	11.099	8.86	10.99	10.79	10.84	10.32	....	10.32	....	....	....
CAPITAL MARKET RATES												
U.S. Treasury notes and bonds[11]												
Constant maturities[12]												
21 1-year	14.78	12.27	9.57	12.03	11.82	11.58	10.90	11.42	11.39	11.16	10.93	10.46
22 2-year	14.56	12.80	10.21	12.88	12.43	12.21	11.60	12.06	12.03	11.82	11.63	11.22
23 2-½-year[13]	....	....	....	....	....	....	....	12.10	12.15	....	....	11.70
24 3-year	14.44	12.92	10.45	13.08	12.50	12.34	11.85	12.27	12.26	12.06	11.88	11.48
25 5-year	14.24	13.01	10.80	13.28	12.69	12.53	12.06	12.46	12.46	12.26	12.10	11.69
26 7-year	14.06	13.06	11.02	13.35	12.75	12.60	12.16	12.53	12.56	12.39	12.19	11.80
27 10-year	13.91	13.00	11.10	13.36	12.72	12.52	12.16	12.46	12.51	12.33	12.19	11.85
28 20-year	13.72	12.92	11.34	13.36	12.71	12.42	12.04	12.36	12.40	12.19	12.04	11.74
29 30-year	13.44	12.76	11.18	13.21	12.54	12.29	11.98	12.26	12.31	12.16	12.00	11.68
Composite[14]												
30 Over 10 years (long-term)	12.87	12.23	10.84	12.82	12.23	11.97	11.66	11.93	11.98	11.80	11.68	11.37
State and local notes and bonds												
Moody's series[15]												
31 Aaa	10.43	10.88	8.80	10.10	9.58	9.58	9.72	9.55	9.70	9.80	9.80	9.60
32 Baa	11.76	12.48	10.17	10.61	10.30	10.40	10.51	10.40	10.60	10.65	10.50	10.30
33 *Bond Buyer* series[16]	11.33	11.66	9.51	10.42	9.99	10.10	10.25	10.15	10.34	10.36	10.24	10.05
Corporate bonds												
Seasoned issues[17]												
34 All industries	15.06	14.94	12.78	14.32	13.78	13.56	13.33	13.46	13.47	13.40	13.32	13.15
35 Aaa	14.17	13.79	12.04	13.44	12.87	12.66	12.63	12.56	12.62	12.52	12.51	12.54
36 Aa	14.75	14.41	12.42	14.12	13.47	13.27	13.11	13.19	13.23	13.21	13.20	12.95
37 A	15.29	15.43	13.10	14.57	14.13	13.94	13.61	13.84	13.83	13.78	13.63	13.38
38 Baa	16.04	16.11	13.55	15.15	14.63	14.35	13.94	14.24	14.21	14.09	13.94	13.72
39 A-rated, recently-offered utility bonds[18]	16.63	15.49	12.73	14.93	14.12	13.86	13.52	13.84	13.81	13.70	13.29	13.24
MEMO: Dividend/price ratio[19]												
40 Preferred stocks	12.36	12.53	11.02	12.13	11.77	11.65	11.62	11.57	11.66	11.76	11.56	11.57
41 Common stocks	5.20	5.81	4.40	4.93	4.62	4.54	4.62	4.53	4.67	4.68	4.62	4.54

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

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

1.36 STOCK MARKET Selected Statistics

Indicator	1981	1982	1983	1984 Feb.	Mar.	Apr.	May.	June	July	Aug.	Sept.	Oct.
	Prices and trading (averages of daily figures)											
Common stock prices												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	74.02	68.93	92.63	90.60	90.66	90.67	90.07	88.28	87.08	94.49	95.68	95.09
2 Industrial	85.44	78.18	107.45	105.44	105.92	106.56	105.94	104.04	102.29	111.20	112.18	110.44
3 Transportation	72.61	60.41	89.36	86.33	86.10	83.61	81.62	79.29	76.72	86.86	86.88	86.82
4 Utility	38.90	39.75	47.00	45.67	44.83	43.86	44.22	43.65	44.17	46.69	47.47	49.02
5 Finance	73.52	71.99	95.34	89.95	89.50	88.22	85.06	80.75	79.03	87.92	91.59	92.94
6 Standard & Poor's Corporation (1941–43 = 10)[1]	128.05	119.71	160.41	157.70	157.44	157.60	156.55	153.12	151.08	164.42	166.11	164.82
7 American Stock Exchange[2] (Aug. 31, 1973 = 100)	171.79	141.31	216.48	207.95	210.09	207.66	206.39	201.24	192.82	207.90	214.50	210.39
Volume of trading (thousands of shares)												
8 New York Stock Exchange	46,967	64,617	85,418	96,641	84,328	85,874	88,170	85,920	79,156	109,892	93,108	91,676
9 American Stock Exchange	5,346	5,283	8,215	6,431	5,382	5,863	5,935	5,071	5,141	7,477	5,967	5,587
	Customer financing (end-of-period balances, in millions of dollars)											
10 **Margin credit at broker–dealers[3]**	**14,411**	**13,325**	**23,000**	**22,557**	**22,668**	**22,830**	**22,360**	**23,450**	**22,980**	**22,810**	**22,800**	**22,330**
11 Margin stock	14,150	12,980	22,720	22,330	22,460	↑	↑	↑	↑	↑	↑	↑
12 Convertible bonds	259	344	279	226	208	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 Subscription issues	2	1	1	1	*	↓	↓	↓	↓	↓	↓	↓
Free credit balances at brokers[4]												
14 Margin-account	3,515	5,735	6,620	6,420	6,520	6,450	6,685	6,430	6,430	6,855	6,690r	6,580
15 Cash-account	7,150	8,390	8,430	8,420	8,265	7,910	8,115	8,305	8,125	8,185	8,315	8,650
	Margin-account debt at brokers (percentage distribution, end of period)											
16 **Total**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
By equity class (in percent)[5]												
17 Under 40	37.0	21.0	41.0	48.0	46.0	47.0	53.0	50.0	52.0	40.0	42.0	44.0
18 40–49	24.0	24.0	22.0	20.0	20.0	20.0	18.0	19.0	17.0	22.0	22.0	21.0
19 50–59	17.0	24.0	16.0	13.0	14.0	13.0	12.0	12.0	12.0	16.0	15.0	14.0
20 60–69	10.0	14.0	9.0	8.0	9.0	8.0	7.0	8.0	8.0	9.0	9.0	9.0
21 70–79	6.0	9.0	6.0	6.0	6.0	6.0	5.0	6.0	5.0	6.0	6.0	6.0
22 80 or more	6.0	8.0	6.0	5.0	5.0	6.0	5.0	5.0	6.0	7.0	6.0	6.0
	Special miscellaneous-account balances at brokers (end of period)											
23 **Total balances (millions of dollars)[6]**	**25,870**	**35,598**	**58,329**	**63,410**	**65,860**	**66,340**	**70,110**	**69,410**	**70,588**	**71,840**	**72,350**	**71,914**
Distribution by equity status (percent)												
24 Net credit status	58.0	62.0	63.0	59.0	61.0	60.0	60.0	56.0	57.0	58.0	58.0	59.0
Debt status, equity of												
25 60 percent or more	31.0	29.0	28.0	29.0	28.0	29.0	27.0	30.0	30.0	31.0	31.0	30.0
26 Less than 60 percent	11.0	9.0	9.0	12.0	11.0	11.0	13.0	14.0	13.0	11.0	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
27 Margin stocks	70	80	65	55	65	50
28 Convertible bonds	50	60	50	50	50	50
29 Short sales	70	80	65	55	65	50

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

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

3. Beginning July 1983, under the revised Regulation T, margin credit at broker-dealers includes credit extended against stocks, convertible bonds, stocks acquired through exercise of subscription rights, corporate bonds, and government securities. Separate reporting of data for margin stocks, convertible bonds, and subscription issues was discontinued in April 1984, and margin credit at broker-dealers became the total that is distributed by equity class and shown on lines 17–22.

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

5. Each customer's equity in his collateral (market value of collateral less net debit balance) is expressed as a percentage of current collateral values.

6. Balances that may be used by customers as the margin deposit required for additional purchases. Balances may arise as transfers based on loan values of other collateral in the customer's margin account or deposits of cash (usually sales proceeds) occur.

7. Regulations G, T, and U of the Federal Reserve Board of Governors, prescribed in accordance with the Securities Exchange Act of 1934, limit the amount of credit to purchase and carry margin stocks that may be extended on securities as collateral by prescribing a maximum loan value, which is a specified percentage of the market value of the collateral at the time the credit is extended. Margin requirements are the difference between the market value (100 percent) and the maximum loan value. The term "margin stocks" is defined in the corresponding regulation.

1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1981	1982	1983 Nov.	1983 Dec.	1984 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.p
	Savings and loan associations												
1 **Assets**	**664,167**	**707,646**	**763,365**	**771,705**	**772,723**	**780,107**	**796,095**	**806,482**	**823,737**	**838,825**	**848,890**	**858,172**	**875,698**
2 Mortgages	518,547	483,614	490,956	494,789	496,015	499,337	503,509	510,670	519,628	528,172	535,814	540,644	550,129
3 Cash and investment securities[1]	63,123	85,438	101,553	103,395	101,883	103,917	108,565	105,950	109,102	108,809	107,502	107,855	111,370
4 Other	82,497	138,594	172,259	174,878	176,158	178,203	185,387	191,249	196,421	203,284	207,043	211,160	215,705
5 **Liabilities and net worth**	**664,167**	**707,646**	**763,365**	**771,705**	**772,723**	**780,107**	**796,095**	**806,482**	**823,737**	**838,825**	**848,890**	**858,172**	**875,698**
6 Savings capital	525,061	567,961	625,013	634,076	639,694	644,588	656,252	660,262	670,259	681,532	687,396	691,279	704,127
7 Borrowed money	88,782	97,850	89,235	91,443	86,322	86,526	93,321	97,468	102,281	107,554	109,355	113,845	119,067
8 FHLBB	62,794	63,861	51,735	52,626	50,880	50,465	50,663	51,951	53,485	56,558	57,115	60,178	63,627
9 Other	25,988	33,989	37,500	38,817	35,442	36,061	42,658	45,517	48,796	50,996	52,240	53,667	56,727
10 Loans in process[2]	6,385	9,934	19,728	21,117	21,532	21,974	22,969	23,938	24,761	25,726	26,122	26,773	27,141
11 Other	15,544	15,602	19,179	15,275	15,777	17,520	14,938	16,904	19,207	16,957	19,332	19,957	17,459
12 Net worth[3]	28,395	26,233	29,938	30,911	30,930	31,473	31,584	31,848	31,990	32,782	32,807	33,091	33,758
13 MEMO: Mortgage loan commitments outstanding[4]	15,225	18,054	34,780	32,996	33,504	36,198	39,867	41,732	45,274	44,878	43,878	41,182	40,089
	Mutual savings banks[5]												
14 **Assets**	**175,728**	**174,197**	**189,149**	**193,535**	**194,217**	**195,168**	**197,178**	**198,000**	**200,087**	**198,864**	**199,128**	**200,722**	**201,445**
Loans													
15 Mortgage	99,997	94,091	95,600	97,356	97,703	97,895	98,472	99,017	99,881	99,433	100,091	101,211	101,621
16 Other	14,753	16,957	19,675	19,129	20,463	21,694	21,971	22,531	22,907	23,198	23,213	24,068	24,535
Securities													
17 U.S. government[6]	9,810	9,743	15,092	15,360	15,167	15,667	15,772	15,913	16,404	15,448	15,457	15,019	14,965
18 State and local government	2,288	2,470	2,195	2,177	2,180	2,054	2,067	2,033	2,024	2,037	2,037	2,055	2,052
19 Corporate and other[7]	37,791	36,161	42,629	43,580	43,542	43,439	43,547	43,122	43,200	42,479	42,682	42,632	42,605
20 Cash	5,442	6,919	4,983	6,263	4,788	4,580	5,040	5,008	5,031	5,452	4,896	4,981	4,795
21 Other assets	5,649	7,855	8,975	9,670	10,374	9,839	10,309	10,376	10,640	10,817	10,752	10,756	10,872
22 **Liabilities**	**175,728**	**174,197**	**189,149**	**193,535**	**194,217**	**195,168**	**197,178**	**198,000**	**200,087**	**198,864**	**199,128**	**200,722**	**201,445**
23 Deposits	155,110	155,196	169,356	172,665	173,636	174,370	176,044	175,875	176,253	174,972	174,823	176,085	177,345
24 Regular[8]	153,003	152,777	167,006	170,135	171,099	171,957	173,385	173,010	173,310	171,858	171,740	172,990	174,296
25 Ordinary savings	49,425	46,862	38,448	38,554	37,992	37,642	37,866	37,329	37,147	36,322	35,511	34,787	34,564
26 Time	103,578	96,369	93,073	95,129	96,519	96,005	97,339	96,920	97,236	97,168	98,410	101,270	102,934
27 Other	2,108	2,419	2,350	2,530	2,537	2,413	2,659	2,865	2,943	3,114	3,083	3,095	3,049
28 Other liabilities	10,632	8,336	9,185	10,154	9,917	10,019	10,390	11,211	12,861	12,999	13,269	13,604	12,979
29 General reserve accounts	9,986	9,235	10,210	10,368	10,350	10,492	10,373	10,466	10,554	10,404	10,495	10,498	10,488
30 MEMO: Mortgage loan commitments outstanding[9]	1,293	1,285	2,418	2,387	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Life insurance companies[r]												
31 **Assets**	**525,803**	**588,163**	**649,081**	**654,948**	**658,504**	**660,901**	**665,836**	**671,259**	**673,518**	**679,449**	**684,573**	**694,082**	n.a.
Securities													
32 Government	25,209	36,499	48,341	50,752	51,328	51,762	52,504	52,828	53,422	53,970	54,688	56,263	n.a.
33 United States[10]	8,167	16,529	26,293	28,636	29,179	30,130	31,056	31,358	31,706	32,066	32,654	33,886	n.a.
34 State and local	7,151	8,664	9,925	9,986	9,995	9,426	9,259	9,192	9,239	9,213	9,236	9,357	n.a.
35 Foreign[11]	9,891	11,306	12,123	12,130	12,154	12,206	12,189	12,278	12,477	12,691	12,798	13,020	n.a.
36 Business	255,769	287,126	323,714	322,854	328,075	328,235	331,631	334,634	334,151	338,508	341,802	348,614	n.a.
37 Bonds	208,099	231,406	258,757	257,986	263,207	265,798	268,446	271,296	273,212	276,902	281,113	283,673	n.a.
38 Stocks	47,670	55,720	64,957	64,868	64,868	62,437	63,185	63,338	60,939	61,606	60,689	64,941	n.a.
39 Mortgages	137,747	141,989	148,487	150,999	151,085	151,020	151,445	152,373	152,968	153,845	154,299	155,438	n.a.
40 Real estate	18,278	20,264	21,864	22,234	22,500	22,591	23,034	23,237	23,517	23,792	24,019	24,117	n.a.
41 Policy loans	48,706	52,961	53,979	54,063	54,089	54,170	54,254	54,365	54,399	54,430	54,441	54,517	n.a.
42 Other assets	40,094	48,571	52,696	54,046	51,939	53,123	52,968	53,822	55,061	54,904	55,324	55,133	n.a.
	Credit unions[12]												
43 **Total assets/liabilities and capital**	**60,611**	**69,585**	**81,203**	**81,961**	**82,496**	**83,726**	**85,789**	**86,594**	**88,350**	**90,276**	**90,145**	**90,503**	**91,651**
44 Federal	39,181	45,493	53,801	54,482	54,770	55,753	57,569	58,127	59,636	61,316	61,163	61,500	62,107
45 State	21,430	24,092	27,402	27,479	27,726	27,973	28,220	28,467	28,714	28,960	28,982	29,003	29,544
46 Loans outstanding	42,333	43,232	49,235	50,083	50,625	51,435	52,269	53,247	54,437	55,915	57,286	58,802	59,874
47 Federal	27,096	27,948	32,304	32,930	33,270	33,878	34,510	35,286	36,274	37,547	38,490	39,578	40,310
48 State	15,237	15,284	16,931	17,153	17,355	17,557	17,759	17,961	18,163	18,368	18,796	19,224	19,564
49 Savings	54,152	62,990	74,202	74,739	75,532	76,556	78,487	79,413	80,702	82,578	82,402	82,135	83,172
50 Federal (shares)	35,250	41,352	49,400	49,889	50,438	51,218	52,905	53,587	54,632	56,261	56,278	56,205	56,734
51 State (shares and deposits)	18,902	21,638	24,802	24,850	25,094	25,338	25,582	25,826	26,070	26,317	26,124	25,930	26,438

1.37 Continued

Account	1981	1982	1983		1984								
			Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.p
	FSLIC-insured federal savings banks												
52 **Assets**	......	**6,859**	**61,717**	**64,969**	**69,835**	**72,143**	**75,555**	**77,374**	**78,952**	**81,310**	**83,989**	**87,209**	**82,174**
53 Mortgages	......	3,353	37,166	38,698	41,754	43,371	44,708	45,900	46,791	48,084	49,996	52,039	48,841
54 Cash and investment securities[1]	......	......	9,653	10,436	11,243	11,662	12,552	12,762	12,814	13,071	13,184	13,331	13,393
55 Other	......	......	14,898	15,835	16,838	17,110	18,295	18,712	19,347	20,155	20,809	21,839	22,152
56 **Liabilities and net worth**	......	**6,859**	**61,717**	**64,969**	**69,835**	**72,143**	**75,555**	**77,374**	**78,952**	**81,310**	**83,989**	**87,209**	**82,174**
57 Savings and capital	......	5,877	50,384	53,227	57,195	59,107	61,433	62,495	63,026	64,364	66,227	68,443	65,079
58 Borrowed money	......	......	6,981	7,477	8,048	8,088	9,213	9,707	10,475	11,489	12,060	12,863	13,219
59 FHLBB	......	......	4,381	4,640	4,751	4,884	5,232	5,491	5,900	6,538	6,897	7,654	6,600
60 Other	......	......	2,600	2,837	3,297	3,204	3,981	4,216	4,575	4,951	5,163	5,209	5,228
61 Other	......	......	1,428	1,157	1,347	1,545	1,360	1,548	1,747	1,646	1,807	1,912	1,610
62 Net worth[3]	......	......	2,924	3,108	3,245	3,403	3,549	3,624	3,704	3,811	3,895	3,991	3,657
MEMO													
63 Loans in process[2]	......	98	1,222	1,264	1,387	1,531	1,669	1,716	1,787	1,839	1,901	1,895	1,505
64 Mortgage loan commitments outstanding[4]	......	......	2,230	2,151	2,974	2,704	3,253	3,714	3,763	3,583	3,988	3,860	2,970

1. Holdings of stock of the Federal Home Loan Banks are in "other assets."
2. Beginning in 1982, loans in process are classified as contra-assets and are not included in total liabilities and net worth. Total assets are net of loans in process.
3. Includes net undistributed income accrued by most associations.
4. Excludes figures for loans in process.
5. The National Council reports data on member mutual savings banks and on savings banks that have converted to stock institutions, and to federal savings banks.
6. Beginning April 1979, includes obligations of U.S. government agencies. Before that date, this item was included in "Corporate and other."
7. Includes securities of foreign governments and international organizations and, before April 1979, nonguaranteed issues of U.S. government agencies.
8. Excludes checking, club, and school accounts.
9. Commitments outstanding (including loans in process) of banks in New York State as reported to the Savings Banks Association of the State of New York.
10. Direct and guaranteed obligations. Excludes federal agency issues not guaranteed, which are shown in the table under "Business" securities.
11. Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.
12. As of June 1982, data include only federal or federally insured state credit unions serving natural perons.

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

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

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

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

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1982	Fiscal year 1983	Fiscal year 1984	Calendar year 1983 H1	1983 H2	1984 H1	1984 Aug.	1984 Sept.	1984 Oct.
U.S. budget									
1 Receipts[1]	617,766	600,562	666,457	306,331	306,584	341,808	55,209	68,019	52,251
2 Outlays[1]	728,375	795,917	841,800	396,477	406,849	420,700	88,707	51,234	81,037
3 Surplus, or deficit (−)	−110,609	−195,355	−175,343	−90,146	−100,265	−78,892	−33,498	16,785	−28,786
4 Trust funds	5,456	23,056	30,565	22,680	7,745	18,080	−11,045	23,861	10,055
5 Federal funds[2,3]	−116,065	−218,410	−205,908	−112,822	−108,005	−96,971	−22,453	−7,077	−38,842
Off-budget entities (surplus, or deficit (−))									
6 Federal Financing Bank outlays	−14,142	−10,404	−7,277	−5,418	−3,199	−2,813	−755	−467	154
7 Other[3,4]	−3,190	−1,953	−2,719	−528	−1,206	−838	−419	−1,507	613
U.S. budget plus off-budget, including Federal Financing Bank									
8 Surplus, or deficit (−)	−127,940	−207,711	−185,339	−96,094	−104,670	−84,884	−34,673	−14,811	−28,019
Source of financing									
9 Borrowing from the public	134,993	212,425	170,817	102,538	84,020	80,592	25,340	4,167	20,754
10 Cash and monetary assets (decrease, or increase (−))[4]	−11,911	−9,889	5,636	−9,664	−16,294	−3,127	−6,295	−18,978	7,564
11 Other[5]	4,858	5,176	8,885	3,222	4,358	7,418	3,038	−1	−299
MEMO									
12 Treasury operating balance (level, end of period)	29,164	37,057	37,057	27,997r	11,817r	13,567r	11,327	30,426	22,345
13 Federal Reserve Banks	10,975	16,557	16,557	19,442	3,661r	4,397r	4,029	8,514	3,791
14 Tax and loan accounts	18,189	20,500	20,500	8,764r	8,157r	9,170r	7,298	21,913	18,553

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

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

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1983	Fiscal year 1984	Calendar year						
			1982	1983		1984	1984		
			H2	H1	H2	H1	Aug.	Sept.	Oct.
RECEIPTS									
1 **All sources**	**600,563**	**666,457**	**286,337**	**306,331**	**305,122**	**341,808**	**55,209**	**68,019**	**52,250**
2 Individual income taxes, net	288,938	295,955	145,676	144,551	147,663	144,691	25,820	31,541	25,624
3 Withheld	266,010	279,345	131,567	135,531	133,768	140,657	25,072	21,852	24,721
4 Presidential Election Campaign Fund	36	35	5	30	6	29	1	1	0
5 Nonwithheld	83,586	81,346	20,041	63,014	20,703	61,463	2,396	11,716	1,463
6 Refunds	60,692	64,771	5,938	54,024	6,815	57,458	1,649	2,027	559
Corporation income taxes									
7 Gross receipts	61,780	74,179	25,660	33,522	31,064	40,328	1,936	12,332	3,307
8 Refunds	24,758	17,286	11,467	13,809	8,921	10,045	1,136	441	2,371
9 Social insurance taxes and contributions, net	209,001	241,902	94,277	110,520	100,832	131,372	21,932	18,639	19,107
10 Payroll employment taxes and contributions[1]	179,010	203,476	85,064	90,912	88,388	106,436	17,547	16,781	17,273
11 Self-employment taxes and contributions[2]	6,756	8,709	177	6,427	398	7,667	−269	1,209	146
12 Unemployment insurance	18,799	25,138	6,856	10,984	8,714	14,942	4,252	295	1,323
13 Other net receipts[3]	4,436	4,580	2,180	2,197	2,290	2,329	401	354	365
14 Excise taxes	35,300	37,361	16,555	16,904	19,586	18,304	3,221	3,120	3,264
15 Customs deposits	8,655	11,370	4,299	4,010	5,079	5,576	1,241	939	1,150
16 Estate and gift taxes	6,053	6,010	3,444	2,883	3,050	3,102	558	449	582
17 Miscellaneous receipts[4]	15,594	16,965	7,890	7,751	7,811	8,481	1,637	1,440	1,586
OUTLAYS									
18 **All types**	**795,917**	**841,800**	**390,847**	**396,477**	**406,849**	**420,700**	**88,707**	**51,234**	**81,037**
19 National defense	210,461	227,405	100,419	105,072	108,967	114,639	20,059	18,942	20,643
20 International affairs	8,927	13,313	4,406	4,705	6,117	5,426	1,020	1,698	1,995
21 General science, space, and technology	7,777	8,271	3,903	3,486	4,216	3,981	762	646	961
22 Energy	4,035	2,464	2,058	2,073	1,533	1,080	213	−266	562
23 Natural resources and environment	12,676	12,677	6,941	5,892	6,933	5,463	1,247	1,293	1,390
24 Agriculture	22,173	12,215	13,259	10,154	5,278	7,129	507	145	2,344
25 Commerce and housing credit	4,721	5,198	2,244	2,164	2,648	2,572	−161	103	1,390
26 Transportation	21,231	24,705	10,686	9,918	13,323	10,616	2,272	2,331	2,411
27 Community and regional development	7,302	7,803	4,187	3,124	4,327	3,154	698	850	1,106
28 Education, training, employment, social services	25,726	26,616	12,186	12,801	13,246	13,445	2,710	1,839	2,369
29 Health	28,655	30,435	39,072	41,206	42,150	15,748	2,736	2,337	2,891
30 Social security and medicare	223,311	235,764	133,779	143,001			34,145	4,084	21,457
31 Income security	106,211	96,714			135,579	65,212	8,271	7,615	10,493
32 Veterans benefits and services	24,845	25,640	13,240	11,334	13,621	12,849	3,287	936	2,108
33 Administration of justice	5,014	5,616	2,373	2,522	2,628	2,807	553	396	376
34 General government	4,991	4,836	2,323	2,434	2,479	2,462	546	468	536
35 General-purpose fiscal assistance	6,287	6,577	3,153	3,124	3,290	2,943	91	236	1,735
36 Net interest[6]	89,774	111,007	44,948	42,358	47,674	53,729	11,106	9,742	9,497
37 Undistributed offsetting receipts[7]	−21,424	−15,454	−8,332	−8,887	−7,262	−7,333	−1,356	−2,160	−3,226

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

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

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1982		1983				1984		
	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30
1 **Federal debt outstanding**	**1,147.0**	**1,201.9**	**1,249.3**	**1,324.3**	**1,381.9**	**1,415.3**	**1,468.3**	**1,517.2**	**n.a.**
2 Public debt securities	1,142.0	1,197.1	1,244.5	1,319.6	1,377.2	1,410.7	1,463.7	1,512.7	1,572.3
3 Held by public	925.6	987.7	1,043.3	1,090.3	1,138.2	1,174.4	1,223.9	1,255.1	
4 Held by agencies	216.4	209.4	201.2	229.3	239.0	236.3	239.8	257.6	
5 Agency securities	5.0	4.8	4.8	4.7	4.7	4.6	4.6	4.5	n.a.
6 Held by public	3.7	3.7	3.7	3.6	3.6	3.5	3.5	3.4	
7 Held by agencies	1.2	1.2	1.1	1.1	1.1	1.1	1.1	1.1	
8 **Debt subject to statutory limit**	**1,142.9**	**1,197.9**	**1,245.3**	**1,320.4**	**1,378.0**	**1,411.4**	**1,464.5**	**1,513.4**	**1,573.0**
9 Public debt securities	1,141.4	1,196.5	1,243.9	1,319.0	1,376.6	1,410.1	1,463.1	1,512.1	1,571.7
10 Other debt[1]	1.5	1.4	1.4	1.4	1.3	1.3	1.3	1.3	1.3
11 MEMO: Statutory debt limit	1,143.1	1,290.2	1,290.2	1,389.0	1,389.0	1,490.0	1,490.0	1,520.0	1,573.0

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

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

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

Billions of dollars, end of period

Type and holder	1979	1980	1981	1982	1983	1984		
					Q4	Q1	Q2	Q3
1 **Total gross public debt**	**845.1**	**930.2**	**1,028.7**	**1,197.1**	**1,410.7**	**1,463.7**	**1,512.7**	**1,572.3**
By type								
2 Interest-bearing debt	844.0	928.9	1,027.3	1,195.5	1,400.9	1,452.1	1,501.1	1,559.6
3 Marketable	530.7	623.2	720.3	881.5	1,050.9	1,097.7	1,126.6	1,176.6
4 Bills	172.6	216.1	245.0	311.8	343.8	350.2	343.3	356.8
5 Notes	283.4	321.6	375.3	465.0	573.4	604.9	632.1	661.7
6 Bonds	74.7	85.4	99.9	104.6	133.7	142.6	151.2	158.1
7 Nonmarketable[1]	313.2	305.7	307.0	314.0	350.0	354.4	374.5	383.0
8 State and local government series	24.6	23.8	23.0	25.7	36.7	38.1	39.9	41.4
9 Foreign issues[2]	28.8	24.0	19.0	14.7	10.4	9.9	8.8	8.8
10 Government	23.6	17.6	14.9	13.0	10.4	9.9	8.8	8.8
11 Public	5.3	6.4	4.1	1.7	.0	.0	.0	.0
12 Savings bonds and notes	79.9	72.5	68.1	68.0	70.7	71.6	72.3	73.1
13 Government account series[3]	177.5	185.1	196.7	205.4	231.9	234.6	253.2	259.5
14 Non-interest-bearing debt	1.2	1.3	1.4	1.6	9.8	11.6	11.6	12.7
By holder[4]								
15 U.S. government agencies and trust funds	187.1	192.5	203.3	209.4	236.3	239.8	257.6	
16 Federal Reserve Banks	117.5	121.3	131.0	139.3	151.9	150.8	152.9	
17 Private investors	540.5	616.4	694.5	848.4	1,022.6	1,073.0	1,093.7	
18 Commercial banks	88.1	112.1	111.4	131.4	188.8	189.8	183.8	
19 Money market funds	5.6	3.5	21.5	42.6	22.8	19.4	14.9	
20 Insurance companies	21.4	24.0	29.0	39.1	48.9	n.a.	n.a.	n.a.
21 Other companies	17.0	19.3	17.9	24.5	39.7	45.4	47.9	
22 State and local governments	69.9	84.4	85.6	113.4	n.a.	n.a.	n.a.	
Individuals								
23 Savings bonds	79.9	72.5	68.1	68.3	71.5	72.2	72.9	
24 Other securities	38.1	44.6	42.7	48.2	61.9	64.7	69.3	
25 Foreign and international[5]	119.0	129.7	136.6	149.5	168.9	166.3	170.9	160.1
26 Other miscellaneous investors[6]	99.6	126.3	167.8	231.4	n.a.	n.a.	n.a.	n.a.

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

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

1.42 U.S. GOVERNMENT SECURITIES DEALERS Transactions

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

Item	1981	1982	1983	1984			1984 week ending Wednesday					
				Aug.[r]	Sept.[r]	Oct.	Sept. 26[r]	Oct. 3	Oct. 10	Oct. 17	Oct. 24	Oct. 31
Immediate delivery[1]												
1 U.S. government securities	24,728	32,271	42,135	44,640	50,336	60,830	51,008	46,672	48,470	58,456	83,222	44,662
By maturity												
2 Bills	14,768	18,398	22,393	21,423	25,701	29,673	24,565	24,712	24,093	31,139	36,241	21,745
3 Other within 1 year	621	810	708	942	1,051	1,721	1,142	1,018	1,298	1,356	2,120	1,402
4 1–5 years	4,360	6,272	8,758	9,470	10,459	13,941	12,749	9,464	10,023	11,216	21,501	11,707
5 5–10 years	2,451	3,557	5,279	6,776	7,977	9,392	7,179	6,522	8,328	9,672	13,543	5,804
6 Over 10 years	2,528	3,234	4,997	6,029	5,148	6,102	5,374	4,956	4,729	5,074	9,817	4,004
By type of customer												
7 U.S. government securities dealers	1,640	1,769	2,257	2,669	2,654	3,662	2,397	3,009	3,363	3,474	4,949	2,458
8 U.S. government securities brokers	11,750	15,659	21,045	21,505	24,447	28,670	24,791	22,315	22,112	27,296	39,209	21,455
9 All others[2]	11,337	15,344	18,833	20,467	23,235	28,498	23,820	21,348	22,995	27,686	39,064	20,749
10 Federal agency securities	3,306	4,142	5,576	7,044	8,967	9,147	8,128	7,208	8,610	10.897	9,968	5,106
11 Certificates of deposit	4,477	5,001	4,334	3,006	4,456	4,934	5,076	3,833	4,668	5,029	5,526	3,897
12 Bankers acceptances	1,807	2,502	2,642	2,533	3,792	4,135	3,829	3,577	4,094	4,754	4,200	2,947
13 *Commercial paper*	6,128	7,595	8,036	10,528	11,663	10,485	10,853	11,185	11,246	9,692	10,131	7,214
Futures transactions[3]												
14 Treasury bills	3,523	5,031	6,655	5,523	5,097	4,909	5,752	3,974	3,215	4,822	5,961	3,955
15 Treasury coupons	1,330	1,490	2,501	4,386	5,134	5,086	4,083	4,073	3,939	4,713	8,126	3,139
16 Federal agency securities	234	259	265	284	254	136	243	123	108	97	161	141
Forward transactions[4]												
17 U.S. government securities	365	835	1,493	1,447	1,074	1,243	1,339	372	727	1,617	2,386	340
18 Federal agency securities	1,370	982	1,646	3,175	2,454	2,626	1,899	2,242	3,101	3,190	2,010	1,565

1. Before 1981, data for immediate transactions include forward transactions.
2. Includes, among others, all other dealers and brokers in commodities and securities, nondealer departments of commercial banks, foreign banking agencies, and the Federal Reserve System.
3. Futures contracts are standardized agreements arranged on an organized exchange in which parties commit to purchase or sell securities for delivery at a future date.
4. Forward transactions are agreements arranged in the over-the-counter market in which securities are purchased (sold) for delivery after 5 business days from the date of the transaction for government securities (Treasury bills, notes, and bonds) or after 30 days for mortgage-backed agency issues.

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

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

1.43 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing

Averages of daily figures, in millions of dollars

Item	1981	1982	1983	1984 Aug.[r]	1984 Sept.	1984 Oct.	1984 week ending Wednesday Sept. 5	Sept. 12	Sept. 19	Sept. 26	Oct. 3
						Positions					
Net immediate[1]											
1 U.S. government securities	9,033	9,328	6,263	3,372	11,332	14,580	8,365	10,092	10,539	13,281	13,859
2 Bills	6,485	4,837	4,282	4,555	10,316	11,673	8,322	9,780	11,025	10,052	12,953
3 Other within 1 year	−1,526	−199	−177	−89	310	116	173	490	481	80	−36
4 1–5 years	1,488	2,932	1,709	2,471	4,012	5,570	2,622	2,732	2,725	6,956	4,295
5 5–10 years	292	−341	−78	−1,167	−1,031	−1,554	−247	−333	−1,178	−1,764	−1,776
6 Over 10 years	2,294	2,001	528	−2,490	−2,355	−1,348	−2,584	−2,662	−2,592	−2,122	−1,666
7 Federal agency securities	2,277	3,712	7,172	16,098	14,063	13,169	16,627	16,037	14,014	12,247	11,693
8 Certificates of deposit	3,435	5,531	5,839	6,708	7,894	7,620	7,058	7,390	8,343	8,195	7,922
9 Bankers acceptances	1,746	2,832	3,332	4,691	5,274	3,980	5,342	5,487	5,521	4,897	4,782
10 Commercial paper	2,658	3,317	3,159	4,158	4,531	4,683	4,285	4,468	4,872	4,352	4,493
Futures positions											
11 Treasury bills	−8,934	−2,508	−4,125	−7,176	−9,478	−9,445	−8,605	−9,796	−9,553	−9,631	−8,404
12 Treasury coupons	−2,733	−2,361	−1,032	2,802	2,667	2,500	2,942	2,801	2,679	2,741	2,035
13 Federal agency securities	522	−224	170	610	267	−248	407	340	352	159	13
Forward positions											
14 U.S. government securities	−603	−788	−1,935	−675	−927	−855	−674	−1,203	−714	−925	−759
15 Federal agency securities	−451	−1,190	−3,561	−9,682	−8,599	−8,568	−9,741	−9,672	−8,396	−7,769	−8,166
						Financing[2]					
Reverse repurchase agreements[3]											
16 Overnight and continuing	14,568	26,754	29,099	41,845	42,461	48,558	43,949	41,037	42,976	42,250	43,028
17 Term agreements	32,048	48,247	52,493	71,733	70,864	72,907	70,233	69,986	71,025	72,128	70,447
Repurchase agreements[4]											
18 Overnight and continuing	35,919	49,695	57,946	74,018	81,941	236,944	80,303	82,071	83,544	82,185	79,460
19 Term agreements	29,449	43,410	44,410	53,545	53,799	61,396	50,054	53,281	53,654	55,757	56,182

1. Immediate positions are net amounts (in terms of par values) of securities owned by nonbank dealer firms and dealer departments of commercial banks on a commitment, that is, trade-date basis, including any such securities that have been sold under agreements to repurchase (RPs). The maturities of some repurchase agreements are sufficiently long, however, to suggest that the securities involved are not available for trading purposes. Prior to 1984, securities owned, and hence dealer positions, do not include all securities acquired under reverse RPs. After January 1984, immediate positions include reverses to maturity, which are securities that were sold after having been obtained under reverse repurchase agreements that mature on the same day as the securities. Before 1981, data for immediate positions include forward positions.

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

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

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

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

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1981	1982	1983	1984					
				Apr.	May	June	July	Aug.	Sept.
1 **Federal and federally sponsored agencies**	**221,946**	**237,085**	**239,716**	**247,148**	**252,044**	**255,376**	**258,957**	**251,918**	**267,399**
2 Federal agencies	31,806	33,055	33,940	34,273	34,231	34,473	34,560	34,497	34,754
3 Defense Department[1]	484	354	243	197	188	181	172	162	162
4 Export-Import Bank[2,3]	13,339	14,218	14,853	15,344	15,344	15,604	15,611	15,606	15,733
5 Federal Housing Administration[4]	413	288	194	162	156	155	154	146	146
6 Government National Mortgage Association participation certificates[5]	2,715	2,165	2,165	2,165	2,165	2,165	2,165	2,165	2,165
7 Postal Service[6]	1,538	1,471	1,404	1,404	1,337	1,337	1,337	1,337	1,337
8 Tennessee Valley Authority	13,115	14,365	14,970	14,890	14,930	14,980	15,070	15,030	15,160
9 United States Railway Association[6]	202	194	111	111	111	51	51	51	51
10 Federally sponsored agencies[7]	190,140	204,030	205,776	212,872	217,813	220,903	224,397	217,421	232,645
11 Federal Home Loan Banks	54,131	55,967	48,930	49,786	52,281	54,799	57,965	62,116	65,616
12 Federal Home Loan Mortgage Corporation	5,480	4,524	6,793	8,134	9,131	8,988	7,822	9,068	8,950
13 Federal National Mortgage Association[8]	58,749	70,052	74,594	78,073	79,267	79,871	80,706	79,921	80,123
14 Farm Credit Banks	71,359	71,896	72,409	73,130	73,138	73,061	73,297	61,628	73,131
15 Student Loan Marketing Association	421	1,591	3,050	3,749	3,996	4,184	4,607	4,688	4,825
MEMO									
16 **Federal Financing Bank debt[9]**	**110,698**	**126,424**	**135,791**	**138,769**	**139,936**	**141,734**	**143,322**	**144,063**	**144,836**
Lending to federal and federally sponsored agencies									
17 Export-Import Bank[3]	12,741	14,177	14,789	15,296	15,296	15,556	15,563	15,563	15,690
18 Postal Service[6]	1,288	1,221	1,154	1,154	1,087	1,087	1,087	1,087	1,087
19 Student Loan Marketing Association	5,400	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
20 Tennessee Valley Authority	11,390	12,640	13,245	13,165	13,205	13,255	13,345	13,305	13,435
21 United States Railway Association[6]	202	194	111	111	111	51	51	51	51
Other Lending[10]									
22 Farmers Home Administration	48,821	53,261	55,266	55,691	56,476	57,701	58,856	59,196	59,511
23 Rural Electrification Administration	13,516	17,157	19,766	20,413	20,456	20,611	20,671	20,742	20,587
24 Other	12,740	22,774	26,460	27,939	28,305	28,473	28,749	29,119	29,475

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

1.45 NEW SECURITY ISSUES State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1981	1982	1983	1984 Feb.r	Mar.r	Apr.r	Mayr	Juner	Julyr	Aug.r	Sept.
1 **All issues, new and refunding**[1]	**47,732**	**79,138**	**86,421**	**4,599**	**5,547**	**5,617**	**7,075**	**6,657**	**7,323**	**9,803**	**7,248**
Type of issue											
2 General obligation	12,394	21,094	21,566	1,846	2,500	2,291	2,373	1,885	1,940	1,864	1,627
3 U.S. government loans[2]	34	225	96	2	2	3	3	3	3	5	9
4 Revenue	35,338	58,044	64,855	2,753	3,047	3,326	4,702	4,772	5,383	7,939	5,621
5 U.S. government loans[2]	55	461	253	2	4	8	13	15	18	21	23
Type of issuer											
6 State	5,288	8,438	7,140	935	584	886	497	447	457	691	589
7 Special district and statutory authority	27,499	45,060	51,297	2,138	3,069	2,866	3,767	3,996	5,002	6,913	4,772
8 Municipalities, counties, townships, school districts	14,945	25,640	27,984	1,526	1,894	1,865	2,811	2,214	1,864	2,199	1,887
9 **Issues for new capital, total**	**46,530**	**74,804**	**72,441**	**4,012**	**4,740**	**4,485**	**5,972**	**6,067**	**6,433**	**8,830**	**7,134**
Use of proceeds											
10 Education	4,547	6,482	8,099	352	592	475	905	764	493	601	397
11 Transportation	3,447	6,256	4,387	335	56	517	403	658	100	402	576
12 Utilities and conservation	10,037	14,259	13,588	752	1,279	681	1,428	1,172	382	992	2,023
13 Social welfare	12,729	26,635	26,910	1,134	1,100	1,203	1,385	2,120	3,719	4,294	2,802
14 Industrial aid	7,651	8,349	7,821	287	132	358	374	354	859	907	561
15 Other purposes	8,119	12,822	11,637	1,152	1,581	1,251	1,477	999	880	1,634	775

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	1981	1982	1983r	1984 Feb.r	Mar.r	Apr.r	Mayr	Juner	Julyr	Aug.r	Sept.
1 **All issues**[1,2]	**70,441**	**84,638**	**98,857**	**7,654**	**5,442**	**6,069**	**4,051**	**7,268**	**7,600**	**10,891**	**7,729**
2 **Bonds**	**45,092**	**54,076**	**47,278**	**5,275**	**3,346**	**4,284**	**2,242**	**5,047**	**6,268**	**8,837**	**6,196**
Type of offering											
3 Public	38,103	44,278	47,278	5,275	3,346	4,284	2,242	5,047	6,268	8,837	6,196
4 Private placement	6,989	9,798	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Industry group											
5 Manufacturing	12,325	12,822	7,842	452	68	691	383	1,440	950	2,484	1,594
6 Commercial and miscellaneous	5,229	5,442	5,166	626	258	1,096	221	531	865	776	576
7 Transportation	2,052	1,491	1,039	75	180	69	0	225	40	183	200
8 Public utility	8,963	12,327	7,241	385	521	495	100	475	650	765	758
9 Communication	4,280	2,390	3,159	0	200	0	0	0	31	0	0
10 Real estate and financial	12,243	19,604	22,829	3,736	2,119	1,932	1,538	2,376	3,731	4,628	3,067
11 **Stocks**[3]	**25,349**	**30,562**	**51,579**	**2,379**	**2,096**	**1,785**	**1,809**	**2,221**	**1,332**	**2,054**	**1,533**
Type											
12 Preferred	1,797	5,113	7,213	425	227	339	579	244	209	334	155
13 Common	23,552	25,449	44,366	1,954	1,869	1,446	1,230	1,977	1,123	1,720	1,378
Industry group											
14 Manufacturing	5,074	5,649	14,135	299	387	165	442	584	204	258	212
15 Commercial and miscellaneous	7,557	7,770	13,112	616	486	732	718	316	382	558	378
16 Transportation	779	709	2,729	15	105	62	84	1	28	0	87
17 Public utility	5,577	7,517	5,001	45	134	188	116	282	136	44	92
18 Communication	1,778	2,227	1,822	20	18	94	16	11	0	123	9
19 Real estate and financial	4,584	6,690	14,780	1,384	966	544	433	1,027	582	1,071	755

1. Figures, which represent gross proceeds of issues maturing in more than one year, sold for cash in the United States, are principal amount or number of units multiplied by offering price. Excludes offerings of less than $100,000, secondary offerings, undefined or exempted issues as defined in the Securities Act of 1933, employee stock plans, investment companies other than closed-end, intracorporate transactions, and sales to foreigners.
2. Data for 1983 include only public offerings.
3. Beginning in August 1981, gross stock offerings include new equity volume from swaps of debt for equity.

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

1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1982	1983	1984							
			Feb.	Mar.	Apr.	May	June	July	Aug.r	Sept.
INVESTMENT COMPANIES[1]										
1 Sales of own shares[2]	45,675	84,793	8,233	8,857	9,549	8,657	8,397	7,550	9,018	7,092
2 Redemptions of own shares[3]	30,078	57,120	5,162	5,339	7,451	5,993	6,156	5,777	6,497	6,185
3 Net sales	15,597	27,673	3,071	3,518	2,098	2,664	2,241	1,773	2,521	907
4 Assets[4]	76,841	113,599	111,068	114,537	116,812	111,071	115,034	115,481	128,209	128,562
5 Cash position[5]	6,040	8,343	9,140	10,406	10,941	10,847	11,907	11,620	12,698	12,098
6 Other	70,801	105,256	101,928	104,131	105,871	100,224	103,127	103,861	115,511	116,464

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

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

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

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

Account	1981	1982	1983	1982	1983				1984		
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1 Corporate profits with inventory valuation and capital consumption adjustment	189.9	159.1	225.2	151.6	179.1	216.7	245.0	260.0	277.4	291.1	281.5
2 Profits before tax	221.1	165.5	203.2	155.8	161.7	198.2	227.4	225.5	243.3	246.0	223.7
3 Profits tax liability	81.1	60.7	75.8	55.0	59.1	74.8	84.7	84.5	92.7	95.8	84.4
4 Profits after tax	140.0	104.8	127.4	100.8	102.6	123.4	142.6	141.1	150.6	150.2	139.3
5 Dividends	66.5	69.2	72.9	70.2	71.1	71.7	73.3	75.4	77.7	79.9	81.3
6 Undistributed profits	73.5	35.6	54.5	30.6	31.4	51.7	69.3	65.6	72.9	70.2	58.0
7 Inventory valuation	−23.6	−9.5	−11.2	−12.6	−4.3	−12.1	−19.3	−9.2	−13.5	−7.3	−.4
8 Capital consumption adjustment	−7.6	3.1	33.2	8.4	21.7	30.6	36.9	43.6	47.6	52.3	58.2

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

1.49 NONFINANCIAL CORPORATIONS Assets and Liabilities

Billions of dollars, except for ratio

Account	1978	1979	1980	1981	1982	1983			1984	
						Q2	Q3	Q4	Q1	Q2
1 **Current assets**	**1,043.7**	**1,214.8**	**1,327.0**	**1,418.4**	**1,432.7**	**1,468.0**	**1,522.8**	**1,557.3**	**1,600.6**	**1,630.8**
2 Cash	105.5	118.0	126.9	135.5	147.0	147.9	150.5	165.8	159.3	155.5
3 U.S. government securities	17.2	16.7	18.7	17.6	22.8	28.2	27.0	30.6	35.1	36.8
4 Notes and accounts receivable	388.0	459.0	506.8	532.0	519.2	539.3	565.0	577.8	596.9	612.6
5 Inventories	431.8	505.1	542.8	583.7	578.6	576.2	597.3	599.3	623.1	633.3
6 Other	101.1	116.0	131.8	149.5	165.2	176.4	183.0	183.7	186.3	192.5
7 **Current liabilities**	**669.5**	**807.3**	**889.3**	**970.0**	**976.8**	**990.2**	**1,026.6**	**1,043.0**	**1,079.0**	**1,111.5**
8 Notes and accounts payable	383.0	460.8	513.6	546.3	543.0	536.6	559.4	577.9	584.1	606.0
9 Other	286.5	346.5	375.7	423.7	433.8	453.6	467.2	465.2	495.0	505.5
10 **Net working capital**	**374.3**	**407.5**	**437.8**	**448.4**	**455.9**	**477.8**	**496.3**	**514.3**	**521.6**	**519.3**
11 MEMO: Current ratio[1]	1.559	1.505	1.492	1.462	1.467	1.483	1.483	1.493	1.483	1.467

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

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

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

SOURCE. Federal Trade Commission and Bureau of the Census.

1.50 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment ▲

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

Industry[1]	1982	1983	1984[1]	1983				1984			
				Q2	Q1	Q3	Q4	Q1	Q2	Q3[1]	Q4[1]
1 **Total nonfarm business**	**282.71**	**269.22**	**307.60**	**261.71**	**261.16**	**270.05**	**283.96**	**293.15**	**302.70**	**316.22**	**318.33**
Manufacturing											
2 Durable goods industries	56.44	51.78	62.73	50.74	48.48	53.06	54.85	58.94	60.20	64.82	66.98
3 Nondurable goods industries	63.23	59.75	67.66	59.12	60.31	58.06	61.50	63.84	67.46	69.64	69.69
Nonmanufacturing											
4 Mining	15.45	11.83	13.11	12.03	10.91	11.93	12.43	13.95	12.13	13.24	13.14
Transportation											
5 Railroad	4.38	3.92	5.19	3.35	3.64	4.07	4.63	4.41	5.64	5.31	5.41
6 Air	3.93	3.77	2.91	4.09	4.10	3.57	3.32	2.77	2.98	3.19	2.70
7 Other	3.64	3.50	4.36	3.60	3.14	3.36	3.91	4.28	4.33	4.36	4.47
Public utilities											
8 Electric	33.40	34.99	34.78	33.97	34.86	35.84	35.31	35.74	35.30	34.20	33.88
9 Gas and other	8.55	7.00	9.55	7.64	6.62	6.38	7.37	7.87	9.30	9.86	11.15
10 Commercial and other[2]	93.68	92.67	107.30	87.17	89.10	93.79	100.62	101.35	105.35	111.60	110.92

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

1. Anticipated by business.

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

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

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1978	1979	1980	1981	1982	1983		1984		
						Q3	Q4	Q1	Q2	Q3
ASSETS										
Accounts receivable, gross										
1 Consumer	52.6	65.7	73.6	85.5	89.5	92.3	92.8	96.9	99.6	103.4
2 Business	63.3	70.3	72.3	80.6	81.0	86.8	95.2	101.1	104.2	103.2
3 Total	116.0	136.0	145.9	166.1	170.4	179.0	188.0	198.0	203.8	206.6
4 LESS: Reserves for unearned income and losses	15.6	20.0	23.3	28.9	30.5	30.1	30.6	31.9	33.4	34.7
5 Accounts receivable, net	100.4	116.0	122.6	137.2	139.8	148.9	157.4	166.1	170.4	171.9
6 Cash and bank deposits	3.5									
7 Securities	1.3	24.9[1]	27.5	34.2	39.7	45.0	45.3	47.1	48.1	49.1
8 All other	17.3									
9 **Total assets**	**122.4**	**140.9**	**150.1**	**171.4**	**179.5**	**193.9**	**202.7**	**213.2**	**218.5**	**220.9**
LIABILITIES										
10 Bank loans	6.5	8.5	13.2	15.4	18.6	17.0	19.1	14.7	15.3	16.0
11 Commercial paper	34.5	43.3	43.4	51.2	45.8	49.7	53.6	58.4	62.0	60.1
Debt										
12 Short-term, n.e.c.	8.1	8.2	7.5	9.6	8.7	8.7	11.3	12.2	15.0	15.1
13 Long-term, n.e.c.	43.6	46.7	52.4	54.8	63.5	66.2	65.4	68.7	67.6	71.2
14 Other	12.6	14.2	14.3	17.8	18.7	24.4	27.1	29.8	29.0	29.2
15 Capital, surplus, and undivided profits	17.2	19.9	19.4	22.8	24.2	27.9	26.2	29.4	29.6	29.2
16 **Total liabilities and capital**	**122.4**	**140.9**	**150.1**	**171.4**	**179.5**	**193.9**	**202.7**	**213.2**	**218.5**	**220.9**

1. Beginning Q1 1979, asset items on lines 6, 7, and 8 are combined.

NOTE. Components may not add to totals due to rounding.

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

1.52 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding Sept. 30, 1984[1]	Changes in accounts receivable			Extensions			Repayments		
		1984			1984			1984		
		July	Aug.	Sept.	July	Aug.	Sept.	July	Aug.	Sept.
1 **Total**	**103,210**	**544**	**3,032**	**−203**	**25,961**	**30,274**	**22,676**	**25,417**	**27,242**	**22,879**
2 Retail automotive (commercial vehicles)	26,038	452	489	21	2,108	2,232	1,840	1,656	1,743	1,819
3 Wholesale automotive	13,525	−287	2,533	−1,429	8,042	10,803	6,050	8,329	8,270	7,479
4 Retail paper on business, industrial, and farm equipment	30,926	−34	7	554	1,143	1,589	1,493	1,177	1,582	939
5 Loans on commercial accounts receivable and factored commercial accounts receivable	11,133	197	107	124	12,036	13,168	10,815	11,839	13,061	10,691
6 All other business credit	21,588	216	−104	527	2,632	2,482	2,478	2,416	2,586	1,951

1. Not seasonally adjusted.

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

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1981	1982	1983	1984 Apr.	May	June	July	Aug.	Sept.	Oct.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Conventional mortgages on new homes										
Terms[1]										
1 Purchase price (thousands of dollars)	90.4	94.6	92.8	92.4	93.9	93.4	98.3	94.3	97.4r	98.6
2 Amount of loan (thousands of dollars)	65.3	69.8	69.6	71.1	72.8	72.5	74.6	71.8	72.5r	74.1
3 Loan/price ratio (percent)	74.8	76.6	77.1	79.2	79.8	79.9	78.4	78.1	77.3r	78.1
4 Maturity (years)	27.7	27.6	26.7	28.0	27.6	28.1	28.2	28.0	27.6	27.5
5 Fees and charges (percent of loan amount)[2]	2.67	2.95	2.40	2.63	2.63	2.58	3.07	2.82	2.63r	2.55
6 Contract rate (percent per annum)	14.16	14.47	12.20	11.55	11.68	11.61	11.91	11.89	12.03	12.29
Yield (percent per annum)										
7 FHLBB series[3]	14.74	15.12	12.66	12.04	12.18	12.10	12.50	12.43	12.53r	12.77
8 HUD series[4]	16.52	15.79	13.43	13.77	14.38	14.65	14.53	14.24	13.98	13.59
SECONDARY MARKETS										
Yield (percent per annum)										
9 FHA mortgages (HUD series)[5]	16.31	15.31	13.11	13.80	15.01	14.91	14.58	14.21	13.99	13.43
10 GNMA securities[6]	15.29	14.68	12.25r	13.03r	13.67	14.14	13.88r	13.56r	13.36r	13.09
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	58,675	66,031	74,847	81,956	82,697	83,243	83,858	84,193	84,851	85,539
12 FHA/VA-insured	39,341	39,718	37,393	35,438	35,309	35,153	35,049	34,938	34,844	34,791
13 Conventional	19,334	26,312	37,454	46,518	47,388	48,090	48,809	49,255	50,006	50,749
Mortgage transactions (during period)										
14 Purchases	6,112	15,116	17,554	1,775	1,379	1,209	1,226	820	1,145	1,087
15 Sales	2	2	3,528	235	0	0	0	0	0	0
Mortgage commitments[7]										
16 Contracted (during period)	9,331	22,105	18,607	1,561	1,233	1,995	1,976	1,227	1,142	1,638
17 Outstanding (end of period)	3,717	7,606	5,461	5,135	4,981	5,640	6,281	6,332	6,235	6,656
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
18 Total	5,231	5,131	5,996	9,143	9,224	9,478	9,154	9,331		
19 FHA/VA	1,065	1,027	974	924	918	912	906	901		
20 Conventional	4,166	4,102	5,022	8,219	8,306	8,566	8,248	8,431		
Mortgage transactions (during period)										
21 Purchases	3,800	23,673	23,089	983	987	2,204	1,288	1,821	n.a.	n.a.
22 Sales	3,531	24,170	19,686	717	829	1,854	1,573	1,570		
Mortgage commitments[9]										
23 Contracted (during period)	6,896	28,179	32,852	1,701	1,966	2,712	3,929	3,130		
24 Outstanding (end of period)	3,518	7,549	16,964	18,183	19,139	19,649	22,311	23,639		

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

1.54 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

	Type of holder, and type of property	1981	1982	1983	1983 Q3	1983 Q4	1984 Q1	1984 Q2	1984 Q3
1	**All holders**	**1,583,264**	**1,655,036**	**1,826,395**	**1,775,116r**	**1,826,395**	**1,869,442**	**1,926,578r**	**1,982,755**
2	1- to 4-family	1,065,294	1,105,717	1,214,592	1,182,071r	1,214,592	1,244,157	1,278,575r	1,314,410
3	Multifamily	136,354	140,551	150,949	147,052	150,949	154,338	158,835r	163,043
4	Commercial	279,889	302,055	351,287	336,981r	351,287	360,888	378,218r	393,691
5	Farm	101,727	106,713	109,567	109,012	109,567	110,059	110,950r	111,611
6	Major financial institutions	1,040,827	1,023,611	1,109,963	1,079,604r	1,109,963	1,136,168	1,179,553r	1,219,730
7	Commercial banks[1]	284,536	300,203	328,878	320,299	328,878	338,877	351,459r	364,540
8	1- to 4-family	170,013	173,157	181,672	178,054	181,672	184,925	189,718r	195,029
9	Multifamily	15,132	16,421	18,023	17,424	18,023	19,689	20,455r	21,326
10	Commercial	91,026	102,219	119,843	115,692	119,843	124,571	131,235r	137,796
11	Farm	8,365	8,406	9,340	9,129	9,340	9,692	10,051r	10,389
12	Mutual savings banks	99,997	97,805	136,054	129,644r	136,054	143,180	147,517r	155,115
13	1- to 4-family	68,187	66,777	96,569	92,182r	96,569	101,868	105,063r	110,528
14	Multifamily	15,960	15,305	17,785	17,588	17,785	18,441	18,752r	19,566
15	Commercial	15,810	15,694	21,671	19,846r	21,671	22,841	23,672r	24,990
16	Farm	40	29	29	28	29	30	30	31
17	Savings and loan associations	518,547	483,614	493,432	482,305	493,432	502,143	526,732r	544,280
18	1- to 4-family	433,142	393,323	389,811	381,744	389,811	395,940	412,958r	424,539
19	Multifamily	37,699	38,979	42,435	41,334	42,435	43,435	45,299r	46,808
20	Commercial	47,706	51,312	61,186	59,227	61,186	62,768	68,475r	72,933
21	Life insurance companies	137,747	141,989	151,599	147,356	151,599	151,968	153,845r	155,795
22	1- to 4-family	17,201	16,751	15,385	15,534	15,385	14,971	14,437r	14,496
23	Multifamily	19,283	18,856	19,189	18,857	19,189	19,153	19,028r	19,152
24	Commercial	88,163	93,547	104,279	100,209	104,279	105,270	107,796r	109,597
25	Farm	13,100	12,835	12,746	12,756	12,746	12,574	12,584r	12,550
26	Federal and related agencies	126,094	138,138	147,370	142,224	147,370	150,784	152,669r	153,491
27	Government National Mortgage Association	4,765	4,227	3,395	3,475	3,395	2,900	2,715	2,465
28	1- to 4-family	693	676	630	639	630	618	605	549
29	Multifamily	4,072	3,551	2,765	2,836	2,765	2,282	2,110	1,916
30	Farmers Home Administration	2,235	1,786	2,141	600	2,141	2,094	1,344	738
31	1- to 4-family	914	783	1,159	211	1,159	1,005	281	206
32	Multifamily	473	218	173	32	173	303	463	126
33	Commercial	506	377	409	113	409	319	81	113
34	Farm	342	408	400	244	400	467	519	293
35	Federal Housing and Veterans Administration	5,999	5,228	4,894	5,050	4,894	4,832	4,753r	4,750
36	1- to 4-family	2,289	1,980	1,893	2,061	1,893	1,956	1,894r	1,916
37	Multifamily	3,710	3,248	3,001	2,989	3,001	2,876	2,859r	2,834
38	Federal National Mortgage Association	61,412	71,814	78,256	75,174	78,256	80,975	83,243	84,850
39	1- to 4-family	55,986	66,500	73,045	69,938	73,045	75,770	77,633	79,175
40	Multifamily	5,426	5,314	5,211	5,236	5,211	5,205	5,610	5,675
41	Federal Land Banks	46,446	50,350	51,052	51,069	51,052	51,004	51,136	51,182
42	1- to 4-family	2,788	3,068	3,000	3,008	3,000	2,982	2,958	2,954
43	Farm	43,658	47,282	48,052	48,061	48,052	48,022	48,178	48,228
44	Federal Home Loan Mortgage Corporation	5,237	4,733	7,632	6,856	7,632	8,979	9,478	9,506
45	1- to 4-family	5,181	4,686	7,559	6,799	7,559	8,847	8,931	8,897
46	Multifamily	56	47	73	57	73	132	547	609
47	Mortgage pools or trusts[2]	163,000	216,654	285,073	272,611	285,073	296,481	305,051	317,585
48	Government National Mortgage Association	105,790	118,940	159,850	151,597	159,850	166,261	170,893	175,525
49	1- to 4-family	103,007	115,831	155,801	147,761	155,801	161,943	166,415	170,850
50	Multifamily	2,783	3,109	4,049	3,836	4,049	4,318	4,478	4,675
51	Federal Home Loan Mortgage Corporation	19,853	42,964	57,895	54,152	57,895	59,376	61,267	64,246
52	1- to 4-family	19,501	42,560	57,273	53,539	57,273	58,776	60,636	63,621
53	Multifamily	352	404	622	613	622	600	631	625
54	Federal National Mortgage Association[3]	717	14,450	25,121	23,819	25,121	28,354	29,256	32,888
55	1- to 4-family	717	14,450	25,121	23,819	25,121	28,354	29,256	32,730
56	Multifamily	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	158
57	Farmers Home Administration	36,640	40,300	42,207	43,043	42,207	42,490	43,635	44,926
58	1- to 4-family	18,378	20,005	20,404	21,083	20,404	20,573	21,331	21,595
59	Multifamily	3,426	4,344	5,090	5,042	5,090	5,081	5,081	5,618
60	Commercial	6,161	7,011	7,351	7,542	7,351	7,456	7,764	7,844
61	Farm	8,675	8,940	9,362	9,376	9,362	9,380	9,459	9,869
62	Individual and others[4]	253,343	276,633	283,989	280,677	283,989	286,009	289,305r	291,949
63	1- to 4-family[5]	167,297	185,170	185,270	185,699	185,270	185,629	186,459r	187,325
64	Multifamily	27,982	30,755	32,533	31,208	32,533	32,823	33,522r	33,955
65	Commercial	30,517	31,895	36,548	34,352	36,548	37,663	39,195r	40,418
66	Farm	27,547	28,813	29,638	29,418	29,638	29,894	30,129r	30,251

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	1981	1982	1983	1984 Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
	Amounts outstanding (end of period)										
1 **Total**	**335,691**	**355,849**	**396,082**	**399,177**	**402,466**	**407,671**	**418,080**	**427,565**	**435,367**	**443,537**	**450,131**
By major holder											
2 Commercial banks	147,622	152,490	171,978	175,941	177,625	181,022	186,668	191,519	195,265	199,654	202,452
3 Finance companies	89,818	98,693	102,862	101,702	101,619	101,119	102,967	104,460	106,219	106,881	108,437
4 Credit unions	45,953	47,253	53,471	54,851	55,892	56,962	58,517	59,893	61,151	62,679	63,808
5 Retailers[2]	31,348	32,735	35,911	33,455	33,208	33,327	33,730	34,206	34,022	34,294	34,426
6 Savings and loans	12,410	15,823	21,615	22,269	23,071	23,957	24,915	25,837	26,767	27,918	28,868
7 Gasoline companies	4,403	4,063	4,131	4,025	3,944	3,955	4,020	4,289	4,472	4,452	4,328
8 Mutual savings banks	4,137	4,792	6,114	6,934	7,107	7,329	7,263	7,361	7,471	7,659	7,812
By major type of credit											
9 Automobile	125,331	131,086	142,449	146,047	146,047	147,944	152,225	155,937	159,649	162,038	164,361
10 Commercial banks	58,081	59,555	67,557	71,327	71,237	73,016	75,787	78,018	80,103	81,786	82,706
11 Indirect paper	34,375	34,755	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
12 Direct loans	23,706	23,472	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
13 Credit unions	21,974	22,596	25,574	26,234	26,732	27,244	27,988	28,646	29,248	29,979	30,519
14 Finance companies	45,275	48,935	49,318	48,486	48,078	47,684	48,450	49,273	50,298	50,273	51,136
15 Revolving	64,500	69,998	80,823	77,671	79,110	80,184	82,436	84,598	85,588	87,788	89,742
16 Commercial banks	32,880	36,666	44,184	43,506	45,235	46,149	47,936	49,374	50,358	52,313	54,258
17 Retailers	27,217	29,269	32,508	30,140	29,931	30,080	30,480	30,935	30,758	31,023	31,156
18 Gasoline companies	4,403	4,063	4,131	4,025	3,944	3,955	4,020	4,289	4,472	4,452	4,328
19 Mobile home	17,958	22,254	23,680	23,571	23,661	23,850	24,104	24,427	24,751	25,178	25,482
20 Commercial banks	10,187	9,605	9,842	9,663	9,589	9,580	9,573	9,621	9,681	9,711	9,761
21 Finance companies	4,494	9,003	9,365	9,324	9,333	9,361	9,434	9,528	9,612	9,786	9,857
22 Savings and loans	2,788	3,143	3,906	4,003	4,147	4,306	4,478	4,644	4,811	5,018	5,189
23 Credit unions	489	503	567	581	592	603	619	634	647	663	675
24 Other	127,903	132,511	149,130	151,888	153,648	155,693	159,315	162,603	165,379	168,533	170,546
25 Commercial banks	46,474	46,664	50,395	51,445	51,564	52,277	53,372	54,506	55,123	55,844	55,727
26 Finance companies	40,049	40,755	44,179	43,892	44,208	44,074	45,083	45,659	46,309	46,822	47,444
27 Credit unions	23,490	24,154	27,330	28,036	28,568	29,115	29,910	30,613	31,256	32,037	32,614
28 Retailers	4,131	3,466	3,403	3,315	3,277	3,247	3,250	3,271	3,264	3,271	3,270
29 Savings and loans	9,622	12,680	17,709	18,266	18,924	19,651	20,437	21,193	21,956	22,900	23,679
30 Mutual savings banks	4,137	4,792	6,114	6,934	7,107	7,329	7,263	7,361	7,471	7,659	7,812
	Net change (during period)[4]										
31 **Total**	**18,217**	**17,886**	**40,233**	**6,608**	**5,870**	**6,408**	**10,233**	**7,825**	**7,106**	**5,998**	**4,283**
By major holder											
32 Commercial banks	607	4,442	19,488	4,914	3,422	4,015	6,065	3,835	3,192	2,631	1,384
33 Finance companies	13,062	4,504	4,169	258	-193	-350	1,304	1,353	1,402	1,111	1,204
34 Credit unions	1,913	1,298	6,218	712	1,230	1,529	1,453	962	1,566	844	686
35 Retailers[2]	1,103	651	3,176	325	355	278	476	471	-101	206	132
36 Savings and loans	1,682	2,290	5,792	414	813	868	979	1,069	847	1,124	769
37 Gasoline companies	-65	-340	68	-172	2	2	46	89	-40	-51	-135
38 Mutual savings banks	-85	251	1,322	156	242	66	-90	46	240	133	243
By major type of credit											
39 Automobile	8,495	4,898	11,363	2,799	326	2,158	3,689	2,897	3,422	1,777	1,317
40 Commercial banks	-3,455	-9	1,722	2,635	432	1,766	2,807	1,907	1,852	1,150	434
41 Indirect paper	-858	225	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
42 Direct loans	-2,597	-234	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
43 Credit unions	914	622	2,978	276	660	734	695	461	750	405	327
44 Finance companies	11,033	3,505	329	-112	-766	-342	187	529	820	222	556
45 Revolving	4,467	4,365	10,825	1,273	2,962	1,868	2,817	1,569	640	1,314	1,324
46 Commercial banks	3,115	3,808	7,518	1,127	2,613	1,568	2,298	1,047	764	1,159	1,323
47 Retailers	1,417	897	3,239	318	347	298	473	433	-84	206	136
48 Gasoline companies	-65	-340	68	-172	2	2	46	89	-40	-51	-135
49 Mobile home	1,049	609	1,426	-127	285	285	302	454	462	573	318
50 Commercial banks	-186	-508	237	-112	-85	27	-50	10	31	4	4
51 Finance companies	749	471	430	-93	218	110	156	258	185	346	150
52 Savings and loans	466	633	763	68	141	132	183	174	230	214	157
53 Credit unions	20	14	64	10	10	16	13	12	16	9	7
54 Other	4,206	3,224	16,619	2,662	2,298	2,097	3,425	2,905	2,582	2,334	1,324
55 Commercial banks	1,133	372	3,731	1,264	463	653	1,010	871	545	318	-377
56 Finance companies	1,280	528	3,424	463	355	-118	961	566	397	543	498
57 Credit unions	975	662	3,176	426	558	780	745	489	800	430	352
58 Retailers	-314	-246	-63	7	8	-20	3	38	-17	0	-4
59 Savings and loans	1,217	1,657	5,029	346	673	735	796	895	617	910	612
60 Mutual savings banks	-85	251	1,322	156	242	66	-90	46	240	133	243

▲ These data have been revised from July 1979 through February 1984.

1. The Board's series cover most short- and intermediate-term credit extended to individuals through regular business channels, usually to finance the purchase of consumer goods and services or to refinance debts incurred for such purposes, and scheduled to be repaid (or with the option of repayment) in two or more installments.
2. Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.
3. Not reported after December 1982.
4. For 1982 and earlier, net change equals extensions, seasonally adjusted less liquidations, seasonally adjusted. Beginning 1983, net change equals outstandings, seasonally adjusted less outstandings of the previous period, seasonally adjusted.

NOTE. Total consumer noninstallment credit outstanding—credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit—amounted to, not seasonally adjusted, \$80.7 billion at the end of 1981, \$85.9 billion at the end of 1982, and \$96.9 billion at the end of 1983.

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

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT

Percent unless noted otherwise

Item	1981	1982	1983	1984 May	June	July	Aug.	Sept.	Oct.	Nov.
INTEREST RATES										
Commercial banks[1]										
1 48-month new car[2]	16.54	16.83	13.92	13.53	....	....	14.08	....	....	13.91
2 24-month personal	18.09	18.65	16.68	16.35	....	....	16.75	....	....	16.65
3 120-month mobile home[2]	17.45	18.05	15.91	15.54	....	....	15.72	....	....	15.60
4 Credit card	17.78	18.51	18.73	18.71	....	....	18.81	....	....	18.83
Auto finance companies										
5 New car	16.17	16.15	12.58	14.17	14.33	14.68	15.01	15.16	15.18	....
6 Used car	20.00	20.75	18.74	17.60	17.64	17.77	17.99	18.10	18.19	....
OTHER TERMS[3]										
Maturity (months)										
7 New car	45.4	46.0	45.9	47.7	48.2	48.6	49.2	49.5	49.7	....
8 Used car	35.8	34.0	37.9	39.7	39.8	39.8	39.8	39.9	39.9	....
Loan-to-value ratio										
9 New car	86.1	85.3	86.0	88	88	88	88	89	88	....
10 Used car	91.8	90.3	92.0	92	92	92	93	93	93	....
Amount financed (dollars)										
11 New car	7,339	8,178	8,787	9,262	9,311	9,377	9,409	9,402	9,449	....
12 Used car	4,343	4,746	5,033	5,675	5,774	5,763	5,753	5,792	5,826	....

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	1978	1979	1980	1981	1982	1983	1981	1982		1983		1984
							H2	H1	H2	H1	H2	H1r
						Nonfinancial sectors						
1 **Total net borrowing by domestic nonfinancial sectors**	**369.8**	**386.0**	**344.6**	**380.4**	**404.1**	**526.4**	**368.0**	**358.1**	**450.1**	**448.9**	**563.8**	**688.2**
By sector and instrument												
2 U.S. government	53.7	37.4	79.2	87.4	161.3	186.6	88.1	104.1	218.4	222.0	151.1	172.8
3 Treasury securities	55.1	38.8	79.8	87.8	162.1	186.7	88.5	105.5	218.8	222.1	151.2	173.1
4 Agency issues and mortgages	−1.4	−1.4	−.6	−.5	−.9	−.1	−.4	−1.4	−.4	−.1	−.1	−.2
5 Private domestic nonfinancial sectors	316.2	348.6	265.4	293.1	242.8	339.8	279.9	254.0	231.7	266.9	412.7	515.4
6 Debt capital instruments	199.7	211.2	192.0	159.1	158.9	239.3	140.3	140.7	177.2	214.4	264.2	268.5
7 Tax-exempt obligations	28.4	30.3	30.3	22.7	53.8	56.3	24.7	43.9	63.7	62.8	49.7	38.1
8 Corporate bonds	21.1	17.3	26.7	21.8	18.7	15.7	16.8	12.0	25.3	23.0	8.4	24.0
9 Mortgages	150.2	163.6	135.1	114.6	86.5	167.3	98.8	84.8	88.2	128.6	206.0	206.4
10 Home mortgages	112.2	120.0	96.7	76.0	52.5	108.7	62.3	53.6	51.3	83.8	133.6	132.5
11 Multifamily residential	9.2	7.8	8.8	4.3	5.5	8.4	3.8	5.1	5.8	2.8	13.9	16.6
12 Commercial	21.7	23.9	20.2	24.6	23.6	47.3	22.9	19.7	27.5	40.3	54.3	55.3
13 Farm	7.2	11.8	9.3	9.7	5.0	2.9	9.8	6.5	3.5	1.6	4.1	2.1
14 Other debt instruments	116.5	137.5	73.4	134.0	83.9	100.5	139.6	113.2	54.6	52.5	148.5	246.9
15 Consumer credit	48.8	45.4	6.3	26.7	21.0	51.3	21.9	20.6	21.4	35.9	66.6	101.4
16 Bank loans n.e.c.	37.4	51.2	36.7	54.7	55.5	27.3	65.1	69.0	42.0	13.3	41.2	91.6
17 Open market paper	5.2	11.1	5.7	19.2	−4.1	−1.2	24.1	10.0	−18.2	−10.6	8.3	31.5
18 Other	25.1	29.7	24.8	33.4	11.5	23.1	28.6	13.6	9.4	13.9	32.3	22.4
19 By borrowing sector	316.2	348.6	265.4	293.1	242.8	339.8	279.9	254.0	231.7	266.9	412.7	515.4
20 State and local governments	16.5	17.6	17.2	6.2	31.3	36.7	7.3	24.1	38.5	41.9	31.6	19.0
21 Households	172.0	179.3	122.1	127.5	94.5	175.4	113.1	94.7	94.3	134.8	216.0	231.3
22 Farm	14.6	21.4	14.4	16.3	7.6	4.3	12.2	9.6	5.6	.8	7.9	.7
23 Nonfarm noncorporate	32.4	34.4	33.7	40.2	39.5	63.9	38.7	36.6	42.3	50.1	77.6	82.8
24 Corporate	80.6	96.0	78.1	102.9	70.0	59.5	108.7	89.0	51.0	39.3	79.6	181.5
25 Foreign net borrowing in United States	33.8	20.2	27.2	27.2	15.7	18.9	24.4	10.2	21.2	15.3	22.5	18.8
26 Bonds	4.2	3.9	.8	5.4	6.7	3.8	7.6	2.4	11.0	4.6	2.9	1.1
27 Bank loans n.e.c.	19.1	2.3	11.5	3.7	−6.2	4.9	6.2	−7.6	−4.7	11.3	−1.5	−7.0
28 Open market paper	6.6	11.2	10.1	13.9	10.7	6.0	7.1	12.5	9.0	−4.6	16.5	18.9
29 U.S. government loans	3.9	2.9	4.7	4.2	4.5	4.3	3.5	3.0	6.0	3.9	4.6	5.8
30 ***Total domestic plus foreign***	**403.6**	**406.2**	**371.8**	**407.6**	**419.8**	**545.3**	**392.4**	**368.3**	**471.4**	**504.2**	**586.3**	**707.0**
						Financial sectors						
31 **Total net borrowing by financial sectors**	**74.1**	**82.4**	**62.9**	**84.1**	**69.0**	**90.7**	**83.9**	**84.2**	**53.8**	**74.0**	**107.3**	**121.0**
By instrument												
32 *U.S. government related*	37.1	47.9	44.8	47.4	64.9	67.8	50.9	60.0	69.7	66.2	69.4	69.1
33 Sponsored credit agency securities	23.1	24.3	24.4	30.5	14.9	1.4	33.2	22.4	7.5	−4.1	6.9	30.8
34 Mortgage pool securities	13.6	23.1	19.2	15.0	49.5	66.4	15.3	36.8	62.2	70.3	62.5	38.3
35 Loans from U.S. government	.4	.6	1.2	1.9	.4	......	2.4	.8	......	......	......	.....
36 *Private financial sectors*	37.0	34.5	18.1	36.7	4.1	22.9	33.0	24.2	−16.0	7.8	38.0	51.9
37 Corporate bonds	7.5	7.8	7.1	−.8	2.5	17.1	−1.2	−2.5	7.6	15.2	18.9	14.9
38 Mortgages	.1	*	−.1	−.5	.1	*	−.2	.1	.1	*	*	*
39 Bank loans n.e.c.	2.3	−.5	−.9	.9	1.9	−.2	−.1	3.2	.6	−2.5	2.2	.1
40 Open market paper	14.6	18.0	4.8	20.9	−1.2	13.0	19.5	12.3	−14.7	7.2	18.8	21.1
41 Loans from Federal Home Loan Banks	12.5	9.2	7.1	16.2	.8	−7.0	15.1	11.1	−9.5	−12.1	−2.0	15.7
By sector												
42 Sponsored credit agencies	23.5	24.8	25.6	32.4	15.3	1.4	35.6	23.2	7.5	−4.1	6.9	30.8
43 Mortgage pools	13.6	23.1	19.2	15.0	49.5	66.4	15.3	36.8	62.2	70.3	62.5	38.3
44 Private financial sectors	37.0	34.5	18.1	36.7	4.1	22.9	33.0	24.2	−16.0	7.8	38.0	51.9
45 Commercial banks	1.3	1.6	.5	.4	1.2	.5	.5	.7	1.7	.8	.2	4.8
46 Bank affiliates	7.2	6.5	6.9	8.3	1.9	8.6	9.7	9.7	−5.8	6.1	11.1	20.0
47 Savings and loan associations	13.5	12.6	7.4	15.5	2.5	−2.7	13.7	14.3	−9.3	−10.0	4.5	17.8
48 Finance companies	17.6	16.5	5.8	12.8	−.9	17.0	9.4	*	−1.9	11.4	22.7	9.9
49 REITs	−1.4	−1.3	−2.2	.2	.1	.2	.2	.1	.1	.2	.2	.1
						All sectors						
50 **Total net borrowing**	**477.7**	**488.7**	**434.7**	**491.8**	**488.8**	**635.9**	**476.3**	**452.5**	**525.1**	**578.2**	**693.6**	**828.0**
51 U.S. government securities	90.5	84.8	122.9	133.0	225.9	254.4	136.7	163.5	288.3	288.4	220.5	242.1
52 State and local obligations	28.4	30.3	30.3	22.7	53.8	56.3	24.7	43.9	63.7	62.8	49.7	38.1
53 Corporate and foreign bonds	32.8	29.0	34.6	26.4	27.8	36.5	23.2	11.8	43.8	42.8	30.3	40.0
54 Mortgages	150.2	163.5	134.9	113.9	86.5	167.2	98.5	84.8	88.2	128.5	206.0	206.3
55 Consumer credit	48.8	45.4	6.3	26.7	21.0	51.3	21.9	20.6	21.4	35.9	66.6	101.4
56 Bank loans n.e.c.	58.8	52.9	47.3	59.3	51.2	32.0	71.2	64.6	37.9	22.1	41.9	84.8
57 Open market paper	26.4	40.3	20.6	54.0	5.4	17.8	50.7	34.8	−23.9	−8.0	43.6	71.5
58 Other loans	41.9	42.4	37.8	55.8	17.2	20.3	49.5	28.5	5.9	5.7	35.0	43.9
						External corporate equity funds raised in United States						
59 **Total new share issues**	**1.9**	**−3.8**	**22.2**	**−4.1**	**35.3**	**67.8**	**−17.4**	**23.3**	**47.2**	**83.5**	**52.0**	**−37.5**
60 Mutual funds	−.1	.1	5.2	6.3	18.4	32.8	5.7	12.5	24.3	36.8	28.9	44.8
61 All other	1.9	−3.9	17.1	−10.4	16.9	34.9	−23.0	10.9	22.9	46.8	23.1	−82.3
62 Nonfinancial corporations	−.1	−7.8	12.9	−11.5	11.4	28.3	−23.8	7.0	15.8	38.2	18.4	−84.5
63 Financial corporations	2.5	3.2	2.1	.8	4.0	2.7	1.1	3.9	4.1	2.8	2.5	2.9
64 Foreign shares purchased in United States	−.5	.8	2.1	.3	1.5	4.0	−.4	−.1	3.0	5.7	2.2	−.8

1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

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

Transaction category, or sector	1978	1979	1980	1981	1982	1983r	1981 H2	1982 H1	1982 H2	1983 H1	1983 H2r	1984 H1r
1 **Total funds advanced in credit markets to domestic nonfinancial sectors**	**369.8**	**386.0**	**344.6**	**380.4**	**404.1**	**526.4**	**368.0**	**358.1**	**450.1**	**488.9**	**563.8**	**688.2**
By public agencies and foreign												
2 Total net advances	102.3	75.2	97.0	97.7	109.1	117.1	90.3	100.8	117.3	119.7	114.6	124.0
3 U.S. government securities	36.1	−6.3	15.7	17.2	18.0	27.6	12.4	9.7	26.2	40.5	14.6	33.3
4 Residential mortgages	25.7	35.8	31.7	23.5	61.0	76.1	25.5	47.6	74.4	80.1	72.0	52.0
5 FHLB advances to savings and loans	12.5	9.2	7.1	16.2	.8	−7.0	15.1	11.1	−9.5	−12.1	−2.0	15.7
6 Other loans and securities	28.0	36.5	42.4	40.9	29.3	20.5	37.3	32.4	26.2	11.1	29.9	23.0
Total advanced, by sector												
7 U.S. government	17.1	19.0	23.7	24.1	16.0	9.7	19.8	14.8	17.1	9.1	10.3	6.7
8 Sponsored credit agencies	40.3	53.0	45.6	48.2	65.3	69.5	50.1	61.8	68.7	68.2	70.7	73.0
9 Monetary authorities	7.0	7.7	4.5	9.2	9.8	10.9	14.1	3.8	15.7	15.6	6.2	17.3
10 Foreign	38.0	−4.6	23.2	16.3	18.1	27.1	6.3	20.4	15.8	26.8	27.4	27.0
Agency and foreign borrowing not in line 1												
11 Sponsored credit agencies and mortgage pools	37.1	47.9	44.8	47.4	64.9	67.8	50.9	60.0	69.7	66.2	69.4	69.1
12 Foreign	33.8	20.2	27.2	27.2	15.7	18.9	24.4	10.2	21.2	15.3	22.5	18.8
Private domestic funds advanced												
13 Total net advances	338.4	379.0	319.6	357.3	375.6	495.9	353.0	327.5	423.8	450.8	541.1	652.2
14 U.S. government securities	54.3	91.1	107.2	115.8	207.9	226.9	124.3	153.7	262.0	247.8	205.9	208.8
15 State and local obligations	28.4	30.3	30.3	22.7	53.8	56.3	24.7	43.9	63.7	62.8	49.7	38.1
16 Corporate and foreign bonds	23.4	18.5	19.3	18.8	14.8	14.6	15.9	−.1	29.6	22.9	6.3	18.2
17 Residential mortgages	95.6	91.9	73.7	56.7	−3.2	40.9	40.6	11.0	−17.4	6.4	75.5	97.0
18 Other mortgages and loans	149.3	156.3	96.2	159.5	103.2	150.2	162.7	130.2	76.3	98.7	201.7	305.9
19 LESS: Federal Home Loan Bank advances	12.5	9.2	7.1	16.2	.8	−7.0	15.1	11.1	−9.5	−12.1	−2.0	15.7
Private financial intermediation												
20 Credit market funds advanced by private financial institutions	315.7	313.9	281.5	323.4	285.6	376.7	323.2	274.4	296.7	323.2	430.1	521.3
21 Commercial banking	128.5	123.1	100.6	102.3	107.2	136.1	112.7	99.9	114.5	121.6	150.6	193.2
22 Savings institutions	72.3	56.5	54.5	27.8	31.3	136.8	18.4	25.2	37.4	128.9	144.6	159.1
23 Insurance and pension funds	89.5	85.9	94.3	97.4	108.8	98.8	101.4	111.4	106.3	89.5	108.1	98.5
24 Other finance	25.5	48.5	32.1	96.0	38.3	5.0	90.8	37.9	38.6	−16.8	26.8	70.5
25 Sources of funds	315.7	313.9	281.5	323.4	285.6	376.7	323.2	274.4	296.7	323.2	430.1	521.3
26 Private domestic deposits and RPs	142.7	137.4	169.6	211.9	174.7	203.5	217.9	147.6	201.9	192.7	214.2	283.0
27 Credit market borrowing	37.0	34.5	18.1	36.7	4.1	22.9	33.0	24.2	−16.0	7.8	38.0	51.9
28 Other sources	136.1	142.0	93.9	74.8	106.7	150.4	72.3	102.6	110.8	122.8	177.9	186.4
29 Foreign funds	6.5	27.6	−21.7	−8.7	−26.7	22.1	−9.8	−28.3	−25.1	−14.2	58.5	17.1
30 Treasury balances	6.8	.4	−2.6	−1.1	6.1	−5.3	−10.2	−2.0	14.1	10.1	−20.8	1.4
31 Insurance and pension reserves	74.9	72.8	83.9	90.4	104.6	99.2	101.0	111.4	97.8	90.0r	108.4	105.5
32 Other, net	47.9	41.2	34.2	−5.9	22.8	34.4	−8.7	21.5	24.1	36.8r	31.9	62.4
Private domestic nonfinancial investors												
33 Direct lending in credit markets	59.6	99.6	56.1	70.6	94.2	142.1	62.8	77.3	111.0	135.3	148.9	182.7
34 U.S. government securities	33.5	52.5	24.6	29.3	37.4	88.7	24.5	35.3	39.5	95.9	81.4	134.4
35 State and local obligations	3.6	9.9	7.0	10.5	34.4	42.5	12.5	30.1	38.7	52.7	32.3	21.8
36 Corporate and foreign bonds	−6.3	−1.4	−5.7	−8.1	−5.2	2.0	−10.7	−17.7	7.3	−1.7	5.7	7.2
37 Open market paper	8.3	8.6	−3.1	2.7	−.1	3.9	8.2	3.5	−3.7	−8.1	15.9	−.3
38 Other	20.5	30.0	33.3	36.3	27.8	5.0	28.4	26.2	29.3	−3.4	13.5	19.7
39 Deposits and currency	153.9	146.8	181.1	221.9	181.9	222.6	229.3	152.1	211.7	214.5	230.7	294.5
40 Currency	9.3	8.0	10.3	9.5	9.7	14.3	11.2	6.7	12.7	14.8	13.8	17.7
41 Checkable deposits	16.2	18.3	5.2	18.0	15.7	21.7	13.3	1.9	29.5	48.0	−4.7	37.8
42 Small time and savings accounts	65.9	59.3	82.9	47.0	138.2	219.1	71.8	83.2	193.1	278.6	159.7	127.9
43 Money market fund shares	6.9	34.4	29.2	107.5	24.7	−44.1	110.8	39.4	10.0	−84.0	−4.2	30.[illegible]
44 Large time deposits	46.3	18.8	45.8	36.9	−7.7	−7.5	24.6	21.9	−37.3	−61.0	45.9	81.8
45 Security RPs	7.5	6.6	6.5	2.5	3.8	14.3	−2.6	1.1	6.6	11.0	17.5	5.[illegible]
46 Deposits in foreign countries	2.0	1.5	1.1	.5	−2.5	4.8	.2	−2.2	−2.9	7.0	2.7	−6.[illegible]
47 **Total of credit market instruments, deposits and currency**	**213.6**	**246.5**	**237.2**	**292.5**	**276.1**	**364.7**	**292.1**	**229.4**	**322.7**	**349.8**	**379.6**	**477.[illegible]**
48 Public holdings as percent of total	25.3	18.5	26.1	24.0	26.0	21.5	23.0	27.4	24.9	23.7	19.5	17.[illegible]
49 Private financial intermediation (in percent)	93.3	82.8	88.1	90.5	76.0	76.0	91.6	83.8	70.0	71.7	79.5	79.9
50 Total foreign funds	44.6	23.0	1.5	7.6	−8.6	49.2	−3.5	−7.9	−9.3	12.6	85.9	44.[illegible]
MEMO: Corporate equities not included above												
51 **Total net issues**	**1.9**	**−3.8**	**22.2**	**−4.1**	**35.3**	**67.8**	**−17.4**	23.3	**47.2**	**83.5**	**52.0**	**−37.[illegible]**
52 Mutual fund shares	−.1	.1	5.2	6.3	18.4	32.8	5.7	12.5	24.3	36.8	28.9	44.[illegible]
53 Other equities	1.9	−3.9	17.1	−10.4	16.9	34.9	−23.0	10.9	22.9	46.8	23.1	−82.[illegible]
54 Acquisitions by financial institutions	4.7	12.9	24.9	20.1	39.2	57.5	22.6	11.0	67.3	75.9r	39.2	4.[illegible]
55 Other net purchases	−2.8	−16.7	−2.7	−24.2	−3.9	10.2	−40.0	12.3	−20.1	7.6r	12.8	−41.[illegible]

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 include 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 amoun outstanding may be obtained from Flow of Funds Section, Division of Researc and Statistics, Board of Governors of the Federal Reserve System, Washingto D.C. 20551.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

1967 = 100; monthly and quarterly data are seasonally adjusted. Exceptions noted.

Measure	1981	1982	1983	1984								
				Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.^{r}	Oct.
1 **Industrial production**	**151.0**	**138.6**	**147.6**	**160.0**	**160.8**	**162.1**	**162.8**	**164.4**	**165.9**	**166.1**	**165.2**	**165.2**
Market groupings												
2 Products, total	150.6	141.8	149.2	160.4	161.1	162.5	163.3	165.3	167.4	167.3^{r}	166.9	167.1
3 Final, total	149.5	141.5	147.1	158.0	158.6	160.2	161.1	163.1	165.2	165.2^{r}	164.9	165.3
4 Consumer goods	147.9	142.6	151.7	159.4	160.2	161.4	161.7	163.0	163.8^{r}	162.5^{r}	161.6	161.9
5 Equipment	151.5	139.8	140.8	156.1	156.4	158.5	160.3	163.3	167.0^{r}	168.8	169.3	170.0
6 Intermediate	154.4	143.3	156.6	169.0	170.2	171.0	171.6	173.5	175.8^{r}	175.2^{r}	174.3	173.8
7 Materials	151.6	133.7	145.2	159.4	160.4	161.5	162.0	162.9	163.5^{r}	164.3^{r}	162.8	162.1
Industry groupings												
8 Manufacturing	150.4	137.6	148.2	161.4	162.1	163.4	164.2	165.7	167.3^{r}	167.8	166.9	167.2
Capacity utilization (percent)[1]												
9 Manufacturing	79.4	71.1	75.2	80.9	81.0	81.5	81.7	82.2	82.9	82.8	82.2	82.1
10 Industrial materials industries	80.7	70.1	75.2	81.9	82.2	82.5	82.7	82.9	83.1	83.3^{r}	82.4	81.9
11 *Construction contracts (1977 = 100)*[2]	111.0	111.0	138.0	150.0	144.0	145.0	165.0	148.0	152.0	151.0	144.0	144.0
12 Nonagricultural employment, total[3]	138.5	136.1^{r}	137.0	141.1	141.4	142.0	142.5	143.1	143.4	143.6^{r}	144.0	144.7
13 Goods-producing, total	109.4	102.2^{r}	100.4	105.4	105.5	106.2	106.6	107.1	107.5	107.7^{r}	107.3	107.6
14 Manufacturing, total	103.7	96.6^{r}	95.1	99.6	100.1	100.4	100.6	100.9	101.3	101.4	100.8	101.1
15 Manufacturing, production-worker	98.0	89.4^{r}	88.7	93.1	93.6	94.0	94.1	94.3	94.6	94.8	94.0	94.4
16 Service-producing	154.4	154.7^{r}	157.1	160.7	161.1	161.6	162.2	162.8	163.1	163.4	164.1	165.0
17 Personal income, total	386.5	410.3^{r}	435.6	464.0	466.8	471.2	472.8	477.2	480.4	483.3^{r}	487.5	n.a.
18 Wages and salary disbursements	349.7	367.4	388.6	411.0	413.3	418.1	419.2	422.6	424.6	425.3^{r}	428.1	n.a.
19 Manufacturing	287.5^{r}	285.5	294.7	317.1	318.8	322.0	321.9	323.1	324.4	326.2^{r}	324.8	n.a.
20 Disposable personal income[4]	372.6	398.0	427.1	457.1	459.9	464.2	465.3	469.1	472.4	475.5	479.1	481.9
21 Retail sales[5]	330.6	326.0	373.0	403.0	396.9	410.8	413.6	417.7	410.5	407.3	412.2	411.6
Prices[6]												
22 Consumer	272.4	289.1	298.4	306.6	307.3	308.8	309.7	310.7	311.7	313.0	314.5	n.a.
23 Producer finished goods	269.8	280.7	285.2	290.6	291.4	291.2	291.1^{r}	291.2	292.6	291.8	289.8	n.a.

1. Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, Department of Commerce, and other sources.
2. Index of dollar value of total construction contracts, including residential, nonresidential and heavy engineering, from McGraw-Hill Information Systems Company, F. W. Dodge Division.
3. Based on data in *Employment and Earnings* (U.S. Department of Labor). Series covers employees only, excluding personnel in the Armed Forces.
4. Based on data in *Survey of Current Business* (U.S. Department of Commerce).
5. Based on Bureau of Census data published in *Survey of Current Business*.
6. Data without seasonal adjustment, as published in *Monthly Labor Review*. Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Department of Labor.

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

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

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

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

Category	1981	1982	1983	1984							
				Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
HOUSEHOLD SURVEY DATA											
1 **Noninstitutional population**[1]	**172,272**	**174,450**	**176,414**	**178,033**	**178,185**	**178,337**	**178,501**	**178,669**	**178,821**	**179,005**	**179,181**
2 Labor force (including Armed Forces)[1]	110,812	112,383	113,749	115,121	115,461	116,017	116,094	116,167	115,732	115,941	116,242
3 Civilian labor force	108,670	110,204	111,550	112,912	113,245	113,803	113,877	113,938	113,494	113,699	114,017
Employment											
4 Nonagricultural industries[2]	97,030	96,125	97,450	100,859	101,009	101,899	102,344	102,050	101,744	101,923	102,472
5 Agriculture	3,368	3,401	3,383	3,281	3,393	3,389	3,403	3,345	3,224	3,315	3,114
Unemployment											
6 Number	8,273	10,678	10,717	8,772	8,843	8,514	8,130	8,543	8,526	8,460	8,431
7 Rate (percent of civilian labor force)	7.6	9.7	9.6	7.8	7.8	7.5	7.1	7.5	7.5	7.4	7.4
8 Not in labor force	61,460	62,067	62,665	62,912	62,724	62,320	62,407	62,502	63,089	63,064	62,939
ESTABLISHMENT SURVEY DATA											
9 **Nonagricultural payroll employment**[3]	**91,156**	**89,566^{r}**	**90,138^{r}**	**93,058**	**93,449**	**93,786^{r}**	**94,135^{r}**	**94,350**	**94,523^{r}**	**94,754^{r}**	**95,195**
10 Manufacturing	20,170	18,781^{r}	18,497^{r}	19,466	19,530	19,570	19,629^{r}	19,696	19,725	19,611^{r}	19,667
11 Mining	1,132	1,128^{r}	957^{r}	978	984	995	1,002^{r}	1,007	1,017	1,020^{r}	1,016
12 Contract construction	4,176	3,903^{r}	3,940^{r}	4,151	4,246	4,286	4,343^{r}	4,356	4,356^{r}	4,374^{r}	4,388
13 Transportation and public utilities	5,157	5,082^{r}	4,958^{r}	5,112	5,129	5,144	5,163^{r}	5,175	5,202^{r}	5,211^{r}	5,238
14 Trade	20,551	20,457^{r}	20,804^{r}	21,493	21,568	21,658	21,747^{r}	21,811	21,839^{r}	21,924^{r}	22,089
15 Finance	5,301	5,341^{r}	5,467^{r}	5,613	5,640	5,662	5,676	5,676	5,679^{r}	5,684	5,712
16 Service	20,547	19,036^{r}	19,665^{r}	20,378	20,449	20,549	20,681^{r}	20,701	20,748^{r}	20,870^{r}	20,998
17 Government	16,024	15,837^{r}	15,851^{r}	15,873	15,903	15,922^{r}	15,894^{r}	15,928	15,957^{r}	16,060^{r}	16,087

1. Persons 16 years of age and over. Monthly figures, which are based on sample data, relate to the calendar week that contains the 12th day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures. Based on data from *Employment and Earnings* (U.S. Department of Labor).
2. Includes self-employed, unpaid family, and domestic service workers.
3. Data include all full- and part-time employees who worked during, or received pay for, the pay period that includes the 12th day of the month, and exclude proprietors, self-employed persons, domestic servants, unpaid family workers, and members of the Armed Forces. Data are adjusted to the March 1983 benchmark and only seasonally adjusted data are available at this time. Based on data from *Employment and Earnings* (U.S. Department of Labor).

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	Output (1967 = 100)				Capacity (percent of 1967 output)				Utilization rate (percent)			
	1983	1984			1983	1984			1983	1984		
	Q4	Q1	Q2	Q3[r]	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3[r]
1 **Total industry**	**155.5**	**159.8**	**163.1**	**165.7**	**197.3**	**198.4**	**199.7**	**201.1**	**78.8**	**80.5**	**81.7**	**77.6**
2 Mining	121.0	124.2	125.1	128.9	165.5	165.7	165.9	166.1	73.1	75.0	75.4	83.4
3 Utilities	178.4	179.2	183.1	180.9	212.4	213.8	215.3	216.8	84.0	83.8	[r]85.0	83.9
4 **Manufacturing**	**156.5**	**161.0**	**164.4**	**167.3**	**198.4**	**199.5**	**201.0**	**202.5**	**78.9**	**80.7**	**81.8**	**82.6**
5 Primary processing	156.4	160.5	162.5	162.5	195.8	196.5	197.2	198.0	79.9	81.7	82.4	82.1
6 Advanced processing	156.1	161.7	165.2	169.8	199.7	201.1	203.0	204.9	78.2	80.3	81.4	82.9
7 **Materials**	**154.3**	**158.8**	**162.1**	**163.5**	**194.0**	**194.7**	**195.9**	**197.2**	**79.6**	**81.6**	**82.7**	**82.9**
8 Durable goods	150.3	157.6	162.0	164.6	196.5	197.1	198.3	199.5	76.5	79.9	81.7	82.5
9 Metal materials	93.8	97.3	100.3	97.2	139.6	139.1	138.5	137.9	67.2	70.0	72.4	70.5
10 Nondurable goods	183.5	183.7	186.6	186.3	220.6	221.8	223.4	225.2	83.2	82.8	83.5	82.7
11 Textile, paper, and chemical	193.2	193.2	195.9	195.6	232.7	234.2	236.2	238.2	83.0	82.5	82.9	82.1
12 Paper	167.4	165.8	168.5	171.2	167.7	168.5	169.5	170.5	99.8	98.4	99.4	100.4
13 Chemical	235.0	236.7	240.4	239.3	300.1	302.3	305.2	308.0	78.3	78.3	78.8	77.7
14 Energy materials	127.8	131.2	132.4	133.0	155.3	155.8	156.4	157.0	82.3	84.2	84.6	84.7

Series	Previous cycle[1]		Latest cycle[2]		1983	1984								
	High	Low	High	Low	Oct.	Feb.	Mar.	Apr.	May	June	July[r]	Aug.[r]	Sept.[r]	Oct.
	Capacity utilization rate (percent)													
15 **Total industry**	**88.4**	**71.1**	**87.3**	**69.6**	**78.7**	**80.7**	**80.9**	**81.3**	**81.5**	**82.1**	**82.7**	**82.6**	**82.0**	**81.8**
16 Mining	91.8	86.0	88.5	69.6	71.5	74.9	74.7	74.3	75.4	76.6	78.3	77.4	77.3	74.4
17 Utilities	94.9	82.0	86.7	79.0	83.3	82.5	84.0	85.0	84.7	85.4	84.1	83.3	82.9	82.8
18 **Manufacturing**	**87.9**	**69.0**	**87.5**	**68.8**	**78.9**	**80.9**	**81.0**	**81.5**	**81.7**	**82.2**	**82.8**	**82.8**	**82.2**	**82.1**
19 Primary processing	93.7	68.2	91.4	66.2	80.4	82.2	82.2	82.2	82.4	82.6	82.3	82.3	81.7	81.8
20 Advanced processing	85.5	69.4	85.9	70.0	77.9	80.4	80.6	81.0	81.2	81.9	83.0	83.1	82.5	82.2
21 **Materials**	**92.6**	**69.3**	**88.9**	**66.6**	**79.5**	**81.9**	**82.2**	**82.5**	**82.7**	**82.9**	**83.1**	**83.3**	**82.4**	**81.9**
22 Durable goods	91.4	63.5	88.4	59.8	76.1	80.5	80.7	81.5	81.5	82.0	82.5	83.0	81.9	81.6
23 Metal materials	97.8	68.0	95.4	46.2	68.0	71.1	71.5	73.0	72.2	72.1	70.8	71.7	69.0	69.4
24 Nondurable goods	94.4	67.4	91.7	70.7	84.1	83.0	83.6	83.2	83.9	83.3	83.0	82.9	82.2	82.2
25 Textile, paper, and chemical	95.1	65.4	92.3	68.6	84.1	82.8	83.1	82.7	83.3	82.6	82.5	82.5	81.4	81.4
26 Paper	99.4	72.4	97.9	86.3	99.4	99.0	96.8	98.5	99.8	99.8	101.5	99.7	100.0	99.3
27 Chemical	95.5	64.2	91.3	64.0	79.7	78.6	79.5	78.9	79.0	78.4	77.9	78.1	77.0	77.4
28 Energy materials	94.5	84.4	88.9	78.5	81.4	84.1	84.1	84.5	84.3	85.0	85.3	84.8	84.1	82.0

1. Monthly high 1973; monthly low 1975.
2. Monthly highs 1978 through 1980; monthly lows 1982.

NOTE. These data also appear in the Board's G.3 (402) release. For address, see inside front cover.

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value

Monthly data are seasonally adjusted

Grouping	1967 proportion	1983 avg.	1983 Oct.	1983 Nov.	1983 Dec.	1984 Jan.	1984 Feb.	1984 Mar.	1984 Apr.	1984 May	1984 June	1984 July^r	1984 Aug.	1984 Sept.^p	1984 Oct.^e
			Index (1967 = 100)												
MAJOR MARKET															
1 **Total index**	**100.00**	**147.6**	**155.0**	**155.3**	**156.2**	**158.5**	**160.0**	**160.8**	**162.1**	**162.8**	**164.4**	**165.9**	**166.1**	**165.2**	**165.2**
2 Products	60.71	149.2	155.6	155.8	157.4	159.7	160.4	161.1	162.5	163.3	165.3	167.4	167.3	166.9	167.1
3 Final products	47.82	147.1	152.7	153.2	155.2	157.5	158.0	158.6	160.2	161.1	163.1	165.2	165.2	164.9	165.3
4 Consumer goods	27.68	151.7	156.9	156.1	157.7	159.5	159.4	160.2	161.4	161.7	163.0	163.8	162.5	161.6	161.9
5 Equipment	20.14	140.8	147.0	149.1	151.8	154.9	156.1	156.4	158.5	160.3	163.3	167.0	168.8	169.3	170.0
6 Intermediate products	12.89	156.6	166.5	165.5	165.4	167.8	169.0	170.2	171.0	171.6	173.5	175.8	175.2	174.3	173.8
7 Materials	39.29	145.2	154.0	154.5	154.5	156.6	159.4	160.4	161.5	162.0	162.9	163.5	164.3	162.8	162.1
Consumer goods															
8 Durable consumer goods	7.89	147.5	156.7	155.9	158.6	163.4	162.5	163.1	162.2	161.4	163.6	163.7	162.8	160.2	160.1
9 Automotive products	2.83	158.2	171.3	171.5	178.4	184.5	182.1	184.1	180.9	179.8	184.3	185.0	182.2	172.7	172.8
10 Autos and utility vehicles	2.03	134.0	149.2	149.2	157.8	163.3	162.2	164.1	158.4	155.9	158.7	161.1	159.2	145.6	145.3
11 Autos	1.90	117.4	129.6	129.4	137.4	140.7	140.4	142.4	134.5	132.9	136.2	138.7	134.3	121.1	123.6
12 Auto parts and allied goods	.80	219.6	227.4	228.2	230.7	238.4	232.6	234.7	238.0	240.6	249.3	245.8	240.5	241.2	242.5
13 Home goods	5.06	141.4	148.4	147.2	147.5	151.5	151.5	151.3	151.7	151.1	152.0	151.8	151.9	153.2	153.0
14 Appliances, A/C, and TV	1.40	116.4	129.2	127.0	126.3	136.4	135.1	134.4	136.1	134.0	134.9	133.4	132.3	136.8	136.1
15 Appliances and TV	1.33	120.1	133.3	131.3	130.2	140.0	138.6	138.0	138.8	136.7	138.0	136.9	135.9	140.6	.....
16 Carpeting and furniture	1.07	178.1	185.5	182.7	184.0	183.1	178.7	180.2	181.0	179.6	179.4	179.5	180.8	179.5	.....
17 Miscellaneous home goods	2.59	139.9	143.6	143.4	143.9	146.7	149.1	148.5	148.0	148.6	150.0	150.3	150.6	151.3	151.1
18 Nondurable consumer goods	19.79	153.4	157.1	156.1	157.3	157.9	158.2	159.1	161.1	161.8	162.7	163.9	162.4	162.2	162.7
19 Clothing	4.29	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
20 Consumer staples	15.50	163.7	167.2	165.4	166.0	166.5	166.9	168.0	170.2	171.6	173.2	174.5	172.8	172.9	173.6
21 Consumer foods and tobacco	8.33	153.5	156.0	154.5	155.4	156.5	156.8	157.6	160.4	161.0	161.9	162.9	161.7	.....	.....
22 Nonfood staples	7.17	175.4	180.3	178.1	178.3	178.2	178.7	180.1	181.6	183.9	186.3	188.0	185.7	185.4	186.2
23 Consumer chemical products	2.63	231.0	238.7	232.4	229.9	231.6	231.9	231.3	233.4	235.9	241.5	247.1	244.3	242.3	.....
24 Consumer paper products	1.92	132.7	137.6	136.6	137.2	138.8	140.3	141.8	144.0	145.6	147.9	151.5	149.7	149.8	.....
25 Consumer energy products	2.62	150.9	153.0	154.1	156.5	153.4	153.3	156.8	157.1	159.8	159.0	155.3	153.3	154.3	.....
26 Residential utilities	1.45	173.4	174.5	175.8	185.2	180.0	172.8	177.7	177.4	181.1	182.4	178.6	175.0	.....	.....
Equipment															
27 Business	12.63	153.3	161.3	164.1	167.3	170.7	171.9	172.1	173.5	176.5	181.1	185.5	187.8	188.0	188.5
28 Industrial	6.77	120.4	126.6	128.6	130.8	133.7	134.6	134.8	135.9	138.5	140.4	143.1	143.3	142.7	143.4
29 Building and mining	1.44	159.3	166.9	175.8	185.3	185.1	182.0	175.2	173.6	182.9	185.8	190.0	191.6	190.7	193.2
30 Manufacturing	3.85	107.1	114.6	114.3	115.1	119.7	120.9	124.2	126.2	127.4	128.6	130.1	129.7	129.8	130.1
31 Power	1.47	117.1	118.5	119.4	118.4	120.0	123.8	122.7	124.1	124.1	126.7	131.0	131.2	129.5	129.5
32 Commercial transit, farm	5.86	191.3	201.3	205.1	209.6	213.3	215.1	215.3	217.0	220.5	228.1	234.5	239.3	240.2	240.5
33 Commercial	3.26	273.2	288.1	292.5	298.9	303.2	305.9	306.9	309.6	315.5	326.3	333.4	339.5	344.9	347.2
34 Transit	1.93	95.2	100.0	103.2	106.0	110.1	110.1	109.2	108.9	109.7	115.1	120.4	125.2	121.3	118.9
35 Farm	.67	69.5	70.9	73.5	73.5	73.6	75.7	75.0	78.0	77.1	76.1	81.8	80.3	73.6	.....
36 Defense and space	7.51	119.9	122.9	124.0	125.7	128.3	129.5	130.1	133.2	133.1	133.5	135.9	136.8	138.0	139.0
Intermediate products															
37 Construction supplies	6.42	142.5	152.3	151.6	151.5	155.5	156.6	159.1	159.6	159.5	160.9	161.9	161.2	159.7	158.3
38 Business supplies	6.47	170.7	180.6	179.4	179.3	180.1	181.3	181.3	182.3	183.5	186.1	189.5	189.0	188.8	.....
39 Commercial energy products	1.14	184.3	187.0	187.6	188.0	192.1	191.6	187.0	190.0	190.8	195.3	194.9	193.3	191.7	.....
Materials															
40 Durable goods materials	20.35	138.6	149.4	150.3	151.3	154.6	158.6	159.5	161.3	161.6	163.0	164.2	165.7	163.8	163.6
41 Durable consumer parts	4.58	113.6	124.9	125.0	127.9	131.6	133.1	133.0	133.2	132.6	134.7	135.1	136.6	133.8	133.8
42 Equipment parts	5.44	176.4	188.3	192.5	193.4	198.2	204.0	206.7	210.9	210.6	214.0	218.8	220.1	219.0	217.8
43 Durable materials n.e.c.	10.34	129.9	139.8	139.3	139.5	141.8	146.0	146.3	147.7	148.6	148.7	148.3	149.9	148.0	148.3
44 Basic metal materials	5.57	90.2	98.0	97.1	96.9	97.7	103.0	103.0	105.7	104.5	104.1	103.4	103.3	99.9	.....
45 Nondurable goods materials	10.47	174.5	185.3	184.8	180.3	181.2	184.1	185.9	185.7	187.4	186.7	186.5	186.8	185.5	185.9
46 Textile, paper, and chemical materials	7.62	182.6	195.4	194.7	189.6	190.5	193.9	195.3	195.0	196.8	195.8	195.9	196.4	194.4	195.0
47 Textile materials	1.85	116.2	124.0	121.9	121.3	119.9	119.9	120.6	118.9	121.9	119.6	118.8	120.9	117.6	.....
48 Paper materials	1.62	158.2	166.3	169.8	166.0	167.0	166.8	163.5	166.7	169.2	169.5	172.8	170.0	170.8	.....
49 Chemical materials	4.15	221.7	238.7	237.0	229.3	231.3	237.6	241.1	240.0	241.1	240.2	239.3	240.5	238.0	.....
50 Containers, nondurable	1.70	167.9	175.9	176.6	173.0	173.5	173.0	176.0	175.7	176.6	176.7	176.6	175.3	175.4	.....
51 Nondurable materials n.e.c.	1.14	130.5	131.9	130.6	129.5	130.5	135.2	137.7	138.6	140.5	140.5	138.8	139.6	141.0	.....
52 Energy materials	8.48	124.8	126.3	127.1	130.0	131.3	131.0	131.3	132.1	131.9	133.2	133.7	133.1	132.2	129.1
53 Primary energy	4.65	114.7	114.1	115.5	117.6	119.3	121.3	119.6	119.5	119.8	120.1	122.7	122.0	121.1	.....
54 Converted fuel materials	3.82	137.0	141.2	141.1	145.1	145.8	142.8	145.4	147.3	146.5	149.0	147.1	146.5	145.7	.....
Supplementary groups															
55 Home goods and clothing	9.35	129.9	135.5	135.9	137.6	140.1	140.3	140.1	141.0	139.8	139.6	139.7	139.6	139.6	139.2
56 Energy, total	12.23	135.9	137.7	138.5	141.1	141.6	141.4	141.9	142.8	143.3	144.5	144.0	143.0	142.5	140.4
57 Products	3.76	161.0	163.3	164.3	166.0	165.1	164.9	166.0	167.1	169.2	170.0	167.3	165.4	165.7	.....
58 Materials	8.48	124.8	126.3	127.1	130.0	131.3	131.0	131.3	132.1	131.9	133.2	133.7	133.1	132.2	129.1

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value—Continued

Grouping	SIC code	1967 pro-portion	1983 avg.	1983			1984									
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July[r]	Aug.	Sept.[p]	Oct.[e]
				Index (1967 = 100)												
MAJOR INDUSTRY																
1 Mining and utilities	......	12.05	142.9	145.8	147.2	151.5	151.4	148.9	150.4	151.3	152.1	154.1	154.4	153.1	152.9	150.4
2 Mining	......	6.36	116.6	118.3	121.1	123.7	124.8	124.1	123.8	123.3	125.0	127.0	129.9	128.5	128.4	123.7
3 Utilities	......	5.69	172.4	176.5	176.3	182.5	181.0	176.5	180.0	182.7	182.3	184.3	181.8	180.6	180.2	180.3
4 Electric	......	3.88	196.0	200.7	200.2	208.0	206.8	200.0	204.6	207.7	206.8	209.6	205.9	204.0	203.5	203.3
5 Manufacturing	......	87.95	148.2	156.2	156.4	156.8	159.5	161.4	162.1	163.4	164.2	165.7	167.3	167.8	166.9	167.2
6 Nondurable	......	35.97	168.1	175.6	174.8	173.9	175.2	177.2	177.6	179.1	179.9	181.3	181.8	181.7	180.8	181.4
7 Durable	......	51.98	134.5	142.8	143.6	145.0	148.6	150.5	151.4	152.6	153.3	154.9	157.2	158.1	157.2	157.3
Mining																
8 Metal	10	.51	80.9	81.0	84.6	82.3	89.4	97.4	100.0	98.5	98.0	96.8	96.4	83.4	81.3	.....
9 Coal	11.12	.69	136.3	142.7	144.8	145.2	151.5	163.2	164.0	151.4	153.9	161.5	176.5	171.7	173.7	129.6
10 Oil and gas extraction	13	4.40	116.6	117.3	119.8	123.4	123.1	119.6	118.2	118.8	120.4	121.6	122.8	122.8	122.4	122.8
11 Stone and earth minerals	14	.75	122.8	127.4	132.2	133.9	134.8	133.0	135.8	140.4	144.0	147.9	151.9	153.5	154.0	.....
Nondurable manufactures																
12 Foods	20	8.75	156.4	157.6	157.1	157.7	159.4	160.0	161.2	163.1	164.2	165.1	164.9	164.6	.....	.....
13 Tobacco products	21	.67	112.1	109.1	109.5	112.3	116.4	110.9	111.8	113.3	112.8	118.3	115.1	113.8	.....	.....
14 Textile mill products	22	2.68	140.8	148.7	145.8	145.0	143.9	142.3	143.5	140.0	140.5	140.7	139.8	140.5	138.4	.....
15 Apparel products	23	*3.31*	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
16 Paper and products	26	3.21	164.3	171.5	172.1	170.1	172.3	176.6	173.8	172.4	174.1	174.6	176.7	176.8	177.2	178.5
17 Printing and publishing	27	4.72	152.5	162.7	162.0	161.7	163.4	164.8	165.2	166.3	167.5	169.0	172.6	174.1	173.8	174.0
18 Chemicals and products	28	7.74	215.0	228.4	225.6	221.1	221.5	224.8	225.0	228.3	227.9	231.0	232.0	231.5	230.0	.....
19 Petroleum products	29	1.79	120.3	123.6	125.4	114.4	118.8	127.6	127.0	126.8	127.9	127.5	124.7	124.3	122.9	124.9
20 Rubber and plastic products	30	2.24	291.9	310.8	309.1	314.4	317.2	318.5	323.8	328.0	334.1	341.0	341.4	341.5	338.4	.....
21 Leather and products	31	.86	61.9	64.0	63.2	66.0	61.4	63.9	63.9	63.5	61.4	60.0	60.6	59.9	60.6	.....
Durable manufactures																
22 Ordnance, private and government	19.91	3.64	95.4	98.8	99.3	99.8	99.7	99.6	100.6	101.4	100.8	101.7	102.7	105.0	106.3	107.3
23 Lumber and products	24	1.64	137.2	141.7	141.0	143.8	146.0	145.6	149.3	151.2	146.3	148.5	146.0	148.8	150.4	.....
24 Furniture and fixtures	25	1.37	170.5	181.0	177.5	177.9	183.8	185.6	184.6	186.6	190.5	191.9	192.6	195.5	195.0	.....
25 Clay, glass, stone products	32	2.74	143.4	151.9	152.7	153.8	157.8	160.4	160.2	160.0	160.6	159.7	160.9	161.3	159.5	.....
26 Primary metals	33	6.57	85.4	95.3	92.2	90.4	93.2	98.4	97.5	99.3	98.2	97.9	94.5	95.3	93.3	94.0
27 Iron and steel	331.2	4.21	71.5	84.3	79.2	74.1	80.7	86.0	84.4	84.0	83.5	83.5	76.5	77.5	75.5	.....
28 Fabricated metal products	34	5.93	120.2	26.9	128.5	129.2	131.7	132.8	134.9	135.5	136.5	138.7	140.6	140.2	139.6	139.9
29 Nonelectrical machinery	35	9.15	150.6	159.2	161.8	164.3	169.5	170.9	171.9	174.9	178.8	182.0	186.9	189.6	189.7	190.9
30 Electrical machinery	36	8.05	185.5	198.4	200.1	201.5	206.2	209.9	212.0	214.6	214.5	216.0	221.5	221.4	222.3	221.5
31 Transportation equipment	37	9.27	117.8	125.5	127.3	130.8	134.9	135.2	135.8	134.5	135.0	137.2	140.6	141.2	137.0	136.6
32 Motor vehicles and parts	371	4.50	137.1	150.9	152.9	158.9	166.3	164.4	165.8	161.9	163.0	165.3	169.0	169.9	160.6	159.0
33 Aerospace and miscellaneous transportation equipment	372–9	4.77	99.6	101.6	103.2	104.3	105.3	107.7	107.5	108.8	108.6	110.8	113.8	114.2	114.8	115.5
34 Instruments	38	2.11	158.7	163.0	163.0	164.6	167.8	168.6	169.7	171.0	171.8	174.5	176.7	177.4	177.7	177.8
35 Miscellaneous manufactures	39	1.51	146.2	149.1	148.9	149.3	151.1	152.0	152.3	152.1	151.5	150.8	152.4	149.2	148.2	147.5
		Gross value (billions of 1972 dollars, annual rates)														
MAJOR MARKET																
36 ***Products, total***	......	**507.4**	**612.6**	**637.8**	**638.4**	**645.4**	**655.1**	**656.9**	**661.8**	**661.1**	**665.9**	**671.5**	**682.4**	**678.3**	**673.1**	**673.8**
37 Final	......	390.9	472.6	490.7	490.8	497.8	505.3	505.0	509.6	509.0	514.0	518.1	525.9	522.3	518.3	519.4
38 Consumer goods	......	277.5	328.7	340.2	338.3	341.9	345.3	345.3	347.7	347.8	349.5	350.9	353.2	347.0	343.6	344.8
39 Equipment	......	*113.4*	*144.0*	*150.5*	*152.5*	*155.9*	*160.0*	*159.7*	161.9	*161.2*	164.4	167.2	172.8	175.3	174.7	174.6
40 Intermediate	......	116.6	140.0	147.1	147.6	147.6	149.8	151.9	152.2	152.2	151.9	153.4	156.5	156.0	154.8	154.4

NOTE. These data also appear in the Board's G.12.3 (414) release. For address, see inside front cover.

2.14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates except as noted.

Item	1981	1982	1983	1984 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.[r]	Oct.
	Private residential real estate activity (thousands of units)												
NEW UNITS													
1 Permits authorized	986	1,000	1,605	1,799	1,902	1,727	1,758	1,745	1,768	1,565	1,506	1,440	1,408
2 1-family	564	546	902	989	1,083	974	957	913	916	823	803	841	780
3 2-or-more-family	421	454	703	810	819	753	801	832	852	742	703	599	628
4 Started	1,084	1,062	1,703	1,980	2,262	1,662	2,015	1,794	1,877	1,754	1,554[r]	1,679	1,515
5 1-family	705	663	1,067	1,301	1,463	1,071	1,196	1,131	1,084	990	932	1,020	925
6 2-or-more-family	379	400	635	679	799	591	819	663	793	764	622[r]	659	590
7 Under construction, end of period[1]	682	720	1,003	1,032	1,033	1,065	1,091	1,094	1,101	1,105[r]	1,094[r]	1,097	
8 1-family	382	400	524	552	557	571	582	589	589	586[r]	575[r]	571	
9 2-or-more-family	301	320	479	480	477	494	509	506	512	519[r]	519[r]	526	
10 Completed	1,266	1,005	1,390	1,606	1,565	1,590	1,654	1,756	1,739	1,718[r]	1,684[r]	1,642	
11 1-family	818	631	924	1,014	1,034	1,031	974	1,081	1,051	1,076[r]	1,038[r]	1,053	
12 2-or-more-family	447	374	466	592	531	559	680	675	688	642[r]	646[r]	589	
13 Mobile homes shipped	241	240	295	314	293	287	287	295	301	301	303	277	n.a.
Merchant builder activity in 1-family units													
14 Number sold	436	413	622	681	712	682	649	616	635	611	557	679	
15 Number for sale, end of period[1]	278	255	304	302	320	320	328	333	339	342	346	345	
Price (thousands of dollars)[2]													
Median													
16 Units sold	68.8	69.3	75.5	76.2	79.2	78.4	79.6	81.4	80.5	80.9	79.7	80.0	
Average													
17 Units sold	83.1	83.8	89.9	92.2	94.4	97.7	96.2	101.9	98.8	97.5	95.4	101.0	
EXISTING UNITS (1-family)													
18 Number sold	2,418	1,991	2,719	2,890	2,910	3,020	3,090	3,060	2,960	2,770	2,700	2,670	2,670
Price of units sold (thousands of dollars)[2]													
19 Median	66.1	67.7	69.8	71.3	71.8	72.2	72.5	73.1	73.8	74.5	73.7	72.1	72.3
20 Average	78.0	80.4	82.5	84.8	84.9	85.1	86.1	86.2	87.7	88.2	87.8	85.6	86.3
	Value of new construction[3] (millions of dollars)												
CONSTRUCTION													
21 Total put in place	**239,112**	**230,068**	**262,167**	**280,897**	**300,355**	**309,744**	**308,596**	**316,398**	**315,279**	**310,978**	**311,945**	**315,287**	
22 Private	185,761	179,090	211,369	229,972	248,104	254,958	254,057	261,182	257,789	254,778	255,334	257,794	
23 Residential	86,564	74,808	111,727	121,931	137,403	141,087	136,577	138,401	136,418	135,288	133,986	132,815	
24 Nonresidential, total	99,197	104,282	99,642	108,041	110,701	113,871	117,480	122,781	121,371	119,490	121,348	124,979	
Buildings													
25 Industrial	17,031	17,346	12,863	12,872	13,969	14,363	13,633	15,170	14,065	13,585	14,958	15,557	n.a.
26 Commercial	34,243	37,281	35,787	41,057	42,076	45,280	47,353	49,719	48,947	48,259	49,664	52,648	
27 Other	9,543	10,507	11,660	12,742	12,999	13,190	13,271	13,821	13,327	12,861	12,037	12,708	
28 Public utilities and other	38,380	39,148	39,332	41,370	41,657	41,038	43,223	44,071	45,032	44,785	44,689	44,066	
29 Public	53,346	50,977	50,798	50,925	52,251	54,786	54,539	55,216	57,490	56,200	56,612	57,494	
30 Military	1,966	2,205	2,544	2,608	2,474	2,872	2,827	2,649	2,703	2,429	2,649	2,700	
31 Highway	13,599	13,428	14,225	14,240	14,993	16,205	16,781	16,949	16,824	17,161	17,151	17,709	
32 Conservation and development	5,300	5,029	4,822	4,319	4,608	4,531	4,518	4,356	4,492	4,537	4,558	4,923	
33 Other	32,481	30,315	29,207	29,758	30,176	31,178	30,413	31,262	33,471	32,073	32,254	32,162	

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 Oct. 1984 (1967 = 100)[1]
	1983 Oct.	1984 Oct.	1983	1984			1984					
			Dec.	Mar.	June	Sept.	June	July	Aug.	Sept.	Oct.	
CONSUMER PRICES[2]												
1 All items	**2.9**	**4.2**	**4.0**	**5.0**	**3.3**	**4.5**	**.2**	**.3**	**.5**	**.4**	**.4**	**315.3**
2 Food	2.1	3.9	4.3	9.0	−.7	3.4	.1	.3	.6	−.1	.4	304.4
3 Energy items	.0	.4	−1.7	−1.4	.8	1.7	−.7	−.3	.1	.6	.3	426.7
4 All items less food and energy	3.7	4.9	4.9	5.1	4.7	5.4	.3	.4	.5	.4	.3	306.1
5 Commodities	4.9	3.7	4.6	3.4	3.7	4.0	.1	.2	.4	.5	.2	256.8
6 Services	2.7	5.7	5.3	5.9	5.3	6.2	.4	.6	.5	.4	.5	362.7
PRODUCER PRICES												
7 Finished goods	1.2	1.4	1.1	5.7	−.4	.4	.0	.4	−.1	−.2	−.2	291.6
8 Consumer foods	2.3	3.1	5.8	16.9	−8.5	3.3	−.4	1.4	−.1	−.4	.1	271.8
9 Consumer energy	−6.1	−5.5	−10.4	−8.1	7.5	−16.7	−.2	−1.2	−2.5	−.8	1.5	745.0
10 Other consumer goods	2.2	2.1	1.5	4.5	1.3	2.5	.2	.2	.4	.0	−.5	247.2
11 Capital equipment	2.4	2.1	1.8	3.8	2.3	2.9	.1	.3	.3	.0	−.6	296.0
12 Intermediate materials[3]	1.4	1.8	2.5	2.9	3.3	−1.0	.5	−.1	−.1	.0	.2	325.6
13 Excluding energy	2.4	2.5	4.1	3.8	2.0	.4	.3	.0	.1	.0	.2	304.4
Crude materials												
14 Foods	7.4	−3.2	12.1	12.5	−21.7	−4.9	−2.1	.5	−1.8	.0	−1.1	245.5
15 Energy	−4.4	.9	−2.3	−1.6	4.0	1.0	.2	.4	.7	−.8	−.3	787.0
16 Other	12.7	−.6	2.4	−9.7	31.6	−14.0	1.2	−1.8	−3.1	1.2	−1.5	257.9

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	1981	1982	1983	1983 Q3	1983 Q4	1984 Q1	1984 Q2	1984 Q3[r]
GROSS NATIONAL PRODUCT								
1 **Total**	**2,957.8**	**3,069.2**	**3,304.8**	**3,346.6**	**3,431.7**	**3,553.3**	**3,644.7**	**3,695.2**
By source								
2 Personal consumption expenditures	1,849.1	1,984.9	2,155.9	2,181.4	2,230.2	2,276.5	2,332.7	2,360.8
3 Durable goods	235.4	245.1	279.8	284.1	299.8	310.9	320.7	318.5
4 Nondurable goods	730.7	757.5	801.7	811.7	823.0	841.3	858.3	861.1
5 Services	883.0	982.2	1,074.4	1,085.7	1,107.5	1,124.4	1,153.7	1,181.2
6 Gross private domestic investment	484.2	414.8	471.6	491.9	540.0	623.8	627.0	662.3
7 Fixed investment	458.1	441.0	485.1	496.2	527.3	550.0	576.4	593.8
8 Nonresidential	353.9	349.6	352.9	353.9	383.9	398.8	420.8	438.5
9 Structures	135.3	142.1	129.7	126.2	136.6	142.2	150.0	153.3
10 Producers' durable equipment	218.6	207.5	223.2	227.8	247.3	256.7	270.7	285.1
11 Residential structures	104.2	91.4	132.2	142.3	143.4	151.2	155.6	155.4
12 Nonfarm	99.8	86.6	127.6	137.7	138.7	146.4	150.5	150.1
13 Change in business inventories	26.0	−26.1	−13.5	−4.3	12.7	73.8	50.6	68.5
14 Nonfarm	18.2	−24.0	−3.1	11.6	14.1	60.6	47.0	59.5
15 Net exports of goods and services	28.0	19.0	−8.3	−16.4	−29.8	−51.5	−58.7	−89.9
16 Exports	369.9	348.4	336.2	342.0	346.1	358.9	362.4	369.3
17 Imports	341.9	329.4	344.4	358.4	375.9	410.4	421.1	459.2
18 Government purchases of goods and services	596.5	650.5	685.5	689.8	691.4	704.4	743.7	762.0
19 Federal	228.9	258.9	269.7	269.2	266.3	267.6	296.4	302.8
20 State and local	367.6	391.5	415.8	420.6	425.1	436.8	447.4	459.3
By major type of product								
21 Final sales, total	2,931.7	3,095.4	3,318.3	3,350.9	3,419.0	3,479.5	3,594.1	3,626.8
22 Goods	1,294.8	1,276.7	1,355.7	1,373.1	1,423.9	1,498.0	1,544.8	1,548.1
23 Durable	530.4	499.9	555.3	576.9	607.4	632.3	647.9	655.9
24 Nondurable	764.3	776.9	800.4	796.2	816.5	865.7	896.9	892.2
25 Services	1,373.0	1,510.8	1,639.3	1,654.5	1,681.3	1,713.7	1,742.6	1,782.6
26 Structures	289.9	281.7	309.8	319.0	326.5	341.6	357.2	364.6
27 Change in business inventories	26.0	−26.1	−13.5	−4.3	12.7	73.8	50.6	68.5
28 Durable goods	7.3	−18.0	−2.1	12.5	14.5	34.9	18.2	39.7
29 Nondurable goods	18.8	−8.1	−11.3	−16.8	−1.7	38.9	32.4	28.7
30 **MEMO: Total GNP in 1972 dollars**	**1,512.2**	**1,480.0**	**1,534.7**	**1,550.2**	**1,572.7**	**1,610.9**	**1,638.8**	**1,646.5**
NATIONAL INCOME								
31 **Total**	**2,363.8**	**2,446.8**	**2,646.7**	**2,684.4**	**2,766.5**	**2,873.5**	**2,944.8**	**2,983.4**
32 Compensation of employees	1,765.4	1,864.2	1,984.9	2,000.7	2,055.4	2,113.4	2,159.2	2,191.9
33 Wages and salaries	1,493.2	1,568.7	1,658.8	1,670.8	1,715.4	1,755.9	1,793.3	1,819.1
34 Government and government enterprises	284.6	306.6	328.2	330.6	335.0	342.9	347.5	352.0
35 Other	1,208.6	1,262.2	1,331.1	1,340.3	1,380.4	1,413.0	1,445.8	1,467.1
36 Supplement to wages and salaries	272.2	295.5	326.2	329.9	340.0	357.4	365.9	372.8
37 Employer contributions for social insurance	132.3	140.0	153.1	153.9	157.9	169.4	172.4	174.7
38 Other labor income	140.0	155.5	173.1	175.9	182.1	188.1	193.5	198.1
39 Proprietors' income[1]	125.1	111.1	121.7	123.3	131.9	154.9	149.8	154.5
40 Business and professional[1]	93.6	89.2	107.9	112.1	114.6	122.5	126.3	127.5
41 Farm[1]	31.5	21.8	13.8	11.2	17.3	32.5	23.4	27.0
42 Rental income of persons[2]	42.3	51.5	58.3	56.2	60.4	61.0	62.0	63.0
43 Corporate profits[1]	189.9	159.1	225.2	245.0	260.0	277.4	291.1	281.5
44 Profits before tax[3]	221.2	165.5	203.2	227.4	225.5	243.3	246.0	223.7
45 Inventory valuation adjustment	−23.6	−9.5	−11.2	−19.3	−9.2	−13.5	−7.3	−.4
46 Capital consumption adjustment	−7.6	3.1	33.2	36.9	43.6	47.6	52.3	58.2
47 Net interest	241.0	260.9	256.6	259.2	258.9	266.8	282.8	292.5

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.
3. For after-tax profits, dividends, and the like, see table 1.48.

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

2.17 PERSONAL INCOME AND SAVING

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

Account	1981	1982	1983	1983		1984		
				Q3	Q4	Q1	Q2	Q3r
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**2,429.4**	**2,584.6**	**2,744.2**	**2,763.3**	**2,836.5**	**2,920.5**	**2,984.6**	**3,046.7**
2 Wage and salary disbursements	1,493.1	1,568.7	1,659.2	1,671.3	1,715.4	1,755.7	1,793.1	1,819.5
3 Commodity-producing industries	509.3	509.3	519.3	523.5	539.0	555.9	567.0	573.2
4 Manufacturing	385.5	382.9	395.2	399.1	411.9	424.6	432.2	436.3
5 Distributive industries	361.6	378.6	398.6	399.7	413.2	419.2	429.5	436.5
6 Service industries	337.7	374.3	413.1	417.0	428.2	437.9	449.3	457.4
7 Government and government enterprises	284.6	306.6	328.2	331.0	335.0	342.8	347.3	352.4
8 Other labor income	140.0	155.5	173.1	175.9	182.1	188.1	193.5	198.1
9 Proprietors' income[1]	125.1	111.1	121.7	123.3	131.9	154.9	149.8	154.5
10 Business and professional[1]	93.6	89.2	107.9	112.1	114.6	122.5	126.3	127.5
11 Farm[1]	31.5	21.8	13.8	11.2	17.3	32.5	23.4	27.0
12 Rental income of persons[2]	42.3	51.5	58.3	56.2	60.4	61.0	62.0	63.0
13 Dividends	64.3	66.5	70.3	70.7	72.8	75.0	77.2	78.5
14 Personal interest income	331.8	366.6	376.3	382.3	388.2	403.9	425.6	448.0
15 Transfer payments	337.2	376.0	405.0	403.9	408.8	411.3	415.2	418.6
16 Old-age survivors, disability, and health insurance benefits	182.0	204.5	221.6	222.4	227.7	232.1	235.2	238.2
17 LESS: Personal contributions for social insurance	104.5	111.4	119.6	120.4	123.2	129.6	131.8	133.4
18 EQUALS: Personal income	2,429.4	2,584.6	2,744.2	2,763.3	2,836.5	2,920.5	2,984.6	3,046.7
19 LESS: Personal tax and nontax payments	387.7	404.1	404.2	395.8	407.9	418.3	430.3	440.6
20 EQUALS: Disposable personal income	2,041.7	2,180.5	2,340.1	2,367.4	2,428.6	2,502.2	2,554.3	2,606.1
21 LESS: Personal outlays	1,904.3	2,044.5	2,222.0	2,248.4	2,300.0	2,349.6	2,409.5	2,441.8
22 EQUALS: Personal saving	137.4	136.0	118.1	119.0	128.7	152.5	144.8	164.3
MEMO								
Per capita (1972 dollars)								
23 Gross national product	6,572.8	6,369.6	6,543.4	6,601.9	6,681.4	6,829.4	6,933.2	6,948.8
24 Personal consumption expenditures	4,131.4	4,145.9	4,302.8	4,325.2	4,386.0	4,426.5	4,502.3	4,497.2
25 Disposable personal income	4,561.0	4,555.0	4,670.0	4,694.0	4,776.0	4,865.0	4,930.0	4,965.0
26 Saving rate (percent)	6.7	6.2	5.0	5.0	5.3	6.1	5.7	6.3
GROSS SAVING								
27 **Gross saving**	**484.3**	**408.8**	**437.2**	**455.2**	**485.7**	**543.9**	**551.0**	**555.5**
28 Gross private saving	509.9	524.0	571.7	588.6	615.0	651.3	660.2	686.7
29 Personal saving	137.4	136.0	118.1	119.0	128.7	152.5	144.8	164.3
30 Undistributed corporate profits[1]	42.3	29.2	76.5	86.9	100.0	107.0	115.3	115.8
31 Corporate inventory valuation adjustment	-23.6	-9.5	-11.2	-19.3	-9.2	-13.5	-7.3	-.4
Capital consumption allowances								
32 Corporate	202.6	221.8	231.2	233.4	236.4	239.9	244.1	248.
33 Noncorporate	127.6	137.1	145.9	149.4	150.0	151.8	156.0	158.4
34 Wage accruals less disbursements	.0	.0	.0	.0	.0	.0	.0	.0
35 Government surplus, or deficit (-), national income and product accounts	-26.7	-115.2	-134.5	-133.5	-129.3	-107.4	-109.2	-131.
36 Federal	-64.3	-148.2	-178.6	-180.9	-180.5	-161.3	-163.7	-176.
37 State and local	37.6	32.9	44.1	47.4	51.2	53.9	54.5	45.
38 Capital grants received by the United States, net	1.1	.0	.0	.0	.0	.0	.0	.
39 **Gross investment**	**490.0**	**408.3**	**437.7**	**450.3**	**480.9**	**546.1**	**542.0**	**545.**
40 Gross private domestic	484.2	414.8	471.6	491.9	540.0	623.8	627.0	662.
41 Net foreign	5.8	-6.6	-33.9	-41.5	-59.1	-77.7	-85.0	-117.
42 **Statistical discrepancy**	**5.6**	**-.5**	**.5**	**-4.8**	**-4.8**	**2.2**	**-9.0**	**-10.**

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.

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

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data are seasonally adjusted except as noted.[1]

Item credits or debits	1981	1982	1983	1983			1984	
				Q2	Q3	Q4	Q1	Q2[p]
1 *Balance on current account*	6,294	−9,199	−41,563	−9,560	−11,846	−17,213	−19,673	−24,402
2 Not seasonally adjusted	....	....	....	−8,769	−14,498	−15,964	−18,616	−24,123
3 Merchandise trade balance[2]	−28,001	−36,469	−61,055	−14,870	−17,501	−19,407	−25,855	−25,736
4 Merchandise exports	237,085	211,198	200,257	48,745	50,437	51,829	53,935	54,597
5 Merchandise imports	−265,086	−247,667	−261,312	−63,615	−67,938	−71,236	−79,790	−80,333
6 Military transactions, net	−1,116	195	515	53	−55	−273	−370	−282
7 Investment income, net[3]	34,053	27,802	23,508	5,978	7,172	5,119	7,748	3,662
8 Other service transactions, net	8,191	7,331	4,121	1,127	681	434	951	55
9 Remittances, pensions, and other transfers	−2,382	−2,635	−2,590	−638	−665	−688	−717	−712
10 U.S. government grants (excluding military)	−4,451	−5,423	−6,060	−1,210	−1,478	−2,398	−1,430	−1,389
11 Change in U.S. government assets, other than official reserve assets, net (increase, −)	−5,107	−6,143	−5,013	−1,251	−1,204	−1,429	−2,037	−1,222
12 Change in U.S. official reserve assets (increase, −)	−5,175	−4,965	−1,196	16	529	−953	−657	−565
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−1,823	−1,371	−66	−303	−209	545	−226	−288
15 Reserve position in International Monetary Fund	−2,491	−2,552	−4,434	−212	−88	−1,996	−200	−321
16 Foreign currencies	−861	−1,041	3,304	531	826	498	−231	44
17 Change in U.S. private assets abroad (increase, −)[3]	−100,694	−107,790	−43,281	175	−8,548	−12,461	705	−23,073
18 Bank-reported claims	−84,175	−111,070	−25,391	3,894	−2,871	−8,239	1,955	−24,167
19 Nonbank-reported claims	−1,181	6,626	−5,333	−230	−233	−1,671	1,659	n.a.
20 *U.S. purchase of foreign securities, net*	−5,714	−8,102	−7,676	−3,257	−1,571	−983	637	−791
21 U.S. direct investments abroad, net[3]	−9,624	4,756	−4,881	−232	−3,873	−1,568	−3,546	1,885
22 Change in foreign official assets in the United States (increase, +)	5,003	3,318	5,339	1,739	−2,703	6,555	−2,784	−571
23 U.S. Treasury securities	5,019	5,728	6,989	1,985	−611	2,603	−288	−314
24 Other U.S. government obligations	1,289	−694	−487	−170	−363	417	−8	126
25 Other U.S. government liabilities[4]	−300	382	199	434	137	161	242	378
26 Other U.S. liabilities reported by U.S. banks	−3,670	−1,747	433	316	−1,403	3,498	−2,131	216
27 Other foreign official assets[5]	2,665	−351	−1,795	−826	−463	−124	−599	−977
28 Change in foreign private assets in the United States (increase, +)[3]	76,310	91,863	76,383	10,714	22,281	27,249	18,444	36,505
29 U.S. bank-reported liabilities	42,128	65,922	49,059	1,698	14,792	22,325	8,775	21,708
30 U.S. nonbank-reported liabilities	917	−2,383	−1,318	−64	1,311	−228	4,404	n.a.
31 Foreign private purchases of U.S. Treasury securities, net	2,946	7,062	8,731	3,139	995	1,673	1,358	6,522
32 Foreign purchases of other U.S. securities, net	7,171	6,396	8,612	2,614	1,861	1,134	1,516	610
33 Foreign direct investments in the United States, net[3]	23,148	14,865	11,299	3,327	3,322	2,345	2,391	7,665
34 Allocation of SDRs	1,093	0	0	0	0	0	0	0
35 Discrepancy	22,275	32,916	9,331	−1,833	1,491	−1,748	6,002	13,328
36 Owing to seasonal adjustments	....	....	....	439	−2,518	2,657	−154	−91
37 Statistical discrepancy in recorded data before seasonal adjustment	22,275	32,916	9,331	−2,272	4,009	−4,405	6,156	13,419
Memo								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	−5,175	−4,965	−1,196	16	529	−953	−657	−566
39 Foreign official assets in the United States (increase, +)	5,303	2,936	5,140	1,305	−2,840	6,394	−3,026	−949
40 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 22 above)	13,581	7,291	−8,639	−3,482	−2,051	−1,640	−2,447	−2,206
41 Transfers under military grant programs (excluded from lines 4, 6, and 10 above)	675	593	205	30	49	84	41	40

1. Seasonal factors are no longer calculated for lines 6, 10, 12–16, 18–20, 22–34, and 38–41.
2. Data are on an international accounts (IA) basis. Differs from the Census basis data, shown in table 3.11, for reasons of coverage and timing; military exports are excluded from merchandise data and are included in line 6.
3. Includes reinvested earnings.
4. Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.
5. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

NOTE. Data are from Bureau of Economic Analysis, *Survey of Current Business* (Department of Commerce).

3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted.

Item	1981	1982	1983	1984 Apr.	May	June	July	Aug.	Sept.	Oct.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	233,677	212,193	200,486	17,521	17,950	17,633	19,442	18,036	18,177	18,387
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	261,305	243,952	258,048	28,368	25,569	25,356	31,883	26,567	29,430	26,313
3 **Trade balance**	***−27,628***	***−31,759***	***−57,562***	**−10,846**	**−7,619**	**−7,723**	**−12,440**	**−8,531**	**−11,253**	**−7,926**

NOTE. The data through 1981 in this table are reported by the Bureau of Census data of a free-alongside-ship (f.a.s.) value basis—that is, value at the port of export. Beginning in 1981, foreign trade of the U.S. Virgin Islands is included in the Census basis trade data; this adjustment has been made for all data shown in the table. Beginning with 1982 data, the value of imports are on a customs valuation basis.

The Census basis data differ from merchandise trade data shown in table 3.10, U.S. International Transactions Summary, for reasons of coverage and timing. On the *export side*, the largest adjustments are: (1) the addition of exports to Canada not covered in Census statistics, and (2) the exclusion of military sales (which are combined with other military transactions and reported separately in the "service account" in table 3.10, line 6). On the *import side*, additions are made for gold, ship purchases, imports of electricity from Canada, and other transactions; military payments are excluded and shown separately as indicated above.

SOURCE. FT900 "Summary of U.S. Export and Import Merchandise Trade" (Department of Commerce, Bureau of the Census).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1981	1982	1983	1984 Apr.	May	June	July	Aug.	Sept.	Oct.
1 **Total**	**30,075**	**33,958**	**33,747**	**34,585**	**34,713**	**34,547**	**34,392**	**34,760**	**34,306**	**34,570**
2 Gold stock, including Exchange Stabilization Fund[1]	11,151	11,148	11,121	11,107	11,104	11,100	11,099	11,098	11,097	11,096
3 Special drawing rights[2,3]	4,095	5,250	5,025	5,266	5,513	5,459	5,453	5,652	5,554	5,539
4 Reserve position in International Monetary Fund[2]	5,055	7,348	11,312	11,618	11,666	11,659	11,735	11,820	11,619	11,618
5 Foreign currencies[4]	9,774	10,212	6,289	6,594	6,430	6,329	6,105	6,190	6,036	6,317

1. Gold held under earmark at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.13. Gold stock is valued at $42.22 per fine troy ounce.

2. Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, 16 currencies were used; from January 1981, 5 currencies have been used. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974.

3. Includes allocations by the International Monetary Fund of SDRs as follows: $867 million on Jan. 1, 1970; $717 million on Jan. 1, 1971; $710 million on Jan. 1, 1972; $1,139 million on Jan. 1, 1979; $1,152 million on Jan. 1, 1980; and $1,093 million on Jan. 1, 1981; plus transactions in SDRs.

4. Valued at current market exchange rates.

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1981	1982	1983	1984 Apr.	May	June	July	Aug.	Sept.	Oct.
1 Deposits	505	328	190	345	295	238	215	242	206	270
Assets held in custody										
2 U.S. Treasury securities[1]	104,680	112,544	117,670	117,808	114,562	117,143	115,760	117,130	115,678	115,542
3 Earmarked gold[2]	14,804	14,716	14,414	14,278	14,268	14,266	14,270	14,258	14,256	14,260

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 internationa and regional organizations. Earmarked gold is gold held for foreign and interna tional accounts and is not included in the gold stock of the United States.

3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data

Millions of dollars, end of period

Asset account	1981	1982	1983	1984 Mar.	Apr.	May	June	July	Aug.	Sept.p
				All foreign countries						
1 **Total, all currencies**	**462,847**	**469,712**	**476,539**	**481,418**	**474,882**	**485,739**	**477,353r**	**465,713r**	**461,320**	**453,163**
2 Claims on United States	63,743	91,805	115,065	122,021	121,081	126,100	124,936r	118,344	116,813	113,882
3 Parent bank	43,267	61,666	81,113	86,379	85,150	89,031	89,473r	82,293r	81,984	79,620
4 Other banks in United States[1]	20,476	30,139	33,952	35,642	35,931	37,069	14,516	14,536r	13,544	13,387
5 Nonbanks[1]							20,947	21,515r	21,285	20,875
6 Claims on foreigners	378,954	358,493	342,609	339,289	333,701	339,029	332,363r	327,209r	323,539	317,613
7 Other branches of parent bank	87,821	91,168	92,718	91,259	92,842	95,095	95,891r	91,247r	93,449	92,619
8 Banks	150,763	133,752	117,593	114,761	107,540	112,626	105,552r	107,306r	102,611	100,662
9 Public borrowers	28,197	24,131	24,508	24,777	24,775	24,345	23,381	23,436	22,736	22,498
10 Nonbank foreigners	112,173	109,442	107,790	109,048	108,544	106,965	107,539r	105,220r	104,743	101,834
11 Other assets	20,150	19,414	18,865	20,108	20,100	20,610	20,054r	20,160r	20,968	21,668
12 **Total payable in U.S. dollars**	**350,735**	**361,982**	**370,958**	**365,380**	**359,385**	**372,452**	**367,501r**	**357,384r**	**351,776**	**345,944**
13 Claims on United States	62,142	90,085	112,959	119,644	118,602	123,725	122,741r	115,999	114,497	111,354
14 Parent bank	42,721	61,010	80,018	85,067	83,729	87,851	88,361r	81,055r	80,838	78,375
15 Other banks in United States[1]	19,421	29,075	32,941	34,577	34,873	35,874	14,274	14,202r	13,203	13,006
16 Nonbanks[1]							20,106	20,742r	20,456	19,973
17 Claims on foreigners	276,937	259,871	247,327	235,778	230,386	237,860	234,160r	230,702r	226,216	223,152
18 Other branches of parent bank	69,398	73,537	75,207	71,496	70,100	75,503	77,441r	73,518r	75,908	75,482
19 Banks	122,110	106,447	93,257	88,325	83,194	86,567	81,174r	82,310r	76,646	75,652
20 Public borrowers	22,877	18,413	17,881	18,106	17,957	17,613	17,007	17,149	16,876	16,858
21 Nonbank foreigners	62,552	61,474	60,982	58,407	59,135	58,177	58,538r	57,725r	56,786	55,160
22 Other assets	11,656	12,026	10,672	9,958	10,397	10,867	10,600	10,683r	11,063	11,438
				United Kingdom						
23 **Total, all currencies**	**157,229**	**161,067**	**158,732**	**161,007**	**161,109**	**159,059**	**158,724**	**155,625**	**154,045**	**146,784**
24 Claims on United States	11,823	27,354	34,433	38,072	38,428	36,148	36,309	33,679	31,675	29,313
25 Parent bank	7,885	23,017	29,111	32,201	32,855	30,266	30,621	27,845r	26,054	23,772
26 Other banks in United States[1]	3,938	4,337	5,322	5,871	5,573	5,882	1,223	1,273	1,071	1,307
27 Nonbanks[1]							4,465	4,561r	4,550	4,234
28 Claims on foreigners	138,888	127,734	119,280	118,200	117,713	117,808	117,212	116,740	117,066	112,407
29 Other branches of parent bank	41,367	37,000	36,565	34,617	38,571	36,804	38,518	37,728	39,270	36,797
30 Banks	56,315	50,767	43,352	43,804	39,779	42,084	39,892	40,980	39,760	38,947
31 Public borrowers	7,490	6,240	5,898	6,076	6,072	5,992	5,876	5,786	5,510	5,330
32 Nonbank foreigners	33,716	33,727	33,465	33,703	33,291	32,928	32,926	32,246	32,526	31,333
33 Other assets	6,518	5,979	5,019	4,735	4,968	5,103	5,203	5,206	5,304	5,064
34 **Total payable in U.S. dollars**	**115,188**	**123,740**	**126,012**	**124,501**	**123,174**	**122,215**	**123,628**	**120,470**	**118,141**	**113,432**
35 Claims on United States	11,246	26,761	33,756	37,282	37,598	35,210	35,358	32,569	30,633	28,274
36 Parent bank	7,721	22,756	28,756	31,789	32,453	29,876	30,181	27,221r	25,509	23,323
37 Other banks in United States[1]	3,525	4,005	5,000	5,493	5,145	5,334	1,115	1,149	942	1,187
38 Nonbanks[1]							4,062	4,199r	4,182	3,764
39 Claims on foreigners	99,850	92,228	88,917	84,599	82,769	83,925	85,176	84,729	84,365	82,164
40 Other branches of parent bank	35,439	31,648	31,838	28,723	29,247	30,278	32,765	31,762	33,580	32,004
41 Banks	40,703	36,717	32,188	31,613	29,135	30,036	28,610	29,444	27,816	27,801
42 Public borrowers	5,595	4,329	4,194	4,390	4,408	4,296	4,284	4,288	3,983	3,850
43 Nonbank foreigners	18,113	19,534	20,697	19,873	19,979	19,315	19,517	19,235	18,986	18,509
44 Other assets	4,092	4,751	3,339	2,620	2,807	3,080	3,094	3,172	3,143	2,994
				Bahamas and Caymans						
45 **Total, all currencies**	**149,108**	**145,156**	**151,532**	**149,953**	**145,281**	**156,656**	**153,836**	**147,730**	**147,060**	**144,590**
46 Claims on United States	46,546	59,403	74,832	78,015	75,690	83,620	81,635	78,064	78,623	76,486
47 Parent bank	31,643	34,653	47,807	50,146	47,566	54,122	53,650	49,673	51,125	49,556
48 Other banks in United States[1]	14,903	24,750	27,025	27,869	28,124	29,498	12,380	12,358r	11,540	11,215
49 Nonbanks[1]							15,605	16,033r	15,958	15,715
50 Claims on foreigners	98,057	81,450	72,788	67,985	65,666	68,960	68,325	65,620	64,263	64,072
51 Other branches of parent bank	12,951	18,720	17,340	15,821	14,811	16,931	18,057	15,434	16,079	16,314
52 Banks	55,151	42,699	36,767	34,856	32,723	33,755	31,827	32,140	30,519	29,939
53 Public borrowers	10,010	6,413	6,084	6,030	6,005	5,922	5,993	6,000	5,978	6,119
54 Nonbank foreigners	19,945	13,618	12,597	11,834	12,127	12,352	12,448	12,046	11,687	11,700
55 Other assets	4,505	4,303	3,912	3,953	3,925	4,076	3,876	4,046	4,174	4,032
56 **Total payable in U.S. dollars**	**143,743**	**139,605**	**145,091**	**143,466**	**138,881**	**150,191**	**147,681**	**141,770**	**140,882**	**138,705**

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

3.14 Continued

Liability account	1981	1982	1983	1984						
				Mar.	Apr.	May	June	July	Aug.	Sept.p
	All foreign countries									
57 **Total, all currencies**	**462,847**	**469,712**	**476,539**	**481,418**	**474,882**	**485,739**	**477,353**	**465,713r**	**461,320r**	**453,163**
58 Negotiable CDs[2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	43,337	41,311	41,556	39,756
59 To United States	137,767	179,015	187,602	188,214	184,451	191,072	162,427r	155,307r	152,381	147,577
60 Parent bank	56,344	75,621	80,537	77,651	75,594	80,353	80,710r	77,987r	76,899	74,971
61 Other banks in United States	19,197	33,405	29,107	29,037	27,151	27,845	22,827r	22,055	19,693	20,080
62 Nonbanks	62,226	69,989	77,958	81,526	81,706	82,874	58,890r	55,265	55,789	52,526
63 To foreigners	305,630	270,853	269,602	273,159	270,242	274,840	252,007r	248,513r	246,066	243,915
64 Other branches of parent bank	86,396	90,191	89,055	87,229	90,937	92,254	92,112r	88,815r	90,626	89,993
65 Banks	124,906	96,860	92,882	95,690	90,166	94,041	83,094r	80,129r	78,446	77,015
66 Official institutions	25,997	19,614	18,893	18,250	17,882	19,608	19,694r	21,219	20,228	21,551
67 Nonbank foreigners	68,331	64,188	68,772	71,982	71,257	68,937	57,107r	58,350r	56,766	55,356
68 Other liabilities	19,450	19,844	19,335	20,045	20,189	19,827	19,582r	20,582r	21,317	21,915
69 **Total payable in U.S. dollars**	**364,447**	**379,270**	**387,740**	**382,765**	**375,443**	**390,534**	**384,824r**	**374,579r**	**369,325**	**362,193**
70 Negotiable CDs[2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	40,768	39,004	39,510	37,519
71 To United States	134,700	175,528	183,837	183,926	180,149	186,793	157,877r	150,842	147,869	143,084
72 Parent bank	54,492	73,295	78,328	75,068	73,168	77,894	78,017r	75,270	74,413	72,218
73 Other banks in United States	18,883	33,040	28,573	28,451	26,564	27,192	22,233r	21,422	19,019	19,405
74 Nonbanks	61,325	69,193	76,936	80,407	80,417	81,707	57,627r	54,150	54,537	51,461
75 To foreigners	217,602	192,510	194,056	189,612	185,165	193,763	176,273r	174,378r	171,691	170,976
76 Other branches of parent bank	69,299	72,921	72,002	68,557	69,096	73,380	74,177r	71,237	73,330	71,785
77 Banks	79,594	57,463	57,015	56,202	50,874	54,932	46,998r	44,856r	42,337	42,632
78 Official institutions	20,288	15,055	13,852	13,161	13,347	14,835	14,281r	16,099	15,477	16,850
79 Nonbank foreigners	48,421	47,071	51,187	51,692	51,848	50,616	40,817	42,096	40,547	39,709
80 Other liabilities	12,145	11,232	9,847	9,227	10,129	9,978	9,906r	10,355r	10,255	10,614
	United Kingdom									
81 **Total, all currencies**	**157,229**	**161,067**	**158,732**	**161,007**	**161,109**	**159,059**	**158,724**	**155,625**	**154,045**	**146,784**
82 Negotiable CDs[2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	39,740	37,998r	38,172	36,499
83 To United States	38,022	53,954	55,799	56,228	56,526	55,353	31,948	29,664	29,667	27,247
84 Parent bank	5,444	13,091	14,021	15,850	16,311	17,820	18,532	16,712	18,127	16,122
85 Other banks in United States	7,502	12,205	11,328	11,440	10,542	9,487	4,701	4,277	3,548	3,422
86 Nonbanks	25,076	28,658	30,450	28,938	29,673	28,046	8,715	8,675	7,992	7,703
87 To foreigners	112,255	99,567	95,847	97,109	97,064	96,339	79,589	80,261	78,357	75,128
88 Other branches of parent bank	16,545	18,361	19,038	21,477	21,939	20,617	21,130r	21,459	22,178	21,096
89 Banks	51,336	44,020	41,624	42,073	40,751	41,597	32,917r	31,435	30,725	28,932
90 Official institutions	16,517	11,504	10,151	8,833	9,403	10,377	10,104r	11,301	10,480	10,625
91 Nonbank foreigners	27,857	25,682	25,034	24,726	24,971	23,748	15,438	16,066	14,974	14,475
92 Other liabilities	6,952	7,546	7,086	7,670	7,519	7,367	7,447	7,702	7,849	7,910
93 **Total payable in U.S. dollars**	**120,277**	**130,261**	**131,167**	**130,985**	**128,369**	**128,255**	**128,612**	**126,276**	**124,064**	**117,264**
94 Negotiable CDs[2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	38,363	36,757	37,126	35,297
95 To United States	37,332	53,029	54,691	55,031	55,201	54,094	30,602	28,331	28,027	25,737
96 Parent bank	5,350	12,814	13,839	15,606	16,127	17,624	18,244	16,372	17,701	15,678
97 Other banks in United States	7,249	12,026	11,044	11,204	10,292	9,200	4,486	4,018	3,244	3,102
98 Nonbanks	24,733	28,189	29,808	28,221	28,782	27,270	7,872	7,941	7,082	6,957
99 To foreigners	79,034	73,477	73,279	72,892	69,739	70,764	56,064	57,495	55,234	52,649
100 Other branches of parent bank	12,048	14,300	15,403	17,559	14,801	15,733	17,646	17,472	18,312	16,541
101 Banks	32,298	28,810	29,320	28,833	27,286	27,308	19,574	18,197	16,980	15,971
102 Official institutions	13,612	9,668	8,279	6,910	7,650	8,760	7,639	9,610	8,920	9,375
103 Nonbank foreigners	21,076	20,699	20,277	19,590	20,002	18,963	11,205	12,216	11,022	10,762
104 Other liabilities	3,911	3,755	3,197	3,062	3,429	3,397	3,583	3,693	3,677	3,581
	Bahamas and Caymans									
105 **Total, all currencies**	**149,108**	**145,156**	**151,532**	**149,953**	**145,281**	**156,656**	**153,836**	**147,730**	**147,060**	**144,590**
106 Negotiable CDs[2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1,081	979	898	779
107 To United States	85,759	104,425	110,831	110,753	107,432	114,747	110,896	106,225	103,663	100,693
108 Parent bank	39,451	47,081	50,256	45,571	43,523	46,313	45,734	44,827	42,114	42,077
109 Other banks in United States	10,474	18,466	15,711	15,979	15,208	16,924	16,642	16,188	14,742	15,388
110 Nonbanks	35,834	38,878	44,864	49,203	48,701	51,510	48,520	45,210	46,807	43,228
111 To foreigners	60,012	38,274	38,362	36,836	35,502	39,390	39,277	37,744	39,598	40,223
112 Other branches of parent bank	20,641	15,796	13,376	11,987	12,858	14,031	13,771	12,274	14,403	15,290
113 Banks	23,202	10,166	11,869	11,405	9,859	12,106	12,497	12,633r	12,198	11,966
114 Official institutions	3,498	1,967	1,916	2,395	1,869	2,197	2,662	2,408	2,674	3,028
115 Nonbank foreigners	12,671	10,345	11,201	11,049	10,916	11,056	10,347	10,429r	10,323	9,939
116 Other liabilities	3,337	2,457	2,339	2,364	2,347	2,519	2,582	2,782	2,901	2,895
117 **Total payable in U.S. dollars**	**145,284**	**141,908**	**147,727**	**145,917**	**141,040**	**152,515**	**149,760**	**143,779**	**143,056**	**140,935**

2. Before June 1984, liabilities on negotiable CDs were included in liabilities to the United States or liabilities to foreigners, according to the address of the initial purchaser.

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1982	1983	1984						
			Mar.r	Apr.r	Mayr	Juner	Julyr	Aug.	Sept.p
1 **Total**[1]	**172,718**	**177,951r**	**174,927**	**175,327**	**172,018**	**174,133**	**174,326**	**177,111**	**173,356**
By type									
2 Liabilities reported by banks in the United States[2]	24,989	25,534r	23,388	23,836	23,204	23,737	25,653	26,166	23,938
3 U.S. Treasury bills and certificates[3]	46,658	54,341	53,681	53,171	51,035	53,977	51,974	54,022	54,627
U.S. Treasury bonds and notes									
4 Marketable	67,733	68,514	69,554	70,176	69,818	68,947	69,125	70,491	68,520
5 Nonmarketable[4]	8,750	7,250	6,600	6,600	6,600	6,600	6,600	5,800	5,800
6 U.S. securities other than U.S. Treasury securities[5]	24,588	22,305r	21,704	21,544	21,361	20,872	20,974	20,632	20,471
By area									
7 Western Europe[1]	61,298	67,645	67,717	69,926	69,971	70,168	68,524	70,242	68,035
8 Canada	2,070	2,438	1,944	1,557	1,247	994	1,250	1,434	1,069
9 Latin America and Caribbean	6,057	6,248	6,462	7,461	6,472	7,070	7,118	8,170	7,053
10 Asia	96,034	92,572r	90,627	88,534	86,521	88,427	90,321	90,459	90,407
11 Africa	1,350	958	1,039	941	1,179	996	970	838	896
12 Other countries[6]	5,909	8,090r	7,138	6,908	6,628	6,478	6,143	5,968	5,896

1. Includes the Bank for International Settlements.
2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.
3. Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.
4. Excludes notes issued to foreign official nonreserve agencies. Includes bonds and notes payable in foreign currencies.
5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.
6. Includes countries in Oceania and Eastern Europe.

NOTE. Based on Treasury Department data and on data reported to the Treasury Department by banks (including Federal Reserve Banks) and securities dealers in the United States.

3.16 LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in Foreign Currencies

Millions of dollars, end of period

Item	1980	1981	1982	1983	1984		
				Dec.	Mar.r	June	Sept.p
1 Banks' own liabilities	3,748	3,523	4,844	5,219r	5,672	6,402	5,901
2 Banks' own claims	4,206	4,980	7,707	7,231	9,034	9,623	9,048
3 Deposits	2,507	3,398	4,251	2,731	4,024	4,280	3,738
4 Other claims	1,699	1,582	3,456	4,501	5,010	5,344	5,310
5 Claims of banks' domestic customers[1]	962	971	676	1,059	361	227	281

1. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of their domestic customers.

NOTE. Data on claims exclude foreign currencies held by U.S. monetary authorities.

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States
Payable in U.S. dollars

Millions of dollars, end of period

Holder and type of liability	1981▲	1982	1983	1984						
				Mar.r	Apr.	May	June	Julyr	Aug.	Sept.p
1 **All foreigners**	**243,889**	**307,056**	**369,584r**	**377,558**	**380,158r**	**393,754r**	**400,492**	**396,376**	**394,362**	**395,460**
2 Banks' own liabilities	163,817	227,089	278,002r	285,311	286,954r	301,352r	303,779	300,731	294,570	296,594
3 Demand deposits	19,631	15,889	17,485r	17,406	17,176r	17,196r	17,621	16,384	16,239	17,246
4 Time deposits[1]	29,039	68,797r	90,597r	97,283	96,876r	103,390r	105,347	109,392	107,450	111,265
5 Other[2]	17,647	23,184r	25,815r	23,721	24,084r	23,722r	23,100	25,546	23,503	22,915
6 Own foreign offices[3]	97,500	119,219	145,105r	146,901	148,817r	157,044r	157,711	149,409	147,378	145,168
7 Banks' custody liabilities[4]	80,072	79,967	90,582	92,247	93,205	92,402	96,713	95,646	99,792	98,866
8 U.S. Treasury bills and certificates[5]	55,315	55,628	68,669	69,666	69,893	68,511	72,191	71,244	74,148	73,160
9 Other negotiable and readily transferable instruments[6]	18,788	20,636	17,529	18,075	18,703	18,780	19,518	19,411	20,517	20,833
10 Other	5,970	3,702	4,385	4,506	4,608	5,112	5,003	4,990	5,127	4,873
11 **Nonmonetary international and regional organizations[7]**	**2,721**	**4,922**	**5,957**	**6,243**	**6,356**	**5,316**	**5,055**	**5,344**	**5,748**	**6,285**
12 Banks' own liabilities	638	1,909	4,632	4,047	3,528	2,229	2,920	2,612	1,960	3,310
13 Demand deposits	262	106	297	414	194	255	182	142	325	208
14 Time deposits[1]	58	1,664	3,584	2,656	2,468	1,640	2,209	2,213	1,446	2,533
15 Other[2]	318	139	750	977	866	335	529	257	189	570
16 Banks' custody liabilities[4]	2,083	3,013	1,325	2,196	2,827	3,087	2,135	2,732	3,788	2,975
17 U.S. Treasury bills and certificates	541	1,621	463	1,224	1,759	2,057	887	1,709	2,722	1,834
18 Other negotiable and readily transferable instruments[6]	1,542	1,392	862	971	1,068	1,030	1,248	1,023	1,067	1,140
19 Other	0	0	0	0	0	0	0	0	0	0
20 **Official institutions[8]**	**79,126**	**71,647**	**79,876r**	**77,068**	**77,007r**	**74,240r**	**77,714**	**77,627**	**80,188**	**78,565**
21 Banks' own liabilities	17,109	16,640	19,427r	17,120	17,534r	16,859r	16,616	18,379	18,068	16,174
22 Demand deposits	2,564	1,899	1,837	1,938	1,761	1,729r	1,898	1,875	2,001	2,002
23 Time deposits[1]	4,230	5,528	7,318r	6,727	7,483r	7,263r	7,548	7,958	7,905	7,799
24 Other[2]	10,315	9,212	10,272r	8,455	8,290r	7,868r	7,169	8,546	8,162	6,374
25 Banks' custody liabilities[4]	62,018	55,008	60,448	59,948	59,473	57,380	61,098	59,248	62,120	62,391
26 U.S. Treasury bills and certificates[5]	52,389	46,658	54,341	53,681	53,171	51,035	53,977	51,974	54,022	54,627
27 Other negotiable and readily transferable instruments[6]	9,581	8,321	6,082	6,249	6,287	6,307	7,030	7,265	8,088	7,746
28 Other	47	28	25	19	15	38	91	9	10	18
29 **Banks[9]**	**136,008**	**185,881**	**226,810r**	**233,699**	**234,524r**	**249,204r**	**251,783**	**247,716**	**241,879**	**243,022**
30 Banks' own liabilities	124,312	169,449	205,270r	211,318	212,051r	226,054r	227,195	222,401	216,408	218,131
31 Unaffiliated foreign banks	26,812	50,230	60,165r	64,417	63,234r	69,010r	69,484	72,993	69,030	72,963
32 Demand deposits	11,614	8,675	8,773r	8,277	8,797r	8,879	9,074	8,203	7,906	8,460
33 Time deposits[1]	8,720	28,386	37,412r	42,611	40,211r	45,287r	45,699	48,719	46,998	49,201
34 Other[2]	6,477	13,169	13,979r	13,529	14,225r	14,845	14,711	16,070	14,125	15,301
35 Own foreign offices[3]	97,500	119,219	145,105r	146,901	148,817r	157,044r	157,711	149,409	147,378	145,168
36 Banks' custody liabilities[4]	11,696	16,432	21,540	22,381	22,473	23,150	24,588	25,315	25,471	24,892
37 U.S. Treasury bills and certificates	1,685	5,809	10,178	10,760	10,795	11,182	12,771	13,022	12,766	12,234
38 Other negotiable and readily transferable instruments[6]	4,400	7,857	7,485	7,444	7,586	7,523	7,446	7,867	8,172	8,421
39 Other	5,611	2,766	3,877	4,177	4,092	4,445	4,371	4,426	4,534	4,236
40 **Other foreigners**	**26,035**	**44,606**	**56,942r**	**60,549**	**62,272r**	**64,994r**	**65,940**	**65,689**	**66,546**	**67,587**
41 Banks' own liabilities	21,759	39,092	49,672r	52,827	53,840r	56,209r	57,048	57,338	58,135	58,979
42 Demand deposits	5,191	5,209	6,577r	6,778	6,423r	6,333	6,466	6,163	6,007	6,576
43 Time deposits	16,030	33,219r	42,283r	45,288	46,714r	49,201r	49,891	50,502	51,100	51,732
44 Other[2]	537	664r	813	761	703	675	691	672	1,027	671
45 Banks' custody liabilities[4]	4,276	5,514	7,269	7,722	8,431	8,785	8,892	8,351	8,412	8,609
46 U.S. Treasury bills and certificates	699	1,540	3,686	4,001	4,168	4,238	4,556	4,540	4,639	4,465
47 Other negotiable and readily transferable instruments[6]	3,265	3,065	3,100	3,411	3,763	3,919	3,795	3,255	3,191	3,525
48 Other	312	908	483	311	501	628	541	556	582	619
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	10,747	14,307	10,407	9,688	10,128	10,630	10,986	10,930	11,415	10,512

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

1. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
2. Includes borrowing under repurchase agreements.
3. U.S. banks: includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due to head office or parent foreign bank, and foreign branches, agencies or wholly owned subsidiaries of head office or parent foreign bank.
4. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
5. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
6. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
7. Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.
8. Foreign central banks and foreign central governments, and the Bank for International Settlements.
9. Excludes central banks, which are included in "Official institutions."

3.17 Continued

Area and country	1981▲	1982	1983	1984 Mar.	Apr.	May	June	July	Aug.	Sept.p
1 **Total**	**243,889**	**307,056**	**369,584r**	**377,558r**	**380,158r**	**393,754r**	**400,492**	**396,376r**	**394,362**	**395,460**
2 **Foreign countries**	**241,168**	**302,134**	**363,627r**	**371,316r**	**373,803r**	**388,438r**	**395,437**	**391,033r**	**388,614**	**389,175**
3 Europe	91,275	117,756	138,045	142,499r	147,775r	151,532	156,041	152,529r	150,626	146,955
4 Austria	596	519	585	861	883	867	770	720	758	694
5 Belgium-Luxembourg	4,117	2,517	2,709	3,377r	3,585	4,680	5,138	4,775	4,783	4,278
6 Denmark	333	509	466	285	307	378	291	429	408	341
7 Finland	296	748	531	287	485	405	1,248	947	489	638
8 France	8,486	8,171	9,441	10,733r	10,735r	12,119	11,670	12,031r	11,501	11,548
9 Germany	7,645	5,351	3,599	4,878	5,205	3,990	3,663	3,961r	3,753	3,030
10 Greece	463	537	520	503	528	594	596	600	566	568
11 Italy	7,267	5,626	8,462	7,395	7,813	8,315	8,155	6,960	8,374	9,785
12 Netherlands	2,823	3,362	4,290	4,451r	5,043r	5,030	5,735	5,615r	5,116	3,813
13 Norway	1,457	1,567	1,673	1,285	1,847	1,536	2,084	1,624	2,026	1,817
14 Portugal	354	388	373	403	414	401	425	440	539	434
15 Spain	916	1,405	1,603	1,749	1,707	1,663	1,774	1,825	1,952	1,984
16 Sweden	1,545	1,390	1,799	1,838	1,673	1,962	1,486	1,833	2,114	2,008
17 Switzerland	18,716	29,066	32,219	32,237	32,769r	32,704r	35,137	33,311r	32,871	33,020
18 Turkey	518	296	467	318	335	444	315	340	354	319
19 United Kingdom	28,286	48,172	60,683	65,031r	67,841r	69,006	69,885	69,767r	67,960	65,306
20 Yugoslavia	375	499	562	479	448	511	556	525	435	514
21 Other Western Europe[1]	6,541	7,006	7,403	5,748r	5,584	6,389r	6,459	6,349	6,045	6,071
22 U.S.S.R.	49	50	65	177	61	53	41	31	47	42
23 Other Eastern Europe[2]	493	576	596	464	510	484	612	447r	538	744
24 Canada	10,250	12,232	16,026	17,185r	16,707	17,455	17,572	19,221r	18,267	17,288
25 Latin America and Caribbean	85,223	114,163	140,174r	143,466r	144,076r	152,187r	151,684	148,023r	149,066	149,801
26 Argentina	2,445	3,578	4,038r	4,404r	4,657r	4,583	4,535	4,439r	4,410	4,378
27 Bahamas	34,856	44,744	55,842r	58,226r	57,000r	62,634r	61,141	58,414r	58,176	56,383
28 Bermuda	765	1,572	2,328	2,901r	3,111r	3,276	2,598	2,544	2,743	3,177
29 Brazil	1,568	2,014	3,168r	3,734r	3,808r	3,568	3,690	4,120	4,697	4,428
30 British West Indies	17,794	26,381	34,545	32,700r	32,974r	33,847r	34,678	33,953	33,869	35,587
31 Chile	664	1,626	1,842	1,878r	1,972	1,887	1,970	2,176	2,060	1,873
32 Colombia	2,993	2,594	1,689	1,669	1,814	1,767	1,809	1,801	1,791	1,959
33 Cuba	9	9	8	8	8	10	9	7	7	8
34 Ecuador	434	455	1,047	821r	969r	881r	908	845	951	931
35 Guatemala	479	670	788	815	850	842	825	811	831	815
36 Jamaica	87	126	109	132	127r	126r	157	116	126	186
37 Mexico	7,235	8,377	10,392	10,720r	11,210r	11,874	11,976	11,722r	12,179	12,870
38 Netherlands Antilles	3,182	3,597	3,879	4,904r	4,681r	4,666	4,459	4,253r	4,252	4,179
39 Panama	4,857	4,805	5,924	5,478r	5,472r	6,283r	6,652	6,664	6,499	6,811
40 Peru	694	1,147	1,166	1,154r	1,182r	1,249	1,279	1,278	1,273	1,343
41 Uruguay	367	759	1,244r	1,425r	1,343r	1,380	1,309	1,302	1,318	1,418
42 Venezuela	4,245	8,417	8,632r	8,582r	9,081r	9,432r	10,129	9,684	10,046	9,615
43 Other Latin America and Caribbean	2,548	3,291	3,535r	3,915r	3,817r	3,882r	3,559	3,895r	3,838	3,842
44 Asia	49,822	48,716	58,488r	57,740r	55,039r	57,199r	60,201	61,726r	61,478	66,056
China										
45 Mainland	158	203	249	272	302	400	469	644	671	875
46 Taiwan	2,082	2,761	3,997	4,193	4,388	4,364	4,578	4,797r	4,799	4,970
47 Hong Kong	3,950	4,465	6,657r	6,429r	5,501r	5,862	6,416	6,117r	6,107	6,948
48 India	385	433	464	687	651	646	498	621	800	643
49 Indonesia	640	857	997	743r	784	897	1,281	911	1,137	939
50 Israel	592	606	1,722	836r	716r	754	768	804	726	750
51 Japan	20,750	16,078	18,079	19,226r	18,862	20,522	19,433	19,442	19,686	21,338
52 Korea	2,013	1,692	1,648	1,748	1,414r	1,337	1,276	1,393r	1,703	1,577
53 Philippines	874	770	1,234	1,266r	1,015	1,130	1,032	976	1,084	1,020
54 Thailand	534	629	747	714	636	730	875	779	782	742
55 Middle-East oil-exporting countries[3]	12,992	13,433	12,970	12,197	12,269	11,615	12,341	14,748	13,187	13,691
56 Other Asia	4,853	6,789	9,725r	9,428r	8,501r	8,943r	11,234	10,496	10,796	12,563
57 Africa	3,180	3,124	2,827r	3,111	3,182	3,140	3,331	3,145	3,027	3,019
58 Egypt	360	432	671r	561	649	698	893	858r	743	631
59 Morocco	32	81	84	122	127	132	133	128	119	162
60 South Africa	420	292	449	538	264	329	420	409	350	318
61 Zaire	26	23	87	77	119	124	136	99	101	148
62 Oil-exporting countries[4]	1,395	1,280	620	893	1,046	895	816	706	750	795
63 Other Africa	946	1,016	917	920	978	962	932	946	964	964
64 Other countries	1,419	6,143	8,067r	7,315	7,023	6,925	6,609	6,389	6,150	6,055
65 Australia	1,223	5,904	7,857	7,095	6,803	6,685	6,316	6,095	5,749	5,687
66 All other	196	239	210r	220	220	240	293	294	401	368
67 Nonmonetary international and regional organizations	2,721	4,922	5,957	6,243	6,356	5,316	5,055	5,344	5,748	6,285
68 International	1,661	4,049	5,273	5,426	5,641	4,741	4,436	4,740r	4,973	5,409
69 Latin American regional	710	517	419	451	419	428	438	431	445	488
70 Other regional[5]	350	357	265	366	296	146	180	173	330	388

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

1. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.

2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.

3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

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

5. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."

3.18 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars

Millions of dollars, end of period

Area and country	1981▲	1982	1983	1984						
				Mar.	Apr.	May	June	July	Aug.	Sept.[p]
1 **Total**	**251,589**	**355,705**	**391,326[r]**	**387,417[r]**	**388,775[r]**	**399,796[r]**	**408,073**	**405,225[r]**	**395,678**	**392,737**
2 **Foreign countries**	**251,533**	**355,636**	**391,163[r]**	**387,267[r]**	**388,702[r]**	**399,693[r]**	**407,959**	**405,016[r]**	**395,480**	**392,666**
3 Europe	49,262	85,584	91,874[r]	92,327[r]	96,321[r]	98,340[r]	104,011	102,253[r]	99,943	97,614
4 Austria	121	229	401	449	679	456	632	646	609	608
5 Belgium-Luxembourg	2,849	5,138	5,639	5,975[r]	6,243[r]	6,626	6,734	6,063	6,126	6,245
6 Denmark	187	554	1,275	1,283	1,197	1,118	1,212	1,204	1,103	1,072
7 Finland	546	990	1,044	931	1,021	1,041	1,100	928	871	881
8 France	4,127	7,251	8,766	8,392[r]	8,734	9,029	9,393	9,732	10,004	9,117
9 Germany	940	1,876	1,294	1,098	1,502	1,111	1,175	1,142	1,253	1,223
10 Greece	333	452	476	694	830	940	1,036	979	973	1,092
11 Italy	5,240	7,560	9,018	8,176[r]	8,292[r]	7,901	8,556	8,331	7,832	7,807
12 Netherlands	682	1,425	1,292[r]	1,299[r]	2,319[r]	1,787	1,781	1,811	1,439	1,483
13 Norway	384	572	690	638	705	719	729	648	649	650
14 Portugal	529	950	1,114[r]	1,119[r]	1,291[r]	1,366[r]	1,463	1,503[r]	1,433	1,386
15 Spain	2,095	3,744	3,583	3,347	3,719	3,700	3,792	3,955	3,700	3,361
16 Sweden	1,205	3,038	3,358	3,528	3,646	2,957	3,206	2,677[r]	2,443	2,598
17 Switzerland	2,213	1,639	1,856	1,447	1,849[r]	1,570	1,904	1,520	1,558	1,731
18 Turkey	424	560	812	963[r]	1,043[r]	1,047[r]	1,160	1,210	1,145	1,132
19 United Kingdom	23,849	45,781	47,273[r]	48,976[r]	49,097[r]	52,850	55,941	55,543[r]	54,573	53,016
20 Yugoslavia	1,225	1,430	1,718[r]	1,765[r]	1,754[r]	1,775[r]	1,808	1,817	1,857	1,887
21 Other Western Europe[1]	211	368	477	499	651	565	571	800	732	695
22 U.S.S.R	377	263	192	181	179[r]	172[r]	175	172	175	179
23 Other Eastern Europe[2]	1,725	1,762	1,598	1,548[r]	1,570[r]	1,610[r]	1,643	1,573[r]	1,471	1,450
24 Canada	9,193	13,678	16,341[r]	17,234[r]	17,033[r]	17,879	17,524	18,350	16,235	16,590
25 Latin America and Caribbean	138,347	187,969	205,426[r]	203,627[r]	202,451[r]	210,153[r]	208,990	209,162[r]	203,370	202,539
26 Argentina	7,527	10,974	11,749[r]	11,635[r]	11,411[r]	11,071	11,162	11,381[r]	11,021	11,186
27 Bahamas	43,542	56,649	59,597[r]	57,932[r]	56,958	61,526	58,963	58,475[r]	56,609	55,173
28 Bermuda	346	603	566	532	614	845	559	543	484	915
29 Brazil	16,926	23,271	24,667[r]	25,894[r]	26,108[r]	26,045[r]	26,226	26,013[r]	25,989	26,163
30 British West Indies	21,981	29,101	35,488[r]	33,855[r]	34,477[r]	36,788	37,490	38,754[r]	34,835	35,248
31 Chile	3,690	5,513	6,072[r]	6,164[r]	6,085	6,146	6,490	6,648	7,049	6,839
32 Colombia	2,018	3,211	3,745	3,667	3,649	3,524	3,559	3,490	3,444	3,433
33 Cuba	3	3	0	0	4	0	21	0	0	0
34 Ecuador	1,531	2,062	2,307	2,334	2,335	2,332	2,373	2,396	2,380	2,363
35 Guatemala[3]	124	124	129	128	129	127	125	124	130	129
36 Jamaica[3]	62	181	215	210	227	220[r]	216	219	216	224
37 Mexico	22,439	29,552	34,807[r]	34,710[r]	34,702[r]	35,474[r]	35,849	35,456[r]	35,016	35,549
38 Netherlands Antilles	1,076	839	1,154	1,245	1,149	1,164	1,312	1,381[r]	1,288	1,291
39 Panama	6,794	10,210	7,848	8,367	7,679	7,990	7,843	7,660[r]	8,200	7,551
40 Peru	1,218	2,357	2,536	2,453	2,380	2,438	2,473	2,487	2,401	2,394
41 Uruguay	157	686	977	924	923	887	950	961	930	934
42 Venezuela	7,069	10,643	11,287	11,142	11,105	11,019	11,174	10,861[r]	11,137	10,957
43 Other Latin America and Caribbean	1,844	1,991	2,283	2,436	2,514	2,557	2,205	2,313	2,242	2,190
44 Asia	49,851	60,952	67,950[r]	64,426[r]	63,133[r]	63,615[r]	67,597	65,167[r]	65,620	65,805
China										
45 Mainland	107	214	292	364	428	348	554	640[r]	639	564
46 Taiwan	2,461	2,288	1,908	1,657	1,654	1,562[r]	2,202	2,011	1,573	1,654
47 Hong Kong	4,132	6,787	8,473[r]	7,505[r]	7,971[r]	7,470[r]	8,141	6,967[r]	6,809	6,974
48 India	123	222	330	337	372	362	355	323	295	354
49 Indonesia	352	348	805	935	911	983	969	952	906	885
50 Israel	1,567	2,029	1,832	1,607	1,846	1,822	1,910	1,827	1,869	1,816
51 Japan	26,797	28,379	30,580[r]	28,706[r]	26,183[r]	27,153[r]	29,264	27,727[r]	28,980	30,659
52 Korea	7,340	9,387	9,962[r]	9,653[r]	10,306[r]	9,595	9,653	9,799[r]	9,558	9,660
53 Philippines	1,819	2,625	2,107[r]	2,403[r]	2,382[r]	2,433[r]	2,495	2,650	2,756	2,563
54 Thailand	565	643	1,104[r]	1,003[r]	1,018[r]	1,143[r]	949	974[r]	916	960
55 Middle East oil-exporting countries[4]	1,581	3,087	4,954	5,048[r]	5,113[r]	5,200[r]	5,118	5,214[r]	4,924	4,486
56 Other Asia	3,009	4,943	5,603[r]	5,207[r]	4,949[r]	5,543[r]	5,986	6,081	6,396	5,228
57 Africa	3,503	5,346	6,654	6,919	6,655[r]	6,764	6,840	7,048[r]	7,101	6,833
58 Egypt	238	322	747	744	698	666	734	638	613	650
59 Morocco	284	353	440	484	486	561	497	549	556	558
60 South Africa	1,011	2,012	2,634	2,989	2,908	2,974	3,065	3,307	3,281	3,144
61 Zaire	112	57	33	13	26	28	39	43	30	18
62 Oil-exporting countries[5]	657	801	1,073	1,029	1,000	967	1,004	1,025	996	944
63 Other	1,201	1,802	1,727	1,661	1,536[r]	1,568	1,502	1,485[r]	1,625	1,521
64 Other countries	1,376	2,107	2,918[r]	2,734	3,109	2,942	2,996	3,036	3,210	3,285
65 Australia	1,203	1,713	2,276	2,007	2,489	2,345	2,435	2,481	2,582	2,680
66 All other	172	394	642[r]	727	620	597	561	554	628	605
67 Nonmonetary international and regional organizations[6]	56	68	164	150	74	103	114	209[r]	198	71

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

1. Includes the Bank for International Settlements. Beginning April 1978, also includes *Eastern European countries not listed in line 23.*

2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.

3. Included in "Other Latin America and Caribbean" through March 1978.

4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

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

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

NOTE. Data for period before April 1978 include claims of banks' domestic customers on foreigners.

3.19 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States
Payable in U.S. Dollars

Millions of dollars, end of period

Type of claim	1981▲	1982	1983r	1984						
				Mar.r	Apr.r	Mayr	June	Julyr	Aug.	Sept.p
1 **Total**	**287,557**	**396,015**	**426,229**	**424,557**	....	....	**444,716**	....	....	**426,576**
2 Banks' own claims on foreigners	251,589	355,705	391,326	387,417	388,775	399,796	408,073	405,225	395,678	392,737
3 Foreign public borrowers	31,260	45,422	57,530	57,750	58,042	58,092	59,300	59,889	58,256	59,619
4 Own foreign offices[1]	96,653	127,293	146,219	147,981	146,485	155,703	157,539	156,233	153,235	149,929
5 Unaffiliated foreign banks	74,704	121,377	124,051	121,921	123,664	125,654	130,540r	127,679	123,893	122,497
6 Deposits	23,381	44,223	47,066	45,531	45,106	47,066	49,724	48,337	46,908	47,385
7 Other	51,322	77,153	76,985	76,390	78,558	78,588	80,815r	79,342	76,985	75,112
8 All other foreigners	48,972	61,614	63,527	59,764	60,584	60,347	60,694r	61,424	60,294	60,692
9 Claims of banks' domestic customers[2]	35,968	40,310	34,903	37,140	....	....	36,643	....	....	33,839
10 Deposits	1,378	2,491	2,969	3,660	....	....	3,458	....	....	4,575
11 Negotiable and readily transferable instruments[3]	26,352	30,763	26,064	26,947	....	....	25,823	....	....	23,382
12 Outstanding collections and other claims	8,238	7,056	5,870	6,533	....	....	7,362	....	....	5,882
13 MEMO: Customer liability on acceptances	29,952	38,153	37,820	36,984	....	....	42,657	....	....	38,454
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[4]	40,369	42,499	45,790	47,035	48,559	47,620	43,790r	42,480	43,142	n.a.

1. *U.S. banks:* includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. *Agencies, branches, and majority-owned subsidiaries of foreign banks:* principally amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account of their domestic customers.
3. Principally negotiable time certificates of deposit and bankers acceptances.
4. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see July 1979 BULLETIN, p. 550.

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

NOTE. Beginning April 1978, data for banks' own claims are given on a monthly basis, but the data for claims of banks' own domestic customers are available on a quarterly basis only.

3.20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States
Payable in U.S. Dollars

Millions of dollars, end of period

Maturity; by borrower and area	1981▲	1982	1983		1984		
			Sept.r	Dec.r	Mar.r	June	Sept.p
1 **Total**	**154,590**	**228,150**	**236,952**	**243,310**	**237,642**	**249,927**	**240,806**
By borrower							
2 Maturity of 1 year or less[1]	116,394	173,917	175,957	176,270	162,998	172,410	163,041
3 Foreign public borrowers	15,142	21,256	25,138	24,034	20,444	21,010	21,075
4 All other foreigners	101,252	152,661	150,819	152,237	142,554	151,400	141,966
5 Maturity of over 1 year[1]	38,197	54,233	60,994	67,040	74,644	77,517	77,765
6 Foreign public borrowers	15,589	23,137	28,297	32,495	36,306	37,768	37,960
7 All other foreigners	22,608	31,095	32,697	34,544	38,338	39,749	39,805
By area							
Maturity of 1 year or less[1]							
8 Europe	28,130	50,500	53,489	56,064	53,764	59,405	56,797
9 Canada	4,662	7,642	6,658	6,211	6,579	6,990	5,879
10 Latin America and Caribbean	48,717	73,291	76,099	73,637	65,559	64,780	61,502
11 Asia	31,485	37,578	33,686	34,571	31,286	34,793	32,348
12 Africa	2,457	3,680	4,570	4,199	4,472	4,790	4,798
13 All other[2]	943	1,226	1,454	1,589	1,340	1,652	1,717
Maturity of over 1 year[1]							
14 Europe	8,100	11,636	12,356	13,365	13,063	12,827	11,261
15 Canada	1,808	1,931	1,760	1,857	2,038	2,203	1,802
16 Latin America and Caribbean	25,209	35,247	39,185	43,603	50,913	54,278	56,567
17 Asia	1,907	3,185	4,735	4,828	5,133	5,107	5,128
18 Africa	900	1,494	1,819	2,286	2,291	1,865	1,857
19 All other[2]	272	740	1,139	1,101	1,206	1,237	1,150

▲ 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	1979	1980	1981	1982 Sept.	1982 Dec.	1983 Mar.	1983 June	1983 Sept.	1983 Dec.	1984 Mar.	1984 June[7]
1 **Total**	**303.9**	**352.0**	**415.2**	**438.4**	**438.7**	**441.1**	**437.4**	**430.2**	**436.0**	**431.3**	**428.1**r
2 G-10 countries and Switzerland	138.4	162.1	175.5	175.4	179.7	182.2	176.9	168.9	167.9	165.1	156.1
3 Belgium-Luxembourg	11.1	13.0	13.3	13.6	13.1	13.7	13.3	12.6	12.4	11.0	10.4
4 France	11.7	14.1	15.3	15.8	17.1	17.1	17.1	16.2	16.3	15.9	14.2
5 Germany	12.2	12.1	12.9	12.2	12.7	13.5	12.6	11.6	11.3	11.7	11.0
6 Italy	6.4	8.2	9.6	9.7	10.3	10.2	10.5	10.0	11.4	11.2	11.5
7 Netherlands	4.8	4.4	4.0	3.8	3.6	4.3	4.0	3.6	3.5	3.3	3.0
8 Sweden	2.4	2.9	3.7	4.7	5.0	4.3	4.7	4.9	5.1	5.2	4.3
9 Switzerland	4.7	5.0	5.5	5.1	5.0	4.6	4.8	4.2	4.3	4.2	4.2
10 United Kingdom	56.4	67.4	70.1	70.3	72.1	72.9	70.3	67.6	65.1	64.2	59.2
11 Canada	6.3	8.4	10.9	11.0	10.4	12.5	10.8	9.0	8.3	8.6	8.8
12 Japan	22.4	26.5	30.2	29.3	30.2	29.2	28.7	29.2	30.1	30.0	29.5
13 Other developed countries	19.9	21.6	28.4	32.7	33.7	34.0	34.4	34.2	35.9	35.5	37.1
14 Austria	2.0	1.9	1.9	2.0	1.9	2.1	2.1	1.9	1.9	2.0	2.0
15 Denmark	2.2	2.3	2.3	2.5	2.4	3.3	3.4	3.3	3.4	3.4	3.1
16 Finland	1.2	1.4	1.7	1.8	2.2	2.1	2.1	1.8	2.4	2.1	2.3
17 Greece	2.4	2.8	2.8	2.6	3.0	2.9	2.9	2.9	2.8	3.0	3.3
18 Norway	2.3	2.6	3.1	3.4	3.3	3.3	3.4	3.2	3.3	3.2	3.2
19 Portugal	.7	.6	1.1	1.6	1.5	1.4	1.4	1.3	1.3	1.1	1.7
20 Spain	3.5	4.4	6.6	7.7	7.5	7.1	7.2	7.2	7.1	7.1	7.3
21 Turkey	1.4	1.5	1.4	1.5	1.4	1.5	1.4	1.5	1.7	1.9	2.0
22 Other Western Europe	1.4	1.7	2.1	2.1	2.3	2.3	2.0	2.1	1.8	1.8	1.9
23 South Africa	1.3	1.1	2.8	3.6	3.7	3.6	3.9	4.7	4.7	4.8	4.7
24 Australia	1.3	1.3	2.5	4.0	4.4	4.6	4.6	4.4	5.5	5.2	5.7
25 OPEC countries[2]	22.9	22.7	24.8	27.3	27.4	28.5	28.3	27.2	28.9	28.6	26.7
26 Ecuador	1.7	2.1	2.2	2.3	2.2	2.2	2.2	2.1	2.2	2.1	2.1
27 Venezuela	8.7	9.1	9.9	10.4	10.5	10.4	10.4	9.8	9.9	9.7	9.5
28 Indonesia	1.9	1.8	2.6	2.9	3.2	3.5	3.2	3.4	3.8	4.0	4.1
29 Middle East countries	8.0	6.9	7.5	9.0	8.7	9.3	9.5	9.1	10.0	9.8	8.4
30 African countries	2.6	2.8	2.5	2.7	2.8	3.0	3.0	2.8	3.0	3.0	2.7
31 Non-OPEC developing countries	63.0	77.4	96.3	104.1	107.1	107.7	108.3	109.4	111.1	111.6	113.7r
Latin America											
32 Argentina	5.0	7.9	9.4	9.2	8.9	9.0	9.4	9.5	9.5	9.5	9.2
33 Brazil	15.2	16.2	19.1	22.4	22.9	23.1	22.6	22.9	22.9	24.9	25.4
34 Chile	2.5	3.7	5.8	6.2	6.3	6.0	5.8	6.2	6.4	6.5	6.7
35 Colombia	2.2	2.6	2.6	2.8	3.1	2.9	3.2	3.2	3.2	3.1	3.0
36 Mexico	12.0	15.9	21.6	25.0	24.5	25.1	25.2	25.9	26.0	25.4	26.6r
37 Peru	1.5	1.8	2.0	2.6	2.6	2.4	2.6	2.4	2.4	2.3	2.3
38 Other Latin America	3.7	3.9	4.1	4.3	4.0	4.2	4.3	4.2	4.2	4.4	4.1
Asia											
China											
39 Mainland	.1	.2	.2	.2	.2	.2	.2	.2	.3	.3	.6
40 Taiwan	3.4	4.2	5.1	4.9	5.3	5.1	5.1	5.2	5.3	4.9	5.8
41 India	.2	.3	.3	.5	.6	.4	.5	.8	1.0	1.0	1.0
42 Israel	1.3	1.5	2.1	1.9	2.3	2.0	2.3	1.7	1.9	1.6	1.9
43 Korea (South)	5.4	7.1	9.4	9.4	10.9	10.9	10.8	10.9	11.3	11.1	11.2
44 Malaysia	1.0	1.1	1.7	1.8	2.1	2.5	2.6	2.8	2.9	2.8	2.7
45 Philippines	4.2	5.1	6.0	6.1	6.3	6.6	6.4	6.2	6.2	6.6	6.3
46 Thailand	1.5	1.6	1.5	1.3	1.6	1.6	1.8	1.7	2.1	1.9	1.8
47 Other Asia	.5	.6	1.0	1.3	1.1	1.4	1.2	1.0	1.0	.9	1.1
Africa											
48 Egypt	.6	.8	1.1	1.3	1.2	1.1	1.3	1.4	1.5	1.5	1.4
49 Morocco	.6	.7	.7	.8	.7	.8	.8	.8	.8	.8	.8
50 Zaire	.2	.2	.2	.1	.1	.1	.1	.1	.1	.1	.1
51 Other Africa[3]	1.7	2.1	2.3	2.2	2.4	2.3	2.2	2.4	2.3	2.2	1.9
52 Eastern Europe	7.3	7.4	7.8	6.3	6.2	5.7	5.7	5.3	5.3	4.9	4.9
53 U.S.S.R.	.7	.4	.6	.3	.3	.3	.4	.2	.2	.2	.2
54 Yugoslavia	1.8	2.3	2.5	2.2	2.2	2.2	2.3	2.3	2.3	2.2	2.3
55 Other	4.8	4.6	4.7	3.8	3.7	3.2	3.0	2.8	2.8	2.5	2.5
56 Offshore banking centers	40.4	47.0	63.7	72.2	66.8	66.2	67.6	68.3	70.1	69.3	72.3
57 Bahamas	13.7	13.7	19.0	21.4	19.0	17.4	19.6	21.1	21.2	23.7	26.5
58 Bermuda	.8	.6	.7	.8	.9	1.0	.8	.8	.9	.7	.7
59 Cayman Islands and other British West Indies	9.4	10.6	12.4	13.6	12.9	12.0	12.2	10.7	12.4	11.0	11.7
60 Netherlands Antilles	1.2	2.1	3.2	3.3	3.3	3.1	2.6	4.1	4.2	3.3	3.3
61 Panama[4]	4.3	5.4	7.7	8.1	7.6	7.1	6.6	5.7	6.0	6.3	6.4
62 Lebanon	.2	.2	.2	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong	6.0	8.1	11.8	15.1	13.9	15.1	14.6	15.1	14.9	14.4	13.5
64 Singapore	4.5	5.9	8.7	9.8	9.2	10.3	11.0	10.5	10.3	9.9	10.1
65 Others[5]	.4	.3	.1	.0	.0	.0	.0	.1	.0	.0	.0
66 Miscellaneous and unallocated[6]	11.7	14.0	18.8	20.4	17.9	16.8	16.1	16.9	17.0	16.4	17.3

1. The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices *not* covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. To minimize duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution. The data in this table combine foreign branch claims in table 3.14 (the sum of lines 7 through 10) with the claims of U.S. offices in table 3.18 (*excluding those held by agencies and branches of* foreign banks and those constituting claims on own foreign branches).

2. Besides the Organization of Petroleum Exporting Countries shown individually, this group includes other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates) as well as Bahrain and Oman (not formally members of OPEC).

3. Excludes Liberia.

4. Includes Canal Zone beginning December 1979.

5. *Foreign branch claims only.*

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

7. Beginning with June 1984 data, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from $50 million to $150 million equivalent in total assets, the threshold now applicable to all reporting branches.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

	Type, and area or country	1980	1981	1982	1983 June	1983 Sept.	1983 Dec.	1984 Mar.	1984 June[p]
1	**Total**	**29,434**	**28,618**	**25,772**	**22,886**	**24,864**	**23,763**	**29,260**	**33,282**
2	Payable in dollars	25,689	24,909	22,540	19,986	22,023	20,688	25,978	30,096
3	Payable in foreign currencies	3,745	3,709	3,232	2,900	2,841	3,076	3,282	3,186
	By type								
4	Financial liabilities	11,330	12,157	11,066	11,179	10,961	10,477	14,236	17,927
5	Payable in dollars	8,528	9,499	8,858	9,144	9,025	8,619	12,145	15,876
6	Payable in foreign currencies	2,802	2,658	2,208	2,035	1,936	1,858	2,092	2,052
7	Commercial liabilities	18,104	16,461	14,706	11,707	13,903	13,286	15,024	15,354
8	Trade payables	12,201	10,818	7,747	6,064	7,139	6,615	7,865	7,854
9	Advance receipts and other liabilities	5,903	5,643	6,959	5,643	6,763	6,672	7,159	7,500
10	Payable in dollars	17,161	15,409	13,683	10,842	12,998	12,069	13,834	14,220
11	Payable in foreign currencies	943	1,052	1,023	865	904	1,218	1,190	1,134
	By area or country								
	Financial liabilities								
12	Europe	6,481	6,825	6,501	6,335	6,014	5,675	7,081	7,068
13	Belgium-Luxembourg	479	471	505	436	379	302	426	356
14	France	327	709	783	802	785	820	933	878
15	Germany	582	491	467	457	449	498	524	571
16	Netherlands	681	748	711	728	730	581	532	589
17	Switzerland	354	715	792	606	500	486	641	581
18	United Kingdom	3,923	3,565	3,102	3,132	3,014	2,839	3,786	3,836
19	Canada	964	963	746	876	788	768	798	721
20	Latin America and Caribbean	3,136	3,356	2,751	2,623	2,737	2,609	4,907	8,631
21	Bahamas	964	1,279	904	776	784	751	1,411	3,572
22	Bermuda	1	7	14	10	13	13	51	13
23	Brazil	23	22	28	34	32	32	37	25
24	British West Indies	1,452	1,241	1,027	1,033	1,095	1,018	2,635	4,228
25	Mexico	99	102	121	151	185	215	245	239
26	Venezuela	81	98	114	124	117	124	121	124
27	Asia	723	976	1,039	1,319	1,388	1,396	1,423	1,482
28	Japan	644	792	715	943	957	962	1,013	1,031
29	Middle East oil-exporting countries[2]	38	75	169	205	201	170	170	180
30	Africa	11	14	17	17	19	19	19	16
31	Oil-exporting countries[3]	1	0	0	0	0	0	0	0
32	All other[4]	15	24	12	9	15	10	9	9
	Commercial liabilities								
33	Europe	4,402	3,770	3,682	3,395	3,426	3,153	3,567	3,397
34	Belgium-Luxembourg	90	71	52	41	47	62	40	45
35	France	582	573	598	618	523	437	488	524
36	Germany	679	545	468	439	462	427	417	501
37	Netherlands	219	220	346	342	243	268	259	265
38	Switzerland	499	424	364	357	449	241	477	246
39	United Kingdom	1,209	880	880	656	809	637	847	794
40	Canada	888	897	1,495	1,468	1,418	1,841	1,776	1,840
41	Latin America and Caribbean	1,300	1,044	1,012	1025	1,090	1,125	1,778	1,676
42	Bahamas	8	2	16	1	1	1	14	17
43	Bermuda	75	67	93	77	77	67	158	123
44	Brazil	111	67	60	49	48	44	68	31
45	British West Indies	35	2	32	22	14	6	33	5
46	Mexico	367	340	379	399	451	536	682	568
47	Venezuela	319	276	165	236	217	180	531	602
48	Asia	10,242	9,384	7,161	4,809	6,863	6,032	6,620	6,988
49	Japan	802	1,094	1,226	1,246	1,305	1,247	1,291	1,235
50	Middle East oil-exporting countries[2,5]	8,098	7,008	4,532	2,294	4,072	3,498	3,735	4,190
51	Africa	817	703	704	492	506	442	539	683
52	Oil-exporting countries[3]	517	344	277	167	204	157	243	217
53	All other[4]	456	664	651	518	600	692	743	769

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.
5. Revisions include a reclassification of transactions, which also affects the totals for Asia and the grand totals.

3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type, and area or country	1980	1981	1982	1983			1984	
				June	Sept.	Dec.	Mar.	June[p]
1 **Total**	**34,482**	**36,185**	**28,637**	**33,310**	**32,652**	**34,210**	**32,499**	**30,382**
2 Payable in dollars	31,528	32,582	26,002	30,653	29,772	31,174	29,611	27,417
3 Payable in foreign currencies	2,955	3,603	2,635	2,657	2,880	3,036	2,888	2,965
By type								
4 Financial claims	19,763	21,142	17,594	22,642	21,752	23,075	21,638	19,947
5 Deposits	14,166	15,081	13,058	17,819	16,907	17,954	16,602	14,878
6 Payable in dollars	13,381	14,456	12,628	17,379	16,463	17,457	16,173	14,369
7 Payable in foreign currencies	785	625	430	439	445	497	428	510
8 Other financial claims	5,597	6,061	4,536	4,824	4,845	5,121	5,036	5,068
9 Payable in dollars	3,914	3,599	2,895	3,226	3,019	3,219	3,247	3,312
10 Payable in foreign currencies	1,683	2,462	1,641	1,598	1,826	1,902	1,788	1,756
11 Commercial claims	14,720	15,043	11,042	10,668	10,899	11,135	10,862	10,436
12 Trade receivables	13,960	14,007	9,995	9,265	9,566	9,725	9,540	9,105
13 Advance payments and other claims	759	1,036	1,047	1,402	1,334	1,410	1,321	1,330
14 Payable in dollars	14,233	14,527	10,479	10,048	10,290	10,498	10,191	9,736
15 Payable in foreign currencies	487	516	563	620	609	637	671	699
By area or country								
Financial claims								
16 Europe	6,069	4,596	4,873	7,304	6,232	6,374	6,131	6,156
17 Belgium-Luxembourg	145	43	15	12	25	37	30	37
18 France	298	285	134	140	135	130	145	132
19 Germany	230	224	178	216	151	129	131	161
20 Netherlands	51	50	97	136	89	49	57	138
21 Switzerland	54	117	107	37	34	38	90	61
22 United Kingdom	4,987	3,546	4,064	6,514	5,577	5,768	5,468	5,398
23 Canada	5,036	6,755	4,287	4,885	4,958	5,836	5,400	5,009
24 Latin America and Caribbean	7,811	8,812	7,546	9,380	9,500	9,809	9,066	7,570
25 Bahamas	3,477	3,650	3,279	4,037	3,829	4,745	3,773	2,993
26 Bermuda	135	18	32	92	62	96	3	5
27 Brazil	96	30	62	48	49	53	87	83
28 British West Indies	2,755	3,971	3,255	4,065	4,457	3,830	4,302	3,674
29 Mexico	208	313	274	348	315	291	279	228
30 Venezuela	137	148	139	152	137	134	130	124
31 Asia	607	758	698	771	764	764	727	909
32 Japan	189	366	153	288	257	297	284	252
33 Middle East oil-exporting countries[2]	20	37	15	14	8	4	7	8
34 Africa	208	173	158	154	151	147	144	158
35 Oil-exporting countries[3]	26	46	48	48	45	55	42	35
36 All other[4]	32	48	31	149	148	145	169	144
Commercial claims								
37 Europe	5,544	5,405	3,828	3,473	3,412	3,678	3,608	3,542
38 Belgium-Luxembourg	233	234	151	145	132	142	173	142
39 France	1,129	776	474	497	486	459	413	407
40 Germany	599	561	357	366	382	348	363	440
41 Netherlands	318	299	350	243	282	333	308	299
42 Switzerland	354	431	360	331	292	317	336	250
43 United Kingdom	929	985	811	734	738	809	787	812
44 Canada	914	967	633	711	792	829	1,061	933
45 Latin America and Caribbean	3,766	3,479	2,526	2,728	2,870	2,695	2,419	2,042
46 Bahamas	21	12	21	30	15	8	8	[illegible]
47 Bermuda	108	223	261	111	246	190	216	89
48 Brazil	861	668	258	512	611	493	357	31[illegible]
49 British West Indies	34	12	12	21	12	7	7	[illegible]
50 Mexico	1,102	1,022	775	957	898	884	745	57[illegible]
51 Venezuela	410	424	351	273	282	272	268	24[illegible]
52 Asia	3,522	3,959	3,050	2,867	2,938	3,071	2,997	3,08[illegible]
53 Japan	1,052	1,245	1,047	949	1,037	1,122	1,186	1,17[illegible]
54 Middle East oil-exporting countries[2]	825	905	751	698	719	737	701	71[illegible]
55 Africa	653	772	588	528	562	585	497	53[illegible]
56 Oil-exporting countries[3]	153	152	140	130	131	139	132	12[illegible]
57 All other[4]	321	461	417	361	326	277	280	29

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transactions, and area or country	1982	1983	1984 Jan.–Sept.	1984 Mar.	Apr.	May	June	July	Aug.	Sept.p
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	41,881	69,770	46,531	6,101	4,510	5,048	4,552	3,359	7,243	4,046
2 Foreign sales	37,981	64,360	48,163	5,746r	4,189	5,494	4,899	3,915	7,399	4,898
3 Net purchases, or sales (−)	**3,901**	**5,410**	**−1,632**	**355r**	**321**	**−446**	**−347**	**−556**	**−155**	**−852**
4 Foreign countries	**3,816**	**5,312**	**−1,826**	**323r**	**320**	**−454**	**−357**	**−565**	**−302**	**−921**
5 Europe	2,530	3,979	−1,954	188r	208	−281	−317	−606	−422	−702
6 France	−143	−97	−178	−4	38	100	−3	−45	−28	−67
7 Germany	333	1,045	53	151	−43	−40	2	−38	−125	−63
8 Netherlands	−63	−109	−235	32	−15	−47	−76	−34	−31	−66
9 Switzerland	−579	1,325	−1,077	−3	90	−220	−120	−321	−358	−335
10 United Kingdom	3,117	1,799	−540	−17r	137	−80	−179	−141	146	−143
11 Canada	222	1,151	1,343	300	73	−61	158	188	129	149
12 Latin America and Caribbean	317	529	485	9r	25	82	38	−58	213	9
13 Middle East[1]	366	−807	−1,520	−197	−58	−168	−215	−55	−214	−207
14 Other Asia	247	394	−234	33	66	−28	−27	−49	−57	−160
15 Africa	2	42	−2	−7	5	−4	3	−2	−5	−6
16 Other countries	131	24	57	−1	2	6	2	16	54	−3
17 Nonmonetary international and regional organizations	**85**	**98**	**194**	**32**	**1**	**8**	**10**	**9**	**147**	**69**
BONDS[2]										
18 Foreign purchases	21,639	24,049	20,982	2,305r	1,708r	1,619	2,004	3,082	2,865	3,456
19 Foreign sales	20,188	23,099r	17,512	2,080r	1,866r	1,442	1,795	2,503	2,030	2,035
20 Net purchases, or sales (−)	**1,451**	**950r**	**3,470**	**225r**	**−159r**	**178**	**208**	**579**	**835**	**1,421**
21 Foreign countries	**1,479**	**935r**	**3,341**	**283r**	**−226r**	**212**	**168**	**539**	**882**	**1,377**
22 Europe	2,082	961	2,529	82r	15r	85	272	480	483	1,103
23 France	305	−89	51	−1	−5	0	4	33	17	8
24 Germany	2,110	347	801	117	68	107	122	256	181	19
25 Netherlands	33	51	57	9	−12	−1	11	3	16	2
26 Switzerland	157	632	−44	−45	−22	8	35	13	49	9
27 United Kingdom	−589	434	1,265	39r	−246r	−59	77	−80	292	1,021
28 Canada	24	123	−95	−23	−77	3	32	−35	54	3
29 Latin America and Caribbean	159	100	226	20r	−4r	13	15	14	76	64
30 Middle East[1]	−752	−1,166r	−554	30	−263	11	−287	−60	1	−19
31 Other Asia	−22	865	1,226	170	102	100	135	138	265	223
32 Africa	−19	0	2	0	1	0	0	0	1	1
33 Other countries	7	52	7	3	1	0	0	1	3	3
34 Nonmonetary international and regional organizations	**−28**	**15**	**129**	**−57**	**67**	**−34**	**40**	**41**	**−48**	**43**
	Foreign securities									
35 Stocks, net purchases, or sales (−)	−1,341	−3,765	−338	145	−18	70	−40	113	−500	−342
36 Foreign purchases	7,163	13,281	10,849	1,575	1,242	1,163	1,110	895	1,245	919
37 Foreign sales	8,504	17,046	11,188	1,429	1,260	1,092	1,150	782	1,745	1,260
38 Bonds, net purchases, or sales (−)	−6,631	−3,131r	−1,108	73r	−409r	−646r	241	184	−293	−435
39 Foreign purchases	27,167	36,441r	40,969	4,988r	3,817r	5,158r	5,308	4,427	5,770	4,168
40 Foreign sales	33,798	39,572	42,077	4,915r	4,226r	5,804r	5,066	4,243	6,062	4,604
41 Net purchases, or sales (−), of stocks and bonds	**−7,972**	**−6,896r**	**−1,447**	**218r**	**−427r**	**−575r**	**201**	**297**	**−793**	**−777**
42 Foreign countries	**−6,806**	**−6,451r**	**−1,635**	**132r**	**−425r**	**−650r**	**187**	**235**	**−630**	**−832**
43 Europe	−2,584	−5,423r	−5,038	−241r	−551r	−1,527r	−471	−462	−622	−710
44 Canada	−2,363	−1,312r	−1	117	−187	37r	122	174	−7	−448
45 Latin America and Caribbean	336	1,120	2,000	49	130r	602	465	237	127	83
46 Asia	−1,822	−855	1,409	220	187	243	80	333	−134	165
47 Africa	−9	141	−75	−10	−4	−16	−4	−21	11	−14
48 Other countries	−364	−122r	69	−3	0	12	−6	−25	−4	92
49 Nonmonetary international and regional organizations	**−1,165**	**−445**	**189**	**87r**	**−2**	**74**	**15**	**62**	**−163**	**55**

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Includes state and local government securities, and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.25 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Holdings and Transactions

Millions of dollars

Country or area	1982	1983	1984	1984						
			Jan.–Sept.	Mar.	Apr.	May	June	July	Aug.	Sept.p
	Holdings (end of period)[1]									
1 **Estimated total[2]**	**85,220**	**88,932**	....	**89,665r**	**92,013r**	**93,421r**	**93,307r**	**94,912r**	**101,507**	**97,688**
2 Foreign countries[2]	80,637	83,818	....	84,402r	85,427r	85,810r	86,782r	87,960r	93,536	91,799
3 Europe[2]	29,284	35,509	....	37,229r	37,790r	38,386r	39,295r	40,389r	44,379	43,661
4 Belgium-Luxembourg	447	16	....	57	91	61	135	138	171	191
5 Germany[2]	14,841	17,290	....	18,834	19,201	19,649	19,735	19,627	20,663	19,915
6 Netherlands	2,754	3,129	....	3,023	3,117	2,979	3,014	3,120	3,133	3,127
7 Sweden	677	847	....	945	949	954	940	957	905	981
8 Switzerland[2]	1,540	1,118	....	1,256	1,241	1,403	1,752	2,021	2,089	2,188
9 United Kingdom	6,549	8,515	....	8,415r	8,420r	8,656r	9,200r	9,443r	12,301	11,988
10 Other Western Europe	2,476	4,594	....	4,707	4,776	4,691	4,525	5,084	5,119	5,272
11 Eastern Europe	0	0	....	0	0	−1	−1	−1	−1	−1
12 Canada	602	1,301	....	1,090	1,299	1,493r	1,600r	1,631r	1,862	2,149
13 Latin America and Caribbean	1,076	863	....	563	572	777r	677r	134r	447	611
14 Venezuela	188	64	....	64	65	65	75	75	76	79
15 Other Latin America and Caribbean	656	716	....	504	453	546	489	591	822	914
16 Netherlands Antilles	232	83	....	−6	53	166r	112r	−532r	−452	−382
17 Asia	49,543	46,026	....	45,417r	45,626r	44,989r	45,046r	45,610r	46,610	45,135
18 Japan	11,578	13,911	....	14,338r	14,551r	14,875r	15,365r	15,750r	16,279	16,250
19 Africa	77	79	....	82	85	88	88	88	−11	15
20 All other	55	38	....	21	57	77	77	108	250	227
21 Nonmonetary international and regional organizations	4,583	5,114	....	5,263r	6,586r	7,611r	6,525r	6,952r	7,971	5,889
22 International	4,186	4,404	....	4,614	5,936	6,946	5,860	6,241	7,340	5,191
23 Latin American regional	6	6	....	6	6	6	6	6	6	6
	Transactions (net purchases, or sales (−) during period)									
24 **Total[2]**	**14,972**	**3,711**	**8,756**	**−522r**	**2,348**	**1,407**	**−114**	**1,599**	**6,596**	**−3,820**
25 Foreign countries[2]	16,072	3,180	7,982	29r	1,025	382	972	1,172	5,576	−1,736
26 Official institutions	14,550	779	6	481r	622	−358	−871	177	1,366	−1,971
27 Other foreign[2]	1,518	2,400	7,978	−452r	403	740	1,843	994	4,210	235
28 Nonmonetary international and regional organizations	−1,097	535	773	−551	1,322	1,026	−1,086	428	1,020	−2,084
MEMO: Oil-exporting countries										
29 Middle East[3]	7,575	−5,419	−3,806	54r	−678	−1,037	67	−312	−411	−144
30 Africa[4]	−552	−1	−101	0	0	0	0	0	−100	0

1. Estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

2. Beginning December 1978, includes U.S. Treasury notes publicly issued to private foreign residents denominated in foreign currencies.

3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

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

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per annum

Country	Rate on Nov. 30, 1984		Country	Rate on Nov. 30, 1984		Country	Rate on Nov. 30, 1984	
	Per-cent	Month effective		Per-cent	Month effective		Per-cent	Month effective
Austria	4.5	June 1984	France[1]	10.75	Nov. 1984	Norway	8.0	June 1979
Belgium	11.0	Feb. 1984	Germany, Fed. Rep. of	4.5	June 1984	Switzerland	4.0	Mar. 1983
Brazil	49.0	Mar. 1981	Italy	16.5	Sept. 1984	United Kingdom[2]	....	....
Canada	10.75	Nov. 1984	Japan	5.0	Oct. 1983	Venezuela	11.0	May 1983
Denmark	7.0	Oct. 1983	Netherlands	5.0	Sept. 1983			

1. As of the end of February 1981, the rate is that at which the Bank of France discounts Treasury bills for 7 to 10 days.
2. Minimum lending rate suspended as of Aug. 20, 1981.
NOTE. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or government commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

3.27 FOREIGN SHORT-TERM INTEREST RATES

Percent per annum, averages of daily figures

Country, or type	1981	1982	1983	1984						
				May	June	July	Aug.	Sept.	Oct.	Nov.
1 Eurodollars	16.79	12.24	9.57	11.53	11.68	12.02	11.81	11.67	10.77	9.50
2 United Kingdom	13.86	12.21	10.06	9.32	9.43	11.38	11.09	10.79	10.60	9.87
3 Canada	18.84	14.38	9.48	11.52	11.86	13.03	12.41	12.20	11.99	11.09
4 Germany	12.05	8.81	5.73	6.08	6.11	6.09	6.00	5.81	6.06	5.92
5 Switzerland	9.15	5.04	4.11	3.83	4.15	4.72	4.81	5.04	5.23	5.03
6 Netherlands	11.52	8.26	5.58	6.05	6.09	6.39	6.26	6.23	6.16	5.87
7 France	15.28	14.61	12.44	12.16	12.23	11.70	11.37	11.00	10.75	10.54
8 Italy	19.98	19.99	18.95	16.80	16.75	16.73	16.50	17.28	17.13	17.13
9 Belgium	15.28	14.10	10.51	11.80	11.90	11.90	11.73	11.16	11.00	10.81
10 Japan	7.58	6.84	6.49	6.24	6.35	6.31	6.35	6.33	6.31	6.32

NOTE. Rates are for 3-month interbank loans except for Canada, finance company paper; Belgium, 3-month Treasury bills; and Japan, Gensaki rate.

3.28 FOREIGN EXCHANGE RATES

Currency units per dollar

Country/currency	1981	1982	1983	1984					
				June	July	Aug.	Sept.	Oct.	Nov.
1 Australia/dollar[1]	114.95	101.65	90.14	88.26	83.42	84.73	83.08	83.64	85.88
2 Austria/schilling	15.948	17.060	17.968	19.226	19.998	20.268	21.293	21.557	21.075
3 Belgium/franc	37.194	45.780	51.121	55.840	57.714	58.282	61.132	62.048	60.475
4 Brazil/cruzeiro	92.374	179.22	573.27	1,643.81	1,819.00	1994.30	2226.79	2453.64	2734.16
5 Canada/dollar	1.1990	1.2344	1.2325	1.3040	1.3238	1.3035	1.3145	1.3189	1.3168
6 China, P.R./yuan	1.7031	1.8978	1.9809	2.2178	2.2996	2.3718	2.5469	2.6488	2.6785
7 Denmark/krone	7.1350	8.3443	9.1483	10.050	10.4178	10.5174	10.9753	11.090	10.824
8 Finland/markka	4.3128	4.8086	5.5636	5.8182	6.0187	6.0626	6.2783	6.3726	6.2653
9 France/franc	5.4396	6.5793	7.6203	8.4181	8.7438	8.8567	9.3041	9.4108	9.1981
10 Germany/deutsche mark	2.2631	2.428	2.5539	2.7397	2.8492	2.8856	3.0314	3.0678	2.9985
11 Greece/drachma	n.a.	66.872	87.895	108.85	112.40	115.11	120.40	126.06	123.63
12 Hong Kong/dollar	5.5678	6.0697	7.2569	7.8131	7.8519	7.8388	7.8430	7.8242	7.8235
13 India/rupee	8.6807	9.4846	10.1040	11.064	11.371	11.556	11.858	12.027	12.078
14 Ireland/pound[1]	161.32	142.05	124.81	111.67	107.63	106.84	102.28	100.85	103.41
15 Israel/shekel	n.a.	24.407	'55.865	215.06	253.14	n.a.	n.a.	n.a.	n.a.
16 Italy/lira	1138.60	1354.00	1519.30	1,694.80	1,751.18	1780.47	1870.79	1898.98	1863.05
17 Japan/yen	220.63	249.06	237.55	233.57	243.07	242.26	245.46	246.75	243.63
18 Malaysia/ringgit	2.3048	2.3395	2.3204	2.3109	2.3385	2.3331	2.3528	2.4076	2.4300
19 Mexico/peso	24.547	72.990	155.01	196.54	196.63	196.98	197.71	203.33	210.79
20 Netherlands/guilder	2.4998	2.6719	2.8543	3.0882	3.2155	3.2539	3.4188	3.4597	3.3817
21 New Zealand/dollar[1]	86.848	75.101	66.790	64.205	55.631	49.912	48.953	48.614	49.278
22 Norway/krone	5.7430	6.4567	7.3012	7.8162	8.2151	8.2991	8.6246	8.8721	8.7175
23 Philippines/peso	7.8113	8.5324	11.0940	14.250	n.a.	n.a.	n.a.	n.a.	n.a.
24 Portugal/escudo	61.739	80.101	111.610	141.83	152.17	151.02	158.45	163.36	163.10
25 Singapore/dollar	2.1053	2.1406	2.1136	2.1122	2.1473	2.1472	2.1635	2.1667	2.1554
26 South Africa/rand[1]	114.77	92.297	89.85	76.49	66.52	63.76	60.08	56.54	55.47
27 South Korea/won	n.a.	731.93	776.04	802.20	810.96	811.42	815.82	820.03	818.89
28 Spain/peseta	92.396	110.09	143.500	154.75	161.37	164.41	170.19	172.15	168.10
29 Sri Lanka/rupee	18.967	20.756	23.510	25.176	25.223	25.285	25.605	25.906	26.075
30 Sweden/krona	5.0659	6.2838	7.6717	8.0993	8.3063	8.3489	8.5892	8.6887	8.5957
31 Switzerland/franc	1.9674	2.0327	2.1006	2.2832	2.4115	2.4150	2.5049	2.5245	2.4700
32 Taiwan/Dollar	n.a.	n.a.	n.a.	39.843	39.477	39.092	39.159	39.226	39.419
33 Thailand/baht	21.731	23.014	22.991	23.010	23.020	23.018	23.013	23.020	26.736
34 United Kingdom/pound[1]	202.43	174.80	151.59	137.70	132.00	131.32	125.63	121.96	123.92
35 Venezuela/bolivar	4.2781	4.2981	10.6840	14.709	13.067	12.725	n.a.	n.a.	n.a.
MEMO									
United States/dollar[2]	102.94	116.57	125.34	134.31	139.30	140.21	145.70	147.56	144.92

1. Value in U.S. cents.
2. Index of weighted-average exchange value of U.S. dollar against currencies of other G-10 countries plus Switzerland. March 1973 = 100. Weights are 1972–76 global trade of each of the 10 countries. Series revised as of August 1978. For description and back data, see "Index of the Weighted-Average Exchange Value of the U.S. Dollar: Revision" on p. 700 of the August 1978 BULLETIN.

NOTE. Averages of certified noon buying rates in New York for cable transfers. Data in this table also appear in the Board's G.5 (405) release. For address, see inside front cover.

Guide to Tabular Presentation, Statistical Releases, and Special Tables

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

c	Corrected
e	Estimated
p	Preliminary
r	Revised (Notation appears on column heading when about half of the figures in that column are changed.)
*	Amounts insignificant in terms of the last decimal place shown in the table (for example, less than 500,000 when the smallest unit given is millions)
0	Calculated to be zero
n.a.	Not available
n.e.c.	Not elsewhere classified
IPCs	Individuals, partnerships, and corporations
REITs	Real estate investment trusts
RPs	Repurchase agreements
SMSAs	Standard metropolitan statistical areas
. . . . .	Cell not applicable

General Information

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct obligations of the Treasury. "State and local government" also includes municipalities, special districts, and other political subdivisions.

In some of the tables details do not add to totals because of rounding.

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List Published Semiannually, with Latest Bulletin Reference

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If You Borrow To Buy Stock
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Index to Statistical Tables

References are to pages A3 through 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	Robert P. Henderson Thomas I. Atkins	Frank E. Morris Robert W. Eisenmenger	
NEW YORK*.............10045	John Brademas Gertrude G. Michelson	E. Gerald Corrigan Thomas M. Timlen	
Buffalo....................14240	M. Jane Dickman		John T. Keane
PHILADELPHIA........19105	Robert M. Landis Nevius M. Curtis	Edward G. Boehne Richard L. Smoot	
CLEVELAND*...........44101	William H. Knoell E. Mandell de Windt	Karen N. Horn William H. Hendricks	
Cincinnati................45201	Robert E. Boni		Charles A. Cerino
Pittsburgh................15230	Milton G. Hulme, Jr.		Harold J. Swart
RICHMOND*.............23219	William S. Lee Leroy T. Canoles, Jr.	Robert P. Black Jimmie R. Monhollon	
Baltimore................21203	Robert L. Tate		Robert D. McTeer, Jr.
Charlotte.................28230	Henry Ponder		Albert D. Tinkelenberg
Culpeper Communications and Records Center 22701			John G. Stoides
ATLANTA.................30301	John H. Weitnauer, Jr. Bradley Currey, Jr.	Robert P. Forrestal Jack Guynn	
Birmingham.............35283	Martha A. McInnis		Fred R. Herr
Jacksonville.............32231	Jerome P. Keuper		James D. Hawkins
Miami......................33152	Sue McCourt Cobb		Patrick K. Barron
Nashville.................37203	C. Warren Neel		Jeffrey J. Wells
New Orleans............70161	Sharon A. Perlis		Henry H. Bourgaux
CHICAGO*................60690	Stanton R. Cook Edward F. Brabec	Silas Keehn Daniel M. Doyle	
Detroit....................48231	Russell G. Mawby		Roby L. Sloan
ST. LOUIS.................63166	W.L. Hadley Griffin Mary P. Holt	Vacancy Joseph P. Garbarini	
Little Rock..............72203	Sheffield Nelson		John F. Breen
Louisville................40232	Sister Eileen M. Egan		James E. Conrad
Memphis.................38101	Patricia W. Shaw		Paul I. Black, Jr.
MINNEAPOLIS..........55480	William G. Phillips John B. Davis, Jr.	Vacancy Thomas E. Gainor	
Helena.....................59601	Ernest B. Corrick		Robert F. McNellis
KANSAS CITY...........64198	Doris M. Drury Irvine O. Hockaday, Jr.	Roger Guffey Henry R. Czerwinski	
Denver....................80217	James E. Nielson		Wayne W. Martin
Oklahoma City.........73125	Patience Latting		William G. Evans
Omaha....................68102	Robert G. Lueder		Robert D. Hamilton
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El Paso...................79999	Mary Carmen Saucedo		Joel L. Koonce, Jr.
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Seattle....................98124	John W. Ellis		Gerald R. Kelly

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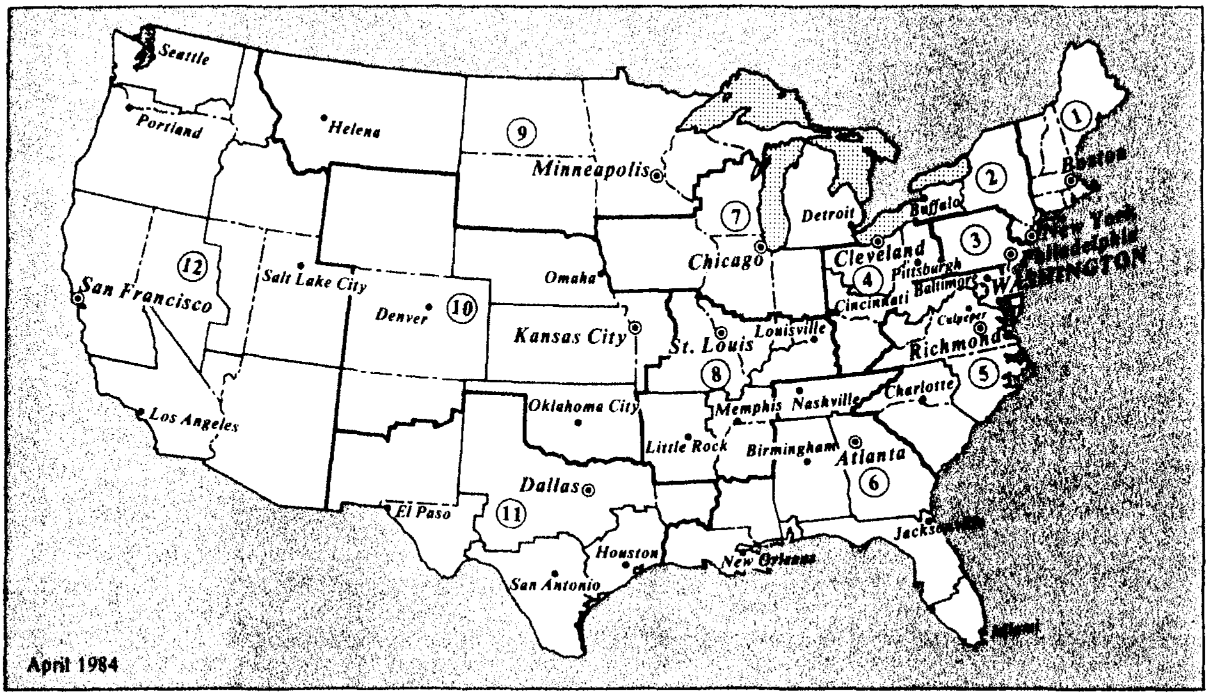
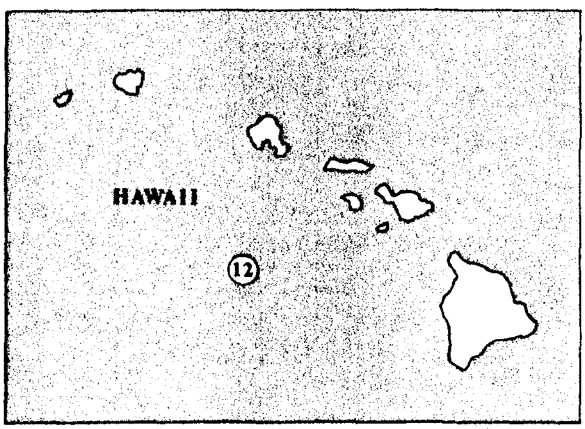
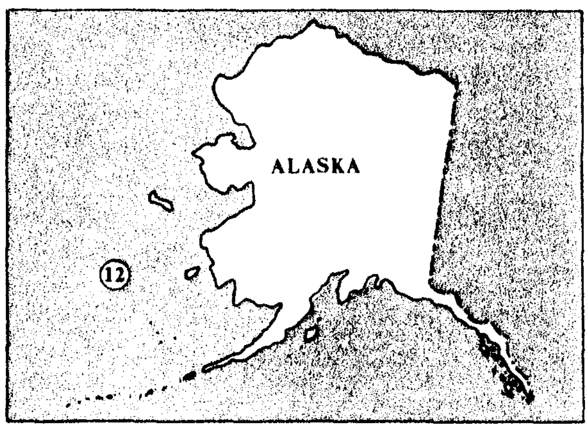
The Federal Reserve System

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