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Drought, Agriculture, and the Economy

This article was prepared by John Rosine and Nicholas Walraven of the Board's Division of Research and Statistics. Diana Liston Stella contributed research assistance.

In 1988, for the fourth time in the past fifteen years, drought and its repercussions dominated agricultural developments. The drought came in a year of reduced plantings and cut the total output of crops to a level 20 percent below the average of the four preceding years, it shriveled the output of feed grains to roughly half the four-year average. The loss of production caused a steep rise in the prices received by farmers for crops, 23 percent overall from March to August. The price of soybeans increased nearly 40 percent over that period, and corn prices surged despite huge surpluses from previous harvests.

The drought had a noticeable effect on overall measures of U.S. economic performance in 1988. According to estimates by the Department of Commerce, the output losses in agriculture reduced the annual rate of real growth in the gross national product nearly a full percentage point, on average, over the last three quarters of 1988. In addition, the initial shock to crop prices began showing up quickly at the consumer level and added to the rate of increase in the consumer price index over the summer months and into early autumn. Other repercussions of the sharp rise in crop prices, including the effects on livestock and meat prices, probably still are working their way through the economy, but perhaps with less intensity than many observers had expected initially.

In the farm sector itself, the drought's effects were dramatic, but uneven. At one extreme, those producers with little or no loss in production and large stockpiles from previous harvests benefited enormously from the steep rise of crop prices and ended up better off than they would have been had the drought not occurred. However, a number of other producers suffered set-

backs that may have been only partly offset by insurance indemnities or federal disaster payments.

Overall, farmers probably were better positioned to withstand drought losses in 1988 than they would have been three or four years earlier, when the farm financial problems of the 1980s were at their most intense. A recovery in the farm economy that began in 1986 picked up momentum in 1987, and most of the readings for 1988 look favorable despite the drought. In particular, most farmers continue to have an ample cash flow that should enable them to service debt in the period ahead, and, while some drought-induced loan defaults may occur, most farm lenders should be able to handle them without incurring a serious decline in profitability.

DROUGHT LOSSES AND REAL GNP

In most years, changes in farm output do not have a marked influence on the growth in gross national product. However, as was evident in 1988, swings in farm output sometimes are big enough to have a sizable influence on GNP growth, at least over the relatively short span of three or four quarters. These swings pose special challenges for national income accountants at the Department of Commerce, and they also necessitate added caution in the interpretation of incoming GNP data.

Economic Considerations

The broad economic effects of the drought are relatively straightforward. Drought causes a one-time reduction in farm crop output and in the economy's aggregate output. Usually, this reduction is reflected in gross national product mainly as drawdowns in the inventories of crops owned by farmers and those owned or financed by the government's Commodity Credit Corporation.

On the demand side, the price increases caused by drought reduce both the volume of farm exports and the real income and spending of households, when inventories are small initially, the price increases will be larger, requiring that real consumer spending and exports absorb more of the shock to output. The rate of growth of real GNP slackens as crop losses mount, but then bounces back when the drought ends. Typically, farm crop output has rebounded in the year after a drought (chart 1). During the rebound the effects of the losses on GNP are reversed, and, for a time, real GNP growth is higher than would otherwise be the case.

Accounting Considerations

The challenges of measuring the changes in farm output in the national income and product accounts stem largely from the annual nature of the crop production process and the difficulties of dividing that process into quarterly segments. Because farm output is influencing GNP growth so heavily at present, it is worthwhile sorting through some of these accounting issues in detail.

Many production processes that are captured in GNP are of short duration. Some services—haircuts, for example—are produced each day, and a quarterly estimate of the production of these services can be obtained by adding up the

daily output during the quarter. Similarly, one can determine the quarterly output of many goods by counting the number of items that come off assembly lines each day, or, alternatively, one can infer output from the labor and capital inputs that are employed on the assembly line. Some production processes (building a skyscraper, for example) may take a relatively long time, but the value added in the process is virtually certain to yield a finished product. Hence, progress in production can reasonably be allocated to appropriate quarters.

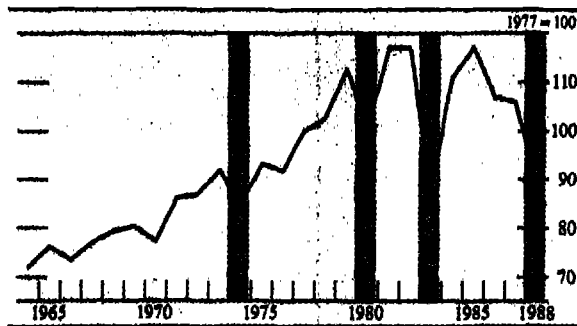
Agriculture differs from these production processes. Crop production takes a relatively long time, a year for many crops, and, because natural disaster poses a risk during the growing season, there is no certainty until harvest that an actual product will result. In addition, inferring output from the spending on purchased inputs is difficult because rainfall—a given of nature—often is the dominant influence on crop production.

As a result of these difficulties, the Department of Commerce, in the early part of the annual crop cycle, is forced to devise quarterly estimates of farm output from a *forecast*, prepared by the Department of Agriculture, of what annual production eventually will be. Drought, of course, causes production to deviate from its anticipated course. However, evidence that output is irreversibly off track often will not be available until midyear or later. Because analysts cannot predict the duration of the drought, they cannot know for sure how much production was lost until late in the year. Along the way, considerable judgment necessarily enters into the quarterly estimates of farm output.

Accounting for the 1988 Losses

The 1988 drought occurred somewhat earlier in the farm production cycle than most previous droughts, and by mid-July it was fairly clear that drought losses would be severe. In its July report on real gross national product, the Commerce Department estimated an annual loss of \$11 billion. The estimate was raised to \$14 billion a month later, reflecting surveys by the Agriculture Department that showed further deterioration of crops into early August. Subsequently, crop con-

1 Crop production¹



¹ The series plotted is the index of farm crop production compiled by the U.S. Department of Agriculture; the index is constructed by weighting the physical output of crops by the prices of a base period. The 1988 plot is an estimate from the U.S. Department of Agriculture, "Crop Production Report," November 9, 1988. Here and in following charts the shaded areas denote years in which losses from drought were substantial.

ditions improved slightly, and the estimate of the annual loss was scaled back a bit, to \$12.8 billion in the November GNP report.

Of the total annual loss, about one-sixth was allocated to the second quarter of 1988, roughly one-third was allocated to the third quarter, and about one-half was allocated to the fourth quarter. In arriving at this quarterly breakdown, the Department of Commerce took account both of the time at which crop losses were recognized and of the time at which the affected crops would have been harvested.

According to the estimates of drought loss in the GNP report released in late November, real farm output in the fourth quarter, at an annual rate, was more than \$25 billion below what it would have been in the absence of drought. Analysts at the Department of Agriculture have projected that farm output will rebound in 1989, as it has in years following past droughts, and officials at the Department of Commerce have indicated that this rebound will add substantially to the rate of GNP growth in the first quarter of the new year.

A Cautionary Note

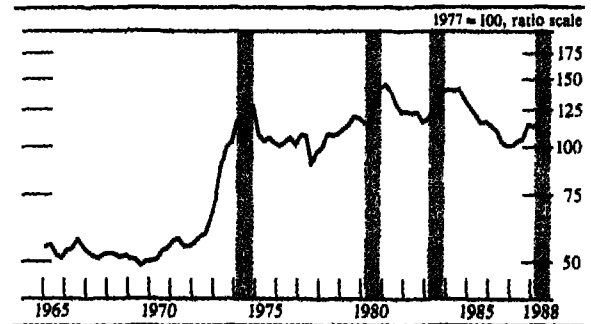
During a period of severe drought losses—and during the period of recovery from drought—the interpretation of short-run changes in gross national product requires added caution. Most economists view such changes as being caused mainly by shifts in aggregate demand, and observed changes in real GNP are used to draw inferences about the strength of demand. Such inferences may be misleading, however, if a drought-induced change in GNP is taken to be a signal of underlying growth in demand. Estimates of GNP that adjust for the drought-related swings in farm output probably provide a better gauge of the underlying course of the economy and the associated pressures of demand on the economy's resource base. Thus, fundamentally, the economy probably was stronger over the last three quarters of 1988 than was indicated by the changes in GNP alone. Likewise, the economy's fundamental strength in the first quarter of this year likely will be exaggerated by the projected rebound in farm output.

DROUGHTS AND CONSUMER FOOD PRICES

In each drought of the past fifteen years the tightening of supplies of agricultural crops has boosted crop prices (chart 2) and stirred concerns that the cost of food to consumers would rise dramatically.

However, in each of these episodes—at least up to the current one—the runup in consumer food prices, relative to the general rate of inflation, has tended to be reversed fairly quickly, with little lasting influence on overall price trends. This limited price response to drought is evident in table 1 and in chart 3, which show the behavior of food prices and other consumer prices in the three most recent episodes of drought.

2. Crop prices



1. The series plotted is the index of prices received by farmers for crops, compiled by the U.S. Department of Agriculture and seasonally adjusted and transformed into quarterly averages by the authors. The last plot is the average for October and November 1988.

1. Changes in consumer prices during the six quarters after the onset of selected droughts¹

Percent, compound annual rate

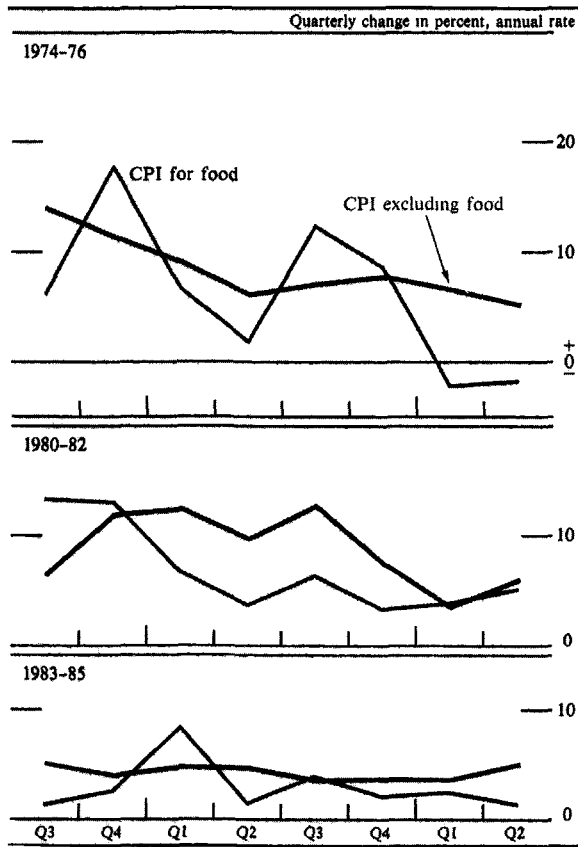
Year of drought	Food	All items excluding food	All items excluding food and energy
1974.....	8.8	9.2	9.0
1980.....	7.6	10.0	10.0
1983.....	3.3	4.2	4.9

1. Changes are measured from the second quarter of the year in which the drought occurred to the fourth quarter of the following year.

Offsetting Macroeconomic Influences

One reason why the droughts of recent years have not led to larger and more sustained increases in consumer prices is that, on each

3 Effect of poor crops on food prices



SOURCE: U.S. Department of Labor, Bureau of Labor Statistics

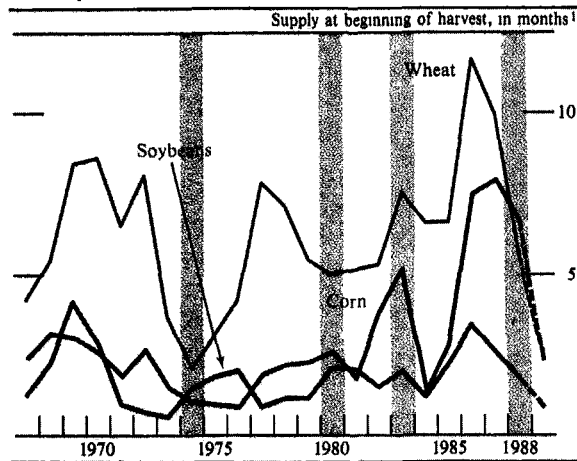
occasion, important macroeconomic influences were working in an opposite direction, helping to restrain increases in food prices. In 1974, a deepening economic recession forestalled larger price increases at the consumer level. In 1980, spiraling interest rates and sluggish growth blunted upward price pressures in farm commodity markets. In 1983, a rapidly appreciating dollar restrained price advances. Unfortunately, the effect of these countervailing influences on food prices is difficult to determine with a high degree of statistical precision because the number of drought episodes is so few and the factors influencing prices are so numerous. The coincidence of past droughts with the countervailing macroeconomic influences probably was happenstance, and in a more expansionary economy, drought losses might well generate price effects different from those observed in the past.

Adjustments within the Farm Sector

Adjustments within farming frequently have facilitated a relatively smooth adjustment of the economy to drought losses. More than most nations, the United States tends to carry large inventories of farm crops that can be drawn upon in the event of a poor harvest. In addition, consumers of farm crops, particularly farmers who fatten livestock for slaughter, often curtail demand after a small crop and thus begin relieving the pressures on crop prices fairly soon after harvest. The prospect of bringing unused acreage back into production in the next growing cycle also may help to stem upward price pressures, indeed, because futures traders tend to anticipate the next crop, crop prices may begin falling quite early in the next cycle if crops get off to a good start.

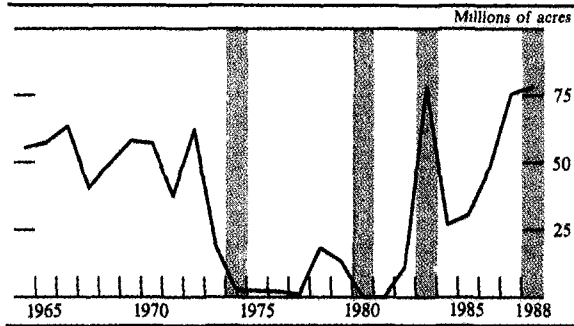
The degree to which these adjustments within farming soften the effects of drought can vary a lot, depending on initial conditions such as the size of stockpiles and on the severity and duration of drought. For example, because of the drought in 1988, stocks of the major crops are likely to be reduced considerably before the 1989 harvest (chart 4), thus, should drought recur in 1989, inventories would provide less protection.

4 Crop inventories



1 Supply is measured by relating stocks at the beginning of a harvest to total use of the crop during the preceding marketing year. The primary data are from the U.S. Department of Agriculture; they have been adjusted to months' supply by the authors. For wheat, the beginning of the harvest is June 1; for corn and soybeans it is September 1. The figures for 1989 are derived from projections by the Department of Agriculture as of December 12, 1988.

5 Acreage withheld from production under government programs



SOURCE: U.S. Department of Agriculture. The figure for 1988 is preliminary.

against price increases and the associated adjustments in consumption. By contrast, more spare acres can be brought back into production in 1989 than in some previous droughts. In recent years, the government has encouraged producers to take large amounts of acreage out of production in an effort to reduce surplus stocks (chart 5). These acreage retirements were especially large in 1987 and 1988. However, with the drought causing crop inventories to contract much faster than had been expected, policy now is shifting back toward less production restraint. The amount of land taken out of production in

1989 will likely be smaller than in recent years, and plantings are expected to be larger.

Transmission of a Drought Shock to Consumers

Other ways in which the impact of the drought is cushioned center around the mechanisms by which the initial shock to farm crop production spreads through the economy. The transmission process works through many channels. Some carry the output shock through farm prices quickly and directly to consumers. Other channels carry the effects so slowly and indirectly that when they finally show up at the supermarket, they may be diffused and inextricably entangled with other influences. In some instances, the initial price increases due to the drought already are being reversed by the time the later price effects appear to consumers. To categorize these channels more rigorously, it is convenient to consider three kinds of food commodities that differ mainly in the timing of their production responses to drought. Although the discussion focuses on drought effects, other influences, such as the trends in labor costs, also have been shaping price developments over this period and would need to be considered in a more general discussion of price determination.

2 Changes in consumer food prices, drought of 1988¹

Percent

Item	1987	Pre-drought, December 1987 to May 1988	Drought		MEMO Relative importance in the food price index, December 1987
			May to September 1988	October	
Food	3.5	3.6	9.2	.2	100.0
Fresh fruits and vegetables	17.9	-13.9	39.2	-1.1	7.2
Cereals and bakery products	4.2	7.3	11.4	.7	8.4
Fats and oils	1.7	8.0	13.2	1.0	1.6
Processed fruits and vegetables	4.6	10.5	13.3	1.3	4.0
Poultry	-9.2	14.4	60.2	-3.0	2.7
Eggs	-17.5	17.1	62.2	2.9	.9
Beef	6.7	9.6	7.4	-.3	6.4
Pork	-1.8	5.4	-9.8	-8	3.8
Food away from home	3.6	4.3	5.0	.3	38.6
Dairy	1.8	1.6	4.2	.9	7.7
Fish	10.0	3.1	.7	1.5	2.4
Other meats	4.2	0.4	2.7	.2	2.6
Sugar and sweets	1.7	3.3	8.5	.3	2.2
Nonalcoholic beverages	-3.5	.9	4.0	.1	5.1
Other prepared foods	4.2	2.5	6.0	.8	6.4

¹ Calculations are based on data from the consumer price index for all urban consumers. Changes for periods longer than one month are at compound annual rates.

Crops on a Short Production Cycle Because fresh fruits and vegetables are perishable, retail supplies turn over quickly. Hence, production losses tend to affect consumer prices within a matter of days, but because these crops have a short growing cycle—60 to 120 days—prices can also fall quickly. This pattern apparently held in 1988. From May to September, consumer prices of fresh fruits and vegetables rose about 40 percent at an annual rate (table 2), in October, these prices fell sharply, as a new crop less affected by the summer's heat and drought began to reach consumers.

Crops on an Annual Cycle Price increases for foodstuffs that are on an annual production cycle and are storable also appear relatively quickly in the supermarket, reflecting the immediate revaluation of farm and food inventories when crop supplies tighten. In 1988, for example, higher grain prices translated directly and quickly into accelerated increases in the consumer prices of cereal and bakery products. Similarly, higher soybean prices prompted quick upward moves in the retail prices of vegetable oils. Higher farm prices for processed fruits and vegetables, many of which are grown on an annual cycle, boosted the inflation rate for these foods at the consumer level. With all else constant, prices of such products will remain at higher levels than would otherwise be the case until supplies are restored, which may take at least a year for these annual crops. Fortunately, the price of the consumer's breakfast cereal, to take one obvious example, will not rise proportionately as much as the wheat or oats that go into it because processing and marketing account for so much of the value added of such products.

Lagged Transmission through the Livestock Sector The transmission of increases in crop prices through the livestock sector is more complicated. Changes in farm prices for poultry, which has a short production cycle, often confront consumers quickly and directly. Indeed, from May to September of 1988, poultry prices rose about 60 percent at an annual rate, reflecting the effects of both drought and strong demand.

Cattle and hogs have a more extended production cycle, and the transmission of the effects of

crop losses to the consumer level through this channel may be lengthy. The key factor affecting the transmission is how cattle and hog producers alter their breeding herds in response to drought. These herds are capital assets, whose value is determined by the number of marketable animals and the income that these assets are expected to generate over time. If farmers are not expecting income from the assets to be particularly high, the extra costs of feed imposed by a drought may trigger an extensive liquidation of herds, adding to meat supplies in the near term (and lowering prices) but reducing supplies in the longer term (and raising future prices). Conversely, when farmers expect strong earnings, many may try to absorb the temporary costs connected with drought, rather than sell off profitable assets prematurely.

In 1988, the selloff appears to have been relatively moderate, at least for cattle. After several years of liquidating herds, cattle producers are perhaps becoming more eager to hold their animals in the hope of enjoying better profits in the future. In addition, subsidies the federal government provided in the wake of the drought encouraged producers to retain their livestock. Furthermore, the nation's cattle herd has shrunk substantially since the mid-1970s, so perhaps producers find more easily the hay or rangeland needed to carry animals through a drought.

In any event, the prospective liquidation of herds that aroused concern around mid-1988 did not materialize, and beef prices, instead of falling, actually increased from May to September. As a corollary, because the liquidation was relatively small, its end should have little influence on cattle prices in 1989 (although the longer-run, cyclical rebuilding of herds may influence them). Nor did hog producers engage in a massive and immediate liquidation in the wake of drought. However, some liquidation of breeding sows may have occurred in late autumn, judging from the very low levels to which hog prices fell around early November, futures markets in early December were pointing to a fairly quick rebound in hog prices over the winter months.

The Changing Patterns of Price Transmission Changing patterns in consumption may be causing consumer food prices to respond more

quickly to drought effects than they did in the past. For example, poultry, which responds quickly, has become more important in the consumer's diet, at the expense of beef and pork, where the price transmission tends to lag. Dietary shifts toward fresh fruits and vegetables work in the same direction. Also, the policy changes that discourage liquidation of herds tend to damp the cycle in livestock prices that would otherwise be set in motion by drought. Such changes notwithstanding, the diversity of the transmission mechanisms in the farm and food sectors still makes it difficult to know precisely how the effect of drought on food prices will play itself out in any given episode.

DROUGHT AND THE FINANCIAL CONDITION OF FARMERS

The 1988 drought bestowed windfall gains on some farmers and inflicted painful losses on others. Some of the farmers who suffered losses will tighten their belts, draw on reserves of cash or credit, and start looking forward to another production cycle. Others who suffered big losses and whose reserves against bad luck were slimmer will face more difficult adjustments. The proportion of farmers in this latter group will become more clear only as farmers and their creditors sit down this winter to plan production and financing strategies for the next crop year. A reasonable guess at present is that, as in past droughts, most farmers will find ways to adjust, short of insolvency or radical restructuring of their farm businesses.

Boom and Bust in Agriculture

To help set the stage for a discussion of the drought's potential impact on farm finances, a brief review of the trends of the past few years is useful.

The boom in agriculture that dominated the 1970s came to an end early in the current decade, and an extended financial contraction followed. A central feature of this contraction was a massive reversal of trends that had shaped the farm balance sheet in the 1970s. Prices for farm real estate—the main asset—plunged in the 1980s,

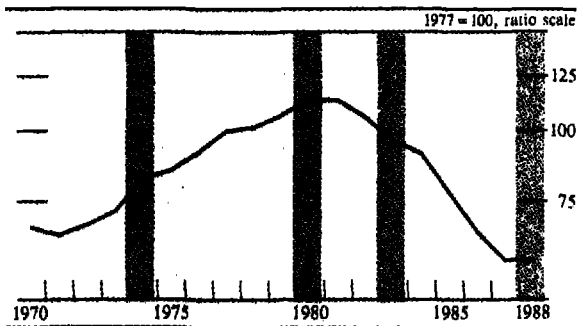
retracing the previous runup (chart 6). Farm debt, which had been used heavily in financing the boom of the 1970s, kept rising in the early 1980s, but then followed asset values downward. Farmers who had purchased land at high prices with borrowed money were squeezed in the contraction, and many went broke or were forced to sell off part of their farms in order to stay in business. Lenders who had financed the boom in land values suffered large loan losses, and many failed.

When the boom started in the 1970s, crop failures abroad and concerns about persistent world food shortages were thought to have been its dominant causes. Later on, it became clear that the boom had been rooted more deeply than many had perceived in the particular macroeconomic conditions of the 1970s: strong growth in demand in the industrial economies, a cheap dollar, accelerating inflation, and low or negative real interest rates. When these macroeconomic forces reversed in the early 1980s, the boom collapsed.

Drought and Land Prices

The frequent droughts of the past decade and a half appear to have played only a limited role in shaping the broad cycle of boom and bust. The 1974 drought helped to reinforce concerns about world food shortages in the mid-1970s, the 1980 drought stirred similar concerns. The 1983

6. Farm real estate values¹



¹ The series plotted is the U.S. Department of Agriculture index of the average value per acre of farmland and buildings in the United States excluding Hawaii and Alaska. The series has been deflated by the authors using the implicit price deflator for gross national product. Data for this annual survey currently are collected around February 1. For the years 1982-85, they were collected on April 1, and for 1970-75, on March 1.

drought, coming at a time of large grain surpluses and a flagging farm economy, amplified concerns about the financial plight of farmers. Although the droughts may have affected land prices in some regions or localities, national trends in land prices did not shift significantly in any of these episodes. Land prices were rising rapidly when the 1974 drought hit, and they kept on rising. Similarly, the influence of the 1980 and 1983 droughts on trends in land prices appears to have been small.

These patterns seem consistent with theories about the determination of land prices. In forming long-run expectations of the earnings from land, farmers presumably weigh the risks of drought. As experience accumulates, land in drought-prone areas may decrease in value relative to land in areas where droughts have typically been infrequent and mild. However, prices—and the long-run expectations upon which prices depend—probably do not shift dramatically in response to a particular drought unless its length or severity is well outside normal experience.

The limited evidence on trends in land prices since mid-1988 suggests that, as in the past, the drought may have affected prices in some regions but has not disturbed national trends. After several years of steep decline, nominal land prices for the country turned up a bit in the year ended February 1, 1988, and sharp increases were apparent in some midwestern regions, including those in which previous price declines had been the steepest. Data for more recent quarters suggest that these trends have continued. In the Chicago Federal Reserve District, where crop losses were substantial, land prices kept rising in the third quarter of 1988, to a level about 12 percent above a year earlier. Prices in the Upper Midwest, where crop damage also was severe, appear to have weakened after midyear but have maintained the moderate year-to-year gains reported in previous quarters, according to surveys by the Federal Reserve Bank of Minneapolis. Land prices in the Kansas City District, where the losses to drought were small, remained on a firm uptrend in the third quarter.

The trends in prices of land in coming months will be a key determinant of the financial health of the farm economy. For highly leveraged oper-

ators, a steady or rising price of land helps preserve a cushion against insolvency. For cash-short operators, a rising price of land provides a reserve of collateral that helps to ensure continued access to credit. A continuation of the trends in prices of land seen in recent quarters would thus be a sign that the losses to drought have not seriously derailed the improvement in farm finance that has emerged over the past two years.

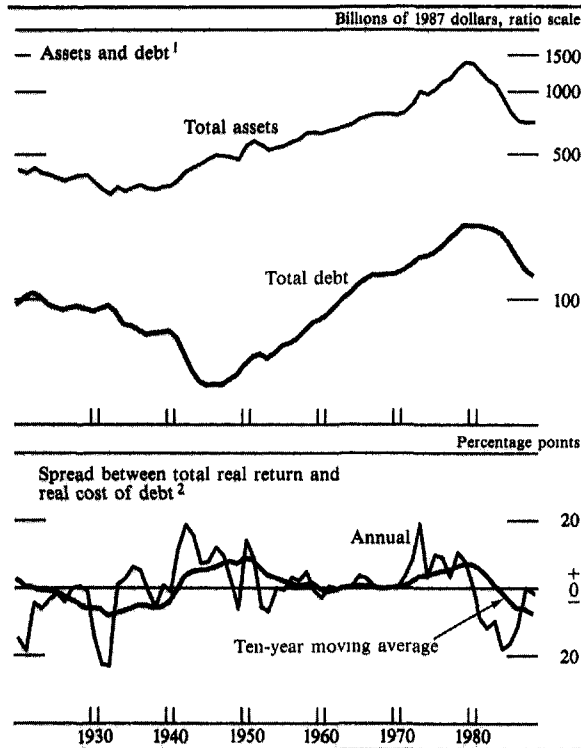
Farm Debt

Like the value of land, the value of farm debt has fallen steeply in the 1980s, especially in real terms (chart 7). And as with land, the longer-run trend in farm debt appears to have been little affected by past droughts.

One important indicator of the desirability of debt—real returns on farm assets relative to the real cost of borrowing (lower portion of chart 7)—was sharply negative in the first half of the 1980s but has rebounded in the past two years and may be helping to slow the contraction of real farm debt. In this century's previous big contraction—that of the interwar period—real farm debt continued to shrink even after the real return on farm assets had been above the cost of debt for a fairly extended period. Apparently, the scars of the long depression in farming during the 1920s and early 1930s had fostered an aversion to debt among farmers.

The reluctance to incur debt probably is less pronounced in the current episode. Although many farmers have gone through a difficult period in the 1980s, the effect of these difficulties on their attitudes toward debt may have been smaller than that in the interwar years, when the hard times lasted longer and government programs to aid farmers were much less generous. Also, farmers today probably are better positioned to recognize improved financial opportunities and take advantage of them than their predecessors of two generations ago were. Hence, if real asset values remain stable or rise, and if the relation of the return on assets to the cost of debt remains about the same as it is now, then the odds seem fairly high that the big contraction in farm debt of the 1980s is in fact about over.

7 Farm assets and debt



1 Data are for the farm sector excluding assets and debt related to farm households. To obtain measures of assets and debt in 1987 dollars, data from the U.S. Department of Agriculture on the nominal value of assets and debt have been adjusted for changes in general purchasing power, using the implicit price deflator for personal consumption expenditures.

2 The real return on farm assets is the income return to farm assets plus the capital gain (or loss) adjusted using the implicit price deflator for personal consumption expenditures.

SOURCE: Primary data are from the U.S. Department of Agriculture. See also *Agricultural Finance Databook*, Statistical Release E 15 (Board of Governors of the Federal Reserve System, forthcoming). The plots for 1988 are derived mainly from forecasts by the Department of Agriculture.

Farm Income

Even those producers who try to anticipate drought and prepare for it might temporarily need to boost their reliance on debt if drought losses cut unexpectedly deeply into the flow of cash income. At present, some farmers are being squeezed, but overall, cash flow apparently is being well maintained. According to the Agriculture Department's current projections for 1988, net cash income, a measure of farm earnings that includes the revenue from the sales of farm inventories, remained at its high 1987 level. In effect, farmers are cashing in on the inventory

investment of earlier years—investment that was undertaken, with public assistance in many cases, partly in order to take advantage of price runups such as that of 1988. By selling these inventories, farmers acquire the liquidity needed for living expenses and for debt service. At some point—probably in 1989, according to the Department of Agriculture's projections—farmers will want to rebuild stocks, and cash income therefore will drop back somewhat.

An important qualification regarding the effect of the drought on farm income is that some individuals may have lost all their crops and have had no inventories held over from previous years. But some of these producers also may have purchased crop insurance to guard against the contingency of drought, and many producers will benefit from government "disaster" payments, which are being channeled to those who suffered the largest losses from the drought.

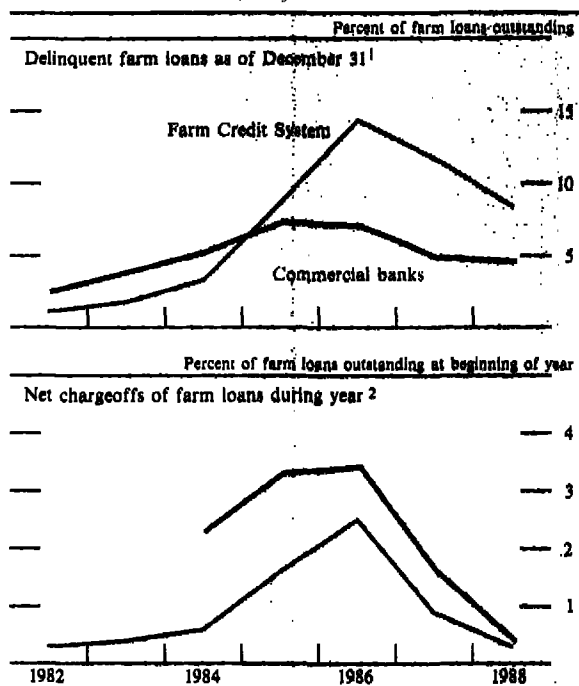
THE RECENT EXPERIENCE OF FARM LENDERS

Before the onset of the drought, farm lenders had been recovering from the financial stresses of earlier years, helped by the improvement in farm finances and some government assistance. For both the Farm Credit System and commercial banks, the volume of accruing farm loans had turned up a bit by mid-1988, and the volume of problem loans had shrunk. Profits of both sets of institutions had improved, and for most, the risk of failure had diminished. Indicators of the financial performance of farm lenders since the drought currently are sketchy; in the past, the effect of drought on lenders' performance generally was limited.

Problem Loans

The improvement in the farm loan situation is illustrated by the reductions in the proportion of farm loans that are delinquent, shown in the upper part of chart 8. These problem loans are those on which payment in full of principal and interest is not expected, thus the stock of these loans increases as borrowers miss repayment deadlines or as lenders estimate that the likeli-

8 Problem farm loans, major lenders



1 For the Farm Credit System, delinquent farm loans are defined as nonaccrual loans, the data include loans by the Bank for Cooperatives. The data for 1988 are as of September 30 for the Farm Credit System and June 30 for commercial banks.

For commercial banks, the data cover farm loans other than those on real estate, that are past due 90 days or more or are in nonaccrual status. The data include estimates for the minority of banks that are not required to report delinquencies, these estimates assume that those banks experienced the same delinquency rate as did the banks that do report.

2 The data for commercial banks cover farm loans other than those on real estate, they are not available before 1984. Data for 1988 include the actual observations through midyear for commercial banks and through the first three quarters for the Farm Credit System and an estimate for the balance of the year that assumes that net chargeoffs continue at the same rate for both groups of lenders.

SOURCE: Data for commercial banks are from their quarterly reports of condition, data for the Farm Credit System are from *Farm Credit System Quarterly Information Statements*, selected issues.

hood of repayment has fallen. The level of problem loans decreases as loans are charged off or as the outlook for repayment becomes brighter and the loans are returned to regular loan status. As may be seen, the share of past-due and nonaccrual loans in total farm loans peaked during 1986 and, while still fairly high, has been moving steadily downward since then. In addition, the proportion of these problem loans charged off by banks in the first half of 1988 was less than 1/2 percent of loans outstanding (lower panel of chart 8). Chargeoffs by the Farm Credit System during the first three quarters of 1988 were less

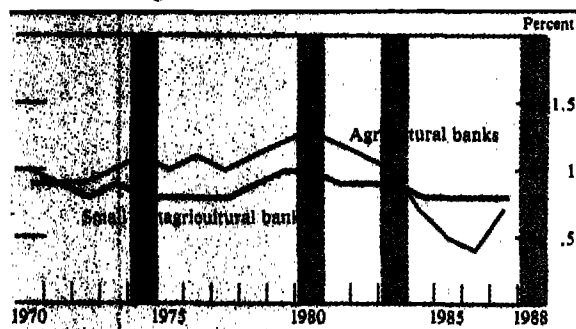
than 1/4 percent of loans outstanding. In large part, this improvement has coincided with the recent stability in the nominal value of farmland and the strength in farm income, which together have limited the inflow of new loans into delinquency and have helped improve some loans enough to remove them from nonaccrual status.

The 1988 drought seems unlikely to reverse the improvement in lenders' portfolios of farm loans over the past two years. As was discussed earlier, many farmers appear likely to have ample cash to meet debt payments as they sell their inventories at much higher prices. Farmers who had poor yields and small stocks of previous crops have suffered a reduction in income, of course. But overall, the farm sector will have ample cash on hand to service debt, and at present, widespread increases in problem loans due to the drought appear unlikely.

Profits of Farm Lenders

Agricultural banks (those who lend more heavily to farmers than do banks in general) were consistently more profitable than nonagricultural banks of a similar size throughout the 1970s, but with the onset of farm financial difficulties in 1982, they rapidly became less profitable (chart 9). However, the decline in the profitability of agricultural banks apparently bottomed in 1986, when net chargeoffs peaked, subsequently, the rate of return for agricultural banks has rebounded. The profits of farm banks overall do

9 Profitability of agricultural and small nonagricultural banks¹

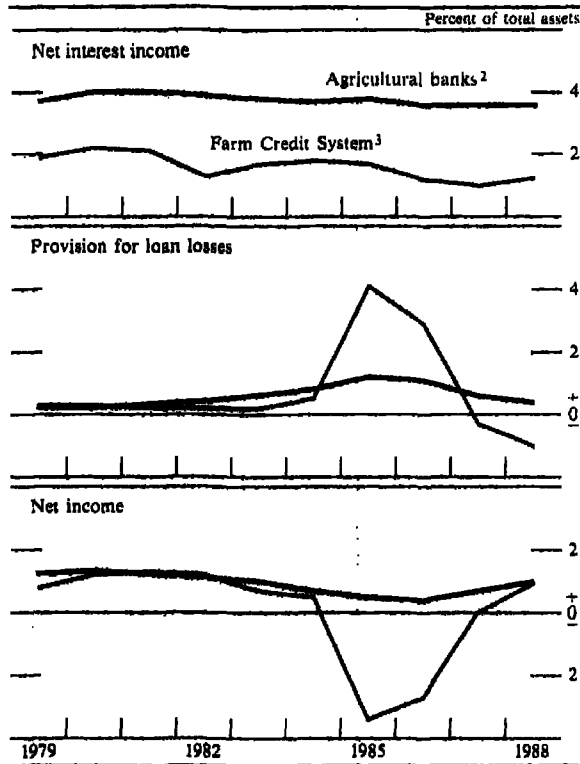


1 Profitability is defined as net income after taxes as a percentage of total assets on December 31. Agricultural banks are defined as insured commercial banks at which the ratio of total farm loans to total loans is above the unweighted average of that ratio for all banks.

not seem to have been much affected by either the drought of 1974 or the two earlier droughts of the 1980s

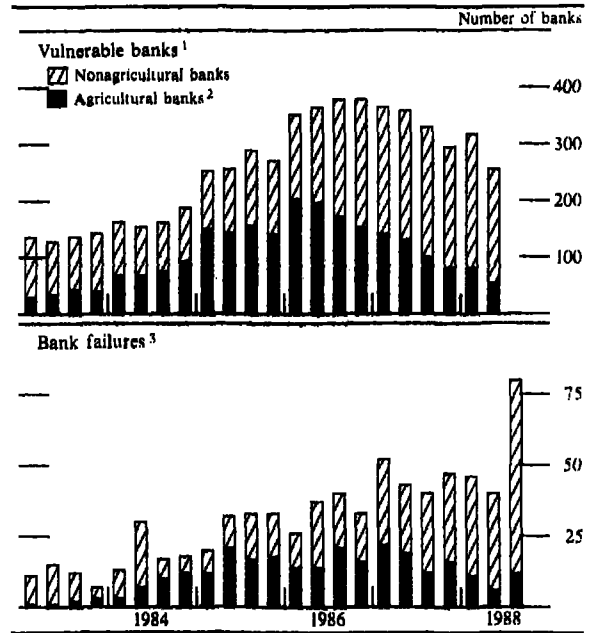
A detailed look at the factors influencing the rate of return of agricultural banks and the Farm Credit System is provided in chart 10. Net interest income, the difference between interest received from borrowers and interest paid, expressed as a percent of total assets, declined somewhat in the 1980s. In addition, as problem loans mounted in the mid-1980s, increases in the provision for loan losses (the middle panel) pushed down profit margins. More recently, the need to provide for additional loan losses has diminished for both banks and the institutions of the Farm Credit System, and profit margins have improved. However, the improved profit margin

10 Factors determining income of agricultural banks and the Farm Credit System



1. The plots for 1988 are the observations for the first half of the year for commercial banks and for the first three quarters of the year for the Farm Credit System—both adjusted to an annual rate.
 2. See chart 9, note 1, for the definition of agricultural banks.
 3. Data for the Farm Credit System include data from the Bank for Cooperatives.

11 Vulnerable banks and bank failures



1. Vulnerable banks are defined as those having nonperforming loans greater than total capital.
 2. See chart 9, note 1.
 3. Bank failures in 1988 include the failure of 41 subsidiaries of First Republic Bank Corporation, each of which is counted separately.

of the Farm Credit System masks a steep decline in the system's dollar level of loans—its primary asset—since 1982

As shown in the lower two panels of chart 10, agricultural bankers generally replenished their provision for loan losses as loans were charged off and avoided drastic swings in net income. In contrast, the Farm Credit System initially provided less for loan losses, and then, in 1985 and 1986, made huge provisions that caused net income to fall precipitously. Losses have failed to materialize to the extent that was expected, and in recent quarters, negative provisions for losses on loans have boosted net income for the system.

Bank Failures

A number of banks experienced severe financial stress while dealing with the large volume of problem farm loans, and many failed. The ratio of nonperforming loans to total capital has proven a useful indicator of the degree of diffi-

culties at banks Chart 11 shows the number of banks with nonperforming loans greater than capital and the number of bank failures Agricultural banks accounted for fewer and fewer of all vulnerable banks as well as bank failures as the farm situation began to improve in 1986 and problems in the oil patch began to mount

In addition, table 3 shows the skewed distribution of agricultural banks with a large amount of problem loans Most agricultural banks never have had a large volume of problem loans relative to their capital Furthermore, those having a large quantity of problem loans compared to total capital are increasingly in the minority Thus, most agricultural banks probably were reasonably well positioned in mid-1988 to handle potential increases in problem loans due to the 1988 drought

3 Distribution of agricultural banks by ratio of problem loans to total capital, June 30, 1983-88¹
Percent

Problem loans as a percent of total capital	1983	1984	1985	1986	1987	1988
All banks	100.0	100.0	100.0	100.0	100.0	100.0
Under 25	83.6	76.3	69.0	66.6	74.2	84.4
25 to 49	12.5	16.3	19.6	19.4	16.1	10.5
50 to 74	2.3	4.4	6.1	6.8	4.8	2.8
75 to 99	9	1.6	2.3	3.0	2.1	1.0
100 to 124	3	6	1.3	1.4	1.1	2
125 to 149	1	3	8	.8	5	2
150 to 174	*	2	4	6	3	3
175 to 1991	1	2	3	2	2
200 and over ²	2	2	4	1.0	7	4

1 Problem loans are loans that are past due 90 days or more or are in nonaccrual status
 2 Includes banks with negative capital
 *Less than 0.05 percent

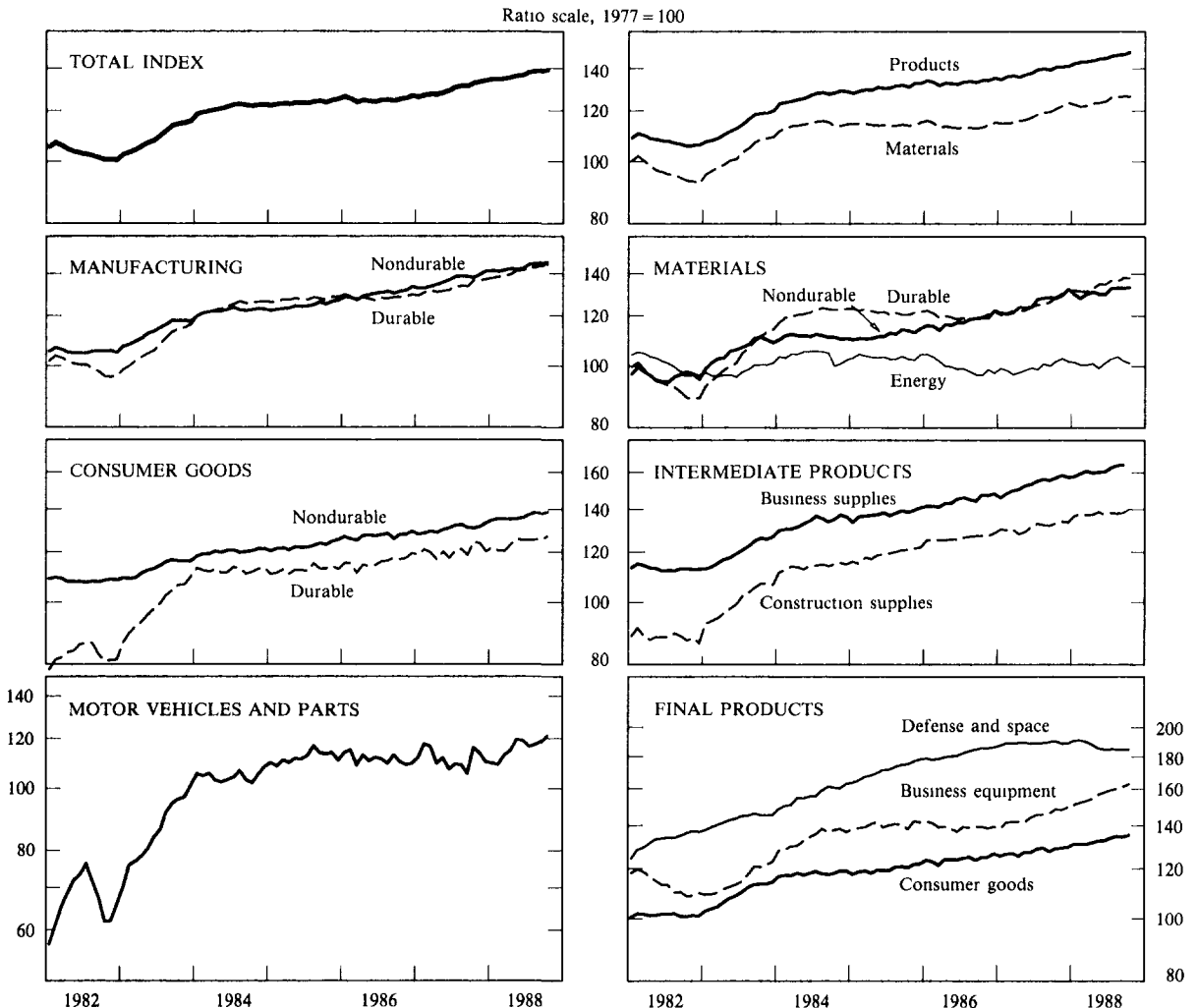
Industrial Production

Released for publication November 15

Industrial production increased 0.4 percent in October after having risen 0.2 percent in September and 0.3 percent in August. The October gain mainly reflected further increases in business equipment and automotive products, as well as an increase in the output of construction sup-

plies. Production of materials, after having posted a strong gain in July, has changed little since then. At 139.2 percent of the 1977 annual average, the total index in October was 5.1 percent higher than it was a year earlier.

In market groups, production of consumer goods increased 0.6 percent in October, as most major components posted gains. Auto assemblies



All series are seasonally adjusted. Latest figures: October

Group	1977 = 100		Percentage change from preceding month					Percentage change, Oct 1987 to Oct 1988
	1988		1988					
	Sept	Oct	June	July	Aug	Sept	Oct	
Major market groups								
Total industrial production	138 7	139 2	3	1 1	3	2	4	5 1
Products, total	147 4	148 4	2	8	4	2	6	5 3
Final products	146 0	146 8	3	7	4	2	6	5 3
Consumer goods	134 7	135 5	2	9	5	- 2	6	5 0
Durable	125 6	127 0	- 3	0	1	1	1 2	2 2
Nondurable	138 0	138 6	4	1 2	7	- 3	4	6 0
Business equipment	161 4	162 7	8	8	5	8	8	9 4
Defense and space	184 7	184 6	- 5	2	- 1	0	0	-3 0
Intermediate products	152 5	153 9	- 3	1 0	4	2	9	5 3
Construction supplies	138 6	140 4	- 9	6	- 2	4	1 3	5 3
Materials	126 8	126 8	4	1 6	1	2	0	4 6
Major industry groups								
Manufacturing	144 5	145 2	2	1 1	2	4	5	5 7
Durable	144 0	144 8	1	9	1	6	6	5 9
Nondurable	145 3	145 7	4	1 4	2	2	3	5 5
Mining	103 8	102 8	3	1 3	- 3	- 2	- 9	- 8
Utilities	113 3	113 7	1 5	1 0	2 9	-3 8	4	1 4

NOTE Indexes are seasonally adjusted

rose to an annual rate of 7.6 million units from the rate of 7.4 million units in September, output of light trucks for consumer use also increased. Production of home goods, which includes appliances, rose 0.8 percent, retracing some of the decline in September, over the past year, output of home goods, on balance, has been sluggish. All major components of business equipment, except commercial equipment, rose sharply in October, within this grouping output of manufac-

turing and power equipment has been expanding strongly since the spring. Production of construction supplies advanced 1.3 percent in October as disruptions over the summer, owing mainly to strikes, have ended.

Production of total materials was unchanged in October, as small gains in durables and nondurables were offset by a decline in energy materials, mainly extraction of crude oil. Among durable materials, output of parts for consumer durables and for equipment rose, but basic metals, notably steel, fell. Within nondurable materials, production of chemicals increased, but textiles and paper were little changed.

In industry groups, manufacturing output rose 0.5 percent in October. Durable manufacturing was boosted by sharp advances in the production of motor vehicles and lumber, among nondurables, gains were scattered. Mining output, owing mainly to weakness in the oil and gas sector, declined 0.9 percent, but production at utilities rose 0.4 percent.

Total industrial production—Revisions

Estimates as shown last month and current estimates

Month	Index (1977=100)		Percentage change from previous months	
	Previous	Current	Previous	Current
July	138 1	138 0	1 2	1 1
August	138 3	138 4	2	3
Sept	138 3	138 7	0	2
Oct		139 2		4

Statement to the Deficit Commission

Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the National Economic Commission, November 16, 1988

It is a pleasure to appear before this distinguished commission to discuss the federal government deficit. My thesis today is that federal government deficits do matter. It may appear misplaced to focus on this issue before a commission whose very existence presupposes the need to reduce the deficit. But there is a significant counterview, fortunately, to date, a minority opinion, that in fact deficits do not matter much, or in any event that there is no urgency in coming to grips with them.

The bulk of my opening remarks will concentrate on the long-term corrosive impact of the deficit. From this perspective, the case for bringing down the deficit is compelling. But first, I want to stress that the long run is rapidly turning into the short run. If we do not act promptly, the imbalances in the economy are such that the effects of the deficit will be increasingly felt and with some immediacy.

It is beguiling to contemplate the strong economy of recent years in the context of very large deficits and to conclude that the concerns about the adverse effects of the deficit on the economy have been misplaced. But this argument is fanciful. The deficit already has begun to eat away at the foundations of our economic strength. And the need to deal with it is becoming ever more urgent. To the extent that some of the negative effects of deficits have not as yet been felt, they have been merely postponed, not avoided. Moreover, the scope for further such avoidance is shrinking.

To some degree, the effects of the federal budget deficits over the past several years have been muted by two circumstances, both of which are currently changing rapidly. One was the rather large degree of slack in the economy in the

early years of the current expansion. This slack meant that the economy could accommodate growing demands from both the private and public sectors. In addition, to the extent that these demands could not be accommodated from U.S. resources, we went abroad and imported them. This can be seen in our large trade and current account deficits. By now, however, the slack in the U.S. economy has contracted substantially. And, it has become increasingly clear that reliance on foreign sources of funds is not possible or desirable over extended periods. As these sources are reduced along with our trade deficit, other sources must be found, or demands for saving curtailed. The choices are limited; as will become clear, the best option for the American people is a further reduction in the federal budget deficit, and the need for such reduction is becoming more pressing.

Because of significant efforts by the administration and the Congress, coupled with strong economic growth, the deficit has shrunk from 5 or 6 percent of gross national product a few years earlier to about 3 percent of GNP today. Such a deficit, nevertheless, is still very large by historical standards. Since World War II, the actual budget deficit has exceeded 3 percent of GNP only in the 1975 recession period and in the recent deficit experience beginning in 1982. On a cyclically adjusted or structural basis, the deficit has exceeded 3 percent of potential GNP only in the period since 1983.

Government deficits, however, place pressure on resources and credit markets only if they are not offset by saving elsewhere in the economy. If the pool of private saving is small, federal deficits and private investment will be in keen competition for funds, and private investment will lose.

The U.S. deficits of recent years are threatening precisely because they have been occurring in the context of private saving that is low by both historical and international standards. Historically, net personal plus business saving in the

United States in the 1980s is about 3 percentage points lower relative to GNP than its average in the preceding three decades. Internationally, government deficits have been quite common among the major industrial countries in the 1980s, but private saving rates in most of these countries have exceeded the deficits by very comfortable margins. In Japan, for example, less than 20 percent of its private saving has been absorbed by government deficits, even though the Japanese general government has been borrowing almost 3 percent of its gross domestic product in the 1980s. In contrast, more than half of private U.S. saving in the 1980s has been absorbed by the combined deficits of the federal and state and local sectors.

Under these circumstances, such large and persistent deficits are slowly but inexorably damaging the economy. The damage occurs because deficits tend to pull resources away from net private investment. And a reduction in net investment has reduced the rate of growth of the nation's capital stock. This, in turn, has meant less capital per worker than would otherwise have been the case, and this will surely engender a shortfall in labor productivity growth and, with it, a shortfall in growth of the standard of living.

The process by which government deficits divert resources from net private investment is part of the broader process of redirecting the allocation of real resources that inevitably accompanies the activities of the federal government. The federal government can preempt resources from the private sector or direct their usage by a number of different means, the most important of which are the following: (1) deficit spending, on- or off-budget, (2) tax-financed spending, (3) regulation that mandates private activities such as pollution control or safety equipment, which are financed by industry through the issuance of debt instruments, and (4) government guarantees of private borrowing.

What deficit spending and regulatory measures have in common is that to the extent to which resources are preempted by government actions, directly or indirectly, they are not sensitive to the rate of interest. The federal government, for example, will finance its budget deficit in full, irrespective of the interest rate it must pay to raise the funds. Similarly, a government-man-

dated private activity will almost always be financed irrespective of the interest rate that exists. Borrowing with government-guaranteed debt may be only partly interest sensitive, but the guarantees have the effect of preempting resources from those without access to riskless credit. Government spending fully financed by taxation does, of course, preempt real resources from the private sector, but the process works through channels other than real interest rates.

Purely private activities, on the other hand, are, to a greater or lesser extent, responsive to interest rates. The demand for mortgages, for example, falls off dramatically as mortgage interest rates rise. Inventory demand is, clearly, a function of short-term interest rates, and the level of interest rates, as they are reflected in the cost of capital, is a key element in the decision on whether to expand or modernize productive capacity. Hence, to the extent that there are more resources demanded in an economy than are available to be financed, interest rates will rise until sufficient excess demand is finally crowded out. The crowded-out demand cannot, of course, be that of the federal government, directly or indirectly, since government demand does not respond to rising interest rates. Rather, real interest rates will rise to the point that private borrowing is reduced sufficiently to allow the entire requirements of the federal on- and off-budget deficit, and all its collateral guarantees and mandated activities, to be met.

In real terms, there is no alternative to a diversion of real resources from the private to the public sector. In the short run, interest rates can be held down if the Federal Reserve accommodates the excess demand for funds through a more expansionary monetary policy. But this will only engender an acceleration of inflation and, ultimately, will have little, if any, effect on the allocation of real resources between the private and public sectors.

The Treasury has been a large and growing customer in financial markets in recent years. It has acquired, on average, roughly 25 percent of the total funds borrowed in domestic credit markets over the last four years, up from less than 15 percent in the 1970s. For the Treasury to raise its share of total credit flows in this fashion, it must push other borrowers aside.

The more interest-responsive are the total demands of these other, private borrowers, the less will the equilibrium interest rate be pushed up by the increase in Treasury borrowing. That is, the greater the decline in the quantity of funds demanded, and the associated spending to be financed, for a given rise in interest rates, the lower will be the rate. In contrast, if private borrowing and spending are resistant, interest rates will have to rise more before enough private spending gives way. In either case, private investment is crowded out by higher real interest rates.

Even if private investment were not as interest-elastic as it appears to be, crowding out of private spending by the budget deficit would occur dollar for dollar if the total supply of saving were fixed. To the extent that the supply of saving is induced to increase, both the equilibrium rise in interest rates and the amount of crowding out will be less. However, even if more saving can be induced in the short run, it will be permanently lowered in the long run to the extent that real income growth is curtailed by reduced capital formation.

But aggregate investment is only part of the process through which the structure of production is affected by high real interest rates. Higher real interest rates also induce both consumers and businesses to concentrate their purchases disproportionately on immediately consumable goods and, of course, on services. When real interest rates are high, purchasers and producers of long-lived assets such as real estate and capital equipment pull back. They cannot afford the debt-carrying costs at high interest rates or, if they are to finance the assets with available cash, they cannot afford the forgone interest income resulting from this expenditure of the cash. Under such conditions, one would expect the GNP to be disproportionately composed of short-lived goods—food, clothing, services, and so on.

Indeed, statistical analysis demonstrates such a relationship—that is, a recent decline in the average service life of all consumption and investment goods and a systematic tendency for this average to move inversely with real rates of interest. Parenthetically, the resulting shift toward shorter-lived investment goods means that more *gross* investment is required to provide

for replacement of the existing capital stock as well as for the *net* investment necessary to raise tomorrow's living standards. Thus, the current relatively high ratio of gross investment to GNP in this country is a deceptive indicator of the additions to our capital stock.

In fact, we have already experienced a disturbing decline in the level of net investment as a share of GNP. On a national income and product accounts basis, net investment has fallen to 4.7 percent of GNP in the 1980s from an average level of 6.7 percent in the 1970s and even higher in the 1960s. Moreover, it is low not only by our own historical standards but by international standards as well. International comparisons of net investment should be viewed with some caution because of differences in the measurement of depreciation and in other technical details. Nevertheless, the existing data do indicate that total net private and public investment as a share of gross domestic product over the period between 1980 and 1986 was lower in the United States than in any of the other industrial countries except the United Kingdom.

It is important to recognize, as I indicated earlier, that the negative effects of federal deficits on growth in the capital stock may be attenuated for a while by several forces in the private sector. One is a significant period of output growth in excess of potential GNP growth—such as occurred over much of the past six years—which undoubtedly boosts sales and profit expectations and, hence, business investment. Such rates of output growth, of course, cannot persist, making this factor inherently temporary in nature.

Another factor tending to limit the decline in investment spending would be any tendency for saving to respond positively to the higher interest rates that deficits would bring. The supply of domestic private saving has some interest elasticity, as people put off spending when borrowing costs are high and returns from their financial assets are favorable. But most analysts find that this elasticity is not sufficiently large to matter much.

Finally, net inflows of foreign saving can be, as recent years have demonstrated, an important addition to saving. In the 1980s, foreign saving has kept the decline in the ratio of gross investment to GNP, on average, to only moderate

dimensions (slightly more than one-half percentage point) compared with the 1970s, while the federal deficit rose about 2½ percentage points relative to GNP. Net inflows of foreign saving have amounted, on average, to almost 2 percent of GNP, an unprecedented level.

Opinions differ about the relative importance of high U.S. interest rates, changes in the after-tax return to investment in the United States, and changes in perception of the relative risks of investment in various countries and currencies in bringing about the foreign capital inflow. Whatever its source, had we not experienced this addition to our saving, our interest rates would have been even higher and domestic investment lower. Indeed, since 1985, when the appetite of private investors for dollar assets seems to have waned, the downtrend in real long-term rates has become erratic, tending to stall with the level still historically high.

Looking ahead, the continuation of foreign saving at current levels is questionable. Evidence for the United States and for most other major industrial nations over the last 100 years indicates that such sizable foreign net capital inflows have not persisted and, hence, may not be a reliable substitute for domestic saving on a long-term basis. In other words, domestic investment tends to be supported by domestic saving alone in the long run.

Let me conclude by reiterating my central message. The presumption that the deficit is benign is clearly false. It is partly responsible for the decline in the net investment ratio in the 1980s to a suboptimal level. Allowing it to go on courts a dangerous corrosion of our economy. Fortunately, we have it in our power to reverse this process, thereby avoiding potentially significant reductions in our standard of living. □

Announcements

CHANGE IN REPORTING REQUIREMENTS UNDER THE HMDA

The Federal Reserve Board issued on November 21, 1988, a notice of a change in reporting requirements of the Home Mortgage Disclosure Act (HMDA) for mortgage banking subsidiaries of bank and savings and loan holding companies and certain savings and loan service corporations.

Under the statutory amendments that brought these institutions within the coverage of HMDA, they were required to report mortgage loan data for all of calendar year 1988. The Congress recently changed the effective date to require these institutions, in their reports, to include data only for loans originated or purchased on or after August 19, 1988. These reports will be due on March 31, 1989.

PROPOSED ACTIONS

The Federal Reserve Board issued for public comment on November 30, 1988, a proposal to rescind the Board's existing rule in Regulation Y (Bank Holding Companies and Change in Bank Control) permitting bank holding companies, through their state banks, to establish or acquire nonbank companies engaged in activities that may be conducted by the parent bank (so-called operations subsidiaries). The effect of this action, if adopted, would be to require holding companies to obtain approval under section 4(c)(8) of the Bank Holding Company Act for their subsidiary state banks to acquire or retain control of nonbank operations subsidiaries.

The Board requests comment on a proposal to establish an expedited notice procedure for bank holding companies seeking to establish or ac-

quire operations subsidiaries through their state banks in the future.

The Board is also requesting comment on a proposal to permit bank holding companies that have established operations subsidiaries in reliance on the Board's current rules to retain all or most of these subsidiaries without further approval.

The Federal Reserve Board also issued for public comment on December 1, 1988, proposed revisions to the official staff commentary for two of its consumer credit protection regulations: Regulation E (Electronic Fund Transfers) and Regulation Z (Truth in Lending). Comments must be received by February 3, 1989.

CHANGE IN BOARD STAFF

Eleanor J. Stockwell, Associate Director, Division of Research and Statistics, retired, effective December 16, 1988.

SYSTEM MEMBERSHIP: ADMISSION OF STATE BANKS

The following state banks were admitted to membership in the Federal Reserve System during the period November 1 through November 30, 1988:

<i>Illinois</i>	
Chicago .	Affiliated Bank Chicago
<i>Pennsylvania</i>	
Philadelphia .	.. First Executive Bank
York	. . First Capitol Bank
<i>Virginia</i>	
Roanoke	First Security Bank
<i>Texas</i>	
Kerrville	Bank of Kerrville

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON SEPTEMBER 20, 1988

Domestic Policy Directive

The information reviewed at this meeting suggested that the expansion of economic activity might be moderating from the vigorous pace experienced earlier in the year. Information on output and spending in the third quarter was still fragmentary, but recent statistics, including data on labor market activity, pointed on balance to some slowing in the rate of economic growth. Measures of price and wage inflation showed little change from recent trends, apart from the continuing upward impetus to food prices stemming from the drought.

Total nonfarm payroll employment rose more slowly in July and August, but gains in overall employment remained sizable. After four months of strong increases, manufacturing employment fell slightly although some industries with strong domestic and export sales recorded further increases. The civilian unemployment rate edged up in July and rose somewhat further to 5.6 percent in August, returning to its average level of the first half of the year.

Industrial production advanced somewhat further in August after a sharp increase in July. Production gains were recorded for most categories although they generally were smaller than those in July. Total industrial capacity utilization was little changed in August. Utilization rates remained at relatively high levels in primary processing industries but slipped in manufacturing as a whole after four months of increases.

Total retail sales were little changed on balance in July and August. Outlays for durable goods declined in both months, partly because of some slowing in unit sales of new automobiles. Sales of nondurable goods increased at a sluggish pace.

Recent information on business capital spending suggested some moderation from the very rapid growth in earlier months of the year. Real outlays for equipment continued to expand in July but at a pace well below that of the first half of the year as shipments of office and computing equipment fell. Nonresidential construction activity apparently edged higher in July despite further contraction in oil drilling and in spending on industrial and commercial structures other than office buildings. Inventory investment in the manufacturing and wholesale sectors in July evidently remained at about the moderate second-quarter pace. Housing starts rose in July, as multifamily construction rebounded from a reduced June level, but single-family starts remained close to the average pace of the first half of the year. Sales of new and existing homes retreated from their June pace, which had been the highest in more than a year.

The nominal U.S. merchandise trade deficit fell appreciably further in July from a considerably reduced second-quarter rate and was the lowest monthly deficit since March 1985. Virtually all of the improvement in July was due to a reduction in imports. The total value of exports was little changed from the June level as a sharp reduction in exports of automotive products about offset small increases in most other major categories. Economic activity in major foreign industrial countries slackened in the second quarter, but expansion appeared to have resumed in the current quarter.

Producer prices of finished goods, propelled by further substantial increases in refinery prices for gasoline, registered another large advance in August. At the level of crude materials, producer food prices were up sharply for the fourth straight month, reflecting the continuing effects of the drought. Consumer prices, available for July, advanced at about the second-quarter pace.

Consumer food prices surged again, and energy prices rose further, mainly because of higher gasoline prices. Excluding food and energy items, consumer prices increased at about the average pace of the preceding 12 months.

In the foreign exchange markets, the trade-weighted value of the dollar changed little on balance over the period since the Committee meeting on August 16. Following that meeting, the dollar remained under upward pressure until late in the month when increases in European official lending rates arrested its climb. Following the softer U.S. employment report for August, the dollar moved lower in early September, but it subsequently firmed in response to the publication of the July merchandise trade figures.

At its meeting in mid-August, the Committee adopted a directive calling for no change in the degree of pressure on reserve positions. These reserve conditions were expected to be consistent with growth of M2 and M3 at annual rates of about 3½ and 5½ percent respectively over the period from June through September. The members agreed that somewhat greater reserve restraint would, or slightly lesser reserve restraint might, be acceptable, depending on indications of inflationary pressures, the strength of the business expansion, the behavior of the monetary aggregates, and developments in foreign exchange and domestic financial markets.

Reserve conditions remained essentially unchanged over the period since the August meeting. Adjustment plus seasonal borrowing averaged just below \$600 million for the two reserve maintenance periods completed since the meeting, and federal funds primarily traded near the 8½ percent level prevailing at the time of the meeting. In light of some indications of more moderate economic expansion, most other market interest rates declined ¼ to ¾ percentage point over the intermeeting period. Broad indexes of stock prices were up 1 to 3 percent.

Growth of the broader monetary aggregates slowed again in August. The slower expansion of M2 was concentrated in its liquid deposit components and probably continued to reflect the rise since early spring of market interest rates and related opportunity costs of holding such deposits. Growth of M1 fell sharply in August, as total transaction deposits declined slightly. Re-

flecting a contraction in total reserves, growth of the monetary base slowed markedly in August.

The staff projection prepared for this meeting incorporated somewhat slower growth of economic activity in the current quarter than had been projected earlier, largely reflecting the recent softening in the data on employment. The rate of expansion through the end of 1989 was expected to remain on balance below the pace in recent quarters, with the drought likely to contribute to an uneven quarterly pattern of growth. To the extent that monetary policy did not accommodate any tendency for growth in final demand to be sustained at a pace that threatened more inflation, pressures would be generated in financial markets that would restrain domestic spending. The staff continued to project relatively limited growth of consumer spending, considerably reduced expansion of business fixed investment, and sluggish housing activity. The foreign sector was still expected to make a major contribution to domestic economic growth, even though progress in reducing the trade deficit was thought likely to be slower than in recent quarters. The staff also anticipated some continuing cost pressures over the next several quarters, reflecting the effects of rising import prices and especially of reduced margins of unutilized labor and other production resources.

In the Committee's discussion of the economic situation and outlook, members noted that the recent indications of some moderation in the rate of economic growth tended to reinforce their expectations of a reduced rate of economic expansion through next year. The members welcomed the signs of somewhat slower economic growth, given the risks of higher inflation. A number were concerned that the apparent slowing might prove to be only a temporary pause in a generally strong expansion or to be inadequate to avert an intensification of inflationary pressures without further monetary restraint. Others, while noting the still tentative nature of the incoming data, interpreted recent developments in financial markets as well as the real economy as suggesting a greater likelihood that policy had tightened sufficiently to put the economy on a desirable course toward moderate growth that would prove compatible over time with the

achievement of the Committee's anti-inflationary objectives

In the Committee's discussion of factors bearing on the economic outlook, a number of members emphasized that, on the whole, indicators of economic activity continued to suggest appreciable momentum in the expansion. Recent growth of payroll employment, while below the average pace of the first half of the year, was still substantial. Capital spending exhibited few signs of weakening following a period of rapid expansion, and sizable profits augured for continuing growth. Likewise, new orders, notably for exports, were holding up well, and some greater inventory investment was seen as a reasonable prospect, given current low inventory-to-sales ratios. A number of members also referred to continuing evidence of a high level of business activity in many parts of the country. Indeed, in some areas and industries, growth was being constrained by a limited availability of labor and other production resources. At the same time, members noted that economic performance remained uneven across the country, depending on the mix of local industries, and a few signs of moderation could be observed even in areas that were characterized by strong local economies. Retail sales were lackluster in a number of areas, and the drought was having a mixed impact on agriculture. The drought's adverse effects in some parts of the country contrasted with income gains in other areas where producers experiencing more normal crop yields were benefiting from higher prices. On balance, local conditions appeared consistent with expectations of somewhat slower growth in domestic demand.

Members continued to anticipate further improvement in the nation's trade balance over the next several quarters. That view was bolstered by local reports of strength in export demands for a wide variety of products and indications of gains in domestic market shares by firms in the United States. The prospective improvement in net exports was not likely to be as strong as in recent quarters, however, reflecting the lagged effects of the rise in the exchange value of the dollar over the course of recent months.

With regard to the outlook for inflation, members generally emphasized that the risks remained on the side of an intensification of infla-

tionary demand pressures. Some favorable developments that had tended to dampen inflation, such as declining oil prices and a rising dollar, might well be reversed. More fundamentally, given current utilization rates of labor and other production resources, the economy was probably near the point where expansion at a rate somewhat above the economy's trend growth potential could result in greater pressures on wages and prices. Other members saw less risk of more inflation, particularly in the context of what they viewed as the moderating growth of the economy and the appreciable tightening of monetary policy over the past several months. Consistent with this view, some noted that inflationary expectations appeared to have eased as evidenced, for example, by the performance of long-term debt markets and the behavior of the dollar in foreign exchange markets. Moreover, industrial commodity prices had been relatively stable for an extended period. Reports from contacts around the nation did not suggest much change recently in local price and wage developments. Capacity constraints and labor shortages in some industries and areas continued to be a source of inflationary pressures, but there were few reports of outsized increases in prices or wages. Indeed, some members noted that prices had tended to level out or to rise more slowly in a number of industries and indications of faster increases in wages were limited.

At its meeting in late June the Committee reviewed the basic policy objectives that it had set for growth of the monetary and debt aggregates in 1988, and it established tentative objectives for expansion of those aggregates in 1989. For the period from the fourth quarter of 1987 to the fourth quarter of 1988, the Committee reaffirmed the ranges of 4 to 8 percent set in February for growth of both M2 and M3. The monitoring range for expansion of total domestic nonfinancial debt in 1988 was left unchanged from its February specification of 7 to 11 percent. On a cumulative basis through August, M2 had grown at an annual rate slightly above, and M3 at a rate more noticeably above, the midpoints of their annual ranges. Expansion of total domestic nonfinancial debt appeared to have moderated to a pace marginally below the midpoint of its range. For 1989 the Committee agreed on tenta-

tive reductions to ranges of 3 to 7 percent for M2 and 3½ to 7½ percent for M3. The monitoring range for growth of total domestic nonfinancial debt was lowered to 6½ to 10½ percent for 1989. It was understood that all the ranges for next year were provisional and that they would be reviewed in February 1989 in the light of intervening developments. With respect to M1, the Committee reaffirmed in June its earlier decision not to set a specific target for growth in 1988 and it also decided not to establish a tentative range for 1989.

In the Committee's discussion of policy implementation for the weeks immediately ahead, all of the members agreed on a proposal calling for an unchanged policy stance pending an evaluation of further economic developments. Those who perceived the risks in the economic outlook as still decidedly on the side of continued strong demand and greater inflationary pressures saw enough uncertainties in the current economic situation to warrant a pause in the policy firming process. Others were less persuaded that inflationary pressures would intensify, especially given the degree of policy restraint that already had been implemented over the past several months. It was noted that additional firming at this time could have undesirable repercussions on the dollar in foreign exchange markets and on the financial condition of many already troubled depository institutions. Some members expressed concern that a marked weakening in the economy, which would become a greater risk if policy were tightened further, would disrupt the urgent task of reducing the federal budget deficit.

In their consideration of a desirable policy for the near term, the members took account of a staff analysis, which suggested that monetary expansion was likely to remain relatively damped in coming months. This outlook assumed a continuing lagged adjustment of offering rates on retail deposits to earlier increases in market interest rates.

With regard to possible adjustments in the degree of reserve pressure during the intermeeting period, all of the members indicated that the balance of risks in the economy was such that they favored or could accept a directive that would more readily accommodate a move toward

firming than an adjustment toward easing in the weeks ahead. Some commented that near-term developments were not likely to call for a policy change in this period, while others saw a greater likelihood that intermeeting developments would point to the desirability of some firming. The potential need for some easing was viewed as remote.

At the conclusion of the Committee's discussion, all of the members approved a directive that called for maintaining the current degree of pressure on reserve positions. The members decided that somewhat greater reserve restraint would be acceptable, or slightly lesser reserve restraint might be acceptable, over the intermeeting period, depending on indications of inflationary pressures, the strength of the business expansion, the behavior of the monetary aggregates, and developments in foreign exchange and domestic financial markets. The reserve conditions contemplated by the Committee were expected to be consistent with growth of M2 and M3 at annual rates of about 3 percent and 5 percent respectively over the four-month period from August to December. The members agreed that the intermeeting range for the federal funds rate, which provides one mechanism for initiating consultation of the Committee when its boundaries are persistently exceeded, should be left unchanged at 6 to 10 percent.

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

The information reviewed at this meeting suggests that the expansion in economic activity may be moderating from the vigorous pace earlier in the year. Total nonfarm payroll employment grew more slowly in July and August, though the increases in the two months were still sizable. The civilian unemployment rate rose to 5.6 percent in August. Industrial production advanced slightly further in August after a sharp increase in July. Retail sales were flat in July and August. Recent indicators of business capital spending suggest some moderation from the especially rapid growth in earlier months of the year. Preliminary data for the nominal U.S. merchandise trade deficit in July showed some further reduction from the improved second-quarter rate. The latest information on prices suggests little if any change from recent trends.

Most interest rates have declined somewhat since the Committee meeting on August 16. Over the intermeeting period, the trade-weighted foreign exchange

value of the dollar in terms of the other G-10 currencies was about unchanged on balance

Expansion of M2 and M3 moderated further in August. For the year through August, M2 has grown at a rate slightly above, and M3 at a rate more noticeably above, the midpoints of the ranges established by the Committee for 1988. M1 was unchanged in August after registering relatively strong growth in June and July. Expansion of total domestic nonfinancial debt for the year thus far appears to be at a pace somewhat below that in 1987.

The Federal Open Market Committee seeks monetary and financial conditions that will foster 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 at its meeting in late June reaffirmed the ranges it had established in February for growth of 4 to 8 percent for both M2 and M3, measured from the fourth quarter of 1987 to the fourth quarter of 1988. The monitoring range for growth of total domestic nonfinancial debt was also maintained at 7 to 11 percent for the year.

For 1989, the Committee agreed on tentative ranges for monetary growth, measured from the fourth quarter of 1988 to the fourth quarter of 1989, of 3 to 7 percent for M2 and 3½ to 7½ percent for M3. The Committee set the associated monitoring range for growth of total domestic nonfinancial debt at 6½ to 10½ percent. It was understood that all these ranges were provisional and that they would be reviewed in early 1989 in the light of intervening developments.

With respect to M1, the Committee reaffirmed its decision in February not to establish a specific target for 1988 and also decided not to set a tentative range for 1989. The behavior of this aggregate will continue to be evaluated in the light of movements in its velocity, developments in the economy and financial markets, and the nature of emerging price pressures.

In the implementation of policy for the immediate future, the Committee seeks to maintain the existing degree of pressure on reserve positions. Taking account of indications of inflationary pressures, the strength of the business expansion, the behavior of the monetary aggregates, and developments in foreign exchange and domestic financial markets, somewhat greater reserve restraint would, or slightly lesser reserve restraint might, be acceptable in the intermeeting period. The contemplated reserve conditions are expected to be consistent with growth of M2 and M3 over the period from August through December at annual rates of about 3 and 5 percent, respectively. The Chairman may call for Committee consultation if it appears to the Manager for Domestic Operations that reserve conditions during the period before the next meeting are likely to be associated with a federal funds rate persistently outside a range of 6 to 10 percent.

Votes for this action: Messrs Greenspan, Corrigan, Angell, Black, Forrestal, Heller, Hoskins, Johnson, Kelley, LaWare, Parry, and Ms Seger.
Votes against this action: None.

Legal Developments

PREEMPTION DETERMINATION UNDER REGULATION B

The Board of Governors has determined that a provision in the law of New York is inconsistent with the Equal Credit Opportunity Act and Regulation B and therefore is preempted.

Effective November 11, 1988, the Board has determined that the provision in the state law of New York specified below is preempted by 12 C F R Part 202 as follows:

(1) *General* Section 705(f) of the Equal Credit Opportunity Act authorizes the Federal Reserve Board to determine whether an inconsistency exists between a provision of the act and a state law relating to credit discrimination. If a state law is inconsistent and provides no greater protection for credit applicants than does the federal law, the state law is preempted to the extent of the inconsistency, and creditors in that state may not follow the inconsistent state requirement.

The Board received a request, made on behalf of an organization headquartered in the Republic of China, for a preemption determination concerning New York state law. The organization plans to operate a fund that will guarantee loans made to overseas Chinese residing in the United States when they borrow money from the U S branches of Chinese banks or from U S banks that have Chinese capital. The organization proposes to establish this guarantee program in keeping with provisions of the Equal Credit Opportunity Act that permit a creditor offering a special-purpose credit program (as defined by the Board's Regulation B, which implements the act) to take into account a factor—such as national origin—whose consideration is normally barred by the act and regulation.

In response to this request the Board examined New York law, Article 15, section 296-a to determine whether its provisions are inconsistent with the ECOA and the Board's Regulation B. On July 18, 1988, the Board published a preliminary determination (53 *Federal Register* 26,987). In that notice, the Board proposed to preempt the New York law to the extent that it bars a creditor from offering a special-purpose credit program. One comment on the proposed determination was received during the comment period, which closed on September 12, 1988.

The Board is now publishing a final determination

regarding the New York law under authority delegated to the Director of the Division of Consumer and Community Affairs, as set forth in the Board's Rules Regarding Delegation of Authority (12 C F R Part 265).

(2) *Analysis of ECOA, Regulation B, and New York law* The ECOA and Regulation B prohibit discrimination in any credit transaction on the basis of race, color, national origin, religion, sex, marital status, age, receipt of income from public assistance programs, or the good-faith exercise of any rights under the Consumer Credit Protection Act. However, section 202.8 of the regulation (which implements section 701(c) of the ECOA) permits a creditor to extend special-purpose credit and to consider one or more common characteristics of program participants (for example, race or national origin) when extending credit under these programs.

Under section 202.8, creditors are allowed to offer credit assistance programs that are authorized by federal or state law, or that are established by a not-for-profit organization, for the benefit of an economically disadvantaged class of persons. It also allows a not-for-profit organization to offer credit assistance programs for the benefit of its members. In addition, for-profit organizations may provide special-purpose credit programs to meet special social needs if the programs are administered pursuant to a written plan that identifies the class of persons the particular program is designed to benefit. As mentioned earlier, participants of these programs may be required to share one or more common characteristics, such as race or national origin. If participants are required to possess a common characteristic, the creditor may request and consider information regarding that particular characteristic.

Under section 705 of the ECOA and Section 202.11 of Regulation B, state law provisions that are inconsistent with the requirements of the act and regulation are preempted. Section 202.11(b)(1)(v) of Regulation B also provides that a state law is inconsistent with the requirements of the federal law to the extent that the state law prohibits inquiries necessary to establish or administer a special-purpose credit program as defined by Section 202.8.

The Board has made a comparison of New York statute sections 296-a(1)(b) and (c) to Regulation B's

Section 202.8 The establishment of a special-purpose credit program, though permissible under the ECOA and Section 202.8, is prohibited under New York law, which bars—without exception—discrimination on the basis of the race, creed, color, national origin, sex, or marital status of an applicant or of a class of applicants. Furthermore, creditors are expressly prohibited under New York law from inquiring about these characteristics.

(3) *Determination and Effect of Preemption* Based on its analysis, the Board has determined that the New York law on credit discrimination is inconsistent with federal law, and that it is preempted by the ECOA and Regulation B to the extent of the inconsistency. Thus, the state of New York is barred from prohibiting special-purpose credit programs and related inquiries that are permissible under federal law.

The Board makes no determination, however, as to whether any particular credit program (including the program which the party requesting this preemption determination proposes to establish) qualifies as a special-purpose credit program under the ECOA and Regulation B. As explained in comment 8(a)-1 of the official staff commentary to Regulation B (12 C.F.R. Part 202, Supp. 1), the agency or creditor administering or offering the credit program must make that determination.

AMENDMENT TO REGULATION D

The Board of Governors is amending 12 C.F.R. Part 204, its Regulation D, Reserve Requirements of Depository Institutions. The regulation is revised

(1) to increase the amount of transaction accounts subject to a reserve requirement ratio of three percent, as required by section 19(b)(2)(C) of the Federal Reserve Act (12 U.S.C. § 461(b)(2)(C)), from \$40.5 million to \$41.5 million of net transaction accounts (known as the low reserve tranche adjustment),

(2) to 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 \$3.2 million to \$3.4 million of reservable liabilities (known as the reservable liabilities exemption adjustment), and

(3) to increase the deposit cutoff level which is used in conjunction with the reservable liabilities exemption amount to determine the frequency of deposit reporting from \$40.0 million to \$42.1 million.

For depository institutions that report weekly, the low reserve tranche adjustment and the reservable liabilities exemption adjustment will be effective start-

ing with the reserve computation period beginning on Tuesday, December 27, 1988, and with the corresponding reserve maintenance periods beginning Thursday, December 29, 1988, for net transaction accounts, and on Thursday, January 26, 1989, for other reservable liabilities. For institutions that report quarterly, the low reserve tranche adjustment and the reservable liabilities exemption adjustment will be effective with the computation period beginning on Tuesday, December 20, 1988, and with the reserve maintenance period beginning Thursday, January 19, 1989. For all depository institutions, the increase in the deposit cutoff level will be used to screen institutions in the second quarter of 1989 to determine reporting frequency beginning September 1989.

Pursuant to the Board's authority under section 19 of the Federal Reserve Act, 12 U.S.C. § 461 *et seq.*, the Board is amending 12 C.F.R. Part 204 as follows:

Part 204 —Reserve Requirements of Depository Institutions

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

Authority Sections 11(a), 11(c), 19, 25, 25(a) of the Federal Reserve Act (12 U.S.C. §§ 248(a), 248(c), 371a, 371b, 461, 601, 611), section 7 of the International Banking Act of 1978 (12 U.S.C. § 3105), and section 411 of the Garn-St. Germain Depository Institutions Act of 1982 (12 U.S.C. § 461).

2 In section 204.9 - Reserve Requirement Ratios, paragraphs (a)(1) and (a)(2) are revised to read 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> \$0 to \$41.5 million over \$41.5 million	3 percent of amount \$1,245,000 plus 12 percent of amount over \$41.5 million
<i>Nonpersonal time deposits</i> By original maturity (or notice period)	
Less than 1½ years	3 percent
1½ years or more	0 percent
<i>Eurocurrency liabilities</i>	3 percent

*Dollar amounts do not reflect the adjustment to be made by the next paragraph.

(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 \$3 4 million determined in accordance with section 204 3(a)(3) of this Part

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ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT

Orders Issued Under Section 3 of the Bank Holding Company Act

Financial Partners, Inc
Worland, Wyoming

Order Approving Formation of a Bank Holding Company

Financial Partners, Inc , Worland, Wyoming ("Applicant"), has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U S C § 1842(a)(1)) ("BHC Act"), to become a bank holding company by acquiring 96 4 percent of the outstanding voting shares of Stockgrowers State Bank, Worland, Wyoming ("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 (53 *Federal Register* 25,010 (1988)) 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

Applicant is a nonoperating corporation formed to acquire Bank Bank is the 19th largest commercial banking organization in Wyoming, with total deposits of approximately \$46 8 million, representing 1 2 percent of the total deposits in commercial banks in the state ¹ Consummation of the transaction would not result in an increase in the concentration of banking resources in Wyoming

Bank operates in the Washakie County banking market,² where it is the largest of three commercial banks, controlling 48 3 percent of the total deposits in

commercial banks in the market Applicant and its principals are not affiliated with any other depository institution Accordingly, consummation of this proposal would not result in any adverse effects on competition

The Board has considered the protest filed by Stockgrowers State Bank Company, Inc , Worland, Wyoming, relating to the commercial reasonableness of the sale of shares of Bank to Applicant under state law The Board has previously indicated that the standards of section 3(c) of the BHC Act do not require the Board to adjudicate issues that do not raise statutory factors that the Board must consider in approving an application ³ In this case, the matter of compensation for the shares of Bank is not directly related to the factors the Board must consider in approving the application

Based upon the facts of record, including certain commitments made by Applicant, the financial and managerial resources and future prospects of Applicant and Bank are consistent with approval Considerations relating to 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 The transaction shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months following the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Kansas City, pursuant to delegated authority

By order of the Board of Governors, effective November 21, 1988

Voting for this action Chairman Greenspan and Governors Johnson, Seger, Angell, Kelley, and LaWare

JAMES MCAFEE
Associate Secretary of the Board

First National of Nebraska, Inc
Omaha, Nebraska

Order Approving the Acquisition of a Bank Holding Company

First National of Nebraska, Inc , Omaha, Nebraska ("First National"), a bank holding company within the

¹ Banking data are as of December 31, 1987

² The Washakie County banking market is approximated by Washakie County, Wyoming

³ See, e.g., *Hudson Financial Associates*, 72 FEDERAL RESERVE BULLETIN 150 (1986), *Suburban Bancorp, Inc* , 71 FEDERAL RESERVE BULLETIN 581 (1985), *Western Bancshares, Inc v Board of Governors of the Federal Reserve System*, 480 F 2d 749 (1973)

meaning of the Bank Holding Company Act (the "Act") (12 U S C § 1841 *et seq*), has applied for the Board's approval under section 3(a)(3) of the Act (12 U S C § 1842(a)(3)) to acquire all of the voting shares of First National Columbus Bancorp, Columbus, Nebraska ("Bancorp")

Notice of the application, affording interested persons an opportunity to submit comments, has been duly published (53 *Federal Register* 32,452 (1988)) 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

First National is the third largest commercial banking organization in Nebraska, controlling total deposits of approximately \$850.3 million, representing 5.9 percent of the total deposits in commercial banking organizations ("total bank deposits") in the state.¹ Bancorp is the sixth largest commercial banking organization in Nebraska, controlling deposits of \$185.1 million, representing 1.3 percent of the total bank deposits in the state. Upon consummation of this proposal, First National would remain the third largest commercial banking organization in Nebraska, controlling deposits of \$1.0 billion, representing 7.2 percent of the total bank deposits in the state. Accordingly, consummation of this proposal would not have any significant adverse effects on the concentration of banking resources in Nebraska.

The subsidiary banks of Bancorp and First National compete directly in the Columbus, Nebraska, banking market.² In this market, Bancorp's subsidiary bank, First National Bank & Trust Company, is the largest bank, with deposits of \$175.6 million, representing 34.3 percent of the market's banking deposits. First National's subsidiary bank, First National Bank of Omaha, also has a branch operating within the Columbus market with \$22.7 million in deposits and a market share of 4.4 percent.³ The Columbus market is moderately concentrated, with the four largest commercial banks controlling 60.4 percent of the total bank deposits in the market. Upon consummation, First National would remain the largest commercial banking organization in the market, controlling 38.7 percent of market deposits in commercial banks, and the four-firm concentration ratio would increase 4.4 points to 64.8 percent. The market would be considered highly concentrated after consummation of the proposed trans-

action, with the Herfindahl-Hirschman Index ("HHI") increasing 303 points to 1919.⁴

Although consummation of this proposal would eliminate some existing competition between First National and Bancorp in the Columbus banking market, numerous other commercial banks would continue to operate in the market after consummation of this proposal. In addition, the Board has considered the presence of thrift institutions in this banking market in its analysis of this proposal. The Board has previously indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks.⁵ In the Columbus market, thrift institutions account for a significant percentage of the total deposits.⁶ Based upon the size and market share of thrift institutions, the Board has concluded that thrift institutions exert a significant competitive influence that mitigates the anticompetitive effects of this proposal in this banking market.⁷

On the basis of the foregoing and other facts of record, the Board concludes that consummation of this proposal would not have a significantly adverse effect on existing competition in the Columbus banking market. In addition, the Board concludes that, based on the number of probable future entrants in the markets, consummation of this proposal would not have a significant adverse effect on probable future competition in any relevant market.

The financial and managerial resources of First National and Bancorp are considered satisfactory and consistent with approval.

The Board has received a protest from the Omaha Black Forum, an umbrella organization representing

4 Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is above 1800 is considered highly concentrated. In such markets, the Justice Department is likely to challenge a merger that increases the HHI by more than 50 points. The Justice 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. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognizes the competitive effect of limited-purpose lenders and other non-depository financial entities.

5 *National City Corporation*, 70 FEDERAL RESERVE BULLETIN 743 (1984), *The Chase Manhattan Corporation*, 70 FEDERAL RESERVE BULLETIN 529 (1984), *NCNB Bancorporation*, 70 FEDERAL RESERVE BULLETIN 225 (1984), *General Bancshares Corporation*, 69 FEDERAL RESERVE BULLETIN 802 (1983), and *First Tennessee National Corporation*, 69 FEDERAL RESERVE BULLETIN 298 (1983).

6 Thrift institutions control 24 percent of the combined deposits of banks and thrifts in the Columbus banking market. Market deposit data for thrift institutions are as of June 30, 1986.

7 If 50 percent of deposits held by thrift institutions in the Columbus banking market were included in the calculation of market concentration, First National's pro forma market share would be 33.3 percent. The market would be considered moderately concentrated with the HHI increasing by 224 points to 1481.

1 State banking data are as of December 31, 1987.

2 The Columbus banking market is approximated by the following areas in Nebraska: Platte County, the town of Genoa in Nance County, the southern two-thirds of Colfax County, the northwest corner of Butler County, the northeastern half of Polk County, and the town of Silver Creek in Merrick County.

3 Market deposit data are as of June 30, 1987.

various local community groups. The protest alleged a lack of detail concerning certain activities and programs in the statement required to be filed by First National's lead bank, First National Bank of Omaha, under the Community Reinvestment Act, 12 U S C § 2901 *et seq.* ("CRA")

As an initial matter, the Board has reviewed this statement and finds that it complies with the requirements for such CRA statements set forth in the Board's Regulation BB, 12 C F R § 228.4. In addition, the Board notes that the CRA statement is but one factor that the Board assesses in considering a banking organization's compliance with the Act's requirement that a banking organization serve the convenience and needs of its local community. These additional factors considered by the Board include any evidence of prohibited discriminatory or other illegal credit practices, the geographic distribution of credit extensions, credit applications, and credit denials, and the origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business loans within the community. In this regard, the Board notes that the primary federal regulator of First National Bank of Omaha, who examines for compliance with these factors, gave the bank a satisfactory CRA rating during its most recent examination. Accordingly, the Board concludes that convenience and needs considerations in this case are consistent with approval of the application.⁸ Based on the foregoing and other facts of record, the Board has determined that the application should be, and hereby is, approved. The acquisition of Bancorp 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 Kansas City, acting pursuant to delegated authority.

By order of the Board of Governors, effective November 16, 1988

⁸ The Protestant has also requested that the Board order a public hearing on the application. Although section 3(b) of the Act does not require a formal hearing in this instance, the Board may, in any case, order a formal or informal hearing. Under the Board's Regulation Y, the Board shall order a hearing "only if there are disputed issues of material fact that cannot be resolved in some other manner." 12 C F R § 225.23(g). The Board's Rules of Procedure also provide that a public meeting may be held to clarify factual issues related to an application or to provide an opportunity for interested persons to testify. 12 C F R § 262.25(d). Protestant does not present any material questions of fact that are in dispute, nor has the Protestant alleged any additional facts to demonstrate that First National is not in compliance with the CRA. Under these circumstances, and in light of all of the facts of record, the Board has determined that a public hearing or meeting is not necessary to clarify the record in this case and would serve no useful purpose. Accordingly, the request for a public hearing is hereby denied.

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

JAMES MCAFEE
Associate Secretary of the Board

Washington National Holdings, N V.
Netherlands Antilles

Washington Bancorporation
Washington, D C

Order Approving Acquisition of Bank, Membership in the Federal Reserve System, and Establishment of Branch

Washington National Holdings, N V., Netherlands Antilles ("Holdings"), and Washington Bancorporation, Washington, D C ("Bancorporation") (collectively referred to as "Applicants"), bank holding companies within the meaning of the Bank Holding Company Act (the "BHC Act"), have applied for the Board's approval under section 3 of the BHC Act (12 U S C § 1842) and under section 225.14 of the Board's Regulation Y (12 C F R § 225.14) to acquire control of all of the voting shares of The Washington Bank (of Maryland) ("Washington Bank-Maryland"), a state-chartered commercial bank to be located in Maryland.

Notice of the application, affording interested persons an opportunity to submit comments, has been given in accordance with section 3(b) of the BHC Act (12 U S C § 1842(b)) (53 *Federal Register* 28,694, 53 *Federal Register* 45,160 (1988)). 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)).¹ No hearing has been requested in this case.

Washington Bank-Maryland will be the successor by merger to two Maryland-chartered savings and loan associations formerly privately insured by the Maryland Savings-Share Insurance Corporation ("MSSIC"): Center Savings & Loan Association, Baltimore, Maryland ("Center"), and Universal Savings & Loan Association, Inc., Pikesville, Maryland ("Universal"). Washington Bank-Maryland will be held directly by Bancorporation, a subsidiary of Holdings.²

¹ The Board received one adverse comment, from Holdings, concerning the managerial and financial resources of Bancorporation.

² Holdings owns or controls approximately 27.6 percent of the outstanding common stock of Bancorporation and serves as an investment vehicle for foreign investors.

Applicants propose to acquire Washington Bank-Maryland, a commercial bank to be chartered by the state of Maryland, pursuant to recently enacted legislation.³ Upon consummation of the acquisition, Washington Bank-Maryland will operate one commercial bank branch within the state.

The establishment of Washington Bank-Maryland and its acquisition by Applicants is a part of the State's continuing effort over the last three years to resolve the financial crisis in Maryland involving MSSIC-insured savings and loan associations. Universal, with \$21 million in deposits,⁴ has been transferred from conservatorship to receivership,⁵ and its depositors have had their funds frozen for the past 14 months.

By letter dated September 6, 1988, the Maryland Bank Commissioner informed the Board that it was ready to approve the applications for conversion of the thrifts to a state chartered bank and for the Applicants to acquire the resultant bank. Further, the Maryland Bank Commissioner requested that the Board act expeditiously in this matter. The Bank Commissioner advised the Board that an emergency situation exists in the State of Maryland with respect to savings and loan associations formerly insured by MSSIC.⁶

Bancorporation, with total assets of \$2.2 billion, controls one bank subsidiary, The National Bank of Washington, Washington, D.C., the second largest commercial banking organization in the District of Columbia.⁷ Applicants also engage in a variety of nonbanking activities in the greater District of Columbia area. Washington Bank-Maryland's assets will account for less than 1 percent of Bancorporation's pro forma assets. Bancorporation's financial condition is consistent with approval.

Center and Universal compete in separate banking markets. Bancorporation currently operates no banking subsidiaries within Maryland. In view of the relatively small size of the institutions involved, the number of potential entrants into the relevant markets, and the fact that Washington Bank-Maryland, Center, and Universal operate in separate banking markets, the Board finds that this acquisition would not have any significant adverse effect on existing or potential competition in any relevant market.

Under the BHC Act, the Board is required to consider the financial and managerial resources and

future prospects of the companies and the banks concerned. In its consideration of these factors, the Board has taken into account the comments filed by Holdings. Based upon its review of the entire record, the Board concludes that these considerations are consistent with approval.

Consummation of Applicants' proposal will provide adequate capitalization and continuing financial support to the successor to the thrift institutions involved in the application. At consummation, Bancorporation will inject a total of \$3 million in new capital into Washington Bank-Maryland. Bank thereafter will have a level of primary capital in excess of the minimum standards set forth in the Board's Capital Adequacy Guidelines. This will ensure that service provided by the thrift institutions to the convenience and needs of their relevant communities will resume. The proposed transaction is the most feasible solution to permit Center and Universal, as Washington Bank-Maryland, to resume full operations promptly and to allow their depositors immediate and full access to their funds at the least cost to the State of Maryland. Accordingly, the Board concludes that convenience and needs factors lend substantial weight to approval of this application.

On the basis of all of the above, including particularly the compelling benefits of the proposal to the depositors of these institutions and to the public, the Board concludes that approval of the proposed transaction would be in the public interest.

Section 3(d) of the BHC Act prohibits a bank holding company from acquiring a bank outside of the bank holding company's home state unless the statute laws of the state where the target bank is located specifically authorize such an acquisition.⁸ Newly codified section 5-1008 of the Financial Institutions Article of the Maryland Code provides specific statutory authorization for Applicants' proposed acquisition of Washington Bank-Maryland. Accordingly, the instant proposal would not violate the Douglas Amendment.

Washington Bank-Maryland has applied under section 9 of the Federal Reserve Act, 12 U.S.C. § 321 *et seq.*, and section 208.4 of the Board's Regulation H, 12 C.F.R. § 208.4, to become a member of the Federal Reserve System upon consummation of these acquisitions. It also has applied under section 9 of the

³ Chapter 80, Laws of Maryland (1988), codified at Md. Fin. Inst. Code Ann. § 5-1008.

⁴ Center has \$9 million in deposits. Financial data are as of June 30, 1988.

⁵ Under Maryland law, deposit withdrawals are generally restricted after commencement of the conservatorship and interest accumulation ceases upon transferral into receivership.

⁶ If Center does not receive federal deposit insurance by mid-year 1989, it will be forced to liquidate.

⁷ Financial data are as of September 30, 1988.

⁸ 12 U.S.C. § 1842(d). The home state of the acquiring holding company is defined for Douglas Amendment purposes as the state in which the operations of the bank holding company's bank subsidiaries were principally conducted on the later of July 1, 1966, or the date on which the company became a bank holding company. *Id.* The Board has previously determined that a District of Columbia bank holding company can make acquisitions in Maryland. *James Madison, Ltd.*, 73 FEDERAL RESERVE BULLETIN 129 (1987). See generally Md. Fin. Inst. Code Ann. § 5-1001, *et seq.* (Supp. 1988).

Federal Reserve Act and section 208 9 of the Board's Regulation H, 12 C F R § 208 9, to establish a branch. The Board has considered the factors it is required to consider when approving applications for membership pursuant to section 9 of the Federal Reserve Act (12 U S C § 322) and section 6 of the Federal Deposit Insurance Act (12 U S C § 1816), and finds those factors to be consistent with approval. Bank appears to meet all the criteria for admission to membership, including capital requirements and considerations related to management character and quality. Further, Washington Bank-Maryland meets all the criteria to establish a branch. Accordingly, Washington Bank-Maryland's applications to become a member of the Federal Reserve System and to establish a branch are approved.

On the basis of the entire record, the section 3 application to acquire control of Washington Bank-Maryland and the section 9 applications to become a member in the Federal Reserve System and to establish a branch are approved for the reasons summarized above. The transaction shall not be consummated before the thirtieth calendar day following the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Richmond, pursuant to delegated authority.

By order of the Board of Governors, effective November 28, 1988

Voting for this action: Chairman Greenspan and Governors Johnson, Seger, Angell, Heller, Kelley, and LaWare

JAMES MCAFEE
Associate Secretary of the Board

Orders Issued Under Section 4 of the Bank Holding Company Act

First Wisconsin Corporation Milwaukee, Wisconsin

Order Approving Acquisition of a Company Engaged in Title Insurance Agency Activities

First Wisconsin Corporation, Milwaukee, Wisconsin ("First Wisconsin"), 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 under section 4(c)(8) of the BHC Act (12 U S C § 1843(c)(8)) and section 225 23(a) of the Board's Regulation Y (12 C F R § 225 23(a)) to acquire all of the outstanding shares of Milwaukee Title Insurance Service, Inc., Milwaukee, Wisconsin ("Milwaukee Title"), a company which will engage in title insurance agency activities pursuant to section

225 25(b)(8)(vii) of the Board's Regulation Y (12 C F R § 225 25(b)(8)(vii)).

Notice of the application, affording interested persons an opportunity to submit comments, has been duly published (53 *Federal Register* 21,525 (1988)). The time for filing comments has expired and the Board has considered this application and the comments received from the American Land Title Association ("ALTA"), in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.

First Wisconsin, with consolidated assets of \$7.2 billion,¹ controls 33 subsidiary banks and is the largest commercial banking organization in Wisconsin. First Wisconsin has applied for Milwaukee Title to engage in title insurance agency activities pursuant to exemption G of the Garn-St Germain Depository Institutions Act of 1982 ("Garn Act"). Title USA Insurance Corporation of New York, an unaffiliated corporation, will underwrite the title insurance policies sold by Milwaukee Title. First Wisconsin will not engage in underwriting title insurance.

Title VI of the Garn Act amended section 4(c)(8) of the BHC Act to provide that insurance agency, brokerage, and underwriting activities are not "closely related to banking" and thus are not permissible activities for bank holding companies, unless the activities are included within one of seven specific exemptions (A through G) contained in section 4(c)(8).

First Wisconsin claims it is authorized to operate a title insurance agency under exemption G, which authorizes those bank holding companies that engaged, with Board approval, in insurance agency activities prior to 1971, to engage, or control a company engaged, in insurance agency activities. First Wisconsin does not qualify to engage in title insurance agency activities, directly or through a subsidiary, under any other exemption.

First Wisconsin has been engaged in the sale of insurance related to extensions of credit by its subsidiary banks since 1939. In 1959, First Wisconsin received approval from the Board, under the provisions of the BHC Act, to retain an insurance agency subsidiary, First Wisconsin Company, which engaged in the sale of credit life insurance to customers of First Wisconsin.² First Wisconsin has been engaged in the sale of credit life insurance through this and successor insurance agency subsidiaries on a continuous basis since receiving Board approval in 1959. First Wisconsin is one of 16 active companies with grandfather rights under exemption G.

¹ All banking data are as of June 30, 1988.

² See *Wisconsin Bankshares Corp.*, 45 FEDERAL RESERVE BULLETIN 1136 (1959).

In 1985, First Wisconsin received approval from the Board to expand its insurance agency activities through the operation of a general insurance agency engaged in the sale of all types of personal and commercial insurance to the general public as well as to First Wisconsin's customers.³ In interpreting exemption G of section 4(c)(8), the Board determined that First Wisconsin is authorized under that provision to engage in general insurance agency activities and thus to sell various types of insurance that it was not selling in 1971.⁴

ALTA asserts that exemption G only exempts the specific types of insurance agency activities the Board authorized bank holding companies to engage in before 1971. Since the Board did not approve any applications before 1971 that specified title insurance, in ALTA's opinion First Wisconsin cannot engage in the sale of title insurance. ALTA also argues that exemption G only exempts general insurance agency activities and title insurance is a unique type of insurance not sold by general insurance agencies. Finally, ALTA asserts that approval of this application will not result in any public benefits and will adversely effect competition.

The Board has previously determined that those companies that received Board approval to engage in general insurance agency activities prior to 1971 are grandfathered under exemption G with respect to the sale of any type of insurance that is within the scope of general insurance agency activities—even an insurance agency activity (such as title insurance) not actually offered by the applicant bank holding company before 1971.⁵ In reaching this conclusion, the Board noted that the language of exemption G does not limit or restrict the scope of permissible insurance agency activities for qualifying bank holding companies to those insurance agency activities approved by the Board prior to 1971. The language of exemption G permits a bank holding company to engage in insurance activities provided the company "was engaged, directly or indirectly, in insurance agency activities as a consequence of approval by the Board prior to January 1, 1971." There is no requirement in the statute that a company qualifying for exemption G engage only in those insurance agency activities it conducted with Board approval prior to 1971. The Board also found this interpretation to be consistent with Congressional intent and the general structure of the Garn Act exemptions.

³ *First Wisconsin Corporation*, 71 FEDERAL RESERVE BULLETIN 171 (1985)

⁴ *Id.* at 172-173

⁵ *First Wisconsin Corporation*, 71 FEDERAL RESERVE BULLETIN 172, *Norwest Corporation*, 70 FEDERAL RESERVE BULLETIN 470 (1984)

Therefore, although the Board may not have specifically approved title insurance prior to 1971, this activity would fall within exemption G if it is encompassed within the authorization of insurance agency activities. In its analysis of this issue, the Board has considered the plain meaning of the term "insurance" as well as the terms and intent of the Garn Act. Title insurance is "insurance" within the commonly understood meaning of the term. ALTA does not contend that title insurance is not insurance. First Wisconsin would sell title insurance only as agent. The proposed activity thus falls within the literal authorization of exemption G and the Board's implementing regulation 12 C.F.R. § 225.25(b)(8)(vii).

Nothing in the terms or legislative history of the Garn Act appears to support ALTA's argument that selling title insurance falls outside the authorization of exemption G. In addition, the Board previously has concluded that the term "insurance" in the Garn Act includes title insurance.⁶ Accordingly, the Board believes that First Wisconsin's proposal to sell title insurance through Milwaukee Title is permissible pursuant to exemption G and the Board's regulations.

There is no evidence in the record indicating that consummation of First Wisconsin's proposal would result in any undue concentration of resources, adverse effects on competition, conflicts of interests, unsound banking practices, or any other adverse effects. First Wisconsin will provide an additional source for insurance that is particularly convenient for its customers. It has indicated that it will act affirmatively to ensure compliance with all laws and regulations prohibiting tie-ins by advising borrowers that they can obtain title insurance from any source they choose. Accordingly, the Board has determined that the balance of the public interest factors the Board is required to consider under section 4(c)(8) of the BHC Act is favorable.

Based upon the foregoing and other facts of record, the application is hereby approved. This determination is subject to the conditions set forth in section 225.23(b) of Regulation Y (12 C.F.R. § 225.23(b)) and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

The proposal shall be consummated not later than three months after the effective date of this Order, unless such period is extended for good cause by the

⁶ Letter from the Board, to Independence Bancorp, Perkaise, Pennsylvania (March 17, 1986)

Board or by the Federal Reserve Bank of Chicago, pursuant to delegated authority

By order of the Board of Governors, effective November 17, 1988

Voting for this action Vice Chairman Johnson and Governors Seger, Angell, and LaWare Absent and not voting Chairman Greenspan and Governors Heller and Kelley

WILLIAM W WILES
Secretary of the Board

Huntington Bancshares Incorporated Columbus, Ohio

Order Approving Application to Engage in Underwriting and Dealing in Certain Securities to a Limited Extent

Huntington Bancshares Incorporated, Columbus, Ohio, 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 4(c)(8) of the BHC 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 its subsidiary, The Huntington Company, Columbus, Ohio ("Company"), to engage *de novo* on a limited basis, in underwriting and dealing in

- (1) municipal revenue bonds, including certain industrial development bonds,
- (2) 1-4 family mortgage-related securities,
- (3) commercial paper, and
- (4) consumer-receivable-related securities ("CRRs") (collectively "ineligible securities")

Company is currently authorized to engage in providing securities brokerage services pursuant to 12 C F R § 225.25(b)(15), investment advisory services pursuant to section 225.25(b)(4), and underwriting and dealing in U S government securities pursuant to section 225.25(b)(16) Company has also received prior approval to purchase and sell gold and silver for the account of customers, provide advice regarding structuring and arranging interest rate swaps, interest rate caps, and similar transactions, provide advice in connection with merger, acquisition/divestiture and financing transactions for nonaffiliated financial and nonfinancial institutions, and furnish evaluation and fairness opinions in connection with merger, acquisi-

tion and similar transactions for nonaffiliated financial and nonfinancial institutions ¹

Applicant, with consolidated assets of \$8.8 billion, is the 60th largest banking organization in the nation. It operates twelve subsidiary banks and engages directly and through subsidiaries in a broad range of permissible nonbanking activities ²

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been published (53 *Federal Register* 40,492 (1988)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.

The Board has previously determined that the conduct of the proposed ineligible securities underwriting and dealing activity is consistent with section 20 of the Glass-Steagall Act, provided the underwriting subsidiary derives no more than 5 percent of its total gross revenue from underwriting and dealing in the approved securities over any two-year period ³ The Board further found that, subject to the prudential framework of limitations established in those cases to address the potential for conflicts of interests, unsound banking practices or other adverse effects, the proposed underwriting and dealing activities were so closely related to banking as to be a proper incident thereto within the meaning of section 4(c)(8) of the BHC Act. Applicant has committed to conduct its ineligible underwriting and dealing activities subject to the 5 percent revenue test and the prudential limitations established by the Board in its *Citicorp/Morgan/Bankers Trust* and *Chemical Orders* ⁴

Consummation of the proposal would provide added convenience to Applicant's customers. In addition, the Board expects that the *de novo* entry of Applicant into the market for these services would increase the level of competition among providers of these services. Accordingly, the Board has determined that the performance of the proposed activities by Applicant can reasonably be expected to produce public benefits.

¹ These activities were approved by the Federal Reserve Bank of Cleveland pursuant to delegated authority by letters dated August 10, 1987, and February 23, 1988.

² All data are as of June 30, 1988.

³ *Citicorp, J P Morgan & Co Incorporated and Bankers Trust New York Corporation*, 73 FEDERAL RESERVE BULLETIN 473 (1987) ("*Citicorp/Morgan/Bankers Trust*"), *aff'd sub nom*, *Securities Industry Association v Board of Governors of the Federal Reserve System*, 839 F 2d 47 (2d Cir 1988), *cert denied*, 108 S Ct 2830 (1988) ("*SIA v Board*"), and *Chemical New York Corporation, The Chase Manhattan Corporation, Bankers Trust New York Corporation, Citicorp, Manufacturers Hanover Corporation and Security Pacific Corporation*, 73 FEDERAL RESERVE BULLETIN 731 (1987) ("*Chemical*").

⁴ Applicant has not proposed a market share limitation. Accordingly, and in light of the decision in *SIA v Board*, the Board has determined not to require Applicant to comply with a market share limitation.

which would outweigh adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.⁵ Based on the above, the Board has determined to approve the underwriting application subject to all of the terms and conditions established in the *Citicorp/Morgan/Bankers Trust* and *Chemical Orders*, except the market share limitation.⁶

The Board's determination is subject to all of the conditions set forth in the Board's Regulation Y, including those in sections 225 4(d) and 225 23(b), and to the Board's authority to require 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, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder.

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

By order of the Board of Governors, effective November 28, 1988

Voting for this action: Chairman Greenspan and Governors Johnson, Seger, Angell, Heller, Kelley, and LaWare

JAMES MCAFEE
Associate Secretary of the Board

Signet Banking Corporation Richmond, Virginia

Order Approving Application to Engage in Combined Investment Advisory and Securities Brokerage Activities

Signet Banking Corporation, Richmond, Virginia ("Applicant" or "Signet"), a bank holding company within the meaning of the Bank Holding Company Act (the "BHC Act") (12 U.S.C. § 1841 *et seq.*), has applied for the Board's approval under section 4(c)(8) of the BHC Act and section 225 23(a)(3) of the Board's Regulation Y, 12 C.F.R. § 225 23(a)(3), for its wholly

⁵ Company may also provide services that are necessary incidents to these approved activities. The incidental services should be taken into account in computing the gross revenue limit on the underwriting subsidiary's ineligible underwriting and dealing activities, to the extent such limits apply to particular incidental activities.

⁶ The industrial development bonds approved in those applications and for Applicant in this case are only those tax exempt bonds in which the governmental issuer, or the governmental unit on behalf of which the bonds are issued, is the owner for federal income tax purposes of the financed facility (such as airports, mass commuting facilities, and water pollution control facilities). Without further approval from the Board, Company may underwrite or deal in only these types of industrial development bonds.

owned subsidiary, Signet Investment Corporation ("SIC"), to provide investment advice and securities brokerage services to retail and institutional customers. SIC currently engages in discount brokerage activities in accordance with section 225 25(b)(15) of Regulation Y, 12 C.F.R. § 225 23(b)(15).

Applicant is a multi-bank holding company owning commercial banks in Virginia, Maryland, and the District of Columbia. At June 30, 1988, the corporation reported total assets of \$11.4 billion and total deposits of \$7.6 billion.

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been duly published (53 *Federal Register* 43,476 (1988)). 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 Bank Holding Company Act.

The Board has previously determined that the combined offering of investment advice and securities execution services to institutional and retail customers from the same bank holding company subsidiary is closely related and a proper incident to banking under section 4(c)(8) of the BHC Act, and does not violate the Glass-Steagall Act. *National Westminster Bank PLC, et al.*, 72 *FEDERAL RESERVE BULLETIN* 584 (1986) ("NatWest"),¹ *Bank of New England Corporation*, 74 *FEDERAL RESERVE BULLETIN* 700 (1988) ("BNEC").

SIC proposes to conduct its brokerage and advisory activities within the same framework approved by the Board in *BNEC*. Signet has, however, proposed to establish certain interlocking relationships between SIC and its bank affiliates. Signet proposes that certain non-sales, non-executive employees of its affiliated banks will provide clerical and support services for SIC, and that certain non-executive officers of Signet's bank affiliates will serve as directors of SIC. These employees and directors will not have contact with the public or participate in the sales activities of SIC. Officers and employees of SIC would not otherwise be employees or officers of any of Applicant's subsidiary banks. In particular, SIC's sales personnel will be employees of SIC and not of Signet's bank subsidiaries. Applicant has also committed that it will not permit its banks to share confidential customer information with SIC, and SIC will not be permitted to transmit its advisory research or recommendations, either through the proposed interlocks or otherwise, to

¹ *Affirmed, sub nom., Security Industry Ass'n v Board of Governors*, 821 F.2d 810 (D.C. Cir. 1987), *cert den.*, 108 S.Ct. 697 (1988).

the commercial lending department of any bank affiliate

The Board has previously permitted these types of limited interlocks for affiliates providing full-service brokerage²

Based upon the foregoing and other considerations reflected in the record, and in reliance on the commitments offered by Applicant regarding the conduct of SIC's affairs, the Board has determined that the public benefits associated with consummation of this proposal can reasonably be expected to outweigh possible adverse effects, and that the balance of the public interests factors that the Board is required to consider under section 4(c)(8) of the BHC Act is favorable. Accordingly, the Board believes that the application should be, and hereby is, approved. This determination is subject to all of the conditions set forth in the Board's Regulation Y, including those in sections 225.4(d) and 225.23(b), and to the Board's authority to require modification or termination of the activities of the holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

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

By order of the Board of Governors, effective November 28, 1988

Voting for this action: Chairman Greenspan and Governors Johnson, Seger, Angell, Heller, Kelley, and LaWare

JAMES MCAFEE
Associate Secretary of the Board

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

Bank of Boston Corporation
Boston, Massachusetts

Order Approving Acquisition of a Bank Holding Company and its Bank and Nonbank Subsidiaries

Bank of Boston Corporation ("Bank of Boston"), Boston, Massachusetts, a bank holding company within the meaning of the Bank Holding Company Act of 1956 ("BHC Act") (12 U.S.C. § 1841 *et seq.*), 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 BankVermont Corporation, Burlington, Vermont, and thereby indirectly to acquire Bank of Vermont ("Bank"), Burlington, Vermont. Applicant also has applied for the Board's approval pursuant to section 4 of the BHC Act (12 U.S.C. § 1843(c)(8)) to acquire BankVermont's nonbanking subsidiary, Future Planning Associates, Inc., South Burlington, Vermont, and thereby engage in providing retirement plan consulting, design and actuarial and administrative services to corporations and individuals.

Notice of the applications, affording an opportunity for interested persons to submit comments, has been duly published (53 *Federal Register* 30,868 (1988)). 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 sections 3(c) and 4(c)(8) of the BHC Act (12 U.S.C. §§ 1842(c) and 1843(c)(8)).

Bank of Boston controls banks in Massachusetts, Connecticut, Rhode Island and Maine, with total deposits of \$15.5 billion.¹ Bank of Boston is the second largest commercial banking organization in Massachusetts, controlling deposits of \$10.8 billion, representing 20.3 percent of the deposits in commercial banking organizations in the state. It is the fifth largest commercial banking organization in Connecticut, controlling 7.3 percent of bank deposits in the state, the second largest commercial banking organization in Rhode Island, controlling 22.6 percent of bank deposits in the state, and the second largest commercial banking organization in Maine, controlling 21.8 percent of bank deposits in the state.

BankVermont is the fifth largest banking organization in Vermont, controlling deposits of \$513 million, representing 8.7 percent of deposits in banking organizations in the state.²

Because Bank of Boston does not operate a bank in any market in which Bank of Vermont is located, consummation of the proposal would not have a

¹ All banking data are as of June 30, 1988.

² Bank of Vermont, which is the largest subsidiary bank of BankVermont, currently is a qualified savings bank, and BankVermont currently meets the definition of a savings bank holding company under section 2 of the Bank Holding Company Act as amended by the Competitive Equality Banking Act of 1987 (12 U.S.C. § 1841(l) & (m)). Upon consummation of this proposal Bank of Vermont would cease to be a qualified savings bank for purposes of the Bank Holding Company Act, and consequently, would no longer be entitled to the exemptions provided in section 3(f)(4) of the Bank Holding Company Act (12 U.S.C. § 1842(f)(4)).

² *J.P. Morgan and Company, Inc.*, 73 *FEDERAL RESERVE BULLETIN* 810 (1987) ("*J.P. Morgan*") (back-office employees), *Bankers Trust New York Company*, 74 *FEDERAL RESERVE BULLETIN* 695 (1988) ("*BTNY*") (an officer of a bank affiliate permitted to serve as a director of a brokerage subsidiary dealing exclusively with institutional investors).

substantial adverse effect on competition in any relevant banking market. Consummation of the proposal would also not have any significant adverse effect on probable future competition in any relevant banking market.

The Douglas Amendment to the BHC Act prohibits the Board from approving an application by a bank holding company to acquire control of any bank located outside of the bank holding company's home state unless the acquisition is "specifically authorized by the statute laws of the state in which such bank is located, by language to that effect and not merely by implication."³

Bank of Boston's home state is Massachusetts. Effective December 31, 1987, a Vermont statute authorizes a "New England bank holding company,"⁴ such as Bank of Boston, to acquire a Vermont bank or bank holding company with the approval of the Vermont Commissioner of Banking and Insurance, if a Vermont bank holding company may acquire a bank in the New England bank holding company's home state.⁵ A Massachusetts statute permits bank holding companies located in Vermont to acquire control of a Massachusetts financial institution.⁶

Based on the foregoing and subject to approval of the proposal by the Vermont Commissioner of Banking and Insurance pursuant to Vermont's interstate banking statute, the Board has determined that the proposed acquisition is specifically authorized by the statute laws of Vermont and that Board approval is not prohibited by the Douglas Amendment. The Board's Order is specifically conditioned upon satisfaction of the state regulatory requirement.

The financial and managerial resources and future prospects of Bank of Boston, BankVermont, and their respective subsidiaries are considered satisfactory and consistent with approval.

In considering the convenience and needs of the communities to be served, the Board has taken into account the records of Bank of Boston's subsidiary banks under the Community Reinvestment Act ("CRA") (12 U.S.C. § 2901 *et seq.*) The CRA

requires the Board to assess the records of these subsidiaries in meeting the credit needs of their entire communities, including low- and moderate-income neighborhoods, consistent with safe and sound operation, and to take these records into account in its evaluation of bank holding company applications.

The Board has received extensive submissions from the Vermont Community Reinvestment Association ("VCRA"), the Massachusetts Urban Reinvestment Advisory Group ("MURAG"), the Rhode Island Community Reinvestment Association ("RICRA"), and the Citizens' Research and Education Network ("CREN"), (collectively, "Protestants"),⁷ regarding the CRA performance of Bank of Boston's subsidiary banks.⁸ Protestants allege that Bank of Boston has engaged in a pattern of closing branch offices in low- and moderate-income areas, that its subsidiary banks provide inadequate credit services in low- and moderate-income areas, discourage small business borrowers, exclude low- and moderate-income areas from their service areas, and fail to maintain satisfactory relationships with community development organizations. Bank of Boston has submitted a detailed response to the comments made by Protestants. In this regard, a private meeting was held between Protestants and Bank of Boston to clarify the issues and provide a forum for the resolution of differences. This meeting, however, did not produce a resolution of the differences between Bank of Boston and Protestants.

The Board has carefully considered the record of this application, including the comments of Protestants and Bank of Boston's response, in light of the requirements of the CRA and the implementing regu-

7 The Board has also received and considered comments from the Community and Economic Development Office of the City of Burlington and the Valley Community Development Corporation.

8 In connection with this application, Protestants had requested an extension of the public comment period in order to permit the Protestants an opportunity to conduct an extended study of the pattern of branch openings and closings by Bank of Boston. The Board had earlier determined not to extend the public comment period in this case beyond September 7, 1988, but stated that it would consider any comments submitted by these Protestants prior to the time the Board acted on this case regarding any aspect of the CRA performance of the institutions involved in this case. The Protestants have availed themselves of this opportunity, and have made a number of submissions through October 31, 1988. As discussed above, the Board has carefully reviewed all of these comments. The Board will consider any additional comments or extended studies that are completed by Protestants or other interested parties regarding the CRA record of the bank subsidiaries of Applicant in the context of future applications. The regulations of the Board and the other federal banking agencies require banks, in connection with their CRA statement, to maintain a public file of comments submitted regarding the institution's CRA record. See, e.g., 12 C.F.R. § 228.5. Comments and studies subsequently submitted by Protestants or other interested parties should also be submitted to the banks for inclusion in these public files. This will permit the appropriate federal banking agency for the individual bank to give appropriate consideration to these comments in the examination by that agency of the CRA performance of the bank.

3 12 U.S.C. § 1842(d). 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.

4 Under the Vermont statute, a New England bank holding company is defined as a bank holding company principally located in the states of Connecticut, Massachusetts, New Hampshire or Rhode Island. 8 Vermont Statutes Annotated § 1051 *et seq.*

5 The Vermont interstate banking statute requires the Vermont Commissioner of Banking and Insurance to issue a determination that the acquirer's principal place of business is in a reciprocal state. 8 V.S.A. § 1054(a). The Vermont Commissioner of Banking and Insurance by letter dated July 13, 1988, determined that Massachusetts is a reciprocal state.

6 Massachusetts General Laws Annotated Chapter 167A, § 2.

lations of the federal banking agencies. Based upon this record, the Board believes that the Bank of Boston has a satisfactory program in place to ensure that its subsidiary banks carry out their responsibilities under the CRA to serve the convenience and needs of their communities, including low- and moderate-income neighborhoods, and that its subsidiary banks' CRA performance is consistent with approval of the application.

In implementing the CRA, the Board and the other federal banking agencies have issued regulations specifying the assessment factors that would be taken into account during the examination process to determine whether the institution is meeting its responsibilities under the CRA. See 12 C.F.R. § 228.7. Based upon these factors and the Board's experience over the years in examining bank performance under the CRA, the Board believes that institutions with the most effective programs to help meet community credit needs share a number of elements. They maintain outreach programs which include procedures to permit effective communication between the bank and various segments of the community and formalized methods for incorporating findings regarding community credit needs into the development and delivery of products and services. They monitor institutional performance at the senior management or board of director level and periodically evaluate new opportunities for innovative lending programs, such as home mortgage and neighborhood residential rehabilitation lending and similar programs, to meet specific community credit needs, including those of low- and moderate-income persons. An effective program also includes the use of specifically designed marketing and advertising plans to stimulate public-awareness of the bank's services throughout the community, including low- and moderate-income neighborhoods, as well as support of community development projects and programs.

Initially, the Board notes that Bank of Boston's subsidiary banks have each received satisfactory ratings from their primary regulators in examinations of their CRA performance. In addition, the record shows that the First National Bank of Boston ("Boston Bank"), Applicant's lead bank, has a program in place that contains the necessary elements as outlined above to encourage effective CRA performance. The program has a community outreach component that calls for ongoing community contact by branch and departmental staff regarding the needs of the community, including low- and moderate-income neighborhoods, and the products and services that the bank offers to meet these needs. To promote community input regarding the community's needs and the development of its products and services, the Boston Bank has

established a community investment department, which routinely visits community development corporations, technical assistance organizations, school groups, public officials, human service providers, housing groups and business associations. The Boston Bank's staff is also involved in numerous community organizations and advisory groups throughout its area. The Boston Bank's mortgage originators maintain regular contact with local realtors and attend real estate brokerage industry seminars to ensure familiarity with the community's housing needs. The Boston Bank periodically conducts customer surveys and participates in a monthly survey of regional small business conditions.

The Boston Bank also seeks through specialized marketing efforts to ensure that all segments of the community are aware of its services. For example, the Bank regularly uses newspapers and media outlets, including neighborhood weeklies and ethnic publications, to reach all segments of the community.

The Boston Bank also has established a formalized system to monitor its CRA performance. This system includes a CRA compliance department with responsibility for monitoring implementation of the Boston Bank's CRA policies. In addition, the Bank annually prepares an internal report that discusses the outreach programs the Bank has in place to determine the needs of the community and outlines the steps taken by the Bank to satisfy those needs. This report is presented to the Boston Bank's board of directors and senior management. In addition, staff of the Bank's community investment department reports on a regular basis to a subcommittee of the board of directors of the Bank regarding the Bank's CRA performance.

Bank of Boston's other bank subsidiaries have similar CRA programs in place. Staff of the community investment department of the Boston Bank maintains working relationships with those banks, monitors their CRA performance, and reports to Bank of Boston's board of directors on performance of each of these banks at least annually.

The record also shows that the Bank of Boston's subsidiary banks have loan penetrations in all segments of their communities, including low- and moderate-income neighborhoods. An analysis of the Boston Bank's HMDA data indicates that a substantial percentage of its 1-4 family mortgage loans, home improvement, multi-family dwelling loans, and non-occupant housing loans were made in low- and moderate-income census tracts throughout the area it serves. With respect to small business lending, the Boston Bank has been an SBA lender for over 20 years and has more than \$275 million outstanding in loans, including certified SBA loans, to small businesses, with substantial amounts originated over the last sev-

eral years. The Bank is also a participant in the Boston Neighborhood Development Bank, providing nearly half of the loans originated by that organization. The Boston Bank has also participated recently in funding cooperative housing in its area, providing nearly \$1 million in funds for the rehabilitation of a housing cooperative unit in Boston.

In evaluating the Boston Bank's CRA performance, the Board has considered comments that the Bank does not make loans in the Pittsfield, Massachusetts area, where 24 percent of the HMDA tracts are considered low- and moderate-income areas. An analysis of HMDA data, however, reveals that Boston Bank is lending in the Pittsfield area and that a significant percentage of its lending in that community is in low- and moderate-income communities. Regarding Bank of Boston's Connecticut subsidiary, an analysis of HMDA data reveals that the bank, after its acquisition by Bank of Boston in 1985, has improved loan service to low- and moderate-income communities. Similarly, an analysis of HMDA data indicates that Bank of Boston's Rhode Island bank subsidiary is lending in low- and moderate-income communities. The Board expects that Bank of Boston will continue its efforts to improve the CRA performance of its banks in Connecticut and Rhode Island.

The Board has given particular attention to comments that Bank of Boston has a policy to close branches in low- and moderate-income neighborhoods and to concentrate on higher income areas. The record shows that the bank subsidiaries of Bank of Boston have opened and closed branches in their service areas in Connecticut, Massachusetts and Rhode Island.

An analysis of the branch closings and openings by Bank of Boston does not reveal a pattern of disinvestment in low- and moderate-income areas. The record shows that Bank of Boston maintains many branches in low- and moderate-income communities throughout its service areas and in fact has opened branches in these areas over the last several years. There is no apparent practice of opening branches solely in higher-income areas and closing branches in lower-income areas. The record shows that branches were closed in high-income areas as well as in low- and moderate-income communities, and that the decision to close individual branches was made in response to an assessment of the actual and expected profitability of these units, including the need to provide up-to-date facilities or to eliminate duplicative facilities resulting through Bank of Boston's acquisitions and mergers. In other instances, Bank of Boston's subsidiary banks sold branches to competing firms within a market, thus maintaining office area convenience, or reopened the branches at new locations in close proximity to the closed branches.

Finally, the Board notes that Bank of Boston has in place a written corporate policy concerning branch closings that requires management to notify the public in advance of any proposed closing, and to conduct an analysis of the impact of the branch closing on the local community and efforts that may be made to minimize any adverse impact.

The Board also notes that Bank of Vermont has received a satisfactory CRA assessment from its primary regulator. Protestants have not alleged any deficiencies in Bank's CRA record, and the Board expects Bank of Boston to continue the satisfactory CRA performance by Bank after consummation of this proposal.

For the foregoing reasons, the Board concludes that convenience and needs considerations are consistent with approval of these applications.⁹

The Board has previously determined that the retirement plan consulting services of Future Planning Associates, Inc., are closely related to and a proper incident of banking. 72 FEDERAL RESERVE BULLETIN 337 (1986). 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 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 BankVermont's nonbanking subsidiary.

Accordingly, based upon the foregoing and other facts of record, the Board has determined that the applications should be, and hereby are, approved. The acquisition of BankVermont 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

⁹ The Board has carefully considered the protestants' requests for public meetings or hearings in each of the states in which Bank of Boston subsidiary banks operate. Although section 3(b) of the Bank Holding Company Act does not require a public meeting or formal hearing in this instance, the Board may, in any case, order a public meeting or hearing. 12 C.F.R. § 262.3(e). The Board's Rules of Procedure also provide that a public meeting may be held to clarify factual issues related to the record of an applicant in meeting the convenience and needs of its community, or to provide an opportunity for interested persons to provide testimony. 12 C.F.R. § 262.25(d). The Board notes that protestants and Applicant have submitted substantial written material regarding the CRA performance of the institutions in this case and have held a private meeting to discuss these issues. In addition, the state of Vermont has held a public hearing at which several protestants presented their views. In light of these facts, the Board believes that a public meeting or hearing is not necessary to clarify the record in this case and would not serve any useful purpose, and these requests are, therefore, denied.

delegated authority. The determinations as to Bank of Boston'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 termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective November 30, 1988

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

JAMES MCAFEE
Associate Secretary of the Board

Bank of Ireland
Dublin, Ireland

Order Approving Formation of a Bank Holding Company

Bank of Ireland, Dublin, Ireland ("Applicant"), has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) ("BHC Act"), to become a bank holding company by acquiring all of the outstanding voting shares of First NH Banks, Inc., Manchester, New Hampshire ("First NH"),¹ and thereby indirectly to acquire First NH's eleven subsidiary banks in Maine and New Hampshire.² Applicant has also applied under section 4(c)(8) of the BHC Act (12 U.S.C.

¹ The proposed acquisition would be effected through two wholly owned subsidiaries of Applicant: Bank of Ireland (U.S.) Holdings, Inc., Manchester, New Hampshire ("BOI Holdings"), and BOI Acquisition Corp., a subsidiary of BOI Holdings. BOI Acquisition Corp. would be merged with and into First NH, which would then become a direct subsidiary of BOI Holdings.

In connection with this application, Applicant has applied for approval to exercise a warrant issued by First NH to BOI Holdings which would allow BOI Holdings to acquire up to 24.9 percent of the outstanding shares of First NH. The warrant would only be exercisable under certain conditions indicative of an attempted takeover by a third party.

² First NH's subsidiary banks are: The Bedford Bank, Bedford, The Exeter Banking Company, Exeter, First Capital Bank, N.A., Concord, First Central Bank, Plymouth, First Cheshire Bank, Keene, First NH Bank of Lebanon, Lebanon, First NH-White Mountain Bank, North Conway, Granite State National Bank, Somersworth, The Merchants National Bank of Manchester, Manchester, and the Wolfeboro National Bank, Wolfeboro, all in New Hampshire, and First NH Bank of Maine, Portland, Maine.

§ 1842(c)(8)) to acquire the nonbanking subsidiaries of First NH.³

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (53 *Federal Register* 29,950 (1988)). 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 sections 3(c) and 4(c)(8) of the BHC Act.

The Douglas Amendment to the BHC Act (12 U.S.C. § 1842(d)), prohibits the Board from approving an application by a bank holding company to acquire control of any bank located outside of the bank holding company's principal place of business 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." Pursuant to the International Banking Act ("IBA"), Applicant's principal place of business with regard to the Douglas Amendment would be New Hampshire.⁴ Hence, Applicant's indirect acquisition of First NH Bank of Maine, as well as First NH's other bank subsidiaries, which are located in New Hampshire, is not prohibited by the Douglas Amendment or the IBA. The Board has previously determined that Maine law authorizes a New Hampshire bank holding company to acquire a Maine bank or bank holding company.⁵

Applicant, with total assets of approximately \$14.2 billion, is the second largest banking institution in Ireland.⁶ Applicant has 275 offices in Ireland and

³ Applicant has applied to acquire First NH Mortgage Corp., Hooksett, New Hampshire, and thereby engage in mortgage banking activities in New England, including the origination, purchase, sale, and servicing of residential mortgages, First NH Resources, Inc., Boston, Massachusetts, and thereby engage in leasing transactions involving equipment valued at more than \$1 million, New England Acceptance Corporation, Keene, New Hampshire, and thereby engage in insurance premium financing activities, Vender Funding Co., Inc., New Hyde Park, New York, and thereby engage in leasing equipment valued between \$5000 and \$250,000, and EG & G Financial Services, Inc., Wellesley, Massachusetts, and thereby engage in equipment leasing. These activities are authorized by sections 225.25(b)(1) and (5) of the Board's Regulation Y (12 C.F.R. §§ 225.25(b)(1) and (5)).

⁴ Section 5(a)(5) of the IBA (12 U.S.C. § 3103(a)(5)) prohibits a foreign bank from acquiring voting shares of a bank located outside of its home state if the acquisition would be prohibited under the Douglas Amendment if the foreign bank were a bank holding company whose principal place of business were its home state. Applicant had originally selected New York as its home state under the Board's Regulation K (12 C.F.R. § 211.22(b)), but has notified the Board of its intention to change its home state to New Hampshire pursuant to the provision of Regulation K permitting a one-time change of home state (12 C.F.R. § 211.22(c)).

Applicant will also retain its New York branch, which was opened prior to July 27, 1978, pursuant to the grandfather provisions of section 5(b) of the IBA (12 U.S.C. § 3103(b)), as well as section 211.22(c)(2) of the Board's Regulation K (12 C.F.R. § 211.22(c)(2)).

⁵ *First NH Banks, Inc.*, 73 *FEDERAL RESERVE BULLETIN* 72 (1987). In addition, the Superintendent of the Maine Bureau of Banking approved Applicant's proposal on September 8, 1988.

⁶ Data are as of June 30, 1988.

operates 27 branches and 3 representative offices worldwide including its branch in New York

First NH is the largest commercial banking organization in New Hampshire, controlling deposits of \$1.8 billion, representing 20.9 percent of the total deposits in commercial banks in New Hampshire.⁷ First NH is also the sixteenth largest commercial banking organization in Maine, controlling deposits of \$7.2 million, representing less than one percent of the total deposits in commercial banks in Maine. Applicant does not compete in New Hampshire or Maine, and the Board concludes that the proposed transaction will not have any adverse effect on competition, or increase the concentration of resources, in any relevant market in the United States.⁸

The financial resources of Applicant, First NH, and its subsidiary banks are consistent with approval.

The Board also has considered previous violations by First NH's subsidiary banks of the Currency and Foreign Transactions Reporting Act (31 U.S.C. § 5311 *et seq.*) ("CFTRA"). In connection with earlier proposals by First NH, the Board reviewed First NH's CFTRA violations that occurred at certain of its NH's subsidiary banks.⁹ In that case, the Board determined that corrective actions taken by First NH were satisfactory and concluded that overall managerial considerations were consistent with approval.

After consummation of these proposals, additional CFTRA violations were discovered at certain subsidiary banks of First NH. First NH has assured the Board that it has implemented CFTRA compliance procedures at its subsidiary banks sufficient to resolve these reporting violations, and the FDIC has agreed with this assessment. The Board has also consulted with the Department of Treasury regarding these violations.

Applicant has indicated that it regards improved compliance ratings as a high priority, and that it will review First NH's continued commitment to compliance matters through the appointment of one of Applicant's representatives to the Audit Committee of First NH. Applicant also stated that it will review the compliance record of First NH through periodic reports. On the basis of these factors, and all other facts of record, the Board concludes that the managerial

resources of Applicant and First NH are consistent with approval.

In considering the convenience and needs of the community to be served, the Board has taken into account the record of First NH's banks and Applicants' New York branch under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The CRA requires the 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 end, the CRA requires the appropriate federal supervisory authority to "assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the institution." The Board is required to "take such record into account in its evaluation" of applications under section 3 of the BHC Act.

In this regard, the Board has received comments from the Massachusetts Urban Reinvestment Advisory Group, Inc., Boston, Massachusetts ("MURAG"), on behalf of itself, the Franklin Area Community Land Trust, Franklin, New Hampshire, and New Hampshire Citizen's Action. MURAG has alleged that a foreign bank is incapable of meeting the credit and financial needs of the local community, and that the CRA records of First NH and its subsidiaries show little communication, outreach, or assessment of community credit needs.¹⁰

Initially, the Board notes that First NH's subsidiary banks and Applicant's New York branch have received satisfactory CRA assessments from their primary supervisory agencies. Applicant has also committed to support fully the CRA and other community activities pursued by First NH's banks.

Representatives from Applicant and First NH met with MURAG representatives in connection with this application, and although the two parties were not completely able to resolve their differences, First NH committed, in a letter to MURAG, to continue to endeavor to meet the credit and financial needs of its local communities. First NH stated that it will continue to participate in housing programs in low- and moderate-income neighborhoods, and continue to par-

⁷ State banking data are as of December 31, 1987.

⁸ One of First NH's subsidiary banks, First Cheshire Bank, Keene, New Hampshire, has a branch in Hinsdale, New Hampshire, which is part of the Brattleboro, Vermont banking market. Applicant does not compete in the Brattleboro market, and the Board concludes that the proposed transaction will not have any adverse effect on competition, or increase the concentration of resources in that market.

⁹ *First NH Banks, Inc.*, 73 FEDERAL RESERVE BULLETIN 72 (1987).

¹⁰ MURAG also requested that the Board hold a public hearing to further assess the facts surrounding Applicant's proposal. Under the Board's rules, the Board may hold a public hearing on an application to clarify factual issues related to the application and to provide an opportunity for testimony, if appropriate. 12 U.S.C. § 262.25(d). In light of the fact that the parties in this case have had ample opportunity to present their arguments in writing and to respond to one another's submissions, the Board has determined that a public meeting would serve no useful purpose. Accordingly, the request for a public hearing is denied.

ticipate in below-market-rate loan programs and offer competitive mortgage financing products. First NH also will remain active in groups such as the New Hampshire Community Development Finance Authority and the Northern New Hampshire Housing Cooperative in an effort to provide more affordable housing throughout New Hampshire

Furthermore, First NH will continue its community outreach program, and establish a program of periodic meetings with various community groups to continually assess community credit needs. First NH's CRA Officer will also meet periodically with First NH's marketing committee, as well as senior management of First NH and the presidents of First NH's subsidiary banks to discuss and evaluate marketing plans and CRA performance. As noted, Applicant has committed to support these initiatives. Accordingly, on the basis of the record, including the past CRA performance of First NH and its subsidiary banks and Applicant's New York branch, as well as First NH's future CRA plans, the Board believes that considerations relating to the convenience and needs of the communities to be served are consistent with approval.

There is no evidence in the record to indicate that approval of this proposal would result in decreased competition, in undue concentration of resources, 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 public interest factors it must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval of the applications to acquire First NH's nonbanking subsidiaries and activities.

Based on the foregoing and other facts of record, the Board has determined that the applications should be, and hereby are, approved. The acquisitions shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Boston, acting 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 evasion thereof.

By order of the Board of Governors, effective November 16, 1988.

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

JAMES MCAFEE
Associate Secretary of the Board

The Royal Bank of Scotland Group plc Edinburgh, Scotland

Order Approving Formation of a Bank Holding Company

The Royal Bank of Scotland Group plc, Edinburgh, Scotland, ("Applicant"), has applied for the Board's approval under sections 3(a)(1) and 4(c)(8) of the Bank Holding Company Act of 1956, as amended (12 U.S.C. §§ 1842(a)(1) and 1843(c)(8)) ("BHC Act"), to become a bank holding company by acquiring all of the voting shares of Citizens Financial Group, Inc., Providence, Rhode Island ("Citizens"),¹ a bank holding company, and thereby indirectly acquire Citizens Savings Bank, Providence, Rhode Island, Citizens Trust Company, Providence, Rhode Island, and Fairhaven Savings Bank, Fairhaven, Massachusetts ("Fairhaven Savings").²

Applicant has also applied for the Board's approval under section 4 of the BHC Act (12 U.S.C. § 1843) to acquire Gulf States Mortgage Co., Inc., Atlanta, Georgia, a nonbanking subsidiary of Citizens, and thereby engage in mortgage banking and in the sale of credit-related insurance. These activities are authorized for bank holding companies pursuant to the Board's Regulation Y, 12 U.S.C. §§ 225.25(b)(1) and (8).

Notice of the applications, affording interested persons an opportunity to submit comments, has been duly published (53 *Federal Register* 29,952 (1988)). 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 sections 3(c) and 4(c)(8) of the BHC Act.

Applicant, with total assets of approximately \$40.3 billion, is the 7th largest bank in the United Kingdom and the 114th largest commercial bank in the world.³ In the United States, Applicant operates a branch in

¹ Citizens (U.K.) Limited, Edinburgh, Scotland, a subsidiary of Applicant, has also applied to become a bank holding company and will engage in no other activity than to hold the shares of Citizens.

² Alternatively, in the event that an entity other than Applicant gains control of Citizens, Applicant has proposed to acquire an option to purchase up to 24.99 percent of the voting shares of Citizens.

³ All data are as of March 31, 1988.

New York City, an agency in San Francisco, and representative offices in Chicago, Los Angeles and Houston Applicant's home state is Rhode Island under the International Banking Act ("IBA") and the Board's Regulation K.⁴

The Douglas Amendment to the BHC Act (12 U.S.C. § 1842(d)) prohibits the Board from approving an application by a bank holding company to acquire control of any bank located outside of the bank holding company's principal place of business 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." Pursuant to the IBA, Applicant's principal place of business with regard to the Douglas Amendment would be Rhode Island.⁵ Hence, Applicant's indirect acquisition of Citizens' two Rhode Island bank subsidiaries is not prohibited by the Douglas Amendment or the IBA. Applicant's acquisition of Fairhaven Savings, a Massachusetts bank, is also not prohibited by the Douglas Amendment or the IBA. The Board has previously determined that Massachusetts law⁶ authorizes a Rhode Island bank holding company to acquire a Massachusetts bank or bank holding company.⁷ Massachusetts law requires, however, that the acquiring bank holding company obtain approval for the acquisition from the Massachusetts Board of Bank Incorporation. Based on the foregoing, the Board has determined that, subject to the Applicant's obtaining approval from the Massachusetts Board, the proposed acquisition is specifically authorized by the statute laws of Massachusetts and thus Board approval is not prohibited by the Douglas Amendment.

⁴ Applicant originally selected New York as its home state under the Board's Regulation K (12 C.F.R. § 211.22(b)), but in connection with this transaction, changed its home state to Rhode Island pursuant to the provision of Regulation K permitting a one-time change of home state (12 C.F.R. § 211.22(c)). Section 211.22(c) provides that a foreign bank may change its home state once if prior notice is filed with the Board and if domestic branches established and investments in banks acquired in reliance on its original home state selection are conformed to those that would have been permissible had the new home state been selected as its home state originally. Royal may retain its New York branch, however, because it was acquired prior to July 27, 1978, therefore the branch is grandfathered and may be retained under section 5(b) of the International Banking Act (12 U.S.C. § 3103(b)).

⁵ Section 5(a)(5) of the IBA (12 U.S.C. § 3103(a)(5)) prohibits a foreign bank from acquiring voting shares of a bank located outside of its home state if the acquisition would be prohibited under the Douglas Amendment and if the foreign bank were a bank holding company whose principal place of business were its home state. As previously noted, Royal's home state pursuant to Regulation K is Rhode Island.

⁶ Mass. Ann. Laws Ch. 167A, § 2 (1987).

⁷ *Citizens Financial Group, Inc.*, 74 FEDERAL RESERVE BULLETIN 496 (1988), and *Fleet Financial Group, Inc.*, 70 FEDERAL RESERVE BULLETIN 834 (1984).

Applicant and Citizens do not compete in any market. Consummation of this proposal would not result in any adverse effect upon competition or increase the concentration of resources in any relevant market. Accordingly, the Board concludes that competitive considerations under the BHC Act are consistent with approval.

The financial and managerial resources of Applicant and Citizens are consistent with approval. Convenience and needs considerations are also consistent with approval.

There is no evidence in the record that approval of this proposal would result in decreased competition, undue concentration of resources, 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 public interest factors it must consider under section 4(c)(8) is favorable and consistent with approval of the applications to acquire Citizens' nonbanking subsidiary and activities.

Based on the foregoing and other facts of record, the Board has determined that the applications should be, and hereby are, approved. The acquisition of Citizens shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Boston, acting pursuant to delegated authority. 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 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 7, 1988.

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

JAMES MCAFEE
Associate Secretary of the Board

APPLICATIONS APPROVED UNDER BANK HOLDING COMPANY ACT

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 the Freedom of Information Office, Office of the Secretary, Board of Governors of the Federal Reserve System, Washington, D C 20551

Section 3

Applicant	Bank(s)	Effective date
FirstBank Holding Company of Colorado, Lakewood, Colorado	First Bank of Southmoor Park, N A , Denver, Colorado First Bank at Buckley/Quincy, N A , Aurora, Colorado First Bank of Table Mesa, N A , Boulder, Colorado FirstBank at 30th/Arapahoe, N A , Boulder, Colorado FirstBank at Chambers/Mississippi, N A , Aurora, Colorado	November 14, 1988
FirstBank Holding Company of Colorado, Lakewood, Colorado	FirstBank of West Vail, Vail, Colorado	November 18, 1988

Section 4

Applicant	Nonbanking Activity/Company	Effective date
First Chicago Corporation, Chicago, Illinois	Midwest Mortgage Services, Inc , Oakbrook Terrace, Illinois	November 23, 1988
Norwest Corporation, Minneapolis, Minnesota	Hopkins Insurance Agency, Inc , Des Moines, Iowa	November 18, 1988
SunTrust Banks, Inc , Atlanta, Georgia	BHC Holding, Inc , Philadelphia, Pennsylvania	November 1, 1988
The First National Bank of Chicago, Chicago, Illinois	Midwest Mortgage Services, Inc , Oakbrook Terrace, Illinois	November 16, 1988

Sections 3 and 4

Applicant	Bank(s)	Effective date
Commerce Bancshares, Inc , Kansas City, Missouri	Midwest Financial Group, Inc , Peoria, Illinois	November 23, 1988

Bank Merger Act

Applicant	Bank(s)	Effective date
First Interstate Bank of California, Los Angeles, California	Point West Bank, Sacramento, California	November 23, 1988

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(s)	Bank(s)	Reserve Bank	Effective date
Adrian Bancshares, Inc , Adrian, Missouri	Adrian Bank, Adrian, Missouri	Kansas City	October 21, 1988
American Bankshares, Inc , Marietta, Georgia	Cobb American Bank and Trust Company, Marietta, Georgia	Atlanta	November 14, 1988
Atcorp, Inc , Atco, New Jersey	Atco National Bank, Atco, New Jersey	Philadelphia	October 31, 1988
Bancorp II, Inc , Kansas City, Kansas	The Citizens Bank of Pilot Grove, Pilot Grove, Missouri	Kansas City	October 28, 1988
Banterra Corp , Eldorado, Illinois	The Hamilton County Bank, McLeansboro, Illinois	St Louis	November 16, 1988
Berger Bancorp, Inc , Berger, Missouri	Farmers and Merchants Bank of Berger, Berger, Missouri	St Louis	November 8, 1988
B H C , Inc , Arlington, Georgia	Bostwick Banking Company, Arlington, Georgia	Atlanta	October 31, 1988
Blue Ridge Bankshares, Inc , Luray, Virginia	The Page Valley National Bank of Luray, Luray, Virginia	Richmond	November 7, 1988
Blunt Bank Holding Company, Blunt, South Dakota	State Bank of Blunt, S D , Blunt, South Dakota	Minneapolis	November 23, 1988
Buena Vista Bancorp, Inc , Chester, Illinois	Buena Vista National Bank, Chester, Illinois	St Louis	November 4, 1988
Central Banccompany, Jefferson City, Missouri	Centerre Bank of Branson, Branson, Missouri	St Louis	November 7, 1988
Citizens Independent Bancorp, Inc , Logan, Ohio	The Citizens Bank of Logan, Logan, Ohio	Cleveland	October 31, 1988
CNB Bancorp, Inc , Gloversville, New York	City National Bank and Trust Company of Gloversville, Gloversville, New York	New York	November 9, 1988
Commerce Bancorp, Inc , Cherry Hill, New Jersey	Citizens State Bank of New Jersey, Forked River, New Jersey	Philadelphia	November 4, 1988

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective date
Dickinson Financial Corporation, Chillicothe, Missouri	Citizens State Bank, Maryville, Missouri Community Bank, Chillicothe, Missouri First National Bank of Kirksville, Kirksville, Missouri Fort Knox National Bank, Fort Knox, Kentucky Citizens Bank, Shelbyville, Missouri	Kansas City	October 28, 1988
Duke Financial Group, Inc , St Paul, Minnesota	Citizens State Bank of Montgomery, Montgomery, Minnesota	Minneapolis	October 26, 1988
Dulaney Bancorp, Inc , Marshall, Illinois	The Dulaney National Bank of Marshall, Marshall, Illinois	Chicago	November 23, 1988
Edgeley Bancorporation, Inc , Edgeley, North Dakota	The Security National Bank of Edgeley, Edgeley, North Dakota	Minneapolis	November 16, 1988
1867 Western Financial Corporation, Stockton, California	Bank of Stockton, Stockton, California	San Francisco	November 9, 1988
Empire Bank Corp , Homerville, Georgia	Empire Banking Company, Homerville, Georgia	Atlanta	November 2, 1988
Equity Financial Ventures, Inc , Hialeah, Florida	The Village Bank, Hialeah, Florida	Atlanta	November 18, 1988
Financial Institutions Holding Corporation, Riverdale, Maryland	The Bank of Bowie, Bowie, Maryland	Richmond	November 23, 1988
First Bancorporation of Akron, Akron, Ohio	The First National Bank in Massillon, Massillon, Ohio	Cleveland	October 28, 1988
First Commercial Corporation, Little Rock, Arkansas	Benton State Bankshares, Inc , Benton, Arkansas	St Louis	November 17, 1988
First Commercial Corporation, Little Rock, Arkansas	The Citizens Bank, England, Arkansas	St Louis	November 4, 1988
FirstMorrill Co , Omaha, Nebraska	Morrill Insurance Services, Inc., Morrill, Nebraska Ansley Insurance Agency, Ansley, Nebraska	Kansas City	November 8, 1988
First of America Bank Corporation, Kalamazoo, Michigan	Quad Cities First Company, Rock Island, Illinois	Chicago	November 22, 1988
First of America Bancorporation-Illinois, Inc , Libertyville, Illinois	Quad Cities First Company, Rock Island, Illinois	Chicago	November 22, 1988
FirstPerryton Bancorp, Inc , Perryton, Texas	The First National Bank of Hereford, Hereford, Texas	Dallas	November 10, 1988

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective date
First Shares, Inc , Platteville, Wisconsin	The First National Bank of Platteville, Platteville, Wisconsin	Chicago	October 31, 1988
Firstshares of Texas, Inc , Marshall, Texas	The First National Bank of Marshall, Marshall, Texas	Dallas	November 8, 1988
First Southern Bancorp, Inc , Stanford, Kentucky	Peoples Bank of Paint Lick, Paint Lick, Kentucky	Cleveland	November 2, 1988
First State Bancorporation, Taos, New Mexico	First State Bank of Taos, Taos, New Mexico	Kansas City	November 3, 1988
Livingston & Company Southwest, L P , Chicago, Illinois	New Mexico Bank Corporation, Inc , Albuquerque, New Mexico	Kansas City	November 3, 1988
Livingston Southwest Corporation, Chicago, Illinois	First State Bancorporation, Taos, New Mexico		
Florida Security Holding Corporation, Maitland, Florida	First American Bank of Orange County, Maitland, Florida	Atlanta	November 4, 1988
F N B Corporation, Hermitage, Pennsylvania	Farmers National Bank of Emlenton, Emlenton, Pennsylvania	Cleveland	November 4, 1988
FNB, Inc , Denver, Colorado	Colorado National Bank-Greeley, Greeley, Colorado	Kansas City	November 10, 1988
FNW Bancorp, Inc , Elgin, Illinois	The Heritage Group, Inc , Woodridge, Illinois	Chicago	November 9, 1988
Ford Bank Group, Inc , Lubbock, Texas	Lubbock Bancorporation, Inc , Lubbock, Texas	Dallas	October 19, 1988
Fourth Financial Corporation, Wichita, Kansas	IV Topeka Acquisition, Inc , Wichita, Kansas Fairlawn Plaza Investments, Inc , Topeka, Kansas	Kansas City	November 10, 1988
Gore-Bronson Bancorp, Inc , Northbrook, Illinois	The Palwaukee Bank, Prospect Heights, Illinois	Chicago	November 2, 1988
HMC Holding Company, Sioux Falls, South Dakota	Gary State Bank, Gary, South Dakota	Minneapolis	November 4, 1988
Indiana Bancshares, Inc , Greenwood, Indiana	Hoosier Bancshares, Inc , Bloomington, Indiana	Chicago	November 16, 1988
Jamestown Bancorp, Inc , Jamestown, Kentucky	Bank of Jamestown, Jamestown, Kentucky	St Louis	November 22, 1988
Main Street Banks Incorporated, Covington, Georgia	The Bank of Covington, Covington, Georgia	Atlanta	October 19, 1988
Marshall & Ilsley Corporation, Milwaukee, Wisconsin	Scottscom Bancorp, Inc , Scottsdale, Arizona	Chicago	November 16, 1988
Merchants National Corporation, Indianapolis, Indiana	BSB Bancorp, Batesville, Indiana	Chicago	October 31, 1988
Merchants National Corporation, Indianapolis, Indiana	Riley Company, Inc , East Chicago, Indiana	Chicago	October 24, 1988

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective date
Meredosia Bancorporation, Inc , Springfield, Illinois	Mount Zion State Bank and Trust, Mount Zion, Illinois	St Louis	November 4, 1988
M & M Bancorp, Inc , Ellisville, Mississippi	M & M Financial Corporation, Laurel, Mississippi Merchants and Manufacturers Bank of Ellisville, Ellisville, Mississippi	Atlanta	November 10, 1988
M O Packard Investment Company, Springville, Utah	Kolob Investment Company, Springville, Utah	San Francisco	November 4, 1988
Muncy Bank Financial, Inc , Muncy, Pennsylvania	The Muncy Bank and Trust Company, Muncy, Pennsylvania	Philadelphia	November 8, 1988
National Banc of Commerce Company, Charleston, West Virginia	GuarantyShares of West Virginia, Inc , Huntington, West Virginia	Richmond	November 22, 1988
National Banc of Commerce Company, Charleston, West Virginia	The Bank of Man, Man, West Virginia	Richmond	November 22, 1988
NBCC, Inc , Charleston, West Virginia	The Guaranty National Bank of Huntington, Huntington, West Virginia	Richmond	November 22, 1988
New Mexico Bank Corporation, Inc , Albuquerque, New Mexico	Banquest National Bank of Albuquerque, Albuquerque, New Mexico	Kansas City	November 3, 1988
North Shore Financial Corporation, Duluth, Minnesota	Airport State Bank, Duluth, Minnesota	Minneapolis	November 23, 1988
Parker Bancshares, Inc , Dover, Delaware	Weatherford National Bank, Weatherford, Texas	Dallas	November 23, 1988
P C B Bancorp, Inc , Largo, Florida	Pinellas Community Bank, Largo, Florida	Atlanta	November 4, 1988
Peoples Bancorp Inc , Marietta, Ohio	Heartland BancCorp, Grove City, Ohio	Cleveland	October 28, 1988
Peoples Bancshares, Inc , Elba, Alabama	The Peoples Bank, Elba, Alabama	Atlanta	October 21, 1988
Peoples Heritage Financial Group, Inc , Portland, Maine	Oxford Bank and Trust, Oxford, Maine	Boston	November 17, 1988
Pioneer Bancorp, Inc , Chicago, Illinois	Pioneer Bank & Trust Company, Chicago, Illinois	Chicago	November 2, 1988
PNC Financial Corp, Pittsburgh, Pennsylvania	The Clayton Bank and Trust Company, Clayton, Delaware	Cleveland	November 7, 1988
Port St Lucie National Bank Holding Corp , Port St Lucie, Florida	Port St Lucie National Bank, Port St Lucie, Florida	Atlanta	October 28, 1988

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective date
Premier Bancshares of Texas, Inc , Victoria, Texas	Bank of Kerrville, Kerrville, Texas	Dallas	November 17, 1988
Raymond Bancorp, Inc , Raymond, Illinois Raymond Acquisition Corporation, Raymond, Illinois	S B V Banc Shares, Inc , Virden, Illinois	St Louis	October 21, 1988
Redwood Empire Bancorp, Santa Rosa, California	National Bank of the Redwoods, Santa Rosa, California	San Francisco	November 4, 1988
Republic Bancorp, Inc , Ann Arbor, Michigan	Republic Bank-Oakland, Bloomfield Hills, Michigan	Chicago	November 9, 1988
Sebastian Bancshares, Inc , Barling, Arkansas	Citizens Bank of Lavaca, Lavaca, Arkansas	St. Louis	November 10, 1988
Seligman Bancshares, Inc , Seligman, Missouri	Bank of Seligman, Seligman, Missouri	St Louis	November 7, 1988
Sierra Petroleum Co , Inc , Wichita, Kansas	Graham-Michaelis Financial Corporation, Wichita, Kansas NBW Financial Corporation, Wichita, Kansas	Kansas City	October 18, 1988
SouthTrust Corporation, Birmingham, Alabama	Meigs County Bancshares, Inc , Decatur, Tennessee	Atlanta	November 22, 1988
Southwest Missouri Bancorporation, Inc , Carthage, Missouri	Bank of Miami, Miami, Oklahoma	Kansas City	November 15, 1988
Terrapin Bancorp, Inc , Elizabeth, Illinois	The Elizabeth State Bank, Elizabeth, Illinois	Chicago	November 14, 1988
The Bancorp of Tomah, Inc , Tomah, Wisconsin	First Bank of Tomah, Tomah, Wisconsin	Chicago	October 28, 1988
The Bank of New Mexico Holding Company, Albuquerque, New Mexico	Western Bank of Springer, Springer, New Mexico	Kansas City	November 18, 1988
The Citizens and Southern Corporation, Atlanta, Georgia Citizens and Southern Georgia Corporation, Atlanta, Georgia	Heritage Trust, Conyers, Georgia	Atlanta	November 23, 1988
Thompson Financial, Ltd , Fort Worth, Texas	Texas Security Bancshares, Inc , Fort Worth, Texas	Dallas	November 3, 1988
Trenton Trust Bancshares, Inc , Trenton, Missouri	Trenton Trust Company, Trenton, Missouri	Kansas City	October 28, 1988
Tritten Bancshares, Inc , St Robert, Missouri	Bank of Plato, Plato, Missouri	St Louis	October 25, 1988

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective date
U S Bancorp, Portland, Oregon	Bank of Loleta, Eureka, California Western Independent Bancshares, Inc , Auburn, Washington	San Francisco	November 7, 1988
Vineyard National Bancorp, Rancho Cucamonga, California	Vineyard National Bank, Rancho Cucamonga, California	San Francisco	November 14, 1988
Weslaco Bancshares, Inc , Weslaco, Texas	City National Bank, Weslaco, Texas	Dallas	October 31, 1988
Western Springs Bancorp, Inc , Chicago, Illinois	Continental Illinois Bank of Western Springs, National Association, Western Springs, Illinois	Chicago	October 28, 1988
WIN Bancorp, Inc , Winchester, Illinois	Winchester National Bank, Winchester, Illinois	St Louis	November 7, 1988
Worthington Bancshares, Inc , Indianapolis, Indiana	Worthington State Bank, Worthington, Indiana	St Louis	October 31, 1988
Wyandotte Ban Corporation, Kansas City, Kansas	The Edwardsville Bank, Edwardsville, Kansas	Kansas City	October 28, 1988

Section 4

Applicant	Nonbanking Activity/Company	Reserve Bank	Effective date
First Bank System, Inc , Minneapolis, Minnesota	Columbia Savings, Denver, Colorado	Minneapolis	October 31, 1988
First Bank System, Inc , Minneapolis, Minnesota	Interstate Lending Corporation, Englewood, Colorado	Minneapolis	November 4, 1988
Fleet/Norstar Financial Group, Inc , Providence, Rhode Island	Brokers Securities, Inc , Norfolk, Virginia	Boston	November 14, 1988
F N B Corporation, Hermitage, Pennsylvania	Household Bank, FSB, Columbus, Ohio	Cleveland	November 16, 1988
Montana Bancsystem, Inc , Billings, Montana	Mr Richard Mihalovich, d b a The Insurance Center, Roundup, Montana	Minneapolis	November 1, 1988
U S Bancorp, Portland, Oregon	State Financial Services, Inc , Bend, Oregon	San Francisco	November 14, 1988

Sections 3 and 4

Applicant	Nonbanking Activity/Company	Reserve Bank	Effective date
Big Sioux Financial, Inc , Estelline, South Dakota	The Farmers State Bank of Estelline, Estelline, South Dakota Farmers State Bank Agency, Estelline, South Dakota	Minneapolis	October 21, 1988
Fleet/Norstar Financial Group, Inc , Providence, Rhode Island	Indian Head Banks Inc , Nashua, New Hampshire	Boston	November 18, 1988
KeyCorp, Albany, New York	First Wyoming Bancorporation, Cheyenne, Wyoming	New York	November 15, 1988
Key Bancshares of Wyoming Inc , Cheyenne, Wyoming	First Wyoming Bancorporation, Cheyenne, Wyoming	New York	November 15, 1988
Marietta Bancshares, Inc , Marietta, Minnesota	State Bank of Marietta, Marietta, Minnesota Marietta Insurance Agency, Marietta, Minnesota	Minneapolis	November 3, 1988

*APPLICATIONS APPROVED UNDER BANK MERGER ACT**By Federal Reserve Banks*

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

Applicant	Bank(s)	Reserve Bank	Effective date
Central Florida Banc Shares, Inc , Maitland, Florida	First American Bank of Orange County, Maitland, Florida	Atlanta	November 4, 1988
First City Bank of Dallas, Dallas, Texas	First City Bank of Lewisville, Lewisville, Texas First City Bank of Plano, N A , Plano, Texas	Dallas	November 22, 1988
Scottscom Bank, Scottsdale, Arizona	Thunderbird Bank, Phoenix, Arizona	San Francisco	November 16, 1988
The State Savings Bank of South Lyon, South Lyon, Michigan	First of America Bank-Ann Arbor, Ann Arbor, Michigan	Chicago	October 20, 1988

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

MCorp v Board of Governors, No CA3-88-2693-F (N D Tex , filed October 28, 1988)

White v Board of Governors, No CU-S-88-623-RDF (D Nev , filed July 29, 1988)

VanDyke v Board of Governors, No 88-5280 (8th Cir , filed July 13, 1988)

Whitney v United States, et al , No CA3-88-1596-H (N D Tex , filed July 7, 1988)

Baugh v Board of Governors, No C88-3037 (N D Iowa, filed April 8, 1988)

Bonilla v Board of Governors, No 88-1464 (7th Cir , filed March 11, 1988)

Cohen v Board of Governors, No 88-1061 (D N J , filed March 7, 1988)

Stoddard v Board of Governors, No 88-1148 (D C Cir , filed February 25, 1988)

Independent Insurance Agents of America, Inc v Board of Governors, No 87-1686 (D C Cir , filed November 19, 1987)

Irving Bank Corporation v Board of Governors, No 88-1176 (D C Cir , filed March 1, 1988)

National Association of Casualty and Surety Agents, et al , v Board of Governors, Nos 87-1644, 87-1801, 88-1001 88-1206, 88-1245, 88-1270 (D C Cir , filed Nov 4, Dec 21, 1987, Jan 4, March 18, March 30, April 7, 1988)

Teichgraeber v. Board of Governors, No. 87-2505-0 (D Kan , filed Oct. 16, 1987)

Northeast Bancorp v Board of Governors, No 87-1365 (D C Cir , filed July 31, 1987).

National Association of Casualty & Insurance Agents v Board of Governors, Nos. 87-1354, 87-1355 (D C Cir , filed July 29, 1987)

The Chase Manhattan Corporation v Board of Governors, No 87-1333 (D C Cir , filed July 20, 1987)

Lewis v Board of Governors, Nos 87-3455, 87-3545 (11th Cir , filed June 25, Aug 3, 1987)

CBC, Inc v Board of Governors, No 86-1001 (10th Cir , filed Jan 2, 1986)

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1 10 RESERVES, MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES

Item	Monetary and credit aggregates (annual rates of change seasonally adjusted in percent) ¹								
	1987	1988				1988			
	Q4	Q1	Q2	Q3 ^r	June	July	Aug ^r	Sept ^r	Oct
<i>Reserves of depository institutions²</i>									
1 Total	2.5	3.5	5.8	4.3	5.4	11.9	-2.9	-1.9	-7
2 Required	1.4	2.9	7.2	4.0	8.6	9.7	-1.9	-2.3	-2.6
3 Nonborrowed ³	2.4	1.5	-6.5	2.5	-4.8	5.1	1.1	6.4	10.4
4 Monetary base ³	7.8	8.3	7.6	6.6	6.2	10.4	2.5	5.5	5.7
<i>Concepts of money liquid assets and debt⁴</i>									
5 M1	3.9	3.8	6.3	5.2	9.8	9.0 ^r	3	-2	1.7
6 M2	3.9	6.8	7.7	3.6	5.7	3.7	2.3	9	1.2
7 M3	5.5	7.1 ^r	7.7 ^r	5.7	7.8 ^r	7.0 ^r	3.8	1.5	4.7
8 L	5.8	6.9 ^r	9.0 ^r	7.0	4.4 ^r	11.4 ^r	4.9	1.2	n a
9 Debt	10.0	8.0	8.5	8.2	8.2 ^r	7.7 ^r	8.6	8.2	n a
<i>Nontransaction components</i>									
10 In M2 ⁵	3.9	7.8	8.2	3.1	4.3	1.8 ^r	3.1	1.3	1.0
11 In M3 only ⁶	11.9	8.2 ^r	7.4 ^r	13.6	15.7 ^r	19.6 ^r	9.2	3.8	17.9
<i>Time and savings deposits</i>									
<i>Commercial banks</i>									
12 Savings ⁸	7	6.3	11.0	8.8	12.9	9.6	7.6	-2.5	-2.5
13 Small-denomination time ⁸	14.8	13.7	11.8	10.2	6.2	8.8	12.6	20.0	23.4
14 Large-denomination time ⁹ 10	10.5	3.4	6.7	21.5	23.1 ^r	25.5 ^r	21.1	17.6	15.0
<i>Thrift institutions</i>									
15 Savings ⁸	-3.8	-2.4	6.6	5.7	9.0	7.0 ^r	5.4	-2.0	-8.9
16 Small-denomination time ⁸	16.0	21.3	14.0	4.5	1.7	1.3	6.1	10.1	9.0
17 Large-denomination time ⁹	22.2	13.7	9.3	4.5	-7 ^r	3.6 ^r	-7	24.3	15.4
<i>Debt components⁴</i>									
18 Federal	7.6	8.0	8.3	7.0	5.9	5.4	9.9	11.9	n a
19 Nonfederal	10.7	8.0	8.6	8.5	8.9 ^r	8.5 ^r	8.2	7.0	n a
20 Total loans and securities at commercial banks ¹¹	5.2 ^r	5.3 ^r	11.1 ^r	7.3	10.3	6.3	7.2	-7 ^r	7.1

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 depository institutions, (2) travelers checks of nonbank issuers, (3) demand deposits at all commercial banks other than those due to depository institutions, 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

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

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 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 1989

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						
	1988			1988						
	Aug	Sept	Oct	Sept 14	Sept 21	Sept 28	Oct 5	Oct 12	Oct 19	Oct 26
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit	251,530	256,979	255,178	254,921	258,506	259,277	258,674	255,459	255,563	254,497
2 U S government securities ¹	223 140	226,629	225 724	225 024	228 026	227 983	227,163	226,071	225,964	225,397
3 Bought outright	223,140	224,058	225,210	224,040	223,886	224,405	223,243	226,071	225,964	225,094
4 Held under repurchase agreements	0	2,571	514	984	4 140	3 578	3,920	0	0	303
5 Federal agency obligations	7,194	8,525	7,482	7,495	8,887	9 715	9 495	7 190	7 186	7 198
6 Bought outright	7,194	7,191	7 160	7 191	7,191	7,191	7,191	7 190	7 186	7 116
7 Held under repurchase agreements	0	1,334	322	304	1,696	2,524	2,304	0	0	82
8 Acceptances	0	0	0	0	0	0	0	0	0	0
9 Loans	3,267	2,722	2,337	3,031	2,911	2,257	2 621	2 124	2,283	2,359
10 Float	595	1,154	1,219	1,192	990	909	1 322	1 235	1,721	828
11 Other Federal Reserve assets	17,334	17,951	18,416	18,180	17,692	18,413	18,073	18 839	18 409	18 715
12 Gold stock ²	11,062	11 062	11,064	11,062	11,062	11,063	11,063	11,066	11,063	11,064
13 Special drawing rights certificate account	5,018	5,018	5,018	5,018	5,018	5 018	5 018	5 018	5 018	5,018
14 Treasury currency outstanding	18,555	18,606	18,667	18,597	18,611	18 625	18,639	18,653	18,667	18,681
ABSORBING RESERVE FUNDS										
15 Currency in circulation	235 916	236,382	237,156	237,454	236,170	235,096	235,856	237,607	237,898	236,965
16 Treasury cash holdings ²	396	392	398	389	389	389	391	405	401	396
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	3,153	7,684	5,954	3,986	8 971	12,209	9,890	5 211	5,470	5,623
18 Foreign	227	236	240	221	231	235	268	237	236	238
19 Service-related balances and adjustments	1,899	1,848	1,848	1,786	1,813	1,859	1,815	1,932	1,982	1,915
20 Other	377	404	352	332	467	440	344	307	314	389
21 Other Federal Reserve liabilities and capital	7,329	7,632	7,617	7,589	7,716	7 674	7,802	7,561	7,567	7,524
22 Reserve balances with Federal Reserve Banks ³	36 868	37,087	36,361	37,841	37,441	36,079	37,028	36,935	36,443	36,210
End-of month figures				Wednesday figures						
1988				1988						
	Aug	Sept	Oct	Sept 14	Sept 21	Sept 28	Oct 5	Oct 12	Oct 19	Oct 26
SUPPLYING RESERVE FUNDS										
23 Reserve Bank credit	251,520	261,855	257,722	256,053	274,670	261,227	251,579	256,648	257,243	253,025
24 U S government securities ¹	222,795	229,181	225 638	225,593	237 589	228 858	219,636	225,669	226,242	224,263
25 Bought outright	222,795	223,573	223,041	223,556	224,051	226,015	219,636	225,669	226,242	224,263
26 Held under repurchase agreements	0	5,608	2,597	2,037	13,538	2 843	0	0	0	0
27 Federal agency obligations	7,191	11,073	8,767	7,842	10,330	10,285	7,191	7,186	7,186	7,116
28 Bought outright	7,191	7,191	7,116	7 191	7,191	7,191	7,191	7,186	7,186	7,116
29 Held under repurchase agreements	0	3,882	1,651	651	3,539	3,094	0	0	0	0
30 Acceptances	0	0	0	0	0	0	0	0	0	0
31 Loans	3 237	2,154	2,275	2 907	7,373	2,664	5,173	2 279	3,546	1,980
32 Float	659	1,199	1,690	1,335	848	946	1,557	2,992	1,855	1,005
33 Other Federal Reserve assets	17,638	18,248	19,352	18,376	18,130	18 474	18,022	18,522	18,414	18,661
34 Gold stock ²	11,061	11,062	11,062	11,062	11,063	11 063	11,064	11,067	11,063	11,063
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	18,581	18,637	18,693	18,609	18,623	18 637	18,651	18,665	18,679	18,693
ABSORBING RESERVE FUNDS										
37 Currency in circulation	235,881	235,527	237,094	237,106	235,756	235,248	236,653	238 328	237,648	236,948
38 Treasury cash holdings ²	398	389	397	389	389	389	402	402	396	394
Deposits, other than reserve balances, with Federal Reserve Banks										
39 Treasury	4 390	13,023	6,151	4 846	19,014	14,694	3,917	4 842	5,532	5,690
40 Foreign	231	338	301	198	212	331	174	273	239	226
41 Service-related balances and adjustments	1 634	1,605	1,662	1,640	1,640	1,603	1,605	1,628	1,629	1,662
42 Other	392	358	348	339	344	371	315	308	337	600
43 Other Federal Reserve liabilities and capital	7,020	7,899	8 463	7 447	7 888	7,509	7,336	7 405	7,330	7,319
44 Reserve balances with Federal Reserve Banks ³	36,234	37,433	38,079	38 777	44 131	35,799	35,909	38 212	38,892	34,959

1 Includes securities loaned—fully guaranteed by U S government securities pledged with Federal Reserve Banks—and excludes any securities sold and scheduled to be bought back under matched sale-purchase transactions
 2 Revised for periods between October 1986 and April 1987 At times during this interval, outstanding gold certificates were inadvertently in excess of the gold

stock Revised data not included in this table are available from the Division of Research and Statistics, Banking Section
 3 Excludes required clearing balances and adjustments to compensate for float
 NOTE For amounts of currency and coin held as reserves, see table 1 12

1 12 RESERVES AND BORROWINGS Depository Institutions¹

Millions of dollars

Reserve classification	Monthly averages ⁹									
	1985	1986	1987	1988						
	Dec	Dec	Dec	Mar	Apr	May	June	July	Aug	Sept
1 Reserve balances with Reserve Banks ²	27,620	37,360	37,673	36,027	38,429	36,509	37,907	37,992	36,911	37,213
2 Total vault cash ³	22,953	24,079	26,155	25,926	25,200	25,873	25,717	26,479	26,895	26,726
3 Vault ⁴	20,522	22,199	24,449	24,049	23,636	24,172	24,084	24,763	25,054	24,940
4 Surplus ⁵	2,431	1,879	1,706	1,877	1,564	1,700	1,632	1,715	1,841	1,786
5 Total reserves ⁶	48,142	59,560	62,123	60,076	62,064	60,681	61,991	62,756	61,965	62,153
6 Required reserves	47,085	58,191	61,094	59,147	61,205	59,641	61,103	61,749	61,012	61,181
7 Excess reserve balances at Reserve Banks ⁷	1,058	1,369	1,029	929	859	1,040	888	1,007	953	972
8 Total borrowings at Reserve Banks	1,318	827	777	1,752	2,993	2,578	3,083	3,440	3,241	2,839
9 Seasonal borrowings at Reserve Banks	56	38	93	119	146	246	311	376	423	421
10 Extended credit at Reserve Banks ⁸	499	303	483	1,478	2,624	2,107	2,554	2,538	2,653	2,059
	Biweekly averages of daily figures for weeks ending									
	1988									
	June 29	July 13	July 27	Aug 10	Aug 24	Sept 7	Sept 21	Oct 5 ⁷	Oct 19	Nov 2
11 Reserve balances with Reserve Banks ²	37,260	38,831	37,399	37,343	36,422 ⁷	37,273	37,625	36,527	36,678	36,090
12 Total vault cash ³	26,237	26,270	26,647	26,571	27,400	26,351	26,787	26,924	27,612	26,825
13 Vault ⁴	24,492	24,629	24,889	24,762	25,313	24,555	25,054	25,063	25,806	25,310
14 Surplus ⁵	1,745	1,641	1,758	1,810	1,887	1,797	1,733	1,861	1,806	1,515
15 Total reserves ⁶	61,752	63,460	62,288	62,104	61,935	61,827	62,679	61,590	62,484	61,400
16 Required reserves	60,692	62,599	61,085	61,309	60,954	60,705	61,896	60,442	61,509	60,262
17 Excess reserve balances at Reserve Banks ⁷	1,060	861	1,203	796	981	1,123	783	1,148	975	1,139
18 Total borrowings at Reserve Banks	2,658	3,656	3,268	3,339	3,245	3,093	2,971	2,438	2,204	2,353
19 Seasonal borrowings at Reserve Banks	337	352	390	407	431	432	408	433	337	285
20 Extended credit at Reserve Banks ⁸	2,138	2,340	2,663	2,748	2,671	2,482	2,075	1,704	1,681	1,931

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

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

3 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.

4 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.

5 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.

6 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.

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

8 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.

9 Data are prorated monthly averages of biweekly averages.

A6 Domestic Financial Statistics □ January 1989

1 13 SELECTED BORROWINGS IN IMMEDIATELY AVAILABLE FUNDS Large Member Banks¹

Averages of daily figures, in millions of dollars

Maturity and source	1988 week ending Monday								
	Feb 15	Feb 22	Feb 29	Mar 7	Mar 14	Mar 21	Mar 28	Apr 4	Apr 11
<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	71,220	70,499	68,564	74,546	74,875	70,844	66,924	75,487	75,392
2 For all other maturities	10,983	10,336	10,925	10,486	10,990	11,063	10,781	10,964	10,407
From other depository institutions, foreign banks and foreign official institutions, and U S government agencies									
3 For one day or under continuing contract	34,496	35,712	36,350	38,939	40,780	38,287	36,308	35,383	39,168
4 For all other maturities	7,250	6,146	5,926	7,002	7,567	5,974	6,270	7,084	7,176
<i>Repurchase agreements on U S government and federal agency securities in immediately available funds</i>									
Brokers and nonbank dealers in securities									
5 For one day or under continuing contract	13,137	14,778	13,368	12,705	12,181	12,768	13,570	13,685	13,367
6 For all other maturities	16,451	13,610	14,974	13,797	14,617	14,374	13,645	15,050	14,082
All other customers									
7 For one day or under continuing contract	25,709	25,270	24,686	24,513	24,704	24,364	25,634	24,025	25,567
8 For all other maturities	9,655 ^r	9,173 ^r	9,588 ^r	9,613 ^r	10,403 ^r	12,275	10,562	11,956	9,572
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	34,848	36,414	32,112	35,273	35,864	35,301	31,377	36,189	33,848
10 To all other specified customers ²	14,115	13,620	13,381	13,953	14,047	13,503	14,184	12,487	13,170

¹ Banks with assets of \$1 billion or more as of Dec 31, 1977
These data also appear in the Board's H 5 (507) release For address, see inside front cover

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

1 14 FEDERAL RESERVE BANK INTEREST RATES

Percent per year

Federal Reserve Bank	Current and previous levels									
	Adjustment credit and Seasonal credit ¹			Extended credit ²						
	On 11/23/88	Effective date	Previous rate	First 30 days of borrowing			After 30 days of borrowing ³			
On 11/23/88				Effective date	Previous rate	On 11/23/88	Effective date	Previous rate	Effective date	
Boston	6½	8/9/88	6	6½	8/9/88	6	8 95	11/17/88	8 85	11/3/88
New York	↑	8/9/88	↑	↑	8/9/88	↑	↑	11/17/88	↑	11/3/88
Philadelphia	↑	8/9/88	↑	↑	8/9/88	↑	↑	11/17/88	↑	11/3/88
Cleveland	↑	8/9/88	↑	↑	8/9/88	↑	↑	11/17/88	↑	11/3/88
Richmond	↑	8/9/88	↑	↑	8/9/88	↑	↑	11/17/88	↑	11/3/88
Atlanta	↑	8/9/88	↑	↑	8/9/88	↑	↑	11/17/88	↑	11/3/88
Chicago	↓	8/10/88	↓	↓	8/10/88	↓	↓	11/17/88	↓	11/3/88
St Louis	↓	8/9/88	↓	↓	8/9/88	↓	↓	11/17/88	↓	11/3/88
Minneapolis	↓	8/9/88	↓	↓	8/9/88	↓	↓	11/17/88	↓	11/3/88
Kansas City	↓	8/9/88	↓	↓	8/9/88	↓	↓	11/17/88	↓	11/3/88
Dallas	↓	8/11/88	↓	↓	8/11/88	↓	↓	11/17/88	↓	11/3/88
San Francisco	6½	8/9/88	6	6½	8/9/88	6	8 95	11/17/88	8 85	11/3/88

Range of rates for adjustment credit in recent years⁴

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, 1977	6	6	1980—July 28	10–11	10	1984—Apr 9	8½–9	9
1978—Jan 9	6–6½	6½	29	10	10	13	9	9
20	6½	6½	Sept 26	11	11	Nov 21	8½–9	8½
May 11	6½–7	7	Nov 17	12	12	26	8½	8½
12	7	7	Dec 5	12–13	13	Dec 24	8	8
July 3	7–7¼	7¼	1981—May 5	13–14	14	1985—May 20	7½–8	7½
10	7¼	7¼	8	14	14	24	7½	7½
Aug 21	7¾	7¾	Nov 2	13–14	13	1986—Mar 7	7–7½	7
Sept 22	8	8	6	13	13	10	7	7
Oct 16	8–8½	8½	Dec 4	12	12	Apr 21	6½–7	6½
20	8½	8½	1982—July 20	11½–12	11½	July 11	6	6
Nov 1	8½–9½	9½	23	11½	11½	Aug 21	5½–6	5½
3	9½	9½	Aug 2	11	11	22	5½	5½
1979—July 20	10	10	3	11	11	1987—Sept 4	5½–6	6
Aug 17	10–10½	10½	16	10½	10½	11	6	6
20	10½	10½	27	10–10½	10	1988—Aug 9	6–6½	6½
Sept 19	10½–11	11	30	10	10	11	6½	6½
21	11	11	Oct 12	9½–10	9½	1988—Aug 11	6–6½	6½
Oct 8	11–12	12	13	9½	9½	11	6½	6½
10	12	12	Nov 22	9–9½	9	In effect November 23, 1988	6½	6½
1980—Feb 15	12–13	13	26	9	9			
19	13	13	Dec 14	8½–9	9			
May 29	12–13	13	15	8½–9	8½			
30	12	12	17	8½	8½			
June 13	11–12	11						
16	11	11						

1 Adjustment credit is available on a short-term basis to help depository institutions meet temporary needs for funds that cannot be met through reasonable alternative sources. After May 19, 1986, the highest rate established for loans to depository institutions may be charged on adjustment credit loans of unusual size that result from a major operating problem at the borrower's facility.

Seasonal credit is available to help smaller depository institutions meet regular, seasonal needs for funds that cannot be met through special industry lenders and that arise from a combination of expected patterns of movement in their deposits and loans. 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 reestablished on Feb 18, 1986 and again on Jan 28, 1987, the rate may be either the same as that for adjustment credit or a fixed rate ½ percent higher.

2 Extended credit is available to depository institutions, when similar assistance is not reasonably available from other sources, when exceptional circumstances or practices involve only a particular institution or when an institution is experiencing difficulties adjusting to changing market conditions over a longer period of time.

3 For extended credit loans outstanding more than 30 days a flexible rate

somewhat above rates on market sources of funds ordinarily will be charged, but in no case will the rate charged be less than the basic discount rate plus 50 basis points. The flexible rate is reestablished on the first business day of each two-week reserve maintenance period. At the discretion of the Federal Reserve Bank, the time period for which the basic discount rate is applied may be shortened.

4 For 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*.

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 four 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, 1981. As of Oct 1, 1981 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 INSTITUTIONS¹

Percent of deposits

Type of deposit, and deposit interval ²	Depository institution requirements after implementation of the Monetary Control Act	
	Percent of deposits	Effective date
<i>Net transaction accounts</i> ^{3,4}		
\$0 million-\$41.5 million	3	12/20/88
More than \$41.5 million	12	12/20/88
<i>Nonpersonal time deposits</i> ⁵		
By original maturity		
Less than 1½ years	3	10/6/83
1½ years or more	0	10/6/83
<i>Eurocurrency liabilities</i>		
All types	3	11/13/80

1 Reserve requirements in effect on Dec. 31, 1988. Required reserves must be held in the form of deposits with Federal Reserve Banks or vault cash. Nonmembers may maintain reserve balances with a Federal Reserve Bank indirectly on a pass-through basis with certain approved institutions. For previous reserve requirements, see earlier editions of the *Annual Report* and of the FEDERAL RESERVE BULLETIN. Under provisions of the Monetary Control Act, depository institutions include commercial banks, mutual savings banks, savings and loan associations, credit unions, agencies and branches of foreign banks, and Edge corporations.

2 The Garn-St Germain Depository Institutions Act of 1982 (Public Law 97-320) requires that \$2 million of reservable liabilities (transaction accounts, nonpersonal time deposits, and Eurocurrency liabilities) of each depository institution be subject to a zero percent reserve requirement. The Board is to adjust the amount of reservable liabilities subject to this zero percent reserve requirement each year for the succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is to be made in the event of a decrease. On Dec. 20, 1988, the exemption was raised from \$3.2 million to \$3.4 million. In determining the reserve requirements of depository institutions, the exemption shall apply in the following order: (1) net NOW accounts (NOW accounts less allowable deductions), (2) net other transaction accounts, and (3) nonpersonal time deposits or Eurocurrency liabilities starting with those with the highest reserve ratio. With respect to NOW accounts and

other transaction accounts, the exemption applies only to such accounts that would be subject to a 3 percent reserve requirement.

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

4 The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage increase in transaction accounts held by all depository institutions, determined as of June 30 each year. Effective Dec. 20, 1988 for institutions reporting quarterly and Dec. 27, 1988 for institutions reporting weekly, the amount was increased from \$40.5 million to \$41.5 million.

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

1 17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS¹

Millions of dollars

Type of transaction	1985	1986	1987	1988						
				Mar	Apr	May	June	July	Aug	Sept
U S TREASURY SECURITIES										
<i>Outright transactions (excluding matched transactions)</i>										
Treasury bills										
1 Gross purchases	22,214	22,602	18,983	560	423	0	0	515	0	1,280
2 Gross sales	4,118	2,502	6,050	0	0	0	0	0	0	0
3 Exchange	0	0	0	0	0	0	0	0	0	0
4 Redemptions	3,500	1,000	9,029	0	0	0	0	0	0	0
Others within 1 year										
5 Gross purchases	1,349	190	3,658	0	1,092	0	0	0	0	0
6 Gross sales	0	0	300	0	0	0	0	0	0	0
7 Maturity shift	19,763	18,673	21,502	2,051	868	1,646	1,384	1,033	3,932	1,368
8 Exchange	-17,717	-20,179	-20,388	-2,089	-1,688	-4,324	-1,826	-87	-4,296	-1,646
9 Redemptions	0	0	70	0	0	0	0	0	0	0
1 to 5 years										
10 Gross purchases	2,185	893	10,231	0	3,661	0	0	0	0	0
11 Gross sales	0	0	452	0	0	0	0	0	0	0
12 Maturity shift	-17,459	-17,058	-17,974	-2,051	-823	-1,102	-1,384	-997	-1,821	-1,368
13 Exchange	13,853	16,984	18,938	2,089	1,434	3,724	1,826	0	3,971	1,646
5 to 10 years										
14 Gross purchases	458	236	2,441	0	1,017	0	0	0	0	0
15 Gross sales	100	0	0	0	0	0	0	0	0	0
16 Maturity shift	-1,857	-1,620	-3,529	0	-45	-387	0	-36	-2,111	0
17 Exchange	2,184	2,050	950	0	254	400	0	87	325	0
Over 10 years										
18 Gross purchases	293	158	1,858	0	966	0	0	0	0	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shift	-447	0	0	0	0	-157	0	0	0	0
21 Exchange	1,679	1,150	500	0	0	200	0	0	0	0
All maturities										
22 Gross purchases	26,499	24,078	37,171	560	7,160	0	0	515	0	1,280
23 Gross sales	4,218	2,502	6,802	0	0	0	0	0	0	0
24 Redemptions	3,500	1,000	9,099	0	0	0	0	0	0	0
Matched transactions										
25 Gross sales	866,175	927,997	950,923	104,527	86,900	115,287	73,708	81,979	124,875	113,886
26 Gross purchases	865,968	927,247	950,935	104,572	85,608	115,115	72,966	83,464	123,220	113,384
Repurchase agreements ²										
27 Gross purchases	134,253	170,431	314,620	0	18,696	15,871	10,520	22,978	0	35,800
28 Gross sales	132,351	160,268	324,666	0	11,088	23,478	5,334	28,164	0	30,191
29 Net change in U S government securities	20,477	29,989	11,235	605	13,476	-7,779	4,444	-3,186	-1,655	6,386
FEDERAL AGENCY OBLIGATIONS										
<i>Outright transactions</i>										
30 Gross purchases	0	0	0	0	0	0	0	0	0	0
31 Gross sales	0	0	0	0	0	0	0	0	0	0
32 Redemptions	162	398	276	3	120	11	0	67	10	0
Repurchase agreements ²										
33 Gross purchases	22,183	31,142	80,353	0	4,243	4,771	5,083	12,355	0	12,107
34 Gross sales	20,877	30,522	81,351	0	1,447	7,566	2,843	14,594	0	8,225
35 Net change in federal agency obligations	1,144	222	-1,274	-3	2,676	-2,807	2,239	-2,306	-10	3,882
36 Total net change in System Open Market Account	21,621	30,211	9,961	602	16,151	-10,585	6,683	-5,492	-1,665	10,268

¹ Sales, redemptions, and negative figures reduce holdings of the System Open Market Account, all other figures increase such holdings. Details may not add to totals because of rounding.

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

A10 Domestic Financial Statistics □ January 1989

1 18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements¹

Millions of dollars

Account	Wednesday					End of month		
	1988					1988		
	Sept 28	Oct 5	Oct 12	Oct 19	Oct 26	Aug	Sept	Oct
Consolidated condition statement								
ASSETS								
1 Gold certificate account	11,063	11,064	11,067	11,063	11,063	11,061	11,062	11,062
2 Special drawing rights certificate account	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018
3 Coin	384	398	406	424	431	370	397	434
Loans								
4 To depository institutions	2,664	5,173	2,279	3,546	1,980	3,237	2,154	2,275
5 Other	0	0	0	0	0	0	0	0
6 Acceptances held under repurchase agreements	0	0	0	0	0	0	0	0
Federal agency obligations								
7 Bought outright	7,191	7,191	7,186	7,186	7,116	7,191	7,191	7,116
8 Held under repurchase agreements	3,094	0	0	0	0	0	3,882	1,651
U S Treasury securities								
9 Bought outright								
10 Bills	109,038	102,659	108,692	109,265	107,286	105,818	106,596	106,064
11 Notes	87,484	87,484	87,484	87,484	87,484	87,484	87,484	87,484
12 Bonds	29,493	29,493	29,493	29,493	29,493	29,493	29,493	29,493
12 Total bought outright ²	226,015	219,636	225,669	226,242	224,263	222,795	223,573	223,041
13 Held under repurchase agreements	2,843	0	0	0	0	0	5,608	2,597
14 Total U S Treasury securities	228,858	219,636	225,669	226,242	224,263	222,795	229,181	225,638
15 Total loans and securities	241,807	232,000	235,134	236,974	233,359	233,223	242,408	236,680
16 Items in process of collection	6,788	8,052	12,521	8,530	6,925	6,283	8,052	6,785
17 Bank premises	733	737	736	739	739	732	736	740
Other assets								
18 Denominated in foreign currencies ³	9,557	9,528	9,784	9,790	9,807	9,797	9,528	10,423
19 All other ⁴	8,184	7,757	8,002	7,885	8,115	7,109	7,984	8,189
20 Total assets	283,534	274,554	282,668	280,423	275,457	273,593	285,185	279,331
LIABILITIES								
21 Federal Reserve notes	217,385	218,803	220,471	219,789	219,081	218,068	217,676	219,232
Deposits								
22 To depository institutions	37,402	37,514	39,840	40,521	36,621	37,868	39,038	39,741
23 U S Treasury—General account	14,694	3,917	4,842	5,532	5,690	4,390	13,023	6,151
24 Foreign—Official accounts	331	174	273	239	226	231	338	301
25 Other	371	315	308	337	600	392	338	354
26 Total deposits	52,798	41,920	45,263	46,629	43,137	42,881	52,757	46,547
27 Deferred credit items	5,842	6,495	9,529	6,675	5,920	5,624	6,853	5,089
28 Other liabilities and accrued dividends ⁵	2,953	2,821	2,834	2,766	2,743	2,613	3,277	3,051
29 Total liabilities	278,978	270,039	278,097	275,859	270,881	269,186	280,563	273,919
CAPITAL ACCOUNTS								
30 Capital paid in	2,097	2,097	2,106	2,107	2,107	2,083	2,097	2,108
31 Surplus	2,047	2,047	2,047	2,046	2,047	2,041	2,047	2,047
32 Other capital accounts	412	371	418	411	422	283	478	1,257
33 Total liabilities and capital accounts	283,534	274,554	282,668	280,423	275,457	273,593	285,185	279,331
34 MEMO Marketable U S Treasury securities held in custody for foreign and international accounts	224,077	225,395	226,211	227,037	227,713	223,518	225,561	231,250
Federal Reserve note statement								
35 Federal Reserve notes outstanding issued to bank	265,693	265,681	266,112	266,533	267,154	263,958	265,671	267,461
36 LESS Held by bank	48,308	46,878	45,641	46,744	48,073	45,890	47,995	48,229
37 Federal Reserve notes, net	217,385	218,803	220,471	219,789	219,081	218,068	217,676	219,232
Collateral held against notes net								
38 Gold certificate account	11,063	11,064	11,067	11,063	11,063	11,061	11,062	11,062
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 Treasury and agency securities	201,304	202,721	204,386	203,708	203,000	201,989	201,596	203,152
42 Total collateral	217,385	218,803	220,471	219,789	219,081	218,068	217,676	219,232

1 Some of these data also appear in the Board's H 4 1 (503) release For address, see inside front cover

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

3 Valued monthly at market exchange rates

4 Includes special investment account at the Federal Reserve Bank of Chicago in Treasury bills maturing within 90 days

5 Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign-exchange commitments

1 19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity groupings	Wednesday					End of month		
	1988					1988		
	Sept 28	Oct 5	Oct 12	Oct 19	Oct 26	Aug 31	Sept 30	Oct 31
1 Loans—Total	2,664	5,173	2,279	3,546	1,980	3,237	2,154	2,275
2 Within 15 days	2,575	4,978	2,096	3,503	1,938	3,063	1,996	2,189
3 16 days to 90 days	89	195	183	43	42	174	158	86
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances—Total	0	0	0	0	0	0	0	0
6 Within 15 days	0	0	0	0	0	0	0	0
7 16 days to 90 days	0	0	0	0	0	0	0	0
8 91 days to 1 year	0	0	0	0	0	0	0	0
9 U.S. Treasury securities—Total	228,858	219,636	225,669	226,242	224,263	222,795	223,573	223,041
10 Within 15 days	14,652	6,553	9,430	10,253	8,873	10,774	2,318	5,789
11 16 days to 90 days	52,197	48,746	51,803	51,486	53,146	50,393	55,265	51,917
12 91 days to 1 year	62,886	68,726	68,826	68,699	66,440	66,296	70,379	70,477
13 Over 1 year to 5 years	58,915	55,403	55,403	55,445	55,445	55,124	55,403	54,499
14 Over 5 years to 10 years	13,700	13,700	13,699	13,851	13,851	13,700	13,700	13,851
15 Over 10 years	26,508	26,508	26,508	26,508	26,508	26,508	26,508	26,508
16 Federal agency obligations—Total	10,285	7,191	7,186	7,186	7,116	7,191	7,191	7,116
17 Within 15 days	3,309	215	148	262	228	287	215	228
18 16 days to 90 days	742	793	815	701	735	660	793	782
19 91 days to 1 year	1,614	1,563	1,607	1,607	1,539	1,647	1,563	1,492
20 Over 1 year to 5 years	3,293	3,293	3,289	3,289	3,322	3,268	3,293	3,322
21 Over 5 years to 10 years	1,138	1,138	1,138	1,138	1,103	1,140	1,138	1,103
22 Over 10 years	189	189	189	189	189	189	189	189

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 BASE¹

Billions of dollars, averages of daily figures

Item	1984 Dec	1985 Dec	1986 Dec	1987 Dec	1988							
					Mar	Apr	May	June	July	Aug	Sept ^r	Oct
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS ²												
Seasonally adjusted												
1 Total reserves ³	40 96	47 26	57 46	58 72	59 76	60 37	60 37	60 64	61 24	61 09	61 00	60 96
2 Nonborrowed reserves	37 77	45 94	56 63	57 94	58 01	57 38	57 79	57 55	57 80	57 85	58 16	58 66
3 Nonborrowed reserves plus extended credit ⁴	40 38	46 44	56 93	58 43	59 49	60 00	59 89	60 11	60 34	60 50	60 21	60 44
4 Required reserves	40 11	46 20	56 09	57 69	58 83	59 51	59 32	59 75	60 23	60 14	60 02	59 89
5 Monetary base	200 45	218 26	240 80	237 93	263 32	265 81	266 92	268 31	270 63	271 20	272 45	273 75
Not seasonally adjusted												
6 Total reserves ³	41 84	48 27	58 70	60 02	58 85	60 95	59 45	60 68	61 47	60 59	60 65	60 55
7 Nonborrowed reserves	38 65	46 95	57 87	59 25	57 10	57 95	56 88	57 60	58 03	57 35	57 82	58 25
8 Nonborrowed reserves plus extended credit ⁴	41 26	47 45	58 18	59 73	58 58	60 58	58 98	60 15	60 57	60 00	59 87	60 03
9 Required reserves	40 99	47 21	57 33	58 99	57 92	60 09	58 41	59 79	60 46	59 64	59 68	59 48
10 Monetary base	203 39	221 49	244 55	262 05	260 77	265 01	265 73	269 44	272 41	271 73	271 57	272 46
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS ⁶												
11 Total reserves ³	40 70	48 14	59 56	62 12	60 08	62 06	60 68	61 99	62 76	61 97	62 15	61 92
12 Nonborrowed reserves	37 51	46 82	58 73	61 35	58 32	59 07	58 10	58 91	59 32	58 72	59 31	59 62
13 Nonborrowed reserves plus extended credit ⁴	40 09	47 41	59 04	61 86	59 58	61 89	60 08	61 47	61 99	61 26	61 32	61 46
14 Required reserves	39 84	47 08	58 19	61 09	59 15	61 21	59 64	61 10	61 75	61 01	61 18	60 85
15 Monetary base	204 18	223 53	247 71	266 16	263 98	268 13	268 90	272 65	275 59	275 03	274 87	275 79

1 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 Monetary and Reserves Projections Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

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 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 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 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.

5 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 plus, for institutions not having required reserve balances, the excess of current vault cash over the amount applied to satisfy current reserve requirements. Currency and vault cash figures are measured over the weekly computation period ending Monday.

The seasonally adjusted monetary base 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.

6 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.

1 21 MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES¹

Billions of dollars, averages of daily figures

Item ²	1984 Dec	1985 Dec	1986 Dec	1987 Dec	1988			
					July	Aug ^r	Sept ^r	Oct
Seasonally adjusted								
1 M1	551.9	620.1	725.4	750.8	782.3	782.5	782.4	783.5
2 M2	2,363.6	2,562.6	2,807.7	2,901.0	3,025.8 ^r	3,031.6	3,033.9	3,036.9
3 M3	2,978.3	3,196.4	3,490.8	3,664.4 ^r	3,836.2 ^r	3,848.3	3,853.2	3,868.4
4 L	3,519.4	3,825.9	4,134.3	4,329.3 ^r	4,561.0 ^r	4,579.7	4,584.4	n a
5 Debt	5,907.4	6,716.8	7,572.7	8,279.3	8,674.6 ^r	8,736.6	8,796.2	n a
M1 components								
6 Currency ³	156.1	167.7	180.4	196.5	206.3	207.2	208.5	209.5
7 Travelers checks ⁴	5.2	5.9	6.5	7.1	7.2	7.2	7.3	7.4
8 Demand deposits ⁵	244.1	267.2	303.3	288.0	290.6	290.1	288.4	288.6
9 Other checkable deposits ⁶	146.4	179.2	235.2	259.3	278.2 ^r	278.0	278.2	277.9
Nontransactions components								
10 In M2 ^a	1,811.7	1,942.5	2,082.3	2,150.2	2,244.4 ^r	2,249.2	2,251.6	2,253.4
11 In M3 only ^a	614.7	633.8	683.1	763.4 ^r	810.5 ^r	816.7	819.3	831.5
Savings deposits ⁹								
12 Commercial Banks	122.6	124.8	155.5	178.2	189.5	190.7	190.3	189.9
13 Thrift institutions	162.9	176.6	215.2	236.0	242.4 ^r	243.5	243.1	241.3
Small-denomination time deposits ¹⁰								
14 Commercial Banks	386.3	383.3	364.6	384.6	409.8	414.1	421.0	429.2
15 Thrift institutions	497.0	496.2	488.6	528.5	568.7	571.6	576.4	580.7
Money market mutual funds								
16 General purpose and broker dealer	167.5	176.5	208.0	221.1	229.6	230.8	230.9	231.4
17 Institution-only	62.7	64.5	84.4	89.6	84.8	84.0	83.7	84.6
Large-denomination time deposits ¹¹								
18 Commercial Banks ¹²	270.2	284.9	288.9	323.5	341.2	347.2	352.3	356.7
19 Thrift institutions	146.8	151.6	150.3	161.2	168.0 ^r	167.9	171.3	173.5
Debt components								
20 Federal debt	1,366.1	1,585.3	1,805.8	1,956.1	2,040.8	2,057.7	2,078.2	n a
21 Nonfederal debt	4,541.3	5,131.5	5,766.9	6,323.2	6,633.8 ^r	6,678.9	6,718.0	n a
Not seasonally adjusted								
22 M1	564.5	633.5	740.6	765.9	785.5	781.2	779.8	780.9
23 M2	2,373.2	2,573.9	2,821.4	2,914.7	3,030.3 ^r	3,030.8	3,029.1	3,038.4
24 M3	2,991.4	3,211.0	3,507.6	3,681.0 ^r	3,833.5 ^r	3,846.0	3,851.9	3,868.8
25 L	3,532.7	3,841.4	4,152.3	4,347.4 ^r	4,550.3 ^r	4,571.8	4,580.2	n a
26 Debt	5,901.1	6,706.8	7,556.6	8,261.2	8,639.5 ^r	8,693.6	8,755.2	n a
M1 components								
27 Currency ³	158.5	170.2	183.0	199.4	207.9	207.9	207.9	209.0
28 Travelers checks ⁴	4.9	5.5	6.0	6.5	8.2	8.2	7.9	7.5
29 Demand deposits ⁵	253.0	276.9	314.4	298.5	292.7 ^r	288.7	287.1	288.4
30 Other checkable deposits ⁶	148.2	180.9	237.3	261.6	276.8	276.3	276.9	276.1
Nontransactions components								
31 M2 ^a	1,808.7	1,940.3	2,080.7	2,148.8	2,244.8 ^r	2,249.6	2,249.3	2,257.5
32 M3 only ^a	618.2	637.1	686.2	766.3 ^r	803.2 ^r	815.2	822.7	830.4
Money market deposit accounts								
33 Commercial Banks	267.4	332.8	379.6	358.2	359.4	357.0	353.7	352.3
34 Thrift institutions	149.4	180.8	192.9	167.0	161.7 ^r	160.1	157.0	154.4
Savings deposits ⁹								
35 Commercial Banks	121.5	123.7	154.2	176.7	191.5 ^r	190.9	189.8	190.1
36 Thrift institutions	161.5	174.8	212.9	233.3	245.7 ^r	244.0	242.3	242.0
Small-denomination time deposits ¹⁰								
37 Commercial Banks	386.9	384.0	365.3	385.2	410.3	415.3	422.8	430.0
38 Thrift institutions	498.2	497.5	489.7	529.3	568.9	571.4	575.6	582.0
Money market mutual funds								
39 General purpose and broker dealer	167.5	176.5	208.0	221.1	229.6	230.8	230.9	231.4
40 Institution-only	62.7	64.5	84.4	89.6	84.8	84.0	83.7	84.6
Large-denomination time deposits ¹¹								
41 Commercial Banks ¹²	270.9	285.4	289.1	323.6	338.4	346.5	352.3	356.0
42 Thrift institutions	146.8	151.9	150.7	161.8	166.5	167.6	171.7	174.6
Debt components								
43 Federal debt	1,364.7	1,583.7	1,803.9	1,954.1	2,022.3	2,035.8	2,054.9	n a
44 Nonfederal debt	4,536.4	5,123.1	5,752.8	6,307.1	6,617.2 ^r	6,657.7	6,700.3	n a

For notes see following page

NOTES TO TABLE 1 21

1 Latest monthly and weekly figures are available from the Board's H 6 (508) release. Historical data are available from the Monetary and Reserves Projection section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, D C 20551

2 Composition of the money stock measures and debt is as follows:
M1 (1) currency outside the Treasury, Federal Reserve Banks, and the vaults of depository institutions, (2) travelers checks of nonbank issuers, (3) demand deposits at all commercial banks other than those due to depository institutions, 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

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

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 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

3 Currency outside the U S Treasury, Federal Reserve Banks, and vaults of depository institutions

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

5 Demand deposits at commercial banks and foreign-related institutions other than those due to depository institutions, the U S government, and foreign banks and official institutions less cash items in the process of collection and Federal Reserve float

6 Consists of NOW and ATS balances at all depository institutions, credit union share draft balances, and demand deposits at thrift institutions

7 Sum of overnight RPs and overnight Eurodollars, money market fund balances (general purpose and broker-dealer), MMDAs, and savings and small time deposits

8 Sum of large time deposits, term RPs, and term Eurodollars of U S residents, money market fund balances (institution-only), less the estimated amount of overnight RPs and Eurodollars held by institution-only money market funds

9 Savings deposits exclude MMDAs

10 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

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

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

1 22 BANK DEBITS AND DEPOSIT TURNOVER¹

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	1985 ²	1986 ²	1987 ²	1988					
				Mar	Apr	May	June	July	Aug
DEBITS TO									
Seasonally adjusted									
Demand deposits ³									
1 All insured banks	156,091.6	188,345.8	217,115.9	218,986.7	213,971.5	224,052.3	230,198.8	224,512.7	228,898.2
2 Major New York City banks	70,585.8	91,397.3	104,496.3	101,161.0	100,695.1	109,714.7	111,402.1	107,336.7	110,150.0
3 Other banks	85,505.9	96,948.8	112,619.6	117,825.7	113,276.4	114,337.6	118,796.6	117,176.0	118,748.2
4 ATS-NOW accounts ⁴	1,823.5	2,182.5	2,402.7	2,856.8	2,557.9	2,664.9	2,786.0	2,570.4	2,963.6
5 Savings deposits ⁵	384.9	403.5	526.5	640.7	543.7	574.7	597.1	538.3	609.6
DEPOSIT TURNOVER									
Demand deposits ³									
6 All insured banks	500.3	556.5	612.1	628.8	600.2	630.9	649.8	622.7	645.8
7 Major New York City banks	2,196.9	2,498.2	2,670.6	2,811.0	2,700.6	2,881.3	2,911.0	2,789.6	2,939.3
8 Other banks	305.7	321.2	357.0	377.3	354.9	360.6	376.0	363.8	374.6
9 ATS-NOW accounts ⁴	15.8	15.6	13.8	15.5	13.8	14.2	14.8	13.5	15.6
10 Savings deposits ⁵	3.2	3.0	3.1	3.5	3.0	3.1	3.2	2.9	3.2
DEBITS TO									
Not seasonally adjusted									
Demand deposits ³									
11 All insured banks	156,052.3	188,506.4	217,124.8	233,286.6	214,848.8	222,685.5	241,133.2	217,350.7	237,459.0
12 Major New York City banks	70,559.2	91,500.0	104,518.6	109,557.8	101,141.9	106,335.6	117,287.7	103,561.2	112,654.6
13 Other banks	85,493.1	97,006.6	112,606.1	123,728.8	113,706.9	116,349.9	123,845.5	113,789.6	124,804.4
14 ATS-NOW accounts ⁴	1,826.4	2,184.6	2,404.8	2,825.0	2,745.3	2,601.3	2,851.4	2,536.6	2,828.0
15 MMDA ⁶	1,223.9	1,609.4	1,954.2	2,337.5	2,372.8	2,341.0	2,557.1	2,399.0	2,530.0
16 Savings deposits ⁵	385.3	404.1	526.8	616.5	603.2	566.4	598.3	566.2	615.9
DEPOSIT TURNOVER									
Demand deposits ³									
17 All insured banks	499.9	556.7	612.3	684.3	601.8	638.6	679.5	599.9	681.6
18 Major New York City banks	2,196.3	2,499.1	2,674.9	3,005.7	2,706.2	2,895.6	3,121.4	2,660.7	3,170.3
19 Other banks	305.6	321.2	356.9	406.4	355.7	372.9	390.3	351.9	398.9
20 ATS-NOW accounts ⁴	15.8	15.6	13.8	15.3	14.4	14.1	15.2	13.4	15.1
21 MMDA ⁶	4.0	4.5	5.3	6.5	6.6	6.6	7.2	6.7	7.2
22 Savings deposits ⁵	3.2	3.0	3.1	3.4	3.3	3.1	3.2	3.0	3.3

¹ Historical tables containing revised data for earlier periods may be obtained from the Monetary and Reserves Projections Section, Division of Monetary Affairs, 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

² Annual averages of monthly figures

³ Represents accounts of individuals, partnerships, and corporations and

of states and political subdivisions

⁴ Accounts authorized for negotiable orders of withdrawal (NOW) and accounts authorized for automatic transfer to demand deposits (ATS) ATS data are available beginning December 1978

⁵ Excludes ATS and NOW accounts, MMDA and special club accounts, such as Christmas and vacation clubs

⁶ Money market deposit accounts

A16 Domestic Financial Statistics □ January 1989

1 23 LOANS AND SECURITIES All Commercial Banks¹

Billions of dollars, averages of Wednesday figures

Category	1987		1988									
	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct
	Seasonally adjusted											
1 Total loans and securities ²	2,235 3	2,233 0	2,244 8	2,264 1	2,281 3	2,304 7	2,328 5	2,348 4	2,360 8	2,374 9	2,373 6 ^r	2,387 5
2 U S government securities	332 6	335 0	336 4	336 4	340 2	343 8	346 5	350 5	348 0	350 5	352 5 ^r	355 1
3 Other securities	195 1	194 5	192 0	193 7	195 7	196 6	196 1	196 5	196 8	196 4	194 2 ^r	195 4
4 Total loans and leases ²	1,707 5	1,703 5	1,716 5	1,734 0	1,745 4	1,764 3	1,786 0	1,801 5	1,815 9	1,827 9	1,826 8 ^r	1,836 9
5 Commercial and industrial	561 3	562 4	565 2	569 3	568 6	578 1	586 3	592 4	598 3	599 4	597 1 ^r	600 9
6 Bankers acceptances held ³	4 4	4 1	4 3	4 3	4 7	4 6	4 4	4 4	4 4	4 6	4 5	4 2
7 Other commercial and industrial	556 9	558 3	560 9	564 9	564 0	573 5	582 0	588 1	593 9	594 7	592 7	596 7
8 U S addressees ⁴	549 4	550 2	552 2	556 3	555 8	565 5	575 1	581 3	587 4	588 4	586 4	590 6
9 Non-U S addressees ⁴	7 5	8 1	8 7	8 7	8 2	8 1	6 9	6 8	6 5	6 3	6 3	6 1
10 Real estate	581 2	588 4	593 7	599 2	604 9	611 3	618 6	625 0	631 4	638 7	644 7	652 0
11 Individual	326 3	327 8	329 8	333 0	337 0	340 4	342 8	344 4	345 3	347 0	349 1	349 6
12 Security	39 3	33 4	36 5	42 1	41 2	39 5	39 8	39 3	38 6	40 1	36 3	38 4
13 Nonbank financial institutions	31 8	31 8	31 4 ^r	31 8 ^r	31 2 ^r	30 4 ^r	30 9 ^r	30 6 ^r	31 0 ^r	30 8 ^r	29 9 ^r	29 8
14 Agricultural	29 5	29 5	29 6	29 5	29 3	29 4	29 6	29 7 ^r	29 6	29 4	29 3	29 3
15 State and political subdivisions	54 1	52 2	51 7	51 0	50 1	49 5	49 3	49 3 ^r	50 2	49 6	49 4	48 7
16 Foreign banks	8 2	7 5	7 6	7 4	7 8	8 3	8 0	7 9	8 2	8 1	7 4	7 6
17 Foreign official institutions	5 5	5 3	5 4	5 1	5 1	5 1	5 1	5 0	5 0	5 2	5 2	5 1
18 Lease financing receivables	24 6	24 6	25 1	25 3	25 4	25 7	26 0	26 5	27 2	27 3	27 7 ^r	28 1
19 All other loans	45 8	40 5 ^r	40 4 ^r	40 4 ^r	44 8 ^r	46 5 ^r	49 5 ^r	51 3 ^r	51 0 ^r	52 3 ^r	50 7 ^r	47 3
	Not seasonally adjusted											
20 Total loans and securities ²	2,234 4	2,249 2	2,257 5	2,268 8	2,281 6	2,305 9	2,325 2	2,344 6	2,350 7	2,363 5	2,370 3 ^r	2,382 0
21 U S government securities	332 5	334 9	337 9	341 5	342 0	343 4	344 9	347 0	347 1	350 5	352 7	352 8
22 Other securities	194 5	195 0	194 6	194 4	195 3	196 2	196 1	196 0	195 5	196 3	194 3 ^r	194 3
23 Total loans and leases ²	1 707 4	1 719 3	1 724 9	1 732 9	1 744 2	1 766 3	1 784 2	1 801 6	1 808 1	1 816 7	1 823 3 ^r	1 834 9
24 Commercial and industrial	560 2	566 4	564 9	568 5	573 8	582 1	588 8	594 0	595 4	594 2	593 7	596 4
25 Bankers acceptances held ³	4 4	4 2	4 1	4 3	4 7	4 5	4 4	4 5	4 4	4 6	4 5	4 1
26 Other commercial and industrial	555 8	562 2	560 7	564 2	569 1	577 6	584 4	589 5	591 0	589 6	589 1 ^r	592 3
27 U S addressees ⁴	547 7	554 1	552 8	556 0	561 2	569 7	577 3	582 6	584 0	582 9	582 5 ^r	586 1
28 Non-U S addressees ⁴	8 1	8 1	8 0	8 2	7 9	7 9	7 1	6 9	7 0	6 7	6 6	6 2
29 Real estate	581 7	589 3	594 1	598 5	604 1	610 3	618 1	624 8	631 5	638 7	645 5	652 6
30 Individual	328 0	332 1	333 3	332 4	333 9	337 4	339 9	342 3	343 8	347 1	350 7 ^r	351 3
31 Security	39 4	35 0	37 3	40 5	40 6	41 2	40 4	40 8	38 2	38 3	35 3	37 1
32 Nonbank financial institutions	32 2	33 1	31 6 ^r	30 8 ^r	30 3 ^r	30 3 ^r	30 7 ^r	30 6 ^r	30 8 ^r	30 7 ^r	30 2 ^r	29 9
33 Agricultural	29 8	29 3	28 9	28 5	28 3	28 6	29 3	30 0 ^r	30 3	30 3	30 3	30 2
34 State and political subdivisions	53 1	52 2	53 5	52 2	51 0	50 0	49 3	48 9	49 5	49 0	48 6	47 9
35 Foreign banks	8 2	7 9	7 8	7 6	7 7	7 9	7 7	7 8	8 2	7 9	7 6	7 8
36 Foreign official institutions	5 5	5 3	5 4	5 1	5 1	5 1	5 1	5 0	5 0	5 2	5 2	5 1
37 Lease financing receivables	24 3	24 6	25 2	25 4	25 6	25 9	26 1	26 7	27 2	27 2	27 5 ^r	27 6
38 All other loans	45 0	44 0	42 9 ^r	43 3 ^r	43 9 ^r	47 5 ^r	48 9 ^r	50 8 ^r	48 2 ^r	48 0 ^r	48 5 ^r	48 8

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

2 Excludes loans to commercial banks in the United States.

3 Includes nonfinancial commercial paper held.

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

1 24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS¹

Monthly averages, billions of dollars

Source	1987		1988									
	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept ⁷	Oct
Total nondeposit funds												
1 Seasonally adjusted ²	174.5 ^r	178.4	180.2	178.1	175.8	183.1	194.3	194.8	192.2 ^r	195.5 ^r	181.0	177.8
2 Not seasonally adjusted	176.9	179.3	180.6	180.7	176.6	182.2	194.0 ^r	191.1	188.2 ^r	195.8 ^r	181.6	178.1
Federal funds, RPs, and other borrowings from nonbanks ³												
3 Seasonally adjusted	166.7	163.2	171.1	175.0	178.9	181.1	184.5	186.1	181.4 ^r	176.8 ^r	171.9	173.0
4 Not seasonally adjusted	169.0	164.1	171.4	177.6	179.8	180.2	184.3	182.4	177.4 ^r	177.1 ^r	172.5	173.3
5 Net balances due to foreign related institutions, not seasonally adjusted	7.9	15.2	9.1	3.1	-3.1	2.0	9.7	8.7	10.8	18.7	9.1	4.8
MEMO												
6 Domestically chartered banks' net positions with own foreign branches, not seasonally adjusted ⁴	-17.1	-14.0	-16.5	-20.2	-25.3	-22.2	-16.5	-16.3	-14.0	-7.2	-15.6	-20.7
7 Gross due from balances	70.4	69.5	71.2	72.9	76.6	72.9	69.7	69.6	70.3	70.4	74.8	76.7
8 Gross due to balances	53.3	55.5	54.7	52.7	51.4	50.7	53.2	53.3	56.4	63.1	59.1	56.0
9 Foreign-related institutions' net positions with directly related institutions, not seasonally adjusted ⁵	24.9	29.2	25.6	23.3	22.1	24.2	26.2	25.0	24.8	26.0	24.7	25.5
10 Gross due from balances	83.2	79.8	85.2	87.3	88.6	88.3	89.9	83.6	94.1	93.9	89.6	88.4
11 Gross due to balances	108.2	109.0	110.9	110.6	110.7	112.4	116.1	118.6	118.9	119.8	114.4	113.9
Security RP borrowings												
12 Seasonally adjusted ⁶	107.6	107.3	110.0 ^r	109.0	109.7	113.5	117.7	122.0	119.5 ^r	116.6 ^r	112.6	112.3
13 Not seasonally adjusted	109.9	108.1 ^r	110.4	111.6	110.6	112.6	117.5	118.3	115.5 ^r	116.9 ^r	113.2	112.6
U.S. Treasury demand balances ⁷												
14 Seasonally adjusted	35.7	26.1	18.6	22.6	24.9	21.8	24.7	22.0	20.2	15.8	24.5	30.7
15 Not seasonally adjusted	25.8	22.4	24.9	28.2	22.3	21.7	30.4	21.0	22.0	11.9	24.6	27.7
Time deposits, \$100,000 or more ⁸												
16 Seasonally adjusted	387.0	389.2	389.1	394.4	396.1	394.0	396.4	400.5	406.8 ^r	413.6 ^r	419.7	423.7
17 Not seasonally adjusted	387.0	389.3	390.1	394.7	398.2	393.9	397.1	399.8	404.0 ^r	412.9 ^r	419.7	423.0

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.

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

2 Includes seasonally adjusted federal funds, RPs, and other borrowings from nonbanks and not seasonally adjusted net Eurodollars.

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.

1 25 ASSETS AND LIABILITIES OF COMMERCIAL BANKING INSTITUTIONS Last-Wednesday-of-Month Series¹

Billions of dollars

Account	1988											
	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept ²	Oct	
ALL COMMERCIAL BANKING INSTITUTIONS²												
1 Loans and securities	2,429 0	2,417 6	2,427 7	2,450 0	2,466 8	2 473 2	2,511 7	2,509 0	2 523 3	2,522 7	2,537 9	
2 Investment securities	514 7	515 7	514 9	517 7	519 7	521 6	518 6	521 6	525 4	525 9	523 6	
3 U S government securities	323 6	325 5	325 0	325 7	328 8	330 7	328 0	331 6	334 6	336 5	334 4	
4 Other	191 2	190 3	190 0	192 0	190 9	191 0	190 6	190 0	190 8	189 4	189 2	
5 Trading account assets	16 9	18 2	21 9	20 3	19 6	20 3	22 1	23 9	22 8	21 3	24 8	
6 Total loans	1,897 4	1,883 6	1,890 9	1,912 0	1,927 5	1,931 3	1,971 0	1,963 5	1,975 1	1,975 5	1,989 4	
7 Interbank loans	168 1	159 0	161 4	159 5	158 0	152 3	163 7	158 7	154 7	151 2	158 5	
8 Loans excluding interbank	1 729 3	1,724 6	1,729 5	1 752 4	1,769 5	1,779 1	1,807 3	1,804 8	1,820 4	1,824 3	1,830 9	
9 Commercial and industrial	572 2	562 9	568 9	576 2	583 4	587 8	598 2	592 4	592 8	593 8	593 8	
10 Real estate	593 7	595 2	599 2	607 3	612 5	619 7	627 5	633 1	641 8	647 8	654 1	
11 Individual	334 1	332 9	332 7	334 8	339 1	340 0	343 2	344 1	349 2	351 5	351 9	
12 All other	229 3	233 6	228 7	234 1	234 6	231 7	238 4	235 2	236 6	231 2	231 1	
13 Total cash assets	236 2	213 4	207 4	211 2	214 3	200 3	221 4	217 0	221 8	215 9	208 5	
14 Reserves with Federal Reserve Banks	36 2	33 3	32 7	32 0	32 2	26 0	34 4	30 7	33 0	31 1	31 6	
15 Cash in vault	28 4	25 7	25 1	24 8	25 4	25 4	26 5	25 9	26 5	26 2	26 3	
16 Cash items in process of collection	80 1	70 8	66 9	74 1	76 4	71 5	77 2	75 7	79 9	76 4	72 6	
17 Demand balances at U S depository institutions	36 2	31 7	30 4	32 0	30 3	29 2	31 6	31 3	31 5	29 4	29 2	
18 Other cash assets	55 3	51 9	52 3	48 2	49 9	48 3	51 8	53 5	50 9	52 8	48 8	
19 Other assets	191 6	181 5	180 9	193 1	190 9	186 6	194 3	188 4	187 5	191 8	201 2	
20 Total assets/total liabilities and capital	2,856 8	2,812 5	2,816 0	2,854 3	2,871 9	2,860 2	2,927 5	2,914 4	2,932 6	2,930 3	2,947 6	
21 Deposits	2 011 8	1,971 6	1,978 4	2,008 5	2,011 6	2,008 6	2,042 5	2,050 2	2,072 9	2,058 8	2,067 3	
22 Transaction deposits	624 9	577 4	568 6	588 5	595 9	579 1	603 3	598 4	609 5	588 3	586 9	
23 Savings deposits	527 9	531 6	535 7	540 0	536 4	542 2	544 5	545 4	542 2	536 9	538 4	
24 Time deposits	859 0	862 6	874 1	879 9	879 3	887 3	894 7	906 4	921 2	933 6	941 9	
25 Borrowings	432 8	452 1	450 8	454 9	465 8	458 4	487 4	470 7	452 4	470 8	481 3	
26 Other liabilities	228 4	205 4	202 5	207 7	210 1	207 4	209 7	208 2	218 5	213 1	210 0	
27 Residual (assets less liabilities)	183 7	183 5	184 4	183 2	184 4	185 8	187 8	185 3	188 7	187 6	189 0	
MEMO												
28 U S government securities (including trading account)	334 6	339 5	342 1	341 2	343 4	346 3	344 7	349 2	351 4	352 7	354 3	
29 Other securities (including trading account)	197 0	194 5	194 7	196 8	195 9	195 6	196 0	196 4	196 7	194 4	194 2	
DOMESTICALLY CHARTERED COMMERCIAL BANKS³												
30 Loans and securities	2,245 1	2,240 5	2,246 3	2,266 0	2,282 3	2,286 4	2,314 6	2,319 3	2,330 5	2,329 1	2,342 4	
31 Investment securities	489 7	489 1	488 6	491 7	494 6	495 7	492 8	495 3	499 3	501 0	498 5	
32 U S Treasury securities	313 1	313 9	313 6	314 5	317 7	318 6	316 3	319 3	322 8	325 0	323 1	
33 Other	176 6	175 2	175 0	177 2	176 9	177 1	176 6	176 1	176 5	175 9	175 5	
34 Trading account assets	16 9	18 2	21 9	20 3	19 6	20 3	22 1	23 9	22 8	21 3	24 8	
35 Total loans	1 738 5	1,733 1	1,735 8	1,754 0	1,768 1	1 770 4	1,799 7	1,800 1	1,808 5	1,806 8	1,819 0	
36 Interbank loans	133 8	130 3	132 0	131 2	128 5	124 9	133 1	130 7	125 2	121 8	127 8	
37 Loans excluding interbank	1 604 7	1 602 8	1,603 8	1,622 9	1,639 6	1,645 6	1,666 6	1,669 4	1,683 3	1,685 0	1,691 2	
38 Commercial and industrial	479 2	472 7	475 8	481 0	487 4	488 8	492 6	490 8	489 7	489 2	490 2	
39 Real estate	579 8	581 7	584 5	592 1	597 0	603 6	611 4	617 5	625 4	631 5	636 5	
40 Individual	333 8	332 6	332 4	334 5	338 8	339 7	342 9	343 8	348 9	351 2	351 6	
41 All other	211 9	215 9	211 1	215 3	216 4	213 5	219 7	217 3	219 2	213 2	212 9	
42 Total cash assets	217 0	194 2	186 6	193 9	196 7	183 0	201 6	196 4	202 8	193 4	189 7	
43 Reserves with Federal Reserve Banks	35 0	31 7	30 5	30 1	30 7	23 6	32 9	29 5	31 4	29 0	29 8	
44 Cash in vault	28 4	25 7	25 1	24 7	25 4	25 4	26 4	25 9	26 4	26 2	26 3	
45 Cash items in process of collection	79 6	70 3	66 4	73 5	75 8	71 0	76 5	75 1	79 2	75 7	71 9	
46 Demand balances at U S depository institutions	34 3	30 1	28 8	30 4	28 7	27 5	29 8	29 4	29 8	27 3	27 2	
47 Other cash assets	39 7	36 5	35 8	35 2	36 0	35 6	35 8	36 5	36 0	35 3	34 4	
48 Other assets	126 4	116 0	118 5	123 1	121 3	118 3	125 6	121 6	123 8	127 8	132 9	
49 Total assets/liabilities and capital	2,588 5	2,550 6	2,551 4	2,583 0	2,600 3	2,587 7	2,641 8	2,637 4	2,657 2	2,650 3	2,665 0	
50 Deposits	1,948 3	1,910 2	1,916 1	1,944 5	1,948 1	1,944 7	1,976 9	1,984 4	2,006 4	1,991 0	1,999 1	
51 Transaction deposits	616 9	569 3	560 7	580 0	587 2	570 7	594 5	589 6	600 6	579 1	577 3	
52 Savings deposits	525 6	529 3	533 3	537 6	533 9	539 8	541 8	542 9	539 7	534 4	535 8	
53 Time deposits	805 8	811 6	822 0	826 9	827 0	834 2	840 6	851 9	866 1	877 5	885 9	
54 Borrowings	337 5	351 7	349 9	350 1	358 4	351 7	369 4	358 5	345 7	358 6	363 2	
55 Other liabilities	122 3	108 6	104 4	108 6	112 7	108 8	111 0	112 5	119 6	116 4	117 0	
56 Residual (assets less liabilities)	180 5	180 2	181 1	179 9	181 1	182 4	184 5	182 0	185 4	184 3	185 6	
MEMO⁴												
57 Real estate loans, revolving	31 7	31 3	31 7	32 1	33 0	33 7	34 8	35 3	36 3	37 3	37 9	
58 Real estate loans other	548 2	550 4	552 9	560 0	564 0	569 9	576 6	582 2	589 2	594 1	598 5	

¹ Back data are available from the Banking and Monetary Statistics section, Board of Governors of the Federal Reserve System, Washington, D C, 20551. These data also appear in the Board's weekly H 8 (510) release.

Data have been revised because of benchmarking to new Call reports beginning January 1987.

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

the last Wednesday of the month based on a weekly reporting sample of foreign related institutions and quarter-end condition reports.

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

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

⁴ Memorandum items for real estate loans revolving and other, are shown as separate breakdowns for the first time.

1 30 LARGE WEEKLY REPORTING U S BRANCHES AND AGENCIES OF FOREIGN BANKS¹ Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1988								
	Aug 31 ¹	Sept 7 ²	Sept 14 ²	Sept 21 ²	Sept 28 ²	Oct 5	Oct 12	Oct 19	Oct 26
1 Cash and due from depository institutions	10,754	11,243	10,579	11,571	11,330	10,810	10,389	11,434	10,286
2 Total loans and securities	108,073	108,238	106,193	108,522	108,124	111,005	109,214	111,938	109,648
3 U S Treasury and government agency securities	8,075	8,050	8,130	8,228	7,885	7,978	8,035	7,756	7,760
4 Other securities	7,719	7,302	7,309	7,271	7,153	7,178	7,186	7,320	7,315
5 Federal funds sold ²	8,785	9,309	7,131	8,712	7,463	8,064	7,583	10,198	9,290
6 To commercial banks in the United States	6,726	7,095	4,876	6,457	4,842	5,690	5,201	7,972	6,852
7 To others	2,058	2,214	2,255	2,255	2,621	2,374	2,382	2,226	2,437
8 Other loans, gross	83,495	83,576	83,623	84,310	85,622	87,785	86,410	86,663	85,283
9 Commercial and industrial	56,116	56,236	56,042	56,140	56,570	58,023	57,492	56,877	56,758
10 Bankers acceptances and commercial paper	1,713	1,639	1,576	1,584	1,605	1,679	1,595	1,617	1,630
11 All other	54,403	54,598	54,466	54,556	54,966	56,344	55,897	55,259	55,128
12 U S addressees	52,473	52,673	52,586	52,838	53,179	54,609	54,277	53,678	53,460
13 Non-U S addressees	1,930	1,924	1,880	1,717	1,786	1,736	1,620	1,582	1,668
14 To financial institutions	15,380	15,491	15,868	16,194	16,922	17,212	16,615	17,759	16,460
15 Commercial banks in the United States	11,153	11,267	11,996	12,289	12,906	13,114	12,330	13,462	12,372
16 Banks in foreign countries	876	1,070	912	924	964	1,025	974	1,247	1,133
17 Nonbank financial institutions	3,351	3,154	2,959	2,981	3,052	3,074	3,311	3,050	2,955
18 To foreign governments and official institutions	639	646	644	677	638	639	642	637	548
19 For purchasing and carrying securities	1,265	1,275	1,189	1,445	1,481	1,647	1,432	1,238	1,235
20 All other	10,095	9,927	9,880	9,854	10,011	10,263	10,230	10,152	10,281
21 Other assets (claims on nonrelated parties)	31,813	31,366	31,049	31,267	31,518	30,253	30,248	30,266	30,442
22 Net due from related institutions	13,836	16,084	15,076	18,884	15,910	17,264	16,149	17,907	18,220
23 Total assets	164,477	166,931	162,896	170,244	166,883	169,331	166,000	171,546	168,596
24 Deposits or credit balances due to other than directly related institutions	42,776	43,146	43,179	43,931	43,755	44,095	44,245	43,954	44,232
25 Transaction accounts and credit balances ³	3,352	3,592	3,735	4,155	3,697	3,785	3,820	3,836	4,393
26 Individuals, partnerships, and corporations	2,169	2,182	2,509	2,464	2,540	2,459	2,471	2,486	2,613
27 Other	1,183	1,410	1,226	1,690	1,157	1,326	1,349	1,350	1,780
28 Nontransaction accounts ⁴	39,423	39,554	39,444	39,776	40,058	40,310	40,425	40,118	39,838
29 Individuals, partnerships, and corporations	32,307	32,510	32,433	32,682	33,125	33,344	33,451	33,308	33,030
30 Other	7,116	7,044	7,011	7,094	6,933	6,966	6,974	6,809	6,808
31 Borrowings from other than directly related institutions	63,041	67,864	64,558	71,038	66,510	69,346	67,445	72,608	69,962
32 Federal funds purchased ⁵	24,691	31,511	28,958	34,713	31,433	34,338	33,094	35,647	35,242
33 From commercial banks in the United States	10,777	16,553	13,743	18,599	16,465	19,425	16,299	18,337	19,373
34 From others	13,914	14,958	15,214	16,114	14,967	14,914	16,795	17,309	15,869
35 Other liabilities for borrowed money	38,350	36,353	35,601	36,325	35,077	35,007	34,351	36,961	34,720
36 To commercial banks in the United States	27,533	25,757	25,390	25,343	24,228	24,526	23,776	26,219	23,552
37 To others	10,817	10,596	10,211	10,982	10,850	10,481	10,575	10,742	11,168
38 Other liabilities to nonrelated parties	32,907	32,660	32,413	32,135	32,486	31,423	31,387	31,439	31,354
39 Net due to related institutions	25,754	23,261	22,746	23,139	24,132	24,468	22,924	23,546	23,048
40 Total liabilities	164,477	166,931	162,896	170,244	166,883	169,331	166,000	171,546	168,596
MEMO									
41 Total loans (gross) and securities adjusted ⁶	90,194	89,875	89,320	89,775	90,376	92,202	91,683	90,504	90,424
42 Total loans (gross) adjusted ⁶	74,401	74,523	73,882	74,276	75,338	77,045	76,462	75,427	75,348

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. These data also appear in the Board's H 4 2 (504) release. For address, see inside front cover.

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 Corporations¹

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

Type of holder	Commercial banks									
	1983 Dec	1984 Dec	1985 Dec ^{3,4}	1986 Dec	1987			1988		
					June	Sept	Dec	Mar	June	Sept
1 All holders—Individuals, partnerships, and corporations	293 5	302 7	321 0	363 6	340 2	339 0	343 5	328 6	346 5	n a
2 Financial business	32 8	31 7	32 3	41 4	36 6	36 5	36 3	33 9	37 2	n a
3 Nonfinancial business	161 1	166 3	178 5	202 0	187 2	188 2	191 9	184 1	194 3	n a
4 Consumer	78 5	81 5	85 5	91 1	90 1	88 7	90 0	86 9	89 8	n a
5 Foreign	3 3	3 6	3 5	3 3	3 2	3 2	3 4	3 5	3 4	n a
6 Other	17 8	19 7	21 2	25 8	23 1	22 4	21 9	20 3	21 9	n a
	Weekly reporting banks									
	1983 Dec	1984 Dec ²	1985 Dec ^{3,4}	1986 Dec	1987			1988		
					June	Sept	Dec	Mar ⁵	June	Sept
7 All holders—Individuals, partnerships, and corporations	146 2	157 1	168 6	195 1	179 3	179 1	183 8	181 8	191 5	185 3
8 Financial business	24 2	25 3	25 9	32 5	29 3	29 3	28 6	27 0	30 0	27 2
9 Nonfinancial business	79 8	87 1	94 5	106 4	94 8	96 0	100 0	98 2	103 1	101 5
10 Consumer	29 7	30 5	33 2	37 5	37 5	37 2	39 1	41 7	42 3	41 8
11 Foreign	3 1	3 4	3 1	3 3	3 1	3 1	3 3	3 4	3 3	3 1
12 Other	9 3	10 9	12 0	15 4	14 6	13 5	12 7	11 4	12 8	11 7

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.

5 Beginning March 1988, 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 1987 based on the new weekly reporting panel are: financial business, 29.4, nonfinancial business, 105.1, consumer, 41.1, foreign, 3.4, other, 13.1.

1 32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1983 Dec	1984 Dec	1985 Dec	1986 Dec	1987 Dec	1988					
						Apr	May	June	July	Aug	Sept
Commercial paper (seasonally adjusted unless noted otherwise)											
1 All issuers	187,658	237,586	298,779	329,991	357,129	406,484	414,312	417,788	423,599	426,685	421,224
Financial companies ¹											
Dealer-placed paper ²											
2 Total	44,455	56,485	78,443	101,072	101,958	133,946	137,838	142,322	148,125	148,224	151,491
3 Bank-related (not seasonally adjusted)	2,441	2,035	1,602	2,265	1,428	1,093	1,422	1,448	1,340	983	901
Directly placed paper ³											
4 Total	97,042	110,543	135,320	151,820	173,939	180,119	185,876	184,658	185,063	187,305	179,690
5 Bank-related (not seasonally adjusted)	35,566	42,105	44,778	40,860	43,173	45,703	47,719	45,294	44,975	47,818	43,887
6 Nonfinancial companies ⁴	46,161	70,558	85,016	77,099	81,232	92,419	90,598	90,808	90,411	91,156	90,043
Bankers dollar acceptances (not seasonally adjusted) ⁵											
7 Total	78,309	78,364	68,413	64,974	70,565	64,111	63,381	64,359	63,240	64,036	63,452
Holder											
8 Accepting banks	9,355	9,811	11,197	13,423	10,943	10,295	9,412	9,734	9,655	9,551	9,334
9 Own bills	8,125	8,621	9,471	11,707	9,464	8,929	8,588	8,861	8,702	8,664	8,400
10 Bills bought	1,230	1,191	1,726	1,716	1,479	1,366	825	873	953	888	934
Federal Reserve Banks											
11 Own account	418	0	0	0	0	0	0	0	0	0	0
12 Foreign correspondents	729	671	937	1,317	965	803	1,050	1,273	1,114	9,915	9,634
13 Others	67,807	67,881	56,279	50,234	58,658	53,013	52,918	53,351	52,471	53,493	53,154
Basis											
14 Imports into United States	15,649	17,845	15,147	14,670	16,483	14,735	14,045	14,244	14,001	14,608	14,622
15 Exports from United States	16,880	16,305	13,204	12,960	15,227	14,724	14,534	14,606	14,676	14,345	13,946
16 All other	45,781	44,214	40,062	37,344	38,855	34,652	34,803	35,510	34,564	35,083	34,884

1 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
 2 Includes all financial company paper sold by dealers in the open market
 3 As reported by financial companies that place their paper directly with investors

4 Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services
 5 Beginning January 1988, the number of respondents in the bankers acceptance survey were reduced from 155 to 111 institutions—those with \$100 million or more in total acceptances. The new reporting group accounts for over 90 percent of total acceptances activity

1 33 PRIME RATE CHARGED BY BANKS on Short-Term Business Loans

Percent per year

Date of change	Rate	Period	Average rate	Period	Average rate	Period	Average rate		
1985—Jan 15	10 50	1985	9 93	1986 —Mar	9 10	1987 —Sept	8 70		
May 20	10 00		8 33		Apr		8 83	Oct	9 07
June 18	9 50		8 21		May		8 50	Nov	8 78
1986—Mar 7	9 00	1985 —Jan	10 61	June	8 50	Dec	8 75		
Apr 21	8 50		Feb	10 50	1988 —Jan	8 75	Feb	8 51	
July 11	8 00		Mar	10 50		Mar	8 50	Apr	8 50
Aug 26	7 50		Apr	10 50		May	8 84	May	9 00
1987—Apr 1	7 75	May	10 31	June		9 00	June	9 29	
May 1	8 00	June	9 78	July	9 29	Aug	9 84		
15	8 25	July	9 50	1987 —Jan	7 50	Sept	10 00		
Sept 4	8 75	Aug	9 50		Feb	7 50	Oct	10 00	
Oct 7	9 25	Sept	9 50		Mar	7 50			
22	9 00	Oct	9 50		Apr	7 75			
Nov 5	8 75	Nov	9 50	May	8 14				
1988—Feb 2	8 50	1986 —Jan	9 50	June	8 25				
May 11	9 00		Feb	9 50	July	8 25			
July 14	9 50				Aug	8 25			
Aug 11	10 00								
Nov 28	10 50								

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

1.35 INTEREST RATES Money and Capital Markets

Averages, percent per year, weekly, monthly and annual figures are averages of business day data unless otherwise noted

Instrument	1985	1986	1987	1988				1988, week ending				
				July	Aug	Sept	Oct	Sept 30	Oct 7	Oct 14	Oct 21	Oct 28
MONEY MARKET RATES												
1 Federal funds ^{1,2}	8.10	6.80	6.66	7.75	8.01	8.19	8.30	8.24	8.38	8.27	8.27	8.29
2 Discount window borrowing ⁽²⁾	7.69	6.32	5.66	6.00	6.37	6.50	6.50	6.50	6.50	6.50	6.50	6.50
Commercial paper ³												
3 1-month	7.93	6.61	6.74	7.72	8.09	8.09	8.12	8.13	8.10	8.09	8.13	8.16
4 3-month	7.95	6.49	6.82	7.82	8.06	8.17	8.24	8.18	8.21	8.21	8.25	8.29
5 6-month	8.00	6.39	6.85	7.90	8.36	8.23	8.24	8.24	8.22	8.21	8.24	8.28
Finance paper, directly placed ^{4,5}												
6 1-month	7.90	6.57	6.61	7.62	7.96	7.96	8.05	8.09	8.03	8.02	8.06	8.08
7 3-month	7.77	6.38	6.54	7.55	7.95	7.95	8.06	8.04	8.05	8.01	8.06	8.11
8 6-month	7.74	6.31	6.37	7.19	7.57	7.71	7.80	7.76	7.81	7.80	7.80	7.80
Bankers acceptances ^{5,6}												
9 3-month	7.91	6.38	6.75	7.77	8.19	8.06	8.15	8.09	8.12	8.13	8.15	8.18
10 6-month	7.95	6.28	6.78	7.85	8.30	8.15	8.13	8.17	8.12	8.11	8.13	8.16
Certificates of deposit, secondary market ⁷												
11 1-month	7.96	6.61	6.75	7.73	8.08	8.12	8.15	8.14	8.12	8.13	8.16	8.18
12 3-month	8.04	6.51	6.87	7.94	8.35	8.23	8.36	8.24	8.31	8.33	8.38	8.41
13 6-month	8.24	6.50	7.01	8.18	8.66	8.50	8.48	8.50	8.47	8.46	8.48	8.51
14 Eurodollar deposits, 3-month ⁸	8.28	6.71	7.06	8.09	8.47	8.31	8.51	8.28	8.50	8.48	8.51	8.56
U.S. Treasury bills ⁹												
Secondary market ⁹												
15 3-month	7.47	5.97	5.78	6.73	7.06	7.24	7.35	7.30	7.25	7.31	7.40	7.42
16 6-month	7.65	6.02	6.03	6.99	7.39	7.43	7.50	7.51	7.48	7.42	7.54	7.53
17 1-year	7.81	6.07	6.33	7.22	7.59	7.53	7.54	7.60	7.56	7.51	7.56	7.55
Auction average ¹⁰												
18 3-month	7.47	5.98	5.82	6.73	7.02	7.23	7.34	7.23	7.23	7.32	7.36	7.45
19 6-month	7.64	6.03	6.05	6.97	7.36	7.43	7.50	7.48	7.46	7.46	7.55	7.54
20 1-year	7.80	6.18	6.33	7.04	7.40	7.60	7.57	7.48	n a	n a	n a	7.57
CAPITAL MARKET RATES												
U.S. Treasury notes and bonds ¹¹												
Constant maturities ¹²												
21 1-year	8.42	6.45	6.77	7.75	8.17	8.09	8.11	8.18	8.13	8.07	8.12	8.13
22 2-year	9.27	6.86	7.42	8.28	8.63	8.46	8.35	8.52	8.39	8.33	8.36	8.34
23 3-year	9.64	7.06	7.68	8.44	8.77	8.57	8.43	8.62	8.48	8.44	8.43	8.42
24 5-year	10.12	7.30	7.94	8.66	8.94	8.69	8.51	8.73	8.57	8.53	8.52	8.47
25 7-year	10.50	7.54	8.23	8.91	9.13	8.87	8.69	8.90	8.75	8.71	8.69	8.66
26 10-year	10.62	7.67	8.39	9.06	9.26	8.98	8.80	8.99	8.83	8.81	8.80	8.77
27 20-year	10.97	7.85	n a	n a	n a	n a	n a	n a	n a	n a	n a	n a
28 30-year	10.79	7.78	8.59	9.14	9.32	9.06	8.89	9.08	8.94	8.91	8.88	8.88
29 Composite ¹³	10.75	8.14	8.64	9.20	9.33	9.06	8.89	9.09	8.94	8.90	8.89	8.88
State and local notes and bonds												
Moody's series ¹⁴												
30 Aaa	8.60	6.95	7.14	7.50	7.51	7.39	7.25	7.29	7.29	7.29	7.23	7.20
31 Baa	9.58	7.76	8.17	7.86	7.89	7.84	7.72	7.78	7.77	7.77	7.70	7.65
32 Bond Buyer series ¹⁵	9.11	7.32	7.64	7.76	7.79	7.66	7.47	7.64	7.53	7.52	7.45	7.36
Corporate bonds												
Seasoned issues ¹⁶												
33 All industries	12.05	9.71	9.91	10.47	10.58	10.28	9.90	10.08	9.96	9.91	9.89	9.87
34 Aaa	11.37	9.02	9.38	9.96	10.11	9.82	9.51	9.67	9.58	9.54	9.49	9.44
35 Aa	11.82	9.47	9.68	10.26	10.37	10.06	9.71	9.88	9.76	9.71	9.68	9.68
36 A	12.28	9.95	9.99	10.55	10.63	10.34	9.99	10.15	10.03	9.97	9.99	9.97
37 Baa	12.72	10.39	10.58	11.11	11.21	10.90	10.41	10.59	10.45	10.41	10.41	10.39
38 A rated, recently offered utility bonds ¹⁷	12.06	9.61	9.95	10.40	10.45	10.26	10.11	10.29	10.05	10.20	10.08	10.00
MEMO Dividend/price ratio ¹⁸												
39 Preferred stocks	10.44	8.76	8.37	9.34	9.39	9.25	9.23	9.15	9.25	9.33	9.12	9.23
40 Common stocks	4.25	3.48	3.08	3.65	3.75	3.69	3.61	3.69	3.66	3.64	3.60	3.55

1 Weekly, monthly and annual 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 in 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.

136 STOCK MARKET Selected Statistics

Indicator	1985	1986	1987	1988								
				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)	108 09	136 00	161 70	145 13	149 88	148 46	144 99	152 72	152 12	149 25	151 47	156 36
2 Industrial	123 79	155 85	195 31	173 44	181 57	181 01	176 02	184 92	184 09	179 72	182 18	188 58
3 Transportation	104 11	119 87	140 39	126 09	135 15	133 40	127 63	136 02	136 49	132 52	136 27	141 83
4 Utility	56 75	71 36	74 29	72 89	71 16	69 35	68 66	72 25	71 49	70 67	71 83	74 19
5 Finance	114 21	147 19	146 48	124 36	125 27	121 66	120 35	129 04	129 99	130 77	133 15	136 09
6 Standard & Poor's Corporation (1941-43 = 10) ¹	186 84	236 34	286 83	258 13	265 74	262 61	256 12	270 68	269 05	263 73	267 97	277 40
7 American Stock Exchange (Aug 31, 1973 = 50) ²	229 10	264 38	316 61	276 54	295 78	300 43	296 30	306 13	307 48	297 76	297 86	302 83
<i>Volume of trading (thousands of shares)</i>												
8 New York Stock Exchange	109,191	141,385	188,647	184,688	176,189	162,518	153,906	195,772	166,916	144,668	145,702	162,631
9 American Stock Exchange	8,355	11,846	13,832	9,961	12,442	10,706	8,931	11,348	9,938	9,307	8,198	9,051
Customer financing (end-of period balances, in millions of dollars)												
10 Margin credit at broker-dealers ³	28,390	36,840	31,990	31,990	32,660	33,270	33,070	32,300	31,770	31,930	32,770	33,410
<i>Free credit balances at brokers⁴</i>												
11 Margin account ⁵	2 715	4 880	4 750	4 555	4 615	4 395	4 380	4 580	4 485	4 655	4 725	5 065
12 Cash-account	12,840	19,000	15,640	14,695	14,355	13,965	14,150	14,460	14,340	14,045	14,175	14,880
Margin requirements (percent of market value and effective date) ⁶												
	Mar 11, 1968		June 8 1968		May 6, 1970		Dec 6, 1971		Nov 24, 1972		Jan 3, 1974	
13 Margin stocks	70		80		65		55		65		50	
14 Convertible bonds	50		60		50		50		50		50	
15 Short sales	70		80		65		55		65		50	

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

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

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

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

5 New series beginning June 1984.

6 These regulations, adopted by the Board of Governors pursuant to the Securities Exchange Act of 1934, limit the amount of credit to purchase and carry

margin securities (as defined in the regulations) when such credit is collateralized by securities. Margin requirements on securities other than options are the difference between the market value (100 percent) and the maximum loan value of collateral as prescribed by the Board. Regulation T was adopted effective Oct. 15, 1934, Regulation U, effective May 1, 1936, Regulation G, effective Mar. 11, 1968, and Regulation X, effective Nov. 1, 1971.

On Jan. 1, 1977, the Board of Governors for the first time established in Regulation T the initial margin required for writing options on securities, setting it at 30 percent of the current market value of the stock underlying the option. On Sept. 30, 1985 the Board changed the required initial margin, allowing it to be the same as the option maintenance margin required by the appropriate exchange or self-regulatory organization, such maintenance margin rules must be approved by the Securities and Exchange Commission. Effective Jan. 31, 1986, the SEC approved new maintenance margin rules, permitting margins to be the price of the option plus 15 percent of the market value of the stock underlying the option.

137—Continued

Account	1985	1986	1987		1988							
			Nov	Dec	Jan	Feb	Mar	Apr	May	June ^r	July ^r	Aug
Credit unions ⁵												
51 Total assets/liabilities and capital	118,010	147,726	↑	↑	↑	↑	169,111	169,175	172,456	172,345	173,276	↑
52 Federal	77,861	95,483	↑	↑	↑	↑	109,797	109,913	112,595	112,573	113,068	↑
53 State	40,149	52,243	↑	↑	↑	↑	59,314	59,262	59,855	59,772	60,208	↑
54 Loans outstanding	73,513	86,137	n a	n a	n a	n a	101,965	103,271	105,704	105,800	107,065	n a
55 Federal	47,933	55,304	↑	↑	↑	↑	65,732	66,431	68,213	68,658	69,626	↑
56 State	25,580	30,833	↑	↑	↑	↑	36,233	36,840	37,491	37,142	37,439	↑
57 Savings	105,963	134,327	↑	↑	↑	↑	156,045	155,105	157,764	158,186	159,314	↑
58 Federal	70,926	87,954	↑	↑	↑	↑	101,847	101,048	103,129	103,347	104,256	↑
59 State	35,037	46,373	↑	↑	↑	↑	54,198	54,057	54,635	54,839	55,058	↑
Life insurance companies												
60 Assets	825,901	937,551	1,024,460	1,033,170	1,042,350	1,052,645	1,065,549	1,075,541	1,094,827	1,105,546	1,113,547	↑
Securities												↑
61 Government	75,230	84,640	91,227	91,302	91,682	92,497	92,408	93,946	86,711	87,160	88,218	↑
62 United States ⁶	51,700	59,033	65,186	64,551	64,922	65,534	65,218	66,749	58,988	59,351	60,244	↑
63 State and local	9,708	11,659	11,539	11,758	11,749	11,859	12,033	11,976	11,016	11,114	11,102	↑
64 Foreign ⁷	13,822	13,948	14,502	14,993	15,011	15,104	15,157	15,221	16,707	16,695	16,872	↑
65 Business	423,712	492,807	548,767	553,486	563,019	571,070	580,392	587,846	606,445	614,052	618,742	n a
66 Bonds	346,216	401,943	459,537	461,942	469,207	476,448	484,403	490,285	503,728	509,105	514,926	↑
67 Stocks	77,496	90,864	89,230	91,544	93,812	94,622	95,989	97,561	102,717	104,947	103,816	↑
68 Mortgages	171,797	193,842	208,839	212,375	212,637	213,182	214,815	215,383	219,012	220,870	221,990	↑
69 Real estate	28,822	31,615	33,538	34,016	34,178	34,503	34,845	34,964	35,484	35,545	35,737	↑
70 Policy loans	54,369	54,055	53,334	53,313	53,265	52,720	52,604	52,568	53,013	53,107	53,142	↑
71 Other assets	71,971	80,592	88,755	88,678	87,569	88,673	90,499	90,834	94,162	94,812	95,718	↑

1 Contra-assets are credit-balance accounts that must be subtracted from the corresponding gross asset categories to yield net asset levels. Contra-assets to mortgage loans, contracts, and pass through securities include loans in process, unearned discounts and deferred loan fees, valuation allowances for mortgages "held for sale," and specific reserves and other valuation allowances.

2 Contra-assets are credit balance accounts that must be subtracted from the corresponding gross asset categories to yield net asset levels. Contra assets to nonmortgage loans include loans in process, unearned discounts and deferred loan fees, and specific reserves and valuation allowances.

3 Holding of stock in Federal Home Loan Bank and Finance leases plus interest are included in "Other" (line 9).

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 *FSLIC insured institutions* Estimates by the FHI BB for all institutions insured by the FSLIC and based on the FHLBB Thrift Financial Report.

FSLIC-insured federal savings banks Estimates by the FHI BB for federal savings banks insured by the FSLIC and based on the FHLBB Thrift Financial Report.

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."

A28 Domestic Financial Statistics □ January 1989

1 38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1986	Fiscal year 1987	Fiscal year 1988	Calendar year					
				1988					
				May	June	July	Aug	Sept	Oct
<i>U S budget¹</i>									
1 Receipts total	769 091	854 143	908 953	47 691	99 205	60 690	69 479	97 803	63 646
2 On-budget	568 862	640 741	667 462	30 205	77 643	40 980	51 015	75 586	45 847
3 Off-budget	200 228	213 402	241 491	17 486	21 562	19 710	18 464	22 217	17 799
4 Outlays total	990 258	1 004 586	1 064 055	83 435	90 071	83 634	92 561	87 588	91 086
5 On-budget	806 760	810 754	861 364	66 389	72 888	66 818	74 756	70 071	73 945
6 Off-budget	183 498	193 832	202 691	17 046	17 184	16 816	17 805	17 518	17 141
7 Surplus, or deficit (-), total	-221 167	-150 444	-155 102	-35 744	-22 583	9 134	-22 944	-23 082	-27 440
8 On-budget	-237 898	-170 014	-193 901	-36 184	4 755	-25 838	-23 741	5 515	-28 097
9 Off-budget	16 731	19 570	38 800	440	4 379	2 894	659	4 699	658
Source of financing (total)									
10 Borrowing from the public	236 187	150 070	166 171	13 005	11 391	3 665	23 370	14 665	10 716
11 Operating cash (decrease or increase (-))	-14 324	-5 052	-7 963	22 638	-20 638	15 696	10 954	-31 444	13 748
12 Other ²	-696	5 426	-3 106	-1 478	113	3 583	-11 242	6 564	2 976
MEMO									
13 Treasury operating balance (level, end of period)	31 384	36 436	44 398	33 106	39 604	23 908	12 954	44 398	30 650
14 Federal Reserve Banks	7 514	9 120	13 024	6 383	9 762	3 910	4 390	13 024	6 151
15 Tax and loan accounts	23 870	27 316	31 375	26 723	29 842	19 998	8 564	31 375	24 499

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 SDRs, reserve position on the U S quota in the IMF, loans to

international monetary fund, other cash and monetary assets, 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 *Budget of the U S Government*

139 U S BUDGET RECEIPTS AND OUTLAYS¹

Millions of dollars

Source or type	Fiscal year 1987	Fiscal year 1988	Calendar year							
			1986		1987		1988		1988	
			H2	H1	H2	H1	Aug	Sept	Oct	
RECEIPTS										
1 All sources	854,143	908,953	387,524	447,282	421,712	476,115	69,479	97,803	63,646	
2 Individual income taxes, net	392,557	401,181	183,156	205,157	192,575	207,659	31,942	41,784	31,287	
3 Withheld	322,463	341,435	164,071	156,760	170,203	169,300	30,330	27,209	28,824	
4 Presidential Election Campaign Fund	33	33	4	4	4	28	1	1	0	
5 Nonwithheld	142,957	132,199	27,733	112,421	31,223	101,614	2,956	16,797	3,430	
6 Refunds	72,896	72,487	8,652	64,052	8,853	63,283	1,346	2,219	967	
7 Corporation income taxes										
8 Gross receipts	102,859	109,683	42,108	52,396	52,821	58,002	2,377	21,380	3,789	
9 Refunds	18,933	15,487	8,230	10,881	7,119	8,706	916	712	1,995	
10 Social insurance taxes and contributions, net	303,318	334,335	134,006	163,519	143,755	181,058	28,373	28,694	23,848	
11 Employment taxes and contributions ²	273,028	305,093	122,246	146,696	130,388	164,412	23,477	27,991	22,400	
12 Self employment taxes and contributions	13,987	17,691	1,338	12,020	1,889	14,839	380	2,326	0	
13 Unemployment insurance	25,575	24,584	9,328	14,514	10,977	14,363	4,545	285	1,101	
14 Other net receipts ³	4,715	4,659	2,429	2,310	2,390	2,284	351	419	347	
15 Excise taxes	32,457	35,540	15,947	15,845	17,680	16,440	3,490	3,158	3,134	
16 Customs deposits	15,085	16,198	7,282	7,129	7,993	7,851	1,650	1,367	1,381	
17 Estate and gift taxes	7,493	7,594	3,649	3,818	3,610	3,863	661	678	662	
18 Miscellaneous receipts ⁴	19,307	19,909	9,605	10,299	10,399	9,950	1,902	1,454	1,540	
OUTLAYS										
18 All types	1,004,586	1,064,054	506,556	503,267	532,839	513,210	92,561	87,588	91,086	
19 National defense	281,999	290,349	138,544	142,886	146,995	143,080	24,532	21,941	25,938	
20 International affairs	11,649	10,469	8,938	4,374	4,487	7,150	833	-691	2,176	
21 General science, space, and technology	9,216	10,876	4,594	4,324	5,469	5,361	930	702	1,136	
22 Energy	4,115	2,342	2,446	2,335	1,468	555	282	116	366	
23 Natural resources and environment	13,363	14,538	7,141	6,175	7,590	6,776	1,213	1,625	1,451	
24 Agriculture	27,356	17,210	15,660	11,824	14,640	7,872	-152	-414	3,025	
25 Commerce and housing credit	6,182	19,064	3,764	4,893	3,852	5,951	4,077	6,076	477	
26 Transportation	26,228	27,196	14,745	12,113	14,096	12,700	2,696	2,568	2,504	
27 Community and regional development	5,051	5,577	3,651	3,108	2,075	2,765	284	743	648	
28 Education, training, employment, and social services	29,724	30,856	16,209	14,182	15,592	15,451	3,033	2,588	2,644	
29 Health	39,968	44,482	18,795	20,318	20,750	22,643	3,977	3,823	3,994	
30 Social security and medicare	282,473	297,828	138,299	142,864	158,469	135,322	25,692	25,215	23,951	
31 Income security	123,250	130,174	59,979	62,248	61,201	65,555	10,581	11,226	8,855	
32 Veterans benefits and services	26,782	29,248	14,190	12,264	14,956	13,241	2,249	3,085	1,857	
33 Administration of justice	7,548	9,205	3,413	3,626	4,291	4,761	900	710	865	
34 General government	5,948	8,552	1,860	3,344	3,560	4,317	814	796	934	
35 General-purpose fiscal assistance	1,621	966	2,886	337	1,175	448	0	0	0	
36 Net interest ⁵	138,570	151,711	66,226	70,110	71,933	76,098	13,661	12,371	13,014	
37 Undistributed offsetting receipts ⁶	-36,455	-36,576	-16,475	-19,102	-17,684	-17,766	-3,041	-4,892	-2,751	

1 Functional details do not add to total outlays for calendar year data because revisions to monthly totals have not been distributed among functions. Fiscal year total for outlays does not correspond to calendar year data because revisions from the Budget have not been fully distributed across months.

2 Old-age, disability, and hospital insurance and railroad retirement accounts.

3 Old-age, disability, and hospital insurance.

4 Federal employee retirement contributions and civil service retirement and disability fund.

5 Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.

6 Net interest function includes interest received by trust funds.

7 Consists of rents and royalties on the outer continental shelf and U S government contributions for employee retirement.

SOURCES: U S Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U S Government* and the U S Office of Management and Budget, *Budget of the U S Government Fiscal Year 1988*.

A30 Domestic Financial Statistics □ January 1989

1 40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1986			1987			1988		
	June 30	Sept 30	Dec 31	Mar 31	June 30	Sept 30	Dec 31	Mar 31	June 30
1 Federal debt outstanding	2,063 6	2,129 5	2,218 9	2,250 7	2,313 1	2,354 3	2,435 2	2,493 2	2,555 1
2 Public debt securities	2,059 3	2,125 3	2,214 8	2,246 7	2,309 3	2,350 3	2,431 7	2,487 6	2,547 7
3 Held by public	1,684 9	1,742 4	1,811 7	1,839 3	1,871 1	1,893 1	1,954 1	1,996 7	2,013 4
4 Held by agencies	374 4	382 9	403 1	407 5	438 1	457 2	477 6	490 8	534 2
5 Agency securities	4 3	4 2	4 0	4 0	3 8	4 0	3 5	5 6	7 4
6 Held by public	3 2	3 2	3 0	2 9	2 8	3 0	2 7	5 1	7 0
7 Held by agencies	1 1	1 1	1 1	1 1	1 0	1 0	8	6	5
8 Debt subject to statutory limit	2,060 0	2,111 0	2,200 5	2,232 4	2,295 0	2,336 0	2,417 4	2,472 6	2,532 2
9 Public debt securities	2,058 7	2,109 7	2,199 3	2,231 1	2,293 7	2,334 7	2,416 3	2,472 1	2,532 1
10 Other debt ¹	1 3	1 3	1 3	1 3	1 3	1 3	1 1	5	1
11 MEMO Statutory debt limit	2,078 7	2,111 0	2,300 0	2,300 0	2,320 0	2,800 0	2 800 0	2 800 0	2,800 0

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

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

1 41 GROSS PUBLIC DEBT OF U S TREASURY Types and Ownership

Billions of dollars, end of period

Type and holder	1984	1985	1986	1987	1987		1988	
					Q3	Q4	Q1	Q2
1 Total gross public debt	1,663 0	1,945 9	2,214 8	2,431 7	2,350 3	2,431 7	2,487 6	2,547 7
By type								
2 Interest bearing debt	1,660 6	1,943 4	2,212 0	2,428 9	2,347 7	2,428 9	2,484 9	2,545 0
3 Marketable	1,247 4	1,437 7	1,619 0	1,724 7	1,676 0	1 724 7	1,758 7	1,769 9
4 Bills	374 4	399 9	426 7	389 5	378 3	389 5	392 6	382 3
5 Notes	705 1	812 5	927 5	1,037 9	1,005 1	1,037 9	1,059 9	1,072 7
6 Bonds	167 9	211 1	249 8	282 5	277 6	282 5	291 3	299 9
7 Nonmarketable ¹	413 2	505 7	593 1	704 2	671 8	704 2	726 2	775 1
8 State and local government series	44 4	87 5	110 5	139 3	129 0	139 3	142 9	146 9
9 Foreign issues ²	9 1	7 5	4 7	4 0	4 3	4 0	6 1	5 7
10 Government	9 1	7 5	4 7	4 0	4 3	4 0	6 1	5 7
11 Public	0	0	0	0	0	0	0	0
12 Savings bonds and notes	73 1	78 1	90 6	99 2	97 0	99 2	102 3	104 5
13 Government account series ³	286 2	332 2	386 9	461 3	440 7	461 3	474 4	517 5
14 Non-interest-bearing debt	2 3	2 5	2 8	2 8	2 5	2 8	2 6	2 7
By holder ⁴								
15 U S government agencies and trust funds	289 6	348 9	403 1	477 6	457 2	477 6	490 8	534 2
16 Federal Reserve Banks	160 9	181 3	211 3	222 6	211 9	222 6	217 5	227 6
17 Private investors	1,212 5	1 417 2	1,602 0	1,745 2	1,682 6	1 745 2	1,778 2	1,784 9
18 Commercial banks	183 4	192 2	238 3	253 3	251 3	253 3	260 7	263 0
19 Money market funds	25 9	25 1	28 0	14 3	15 2	14 3	15 2	13 4
20 Insurance companies	76 4	115 4	135 4	n a	143 0	n a	n a	n a
21 Other companies	50 1	59 0	68 8	84 6	81 8	84 6	n a	n a
22 State and local Treasuries	173 0	224 0	260 0	n a	n a	n a	n a	n a
Individuals								
23 Savings bonds	74 5	79 8	92 3	101 1	98 5	101 1	104 0	106 2
24 Other securities	69 3	75 0	70 5	n a	70 4	n a	n a	n a
25 Foreign and international ⁵	192 9	212 5	251 6	287 3	267 0	287 3	320 8	332 3
26 Other miscellaneous investors ⁶	354 7	434 2	467 1	n a	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 Treasury agencies and trust funds

4 Data for Federal Reserve Banks and U S Treasury 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 Treasury deposit accounts, and federally-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

I 42 U S GOVERNMENT SECURITIES DEALERS Transactions¹

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

Item	1985	1986	1987	1988			1988						
				Aug ¹	Sept ¹	Oct	Sept 21 ¹	Sept 28 ¹	Oct 5	Oct 12	Oct 19	Oct 26	
Immediate delivery²													
1 U S Treasury securities	75,331	95,445	110,052	100,109	99,232	109,791	84,709	104,499	104,469	120,487	107,962	108,828	
<i>By maturity</i>													
2 Bills	32,900	34,247	37,924	29,541	27,406	29,606	25,997	29,807	27,640	32,663	27,939	30,249	
3 Other within 1 year	1,811	2,115	3,272	3,463	3,249	3,285	2,759	3,999	4,389	3,122	3,219	2,632	
4 1-5 years	18,361	24,667	27,918	28,558	28,204	28,691	23,001	36,615	27,874	30,222	27,683	31,348	
5 5-10 years	12,703	20,456	24,014	23,759	25,854	30,419	21,001	22,122	28,703	34,950	32,040	26,837	
6 Over 10 years	9,556	13,961	16,923	14,789	14,519	17,791	11,950	11,955	15,864	19,531	17,082	17,762	
<i>By type of customer</i>													
7 U S government securities dealers	3,336	3,670	2,936	2,328	2,669	3,227	2,280	3,087	3,794	3,303	3,055	3,503	
8 U S government securities brokers	36,222	49,558	61,539	58,577	58,674	65,612	50,770	62,049	59,544	71,537	65,689	64,963	
9 All others	35,773	42,218	45,576	39,204	37,888	40,951	31,658	39,362	41,131	45,645	39,217	40,361	
10 Federal agency securities	11,640	16,748	18,087	13,952	15,473	17,633	16,170	14,924	18,004	17,742	19,581	15,828	
11 Certificates of deposit	4,016	4,355	4,112	3,053	3,128	3,646	2,984	3,028	3,497	4,383	3,483	3,564	
12 Bankers acceptances	3,242	3,272	2,965	1,834	1,994	2,186	1,795	1,939	2,288	2,513	2,068	2,034	
13 Commercial paper	12,717	16,660	17,135	23,413	26,416	28,682	27,773	25,571	29,622	29,473	28,234	26,399	
<i>Futures contracts⁴</i>													
14 Treasury bills	5,561	3,311	3,233	2,593	2,555	2,772	1,879	2,179	1,796	3,629	2,593	2,059	
15 Treasury coupons	6,085	7,175	8,964	9,485	9,393	10,684	8,292	8,021	11,187	10,383	10,208	10,369	
16 Federal agency securities	252	16	5	0	0	0	0	0	0	0	0	0	
<i>Forward transactions⁵</i>													
17 U S Treasury securities	1,283	1,876	2,029	2,283	1,479	1,769	2,015	2,106	813	1,748	2,568	2,128	
18 Federal agency securities	3,857	7,831	9,290	8,701	7,601	8,013	7,294	5,649	6,283	10,220	10,462	6,394	

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 Treasury 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 Treasury securities (Treasury bills, notes, and bonds) or after 30 days for mortgage backed agency issues.

1 43 U S GOVERNMENT SECURITIES DEALERS Positions and Financing¹

Averages of daily figures, in millions of dollars

Item	1985	1986	1987	1988			1988				
				Aug	Sept	Oct	Sept 28	Oct 5	Oct 12	Oct 19	Oct 26
Positions											
Net immediate ²											
1 U S Treasury securities	7,391	12,912	-6,216	-31,781	-26,759 ^r	-25,793	-27,809 ^r	-27,322	-25,883	-27,790	-26,592
2 Bills	10,075	12,761	4,317	1,658	6,816 ^r	3,692	8,317	3,810	5,086	1,814	4,064
3 Other within 1 year	1,050	3,706	1,557	-2,389	-3,811	-5,534	-3,943	-5,056	-5,509	-5,806	-5,438
4 1-5 years	5,154	9,146	649	-6,234	-2,896	855	-4,864 ^r	1,493	1,320	-160	-701
5 5-10 years	-6,202	-9,505	-6,564	-13,383	-13,750 ^r	-11,191	-14,127 ^r	-13,718	-13,569	-10,315	-9,915
6 Over 10 years	-2,686	-3,197	-6,174	-11,432	-13,117	-13,615	-13,191	-13,850	-13,212	-13,323	-14,602
7 Federal agency securities	22,860	32,984	31,910	27,844	29,023 ^r	30,169	28,886 ^r	29,398	29,252	30,608	30,552
8 Certificates of deposit	9,192	10,485	8,188	8,476	8,200	8,262	8,191	8,052	8,322	8,080	8,158
9 Bankers acceptances	4,586	5,526	3,661	1,963	1,786	2,247	1,798	1,933	2,238	2,148	2,314
10 Commercial paper	5,570	8,089	7,496	5,829	6,830	6,770	7,001	7,400	6,963	7,035	6,340
Futures positions											
11 Treasury bills	-7,322	-18,059	-3,373	1,157	-4,049	-4,385	-4,710	-2,849	-3,955	-4,803	-4,165
12 Treasury coupons	4,465	3,473	5,988	8,476	7,745 ^r	6,532	7,600	7,538	5,838	6,128	7,556
13 Federal agency securities	-722	-153	-95	0	0	0	0	0	0	0	0
Forward positions											
14 U S Treasury securities	-911	-2,144	-1,211	641	-347	-969	-1,501	-707	-42	-1,375	-1,887
15 Federal agency securities	-9,420	-11,840	-18,817	-17,258	-16,988 ^r	-17,558	-16,563 ^r	-17,463	-17,369	-17,359	-17,670
Financing ³											
Reverse repurchase agreements ⁴											
16 Overnight and continuing	68,035	98,954	124,791	142,120	139,167	149,450	132,608	146,913	148,541	152,285	146,437
17 Term	80,509	108,693	148,033	180,855	185,275	193,290	190,187	184,216	187,466	189,152	197,229
Repurchase agreements ⁵											
18 Overnight and continuing	101,410	141,735	170,840	174,006	178,459	189,508	172,412	187,020	189,360	193,747	184,577
19 Term	70,076	102,640	120,980	134,608	134,107	143,288	142,523	135,606	138,246	138,838	154,170

¹ 0Data for dealer positions and sources of financing are obtained from reports submitted to the Federal Reserve Bank of New York by the U S Treasury securities dealers on its published list of primary dealers

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

² 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

³ Figures cover financing involving U S Treasury and federal agency securities, negotiable CDs, bankers acceptances, and commercial paper

⁴ 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

⁵ 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	1984	1985	1986	1987	1988				
					May	June	July	Aug	Sept
1 Federal and federally sponsored agencies	271,220	293,905	307,361	341,386	352,216	354,446	355,810	n a	n a
2 Federal agencies	35,145	36,390	36,958	37,981	36,430	36,361	36,465	n a	n a
3 Defense Department ¹	142	71	33	13	11	11	11	11	11
4 Export Import Bank ^{2,3}	15,882	15,678	14,211	11,978	11,494	11,232	11,232	11,232	11,232
5 Federal Housing Administration ⁴	133	115	138	183	105	116	116	115	120
6 Government National Mortgage Association participation certificates	2,165	2,165	2,165	1,615	830	830	830	n a	n a
7 Postal Service ⁵	1,337	1,940	3,104	6,103	5,842	5,842	5,842	5,842	5,842
8 Tennessee Valley Authority	15,435	16,347	17,222	18,089	18,148	18,330	18,434	18,494	18,511
9 United States Railway Association ⁶	51	74	85	0	0	0	0	0	0
10 Federally sponsored agencies ⁷	237,012	257,515	270,553	303,405	315,786	318,085	319,345	324,110	328,246
11 Federal Home Loan Banks	65,085	74,447	88,752	115,725	117,864	117,773	119,409	121,266	126,011
12 Federal Home Loan Mortgage Corporation	10,270	11,926	13,589	17,645	19,495	17,619	17,844	19,652	18,368
13 Federal National Mortgage Association	83,720	93,896	93,563	97,057	102,515	104,757	104,751	105,730	105,986
14 Farm Credit Banks ⁸	72,192	68,851	62,478	55,275	54,578	55,779	54,538	53,582 ^r	53,764
15 Student Loan Marketing Association ⁹	5,745	8,395	12,171	16,503	18,434	19,257	19,453	19,680	19,917
16 Financing Corporation ¹⁰	n a	n a	n a	n a	2,900	2,900	2,900	3,750	3,750
17 Farm Credit Financial Assistance Corporation ¹¹	n a	n a	n a	n a	n a	n a	450	450	450
MEMO									
18 Federal Financing Bank debt¹²	145,217	153,373	157,510	152,417	149,986	149,833	149,937	149,809	146,151
<i>Lending to federal and federally sponsored agencies</i>									
19 Export-Import Bank ³	15,852	15,670	14,205	11,972	11,488	11,226	11,226	11,226	10,958
20 Postal Service ⁶	1,087	1,690	2,854	5,853	5,592	5,592	5,592	5,592	5,592
21 Student Loan Marketing Association	5,000	5,000	4,970	4,940	4,940	4,940	4,940	4,940	4,910
22 Tennessee Valley Authority	13,710	14,622	15,797	16,709	16,768	16,950	17,054	17,114	17,131
23 United States Railway Association ⁶	51	74	85	0	0	0	0	0	0
<i>Other Lending¹³</i>									
24 Farmers Home Administration	58,971	64,234	65,374	59,674	59,674	59,674	59,674	59,464	58,496
25 Rural Electrification Administration	20,693	20,654	21,680	21,191	19,218	19,204	19,206	19,225	19,205
26 Other	29,853	31,429	32,545	32,078	32,306	32,247	32,245	32,248	29,859

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 Excludes borrowing by the Farm Credit Financial Assistance Corporation, shown in line 17

9 Before late 1981, the Association obtained financing through the Federal Financing Bank (FFB). Borrowing excludes that obtained from the FFB, which is shown on line 21

10 The Financing Corporation, established in August 1987 to recapitalize the Federal Savings and Loan Insurance Corporation, undertook its first borrowing in October 1987

11 The Farm Credit Financial Assistance Corporation (established in January 1988 to provide assistance to the Farm Credit System) undertook its first borrowing in July 1988

12 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

13 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 1989

1 45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1985	1986	1987	1988							
				Mar	Apr	May	June	July	Aug	Sept ^r	Oct
1 All issues, new and refunding¹	214,189	147,011	102,407	9,821	5,847	7,846	13,912	9,746	6,966	9,669	10,046
<i>Type of issue</i>											
2 General obligation	52,622	46,346	30,589	2,776	1,707	3,085	4,237	1,959	2,472	2,370	1,932
3 Revenue	161,567	100,664	71,818	7,045	4,140	4,761	9,675	7,788	4,494	7,299	8,114
<i>Type of issuer</i>											
4 State	13,004	14,474	10,102	739	441	913	1,349	140	576	1,206	732
5 Special district and statutory authority ²	134,363	89,997	65,460	6,310	4,078	4,625	8,629	6,752	3,749	6,407	6,946
6 Municipalities, counties, and townships	78,754	42,541	26,845	2,772	1,328	2,308	3,934	2,854	2,641	2,056	2,368
7 Issues for new capital, total	156,050	83,490	56,789	2,401	1,476	2,334	2,352	2,079	2,318	2,783	2,840
<i>Use of proceeds</i>											
8 Education	16,658	12,307	9,524	933	911	1,316	1,320	1,699	694	1,351	489
9 Transportation	12,070	7,246	3,677	559	215	452	858	1,446	265	732	481
10 Utilities and conservation	26,852	14,594	7,912	1,016	429	580	635	225	613	694	1,223
11 Social welfare	63,181	11,353	11,106	1,218	1,099	694	2,060	1,222	1,242	2,358	2,493
12 Industrial aid	12,892	6,190	7,474	105	298	248	434	128	460	280	330
13 Other purposes	24,398	31,802	18,020	2,213	996	1,900	3,628	3,666	2,043	1,661	1,742

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

SOURCES Securities Data/Bond Buyer Municipal Data Base beginning 1986
Public Securities Association for earlier data

1 46 NEW SECURITY ISSUES U S Corporations

Millions of dollars

Type of issue or issuer, or use	1985	1986	1987	1988							
				Feb	Mar	Apr	May	June	July	Aug	Sept
1 All issues¹	239,015	423,726	392,156	22,439	25,902	21,227	23,413	30,043	17,982	19,269^r	23,575
2 Bonds²	203,500	355,293	325,648	18,549	20,815	18,515	19,382	25,748	12,844	15,934^r	20,688
<i>Type of offering</i>											
3 Public, domestic	119,559	231,936	209,279	16,758	19,827	16,202	17,496	22,753	10,850	14,595 ^r	18,000
4 Private placement, domestic ³	46,200	80,760	92,070	n a	n a	n a	n a	n a	n a	n a	n a
5 Sold abroad	37,781	42,596	24,299	1,791	988	2,313	1,886	2,995	1,994	1,339	2,700
<i>Industry group</i>											
6 Manufacturing	63,973	91,548	61,666	3,151	3,482	4,513	4,206	5,305	2,204	3,476 ^r	3,739
7 Commercial and miscellaneous	17,066	40,124	49,327	1,416	1,007	771	1,446	2,281	1,531	2,227 ^r	1,035
8 Transportation	6,020	9,971	11,974	200	1,017	890	184	580	100	0	150
9 Public utility	13,649	31,426	23,004	1,718	2,259	1,170	1,929	1,707	540	298	856
10 Communication	10,832	16,659	7,340	101	115	411	69	925	577	29	1,064
11 Real estate and financial	91,958	165,564	172,343	11,962	12,935	10,760	11,546	14,949	7,893	9,903 ^r	13,843
12 Stocks³	35,515	68,433	66,508	3,890	5,087	2,712	4,031	4,295	5,138	3,335^r	2,887
<i>Type</i>											
13 Preferred	6,505	11,514	10,123	376	625	241	285	501	407	498 ^r	459
14 Common	29,010	50,316	43,228	3,513	4,462	2,471	3,746	3,794	4,731	2,837 ^r	2,448
15 Private placement ³		6,603	13,157	n a	n a	n a	n a	n a	n a	n a	n a
<i>Industry group</i>											
16 Manufacturing	5,700	15,027	13,880	296	256	318	1,080	1,676	296	538	244
17 Commercial and miscellaneous	9,149	10,617	12,888	44	99	276	157	522	2,073	347 ^r	437
18 Transportation	1,544	2,427	2,439	474	32	150	15	51	0	72	5
19 Public utility	1,966	4,020	4,322	142	93	238	59	207	20	135	215
20 Communication	978	1,825	1,458	0	63	109	78	13	20	3	23
21 Real estate and financial	16,178	34,517	31,521	2,933	4,544	1,621	2,642	1,826	2,729	2,240 ^r	1,963

1 Figures which represent gross proceeds of issues maturing in more than one year, are principal amount or number of units multiplied by offering price. Excludes secondary offerings, employee stock plans, investment companies other than closed-end, intracorporate transactions, equities sold abroad and Yankee bonds. Stock data include ownership securities issued by limited partnerships.

2 Monthly data include only public offerings.
3 Data are not available on a monthly basis. Before 1987, annual totals include underwritten issues only.
SOURCES IDD Information Services, Inc., U S Securities and Exchange Commission and the Board of Governors of the Federal Reserve System.

1 47 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1986	1987	1988							
			Feb	Mar	Apr	May	June	July	Aug ¹	Sept
INVESTMENT COMPANIES ¹										
1 Sales of own shares ²	411,751	381,260	23,265	24,589	23,162	19,579	22,503	20,728	20,595	19,891
2 Redemptions of own shares ¹	239,394	314,252	20,914	23,968	25,000	21,412	23,168	20,561	22,836	721,343
3 Net sales	172,357	67,008	2,351	620	-1,828	-1,833	-665	167	-2,242	-1,452
4 Assets ⁴	424,156	453,842	481,232	473,206	473,321	468,735	481,120	477,076	465,822	475,841
5 Cash position ⁵	30,716	38,006	41,232	43,561	45,307	45,003	43,229	44,015	45,229	46,759
6 Other	393,440	415,836	439,995	426,645	428,014	423,732	437,891	433,061	420,595	429,082

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	1985	1986	1987	1986	1987				1988		
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1 Corporate profits with inventory valuation and capital consumption adjustment	282.3	298.8	310.4	293.9	298.3	305.2	322.0	316.1	316.2	326.5	323.7
2 Profits before tax	224.2	236.3	276.7	252.1	261.8	273.7	289.4	281.9	286.2	305.9	307.7
3 Profits tax liability	96.4	106.6	133.8	114.3	126.3	132.6	140.0	136.2	136.9	143.2	144.6
4 Profits after tax	127.8	129.8	142.9	137.9	135.5	141.1	149.5	145.7	149.4	162.7	163.1
5 Dividends	83.2	88.2	95.5	89.8	91.7	94.0	97.0	99.3	101.3	103.1	105.7
6 Undistributed profits	44.5	41.5	47.4	48.1	43.8	47.0	52.4	46.4	48.1	59.6	57.5
7 Inventory valuation	-1.7	8.3	-18.0	-8.1	-14.4	-20.0	-19.5	-18.2	-19.4	-27.4	-29.0
8 Capital consumption adjustment	59.8	54.1	51.7	49.8	50.8	51.5	52.1	52.4	49.4	48.0	45.1

SOURCE: Survey of Current Business (Department of Commerce)

1 50 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment ▲

Billions of dollars, quarterly data are at seasonally adjusted annual rates

Industry	1986	1987	1988 ¹	1987				1988			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3 ¹	Q4 ¹
1 Total nonfarm business	379.47	389.67	430.95	376.73	380.66	394.54	406.82	412.02	426.94	440.42	444.40
<i>Manufacturing</i>											
2 Durable goods industries	69.14	71.01	78.06	70.79	69.05	71.96	72.28	75.70	76.87	80.59	79.09
3 Nondurable goods industries	73.56	74.88	85.50	70.70	72.66	76.24	79.92	82.90	84.82	85.78	88.48
<i>Nonmanufacturing</i>											
4 Mining	11.22	11.39	12.62	10.38	11.02	11.81	12.32	12.59	13.26	12.74	11.89
<i>Transportation</i>											
5 Railroad	6.66	5.92	7.05	5.68	5.84	6.07	6.12	6.92	7.01	7.07	7.19
6 Air	6.26	6.53	7.61	7.01	6.02	6.15	6.94	6.43	6.66	9.31	8.02
7 Other	5.89	6.40	6.91	6.08	6.26	6.97	6.28	7.08	7.05	7.06	6.44
<i>Public utilities</i>											
8 Electric	33.91	31.63	32.20	31.23	31.47	31.57	32.28	30.31	30.95	33.79	33.76
9 Gas and other	12.47	13.25	14.27	12.72	12.47	13.73	14.11	14.30	14.48	14.26	14.04
10 Commercial and other ²	160.38	168.65	186.74	162.13	165.86	170.05	176.56	175.79	185.83	189.82	195.50

▲ 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)

A36 Domestic Financial Statistics □ January 1989

1 51 DOMESTIC FINANCE COMPANIES Assets and Liabilities¹

Billions of dollars, end of period

Account	1983	1984	1985	1986			1987			
				Q2	Q3	Q4	Q1	Q2	Q3	Q4
ASSETS										
Accounts receivable, gross										
1 Consumer	83 3	89 9	111 9	123 4	135 3	134 7	131 1	134 7	141 6	141 1
2 Business	113 4	137 8	157 5	166 8	159 7	173 4	181 4	188 1	188 3	207 6
3 Real estate	20 5	23 8	28 0	29 8	31 0	32 6	34 7	36 5	38 0	39 5
4 Total	217 3	251 5	297 4	320 0	326 0	340 6	347 2	359 3	367 9	388 2
Less										
5 Reserves for unearned income	30 3	33 8	39 2	40 7	42 4	41 5	40 4	41 2	42 5	45 3
6 Reserves for losses	3 7	4 2	4 9	5 1	5 4	5 8	5 9	6 2	6 5	6 8
7 Accounts receivable, net	183 2	213 5	253 3	274 2	278 2	293 3	300 9	311 9	318 9	336 1
8 All other	34 4	35 7	45 3	49 5	60 0	58 6	59 0	57 7	64 5	58 2
9 Total assets	217 6	249 2	298 6	323 7	338 2	351 9	359 9	369 6	383 4	394 3
LIABILITIES										
10 Bank loans	18 3	20 0	18 0	16 3	16 8	18 6	17 2	17 3	15 9	16 4
11 Commercial paper	60 5	73 1	99 2	108 4	112 8	117 8	119 1	120 4	124 2	128 4
Debt										
12 Other short-term	11 1	12 9	12 7	15 8	16 4	17 5	21 8	24 8	26 9	28 0
13 Long-term	67 7	77 2	94 4	106 9	111 7	117 5	118 7	121 8	128 2	137 1
14 All other liabilities	31 2	34 5	41 5	40 9	45 0	44 1	46 5	49 1	48 6	52 8
15 Capital, surplus, and undivided profits	28 9	31 5	32 8	35 4	35 6	36 4	36 6	36 3	39 5	31 5
16 Total liabilities and capital	217 6	249 2	298 6	323 7	338 2	351 9	359 9	369 6	383 4	394 3

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

1 52 DOMESTIC FINANCE COMPANIES Business Credit Outstanding and Net Change¹

Millions of dollars, seasonally adjusted

Type	1985	1986	1987	1988					
				Apr	May	June	July	Aug	Sept
1 Total	156,297	171,966	205,869	218,914	220,304	222,133	223,706	223,958 ¹	230,474
Retail financing of installment sales									
2 Automotive (commercial vehicles)	20,660	25,952	35,674	37,619	37,219	37,519	37,682	37,519	37,120
3 Business, industrial, and farm equipment	22,483	22,950	24,987	27,263	27,081	27,548	27,428	27,603	27,569
Wholesale financing									
4 Automotive	23,988	23,419	31,059	27,361	28,260	28,731	28,449	27,721	32,732
5 Equipment	4,568	5,423	5,693	5,429	5,237	5,557	5,654	5,803	5,949
6 All other	6,809	7,079	8,408	8,311	8,414	8,481	8,458	8,531	8,738
Leasing									
7 Automotive	16,275	19,783	21,943	23,458	23,690	24,076	24,400	24,370	23,861
8 Equipment	34,768	37,833	43,002	51,092	52,126	52,365	52,803	53,671	55,400 ¹
9 Loans on commercial accounts receivable and factored commercial accounts receivable	15,765	15,959	18,024	18,789	18,700	18,595	19,095	19,132	19,386
10 All other business credit	10,981	13,568	17,079	19,592	19,578	19,260	19,736	19,609	19,719
Net change (during period)									
11 Total	19,607	15,669	3,040	2,907	1,390	1,829	1,573	252 ¹	6,515
Retail financing of installment sales									
12 Automotive (commercial vehicles)	5,067	5,292	1,220	705	-400	300	163	-163	-399
13 Business, industrial, and farm equipment	-363	467	223	182	-181	467	-120	175	-35
Wholesale financing									
14 Automotive	5,423	-569	158	32	899	471	-282	-728	5,011
15 Equipment	-867	855	-101	178	-192	320	97	149	146
16 All other	1,069	270	257	-36	103	67	-23	73	207
Leasing									
17 Automotive	3,896	3,508	-70	-34	231	386	324	-30	-509
18 Equipment	2,685	3,065	1,038	681	1,034	239	438	867	1,729
19 Loans on commercial accounts receivable and factored commercial accounts receivable	2,161	194	-477	894	-88	-105	500	37	255
20 All other business credit	536	2,587	792	305	-14	-318	476	-127	110

¹ 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	1985	1986	1987	1988						
				Apr	May	June	July	Aug	Sept	Oct
Terms and yields in primary and secondary markets										
PRIMARY MARKETS										
Conventional mortgages on new homes										
<i>Terms</i>										
1 Purchase price (thousands of dollars)	104 1	118 1	137 0	151 4	145 3	152 0	152 9	154 2	148 3	153 8
2 Amount of loan (thousands of dollars)	77 4	86 2	100 5	112 1	108 0	110 2	111 9	114 9	109 8	114 0
3 Loan/price ratio (percent)	77 1	75 2	75 2	76 2	76 4	73 8	75 2	76 7	75 4	75 8
4 Maturity (years)	26 9	26 6	27 8	27 7	28 1	27 5	28 4	28 5	27 6	28 4
5 Fees and charges (percent of loan amount) ¹	2 53	2 48	2 26	2 20	2 15	2 16	2 24	2 35	2 14	1 98
6 Contract rate (percent per year)	11 12	9 82	8 94	8 76	8 59	8 90	8 80	8 68	8 90	8 77
<i>Yield (percent per year)</i>										
7 FHLBB series ²	11 58	10 25	9 31	9 13	8 95	9 26	9 17	9 06	9 26	9 10
8 HUD series ³	12 28	10 07	10 17 ⁴	10 19	10 48	10 35	10 47	10 55	n a	n a
SECONDARY MARKETS										
<i>Yield (percent per year)</i>										
9 FHA mortgages (HUD series) ⁵	12 24	9 91	10 16 ⁶	10 46	10 84	10 65	10 66	10 74	n a	n a
10 GNMA securities ⁶	11 61	9 30	9 42	9 67	9 93	9 88	9 91	10 09	9 93	9 77
Activity in secondary markets										
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
<i>Mortgage holdings (end of period)</i>										
11 Total	94,574	98,048	95,030	100,796	101,747	102,368	102,540	102,540	102,453	102,493
12 FHA/VA-insured	34,244	29,683	21,660	19,932	19,805	19,765	19,677	19,586	19,526	19,464
13 Conventional	60,331	68,365	73,370	80,864	81,941	82,603	82,864	82,954	82,927	83,030
<i>Mortgage transactions (during period)</i>										
14 Purchases	21,510	30,826	20,531	2,409	2,138	2,372	1,960	1,638	1,111	1,488
<i>Mortgage commitments⁷</i>										
15 Contracted (during period)	20,155	32,987	25,415	2,555	2,142	2,179	1,108	1,041	1,439	1,740
16 Outstanding (end of period)	3,402	3,386	4,886	6,033	5,777	5,365	4,277	3,135	3,257	3,165
FEDERAL HOME LOAN MORTGAGE CORPORATION										
<i>Mortgage holdings (end of period)⁸</i>										
17 Total	12,399	13,517	12,802	14,822	15,228	15,576	15,133	15,142	n a	n a
18 FHA/VA	841	746	686	635	633	627	619	611	n a	n a
19 Conventional	11,559	12,771	12,116	14,187	14,595	14,949	14,514	14,531	n a	n a
<i>Mortgage transactions (during period)</i>										
20 Purchases	44,012	103,474	76,845	2,772	2,877	4,117	3,879	3,858	n a	n a
21 Sales	38,905	100,236	75,082	2,271	2,325	3,649	4,115	3,719	n a	n a
<i>Mortgage commitments⁹</i>										
22 Contracted (during period)	48,989	110,855	71,467	6,437	5,159	6,447	5,328	3,480	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

A38 Domestic Financial Statistics □ January 1989

1 54 MORTGAGE DEBT OUTSTANDING¹

Millions of dollars, end of period

Type of holder and type of property	1985	1986	1987	1987		1988		
				Q3	Q4	Q1	Q2'	Q3
1 All holders	2,289,843	2,597,175	2,943,144'	2,864,736	2,943,144'	2,988,100'	3,067,691	3,154,128
2 1- to 4-family	1,488,009	1,698,524	1,925,197'	1,870,635	1,925,197'	1,955,770'	2,015,759	2,079,732
3 Multifamily	214,470	247,831	273,830'	268,911	273,830'	277,622'	282,756	286,510
4 Commercial	481,514	555,039	655,249'	635,230	655,249'	666,521'	681,246	698,721
5 Farm	105,850	95,781	88,868	89,960	88,868	88,187'	87,930	89,165
6 Selected financial institutions	1,390,394	1,507,289	1,700,820	1,648,328	1,700,820	1,723,737'	1,773,569	1,828,599
7 Commercial banks ²	429,196	502,534	591,151	567,000	591,151	604,403'	628,132	653,388
8 1- to 4-family	213,434	235,814	275,761	263,762	275,761	280,439'	291,767	303,629
9 Multifamily	23,373	31,173	33,296	32,114	33,296	33,640'	34,672	35,936
10 Commercial	181,032	222,799	267,663	256,981	267,663	275,535'	286,366	297,880
11 Farm	11,557	12,748	14,431	14,143	14,431	14,789'	15,327	15,943
12 Savings institutions ³	760,499	777,312	856,945	838,737	856,945	863,110	882,049	904,613
13 1- to 4-family	554,301	558,412	598,886	583,432	598,886	603,532	622,976	645,406
14 Multifamily	89,739	97,059	106,359	104,609	106,359	107,687	109,353	108,659
15 Commercial	115,771	121,236	150,943	149,938	150,943	151,136	148,969	149,798
16 Farm	688	605	n a	n a	n a	n a	n a	n a
17 Life insurance companies	171,797	193,842	212,375	204,263	212,375	214,815	220,870	227,120
18 1- to 4-family	12,381	12,827	13,226	12,742	13,226	13,653	14,172	14,573
19 Multifamily	19,894	20,952	22,524	21,968	22,524	23,021	23,667	24,667
20 Commercial	127,670	149,111	166,722	159,464	166,722	168,774	174,086	179,012
21 Farm	11,852	10,952	9,903	10,089	9,903	9,665	9,591	9,868
22 Finance companies ⁴	28,902	33,601	40,349	38,328	40,349	41,409	42,518	43,478
23 Federal and related agencies	166,928	203,800	192,721	191,520	192,721	196,909	199,474	198,527
24 Government National Mortgage Association	1,473	889	444	458	444	434	42	43
25 1- to 4-family	539	47	25	25	25	25	24	24
26 Multifamily	934	842	419	433	419	409	18	19
27 Farmers Home Administration ⁵	733	48,421	43,051	42,978	43,051	43,076	42,767	41,836
28 1- to 4-family	183	21,625	18,169	18,111	18,169	18,185	18,248	18,268
29 Multifamily	113	7,608	8,044	7,903	8,044	8,115	8,213	8,349
30 Commercial	159	8,446	6,603	6,592	6,603	6,640	6,288	5,300
31 Farm	278	10,742	10,235	10,372	10,235	10,136	10,018	9,919
32 Federal Housing and Veterans Administration	4,920	5,047	5,574	5,330	5,574	5,660	5,673	5,545
33 1- to 4-family	2,254	2,386	2,557	2,452	2,557	2,608	2,564	2,445
34 Multifamily	2,666	2,661	3,017	2,878	3,017	3,052	3,109	3,100
35 Federal National Mortgage Association	98,282	97,895	96,649	94,884	96,649	99,787	102,368	102,453
36 1- to 4-family	91,966	90,718	89,666	87,901	89,666	92,828	95,404	95,417
37 Multifamily	6,316	7,177	6,983	6,983	6,983	6,959	6,964	7,036
38 Federal Land Banks	47,498	39,984	34,131	34,930	34,131	33,566	33,048	33,208
39 1- to 4-family	2,798	2,353	2,008	2,055	2,008	1,975	1,945	1,954
40 Farm	44,700	37,631	32,123	32,875	32,123	31,591	31,103	31,254
41 Federal Home Loan Mortgage Corporation	14,022	11,564	12,872	12,940	12,872	14,386	15,576	15,442
42 1- to 4-family	11,881	10,010	11,430	11,570	11,430	12,749	13,631	13,589
43 Multifamily	2,141	1,554	1,442	1,370	1,442	1,637	1,945	1,853
44 Mortgage pools or trusts ⁶	439,058	565,428	718,297	692,944	718,297	736,344	754,045	782,093
45 Government National Mortgage Association	212,145	262,697	317,555	308,339	317,555	322,976	322,616	322,926
46 1- to 4-family	207,198	256,920	309,806	300,815	309,806	315,095	314,728	324,469
47 Multifamily	4,947	5,777	7,749	7,524	7,749	7,881	7,888	8,457
48 Federal Home Loan Mortgage Corporation	100,387	171,372	212,634	208,872	212,634	214,724	216,155	220,683
49 1- to 4-family	99,515	166,667	205,977	202,308	205,977	208,138	209,702	214,063
50 Multifamily	872	4,705	6,657	6,564	6,657	6,586	6,453	6,620
51 Federal National Mortgage Association	54,987	97,174	139,960	130,540	139,960	145,242	157,438	167,170
52 1- to 4-family	54,036	95,791	137,988	128,770	137,988	142,330	153,253	162,228
53 Multifamily	951	1,383	1,972	1,770	1,972	2,912	4,185	4,942
54 Farmers Home Administration ⁵	47,523	348	245	333	245	172	106	106
55 1- to 4-family	22,186	142	121	144	121	65	23	27
56 Multifamily	6,675							
57 Commercial	8,190	132	63	124	63	58	41	38
58 Farm	10,472	74	61	65	61	49	42	41
59 Individuals and others⁷	293,463	320,658	331,306	331,944	331,306	331,110	340,603	344,909
60 1- to 4-family	162,419	177,374	171,325	173,360	171,325	169,509	177,074	178,954
61 Multifamily	55,849	66,940	75,368	74,795	75,368	76,021	76,935	77,872
62 Commercial	48,692	53,315	63,255	62,131	63,255	64,378	65,496	66,693
63 Farm	26,503	23,029	21,358	21,658	21,358	21,202	21,098	21,390

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

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

3 Includes savings banks and savings and loan associations. Beginning 1987 1 data reported by FSLIC-insured institutions include loans in process and other contra assets (credit balance accounts that must be subtracted from the corresponding gross asset categories to yield net asset levels)

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

5 FmHA-guaranteed securities sold to the Federal Financing Bank were reallocated from FmHA mortgage pools to FmHA mortgage holdings in 1986 4 because of accounting changes by the Farmers Home Administration

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

7 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

1 55 CONSUMER INSTALLMENT CREDIT¹ Total Outstanding, and Net Change, seasonally adjusted

Millions of dollars

Holder, and type of credit	1986	1987	1988								
			Jan	Feb	Mar	Apr	May	June	July	Aug	Sept
Amounts outstanding (end of period)											
1 Total	571,833	613,022	619,258	624,294	629,485	633,336	636,318	644,372	647,993	653,317^r	655,197
<i>By major holder</i>											
2 Commercial banks ⁴	262,139	281,564	284,753	287,344	290,831	293,166	295,546	300,275	303,189	307,119 ^r	308,836
3 Finance companies ⁴	133,698	140,072	141,695	142,946	144,053	144,516	144,454	144,748	143,812	143,962	142,723
4 Credit unions	76,191	81,065	81,662	81,897	82,595	83,204	83,881	84,912	85,468	85,881	86,707
5 Retailers ⁵	39,660	42,782	42,926	43,080	43,271	43,295	43,162	43,450	43,634	43,712	43,956
6 Savings institutions	56,881	63,949	64,633	65,396	65,078	65,387	65,509	67,274	68,182	68,909	69,310
7 Gasoline companies	3,264	3,590	3,590	3,631	3,657	3,769	3,765	3,713	3,707	3,735	3,665
<i>By major type of credit</i>											
8 Automobile	246,109	267,180	269,883	273,133	276,762	278,567	279,418	282,254	283,359	285,560 ^r	285,610
9 Commercial banks	100,907	108,438	109,298	111,021	113,593	114,868	115,951	117,322	118,650	120,380 ^r	121,403
10 Credit unions	38,413	43,474	43,959	44,251	44,795	45,293	45,831	46,565	47,043	47,444	48,075
11 Finance companies	92,350	98,026	99,147	100,123	100,669	100,564	99,708	99,900	98,896	98,711	96,939
12 Savings institutions	14,439	17,242	17,479	17,738	17,705	17,841	17,928	18,465	18,770	19,026	19,193
13 Revolving	136,381	159,307	162,065	163,462	165,643	167,356	169,154	172,809	174,927	177,568 ^r	179,086
14 Commercial banks	86,757	98,808	100,879	101,537	103,152	104,250	105,742	108,309	109,645	111,623 ^r	112,435
15 Retailers	34,320	36,959	37,087	37,231	37,408	37,414	37,259	37,526	37,671	37,708	37,914
16 Gasoline companies	3,264	3,590	3,590	3,631	3,657	3,769	3,765	3,713	3,707	3,735	3,665
17 Savings institutions	8,366	13,279	13,601	13,945	14,059	14,309	14,518	15,098	15,492	15,850	16,135
18 Credit unions	3,674	6,671	6,908	7,117	7,368	7,614	7,870	8,162	8,413	8,652	8,935
19 Mobile home	26,883	25,957	25,926	25,857	25,732	25,764	25,703	25,852	25,882	25,915 ^r	25,885
20 Commercial banks	8,926	9,101	9,064	9,035	8,993	9,047	8,966	8,933	8,913	8,893 ^r	8,854
21 Finance companies	8,822	7,771	7,753	7,679	7,640	7,575	7,578	7,513	7,436	7,387	7,341
22 Savings institutions	9,135	9,085	9,109	9,143	9,099	9,142	9,159	9,406	9,533	9,634	9,690
23 Other	162,460	160,578	161,384	161,842	161,348	161,649	162,043	163,456	163,825	164,274 ^r	164,616
24 Commercial banks	65,549	65,217	65,512	65,750	65,094	65,001	64,887	65,710	65,981	66,222 ^r	66,143
25 Finance companies	32,526	34,275	34,795	35,144	35,744	36,376	37,168	37,335	37,480	37,863	38,443
26 Credit unions	34,104	30,920	30,795	30,529	30,432	30,297	30,180	30,184	30,012	29,785	29,697
27 Retailers	5,340	5,823	5,839	5,849	5,863	5,880	5,903	5,923	5,964	6,004	6,041
28 Savings institutions	24,941	24,343	24,444	24,570	24,216	24,095	23,904	24,305	24,388	24,399	24,292
Net change (during period)											
29 Total	54,078	41,189	6,236	5,036	5,191	3,851	2,982	8,054	3,621	5,324^r	1,880
<i>By major holder</i>											
30 Commercial banks ⁴	20,495	19,425	3,189	2,591	3,487	2,335	2,380	4,729	2,914	3,930 ^r	1,717
31 Finance companies ⁴	22,670	6,374	1,623	1,251	1,107	463	-62	294	-936	150	-1,239
32 Credit unions	4,268	4,874	597	235	698	609	677	1,031	556	413	826
33 Retailers ⁵	466	3,122	144	154	191	24	-133	288	184	78	244
34 Savings institutions	7,223	7,068	684	763	-318	309	122	1,765	908	727	401
35 Gasoline companies	-1,044	326	0	41	26	112	-4	-52	-6	28	-70
<i>By major type of credit</i>											
36 Automobile	36,473	21,071	2,703	3,250	3,629	1,805	851	2,836	1,105	2,201 ^r	50
37 Commercial banks	8,178	7,531	860	1,723	2,572	1,275	1,083	1,371	1,328	1,730 ^r	1,023
38 Credit unions	2,388	5,061	485	292	544	498	538	734	478	401	631
39 Finance companies	22,823	5,676	1,121	976	546	-105	-856	192	-1,004	-185	-1,772
40 Savings institutions	3,084	2,803	237	259	-33	136	87	537	305	256	167
41 Revolving	14,368	22,926	2,758	1,397	2,181	1,713	1,798	3,655	2,118	2,641 ^r	1,518
42 Commercial banks	11,150	12,051	2,071	658	1,615	1,098	1,492	2,567	1,336	1,978 ^r	812
43 Retailers	47	2,639	128	144	177	6	-155	267	145	37	206
44 Gasoline companies	-1,044	326	0	41	26	112	-4	-52	-6	28	-70
45 Savings institutions	2,078	4,913	322	344	114	250	209	580	394	358	285
46 Credit unions	2,137	2,997	237	209	251	246	256	292	251	239	283
47 Mobile home	49	-926	-31	-69	-125	32	-61	149	30	33 ^r	-30
48 Commercial banks	-627	175	-37	-29	-42	54	-81	-33	-20	-20 ^r	-39
49 Finance companies	-472	-1,051	-18	-74	-39	-65	3	-65	-77	-49	-46
50 Savings institutions	1,148	-50	24	34	-44	43	17	247	127	101	56
51 Other	3,188	-1,882	806	458	-494	301	394	1,413	369	449 ^r	342
52 Commercial banks	1,794	-332	295	238	-656	-93	-114	823	271	241 ^r	-79
53 Finance companies	319	1,749	520	349	600	632	792	167	145	383	580
54 Credit unions	-257	-3,184	-125	-266	-97	-135	-117	4	-172	-227	-88
55 Retailers	419	483	16	10	14	17	23	20	41	40	37
56 Savings institutions	913	-598	101	126	-354	-121	-191	401	83	11	-107

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

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

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

A40 Domestic Financial Statistics □ January 1989

1 56 TERMS OF CONSUMER INSTALLMENT CREDIT¹

Percent unless noted otherwise

Item	1985	1986	1987	1988						
				Mar	Apr	May	June	July	Aug	Sept
INTEREST RATES										
Commercial banks ²										
1 48 month new car ³	12 91	11 33	10 45	n a	n a	10 55	n a	n a	10 93	n a
2 24 month personal	15 94	14 82	14 22	n a	n a	14 40	n a	n a	14 81	n a
3 120-month mobile home ³	14 96	13 99	13 38	n a	n a	13 49	n a	n a	13 62	n a
4 Credit card	18 69	18 26	17 92	n a	n a	17 78	n a	n a	17 79	n a
Auto finance companies										
5 New car	11 98	9 44	10 73	12 24	12 29	12 29	12 32	12 44	12 64	12 93
6 Used car	17 59	15 95	14 60	14 77	14 82	14 81	14 83	14 99	15 16	15 46
OTHER TERMS ⁴										
Maturity (months)										
7 New car	51 5	50 0	53 5	56 0	56 2	56 2	56 3	56 4	56 5	56 3
8 Used car	41 4	42 6	45 2	46 9	46 9	46 9	46 9	46 8	46 8	46 5
Loan to-value ratio										
9 New car	91	91	93	94	94	94	94	94	94	94
10 Used car	94	97	98	98	98	99	99	99	98	98
Amount financed (dollars)										
11 New car	9,915	10,665	11,203	11,493	11,553	11,624	11,626	11,663	11,593	11,530
12 Used car	6,089	6,555	7,420	7,587	7,662	7,778	7,899	7,947	7,918	7,903

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

2 Data for midmonth of quarter only

3 Before 1983 the maturity for new car loans was 36 months, and for mobile home loans was 84 months

4 At auto finance companies

1 57 FUNDS RAISED IN U S CREDIT MARKETS

Billions of dollars, quarterly data are at seasonally adjusted annual rates

Transaction category, sector	1983	1984	1985	1986	1987	1987				1988		
						Q1	Q2	Q3	Q4	Q1	Q2	Q3
						Nonfinancial sectors						
1 Total net borrowing by domestic nonfinancial sectors	546 8	750 8	846 3	830 6	680 6	552 0	751 7	652 1	766 8	731 8	704 0	760 4
<i>By sector and instrument</i>												
2 U S government	186 6	198 8	223 6	215 0	143 8	161 6	145 2	101 8	166 7	226 3	87 6	195 5
3 Treasury securities	186 7	199 0	223 7	214 7	142 3	157 7	147 1	102 7	161 8	226 8	79 8	174 6
4 Agency issues and mortgages	- 1	- 2	- 1	4	1 5	3 9	- 1 9	- 9	5 0	- 5	7 7	20 9
5 Private domestic nonfinancial sectors	360 2	552 0	622 7	615 6	536 8	390 3	606 4	550 3	600 1	505 6	616 5	564 9
6 Debt capital instruments	257 6	319 3	452 3	460 7	446 1	473 3	466 7	428 1	416 1	363 3	452 2	457 1
7 Tax-exempt obligations	53 7	50 4	136 4	30 8	34 5	38 7	33 1	32 7	33 5	24 8	32 6	44 4
8 Corporate bonds	16 0	46 1	73 8	121 3	99 9	128 9	88 5	100 7	81 6	101 3	118 4	90 8
9 Mortgages	187 9	222 8	242 2	308 6	311 6	305 7	345 1	294 7	301 1	237 1	301 2	322 0
10 Home mortgages	120 4	136 7	156 8	210 9	221 7	224 2	243 5	212 1	206 9	177 9	228 0	210 1
11 Multifamily residential	14 1	25 2	29 8	33 5	24 3	27 4	30 9	23 1	15 9	21 4	14 0	33 5
12 Commercial	51 0	62 2	62 2	73 6	72 0	66 5	77 2	64 1	80 2	43 2	60 8	72 7
13 Farm	2 4	- 1 2	- 6 6	- 9 5	- 6 4	- 12 4	- 6 6	- 4 7	- 1 9	- 5 4	- 1 6	5 7
14 Other debt instruments	102 6	232 7	170 3	154 9	90 7	- 83 0	139 7	122 2	184 0	142 3	164 2	107 8
15 Consumer credit	49 0	81 6	82 5	54 4	40 7	- 3	52 4	61 4	49 4	34 8	59 5	43 3
16 Bank loans n e c	23 2	67 1	38 6	69 3	8 8	- 107 8	36 6	21 0	85 3	40 4	74 2	2 6
17 Open market paper	- 8	21 7	14 6	- 9 3	2 3	- 5	4 7	1 0	3 9	- 3 8	4 0	11 1
18 Other	31 3	62 2	34 6	40 5	38 9	25 5	46 1	38 7	45 5	70 9	26 6	50 7
19 By borrowing sector	360 2	552 0	622 7	615 6	536 8	390 3	606 4	550 3	600 1	505 6	616 5	564 9
20 State and local governments	34 0	27 4	91 8	44 3	34 4	37 0	31 4	34 8	34 6	22 3	31 1	41 3
21 Households	186 1	231 5	283 6	286 1	261 5	197 3	302 7	281 2	264 9	220 0	288 0	250 9
22 Nonfinancial business	140 1	293 1	247 3	285 1	240 8	156 0	272 4	234 2	300 7	263 3	297 3	272 7
23 Farm	3 9	- 4	- 14 5	- 16 3	- 11 2	- 23 5	- 12 7	- 9 4	8	- 12 5	- 3 6	1 3
24 Nonfarm noncorporate	81 9	123 2	129 3	127 6	115 8	108 4	125 7	105 4	123 8	91 0	87 1	120 3
25 Corporate	54 4	170 3	132 4	173 8	136 3	71 2	159 4	138 3	176 1	184 9	213 9	151 1
26 Foreign net borrowing in United States	17 3	8 4	1 2	9 6	4 3	- 8 7	- 1	12 3	13 9	- 1 0	4 9	9 7
27 Bonds	3 1	3 8	3 8	3 0	6 8	3 0	- 4 1	6 7	21 6	16 8	- 2 9	7 4
28 Bank loans n e c	3 6	- 6 6	- 2 8	- 1 0	- 3 6	- 1 2	- 3 5	- 3 7	- 6 1	7	- 3 5	3
29 Open market paper	6 5	6 2	6 2	11 5	2 1	- 4 2	- 6 4	21 6	- 2 5	1 5	6 4	10 7
30 U S government loans	4 1	5 0	- 5 9	- 3 9	- 1 0	- 6 4	13 9	- 12 3	8	- 19 9	4 9	- 8 8
31 Total domestic plus foreign	564 1	759 2	847 5	840 2	685 0	543 3	751 6	664 3	780 7	730 9	709 0	770 1
	Financial sectors											
32 Total net borrowing by financial sectors	99 2	148 7	198 3	297 2	303 1	340 0	316 7	306 4	249 2	218 9	250 1	249 1
<i>By instrument</i>												
33 U S government related	67 8	74 9	101 5	178 1	185 8	193 5	196 8	185 5	167 5	137 4	84 7	140 2
34 Sponsored credit agency securities	1 4	30 4	20 6	15 2	30 2	- 4 4	21 5	32 0	71 6	56 8	9 4	42 8
35 Mortgage pool securities	66 4	44 4	79 9	163 3	156 4	200 7	175 4	153 5	95 9	80 5	75 3	97 4
36 Loans from U S government			1 1	- 4	- 7	- 2 9	- 1					
37 Private financial sectors	31 4	73 8	96 7	119 1	117 2	146 5	119 9	120 8	81 7	81 6	165 4	108 9
38 Corporate bonds	17 3	33 0	47 9	70 9	67 1	103 2	45 6	77 7	41 8	74 7	67 9	65 9
39 Mortgages	*	4	1	1	3	4	1	2	4	2	*	*
40 Bank loans n e c	- 1	7	2 6	4 0	- 3 3	- 9 5	6	6 3	- 10 7	- 26 8	8 7	- 4 9
41 Open market paper	21 3	24 1	32 0	24 2	28 8	41 5	54 0	14 3	5 4	28 0	78 7	21 3
42 Loans from Federal Home Loan Banks	- 7 0	15 7	14 2	19 8	24 4	11 0	19 6	22 2	44 9	5 4	10 1	26 6
<i>By sector</i>												
43 Total	99 2	148 7	198 3	297 2	303 1	340 0	316 7	306 4	249 2	218 9	250 1	249 1
44 Sponsored credit agencies	1 4	30 4	21 7	14 9	29 5	- 7 2	21 4	32 0	71 6	56 8	9 4	42 8
45 Mortgage pools	66 4	44 4	79 9	163 3	156 4	200 7	175 4	153 5	95 9	80 5	75 3	97 4
46 Private financial sectors	31 4	73 8	96 7	119 1	117 2	146 5	119 9	120 8	81 7	81 6	165 4	108 9
47 Commercial banks	5 0	7 3	- 4 9	- 3 6	7 1	6 4	20 0	- 13 1	15 0	- 22 4	6 2	- 12 9
48 Bank affiliates	12 1	15 6	14 5	4 6	2 9	25 6	- 2 7	11 3	- 22 6	- 5 0	7 6	5 2
49 Savings and loan associations	- 2 1	22 7	22 3	29 8	36 0	28 0	22 2	41 9	51 9	9 1	18 2	52 9
50 Finance companies	13 0	18 2	52 7	48 4	30 6	18 1	39 9	36 3	28 2	54 5	100 4	40 6
51 REITs	- 2	8	5	1 0	1 5	1 7	- 5	1 7	3 2	2 4	1 8	1 9
52 CMO Issuers	3 6	9 3	11 5	39 0	39 1	66 8	41 0	42 7	6 0	43 1	31 2	21 3

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1 57—Continued

Transaction category, sector	1983	1984	1985	1986	1987	1987				1988		
						Q1	Q2	Q3	Q4	Q1	Q2	Q3
All sectors												
53 Total net borrowing	663 4	907 9	1,045 7	1,137 4	988 0	883 3	1,068 3	970 7	1,029 9	949 8	959 1	1,019 2
54 U S government securities	254 4	273 8	324 2	393 5	330 4	358 0	342 2	287 3	334 2	363 6	172 3	335 7
55 State and local obligations	53 7	50 4	136 4	30 8	34 5	38 7	33 1	32 7	33 5	24 8	32 6	44 4
56 Corporate and foreign bonds	36 4	83 0	125 4	195 2	173 8	235 2	130 0	185 1	145 0	192 8	183 5	164 1
57 Mortgages	187 8	223 1	242 2	308 6	311 9	306 0	345 2	294 9	301 4	237 4	301 2	322 0
58 Consumer credit	49 0	81 6	82 5	54 4	40 7	- 3	52 4	61 4	49 4	34 8	59 5	43 3
59 Bank loans n e c	26 7	61 1	38 3	72 3	1 9	-118 5	33 8	23 6	68 5	14 2	79 4	-2 0
60 Open market paper	26 9	52 0	52 8	26 4	33 2	36 8	52 3	36 9	6 7	25 7	89 1	43 1
61 Other loans	28 4	82 9	44 0	56 1	61 6	27 3	79 4	48 7	91 2	56 4	41 7	68 6
62 MEMO U S government, cash balance	-7 1	6 3	14 4	*	-7 9	-34 9	77 7	-19 6	-54 7	60 9	3 3	6 4
Totals net of changes in U S government cash balances												
63 Net borrowing by domestic nonfinancial	553 9	744 5	831 9	830 6	688 5	586 9	674 0	671 7	821 5	670 9	700 8	754 0
64 Net borrowing by U S government	193 7	192 5	209 3	215 0	151 7	196 6	67 6	121 4	221 4	165 4	84 3	189 1
External corporate equity funds raised in United States												
65 Total net share issues	58 1	-36 0	20 1	93 9	13 3	170 1	13 9	-47 1	-83 6	-73 7	-141 0	-70 3
66 Mutual funds	27 2	29 3	84 4	161 8	72 3	205 4	79 1	13 8	-9 1	5 0	-8 1	6 0
67 All other	30 8	-65 3	-64 3	-68 0	-59 0	-35 3	-65 2	-60 9	-74 6	-78 7	-132 9	-76 3
68 Nonfinancial corporations	23 5	-74 5	-81 5	-80 7	-76 5	-57 0	-83 0	-78 0	-88 0	-95 0	-140 0	-92 0
69 Financial corporations	3 6	8 2	13 5	11 5	19 9	19 1	16 5	18 4	25 5	17 0	13 8	13 6
70 Foreign shares purchased in United States	3 7	9	3 7	1 3	-2 4	2 7	1 2	-1 3	-12 0	- 7	-6 7	2 1

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2 10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures¹

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

Measure	1985	1986	1987	1988								
				Feb	Mar	Apr	May	June	July	Aug [†]	Sept [†]	Oct [†]
1 Industrial production	123 7	125 1	129 8	134 4	134 7	135 4	136 1	136 5	138 0[†]	138 4	138 7	139 2
<i>Market groupings</i>												
2 Products, total	130 6	133 3	138 3	143 4	143 6	144 1	145 0	145 3	146 5 [†]	147 1	147 4	148 4
3 Final, total	131 0	132 5	136 8	141 6	141 8	142 5	143 5	144 0	145 0 [†]	145 7	146 0	146 8
4 Consumer goods	119 8	124 0	127 7	131 3	131 2	131 9	132 7	133 0	134 2 [†]	134 9	134 7	135 5
5 Equipment	145 8	143 6	148 8	155 3	155 9	156 5	157 7	158 5	159 4 [†]	159 9	160 9	161 7
6 Intermediate	129 3	136 2	143 5	149 4	149 9	149 6	150 4	150 0	151 6 [†]	152 2	152 5	153 9
7 Materials	114 3	113 8	118 2	122 1	122 5	123 6	123 9	124 5	126 4 [†]	126 6	126 8	126 8
<i>Industry groupings</i>												
8 Manufacturing	126 4	129 1	134 6	139 5	140 0	140 8	141 8	142 1	143 6[†]	143 9	144 5	145 2
Capacity utilization (percent) ²												
9 Manufacturing	80 1	79 7	81 1	82 6	82 7	82 9	83 3	83 3	84 0 [†]	83 9	84 1	84 3
10 Industrial materials industries	80 3	78 6	80 5	82 3	82 4	82 9	83 0	83 2	84 4	84 3	84 3	84 2
11 Construction contracts (1982 = 100) ³	150 0	158 0	161 0	159 0	154 0	144 0	157 0	165 0	156 0	155 0	151 0	153 0
12 Nonagricultural employment total ⁴	118 3	120 7	124 1	127 0	127 3	127 7	127 9	128 6	128 9	129 1	129 4	129 8
13 Goods-producing, total	102 1	100 9	101 8	103 8	104 1	104 5	104 6	105 1	105 4	105 3	105 3	105 7
14 Manufacturing, total	97 8	96 3	96 8	98 5	98 6	98 8	99 0	99 3	99 5	99 4	99 3	99 8
15 Manufacturing production-worker	92 6	91 2	92 1	93 7	93 7	93 9	94 1	94 4	94 6	94 4	94 3	94 9
16 Service-producing	125 0	129 0	133 4	136 7	137 1	137 4	137 7	138 4	138 7	139 0	139 5	139 9
17 Personal income total	206 9	219 7	235 1	245 5	248 0	248 8	250 2	251 6	253 3	254 5	255 9	260 3
18 Wages and salary disbursements	198 8	210 7	226 2	237 3	238 9	240 9	242 3	244 2	246 7	247 4	248 8	252 7
19 Manufacturing	172 8	177 4	183 8	190 2	193 6	192 8	193 8	195 4	196 6	196 8	198 1	202 3
20 Disposable personal income ⁵	205 8	218 9	232 7	244 8	247 0	243 3	249 5	251 2	253 0	254 1	255 5	260 3
21 Retail sales ⁶	189 6	199 5	209 3	216 7	220 3	219 4	221 2	222 5	223 7	222 4	223 8	225 9
<i>Prices⁷</i>												
22 Consumer (1982-84 = 100)	107 6	109 6	113 6	116 0	116 5	117 1	117 5	118 0	118 5	119 0	119 8	120 2
23 Producer finished goods (1982 = 100)	104 7	103 2	105 4	106 1	106 3	107 0	107 5	107 9	108 5	108 8	108 6	109 3

1 A major revision of the industrial production index and the capacity utilization rates was released in July 1985. See "A Revision of the Index of Industrial Production and accompanying tables that contain revised indexes (1977=100) through December 1984 in the FEDERAL RESERVE BULLETIN, vol 71 (July 1985) pp 487-501. The revised indexes for January through June 1985 were shown in the September BULLETIN.

2 Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, Department of Commerce and other sources.

3 Index of dollar value of total construction contracts including residential, nonresidential and heavy engineering, from McGraw Hill Information Systems Company, F W Dodge Division.

4 Based on data in *Employment and Earnings* (U S Department of Labor). Series covers employees only excluding personnel in the Armed Forces.

5 Based on data in *Survey of Current Business* (U S Department of Commerce).

6 Based on Bureau of Census data published in *Survey of Current Business*.

7 Data without seasonal adjustment, as published in *Monthly Labor Review*. Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U S Department of Labor.

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

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

2 11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons, monthly data are seasonally adjusted Exceptions noted

Category	1985	1986	1987	1988							
				Mar	Apr	May	June	July	Aug ^r	Sept ^r	Oct
HOUSEHOLD SURVEY DATA											
1 Noninstitutional population ¹	180,440	182,822	185,010	186,361	186,478	186,600	186,755	186,911	187,033	187,178	187,333
2 Labor force (including Armed Forces) ¹	117,695	120,078	122,122	123,153	123,569	123,204	123,665	123,866	124,234	124,140	124,231
3 Civilian labor force	115,461	117,834	119,865	120,903	121,323	120,978	121,472	121,684	122,031	121,924	122,012
4 Employment											
5 Nonagricultural industries ²	103,971	106,434	109,232	110,899	111,485	111,160	111,933	112,014	112,029	112,158	112,255
5 Agriculture	3,179	3,163	3,208	3,204	3,228	3,035	3,085	3,046	3,151	3,169	3,266
6 Unemployment											
6 Number	8,312	8,237	7,425	6,801	6,610	6,783	6,455	6,625	6,851	6,596	6,491
7 Rate (percent of civilian labor force)	7.2	7.0	6.2	5.6	5.4	5.6	5.3	5.4	5.6	5.4	5.3
8 Not in labor force	62,745	62,744	62,888	63,208	62,909	63,396	63,090	63,045	62,799	63,038	63,102
ESTABLISHMENT SURVEY DATA											
9 Nonagricultural payroll employment ³	97,519	99,525	102,310	105,020	105,281	105,489	106,057	106,271	106,425	106,729	107,052
10 Manufacturing	19,260	18,965	19,065	19,405	19,460	19,490	19,544	19,593	19,560	19,548	19,647
11 Mining	927	777	721	733	737	739	740	740	739	733	731
12 Contract construction	4,673	4,816	4,998	5,192	5,238	5,237	5,308	5,330	5,340	5,361	5,356
13 Transportation and public utilities	5,238	5,255	5,385	5,530	5,543	5,556	5,582	5,598	5,605	5,621	5,636
14 Trade	23,073	23,683	24,381	25,111	25,182	25,245	25,353	25,435	25,471	25,504	25,574
15 Finance	5,955	6,283	6,549	6,651	6,650	6,656	6,679	6,684	6,689	6,690	6,700
16 Service	22,000	23,053	24,196	25,078	25,163	25,216	25,472	25,561	25,662	25,724	25,869
17 Government	16,394	16,693	17,015	17,320	17,308	17,350	17,379	17,330	17,359	17,548	17,539

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).

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2 12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION¹

Seasonally adjusted

Series	1987	1988				1987	1988				1987	1988			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
	Output (1977 = 100)				Capacity (percent of 1977 output)				Utilization rate (percent)						
1 Total industry	133 2	134 5	136 0	138 2	162 2	163 1	164 2	165 2	82 1	82 4	82 8	83 8			
2 Mining	104 3	102 5	103 3	104 8	128 4	127 7	127 0	126 2	81 2	80 3	81 5	82 4			
3 Utilities	112 3	114 7	111 7	114 9	139 4	139 8	140 1	140 4	80 6	82 0	79 9	82 0			
4 Manufacturing	138 1	139 6	141 6	143 7	167 7	168 9	170 2	171 5	82 3	82 7	83 2	84 0			
5 Primary processing	122 2	123 0	123 9	125 7	140 6	141 6	142 7	143 9	86 9	86 9	86 8	87 5			
6 Advanced processing	147 6	149 7	152 3	154 5	184 1	185 6	186 7	188 1	80 1	80 7	81 5	82 4			
7 Materials	122 5	122 5	124 0	126 6	147 8	148 5	149 3	150 1	82 9	82 5	83 0	84 3			
8 Durable goods	130 3	131 5	134 2	136 9	164 7	165 7	166 8	167 9	79 1	79 4	80 4	81 7			
9 Metal materials	91 4	86 2	88 1	92 4	108 9	108 8	109 1	109 4	84 0	79 2	80 8	84 8			
10 Nondurable goods	130 1	129 4	130 5	132 4	145 6	146 8	148 3	149 8	89 3	88 1	87 9	88 7			
11 Textile, paper, and chemical	133 0	131 6	132 6	135 1	145 4	146 7	148 5	150 2	91 5	89 7	89 2	90 3			
12 Paper	145 1	145 7	145 9		146 2	147 6	149 2		99 2	98 7	97 8	98 6			
13 Chemical	135 5	133 5	135 7		152 0	153 5	155 4		89 1	87 0	87 3	88 9			
14 Energy materials	102 1	100 9	100 4	103 5	119 9	119 7	119 4	119 1	85 2	84 3	84 2	86 2			
	Previous cycle ²		Latest cycle ³		1987	1988									
	High	Low	High	Low	Oct	Feb	Mar	Apr	May	June	July ⁴	Aug ⁴	Sept ⁴	Oct	
	Capacity utilization rate (percent)														
15 Total industry	88 6	72 1	86 9	69 5	81 9	82 4	82 4	82 7	82 9	83 0	83 7	83 8	83 8	84 0	
16 Mining	92 8	87 8	95 2	76 9	80 6	79 5	80 6	82 3	80 8	81 2 ⁵	82 5	82 4	82 4	81 8	
17 Utilities	95 6	82 9	88 5	78 0	80 5	82 6	81 0	79 3	79 7	80 8 ⁵	81 5	83 9	80 6	80 8	
18 Manufacturing	87 7	69 9	86 5	68 0	82 0	82 6	82 7	82 9	83 3	83 3	84 0	83 9	84 1	84 3	
19 Primary processing	91 9	68 3	89 1	65 0	86 2	86 6	86 9	86 9	87 0	86 6	87 8	87 3	87 3	87 5	
20 Advanced processing	86 0	71 1	85 1	69 5	80 1	80 7	80 7	81 2	81 7	81 7	82 2	82 3	82 5	82 8	
21 Materials	92 0	70 5	89 1	68 5	82 1	82 3	82 4	82 9	83 0	83 2	84 4	84 3	84 3	84 2	
22 Durable goods	91 8	64 4	89 8	60 9	78 3	79 3	79 1	79 7	80 8	80 7	81 7	81 3	82 0	81 9	
23 Metal materials	99 2	67 1	93 6	45 7	82 4	79 3	78 3	79 3	82 1	80 8	84 9	84 5	86 0	84 0	
24 Nondurable goods	91 1	66 7	88 1	70 7	88 2	87 3	88 3	88 7	87 7	87 4 ⁵	88 9	88 8	88 5	88 4	
25 Textile, paper, and chemical	92 8	64 8	89 4	68 8	90 4	88 5	89 9	90 1	88 8	88 9	90 4	90 4	89 9	89 8	
26 Paper	98 4	70 6	97 3	79 9	97 4	97 8	97 8	98 1	98 1	97 1 ⁵	100 0	98 2	97 7		
27 Chemical	92 5	64 4	87 9	63 5	88 0	85 7	87 5	88 0	86 9	87 0	88 8	89 3	88 6		
28 Energy materials	94 6	86 9	94 0	82 3	84 9	84 1	84 1	84 5	83 3	84 4	86 2	86 9	85 6	85 1	

¹ These data also appear in the Board's G 3 (402) release. For address, see inside front cover.

² Monthly high 1973, monthly low 1975.

³ Monthly highs 1978 through 1980, monthly lows 1982.

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2 13 INDUSTRIAL PRODUCTION Indexes and Gross Value¹—Continued

Groups	SIC code	1977 proportion	1987 avg	1987			1988									
				Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July ^a	Aug	Sept ^b	Oct ^c
Index (1977 = 100)																
MAJOR INDUSTRY																
1 Mining and utilities		15 79	104 3	106 8	107 9	107 3	107 8	106 8	106 7	107 1	106 0	106 8	108 1	109 2	107 4	106 9
2 Mining		9 83	100 7	103 6	104 6	104 6	103 3	101 5	102 7	104 7	102 6	103 0	104 3	104 0	103 8	102 8
3 Utilities		5 96	110 3	112 1	113 2	111 7	115 2	115 6	113 3	111 0	111 6	113 2	114 4	117 8	113 3	113 7
4 Manufacturing		84 21	134 6	137 3	137 9	138 9	139 4	139 5	140 0	140 8	141 8	142 1	143 6	143 9	144 5	145 2
5 Nondurable		35 11	136 7	138 1	139 6	141 3	141 4	141 1	141 7	142 3	142 1	142 6	144 6	145 0	145 3	145 7
6 Durable		49 10	133 1	136 8	136 7	137 3	137 9	138 4	138 8	139 7	141 5	141 7	142 9	143 1	144 0	144 8
<i>Mining</i>																
7 Metal	10	50	77 5	85 6	90 4	96 5	91 5	83 9	84 9	86 9	86 0	82 2	94 0	96 5		
8 Coal	11 12	1 60	131 8	140 3	142 9	140 6	140 2	133 7	129 1	136 0	127 8	126 9	141 5	137 2	142 2	142 2
9 Oil and gas extraction	13	7 07	92 7	94 1	94 2	94 1	93 1	92 4	94 8	95 5	94 6	95 8	93 3	93 6	92 1	
10 Stone and earth minerals	14	66	128 2	131 0	134 1	135 6	132 1	134 3	136 9	141 2	140 1	137 4	140 2	141 2	140 1	
<i>Nondurable manufactures</i>																
11 Foods	20	7 96	137 7	138 0	138 9	140 1	141 2	141 9	141 1	140 3	141 0	141 3	143 3	143 1	143 0	
12 Tobacco products	21	62	103 4	103 7	106 5	110 5	105 8	107 0	107 2	107 2	107 2	104 5	100 6	105 1		
13 Textile mill products	22	2 29	115 8	116 8	117 3	118 2	116 2	115 3	117 0	117 3	114 6	114 3	117 1	116 3	116 6	
14 Apparel products	23	2 79	107 4	108 0	109 4	107 8	108 7	108 5	108 7	109 2	108 6	109 3	109 4	109 0		
15 Paper and products	26	3 15	144 4	146 0	148 3	150 6	149 9	148 0	149 1	149 2	149 5	148 6	152 3	150 8	150 3	
16 Printing and publishing	27	4 54	172 0	175 2	175 7	176 9	177 5	178 7	180 4	181 8	180 7	182 3	184 9	186 1	187 4	187 5
17 Chemicals and products	28	8 05	140 1	141 5	144 4	147 9	147 9	145 4	146 4	148 9	149 1	150 5	153 4	154 7	155 2	96 9
18 Petroleum products	29	2 40	93 5	94 6	93 3	96 1	96 3	95 9	98 4	98 5	95 2	94 1	95 0	95 9	95 4	
19 Rubber and plastic products	30	2 80	163 6	166 7	169 9	170 6	170 5	172 3	172 2	172 3	173 4	174 4	175 4	175 0	176 6	176 6
20 Leather and products	31	53	60 0	59 6	60 7	57 5	58 3	59 7	59 5	58 0	57 1	58 9	59 1	59 4	60 2	
<i>Durable manufactures</i>																
21 Lumber and products	24	2 30	130 3	129 8	134 0	133 6	136 3	139 0	137 8	138 0	139 8	136 4	136 6	133 5	133 0	
22 Furniture and fixtures	25	1 27	152 8	156 0	158 5	159 4	158 0	158 3	159 4	159 2	160 5	161 2	162 9	163 5	163 5	
23 Clay, glass, and stone products	32	2 72	119 1	118 9	120 5	120 1	120 4	121 6	122 5	121 4	121 5	123 4	122 2	122 3	122 6	
24 Primary metals	33	5 33	81 5	90 6	90 2	90 6	86 5	86 4	85 1	85 3	89 2	87 5	91 5	91 1	93 1	91 6
25 Iron and steel	331 2	3 49	70 8	82 0	79 7	81 9	77 8	77 4	74 2	74 5	78 6	74 2	80 2	79 1	81 3	
26 Fabricated metal products	34	6 46	111 0	113 5	113 6	115 8	117 1	117 6	118 8	118 8	119 8	120 4	121 7	121 8	122 6	123 2
27 Nonelectrical machinery	35	9 54	152 7	158 0	157 2	161 0	162 9	163 6	164 6	167 2	170 3	171 2	173 1	174 1	176 0	177 7
28 Electrical machinery	36	7 15	172 3	175 5	175 6	175 9	177 4	177 8	176 6	178 7	179 1	179 5	181 5	182 5	182 9	183 3
29 Transportation equipment	37	9 13	129 2	132 0	130 4	128 1	128 6	128 4	130 0	130 4	133 1	132 8	131 9	131 7	132 3	134 1
30 Motor vehicles and parts	371	5 25	111 8	116 0	114 0	110 2	109 7	109 3	113 0	114 8	119 6	119 1	116 6	117 3	118 6	121 2
31 Aerospace and miscellaneous transportation equipment	372-6 9	3 87	152 8	153 7	152 7	152 4	154 2	154 5	153 0	151 5	151 5	151 4	152 7	151 1	151 0	151 5
32 Instruments	38	2 66	143 9	146 7	147 8	145 5	148 2	149 2	149 7	150 5	151 3	153 0	156 4	156 4	157 0	158 0
33 Miscellaneous manufactures	39	1 46	102 6	104 6	104 5	105 6	105 0	104 4	105 1	105 9	106 0	107 6	107 8	108 0	108 0	
<i>Utilities</i>																
34 Electric		4 17	126 6	126 8	127 5	125 6	130 3	130 7	129 0	127 6	129 7	132 1	134 6	138 8	132 1	
Gross value (billions of 1982 dollars, annual rates)																
MAJOR MARKET																
35 Products, total		517 5	1,735 8	1,774 1	1,772 4	1,778 8	1,790 6	1,797 5	1,807 5	1,812 2	1,820 1	1,813 9	1,822 3	1,827 1	1,830 0	1,851 9
36 Final		405 7	1,333 8	1,360 9	1,359 9	1,359 4	1,375 5	1,381 1	1,385 9	1,393 9	1,397 1	1,394 3	1,398 9	1,403 1	1,405 7	1,421 8
37 Consumer goods		272 7	866 0	876 6	879 8	881 2	893 6	893 7	893 2	899 1	898 9	893 6	895 6	899 8	897 4	908 7
38 Equipment		133 0	467 8	484 4	480 1	478 2	481 9	487 3	492 7	494 7	498 3	500 7	503 2	503 3	508 3	513 1
39 Intermediate		111 9	402 0	413 2	412 5	419 4	415 1	416 5	421 6	418 4	423 0	419 6	423 4	423 9	424 5	430 1

¹ These data also appear in the Board's G 12 3 (414) release. For address, see inside front cover.

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 14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates except as noted

Item	1985	1986	1987	1987		1988							
				Dec	Jan	Feb	Mar	Apr	May	June	July ¹	Aug ¹	Sept
Private residential real estate activity (thousands of units)													
NEW UNITS													
1 Permits authorized	1,733	1,750	1,535	1,372	1,248	1,429	1,476	1,449	1,436	1,493	1,420	1,464	1,394
2 1-family	957	1,071	1,024	957	918	1,003	1,030	960	982	1,002	984	1,022	974
3 2-or-more-family	777	679	511	415	330	426	446	489	454	491	436	442	420
4 Started	1,742	1,805	1,621	1,399	1,382	1,519	1,529	1,584	1,393	1,465	1,477	1,461	1,449
5 1-family	1,072	1,179	1,146	1,035	1,016	1,102	1,172	1,093	1,004	1,092	1,068	1,078	1,042
6 2-or-more-family	669	626	474	364	366	417	357	491	389	373	409	383	407
7 Under construction, end of period ¹	1,063	1,074	987	1,016	1,008	983	999	999	984	982	974	963	954
8 1-family	539	583	591	618	614	596	617	622	610	609	606	602	597
9 2-or-more-family	524	490	397	398	394	387	382	377	374	373	368	361	357
10 Completed	1,703	1,756	1,669	1,624	1,550	1,452	1,598	1,665	1,450	1,518	1,529	1,541	1,523
11 1-family	1,072	1,120	1,123	1,104	1,098	1,043	1,094	1,059	1,090	1,106	1,077	1,076	1,078
12 2-or-more family	631	637	546	520	452	409	504	606	360	412	452	465	445
13 Mobile homes shipped	284	244	233	227	200	208	212	213	216	230	206	223	228
<i>Merchant builder activity in 1-family units</i>													
14 Number sold	688	748	672	586	579	648	664	681	681	718 ²	700	715	659
15 Number for sale, end of period ¹	350	361	370	365	368	359	372	367	370	367	364	363	364
<i>Price (thousands of dollars)²</i>													
<i>Median</i>													
16 Units sold	84 3	92 2	104 7	111 8	119 0	110 9	108 9	111 0	110 0	111 5 ²	120 0	110 0	118 9
<i>Average</i>													
17 Units sold	101 0	112 2	127 9	136 2	144 4	137 6	133 2	135 6	133 5	136 5 ²	142 5	140 0	146 3
EXISTING UNITS (1-family)													
18 Number sold	3,217	3,566	3,530	3,330	3,170	3,250	3,330	3,520	3,590	3,820	3,630	3,710	3,670
<i>Price of units sold (thousands of dollars)²</i>													
<i>Median</i>													
19 Median	75 4	80 3	85 6	85 4	87 4	88 1	87 9	87 3	88 8	90 2	90 7	91 4	88 2
<i>Average</i>													
20 Average	90 6	98 3	106 2	107 1	108 7	110 4	110 7	108 7	111 9	115 4	114 8	115 1	112 3
Value of new construction ³ (millions of dollars)													
CONSTRUCTION													
21 Total put in place	355,735	386,093	398,848	410,870	395,264	392,456	403,555	396,238	398,473	395,714	401,777	401,113	403,370
22 Private	291,665	314,651	323,819	331,641	321,550	317,754	324,257	318,515	320,194	317,708	322,497	324,352	325,211
23 Residential	158,475	187,147	194,772	195,822	195,168	192,097	195,554	192,026	190,374	188,071	192,777	193,912	195,277
24 Nonresidential, total	133,190	127,504	129,047	135,819	126,382	125,657	128,703	126,489	129,820	129,637	129,720	130,440	129,934
Buildings													
25 Industrial	15,769	13,747	13,707	14,130	13,480	13,489	14,546	13,849	13,907	13,676	13,183	12,931	13,043
26 Commercial	59,629	56,762	55,448	55,831	53,555	53,571	54,843	56,169	57,447	56,585	56,658	56,429	55,622
27 Other	12,619	13,216	15,464	17,708	16,954	17,101	17,301	16,382	16,847	16,757	16,148	16,601	16,860
28 Public utilities and other	45,173	43,779	44,428	48,150	42,393	41,496	42,013	40,089	41,619	42,619	43,731	44,479	44,409
29 Public	64,070	71,437	75,028	79,228	73,715	74,702	79,298	77,723	78,278	78,007	79,280	76,761	78,158
30 Military	3,235	3,868	4,327	4,879	4,172	3,280	4,216	3,872	3,547	4,844	4,182	4,043	4,205
31 Highway	21,540	22,681	22,758	25,274	24,808	25,348	26,963	26,912	25,254	24,822	27,548	23,628	23,579
32 Conservation and development	4,777	4,646	5,162	5,759	4,038	4,535	4,899	4,226	4,460	4,596	4,884	4,853	4,972
33 Other	34,518	40,242	42,781	43,316	40,697	41,539	43,220	42,713	45,017	43,745	42,666	44,237	45,402

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 previous periods because of changes by the Bureau of the Census in its estimating techniques. For a description of these changes see *Construction Reports (C-30-76-3)* issued by the Bureau in July 1976

NOTE: Census Bureau estimates for all series except (1) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (2) sales and prices of existing units which are published by the National Association of Realtors. All back and current figures are available from the originating agency. Permit authorizations are those reported to the Census Bureau from 16,000 jurisdictions beginning with 1978.

A52 Domestic Nonfinancial Statistics □ January 1989

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 1988 ¹
	1987 Oct	1988 Oct	1987 Dec	1988			1988					
				Mar	June ^r	Sept ^r	June ^r	July ^r	Aug	Sept	Oct	
CONSUMER PRICES² (1982-84=100)												
1 All items	4.5	4.2	3.2	4.2	4.5	4.8	3	4	4	3	4	120.2
2 Food	3.6	5.2	2.8	1.4	7.1	9.9	6	1.0	6	8	2	120.3
3 Energy items	8.1	1	-3.9	-4.9	4.2	2.7	-2	3	9	-6	1	89.9
4 All items less food and energy	4.3	4.5	4.4	5.4	4.3	4.0	4	3	2	4	5	125.5
5 Commodities	3.8	3.8	2.5	4.7	3.9	3.1	2	3	-3	8	7	118.0
6 Services	4.6	4.8	5.0	5.9	4.5	4.1	5	4	5	1	5	129.9
PRODUCER PRICES (1982=100)												
7 Finished goods	2.5	2.9	-1.9	2.7	3.8	6.5	2	7	6	4	0	109.3
8 Consumer foods	3	4.5	-5.7	6.0	8.2	10.0	9	7	4	1.2	-1	114.6
9 Consumer energy	13.7	-5.9	-9.6	-18.5	7	-7	-2.8	1.0	2.2	-3.7	3	58.7
10 Other consumer goods	2.4	4.1	1.7	5.7	2.4	6.6	3	9	3	4	0	120.3
11 Capital equipment	1.4	2.9	-7	3.2	2.5	6.5	2	4	4	8	-3	115.8
12 Intermediate materials ³	5.0	4.9	4.3	4.3	7.8	4.9	6	5	4	4	1	108.3
13 Excluding energy	4.3	7.1	7.2	8.2	6.9	7.2	4	7	4	6	5	117.4
Crude materials												
14 Foods	1.3	15.9	-4.8	17.7	31.0	23.0	4.0	1.4	2.2	1.6	1.4	111.4
15 Energy	13.0	-15.8	-15.2	-24.1	7.8	-26.1	-2.0	-4.4	1	-3.1	-2.2	63.5
16 Other	24.3	5.5	18.0	15.9	-6.5	8.5	2	1.8	9	-6	2	133.3

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	1985	1986	1987	1987		1988		
				Q3	Q4	Q1	Q2	Q3 ¹
GROSS NATIONAL PRODUCT								
1 Total	4,014 9	4,240 3	4,526 7	4,568 0	4,662 8	4,724 5	4,823 8	4,909 2
<i>By source</i>								
2 Personal consumption expenditures	2,629 0	2,807 5	3,012 1	3,058 2	3,076 3	3,128 1	3,194 6	3,261 5
3 Durable goods	372 2	406 5	421 9	441 4	422 0	437 8	449 8	451 8
4 Nondurable goods	911 2	943 6	997 9	1,006 6	1,012 4	1,016 2	1,036 6	1,061 9
5 Services	1,345 6	1,457 3	1,592 3	1,610 2	1,641 9	1,674 1	1,708 2	1,747 7
6 Gross private domestic investment	643 1	665 9	712 9	702 8	764 9	763 4	758 1	771 4
7 Fixed investment	631 8	650 4	673 7	688 3	692 9	698 1	714 4	723 0
8 Nonresidential	442 9	433 9	446 8	462 1	464 1	471 5	487 8	494 7
9 Structures	153 2	138 5	139 5	143 0	147 7	140 1	142 3	143 9
10 Producers' durable equipment	289 7	295 4	307 3	319 1	316 3	331 3	345 5	350 7
11 Residential structures	188 8	216 6	226 9	226 2	228 8	226 6	226 5	228 3
12 Change in business inventories	11 3	15 5	39 2	14 5	72 0	65 3	43 7	48 4
13 Nonfarm	14 6	17 4	40 7	17 8	72 8	49 4	33 1	39 5
14 Net exports of goods and services	-78 0	-104 4	-123 0	-125 2	-125 7	-112 1	-90 4	-82 4
15 Exports	370 9	378 4	428 0	440 4	459 7	487 8	507 1	531 5
16 Imports	448 9	482 8	551 1	565 6	585 4	599 9	597 5	613 9
17 Government purchases of goods and services	820 8	871 2	924 7	932 2	947 3	945 2	961 6	958 7
18 Federal	355 2	366 2	382 0	386 3	391 4	377 7	382 2	370 9
19 State and local	465 6	505 0	542 8	546 0	555 9	567 5	579 4	587 8
<i>By major type of product</i>								
20 Final sales, total	4,003 6	4,224 7	4,487 5	4,553 5	4,590 7	4,659 2	4,780 1	4,856 6
21 Goods	1,641 2	1,697 9	1,792 5	1,812 9	1,849 4	1,879 4	1,928 0	1,964 8
22 Durable	706 5	725 3	776 3	792 2	808 7	819 3	829 5	879 3
23 Nondurable	934 6	972 6	1,016 3	1,020 7	1,040 7	1,060 1	1,078 5	1,085 5
24 Services	1,968 3	2,118 3	2,295 7	2,314 4	2,363 9	2,405 2	2,451 5	2,497 6
25 Structures	405 4	424 0	438 4	440 6	449 5	439 9	444 3	446 8
26 Change in business inventories	11 3	15 5	39 2	14 5	72 0	65 3	43 7	48 4
27 Durable goods	6 4	4 2	26 6	2 9	50 5	26 6	17 8	42 6
28 Nondurable goods	4 9	11 3	12 6	11 6	21 6	38 6	25 9	5 8
MEMO								
29 Total GNP in 1982 dollars	3,618 7	3,721 7	3,847 0	3,865 3	3,923 0	3,956 1	3,985 2	4,010 9
NATIONAL INCOME								
30 Total	3,234 0	3,437 1	3,678 7	3,708 0	3,802 0	3,850 8	3,928 8	3,996 2
31 Compensation of employees	2,367 5	2,507 1	2,683 4	2,702 8	2,769 9	2,816 4	2,874 0	2,932 5
32 Wages and salaries	1,975 2	2,094 0	2,248 4	2,265 3	2,324 8	2,358 7	2,410 0	2,461 4
33 Government and government enterprises	372 0	393 7	420 1	423 2	429 2	437 1	442 9	449 1
34 Other	1,603 4	1,700 3	1,828 3	1,842 1	1,895 6	1,921 6	1,967 1	2,012 4
35 Supplement to wages and salaries	392 4	413 1	435 0	437 5	445 1	457 7	464 0	471 1
36 Employer contributions for social insurance	204 8	217 0	227 1	228 2	232 7	243 1	247 5	251 6
37 Other labor income	187 6	196 1	207 9	209 3	212 4	214 6	216 5	219 5
38 Proprietors' income ¹	255 9	286 7	312 9	306 8	326 0	323 9	328 8	322 1
39 Business and professional ¹	225 6	250 3	270 0	271 5	279 0	279 2	285 3	291 7
40 Farm ¹	30 2	36 4	43 0	35 2	47 0	44 7	43 4	30 4
41 Rental income of persons ²	9 2	12 4	18 4	18 1	20 5	20 5	19 1	20 1
42 Corporate profits ¹	282 3	298 9	310 4	322 0	316 1	316 2	326 5	323 7
43 Profits before tax ³	224 3	236 4	276 7	289 4	281 9	286 2	305 9	307 7
44 Inventory valuation adjustment	-1 7	8 3	-18 0	-19 5	-18 2	-19 4	-27 4	-29 0
45 Capital consumption adjustment	59 7	54 2	51 7	52 1	52 4	49 4	48 0	45 1
46 Net interest	319 0	331 9	353 6	358 3	369 5	373 9	380 6	397 7

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	1985	1986	1987	1987		1988		
				Q3	Q4	Q1	Q2	Q3'
PERSONAL INCOME AND SAVING								
1 Total personal income	3,325 3	3,531 1	3,780 0	3,801 0	3,906 8	3,951 4	4,022 4	4,092 3
2 Wage and salary disbursements	1,975 4	2,094 0	2,248 4	2,265 1	2,325 1	2,358 7	2,410 0	2,461 4
3 Commodity producing industries	608 9	625 5	649 8	652 8	665 5	676 0	689 1	701 3
4 Manufacturing	460 9	473 1	490 3	492 6	501 3	509 6	517 4	525 9
5 Distributive industries	473 2	498 9	531 7	536 8	547 3	558 2	572 1	585 4
6 Service industries	521 3	575 9	646 8	652 4	682 8	687 4	705 9	725 7
7 Government and government enterprises	372 0	393 7	420 1	423 0	429 5	437 1	442 9	449 1
8 Other labor income	187 6	196 1	207 9	209 3	212 4	214 6	216 5	219 5
9 Proprietors' income ¹	255 9	286 7	312 9	306 8	326 0	323 9	328 8	322 1
10 Business and professional ¹	225 6	250 3	270 0	271 5	279 0	279 2	285 3	291 7
11 Farm ¹	30 2	36 4	43 0	35 2	47 0	44 7	43 4	30 4
12 Rental income of persons ²	9 2	12 4	18 4	18 1	20 5	20 5	19 1	20 1
13 Dividends	78 7	82 8	88 6	89 9	91 9	93 5	95 0	97 3
14 Personal interest income	478 0	499 1	527 0	533 0	550 0	554 2	563 7	581 3
15 Transfer payments	489 8	521 1	548 8	551 7	556 8	576 3	582 8	587 3
16 Old-age survivors, disability, and health insurance benefits	253 4	269 3	282 9	284 5	286 5	298 1	300 4	303 1
17 LESS Personal contributions for social insurance	149 3	161 1	172 0	172 7	175 9	190 2	193 5	196 7
18 EQUALS Personal income	3,325 3	3,531 1	3,780 0	3,801 0	3,906 8	3,951 4	4,022 4	4,092 3
19 LESS Personal tax and nontax payments	486 6	511 4	570 3	576 2	591 0	575 8	601 0	586 4
20 EQUALS Disposable personal income	2,838 7	3,019 6	3,209 7	3,224 9	3,315 8	3,375 6	3,421 5	3,506 0
21 LESS Personal outlays	2,713 3	2,898 0	3,105 5	3,152 3	3,171 8	3,225 7	3,293 6	3,362 4
22 EQUALS Personal saving	125 4	121 7	104 2	72 6	144 0	149 9	127 8	143 6
MEMO								
Per capita (1982 dollars)								
23 Gross national product	15,120 6	15,401 2	15,770 0	15,834 9	16,031 8	16,127 6	16,213 1	16,271 4
24 Personal consumption expenditures	9,839 4	10,160 1	10,334 3	10,426 8	10,346 1	10,435 4	10,492 2	10,565 9
25 Disposable personal income	10,625 0	10,929 0	11,012 0	10,989 0	11,145 0	11,260 0	11,237 0	11,360 0
26 Saving rate (percent)	4 4	4 0	3 2	2 3	4 3	4 4	3 7	4 1
GROSS SAVING								
27 Gross saving	533 5	537 2	560 4	556 8	603 4	627 0	634 1	656 4
28 Gross private saving	665 3	681 6	665 3	642 2	714 1	726 3	711 2	725 2
29 Personal saving	125 4	121 7	104 2	72 6	144 0	149 9	127 8	143 6
30 Undistributed corporate profits ¹	102 6	104 1	81 1	85 0	80 5	78 1	80 1	73 5
31 Corporate inventory valuation adjustment	-1 7	8 3	-18 0	-19 5	-18 2	-19 4	-27 4	-29 0
<i>Capital consumption allowances</i>								
32 Corporate	268 6	282 4	297 5	299 7	303 7	309 8	313 3	317 2
33 Noncorporate	168 7	173 5	182 5	184 9	185 8	188 5	189 9	190 9
34 Government surplus or deficit (-), national income and product accounts	-131 8	-144 4	-104 9	-85 5	-110 7	-99 2	-77 1	-68 8
35 Federal	-196 9	-205 6	-157 8	-138 3	-160 4	-155 1	-133 3	-124 8
36 State and local	65 1	61 2	52 9	52 9	49 7	55 8	56 2	55 9
37 Gross investment	528 7	523 6	552 3	541 7	597 0	612 0	629 0	647 6
38 Gross private domestic	643 1	665 9	712 9	702 8	764 9	763 4	758 1	771 4
39 Net foreign	-114 4	-142 4	-160 6	-161 1	-167 8	-151 3	-129 1	-123 8
40 Statistical discrepancy	-4 8	-13 6	-8 1	-15 1	-6 4	-15 0	-5 1	-8 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 ¹

Item credits or debits	1985	1986	1987	1987			1988	
				Q2	Q3	Q4	Q1	Q2 ^p
1 Balance on current account	-115,102	-138,827	-153,964	-40,852	-41,967	-33,523	-36,938	-33,336
2 Not seasonally adjusted				-41,799	-47,330	-31,803	-32,179	-34,228
3 Merchandise trade balance ²	-122,148	-144,547	-160,280	-39,552	-39,665	-41,192	-35,184	-29,937
4 Merchandise exports	215,935	223,969	249,570	59,864	64,902	68,013	75,300	79,665
5 Merchandise imports	-338,083	-368,516	-409,850	-99,416	-104,567	-109,205	-110,484	-109,602
6 Military transactions net	-3,431	-4,372	-2,369	-179	-851	-1,261	-1,033	-865
7 Investment income net	25,936	23,143	20,374	1,692	1,067	12,539	1,159	-1,747
8 Other service transactions, net	-449	2,257	1,755	13	87	479	1,241	2,120
9 Remittances, pensions, and other transfers	-3,786	-3,571	-3,434	-884	-855	-828	-882	-787
10 U S government grants (excluding military)	-11,223	-11,738	-10,011	-2,241	2,125	-3,545	-2,239	-2,120
11 Change in U S government assets other than official reserve assets, net (increase -)	-2,829	-2,000	1,162	-170	252	1,012	-814	-828
12 Change in U S official reserve assets (increase -)	-3,858	312	9,149	3,419	32	3,741	1,503	39
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	-897	-246	-509	-171	-210	-205	155	180
15 Reserve position in International Monetary Fund	908	1,500	2,070	335	407	722	446	69
16 Foreign currencies	-3,869	-942	7,588	3,255	-165	3,225	901	-210
17 Change in U S private assets abroad (increase -)	-25,949	-96,303	-86,298	-26,127	-25,576	-43,645	5,903	-12,497
18 Bank reported claims ³	-1,323	-59,975	-40,531	-22,422	-16,519	-23,460	17,108	-13,999
19 Nonbank reported claims	923	-4,220	3,145	2,603	-215	1,248	-315	
20 U S purchase of foreign securities, net	-7,481	-4,297	-4,456	-88	-972	-1,757	-4,467	1,610
21 U S direct investments abroad, net	-18,068	-27,811	-44,456	-6,220	-7,870	-19,676	-6,423	-108
22 Change in foreign official assets in the United States (increase +)	-1,196	35,507	44,968	10,332	611	20,047	24,670	5,832
23 U S Treasury securities	-838	34,364	43,361	11,083	842	19,243	27,701	5,793
24 Other U S government obligations	-301	-1,214	1,570	256	714	662	-121	192
25 Other U S government liabilities ⁴	767	2,054	-2,824	-1,309	-287	108	-123	-570
26 Other U S liabilities reported by U S banks ⁵	645	1,187	3,901	615	-34	-223	-1,954	834
27 Other foreign official assets	-1,469	-884	-1,040	-313	-624	257	-833	-417
28 Change in foreign private assets in the United States (increase, +)	131,096	185,746	166,521	40,327	71,047	36,025	1,395	56,507
29 U S bank reported liabilities ³	41,045	79,783	87,778	17,961	46,153	29,764	-17,233	28,839
30 U S nonbank-reported liabilities	-366	-2,906	2,150	1,570	-116	-1,000	2,015	
31 Foreign private purchases of U S Treasury securities, net	20,433	3,809	-7,596	-2,431	-2,835	496	6,887	4,473
32 Foreign purchases of other U S securities, net	50,962	70,969	42,213	15,998	12,819	-4,977	2,379	9,823
33 Foreign direct investments in the United States, net	19,022	34,091	41,976	7,229	15,026	11,742	7,347	13,372
34 Allocation of SDRs	0	0	0	0	0	0	0	0
35 Discrepancy	17,839	15,566	18,461	13,071	-4,399	16,342	4,282	-15,717
36 Owing to seasonal adjustments				-2,615	-4,658	3,138	3,747	-3,456
37 Statistical discrepancy in recorded data before seasonal adjustment	17,839	15,566	18,461	15,686	259	13,204	535	-12,261
MEMO								
Changes in official assets								
38 U S official reserve assets (increase, -)	-3,858	312	9,149	3,419	32	3,741	1,503	39
39 Foreign official assets in the United States (increase, +) excluding line 25	-1,963	33,453	47,792	11,641	898	19,939	24,793	6,402
40 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 22 above)	-6,709	-9,327	-9,956	-2,681	-1,723	-2,750	-1,375	-1,782
41 Transfers under military grant programs (excluded from lines 4, 6, and 10 above)	46	101	58	26	13	12	45	10

¹ Seasonal factors are not calculated for lines 6, 10, 12-16, 18-20, 22-34, and 38-41

² Data are on an international accounts (IA) basis. Differs from the Census basis data shown in table 3.11 for reasons of coverage and timing. Military exports are excluded from merchandise data and are included in line 6.

³ Reporting banks include all kinds of depository institutions besides commercial banks as well as some brokers and dealers.

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 TRADE¹

Millions of dollars, monthly data are not seasonally adjusted

Item	1985	1986	1987	1988						
				Mar	Apr	May	June	July	Aug ^r	Sept
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments, f a s value	218,815	227,159	254,122	29,106	26,335	28,143	26,839	25,098	26,538	27,441
GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses										
2 C I F value	352,463	382,295	424,442	38,633	36,528	37,657	40,158	37,084	39,370	37,939
3 Customs value	345,276	365,438	406,241	37,030	35,027	36,147	38,590	35,583	37,741	36,454
Trade balance										
4 C I F value	-133,648	-155,137	-170,320	-9,528	-10,193	-9,514	-13,319	-11,986	-12,832	-10,498
5 Customs value	-132,129	-138,279	-152,119	-7,924	-8,692	-8,004	-11,751	-10,485	-11,203	-9,013

1 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 adjustment is 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 transac

tions, military payments are excluded and shown separately as indicated above As of Jan 1, 1987 census data are released 45 days after the end of the month, the previous month is revised to reflect late documents Total exports and the trade balance reflect adjustments for undocumented exports to Canada SOURCE FT900 Summary of U S Export and Import Merchandise Trade^r (Department of Commerce, Bureau of the Census)

3 12 U S RESERVE ASSETS

Millions of dollars, end of period

Type	1985	1986	1987	1988						
				Apr	May	June	July	Aug	Sept	Oct ^P
1 Total	43,186	48,511	45,798	42,730	41,949	41,028	43,876	47,778	47,788	50,204
2 Gold stock, including Exchange Stabilization Fund ¹	11,090	11,064	11,078	11,063	11,063	11,063	11,063	11,061	11,062	11,062
3 Special drawing rights ^{2,3}	7,293	8,395	10,283	9,589	9,543	9,180	8,984	9,058	9,074	9,464
4 Reserve position in International Monetary Fund ⁴	11,947	11,730	11,349	10,803	10,431	9,992	9,773	9,642	9,637	10,075
5 Foreign currencies ⁴	12,856	17,322	13,088	11,275	10,912	10,793	14,056	18,017	18,015	19,603

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 BANKS¹

Millions of dollars, end of period

Assets	1985	1986	1987	1988						
				Apr	May	June	July	Aug	Sept	Oct ^P
1 Deposits	480	287	244	215	297	381	269	230	338	301
Assets held in custody										
2 U S Treasury securities ²	121,004	155,835	195,126	224,725	226,341	223,127	223,296	221,715	221,119	226,533
3 Earmarked gold ³	14,245	14,048	13,919	13,719	13,654	13,662	13,666	13,658	13,653	13,637

1 Excludes deposits and U S Treasury securities held for international and regional organizations
2 Marketable U S Treasury bills, notes, and bonds, and nonmarketable U S Treasury securities payable in dollars and in foreign currencies

3 Earmarked gold and the gold stock are valued at \$42.22 per fine troy ounce 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 Data¹

Millions of dollars, end of period

Asset account	1985	1986	1987	1988						
				Mar	Apr	May	June	July	Aug	Sept ²
All foreign countries										
1 Total, all currencies	458,012	456,628	518,618	502,398	488,939	492,844	487,677	488,283	487,895	490,582
2 Claims on United States	119,706	114,563	138,034	135,504	139,176	141,790 ^a	140,932	147,662	157,021	155,386
3 Parent bank	87,201	83,492	105,845	99,109	102,957	104,299	104,405	109,929	117,525	115,286
4 Other banks in United States	13,057	13,685	16,416	14,663	13,332	14,625 ^a	14,424	15,954	16,176	16,121
5 Nonbanks	19,448	17,386	15,773	21,732	22,887	22,866	22,103	21,779	23,320	23,979
6 Claims on foreigners	315,676	312,955	342,520	328,163	314,348	315,302	311,308 ^a	305,556	295,270	298,466
7 Other branches of parent bank	91,399	96,281	122,155	108,972	103,090	102,931	106,722	103,646 ^a	98,299	102,355
8 Banks	102,960	95,227	108,859	106,771	101,233 ^a	103,427	100,669 ^a	99,660 ^a	98,982	98,363
9 Public borrowers	23,478	23,706	21,832	21,748	20,827	20,991	20,438	19,276	18,709	18,444
10 Nonbank foreigners	97,839	87,731	89,674	90,672	89,198 ^a	87,953 ^a	83,479 ^a	82,974 ^a	79,280	79,104
11 Other assets	22,630	29,110	38,064	38,731	35,415	35,752	35,437 ^a	35,065	35,604	36,730
12 Total payable in U S dollars	336,520	317,487	350,107	333,874	327,736	334,112	334,990	336,233	342,906	340,944
13 Claims on United States	116,638	110,620	132,023	128,935	133,289	136,078 ^a	135,348	141,415	151,581	149,764
14 Parent bank	85,971	82,082	105,251	95,844	100,320	101,578	101,422	106,792	114,943	112,621
15 Other banks in United States	12,454	12,830	14,657	13,346	12,318	13,608	13,661	14,434	14,901	14,687
16 Nonbanks	18,213	15,708	14,115	19,745	20,651	20,900	20,265	20,189	21,737	22,456
17 Claims on foreigners	210,129	195,063	202,428	190,593	179,722	182,980	183,568	179,076	174,433	174,314
18 Other branches of parent bank	72,727	72,197	88,284	81,692	75,654	76,136	79,774	78,071 ^a	73,792	76,306
19 Banks	71,868	66,421	63,707	58,109	54,588	57,102	55,234	54,189	54,839	52,303
20 Public borrowers	17,260	16,708	14,730	14,853	14,407	14,342	13,851	13,247	12,933	12,770
21 Nonbank foreigners	48,274	39,737	35,707	35,939	35,073	35,400 ^a	34,709	33,569 ^a	32,869	32,553
22 Other assets	9,753	11,804	15,656	14,346	14,725	15,054	16,074	15,742	16,892	16,866
United Kingdom										
23 Total, all currencies	148,599	140,917	158,695	155,657	152,592	156,184	151,835	151,017	149,646	147,329
24 Claims on United States	33,157	24,599	32,518	29,581	31,618	32,832	33,852	35,708	36,307	32,048
25 Parent bank	26,970	19,085	27,550	24,580	26,155	27,506	28,535	30,615	30,767	26,661
26 Other banks in United States	1,106	1,612	1,259	1,191	1,013	1,360	1,322	1,064	1,197	1,238
27 Nonbanks	5,081	3,902	3,909	3,810	4,450	3,966	3,995	4,029	4,343	4,149
28 Claims on foreigners	110,217	109,508	115,700	116,975	112,261	114,452	107,856	105,594	103,527	105,824
29 Other branches of parent bank	31,576	33,422	39,903	34,278	33,019	33,849	32,446	30,228	29,656	31,758
30 Banks	39,250	39,468	36,735	40,247	38,790	39,883	37,108	37,805	38,259	38,848
31 Public borrowers	5,644	4,990	4,752	5,312	4,914	4,987	4,742	4,665	4,543	4,250
32 Nonbank foreigners	33,747	31,628	34,310	37,138	35,538	35,733	33,560	32,896	31,069	30,968
33 Other assets	5,225	6,810	10,477	9,101	8,713	8,900	10,127	9,715	9,812	9,457
34 Total payable in U S dollars	108,626	95,028	100,574	95,972	93,214	97,188	95,326	94,492	96,767	93,790
35 Claims on United States	32,092	23,193	30,439	27,388	29,555	30,736	31,855	33,795	34,535	30,116
36 Parent bank	26,568	18,526	26,304	23,285	25,137	26,608	27,672	29,706	29,837	25,692
37 Other banks in United States	1,005	1,475	1,044	1,025	781	1,068	1,069	870	1,039	910
38 Nonbanks	4,519	3,192	3,091	3,078	3,637	3,060	3,114	3,219	3,659	3,514
39 Claims on foreigners	73,475	68,138	64,560	64,247	59,434	62,018	57,969	55,832	57,037	58,474
40 Other branches of parent bank	26,011	26,361	28,635	26,812	24,867	25,448	23,843	22,549	22,465	24,472
41 Banks	26,139	23,251	19,188	19,656	18,065	19,555	17,477	18,025	19,165	19,066
42 Public borrowers	3,999	3,677	3,313	3,864	3,412	3,252	3,188	3,133	3,105	3,022
43 Nonbank foreigners	17,326	14,849	13,424	13,915	13,090	13,763	13,461	12,125	12,302	11,914
44 Other assets	3,059	3,697	5,575	4,337	4,225	4,434	5,502	4,865	5,195	5,200
Bahamas and Caymans										
45 Total, all currencies	142,055	142,592	160,321	153,254	152,930	156,353	159,718	160,516	165,771	164,313
46 Claims on United States	74,864	78,048	85,318	85,837	88,283	90,896	88,116	92,308	99,090	99,541
47 Parent bank	50,553	54,575	60,048	56,330	59,240	60,419	58,579	61,397	67,034	66,607
48 Other banks in United States	11,204	11,156	14,277	12,476	11,470	12,489	12,236	13,863	13,907	13,878
49 Nonbanks	13,107	12,317	10,993	17,031	17,573	17,988	17,301	17,048	18,149	19,056
50 Claims on foreigners	63,882	60,005	70,162	61,962	58,818	59,374	65,855	62,508	60,822	57,887
51 Other branches of parent bank	19,042	17,296	21,277	19,368	17,790	18,463	24,745	22,797	20,789	20,320
52 Banks	28,192	27,476	33,751	28,647	26,700	27,019	27,650	26,120	26,866	24,545
53 Public borrowers	6,458	7,051	7,428	6,891	6,849	6,955	6,835	6,457	6,185	6,219
54 Nonbank foreigners	10,190	8,182	7,706	7,056	7,479	6,937	6,625	7,134	6,982	6,803
55 Other assets	3,309	4,539	4,841	5,455	5,829	6,083	5,747	5,700	5,859	6,885
56 Total payable in U S dollars	136,794	136,813	151,434	145,050	145,398	148,545	152,219	152,685	157,975	156,409

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

3 15 SELECTED U S LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1986	1987	1988						
			Mar	Apr	May	June	July	Aug	Sept ^e
1 Total ¹	211,834	259,517	284,324	286,529	294,729	290,842	290,775 ^f	289,995	288,296
<i>By type</i>									
2 Liabilities reported by banks in the United States ²	27,920	31,838	29,892	29,683	31,460	30,761	31,971 ^f	32,505	31,855
3 U S Treasury bills and certificates ³	75,650	88,829	95,624	94,974	96,604	95,299	96,645 ^f	96,698	96,812
4 U S Treasury bonds and notes									
4 Marketable	91,368	122,432	142,854	145,929	150,991	149,333	146,971	145,561	144,104
5 Nonmarketable ⁴	1,300	300	792	795	499	502	506	509	513
6 U S securities other than U S Treasury securities ⁵	15,596	16,123	15,162	15,148	15,175	14,947	14,682	14,722	15,012
<i>By area</i>									
7 Western Europe ¹	88,629	124,620	129,411	129,739	131,406	126,772	125,095	123,120	120,853
8 Canada	2,004	4,961	7,954	8,314	9,372	10,773	10,725	9,981	10,054
9 Latin America and Caribbean	8,417	8,328	8,660	8,520	9,145	9,407	9,818	11,336	10,136
10 Asia	105,868	116,098	131,458	132,050	135,120	134,285	135,657	136,205	137,561
11 Africa	1,503	1,402	1,512	1,417	1,418	1,266	1,179	1,196	1,130
12 Other countries ⁶	5,412	4,147	4,839	5,993	7,773	7,837	7,793	7,646	8,049

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 Currencies¹

Millions of dollars, end of period

Item	1984	1985	1986	1987		1988	
				Sept	Dec	Mar	June
1 Banks' own liabilities	8,586	15,368	29,702	46,147	55,075	55,457	54,046 ^f
2 Banks' own claims	11,984	16,294	26,180	41,394	50,663	51,428	50,098
3 Deposits	4,998	8,437	14,129	14,647	18,253	17,614	16,723
4 Other claims	6,986	7,857	12,052	26,746	32,410	33,814	33,375
5 Claims of banks' domestic customers ²	569	580	2,507	1,067	551	810	1,004

1 Data on claims exclude foreign currencies held by U S monetary authorities

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 accounts of the domestic customers

3 17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States¹

Payable in U S dollars

Millions of dollars, end of period

Holder and type of liability	1985	1986	1987	1988						
				Mar	Apr	May	June	July ^r	Aug	Sept ^p
1 All foreigners	435,726	540,996	618,978	605,615	611,031	629,139	637,396	654,760	658,235	656,633
2 Banks' own liabilities	341,070	406,485	470,056	443,680	449,324	465,665	476,117	490,660	494,084	489,192
3 Demand deposits	21,107	23,789	22,383	21,901	20,330	22,181	22,990	21,983	20,315	21,517
4 Time deposits ²	117,278	130,891	148,444	137,729	134,320	138,255	141,553	142,670	147,866	149,912
5 Other ³	29,305	42,705	51,607	47,040	46,018	48,489	47,658	51,244	50,409	53,311
6 Own foreign offices ⁴	173,381	209,100	247,621	237,011	248,655	256,741	263,916	274,762	275,494	264,452
7 Banks' custody liabilities ⁵	94,656	134,511	148,923	161,935	161,707	163,474	161,279	164,101	164,151	167,441
8 U S Treasury bills and certificates ⁶	69,133	90,398	101,743	109,233	107,881	108,803	108,614	109,555	109,106	109,686
9 Other negotiable and readily transferable instruments ⁷	17,964	15,417	16,791	16,121	16,017	16,595	16,626	16,165	15,892	16,537
10 Other	7,558	28,696	30,388	36,581	37,810	38,075	36,039	38,381	39,153	41,218
11 Nonmonetary international and regional organizations⁸	5,821	5,807	4,464	6,033	4,575	6,889	7,879	7,036	4,749	7,764
12 Banks' own liabilities	2,621	3,958	2,702	4,031	2,412	4,898	5,142	4,857	2,925	5,104
13 Demand deposits	85	199	124	134	67	84	84	92	85	208
14 Time deposits ²	2,067	2,065	1,538	2,061	335	1,981	1,873	1,857	1,430	1,888
15 Other ³	469	1,693	1,040	1,836	2,010	2,833	3,185	2,908	1,410	3,008
16 Banks' custody liabilities ⁵	3,200	1,849	1,761	2,002	2,163	1,991	2,737	2,179	1,824	2,660
17 U S Treasury bills and certificates ⁶	1,736	259	265	635	587	132	745	286	43	755
18 Other negotiable and readily transferable instruments ⁷	1,464	1,590	1,497	1,351	1,564	1,852	1,989	1,861	1,769	1,899
19 Other	0	0	0	16	11	7	3	32	12	5
20 Official institutions⁹	79,985	103,569	120,667	125,516	124,657	128,065	126,060	128,616	129,203	128,667
21 Banks' own liabilities	20,835	25,427	28,703	26,915	26,623	28,451	27,882	28,386	28,981	28,616
22 Demand deposits	2,077	2,267	1,757	2,021	1,498	1,882	1,834	1,696	1,405	1,750
23 Time deposits ²	10,949	10,497	12,843	11,789	11,753	12,860	11,864	11,464	12,667	11,579
24 Other ³	7,809	12,663	14,103	13,105	13,372	13,709	14,184	15,226	14,909	15,287
25 Banks' custody liabilities ⁵	59,150	78,142	91,965	98,602	98,033	99,613	98,178	100,230	100,222	100,051
26 U S Treasury bills and certificates ⁶	53,252	75,650	88,829	95,624	94,974	96,604	95,299	96,645	96,698	96,812
27 Other negotiable and readily transferable instruments ⁷	5,824	2,347	2,990	2,750	2,939	2,775	2,672	3,368	3,240	2,961
28 Other	75	145	146	228	120	234	207	217	284	279
29 Banks¹⁰	275,589	351,745	414,181	394,040	401,743	413,460	423,396	436,310	439,843	435,674
30 Banks' own liabilities	252,723	310,166	371,651	346,742	353,971	365,512	375,093	387,456	390,603	383,409
31 Unaffiliated foreign banks	79,341	101,066	124,030	109,732	105,315	108,771	111,177	112,694	115,109	118,957
32 Demand deposits	10,271	10,303	10,898	10,012	9,153	10,260	10,898	10,217	9,258	9,376
33 Time deposits ²	49,510	64,232	79,787	69,964	68,098	69,616	72,612	73,186	75,737	78,692
34 Other ³	19,561	26,531	33,345	29,755	28,065	28,895	27,668	29,291	30,114	30,889
35 Own foreign offices ⁴	173,381	209,100	247,621	237,011	248,655	256,741	263,916	274,762	275,494	264,452
36 Banks' custody liabilities ⁵	22,866	41,579	42,530	47,298	47,772	47,948	48,303	48,854	49,240	52,265
37 U S Treasury bills and certificates ⁶	9,832	9,984	9,134	9,597	8,889	8,872	9,212	9,394	9,299	8,888
38 Other negotiable and readily transferable instruments ⁷	6,040	5,165	5,392	4,627	4,637	4,341	4,725	4,625	4,300	5,484
39 Other	6,994	26,431	28,004	33,074	34,245	34,735	34,365	34,835	35,642	37,893
40 Other foreigners	74,331	79,875	79,666	80,026	80,056	80,726	80,061	82,800	84,440	84,528
41 Banks' own liabilities	64,892	66,934	67,000	65,993	66,318	66,804	67,999	69,961	71,575	72,063
42 Demand deposits	8,673	11,019	9,604	9,734	9,612	9,955	10,173	9,979	9,566	10,183
43 Time deposits ²	54,752	54,097	54,277	53,915	54,134	53,798	55,204	56,163	58,033	57,752
44 Other ³	1,467	1,818	3,119	2,344	2,571	3,051	2,622	3,819	3,976	4,127
45 Banks' custody liabilities ⁵	9,439	12,941	12,666	14,034	13,739	13,922	12,062	12,839	12,865	12,466
46 U S Treasury bills and certificates ⁶	4,314	4,506	3,515	3,378	3,430	3,196	3,358	3,231	3,066	3,231
47 Other negotiable and readily transferable instruments ⁷	4,636	6,315	6,914	7,393	6,876	7,628	7,241	6,311	6,583	6,193
48 Other	489	2,120	2,238	3,263	3,433	3,099	1,464	3,297	3,215	3,041
49 MEMO Negotiable time certificates of deposit in custody for foreigners	9,845	7,496	7,314	7,325	7,480	8,261	7,711	6,975	7,064	6,393

¹ Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers

² Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments"

³ Includes borrowing under repurchase agreements

⁴ U S banks includes amounts due to own foreign branches and foreign subsidiaries consolidated in Consolidated Report of Condition¹ 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

⁵ Financial claims on residents of the United States, other than long term securities held by or through reporting banks

⁶ Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries

⁷ Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit

⁸ Principally the International Bank for Reconstruction and Development and the Inter-American and Asian Development Banks. Data exclude holdings of dollars of the International Monetary Fund

⁹ Foreign central banks, foreign central governments, and the Bank for International Settlements

¹⁰ Excludes central banks, which are included in "Official institutions"

3 17—Continued

Area and country	1985	1986	1987	1988						
				Mar	Apr	May	June	July ^f	Aug	Sept ^g
1 Total	435,726	540,996	618,978	605,615	611,031	629,139	637,396	654,760	658,235	656,633
2 Foreign countries	429,905	535,189	614,514	599,582	606,456	622,250	629,517	647,725	653,486	648,870
3 Europe	164,114	180,556	234,641	213,051	218,515	227,867	227,626	231,170	232,753	224,819
4 Austria	693	1,181	920	958	1,162	1,090	941	1,412	1,246	1,109
5 Belgium-Luxembourg	5,243	6,729	9,347	8,804	9,629	9,893	10,363	9,494	10,050	9,983
6 Denmark	513	482	760	930	1,034	1,164	1,364	1,474	2,078	1,403
7 Finland	496	580	377	405	504	478	426	549	417	447
8 France	15,541	22,862	29,835	28,424	27,015	28,193	26,975	26,002	24,209	24,265
9 Germany	4,835	5,762	7,022	6,609	6,878	6,487	5,105	5,211	6,226	5,055
10 Greece	666	700	689	656	656	675	653	620	694	633
11 Italy	9,667	10,875	12,073	10,075	10,040	9,285	10,695	9,361	9,766	8,546
12 Netherlands	4,212	5,600	5,014	5,099	5,154	5,757	5,351	5,560	5,648	6,173
13 Norway	948	735	1,362	917	1,101	1,240	1,078	1,330	900	1,057
14 Portugal	652	699	801	874	917	910	897	859	848	858
15 Spain	2,114	2,407	2,621	2,608	2,415	2,839	4,168	5,011	5,569	6,248
16 Sweden	1,422	884	1,379	1,836	1,692	2,280	1,522	1,926	2,011	2,249
17 Switzerland	29,020	30,534	33,766	31,739	30,523	31,293	31,226	30,451	29,569	32,172
18 Turkey	429	454	703	616	518	628	570	537	709	706
19 United Kingdom	76,728	85,334	116,852	101,621	109,347	115,439	115,521	121,895	122,619	112,975
20 Yugoslavia	673	630	710	550	566	586	690	614	629	579
21 Other Western Europe ¹	9,635	3,326	9,798	9,341	8,473	9,038	9,230	8,135	8,893	9,312
22 U S S R	105	80	32	66	44	136	239	81	100	465
23 Other Eastern Europe ²	523	702	582	623	648	456	611	648	572	584
24 Canada	17,427	26,345	30,095	27,350	27,011	27,890	30,051	29,944	28,128	28,234
25 Latin America and Caribbean	167,856	210,318	220,399	220,707	225,708	229,829	232,760	242,674	246,521	246,635
26 Argentina	6,032	4,757	5,006	5,101	5,307	5,219	5,876	5,975	6,775	7,106
27 Bahamas	57,657	73,619	74,676	68,966	69,975	73,990	74,034	75,910	78,810	78,437
28 Bermuda	2,765	2,922	2,344	2,214	2,402	2,927	2,077	2,413	2,389	2,390
29 Brazil	5,373	4,325	4,005	4,074	3,992	4,122	4,205	4,489	4,609	4,500
30 British West Indies	42,674	72,263	81,612	88,214	92,534	91,601	94,311	101,378	99,687	101,067
31 Chile	2,049	2,054	2,210	2,314	2,251	2,184	2,378	2,323	2,478	2,467
32 Colombia	3,104	4,285	4,204	3,833	3,843	4,395	4,502	4,441	4,403	4,171
33 Cuba	11	7	12	8	13	9	10	9	8	9
34 Ecuador	1,239	1,236	1,082	1,169	1,174	1,206	1,212	1,216	1,224	1,244
35 Guatemala	1,071	1,123	1,082	1,182	1,209	1,191	1,209	1,183	1,182	1,177
36 Jamaica	122	136	160	208	209	152	156	154	149	166
37 Mexico	14,060	13,745	14,480	15,784	15,347	15,866	15,801	16,334	17,260	15,818
38 Netherlands Antilles	4,875	4,970	4,975	5,207	5,345	5,348	5,338	4,798	5,011	5,253
39 Panama	7,514	6,886	7,414	4,306	4,059	4,005	4,171	4,251	4,262	4,128
40 Peru	1,167	1,163	1,275	1,364	1,424	1,423	1,438	1,514	1,540	1,584
41 Uruguay	1,552	1,537	1,582	1,763	1,745	1,717	1,882	1,828	1,889	1,882
42 Venezuela	11,922	10,171	9,048	9,411	9,564	9,255	8,950	9,116	9,330	9,750
43 Other	4,668	5,119	5,234	5,591	5,313	5,219	5,209	5,343	5,514	5,485
44 Asia	72,280	108,831	121,364	129,237	125,653	125,750	128,100	134,003	136,293	139,021
45 China	1,607	1,476	1,162	1,262	1,814	1,921	1,725	1,564	1,757	1,599
46 Taiwan	7,786	18,902	21,503	24,005	23,982	23,874	23,072	24,023	23,422	22,275
47 Hong Kong	8,067	9,393	10,180	10,015	9,635	10,214	9,255	9,951	10,417	10,900
48 India	712	674	582	659	675	619	942	858	844	1,014
49 Indonesia	1,466	1,547	1,404	1,063	1,063	1,036	1,075	1,036	1,255	1,125
50 Israel	1,601	1,892	1,292	1,400	1,292	1,190	1,334	1,244	1,194	1,130
51 Japan	23,077	47,410	54,398	60,349	58,576	58,151	60,916	63,529	65,001	68,413
52 Korea	1,665	1,141	1,637	1,546	1,574	1,476	1,572	1,459	1,720	2,093
53 Philippines	1,140	1,866	1,085	1,015	952	954	954	1,085	1,001	975
54 Thailand	1,358	1,119	1,345	1,189	1,181	1,148	1,099	1,650	1,422	2,287
55 Middle-East oil-exporting countries ³	14,523	12,352	13,988	12,727	12,639	12,413	12,089	14,298	12,788	14,096
56 Other	9,276	11,058	12,788	13,142	12,207	12,434	14,066	13,305	15,472	13,115
57 Africa	4,883	4,021	3,945	4,034	3,878	4,055	4,023	3,837	3,846	3,667
58 Egypt	1,363	706	1,151	1,099	1,218	1,196	1,187	1,039	969	815
59 Morocco	163	92	194	75	68	65	73	80	70	111
60 South Africa	388	270	202	387	195	267	245	200	204	247
61 Zaire	163	74	67	81	82	63	60	63	67	71
62 Oil-exporting countries ⁴	1,494	1,519	1,014	1,062	1,008	1,090	1,111	1,052	1,039	1,017
63 Other	1,312	1,360	1,316	1,330	1,307	1,373	1,348	1,403	1,498	1,406
64 Other countries	3,347	5,118	4,070	5,202	5,689	6,859	6,957	6,098	5,945	6,493
65 Australia	2,779	4,196	3,327	4,154	4,885	5,943	6,017	5,329	5,170	5,649
66 All other	568	922	744	1,048	804	916	939	769	775	844
67 Nonmonetary international and regional organizations	5,821	5,807	4,464	6,033	4,575	6,889	7,879	7,036	4,749	7,764
68 International ⁵	4,806	4,620	2,830	4,330	2,691	4,955	5,925	5,105	2,979	5,721
69 Latin American regional	894	1,033	1,272	1,305	1,528	1,727	1,769	1,651	1,614	1,762
70 Other regional ⁶	121	154	362	397	356	207	185	279	156	281

1 Includes the Bank for International Settlements and Eastern European countries that are not listed in line 23

2 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 Excludes holdings of dollars⁷ of the International Monetary Fund

6 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 States¹
 Payable in U S Dollars
 Millions of dollars, end of period

Area and country	1985	1986	1987	1988						
				Mar	Apr	May	June	July	Aug	Sept ^P
1 Total	401,608	444,745	459,706	443,416	432,679	450,678	459,411	471,697 ^r	468,541 ^r	481,679
2 Foreign countries	400,577	441,724	456,302	441,211	431,317	449,532	456,866	468,541 ^r	468,089	475,009
3 Europe	106,413	107,823	102,375	94,565	93,507	100,484	100,925	99,705	99,208	102,543
4 Austria	598	728	793	846	893	865	806	888	743	808
5 Belgium-Luxembourg	5,772	7,498	9,397	8,252	8,792	8,724	7,863	8,530	8,398	8,867
6 Denmark	706	688	717	874	612	630	640	743	609	582
7 Finland	823	987	1,010	729	993	1,103	954	1,325	1,231	1,290
8 France	9,124	11,356	13,553	12,227	10,885	12,147	12,184	11,861	11,963	12,048
9 Germany	1,267	1,816	2,039	1,852	1,610	1,719	2,840	2,153	1,982	1,712
10 Greece	991	648	463	701	513	558	590	563	524	521
11 Italy	8,848	9,043	7,460	6,444	6,201	6,606	7,072	6,607	6,626	6,113
12 Netherlands	1,258	3,296	2,624	2,755	2,865	2,766	2,656	3,017	2,938	3,202
13 Norway	706	672	934	627	650	886	589	484	534	510
14 Portugal	1,058	739	477	423	439	400	358	333	321	333
15 Spain	1,908	1,492	1,858	1,761	1,766	1,911	1,867	1,978	2,016	1,969
16 Sweden	2,219	1,964	2,269	2,227	2,347	2,480	2,087	1,958	2,256	1,968
17 Switzerland	3,171	3,352	2,719	2,243	2,452	3,093	3,274	2,486	2,559	2,555
18 Turkey	1,200	1,543	1,680	1,594	1,733	1,543	1,495	1,432	1,397	1,396
19 United Kingdom	62,566	58,335	50,819	47,477	47,319	51,679	52,084	51,885	51,728	54,722
20 Yugoslavia	1,964	1,835	1,700	1,658	1,618	1,586	1,624	1,559	1,537	1,506
21 Other Western Europe ²	998	539	619	747	573	598	647	671	520	864
22 U S S R	130	345	389	328	377	339	506	431	466	515
23 Other Eastern Europe ³	1,107	948	852	802	866	851	787	800	859	1,062
24 Canada	16,482	21,006	25,288	21,121	22,101	23,799	24,639	23,939	24,056	23,952
25 Latin America and Caribbean	202,674	208,825	214,641	210,445	200,220	203,941	203,208	206,547 ^r	208,407	212,669
26 Argentina	11,462	12,091	11,996	12,230	12,288	12,297	12,365	12,359 ^r	12,256	12,233
27 Bahamas	58,258	59,342	64,586	60,636	54,625	59,251	56,722	62,333 ^r	65,573	63,999
28 Bermuda	499	418	471	449	669	369	818	460 ^r	423	688
29 Brazil	25,283	25,716	25,897	25,996	26,042	26,119	26,230	26,041 ^r	25,927	25,653
30 British West Indies	38,881	46,284	49,896	52,531	48,212	48,873	51,140	49,745	48,951	55,147
31 Chile	6,603	6,558	6,308	6,099	6,132	6,018	5,881	5,778	5,684	5,674
32 Colombia	3,249	2,821	2,740	2,652	2,721	3,082	3,095	3,127 ^r	3,029	3,003
33 Cuba	0	0	1	0	1	0	0	0	0	0
34 Ecuador	2,390	2,439	2,286	2,239	2,883	2,197	2,142	2,146	2,162	2,185
35 Guatemala ⁴	194	140	144	149	141	149	144	157	148	150
36 Jamaica ⁴	224	198	188	201	212	177	187	214	184	185
37 Mexico	31,799	30,698	29,532	27,967	27,296	26,679	26,177	26,017 ^r	25,883	26,016
38 Netherlands Antilles	1,340	1,041	980	1,159	1,304	1,434	1,238	1,055	1,269	1,081
39 Panama	6,645	5,436	4,744	3,096	2,749	2,566	2,492	2,400	2,369	2,234
40 Peru	1,947	1,661	1,329	1,277	1,283	1,297	1,149	1,136	1,190	1,146
41 Uruguay	960	940	968	929	913	880	885	878	920	891
42 Venezuela	10,871	11,108	10,838	11,040	10,944	10,833	10,912	11,016 ^r	10,788	10,747
43 Other Latin America and Caribbean	2,067	1,936	1,738	1,796	1,805	1,819	1,631	1,686 ^r	1,651	1,635
44 Asia	66,212	96,126	106,025	107,699	108,395	113,797	120,120	130,443 ^r	128,616	128,216
45 China										
46 Mainland	639	787	968	1,096	1,135	841	1,065	1,033 ^r	1,033 ^r	1,180
47 Taiwan	1,535	2,681	4,577	3,554	3,812	3,805	3,957	3,562	3,241	2,798
48 Hong Kong	6,797	8,307	8,216	8,502	6,343	8,356	9,632	8,342 ^r	7,451	8,471
49 India	450	321	510	565	542	507	499	508 ^r	548	539
50 Indonesia	698	723	580	645	643	631	695	688	703	691
51 Israel	1,991	1,634	1,363	1,238	1,284	1,259	1,213	1,206	1,174	1,180
52 Japan	31,249	59,674	68,628	72,256	75,166	78,638	82,361	93,093 ^r	92,806	90,600
53 Korea	9,226	7,182	5,127	5,084	4,781	4,886	4,987	4,882 ^r	4,854	5,129
54 Philippines	2,224	2,217	2,071	2,074	1,959	2,012	2,055	2,029	2,030	2,009
55 Thailand	845	578	496	541	516	596	641	668	683	759
56 Middle East oil exporting countries ⁵	4,298	4,122	4,858	3,538	4,077	3,541	4,573	6,400 ^r	6,216	6,400
Other Asia	6,260	7,901	8,633	8,606	8,136	8,725	8,441	8,031 ^r	7,891	8,462
57 Africa	5,407	4,650	4,742	4,881	4,879	5,092	5,423	5,493	5,462	5,462
58 Egypt	721	567	521	483	483	503	605	539	530	534
59 Morocco	575	598	542	487	495	483	484	481	475	478
60 South Africa	1,942	1,550	1,507	1,458	1,439	1,496	1,693	1,726	1,719	1,702
61 Zaire	20	28	15	46	47	42	41	38	36	16
62 Oil exporting countries ⁶	630	694	1,003	1,141	1,138	1,244	1,275	1,340	1,353	1,389
63 Other	1,520	1,213	1,153	1,267	1,276	1,324	1,325	1,369	1,348	1,343
64 Other countries	3,390	3,294	3,230	2,499	2,216	2,419	2,551	2,414	2,340	2,167
65 Australia	2,413	1,949	2,191	1,481	1,360	1,413	1,678	1,554	1,499	1,392
66 All other	978	1,345	1,039	1,019	856	1,006	873	860	842	775
67 Nonmonetary international and regional organizations ⁷	1,030	3,021	3,404	2,206	1,362	1,147	2,545	3,156 ^r	3,061	6,670

¹ Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.

² Includes the Bank for International Settlements. Beginning April 1978 also includes Eastern European countries not listed in line 23.

³ Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.

⁴ Included in Other Latin America and Caribbean through March 1978.

⁵ Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

⁶ Comprises Algeria, Gabon, Libya, and Nigeria.

⁷ 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 States¹
Payable in U S Dollars

Millions of dollars, end of period

Type of claim	1985	1986	1987	1988						
				Mar	Apr	May	June	July ^r	Aug	Sept ^p
1 Total	430,489	478,650	497,464	480,426			494,843^r			481,679
2 Banks' own claims on foreigners	401,608	444,745	459,706	443,416	432,679	450,678	459,411	471,697	471,150	481,679
3 Foreign public borrowers	60,507	64,095	64,703	61,906	61,173	61,276	62,711	63,212	62,347	64,606
4 Own foreign offices ²	174,261	211,533	224,567	222,269	211,576	225,498	230,527	240,342	238,469	249,016
5 Unaffiliated foreign banks	116,654	122,946	127,573	117,900	117,539	122,447	123,418	127,181	128,340	124,709
6 Deposits	48,372	57,484	60,490	55,364	55,984	57,502	58,806	59,769	60,367	61,314
7 Other	68,282	65,462	67,083	62,536	61,555	64,945	64,612	67,413	67,973	63,395
8 All other foreigners	50,185	46,171	42,863	41,342	42,391	41,458	42,755	40,962	41,993	43,349
9 Claims of banks domestic customers ³	28,881	33,905	37,758	37,009			35,432 ^r			
10 Deposits	3,335	4,413	3,692	5,011			4,843 ^r			
11 Negotiable and readily transferable instruments ⁴	19,332	24,044	26,696	23,339			24,120			
12 Outstanding collections and other claims	6,214	5,448	7,370	8,659			6,468			
13 MEMO Customer liability on acceptances	28,487	25,706	23,329	18,684			19,618 ^r			
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States ⁵	38,102	43,974	40,059	37,807	43,147	44,425	42,243 ^r	46,558	50,022	n a

1 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. Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.

2 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.

3 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.

4 Principally negotiable time certificates of deposit and bankers acceptances.

5 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.

3 20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States¹
Payable in U S Dollars

Millions of dollars, end of period

Maturity, by borrower and area	1984	1985	1986	1987		1988	
				Sept	Dec	Mar	June ^r
1 Total	243,952	227,903	232,295	237,320	235,037	218,843	227,521
<i>By borrower</i>							
2 Maturity of 1 year or less ²	167,858	160,824	160,555	166,930	163,895	151,998	162,874
3 Foreign public borrowers	23,912	26,302	24,842	27,359	26,001	24,253	25,608
4 All other foreigners	143,947	134,522	135,714	139,571	137,894	127,745	137,267
5 Maturity over 1 year ²	76,094	67,078	71,740	70,390	71,142	66,845	64,647
6 Foreign public borrowers	38,695	34,512	39,103	39,411	38,652	35,836	35,605
7 All other foreigners	37,399	32,567	32,637	30,980	32,491	31,009	29,042
<i>By area</i>							
8 Maturity of 1 year or less ²							
9 Europe	58,498	56,585	61,784	62,878	59,068	51,464	55,169
10 Canada	6,028	6,401	5,895	5,893	5,684	4,937	6,425
11 Latin America and Caribbean	62,791	63,328	56,271	58,390	56,494	55,433	56,298
12 Asia	33,504	27,966	29,457	31,535	35,938	35,505	38,965
13 Africa	4,442	3,753	2,882	2,871	2,824	2,596	2,914
14 All other ³	2,593	2,791	4,267	5,362	3,887	2,062	3,103
15 Maturity of over 1 year ²							
16 Europe	9,605	7,634	6,737	6,726	6,867	6,040	5,401
17 Canada	1,882	1,805	1,925	1,579	2,661	2,239	2,337
18 Latin America and Caribbean	56,144	50,674	56,719	55,144	53,817	51,583	49,775
19 Asia	5,323	4,502	4,043	3,518	3,668	3,669	3,699
20 Africa	2,033	1,538	1,539	1,623	1,747	2,201	2,429
21 All other ³	1,107	926	777	1,801	2,381	1,114	1,006

1 Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.

2 Remaining time to maturity.

3 Includes nonmonetary international and regional organizations.

3 21 CLAIMS ON FOREIGN COUNTRIES Held by U S Offices and Foreign Branches of U S -Chartered Banks^{1 2}

Billions of dollars, end of period

Area or country	1984	1985	1986			1987			1988		
			June	Sept	Dec	Mar	June	Sept	Dec	Mar	June
1 Total	405 7	385 4	381 5	381 6	385 1	394 8	384 6	387 7	381 3	372 3	353 1
2 G-10 countries and Switzerland	148 1	146 0	156 4	154 8	156 6	162 7	158 1	155 2	159 9	156 5	150 5
3 Belgium-Luxembourg	8 7	9 2	8 9	8 3	8 3	9 1	8 3	8 2	10 1	9 3	9 2
4 France	14 1	12 1	15 0	14 5	13 7	13 3	12 5	13 7	13 8	11 5	10 8
5 Germany	9 0	10 5	11 5	12 4	11 6	12 7	11 2	10 5	12 6	11 8	10 6
6 Italy	10 1	9 6	9 0	7 8	9 0	8 6	7 5	6 6	7 3	7 4	6 1
7 Netherlands	3 9	3 7	3 4	3 9	4 6	4 4	7 3	4 8	4 1	3 3	3 3
8 Sweden	3 2	2 7	2 9	2 7	2 4	3 0	2 4	2 6	2 1	2 1	1 9
9 Switzerland	3 9	4 4	5 6	4 7	5 8	5 8	5 7	5 4	5 6	5 1	5 6
10 United Kingdom	60 3	63 0	67 9	68 8	71 0	73 7	72 1	72 1	69 1	71 3	69 8
11 Canada	7 9	6 8	6 6	5 9	5 3	5 3	4 7	4 7	5 5	5 0	5 4
12 Japan	27 1	23 9	25 8	25 8	24 9	26 9	26 4	26 6	29 8	29 7	28 0
13 Other developed countries	33 6	29 9	30 2	28 9	25 7	25 7	25 2	25 9	26 3	26 2	23 7
14 Austria	1 6	1 5	1 7	1 7	1 7	1 9	1 8	1 9	1 9	1 6	1 6
15 Denmark	2 2	2 3	2 3	2 2	1 7	1 7	1 5	1 6	1 7	1 4	1 0
16 Finland	1 9	1 6	1 6	1 6	1 4	1 4	1 4	1 4	1 3	1 0	1 2
17 Greece	2 9	2 6	2 6	2 3	2 3	2 1	2 0	1 9	2 0	2 3	2 2
18 Norway	3 0	2 9	3 0	2 7	2 4	2 2	2 1	2 0	2 3	2 0	2 0
19 Portugal	1 4	1 2	1 0	1 0	8 8	8 8	8 1	7 4	8 0	9 0	7 2
20 Spain	6 5	5 8	6 4	6 7	5 8	6 3	6 1	7 4	8 0	9 0	7 2
21 Turkey	1 9	1 8	2 2	1 9	1 8	1 7	1 7	1 5	1 6	1 6	1 5
22 Other Western Europe	1 7	2 0	2 0	1 6	1 4	1 4	1 5	1 6	1 6	1 9	1 6
23 South Africa	4 5	3 2	3 0	3 0	3 0	3 0	3 0	2 9	2 9	2 8	2 8
24 Australia	6 0	5 0	4 1	4 2	3 5	3 2	3 1	2 9	2 5	2 1	2 2
25 OPEC countries ³	24 9	21 3	20 3	19 7	19 3	20 0	18 8	19 0	17 1	17 1	16 4
26 Ecuador	2 2	2 1	2 1	2 2	2 2	2 1	2 1	2 1	1 9	1 9	1 8
27 Venezuela	3 3	8 9	8 8	8 7	8 6	8 5	8 4	8 3	8 1	8 1	8 0
28 Indonesia	3 3	3 0	3 0	2 8	2 5	2 4	2 2	2 0	1 9	1 9	1 8
29 Middle East countries	7 9	5 3	4 7	4 4	4 3	5 4	4 4	5 0	3 6	3 6	3 1
30 African countries	2 3	2 0	1 7	1 7	1 7	1 6	1 7	1 7	1 7	1 7	1 7
31 Non OPEC developing countries	111 8	104 2	100 9	99 1	99 1	100 3	100 5	97 7	97 7	94 0	91 3^f
<i>Latin America</i>											
32 Argentina	8 7	8 8	9 1	9 2	9 5	9 5	9 5	9 3	9 4	9 5	9 4
33 Brazil	26 3	25 4	25 3	25 2	25 2	25 2	25 1	25 1	24 7	23 9	23 7
34 Chile	7 0	6 9	7 1	7 1	7 1	7 2	7 2	7 0	6 9	6 6	6 4
35 Colombia	2 9	2 6	2 1	1 9	2 1	2 0	1 9	1 9	2 0	1 9	2 1
36 Mexico	25 7	23 9	23 8	23 9	23 8	23 9	25 3	24 8	23 7	22 5	21 1
37 Peru	2 2	1 8	1 6	1 5	1 4	1 4	1 3	1 2	1 1	1 1	9
38 Other Latin America	3 9	3 4	3 3	3 3	3 1	3 0	2 9	2 8	2 7	2 8	2 6
<i>Asia</i>											
39 China											
40 Mainland	7	5	6	6	4	9	6	3	3	4	3
41 Taiwan	5 1	4 5	3 7	4 3	4 9	5 5	6 6	6 0	8 2	6 1	4 9 ^f
42 India	9	12	13	13	12	17	17	19	19	2 1	2 3
43 Israel	1 8	1 6	1 6	1 4	1 5	1 4	1 3	1 3	1 0	1 0	1 0
44 Korea (South)	10 6	9 2	8 4	7 1	6 6	6 2	5 6	5 0	4 9	5 6	5 9
45 Malaysia	2 7	2 4	1 9	2 1	2 1	1 9	1 7	1 6	1 5	1 5	1 5
46 Philippines	6 0	5 7	5 7	5 4	5 4	5 4	5 4	5 4	5 1	5 1	4 9
47 Thailand	1 8	1 4	1 1	1 0	9	9	8	7	7	1 0	1 1
47 Other Asia	1 1	1 0	8	6	7	6	7	7	7	7	8
<i>Africa</i>											
48 Egypt	1 2	1 0	9	7	7	6	6	6	5	5	6
49 Morocco	8	9	9	9	9	9	9	8	9	9	9
50 Zaïre	1	1	1	1	1	1	1	1	0	1	1
51 Other Africa ⁴	2 1	1 9	1 7	1 6	1 6	1 4	1 3	1 3	1 3	1 0	1 2
52 Eastern Europe	4 4	4 1	4 0	3 3	3 2	3 0	3 3	3 3	3 0	2 9	3 1
53 U S S R	1	1	3	1	1	1	3	5	4	3	4
54 Yugoslavia	2 3	2 2	2 0	1 9	1 7	1 6	1 7	1 7	1 6	1 7	1 7
55 Other	2 0	1 8	1 7	1 4	1 4	1 3	1 3	1 2	1 0	9	1 0
56 Offshore banking centers	65 6	62 9	53 0	58 3	61 3	62 8	60 5	64 3	54 1	54 1	45 9
57 Bahamas	21 5	21 2	16 9	19 6	22 0	23 8	19 9	25 5	17 1	18 3	12 1
58 Bermuda	9	7	4	4	7	8	6	6	6	8	1 0
59 Cayman Islands and other British West Indies	11 8	11 6	10 5	11 3	12 4	12 1	13 9	12 8	13 1	11 7	10 0
60 Netherlands Antilles	3 4	2 2	2 2	1 8	1 8	1 7	1 3	1 2	1 2	1 3	1 2
61 Panama ⁵	6 7	6 0	4 2	5 1	4 0	4 2	3 9	3 7	3 7	3 2	3 0
62 Lebanon	1	1	1	1	1	1	1	1	1	1	1
63 Hong Kong	11 4	11 4	9 4	10 3	11 1	11 4	12 5	12 3	11 2	11 3	11 7
64 Singapore	9 8	9 8	9 3	9 7	9 2	8 6	8 3	8 1	7 0	7 4	6 8
65 Others ⁶	0	0	0	0	0	0	0	0	0	0	0
66 Miscellaneous and unallocated ⁷	17 3	16 9	16 8	17 3	19 8	20 1	18 1	22 3	23 2	21 5	22 2 ^f

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 This group comprises the Organization of Petroleum Exporting Countries shown individually, other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates) and 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 States¹

Millions of dollars, end of period

Type, and area or country	1984	1985	1986	1987			1988	
				June	Sept	Dec	Mar	June
1 Total	29,357	27,825	25,779	29,019	28,669	27,590	28,840	29,425
2 Payable in dollars	26,389	24,296	21,980	24,565	24,141	22,253	23,246	24,018
3 Payable in foreign currencies	2,968	3,529	3,800	4,454	4,528	5,337	5,594	5,406
<i>By type</i>								
4 Financial liabilities	14,509	13,600	12,312	14,096	13,034	11,574	13,066	13,156
5 Payable in dollars	12,553	11,257	9,827	11,197	10,080	8,097	9,384	9,659
6 Payable in foreign currencies	1,955	2,343	2,485	2,899	2,954	3,477	3,681	3,497
7 Commercial liabilities	14,849	14,225	13,467	14,923	15,635	16,016	15,774	16,269
8 Trade payables	7,005	6,685	6,462	7,286	7,548	7,425	6,601	6,853
9 Advance receipts and other liabilities	7,843	7,540	7,004	7,637	8,086	8,591	9,173	9,417
10 Payable in dollars	13,836	13,039	12,153	13,368	14,061	14,156	13,862	14,359
11 Payable in foreign currencies	1,013	1,186	1,314	1,555	1,574	1,859	1,912	1,910
<i>By area or country</i>								
<i>Financial liabilities</i>								
12 Europe	6,728	7,700	8,079	9,713	9,298	7,794	8,939	8,839
13 Belgium Luxembourg	471	349	270	257	230	202	241	267
14 France	995	857	661	822	615	364	365	330
15 Germany	489	376	368	402	505	583	586	623
16 Netherlands	590	861	704	669	641	1,014	1,013	1,008
17 Switzerland	569	610	646	655	685	493	652	705
18 United Kingdom	3,297	4,305	5,140	6,646	6,357	4,946	5,900	5,733
19 Canada	863	839	399	441	397	400	467	458
20 Latin America and Caribbean	5,086	3,184	1,961	1,744	961	847	1,195	1,192
21 Bahamas	1,926	1,123	614	398	280	278	249	211
22 Bermuda	13	4	4	0	0	0	0	0
23 Brazil	35	29	32	22	22	25	23	19
24 British West Indies	2,103	1,843	1,163	1,223	580	476	824	896
25 Mexico	367	15	22	29	17	13	15	26
26 Venezuela	137	3	0	2	3	0	2	0
27 Asia	1,777	1,815	1,805	2,131	2,300	2,429	2,379	2,591
28 Japan	1,209	1,198	1,398	1,751	1,830	2,042	1,987	2,063
29 Middle East oil exporting countries ²	155	82	8	7	7	8	12	11
30 Africa	14	12	1	1	2	4	5	2
31 Oil exporting countries ³	0	0	1	0	0	1	3	1
32 All other ⁴	41	50	67	66	76	100	80	73
<i>Commercial liabilities</i>								
33 Europe	4,001	4,074	4,447	4,966	4,951	5,626	5,757	5,812
34 Belgium-Luxembourg	48	62	101	111	59	125	148	150
35 France	438	453	352	423	437	451	441	433
36 Germany	622	607	714	585	674	916	817	798
37 Netherlands	245	364	424	324	336	421	484	535
38 Switzerland	257	379	387	557	556	559	529	455
39 United Kingdom	1,095	976	1,341	1,380	1,473	1,668	1,798	1,850
40 Canada	1,975	1,449	1,405	1,371	1,399	1,301	1,393	1,169
41 Latin America and Caribbean	1,871	1,088	924	1,069	1,082	865	937	1,000
42 Bahamas	7	12	32	13	22	19	17	64
43 Bermuda	114	77	156	266	252	168	325	272
44 Brazil	124	58	61	88	40	46	59	54
45 British West Indies	32	44	49	67	47	19	14	28
46 Mexico	586	430	217	214	231	189	164	233
47 Venezuela	636	212	216	203	176	162	85	111
48 Asia	5,285	6,046	5,091	5,919	6,511	6,573	5,899	6,270
49 Japan	1,256	1,799	2,052	2,481	2,422	2,580	2,509	2,659
50 Middle East oil exporting countries ^{2,5}	2,372	2,829	1,679	1,867	2,104	1,964	1,069	1,320
51 Africa	588	587	619	524	572	574	576	624
52 Oil exporting countries ³	233	238	197	166	151	135	159	115
53 All other ⁴	1,128	982	980	1,074	1,119	1,078	1,212	1,394

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 States¹

Millions of dollars, end of period

Type, and area or country	1984	1985	1986	1987			1988	
				June	Sept	Dec	Mar	June
1 Total	29,901	28,876	36,248	33,578	33,209	32,285	31,389	38,470
2 Payable in dollars	27,304	26,574	33,850	30,597	30,648	29,192	29,410	36,542
3 Payable in foreign currencies	2,597	2,302	2,399	2,981	2,561	3,093	1,979	1,928
<i>By type</i>								
4 Financial claims	19,254	18,891	26,273	23,686	22,857	21,747	20,606	26,914
5 Deposits	14,621	15,526	19,916	16,014	17,286	15,535	13,205	19,872
6 Payable in dollars	14,202	14,911	19,331	14,775	16,377	14,089	12,650	19,181
7 Payable in foreign currencies	420	615	585	1,238	908	1,447	555	691
8 Other financial claims	4,633	3,364	6,357	7,673	5,572	6,212	7,400	7,042
9 Payable in dollars	3,190	2,330	5,005	6,391	4,447	5,099	6,349	6,240
10 Payable in foreign currencies	1,442	1,035	1,352	1,282	1,124	1,113	1,051	803
11 Commercial claims	10,646	9,986	9,975	9,892	10,352	10,537	10,784	11,556
12 Trade receivables	9,177	8,696	8,783	8,848	9,399	9,530	9,726	10,579
13 Advance payments and other claims	1,470	1,290	1,192	1,043	953	1,007	1,057	977
14 Payable in dollars	9,912	9,333	9,513	9,431	9,824	10,005	10,410	11,121
15 Payable in foreign currencies	735	652	462	461	528	533	373	434
<i>By area or country</i>								
Financial claims								
16 Europe	5,762	6,929	10,744	11,468	10,785	10,666	10,340	12,532
17 Belgium-Luxembourg	15	10	41	6	26	6	15	15
18 France	126	184	138	169	171	359	328	174
19 Germany	224	223	116	96	103	72	85	154
20 Netherlands	66	161	151	140	157	348	334	333
21 Switzerland	66	74	185	98	44	76	56	81
22 United Kingdom	4,864	6,007	9,855	10,745	10,074	9,561	9,276	11,410
23 Canada	3,988	3,260	4,808	3,712	3,294	3,294	2,840	3,009
24 Latin America and Caribbean	8,216	7,846	9,291	7,638	7,579	6,831	6,511	10,877
25 Bahamas	3,306	2,698	2,628	2,589	3,299	1,804	2,268	4,121
26 Bermuda	6	6	6	6	2	7	43	126
27 Brazil	100	78	86	115	113	64	86	46
28 British West Indies	4,043	4,571	6,078	4,429	3,716	4,439	3,580	6,081
29 Mexico	215	180	174	168	174	172	154	147
30 Venezuela	125	48	21	20	18	19	35	23
31 Asia	961	731	1,317	789	1,105	830	841	415
32 Japan	353	475	999	452	737	550	673	184
33 Middle East oil-exporting countries ²	13	4	7	6	10	10	8	6
34 Africa	210	103	85	59	71	65	53	61
35 Oil exporting countries ³	85	29	28	9	14	7	7	10
36 All other ⁴	117	21	28	20	24	61	21	20
Commercial claims								
37 Europe	3,801	3,533	3,708	3,845	4,120	4,132	4,135	4,821
38 Belgium Luxembourg	165	175	133	137	169	179	192	159
39 France	440	426	414	439	416	595	485	605
40 Germany	374	346	444	526	550	560	629	768
41 Netherlands	335	284	164	172	190	133	151	173
42 Switzerland	271	284	217	187	206	185	173	263
43 United Kingdom	1,063	898	999	1,074	1,228	1,086	1,084	1,300
44 Canada	1,021	1,023	934	1,046	1,051	931	1,167	947
45 Latin America and Caribbean	2,052	1,753	1,857	1,727	1,711	1,912	1,963	2,095
46 Bahamas	8	13	28	14	12	19	14	13
47 Bermuda	115	93	193	169	143	159	171	174
48 Brazil	214	206	234	204	231	226	215	233
49 British West Indies	7	6	39	19	20	26	24	25
50 Mexico	583	510	412	347	369	366	371	400
51 Venezuela	206	157	237	204	192	298	322	344
52 Asia	3,073	2,982	2,755	2,642	2,800	2,919	2,867	3,013
53 Japan	1,191	1,016	881	952	1,027	1,160	1,109	1,168
54 Middle East oil-exporting countries ²	668	638	563	452	434	450	412	449
55 Africa	470	437	500	378	407	401	420	423
56 Oil-exporting countries ³	134	130	139	123	124	144	157	136
57 All other ⁴	229	257	222	255	262	241	231	257

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	1986	1987	1988							
			Jan - Sept	Mar	Apr	May	June	July	Aug	Sept ^P
U S corporate securities										
STOCKS										
1 Foreign purchases	148 114	249 113	144,471	18 068	15,022	13,654	20,007	19,207	17,275	11,971
2 Foreign sales	129 395	232 849	143 837	18 482	13 705	14 723	19 678	18 383	16 704	12 552
3 Net purchases, or sales (-)	18,719	16,264	634	-414	1,317	-1,069	329	824	572	-581
4 Foreign countries	18,927	16,313	674	-444	1,300	-976	287	793	548	-554
5 Europe	9,559	1 928	-1 644	-360	481	-1 151	33	227	287	-616
6 France	459	905	-257	-7	-1	-153	121	-34	-21	-37
7 Germany	341	74	195	171	104	-66	-36	-3	-9	-14
8 Netherlands	936	892	-521	-223	-145	-43	-56	20	-5	-56
9 Switzerland	1,560	-1,123	-1 494	-32	-17	-247	-204	-90	-37	-506
10 United Kingdom	4 826	630	-2	-61	429	-711	146	233	234	245
11 Canada	816	1,048	354	-61	241	102	-172	38	162	44
12 Latin America and Caribbean	3,031	1 314	774	98	230	-82	-116	38	159	310
13 Middle East ¹	976	-1 360	-1,655	-788	24	62	-549	-159	91	-188
14 Other Asia	3,876	12,896	2,484	577	372	106	1,039	518	-228	-127
15 Japan	3 305	11 365	2 823	704	262	85	1 187	475	-282	24
16 Africa	297	123	163	5	19	23	3	78	41	5
17 Other countries	373	365	198	84	-67	-35	51	13	36	19
18 Nonmonetary international and regional organizations	-208	-48	-40	31	17	-92	42	31	23	-28
BONDS ²										
19 Foreign purchases	123 169	105 856	62,739	7 799	5,618	7 810	8,341	8,277	5,966	7 450
20 Foreign sales	72 520	78 312	43 529	5,594	4 433	3 518	4 590	5 064	4,144	4 953
21 Net purchases, or sales (-)	50,648	27,544	19,210	2,206	1,185	4,292	3,751	3,213	1,822	2,497
22 Foreign countries	49,801	26,804	19,667	2,201	1,186	4,262	3,569	3,190	1,837	2,433
23 Europe	39 313	21,989	11,980	1 462	658	2 256	2 203	1,744	1,482	1,639
24 France	389	194	214	57	7	-18	15	-7	5	90
25 Germany	-251	33	1,357	260	347	11	226	8	166	160
26 Netherlands	387	269	781	30	58	180	55	17	41	415
27 Switzerland	4 529	1,587	97	-14	-15	152	-71	-139	84	97
28 United Kingdom	33,900	19 770	8,905	976	228	1 886	1 738	1,685	1 188	821
29 Canada	548	1 296	508	87	104	98	216	170	27	-155
30 Latin America and Caribbean	1 552	2,857	1,418	248	96	141	174	254	193	45
31 Middle East ¹	-3 113	-1,314	-431	138	-54	-4	-124	-101	-87	-14
32 Other Asia	11,346	2,021	6,222	273	373	1,755	1,091	1 152	254	916
33 Japan	9,611	1 622	5 349	227	336	1,641	1 049	1 035	178	575
34 Africa	16	16	-12	3	4	-2	4	0	1	1
35 Other countries	139	-61	-18	-11	5	17	5	10	-33	1
36 Nonmonetary international and regional organizations	847	740	-457	5	-1	31	182	23	-14	64
Foreign securities										
37 Stocks, net purchases, or sales (-)	-1,853	1,149	-225	-724	372	905	-154	-126 ¹	-262	-68
38 Foreign purchases	49,149	95,263	53,559	6 693	5 797	5,964	6,404	7,052 ¹	5 899	5,044
39 Foreign sales	51,002	94 114	53 784	7 417	5 425	5 059	6,558	7,178 ¹	6,161	5 112
40 Bonds, net purchases, or sales (-)	-3,685	-7,830	-5,440	-1 179	-137	873	-708	-659 ¹	-363	-507
41 Foreign purchases	166,992	199,010	154,345	16,561	15,593	15,119	17 013	19 224 ¹	17 038	25,128
42 Foreign sales	170 677	206 845	159,785	17 740	15,730	14,246	17 721	19,882 ¹	17 401	25,636
43 Net purchases, or sales (-), of stocks and bonds	-5,538	-6,687	-5,664	-1,903	235	1,778	-863	-785¹	-625	-576
44 Foreign countries	-6,493	-6,718	-5,958	-1,944	179	1,562	-774	-759¹	-655	-556
45 Europe	-18,026	-12,088	-5,353	-1 541	483	681	-1 185	-488 ¹	-903	-449
46 Canada	-876	-4,065	-3 254	-366	-406	-11	-186	-319	216	-730
47 Latin America and Caribbean	3,476	828	1 569	138	538	322	301	-48	-34	290
48 Asia	10,858	9 338	845	-154	-407	696	557	237 ¹	-114	189
49 Africa	52	89	150	48	14	-1	1	11	37	28
50 Other countries	-1,977	-820	85	-70	-43	24	-262	-153 ¹	143	115
51 Nonmonetary international and regional organizations	955	31	294	41	56	216	-89	-26	30	-19

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	1986	1987	1988							
			Jan - Sept	Mar	Apr	May	June	July	Aug	Sept ^p
Transactions, net purchases or sales (-) during period ¹										
1 Estimated total ²	19,388	25,587	37,664	9,980	3,433	11,062	-2,162	905	-274	-2,008
2 Foreign countries ²	20,491	30,889	37,759	9,017	3,728	9,972	-3,337	2,156	-40	-2,309
3 Europe ²	16,326	23,716	12,247	3,471	2,332	3,108	-3,226	-1,460	-836	-1,342
4 Belgium-Luxembourg	-245	653	883	454	47	159	-68	122	-209	-333
5 Germany ²	7,670	13,330	-4,203	919	1,576	79	-4,241	-4,240	-2,020	-719
6 Netherlands	1,283	-913	-475	378	117	-22	-796	312	-346	-115
7 Sweden	132	210	-634	-245	-93	104	-232	-187	175	-121
8 Switzerland ²	329	1,917	-800	643	344	-309	654	-51	344	-1,355
9 United Kingdom	4,546	3,975	8,929	-244	97	1,523	47	837	416	1,980
10 Other Western Europe	2,613	4,563	8,540	1,570	238	1,560	1,420	1,755	803	-663
11 Eastern Europe	0	-19	6	-3	5	14	-10	-9	0	-17
12 Canada	881	4,526	2,725	372	133	1,415	669	-314	-315	-151
13 Latin America and Caribbean	926	-2,192	855	198	75	360	-580	0	-312	264
14 Venezuela	-96	150	-110	20	15	1	2	-2	-128	-17
15 Other Latin America and Caribbean	1,130	-1,142	861	169	97	-17	63	57	-292	280
16 Netherlands Antilles	-108	-1,200	104	10	-36	376	-645	-55	108	1
17 Asia	1,345	4,488	19,932	5,463	713	4,476	-382	3,246	1,027	-1,304
18 Japan	-22	868	17,460	4,330	687	2,820	-32	3,006	1,539	-2,845
19 Africa	-54	-56	3	5	0	-13	-1	-10	5	31
20 All other	1,067	407	1,998	-492	475	626	183	694	391	193
21 Nonmonetary international and regional organizations	-1,104	-5,300	-96	963	-295	1,090	1,174	-1,252	-235	301
22 International	-1,430	-4,387	307	968	-334	1,155	1,546	-1,137	-282	294
23 Latin American regional	157	3	-51	-5	0	7	-38	-14	-8	0
Memo										
24 Foreign countries ²	20,491	30,889	37,759	9,017	3,728	9,972	-3,337	2,156	-40	-2,309
25 Official institutions	14,214	31,064	21,672	8,135	3,075	5,062	-1,658	-2,362	-1,410	-1,457
26 Other foreign ²	6,283	-181	16,089	882	653	4,910	-1,678	4,518	1,371	-852
Oil-exporting countries										
27 Middle East ³	-1,529	-3,142	-243	578	514	-612	-201	295	449	-161
28 Africa ⁴	5	16	1	0	0	0	0	0	0	0

1 Estimated official and private transactions in marketable U S Treasury securities with an original maturity of more than 1 year. Data are based on monthly transactions reports. Excludes nonmarketable U S Treasury bonds and notes held by official institutions of foreign countries.

2 Includes U S Treasury notes publicly issued to private foreign residents denominated in foreign currencies.

3 Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

4 Comprises Algeria, Gabon, Libya, and Nigeria.

3 26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per year

Country	Rate on Nov 30, 1988		Country	Rate on Nov 30, 1988		Country	Rate on Nov 30 1988	
	Percent	Month effective		Percent	Month effective		Percent	Month effective
Austria	4 0	Aug 1988	France ¹	7 25	Oct 1988	Norway	8 0	June 1983
Belgium	7 5	Aug 1988	Germany, Fed Rep of	3 5	Aug 1988	Switzerland	3 0	Aug 1988
Brazil	49 0	Mar 1981	Italy	12 5	Aug 1988	United Kingdom ²		
Canada	10 84	Nov 1988	Japan	2 5	Feb 1987	Venezuela	8 0	Oct 1985
Denmark	7 0	Oct 1983	Netherlands	4 0	Aug 1988			

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 year, averages of daily figures

Country or type	1985	1986	1987	1988						
				May	June	July	Aug	Sept	Oct	Nov
1 Eurodollars	8 27	6 70	7 07	7 40	7 61	8 09	8 47	8 31	8 51	8 91
2 United Kingdom	12 16	10 87	9 65	8 00	8 91	10 45	11 29	12 09	11 94	12 23
3 Canada	9 64	9 18	8 38	9 07	9 44	9 42	9 92	10 48	10 48	10 86
4 Germany	5 40	4 58	3 97	3 51	3 88	4 88	5 28	4 93	5 03	4 91
5 Switzerland	4 92	4 19	3 67	2 23	2 82	3 67	3 57	3 34	3 62	4 10
6 Netherlands	6 29	5 56	5 24	4 07	4 10	4 85	4 50	5 51	5 35	5 30
7 France	9 91	7 68	8 14	7 81	7 27	7 32	7 58	7 86	7 87	8 03
8 Italy	14 86	12 60	11 15	10 57	10 90	11 02	11 02	11 27	11 30	11 48
9 Belgium	9 60	8 04	7 01	6 05	6 04	6 84	7 25	7 39	7 24	7 18
10 Japan	6 47	4 96	3 87	3 80	3 82	3 84	3 98	4 15	4 26	4 22

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 RATES¹

Currency units per dollar

Country/currency	1985	1986	1987	1988						
				June	July	Aug	Sept	Oct	Nov	
1 Australia/dollar ²	70 026	67 093	70 136	80 76	80 00	80 57	79 15	80 96	85 07	
2 Austria/schilling	20 676	15 260	12 649	12 380	12 991	13 281	13 135	12 777	12 307	
3 Belgium/franc	59 336	44 662	37 357	36 786	38 649	39 562	39 149	38 077	36 670	
4 Canada/dollar	1 3658	1 3896	1 3259	1 2176	1 2075	1 2237	1 2267	1 2055	1 2186	
5 China P R /yuan	2 9434	3 4615	3 7314	3 7314	3 7314	3 7314	3 7314	3 7314	3 7314	
6 Denmark/krone	10 598	8 0954	6 8477	6 6893	7 0266	7 2280	7 1764	7 0055	6 7547	
7 Finland/markka	6 1971	5 0721	4 4036	4 1761	4 3896	4 4720	4 4282	4 3041	4 1522	
8 France/franc	8 9799	6 9256	6 0121	5 9310	6 2241	6 3919	6 3515	6 1975	5 9746	
9 Germany/deutsche mark	2 9419	2 1704	1 7981	1 7579	1 8466	1 8880	1 8668	1 8165	1 7491	
10 Greece/drachma	138 40	139 93	135 47	140 69	147 85	151 62	151 47	148 71	145 22	
11 Hong Kong/dollar	7 7911	7 8037	7 7985	7 8073	7 8135	7 8050	7 8106	7 8133	7 8095	
12 India/rupee	12 332	12 597	12 943	13 785	14 079	14 217	14 490	14 720	14 966	
13 Ireland/punt ²	106 62	134 14	148 79	152 65	145 49	142 17	143 60	147 30	152 70	
14 Italy/lira	1908 90	1491 16	1297 03	1305 56	1367 26	1397 93	1393 15	1353 36	1300 22	
15 Japan/yen	238 47	168 35	144 60	127 47	133 02	133 77	134 32	128 68	123 20	
16 Malaysia/ringgit	2 4806	2 5830	2 5185	2 5860	2 6267	2 6520	2 6643	2 6785	2 6779	
17 Netherlands/guilder ²	3 3184	2 4484	2 0263	1 9767	2 0827	2 1319	2 1063	2 0486	1 9729	
18 New Zealand/dollar ²	49 752	52 456	59 327	69 996	66 832	64 815	61 480	62 113	64 067	
19 Norway/krone	8 5933	7 3984	6 7408	6 3951	6 7207	6 9016	6 9150	6 7400	6 5796	
20 Portugal/escudo	172 07	149 80	141 20	143 54	150 42	153 72	154 18	150 13	145 57	
21 Singapore/dollar	2 2008	2 1782	2 1059	2 0285	2 0459	2 0417	2 0409	2 0202	1 9616	
22 South Africa/rand	2 2343	2 2918	2 0385	2 2716	2 3985	2 4531	2 4575	2 4662	2 3943	
23 South Korea/won	861 89	884 61	825 93	732 88	728 67	725 74	723 00	712 72	696 08	
24 Spain/peseta	169 98	140 04	123 54	116 25	122 27	124 122	124 36	120 02	115 17	
25 Sri Lanka/rupee	27 187	27 933	29 471	31 133	31 782	32 807	32 953	32 989	32 989	
26 Sweden/krona	8 6031	7 1272	6 3468	6 1074	6 3542	6 4878	6 4448	6 2694	6 0968	
27 Switzerland/franc	2 4551	1 7979	1 4918	1 4629	1 5343	1 5837	1 5763	1 5372	1 4675	
28 Taiwan/dollar	39 889	37 837	31 756	28 723	28 726	28 693	28 914	28 880	28 170	
29 Thailand/baht	27 193	26 314	25 774	25 280	25 523	25 560	25 548	25 365	25 146	
30 United Kingdom/pound ²	129 74	146 77	163 98	177 68	170 51	169 65	168 40	173 87	180 85	
MEMO										
31 United States/dollar ³	143 01	112 22	96 94	92 58	96 53	98 29	97 91	95 10	91 91	

1 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.

2 Value in U S cents

3 Index of weighted average exchange value of U S dollar against the

currencies of 10 industrial countries. The weight for each of the 10 countries is the 1972-76 average world trade of that country divided by the average world trade of all 10 countries combined. Series revised as of August 1978 (see FEDERAL RESERVE BULLETIN, vol 64, August 1978, p 700)

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

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SPECIAL TABLES

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Assets and liabilities of commercial banks, June 30, 1987	February 1988	A70
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Special tables begin on next page

4 23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, August 1-5, 1988¹

A Commercial and Industrial Loans²

Characteristic	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity ³	Loan rate (percent)			Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate ⁷
				Days	Weighted average effective ⁴	Standard error ⁵			
			Months						
ALL BANKS									
1 Overnight ⁸	10,986,381	4,628	*	8 88	12	8 48-9 14	76 4	3 2	Fed funds
2 One month and under	6,733,440	671	15	9 22	11	8 59-9 45	79 8	7 6	Domestic
3 Fixed rate	5,355,084	855	14	9 10	13	8 48-9 28	77 3	7 7	Domestic
4 Floating rate	1,378,356	366	20	9 69	24	8 63-10 75	89 7	7 2	Domestic
5 Over one month and under a year	9,480,901	131	128	10 17	13	9 29-10 92	77 1	16 0	Prime
6 Fixed rate	5,189,617	137	93	9 92	11	9 11-10 52	75 2	17 9	Foreign
7 Floating rate	4,291,285	124	171	10 47	18	9 84-11 04	79 5	13 6	Prime
8 Demand ⁹	17,489,752	227	*	10 27	18	8 97-11 07	81 7	13 3	Prime
9 Fixed rate	3,107,635	624	*	8 88	18	8 38-9 47	80 9	33 2	Domestic
10 Floating rate	14,382,117	199	*	10 58	19	9 92-11 46	81 9	9 0	Prime
11 Total short term	44,690,474	276	49	9 75	13	8 67-10 52	79 1	10 5	Prime
12 Fixed rate (thousands of dollars)	24,638,508	479	27	9 15	08	8 53-9 51	76 9	11 1	Fed funds
13 1-24	267,711	7	102	11 89	14	11 07-12 75	21 5	0	Prime
14 25-49	164,686	31	122	11 56	18	10 52-12 75	30 7	2	Prime
15 50-99	209,305	64	104	10 83	10	9 89-12 01	49 5	3	Prime
16 100-499	590,502	189	80	10 37	13	9 85-11 07	46 2	1 7	Prime
17 500-999	412,330	663	51	9 87	10	8 87-10 92	58 9	10 5	Other
18 1000 and over	22,993,972	7,066	23	9 04	05	8 49-9 37	79 2	11 6	Fed funds
19 Floating rate (thousands of dollars)	20,051,966	182	134	10 49	17	9 84-11 30	81 9	9 9	Prime
20 1-24	500,450	9	159	11 70	08	11 02-12 19	74 9	9	Prime
21 25-49	570,128	34	161	11 46	06	10 92-12 13	80 7	2 9	Prime
22 50-99	1,015,333	67	156	11 27	06	10 52-12 13	83 4	3 8	Prime
23 100-499	3,700,965	200	162	10 94	09	9 96-11 57	86 8	5 8	Prime
24 500-999	1,735,206	658	137	10 57	04	9 92-11 03	89 0	9 7	Prime
25 1000 and over	12,529,885	4,480	120	10 20	22	8 84-11 02	79 7	12 3	Prime
			Months						
26 Total long term	3,451,808	205	44	10 44	19	9 54-11 30	62 7	17 6	Prime
27 Fixed rate (thousands of dollars)	1,349,955	183	42	9 92	24	8 68-10 92	65 4	14 9	Other
28 1-99	142,752	22	60	11 53	33	11 02-12 40	23 9	1 0	Prime
29 100-499	116,774	236	60	11 06	20	9 96-12 13	25 4	1 8	Prime
30 500-999	66,310	698	36	10 87	47	9 42-12 13	30 8	0	Prime
31 1000 and over	1,024,120	7,391	38	9 50	23	8 42-10 38	78 0	19 4	Fed funds
32 Floating rate (thousands of dollars)	2,101,853	222	44	10 77	20	9 96-11 57	60 9	19 3	Prime
33 1-99	204,847	28	49	11 59	15	11 02-12 13	30 3	1 4	Prime
34 100-499	379,400	228	49	11 03	09	10 47-11 57	42 7	9 8	Prime
35 500-999	171,316	672	42	10 64	16	10 20-11 19	60 7	14 2	Prime
36 1000 and over	1,346,290	4,531	43	10 59	21	9 85-11 46	70 7	25 3	Prime
			Days	Loan rate (percent)					
				Effective ⁴	Nominal ¹⁰	Prime rate ¹¹			
LOANS MADE BELOW PRIME¹²									
37 Overnight ⁸	10,332,162	7,575	*	8 78	8 41	9 50	75 3	3 3	
38 One month and under	5,495,766	4,923	13	8 82	8 46	9 50	80 2	8 4	
39 Over one month and under a year	3,765,735	668	125	9 07	8 75	9 64	84 8	22 5	
40 Demand ⁹	5,466,503	1,995	*	8 59	8 38	9 51	68 5	15 0	
41 Total short term	25,060,166	2,308	28	8 79	8 47	9 52	76 3	9 9	
42 Fixed rate	20,171,775	2,822	19	8 80	8 46	9 51	77 2	9 4	
43 Floating rate	4,888,391	1,318	114	8 77	8 48	9 60	72 9	12 0	
			Months						
44 Total long term	950,417	624	34	8 87	8 60	9 56	91 4	5 5	
45 Fixed rate	553,164	664	36	8 64	8 44	9 53	89 7	6 1	
46 Floating rate	397,253	577	32	9 18	8 81	9 60	93 8	4 8	

For notes see end of table

4 23—Continued
A Commercial and Industrial Loans²—Continued

Characteristic	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity ³ Days	Loan rate (percent)			Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate ⁷
				Weighted average effective ⁴	Standard error ⁵	Interquartile range ⁶			
LARGE BANKS									
1 Overnight ⁸	8 980 522	6,888	*	8 91	10	8 53-9 14	71 1	3 6	Fed funds
2 One month and under	4 789,534	3,023	15	9 13	15	8 45-9 36	87 4	6 6	Domestic
3 Fixed rate	3,600 813	4,411	14	9 02	17	8 40-9 24	85 7	6 8	Domestic
4 Floating rate	975 967	1 356	19	9 53	31	8 63-10 34	94 1	5 7	Domestic
5 Over one month and under a year	5,558,962	835	113	9 85	09	9 11-10 47	86 5	20 4	Foreign
6 Fixed rate	3,600 813	1,760	87	9 79	11	9 21-10 47	86 3	21 4	Foreign
7 Floating rate	1,958 149	425	161	9 97	17	8 79-10 95	87 0	18 7	Prime
8 Demand ⁹	10,846,970	644	*	10 12	35	8 64-11 02	76 5	16 3	Prime
9 Fixed rate	2 345 821	3,792	*	8 89	22	8 37-9 38	87 2	40 2	Domestic
10 Floating rate	8 501,149	524	*	10 47	17	9 00-11 46	73 5	9 7	Prime
11 Total short term	30,175,989	1,144	37	9 55	13	8 60-10 20	78 5	11 8	Prime
12 Fixed rate (thousands of dollars)	18 740,724	3 877	23	9 10	07	8 53-9 45	79 0	12 3	Fed funds
13 1-24	9 440	10	81	11 36	23	10 52-12 03	29 1	3	Prime
14 25-49	10,696	32	73	11 22	26	10 63-12 02	32 7	0	Prime
15 50-99	23,122	66	72	10 86	14	9 96-11 47	37 9	1 6	Prime
16 100-499	174,925	218	66	10 07	21	9 27-10 92	66 1	3 1	Prime
17 500-999	180 899	690	52	9 80	16	9 07-10 40	74 6	10 2	Prime
18 1000 and over	18 381 642	7,762	22	9 08	07	8 53-9 41	79 2	12 4	Fed funds
19 Floating rate (thousands of dollars)	11 435,264	531	114	10 30	33	8 89-11 07	77 6	10 9	Prime
20 1-24	75,948	34	142	11 38	11	10 47-12 13	84 7	6	Prime
21 25-49	112 215	34	134	11 29	10	10 47-12 10	84 6	6	Prime
22 50-99	215,149	66	141	11 13	07	10 47-11 63	86 9	1 1	Prime
23 100-499	1 172 111	211	135	10 82	09	9 96-11 46	87 1	4 1	Prime
24 500-999	787,149	667	127	10 60	04	9 92-11 30	89 4	6 0	Prime
25 1000 and over	9,072,692	5,710	109	10 17	43	8 64-11 02	75 0	12 7	Prime
			Months						
26 Total long term	1,567,629	847	40	9 79	21	8 70-10 38	81 7	9 2	Prime
27 Fixed rate (thousands of dollars)	745 120	1,679	37	9 38	24	8 37-10 15	83 7	17 2	Fed funds
28 1-99	7 408	26	45	12 25	63	11 30-12 96	48 5	4 9	Other
29 100-499	21,977	295	37	10 74	24	9 96-11 40	31 2	2 0	Domestic
30 500-999	19 531	719	41	10 39	67	9 25-11 40	58 7	0	Domestic
31 1000 and over	696,204	12 362	37	9 27	25	8 37-9 92	86 5	18 3	Fed funds
32 Floating rate (thousands of dollars)	822 509	584	42	10 17	29	9 49-10 92	79 9	2 0	Prime
33 1-99	25 806	35	40	11 68	28	10 47-12 68	68 3	8	Prime
34 100-499	94 858	212	45	11 04	18	10 20-11 57	70 4	5 8	Prime
35 500-999	66,310	657	45	10 70	27	10 20-11 30	69 1	4 6	Prime
36 1000 and over	635,534	5 339	41	9 92	30	8 73-10 52	82 9	1 2	Prime
			Days	Loan rate (percent)		Prime rate ¹¹			
				Effective ⁴	Nominal ¹⁰				
LOANS MADE BELOW PRIME¹²									
37 Overnight ⁸	8,389,197	7,868	*	8 80	8 43	9 50	69 6	3 8	
38 One month and under	4,085 120	6,078	13	8 79	8 43	9 50	87 4	7 1	
39 Over one month and under a year	2,631,792	4,537	125	8 98	8 66	9 50	88 1	23 1	
40 Demand	4 406,948	4 998	*	8 62	8 43	9 50	66 3	15 4	
41 Total short term	19,513,057	6,097	26	8 78	8 46	9 50	75 1	9 7	
42 Fixed rate	15,604,762	6,338	17	8 81	8 48	9 50	76 7	9 9	
43 Floating rate	3,908 296	5,295	110	8 66	8 39	9 50	68 5	9 2	
			Months						
44 Total long term	726,379	5,184	34	8 81	8 57	9 50	94 5	4 6	
45 Fixed rate	414,576	6 750	38	8 61	8 45	9 50	91 3	8 0	
46 Floating rate	311,804	3,963	30	9 08	8 73	9 50	98 8	1	

For notes see end of table

4 23—Continued

B Construction and Land Development Loans¹

Characteristic	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity (months) ³	Loan rate (percent)			Loans made under commitment (percent)	Participation loans (percent)
				Weighted average effective ⁴	Standard error ⁵	Inter-quartile range ⁶		
ALL BANKS								
1 Total	3,565,113	179	11	10 54	15	9 92-11 04	89 4	22 4
2 Fixed rate (thousands of dollars)	1 453 594	177	6	10 09	30	9 52-10 45	85 8	23 1
3 1-24	43,845	9	21	11 92	20	11 36-12 75	64 3	0
4 25-49	69,156	38	11	11 64	22	11 46-11 57	58 5	0
5 50-99	44 427	62	14	12 33	37	12 19-12 75	32 5	0
6 100-499	143 434	215	22	10 84	29	8 66-11 57	20 6	1 5
7 500 and over	1 152 732	8,431	3	9 75	87	9 52-10 23	98 4	28 9
8 Floating rate (thousands of dollars)	2,111 519	180	15	10 84	12	10 47-11 33	91 8	21 9
9 1-24	52 745	10	9	11 52	08	11 02-12 13	92 5	2 1
10 25-49	65 978	38	9	12 15	24	11 02-14 17	64 2	2 4
11 50-99	109 828	69	13	11 50	15	11 02-11 85	86 1	1 9
12 100-499	565 492	228	17	11 06	08	10 75-11 57	94 6	2 5
13 500 and over	1 317 476	2 782	15	10 60	11	10 27-11 02	92 5	33 6
<i>By type of construction</i>								
14 Single family	784 307	67	12	11 12	17	10 92-11 57	85 0	2 2
15 Multifamily	235 273	214	11	11 13	20	10 45-11 57	85 2	4
16 Nonresidential	2,545 532	357	10	10 30	16	9 63-10 75	91 1	30 6
LARGE BANKS ¹³								
1 Total	2,166,922	1,032	6	10 15	21	9 63-10 55	98 5	33 5
2 Fixed rate (thousands of dollars)	1 113 385	3 430	3	9 79	22	9 52-10 23	99 7	30 1
3 1-24	834	9	11	11 09	17	10 86-11 30	68 0	0
4 25-49	2 186	36	2	10 67	36	9 92-11 02	83 2	0
5 50-99	2,068	75	14	10 50	49	9 92-11 57	66 8	0
6 100-499	9 052	203	5	10 06	34	9 39-10 47	80 9	23 6
7 500 and over	1 099,245	10,938	3	9 78	31	9 52-10 23	100 0	30 3
8 Floating rate (thousands of dollars)	1 053 537	593	11	10 53	17	10 10-11 02	97 1	37 0
9 1-24	5 769	11	9	11 41	14	11 02-12 01	88 9	4 1
10 25-49	12 154	36	17	11 13	14	10 75-11 57	94 1	2 3
11 50-99	18 838	71	19	11 06	16	10 69-11 57	95 2	4 1
12 100-499	82 499	217	18	10 89	12	10 47-11 30	97 5	10 2
13 500 and over	934,278	3,423	11	10 47	16	10 10-10 75	97 2	40 7
<i>By type of construction</i>								
14 Single family	82 354	164	12	11 13	30	10 75-11 57	97 5	15 3
15 Multifamily	146 154	501	5	10 68	18	10 34-11 02	83 4	4
16 Nonresidential	1,938,413	1 485	6	10 07	19	9 52-10 47	99 6	36 8
OTHER BANKS ¹³								
1 Total	1,398,191	78	18	11 14	15	10 61-11 57	75 3	5 1
2 Fixed rate (thousands of dollars)	340 209	43	17	11 08	57	10 75-12 19	40 1	0
3 1-24	43 011	9	21	11 94	26	11 46-12 75	64 3	0
4 25-49	66,970	38	11	11 67	13	11 46-11 57	57 7	0
5 50-99	42 359	61	14	12 42	27	12 68-12 75	30 9	0
6 100-499	134 382	216	23	10 89	30	8 66-11 57	16 6	0
7 500 and over	*	*	*	*	*	*	*	*
8 Floating rate (thousands of dollars)	1 057 982	106	19	11 16	09	10 61-11 57	86 6	6 8
9 1-24	46,976	10	9	11 54	10	11 02-12 13	92 9	1 9
10 25-49	53 824	38	8	12 39	42	11 02-14 17	57 4	2 4
11 50-99	90,990	68	12	11 59	24	11 02-12 13	84 3	1 4
12 100-499	482 993	230	16	11 09	06	10 75-11 57	94 1	1 2
13 500 and over	383 199	1,910	23	10 93	11	10 52-11 04	80 9	16 3
<i>By type of construction</i>								
14 Single family	701 953	63	12	11 12	20	11 02-11 57	83 5	6
15 Multifamily	89,119	110	17	11 87	31	11 02-13 03	88 3	4
16 Nonresidential	607,119	104	22	11 06	20	10 52-11 57	63 8	11 0

For notes see end of table

4 23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, August 1-5, 1988¹—ContinuedC. Loans to Farmers¹⁴

Characteristic	Size class of loans (thousands)						
	All sizes	\$1-9	\$10-24	\$25-49	\$50-99	\$100-249	\$250 and over
ALL BANKS							
1 Amount of loans (thousands of dollars)	\$1 100,644	\$105 658	\$152,673	\$145 694	\$125,963	\$167,437	\$403,220
2 Number of loans	46 891	29 014	10 106	4 385	1 920	1 133	333
3 Weighted average maturity (months) ³	7.0	6.1	6.5	6.4	8.2	5.2	8.0
4 Weighted average interest rate (percent) ⁴	11.50	11.84	11.66	11.46	11.75	11.53	11.27
5 Standard error	.52	.18	.34	.31	.32	.38	.79
6 Interquartile range ⁶	10.77-12.19	11.30-12.29	11.02-12.22	10.52-12.16	11.27-12.28	10.77-12.28	10.38-11.85
<i>By purpose of loan</i>							
7 Feeder livestock	11.25	11.64	11.15	11.03	12.03	11.71	10.81
8 Other livestock	12.36	11.86	11.52	12.39	*	*	*
9 Other current operating expenses	11.52	11.85	11.75	11.51	11.48	11.35	11.39
10 Farm machinery and equipment	11.57	11.99	11.54	*	*	*	*
11 Farm real estate	11.75	11.88	11.26	*	*	*	*
12 Other	10.96	11.89	11.69	11.92	11.80	11.52	10.31
<i>Percentage of amount of loans</i>							
13 With floating rates	62.1	43.2	47.8	46.5	55.0	54.9	83.2
14 Made under commitment	47.1	43.5	41.5	53.8	49.9	55.0	43.5
<i>By purpose of loan</i>							
15 Feeder livestock	12.8	9.7	10.0	27.7	14.5	10.9	9.4
16 Other livestock	8.9	4.4	3.5	5.0	*	*	*
17 Other current operating expenses	58.2	69.7	67.8	57.5	43.8	55.1	57.7
18 Farm machinery and equipment	3.3	3.3	7.2	*	*	*	*
19 Farm real estate	3.7	1.8	9	*	*	*	*
20 Other	13.1	9.2	10.6	4.8	9.6	13.3	18.9
LARGE BANKS¹⁴							
1 Amount of loans (thousands of dollars)	\$321,304	\$9 582	\$16 875	\$21,194	\$20,665	\$58,626	\$194,362
2 Number of loans	5,177	2,509	1,154	620	305	385	204
3 Weighted average maturity (months) ³	7.1	5.2	6.8	6.3	9.3	7.8	7.0
4 Weighted average interest rate (percent) ⁴	10.71	11.83	11.47	11.33	11.34	11.10	10.33
5 Standard error	.48	.11	.30	.27	.17	.22	.64
6 Interquartile range ⁶	9.92-11.50	11.30-12.35	10.92-12.13	10.75-12.01	10.78-12.01	10.38-11.91	9.92-10.79
<i>By purpose of loan</i>							
7 Feeder livestock	11.04	11.25	11.05	11.33	11.43	11.52	10.81
8 Other livestock	10.49	12.38	*	11.49	*	*	*
9 Other current operating expenses	10.65	11.83	11.44	11.21	11.26	10.72	10.12
10 Farm machinery and equipment	11.46	12.65	12.02	*	*	*	*
11 Farm real estate	10.59	11.50	11.51	*	*	*	*
12 Other	10.62	12.07	11.70	11.69	11.55	11.44	10.31
<i>Percentage of amount of loans</i>							
13 With floating rates	81.4	91.1	94.7	94.2	99.1	94.3	72.6
14 Made under commitment	85.6	88.2	91.3	90.9	95.9	94.7	80.5
<i>By purpose of loan</i>							
15 Feeder livestock	18.8	7.2	8.0	20.0	15.3	22.1	19.5
16 Other livestock	5.6	1.8	*	5.4	*	*	*
17 Other current operating expenses	42.1	78.1	67.7	55.4	55.6	48.9	33.1
18 Farm machinery and equipment	7	2.1	3.3	*	*	*	*
19 Farm real estate	1.1	2.0	2.7	*	*	*	*
20 Other	31.8	8.8	15.6	15.1	23.2	24.4	39.3
OTHER BANKS¹⁴							
1 Amount of loans (thousands of dollars)	\$779,340	\$96 077	\$135,798	\$124,499	\$105,298	\$108 811	*
2 Number of loans	41 713	26 505	8 952	3 765	1 615	747	*
3 Weighted average maturity (months) ³	6.9	6.2	6.5	6.5	8.0	4.4	*
4 Weighted average interest rate (percent) ⁴	11.82	11.85	11.68	11.48	11.83	11.77	*
5 Standard error	.16	.13	.14	.13	.27	.30	*
6 Interquartile range ⁶	11.34-12.28	11.30-12.29	11.04-12.28	10.52-12.19	11.30-12.28	10.92-12.34	*
<i>By purpose of loan</i>							
7 Feeder livestock	11.40	11.67	11.16	11.00	*	*	*
8 Other livestock	12.78	11.84	*	*	*	*	*
9 Other current operating expenses	11.75	11.86	11.79	11.56	11.54	*	*
10 Farm machinery and equipment	11.58	11.96	11.52	*	*	*	*
11 Farm real estate	11.85	*	*	*	*	*	*
12 Other	11.81	11.87	11.69	*	*	*	*

For notes see end of table

4 23—Continued
 C Loans to Farmers¹⁴—Continued

Characteristic	Size class of loans (thousands)						
	All sizes	\$1-9	\$10-24	\$25-49	\$50-99	\$100-249	\$250 and over
<i>Percentage of amount of loans</i>							
13 With floating rates	54.1	38.5	42.0	38.4	46.3	*	*
14 Made under commitment	31.2	39.0	35.3	47.5	40.8	*	*
<i>By purpose of loan</i>							
15 Feeder livestock	10.3	9.9	10.3	29.0	*	*	*
16 Other livestock	10.2	4.7	*	*	*	*	*
17 Other current operating expenses	64.9	68.8	67.9	57.9	41.5	*	*
18 Farm machinery and equipment	4.4	5.6	7.7	*	*	*	*
19 Farm real estate	4.8	*	*	*	*	*	*
20 Other	5.3	9.3	9.9	*	*	*	*

*Fewer than 10 sample loans

1 The survey of terms of bank lending to business collects data on gross loan extensions made during the first full business week in the *mid-month* of each quarter by a sample of 340 commercial banks of all sizes. A subsample of 250 banks also report loans to farmers. The sample data are blown up to estimate the lending terms at all insured commercial banks during that week. The estimated terms of bank lending are not intended for use in collecting the terms of loans extended over the entire quarter or residing in the portfolios of those banks. Construction and land development loans include both unsecured loans and loans secured by real estate. Thus, some of the construction and land development loans would be reported on the statement of condition as real estate loans and the remainder as business loans. Mortgage loans, purchased loans, foreign loans, and loans of less than \$1,000 are excluded from the survey.

As of Dec. 31, 1987, assets of most of the large banks were at least \$6.0 billion. For all insured banks total assets averaged \$220 million.

2 Beginning with the August 1986 survey, respondent banks provide information on the type of base rate used to price each commercial and industrial loan made during the survey week. This reporting change is reflected in the new column on the most common base pricing rate in table A and footnote 13 from table B.

3 Average maturities are weighted by loan size and exclude demand loans.

4 Effective (compounded) annual interest rates are calculated from the stated rate and other terms of the loan and weighted by loan size.

5 The chances are about two out of three that the average rate shown would differ by less than this amount from the average rate that would be found by a complete survey of lending at all banks.

6 The interquartile range shows the interest rate range that encompasses the middle 50 percent of the total dollar amount of loans made.

7 The most common base rate is that rate used to price the largest dollar volume of loans. Base pricing rates include the prime rate (sometimes referred to as a bank's "basic" or "reference" rate), the federal funds rate, domestic money market rates other than the federal funds rate, foreign money market rates, and other base rates not included in the foregoing classifications.

8 Overnight loans are loans that mature on the following business day.

9 Demand loans have no stated date of maturity.

10 Nominal (not compounded) annual interest rates are calculated from survey data on the stated rate and other terms of the loan and weighted by loan size.

11 The prime rate reported by each bank is weighted by the volume of loans extended and then averaged.

12 The proportion of loans made at rates below prime may vary substantially from the proportion of such loans outstanding in banks' portfolios.

13 58.5 percent of construction and land development loans were priced relative to the prime rate.

14 Among banks reporting loans to farmers (Table C), most large banks (survey strata 1 to 3) had over \$600 million in total assets, and most other banks (survey strata 4 to 6) had total assets below \$600 million.

The survey of terms of bank lending to farmers now includes loans secured by farm real estate. In addition, the categories describing the purpose of farm loans have now been expanded to include "purchase or improve farm real estate." In previous surveys, the purpose of such loans was reported as "other."

4 30 ASSETS AND LIABILITIES of U S Branches and Agencies of Foreign Banks, June 30, 1988

Millions of dollars

Item	All states ²		New York		California		Illinois	
	Total including IBFs	IBFs only ³	Total including IBFs	IBFs only ³	Total including IBFs	IBFs only ³	Total including IBFs	IBFs only ³
1 Total assets⁴	478,436	227,580	348,858	178,352	73,498	31,635	31,775	10,090
2 Claims on nonrelated parties	434,873	190,751	318,808	150,366	64,989	25,897	31,747	9,758
3 Cash and balances due from depository institutions	111,718	94,276	90,546	75,984	10,270	9,601	8,222	6,731
4 Cash items in process of collection and unposted debits	441	0	392	0	30	0	4	0
5 Currency and coin (U S and foreign)	27	n a	20	n a	2	n a	2	n a
6 Balances with depository institutions in United States	60,488	45,126	48,593	35,760	5,758	5,194	4,970	3,586
7 U S branches and agencies of other foreign banks (including their IBFs)	53,599	42,958	43,113	33,848	5,311	5,091	4,264	3,453
8 Other depository institutions in United States (including their IBFs)	6,889	2,168	5,480	1,911	446	103	706	133
9 Balances with banks in foreign countries and with foreign central banks	49,655	49,150	40,667	40,224	4,421	4,407	3,163	3,145
10 Foreign branches of U S banks	1,769	1,646	1,493	1,383	124	123	111	106
11 Other banks in foreign countries and foreign central banks	47,886	47,504	39,174	38,841	4,297	4,283	3,052	3,039
12 Balances with Federal Reserve Banks	1,108	n a	874	n a	60	n a	83	n a
13 Total securities and loans	262,271	89,257	179,860	68,880	45,042	15,185	21,872	2,700
14 Total securities, book value	34,875	10,014	28,068	7,725	4,341	1,863	1,309	291
15 U S Treasury	6,657	n a	6,186	n a	279	n a	126	n a
16 Obligations of U S government agencies and corporations	4,066	n a	4,031	n a	34	n a	0	n a
17 Other bonds, notes, debentures and corporate stock (including state and local securities)	24,152	10,014	17,851	7,725	4,027	1,863	1,183	291
18 Federal funds sold and securities purchased under agreements to resell	16,168	1,732	15,259	1,377	322	75	132	56
19 U S branches and agencies of other foreign banks	9,394	797	8,823	578	257	75	98	56
20 Commercial banks in United States	2,741	27	2,552	27	34	0	30	0
21 Other	4,033	908	3,884	773	11	0	3	0
22 Total loans, gross	227,617	79,346	151,899	61,192	40,802	13,388	20,569	2,409
23 Less Unearned income on loans	221	103	107	37	101	65	7	0
24 Equals Loans, net	227,395	79,243	151,792	61,155	40,701	13,322	20,562	2,409
<i>Total loans, gross, by category</i>								
25 Real estate loans	17,600	179	9,204	153	3,670	19	2,541	0
26 Loans to depository institutions	62,208	44,298	44,996	31,146	13,004	10,154	2,569	1,707
27 Commercial banks in United States (including IBFs)	32,455	16,487	22,440	10,239	8,141	5,377	1,599	776
28 U S branches and agencies of other foreign banks	29,274	15,586	19,726	9,580	7,809	5,201	1,516	711
29 Other commercial banks in United States	3,181	901	2,714	659	332	177	83	65
30 Other depository institutions in United States (including IBFs)	140	20	65	20	40	0	25	0
31 Banks in foreign countries	29,612	27,791	22,491	20,887	4,823	4,777	945	931
32 Foreign branches of U S banks	751	689	628	567	62	62	58	58
33 Other banks in foreign countries	28,862	27,102	21,863	20,320	4,761	4,715	887	874
34 Other financial institutions	5,765	510	3,765	420	865	37	690	35
35 Commercial and industrial loans	118,054	17,833	73,569	14,939	21,276	2,089	14,272	441
36 U S addressees (domicile)	95,909	290	55,554	235	18,677	52	13,736	0
37 Non U S addressees (domicile)	22,145	17,543	18,015	14,704	2,599	2,037	537	441
38 Acceptances of other banks	878	17	679	12	163	0	6	5
39 U S banks	340	0	231	0	92	0	1	0
40 Foreign banks	537	17	448	12	72	0	5	5
41 Loans to foreign governments and official institutions (including foreign central banks)	17,948	16,306	15,699	14,348	1,119	1,086	242	221
42 Loans for purchasing or carrying securities (secured and unsecured)	2,955	23	2,281	19	638	0	0	0
43 All other loans	2,210	180	1,705	154	66	3	249	0
44 All other assets	44,715	5,486	33,142	4,126	9,356	1,037	1,521	271
45 Customers' liability on acceptances outstanding	29,367	n a	21,113	n a	7,075	n a	827	n a
46 U S addressees (domicile)	19,517	n a	11,929	n a	6,664	n a	818	n a
47 Non-U S addressees (domicile)	9,849	n a	9,184	n a	410	n a	9	n a
48 Other assets including other claims on nonrelated parties	15,348	5,486	12,029	4,126	2,281	1,037	694	271
49 Net due from related depository institutions ⁵	43,563	36,829	30,050	27,986	8,508	5,738	28	333
50 Net due from head office and other related depository institutions ⁵	43,563	n a	30,050	n a	8,508	n a	28	n a
51 Net due from establishing entity, head offices, and other related depository institutions ⁵	n a	36,829	n a	27,986	n a	5,738	n a	333
52 Total liabilities⁴	478,436	227,580	348,858	178,352	73,498	31,635	31,775	10,090
53 Liabilities to nonrelated parties	413,507	197,857	314,022	156,881	66,800	28,674	18,268	5,869

4 30—Continued

Millions of dollars

Item	All states ²		New York		California		Illinois	
	Total excluding IBFs	IBFs only ³	Total excluding IBFs	IBFs only ³	Total excluding IBFs	IBFs only ³	Total excluding IBFs	IBFs only ³
54 Total deposits and credit balances	60,583	154,436	49,756	136,410	2,184	9,373	3,409	3,437
55 Individuals, partnerships, and corporations	46,828	13,166	36,952	8,525	2,062	518	2,748	85
56 U S addressees (domicile)	35,564	138	29,612	134	607	0	2,484	2
57 Non-U S addressees (domicile)	11,264	13,028	7,341	8,391	1,455	518	264	83
58 Commercial banks in United States (including IBFs)	9,491	51,427	8,809	44,743	28	4,671	637	1,526
59 U S branches and agencies of other foreign banks	3,165	45,124	2,620	39,222	6	4,158	538	1,305
60 Other commercial banks in United States	6,326	6,303	6,189	5,521	21	513	99	221
61 Banks in foreign countries	2,283	79,264	2,164	72,884	36	4,066	2	1,809
62 Foreign branches of U S banks	255	7,469	235	6,217	20	732	0	447
63 Other banks in foreign countries	2,028	71,795	1,929	66,667	16	3,334	2	1,362
64 Foreign governments and official institutions (including foreign central banks)	840	10,436	783	10,116	24	118	2	18
65 All other deposits and credit balances	637	143	624	143	1	0	2	0
66 Certified and official checks	504	n a	423	n a	33	n a	18	n a
67 Transaction accounts and credit balances (excluding IBFs)	6,592	↑	5,488	↑	247	↑	220	↑
68 Individuals, partnerships, and corporations	4,294	↑	3,360	↑	204	↑	196	↑
69 U S addressees (domicile)	2,824	↑	2,310	↑	159	↑	192	↑
70 Non-U S addressees (domicile)	1,469	↑	1,050	↑	46	↑	4	↑
71 Commercial banks in United States (including IBFs)	265	↑	258	↑	0	↑	0	↑
72 U S branches and agencies of other foreign banks	90	↑	90	↑	0	↑	0	↑
73 Other commercial banks in United States	175	n a	168	n a	0	n a	0	n a
74 Banks in foreign countries	900	↑	843	↑	6	↑	2	↑
75 Foreign branches of U S banks	49	↓	49	↓	0	↓	0	↓
76 Other banks in foreign countries	852	↓	794	↓	6	↓	2	↓
77 Foreign governments and official institutions (including foreign central banks)	398	↓	381	↓	4	↓	2	↓
78 All other deposits and credit balances	231	↓	222	↓	1	↓	1	↓
79 Certified and official checks	504	↓	423	↓	33	↓	18	↓
80 Demand deposits (included in transaction accounts and credit balances)	5,563	↑	4,722	↑	189	↑	205	↑
81 Individuals, partnerships, and corporations	3,706	↑	3,031	↑	146	↑	182	↑
82 U S addressees (domicile)	2,448	↑	2,062	↑	119	↑	179	↑
83 Non-U S addressees (domicile)	1,258	↑	969	↑	27	↑	3	↑
84 Commercial banks in United States (including IBFs)	92	↑	87	↑	0	↑	0	↑
85 U S branches and agencies of other foreign banks	18	↑	18	↑	0	↑	0	↑
86 Other commercial banks in United States	74	n a	69	n a	0	n a	0	n a
87 Banks in foreign countries	795	↑	740	↑	5	↑	2	↑
88 Foreign branches of U S banks	49	↓	49	↓	0	↓	0	↓
89 Other banks in foreign countries	747	↓	691	↓	5	↓	2	↓
90 Foreign governments and official institutions (including foreign central banks)	337	↓	321	↓	3	↓	2	↓
91 All other deposits and credit balances	128	↓	120	↓	0	↓	1	↓
92 Certified and official checks	504	↓	423	↓	33	↓	18	↓
93 Non transaction accounts (including MMDAs, excluding IBFs)	53,991	↑	44,268	↑	1,937	↑	3,189	↑
94 Individuals, partnerships, and corporations	42,534	↑	33,592	↑	1,858	↑	2,552	↑
95 U S addressees (domicile)	32,740	↑	27,302	↑	448	↑	2,292	↑
96 Non-U S addressees (domicile)	9,794	↑	6,290	↑	1,409	↑	260	↑
97 Commercial banks in United States (including IBFs)	9,226	↑	8,551	↑	27	↑	636	↑
98 U S branches and agencies of other foreign banks	3,075	↑	2,530	↑	6	↑	538	↑
99 Other commercial banks in United States	6,151	n a	6,021	n a	21	n a	99	n a
100 Banks in foreign countries	1,383	↑	1,321	↑	30	↑	0	↑
101 Foreign branches of U S banks	206	↓	186	↓	20	↓	0	↓
102 Other banks in foreign countries	1,177	↓	1,135	↓	10	↓	0	↓
103 Foreign governments and official institutions (including foreign central banks)	442	↓	402	↓	20	↓	0	↓
104 All other deposits and credit balances	406	↓	403	↓	1	↓	1	↓
105 IBF deposit liabilities	↑	154,436	↑	136,410	↑	9,373	↑	3,437
106 Individuals, partnerships, and corporations	↑	13,166	↑	8,525	↑	518	↑	85
107 U S addressees (domicile)	↑	138	↑	134	↑	0	↑	2
108 Non-U S addressees (domicile)	↑	13,028	↑	8,391	↑	518	↑	83
109 Commercial banks in United States (including IBFs)	↑	51,427	↑	44,743	↑	4,671	↑	1,526
110 U S branches and agencies of other foreign banks	↑	45,124	↑	39,222	↑	4,158	↑	1,305
111 Other commercial banks in United States	n a	6,303	n a	5,521	n a	513	n a	221
112 Banks in foreign countries	↑	79,264	↑	72,884	↑	4,066	↑	1,809
113 Foreign branches of U S banks	↑	7,469	↑	6,217	↑	732	↑	447
114 Other banks in foreign countries	↑	71,795	↑	66,667	↑	3,334	↑	1,362
115 Foreign governments and official institutions (including foreign central banks)	↑	10,436	↑	10,116	↑	118	↑	18
116 All other deposits and credit balances	↑	143	↑	143	↑	0	↑	0

For notes see end of table

4 30 ASSETS AND LIABILITIES of U S Branches and Agencies of Foreign Banks, June 30, 1988¹—Continued

Millions of dollars

Item	All states ²		New York		California		Illinois	
	Total including IBFs	IBFs only ³	Total including IBFs	IBFs only ³	Total including IBFs	IBFs only ³	Total including IBFs	IBFs only ³
117 Federal funds purchased and securities sold under agreements to repurchase	54,221	2,005	39,926	1,415	9,865	326	3,749	94
118 U S branches and agencies of other foreign banks	11,039	446	7,697	134	2,496	197	726	40
119 Other commercial banks in United States	21,730	74	13,340	39	5,611	30	2,399	0
120 Other	21,452	1,485	18,889	1,242	1,758	99	624	54
121 Other borrowed money	99,122	36,648	55,058	15,395	35,132	18,123	6,347	2,138
122 Owed to nonrelated commercial banks in United States (including IBFs)	65,654	16,871	33,942	3,856	25,135	11,433	4,369	805
123 Owed to U S offices of nonrelated U S banks	29,832	2,727	18,649	715	7,880	1,646	2,550	60
124 Owed to U S branches and agencies of nonrelated foreign banks	35,823	14,144	15,293	3,141	17,254	9,787	1,819	745
125 Owed to nonrelated banks in foreign countries	18,512	17,843	10,167	9,653	6,691	6,675	1,386	1,300
126 Owed to foreign branches of nonrelated U S banks	2,769	2,630	1,031	985	1,427	1,426	217	147
127 Owed to foreign offices of nonrelated foreign banks	15,743	15,193	9,136	8,669	5,264	5,248	1,169	1,153
128 Owed to others	14,955	1,934	10,950	1,886	3,306	15	591	33
129 All other liabilities	45,146	4,769	32,872	3,661	10,246	853	1,325	200
130 Branch or agency liability on acceptances executed and outstanding	32,730	n a	22,656	n a	8,734	n a	845	n a
131 Other liabilities to nonrelated parties	12,416	4,769	10,216	3,661	1,512	853	480	200
132 Net due to related depository institutions ⁵	64,929	29,722	34,836	21,471	6,698	2,961	13,507	4,221
133 Net due to head office and other related depository institutions ⁵	64,929	n a	34,836	n a	6,698	n a	13,507	n a
134 Net due to establishing entity, head office, and other related depository institutions ⁵	n a	29,722	n a	21,471	n a	2,961	n a	4,221
MEMO								
135 Non interest bearing balances with commercial banks in United States	2,052	10	1,817	10	110	0	63	0
136 Holding of commercial paper included in total loans	613		363		153		77	
137 Holding of own acceptances included in commercial and industrial loans	2,699	↑	1,625	↑	802	↑	144	↑
138 Commercial and industrial loans with remaining maturity of one year or less	64,109		36,500		11,835		9,599	
139 Predetermined interest rates	41,270	n a	22,283	n a	8,435	n a	6,531	n a
140 Floating interest rates	22,838		14,217		3,400		3,068	
141 Commercial and industrial loans with remaining maturity of more than one year	53,945	↓	37,069	↓	9,441	↓	4,673	↓
142 Predetermined interest rates	17,388		11,129		3,889		1,810	
143 Floating interest rates	36,557		25,940		5,552		2,864	

4 30—Continued

Millions of dollars

Item	All states ²		New York		California		Illinois	
	Total excluding IBFs	IBFs only ³	Total excluding IBFs	IBFs only ³	Total excluding IBFs	IBFs only ³	Total excluding IBFs	IBFs only ³
144 Components of total nontransaction accounts, included in total deposits and credit balances of nontransactional accounts, including IBFs	71,464	↑	61,929	↑	1,780	↑	3,463	↑
145 Time CDs in denominations of \$100,000 or more	40,620		33,505		1,150		2,513	
146 Other time deposits in denominations of \$100,000 or more	9,546	n a	8,452	n a	513	n a	428	n a
147 Time CDs in denominations of \$100,000 or more with remaining maturity of more than 12 months	21,298	↓	19,973	↓	118	↓	522	↓
	All states ²		New York		California		Illinois	
	Total including IBFs	IBFs only ³	Total including IBFs	IBFs only ³	Total including IBFs	IBFs only ³	Total including IBFs	IBFs only ³
148 Market value of securities held	32,644	9,111	26,309	6,956	3,904	1,731	1,291	290
149 Immediately available funds with a maturity greater than one day included in other borrowed money	57,769	n a	29,597	n a	23,564	n a	3,059	n a
150 Number of reports filed ⁶	516		235		126		52	

1 Data are aggregates of categories reported on the quarterly form FFIEC 002, "Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks." Details may not add to totals because of rounding. This form was first used for reporting data as of June 30, 1980, and was revised as of December 31, 1985. From November 1972 through May 1980, U.S. branches and agencies of foreign banks had filed a monthly FR 886a report. Aggregate data from that report were available through the Federal Reserve statistical release G 11, last issued on July 10, 1980. Data in this table and in the G 11 tables are not strictly comparable because of differences in reporting panels and in definitions of balance sheet items.

2 Includes the District of Columbia.

3 Effective December 1981, the Federal Reserve Board amended Regulations D and Q to permit banking offices located in the United States to operate International Banking Facilities (IBFs). As of December 31, 1985, data for IBFs are reported in a separate column. These data are either included in or excluded from the total columns as indicated in the headings. The notation "n a" indicates

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

4 Total assets and total liabilities include *net* balances, if any, due from or due to related banking institutions in the United States and in foreign countries (see footnote 5). On the former monthly branch and agency report, available through the G 11 statistical release, *gross* balances were included in total assets and total liabilities. Therefore, total asset and total liability figures in this table are not comparable to those in the G 11 tables.

5 "Related banking institutions" includes the foreign head office and other U.S. and foreign branches and agencies of the bank, the bank's parent holding company, and majority owned banking subsidiaries of the bank and of its parent holding company (including subsidiaries owned both directly and indirectly).

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

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NEW YORK*	10045 Cyrus R Vance Ellen V Futter	E Gerald Corrigan James H Oltman	John T Keane
Buffalo	14240 Mary Ann Lambertsen		
PHILADELPHIA	19105 Peter A Benoiel Gunnar E Sarsten	Edward G Boehne William H Stone, Jr	
CLEVELAND*	44101 Charles W Parry John R Miller	W Lee Hoskins William H Hendricks	Charles A Cerino ¹ Harold J Swart ¹
Cincinnati	45201 Owen B Butler		
Pittsburgh	15230 James E Haas		
RICHMOND*	23219 Hanne M Merriman Leroy T Canoles, Jr	Robert P Black Jimmie R Monhollon	Robert D McTeer, Jr ¹ Albert D Tinkelenberg ¹ John G Stoides ¹
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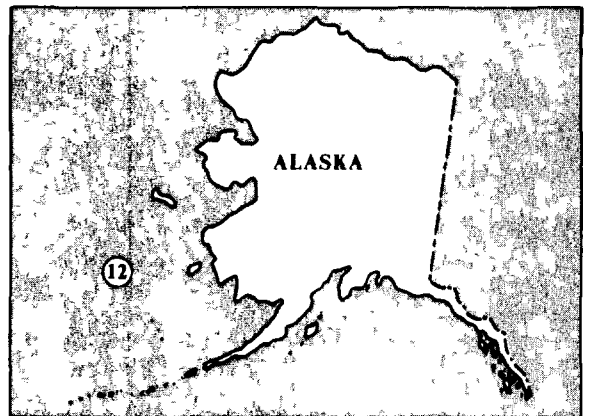
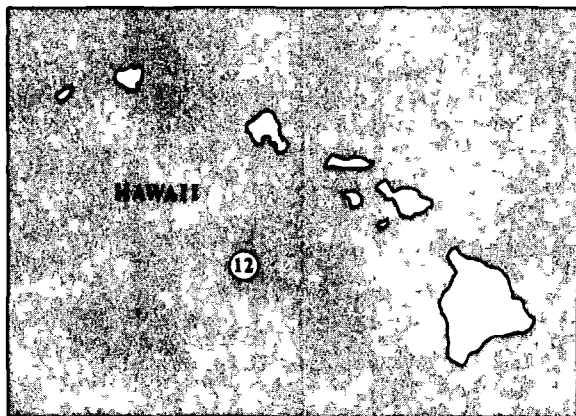
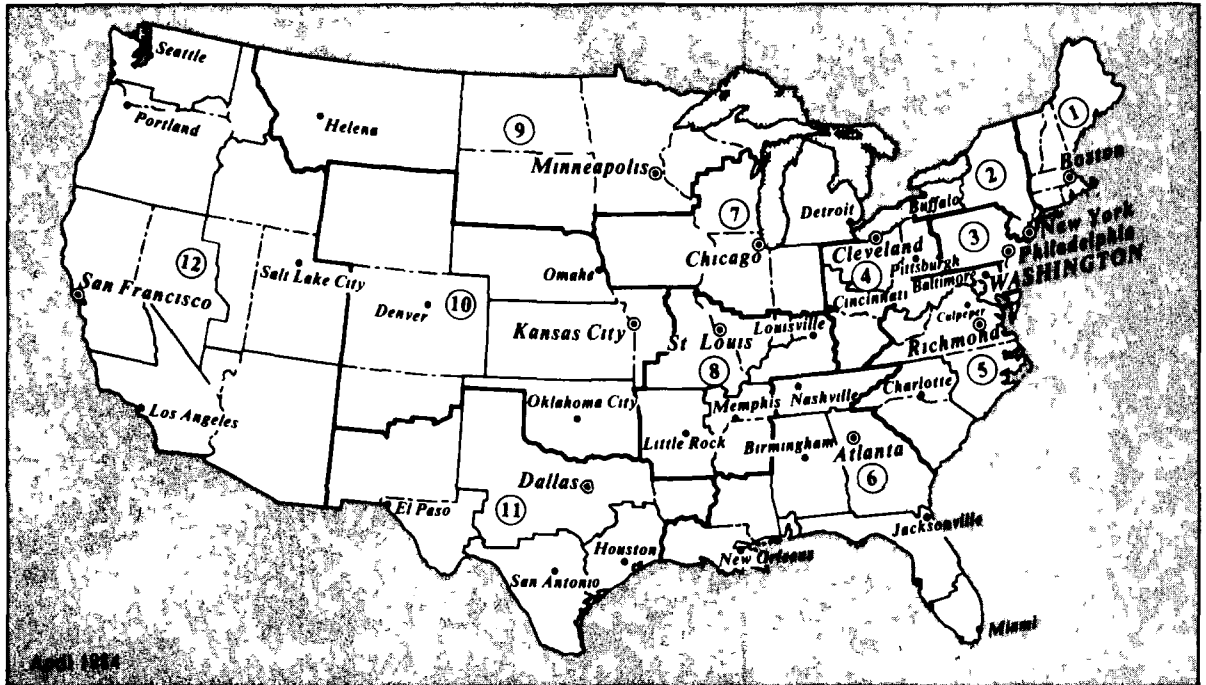
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¹ Senior Vice President

² Executive Vice President

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