

---

VOLUME 73 □ NUMBER 1 □ JANUARY 1987



# FEDERAL RESERVE BULLETIN

---

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

PUBLICATIONS COMMITTEE

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

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

# Table of Contents

## 1 *THE ECONOMIC EFFECTS OF PROPOSED CEILINGS ON CREDIT CARD INTEREST RATES*

This article focuses on issues raised by the proposed federal limits on credit card rates, including the likely effects of such ceilings on the availability of credit card services to different groups of consumers.

## 14 *TREASURY AND FEDERAL RESERVE FOREIGN EXCHANGE OPERATIONS*

After declining without interruption for nearly a year and a half, the dollar steadied during the period from August through October 1986.

## 20 *STAFF STUDIES*

In "Responses to Deregulation: Retail Deposit Pricing from 1983 through 1985," the authors examine pricing by commercial banks and thrift institutions after the removal in October 1983 of interest rate ceilings on small time accounts.

## 22 *INDUSTRIAL PRODUCTION*

Industrial production was unchanged overall in October.

## 24 *ANNOUNCEMENTS*

Proposed investment by Sumitomo Bank deemed consistent with Bank Holding Company Act.

Changes in amounts subject to reserve requirements.

Revisions to capital adequacy guidelines.

Fee schedules for 1987 announced for services provided by the Reserve Banks.

Tiered pricing structure approved for check collection services.

New members appointed to Pricing Policy Committee.

Standard format approved for Fedwire information.

Quarterly financial results available for priced service operations.

Proposal to provide a redeposit service for small checks that are returned for insufficient funds; proposal to charge fees for the processing of applications and for supervision and general oversight of Edge Corporations; proposal to amend Regulation Z; proposed revisions to official staff commentaries on Regulations B, E, and Z; proposed list of factors to be considered in consolidations of priced services across state lines.

Publication of *Industrial Production—1986 Revision*.

Errata in BULLETIN table.

Publication of *Financial Futures and Options in the U.S. Economy*.

Changes in Board staff.

Admission of two state banks to membership in the Federal Reserve System.

## 31 *RECORD OF POLICY ACTIONS OF THE FEDERAL OPEN MARKET COMMITTEE*

At its meeting on September 23, 1986, the Committee adopted a directive that called for no change in the current degree of pressure on reserve positions. The members expected this approach to policy implementation to be consistent with some reduction in the growth of M2 and M3 to annual rates of 7 to 9 percent over the four-month period from August to December. Over the same interval, growth in M1 was expected to moderate from the exception-

ally large increase during the past several months. Because the prospective behavior of M1 remained subject to unusual uncertainty, the Committee again decided not to specify a rate of expected growth for this aggregate in the operational paragraph of the directive but to continue to evaluate M1 in the light of the performance of the broader aggregates and other factors. The members indicated that slightly greater reserve restraint would, or slightly lesser restraint might, be acceptable over the intermeeting period depending on the behavior of the monetary aggregates, taking into account the strength of the business expansion, the performance of the dollar in foreign exchange markets, progress against inflation, and conditions in domestic and international credit markets. The members agreed that the intermeeting range for the federal funds rate, which provides a mechanism for initiating consultation of the Committee when its boundaries are persistently exceeded, should be left unchanged at 4 to 8 percent.

A1 *FINANCIAL AND BUSINESS STATISTICS*

- A3 Domestic Financial Statistics
- A44 Domestic Nonfinancial Statistics
- A53 International Statistics

A69 *GUIDE TO TABULAR PRESENTATION, STATISTICAL RELEASES, AND SPECIAL TABLES*

A76 *BOARD OF GOVERNORS AND STAFF*

A78 *FEDERAL OPEN MARKET COMMITTEE AND STAFF; ADVISORY COUNCILS*

A80 *FEDERAL RESERVE BOARD PUBLICATIONS*

A83 *INDEX TO STATISTICAL TABLES*

A85 *FEDERAL RESERVE BANKS, BRANCHES, AND OFFICES*

A86 *MAP OF FEDERAL RESERVE SYSTEM*

37 *LEGAL DEVELOPMENTS*

Various bank holding company, bank service corporation, and bank merger orders; and pending cases.

# The Economic Effects of Proposed Ceilings on Credit Card Interest Rates

*This article was prepared by Glenn B. Canner and James T. Fergus of the Board's Division of Research and Statistics. Patricia A. Boerschig, Julia A. Springer, and Janice S. Westfall provided research assistance. Footnotes appear at the end of the article.*

Most interest rates have fallen substantially since the early 1980s, but those on credit card debt have changed relatively little. This disparity has led to assertions that credit card rates are excessive in view of the decline in funding costs of card issuers. As a result, several bills were considered in the Congress in 1986 that would have imposed a nationwide rate ceiling on credit card accounts.

This article focuses on issues raised by the proposed federal limits on credit card rates, including the likely effects of such ceilings on the availability of credit card services to different groups of consumers. It also explores the consequences, for consumers, of possible creditor responses to rate ceilings such as modifying nonrate prices of card services, altering other terms on credit card accounts, and raising prices on merchandise.

## EFFECTS ON THE PROFITABILITY OF CREDIT CARD PLANS

The nationwide ceilings on credit card rates suggested in recent congressional proposals would be more restrictive, on the whole, than the various maximum credit card rates that already exist in many states (table 1). A comparison of typical rates charged on bank credit cards during the 1972-86 period with the ceiling rates that would have applied under either of two proposed bills, S.1603 and S.1922, is presented in chart 1. The Senate bills take an approach similar to that

of two bills introduced in the House. Had either Senate bill been in effect, the more restrictive rate limit would have cut bank card rates during most of the period, and in the absence of compensating changes, it also would have reduced bank card revenues. Rates for retail store credit cards generally have been in line with those of bank cards, so the proposed federal ceilings likely would have reduced revenue for retail credit card plans. Both bank and retail store credit card services and pricing probably would have been altered in reaction to a large cut in revenue. The scope of such adjustments depends to a great extent on current and expected profits on credit card services.

## Historical Evidence on Profits

The annual net earnings of bank card plans before taxes averaged 1.9 percent of balances outstanding from 1972 through 1985.<sup>1</sup> Over the

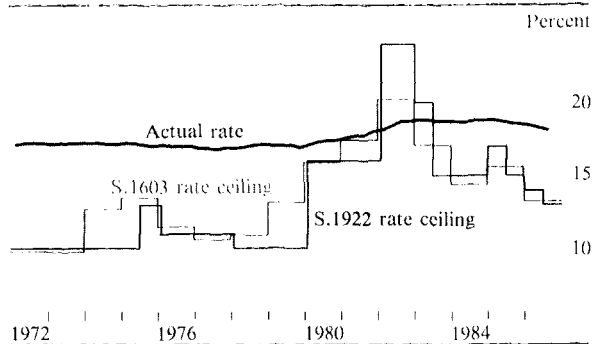
1. Characteristics of legislation considered in the U.S. Senate in 1986 to impose a national ceiling on credit card rates<sup>1</sup>

| Characteristic   | S.1603,<br>National Credit Card<br>Protection Act                              | S.1922,<br>Credit Card Holder<br>Protection Act   |
|------------------|--|---|
| Index . . . . .  | Six-month Treasury bills, average investment yield for preceding calendar year | IRS rate payable on overdue income tax payments and on income tax refunds, calculated by IRS from prime rate charged by commercial banks during an earlier six-month period |
| Markup . . . . . | 5 percentage points above index rate   | 4 percentage points above index rate  |
| Current ceiling  | 13.085 percent for all of 1986   | 14 percent for January through June 1986; 13 percent for July through December 1986.  |

1. 99 Cong. 2 Sess.



1. Average actual finance rate on bank credit card plans and maximum rates with proposed ceilings<sup>1</sup>



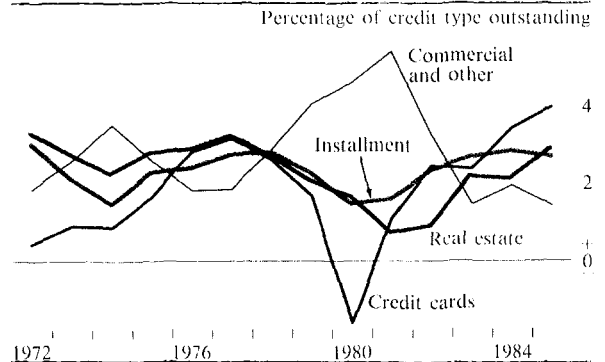
1. Actual rate is an average of the most common rate charged on bank credit card plans by commercial banks reporting to the Federal Reserve.

same period, average net returns on other major types of commercial bank lending were significantly higher: 2.3 percent on real estate mortgages, 2.4 percent on consumer installment debt, and 2.8 percent on commercial and other loans. Of course, there have been substantial year-to-year variations. For example, the average profitability of bank cards rose to 3.4 percent in 1984 and to 4.0 percent in 1985—a high for the 1972–85 period. However, before 1984 the profitability of bank card plans often was low relative to that of other major types of bank lending (chart 2). Thus, the more reliable indicator of long-run bank card profitability seems to be an average derived from periods of low as well as high profitability rather than from the atypical experience of recent years.

Annual data on earnings of retail card plans are not available. However, two national surveys of retailers were conducted on behalf of the National Retail Merchants Association in 1968 and 1985 and a study of retailers in New York State was made in 1973. The studies indicate that on average—not considering profits on associated merchandise sales—such credit card plans consistently operated at a loss.<sup>2</sup>

The unusually high level of bank credit card profits in 1984 and 1985 is subject to differing interpretations, and definite conclusions will require additional evidence. But the most likely explanation involves a combination of favorable economic trends and structural changes in credit card regulation. Credit card profits clearly benefited from the drop in funding costs in recent

2. Net earnings before taxes on various types of bank credit<sup>1</sup>



1. Based on annual data from the Federal Reserve's Functional Cost Analysis.

years. Although such costs constitute a much lower proportion of total costs for credit card operations than for other major types of bank lending, the sharp decline in market interest rates has contributed significantly to the recent improvement in profits on credit card plans. In addition, the relaxation or removal of regulatory constraints on credit card interest rates in many states in the early 1980s has helped increase profits. These actions were taken after credit card issuers experienced a severe squeeze on profits in the 1979–81 period.

Another factor in the 1984–85 rise in bank card profitability was the major improvement in the quality of issuers' credit card portfolios following the economic disruptions of the late seventies and early eighties. Credit card issuers responded to falling profits by adopting much more selective credit standards in an effort to control costs. Also, many credit card accounts were terminated because of delinquencies and payment defaults. Because the remaining account holders were relatively good credit risks, delinquencies fell to a historically low level in early 1984. As credit card issuers generally have returned to less restrictive credit standards and as some issuers have undertaken aggressive marketing programs, collection problems have increased again. But such problems remained at low to moderate levels throughout 1984 and early 1985.

It seems doubtful that the increase in profitability reflects diminished competition in the credit card industry in light of the number and variety of credit card issuers. Competing credit

card plans within an area often include those offered by several regional and national firms in addition to those of local retailers and financial institutions. The diversity of credit card pricing schemes, the heavy volume of solicitations, and the pace of entry by new competitors seem inconsistent with a general absence of competition. Moreover, the rapid development of competing sources of revolving credit—such as lines of credit secured by residential equity and overdraft credit lines on checking accounts—reinforces competitive pressures on the credit card industry. These considerations suggest that the recent high levels of bank card profits are unlikely to persist. Thus, longer-term profit experience seems to provide a more reliable basis for evaluating the need for regulation of credit card rates.

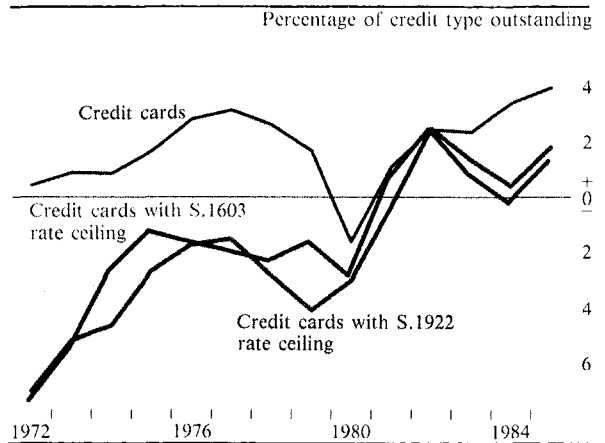
In sum, the evidence suggests that profits on credit card plans at banks typically have been low, while those on retail credit plans generally have been negative. Therefore, it seems unlikely that card issuers could absorb significant reductions in revenue from finance charges over the long term merely by accepting lower profits.

#### *Estimates of Profitability under Proposed Rate Ceilings*

Estimates based on data from the Federal Reserve's Functional Cost Analysis for commercial banks suggest the extent to which bank card profits could be cut by the proposed nationwide rate ceilings. Each of the lower lines in chart 3 shows an estimate of net earnings before taxes on bank credit card plans as a percentage of credit outstanding, assuming that one of the nationwide rate ceilings proposed in S.1603 and S.1922 had been in effect. The top line on the chart shows the actual profit experience of commercial bank credit card lending, as previously shown in chart 2.<sup>3</sup>

According to these estimates, bank credit card plans would have lost money in 10 of the 14 years from 1972 through 1985 under the rate ceilings in either S.1603 or S.1922 and would have earned only marginal profits in two of the years. These estimates suggest that if such rate ceilings were enacted, the pressures to make cost and revenue adjustments would be intense.

3. Net earnings before taxes on credit card plans and estimated earnings under proposed rate ceilings<sup>1</sup>



1. Based on annual data from the Federal Reserve's Functional Cost Analysis.

#### *CREDIT CARD USE AND REPAYMENT PATTERNS*

Some of the changes that credit card issuers might make in response to reduced profitability include cutbacks in the quantity and quality of credit card services, increases in nonrate credit card prices, and boosts in retail prices for some types of merchandise. The ways such changes affect consumers depend on two factors: the prevalence and the manner of credit card use. First, changes in the availability and pricing of card-related services mainly affect consumers who use credit cards—although, as explained later, some indirect effects may be broader. Second, the effect on credit card holders depends on how they use their cards because some credit card fees and charges apply only to consumers who use their cards in particular ways—for example, to obtain cash advances or for long-term borrowing. Accordingly, information about use of credit cards by particular consumer groups is a key to evaluating the impact of a nationwide credit card rate ceiling.

#### *Credit Card Use*

During the past two decades the Survey Research Center at the University of Michigan has monitored the use of credit cards. The most recent data are for 1983. Overall, 62 percent of all

## 2. Proportion of U.S. families with selected characteristics that use various types of credit cards, selected years, 1970-83

| Family characteristic                           | Any credit card |           |           | Retail card |           | Bank card |           |           |
|---|-----------------|-----------|-----------|-------------|-----------|-----------|-----------|-----------|
|   | 1970            | 1977      | 1983      | 1977        | 1983      | 1970      | 1977      | 1983      |
| <i>Family income (1982 dollars)<sup>1</sup></i> |                 |           |           |             |           |           |           |           |
| Less than 5,000                                 | 15              | 21        | 18        | 15          | 14        | 2         | 8         | 4         |
| 5,000-7,499                                     | 19              | 24        | 29        | 19          | 25        | 3         | 4         | 12        |
| 7,500-9,999                                     | 19              | 27        | 33        | 22          | 26        | 2         | 7         | 19        |
| 10,000-14,999                                   | 31              | 41        | 49        | 31          | 40        | 7         | 15        | 26        |
| 15,000-19,999                                   | 46              | 56        | 64        | 47          | 55        | 12        | 26        | 36        |
| 20,000-24,999                                   | 56              | 66        | 71        | 53          | 62        | 15        | 31        | 40        |
| 25,000-29,999                                   | 62              | 72        | 78        | 59          | 67        | 21        | 41        | 49        |
| 30,000-39,999                                   | 72              | 78        | 87        | 68          | 76        | 25        | 53        | 63        |
| 40,000-49,999                                   | 76              | 87        | 88        | 76          | 81        | 31        | 58        | 70        |
| 50,000 or more                                  | 82              | 91        | 95        | 79          | 83        | 38        | 73        | 80        |
| <i>Age of head (years)</i>                      |                 |           |           |             |           |           |           |           |
| Less than 25                                    | 42              | 39        | 38        | 29          | 32        | 12        | 16        | 20        |
| 25-34   | 61              | 65        | 61        | 53          | 52        | 20        | 40        | 37        |
| 35-44   | 57              | 72        | 73        | 63          | 63        | 23        | 49        | 52        |
| 45-54   | 60              | 68        | 69        | 56          | 61        | 19        | 40        | 45        |
| 55-64   | 46              | 61        | 72        | 52          | 62        | 12        | 36        | 50        |
| 65-74   | 37              | 49        | 60        | 39          | 53        | 7         | 20        | 37        |
| 75 or more                                      | 20              | 34        | 35        | 25          | 26        | 3         | 11        | 16        |
| <i>Education of head</i>                        |                 |           |           |             |           |           |           |           |
| 0-8 grades                                      | 25              | 30        | 30        | 24          | 25        | 5         | 13        | 14        |
| 9-11 grades                                     | 40              | 45        | 46        | 39          | 38        | 10        | 21        | 25        |
| High school diploma                             | 58              | 62        | 62        | 52          | 55        | 18        | 32        | 36        |
| Some college                                    | 59              | 70        | 71        | 59          | 62        | 20        | 41        | 48        |
| College degree                                  | 82              | 89        | 90        | 73          | 77        | 34        | 69        | 70        |
| <i>Occupation of head</i>                       |                 |           |           |             |           |           |           |           |
| Professional or technical                       | n.a.            | 84        | 83        | 72          | 69        | 31        | 59        | 62        |
| Manager   | n.a.            | 86        | 86        | 67          | 77        | 30        | 63        | 67        |
| Self-employed manager                           | n.a.            | 69        | 75        | 51          | 64        | 16        | 45        | 49        |
| Clerical or sales                               | n.a.            | 69        | 73        | 59          | 65        | 21        | 39        | 49        |
| Craftsman or foreman                            | n.a.            | 61        | 64        | 51          | 55        | 22        | 34        | 37        |
| Operative, laborer, or service worker           | n.a.            | 43        | 45        | 42          | 38        | 10        | 18        | 24        |
| Farmer or farm manager                          | n.a.            | 33        | 37        | 24          | 29        | 7         | 16        | 27        |
| <b>All families</b>                             | <b>50</b>       | <b>60</b> | <b>62</b> | <b>50</b>   | <b>54</b> | <b>16</b> | <b>35</b> | <b>40</b> |

families reported using credit cards in 1983 (table 2). Fifty-four percent used one or more retail store cards, 40 percent at least one bank card, and 26 percent at least one gasoline card. Regardless of the type of credit card, use rises sharply and continuously with family income and with the level of education of the family head.

Retail store cards are the most widely used type of credit card. Their use is significantly more widespread than that of bank cards except among families with incomes of at least \$50,000 or which are headed by persons with a college education. However, the use of bank cards has been expanding rapidly in every family category of income, age, education, and occupation—more than doubling from 16 percent of all families in 1970 to 40 percent in 1983. By contrast, the proportion of families that use retail cards has increased much more slowly, from about 45 percent in 1971 (not shown) to 54 percent in 1983. The more rapid growth in bank card use may

reflect to some extent a substitution of credit card borrowing for other types of installment credit that do not provide flexible repayment terms. It may also reflect abandonment of proprietary credit card plans and 30-day credit programs by some gasoline companies and retail merchants or acceptance of bank credit cards by such firms in addition to the credit arrangements they offer.

### *Repayment Practices*

Analyzing the effect on consumers of the proposed ceilings on credit card rates requires information about the use of the revolving debt feature available with bank and retail cards (an option usually not available with gasoline or travel and entertainment cards). Most revolving credit plans do not charge interest if the card holder pays the full amount billed before expira-

2. Continued

| Family characteristic                           | Gasoline card |           |           | Travel and entertainment card |          |          |
|---|---------------|-----------|-----------|-------------------------------|----------|----------|
|   | 1970          | 1977      | 1983      | 1970                          | 1977     | 1983     |
| <i>Family income (1982 dollars)<sup>1</sup></i> |               |           |           |                               |          |          |
| Less than 5,000                                 | 7             | 9         | 3         | 1                             | *        | *        |
| 5,000-7,499                                     | 9             | 8         | 6         | 3                             | *        | 2        |
| 7,500-9,999                                     | 11            | 11        | 14        | 2                             | 1        | 2        |
| 10,000-14,999                                   | 18            | 16        | 16        | 4                             | 1        | 2        |
| 15,000-19,999                                   | 28            | 24        | 19        | 8                             | 2        | 5        |
| 20,000-24,999                                   | 33            | 30        | 22        | 7                             | 2        | 6        |
| 25,000-29,999                                   | 42            | 32        | 31        | 12                            | 3        | 10       |
| 30,000-39,999                                   | 50            | 41        | 40        | 10                            | 10       | 13       |
| 40,000-49,999                                   | 57            | 54        | 43        | 13                            | 12       | 14       |
| 50,000 or more                                  | 68            | 67        | 61        | 34                            | 31       | 17       |
| <i>Age of head (years)</i>                      |               |           |           |                               |          |          |
| Less than 25                                    | 23            | 12        | 8         | 5                             | 2        | 7        |
| 25-34   | 41            | 31        | 20        | 10                            | 7        | 10       |
| 35-44   | 39            | 42        | 30        | 11                            | 12       | 13       |
| 45-54   | 39            | 39        | 30        | 12                            | 12       | 10       |
| 55-64   | 34            | 34        | 37        | 10                            | 6        | 11       |
| 65-74   | 25            | 27        | 26        | 6                             | 3        | 5        |
| 75 or more                                      | 10            | 16        | 15        | 3                             | 4        | *        |
| <i>Education of head</i>                        |               |           |           |                               |          |          |
| 0-8 grades                                      | 14            | 12        | 8         | 3                             | 1        | 1        |
| 9-11 grades                                     | 23            | 18        | 16        | 4                             | 2        | 2        |
| High school diploma                             | 36            | 29        | 19        | 9                             | 4        | 4        |
| Some college                                    | 42            | 37        | 30        | 15                            | 12       | 11       |
| College degree                                  | 68            | 63        | 53        | 22                            | 21       | 27       |
| <i>Occupation of head</i>                       |               |           |           |                               |          |          |
| Professional or technical                       | n.a.          | 56        | 43        | n.a.                          | 14       | 19       |
| Manager   | n.a.          | 54        | 44        | n.a.                          | 22       | 25       |
| Self-employed manager                           | n.a.          | 48        | 40        | n.a.                          | 19       | 19       |
| Clerical or sales                               | n.a.          | 34        | 30        | n.a.                          | 7        | 11       |
| Craftsman or foreman                            | n.a.          | 29        | 23        | n.a.                          | 3        | 4        |
| Operative, laborer, or service worker           | n.a.          | 16        | 12        | n.a.                          | 1        | 1        |
| Farmer or farm manager                          | n.a.          | 18        | 18        | n.a.                          | 4        | 1        |
| <b>All families</b>                             | <b>34</b>     | <b>32</b> | <b>26</b> | <b>9</b>                      | <b>7</b> | <b>9</b> |

\*Less than 0.5 percent.  
n.a. Not available.

1. For each survey year, income is for the preceding calendar year.  
SOURCE: George Katona, Lewis Mandell, and Jay Schmiedeskamp, *1970 Survey of Consumer Finances*, University of Michigan, Institute

for Social Research, 1971; Thomas A. Durkin and Gregory E. Eliehausen, *1977 Consumer Credit Survey*, Board of Governors of the Federal Reserve System, 1978; Robert B. Avery and others, *1983 Survey of Consumer Finances*, Board of Governors of the Federal Reserve System, forthcoming.

tion of a specified interest-free period called the grace period.<sup>4</sup> (Cash advances typically earn finance charges from the transaction date.) Thus, unlike most other kinds of credit, the way the credit card holder uses the account determines whether the account produces any interest income for the card issuer and, if so, how much.

Consumer surveys indicate that credit card users fall into two categories—convenience users and borrowers—according to their customary repayment practice. Convenience users are those who usually pay off their balance in full during the grace period, thereby avoiding finance charges; they use a credit card primarily for the convenience it affords in conducting transactions. Borrowers are those who usually do not pay off their balance in full during the grace period, thereby incurring finance charges. Card

users may occasionally choose to deviate from their usual repayment pattern: convenience users may repay a particularly large purchase in installments; borrowers may sometimes repay the outstanding balance completely.

Responses by consumers to questions about their repayment practices have been consistent over time. In 1983, as in 1977, about half of families that used bank or retail credit cards stated that they nearly always paid their bills in full each month (table 3). Such consumers can be considered convenience users. The remaining families were about evenly divided between those that sometimes paid their bills in full each month and those that hardly ever repaid their entire outstanding balance by the end of the billing cycle.

Repayment patterns vary considerably accord-

3. Distribution of families with selected characteristics that use bank or retail credit cards, by repayment practice, 1977 and 1983<sup>1</sup>

Percent

| Family characteristic                             | Nearly always pays in full |           | Sometimes pays in full |           | Hardly ever pays in full |           |
|---|----------------------------|-----------|------------------------|-----------|--------------------------|-----------|
|   | 1977                       | 1983      | 1977                   | 1983      | 1977                     | 1983      |
| <i>Family income (1982 dollars)<sup>2</sup></i>   |                            |           |                        |           |                          |           |
| Less than 5,000 .....                             | 54                         | 43        | 28                     | 19        | 18                       | 38        |
| 5,000-7,499 .....                                 | 52                         | 49        | 18                     | 25        | 30                       | 27        |
| 7,500-9,999 .....                                 | 45                         | 51        | 29                     | 27        | 27                       | 22        |
| 10,000-14,999 .....                               | 44                         | 48        | 31                     | 23        | 26                       | 28        |
| 15,000-19,999 .....                               | 41                         | 43        | 31                     | 27        | 28                       | 31        |
| 20,000-24,999 .....                               | 42                         | 41        | 31                     | 28        | 27                       | 31        |
| 25,000-29,999 .....                               | 55                         | 45        | 27                     | 23        | 18                       | 32        |
| 30,000-39,999 .....                               | 56                         | 46        | 26                     | 29        | 18                       | 25        |
| 40,000-49,999 .....                               | 61                         | 43        | 25                     | 31        | 13                       | 26        |
| 50,000 or more .....                              | 78                         | 60        | 16                     | 24        | 6                        | 16        |
| <i>Age of head (years)</i>                        |                            |           |                        |           |                          |           |
| Less than 25 .....                                | 38                         | 39        | 33                     | 28        | 29                       | 33        |
| 25-34 .....                                       | 43                         | 37        | 33                     | 29        | 25                       | 34        |
| 35-44 .....                                       | 41                         | 35        | 31                     | 33        | 27                       | 32        |
| 45-54 .....                                       | 47                         | 46        | 29                     | 27        | 24                       | 27        |
| 55-64 .....                                       | 60                         | 54        | 24                     | 24        | 16                       | 21        |
| 65-74 .....                                       | 77                         | 76        | 13                     | 12        | 10                       | 12        |
| 75 or more .....                                  | 85                         | 76        | 15                     | 12        | *                        | 12        |
| <i>Education of head</i>                          |                            |           |                        |           |                          |           |
| 0-8 grades .....                                  | 57                         | 49        | 19                     | 18        | 24                       | 32        |
| 9-11 grades .....                                 | 46                         | 47        | 27                     | 25        | 27                       | 27        |
| High school diploma .....                         | 46                         | 46        | 28                     | 26        | 26                       | 28        |
| Some college .....                                | 47                         | 41        | 31                     | 29        | 21                       | 29        |
| College degree .....                              | 58                         | 52        | 29                     | 26        | 13                       | 21        |
| <i>Occupation of head</i>                         |                            |           |                        |           |                          |           |
| Professional, technical .....                     | 57                         | 50        | 30                     | 27        | 13                       | 23        |
| Manager .....                                     | 53                         | 50        | 32                     | 28        | 15                       | 21        |
| Self-employed manager .....                       | 65                         | 60        | 16                     | 24        | 19                       | 16        |
| Clerical or sales .....                           | 48                         | 44        | 30                     | 26        | 21                       | 30        |
| Craftsman or foreman .....                        | 46                         | 44        | 28                     | 29        | 26                       | 28        |
| Operative, laborer, or service worker .....       | 40                         | 40        | 28                     | 25        | 32                       | 35        |
| Farmer or farm manager .....                      | 68                         | 74        | 24                     | 12        | 8                        | 14        |
| <b>All families that use bank or retail cards</b> | <b>49</b>                  | <b>47</b> | <b>28</b>              | <b>26</b> | <b>23</b>                | <b>27</b> |

\*Less than 0.5 percent.

1. The 1977 survey covered 2,563 families, of whom 1,444 had bank or store cards. The 1983 survey covered 3,824 families, of whom 2,087 had bank or store cards.

2. For each survey year, income is for the preceding calendar year. SOURCE: Durkin and Ellichhausen, *1977 Consumer Credit Survey*; Avery and others, *1983 Survey of Consumer Finances*.

ing to the characteristics of consumers. For example, convenience use rises sharply with the age of the household head. Nevertheless, substantial proportions of families in each income and education category reported that they nearly always paid off their entire outstanding balance in full each month.

#### POSSIBLE ADJUSTMENTS BY CARD ISSUERS AND EFFECTS ON CONSUMERS

Those who stand to benefit from a nationwide limit on credit card rates are credit card borrowers, who would incur lower finance charges. However, as noted, the low average profitability

of bank and retail credit card plans suggests that card issuers would likely reduce costs and seek more revenue from alternative sources under the proposed nationwide interest rate ceilings. These adjustments by issuers would erode some of the benefits to borrowers and impose costs on other consumers. Although specifying the responses that card issuers might choose is difficult, there are several likely possibilities (table 4).

#### *Restricting the Availability of Services*

Perhaps the most obvious cost-cutting step that credit card issuers might take is to tighten credit standards so as to reduce collection costs and

4. Proportion of selected groups of credit card holders affected by possible responses by bank and retail credit card issuers to more restrictive interest rate ceilings<sup>1</sup>

| Type of response   | Bank card holders |           | Retail card holders |           |
|--|-------------------|-----------|---------------------|-----------|
|  | Convenience users | Borrowers | Convenience users   | Borrowers |
| <i>Availability adjustments</i>  |                   |           |                     |           |
| Tighten credit standards <sup>2</sup> .....  | Some              | Some      | Some                | Some      |
| Reduce or eliminate services <sup>3</sup> .....  | Some              | Some      | Some                | Some      |
| <i>Pricing adjustments<sup>4</sup></i>   |                   |           |                     |           |
| Reduce or eliminate interest-free period .....   | All               | Some      | All                 | Some      |
| Alter method for calculating balance on which finance charge is based .....                        | None              | All       | None                | All       |
| Increase retail price of merchandise .....   | All               | All       | All                 | All       |
| Increase merchant discount fee (to the extent reflected in higher retail merchandise prices) ..... | All               | All       | All                 | All       |
| Start charging, or increase, an annual fee .....   | All               | All       | All                 | All       |
| Charge a fee for each transaction .....  | All               | All       | All                 | All       |
| Charge a penalty fee for exceeding credit limit .....  | Few               | Some      | Few                 | Some      |
| Charge a penalty fee for each late payment .....   | None              | Some      | None                | Some      |
| Charge a fee for each cash advance .....   | Some              | Some      | ...                 | ...       |
| Charge explicitly for services previously provided without charge <sup>5</sup> .....               | Some              | Some      | Some                | Some      |

1. Convenience users typically pay off their balances during the interest-free period, thus avoiding finance charges. Borrowers typically do not pay off their balances during the interest-free period and therefore usually pay finance charges.

2. Tighter credit standards ordinarily would be implemented by raising the minimum score necessary under a credit-scoring system to qualify for a credit card or to obtain a higher credit limit. Factors that have positive weights in most credit-scoring systems include an applicant's income, assets, duration of residence and employment, and previous credit record.

3. Financial institutions might curtail ancillary services that some institutions provide free of charge. Severe losses on credit card

operations might cause some financial institutions to eliminate credit card plans in favor of other types of lending. Some retailers might eliminate in-house credit card plans in favor of accepting other credit cards.

4. The ability of card issuers to make some of these adjustments may be constrained by competition or by state law.

5. Financial institutions and retailers might institute fees for services such as processing credit card applications, replacing lost cards, providing more than one credit card, and sending out each statement. Retailers might begin charging for other services that previously had been provided free of charge.

charge-offs. Such a change would affect mainly applicants for new credit card accounts. However, holders of existing accounts could also be affected by more stringent enforcement of credit limits and by any increase in minimum payment requirements.

Changes in the availability of credit would have the greatest potential effect on "marginal" card applicants, who meet the current minimum requirements for holding a credit card account—such as income level, employment tenure, duration of residency, and previous credit record—but who would not qualify for credit if such standards were stiffened considerably. Although credit decisions are based on many criteria, lower-income persons who apply for credit cards—including recent entrants into the job market and those with low levels of education and skills—are likely to be affected more serious-

ly by tighter credit standards than those with greater resources.

In addition, financial institutions might curtail credit card enhancements that some of them offer. Such features include protection programs that indemnify credit card holders for charges made with lost or stolen credit cards, discounts on transportation and lodging, rebates on purchases billed to a credit card account, and provision of emergency cash to travelers. If the pressure on profits became severe, some institutions might eliminate their card plans and redirect resources into more profitable lines of business. Retail firms might discontinue in-house plans, with the result that customers would need to rely instead on bank credit cards or other sources of financing. Although elimination of credit card operations is an extreme measure, some retailers and financial institutions in the early 1980s did

curtail or discontinue credit card services in an effort to stem losses.

### *Raising the Prices of Services or Merchandise*

An alternative or complementary way of offsetting reduced interest income is to reprice credit card services. One such change would be to shorten or eliminate the grace period that credit card issuers typically have allowed, although such action would not be possible in states that require a minimum grace period.

Regulations that reduce finance rates would help many credit card borrowers, who would incur smaller finance charges, but that benefit would be offset by the additional finance charges that many convenience users would pay because of curtailments in grace periods. In addition, those borrowers who sometimes make full payment and at such times avoid incurring finance charges also would be adversely affected by a cutback in grace periods.

As previously noted, a large proportion of lower-income credit card users are convenience users. Among card users with less than \$10,000 in family income, 48 percent reported in 1983 that they customarily paid off their outstanding balances each month. An additional 24 percent of lower-income families reported sometimes paying their balances in full. Thus, even among lower-income families, the overall effect of lower rate ceilings combined with shorter grace periods is not clear.

Furthermore, because a substantial proportion of higher-income consumers are convenience users, the net benefit of restricting credit card interest rates also is unclear for them. However, the balance of benefits and costs for the elderly is likely to be negative if issuers shorten or eliminate grace periods on credit cards in response to tighter credit card rate ceilings. Among families headed by persons 65 years or older, convenience users of credit cards constituted three-fourths of credit card users.

A second major type of repricing, available only to retail credit card issuers, is to increase merchandise prices in an attempt to offset all or part of a reduction in finance charge revenue.

The feasibility of this response for particular retail firms would depend mainly on the types of merchandise sold because competition from cash-only merchants might limit price increases to goods that usually are purchased on credit. In this case, only customers who pay in cash for such merchandise would subsidize the cost of providing credit services.

Although increases in merchandise prices can be implemented only by retailers, some issuers of bank credit cards might be able to effect an indirect form of repricing by raising the fee they charge merchants for processing credit card sales. The fee, called the merchant discount, is an operating cost to the retailer. Any increase in these charges could be passed on in higher prices of merchandise, including prices paid by customers who always pay in cash. However, competition with other card issuers, not only for processing credit card charges but also for other merchant business such as demand deposits and loans, could limit the ability of banks to increase the merchant discount fee.

Other card-related fees could also be raised. Seventy percent or more of commercial banks in 1985 charged an annual fee for MasterCard and Visa accounts.<sup>5</sup> These annual fees could be increased to help generate higher revenue, and additional institutions could implement such fees. Changes of this kind would affect all card holders.

A similarly pervasive effect would occur if a fee for each transaction were charged by card issuers. As of 1985 only about 3 percent of the MasterCard and Visa issuers charged such fees.<sup>6</sup> With the exception of some gasoline company credit card plans with enhancements, no retail credit card issuers are known to be charging annual fees or fees for each transaction. However, apart from legal restrictions on fees that exist in a few states, the main barriers to such a practice appear to be the force of competition and customary practice in the retail industry.

Some credit card issuers charge a fee when an account balance exceeds the established credit limit or when problems arise such as late payments or returned checks. Late charges were levied in 1985 by 50 percent or more of commercial banks that issue MasterCard and Visa accounts.<sup>7</sup> By definition, convenience users typi-

cally do not make late payments. Also, convenience users are less likely to exceed established credit limits because, again by definition, they ordinarily do not carry a balance forward from one billing period to the next. Therefore, an increase in the prevalence of such fees or in their average amount resulting from more stringent rate ceilings would have a greater effect on borrowers.

In addition to the price increases previously described, banks might institute or raise fees for cash advances on credit cards. Banks and retailers might establish or increase fees for processing credit card applications, replacing lost cards, providing additional cards for an account, and issuing monthly statements. Retailers might start charging separately for services that had been provided without charge, such as gift wrapping, delivery, and alterations. Pricing these services seems likely to affect users of bank cards as well as of retail cards and convenience users as well as borrowers.

### *Unpredictability of Adjustments*

For several reasons, adjustments in credit card availability and pricing that would follow the imposition of a restrictive nationwide rate ceiling cannot be foreseen with precision. Card issuers would be likely to adopt different policies depending on how they expected their customers to respond, and additional shifts would occur once those reactions became clear.

Adjustments in pricing and credit availability would be subject to important constraints, including competition from other credit card issuers as well as regulations that limit pricing changes in some states. A few credit card issuers already have adapted to fairly stringent rate ceilings at the state level, and might have little additional adjustment to make. Issuers that operate under less restrictive state ceilings would likely face greater pressures to make changes in credit availability and pricing.

### *EVIDENCE OF THE EFFECTS OF CREDIT CARD RATE RESTRICTIONS ON CONSUMERS*

The preceding discussion described the potential responses of card issuers to restrictive rate ceil-

ings and the possible consequences of such actions for consumers. Several studies conducted during the past two decades have addressed these issues empirically, investigating creditor responses to differing interest rate restrictions at the state level and evaluating the effects of such reactions on consumers. These research results provide valuable historical evidence that suggests some likely consequences of a national credit card rate ceiling.

### *Effects on Credit Availability*

One major conclusion of the empirical studies is that restrictive rate ceilings for consumer credit are closely associated with tighter lending standards. Most studies have concluded that higher rate ceilings are associated with lower rates of consumer loan rejection or with a larger percentage of loan defaults.<sup>8</sup> These findings suggest that lenders extend credit to a broader range of credit applicants when the rate of interest allowed on their consumer loan portfolios is higher. Therefore, creditors are likely to apply more accommodative credit standards when the price of credit is determined by market forces, and to use stiffer loan criteria when regulations hold rates below market-determined levels. As noted, not all consumers are affected equally by lower interest rate ceilings. Given the criteria that credit card issuers usually employ for determining creditworthiness, lower-income families and families headed by younger persons would seem to be among those most likely to be denied credit as a result of such ceilings.<sup>9</sup>

### *Effects on Availability of Bank Credit Cards*

A 1979 study by researchers at the Credit Research Center (CRC) at Purdue University is particularly useful for examining the effects on consumers of placing legal restrictions on credit card rates. The CRC study surveyed consumers and creditors in four states with different interest rate ceilings.<sup>10</sup> One portion of the study focused on consumer use of credit cards, including the effects of rate ceilings. Three states—Illinois,



Louisiana, and Wisconsin—had relatively high credit card rate ceilings; the fourth, Arkansas, had an unusually low rate limit.

The CRC study found that the proportion of consumers holding bank credit cards was substantially smaller in Arkansas than in the three states with less restrictive interest rate ceilings. Only 29 percent of the families in Arkansas held bank credit cards (table 5). By contrast, 39 percent of families in the other three states held such cards. These results suggest that more restrictive rate ceilings were associated with more limited availability of bank credit card accounts.

Although this broad perspective on the effects of controls on credit card rates is helpful, it does not show whether specific consumer groups are more likely than others to be affected by a national ceiling on credit card rates. To examine this issue more closely, bank credit card holding was compared according to family income, age of family head, and education for residents of Arkansas and of the three other states (table 5). In most categories, a significantly smaller proportion of families held bank credit cards in Arkansas than in states with less restrictive credit card rate ceilings.

Further analysis of the CRC survey data using multivariate procedures suggests four main conclusions:<sup>11</sup> (1) In all four states, the probability that a family held a bank credit card rose as family income, age, and education of the family head increased. (2) Lower- and lower-middle income families in Arkansas, the state with the most restrictive rate ceiling, were less likely to hold bank cards than were equally endowed families in the other states. (3) Higher-income families in Arkansas were as likely to hold bank credit cards as were higher-income families in states with less restrictive rate ceilings. (4) Overall, families residing in Arkansas were significantly less likely to hold bank credit cards than were families living in one of the three states with less restrictive rate ceilings. In sum, these findings suggest that tight ceilings on credit card interest rates are more likely to result in reduced availability of bank credit card accounts for lower- and lower-middle income families than for higher-income families.

Furthermore, a study of the credit card market in New York State supported the CRC evidence

5. Proportion of families with selected characteristics that hold bank and retail credit cards in Arkansas and three other states, 1979<sup>1</sup>

Percent

| Family characteristic                      | Holds bank credit card |              | Holds retail credit card |              |
|--|------------------------|--------------|--------------------------|--------------|
|  | Arkansas               | Other states | Arkansas                 | Other states |
| <i>Family income (dollars)<sup>2</sup></i> |                        |              |                          |              |
| Less than 6,000...                         | 5                      | 10           | 24                       | 29           |
| 6,000-8,999.....                           | 16                     | 17           | 48                       | 38           |
| 9,000-12,499.....                          | 24                     | 22           | 53                       | 43           |
| 12,500-17,499.....                         | 26                     | 36           | 69                       | 55           |
| 17,500-19,999.....                         | 41                     | 48           | 70                       | 64           |
| 20,000-24,999.....                         | 35                     | 52           | 83                       | 74           |
| 25,000-29,999.....                         | 52                     | 57           | 78                       | 80           |
| 30,000 or more.....                        | 61                     | 68           | 88                       | 83           |
| <i>Age of head</i>                         |                        |              |                          |              |
| Less than 25.....                          | 10                     | 19           | 38                       | 35           |
| 25-34.....                                 | 30                     | 42           | 60                       | 63           |
| 35-44.....                                 | 37                     | 53           | 70                       | 70           |
| 45-54.....                                 | 40                     | 47           | 71                       | 69           |
| 55-64.....                                 | 30                     | 42           | 67                       | 59           |
| 65-74.....                                 | 21                     | 28           | 53                       | 48           |
| 75 or more.....                            | 17                     | 15           | 40                       | 34           |
| <i>Education of head</i>                   |                        |              |                          |              |
| 0-8 grades.....                            | 9                      | 14           | 39                       | 34           |
| 9-11 grades.....                           | 14                     | 26           | 38                       | 47           |
| High school diploma.....                   | 25                     | 39           | 65                       | 60           |
| Some college.....                          | 36                     | 52           | 68                       | 68           |
| College degree.....                        | 55                     | 72           | 80                       | 82           |
| <b>All families.....</b>                   | <b>29</b>              | <b>39</b>    | <b>61</b>                | <b>58</b>    |

1. The survey covered 3,572 persons. The four states in the study and the number of respondents in each were Arkansas, 787; Wisconsin, 1,006; Illinois, 1,030; and Louisiana, 749. All surveys were conducted in person between January 6 and June 12, 1979.

2. For calendar year 1978. The median income of U.S. families in 1978 was \$15,000.

SOURCE: William C. Dunkelberg and others, "CRC 1979 Consumer Financial Survey," Monograph 22 (Purdue University, Krannert Graduate School of Management, Credit Research Center, 1981).

about the likely effects of credit card rate ceilings on bank credit card availability.<sup>12</sup> As previously discussed, increases in the minimum acceptable point score needed to qualify for credit cards are one way that card issuers might respond to the imposition of more restrictive rate ceilings for credit cards. In the New York study, the credit scoring system of a large bank credit card issuer and actual data for credit card account holders were used to determine the percentage of credit card applicants that would be rejected if credit standards were tightened.

Table 6 shows the result of successive five-point increases in the minimum qualifying credit score. Raising the minimum score from 19 points to 24 points would have prevented about 2 percent of the bank card holders from obtaining the credit cards they held. If the minimum qualifying

6. Bank credit card holders rejected after simulated increases in the minimum acceptable credit score, by selected scores and income levels<sup>1</sup>

Percent

| Increase in the minimum acceptable credit score <sup>2</sup> | All card holders | Income of rejected card holders (dollars) <sup>3</sup> |               |                |                |                |
|--|------------------|--|---------------|----------------|----------------|----------------|
|  |                  | All income levels                                      | Below \$7,500 | Below \$10,000 | Below \$15,000 | Below \$20,000 |
| To 24 .....  | 2                | 100  | 89            | 89             | 100            | 100            |
| To 29 .....  | 7                | 100  | 50            | 58             | 82             | 89             |
| To 34 .....  | 18               | 100  | 30            | 55             | 77             | 91             |
| To 39 .....  | 36               | 100  | 19            | 42             | 68             | 87             |
| MEMO: Percent of total sample of card holders .....          | ...              | 100  | 9             | 17             | 42             | 68             |

1. Simulation uses the credit-scoring model of a large bank card issuer and the characteristics of the actual holders of the issuer's credit card.

2. Minimum acceptable credit score initially set at 19 points.

3. Income is for 1973. The median income of U.S. families in 1973 was \$10,500.

SOURCE: Robert P. Shay and William C. Dunkelberg, "Retail Store Credit Card Use in New York," *Studies in Consumer Credit 4* (Columbia University, Graduate School of Business, 1975), p. 55.

credit score were raised further to 29 points, then the proportion of card holders that would have failed to qualify for credit cards would have increased from 2 percent to about 7 percent.

As expected, the effect of credit rationing, as simulated in this example, differs according to income level. Eighty-nine percent of those rejected when the cutoff is set at 24 points have incomes below \$7,500, although that income group accounts for only 9 percent of the card holders. No rejected applicant earned more than \$15,000 (that is, as table 6 shows, 100 percent had incomes below that level). At the 39-point cutoff, 13 percent of rejected applicants earned \$20,000 or more. But even though the raising of the minimum acceptable score adversely affects some higher-income card holders, lower-income card holders still bear the brunt of the decrease in credit availability. When the minimum acceptable score is raised to 24 points, 16 percent of those with incomes under \$7,500 are rejected, but only 2 percent of those under \$20,000 (not shown in the table). At a score of 39, the comparable proportions of rejections are 77 percent and 46 percent.

*Effects on Availability of Retail Store Credit Cards and on Product Prices*

If, as indicated, a federally mandated credit card rate ceiling is likely to result in reduced access to bank credit card accounts, what alternative cred-

it sources would be available to consumers? Analysis of the data collected in the CRC study suggests that consumers in a constrained market substitute sales credit, such as retail store cards, for cash credit, such as bank credit cards.

The CRC study provides information on holdings of retail store cards as well as bank credit cards in states with widely differing rate restrictions (table 5). Three-fifths of all families held retail store cards in Arkansas, slightly higher than the share that held such cards in the three states with less restrictive interest rate ceilings. In contrast, as already discussed, the fraction of Arkansas families that held bank credit cards was significantly smaller than the share of families with such cards living in the other states.

These findings are consistent with the expected effects of rate ceilings. Retailers in Arkansas seem to have been able to maintain credit availability by compensating for lower finance charge revenue with increases in some merchandise prices according to comparisons of prices in Arkansas with those in surrounding states where rate ceilings were higher.<sup>13</sup> Major appliances were found to cost about 3 to 8 percent more in Arkansas—nearly 5 percent more on average—than in neighboring states.

Further evidence that product prices might rise if a federally mandated ceiling on credit card rates were adopted is contained in the CRC study. Bank credit card issuers in Arkansas were found to charge retailers merchant discount fees higher than those charged in the states with less

restrictive rate ceilings. As with other costs, retailers would be expected to offset these higher fees by increasing product prices. One consequence is that, by paying higher retail prices, consumers who do not use credit cards might subsidize the cost of providing credit card services. Because lower-income families, who have limited access to credit, are heavily represented in the group that purchases products exclusively by using cash, a national credit card rate ceiling might impinge more on this group of consumers than on others.<sup>14</sup>

Indeed, under nationwide rate ceilings there might be greater scope for use of merchant discount fees by banks to offset decreases in revenues due to binding rate limitations. Historically, competition for merchant business by banks that operated from states with high rate ceilings, or with none, probably placed some restraint on the ability of banks that operated from states with low rate ceilings to raise merchant discount fees. However, imposition of a nationwide rate ceiling probably would diminish this type of competition. Banks operating from states with relatively high rate limits might, under a lower nationwide ceiling, raise merchant discount fees to offset any reduction in revenues. In the absence of other significant differences, all banks would then be under equal pressure to rely on higher merchant discount fees as a revenue source. If such fees increased, retailers would be likely to compensate by raising some prices.

### CONCLUSIONS

Under current patterns of credit card use, about 32 percent of all families incur credit card finance charges and would benefit initially from a federally mandated reduction in credit card interest rates. However, the record of credit card profitability since 1972 suggests that tight rate ceilings such as those proposed in recent legislation would create intense pressures for cost reduc-

tions and revenue increases, actions that seem likely to erode some of the benefits to borrowers and impose costs on other consumers.

Several possible responses by issuers to restrictive rate regulations can be foreseen, but it is difficult to predict which ones would be pursued. In an effort to cut expenses, card issuers could tighten credit standards for new credit card applicants—an action that would especially affect lower-income families, who typically have limited access to other sources of credit. Studies have documented the occurrence of credit rationing in response to tight rate regulation for credit cards and more generally for other kinds of consumer credit. Card issuers could also increase nonrate prices for credit card services in order to offset reduced finance charges. Some of these actions—such as initiating or increasing annual fees, charges for each transaction, and levying fees for particular services to account holders—would impose costs on all credit card users. The effects of other repricing measures, such as curtailing the grace period, would be concentrated among convenience users, many of whom could no longer avoid paying finance charges. Still other changes in credit card pricing would fall mainly on borrowers. Such actions include charging penalty fees for late payments and for exceeding credit limits.

Finally, some adverse consequences of a nationwide ceiling on credit card rates could be felt even by those consumers who do not use credit cards. Retailers might increase some merchandise prices—either to help offset reduced finance charge revenue on retailer credit card plans or as a result of higher merchant discount fees. Research evidence indicates that restrictive ceilings on rates are associated with significantly higher retail prices for some types of merchandise. Higher retail prices could mean that customers who usually pay in cash—including lower-income families who cannot obtain credit cards—would subsidize buyers who use credit card services. □

FOOTNOTES

1. "Functional Cost Analysis: 1985 Average Banks," Based on Data Furnished by Participating Banks in Twelve Federal Reserve Districts (Federal Reserve Bank of New York, n.d.) and the same document for each of the years 1972-84.

2. Retailers presumably would not continue to offer credit cards unless the profits from additional merchandise sales facilitated by credit card plans offset the losses on credit card operations alone. National Retail Merchants Association, "Economic Characteristics of Department Store Credit" (1969), p. 53; National Retail Merchants Association, "Economic Characteristics of Retail Store Credit" (1986), p. 21; Robert P. Shay and William C. Dunkelberg, "Retail Store Credit Card Use in New York," Studies in Consumer Credit 4 (Columbia University, Graduate School of Business, 1975), pp. 72-80.

3. The estimates were derived by assuming that lenders would have continued to provide, and that credit card users would have continued to use, exactly the same dollar amounts of credit card services even though the lower rate ceilings were in effect. If forced to operate under more restrictive rate ceilings, bank credit card issuers undoubtedly would take steps to boost revenues and cut costs. But the purpose of these estimates is to show how much the rate regulations would reduce profits, in the absence of any other changes, in order to gauge the pressures on issuers of bank credit cards to make offsetting adjustments.

4. In 1985 approximately 79 percent of commercial banks responding to a survey allowed a grace period averaging approximately 27 days. See American Bankers Association, *1986 Retail Bank Credit Report*, table 120, p. 96.

5. American Bankers Association, *1986 Retail Bank Credit Report*, table 107, p. 89.

6. *Ibid.*, table 112, p. 92.

7. *Ibid.*

8. Douglas F. Greer, "Rate Ceilings and Loan Turn-downs," *Journal of Finance*, vol. 30 (December 1975), pp.

1376-83. Also, consumer survey data indicate that in a state with a low interest rate ceiling (Arkansas), a higher proportion of consumers reported being rejected for consumer credit compared with consumers residing in states with less restrictive rate ceilings. See Richard Peterson and Gregory Falls, "Impact of a Ten Percent Usury Ceiling: Empirical Evidence," Working Paper 40 (Purdue University, Krannert Graduate School of Management, Credit Research Center, 1981).

Robert P. Shay, "Factors Affecting Price, Volume and Credit Risk in the Consumer Finance Industry," *Journal of Finance*, vol. 25 (May 1970), pp. 503-15; Management Analysis Center, "A Study of Bank Credit Card Profitability for Banks Operating in the States of California and Washington" (Palo Alto, Calif., June 1, 1977), p. 73.

9. William C. Dunkelberg, "An Analysis of the Impact of Rate Regulation in the Consumer Credit Industry," in *National Commission on Consumer Finance: Technical Studies*, vol. 6, (Government Printing Office, 1973), pp. 17-20.

10. William C. Dunkelberg and others, "CRC 1979 Consumer Financial Survey," Monograph 22 (Purdue University, Krannert Graduate School of Management, Credit Research Center, 1981).

11. Glenn B. Canner and James T. Fergus, *The Effects of Proposed Credit Card Interest Rate Ceilings on Consumers and Creditors*, Staff Studies (Board of Governors of the Federal Reserve System), forthcoming.

12. Shay and Dunkelberg, "Retail Store Credit Card Use in New York," pp. 55-56.

13. The products most likely to be affected are those that usually are purchased with credit cards—large durable goods especially. See Gene C. Lynch, "Consumer Credit at Ten Percent Simple: The Arkansas Case" (University of Arkansas, College of Business, 1969).

14. Of the families with incomes below \$5,000 in 1982, 84 percent had no outstanding installment debt when interviewed in 1983. In contrast, only 53 percent of the families with incomes above \$50,000 had no installment debt. Robert B. Avery and others, "Survey of Consumer Finances, 1983: A Second Report," *FEDERAL RESERVE BULLETIN*, vol. 70 (December 1984), table 4, p. 860.

---

# Treasury and Federal Reserve Foreign Exchange Operations

---

*This quarterly report, covering the period August through October 1986, provides information on Treasury and System foreign exchange operations. It was prepared by Sam Y. Cross, Manager of Foreign Operations of the System Open Market Account and Executive Vice President in charge of the Foreign Group of the Federal Reserve Bank of New York.<sup>1</sup>*

After declining without interruption for nearly a year and a half, the dollar steadied during the period under review. Although the dollar continued to ease against most of the industrialized countries' currencies through August, it moved up subsequently to close the three-month period mixed on balance. From August to October, it appreciated against some currencies—6¼ percent against the Japanese yen, 5¼ percent against sterling, and 2½ percent against the Swiss franc. It declined, however, about 1 percent against the German mark and other currencies of the European Monetary System (EMS). There were dollar purchases by foreign central banks but no intervention by the U.S. authorities during the period.

As the period opened early in August, the dollar was declining. Market participants had come increasingly to question whether the major industrialized countries would be able to work together to redress their large external imbalances. The huge trade deficit of the United States and the enormous trade surpluses of Japan and Germany had shown little adjustment, notwithstanding the considerable movements in exchange rates between the dollar and both the

Japanese yen and the German mark. Moreover, there was growing disappointment that the sharp, \$20-per-barrel drop in oil prices that occurred between November 1985 and July 1986 was failing to provide much of a boost to business activity in the oil-importing industrialized countries. Doubts developed that our major trading partners were likely to expand domestic demand vigorously enough to provide a global environment within which the United States could markedly improve its balance of payments position. Market participants considered seriously the possibility that the U.S. authorities might welcome a continued decline in the dollar on the grounds that central banks abroad might then cut interest rates in their countries more quickly.

Under these circumstances, market participants expected the trend toward lower interest rates to continue, with the United States setting the pace and other industrial countries perhaps following later on. Although there were already a few signs that the U.S. economy was regaining some momentum from the slow first half of the year, market participants still were struck by the areas of weakness in U.S. economic performance. Output and investment remained sluggish, manufacturing employment continued to decline, and retail sales were generally stagnant. At the same time, prospects for price and wage stability appeared to be good for the short term, despite some concern about the longer-term inflationary implications of recent rapid monetary growth.

In this environment, expectations resurfaced from time to time throughout the first few weeks of August that the Federal Reserve might again cut its discount rate, perhaps operating unilaterally as it had done in July. As a result, in August interest rates on deposits denominated in U.S. dollars fell, and their decline was sharper than the decline in interest rates in other currencies.

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

The Federal Reserve did cut its discount rate  $\frac{1}{2}$  of 1 percentage point, to  $5\frac{1}{2}$  percent, effective August 21. The exchange market reaction was muted, partly because many market participants expected the authorities in Germany and Japan to provide some further stimulus to their economies—either with monetary or other measures—before the annual meetings of the International Monetary Fund (IMF) and the World Bank at the end of September.

Economic statistics released in mid-August began to paint a contrasting picture between the German and Japanese economies. The German economy, which had contracted sharply early in the year, seemed to be staging a robust recovery; and official German projections of an acceleration in growth began to be given widespread credence in the financial markets. Japan, on the other hand, appeared to be having much more difficulty adjusting to the appreciation of its currency. Although both the mark and the yen had risen about the same amount against the dollar since early 1985, on a trade-weighted basis the yen's appreciation had been much greater than the appreciation of the mark. Whereas German manufacturers lost little competitiveness in their markets in other EMS countries, Japanese export industries were hit hard. They lost competitiveness not only in the United States but also in important East Asian markets. With business statistics released in August showing continued stagnation in the Japanese manufacturing sector, market participants began to question whether the yen should appreciate much more.

In these circumstances, traders began to sense around mid-August that the dollar had more room to decline against the German mark and the other currencies of continental Europe than against the yen. When a large U.S. trade deficit for July was announced at the end of August, traders sold dollars aggressively against both marks and Swiss francs. The dollar continued to decline against the European currencies through the end of August, even though it stabilized against the yen.

By mid-September, there was further evidence of improvement in the U.S. economic outlook. Gains in employment during August were more balanced, industrial activity was a little firmer,

and retail sales were more buoyant. These developments, together with confirmation of strong growth for the German economy in the second quarter, seemed to suggest that an atmosphere supportive of renewed cooperation would surround the meetings of the Group of Five (G-5) and Group of Seven (G-7) industrial countries in Washington at the end of the month. With Japanese production for export declining, German domestic demand replacing exports as the major source of growth, and U.S. output appearing to grow at a more satisfactory pace, the process of adjustment appeared to be under way at long last.

In response to these developments, foreign exchange dealers concluded that the need for the U.S. authorities to seek further exchange rate adjustment had lessened, and the immediate pressure on dollar exchange rates subsided. At the same time, in the wake of repeated comments by German officials, market participants became reconciled to the view that the Bundesbank was unlikely to ease monetary policy soon. As a result, expectations of a further reduction of interest rates faded—not only in Germany, but also in the United States and other countries. U.S. interest rates actually backed up somewhat. As dollar exchange rates and interest rates both started to move up, foreign exchange professionals began to cover sizable short dollar positions. Bidding for dollars became intense, at times exaggerated by rumors that unrealistically good U.S. economic statistics were about to be released. By September 12, the dollar was swept up to DM2.1030 to match its high early in the three-month period.

After mid-September, the dollar showed little trend. Market participants remained skeptical that, over the longer term, the dollar had declined sufficiently to correct the U.S. balance of payments deficit. But over the shorter term, market participants perceived the dollar to be consolidating its position around mid-September rate levels. They were sensitive to any evidence that U.S. and other monetary authorities would be willing to support such a stabilization of exchange rates. In this environment, they took note of statements such as the one by Chairman Volcker on September 24 that current exchange rate relationships place our industry in a far

better competitive position than for some years. Accordingly, the dollar fluctuated without clear direction. But it was sometimes subject to abrupt movements, especially against the mark in a range of DM2.00 to DM2.08. These abrupt shifts came in response to statements, actions, or rumors of actions thought to reflect official attitudes toward exchange rates.

The view that the dollar was entering a period of greater stability was called into question several times between mid-September and mid-October. The first such occasion came in response to statements that brought official attitudes about exchange rates into question. Bundesbank President Poehl was reported to have said that the Bundesbank would not cut its interest rates but that Germany would accept a stronger mark as its contribution to international economic adjustment. Subsequently, Treasury Secretary Baker said that, although it was preferable not to rely on exchange rate adjustments alone to reduce trade imbalances, there would need to be further exchange rate changes in the absence of additional measures to promote higher growth abroad. In response, the dollar moved down decisively, declining on September 19 to DM1.9845 and ¥151.77, its low for the period against the yen. But it soon recovered most of this decline after a European Community (EC) meeting of finance ministers and central bank governors at Gleneagles, Scotland, the following

day. Market participants interpreted statements about that meeting as indicating that the EC countries had agreed to use exchange market intervention, if necessary, to protect the EMS from strains that they felt were associated with the decline in the dollar.

The next point of uncertainty occurred at the end of September. The weekend G-5 and G-7 meetings in Washington ended without a specific agreement, which some observers had been looking for, that Germany and Japan would cut interest rates in return for a U.S. commitment to stabilize the dollar. Market participants, sensing that no arrangement was in place to prevent a resumption of the dollar's decline, moved to reestablish short dollar positions. As a result, the dollar declined sharply against the continental European currencies throughout the first half of October, hitting its low against the German mark of DM1.9690 on October 17.

Meanwhile, the dollar had continued to trade in a relatively narrow range against the Japanese yen. In early September, news of a meeting between Secretary of the Treasury Baker and Japan's Finance Minister Miyazawa generated some anticipation that an agreement on exchange rates might be forthcoming. Later in September, foreign investors, discouraged by the worsening business climate in Japan, began to sell holdings of shares on the Tokyo stock market. This outflow, combined with a growing pessimism about the likelihood of a reduction in the Bank of Japan's discount rate, contributed to a sharp drop in the Tokyo stock market in the middle of October. Japanese institutional investors, attempting to offset the resulting losses on their yen equity portfolios before the end-October reporting date, realized profits on their dollar-denominated assets by unwinding hedges that had been put in place when the dollar was much higher. These various factors generated a demand for dollars throughout most of October and reinforced sentiment that the dollar had reached a near-term bottom against the Japanese currency.

Late in October evidence was accumulating that the U.S. economy had strengthened significantly during the third quarter and that the U.S. trade position had at least begun to stabilize. A preliminary estimate showing that real GNP in-

1. Federal Reserve reciprocal currency arrangements  
Millions of dollars

| Institution   | Amount of<br>facility<br>October 31, 1986 |
|---|---|
| Austrian National Bank .....                                  | 250                                       |
| National Bank of Belgium .....                                | 1,000                                     |
| Bank of Canada .....  | 2,000                                     |
| National Bank of Denmark .....                                | 250                                       |
| Bank of England .....   | 3,000                                     |
| Bank of France .....  | 2,000                                     |
| German Federal Bank .....                                     | 6,000                                     |
| Bank of Italy .....   | 3,000                                     |
| Bank of Japan .....   | 5,000                                     |
| Bank of Mexico .....  | 700                                       |
| Netherlands Bank .....  | 500                                       |
| Bank of Norway .....  | 250                                       |
| Bank of Sweden .....  | 300                                       |
| Swiss National Bank .....                                     | 4,000                                     |
| Bank for International Settlements:                           |   |
| Dollars against Swiss francs .....                            | 600                                       |
| Dollars against other authorized European<br>currencies ..... | 1,250                                     |
| <b>Total .....</b>  | <b>30,100</b>                             |

2. Drawings and repayments by foreign central banks under regular reciprocal currency arrangements<sup>1</sup>

Millions of dollars, drawings or repayments (-)

| Central bank drawing on the Federal Reserve System | Out-standing as of August 1, 1986 | August | September | October | Out-standing as of October 31, 1986 |
|--|-----------------------------------|--------|-----------|---------|-------------------------------------|
| Bank of Mexico...                                  | 0                                 | 210.2  | -66.8     | 0       | 143.4                               |

1. Data are on a value-date basis.

creased 2.4 percent in the third quarter was followed by a report that U.S. durable goods orders had increased 4.9 percent in September. Moreover, preliminary trade statistics for September indicated a second month of decline in the U.S. trade deficit.

At the same time, market participants became increasingly impressed with European officials' apparent intention to buy dollars to resist depreciation of the U.S. currency and associated strains on the EMS. There were several reports of intervention by the Bundesbank and other European central banks to buy dollars during October. In addition, reported statements from German officials that any further decline of the dollar threatened economic growth in Europe contributed to the perception that there might also be a limit to the dollar's depreciation against the continental currencies. Accordingly, when the demand for dollars against the yen strengthened late in October, and the dollar began to firm against that currency, it also firmed somewhat against the European currencies.

As the period drew to a close, the dollar received a final boost of support from the announcement of a ½ percentage point cut in the Bank of Japan's discount rate and an economic policy accord between U.S. Treasury Secretary Baker and Japanese Finance Minister Miyazawa. The accord outlined fiscal policy initiatives, including tax reform plans in Japan, and underscored the U.S. commitment to reducing the budget deficit. The two countries judged the exchange rate realignment achieved between their currencies since September 1985 to be broadly consistent with present underlying economic fundamentals, and they reaffirmed a will-

ingness to cooperate on exchange market issues. Notwithstanding statements by Treasury officials that U.S. intervention policy had not changed, some market participants interpreted the accord to be a pact for concerted intervention to support the dollar.

Thus the dollar continued to rise through the end of October. This rise in dollar exchange rates was led by an increase against the yen but was accompanied by increases against other major currencies. The increase in the dollar at the end of the period left it higher on balance against some currencies and limited its decline against the German mark. On the trade-weighted basis of the dollar exchange rate index of the Federal Reserve Board, the dollar closed the period 1⅜ percent higher than at the end of July.

The pound sterling was the only currency against which the dollar rose consistently during the period under review. Some of sterling's decline was seen in foreign exchange markets as reflecting the impact of weak oil prices on British export revenues and government income. But market participants were also concerned about the direction of the government's overall monetary and fiscal policies, as well as about pre-election political uncertainties. With the authorities deciding formally to abandon monetary targets as a policy tool, expectations strengthened that the government might adopt an exchange rate guide for policy instead. As a result, discussion of sterling's joining the intervention arrangements of the EMS became even more widespread than before, both in the press and in financial markets. But no new policy initiatives along these lines emerged during the period under review. By the end of October, sterling had depreciated almost 6 percent against the dollar and even more against the continental European currencies.

During the period, the exchange rate mechanism of the EMS was at times subject to strain. The Irish pound was caught between the decline of sterling on the one hand and the rise of continental currencies on the other. With Irish exporters experiencing a loss of competitiveness in the United Kingdom, Ireland's primary export market, on August 2 the Irish authorities devalued the Irish pound 8 percent against the bilateral central rates of the other EMS currencies.



3. Drawings and repayments by foreign central banks under special swap arrangements with the U.S. Treasury<sup>1</sup>

Millions of dollars, drawings or repayments ( )

| Central bank drawing on the U.S. Treasury | Amount of Facility | Outstanding as of August 1, 1986 | August | September | October | Outstanding as of October 31, 1986 |
|---|--------------------|----------------------------------|--------|-----------|---------|------------------------------------|
| Central Bank of Bolivia .....             | 100.0              | *                                | *      | 0         | 0       | 0                                  |
| Central Bank of Ecuador .....             | 75.0               | 75.0                             | - 75.0 | *         | *       | *                                  |
| Bank of Mexico .....                      | 273.0              | *                                | 211.0  | - 67.0    | 0       | 144.0                              |
| Central Bank of Nigeria .....             | 37.0               | *                                | *      | *         | 22.2    | 22.2                               |

1. Data are on a value-date basis.

\*No facility

Later on, as the German mark appreciated against the dollar, it also moved up against other currencies. By late August the mark reached the top of the narrow band, a position it held throughout the remainder of the period. At times during September and to a lesser extent during October, the narrow band was fully stretched to the 2¼ percent intervention limit as the mark benefited more than the others from the dollar's decline. In response to these pressures, EC finance ministers and central bank governors at their Gleneagles meeting, agreed to try to stem the rise of the member currencies against the dollar, largely in an effort to preserve stability within the EMS. By late October, tensions within the EMS joint float had subsided substantially.

At the beginning of the three-month period, the only drawing outstanding on the credit arrangements of the U.S. monetary authorities was \$75 million drawn on May 16, 1986, by the Central Bank of Ecuador against a \$150 million U.S. Treasury Exchange Stabilization Fund (ESF) short-term swap facility. On August 14, the swap arrangement was terminated pursuant to the agreement.

In the period from July through October, the U.S. monetary authorities provided short-term bridging facilities to Bolivia, Nigeria, and Mexico.

The U.S. Treasury through the ESF on September 17 extended a \$100 million financing facility to the Central Bank of Bolivia. There were no drawings made against this facility during the period under review.

The U.S. Treasury through the ESF agreed on October 24 to provide a short-term facility of \$37 million to the Central Bank of Nigeria as part of a multilateral facility of \$250 million organized under the leadership of the Bank of England. On

October 31, a drawing of \$22.2 million was made on the U.S. portion.

On August 27 the U.S. monetary authorities agreed jointly to a multilateral arrangement in the amount of \$1.1 billion with the Bank for International Settlements (acting for certain central banks) and the central banks of Argentina, Brazil, Colombia, and Uruguay to provide a near-term contingency support facility for Mexico's international reserves. Drawings on the facility were made available in light of agreement between Mexico and the IMF concerning a proposed standby arrangement, the expected receipt by Mexico of disbursements under loans from the International Bank for Reconstruction and Development (IBRD), and the agreement by Mexico to apply drawings from the IMF and disbursements from the IBRD to the balances on outstanding drawings on the facility. On August 29, \$850 million was made available to Mexico. On this date Mexico drew \$211 million from the Treasury through the ESF and \$210.2 million from the Federal Reserve through its regular swap facility with the Bank of Mexico. On September 30, Mexico repaid \$67 million to the ESF and \$66.8 million to the Federal Reserve.

## 4. Net profits or losses (-) on U.S. Treasury and Federal Reserve current foreign exchange operations

Millions of dollars

| Period <sup>1</sup>  | Federal Reserve | U.S. Treasury Exchange Stabilization Fund |
|--|-----------------|---|
| August 1, 1986–<br>October 31, 1986 .....  | 0               | 0   |
| Valuation profits and<br>losses on outstanding<br>assets and liabilities as<br>of October 31, 1986 ..... | 1,341.3         | 1,290.1                                   |

1. Data are on a value-date basis.

During this period the Federal Reserve and the ESF realized no profits or losses from exchange transactions. As of October 31, cumulative book-keeping or valuation gains on outstanding foreign currency balances were \$1,341.3 million for the Federal Reserve and \$1,290.1 million for the Treasury's ESF. These valuation gains represent the increase in the dollar value of outstanding currency assets valued at end-of-period exchange rates, compared with the rates prevailing at the time the foreign currencies were acquired.

The Federal Reserve and the ESF invest for-

foreign currency balances acquired in the market as a result of their foreign operations in a variety of instruments that yield market-related rates of return and that have a high degree of quality and liquidity. Under the authority provided by the Monetary Control Act of 1980, the Federal Reserve invested \$2,868 million equivalent of its foreign currency holdings in securities issued by foreign governments as of October 31. In addition, the Treasury held the equivalent of \$3,980.1 million in such securities as of the end of October. □

---

## 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

---

#### *RESPONSES TO DEREGULATION: RETAIL DEPOSIT PRICING FROM 1983 THROUGH 1985*

*Patrick I. Mahoney, Alice P. White, Paul F. O'Brien, and Mary M. McLaughlin—Staff, Board of Governors*

Prepared as a staff study in the spring of 1986

The removal of interest rate restrictions on retail time deposits in October 1983 gave commercial banks and thrift institutions nearly complete freedom to set offering rates on retail accounts. This study examines the pricing of retail time deposits and money market deposit accounts by commercial banks and FSLIC-insured thrift institutions from October 1983 through December 1985 in the aggregate and for individual institutions. The appendix provides a history of the regulation of deposit offering rates and a chronology of interest rate ceilings from 1933, when ceilings on deposit offering rates were established, through April 1, 1986, when all remaining ceilings were removed.

In general, depository institutions responded to deregulation in a measured way, following various pricing strategies. The most striking regularity in the data was that thrift institutions, in the aggregate, consistently offered higher rates

on all accounts than did commercial banks; the differences were greater on longer-term accounts. The differences in the average offering rates between the two types of institutions on time accounts usually exceeded the 25-basis point differential that had been part of the Regulation Q interest rate structure just before deregulation. Over most of the period studied, the average offering rates on most retail deposits at both types of institutions were below interest rates on market instruments of comparable maturity. Offering rates responded with varying lags to changes in market interest rates, and the difference between offering rates and market interest rates varied considerably.

Data on deposit flows showed that a steeper deposit yield curve enhanced flows into longer-term time deposits, demonstrating a role for pricing in the determination of the maturity distribution of deposit inflows. Deregulation did

affect the liability structure of both sets of institutions, though not dramatically: commercial banks increased the importance of retail deposits at the expense of managed liabilities and transaction accounts, whereas thrift institutions increased their reliance on managed liabilities.

Offering rates of commercial banks and thrift institutions differed state by state. Although the average offering rates of thrift institutions generally exceeded those at commercial banks, analy-

sis of data for individual institutions revealed a diversity of pricing strategies. Only in a few cases did an institution pay the highest rate on a deposit category for long, and no institution paid the highest rate on all deposit categories at any one time. In addition, individual institutions frequently adjusted their offering rates relative to their competitors, a practice that suggests efforts to explore depositor response to changes in offering rates.

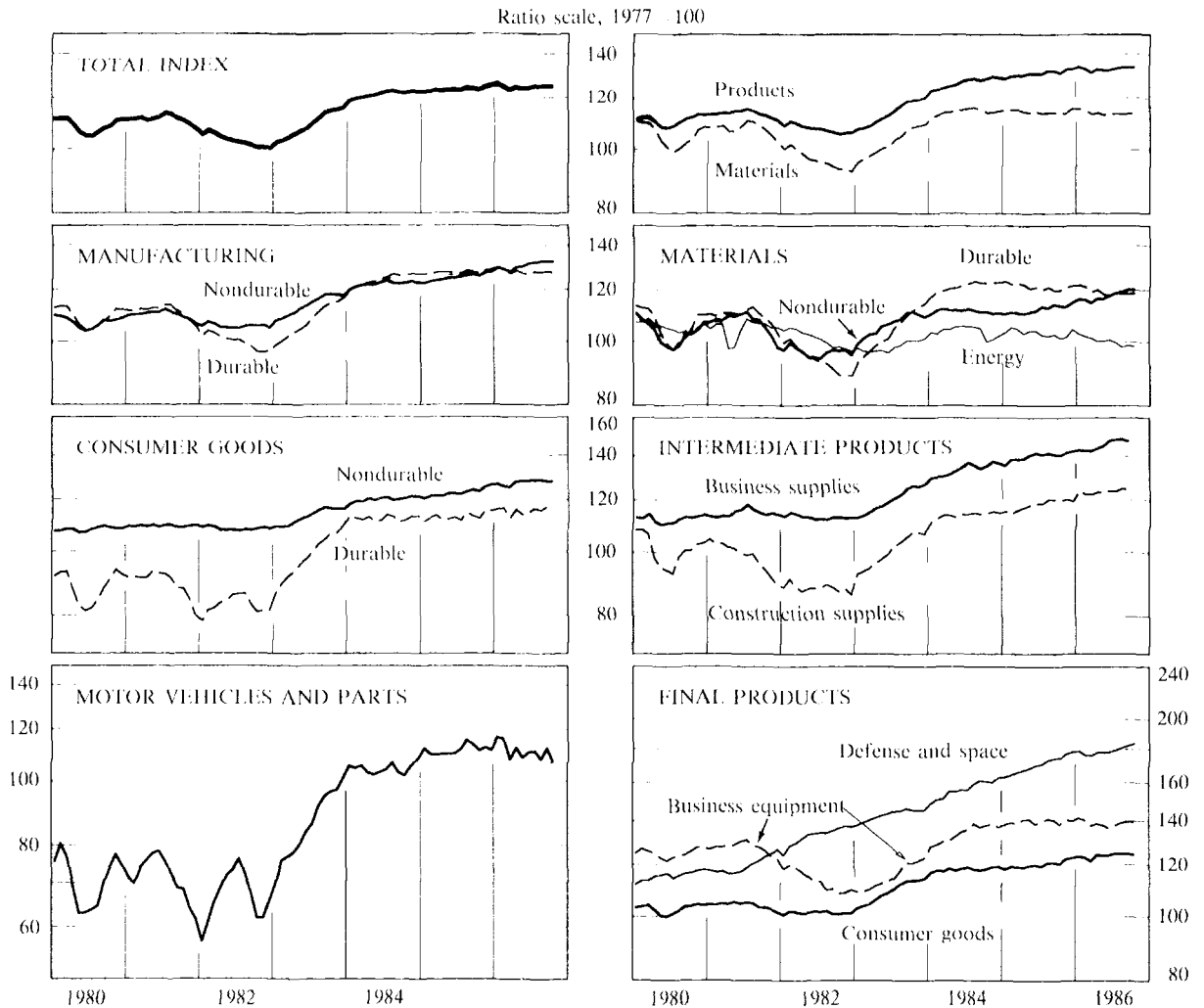
# Industrial Production

Released for publication November 14

Industrial production was unchanged overall in October. Sharp reductions occurred in assemblies of motor vehicles, but there were increases in the output of home goods, defense equipment, and construction and business supplies—all of which have posted better-than-average gains over the past year. At 125.2 percent of the 1977

average, total industrial output in October was about 1/4 percent higher than it was a year earlier.

In market groups, output of consumer goods declined 0.4 percent in October, largely reflecting a cutback in automotive products. Autos were assembled at an annual rate of 7.3 million units, down from a rate of 7.7 million in September; production of lightweight consumer trucks



All series are seasonally adjusted. Latest figures: October.

| Group                                    | 1977 = 100   |              | Percentage change from preceding month |           |           |           |           | Percentage change, Oct. 1985 to Oct. 1986 |
|--|--------------|--------------|--|-----------|-----------|-----------|-----------|---|
|  | 1986         |              | 1986                                   |           |           |           |           |   |
|  | Sept.        | Oct.         | June                                   | July      | Aug.      | Sept.     | Oct.      |   |
| Major market groups                      |              |              |  |           |           |           |           |   |
| <b>Total industrial production</b> ..... | <b>125.2</b> | <b>125.2</b> | <b>.0</b>                              | <b>.5</b> | <b>.1</b> | <b>.1</b> | <b>.0</b> | <b>1.3</b>                                |
| Products, total .....                    | 133.8        | 133.8        | .0                                     | .6        | .4        | .1        | .0        | 2.1                                       |
| Final products .....                     | 132.9        | 132.7        | -.4                                    | .7        | .4        | .2        | -.1       | 1.3                                       |
| Consumer goods .....                     | 125.1        | 124.6        | .1                                     | .6        | -.1       | .0        | -.4       | 3.4                                       |
| Durable .....                            | 117.0        | 115.1        | .5                                     | 1.7       | -.7       | 1.3       | -1.7      | 2.5                                       |
| Nondurable .....                         | 128.1        | 128.1        | .0                                     | .3        | .1        | -.4       | .0        | 3.7                                       |
| Business equipment .....                 | 139.7        | 139.6        | -.9                                    | 1.0       | .9        | .4        | .0        | 1.0                                       |
| Defense and space .....                  | 182.4        | 183.6        | .2                                     | .7        | .8        | .8        | .7        | 5.0                                       |
| Intermediate products .....              | 137.2        | 137.7        | 1.4                                    | .2        | .4        | -.5       | .4        | 5.0                                       |
| Construction supplies .....              | 124.8        | 125.2        | .5                                     | -.1       | .9        | -.2       | .3        | 4.1                                       |
| Materials .....                          | 113.5        | 113.5        | .1                                     | .4        | -.3       | .2        | .0        | .1  |
| Major industry groups                    |              |              |  |           |           |           |           |   |
| Manufacturing .....                      | 129.5        | 129.5        | .0                                     | .7        | .3        | .0        | .0        | 2.5                                       |
| Durable .....                            | 127.6        | 127.4        | -.6                                    | 1.0       | .1        | .1        | -.2       | .6  |
| Nondurable .....                         | 132.2        | 132.4        | 1.0                                    | .4        | .5        | -.1       | .2        | 5.3                                       |
| Mining .....                             | 95.8         | 95.6         | -.9                                    | -1.8      | -.3       | -1.0      | -.3       | -10.6                                     |
| Utilities .....                          | 111.1        | 112.1        | .1                                     | 1.0       | -1.3      | 2.6       | .9        | .2  |

NOTE. Indexes are seasonally adjusted.

also was down sharply in October. Throughout 1986 assembly rates have fluctuated considerably, as auto makers have used output adjustments as well as periodic financial incentive programs to control inventories.

Associated in part with the high levels of housing activity, output of home goods rose further. However, the output of nondurable consumer goods, which rose rapidly earlier in the year, was unchanged during the month and remained at levels attained last spring. Production of total business equipment was flat in October following gains—concentrated in commercial and transit equipment—in the preceding three months. Output of defense and space equipment continued to expand at the steady pace of recent

months, and production of supplies for construction and business also was up in October.

Continuing the pattern of most of 1986, output of total materials was unchanged in October. Within materials, significant growth has occurred in textiles, paper, and chemicals this year, while output of many durable and energy materials such as metals and crude oil has been depressed.

In industry groups, manufacturing output was unchanged in October at a level 2.5 percent higher than it was a year earlier. Durable manufacturing edged down during the month, but nondurables increased somewhat. Mining output edged down 0.3 percent further and was more than 10 percent lower than it was a year earlier, but production by utilities increased.

# Announcements

*PROPOSED INVESTMENT  
BY SUMITOMO BANK DEEMED CONSISTENT  
WITH BANK HOLDING COMPANY ACT*

The Federal Reserve Board announced on November 19, 1986, that it had informed The Sumitomo Bank, Ltd., Osaka, Japan, that, with certain revisions, its proposed investment in Goldman, Sachs & Co., New York, New York, would be consistent with the Bank Holding Company Act. The Board reached this conclusion only after Sumitomo agreed to a number of changes to meet the Board's concerns about the investment as it was originally structured.

The investment, as originally proposed, took the form of a nonvoting \$500 million limited partnership interest and subordinated debt, as an addition to an already existing subordinated debt investment of \$100 million in that company.

The Board had to determine, under the Bank Holding Company Act, whether Sumitomo's role would be passive and noncontrolling and would not result in a situation in which Sumitomo had the power to exercise a controlling influence over the management or policies of Goldman, as well as whether it would adversely affect the safe and sound operation of banking organizations. In making these judgements, the Board has adopted policies and criteria for assessing particular proposed investments.

As relevant to the Sumitomo proposal, these criteria include consideration of whether the investment represents more than 25 percent of the total shareholders' equity; whether it contains restrictions limiting the target's freedom of action; whether it places the investor in the role of entrepreneur in the organization, promotion, or operation of the target firm; whether it results in significant intercompany ties; whether it provides for interlocking directors or management officials; or whether it allows for the extension of credit on favorable terms.

The Board found the original proposal incon-

sistent with these established policies and criteria. The points of inconsistency included the following:

- The total investment, including limited partnership equity and subordinated debt, would exceed 25 percent of Goldman's total equity.

- Sumitomo would have representation on the boards of directors of the subsidiaries of Goldman in Tokyo and London, and the name of the London subsidiary would reflect an affiliation with Sumitomo.

- Sumitomo would have a 50 percent voting interest in a London joint venture subsidiary and 12.5 percent in a Tokyo subsidiary.

- The investment was expected to result in an increased business relationship between the companies, at least in part through mutual referrals.

- Sumitomo employees could be transferred to Goldman as trainees and could be used to solicit business from Japanese companies.

Under this proposal business arrangements between the parties would have been complex and extensive. The Board was concerned that this combination of a significant equity investment and the maintenance of extensive business relationships would give the investor both the economic incentive and means to exercise or attempt to exercise a controlling influence over the management or policies of the target company. An investment operated in this framework cannot, as a practical matter, be expected to remain wholly passive, but contains within it the inherent potential—the power—for the exercise of an important influence, including from time to time a controlling influence, depending in part on the relative business success of the parties to the investment.

Aside from the control concerns expressed above, the Board believes that the proposed investment, even after compliance with the noncontrolling investment guidelines, has precedential implications for the Board's policies regard-

ing the capital adequacy of bank holding companies and their obligation to serve as a continuing source of strength to subsidiary banks. The Board would expect that a U.S. bank holding company seeking to make an investment in such circumstances would be particularly strongly capitalized. Such an investment could not be given full weight in the evaluation of a bank holding company's capital adequacy or its continuing ability to serve as a source of financial strength to its subsidiary banks. To remedy the Board's concerns, Sumitomo has proposed the following changes in its proposed investment in Goldman, Sachs:

- Sumitomo's total investment in Goldman, Sachs, which will include both Sumitomo's partnership interests and all Sumitomo's subordinated debt, will not exceed 24.9 percent of Goldman, Sachs total partners' capital.

- Sumitomo will not acquire any stock in, or have any directors on the board of, any Goldman, Sachs affiliate, nor shall Sumitomo's name be used by an affiliate of Goldman, Sachs or vice versa.

- No present or former Sumitomo employees will be trainees of Goldman, Sachs, although Sumitomo reserves the right to seek relief from this condition under terms acceptable to the Board.

- Sumitomo and Goldman, Sachs will not increase the amount of business they currently do with each other as a result of the investment. Sumitomo will not solicit any business for Goldman, Sachs or vice versa. Nor will Sumitomo introduce Goldman, Sachs to customers, or vice versa, unless a customer specifically requests to be introduced, and any such business introduced at the request of customers will not exceed, in any year, 2½ percent of the consolidated gross revenues of the recipient of the introduction.

- Existing normal business relationships will be maintained on an arm's-length, nonexclusive basis, and there will be no advertising or marketing of each other's services.

- Subject to necessary internal approvals and as promptly as practical after the date of the closing of its investment in Goldman, Sachs, Sumitomo will enhance its capital position by an amount that will substantially offset the funds being invested in Goldman, Sachs.

- Sumitomo has reaffirmed its commitment that it will waive any right to select general partners under New York law and that the voting arrangements under the limited partnership agreement will provide that Sumitomo will not have the right to vote for or participate in the selection of Goldman's general partners or other management officials or vote for or direct other policies of Goldman.

The Board shall retain the authority to review regularly the investment to determine whether, under all the facts and circumstances, the investment is consistent with the requirements of no controlling influence and safe and sound banking practices. To address the possibility of a controlling influence developing in the future, the contract between Sumitomo and Goldman, Sachs will provide that the investment shall be terminated and promptly repaid in the event that the Board finds that Sumitomo has the power to exercise a controlling influence over Goldman unless the situation that resulted in such a finding is eliminated.

These changes have been reviewed by the Board, and the Board finds that the proposal, as modified, is consistent with the requirements of the Bank Holding Company Act.

The Board noted that considerable interest has focused on the proposal, in part because of perceived implications for administration of the Glass-Steagall Act. However, the only issue raised by the proposal concerns administration of the Bank Holding Company Act and, in particular, determination of whether the proposed transaction implies a controlling interest in a firm engaged in activities not permitted under that act, and its consequences for the capital strength of the bank holding company parent. A truly passive noncontrolling investment logically should not raise any Glass-Steagall issues.

Similarly, some question has been raised over whether U.S. banks would receive reciprocal treatment in Japan. While the Board has a continuing interest in encouraging open markets and fair treatment, this issue is also not relevant by law to the Board's consideration of this case. Under the policy of national treatment established by the Congress in the International Banking Act and the Bank Holding Company Act, the Board's evaluation of the investment is limited to



the control question and to safety and soundness concerns.

#### *CHANGES IN AMOUNTS SUBJECT TO RESERVE REQUIREMENTS*

The Federal Reserve Board announced an increase in the amount of net transaction accounts to which the 3 percent reserve requirement will apply in 1987 from \$31.7 million to \$36.7 million. The Board also increased the amount of a depository institution's reservable liabilities that are subject to a reserve requirement of 0 percent from \$2.6 million to \$2.9 million of total reservable liabilities and increased the reporting cutoff level distinguishing weekly reporters from quarterly reporters from \$26.8 million to \$28.6 million of total deposits and other reservable liabilities. These adjustments take effect beginning December 30, 1986.

The Board made the changes in accordance with provisions of the Monetary Control Act. The act requires the Board to amend its Regulation D (Reserve Requirements of Depository Institutions) annually to increase the amount of transaction accounts subject to a 3 percent reserve requirement. The annual adjustment must be 80 percent of the annual percentage change in transaction accounts held by all depository institutions. The growth in total net transaction accounts of all depository institutions from June 30, 1985, to June 30, 1986, was 19.6 percent. The statutory rule thus requires an increase of \$5.0 million over last year's amount to \$36.7 million.

The Board is also required by the Garn-St Germain Depository Institutions Act of 1982 to amend Regulation D to adjust the amount of a depository institution's total reservable liabilities that are exempt from reserve requirements for the upcoming year by 80 percent of any annual percentage increase in total reservable liabilities for all depository institutions. Growth in total reservable liabilities was 13.6 percent from June 30, 1985, to June 30, 1986, requiring an increase in the reserve requirement exemption to \$2.9 million.

The Board is also increasing the reporting cutoff level distinguishing weekly reporters from quarterly reporters from \$26.8 million to \$28.6

million of total deposits and other reservable liabilities. The cutoff level is indexed to 80 percent of the annual percentage increase in total deposits and other reservable liabilities for all depository institutions. The annual adjustment of the cutoff level is computed as of June 30 of each year. Institutions with total deposits and other reservable liabilities below the reserve requirement exemption amount of \$2.9 million are excused from reporting even on a quarterly basis if their deposits can be estimated from other sources.

#### *REVISION TO CAPITAL ADEQUACY GUIDELINES*

The Federal Reserve Board issued on November 4, 1986, revisions to its capital adequacy guidelines for bank holding companies that treat perpetual debt as primary capital and placed limits on the amount of perpetual debt, perpetual preferred stock, and mandatory convertible securities that may qualify as primary capital. The guidelines are effective immediately.

Capital adequacy is one of the critical factors the Board is required to analyze in taking action on various types of applications, such as mergers and acquisitions by bank holding companies, and in the conduct of the Board's various supervisory activities related to the safety and soundness of the banking system.

Before perpetual debt can be treated as primary capital, it must meet the following criteria:

- The debt issue must be unsecured. If it is issued by a bank, it must be subordinated to claims of depositors.
- Repayment of the principal of the debt instrument will be limited to those situations involving the issuer's insolvency, bankruptcy, or reorganization.
- Any voluntary redemption of the perpetual debt securities must be approved by the Board.
- The debt instrument contract must give the issuer the authority to choose to defer interest payments if all dividends on common and preferred stock have been eliminated.
- Perpetual debt issued must convert to equity when the issuer's retained earnings and surplus become negative (or in the case of a guarantee,

when the guarantor's earnings and surplus become negative).

The amount of perpetual debt, perpetual preferred stock, and mandatory convertible securities that will qualify as primary capital has been limited to 33⅓ percent of all primary capital (stated on a gross rather than a net basis)—an increase from the proposed 25 percent limit. In addition, the Board has imposed a limit of 20 percent of all primary capital on mandatory convertible securities and perpetual debt.

All securities exceeding the limits and issued, or in the process of being issued, before November 20, 1985, will be grandfathered and given primary capital treatment.

#### *FEE SCHEDULES FOR SERVICES PROVIDED BY FEDERAL RESERVE BANKS*

The Federal Reserve Board has announced the 1987 fee schedules for services provided by the Reserve Banks. For the most part, the new fees are the same as those for 1986.

The fee schedules apply to check collection, automated clearinghouse, wire transfer of funds and net settlement, definitive securities safekeeping and noncash collection, and book-entry securities services for non-Treasury securities. Fee schedules for the check collection service will be distributed by the Reserve Banks; fee schedules for the remaining services are available on request from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

In 1987, total costs for priced services including the private sector adjustment factor are projected to be \$622.3 million. Total revenue is estimated at \$634 million, resulting in a recovery rate of 101.9 percent.

At the same time, the Board approved the 1987 private sector adjustment factor (PSAF) for Reserve Bank priced services of \$70.9 million, an increase of 4.1 percent over the 1985 level. The PSAF is an allowance for the taxes that would have been paid and the return on capital that would have been provided had the Federal Reserve's priced services been furnished by a private business firm.

These actions are effective January 1, 1987,

except for the automated clearinghouse fee schedule, which is effective April 1, 1987.

#### *TIERED PRICING STRUCTURE APPROVED FOR CHECK COLLECTION SERVICES*

The Federal Reserve Board announced approval on November 25, 1986, of a proposal to permit the head offices of the Federal Reserve Banks of Minneapolis and Kansas City to use a tiered pricing structure for check collection services on a permanent basis.

Since November 1984, both Reserve Bank head offices have been conducting a pilot program to test the feasibility of tiered pricing. The current pilot program will be made a permanent structure of their check collection services, effective immediately.

A tiered pricing structure allows different fees to be charged to sending institutions for check presentment based on whether the payor institution wants the checks sent to a high- or a low-cost presentment point.

There is a significant difference between the unit cost of clearing checks drawn on high- or low-cost presentment points in some collection zones. Tiered pricing more accurately reflects Federal Reserve costs of processing. It also allows financial institutions to make better decisions in choosing the most cost-effective method of clearing checks.

Besides adopting the proposal, the Board also established criteria under which tiered pricing could be used for check collection services at other Reserve Bank offices.

#### *NEW MEMBERS APPOINTED TO PRICING POLICY COMMITTEE*

The Federal Reserve Board announced the appointment of new members to its Pricing Policy Committee (PPC), effective January 1, 1987. The new members are Silas Keehn, President of the Federal Reserve Bank of Chicago, and William H. Wallace, First Vice President of the Federal Reserve Bank of Dallas.

The Board also appointed Jack Guynn, First Vice President of the Federal Reserve Bank of

Atlanta, as Executive Director of the PPC through year-end 1988. He will replace Henry R. Czerwinski, who will remain a member of the committee.

The other members of the PPC include Governor Wayne D. Angell; Edward G. Boehne, President of the Philadelphia Reserve Bank; and Theodore E. Allison, Staff Director for the Board's Office of Federal Reserve Bank Activities.

The committee reviews and determines—subject to approval by the Board—all fee schedules for priced services offered by Federal Reserve Banks to depository institutions.

#### *STANDARD FORMAT APPROVED FOR FEDWIRE INFORMATION*

The Federal Reserve Board announced its approval on November 24, 1986, of a proposal to require a standard format for third-party payment information over Fedwire, effective April 3, 1989.

A 25-cent surcharge will be imposed on Fedwire fund transfers that do not meet the standard format beginning April 1, 1988. Beginning April 3, 1989, messages that do not conform to the new format will not be accepted for transmittal.

#### *QUARTERLY FINANCIAL RESULTS AVAILABLE FOR PRICED SERVICE OPERATIONS*

The Federal Reserve Board has reported financial results of Federal Reserve priced service operations for the quarter ending September 30, 1986.

The Board issues a report on priced services annually and a priced service balance sheet and income statement quarterly. The financial statements are designed to reflect standard accounting practices, taking into account the nature of the Federal Reserve's activities and its unique position in this field.

#### *PROPOSED ACTIONS*

The Federal Reserve Board has issued for public comment a proposal to provide a redeposit service for small checks that are returned because

of insufficient or uncollected funds. Comments should be received by December 18.

The Federal Reserve Board also issued for public comment a proposal to charge fees for the processing of applications and for the supervision and general oversight of Edge corporations. Comments should be received by January 5.

A proposal to amend Regulation Z (Truth in Lending) to require that more information be disclosed to consumers regarding adjustable rate mortgages (ARMs) before loan application and at adjustment dates has also been issued for public comment. Comments are requested by January 20, 1987.

The Board issued for public comment on November 28, 1986, proposed revisions to the official staff commentaries for three of its consumer credit protection regulations—Regulation B (Equal Credit Opportunity), Regulation E (Electronic Fund Transfers), and Regulation Z (Truth in Lending). Comments must be received by January 30, 1987.

The Board also issued for comment on November 28, 1986, a list of factors to be considered when Reserve Banks propose to consolidate a priced service across District lines. Comments are requested by January 28, 1987. The Board approved consolidation of the municipal bond and coupon collection activities of the Federal Reserve Bank of San Francisco at the Minneapolis Reserve Bank.

#### *NEW PUBLICATION: INDUSTRIAL PRODUCTION—1986 EDITION*

*Industrial Production—1986 Edition* is now available. It contains a summary of the major revision of the industrial production index published in 1985; a description of the methods used to construct the index and of its historical development from 1919; a listing of the sources and coverage of the index series; and statistical tables providing historical data through 1985 for the total index, its major subaggregates, and its main components.

To obtain copies of *Industrial Production—1986 Edition*, write to Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. The price is \$9.00 per copy.

## 2. Change in claims of BIS reporting banks on country groups, unadjusted and adjusted for exchange rate changes

Billions of dollars; - = decrease

| Country group   | 1981-82      |              | 1983-84      |              | 1985         |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
|   | Unadjusted   | Adjusted     | Unadjusted   | Adjusted     | Unadjusted   | Adjusted     |
| Non-OPEC developing countries .....   | 53.8         | 59.7         | 14.2         | 22.3         | 21.4         | 11.3         |
| OPEC countries .....  | 8.6          | 12.4         | 3.5          | 7.8          | 4.7          | .2           |
| Eastern Europe <sup>1</sup> .....   | -6.6         | .1           | -8.1         | 1.8          | 12.3         | 5.6          |
| G-10 countries, smaller developed countries,<br>and offshore banking centers <sup>2</sup> ..... | 295.0        | 352.7        | 112.0        | 193.0        | 321.1        | 219.8        |
| Unallocated .....   | 8.1          | 15.5         | -1.6         | 4.5          | 9.0          | 3.8          |
| <b>All countries .....</b>  | <b>358.9</b> | <b>440.4</b> | <b>120.0</b> | <b>229.4</b> | <b>368.5</b> | <b>240.7</b> |

1. Excludes Yugoslavia, which is included here among the smaller developed countries.

2. These areas were grouped together because the BIS changed the

country composition of the reporting area in these years and because it adjusted the data for changes in exchange rates partly on the basis of the definition of that area.

### ERRATA: BULLETIN TABLE

In table 2, "Change in claims of BIS reporting banks on country groups, unadjusted and adjusted," which appeared on page 686 of the October 1986 BULLETIN, the column headings, "unadjusted" and "adjusted," were transposed for each entry and time period. The corrected table appears above.

### NEW PUBLICATION: FINANCIAL FUTURES AND OPTIONS IN THE U.S. ECONOMY

The 11 papers in *Financial Futures and Options in the U.S. Economy*, prepared by the staff of the Federal Reserve System and edited by Myron L. Kwast, address a broad range of public policy concerns raised by the invention and rapid growth of financial futures and options. The main issues addressed are (1) What are the economic purposes served by the markets in financial futures and options? (2) Do financial futures and options increase the price volatility of cash markets? (3) What are the effects of financial futures and options markets on the formation and distribution of real capital? (4) Can financial futures and options markets interfere with the conduct of monetary policy?

The papers, revised since their preparation in connection with a 1985 report to the Congress, are preceded by an overview summarizing them and putting them in the context of a broader, nontechnical discussion.

To obtain copies of *Financial Futures and Options in the U.S. Economy*, write to Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. The price is \$10 per copy.

### CHANGES IN BOARD STAFF

The Board of Governors announced the appointment of Donald B. Adams as Assistant Director in the Division of International Finance, effective November 7, 1986.

The Board has also announced the following official staff actions in the Division of Research and Statistics, effective November 24, 1986:

Appointment of Martha S. Scanlon as Assistant Director.

Appointment of Joyce K. Zickler as Assistant Director.

Promotion of Martha C. Bethea, Assistant Director, to Deputy Associate Director.

Promotion of Peter A. Tinsley, Assistant Director, to Deputy Associate Director.

Mr. Adams joined the Board's staff in January 1974 and has been Chief for the Administration and Statistical and Data Management Sections. Mr. Adams has an M.B.A. in finance from Harvard University and has done graduate studies in economics at Columbia University.

Ms. Scanlon joined the Board's staff in August 1972 as an economist and was promoted to Chief of the Capital Markets Section in March 1983.

Ms. Scanlon has done graduate studies in economics at the University of Wisconsin.

Ms. Zickler came to the Board in September 1975 as an economist and became Chief of the Economic Activity Section in October 1984. Ms. Zickler has a Ph.D. in economics from the George Washington University.

*SYSTEM MEMBERSHIP: ADMISSION  
OF STATE BANKS*

The following banks were admitted to membership in the Federal Reserve System during the period November 1 through November 30, 1986:

*Michigan*

Ludington . . . . . Old Kent Bank of Ludington  
Niles . . . . . Old Kent Bank Southwest

---

# Record of Policy Actions of the Federal Open Market Committee

---

*MEETING HELD ON SEPTEMBER 23, 1986*

## *Domestic Policy Directive*

The information reviewed at this meeting suggested a moderate pickup in economic growth from the slow pace in the second quarter. Payroll employment expanded further in August with gains widespread by industry. Consumer spending has continued to increase at a relatively rapid pace, and construction of single-family homes has remained at a high level. Business capital spending, however, has been sluggish, particularly for new structures. Wages rates have continued to increase slowly in recent months, while producer and consumer prices have tended to firm, reflecting developments in food and energy markets.

Total nonfarm payroll employment continued to expand in August, rising about  $\frac{1}{4}$  million further after adjusting for strike activity, somewhat faster than the average gain so far this year. Hiring at service establishments accounted for two-thirds of the increase, but construction employment also was up substantially, and manufacturing employment rose for the first time since January. The civilian unemployment rate edged down again in August to 6.8 percent, nearly  $\frac{1}{2}$  percentage point below the second-quarter average.

After declining on balance over the first half of the year, industrial production has picked up recently. According to revised data, output was flat in June and rose 0.3 percent in July, rather than declining in both months as previously reported. In August industrial production edged up 0.1 percent. Gains in output in July and August were particularly large for defense and space equipment. Production of business equipment, consumer goods, and construction supplies also registered strong increases. Capacity utilization in manufacturing, mining, and utilities

fell 0.1 percentage point in August to 79 percent, about the same as the rate in the preceding three months but 1.6 percentage points below a year ago.

Retail sales rose 0.8 percent in August, after a July increase of 0.3 percent. Sales in the automotive group strengthened noticeably in response to incentive plans offered at the end of the month by domestic auto producers. Total car sales rose to an annual rate of 12.2 million units in August, compared with 10.9 million units in July. In the early part of September, sales of domestically produced autos soared to an annual rate of 17 million units. Outlays for durable goods other than autos, which were strong earlier in the year, dropped back in August, but sales at general merchandisers posted another large gain.

Residential construction activity remained relatively high through the summer. Housing starts totaled 1.8 million units at an annual rate in July and August. Single-family starts remained close to the vigorous pace of the first half of the year, while multifamily starts were appreciably below their average level in that period. In July sales of new homes dropped below the extraordinary levels recorded earlier in the year, but sales of existing homes remained at about the advanced pace of the second quarter.

Business capital spending has remained sluggish, reflecting continued weakness in nonresidential construction. Although the contraction in oil and gas-well drilling appears to be subsiding, the downtrend in commercial and industrial building has continued partly because of high vacancy rates and the impact of the tax reform legislation. The value of nonresidential construction put in place fell in July for the fifth time in six months. Business outlays for equipment, however, have expanded somewhat in recent months; shipments of nondefense capital goods in August were  $\frac{1}{4}$  percent above the second-quarter average. New orders fell in August,

partially reversing gains in the previous two months, largely because orders for aircraft and parts dropped. Bookings for office and computing equipment, however, have rebounded from their level earlier this year.

Wage rates have continued to rise moderately over the past few months, while producer and consumer prices have firmed somewhat on balance due to developments in food and energy markets. Prices other than those for food and energy, however, have risen at about the same pace as earlier in the year. In August, the producer price index advanced 0.3 percent, after changing little on balance over the previous three months and declining sharply earlier in the year. The consumer price index increased 0.2 percent in August. The index had risen on balance in other recent months after falling somewhat during the first four months of the year. In the commodity markets, spot prices for precious metals rose sharply during August, reflecting supply disruptions and, perhaps, renewed inflationary expectations. The latter appeared to be associated in part with oil price developments and the lower foreign exchange value of the dollar. Lumber prices also rose significantly during August.

The trade-weighted value of the dollar against major foreign currencies had changed very little on balance since the August 19 meeting of the Committee, although it fluctuated over a fairly wide range. Exchange rates appeared to be affected mainly by news about prospects for economic activity in the United States and abroad. Germany and Japan did not follow the Federal Reserve's reduction in the discount rate, and short-term interest rates abroad were little changed while money market rates in the United States were somewhat lower. At the same time, long-term rates in the United States moved up sharply relative to comparable foreign interest rates. Preliminary data for the U.S. merchandise trade deficit in July indicated a substantially larger deficit than on average in the first half of the year as non-oil imports surged. Real economic growth appeared to have picked up on balance in the foreign industrial countries during the second quarter after a weak performance in the first quarter.

At its meeting in August, the Committee adopted a directive that called for decreasing

slightly the existing degree of pressure on reserve positions, taking account of the possibility of a change in the discount rate. The members expected such an approach to policy to be consistent with growth in M2 and M3 over the period from June to September at annual rates of about 7 to 9 percent. Over the same period growth in M1 was expected to moderate from the rapid pace during the second quarter. The Committee agreed that it would continue to evaluate growth of M1 in light of the expansion of the broader aggregates and other factors. The members also decided that somewhat greater or lesser reserve restraint might be acceptable depending on the behavior of the aggregates, the strength of the business expansion, developments in foreign exchange markets, progress against inflation, and conditions in domestic and international credit markets. The intermeeting range for the federal funds rate was maintained at 4 to 8 percent.

The discount rate was reduced  $\frac{1}{2}$  percentage point shortly after the August meeting. In the two complete reserve maintenance periods ending after the meeting, adjustment plus seasonal borrowing at the discount window averaged close to \$460 million, somewhat higher than in the previous intermeeting period. In the first week of the current maintenance period, borrowing dropped back to about \$280 million.

Growth in the broader monetary aggregates slowed in August; M2 and M3 grew at annual rates of about  $10\frac{3}{4}$  percent and  $8\frac{1}{2}$  percent, respectively. In August, both aggregates were close to the upper limits of their longer-run ranges. In contrast to the broader aggregates, growth in M1 accelerated, but it appeared to have slowed considerably in the early weeks of September.

Federal funds generally have traded around  $5\frac{7}{8}$  percent since the reduction in the discount rate shortly after the August 19 meeting of the Committee. Other short-term interest rates fell about 30 basis points following the discount rate cut. Longer-term bond yields changed little immediately after the discount rate action but have increased noticeably in recent weeks, with rates on Treasury securities rising as much as 60 basis points. The recent behavior of long-term rates apparently has reflected, at least in part, some concerns by market participants about whether inflationary pressures could develop in the con-

text of some strengthening in economic activity, the declining dollar, firmer oil prices, and rapid monetary growth in the United States and abroad.

The staff projections presented at this meeting suggested that growth in real GNP likely would pick up a bit further in coming months. Growth was forecast to continue at a moderate pace in 1987. Through 1987, the key element supporting expansion in domestic production was a projected improvement in the U.S. trade position. Growth in domestic spending was forecast to slow over the next several quarters. The staff outlook for inflation indicated a limited increase from the current pace due to some firming in world oil prices and the effects of the dollar's depreciation. The civilian unemployment rate was expected to decline slightly over the projection horizon.

In the Committee's discussion of the economic situation and outlook, the members expressed general agreement with the staff projection that moderate growth through the forecast horizon was the most likely outcome. However, the outlook remained subject to substantial uncertainties relating to both domestic and international factors. On the favorable side, consumer spending and construction of single-family housing remained elements of strength in the domestic economy, and members reported that business sentiment appeared to have improved recently in several, but not all, parts of the country. One member noted that reduced personal income taxes could help to sustain consumer expenditures next year. Another commented that the emergence of apparently more stable conditions in agriculture and energy would tend to remove the retarding influences that those key sectors had been exerting on overall economic activity. On the negative side, the demand for automobiles undoubtedly would weaken after the currently attractive incentive programs expired, and the apparent overbuilding of multifamily housing in many areas would tend to restrain overall residential construction. Business fixed investment was not expected to provide much, if any, impetus to the expansion despite indications of improvement recently in the demand for equipment. Adverse factors bearing on the investment outlook included the current oversupply of office buildings and other commercial

facilities in many parts of the country and the negative effects of the tax reform legislation on investment incentives that many businessmen were reporting. The outlook for fiscal policy remained uncertain; several members noted that some of the proposed measures for reducing the deficit in 1987 did not deal with underlying imbalances and that the prospects beyond 1987 were especially unclear. However, one member observed that a reduction in government borrowing, if achieved, would tend to have a favorable impact on financial markets and thus on the economy generally.

On balance, while a few members supported the view that some pickup in domestic demand was a reasonable expectation, most believed that growth in domestic demand would probably taper off over the next several quarters. In their view, therefore, the prospects for sustained economic growth depended on an improvement in the foreign trade balance. The members generally agreed that the substantial depreciation of the dollar against several major foreign currencies provided a basis for anticipating a reduction in the trade deficit in real terms, but the timing of such a reduction still was subject to a great deal of uncertainty. Moreover, several expressed concern that the improvement might well be relatively modest, especially in the absence of stronger economic growth in key industrial nations abroad; and some members also commented on the inertia on both the import and export sides associated with long-term contracts and established marketing relationships. It also was noted that the currencies of a number of developing countries had changed relatively little vis-à-vis the dollar over the past year or so, raising a question as to the speed of adjustment in the trade balance. With regard to currently available information on trade developments, a few members referred to limited indications in reports from firms in their Districts that tended to suggest some gains in the international competitive position of U.S. firms and better prospects for greater stability, if not some improvement, in the overall trade balance. However, broadly confirming evidence of such a development had not materialized thus far.

Against the background of the dollar's depreciation, the members agreed that some upward pressure on prices could be expected over the



next several quarters, a tendency that would be reinforced if world oil prices continued to rise. Moreover, most commodity prices appeared to have stabilized recently, after declining earlier, while prices of precious metals had increased considerably and these developments along with conditions in financial markets suggested increased concern about the possibility of a pickup in inflation. On the other hand, a number of members observed that wages generally were rising somewhat less this year than in 1985 and some members also commented on the continuing efforts of many business firms to hold down their costs. And while productivity gains had been relatively limited in recent quarters, many labor contracts incorporated provisions on work rules that should help to improve efficiency and moderate pressures on costs.

At its meeting in July the Committee reviewed the basic policy objectives that it had established in February for growth of the monetary and credit aggregates in 1986 and set tentative objectives for expansion in 1987. For the period from the fourth quarter of 1985 to the fourth quarter of 1986, the Committee reaffirmed the ranges established in February for growth of 6 to 9 percent for both M2 and M3. The associated range for expansion in total domestic nonfinancial debt also was reaffirmed at 8 to 11 percent for 1986. With respect to M1, the Committee decided that growth in excess of the 3 to 8 percent range set in February would be acceptable and that such growth would be evaluated in the context of the velocity of M1, the expansion of the broader aggregates, developments in the economy and financial markets, and price pressures. For 1987 the Committee agreed on tentative monetary growth objectives that included a reduction of  $\frac{1}{2}$  percentage point to a range of  $5\frac{1}{2}$  to  $8\frac{1}{2}$  percent for both M2 and M3. In the case of M1 the Committee expressed the preliminary view that retention of the 1986 range of 3 to 8 percent, which implied a considerable reduction from the likely rate of growth in 1986, appeared appropriate for 1987 in the light of most historical experience. The Committee also retained the range of 8 to 11 percent for growth of total domestic nonfinancial debt in 1987. It was understood that all the ranges were provisional and that, notably in the case of M1, they would be reviewed in early

1987 against the background of intervening developments.

In the Committee's discussion of policy implementation for the weeks immediately ahead, nearly all the members were in favor of directing open market operations, at least initially, toward maintaining unchanged conditions of reserve availability. Several emphasized that monetary policy had moved toward an increasingly accommodative posture over the course of recent months and that it was now time to pause and observe developments, given the rapid growth in the broad as well as the narrow monetary aggregates, a few indications of more strength in the economy, and some signs of increasing inflationary expectations. One member expressed the view, however, that some tightening of reserve conditions was desirable at this time against the background of recent economic and financial developments, notably the persistence of rapid growth in the monetary aggregates.

In their discussion of policy implementation over the near term, the members took into account an analysis that suggested that if current conditions of reserve availability were maintained and if short-term interest rates did not deviate significantly from their existing levels, the growth of the monetary aggregates could be expected to slow over the months ahead, relative to the very rapid pace over the summer months, even assuming somewhat stronger expansion in economic activity. The most recent behavior of the monetary aggregates lent some weight to such an expectation. However, the anticipated slowing still would result in growth of the broad aggregates around the upper bound of their long-term ranges. Also, the members recognized that the extent of any slowing in monetary growth was subject to perhaps more than the usual uncertainties, reflecting for example questions about the pace of further adjustments in offering rates on various types of interest-bearing deposits as depository institutions continued to respond to earlier declines in short-term market rates. The members also noted that the monetary aggregates might well continue to grow very rapidly if short-term interest rates were to decline appreciably further.

In the course of the discussion, a number of members expressed concern about the potential

for the broad monetary aggregates to exceed their longer-term ranges. While recognizing the need to evaluate the aggregates in the context of economic and financial developments more generally, these members emphasized the potential for inflation stemming from the buildup in money balances, and in liquid assets more generally, and these members attached considerable importance to constraining the growth of the broader monetary aggregates to within the Committee's ranges for the year. A slightly different view acknowledged that the Committee's objectives for M2 and M3 appeared to remain appropriate for the year, but in this view actual growth marginally in excess of those ranges should be tolerated—and the added risks of some future inflation accepted—if such growth occurred in the context of continuing sluggish economic expansion. One member stressed that if the velocity of money continued to decline, further rapid expansion might indeed be needed to sustain an acceptable rate of economic growth.

Turning to the question of possible adjustments in the degree of reserve pressure during the intermeeting period, the members did not foresee as likely any developments that might call for more than a slight change, if any, in the availability of reserves during the weeks ahead. In this context, however, a number believed that policy implementation should be especially alert to the potential need for some slight firming of reserve conditions, particularly if monetary growth did not slow in line with expectations, though this growth would continue to be viewed in the context of other economic and financial developments. Most of these members did not want to rule out the possibility of some easing in the weeks immediately ahead, but they saw the prospects for such a move as less likely, and two favored a directive that would not contemplate any easing. Other members felt that there should be no presumptions about the likely direction of any intermeeting adjustments, given the many uncertainties that existed about the behavior of the monetary aggregates and about prospective economic and financial developments. The members agreed that the behavior of the dollar on foreign exchange markets could be an important factor influencing any small intermeeting adjustments.

At the conclusion of the Committee's discussion, all but one member indicated that they favored a directive that called for no change in the current degree of pressure on reserve positions. The members expected this approach to policy implementation to be consistent with some reduction in the growth of M2 and M3 to annual rates of 7 to 9 percent over the four-month period from August to December. Over the same interval, growth in M1 was expected to moderate from the exceptionally large increase during the past several months. Because the prospective behavior of M1 remained subject to unusual uncertainty, the Committee again decided not to specify a rate of expected growth for this aggregate in the operational paragraph of the directive but to continue to evaluate M1 in the light of the performance of the broader aggregates and other factors. The members indicated that slightly greater reserve restraint would, or slightly lesser restraint might, be acceptable over the intermeeting period depending on the behavior of the monetary aggregates, taking into account the strength of the business expansion, the performance of the dollar in foreign exchange markets, progress against inflation, and conditions in domestic and international credit markets. The members agreed that the intermeeting range for the federal funds rate, which provides a mechanism for initiating consultation of the Committee when its boundaries are persistently exceeded, should be left unchanged at 4 to 8 percent.

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

The information reviewed at this meeting suggests some pickup in the growth of economic activity from the slow pace in the second quarter. In August total nonfarm payroll employment grew considerably further, with employment in manufacturing rising for the first time since January. The civilian unemployment rate edged down further to 6.8 percent. Industrial production rose slightly in July and August after declining on balance during the first half of the year. Consumer spending has remained relatively strong in recent months, with gains in retail sales in August paced by a sharp rise in auto sales. Housing starts in July and August stayed at a relatively high level. Business capital spending appears to have remained sluggish, reflecting weakness in nonresidential con-

struction. A more moderate rate of wage increases has been sustained in recent months, while broad measures of prices have firmed somewhat due to developments in food and energy markets.

The trade-weighted value of the dollar against major foreign currencies is essentially unchanged on balance since the August 19 meeting of the Committee. Preliminary data for the U.S. merchandise trade deficit in July indicate a larger deficit than in previous months.

Growth of M2 and especially of M3 moderated in August, but expansion of these two aggregates for the year through August has been at the upper end of their respective ranges established by the Committee for 1986. In August M1 continued to grow very rapidly. Expansion in total domestic nonfinancial debt remains appreciably above the Committee's monitoring range for 1986. Short-term interest rates have declined further since the August meeting of the Committee while long-term market rates have risen on balance. On August 20, the Federal Reserve Board approved a reduction in the discount rate from 6 to 5½ percent.

The Federal Open Market Committee seeks monetary and financial conditions that will foster reasonable price stability over time, 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 established in February for growth of 6 to 9 percent for both M2 and M3, measured from the fourth quarter of 1985 to the fourth quarter of 1986. With respect to M1, the Committee recognized that, based on the experience of recent years, the behavior of that aggregate is subject to substantial uncertainties in relation to economic activity and prices, depending among other things on the responsiveness of M1 growth to changes in interest rates. In light of these uncertainties and of the substantial decline in velocity in the first half of the year, the Committee decided that growth of M1 in excess of the previously established 3 to 8 percent range for 1986 would be acceptable. Acceptable growth of M1 over the remainder of the year will depend on the behavior of velocity, growth in the other monetary aggregates, developments in the economy and financial markets, and price pressures. Given its rapid growth in the early part of the year, the Committee recognized that the increase in total domestic nonfinancial debt in 1986 may exceed its monitoring range of 8 to 11 percent, but felt an increase in that range would provide an inappropriate benchmark for evaluating longer-term trends in that aggregate.

For 1987 the Committee agreed on tentative ranges of monetary growth, measured from the fourth quarter of 1986 to the fourth quarter of 1987, of 5½ to 8½ percent for M2 and M3. While a range of 3 to 8 percent for M1 in 1987 would appear appropriate in the light of most historical experience, the Committee recognized that the exceptional uncertainties surrounding the behavior of M1 velocity over the more recent period would require careful appraisal of the target range at the beginning of 1987. The associated range for growth in total domestic nonfinancial debt was provisionally set at 8 to 11 percent for 1987.

In the implementation of policy for the immediate future, the Committee seeks to maintain the existing degree of pressure on reserve positions. This action is expected to be consistent with growth in M2 and M3 over the period from August to December at annual rates of 7 to 9 percent. While growth in M1 is expected to moderate from the exceptionally large increase during the past several months, that growth will continue to be judged in the light of the behavior of M2 and M3 and other factors. Slightly greater reserve restraint would, or slightly lesser reserve restraint might, be acceptable depending on the behavior of the aggregates, taking into account the strength of the business expansion, development in foreign exchange markets, progress against inflation, and conditions in domestic and international credit markets. The Chairman may call for Committee consultation if it appears to the Manager for Domestic Operations that reserve conditions during the period before the next meeting are likely to be associated with a federal funds rate persistently outside a range of 4 to 8 percent.

Votes for this action: Messrs. Volcker, Corrigan, Angell, Guffey, Heller, Mrs. Horn, Messrs. Johnson, Melzer, Morris, Rice, and Ms. Seger.  
Vote against this action: Mr. Wallich.

Mr. Wallich dissented because he preferred a slight tightening of reserve conditions. He was concerned about the persistence of rapid monetary expansion and the associated potential for inflation. In his view some reduction in the availability of reserves was needed to increase the likelihood of significant slowing in monetary growth over the months ahead.

# Legal Developments

## AMENDMENT TO REGULATION D

The Board of Governors is amending its Regulation D, Reserve Requirements of Depository Institutions, to:

- (1) increase the amount of transaction accounts subject to a reserve requirement ratio of 3 percent, as required by section 19(b)(2)(C) of the Federal Reserve Act (12 U.S.C. § 461(b)(2)(C)), from \$31.7 million to \$36.7 million of net transaction accounts;
- (2) increase the amount of reservable liabilities of each depository institution that is subject to a reserve requirement of zero percent, as required by section 19(b)(11)(B) of the Federal Reserve Act (12 U.S.C. § 461(b)(11)(B)), from \$2.6 million to \$2.9 million of reservable liabilities; and
- (3) increase the reporting cutoff level which is used to separate weekly reporters from quarterly reporters from \$26.8 million to \$28.6 million of total deposits and other reservable liabilities.

Effective December 30, 1986, the Board amends 12 C.F.R. Part 204 as follows:

### Part 204—Reserve Requirements of Depository Institutions

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

*Authority:* 12 U.S.C. §§ 248(a), 248(c), 371a, 371b, 461, 601, 611; 12 U.S.C. § 3105; 12 U.S.C. § 461.

2. Section 204.9, Reserve Requirement Ratios, is amended by revising paragraphs (a)(1) and (a)(2) as follows:

- (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  |
|---|--|
| <i>Net transaction accounts</i><br>\$0 to \$36.7 million<br>over \$36.7 million   | 3 percent of amount<br>\$1,101,000 plus 12% of amount<br>over \$36.7 million |
| <i>Nonpersonal time deposits</i><br>By original maturity (or<br>notice period):<br>Less than 1½ years<br>1½ years or more | 3%<br>0%<br>3%   |
| <i>Eurocurrency liabilities</i>   | 3%   |

- (2) *Exemption from reserve requirements.* Each depository institution, Edge or Agreement Corporation, and U.S. branch or agency of a foreign bank is subject to a zero percent reserve requirement on an amount of its transaction accounts subject to the low reserve tranche in paragraph (a)(1), nonpersonal time deposits, or Eurocurrency liabilities or any combination thereof not in excess of \$2.9 million determined in accordance with section 204.3(a)(3) of this Part.

\* \* \* \* \*

## AMENDMENT TO REGULATION Y

The Board of Governors is amending Appendix A—Capital Adequacy Guidelines for Bank Holding Companies and State Member Banks—to its Regulation Y, Bank Holding Companies and Change in Bank Control, to treat perpetual debt securities that meet certain criteria as primary capital for bank holding companies (but not state member banks). The Board also adopted, with modifications, its proposal to limit the combined amount of mandatory convertible instruments, perpetual preferred stock and perpetual debt that may qualify as primary capital.

Effective November 3, 1986, the Board amends Appendix A of 12 C.F.R. Part 225 as follows:

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

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

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

2. The portion of Appendix A of Part 225 entitled "Definition of Capital to be Used in Determining Capital Adequacy of Bank Holding Companies and State Member Banks" is amended by adding perpetual debt to the list of primary capital components, by deleting footnote 3, and by adding a new subsection entitled "Limits on Non-Common-Equity Forms of Primary Capital." That portion of Appendix A now reads as follows:

**APPENDIX A—Capital Adequacy Guidelines for Bank Holding Companies and State Member Banks**

\* \* \* \* \*

*Definition of Capital to be Used in Determining Capital Adequacy of Bank Holding Companies and State Member Banks*

*Primary Capital Components*

The components of primary capital are:

- common stock,
- perpetual preferred stock (preferred stock that does not have a stated maturity date and that may not be redeemed at the option of the holder),
- surplus (excluding surplus relating to limited-life preferred stock),
- undivided profits,
- contingency and other capital reserves,
- mandatory convertible instruments,
- allowance for possible loan and lease losses (exclusive of allocated transfer risk reserves),
- minority interest in equity accounts of consolidated subsidiaries,
- perpetual debt instruments (for bank holding companies but not for state member banks).

*Limits on Certain Forms of Primary Capital*

*Bank Holding Companies.* The maximum composite amount of mandatory convertible securities, perpetual debt, and perpetual preferred stock that may be counted as primary capital for bank holding companies is limited to 33.3 percent of all primary capital, including these instruments. Perpetual preferred stock issued prior to November 20, 1985 (or determined by the

Federal Reserve to be in the process of being issued prior to that date), shall continue to be included as primary capital.

The maximum composite amount of mandatory convertible securities and perpetual debt that may be counted as primary capital for bank holding companies is limited to 20 percent of all primary capital, including these instruments. The maximum amount of equity commitment notes (a form of mandatory convertible securities) that may be counted as primary capital for a bank holding company is limited to 10 percent of all primary capital, including mandatory convertible securities. Amounts outstanding in excess of these limitations may be counted as secondary capital provided they meet the requirements of secondary capital instruments.

*State Member Banks.* The composite limitations on the amount of mandatory convertible securities and perpetual preferred stock (perpetual debt is not primary capital for state member banks) that may serve as primary capital for bank holding companies shall not be applied formally to state member banks, although the Board shall determine appropriate limits for these forms of primary capital on a case-by-case basis.

The maximum amount of mandatory convertible securities that may be counted as primary capital for state member banks is limited to 16⅔ percent of all primary capital, including mandatory convertible securities. Equity commitment notes, one form of mandatory convertible securities, shall not be included as primary capital for state member banks, except that notes issued by state member banks prior to May 15, 1985 will continue to be included in primary capital. Amounts of mandatory convertible securities in excess of these limitations may be counted as secondary capital if they meet the requirements of secondary capital instruments.

\* \* \* \* \*

3. That portion of Appendix A entitled "Criteria Applicable to Both Types of Mandatory Convertible Securities" is amended by deleting paragraph (b) and footnote 4 and relettering paragraphs (c) through (f) as paragraphs (b) through (e). Footnotes 5 and 6 will be renumbered as footnotes 3 and 4.

4. That portion of Appendix A entitled "Additional Criteria Applicable to Equity Commitment Notes" is amended by deleting paragraph (d) and by renumbering footnotes 7 and 8 as footnotes 5 and 6.

5. Appendix A is amended by adding the following paragraphs at the end of the Appendix.

*Criteria for Determining the Primary Capital Status of Perpetual Debt Instruments of Bank Holding Companies*

1. The instrument must be unsecured and, if issued by a bank, must be subordinated to the claims of depositors.
2. The instrument may not provide the noteholder with the right to demand repayment of principal except in the event of bankruptcy, insolvency, or reorganization. The instrument must provide that nonpayment of interest shall not trigger repayment of the principal of the perpetual debt note or any other obligation of the issuer, nor shall it constitute prima facie evidence of insolvency or bankruptcy.
3. The issuer shall not voluntarily redeem the debt issue without prior approval of the Federal Reserve, except when the debt is converted to, exchanged for, or simultaneously replaced in like amount by an issue of common or perpetual preferred stock of the issuer or the issuer's parent company.
4. If issued by a bank holding company, a bank subsidiary, or a subsidiary with substantial operations, the instrument must contain a provision that allows the issuer to defer interest payments on the perpetual debt in the event of, and at the same time as the elimination of dividends on all outstanding common or preferred stock of the issuer (or in the case of a guarantee by a parent company at the same time as the elimination of the dividends of the parent company's common and preferred stock). In the case of a nonoperating subsidiary (a funding subsidiary or one formed to issue securities), the deferral of interest payments must be triggered by elimination of dividends by the parent company.
5. If issued by a bank holding company or a subsidiary with substantial operations, the instrument must convert automatically to common or perpetual preferred stock of the issuer when the issuer's retained earnings and surplus accounts become negative. If an operating subsidiary's perpetual debt is guaranteed by its parent, the debt may convert to the shares of the issuer or guarantor and such conversion may be triggered when the issuer's or parent's retained earnings and surplus accounts become negative. If issued by a nonoperating subsidiary of a bank holding company or bank, the instrument must convert automatically to common or preferred stock of the issuer's parent when the retained earnings and surplus accounts of the issuer's parent become negative.

\* \* \* \* \*

*AMENDMENT TO REGULATION AA*

The Board of Governors is granting in part the request by the state of Wisconsin for an exemption from the Board's Credit Practices Rule, Subpart B of Regulation AA, Unfair or Deceptive Acts or Practices.

Effective November 20, 1986, the Board grants, pursuant to Subpart B of 12 C.F.R. Part 227, an exemption as follows:

*Part 227—Unfair or Deceptive Acts or Practices*

1. The authority citation for 12 C.F.R. Part 227 continues to read as follows:

*Authority:* § 18(f), FTCA, as amended by Pub.L. 93-637.

2. The exemption requested by the state of Wisconsin to Subpart B of Regulation AA, the Credit Practices Rule, is granted in part, as follows:

*ORDER*

The state of Wisconsin has applied for an exemption from the Credit Practices Rule which became effective January 1, 1986. Pursuant to § 227.16 of Regulation AA, the Board has determined that the relevant laws of this state are substantially equivalent to the federal law and that the state administers and enforces its laws effectively. The Board hereby grants the exemption as follows:

Effective November 20, 1986, consumer credit transactions under \$25,000 that are subject to the Wisconsin Consumer Act and its implementing regulations are exempt from the Board's Credit Practices Rule. Consumer credit transactions over \$25,000 are subject to the Board's Credit Practices Rule; however, compliance with the relevant provisions of the Wisconsin Consumer Act would be considered compliance with the Board's rule.

This exemption does not apply to transactions in which a federally chartered institution is a creditor.

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

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

A.B.N.-Stichting  
Amsterdam, The Netherlands

Algemene Bank Nederland N.V.  
Amsterdam, The Netherlands

ABN Company, Inc.  
Chicago, Illinois

LaSalle National Corporation  
Chicago, Illinois

*Order Approving Acquisition of a Bank Holding Company and of a Bank*

A.B.N.-Stichting, Amsterdam, The Netherlands ("Stichting"), and its wholly owned direct and indirect subsidiaries, Algemene Bank Nederland N.V., Amsterdam, The Netherlands ("Algemene"); ABN Company, Inc., Chicago, Illinois ("ABN"); and LaSalle National Corporation, Chicago, Illinois ("LaSalle National") (collectively "Applicants"), all bank holding companies within the meaning of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1841 *et seq.*), have each applied for the Board's prior approval under section 3(a)(3) of the BHC Act (12 U.S.C. § 1842(a)(3)) to acquire all of the outstanding voting shares of Lisle Bancorporation, Lisle, Illinois ("Bancorporation"), and thereby to acquire indirectly Bank of Lisle, Lisle, Illinois ("Lisle Bank").

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

Stichting is a private foundation that does not engage in activities other than holding shares of Algemene. Algemene, with total assets of \$51.3 billion, is the 43rd largest bank in the world and the largest bank in The Netherlands.<sup>1</sup> Algemene has banking and non-banking subsidiaries, offices, branches and agencies in

44 countries. In the United States, Algemene operates full service branches in New York, Chicago, and Pittsburgh, a limited service branch in Seattle, and agencies in Atlanta, Boston, Miami, Houston, Los Angeles, and San Francisco. Algemene has selected Illinois as its home state under the Board's Regulation K (12 C.F.R. § 211.22(b)). Algemene is permitted under section 5(b) of the International Banking Act ("IBA") (12 U.S.C. § 3103(b)) to retain its full service branches outside of Illinois because they were opened before July 27, 1978, the grandfather date under section 5 of the IBA. The Seattle branch limits its deposit-taking operations to those permissible for a corporation organized under section 25(a) of the Federal Reserve Act (12 U.S.C. § 611 *et seq.*), as required by section 5 of the IBA. Algemene also operates a subsidiary in New York engaged in acting as agent in the purchase and sale of securities on the Amsterdam Stock Exchange as permitted under the Board's regulations. ABN is a holding company whose only subsidiaries are LaSalle National and a subsidiary in Chicago, with an office in Houston, organized pursuant to section 25(a) of the Federal Reserve Act. LaSalle National is a holding company whose only subsidiaries are LaSalle National Bank, Chicago, Illinois ("LaSalle Bank"), and a subsidiary engaged in discount brokerage activities permitted under the Board's regulations.

LaSalle National is the 11th largest commercial banking organization in Illinois with total deposits of \$935.1 million, representing 0.9 percent of the total deposits in commercial banks in the state.<sup>2</sup> Algemene's Chicago branch holds no deposits. Bancorporation, with only one bank, is the 250th largest commercial banking organization in Illinois with total deposits of \$79.1 million, representing less than 0.1 percent of the total deposits in commercial banks in the state. Upon consummation of this proposal, LaSalle National will become the 10th largest commercial banking organization in Illinois with total deposits of approximately \$1 billion, representing approximately 1 percent of the total deposits in commercial banks in the state.

LaSalle National competes in the Chicago banking market,<sup>3</sup> where it is the 8th largest of 279 commercial banking organizations, with 1.4 percent of the total deposits in commercial banks. Bancorporation also competes in the Chicago banking market, where it is the 129th largest commercial banking organization, with 0.1 percent of the total deposits in commercial banks in the market. Upon consummation, LaSalle

2. All banking data are as of June 30, 1985, unless otherwise indicated.

3. The Chicago banking market is approximated by Cook, DuPage and Lake Counties, all in Illinois.

1. Banking data for Algemene are as of December 31, 1985.

National will become the 7th largest commercial banking organization in the market with 1.5 percent of the total deposits in commercial banks.

The Chicago banking market is not concentrated, with the four largest commercial banking organizations in the market holding 46.7 percent of the total deposits in commercial banks in the market and a Herfindahl-Hirschman Index ("HHI") of 715 points. Upon consummation of this proposal, the HHI will increase by less than one point. Accordingly, based on these and all the facts of record, the Board has determined that consummation of this proposal would not have any significant adverse competitive effects or result in the concentration of banking resources in any relevant banking market.

Section 3(c) of the BHC Act requires in every case that the Board consider the financial resources of the applicant organization and the bank or bank holding company to be acquired. As the Board has previously stated, review of the financial resources of foreign banking organizations raises a number of complex issues that the Board believes require careful consideration and that the Board continues to have under review.<sup>4</sup> In this regard, the Board has initiated consultations with appropriate foreign bank supervisors and notes that work is currently in progress among foreign and domestic bank supervisory officials to develop more fully the concept of functional equivalency of capital ratios for banks of different countries. Pending the outcome of these consultations and deliberations, the Board has determined to consider the issues raised by applications by foreign banks to acquire domestic banks on a case-by-case basis.

In this case, the Board notes that the primary capital ratio of Algemene, as publicly reported, is below the minimum level established for domestic bank holding companies. In other similar cases, the Board has considered mitigating factors, including adjustments to the applicant's capital that reflect differences between foreign and domestic accounting and regulatory practices. After making adjustments in this case to account for certain elements of capital that are the same or similar in the capital structure of domestic bank holding companies, and adjustments that reflect differences in accounting and regulatory practices, the primary capital ratio of Algemene closely approximates the minimum level established for domestic bank holding companies. The Board has also considered as positive factors that Algemene has recently

raised additional capital, and its plans to improve further its capital ratio in the near future. The Board also notes that Algemene is in compliance with the capital and other financial requirements of the appropriate supervisory authorities in The Netherlands and that Algemene's resources and prospects are viewed as satisfactory by those authorities.

In its evaluation of this case, the Board has considered as additional positive factors the fact that ABN, LaSalle National, and LaSalle Bank are all strongly capitalized, and that LaSalle National and LaSalle Bank have significantly improved their capital positions under the ownership and control of Algemene. In addition, the Board notes that Lisle Bank is small in relation to Algemene and ABN and is itself strongly capitalized. In this regard, as the Board has noted,<sup>5</sup> recent changes in Illinois banking law have allowed multi-bank holding companies in Illinois. This has created the opportunity for large banking organizations in Chicago and other markets to expand into the Chicago suburbs. In line with the actions of its major competitors in Chicago, LaSalle National is attempting through this acquisition to expand its deposit base and banking activities into the Chicago suburbs. This acquisition of a \$79 million bank is LaSalle National's first effort in this regard and is modest in scope.

The Board expects that Applicants will maintain LaSalle Bank and Lisle Bank as among the more strongly capitalized banking organizations of comparable size in the United States. Based on these and other facts of record, the Board concludes that the financial factors to be considered under the BHC Act are consistent with approval of the transaction.

In its evaluation of Applicants' managerial resources, the Board has considered certain violations by LaSalle Bank of the Currency and Foreign Transactions Reporting Act<sup>6</sup> ("CFTRA") and the regulations thereunder. The Board notes that LaSalle Bank has consulted with and cooperated with the appropriate supervisory authorities and law enforcement agencies following discovery of these violations.

In addition, LaSalle Bank has implemented a comprehensive remedial program to correct these violations and to prevent violations from occurring in the future. Applicants have advised the Board that LaSalle Bank has filed corrective currency transaction reports; implemented audit and operations procedures to ensure that reportable transactions are identified for proper reporting, including implementing computer programs to verify compliance; and appointed a compliance officer responsible for monitoring compliance

4. *Bank of Montreal*, 70 FEDERAL RESERVE BULLETIN 664 (1984); *Mitsubishi Bank, Ltd.*, 70 FEDERAL RESERVE BULLETIN 518 (1984). See also *Policy Statement on Supervision and Regulation of Foreign-Based Bank Holding Companies*, 1 *Federal Reserve Regulatory Service* ¶ 4-835 (1979).

5. *Continental Illinois Corp.*, 73 FEDERAL RESERVE BULLETIN 46 (1987).

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



with the CFTRA and regulations thereunder. Applicants have also instituted an intensive ongoing internal training and testing program for bank personnel regarding compliance with the CFTRA. The sufficiency of the compliance procedures adopted to address this matter and the efficacy in correcting the deficiencies have been reviewed by Office of the Comptroller of the Currency examiners. The Board has also consulted with appropriate enforcement agencies and has considered Applicants' past record of compliance with the law. For the foregoing reasons and based upon a review of all facts of record, the Board concludes that the managerial resources of Applicants are consistent with approval.

The Board has also determined that considerations relating to the convenience and needs of the community to be served are also consistent with approval. Based on the foregoing and all the facts of record, the Board has determined that the applications should be and hereby are approved. The transaction shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Chicago, acting pursuant to delegated authority.

By order of the Board of Governors, effective November 26, 1986.

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

[SEAL] BARBARA R. LOWREY  
*Associate Secretary of the Board*

Baker Boyer Bancorp  
Walla Walla, Washington

*Order Approving the Formation of a Bank Holding Company*

Baker Boyer Bancorp, Walla Walla, Washington, 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 the Baker-Boyer National Bank of Walla Walla, Walla Walla, Washington ("Washington Bank") and the Bank of Commerce, Milton-Freewater, Oregon ("Oregon 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)).

Section 3(d) of the Act (12 U.S.C. § 1842(d)), the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire a bank located outside the bank holding company's home state,<sup>1</sup> unless the state where the bank to be acquired is located has specifically authorized the acquisition by language to that effect and not merely by implication. The Board has previously determined that Oregon has by statute expressly authorized a Washington bank holding company, such as Applicant, to acquire an Oregon bank or bank holding company.<sup>2</sup> Accordingly, approval of Applicant's proposal to acquire Oregon Bank is not barred by the Douglas Amendment.

Washington Bank, the tenth largest of 88 commercial banking organizations in Washington, controls \$162.2 million in total deposits, representing 0.7 percent of total deposits in commercial banks in Washington.<sup>3</sup> Oregon Bank, the 23rd largest of 60 commercial banking organizations in Oregon, controls \$41 million in total deposits, representing 0.3 percent of total deposits in commercial banks in Oregon. Consummation of the proposal would have no significant effect on the concentration of banking resources in Washington or Oregon.

Washington Bank and Oregon Bank compete directly in the Walla Walla, Washington/Umatilla, Oregon banking market.<sup>4</sup> Washington Bank is the largest of 12 commercial banking organizations in the market, with deposits of \$151 million, representing 26.4 percent of the total deposits in commercial banks in the market.<sup>5</sup> Oregon Bank is the sixth largest commercial bank in the market, with total deposits of \$38 million, representing 6.7 percent of the deposits in commercial banks in the market. After consummation of the proposal, Applicant's share of the deposits in commercial banks in the market would be 33.1 percent and it would rank first in the market. The share of deposits held by the four largest commercial banking organiza-

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

2. *Rainier Bancorporation*, 73 FEDERAL RESERVE BULLETIN 55 (1987).

3. State deposit data are as of March 31, 1986.

4. The Walla Walla, Washington/Umatilla, Oregon banking market consists of Walla Walla County, Washington, and Umatilla County, Oregon.

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

tions in the market would increase from 64 percent to 71 percent and the Herfindahl-Hirschman Index ("HHI") would increase by 354 points to 1765.<sup>6</sup>

Although consummation of the proposal would eliminate some existing competition between Washington Bank and Oregon Bank in the market, numerous other commercial banking organizations would remain as competitors after consummation of the proposal. In addition, the effect of this proposal on existing competition is further mitigated by the extent of competition offered by thrift institutions in the market.<sup>7</sup> Eight thrift institutions hold 40.9 percent of the total deposits in the market. These institutions compete with commercial banks by providing a wide array of deposit and lending services to consumers and commercial customers. In view of these facts, the Board considers the presence of thrift institutions a significant factor in assessing the competitive effects of this proposal.<sup>8</sup> Accordingly, in view of the competition provided by thrift institutions and the number and size of competitors remaining in the market and other facts of record, the Board concludes that consummation of the proposed acquisition is not likely to substantially lessen competition in the Walla Walla, Washington/Umatilla, Oregon banking market.

The financial and managerial resources of Applicant, Washington Bank and Oregon Bank are consistent with approval of the application. Considerations relating to the convenience and needs of the communities to be served are also consistent with approval.

Based on the foregoing and other facts of record, the Board has determined that this application should be, and hereby is, approved. 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

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

7. The Board has previously indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks. *National City Corporation*, 70 FEDERAL RESERVE BULLETIN 743 (1984); *NCNB Corporation*, 70 FEDERAL RESERVE BULLETIN 225 (1984); *General Bancshares Corporation*, 69 FEDERAL RESERVE BULLETIN 802 (1983); *First Tennessee National Corporation*, 69 FEDERAL RESERVE BULLETIN 298 (1983).

8. If 50 percent of the deposits held by thrift institutions were included in the calculation of market concentration, the share of total deposits held by the four largest organizations in the market would be 54 percent. Upon consummation of the proposal, Applicant would control 24.6 percent of the total deposits in the market and the HHI would increase by 196 points to 1136.

such period is extended for good cause by the Board or by the Federal Reserve Bank of San Francisco, acting pursuant to delegated authority.

By order of the Board of Governors, effective November 19, 1986.

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

JAMES MCAFEE

[SEAL]

*Associate Secretary of the Board*

### Central Banccompany Jefferson City, Missouri

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

Central Banccompany, Jefferson City, Missouri, 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 to acquire Bank of Lake of the Ozarks, Osage Beach, Missouri ("Bank").

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

Applicant, the sixth largest commercial banking organization in Missouri, controls seven subsidiary banks in the state with approximately \$1.1 billion in total deposits, representing 2.7 percent of the total deposits in commercial banks in the state.<sup>1</sup> Bank, the 69th largest of 673 commercial banks in Missouri, has deposits of \$101.9 million, representing 0.3 percent of the total deposits in commercial banks in the state. Upon consummation of the proposed transaction, Applicant would remain the sixth largest commercial banking organization in Missouri, with total deposits of \$1.2 billion, representing 2.9 percent of total deposits in commercial banks in the state. Accordingly, consummation of the proposal would have no significant effect on the concentration of banking resources in Missouri.

1. Banking data are as of December 31, 1985 and are adjusted to reflect mergers consummated and holding company acquisitions approved through September 30, 1986.

Applicant and Bank compete directly in the Eldon/Camdenton, Missouri, banking market.<sup>2</sup> Applicant is the fifth largest of 11 commercial banking organizations in the Eldon/Camdenton banking market, with deposits of \$16.4 million, representing 4.5 percent of total deposits in commercial banks in the market. Bank is the largest commercial bank in the market, with total deposits of \$101.9 million, representing 28 percent of the deposits in commercial banks in the market. After consummation of the proposal, Applicant's share of the deposits in commercial banks in the market would be 32.5 percent. The market's four-firm concentration ratio would increase from 76 percent to 80.5 percent and, based on commercial banks alone, the Herfindahl-Hirschman Index ("HHI") would increase by 252 points to 1978. The increase in the HHI would make this transaction one that would be subject to challenge under the Department of Justice Merger Guidelines.<sup>3</sup>

Although consummation of the proposal would eliminate existing competition between Applicant and Bank in the Eldon/Camdenton, Missouri, banking market, the Board has concluded that the effect of this proposal on existing competition is mitigated by the presence of a number of banking alternatives in the market, including a newly chartered state bank scheduled to open in Osage Beach, Missouri, prior to January 1, 1987. In addition, the Board has considered the presence and competition afforded by thrift institutions in its analysis of this proposal.<sup>4</sup> Three thrift institutions located in the Eldon/Camdenton market hold deposits of \$56 million, representing 13.5 percent of the total deposits in depository institutions in the market. These institutions compete with commercial banks in the provision of consumer loans, and, to some extent, commercial lending services and commercial checking accounts.<sup>5</sup>

2. The Eldon/Camdenton, Missouri, banking market consists of Camden and Miller Counties, Missouri.

3. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,823 (June 29, 1984)), any market in which the post-merger HHI is above 1800 is considered highly concentrated. The Department has informed the Board that a bank merger or acquisition will not be challenged (in the absence of other factors indicating anticompetitive effect) unless the post-merger HHI is at least 1800 and the merger increases the HHI by at least 200 points.

4. The Board has previously indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks. *National City Corporation*, 70 *FEDERAL RESERVE BULLETIN* 743 (1984); *NCNB Corporation*, 70 *FEDERAL RESERVE BULLETIN* 225 (1984); *General Bancshares Corporation*, 69 *FEDERAL RESERVE BULLETIN* 802 (1983); *First Tennessee National Corporation*, 69 *FEDERAL RESERVE BULLETIN* 298 (1983).

5. If 50 percent of the deposits held by thrift institutions in the Eldon/Camdenton banking market were included in the calculation of market concentration, the HHI, as a result of the proposal, would increase by 217 points to 1729 and Applicant would control 30.1 percent of the market's deposits upon consummation of the proposal.

On the basis of these and other facts of record, the Board concludes that consummation of the proposal is not likely to have a significant adverse effect on competition in the Eldon/Camdenton, Missouri, banking market.

The financial and managerial resources of Applicant, its subsidiaries and Bank are consistent with approval of the application. Upon consummation of this proposal, Bank will offer new products and services including one-statement banking, automatic teller machines, instant statements in bank lobbies, and overdraft checking. Considerations relating to the convenience and needs factors 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 by the Federal Reserve Bank of St. Louis, acting pursuant to delegated authority.

By order of the Board of Governors, effective November 21, 1986.

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

JAMES MCAFEE  
Associate Secretary of the Board

[SEAL]

Citizens and Southern Corporation  
Atlanta, Georgia

Citizens and Southern Florida Corporation  
Ft. Lauderdale, Florida

#### *Order Approving Acquisition of Banks*

The Citizens and Southern Corporation, Atlanta, Georgia ("C&S Georgia"), and Citizens and Southern Florida Corporation, Ft. Lauderdale, Florida ("C&S Florida") (together "Applicants"), bank holding companies within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) ("Act"), have applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842 (a)(3)) to acquire First National Bank, Winter Park, Winter Park, Florida ("Winter Park Bank"); Bank of the Islands, Sanibel, Florida ("Sanibel Bank"); Community National Bank, Kissimmee, Florida ("Kissimmee Bank"); and First

National Bank, Seminole County, Longwood, Florida ("Longwood Bank") (together "Banks").

Notice of the applications, affording an opportunity to interested persons to submit comments, has been given in accordance with section 3(b) of the Act (51 *Federal Register* 28,982 (August 13, 1986)). The time for filing comments has expired, and the Board has considered the applications and all the comments received in light of the factors set forth in section 3(c) of the Act.<sup>1</sup>

Section 3(d) of the Act (12 U.S.C. § 1842(d)), the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire a bank located outside the bank holding company's home state,<sup>2</sup> unless the state where the bank to be acquired is located has specifically authorized the acquisition by language to that effect and not merely by implication. The Board has previously determined that Florida has by statute expressly authorized a Georgia bank holding company, such as C&S Georgia, to acquire a Florida bank or bank holding company.<sup>3</sup> Accordingly, approval of Applicants' proposal to acquire banks in Florida is not barred by the Douglas Amendment.

C&S Florida is the eighth largest commercial banking organization in Florida, with eleven subsidiary banks in Florida that control aggregate deposits of approximately \$3.4 billion, representing 4.7 percent of the total deposits in commercial banks in Florida.<sup>4</sup> C&S Georgia is the largest commercial banking organization in Georgia and controls aggregate deposits of approximately \$6.1 billion, representing 17.6 percent of the total deposits in commercial banks in that state. C&S-South Carolina is the second largest commercial banking organization in South Carolina, with one subsidiary bank that holds deposits of approximately \$2.4 billion, representing 22.3 percent of the total deposits in commercial banks in South Carolina. The Banks to be acquired are some of the smaller institu-

tions in Florida and together control 0.4 percent of the deposits in commercial banks in Florida. Upon consummation of the transaction, Applicants would control 5.1 percent of the total deposits in commercial banks in Florida and would remain the eighth largest commercial banking organization in Florida. The Board concludes that consummation of this proposal would have no effect on the concentration of banking resources in any state.

Applicants and Banks compete in the Orlando and Fort Myers banking markets. In the Orlando banking market, Applicants are the ninth largest commercial banking organization, with deposits of \$69.9 million, representing approximately 1.6 percent of the total deposits in commercial banks in the market.<sup>5</sup> The Winter Park Bank, Kissimmee Bank and Longwood Bank together are the seventh largest commercial banking organization in the market, with deposits of \$184.6 million, representing 4.3 percent of the deposits in commercial banks in the market. Upon consummation of the proposal, Applicants would become the fifth largest commercial banking organization in the market and would control approximately 6 percent of the total deposits in commercial banks in the market. The Orlando market has a four-firm concentration ratio of 76.1 percent and is considered highly concentrated. The Herfindahl-Hirschman Index ("HHI") for the market is 2290 and would increase by 15 points to 2305 upon consummation of the proposal. Because of the small increase in the HHI, this acquisition would not be subject to challenge by the Department of Justice under its merger guidelines.<sup>6</sup> Moreover, numerous other commercial banking organizations would remain in the market after consummation of the proposal. Based upon the above considerations, the Board concludes that consummation of the proposal is not likely to substantially lessen competition in the Orlando banking market.

Applicants and Sanibel Bank compete directly in the Fort Myers banking market.<sup>7</sup> Applicants are the largest commercial banking organization in the market, with total deposits of \$671.4 million, representing 36.3

1. The Board received a comment from Mr. Rancy F. Snyder that challenged Applicants' record of complying with the Community Reinvestment Act and reported Applicants' violation of the Florida Consumer Finance Act. *Fla. Stat. Ann.* chap. 687. The Board has reviewed Florida law and Applicants' compliance with the Community Reinvestment Act. After careful consideration of the protest and all the facts of record, including the corrections instituted by Applicants, the Board concludes that the protest does not support a finding of adverse banking factors.

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

3. *Citizens and Southern Georgia Corporation*, 71 FEDERAL RESERVE BULLETIN 728 (1985). See, *Fla. Stat. Ann.* § 658.295 (1984); *Ga. Code Ann.* §§ 7-1-620 to 7-1-625 (Supp. 1985).

4. State data are as of December 31, 1985.

5. The Orlando banking market is defined as Orange County, plus Seminole and Osceola Counties, excluding the towns of Oviedo and Sanford.

6. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,283 (June 29, 1984)), any market in which the post-merger HHI is over 1800 is considered highly concentrated, and the Department is likely to challenge a merger that increases the HHI by more than 50 points, unless other facts of record indicate that the merger is not likely substantially to lessen competition. The Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by at least 200 points.

7. The Fort Myers banking market is approximated by Lee County, Florida.

percent of the total deposits in the commercial banks in the market. Sanibel Bank is the sixth largest commercial banking organization in the market, with deposits of \$172.4 million, representing 3.9 percent of the total deposits in commercial banks in the market. After consummation of the proposal, Applicants' share of the deposits in commercial banks in the market would be 40.2 percent. The share of deposits held by the four largest commercial banking organizations in the market would increase from 76.5 percent to 80.4 percent and the HHI would increase 283 points to 2355.

Although consummation of the proposal would eliminate some existing competition between Applicants and Sanibel Bank in the Fort Myers market, numerous other commercial banking organizations would remain as competitors after consummation of the proposal. In addition, the Board has considered the presence and competition afforded by thrift institutions in its analysis of this proposal.<sup>8</sup> Twenty thrift institutions compete with commercial banks in the Ft. Myers banking market and account for 44.8 percent of the total deposits in the market. Thrift institutions already exert a considerable competitive influence in the market as providers of NOW accounts and consumer loans. In addition, most of these institutions provide commercial and industrial loans, as well as traditional thrift services. Based upon the above considerations, the Board concludes that consummation of the proposal is not likely substantially to lessen competition in the Ft. Myers banking market.<sup>9</sup>

The financial and managerial resources of Applicants, its subsidiaries, and Banks are consistent with approval. Considerations relating to the convenience and needs of the communities to be served are also consistent with approval. Based on the foregoing and other facts of record, the Board has determined that the proposed acquisitions are in the public interest and that the applications should be, and hereby are, approved.

On the basis of the record, the applications are approved for the reasons summarized above. The

8. The board has previously indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks. *National City Corporation*, 70 FEDERAL RESERVE BULLETIN 743 (1984); *NCNB Corporation*, 70 FEDERAL RESERVE BULLETIN 225 (1984); *General Bancshares Corporation*, 69 FEDERAL RESERVE BULLETIN 802 (1983); *First Tennessee National Corporation*, 69 FEDERAL RESERVE BULLETIN 298 (1983).

9. If 50 percent of deposits held by thrift institutions in the Ft. Myers banking market were included in the calculation of market concentration, the share of total deposits held by the four largest organizations in the market would be 52.8 percent. Applicants' market share would decrease by 11.6 percentage points to 28.6 percent and the HHI would increase by 143 points to 1305 upon consummation of the proposal.

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

By order of the Board of Governors, effective November 4, 1986.

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

JAMES MCAFEE  
[SEAL] Associate Secretary of the Board

### Continental Illinois Corporation Chicago, Illinois

#### *Order Approving Acquisition of Banks and a Bank Holding Company*

Continental Illinois Corporation ("Continental" or "Applicant"), Chicago, Illinois, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended ("BHC Act" or "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 First National Bank of Deerfield ("Deerfield Bank"), Deerfield, Illinois; The First National Bank of Western Springs ("Western Springs Bank"), Western Springs, Illinois; and First Suburban Bank of Olympia Fields, Olympia Fields, Illinois ("Olympia Fields Bank") through the latter's parent holding company, South Suburban Bancorp, Inc.

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, including the comments submitted at the September 19, 1986, public meeting on these applications, in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant is the second largest commercial banking organization in Illinois, controlling total domestic deposits of approximately \$8.9 billion, representing 8.7 percent of total deposits of commercial banks in Illinois.<sup>1</sup> Deerfield Bank (deposits of \$58.6 million), Western Springs Bank (with \$65.7 million in deposits), and Olympia Fields Bank (deposits of \$31.5 million)

1. Deposit data are as of June 30, 1985.

control individually and in the aggregate less than 1 percent of total deposits in commercial banks in Illinois. Upon consummation of the acquisition, Applicant would remain the second largest banking organization in Illinois, with deposits of \$9 billion, representing 8.8 percent of total deposits in commercial banks in Illinois.

Applicant's subsidiary banks compete with the banks to be acquired in the only market in which the latter operate, the Chicago banking market.<sup>2</sup> Applicant is the second largest of 279 commercial banking organizations in the Chicago market, where its subsidiary banks control domestic deposits of \$8.9 billion, representing 13.3 percent of total deposits in commercial banks in the market. The banks to be acquired are among the smaller commercial banking organizations in the market, controlling domestic deposits of \$155.8 million, representing 0.24 percent of total deposits in commercial banks in the market. Upon consummation of these acquisitions, Applicant would remain the second largest commercial banking organization in the Chicago market and would control approximately 13.6 percent of total deposits in commercial banks in the market.

The Chicago market is, and would continue to be after consummation of the proposed acquisitions, an unconcentrated market.<sup>3</sup> Moreover, a large number of commercial banking organizations would remain in the Chicago market after the proposed acquisitions. On the basis of these and all other facts of record, the Board concludes that consummation of these acquisitions would not have a significant adverse effect on existing competition in the Chicago market. Accordingly, competitive factors are consistent with approval of the applications.

#### *Public Meeting*

In acting on these applications, the Board has also reviewed those issues raised by the commenters to these proposed acquisitions. At the request of certain of these commenters, a public meeting was held at the Chicago Reserve Bank during which additional testimony was received into the record regarding the applications. The Board has carefully reviewed the

issues raised by the commenters, including the public policy concerns expressed by the commenters regarding the Federal Deposit Insurance Corporation's ("FDIC") ongoing assistance agreement with Applicant. In particular, certain commenters have objected to: the propriety of Applicant's proposed expansion plans while the institution is still funded in part by the FDIC; the suspension of FDIC insurance premium rebates, which certain commenters contend was caused in whole or in part by the necessity to provide assistance to Continental; and the issue of unfair competition with what certain commenters have characterized as the unlimited financial resources of a nationalized bank. On the basis of these public policy considerations, the commenters have requested that the Board deny these applications.

Continental's new management has demonstrated a capacity to run Continental in a satisfactory manner. Based on normal measures, including the investment by the FDIC in 1984, Continental possesses adequate capital in terms of other similarly sized and situated bank holding companies. Moreover, no competitive issues within the scope of section 3 of the BHC Act are raised by the proposed acquisitions. In that sense, all the statutory factors required to be considered under the Act are satisfied.

The comments to these applications, however, raise significant issues of public policy, outlined above, which are not susceptible to easy resolution. On balance, the Board believes that public policy considerations weigh in favor of approval. These applications represent a reasonable interim step toward the banking regulators' agreed goal of restoring Continental to a competitive private status consistent with a business plan established by management and subject to review by the FDIC, the Comptroller of the Currency, and the Board.

The commenters' concerns in essence involve the propriety of Continental's proposed expansion plans while still receiving FDIC assistance. Under the Federal Deposit Insurance Act ("FDI Act"), however, Congress clearly contemplated and provided for FDIC assistance to financially troubled, open banks, including assistance through the purchase by the FDIC of securities in a troubled banking organization, as was done in this case. The standard under which FDIC assistance may be provided, moreover, clearly contemplates that FDIC assistance is intended either to maintain a bank's service to the community or, in the case of a closed bank, to restore the bank to normal operation.

In this instance, the FDIC made the requisite findings required by the FDI Act, specifically that: the continued operation of Continental was essential to provide adequate banking services in its community;

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

3. Consummation of the proposed transaction would increase the market's Herfindahl-Hirschman Index ("HHI") by 6 points, from 715 to 721. The market is considered unconcentrated under the Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (1984), and the increase in the HHI resulting from the transaction is not within the parameters the Department of Justice has stated are likely to result in its challenging the transaction.

the granting of assistance was in the best interest of the public and the depositors of Continental; and the assistance was granted to prevent the closing of Continental. The Board notes that there exists no statutory limitation in the FDI Act on the ability of a bank receiving FDIC assistance to expand or otherwise to compete with non-assisted banks on an equal basis. Implicit in the provision of FDIC open-bank assistance, with no other statutory restraints imposed, is the conclusion that Congress intended that assisted banks would function normally, thereby assisting the FDIC in its attempts to minimize any potential loss as a result of the assistance provided, and enabling the assisted institution to continue to provide service to its community. Indeed, as noted, the FDI Act contemplates that FDIC assistance is for the purpose of restoring a closed bank to "normal operation."

The applications before the Board are well within the scope of normal operations for Continental as compared to the activities of other area banks and with respect to its present financial standing. Recent changes in Illinois banking law have allowed banking organizations in Illinois and the Midwest to expand in Illinois by acquiring existing banks. As a result, large banking organizations in the City of Chicago and other markets in the area have expanded, and continue to expand, into the Chicago suburbs. Indeed, Continental's expansion as represented by these applications is rather modest in comparison to recently completed and proposed acquisitions by others. Also, it is important to note that since the Applicant received assistance from the FDIC in 1984 its financial condition has significantly improved, with this improvement signalled in part by a decrease in its reliance on purchased funds.

Applicant has stated that these acquisitions would render Continental a more attractive and stronger financial institution and indeed hasten its return to private ownership. In this regard, the Board notes that the process of privatization has already begun with the announcement by the FDIC on October 16, 1986, of its intention to sell approximately 30 percent of its interest in Continental before the end of 1986. Thus, these acquisitions appear well within the scope of normal operations for Continental while enhancing the schedule for returning the organization to private ownership.

The burden of the commenters' case is that the federal assistance provided to Continental provides an unfair competitive advantage and that expansion activities of a company receiving this assistance should be restrained. It is, of course, fundamental that governmental assistance to particular private enterprises ordinarily be avoided to assure that competition is undistorted by government intervention. Neverthe-

less, it is also well established that in specific and limited circumstances government assistance for private enterprises can be appropriate, and that is clearly the case here with respect to FDIC assistance for a failing bank. Limitations on some activities of an institution receiving government assistance, including certain kinds of aggressive expansion or risk taking, may be appropriate in some situations. The particular applications involved here do not cross these particular thresholds of concern. The limited geographic expansion permitted by the proposed acquisitions, consistent with changes in Illinois law, is in accordance with normal and prudent banking practices, and takes place in the context of an overall substantial downsizing of the institution. The proposed applications would clearly further the stated goals of the FDI Act and regulators' announced intention in carrying out the mandate of that Act; that is, of restoring Continental to a "viable, self-financing entity."<sup>4</sup>

Accordingly, based upon a review of the record under the statutory factors set forth in the BHC Act, the Board finds that the financial and managerial resources and future prospects of Applicant, its subsidiary banks, and the banks to be acquired, are consistent with approval. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval of the applications.

Based upon the foregoing and other facts of record, including its resolution of those issues of public policy raised by the commenters to these proposals, the Board has determined that the applications should be and hereby are approved. These transactions shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Chicago, acting pursuant to delegated authority.

By order of the Board of Governors, effective November 4, 1986.

Voting for this action: Chairman Volcker and Governors Johnson and Seger. Voting against this action: Governor Angell. Abstaining from this action: Governors Rice and Heller. Absent and not voting: Governor Wallich.

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

<sup>4</sup> *Permanent Assistance Program for Continental Illinois Bank and Trust Company* (Joint Press Release of OCC, FDIC, and Federal Reserve Board) at 1 (July 26, 1984).

*Dissenting Statement of Governor Angell*

I believe that, as a matter of public policy, any expansion by an FDIC-assisted banking organization should take place only after restoration of the institution to full private ownership. Accordingly, I vote to deny these applications.

November 4, 1986

First Kentucky National Corporation  
Louisville, Kentucky

*Order Approving Acquisition of a Bank*

First Kentucky National Corporation, Louisville, 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 of the Act (12 U.S.C. § 1842) to acquire 100 percent of the voting shares of Mutual Trust Bank, New Albany, Indiana ("Bank").

Notice of the application, affording interested persons an opportunity to submit comments, has been given in accordance with section 3(b) of the Act (51 *Federal Register* 29,309 (August 15, 1986)). 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.

Section 3(d) of the Act (12 U.S.C. § 1842(d)), the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire a bank located outside the bank holding company's home state,<sup>1</sup> unless the state where the bank to be acquired is located has specifically authorized the acquisition by language to that effect and not merely by implication. The Board has previously determined that Indiana has by statute expressly authorized a Kentucky bank holding company, such as Applicant, to acquire an Indiana bank or bank holding company, such as Bank.<sup>2</sup> Accordingly, approval of Applicant's proposal to acquire Bank is not barred by the Douglas Amendment.

Applicant, the largest commercial banking organization in Kentucky, controls six subsidiary banks with total deposits of \$3.3 billion, representing 13.8 percent

of the total deposits in commercial banks in the state.<sup>3</sup> Bank is the 77th largest commercial banking organization in Indiana and controls deposits of \$105.7 million, representing 0.3 percent of the total deposits in commercial banks in Indiana. Because Applicant does not operate in Indiana, consummation of the proposal would have no effect on the concentration of banking resources in Indiana.

Applicant and Bank compete directly in the Louisville, Kentucky, banking market.<sup>4</sup> Applicant is the second largest commercial banking organization in the market, with total deposits of \$2.5 billion, representing 31.7 percent of the total deposits in commercial banks in the market. Bank is the seventh largest commercial banking organization in the market, controlling 1.4 percent of the total deposits in commercial banks in the market. After consummation of the proposal, Applicant's share of the deposits in commercial banks in the market would be 33.1 percent. The share of deposits held by the four largest commercial banking organizations in the market would increase from 88.9 percent to 90.3 percent and the Herfindahl-Hirschman Index ("HHI") would increase by 86 points to 2582.<sup>5</sup>

Although consummation of the proposal would eliminate some existing competition between Applicant and Bank in the Louisville, Kentucky, market, numerous other commercial banking organizations would remain as competitors after consummation of the proposal. In addition, the Board has considered the presence and competition afforded by thrift institutions in its analysis of this proposal.<sup>6</sup> Eight thrift institutions compete with commercial banks in the Louisville banking market and account for 22.7 percent of the total deposits in the market. Thrift institutions already exert a considerable competitive influ-

3. Deposit data refer to total domestic deposits as of December 31, 1985, and reflect bank holding company acquisitions approved as of August 25, 1986.

4. The Louisville banking market is approximated by the Louisville, Kentucky RMA plus the non-RMA portion of Clark County, Indiana.

5. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,823 (June 29, 1984)) ("Guidelines"), a market in which the post-merger HHI is over 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 more than 50 points. The Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by at least 200 points.

6. The Board has previously indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks. *National City Corporation*, 70 FEDERAL RESERVE BULLETIN 743 (1984); *NCNB Corporation*, 70 FEDERAL RESERVE BULLETIN 225 (1984); *General Bancshares Corporation*, 69 FEDERAL RESERVE BULLETIN 802 (1983); *First Tennessee National Corporation*, 69 FEDERAL RESERVE BULLETIN 298 (1983).

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

2. *Citizens Fidelity Corporation*, 72 FEDERAL RESERVE BULLETIN 576 (1986); Ind. Code § 28-2-15-18(e) (effective January 1, 1986).



ence in the market as providers of NOW accounts and consumer loans. In addition, most of these institutions provide commercial and industrial loans in addition to traditional thrift services. Based upon the above considerations, the Board concludes that consummation of the proposal is not likely substantially to lessen competition in the Louisville banking market.<sup>7</sup>

The financial and managerial resources of Applicant, its subsidiaries and Bank are consistent with approval. Considerations relating to the convenience and needs of the community to be served are also consistent with approval. Based on the foregoing and other facts of record, the Board has determined that the proposed acquisition is in the public interest and that the application should be, and hereby is, 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 the Federal Reserve Bank of St. Louis pursuant to delegated authority.

By order of the Board of Governors, effective November 7, 1986.

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

JAMES MCAFEE

[SEAL]

*Associate Secretary of the Board*

James Madison Limited  
Washington, D.C.

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

James Madison Limited, Washington, D.C., 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)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire the successor by merger to The McLean Bank, McLean, Virginia ("Bank").

7. If 50 percent of deposits held by thrift institutions in the Louisville banking market were included in the calculation of market concentration, the share of total deposits held by the four largest organizations in the market would be 77.9 percent. Applicant's market share would increase by 1.2 percentage points to 28.8 percent and the HHI would increase by 66 points to 1969 upon consummation of the proposal.

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

Applicant, a one-bank holding company, is the seventh largest commercial banking organization in the District of Columbia ("District"). Its subsidiary bank controls total domestic deposits of \$360.7 million, representing 3.5 percent of the total deposits in commercial banks in the District. Bank is the 18th largest commercial banking organization in Virginia, controlling total domestic deposits of \$114.5 million, representing 0.3 percent of the total deposits in commercial banks in Virginia.<sup>1</sup>

Section 3(d) of the Act (12 U.S.C. § 1842(d)), the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire control of any bank located outside of the holding company's home state,<sup>2</sup> unless such acquisition is "specifically authorized by the statute laws of the state in which such bank is located, by language to that effect and not merely by implication."<sup>3</sup>

The statute laws of Virginia authorize the acquisition of a bank or bank holding company in Virginia by a bank holding company located in another state in a defined southeastern region, including the District, if the laws of that state permit Virginia bank holding companies to acquire banks and bank holding companies in that state. The District has enacted a similar regional interstate banking statute, which permits the acquisition of a District bank holding company or bank by a bank holding company located in Virginia.<sup>4</sup>

The Virginia Commissioner of Financial Institutions has determined that the District statute satisfies the requirements of Virginia Code § 6.1-399.<sup>5</sup> Based on

1. Deposit data are as of December 31, 1985.

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

3. Virginia Code § 6.1-398 *et seq.* (Supp. 1985). The states in the region defined by Virginia law include Alabama, Florida, Georgia, Louisiana, Maryland, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia, in addition to the District of Columbia.

4. District of Columbia Regional Interstate Banking Act of 1985, 1985 D.C. Law 6-63, as amended by the District of Columbia Regional Interstate Banking Act of 1985 Amendments Act of 1985, D.C. Law 6-276.

5. This determination was made on October 31, 1986, in connection with an application by Riggs National Corporation, Washington, D.C. to acquire Guaranty Bank and Trust Company, Fairfax, Virginia.

the foregoing, the Board has determined that the proposed acquisition is specifically authorized by the statute laws of Virginia and is thus permissible under the Douglas Amendment, subject to Applicant's receipt of the approval of the Virginia Commissioner of Financial Institutions pursuant to Virginia Code § 6.1-399. The Board's Order is specifically conditioned upon satisfaction of the state regulatory approval requirement.

Applicant's subsidiary bank competes with Bank in the Washington, D.C., banking market.<sup>6</sup> Applicant is the 14th largest of 70 commercial banking organizations in the Washington, D.C., market, and controls deposits of \$360.7 million, representing 1.4 percent of the total deposits in commercial banks therein.<sup>7</sup> Bank is the 26th largest commercial banking organization in the market, controlling domestic deposits of \$98.0 million, representing 0.4 percent of the total deposits in commercial banks in the market. Upon acquisition of Bank, Applicant would become the 12th largest commercial banking organization in the Washington, D.C., market and would control 1.8 percent of the total deposits in commercial banks in the market.

The Washington, D.C., banking market is unconcentrated, and would remain unconcentrated after consummation of the proposed acquisition. The share of deposits held by the four largest commercial banking organizations in the market is 50.4 percent and the Herfindahl-Hirschman Index for the market is 816.<sup>8</sup> Moreover, a large number of commercial banking organizations would remain in the Washington, D.C., market after the proposed acquisition. On the basis of these and all other facts of record, the Board concludes that consummation of the acquisition would not have a significant adverse effect on existing competition in the Washington, D.C., market.

The financial and managerial resources and future prospects of Applicant, Bank, and their respective subsidiaries are consistent with approval of the application. Considerations relating to the convenience and needs of the communities to be served are also consistent with approval.

Based on the foregoing and other facts of record, the Board has determined that this application should be, and hereby is, approved, subject to the express condi-

tion that Applicant obtain the approval of the Virginia Commissioner of Financial Institutions pursuant to section 6.1-399 of the Virginia Code. The acquisition of Bank shall not be consummated before the thirtieth calendar day following the effective date of the Order, or later than three months after the effective date of the Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Richmond, acting pursuant to delegated authority.

By order of the Board of Governors, effective November 3, 1986.

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

JAMES McAFEE  
Associate Secretary of the Board

[SEAL]

Keystone Financial, Inc.  
State College, Pennsylvania

*Order Approving Merger of Bank Holding Companies*

Keystone Financial, Inc., State College, Pennsylvania, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended ("BHC 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 Pennsylvania National Financial Corp., Harrisburg, Pennsylvania ("PNFC"), and thereby indirectly to acquire Pennsylvania National Bank and Trust Company, Pottsville, Pennsylvania ("PNB"), and Hamburg Savings and Trust Company, Hamburg, Pennsylvania ("Hamburg").

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

Applicant is the 13th largest commercial banking organization in the state, holding deposits of \$1.2 billion, representing 1.3 percent of total deposits in commercial banks in the state.<sup>1</sup> PNFC is the 23rd largest commercial banking organization in the state, controlling deposits of \$559.1 million, representing 0.6

6. The Washington, D.C., banking market is defined as the Washington, D.C., Ranally Metropolitan Area, which comprises the District of Columbia and the surrounding suburban areas of Virginia and Maryland.

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

8. Consummation of the proposed transaction would increase the market's Herfindahl-Hirschman Index by 1 point. Thus, the transaction is not likely to be challenged by the Department of Justice under its merger guidelines, 49 *Federal Register* 26,823 (1984).

1. All banking data are as of December 31, 1985, unless otherwise specified.

percent of total deposits in commercial banks in the state. Upon consummation of this proposal, Applicant would become the 12th largest banking organization in the state and would control less than 2 percent of deposits in commercial banks in the state. Consummation of the proposal would not have a significant adverse effect on the concentration of banking resources in the state.

Applicant's subsidiary banks compete directly with PNFC's subsidiary banks in two markets: the Scranton/Wilkes-Barre and the Northumberland County markets. In the Scranton/Wilkes-Barre market,<sup>2</sup> Applicant is the 33rd largest of 37 commercial banking organizations, with total deposits of \$20 million, representing 0.3 percent of total deposits in commercial banks in the market.<sup>3</sup> PNFC is the 35th largest commercial banking organization in the market, with total deposits of \$7.2 million, representing 0.1 percent of total deposits in commercial banks in the market. The Scranton/Wilkes-Barre market is considered moderately concentrated, with the four largest banks controlling 58.2 percent of the deposits in commercial banks in the market. The Herfindahl-Hirschman Index ("HHI") for the market is 1027, and would increase by 1 point upon consummation of the proposal.<sup>4</sup> Based upon the number of commercial banking organizations that would remain in the market after consummation and the small increase in Applicant's market share, the Board concludes that consummation of the proposal is not likely to substantially lessen competition in the Scranton/Wilkes-Barre market.

In the Northumberland County market,<sup>5</sup> Applicant is the second largest of 14 commercial banking organizations, with total deposits of \$136.2 million, representing 21.8 percent of the deposits in commercial banks in the market. PNFC's subsidiary banks rank fourth in the market, with \$47.6 million in deposits,

representing 7.6 percent of the total deposits in commercial banks in the market. The Northumberland banking market is considered to be moderately concentrated, with the four largest commercial banks controlling 62.9 percent of the deposits. The HHI for the market is 1404, and would increase by 332 points upon consummation of the proposal.

Although consummation of the proposal would eliminate some existing competition between Applicant and PNFC in the Northumberland banking market, numerous other commercial banking organizations would remain as competitors in the market. In addition, the presence of four thrift institutions, controlling approximately 20.9 percent of the market's total deposits, mitigates the anticompetitive effects of the transaction.<sup>6</sup> Thrift institutions already exert a considerable competitive influence in the market as providers of NOW accounts and consumer loans. Based upon the above considerations, the Board concludes that consummation of the proposal is not likely to substantially lessen competition in the Northumberland County banking market.<sup>7</sup>

In its evaluation of Applicant's managerial resources, the Board has considered certain violations by PNFC's lead bank, PNB, of the Currency and Foreign Transactions Reporting Act ("CFTRA") and the regulations thereunder.<sup>8</sup> PNB has taken remedial action as a result of the discovery of these violations. Applicant has committed to implement its compliance program at PNB within 30 days of consummation and to undertake a compliance review at PNB within 120 days of consummation.

Based on the foregoing and other facts of record, the Board concludes that the financial and managerial resources and future prospects of Applicant and PNFC are considered satisfactory and consistent with approval.

In considering the convenience and needs of the communities to be served, the Board has considered the records of PNFC's bank subsidiaries under the

2. The Scranton/Wilkes Barre market is defined by the Scranton/Wilkes Barre Metropolitan Statistical Area ("MSA") and includes Luzerne, Lackawanna, Columbia, Monroe, and Wyoming counties in Pennsylvania.

3. Market data are as of June 30, 1985, and account for all acquisitions that have been consummated as of July 31, 1986.

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

5. The Northumberland market is approximated by Northumberland County, Pennsylvania.

6. The Board has previously indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks. *National City Corporation*, 70 *FEDERAL RESERVE BULLETIN* 743 (1984); *NCNB Bancorporation*, 70 *FEDERAL RESERVE BULLETIN* 225 (1984); *General Bancshares Corporation*, 69 *FEDERAL RESERVE BULLETIN* 802 (1983); *First Tennessee National Corporation*, 69 *FEDERAL RESERVE BULLETIN* 298 (1983).

7. If 50 percent of deposits held by thrift institutions in the Northumberland banking market were included in the calculation of market concentration, the share of total deposits held by the four largest organizations in the market would be 59.3 percent. Applicant would control 19.3 percent of the market's deposits and PNFC would control 6.8 percent of the market's deposits. The HHI would increase by 263 points to 1474.

8. 31 U.S.C. § 5311 *et seq.*; 31 C.F.R. § 103.

Community Reinvestment Act ("CRA") (12 U.S.C. § 2901 *et seq.*). The CRA requires federal bank supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they are chartered, consistent with the safe and sound operation of such institutions. To accomplish this objective, the CRA requires the appropriate federal banking agency to assess the records of banks in meeting the credit needs of their entire communities, including low- and moderate-income neighborhoods, consistent with their safe and sound operation, and to take those records into account in its evaluation of bank holding company applications.

With regard to PNB's CRA record, the Board has considered the comments of the Harrisburg Fair Housing Council, Inc., Harrisburg, Pennsylvania ("Protestant"). In accordance with the Board's practice and procedures for handling protested applications,<sup>9</sup> the Board reviewed the CRA record of Applicant and PNFC's banking subsidiaries, the information provided and allegations made by Protestant, and Applicant's response.

Protestant initially raised 37 issues concerning PNB's CRA performance. After a series of private meetings between Protestant and PNB to discuss and clarify the issues, only four points remain. PNB has prepared a comprehensive proposal in response to Protestant's concerns, which Applicant and PNB intend to implement following consummation of the merger. The proposal is a partnership between the parties, and includes many provisions responsive to Protestant's concerns, including: establishing flexible credit standards; providing conventional and federally sponsored or subsidized home mortgage loan programs; offering credit-counseling services; considering financing joint venture partnerships involving community-based organizations; providing small business and SBA lending; establishing a community relations officer; marketing affirmatively PNB's lending programs; upgrading the Allison Hill branch office services; instituting a community review council with representatives of community organizations and PNB to review PNB's lending programs and implementation of various provisions of the proposal; and enhancing PNB's CRA compliance. This proposal is, in the Board's view, responsive to the issues raised by Protestant, and is more comprehensive in scope than many of the agreements that the Board has taken into consideration in previous cases involving CRA issues.

The record supports a finding that the CRA records of the banking subsidiaries of Applicant and PNFC are consistent with approval of the application. The Office of the Comptroller of the Currency ("OCC") has previously determined that the CRA record of the subsidiary banks of Applicant and PNFC are satisfactory. In addition, an analysis of Home Mortgage Disclosure Act data shows that PNB has a satisfactory home mortgage lending record within the City of Harrisburg, in the surrounding area, and in the minority areas within the City of Harrisburg, for its size and market share. Finally, Applicant and PNB have shown a willingness to meet and engage in constructive discussions with Protestant.

Thus, based on all the facts of record, the Board believes that the CRA records of the subsidiary banks of Applicant and PNFC are consistent with approval of this application.

Accordingly, based on all of the evidence, including the commitments and representations by Applicant and PNB to the Board, the Board concludes that convenience and needs considerations are consistent with approval of this application.<sup>10</sup>

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

By order of the Board of Governors, effective November 17, 1986.

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

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

9. 12 C.F.R. § 262.25.

10. The Board has also considered Protestant's request for a public hearing. The Board finds that Protestant and Applicant have had ample opportunity to submit materials in order to clarify factual questions and that Protestant has not identified remaining material questions of fact that would render a hearing appropriate. In light of this and the representations and commitments made by Applicant in response to Protestant's comments, the Board has determined to deny Protestant's request for a public hearing.

## The Marine Corporation Milwaukee, Wisconsin

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

The Marine Corporation, Milwaukee, Wisconsin ("Marine"), 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 the Board's approval under section 3(a)(3) of the BHC Act (12 U.S.C. § 1842(a)(3)) to acquire Community State Agency, Inc., Bloomington, Minnesota ("Company"), and thereby indirectly acquire Community State Bank of Bloomington, Minneapolis, Minnesota ("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 BHC 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 BHC Act (12 U.S.C. § 1842(c)).<sup>1</sup>

Section 3(d) of the BHC Act, the Douglas Amendment (12 U.S.C. § 1842(d)), prohibits the Board from approving any application by a bank holding company to acquire a bank located outside the holding company's home state, unless such acquisition is "specifically authorized by the statute laws of the State in which such bank is located, by language to that effect and not merely by implication."<sup>2</sup> The statute laws of Minnesota authorize bank holding companies located in "reciprocating states" to acquire a Minnesota bank with the approval of the Commissioner of Commerce of the State of Minnesota.<sup>3</sup> A "reciprocating state" is defined as a state that authorizes the acquisition of banks in that state by a bank or bank holding company located in Minnesota "under conditions substantially similar to those imposed by Minnesota" as determined by the Minnesota Commissioner of Commerce, and is limited to Iowa, North Dakota, South Dakota, and Wisconsin.<sup>4</sup>

1. The Board received a protest from the Harambee Ombudsman Project, Inc. ("Protestant"), a community group, which challenged Applicant's record of meeting the credit needs of its community under the Community Reinvestment Act. Protestant withdrew its protest after several meetings with Applicant which resulted in an agreement by Applicant to institute a comprehensive program of services in Protestant's area.

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

3. Minn. Stat. § 48.90 *et seq.* (1986).

4. Minn. Stat. § 48.92:7.

On April 30, 1986, Wisconsin enacted comprehensive banking legislation that includes authority for bank holding companies in a region that includes Minnesota to acquire banks and bank holding companies in Wisconsin. The Wisconsin statute specifically states that the interstate banking provisions do not apply until January 1, 1987.<sup>5</sup> Based on the foregoing, the Board has determined, as required by the Douglas Amendment, that, as of January 1, 1987, the proposed acquisition is specifically authorized by the statute laws of Minnesota and is thus permissible under the Douglas Amendment, subject to Applicant's obtaining the approval required pursuant to section 48.93 of the Minnesota statutes.

Marine is the third largest banking organization in Wisconsin, operating 21 subsidiary banks with total deposits of \$3.3 billion, representing approximately 10.5 percent of the total deposits in commercial banks in Wisconsin.<sup>6</sup> Company is the tenth largest banking organization in Minnesota, operating one banking subsidiary with total deposits of \$161.8 million, representing 0.5 percent of total deposits in commercial banks in Minnesota.<sup>7</sup>

Marine does not provide banking services in the Minneapolis-St. Paul, Minnesota, banking market<sup>8</sup> where Bank competes, nor elsewhere in Minnesota. The Minnesota interstate banking statute permits banking organizations from four states, including Wisconsin, to enter Minnesota, and, accordingly, there are numerous potential entrants into the state and into the Minneapolis market. Based on the foregoing, the Board concludes that the proposal would not have any adverse effects on the concentration of banking resources in any relevant area, and that the proposal would not result in the elimination of existing or probable future competition in any relevant market.

The financial and managerial resources and future prospects of Marine, Company and Bank are considered satisfactory and consistent with approval. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval of the application.

Based on the foregoing and other facts of record, the Board has determined that the application should be, and hereby is, approved, subject to the express condition that Applicant obtain the approval of the Minnesota Commissioner of Commerce pursuant to section

5. Wis. Stat. Ann. § 221.58(8) (West 1982 & Supp. 1986).

6. Wisconsin banking data are as of December 31, 1985.

7. Minnesota banking data are as of June 30, 1985.

8. The Minneapolis-St. Paul banking market is approximated by the Minneapolis-St. Paul RMA, adjusted to include all of Carver and Scott Counties, Minnesota, and Lanesburgh Township in LeSueur County, Minnesota.

48.93 of the Minnesota statutes, and the proposal not be consummated before January 1, 1987, the effective date of the Wisconsin statute. This transaction shall also not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Chicago, acting pursuant to delegated authority.

By order of the Board of Governors, effective November 26, 1986.

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

[SEAL] BARBARA R. LOWREY  
*Associate Secretary of the Board*

**The One Bancorp  
Portland, Maine**

*Order Approving Acquisition of Bank*

The One Bancorp, Portland, Maine, has applied for the Board's approval under section 3(a)(3) of the Bank Holding Company Act ("Act") (12 U.S.C. § 1842(a)(3)), to acquire all of the outstanding voting shares of the successor by merger to the Bank of Hartford, Inc., S.A., Hartford, Connecticut ("Bank").

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

On the basis of the record, the application is approved for the reasons set forth in the Board's Statement, which will be released at a later date. This approval is subject to Applicant's compliance with all state and federal requirements necessary for consummation of the acquisition.

By order of the Board of Governors, effective November 7, 1986.

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

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

**Rainier Bancorporation  
Seattle, Washington**

*Order Approving Acquisition of Bank*

Rainier Bancorporation, Seattle, Washington, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), 12 U.S.C. §§ 1841-48, 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 Mount Hood Security Bank, Gresham, Oregon.

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).

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

By order of the Board of Governors, effective November 14, 1986.

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

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

*STATEMENT BY BOARD OF GOVERNORS OF THE  
FEDERAL RESERVE SYSTEM REGARDING THE  
APPLICATION OF RAINIER BANCORPORATION TO  
ACQUIRE MOUNT HOOD SECURITY BANK*

By Order dated November 14, 1986, the Board approved the application of Rainier Bancorporation, Seattle, Washington, to acquire Mount Hood Security Bank, Gresham, Oregon ("Mount Hood Bank"), pursuant to section 3(a)(3) of the Bank Holding Company Act ("BHC Act" or "Act"). 12 U.S.C. § 1842(a)(3). In this Statement the Board sets forth its reasons for approving the application.

Applicant's lead bank, Rainier National Bank, Seattle, Washington ("Rainier Bank"), is the second largest commercial banking organization in Washington, with deposits of \$5.4 billion, representing 22.7 percent of the total deposits in commercial banks in the state.<sup>1</sup>

1. Statewide deposit data are as of June 30, 1986.

Mount Hood Bank is the thirty-fifth largest commercial bank in Oregon, with deposits of \$19 million, representing 0.1 percent of the total deposits in commercial banks in the state.

Under section 3(d) of the BHC Act, the Douglas Amendment, a bank holding company may not acquire a bank located outside of the bank holding company's home state unless the acquisition is "specifically authorized by the statute laws of the state in which such bank is located, by language to that effect and not merely by implication."<sup>2</sup> 12 U.S.C. § 1842(d). An Oregon statute that became effective on July 1, 1986, authorizes a Washington bank holding company, with the permission of the Oregon Banking Supervisor, to "acquire . . . the capital stock" of "a bank that has been engaged in the business of banking for . . . not less than three years prior to the effective date of the acquisition," or of a phantom institution that "has merged with or acquired . . . the capital stock" of such a bank. Or. Rev. Stat. § 715.065(1); *see id.* §§ 706.005(29), 707.029(1)(c). There is no requirement of reciprocity.

Mount Hood Bank has been "engaged in the business of banking" since 1982. Applicant would acquire the bank's stock by having the bank merge into Rainier Bank Oregon, N.A., a phantom institution wholly owned by Applicant. The Oregon Banking Supervisor approved the proposed acquisition on November 7, 1986, expressly concluding that Applicant had "met the criteria as set out in ORS 715.065 to control and operate [Mount Hood Bank] in a legal and proper manner." Accordingly, the Board concludes that the acquisition is specifically authorized by Oregon statute, and permissible under the Douglas Amendment.

Applicant competes with Mount Hood Bank in the Portland, Oregon, banking market, the only market in which Mount Hood Bank operates.<sup>3</sup> Rainier Bank is the ninth largest of 26 commercial banking organizations in the market, with deposits of \$63 million, representing 1.0 percent of the total deposits in commercial banks in the market. Mount Hood Bank is the seventeenth largest commercial banking organization in the market, with deposits of \$17 million, representing 0.3 percent of the total deposits in commercial banks in the market. Upon acquiring Mount Hood

Bank, Applicant would continue to be the ninth largest commercial banking organization in the market and would control 1.3 percent of the total deposits in commercial banks in the market.

Although the Portland banking market is concentrated, with a Herfindahl-Hirschman Index ("HHI") of 2419,<sup>4</sup> the proposed acquisition would increase the HHI by less than 1 point. Moreover, 25 commercial banking organizations would remain in the market after the acquisition. Based on these and other facts of record, the Board concludes that the acquisition would have no significant adverse effect on existing competition in the market. As there are numerous other potential entrants into the market, the Board concludes that the acquisition would have no significant adverse effect on probable future competition.

The financial and managerial resources and future prospects of Applicant and its subsidiary banks and of Mount Hood Bank are generally satisfactory and consistent with approval of the application.

In considering the convenience and needs of the communities to be served, the Board has taken into account the records under the Community Reinvestment Act ("CRA"), 12 U.S.C. §§ 2901-05, of Applicant's subsidiary banks and of Mount Hood Bank. The CRA requires the federal bank supervisory agencies to encourage banks to help meet the credit needs of the local communities in which they are chartered, consistent with the banks' safe and sound operation. To that end, the CRA requires the appropriate bank supervisory agency to assess a bank's record in meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, and requires the Board to take such records into account in evaluating a bank holding company's application to acquire a bank.

In reviewing the CRA record of Rainier Bank, the Board has considered the comments of two protesting community organizations, South End Seattle Community Organization, and South East Effective Development, both of Seattle, Washington (together "Protes-

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

3. The Portland banking market is coextensive with the Portland, Oregon, RMA. It consists of Multnomah County and parts of Clackamas, Columbia, Marion, Washington, and Yamhill Counties, all in Oregon; and part of Clark County, Washington. Rainier Bank has a branch in the Washington portion of the market.

Market data are as of June 30, 1985.

4. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (1984), a market in which the post-merger HHI is above 1800 is considered highly concentrated. The Guidelines state that the Department is likely to challenge a merger that increases the HHI in such a market by more than 50 points unless other factors indicate that the merger will not substantially lessen competition. However, the Department has informed the Board that a bank merger generally will not be challenged (in the absence of other factors indicating anticompetitive effect) unless the post-merger HHI is at least 1800 and the merger increases the HHI by at least 200 points.

5. Pursuant to section 262.3(e) of its Rules of Procedure, the Board has also considered similar comments by the Oregon State Public Interest Research Group, Portland, Oregon ("OSPIRG"), which were submitted after the close of the comment period.

Neither OSPIRG nor any other commenter has challenged the CRA record of Mount Hood Bank.

tants").<sup>5</sup> Protestants have generally raised concerns about whether Rainier Bank has been meeting the needs of their neighborhood, the South End of Seattle ("South End").<sup>6</sup>

In accordance with the Board's practice and procedures for handling protested applications, 12 C.F.R. § 262.25, the Board has reviewed Rainier Bank's CRA record, the information provided and allegations made by Protestants, and Applicant's responses. The Board notes that Applicant and Protestants met on July 14, 22, and 29, 1986, and met with officers of the Federal Reserve Bank of San Francisco ("Reserve Bank") on August 28 and September 4, 1986, to clarify the issues and provide a forum for resolving differences.

The Office of the Comptroller of the Currency ("OCC") has previously determined that the CRA record of each of Applicant's subsidiary banks is satisfactory.<sup>7</sup>

The Board has examined the mortgage and home improvement lending data available under the Home Mortgage Disclosure Act ("HMDA"), 12 U.S.C. §§ 2801-11, and concluded that those data do not indicate that Rainier Bank has neglected the South End in favor of other areas or neglected low- and moderate-income census tracts (whether in the South End or in the Seattle MSA generally) in favor of upper-income census tracts. Rainier Bank's mortgage loans in low- and moderate-income census tracts are generally in proportion to its overall mortgage lending. In addition, pursuant to section 228.8(c) of the Board's Regulation BB, 12 C.F.R. § 228.8(c), the Board has accorded considerable weight to the mortgage and home improvement lending record of Rainier Mortgage Company, Seattle, Washington, a nonbank subsidiary of Applicant.

The Board has also considered favorably the fact that Applicant has several programs that are specifically directed toward the development of low- and moderate-income areas. Through its Home Loan Center, Rainier Bank arranges purchase and rehabilitation loans on distressed one- to four-family dwellings based on the value of the property after rehabilitation. The Board also notes that Rainier Bank's Community Business Loan Center, which aims at making commercial loans more available to women, minority group members, and others, and the bank's extensive pro-

gram of making loans guaranteed by the Small Business Administration, are important means of meeting the credit needs of the community.

In this connection, Applicant has also made a series of commitments relating to matters such as lending in the South End, lending in low- and moderate-income communities, expanding and marketing programs such as the Home Loan Center and Community Business Loan Center, implementing an HMDA-type reporting system for loans made by Applicant's nonbank subsidiaries, and continuing to provide low-cost checking accounts.

The Board has fully and carefully considered the various points made by Protestants, and for the reasons indicated above believes that Applicant is taking appropriate measures to meet community needs. Protestants' major point is that Applicant should agree to specific lending goals in the South End, including dollar amounts for particular types of lending and below-market terms. However, the Board has consistently maintained that neither the CRA nor the BHC Act requires or authorizes the Board "to dictate a bank's product mix (which credit or deposit services a bank should emphasize) or to dictate what proportion or amount of an institution's funds must, or even should, be allocated to any particular credit need, borrower or neighborhood or on what specific terms credit should be extended."<sup>8</sup> *Commerce Bancshares, Inc.*, 64 FEDERAL RESERVE BULLETIN 576, 579 (1978); see *Hibernia Corporation*, 72 FEDERAL RESERVE BULLETIN 656, 658 (1986).<sup>9</sup>

Based upon all of the evidence of record, including Applicant's commitments and Protestants' comments, the Board concludes that the CRA records of Applicant's subsidiary banks, and convenience and needs considerations generally, are consistent with approval

6. The Board concludes that Rainier Bank's delineation of the relevant "community" as King County, Washington, is reasonable, does not exclude low-to-moderate-income or minority areas, and complies with applicable regulations. 12 C.F.R. § 25.3. Under that delineation, Rainier Bank must meet the credit needs of the entire county, including the South End and the low- and moderate-income neighborhoods of the county, and must be judged on its overall record of meeting those needs.

7. No commenter has challenged the CRA record of any subsidiary of Applicant other than Rainier Bank.

8. Petitioners disregard these principles in their attempts to compare Rainier Bank with other financial institutions based on real estate lending data. "The Board has recognized the importance of, among other kinds of loans, both mortgage and small business loans in meeting the requirements of the CRA, and believes that the appropriate mix of these types of loans is a business decision to be made by banks." *Dominion Bankshares Corporation*, 72 FEDERAL RESERVE BULLETIN 787, 789 n.10 (1986).

9. The Board believes that Rainier Bank's check-cashing policy is not unduly burdensome under the circumstances, given the evidence of record regarding the ease of obtaining adequate identification at reasonable cost.

Protestants have offered neither evidence nor arguments to contradict Applicant's contention that Rainier Bank had legitimate business reasons for reducing services at its Promenade 23 Branch and, under the circumstances, the Board does not believe that the reduction reflects adversely on Applicant's service to the convenience and needs of the community.



of the application.<sup>10</sup> The Board will review Applicant's progress in fulfilling its commitments, as well as its CRA record generally, in connection with any future application.

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

November 25, 1986.

BARBARA R. LOWREY

[SEAL]

*Associate Secretary of the Board*

### Suffield Financial Corporation Suffield, Connecticut

#### *Order Approving Formation of a Bank Holding Company*

Suffield Financial Corporation, Suffield, Connecticut, 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 Suffield Savings Bank, Suffield, Connecticut ("Bank"). Bank is a state-chartered stock savings bank, the accounts of which are insured by the Federal Deposit Insurance Corporation.

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)).

The Board has previously determined that a state savings bank is a "bank" under section 2(c) of the Act if it accepts demand deposits, engages in the business of making commercial loans, and is not covered by the exemption created by the Garn-St Germain Depository Institutions Deregulation Act of 1982 for thrift

institutions insured by the Federal Savings and Loan Insurance Corporation ("FSLIC") or operating under a charter by the Federal Home Loan Bank Board.<sup>1</sup> Bank accepts demand deposits and engages in the business of making commercial loans, and its deposits are not insured by the FSLIC. Accordingly, Bank is a "bank" for purposes of the Act, and Applicant's application to become a bank holding company through acquisition of Bank has been considered in light of the requirements of section 3 of the Act pertaining to the acquisition of banks.

Applicant is a nonoperating corporation with no subsidiaries, formed for the purpose of acquiring Bank and Bank's subsidiaries. Bank is the 45th largest depository institution among commercial banks and thrift institutions in Connecticut, with deposits of approximately \$199.5 million, controlling 0.4 percent of the total deposits in commercial banks and thrift institutions in the state.<sup>2</sup> Bank is the 17th largest depository institution in the Hartford banking market,<sup>3</sup> controlling 1.2 percent of the total deposits in commercial banks and thrift institutions in the market.<sup>4</sup> Because this proposal involves the formation of a bank holding company, consummation of the proposal would not have any significant effect on existing or probable future competition, nor would it significantly increase the concentration of banking resources in Bank's markets or in the State of Connecticut.

Bank engages through wholly owned subsidiaries in certain real estate investment and development activities and real estate brokerage activities authorized for Bank pursuant to state law. The Board has requested comment regarding the permissible scope and extent of real estate investment and development activities of holding company banks and their subsidiaries,<sup>5</sup> and regarding the scope of section 225.22(d)(2) of the Board's Regulation Y, 12 C.F.R. § 225.22(d)(2), which authorizes state banks owned by bank holding companies to establish wholly owned operating subsidiaries to engage in activities that the state bank is authorized

1. *Excel Bancorp, Inc.*, 72 FEDERAL RESERVE BULLETIN 731 (1986); *First Fidelity Bancorporation*, 72 FEDERAL RESERVE BULLETIN 487 (1986); *BankVermont Corporation*, 70 FEDERAL RESERVE BULLETIN 829 (1984); *The Frankford Corporation*, 70 FEDERAL RESERVE BULLETIN 654 (1984); *The One Bancorp*, 70 FEDERAL RESERVE BULLETIN 359 (1984); *First NH Banks, Inc.*, 69 FEDERAL RESERVE BULLETIN 874 (1983); *Amoskeag Bank Shares, Inc.*, 69 FEDERAL RESERVE BULLETIN 860 (1983).

2. Banking data are as of March 31, 1986.

3. The Hartford banking market is defined as the Hartford RMA minus the Tolland County township of Mansfield and the Windham County township of Windham, plus the Windham County township of Ashford, the Hartford County township of Hartland and the Tolland County township of Union, and the remaining portions of Plymouth and East Hadden not already included in the RMA.

4. Market data are as of March 31, 1986.

5. 50 *Federal Register* 4519 (1985).

10. In considering Protestants' request for a public meeting, the Board finds that Protestants and Applicant have had ample opportunity to present evidence and arguments in writing and to respond to one another's submissions, and concludes that the parties' extensive written submissions have been an adequate means of clarifying the issues in this case, including the factual questions raised by Protestants. Accordingly, the Board has denied Protestants' request for a public meeting.

to conduct directly under state law. Pending completion of these rulemakings on these issues, the Board has, in a limited number of instances, permitted state-chartered savings banks to continue to engage in real estate investment and development activities, provided that the savings banks limit the level and scope of these activities and maintain adequate capital to support the activities.<sup>6</sup> Applicant has provided commitments that so limit Bank's real estate activities, and has committed to conform these activities to the result of the Board's rulemakings. Applicant has also committed to conform Bank's real estate brokerage activities to the results of the Board's rulemaking concerning the scope of section 225.22(d)(2) of the Board's Regulation Y, and to any change in Board policy with respect to real estate brokerage activities engaged in by state-chartered savings banks and their subsidiaries. The Board notes that Bank's real estate brokerage subsidiaries do not at any time take an equity position in real estate. Accordingly, subject to these commitments, the Board has determined that Bank's real estate investment and development activities and real estate brokerage activities do not preclude approval of this application.

The financial and managerial resources and future prospects of Applicant and Bank are regarded as satisfactory and consistent with approval of this proposal. 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, including the commitments made by Applicant, the Board has determined that the application under section 3 of the Act should be and hereby is approved. The acquisition of Bank shall not be consummated before the thirtieth calendar day following the effective date of this Order or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Boston, pursuant to delegated authority.

By order of the Board of Governors, effective November 10, 1986.

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

JAMES MCAFEE  
Associate Secretary of the Board

[SEAL]

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

#### Signet Banking Corporation Richmond, Virginia

#### *Order Approving the Acquisition of a Company Engaged in Providing Financial Advisory Services*

Signet Banking Corporation, Richmond, 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 prior approval under section 4(c)(8) of the Act, 12 U.S.C. § 1843(c)(8), and section 225.23 of the Board's Regulation Y, 12 C.F.R. § 225.23, to acquire 100 percent of the voting shares of Corporate Finance Advisors, Inc., Richmond, Virginia ("Company"), and to engage through Company in certain financial advisory services.

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been duly published (51 *Federal Register* 35,052, 39,587 (1986)). 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, a bank holding company by virtue of its ownership of commercial banks in Virginia, Maryland and the District of Columbia, has total consolidated assets of \$8.5 billion.<sup>1</sup> Through its subsidiaries, Applicant currently engages in various permissible nonbanking activities.

Applicant proposes to establish Company *de novo* as a financial advisory firm that will provide:

- (1) advice regarding the structuring of and arranging for loan syndications; interest rate "swap," interest rate "cap," and similar transactions;
- (2) advice in connection with merger, acquisition/divestiture and financing transactions for nonaffiliated financial and nonfinancial institutions;
- (3) valuations for nonaffiliated financial and nonfinancial institutions; and
- (4) fairness opinions in connection with merger, acquisition and similar transactions for nonaffiliated financial and nonfinancial institutions.

None of Applicant's proposed services is included on the list of permissible nonbanking activities in Regulation Y, 12 C.F.R. § 225.25(b) *et seq.* However, the Board has previously determined by order that the

6. See, e.g., *Excel Bancorp, Inc.*, 72 FEDERAL RESERVE BULLETIN 731 (1986); *First Fidelity Bancorporation*, 72 FEDERAL RESERVE BULLETIN 487 (1986).

1. Data are as of June 30, 1986.

activities described in paragraphs (2), (3) and (4) are closely related to banking and permissible for bank holding companies, generally. By order approving the application of Security Pacific Corporation to acquire Duff & Phelps, Inc., Chicago, Illinois,<sup>2</sup> the Board determined that banks had extensive experience in valuing securities within their trust departments, and that banks typically provided extensive financial advice to customers as part of their commercial lending services. The Board noted further that a number of major banks were competitive with Duff & Phelps, Inc., in offering corporate valuations and financial feasibility studies for a fee.

Applicant has also requested the Board's approval for Company to provide advice to institutional customers regarding the structuring of and arranging for loan syndications and regarding interest rate "swap" and "cap" transactions.<sup>3</sup> Applicant states that the proposed advice would be provided mainly to corporate and institutional clients in Virginia, Maryland and the District of Columbia. Applicant further states that Company will provide advice only; Company will not broker interest rate transactions, nor will it participate in the lending for any syndication.

In order to determine if an activity is closely related to banking under section 4(c)(8) of the Act, the Board has relied on guidelines established by the federal courts.<sup>4</sup> Under these guidelines, an activity may be found to be closely related to banking if it is demonstrated:

- (1) that banks generally have, in fact, provided the proposed services;
- (2) that banks generally provide services that are operationally or functionally so similar to the proposed services as to equip them particularly well to provide the proposed services; or
- (3) that banks generally provide services that are so integrally related to the proposed services as to require their provision in a specialized form.

The Board also may consider other factors in determining whether an activity is closely related to bank-

ing and has stated that it will consider evidence of any reasonable connection to banking in making its analysis.<sup>5</sup> In addition, section 225.21(a)(2) of Regulation Y permits a bank holding company to engage in incidental activities that are necessary to carry on a closely related activity.<sup>6</sup>

In this regard, Applicant states that Company's proposed advisory services derive from investment research activities currently performed by Applicant's subsidiary bank in Virginia in response to requests from institutional customers seeking advice on financial strategy and lender selection. Applicant also states that a number of major commercial banking firms in Virginia already offer advice for a fee regarding loan syndications or interest rate exchange and protection products.

Although the provision of the services included in activity number (1) has not previously been found to be permissible for bank holding companies, the Board believes that Company's provision of advice regarding loan syndications and interest rate swap and cap transactions would be similar to financial advisory services that are permissible for bank holding companies, generally.<sup>7</sup> In addition, the Board believes that banks currently perform this type of financial advisory service for their customers. The Board also notes that such advice is operationally or functionally so similar to services generally provided by banks as to equip banks particularly well to provide the proposed services. In view of this similarity, the Board finds that Company's proposed activity number (1) may be deemed closely related to banking.

In order to approve this application, the Board must also find that the performance of the proposed activity number (1) "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."

In this respect, Applicant indicates that Company's performance of this activity may be expected to benefit the public by allowing Company to provide essential services at competitive costs. Specifically, Applicant notes that it has invested heavily in computer systems and capacities and that the economies of scale gained as a result will reduce operating costs to

2. *Security Pacific Corporation*, 71 FEDERAL RESERVE BULLETIN 118 (1985).

3. Applicant defines interest rate "swap" transactions as: contractual agreements between parties to exchange interest payments (rather than principal) based upon an assumed principal amount, various interest rate indices, and a predetermined time period. Applicant describes interest rate "caps" as: contractual agreements wherein the seller of a cap agrees to make payment to the purchaser of a cap, if a particular interest rate index (prime) exceeds a predetermined level, with payments calculated on an assumed principal amount for a deferred time period. Both "caps" and "swaps" are typically used by institutions to manage or hedge outstanding positions in the financial markets.

4. *National Courier Association v. Board of Governors*, 516 F.2d 1229 (D.C. Cir. 1975).

5. 49 *Federal Register* 806 (1984).

6. See *Association of Data Processing Service Organizations, Inc. v. Board of Governors of the Federal Reserve System*, 745 F.2d 677 (D.C. Cir. 1984).

7. *Security Pacific Corporation* at 119.

Company. Applicant emphasizes that substantial benefits will become available over the next several years in the form of improved service, greater convenience and competitive pricing.

The Board notes that Company will be strongly capitalized and will have a ready customer base, and that Company will confine its financial advisory services to institutional customers in those states where Applicant presently conducts its operations. The Board also notes that Company's anticipated competitors include investment and commercial banking firms much larger in terms of asset size, personnel resources available, and volume of business transacted.<sup>8</sup> Moreover, the Board recognizes that Company will be established as a *de novo*, independent subsidiary so that no material changes in Applicant's management, operations, marketing or other business functions will be necessitated by this proposal.

The Board believes that concerns regarding conflicts of interest and related adverse effects that may be associated with financial feasibility studies can be substantially mitigated through the imposition of conditions designed to prevent such adverse effects. The Board finds that appropriate conditions to mitigate such adverse effects are as follows:

- (1) Company will not make available to Applicant or any of its subsidiaries confidential information received from Company's clients;
- (2) Disclosure always will be made to each potential client of Company that Company is an affiliate of Applicant;
- (3) Advice rendered by Company on an explicit fee basis will be rendered without regard to correspondent balances maintained by the customer of Company at any depository institution subsidiary of Applicant; and
- (4) Company's financial advisory activities shall not encompass the performance of routine tasks or operations for a customer on a daily or continuous basis.

Under these conditions, the Board concludes that Applicant's performance of the proposed activity is unlikely to result in any undue concentration of resources, decreased or unfair competition, unsound banking practices, or other adverse effects.

8. Included among Company's competitors are: Sovran Bank, N.A., United Virginia Bank, Wachovia Bank & Trust Company, N.A., First Union National Bank, NCNB National Bank and Sun Trust Bank.

Based upon the foregoing and all the facts of record including Applicant's commitments, the Board has determined that the balance of public interest factors it is required to consider under section 4(c)(8) is favorable. Accordingly, the application is hereby approved. This determination is subject to the conditions set forth in this Order and in sections 225.4(d) and 225.23(b)(3) of the Board's Regulation Y, 12 C.F.R. §§ 225.4(d) and 225.23(b)(3). The approval is also subject to the Board's authority to require modification or termination of the activities of the holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective November 28, 1986.

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

BARBARA R. LOWREY  
[SEAL] Associate Secretary of the Board

Westpac Banking Corporation  
Sydney, Australia

*Order Approving an Application to Engage in Certain Activities Related to Dealing in Gold and Silver Bullion*

Westpac Banking Corporation, Sydney, Australia ("Westpac"), a bank holding company within the meaning of the Bank Holding Company Act ("Act"), 12 U.S.C. § 1841 *et seq.*, has applied, pursuant to section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. § 225.23), for permission to engage through its subsidiary Mase Westpac, Inc., New York City, New York ("MWI"), in certain activities related to dealing in gold and silver bullion.

Westpac's proposed activities are as follows:

- (a) buying and selling gold and silver bullion, bars, rounds and bullion coins for its own account and the account of others;
- (b) financing the production, refining and fabrication of gold and silver, including lending and borrowing gold and silver in connection with such financing;
- (c) arbitraging gold and silver in markets throughout the world; and

(d) providing various incidental services for customers such as arranging for the safe custody, assaying and shipment of gold and silver.<sup>1</sup>

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been duly published (51 *Federal Register* 30,271 (1986)). 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.

Westpac, a bank organized under the laws of Australia, is the 68th largest banking organization in the world with total assets of approximately \$36.9 billion.<sup>2</sup> Westpac engages in a broad range of financial and commercial services directly and indirectly through its offices worldwide.

The Board has previously determined that most of Westpac's proposed activities are permissible for bank holding companies. A bank holding company may engage in the purchase and sale of gold and silver for its own account and for the account of others.<sup>3</sup> The Board believes that assaying and arranging transport of bullion is part of this activity.<sup>4</sup> With regard to Westpac's proposal to provide financing for the production and fabrication of gold and silver, Regulation Y permits bank holding companies to engage in making loans and other extensions of credit. Thus, Westpac's proposed financing activities for the production of gold and silver are permissible under Regulation Y.<sup>5</sup>

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

Westpac will engage in its proposed activities as part of its acquisition of assets of Johnson Matthey Bankers, Ltd., which failed in 1984.<sup>6</sup> Westpac's acquisition of these assets prevented a decrease in competition in the gold and silver markets that otherwise would have resulted from the elimination of a competitor. Accordingly, the Board concludes that Westpac's performance of the proposed activities can reasonably be expected to provide benefits to the public.

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

Based upon a consideration of all the relevant facts, the Board concludes that the balance of the public interest factors that it is required to consider under section 4(c)(8) is favorable. Accordingly, the application is hereby approved.<sup>7</sup>

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

By order of the Board of Governors, effective November 24, 1986.

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

WILLIAM W. WILES  
Secretary of the Board

[SEAL]

1. Westpac has notified the Board of its intention to purchase and sell for its own account options, futures and options on futures on gold and silver bullion. Applicant has committed to take positions in these investments only as a means of hedging their position in the underlying commodity, i.e. gold and silver. Accordingly, this activity is permissible under section 4(c)(1)(C) of the Act, 12 U.S.C. § 1843(c)(1)(C), which allows bank holding companies to "furnish(ing) services to or perform(ing) services for such bank holding company or its banking subsidiaries."

2. Banking data are as of March 31, 1986.

3. *Hongkong and Shanghai Banking Corporation*, 72 FEDERAL RESERVE BULLETIN 345 (1986); *Sovran Financial Corporation*, 72 FEDERAL RESERVE BULLETIN 146 (1986); *First Interstate Bancorp*, 71 FEDERAL RESERVE BULLETIN 467 (1985).

4. In *Standard and Chartered Banking Group Ltd.*, the Board allowed the bank holding company to provide storage facilities, weighing, coin counting and transportation services for bullion and coin. 38 *Federal Register* 27,552 (1973).

5. 12 C.F.R. § 225.25(b)(1) (1986).

6. Pursuant to section 4(c)(9) of the Act, Westpac acquired certain assets of Johnson Matthey Bankers, Ltd., London, England, on May 19, 1986.

7. Westpac also has applied to join the Commodities Exchange, Inc. ("COMEX"), in order to execute and clear silver and gold futures contracts. MWI will trade in the instruments only for its own account. MWI's obligations will not be guaranteed by any affiliated company and no such guarantee will be given without notifying the Board.

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

Midlantic Corporation  
Edison, New Jersey

*Order Approving Formation of a Bank Holding Company and Acquisition of Banks and Nonbanking Companies*

Midlantic Corporation, Edison, New Jersey, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1842(a)(1)) to become a bank holding company by acquiring all of the voting shares of two bank holding companies and thereby indirectly acquiring their subsidiary banks and bank holding companies. Applicant proposes to acquire: 1) Midlantic Banks, Inc., Edison, New Jersey and its subsidiaries, Midlantic National Bank, Newark, New Jersey; Midlantic National Bank/North, West Paterson, New Jersey; Midlantic National Bank/South, Mount Laurel, New Jersey; Midlantic National Bank/Merchants, Neptune, New Jersey; Midlantic National Bank/Sussex & Merchants, Newton, New Jersey; and Midlantic National Bank/Union Trust, Wildwood, New Jersey; and 2) Continental Bancorp, Inc., Philadelphia, Pennsylvania and its subsidiaries, Continental Bank, Norristown, Pennsylvania; York Bancorp, Inc. and its subsidiary bank, The York Bank and Trust Company, York, Pennsylvania; and United Penn Bank, Wilkes-Barre, Pennsylvania. Applicant also proposes to acquire Midlantic Banks, Inc.'s 15.9 percent interest in Statewide Bancorp, Toms River, New Jersey.

Applicant also has applied for the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) to acquire Midlantic Holdings, Inc., Edison, New Jersey; Midlantic National Bank and Trust Co./Florida, Fort Lauderdale, Florida; Midlantic Home Mortgage Corporation, Melville, New York; Midlantic Commercial Leasing Corp, New York, New York; Midlantic Middle States Leasing Corp., Edison, New Jersey; Midlantic Commercial Co., Bloomfield, New Jersey; Greater New Jersey Mortgage Co., Edison, New Jersey; Midlantic Brokerage Services Inc., Edison, New Jersey; and Lenders Life Insurance Company, Phoenix, Arizona. These companies are existing nonbank subsidiaries of Midlantic Banks, Inc. and Continental Bancorp, Inc. engaged in the activities of making and servicing loans, performing trust company functions, leasing personal and real property, underwriting credit life, accident and health insurance and securities brokerage. These activities have been determined by the Board to be closely related to

banking and permissible for bank holding companies (12 C.F.R. § 225.25(b)(1), (b)(3), (b)(5), (b)(9), (b)(15)).

Applicant also has given notice of its intention to acquire Midlantic Banks, Inc.'s wholly owned corporation chartered pursuant to section 25(a) of the Federal Reserve Act (the "Edge Act") (12 U.S.C. § 611 *et seq.*), Midlantic Overseas, Ltd., Edison, New Jersey under section 211.4(b)(3) of Regulation K, 12 C.F.R. § 211. Applicant also has applied for the Board's approval under section 4(c)(13) of the BHC Act (12 U.S.C. § 1843(c)(13)) to acquire Midlantic Banks, Inc.'s subsidiary Midlantic International, Inc. and its subsidiary, Midlantic Services e Administracao Limitado, Brazil.<sup>1</sup>

Notice of the applications, affording opportunity for interested persons to submit comments, has been given in accordance with sections 3 and 4 of the BHC Act (51 *Federal Register* 26,945 (1986)). 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 BHC Act (12 U.S.C. § 1842(c)) and the considerations specified in section 4(c)(8) of the BHC Act.<sup>2</sup>

Midlantic Banks, Inc., the second largest commercial banking organization in New Jersey, controls six subsidiary banks in New Jersey with \$7.3 billion in total deposits, representing 15.4 percent of the total deposits in commercial banks in New Jersey.<sup>3</sup> Continental Bancorp, Inc., Philadelphia, Pennsylvania, the sixth largest commercial banking organization in Pennsylvania, controls three subsidiary banks, with \$3.7 billion in total deposits, representing 4.4 percent of the total deposits in commercial banks in Pennsylvania. Consummation of the proposal would have no significant effect on the concentration of banking resources in Pennsylvania or New Jersey.

Section 3(d) of the BHC Act, 12 U.S.C. § 1842(d), the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire a bank located outside the holding compa-

1. As an alternative to the transactions described above, Midlantic Banks, Inc. has applied for the Board's approval under section 3(a)(3) of the BHC Act to exercise warrants for 1.9 million shares of convertible preferred stock of Continental Bancorp, Inc. If converted, these shares would represent 24.9 percent of Continental's common stock on a *pro forma* basis. In view of the Board's action on Applicant's application to become a bank holding company, action on this alternative application is unnecessary.

2. The Board received letters protesting the application from the Community Development Coalition, Inc. ("CDC"), Philadelphia, Pennsylvania and the Camden Business Administrator, Camden, New Jersey, alleging that certain of Applicant's subsidiary banks are not fulfilling their responsibilities under the Community Reinvestment Act. Following several meetings with Applicant, agreements were reached with the protestants and the protests of the applications were withdrawn.

3. Pennsylvania state deposit data are as of December 31, 1985; New Jersey state deposit data are as of June 30, 1984.

ny's home state, unless such acquisition is "specifically authorized by the statute laws of the state in which such bank is located, by language to that effect and not merely by implication."<sup>4</sup>

On June 25, 1986, Pennsylvania enacted a regional interstate banking statute<sup>5</sup> which permits out-of-state bank holding companies located in states in the region<sup>6</sup> that have reciprocal legislation with Pennsylvania to acquire Pennsylvania banks and bank holding companies. The Pennsylvania statute explicitly declares that the New Jersey interstate banking legislation is reciprocal with the legislation enacted in Pennsylvania.<sup>7</sup> Accordingly, Pennsylvania law permits a New Jersey bank holding company to acquire a bank holding company or bank in Pennsylvania. Applicant meets all of the requirements of the Pennsylvania statute authorizing an eligible bank holding company to acquire a New Jersey bank or bank holding company.<sup>8</sup> Based on the foregoing, the Board has determined that the proposed acquisition is specifically authorized by the statute laws of Pennsylvania and is thus permissible under the Douglas Amendment.

Subsidiary banks of Midlantic Banks, Inc. and Continental Bancorp, Inc. compete in the Philadelphia banking market.<sup>9</sup> Midlantic Banks, Inc. is the eighth largest of 59 commercial banking organizations in the Philadelphia banking market, with total deposits of \$1.4 billion, representing 4.2 percent of the deposits in commercial banking organizations therein.<sup>10</sup> Continental Bancorp, Inc. is the sixth largest commercial banking organization in the market, with total deposits of \$2.2 billion, representing 6.7 percent of the deposits in commercial banks in the market. Upon consummation of the proposal, Midlantic Banks, Inc. would become the third largest commercial banking organization in the market, with total deposits of \$3.5 billion, representing 10.9 percent of the deposits in the commercial banks in the market. As a result of the proposal, the Herfindahl-Hirschman Index ("HHI")

will increase 56 points to 971<sup>11</sup> and the four-firm concentration ratio will increase to 53.8 percent.

In view of the unconcentrated nature of the Philadelphia banking market, the small increase in Applicant's market share, the number of competitors that would remain upon consummation of the proposal and other facts of record, the Board concludes that consummation of the proposal is not likely substantially to lessen competition in the Philadelphia banking market.

The Board also has considered the effects of this proposal on probable future competition in the markets in which Midlantic Banks, Inc. and Continental Bancorp, Inc., but not both, compete. In light of the number of probable future entrants into each of these markets and other facts of record, the Board concludes that consummation of this proposal would not have any significant adverse effect on probable future competition in any relevant market.

In its evaluation of the managerial resources at Midlantic Banks, Inc. and its subsidiary banks and Continental Bancorp, Inc., and its subsidiary banks, the Board has considered certain violations of the Currency and Foreign Transactions Reporting Act ("CFTRA") and the regulations thereunder.<sup>12</sup> The Board notes that Midlantic Banks, Inc. and its bank subsidiaries and Continental Bancorp, Inc. and its bank subsidiaries have undertaken comprehensive remedial programs to correct these violations and to prevent similar violations from occurring in the future. Midlantic Banks, Inc. advised the Board that it filed corrective currency transaction reports; carefully reviewed its exempt lists and removed those customers not entitled to an exemption; instituted internal training for bank personnel regarding compliance with the CFTRA; improved internal audit functions with respect to the CFTRA, including the appointment of a Bank Secrecy Act officer at each subsidiary bank; and established an automated software program at teller windows to help ensure that reportable currency transactions are automatically identified for proper reporting. The Board notes that Midlantic Banks, Inc. has cooperated fully with law enforcement agencies. In addition, the sufficiency of the compliance procedures adopted to address this matter and the efficacy in correcting the deficiencies have been reviewed by the primary supervisor of the banks involved. The Board also consulted with appropriate enforcement agencies

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

5. 1986 Pa. Laws No. 69 (effective August 24, 1986).

6. The region consists of seven states (Delaware, Kentucky, Maryland, New Jersey, Ohio, Virginia, West Virginia) and the District of Columbia.

7. Section 2(c)(iv) of 1986 Pa. Laws No. 69 (effective August 24, 1986).

8. On October 30, 1986, the Pennsylvania Deputy Secretary of Banking determined that the application complied with all of the requirements of Pennsylvania law and approved the application.

9. The Philadelphia banking market consists of Bucks, Chester, Delaware, Montgomery and Philadelphia counties in Pennsylvania plus Burlington, Camden and Gloucester counties in New Jersey.

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

11. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,823 (June 29, 1984)), a market with a post-merger HHI of less than 1000 is unconcentrated. The Department of Justice has stated that it will not challenge any merger producing an HHI below 1000, except in extraordinary circumstances.

12. 31 U.S.C. § 5311 *et seq.*; 31 C.F.R. § 103.

with respect to this matter, and considered Midlantic Banks, Inc.'s past record of compliance with the law.

Continental Bancorp, Inc. advised the Board that it brought the CFTRA violations at its subsidiary bank to the attention of the appropriate supervisory authorities and has cooperated fully with law enforcement agencies. Continental Bancorp, Inc. advised the Board that it created a committee consisting of senior officers representing various Bank departments to monitor and to improve Bank's compliance with the CFTRA; carefully reviewed its exempt lists and removed those customers not entitled to an exemption; instituted internal training for bank personnel regarding compliance with the CFTRA; improved internal audit functions with respect to the CFTRA; and established an automated software program to help ensure that reportable currency transactions are automatically identified for proper reporting. Furthermore, the sufficiency of the compliance procedures adopted to address this matter and the efficacy in correcting the deficiencies have been reviewed. The Board also consulted with appropriate enforcement agencies with respect to this matter.

For the foregoing reasons and based upon a review of all of the facts of record, the Board concludes that the managerial resources of Midlantic Banks, Inc. and Continental Bancorp, Inc. are consistent with approval. The Board also finds that the financial resources of Midlantic Banks, Inc. and its subsidiaries, and Continental Bancorp, Inc. and its subsidiaries, are consistent with approval of the application. Considerations relating to the convenience and needs of the community to be served are also consistent with approval.

Applicant also has applied under section 4(c)(8) of the BHC Act to acquire the nonbanking subsidiaries of Midlantic Banks, Inc. and Continental Bancorp, Inc. that are engaged in lending, leasing, trust company, securities brokerage and credit life, accident and health insurance activities. While there is some service area overlap between Midlantic and Continental in mortgage lending, the market for such services is unconcentrated and there are a large number of firms that engage in this activity. No existing competition would be eliminated with respect to any of the other nonbanking activities.

Accordingly, it appears that Applicant's acquisition of these nonbanking subsidiaries would not have a significantly adverse effect upon competition in any relevant market. Furthermore, there is no evidence in the record to indicate that approval of this proposal would result in undue concentration of resources, unfair competition, conflicts of interest, unsound banking practices, or other adverse effects on the public interest. Thus, the Board has determined that the balance of the public interest factors it must

consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval of the applications.

Applicant also has given notice of its intention to acquire Midlantic Banks, Inc.'s wholly owned Edge Act Corporation, Midlantic Overseas Ltd., Edison, New Jersey under section 211.4(b)(3) of Regulation K. Midlantic Overseas, Ltd. would continue to operate as a direct subsidiary of Midlantic Banks, Inc. as it has since its establishment in March, 1982. Based on the facts of record, the Board has determined that disapproval of the proposed investment is not warranted.

Applicant has also applied under section 4(c)(13) of the BHC Act to acquire Midlantic Banks, Inc.'s subsidiary Midlantic International, Inc. and its subsidiary, Midlantic Services e Administracao Limitado, Brazil, which is an administrative services company engaged in activities permitted by section 211.5(d)(6) of Regulation K. The Board has determined that approval of this application under section 4(c)(13) of the BHC Act is consistent with the purposes of the BHC Act and the Board's Regulation K.

Based on the foregoing and the facts of record, the Board has determined that the applications under sections 3 and 4 of the BHC Act are consistent with the public interest, and should be and hereby are approved. The banking acquisitions shall not be consummated before the thirtieth calendar day following the effective date of this Order, and neither the banking acquisitions nor the nonbanking activities shall be consummated later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of New York, acting pursuant to delegated authority. The determinations as to Applicant's nonbanking activities are subject to the conditions set forth in section 225.4(d) and section 225.23(b)(1), (b)(3), (b)(5), (b)(9), (b)(15) of Regulation Y (12 C.F.R. § 225.4(d) and § 225.23(b)(1), (b)(3), (b)(5), (b)(9), (b)(15)) and the Board's authority to require such modifications or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective November 21, 1986.

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

[SEAL]

JAMES MCAFEE  
*Associate Secretary of the Board*



Southborough Holdings, Inc.  
Vancouver, B.C., Canada

Pacific National Financial Corporation  
Vancouver, B.C., Canada

American National Corporation  
Mountain View, California

*Order Approving the Formation of Bank Holding  
Companies and the Conduct of Nonbanking  
Activities*

Southborough Holdings, Inc., Vancouver, B.C., Canada ("SHI"), Pacific National Financial Corporation, Vancouver, B.C., Canada ("PNF"), and American National Corporation, Mountain View, California ("ANC") (SHI, PNF and ANC will be referred to collectively as "Applicants"), have applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1842(a)(1)) to become bank holding companies through the acquisition of the voting shares of Foothill Bank, Mountain View, California ("Bank"). Applicants have also applied for Board approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) to engage in certain leasing activities in the United States through American National Leasing Corporation, Mountain View, California ("AN Leasing"). The Board has determined that these activities are closely related to banking and permissible for bank holding companies (12 C.F.R. § 225.25(b)(5)). Additionally, Applicants seek to continue to engage outside the United States in certain leasing activities permissible under section 4(c)(8) of the BHC Act.

Notice of the applications, affording an opportunity for interested persons to submit comments, has been given in accordance with sections 3 and 4 of the BHC 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), and the considerations expressed in section 4, of the BHC Act (12 U.S.C. §§ 1842(c) and 1843(c)(8)).

SHI, the top tier applicant, is a Canadian holding company. SHI owns 74 percent of the voting common stock of PNF.<sup>1</sup> PNF is a Canadian public corporation

1. SHI currently holds certain impermissible nonbanking investments. In addition, PNF has committed to divest the ownership of its five rental properties within two years of the acquisition of the Bank. In acting on this application, the Board has relied on Applicants' commitment to divest these impermissible nonbanking investments within two years of consummation of the proposed transactions, which is the time period permitted under the BHC Act for companies that become bank holding companies to conform their nonbanking activities to the requirements of the BHC Act, 12 U.S.C. § 1843(a)(2).

engaged in full-payout equipment leasing in Canada. Bank is the 230th largest bank in California, with total deposits of \$49.9 million, representing 0.02 percent of total deposits in commercial banks in the state.<sup>2</sup>

Bank operates in the San Francisco banking market, and controls 0.04 percent of the deposits in commercial banking organizations in the market.<sup>3</sup> Applicants do not operate any subsidiaries in the relevant market. Based on the record, the Board has concluded that consummation of this proposal would not result in any significant adverse effects upon competition or significant increase in the concentration of resources in any relevant market. Accordingly, competitive considerations are consistent with approval.

The financial and managerial resources and future prospects of Applicants and Bank are considered satisfactory and consistent with approval. Applicants have committed to consent to the jurisdiction of the United States, to appoint an agent for service of process in the United States, and to maintain adequate books and records in the United States, together with any additional information the Board may require concerning Applicants' business and financial condition. Based on all the facts of record, including the commitments made by Applicants, the Board has determined that considerations relating to banking factors are consistent with approval of the proposed acquisition. The Board has determined that considerations relating to the convenience and needs of the community to be served are also consistent with approval of this proposal.

Applicant has also applied, pursuant to section 4(c)(8) of the BHC Act, to acquire AN Leasing Corporation, Mountain View, California ("AN Leasing"), the nonbanking subsidiary of ANC, and thereby engage in personal property leasing activities involving leases that are the functional equivalent of an extension of credit. Applicant has also applied for Board approval to continue to engage in certain personal property leasing activities conducted by SHI and PFC in Canada. These activities are permissible for bank holding companies under section 225.25(b)(5) of the Board's Regulation Y, 12 C.F.R. § 225.25(b)(5). AN Leasing will be organized as a *de novo* subsidiary of ANC. Consummation of the proposal would not result in the elimination of any competition, and thus Applicants' proposal would not have any adverse effect on competition in any relevant market. Furthermore, there is no evidence in the record to indicate that

2. Deposit data are as of June 30, 1986. State ranking data are as of December 31, 1985. Market data are as of June 30, 1985.

3. The San Francisco banking market is approximated by the San Francisco-Oakland-San Jose RMA.

approval of this proposal would result in undue concentration of resources, decreased or unfair competition, conflicts of interest, unsound banking practices, or other adverse effects on the public interest. Accordingly, the Board has determined that the balance of the public interest factors it must consider under section 4(c)(8) of the BHC Act is consistent with approval of these applications.

On the basis of the record and commitments made by Applicants and their principals, and for the reasons summarized above, the Board has determined that the applications under sections 3 and 4 of the BHC Act should be and hereby are approved. The banking acquisition shall not be consummated before the thirtieth calendar day following the effective date of this Order, and neither the banking acquisition nor the nonbanking acquisition shall occur later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of San Francisco, acting pursuant to delegated authority. The determination with respect to Applicants' nonbanking activities is subject to all of the conditions set forth in Regulation Y, including 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 modifications or termination of activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder.

By order of the Board of Governors, effective November 3, 1986.

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

JAMES MCAFEE

[SEAL] Associate Secretary of the Board

SunTrust Banks, Inc.  
Atlanta, Georgia

*Order Approving Acquisition of a Bank Holding Company*

SunTrust Banks, Inc., Atlanta, Georgia, 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 Third National Corporation, Nashville, Tennessee ("Company"), and thereby indi-

rectly acquire its twelve subsidiary banks.<sup>1</sup> Applicant has also applied under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8) and section 225.23(a) of the Board's Regulation Y (12 C.F.R. § 225.23(a)(2)) to acquire the following nonbank subsidiaries of Company: Third National Financial Services, Nashville, Tennessee, and thereby engage in mortgage banking including making, acquiring or servicing loans; Third National Insurance Company, Chattanooga and Nashville, Tennessee, and thereby underwrite credit life, accident and health insurance for Company and its subsidiaries; ThirdData, Nashville, Tennessee, and thereby provide data processing, data transmission services and data bases primarily to financial institutions; Third National Brokerage Services, Chattanooga, Nashville, Knoxville and Johnson City, Tennessee, and thereby provide securities brokerage services, related securities credit activities and incidental activities such as custodial services, individual retirement accounts and cash management services; and Third National Trust Company, Chattanooga, Tennessee, to engage in activities of a fiduciary, agency or custodial nature. These activities have been determined by the Board to be closely related to banking and permissible for bank holding companies under section 225.25(b)(1), (3), (7), (8) and (15).

Notice of the applications, affording an opportunity for interested persons to submit comments, has been given in accordance with sections 3 and 4 of the Act. (51 *Federal Register* 26,191 and 26,468 (1986)). The time for filing comments has expired, and the Board has considered the applications and all comments received, including comments in opposition to the applications from Legal Services of Greater Miami ("Legal Services"), in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)), and the considerations specified in section 4(c)(8) of the Act.

Applicant is the second largest banking organization in Georgia, with total Georgia deposits of \$5.2 billion,<sup>2</sup> representing 15.3 percent of the total deposits in commercial banks in the state. Applicant is also the second largest banking organization in Florida, controlling deposits in that state of \$2.2 billion, representing 6.3 percent of the total deposits in commercial banks in Florida. Company is the largest banking organization in Tennessee with total deposits of \$4.2 billion, representing 14.4 percent of state deposits.

1. Applicant also has applied to exercise a Warrant purchased from Company to acquire up to 24.9 percent of Company's shares. By its terms, the Warrant is exercisable only on the occurrence of certain events which include a material breach by Company of the merger agreement entered into with Applicant, or a tender offer, purchase, merger or filing by any person or group that would result in that person or group controlling at least 24.9 percent of Company's shares.

2. All banking data are as of June 30, 1986.

Section 3(d) of the Act (12 U.S.C. § 1842(d)), the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire a bank located outside the bank holding company's home state,<sup>3</sup> unless the state where the bank to be acquired is located has specifically authorized the acquisition by language to that effect and not merely by implication. Applicant's home state is Florida. The statute laws of Tennessee authorize the acquisition of a bank holding company in the state by a bank holding company from another state, provided that state is within a defined Southern Region, which includes Florida.<sup>4</sup> Such an acquisition is permitted if the laws of the acquiring institution's home state permit the acquisition of a bank in that state by a Tennessee bank holding company or bank on a reciprocal basis. Florida has enacted a similar reciprocal statute, which permits the acquisition of a Florida bank by a Tennessee bank holding company.

Based on its review of the relevant Tennessee and Florida statutes, the Board has determined that the Florida statute and the proposed acquisition satisfy the requirements of Tennessee's interstate banking statute and that the Tennessee statute expressly authorizes a Florida holding company, such as Applicant, to acquire a bank holding company located in Tennessee, such as Company. Accordingly, the Board concludes that approval of Applicant's proposal to acquire a bank holding company is not barred by the Douglas Amendment.

The Board has considered the effects of the proposal upon competition in the relevant banking markets. The proposal involves the combination of two sizeable commercial banking organizations that are among the larger banking organizations in their respective states. However, because Company and the banking subsidiaries of Applicant operate in different markets in different states, consummation of the proposal would not eliminate significant existing competition in any relevant market.

The Board has considered the effects of the proposed acquisition on probable future competition in Tennessee, Georgia and Florida. In view of the existence of numerous other potential entrants from states within the interstate banking regions into each of the markets served by Company or Applicant, the Board

has concluded that consummation of the proposed transaction would not have any significant adverse effects on probable future competition in any relevant market.

The financial and managerial resources of Applicant, Company, and their subsidiary banks are considered satisfactory and consistent with approval. In considering the convenience and needs of the communities to be served, the Board has also taken into account Applicant's record under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*, ("CRA")). The CRA requires the Board, in its evaluation of a bank holding company application, to assess the record of an applicant in meeting the credit needs of the entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation. The Board has received comments from Legal Services, which represents low income groups and individuals in Miami. Legal Services requests that the Board not approve the applications until Applicant "provides adequate assurances that it will meet the convenience and needs of the low- and moderate-income persons, and minorities, in their service areas in Florida."<sup>5</sup>

In accordance with the Board's practice and procedure for handling protested applications,<sup>6</sup> the Board reviewed the allegations made by Legal Services, and Applicant's response. Applicant met privately with Legal Services on several occasions and has agreed to collaborate with the latter on the development of a corporate CRA policy. In addition, pursuant to the Board's examination of Applicant's CRA record, Applicant has committed to strengthen consumer compliance by its Florida subsidiaries by instituting more extensive training for all responsible personnel. Applicant also will develop a written CRA policy and program which addresses the requirements of CRA and Regulation BB for all of its bank subsidiaries, including a written corporate policy on basic banking services which will take into account the guidelines issued by the Board and the Office of the Comptroller of the Currency as well as improve its marketing of bank loan and deposit services to minorities and low- and moderate-income persons. Applicant has also committed to institute in its Florida subsidiaries programs and policies that have been successfully implemented at its Georgia subsidiaries, such as its programs that assist minority businesses and the

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

4. Tennessee Regional Reciprocal Banking Act, Tenn. Code Ann. §§ 45-12-101 *et seq.* The region defined by this Act includes Alabama, Arkansas, Florida, Georgia, Indiana, Kentucky, Louisiana, Mississippi, Missouri, North Carolina, South Carolina, Tennessee, Virginia and West Virginia. Tenn. Code Ann. § 45-12-102.

5. Legal Services asserts that in Florida, Applicant has failed to meet the credit needs of low income and black communities; has been inadequately involved in community development activities; does not offer various government loan programs such as FHA, FmHA and VA; and has engaged in credit discrimination in the case of one client.

6. See 12 C.F.R. § 262.25(c).

conservation of low-income housing. In this regard, the Board notes that Applicant has a strong record of meeting the needs of the communities it serves in Georgia. Finally, Applicant will file detailed reports of its programs in order that the Federal Reserve System may evaluate Applicant's progress in meeting its CRA objectives.

The Board has carefully reviewed the records of Applicant, and Company as well, in meeting the convenience and needs of all segments of their communities. Based on this review and after taking into account Applicant's commitments to enhance its service to meet the convenience and needs of its community, including low- and moderate-income segments, the Board concludes that convenience and needs considerations are consistent with approval of this application.<sup>7</sup>

Applicant has also applied, pursuant to section 4(c)(8), to acquire the following nonbank subsidiaries of Company, all located in Tennessee: Third National Financial Services, Nashville, and thereby engage in mortgage banking including making, acquiring or servicing loans; Third National Insurance Company, Chattanooga and Nashville, and thereby underwrite credit life, accident and health insurance within the Third National system; ThirdData, Nashville, and thereby provide data processing, data transmission services and data bases primarily to financial institutions; Third National Brokerage Services, Chattanooga, Nashville, Knoxville and Johnson City, and thereby provide securities brokerage services, related securities credit activities and incidental activities such as custodial services, individual retirement accounts and cash management services; and Third National Trust Company, Chattanooga, to engage in

activities of a fiduciary, agency or custodial nature. Because Applicant and Company do not compete in any of the same markets, approval of these applications will have no significant effect on competition in any relevant market. Furthermore, there is no evidence in the record to indicate that approval of this proposal would result in undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices or other adverse effects on the public interest. Accordingly, the Board has determined that the balance of the public interest factors it must consider under section 4(c)(8) of the Act is favorable and consistent with approval of the application to acquire Company's nonbanking subsidiaries.

Based on the foregoing and other facts of record, the Board has determined that the applications under sections 3 and 4 of the Act should be and hereby are approved. The acquisition of Company 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, pursuant to delegated authority. The determinations as to Applicant's nonbanking activities are subject to all of the conditions contained in Regulation Y, including those in sections 225.4(d) and 225.23(b)(3) (12 C.F.R. §§ 225.4(d) and 225.23(b)(3)), 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 evasions thereof.

By order of the Board of Governors, effective November 26, 1986.

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

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

[SEAL]

BARBARA R. LOWREY  
Associate Secretary of the Board

*ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT**By Board of Governors*

Recent applications have been approved by the Board of Governors as listed below. Copies are available upon request to Publications Services, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

## Section 3

| Applicant  | Bank(s)   | Effective date    |
|--|---|-------------------|
| El Paso Financial Corporation,<br>El Paso, Texas   | El Paso State Bank,<br>El Paso, Texas   | November 10, 1986 |
| First United Bancshares, Inc.,<br>Ord, Nebraska    | Grant Bancshares, Inc.,<br>Grant, Nebraska<br>Mid-Nebraska Bancshares, Inc.,<br>Ord, Nebraska | November 25, 1986 |
| Texas Community Bancshares, Inc.,<br>Dallas, Texas | BancTEXAS Sulphur Springs, N.A.,<br>Sulphur Springs, Texas                                    | November 12, 1986 |

*By the Secretary of the Board*

Recent applications have been approved by the Secretary of the Board as 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.

| Applicant   | Bank(s)   | Effective date    |
|---|---|-------------------|
| First Interstate Bancorp,<br>Los Angeles, California        | First Interstate Central Bank,<br>Willows, California | November 20, 1986 |
| The Union of Arkansas Corporation,<br>Little Rock, Arkansas | Union National Bank of Oklahoma,<br>Temple, Oklahoma  | November 14, 1986 |

*By Federal Reserve Banks*

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

## Section 3

| Applicant                                 | Bank(s)   | Reserve Bank | Effective date   |
|---|---|--------------|------------------|
| ABC Holding Company,<br>Moultrie, Georgia | The Citizens Bank of Tifton,<br>Tifton, Georgia | Atlanta      | October 30, 1986 |

## Section 3—Continued

| Applicant   | Bank(s)   | Reserve Bank | Effective date    |
|---|---|--------------|-------------------|
| Alabama National Bancorporation, Ashland, Alabama               | First United Corporation, Ashland, Alabama<br>Headland Capital Corporation, Headland, Alabama<br>Tallapoosa Capital Corporation, Dadeville, Alabama<br>Macon Capital Corporation, Tuskegee, Alabama | Atlanta      | November 12, 1986 |
| American Capital Corporation, Centerville, Texas                | Fairfield Bancshares, Inc., Fairfield, Texas  | Dallas       | November 7, 1986  |
| Amity Bancorp Inc., New Haven, Connecticut                      | Amity Bank, Woodbridge, Connecticut   | Boston       | November 10, 1986 |
| ASB Bancshares, Inc., Ashville, Alabama                         | Ashville Savings Bank, Ashville, Alabama  | Atlanta      | November 10, 1986 |
| Avoca Financial Services Inc., Council Bluffs, Iowa             | Citizens Savings Bank, Avoca, Iowa  | Chicago      | November 6, 1986  |
| Western Iowa Consultants, Inc., Council Bluffs, Iowa            |   |              |                   |
| Banco Harlan, Inc., Harlan, Kentucky                            | The Bank of Harlan, Harlan, Kentucky  | Cleveland    | November 13, 1986 |
| Bancorp of Mississippi, Tupelo, Mississippi                     | First Mississippi National Corporation, Hattiesburg, Mississippi  | St. Louis    | November 14, 1986 |
| Central Wisconsin Bankshares, Inc., Wausau, Wisconsin           | Westby-Coon Valley State Bank, Westby, Wisconsin  | Chicago      | November 4, 1986  |
| Chambanco, Inc., Chambers, Nebraska                             | Ewing Agency, Inc., Ord, Nebraska   | Kansas City  | November 6, 1986  |
| Charter Banc Group, Inc., Northfield, Illinois                  | Bank of Glenbrook, Glenview, Illinois<br>Bank of Northfield, Northfield, Illinois<br>Bank of Wheaton, Wheaton, Illinois<br>Bank of Winfield, Winfield, Illinois                                     | Chicago      | October 28, 1986  |
| Citizens Community Bankshares, Inc., Wittenberg, Wisconsin      | Crandon National Bank, Crandon, Wisconsin   | Chicago      | October 30, 1986  |
| City Bancorp of Bloomington-Normal, Inc., Bloomington, Illinois | State Bank of Saybrook, Saybrook, Illinois  | Chicago      | November 13, 1986 |
| City Holding Company, Charleston, West Virginia                 | The Peoples Bank of Point Pleasant, Point Pleasant, West Virginia   | Richmond     | November 5, 1986  |
| Commerce Bancorp, Inc., Marlton, New Jersey                     | Commerce Bank/Pennsylvania, N.A., Philadelphia, Pennsylvania  | Philadelphia | October 24, 1986  |
| Commerce Corporation, St. Francisville, Louisiana               | Feliciana Commerce Corporation, St. Francisville, Louisiana   | Atlanta      | October 29, 1986  |

## Section 3—Continued

| Applicant  | Bank(s)  | Reserve Bank | Effective date    |
|--|--|--------------|-------------------|
| Community Group, Inc.,<br>Jasper, Tennessee  | The First State Bank,<br>Jacksboro, Tennessee                            | Atlanta      | November 14, 1986 |
| CREST BANCORP INC.,<br>Roberts, Illinois   | Roberts State Bank,<br>Roberts, Illinois                                 | Chicago      | November 6, 1986  |
| Dawson Springs Bancorp, Inc.,<br>Dawson Springs, Kentucky                                    | Kentucky State Bank of<br>Scottsville,<br>Scottsville, Kentucky          | St. Louis    | October 29, 1986  |
| Dominion Bankshares<br>Corporation,<br>Roanoke, Virginia                                     | The First National Bank of<br>Sparta,<br>Sparta, Tennessee               | Richmond     | November 10, 1986 |
| Equitable BankShares, Inc.,<br>Dallas, Texas   | Landmark National Bank,<br>Arlington, Texas                              | Dallas       | November 19, 1986 |
| F&M Bank Holding Company<br>of Valley City, Inc.,<br>Valley City, North Dakota               | Farmers & Merchants Bank of<br>Valley City,<br>Valley City, North Dakota | Minneapolis  | October 29, 1986  |
| FCNB Corp,<br>Frederick, Maryland  | Frederick County National Bank<br>of Frederick,<br>Frederick, Maryland   | Richmond     | November 12, 1986 |
| Financial Bancshares, Inc.,<br>St. Louis, Missouri   | Oran State Bank<br>Oran, Missouri  | St. Louis    | November 12, 1986 |
| Schmid Brothers Investment<br>Company, Inc.,<br>Clayton, Missouri                            |  |              |                   |
| First American Bankshares,<br>Inc.,<br>Fort Atkinson, Wisconsin                              | First American Bank & Trust<br>Co.,<br>Fort Atkinson, Wisconsin          | Chicago      | October 30, 1986  |
| First Citizens of Paris, Inc.,<br>Paris, Illinois  | The Citizens National Bank of<br>Paris,<br>Paris, Illinois               | Chicago      | November 13, 1986 |
| First City Bancshares,<br>Incorporated of Springfield,<br>Missouri,<br>Springfield, Missouri | First City National Bank,<br>Springfield, Missouri                       | St. Louis    | October 28, 1986  |
| First Community Bankshares,<br>Milton, Wisconsin   | The Farmers Bank,<br>Milton, Wisconsin                                   | Chicago      | October 27, 1986  |
| First Illini Bancorp, Inc.,<br>Galesburg, Illinois   | Community Bancshares of<br>Canton, Inc.,<br>Canton, Illinois             | Chicago      | November 4, 1986  |
| First Indiana Bancorp,<br>Elkhart, Indiana   | The Boone Corporation,<br>Lebanon, Indiana                               | Cleveland    | November 6, 1986  |
| AmeriTrust Corporation,<br>Cleveland, Ohio   |  |              |                   |
| First NH Banks, Inc.,<br>Manchester, New Hampshire   | First NH Bank of Maine,<br>Portland, Maine                               | Boston       | October 27, 1986  |
| First NH Banks, Inc.,<br>Manchester, New Hampshire   | The Cheshire National Bank,<br>Keene, New Hampshire                      | Boston       | October 31, 1986  |
| First of America Bank<br>Corporation,<br>Kalamazoo, Michigan                                 |  |              |                   |

## Section 3—Continued

| Applicant  | Bank(s)  | Reserve Bank | Effective date    |
|--|--|--------------|-------------------|
| First Petersburg Bancshares, Inc.,<br>Petersburg, Illinois   | The First National Bank of Petersburg,<br>Petersburg, Illinois               | Chicago      | October 30, 1986  |
| First Valley Corporation,<br>Bethlehem, Pennsylvania         | West Side Bancorp, Inc.,<br>West Pittston, Pennsylvania                      | Philadelphia | November 12, 1986 |
| FMB Banking Corporation,<br>Monticello, Florida              | Pavo State Bank,<br>Pavo, Georgia  | Atlanta      | November 5, 1986  |
| Fort Wayne National Corporation,<br>Fort Wayne, Indiana      | Old-First National Corporation,<br>Bluffton, Indiana                         | Chicago      | November 10, 1986 |
| Fourth Financial Corporation,<br>Wichita, Kansas             | First National Bank and Trust Company of Lenexa,<br>Lenexa, Kansas           | Kansas City  | October 31, 1986  |
| Gary-Wheaton Corporation,<br>Wheaton, Illinois               | Ogden-Saratoga Corporation,<br>Downers Grove, Illinois                       | Chicago      | November 13, 1986 |
| Greater Southwest Bancshares, Inc.,<br>Irving, Texas         | Bank of the West,<br>Irving, Texas   | Dallas       | October 28, 1986  |
| Greenwood County Financial Services, Inc.,<br>Eureka, Kansas | Home Bank and Trust Company of Eureka,<br>Eureka, Kansas                     | Kansas City  | November 3, 1986  |
| Grenada Sunburst System Corporation,<br>Grenada, Mississippi | Mount Olive Bank,<br>Mount Olive, Mississippi                                | St. Louis    | November 4, 1986  |
| Grenada Sunburst System Corporation,<br>Grenada, Mississippi | South Mississippi Bank,<br>Prentiss, Mississippi                             | St. Louis    | October 28, 1986  |
| Harbor Country Banking Corporation,<br>Three Oaks, Michigan  | Heritage Bank,<br>Berrien Springs, Michigan                                  | Chicago      | October 24, 1986  |
| Hi-Bancorp., Inc.,<br>Highwood, Illinois                     | GNP Bancorp, Inc.,<br>Mundelein, Illinois                                    | Chicago      | October 30, 1986  |
| Houghton Financial, Inc.,<br>Houghton, Michigan              | Houghton National Bank,<br>Houghton, Michigan                                | Minneapolis  | November 12, 1986 |
| Huntington Bancshares Incorporated,<br>Columbus, Ohio        | Wainwright Financial Corporation,<br>Noblesville, Indiana                    | Cleveland    | October 29, 1986  |
| Huntington Bancshares of Indiana, Inc.,<br>Columbus, Ohio    |  |              |                   |
| Independence Bancorp, Inc.,<br>Perkasie, Pennsylvania        | Third National Bank and Trust Company of Scranton,<br>Scranton, Pennsylvania | Philadelphia | October 29, 1986  |
| International City Bancorp, Inc.,<br>Warner Robins, Georgia  | International City Bank,<br>Warner Robins, Georgia                           | Atlanta      | November 10, 1986 |
| Iowa National Bankshares, Corp.,<br>Waterloo, Iowa           | PT&S Bancorp,<br>Indianola, Iowa   | Chicago      | October 24, 1986  |
| Kentucky Bancorporation, Inc.,<br>Covington, Kentucky        | Marion Bancshares,<br>Lexington, Kentucky                                    | Cleveland    | November 5, 1986  |



## Section 3—Continued

| Applicant   | Bank(s)   | Reserve Bank | Effective date    |
|---|---|--------------|-------------------|
| Kish Bancorp., Inc.,<br>Belleville, Pennsylvania                            | The Kishacoquillas Valley<br>National Bank of Belleville,<br>Belleville, Pennsylvania | Philadelphia | November 5, 1986  |
| Lakeview Financial Corp.,<br>Lakeview, Michigan                             | Bank of Lakeview,<br>Lakeview, Michigan   | Chicago      | October 29, 1986  |
| LCB Corporation, Inc.,<br>Fayetteville, Tennessee                           | First National Bank of Huntland,<br>Huntland, Tennessee                               | Atlanta      | November 6, 1986  |
| Magna Group, Inc.,<br>Belleville, Illinois                                  | Bank of Cahokia,<br>Cahokia, Illinois   | St. Louis    | October 29, 1986  |
| Montgomery Bancorp, Inc.,<br>Mount Sterling, Kentucky                       | Farmers Exchange Bank,<br>Millersburg, Kentucky                                       | Cleveland    | November 7, 1986  |
| National Banc of Commerce<br>Company,<br>Charleston, West Virginia          | The Chemical Bank and Trust<br>Company,<br>South Charleston, West<br>Virginia         | Richmond     | November 3, 1986  |
| New Palestine Bancorp,<br>New Palestine, Indiana                            | New Palestine Bank,<br>New Palestine, Indiana   | Chicago      | November 6, 1986  |
| Nicholson Voting Trust<br>Agreement,<br>Forest City, Pennsylvania           | The First National Bank of<br>Nicholson,<br>Nicholson, Pennsylvania                   | Philadelphia | November 10, 1986 |
| Northeast Wisconsin Financial<br>Services, Inc.,<br>Sturgeon Bay, Wisconsin | First National Bank of Sturgeon<br>Bay,<br>Sturgeon Bay, Wisconsin                    | Chicago      | November 5, 1986  |
| Portage County Bancshares,<br>Inc.,<br>Almond, Wisconsin                    | M&I Bank of Portage County,<br>Almond, Wisconsin                                      | Chicago      | October 29, 1986  |
| Republic Bancshares, Inc.,<br>Neosho, Missouri                              | Security State Bank,<br>Republic, Missouri  | St. Louis    | November 10, 1986 |
| Riggs National Corporation,<br>Washington, D.C.                             | The Riggs National Bank of<br>Virginia,<br>Fairfax, Virginia                          | Richmond     | November 7, 1986  |
| River Associates Bancorp, Inc.,<br>River Grove, Illinois                    | River Grove Bank and Trust<br>Company,<br>River Grove, Illinois                       | Chicago      | November 14, 1986 |
| River Forest Bancorp,<br>River Forest, Illinois                             | Commercial Chicago<br>Corporation,<br>Chicago, Illinois                               | Chicago      | November 6, 1986  |
| Robinson Bancshares, Inc.,<br>Robinson, Kansas                              | Morrill and Janes Bancshares,<br>Inc.,<br>Hiawatha, Kansas                            | Kansas City  | November 5, 1986  |
| St. Joseph Bancorporation, Inc.,<br>South Bend, Indiana                     | Starke County Bancorp, Inc.,<br>Knox, Indiana   | Chicago      | November 12, 1986 |
| Sardis Bankshares, Inc.,<br>Sardis, Georgia                                 | Bank of Sardis,<br>Sardis, Georgia  | Atlanta      | November 7, 1986  |
| Shawmut Corporation,<br>Boston, Massachusetts                               | The Fidelity Trust Company,<br>Stamford, Connecticut                                  | Boston       | October 24, 1986  |

## Section 3—Continued

| Applicant   | Bank(s)   | Reserve Bank | Effective date    |
|---|---|--------------|-------------------|
| Shelard Bancshares, Inc.,<br>St. Louis Park, Minnesota      | Minnesota National Bank of<br>Eagan,<br>Eagan, Minnesota                        | Minneapolis  | November 6, 1986  |
| Southeast Banking Corporation,<br>Miami, Florida            | The First National Bank of Palm<br>Beach, Incorporated,<br>Palm Beach, Florida  | Atlanta      | October 31, 1986  |
| Southern National Corporation,<br>Lumberton, North Carolina | First Palmetto Bancshares<br>Corporation,<br>Columbia, South Carolina           | Richmond     | November 19, 1986 |
| State Bancorp, Inc.,<br>Washington, Indiana                 | The Bank of Mitchell,<br>Mitchell, Indiana                                      | St. Louis    | November 18, 1986 |
| Statewide Bancorp,<br>Toms River, New Jersey                | The Penn's Grove National Bank<br>and Trust Company,<br>Penns Grove, New Jersey | Philadelphia | November 14, 1986 |
| TCM Company,<br>Crete, Nebraska                             | City Bank and Trust Company,<br>Crete, Nebraska                                 | Kansas City  | October 30, 1986  |
| UB&T Bancshares, Inc.,<br>Abilene, Texas                    | United Bank & Trust,<br>Abilene, Texas  | Dallas       | November 4, 1986  |
| UniSouth, Inc.,<br>Umatilla, Florida                        | Umatilla State Bank,<br>Umatilla, Florida                                       | Atlanta      | November 10, 1986 |
| United Bancorp of Kentucky,<br>Inc.,<br>Lexington, Kentucky | Bank of Lexington & Trust<br>Company, Inc.,<br>Lexington, Kentucky              | Cleveland    | November 7, 1986  |
| Vermilion Bancshares<br>Corporation,<br>Kaplan, Louisiana   | Vermilion Bank & Trust<br>Company,<br>Kaplan, Louisiana                         | Atlanta      | November 7, 1986  |
| Washington Bancorporation,<br>Washington, D.C.              | Enterprise Bank Corporation,<br>Reston, Virginia                                | Richmond     | November 17, 1986 |
| Waterman Bancshares, Inc.,<br>Waterman, Illinois            | Waterman State Bank,<br>Waterman, Illinois                                      | Chicago      | November 17, 1986 |
| Wenona Bancorp, Inc.,<br>Wenona, Illinois                   | Wenona State Bank,<br>Wenona, Illinois  | Chicago      | November 18, 1986 |
| Woodford Bancorp, Inc.,<br>Versailles, Kentucky             | The Woodford Bank & Trust<br>Company,<br>Versailles, Kentucky                   | Cleveland    | October 8, 1986   |

## Section 4

| Applicant                                      | Nonbanking<br>Company/activity   | Reserve<br>Bank | Effective<br>date |
|--|--|-----------------|-------------------|
| American Bancorp, Inc.,<br>Hamden, Connecticut | acquire certain assets and assume<br>certain liabilities of Data<br>Control Group, Inc.,<br>New Haven, Connecticut | Boston          | November 7, 1986  |
| Citicorp,<br>New York, New York                | Securities Industry Software<br>Corporation,<br>Evergreen, Colorado  | New York        | November 14, 1986 |

## Section 4—Continued

| Applicant   | Nonbanking Company   | Reserve Bank | Effective date    |
|---|--|--------------|-------------------|
| Citizens State Bankshares of Bald Knob, Bald Knob, Arkansas | sale of credit related insurance on extensions of credit by Citizens State Bank, Bald Knob, Arkansas | St. Louis    | November 7, 1986  |
| Dominion Bankshares Corporation, Roanoke, Virginia          | Internet, Inc., Reston, Virginia   | Richmond     | October 30, 1986  |
| Itasca Bancorp Inc., Itasca, Illinois                       | B.I.P., Inc., Bloomingdale, Illinois   | Chicago      | October 31, 1986  |
| Norwest Corporation, Minneapolis, Minnesota                 | Watson Agency, Inc., Watson, Minnesota   | Minneapolis  | November 19, 1986 |

## Section 3 and 4

| Applicant   | Bank(s)/Nonbanking Company  | Reserve Bank | Effective date    |
|---|---|--------------|-------------------|
| Financial National Bancshares, Co., Elgin, Illinois | NORTHWEST SUBURBAN BANCORP, INC., Mount Prospect, Illinois<br>NSB Finance, Inc., Mount Prospect, Illinois | Chicago      | November 7, 1986  |
| ONB Corporation, Owensboro, Kentucky                | First City Bank and Trust Company, Hopkinsville, Kentucky<br>DATANET, Inc., Hopkinsville, Kentucky        | St. Louis    | November 12, 1986 |

*ORDERS APPROVED UNDER BANK MERGER ACT**By the Secretary of the Board*

| Applicant  | Bank(s)                                  | Effective date    |
|--|--|-------------------|
| First Interstate Bank of California, Los Angeles, California | First National Bank, Willows, California | November 20, 1986 |

## By Federal Reserve Banks

| Applicant                                    | Bank(s)   | Reserve Bank | Effective date    |
|--|---|--------------|-------------------|
| Commerce Union Bank, Nashville, Tennessee    | Commerce Union Bank of Lawrence County, Lawrenceburg, Tennessee | Atlanta      | November 18, 1986 |
| Norstar Bank of Upstate NY, Albany, New York | Seaway National Bank, Watertown, New York                       | New York     | November 14, 1986 |

## PENDING CASES INVOLVING THE BOARD OF GOVERNORS

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

- Independent Insurance Agents of America, et al. v. Board of Governors*, Nos. 86-1572, 1573, 1576 (D.C. Cir., filed Oct. 24, 1986).
- Securities Industry Association v. Board of Governors*, No. 86-2768 (D.D.C., filed Oct. 7, 1986).
- Independent Community Bankers Association v. Board of Governors*, No. 86-5373 (8th Cir., filed Oct. 3, 1986).
- Jenkins v. Board of Governors*, No. 86-1419 (D.C. Cir., filed July 18, 1986).
- Securities Industry Association v. Board of Governors*, No. 86-1412 (D.C. Cir., filed July 14, 1986).
- Adkins v. Board of Governors*, No. 86-3853 (4th Cir., filed May 14, 1986).
- Optical Coating Laboratory, Inc. v. United States*, No. 288-86C (U.S. Claims Ct., filed May 6, 1986).
- CBC, Inc. v. Board of Governors*, No. 86-1001 (10th Cir., filed Jan. 2, 1986).
- Howe v. United States, et al.*, No. 86-1430 (1st Cir., filed Dec. 6, 1985).
- Myers, et al. v. Federal Reserve Board*, No. 85-1427 (D. Idaho, filed Nov. 18, 1985).
- Souser, et al. v. Volcker, et al.*, No. 85-C-2370, et al. (D. Colo., filed Nov. 1, 1985).
- Podolak v. Volcker*, No. C85-0456, et al. (D. Wyo., filed Oct. 28, 1985).
- Kolb v. Wilkinson, et al.*, No. C85-4184 (N.D. Iowa, filed Oct. 22, 1985).
- Farmer v. Wilkinson, et al.*, No. 4-85-CIVIL-1448 (D. Minn., filed Oct. 21, 1985).
- Kurkowski v. Wilkinson, et al.*, No. CV-85-0-916 (D. Neb., filed Oct. 16, 1985).
- Jensen v. Wilkinson, et al.*, No. 85-4436-S, et al. (D. Kan., filed Oct. 10, 1985).
- Alfson v. Wilkinson, et al.*, No. A1-85-267 (D. N.D., filed Oct. 8, 1985).
- First National Bank of Blue Island Employee Stock Ownership Plan v. Board of Governors*, No. 85-2615 (7th Cir., filed Sept. 23, 1985).
- First National Bancshares II v. Board of Governors*, No. 85-3702 (6th Cir., filed Sept. 4, 1985).
- McHuin v. Volcker, et al.*, No. 85-2170 WARB (W.D. Okl., filed Aug. 29, 1985).
- Independent Community Bankers Association of South Dakota v. Board of Governors*, No. 84-1496 (D.C. Cir., filed Aug. 7, 1985).
- Urwyler, et al. v. Internal Revenue Service, et al.*, No. 85-2877 (9th Cir., filed July 18, 1985).
- Johnson v. Federal Reserve System, et al.*, No. 86-4536 (5th Cir., filed July 16, 1985).
- Wight, et al. v. Internal Revenue Service, et al.*, No. 85-2826 (9th Cir., filed July 12, 1985).
- Cook v. Spillman, et al.*, No. 86-1642 (9th Cir., filed July 10, 1985).
- Florida Bankers Association v. Board of Governors*, No. 84-3883 and No. 84-3884 (11th Cir., filed Feb. 15, 1985).
- Florida Department of Banking v. Board of Governors*, No. 84-3831 (11th Cir., filed Feb. 15, 1985), and No. 84-3832 (11th Cir., filed Feb. 15, 1985).
- Lewis v. Volcker, et al.*, No. 86-3210 (6th Cir., filed Jan. 14, 1985).
- Brown v. United States Congress, et al.*, No. 84-2887-6(IG) (S.D. Cal., filed Dec. 7, 1984).
- Melcher v. Federal Open Market Committee*, No. 84-1335 (D.D.C., filed Apr. 30, 1984).
- Florida Bankers Association, et al. v. Board of Governors*, Nos. 84-3269, 84-3270 (11th Cir., filed April 20, 1984).
- Securities Industry Association v. Board of Governors*, No. 80-2614 (D.C. Cir., filed Oct. 24, 1980), and No. 80-2730 (D.C. Cir., filed Oct. 24, 1980).

# Financial and Business Statistics

## CONTENTS

### *Domestic Financial Statistics*

#### *MONEY STOCK AND BANK CREDIT*

- A3 Reserves, money stock, liquid assets, and debt measures
- A4 Reserves of depository institutions, Reserve Bank credit
- A5 Reserves and borrowings—Depository institutions
- A5 Selected borrowings in immediately available funds—Large member banks

#### *POLICY INSTRUMENTS*

- A6 Federal Reserve Bank interest rates
- A7 Reserve requirements of depository institutions
- A8 Maximum interest rates payable on time and savings deposits at federally insured institutions
- A9 Federal Reserve open market transactions

#### *FEDERAL RESERVE BANKS*

- A10 Condition and Federal Reserve note statements
- A11 Maturity distribution of loan and security holdings

#### *MONETARY AND CREDIT AGGREGATES*

- A12 Aggregate reserves of depository institutions and monetary base
- A13 Money stock, liquid assets, and debt measures
- A15 Bank debits and deposit turnover
- A16 Loans and securities—All commercial banks

#### *COMMERCIAL BANKING INSTITUTIONS*

- A17 Major nondeposit funds
- A18 Assets and liabilities, last-Wednesday-of-month series

## *WEEKLY REPORTING COMMERCIAL BANKS*

### Assets and liabilities

- A19 All reporting banks
- A20 Banks in New York City
- A21 Branches and agencies of foreign banks
- A22 Gross demand deposits—individuals, partnerships, and corporations

#### *FINANCIAL MARKETS*

- A23 Commercial paper and bankers dollar acceptances outstanding
- A23 Prime rate charged by banks on short-term business loans
- A24 Interest rates—money and capital markets
- A25 Stock market—Selected statistics
- A26 Selected financial institutions—Selected assets and liabilities

#### *FEDERAL FINANCE*

- A28 Federal fiscal and financing operations
- A29 U.S. budget receipts and outlays
- A30 Federal debt subject to statutory limitation
- A30 Gross public debt of U.S. Treasury—Types and ownership
- A31 U.S. government securities dealers—Transactions
- A32 U.S. government securities dealers—Positions and financing
- A33 Federal and federally sponsored credit agencies—Debt outstanding

#### *SECURITIES MARKETS AND CORPORATE FINANCE*

- A34 New security issues—State and local governments and corporations
- A35 Open-end investment companies—Net sales and asset position
- A35 Corporate profits and their distribution

- A36 Nonfinancial corporations—Assets and liabilities
- A36 Total nonfarm business expenditures on new plant and equipment
- A37 Domestic finance companies—Assets and liabilities and business credit

*REAL ESTATE*

- A38 Mortgage markets
- A39 Mortgage debt outstanding

*CONSUMER INSTALLMENT CREDIT*

- A40 Total outstanding and net change
- A41 Terms

*FLOW OF FUNDS*

- A42 Funds raised in U.S. credit markets
- A43 Direct and indirect sources of funds to credit markets

*Domestic Nonfinancial Statistics*

*SELECTED MEASURES*

- A44 Nonfinancial business activity—Selected measures
- A45 Labor force, employment, and unemployment
- A46 Output, capacity, and capacity utilization
- A47 Industrial production—Indexes and gross value
- A49 Housing and construction
- A50 Consumer and producer prices
- A51 Gross national product and income
- A52 Personal income and saving

*International Statistics*

*SUMMARY STATISTICS*

- A53 U.S. international transactions—Summary
- A54 U.S. foreign trade
- A54 U.S. reserve assets

- A54 Foreign official assets held at Federal Reserve Banks
- A55 Foreign branches of U.S. banks—Balance sheet data
- A57 Selected U.S. liabilities to foreign official institutions

*REPORTED BY BANKS IN THE UNITED STATES*

- A57 Liabilities to and claims on foreigners
- A58 Liabilities to foreigners
- A60 Banks' own claims on foreigners
- A61 Banks' own and domestic customers' claims on foreigners
- A61 Banks' own claims on unaffiliated foreigners
- A62 Claims on foreign countries—Combined domestic offices and foreign branches

*REPORTED BY NONBANKING BUSINESS ENTERPRISES IN THE UNITED STATES*

- A63 Liabilities to unaffiliated foreigners
- A64 Claims on unaffiliated foreigners

*SECURITIES HOLDINGS AND TRANSACTIONS*

- A65 Foreign transactions in securities
- A66 Marketable U.S. Treasury bonds and notes—Foreign transactions

*INTEREST AND EXCHANGE RATES*

- A67 Discount rates of foreign central banks
- A67 Foreign short-term interest rates
- A68 Foreign exchange rates

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

*SPECIAL TABLES*

- A70 Assets and liabilities of insured commercial banks, domestic and foreign offices, December 31, 1985

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

| Item  | Monetary and credit aggregates<br>(annual rates of change, seasonally adjusted in percent) <sup>1</sup> |                   |                  |                   |                   |                   |                   |                    |       |
|---|---|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------|
|   | 1985  | 1986              |                  |                   | 1986              |                   |                   |                    |       |
|   | Q4  | Q1                | Q2               | Q3                | June              | July <sup>r</sup> | Aug. <sup>r</sup> | Sept. <sup>r</sup> | Oct.  |
| <i>Reserves of depository institutions<sup>2</sup></i>          |   |                   |                  |                   |                   |                   |                   |                    |       |
| 1 Total   | 12.5  | 13.1              | 17.8             | 22.9              | 21.4              | 25.3              | 19.7              | 11.5               | 13.6  |
| 2 Required  | 11.5  | 12.3              | 19.8             | 23.9              | 19.5              | 26.3              | 24.2              | 12.0               | 13.4  |
| 3 Nonborrowed   | 10.4  | 19.1              | 17.6             | 23.2              | 23.7              | 27.3              | 16.8              | 8.4                | 17.9  |
| 4 Monetary base <sup>3</sup>                                    | 8.2   | 8.6               | 8.8              | 9.9               | 9.2               | 8.8               | 12.0              | 5.4                | 9.3   |
| <i>Concepts of money, liquid assets, and debt<sup>4</sup></i>   |   |                   |                  |                   |                   |                   |                   |                    |       |
| 5 M1  | 10.7  | 7.7               | 15.8             | 17.3 <sup>r</sup> | 14.8 <sup>r</sup> | 16.6              | 20.6              | 9.6                | 14.0  |
| 6 M2  | 6.1   | 4.3               | 10.4             | 11.1 <sup>r</sup> | 9.5               | 12.8              | 11.0              | 7.2                | 10.5  |
| 7 M3  | 6.6   | 7.6               | 9.0              | 10.1              | 8.5               | 13.0              | 8.9               | 8.7                | 6.6   |
| 8 L   | 9.5   | 8.4               | 7.0              | 8.6               | 6.8 <sup>r</sup>  | 9.1               | 8.4               | 9.1                | n.a.  |
| 9 Debt  | 13.3  | 15.2              | 9.7              | 11.5              | 11.2              | 10.8              | 12.5              | 11.4               | n.a.  |
| <i>Nontransaction components</i>                                |   |                   |                  |                   |                   |                   |                   |                    |       |
| 10 In M2 <sup>5</sup>   | 4.6   | 3.3               | 8.7              | 9.1               | 7.7               | 11.4              | 7.8               | 6.5                | 9.3   |
| 11 In M3 only <sup>6</sup>                                      | 8.5   | 20.6              | 3.4              | 6.3 <sup>r</sup>  | 4.7               | 14.2              | .5                | 14.4               | -9.1  |
| <i>Time and savings deposits</i>                                |   |                   |                  |                   |                   |                   |                   |                    |       |
| <i>Commercial banks</i>   |   |                   |                  |                   |                   |                   |                   |                    |       |
| 12 Savings <sup>7</sup>   | 3.2   | 1.9               | 11.8             | 25.5              | 17.7              | 22.9              | 30.6              | 36.0               | 41.7  |
| 13 Small-denomination time <sup>8</sup>                         | -1.6  | 5.3               | -3.1             | -9.0              | -10.0             | -5.3              | -12.6             | -10.9              | -15.8 |
| 14 Large-denomination time <sup>9,10</sup>                      | 14.1  | 18.5              | -8.8             | -2.5 <sup>r</sup> | -4.3              | -1.7              | 7.7               | -1.7               | -9.4  |
| <i>Thrift institutions</i>                                      |   |                   |                  |                   |                   |                   |                   |                    |       |
| 15 Savings <sup>7</sup>   | 7.5   | 3.1               | 20.9             | 23.6 <sup>r</sup> | 29.1              | 22.9              | 18.2              | 16.1               | 26.5  |
| 16 Small-denomination time                                      | -2.9  | 6.6               | 2.6              | -3.8 <sup>r</sup> | -5.7              | -5                | -6.0              | -6.0               | -12.0 |
| 17 Large-denomination time <sup>9</sup>                         | 5.2   | 10.0              | 11.0             | 2.7 <sup>r</sup>  | -2.2              | 8.7               | 2.2               | -2.2               | -13.0 |
| <i>Debt components<sup>4</sup></i>                              |   |                   |                  |                   |                   |                   |                   |                    |       |
| 18 Federal  | 13.7  | 16.9              | 11.5             | 14.5              | 19.4              | 14.8              | 8.8               | 11.5               | n.a.  |
| 19 Nonfederal   | 13.2 <sup>r</sup>   | 14.7              | 9.1 <sup>r</sup> | 10.6              | 8.7               | 9.5               | 13.7              | 11.4               | n.a.  |
| 20 Total loans and securities at commercial banks <sup>11</sup> | 9.4 <sup>r</sup>  | 12.8 <sup>r</sup> | 4.1              | 10.3              | 3.8               | 13.2              | 13.8              | 11.5               | 2.2   |

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

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

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

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

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

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

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

commercial banks, money market funds (general purpose and broker/dealer), foreign governments and commercial banks, and the U.S. government. Also subtracted is a consolidation adjustment that represents the estimated amount of demand deposits and vault cash held by thrift institutions to service their time and savings deposits.

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

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

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

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

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

7. Excludes MMDAs.

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

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

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

11. Changes calculated from figures shown in table 1.23.

A4 Domestic Financial Statistics □ January 1987

1.11 RESERVES OF DEPOSITORY INSTITUTIONS AND RESERVE BANK CREDIT

Millions of dollars

| Factors  | Monthly averages of daily figures |                      |                             | Weekly averages of daily figures for week ending |                      |                          |          |         |         |         |         |         |
|--|-----------------------------------|----------------------|-----------------------------|--|----------------------|--------------------------|----------|---------|---------|---------|---------|---------|
|  | 1986                              |                      |                             | 1986   |                      |                          |          |         |         |         |         |         |
|  | Aug.                              | Sept.                | Oct.                        | Sept. 17   | Sept. 24             | Oct. 1                   | Oct. 8   | Oct. 15 | Oct. 22 | Oct. 29 |         |         |
| <b>SUPPLYING RESERVE FUNDS</b>                                   |                                   |                      |                             |  |                      |                          |          |         |         |         |         |         |
| 1 Reserve Bank credit  | 210,945                           | 215,130              | 214,197                     | 213,294  | 217,100              | 217,313                  | 212,902  | 213,770 | 216,092 | 213,851 |         |         |
| 2 U.S. government securities <sup>1</sup>                        | 185,339                           | 188,598              | 188,195                     | 187,375  | 190,388              | 190,094                  | 187,055  | 187,677 | 189,717 | 188,083 |         |         |
| 3 Bought outright  | 185,339                           | 187,237              | 187,944                     | 187,375  | 187,842              | 186,808                  | 187,055  | 187,677 | 188,605 | 188,083 |         |         |
| 4 Held under repurchase agreements                               | 0                                 | 1,361                | 251                         | 0  | 2,546                | 3,286                    | 0        | 0       | 1,112   | 0       |         |         |
| 5 Federal agency obligations                                     | 8,076                             | 8,252                | 8,030                       | 8,047  | 8,323                | 8,640                    | 7,988    | 7,988   | 8,217   | 7,954   |         |         |
| 6 Bought outright  | 8,076                             | 8,047                | 7,975                       | 8,047  | 8,047                | 8,039                    | 7,988    | 7,988   | 7,973   | 7,954   |         |         |
| 7 Held under repurchase agreements                               | 0                                 | 205                  | 55                          | 0  | 276                  | 601                      | 0        | 0       | 244     | 0       |         |         |
| 8 Acceptances  | 0                                 | 0                    | 0                           | 0  | 0                    | 0                        | 0        | 0       | 0       | 0       |         |         |
| 9 Loans  | 847                               | 1,046                | 779                         | 868  | 1,094                | 940                      | 863      | 653     | 888     | 715     |         |         |
| 10 Float   | 610                               | 734                  | 560                         | 523  | 592                  | 522                      | 467      | 761     | 628     | 342     |         |         |
| 11 Other Federal Reserve assets                                  | 16,073                            | 16,500               | 16,633                      | 16,481   | 16,704               | 17,118                   | 16,529   | 16,690  | 16,642  | 16,757  |         |         |
| 12 Gold stock  | 11,084                            | 11,084               | 11,084                      | 11,084   | 11,084               | 11,084                   | 11,084   | 11,084  | 11,084  | 11,084  |         |         |
| 13 Special drawing rights certificate account                    | 4,844                             | 5,018                | 5,018                       | 5,018  | 5,018                | 5,018                    | 5,018    | 5,018   | 5,018   | 5,018   |         |         |
| 14 Treasury currency outstanding                                 | 17,374                            | 17,420 <sup>r</sup>  | 17,465                      | 17,418 <sup>r</sup>                              | 17,429 <sup>r</sup>  | 17,439                   | 17,449   | 17,459  | 17,469  | 17,478  |         |         |
| <b>ABSORBING RESERVE FUNDS</b>                                   |                                   |                      |                             |  |                      |                          |          |         |         |         |         |         |
| 15 Currency in circulation                                       | 201,116                           | 201,433 <sup>r</sup> | 202,301                     | 201,704 <sup>r</sup>                             | 200,717 <sup>r</sup> | 200,310                  | 201,598  | 203,045 | 202,751 | 201,937 |         |         |
| 16 Treasury cash holdings  | 516                               | 495                  | 492                         | 496  | 496                  | 493                      | 492      | 493     | 493     | 492     |         |         |
| Deposits, other than reserve balances with Federal Reserve Banks |                                   |                      |                             |  |                      |                          |          |         |         |         |         |         |
| 17 Treasury  | 3,210                             | 5,677                | 3,305                       | 4,098  | 7,625                | 8,630                    | 3,424    | 2,701   | 3,552   | 3,332   |         |         |
| 18 Foreign   | 208                               | 285                  | 215                         | 249  | 268                  | 352                      | 193      | 217     | 210     | 231     |         |         |
| 19 Service-related balances and adjustments                      | 1,901                             | 1,886                | 1,971                       | 1,885  | 1,973                | 1,872                    | 1,924    | 1,939   | 1,926   | 1,907   |         |         |
| 20 Other   | 508                               | 497                  | 516                         | 566  | 482                  | 480                      | 542      | 576     | 475     | 453     |         |         |
| 21 Other Federal Reserve liabilities and capital                 | 6,479                             | 6,405                | 6,302                       | 6,346  | 6,321                | 6,322                    | 6,357    | 6,302   | 6,289   | 6,266   |         |         |
| 22 Reserve balances with Federal Reserve Banks <sup>2</sup>      | 30,308                            | 31,974               | 32,663                      | 31,470   | 32,750               | 32,395                   | 31,923   | 32,059  | 33,967  | 32,815  |         |         |
|  |                                   |                      | <b>End-of-month figures</b> |  |                      | <b>Wednesday figures</b> |          |         |         |         |         |         |
|  |                                   |                      | 1986                        |  |                      | 1986                     |          |         |         |         |         |         |
|  |                                   |                      | Aug.                        | Sept.  | Oct.                 | Sept. 17                 | Sept. 24 | Oct. 1  | Oct. 8  | Oct. 15 | Oct. 22 | Oct. 29 |
| <b>SUPPLYING RESERVE FUNDS</b>                                   |                                   |                      |                             |  |                      |                          |          |         |         |         |         |         |
| 23 Reserve Bank credit   | 211,705                           | 219,358              | 215,993                     | 213,138  | 215,489              | 212,429                  | 214,905  | 216,106 | 221,974 | 214,647 |         |         |
| 24 U.S. government securities <sup>1</sup>                       | 185,937                           | 190,751              | 189,995                     | 186,918  | 187,958              | 186,765                  | 187,340  | 188,988 | 193,130 | 188,302 |         |         |
| 25 Bought outright   | 185,937                           | 184,437              | 189,995                     | 186,918  | 186,247              | 186,765                  | 187,340  | 188,988 | 188,055 | 188,302 |         |         |
| 26 Held under repurchase agreements                              | 0                                 | 6,314                | 0                           | 0  | 1,711                | 0                        | 0        | 0       | 5,075   | 0       |         |         |
| 27 Federal agency obligations                                    | 8,047                             | 9,856                | 7,954                       | 8,047  | 8,266                | 7,988                    | 7,988    | 7,988   | 8,877   | 7,954   |         |         |
| 28 Bought outright   | 8,047                             | 8,047                | 7,954                       | 8,047  | 8,047                | 7,988                    | 7,988    | 7,988   | 7,954   | 7,954   |         |         |
| 29 Held under repurchase agreements                              | 0                                 | 1,809                | 0                           | 0  | 219                  | 0                        | 0        | 0       | 923     | 0       |         |         |
| 30 Acceptances   | 0                                 | 0                    | 0                           | 0  | 0                    | 0                        | 0        | 0       | 0       | 0       |         |         |
| 31 Loans   | 913                               | 879                  | 806                         | 752  | 1,555                | 841                      | 2,185    | 638     | 2,261   | 807     |         |         |
| 32 Float   | 261                               | 849                  | 441                         | 1,266  | 924                  | 323                      | 719      | 1,917   | 739     | 517     |         |         |
| 33 Other Federal Reserve assets                                  | 16,547                            | 17,023               | 16,797                      | 16,155   | 16,786               | 16,512                   | 16,673   | 16,575  | 16,967  | 17,067  |         |         |
| 34 Gold stock  | 11,084                            | 11,084               | 11,084                      | 11,084   | 11,084               | 11,084                   | 11,084   | 11,084  | 11,084  | 11,084  |         |         |
| 35 Special drawing rights certificate account                    | 5,018                             | 5,018                | 5,018                       | 5,018  | 5,018                | 5,018                    | 5,018    | 5,018   | 5,018   | 5,018   |         |         |
| 36 Treasury currency outstanding                                 | 17,394                            | 17,438 <sup>r</sup>  | 17,488                      | 17,427 <sup>r</sup>                              | 17,438 <sup>r</sup>  | 17,448                   | 17,458   | 17,467  | 17,477  | 17,487  |         |         |
| <b>ABSORBING RESERVE FUNDS</b>                                   |                                   |                      |                             |  |                      |                          |          |         |         |         |         |         |
| 37 Currency in circulation                                       | 201,778                           | 200,630 <sup>r</sup> | 202,517                     | 201,392 <sup>r</sup>                             | 200,488 <sup>r</sup> | 200,808                  | 202,343  | 203,417 | 202,404 | 202,242 |         |         |
| 38 Treasury cash holdings  | 497                               | 492                  | 485                         | 496  | 493                  | 493                      | 493      | 493     | 492     | 491     |         |         |
| Deposits, other than reserve balances with Federal Reserve Banks |                                   |                      |                             |  |                      |                          |          |         |         |         |         |         |
| 39 Treasury  | 1,106                             | 7,514                | 2,491                       | 4,665  | 7,744                | 5,012                    | 3,211    | 3,105   | 3,349   | 3,594   |         |         |
| 40 Foreign   | 227                               | 342                  | 303                         | 247  | 208                  | 214                      | 199      | 240     | 206     | 238     |         |         |
| 41 Service-related balances and adjustments                      | 1,669                             | 1,681                | 1,744                       | 1,668  | 1,668                | 1,681                    | 1,681    | 1,717   | 1,717   | 1,743   |         |         |
| 42 Other   | 461                               | 663                  | 479                         | 503  | 449                  | 725                      | 467      | 625     | 439     | 455     |         |         |
| 43 Other Federal Reserve liabilities and capital                 | 6,562                             | 6,463                | 6,342                       | 6,200  | 6,153                | 6,144                    | 6,181    | 6,138   | 6,212   | 6,081   |         |         |
| 44 Reserve balances with Federal Reserve Banks <sup>2</sup>      | 32,901                            | 35,113               | 35,222                      | 31,496   | 31,826               | 30,902                   | 33,890   | 33,941  | 40,735  | 33,392  |         |         |

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

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

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



1.12 RESERVES AND BORROWINGS Depository Institutions

Millions of dollars

| Reserve classification   | Monthly averages <sup>8</sup> |        |        |        |        |        |        |        |        |        |
|--|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|  | 1983                          | 1984   | 1985   | 1986   |        |        |        |        |        |        |
|  | Dec.                          | Dec.   | Dec.   | Mar.   | Apr.   | May    | June   | July   | Aug.   | Sept.  |
| 1 Reserve balances with Reserve Banks <sup>1</sup>             | 21,138                        | 21,738 | 27,620 | 27,114 | 28,892 | 28,279 | 29,499 | 30,313 | 30,165 | 31,922 |
| 2 Total vault cash <sup>2</sup>                                | 20,755                        | 22,316 | 22,956 | 22,688 | 22,231 | 22,474 | 22,805 | 23,098 | 23,451 | 23,384 |
| 3 Vault cash used to satisfy reserve requirements <sup>3</sup> | 17,908                        | 18,958 | 20,522 | 20,160 | 19,990 | 20,140 | 20,439 | 20,716 | 21,112 | 21,267 |
| 4 Surplus vault cash <sup>4</sup>                              | 2,847                         | 3,358  | 2,434  | 2,528  | 2,241  | 2,334  | 2,366  | 2,381  | 2,339  | 2,117  |
| 5 Total reserves <sup>5</sup>                                  | 38,894                        | 40,696 | 48,142 | 47,274 | 48,882 | 48,419 | 49,938 | 51,029 | 51,277 | 53,189 |
| 6 Required reserves  | 38,333                        | 39,843 | 47,085 | 46,378 | 48,081 | 47,581 | 49,007 | 50,118 | 50,538 | 52,463 |
| 7 Excess reserve balances at Reserve Banks <sup>6</sup>        | 561                           | 853    | 1,058  | 896    | 801    | 838    | 931    | 910    | 740    | 726    |
| 8 Total borrowings at Reserve Banks                            | 774                           | 3,186  | 1,318  | 761    | 893    | 876    | 803    | 741    | 872    | 1,008  |
| 9 Seasonal borrowings at Reserve Banks                         | 96                            | 113    | 56     | 68     | 73     | 94     | 108    | 116    | 144    | 137    |
| 10 Extended credit at Reserve Banks <sup>7</sup>               | 2                             | 2,604  | 499    | 518    | 634    | 584    | 531    | 378    | 465    | 570    |

| Reserve classification  | Biweekly averages of daily figures for weeks ending |         |         |                     |          |          |                     |                      |        |                      |
|---|---|---------|---------|---------------------|----------|----------|---------------------|----------------------|--------|----------------------|
|   | 1986  |         |         |                     |          |          |                     |                      |        |                      |
|   | July 16   | July 30 | Aug. 13 | Aug. 27             | Sept. 10 | Sept. 24 | Oct. 8 <sup>a</sup> | Oct. 22 <sup>a</sup> | Nov. 5 | Nov. 19 <sup>b</sup> |
| 11 Reserve balances with Reserve Banks <sup>1</sup>             | 31,267  | 29,549  | 30,185  | 29,758 <sup>c</sup> | 31,527   | 32,103   | 32,156              | 33,007               | 33,551 | 35,016               |
| 12 Total vault cash <sup>2</sup>                                | 22,466  | 23,644  | 23,323  | 23,792              | 22,671   | 23,623   | 24,015              | 23,955               | 23,208 | 23,405               |
| 13 Vault cash used to satisfy reserve requirements <sup>3</sup> | 20,283  | 21,095  | 20,992  | 21,388              | 20,534   | 21,567   | 21,790              | 21,914               | 21,204 | 21,518               |
| 14 Surplus vault cash <sup>4</sup>                              | 2,183   | 2,549   | 2,331   | 2,404               | 2,137    | 2,056    | 2,225               | 2,041                | 2,004  | 1,887                |
| 15 Total reserves <sup>5</sup>                                  | 51,550  | 50,644  | 51,177  | 51,146              | 52,061   | 53,670   | 53,946              | 54,921               | 54,754 | 56,534               |
| 16 Required reserves  | 50,871  | 49,528  | 50,592  | 50,279              | 51,268   | 52,964   | 53,287              | 54,170               | 53,938 | 55,468               |
| 17 Excess reserve balances at Reserve Banks <sup>6</sup>        | 679   | 1,117   | 585     | 867                 | 793      | 706      | 660                 | 751                  | 817    | 1,067                |
| 18 Total borrowings at Reserve Banks                            | 758   | 702     | 759     | 910                 | 1,111    | 981      | 902                 | 771                  | 899    | 811                  |
| 19 Seasonal borrowings at Reserve Banks                         | 104   | 127     | 134     | 152                 | 149      | 135      | 125                 | 88                   | 93     | 68                   |
| 20 Extended credit at Reserve Banks <sup>7</sup>                | 442   | 294     | 373     | 515                 | 592      | 569      | 538                 | 488                  | 476    | 437                  |

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

Averages of daily figures, in millions of dollars

| By maturity and source   | 1986 week ending Monday |                     |                     |                     |                      |         |         |        |         |
|--|-------------------------|---------------------|---------------------|---------------------|----------------------|---------|---------|--------|---------|
|  | Sept. 15                | Sept. 22            | Sept. 29            | Oct. 6 <sup>a</sup> | Oct. 13 <sup>a</sup> | Oct. 20 | Oct. 27 | Nov. 3 | Nov. 10 |
| <i>Federal funds purchased, repurchase agreements, and other selected borrowing in immediately available funds</i>                   |                         |                     |                     |                     |                      |         |         |        |         |
| From commercial banks in the United States   |                         |                     |                     |                     |                      |         |         |        |         |
| 1 For one day or under continuing contract   | 76,260                  | 70,433              | 65,390              | 75,099              | 74,640               | 72,915  | 68,940  | 72,150 | 78,023  |
| 2 For all other maturities   | 9,450                   | 9,606               | 9,338               | 9,440               | 10,847               | 9,966   | 9,403   | 9,465  | 9,448   |
| From other depository institutions, foreign banks and foreign official institutions, and United States government agencies           |                         |                     |                     |                     |                      |         |         |        |         |
| 3 For one day or under continuing contract   | 41,138                  | 37,936 <sup>c</sup> | 36,375 <sup>c</sup> | 38,350              | 42,547               | 40,503  | 38,472  | 36,804 | 40,235  |
| 4 For all other maturities   | 6,683                   | 6,443               | 7,070               | 6,286               | 6,851                | 6,142   | 5,824   | 5,698  | 5,330   |
| <i>Repurchase agreements on United States government and federal agency securities in immediately available funds</i>                |                         |                     |                     |                     |                      |         |         |        |         |
| Brokers and nonbank dealers in securities  |                         |                     |                     |                     |                      |         |         |        |         |
| 5 For one day or under continuing contract   | 11,318                  | 11,010              | 10,721              | 11,362              | 12,099               | 13,711  | 13,586  | 11,847 | 11,596  |
| 6 For all other maturities   | 9,818                   | 10,283              | 10,020              | 8,169               | 9,204                | 8,769   | 9,455   | 9,829  | 9,652   |
| All other customers  |                         |                     |                     |                     |                      |         |         |        |         |
| 7 For one day or under continuing contract   | 27,380                  | 26,885              | 26,512              | 26,492              | 26,854               | 27,179  | 28,346  | 29,725 | 27,936  |
| 8 For all other maturities   | 11,599                  | 11,483              | 10,722              | 9,613               | 10,530               | 10,432  | 10,810  | 10,915 | 11,048  |
| MEMO: Federal funds loans and resale agreements in immediately available funds in maturities of one day or under continuing contract |                         |                     |                     |                     |                      |         |         |        |         |
| 9 To commercial banks in the United States   | 28,114                  | 26,250              | 24,570              | 30,137              | 28,708               | 29,987  | 26,244  | 29,120 | 28,968  |
| 10 To all other specified customers <sup>2</sup>   | 12,242                  | 11,631              | 10,665              | 11,100              | 10,922               | 10,917  | 10,568  | 10,261 | 10,482  |

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

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

# A6 Domestic Financial Statistics □ January 1987

## 1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

| Federal Reserve Bank | Current and previous levels                                   |                |                  |                              |                  |                           |                  |                |   | Effective date for current rates |
|----------------------|---|----------------|------------------|------------------------------|------------------|---------------------------|------------------|----------------|---|----------------------------------|
|                      | Short-term adjustment credit and seasonal credit <sup>1</sup> |                |                  | Extended credit <sup>2</sup> |                  |                           |                  |                |   |                                  |
|                      | Rate on 11/26/86  | Effective date | Previous rate    | First 60 days of borrowing   |                  | Next 90 days of borrowing |                  | After 150 days |   |                                  |
|                      |   |                | Rate on 11/26/86 | Previous rate                | Rate on 11/26/86 | Previous rate             | Rate on 11/26/86 | Previous rate  |   |                                  |
| Boston .....         | 5½  | 8/21/86        | 6                | 5½                           | 6                | 6½                        | 7                | 7½             | 8 | 8/21/86                          |
| New York .....       | ↕   | 8/21/86        | ↕                | ↕                            | ↕                | ↕                         | ↕                | ↕              | ↕ | 8/21/86                          |
| Philadelphia .....   |   | 8/22/86        |                  |                              |                  |                           |                  |                |   | 8/22/86                          |
| Cleveland .....      |   | 8/21/86        |                  |                              |                  |                           |                  |                |   | 8/21/86                          |
| Richmond .....       |   | 8/21/86        |                  |                              |                  |                           |                  |                |   | 8/21/86                          |
| Atlanta .....        |   | 8/21/86        |                  |                              |                  |                           |                  |                |   | 8/21/86                          |
| Chicago .....        |   | 8/21/86        |                  |                              |                  |                           |                  |                |   | 8/21/86                          |
| St. Louis .....      |   | 8/22/86        |                  |                              |                  |                           |                  |                |   | 8/22/86                          |
| Minneapolis .....    |   | 8/21/86        |                  |                              |                  |                           |                  |                |   | 8/21/86                          |
| Kansas City .....    |   | 8/21/86        |                  |                              |                  |                           |                  |                |   | 8/21/86                          |
| Dallas .....         |   | 8/21/86        |                  |                              |                  |                           |                  |                |   | 8/21/86                          |
| San Francisco .....  | 5½  | 8/21/86        | 6                | 5½                           | 6                | 6½                        | 7                | 7½             | 8 | 8/21/86                          |

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

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

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

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

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

rate under this structure is applied may be shortened. See section 201.3(b)(2) of Regulation A.

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

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

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS<sup>1</sup>

Percent of deposits

| Type of deposit, and deposit interval  | Member bank requirements before implementation of the Monetary Control Act |                | Type of deposit, and deposit interval <sup>5</sup> | Depository institution requirements after implementation of the Monetary Control Act <sup>6</sup> |                |
|--|--|----------------|--|---|----------------|
|  | Percent  | Effective date |  | Percent   | Effective date |
| <i>Net demand</i> <sup>2</sup>         |  |                | <i>Net transaction accounts</i> <sup>7,8</sup>     |   |                |
| \$0 million–\$2 million .....          | 7  | 12/30/76       | \$0–\$31.7 million .....                           | 3   | 12/31/85       |
| \$2 million–\$10 million .....         | 9½   | 12/30/76       | Over \$31.7 million .....                          | 12  | 12/31/85       |
| \$10 million–\$100 million .....       | 11¾  | 12/30/76       | <i>Nonpersonal time deposits</i> <sup>9</sup>      |   |                |
| \$100 million–\$400 million .....      | 12¾  | 12/30/76       | By original maturity                               |   |                |
| Over \$400 million .....               | 16¼  | 12/30/76       | Less than 1½ years .....                           | 3   | 10/6/83        |
| <i>Time and savings</i> <sup>2,3</sup> |  |                | 1½ years or more .....                             | 0   | 10/6/83        |
| Savings .....                          | 3  | 3/16/67        | <i>Eurocurrency liabilities</i>                    |   |                |
| <i>Time</i> <sup>4</sup>               |  |                | All types .....                                    | 3   | 11/13/80       |
| \$0 million–\$5 million, by maturity   |  |                |  |   |                |
| 30–179 days .....                      | 3  | 3/16/67        |  |   |                |
| 180 days to 4 years .....              | 2½   | 1/8/76         |  |   |                |
| 4 years or more .....                  | 1  | 10/30/75       |  |   |                |
| Over \$5 million, by maturity          |  |                |  |   |                |
| 30–179 days .....                      | 6  | 12/12/74       |  |   |                |
| 180 days to 4 years .....              | 2½   | 1/8/76         |  |   |                |
| 4 years or more .....                  | 1  | 10/30/75       |  |   |                |

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

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

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

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

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

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

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

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

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

5. The Garn–St Germain Depository Institutions Act of 1982 (Public Law 97–320) provides that \$2 million of reservable liabilities (transaction accounts, nonpersonal time deposits, and Eurocurrency liabilities) of each depository institution be subject to a zero percent reserve requirement. The Board is to adjust the amount of reservable liabilities subject to this zero percent reserve requirement each year for the next succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is to be made in the event of a decrease. Effective Dec. 9, 1982, the amount of the exemption was established at \$2.1 million. Effective with the reserve maintenance period beginning Jan. 1, 1985, the amount of the exemption is \$2.4 million. Effective with the reserve computation period beginning Dec. 31, 1985, the amount of the exemption is \$2.6 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) described in 12 CFR section 204.2 (d)(2); (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 that permit no more than six preauthorized, automatic, or other transfers per month of which no more than three can be checks—are not transaction accounts (such accounts are savings deposits subject to time deposit reserve requirements.)

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

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

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

A8 Domestic Financial Statistics □ January 1987

1.16 MAXIMUM INTEREST RATES PAYABLE on Time and Savings Deposits at Federally Insured Institutions<sup>1</sup>  
Percent per annum

| Type of deposit                                 | Commercial banks        |                | Savings and loan associations and mutual savings banks (thrift institutions) <sup>1</sup> |                |
|---|-------------------------|----------------|---|----------------|
|   | In effect Nov. 30, 1986 |                | In effect Nov. 30, 1986   |                |
|   | Percent                 | Effective date | Percent   | Effective date |
| 1 Savings .....                                 | (2)                     | 4/1/86         | (2)   | 4/1/86         |
| 2 Negotiable order of withdrawal accounts ..... | (3)                     | 1/1/86         | (3)   | 1/1/86         |
| 3 Money market deposit account .....            | (4)                     | 12/14/82       | (4)   | 12/14/82       |
| <i>Time accounts</i>                            |                         |                |   |                |
| 4 7-31 days .....                               | (5)                     | 1/1/86         | (5)   | 9/1/86         |
| 5 More than 31 days .....                       |                         | 10/1/83        |   | 10/1/83        |

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

2. Effective Apr. 1, 1986, the interest rate ceiling on savings deposits was removed. Before Apr. 1, 1986, savings deposits were subject to an interest rate ceiling of 5½ percent.

3. Before Jan. 1, 1986, NOW accounts with minimum denomination requirements of less than \$1,000 were subject to an interest rate ceiling of 5¼ percent. NOW accounts with minimum required denominations of \$1,000 or more and IRA/Keough (HR10) Plan accounts were not subject to interest rate ceilings. Effective Jan. 1, 1986, the minimum denomination requirement was removed.

4. Effective Dec. 14, 1982, depository institutions are authorized to offer a new account with a required initial balance of \$2,500 and an average maintenance balance of \$2,500 not subject to interest rate restrictions. Effective Jan. 1, 1985, the minimum denomination and average balance maintenance requirements was lowered to \$1,000. Effective Jan. 1, 1986, the minimum denomination and average balance maintenance requirements were removed. No minimum maturity period is required for this account, but depository institutions must reserve the right to require seven days, notice before withdrawals.

5. Before Jan. 1, 1986, deposits of less than \$1,000 were subject to an interest rate ceiling of 5½ percent. Deposits of less than \$1,000 issued to governmental units were subject to an interest rate ceiling of 8 percent. Effective Jan. 1, 1986, the minimum denomination requirement was removed.

## 1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

| Type of transaction                                     | 1983    | 1984    | 1985    | 1986   |         |        |        |        |        |        |
|---|---------|---------|---------|--------|---------|--------|--------|--------|--------|--------|
|   |         |         |         | Mar.   | Apr.    | May    | June   | July   | Aug.   | Sept.  |
| <b>U.S. GOVERNMENT SECURITIES</b>                       |         |         |         |        |         |        |        |        |        |        |
| Outright transactions (excluding matched transactions)  |         |         |         |        |         |        |        |        |        |        |
| <i>Treasury bills</i>                                   |         |         |         |        |         |        |        |        |        |        |
| 1 Gross purchases .....                                 | 18,888  | 20,036  | 22,214  | 396    | 2,988   | 3,196  | 1,402  | 867    | 2,940  | 861    |
| 2 Gross sales .....                                     | 3,420   | 8,557   | 4,118   | 0      | 0       | 0      | 0      | 0      | 0      | 0      |
| 3 Exchange .....  | 0       | 0       | 0       | 0      | 0       | 0      | 0      | 0      | 0      | 0      |
| 4 Redemptions .....                                     | 2,400   | 7,700   | 3,500   | 0      | 0       | 0      | 0      | 0      | 0      | 0      |
| <i>Others within 1 year</i>                             |         |         |         |        |         |        |        |        |        |        |
| 5 Gross purchases .....                                 | 484     | 1,126   | 1,349   | 0      | 0       | 0      | 0      | 0      | 0      | 0      |
| 6 Gross sales .....                                     | 0       | 0       | 0       | 0      | 0       | 0      | 0      | 0      | 0      | 0      |
| 7 Maturity shift .....                                  | 18,887  | 16,354  | 19,763  | 1,152  | 447     | 1,847  | 1,152  | 579    | 1,715  | 1,053  |
| 8 Exchange .....  | -16,553 | -20,840 | -17,717 | -1,458 | -1,129  | -1,819 | -1,957 | -1,253 | -4,087 | -1,892 |
| 9 Redemptions .....                                     | 87      | 0       | 0       | 0      | 0       | 0      | 0      | 0      | 0      | 0      |
| <i>1 to 5 years</i>                                     |         |         |         |        |         |        |        |        |        |        |
| 10 Gross purchases .....                                | 1,896   | 1,638   | 2,185   | 0      | 0       | 0      | 0      | 0      | 0      | 0      |
| 11 Gross sales .....                                    | 0       | 0       | 0       | 0      | 0       | 0      | 0      | 0      | 0      | 0      |
| 12 Maturity shift .....                                 | -15,533 | -13,709 | -17,459 | -1,152 | -447    | -1,532 | -1,152 | -386   | -1,194 | -1,053 |
| 13 Exchange .....                                       | 11,641  | 16,039  | 13,853  | 1,458  | 1,134   | 1,019  | 1,957  | 1,253  | 2,587  | 1,892  |
| <i>5 to 10 years</i>                                    |         |         |         |        |         |        |        |        |        |        |
| 14 Gross purchases .....                                | 890     | 536     | 458     | 0      | 0       | 0      | 0      | 0      | 0      | 0      |
| 15 Gross sales .....                                    | 0       | 300     | 100     | 0      | 0       | 0      | 0      | 0      | 0      | 0      |
| 16 Maturity shift .....                                 | -2,450  | -2,371  | -1,857  | 0      | -5      | -315   | 0      | -193   | -520   | 0      |
| 17 Exchange .....                                       | 2,950   | 2,750   | 2,184   | 0      | 0       | 500    | 0      | 0      | 1,000  | 0      |
| <i>Over 10 years</i>                                    |         |         |         |        |         |        |        |        |        |        |
| 18 Gross purchases .....                                | 383     | 441     | 293     | 0      | 0       | 0      | 0      | 0      | 0      | 0      |
| 19 Gross sales .....                                    | 0       | 0       | 0       | 0      | 0       | 0      | 0      | 0      | 0      | 0      |
| 20 Maturity shift .....                                 | -904    | -275    | -447    | 0      | 0       | 0      | 0      | 0      | 0      | 0      |
| 21 Exchange .....                                       | 1,962   | 2,052   | 1,679   | 0      | 0       | 300    | 0      | 0      | 500    | 0      |
| <i>All maturities</i>                                   |         |         |         |        |         |        |        |        |        |        |
| 22 Gross purchases .....                                | 22,540  | 23,776  | 26,499  | 396    | 2,988   | 3,196  | 1,402  | 867    | 2,940  | 861    |
| 23 Gross sales .....                                    | 3,420   | 8,857   | 4,218   | 0      | 0       | 0      | 0      | 0      | 0      | 0      |
| 24 Redemptions .....                                    | 2,487   | 7,700   | 3,500   | 0      | 0       | 0      | 0      | 0      | 0      | 0      |
| Matched transactions                                    |         |         |         |        |         |        |        |        |        |        |
| 25 Gross sales .....                                    | 578,591 | 808,986 | 866,175 | 88,917 | 109,253 | 62,663 | 80,219 | 70,928 | 60,460 | 73,179 |
| 26 Gross purchases .....                                | 576,908 | 810,432 | 865,968 | 88,604 | 103,957 | 67,147 | 80,674 | 69,659 | 60,011 | 70,817 |
| Repurchase agreements                                   |         |         |         |        |         |        |        |        |        |        |
| 27 Gross purchases .....                                | 105,971 | 127,933 | 134,253 | 6,748  | 21,156  | 12,395 | 5,640  | 18,657 | 0      | 14,717 |
| 28 Gross sales .....                                    | 108,291 | 127,690 | 132,351 | 6,748  | 13,634  | 19,917 | 5,640  | 18,657 | 0      | 8,403  |
| 29 Net change in U.S. government securities .....       | 12,631  | 8,908   | 20,477  | 83     | 5,214   | 158    | 1,857  | -403   | 2,491  | 4,814  |
| <b>FEDERAL AGENCY OBLIGATIONS</b>                       |         |         |         |        |         |        |        |        |        |        |
| Outright transactions                                   |         |         |         |        |         |        |        |        |        |        |
| 30 Gross purchases .....                                | 0       | 0       | 0       | 0      | 0       | 0      | 0      | 0      | 0      | 0      |
| 31 Gross sales .....                                    | 0       | 0       | 0       | 0      | 0       | 0      | 0      | 0      | 0      | 0      |
| 32 Redemptions .....                                    | 292     | 256     | 162     | 0      | 0       | 50     | 0      | *      | 90     | *      |
| Repurchase agreements                                   |         |         |         |        |         |        |        |        |        |        |
| 33 Gross purchases .....                                | 8,833   | 11,509  | 22,183  | 1,821  | 3,369   | 3,135  | 1,691  | 4,984  | 0      | 2,678  |
| 34 Gross sales .....                                    | 9,213   | 11,328  | 20,877  | 1,821  | 1,955   | 4,567  | 1,691  | 4,984  | 0      | 869    |
| 35 Net change in federal agency obligations .....       | -672    | -76     | 1,144   | 0      | 1,432   | -1,482 | 0      | *      | -90    | 1,809  |
| <b>BANKERS ACCEPTANCES</b>                              |         |         |         |        |         |        |        |        |        |        |
| 36 Repurchase agreements, net .....                     | -1,062  | -418    | 0       | 0      | 0       | 0      | 0      | 0      | 0      | 0      |
| 37 Total net change in System Open Market Account ..... | 10,897  | 8,414   | 21,621  | 83     | 6,647   | -1,324 | 1,857  | -403   | 2,401  | 6,623  |

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.

A10 Domestic Financial Statistics □ January 1987

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements

Millions of dollars

| Account   | Wednesday |         |         |         |         | End of month |         |         |
|---|-----------|---------|---------|---------|---------|--------------|---------|---------|
|   | 1986      |         |         |         |         | 1986         |         |         |
|   | Oct. 1    | Oct. 8  | Oct. 15 | Oct. 22 | Oct. 29 | Aug.         | Sept.   | Oct.    |
| <b>Consolidated condition statement</b>   |           |         |         |         |         |              |         |         |
| <b>ASSETS</b>   |           |         |         |         |         |              |         |         |
| 1 Gold certificate account.....   | 11,084    | 11,084  | 11,084  | 11,084  | 11,084  | 11,084       | 11,084  | 11,084  |
| 2 Special drawing rights certificate account.....   | 5,018     | 5,018   | 5,018   | 5,018   | 5,018   | 5,018        | 5,018   | 5,018   |
| 3 Coin.....   | 510       | 503     | 528     | 506     | 507     | 468          | 507     | 508     |
| <b>Loans</b>  |           |         |         |         |         |              |         |         |
| 4 To depository institutions.....   | 841       | 2,185   | 638     | 2,261   | 807     | 913          | 879     | 806     |
| 5 Other.....  | 0         | 0       | 0       | 0       | 0       | 0            | 0       | 0       |
| <b>Acceptances—Bought outright</b>  |           |         |         |         |         |              |         |         |
| 6 Held under repurchase agreements.....   | 0         | 0       | 0       | 0       | 0       | 0            | 0       | 0       |
| <b>Federal agency obligations</b>   |           |         |         |         |         |              |         |         |
| 7 Bought outright.....  | 7,988     | 7,988   | 7,988   | 7,954   | 7,954   | 8,047        | 8,047   | 7,954   |
| 8 Held under repurchase agreements.....   | 0         | 0       | 0       | 923     | 0       | 0            | 1,809   | 0       |
| <b>U.S. government securities</b>   |           |         |         |         |         |              |         |         |
| <b>Bought outright</b>  |           |         |         |         |         |              |         |         |
| 9 Bills.....  | 94,392    | 94,967  | 96,615  | 95,682  | 95,929  | 93,564       | 92,064  | 97,622  |
| 10 Notes.....   | 66,597    | 66,597  | 66,597  | 66,597  | 66,597  | 66,597       | 66,597  | 66,597  |
| 11 Bonds.....   | 25,776    | 25,776  | 25,776  | 25,776  | 25,776  | 25,776       | 25,776  | 25,776  |
| 12 Total bought outright <sup>1</sup> .....   | 186,765   | 187,340 | 188,988 | 188,055 | 188,302 | 185,937      | 184,437 | 189,995 |
| 13 Held under repurchase agreements.....  | 0         | 0       | 0       | 5,075   | 0       | 0            | 6,314   | 0       |
| 14 Total U.S. government securities.....  | 186,765   | 187,340 | 188,988 | 193,130 | 188,302 | 185,937      | 190,751 | 189,995 |
| 15 Total loans and securities.....  | 195,594   | 197,513 | 197,614 | 204,268 | 197,063 | 194,897      | 201,486 | 198,755 |
| 16 Items in process of collection.....  | 7,384     | 6,717   | 12,078  | 6,725   | 6,091   | 5,632        | 9,125   | 6,104   |
| 17 Bank premises.....   | 647       | 647     | 647     | 648     | 649     | 642          | 647     | 649     |
| <b>Other assets</b>   |           |         |         |         |         |              |         |         |
| 18 Denominated in foreign currencies <sup>2</sup> .....   | 9,126     | 9,132   | 9,137   | 9,151   | 9,156   | 9,147        | 9,126   | 9,133   |
| 19 All other <sup>3</sup> .....   | 6,739     | 6,894   | 6,791   | 7,168   | 7,262   | 6,758        | 7,250   | 7,015   |
| 20 Total assets.....  | 236,102   | 237,508 | 242,897 | 244,568 | 236,830 | 233,646      | 244,243 | 238,266 |
| <b>LIABILITIES</b>  |           |         |         |         |         |              |         |         |
| 21 Federal Reserve notes.....   | 184,363   | 185,881 | 186,970 | 185,924 | 185,753 | 185,349      | 184,191 | 186,022 |
| <b>Deposits</b>   |           |         |         |         |         |              |         |         |
| 22 To depository institutions.....  | 32,583    | 35,571  | 35,658  | 42,452  | 35,135  | 34,570       | 36,794  | 36,966  |
| 23 U.S. Treasury—General account.....   | 5,012     | 3,211   | 3,105   | 3,349   | 3,594   | 1,106        | 7,514   | 2,491   |
| 24 Foreign—Official accounts.....   | 214       | 199     | 240     | 206     | 238     | 227          | 342     | 303     |
| 25 Other.....   | 725       | 467     | 625     | 439     | 455     | 461          | 663     | 479     |
| 26 Total deposits.....  | 38,534    | 39,448  | 39,628  | 46,446  | 39,422  | 36,364       | 45,313  | 40,239  |
| 27 Deferred credit items.....   | 7,061     | 5,998   | 10,161  | 5,986   | 5,574   | 5,371        | 8,276   | 5,663   |
| 28 Other liabilities and accrued dividends <sup>4</sup> .....   | 2,143     | 2,193   | 2,145   | 2,176   | 2,067   | 2,193        | 2,193   | 2,275   |
| 29 Total liabilities.....   | 232,101   | 233,520 | 238,904 | 240,532 | 232,816 | 229,277      | 239,973 | 234,199 |
| <b>CAPITAL ACCOUNTS</b>   |           |         |         |         |         |              |         |         |
| 30 Capital paid in.....   | 1,844     | 1,845   | 1,848   | 1,853   | 1,853   | 1,843        | 1,849   | 1,854   |
| 31 Surplus.....   | 1,781     | 1,781   | 1,780   | 1,780   | 1,781   | 1,781        | 1,780   | 1,781   |
| 32 Other capital accounts.....  | 376       | 362     | 365     | 403     | 380     | 745          | 641     | 432     |
| 33 Total liabilities and capital accounts.....  | 236,102   | 237,508 | 242,897 | 244,568 | 236,830 | 233,646      | 244,243 | 238,266 |
| 34 MEMO: Marketable U.S. government securities held in custody for foreign and international account..... | 162,735   | 162,954 | 164,119 | 164,010 | 166,086 | 155,182      | 163,236 | 164,020 |
| <b>Federal Reserve note statement</b>   |           |         |         |         |         |              |         |         |
| 35 Federal Reserve notes outstanding.....   | 223,977   | 224,738 | 225,259 | 226,565 | 227,605 | 221,640      | 223,928 | 227,605 |
| 36 Less: Held by bank.....  | 39,614    | 38,857  | 38,289  | 40,641  | 41,852  | 36,291       | 39,737  | 41,583  |
| 37 Federal Reserve notes, net.....  | 184,363   | 185,881 | 186,970 | 185,924 | 185,753 | 185,349      | 184,191 | 186,022 |
| <b>Collateral held against notes net:</b>   |           |         |         |         |         |              |         |         |
| 38 Gold certificate account.....  | 11,084    | 11,084  | 11,084  | 11,084  | 11,084  | 11,084       | 11,084  | 11,084  |
| 39 Special drawing rights certificate account.....  | 5,018     | 5,018   | 5,018   | 5,018   | 5,018   | 5,018        | 5,018   | 5,018   |
| 40 Other eligible assets.....   | 0         | 0       | 0       | 0       | 0       | 0            | 0       | 0       |
| 41 U.S. government and agency securities.....   | 168,261   | 169,779 | 170,868 | 169,822 | 169,651 | 169,247      | 168,089 | 169,920 |
| 42 Total collateral.....  | 184,363   | 185,881 | 186,970 | 185,924 | 185,753 | 185,349      | 184,191 | 186,022 |

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 |          |         |
|---|-----------|---------|---------|---------|---------|--------------|----------|---------|
|   | 1986      |         |         |         |         | 1986         |          |         |
|   | Oct. 1    | Oct. 8  | Oct. 15 | Oct. 22 | Oct. 29 | Aug. 29      | Sept. 30 | Oct. 31 |
| 1 Loans—Total .....                       | 841       | 2,185   | 638     | 2,261   | 807     | 913          | 879      | 806     |
| 2 Within 15 days .....                    | 792       | 2,145   | 606     | 2,255   | 802     | 863          | 855      | 783     |
| 3 16 days to 90 days .....                | 49        | 40      | 32      | 6       | 5       | 50           | 24       | 23      |
| 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 .....  | 185,765   | 187,340 | 188,988 | 193,130 | 188,302 | 185,937      | 190,751  | 189,995 |
| 10 Within 15 days <sup>1</sup> .....      | 8,555     | 6,829   | 10,390  | 14,839  | 9,673   | 5,582        | 11,681   | 6,964   |
| 11 16 days to 90 days .....               | 45,430    | 46,499  | 44,538  | 44,474  | 46,627  | 42,894       | 46,290   | 48,533  |
| 12 91 days to 1 year .....                | 57,693    | 58,925  | 58,973  | 58,730  | 56,915  | 60,596       | 57,693   | 59,855  |
| 13 Over 1 year to 5 years .....           | 36,698    | 36,698  | 36,703  | 36,703  | 36,703  | 38,476       | 36,698   | 36,259  |
| 14 Over 5 years to 10 years .....         | 15,580    | 15,580  | 15,575  | 15,575  | 15,575  | 15,580       | 15,580   | 15,575  |
| 15 Over 10 years .....                    | 22,809    | 22,809  | 22,809  | 22,809  | 22,809  | 22,809       | 22,809   | 22,809  |
| 16 Federal agency obligations—Total ..... | 7,988     | 7,988   | 7,988   | 8,877   | 7,954   | 8,047        | 9,856    | 7,954   |
| 17 Within 15 days <sup>1</sup> .....      | 41        | 134     | 77      | 1,120   | 279     | 251          | 2,118    | 279     |
| 18 16 days to 90 days .....               | 756       | 972     | 1,069   | 1,025   | 940     | 704          | 755      | 940     |
| 19 91 days to 1 year .....                | 1,710     | 1,460   | 1,409   | 1,355   | 1,360   | 1,569        | 1,502    | 1,360   |
| 20 Over 1 year to 5 years .....           | 3,905     | 3,846   | 3,861   | 3,815   | 3,808   | 3,925        | 3,905    | 3,808   |
| 21 Over 5 years to 10 years .....         | 1,152     | 1,152   | 1,148   | 1,188   | 1,193   | 1,174        | 1,152    | 1,193   |
| 22 Over 10 years .....                    | 424       | 424     | 424     | 374     | 374     | 424          | 424      | 374     |

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   | 1982<br>Dec. | 1983<br>Dec. | 1984<br>Dec. | 1985<br>Dec.       | 1986   |        |        |        |        |                    |        |        |
|--|--------------|--------------|--------------|--------------------|--------|--------|--------|--------|--------|--------------------|--------|--------|
|  |              |              |              |                    | Mar.   | Apr.   | May    | June   | July   | Aug.               | Sept.  | Oct.   |
| ADJUSTED FOR<br>CHANGES IN RESERVE REQUIREMENTS <sup>1</sup>     |              |              |              |                    |        |        |        |        |        |                    |        |        |
| Seasonally adjusted  |              |              |              |                    |        |        |        |        |        |                    |        |        |
| 1 Total reserves <sup>2</sup> .....                              | 34.28        | 36.14        | 39.51        | 45.61              | 46.87  | 47.28  | 48.58  | 49.45  | 50.49  | 51.32              | 51.81  | 52.40  |
| 2 Nonborrowed reserves .....                                     | 33.65        | 35.36        | 36.32        | 44.29              | 46.10  | 46.38  | 47.70  | 48.64  | 49.75  | 50.45              | 50.80  | 51.56  |
| 3 Nonborrowed reserves plus extended credit <sup>3</sup> .....   | 33.83        | 35.37        | 38.93        | 44.79              | 46.62  | 47.02  | 48.29  | 49.17  | 50.13  | 50.91              | 51.37  | 52.05  |
| 4 Required reserves .....  | 33.78        | 35.58        | 38.66        | 44.55              | 45.97  | 46.47  | 47.74  | 48.51  | 49.58  | 50.58              | 51.08  | 51.65  |
| 5 Monetary base <sup>4</sup> .....                               | 170.04       | 185.39       | 199.17       | 216.72             | 221.26 | 222.36 | 224.90 | 226.63 | 228.30 | 230.59             | 231.63 | 233.44 |
| Not seasonally adjusted  |              |              |              |                    |        |        |        |        |        |                    |        |        |
| 6 Total reserves <sup>2</sup> .....                              | 35.01        | 36.86        | 40.57        | 46.84              | 46.34  | 47.94  | 47.71  | 49.20  | 50.32  | 50.62              | 51.55  | 52.34  |
| 7 Nonborrowed reserves .....                                     | 34.37        | 36.09        | 37.38        | 45.52              | 45.58  | 47.04  | 46.84  | 48.40  | 49.58  | 49.75              | 50.54  | 51.50  |
| 8 Nonborrowed reserves plus extended credit <sup>3</sup> .....   | 34.56        | 36.09        | 39.98        | 46.02              | 46.10  | 47.68  | 47.42  | 48.93  | 49.96  | 50.22 <sup>5</sup> | 51.11  | 52.00  |
| 9 Required reserves .....  | 34.51        | 36.30        | 39.71        | 45.78              | 45.44  | 47.14  | 46.87  | 48.27  | 49.41  | 49.88              | 50.82  | 51.59  |
| 10 Monetary base <sup>4</sup> .....                              | 173.07       | 188.66       | 202.34       | 220.36             | 218.99 | 222.13 | 223.61 | 227.04 | 230.02 | 230.76             | 231.51 | 233.04 |
| NOT ADJUSTED FOR<br>CHANGES IN RESERVE REQUIREMENTS <sup>5</sup> |              |              |              |                    |        |        |        |        |        |                    |        |        |
| 11 Total reserves <sup>2</sup> .....                             | 41.85        | 38.89        | 40.70        | 48.14              | 47.27  | 48.88  | 48.42  | 49.94  | 51.03  | 51.28              | 53.19  | 54.62  |
| 12 Nonborrowed reserves .....                                    | 41.22        | 38.12        | 37.51        | 46.82              | 46.51  | 47.99  | 47.54  | 49.14  | 50.29  | 50.41              | 52.18  | 53.78  |
| 13 Nonborrowed reserves plus extended credit <sup>3</sup> .....  | 41.41        | 38.12        | 40.09        | 47.41              | 47.17  | 48.22  | 48.24  | 49.81  | 50.68  | 50.90              | 52.76  | 54.15  |
| 14 Required reserves .....                                       | 41.35        | 38.33        | 39.84        | 47.09 <sup>5</sup> | 46.38  | 48.08  | 47.58  | 49.01  | 50.12  | 50.54              | 52.46  | 53.87  |
| 15 Monetary base <sup>4</sup> .....                              | 180.42       | 192.26       | 204.18       | 223.53             | 221.70 | 224.88 | 226.12 | 229.68 | 232.55 | 233.32             | 235.07 | 237.26 |

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

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

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

4. The monetary base not adjusted for discontinuities consists of total reserves plus required clearing balances and adjustments to compensate for float at Federal Reserve Banks and the currency component of the money stock less the amount

of vault cash holdings of thrift institutions that is included in the currency component of the money stock plus, for institutions not having required reserve balances, the excess of current vault cash over the amount applied to satisfy current reserve requirements. After the introduction of contemporaneous reserve requirements (CRR), currency and vault cash figures are measured over the weekly computation period ending Monday.

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

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

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



## 1.21 MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES

Billions of dollars, averages of daily figures

| Item <sup>1</sup>                              | 1982<br>Dec.         | 1983<br>Dec.         | 1984<br>Dec.         | 1985<br>Dec.         | 1986              |                   |                    |         |
|--|----------------------|----------------------|----------------------|----------------------|-------------------|-------------------|--------------------|---------|
|  |                      |                      |                      |                      | July <sup>r</sup> | Aug. <sup>r</sup> | Sept. <sup>r</sup> | Oct.    |
| Seasonally adjusted                            |                      |                      |                      |                      |                   |                   |                    |         |
| 1 M1   | 479.9                | 527.1                | 558.5                | 626.6                | 676.0             | 687.6             | 693.1              | 701.2   |
| 2 M2   | 1,952.6              | 2,186.0              | 2,373.8              | 2,566.5              | 2,699.0           | 2,723.8           | 2,740.2            | 2,764.1 |
| 3 M3   | 2,443.5              | 2,697.3              | 2,986.5              | 3,201.2              | 3,375.2           | 3,400.2           | 3,424.8            | 3,443.5 |
| 4 L  | 2,850.1              | 3,162.7              | 3,532.4              | 3,839.5              | 4,003.1           | 4,031.2           | 4,061.9            | n.a.    |
| 5 Debt   | 4,661.8 <sup>r</sup> | 5,197.2              | 5,950.4              | 6,769.0              | 7,209.3           | 7,284.5           | 7,353.9            | n.a.    |
| M1 components                                  |                      |                      |                      |                      |                   |                   |                    |         |
| 6 Currency <sup>2</sup>                        | 134.3                | 148.3                | 158.5                | 170.6                | 177.5             | 179.0             | 179.7              | 181.2   |
| 7 Travelers checks <sup>3</sup>                | 4.3                  | 4.9                  | 5.2                  | 5.9                  | 6.4               | 6.5               | 6.5                | 6.4     |
| 8 Demand deposits <sup>4</sup>                 | 237.9                | 242.7                | 248.4                | 271.5                | 288.3             | 291.8             | 292.2              | 293.2   |
| 9 Other checkable deposits <sup>5</sup>        | 103.4                | 131.3                | 146.3                | 178.6                | 203.8             | 210.4             | 214.8              | 220.4   |
| Nontransactions components                     |                      |                      |                      |                      |                   |                   |                    |         |
| 10 In M2 <sup>6</sup>                          | 1,472.7              | 1,658.9              | 1,815.4              | 1,939.9              | 2,022.9           | 2,036.1           | 2,047.1            | 2,062.9 |
| 11 In M3 only <sup>7</sup>                     | 490.9                | 511.3                | 612.7                | 634.6                | 676.2             | 676.5             | 684.6              | 679.4   |
| Savings deposits <sup>9</sup>                  |                      |                      |                      |                      |                   |                   |                    |         |
| 12 Commercial Banks                            | 163.7                | 133.4                | 122.3                | 124.5                | 133.4             | 136.8             | 140.9              | 145.8   |
| 13 Thrift institutions                         | 194.2                | 173.2                | 167.3                | 179.1                | 197.8             | 200.8             | 203.5              | 208.0   |
| Small denomination time deposits <sup>9</sup>  |                      |                      |                      |                      |                   |                   |                    |         |
| 14 Commercial Banks                            | 380.4                | 351.1                | 387.2                | 384.1                | 380.0             | 376.0             | 372.6              | 367.7   |
| 15 Thrift institutions                         | 472.4                | 434.1                | 500.3                | 496.2                | 503.7             | 501.2             | 498.7              | 493.7   |
| Money market mutual funds                      |                      |                      |                      |                      |                   |                   |                    |         |
| 16 General purpose and broker/dealer           | 185.2                | 138.2                | 167.5                | 176.5                | 199.7             | 200.5             | 202.2              | 206.7   |
| 17 Institution-only                            | 51.1                 | 43.2                 | 62.7                 | 64.6                 | 77.5              | 80.8              | 84.4               | 84.5    |
| Large denomination time deposits <sup>10</sup> |                      |                      |                      |                      |                   |                   |                    |         |
| 18 Commercial Banks <sup>11</sup>              | 262.1                | 228.7                | 263.7                | 279.2                | 280.1             | 281.9             | 281.5              | 279.3   |
| 19 Thrift institutions                         | 65.8                 | 101.1                | 150.2                | 157.3                | 165.8             | 166.1             | 165.8              | 164.0   |
| Debt components                                |                      |                      |                      |                      |                   |                   |                    |         |
| 20 Federal debt                                | 979.7                | 1,172.8              | 1,367.7              | 1,587.0              | 1,712.4           | 1,724.9           | 1,741.5            | n.a.    |
| 21 Non-federal debt                            | 3,682.1 <sup>r</sup> | 4,024.4 <sup>r</sup> | 4,582.8 <sup>r</sup> | 5,182.0              | 5,496.9           | 5,559.6           | 5,612.4            | n.a.    |
| Not seasonally adjusted                        |                      |                      |                      |                      |                   |                   |                    |         |
| 22 M1  | 490.9                | 538.8                | 570.5                | 639.9                | 679.8             | 684.6             | 690.7              | 698.4   |
| 23 M2  | 1,958.6              | 2,192.8              | 2,380.8              | 2,574.7              | 2,704.3           | 2,718.6           | 2,730.9            | 2,758.1 |
| 24 M3  | 2,453.3              | 2,707.9              | 2,997.8              | 3,213.9              | 3,372.7           | 3,394.9           | 3,417.5            | 3,439.5 |
| 25 L   | 2,856.4              | 3,169.3              | 3,537.6              | 3,845.7              | 4,003.2           | 4,027.5           | 4,056.9            | n.a.    |
| 26 Debt  | 4,655.8 <sup>r</sup> | 5,191.6 <sup>r</sup> | 5,944.6 <sup>r</sup> | 6,762.4              | 7,173.8           | 7,253.3           | 7,331.3            | n.a.    |
| M1 components                                  |                      |                      |                      |                      |                   |                   |                    |         |
| 27 Currency <sup>2</sup>                       | 136.5                | 150.5                | 160.9                | 173.1                | 179.1             | 179.9             | 179.6              | 180.9   |
| 28 Travelers checks <sup>3</sup>               | 4.1                  | 4.6                  | 4.9                  | 5.5                  | 7.2               | 7.3               | 6.9                | 6.5     |
| 29 Demand deposits <sup>4</sup>                | 246.2                | 251.3                | 257.3                | 281.3                | 290.0             | 289.0             | 290.8              | 292.5   |
| 30 Other checkable deposits <sup>5</sup>       | 104.1                | 132.4                | 147.5                | 180.1                | 203.5             | 208.5             | 213.5              | 218.5   |
| Nontransactions components                     |                      |                      |                      |                      |                   |                   |                    |         |
| 31 M2 <sup>6</sup>                             | 1,467.7              | 1,654.0              | 1,810.3              | 1,934.7              | 2,024.5           | 2,034.0           | 2,040.2            | 2,059.7 |
| 32 M3 only <sup>7</sup>                        | 494.7                | 515.1                | 617.0                | 639.2                | 668.4             | 676.3             | 686.6              | 681.4   |
| Money market deposit accounts                  |                      |                      |                      |                      |                   |                   |                    |         |
| 33 Commercial banks                            | 26.3                 | 230.5                | 267.2                | 332.4                | 359.0             | 363.6             | 368.1              | 371.8   |
| 34 Thrift institutions                         | 16.9                 | 148.7                | 149.7                | 179.6                | 187.1             | 189.5             | 190.2              | 192.1   |
| Savings deposits <sup>8</sup>                  |                      |                      |                      |                      |                   |                   |                    |         |
| 35 Commercial Banks                            | 162.1                | 132.2                | 121.4                | 123.5                | 135.1             | 137.3             | 140.7              | 146.1   |
| 36 Thrift institutions                         | 193.1                | 172.3                | 166.5                | 178.3                | 198.7             | 199.7             | 202.5              | 208.7   |
| Small denomination time deposits <sup>9</sup>  |                      |                      |                      |                      |                   |                   |                    |         |
| 37 Commercial Banks                            | 380.1                | 351.1                | 387.6                | 384.8                | 379.8             | 377.9             | 375.1              | 370.4   |
| 38 Thrift institutions                         | 471.7                | 434.2                | 501.2                | 497.6                | 502.7             | 500.5             | 498.4              | 496.6   |
| Money market mutual funds                      |                      |                      |                      |                      |                   |                   |                    |         |
| 39 General purpose and broker/dealer           | 185.2                | 138.2                | 167.5                | 176.5                | 199.7             | 200.5             | 202.2              | 206.7   |
| 40 Institution-only                            | 51.1                 | 43.2                 | 62.7                 | 64.6                 | 77.5              | 80.8              | 84.4               | 84.5    |
| Large denomination time deposits <sup>10</sup> |                      |                      |                      |                      |                   |                   |                    |         |
| 41 Commercial Banks <sup>11</sup>              | 265.2                | 230.8                | 265.4                | 280.9                | 279.1             | 282.3             | 283.6              | 282.0   |
| 42 Thrift institutions                         | 65.8                 | 101.4                | 150.6                | 157.8                | 164.7             | 166.0             | 165.7              | 164.3   |
| Debt components                                |                      |                      |                      |                      |                   |                   |                    |         |
| 43 Federal debt                                | 976.4                | 1,170.2              | 1,364.7              | 1,583.7              | 1,695.6           | 1,713.3           | 1,734.6            | n.a.    |
| 44 Non-federal debt                            | 3,679.3 <sup>r</sup> | 4,021.4 <sup>r</sup> | 4,579.9 <sup>r</sup> | 5,178.7 <sup>r</sup> | 5,478.1           | 5,540.0           | 5,596.7            | n.a.    |

For notes see following page.

## NOTES TO TABLE I.21

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

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

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

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

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

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

3. Outstanding amount of U.S. dollar-denominated travelers checks of 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  | 1983 <sup>1</sup> | 1984 <sup>1</sup> | 1985 <sup>1</sup> | 1986                           |           |           |           |           |           |
|----------------------------------|-------------------|-------------------|-------------------|--------------------------------|-----------|-----------|-----------|-----------|-----------|
|                                  |                   |                   |                   | Apr.                           | May       | June      | July      | Aug.      | Sept.     |
| <b>DEBITS TO</b>                 |                   |                   |                   | <b>Seasonally adjusted</b>     |           |           |           |           |           |
| Demand deposits <sup>2</sup>     |                   |                   |                   |                                |           |           |           |           |           |
| 1 All insured banks              | 109,642.3         | 128,440.8         | 154,556.0         | 192,847.2                      | 189,819.7 | 187,035.1 | 188,874.2 | 194,457.3 | 197,997.9 |
| 2 Major New York City banks      | 47,769.4          | 57,392.7          | 70,445.1          | 95,699.5                       | 87,846.7  | 89,201.2  | 91,040.8  | 92,961.7  | 95,252.0  |
| 3 Other banks                    | 61,873.1          | 71,048.1          | 84,110.9          | 97,147.7                       | 101,973.0 | 97,833.9  | 97,833.4  | 101,495.6 | 102,745.9 |
| 4 ATS-NOW accounts <sup>3</sup>  | 1,405.5           | 1,588.7           | 1,920.8           | 2,088.7                        | 2,255.6   | 2,188.0   | 2,320.1   | 2,414.8   | 2,704.8   |
| 5 Savings deposits <sup>4</sup>  | 741.4             | 633.1             | 539.0             | 385.2                          | 389.7     | 382.6     | 417.4     | 421.0     | 428.4     |
| <b>DEPOSIT TURNOVER</b>          |                   |                   |                   |                                |           |           |           |           |           |
| Demand deposits <sup>2</sup>     |                   |                   |                   |                                |           |           |           |           |           |
| 6 All insured banks              | 379.7             | 434.4             | 496.5             | 593.6                          | 569.7     | 553.3     | 556.4     | 567.6     | 573.9     |
| 7 Major New York City banks      | 1,528.0           | 1,843.0           | 2,168.9           | 2,635.1                        | 2,457.8   | 2,504.5   | 2,417.2   | 2,437.0   | 2,519.8   |
| 8 Other banks                    | 240.9             | 268.6             | 301.8             | 336.6                          | 342.8     | 323.5     | 324.2     | 333.4     | 334.5     |
| 9 ATS-NOW accounts <sup>3</sup>  | 15.6              | 15.8              | 16.7              | 16.0                           | 17.0      | 16.2      | 16.8      | 16.9      | 18.4      |
| 10 Savings deposits <sup>4</sup> | 5.4               | 5.0               | 4.5               | 3.1                            | 3.1       | 3.0       | 3.2       | 3.2       | 3.1       |
| <b>DEBITS TO</b>                 |                   |                   |                   | <b>Not seasonally adjusted</b> |           |           |           |           |           |
| Demand deposits <sup>2</sup>     |                   |                   |                   |                                |           |           |           |           |           |
| 11 All insured banks             | 109,517.6         | 128,059.1         | 154,108.4         | 195,373.5                      | 184,827.4 | 188,924.1 | 198,657.9 | 186,892.9 | 198,433.5 |
| 12 Major New York City banks     | 47,707.4          | 57,282.4          | 70,400.9          | 95,408.5                       | 85,189.6  | 91,315.2  | 96,686.1  | 88,807.6  | 96,489.1  |
| 13 Other banks                   | 64,310.2          | 70,776.9          | 83,707.8          | 99,965.0                       | 99,637.8  | 97,608.9  | 101,971.8 | 98,085.3  | 101,944.4 |
| 14 ATS-NOW accounts <sup>3</sup> | 1,397.0           | 1,579.5           | 1,903.4           | 2,393.2                        | 2,256.6   | 2,356.3   | 2,240.4   | 2,140.8   | 2,524.1   |
| 15 MMDA <sup>5</sup>             | 567.4             | 848.8             | 1,179.0           | 1,638.8                        | 1,557.9   | 1,697.2   | 1,575.9   | 1,530.6   | 1,612.9   |
| 16 Savings deposits <sup>4</sup> | 742.0             | 632.9             | 538.7             | 418.7                          | 377.8     | 385.9     | 419.9     | 413.7     | 414.2     |
| <b>DEPOSIT TURNOVER</b>          |                   |                   |                   |                                |           |           |           |           |           |
| Demand deposits <sup>2</sup>     |                   |                   |                   |                                |           |           |           |           |           |
| 17 All insured banks             | 379.9             | 433.5             | 497.4             | 600.1                          | 569.4     | 564.1     | 587.8     | 554.7     | 577.6     |
| 18 Major New York City banks     | 1,510.0           | 1,838.6           | 2,191.1           | 2,661.7                        | 2,487.0   | 2,570.0   | 2,620.6   | 2,421.9   | 2,603.6   |
| 19 Other banks                   | 240.5             | 267.9             | 301.6             | 345.0                          | 343.2     | 326.0     | 338.7     | 326.6     | 332.6     |
| 20 ATS-NOW accounts <sup>3</sup> | 15.5              | 15.7              | 16.6              | 17.9                           | 17.1      | 17.4      | 16.3      | 15.1      | 17.3      |
| 21 MMDA <sup>5</sup>             | 2.8               | 3.5               | 3.8               | 4.8                            | 4.5       | 4.8       | 4.4       | 4.2       | 4.4       |
| 22 Savings deposits <sup>4</sup> | 5.4               | 5.0               | 4.5               | 3.4                            | 3.0       | 3.0       | 3.2       | 3.1       | 3.0       |

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.

# A16 Domestic Financial Statistics □ January 1987

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

Billions of dollars; averages of Wednesday figures

| Category   | 1985    |         | 1986              |                   |                   |                   |                   |         |         |                   |                      |         |
|--|---------|---------|-------------------|-------------------|-------------------|-------------------|-------------------|---------|---------|-------------------|----------------------|---------|
|  | Nov.    | Dec.    | Jan.              | Feb.              | Mar.              | Apr.              | May               | June    | July    | Aug.              | Sept.                | Oct.    |
| Seasonally adjusted                                  |         |         |                   |                   |                   |                   |                   |         |         |                   |                      |         |
| 1 Total loans and securities <sup>2</sup> . . . . .  | 1,876.0 | 1,900.4 | 1,930.0           | 1,935.5           | 1,944.6           | 1,947.9           | 1,957.5           | 1,963.7 | 1,985.0 | 2,007.7           | 2,027.1              | 2,031.6 |
| 2 U.S. government securities . . . . .               | 276.0   | 273.1   | 268.2             | 273.6             | 269.5             | 270.0             | 274.1             | 274.8   | 285.4   | 290.9             | 294.1                | 299.4   |
| 3 Other securities . . . . .                         | 163.3   | 177.6   | 192.5             | 188.1             | 183.3             | 182.1             | 181.9             | 183.6   | 186.1   | 192.3             | 200.5                | 196.5   |
| 4 Total loans and leases <sup>2</sup> . . . . .      | 1,436.8 | 1,449.7 | 1,469.3           | 1,473.7           | 1,491.8           | 1,495.8           | 1,501.5           | 1,505.3 | 1,513.4 | 1,524.5           | 1,532.5 <sup>3</sup> | 1,535.6 |
| 5 Commercial and industrial . . . . .                | 495.7   | 499.5   | 502.1             | 502.4             | 506.1             | 507.8             | 506.7             | 508.7   | 508.7   | 510.4             | 510.7 <sup>3</sup>   | 512.8   |
| 6 Bankers acceptances held <sup>3</sup> . . . . .    | 4.9     | 4.9     | 4.9               | 4.8               | 4.9               | 5.2               | 5.6               | 6.1     | 5.8     | 5.9               | 6.2                  | 6.3     |
| 7 Other commercial and industrial . . . . .          | 490.7   | 494.7   | 497.2             | 497.6             | 501.2             | 502.6             | 501.0             | 502.6   | 502.8   | 504.4             | 504.5 <sup>3</sup>   | 506.5   |
| 8 U.S. addressees <sup>4</sup> . . . . .             | 482.4   | 486.0   | 488.0             | 488.4             | 491.3             | 492.7             | 490.6             | 493.1   | 493.8   | 495.4             | 495.7                | 497.7   |
| 9 Non-U.S. addressees <sup>4</sup> . . . . .         | 8.3     | 8.7     | 9.3               | 9.2               | 9.9               | 9.8               | 10.5              | 9.5     | 9.0     | 9.1               | 8.9                  | 8.8     |
| 10 Real estate . . . . .                             | 418.0   | 422.4   | 427.1             | 431.4             | 436.1             | 440.7             | 446.4             | 450.7   | 455.9   | 461.4             | 465.9 <sup>3</sup>   | 470.8   |
| 11 Individual . . . . .                              | 289.7   | 291.5   | 294.6             | 297.4             | 299.5             | 301.1             | 303.0             | 304.5   | 305.6   | 306.9             | 308.8                | 309.8   |
| 12 Security . . . . .                                | 39.8    | 40.1    | 44.1              | 43.4              | 50.4              | 48.0              | 46.4              | 42.5    | 44.8    | 44.2              | 44.0                 | 39.2    |
| 13 Nonbank financial institutions . . . . .          | 32.0    | 32.6    | 32.6              | 31.8 <sup>r</sup> | 32.2 <sup>r</sup> | 32.3 <sup>r</sup> | 33.3              | 34.7    | 34.2    | 34.4              | 35.1                 | 35.6    |
| 14 Agricultural . . . . .                            | 37.1    | 36.3    | 35.9              | 35.4              | 34.9              | 34.6              | 34.1              | 33.7    | 33.3    | 33.3              | 33.2                 | 33.3    |
| 15 State and political subdivisions . . . . .        | 50.0    | 52.8    | 60.5              | 60.3              | 60.2              | 59.8              | 59.5              | 59.4    | 59.0    | 59.4              | 59.4                 | 58.5    |
| 16 Foreign banks . . . . .                           | 9.0     | 9.1     | 9.1               | 9.2               | 9.2               | 9.2               | 9.3               | 9.5     | 9.5     | 9.3               | 9.4                  | 9.2     |
| 17 Foreign official institutions . . . . .           | 6.7     | 6.9     | 7.0               | 7.0               | 6.8               | 5.3               | 5.1               | 6.4     | 6.5     | 6.5               | 6.4                  | 6.3     |
| 18 Lease financing receivables . . . . .             | 18.4    | 18.8    | 19.4              | 19.6              | 19.8              | 19.9              | 19.8              | 20.0    | 20.0    | 20.2              | 20.4                 | 20.4    |
| 19 All other loans . . . . .                         | 40.3    | 39.6    | 36.9 <sup>r</sup> | 35.8 <sup>r</sup> | 36.6 <sup>r</sup> | 37.3              | 37.9              | 35.4    | 35.9    | 38.5              | 39.3                 | 39.7    |
| Not seasonally adjusted                              |         |         |                   |                   |                   |                   |                   |         |         |                   |                      |         |
| 20 Total loans and securities <sup>2</sup> . . . . . | 1,875.7 | 1,912.6 | 1,934.8           | 1,932.4           | 1,944.1           | 1,950.5           | 1,956.7           | 1,965.4 | 1,981.4 | 1,999.8           | 2,024.8              | 2,026.7 |
| 21 U.S. government securities . . . . .              | 273.7   | 271.0   | 267.7             | 275.0             | 273.2             | 274.0             | 275.4             | 276.2   | 285.3   | 289.1             | 292.5                | 295.1   |
| 22 Other securities . . . . .                        | 163.3   | 178.7   | 193.8             | 188.9             | 183.9             | 181.8             | 182.2             | 182.5   | 183.9   | 192.1             | 200.5                | 196.0   |
| 23 Total loans and leases <sup>2</sup> . . . . .     | 1,438.7 | 1,462.9 | 1,473.3           | 1,468.5           | 1,487.1           | 1,494.7           | 1,499.0           | 1,506.7 | 1,512.1 | 1,518.7           | 1,531.9              | 1,535.6 |
| 24 Commercial and industrial . . . . .               | 494.8   | 501.5   | 501.4             | 500.1             | 506.9             | 510.0             | 508.5             | 509.4   | 508.6   | 508.3             | 509.9                | 511.8   |
| 25 Bankers acceptances held <sup>3</sup> . . . . .   | 5.0     | 5.2     | 4.9               | 4.7               | 5.0               | 5.2               | 5.5               | 6.0     | 6.0     | 5.9               | 6.0                  | 6.1     |
| 26 Other commercial and industrial . . . . .         | 489.7   | 496.4   | 496.5             | 495.4             | 501.9             | 504.9             | 503.0             | 503.4   | 502.6   | 502.4             | 503.9                | 505.6   |
| 27 U.S. addressees <sup>4</sup> . . . . .            | 481.0   | 487.3   | 487.3             | 486.3             | 492.7             | 495.4             | 493.3             | 494.0   | 493.3   | 493.1             | 494.6 <sup>r</sup>   | 496.5   |
| 28 Non-U.S. addressees <sup>4</sup> . . . . .        | 8.8     | 9.0     | 9.2               | 9.1               | 9.2               | 9.5               | 9.7               | 9.4     | 9.3     | 9.4               | 9.2                  | 9.1     |
| 29 Real estate . . . . .                             | 419.2   | 423.3   | 427.3             | 430.6             | 434.9             | 439.5             | 445.2             | 450.2   | 455.8   | 461.7             | 466.9                | 472.2   |
| 30 Individual . . . . .                              | 291.0   | 294.8   | 297.0             | 296.3             | 296.8             | 298.6             | 301.1             | 303.1   | 304.9   | 307.2             | 310.2                | 311.4   |
| 31 Security . . . . .                                | 41.0    | 45.4    | 46.8              | 42.6              | 49.5              | 48.5              | 45.6              | 42.5    | 43.0    | 41.3              | 41.5                 | 38.4    |
| 32 Nonbank financial institutions . . . . .          | 32.1    | 33.4    | 32.8 <sup>r</sup> | 31.2 <sup>r</sup> | 31.6 <sup>r</sup> | 32.2              | 33.1              | 34.6    | 34.3    | 34.6              | 35.3                 | 35.4    |
| 33 Agricultural . . . . .                            | 37.2    | 36.0    | 35.2              | 34.5              | 34.0              | 33.9              | 34.1 <sup>r</sup> | 34.2    | 34.1    | 34.1 <sup>r</sup> | 34.0 <sup>r</sup>    | 33.8    |
| 34 State and political subdivisions . . . . .        | 50.0    | 52.8    | 60.5              | 60.3              | 60.2              | 59.8              | 59.5              | 59.4    | 59.0    | 59.4              | 59.4                 | 58.5    |
| 35 Foreign banks . . . . .                           | 9.3     | 9.5     | 9.3               | 9.3               | 9.1               | 9.0               | 9.1               | 9.2     | 9.4     | 9.1               | 9.4                  | 9.3     |
| 36 Foreign official institutions . . . . .           | 6.7     | 6.9     | 7.0               | 7.0               | 6.8               | 5.3               | 5.1               | 6.4     | 6.5     | 6.5               | 6.4                  | 6.3     |
| 37 Lease financing receivables . . . . .             | 18.3    | 18.8    | 19.6              | 19.8              | 19.8              | 19.9              | 19.9              | 20.0    | 20.0    | 20.1              | 20.3                 | 20.3    |
| 38 All other loans . . . . .                         | 39.1    | 40.5    | 36.4 <sup>r</sup> | 36.6 <sup>r</sup> | 37.5 <sup>r</sup> | 38.1              | 37.9              | 37.7    | 36.5    | 36.3              | 38.7                 | 38.2    |

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

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

3. Includes nonfinancial commercial paper held.

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

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

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

Monthly averages, billions of dollars

| Source   | 1985  |       | 1986  |       |       |       |                    |                    |                    |                    |                    |       |
|--|-------|-------|-------|-------|-------|-------|--------------------|--------------------|--------------------|--------------------|--------------------|-------|
|  | Nov.  | Dec.  | Jan.  | Feb.  | Mar.  | Apr.  | May                | June               | July               | Aug.               | Sept.              | Oct.  |
| Total nondeposit funds   |       |       |       |       |       |       |                    |                    |                    |                    |                    |       |
| 1 Seasonally adjusted <sup>2</sup>   | 122.3 | 128.2 | 131.7 | 131.7 | 141.2 | 134.1 | 135.7              | 132.6              | 136.0              | 137.7              | 142.3              | 139.8 |
| 2 Not seasonally adjusted  | 123.4 | 127.9 | 131.8 | 134.4 | 143.7 | 135.0 | 137.8 <sup>r</sup> | 131.3 <sup>r</sup> | 132.0 <sup>r</sup> | 136.7              | 140.6              | 138.0 |
| Federal funds, RPs, and other borrowings from nonbanks <sup>3</sup>  |       |       |       |       |       |       |                    |                    |                    |                    |                    |       |
| 3 Seasonally adjusted  | 149.4 | 154.1 | 151.6 | 152.7 | 160.6 | 160.4 | 157.9              | 157.1              | 166.2              | 168.0              | 167.3              | 167.6 |
| 4 Not seasonally adjusted  | 150.5 | 153.7 | 151.6 | 155.3 | 163.1 | 161.3 | 160.0              | 155.8              | 162.3              | 166.9              | 165.6              | 165.9 |
| 5 Net balances due to foreign-related institutions, not seasonally adjusted  | -27.2 | -25.9 | -19.9 | -21.0 | -19.4 | -26.3 | -22.2              | -24.5              | -30.2              | -30.2              | -25.0              | -27.8 |
| MEMO   |       |       |       |       |       |       |                    |                    |                    |                    |                    |       |
| 6 Domestically chartered banks' net positions with own foreign branches, not seasonally adjusted <sup>4</sup>          | -30.2 | -31.6 | -28.0 | -25.8 | -26.5 | -30.2 | -29.3              | -30.5              | -33.8              | -31.2              | -29.2              | -31.9 |
| 7 Gross due from balances  | 74.1  | 76.3  | 74.3  | 69.4  | 71.7  | 75.2  | 72.9               | 72.2               | 73.9               | 75.2               | 74.0               | 73.5  |
| 8 Gross due to balances  | 43.9  | 44.7  | 46.4  | 43.6  | 45.2  | 45.1  | 43.6               | 41.7               | 40.1               | 44.0               | 44.8               | 41.6  |
| 9 Foreign-related institutions' net positions with directly related institutions, not seasonally adjusted <sup>5</sup> | 3.1   | 5.7   | 8.1   | 4.8   | 7.1   | 3.9   | 7.1 <sup>r</sup>   | 6.0                | 3.6                | 1.0                | 4.2                | 4.0   |
| 10 Gross due from balances   | 55.9  | 56.7  | 57.6  | 60.0  | 60.7  | 62.5  | 60.0               | 62.8               | 64.2               | 66.2               | 67.9               | 68.3  |
| 11 Gross due to balances   | 58.9  | 62.5  | 65.7  | 64.8  | 67.8  | 66.4  | 67.1               | 68.8               | 67.8               | 67.2               | 72.1               | 72.3  |
| Security RP borrowings   |       |       |       |       |       |       |                    |                    |                    |                    |                    |       |
| 12 Seasonally adjusted <sup>6</sup>  | 85.9  | 89.4  | 87.6  | 89.5  | 89.7  | 89.7  | 89.0               | 89.2               | 95.7               | 96.3               | 96.0               | 96.5  |
| 13 Not seasonally adjusted   | 87.0  | 89.0  | 87.7  | 92.2  | 92.2  | 90.6  | 91.2               | 88.0               | 91.8               | 95.3               | 94.3               | 94.8  |
| U.S. Treasury demand balances <sup>7</sup>   |       |       |       |       |       |       |                    |                    |                    |                    |                    |       |
| 14 Seasonally adjusted   | 13.5  | 17.5  | 19.0  | 21.1  | 15.7  | 17.4  | 21.3               | 18.5               | 14.7               | 13.1               | 16.0               | 13.2  |
| 15 Not seasonally adjusted   | 7.9   | 14.6  | 24.0  | 24.2  | 15.7  | 17.8  | 21.8               | 16.1               | 16.8               | 11.0               | 18.2               | 15.3  |
| Time deposits, \$100,000 or more <sup>8</sup>  |       |       |       |       |       |       |                    |                    |                    |                    |                    |       |
| 16 Seasonally adjusted   | 335.9 | 337.6 | 349.4 | 351.9 | 347.7 | 346.9 | 340.4              | 339.8              | 338.5 <sup>r</sup> | 342.9 <sup>r</sup> | 342.5 <sup>r</sup> | 340.1 |
| 17 Not seasonally adjusted   | 337.5 | 339.4 | 348.3 | 350.7 | 348.3 | 343.5 | 339.7              | 338.1              | 337.5 <sup>r</sup> | 343.2 <sup>r</sup> | 344.6 <sup>r</sup> | 342.8 |

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.

Data for lines 1-4 and 12-17 have been revised in light of benchmarking and revised seasonal adjustment.

2. Includes seasonally adjusted federal funds, RPs, and other borrowings from nonbanks and not seasonally adjusted net Eurodollars. Includes averages of Wednesday data for domestically chartered banks and averages of current and previous month-end data for foreign-related institutions.

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

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

5. Averages of daily data.

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

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

8. Averages of Wednesday figures.

A18 Domestic Financial Statistics □ January 1987

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

Billions of dollars

| Account  | 1985           | 1986           |                |                |                |                |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  | Dec.           | Jan.           | Feb.           | Mar.           | Apr.           | May            | June           | July           | Aug.           | Sept.          | Oct.           |
| <b>ALL COMMERCIAL BANKING INSTITUTIONS<sup>1</sup></b>     |                |                |                |                |                |                |                |                |                |                |                |
| 1 Loans and securities                                     | 2,068.7        | 2,065.2        | 2,078.8        | 2,091.4        | 2,113.4        | 2,101.3        | 2,105.5        | 2,134.0        | 2,154.4        | 2,171.1        | 2,173.2        |
| 2 Investment securities                                    | 420.4          | 432.5          | 432.8          | 427.2          | 429.5          | 430.9          | 432.6          | 445.7          | 455.1          | 464.6          | 467.4          |
| 3 U.S. government securities                               | 253.9          | 251.9          | 255.1          | 253.7          | 255.8          | 257.7          | 259.6          | 269.6          | 272.2          | 275.9          | 281.8          |
| 4 Other  | 166.5          | 180.6          | 177.7          | 173.5          | 173.6          | 173.2          | 173.0          | 176.1          | 183.0          | 188.7          | 185.6          |
| 5 Trading account assets                                   | 31.1           | 30.1           | 34.0           | 30.1           | 27.8           | 27.0           | 27.4           | 28.7           | 29.3           | 27.9           | 26.0           |
| 6 Total loans  | 1,617.2        | 1,602.6        | 1,612.0        | 1,634.2        | 1,656.1        | 1,643.5        | 1,645.5        | 1,659.6        | 1,670.0        | 1,678.5        | 1,679.8        |
| 7 Interbank loans  | 150.6          | 140.4          | 143.5          | 146.0          | 155.7          | 146.2          | 139.2          | 148.6          | 149.4          | 145.3          | 146.7          |
| 8 Loans excluding interbank                                | 1,466.7        | 1,462.2        | 1,468.5        | 1,488.1        | 1,500.4        | 1,497.2        | 1,506.3        | 1,511.0        | 1,520.6        | 1,533.2        | 1,533.1        |
| 9 Commercial and industrial                                | 500.2          | 496.7          | 501.8          | 508.5          | 510.5          | 506.2          | 512.3          | 507.3          | 510.1          | 512.1          | 512.6          |
| 10 Real estate   | 423.7          | 428.7          | 431.5          | 435.9          | 441.7          | 446.4          | 451.4          | 457.6          | 463.2          | 467.7          | 473.5          |
| 11 Individual  | 296.0          | 297.4          | 296.4          | 296.9          | 300.4          | 301.1          | 304.0          | 305.6          | 308.4          | 310.5          | 311.8          |
| 12 All other   | 246.7          | 239.4          | 238.7          | 246.9          | 247.8          | 243.6          | 238.7          | 240.5          | 238.8          | 242.9          | 235.2          |
| 13 Total cash assets                                       | 213.3          | 187.3          | 193.7          | 198.1          | 209.9          | 221.0          | 196.0          | 206.2          | 205.8          | 196.6          | 200.4          |
| 14 Reserves with Federal Reserve Banks                     | 27.6           | 21.9           | 26.2           | 29.1           | 25.5           | 30.2           | 27.9           | 28.2           | 27.9           | 27.8           | 31.2           |
| 15 Cash in vault   | 22.2           | 23.0           | 22.7           | 21.8           | 22.3           | 23.9           | 23.0           | 23.3           | 23.7           | 22.9           | 23.5           |
| 16 Cash items in process of collection                     | 79.5           | 64.2           | 66.9           | 68.8           | 80.7           | 84.6           | 67.3           | 72.1           | 73.5           | 66.3           | 66.3           |
| 17 Demand balances at U.S. depository institutions         | 36.0           | 31.3           | 31.8           | 31.1           | 34.7           | 36.8           | 32.0           | 33.8           | 33.6           | 32.3           | 32.6           |
| 18 Other cash assets                                       | 48.0           | 47.0           | 46.1           | 47.4           | 46.7           | 45.5           | 45.8           | 48.7           | 47.1           | 47.4           | 46.8           |
| 19 Other assets  | 201.9          | 187.0          | 186.5          | 195.3          | 207.0          | 195.9          | 196.6          | 196.6          | 196.2          | 200.8          | 198.3          |
| 20 Total assets/total liabilities and capital              | <b>2,483.8</b> | <b>2,439.6</b> | <b>2,458.9</b> | <b>2,484.8</b> | <b>2,530.3</b> | <b>2,518.3</b> | <b>2,498.1</b> | <b>2,536.7</b> | <b>2,556.4</b> | <b>2,568.4</b> | <b>2,571.9</b> |
| 21 Deposits  | 1,772.5        | 1,739.5        | 1,746.4        | 1,762.8        | 1,798.4        | 1,807.4        | 1,791.9        | 1,819.5        | 1,833.6        | 1,830.8        | 1,843.8        |
| 22 Transaction deposits                                    | 536.9          | 488.8          | 492.1          | 502.5          | 540.7          | 542.7          | 523.3          | 540.0          | 544.2          | 537.4          | 547.5          |
| 23 Savings deposits  | 452.0          | 454.2          | 457.2          | 462.0          | 467.8          | 477.3          | 482.4          | 490.8          | 497.7          | 504.4          | 514.8          |
| 24 Time deposits   | 783.6          | 796.5          | 797.1          | 798.3          | 789.9          | 787.5          | 786.3          | 788.7          | 791.7          | 789.0          | 781.5          |
| 25 Borrowings  | 367.8          | 364.4          | 374.7          | 373.1          | 390.7          | 367.4          | 366.8          | 379.2          | 377.3          | 388.1          | 380.0          |
| 26 Other liabilities                                       | 175.8          | 167.6          | 169.1          | 179.3          | 170.4          | 173.1          | 168.5          | 168.6          | 174.7          | 177.5          | 175.1          |
| 27 Residual (assets less liabilities)                      | 167.7          | 168.2          | 168.8          | 169.7          | 170.8          | 170.3          | 170.9          | 169.4          | 170.8          | 172.1          | 173.0          |
| <b>MEMO</b>  |                |                |                |                |                |                |                |                |                |                |                |
| 28 U.S. government securities (including trading account)  | 269.7          | 269.8          | 278.4          | 273.7          | 274.0          | 275.1          | 276.5          | 288.8          | 289.8          | 292.5          | 298.6          |
| 29 Other securities (including trading account)            | 181.8          | 192.8          | 188.4          | 183.6          | 183.3          | 182.8          | 183.5          | 185.6          | 194.6          | 200.0          | 194.8          |
| <b>DOMESTICALLY CHARTERED COMMERCIAL BANKS<sup>2</sup></b> |                |                |                |                |                |                |                |                |                |                |                |
| 30 Loans and securities                                    | 1,954.3        | 1,954.3        | 1,964.0        | 1,972.4        | 1,993.3        | 1,985.3        | 1,990.0        | 2,014.0        | 2,029.4        | 2,039.8        | 2,046.2        |
| 31 Investment securities                                   | 409.9          | 421.1          | 420.8          | 416.0          | 416.1          | 417.1          | 419.6          | 432.5          | 440.2          | 448.0          | 450.7          |
| 32 U.S. government securities                              | 249.0          | 247.0          | 249.6          | 248.5          | 248.8          | 250.2          | 253.1          | 263.2          | 264.5          | 267.5          | 272.9          |
| 33 Other   | 160.9          | 174.1          | 171.2          | 167.5          | 167.2          | 166.9          | 166.5          | 169.4          | 175.7          | 180.5          | 177.8          |
| 34 Trading account assets                                  | 31.1           | 30.1           | 34.0           | 30.1           | 27.8           | 27.0           | 27.4           | 28.7           | 29.3           | 27.9           | 26.0           |
| 35 Total loans   | 1,513.4        | 1,503.1        | 1,509.2        | 1,526.3        | 1,549.4        | 1,541.3        | 1,543.0        | 1,552.8        | 1,559.8        | 1,564.0        | 1,569.5        |
| 36 Interbank loans   | 123.8          | 115.8          | 115.8          | 120.2          | 129.3          | 123.3          | 117.3          | 122.7          | 123.1          | 118.9          | 122.4          |
| 37 Loans excluding interbank                               | 1,389.5        | 1,387.3        | 1,393.5        | 1,406.1        | 1,420.1        | 1,418.0        | 1,425.8        | 1,430.1        | 1,436.7        | 1,445.1        | 1,447.2        |
| 38 Commercial and industrial                               | 445.3          | 442.5          | 446.2          | 448.2          | 452.3          | 449.8          | 452.5          | 448.4          | 448.4          | 447.2          | 447.2          |
| 39 Real estate   | 418.4          | 423.6          | 426.4          | 430.7          | 436.3          | 440.7          | 445.8          | 451.9          | 457.3          | 461.7          | 467.7          |
| 40 Individual  | 295.7          | 297.1          | 296.2          | 296.6          | 300.1          | 300.8          | 303.6          | 305.3          | 308.1          | 310.1          | 311.5          |
| 41 All other   | 230.1          | 224.1          | 224.7          | 230.7          | 231.4          | 226.7          | 223.9          | 224.6          | 222.9          | 226.1          | 220.8          |
| 42 Total cash assets                                       | 197.2          | 171.1          | 179.1          | 182.7          | 194.3          | 205.8          | 180.1          | 187.8          | 189.3          | 180.4          | 183.1          |
| 43 Reserves with Federal Reserve Banks                     | 25.8           | 21.0           | 25.5           | 28.4           | 24.4           | 28.7           | 26.3           | 27.2           | 26.6           | 26.9           | 29.7           |
| 44 Cash in vault   | 22.2           | 23.0           | 22.6           | 21.7           | 22.2           | 23.8           | 22.9           | 23.2           | 23.7           | 22.8           | 23.4           |
| 45 Cash items in process of collection                     | 79.3           | 63.8           | 66.5           | 68.4           | 80.3           | 84.2           | 66.7           | 71.7           | 73.1           | 65.9           | 65.6           |
| 46 Demand balances at U.S. depository institutions         | 34.3           | 29.4           | 30.1           | 29.4           | 33.0           | 35.1           | 30.2           | 32.0           | 31.9           | 30.5           | 30.8           |
| 47 Other cash assets                                       | 35.7           | 34.0           | 34.3           | 34.7           | 34.3           | 34.0           | 34.0           | 33.6           | 34.1           | 34.4           | 33.5           |
| 48 Other assets  | 150.0          | 137.8          | 134.6          | 144.0          | 150.3          | 142.8          | 144.1          | 143.2          | 141.7          | 145.5          | 142.8          |
| 49 Total assets/total liabilities and capital              | <b>2,301.6</b> | <b>2,263.1</b> | <b>2,277.8</b> | <b>2,299.1</b> | <b>2,337.9</b> | <b>2,334.0</b> | <b>2,314.1</b> | <b>2,345.0</b> | <b>2,360.3</b> | <b>2,365.7</b> | <b>2,372.1</b> |
| 50 Deposits  | 1,724.4        | 1,689.6        | 1,698.2        | 1,713.1        | 1,749.1        | 1,758.7        | 1,741.4        | 1,768.0        | 1,779.9        | 1,775.2        | 1,788.6        |
| 51 Transaction deposits                                    | 529.5          | 481.6          | 484.8          | 495.0          | 533.1          | 535.3          | 515.5          | 532.1          | 536.1          | 529.3          | 539.7          |
| 52 Savings deposits  | 450.3          | 452.4          | 455.3          | 460.1          | 465.8          | 475.2          | 480.3          | 488.7          | 495.5          | 502.1          | 512.5          |
| 53 Time deposits   | 744.7          | 755.7          | 758.1          | 758.1          | 750.1          | 748.1          | 745.6          | 747.2          | 748.2          | 743.8          | 736.5          |
| 54 Borrowings  | 295.7          | 298.0          | 304.9          | 304.8          | 309.1          | 294.2          | 293.5          | 300.5          | 295.5          | 305.2          | 299.3          |
| 55 Other liabilities                                       | 116.9          | 110.5          | 109.0          | 114.6          | 112.0          | 113.9          | 111.5          | 110.3          | 117.3          | 116.4          | 114.3          |
| 56 Residual (assets less liabilities)                      | 164.6          | 165.0          | 165.6          | 166.5          | 167.7          | 167.2          | 167.8          | 166.2          | 167.7          | 168.9          | 169.8          |

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

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

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

Millions of dollars, Wednesday figures

| Account   | 1986      |           |           |           |           |           |           |           |           |  |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--|
|   | Sept. 3   | Sept. 10  | Sept. 17  | Sept. 24  | Oct. 1    | Oct. 8    | Oct. 15   | Oct. 22   | Oct. 29   |  |
| 1 Cash and balances due from depository institutions                    | 108,527   | 100,020   | 98,357    | 90,021    | 107,770   | 92,984    | 118,066   | 100,532   | 92,899    |  |
| 2 Total loans, leases and securities, net                               | 970,361   | 962,588   | 966,701   | 957,371   | 973,244   | 965,268   | 967,681   | 961,680   | 957,252   |  |
| 3 U.S. Treasury and government agency                                   | 106,507   | 103,985   | 105,436   | 102,040   | 104,097   | 105,279   | 104,527   | 104,266   | 107,780   |  |
| 4 Trading account   | 24,875    | 22,593    | 22,808    | 19,947    | 20,348    | 20,742    | 19,315    | 18,823    | 20,023    |  |
| 5 Investment account, by maturity                                       | 81,633    | 81,392    | 82,628    | 82,092    | 83,749    | 84,536    | 85,212    | 85,443    | 87,575    |  |
| 6 One year or less  | 17,314    | 17,956    | 18,238    | 17,876    | 17,274    | 17,310    | 17,257    | 17,141    | 17,087    |  |
| 7 Over one through five years   | 38,808    | 38,011    | 38,436    | 37,766    | 38,932    | 39,826    | 40,324    | 40,103    | 39,946    |  |
| 8 Over five years   | 25,510    | 25,426    | 25,954    | 26,450    | 27,544    | 27,400    | 27,631    | 28,200    | 30,724    |  |
| 9 Other securities  | 79,275    | 78,480    | 77,701    | 76,348    | 75,762    | 74,484    | 73,875    | 73,575    | 72,350    |  |
| 10 Trading account  | 8,788     | 7,785     | 7,098     | 6,223     | 5,821     | 4,901     | 4,866     | 5,074     | 4,535     |  |
| 11 Investment account   | 70,487    | 70,695    | 70,604    | 70,125    | 69,941    | 69,584    | 69,009    | 68,501    | 67,816    |  |
| 12 States and political subdivisions, by maturity                       | 61,327    | 61,329    | 61,466    | 61,013    | 60,448    | 60,126    | 59,466    | 59,024    | 58,287    |  |
| 13 One year or less   | 10,623    | 10,684    | 11,508    | 11,068    | 11,007    | 11,107    | 10,916    | 10,811    | 10,252    |  |
| 14 Over one year  | 50,704    | 50,645    | 49,959    | 49,945    | 49,441    | 49,020    | 48,550    | 48,213    | 48,035    |  |
| 15 Other bonds, corporate stocks, and securities                        | 9,160     | 9,365     | 9,137     | 9,112     | 9,492     | 9,457     | 9,543     | 9,477     | 9,529     |  |
| 16 Other trading account assets   | 5,106     | 5,351     | 5,989     | 5,425     | 5,346     | 5,375     | 5,399     | 4,580     | 5,096     |  |
| 17 Federal funds sold <sup>1</sup>                                      | 61,056    | 62,117    | 58,974    | 56,348    | 64,656    | 62,627    | 63,450    | 60,516    | 55,978    |  |
| 18 To commercial banks  | 38,529    | 37,813    | 34,772    | 32,312    | 39,054    | 39,012    | 38,846    | 35,750    | 33,418    |  |
| 19 To nonbank brokers and dealers in securities                         | 15,039    | 13,830    | 15,470    | 15,238    | 17,219    | 13,939    | 15,636    | 14,772    | 14,327    |  |
| 20 To others  | 7,488     | 10,474    | 8,731     | 8,798     | 8,383     | 9,677     | 9,967     | 9,994     | 8,233     |  |
| 21 Other loans and leases, gross <sup>2</sup>                           | 739,576   | 733,892   | 739,872   | 738,422   | 744,423   | 738,664   | 741,614   | 739,961   | 737,259   |  |
| 22 Other loans, gross <sup>2</sup>                                      | 723,334   | 717,613   | 723,467   | 721,964   | 727,987   | 722,193   | 725,327   | 723,669   | 720,957   |  |
| 23 Commercial and industrial <sup>2</sup>                               | 258,439   | 256,616   | 258,329   | 256,623   | 259,659   | 258,542   | 259,145   | 258,701   | 257,388   |  |
| 24 Bankers acceptances and commercial paper                             | 2,447     | 2,257     | 2,268     | 2,257     | 2,257     | 2,286     | 2,484     | 2,390     | 2,387     |  |
| 25 All other  | 255,991   | 254,359   | 256,061   | 254,366   | 257,402   | 256,255   | 256,660   | 256,311   | 255,001   |  |
| 26 U.S. addressees  | 251,931   | 250,330   | 252,077   | 250,390   | 253,510   | 252,398   | 252,757   | 252,469   | 251,155   |  |
| 27 Non-U.S. addressees  | 4,061     | 4,029     | 3,984     | 3,976     | 3,892     | 3,857     | 3,903     | 3,842     | 3,846     |  |
| 28 Real estate loans <sup>2</sup>                                       | 196,674   | 197,426   | 198,658   | 198,821   | 198,294   | 198,712   | 199,567   | 200,696   | 200,268   |  |
| 29 To individuals for personal expenditures                             | 138,596   | 138,936   | 139,364   | 139,649   | 140,101   | 140,135   | 140,460   | 140,712   | 141,026   |  |
| 30 To depository and financial institutions                             | 47,876    | 47,496    | 48,177    | 48,611    | 49,250    | 48,738    | 48,769    | 48,198    | 47,203    |  |
| 31 Commercial banks in the United States                                | 14,938    | 15,045    | 14,915    | 16,616    | 16,644    | 15,581    | 15,642    | 15,724    | 15,643    |  |
| 32 Banks in foreign countries   | 5,774     | 5,058     | 5,258     | 5,304     | 5,260     | 6,035     | 5,858     | 4,810     | 4,575     |  |
| 33 Nonbank depository and other financial institutions                  | 27,163    | 27,393    | 28,004    | 26,691    | 27,347    | 27,122    | 27,269    | 27,664    | 26,984    |  |
| 34 For purchasing and carrying securities                               | 17,567    | 15,269    | 16,294    | 16,043    | 16,791    | 14,473    | 14,855    | 13,816    | 12,962    |  |
| 35 To finance agricultural production                                   | 6,059     | 6,008     | 6,017     | 5,960     | 5,997     | 6,008     | 5,922     | 5,909     | 5,776     |  |
| 36 To states and political subdivisions                                 | 36,443    | 36,230    | 36,157    | 36,251    | 36,080    | 35,908    | 35,724    | 35,531    | 35,472    |  |
| 37 To foreign governments and official institutions                     | 3,234     | 3,121     | 3,170     | 3,086     | 3,194     | 3,153     | 3,224     | 3,248     | 3,246     |  |
| 38 All other  | 18,447    | 16,510    | 17,302    | 16,920    | 18,620    | 16,524    | 17,660    | 16,856    | 17,614    |  |
| 39 Lease financing receivables  | 16,242    | 16,279    | 16,405    | 16,458    | 16,436    | 16,472    | 16,287    | 16,292    | 16,302    |  |
| 40 Less: Unearned income  | 4,846     | 4,869     | 4,884     | 4,902     | 4,877     | 4,910     | 4,933     | 4,944     | 4,950     |  |
| 41 Loan and lease reserve <sup>2</sup>                                  | 16,314    | 16,369    | 16,388    | 16,311    | 16,163    | 16,252    | 16,251    | 16,273    | 16,261    |  |
| 42 Other loans and leases, net <sup>2</sup>                             | 718,416   | 712,654   | 718,600   | 717,210   | 723,382   | 717,503   | 720,430   | 718,744   | 716,048   |  |
| 43 All other assets   | 127,731   | 126,303   | 129,236   | 126,746   | 133,767   | 129,724   | 127,824   | 124,531   | 124,989   |  |
| 44 Total assets   | 1,206,619 | 1,188,911 | 1,194,295 | 1,174,138 | 1,214,781 | 1,187,977 | 1,213,570 | 1,186,743 | 1,174,940 |  |
| 45 Demand deposits  | 234,522   | 217,506   | 219,345   | 209,278   | 241,097   | 215,872   | 246,596   | 212,947   | 212,677   |  |
| 46 Individuals, partnerships, and corporations                          | 178,174   | 168,931   | 169,593   | 159,937   | 185,025   | 167,357   | 187,010   | 163,396   | 163,260   |  |
| 47 States and political subdivisions                                    | 5,519     | 4,668     | 5,524     | 5,138     | 6,103     | 4,828     | 6,030     | 5,458     | 4,914     |  |
| 48 U.S. government  | 1,607     | 2,611     | 2,169     | 2,972     | 1,490     | 2,785     | 3,238     | 2,495     | 2,580     |  |
| 49 Depository institutions in United States                             | 29,377    | 25,239    | 25,614    | 24,263    | 29,178    | 23,713    | 31,249    | 24,214    | 24,298    |  |
| 50 Banks in foreign countries   | 7,260     | 6,495     | 6,498     | 6,580     | 7,065     | 6,847     | 7,599     | 6,478     | 6,104     |  |
| 51 Foreign governments and official institutions                        | 701       | 811       | 972       | 854       | 927       | 794       | 874       | 911       | 828       |  |
| 52 Certified and officers' checks                                       | 11,884    | 8,751     | 8,975     | 9,535     | 11,310    | 9,547     | 10,595    | 9,995     | 9,872     |  |
| 53 Transaction balances other than demand deposits                      | 51,042    | 50,618    | 50,375    | 48,643    | 50,510    | 51,391    | 51,377    | 50,927    | 50,502    |  |
| 54 Nontransaction balances  | 499,540   | 500,448   | 499,768   | 499,468   | 501,642   | 500,989   | 501,470   | 499,512   | 498,878   |  |
| 55 Individuals, partnerships and corporations                           | 461,099   | 461,923   | 461,489   | 460,646   | 463,269   | 462,292   | 463,149   | 461,189   | 460,398   |  |
| 56 States and political subdivisions                                    | 25,716    | 25,673    | 25,526    | 25,660    | 25,653    | 25,926    | 25,879    | 25,926    | 25,868    |  |
| 57 U.S. government  | 883       | 863       | 850       | 799       | 860       | 870       | 878       | 893       | 910       |  |
| 58 Depository institutions in the United States                         | 10,612    | 10,752    | 10,666    | 11,095    | 10,606    | 10,618    | 10,346    | 10,287    | 10,489    |  |
| 59 Foreign governments, official institutions and banks                 | 1,230     | 1,237     | 1,237     | 1,269     | 1,254     | 1,283     | 1,218     | 1,218     | 1,213     |  |
| 60 Liabilities for borrowed money                                       | 253,589   | 252,855   | 255,181   | 249,389   | 255,179   | 256,038   | 249,894   | 254,958   | 244,891   |  |
| 61 Borrowings from Federal Reserve Banks                                | 730       | 3,521     | 150       | 787       | 230       | 1,680     | 100       | 1,688     | 195       |  |
| 62 Treasury tax-and-loan notes  | 2,863     | 808       | 16,366    | 19,716    | 18,470    | 6,362     | 2,267     | 6,514     | 6,846     |  |
| 63 All other liabilities for borrowed money <sup>3</sup>                | 249,996   | 248,527   | 238,665   | 228,886   | 236,479   | 247,996   | 247,527   | 246,755   | 237,850   |  |
| 64 Other liabilities and subordinated note and debentures               | 85,157    | 84,307    | 86,725    | 84,291    | 82,911    | 79,827    | 80,471    | 84,513    | 84,438    |  |
| 65 Total liabilities  | 1,123,850 | 1,105,734 | 1,111,393 | 1,091,070 | 1,131,340 | 1,104,116 | 1,129,808 | 1,102,858 | 1,090,977 |  |
| 66 Residual (total assets minus total liabilities) <sup>4</sup>         | 82,769    | 83,177    | 82,902    | 83,068    | 83,441    | 83,861    | 83,762    | 83,885    | 83,964    |  |
| MEMO  |           |           |           |           |           |           |           |           |           |  |
| 67 Total loans and leases (gross) and investments adjusted <sup>5</sup> | 938,054   | 930,968   | 938,286   | 929,655   | 938,586   | 931,837   | 934,376   | 931,423   | 929,403   |  |
| 68 Total loans and leases (gross) adjusted <sup>2,5</sup>               | 747,165   | 743,151   | 749,159   | 745,843   | 753,381   | 746,699   | 750,575   | 749,002   | 744,176   |  |
| 69 Time deposits in amounts of \$100,000 or more                        | 153,714   | 154,143   | 153,741   | 154,654   | 153,604   | 153,607   | 152,532   | 152,852   | 152,500   |  |
| 70 Loans sold outright to affiliates—total <sup>6</sup>                 | 1,706     | 1,729     | 1,738     | 1,748     | 1,744     | 1,729     | 1,705     | 1,736     | 1,703     |  |
| 71 Commercial and industrial  | 1,023     | 1,032     | 1,041     | 1,046     | 1,047     | 1,027     | 1,007     | 1,039     | 1,006     |  |
| 72 Other  | 684       | 697       | 697       | 702       | 698       | 702       | 698       | 697       | 697       |  |
| 73 Nontransaction savings deposits (including MMDAs)                    | 215,324   | 215,623   | 215,671   | 214,955   | 218,426   | 218,107   | 220,259   | 218,405   | 218,429   |  |

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

A20 Domestic Financial Statistics □ January 1987

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

Millions of dollars, Wednesday figures except as noted

| Account  | 1986           |                |                |                |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  | Sept. 3        | Sept. 10       | Sept. 17       | Sept. 24       | Oct. 1         | Oct. 8         | Oct. 15        | Oct. 22        | Oct. 29        |
| 1 Cash and balances due from depository institutions.....  | 24,696         | 25,700         | 22,741         | 20,592         | 30,803         | 21,423         | 28,967         | 28,537         | 22,075         |
| 2 Total loans, leases and securities, net <sup>1</sup> .....   | <b>202,915</b> | <b>202,817</b> | <b>201,427</b> | <b>202,739</b> | <b>207,604</b> | <b>205,670</b> | <b>207,479</b> | <b>205,107</b> | <b>202,955</b> |
| <i>Securities</i>  |                |                |                |                |                |                |                |                |                |
| 3 U.S. Treasury and government agency <sup>2</sup> .....   | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| 4 Trading account <sup>2</sup> .....   | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| 5 Investment account, by maturity.....   | 10,735         | 10,666         | 10,155         | 10,989         | 11,159         | 11,404         | 11,346         | 11,437         | 13,582         |
| 6 One year or less.....  | 1,197          | 1,246          | 1,293          | 1,363          | 1,311          | 1,322          | 1,342          | 1,348          | 1,398          |
| 7 Over one through five years.....   | 5,549          | 5,547          | 5,133          | 5,344          | 5,290          | 5,490          | 5,594          | 5,690          | 5,659          |
| 8 Over five years.....   | 3,849          | 3,872          | 3,729          | 4,281          | 4,557          | 4,592          | 4,410          | 4,400          | 6,525          |
| 9 Other securities <sup>2</sup> .....  | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| 10 Trading account <sup>2</sup> .....  | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| 11 Investment account.....   | 17,221         | 17,089         | 17,074         | 16,967         | 16,933         | 16,722         | 16,510         | 16,343         | 16,188         |
| 12 States and political subdivisions, by maturity.....   | 14,927         | 14,772         | 14,982         | 14,957         | 14,859         | 14,702         | 14,492         | 14,325         | 14,112         |
| 13 One year or less.....   | 1,767          | 1,767          | 2,427          | 2,386          | 2,423          | 2,374          | 2,374          | 2,333          | 2,099          |
| 14 Over one year.....  | 13,160         | 13,005         | 12,555         | 12,570         | 12,436         | 12,328         | 12,160         | 11,970         | 12,012         |
| 15 Other bonds, corporate stocks and securities.....   | 2,294          | 2,316          | 2,092          | 2,010          | 2,073          | 2,020          | 2,017          | 2,018          | 2,076          |
| 16 Other trading account assets <sup>2</sup> .....   | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| <i>Loans and leases</i>  |                |                |                |                |                |                |                |                |                |
| 17 Federal funds sold <sup>3</sup> .....   | 26,009         | 30,352         | 26,664         | 25,452         | 28,340         | 28,823         | 30,596         | 28,731         | 24,443         |
| 18 To commercial banks.....  | 13,491         | 15,754         | 12,619         | 11,349         | 12,364         | 13,994         | 15,647         | 12,971         | 10,704         |
| 19 To nonbank brokers and dealers in securities.....   | 7,196          | 6,226          | 7,595          | 7,020          | 9,119          | 6,703          | 7,585          | 7,711          | 6,958          |
| 20 To others.....  | 5,322          | 8,373          | 6,450          | 7,083          | 6,858          | 8,126          | 7,363          | 8,049          | 6,780          |
| 21 Other loans and leases, gross.....  | 154,960        | 150,798        | 153,636        | 155,358        | 157,044        | 154,724        | 155,029        | 154,608        | 154,790        |
| 22 Other loans, gross.....   | 151,768        | 147,593        | 150,411        | 152,116        | 153,786        | 151,445        | 151,745        | 151,305        | 151,473        |
| 23 Commercial and industrial.....  | 57,652         | 57,037         | 57,477         | 56,997         | 58,221         | 58,338         | 58,801         | 58,647         | 58,148         |
| 24 Bankers acceptances and commercial paper.....   | 563            | 580            | 504            | 459            | 457            | 454            | 558            | 622            | 629            |
| 25 All other.....  | 57,089         | 56,456         | 56,973         | 56,537         | 57,764         | 57,884         | 58,243         | 58,025         | 57,519         |
| 26 U.S. addressees.....  | 56,628         | 55,975         | 56,505         | 56,035         | 57,337         | 57,490         | 57,843         | 57,628         | 57,154         |
| 27 Non-U.S. addressees.....  | 460            | 482            | 469            | 502            | 427            | 394            | 400            | 397            | 366            |
| 28 Real estate loans.....  | 33,026         | 33,061         | 33,488         | 33,770         | 33,553         | 33,616         | 33,563         | 33,943         | 34,190         |
| 29 To individuals for personal expenditures.....   | 19,357         | 19,446         | 19,544         | 19,434         | 19,575         | 19,596         | 19,701         | 19,740         | 19,702         |
| 30 To depository and financial institutions.....   | 17,009         | 16,410         | 16,706         | 18,478         | 18,076         | 18,069         | 17,607         | 17,358         | 16,550         |
| 31 Commercial banks in the United States.....  | 6,686          | 6,592          | 6,780          | 8,469          | 8,432          | 7,857          | 7,599          | 7,707          | 7,632          |
| 32 Banks in foreign countries.....   | 2,964          | 2,246          | 2,279          | 2,712          | 2,526          | 3,064          | 2,926          | 2,437          | 2,015          |
| 33 Nonbank depository and other financial institutions.....  | 7,359          | 7,571          | 7,646          | 7,297          | 7,118          | 7,149          | 7,082          | 7,215          | 7,302          |
| 34 For purchasing and carrying securities.....   | 9,040          | 7,401          | 8,735          | 8,655          | 8,654          | 7,355          | 7,018          | 7,159          | 6,784          |
| 35 To finance agricultural production.....   | 325            | 329            | 316            | 314            | 362            | 353            | 300            | 309            | 282            |
| 36 To states and political subdivisions.....   | 8,879          | 8,853          | 8,915          | 9,011          | 8,830          | 8,787          | 8,710          | 8,669          | 8,676          |
| 37 To foreign governments and official institutions.....   | 836            | 735            | 815            | 749            | 868            | 845            | 916            | 918            | 899            |
| 38 All other.....  | 5,643          | 4,321          | 4,415          | 4,708          | 5,646          | 4,486          | 5,129          | 4,561          | 5,842          |
| 39 Lease financing receivables.....  | 3,192          | 3,203          | 3,225          | 3,242          | 3,259          | 3,279          | 3,284          | 3,304          | 3,317          |
| 40 Less: Unearned income.....  | 1,466          | 1,473          | 1,480          | 1,484          | 1,477          | 1,510          | 1,512          | 1,516          | 1,518          |
| 41 Loan and lease reserve.....   | 4,545          | 4,615          | 4,622          | 4,543          | 4,396          | 4,492          | 4,489          | 4,497          | 4,530          |
| 42 Other loans and leases, net.....  | 148,950        | 144,710        | 147,534        | 149,331        | 151,172        | 148,722        | 149,028        | 148,595        | 148,742        |
| 43 All other assets <sup>4</sup> .....   | 75,227         | 71,300         | 73,426         | 70,069         | 72,822         | 70,463         | 69,516         | 68,849         | 68,856         |
| 44 Total assets.....   | <b>303,138</b> | <b>299,816</b> | <b>297,594</b> | <b>293,400</b> | <b>311,228</b> | <b>297,556</b> | <b>305,963</b> | <b>300,493</b> | <b>293,886</b> |
| <i>Deposits</i>  |                |                |                |                |                |                |                |                |                |
| 45 Demand deposits.....  | 58,598         | 55,811         | 56,120         | 54,785         | 66,457         | 55,279         | 65,283         | 54,555         | 54,312         |
| 46 Individuals, partnerships, and corporations.....  | 39,186         | 38,342         | 39,024         | 36,487         | 45,477         | 38,034         | 43,773         | 36,298         | 37,308         |
| 47 States and political subdivisions.....  | 496            | 535            | 709            | 790            | 654            | 1,200          | 792            | 544            | 544            |
| 48 U.S. government.....  | 213            | 493            | 209            | 494            | 213            | 592            | 565            | 514            | 495            |
| 49 Depository institutions in the United States.....   | 6,515          | 6,901          | 6,347          | 6,626          | 8,276          | 5,594          | 7,707          | 6,035          | 6,089          |
| 50 Banks in foreign countries.....   | 5,963          | 5,247          | 5,232          | 5,414          | 5,772          | 5,490          | 6,410          | 5,276          | 4,948          |
| 51 Foreign governments and official institutions.....  | 575            | 665            | 812            | 693            | 776            | 659            | 731            | 758            | 672            |
| 52 Certified and officers' checks.....   | 5,649          | 3,627          | 3,787          | 4,281          | 4,830          | 4,255          | 4,896          | 4,882          | 4,255          |
| 53 Transaction balances other than demand deposits<br>ATS, NOW, Super NOW, telephone transfers)..... | 5,965          | 6,016          | 6,035          | 5,819          | 6,064          | 6,190          | 6,171          | 6,126          | 6,113          |
| 54 Nontransaction balances.....  | 92,228         | 92,212         | 92,525         | 92,744         | 94,969         | 93,852         | 95,261         | 94,472         | 93,896         |
| 55 Individuals, partnerships and corporations.....   | 83,534         | 83,424         | 83,884         | 83,755         | 85,871         | 84,554         | 86,182         | 85,255         | 84,846         |
| 56 States and political subdivisions.....  | 5,667          | 5,645          | 5,535          | 5,622          | 5,779          | 5,941          | 5,821          | 5,953          | 5,947          |
| 57 U.S. government.....  | 84             | 90             | 74             | 72             | 68             | 73             | 78             | 80             | 79             |
| 58 Depository institutions in the United States.....   | 2,317          | 2,425          | 2,403          | 2,635          | 2,603          | 2,632          | 2,554          | 2,549          | 2,399          |
| 59 Foreign governments, official institutions and banks.....   | 625            | 628            | 628            | 659            | 648            | 651            | 626            | 634            | 626            |
| 60 Liabilities for borrowed money.....   | 83,395         | 83,383         | 79,921         | 77,216         | 80,615         | 81,933         | 77,863         | 81,937         | 76,552         |
| 61 Borrowings from Federal Reserve Banks.....  | 0              | 2,540          | 0              | 250            | 0              | 1,450          | 0              | 1,380          | 0              |
| 62 Treasury tax-and-loan notes.....  | 942            | 119            | 3,907          | 4,736          | 3,748          | 1,207          | 501            | 2,005          | 1,751          |
| 63 All other liabilities for borrowed money <sup>5</sup> .....                                       | 82,453         | 80,724         | 76,014         | 72,230         | 76,867         | 79,275         | 77,361         | 78,552         | 74,801         |
| 64 Other liabilities and subordinated note and debentures.....                                       | 35,880         | 35,205         | 35,855         | 35,785         | 35,804         | 32,878         | 33,929         | 35,974         | 35,799         |
| 65 Total liabilities.....  | <b>276,066</b> | <b>272,628</b> | <b>270,456</b> | <b>266,350</b> | <b>283,910</b> | <b>270,131</b> | <b>278,507</b> | <b>273,064</b> | <b>266,672</b> |
| 66 Residual (total assets minus total liabilities) <sup>6</sup> .....                                | 27,072         | 27,188         | 27,138         | 27,051         | 27,318         | 27,424         | 27,456         | 27,428         | 27,214         |
| <i>M-F-M-O</i>   |                |                |                |                |                |                |                |                |                |
| 67 Total loans and leases (gross) and investments adjusted <sup>1,7</sup> .....                      | 188,748        | 186,558        | 188,130        | 188,949        | 192,680        | 189,822        | 190,234        | 190,442        | 190,666        |
| 68 Total loans and leases (gross) adjusted <sup>7</sup> .....  | 160,792        | 158,804        | 160,902        | 160,993        | 164,588        | 161,696        | 162,378        | 162,661        | 160,896        |
| 69 Time deposits in amounts of \$100,000 or more.....  | 32,608         | 32,668         | 32,927         | 32,954         | 33,560         | 33,429         | 33,607         | 33,669         | 33,418         |

1. Excludes trading account securities.  
 2. Not available due to confidentiality.  
 3. Includes securities purchased under agreements to resell.  
 4. Includes trading account securities.  
 5. Includes federal funds purchased and securities sold under agreements to repurchase.  
 6. Not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.  
 7. Exclusive of loans and federal funds transactions with domestic commercial banks.  
 NOTE: These data also appear in the Board's H.4.2 (S04) release. For address, see inside front cover.



## 1.30 LARGE WEEKLY REPORTING U.S. BRANCHES AND AGENCIES OF FOREIGN BANKS' Assets and Liabilities

Millions of dollars, Wednesday figures

| Account  | 1986    |          |          |          |         |         |         |         |         |
|--|---------|----------|----------|----------|---------|---------|---------|---------|---------|
|  | Sept. 3 | Sept. 10 | Sept. 17 | Sept. 24 | Oct. 1  | Oct. 8  | Oct. 15 | Oct. 22 | Oct. 29 |
| 1 Cash and due from depository institutions . . . . .                                    | 10,587  | 10,064   | 9,388    | 9,647    | 9,352   | 10,380  | 10,020  | 10,245  | 10,592  |
| 2 Total loans and securities . . . . .   | 73,793  | 72,869   | 73,551   | 76,462   | 76,737  | 75,876  | 75,644  | 73,183  | 74,011  |
| 3 U.S. Treasury and govt. agency securities . . . . .                                    | 5,613   | 5,736    | 5,947    | 5,917    | 5,931   | 6,011   | 5,768   | 5,750   | 6,230   |
| 4 Other securities . . . . .   | 5,491   | 5,620    | 5,692    | 5,710    | 5,712   | 5,712   | 5,788   | 5,374   | 5,371   |
| 5 Federal funds sold <sup>2</sup> . . . . .  | 3,976   | 3,755    | 3,771    | 4,805    | 4,093   | 5,377   | 5,773   | 5,480   | 4,682   |
| 6 To commercial banks in the United States . . . . .                                     | 3,003   | 2,789    | 2,855    | 3,630    | 3,089   | 4,352   | 4,594   | 4,174   | 3,902   |
| 7 To others . . . . .  | 972     | 966      | 916      | 1,175    | 1,004   | 1,026   | 1,178   | 1,306   | 780     |
| 8 Other loans, gross . . . . .   | 58,714  | 57,758   | 58,142   | 60,030   | 61,000  | 58,776  | 58,316  | 56,580  | 57,728  |
| 9 Commercial and industrial . . . . .  | 33,964  | 34,172   | 34,604   | 35,910   | 36,724  | 35,588  | 35,503  | 35,678  | 36,307  |
| 10 Bankers acceptances and commercial paper . . . . .                                    | 2,984   | 3,143    | 3,223    | 3,225    | 3,305   | 3,064   | 2,977   | 3,058   | 3,036   |
| 11 All other . . . . .   | 30,980  | 31,029   | 31,381   | 32,685   | 33,419  | 32,524  | 32,526  | 32,620  | 33,271  |
| 12 U.S. addressees . . . . .   | 28,702  | 28,682   | 29,064   | 30,326   | 31,156  | 30,294  | 30,183  | 30,240  | 30,955  |
| 13 Non-U.S. addressees . . . . .   | 2,278   | 2,347    | 2,317    | 2,359    | 2,263   | 2,229   | 2,343   | 2,381   | 2,316   |
| 14 To financial institutions . . . . .   | 16,918  | 16,194   | 15,605   | 15,680   | 15,877  | 15,350  | 14,776  | 13,922  | 14,174  |
| 15 Commercial banks in the United States . . . . .                                       | 13,932  | 13,167   | 12,679   | 12,696   | 12,535  | 12,196  | 11,458  | 10,786  | 11,022  |
| 16 Banks in foreign countries . . . . .  | 1,202   | 1,182    | 1,166    | 1,161    | 1,291   | 1,064   | 1,109   | 986     | 1,038   |
| 17 Nonbank financial institutions . . . . .  | 1,784   | 1,845    | 1,760    | 1,822    | 2,051   | 2,089   | 2,209   | 2,150   | 2,114   |
| 18 To foreign govt. and official institutions . . . . .                                  | 605     | 605      | 602      | 642      | 561     | 567     | 702     | 541     | 532     |
| 19 For purchasing and carrying securities . . . . .                                      | 2,918   | 2,495    | 2,919    | 3,403    | 3,257   | 2,802   | 2,841   | 2,022   | 2,249   |
| 20 All other . . . . .   | 4,309   | 4,292    | 4,411    | 4,395    | 4,581   | 4,468   | 4,492   | 4,417   | 4,465   |
| 21 Other assets (claims on nonrelated parties) . . . . .                                 | 23,007  | 22,738   | 22,900   | 22,880   | 23,087  | 23,221  | 22,958  | 23,303  | 23,280  |
| 22 Net due from related institutions . . . . .   | 14,968  | 13,706   | 13,389   | 13,552   | 15,675  | 15,791  | 15,050  | 13,708  | 12,934  |
| 23 Total assets . . . . .  | 122,355 | 119,378  | 119,229  | 122,542  | 124,850 | 125,268 | 123,673 | 120,438 | 120,817 |
| 24 Deposits or credit balances due to other than directly related institutions . . . . . | 35,704  | 35,779   | 36,561   | 36,579   | 36,775  | 36,344  | 36,446  | 35,342  | 36,608  |
| 25 Transaction accounts and credit balances <sup>3</sup> . . . . .                       | 3,232   | 3,134    | 3,275    | 3,149    | 3,097   | 3,312   | 3,574   | 3,050   | 3,284   |
| 26 Individuals, partnerships, and corporations . . . . .                                 | 1,802   | 1,800    | 1,777    | 1,778    | 1,721   | 1,994   | 1,882   | 1,825   | 1,811   |
| 27 Other . . . . .   | 1,430   | 1,335    | 1,498    | 1,371    | 1,376   | 1,318   | 1,692   | 1,224   | 1,473   |
| 28 Nontransaction accounts <sup>4</sup> . . . . .  | 32,472  | 32,644   | 33,286   | 33,430   | 33,677  | 33,032  | 32,872  | 32,292  | 33,324  |
| 29 Individuals, partnerships, and corporations . . . . .                                 | 26,349  | 26,508   | 27,253   | 27,427   | 27,646  | 26,748  | 26,642  | 26,014  | 27,129  |
| 30 Other . . . . .   | 6,122   | 6,136    | 6,033    | 6,003    | 6,031   | 6,284   | 6,230   | 6,278   | 6,195   |
| 31 Borrowings from other than directly related institutions . . . . .                    | 51,432  | 48,755   | 47,563   | 47,806   | 50,875  | 52,898  | 50,873  | 46,956  | 46,772  |
| 32 Federal funds purchased <sup>5</sup> . . . . .  | 26,483  | 26,124   | 24,985   | 25,059   | 27,680  | 31,046  | 28,947  | 25,278  | 24,966  |
| 33 From commercial banks in the United States . . . . .                                  | 17,888  | 17,387   | 16,577   | 15,189   | 19,103  | 21,302  | 19,317  | 15,266  | 16,527  |
| 34 From others . . . . .   | 8,595   | 8,737    | 8,408    | 9,870    | 8,577   | 9,744   | 9,630   | 10,012  | 8,439   |
| 35 Other liabilities for borrowed money . . . . .  | 24,949  | 22,632   | 22,578   | 22,747   | 23,195  | 21,852  | 21,926  | 21,678  | 21,805  |
| 36 To commercial banks in the United States . . . . .                                    | 22,452  | 20,141   | 20,129   | 20,457   | 21,026  | 19,651  | 19,841  | 19,303  | 19,741  |
| 37 To others . . . . .   | 2,497   | 2,491    | 2,450    | 2,290    | 2,168   | 2,201   | 2,085   | 2,374   | 2,065   |
| 38 Other liabilities to nonrelated parties . . . . .                                     | 24,155  | 24,138   | 24,676   | 24,815   | 24,750  | 24,931  | 24,570  | 24,805  | 24,833  |
| 39 Net due to related institutions . . . . .   | 11,064  | 10,706   | 10,428   | 13,341   | 12,450  | 11,095  | 11,784  | 13,335  | 12,605  |
| 40 Total liabilities . . . . .   | 122,355 | 119,378  | 119,229  | 122,542  | 124,850 | 125,268 | 123,673 | 120,438 | 120,817 |
| MEMO   |         |          |          |          |         |         |         |         |         |
| 41 Total loans (gross) and securities adjusted <sup>6</sup> . . . . .                    | 56,858  | 56,913   | 58,018   | 60,136   | 61,113  | 59,328  | 59,591  | 58,224  | 59,086  |
| 42 Total loans (gross) adjusted <sup>6</sup> . . . . .                                   | 45,754  | 45,557   | 46,378   | 48,508   | 49,469  | 47,605  | 48,035  | 47,100  | 47,486  |

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

2. Includes securities purchased under agreements to resell.

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

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

5. Includes securities sold under agreements to repurchase.

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

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

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

| Type of holder  | Commercial banks       |              |              |                           |                     |              |              |              |              |              |
|---|------------------------|--------------|--------------|---------------------------|---------------------|--------------|--------------|--------------|--------------|--------------|
|   | 1981<br>Dec.           | 1982<br>Dec. | 1983<br>Dec. | 1984<br>Dec.              | 1985                |              |              |              | 1986         |              |
|   |                        |              |              |                           | Mar. <sup>3,4</sup> | June         | Sept.        | Dec.         | Mar.         | June         |
| <b>1 All holders—Individuals, partnerships, and corporations.....</b> | <b>288.9</b>           | <b>291.8</b> | <b>293.5</b> | <b>302.7</b>              | <b>286.3</b>        | <b>298.4</b> | <b>299.3</b> | <b>321.0</b> | <b>307.4</b> | <b>322.4</b> |
| 2 Financial business .....  | 28.0                   | 35.4         | 32.8         | 31.7                      | 27.3                | 27.9         | 28.1         | 32.3         | 31.8         | 32.3         |
| 3 Nonfinancial business .....   | 154.8                  | 150.5        | 161.1        | 166.3                     | 157.9               | 164.5        | 167.2        | 178.5        | 166.6        | 180.0        |
| 4 Consumer .....  | 86.6                   | 85.9         | 78.5         | 81.5                      | 78.9                | 82.8         | 82.0         | 85.5         | 84.0         | 86.4         |
| 5 Foreign .....   | 2.9                    | 3.0          | 3.3          | 3.6                       | 3.6                 | 3.7          | 3.5          | 3.5          | 3.4          | 3.0          |
| 6 Other .....   | 16.7                   | 17.0         | 17.8         | 19.7                      | 18.7                | 19.5         | 18.5         | 21.2         | 21.6         | 20.6         |
|   | Weekly reporting banks |              |              |                           |                     |              |              |              |              |              |
|   | 1981<br>Dec.           | 1982<br>Dec. | 1983<br>Dec. | 1984<br>Dec. <sup>2</sup> | 1985                |              |              |              | 1986         |              |
|   |                        |              |              |                           | Mar. <sup>3,4</sup> | June         | Sept.        | Dec.         | Mar.         | June         |
| <b>7 All holders—Individuals, partnerships, and corporations.....</b> | <b>137.5</b>           | <b>144.2</b> | <b>146.2</b> | <b>157.1</b>              | <b>147.7</b>        | <b>151.2</b> | <b>153.6</b> | <b>168.6</b> | <b>159.7</b> | <b>168.5</b> |
| 8 Financial business .....  | 21.0                   | 26.7         | 24.2         | 25.3                      | 21.9                | 22.1         | 22.7         | 25.9         | 25.5         | 25.7         |
| 9 Nonfinancial business .....   | 75.2                   | 74.3         | 79.8         | 87.1                      | 82.3                | 83.7         | 85.5         | 94.5         | 86.8         | 93.1         |
| 10 Consumer .....   | 30.4                   | 31.9         | 29.7         | 30.5                      | 30.2                | 31.0         | 31.6         | 33.2         | 32.6         | 34.9         |
| 11 Foreign .....  | 2.8                    | 2.9          | 3.1          | 3.4                       | 3.4                 | 3.5          | 3.3          | 3.1          | 3.3          | 2.9          |
| 12 Other .....  | 8.0                    | 8.4          | 9.3          | 10.9                      | 9.8                 | 10.9         | 10.5         | 12.0         | 11.5         | 11.9         |

1. Figures include cash items in process of collection. Estimates of gross deposits are based on reports supplied by a sample of commercial banks. Types of depositors in each category are described in the June 1971 BULLETIN, p. 466. Figures may not add to totals because of rounding.

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

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

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

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

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

| Instrument  | 1981<br>Dec. | 1982<br>Dec. | 1983<br>Dec. | 1984<br>Dec. | 1985<br>Dec. | 1986    |         |         |         |         |         |
|---|--------------|--------------|--------------|--------------|--------------|---------|---------|---------|---------|---------|---------|
|   |              |              |              |              |              | Apr.    | May     | June    | July    | Aug.    | Sept.   |
| Commercial paper (seasonally adjusted unless noted otherwise)     |              |              |              |              |              |         |         |         |         |         |         |
| 1 All issuers .....   | 165,829      | 166,436      | 187,658      | 237,586      | 300,899      | 297,108 | 309,843 | 310,211 | 311,435 | 326,601 | 326,567 |
| Financial companies <sup>1</sup>                                  |              |              |              |              |              |         |         |         |         |         |         |
| Dealer-placed paper <sup>4</sup>                                  |              |              |              |              |              |         |         |         |         |         |         |
| 2 Total .....   | 30,333       | 34,605       | 44,455       | 56,485       | 78,443       | 83,871  | 87,423  | 89,757  | 90,038  | 94,084  | 97,994  |
| 3 Bank-related (not seasonally adjusted) .....                    | 6,045        | 2,516        | 2,441        | 2,035        | 1,602        | 1,520   | 1,575   | 1,568   | 1,772   | 1,799   | 1,980   |
| Directly placed paper <sup>5</sup>                                |              |              |              |              |              |         |         |         |         |         |         |
| 4 Total .....   | 81,660       | 84,393       | 97,042       | 110,543      | 135,504      | 135,801 | 142,252 | 142,933 | 142,121 | 149,200 | 147,497 |
| 5 Bank-related (not seasonally adjusted) .....                    | 26,914       | 32,034       | 35,566       | 42,105       | 44,778       | 37,835  | 39,009  | 40,147  | 39,067  | 40,415  | 37,455  |
| 6 Nonfinancial companies <sup>6</sup> .....                       | 53,836       | 47,437       | 46,161       | 70,558       | 86,952       | 77,436  | 80,168  | 78,021  | 79,276  | 83,317  | 81,076  |
| Bankers dollar acceptances (not seasonally adjusted) <sup>7</sup> |              |              |              |              |              |         |         |         |         |         |         |
| 7 Total .....   | 69,226       | 79,543       | 78,309       | 77,121       | 68,115       | 66,235  | 66,759  | 67,080  | 66,437  | 64,480  | 67,009  |
| Holder  |              |              |              |              |              |         |         |         |         |         |         |
| 8 Accepting banks .....   | 10,857       | 10,910       | 9,355        | 9,811        | 11,174       | 12,287  | 12,216  | 12,789  | 11,577  | 12,127  | 13,101  |
| 9 Own bills .....   | 9,743        | 9,471        | 8,125        | 8,621        | 9,448        | 10,261  | 10,254  | 10,641  | 9,257   | 9,794   | 11,001  |
| 10 Bills bought .....   | 1,115        | 1,439        | 1,230        | 1,191        | 1,726        | 2,026   | 1,962   | 2,147   | 2,320   | 2,333   | 2,101   |
| Federal Reserve Banks   |              |              |              |              |              |         |         |         |         |         |         |
| 11 Own account .....  | 195          | 1,480        | 418          | 0            | 0            | 0       | 0       | 0       | 0       | 0       | 0       |
| 12 Foreign correspondents .....                                   | 1,442        | 949          | 729          | 671          | 937          | 746     | 664     | 896     | 931     | 897     | 924     |
| 13 Others .....   | 56,731       | 66,204       | 67,807       | 66,639       | 56,004       | 53,202  | 53,880  | 53,396  | 53,929  | 51,456  | 52,984  |
| Basis   |              |              |              |              |              |         |         |         |         |         |         |
| 14 Imports into United States .....                               | 14,765       | 17,683       | 15,649       | 17,560       | 15,147       | 14,464  | 15,094  | 15,106  | 15,601  | 15,796  | 16,612  |
| 15 Exports from United States .....                               | 15,400       | 16,328       | 16,880       | 15,859       | 13,204       | 13,473  | 13,574  | 13,721  | 13,781  | 12,948  | 12,693  |
| 16 All other .....  | 39,060       | 45,531       | 45,781       | 43,702       | 39,765       | 38,299  | 38,091  | 38,254  | 37,056  | 35,736  | 37,704  |

1. Effective Dec. 1, 1982, there was a break in the commercial paper series. The key changes in the content of the data involved additions to the reporting panel, the exclusion of broker or dealer placed borrowings under any master note agreements from the reported data, and the reclassification of a large portion of bank-related paper from dealer-placed to directly placed.

2. Correction of a previous misclassification of paper by a reporter has created a break in the series beginning December 1983. The correction adds some paper to nonfinancial and to dealer-placed financial paper.

3. Institutions engaged primarily in activities such as, but not limited to, commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring; finance leasing; and other business lending; insurance underwriting; and other investment activities.

4. Includes all financial company paper sold by dealers in the open market.

5. As reported by financial companies that place their paper directly with investors.

6. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.

7. Beginning October 1984, the number of respondents in the bankers acceptance survey were reduced from 340 to 160 institutions—those with \$50 million or more in total acceptances. The new reporting group accounts for over 95 percent of total acceptances activity.

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

Percent per annum

| Effective date     | Rate  | Effective Date     | Rate  | Month          | Average rate | Month           | Average rate |
|--------------------|-------|--------------------|-------|----------------|--------------|-----------------|--------------|
| 1984—Mar. 19 ..... | 11.50 | 1985—Jan. 15 ..... | 10.50 | 1984—Jan. .... | 11.00        | 1985—June ..... | 9.78         |
| Apr. 5 .....       | 12.00 | May 20 .....       | 10.00 | Feb. ....      | 11.00        | July .....      | 9.50         |
| May 8 .....        | 12.50 | June 18 .....      | 9.50  | Mar. ....      | 11.21        | Aug. ....       | 9.50         |
| June 25 .....      | 13.00 |                    |       | Apr. ....      | 11.93        | Sept. ....      | 9.50         |
| Sept. 27 .....     | 12.75 | 1986—Mar. 7 .....  | 9.00  | May. ....      | 12.39        | Oct. ....       | 9.50         |
| Oct. 17 .....      | 12.50 | Apr. 21 .....      | 8.50  | June .....     | 12.60        | Nov. ....       | 9.50         |
| Oct. 29 .....      | 12.00 | July 11 .....      | 8.00  | July .....     | 13.00        | Dec. ....       | 9.50         |
| Nov. 9 .....       | 11.75 | Aug. 26 .....      | 7.50  | Aug. ....      | 13.00        |                 |              |
| Nov. 28 .....      | 11.25 |                    |       | Sept. ....     | 12.97        | 1986—Jan. ....  | 9.50         |
| Dec. 20 .....      | 10.75 |                    |       | Oct. ....      | 12.58        | Feb. ....       | 9.50         |
|                    |       |                    |       | Nov. ....      | 11.77        | Mar. ....       | 9.10         |
|                    |       |                    |       | Dec. ....      | 11.06        | Apr. ....       | 8.83         |
|                    |       |                    |       |                |              | May .....       | 8.50         |
|                    |       |                    |       | 1985—Jan. .... | 10.61        | June .....      | 8.50         |
|                    |       |                    |       | Feb. ....      | 10.50        | July .....      | 8.16         |
|                    |       |                    |       | Mar. ....      | 10.50        | Aug. ....       | 7.90         |
|                    |       |                    |       | Apr. ....      | 10.50        | Sept. ....      | 7.50         |
|                    |       |                    |       | May .....      | 10.31        | Oct. ....       | 7.50         |

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

## 1.35 INTEREST RATES Money and Capital Markets

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

| Instrument   | 1983  | 1984  | 1985  | 1986  |       |       |       | 1986, week ending |         |         |         |         |
|--|-------|-------|-------|-------|-------|-------|-------|-------------------|---------|---------|---------|---------|
|  |       |       |       | July  | Aug.  | Sept. | Oct.  | Oct. 3            | Oct. 10 | Oct. 17 | Oct. 24 | Oct. 31 |
| <b>MONEY MARKET RATES</b>                                      |       |       |       |       |       |       |       |                   |         |         |         |         |
| 1 Federal funds <sup>1,2</sup> .....                           | 9.09  | 10.22 | 8.10  | 6.56  | 6.17  | 5.89  | 5.85  | 6.08              | 5.75    | 5.83    | 5.91    | 5.86    |
| 2 Discount window borrowing <sup>1,2,3</sup> .....             | 8.50  | 8.80  | 7.69  | 6.16  | 5.82  | 5.50  | 5.50  | 5.50              | 5.50    | 5.50    | 5.50    | 5.50    |
| Commercial paper <sup>4,5</sup>                                |       |       |       |       |       |       |       |                   |         |         |         |         |
| 3 1-month.....   | 8.87  | 10.05 | 7.94  | 6.42  | 6.02  | 5.74  | 5.74  | 5.83              | 5.67    | 5.73    | 5.78    | 5.74    |
| 4 3-month.....   | 8.88  | 10.10 | 7.95  | 6.33  | 5.92  | 5.68  | 5.68  | 5.76              | 5.61    | 5.67    | 5.74    | 5.69    |
| 5 6-month.....   | 8.89  | 10.16 | 8.01  | 6.24  | 5.83  | 5.61  | 5.61  | 5.70              | 5.53    | 5.59    | 5.68    | 5.61    |
| Finance paper, directly placed <sup>4,5</sup>                  |       |       |       |       |       |       |       |                   |         |         |         |         |
| 6 1-month.....   | 8.80  | 9.97  | 7.91  | 6.42  | 5.98  | 5.76  | 5.74  | 5.84              | 5.67    | 5.77    | 5.79    | 5.69    |
| 7 3-month.....   | 8.70  | 9.73  | 7.77  | 6.31  | 5.94  | 5.61  | 5.56  | 5.65              | 5.53    | 5.53    | 5.57    | 5.55    |
| 8 6-month.....   | 8.69  | 9.65  | 7.75  | 6.24  | 5.90  | 5.54  | 5.50  | 5.61              | 5.50    | 5.46    | 5.49    | 5.46    |
| Bankers acceptances <sup>5,6</sup>                             |       |       |       |       |       |       |       |                   |         |         |         |         |
| 9 3-month.....   | 8.90  | 10.14 | 7.92  | 6.23  | 5.80  | 5.60  | 5.58  | 5.63              | 5.43    | 5.60    | 5.67    | 5.59    |
| 10 6-month.....  | 8.91  | 10.19 | 7.96  | 6.14  | 5.71  | 5.56  | 5.52  | 5.59              | 5.36    | 5.55    | 5.64    | 5.53    |
| Certificates of deposit, secondary market <sup>7</sup>         |       |       |       |       |       |       |       |                   |         |         |         |         |
| 11 1-month.....  | 8.96  | 10.17 | 7.97  | 6.43  | 5.97  | 5.73  | 5.71  | 5.79              | 5.62    | 5.70    | 5.79    | 5.69    |
| 12 3-month.....  | 9.07  | 10.37 | 8.05  | 6.37  | 5.92  | 5.71  | 5.69  | 5.77              | 5.59    | 5.69    | 5.78    | 5.68    |
| 13 6-month.....  | 9.27  | 10.68 | 8.25  | 6.36  | 5.92  | 5.71  | 5.70  | 5.77              | 5.59    | 5.69    | 5.79    | 5.69    |
| 14 Eurodollar deposits, 3-month <sup>8</sup> .....             | 9.56  | 10.73 | 8.28  | 6.54  | 6.06  | 5.88  | 5.88  | 5.99              | 5.84    | 5.79    | 5.95    | 5.94    |
| U.S. Treasury bills <sup>5</sup>                               |       |       |       |       |       |       |       |                   |         |         |         |         |
| Secondary market <sup>9</sup>                                  |       |       |       |       |       |       |       |                   |         |         |         |         |
| 15 3-month.....  | 8.61  | 9.52  | 7.48  | 5.83  | 5.53  | 5.21  | 5.18  | 5.19              | 5.05    | 5.20    | 5.29    | 5.19    |
| 16 6-month.....  | 8.73  | 9.76  | 7.65  | 5.86  | 5.58  | 5.35  | 5.26  | 5.35              | 5.10    | 5.28    | 5.37    | 5.27    |
| 17 1-year.....   | 8.80  | 9.92  | 7.81  | 5.90  | 5.60  | 5.45  | 5.41  | 5.47              | 5.27    | 5.41    | 5.49    | 5.43    |
| Auction average <sup>10</sup>                                  |       |       |       |       |       |       |       |                   |         |         |         |         |
| 18 3-month.....  | 8.52  | 9.57  | 7.47  | 5.84  | 5.57  | 5.19  | 5.18  | 5.20              | 5.08    | 5.13    | 5.30    | 5.18    |
| 19 6-month.....  | 8.76  | 9.80  | 7.64  | 5.85  | 5.58  | 5.31  | 5.26  | 5.37              | 5.13    | 5.22    | 5.39    | 5.21    |
| 20 1-year.....   | 8.86  | 9.91  | 7.76  | 5.98  | 5.82  | 5.33  | 5.44  | 5.47              | n.a.    | n.a.    | n.a.    | 5.44    |
| <b>CAPITAL MARKET RATES</b>                                    |       |       |       |       |       |       |       |                   |         |         |         |         |
| U.S. Treasury notes and bonds <sup>11</sup>                    |       |       |       |       |       |       |       |                   |         |         |         |         |
| Constant maturities <sup>12</sup>                              |       |       |       |       |       |       |       |                   |         |         |         |         |
| 21 1-year.....   | 9.57  | 10.89 | 8.43  | 6.27  | 5.93  | 5.77  | 5.72  | 5.79              | 5.57    | 5.73    | 5.82    | 5.74    |
| 22 2-year.....   | 10.21 | 11.65 | 9.27  | 6.67  | 6.33  | 6.35  | 6.28  | 6.35              | 6.14    | 6.30    | 6.37    | 6.30    |
| 23 3-year.....   | 10.45 | 11.89 | 9.64  | 6.86  | 6.49  | 6.62  | 6.56  | 6.65              | 6.43    | 6.59    | 6.66    | 6.57    |
| 24 5-year.....   | 10.80 | 12.24 | 10.13 | 7.06  | 6.80  | 6.92  | 6.83  | 6.93              | 6.72    | 6.88    | 6.92    | 6.80    |
| 25 7-year.....   | 11.02 | 12.40 | 10.51 | 7.22  | 7.01  | 7.28  | 7.24  | 7.28              | 7.13    | 7.33    | 7.35    | 7.17    |
| 26 10-year.....  | 11.10 | 12.44 | 10.62 | 7.30  | 7.17  | 7.45  | 7.43  | 7.43              | 7.31    | 7.53    | 7.52    | 7.39    |
| 27 20-year.....  | 11.34 | 12.48 | 10.97 | 7.29  | 7.28  | 7.56  | 7.61  | 7.55              | 7.50    | 7.71    | 7.71    | 7.59    |
| 28 30-year.....  | 11.18 | 12.39 | 10.79 | 7.27  | 7.33  | 7.62  | 7.70  | 7.60              | 7.59    | 7.81    | 7.80    | 7.68    |
| Composite <sup>13</sup>  |       |       |       |       |       |       |       |                   |         |         |         |         |
| 29 Over 10 years (long-term).....                              | 10.84 | 11.99 | 10.75 | 7.86  | 7.72  | 8.08  | 8.04  | 8.03              | 7.97    | 8.16    | 8.14    | 7.96    |
| State and local notes and bonds                                |       |       |       |       |       |       |       |                   |         |         |         |         |
| Moody's series <sup>14</sup>                                   |       |       |       |       |       |       |       |                   |         |         |         |         |
| 30 Aaa.....  | 8.80  | 9.61  | 8.60  | 7.24  | 7.11  | 6.91  | 6.44  | 6.85              | 6.50    | 6.45    | 6.30    | 6.10    |
| 31 Baa.....  | 10.17 | 10.38 | 9.58  | 7.95  | 7.81  | 7.59  | 7.23  | 7.45              | 7.25    | 7.40    | 7.10    | 6.95    |
| 32 Bond Buyer series <sup>15</sup> .....                       | 9.51  | 10.10 | 9.11  | 7.51  | 7.21  | 7.11  | 7.08  | 7.19              | 7.06    | 7.08    | 7.11    | 6.94    |
| Corporate bonds  |       |       |       |       |       |       |       |                   |         |         |         |         |
| Seasoned issues <sup>16</sup>                                  |       |       |       |       |       |       |       |                   |         |         |         |         |
| 33 All industries.....   | 12.78 | 13.49 | 12.05 | 9.52  | 9.44  | 9.55  | 9.54  | 9.56              | 9.54    | 9.56    | 9.56    | 9.49    |
| 34 Aaa.....  | 12.04 | 12.71 | 11.37 | 8.88  | 8.72  | 8.89  | 8.86  | 8.90              | 8.86    | 8.88    | 8.89    | 8.80    |
| 35 Aa.....   | 12.42 | 13.31 | 11.82 | 9.28  | 9.22  | 9.36  | 9.33  | 9.36              | 9.33    | 9.35    | 9.35    | 9.30    |
| 36 A.....  | 13.10 | 13.74 | 12.28 | 9.76  | 9.64  | 9.73  | 9.72  | 9.74              | 9.74    | 9.75    | 9.73    | 9.65    |
| 37 Baa.....  | 13.55 | 14.19 | 12.72 | 10.16 | 10.18 | 10.20 | 10.24 | 10.23             | 10.24   | 10.25   | 10.26   | 10.19   |
| 38 A-rated, recently-offered utility bonds <sup>17</sup> ..... | 12.73 | 13.81 | 12.06 | 9.57  | 9.51  | 9.56  | 9.48  | 9.50              | 9.51    | 9.52    | 9.49    | 9.32    |
| MEMO: Dividend/price ratio <sup>18</sup>                       |       |       |       |       |       |       |       |                   |         |         |         |         |
| 39 Preferred stocks.....                                       | 11.02 | 11.59 | 10.49 | 8.68  | 8.42  | 8.10  | 8.17  | 8.18              | 8.15    | 8.23    | 8.20    | 8.09    |
| 40 Common stocks.....  | 4.40  | 4.64  | 4.25  | 3.41  | 3.36  | 3.43  | 3.49  | 3.53              | 3.49    | 3.47    | 3.50    | 3.44    |

1. Weekly and monthly figures are averages of all calendar days, where the rate for a weekend or holiday is taken to be the rate prevailing on the preceding business day. The daily rate is the average of the rates on a given day weighted by the volume of transactions at these rates.

2. Weekly figures are averages for statement week ending Wednesday.

3. Rate for the Federal Reserve Bank of New York.

4. Unweighted average of offering rates quoted by at least five dealers (in the case of commercial paper), or finance companies (in the case of finance paper). Before November 1979, maturities for data shown are 30-59 days, 90-119 days, and 120-179 days for commercial paper; and 30-59 days, 90-119 days, and 150-179 days for finance paper.

5. Yields are quoted on a bank-discount basis, rather than an investment yield basis (which would give a higher figure).

6. Dealer closing offered rates for top-rated banks. Most representative rate (which may be, but need not be, the average of the rates quoted by the dealers).

7. Unweighted average of offered rates quoted by at least five dealers early in the day.

8. Calendar week average. For indication purposes only.

9. Unweighted average of closing bid rates quoted by at least five dealers.

10. Rates are recorded in the week in which bills are issued. Beginning with the Treasury bill auction held on Apr. 18, 1983, bidders were required to state the percentage yield (on a bank discount basis) that they would accept to two decimal

places. Thus, average issuing rates in bill auctions will be reported using two rather than three decimal places.

11. Yields are based on closing bid prices quoted by at least five dealers.

12. Yields adjusted to constant maturities by the U.S. Treasury. That is, yields are read from a yield curve at fixed maturities. Based on only recently issued, actively traded securities.

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

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

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

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

17. Compilation of the Federal Reserve. This series is an estimate of the yield on recently-offered, A-rated utility bonds with a 30-year maturity and 5 years of call protection. Weekly data are based on Friday quotations.

18. Standard and Poor's corporate series. Preferred stock ratio based on a sample of ten issues: four public utilities, four industrials, one financial, and one transportation. Common stock ratios on the 500 stocks in the price index.

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

## 1.36 STOCK MARKET Selected Statistics

| Indicator  | 1983          | 1984         | 1985    | 1986        |              |               |              |         |         |         |         |         |
|--|---------------|--------------|---------|-------------|--------------|---------------|--------------|---------|---------|---------|---------|---------|
|  |               |              |         | Feb.        | Mar.         | Apr.          | May          | June    | July    | Aug.    | Sept.   | Oct.    |
| Prices and trading (averages of daily figures)                                       |               |              |         |             |              |               |              |         |         |         |         |         |
| <i>Common stock prices</i>   |               |              |         |             |              |               |              |         |         |         |         |         |
| 1 New York Stock Exchange (Dec. 31, 1965 - 50)                                       | 92.63         | 92.46        | 108.09  | 126.43      | 133.97       | 137.25        | 137.37       | 140.82  | 138.32  | 140.91  | 137.06  | 136.74  |
| 2 Industrial   | 107.45        | 108.01       | 123.79  | 144.03      | 152.75       | 157.35        | 158.59       | 163.15  | 158.06  | 160.10  | 156.52  | 156.56  |
| 3 Transportation   | 89.36         | 85.63        | 104.11  | 124.18      | 128.66       | 125.92        | 122.21       | 120.65  | 112.03  | 111.24  | 114.06  | 120.04  |
| 4 Utility  | 47.00         | 46.44        | 56.75   | 65.18       | 68.06        | 69.35         | 68.65        | 70.69   | 74.20   | 77.84   | 74.56   | 73.38   |
| 5 Finance  | 95.34         | 89.28        | 114.21  | 142.13      | 153.94       | 154.83        | 151.28       | 151.73  | 150.23  | 152.90  | 145.56  | 143.89  |
| 6 Standard & Poor's Corporation (1941-43 = 10) <sup>1</sup>                          | 160.41        | 160.50       | 186.84  | 219.37      | 232.33       | 237.97        | 238.46       | 245.30  | 240.18  | 245.00  | 238.27  | 237.36  |
| 7 American Stock Exchange <sup>2</sup> (Aug. 31, 1973 - 50)                          | 216.48        | 207.96       | 229.10  | 246.09      | 264.91       | 270.59        | 274.22       | 281.18  | 269.93  | 268.55  | 264.30  | 257.82  |
| <i>Volume of trading (thousands of shares)</i>                                       |               |              |         |             |              |               |              |         |         |         |         |         |
| 8 New York Stock Exchange  | 85,418        | 91,084       | 109,191 | 152,590     | 160,755      | 146,330       | 127,624      | 126,151 | 137,709 | 128,661 | 150,831 | 131,155 |
| 9 American Stock Exchange  | 8,215         | 6,107        | 8,355   | 14,057      | 15,902       | 13,503        | 11,870       | 12,795  | 10,320  | 9,885   | 10,853  | 8,930   |
| Customer financing (end-of-period balances, in millions of dollars)                  |               |              |         |             |              |               |              |         |         |         |         |         |
| 10 Margin credit at broker-dealers <sup>3</sup>                                      | 23,000        | 22,470       | 28,390  | 27,450      | 29,090       | 30,760        | 32,370       | 32,480  | 33,170  | 34,550  | 34,580  | 36,310  |
| <i>Free credit balances at brokers<sup>4</sup></i>                                   |               |              |         |             |              |               |              |         |         |         |         |         |
| 11 Margin-account <sup>5</sup>   |               | 1,755        | 2,715   | 2,545       | 2,715        | 3,065         | 2,405        | 2,585   | 2,570   | 3,035   | 3,395   | 3,805   |
| 12 Cash-account  | 8,430         | 10,215       | 12,840  | 12,355      | 13,920       | 14,340        | 12,970       | 13,570  | 14,600  | 14,210  | 14,060  | 14,445  |
| Margin-account debt at brokers (percentage distribution, end of period) <sup>6</sup> |               |              |         |             |              |               |              |         |         |         |         |         |
| 13 Total   | 100.0         | 100.0        | 100.0   | 100.0       | 100.0        | 100.0         | 100.0        | 100.0   |         |         |         |         |
| <i>By equity class (in percent)<sup>7</sup></i>                                      |               |              |         |             |              |               |              |         |         |         |         |         |
| 14 Under 40  | 22.0          | 18.0         | 34.0    | 28.0        | 29.0         | 29.0          | 30.0         | 31.0    |         |         |         |         |
| 15 40-49   | 22.0          | 18.0         | 20.0    | 19.0        | 19.0         | 20.0          | 19.0         | 20.0    | n.a.    | n.a.    | n.a.    | n.a.    |
| 16 50-59   | 16.0          | 16.0         | 19.0    | 21.0        | 22.0         | 20.0          | 22.0         | 20.0    |         |         |         |         |
| 17 60-69   | 9.0           | 9.0          | 11.0    | 13.0        | 13.0         | 13.0          | 12.0         | 13.0    |         |         |         |         |
| 18 70-79   | 6.0           | 5.0          | 8.0     | 9.0         | 8.0          | 9.0           | 8.0          | 8.0     |         |         |         |         |
| 19 80 or more  | 6.0           | 6.0          | 8.0     | 10.0        | 9.0          | 9.0           | 9.0          | 8.0     |         |         |         |         |
| Special miscellaneous-account balances at brokers (end of period) <sup>6</sup>       |               |              |         |             |              |               |              |         |         |         |         |         |
| 20 Total balances (millions of dollars) <sup>8</sup>                                 | 58,329        | 75,840       | 99,310  | 104,228     | 103,450      | 105,790       | 109,620      | 112,401 |         |         |         |         |
| <i>Distribution by equity status (percent)</i>                                       |               |              |         |             |              |               |              |         |         |         |         |         |
| 21 Net credit status   | 63.0          | 59.0         | 58.0    | 60.0        | 61.0         | 59.0          | 58.0         | 59.0    | n.a.    | n.a.    | n.a.    | n.a.    |
| <i>Debt status, equity of</i>  |               |              |         |             |              |               |              |         |         |         |         |         |
| 22 60 percent or more  | 28.0          | 29.0         | 31.0    | 32.0        | 31.0         | 33.0          | 33.0         | 32.0    |         |         |         |         |
| 23 Less than 60 percent  | 9.0           | 11.0         | 11.0    | 8.0         | 8.0          | 8.0           | 9.0          | 9.0     |         |         |         |         |
| Margin requirements (percent of market value and effective date) <sup>9</sup>        |               |              |         |             |              |               |              |         |         |         |         |         |
|  | Mar. 11, 1968 | June 8, 1968 |         | May 6, 1970 | Dec. 6, 1971 | Nov. 24, 1972 | Jan. 3, 1974 |         |         |         |         |         |
| 24 Margin stocks   | 70            | 80           |         | 65          | 55           | 65            | 50           |         |         |         |         |         |
| 25 Convertible bonds   | 50            | 60           |         | 50          | 50           | 50            | 50           |         |         |         |         |         |
| 26 Short sales   | 70            | 80           |         | 65          | 55           | 65            | 50           |         |         |         |         |         |

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

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

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

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

5. New series beginning June 1984.

6. In July 1986, the New York Stock Exchange stopped reporting certain data items that were previously obtained in a monthly survey of a sample of brokers

and dealers. Data items that are no longer reported include distributions of margin debt by equity status of the account and special miscellaneous-account balances.

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

8. 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.

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

A26 Domestic Financial Statistics □ January 1987

1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

| Account   | 1983    | 1984    | 1985    |         | 1986                |         |                      |                      |                      |                      |                      |                      |      |  |
|---|---------|---------|---------|---------|---------------------|---------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------|--|
|   |         |         | Dec.    | Jan.    | Feb.                | Mar.    | Apr.                 | May                  | June                 | July                 | Aug.                 | Sept.                | Oct. |  |
| Savings and loan associations                               |         |         |         |         |                     |         |                      |                      |                      |                      |                      |                      |      |  |
| 1 Assets.....   | 773,417 | 903,488 | 948,781 | 938,467 | 943,029             | 947,302 | 954,129              | 962,509              | 953,580              | 957,294              | 964,378              | 954,960              | ↑    |  |
| 2 Mortgages.....  | 494,789 | 555,277 | 585,462 | 578,472 | 576,608             | 574,732 | 575,288 <sup>r</sup> | 575,097 <sup>r</sup> | 565,148 <sup>r</sup> | 565,376 <sup>r</sup> | 566,506 <sup>r</sup> | 557,429 <sup>r</sup> |      |  |
| 3 Mortgage-backed securities.....                           | 97,303  | 96,891  | 96,891  | 98,482  | 99,332              | 102,419 | 107,311              | 112,148              | 112,054              | 112,594              | 112,720              | 112,720              |      |  |
| 4 Cash and investment securities <sup>1</sup> .....         | 104,274 | 124,801 | 126,712 | 123,415 | 127,028             | 131,464 | 132,347              | 134,870              | 131,000              | 132,769              | 138,876              | 139,861              |      |  |
| 5 Other.....  | 174,354 | 223,396 | 238,833 | 236,850 | 239,394             | 241,104 | 246,484              | 252,522              | 257,372              | 259,089              | 258,968              | 256,688              |      |  |
| 6 Liabilities and net worth.....                            | 773,417 | 903,488 | 948,781 | 938,467 | 943,029             | 947,302 | 954,129              | 962,509              | 953,580              | 957,294              | 964,378              | 954,960              |      |  |
| 7 Savings capital.....                                      | 634,455 | 725,045 | 750,071 | 745,218 | 747,016             | 752,056 | 750,299              | 751,138              | 744,018              | 747,015              | 749,086              | 743,635              | n.a. |  |
| 8 Borrowed money.....                                       | 92,127  | 125,666 | 138,798 | 131,521 | 131,671             | 133,407 | 139,574              | 144,179              | 147,166              | 145,691              | 147,658              | 151,899              |      |  |
| 9 FHL/BB.....   | 52,626  | 64,207  | 73,888  | 71,488  | 71,214              | 70,464  | 73,815               | 73,520               | 73,555               | 75,059               | 75,594               | 80,409               |      |  |
| 10 Other.....   | 39,501  | 61,459  | 64,910  | 60,033  | 60,457              | 62,943  | 65,759               | 70,659               | 73,611               | 70,632               | 72,064               | 71,490               |      |  |
| 11 Other.....   | 15,968  | 17,944  | 19,045  | 21,024  | 23,125              | 20,078  | 22,078               | 24,803               | 20,947               | 22,899               | 24,788               | 16,181               |      |  |
| 12 Net worth <sup>2</sup> .....                             | 30,867  | 34,833  | 41,064  | 40,704  | 41,227              | 41,760  | 42,178               | 42,388               | 41,450               | 41,689               | 42,846               | 43,245               |      |  |
| MEMO  |         |         |         |         |                     |         |                      |                      |                      |                      |                      |                      |      |  |
| 13 Mortgage loan commitments outstanding <sup>3</sup> ..... | 54,113  | 61,305  | 56,051  | 51,130  | 52,542 <sup>r</sup> | 54,366  | 55,818 <sup>r</sup>  | 57,997 <sup>r</sup>  | 57,183 <sup>r</sup>  | 55,687 <sup>r</sup>  | 53,164 <sup>r</sup>  | 51,531 <sup>r</sup>  | ↓    |  |
| FSLIC-insured federal savings banks                         |         |         |         |         |                     |         |                      |                      |                      |                      |                      |                      |      |  |
| 14 Assets.....  | 64,969  | 98,559  | 131,868 | 142,136 | 146,508             | 152,823 | 155,684              | 164,129              | 180,134              | 183,239              | 186,693              | 196,173              | ↑    |  |
| 15 Mortgages.....   | 38,698  | 57,429  | 72,355  | 78,984  | 81,641              | 85,028  | 86,599               | 89,108               | 99,599               | 101,206              | 102,422              | 107,335              |      |  |
| 16 Mortgage-backed securities.....                          | 7,172   | 9,949   | 15,676  | 16,620  | 16,367              | 17,851  | 18,661               | 19,829               | 21,649               | 23,330               | 24,187               | 24,447               |      |  |
| 17 Other.....   | 6,595   | 10,971  | 11,723  | 13,274  | 13,759              | 13,923  | 14,590               | 15,083               | 16,816               | 17,714               | 17,794               | 18,326               |      |  |
| 18 Liabilities and net worth.....                           | 64,969  | 98,559  | 131,868 | 142,136 | 146,508             | 152,823 | 155,684              | 164,129              | 180,134              | 183,239              | 186,693              | 196,173              |      |  |
| 19 Savings capital.....                                     | 53,227  | 79,572  | 103,462 | 111,879 | 114,743             | 119,434 | 121,133              | 126,123              | 138,168              | 140,610              | 142,805              | 149,086              | n.a. |  |
| 20 Borrowed money.....                                      | 7,477   | 12,798  | 19,323  | 20,419  | 21,254              | 22,747  | 23,196               | 25,686               | 28,502               | 28,697               | 29,387               | 32,231               |      |  |
| 21 FHL/BB.....  | 4,640   | 7,515   | 10,510  | 11,151  | 11,283              | 12,064  | 12,476               | 12,830               | 15,301               | 15,866               | 16,157               | 16,845               |      |  |
| 22 Other.....   | 2,837   | 5,283   | 8,813   | 9,268   | 9,971               | 10,683  | 10,720               | 12,856               | 13,201               | 12,831               | 13,230               | 15,386               |      |  |
| 23 Other.....   | 1,157   | 1,903   | 2,732   | 2,983   | 3,397               | 3,291   | 3,755                | 4,338                | 4,279                | 4,504                | 4,851                | 4,675                |      |  |
| 24 Net worth.....   | 3,108   | 4,286   | 6,351   | 6,855   | 7,114               | 7,349   | 7,599                | 7,982                | 9,186                | 9,427                | 9,650                | 10,180               |      |  |
| MEMO  |         |         |         |         |                     |         |                      |                      |                      |                      |                      |                      |      |  |
| 25 Mortgage loan commitments outstanding <sup>3</sup> ..... | 2,151   | 3,234   | 5,355   | 6,707   | 7,718               | 8,330   | 8,287                | 8,762                | 9,343                | 10,134               | 9,378                | 10,113               | ↓    |  |
| Savings banks   |         |         |         |         |                     |         |                      |                      |                      |                      |                      |                      |      |  |
| 26 Assets.....  | 193,535 | 203,898 | 216,776 | 216,673 | 218,119             | 221,256 | 222,542              | 226,495              | 223,367 <sup>r</sup> | 224,569              | 227,011              | 228,854              | ↑    |  |
| Loans   |         |         |         |         |                     |         |                      |                      |                      |                      |                      |                      |      |  |
| 27 Mortgage.....  | 97,356  | 102,895 | 110,371 | 108,973 | 109,702             | 110,271 | 11,813               | 112,417              | 110,958 <sup>r</sup> | 111,971              | 113,265              | 114,188              |      |  |
| 28 Other.....   | 19,129  | 24,954  | 30,876  | 31,752  | 32,501              | 34,873  | 34,591               | 35,500               | 36,692 <sup>r</sup>  | 36,421               | 37,350               | 37,298               |      |  |
| Securities  |         |         |         |         |                     |         |                      |                      |                      |                      |                      |                      |      |  |
| 29 U.S. government.....                                     | 15,360  | 14,643  | 13,111  | 12,568  | 12,474              | 12,313  | 12,013               | 13,210               | 12,115 <sup>r</sup>  | 12,297               | 12,043               | 12,357               |      |  |
| 30 Mortgage-backed securities.....                          | 18,205  | 19,215  | 19,481  | 21,372  | 21,525              | 21,593  | 21,885               | 22,546               | 22,413 <sup>r</sup>  | 22,954               | 21,161               | 23,216               |      |  |
| 31 State and local government.....                          | 2,177   | 2,077   | 2,323   | 2,298   | 2,297               | 2,306   | 3,372                | 2,343                | 2,281 <sup>r</sup>   | 2,309                | 2,400                | 2,407                |      |  |
| 32 Corporate and other.....                                 | 25,375  | 23,747  | 21,199  | 20,828  | 20,707              | 20,403  | 20,439               | 20,260               | 2,036 <sup>r</sup>   | 20,862               | 20,602               | 20,902               |      |  |
| 33 Cash.....  | 6,263   | 4,954   | 6,225   | 5,645   | 5,646               | 5,845   | 5,570                | 6,225                | 5,301 <sup>r</sup>   | 4,651                | 5,018                | 4,811                | n.a. |  |
| 34 Other assets.....  | 9,670   | 11,413  | 13,113  | 13,237  | 13,267              | 13,652  | 13,859               | 13,994               | 13,244 <sup>r</sup>  | 13,104               | 13,172               | 13,675               |      |  |
| 35 Liabilities.....   | 193,535 | 203,898 | 216,776 | 216,673 | 218,119             | 221,256 | 222,542              | 226,495              | 223,367 <sup>r</sup> | 224,569              | 227,011              | 228,854              |      |  |
| Deposits  |         |         |         |         |                     |         |                      |                      |                      |                      |                      |                      |      |  |
| 36 Regular <sup>4</sup> .....                               | 172,665 | 180,616 | 185,972 | 186,321 | 186,777             | 188,960 | 189,025              | 190,310              | 189,109 <sup>r</sup> | 188,615              | 189,937              | 190,210              |      |  |
| 37 Ordinary savings.....                                    | 170,135 | 177,418 | 181,921 | 182,399 | 182,890             | 184,704 | 184,580              | 185,716              | 183,970 <sup>r</sup> | 183,433              | 184,764              | 185,002              |      |  |
| 38 Time.....  | 38,554  | 33,739  | 33,018  | 32,365  | 32,693              | 33,021  | 33,057               | 33,577               | 34,008 <sup>r</sup>  | 34,166               | 34,530               | 35,227               |      |  |
| 39 Other.....   | 95,129  | 104,732 | 103,311 | 104,436 | 104,588             | 105,562 | 105,550              | 105,146              | 103,083 <sup>r</sup> | 102,374              | 102,668              | 102,191              |      |  |
| 40 Other.....   | 2,530   | 3,198   | 4,051   | 3,922   | 3,887               | 4,256   | 4,445                | 4,594                | 5,139 <sup>r</sup>   | 5,182                | 5,173                | 5,208                |      |  |
| 41 Other liabilities.....                                   | 10,154  | 12,504  | 17,414  | 17,086  | 17,793              | 18,412  | 19,074               | 21,384               | 19,226 <sup>r</sup>  | 20,641               | 21,360               | 21,947               |      |  |
| 42 General reserve accounts.....                            | 10,368  | 10,510  | 12,823  | 12,925  | 13,211              | 13,548  | 14,114               | 14,519               | 14,731 <sup>r</sup>  | 15,084               | 15,427               | 16,319               |      |  |

I.37—Continued

| Account                                 | 1983    | 1984    | 1985                 |         |         |         |         |         |         |         |         |         | Oct. |
|---|---------|---------|----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|------|
|   |         |         | 1986                 |         |         |         |         |         |         |         |         |         |      |
|   |         |         | Dec.                 | Jan.    | Feb.    | Mar.    | Apr.    | May     | June    | July    | Aug.    | Sept.   |      |
| Credit unions <sup>5</sup>              |         |         |                      |         |         |         |         |         |         |         |         |         |      |
| 43 Total assets/liabilities and capital | 81,961  | 93,036  | 118,010              | 118,933 | 122,623 | 126,653 | 128,229 | 132,415 | 134,703 | 137,901 | 139,233 | 140,496 | ↑    |
| 44 Federal                              | 54,482  | 63,205  | 77,861               | 78,619  | 80,024  | 82,275  | 83,543  | 86,289  | 87,579  | 89,539  | 90,367  | 91,981  | ↑    |
| 45 State                                | 27,479  | 29,831  | 40,149               | 40,314  | 42,599  | 44,378  | 44,686  | 46,126  | 47,124  | 48,362  | 48,866  | 48,515  | ↓    |
| 46 Loans outstanding                    | 50,083  | 62,561  | 73,513               | 73,513  | 74,207  | 75,300  | 76,385  | 76,774  | 77,847  | 79,647  | 80,656  | 81,820  | n.a. |
| 47 Federal                              | 32,930  | 42,337  | 47,933               | 48,055  | 48,059  | 48,633  | 49,756  | 49,950  | 50,613  | 51,331  | 52,007  | 53,042  | ↑    |
| 48 State                                | 17,153  | 20,224  | 25,580               | 25,458  | 26,148  | 26,667  | 26,629  | 26,824  | 27,234  | 28,316  | 28,649  | 28,778  | ↓    |
| 49 Savings                              | 74,739  | 84,348  | 105,963              | 107,238 | 110,541 | 114,579 | 116,703 | 120,331 | 122,952 | 125,331 | 126,268 | 128,125 | ↑    |
| 50 Federal                              | 49,889  | 57,539  | 70,926               | 72,166  | 73,227  | 75,698  | 77,112  | 79,479  | 80,975  | 82,596  | 83,132  | 84,607  | ↑    |
| 51 State                                | 24,850  | 26,809  | 35,037               | 35,072  | 37,314  | 38,881  | 39,591  | 40,852  | 41,977  | 42,735  | 43,136  | 43,518  | ↓    |
| Life insurance companies                |         |         |                      |         |         |         |         |         |         |         |         |         |      |
| 52 Assets                               | 654,948 | 722,979 | 825,901 <sup>1</sup> | 831,716 | 839,856 | 848,535 | 855,605 | 863,610 | 872,359 | 877,919 | 887,255 |         | ↑    |
| Securities                              |         |         |                      |         |         |         |         |         |         |         |         |         |      |
| 53 Government                           | 50,752  | 63,899  | 75,230 <sup>2</sup>  | 75,937  | 76,761  | 77,965  | 78,494  | 79,051  | 78,284  | 78,722  | 79,188  |         |      |
| 54 United States <sup>3</sup>           | 28,636  | 42,204  | 51,700 <sup>2</sup>  | 52,243  | 53,264  | 54,289  | 54,705  | 55,120  | 54,197  | 54,321  | 54,487  |         |      |
| 55 State and local                      | 9,986   | 8,713   | 9,708 <sup>2</sup>   | 9,869   | 9,588   | 9,674   | 9,869   | 9,930   | 10,114  | 10,350  | 10,472  |         |      |
| 56 Foreign <sup>7</sup>                 | 12,130  | 12,982  | 13,822 <sup>2</sup>  | 13,825  | 13,909  | 14,002  | 13,920  | 14,001  | 13,973  | 14,051  | 14,229  |         |      |
| 57 Business                             | 322,854 | 359,333 | 423,712 <sup>2</sup> | 428,979 | 435,758 | 440,963 | 445,573 | 450,279 | 455,119 | 455,013 | 463,135 | n.a.    | n.a. |
| 58 Bonds                                | 257,986 | 295,998 | 346,216 <sup>2</sup> | 351,402 | 354,911 | 357,196 | 361,306 | 364,122 | 367,966 | 369,704 | 374,670 |         |      |
| 59 Stocks                               | 64,868  | 63,335  | 77,496 <sup>2</sup>  | 77,577  | 80,847  | 83,767  | 84,267  | 86,157  | 87,153  | 85,309  | 88,465  |         |      |
| 60 Mortgages                            | 150,999 | 156,699 | 171,797 <sup>2</sup> | 172,324 | 172,997 | 174,823 | 175,951 | 177,554 | 180,041 | 182,542 | 183,943 |         |      |
| 61 Real estate                          | 22,234  | 25,767  | 28,822 <sup>2</sup>  | 29,035  | 29,356  | 29,804  | 30,059  | 30,025  | 30,350  | 31,151  | 31,844  |         |      |
| 62 Policy loans                         | 54,063  | 54,505  | 54,369 <sup>2</sup>  | 54,264  | 54,267  | 54,273  | 54,272  | 54,351  | 57,342  | 54,249  | 54,247  |         |      |
| 63 Other assets                         | 54,046  | 63,776  | 71,971 <sup>2</sup>  | 57,090  | 57,351  | 57,753  | 57,492  | 57,802  | 58,290  | 58,792  | 57,905  |         |      |

1. Holdings of stock of the Federal Home Loan Banks are in "other assets."  
 2. Includes net undistributed income accrued by most associations.  
 3. As of July 1985, data include loans in process.  
 4. Excludes checking, club, and school accounts.  
 5. Data include all federally insured credit unions, both federal and state chartered, serving natural persons.  
 6. Direct and guaranteed obligations. Excludes federal agency issues not guaranteed, which are shown in the table under "Business" securities.  
 7. Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.  
 NOTE: *Savings and loan associations*: Estimates by the FHLBB for all associations in the United States based on annual benchmarks for non-FSLIC-insured associations and the experience of FSLIC-insured associations.

*FSLIC-insured federal savings banks*: Estimates by the FHLBB for federal savings banks insured by the FSLIC and based on monthly reports of federally insured institutions.  
*Savings banks*: Estimates by the National Council of Savings Institutions for all savings banks in the United States and for FDIC-insured savings banks that have converted to federal savings banks.  
*Credit unions*: Estimates by the National Credit Union Administration for federally chartered and federally insured state-chartered credit unions serving natural persons.  
*Life insurance companies*: Estimates of the American Council of Life Insurance for all life insurance companies in the United States. Annual figures are annual-statement asset values, with bonds carried on an amortized basis and stocks at year-end market value. Adjustments for interest due and accrued and for differences between market and book values are not made on each item separately but are included, in total, in "other assets."

## 1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

| Type of account or operation   | Fiscal year 1984 | Fiscal year 1985 | Fiscal year 1986 | Calendar year |         |         |         |         |         |
|--|------------------|------------------|------------------|---------------|---------|---------|---------|---------|---------|
|  |                  |                  |                  | 1986          |         |         |         |         |         |
|  |                  |                  |                  | May           | June    | July    | Aug.    | Sept.   | Oct.    |
| <i>U.S. budget<sup>1</sup></i>                                       |                  |                  |                  |               |         |         |         |         |         |
| 1 Receipts, total  | 666,457          | 734,057          | 769,091          | 46,246        | 77,024  | 62,974  | 56,523  | 78,013  | 59,012  |
| 2 On-budget  | n.a.             | 547,886          | 568,862          | 30,004        | 58,400  | 47,571  | 41,404  | 59,978  | 43,865  |
| 3 Off-budget   | n.a.             | 186,170          | 200,228          | 16,242        | 18,624  | 15,402  | 15,119  | 18,035  | 15,147  |
| 4 Outlays, total   | 851,796          | 945,987          | 989,789          | 85,642        | 78,034  | 85,203  | 84,434  | 81,750  | 84,267  |
| 5 On-budget  | n.a.             | 769,180          | 806,291          | 69,611        | 60,982  | 69,604  | 68,112  | 65,614  | 68,780  |
| 6 Off-budget   | n.a.             | 176,807          | 183,498          | 16,031        | 17,052  | 15,599  | 16,322  | 16,136  | 15,486  |
| 7 Surplus, or deficit (-), total                                     | -185,339         | -211,931         | -220,698         | -39,396       | -1,011  | -22,229 | -27,911 | -3,737  | -25,255 |
| 8 On-budget  | n.a.             | -221,294         | -237,428         | -39,607       | -2,583  | -22,033 | -26,708 | -5,636  | -24,915 |
| 9 Off-budget   | n.a.             | 9,363            | 16,371           | 211           | 1,572   | -196    | -1,203  | 1,898   | -340    |
| Source of financing (total)  |                  |                  |                  |               |         |         |         |         |         |
| 10 Borrowing from the public   | 170,817          | 197,269          | 235,745          | 17,960        | 18,500  | 14,980  | 20,278  | 22,188  | 5,936   |
| 11 Cash and monetary assets (decrease, or increase (+)) <sup>2</sup> | 5,636            | 10,673           | -18,044          | 22,774        | -13,065 | 3,972   | 10,298  | -21,313 | 18,131  |
| 12 Other <sup>3</sup>  | 8,885            | 3,989            | 2,997            | 1,338         | -4,424  | 3,277   | -2,665  | 2,862   | 1,188   |
| MEMO   |                  |                  |                  |               |         |         |         |         |         |
| 13 Treasury operating balance (level, end of period)                 | 22,345           | 17,060           | 31,384           | 12,808        | 24,641  | 20,810  | 10,428  | 31,384  | 13,616  |
| 14 Federal Reserve Banks   | 3,791            | 4,174            | 7,514            | 3,083         | 3,143   | 3,983   | 1,106   | 7,514   | 2,491   |
| 15 Tax and loan accounts   | 18,553           | 12,886           | 23,870           | 9,725         | 21,498  | 16,827  | 9,322   | 23,870  | 11,126  |

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

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

3. Includes accrued interest payable to the public; allocations of special drawing rights; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seigniorage; increment on gold; net gain/loss for U.S. currency valuation adjustment; net gain/loss for IMF valuation adjustment; and profit on the sale of gold.

SOURCE: "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government," and the "Daily Treasury Statement."



## 1.39 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

| Source or type  | Fiscal year 1985 | Fiscal year 1986 | Calendar year  |                |                |                |               |               |               |
|---|------------------|------------------|----------------|----------------|----------------|----------------|---------------|---------------|---------------|
|   |                  |                  | 1984           | 1985           |                | 1986           | 1986          |               |               |
|   |                  |                  | H2             | H1             | H2             | H1             | Aug.          | Sept.         | Oct.          |
| <b>RECEIPTS</b>   |                  |                  |                |                |                |                |               |               |               |
| <b>1 All sources</b> .....                                    | <b>734,057</b>   | <b>769,091</b>   | <b>341,392</b> | <b>380,618</b> | <b>364,790</b> | <b>394,345</b> | <b>56,523</b> | <b>78,013</b> | <b>59,012</b> |
| 2 Individual income taxes, net.....                           | 334,560          | 348,959          | 157,229        | 166,783        | 169,987        | 169,444        | 25,764        | 37,125        | 31,123        |
| 3 Withheld.....   | 298,941          | 314,803          | 145,210        | 149,288        | 155,725        | 153,919        | 24,504        | 24,707        | 29,556        |
| 4 Presidential Election Campaign Fund.....                    | 35               | 36               | 5              | 29             | 6              | 31             | 1             | 1             | 0             |
| 5 Nonwithheld.....  | 101,328          | 105,994          | 19,403         | 76,155         | 22,295         | 78,981         | 2,846         | 14,199        | 3,122         |
| 6 Refunds.....  | 65,743           | 71,873           | 7,387          | 58,684         | 8,038          | 63,488         | 1,587         | 1,782         | 1,554         |
| 7 Corporation income taxes.....                               |                  |                  |                |                |                |                |               |               |               |
| 7 Gross receipts.....   | 77,413           | 80,442           | 35,190         | 42,193         | 36,528         | 41,946         | 1,997         | 13,162        | 3,219         |
| 8 Refunds.....  | 16,082           | 17,298           | 6,847          | 8,370          | 7,751          | 9,557          | 922           | 1,713         | 2,679         |
| 9 Social insurance taxes and contributions, net.....          | 265,163          | 283,901          | 118,690        | 144,598        | 128,017        | 156,714        | 23,738        | 23,507        | 21,179        |
| 10 Employment taxes and contributions <sup>1</sup> .....      | 234,646          | 255,062          | 105,624        | 126,038        | 116,276        | 139,706        | 19,529        | 22,819        | 19,583        |
| 11 Self-employment taxes and contributions <sup>2</sup> ..... | 10,468           | 11,840           | 1,086          | 9,482          | 985            | 10,581         | 0             | 1,379         | 0             |
| 12 Unemployment insurance.....                                | 25,758           | 24,098           | 10,706         | 16,213         | 9,281          | 14,674         | 3,842         | 314           | 1,135         |
| 13 Other net receipts <sup>3</sup> .....                      | 4,759            | 4,741            | 2,360          | 2,350          | 2,458          | 2,333          | 366           | 374           | 459           |
| 14 Excise taxes.....  | 35,992           | 32,919           | 18,961         | 17,259         | 18,470         | 15,944         | 2,340         | 2,653         | 2,708         |
| 15 Customs deposits.....                                      | 12,079           | 13,323           | 6,329          | 5,807          | 6,354          | 6,369          | 1,272         | 1,236         | 1,281         |
| 16 Estate and gift taxes.....                                 | 6,422            | 6,958            | 3,029          | 3,204          | 3,323          | 3,487          | 608           | 599           | 647           |
| 17 Miscellaneous receipts <sup>4</sup> .....                  | 18,510           | 19,887           | 8,812          | 9,144          | 9,861          | 10,002         | 1,725         | 1,445         | 1,534         |
| <b>OUTLAYS</b>  |                  |                  |                |                |                |                |               |               |               |
| <b>18 All types</b> .....                                     | <b>946,223</b>   | <b>989,789</b>   | <b>446,944</b> | <b>463,842</b> | <b>487,188</b> | <b>486,037</b> | <b>84,434</b> | <b>81,750</b> | <b>84,267</b> |
| 19 National defense.....                                      | 252,748          | 273,369          | 118,286        | 124,186        | 134,675        | 135,367        | 22,448        | 23,964        | 23,177        |
| 20 International affairs.....                                 | 16,176           | 14,471           | 8,550          | 6,675          | 8,367          | 5,384          | 999           | 2,603         | 1,259         |
| 21 General science, space, and technology.....                | 8,627            | 9,017            | 4,473          | 4,230          | 4,727          | 12,519         | 694           | 876           | 794           |
| 22 Energy.....  | 5,685            | 4,792            | 1,423          | 680            | 3,305          | 2,484          | 671           | 228           | 405           |
| 23 Natural resources and environment.....                     | 13,357           | 13,508           | 7,370          | 5,892          | 7,553          | 6,245          | 1,142         | 1,227         | 1,200         |
| 24 Agriculture.....   | 25,565           | 31,169           | 8,524          | 11,705         | 15,412         | 14,482         | 844           | 2,801         | 3,573         |
| 25 Commerce and housing credit.....                           | 4,229            | 4,258            | 2,663          | -260           | 644            | 860            | 175           | 1,884         | 593           |
| 26 Transportation.....  | 25,838           | 28,058           | 13,673         | 11,440         | 15,360         | 12,658         | 2,310         | 2,969         | 2,107         |
| 27 Community and regional development.....                    | 7,680            | 7,510            | 4,836          | 3,408          | 3,901          | 3,169          | 582           | 516           | 735           |
| 28 Education, training, employment, social services.....      | 29,342           | 29,662           | 13,737         | 14,149         | 14,481         | 14,712         | 2,630         | 2,507         | 2,332         |
| 29 Health.....  | 33,542           | 35,936           | 15,692         | 16,945         | 17,237         | 17,872         | 3,241         | 2,997         | 4,266         |
| 30 Social security and medicare.....                          | 254,446          | 268,925          | 119,613        | 128,351        | 129,037        | 135,214        | 22,809        | 22,756        | 23,700        |
| 31 Income security.....                                       | 128,200          | 120,686          | 61,558         | 65,246         | 59,457         | 60,786         | 10,740        | 8,574         | 9,367         |
| 32 Veterans benefits and services.....                        | 26,352           | 26,614           | 13,317         | 11,956         | 14,527         | 12,193         | 3,373         | 829           | 3,491         |
| 33 Administration of justice.....                             | 6,277            | 6,555            | 2,992          | 3,016          | 3,212          | 3,352          | 516           | 513           | 539           |
| 34 General government.....                                    | 5,228            | 6,796            | 2,552          | 2,857          | 3,634          | 3,566          | 598           | 525           | 209           |
| 35 General-purpose fiscal assistance.....                     | 6,353            | 6,430            | 3,458          | 2,659          | 3,391          | 2,179          | 49            | 1,139         | 284           |
| 36 Net interest <sup>5</sup> .....                            | 129,436          | 135,284          | 61,293         | 65,143         | 67,448         | 68,054         | 12,652        | 8,640         | 9,951         |
| 37 Undistributed offsetting receipts <sup>6</sup> .....       | -32,759          | -33,244          | -17,061        | -14,436        | -17,953        | -17,193        | -2,079        | -3,796        | -3,719        |

1. Old-age, disability, and hospital insurance, and railroad retirement accounts.

2. Old-age, disability, and hospital insurance.

3. Federal employee retirement contributions and civil service retirement and disability fund.

4. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.

5. Net interest function includes interest received by trust funds.

6. Consists of rents and royalties on the outer continental shelf and U.S. government contributions for employee retirement.

SOURCE: "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government," and the *Budget of the U.S. Government, Fiscal Year 1987*.

A30 Domestic Financial Statistics □ January 1987

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

| Item                                    | 1984    |          |         | 1985    |         |          |         | 1986    |         |
|---|---------|----------|---------|---------|---------|----------|---------|---------|---------|
|   | June 30 | Sept. 30 | Dec. 31 | Mar. 31 | June 30 | Sept. 30 | Dec. 31 | Mar. 31 | June 30 |
| 1 Federal debt outstanding .....        | 1,517.2 | 1,576.7  | 1,667.4 | 1,715.1 | 1,779.0 | 1,827.5  | 1,950.3 | 1,991.1 | 2,063.6 |
| 2 Public debt securities .....          | 1,512.7 | 1,572.3  | 1,663.0 | 1,710.7 | 1,774.6 | 1,823.1  | 1,945.9 | 1,986.8 | 2,059.3 |
| 3 Held by public .....                  | 1,255.1 | 1,309.2  | 1,373.4 | 1,415.2 | 1,460.5 | 1,506.6  | 1,597.1 | 1,634.3 | 1,684.9 |
| 4 Held by agencies .....                | 257.6   | 263.1    | 289.6   | 295.5   | 314.2   | 316.5    | 348.9   | 352.6   | 374.4   |
| 5 Agency securities .....               | 4.5     | 4.5      | 4.5     | 4.4     | 4.4     | 4.4      | 4.4     | 4.3     | 4.3     |
| 6 Held by public .....                  | 3.4     | 3.4      | 3.4     | 3.3     | 3.3     | 3.3      | 3.3     | 3.2     | 3.2     |
| 7 Held by agencies .....                | 1.1     | 1.1      | 1.1     | 1.1     | 1.1     | 1.1      | 1.1     | 1.1     | 1.1     |
| 8 Debt subject to statutory limit ..... | 1,513.4 | 1,573.0  | 1,663.7 | 1,711.4 | 1,775.3 | 1,823.8  | 1,932.4 | 1,973.3 | 2,060.0 |
| 9 Public debt securities .....          | 1,512.1 | 1,571.7  | 1,662.4 | 1,710.1 | 1,774.0 | 1,822.5  | 1,931.1 | 1,972.0 | 2,058.7 |
| 10 Other debt <sup>1</sup> .....        | 1.3     | 1.3      | 1.3     | 1.3     | 1.3     | 1.3      | 1.3     | 1.3     | 1.3     |
| 11 MEMO: Statutory debt limit .....     | 1,520.0 | 1,573.0  | 1,823.8 | 1,823.8 | 1,823.8 | 1,823.8  | 2,078.7 | 2,078.7 | 2,078.7 |

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* and *Daily Treasury Statement* (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                                     | 1981    | 1982    | 1983    | 1984    | 1985    |         | 1986    |         |
|---|---------|---------|---------|---------|---------|---------|---------|---------|
|   |         |         |         |         | Q3      | Q4      | Q1      | Q2      |
| 1 Total gross public debt .....                     | 1,028.7 | 1,197.1 | 1,410.7 | 1,663.0 | 1,823.1 | 1,945.9 | 1,986.8 | 2,059.3 |
| <i>By type</i>                                      |         |         |         |         |         |         |         |         |
| 2 Interest-bearing debt .....                       | 1,027.3 | 1,195.5 | 1,400.9 | 1,660.6 | 1,821.0 | 1,943.4 | 1,984.2 | 2,056.7 |
| 3 Marketable .....                                  | 720.3   | 881.5   | 1,050.9 | 1,247.4 | 1,360.2 | 1,437.7 | 1,472.8 | 1,498.2 |
| 4 Bills .....                                       | 245.0   | 311.8   | 343.8   | 374.4   | 384.2   | 399.9   | 393.2   | 396.9   |
| 5 Notes .....                                       | 375.3   | 465.0   | 573.4   | 705.1   | 776.4   | 812.5   | 842.5   | 869.3   |
| 6 Bonds .....                                       | 99.9    | 104.6   | 133.7   | 167.9   | 199.5   | 211.1   | 223.0   | 232.3   |
| 7 Nonmarketable <sup>1</sup> .....                  | 307.0   | 314.0   | 350.0   | 413.2   | 460.8   | 505.7   | 511.4   | 558.5   |
| 8 State and local government series .....           | 23.0    | 25.7    | 36.7    | 44.4    | 62.8    | 87.5    | 88.5    | 98.2    |
| 9 Foreign issues <sup>2</sup> .....                 | 19.0    | 14.7    | 10.4    | 9.1     | 6.6     | 7.5     | 6.7     | 5.3     |
| 10 Government .....                                 | 14.9    | 13.0    | 10.4    | 9.1     | 6.6     | 7.5     | 6.7     | 5.3     |
| 11 Public .....                                     | 4.1     | 1.7     | .0      | .0      | .0      | .0      | .0      | .0      |
| 12 Savings bonds and notes .....                    | 68.1    | 68.0    | 70.7    | 73.1    | 77.0    | 78.1    | 79.8    | 82.3    |
| 13 Government account series <sup>3</sup> .....     | 196.7   | 205.4   | 231.9   | 286.2   | 313.9   | 332.2   | 336.0   | 372.3   |
| 14 Non-interest-bearing debt .....                  | 1.4     | 1.6     | 9.8     | 2.3     | 2.1     | 2.5     | 2.6     | 2.6     |
| <i>By holder<sup>4</sup></i>                        |         |         |         |         |         |         |         |         |
| 15 U.S. government agencies and trust funds .....   | 203.3   | 209.4   | 236.3   | 289.6   | 316.5   | 348.9   | 352.6   | 374.4   |
| 16 Federal Reserve Banks .....                      | 131.0   | 139.3   | 151.9   | 160.9   | 169.7   | 181.3   | 184.8   | 183.8   |
| 17 Private investors .....                          | 694.5   | 848.4   | 1,022.6 | 1,212.5 | 1,338.2 | 1,417.2 | 1,473.1 | 1,502.7 |
| 18 Commercial banks .....                           | 111.4   | 131.4   | 188.8   | 183.4   | 196.9   | 192.2   | 195.1   | 197.2   |
| 19 Money market funds .....                         | 21.5    | 42.6    | 22.8    | 25.9    | 22.7    | 25.1    | 29.9    | 22.8    |
| 20 Insurance companies .....                        | 29.0    | 39.1    | 56.7    | 76.4    | 88.6    | 93.2    | 95.8    | n.a.    |
| 21 Other companies .....                            | 17.9    | 24.5    | 39.7    | 50.1    | 59.0    | 59.0    | 59.6    | 59.8    |
| 22 State and local governments .....                | 104.3   | 127.8   | 155.1   | 179.4   | n.a.    | n.a.    | n.a.    | n.a.    |
| 23 Savings bonds .....                              | 68.1    | 68.3    | 71.5    | 74.5    | 78.2    | 79.8    | 81.4    | 83.8    |
| 24 Other securities .....                           | 42.7    | 48.2    | 61.9    | 69.3    | 73.2    | 75.0    | 76.1    | 73.4    |
| 25 Foreign and international <sup>5</sup> .....     | 136.6   | 149.5   | 166.3   | 192.9   | 209.8   | 214.6   | 225.4   | 237.9   |
| 26 Other miscellaneous investors <sup>6</sup> ..... | 163.0   | 217.0   | 259.8   | 360.6   | 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<sup>1</sup>

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

| Item                               | 1983   | 1984   | 1985   | 1986    |         |        | 1986 week ending Wednesday |        |         |         |         |         |  |
|------------------------------------|--------|--------|--------|---------|---------|--------|----------------------------|--------|---------|---------|---------|---------|--|
|                                    |        |        |        | Aug. 7  | Sept.   | Oct.   | Sept. 24                   | Oct. 1 | Oct. 8  | Oct. 15 | Oct. 22 | Oct. 29 |  |
| 1 Immediate delivery <sup>2</sup>  |        |        |        |         |         |        |                            |        |         |         |         |         |  |
| U.S. government securities         | 42,135 | 52,778 | 75,331 | 101,864 | 102,015 | 93,411 | 100,295                    | 99,451 | 100,394 | 74,151  | 85,841  | 100,711 |  |
| <i>By maturity</i>                 |        |        |        |         |         |        |                            |        |         |         |         |         |  |
| Bills                              | 22,393 | 26,035 | 32,900 | 36,838  | 35,526  | 32,633 | 33,413                     | 33,793 | 39,287  | 22,255  | 30,593  | 33,796  |  |
| Other within 1 year                | 708    | 1,305  | 1,811  | 2,249   | 2,263   | 2,221  | 2,663                      | 2,961  | 2,375   | 1,878   | 1,536   | 2,411   |  |
| 1-5 years                          | 8,758  | 11,733 | 18,361 | 30,255  | 29,743  | 25,485 | 31,802                     | 31,441 | 26,937  | 23,597  | 24,950  | 25,699  |  |
| 5-10 years                         | 5,279  | 7,606  | 12,703 | 21,269  | 21,718  | 21,286 | 19,448                     | 18,139 | 21,557  | 16,947  | 17,526  | 25,946  |  |
| Over 10 years                      | 4,997  | 6,099  | 9,556  | 11,252  | 12,766  | 11,786 | 12,969                     | 13,118 | 10,238  | 9,474   | 11,236  | 12,861  |  |
| <i>By type of customer</i>         |        |        |        |         |         |        |                            |        |         |         |         |         |  |
| U.S. government securities dealers | 2,257  | 2,919  | 3,336  | 4,570   | 4,232   | 3,905  | 3,791                      | 4,681  | 4,567   | 3,036   | 2,747   | 3,637   |  |
| U.S. government securities brokers | 21,045 | 25,580 | 36,222 | 53,216  | 54,585  | 49,366 | 55,012                     | 51,605 | 52,595  | 38,372  | 45,456  | 53,876  |  |
| All others <sup>3</sup>            | 18,833 | 24,278 | 35,773 | 44,078  | 43,199  | 40,140 | 41,493                     | 43,165 | 43,232  | 32,743  | 37,638  | 43,198  |  |
| Federal agency securities          | 5,576  | 7,846  | 11,640 | 16,963  | 17,693  | 18,302 | 15,786                     | 14,039 | 14,226  | 14,200  | 23,727  | 20,222  |  |
| Certificates of deposit            | 4,333  | 4,947  | 4,016  | 4,381   | 4,724   | 4,351  | 4,295                      | 4,300  | 5,123   | 3,698   | 3,982   | 4,141   |  |
| Bankers acceptances                | 2,642  | 3,243  | 3,242  | 3,215   | 3,452   | 3,348  | 3,591                      | 3,262  | 4,292   | 2,623   | 3,549   | 2,534   |  |
| Commercial paper                   | 8,036  | 10,018 | 12,717 | 17,093  | 16,058  | 17,078 | 15,277                     | 16,547 | 15,880  | 16,738  | 17,401  | 17,014  |  |
| Futures transactions <sup>4</sup>  |        |        |        |         |         |        |                            |        |         |         |         |         |  |
| Treasury bills                     | 6,655  | 6,947  | 5,561  | 2,871   | 3,056   | 1,754  | 2,992                      | 2,655  | 1,387   | 1,194   | 2,728   | 1,361   |  |
| Treasury coupons                   | 2,501  | 4,503  | 6,069  | 5,939   | 7,784   | 5,416  | 8,974                      | 7,679  | 4,859   | 5,100   | 5,307   | 5,430   |  |
| Federal agency securities          | 265    | 262    | 240    | 12      | 4       | 0      | 3                          | 4      | *       | 0       | *       | 2       |  |
| Forward transactions <sup>5</sup>  |        |        |        |         |         |        |                            |        |         |         |         |         |  |
| U.S. government securities         | 1,493  | 1,364  | 1,283  | 2,907   | 1,838   | 1,734  | 3,356                      | 1,092  | 812     | 875     | 3,096   | 1,968   |  |
| Federal agency securities          | 1,646  | 2,843  | 3,857  | 7,785   | 8,684   | 8,450  | 8,778                      | 8,040  | 8,089   | 7,276   | 10,917  | 7,581   |  |

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

Averages for transactions are based on the number of trading days in the period. The figures exclude allotments of, and exchanges for, new U.S. government securities, redemptions of called or matured securities, purchases or sales of securities under repurchase agreement, reverse repurchase (resale), or similar contracts.

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

3. Includes, among others, all other dealers and brokers in commodities and

securities, nondealer departments of commercial banks, foreign banking agencies, and the Federal Reserve System.

4. Futures contracts are standardized agreements arranged on an organized exchange in which parties commit to purchase or sell securities for delivery at a future date.

5. Forward transactions are agreements arranged in the over-the-counter market in which securities are purchased (sold) for delivery after 5 business days from the date of the transaction for government securities (Treasury bills, notes, and bonds) or after 30 days for mortgage-backed agency issues.

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

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

Averages of daily figures, in millions of dollars

| Item                                       | 1983   | 1984   | 1985    | 1986              |                    |         | 1986 week ending Wednesday |         |         |         |         |
|--|--------|--------|---------|-------------------|--------------------|---------|----------------------------|---------|---------|---------|---------|
|  |        |        |         | Aug. <sup>2</sup> | Sept. <sup>2</sup> | Oct.    | Oct. 1                     | Oct. 8  | Oct. 15 | Oct. 22 | Oct. 29 |
| Positions                                  |        |        |         |                   |                    |         |                            |         |         |         |         |
| Net immediate <sup>2</sup>                 |        |        |         |                   |                    |         |                            |         |         |         |         |
| 1 U.S. government securities               | 14,082 | 5,429  | 7,391   | 18,616            | 11,302             | 8,313   | 16,823                     | 10,711  | 7,964   | 2,602   | 10,038  |
| 2 Bills                                    | 10,800 | 5,500  | 10,075  | 12,812            | 8,676              | 11,070  | 12,790                     | 11,901  | 10,726  | 8,381   | 11,633  |
| 3 Other within 1 year                      | 921    | 63     | 1,050   | 3,515             | 2,847              | 2,704   | 2,719                      | 3,338   | 3,119   | 2,659   | 2,150   |
| 4 1-5 years                                | 1,912  | 2,159  | 5,154   | 11,627            | 11,917             | 9,682   | 16,324                     | 10,344  | 9,377   | 7,164   | 10,946  |
| 5 5-10 years                               | 78     | 1,119  | -6,202  | -7,797            | -9,181             | -11,127 | -10,552                    | -10,819 | -11,371 | -11,253 | -11,098 |
| 6 Over 10 years                            | 528    | 1,174  | -2,686  | -1,541            | -2,957             | -4,017  | -4,459                     | -4,053  | -3,887  | -4,348  | -3,593  |
| 7 Federal agency securities                | 7,313  | 15,294 | 22,860  | 26,857            | 30,165             | 29,073  | 29,597                     | 28,268  | 29,064  | 31,224  | 28,155  |
| 8 Certificates of deposit                  | 5,838  | 7,369  | 9,192   | 9,960             | 11,289             | 9,511   | 10,998                     | 10,101  | 10,164  | 8,882   | 8,944   |
| 9 Bankers acceptances                      | 3,332  | 3,874  | 4,586   | 5,172             | 5,665              | 5,897   | 5,393                      | 6,149   | 7,111   | 5,852   | 5,074   |
| 10 Commercial paper                        | 3,159  | 3,788  | 5,570   | 7,469             | 8,991              | 8,302   | 8,746                      | 9,219   | 8,438   | 7,973   | 7,250   |
| Futures positions                          |        |        |         |                   |                    |         |                            |         |         |         |         |
| 11 Treasury bills                          | 4,125  | -4,525 | -7,322  | -16,246           | -15,996            | -15,845 | -15,099                    | -17,574 | -18,105 | -14,733 | -13,900 |
| 12 Treasury coupons                        | 1,033  | 1,794  | 4,465   | 2,427             | 4,234              | 3,424   | 4,809                      | 3,842   | 3,409   | 3,561   | 3,132   |
| 13 Federal agency securities               | 171    | 233    | 722     | -60               | 64                 | -70     | 68                         | 67      | 67      | 68      | 75      |
| Forward positions                          |        |        |         |                   |                    |         |                            |         |         |         |         |
| 14 U.S. government securities              | -1,936 | -1,643 | -911    | 3,503             | -3,769             | -128    | -3,565                     | 640     | 63      | -196    | 410     |
| 15 Federal agency securities               | -3,561 | -9,205 | -9,420  | -9,906            | -10,224            | -11,329 | -9,799                     | 9,215   | -11,999 | 13,785  | -11,378 |
| Financing <sup>3</sup>                     |        |        |         |                   |                    |         |                            |         |         |         |         |
| Reverse repurchase agreements <sup>4</sup> |        |        |         |                   |                    |         |                            |         |         |         |         |
| 16 Overnight and continuing                | 29,099 | 44,078 | 68,035  | 98,805            | 113,057            | n.a.    | 116,444                    | 114,643 | 122,784 | 120,516 | 115,125 |
| 17 Term agreements                         | 52,493 | 68,357 | 80,509  | 106,640           | 106,335            | n.a.    | 106,464                    | 111,545 | 107,286 | 111,172 | 115,093 |
| Repurchase agreements <sup>5</sup>         |        |        |         |                   |                    |         |                            |         |         |         |         |
| 18 Overnight and continuing                | 57,946 | 75,717 | 101,410 | 138,823           | 149,027            | n.a.    | 153,787                    | 151,714 | 159,950 | 152,871 | 144,895 |
| 19 Term agreements                         | 44,410 | 57,047 | 77,748  | 103,532           | 104,455            | n.a.    | 104,984                    | 111,097 | 102,440 | 110,249 | 114,034 |

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

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

3. Immediate positions are net amounts (in terms of par values) of securities owned by nonbank dealer firms and dealer departments of commercial banks on a commitment, that is, trade-date basis, including any such securities that have been sold under agreements to repurchase (RPs). The maturities of some repurchase agreements are sufficiently long, however, to suggest that the securities involved are not available for trading purposes. Immediate positions include

reverses to maturity, which are securities that were sold after having been obtained under reverse repurchase agreements that mature on the same day as the securities. Data for immediate positions do not include forward positions.

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

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

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

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

## 1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

| Agency  | 1983           | 1984           | 1985           | 1986           |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   |                |                |                | Apr.           | May            | June           | July           | Aug.           | Sept.          |
| <b>1 Federal and federally sponsored agencies</b> .....                                     | <b>240,068</b> | <b>271,220</b> | <b>293,905</b> | <b>293,336</b> | <b>294,961</b> | <b>296,226</b> | <b>298,361</b> | n.a.           | n.a.           |
| 2 Federal agencies .....  | 33,940         | 35,145         | 36,390         | 35,530         | 36,110         | 35,826         | 35,768         | 36,132         | 36,473         |
| 3 Defense Department <sup>1</sup> .....   | 243            | 142            | 71             | 55             | 52             | 48             | 45             | 40             | 37             |
| 4 Export-Import Bank <sup>2,3</sup> .....   | 14,853         | 15,882         | 15,678         | 15,257         | 15,256         | 14,953         | 14,953         | 14,953         | 14,274         |
| 5 Federal Housing Administration <sup>4</sup> .....   | 194            | 133            | 115            | 114            | 118            | 115            | 115            | 115            | 117            |
| 6 Government National Mortgage Association<br>participation certificates <sup>5</sup> ..... | 2,165          | 2,165          | 2,165          | 2,165          | 2,165          | 2,165          | 2,165          | 2,165          | 2,165          |
| 7 Postal Service <sup>6</sup> .....   | 1,404          | 1,337          | 1,940          | 1,940          | 1,940          | 1,854          | 1,854          | 1,854          | 3,104          |
| 8 Tennessee Valley Authority .....  | 14,970         | 15,435         | 16,347         | 15,925         | 16,505         | 16,617         | 16,562         | 16,931         | 16,702         |
| 9 United States Railway Association <sup>6</sup> .....                                      | 111            | 51             | 74             | 74             | 74             | 74             | 74             | 74             | 74             |
| 10 Federally sponsored agencies <sup>7</sup> .....  | 206,128        | 236,075        | 257,515        | 257,806        | 258,851        | 260,400        | 262,593        | n.a.           | n.a.           |
| 11 Federal Home Loan Banks .....  | 48,930         | 65,085         | 74,447         | 76,527         | 78,718         | 81,558         | 83,081         | 85,997         | 87,133         |
| 12 Federal Home Loan Mortgage Corporation .....   | 6,793          | 10,270         | 11,926         | 13,492         | 12,475         | 12,276         | 12,818         | n.a.           | n.a.           |
| 13 Federal National Mortgage Association .....  | 74,594         | 83,720         | 93,896         | 92,401         | 92,629         | 92,562         | 93,417         | 92,286         | 91,629         |
| 14 Farm Credit Banks .....  | 72,816         | 71,193         | 68,851         | 65,188         | 64,629         | 63,585         | 62,857         | 61,575         | 63,073         |
| 15 Student Loan Marketing Association <sup>8</sup> .....                                    | 3,402          | 5,745          | 8,395          | 10,198         | 10,400         | 10,419         | 10,420         | 10,420         | 10,555         |
| <b>MEMO</b>   |                |                |                |                |                |                |                |                |                |
| <b>16 Federal Financing Bank debt<sup>9</sup></b> .....                                     | <b>135,791</b> | <b>145,217</b> | <b>153,373</b> | <b>153,508</b> | <b>155,076</b> | <b>155,222</b> | <b>155,526</b> | <b>156,132</b> | <b>156,871</b> |
| <i>Lending to federal and federally sponsored<br/>agencies</i>                              |                |                |                |                |                |                |                |                |                |
| 17 Export-Import Bank <sup>3</sup> .....  | 14,789         | 15,852         | 15,670         | 15,250         | 15,250         | 14,947         | 14,947         | 14,947         | 14,268         |
| 18 Postal Service <sup>6</sup> .....  | 1,154          | 1,087          | 1,690          | 1,690          | 1,690          | 1,604          | 1,604          | 1,604          | 2,854          |
| 19 Student Loan Marketing Association .....   | 5,000          | 5,000          | 5,000          | 5,000          | 5,000          | 5,000          | 5,000          | 5,000          | 4,978          |
| 20 Tennessee Valley Authority .....   | 13,245         | 13,710         | 14,622         | 14,250         | 14,830         | 14,942         | 14,937         | 15,306         | 15,077         |
| 21 United States Railway Association <sup>6</sup> .....                                     | 111            | 51             | 74             | 74             | 74             | 74             | 74             | 74             | 74             |
| <i>Other Lending<sup>10</sup></i>   |                |                |                |                |                |                |                |                |                |
| 22 Farmers Home Administration .....  | 55,266         | 58,971         | 64,234         | 63,829         | 64,544         | 64,924         | 65,174         | 65,274         | 65,374         |
| 23 Rural Electrification Administration .....   | 19,766         | 20,693         | 20,654         | 21,061         | 21,154         | 21,255         | 21,321         | 21,398         | 21,460         |
| 24 Other .....  | 26,460         | 29,853         | 31,429         | 32,354         | 32,534         | 32,476         | 32,469         | 32,529         | 32,786         |

1. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.

2. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.

3. Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.

4. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.

5. Certificates of participation issued before fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare; Department of Housing and Urban Development; Small Business Administration; and the Veterans Administration.

6. Off-budget.

7. Includes outstanding noncontingent liabilities: Notes, bonds, and debentures. Some data are estimated.

8. Before late 1981, the Association obtained financing through the Federal Financing Bank.

9. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.

10. Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

A34 Domestic Financial Statistics □ January 1987

1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

| Type of issue or issuer,<br>or use                            | 1983          | 1984           | 1985           | 1986         |              |               |               |               |               |               |              |
|---|---------------|----------------|----------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|--------------|
|   |               |                |                | Feb.         | Mar.         | Apr.          | May           | June          | July          | Aug.          | Sept.        |
| <b>1 All issues, new and refunding<sup>1</sup></b> .....      | <b>86,421</b> | <b>106,641</b> | <b>214,189</b> | <b>3,300</b> | <b>8,008</b> | <b>12,578</b> | <b>13,215</b> | <b>12,611</b> | <b>19,833</b> | <b>25,965</b> | <b>4,532</b> |
| <i>Type of issue</i>  |               |                |                |              |              |               |               |               |               |               |              |
| 2 General obligation .....                                    | 21,566        | 26,485         | 52,622         | 916          | 2,720        | 5,459         | 7,115         | 6,326         | 6,531         | 5,931         | 1,267        |
| 3 Revenue .....   | 64,855        | 80,156         | 161,567        | 2,384        | 5,288        | 7,120         | 6,100         | 6,285         | 13,302        | 20,034        | 3,265        |
| <i>Type of issuer</i>   |               |                |                |              |              |               |               |               |               |               |              |
| 4 State .....   | 7,140         | 9,129          | 13,004         | 287          | 1,088        | 1,956         | 2,825         | 1,705         | 2,879         | 2,121         | 9            |
| 5 Special district and statutory authority <sup>2</sup> ..... | 51,297        | 63,550         | 134,363        | 1,691        | 4,383        | 7,350         | 6,427         | 6,351         | 10,589        | 15,714        | 3,275        |
| 6 Municipalities, counties, townships .....                   | 27,984        | 33,962         | 66,822         | 1,322        | 2,537        | 3,273         | 3,962         | 4,554         | 6,365         | 8,125         | 1,248        |
| <b>7 Issues for new capital, total</b> .....                  | <b>72,441</b> | <b>94,050</b>  | <b>156,050</b> | <b>2,022</b> | <b>3,314</b> | <b>6,938</b>  | <b>7,155</b>  | <b>8,178</b>  | <b>13,165</b> | <b>17,810</b> | <b>2,558</b> |
| <i>Use of proceeds</i>  |               |                |                |              |              |               |               |               |               |               |              |
| 8 Education .....   | 8,099         | 7,553          | 16,658         | 441          | 624          | 1,706         | 1,827         | 1,694         | 2,800         | 2,926         | 558          |
| 9 Transportation .....  | 4,387         | 7,552          | 12,070         | 380          | 795          | 815           | 273           | 947           | 3,164         | 1,460         | 827          |
| 10 Utilities and conservation .....                           | 13,588        | 17,844         | 26,852         | 1,352        | 4,082        | 4,554         | 3,450         | 1,583         | 4,425         | 6,292         | 1,365        |
| 11 Social welfare .....                                       | 26,910        | 29,928         | 63,181         | 239          | 337          | 579           | 1,424         | 1,518         | 1,186         | 2,554         | 812          |
| 12 Industrial aid .....                                       | 7,821         | 15,415         | 12,892         | 134          | 37           | 313           | 264           | 255           | 975           | 489           | 138          |
| 13 Other purposes .....                                       | 11,637        | 15,758         | 24,398         | 729          | 2,132        | 4,610         | 5,978         | 6,614         | 7,281         | 12,245        | 832          |

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

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

1.46 NEW SECURITY ISSUES Corporations

Millions of dollars

| Type of issue or issuer,<br>or use    | 1983           | 1984           | 1985           | 1986          |               |               |               |               |                           |                           |               |
|---------------------------------------|----------------|----------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------------------|---------------------------|---------------|
|                                       |                |                |                | Feb.          | Mar.          | Apr.          | May           | June          | July                      | Aug.                      | Sept.         |
| <b>1 All issues<sup>1</sup></b> ..... | <b>119,949</b> | <b>132,531</b> | <b>201,269</b> | <b>23,931</b> | <b>30,444</b> | <b>33,489</b> | <b>19,564</b> | <b>25,776</b> | <b>21,093<sup>r</sup></b> | <b>24,245<sup>r</sup></b> | <b>15,967</b> |
| <b>2 Bonds<sup>2</sup></b> .....      | <b>68,370</b>  | <b>109,903</b> | <b>165,754</b> | <b>19,469</b> | <b>24,923</b> | <b>27,883</b> | <b>13,050</b> | <b>20,756</b> | <b>16,766<sup>r</sup></b> | <b>18,481<sup>r</sup></b> | <b>12,739</b> |
| <i>Type of offering</i>               |                |                |                |               |               |               |               |               |                           |                           |               |
| 3 Public .....                        | 47,244         | 73,579         | 119,559        | 19,469        | 24,923        | 27,883        | 13,050        | 20,756        | 16,766 <sup>r</sup>       | 18,481 <sup>r</sup>       | 12,739        |
| 4 Private placement .....             | 21,126         | 36,324         | 46,195         | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          | n.a.                      | n.a.                      | n.a.          |
| <i>Industry group</i>                 |                |                |                |               |               |               |               |               |                           |                           |               |
| 5 Manufacturing .....                 | 17,001         | 24,607         | 52,228         | 3,950         | 8,895         | 7,975         | 3,939         | 5,368         | 2,535                     | 4,536                     | 2,345         |
| 6 Commercial and miscellaneous .....  | 7,540          | 13,726         | 15,215         | 1,216         | 790           | 2,640         | 1,776         | 2,206         | 3,410                     | 1,045                     | 1,405         |
| 7 Transportation .....                | 3,833          | 4,694          | 5,743          | 373           | 303           | 614           | 427           | 250           | 497                       | 550                       | 375           |
| 8 Public utility .....                | 9,125          | 10,679         | 12,957         | 2,540         | 2,133         | 3,330         | 1,709         | 1,948         | 1,470                     | 2,098                     | 1,905         |
| 9 Communication .....                 | 3,642          | 2,997          | 10,456         | 1,200         | 1,907         | 3,115         | 712           | 810           | 465                       | 1,615                     | 417           |
| 10 Real estate and financial .....    | 27,227         | 53,199         | 69,157         | 10,190        | 10,895        | 10,210        | 4,487         | 10,174        | 8,389 <sup>r</sup>        | 8,638 <sup>r</sup>        | 6,292         |
| <b>11 Stocks<sup>3</sup></b> .....    | <b>51,579</b>  | <b>22,628</b>  | <b>35,515</b>  | <b>4,462</b>  | <b>5,521</b>  | <b>5,606</b>  | <b>6,514</b>  | <b>5,020</b>  | <b>4,327</b>              | <b>5,764<sup>r</sup></b>  | <b>3,228</b>  |
| <i>Type</i>                           |                |                |                |               |               |               |               |               |                           |                           |               |
| 12 Preferred .....                    | 7,213          | 4,118          | 6,505          | 975           | 1,160         | 751           | 856           | 1,284         | 726                       | 1,290                     | 402           |
| 13 Common .....                       | 44,366         | 18,510         | 29,010         | 3,487         | 4,361         | 4,855         | 5,658         | 3,736         | 3,601                     | 4,474 <sup>r</sup>        | 2,826         |
| <i>Industry group</i>                 |                |                |                |               |               |               |               |               |                           |                           |               |
| 14 Manufacturing .....                | 14,135         | 4,054          | 5,700          | 1,269         | 851           | 1,434         | 1,827         | 1,132         | 746                       | 982 <sup>r</sup>          | 227           |
| 15 Commercial and miscellaneous ..... | 13,112         | 6,277          | 9,149          | 434           | 607           | 910           | 953           | 421           | 917                       | 803                       | 1,005         |
| 16 Transportation .....               | 2,729          | 589            | 1,544          | 302           | 355           | 158           | 372           | 154           | 179                       | 57                        | 28            |
| 17 Public utility .....               | 5,001          | 1,624          | 1,966          | 153           | 357           | 165           | 346           | 406           | 305                       | 208                       | 174           |
| 18 Communication .....                | 1,822          | 419            | 978            | 282           | 0             | 27            | 74            | 140           | 107                       | 379                       | 0             |
| 19 Real estate and financial .....    | 14,780         | 9,665          | 16,178         | 2,022         | 3,351         | 2,912         | 2,942         | 2,767         | 2,073                     | 3,335 <sup>r</sup>        | 1,794         |

1. Figures, which represent gross proceeds of issues maturing in more than one year, sold for cash in the United States, are principal amount or number of units multiplied by offering price. Excludes offerings of less than \$100,000, secondary offerings, undefined or exempted issues as defined in the Securities Act of 1933, employee stock plans, investment companies other than closed-end, intracorporate transactions, and sales to foreigners.

2. Monthly data include only public offerings.
  3. Beginning in August 1981, gross stock offerings include new equity volume from swaps of debt for equity.
- SOURCES: I/D Information Services, Inc., 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   | 1984    | 1985    | 1986    |         |         |         |         |         |                   |         |
|--|---------|---------|---------|---------|---------|---------|---------|---------|-------------------|---------|
|  |         |         | Feb.    | Mar.    | Apr.    | May     | June    | July    | Aug. <sup>r</sup> | Sept.   |
| <b>INVESTMENT COMPANIES<sup>1</sup></b>        |         |         |         |         |         |         |         |         |                   |         |
| 1 Sales of own shares <sup>2</sup> .....       | 107,480 | 222,670 | 27,489  | 33,764  | 37,656  | 31,251  | 30,619  | 35,684  | 32,636            | 34,282  |
| 2 Redemptions of own shares <sup>3</sup> ..... | 77,032  | 132,440 | 11,860  | 15,085  | 21,699  | 16,706  | 18,921  | 21,508  | 20,102            | 21,464  |
| 3 Net sales .....                              | 30,448  | 90,230  | 15,629  | 18,679  | 15,957  | 14,545  | 11,698  | 14,176  | 12,534            | 12,818  |
| 4 Assets <sup>4</sup> .....                    | 137,126 | 251,695 | 292,002 | 315,245 | 329,684 | 343,926 | 356,040 | 360,050 | 387,547           | 381,655 |
| 5 Cash position <sup>5</sup> .....             | 12,181  | 20,607  | 23,716  | 27,639  | 29,599  | 28,184  | 28,083  | 28,080  | 28,682            | 29,516  |
| 6 Other .....                                  | 124,945 | 231,088 | 268,286 | 287,606 | 300,085 | 315,742 | 327,957 | 331,970 | 358,865           | 352,139 |

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   | 1983  | 1984  | 1985  | 1984  | 1985  |       |       |       | 1986  |       |       |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|   |       |       |       | Q4    | Q1    | Q2    | Q3    | Q4    | Q1    | Q2    | Q3    |
| 1 Corporate profits with inventory valuation and capital consumption adjustment ..... | 213.7 | 264.7 | 280.6 | 265.0 | 266.4 | 274.3 | 296.3 | 285.6 | 296.4 | 293.1 | 299.6 |
| 2 Profits before tax .....  | 207.6 | 235.7 | 223.1 | 221.9 | 213.8 | 213.8 | 229.2 | 235.8 | 224.3 | 231.3 | 241.3 |
| 3 Profits tax liability .....   | 77.2  | 95.4  | 91.8  | 87.8  | 87.8  | 87.1  | 95.8  | 96.4  | 89.1  | 93.3  | 97.4  |
| 4 Profits after tax .....   | 130.4 | 140.3 | 131.4 | 134.1 | 126.0 | 126.7 | 133.4 | 139.4 | 135.2 | 138.0 | 144.0 |
| 5 Dividends .....   | 71.5  | 78.3  | 81.6  | 80.1  | 80.9  | 81.4  | 81.6  | 82.5  | 85.2  | 87.5  | 88.8  |
| 6 Undistributed profits .....   | 58.8  | 62.0  | 49.8  | 54.0  | 45.1  | 45.3  | 51.8  | 57.0  | 50.0  | 50.4  | 55.2  |
| 7 Inventory valuation .....   | -10.9 | -5.5  | -6    | -1.6  | -5    | 1.6   | 6.1   | -9.4  | 16.5  | 10.6  | 8.0   |
| 8 Capital consumption adjustment .....  | 17.0  | 34.5  | 58.1  | 44.7  | 53.2  | 58.9  | 61.0  | 59.2  | 55.6  | 51.3  | 50.2  |

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

## 1.49 NONFINANCIAL CORPORATIONS Assets and Liabilities

Billions of dollars, except for ratio

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

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                                   | 1984   | 1985   | 1986 <sup>1</sup> | 1985   |        |        |        | 1986   |        |                 |                 |
|--|--------|--------|-------------------|--------|--------|--------|--------|--------|--------|-----------------|-----------------|
|  |        |        |                   | Q1     | Q2     | Q3     | Q4     | Q1     | Q2     | Q3 <sup>1</sup> | Q4 <sup>1</sup> |
| 1 Total nonfarm business.....              | 354.44 | 387.13 | 379.59            | 373.56 | 387.86 | 389.23 | 397.88 | 377.94 | 375.92 | 380.52          | 383.99          |
| <i>Manufacturing</i>                       |        |        |                   |        |        |        |        |        |        |                 |                 |
| 2 Durable goods industries.....            | 66.24  | 73.27  | 68.23             | 70.29  | 74.34  | 72.99  | 75.47  | 68.01  | 68.33  | 66.30           | 70.28           |
| 3 Nondurable goods industries.....         | 72.58  | 80.21  | 75.78             | 76.64  | 79.91  | 81.48  | 82.79  | 76.02  | 73.35  | 76.43           | 77.32           |
| <i>Nonmanufacturing</i>                    |        |        |                   |        |        |        |        |        |        |                 |                 |
| 4 Mining.....                              | 16.86  | 15.88  | 11.29             | 15.81  | 16.56  | 15.89  | 15.25  | 12.99  | 11.22  | 10.80           | 10.16           |
| 5 Transportation                           |        |        |                   |        |        |        |        |        |        |                 |                 |
| 5 Railroad.....                            | 6.79   | 7.08   | 6.60              | 6.42   | 7.38   | 7.79   | 6.74   | 6.22   | 6.77   | 7.09            | 6.31            |
| 6 Air.....                                 | 3.56   | 4.79   | 5.88              | 4.23   | 3.71   | 5.17   | 6.07   | 6.58   | 5.77   | 5.40            | 5.75            |
| 7 Other.....                               | 6.17   | 6.15   | 5.87              | 6.04   | 6.35   | 5.85   | 6.34   | 5.42   | 5.74   | 6.25            | 6.08            |
| 8 Public utilities                         |        |        |                   |        |        |        |        |        |        |                 |                 |
| 8 Electric.....                            | 37.03  | 36.11  | 33.60             | 36.49  | 36.00  | 35.58  | 36.38  | 34.21  | 33.81  | 33.61           | 32.78           |
| 9 Gas and other.....                       | 10.44  | 12.71  | 12.62             | 11.95  | 12.61  | 12.86  | 13.41  | 12.82  | 12.74  | 12.46           | 12.46           |
| 10 Commercial and other <sup>2</sup> ..... | 134.75 | 150.93 | 159.72            | 145.68 | 150.99 | 151.62 | 155.42 | 155.67 | 158.18 | 162.18          | 162.84          |

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

1. Anticipated by business.

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

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



1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

| Account                                    | 1982  | 1983  | 1984  | 1985  |       |       |       | 1986  |       |       |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|  |       |       |       | Q1    | Q2    | Q3    | Q4    | Q1    | Q2    | Q3    |
| <b>ASSETS</b>                              |       |       |       |       |       |       |       |       |       |       |
| Accounts receivable, gross                 |       |       |       |       |       |       |       |       |       |       |
| 1 Consumer                                 | 78.1  | 87.4  | 96.7  | 99.1  | 106.0 | 116.4 | 120.8 | 125.5 | 134.7 | 146.7 |
| 2 Business                                 | 101.4 | 113.4 | 135.2 | 142.1 | 144.6 | 141.4 | 152.8 | 159.7 | 160.3 | 152.7 |
| 3 Real estate                              | 20.2  | 22.5  | 26.3  | 27.2  | 28.4  | 29.0  | 30.4  | 31.5  | 32.4  | 33.8  |
| 4 Total                                    | 199.7 | 223.4 | 258.3 | 268.5 | 279.0 | 286.5 | 304.0 | 316.7 | 327.5 | 333.2 |
| <i>Less:</i>                               |       |       |       |       |       |       |       |       |       |       |
| 5 Reserves for unearned income             | 31.9  | 33.0  | 36.5  | 36.6  | 38.6  | 41.0  | 40.9  | 41.3  | 41.8  | 43.6  |
| 6 Reserves for losses                      | 3.5   | 4.0   | 4.4   | 4.9   | 4.8   | 4.9   | 5.0   | 5.1   | 5.2   | 5.5   |
| 7 Accounts receivable, net                 | 164.3 | 186.4 | 217.3 | 227.0 | 235.6 | 240.6 | 258.1 | 270.3 | 280.4 | 284.1 |
| 8 All other                                | 30.7  | 34.0  | 35.4  | 35.9  | 39.5  | 46.3  | 46.8  | 50.6  | 52.1  | 63.1  |
| 9 Total assets                             | 195.0 | 220.4 | 252.7 | 262.9 | 275.2 | 286.9 | 304.9 | 321.0 | 332.5 | 347.2 |
| <b>LIABILITIES</b>                         |       |       |       |       |       |       |       |       |       |       |
| 10 Bank loans                              | 18.3  | 18.7  | 21.3  | 19.8  | 18.5  | 18.2  | 21.0  | 20.4  | 22.9  | 25.3  |
| 11 Commercial paper                        | 51.1  | 59.7  | 72.5  | 79.1  | 82.6  | 93.6  | 96.9  | 102.0 | 106.4 | 110.6 |
| Debt                                       |       |       |       |       |       |       |       |       |       |       |
| 12 Other short-term                        | 12.7  | 13.9  | 16.2  | 16.8  | 16.6  | 16.6  | 17.2  | 18.5  | 20.9  | 21.6  |
| 13 Long-term                               | 64.4  | 68.1  | 77.2  | 78.3  | 85.7  | 86.4  | 93.0  | 100.0 | 101.8 | 105.3 |
| 14 All other liabilities                   | 21.2  | 30.1  | 33.1  | 35.4  | 36.9  | 36.6  | 39.6  | 41.4  | 40.4  | 43.2  |
| 15 Capital, surplus, and undivided profits | 27.4  | 29.8  | 32.3  | 33.5  | 34.8  | 35.7  | 37.1  | 38.8  | 40.2  | 41.3  |
| 16 Total liabilities and capital           | 195.0 | 220.4 | 252.7 | 262.9 | 275.2 | 286.9 | 304.9 | 321.0 | 332.5 | 347.2 |

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, 1986 <sup>1</sup> | Changes in accounts receivable |      |        | Extensions |        |        | Repayments |        |        |
|---|---|--------------------------------|------|--------|------------|--------|--------|------------|--------|--------|
|   |   | 1986                           |      |        | 1986       |        |        | 1986       |        |        |
|   |   | July                           | Aug. | Sept.  | July       | Aug.   | Sept.  | July       | Aug.   | Sept.  |
| 1 Total   | 152,689   | 949                            | 190  | -6,552 | 27,277     | 28,014 | 26,662 | 26,328     | 27,824 | 33,214 |
| Retail financing of installment sales   |   |                                |      |        |            |        |        |            |        |        |
| 2 Automotive (commercial vehicles)  | 18,048  | 390                            | 291  | 1,290  | 1,365      | 1,302  | 2,299  | 975        | 1,011  | 1,009  |
| 3 Business, industrial, and farm equipment  | 19,979  | -106                           | -91  | -212   | 1,022      | 786    | 986    | 1,128      | 876    | 1,197  |
| Wholesale financing   |   |                                |      |        |            |        |        |            |        |        |
| 4 Automotive  | 15,626  | -1,097                         | 127  | -9,172 | 9,030      | 10,220 | 7,536  | 10,128     | 10,093 | 16,708 |
| 5 Equipment   | 4,745   | 211                            | -44  | 36     | 900        | 845    | 829    | 689        | 889    | 793    |
| 6 All other   | 7,311   | -242                           | 33   | 113    | 1,636      | 1,703  | 1,881  | 1,898      | 1,669  | 1,768  |
| Leasing   |   |                                |      |        |            |        |        |            |        |        |
| 7 Automotive  | 16,570  | 103                            | 185  | 549    | 1,077      | 892    | 1,075  | 973        | 707    | 526    |
| 8 Equipment   | 40,711  | 647                            | 22   | 286    | 1,669      | 1,540  | 1,574  | 1,022      | 1,518  | 1,289  |
| 9 Loans on commercial accounts receivable and factored commercial accounts receivable | 16,922  | 716                            | -307 | 539    | 9,208      | 9,429  | 9,298  | 8,492      | 9,735  | 8,760  |
| 10 All other business credit  | 12,777  | 327                            | -27  | 19     | 1,350      | 1,298  | 1,183  | 1,023      | 1,325  | 1,164  |

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   | 1983   | 1984   | 1985   | 1986   |        |        |                    |        |                    |        |
|--|--------|--------|--------|--------|--------|--------|--------------------|--------|--------------------|--------|
|  |        |        |        | Apr.   | May    | June   | July               | Aug.   | Sept.              | Oct.   |
| Terms and yields in primary and secondary markets              |        |        |        |        |        |        |                    |        |                    |        |
| PRIMARY MARKETS  |        |        |        |        |        |        |                    |        |                    |        |
| Conventional mortgages on new homes                            |        |        |        |        |        |        |                    |        |                    |        |
| Terms <sup>1</sup>   |        |        |        |        |        |        |                    |        |                    |        |
| 1 Purchase price (thousands of dollars).....                   | 92.8   | 96.8   | 104.1  | 114.2  | 114.7  | 122.1  | 115.7              | 117.9  | 124.0 <sup>r</sup> | 127.2  |
| 2 Amount of loan (thousands of dollars).....                   | 69.5   | 73.7   | 77.4   | 83.9   | 83.0   | 88.0   | 83.4               | 84.8   | 90.4 <sup>r</sup>  | 93.6   |
| 3 Loan/price ratio (percent).....                              | 77.1   | 78.7   | 77.1   | 75.9   | 74.7   | 74.9   | 73.9               | 74.5   | 75.2 <sup>r</sup>  | 75.6   |
| 4 Maturity (years).....  | 26.7   | 27.8   | 26.9   | 25.9   | 25.8   | 26.6   | 26.2               | 26.5   | 27.1 <sup>r</sup>  | 28.1   |
| 5 Fees and charges (percent of loan amount) <sup>2</sup> ..... | 2.40   | 2.64   | 2.53   | 2.34   | 2.19   | 2.40   | 2.35               | 2.40   | 2.49 <sup>r</sup>  | 2.70   |
| 6 Contract rate (percent per annum).....                       | 12.20  | 11.87  | 11.12  | 9.87   | 9.84   | 9.74   | 9.89               | 9.84   | 9.74 <sup>r</sup>  | 9.58   |
| Yield (percent per annum)                                      |        |        |        |        |        |        |                    |        |                    |        |
| 7 FHLMC series <sup>3</sup> .....                              | 12.66  | 12.37  | 11.58  | 10.27  | 10.22  | 10.15  | 10.30              | 10.26  | 10.17 <sup>r</sup> | 10.03  |
| 8 HUD series <sup>4</sup> .....                                | 13.43  | 13.80  | 12.28  | 9.99   | 10.32  | 10.38  | 10.28              | 9.88   | 9.96               | 9.89   |
| SECONDARY MARKETS  |        |        |        |        |        |        |                    |        |                    |        |
| Yield (percent per annum)                                      |        |        |        |        |        |        |                    |        |                    |        |
| 9 FHA mortgages (HUD series) <sup>5</sup> .....                | 13.11  | 13.81  | 12.24  | 9.80   | 10.07  | 9.98   | 10.01              | 9.80   | 9.90               | 9.80   |
| 10 GNMA securities <sup>6</sup> .....                          | 12.25  | 13.13  | 11.61  | 9.17   | 9.23   | 9.57   | 9.31               | 9.11   | 9.17               | 9.06   |
| Activity in secondary markets                                  |        |        |        |        |        |        |                    |        |                    |        |
| FEDERAL NATIONAL MORTGAGE ASSOCIATION                          |        |        |        |        |        |        |                    |        |                    |        |
| Mortgage holdings (end of period)                              |        |        |        |        |        |        |                    |        |                    |        |
| 11 Total.....  | 74,847 | 83,339 | 94,574 | 98,746 | 98,096 | 97,295 | 97,255             | 96,675 | 97,717             | 98,402 |
| 12 FHA/VA-insured.....   | 37,393 | 35,148 | 34,244 | 33,246 | 32,558 | 31,241 | 30,766             | 28,451 | 26,658             | 25,435 |
| 13 Conventional.....   | 37,454 | 48,191 | 60,331 | 65,500 | 65,538 | 66,054 | 66,489             | 68,224 | 71,059             | 72,967 |
| Mortgage transactions (during period)                          |        |        |        |        |        |        |                    |        |                    |        |
| 14 Purchases.....  | 17,554 | 16,721 | 21,510 | 1,631  | 1,978  | 3,000  | 3,343              | 3,800  | 4,649              | 3,784  |
| 15 Sales.....  | 3,528  | 978    | 1,301  | n.a.   | n.a.   | n.a.   | n.a.               | n.a.   | n.a.               | n.a.   |
| Mortgage commitments <sup>7</sup>                              |        |        |        |        |        |        |                    |        |                    |        |
| 16 Contracted (during period).....                             | 18,607 | 21,007 | 20,155 | 3,774  | 3,538  | 3,049  | 3,270              | 3,840  | 4,248              | 2,375  |
| 17 Outstanding (end of period).....                            | 5,461  | 6,384  | 3,402  | 6,942  | 8,444  | 7,862  | 7,706              | 7,671  | 7,252              | 5,740  |
| FEDERAL HOME LOAN MORTGAGE CORPORATION                         |        |        |        |        |        |        |                    |        |                    |        |
| Mortgage holdings (end of period) <sup>8</sup>                 |        |        |        |        |        |        |                    |        |                    |        |
| 18 Total.....  | 5,996  | 9,283  | 12,399 | 13,144 | 14,302 | 14,194 | 13,795             | 14,010 | ↑                  | ↑      |
| 19 FHA/VA.....   | 974    | 910    | 841    | 778    | 769    | 742    | 692                | 688    | ↑                  | ↑      |
| 20 Conventional.....   | 5,022  | 8,373  | 11,558 | 12,366 | 13,533 | 13,452 | 13,103             | 13,322 | ↑                  | ↑      |
| Mortgage transactions (during period)                          |        |        |        |        |        |        |                    |        |                    |        |
| 21 Purchases.....  | 23,089 | 21,886 | 44,012 | 6,195  | 8,947  | 10,505 | 8,518              | 10,458 | n.a.               | n.a.   |
| 22 Sales.....  | 19,686 | 18,506 | 38,905 | 5,591  | 7,354  | 9,588  | 8,113 <sup>r</sup> | 10,132 | ↓                  | ↓      |
| Mortgage commitments <sup>9</sup>                              |        |        |        |        |        |        |                    |        |                    |        |
| 23 Contracted (during period).....                             | 32,852 | 32,603 | 48,989 | 9,869  | 10,612 | 10,338 | 7,863 <sup>r</sup> | 13,707 | ↓                  | ↓      |
| 24 Outstanding (end of period).....                            | 16,964 | 13,318 | 16,613 | n.a.   | n.a.   | n.a.   | n.a.               | n.a.   | ↓                  | ↓      |

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups; compiled by the Federal Home Loan Bank Board in cooperation with the Federal Deposit Insurance Corporation.

2. Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) to obtain a loan.

3. Average effective interest rates on loans closed, assuming prepayment at the end of 10 years.

4. Average contract rates on new commitments for conventional first mortgages; from Department of Housing and Urban Development.

5. Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. Based on transactions on first day of subsequent month. Large monthly movements in average yields may reflect market adjustments to changes in maximum permissible contract rates.

6. Average net yields to investors on Government National Mortgage Association guaranteed, mortgage-backed, fully modified pass-through securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are averages of Friday figures from the *Wall Street Journal*.

7. Includes some multifamily and nonprofit hospital loan commitments in addition to 1- to 4-family loan commitments accepted in FNMA's free market auction system, and through the FNMA-GNMA tandem plans.

8. Includes participation as well as whole loans.

9. Includes conventional and government-underwritten loans. FHLMC's mortgage commitments and mortgage transactions include activity under mortgage/securities swap programs, while the corresponding data for FNMA exclude swap activity.

1.54 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

| Type of holder, and type of property           | 1983      | 1984      | 1985                   | 1985                   |                        | 1986                   |                 |           |
|--|-----------|-----------|------------------------|------------------------|------------------------|------------------------|-----------------|-----------|
|  |           |           |                        | Q3                     | Q4                     | Q1                     | Q2 <sup>r</sup> | Q3        |
| 1 All holders                                  | 1,813,856 | 2,034,602 | 2,266,267 <sup>r</sup> | 2,200,561 <sup>r</sup> | 2,266,267 <sup>r</sup> | 2,315,038 <sup>r</sup> | 2,381,232       | 2,456,895 |
| 2 1- to 4-family                               | 1,189,822 | 1,318,888 | 1,466,117 <sup>r</sup> | 1,425,357 <sup>r</sup> | 1,466,117 <sup>r</sup> | 1,493,772 <sup>r</sup> | 1,541,478       | 1,595,974 |
| 3 Multifamily                                  | 160,805   | 185,414   | 213,817 <sup>r</sup>   | 203,626 <sup>r</sup>   | 213,817 <sup>r</sup>   | 221,508 <sup>r</sup>   | 228,255         | 236,220   |
| 4 Commercial                                   | 350,389   | 418,300   | 480,718 <sup>r</sup>   | 463,272 <sup>r</sup>   | 480,718 <sup>r</sup>   | 495,865 <sup>r</sup>   | 509,873         | 525,109   |
| 5 Farm   | 112,840   | 112,000   | 105,615 <sup>r</sup>   | 108,306 <sup>r</sup>   | 105,615 <sup>r</sup>   | 103,893 <sup>r</sup>   | 101,626         | 99,592    |
| 6 Selected financial institutions              | 1,130,781 | 1,272,206 | 1,392,084 <sup>r</sup> | 1,357,483 <sup>r</sup> | 1,392,084 <sup>r</sup> | 1,410,541 <sup>r</sup> | 1,437,054       | 1,464,604 |
| 7 Commercial banks <sup>1</sup>                | 330,521   | 379,498   | 429,386 <sup>r</sup>   | 415,599                | 429,386 <sup>r</sup>   | 441,293 <sup>r</sup>   | 456,146         | 472,048   |
| 8 1- to 4-family                               | 182,514   | 196,163   | 213,624 <sup>r</sup>   | 209,119                | 213,624 <sup>r</sup>   | 216,580 <sup>r</sup>   | 222,144         | 228,471   |
| 9 Multifamily                                  | 18,410    | 20,264    | 23,374 <sup>r</sup>    | 22,254                 | 23,374 <sup>r</sup>    | 25,310 <sup>r</sup>    | 26,306          | 27,709    |
| 10 Commercial                                  | 120,210   | 152,894   | 181,031 <sup>r</sup>   | 173,190                | 181,031 <sup>r</sup>   | 187,606 <sup>r</sup>   | 195,459         | 203,217   |
| 11 Farm  | 9,387     | 10,177    | 11,357 <sup>r</sup>    | 11,036                 | 11,357 <sup>r</sup>    | 11,797 <sup>r</sup>    | 12,237          | 12,651    |
| 12 Savings banks                               | 131,940   | 154,441   | 177,263                | 174,427                | 177,263                | 188,154 <sup>r</sup>   | 203,238         | 215,135   |
| 13 1- to 4-family                              | 93,649    | 107,302   | 121,879                | 119,952                | 121,879                | 131,381 <sup>r</sup>   | 142,215         | 148,702   |
| 14 Multifamily                                 | 17,247    | 19,817    | 23,329                 | 22,604                 | 23,329                 | 23,980 <sup>r</sup>    | 26,549          | 28,593    |
| 15 Commercial                                  | 21,016    | 27,291    | 31,973                 | 31,757                 | 31,973                 | 32,707 <sup>r</sup>    | 34,370          | 37,752    |
| 16 Farm  | 28        | 31        | 82                     | 114                    | 82                     | 86                     | 104             | 88        |
| 17 Savings and loan associations               | 494,789   | 555,277   | 583,236 <sup>r</sup>   | 573,682 <sup>r</sup>   | 583,236 <sup>r</sup>   | 574,732 <sup>r</sup>   | 565,205         | 558,409   |
| 18 1- to 4-family                              | 387,924   | 421,498   | 429,422 <sup>r</sup>   | 425,596 <sup>r</sup>   | 429,422 <sup>r</sup>   | 441,293 <sup>r</sup>   | 413,952         | 408,584   |
| 19 Multifamily                                 | 44,333    | 55,750    | 66,410 <sup>r</sup>    | 62,390 <sup>r</sup>    | 66,410 <sup>r</sup>    | 67,140 <sup>r</sup>    | 65,966          | 65,902    |
| 20 Commercial                                  | 62,403    | 77,605    | 83,798 <sup>r</sup>    | 85,061 <sup>r</sup>    | 83,798 <sup>r</sup>    | 86,860 <sup>r</sup>    | 84,755          | 83,409    |
| 21 Farm  | 129       | 433       | 606 <sup>r</sup>       | 635 <sup>r</sup>       | 606 <sup>r</sup>       | 659 <sup>r</sup>       | 532             | 514       |
| 22 Life insurance companies                    | 150,999   | 156,699   | 171,797 <sup>r</sup>   | 164,760 <sup>r</sup>   | 171,797 <sup>r</sup>   | 174,823 <sup>r</sup>   | 180,041         | 185,241   |
| 23 1- to 4-family                              | 15,319    | 14,120    | 12,381 <sup>r</sup>    | 13,454 <sup>r</sup>    | 12,381 <sup>r</sup>    | 12,605 <sup>r</sup>    | 12,608          | 12,958    |
| 24 Multifamily                                 | 19,107    | 18,938    | 19,894 <sup>r</sup>    | 19,074 <sup>r</sup>    | 19,894 <sup>r</sup>    | 20,009 <sup>r</sup>    | 20,811          | 20,981    |
| 25 Commercial                                  | 103,831   | 111,175   | 127,670 <sup>r</sup>   | 120,183 <sup>r</sup>   | 127,670 <sup>r</sup>   | 130,569 <sup>r</sup>   | 135,924         | 140,124   |
| 26 Farm  | 12,742    | 12,466    | 11,852 <sup>r</sup>    | 12,049 <sup>r</sup>    | 11,852 <sup>r</sup>    | 11,640 <sup>r</sup>    | 11,328          | 11,178    |
| 27 Finance companies <sup>2</sup>              | 22,532    | 26,291    | 30,402                 | 29,015                 | 30,402                 | 31,539                 | 32,424          | 33,771    |
| 28 Federal and related agencies                | 148,328   | 158,993   | 166,928                | 166,248                | 166,928                | 165,041 <sup>r</sup>   | 161,398         | 159,429   |
| 29 Government National Mortgage Association    | 3,395     | 2,301     | 1,473                  | 1,640                  | 1,473                  | 1,533                  | 876             | 826       |
| 30 1- to 4-family                              | 630       | 585       | 539                    | 552                    | 539                    | 527                    | 49              | 44        |
| 31 Multifamily                                 | 2,765     | 1,716     | 934                    | 1,088                  | 934                    | 1,066                  | 827             | 782       |
| 32 Farmers Home Administration                 | 2,141     | 1,276     | 733                    | 577                    | 733                    | 704                    | 570             | 457       |
| 33 1- to 4-family                              | 1,159     | 213       | 183                    | 185                    | 183                    | 217                    | 146             | 132       |
| 34 Multifamily                                 | 173       | 119       | 113                    | 139                    | 113                    | 33                     | 66              | 57        |
| 35 Commercial                                  | 409       | 497       | 159                    | 72                     | 159                    | 217                    | 111             | 115       |
| 36 Farm  | 400       | 447       | 278                    | 181                    | 278                    | 237                    | 247             | 153       |
| 37 Federal Housing and Veterans Administration | 4,894     | 4,816     | 4,920                  | 4,918                  | 4,920                  | 4,964                  | 5,094           | 4,966     |
| 38 1- to 4-family                              | 1,893     | 2,048     | 2,254                  | 2,251                  | 2,254                  | 2,309                  | 2,449           | 2,331     |
| 39 Multifamily                                 | 3,001     | 2,768     | 2,666                  | 2,667                  | 2,666                  | 2,655                  | 2,645           | 2,635     |
| 40 Federal National Mortgage Association       | 78,256    | 87,940    | 98,282                 | 96,769                 | 98,282                 | 98,795                 | 97,295          | 97,717    |
| 41 1- to 4-family                              | 73,045    | 82,175    | 91,966                 | 90,590                 | 91,966                 | 92,315                 | 90,460          | 90,508    |
| 42 Multifamily                                 | 5,211     | 5,765     | 6,316                  | 6,179                  | 6,316                  | 6,480                  | 6,835           | 7,209     |
| 43 Federal Land Banks                          | 52,010    | 52,261    | 47,498                 | 49,255                 | 47,498                 | 45,422 <sup>r</sup>    | 43,369          | 41,669    |
| 44 1- to 4-family                              | 3,081     | 3,074     | 2,798                  | 2,895                  | 2,798                  | 2,673 <sup>r</sup>     | 2,552           | 2,452     |
| 45 Farm  | 48,929    | 49,187    | 44,700                 | 46,360                 | 44,700                 | 42,749 <sup>r</sup>    | 40,817          | 39,217    |
| 46 Federal Home Loan Mortgage Corporation      | 7,632     | 10,399    | 14,022                 | 13,089                 | 14,022                 | 13,623                 | 14,194          | 13,794    |
| 47 1- to 4-family                              | 7,559     | 9,654     | 11,881                 | 11,457                 | 11,881                 | 12,231                 | 11,890          | 10,890    |
| 48 Multifamily                                 | 73        | 745       | 2,141                  | 1,632                  | 2,141                  | 1,392                  | 2,304           | 2,904     |
| 49 Mortgage pools or trusts <sup>3</sup>       | 285,073   | 332,057   | 415,042                | 388,948                | 415,042                | 440,701                | 475,615         | 520,675   |
| 50 Government National Mortgage Association    | 159,850   | 179,981   | 212,145                | 201,026                | 212,145                | 220,348                | 229,204         | 241,230   |
| 51 1- to 4-family                              | 155,950   | 175,589   | 207,198                | 196,198                | 207,198                | 215,148                | 223,838         | 235,582   |
| 52 Multifamily                                 | 3,900     | 4,392     | 4,947                  | 4,828                  | 4,947                  | 5,200                  | 5,366           | 5,648     |
| 53 Federal Home Loan Mortgage Corporation      | 57,895    | 70,822    | 100,387                | 91,915                 | 100,387                | 110,337                | 125,903         | 144,825   |
| 54 1- to 4-family                              | 57,273    | 70,253    | 99,515                 | 90,997                 | 99,515                 | 108,020                | 123,676         | 142,638   |
| 55 Multifamily                                 | 622       | 569       | 872                    | 918                    | 872                    | 2,317                  | 2,227           | 2,187     |
| 56 Federal National Mortgage Association       | 25,121    | 36,215    | 54,987                 | 48,769                 | 54,987                 | 62,310                 | 72,377          | 86,359    |
| 57 1- to 4-family                              | 25,121    | 35,965    | 54,036                 | 47,857                 | 54,036                 | 61,117                 | 71,153          | 85,171    |
| 58 Multifamily                                 | n.a.      | 250       | 912                    | 912                    | 951                    | 1,193                  | 1,224           | 1,188     |
| 59 Farmers Home Administration                 | 42,207    | 45,039    | 47,523                 | 47,238                 | 47,523                 | 47,706                 | 48,131          | 48,261    |
| 60 1- to 4-family                              | 20,404    | 21,813    | 22,186                 | 22,090                 | 22,186                 | 22,082                 | 21,987          | 21,782    |
| 61 Multifamily                                 | 5,090     | 5,841     | 6,675                  | 6,415                  | 6,675                  | 6,943                  | 7,170           | 7,353     |
| 62 Commercial                                  | 7,351     | 7,559     | 8,190                  | 8,192                  | 8,190                  | 8,150                  | 8,347           | 8,409     |
| 63 Farm  | 9,362     | 9,826     | 10,472                 | 10,541                 | 10,472                 | 10,531                 | 10,627          | 10,717    |
| 64 Individuals and others <sup>4</sup>         | 249,674   | 271,346   | 292,213                | 287,882                | 292,213                | 298,755                | 307,165         | 312,187   |
| 65 1- to 4-family                              | 141,769   | 152,154   | 162,853                | 163,149                | 162,853                | 164,955                | 169,935         | 171,958   |
| 66 Multifamily                                 | 40,873    | 48,480    | 55,195                 | 52,526                 | 55,195                 | 57,850                 | 60,589          | 63,072    |
| 67 Commercial                                  | 35,169    | 41,279    | 47,897                 | 44,817                 | 47,897                 | 49,756                 | 50,907          | 52,083    |
| 68 Farm  | 31,863    | 29,433    | 26,268                 | 27,390                 | 26,268                 | 26,194                 | 25,734          | 25,074    |

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

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

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

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 other U.S. agencies.

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

1.55 CONSUMER INSTALLMENT CREDIT<sup>1,4</sup> Total Outstanding, and Net Change, seasonally adjusted

Millions of dollars

| Holder, and type of credit          | 1984    | 1985    | 1986    |         |         |         |         |         |         |                   |         |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------------------|---------|
|                                     |         |         | Jan.    | Feb.    | Mar.    | Apr.    | May     | June    | July    | Aug. <sup>2</sup> | Sept.   |
| Amounts outstanding (end of period) |         |         |         |         |         |         |         |         |         |                   |         |
| 1 Total                             | 453,580 | 535,098 | 542,753 | 547,852 | 550,939 | 555,810 | 562,267 | 567,653 | 573,216 | 576,609           | 584,977 |
| <i>By major holder</i>              |         |         |         |         |         |         |         |         |         |                   |         |
| 2 Commercial banks                  | 209,158 | 240,796 | 243,256 | 244,761 | 245,172 | 247,498 | 248,681 | 249,753 | 251,197 | 251,908           | 253,543 |
| 3 Finance companies <sup>2</sup>    | 96,126  | 120,095 | 123,717 | 126,001 | 127,422 | 128,728 | 131,172 | 134,933 | 137,197 | 138,938           | 144,559 |
| 4 Credit unions                     | 66,544  | 75,127  | 75,810  | 76,431  | 76,953  | 77,957  | 78,474  | 79,095  | 80,130  | 80,622            | 81,594  |
| 5 Retailers <sup>3</sup>            | 37,061  | 39,187  | 39,416  | 39,497  | 39,844  | 39,826  | 40,139  | 40,076  | 40,251  | 40,351            | 40,445  |
| 6 Savings institutions              | 40,330  | 55,555  | 56,290  | 57,048  | 57,573  | 58,024  | 60,247  | 60,352  | 61,051  | 61,421            | 61,540  |
| 7 Gasoline companies                | 4,361   | 4,337   | 4,264   | 4,114   | 3,975   | 3,777   | 3,554   | 3,445   | 3,389   | 3,368             | 3,295   |
| <i>By major type of credit</i>      |         |         |         |         |         |         |         |         |         |                   |         |
| 8 Automobile                        | 173,122 | 206,482 | 210,661 | 213,342 | 214,361 | 215,814 | 218,965 | 222,606 | 226,234 | 228,814           | 236,551 |
| 9 Commercial banks                  | 83,900  | 92,764  | 93,489  | 93,828  | 93,377  | 93,013  | 93,157  | 93,261  | 94,014  | 94,686            | 95,988  |
| 10 Credit unions                    | 28,614  | 30,577  | 30,855  | 31,107  | 31,320  | 31,728  | 31,939  | 32,191  | 32,613  | 32,813            | 33,209  |
| 11 Finance companies                | 54,663  | 73,391  | 76,410  | 78,310  | 79,416  | 80,685  | 83,221  | 86,520  | 88,862  | 90,578            | 96,598  |
| 12 Savings institutions             | 5,945   | 9,750   | 9,907   | 10,097  | 10,248  | 10,386  | 10,648  | 10,634  | 10,745  | 10,736            | 10,757  |
| 13 Revolving                        | 98,514  | 118,296 | 119,682 | 120,724 | 122,131 | 123,442 | 124,545 | 124,720 | 125,577 | 125,915           | 126,426 |
| 14 Commercial banks                 | 58,145  | 73,893  | 74,991  | 75,953  | 77,021  | 78,421  | 79,151  | 79,397  | 79,998  | 80,133            | 80,551  |
| 15 Retailers                        | 33,064  | 34,560  | 34,770  | 34,843  | 35,188  | 35,170  | 35,449  | 35,390  | 35,542  | 35,639            | 35,688  |
| 16 Gasoline companies               | 4,361   | 4,337   | 4,264   | 4,114   | 3,975   | 3,777   | 3,554   | 3,445   | 3,389   | 3,368             | 3,295   |
| 17 Savings institutions             | 2,944   | 5,506   | 5,657   | 5,813   | 5,947   | 6,075   | 6,392   | 6,488   | 6,649   | 6,775             | 6,893   |
| 18 Mobile home                      | 24,184  | 25,461  | 25,371  | 25,573  | 25,584  | 25,513  | 25,560  | 25,479  | 25,398  | 25,215            | 24,949  |
| 19 Commercial banks                 | 9,623   | 9,578   | 9,457   | 9,566   | 9,348   | 9,264   | 9,215   | 9,196   | 9,156   | 9,086             | 9,037   |
| 20 Finance companies                | 9,161   | 9,116   | 9,125   | 9,161   | 9,327   | 9,286   | 9,115   | 9,077   | 8,989   | 8,882             | 8,681   |
| 21 Savings institutions             | 5,400   | 6,767   | 6,789   | 6,846   | 6,909   | 6,963   | 7,230   | 7,206   | 7,253   | 7,248             | 7,231   |
| 22 Other                            | 157,760 | 184,859 | 187,039 | 188,212 | 188,863 | 191,041 | 193,197 | 194,847 | 196,007 | 196,665           | 197,050 |
| 23 Commercial banks                 | 57,490  | 64,561  | 65,319  | 65,414  | 65,427  | 66,800  | 67,158  | 67,898  | 68,030  | 68,003            | 67,967  |
| 24 Finance companies                | 32,302  | 37,588  | 38,182  | 38,530  | 38,678  | 38,757  | 38,836  | 39,336  | 39,345  | 39,479            | 39,281  |
| 25 Credit unions                    | 37,930  | 44,550  | 44,955  | 45,323  | 45,633  | 46,228  | 46,535  | 46,903  | 47,517  | 47,809            | 48,385  |
| 26 Retailers                        | 3,997   | 4,627   | 4,646   | 4,653   | 4,656   | 4,656   | 4,690   | 4,686   | 4,710   | 4,712             | 4,758   |
| 27 Savings institutions             | 26,041  | 33,533  | 33,937  | 34,291  | 34,469  | 34,600  | 35,977  | 36,024  | 36,405  | 36,662            | 36,660  |
| Net change (during period)          |         |         |         |         |         |         |         |         |         |                   |         |
| 28 Total                            | 77,341  | 81,518  | 7,655   | 5,099   | 3,087   | 4,871   | 6,457   | 5,386   | 5,563   | 3,393             | 8,368   |
| <i>By major holder</i>              |         |         |         |         |         |         |         |         |         |                   |         |
| 29 Commercial banks                 | 39,819  | 31,638  | 2,460   | 1,505   | 411     | 2,326   | 1,183   | 1,072   | 1,444   | 711               | 1,635   |
| 30 Finance companies <sup>2</sup>   | 9,961   | 23,969  | 3,622   | 2,284   | 1,421   | 1,306   | 2,444   | 3,761   | 2,264   | 1,741             | 5,621   |
| 31 Credit unions                    | 13,456  | 8,583   | 683     | 621     | 522     | 1,004   | 517     | 621     | 1,035   | 492               | 972     |
| 32 Retailers <sup>3</sup>           | 2,900   | 2,126   | 229     | 81      | 347     | 18      | 313     | -63     | 175     | 100               | 94      |
| 33 Savings institutions             | 11,038  | 15,225  | 735     | 758     | 525     | 451     | 2,223   | 105     | 699     | 370               | 119     |
| 34 Gasoline companies               | 167     | -24     | -73     | -150    | -139    | -198    | -223    | -109    | -56     | -21               | -73     |
| <i>By major type of credit</i>      |         |         |         |         |         |         |         |         |         |                   |         |
| 35 Automobile                       | 27,214  | 33,360  | 4,179   | 2,681   | 1,019   | 1,453   | 3,151   | 3,641   | 3,628   | 2,580             | 7,737   |
| 36 Commercial banks                 | 16,352  | 8,864   | 725     | 339     | -451    | -364    | 144     | 104     | 753     | 672               | 1,302   |
| 37 Credit unions                    | 3,223   | 1,963   | 278     | 252     | 213     | 408     | 211     | 252     | 422     | 200               | 396     |
| 38 Finance companies                | 4,576   | 18,728  | 3,019   | 1,900   | 1,106   | 1,269   | 2,536   | 3,299   | 2,342   | 1,716             | 6,020   |
| 39 Savings institutions             | 3,063   | 3,805   | 157     | 190     | 151     | 138     | 262     | -14     | 111     | -9                | 21      |
| 40 Revolving                        | 20,145  | 19,782  | 1,386   | 1,042   | 1,407   | 1,311   | 1,103   | 175     | 857     | 338               | 511     |
| 41 Commercial banks                 | 15,949  | 15,748  | 1,098   | 962     | 1,068   | 1,400   | 730     | 246     | 601     | 135               | 418     |
| 42 Retailers                        | 2,512   | 1,496   | 210     | 73      | 345     | -18     | 279     | -59     | 152     | 97                | 49      |
| 43 Gasoline companies               | 167     | -24     | -73     | -150    | -139    | -198    | -223    | -109    | -56     | -21               | -73     |
| 44 Savings institutions             | 1,517   | 2,562   | 151     | 156     | 134     | 128     | 317     | 96      | 161     | 126               | 118     |
| 45 Mobile home                      | 1,990   | 1,277   | -90     | 202     | 11      | -71     | 47      | -81     | -81     | -183              | -266    |
| 46 Commercial banks                 | -199    | -45     | -121    | 109     | -218    | -84     | -49     | -19     | -40     | -70               | -49     |
| 47 Finance companies                | 544     | -45     | 9       | 36      | 166     | -41     | -171    | -38     | -88     | -107              | -201    |
| 48 Savings institutions             | 1,645   | 1,367   | 22      | 57      | 63      | 54      | 267     | -24     | 47      | -5                | -17     |
| 49 Other                            | 27,992  | 27,099  | 2,180   | 1,173   | 651     | 2,178   | 2,156   | 1,650   | 1,160   | 658               | 385     |
| 50 Commercial banks                 | 7,717   | 7,071   | 758     | 95      | 13      | 1,373   | 358     | 740     | 132     | -27               | -36     |
| 51 Finance companies                | 4,841   | 5,286   | 594     | 348     | 148     | 79      | 79      | 500     | 9       | 134               | -198    |
| 52 Credit unions                    | 10,233  | 6,620   | 405     | 368     | 310     | 595     | 307     | 368     | 614     | 292               | 576     |
| 53 Retailers                        | 388     | 630     | 19      | 7       | 3       | 0       | 34      | -4      | 24      | 2                 | 46      |
| 54 Savings institutions             | 4,813   | 7,492   | 404     | 354     | 178     | 131     | 1,377   | 47      | 381     | 257               | -2      |

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

2. More detail for finance companies is available in the G.20 statistical release.

3. Excludes 30-day charge credit held by travel and entertainment companies.

4. All data have been revised.

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT

Percent unless noted otherwise

| Item                                 | 1983  | 1984  | 1985  | 1986   |        |        |        |        |        |        |
|--------------------------------------|-------|-------|-------|--------|--------|--------|--------|--------|--------|--------|
|                                      |       |       |       | Mar.   | Apr.   | May    | June   | July   | Aug.   | Sept.  |
| <b>INTEREST RATES</b>                |       |       |       |        |        |        |        |        |        |        |
| Commercial banks <sup>1</sup>        |       |       |       |        |        |        |        |        |        |        |
| 1 48-month new car <sup>2</sup>      | 13.92 | 13.71 | 12.91 | n.a.   | n.a.   | 11.45  | n.a.   | n.a.   | 11.00  | n.a.   |
| 2 24-month personal                  | 16.68 | 16.47 | 15.94 | n.a.   | n.a.   | 14.89  | n.a.   | n.a.   | 14.70  | n.a.   |
| 3 120-month mobile home <sup>2</sup> | 16.08 | 15.58 | 14.96 | n.a.   | n.a.   | 13.97  | n.a.   | n.a.   | 13.95  | n.a.   |
| 4 Credit card                        | 18.78 | 18.77 | 18.69 | n.a.   | n.a.   | 18.32  | n.a.   | n.a.   | 18.15  | n.a.   |
| <b>Auto finance companies</b>        |       |       |       |        |        |        |        |        |        |        |
| 5 New car                            | 12.58 | 14.62 | 11.98 | 10.51  | 10.55  | 9.49   | 9.35   | 9.31   | 9.29   | 5.40   |
| 6 Used car                           | 18.74 | 17.85 | 17.59 | 16.63  | 16.67  | 16.56  | 16.06  | 15.83  | 15.56  | 15.23  |
| <b>OTHER TERMS<sup>3</sup></b>       |       |       |       |        |        |        |        |        |        |        |
| <b>Maturity (months)</b>             |       |       |       |        |        |        |        |        |        |        |
| 7 New car                            | 45.9  | 48.3  | 51.5  | 51.0   | 50.6   | 49.4   | 49.5   | 49.9   | 50.4   | 44.5   |
| 8 Used car                           | 37.9  | 39.7  | 41.4  | 42.4   | 42.5   | 42.5   | 42.7   | 42.8   | 42.9   | 42.5   |
| <b>Loan-to-value ratio</b>           |       |       |       |        |        |        |        |        |        |        |
| 9 New car                            | 86    | 88    | 91    | 90     | 89     | 89     | 89     | 89     | 90     | 92     |
| 10 Used car                          | 92    | 92    | 94    | 95     | 96     | 97     | 97     | 97     | 97     | 98     |
| <b>Amount financed (dollars)</b>     |       |       |       |        |        |        |        |        |        |        |
| 11 New car                           | 8,787 | 9,333 | 9,915 | 10,306 | 10,402 | 10,521 | 10,608 | 10,748 | 10,756 | 11,162 |
| 12 Used car                          | 5,033 | 5,691 | 6,089 | 6,207  | 6,281  | 6,393  | 6,611  | 6,614  | 6,569  | 6,763  |

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                            | 1980  | 1981  | 1982  | 1983  | 1984  | 1985   | 1983  |       | 1984  |       | 1985   |       | 1986 |
|---|-------|-------|-------|-------|-------|--------|-------|-------|-------|-------|--------|-------|------|
|   |       |       |       |       |       |        | H2    | H1    | H2    | H1    | H1     | H2    |      |
| Nonfinancial sectors                                    |       |       |       |       |       |        |       |       |       |       |        |       |      |
| 1 Total net borrowing by domestic nonfinancial sectors  | 344.9 | 375.8 | 387.4 | 548.8 | 756.3 | 859.1  | 591.5 | 728.8 | 783.8 | 726.3 | 992.0  | 668.6 |      |
| <i>By sector and instrument</i>                         |       |       |       |       |       |        |       |       |       |       |        |       |      |
| 2 U.S. government                                       | 79.2  | 87.4  | 161.3 | 186.6 | 198.8 | 223.6  | 156.6 | 181.0 | 216.6 | 201.3 | 246.0  | 210.7 |      |
| 3 Treasury securities                                   | 79.8  | 87.8  | 162.1 | 186.7 | 199.0 | 223.7  | 156.7 | 181.2 | 216.8 | 201.4 | 246.0  | 210.8 |      |
| 4 Agency issues and mortgages                           | -0.6  | .5    | -.9   | -1    | -2    | -1     | .1    | -.2   | .1    | -1.1  | -1.1   | -1.1  |      |
| 5 Private domestic nonfinancial sectors                 | 265.7 | 288.5 | 226.2 | 362.2 | 557.5 | 635.5  | 434.9 | 547.8 | 567.2 | 525.1 | 746.0  | 457.9 |      |
| 6 Debt capital instruments                              | 189.1 | 155.5 | 148.3 | 252.8 | 314.0 | 462.4  | 277.9 | 298.5 | 329.5 | 354.3 | 570.6  | 371.2 |      |
| 7 Tax-exempt obligations                                | 30.3  | 23.4  | 44.2  | 53.7  | 50.4  | 152.4  | 51.8  | 42.7  | 58.0  | 67.4  | 237.3  | 11.8  |      |
| 8 Corporate bonds                                       | 27.7  | 22.8  | 18.7  | 16.0  | 46.1  | 73.9   | 11.5  | 31.2  | 61.0  | 72.7  | 75.0   | 129.2 |      |
| 9 Mortgages   | 131.2 | 109.3 | 85.4  | 183.0 | 217.5 | 236.2  | 214.6 | 224.5 | 210.4 | 214.1 | 258.2  | 230.2 |      |
| 10 Home mortgages                                       | 94.2  | 72.2  | 50.5  | 117.1 | 129.9 | 151.8  | 135.0 | 135.2 | 124.6 | 133.1 | 170.4  | 151.7 |      |
| 11 Multifamily residential                              | 7.6   | 4.8   | 5.4   | 14.1  | 25.1  | 29.3   | 20.4  | 27.5  | 22.7  | 24.5  | 34.1   | 27.3  |      |
| 12 Commercial   | 19.2  | 22.2  | 25.2  | 49.0  | 63.3  | 61.5   | 55.3  | 62.9  | 63.7  | 59.3  | 63.7   | 58.1  |      |
| 13 Farm   | 10.2  | 10.0  | 4.2   | 2.8   | .8    | -6.4   | 3.9   | -1.1  | -.5   | -2.8  | -9.9   | -6.8  |      |
| 14 Other debt instruments                               | 76.6  | 133.0 | 77.9  | 109.5 | 243.5 | 173.1  | 157.0 | 249.3 | 237.7 | 170.8 | 175.4  | 86.7  |      |
| 15 Consumer credit                                      | 4.5   | 22.6  | 17.7  | 56.8  | 95.0  | 96.6   | 75.1  | 98.7  | 91.3  | 97.3  | 95.9   | 74.9  |      |
| 16 Bank loans n.e.c.                                    | 37.8  | 57.0  | 52.9  | 25.8  | 80.1  | 37.6   | 41.1  | 93.0  | 67.2  | 28.5  | 46.8   | 4.9   |      |
| 17 Open market paper                                    | 4.0   | 14.7  | -6.1  | -8    | 21.7  | 14.6   | 4.3   | 24.8  | 18.7  | 12.3  | 16.9   | -15.7 |      |
| 18 Other  | 30.3  | 38.7  | 13.4  | 27.7  | 46.6  | 24.3   | 36.5  | 32.8  | 60.4  | 32.7  | 15.8   | 22.6  |      |
| 19 By borrowing sector                                  | 265.7 | 288.5 | 226.2 | 362.2 | 557.5 | 635.5  | 434.9 | 547.8 | 567.2 | 525.1 | 746.0  | 457.9 |      |
| 20 State and local governments                          | 17.2  | 6.8   | 21.5  | 34.0  | 27.4  | 107.8  | 33.7  | 25.2  | 29.6  | 56.8  | 158.8  | 31.4  |      |
| 21 Households   | 120.0 | 121.4 | 88.4  | 188.0 | 239.5 | 292.0  | 223.2 | 232.9 | 246.1 | 248.5 | 335.5  | 217.5 |      |
| 22 Farm   | 15.2  | 16.6  | 6.8   | 4.3   | .1    | -14.3  | 6.7   | -.4   | .5    | 7.4   | -21.2  | -16.5 |      |
| 23 Nonfarm noncorporate                                 | 31.8  | 38.5  | 40.2  | 76.6  | 97.1  | 90.0   | 91.7  | 101.4 | 97.7  | 83.3  | 96.7   | 85.8  |      |
| 24 Corporate  | 81.5  | 105.2 | 69.2  | 59.3  | 193.4 | 160.1  | 79.7  | 188.6 | 198.2 | 143.9 | 176.3  | 139.7 |      |
| 25 Foreign net borrowing in United States               | 23.8  | 23.5  | 16.0  | 17.4  | 6.1   | 2.1    | 15.5  | 35.4  | -23.2 | -4.2  | 8.4    | 27.5  |      |
| 26 Bonds  | .8    | 5.4   | 6.7   | 3.1   | 1.3   | 4.0    | 2.3   | 1.1   | 1.5   | 5.5   | 2.6    | 6.9   |      |
| 27 Bank loans n.e.c.                                    | 11.8  | 3.0   | -5.5  | 3.6   | -6.6  | -2.6   | -3.4  | -2.3  | -11.0 | -6.1  | -.9    | -.9   |      |
| 28 Open market paper                                    | 2.4   | 3.9   | 1.9   | 6.5   | 6.2   | 6.2    | 6.0   | 18.0  | -5.6  | 4.2   | 8.2    | 20.6  |      |
| 29 U.S. government loans                                | 8.8   | 11.1  | 13.0  | 4.1   | 5.3   | 5.5    | 10.7  | 18.7  | 8.1   | 7.8   | -3.2   | 1.0   |      |
| 30 Total domestic plus foreign                          | 368.7 | 399.3 | 403.4 | 566.2 | 762.4 | 861.2  | 607.1 | 764.2 | 760.6 | 722.1 | 1000.4 | 696.0 |      |
| Financial sectors                                       |       |       |       |       |       |        |       |       |       |       |        |       |      |
| 31 Total net borrowing by financial sectors             | 65.4  | 101.9 | 90.1  | 94.0  | 139.0 | 186.9  | 123.1 | 134.3 | 143.8 | 154.9 | 218.8  | 186.4 |      |
| <i>By instrument</i>                                    |       |       |       |       |       |        |       |       |       |       |        |       |      |
| 32 U.S. government related                              | 44.8  | 47.4  | 64.9  | 67.8  | 74.9  | 101.5  | 68.8  | 69.8  | 80.0  | 92.9  | 110.2  | 130.2 |      |
| 33 Sponsored credit agency securities                   | 24.4  | 30.5  | 14.9  | 1.4   | 30.4  | 20.6   | 8.1   | 29.1  | 31.8  | 25.3  | 15.9   | 4.4   |      |
| 34 Mortgage pool securities                             | 19.2  | 15.0  | 49.5  | 66.4  | 44.4  | 79.9   | 60.7  | 40.7  | 48.2  | 67.6  | 92.1   | 125.1 |      |
| 35 Loans from U.S. government                           | 1.2   | 1.9   | .4    |       |       | 1.1    |       |       |       |       | 2.2    | .8    |      |
| 36 Private financial sectors                            | 20.6  | 54.5  | 25.2  | 26.2  | 64.1  | 85.3   | 54.3  | 64.5  | 63.8  | 62.0  | 108.7  | 56.2  |      |
| 37 Corporate bonds                                      | 1.6   | 4.4   | 12.5  | 12.1  | 23.3  | 36.5   | 13.1  | 17.3  | 29.3  | 35.3  | 37.7   | 24.0  |      |
| 38 Mortgages  | *     | *     | .1    | 1.1   | .4    | .1     | *     | .4    | .4    | *     | .1     | .1    |      |
| 39 Bank loans n.e.c.                                    | 1.0   | 1.2   | 1.9   | -.1   | .7    | 2.5    | 2.1   | *     | 1.4   | 1.0   | 4.1    | 3.5   |      |
| 40 Open market paper                                    | 12.9  | 32.7  | 9.9   | 21.3  | 24.1  | 32.0   | 40.9  | 31.1  | 17.0  | 13.9  | 50.1   | 15.2  |      |
| 41 Loans from Federal Home Loan Banks                   | 7.1   | 16.2  | .8    | -7.0  | 15.7  | 14.2   | -1.8  | 15.7  | 15.7  | 11.7  | 16.7   | 13.5  |      |
| <i>By sector</i>  |       |       |       |       |       |        |       |       |       |       |        |       |      |
| 42 Sponsored credit agencies                            | 25.6  | 32.4  | 15.3  | 1.4   | 30.4  | 21.7   | 8.1   | 29.1  | 31.8  | 25.3  | 18.1   | 5.2   |      |
| 43 Mortgage pools                                       | 19.2  | 15.0  | 49.5  | 66.4  | 44.4  | 79.9   | 60.7  | 40.7  | 48.2  | 67.6  | 92.1   | 125.1 |      |
| 44 Private financial sectors                            | 20.6  | 54.5  | 25.2  | 26.2  | 64.1  | 85.3   | 54.3  | 64.5  | 63.8  | 62.0  | 108.7  | 56.2  |      |
| 45 Commercial banks                                     | 8.3   | 11.6  | 11.7  | 5.0   | 7.3   | -4.9   | 17.1  | 15.4  | -.9   | -.2   | -.6    | -13.4 |      |
| 46 Bank affiliates                                      | 6.7   | 9.2   | 6.8   | 12.1  | 15.6  | 14.5   | 14.9  | 23.7  | 7.5   | 13.7  | 15.3   | 7.1   |      |
| 47 Savings and loan associations                        | 7.4   | 15.5  | 2.5   | -2.1  | 22.7  | 22.3   | 4.6   | 20.2  | 25.1  | 12.1  | 32.6   | 31.9  |      |
| 48 Finance companies                                    | -1.3  | 18.5  | 4.3   | 11.4  | 17.8  | 52.8   | 18.0  | 4.4   | 31.2  | 44.9  | 60.8   | 28.9  |      |
| 49 REITs  | -.5   | -.2   | *     | -.2   | .8    | .5     | -.3   | .8    | .8    | .5    | .5     | 1.7   |      |
| All sectors   |       |       |       |       |       |        |       |       |       |       |        |       |      |
| 50 Total net borrowing                                  | 434.1 | 501.3 | 493.5 | 660.2 | 901.4 | 1048.1 | 730.2 | 898.5 | 904.3 | 877.0 | 1219.2 | 882.5 |      |
| 51 U.S. government securities                           | 122.9 | 133.0 | 225.9 | 254.4 | 273.8 | 324.2  | 225.5 | 250.9 | 296.7 | 294.3 | 354.0  | 340.2 |      |
| 52 State and local obligations                          | 30.3  | 23.4  | 44.2  | 53.7  | 50.4  | 152.4  | 51.8  | 42.7  | 58.0  | 67.4  | 237.3  | 11.8  |      |
| 53 Corporate and foreign bonds                          | 30.1  | 32.6  | 37.8  | 31.2  | 70.7  | 114.4  | 26.8  | 49.6  | 91.8  | 113.5 | 115.3  | 160.1 |      |
| 54 Mortgages  | 131.1 | 109.2 | 85.4  | 183.0 | 217.8 | 236.1  | 214.5 | 224.9 | 210.7 | 214.0 | 258.2  | 230.3 |      |
| 55 Consumer credit                                      | 4.5   | 22.6  | 17.7  | 56.8  | 95.0  | 96.6   | 75.1  | 98.7  | 91.3  | 97.3  | 95.9   | 74.9  |      |
| 56 Bank loans n.e.c.                                    | 48.5  | 61.2  | 49.3  | 29.3  | 74.2  | 37.6   | 39.8  | 90.7  | 57.6  | 23.3  | 51.8   | 9.3   |      |
| 57 Open market paper                                    | 19.3  | 51.3  | 5.7   | 26.9  | 52.0  | 52.8   | 51.2  | 73.9  | 30.1  | 30.4  | 75.2   | 20.0  |      |
| 58 Other loans  | 47.5  | 68.0  | 27.6  | 24.8  | 67.6  | 34.1   | 45.4  | 67.1  | 68.0  | 36.6  | 31.5   | 35.9  |      |
| External corporate equity funds raised in United States |       |       |       |       |       |        |       |       |       |       |        |       |      |
| 59 Total new share issues                               | 21.2  | -3.3  | 33.6  | 67.0  | -31.1 | 37.5   | 52.1  | -40.1 | -22.2 | 33.3  | 41.6   | 163.4 |      |
| 60 Mutual funds   | 4.5   | 6.0   | 16.8  | 32.1  | 38.0  | 103.4  | 28.7  | 39.3  | 36.6  | 93.6  | 113.1  | 214.1 |      |
| 61 All other  | 16.8  | 9.3   | 16.8  | 34.9  | -69.1 | -65.9  | 23.4  | -79.4 | -58.8 | -60.4 | -71.5  | -50.7 |      |
| 62 Nonfinancial corporations                            | 12.9  | -11.5 | 11.4  | 28.3  | -77.0 | 81.6   | 18.4  | -84.5 | -69.4 | -75.7 | 87.5   | -67.5 |      |
| 63 Financial corporations                               | 1.8   | 1.9   | 4.0   | 2.7   | 6.7   | 11.7   | 2.9   | 5.9   | 7.6   | 11.0  | 12.4   | 8.3   |      |
| 64 Foreign shares purchased in United States            | 2.1   | .3    | 1.5   | 3.9   | 1.2   | 4.0    | 2.1   | -.7   | 3.0   | 4.3   | 3.6    | 8.5   |      |

## 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  | 1980         | 1981         | 1982         | 1983         | 1984         | 1985         | 1983         |              | 1984         |              | 1985         |              | 1986 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------|
|  |              |              |              |              |              |              | H2           | H1           | H2           | H1           | H2           | H1           | H1   |
| <b>1 Total funds advanced in credit markets to domestic nonfinancial sectors</b> | <b>344.9</b> | <b>375.8</b> | <b>387.4</b> | <b>548.8</b> | <b>756.3</b> | <b>859.1</b> | <b>591.5</b> | <b>728.8</b> | <b>783.8</b> | <b>726.3</b> | <b>992.0</b> | <b>668.6</b> |      |
| <i>By public agencies and foreign</i>  |              |              |              |              |              |              |              |              |              |              |              |              |      |
| 2 Total net advances   | 94.9         | 104.4        | 115.4        | 115.3        | 154.6        | 193.0        | 106.8        | 133.4        | 175.8        | 195.6        | 190.3        | 255.9        |      |
| 3 U.S. government securities   | 15.8         | 17.1         | 22.7         | 27.6         | 36.0         | 43.1         | 19.0         | 27.6         | 44.4         | 50.1         | 36.1         | 63.3         |      |
| 4 Residential mortgages  | 31.7         | 23.5         | 61.0         | 76.1         | 56.5         | 94.6         | 71.5         | 52.7         | 60.2         | 85.6         | 103.7        | 121.2        |      |
| 5 FHLB advances to savings and loans   | 7.1          | 16.2         | .8           | -7.0         | 15.7         | 14.2         | -1.8         | 15.7         | 15.7         | 11.7         | 16.7         | 13.5         |      |
| 6 Other loans and securities   | 40.2         | 47.7         | 30.8         | 18.6         | 46.5         | 41.0         | 18.1         | 37.5         | 55.5         | 48.2         | 33.9         | 57.9         |      |
| Total advanced, by sector  |              |              |              |              |              |              |              |              |              |              |              |              |      |
| 7 U.S. government  | 23.7         | 24.0         | 15.9         | 9.7          | 17.4         | 10.8         | 9.7          | 9.0          | 25.7         | 20.8         | .7           | 7.9          |      |
| 8 Sponsored credit agencies  | 45.6         | 48.2         | 65.5         | 69.8         | 73.3         | 101.5        | 70.5         | 74.0         | 72.5         | 98.2         | 104.9        | 128.0        |      |
| 9 Monetary authorities   | 4.5          | 9.2          | 9.8          | 10.9         | 8.4          | 21.6         | 12.2         | 9.0          | 7.8          | 24.0         | 19.2         | 10.1         |      |
| 10 Foreign   | 21.1         | 23.0         | 24.1         | 24.9         | 55.5         | 59.1         | 14.5         | 41.3         | 69.8         | 52.6         | 65.6         | 109.9        |      |
| Agency and foreign borrowing not in line 1                                       |              |              |              |              |              |              |              |              |              |              |              |              |      |
| 11 Sponsored credit agencies and mortgage pools                                  | 44.8         | 47.4         | 64.9         | 67.8         | 74.9         | 101.5        | 68.8         | 69.8         | 80.0         | 92.9         | 110.2        | 130.2        |      |
| 12 Foreign   | 23.8         | 23.5         | 16.0         | 17.4         | 6.1          | 2.1          | 15.5         | 35.4         | -23.2        | -4.2         | 8.4          | 27.5         |      |
| <i>Private domestic funds advanced</i>   |              |              |              |              |              |              |              |              |              |              |              |              |      |
| 13 Total net advances  | 318.7        | 342.3        | 352.9        | 518.7        | 682.7        | 769.8        | 569.1        | 700.6        | 664.8        | 619.4        | 920.2        | 570.4        |      |
| 14 U.S. government securities  | 107.1        | 115.9        | 203.1        | 226.9        | 237.8        | 281.1        | 206.5        | 223.3        | 252.3        | 244.2        | 317.9        | 276.8        |      |
| 15 State and local obligations   | 30.3         | 23.4         | 44.2         | 53.7         | 50.4         | 152.4        | 51.8         | 42.7         | 58.0         | 67.4         | 237.3        | 11.8         |      |
| 16 Corporate and foreign bonds   | 20.3         | 19.8         | 14.8         | 14.6         | 32.6         | 36.5         | 9.0          | 25.6         | 39.5         | 47.1         | 25.9         | 88.8         |      |
| 17 Residential mortgages   | 70.0         | 53.5         | -5.3         | 55.0         | 98.5         | 86.3         | 83.9         | 109.9        | 87.0         | 71.9         | 100.8        | 57.7         |      |
| 18 Other mortgages and loans   | 98.1         | 145.9        | 96.9         | 161.5        | 279.1        | 227.7        | 216.0        | 314.7        | 243.6        | 200.4        | 255.0        | 148.7        |      |
| 19 LESS: Federal Home Loan Bank advances   | 7.1          | 16.2         | .8           | -7.0         | 15.7         | 14.2         | -1.8         | 15.7         | 15.7         | 11.7         | 16.7         | 13.5         |      |
| <i>Private financial intermediation</i>  |              |              |              |              |              |              |              |              |              |              |              |              |      |
| 20 Credit market funds advanced by private financial institutions                | 286.2        | 320.2        | 261.9        | 391.9        | 550.5        | 547.2        | 447.6        | 583.4        | 517.5        | 461.2        | 633.2        | 574.1        |      |
| 21 Commercial banking  | 107.6        | 106.5        | 110.2        | 144.3        | 168.9        | 186.8        | 167.2        | 185.7        | 152.0        | 135.8        | 237.9        | 86.6         |      |
| 22 Savings institutions  | 51.3         | 26.2         | 21.8         | 135.6        | 149.2        | 85.7         | 143.8        | 173.6        | 124.9        | 63.1         | 108.3        | 113.8        |      |
| 23 Insurance and pension funds   | 93.2         | 93.5         | 86.2         | 97.8         | 124.0        | 133.4        | 105.7        | 144.6        | 103.5        | 113.9        | 153.0        | 141.5        |      |
| 24 Other finance   | 34.0         | 94.0         | 43.7         | 14.1         | 108.3        | 141.3        | 30.9         | 79.5         | 137.1        | 148.4        | 134.1        | 232.1        |      |
| 25 Sources of funds  | 286.2        | 320.2        | 261.9        | 391.9        | 550.5        | 547.2        | 447.6        | 583.4        | 517.5        | 461.2        | 633.2        | 574.1        |      |
| 26 Private domestic deposits and RPs   | 170.8        | 214.5        | 195.2        | 212.2        | 317.6        | 206.9        | 235.7        | 300.3        | 334.8        | 201.8        | 212.1        | 215.1        |      |
| 27 Credit market borrowing   | 20.6         | 54.5         | 25.2         | 26.2         | 64.1         | 85.3         | 54.3         | 64.5         | 63.8         | 62.0         | 108.7        | 56.2         |      |
| 28 Other sources   | 94.8         | 51.2         | 41.5         | 153.4        | 168.8        | 254.9        | 157.6        | 218.6        | 119.0        | 197.4        | 312.5        | 302.7        |      |
| 29 Foreign funds   | -25.1        | -23.7        | -31.4        | 16.3         | 5.4          | 16.2         | 46.2         | 3.0          | 7.8          | 11.2         | 21.2         | -6.4         |      |
| 30 Treasury balances   | -2.6         | -1.1         | 6.1          | -5.3         | 4.0          | 10.3         | -21.9        | -4.4         | 8.5          | 13.9         | 6.6          | -7.8         |      |
| 31 Insurance and pension reserves  | 88.9         | 89.6         | 92.5         | 110.6        | 112.5        | 102.2        | 122.4        | 146.5        | 78.5         | 92.0         | 112.5        | 107.7        |      |
| 32 Other, net  | 33.6         | -13.6        | -25.7        | 31.8         | 46.8         | 126.3        | 10.9         | 69.5         | 24.2         | 80.4         | 172.2        | 209.3        |      |
| <i>Private domestic nonfinancial investors</i>                                   |              |              |              |              |              |              |              |              |              |              |              |              |      |
| 33 Direct lending in credit markets  | 53.1         | 76.6         | 116.3        | 153.0        | 196.4        | 307.9        | 175.8        | 181.7        | 211.0        | 220.2        | 395.6        | 52.5         |      |
| 34 U.S. government securities  | 34.2         | 37.1         | 69.9         | 95.5         | 132.9        | 156.8        | 89.2         | 140.9        | 125.0        | 134.4        | 179.3        | 55.7         |      |
| 35 State and local obligations   | 7.0          | 11.1         | 25.0         | 39.0         | 29.6         | 58.8         | 37.8         | 25.0         | 34.3         | 20.2         | 97.4         | -37.1        |      |
| 36 Corporate and foreign bonds   | -11.7        | -4.0         | 2.0          | -12.7        | -3.4         | 15.5         | -4.5         | -26.7        | 19.9         | 34.5         | -3.5         | 27.2         |      |
| 37 Open market paper   | -4.6         | 1.4          | -1.3         | 15.1         | 8.9          | 49.9         | 32.1         | 15.6         | 2.3          | 4.9          | 94.9         | -16.4        |      |
| 38 Other   | 28.2         | 31.0         | 20.6         | 16.2         | 28.3         | 26.9         | 21.2         | 26.9         | 29.7         | 26.3         | 27.6         | 23.1         |      |
| 39 Deposits and currency   | 183.9        | 222.4        | 204.5        | 229.7        | 321.1        | 217.2        | 248.8        | 311.5        | 330.7        | 215.0        | 219.3        | 216.6        |      |
| 40 Currency  | 10.3         | 9.5          | 9.7          | 14.3         | 8.6          | 12.4         | 17.4         | 13.2         | 4.1          | 15.9         | 8.9          | 11.4         |      |
| 41 Checkable deposits  | 6.5          | 18.5         | 18.6         | 28.8         | 27.8         | 44.2         | 16.2         | 30.2         | 25.4         | 18.1         | 70.2         | 76.0         |      |
| 42 Small time and savings accounts   | 82.3         | 47.3         | 135.7        | 215.3        | 150.7        | 137.5        | 148.1        | 136.2        | 165.1        | 166.7        | 108.3        | 115.5        |      |
| 43 Money market fund shares  | 29.2         | 107.5        | 24.7         | -44.1        | 47.2         | -2.2         | -4.2         | 30.2         | 64.2         | 4.2          | -8.6         | 29.0         |      |
| 44 Large time deposits   | 45.9         | 36.0         | 5.2          | -6.3         | 84.9         | 14.0         | 53.8         | 92.9         | 77.0         | -1.5         | 29.6         | -5.4         |      |
| 45 Security RPs  | 6.8          | 5.2          | 11.1         | 18.5         | 7.0          | 13.4         | 21.8         | 10.8         | 3.1          | 14.3         | 12.5         | .1           |      |
| 46 Deposits in foreign countries   | 2.8          | -1.7         | -4           | 3.1          | -5.1         | -2.1         | -4.3         | -2.0         | -8.2         | -2.6         | -1.7         | -10.0        |      |
| <b>47 Total of credit market instruments, deposits and currency</b>              | <b>237.0</b> | <b>299.0</b> | <b>320.7</b> | <b>382.7</b> | <b>517.4</b> | <b>525.1</b> | <b>424.6</b> | <b>493.2</b> | <b>541.7</b> | <b>435.2</b> | <b>614.9</b> | <b>269.0</b> |      |
| 48 Public holdings as percent of total   | 25.7         | 26.2         | 28.6         | 20.4         | 20.3         | 22.4         | 17.6         | 17.5         | 23.1         | 27.1         | 19.0         | 36.8         |      |
| 49 Private financial intermediation (in percent)                                 | 89.8         | 93.6         | 74.2         | 75.5         | 80.6         | 71.1         | 78.7         | 83.3         | 77.8         | 74.5         | 68.8         | 100.7        |      |
| 50 Total foreign funds   | -4.0         | -7           | -7.3         | 41.3         | 60.9         | 75.2         | 60.6         | 44.3         | 77.6         | 63.7         | 86.7         | 103.5        |      |
| <b>MEMO: Corporate equities not included above</b>                               |              |              |              |              |              |              |              |              |              |              |              |              |      |
| 51 Total net issues  | 21.2         | -3.3         | 33.6         | 67.0         | -31.1        | 37.5         | 52.1         | -40.1        | -22.2        | 33.3         | 41.6         | 163.4        |      |
| 52 Mutual fund shares  | 4.5          | 6.0          | 16.8         | 32.1         | 38.0         | 103.4        | 28.7         | 39.3         | 36.6         | 93.6         | 113.1        | 214.1        |      |
| 53 Other equities  | 16.8         | -9.3         | 16.8         | 34.9         | -69.1        | -65.9        | 23.4         | -79.4        | -58.8        | -60.4        | -71.5        | -50.7        |      |
| 54 Acquisitions by financial institutions  | 22.2         | 19.9         | 27.6         | 46.8         | 8.2          | 31.2         | 35.6         | -4.1         | 20.6         | 48.0         | 14.3         | 28.5         |      |
| 55 Other net purchases   | -1.0         | -23.2        | 6.0          | 20.2         | -39.4        | 6.3          | 16.5         | -36.0        | -42.7        | -14.7        | 27.3         | 134.9        |      |

## NOTES BY LINE NUMBER.

1. Line 1 of table 1.57.
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, less claims on foreign affiliates and deposits by banking in foreign banks.
30. Demand deposits and note balances at commercial banks.

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

32. Mainly retained earnings and net miscellaneous liabilities.

33. Line 13 less line 20 plus line 27.

34-38. Lines 14-18 less amounts acquired by private finance plus amounts borrowed by private finance. Line 38 includes mortgages.

40. Mainly an offset to line 9.

47. Lines 33 plus 39, or line 13 less line 28 plus 40 and 46.

48. Line 2/line 1.

49. Line 20/line 13.

50. Sum of lines 10 and 29.

51, 53. Includes issues by financial institutions.

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

A44 Domestic Nonfinancial Statistics □ January 1987

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures<sup>1</sup>

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

| Measure   | 1983  | 1984  | 1985  | 1986  |                    |       |                    |                    |                    |                   |                    |       |
|---|-------|-------|-------|-------|--------------------|-------|--------------------|--------------------|--------------------|-------------------|--------------------|-------|
|   |       |       |       | Feb.  | Mar.               | Apr.  | May                | June               | July               | Aug. <sup>7</sup> | Sept. <sup>7</sup> | Oct.  |
| 1 Industrial production .....                             | 109.2 | 121.8 | 124.5 | 125.3 | 123.6              | 124.7 | 124.2              | 124.2              | 124.9 <sup>r</sup> | 125.1             | 125.2              | 125.2 |
| <i>Market groupings</i>                                   |       |       |       |       |                    |       |                    |                    |                    |                   |                    |       |
| 2 Products, total .....                                   | 113.9 | 127.1 | 131.7 | 132.9 | 131.2              | 132.7 | 132.4              | 132.4              | 133.2 <sup>r</sup> | 133.7             | 133.8              | 133.8 |
| 3 Final, total .....                                      | 114.7 | 127.8 | 132.0 | 132.8 | 130.6              | 132.1 | 131.6              | 131.1              | 132.0 <sup>r</sup> | 132.5             | 132.9              | 132.7 |
| 4 Consumer goods .....                                    | 109.3 | 118.2 | 120.7 | 123.3 | 121.8              | 124.5 | 124.3              | 124.4              | 125.2 <sup>r</sup> | 125.1             | 125.1              | 124.6 |
| 5 Equipment .....   | 121.7 | 140.5 | 147.1 | 145.4 | 142.3              | 142.3 | 141.2              | 140.0              | 141.0 <sup>r</sup> | 142.4             | 143.1              | 143.5 |
| 6 Intermediate .....                                      | 111.2 | 124.9 | 130.6 | 133.4 | 133.3              | 134.5 | 135.1              | 137.0              | 137.3 <sup>r</sup> | 137.8             | 137.2              | 137.7 |
| 7 Materials .....   | 102.8 | 114.6 | 114.7 | 114.8 | 113.3              | 113.8 | 113.0              | 113.1              | 113.6 <sup>r</sup> | 113.2             | 113.5              | 113.5 |
| <i>Industry groupings</i>                                 |       |       |       |       |                    |       |                    |                    |                    |                   |                    |       |
| 8 Manufacturing .....                                     | 110.2 | 123.9 | 127.1 | 128.7 | 127.2              | 128.7 | 128.2              | 128.3              | 129.2 <sup>r</sup> | 129.5             | 129.5              | 129.5 |
| Capacity utilization (percent) <sup>2</sup>               |       |       |       |       |                    |       |                    |                    |                    |                   |                    |       |
| 9 Manufacturing .....                                     | 74.0  | 80.8  | 80.3  | 80.2  | 79.1               | 79.9  | 79.4               | 79.3               | 79.7               | 79.8              | 79.6               | 79.4  |
| 10 Industrial materials industries .....                  | 75.3  | 82.3  | 80.2  | 79.6  | 78.5               | 78.7  | 78.1               | 78.0               | 78.3               | 78.0              | 78.1               | 77.9  |
| 11 Construction contracts (1977 = 100) <sup>3</sup> ..... | 138.0 | 150.0 | 161.0 | 162.0 | 149.0              | 176.0 | 160.0              | 161.0              | 163.0              | 168.0             | 158.0              | 170.0 |
| 12 Nonagricultural employment, total <sup>4</sup> .....   | 109.4 | 114.5 | 118.5 | 120.6 | 120.6              | 121.0 | 121.2              | 121.1              | 121.4              | 121.6             | 121.8              | 122.2 |
| 13 Goods-producing, total .....                           | 95.9  | 101.6 | 102.9 | 102.9 | 102.5              | 102.9 | 102.6              | 102.1              | 102.2              | 102.2             | 102.1              | 102.2 |
| 14 Manufacturing, total .....                             | 93.6  | 98.6  | 98.7  | 98.0  | 97.8               | 97.8  | 97.5               | 97.2               | 97.1               | 97.1              | 97.0               | 97.2  |
| 15 Manufacturing, production-worker .....                 | 88.6  | 94.1  | 93.5  | 92.6  | 92.4               | 92.4  | 92.1               | 91.8               | 91.7               | 91.7              | 91.6               | 91.9  |
| 16 Service-producing .....                                | 115.0 | 120.0 | 125.0 | 128.0 | 128.2              | 128.6 | 129.0              | 129.0              | 129.4              | 129.7             | 130.1              | 130.5 |
| 17 Personal income, total .....                           | 176.6 | 193.5 | 206.2 | 213.7 | 214.3              | 216.9 | 216.6              | 216.6              | 217.3              | 217.8             | 218.5              | 219.2 |
| 18 Wages and salary disbursements .....                   | 168.7 | 184.8 | 197.8 | 205.7 | 206.4              | 206.8 | 207.1              | 207.6              | 208.5              | 209.6             | 210.1              | 211.5 |
| 19 Manufacturing .....                                    | 149.0 | 164.6 | 172.5 | 176.2 | 176.4              | 175.8 | 176.1              | 175.4              | 175.5              | 176.6             | 176.4              | 178.9 |
| 20 Disposable personal income <sup>5</sup> .....          | 176.0 | 193.6 | 205.0 | 212.9 | 213.7              | 216.5 | 215.9              | 215.5              | 216.0              | 216.1             | 216.6              | 217.2 |
| 21 Retail sales (1977 = 100) <sup>6</sup> .....           | 162.0 | 179.0 | 190.6 | 194.5 | 193.7              | 195.4 | 197.0              | 197.5              | 198.9              | 201.7             | 212.5              | 201.8 |
| <i>Prices<sup>7</sup></i>                                 |       |       |       |       |                    |       |                    |                    |                    |                   |                    |       |
| 22 Consumer .....   | 298.4 | 311.1 | 322.2 | 327.5 | 326.0              | 325.3 | 326.3              | 327.9              | 328.0              | 328.6             | 330.2              | 330.5 |
| 23 Producer finished goods .....                          | 285.2 | 291.1 | 293.7 | 291.9 | 288.0 <sup>r</sup> | 287.2 | 288.9 <sup>r</sup> | 289.3 <sup>r</sup> | 288.0              | 288.3             | 287.5              | 290.5 |

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

2. Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, Department of Commerce, and other sources.

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

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

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

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

7. Data without seasonal adjustment, as published in *Monthly Labor Review*. Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Department of Labor.

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

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



## 2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

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

| Category  | 1983    | 1984    | 1985    | 1986    |         |         |         |         |                      |                    |         |
|---|---------|---------|---------|---------|---------|---------|---------|---------|----------------------|--------------------|---------|
|   |         |         |         | Mar.    | Apr.    | May     | June    | July    | Aug.                 | Sept. <sup>r</sup> | Oct.    |
| <b>HOUSEHOLD SURVEY DATA</b>                              |         |         |         |         |         |         |         |         |                      |                    |         |
| 1 Noninstitutional population <sup>1</sup> .....          | 176,414 | 178,602 | 180,440 | 182,223 | 182,387 | 182,545 | 182,732 | 182,906 | 183,074              | 183,261            | 183,450 |
| 2 Labor force (including Armed Forces) <sup>1</sup> ..... | 113,749 | 115,763 | 117,695 | 119,445 | 119,473 | 119,898 | 120,345 | 120,296 | 120,428              | 120,484            | 120,746 |
| 3 Civilian labor force .....                              | 111,550 | 113,544 | 115,461 | 117,207 | 117,234 | 117,664 | 118,116 | 118,072 | 118,182              | 118,220            | 118,482 |
| <b>Employment</b>   |         |         |         |         |         |         |         |         |                      |                    |         |
| 4 Nonagricultural industries <sup>2</sup> .....           | 97,450  | 101,685 | 103,971 | 105,503 | 105,670 | 105,950 | 106,508 | 106,769 | 107,107              | 106,770            | 107,091 |
| 5 Agriculture .....                                       | 3,383   | 3,321   | 3,179   | 3,285   | 3,222   | 3,160   | 3,165   | 3,112   | 3,048                | 3,121              | 3,149   |
| <b>Unemployment</b>                                       |         |         |         |         |         |         |         |         |                      |                    |         |
| 6 Number .....  | 10,717  | 8,539   | 8,312   | 8,419   | 8,342   | 8,554   | 8,443   | 8,190   | 8,027                | 8,329              | 8,242   |
| 7 Rate (percent of civilian labor force) ...              | 9.6     | 7.5     | 7.2     | 7.2     | 7.1     | 7.3     | 7.1     | 6.9     | 6.8                  | 7.0                | 7.0     |
| 8 Not in labor force .....                                | 62,665  | 62,839  | 62,745  | 62,778  | 62,914  | 62,647  | 62,387  | 62,610  | 62,646               | 62,777             | 62,704  |
| <b>ESTABLISHMENT SURVEY DATA</b>                          |         |         |         |         |         |         |         |         |                      |                    |         |
| 9 Nonagricultural payroll employment <sup>3</sup> .....   | 90,196  | 94,461  | 97,698  | 99,484  | 99,783  | 99,918  | 99,843  | 100,105 | 100,283 <sup>r</sup> | 100,448            | 100,746 |
| 10 Manufacturing .....                                    | 18,434  | 19,412  | 19,426  | 19,255  | 19,245  | 19,201  | 19,135  | 19,121  | 19,123 <sup>r</sup>  | 19,099             | 19,126  |
| 11 Mining .....   | 952     | 974     | 969     | 852     | 821     | 790     | 772     | 768     | 753 <sup>r</sup>     | 743                | 746     |
| 12 Contract construction .....                            | 3,948   | 4,345   | 4,661   | 4,838   | 4,972   | 4,974   | 4,947   | 4,980   | 5,012                | 5,008              | 5,010   |
| 13 Transportation and public utilities .....              | 4,954   | 5,171   | 5,300   | 5,280   | 5,266   | 5,265   | 5,167   | 5,288   | 5,255 <sup>r</sup>   | 5,309              | 5,314   |
| 14 Trade .....  | 20,881  | 22,134  | 23,195  | 23,669  | 23,715  | 23,783  | 23,773  | 23,841  | 23,893 <sup>r</sup>  | 23,888             | 23,980  |
| 15 Finance .....  | 5,468   | 5,682   | 5,924   | 6,184   | 6,228   | 6,261   | 6,295   | 6,334   | 6,364 <sup>r</sup>   | 6,383              | 6,399   |
| 16 Service .....  | 19,694  | 20,761  | 21,929  | 22,707  | 22,825  | 22,924  | 23,072  | 23,176  | 23,255 <sup>r</sup>  | 23,275             | 23,368  |
| 17 Government .....                                       | 15,869  | 15,984  | 16,295  | 16,699  | 16,711  | 16,720  | 16,682  | 16,597  | 16,628 <sup>r</sup>  | 16,743             | 16,803  |

1. Persons 16 years of age and over. Monthly figures, which are based on sample data, relate to the calendar week that contains the 12th day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures. Based on data from *Employment and Earnings* (U.S. Department of Labor).

2. Includes self-employed, unpaid family, and domestic service workers.

3. Data include all full- and part-time employees who worked during, or received pay for, the pay period that includes the 12th day of the month, and

exclude proprietors, self-employed persons, domestic servants, unpaid family workers, and members of the Armed Forces. Data are adjusted to the March 1984 benchmark and only seasonally adjusted data are available at this time. Based on data from *Employment and Earnings* (U.S. Department of Labor).

4. In addition to the revisions noted here, data for January through June 1985 have been revised as follows: Jan., 21,382; Feb., 21,480; Mar., 21,644; Apr., 21,723; May, 21,813; and June, 21,856. These data were reported incorrectly in the BULLETIN for November 1985 through March 1986.

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

| Series                          | 1985                                |       | 1986                      |       |                                   |       | 1985  |       | 1986                       |      |      |      | 1985  |      | 1986 |    |  |  |
|---------------------------------|-------------------------------------|-------|---------------------------|-------|-----------------------------------|-------|-------|-------|----------------------------|------|------|------|-------|------|------|----|--|--|
|                                 | Q4                                  | Q1    | Q2                        | Q3    | Q4                                | Q1    | Q2    | Q3    | Q4                         | Q1   | Q2   | Q3   | Q4    | Q1   | Q2   | Q3 |  |  |
|                                 | Output (1977 = 100)                 |       |                           |       | Capacity (percent of 1977 output) |       |       |       | Utilization rate (percent) |      |      |      |       |      |      |    |  |  |
| 1 Total industry                | 124.7                               | 125.0 | 124.3                     | 125.1 | 155.4                             | 156.3 | 157.1 | 157.9 | 80.2                       | 80.0 | 79.2 | 79.2 |       |      |      |    |  |  |
| 2 Mining                        | 107.1                               | 105.4 | 100.1                     | 96.6  | 132.5                             | 132.1 | 132.1 | 137.5 | 80.9                       | 79.6 | 75.6 | 73.2 |       |      |      |    |  |  |
| 3 Utilities                     | 112.8                               | 110.5 | 109.5                     | 110.6 | 135.7                             | 136.3 | 136.9 | 149.0 | 83.2                       | 81.1 | 79.5 | 80.5 |       |      |      |    |  |  |
| 4 Manufacturing                 | 127.4                               | 128.4 | 128.3                     | 129.5 | 159.5                             | 160.5 | 161.4 | 162.3 | 79.9                       | 80.0 | 79.5 | 79.8 |       |      |      |    |  |  |
| 5 Primary processing            | 110.3                               | 111.5 | 111.1                     | 111.9 | 133.1                             | 133.6 | 134.0 | 134.5 | 82.8                       | 83.5 | 82.9 | 83.2 |       |      |      |    |  |  |
| 6 Advanced processing           | 137.8                               | 138.5 | 138.8                     | 140.1 | 175.3                             | 176.7 | 177.9 | 179.2 | 78.6                       | 78.4 | 78.0 | 78.2 |       |      |      |    |  |  |
| 7 Materials                     | 114.3                               | 114.5 | 113.4                     | 113.4 | 143.6                             | 144.2 | 144.7 | 145.3 | 79.6                       | 79.4 | 78.3 | 78.1 |       |      |      |    |  |  |
| 8 Durable goods                 | 121.1                               | 120.9 | 118.8                     | 118.7 | 159.0                             | 159.9 | 160.7 | 161.5 | 76.2                       | 75.6 | 73.9 | 73.5 |       |      |      |    |  |  |
| 9 Metal materials               | 82.6                                | 79.0  | 75.2                      | 72.6  | 115.5                             | 115.0 | 114.5 | 114.0 | 71.5                       | 68.7 | 65.7 | 63.7 |       |      |      |    |  |  |
| 10 Nondurable goods             | 113.9                               | 115.7 | 116.8                     | 118.9 | 138.6                             | 139.0 | 139.5 | 139.9 | 82.2                       | 83.2 | 83.8 | 85.0 |       |      |      |    |  |  |
| 11 Textile, paper, and chemical | 114.0                               | 116.2 | 117.0                     | 119.6 | 138.0                             | 138.4 | 138.8 | 139.2 | 82.7                       | 83.9 | 84.3 | 85.9 |       |      |      |    |  |  |
| 12 Paper                        | 124.8                               | 128.8 | 130.2                     | 133.1 | 136.5                             | 137.3 | 138.1 | 139.2 | 91.4                       | 93.8 | 94.3 | 95.9 |       |      |      |    |  |  |
| 13 Chemical                     | 113.4                               | 115.3 | 115.4                     | 119.6 | 143.6                             | 144.0 | 144.3 | 145.3 | 79.0                       | 80.1 | 79.9 | 81.1 |       |      |      |    |  |  |
| 14 Energy materials             | 102.6                               | 102.2 | 100.8                     | 99.4  | 120.9                             | 121.1 | 121.3 | 121.4 | 84.9                       | 84.4 | 82.9 | 81.9 |       |      |      |    |  |  |
|                                 | Previous cycle <sup>1</sup>         |       | Latest cycle <sup>2</sup> |       | 1985                              |       | 1986  |       |                            |      |      |      |       |      |      |    |  |  |
|                                 | High                                | Low   | High                      | Low   | Aug.                              | Feb.  | Mar.  | Apr.  | May                        | June | July | Aug. | Sept. | Oct. |      |    |  |  |
|                                 | Capacity utilization rate (percent) |       |                           |       |                                   |       |       |       |                            |      |      |      |       |      |      |    |  |  |
| 15 Total industry               | 88.6                                | 72.1  | 86.9                      | 69.5  | 80.6                              | 80.2  | 79.0  | 79.5  | 79.1                       | 79.0 | 77.2 | 79.2 | 79.2  | 79.0 |      |    |  |  |
| 16 Mining                       | 92.8                                | 87.8  | 95.2                      | 76.9  | 81.6                              | 79.4  | 77.9  | 76.4  | 75.5                       | 74.9 | 73.5 | 73.1 | 72.7  | 72.5 |      |    |  |  |
| 17 Utilities                    | 95.6                                | 82.9  | 88.5                      | 78.0  | 81.5                              | 80.4  | 80.1  | 80.0  | 79.3                       | 79.2 | 79.9 | 78.8 | 80.7  | 81.3 |      |    |  |  |
| 18 Manufacturing                | 87.7                                | 69.9  | 86.5                      | 68.0  | 80.3                              | 80.2  | 79.1  | 79.9  | 79.4                       | 79.3 | 79.7 | 79.8 | 79.6  | 79.4 |      |    |  |  |
| 19 Primary processing           | 91.9                                | 68.3  | 89.1                      | 65.1  | 82.5                              | 83.6  | 82.4  | 83.2  | 82.9                       | 82.7 | 82.9 | 83.3 | 83.3  | 83.6 |      |    |  |  |
| 20 Advanced processing          | 86.0                                | 71.1  | 85.1                      | 69.5  | 79.3                              | 78.6  | 77.4  | 78.5  | 78.0                       | 77.7 | 78.4 | 78.0 | 77.8  | 77.5 |      |    |  |  |
| 21 Materials                    | 92.0                                | 70.5  | 89.1                      | 68.4  | 79.8                              | 79.6  | 78.5  | 78.7  | 78.1                       | 78.0 | 78.3 | 78.0 | 78.1  | 77.9 |      |    |  |  |
| 22 Durable goods                | 91.8                                | 64.4  | 89.8                      | 60.9  | 76.8                              | 75.9  | 74.5  | 74.9  | 73.7                       | 73.2 | 73.7 | 73.5 | 73.3  | 73.3 |      |    |  |  |
| 23 Metal materials              | 99.2                                | 67.1  | 93.6                      | 45.7  | 70.2                              | 69.0  | 66.0  | 68.3  | 65.2                       | 63.2 | 63.8 | 63.8 | 63.8  | 64.8 |      |    |  |  |
| 24 Nondurable goods             | 91.1                                | 66.7  | 88.1                      | 70.6  | 81.6                              | 83.5  | 82.5  | 83.6  | 83.5                       | 84.3 | 85.0 | 85.4 | 85.9  | 85.7 |      |    |  |  |
| 25 Textile, paper, and chemical | 92.8                                | 64.8  | 89.4                      | 68.6  | 81.7                              | 84.2  | 83.4  | 83.6  | 84.2                       | 85.1 | 85.6 | 86.4 | 86.9  | 86.8 |      |    |  |  |
| 26 Paper                        | 98.4                                | 70.6  | 97.3                      | 79.9  | 89.7                              | 93.8  | 93.0  | 93.6  | 93.1                       | 95.9 | 97.8 | 97.6 | 96.4  | 94.6 |      |    |  |  |
| 27 Chemical                     | 92.5                                | 64.4  | 87.9                      | 63.3  | 78.7                              | 80.2  | 79.4  | 79.4  | 80.2                       | 80.4 | 80.2 | 81.1 | 81.9  | 80.8 |      |    |  |  |
| 28 Energy materials             | 94.6                                | 86.9  | 94.0                      | 82.2  | 84.8                              | 84.3  | 83.7  | 82.8  | 82.9                       | 83.1 | 82.3 | 81.0 | 81.4  | 81.1 |      |    |  |  |

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

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

## 2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value ▲

Monthly data are seasonally adjusted

| Grouping                                    | 1977<br>pro-<br>por-<br>tion | 1985<br>avg. | 1985  |       |       | 1986  |       |       |       |       |       |                   |       |                    |                   |
|---|------------------------------|--------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------------------|-------|--------------------|-------------------|
|   |                              |              | Oct.  | Nov.  | Dec.  | Jan.  | Feb.  | Mar.  | Apr.  | May   | June  | July <sup>r</sup> | Aug.  | Sept. <sup>p</sup> | Oct. <sup>e</sup> |
| Index (1977 = 100)                          |                              |              |       |       |       |       |       |       |       |       |       |                   |       |                    |                   |
| <b>MAJOR MARKET</b>                         |                              |              |       |       |       |       |       |       |       |       |       |                   |       |                    |                   |
| 1 Total index .....                         | 100.00                       | 123.8        | 123.6 | 124.8 | 125.6 | 126.2 | 125.3 | 123.6 | 124.7 | 124.2 | 124.2 | 124.9             | 125.1 | 125.2              | 125.2             |
| 2 Products .....                            | 57.72                        | 130.8        | 131.0 | 132.8 | 133.0 | 134.0 | 132.9 | 131.2 | 132.7 | 132.4 | 132.4 | 133.2             | 133.7 | 133.8              | 133.8             |
| 3 Final products .....                      | 44.77                        | 131.1        | 131.0 | 133.1 | 133.2 | 133.9 | 132.8 | 130.6 | 132.1 | 131.6 | 131.1 | 132.0             | 133.5 | 132.9              | 132.7             |
| 4 Consumer goods .....                      | 25.52                        | 120.2        | 120.5 | 122.7 | 123.3 | 123.8 | 123.3 | 121.8 | 124.5 | 124.3 | 124.4 | 125.2             | 125.1 | 125.1              | 124.6             |
| 5 Equipment .....                           | 19.25                        | 145.4        | 144.9 | 147.0 | 146.4 | 147.5 | 145.4 | 142.3 | 142.3 | 141.2 | 140.0 | 141.0             | 142.4 | 143.1              | 143.5             |
| 6 Intermediate products.....                | 12.94                        | 130.0        | 131.2 | 131.8 | 132.0 | 134.2 | 133.4 | 133.3 | 134.5 | 135.1 | 137.0 | 137.3             | 137.8 | 137.2              | 137.7             |
| 7 Materials .....                           | 42.28                        | 114.2        | 113.4 | 113.9 | 115.4 | 115.5 | 114.8 | 113.3 | 113.8 | 113.0 | 113.1 | 113.6             | 113.2 | 113.5              | 113.5             |
| <i>Consumer goods</i>                       |                              |              |       |       |       |       |       |       |       |       |       |                   |       |                    |                   |
| 8 Durable consumer goods .....              | 6.89                         | 112.9        | 112.3 | 115.4 | 115.3 | 116.0 | 116.6 | 112.4 | 115.9 | 113.8 | 114.3 | 116.3             | 115.5 | 117.0              | 115.1             |
| 9 Automotive products .....                 | 2.98                         | 114.0        | 113.2 | 115.6 | 113.9 | 116.2 | 117.6 | 110.4 | 116.4 | 113.2 | 113.7 | 116.4             | 114.5 | 117.4              | 112.0             |
| 10 Autos and trucks .....                   | 1.79                         | 112.0        | 111.3 | 114.1 | 110.4 | 118.2 | 119.4 | 106.3 | 115.1 | 110.3 | 112.2 | 114.5             | 110.4 | 116.8              | 107.7             |
| 11 Autos, consumer .....                    | 1.16                         | 98.9         | 94.9  | 95.6  | 94.6  | 105.5 | 107.1 | 93.7  | 100.8 | 94.8  | 99.3  | 95.3              | 87.8  | 96.2               | 91.9              |
| 12 Trucks, consumer .....                   | .63                          | 136.3        | 141.8 | 148.6 | 139.8 | 141.7 | 142.1 | 129.6 | 141.5 | 139.1 | 136.1 | 150.3             | 152.4 | 155.1              | .....             |
| 13 Auto parts and allied goods.....         | 1.19                         | 116.9        | 116.0 | 117.7 | 119.0 | 113.3 | 114.9 | 116.6 | 118.4 | 117.4 | 116.1 | 119.1             | 120.6 | 118.4              | 118.5             |
| 14 Home goods .....                         | 3.91                         | 112.2        | 111.6 | 115.3 | 116.4 | 115.8 | 115.8 | 113.9 | 115.5 | 114.3 | 114.8 | 116.3             | 116.3 | 116.7              | 117.4             |
| 15 Appliances, A/C and TV .....             | 1.24                         | 131.0        | 127.5 | 138.8 | 140.4 | 133.2 | 135.1 | 133.7 | 138.8 | 133.9 | 137.5 | 138.9             | 139.4 | 140.8              | 141.4             |
| 16 Appliances and TV .....                  | 1.19                         | 131.8        | 129.8 | 141.3 | 143.2 | 135.7 | 137.6 | 136.0 | 140.6 | 135.8 | 139.1 | 141.6             | 142.5 | 143.0              | .....             |
| 17 Carpeting and furniture .....            | .96                          | 119.8        | 121.9 | 124.6 | 123.3 | 125.1 | 124.4 | 121.2 | 121.8 | 123.3 | 122.5 | 126.6             | 124.2 | 124.1              | .....             |
| 18 Miscellaneous home goods .....           | 1.71                         | 94.3         | 94.4  | 93.1  | 95.1  | 98.0  | 97.0  | 95.5  | 95.0  | 95.0  | 94.1  | 94.1              | 95.2  | 95.2               | .....             |
| 19 Nondurable consumer goods.....           | 18.63                        | 122.9        | 123.5 | 125.3 | 126.3 | 126.6 | 125.8 | 125.3 | 127.7 | 128.1 | 128.1 | 128.4             | 128.6 | 128.1              | 128.1             |
| 20 Consumer staples .....                   | 15.29                        | 129.0        | 129.4 | 131.3 | 132.5 | 132.8 | 132.3 | 131.6 | 134.3 | 135.0 | 135.1 | 135.3             | 135.6 | 135.1              | 135.0             |
| 21 Consumer foods and tobacco .....         | 7.80                         | 128.8        | 128.7 | 130.5 | 131.6 | 130.1 | 131.1 | 130.3 | 131.9 | 132.4 | 133.3 | 132.2             | 133.3 | 132.5              | .....             |
| 22 Nonfood staples .....                    | 2.49                         | 129.2        | 130.1 | 132.1 | 133.4 | 135.6 | 133.5 | 133.0 | 136.7 | 137.7 | 137.0 | 138.5             | 138.1 | 137.8              | 138.0             |
| 23 Consumer chemical products .....         | 7.75                         | 149.1        | 149.1 | 154.8 | 153.6 | 156.3 | 158.3 | 156.4 | 163.1 | 162.4 | 163.6 | 166.4             | 163.4 | 163.7              | .....             |
| 24 Consumer paper products .....            | 1.88                         | 141.9        | 143.5 | 143.2 | 146.5 | 148.9 | 143.4 | 143.1 | 145.1 | 148.6 | 147.1 | 146.4             | 147.4 | 146.8              | .....             |
| 25 Consumer energy .....                    | 2.86                         | 101.8        | 103.0 | 103.1 | 105.4 | 107.0 | 103.2 | 104.0 | 106.0 | 106.8 | 104.8 | 106.6             | 107.6 | 107.1              | .....             |
| 26 Consumer fuel .....                      | 1.44                         | 88.6         | 90.1  | 89.8  | 91.7  | 94.1  | 92.0  | 92.2  | 93.7  | 96.4  | 91.8  | 91.2              | 95.9  | 93.3               | .....             |
| 27 Residential utilities .....              | 1.42                         | 115.3        | 116.2 | 116.6 | 119.4 | 120.1 | 114.5 | 116.1 | 118.4 | 117.5 | 118.1 | 122.3             | 119.6 | .....              | .....             |
| <i>Equipment</i>                            |                              |              |       |       |       |       |       |       |       |       |       |                   |       |                    |                   |
| 28 Business and defense equipment .....     | 18.01                        | 146.0        | 145.7 | 148.2 | 147.8 | 149.1 | 147.8 | 145.5 | 146.6 | 146.0 | 145.1 | 146.4             | 147.7 | 148.4              | 148.6             |
| 29 Business equipment .....                 | 14.34                        | 139.6        | 138.3 | 140.8 | 140.0 | 141.5 | 140.5 | 137.7 | 138.6 | 137.9 | 136.6 | 137.9             | 139.2 | 139.7              | 139.6             |
| 30 Construction, mining, and farm .....     | 2.08                         | 64.3         | 64.2  | 65.1  | 66.3  | 65.3  | 63.0  | 59.5  | 58.6  | 60.9  | 61.9  | 60.6              | 58.3  | 57.8               | .....             |
| 31 Manufacturing .....                      | 3.27                         | 110.7        | 110.0 | 110.5 | 111.6 | 113.0 | 112.9 | 112.4 | 111.9 | 111.9 | 111.7 | 112.6             | 113.3 | 112.2              | 112.0             |
| 32 Power .....                              | 1.27                         | 83.5         | 85.3  | 84.1  | 85.4  | 82.9  | 82.3  | 82.0  | 83.0  | 82.9  | 83.5  | 81.7              | 81.6  | 81.3               | 81.9              |
| 33 Commercial .....                         | 5.22                         | 217.9        | 212.3 | 218.6 | 217.0 | 217.8 | 216.8 | 214.3 | 213.4 | 212.9 | 208.2 | 214.5             | 217.2 | 216.3              | 216.4             |
| 34 Transit .....                            | 2.49                         | 105.4        | 109.5 | 109.7 | 105.5 | 112.7 | 111.7 | 104.3 | 112.1 | 107.3 | 108.8 | 103.9             | 106.9 | 113.7              | 112.6             |
| 35 Defense and space equipment.....         | 3.67                         | 170.6        | 174.8 | 177.2 | 178.5 | 178.7 | 176.3 | 176.2 | 178.0 | 178.0 | 178.4 | 179.5             | 181.0 | 182.4              | 183.6             |
| <i>Intermediate products</i>                |                              |              |       |       |       |       |       |       |       |       |       |                   |       |                    |                   |
| 36 Construction supplies .....              | 5.95                         | 118.3        | 120.2 | 120.5 | 119.8 | 124.0 | 122.6 | 122.6 | 123.6 | 123.5 | 124.1 | 124.0             | 125.1 | 124.8              | 125.2             |
| 37 Business supplies .....                  | 6.99                         | 140.0        | 140.5 | 141.5 | 142.4 | 142.9 | 142.6 | 142.5 | 143.8 | 145.0 | 147.9 | 148.6             | 148.7 | 147.7              | .....             |
| 38 General business supplies .....          | 5.67                         | 143.9        | 144.3 | 145.3 | 146.2 | 147.2 | 146.7 | 146.4 | 148.0 | 148.3 | 151.6 | 153.3             | 152.9 | 152.1              | .....             |
| 39 Commercial energy products.....          | 1.31                         | 122.9        | 123.8 | 125.4 | 126.2 | 124.4 | 124.9 | 125.6 | 125.8 | 130.7 | 131.9 | 128.3             | 130.6 | 128.9              | .....             |
| <i>Materials</i>                            |                              |              |       |       |       |       |       |       |       |       |       |                   |       |                    |                   |
| 40 Durable goods materials .....            | 20.50                        | 121.4        | 120.1 | 121.2 | 121.9 | 122.2 | 121.3 | 119.3 | 120.2 | 118.4 | 117.8 | 118.8             | 118.7 | 118.5              | 118.7             |
| 41 Durable consumer parts .....             | 4.92                         | 100.3        | 99.8  | 100.7 | 101.1 | 103.5 | 103.2 | 99.9  | 99.3  | 96.4  | 96.3  | 96.7              | 95.0  | 94.2               | 94.0              |
| 42 Equipment parts .....                    | 5.94                         | 158.0        | 152.7 | 154.0 | 154.1 | 153.8 | 153.0 | 153.7 | 154.8 | 152.3 | 151.8 | 154.3             | 155.6 | 155.2              | 154.9             |
| 43 Durable materials n.e.c. ....            | 9.64                         | 109.7        | 110.3 | 111.4 | 112.8 | 112.2 | 111.0 | 108.0 | 109.4 | 108.8 | 107.9 | 108.2             | 108.0 | 108.4              | 109.0             |
| 44 Basic metal materials .....              | 4.64                         | 84.8         | 85.5  | 87.8  | 87.9  | 85.2  | 83.0  | 79.6  | 82.9  | 78.9  | 76.7  | 77.4              | 76.9  | 77.1               | .....             |
| 45 Nondurable goods materials .....         | 10.09                        | 112.2        | 113.6 | 113.3 | 114.9 | 116.2 | 116.1 | 114.8 | 116.5 | 116.5 | 117.7 | 118.9             | 119.5 | 120.3              | 120.2             |
| 46 Textile, paper, and chemical .....       | 7.53                         | 112.2        | 113.7 | 113.4 | 115.0 | 116.5 | 116.5 | 115.5 | 115.9 | 116.9 | 118.2 | 119.0             | 120.2 | 121.1              | 121.1             |
| 47 Textile materials .....                  | 1.52                         | 98.7         | 105.2 | 106.1 | 103.8 | 104.1 | 107.5 | 105.7 | 106.7 | 108.4 | 109.5 | 111.2             | 113.4 | 115.1              | .....             |
| 48 Pulp and paper materials .....           | 1.55                         | 124.1        | 121.8 | 123.6 | 129.0 | 129.7 | 128.8 | 128.0 | 129.0 | 128.6 | 132.7 | 135.6             | 135.5 | 134.1              | .....             |
| 49 Chemical materials .....                 | 4.46                         | 112.7        | 113.7 | 112.4 | 114.0 | 116.2 | 115.4 | 114.5 | 114.5 | 115.7 | 116.1 | 115.9             | 117.3 | 118.6              | .....             |
| 50 Miscellaneous nondurable materials ..... | 2.57                         | 112.1        | 113.4 | 112.8 | 114.4 | 115.4 | 115.0 | 112.8 | 118.2 | 115.3 | 116.4 | 118.3             | 117.2 | 117.9              | .....             |
| <i>Energy materials</i>                     |                              |              |       |       |       |       |       |       |       |       |       |                   |       |                    |                   |
| 51 Energy materials .....                   | 11.69                        | 103.4        | 101.5 | 101.8 | 104.5 | 103.0 | 102.1 | 101.4 | 100.4 | 100.5 | 100.8 | 99.9              | 98.3  | 98.9               | 98.5              |
| 52 Primary energy .....                     | 7.57                         | 107.2        | 105.5 | 106.5 | 108.1 | 106.9 | 106.7 | 107.4 | 106.2 | 106.7 | 106.5 | 104.8             | 104.4 | 102.8              | .....             |
| 53 Converted fuel materials .....           | 4.12                         | 96.4         | 94.2  | 93.3  | 97.9  | 95.8  | 93.6  | 90.5  | 89.7  | 89.2  | 90.4  | 90.9              | 87.3  | 91.6               | .....             |

A48 Domestic Nonfinancial Statistics □ January 1987

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value—Continued

| Grouping   | SIC code | 1977 proportion | 1985 avg. | 1985    |         |         | 1986    |         |         |         |         |         |                   |         |                    |                   |
|--|----------|-----------------|-----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------------------|---------|--------------------|-------------------|
|  |          |                 |           | Oct.    | Nov.    | Dec.    | Jan.    | Feb.    | Mar.    | Apr.    | May     | June    | July <sup>a</sup> | Aug.    | Sept. <sup>b</sup> | Oct. <sup>c</sup> |
| Index (1977 = 100)   |          |                 |           |         |         |         |         |         |         |         |         |         |                   |         |                    |                   |
| MAJOR INDUSTRY   |          |                 |           |         |         |         |         |         |         |         |         |         |                   |         |                    |                   |
| 1 Mining and utilities.....                                  |          | 15.79           | 110.0     | 108.8   | 108.8   | 110.2   | 109.8   | 106.8   | 105.4   | 104.2   | 103.1   | 102.6   | 101.8             | 101.1   | 101.6              | 101.8             |
| 2 Mining.....  |          | 9.83            | 108.8     | 106.9   | 106.9   | 107.4   | 108.1   | 105.1   | 103.0   | 101.0   | 99.8    | 98.9    | 97.1              | 96.8    | 95.8               | 95.6              |
| 3 Utilities.....   |          | 5.96            | 111.9     | 111.8   | 111.9   | 114.8   | 112.5   | 109.3   | 109.4   | 108.5   | 108.6   | 109.7   | 108.3             | 111.1   | 112.1              |                   |
| 4 Manufacturing.....   |          | 84.21           | 126.4     | 126.3   | 127.8   | 128.2   | 129.4   | 128.7   | 127.2   | 128.7   | 128.2   | 128.3   | 129.2             | 129.5   | 129.5              | 129.5             |
| 5 Nondurable.....  |          | 35.11           | 125.1     | 125.8   | 127.2   | 127.5   | 129.3   | 128.7   | 127.7   | 129.6   | 129.9   | 131.2   | 131.7             | 132.4   | 132.2              | 132.4             |
| 6 Durable.....   |          | 49.10           | 127.3     | 126.7   | 128.2   | 128.7   | 129.5   | 128.7   | 126.8   | 128.1   | 127.0   | 126.2   | 127.4             | 127.5   | 127.6              | 127.4             |
| <i>Mining</i>  |          |                 |           |         |         |         |         |         |         |         |         |         |                   |         |                    |                   |
| 7 Metal.....   | 10       | .50             | 75.0      | 76.0    | 78.3    | 77.3    | 73.5    | 77.2    | 75.9    | 76.0    | 72.0    | 65.9    | 69.2              | .....   | .....              | .....             |
| 8 Coal.....  | 11.12    | 1.60            | 126.8     | 122.9   | 125.8   | 128.4   | 130.8   | 126.5   | 124.7   | 124.4   | 124.0   | 127.3   | 120.2             | 122.2   | 120.8              | .....             |
| 9 Oil and gas extraction.....                                | 13       | 7.07            | 106.2     | 104.4   | 103.6   | 104.2   | 104.9   | 101.1   | 99.2    | 96.2    | 95.1    | 93.3    | 92.4              | 91.2    | 90.6               | 90.4              |
| 10 Stone and earth minerals.....                             | 14       | .66             | 118.3     | 118.5   | 118.0   | 114.6   | 113.5   | 116.8   | 111.6   | 115.0   | 112.4   | 114.5   | 111.8             | 115.8   | 108.1              | .....             |
| <i>Nondurable manufactures</i>                               |          |                 |           |         |         |         |         |         |         |         |         |         |                   |         |                    |                   |
| 11 Foods.....  | 20       | 7.96            | 130.2     | 129.4   | 131.5   | 132.1   | 132.0   | 132.9   | 132.2   | 133.1   | 133.7   | 134.6   | 134.3             | 135.4   | 134.8              | .....             |
| 12 Tobacco products.....                                     | 21       | .62             | 100.2     | 103.2   | 102.8   | 100.3   | 93.8    | 97.0    | 93.6    | 100.3   | 101.6   | 97.6    | 97.9              | 96.9    | .....              | .....             |
| 13 Textile mill products.....                                | 22       | 2.29            | 103.2     | 107.7   | 110.0   | 107.7   | 107.9   | 109.9   | 108.0   | 111.4   | 111.3   | 112.6   | 113.4             | 114.2   | 116.2              | .....             |
| 14 Apparel products.....                                     | 23       | 2.79            | 100.9     | 102.1   | 103.8   | 104.5   | 105.5   | 102.8   | 102.8   | 103.1   | 102.6   | 101.7   | 102.5             | 102.2   | 103.0              | .....             |
| 15 Paper and products.....                                   | 26       | 3.15            | 127.6     | 127.7   | 128.9   | 131.3   | 133.6   | 132.6   | 132.4   | 134.1   | 133.2   | 137.2   | 138.1             | 138.9   | 137.5              | .....             |
| 16 Printing and publishing.....                              | 27       | 4.54            | 153.9     | 154.5   | 156.8   | 157.6   | 160.9   | 156.7   | 157.8   | 161.6   | 161.9   | 164.0   | 165.4             | 165.0   | 164.0              | 164.5             |
| 17 Chemicals and products.....                               | 28       | 8.05            | 127.1     | 127.3   | 128.2   | 128.1   | 131.7   | 132.0   | 130.2   | 132.8   | 131.5   | 134.2   | 134.1             | 134.4   | 134.7              | .....             |
| 18 Petroleum products.....                                   | 29       | 2.40            | 86.8      | 87.9    | 87.6    | 88.9    | 94.7    | 90.1    | 88.6    | 91.3    | 95.7    | 91.8    | 90.6              | 94.5    | 93.3               | 92.4              |
| 19 Rubber and plastic products.....                          | 30       | 2.80            | 146.9     | 149.0   | 150.1   | 149.4   | 150.2   | 151.1   | 147.8   | 146.8   | 150.1   | 152.2   | 155.5             | 156.0   | 156.4              | .....             |
| 20 Leather and products.....                                 | 31       | .53             | 68.5      | 68.2    | 68.7    | 66.4    | 65.4    | 64.8    | 62.7    | 61.5    | 59.5    | 57.9    | 61.9              | 62.0    | 60.2               | .....             |
| <i>Durable manufactures</i>                                  |          |                 |           |         |         |         |         |         |         |         |         |         |                   |         |                    |                   |
| 21 Lumber and products.....                                  | 24       | 2.30            | 113.4     | 116.2   | 115.0   | 116.1   | 120.5   | 120.3   | 120.7   | 121.3   | 121.6   | 120.9   | 120.8             | 123.1   | .....              | .....             |
| 22 Furniture and fixtures.....                               | 25       | 1.27            | 139.7     | 140.0   | 142.2   | 140.5   | 141.2   | 143.2   | 142.9   | 145.9   | 146.2   | 147.1   | 149.5             | 147.8   | 147.0              | .....             |
| 23 Clay, glass, stone products.....                          | 32       | 2.72            | 115.5     | 116.1   | 116.7   | 118.2   | 120.0   | 119.3   | 120.0   | 121.6   | 120.2   | 120.8   | 119.6             | 119.6   | 121.4              | .....             |
| 24 Primary metals.....                                       | 33       | 5.33            | 80.5      | 81.9    | 82.9    | 81.7    | 82.4    | 80.3    | 76.3    | 78.1    | 74.8    | 71.4    | 73.6              | 73.4    | 72.8               | 73.7              |
| 25 Iron and steel.....                                       | 331.2    | 3.49            | 70.4      | 72.4    | 73.9    | 71.6    | 72.2    | 69.5    | 64.3    | 65.6    | 60.2    | 58.3    | 61.7              | 60.8    | 59.2               | .....             |
| 26 Fabricated metal products.....                            | 34       | 6.46            | 107.3     | 107.9   | 107.6   | 108.2   | 109.2   | 108.5   | 107.6   | 108.2   | 106.5   | 106.6   | 105.7             | 105.8   | 105.9              | 106.0             |
| 27 Nonelectrical machinery.....                              | 35       | 9.54            | 145.3     | 141.7   | 144.8   | 146.2   | 144.9   | 143.9   | 141.7   | 140.8   | 141.3   | 140.4   | 142.6             | 143.0   | 141.3              | 142.0             |
| 28 Electrical machinery.....                                 | 36       | 7.15            | 168.4     | 164.2   | 166.9   | 168.7   | 166.1   | 164.8   | 165.2   | 166.8   | 166.0   | 163.2   | 166.8             | 167.1   | 166.8              | 167.3             |
| 29 Transportation equipment.....                             | 37       | 9.13            | 121.4     | 123.3   | 124.8   | 124.0   | 128.2   | 127.5   | 122.6   | 126.2   | 124.1   | 125.1   | 125.6             | 125.1   | 127.8              | 125.2             |
| 30 Motor vehicles and parts.....                             | 371      | 5.25            | 111.5     | 111.4   | 112.6   | 111.4   | 116.5   | 116.4   | 108.1   | 112.6   | 108.7   | 110.6   | 111.2             | 108.2   | 112.3              | 107.2             |
| 31 Aerospace and miscellaneous transportation equipment..... | 372-6.9  | 3.87            | 134.9     | 139.4   | 141.3   | 141.0   | 143.9   | 142.6   | 142.4   | 144.8   | 145.0   | 144.7   | 145.2             | 148.0   | 148.8              | 149.7             |
| 32 Instruments.....  | 38       | 2.66            | 139.1     | 138.4   | 139.9   | 140.4   | 141.5   | 141.9   | 142.0   | 142.4   | 140.3   | 139.9   | 141.7             | 142.1   | 140.6              | 139.4             |
| 33 Miscellaneous manufactures.....                           | 39       | 1.46            | 96.1      | 95.0    | 94.8    | 96.6    | 100.9   | 100.9   | 99.0    | 99.2    | 101.0   | 98.3    | 97.5              | 97.8    | 97.0               | .....             |
| <i>Utilities</i>   |          |                 |           |         |         |         |         |         |         |         |         |         |                   |         |                    |                   |
| 34 Electric.....   |          | 4.17            | 119.7     | 119.4   | 120.1   | 122.4   | 119.7   | 119.5   | 119.8   | 121.6   | 121.7   | 123.1   | 125.4             | 122.4   | 126.0              | .....             |
| Gross value (billions of 1978 dollars, annual rates)         |          |                 |           |         |         |         |         |         |         |         |         |         |                   |         |                    |                   |
| MAJOR MARKET   |          |                 |           |         |         |         |         |         |         |         |         |         |                   |         |                    |                   |
| 35 Products, total.....                                      |          | 517.5           | 1,650.9   | 1,658.6 | 1,680.6 | 1,676.6 | 1,702.1 | 1,686.5 | 1,660.8 | 1,686.3 | 1,687.6 | 1,676.7 | 1,669.9           | 1,682.2 | 1,685.1            | 1,684.9           |
| 36 Final.....  |          | 405.7           | 1,282.3   | 1,284.6 | 1,304.9 | 1,302.5 | 1,321.2 | 1,310.3 | 1,282.5 | 1,307.0 | 1,301.1 | 1,289.5 | 1,282.7           | 1,293.7 | 1,299.3            | 1,293.5           |
| 37 Consumer goods.....                                       |          | 272.7           | 820.7     | 822.1   | 838.1   | 841.7   | 850.7   | 845.3   | 832.0   | 852.3   | 852.4   | 843.8   | 842.3             | 848.2   | 846.1              | 839.9             |
| 38 Equipment.....  |          | 133.0           | 461.7     | 462.5   | 466.8   | 460.8   | 470.5   | 465.1   | 450.4   | 454.7   | 448.7   | 445.7   | 440.4             | 445.5   | 453.2              | 453.7             |
| 39 Intermediate.....   |          | 111.9           | 368.6     | 374.0   | 375.7   | 374.1   | 380.8   | 376.2   | 378.3   | 379.3   | 386.4   | 387.2   | 387.1             | 388.5   | 385.8              | 391.4             |

▲ A major revision of the industrial production index and the capacity utilization rates was released in July 1985. See "A Revision of the Index of Industrial Production" and accompanying tables that contain revised indexes (1977=100) through December 1984 in the FEDERAL RESERVE BULLETIN, vol. 71

(July 1985), pp. 487-501. The revised indexes for January through June 1985 were shown in the September BULLETIN.  
NOTE: These data also appear in the Board's G.12.3 (414) release. For address, see inside front cover.

## 2.14 HOUSING AND CONSTRUCTION

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

| Item  | 1983    | 1984    | 1985    | 1985    |         | 1986    |         |         |         |                    |                   |                   |         |  |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------------------|-------------------|-------------------|---------|--|
|   |         |         |         | Dec.    | Jan.    | Feb.    | Mar.    | Apr.    | May     | June               | July <sup>r</sup> | Aug. <sup>r</sup> | Sept.   |  |
| Private residential real estate activity (thousands of units) |         |         |         |         |         |         |         |         |         |                    |                   |                   |         |  |
| NEW UNITS   |         |         |         |         |         |         |         |         |         |                    |                   |                   |         |  |
| 1 Permits authorized .....                                    | 1,605   | 1,682   | 1,733   | 1,839   | 1,861   | 1,808   | 1,834   | 1,885   | 1,788   | 1,792              | 1,759             | 1,673             | 1,603   |  |
| 2 1-family .....  | 902     | 922     | 957     | 963     | 1,060   | 1,033   | 1,043   | 1,139   | 1,092   | 1,121              | 1,093             | 1,039             | 1,047   |  |
| 3 2-or-more-family .....                                      | 703     | 759     | 777     | 876     | 801     | 775     | 791     | 746     | 696     | 671                | 666               | 634               | 556     |  |
| 4 Started .....   | 1,703   | 1,749   | 1,742   | 1,882   | 2,034   | 2,001   | 1,960   | 2,019   | 1,853   | 1,852              | 1,782             | 1,795             | 1,652   |  |
| 5 1-family .....  | 1,067   | 1,084   | 1,072   | 1,098   | 1,335   | 1,202   | 1,221   | 1,242   | 1,241   | 1,230              | 1,137             | 1,186             | 1,100   |  |
| 6 2-or-more-family .....                                      | 635     | 665     | 669     | 784     | 699     | 799     | 739     | 777     | 612     | 622                | 645               | 609               | 552     |  |
| 7 Under construction, end of period <sup>1</sup> .....        | 1,003   | 1,051   | 1,063   | 1,088   | 1,094   | 1,110   | 1,099   | 1,135   | 1,132   | 1,151              | 1,157             | 1,164             | 1,155   |  |
| 8 1-family .....  | 524     | 556     | 539     | 561     | 571     | 581     | 574     | 586     | 597     | 612                | 623               | 629               | 626     |  |
| 9 2-or-more-family .....                                      | 479     | 494     | 524     | 528     | 522     | 529     | 526     | 549     | 534     | 539                | 533               | 535               | 529     |  |
| 10 Completed .....  | 1,390   | 1,652   | 1,703   | 1,762   | 1,778   | 1,725   | 1,806   | 1,693   | 1,829   | 1,620              | 1,761             | 1,769             | 1,730   |  |
| 11 1-family .....   | 924     | 1,025   | 1,072   | 1,141   | 1,075   | 1,038   | 1,153   | 1,127   | 1,140   | 1,060              | 1,067             | 1,132             | 1,112   |  |
| 12 2-or-more-family .....                                     | 466     | 627     | 631     | 621     | 703     | 687     | 653     | 566     | 689     | 560                | 694               | 637               | 618     |  |
| 13 Mobile homes shipped .....                                 | 296     | 296     | 284     | 285     | 280     | 266     | 240     | 249     | 239     | 226                | 236               | 232               | 244     |  |
| Merchant builder activity in 1-family units                   |         |         |         |         |         |         |         |         |         |                    |                   |                   |         |  |
| 14 Number sold .....  | 622     | 639     | 688     | 729     | 735     | 741     | 924     | 880     | 787     | 722 <sup>r</sup>   | 695               | 624               | 690     |  |
| 15 Number for sale, end of period <sup>1</sup> .....          | 304     | 358     | 350     | 349     | 352     | 352     | 338     | 336     | 336     | 340 <sup>r</sup>   | 349               | 354               | 357     |  |
| Price (thousands of dollars) <sup>2</sup>                     |         |         |         |         |         |         |         |         |         |                    |                   |                   |         |  |
| Median  |         |         |         |         |         |         |         |         |         |                    |                   |                   |         |  |
| 16 Units sold .....   | 75.5    | 80.0    | 84.3    | 87.9    | 86.6    | 89.7    | 88.7    | 92.5    | 92.1    | 91.2               | 93.5              | 91.6              | 91.7    |  |
| Average   |         |         |         |         |         |         |         |         |         |                    |                   |                   |         |  |
| 17 Units sold .....   | 89.9    | 97.5    | 101.0   | 106.1   | 104.1   | 106.6   | 108.0   | 110.3   | 114.6   | 110.9 <sup>r</sup> | 116.3             | 113.8             | 114.1   |  |
| EXISTING UNITS (1-family)                                     |         |         |         |         |         |         |         |         |         |                    |                   |                   |         |  |
| 18 Number sold .....  | 2,719   | 2,868   | 3,217   | 3,520   | 3,300   | 3,270   | 3,200   | 3,570   | 3,450   | 3,390              | 3,470             | 3,610             | 3,770   |  |
| Price of units sold (thousands of dollars) <sup>2</sup>       |         |         |         |         |         |         |         |         |         |                    |                   |                   |         |  |
| Median  |         |         |         |         |         |         |         |         |         |                    |                   |                   |         |  |
| 19 Median .....   | 69.8    | 72.3    | 75.4    | 75.5    | 77.1    | 77.4    | 79.8    | 80.2    | 83.2    | 82.6               | 79.9              | 82.0              | 79.4    |  |
| Average   |         |         |         |         |         |         |         |         |         |                    |                   |                   |         |  |
| 20 Average .....  | 82.5    | 85.9    | 90.6    | 91.8    | 93.0    | 93.1    | 96.8    | 98.1    | 101.7   | 102.1              | 99.2              | 100.3             | 96.8    |  |
| Value of new construction <sup>3</sup> (millions of dollars)  |         |         |         |         |         |         |         |         |         |                    |                   |                   |         |  |
| CONSTRUCTION  |         |         |         |         |         |         |         |         |         |                    |                   |                   |         |  |
| 21 Total put in place .....                                   | 279,240 | 327,209 | 355,570 | 365,554 | 373,378 | 373,947 | 368,027 | 373,904 | 374,483 | 375,397            | 376,613           | 380,428           | 385,656 |  |
| 22 Private .....  | 228,527 | 271,973 | 292,792 | 300,619 | 305,366 | 305,682 | 298,868 | 303,320 | 302,573 | 304,567            | 304,241           | 307,511           | 309,113 |  |
| 23 Residential .....  | 126,553 | 155,148 | 158,818 | 161,786 | 163,413 | 164,713 | 165,645 | 170,520 | 172,491 | 174,478            | 174,263           | 175,168           | 176,712 |  |
| 24 Nonresidential, total .....                                | 101,974 | 116,825 | 133,974 | 138,833 | 141,953 | 140,969 | 133,223 | 132,800 | 130,082 | 130,089            | 129,978           | 132,343           | 132,401 |  |
| Buildings   |         |         |         |         |         |         |         |         |         |                    |                   |                   |         |  |
| 25 Industrial .....   | 12,863  | 13,746  | 15,769  | 16,546  | 15,783  | 16,381  | 13,354  | 14,557  | 13,658  | 13,027             | 12,866            | 12,591            | 13,485  |  |
| 26 Commercial .....   | 35,789  | 48,100  | 59,626  | 63,863  | 65,222  | 63,494  | 60,716  | 59,763  | 57,368  | 57,443             | 58,077            | 60,050            | 58,839  |  |
| 27 Other .....  | 11,838  | 12,547  | 12,619  | 12,487  | 12,781  | 13,065  | 13,131  | 13,006  | 13,131  | 13,263             | 13,296            | 13,394            | 14,707  |  |
| 28 Public utilities and other .....                           | 41,484  | 42,432  | 45,960  | 45,937  | 48,167  | 48,029  | 46,022  | 45,474  | 45,925  | 46,356             | 45,739            | 46,308            | 45,370  |  |
| 29 Public .....   | 50,715  | 55,232  | 62,777  | 64,935  | 68,013  | 68,264  | 69,159  | 70,583  | 71,910  | 70,830             | 72,373            | 72,917            | 76,543  |  |
| 30 Military .....   | 2,544   | 2,839   | 3,283   | 3,539   | 3,407   | 3,974   | 3,673   | 3,725   | 3,637   | 3,761              | 3,768             | 4,021             | 4,285   |  |
| 31 Highway .....  | 14,143  | 16,343  | 19,998  | 21,017  | 22,129  | 22,273  | 22,673  | 23,155  | 23,240  | 22,001             | 21,771            | 21,843            | 21,641  |  |
| 32 Conservation and development .....                         | 4,820   | 4,654   | 4,952   | 4,958   | 5,614   | 4,372   | 4,598   | 4,947   | 4,729   | 4,657              | 4,371             | 4,365             | 5,022   |  |
| 33 Other .....  | 29,208  | 31,396  | 34,544  | 35,421  | 36,863  | 37,645  | 38,215  | 38,756  | 40,304  | 40,411             | 42,463            | 42,688            | 45,595  |  |

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. 1986 (1967=100) <sup>1</sup> |
|--|-------------------------------|-----------|---|-------|-------------------|--------------------|-----------------------------|-------------------|------|-------|------|---|
|  | 1985 Oct.                     | 1986 Oct. | 1985 Dec.                                     | 1986  |                   |                    | 1986                        |                   |      |       |      |   |
|  |                               |           |   | Mar.  | June <sup>r</sup> | Sept. <sup>r</sup> | June <sup>r</sup>           | July <sup>r</sup> | Aug. | Sept. | Oct. |   |
| <b>CONSUMER PRICES<sup>2</sup></b>           |                               |           |   |       |                   |                    |                             |                   |      |       |      |   |
| 1 All items .....                            | 3.2                           | 1.5       | 5.3   | -1.9  | 1.5               | 2.2                | .5                          | .0                | .2   | .3    | .2   | 330.5   |
| 2 Food .....                                 | 1.8                           | 4.5       | 5.9   | -1.4  | 3.4               | 9.4                | .1                          | .9                | .9   | .4    | .3   | 323.7   |
| 3 Energy items .....                         | .1                            | -18.4     | 3.3   | -34.2 | -12.5             | -19.5              | 2.3                         | -4.1              | -1.9 | .7    | -2.2 | 348.6   |
| 4 All items less food and energy .....       | 4.2                           | 4.0       | 5.4   | 4.1   | 3.1               | 3.7                | .3                          | .4                | .3   | .3    | .4   | 331.6   |
| 5 Commodities .....                          | 2.0                           | 1.3       | 3.6   | .3    | -.5               | 3.1                | .1                          | .2                | .3   | .2    | .2   | 265.5   |
| 6 Services .....                             | 5.5                           | 5.5       | 6.5   | 6.5   | 5.2               | 4.1                | .4                          | .4                | .3   | .3    | .5   | 403.7   |
| <b>PRODUCER PRICES</b>                       |                               |           |   |       |                   |                    |                             |                   |      |       |      |   |
| 7 Finished goods .....                       | 1.1                           | -1.4      | 9.2   | -12.5 | .4                | .7                 | .1                          | -.5               | .3   | .4    | .3   | 290.5   |
| 8 Consumer foods .....                       | -1.1                          | 5.5       | 16.0  | -8.1  | 5.9               | 13.0               | .0                          | 1.9               | 1.3  | .2    | .9   | 282.9   |
| 9 Consumer energy .....                      | -3.6                          | -36.5     | 20.7  | -66.9 | -22.3             | -36.9              | .1                          | -12.7             | -1.5 | 3.7   | -4.3 | 454.9   |
| 10 Other consumer goods .....                | 3.0                           | 2.9       | 4.4   | 2.5   | 2.0               | 2.2                | .2                          | .2                | .1   | .2    | .8   | 262.4   |
| 11 Capital equipment .....                   | 2.6                           | 2.2       | 5.6   | .7    | 2.3               | 2.2                | .2                          | .1                | .1   | .4    | .5   | 310.1   |
| 12 Intermediate materials <sup>3</sup> ..... | -.5                           | -4.2      | 2.9   | -11.8 | -5.3              | .8                 | .0                          | -.6               | -.2  | .5    | -.3  | 310.4   |
| 13 Excluding energy .....                    | .0                            | .1        | .0  | -1.0  | -1.3              | 2.0                | .0                          | .2                | .0   | .3    | .1   | 304.9   |
| <b>Crude materials</b>                       |                               |           |   |       |                   |                    |                             |                   |      |       |      |   |
| 14 Foods .....                               | -8.3                          | 4.1       | 47.0  | -24.7 | 1.6               | 20.1               | -.7                         | 2.9               | 2.5  | -.8   | 2.6  | 233.7   |
| 15 Energy .....                              | -5.6                          | -27.4     | -4.0  | -51.3 | -29.1             | -13.3              | -1.2                        | -4.5              | -2.6 | 3.7   | -.9  | 539.2   |
| 16 Other .....                               | -4.5                          | -1.7      | 1.5   | -.2   | 7.0               | -18.1              | 1.2                         | .0                | -5.3 | .5    | 1.7  | 242.3   |

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  | 1983           | 1984           | 1985           | 1985           |                | 1986           |                |                 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|
|  |                |                |                | Q3             | Q4             | Q1             | Q2             | Q3 <sup>1</sup> |
| <b>GROSS NATIONAL PRODUCT</b>                  |                |                |                |                |                |                |                |                 |
| <b>1 Total</b>                                 | <b>3,405.7</b> | <b>3,765.0</b> | <b>3,998.1</b> | <b>4,030.5</b> | <b>4,087.7</b> | <b>4,149.2</b> | <b>4,175.6</b> | <b>4,241.1</b>  |
| <i>By source</i>                               |                |                |                |                |                |                |                |                 |
| 2 Personal consumption expenditures            | 2,234.5        | 2,428.2        | 2,600.5        | 2,627.1        | 2,667.9        | 2,697.9        | 2,732.0        | 2,795.9         |
| 3 Durable goods                                | 289.1          | 331.2          | 359.3          | 373.3          | 362.0          | 360.8          | 373.9          | 410.7           |
| 4 Nondurable goods                             | 816.7          | 870.1          | 905.1          | 907.4          | 922.6          | 929.7          | 928.4          | 932.2           |
| 5 Services                                     | 1,128.7        | 1,227.0        | 1,336.1        | 1,346.4        | 1,383.2        | 1,407.4        | 1,429.8        | 1,453.0         |
| 6 Gross private domestic investment            | 502.3          | 662.1          | 661.1          | 657.4          | 669.5          | 708.3          | 687.3          | 674.8           |
| 7 Fixed investment                             | 509.4          | 598.0          | 650.0          | 654.3          | 672.6          | 664.4          | 672.8          | 682.8           |
| 8 Nonresidential                               | 356.9          | 416.5          | 458.2          | 459.8          | 474.0          | 459.2          | 457.5          | 461.0           |
| 9 Structures                                   | 124.0          | 139.3          | 154.8          | 155.0          | 157.2          | 154.6          | 141.5          | 140.0           |
| 10 Producers' durable equipment                | 232.8          | 277.3          | 303.4          | 304.7          | 316.8          | 304.6          | 316.0          | 321.0           |
| 11 Residential structures                      | 152.5          | 181.4          | 191.8          | 194.5          | 198.6          | 205.3          | 215.3          | 221.9           |
| 12 Change in business inventories              | -7.1           | 64.1           | 11.1           | 3.1            | -3.1           | 43.8           | 14.5           | -8.0            |
| 13 Nonfarm                                     | 4              | 56.6           | 12.2           | 3.2            | 16.7           | 41.2           | 10.5           | -10.1           |
| 14 Net exports of goods and services           | -6.1           | -58.7          | -78.9          | -83.7          | -105.3         | -93.7          | -104.5         | -108.2          |
| 15 Exports                                     | 352.5          | 382.7          | 369.8          | 362.3          | 368.2          | 374.8          | 363.0          | 368.0           |
| 16 Imports                                     | 358.7          | 441.4          | 448.6          | 446.0          | 473.6          | 468.5          | 467.5          | 476.1           |
| 17 Government purchases of goods and services  | 675.0          | 733.4          | 815.4          | 829.7          | 855.6          | 836.7          | 860.8          | 878.5           |
| 18 Federal                                     | 283.5          | 311.3          | 354.1          | 360.9          | 380.9          | 355.7          | 367.6          | 372.7           |
| 19 State and local                             | 391.5          | 422.2          | 461.3          | 468.8          | 474.7          | 480.9          | 493.3          | 505.7           |
| <i>By major type of product</i>                |                |                |                |                |                |                |                |                 |
| 20 Final sales, total                          | 3,412.8        | 3,700.9        | 3,987.0        | 4,027.4        | 4,090.8        | 4,105.4        | 4,161.2        | 4,249.0         |
| 21 Goods                                       | 1,396.1        | 1,576.7        | 1,630.2        | 1,642.8        | 1,644.1        | 1,669.0        | 1,661.6        | 1,682.8         |
| 22 Durable                                     | 373.3          | 675.0          | 700.2          | 710.3          | 709.1          | 710.6          | 703.1          | 729.4           |
| 23 Nondurable                                  | 822.7          | 901.7          | 930.0          | 932.5          | 935.0          | 958.4          | 958.5          | 953.2           |
| 24 Services                                    | 1,682.5        | 1,813.1        | 1,959.8        | 1,971.9        | 2,025.5        | 2,057.7        | 2,087.4        | 2,121.3         |
| 25 Structures                                  | 327.1          | 375.1          | 408.1          | 415.9          | 418.1          | 422.6          | 426.7          | 437.2           |
| 26 Change in business inventories              | -7.1           | 64.1           | 11.1           | 3.1            | -3.1           | 43.8           | 14.5           | -8.0            |
| 27 Durable goods                               | -1.0           | 39.2           | 6.6            | -2.7           | 9.5            | 28.6           | -1             | -17.0           |
| 28 Nondurable goods                            | -6.1           | 24.9           | 4.5            | 5.8            | -12.7          | 15.3           | 14.6           | 9.0             |
| <b>29 MEMO: Total GNP in 1982 dollars</b>      | <b>3,279.1</b> | <b>3,489.9</b> | <b>3,585.2</b> | <b>3,603.8</b> | <b>3,622.3</b> | <b>3,655.9</b> | <b>3,661.4</b> | <b>3,687.3</b>  |
| <b>NATIONAL INCOME</b>                         |                |                |                |                |                |                |                |                 |
| <b>30 Total</b>                                | <b>2,719.5</b> | <b>3,032.0</b> | <b>3,222.3</b> | <b>3,243.4</b> | <b>3,287.3</b> | <b>3,340.7</b> | <b>3,376.4</b> | <b>3,396.7</b>  |
| 31 Compensation of employees                   | 2,020.7        | 2,214.7        | 2,368.2        | 2,380.9        | 2,423.6        | 2,461.5        | 2,480.2        | 2,507.3         |
| 32 Wages and salaries                          | 1,676.2        | 1,837.0        | 1,965.8        | 1,976.0        | 2,012.8        | 2,044.1        | 2,058.8        | 2,081.1         |
| 33 Government and government enterprises       | 324.3          | 346.2          | 372.2          | 374.2          | 381.6          | 387.2          | 392.5          | 398.4           |
| 34 Other                                       | 1,352.3        | 1,490.6        | 1,593.9        | 1,601.8        | 1,631.1        | 1,656.8        | 1,666.3        | 1,682.7         |
| 35 Supplement to wages and salaries            | 344.5          | 377.7          | 402.4          | 404.9          | 410.9          | 417.4          | 421.3          | 426.2           |
| 36 Employer contributions for social insurance | 170.9          | 193.1          | 205.5          | 206.1          | 209.1          | 212.9          | 214.1          | 215.8           |
| 37 Other labor income                          | 173.6          | 184.5          | 196.9          | 198.8          | 201.7          | 204.5          | 207.3          | 210.4           |
| 38 Proprietors' income <sup>1</sup>            | 190.9          | 236.9          | 254.4          | 249.3          | 262.1          | 265.3          | 289.1          | 279.5           |
| 39 Business and professional <sup>1</sup>      | 178.4          | 205.3          | 225.2          | 227.7          | 232.7          | 240.9          | 249.6          | 258.0           |
| 40 Farm <sup>1</sup>                           | 12.4           | 31.5           | 29.2           | 21.6           | 29.4           | 24.4           | 39.5           | 21.4            |
| 41 Rental income of persons <sup>2</sup>       | 13.2           | 8.3            | 7.6            | 7.3            | 8.3            | 12.8           | 16.3           | 15.9            |
| 42 Corporate profits <sup>1</sup>              | 213.7          | 264.7          | 280.7          | 296.3          | 285.6          | 296.4          | 293.1          | 299.6           |
| 43 Profits before tax <sup>3</sup>             | 207.6          | 235.7          | 223.2          | 229.2          | 235.8          | 224.3          | 231.3          | 241.3           |
| 44 Inventory valuation adjustment              | -10.9          | -5.5           | -6             | 6.1            | -9.4           | 16.5           | 10.6           | 8.0             |
| 45 Capital consumption adjustment              | 17.0           | 34.5           | 58.1           | 61.0           | 59.2           | 55.6           | 51.3           | 50.2            |
| 46 Net interest                                | 281.0          | 307.4          | 311.4          | 309.7          | 307.6          | 304.9          | 297.7          | 294.5           |

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  | 1983     | 1984     | 1985     | 1985     |          | 1986     |          |                 |
|--|----------|----------|----------|----------|----------|----------|----------|-----------------|
|  |          |          |          | Q3       | Q4       | Q1       | Q2       | Q3 <sup>1</sup> |
| <b>PERSONAL INCOME AND SAVING</b>  |          |          |          |          |          |          |          |                 |
| 1 Total personal income.....   | 2,838.6  | 3,110.2  | 3,314.5  | 3,323.2  | 3,382.9  | 3,432.6  | 3,483.3  | 3,501.6         |
| 2 Wage and salary disbursements.....   | 1,676.6  | 1,836.8  | 1,966.1  | 1,976.0  | 2,012.8  | 2,044.1  | 2,058.8  | 2,081.1         |
| 3 Commodity-producing industries.....  | 523.1    | 577.8    | 607.7    | 608.3    | 617.7    | 622.0    | 620.8    | 621.7           |
| 4 Manufacturing.....   | 397.4    | 439.1    | 460.1    | 460.7    | 467.5    | 470.5    | 468.8    | 469.9           |
| 5 Distributive industries.....   | 404.2    | 442.2    | 469.8    | 472.4    | 478.9    | 485.2    | 484.3    | 488.2           |
| 6 Service industries.....  | 425.1    | 470.6    | 516.4    | 521.1    | 534.6    | 549.6    | 561.3    | 572.8           |
| 7 Government and government enterprises.....                                     | 324.3    | 346.2    | 372.2    | 374.2    | 381.6    | 387.2    | 392.5    | 398.4           |
| 8 Other labor income.....  | 173.6    | 184.5    | 196.9    | 198.8    | 201.7    | 204.5    | 207.3    | 210.4           |
| 9 Proprietors' income <sup>1</sup> .....   | 190.9    | 236.9    | 254.4    | 249.3    | 262.1    | 265.3    | 289.1    | 279.5           |
| 10 Business and professional <sup>1</sup> .....                                  | 178.4    | 205.3    | 225.2    | 227.7    | 232.7    | 240.9    | 249.6    | 258.0           |
| 11 Farm <sup>1</sup> .....   | 12.4     | 31.5     | 29.2     | 21.6     | 29.4     | 24.4     | 39.5     | 21.4            |
| 12 Rental income of persons <sup>2</sup> .....                                   | 13.2     | 8.3      | 7.6      | 7.3      | 8.3      | 12.8     | 16.3     | 15.9            |
| 13 Dividends.....  | 68.7     | 74.7     | 76.4     | 76.3     | 76.7     | 79.1     | 81.1     | 82.0            |
| 14 Personal interest income.....   | 393.1    | 446.9    | 476.2    | 475.2    | 480.6    | 480.8    | 480.1    | 475.1           |
| 15 Transfer payments.....  | 442.6    | 455.6    | 487.1    | 491.1    | 493.6    | 504.7    | 510.1    | 518.4           |
| 16 Old-age survivors, disability, and health insurance benefits.....             | 221.7    | 235.7    | 253.4    | 256.5    | 256.8    | 263.2    | 264.1    | 269.6           |
| 17 LESS: Personal contributions for social insurance.....                        | 120.1    | 133.5    | 150.2    | 150.7    | 152.9    | 158.6    | 159.5    | 160.7           |
| 18 EQUALS: Personal income.....  | 2,838.6  | 3,110.2  | 3,314.5  | 3,323.2  | 3,382.9  | 3,432.6  | 3,483.3  | 3,501.6         |
| 19 LESS: Personal tax and nontax payments.....                                   | 410.5    | 439.6    | 486.5    | 491.2    | 500.7    | 497.5    | 504.8    | 518.9           |
| 20 EQUALS: Disposable personal income.....                                       | 2,428.1  | 2,670.6  | 2,828.0  | 2,832.0  | 2,882.2  | 2,935.1  | 2,978.5  | 2,982.7         |
| 21 LESS: Personal outlays.....   | 2,297.4  | 2,501.9  | 2,684.7  | 2,712.4  | 2,756.4  | 2,789.4  | 2,825.5  | 2,892.3         |
| 22 EQUALS: Personal saving.....  | 130.6    | 168.7    | 143.3    | 119.6    | 125.8    | 145.6    | 153.1    | 90.4            |
| <b>MEMO</b>  |          |          |          |          |          |          |          |                 |
| Per capita (1982 dollars)  |          |          |          |          |          |          |          |                 |
| 23 Gross national product.....   | 13,963.7 | 14,721.1 | 14,980.9 | 15,040.5 | 15,079.9 | 15,188.0 | 15,179.9 | 15,249.3        |
| 24 Personal consumption expenditures.....  | 9,138.5  | 9,475.4  | 9,713.0  | 9,774.4  | 9,790.3  | 9,857.1  | 9,985.0  | 10,119.1        |
| 25 Disposable personal income.....   | 9,930.0  | 10,421.0 | 10,563.0 | 10,537.0 | 10,577.0 | 10,723.0 | 10,886.0 | 10,796.0        |
| 26 Saving rate (percent).....  | 5.4      | 6.3      | 5.1      | 4.2      | 4.4      | 5.0      | 5.1      | 3.0             |
| <b>GROSS SAVING</b>  |          |          |          |          |          |          |          |                 |
| 27 Gross saving.....   | 463.6    | 573.3    | 551.5    | 541.7    | 524.1    | 583.2    | 539.7    | 520.2           |
| 28 Gross private saving.....   | 592.2    | 674.8    | 687.8    | 679.6    | 679.2    | 714.8    | 718.7    | 661.7           |
| 29 Personal saving.....  | 130.6    | 168.7    | 143.3    | 119.6    | 125.8    | 145.6    | 153.1    | 90.4            |
| 30 Undistributed corporate profits <sup>1</sup> .....                            | 65.0     | 91.0     | 107.3    | 118.8    | 106.8    | 122.1    | 112.3    | 113.5           |
| 31 Corporate inventory valuation adjustment.....                                 | 10.9     | -5.5     | -6       | 6.1      | -9.4     | 16.5     | 10.6     | 8.0             |
| <i>Capital consumption allowances</i>  |          |          |          |          |          |          |          |                 |
| 32 Corporate.....  | 242.7    | 253.9    | 268.2    | 270.1    | 273.3    | 275.3    | 278.9    | 281.6           |
| 33 Noncorporate.....   | 153.9    | 161.2    | 169.0    | 171.2    | 173.4    | 171.8    | 174.4    | 176.3           |
| 34 Wage accruals less disbursements.....   | .0       | .0       | .0       | .0       | .0       | .0       | .0       | .0              |
| 35 Government surplus, or deficit (-), national income and product accounts..... | -128.6   | -101.5   | -136.3   | -138.0   | -155.1   | -131.6   | -179.0   | -141.5          |
| 36 Federal.....  | -176.0   | -170.0   | -198.0   | -197.5   | -217.6   | -201.6   | -238.1   | -205.8          |
| 37 State and local.....  | 47.5     | 68.5     | 61.7     | 59.5     | 62.5     | 70.0     | 59.0     | 64.3            |
| 38 Capital grants received by the United States, net.....                        | .0       | .0       | .0       | .0       | .0       | .0       | .0       | .0              |
| 39 Gross investment.....   | 468.8    | 571.4    | 545.9    | 536.2    | 525.7    | 579.6    | 544.3    | 530.0           |
| 40 Gross private domestic.....   | 502.3    | 662.1    | 661.1    | 657.4    | 669.5    | 708.3    | 687.3    | 674.8           |
| 41 Net foreign.....  | -33.5    | -90.7    | -115.2   | -121.2   | -143.8   | -128.6   | -143.0   | -144.8          |
| 42 Statistical discrepancy.....  | 5.2      | -1.9     | -5.5     | -5.5     | 1.6      | -3.6     | 4.6      | 9.8             |

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.

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



## 3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data are seasonally adjusted except as noted.<sup>1</sup>

| Item credits or debits  | 1983     | 1984     | 1985     | 1985    |         |         | 1986    |                 |
|---|----------|----------|----------|---------|---------|---------|---------|-----------------|
|   |          |          |          | Q2      | Q3      | Q4      | Q1      | Q2 <sup>2</sup> |
| 1 Balance on current account .....  | -46,605  | -106,466 | -117,677 | -29,416 | -28,454 | -33,698 | -34,038 | -34,731         |
| 2 Not seasonally adjusted.....  |          |          |          | -30,362 | -32,275 | -31,510 | -31,020 | -35,753         |
| 3 Merchandise trade balance <sup>2</sup> .....  | -67,080  | -112,522 | -124,439 | -30,367 | -31,675 | -37,352 | -36,459 | -36,023         |
| 4 Merchandise exports .....   | 201,820  | 219,900  | 214,424  | 53,875  | 52,498  | 52,727  | 53,661  | 54,795          |
| 5 Merchandise imports .....   | -268,900 | -332,422 | -338,863 | -84,242 | -84,173 | -90,079 | -90,120 | -90,818         |
| 6 Military transactions, net .....  | -370     | -1,827   | -2,917   | -729    | -619    | -1,322  | -1,066  | -704            |
| 7 Investment income, net <sup>3</sup> .....   | 24,841   | 18,751   | 25,188   | 5,449   | 8,262   | 9,255   | 6,517   | 5,290           |
| 8 Other service transactions, net.....  | 5,484    | 1,288    | -525     | -311    | -421    | -35     | -7      | 753             |
| 9 Remittances, pensions, and other transfers .....  | -3,194   | -3,621   | -3,787   | -881    | -914    | -937    | -954    | -843            |
| 10 U.S. government grants (excluding military).....   | -6,286   | -8,536   | -11,196  | -2,577  | -3,087  | -3,307  | -2,069  | -3,204          |
| 11 Change in U.S. government assets, other than official<br>reserve assets, net (increase, -) .....                                 | -5,005   | -5,523   | -2,824   | -1,055  | -422    | -540    | -250    | -181            |
| 12 Change in U.S. official reserve assets (increase, -) .....   | -1,196   | -3,130   | -3,858   | -356    | -121    | -3,148  | -115    | 16              |
| 13 Gold.....  | 0        | 0        | 0        | 0       | 0       | 0       | 0       | 0               |
| 14 Special drawing rights (SDRs) .....  | -66      | -979     | -897     | -180    | -264    | -189    | -274    | -104            |
| 15 Reserve position in International Monetary Fund .....  | -4,434   | -995     | 908      | 72      | 388     | 168     | 344     | 366             |
| 16 Foreign currencies .....   | 3,304    | -1,156   | -3,869   | -248    | -245    | -3,126  | -185    | -246            |
| 17 Change in U.S. private assets abroad (increase, -) <sup>3</sup> .....  | -43,821  | -14,987  | -25,754  | -1,382  | -5,324  | -19,579 | -12,533 | -17,584         |
| 18 Bank-reported claims .....   | -29,928  | -11,127  | -691     | 3,450   | 4,009   | -8,485  | 6,333   | -10,744         |
| 19 Nonbank-reported claims .....  | -6,513   | 5,081    | 1,665    | 1,706   | -1,517  | 418     | -2,842  | n.a.            |
| 20 U.S. purchase of foreign securities, net .....   | -7,007   | -5,082   | -7,977   | -2,325  | -1,664  | -1,411  | -6,133  | -1,567          |
| 21 U.S. direct investments abroad, net <sup>3</sup> .....   | -373     | -3,859   | -18,752  | -4,213  | -6,152  | -10,101 | -9,891  | -5,273          |
| 22 Change in foreign official assets in the United States<br>(increase, +) .....  | 5,968    | 3,037    | -1,324   | 8,486   | 2,577   | -1,322  | 2,469   | 13,766          |
| 23 U.S. Treasury securities .....   | 6,972    | 4,690    | -546     | 8,685   | -81     | -1,976  | 3,256   | 13,889          |
| 24 Other U.S. government obligations .....  | -476     | 13       | -295     | 136     | 46      | -171    | -177    | -597            |
| 25 Other U.S. government liabilities <sup>4</sup> .....   | 725      | 436      | 483      | 606     | 58      | 263     | 288     | 663             |
| 26 Other U.S. liabilities reported by U.S. banks .....  | 545      | 555      | 522      | -107    | 2,932   | 722     | -1,261  | 350             |
| 27 Other foreign official assets <sup>5</sup> .....   | -1,798   | -2,657   | -1,488   | -834    | -378    | -160    | 363     | -539            |
| 28 Change in foreign private assets in the United States<br>(increase, +) <sup>3</sup> .....  | 79,528   | 99,730   | 128,430  | 16,872  | 33,088  | 53,158  | 34,151  | 32,738          |
| 29 U.S. bank-reported liabilities .....   | 50,342   | 33,849   | 40,387   | 606     | 7,276   | 20,427  | 8,434   | 4,983           |
| 30 U.S. nonbank-reported liabilities .....  | -118     | 4,704    | -1,172   | -1,837  | 589     | 2,232   | -2,057  | n.a.            |
| 31 Foreign private purchases of U.S. Treasury securities, net .....   | 8,721    | 23,059   | 20,500   | 5,123   | 7,484   | 5,676   | 7,666   | 1,391           |
| 32 Foreign purchases of other U.S. securities, net .....  | 8,636    | 12,759   | 50,859   | 7,223   | 11,628  | 22,441  | 18,686  | 22,590          |
| 33 Foreign direct investments in the United States, net <sup>3</sup> .....  | 11,947   | 25,359   | 17,856   | 5,757   | 6,111   | 2,382   | 1,422   | 3,774           |
| 34 Allocation of SDRs.....  | 0        | 0        | 0        | 0       | 0       | 0       | 0       | 0               |
| 35 Discrepancy .....  | 11,130   | 27,338   | 23,006   | 6,851   | -1,344  | 5,128   | 10,316  | 5,976           |
| 36 Owing to seasonal adjustments .....  |          |          |          | -1,175  | -3,688  | 3,774   | 1,216   | -1,464          |
| 37 Statistical discrepancy in recorded data before seasonal<br>adjustment .....   | 11,130   | 27,338   | 23,006   | 8,026   | 2,344   | 1,354   | 9,100   | 7,440           |
| <b>MEMO</b>   |          |          |          |         |         |         |         |                 |
| Changes in official assets  |          |          |          |         |         |         |         |                 |
| 38 U.S. official reserve assets (increase, -) .....   | -1,196   | -3,130   | -3,858   | -356    | -121    | -3,148  | -115    | 16              |
| 39 Foreign official assets in the United States<br>(increase, +) .....  | 5,243    | 2,601    | -1,807   | 7,880   | 2,519   | -1,585  | 2,181   | 13,103          |
| 40 Change in Organization of Petroleum Exporting Countries<br>official assets in the United States (part of line 22<br>above) ..... | -8,283   | -4,304   | -6,599   | -1,843  | -1,831  | -1,002  | 1,421   | -2,609          |
| 41 Transfers under military grant programs (excluded from<br>lines 4, 6, and 10 above) .....  | 194      | 190      | 64       | 12      | 15      | 28      | 22      | 61              |

1. Seasonal factors are not calculated for lines 6, 10, 12-16, 18-20, 22-34, and 38-41.

2. Data are on an international accounts (IA) basis. Differs from the Census basis data, shown in table 3.11, for reasons of coverage and timing; military exports are excluded from merchandise data and are included in line 6.

3. Includes reinvested earnings.

4. Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.

5. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

NOTE: Data are from Bureau of Economic Analysis, *Survey of Current Business* (Department of Commerce).

## 3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are not seasonally adjusted.

| Item  | 1983    | 1984    | 1985     | 1986    |         |         |         |         |         |         |
|---|---------|---------|----------|---------|---------|---------|---------|---------|---------|---------|
|   |         |         |          | Mar.    | Apr.    | May     | June    | July    | Aug.    | Sept.   |
| 1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments .....                           | 200,486 | 217,865 | 213,146  | 18,913  | 17,965  | 17,431  | 19,070  | 17,707  | 17,604  | 17,518  |
| 2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses ..... | 258,048 | 325,726 | 345,276  | 31,972  | 28,762  | 30,272  | 31,764  | 34,121  | 29,476  | 28,695  |
| 3 Trade balance .....   | -57,562 | 107,861 | -132,129 | -13,059 | -10,797 | -12,842 | -12,694 | -16,414 | -11,871 | -11,177 |

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: 1990 "Summary of U.S. Export and Import Merchandise Trade" (Department of Commerce, Bureau of the Census).

## 3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

| Type   | 1983   | 1984   | 1985   | 1986   |        |        |        |        |        |        |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|  |        |        |        | Apr.   | May    | June   | July   | Aug.   | Sept.  | Oct.   |
| 1 Total .....  | 33,747 | 34,934 | 43,191 | 46,491 | 45,260 | 46,635 | 47,430 | 48,161 | 48,086 | 47,166 |
| 2 Gold stock, including Exchange Stabilization Fund <sup>1</sup> ..... | 11,121 | 11,096 | 11,090 | 11,089 | 11,085 | 11,084 | 11,084 | 11,084 | 11,084 | 11,143 |
| 3 Special drawing rights <sup>2,3</sup> .....                          | 5,025  | 5,641  | 7,293  | 8,098  | 8,066  | 8,213  | 8,085  | 8,250  | 8,295  | 8,090  |
| 4 Reserve position in International Monetary Fund <sup>2</sup> .....   | 11,312 | 11,541 | 11,952 | 12,242 | 11,789 | 12,109 | 12,114 | 12,017 | 11,922 | 11,575 |
| 5 Foreign currencies <sup>4</sup> .....                                | 6,289  | 6,656  | 12,856 | 15,062 | 14,320 | 15,229 | 16,147 | 16,810 | 16,785 | 16,358 |

1. Gold held under earmark at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.13. Gold stock is valued at \$42.22 per fine troy ounce.

2. Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, 16 currencies were used; from January 1981, 5 currencies have been used. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974.

3. Includes allocations by the International Monetary Fund of SDRs as follows: \$867 million on Jan. 1, 1970; \$717 million on Jan. 1, 1971; \$710 million on Jan. 1, 1972; \$1,139 million on Jan. 1, 1979; \$1,152 million on Jan. 1, 1980; and \$1,093 million on Jan. 1, 1981; plus transactions in SDRs.

4. Valued at current market exchange rates.

## 3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

| Assets  | 1983    | 1984    | 1985    | 1986    |         |         |         |         |         |         |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|   |         |         |         | Apr.    | May     | June    | July    | Aug.    | Sept.   | Oct.    |
| 1 Deposits .....                              | 190     | 267     | 480     | 325     | 253     | 354     | 233     | 227     | 342     | 303     |
| Assets held in custody                        |         |         |         |         |         |         |         |         |         |         |
| 2 U.S. Treasury securities <sup>1</sup> ..... | 117,670 | 118,000 | 121,004 | 132,017 | 136,762 | 137,820 | 144,527 | 148,263 | 152,275 | 156,076 |
| 3 Earmarked gold <sup>2</sup> .....           | 14,414  | 14,242  | 14,245  | 14,160  | 14,145  | 14,128  | 14,131  | 14,120  | 14,115  | 14,110  |

1. Marketable U.S. Treasury bills, notes, and bonds; and nonmarketable U.S. Treasury securities payable in dollars and in foreign currencies.

2. Earmarked gold is valued at \$42.22 per fine troy ounce.

NOTE: Excludes deposits and U.S. Treasury securities held for international and regional organizations. Earmarked gold is gold held for foreign and international accounts and is not included in the gold stock of the United States.

3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data<sup>1</sup>

Millions of dollars, end of period

| Asset account                                | 1983           | 1984           | 1985           | 1986           |                |                |                     |                            |                    |                    |
|--|----------------|----------------|----------------|----------------|----------------|----------------|---------------------|----------------------------|--------------------|--------------------|
|  |                |                |                | Mar.           | Apr.           | May            | June                | July                       | Aug.               | Sept. <sup>2</sup> |
| <b>All foreign countries</b>                 |                |                |                |                |                |                |                     |                            |                    |                    |
| <b>1 Total, all currencies</b>               | <b>477,090</b> | <b>453,656</b> | <b>458,012</b> | <b>459,885</b> | <b>475,158</b> | <b>459,587</b> | <b>467,565</b>      | <b>454,886<sup>r</sup></b> | <b>461,404</b>     | <b>474,562</b>     |
| 2 Claims on United States                    | 115,542        | 113,393        | 119,713        | 118,524        | 122,487        | 117,627        | 117,680             | 113,383                    | 117,661            | 116,378            |
| 3 Parent bank                                | 82,026         | 78,109         | 87,201         | 85,164         | 88,975         | 83,404         | 82,514              | 79,387                     | 83,779             | 82,297             |
| 4 Other banks in United States <sup>2</sup>  | 33,516         | 13,664         | 13,057         | 12,960         | 12,792         | 13,185         | 14,019 <sup>r</sup> | 13,508 <sup>r</sup>        | 13,071             | 13,624             |
| 5 Nonbanks <sup>2</sup>                      |                | 21,620         | 19,455         | 20,400         | 20,720         | 21,038         | 21,147 <sup>r</sup> | 20,488 <sup>r</sup>        | 20,811             | 20,457             |
| 6 Claims on foreigners                       | 342,689        | 320,162        | 315,702        | 316,493        | 326,013        | 316,151        | 324,128             | 314,153                    | 315,583            | 328,635            |
| 7 Other branches of parent bank              | 96,004         | 95,184         | 91,399         | 91,586         | 95,238         | 90,447         | 98,457              | 92,641                     | 93,435             | 103,278            |
| 8 Banks                                      | 117,668        | 100,397        | 102,960        | 101,743        | 107,141        | 103,851        | 105,570             | 103,002                    | 102,849            | 107,631            |
| 9 Public borrowers                           | 24,517         | 23,343         | 23,478         | 23,770         | 23,645         | 23,823         | 23,273              | 23,561                     | 23,720             | 23,376             |
| 10 Nonbank foreigners                        | 107,785        | 101,238        | 97,865         | 99,394         | 99,989         | 98,030         | 96,828              | 94,949                     | 95,579             | 94,350             |
| 11 Other assets                              | 18,859         | 20,101         | 22,597         | 24,868         | 26,658         | 25,809         | 25,757              | 27,350 <sup>r</sup>        | 28,160             | 29,549             |
| <b>12 Total payable in U.S. dollars</b>      | <b>371,508</b> | <b>350,636</b> | <b>336,288</b> | <b>324,129</b> | <b>331,511</b> | <b>322,837</b> | <b>327,639</b>      | <b>313,703</b>             | <b>318,357</b>     | <b>330,215</b>     |
| 13 Claims on United States                   | 113,436        | 111,426        | 116,645        | 114,965        | 118,629        | 113,767        | 113,387             | 109,172                    | 113,636            | 112,129            |
| 14 Parent bank                               | 80,909         | 77,229         | 85,971         | 83,841         | 87,597         | 82,110         | 81,022              | 78,025                     | 82,261             | 80,748             |
| 15 Other banks in United States <sup>2</sup> | 32,527         | 13,500         | 12,454         | 12,261         | 11,891         | 12,272         | 12,887 <sup>r</sup> | 12,354 <sup>r</sup>        | 12,179             | 12,802             |
| 16 Nonbanks <sup>2</sup>                     |                | 20,697         | 18,220         | 18,863         | 19,141         | 19,385         | 19,478 <sup>r</sup> | 18,793 <sup>r</sup>        | 19,196             | 18,579             |
| 17 Claims on foreigners                      | 247,406        | 228,600        | 209,927        | 199,279        | 202,498        | 198,172        | 203,846             | 193,901                    | 194,643            | 207,378            |
| 18 Other branches of parent bank             | 78,431         | 78,746         | 72,689         | 70,910         | 73,109         | 69,684         | 75,934              | 69,135                     | 68,604             | 78,400             |
| 19 Banks                                     | 93,332         | 76,940         | 71,748         | 63,849         | 66,006         | 65,053         | 66,673              | 64,940                     | 64,940             | 68,322             |
| 20 Public borrowers                          | 17,890         | 17,626         | 17,252         | 17,219         | 16,752         | 17,180         | 16,492              | 16,667                     | 16,788             | 16,417             |
| 21 Nonbank foreigners                        | 60,977         | 55,288         | 48,238         | 47,301         | 46,631         | 46,255         | 44,747              | 43,159                     | 44,311             | 44,239             |
| 22 Other assets                              | 10,666         | 10,610         | 9,716          | 9,885          | 10,384         | 10,898         | 10,406              | 10,630                     | 10,078             | 10,708             |
| <b>United Kingdom</b>                        |                |                |                |                |                |                |                     |                            |                    |                    |
| <b>23 Total, all currencies</b>              | <b>158,732</b> | <b>144,385</b> | <b>148,599</b> | <b>150,975</b> | <b>155,867</b> | <b>152,075</b> | <b>151,593</b>      | <b>145,448</b>             | <b>145,619</b>     | <b>151,596</b>     |
| 24 Claims on United States                   | 34,433         | 27,675         | 33,157         | 33,990         | 34,234         | 34,231         | 31,364              | 30,223                     | 29,839             | 30,880             |
| 25 Parent bank                               | 29,111         | 21,862         | 26,970         | 27,881         | 28,058         | 28,001         | 25,106              | 24,252                     | 23,466             | 24,291             |
| 26 Other banks in United States <sup>2</sup> | 5,322          | 1,429          | 1,106          | 1,129          | 1,386          | 1,312          | 1,365 <sup>r</sup>  | 1,369 <sup>r</sup>         | 1,448              | 2,092              |
| 27 Nonbanks <sup>2</sup>                     |                | 4,384          | 5,081          | 4,980          | 4,790          | 4,918          | 4,893 <sup>r</sup>  | 4,602 <sup>r</sup>         | 4,925              | 4,497              |
| 28 Claims on foreigners                      | 119,280        | 111,828        | 110,217        | 111,468        | 115,485        | 111,823        | 113,739             | 108,156                    | 109,024            | 113,440            |
| 29 Other branches of parent bank             | 36,565         | 37,953         | 31,576         | 31,250         | 32,516         | 31,984         | 34,670              | 31,613                     | 31,828             | 34,678             |
| 30 Banks                                     | 43,352         | 37,443         | 39,250         | 38,929         | 41,593         | 39,222         | 39,430              | 38,393                     | 38,048             | 40,332             |
| 31 Public borrowers                          | 5,898          | 5,334          | 5,644          | 5,833          | 5,642          | 5,427          | 5,236               | 5,229                      | 5,036              | 4,957              |
| 32 Nonbank foreigners                        | 33,465         | 31,098         | 33,747         | 35,456         | 35,734         | 35,190         | 34,403              | 32,921                     | 33,812             | 33,473             |
| 33 Other assets                              | 5,019          | 4,882          | 5,225          | 5,517          | 6,148          | 6,021          | 6,490               | 7,069                      | 6,756              | 7,276              |
| <b>34 Total payable in U.S. dollars</b>      | <b>126,012</b> | <b>112,809</b> | <b>108,626</b> | <b>105,118</b> | <b>107,364</b> | <b>106,716</b> | <b>104,013</b>      | <b>97,641</b>              | <b>97,771</b>      | <b>102,851</b>     |
| 35 Claims on United States                   | 33,756         | 26,868         | 32,092         | 32,746         | 32,959         | 32,872         | 29,944              | 28,848                     | 28,446             | 29,513             |
| 36 Parent bank                               | 28,756         | 21,495         | 26,568         | 27,393         | 27,584         | 27,584         | 24,693              | 23,888                     | 22,972             | 23,826             |
| 37 Other banks in United States <sup>2</sup> | 5,000          | 1,363          | 1,005          | 1,027          | 1,225          | 1,152          | 1,102 <sup>r</sup>  | 1,131 <sup>r</sup>         | 1,194              | 1,848              |
| 38 Nonbanks <sup>2</sup>                     |                | 4,010          | 4,519          | 4,326          | 4,105          | 4,136          | 4,136               | 4,149 <sup>r</sup>         | 3,829 <sup>r</sup> | 4,280              |
| 39 Claims on foreigners                      | 88,917         | 82,945         | 73,475         | 69,433         | 71,058         | 70,406         | 70,697              | 65,472                     | 66,465             | 70,002             |
| 40 Other branches of parent bank             | 31,838         | 33,607         | 26,011         | 25,250         | 26,224         | 26,265         | 27,559              | 24,258                     | 24,657             | 27,151             |
| 41 Banks                                     | 32,188         | 26,805         | 26,139         | 22,106         | 23,310         | 23,134         | 22,825              | 21,938                     | 21,636             | 22,643             |
| 42 Public borrowers                          | 4,194          | 4,030          | 3,999          | 4,223          | 4,012          | 3,977          | 3,777               | 3,793                      | 3,838              | 3,674              |
| 43 Nonbank foreigners                        | 20,697         | 18,503         | 17,326         | 17,854         | 17,512         | 17,070         | 16,536              | 15,483                     | 16,334             | 16,534             |
| 44 Other assets                              | 3,339          | 2,996          | 3,059          | 2,939          | 3,347          | 3,438          | 3,372               | 3,321                      | 2,860              | 3,336              |
| <b>Bahamas and Caymans</b>                   |                |                |                |                |                |                |                     |                            |                    |                    |
| <b>45 Total, all currencies</b>              | <b>152,083</b> | <b>146,811</b> | <b>142,055</b> | <b>136,529</b> | <b>137,272</b> | <b>132,122</b> | <b>138,944</b>      | <b>134,238</b>             | <b>137,526</b>     | <b>143,082</b>     |
| 46 Claims on United States                   | 75,309         | 77,296         | 74,864         | 71,735         | 72,755         | 68,710         | 70,751              | 69,721                     | 73,047             | 71,918             |
| 47 Parent bank                               | 48,720         | 49,449         | 50,553         | 46,813         | 47,613         | 42,868         | 44,132              | 43,867                     | 47,694             | 46,635             |
| 48 Other banks in United States <sup>2</sup> | 26,589         | 11,544         | 11,204         | 10,827         | 10,445         | 10,895         | 11,710 <sup>r</sup> | 11,182 <sup>r</sup>        | 10,812             | 10,641             |
| 49 Nonbanks <sup>2</sup>                     |                | 16,303         | 13,107         | 14,095         | 14,697         | 14,947         | 14,907 <sup>r</sup> | 14,672 <sup>r</sup>        | 14,541             | 14,642             |
| 50 Claims on foreigners                      | 72,868         | 65,598         | 63,904         | 60,564         | 60,301         | 59,106         | 63,955              | 60,162                     | 60,167             | 66,620             |
| 51 Other branches of parent bank             | 20,626         | 17,661         | 19,042         | 19,131         | 18,286         | 15,703         | 20,636              | 16,682                     | 16,539             | 22,763             |
| 52 Banks                                     | 36,842         | 30,246         | 28,192         | 25,129         | 25,809         | 26,290         | 27,000              | 27,067                     | 27,065             | 27,779             |
| 53 Public borrowers                          | 6,093          | 6,089          | 6,458          | 6,292          | 6,326          | 6,694          | 6,399               | 6,534                      | 6,634              | 6,434              |
| 54 Nonbank foreigners                        | 12,592         | 11,602         | 10,212         | 10,012         | 9,880          | 10,419         | 9,920               | 9,879                      | 9,888              | 9,644              |
| 55 Other assets                              | 3,906          | 3,917          | 3,287          | 4,230          | 4,216          | 4,306          | 4,238               | 4,355                      | 4,312              | 4,544              |
| <b>56 Total payable in U.S. dollars</b>      | <b>145,641</b> | <b>141,562</b> | <b>136,794</b> | <b>130,438</b> | <b>130,530</b> | <b>125,681</b> | <b>132,353</b>      | <b>127,910</b>             | <b>130,723</b>     | <b>136,615</b>     |

1. Beginning with June 1984 data, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from \$50 million to \$150 million equivalent in total assets, the threshold now applicable to all reporting branches.

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

## 3.14 Continued

| Liability account                        | 1983           | 1984           | 1985           | 1986           |                |                |                      |                            |                |                    |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------------|----------------------------|----------------|--------------------|
|  |                |                |                | Mar.           | Apr.           | May            | June                 | July                       | Aug.           | Sept. <sup>a</sup> |
| All foreign countries                    |                |                |                |                |                |                |                      |                            |                |                    |
| <b>57 Total, all currencies</b>          | <b>477,090</b> | <b>453,656</b> | <b>458,012</b> | <b>459,885</b> | <b>475,158</b> | <b>459,587</b> | <b>467,565</b>       | <b>454,886<sup>c</sup></b> | <b>461,404</b> | <b>474,562</b>     |
| 58 Negotiable CDs <sup>3</sup>           | n.a.           | 37,725         | 34,607         | 36,066         | 33,229         | 35,006         | 34,683               | 32,656                     | 31,475         | 33,642             |
| 59 To United States                      | 188,070        | 147,583        | 155,538        | 140,401        | 150,390        | 144,241        | 149,848 <sup>c</sup> | 141,599 <sup>c</sup>       | 145,488        | 151,287            |
| 60 Parent bank                           | 81,261         | 78,739         | 83,914         | 74,952         | 81,594         | 77,484         | 85,126 <sup>c</sup>  | 81,299                     | 80,219         | 87,927             |
| 61 Other banks in United States          | 29,453         | 18,409         | 16,894         | 15,744         | 14,270         | 14,347         | 16,118               | 14,191 <sup>c</sup>        | 14,496         | 14,159             |
| 62 Nonbanks                              | 77,356         | 50,435         | 54,730         | 49,705         | 54,526         | 52,410         | 48,604               | 46,109                     | 50,773         | 49,201             |
| 63 To foreigners                         | 269,685        | 247,907        | 245,942        | 261,763        | 269,814        | 258,700        | 262,329 <sup>c</sup> | 259,133 <sup>c</sup>       | 262,978        | 269,442            |
| 64 Other branches of parent bank         | 90,615         | 93,909         | 89,529         | 90,921         | 93,768         | 90,228         | 97,717               | 91,144                     | 91,307         | 102,245            |
| 65 Banks                                 | 92,889         | 78,203         | 76,814         | 84,800         | 89,608         | 83,251         | 81,008               | 82,854 <sup>c</sup>        | 85,239         | 81,967             |
| 66 Official institutions                 | 18,896         | 20,281         | 19,523         | 20,688         | 20,744         | 20,792         | 20,480               | 20,608                     | 20,637         | 20,089             |
| 67 Nonbank foreigners                    | 68,845         | 55,514         | 60,076         | 65,354         | 65,694         | 64,429         | 63,124 <sup>c</sup>  | 64,527                     | 65,795         | 65,141             |
| 68 Other liabilities                     | 19,335         | 20,441         | 21,925         | 21,655         | 21,725         | 21,640         | 20,705               | 21,498 <sup>c</sup>        | 21,463         | 20,191             |
| <b>69 Total payable in U.S. dollars</b>  | <b>388,291</b> | <b>367,145</b> | <b>353,470</b> | <b>341,550</b> | <b>347,587</b> | <b>340,176</b> | <b>346,428</b>       | <b>330,183<sup>c</sup></b> | <b>333,581</b> | <b>349,254</b>     |
| 70 Negotiable CDs <sup>3</sup>           | n.a.           | 35,227         | 31,063         | 32,418         | 29,912         | 31,513         | 31,076               | 28,970                     | 28,091         | 30,560             |
| 71 To United States                      | 184,305        | 143,571        | 150,161        | 134,204        | 143,601        | 137,694        | 142,730              | 133,908 <sup>c</sup>       | 137,805        | 143,633            |
| 72 Parent bank                           | 79,035         | 76,254         | 80,888         | 71,616         | 78,061         | 73,950         | 81,066               | 77,048                     | 76,046         | 83,790             |
| 73 Other banks in United States          | 28,936         | 17,935         | 16,264         | 14,953         | 13,477         | 13,575         | 15,323               | 13,507 <sup>c</sup>        | 13,709         | 13,179             |
| 74 Nonbanks                              | 76,334         | 49,382         | 53,009         | 47,635         | 52,063         | 50,169         | 46,341               | 43,353                     | 48,050         | 46,664             |
| 75 To foreigners                         | 194,139        | 178,260        | 163,361        | 166,329        | 166,229        | 162,528        | 163,943              | 158,314 <sup>c</sup>       | 158,931        | 167,411            |
| 76 Other branches of parent bank         | 73,522         | 77,770         | 70,943         | 70,465         | 71,841         | 69,978         | 75,805               | 68,065                     | 66,878         | 77,464             |
| 77 Banks                                 | 57,022         | 45,123         | 37,323         | 37,470         | 37,240         | 36,335         | 33,745               | 34,827 <sup>c</sup>        | 36,460         | 35,372             |
| 78 Official institutions                 | 13,855         | 15,773         | 14,354         | 14,719         | 14,746         | 14,049         | 13,772               | 14,091                     | 14,125         | 13,677             |
| 79 Nonbank foreigners                    | 51,260         | 39,594         | 40,741         | 43,675         | 42,402         | 42,166         | 40,621               | 41,331                     | 41,468         | 40,898             |
| 80 Other liabilities                     | 9,847          | 10,087         | 8,885          | 8,599          | 7,845          | 8,441          | 8,679                | 8,991 <sup>c</sup>         | 8,754          | 7,650              |
| United Kingdom                           |                |                |                |                |                |                |                      |                            |                |                    |
| <b>81 Total, all currencies</b>          | <b>158,732</b> | <b>144,385</b> | <b>148,599</b> | <b>150,975</b> | <b>155,867</b> | <b>152,075</b> | <b>151,593</b>       | <b>145,448</b>             | <b>145,619</b> | <b>151,596</b>     |
| 82 Negotiable CDs <sup>3</sup>           | n.a.           | 34,413         | 31,260         | 32,217         | 29,898         | 31,734         | 31,396               | 29,295                     | 28,279         | 30,352             |
| 83 To United States                      | 55,799         | 25,250         | 29,422         | 22,945         | 28,450         | 27,505         | 26,270               | 22,671                     | 22,831         | 26,540             |
| 84 Parent bank                           | 14,021         | 14,651         | 19,330         | 13,724         | 17,231         | 16,624         | 15,892               | 13,300                     | 14,188         | 17,399             |
| 85 Other banks in United States          | 11,328         | 3,125          | 2,974          | 2,793          | 1,966          | 2,175          | 1,997                | 1,999                      | 2,148          | 2,062              |
| 86 Nonbanks                              | 30,450         | 7,474          | 7,118          | 6,428          | 9,253          | 8,706          | 8,381                | 7,372                      | 6,495          | 7,079              |
| 87 To foreigners                         | 95,847         | 77,424         | 78,525         | 86,053         | 87,773         | 83,067         | 84,362               | 83,707                     | 84,880         | 85,680             |
| 88 Other branches of parent bank         | 19,038         | 21,631         | 23,389         | 24,733         | 25,379         | 23,838         | 27,029               | 25,106                     | 24,962         | 28,272             |
| 89 Banks                                 | 41,624         | 30,436         | 28,581         | 33,301         | 34,294         | 31,584         | 30,505               | 31,678                     | 32,550         | 31,190             |
| 90 Official institutions                 | 10,151         | 10,154         | 9,676          | 9,750          | 9,757          | 9,548          | 9,543                | 9,074                      | 9,330          | 8,652              |
| 91 Nonbank foreigners                    | 25,034         | 15,203         | 16,879         | 18,269         | 18,343         | 18,097         | 17,285               | 17,849                     | 18,338         | 17,566             |
| 92 Other liabilities                     | 7,086          | 7,298          | 9,392          | 9,760          | 9,746          | 9,769          | 9,565                | 9,775                      | 9,629          | 9,024              |
| <b>93 Total payable in U.S. dollars</b>  | <b>131,167</b> | <b>117,497</b> | <b>112,697</b> | <b>108,420</b> | <b>110,378</b> | <b>109,337</b> | <b>108,375</b>       | <b>101,095</b>             | <b>101,397</b> | <b>108,249</b>     |
| 94 Negotiable CDs <sup>3</sup>           | n.a.           | 33,070         | 29,337         | 30,042         | 27,978         | 29,542         | 29,135               | 27,015                     | 26,114         | 28,490             |
| 95 To United States                      | 54,691         | 24,105         | 27,756         | 21,070         | 26,411         | 25,490         | 24,214               | 20,065                     | 20,403         | 24,039             |
| 96 Parent bank                           | 13,839         | 14,339         | 18,956         | 13,405         | 16,867         | 16,233         | 15,331               | 12,648                     | 13,707         | 16,984             |
| 97 Other banks in United States          | 11,044         | 2,980          | 2,826          | 2,596          | 1,774          | 1,944          | 1,817                | 1,738                      | 1,879          | 1,735              |
| 98 Nonbanks                              | 29,808         | 6,786          | 5,974          | 5,069          | 7,770          | 7,313          | 7,066                | 5,679                      | 4,817          | 5,320              |
| 99 To foreigners                         | 73,279         | 56,923         | 51,980         | 53,219         | 52,262         | 50,441         | 51,056               | 49,932                     | 50,855         | 52,706             |
| 100 Other branches of parent bank        | 15,403         | 18,294         | 18,493         | 19,068         | 19,297         | 18,043         | 20,455               | 17,868                     | 17,790         | 21,305             |
| 101 Banks                                | 29,320         | 18,356         | 14,344         | 14,731         | 14,125         | 14,114         | 13,073               | 14,251                     | 15,056         | 14,491             |
| 102 Official institutions                | 8,279          | 8,871          | 7,661          | 7,839          | 7,449          | 6,953          | 6,914                | 6,658                      | 6,724          | 6,015              |
| 103 Nonbank foreigners                   | 20,277         | 11,402         | 11,482         | 11,581         | 11,391         | 11,331         | 10,614               | 11,155                     | 11,285         | 10,895             |
| 104 Other liabilities                    | 3,197          | 3,399          | 3,624          | 4,089          | 3,727          | 3,864          | 3,970                | 4,083                      | 4,025          | 3,014              |
| Bahamas and Caymans                      |                |                |                |                |                |                |                      |                            |                |                    |
| <b>105 Total, all currencies</b>         | <b>152,083</b> | <b>146,811</b> | <b>142,055</b> | <b>136,529</b> | <b>137,272</b> | <b>132,122</b> | <b>138,944</b>       | <b>134,238</b>             | <b>137,526</b> | <b>143,082</b>     |
| 106 Negotiable CDs <sup>3</sup>          | n.a.           | 615            | 610            | 1,132          | 629            | 634            | 567                  | 565                        | 470            | 527                |
| 107 To United States                     | 111,299        | 102,955        | 103,813        | 97,686         | 98,621         | 94,128         | 98,897               | 96,636 <sup>c</sup>        | 99,585         | 102,018            |
| 108 Parent bank                          | 50,980         | 47,162         | 44,811         | 43,834         | 43,662         | 40,757         | 47,014               | 47,862                     | 45,072         | 49,981             |
| 109 Other banks in United States         | 16,057         | 13,938         | 12,778         | 11,624         | 11,014         | 10,738         | 12,868               | 11,131 <sup>c</sup>        | 11,297         | 10,992             |
| 110 Nonbanks                             | 44,262         | 41,855         | 46,224         | 42,228         | 43,945         | 42,633         | 39,015               | 37,643                     | 43,216         | 41,045             |
| 111 To foreigners                        | 38,445         | 40,320         | 35,053         | 35,646         | 35,901         | 35,139         | 37,340               | 34,827 <sup>c</sup>        | 35,216         | 38,441             |
| 112 Other branches of parent bank        | 14,936         | 16,782         | 14,075         | 13,198         | 14,077         | 13,731         | 15,882               | 13,561                     | 13,368         | 15,918             |
| 113 Banks                                | 11,876         | 12,405         | 10,669         | 10,340         | 10,788         | 10,318         | 9,991                | 9,636 <sup>c</sup>         | 10,216         | 10,152             |
| 114 Official institutions                | 1,919          | 2,054          | 1,776          | 1,759          | 2,176          | 2,144          | 2,427                | 2,468                      | 2,386          | 2,834              |
| 115 Nonbank foreigners                   | 11,274         | 9,079          | 8,533          | 10,349         | 8,860          | 8,946          | 9,040                | 9,162                      | 9,246          | 9,537              |
| 116 Other liabilities                    | 2,339          | 2,921          | 2,579          | 2,065          | 2,121          | 2,221          | 2,140                | 2,210                      | 2,255          | 2,096              |
| <b>117 Total payable in U.S. dollars</b> | <b>148,278</b> | <b>143,582</b> | <b>138,322</b> | <b>132,308</b> | <b>132,966</b> | <b>127,918</b> | <b>134,606</b>       | <b>130,075</b>             | <b>133,256</b> | <b>138,733</b>     |

3. Before June 1984, liabilities on negotiable CDs were included in liabilities to the United States or liabilities to foreigners, according to the address of the initial purchaser.

## 3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

| Item   | 1984    | 1985 <sup>a</sup> | 1986 <sup>b</sup> |         |         |         |         |         |                    |
|--|---------|-------------------|-------------------|---------|---------|---------|---------|---------|--------------------|
|  |         |                   | Mar.              | Apr.    | May     | June    | July    | Aug.    | Sept. <sup>c</sup> |
| 1 Total <sup>1</sup> .....   | 180,552 | 178,356           | 180,538           | 188,914 | 190,159 | 194,562 | 198,784 | 203,364 | 209,447            |
| <i>By type</i>   |         |                   |                   |         |         |         |         |         |                    |
| 2 Liabilities reported by banks in the United States <sup>2</sup> .....  | 26,089  | 26,734            | 25,479            | 27,028  | 24,911  | 26,142  | 25,143  | 25,482  | 29,342             |
| 3 U.S. Treasury bills and certificates <sup>3</sup> .....                | 59,976  | 53,252            | 55,933            | 59,547  | 63,614  | 65,790  | 70,721  | 74,766  | 75,095             |
| U.S. Treasury bonds and notes .....                                      |         |                   |                   |         |         |         |         |         |                    |
| 4 Marketable .....   | 69,019  | 77,108            | 78,483            | 82,345  | 82,501  | 84,113  | 85,561  | 85,622  | 87,570             |
| 5 Nonmarketable <sup>4</sup> .....                                       | 5,800   | 3,550             | 2,750             | 2,300   | 1,800   | 1,800   | 1,300   | 1,300   | 1,300              |
| 6 U.S. securities other than U.S. Treasury securities <sup>5</sup> ..... | 19,668  | 17,712            | 17,893            | 17,694  | 17,333  | 16,717  | 16,059  | 16,194  | 16,139             |
| <i>By area</i>   |         |                   |                   |         |         |         |         |         |                    |
| 7 Western Europe <sup>1</sup> .....                                      | 69,776  | 74,418            | 72,435            | 76,354  | 76,405  | 79,641  | 81,524  | 83,874  | 86,979             |
| 8 Canada .....   | 1,528   | 1,314             | 1,445             | 1,711   | 1,502   | 1,529   | 1,627   | 1,535   | 1,626              |
| 9 Latin America and Caribbean .....                                      | 8,561   | 11,141            | 10,425            | 10,785  | 10,595  | 11,046  | 11,242  | 10,801  | 10,351             |
| 10 Asia .....  | 93,954  | 86,459            | 90,882            | 94,653  | 96,487  | 97,359  | 100,070 | 102,362 | 105,717            |
| 11 Africa .....  | 1,264   | 1,824             | 1,846             | 1,833   | 1,718   | 1,717   | 1,525   | 1,958   | 1,864              |
| 12 Other countries <sup>6</sup> .....                                    | 5,469   | 3,200             | 3,505             | 3,578   | 3,452   | 3,270   | 2,796   | 2,833   | 2,909              |

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   | 1982  | 1983  | 1984   | 1985   |        | 1986   |        |
|--|-------|-------|--------|--------|--------|--------|--------|
|  |       |       |        | Sept.  | Dec.   | Mar.   | June   |
| 1 Banks' own liabilities .....                           | 4,844 | 5,219 | 8,586  | 12,982 | 15,368 | 21,364 | 24,137 |
| 2 Banks' own claims .....                                | 7,707 | 7,231 | 11,984 | 15,233 | 16,161 | 19,736 | 21,584 |
| 3 Deposits .....   | 4,251 | 2,731 | 4,998  | 8,540  | 8,304  | 11,318 | 11,912 |
| 4 Other claims .....                                     | 3,456 | 4,501 | 6,986  | 6,693  | 7,857  | 8,418  | 9,672  |
| 5 Claims of banks' domestic customers <sup>1</sup> ..... | 676   | 1,059 | 569    | 328    | 580    | 1,426  | 1,385  |

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   | 1983           | 1984           | 1985                       | 1986              |                |                            |                   |                            |                |                    |
|--|----------------|----------------|----------------------------|-------------------|----------------|----------------------------|-------------------|----------------------------|----------------|--------------------|
|  |                |                |                            | Mar. <sup>1</sup> | Apr.           | May                        | June <sup>2</sup> | July                       | Aug.           | Sept. <sup>3</sup> |
| <b>1 All foreigners</b>  | <b>369,607</b> | <b>407,306</b> | <b>435,726<sup>r</sup></b> | <b>441,004</b>    | <b>443,456</b> | <b>444,528</b>             | <b>457,350</b>    | <b>469,720<sup>r</sup></b> | <b>486,519</b> | <b>504,685</b>     |
| 2 Banks' own liabilities   | 279,087        | 306,898        | 341,070                    | 344,449           | 346,469        | 342,074                    | 345,663           | 342,267 <sup>r</sup>       | 355,009        | 371,601            |
| 3 Demand deposits  | 17,470         | 19,571         | 21,107                     | 20,208            | 19,751         | 19,651                     | 21,332            | 19,607                     | 20,281         | 21,384             |
| 4 Time deposits <sup>1</sup>   | 90,632         | 110,413        | 117,278                    | 116,325           | 114,209        | 114,055 <sup>r</sup>       | 115,246           | 117,010                    | 122,325        | 126,033            |
| 5 Other <sup>2</sup>   | 25,874         | 26,268         | 29,305                     | 32,212            | 33,220         | 31,686 <sup>r</sup>        | 31,712            | 30,650 <sup>r</sup>        | 33,026         | 36,621             |
| 6 Own foreign offices <sup>3</sup>   | 145,111        | 150,646        | 173,381                    | 175,705           | 179,289        | 176,683                    | 177,373           | 174,999                    | 179,378        | 187,563            |
| 7 Banks' custody liabilities <sup>4</sup>                                  | 90,520         | 100,408        | 94,656 <sup>r</sup>        | 96,555            | 96,987         | 102,454                    | 111,687           | 127,453                    | 131,511        | 133,085            |
| 8 U.S. Treasury bills and certificates <sup>5</sup>                        | 68,669         | 76,368         | 69,133 <sup>r</sup>        | 73,044            | 74,631         | 80,192                     | 82,701            | 86,789                     | 89,586         | 90,467             |
| 9 Other negotiable and readily transferable instruments <sup>6</sup>       | 17,467         | 18,747         | 17,964                     | 15,329            | 13,776         | 13,917                     | 14,729            | 16,132                     | 16,288         | 16,231             |
| 10 Other   | 4,385          | 5,293          | 7,558 <sup>r</sup>         | 8,182             | 8,580          | 8,346                      | 14,257            | 24,532                     | 25,637         | 26,387             |
| <b>11 Nonmonetary international and regional organizations<sup>7</sup></b> | <b>5,957</b>   | <b>4,454</b>   | <b>5,821</b>               | <b>5,223</b>      | <b>3,495</b>   | <b>4,519</b>               | <b>3,441</b>      | <b>3,974</b>               | <b>5,253</b>   | <b>3,038</b>       |
| 12 Banks' own liabilities  | 4,632          | 2,014          | 2,621                      | 1,404             | 1,749          | 2,388                      | 891               | 1,857                      | 4,090          | 1,721              |
| 13 Demand deposits   | 297            | 254            | 85                         | 102               | 138            | 99                         | 79                | 156                        | 165            | 180                |
| 14 Time deposits <sup>1</sup>  | 3,584          | 1,267          | 2,067                      | 391               | 681            | 1,109                      | 551               | 1,209                      | 3,233          | 1,243              |
| 15 Other <sup>2</sup>  | 750            | 493            | 469                        | 911               | 931            | 1,179                      | 262               | 492                        | 691            | 299                |
| 16 Banks' custody liabilities <sup>4</sup>                                 | 1,325          | 2,440          | 3,200                      | 3,820             | 1,746          | 2,131                      | 2,550             | 2,118                      | 1,163          | 1,137              |
| 17 U.S. Treasury bills and certificates <sup>5</sup>                       | 463            | 916            | 1,736                      | 2,311             | 768            | 1,282                      | 1,619             | 991                        | 129            | 218                |
| 18 Other negotiable and readily transferable instruments <sup>6</sup>      | 862            | 1,524          | 1,464                      | 1,508             | 970            | 849                        | 918               | 1,126                      | 1,033          | 1,099              |
| 19 Other   | 0              | 0              | 0                          | 0                 | 7              | 0                          | 13                | 0                          | 1              | 0                  |
| <b>20 Official institutions<sup>8</sup></b>                                | <b>79,876</b>  | <b>86,065</b>  | <b>79,985</b>              | <b>81,412</b>     | <b>86,576</b>  | <b>88,526</b>              | <b>91,932</b>     | <b>95,863<sup>r</sup></b>  | <b>100,247</b> | <b>104,439</b>     |
| 21 Banks' own liabilities  | 19,427         | 19,039         | 20,835                     | 21,726            | 23,927         | 22,018                     | 22,928            | 22,044 <sup>r</sup>        | 22,710         | 26,619             |
| 22 Demand deposits   | 1,837          | 1,823          | 2,077                      | 1,917             | 1,832          | 1,810                      | 2,131             | 1,609                      | 1,582          | 1,893              |
| 23 Time deposits <sup>1</sup>  | 7,318          | 9,374          | 10,949                     | 10,259            | 9,368          | 9,850                      | 10,347            | 10,116                     | 9,892          | 10,924             |
| 24 Other <sup>2</sup>  | 10,272         | 7,842          | 7,809                      | 9,550             | 12,728         | 10,358                     | 10,450            | 10,319 <sup>r</sup>        | 11,236         | 13,802             |
| 25 Banks' custody liabilities <sup>4</sup>                                 | 60,448         | 67,026         | 59,150                     | 59,686            | 62,648         | 66,508                     | 69,004            | 73,820                     | 77,538         | 77,819             |
| 26 U.S. Treasury bills and certificates <sup>5</sup>                       | 54,341         | 59,976         | 53,252                     | 55,933            | 59,547         | 63,614                     | 65,790            | 70,721                     | 74,766         | 75,095             |
| 27 Other negotiable and readily transferable instruments <sup>6</sup>      | 6,082          | 6,966          | 5,824                      | 3,585             | 2,916          | 2,754                      | 2,996             | 2,892                      | 2,624          | 2,524              |
| 28 Other   | 25             | 84             | 75                         | 168               | 185            | 139                        | 218               | 207                        | 148            | 199                |
| <b>29 Banks<sup>9</sup></b>  | <b>226,887</b> | <b>248,893</b> | <b>275,589<sup>r</sup></b> | <b>279,364</b>    | <b>277,856</b> | <b>275,047<sup>r</sup></b> | <b>284,637</b>    | <b>290,397<sup>r</sup></b> | <b>299,771</b> | <b>315,527</b>     |
| 30 Banks' own liabilities  | 205,347        | 225,368        | 252,723                    | 255,941           | 254,617        | 251,126 <sup>r</sup>       | 255,673           | 251,779                    | 260,953        | 275,907            |
| 31 Unaffiliated foreign banks  | 60,236         | 74,722         | 79,341                     | 80,236            | 75,328         | 74,444 <sup>r</sup>        | 78,300            | 76,780 <sup>r</sup>        | 81,576         | 88,344             |
| 32 Demand deposits   | 8,759          | 10,556         | 10,271                     | 9,704             | 8,689          | 9,036                      | 10,277            | 9,180                      | 9,307          | 9,306              |
| 33 Time deposits <sup>1</sup>  | 37,439         | 47,095         | 49,510                     | 50,142            | 48,484         | 46,780 <sup>r</sup>        | 48,480            | 49,418                     | 52,811         | 58,157             |
| 34 Other <sup>2</sup>  | 14,038         | 17,071         | 19,561                     | 20,390            | 18,155         | 18,627                     | 19,544            | 18,181                     | 19,458         | 20,881             |
| 35 Own foreign offices <sup>3</sup>  | 145,111        | 150,646        | 173,381                    | 175,705           | 179,289        | 176,682                    | 177,373           | 174,999                    | 179,378        | 187,563            |
| 36 Banks' custody liabilities <sup>4</sup>                                 | 21,540         | 23,525         | 22,866 <sup>r</sup>        | 23,423            | 23,239         | 23,922 <sup>r</sup>        | 28,964            | 38,618                     | 38,818         | 39,620             |
| 37 U.S. Treasury bills and certificates <sup>5</sup>                       | 10,178         | 11,448         | 9,832 <sup>r</sup>         | 10,131            | 9,914          | 10,841                     | 10,688            | 10,934                     | 10,543         | 10,635             |
| 38 Other negotiable and readily transferable instruments <sup>6</sup>      | 7,485          | 7,236          | 6,040                      | 5,752             | 5,423          | 5,451                      | 5,448             | 5,585                      | 5,526          | 5,526              |
| 39 Other   | 3,877          | 4,841          | 6,994                      | 7,540             | 7,901          | 7,629 <sup>r</sup>         | 12,828            | 22,099                     | 22,749         | 23,458             |
| <b>40 Other foreigners</b>   | <b>56,887</b>  | <b>67,894</b>  | <b>74,331<sup>r</sup></b>  | <b>75,005</b>     | <b>75,530</b>  | <b>76,436<sup>r</sup></b>  | <b>77,339</b>     | <b>79,485</b>              | <b>81,248</b>  | <b>81,682</b>      |
| 41 Banks' own liabilities  | 49,680         | 60,477         | 64,892                     | 65,379            | 66,176         | 66,543 <sup>r</sup>        | 66,170            | 66,587                     | 67,256         | 67,354             |
| 42 Demand deposits   | 6,577          | 6,938          | 8,673                      | 8,484             | 9,093          | 8,705                      | 8,845             | 8,663                      | 9,227          | 10,005             |
| 43 Time deposits   | 42,290         | 52,678         | 54,752                     | 55,533            | 55,677         | 56,316                     | 55,869            | 56,267                     | 56,388         | 55,710             |
| 44 Other <sup>2</sup>  | 813            | 861            | 1,467                      | 1,361             | 1,406          | 1,521 <sup>r</sup>         | 1,456             | 1,657                      | 1,641          | 1,639              |
| 45 Banks' custody liabilities <sup>4</sup>                                 | 7,207          | 7,417          | 9,439 <sup>r</sup>         | 9,626             | 9,354          | 9,893 <sup>r</sup>         | 11,169            | 12,898                     | 13,992         | 14,328             |
| 46 U.S. Treasury bills and certificates <sup>5</sup>                       | 3,686          | 4,029          | 4,314 <sup>r</sup>         | 4,669             | 4,401          | 4,454                      | 4,604             | 4,143                      | 4,149          | 4,519              |
| 47 Other negotiable and readily transferable instruments <sup>6</sup>      | 3,038          | 3,021          | 4,636                      | 4,483             | 4,465          | 4,862                      | 5,367             | 6,529                      | 7,105          | 7,081              |
| 48 Other   | 483            | 367            | 489 <sup>r</sup>           | 473               | 487            | 577 <sup>r</sup>           | 1,198             | 2,226                      | 2,738          | 2,729              |
| 49 MEMO: Negotiable time certificates of deposit in custody for foreigners | 10,346         | 10,476         | 9,845                      | 6,603             | 6,286          | 6,269                      | 6,419             | 6,492                      | 6,569          | 6,543              |

1. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."

2. Includes borrowing under repurchase agreements.

3. U.S. banks: includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due to head office or parent foreign bank, and foreign branches, agencies or wholly owned subsidiaries of head office or parent foreign bank.

4. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.

5. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.

6. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.

7. Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.

8. Foreign central banks and foreign central governments, and the Bank for International Settlements.

9. Excludes central banks, which are included in "Official institutions."

## 3.17 Continued

| Area and country  | 1983    | 1984    | 1985                 | 1986                 |         |                      |                      |                      |         |                    |
|---|---------|---------|----------------------|----------------------|---------|----------------------|----------------------|----------------------|---------|--------------------|
|   |         |         |                      | Mar.                 | Apr.    | May                  | June                 | July                 | Aug.    | Sept. <sup>1</sup> |
| 1 Total   | 369,607 | 407,306 | 435,726 <sup>r</sup> | 441,004 <sup>r</sup> | 443,456 | 444,528              | 457,350              | 469,720 <sup>r</sup> | 486,519 | 504,685            |
| 2 Foreign countries                                     | 363,649 | 402,852 | 429,905 <sup>r</sup> | 435,781 <sup>r</sup> | 439,961 | 440,009              | 453,909 <sup>r</sup> | 465,745 <sup>r</sup> | 481,267 | 501,647            |
| 3 Europe  | 138,072 | 153,145 | 164,114 <sup>r</sup> | 157,306 <sup>r</sup> | 165,193 | 165,795 <sup>r</sup> | 166,382              | 163,016 <sup>r</sup> | 166,149 | 173,732            |
| 4 Austria   | 585     | 615     | 693                  | 910 <sup>r</sup>     | 931     | 897                  | 1,013                | 988                  | 1,035   | 1,106              |
| 5 Belgium-Luxembourg                                    | 2,709   | 4,114   | 5,243 <sup>r</sup>   | 5,031 <sup>r</sup>   | 5,737   | 5,425                | 5,224                | 5,343                | 5,114   | 6,132              |
| 6 Denmark   | 466     | 438     | 513                  | 536                  | 752     | 523                  | 519                  | 560 <sup>r</sup>     | 643     | 483                |
| 7 Finland   | 531     | 418     | 496                  | 354                  | 619     | 514                  | 484                  | 449                  | 365     | 407                |
| 8 France  | 9,441   | 12,701  | 15,541 <sup>r</sup>  | 15,906               | 19,322  | 19,423               | 19,862               | 20,129               | 21,470  | 21,339             |
| 9 Germany   | 3,599   | 3,358   | 4,835                | 5,691                | 6,718   | 4,964                | 4,639                | 5,646                | 5,291   | 5,361              |
| 10 Greece   | 520     | 699     | 666 <sup>r</sup>     | 536 <sup>r</sup>     | 559     | 552                  | 657                  | 604                  | 570     | 623                |
| 11 Italy  | 8,462   | 10,762  | 9,667                | 7,215                | 6,553   | 7,875                | 8,918                | 8,828                | 9,269   | 8,820              |
| 12 Netherlands  | 4,290   | 4,731   | 4,212                | 4,334                | 4,320   | 4,183                | 4,224                | 4,682                | 4,495   | 4,952              |
| 13 Norway   | 1,673   | 1,548   | 948                  | 469                  | 731     | 850                  | 710                  | 497                  | 542     | 575                |
| 14 Portugal   | 373     | 597     | 652                  | 705                  | 674     | 796 <sup>r</sup>     | 795                  | 711                  | 791     | 757                |
| 15 Spain  | 1,603   | 2,082   | 2,114 <sup>r</sup>   | 1,774 <sup>r</sup>   | 1,919   | 1,879                | 2,069                | 1,894                | 1,979   | 2,083              |
| 16 Sweden   | 1,799   | 1,676   | 1,422                | 1,547                | 1,313   | 1,299                | 1,118                | 1,267 <sup>r</sup>   | 944     | 1,295              |
| 17 Switzerland  | 32,246  | 31,740  | 29,020 <sup>r</sup>  | 26,864 <sup>r</sup>  | 27,247  | 26,844               | 27,812               | 28,455               | 29,065  | 29,209             |
| 18 Turkey   | 467     | 584     | 429                  | 383                  | 363     | 438                  | 586                  | 310                  | 285     | 448                |
| 19 United Kingdom                                       | 60,683  | 68,671  | 76,728               | 78,585               | 81,983  | 83,885               | 82,314               | 78,193               | 79,947  | 86,209             |
| 20 Yugoslavia   | 562     | 602     | 673                  | 535                  | 547     | 556                  | 661                  | 542                  | 482     | 561                |
| 21 Other Western Europe <sup>1</sup>                    | 7,403   | 7,192   | 9,635                | 5,293 <sup>r</sup>   | 4,233   | 4,165                | 3,997                | 3,366                | 3,277   | 2,729              |
| 22 U.S.S.R.   | 65      | 79      | 105                  | 61                   | 38      | 34                   | 89                   | 48                   | 32      | 84                 |
| 23 Other Eastern Europe <sup>2</sup>                    | 596     | 537     | 523                  | 578 <sup>r</sup>     | 634     | 693                  | 690                  | 506                  | 553     | 562                |
| 24 Canada   | 16,026  | 16,059  | 17,427 <sup>r</sup>  | 22,498 <sup>r</sup>  | 20,450  | 21,257               | 22,926               | 22,359               | 23,933  | 24,150             |
| 25 Latin America and Caribbean                          | 140,088 | 153,381 | 167,856 <sup>r</sup> | 165,074 <sup>r</sup> | 164,801 | 161,405 <sup>r</sup> | 169,650              | 181,737 <sup>r</sup> | 187,781 | 196,128            |
| 26 Argentina  | 4,038   | 4,394   | 6,032 <sup>r</sup>   | 5,158 <sup>r</sup>   | 5,627   | 6,075                | 6,229                | 6,336                | 6,096   | 6,069              |
| 27 Bahamas  | 55,818  | 56,897  | 57,657               | 55,791               | 57,865  | 53,680               | 60,081               | 60,764               | 67,096  | 69,119             |
| 28 Bermuda  | 2,266   | 2,370   | 2,765                | 2,324                | 2,270   | 2,016                | 2,513                | 2,201                | 2,195   | 2,199              |
| 29 Brazil   | 3,168   | 5,275   | 5,373 <sup>r</sup>   | 6,102 <sup>r</sup>   | 5,788   | 5,542                | 5,185                | 5,134                | 5,179   | 5,359              |
| 30 British West Indies                                  | 34,545  | 36,773  | 42,674 <sup>r</sup>  | 44,180 <sup>r</sup>  | 41,354  | 42,116 <sup>r</sup>  | 43,278               | 55,552               | 55,614  | 60,918             |
| 31 Chile  | 1,842   | 2,001   | 2,049 <sup>r</sup>   | 2,094 <sup>r</sup>   | 2,147   | 2,223                | 2,270                | 2,227                | 2,139   | 2,426              |
| 32 Colombia   | 1,689   | 2,514   | 3,104 <sup>r</sup>   | 3,078 <sup>r</sup>   | 3,101   | 3,053                | 3,419                | 3,334                | 3,315   | 3,373              |
| 33 Cuba   | 8       | 10      | 11                   | 6                    | 7       | 7                    | 8                    | 7                    | 8       | 75                 |
| 34 Ecuador  | 1,047   | 1,092   | 1,239 <sup>r</sup>   | 1,209                | 1,199   | 1,166                | 1,232                | 1,196                | 1,232   | 1,260              |
| 35 Guatemala  | 788     | 896     | 1,071                | 1,126                | 1,128   | 1,097                | 1,108                | 1,123                | 1,140   | 1,129              |
| 36 Jamaica  | 109     | 183     | 122                  | 144                  | 173     | 201                  | 185                  | 184                  | 177     | 187                |
| 37 Mexico   | 10,392  | 12,303  | 14,060 <sup>r</sup>  | 13,004 <sup>r</sup>  | 13,126  | 13,153               | 13,633               | 12,985               | 13,610  | 13,138             |
| 38 Netherlands Antilles                                 | 3,879   | 4,220   | 4,875                | 4,561                | 4,859   | 4,798                | 4,358                | 4,382                | 4,383   | 4,765              |
| 39 Panama   | 5,924   | 6,951   | 7,514 <sup>r</sup>   | 7,306 <sup>r</sup>   | 6,960   | 7,042                | 6,686                | 6,639                | 6,391   | 6,416              |
| 40 Peru   | 1,166   | 1,266   | 1,167 <sup>r</sup>   | 1,107 <sup>r</sup>   | 1,116   | 1,132                | 1,254                | 1,158                | 1,149   | 1,253              |
| 41 Uruguay  | 1,244   | 1,394   | 1,552 <sup>r</sup>   | 1,570 <sup>r</sup>   | 1,646   | 1,703                | 1,664                | 1,687                | 1,636   | 1,589              |
| 42 Venezuela  | 8,632   | 10,545  | 11,922 <sup>r</sup>  | 11,672 <sup>r</sup>  | 11,727  | 11,712               | 11,734               | 12,058               | 11,668  | 11,780             |
| 43 Other Latin America and Caribbean                    | 3,535   | 4,297   | 4,668                | 4,641                | 4,708   | 4,689                | 4,783                | 4,770                | 4,754   | 5,073              |
| 44 Asia   | 58,570  | 71,187  | 72,280 <sup>r</sup>  | 82,656 <sup>r</sup>  | 81,682  | 83,817               | 86,977               | 91,669               | 96,022  | 100,055            |
| 45 China  | 249     | 1,153   | 1,607                | 1,347                | 1,550   | 973                  | 1,469                | 1,795                | 1,185   | 1,947              |
| 46 Taiwan   | 4,051   | 4,990   | 7,786                | 10,838 <sup>r</sup>  | 11,027  | 12,687               | 13,683               | 14,331               | 15,608  | 16,132             |
| 47 Hong Kong  | 6,657   | 6,581   | 8,067                | 8,707 <sup>r</sup>   | 8,757   | 8,745                | 8,656                | 8,934                | 9,026   | 9,339              |
| 48 India  | 464     | 507     | 712 <sup>r</sup>     | 928 <sup>r</sup>     | 574     | 577                  | 695                  | 562                  | 685     | 651                |
| 49 Indonesia  | 997     | 1,033   | 1,466                | 2,107                | 1,787   | 1,758                | 1,416                | 1,572 <sup>r</sup>   | 1,474   | 1,611              |
| 50 Israel   | 1,722   | 1,268   | 1,601 <sup>r</sup>   | 1,458 <sup>r</sup>   | 1,490   | 1,671                | 1,725                | 1,731                | 1,686   | 2,109              |
| 51 Japan  | 18,079  | 21,640  | 23,077               | 28,274               | 28,279  | 29,689               | 31,325               | 36,286               | 38,221  | 39,955             |
| 52 Korea  | 1,648   | 1,730   | 1,665                | 1,551                | 1,337   | 1,336                | 1,414                | 1,392                | 1,251   | 1,282              |
| 53 Philippines  | 1,234   | 1,383   | 1,140                | 978                  | 1,051   | 1,331                | 1,306                | 1,363                | 1,458   | 1,400              |
| 54 Thailand   | 747     | 1,257   | 1,358                | 1,104 <sup>r</sup>   | 993     | 1,155                | 1,068                | 1,104                | 1,080   | 1,100              |
| 55 Middle-East oil-exporting countries <sup>3</sup>     | 12,976  | 16,804  | 14,523               | 15,384               | 14,418  | 14,537 <sup>r</sup>  | 14,581               | 12,739 <sup>r</sup>  | 13,227  | 13,047             |
| 56 Other Asia   | 9,748   | 12,841  | 9,276                | 9,980                | 10,419  | 9,355 <sup>r</sup>   | 9,638                | 9,861                | 11,121  | 11,481             |
| 57 Africa   | 2,827   | 3,396   | 4,883                | 4,260                | 4,173   | 4,227                | 4,291                | 4,041                | 4,227   | 4,156              |
| 58 Egypt  | 671     | 647     | 1,363                | 870                  | 960     | 910                  | 1,079                | 820                  | 1,088   | 843                |
| 59 Morocco  | 84      | 118     | 163                  | 91                   | 85      | 92                   | 87                   | 93                   | 82      | 91                 |
| 60 South Africa   | 449     | 328     | 388                  | 465                  | 386     | 414                  | 414                  | 609                  | 438     | 328                |
| 61 Zaire  | 87      | 153     | 163                  | 95                   | 90      | 105                  | 92                   | 65                   | 60      | 80                 |
| 62 Oil-exporting countries <sup>4</sup>                 | 620     | 1,189   | 1,494                | 1,601                | 1,442   | 1,490                | 1,463                | 1,368                | 1,371   | 1,572              |
| 63 Other Africa   | 917     | 961     | 1,312                | 1,137                | 1,210   | 1,216                | 1,156                | 1,086                | 1,189   | 1,244              |
| 64 Other countries                                      | 8,067   | 5,684   | 3,347                | 3,987                | 3,662   | 3,507                | 3,682                | 2,924                | 3,155   | 3,426              |
| 65 Australia  | 7,857   | 5,300   | 2,779                | 3,237                | 3,058   | 2,744                | 2,943                | 2,173                | 2,459   | 2,786              |
| 66 All other  | 210     | 384     | 568                  | 750                  | 604     | 763                  | 739                  | 751                  | 696     | 640                |
| 67 Nonmonetary international and regional organizations | 5,957   | 4,454   | 5,821                | 5,223                | 3,495   | 4,519                | 3,441                | 3,974                | 5,253   | 3,038              |
| 68 International  | 5,273   | 3,747   | 4,806                | 4,139                | 2,512   | 3,669                | 2,471                | 2,714                | 4,147   | 1,759              |
| 69 Latin American regional                              | 419     | 587     | 894                  | 916                  | 823     | 748                  | 845                  | 922                  | 916     | 972                |
| 70 Other regional <sup>5</sup>                          | 265     | 120     | 121                  | 168                  | 160     | 102                  | 126                  | 338                  | 190     | 307                |

1. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.

2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.

3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

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

5. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."

3.18 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States  
Payable in U.S. Dollars  
Millions of dollars, end of period

| Area and country   | 1983    | 1984    | 1985                 | 1986                 |         |                      |         |                     |         |                    |
|--|---------|---------|----------------------|----------------------|---------|----------------------|---------|---------------------|---------|--------------------|
|  |         |         |                      | Mar.                 | Apr.    | May                  | June    | July                | Aug.    | Sept. <sup>a</sup> |
| 1 Total  | 391,312 | 400,162 | 401,608 <sup>b</sup> | 394,702 <sup>c</sup> | 401,109 | 394,667 <sup>c</sup> | 403,843 | 403,494             | 403,729 | 417,778            |
| 2 Foreign countries  | 391,148 | 399,363 | 400,577 <sup>c</sup> | 394,219 <sup>c</sup> | 400,607 | 394,259 <sup>c</sup> | 403,387 | 403,002             | 403,309 | 417,577            |
| 3 Europe   | 91,927  | 99,014  | 106,413 <sup>c</sup> | 100,262 <sup>c</sup> | 101,250 | 100,903 <sup>c</sup> | 104,441 | 100,321             | 100,323 | 107,313            |
| 4 Austria  | 401     | 433     | 598                  | 494                  | 429     | 501                  | 609     | 619                 | 694     | 654                |
| 5 Belgium-Luxembourg   | 5,639   | 4,794   | 5,772                | 5,429                | 5,502   | 5,696                | 7,243   | 6,113               | 6,990   | 6,708              |
| 6 Denmark  | 1,275   | 648     | 706                  | 845                  | 794     | 882                  | 750     | 856                 | 783     | 807                |
| 7 Finland  | 1,044   | 898     | 823                  | 1,194                | 795     | 866                  | 983     | 1,041               | 961     | 1,085              |
| 8 France   | 8,766   | 9,157   | 9,124                | 8,636                | 8,902   | 8,861                | 9,455   | 9,583               | 9,483   | 10,185             |
| 9 Germany  | 1,284   | 1,306   | 1,267                | 1,374                | 1,341   | 1,176                | 1,095   | 1,426               | 1,181   | 1,600              |
| 10 Greece  | 476     | 817     | 991                  | 798                  | 764     | 723                  | 629     | 622                 | 660     | 747                |
| 11 Italy   | 9,018   | 9,119   | 8,848                | 7,297                | 6,709   | 6,806                | 7,474   | 7,266               | 5,981   | 6,661              |
| 12 Netherlands   | 1,267   | 1,356   | 1,258                | 1,394                | 1,380   | 1,384                | 1,407   | 1,427               | 1,254   | 2,051              |
| 13 Norway  | 690     | 675     | 706                  | 613                  | 786     | 746                  | 905     | 614                 | 698     | 730                |
| 14 Portugal  | 1,114   | 1,243   | 1,058                | 893                  | 874     | 850                  | 776     | 789                 | 757     | 728                |
| 15 Spain   | 3,573   | 2,884   | 1,908                | 1,885 <sup>c</sup>   | 1,701   | 1,986                | 2,001   | 1,863               | 1,749   | 1,994              |
| 16 Sweden  | 3,358   | 2,230   | 2,219                | 2,422                | 1,924   | 2,239                | 2,478   | 2,906               | 2,404   | 2,357              |
| 17 Switzerland   | 1,863   | 2,123   | 3,171                | 2,940                | 2,978   | 3,134                | 3,553   | 2,617               | 3,306   | 2,665              |
| 18 Turkey  | 812     | 1,130   | 1,200                | 1,587                | 1,584   | 1,649                | 1,856   | 1,709               | 1,649   | 1,585              |
| 19 United Kingdom  | 47,364  | 56,185  | 62,566 <sup>c</sup>  | 57,713 <sup>c</sup>  | 60,602  | 59,332 <sup>c</sup>  | 58,224  | 56,249              | 57,846  | 62,532             |
| 20 Yugoslavia  | 1,718   | 1,886   | 1,964                | 1,978                | 1,950   | 1,928                | 2,005   | 1,902               | 1,852   | 1,876              |
| 21 Other Western Europe <sup>1</sup>                                 | 477     | 596     | 998                  | 1,166                | 649     | 491                  | 1,253   | 1,102               | 521     | 791                |
| 22 U.S.S.R.  | 192     | 142     | 130                  | 424                  | 477     | 489                  | 568     | 504                 | 528     | 462                |
| 23 Other Eastern Europe <sup>2</sup>                                 | 1,598   | 1,389   | 1,107                | 1,180 <sup>c</sup>   | 1,111   | 1,164                | 1,176   | 1,112               | 1,026   | 1,094              |
| 24 Canada  | 16,341  | 16,109  | 16,482 <sup>c</sup>  | 17,982 <sup>c</sup>  | 18,814  | 17,910               | 18,270  | 18,303              | 19,401  | 18,112             |
| 25 Latin America and Caribbean                                       | 205,491 | 207,862 | 202,674 <sup>c</sup> | 196,815 <sup>c</sup> | 199,032 | 193,625              | 200,733 | 202,204             | 197,866 | 206,143            |
| 26 Argentina   | 11,749  | 11,050  | 11,462               | 11,456               | 11,921  | 12,079               | 12,079  | 12,282              | 12,009  | 12,119             |
| 27 Bahamas   | 59,633  | 58,009  | 58,258               | 55,692 <sup>c</sup>  | 55,260  | 52,537               | 57,075  | 56,250 <sup>c</sup> | 55,453  | 61,697             |
| 28 Bermuda   | 566     | 592     | 499                  | 460                  | 275     | 238                  | 274     | 432 <sup>c</sup>    | 373     | 320                |
| 29 Brazil  | 24,667  | 26,315  | 25,283               | 25,379               | 25,363  | 25,271               | 24,855  | 24,915              | 24,762  | 25,461             |
| 30 British West Indies   | 35,527  | 38,205  | 38,881               | 36,888 <sup>c</sup>  | 38,932  | 37,072               | 40,043  | 41,923              | 39,740  | 40,270             |
| 31 Chile   | 6,072   | 6,839   | 6,603                | 6,557                | 6,540   | 6,537                | 6,507   | 6,514               | 6,449   | 6,488              |
| 32 Colombia  | 3,745   | 3,499   | 3,249                | 2,903                | 2,861   | 2,820                | 2,789   | 2,776               | 2,642   | 2,634              |
| 33 Cuba  | 0       | 0       | 0                    | 1                    | 0       | 0                    | 0       | 0                   | 0       | 0                  |
| 34 Ecuador   | 2,307   | 2,420   | 2,390                | 2,399                | 2,388   | 2,382                | 2,397   | 2,366               | 2,375   | 2,384              |
| 35 Guatemala <sup>3</sup>  | 129     | 158     | 194                  | 167                  | 124     | 112                  | 136     | 113                 | 127     | 135                |
| 36 Jamaica <sup>3</sup>  | 215     | 252     | 224                  | 213                  | 216     | 218                  | 244     | 209                 | 209     | 224                |
| 37 Mexico  | 34,802  | 34,885  | 31,799 <sup>c</sup>  | 31,692 <sup>c</sup>  | 32,367  | 31,493               | 31,399  | 31,168 <sup>c</sup> | 30,839  | 31,032             |
| 38 Netherlands Antilles  | 1,154   | 1,350   | 1,340                | 927                  | 839     | 1,075                | 1,086   | 996 <sup>c</sup>    | 1,060   | 1,138              |
| 39 Panama  | 7,848   | 7,707   | 6,645                | 6,179                | 6,133   | 5,919                | 5,860   | 6,280               | 5,862   | 6,377              |
| 40 Peru  | 2,536   | 2,384   | 1,947                | 1,806                | 1,767   | 1,757                | 1,738   | 1,703               | 1,677   | 1,600              |
| 41 Uruguay   | 977     | 1,088   | 960                  | 961                  | 953     | 951                  | 931     | 927                 | 936     | 1,052              |
| 42 Venezuela   | 11,287  | 11,017  | 10,871               | 11,204               | 11,295  | 11,326               | 11,304  | 11,364              | 11,289  | 11,174             |
| 43 Other Latin America and Caribbean                                 | 2,277   | 2,091   | 2,067                | 1,931                | 1,917   | 1,997                | 2,015   | 1,985               | 2,065   | 2,035              |
| 44 Asia  | 67,837  | 66,316  | 66,212               | 70,729               | 73,421  | 73,965 <sup>c</sup>  | 72,033  | 74,253              | 77,792  | 78,097             |
| 45 China   |         |         |                      |                      |         |                      |         |                     |         |                    |
| 46 Mainland  | 292     | 710     | 639                  | 902                  | 593     | 703                  | 567     | 779                 | 526     | 758                |
| 47 Taiwan  | 1,908   | 1,849   | 1,535                | 1,403                | 1,151   | 1,446                | 1,238   | 1,089               | 1,637   | 1,903              |
| 48 Hong Kong   | 8,489   | 7,293   | 6,796                | 8,208                | 8,134   | 8,315                | 7,526   | 8,445               | 8,632   | 8,878              |
| 49 India   | 330     | 425     | 450                  | 479                  | 398     | 420                  | 440     | 372                 | 375     | 355                |
| 50 Indonesia   | 805     | 724     | 698                  | 712                  | 717     | 736                  | 675     | 720                 | 729     | 689                |
| 51 Israel  | 1,832   | 2,088   | 1,991                | 1,617                | 1,611   | 1,766 <sup>c</sup>   | 1,772   | 1,567               | 1,541   | 1,636              |
| 52 Japan   | 30,354  | 29,066  | 31,249               | 36,711               | 38,781  | 38,629               | 38,524  | 40,902              | 43,327  | 42,751             |
| 53 Korea   | 9,943   | 9,285   | 9,226                | 9,242                | 9,286   | 9,176                | 8,977   | 8,900               | 8,476   | 7,855              |
| 54 Philippines   | 2,107   | 2,555   | 2,224                | 2,336                | 2,325   | 2,263                | 2,393   | 2,168               | 2,128   | 2,148              |
| 55 Thailand  | 1,219   | 1,125   | 845                  | 810                  | 775     | 716                  | 706     | 711                 | 736     | 636                |
| 56 Middle East oil-exporting countries <sup>4</sup>                  | 4,954   | 5,044   | 4,298                | 3,577                | 3,838   | 3,948                | 3,680   | 2,919               | 2,764   | 3,733              |
| 56 Other Asia  | 5,603   | 6,152   | 6,260                | 4,732                | 5,812   | 5,845                | 5,535   | 5,680               | 6,921   | 6,754              |
| 57 Africa  | 6,654   | 6,615   | 5,407                | 5,128                | 5,007   | 4,890                | 4,971   | 4,817               | 4,693   | 4,660              |
| 58 Egypt   | 747     | 728     | 721                  | 653                  | 639     | 619                  | 740     | 701                 | 633     | 593                |
| 59 Morocco   | 440     | 583     | 575                  | 646                  | 662     | 640                  | 642     | 615                 | 617     | 636                |
| 60 South Africa  | 2,634   | 2,795   | 1,942                | 1,799                | 1,716   | 1,743                | 1,705   | 1,661               | 1,683   | 1,603              |
| 61 Zaire   | 33      | 18      | 20                   | 17                   | 17      | 17                   | 17      | 17                  | 21      | 42                 |
| 62 Oil-exporting countries <sup>5</sup>                              | 1,073   | 842     | 630                  | 488                  | 465     | 417                  | 415     | 413                 | 445     | 511                |
| 63 Other   | 1,727   | 1,649   | 1,520                | 1,525                | 1,508   | 1,455                | 1,452   | 1,410               | 1,294   | 1,274              |
| 64 Other countries   | 2,898   | 3,447   | 3,390                | 3,305                | 3,082   | 2,966                | 2,939   | 3,103               | 3,232   | 3,253              |
| 65 Australia   | 2,256   | 2,769   | 2,413                | 2,473                | 2,237   | 2,050                | 2,023   | 2,159               | 2,293   | 2,249              |
| 66 All other   | 642     | 678     | 978                  | 832                  | 845     | 916                  | 916     | 945                 | 940     | 1,004              |
| 67 Nonmonetary international and regional organizations <sup>6</sup> | 164     | 800     | 1,030                | 483                  | 502     | 408                  | 456     | 493                 | 420     | 200                |

1. Includes the Bank for International Settlements, beginning April 1978, also includes Eastern European countries not listed in line 23.

2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.

3. Included in "Other Latin America and Caribbean" through March 1978.

4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

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

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



3.19 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States  
Payable in U.S. Dollars  
Millions of dollars, end of period

| Type of claim  | 1983    | 1984    | 1985                 | 1986              |         |                  |                     |                      |         |                    |
|--|---------|---------|----------------------|-------------------|---------|------------------|---------------------|----------------------|---------|--------------------|
|  |         |         |                      | Mar. <sup>1</sup> | Apr.    | May <sup>1</sup> | June                | July                 | Aug.    | Sept. <sup>1</sup> |
| 1 Total .....  | 426,215 | 433,078 | 430,489 <sup>1</sup> | 419,746           | .....   | .....            | 432,326             | .....                | .....   | 417,778            |
| 2 Banks' own claims on foreigners .....  | 391,312 | 400,162 | 401,608 <sup>1</sup> | 394,702           | 401,109 | 394,667          | 403,843             | 403,494 <sup>1</sup> | 403,729 | 417,778            |
| 3 Foreign public borrowers .....   | 57,569  | 62,237  | 60,507 <sup>1</sup>  | 60,659            | 60,157  | 59,972           | 60,622              | 60,667               | 59,776  | 61,110             |
| 4 Own foreign offices <sup>1</sup> .....   | 146,393 | 156,216 | 174,261              | 173,400           | 179,662 | 173,094          | 181,867             | 181,590 <sup>1</sup> | 182,151 | 193,987            |
| 5 Unaffiliated foreign banks .....   | 123,837 | 124,932 | 116,654 <sup>1</sup> | 110,571           | 111,832 | 112,522          | 112,996             | 114,101              | 115,888 | 116,819            |
| 6 Deposits .....   | 47,126  | 49,226  | 48,372 <sup>1</sup>  | 45,043            | 46,393  | 47,493           | 47,041              | 49,326 <sup>1</sup>  | 52,410  | 52,136             |
| 7 Other .....  | 76,711  | 75,706  | 68,282               | 65,529            | 65,439  | 65,029           | 65,955              | 64,775 <sup>1</sup>  | 63,477  | 64,683             |
| 8 All other foreigners .....   | 63,514  | 56,777  | 50,185               | 50,072            | 49,458  | 49,079           | 48,358              | 47,137               | 45,913  | 45,862             |
| 9 Claims of banks' domestic customers <sup>2</sup> ..  | 34,903  | 32,916  | 28,881               | 25,044            | .....   | .....            | 28,483              | .....                | .....   | .....              |
| 10 Deposits .....  | 2,969   | 3,380   | 3,335                | 2,494             | .....   | .....            | 3,475               | .....                | .....   | .....              |
| 11 Negotiable and readily transferable instruments <sup>3</sup> .....  | 26,064  | 23,805  | 19,332               | 17,859            | .....   | .....            | 20,294              | .....                | .....   | .....              |
| 12 Outstanding collections and other claims .....  | 5,870   | 5,732   | 6,214                | 4,692             | .....   | .....            | 4,715               | .....                | .....   | .....              |
| 13 MEMO: Customer liability on acceptances .....   | 37,715  | 37,103  | 28,487               | 28,541            | .....   | .....            | 28,328 <sup>1</sup> | .....                | .....   | .....              |
| Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States <sup>4</sup> ..... | 46,337  | 40,714  | 37,399               | 41,442            | 42,771  | 47,351           | 46,200 <sup>1</sup> | 45,848               | 47,526  | n.a.               |

1. U.S. banks: includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.

2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account of their domestic customers.

3. Principally negotiable time certificates of deposit and bankers acceptances. 4. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see July 1979 BULLETIN, p. 550.

NOTE: Beginning April 1978, data for banks' own claims are given on a monthly basis, but the data for claims of banks' own domestic customers are available on a quarterly basis only.

3.20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States  
Payable in U.S. Dollars  
Millions of dollars, end of period

| Maturity; by borrower and area                  | 1982    | 1983    | 1984    | 1985    |         | 1986    |         |
|---|---------|---------|---------|---------|---------|---------|---------|
|   |         |         |         | Sept.   | Dec.    | Mar.    | June    |
| 1 Total .....                                   | 228,150 | 243,715 | 243,952 | 232,803 | 227,903 | 221,177 | 222,256 |
| <i>By borrower</i>                              |         |         |         |         |         |         |         |
| 2 Maturity of 1 year or less <sup>1</sup> ..... | 173,917 | 176,158 | 167,858 | 161,642 | 160,824 | 152,696 | 152,249 |
| 3 Foreign public borrowers .....                | 21,256  | 24,039  | 23,912  | 25,537  | 26,302  | 23,845  | 23,183  |
| 4 All other foreigners .....                    | 152,661 | 152,120 | 143,947 | 136,105 | 134,522 | 128,851 | 129,066 |
| 5 Maturity of over 1 year <sup>1</sup> .....    | 54,233  | 67,557  | 76,094  | 71,161  | 67,078  | 68,481  | 70,008  |
| 6 Foreign public borrowers .....                | 23,137  | 32,521  | 38,695  | 36,820  | 34,512  | 36,681  | 37,177  |
| 7 All other foreigners .....                    | 31,095  | 35,036  | 37,399  | 34,340  | 32,567  | 31,800  | 32,830  |
| <i>By area</i>                                  |         |         |         |         |         |         |         |
| 8 Maturity of 1 year or less <sup>1</sup>       |         |         |         |         |         |         |         |
| 9 Europe .....                                  | 50,500  | 56,117  | 58,498  | 58,520  | 56,585  | 53,462  | 57,929  |
| 10 Canada .....                                 | 7,642   | 6,211   | 6,028   | 6,117   | 6,401   | 5,899   | 6,043   |
| 11 Latin America and Caribbean .....            | 73,291  | 73,660  | 62,791  | 62,148  | 63,328  | 59,538  | 57,134  |
| 12 Asia .....                                   | 37,578  | 34,403  | 33,504  | 29,120  | 27,966  | 28,034  | 25,772  |
| 13 Africa .....                                 | 3,680   | 4,199   | 4,442   | 3,954   | 3,753   | 3,331   | 3,297   |
| 14 All other <sup>2</sup> .....                 | 1,226   | 1,569   | 2,593   | 1,782   | 2,791   | 2,433   | 2,073   |
| 15 Maturity of over 1 year <sup>1</sup>         |         |         |         |         |         |         |         |
| 16 Europe .....                                 | 11,636  | 13,576  | 9,605   | 8,078   | 7,634   | 7,783   | 7,934   |
| 17 Canada .....                                 | 1,931   | 1,857   | 1,882   | 1,940   | 1,805   | 1,925   | 2,256   |
| 18 Latin America and Caribbean .....            | 35,247  | 43,888  | 56,144  | 53,090  | 50,674  | 52,165  | 53,572  |
| 19 Asia .....                                   | 3,185   | 4,850   | 5,323   | 5,230   | 4,502   | 4,251   | 4,034   |
| 20 Africa .....                                 | 1,494   | 2,286   | 2,033   | 1,665   | 1,538   | 1,634   | 1,497   |
| 21 All other <sup>2</sup> .....                 | 740     | 1,101   | 1,107   | 1,157   | 926     | 722     | 714     |

1. Remaining time to maturity.

2. Includes nonmonetary international and regional organizations.

3.21 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks<sup>1</sup>

Billions of dollars, end of period

| Area or country                                 | 1982  | 1983  | 1984              |       |       | 1985  |       |       |       | 1986  |                   |
|---|-------|-------|-------------------|-------|-------|-------|-------|-------|-------|-------|-------------------|
|   |       |       | June <sup>2</sup> | Sept. | Dec.  | Mar.  | June  | Sept. | Dec.  | Mar.  | June <sup>3</sup> |
| 1 Total   | 436.1 | 433.9 | 427.6             | 406.4 | 405.7 | 405.5 | 396.8 | 394.9 | 391.9 | 394.4 | 391.1             |
| 2 G-10 countries and Switzerland                | 179.6 | 167.8 | 157.4             | 147.5 | 148.1 | 153.0 | 146.7 | 152.0 | 148.5 | 156.6 | 159.7             |
| 3 Belgium-Luxembourg                            | 13.1  | 12.4  | 10.9              | 9.8   | 8.7   | 9.3   | 8.9   | 9.5   | 9.3   | 8.3   | 9.0               |
| 4 France  | 17.1  | 16.2  | 14.2              | 14.3  | 14.1  | 14.5  | 13.5  | 14.8  | 12.3  | 13.8  | 14.7              |
| 5 Germany                                       | 12.7  | 11.3  | 10.9              | 10.0  | 9.0   | 8.9   | 9.6   | 9.8   | 10.5  | 11.2  | 11.5              |
| 6 Italy   | 10.3  | 11.4  | 11.5              | 9.7   | 10.1  | 10.0  | 8.6   | 8.4   | 9.8   | 8.5   | 9.3               |
| 7 Netherlands                                   | 3.6   | 3.5   | 3.0               | 3.4   | 3.9   | 3.8   | 3.7   | 3.4   | 3.7   | 3.5   | 3.4               |
| 8 Sweden  | 5.0   | 5.1   | 4.3               | 3.5   | 3.2   | 3.1   | 2.9   | 3.1   | 2.8   | 2.9   | 2.9               |
| 9 Switzerland                                   | 5.0   | 4.3   | 4.2               | 3.9   | 3.9   | 4.2   | 4.0   | 4.1   | 4.4   | 5.4   | 5.6               |
| 10 United Kingdom                               | 72.1  | 65.3  | 60.3              | 57.1  | 60.3  | 65.4  | 65.7  | 67.1  | 64.6  | 68.8  | 68.9              |
| 11 Canada                                       | 10.4  | 8.3   | 8.9               | 8.1   | 7.9   | 9.1   | 8.1   | 7.6   | 7.0   | 6.1   | 7.0               |
| 12 Japan  | 30.2  | 29.9  | 29.3              | 27.7  | 27.1  | 24.7  | 21.7  | 24.3  | 24.2  | 28.1  | 27.4              |
| 13 Other developed countries                    | 33.5  | 36.0  | 37.0              | 36.2  | 33.6  | 32.8  | 32.3  | 32.0  | 30.4  | 31.5  | 30.6              |
| 14 Austria                                      | 1.9   | 1.9   | 1.9               | 1.8   | 1.6   | 1.6   | 1.6   | 1.7   | 1.6   | 1.6   | 1.7               |
| 15 Denmark                                      | 2.4   | 3.4   | 3.1               | 2.9   | 2.2   | 2.1   | 1.9   | 2.1   | 2.4   | 2.5   | 2.4               |
| 16 Finland                                      | 2.2   | 2.4   | 2.3               | 1.9   | 1.9   | 1.8   | 1.8   | 1.8   | 1.6   | 1.9   | 1.6               |
| 17 Greece                                       | 3.0   | 2.8   | 3.3               | 3.2   | 2.9   | 2.9   | 2.9   | 2.8   | 2.6   | 2.5   | 2.6               |
| 18 Norway                                       | 3.3   | 3.3   | 3.2               | 3.2   | 3.0   | 2.9   | 2.9   | 3.4   | 2.9   | 2.7   | 3.0               |
| 19 Portugal                                     | 1.5   | 1.5   | 1.7               | 1.6   | 1.4   | 1.4   | 1.3   | 1.4   | 1.3   | 1.1   | 1.0               |
| 20 Spain  | 7.5   | 7.1   | 7.3               | 6.9   | 6.5   | 6.4   | 5.9   | 6.1   | 5.8   | 6.4   | 6.4               |
| 21 Turkey                                       | 1.4   | 1.7   | 2.0               | 2.0   | 1.9   | 1.9   | 2.0   | 2.1   | 1.9   | 2.3   | 2.5               |
| 22 Other Western Europe                         | 2.3   | 1.8   | 1.9               | 1.7   | 1.7   | 1.7   | 1.8   | 1.7   | 2.0   | 2.4   | 2.1               |
| 23 South Africa                                 | 3.7   | 4.7   | 4.7               | 5.0   | 4.5   | 4.2   | 3.9   | 3.3   | 3.2   | 3.2   | 3.1               |
| 24 Australia                                    | 4.3   | 5.4   | 5.6               | 6.1   | 6.0   | 6.1   | 6.2   | 5.6   | 5.0   | 4.9   | 4.2               |
| 25 OPEC countries <sup>4</sup>                  | 26.9  | 28.4  | 26.0              | 24.4  | 24.9  | 24.5  | 22.8  | 22.7  | 21.6  | 20.6  | 20.6              |
| 26 Ecuador                                      | 2.2   | 2.2   | 2.1               | 2.1   | 2.2   | 2.2   | 2.2   | 2.2   | 2.1   | 2.2   | 2.1               |
| 27 Venezuela                                    | 10.5  | 9.9   | 9.5               | 9.2   | 9.3   | 9.3   | 9.0   | 8.9   | 8.7   | 8.7   | 8.8               |
| 28 Indonesia                                    | 2.9   | 3.4   | 3.5               | 3.2   | 3.3   | 3.3   | 3.1   | 3.1   | 3.0   | 3.3   | 3.0               |
| 29 Middle East countries                        | 8.5   | 9.8   | 8.2               | 7.3   | 7.9   | 7.4   | 6.1   | 6.2   | 5.5   | 4.8   | 5.0               |
| 30 African countries                            | 2.8   | 3.0   | 2.7               | 2.5   | 2.3   | 2.3   | 2.2   | 2.3   | 2.0   | 1.8   | 1.7               |
| 31 Non-OPEC developing countries                | 106.5 | 110.8 | 112.3             | 111.6 | 111.8 | 110.8 | 110.0 | 107.8 | 105.0 | 103.4 | 101.6             |
| <i>Latin America</i>                            |       |       |                   |       |       |       |       |       |       |       |                   |
| 32 Argentina                                    | 8.9   | 9.5   | 9.2               | 9.1   | 8.7   | 8.6   | 8.6   | 8.9   | 8.9   | 8.9   | 9.2               |
| 33 Brazil                                       | 22.9  | 23.1  | 25.4              | 26.3  | 26.3  | 26.4  | 26.6  | 25.5  | 25.6  | 25.7  | 25.3              |
| 34 Chile  | 6.3   | 6.4   | 6.7               | 7.1   | 7.0   | 7.0   | 6.9   | 6.6   | 7.0   | 7.0   | 7.1               |
| 35 Colombia                                     | 3.1   | 3.2   | 3.0               | 2.9   | 2.9   | 2.8   | 2.7   | 2.6   | 2.7   | 2.3   | 2.2               |
| 36 Mexico                                       | 24.2  | 25.8  | 25.9              | 26.0  | 25.7  | 25.5  | 25.3  | 24.4  | 24.1  | 23.9  | 23.9              |
| 37 Peru   | 2.6   | 2.4   | 2.3               | 2.2   | 2.2   | 2.2   | 2.1   | 1.9   | 1.8   | 1.7   | 1.6               |
| 38 Other Latin America                          | 4.0   | 4.2   | 4.1               | 3.9   | 3.9   | 3.8   | 3.7   | 3.5   | 3.4   | 3.3   | 3.3               |
| <i>Asia</i>                                     |       |       |                   |       |       |       |       |       |       |       |                   |
| 39 China  |       |       |                   |       |       |       |       |       |       |       |                   |
| 40 Mainland                                     | .2    | .3    | .6                | .5    | .7    | .7    | .3    | 1.1   | .5    | .6    | .6                |
| 41 Taiwan                                       | 5.3   | 5.2   | 5.2               | 5.1   | 5.1   | 5.3   | 5.5   | 5.1   | 4.5   | 4.3   | 3.6               |
| 42 India  | .5    | .9    | .9                | 1.0   | .9    | .9    | .9    | 1.1   | 1.2   | 1.2   | 1.3               |
| 43 Israel                                       | 2.3   | 1.9   | 1.9               | 1.7   | 1.8   | 1.7   | 2.3   | 1.5   | 1.6   | 1.3   | 1.6               |
| 44 Korea (South)                                | 10.7  | 11.2  | 11.0              | 10.3  | 10.6  | 10.4  | 10.0  | 10.4  | 9.4   | 9.5   | 8.7               |
| 45 Malaysia                                     | 2.1   | 2.8   | 2.7               | 2.9   | 2.7   | 2.7   | 2.8   | 2.7   | 2.4   | 2.2   | 2.0               |
| 46 Philippines                                  | 6.3   | 6.1   | 6.2               | 5.9   | 6.0   | 6.1   | 6.0   | 6.0   | 5.7   | 5.6   | 5.7               |
| 47 Thailand                                     | 1.6   | 2.2   | 1.9               | 1.8   | 1.8   | 1.7   | 1.6   | 1.6   | 1.4   | 1.3   | 1.1               |
| 48 Other Asia                                   | 1.1   | 1.0   | 1.1               | .9    | 1.1   | 1.1   | .9    | .9    | 1.0   | .9    | .8                |
| <i>Africa</i>                                   |       |       |                   |       |       |       |       |       |       |       |                   |
| 49 Egypt  | 1.2   | 1.5   | 1.4               | 1.2   | 1.2   | 1.1   | 1.0   | 1.0   | 1.0   | .9    | .9                |
| 50 Morocco                                      | .7    | .8    | .8                | .8    | .8    | .8    | .8    | .9    | .9    | .9    | .9                |
| 51 Zaïre  | .1    | .1    | .1                | .1    | .1    | .1    | .1    | .1    | .1    | .1    | .1                |
| 52 Other Africa <sup>4</sup>                    | 2.4   | 2.3   | 1.9               | 1.9   | 2.1   | 2.2   | 2.0   | 2.0   | 1.9   | 1.9   | 1.7               |
| 53 Eastern Europe                               | 6.2   | 5.3   | 4.9               | 4.5   | 4.4   | 4.3   | 4.3   | 4.6   | 4.2   | 4.0   | 4.0               |
| 54 U.S.S.R.                                     | .3    | .2    | .2                | .2    | .1    | .2    | .3    | .2    | .1    | .3    | .3                |
| 55 Yugoslavia                                   | 2.2   | 2.4   | 2.3               | 2.3   | 2.3   | 2.2   | 2.2   | 2.4   | 2.2   | 2.0   | 2.0               |
| 56 Other  | 3.7   | 2.8   | 2.4               | 2.1   | 2.0   | 1.9   | 1.8   | 1.9   | 1.8   | 1.7   | 1.7               |
| 56 Offshore banking centers                     | 66.0  | 68.9  | 72.8              | 65.1  | 65.6  | 63.2  | 63.9  | 58.8  | 65.4  | 61.5  | 57.2              |
| 57 Bahamas                                      | 19.0  | 21.7  | 27.4              | 23.3  | 21.5  | 20.1  | 21.1  | 16.6  | 21.4  | 21.5  | 17.3              |
| 58 Bermuda                                      | .9    | .9    | .7                | 1.0   | .9    | .7    | .9    | .8    | .7    | .7    | .4                |
| 59 Cayman Islands and other British West Indies | 12.8  | 12.2  | 12.2              | 11.1  | 11.8  | 12.3  | 12.1  | 12.3  | 13.4  | 11.3  | 12.8              |
| 60 Netherlands Antilles                         | 3.3   | 4.2   | 3.3               | 3.1   | 3.4   | 3.3   | 3.2   | 2.3   | 2.3   | 2.3   | 2.3               |
| 61 Panama <sup>5</sup>                          | 7.5   | 5.8   | 6.5               | 5.6   | 6.7   | 5.5   | 5.4   | 6.1   | 6.0   | 5.9   | 5.5               |
| 62 Lebanon                                      | .1    | .1    | .1                | .1    | .1    | .1    | .1    | .0    | .1    | .1    | .1                |
| 63 Hong Kong                                    | 13.3  | 13.8  | 12.4              | 11.6  | 11.4  | 11.4  | 11.4  | 11.4  | 11.5  | 11.4  | 9.4               |
| 64 Singapore                                    | 9.1   | 10.3  | 10.2              | 9.4   | 9.8   | 9.9   | 9.7   | 9.4   | 9.9   | 8.4   | 9.4               |
| 65 Others <sup>6</sup>                          | .0    | .0    | .0                | .0    | .0    | .0    | .0    | .0    | .0    | .0    | .0                |
| 66 Miscellaneous and unallocated <sup>7</sup>   | 17.5  | 16.8  | 17.3              | 17.1  | 17.3  | 16.9  | 16.9  | 17.3  | 16.9  | 16.8  | 17.4              |

1. The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices *not* covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. To minimize duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution. The data in this table combine foreign branch claims in table 3.14 (the sum of lines 7 through 10) with the claims of U.S. offices in table 3.18 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches).

2. Beginning with June 1984 data, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches

from \$50 million to \$150 million equivalent in total assets, the threshold now applicable to all reporting branches.

3. Besides the Organization of Petroleum Exporting Countries shown individually, this group includes other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates) as well as Bahrain and Oman (not formally members of OPEC).

4. Excludes Liberia.

5. Includes Canal Zone beginning December 1979.

6. Foreign branch claims only.

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

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

Millions of dollars, end of period

| Type, and area or country                             | 1982   | 1983   | 1984   | 1985   |        |        | 1986   |                   |
|---|--------|--------|--------|--------|--------|--------|--------|-------------------|
|   |        |        |        | June   | Sept.  | Dec.   | Mar.   | June <sup>2</sup> |
| 1 Total   | 27,512 | 25,346 | 29,357 | 24,574 | 25,256 | 27,230 | 25,635 | 24,222            |
| 2 Payable in dollars                                  | 24,280 | 22,233 | 26,389 | 21,899 | 22,408 | 23,994 | 22,022 | 20,692            |
| 3 Payable in foreign currencies                       | 3,232  | 3,113  | 2,968  | 2,675  | 2,848  | 3,236  | 3,613  | 3,530             |
| <i>By type</i>  |        |        |        |        |        |        |        |                   |
| 4 Financial liabilities                               | 11,066 | 10,572 | 14,509 | 11,528 | 11,815 | 13,005 | 12,328 | 11,117            |
| 5 Payable in dollars                                  | 8,858  | 8,700  | 12,553 | 9,543  | 9,824  | 10,955 | 10,205 | 9,177             |
| 6 Payable in foreign currencies                       | 2,208  | 1,872  | 1,955  | 1,985  | 1,991  | 2,050  | 2,123  | 1,940             |
| 7 Commercial liabilities                              | 16,446 | 14,774 | 14,849 | 13,046 | 13,441 | 14,225 | 13,307 | 13,105            |
| 8 Trade payables                                      | 9,438  | 7,765  | 7,005  | 5,797  | 5,694  | 6,685  | 5,598  | 5,503             |
| 9 Advance receipts and other liabilities              | 7,008  | 7,009  | 7,843  | 7,249  | 7,747  | 7,540  | 7,710  | 7,602             |
| 10 Payable in dollars                                 | 15,423 | 13,533 | 13,836 | 12,356 | 12,584 | 13,039 | 11,817 | 11,516            |
| 11 Payable in foreign currencies                      | 1,023  | 1,241  | 1,013  | 690    | 857    | 1,186  | 1,490  | 1,590             |
| <i>By area or country</i>                             |        |        |        |        |        |        |        |                   |
| <i>Financial liabilities</i>                          |        |        |        |        |        |        |        |                   |
| 12 Europe   | 6,501  | 5,742  | 6,728  | 5,944  | 6,568  | 7,270  | 6,971  | 6,705             |
| 13 Belgium-Luxembourg                                 | 505    | 302    | 471    | 351    | 367    | 329    | 338    | 288               |
| 14 France   | 783    | 843    | 995    | 865    | 849    | 857    | 851    | 701               |
| 15 Germany  | 467    | 502    | 489    | 474    | 493    | 419    | 371    | 262               |
| 16 Netherlands  | 711    | 621    | 590    | 604    | 624    | 745    | 630    | 651               |
| 17 Switzerland  | 792    | 486    | 569    | 566    | 593    | 676    | 702    | 561               |
| 18 United Kingdom                                     | 3,102  | 2,839  | 3,297  | 2,835  | 3,351  | 3,924  | 3,736  | 3,960             |
| 19 Canada   | 746    | 764    | 863    | 850    | 826    | 760    | 753    | 287               |
| 20 Latin America and Caribbean                        | 2,751  | 2,596  | 5,086  | 3,106  | 2,619  | 3,152  | 2,788  | 2,404             |
| 21 Bahamas  | 904    | 751    | 1,926  | 1,107  | 1,145  | 1,120  | 954    | 859               |
| 22 Bermuda  | 14     | 13     | 13     | 10     | 4      | 13     | 13     | 14                |
| 23 Brazil   | 28     | 32     | 35     | 27     | 23     | 29     | 26     | 27                |
| 24 British West Indies                                | 1,027  | 1,041  | 2,103  | 1,734  | 1,234  | 1,814  | 1,610  | 1,362             |
| 25 Mexico   | 121    | 213    | 367    | 32     | 28     | 15     | 20     | 30                |
| 26 Venezuela  | 114    | 124    | 137    | 3      | 3      | 3      | 4      | 3                 |
| 27 Asia   | 1,039  | 1,424  | 1,777  | 1,584  | 1,767  | 1,790  | 1,799  | 1,660             |
| 28 Japan  | 715    | 991    | 1,209  | 994    | 1,136  | 1,173  | 1,192  | 1,189             |
| 29 Middle East oil-exporting countries <sup>3</sup>   | 169    | 170    | 155    | 147    | 82     | 82     | 78     | 43                |
| 30 Africa   | 17     | 19     | 14     | 14     | 14     | 12     | 12     | 12                |
| 31 Oil-exporting countries <sup>3</sup>               | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0                 |
| 32 All other <sup>4</sup>                             | 12     | 27     | 41     | 30     | 22     | 21     | 4      | 49                |
| <i>Commercial liabilities</i>                         |        |        |        |        |        |        |        |                   |
| 33 Europe   | 3,831  | 3,245  | 4,001  | 3,461  | 3,897  | 4,074  | 3,915  | 3,761             |
| 34 Belgium-Luxembourg                                 | 52     | 62     | 48     | 53     | 56     | 62     | 66     | 58                |
| 35 France   | 598    | 437    | 438    | 423    | 431    | 453    | 382    | 357               |
| 36 Germany  | 468    | 427    | 622    | 428    | 601    | 607    | 546    | 512               |
| 37 Netherlands  | 346    | 268    | 245    | 284    | 386    | 364    | 545    | 587               |
| 38 Switzerland  | 367    | 241    | 257    | 349    | 289    | 379    | 251    | 283               |
| 39 United Kingdom                                     | 1,027  | 732    | 1,095  | 730    | 858    | 976    | 957    | 861               |
| 40 Canada   | 1,495  | 1,841  | 1,975  | 1,494  | 1,383  | 1,449  | 1,442  | 1,351             |
| 41 Latin America and Caribbean                        | 1,570  | 1,473  | 1,871  | 1,225  | 1,262  | 1,088  | 1,097  | 1,304             |
| 42 Bahamas  | 16     | 1      | 7      | 12     | 2      | 12     | 26     | 10                |
| 43 Bermuda  | 117    | 67     | 114    | 77     | 105    | 77     | 210    | 294               |
| 44 Brazil   | 60     | 44     | 124    | 90     | 120    | 58     | 64     | 107               |
| 45 British West Indies                                | 32     | 6      | 32     | 1      | 15     | 44     | 7      | 35                |
| 46 Mexico   | 436    | 585    | 586    | 492    | 415    | 430    | 256    | 235               |
| 47 Venezuela  | 642    | 432    | 636    | 309    | 311    | 212    | 364    | 488               |
| 48 Asia   | 8,144  | 6,741  | 5,285  | 5,246  | 5,353  | 6,046  | 5,384  | 5,068             |
| 49 Japan  | 1,226  | 1,247  | 1,256  | 1,219  | 1,567  | 1,799  | 2,039  | 2,095             |
| 50 Middle East oil-exporting countries <sup>3,5</sup> | 5,503  | 4,178  | 2,372  | 2,396  | 2,109  | 2,829  | 2,171  | 1,731             |
| 51 Africa   | 753    | 553    | 588    | 631    | 572    | 587    | 486    | 569               |
| 52 Oil-exporting countries <sup>3</sup>               | 277    | 167    | 233    | 265    | 235    | 238    | 148    | 215               |
| 53 All other <sup>4</sup>                             | 651    | 921    | 1,128  | 988    | 975    | 982    | 983    | 1,053             |

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<sup>1</sup>

Millions of dollars, end of period

| Type, and area or country                           | 1982   | 1983   | 1984   | 1985   |        |        | 1986                |                   |
|---|--------|--------|--------|--------|--------|--------|---------------------|-------------------|
|   |        |        |        | June   | Sept.  | Dec.   | Mar.                | June <sup>2</sup> |
| 1 Total   | 28,725 | 34,911 | 29,901 | 26,750 | 28,610 | 28,085 | 30,927 <sup>3</sup> | 32,519            |
| 2 Payable in dollars                                | 26,085 | 31,815 | 27,304 | 24,121 | 25,743 | 25,783 | 28,740 <sup>3</sup> | 30,337            |
| 3 Payable in foreign currencies                     | 2,640  | 3,096  | 2,597  | 2,629  | 2,866  | 2,302  | 2,187               | 2,182             |
| <i>By type</i>                                      |        |        |        |        |        |        |                     |                   |
| 4 Financial claims                                  | 17,684 | 23,780 | 19,254 | 16,695 | 19,203 | 18,099 | 21,540              | 23,324            |
| 5 Deposits  | 13,058 | 18,496 | 14,621 | 12,839 | 15,315 | 14,852 | 18,146              | 20,034            |
| 6 Payable in dollars                                | 12,628 | 17,993 | 14,202 | 12,283 | 14,611 | 14,237 | 17,689              | 19,479            |
| 7 Payable in foreign currencies                     | 430    | 503    | 420    | 556    | 704    | 615    | 457                 | 555               |
| 8 Other financial claims                            | 4,626  | 5,284  | 4,633  | 3,856  | 3,889  | 3,248  | 3,394               | 3,290             |
| 9 Payable in dollars                                | 2,979  | 3,328  | 3,190  | 2,375  | 2,351  | 2,213  | 2,301               | 2,269             |
| 10 Payable in foreign currencies                    | 1,647  | 1,956  | 1,442  | 1,480  | 1,538  | 1,035  | 1,093               | 1,021             |
| 11 Commercial claims                                | 11,041 | 11,131 | 10,646 | 10,055 | 9,406  | 9,986  | 9,387 <sup>3</sup>  | 9,195             |
| 12 Trade receivables                                | 9,994  | 9,721  | 9,177  | 8,688  | 7,932  | 8,696  | 8,086 <sup>3</sup>  | 7,858             |
| 13 Advance payments and other claims                | 1,047  | 1,410  | 1,470  | 1,367  | 1,475  | 1,290  | 1,301               | 1,337             |
| 14 Payable in dollars                               | 10,478 | 10,494 | 9,912  | 9,463  | 8,782  | 9,333  | 8,750 <sup>3</sup>  | 8,589             |
| 15 Payable in foreign currencies                    | 563    | 637    | 735    | 592    | 624    | 652    | 637                 | 606               |
| <i>By area or country</i>                           |        |        |        |        |        |        |                     |                   |
| <i>Financial claims</i>                             |        |        |        |        |        |        |                     |                   |
| 16 Europe   | 4,873  | 6,488  | 5,762  | 5,477  | 6,463  | 6,327  | 6,859               | 8,877             |
| 17 Belgium-Luxembourg                               | 15     | 37     | 15     | 15     | 12     | 10     | 10                  | 11                |
| 18 France   | 134    | 150    | 126    | 51     | 132    | 184    | 217                 | 257               |
| 19 Germany  | 178    | 163    | 224    | 175    | 158    | 223    | 172                 | 148               |
| 20 Netherlands                                      | 97     | 71     | 66     | 46     | 127    | 61     | 61                  | 177               |
| 21 Switzerland                                      | 107    | 38     | 66     | 16     | 53     | 74     | 166                 | 177               |
| 22 United Kingdom                                   | 4,064  | 5,817  | 4,864  | 4,900  | 5,736  | 5,522  | 5,986               | 8,051             |
| 23 Canada   | 4,377  | 5,989  | 3,988  | 3,756  | 4,037  | 3,256  | 4,024               | 4,464             |
| 24 Latin America and Caribbean                      | 7,546  | 10,234 | 8,216  | 6,616  | 7,603  | 7,697  | 9,934               | 9,151             |
| 25 Bahamas  | 3,279  | 4,771  | 3,306  | 2,204  | 2,315  | 2,685  | 3,500               | 3,251             |
| 26 Bermuda  | 32     | 102    | 6      | 6      | 5      | 6      | 2                   | 17                |
| 27 Brazil   | 62     | 53     | 100    | 96     | 92     | 78     | 77                  | 75                |
| 28 British West Indies                              | 3,255  | 4,206  | 4,043  | 3,747  | 4,632  | 4,440  | 5,904               | 5,359             |
| 29 Mexico   | 274    | 293    | 215    | 206    | 201    | 180    | 178                 | 176               |
| 30 Venezuela  | 139    | 134    | 125    | 100    | 73     | 48     | 43                  | 42                |
| 31 Asia   | 698    | 764    | 961    | 640    | 969    | 696    | 621                 | 723               |
| 32 Japan  | 153    | 297    | 353    | 281    | 725    | 475    | 350                 | 499               |
| 33 Middle East oil-exporting countries <sup>2</sup> | 15     | 4      | 13     | 6      | 6      | 4      | 2                   | 2                 |
| 34 Africa   | 158    | 147    | 210    | 111    | 104    | 103    | 87                  | 89                |
| 35 Oil-exporting countries <sup>3</sup>             | 48     | 55     | 85     | 25     | 31     | 29     | 27                  | 25                |
| 36 All other <sup>4</sup>                           | 31     | 159    | 117    | 95     | 26     | 21     | 14                  | 20                |
| <i>Commercial claims</i>                            |        |        |        |        |        |        |                     |                   |
| 37 Europe   | 3,826  | 3,670  | 3,801  | 3,680  | 3,235  | 3,533  | 3,387 <sup>3</sup>  | 3,304             |
| 38 Belgium-Luxembourg                               | 151    | 135    | 165    | 212    | 158    | 175    | 148                 | 131               |
| 39 France   | 474    | 459    | 440    | 408    | 360    | 426    | 384 <sup>3</sup>    | 390               |
| 40 Germany  | 357    | 349    | 374    | 375    | 336    | 346    | 396                 | 414               |
| 41 Netherlands                                      | 350    | 334    | 335    | 301    | 286    | 284    | 221 <sup>3</sup>    | 237               |
| 42 Switzerland                                      | 360    | 317    | 271    | 376    | 208    | 284    | 248                 | 221               |
| 43 United Kingdom                                   | 811    | 809    | 1,063  | 950    | 779    | 898    | 793                 | 668               |
| 44 Canada   | 633    | 829    | 1,021  | 1,065  | 1,100  | 1,023  | 1,060               | 970               |
| 45 Latin America and Caribbean                      | 2,526  | 2,695  | 2,052  | 1,803  | 1,660  | 1,753  | 1,599 <sup>3</sup>  | 1,590             |
| 46 Bahamas  | 21     | 8      | 8      | 11     | 18     | 13     | 27                  | 24                |
| 47 Bermuda  | 261    | 190    | 115    | 65     | 62     | 93     | 82                  | 148               |
| 48 Brazil   | 258    | 493    | 214    | 193    | 211    | 206    | 231 <sup>3</sup>    | 194               |
| 49 British West Indies                              | 12     | 7      | 7      | 29     | 7      | 6      | 7                   | 24                |
| 50 Mexico   | 775    | 884    | 583    | 468    | 416    | 510    | 388 <sup>3</sup>    | 320               |
| 51 Venezuela  | 351    | 272    | 206    | 181    | 149    | 157    | 172                 | 180               |
| 52 Asia   | 3,050  | 3,063  | 3,073  | 2,707  | 2,712  | 2,982  | 2,606 <sup>3</sup>  | 2,649             |
| 53 Japan  | 1,047  | 1,114  | 1,191  | 954    | 884    | 1,016  | 801 <sup>3</sup>    | 846               |
| 54 Middle East oil-exporting countries <sup>2</sup> | 751    | 737    | 668    | 593    | 541    | 638    | 630 <sup>3</sup>    | 691               |
| 55 Africa   | 588    | 588    | 470    | 464    | 434    | 437    | 491                 | 447               |
| 56 Oil-exporting countries <sup>3</sup>             | 140    | 139    | 134    | 137    | 131    | 130    | 167                 | 171               |
| 57 All other <sup>4</sup>                           | 417    | 286    | 229    | 336    | 264    | 257    | 244                 | 235               |

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                       | 1984   | 1985                | 1986       |                   |                   |                  |        |                     |        |                    |
|---|--------|---------------------|------------|-------------------|-------------------|------------------|--------|---------------------|--------|--------------------|
|   |        |                     | Jan.-Sept. | Mar. <sup>1</sup> | Apr. <sup>1</sup> | May <sup>1</sup> | June   | July                | Aug.   | Sept. <sup>2</sup> |
| U.S. corporate securities                               |        |                     |            |                   |                   |                  |        |                     |        |                    |
| STOCKS  |        |                     |            |                   |                   |                  |        |                     |        |                    |
| 1 Foreign purchases                                     | 59,834 | 81,995 <sup>r</sup> | 110,917    | 13,568            | 15,414            | 13,244           | 11,176 | 13,268              | 12,040 | 12,180             |
| 2 Foreign sales   | 62,814 | 77,054              | 92,636     | 10,687            | 11,468            | 10,388           | 10,832 | 11,258              | 10,611 | 10,926             |
| 3 Net purchases, or sales (-)                           | -2,980 | 4,941 <sup>r</sup>  | 18,281     | 2,881             | 3,947             | 2,856            | 344    | 2,010               | 1,429  | 1,253              |
| 4 Foreign countries                                     | -3,109 | 4,857 <sup>r</sup>  | 18,391     | 2,833             | 3,883             | 2,814            | 464    | 2,075               | 1,469  | 1,298              |
| 5 Europe  | -3,077 | 2,057               | 10,614     | 2,212             | 2,066             | 1,571            | 192    | 576                 | 823    | 584                |
| 6 France  | -405   | -438                | 510        | -26               | 36                | 99               | 219    | 182                 | 105    | 29                 |
| 7 Germany   | -50    | 730                 | 423        | 229               | 47                | 99               | -174   | -130                | -42    | 7                  |
| 8 Netherlands   | -357   | 123                 | 991        | 166               | 123               | 236              | 97     | 52                  | 50     | 36                 |
| 9 Switzerland   | -1,542 | -75                 | 2,153      | 697               | 569               | 376              | 134    | -198                | 44     | 70                 |
| 10 United Kingdom                                       | -677   | 1,665               | 5,060      | 1,029             | 733               | 563              | 38     | 481                 | 520    | 461                |
| 11 Canada   | 1,691  | 356                 | 766        | 77                | 52                | 44               | 131    | 214                 | 97     | 92                 |
| 12 Latin America and Caribbean                          | 495    | 1,718               | 2,284      | 195               | 880               | 489              | 60     | 269                 | 108    | 146                |
| 13 Middle East <sup>1</sup>                             | -1,992 | 238                 | 852        | 127               | 339               | 117              | -236   | 181                 | 78     | 58                 |
| 14 Other Asia   | -378   | 296 <sup>r</sup>    | 3,318      | 135               | 399               | 472              | 288    | 830                 | 376    | 346                |
| 15 Africa   | -22    | 24                  | 219        | 59                | 48                | 43               | 3      | 30                  | 1      | -13                |
| 16 Other countries                                      | 175    | 168                 | 338        | 28                | 100               | 78               | 32     | -23                 | -13    | 86                 |
| 17 Nonmonetary international and regional organizations | 129    | 84                  | -111       | 47                | 63                | 42               | -121   | -65                 | -40    | -45                |
| BONDS <sup>2</sup>                                      |        |                     |            |                   |                   |                  |        |                     |        |                    |
| 18 Foreign purchases                                    | 39,296 | 86,587 <sup>r</sup> | 91,739     | 12,515            | 13,483            | 12,044           | 8,964  | 8,937 <sup>r</sup>  | 9,420  | 10,161             |
| 19 Foreign sales  | 26,399 | 42,439 <sup>r</sup> | 52,412     | 7,379             | 8,855             | 5,252            | 5,686  | 5,679               | 5,348  | 5,578              |
| 20 Net purchases, or sales (-)                          | 12,897 | 44,149 <sup>r</sup> | 39,327     | 5,137             | 4,628             | 6,792            | 3,278  | 3,259 <sup>r</sup>  | 4,072  | 4,582              |
| 21 Foreign countries                                    | 12,600 | 44,244 <sup>r</sup> | 38,447     | 4,836             | 4,438             | 6,696            | 2,798  | 3,197 <sup>r</sup>  | 4,077  | 4,872              |
| 22 Europe   | 11,697 | 40,047              | 30,625     | 3,690             | 3,641             | 6,221            | 2,763  | 2,395 <sup>r</sup>  | 2,484  | 3,385              |
| 23 France   | 207    | 210                 | 29         | -17               | -22               | 83               | -6     | 6                   | 20     | -28                |
| 24 Germany  | 1,724  | 2,001               | -204       | -224              | 73                | 205              | 3      | -91                 | -81    | 28                 |
| 25 Netherlands  | 100    | 222                 | 277        | 25                | 2                 | 89               | -37    | -39                 | 98     | 51                 |
| 26 Switzerland  | 643    | 3,987               | 4,178      | 459               | 1,231             | 456              | 490    | 180                 | 564    | 30                 |
| 27 United Kingdom                                       | 8,429  | 32,762              | 26,498     | 3,374             | 2,578             | 5,631            | 2,214  | 2,213 <sup>r</sup>  | 1,917  | 3,410              |
| 28 Canada   | 62     | 190 <sup>r</sup>    | 155        | -197              | 74                | 54               | 55     | 85                  | 110    | 3                  |
| 29 Latin America and Caribbean                          | 376    | 498                 | 1,201      | 200               | 263               | 142              | 63     | 250 <sup>r</sup>    | 160    | 65                 |
| 30 Middle East <sup>1</sup>                             | -1,230 | -2,631 <sup>r</sup> | -2,305     | 8                 | -396              | -186             | -632   | -718 <sup>r</sup>   | -40    | 169                |
| 31 Other Asia   | 1,817  | 6,091               | 8,642      | 1,144             | 840               | 464              | 480    | 1,177 <sup>r</sup>  | 1,329  | 1,586              |
| 32 Africa   | 1      | 11                  | 14         | 0                 | 3                 | -2               | 3      | -3                  | 5      | 6                  |
| 33 Other countries                                      | 0      | 38                  | 116        | -10               | 13                | 3                | 66     | 11                  | 29     | 4                  |
| 34 Nonmonetary international and regional organizations | 297    | -95                 | 880        | 301               | 190               | 96               | 480    | 61                  | -4     | -290               |
| Foreign securities                                      |        |                     |            |                   |                   |                  |        |                     |        |                    |
| 35 Stocks, net purchases, or sales (-)                  | -1,101 | -3,894 <sup>r</sup> | -3,362     | -1,364            | -1,668            | -221             | -238   | 404 <sup>r</sup>    | -83    | 480                |
| 36 Foreign purchases                                    | 14,816 | 20,851 <sup>r</sup> | 34,520     | 3,710             | 4,390             | 3,454            | 3,775  | 4,310 <sup>r</sup>  | 4,610  | 4,811              |
| 37 Foreign sales  | 15,917 | 24,746 <sup>r</sup> | 37,883     | 5,073             | 6,057             | 3,675            | 4,013  | 3,907 <sup>r</sup>  | 4,694  | 4,330              |
| 38 Bonds, net purchases, or sales (-)                   | 3,930  | -3,996 <sup>r</sup> | -4,169     | -2,963            | -1,251            | 188              | 1,540  | 359 <sup>r</sup>    | 1,232  | -2,221             |
| 39 Foreign purchases                                    | 56,017 | 81,214 <sup>r</sup> | 120,591    | 12,700            | 15,296            | 13,491           | 15,632 | 13,559              | 14,086 | 15,157             |
| 40 Foreign sales  | 59,948 | 85,210 <sup>r</sup> | 124,760    | 15,663            | 16,546            | 13,303           | 14,091 | 13,200 <sup>r</sup> | 12,854 | 17,378             |
| 41 Net purchases, or sales (-), of stocks and bonds     | -5,031 | -7,891 <sup>r</sup> | -7,531     | -4,326            | -2,918            | -33              | 1,302  | 762 <sup>r</sup>    | 1,149  | -1,741             |
| 42 Foreign countries                                    | -4,642 | -8,954 <sup>r</sup> | -7,879     | -4,003            | -2,788            | -106             | 1,122  | 438 <sup>r</sup>    | 1,090  | -1,678             |
| 43 Europe   | -8,655 | -9,887 <sup>r</sup> | -14,636    | -3,802            | -2,649            | 208              | -1,332 | -683 <sup>r</sup>   | -714   | -3,366             |
| 44 Canada   | 542    | -1,682 <sup>r</sup> | -596       | -488              | -286              | 82               | 16     | 245                 | 263    | 111                |
| 45 Latin America and Caribbean                          | 2,460  | 1,845               | 2,746      | 205               | 176               | 363              | 742    | 278                 | 127    | 352                |
| 46 Asia   | 1,356  | 658 <sup>r</sup>    | 5,501      | 126               | -124              | -746             | 1,639  | 659                 | 1,337  | 1,653              |
| 47 Africa   | -108   | 75                  | 46         | 4                 | 6                 | 3                | 3      | 9                   | 1      | 3                  |
| 48 Other countries                                      | -238   | 38 <sup>r</sup>     | -939       | -47               | 89                | -16              | 55     | -70                 | 75     | -430               |
| 49 Nonmonetary international and regional organizations | -389   | 1,063               | 347        | -324              | -130              | 73               | 180    | 324                 | 59     | -63                |

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 securi-

ties sold abroad by U.S. corporations organized to finance direct investments abroad.

## 3.25 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Transactions

Millions of dollars

| Country or area   | 1984   | 1985                | 1986           |                    |                    |                     |       |                     |        |                    |
|---|--------|---------------------|----------------|--------------------|--------------------|---------------------|-------|---------------------|--------|--------------------|
|   |        |                     | Jan.-<br>Sept. | Mar.               | Apr.               | May                 | June  | July                | Aug.   | Sept. <sup>1</sup> |
| Transactions, net purchases or sales ( ) during period <sup>1</sup> |        |                     |                |                    |                    |                     |       |                     |        |                    |
| 1 Estimated total <sup>2</sup> .....                                | 21,501 | 29,047              | 22,385         | 9,765 <sup>r</sup> | 8,658 <sup>r</sup> | -2,132 <sup>r</sup> | 3,112 | -254 <sup>r</sup>   | 752    | 5,095              |
| 2 Foreign countries <sup>2</sup> .....                              | 16,496 | 28,591 <sup>r</sup> | 23,351         | 2,554 <sup>r</sup> | 8,398 <sup>r</sup> | -252 <sup>r</sup>   | 2,230 | 2,705 <sup>r</sup>  | 2,215  | 4,105              |
| 3 Europe <sup>2</sup> .....   | 11,014 | 4,145               | 13,478         | 1,813              | 1,625              | 1,436 <sup>r</sup>  | 2,562 | 2,544 <sup>r</sup>  | 2,442  | -765               |
| 4 Belgium-Luxembourg.....   | 287    | 476                 | 316            | -196               | 29                 | 39                  | 82    | 46                  | 180    | 239                |
| 5 Germany <sup>2</sup> .....  | 2,929  | 1,917               | 4,785          | 322                | 139                | 468                 | 357   | 818                 | 1,050  | 1,042              |
| 6 Netherlands.....  | 449    | 269                 | 1,191          | 61                 | 81                 | 31                  | 64    | 1,756               | -64    | 313                |
| 7 Sweden.....   | 40     | 976                 | 459            | 14                 | 113                | 236                 | 16    | 42                  | -25    | 100                |
| 8 Switzerland <sup>2</sup> .....                                    | 656    | 760                 | 772            | 22                 | 163                | 365                 | 349   | 278                 | 52     | 68                 |
| 9 United Kingdom.....   | 5,188  | -1,954              | 3,797          | 1,474              | -206               | 698 <sup>r</sup>    | 698   | 610 <sup>r</sup>    | 1,207  | 1,959              |
| 10 Other Western Europe.....  | 1,466  | 1,701               | 2,158          | 144                | 1,307              | -339                | 1,125 | -358                | 43     | 195                |
| 11 Eastern Europe.....  | 0      | 0                   | 0              | 0                  | 0                  | 0                   | 0     | 0                   | 0      | 0                  |
| 12 Canada.....  | 1,586  | -188                | 789            | 762                | 55                 | 908                 | 302   | 67                  | 105    | -198               |
| 13 Latin America and Caribbean.....                                 | 1,418  | 4,312               | 949            | 227                | 1,234              | 954                 | 460   | 28                  | -37    | 220                |
| 14 Venezuela.....   | 14     | 238                 | 29             | 127                | 196                | 36                  | 170   | -72                 | 294    | 266                |
| 15 Other Latin America and Caribbean.....                           | 536    | 2,343               | 1,343          | 171                | 173                | 372                 | -290  | 96                  | 255    | 32                 |
| 16 Netherlands Antilles.....  | 869    | 1,731               | -365           | 70                 | 865                | 1,363               | 0     | 5                   | 2      | -78                |
| 17 Asia.....  | 2,431  | 19,899 <sup>r</sup> | 7,752          | -253 <sup>r</sup>  | 5,092 <sup>r</sup> | 1,617 <sup>r</sup>  | 515   | 137 <sup>r</sup>    | 133    | 5,036              |
| 18 Japan.....   | 6,289  | 17,920 <sup>r</sup> | 5,969          | 334 <sup>r</sup>   | 2,267 <sup>r</sup> | -1,148 <sup>r</sup> | 223   | 273                 | 683    | 4,095              |
| 19 Africa.....  | 67     | 112                 | 30             | 18                 | 1                  | 2                   | 5     | 6                   | 1      | 11                 |
| 20 All other.....   | 114    | 311                 | 413            | 22                 | 394                | 22                  | -80   | 198                 | 160    | -200               |
| 21 Nonmonetary international and regional organizations.....        | 5,009  | 457 <sup>r</sup>    | -965           | 7,212 <sup>r</sup> | 260                | 1,880 <sup>r</sup>  | 882   | -2,959 <sup>r</sup> | -1,462 | 990                |
| 22 International.....   | 4,612  | 420                 | 1,224          | 6,957              | 198                | -1,889              | 899   | 2,804               | 1,511  | 885                |
| 23 Latin American regional.....                                     | 0      | 18                  | 162            | 23                 | 30                 | 0                   | 5     | 0                   | 0      | 39                 |
| <b>MEMO</b>   |        |                     |                |                    |                    |                     |       |                     |        |                    |
| 24 Foreign countries <sup>2</sup> .....                             | 16,496 | 28,591 <sup>r</sup> | 23,351         | 2,554 <sup>r</sup> | 8,398 <sup>r</sup> | -252 <sup>r</sup>   | 2,230 | 2,705 <sup>r</sup>  | 2,215  | 4,105              |
| 25 Official institutions.....                                       | 505    | 8,088               | 10,462         | 394                | 3,862              | 157                 | 1,612 | 1,448 <sup>r</sup>  | 61     | 1,948              |
| 26 Other foreign <sup>2</sup> .....                                 | 15,992 | 20,503 <sup>r</sup> | 12,891         | 2,160 <sup>r</sup> | 4,537 <sup>r</sup> | -409 <sup>r</sup>   | 619   | 1,257 <sup>r</sup>  | 2,154  | 2,158              |
| <b>Oil-exporting countries</b>                                      |        |                     |                |                    |                    |                     |       |                     |        |                    |
| 27 Middle East <sup>1</sup> .....                                   | -6,270 | 1,581               | 88             | 607                | 1,334              | 14                  | 290   | 14 <sup>r</sup>     | 239    | 205                |
| 28 Africa <sup>1</sup> .....  | 101    | -7                  | 4              | -2                 | 1                  | 1                   | 0     | 2                   | 1      | 2                  |

1. Estimated official and private transactions in marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

2. Includes U.S. Treasury notes publicly issued to private foreign residents denominated in foreign currencies.

3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

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

## 3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per annum

| Country       | Rate on Oct. 31, 1986 |                 | Country                   | Rate on Oct. 31, 1986 |                 | Country                           | Rate on Oct. 31, 1986 |                 |
|---------------|-----------------------|-----------------|---------------------------|-----------------------|-----------------|-----------------------------------|-----------------------|-----------------|
|               | Per-cent              | Month effective |                           | Per-cent              | Month effective |                                   | Per-cent              | Month effective |
| Austria ..... | 4.0                   | Aug. 1985       | France <sup>1</sup> ..... | 7.0                   | June 1986       | Norway .....                      | 8.0                   | June 1983       |
| Belgium ..... | 8.0                   | May 1986        | Germany, Fed. Rep. of ... | 3.5                   | Mar. 1986       | Switzerland .....                 | 4.0                   | Mar. 1983       |
| Brazil .....  | 49.0                  | Mar. 1981       | Italy .....               | 12.0                  | May 1986        | United Kingdom <sup>2</sup> ..... | 8.0                   | Oct. 1985       |
| Canada .....  | 8.55                  | Oct. 1986       | Japan .....               | 3.0                   | Oct. 1986       | Venezuela .....                   |                       |                 |
| Denmark ..... | 7.0                   | Oct. 1983       | Netherlands .....         | 4.5                   | Mar. 1986       |                                   |                       |                 |

1. As of the end of February 1981, the rate is that at which the Bank of France discounts Treasury bills for 7 to 10 days.

2. Minimum lending rate suspended as of Aug. 20, 1981.

NOTE. Rates shown are mainly those at which the central bank either discounts

or makes advances against eligible commercial paper and/or government commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

## 3.27 FOREIGN SHORT-TERM INTEREST RATES

Percent per annum, averages of daily figures

| Country, or type       | 1983  | 1984  | 1985  | 1986  |       |       |       |       |       |       |
|------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|                        |       |       |       | Apr.  | May   | June  | July  | Aug.  | Sept. | Oct.  |
| 1 Eurodollars .....    | 9.57  | 10.75 | 8.27  | 6.80  | 6.86  | 6.95  | 6.54  | 6.06  | 5.88  | 5.88  |
| 2 United Kingdom ..... | 10.06 | 9.91  | 12.16 | 10.43 | 10.16 | 9.70  | 9.91  | 9.79  | 10.05 | 11.08 |
| 3 Canada .....         | 9.48  | 11.29 | 9.64  | 9.57  | 8.60  | 8.72  | 8.45  | 8.50  | 8.38  | 8.45  |
| 4 Germany .....        | 5.73  | 5.96  | 5.40  | 4.48  | 4.58  | 4.59  | 4.61  | 4.56  | 4.48  | 4.56  |
| 5 Switzerland .....    | 4.11  | 4.35  | 4.92  | 4.04  | 4.32  | 4.96  | 4.80  | 4.30  | 4.13  | 3.96  |
| 6 Netherlands .....    | 5.58  | 6.08  | 6.29  | 5.23  | 5.76  | 5.90  | 5.69  | 5.28  | 5.17  | 5.32  |
| 7 France .....         | 12.44 | 11.66 | 9.91  | 7.66  | 7.21  | 7.23  | 7.13  | 7.09  | 7.07  | 7.38  |
| 8 Italy .....          | 18.95 | 17.08 | 14.86 | 13.62 | 12.35 | 11.78 | 11.70 | 11.18 | 10.84 | 10.85 |
| 9 Belgium .....        | 10.51 | 11.41 | 9.60  | 8.51  | 7.90  | 7.27  | 7.25  | 7.25  | 7.25  | 7.29  |
| 10 Japan .....         | 6.49  | 6.32  | 6.47  | 4.85  | 4.58  | 4.64  | 4.62  | 4.68  | 4.71  | 4.75  |

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                     | 1983    | 1984    | 1985    | 1986    |         |         |         |         |         |
|--------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|                                      |         |         |         | May     | June    | July    | Aug.    | Sept.   | Oct.    |
| 1 Australia/dollar <sup>1</sup>      | 90.14   | 87.937  | 70.026  | 72.72   | 68.89   | 62.91   | 61.23   | 62.21   | 63.83   |
| 2 Austria/schilling                  | 17.968  | 20.005  | 20.676  | 15.667  | 15.699  | 15.117  | 14.502  | 14.349  | 14.111  |
| 3 Belgium/franc                      | 51.121  | 57.749  | 59.336  | 45.497  | 45.633  | 44.304  | 42.701  | 42.315  | 41.635  |
| 4 Brazil/cruzeiro                    | 573.27  | 1841.50 | 6205.10 | 13.84   | 13.84   | 13.84   | 13.84   | 13.84   | 13.98   |
| 5 Canada/dollar                      | 1.2325  | 1.2953  | 1.3658  | 1.3757  | 1.3899  | 1.3808  | 1.3885  | 1.3872  | 1.3885  |
| 6 China, P.R./yuan                   | 1.9809  | 2.3308  | 2.9434  | 3.2014  | 3.2115  | 3.6435  | 3.7129  | 3.7150  | 3.7257  |
| 7 Denmark/krone                      | 9.1483  | 10.354  | 10.598  | 8.2479  | 8.2822  | 8.0635  | 7.7657  | 7.7278  | 7.5607  |
| 8 Finland/markka                     | 5.5636  | 6.0007  | 6.1971  | 5.0967  | 5.1954  | 5.0744  | 4.9377  | 4.9190  | 4.8684  |
| 9 France/franc                       | 7.6203  | 8.7355  | 8.9799  | 7.0967  | 7.1208  | 6.9323  | 6.7215  | 6.6835  | 6.5628  |
| 10 Germany/deutsche mark             | 2.5539  | 2.8454  | 2.9419  | 2.2277  | 2.2337  | 2.1517  | 2.0621  | 2.0415  | 2.0054  |
| 11 Greece/drachma                    | 87.895  | 112.73  | 138.40  | 139.64  | 140.98  | 138.40  | 134.68  | 135.07  | 135.44  |
| 12 Hong Kong/dollar                  | 7.2569  | 7.8188  | 7.7911  | 7.8080  | 7.8107  | 7.8123  | 7.8003  | 7.8026  | 7.7999  |
| 13 India/rupee                       | 10.1040 | 11.348  | 12.332  | 12.466  | 12.599  | 12.508  | 12.567  | 12.676  | 12.848  |
| 14 Ireland/pound <sup>1</sup>        | 124.81  | 108.64  | 106.62  | 136.62  | 135.68  | 139.00  | 134.67  | 134.53  | 135.89  |
| 15 Italy/lira                        | 1519.30 | 1756.10 | 1908.90 | 1528.50 | 1533.40 | 1478.31 | 1420.33 | 1410.23 | 1387.67 |
| 16 Japan/yen                         | 237.55  | 237.45  | 238.47  | 167.03  | 167.54  | 158.61  | 154.18  | 154.73  | 156.47  |
| 17 Malaysia/ringgit                  | 2.3204  | 2.3448  | 2.4806  | 2.5978  | 2.6231  | 2.6455  | 2.6121  | 2.6174  | 2.6245  |
| 18 Netherlands/guilder               | 2.8543  | 3.2083  | 3.3184  | 2.5082  | 2.5154  | 2.4236  | 2.3242  | 2.3050  | 2.2663  |
| 19 New Zealand/dollar <sup>1</sup>   | 66.790  | 57.837  | 49.752  | 56.666  | 54.585  | 53.176  | 50.068  | 47.950  | 50.392  |
| 20 Norway/krone                      | 7.3012  | 8.1596  | 8.5933  | 7.4106  | 7.6117  | 7.4800  | 7.3534  | 7.3429  | 7.3611  |
| 21 Portugal/escudo                   | 111.610 | 147.70  | 172.07  | 149.12  | 151.09  | 148.67  | 146.17  | 146.83  | 147.24  |
| 22 Singapore/dollar                  | 2.1136  | 2.1325  | 2.2008  | 2.2157  | 2.2232  | 2.1861  | 2.1601  | 2.1680  | 2.1777  |
| 23 South Africa/rand <sup>1</sup>    | 89.85   | 69.534  | 45.57   | 45.67   | 39.49   | 39.04   | 38.39   | 43.36   | 44.42   |
| 24 South Korea/won                   | 776.04  | 807.91  | 861.89  | 889.09  | 890.74  | 888.59  | 886.45  | 883.06  | 879.22  |
| 25 Spain/peseta                      | 143.500 | 160.78  | 169.98  | 141.62  | 142.91  | 137.58  | 134.11  | 134.10  | 133.43  |
| 26 Sri Lanka/rupee                   | 23.510  | 25.428  | 27.187  | 27.932  | 27.955  | 28.065  | 28.187  | 28.297  | 28.407  |
| 27 Sweden/krona                      | 7.6717  | 8.2706  | 8.6031  | 7.1458  | 7.2124  | 7.0715  | 6.9365  | 6.9191  | 6.8901  |
| 28 Switzerland/franc                 | 2.1006  | 2.3500  | 2.4551  | 1.8538  | 1.8406  | 1.7445  | 1.6616  | 1.6537  | 1.6433  |
| 29 Taiwan/dollar                     | n.a.    | 39.633  | 39.889  | 38.460  | 38.163  | 38.119  | 37.422  | 36.885  | 36.647  |
| 30 Thailand/baht                     | 22.991  | 23.582  | 27.193  | 26.327  | 26.400  | 26.204  | 26.093  | 26.120  | 26.129  |
| 31 United Kingdom/pound <sup>1</sup> | 151.59  | 133.66  | 129.74  | 152.11  | 150.85  | 150.71  | 148.61  | 146.98  | 142.64  |
| M.F.M.O.                             |         |         |         |         |         |         |         |         |         |
| 32 United States/dollar <sup>2</sup> | 125.34  | 138.19  | 143.01  | 113.27  | 113.77  | 110.38  | 107.50  | 107.15  | 106.58  |

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.

3. Currency reform.

NOTE: Averages of certified noon buying rates in New York for cable transfers. Data in this table also appear in the Board's G.5 (405) release. For address, see inside front cover.



# Guide to Tabular Presentation, Statistical Releases, and Special Tables

## GUIDE TO TABULAR PRESENTATION

### Symbols and Abbreviations

|   |   |         |   |
|---|---|---------|---|
| c | Corrected   | 0       | Calculated to be zero                       |
| e | Estimated   | n.a.    | Not available                               |
| p | Preliminary   | n.e.c.  | Not elsewhere classified                    |
| r | Revised (Notation appears on column heading when about half of the figures in that column are changed.)   | IPCs    | Individuals, partnerships, and corporations |
| * | Amounts insignificant in terms of the last decimal place shown in the table (for example, less than 500,000 when the smallest unit given is millions) | REITs   | Real estate investment trusts               |
|   |   | RPs     | Repurchase agreements                       |
|   |   | SMSAs   | Standard metropolitan statistical areas     |
|   |   | . . . . | Cell not applicable                         |

### General Information

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct

obligations of the Treasury. "State and local government" also includes municipalities, special districts, and other political subdivisions.

In some of the tables details do not add to totals because of rounding.

## STATISTICAL RELEASES

### List Published Semiannually, with Latest Bulletin Reference

|  | <i>Issue</i>  | <i>Page</i> |
|--|---------------|-------------|
| Anticipated schedule of release dates for periodic releases..... | December 1986 | A87         |

## SPECIAL TABLES

### Published Irregularly, with Latest Bulletin Reference

|  |                |     |
|--|----------------|-----|
| Assets and liabilities of commercial banks, March 31, 1983.....                                | August 1983    | A70 |
| Assets and liabilities of commercial banks, June 30, 1983.....                                 | December 1983  | A68 |
| Assets and liabilities of commercial banks, September 30, 1983.....                            | March 1984     | A68 |
| Assets and liabilities of commercial banks, December 31, 1985.....                             | January 1987   | A70 |
| Assets and liabilities of U.S. branches and agencies of foreign banks, September 30, 1985..... | May 1986       | A74 |
| Assets and liabilities of U.S. branches and agencies of foreign banks, December 31, 1985.....  | September 1986 | A70 |
| Assets and liabilities of U.S. branches and agencies of foreign banks, March 31, 1986.....     | November 1986  | A70 |
| Assets and liabilities of U.S. branches and agencies of foreign banks, June 30, 1986.....      | December 1986  | A76 |
| Terms of lending at commercial banks, November 1985.....                                       | March 1986     | A70 |
| Terms of lending at commercial banks, February 1986.....                                       | May 1986       | A70 |
| Terms of lending at commercial banks, May 1986.....  | July 1986      | A70 |
| Terms of lending at commercial banks, August 1986.....   | December 1986  | A70 |

*Special tables begin on next page.*

4.20 DOMESTIC AND FOREIGN OFFICES, Insured Commercial Bank Assets and Liabilities<sup>1,2</sup>  
 Consolidated Report of Condition, December 31, 1985  
 Millions of dollars

| Item  | Total     | Banks with foreign offices <sup>3,4</sup> |         |           | Banks with domestic offices only <sup>5</sup> |           |
|---|-----------|---|---------|-----------|---|-----------|
|   |           | Total                                     | Foreign | Domestic  | Over 100                                      | Under 100 |
| 1 Total assets <sup>6</sup>   | 2,706,663 | 1,590,531                                 | 415,674 | 1,233,483 | 676,166                                       | 439,966   |
| 2 Cash and balances due from depository institutions  | 335,330   | 234,619                                   | 109,765 | 124,855   | 63,719  | 37,000    |
| 3 Cash items in process of collection, unposted debits, and currency  | n.a.      | 92,859                                    | 1,513   | 91,345    | 26,711  | n.a.      |
| 4 Cash items in process of collection and unposted debits and coin  | n.a.      | n.a.                                      | n.a.    | 78,961    | 18,424  | n.a.      |
| 5 Currency and coin   | n.a.      | n.a.                                      | n.a.    | 12,385    | 8,288   | n.a.      |
| 6 Balances due from depository institutions in the United States  | n.a.      | 32,992                                    | 20,175  | 12,817    | 20,937  | n.a.      |
| 7 Balances due from banks in foreign countries and foreign central banks  | n.a.      | 91,189                                    | 87,847  | 3,343     | 7,614   | n.a.      |
| 8 Balances due from Federal Reserve Banks   | n.a.      | 17,579                                    | 229     | 17,350    | 8,456   | n.a.      |
| MEMO  |           |   |         |           |   |           |
| 9 Noninterest-bearing balances due from commercial banks in the United States (included in balances due from depository institutions in the U.S.) | n.a.      | n.a.                                      | n.a.    | 8,479     | 13,620  | 15,625    |
| 10 Total securities, loans and lease financing receivables, net   | 2,162,514 | 1,195,253                                 | n.a.    | n.a.      | 583,685                                       | 383,576   |
| 11 Total securities, book value   | 435,599   | 162,297                                   | 16,847  | 145,450   | 149,930                                       | 123,372   |
| 12 U.S. Treasury securities and U.S. government agency and corporation obligations  | 243,615   | 73,745                                    | 172     | 73,573    | 86,582  | 83,288    |
| 13 U.S. Treasury securities   | n.a.      | 56,124                                    | 162     | 55,962    | 60,626  | n.a.      |
| 14 U.S. government agency and corporation obligations   | n.a.      | 17,621                                    | 10      | 17,611    | 25,956  | n.a.      |
| 15 All holdings of U.S. government-issued or guaranteed certificates of participation in pools of residential mortgages                           | 23,961    | 11,554                                    | 0       | 11,554    | 6,098   | 6,309     |
| 16 All other  | n.a.      | 6,067                                     | 10      | 6,057     | 19,858  | n.a.      |
| 17 Securities issued by states and political subdivisions in the United States  | 159,469   | 65,586                                    | 603     | 64,984    | 56,534  | 37,348    |
| 18 Other securities   | 32,515    | 22,966                                    | 16,072  | 6,893     | 6,813   | 2,737     |
| 19 Other domestic securities  | n.a.      | 6,023                                     | 502     | 5,521     | 6,393   | n.a.      |
| 20 All holdings of private certificates of participation in pools of residential mortgages  | 540       | 257                                       | 3       | 254       | 145   | 137       |
| 21 All other  | 14,613    | 5,766                                     | 499     | 5,267     | 6,248   | 2,599     |
| 22 Foreign securities   | n.a.      | 16,942                                    | 15,570  | 1,373     | 420   | n.a.      |
| 23 Federal funds sold and securities purchased under agreements to resell   | 132,055   | 64,027                                    | 130     | 63,897    | 37,321  | 30,707    |
| 24 Total loans and lease financing receivables, gross   | 1,635,479 | 990,373                                   | 244,136 | 746,237   | 408,403                                       | 236,703   |
| 25 Less: Unearned income on loans   | 17,649    | 7,081                                     | 1,865   | 5,216     | 6,469   | 4,098     |
| 26 Total loans and leases (net of unearned income)  | 1,617,830 | 983,292                                   | 242,269 | 741,023   | 401,934                                       | 232,604   |
| 27 Less: Allowance for loan and lease losses  | 22,897    | 14,290                                    | n.a.    | n.a.      | 5,499   | 3,107     |
| 28 Less: Allocated transfer risk reserves   | 72        | 72  | n.a.    | n.a.      | 0   | 0         |
| 29 EQUALS: Total loans and leases, net  | 1,594,861 | 968,929                                   | n.a.    | n.a.      | 396,435                                       | 229,497   |
| Total loans, gross, by category   |           |   |         |           |   |           |
| 30 Loans secured by real estate   | 435,493   | 205,230                                   | 13,268  | 191,962   | 138,343                                       | 91,920    |
| 31 Construction and land development  | n.a.      | n.a.                                      | n.a.    | 58,934    | 21,517  | 8,698     |
| 32 Farmland   | n.a.      | n.a.                                      | n.a.    | 1,371     | 2,701   | 7,268     |
| 33 1-4 family residential properties  | n.a.      | n.a.                                      | n.a.    | 78,611    | 66,871  | 50,580    |
| 34 Multifamily (5 or more) residential properties   | n.a.      | n.a.                                      | n.a.    | 6,152     | 4,503   | 1,883     |
| 35 Nonfarm nonresidential properties  | n.a.      | n.a.                                      | n.a.    | 46,894    | 42,750  | 23,492    |
| 36 Loans to depository institutions   | 67,700    | 61,897                                    | 37,022  | 24,875    | 5,139   | 664       |
| 37 To commercial banks in the United States   | n.a.      | 15,729                                    | 1,340   | 14,389    | 4,232   | n.a.      |
| 38 To other depository institutions in the United States  | n.a.      | 5,134                                     | 463     | 4,671     | 849   | n.a.      |
| 39 To banks in foreign countries  | n.a.      | 41,034                                    | 35,219  | 5,815     | 58  | n.a.      |
| 40 Loans to finance agricultural production and other loans to farmers  | 36,086    | 6,996                                     | 599     | 6,397     | 6,980   | 22,110    |
| 41 Commercial and industrial loans  | 576,206   | 407,071                                   | 130,327 | 276,744   | 111,761                                       | 57,374    |
| 42 To U.S. addressees (domicile)  | n.a.      | 290,322                                   | 19,189  | 271,133   | 111,516                                       | n.a.      |
| 43 To non-U.S. addressees (domicile)  | n.a.      | 116,750                                   | 111,138 | 5,611     | 246   | n.a.      |
| 44 Acceptances of other banks   | 4,824     | 1,328                                     | 586     | 742       | 1,864   | 1,632     |
| 45 U.S. banks   | n.a.      | 474                                       | 90      | 385       | n.a.  | n.a.      |
| 46 Foreign banks  | n.a.      | 853                                       | 496     | 357       | n.a.  | n.a.      |
| 47 Loans to individuals for household, family and other personal expenditures (includes purchased paper)  | 301,330   | 132,930                                   | 9,207   | 123,722   | 113,181                                       | 55,219    |
| 48 Credit cards and related plans   | 73,757    | 43,120                                    | n.a.    | n.a.      | 28,655  | 1,982     |
| 49 Other (includes single payment and installment)  | 227,573   | 89,810                                    | n.a.    | n.a.      | 84,526  | 53,237    |
| 50 Obligations (other than securities) of states and political subdivisions in the U.S.   | 61,057    | 39,280                                    | 629     | 38,650    | 18,439  | 3,338     |
| 51 Nonrated industrial development obligations  | 45,688    | 28,433                                    | 12      | 28,421    | 14,951  | 2,304     |
| 52 Other obligations (excluding securities)   | 15,369    | 10,847                                    | 618     | 10,229    | 3,488   | 1,034     |
| 53 All other loans  | 128,571   | 115,555                                   | 48,564  | 66,992    | 9,265   | 3,750     |
| 54 Loans to foreign governments and official institutions   | n.a.      | 39,427                                    | 35,814  | 3,613     | 44  | n.a.      |
| 55 Other loans  | n.a.      | 76,128                                    | 12,750  | 63,378    | 9,221   | n.a.      |
| 56 Loans for purchasing and carrying securities   | n.a.      | n.a.                                      | n.a.    | 21,431    | 2,290   | n.a.      |
| 57 All other loans  | n.a.      | n.a.                                      | n.a.    | 41,947    | 6,931   | n.a.      |
| 58 Lease financing receivables  | 24,214    | 20,087                                    | 3,934   | 16,152    | 3,433   | 694       |
| 59 Assets held in trading accounts  | 40,431    | 39,395                                    | 11,731  | 27,664    | 899   | 137       |
| 60 Premises and fixed assets (including capitalized leases)   | 40,412    | 20,390                                    | n.a.    | n.a.      | 11,812  | 8,210     |
| 61 Other real estate owned  | 7,129     | 2,910                                     | n.a.    | n.a.      | 2,045   | 2,175     |
| 62 Investments in unconsolidated subsidiaries and associated companies  | 2,083     | 1,725                                     | n.a.    | n.a.      | 297   | 61        |
| 63 Customers' liability on acceptances outstanding  | 50,336    | 50,010                                    | n.a.    | n.a.      | 296   | 30        |
| 64 Net due from own foreign offices, Edge and Agreement subsidiaries and IBFs   | n.a.      | n.a.                                      | n.a.    | 48,414    | n.a.  | n.a.      |
| 65 Intangible assets  | 2,698     | 1,363                                     | n.a.    | n.a.      | 980   | 155       |
| 66 Other assets   | 65,720    | 44,666                                    | n.a.    | n.a.      | 12,432  | 8,621     |

## 4.20 Continued

| Item  | Total     | Banks with foreign offices <sup>3,4</sup> |         |           | Banks with domestic offices only <sup>5</sup> |           |
|---|-----------|---|---------|-----------|---|-----------|
|   |           | Total                                     | Foreign | Domestic  | Over 100                                      | Under 100 |
| 67 Total liabilities, limited-life preferred stock and equity capital   | 2,706,663 | 1,590,530                                 | n.a.    | n.a.      | 676,166                                       | 439,966   |
| 68 Total liabilities <sup>7</sup>   | 2,539,095 | 1,507,283                                 | 414,484 | 1,151,425 | 629,800                                       | 402,012   |
| 69 Limited-life preferred stock   | 14        | 0   | n.a.    | n.a.      | 14  | 0         |
| 70 Total deposits   | 2,101,008 | 1,146,851                                 | 321,660 | 825,191   | 562,987                                       | 391,170   |
| 71 Individuals, partnerships, and corporations  | n.a.      | n.a.                                      | 173,528 | 718,506   | 506,541                                       | 354,749   |
| 72 U.S. government  | n.a.      | n.a.                                      | n.a.    | 2,125     | 2,021   | 840       |
| 73 States and political subdivisions in the United States   | n.a.      | n.a.                                      | n.a.    | 35,435    | 37,128  | 28,751    |
| 74 Commercial banks in the United States  | n.a.      | n.a.                                      | n.a.    | 37,860    | 9,791   | 1,913     |
| 75 Other depository institutions in the United States   | n.a.      | n.a.                                      | n.a.    | 5,072     | 2,057   | 1,210     |
| 76 Banks in foreign countries   | n.a.      | n.a.                                      | n.a.    | 8,060     | 189   | n.a.      |
| 77 Foreign governments and official institutions  | n.a.      | 31,100                                    | 27,922  | 3,177     | 180   | n.a.      |
| 78 Certified and official checks  | 23,963    | 15,537                                    | 581     | 14,956    | 5,080   | 3,347     |
| 79 All other <sup>8</sup>   | n.a.      | n.a.                                      | 119,628 | ...       | ...   | 360       |
| 80 Total transaction accounts   | n.a.      | n.a.                                      | n.a.    | 306,782   | 167,101                                       | 104,925   |
| 81 Individuals, partnerships, and corporations  | n.a.      | n.a.                                      | n.a.    | 241,140   | 143,823                                       | 93,003    |
| 82 U.S. government  | n.a.      | n.a.                                      | n.a.    | 1,573     | 1,536   | 634       |
| 83 States and political subdivisions in the United States   | n.a.      | n.a.                                      | n.a.    | 7,789     | 7,945   | 6,691     |
| 84 Commercial banks in the United States  | n.a.      | n.a.                                      | n.a.    | 28,261    | 7,103   | 487       |
| 85 Other depository institutions in the United States   | n.a.      | n.a.                                      | n.a.    | 4,498     | 1,555   | 637       |
| 86 Banks in foreign countries   | n.a.      | n.a.                                      | n.a.    | 7,252     | 54  | n.a.      |
| 87 Foreign governments and official institutions  | n.a.      | n.a.                                      | n.a.    | 1,314     | 6   | n.a.      |
| 88 Certified and official checks  | n.a.      | n.a.                                      | n.a.    | 14,956    | 5,080   | 3,347     |
| 89 All other  | n.a.      | n.a.                                      | n.a.    | ...       | ...   | 126       |
| 90 Demand deposits (included in total transaction accounts)   | n.a.      | n.a.                                      | n.a.    | 261,554   | 120,628                                       | 65,946    |
| 91 Individuals, partnerships, and corporations  | n.a.      | n.a.                                      | n.a.    | 196,940   | 100,037                                       | 57,614    |
| 92 U.S. government  | n.a.      | n.a.                                      | n.a.    | 1,558     | 1,520   | 617       |
| 93 States and political subdivisions in the United States   | n.a.      | n.a.                                      | n.a.    | 6,778     | 5,292   | 3,156     |
| 94 Commercial banks in the United States  | n.a.      | n.a.                                      | n.a.    | 28,260    | 7,093   | 485       |
| 95 Other depository institutions in the United States   | n.a.      | n.a.                                      | n.a.    | 4,497     | 1,548   | 629       |
| 96 Banks in foreign countries   | n.a.      | n.a.                                      | n.a.    | 7,252     | 53  | n.a.      |
| 97 Foreign governments and official institutions  | n.a.      | n.a.                                      | n.a.    | 1,313     | 5   | n.a.      |
| 98 Certified and official checks  | n.a.      | n.a.                                      | n.a.    | 14,956    | 5,080   | 3,347     |
| 99 All other  | n.a.      | n.a.                                      | n.a.    | ...       | ...   | 100       |
| 100 Total nontransaction accounts   | n.a.      | n.a.                                      | n.a.    | 518,408   | 395,885                                       | 286,245   |
| 101 Individuals, partnerships, and corporations   | n.a.      | n.a.                                      | n.a.    | 477,366   | 362,718                                       | 261,746   |
| 102 U.S. government   | n.a.      | n.a.                                      | n.a.    | 552       | 484   | 206       |
| 103 States and political subdivisions in the United States  | n.a.      | n.a.                                      | n.a.    | 27,646    | 29,184  | 22,060    |
| 104 Commercial banks in the United States   | n.a.      | n.a.                                      | n.a.    | 9,599     | 2,688   | 1,426     |
| 105 U.S. branches and agencies of foreign banks   | n.a.      | n.a.                                      | n.a.    | 311       | 156   | n.a.      |
| 106 Other commercial banks in the United States   | n.a.      | n.a.                                      | n.a.    | 9,288     | 2,532   | n.a.      |
| 107 Other depository institutions in the United States  | n.a.      | n.a.                                      | n.a.    | 574       | 502   | 572       |
| 108 Banks in foreign countries  | n.a.      | n.a.                                      | n.a.    | 808       | 135   | n.a.      |
| 109 Foreign branches of other U.S. banks  | n.a.      | n.a.                                      | n.a.    | 22        | 4   | n.a.      |
| 110 Other banks in foreign countries  | n.a.      | n.a.                                      | n.a.    | 785       | 131   | n.a.      |
| 111 Foreign governments and official institutions   | n.a.      | n.a.                                      | n.a.    | 1,864     | 175   | n.a.      |
| 112 All other   | n.a.      | n.a.                                      | n.a.    | ...       | ...   | 234       |
| 113 Federal funds purchased and securities sold under agreements to repurchase  | 219,327   | 172,740                                   | 368     | 172,372   | 42,996  | 3,592     |
| 114 Demand notes issued to the U.S. Treasury  | n.a.      | n.a.                                      | n.a.    | 17,310    | 3,833   | 694       |
| 115 Other borrowed money  | 71,449    | 63,053                                    | 22,130  | 40,923    | 7,837   | 558       |
| 116 Banks liability on acceptances executed and outstanding   | 50,775    | 50,449                                    | 10,577  | 39,872    | 296   | 30        |
| 117 Notes and debentures subordinated to deposits   | 14,561    | 12,572                                    | n.a.    | n.a.      | 1,708   | 280       |
| 118 Net due to own foreign offices, Edge and Agreement subsidiaries and IBFs  | n.a.      | n.a.                                      | n.a.    | 10,212    | n.a.  | n.a.      |
| 119 All other liabilities   | 60,138    | 44,307                                    | n.a.    | n.a.      | 10,144  | 5,687     |
| 120 Total equity capital <sup>9</sup>   | 167,554   | 83,248                                    | n.a.    | n.a.      | 46,352  | 37,954    |
| 121 Perpetual preferred stock   | 982       | 667                                       | n.a.    | n.a.      | 220   | 95        |
| 122 Common stock  | 28,717    | 14,261                                    | n.a.    | n.a.      | 7,296   | 7,161     |
| 123 Surplus   | 57,992    | 27,198                                    | n.a.    | n.a.      | 16,718  | 14,006    |
| 124 Undivided profits and capital reserves  | 80,328    | 41,517                                    | n.a.    | n.a.      | 22,119  | 16,693    |
| 125 Cumulative foreign currency translation adjustments   | n.a.      | -396                                      | n.a.    | ...       | ...   | n.a.      |
| MEMO  |           |   |         |           |   |           |
| 126 Holdings of commercial paper included in total loans, gross   | n.a.      | 388                                       | 240     | 148       | 1,426   | n.a.      |
| 127 Total individual retirement accounts (IRA) and Keogh plan accounts  | n.a.      | n.a.                                      | n.a.    | 24,715    | 22,431  | 13,658    |
| 128 Total brokered deposits   | n.a.      | n.a.                                      | n.a.    | 21,885    | 2,428   | 500       |
| 129 Total brokered retail deposits  | n.a.      | n.a.                                      | n.a.    | 4,964     | 1,747   | 320       |
| 130 Issued in denominations of \$100,000 or less  | n.a.      | n.a.                                      | n.a.    | 1,243     | 780   | 272       |
| 131 Issued in denominations greater than \$100,000 and participated out by the broker in shares of \$100,000 or less                | n.a.      | n.a.                                      | n.a.    | 3,721     | 967   | 48        |
| 132 Nontransaction savings deposits   | n.a.      | n.a.                                      | n.a.    | 205,427   | 157,360                                       | 91,047    |
| 133 Total time deposits of less than \$100,000  | n.a.      | n.a.                                      | n.a.    | 134,980   | 158,302                                       | 145,600   |
| 134 Time certificates of deposit of \$100,000 or more   | n.a.      | n.a.                                      | n.a.    | 148,435   | 76,087  | 47,434    |
| 135 Open-account time deposits of \$100,000 or more   | n.a.      | n.a.                                      | n.a.    | 29,566    | 4,129   | 2,161     |
| 136 Super NOW accounts  | n.a.      | n.a.                                      | n.a.    | 13,396    | 15,997  | 17,096    |
| 137 Money market deposit accounts (MMDAs)   | n.a.      | n.a.                                      | n.a.    | 160,217   | 110,840                                       | 61,549    |
| 138 Total time and savings deposits   | n.a.      | n.a.                                      | n.a.    | 563,637   | 442,359                                       | 325,223   |
| Quarterly averages  |           |   |         |           |   |           |
| 139 Total loans   | n.a.      | n.a.                                      | n.a.    | 705,023   | 390,076                                       | 230,699   |
| 140 Obligations (other than securities) of states and political subdivisions in the United States                                   | n.a.      | n.a.                                      | n.a.    | 34,159    | 16,305  | n.a.      |
| 141 Time certificates of deposit of \$100,000 or more   | n.a.      | n.a.                                      | n.a.    | 144,893   | 74,488  | 46,394    |
| 142 Super NOW accounts, money market deposit accounts, and time deposits (other than certificates of deposits of \$100,000 or more) | n.a.      | n.a.                                      | n.a.    | 321,403   | 286,502                                       | 225,697   |
| 143 Number of banks   | 14,285    | 268                                       | n.a.    | n.a.      | 2,017   | 12,000    |

Footnotes appear at the end of table 4.22

A72 Special Tables □ January 1987

4.21 DOMESTIC OFFICES, Insured Commercial Banks with Assets of \$100 Million or more or with foreign offices <sup>1,2,3</sup>  
 Consolidated Report of Condition, December 31, 1985

Millions of dollars

| Item  | Total            | Members          |                  |                | Non-members    |
|---|------------------|------------------|------------------|----------------|----------------|
|   |                  | Total            | National         | State          |                |
| <b>1 Total assets<sup>6</sup></b>   | <b>1,909,650</b> | <b>1,587,304</b> | <b>1,237,085</b> | <b>350,219</b> | <b>322,346</b> |
| 2 Cash and balances due from depository institutions  | 188,573          | 160,761          | 123,110          | 37,651         | 27,812         |
| 3 Cash items in process of collection and unposted debits   | 97,384           | 90,919           | 66,628           | 24,291         | 6,466          |
| 4 Currency and coin   | 20,672           | 17,233           | 14,155           | 3,078          | 3,439          |
| 5 Balances due from depository institutions in the United States  | 33,754           | 22,469           | 19,009           | 3,460          | 11,285         |
| 6 Balances due from banks in foreign countries and foreign central banks  | 10,957           | 8,126            | 6,856            | 1,270          | 2,831          |
| 7 Balances due from Federal Reserve Banks   | 25,806           | 22,014           | 16,463           | 5,551          | 3,792          |
| <b>8 Total securities, loans and lease financing receivables, (net of unearned income)</b>                              | <b>1,539,555</b> | <b>1,260,169</b> | <b>994,520</b>   | <b>265,649</b> | <b>279,386</b> |
| 9 Total securities, book value  | 295,380          | 225,423          | 176,209          | 49,214         | 69,957         |
| 10 U.S. Treasury securities   | 116,588          | 89,368           | 70,171           | 19,197         | 27,220         |
| 11 U.S. government agency and corporation obligations   | 43,567           | 30,962           | 26,160           | 4,802          | 12,605         |
| 12 All holdings of U.S. government-issued or guaranteed certificates of participation in pools of residential mortgages | 17,652           | 14,012           | 12,151           | 1,861          | 3,640          |
| 13 All other  | 25,915           | 16,950           | 14,009           | 2,940          | 8,966          |
| 14 Securities issued by states and political subdivisions in the United States  | 121,518          | 95,709           | 72,646           | 23,064         | 25,809         |
| 15 Other domestic securities  | 11,914           | 7,995            | 6,587            | 1,408          | 3,918          |
| 16 All holdings of private certificates of participation in pools of residential mortgages                              | 399              | 273              | 177              | 96             | 126            |
| 17 All other  | 11,514           | 7,722            | 6,410            | 1,312          | 3,792          |
| 18 Foreign securities   | 1,793            | 1,388            | 644              | 744            | 405            |
| 19 Federal funds sold and securities purchased under agreements to resell   | 101,218          | 86,849           | 65,711           | 21,138         | 14,369         |
| 20 Total loans and lease financing receivables, gross   | 1,154,640        | 956,878          | 759,420          | 197,458        | 197,763        |
| 21 Less: Unearned income on loans   | 11,685           | 8,983            | 6,823            | 2,160          | 2,702          |
| 22 Total loans and leases (net of unearned income)  | 1,142,957        | 947,897          | 752,600          | 195,297        | 195,060        |
| <i>Total loans, gross, by category</i>  |                  |                  |                  |                |                |
| 23 Loans secured by real estate   | 330,305          | 259,077          | 220,159          | 38,918         | 71,228         |
| 24 Construction and land development  | 80,452           | 66,591           | 54,403           | 12,188         | 13,860         |
| 25 Farmland   | 4,071            | 2,873            | 2,583            | 289            | 1,199          |
| 26 1-4 family residential properties  | 145,482          | 113,162          | 97,929           | 15,233         | 32,321         |
| 27 Multifamily (5 or more) residential properties   | 10,655           | 8,159            | 6,984            | 1,175          | 2,496          |
| 28 Nonfarm nonresidential properties  | 89,645           | 68,292           | 58,260           | 10,033         | 21,352         |
| 29 Loans to commercial banks in the United States   | 18,621           | 14,296           | 9,258            | 5,038          | 4,324          |
| 30 Loans to other depository institutions in the United States  | 5,520            | 5,289            | 4,069            | 1,220          | 231            |
| 31 Loans to banks in foreign countries  | 5,873            | 5,689            | 3,047            | 2,643          | 184            |
| 32 Loans to finance agricultural production and other loans to farmers  | 13,377           | 11,260           | 9,997            | 1,263          | 2,117          |
| 33 Commercial and industrial loans  | 388,505          | 326,881          | 252,484          | 74,397         | 61,624         |
| 34 To U.S. addressees (domicile)  | 382,648          | 321,548          | 248,151          | 73,398         | 61,100         |
| 35 To non-U.S. addressees (domicile)  | 5,857            | 5,333            | 4,334            | 999            | 524            |
| 36 Acceptances of other banks <sup>10</sup>   | 2,606            | 1,816            | 1,609            | 207            | 790            |
| 37 Of U.S. banks  | 1,002            | 710              | 648              | 61             | 292            |
| 38 Of foreign banks   | 420              | 342              | 304              | 38             | 77             |
| 39 Loans to individuals for household, family and other personal expenditures (includes purchased paper)                | 236,903          | 195,198          | 162,704          | 32,494         | 41,705         |
| 40 Loans to foreign governments and official institutions   | 3,657            | 3,538            | 2,691            | 847            | 119            |
| 41 Obligations (other than securities) of states and political subdivisions in the United States                        | 57,089           | 48,382           | 35,468           | 12,914         | 8,707          |
| 42 Nonrated industrial development obligations  | 43,372           | 36,021           | 26,086           | 9,935          | 7,351          |
| 43 Other obligations (excluding securities)   | 13,717           | 12,360           | 9,382            | 2,979          | 1,356          |
| 44 Other loans  | 72,600           | 67,831           | 43,917           | 23,914         | 4,768          |
| 45 Loans for purchasing and carrying securities   | 23,721           | 22,491           | 11,758           | 10,733         | 1,230          |
| 46 All other loans  | 48,878           | 45,340           | 32,159           | 13,181         | 3,538          |
| 47 Lease financing receivables  | 19,585           | 17,620           | 14,017           | 3,602          | 1,965          |
| 48 Customers' liability on acceptances outstanding  | 37,844           | 37,045           | 27,270           | 9,774          | 800            |
| 49 Net due from own foreign offices, Edge and Agreement subsidiaries and IBFs   | 48,414           | 44,880           | 35,310           | 9,570          | 3,534          |
| 50 Remaining assets   | 143,677          | 129,330          | 92,184           | 37,145         | 14,348         |

## 4.21 Continued

| Item  | Total     | Members   |           |         | Non-members |
|---|-----------|-----------|-----------|---------|-------------|
|   |           | Total     | National  | State   |             |
| 51 Total liabilities and equity capital   | 1,909,650 | 1,587,304 | 1,237,085 | 350,219 | 322,346     |
| 52 Total liabilities <sup>7</sup>   | 1,781,225 | 1,480,965 | 1,155,227 | 325,738 | 300,260     |
| 53 Total deposits   | 1,388,177 | 1,116,257 | 892,347   | 233,910 | 271,921     |
| 54 Individuals, partnerships, and corporations  | 1,225,047 | 979,195   | 791,837   | 187,358 | 245,852     |
| 55 U.S. government  | 4,145     | 3,421     | 3,028     | 393     | 724         |
| 56 States and political subdivisions in the United States   | 72,563    | 54,962    | 46,193    | 8,768   | 17,601      |
| 57 Commercial banks in the United States  | 47,651    | 44,420    | 32,774    | 11,645  | 3,231       |
| 58 Other depository institutions in the United States   | 7,129     | 6,077     | 4,120     | 1,957   | 1,052       |
| 59 Banks in foreign countries   | 8,249     | 7,776     | 3,750     | 4,026   | 473         |
| 60 Foreign governments and official institutions  | 3,358     | 3,114     | 1,529     | 1,584   | 244         |
| 61 Certified and official checks  | 20,035    | 17,292    | 9,114     | 8,178   | 2,743       |
| 62 Total transaction accounts   | 473,884   | 396,962   | 303,317   | 93,644  | 76,922      |
| 63 Individuals, partnerships, and corporations  | 384,963   | 316,496   | 248,708   | 67,788  | 68,467      |
| 64 U.S. government  | 3,109     | 2,651     | 2,337     | 313     | 459         |
| 65 States and political subdivisions in the United States   | 15,733    | 12,956    | 10,499    | 2,457   | 2,777       |
| 66 Commercial banks in the United States  | 35,364    | 33,837    | 25,139    | 8,698   | 1,527       |
| 67 Other depository institutions in the United States   | 6,053     | 5,408     | 3,564     | 1,844   | 645         |
| 68 Banks in foreign countries   | 7,306     | 7,114     | 3,363     | 3,751   | 192         |
| 69 Foreign governments and official institutions  | 1,319     | 1,208     | 593       | 615     | 111         |
| 70 Certified and official checks  | 20,035    | 17,292    | 9,114     | 8,178   | 2,743       |
| 71 Demand deposits (included in total transaction accounts)   | 382,182   | 326,070   | 242,913   | 83,157  | 56,112      |
| 72 Individuals, partnerships, and corporations  | 296,977   | 248,404   | 190,659   | 57,745  | 48,573      |
| 73 U.S. government  | 3,078     | 2,622     | 2,311     | 311     | 456         |
| 74 States and political subdivisions in the United States   | 12,070    | 10,203    | 8,187     | 2,016   | 1,867       |
| 75 Commercial banks in the United States  | 35,354    | 33,826    | 25,130    | 8,696   | 1,527       |
| 76 Other depository institutions in the United States   | 6,045     | 5,400     | 3,557     | 1,844   | 644         |
| 77 Banks in foreign countries   | 7,305     | 7,113     | 3,362     | 3,751   | 192         |
| 78 Foreign governments and official institutions  | 1,318     | 1,208     | 593       | 615     | 110         |
| 79 Certified and official checks  | 20,035    | 17,292    | 9,114     | 8,178   | 2,743       |
| 80 Total nontransaction accounts  | 941,294   | 719,295   | 589,030   | 130,265 | 194,999     |
| 81 Individuals, partnerships, and corporations  | 840,084   | 662,699   | 543,129   | 119,570 | 177,385     |
| 82 U.S. government  | 1,036     | 770       | 691       | 79      | 266         |
| 83 States and political subdivisions in the United States   | 56,830    | 42,006    | 35,695    | 6,311   | 14,824      |
| 84 Commercial banks in the United States  | 12,287    | 10,583    | 7,635     | 2,948   | 1,704       |
| 85 U.S. branches and agencies of foreign banks  | 467       | 203       | 137       | 66      | 264         |
| 86 Other commercial banks in the United States  | 11,820    | 10,380    | 7,498     | 2,882   | 1,440       |
| 87 Other depository institutions in the United States   | 1,076     | 669       | 556       | 113     | 407         |
| 88 Banks in foreign countries   | 942       | 661       | 387       | 275     | 281         |
| 89 Foreign branches of other U.S. banks   | 26        | 22        | 19        | 3       | 4           |
| 90 Other banks in foreign countries   | 916       | 639       | 368       | 272     | 276         |
| 91 Foreign governments and official institutions  | 2,038     | 1,909     | 936       | 969     | 133         |
| 92 Federal funds purchased and securities sold under agreements to repurchase   | 215,368   | 200,898   | 151,364   | 49,534  | 14,470      |
| 93 Demand notes issued to the U.S. Treasury   | 21,144    | 19,486    | 14,981    | 4,505   | 1,657       |
| 94 Other borrowed money   | 48,760    | 44,802    | 26,129    | 18,673  | 3,958       |
| 95 Banks liability on acceptances executed and outstanding  | 40,169    | 39,369    | 28,537    | 10,831  | 800         |
| 96 Notes and debentures subordinated to deposits  | 1,708     | 1,147     | 1,020     | 127     | 561         |
| 97 Net due to own foreign offices, Edge and Agreement subsidiaries and IBFs   | 10,212    | 8,314     | 5,342     | 2,972   | 1,897       |
| 98 Remaining liabilities  | 65,900    | 59,006    | 40,849    | 18,157  | 6,894       |
| 99 Total equity capital <sup>9</sup>  | 128,425   | 106,338   | 81,858    | 24,481  | 22,086      |
| MEMO  |           |           |           |         |             |
| 100 Holdings of commercial paper included in total loans, gross   | 1,574     | 959       | 781       | 178     | 614         |
| 101 Total individual retirement accounts (IRA) and Keogh plan accounts  | 47,146    | 37,188    | 31,077    | 6,111   | 9,958       |
| 102 Total brokered deposits   | 24,313    | 20,346    | 16,831    | 3,514   | 3,967       |
| 103 Total brokered retail deposits  | 6,711     | 6,055     | 5,698     | 357     | 656         |
| 104 Issued in denominations of \$100,000 or less  | 2,023     | 1,498     | 1,446     | 52      | 525         |
| 105 Issued in denominations greater than \$100,000 and participated out by the broker in shares of \$100,000 or less                | 4,688     | 4,557     | 4,252     | 305     | 131         |
| 106 Nontransaction savings deposits   | 362,786   | 287,550   | 234,681   | 52,869  | 75,236      |
| 107 Total time deposits of less than \$100,000  | 293,282   | 224,163   | 191,154   | 33,009  | 69,119      |
| 108 Time certificates of deposit of \$100,000 or more   | 224,523   | 177,364   | 143,081   | 34,283  | 47,159      |
| 109 Open-account time deposits of \$100,000 or more   | 33,695    | 30,215    | 20,111    | 10,104  | 3,480       |
| 110 Super NOW accounts  | 29,394    | 22,470    | 19,361    | 3,110   | 6,923       |
| 111 Money market deposit accounts (MMDAs)   | 271,057   | 216,728   | 176,435   | 40,293  | 54,330      |
| 112 Total time and savings deposits   | 1,005,996 | 790,187   | 649,434   | 140,753 | 215,809     |
| <i>Quarterly averages</i>   |           |           |           |         |             |
| 113 Total loans   | 1,095,099 | 906,590   | 722,255   | 184,335 | 188,509     |
| 114 Obligations (other than securities) of states and political subdivisions in the United States                                   | 50,464    | 42,886    | 31,497    | 11,389  | 7,578       |
| 115 Time certificates of deposit of \$100,000 or more   | 219,381   | 173,409   | 140,902   | 32,507  | 45,972      |
| 116 Super NOW accounts, money market deposit accounts, and time deposits (other than certificates of deposits of \$100,000 or more) | 607,904   | 473,428   | 396,436   | 76,992  | 134,476     |
| 117 Number of banks   | 2,285     | 1,359     | 1,154     | 205     | 926         |

Footnotes appear at the end of table 4.22

4.22 DOMESTIC OFFICES, Insured Commercial Bank Assets and Liabilities<sup>1,2,3</sup>  
Consolidated Report of Condition, December 31, 1985

Millions of dollars

| Item   | Total            | Members          |                  |                | Non-members    |
|--|------------------|------------------|------------------|----------------|----------------|
|  |                  | Total            | National         | State          |                |
| <b>1 Total assets<sup>6</sup></b>  | <b>2,349,616</b> | <b>1,774,344</b> | <b>1,392,787</b> | <b>381,557</b> | <b>575,271</b> |
| 2 Cash and balances due from depository institutions   | 225,574          | 177,212          | 136,938          | 40,273         | 48,362         |
| 3 Currency and coin  | 25,519           | 19,370           | 15,939           | 3,431          | 6,150          |
| 4 Noninterest-bearing balances due from commercial banks   | 37,724           | 21,204           | 17,681           | 3,523          | 16,520         |
| 5 Other  | 162,330          | 136,638          | 103,318          | 33,319         | 25,693         |
| <b>6 Total securities, loans, and lease financing receivables (net of unearned income)</b>               | <b>1,926,238</b> | <b>1,423,945</b> | <b>1,130,650</b> | <b>293,295</b> | <b>502,293</b> |
| 7 Total securities, book value   | 418,752          | 275,739          | 217,560          | 58,179         | 143,013        |
| 8 U.S. Treasury securities and U.S. government agency and corporation obligations                        | 243,443          | 153,814          | 123,727          | 30,086         | 89,629         |
| 9 Securities issued by states and political subdivisions in the United States                            | 158,866          | 111,350          | 85,590           | 25,760         | 47,516         |
| 10 Other securities  | 16,443           | 10,575           | 8,242            | 2,333          | 5,868          |
| 11 All holdings of private certificates of participation in pools of residential mortgages               | 537              | 314              | 207              | 107            | 223            |
| 12 All other   | 15,906           | 10,262           | 8,036            | 2,226          | 5,645          |
| 13 Federal funds sold and securities purchased under agreements to resell                                | 131,925          | 100,758          | 77,429           | 23,329         | 31,167         |
| 14 Total loans and lease financing receivables, gross  | 1,391,343        | 1,058,194        | 843,938          | 214,256        | 333,149        |
| 15 Less: Unearned income on loans  | 15,784           | 10,748           | 8,279            | 2,469          | 5,036          |
| 16 Total loans and leases (net of unearned income)   | 1,375,561        | 1,047,448        | 835,661          | 211,787        | 328,113        |
| <i>Total loans, gross, by category</i>   |                  |                  |                  |                |                |
| 17 Loans secured by real estate  | 422,225          | 298,101          | 252,487          | 45,614         | 124,124        |
| 18 Construction and land development   | 89,149           | 70,579           | 57,870           | 12,709         | 18,570         |
| 19 Farmland  | 11,339           | 5,373            | 4,579            | 794            | 5,966          |
| 20 1-4 family residential properties   | 196,062          | 134,895          | 115,679          | 19,217         | 61,167         |
| 21 Multifamily (5 or more) residential properties  | 12,538           | 8,955            | 7,633            | 1,302          | 3,583          |
| 22 Nonfarm nonresidential properties   | 113,136          | 78,299           | 66,707           | 11,592         | 34,838         |
| 23 Loans to depository institutions  | 30,678           | 25,582           | 16,639           | 8,943          | 5,097          |
| 24 Loans to finance agricultural production and other loans to farmers                                   | 35,486           | 19,499           | 16,633           | 2,866          | 15,987         |
| 25 Commercial and industrial loans   | 445,879          | 352,548          | 274,315          | 78,234         | 93,331         |
| 26 Acceptances of other banks  | 4,238            | 2,580            | 2,236            | 343            | 1,658          |
| 27 Loans to individuals for household, family and other personal expenditures (includes purchased paper) | 292,123          | 219,279          | 182,798          | 36,481         | 72,844         |
| 28 Obligations (other than securities) of states and political subdivisions in the United States         | 60,427           | 49,783           | 36,686           | 13,097         | 10,644         |
| 29 Nonrated industrial development obligations   | 45,676           | 36,997           | 26,936           | 10,061         | 8,679          |
| 30 Other obligations (excluding securities)  | 14,751           | 12,786           | 9,749            | 3,036          | 1,966          |
| 31 All other loans   | 80,007           | 72,896           | 47,869           | 25,027         | 7,110          |
| 32 Lease financing receivables   | 20,279           | 17,926           | 14,275           | 3,651          | 2,353          |
| 33 Customers' liability on acceptances outstanding   | 37,874           | 37,058           | 27,281           | 9,777          | 816            |
| 34 Net due from own foreign offices, Edge and Agreement subsidiaries and IBFs                            | 48,414           | 44,880           | 35,310           | 9,570          | 3,534          |
| 35 Remaining assets  | 159,930          | 136,129          | 97,917           | 38,212         | 23,801         |
| <b>36 Total liabilities and equity capital</b>   | <b>2,349,616</b> | <b>1,774,344</b> | <b>1,392,787</b> | <b>381,557</b> | <b>575,271</b> |
| <b>37 Total liabilities<sup>7</sup></b>  | <b>2,183,236</b> | <b>1,652,241</b> | <b>1,297,885</b> | <b>354,356</b> | <b>530,995</b> |
| 38 Total deposits  | 1,779,348        | 1,282,483        | 1,030,837        | 251,647        | 496,865        |
| 39 Individuals, partnerships, and corporations   | 1,579,796        | 1,130,380        | 917,789          | 212,591        | 449,415        |
| 40 U.S. government   | 4,986            | 3,785            | 3,337            | 448            | 1,202          |
| 41 States and political subdivisions in the United States  | 101,314          | 66,305           | 55,660           | 10,645         | 35,009         |
| 42 Commercial banks in the United States   | 49,564           | 45,466           | 33,612           | 11,854         | 4,098          |
| 43 Other depository institutions in the United States  | 8,339            | 6,670            | 4,627            | 2,042          | 1,669          |
| 44 Certified and official checks   | 23,382           | 18,809           | 10,400           | 8,409          | 4,573          |
| 45 All other   | 11,966           | 11,067           | 5,410            | 5,657          | 899            |
| 46 Total transaction accounts  | 578,810          | 442,209          | 341,217          | 100,991        | 136,601        |
| 47 Individuals, partnerships, and corporations   | 477,966          | 356,565          | 282,350          | 74,215         | 121,401        |
| 48 U.S. government   | 3,744            | 2,921            | 2,567            | 354            | 823            |
| 49 States and political subdivisions in the United States  | 22,425           | 15,600           | 12,700           | 2,900          | 6,824          |
| 50 Commercial banks in the United States   | 35,852           | 34,184           | 25,343           | 8,840          | 1,668          |
| 51 Other depository institutions in the United States  | 6,690            | 5,742            | 3,845            | 1,897          | 948            |
| 52 Certified and official checks   | 23,382           | 18,809           | 10,400           | 8,409          | 4,573          |
| 53 All other   | 8,752            | 8,388            | 4,012            | 4,375          | 364            |
| 54 Demand deposits (included in total transaction accounts)  | 448,129          | 354,974          | 267,181          | 87,792         | 93,156         |
| 55 Individuals, partnerships, and corporations   | 354,590          | 273,568          | 211,861          | 61,707         | 81,023         |
| 56 U.S. government   | 3,696            | 2,885            | 2,533            | 352            | 811            |
| 57 States and political subdivisions in the United States  | 15,226           | 11,438           | 9,222            | 2,216          | 3,789          |
| 58 Commercial banks in the United States   | 35,838           | 34,173           | 25,334           | 8,838          | 1,666          |
| 59 Other depository institutions in the United States  | 6,673            | 5,731            | 3,834            | 1,897          | 942            |
| 60 Certified and official checks   | 23,382           | 18,809           | 10,400           | 8,409          | 4,573          |
| 61 All other   | 8,723            | 8,370            | 3,997            | 4,374          | 353            |
| 62 Total nontransaction accounts   | 1,200,538        | 840,274          | 689,619          | 150,655        | 360,263        |
| 63 Individuals, partnerships, and corporations   | 1,101,829        | 773,815          | 635,439          | 138,376        | 328,015        |
| 64 U.S. government   | 1,242            | 864              | 770              | 93             | 379            |
| 65 States and political subdivisions in the United States  | 78,890           | 50,705           | 42,960           | 7,745          | 28,184         |
| 66 Commercial banks in the United States   | 13,712           | 11,283           | 8,269            | 3,014          | 2,430          |
| 67 Other depository institutions in the United States  | 1,648            | 927              | 783              | 145            | 721            |
| 68 All other   | 3,215            | 2,680            | 1,398            | 1,282          | 535            |
| 69 Federal funds purchased and securities sold under agreements to repurchase                            | 218,960          | 202,897          | 152,982          | 49,915         | 16,062         |
| 70 Demand notes issued to the U.S. Treasury  | 21,837           | 19,821           | 15,259           | 4,562          | 2,016          |
| 71 Other borrowed money  | 49,318           | 45,074           | 26,359           | 18,714         | 4,245          |
| 72 Banks liability on acceptances executed and outstanding   | 40,199           | 39,383           | 28,548           | 10,834         | 816            |
| 73 Notes and debentures subordinated to deposits   | 1,988            | 1,271            | 1,130            | 141            | 717            |
| 74 Net due to own foreign offices, Edge and Agreement subsidiaries and IBFs                              | 10,212           | 8,314            | 5,342            | 2,972          | 1,897          |
| 75 Remaining liabilities   | 71,586           | 61,312           | 42,771           | 18,541         | 10,274         |

## 4.22 Continued

| Item  | Total     | Members   |          |         | Non-members |
|---|-----------|-----------|----------|---------|-------------|
|   |           | Total     | National | State   |             |
| 76 Total equity capital <sup>9</sup> .....  | 166,380   | 122,103   | 94,902   | 27,201  | 44,276      |
| MEMO  |           |           |          |         |             |
| 77 Assets held in trading accounts.....   | 28,701    | 28,413    | 17,560   | 10,853  | 288         |
| 78 U.S. Treasury securities.....  | 9,315     | 9,304     | 4,862    | 4,442   | 12          |
| 79 U.S. government agency corporation obligations.....  | 2,938     | 2,938     | 1,638    | 1,301   | 0           |
| 80 Securities issued by states and political subdivisions in the United States.....   | 11,301    | 11,205    | 7,106    | 4,099   | 96          |
| 81 Other bonds, notes and debentures.....   | 257       | 257       | 111      | 147     | 0           |
| 82 Certificates of deposit.....   | 1,318     | 1,318     | 1,009    | 309     | 0           |
| 83 Commercial paper.....  | 59        | 59        | 59       | 0       | 0           |
| 84 Bankers acceptances.....   | 2,647     | 2,621     | 2,155    | 466     | 26          |
| 85 Other.....   | 328       | 322       | 243      | 78      | 6           |
| 86 Total individual retirement accounts (IRA) and Keogh plan accounts.....  | 60,804    | 42,734    | 35,637   | 7,036   | 18,071      |
| 87 Total brokered deposits.....   | 24,813    | 20,542    | 17,004   | 3,539   | 4,271       |
| 88 Total brokered retail deposits.....  | 7,031     | 6,161     | 5,785    | 376     | 871         |
| 89 Issued in denominations of \$100,000 or less.....  | 2,295     | 1,586     | 1,519    | 66      | 710         |
| 90 Issued in denominations greater than \$100,000 and participated out by the broker in shares of \$100,000 or less.....                | 4,736     | 4,575     | 4,266    | 309     | 161         |
| 91 Nontransaction savings deposits.....   | 453,832   | 327,480   | 267,785  | 59,695  | 126,352     |
| 92 Total time deposits of less than \$100,000.....  | 438,881   | 282,660   | 239,215  | 43,445  | 156,221     |
| 93 Time certificates of deposit of \$100,000 or more.....   | 271,956   | 199,028   | 161,738  | 37,291  | 72,928      |
| 94 Open-account time deposits of \$100,000 or more.....   | 35,828    | 31,100    | 20,876   | 10,224  | 4,758       |
| 95 Super NOW accounts.....  | 46,489    | 29,776    | 25,362   | 4,414   | 16,713      |
| 96 Money market deposit accounts (MMDAs).....   | 332,608   | 244,057   | 199,315  | 44,742  | 88,551      |
| 97 Total time and savings deposits.....   | 1,331,219 | 927,510   | 763,655  | 163,854 | 403,709     |
| Quarterly averages  |           |           |          |         |             |
| 98 Total loans.....   | 1,325,799 | 1,004,969 | 804,421  | 200,548 | 320,830     |
| 99 Time certificates of deposit of \$100,000 or more.....   | 265,775   | 194,468   | 159,046  | 35,422  | 71,307      |
| 100 Super NOW accounts, money market deposit accounts, and time deposits (other than certificates of deposit of \$100,000 or more)..... | 833,601   | 566,579   | 474,169  | 92,410  | 267,023     |
| 101 Number of banks.....  | 14,285    | 5,978     | 4,909    | 1,069   | 8,307       |

1. The data in these tables have not appeared since Mar. 31, 1984, when the report of condition was substantially revised for commercial banks. Some of the changes are as follows: (1) Previously, banks with international banking facilities (IBFs) that had no other foreign offices were considered domestic reporters. Beginning with the Mar. 31, 1984 call report these banks are considered foreign and domestic reporters and must file the foreign and domestic report of condition; (2) banks with assets greater than \$1 billion have additional items reported; (3) the domestic office detail for banks with foreign offices has been reduced considerably; and (4) banks with assets under \$25 million have been excused from reporting certain detail items.

2. The "n.a." for some of the items is used to indicate the lesser detail available from banks without foreign offices, the inapplicability of certain items to banks that have only domestic offices and/or the absence of detail on a fully consolidated basis for banks with foreign offices.

3. All transactions between domestic and foreign offices of a bank are reported in "net due from" and "net due to." All other lines represent transactions with parties other than the domestic and foreign offices of each bank. Since these intraoffice transactions are nullified by consolidation, total assets and total liabilities for the entire bank may not equal the sum of assets and liabilities respectively, of the domestic and foreign offices.

4. Foreign offices include branches in foreign countries, Puerto Rico, and in U.S. territories and possessions; subsidiaries in foreign countries; all offices of Edge Act and Agreement corporations wherever located and IBFs.

5. The 'over 100' column refers to those respondents whose assets, as of June 30 of the previous calendar year, were equal to or exceeded \$100 million. (These respondents file the FFIEC 032 or FFIEC 033 call report.) The 'under 100' column refers to those respondents whose assets, as of June 30 of the previous calendar year, were less than \$100 million. (These respondents filed the FFIEC 034 call report.)

6. Since the domestic portion of allowances for loan and lease losses and allocated transfer risk reserve are not reported for banks with foreign offices, the components of total assets (domestic) will not add to the actual total (domestic).

7. Since the foreign portion of demand notes issued to the U.S. Treasury is not reported for banks with foreign offices, the components of total liabilities (foreign) will not add to the actual total (foreign).

8. The definition of "all other" varies by report form and therefore by column in this table. See the instructions for more detail.

9. Equity capital is not allocated between the domestic and foreign offices of banks with foreign offices.

# Federal Reserve Board of Governors

PAUL A. VOLCKER, *Chairman*  
 MANUEL H. JOHNSON, *Vice Chairman*

HENRY C. WALLICH  
 MARTHA R. SEGER

## OFFICE OF BOARD MEMBERS

JOSEPH R. COYNE, *Assistant to the Board*  
 DONALD J. WINN, *Assistant to the Board*  
 STEVEN M. ROBERTS, *Assistant to the Chairman*  
 BOB S. MOORE, *Special Assistant to the Board*

## LEGAL DIVISION

MICHAEL BRADFIELD, *General Counsel*  
 J. VIRGIL MATTINGLY, JR., *Deputy General Counsel*  
 RICHARD M. ASHTON, *Associate General Counsel*  
 OLIVER IRELAND, *Associate General Counsel*  
 RICKI R. TIGERT, *Assistant General Counsel*  
 MARYELLEN A. BROWN, *Assistant to the General Counsel*

## OFFICE OF THE SECRETARY

WILLIAM W. WILES, *Secretary*  
 BARBARA R. LOWREY, *Associate Secretary*  
 JAMES MCAFEE, *Associate Secretary*

## DIVISION OF CONSUMER AND COMMUNITY AFFAIRS

GRIFFITH L. GARWOOD, *Director*  
 GLENN E. LONEY, *Assistant Director*  
 ELLEN MALAND, *Assistant Director*  
 DOLORES S. SMITH, *Assistant Director*

## DIVISION OF BANKING SUPERVISION AND REGULATION

WILLIAM TAYLOR, *Director*  
 FRANKLIN D. DREYER, *Deputy Director*<sup>1</sup>  
 FREDERICK R. DAHL, *Associate Director*  
 DON E. KLINE, *Associate Director*  
 FREDERICK M. STRUBLE, *Associate Director*  
 WILLIAM A. RYBACK, *Deputy Associate Director*  
 STEPHEN C. SCHEMERING, *Deputy Associate Director*  
 RICHARD SPILLENKOTHEN, *Deputy Associate Director*  
 HERBERT A. BIERN, *Assistant Director*  
 JOE M. CLEAVER, *Assistant Director*  
 ANTHONY CORNYN, *Assistant Director*  
 JAMES I. GARNER, *Assistant Director*  
 JAMES D. GOETZINGER, *Assistant Director*  
 MICHAEL G. MARTINSON, *Assistant Director*  
 ROBERT S. PLOTKIN, *Assistant Director*  
 SIDNEY M. SUSSAN, *Assistant Director*  
 LAURA M. HOMER, *Securities Credit Officer*

## OFFICE OF STAFF DIRECTOR FOR MONETARY AND FINANCIAL POLICY

DONALD L. KOHN, *Deputy Staff Director*  
 NORMAND R.V. BERNARD, *Special Assistant to the Board*

## DIVISION OF RESEARCH AND STATISTICS

JAMES L. KICHLINE, *Director*  
 EDWARD C. ETTIN, *Deputy Director*  
 MICHAEL J. PRELL, *Deputy Director*  
 JARED J. ENZLER, *Associate Director*  
 DAVID E. LINDSEY, *Associate Director*  
 ELEANOR J. STOCKWELL, *Associate Director*  
 MARTHA BETHEA, *Deputy Associate Director*  
 THOMAS D. SIMPSON, *Deputy Associate Director*  
 LAWRENCE SLIFMAN, *Deputy Associate Director*  
 PETER A. TINSLEY, *Deputy Associate Director*  
 SUSAN J. LEPPER, *Assistant Director*  
 RICHARD D. PORTER, *Assistant Director*  
 MARTHA S. SCANLON, *Assistant Director*  
 JOYCE K. ZICKLER, *Assistant Director*  
 LEVON H. GARABEDIAN, *Assistant Director*  
 (Administration)

## DIVISION OF INTERNATIONAL FINANCE

EDWIN M. TRUMAN, *Director*  
 LARRY J. PROMISEL, *Senior Associate Director*  
 CHARLES J. SIEGMAN, *Senior Associate Director*  
 DAVID H. HOWARD, *Deputy Associate Director*  
 ROBERT F. GEMMILL, *Staff Adviser*  
 DONALD B. ADAMS, *Assistant Director*  
 PETER HOOPER III, *Assistant Director*  
 KAREN H. JOHNSON, *Assistant Director*  
 RALPH W. SMITH, JR., *Assistant Director*

1. On loan from the Federal Reserve Bank of Chicago.



# and Official Staff

WAYNE D. ANGELL  
H. ROBERT HELLER

## OFFICE OF STAFF DIRECTOR FOR MANAGEMENT

S. DAVID FROST, *Staff Director*  
EDWARD T. MULRENIN, *Assistant Staff Director*  
CHARLES L. HAMPTON, *Senior Technical Adviser*  
PORTIA W. THOMPSON, *Equal Employment Opportunity  
Programs Officer*

## DIVISION OF PERSONNEL

DAVID L. SHANNON, *Director*  
JOHN R. WEIS, *Assistant Director*  
CHARLES W. WOOD, *Assistant Director*

## OFFICE OF THE CONTROLLER

GEORGE E. LIVINGSTON, *Controller*  
BRENT L. BOWEN, *Assistant Controller*

## DIVISION OF SUPPORT SERVICES

ROBERT E. FRAZIER, *Director*  
WALTER W. KREIMANN, *Associate Director*  
GEORGE M. LOPEZ, *Assistant Director*

## OFFICE OF THE EXECUTIVE DIRECTOR FOR INFORMATION RESOURCES MANAGEMENT

ALLEN E. BEUTEL, *Executive Director*  
STEPHEN R. MALPHRUS, *Assistant Director*

## DIVISION OF HARDWARE AND SOFTWARE SYSTEMS

BRUCE M. BEARDSLEY, *Director*  
THOMAS C. JUDD, *Assistant Director*  
ELIZABETH B. RIGGS, *Assistant Director*  
ROBERT J. ZEMEL, *Assistant Director*

## DIVISION OF APPLICATIONS DEVELOPMENT AND STATISTICAL SERVICES

WILLIAM R. JONES, *Director*  
DAY W. RADEBAUGH, *Assistant Director*  
RICHARD C. STEVENS, *Assistant Director*  
PATRICIA A. WELCH, *Assistant Director*

## OFFICE OF STAFF DIRECTOR FOR FEDERAL RESERVE BANK ACTIVITIES

THEODORE E. ALLISON, *Staff Director*

## DIVISION OF FEDERAL RESERVE BANK OPERATIONS

CLYDE H. FARNSWORTH, JR., *Director*  
ELLIOTT C. MCENTEE, *Associate Director*  
DAVID L. ROBINSON, *Associate Director*  
C. WILLIAM SCHLEICHER, JR., *Associate Director*  
CHARLES W. BENNETT, *Assistant Director*  
ANNE M. DEBEER, *Assistant Director*  
JACK DENNIS, JR., *Assistant Director*  
EARL G. HAMILTON, *Assistant Director*  
~~WILLIAM E. PASCOE III, *Assistant Director*~~  
JOHN H. PARRISH, *Assistant Director*  
FLORENCE M. YOUNG, *Adviser*

# Federal Open Market Committee

---

## FEDERAL OPEN MARKET COMMITTEE

PAUL A. VOLCKER, *Chairman*

E. GERALD CORRIGAN, *Vice Chairman*

WAYNE D. ANGELL  
ROGER GUFFEY  
H. ROBERT HELLER

KAREN N. HORN  
MANUEL H. JOHNSON  
THOMAS C. MELZER

FRANK E. MORRIS  
MARTHA R. SEGER  
HENRY C. WALLICH

NORMAND R.V. BERNARD, *Assistant Secretary*  
MICHAEL BRADFIELD, *General Counsel*  
JAMES H. OLTMAN, *Deputy General Counsel*  
JAMES L. KICHLINE, *Economist*  
EDWIN M. TRUMAN, *Economist (International)*  
ANATOL B. BALBACH, *Associate Economist*  
JOHN M. DAVIS, *Associate Economist*

RICHARD G. DAVIS, *Associate Economist*  
THOMAS E. DAVIS, *Associate Economist*  
DONALD L. KOHN, *Associate Economist*  
DAVID E. LINDSEY, *Associate Economist*  
ALICIA H. MUNNELL, *Associate Economist*  
MICHAEL J. PRELL, *Associate Economist*  
CHARLES J. SIEGMAN, *Associate Economist*

PETER D. STERNLIGHT, *Manager for Domestic Operations, System Open Market Account*  
SAM Y. CROSS, *Manager for Foreign Operations, System Open Market Account*

---

## FEDERAL ADVISORY COUNCIL

ROBERT L. NEWELL, *FIRST DISTRICT, President*  
WILLIAM H. BOWEN, *EIGHTH DISTRICT, Vice President*

ROBERT L. NEWELL, *First District*  
JOHN F. MCGILICUDDY, *Second District*  
GEORGE A. BUTLER, *Third District*  
JULIEN L. MCCALL, *Fourth District*  
JOHN G. MEDLIN, JR., *Fifth District*  
BENNETT A. BROWN, *Sixth District*

HAL C. KUEHL, *Seventh District*  
WILLIAM H. BOWEN, *Eighth District*  
DEWALT H. ANKENY, JR., *Ninth District*  
F. PHILLIPS GILTNER, *Tenth District*  
NAT S. ROGERS, *Eleventh District*  
G. ROBERT TRUOX, JR., *Twelfth District*

HERBERT V. PROCHNOW, *SECRETARY*  
WILLIAM J. KORSVIK, *ASSOCIATE SECRETARY*

---

## and Advisory Councils

---

### *CONSUMER ADVISORY COUNCIL*

MARGARET M. MURPHY, Columbia, Maryland, *Chairman*  
LAWRENCE S. OKINAGA, Honolulu, Hawaii, *Vice Chairman*

RACHEL G. BRATT, Medford, Massachusetts  
EDWIN B. BROOKS, JR., Richmond, Virginia  
JONATHAN BROWN, Washington, D.C.  
MICHAEL S. CASSIDY, New York, New York  
THERESA FAITH CUMMINGS, Springfield, Illinois  
NEIL J. FOGARTY, Jersey City, New Jersey  
STEVEN M. GEARY, Jefferson City, Missouri  
KENNETH HALL, Jackson, Mississippi  
STEVEN W. HAMM, Columbia, South Carolina  
ROBERT J. HOBBS, Boston, Massachusetts  
ROBERT W. JOHNSON, West Lafayette, Indiana  
JOHN M. KOLESAR, Cleveland, Ohio  
EDWARD N. LANGE, Seattle, Washington  
ALAN B. LERNER, Dallas, Texas

FRED S. MCCHESENEY, Atlanta, Georgia  
FREDERICK H. MILLER, Norman, Oklahoma  
ROBERT F. MURPHY, Detroit, Michigan  
HELEN NELSON, Mill Valley, California  
SANDRA PARKER, Richmond, Virginia  
JOSEPH L. PERKOWSKI, Centerville, Minnesota  
BRENDA SCHNEIDER, Detroit, Michigan  
JANE SHULL, Philadelphia, Pennsylvania  
TED L. SPURLOCK, New York, New York  
MEL STILLER, Boston, Massachusetts  
CHRISTOPHER J. SUMNER, Salt Lake City, Utah  
EDWARD J. WILLIAMS, Chicago, Illinois  
MERVIN WINSTON, Minneapolis, Minnesota  
MICHAEL ZOROYA, St. Louis, Missouri

---

### *THRIFT INSTITUTIONS ADVISORY COUNCIL*

RICHARD H. DEIHL, Los Angeles, California, *President*  
MICHAEL R. WISE, Denver, Colorado, *Vice President*

ELLIOTT G. CARR, Orleans, Massachusetts  
M. TODD COOKE, Philadelphia, Pennsylvania  
JOHN C. DICUS, Topeka, Kansas  
HAROLD W. GREENWOOD, JR., Minneapolis, Minnesota  
JOHN A. HARDIN, Rock Hill, South Carolina

JAMIE J. JACKSON, Houston, Texas  
FRANCES LESNIESKI, East Lansing, Michigan  
DONALD F. MCCORMICK, Livingston, New Jersey  
HERSCHEL ROSENTHAL, Miami, Florida  
GARY L. SIRMON, Walla Walla, Washington

# Federal Reserve Board Publications

*Copies are available from PUBLICATIONS SERVICES, Mail Stop 138, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. When a charge is indicated, remittance should accompany request and be made payable to the order of the Board of Governors of the Federal Reserve System. Remittance from foreign residents should be drawn on a U.S. bank. Stamps and coupons are not accepted.*

- THE FEDERAL RESERVE SYSTEM—PURPOSES AND FUNCTIONS. 1984. 120 pp.  
ANNUAL REPORT.  
ANNUAL REPORT: BUDGET REVIEW, 1985–86.  
FEDERAL RESERVE BULLETIN. Monthly. \$20.00 per year or \$2.00 each in the United States, its possessions, Canada, and Mexico; 10 or more of same issue to one address, \$18.00 per year or \$1.75 each. Elsewhere, \$24.00 per year or \$2.50 each.  
BANKING AND MONETARY STATISTICS. 1914–1941. (Reprint of Part I only) 1976. 682 pp. \$5.00.  
BANKING AND MONETARY STATISTICS. 1941–1970. 1976. 1,168 pp. \$15.00.  
ANNUAL STATISTICAL DIGEST  
1974–78. 1980. 305 pp. \$10.00 per copy.  
1981. 1982. 239 pp. \$ 6.50 per copy.  
1982. 1983. 266 pp. \$ 7.50 per copy.  
1983. 1984. 264 pp. \$11.50 per copy.  
1984. 1985. 254 pp. \$12.50 per copy.  
1985. 1986. 231 pp. \$15.00 per copy.  
HISTORICAL CHART BOOK. Issued annually in Sept. Subscription to the Federal Reserve Chart Book includes one issue. \$1.25 each in the United States, its possessions, Canada, and Mexico; 10 or more to one address, \$1.00 each. Elsewhere, \$1.50 each.  
SELECTED INTEREST AND EXCHANGE RATES—WEEKLY SERIES OF CHARTS. Weekly. \$21.00 per year or \$.50 each in the United States, its possessions, Canada, and Mexico; 10 or more of same issue to one address, \$19.50 per year or \$.45 each. Elsewhere, \$26.00 per year or \$.60 each.  
THE FEDERAL RESERVE ACT, and other statutory provisions affecting the Federal Reserve System, as amended through April 20, 1983, with Supplements covering amendments through August 1986. 576 pp. \$7.00.  
REGULATIONS OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.  
ANNUAL PERCENTAGE RATE TABLES (Truth in Lending—Regulation Z) *Vol. I* (Regular Transactions). 1969. 100 pp. *Vol. II* (Irregular Transactions). 1969. 116 pp. Each volume \$2.25; 10 or more of same volume to one address, \$2.00 each.  
FEDERAL RESERVE MEASURES OF CAPACITY AND CAPACITY UTILIZATION. 1978. 40 pp. \$1.75 each; 10 or more to one address, \$1.50 each.  
THE BANK HOLDING COMPANY MOVEMENT TO 1978: A COMPENDIUM. 1978. 289 pp. \$2.50 each; 10 or more to one address, \$2.25 each.  
INTRODUCTION TO FLOW OF FUNDS. 1980. 68 pp. \$1.50 each; 10 or more to one address, \$1.25 each.  
PUBLIC POLICY AND CAPITAL FORMATION. 1981. 326 pp. \$13.50 each.  
FEDERAL RESERVE REGULATORY SERVICE. Looseleaf; updated at least monthly. (Requests must be prepaid.)  
Consumer and Community Affairs Handbook. \$75.00 per year.  
Monetary Policy and Reserve Requirements Handbook. \$75.00 per year.  
Securities Credit Transactions Handbook. \$75.00 per year.  
Federal Reserve Regulatory Service. 3 vols. (Contains all three Handbooks plus substantial additional material.) \$200.00 per year.  
*Rates for subscribers outside the United States are as follows and include additional air mail costs:*  
Federal Reserve Regulatory Service, \$250.00 per year.  
Each Handbook, \$90.00 per year.  
THE U.S. ECONOMY IN AN INTERDEPENDENT WORLD: A MULTICOUNTRY MODEL. May 1984. 590 pp. \$14.50 each.  
WELCOME TO THE FEDERAL RESERVE.  
PROCESSING AN APPLICATION THROUGH THE FEDERAL RESERVE SYSTEM. August 1985. 30 pp.  
WRITING IN STYLE AT THE FEDERAL RESERVE. August 1984. 93 pp. \$2.50 each.  
INDUSTRIAL PRODUCTION—1986 EDITION. December 1986. 440 pp. \$9.00 each.  
FINANCIAL FUTURES AND OPTIONS IN THE U.S. ECONOMY. December 1986. 264 pp. \$10.00 each.
- CONSUMER EDUCATION PAMPHLETS**  
*Short pamphlets suitable for classroom use. Multiple copies are available without charge.*
- Alice in Debitland
  - Consumer Handbook on Adjustable Rate Mortgages
  - Consumer Handbook to Credit Protection Laws
  - Fair Credit Billing
  - Federal Reserve Glossary
  - A Guide to Business Credit and the Equal Credit Opportunity Act
  - Guide to Federal Reserve Regulations
  - How to File A Consumer Credit Complaint
  - If You Borrow To Buy Stock
  - If You Use A Credit Card
  - Series on the Structure of the Federal Reserve System*
    - The Board of Governors of the Federal Reserve System
    - The Federal Open Market Committee
    - Federal Reserve Bank Board of Directors
    - Federal Reserve Banks
    - Organization and Advisory Committees
  - What Truth in Lending Means to You

### PAMPHLETS FOR FINANCIAL INSTITUTIONS

Short pamphlets on regulatory compliance, primarily suitable for banks, bank holding companies and creditors.

Limit of 50 copies

The Board of Directors' Opportunities in Community Reinvestment  
 The Board of Directors' Role in Consumer Law Compliance Combined Construction/Permanent Loan Disclosure and Regulation Z  
 Community Development Corporations and the Federal Reserve  
 Construction Loan Disclosures and Regulation Z  
 Finance Charges Under Regulation Z  
 How to Determine the Credit Needs of Your Community  
 Regulation Z: The Right of Rescission  
 The Right to Financial Privacy Act  
 Signature Rules in Community Property States: Regulation B  
 Signature Rules: Regulation B  
 Timing Requirements for Adverse Action Notices: Regulation B  
 What An Adverse Action Notice Must Contain: Regulation B  
 Understanding Prepaid Finance Charges: Regulation Z

### STAFF STUDIES: Summaries Only Printed in the Bulletin

Studies and papers on economic and financial subjects that are of general interest. Requests to obtain single copies of the full text or to be added to the mailing list for the series may be sent to Publications Services.

Staff Studies 115-125 are out of print.

114. MULTIBANK HOLDING COMPANIES: RECENT EVIDENCE ON COMPETITION AND PERFORMANCE IN BANKING MARKETS, by Timothy J. Curry and John T. Rose. Jan. 1982. 9 pp.
126. DEFINITION AND MEASUREMENT OF EXCHANGE MARKET INTERVENTION, by Donald B. Adams and Dale W. Henderson. August 1983. 5 pp. *Out of print.*
127. U.S. EXPERIENCE WITH EXCHANGE MARKET INTERVENTION: JANUARY-MARCH 1975, by Margaret L. Greene. August 1984. 16 pp. *Out of print.*
128. U.S. EXPERIENCE WITH EXCHANGE MARKET INTERVENTION: SEPTEMBER 1977-DECEMBER 1979, by Margaret L. Greene. October 1984. 40 pp. *Out of print.*
129. U.S. EXPERIENCE WITH EXCHANGE MARKET INTERVENTION: OCTOBER 1980-OCTOBER 1981, by Margaret L. Greene. August 1984. 36 pp.
130. EFFECTS OF EXCHANGE RATE VARIABILITY ON INTERNATIONAL TRADE AND OTHER ECONOMIC VARIABLES: A REVIEW OF THE LITERATURE, by Victoria S. Farrell with Dean A. DeRosa and T. Ashby McCown. January 1984. *Out of print.*
131. CALCULATIONS OF PROFITABILITY FOR U.S. DOLLAR-DEUTSCHE MARK INTERVENTION, by Laurence R. Jacobson. October 1983. 8 pp.
132. TIME-SERIES STUDIES OF THE RELATIONSHIP BETWEEN EXCHANGE RATES AND INTERVENTION: A REVIEW OF THE TECHNIQUES AND LITERATURE, by Kenneth Rogoff. October 1983. 15 pp.
133. RELATIONSHIPS AMONG EXCHANGE RATES, INTERVENTION, AND INTEREST RATES: AN EMPIRICAL INVESTIGATION, by Bonnie F. Loopesko. November 1983. *Out of print.*
134. SMALL EMPIRICAL MODELS OF EXCHANGE MARKET INTERVENTION: A REVIEW OF THE LITERATURE, by Ralph W. Tryon. October 1983. 14 pp. *Out of print.*
135. SMALL EMPIRICAL MODELS OF EXCHANGE MARKET INTERVENTION: APPLICATIONS TO CANADA, GERMANY, AND JAPAN, by Deborah J. Danker, Richard A. Haas, Dale W. Henderson, Steven A. Symansky, and Ralph W. Tryon. April 1985. 27 pp. *Out of print.*
136. THE EFFECTS OF FISCAL POLICY ON THE U.S. ECONOMY, by Darrell Cohen and Peter B. Clark. January 1984. 16 pp. *Out of print.*
137. THE IMPLICATIONS FOR BANK MERGER POLICY OF FINANCIAL DEREGULATION, INTERSTATE BANKING, AND FINANCIAL SUPERMARKETS, by Stephen A. Rhoades. February 1984. *Out of print.*
138. ANTITRUST LAWS, JUSTICE DEPARTMENT GUIDELINES, AND THE LIMITS OF CONCENTRATION IN LOCAL BANKING MARKETS, by James Burke. June 1984. 14 pp. *Out of print.*
139. SOME IMPLICATIONS OF FINANCIAL INNOVATIONS IN THE UNITED STATES, by Thomas D. Simpson and Patrick M. Parkinson. August 1984. 20 pp.
140. GEOGRAPHIC MARKET DELINEATION: A REVIEW OF THE LITERATURE, by John D. Wolken. November 1984. 38 pp. *Out of print.*
141. A COMPARISON OF DIRECT DEPOSIT AND CHECK PAYMENT COSTS, by William Dudley. November 1984. 15 pp. *Out of print.*
142. MERGERS AND ACQUISITIONS BY COMMERCIAL BANKS, 1960-83, by Stephen A. Rhoades. December 1984. 30 pp. *Out of print.*
143. COMPLIANCE COSTS AND CONSUMER BENEFITS OF THE ELECTRONIC FUND TRANSFER ACT: RECENT SURVEY EVIDENCE, by Frederick J. Schroeder. April 1985. 23 pp. *Out of print.*
144. SCALE ECONOMIES IN COMPLIANCE COSTS FOR CONSUMER CREDIT REGULATIONS: THE TRUTH IN LENDING AND EQUAL CREDIT OPPORTUNITY LAWS, by Gregory E. Elliehausen and Robert D. Kurtz. May 1985. 10 pp.
145. SERVICE CHARGES AS A SOURCE OF BANK INCOME AND THEIR IMPACT ON CONSUMERS, by Glenn B. Canner and Robert D. Kurtz. August 1985. 31 pp. *Out of print.*
146. THE ROLE OF THE PRIME RATE IN THE PRICING OF BUSINESS LOANS BY COMMERCIAL BANKS, 1977-84, by Thomas F. Brady. November 1985. 25 pp.
147. REVISIONS IN THE MONETARY SERVICES (DIVISIA) INDEXES OF THE MONETARY AGGREGATES, by Helen T. Farr and Deborah Johnson. December 1985. 42 pp.
148. THE MACROECONOMIC AND SECTORAL EFFECTS OF THE ECONOMIC RECOVERY TAX ACT: SOME SIMULATION RESULTS, by Flint Brayton and Peter B. Clark. December 1985. 17 pp.
149. THE OPERATING PERFORMANCE OF ACQUIRED FIRMS IN BANKING BEFORE AND AFTER ACQUISITION, by Stephen A. Rhoades. April 1986. 32 pp.
150. STATISTICAL COST ACCOUNTING MODELS IN BANKING: A REEXAMINATION AND AN APPLICATION, by John T. Rose and John D. Wolken. May 1986. 13 pp.

*REPRINTS OF BULLETIN ARTICLES**Most of the articles reprinted do not exceed 12 pages.*

Limit of 10 copies

Foreign Experience with Targets for Money Growth. 10/83.  
Intervention in Foreign Exchange Markets: A Summary of  
Ten Staff Studies. 11/83.  
A Financial Perspective on Agriculture. 1/84.  
Survey of Consumer Finances, 1983. 9/84.  
Bank Lending to Developing Countries. 10/84.  
Survey of Consumer Finances, 1983: A Second Report.  
12/84.

Union Settlements and Aggregate Wage Behavior in the  
1980s. 12/84.  
The Thrift Industry in Transition. 3/85.  
A Revision of the Index of Industrial Production. 7/85.  
Financial Innovation and Deregulation in Foreign Industrial  
Countries. 10/85.  
Recent Developments in the Bankers Acceptance Market.  
1/86.  
The Use of Cash and Transaction Accounts by American  
Families. 2/86.  
Financial Characteristics of High-Income Families. 3/86.  
U. S. International Transactions in 1985. 5/86.  
Prices, Profit Margins, and Exchange Rates. 6/86.  
Agricultural Banks under Stress. 7/86.  
Foreign Lending by Banks: A Guide to International and  
U.S. Statistics. 10/86.  
Recent Developments in Corporate Finance. 11/86.

# Index to Statistical Tables

References are to pages A3–A75 although the prefix “A” is omitted in this index

- ACCEPTANCES, bankers (*See* Bankers acceptances)  
 Agricultural loans, commercial banks, 19, 20  
 Assets and liabilities (*See also* Foreigners)  
   Banks, by classes, 18–20, 70–75  
   Domestic finance companies, 37  
   Federal Reserve Banks, 10  
   Financial institutions, 26  
   Foreign banks, U.S. branches and agencies, 21  
   Nonfinancial corporations, 36  
 Automobiles  
   Consumer installment credit, 40, 41  
   Production, 47, 48
- BANKERS acceptances, 9, 23, 24  
 Bankers balances, 18–20, 70, 72, 74 (*See also* Foreigners)  
 Bonds (*See also* U.S. government securities)  
   New issues, 34  
   Rates, 24  
 Branch banks, 21, 55  
 Business activity, nonfinancial, 44  
 Business expenditures on new plant and equipment, 36  
 Business loans (*See* Commercial and industrial loans)
- CAPACITY utilization, 46  
 Capital accounts  
   Banks, by classes, 18, 71, 73, 75  
   Federal Reserve Banks, 10  
 Central banks, discount rates, 67  
 Certificates of deposit, 24  
 Commercial and industrial loans  
   Commercial banks, 16, 19, 70, 72, 74  
   Weekly reporting banks, 19–21  
 Commercial banks  
   Assets and liabilities, 18–20, 70–75  
   Commercial and industrial loans, 16, 18, 19, 20, 21  
   Consumer loans held, by type, and terms, 40, 41  
   Loans sold outright, 19  
   Nondeposit funds, 17  
   Number, by classes, 71, 73, 75  
   Real estate mortgages held, by holder and property, 39  
   Time and savings deposits, 3  
 Commercial paper, 23, 24, 37  
 Condition statements (*See* Assets and liabilities)  
 Construction, 44, 49, 73  
 Consumer installment credit, 40, 41  
 Consumer prices, 44, 50  
 Consumption expenditures, 51, 52  
 Corporations  
   Nonfinancial, assets and liabilities, 36  
   Profits and their distribution, 35  
   Security issues, 34, 65  
 Cost of living (*See* Consumer prices)  
 Credit unions, 26, 40 (*See also* Thrift institutions)  
 Currency and coin, 18, 70, 72, 74  
 Currency in circulation, 4, 13  
 Customer credit, stock market, 25
- DEBITS to deposit accounts, 15  
 Debt (*See specific types of debt or securities*)  
 Demand deposits  
   Banks, by classes, 18–21, 71, 73, 75  
   Demand deposits—Continued  
     Ownership by individuals, partnerships, and corporations, 22  
     Turnover, 15  
 Depository institutions  
   Reserve requirements, 7  
   Reserves and related items, 3, 4, 5, 12  
 Deposits (*See also specific types*)  
   Banks, by classes, 3, 18–20, 21, 71, 73, 75  
   Federal Reserve Banks, 4, 10  
   Turnover, 15  
 Discount rates at Reserve Banks and at foreign central banks and foreign countries (*See* Interest rates)  
 Discounts and advances by Reserve Banks (*See* Loans)  
 Dividends, corporate, 35
- EMPLOYMENT, 45  
 Eurodollars, 24
- FARM mortgage loans, 39  
 Federal agency obligations, 4, 9, 10, 11, 31, 32  
 Federal credit agencies, 33  
 Federal finance  
   Debt subject to statutory limitation, and types and ownership of gross debt, 30  
   Receipts and outlays, 28, 29  
   Treasury financing of surplus, or deficit, 28  
   Treasury operating balance, 28  
 Federal Financing Bank, 28, 33  
 Federal funds, 5, 17, 19, 20, 21, 24, 28  
 Federal Home Loan Banks, 33  
 Federal Home Loan Mortgage Corporation, 33, 38, 39  
 Federal Housing Administration, 33, 38, 39  
 Federal Land Banks, 39  
 Federal National Mortgage Association, 33, 38, 39  
 Federal Reserve Banks  
   Condition statement, 10  
   Discount rates (*See* Interest rates)  
   U.S. government securities held, 4, 10, 11, 30  
 Federal Reserve credit, 4, 5, 10, 11  
 Federal Reserve notes, 10  
 Federal Savings and Loan Insurance Corporation insured institutions, 26  
 Federally sponsored credit agencies, 33  
 Finance companies  
   Assets and liabilities, 37  
   Business credit, 37  
   Loans, 40, 41  
   Paper, 23, 24  
 Financial institutions  
   Loans to, 19, 20, 21  
   Selected assets and liabilities, 26  
 Float, 4  
 Flow of funds, 42, 43  
 Foreign banks and liabilities of U.S. branches and agencies, 21  
 Foreign currency operations, 10  
 Foreign deposits in U.S. banks, 4, 10, 19, 20  
 Foreign exchange rates, 68  
 Foreign trade, 54  
 Foreigners  
   Claims on, 55, 57, 60, 61, 62, 64  
   Liabilities to, 20, 54, 55, 57, 58, 63, 65, 66

## GOLD

- Certificate account, 10
- Stock, 4, 54
- Government National Mortgage Association, 33, 38, 39
- Gross national product, 51

## HOUSING, new and existing units, 49

## INCOME, personal and national, 44, 51, 52

- Industrial production, 44, 47
- Installment loans, 40, 41
- Insurance companies, 26, 30, 39
- Interest rates
  - Bonds, 24
  - Consumer installment credit, 41
  - Federal Reserve Banks, 6
  - Foreign central banks and foreign countries, 67
  - Money and capital markets, 24
  - Mortgages, 38
  - Prime rate, 23
  - Time and savings deposits, 8
- International capital transactions of United States, 53–67
- International organizations, 57, 58, 60, 63, 64
- Inventories, 51
- Investment companies, issues and assets, 35
- Investments (*See also specific types*)
  - Banks, by classes, 18, 19, 20, 21, 26
  - Commercial banks, 3, 16, 18–20, 39, 70
  - Federal Reserve Banks, 10, 11
  - Financial institutions, 26, 39

## LABOR force, 45

- Life insurance companies (*See Insurance companies*)
- Loans (*See also specific types*)
  - Banks, by classes, 18–20
  - Commercial banks, 3, 16, 18–20, 70, 72, 74
  - Federal Reserve Banks, 4, 5, 6, 10, 11
  - Financial institutions, 26, 39
  - Insured or guaranteed by United States, 38, 39

## MANUFACTURING

- Capacity utilization, 46
- Production, 46, 48
- Margin requirements, 25
- Member banks (*See also Depository institutions*)
  - Federal funds and repurchase agreements, 5
  - Reserve requirements, 7
- Mining production, 48
- Mobile homes shipped, 49
- Monetary and credit aggregates, 3, 12
- Money and capital market rates, 24
- Money stock measures and components, 3, 13
- Mortgages (*See Real estate loans*)
- Mutual funds, 35
- Mutual savings banks, 8 (*See also Thrift institutions*)

## NATIONAL defense outlays, 29

## National income, 51

## OPEN market transactions, 9

## PERSONAL income, 52

- Prices
  - Consumer and producer, 44, 50
  - Stock market, 25
- Prime rate, 23
- Producer prices, 44, 50
- Production, 44, 47
- Profits, corporate, 35

## REAL estate loans

- Banks, by classes, 16, 19, 20, 39
- Financial institutions, 26
- Terms, yields, and activity, 38
- Type of holder and property mortgaged, 39
- Repurchase agreements, 5, 17, 19, 20, 21
- Reserve requirements, 7
- Reserves
  - Commercial banks, 18, 71
  - Depository institutions, 3, 4, 5, 12
  - Federal Reserve Banks, 10
  - U.S. reserve assets, 54
- Residential mortgage loans, 38
- Retail credit and retail sales, 40, 41, 44

## SAVING

- Flow of funds, 42, 43
- National income accounts, 51
- Savings and loan associations, 8, 26, 39, 40, 42 (*See also Thrift institutions*)
- Savings banks, 26, 39, 40
- Savings deposits (*See Time and savings deposits*)
- Securities (*See specific types*)
  - Federal and federally sponsored credit agencies, 33
  - Foreign transactions, 65
  - New issues, 34
  - Prices, 25
- Special drawing rights, 4, 10, 53, 54
- State and local governments
  - Deposits, 19, 20
  - Holdings of U.S. government securities, 30
  - New security issues, 34
  - Ownership of securities issued by, 19, 20, 26
  - Rates on securities, 24
- Stock market, selected statistics, 25
- Stocks (*See also Securities*)
  - New issues, 34
  - Prices, 25
- Student Loan Marketing Association, 33

## TAX receipts, federal, 29

- Thrift institutions, 3 (*See also Credit unions, Mutual savings banks, and Savings and loan associations*)
- Time and savings deposits, 3, 8, 13, 17, 18, 19, 20, 21, 71, 73, 75
- Trade, foreign, 54
- Treasury cash, Treasury currency, 4
- Treasury deposits, 4, 10, 28
- Treasury operating balance, 28

## UNEMPLOYMENT, 45

- U.S. government balances
  - Commercial bank holdings, 18, 19, 20
  - Treasury deposits at Reserve Banks, 4, 10, 28
- U.S. government securities
  - Bank holdings, 18–20, 21, 30, 70, 72, 74
  - Dealer transactions, positions, and financing, 32
  - Federal Reserve Bank holdings, 4, 10, 11, 30
  - Foreign and international holdings and transactions, 10, 30, 66
  - Open market transactions, 9
  - Outstanding, by type and holder, 26, 30
  - Rates, 24
- U.S. international transactions, 53–67
- Utilities, production, 48

## VETERANS Administration, 38, 39

- WEEKLY reporting banks, 19–21
- Wholesale (producer) prices, 44, 50

YIELDS (*See Interest rates*)



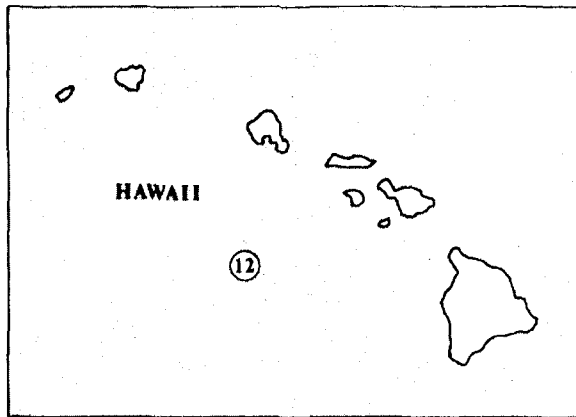
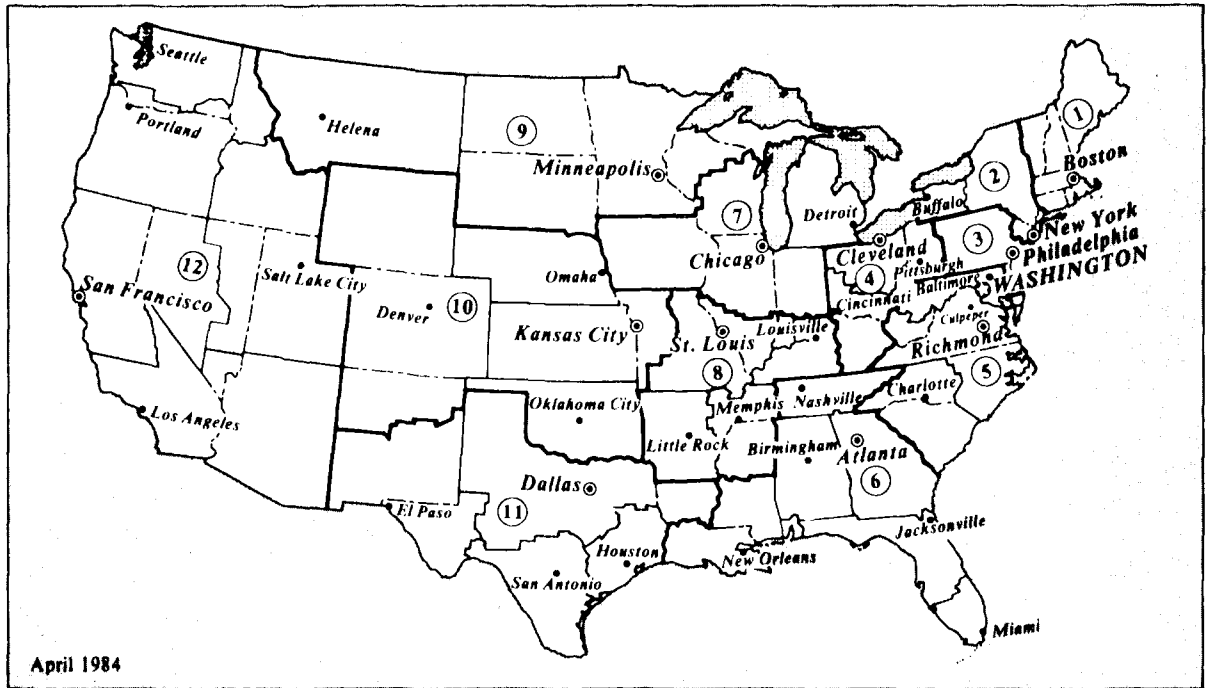
# Federal Reserve Banks, Branches, and Offices

| FEDERAL RESERVE BANK,<br>branch, or <i>facility</i>         | Chairman<br>Deputy Chairman                   | President<br>First Vice President        | Vice President<br>in charge of branch   |
|---|---|--|---|
| BOSTON*.....02106   | Joseph A. Baute<br>George N. Hatsopoulos      | Frank E. Morris<br>Robert W. Eisenmenger |   |
| NEW YORK*.....10045   | John Brademas<br>Clifton R. Wharton, Jr.      | E. Gerald Corrigan<br>Thomas M. Timlen   | John T. Keane   |
| Buffalo.....14240   | Mary Ann Lambertsen                           |  |   |
| PHILADELPHIA.....19105                                      | Robert M. Landis<br>Nevius M. Curtis          | Edward G. Boehne<br>Richard L. Smoot     |   |
| CLEVELAND*.....44101  | William H. Knoell<br>E. Mandell de Windt      | Karen N. Horn<br>William H. Hendricks    | Charles A. Cerino<br>Harold J. Swart  |
| Cincinnati.....45201  | Owen B. Butler                                |  |   |
| Pittsburgh.....15230  | James E. Haas                                 |  |   |
| RICHMOND*.....23219   | Leroy T. Canoles, Jr.<br>Robert A. Georgine   | Robert P. Black<br>Jimmie R. Monhollon   | Robert D. McTeer, Jr.<br>Albert D. Tinkelenberg<br>John G. Stoides  |
| Baltimore.....21203   | Robert L. Tate                                |  |   |
| Charlotte.....28230   | Wallace J. Jorgenson                          |  |   |
| <i>Culpeper Communications<br/>and Records Center 22701</i> |   |  |   |
| ATLANTA.....30303   | John H. Weitnauer, Jr.<br>Bradley Currey, Jr. | Robert P. Forrestal<br>Jack Guynn        | Delmar Harrison<br>Fred R. Herr<br>James D. Hawkins<br>Patrick K. Barron<br>Jeffrey J. Wells<br>Henry H. Bourgaux |
| Birmingham.....35283  | A. G. Trammell                                |  |   |
| Jacksonville.....32231                                      | E. William Nash, Jr.                          |  |   |
| Miami.....33152   | Sue McCourt Cobb                              |  |   |
| Nashville.....37203   | Patsy R. Williams                             |  |   |
| New Orleans.....70161                                       | Sharon A. Perlis                              |  |   |
| CHICAGO*.....60690  | Robert J. Day<br>Marcus Alexis                | Silas Keehn<br>Daniel M. Doyle           | Roby L. Sloan   |
| Detroit.....48231   | Robert E. Brewer                              |  |   |
| ST. LOUIS.....63166   | W.L. Hadley Griffin<br>Mary P. Holt           | Thomas C. Melzer<br>Joseph P. Garbarini  | John F. Breen<br>James E. Conrad<br>Paul I. Black, Jr.  |
| Little Rock.....72203                                       | Sheffield Nelson                              |  |   |
| Louisville.....40232  | William C. Ballard, Jr.                       |  |   |
| Memphis.....38101   | G. Rives Neblett                              |  |   |
| MINNEAPOLIS.....55480                                       | John B. Davis, Jr.<br>Michael W. Wright       | Gary H. Stern<br>Thomas E. Gainor        | Robert F. McNellis  |
| Helena.....59601  | Marcia S. Anderson                            |  |   |
| KANSAS CITY.....64198                                       | Irvine O. Hockaday, Jr.<br>Robert G. Lueder   | Roger Guffey<br>Henry R. Czerwinski      | Wayne W. Martin<br>William G. Evans<br>Robert D. Hamilton   |
| Denver.....80217  | James E. Nielson                              |  |   |
| Oklahoma City.....73125                                     | Patience S. Latting                           |  |   |
| Omaha.....68102   | Kenneth L. Morrison                           |  |   |
| DALLAS.....75222  | Robert D. Rogers<br>Bobby R. Inman            | Robert H. Boykin<br>William H. Wallace   | James L. Stull<br>Joel L. Koonce, Jr.<br>J.Z. Rowe<br>Thomas H. Robertson   |
| El Paso.....79999   | Peyton Yates                                  |  |   |
| Houston.....77252   | Walter M. Mischer, Jr.                        |  |   |
| San Antonio.....78295                                       | Ruben M. Garcia                               |  |   |
| SAN FRANCISCO.....94120                                     | Alan C. Furth<br>Fred W. Andrew               | Robert T. Parry<br>Carl E. Powell        | Thomas C. Warren<br>(Acting)<br>Angelo S. Carella<br>E. Ronald Liggett<br>Gerald R. Kelly                         |
| Los Angeles.....90051                                       | Richard C. Seaver                             |  |   |
| Portland.....97208  | Paul E. Bragdon                               |  |   |
| Salt Lake City.....84125                                    | Don M. Wheeler                                |  |   |
| Seattle.....98124   | John W. Ellis                                 |  |   |

\*Additional offices of these Banks are located at Lewiston, Maine 04240; Windsor Locks, Connecticut 06096; Cranford, New Jersey 07016; Jericho, New York 11753; Utica at Oriskany, New York 13424; Columbus, Ohio 43216; Columbia, South Carolina 29210; Charleston, West Virginia 25311; Des Moines, Iowa 50306; Indianapolis, Indiana 46204; and Milwaukee, Wisconsin 53202.

# The Federal Reserve System

## Boundaries of Federal Reserve Districts and Their Branch Territories



**LEGEND**

— Boundaries of Federal Reserve Districts

- - - Boundaries of Federal Reserve Branch Territories

⊕ Board of Governors of the Federal Reserve System

⊙ Federal Reserve Bank Cities

• Federal Reserve Branch Cities

· Federal Reserve Bank Facility