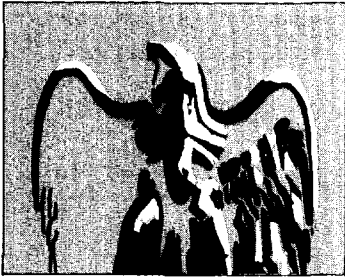

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BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, WASHINGTON, D.C.

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Recent Developments in Industrial Capacity and Utilization

Richard D. Raddock, of the Board's Industrial Output Section in the Division of Research and Statistics, prepared this article. The author and Charles E. Gilbert, assisted by Tory M. Wolff, are responsible for the revised estimates.

The Board of Governors of the Federal Reserve System has revised and restructured its estimates of industrial capacity and capacity utilization from January 1967 to the present. Like the earlier estimates, the revised ones show that utilization peaked in late 1988–early 1989 and that pressures on capacity have diminished since then because output has leveled off while capacity has continued to expand.

The new estimates, made in conjunction with a revision of the index of industrial production, cover manufacturing, mining, and utilities in greater industry detail than before. The separate set of estimates for industrial materials has been eliminated, and many of its former components have been included in the new estimates for mining and the primary-processing component of manufacturing.

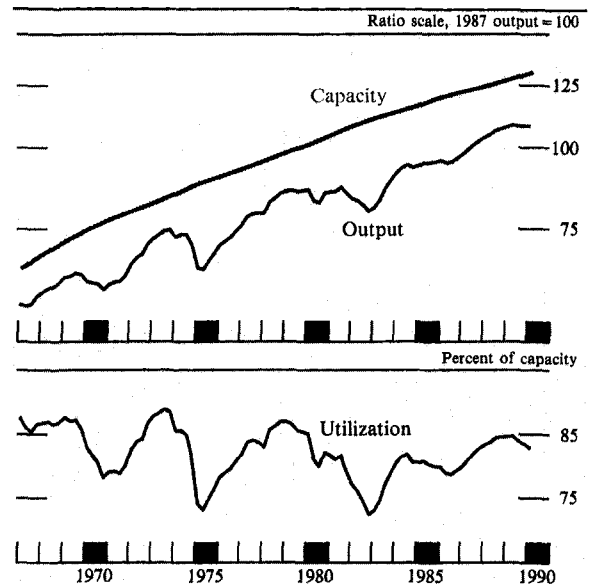
Each utilization rate is the ratio of a seasonally adjusted industrial production (output) index to a related capacity index (chart 1). The capacity indexes are developed from a variety of capacity, utilization, and related data and, in regard to coverage, weights, and other aspects, are designed specifically to be used with the industrial production indexes. Indeed, when production indexes are substantially revised or rebased, the related capacity index must be revised or rebased as well so that appropriate utilization rates can be calculated.¹

1. The 1990 revision of the production index, which covers the period since 1977, is described in Kenneth Armitage and Dixon A. Tranum, "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187–204.

Both the capacity and production indexes are now expressed as percentages of output in 1987. (See the appendix for a description of the methodology.)

The capacity index for an individual industry represents a realistically sustainable maximum level of output for that industry, rather than some higher, unsustainable, short-term maximum. Thus, utilization rates of 100 percent have been reached or even temporarily exceeded in specific industries, particularly in materials industries. The assumption for an individual establishment is that plant and equipment are fixed but that labor and materials are available. At the macro level, however, all industries do not simultaneously operate their fixed plant and equipment (capital) at 100 percent of capacity because peak demands for all goods are not synchronous and because shortages of skilled labor and materials create bottlenecks. Before 1967, the

1. Utilization of capacity in total industry



overall manufacturing rate slightly exceeded 90 percent at peaks during the Korean and Vietnam wars; since 1967, the utilization for total industry has remained under 90 percent.

THE NEW SERIES STRUCTURE

Central to the revision was a restructuring of the capacity estimates for industries within manufacturing. Previously, manufacturing capacity had been estimated largely at the level of major two-digit industry groups of the Standard Industrial Classification (SIC). Thus, for example, only one capacity series existed for nonelectrical machinery (SIC 35), which is a large and heterogeneous industry group. In this revision, SIC 35 comprises three series. Total manufacturing, which previously comprised twenty-four individual series, now has fifty-four (table A.1).

The greater number of series improves the estimation and extrapolation of the capacity indexes in two major ways. First, the nonelectrical machinery group and several large two-digit industry groups have been split into component series that display different cyclical patterns and growth trends of output. Splitting the major groups in this way allows the capture of more information for deriving capacity estimates. Second, the detailed physical volume measures of capacity previously used to estimate a number of major materials have now been fully and explicitly incorporated in the new manufacturing estimates. This incorporation of measurable physical data improves the quality of the estimates.

The disaggregation of the manufacturing estimates marks another step in their evolution, which began in the 1960s with only two manufacturing components—primary and advanced processing. In the 1970s, manufacturing was expanded to fifteen components that conformed to the industry detail on capacity utilization contained in the McGraw-Hill Spring Survey of Business Plans for New Plants and Equipment.²

2. This pioneering survey, which was an important source for the Federal Reserve estimates of manufacturing capacity and utilization, was begun by Douglas Greenwald more than forty years ago.

Additional estimates at the two-digit SIC level of detail, based on the Census Survey of Plant Capacity, were added in 1985. In their present expanded form, the manufacturing estimates depend on both broad surveys of manufacturing utilization rates and on narrower surveys for particular industries conducted by trade associations and governmental agencies.³ Particular care has been taken to ensure consistency over time when new data sources have been added so that the estimated utilization rates will indicate the relative pressure on capacity over a cycle and among cycles appropriately.

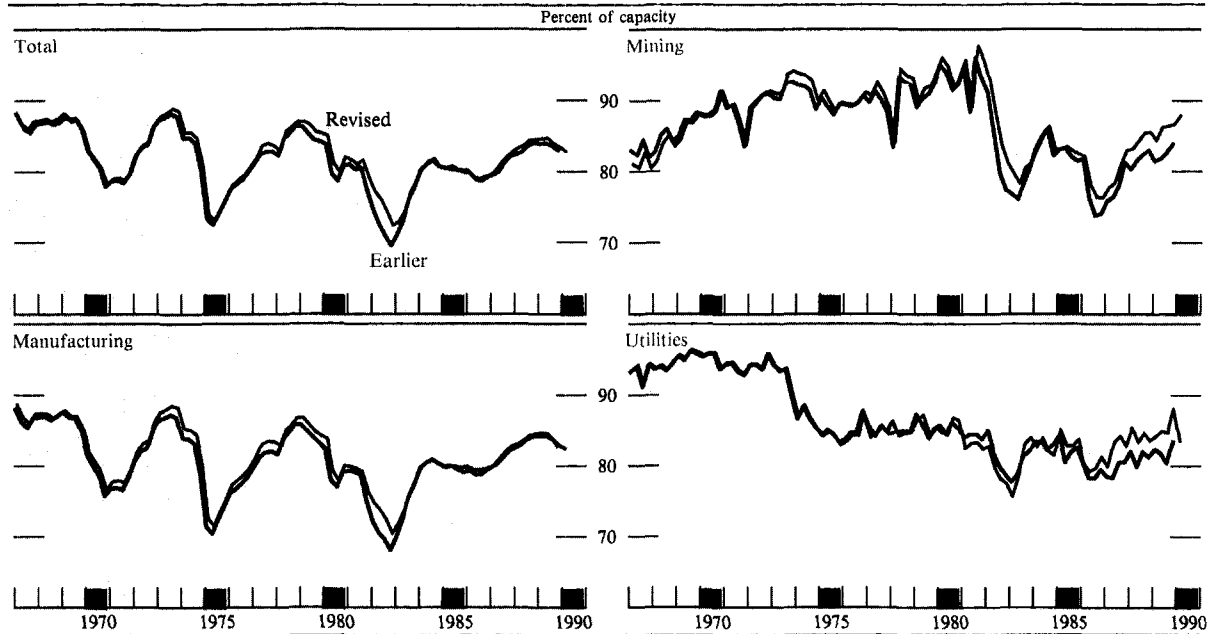
Besides the individual materials series that are now in manufacturing, sixteen former materials series are incorporated in the category of mining. Because manufacturing and mining now include so many of the materials series, the Federal Reserve determined that the separate and independently estimated set of materials measures could be eliminated without significant loss of information. The new structure integrates the detailed information on the capacity to produce materials into the measures for total industry in a consistent manner that was previously lacking.

Whereas the general public has focused on the overall utilization rate, specialists have often focused on those primary-processing or materials-producing industries for which physical quantity measures of capacity, output, and utilization are available, including raw steel, aluminum, paper and pulp, plastics resins, and others. For many of these industries, high or rising rates of utilization during an expansion, such as in 1988, have been associated with notable increases in prices or profit margins.⁴ Users of the new Federal Reserve Statistical

3. Table A.1 includes the sources of the estimates.

4. A recent study examining the relationship between manufacturing capacity utilization and producer prices found that, in several two-digit industries, movements in the real level of producer prices respond positively to changes in capacity utilization. Without exception, these industries produce materials and supplies, such as textiles; paper; chemicals; clay, stone, and glass; and primary metals. See William Kan, Reva Krieger, and P.A. Tinsley, "The Long and Short of Industrial Strength Pricing," Finance and Economics Discussion Series 99 (Board of Governors of the Federal Reserve System, Divisions of Research and Statistics and Monetary Affairs, November 1989).

2. Revised and earlier utilization rates



Release G.17 (419) "Industrial Production and Capacity Utilization," will find explicit representation of more of these industries in the tables on capacity and utilization.

REVISIONS OF UTILIZATION AND CAPACITY

Overall, the revisions of utilization and of growth of industrial capacity are relatively small and, except for showing a shallower recession in 1982, do not change the basic cyclical story indicated by the previous data (chart 2). On average over 1967–89, the operating rate has been revised up $\frac{1}{2}$ percentage point to 82.2 percent. The recent cyclical high of 85 percent in April 1989 also is higher than previously shown, but it remains noticeably below the upward-revised peaks of the 1970s—89 percent in the fall of 1973 and 87 percent in early 1979 (table 1). After the April 1989 peak, the new production and utilization figures weaken a bit more than the old estimates; nevertheless, the revised utilization rate for all industry in late 1989 and early 1990 averages about 83.2 percent, $\frac{1}{2}$ percentage point higher than was previously shown and still about a percentage point above its historical average.

For recent years, the new utilization estimates for both mines and utilities are higher than the old estimates but remain well below historical highs. The new manufacturing rate, on average, is a little higher as well. During 1989, however, the manufacturing rate now appears to have declined a bit more from a slightly higher peak. As a result, by late 1989–early 1990, the new operating rate for manufacturing, like the old rate, was nearly 82½ percent. The main difference in cyclical patterns in manufacturing occurs at the 1982 low, now 70 percent compared with 68 percent previously shown. The smaller decline in the revised index of manufacturing output during that recession largely accounts for this change.

Growth in industrial capacity averaged 3 percent a year from 1967 to 1989, about the same as previously shown, with growth having slowed progressively after the energy crises and recessions of the early 1970s and 1980s from more than 4 percent a year in the late 1960s to only about 2 percent in 1986 and 1987 (table 2). After 1987, yearly capacity growth accelerated, to about 2½ percent recently—less of an acceleration than the old estimates showed. A larger decline in the capacity to extract crude oil, a marked slowing (albeit from high rates) in growth in some high-technology industries, and a smaller rebound in

capacity growth in primary-processing industries within manufacturing largely account for the more modest response to the recent high utilization rates.

Capital Stock and Capacity

Investment spending and related capital stock estimates are sometimes used to make inferences

1. Revised capacity utilization rates, by major industry group, 1967-89¹
Percent of capacity, seasonally adjusted

Item	1967-89 average	1973 high	1975 low	1978-79 high	1982 low	1988-89 high	1989Q4
Total industry	82.2	89.2	72.6	87.3	71.8	85.0	83.5
	(.5)	(.6)	(.5)	(.3)	(2.3)	(.7)	(.4)
Manufacturing	81.5	88.9	70.8	87.3	70.0	85.1	82.9
	(.6)	(1.2)	(.9)	(.8)	(2.0)	(.4)	(-.1)
Primary processing	82.3	92.2	68.9	89.7	66.8	89.0	85.9
Advanced processing	81.1	87.5	72.0	86.3	71.4	83.6	81.6
Durable manufacturing	79.5	88.8	68.5	86.9	65.0	84.0	81.3
Lumber and products	82.7	90.1	62.2	87.6	60.9	91.2	85.7
Furniture and fixtures	82.7	96.8	64.3	86.6	68.9	88.3	84.8
Stone, clay, and glass products	78.3	89.2	67.2	87.0	63.1	86.4	84.1
Primary metals	79.8	100.6	66.2	102.4	46.8	91.6	83.0
Iron and steel	79.4	105.8	66.6	110.4	38.3	92.0	79.5
Raw steel	78.8	102.7	66.0	95.7	35.2	94.1	78.0
Nonferrous metals	80.8	92.9	61.3	90.5	62.2	95.0	88.5
Copper smelting and refining	71.2	92.1	55.0	76.6	42.1	97.9	80.9
Aluminum ingot	88.2	95.7	73.3	97.6	58.6	103.5	99.0
Fabricated metal products	77.7	87.8	65.9	83.9	62.9	85.1	82.0
Nonelectrical machinery	81.3	96.4	74.5	92.1	64.9	83.5	81.2
Office and computing machines	82.1	90.9	71.7	90.3	63.1	85.2	79.7
Nonelectrical excluding computers	79.8	95.2	73.4	93.6	59.6	83.8	82.0
Electrical machinery	80.4	87.8	63.8	89.4	71.1	83.1	81.0
Transportation equipment	75.1	83.8	58.2	82.7	56.7	84.6	78.0
Motor vehicles and parts	76.7	93.4	51.1	93.0	44.5	85.5	75.1
Autos and light trucks	n.a.	n.a.	n.a.	92.2	40.1	83.6	71.1
Aerospace and miscellaneous transportation equipment	75.3	77.0	66.6	80.5	66.9	86.1	80.6
Instruments	83.1	89.9	75.2	92.5	79.0	83.9	80.1
Miscellaneous manufactures	75.9	82.9	65.4	78.7	66.1	85.5	84.5
Non-durable manufacturing	83.7	87.9	71.8	87.0	76.9	86.7	85.0
Food and kindred products	82.5	86.0	78.1	84.3	78.8	83.0	82.6
Textile mill products	86.0	92.0	60.4	90.5	73.8	91.2	86.9
Apparel products	81.6	84.2	61.9	86.0	78.9	84.2	81.8
Paper and products	89.7	96.9	69.0	94.2	82.0	95.8	92.0
Pulp and paper	92.2	97.1	70.0	98.2	82.1	97.7	93.5
Printing and publishing	87.2	89.7	75.2	92.2	83.0	90.4	86.8
Chemicals and products	79.8	87.9	69.9	85.1	70.1	86.8	82.5
Chemicals in primary processing	82.9	94.0	66.1	89.8	68.9	91.7	88.4
Plastics materials	85.7	102.0	50.6	90.9	63.4	98.9	85.8
Synthetic fibers	84.2	93.8	51.7	98.5	64.4	94.5	81.9
Chemicals in advanced processing	77.2	82.0	72.1	82.4	69.8	83.2	78.7
Petroleum products	85.1	96.7	81.1	89.5	68.2	90.3	88.3
Rubber and plastics products	83.9	94.0	58.8	90.4	73.5	90.4	87.2
Leather and products	82.3	81.3	67.7	92.4	78.1	88.4	85.7
Mining	87.3	94.4	88.4	95.2	80.6	87.2	86.7
	(1.0)	(1.6)	(.6)	(.6)	(3.7)	(2.7)	(2.9)
Metal mining	76.9	90.3	74.4	87.6	43.4	87.2	82.5
Coal	87.3	90.8	82.5	95.6	75.4	94.4	88.3
Oil and gas extraction	87.9	96.6	91.9	96.2	82.5	86.6	85.8
Oil and gas well drilling	74.0	93.0	95.3	104.3	50.8	58.8	57.7
Stone and earth minerals	84.6	93.7	73.3	93.3	63.3	94.3	93.2
Utilities	86.8	95.6	82.5	88.3	76.2	92.3	88.0
	(.4)	(0)	(-.4)	(-.2)	(-1.8)	(5.0)	(4.7)
Electric	89.0	99.0	82.7	88.3	78.7	96.2	92.6
Gas	82.9	93.2	81.0	91.7	70.2	80.3	73.8

1. Differences from the unrevised index are in parentheses below the revised number. The "high" columns refer to periods in which utilization generally peaked; the "low" columns refer to recession years in which utilization

generally bottomed out. The monthly highs and lows are specific to each series, and all did not occur in the same month. N.a. means not available.

about capacity trends. Estimates of capital stock by the Bureau of Economic Analysis (BEA) for total manufacturing, mining, and electric and gas utilities show even more slowing during the 1980s than do the capacity estimates, in

part because of the capital intensity of the declining mining industry (chart 3).

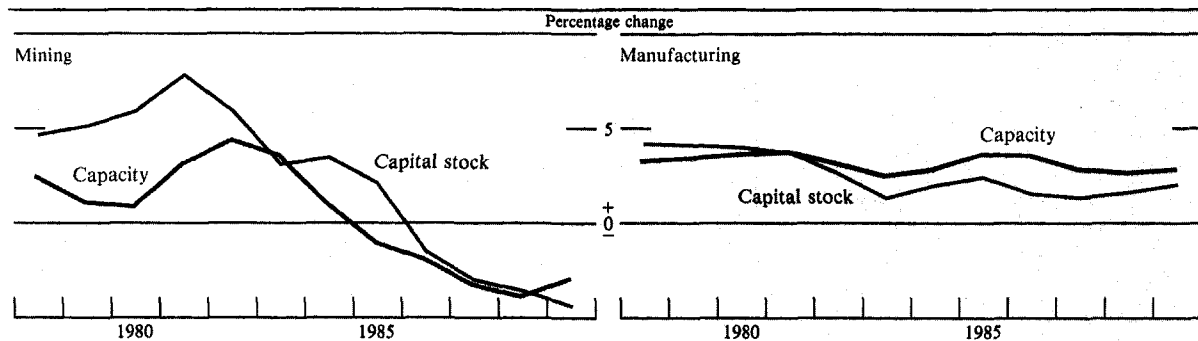
Capital stock is only one of the factors that determines capacity output, however, and the relationship between capital input and capacity

2. Compound rates of growth in end-of-year capacity, by major industry group, 1967-89¹
Percent change

Item	1966-89	1966-74	1974-82	1982-87	1987	1988	1989
Total industry	3.1 (-.1)	3.8 (.2)	2.9 (.1)	2.3 (.4)	2.0 (-.2)	2.2 (-.3)	2.4 (-.5)
Manufacturing	3.5 (.2)	4.1 (.4)	3.3 (.4)	3.1 (.9)	2.6 (0)	2.8 (-.3)	2.9 (-.5)
Primary processing	2.3	4.2	1.6	.5	1.0	2.0	2.4
Advanced processing	4.1	4.0	4.2	4.3	3.3	3.2	3.2
Durable manufacturing	3.7	3.8	3.8	3.7	2.6	2.6	2.7
Lumber and products	2.3	3.1	.8	2.8	4.6	4.1	2.8
Furniture and fixtures	3.3	4.9	2.6	2.3	3.4	2.5	2.7
Stone, clay, and glass products	1.6	2.5	1.4	.7	1.0	.9	1.3
Primary metals	0	1.8	.2	-3.7	-3.5	.9	1.5
Iron and steel	-1.0	.6	-.1	-5.9	-5.9	1.3	2.1
Raw steel	-1.1	.2	0	-6.0	-5.9	1.3	1.8
Nonferrous metals	1.5	3.7	.7	-.1	.4	.2	.5
Copper smelting and refining	-1	1.2	-.7	-3.1	-1.1	5.0	6.3
Aluminum ingot	1.5	5.5	1.5	-4.4	.2	1.0	.3
Fabricated metal products	1.8	3.2	1.7	.2	.2	.4	1.5
Nonelectrical machinery	6.8	4.7	8.8	8.5	4.0	3.5	3.6
Office and computing machines	21.2	11.7	31.6	25.2	19.0	12.1	10.6
Nonelectrical excluding computers	1.5	3.5	1.2	-.7	-1.3	0	.4
Electrical machinery	5.4	6.4	5.4	4.4	3.3	3.7	3.8
Transportation equipment	2.7	3.0	2.0	3.4	3.1	2.2	1.6
Motor vehicles and parts	2.9	4.6	1.8	2.9	3.7	1.5	0
Autos and light trucks	n.a.	n.a.	n.a.	5.9	6.0	1.4	-1.5
Aerospace and miscellaneous transportation equipment	2.3	1.2	2.1	3.9	2.5	2.9	3.1
Instruments	6.2	7.7	5.6	5.1	6.0	5.4	5.1
Miscellaneous manufactures	2.2	4.8	.9	.3	1.5	1.9	2.2
Nondurable manufacturing	3.2	4.5	2.5	2.2	2.6	3.1	3.3
Food and kindred products	2.8	2.9	3.0	2.2	2.2	2.5	2.7
Textile mill products	2.2	4.7	.8	.7	2.2	1.7	2.0
Apparel products	1.8	2.5	1.0	1.7	1.7	2.4	2.3
Paper and products	2.7	4.1	1.9	2.2	2.1	2.5	2.0
Pulp and paper	2.4	3.2	1.5	2.4	3.2	3.6	2.4
Printing and publishing	3.8	3.1	3.4	4.7	5.2	5.7	5.6
Chemicals and products	4.0	7.0	2.9	1.3	2.4	3.3	4.0
Chemicals in primary processing	3.8	7.5	2.5	-.3	1.1	4.2	4.6
Plastics materials	7.7	13.2	5.0	2.9	5.7	9.8	8.9
Synthetic fibers	4.4	9.8	2.8	-.2	1.7	2.9	1.0
Chemicals in advanced processing	4.2	6.5	3.4	2.4	3.3	2.8	3.6
Petroleum products	2.0	4.4	1.8	-.5	2.5	-1.2	.7
Rubber and plastics products	5.9	9.1	3.6	5.1	3.2	4.9	4.4
Leather and products	-3.3	-1.2	-3.8	-5.7	-5.8	-4.6	-3.3
Mining	.2 (-.4)	-.3 (-.4)	2.2 (0)	-.9 (-.5)	-3.6 (-1.7)	-3.8 (-1.7)	-1.9 (-.5)
Metal mining	1.4	.5	1.0	-.8	2.9	14.3	10.7
Coal	2.6	2.4	3.6	1.9	1.8	1.7	1.6
Oil and gas extraction	-.4	-1.2	2.5	-1.4	-5.6	-6.8	-4.5
Oil and gas well drilling	1.9	-.8	17.4	-7.5	-16.4	-25.5	-9.1
Stone and earth minerals	1.3	2.7	.2	.2	1.5	2.3	5.0
Utilities	3.2 (.1)	6.3 (.8)	2.1 (.1)	1.1 (-.2)	1.5 (0)	2.2 (1.3)	.7 (-.2)
Electric	4.5	8.1	3.3	1.9	2.3	2.2	.9
Gas	.3	2.6	-1.0	-1.4	-.7	2.0	.1

1. Differences from the unrevised index are in parentheses. N.a. means not available.

3. Growth in capacity and capital stock



output is variable over time and across industries. New technology and capital expenditures to promote a safer and cleaner environment, the closing of plants and the restructuring of industries in the 1980s, the lengthening workweek of capital, and the shift in the composition of capital to shorter-lived equipment have caused the growth rates of capital stock and the Federal Reserve measures of capacity output to differ.⁵

For manufacturing, capital stock grew more rapidly than capacity from 1967 to 1980 and more slowly after 1982. In some industries, the growth of capital stock was much slower than that of capacity during the 1980s. In durable manufactures as a whole, especially for non-electrical machinery, the capacity and production trends reflected the strong gains in computers. In other industries, such as lumber and products, apparel, and textiles (in which the new looms and spindles are much more productive than the old), capital stock declined while production and capacity rose. For tobacco products and fabricated metal products, however, capital stock has grown much faster than

capacity or production. In contrast, the capital stock declined less than did capacity for petroleum refining and primary metals in the 1980s. In these industries, the capacity figures incorporate available data on permanent plant closings, whereas the capital stock figures incorporate a formula for discards that does not allow for the bunching of closings that occurred.

Because of the important theoretical and empirical differences between capacity output and capital input, the Federal Reserve uses the capital stock figures only to refine year-to-year movements in its capacity estimates and only when physical capacity data have not been compiled. In the absence of such capacity data, it seems reasonable to assume that capacity growth in an industry is positively correlated with investment spending and growth in the capital stock in that industry. The over-all levels and the long-term movements of the Federal Reserve capacity indexes, however, are determined primarily by production indexes divided by utilization rate data as reported in various surveys.

5. In part, the differing growth rates of Federal Reserve capacity indexes and measures of the capital stock reflect changes in the service flow derived from each unit of capital. Estimates of capital service flow for major sectors of the economy and for two-digit manufacturing industries have been published in recent years by the Bureau of Labor Statistics. For a discussion of the BLS's capital service estimates and their relation to the BEA's capital stocks, see Stephen D. Oliner, "The Formation of Private Business Capital: Trends, Recent Developments, and Measurement Issues," *Federal Reserve Bulletin*, vol. 75 (December 1989), pp. 771-83.

REVIEW OF DEVELOPMENTS BY SECTOR

In late 1988 and the first half of 1989, the nation's factories, mines, and utilities together operated above 84½ percent of capacity, the highest rate since the start of the decade. Although the pressure on industrial capacity has lessened during the past year because of the stagnation in industrial production, utilization remains above

the relatively low rates that prevailed from mid-1980 until early 1987. An acceleration of economic expansion after 1986 and a low rate of growth of capacity contributed to the higher utilization rates.

For much of the time between 1980 and 1986, however, an extended double-troughed recession and adverse international terms of trade yielded severe financial stress and restructuring in key segments of American industry. Manufacturing utilization averaged only 77½ percent from 1981 to 1986, a low level for so long a period. Overall industrial capacity grew slowly, many mines and factories closed, and capacity in some basic industries shrank sharply.

The 45 percent depreciation of the dollar during 1985–87 helped restore the competitiveness of U.S. products, and the growth of production picked up in 1987–88. Utilization rates rose, and reports of shortages of metals, chemicals, and other products of primary-processing industries began to appear. As a result, prices, profits, and investment in capacity in these industries increased.

In 1989 and early 1990, the level of industrial investment, an important determinant of capacity growth, generally rose, even though manufacturing output plateaued. Lower sales and production of motor vehicles contributed to lower production of steel and other related materials. This weakness was aggravated at times by limited inventory corrections by producers and distributors, who kept their stocks in line with less robust sales. Although many commodity prices fell back, continued growth of U.S. exports to a generally strong world economy supported sales and production levels in several industries. As a result, by the first quarter of 1990, the rate of capacity utilization in manufacturing had fallen only a couple of percentage points from its high a year earlier; and at present, the moderate pace of industry capacity expansion appears to be continuing.

Mining

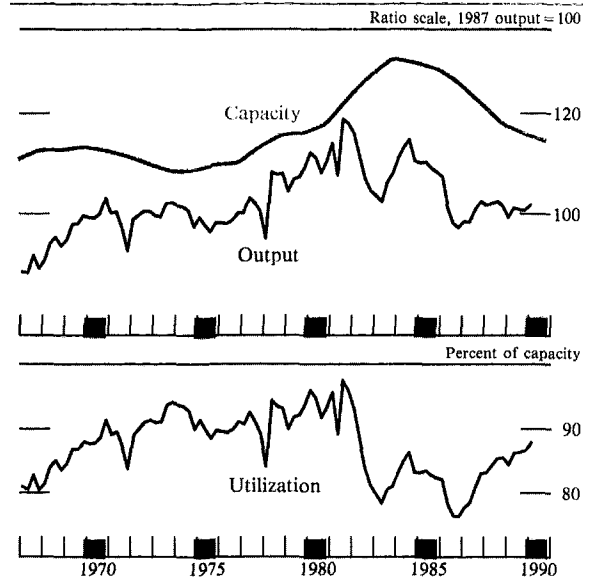
Capacity utilization in mining rose in 1988–89 to a high of 87 percent, a moderate level of utilization for this series (chart 4). It was held down by a low level of oil well drilling. Mining capacity,

which had dropped 6 percent from 1984 to 1987, declined another 6½ percent in 1988 and 1989, despite a rebound in metal mining capacity.

Oil and gas extraction, which dominates mining production, is in a lengthy decline. Domestic capacity to drill oil wells and extract crude oil from those wells is declining even though the price of oil has recovered to about \$20 per barrel. According to a survey by the Reed Tool Company, the available rotary drilling rigs in the United States dropped 7.6 percent in 1989 to 2,542 rigs in a continuation of a decline from a peak of 5,644 rigs in 1982; even so, only 57 percent of the available rigs were reported to be actively drilling within a month of the survey. This continued low utilization of the rig fleet points to a further reduction in the available fleet in 1990 and to a continued decline in the U.S. capacity to pump crude oil. Such capacity is declining not only in the older oil fields of Texas and Louisiana but also in the newer fields of Alaska.

According to the American Petroleum Institute, most of the record 6.8 percent decline in 1989 crude oil production was not caused by the Exxon Valdez oil spill or any other temporary disruptions. The institute indicates that the underlying annual rate of decline in production may have reached 100,000 barrels per day (bpd)

4. Utilization of capacity in mining industries



in Alaska and more than 300,000 bpd in the other forty-eight continental states, compared with national production of 7,600,000 bpd in 1989.

Most analysts agree that the production of domestic crude oil is close to effective capacity and that its downtrend is likely to continue. With demand growing, imports jumped 8 percent in 1989 and supplied 46 percent of domestic deliveries. Also, the American Gas Association expects the excess natural gas production capability—the gas “bubble”—essentially to disappear this year as demand continues to expand. The association estimates that the new gas wells will again fail to offset the declining production capability of the old wells, although the proportion of drilling activity directed toward gas wells, rather than oil wells, has increased.

Mining capacity outside the oil and gas industry has been increasing. In particular, the former decline in metal mining capacity reversed in 1987–89 as strong worldwide demand for metals led to the reopening of mines such as the huge Bingham Canyon, Utah, copper–silver mine, which had closed for extensive modernization during the period of weak demand. Shuttered iron mines were purchased from bankrupt companies and restarted. The large Red Dog zinc mine in Northern Alaska opened in late 1989 and may double U.S. zinc mining capacity by 1991. Gold production at new and expanded mines has soared as the mining technique of heap leaching reportedly has cut costs at some domestic sites to less than \$200 an ounce, far below the recent market price of gold.

Manufacturing

The manufacturing sector—85 percent of total industrial production—covers a wide range of industries that have significantly different patterns of utilization and capacity growth. For analytical purposes, the Federal Reserve has divided manufacturing into two broad groups: primary-processing industries, which produce mostly materials and supplies, and advanced-processing industries, which produce mostly finished consumer or capital goods.

Primary-processing industries. These industries include textile mill products; paper and

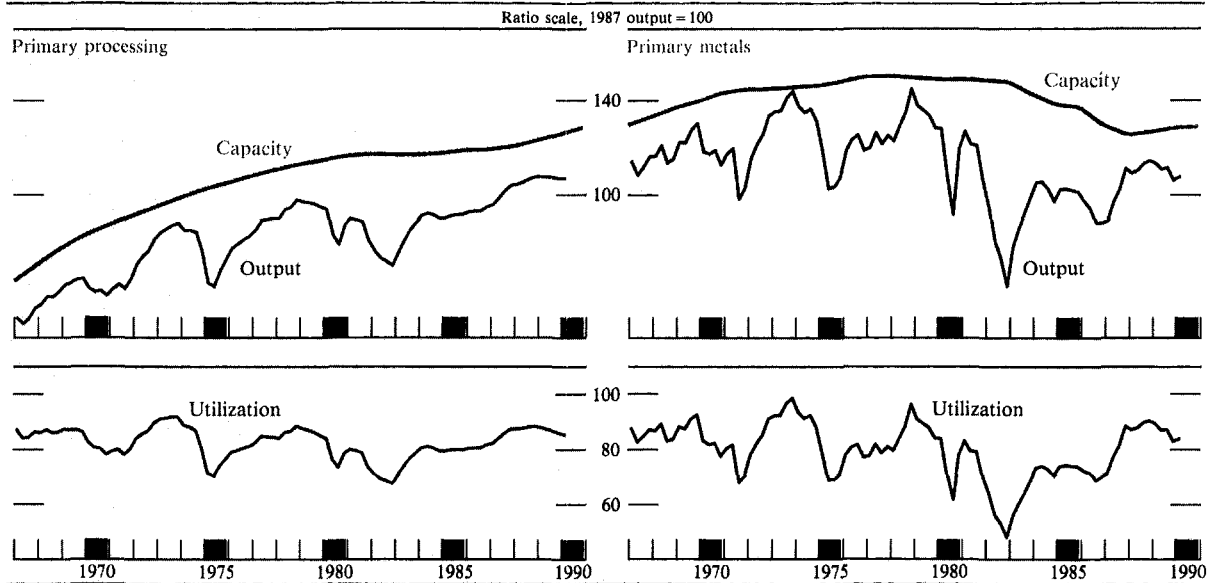
products; industrial chemicals; petroleum products; rubber and plastics products; lumber and products; primary metals; fabricated metal products; and stone, clay, glass, and concrete products.

High levels of capacity utilization in these basic manufacturing industries often occur late in cyclical expansions as inventory accumulation and rising demand for consumer and capital goods converge on materials industries. This pattern appeared in late 1987, when rapid growth in production raised the utilization rate of primary-processing industries above 87 percent, its highest level since 1979. Robust production growth continued to outpace the 2 percent growth in capacity in 1988, and utilization in primary processing peaked in January 1989 at 89 percent, about as tight as it was when it peaked in 1978–79 but less tight than it was in 1973, when an extraordinary range of materials was reported in short supply (chart 5). From late 1987 to early 1989, the pressure of rising production on capacity in primary metals, petroleum refining and industrial chemicals, paper, textile, and lumber industries contributed to rising commodity prices and profit margins and to an increase in capital expenditures and the rate of capacity growth (chart 6). Since early 1989, utilization has declined, and the prices of many basic commodities have fallen—some, like aluminum ingot, rather sharply.

Data based on physical volumes for output and capacity are available for many primary-processing industries; and the quality of the data, the strategic importance of the industries, and the continuous operation (twenty-four hours a day, seven days a week) of several industries give them analytical interest greater than their weight in total production. In the revision, a particular effort was made to incorporate these data explicitly in the manufacturing estimates. The review of industry that follows discusses these data.

In 1988 and early 1989, after a wrenching restructuring during the 1980s, the smaller, more efficient primary metals industry operated near 90 percent of its capacity and prospered more than it had for a decade (chart 5). Several factors had caused the restructuring: Besides the severe recessions and the overvalued dol-

5. Utilization of capacity in primary-processing industries



lar, which had affected so many domestic industries earlier in the decade, the substitution of plastics, energy conservation with its emphasis on lighter vehicles, a lower investment in heavy industry, the development of lighter, stronger steels, and so on, reduced the need for tonnages of metal. Cutbacks and modernization eliminated a substantial amount of outmoded capacity and cut costs. By 1989, output had risen strongly from low levels; however, it was still nearly 20 percent below its level a decade earlier, and employment remained down nearly 40 percent.

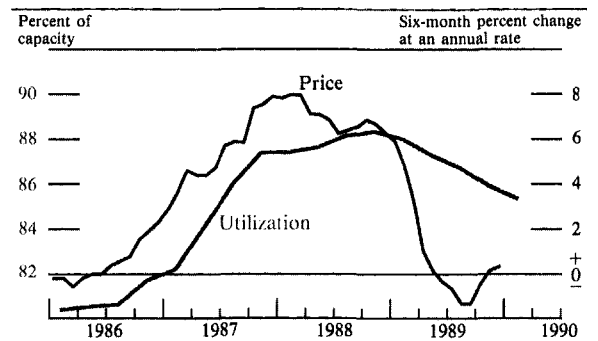
Utilization in the steel industry, which had languished below 70 percent of capacity for 5½ consecutive years, soared in 1987 and held near 90 percent during 1988 and early 1989. Some analysts said that this rate was close to effective capacity. Purchasing managers reported that steel was short in supply and higher in price; by the summer of 1988, the producer price index for iron and steel had risen 13 percent from a year earlier.

Although increases in production were a major factor behind the rise in utilization, the level of production remained far below the highs of a decade earlier. In 1989, for example, raw steel production of 97½ million tons was nearly 30 percent below its level in 1979. Steelmakers,

however, had slashed their capability to produce raw steel 28 percent, from 155 million tons to 112 million tons, between 1979 and 1987. Since then, the reopening of one "permanently closed" mill and numerous small improvements have added back 4 million tons of capacity.

By the first quarter of 1990, declining iron and steel production had pushed the operating rate down to 81½ percent, about 8 percentage points from its recent peak. Little change is expected in raw steel capacity; nevertheless, ongoing investment in continuous casters and other new

6. Price changes and capacity utilization in primary-processing industries



1. BLS Producer Price Index for intermediate materials less food and energy.

technology will gradually increase the yield of steel mill products.⁶

Among producers of nonferrous metals, primarily those of aluminum and copper, rising production and lower capacity similarly led to sharp increases in utilization and to rising prices in 1987 and 1988. The producer price index for primary nonferrous metals in the first half of 1988 was up about 37 percent from a year earlier. Over the twelve months ending in February 1990, however, as production and utilization eased, the same price index declined more than 20 percent.

The primary aluminum industry was able to operate at or above rated capacity of 4 million metric tons for much of 1988 and 1989 because the maintenance of potlines was delayed. But just as it had in steel, a significant restructuring had occurred earlier in the 1980s, and output in 1988–89 remained well below earlier peaks. Low aluminum prices and the higher cost of electricity, which accounts for as much as 35 percent of the product cost, aggravated the problems of low sales volume, excess inventory, and overcapacity. As a result, the industry renegotiated labor contracts and permanently closed eleven of thirty-two primary aluminum plants to cut costs. Producers cut capacity to produce aluminum ingot from 5 million tons in 1983 to 4 million tons in 1986, a year when annual production dropped to only 3 million tons, a third below the 1979–81 level. Capacity has changed little since 1986, and no new smelters are planned.

In late 1989, utilization in petroleum refining recovered to nearly 90 percent of capacity, a rate that before the energy crisis had been typical of this industry but that had not been seen for many years.

6. The rise of minimills, which use electric furnaces to make steel from scrap, and heavy investment in computer controls and continuous casters, which save energy and increase the yield of steel mill products from raw steel, contributed to increases in productivity. A ton of raw steel goes further than it once did. The finished steel yield is now about 85 percent of raw steel tonnage, compared with 71 percent in 1977. Thus, 84 million tons of steel mill products were shipped in 1989, down 16 percent since 1979, compared with production of 97½ million tons for raw steel in 1989, down 30 percent over the same period.

The soaring price of crude oil, which tripled to \$35 a barrel over the three years ending in 1981, forced a sharp reduction in the use of gasoline and other petroleum products. Production plunged. Even though oil prices receded over the next few years, they remained high through 1985, and demand recovered only a little. As a result, in 1985 production of petroleum products remained 15 percent below its level in 1978, and gross inputs to domestic refiners' distillation units were down nearly 20 percent. By early 1986, more than 100 refineries were closed permanently, and the distillation capacity of operable refineries was slashed by 17 percent to 15½ million barrels per day.

Since then, distillation capacity has not increased much, and little change is expected in 1990. Supplies of high-octane, lead-free gasoline and of heating oil have occasionally been tight. As a result, investment in refining has been directed toward downstream processing units that upgrade the mix of products to fit demand, rather than toward an increase in the total volume of crude input that can be processed.

Like many of the materials-producing industries, industrial and synthetic chemicals manufacturing maintained high utilization rates in 1988 and peaked in late 1988–early 1989. During this period, purchasing managers reported that ethylene and its derivatives, plastics resins and products, synthetic fibers and rubber, benzene, and caustic soda and soda ash were in short supply. Prices and profit margins for many chemicals rose rapidly, and numerous reports appeared about plant reopenings and capacity expansions based on "debottlenecking," technological improvements, new equipment, and increased investment in new plants, especially in the petrochemical industry around Houston, Texas.

Projects extending to 1993 have been announced for plastics and their basic organic chemical feedstocks, ethylene and propylene. By mid-1989, fifteen ethylene producers had announced planned capacity increases totaling almost 14 billion pounds; these projects, if fully implemented, will raise ethylene capacity more than a third by 1993 and may lead to excess capacity. Similarly, capacity to produce plastics

resins expanded 5½ percent in 1987 and almost 10 percent in 1988, after relatively slow growth in 1982–86. Numerous projects in various stages of completion indicate that the expansion of plastics resins capacity has continued.

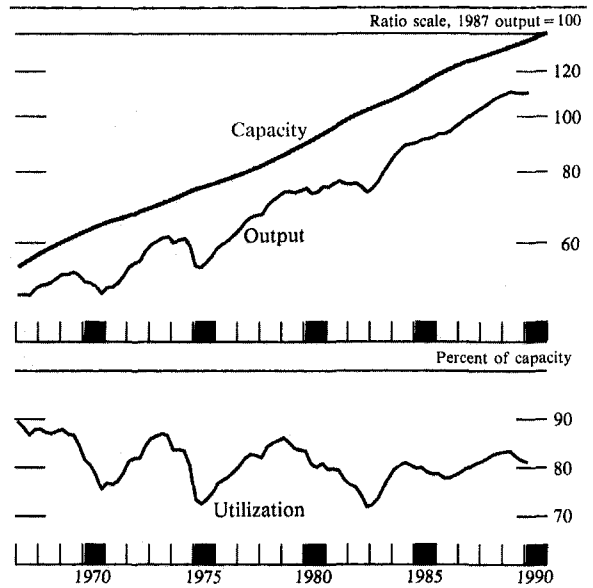
The capacity to produce other synthetic chemicals has grown less rapidly. *Fiber Organon*, in its November 1989 survey of capacity, reported that operable capacity of facilities producing manufactured fiber (cellulosic and synthetic), which declined nearly a billion pounds (9 percent) from 1979 to 1986, is expected to increase 5½ percent in 1990 to 11 billion pounds, about the same level that it was in 1979.

The basic pulp, paper, and paperboard industry operated essentially at 100 percent of capacity in late 1987 and early 1988 after two years of substantial growth in output. The producer price index for paper rose at an 11 percent annual rate from mid-1987 to the end of 1988. Since then, output has flattened while capacity has grown at about a 3 percent rate, and utilization and price have declined although the industry continues to operate at a relatively high rate.

This industry, which had increased capacity at a 2 percent annual rate from 1982 to 1987, stepped up its rate of expansion and now plans to increase paper and paperboard capacity 8 million tons to more than 90 million tons during 1989–91. These figures translate into a 3.2 percent annual rate of growth, which is about ½ percentage point above the production trend. The industry rapidly increased its capital expenditures in recent years, almost entirely for new equipment that increases capacity and enables the industry to adjust to changing demands for different types of paper, to meet environmental requirements, to conserve energy, and to cut costs.

Advanced-processing industries. The advanced-processing sector—about two-thirds of manufacturing—comprises most manufacturers of finished consumer goods and equipment. It includes food and kindred products, tobacco products, apparel products, printing and publishing, chemical products, such as drugs and toiletries, leather and products, furniture and fixtures, electrical and nonelectrical machinery, transportation equipment, instruments, miscellaneous man-

7. Utilization of capacity in advanced-processing industries



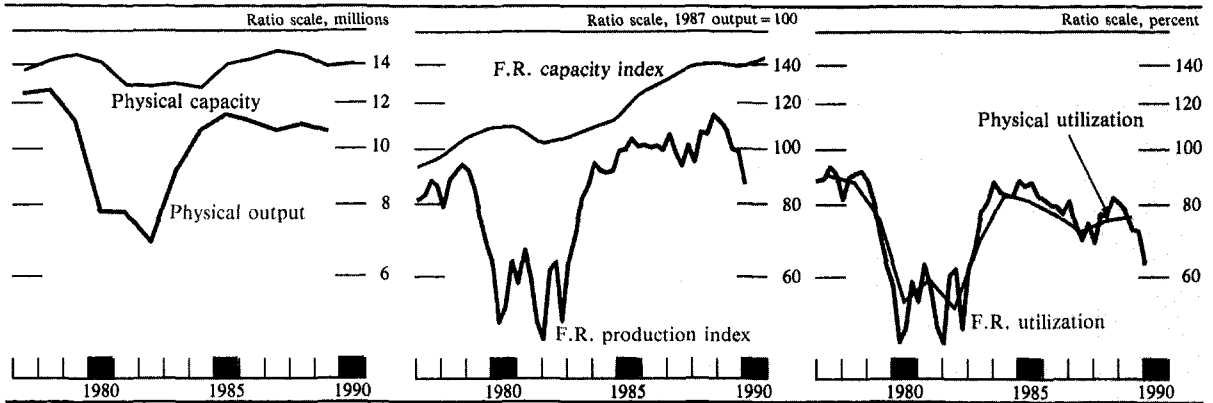
ufactures, and government-owned, government-operated ordnance facilities.

Among these industries are most of the fast growers: computers, communications equipment, semiconductors, instruments, and printing and publishing. Consequently, even though the utilization rate has not reached an exceptionally high level in recent years, output and capacity growth in advanced processing have exceeded output and capacity growth in primary processing (chart 7).

From 1977 to 1987, annual capacity growth in advanced-processing industries averaged 4½ percent, but since then it has decelerated to about ¾ percent. The slowing is evident particularly in high-technology machinery and in transportation equipment. For instruments, furniture, printing, miscellaneous manufacturing, and drugs and other chemical products, the growth of capacity has accelerated.

Utilization in advanced processing reached a peak in early 1989. However, its peak was only 83.4 percent, about 3 percentage points below the cyclical highs of the 1970s because the rates for machinery, instruments, and motor vehicles remained well below their earlier highs. Since then, utilization in advanced processing has fallen and, at the start of 1990, was not far from its 1967–89 average.

8. Physical counts and Federal Reserve measures for output, capacity, and utilization for autos and light trucks



Within advanced processing, only the motor vehicles industry provides detailed physical data pertaining to capacity.⁷ This industry has not been a fast grower. Indeed, closings of automobile and truck assembly plants have been widely reported for a decade, and some localities have been hard hit. However, the opening of new assembly plants, often by foreign companies or joint ventures, has largely offset the effect of the closings on national production capacity. Demand continues to be insufficient to utilize fully the capacity to assemble cars and trucks.

The first wave of plant closings occurred in the early 1980s, when sales plunged in the wake of soaring gasoline prices and the recessions of 1980 and 1982. Consequently, between 1979 and 1982, the industry slashed domestic capacity to assemble autos and light trucks from 14½ million to 12¾ million units, with especially sharp percentage cuts at Ford and Chrysler (chart 8, left panel). From 1982 to 1987, however, assembly capacity rebounded to 14¾ million units, with a strong gain in General Motors's light truck capacity and the buildup of capacity by the first Japanese transplants: Honda, Nissan, and

Nummi Motors (the General Motors–Toyota joint venture). During this period, General Motors also built new automobile plants to replace older facilities.

Since 1987, a second wave of closings has occurred. Chrysler has shut the large plant in Kenosha, Wisconsin (formerly owned by American Motors), and General Motors has permanently closed capacity to produce 900,000 vehicles and indefinitely idled plants that can produce another 700,000 units.

On balance since 1979, domestic assembly capacity, including the expanding transplants, has dropped only about half a million units (¼ million if the indefinitely idled General Motors plants are included) to approximately 14 million units. Moreover, the big three automakers and the Japanese transplants have expanded capacity in Canada and Mexico enough so that overall North American capacity to produce motor vehicles for the U.S. market has increased. In 1989, however, U.S. output was only 10.6 million units, well below earlier highs; as a result, utilization of domestic capacity was about 75 percent, with a lower rate for automobiles than that for light trucks (including vans), which have grown in popularity. With sales sluggish and transplants scheduled to increase North American capacity significantly over the next few years, excess capacity threatens a further shakeout of automobile plants in the United States.

The production of medium and heavy trucks declined even more severely in the early 1980s

7. In this revision, the capacity index for motor vehicles and parts has been built from separate estimates for assemblies of automobiles, light trucks, medium and heavy trucks, and parts. Previously, the estimate for motor vehicles was based on utilization rates from the McGraw-Hill/DRI survey supplemented by those from the Census survey of utilization. A separate series on automobile assemblies based on physical counts was shown as an addendum item.

Federal Reserve calculations for motor vehicles and parts

In this revision, the capacity index for motor vehicles and parts has been built from separate estimates for assemblies of automobiles, light trucks, and medium and heavy trucks and for parts. Motor vehicle manufacturers make available detailed data on hourly line speeds at individual plants that assemble automobiles and light trucks in the United States. An annual capacity count can be estimated by multiplying line speeds by the number of hours that can be worked in the year (under union contracts); this estimate can be checked against annual plant production peaks. Company analysts estimate that a plant can work between sixteen and twenty hours a day for between 230 and 244 days per year. A plant that produces 60 vehicles an hour, then, can produce about 250,000 vehicles a year—a range of between 220,800 and 292,800 on the above assumptions.

Based on such calculations, U.S. automakers—the big three plus the Japanese transplants—can assemble about 9½ million cars and 4½ million light trucks; included in this total are four plants with a capacity of about 700,000 units that are indefinitely idled and may never reopen. Dividing actual production of 6.8 million automobiles and 3.8 million light trucks in 1989 by capacity output yields a combined

utilization rate of 76 percent, with a higher rate for light trucks than for automobiles. These figures provide the basis for the Federal Reserve index of capacity, which is used with the Federal Reserve production index for vehicles (chart 8).

The Federal Reserve production index for autos or light trucks (middle panel) grows about 3 percent a year more rapidly than the unit count (left panel) because the index is adjusted for quality improvements (more efficient engines, more standard options, catalytic converters, and so on). When the Federal Reserve capacity index is calculated by the steps listed in the appendix, it, too, is implicitly adjusted for quality change and grows about 3 percent a year more rapidly than the physical capacity estimate. This difference is by design and results in Federal Reserve utilization estimates that are essentially the same as those derived from the unit counts (right panel).

The method for calculating heavy truck capacity is the same as that for calculating auto and light truck capacity, except that the independent producers have not supplied line speeds. Consequently, historical peaks in annual production at individual plants are used in estimating capacity.

than did the output of lighter vehicles. Producers cut capacity one-fourth by 1984 and have not added to capacity since then. Even so, utilization of heavy truck capacity remains relatively low because production has remained a third or more below its 1979 peak. In 1989, production eased to 250,000 units, 40 percent below its peak a decade before.

Utilities

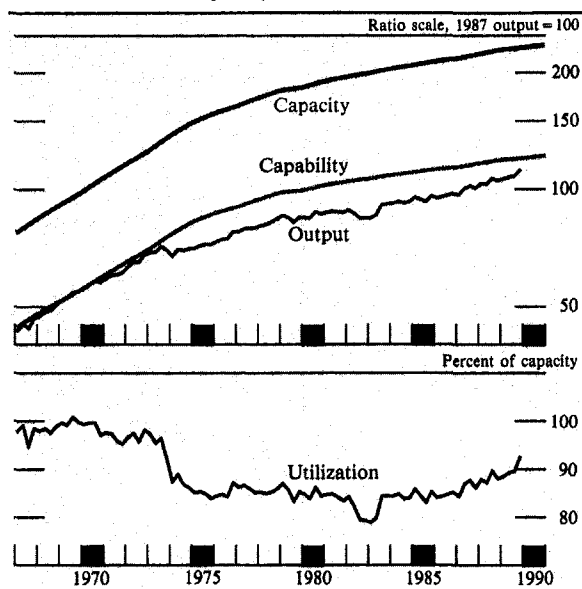
Consumers' reactions to soaring energy prices in the 1970s and early 1980s caused the slower growth and the low operating rate (compared with its own past peak) that characterized the utilities for more than a decade. Capacity growth averaged only 1.4 percent per year from 1977 to 1989. Demand perked up only after 1986, when crude oil prices fell back. In late 1989, utilization jumped to 87½ percent, its highest level in more than a decade.

The operating rate of electric utilities has been relatively low, and the growth of electric generating capacity has been slowing since late 1973, when fuel prices soared and users began to conserve energy (chart 9). From 1967 to 1974, generating capacity increased about 8

percent per year; from 1976 to 1978, capacity growth slowed to a 4½ percent rate, and since then, it has averaged about 2 percent a year. Utilization has risen since its low in 1980 but remains well below the rates that prevailed before 1973.⁸ According to the North American Electric Reliability Council, the nation's utilities intend to increase capacity at an annual rate of 1.2 percent between 1989 and 1998 compared with a projected annual growth in summer peak demand of 2 percent. The more rapid rise in demand is expected to reduce the margin of excess capacity about 5 percentage points.

8. Utilities build sufficient generating facilities to safely surpass peak demands such as those that occur on a hot August afternoon. Most of the time there is a lot of spare capacity. The estimates of utilization that the Federal Reserve has constructed reflect the excess of generating capacity over the desired level of capacity, that is, a capacity level high enough to safely surpass expected noncoincident peaks in generation. The industry publishes much lower utilization rates based on the much larger excess of generating capacity over annual generation. The Federal Reserve chose an economic definition of capacity—called annual capability—because a utility must invest in more capacity when summer brownouts threaten even though the annual generation load may be only half of annual generating potential.

9. Utilization of capacity in electric utilities



Although growth in demand for electricity has slowed, the level of generation was 50 percent higher in 1989 than it was in 1973. In contrast, gas utilities had to cut production significantly until a low was reached in 1986. Despite increases since then, capacity utilization probably remains low. Data on underground storage of natural gas, a factor in deliverability at times of peak demand, and on withdrawals and reserves of natural gas indicate little change in capacity in recent years. Explicit capacity data for the gas utilities are not available.

CONCLUSION

Economic expansion combined with a restructuring of some basic industries during the 1980s led to higher utilization rates and a marked rise in commodity prices in 1988 and early 1989. In the slowdown that has occurred since then, utilization in some basic industries has declined, and commodity prices have eased. Nevertheless, as projects undertaken in the past year or two develop, the rate of growth of industrial capacity should be maintained in the near future in the same 2 to 3 percent range that has characterized the past two years. Although

the growth of investment has slowed, its level should be high enough to expand capacity.

APPENDIX

This appendix discusses (1) the evolution of the Federal Reserve Board's capacity and utilization estimates, (2) the six basic steps in the derivation of the estimates, (3) the new structure as shown in table A.1, (4) the effect of changing weights and linking indexes on utilization, and (5) concepts and levels of capacity. At the end of the appendix are historical data, 1967–89, for total industry (table A.2) and formulas for aggregating capacity and calculating utilization.

Background

From its earliest days, the Federal Reserve has been interested in timely measures of economic activity. In 1919, it began to publish monthly indexes of the "physical volume" of domestic trade, which in the 1920s evolved into the monthly index of industrial production. Later, it began to study data on capacity and capacity utilization in conjunction with production to analyze inflationary pressures and the demand for capital goods.

In the booming 1960s, interest in capacity constraints was great, and the Federal Reserve maintained estimates of output, capacity, and utilization for selected industrial materials and for manufacturing. For the most part, these estimates were used internally until 1966, when the U.S. Council of Economic Advisers published the manufacturing estimates in its *Annual Report*. Later in the year, Frank de Leeuw described them in the *Federal Reserve Bulletin*, and then the Federal Reserve began to publish three quarterly series—total manufacturing, primary-processing industries, and advanced-processing industries.⁹

9. Frank de Leeuw with Frank E. Hopkins and Michael D. Sherman, "A Revised Index of Manufacturing Capacity," *Federal Reserve Bulletin*, vol. 52 (November 1966), pp. 1605–15.

Pressures on capacity again became a concern in 1973 and 1974, when many metals and other industrial materials were reported in short supply and prices were soaring. At this time, the Federal Reserve began to publish capacity utilization rates for major materials (based on physical volume data), first in the *Federal Reserve Bulletin* and then in the monthly statistical release, "Industrial Production."

In 1976, capacity measures for all ninety-six materials series in the index of industrial production were estimated, and the manufacturing series were reestimated in more detail (fifteen components instead of two) and substantially revised back to 1948. The new monthly Federal Reserve statistical release, "Capacity Utilization," included monthly utilization rates, as well as quarterly data for output, capacity, and utilization, for manufacturing and industrial materials (and their major component series). In 1983, estimates of capacity for mining and utilities and total industry were added for the period back to 1967; and in 1985, the manufacturing components were increased to twenty-four.

The aim of the 1990 revision was to create an integrated, more detailed system of measures for total industry. The materials system has been discontinued as a separate entity, and those components of the materials system that are based on physical unit counts have been incorporated into the expanded system of capacity measures for manufacturing, mining, and utilities. These series are now published monthly in the redesigned Federal Reserve statistical release, "Industrial Production and Capacity Utilization." The new capacity measures cover the period since 1967. The fifty-four individual series in manufacturing have been designed to produce subtotals, primarily at the two-digit SIC level, that are consistent with the old manufacturing measures for 1948-66.

Concepts and Levels of Capacity

Capacity is an ambiguous concept, and capacity and utilization estimates are often rough approximations. No census of plant capacity exists.

Capacity and capacity utilization figures may be used for very different purposes; thus, different definitions and assumptions may be used. One set of assumptions may be appropriate to answer questions about capacity available for mobilization for war, another for questions about inflationary pressures. Moreover, capacity is a measure of maximum output and typically is not achieved; consequently, it is difficult to measure precisely.

Even for a single plant, a range of capacity concepts applies. At the high end of the range would be an engineering maximum based on the rated speed of the machinery in place and operated with minimum downtime. At the low end, economic concepts relate a firm's capacity to a quantity of output that minimizes its unit costs or beyond which its costs rise unacceptably. The surveys incorporate responses between these extremes.

Often, respondents use the concept of practical capacity that the Census survey defines as "the maximum level of production that this establishment could reasonably expect to obtain using a realistic employee work schedule with the machinery and equipment in place" and assuming a normal product mix and downtime for maintenance, repair, and cleanup. Based on this definition, two physically identical factories with identical equipment, but with different work rules and schedules, different qualities of labor and management, and different mixes of products, could have quite different capacities. Asking what the practical capacity of a plant is may be like asking how much water a bathtub can hold without overflowing: It depends on who is in the tub at the time and what he or she is doing.

Besides the conceptual difficulties of measuring capacity at the plant level, an aggregation problem exists. Looking at the capacity of machinery, tools, furniture, and other equipment or structures in great detail, one always sees more capacity than can be used when account is taken of bottlenecks, seasonal shifts in product mix, and so on. The president of an automobile company may see the capacity of the company as less than the sum of the capacities of all the establishments within the company because shortages

of key components, such as engines or automatic transmissions, may limit total production. This discrepancy may explain, in part, why the utilization rates reported in the surveys of companies are higher than those reported in the Census survey of plants.¹⁰

Interindustry bottlenecks may further limit aggregate capacity. In major cyclical peaks, for example, shortages of metals or other industrial materials may limit production of consumer durables and business equipment and keep down apparent utilization of capacity in those industries.

Because the levels of the Federal Reserve measures of utilization are determined by the surveys, in particular the McGraw-Hill survey, which was the first broad survey available, theoretical considerations have not played a major part in determining the level of the rates. In fact, normative considerations have been avoided in determining the overall levels. Thus, no attempt is made to select a figure, such as 100 percent, that signals accelerating inflation or to correct for the effect of interindustry bottlenecks on the broad totals.

A major task for the Federal Reserve in developing reasonable estimates of capacity and utilization is dealing with differences among the various surveys of utilization and with inconsistencies between the movements of the industrial production index and the utilization rates reported in those surveys. A major aim is that the Federal Reserve rates be consistent over time so that, for example, a rate of 85 percent means about the same degree of tightness that it meant in the past.

In its statistical release, the Federal Reserve provides cyclical highs and lows and averages with the monthly utilization rates to give users some historical perspective. For total industry a rate of 88 percent would be very high and would indicate the probability of severe strains in some sectors. For some individual industries, such as paper and pulp, however, 88 percent is moderate.

Output, Capacity, and Utilization

In the absence of monthly surveys of industrial capacity or capacity utilization, the Federal Reserve Board estimates monthly utilization by dividing a monthly industrial production index by a related capacity index. This approach of providing an integrated system of output, capacity, and utilization measures has three advantages over the recently available surveys of utilization alone. (1) It provides a more complete picture of industrial developments and allows the user to see which industries are growing rapidly and which are declining. (2) It provides more current estimates of utilization rates because the production indexes for a given month are available about fifteen days after the end of the month. (3) It provides estimates of utilization that appear to reflect the cyclical movements in production more accurately than the rates based solely on the judgments of respondents to surveys.

Although the Federal Reserve conducts no surveys of capacity or utilization, it uses data on utilization rates from various surveys in estimating its capacity indexes. The Bureau of the Census and McGraw-Hill/DRI have conducted broad surveys of utilization rates, essentially for manufacturing, while various trade associations and other sources have surveyed specific industries. As of this writing, McGraw-Hill/DRI has discontinued its survey (the last data are for the end of 1988) because of a declining response rate and a lack of profitability, and the Bureau of the Census has inadequate funding for its survey of manufacturing utilization rates for late 1989.

The Federal Reserve Method

Six basic steps are involved in calculating the utilization rates published by the Federal Reserve:¹¹

10. Another reason is that the company surveys, especially the McGraw-Hill survey, are relatively small samples of large companies that respond voluntarily. These firms may have above-average utilization rates.

11. This section is an abridgement of the methodological appendix found in Richard D. Raddock, "Revised Federal Reserve Rates of Capacity Utilization," *Federal Reserve Bulletin*, vol. 71 (October 1985), pp. 760-66.

Step 1. Preliminary implied end-of-year indexes of industrial capacity (IC) are calculated by dividing a production index (IP) by a utilization rate obtained from a survey (U_s) for that end-of-year period. Thus $IC = IP/U_s$. These ratios are expressed, like the indexes of industrial production, as percentages of production in a base year, currently 1987, and they give the general level and trend of the capacity estimates. Each implied capacity index number is an estimate of maximum sustainable output expressed as a percent of output in 1987. Thus, if in December 1987 the production index is 100 and a related utilization rate from a survey is 80 percent, then the implied capacity index is $100/0.8 = 125$. In the absence of information on utilization rates for an industry, trends through peaks in production may be used to estimate capacity output for that industry.

Typically, after a revision of the industrial production index, the capacity indexes must also be revised. For example, in the latest revision, the production index for nonelectric machinery shows much faster growth because of a change in the methodology of measuring computer output.¹² Consequently, the related capacity index (maximum output) had to be similarly revised. The implied capacity ratios (IP/U_s) automatically incorporate the production revisions in the estimation of capacity.

Step 2. The annual movements of the preliminary capacity indexes are refined to give consideration to alternative indicators of annual capacity change; these alternatives include capacity data in physical units and estimates of capital stock. In general, the refined estimates of capacity are the fitted values from regressions that retrend the physical capacity or capital stock estimates to the trend growth path of the preliminary implied capacities ($IC_t = IP_t/U_{s,t}$).¹³ The resulting capacity

indexes are generally procyclical—that is, they tend to rise faster in good times than in bad, following investment cycles—but they typically do not fluctuate as much as the preliminary implied capacity series. They will, of course, broadly follow the levels and trends of the preliminary implied capacity indexes.

Step 3. A continuous monthly time series is formed by interpolating between the final end-of-year capacity indexes.

Step 4. An “annual capability adjustment” is applied to estimates of capacity that appear to reflect short-term peak capacity rather than a sustainable level of maximum output. When data sources are changed, a level adjustment may also be required to maintain continuity and consistency with the historical levels based on the McGraw-Hill/DRI survey, which has been the primary determinant of the level of utilization in manufacturing. In this revision, new sources for component series with appropriate level adjustments have been introduced.

Step 5. Value-added weights are applied to the monthly capacity indexes, and the weighted indexes are summed to appropriate groups.

Step 6. Utilization rates for the individual series and groups are calculated by dividing the pertinent production index by the related capacity index. Thus, utilization rates for published groups are not aggregated directly from the utilization rates for components but are derived from aggregate production and capacity indexes for those groups.

The New Structure

The new structure of the Federal Reserve’s measures of capacity in manufacturing, mining, and electric and gas utilities is shown in table A.1. Manufacturing and its twenty major (two-digit SIC) industry groups are now summed from more

12. The methodology for estimating the new computer series, the annual levels of which are derived by dividing current dollar figures by the BEA price index for computers, is described in Armitage and Trantum, “Industrial Production.”

13. The fitted values from a regression of the equation below give an estimate of the difference in the trends of the implied capacity and the annual capacity indicator:

$$\log(IC_t/k_t) = a + \sum_{i=1}^n b_i f_i(t) + e_t,$$

where

IC_t = implied capacity index in period t

K_t = annual capacity indicator

$f_i(t)$ = specified functions of time

a, b_i = parameters to be estimated

e_t = error term.

The refined capacity estimates are taken to be the annual capacity indicators multiplied by the antilogarithms of the fitted values from the equation.

than fifty components for the period since the end of 1966. The eighteen mining components and the separate series for electric and gas utilities are the same as in the previous structure.

The manufacturing series now explicitly incorporate more physical-unit data on output and capacity. Nearly all of these data had been included in the old materials measures, but data for truck assembly plants were newly compiled for this revision.

The greater number of manufacturing series also promotes better estimation or extrapolation of capacity. The industry subgroups within a major group often show different trends or cyclical movements in production, which may be useful in identifying disparate capacity trends. For example, within nonelectrical machinery (SIC 35), the output of engine, farm, construction, and allied equipment declined from 1982 to 1987 whereas the output of office, computer, and accounting machines soared (chart A.1).

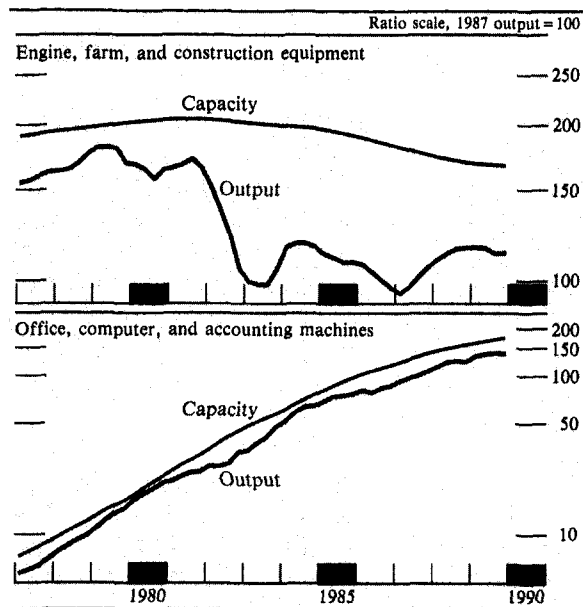
Table A.1 also contains information on the sources of capacity and output or utilization rates. Some major groups have multiple, and often disparate, sources. For instance, both the McGraw-Hill/DRI survey and the Census Survey of Plant Capacity provided utilization rates for

chemicals and products, major industry group 28; the Census also provided estimates for components within the major group; and trade associations provided physical capacity and output data for plastics resins and other selected components.

Given disparate data and the need to create consistent time series, the Federal Reserve Board staff adopted three operating guidelines in this revision. First, we gave primacy to physical output and capacity data in estimating indexes of sustainable annual capacity. Second, we retained (aside from rebasing) pre-1967 levels of the two-digit groups in manufacturing, which have been based largely on the McGraw-Hill/DRI survey. Third, we adjusted the estimates of manufacturing capacity based on the Census survey (available from 1974 to 1988) and capital stock to levels that maintain consistency over time with the McGraw-Hill/DRI survey (available 1955 to 1988). In general, a simple level adjustment achieved this broad consistency. In some cases, both level and trend adjustments were required because the utilization rates based on the Census survey trend lower over time than those based on the McGraw-Hill/DRI survey.

Often the Census utilization rates and capital stock estimates were used to estimate a single capacity index for a combination of three-digit SIC categories within a two-digit group. In such cases, we weighted Census utilization rates at the four-digit SIC level with value-added figures from the Census of Manufactures to create a survey-based utilization rate for the new combination.¹⁴ Then we followed the steps described earlier to estimate capacity indexes. Capital stock estimates were used to refine the annual movements of capacity for these combinations (step 2 above). The capital stock estimates were derived by the perpetual inventory method from investment data found in the Annual Survey of Manufactures and adjusted at the two-digit level to BEA capital stock figures.

A.1. Output and capacity for two components of nonelectrical machinery (SIC 35)



14. The formula is

$$U = \sum Va_i / \sum \frac{Va_i}{U_i}$$

where U is a utilization rate, Va is value added, and i is the individual four-digit industry in the group.

A.1. Industry structure and series composition of industrial capacity indexes and utilization rates: classification, value-added proportions, and description of series

Group and series	SIC code (1977 edition)	Value-added proportions			Series sources and units
		1977	1982	1987	
Total industry		100.00	100.00	100.00	
Mining		9.83	16.92	7.93	
Metal mining	10	.50	.29	.32	
Iron ores ¹	101	.15	.07	.05	Capacity estimates and production, tons, Bureau of Mines.
Copper ores ¹	102	.15	.06	.09	Capacity estimates and production, tons, Bureau of Mines.
Lead and zinc ores ¹	103	.05	.02	.01	Capacity estimates and production, tons, Bureau of Mines.
Gold and silver ores ¹	104	.02	.06	.12	FR estimate based on peaks in tonnage production.
Ferroalloy ores ¹	106	.04	.01	.01	Capacity estimates and production of molybdenum ores, tons, Bureau of Mines.
Miscellaneous metal ores ¹	105, 8, 9	.09	.07	.03	FR estimate based on trends through peaks in production index.
Coal	11, 12	1.60	1.68	1.22	
Anthracite ¹	11	.02	.02	.01	FR estimate based on trends through peaks in production index.
Bituminous coal ¹	12	1.58	1.66	1.21	FR estimate based on trends through peaks in production index.
Oil and gas extraction	13	7.07	14.39	5.73	
Texas crude oil ¹	131 part	1.34	2.36	.76	FR estimates of crude oil and natural gas capacity based on trends in regional production and estimates of proven reserves, and on analyses by the Department of Energy, the American Petroleum Institute, the American Gas Association, and others.
Alaska and California crude oil ¹	131 part	.57	2.12	1.13	
Louisiana and other crude oil ¹	131 part	1.54	2.99	1.19	
Natural gas ¹	131 part	2.16	3.87	1.77	
Propane ¹	132 part	.05	.06	.02	FR estimate based on trends through peaks in production index.
Liquefied petroleum materials ¹	132 part	.42	.74	.27	FR estimate based on trends through peaks in production index.
Oil and gas well drilling	138	.99	2.25	.58	Capacity based on available rigs; physical utilization is ratio of active to available rigs from the Reed Tool Company, Annual Rig Census.
Stone and earth minerals	14	.66	.56	.67	
Stone, sand, and gravel ¹	141, 2, 4	.36	.29	.43	FR estimate based on trends through peaks in production index.
Chemical and fertilizer materials ¹	147	.20	.20	.14	Capacity estimates and output, tons of soda, ash, phosphate rock, salt, barite, and Frasch sulfur, Bureau of Mines.
Miscellaneous stone and earth materials ¹	145, 8, 9	.09	.08	.10	FR estimate based on trends through peaks in production index.
Manufacturing		84.21	74.71	84.44	
Primary processing ²		31.66	23.61	26.71	
Advanced processing ³		52.56	51.11	57.73	
Durable manufacturing		49.10	42.36	47.27	
Lumber and products	24	2.30	1.41	2.00	
Logging and lumber ¹	241, 2	1.05	.56	.84	Census survey; capital stock.
Lumber products ¹	243-5, 9	1.25	.84	1.16	Census survey; capital stock.
Furniture and fixtures	25	1.27	1.15	1.45	Census survey; capital stock.
Stone, clay, and glass products	32	2.72	2.12	2.46	McGraw-Hill/DRI survey.
Glass ¹	321, 2, 3	.78	.63	.67	Census survey; capital stock.
Cement ¹	324	.24	.16	.16	Kiln capacity and production of cement clinker, tons, Bureau of Mines.
Stone and clay products ¹	325-9	1.70	1.32	1.63	Census survey; capital stock.
Primary metals	33	5.33	2.73	3.32	
Iron and steel	331, 2	3.49	1.54	1.95	Capacity and output of raw steel, tons, American Iron and Steel Institute.
Raw steel	331 part	.51	.12	.11	Capacity and output of raw steel, tons, American Iron and Steel Institute.

A.1. Industry structure and series composition of industrial capacity indexes and utilization rates—Continued

Group and series	SIC code (1977 edition)	Value-added proportions			Series sources and units
		1977	1982	1987	
Nonferrous metals	333-6, 9	1.85	1.19	1.38	McGraw-Hill/DRI survey.
Primary copper	3331	.13	.04	.03	
Copper smelting ¹	3331 part	.05	.02	.01	Capacity and output, tons, contained copper, Bureau of Mines.
Copper refining	3331 part	.08	.02	.02	Capacity and output, tons, contained copper, Bureau of Mines.
Primary aluminum ingot	3334	.28	.10	.14	Capacity and output, metric tons of ingot, Aluminum Association, Bureau of Mines.
Other nonferrous metals and products ¹	333 part, 334-9	1.44	1.05	1.21	Census survey; capital stock.
Fabricated metal products	34	6.46	5.30	5.38	Census and McGraw-Hill surveys; capital stock.
Nonelectrical machinery	35	9.54	9.20	8.55	McGraw-Hill/DRI survey.
Engine, farm, construction, and allied equipment ¹	351-3	3.16	2.58	2.01	Census survey; capital stock.
Office, computing, and accounting machines ¹	357	1.41	2.10	2.46	Census survey; capital stock.
Other nonelectrical machinery ¹	354-6, 8, 9	4.97	4.52	4.08	Census survey; capital stock.
Electrical machinery	36	7.15	7.61	8.62	McGraw-Hill/DRI survey.
Appliances and television sets ¹	363, 5	1.19	.81	.75	Census survey; capital stock.
Communications equipment ¹	366	2.01	2.55	3.01	Census survey; capital stock.
Semiconductors ¹	3674-9	1.19	1.79	2.17	Census survey; capital stock.
Other electrical equipment and parts ¹	361, 2, 4, 6, 9	2.77	2.47	2.69	Census survey; capital stock.
Transportation equipment	37	9.13	7.57	9.80	
Motor vehicles and parts	371	5.25	3.09	4.65	McGraw-Hill/DRI survey prior to 1977.
Auto and light truck assemblies		2.67	1.39	2.35	
Auto assemblies ¹		1.82	1.02	1.60	Physical output and capacity based on line speeds and peaks in physical output
Light trucks ¹ .....		.85	.37	.75	for individual plants as reported in <i>Ward's Automotive Reports</i> since 1977.
Medium and heavy trucks, trailers, etc. ¹ .....		.28	.19	.46	Same as above (data only for medium and heavy trucks).
Motor vehicle parts ¹	3714	2.31	1.51	1.85	Census survey; capital stock.
Aerospace and miscellaneous transportation equipment	372-9	3.87	4.49	5.15	McGraw-Hill/DRI survey.
Aircraft and parts ¹	372	2.09	2.65	3.01	Census survey; capital stock.
Ships and boats ¹	373	.66	.70	.55	Census survey; capital stock.
Railroad and miscellaneous transportation equipment	374-6, 9	1.11	1.14	1.59	Census survey; capital stock.
Instruments	38	2.66	3.03	3.26	Census and McGraw-Hill/DRI surveys; capital stock.
Miscellaneous manufactures	39	1.46	1.27	1.24	Census survey; capital stock.
Government-owned-and-operated ordnance ¹		1.09	.96	1.18	FR estimate based on trends through peaks in production index.
Nondurable manufacturing		35.11	32.36	37.17	
Food and kindred products	20	7.96	7.96	8.76	Census and McGraw-Hill/DRI surveys; capital stock.
Tobacco products ¹	21	.62	.81	1.02	Census survey; capital stock.
Textile mill products	22	2.29	1.67	1.84	American Textiles Manufacturers Institute and McGraw-Hill/DRI surveys.
Fabrics ¹	221-4	.77	.53	.53	Census survey; capital stock.
Yarn and thread ¹	228	.32	.21	.27	Census survey; capital stock.
Other textiles ¹	229	1.20	.93	1.04	Census survey; capital stock.

Apparel products.....	23	2.79	2.35	2.36	Census survey; capital stock.
Paper and products.....	26	3.15	3.00	3.58	McGraw-Hill/DRI survey.
Pulp and paper.....	261-3	1.33	1.24	1.64	
Wood pulp ¹	261	.44	.10	.16	Capacity and output, tons, American Paper Institute.
Paper ¹	262	.44	.81	.98	Capacity and output, tons, American Paper Institute.
Paperboard ¹	263	.44	.34	.50	Capacity and output, tons, American Paper Institute.
Paper products ¹	264, 5, 6	1.81	1.76	1.94	Census survey; capital stock.
Printing and publishing.....	27	4.54	4.90	6.37	Census survey; capital stock.
Chemicals and products.....	28	8.05	6.81	8.60	McGraw-Hill/DRI survey.
Basic chemicals ^{1, 2}	281	.92	.79	.79	Census survey; capital stock.
Synthetic materials ^{1, 2}	282	1.11	.85	1.28	
Plastics materials.....	2821	.59	.43	.78	Capacity and output, pounds, major thermosetting and thermoplastic resins, Society of the Plastics Industry, Inc.
Synthetic rubber ¹	2822	.08	.08	.09	Capacity, tons, International Institute of Synthetic Rubber Producers; production, tons, Rubber Manufacturers Association.
Manmade fibers.....	2823, 4	.44	.34	.41	Capacity and production, pounds, <i>Fiber Organon</i> .
Industrial organic chemicals ^{1, 2}	286	1.83	1.11	1.54	Census survey; capital stock; trade reports on physical capacity.
Chemical products ^{1, 3}	283-5, 9	3.65	3.60	4.54	Census survey; capital stock.
Agricultural chemicals ¹	287	.54	.46	.45	
Fertilizer materials ^{1, 2}	2873-5	.36	.19	.18	Census survey; capital stock.
Agricultural chemicals n.e.c. ^{1, 3, 4}	2879	.18	.27	.28	Census survey; capital stock.
Petroleum products.....	29	2.40	1.99	1.32	Capacity of and gross input to crude distillation units at petroleum refineries, millions of barrels per calendar day, Department of Energy.
Rubber and plastics products.....	30	2.80	2.45	3.02	McGraw-Hill/DRI survey.
Tires ¹	301	.62	.42	.40	Census survey; capital stock.
Rubber products excluding tires ¹	302-4, 6	.51	.42	.44	Census survey; capital stock.
Plastics products n.e.c. ^{1, 4}	307	1.67	1.61	2.18	Census survey; capital stock.
Leather and products.....	31	.53	.43	.30	Census survey; capital stock.
Utilities.....		5.96	8.36	7.63	
Electric.....	491, 493 part	4.17	6.26	6.01	Physical output and capability, megawatt hours, generating plants, North American Electric Reliability Council, Department of Energy, and Edison Electric Institute.
Gas.....	492, 493 part	1.78	2.10	1.62	FR estimates based on Department of Energy, American Gas Association, and industry reports.

1. Data are included in published totals but are not shown separately in the monthly report.

2. Primary-processing industries, which include textile mill products; lumber and products; paper and products; industrial chemicals; petroleum products; rubber and plastics products; stone, clay, and glass products; primary metals; and fabricated metal products.

3. Advanced-processing industries, which include foods, tobacco products, printing and publishing, chemical products such as drugs and toiletries, leather and products, furniture and fixtures, machinery, transportation equipment, instruments, miscellaneous manufactures, and government-owned-and-operated ordnance facilities.

4. Not elsewhere classified.

A.2. Historical data for output, capacity, and capacity utilization for total industry, 1967-89¹

Year	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Quarter				Annual Avg.
													1	2	3	4	
Output (percent of 1987 output)																	
1967	57.6	57.0	56.6	57.2	56.7	56.7	56.5	57.6	57.5	58.0	58.8	59.5	57.1	56.8	57.2	58.8	57.5
1968	59.4	59.6	59.8	59.9	60.6	60.8	60.7	60.9	61.1	61.2	62.0	62.2	59.6	60.4	60.9	61.8	60.7
1969	62.6	63.0	63.5	63.2	63.0	63.6	63.9	64.1	64.1	64.1	63.5	63.3	63.0	63.3	64.0	63.6	63.5
1970	62.1	62.1	62.0	61.9	61.8	61.6	61.7	61.6	61.2	60.0	59.6	61.0	62.1	61.8	61.5	60.2	61.4
1971	61.5	61.3	61.3	61.6	61.9	62.2	62.0	61.7	62.7	63.1	63.4	64.1	61.4	61.9	62.1	63.5	62.2
1972	65.6	66.0	66.5	67.6	67.5	67.7	67.6	68.5	69.2	70.2	71.1	71.7	66.0	67.6	68.4	71.0	68.3
1973	71.8	72.8	72.8	73.0	73.4	73.9	74.4	74.3	74.9	75.2	75.2	74.0	72.5	73.4	74.5	74.8	73.8
1974	73.0	72.7	73.0	72.9	73.8	74.0	73.6	73.4	73.7	73.2	71.1	68.1	72.9	73.6	73.6	70.8	72.7
1975	66.3	65.3	64.1	64.7	64.5	65.3	65.7	66.9	67.6	67.9	68.6	69.1	65.2	64.9	66.7	68.5	66.3
1976	69.9	71.1	70.9	71.2	72.0	72.1	72.5	72.9	73.1	73.4	74.6	75.2	70.6	71.8	72.9	74.4	72.4
1977	75.5	75.9	76.6	77.7	78.3	78.9	78.9	79.0	79.4	79.4	79.5	79.1	76.0	78.3	79.1	79.4	78.2
1978	78.8	79.0	80.0	82.0	82.3	83.1	83.3	83.6	84.1	84.5	85.2	85.4	79.2	82.5	83.7	85.0	82.6
1979	85.1	85.8	86.1	85.2	86.2	86.1	85.6	85.3	85.5	86.0	85.7	85.6	85.7	85.8	85.5	85.8	85.7
1980	85.9	86.2	86.2	84.5	82.5	81.5	81.2	82.4	83.5	84.0	85.5	85.9	86.1	82.9	82.3	85.1	84.1
1981	85.2	85.4	85.7	85.0	85.6	86.1	87.1	86.9	86.5	85.8	84.8	84.1	85.5	85.5	86.8	84.9	85.7
1982	82.4	84.2	83.7	83.2	82.7	82.4	82.0	81.6	81.0	80.3	80.0	79.3	83.4	82.8	81.5	79.8	81.9
1983	80.8	80.7	81.3	82.3	83.2	83.7	85.3	86.5	87.9	88.6	88.8	89.2	80.9	83.1	86.6	88.9	84.9
1984	91.0	90.9	91.9	92.4	93.0	93.5	93.9	94.0	93.9	93.2	93.3	92.8	91.3	93.0	93.9	93.1	92.8
1985	93.1	93.8	94.1	94.5	94.7	94.4	94.1	94.5	95.0	94.2	94.6	95.6	93.6	94.5	94.6	94.8	94.4
1986	96.1	95.5	94.6	94.8	94.8	94.4	94.8	95.0	95.1	95.6	96.2	96.7	95.4	94.6	94.9	96.2	95.3
1987	96.5	97.6	98.2	98.3	99.2	100.1	100.8	101.0	100.9	102.3	102.2	102.6	97.4	99.2	100.9	102.4	100.0
1988	103.5	103.5	103.9	104.3	104.8	105.0	106.1	106.4	106.2	106.5	106.9	107.4	103.6	104.7	106.2	107.0	105.4
1989	107.7	107.6	107.7	108.6	108.3	108.4	107.8	108.2	108.2	107.7	108.1	108.6	107.7	108.4	108.1	108.1	108.1

*Weights, Linking, and Utilization:
A Technical Note*

Table A.1 includes the value-added proportions for 1977, 1982, and 1987 that are applied to the individual capacity indexes when they are summed into aggregate indexes for the period since 1977. These are the same weights that are used to combine series in the production index. As the formulas at the end of the appendix show, using such aggregates of output and capacity to calculate utilization for broad groups is equivalent to summing individual utilization rates weighted by capacity value added. Updating weights allows for using reasonably current price relationships to determine the relative importance of series in the index.

The aggregate output and capacity indexes are initially calculated in overlapping six-year segments, each segment with its own set of weights. For the years 1967-72, 1967 weights are used; for 1972-77, 1972 weights; for 1977-82, 1977 weights; and so on. If past practice continues, the 1987 weights will serve until the introduction of 1992 weights.

Separate indexes are calculated for each six-year weight period; then these segments, each segment expressed as a percentage of its own base year, are linked to form a continuous time series expressed as a percentage of 1987 output. Linking involves finding a constant, called a link factor, that shifts the level of the earlier-based index to the level of the later-based index in the overlapping link period.

Output and capacity indexes for each series are independently linked, and the link factor for each is independently calculated. In most cases, the link factors for output and capacity are nearly the same; however, in some cases the link factors for output differ from those for capacity. Such differences affect the level of utilization. We found that linking tends to raise or lower aggregate utilization rates noticeably when two conditions are present: (1) The relative weights (prices) of series, such as computers, gold ore, or crude oil, change significantly, and (2) the individual series has a utilization rate that differs from the average of the group.

For example, dramatically higher fuel prices incorporated in the 1982 weights increases the relative importance of oil and gas extraction,

A.2. Historical data for output, capacity, and capacity utilization for total industry, 1967-89¹ - Continued

Year	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Quarter				Annual Avg.
													1	2	3	4	
Capacity (percent of 1987 output)																	
1967	65.0	65.3	65.5	65.8	66.1	66.4	66.7	67.0	67.3	67.6	67.9	68.2	65.3	66.1	67.0	67.9	66.6
1968	68.4	68.7	69.0	69.2	69.5	69.8	70.0	70.3	70.6	70.9	71.1	71.4	68.7	69.5	70.3	71.1	69.9
1969	71.7	71.9	72.2	72.4	72.7	72.9	73.2	73.4	73.7	74.0	74.2	74.5	71.9	72.7	73.4	74.2	73.1
1970	74.7	74.9	75.2	75.4	75.6	75.9	76.1	76.3	76.6	76.8	77.0	77.2	74.9	75.6	76.3	77.0	76.0
1971	77.5	77.7	77.8	78.0	78.2	78.4	78.6	78.8	79.0	79.2	79.4	79.6	77.7	78.2	78.8	79.4	78.5
1972	79.8	80.0	80.2	80.4	80.6	80.8	81.0	81.2	81.5	81.7	81.9	82.1	80.0	80.6	81.2	81.9	80.9
1973	82.3	82.5	82.7	83.0	83.2	83.4	83.6	83.9	84.1	84.3	84.5	84.8	82.5	83.2	83.9	84.5	83.5
1974	85.0	85.2	85.5	85.7	86.0	86.2	86.5	86.7	87.0	87.2	87.5	87.7	85.2	86.0	86.7	87.5	86.4
1975	87.9	88.1	88.3	88.5	88.7	88.9	89.1	89.2	89.4	89.6	89.8	90.0	88.1	88.7	89.2	89.8	89.0
1976	90.2	90.4	90.6	90.8	91.0	91.2	91.4	91.6	91.8	92.0	92.2	92.4	90.4	91.0	91.6	92.2	91.3
1977	92.6	92.8	93.1	93.3	93.5	93.7	94.0	94.2	94.4	94.6	94.8	95.1	92.8	93.5	94.2	94.8	93.8
1978	95.3	95.5	95.8	96.0	96.3	96.5	96.8	97.0	97.3	97.5	97.7	98.0	95.5	96.3	97.0	97.7	96.6
1979	98.2	98.4	98.7	98.9	99.1	99.4	99.6	99.8	100.0	100.3	100.5	100.7	98.4	99.1	99.8	100.5	99.5
1980	101.0	101.3	101.5	101.8	102.1	102.4	102.7	102.9	103.2	103.5	103.8	104.0	101.3	102.1	102.9	103.8	102.5
1981	104.3	104.6	104.9	105.2	105.5	105.8	106.1	106.4	106.7	107.0	107.3	107.6	104.6	105.5	106.4	107.3	106.0
1982	107.8	108.1	108.3	108.6	108.8	109.0	109.3	109.5	109.8	110.0	110.2	110.5	108.1	108.8	109.5	110.2	109.2
1983	110.7	110.9	111.1	111.3	111.6	111.8	112.0	112.2	112.4	112.6	112.8	113.1	110.9	111.6	112.2	112.8	111.9
1984	113.3	113.5	113.7	113.9	114.2	114.4	114.6	114.8	115.0	115.3	115.5	115.7	113.5	114.2	114.8	115.5	114.5
1985	116.0	116.2	116.5	116.8	117.1	117.3	117.6	117.9	118.2	118.4	118.7	119.0	116.2	117.1	117.9	118.7	117.5
1986	119.2	119.4	119.7	119.9	120.1	120.3	120.5	120.7	120.9	121.1	121.3	121.5	119.4	120.1	120.7	121.3	120.4
1987	121.7	121.9	122.1	122.3	122.5	122.7	122.9	123.1	123.3	123.5	123.7	123.9	121.9	122.5	123.1	123.7	122.8
1988	124.2	124.4	124.6	124.9	125.1	125.3	125.6	125.8	126.0	126.3	126.5	126.7	124.4	125.1	125.8	126.5	125.4
1989	127.0	127.2	127.5	127.7	128.0	128.2	128.5	128.8	129.0	129.3	129.5	129.8	127.2	128.0	128.8	129.5	128.4
Utilization (percent of capacity)																	
1967	88.7	87.3	86.4	86.8	85.7	85.3	84.8	86.0	85.5	85.8	86.7	87.3	87.5	86.0	85.4	86.6	86.4
1968	86.8	86.8	86.7	86.5	87.1	87.1	86.6	86.5	86.5	86.4	87.2	87.1	86.8	86.9	86.6	86.9	86.8
1969	87.3	87.6	87.9	87.3	86.7	87.2	87.4	87.3	86.9	86.7	85.6	85.0	87.6	87.1	87.2	85.8	86.9
1970	83.2	82.9	82.5	82.1	81.7	81.2	81.1	80.8	80.0	78.1	77.4	79.0	82.9	81.7	80.6	78.2	80.8
1971	79.3	79.0	78.7	79.0	79.2	79.3	78.9	78.2	79.3	79.7	79.8	80.6	79.0	79.1	78.8	80.0	79.2
1972	82.1	82.5	83.0	84.1	83.7	83.7	83.4	84.3	85.0	86.0	86.8	87.4	82.5	83.8	84.2	86.8	84.3
1973	87.3	88.2	88.0	88.0	88.2	88.6	88.9	88.6	89.1	89.2	89.0	87.3	87.8	88.3	88.9	88.5	88.4
1974	85.9	85.3	85.4	85.0	85.8	85.8	85.2	84.6	84.7	83.9	81.2	77.6	85.5	85.5	84.8	80.9	84.2
1975	75.4	74.1	72.6	73.1	72.7	73.5	73.8	75.0	75.6	75.8	76.4	76.8	74.0	73.1	74.8	76.3	74.6
1976	77.5	78.7	78.3	78.4	79.2	79.0	79.3	79.6	79.7	79.8	80.9	81.4	78.2	78.9	79.5	80.7	79.3
1977	81.5	81.7	82.3	83.3	83.8	84.2	84.0	83.9	84.2	83.9	83.8	83.2	81.9	83.7	84.0	83.7	83.3
1978	82.7	82.6	83.5	85.4	85.5	86.1	86.1	86.2	86.5	86.7	87.1	87.1	82.9	85.7	86.3	87.0	85.5
1979	86.6	87.2	87.3	86.2	87.0	86.7	86.0	85.4	85.5	85.8	85.3	85.0	87.0	86.6	85.6	85.4	86.2
1980	85.1	85.1	84.9	83.0	80.8	79.6	79.1	80.0	80.9	81.2	82.4	82.5	85.0	81.2	80.0	82.0	82.1
1981	81.6	81.7	81.7	80.7	81.1	81.3	82.1	81.7	81.1	80.2	79.1	78.2	81.7	81.1	81.6	79.2	80.9
1982	76.4	77.9	77.3	76.7	76.0	75.6	75.0	74.5	73.8	73.0	72.6	71.8	77.2	76.1	74.4	72.4	75.0
1983	73.0	72.8	73.2	73.9	74.6	74.9	76.1	77.1	78.2	78.7	78.7	78.9	73.0	74.5	77.2	78.8	75.8
1984	80.4	80.1	80.8	81.1	81.5	81.8	81.9	81.8	81.6	80.9	80.8	80.2	80.4	81.4	81.8	80.6	81.1
1985	80.3	80.7	80.7	80.9	80.9	80.5	80.0	80.2	80.4	79.6	79.7	80.4	80.6	80.7	80.2	79.9	80.3
1986	80.6	79.9	79.1	79.1	78.9	78.5	78.7	78.7	78.6	79.0	79.3	79.6	79.9	78.8	78.7	79.3	79.2
1987	79.3	80.1	80.4	80.3	80.9	81.6	82.0	82.0	81.8	82.8	82.6	82.8	79.9	80.9	82.0	82.7	81.4
1988	83.4	83.2	83.4	83.5	83.8	83.8	84.5	84.6	84.3	84.4	84.5	84.8	83.3	83.7	84.4	84.6	84.0
1989	84.8	84.6	84.5	85.0	84.6	84.6	83.9	84.0	83.9	83.4	83.5	83.7	84.6	84.7	84.0	83.5	84.2

1. Seasonally adjusted.

an industry that operated much closer to capacity in 1982 than did the remainder of mining. Thus, for 1982, utilization in total mining is higher if output and capacity are combined with 1982 weights (86.1 percent) than if they are based on 1977 weights (83.2 percent). Linking capacity at 1982 raises all the utilization rates from 1977 to 1981 by a factor of 1.035 (a ratio of

86.1 to 83.2). For 1977, utilization based on the linked series is 94 percent, 3 percentage points higher than the 1977-weighted (unlinked) utilization rate of 91 percent. This result is unacceptable because, as the formulas show, the unlinked capacity and output series combined with value-added weights from the 1977 Censuses of Manufactures and Minerals Industries

provide correct aggregate utilization rates for 1977.

To minimize the distortion of mining utilization caused by linking, the level of linked capacity in 1977 is raised relative to linked output so that the final utilization rate in 1977 is restored (lowered) to the unlinked rate. The aggregate capacity series is then fit (its growth rate is slowed by a constant amount) between the adjusted 1977 level and the 1982 level so that no discontinuities result when new weights are introduced.

In this revision, such adjustments have been applied in half a dozen cases, where the distortions to the utilization rate caused by linking seemed unacceptably large (more than 2 percentage points): mining, metal mining, oil and gas extraction, stone and earth minerals, non-electrical machinery, and total industry.

Aggregation Formulas

These formulas pertain to calculations before linking and can be used to replicate results for the period from 1987 to the present.

Definitions:

i — i -th industry

t — t -th period

o —base period

U —utilization rate

C —capacity output

Q —output

P —Census unit value added (price).

Given that $U_{i,t} = Q_{i,t}/C_{i,t}$ and conversely that $C_{i,t} = Q_{i,t}/U_{i,t}$, and that $(Q_{i,t}/Q_{i,o})$ is a production index, then the derived capacity index consistent with the above production index is as follows:

$$(1) \quad C_{i,t}/Q_{i,o} = (Q_{i,t}/Q_{i,o})/U_{i,t}.^{15}$$

15. To simplify the formulas, we are expressing the production indexes in terms of base-period output equal to one. The utilization rates are expressed as decimal fractions.

The time series of this preliminary, implied capacity index often requires smoothing as explained in step 2 of the methodology.

The capacity indexes are then aggregated by using the same base-period value-added weights that are used in aggregating the comparable production indexes:

$$(2) \quad \Sigma(P_{i,o}Q_{i,o} \cdot C_{i,t}/Q_{i,o})/\Sigma P_{i,o}Q_{i,o}.$$

The assumption underlying the use of $P_{i,o}$ in equation 2 is that base-period market prices (actually unit value added) are suitable for aggregating capacities.

This results in aggregate capacity indexes equal to the following:

$$(3) \quad \Sigma P_{i,o}C_{i,t}/\Sigma P_{i,o}Q_{i,o}.$$

Given that the final aggregate estimates of utilization are aggregates of industrial production indexes divided by the aggregate final capacity indexes and that an aggregate industrial production index equals the following ratio,

$$(4) \quad \frac{\Sigma P_{i,o}Q_{i,t}}{\Sigma P_{i,o}Q_{i,o}},$$

then an aggregate utilization ratio may be expressed as the equation:

$$(5) \quad \bar{U}_t = \frac{\Sigma P_{i,o}Q_{i,t}}{\Sigma P_{i,o}Q_{i,o}} \div \frac{\Sigma P_{i,o}C_{i,t}}{\Sigma P_{i,o}Q_{i,o}}.$$

Therefore,

$$(6) \quad \bar{U}_t = \Sigma P_{i,o}Q_{i,t}/\Sigma P_{i,o}C_{i,t}.$$

Thus, aggregate utilization rates reflect combinations of individual output and capacity series that have been weighted with base-period unit value added ($P_{i,o}$). These aggregate utilization rates are

equivalent to capacity-weighted aggregates of utilization rates.

Given that $Q_{i,t} = C_{i,t} \cdot U_{i,t}$, and substituting into equation 6, one obtains the following:

$$(7) \quad \bar{U}_t = \frac{\sum P_{i,0} C_{i,t} U_{i,t}}{\sum P_{i,0} C_{i,t}}$$

Thus, the aggregate utilization rates are equivalent to combinations of individual utilization rates combined with proportions that reflect current capacity levels of output ($C_{i,t}$) valued in base-period Census value-added weights ($P_{i,0}$).

Availability of Capacity and Utilization Estimates

Current estimates of output, capacity, and utilization are published first in the Federal Reserve Statistical Release G.17(419), "Industrial Production and Capacity Utilization," and then in the statistical tables of the *Federal Reserve Bulletin*. All data shown in the release will be available on the day of issue through the Department of Commerce's online Economic Bulletin Board (202-377-3870).

Historical data are available on magnetic tape from the National Technical Information Service (703-487-4650). Estimates for total industry and manufacturing, 1972 to the latest full year, are shown in tables 5A and 5B of the G.17 statistical release. Hard copy of the revised estimates of series shown in the G.17 release is available upon written request to Industrial Output Section, Mail Stop 82, Division of Research and Statistics, Federal Reserve Board, Washington, D.C. 20551.

Industrial Production and Capacity Utilization

Released for publication April 17¹

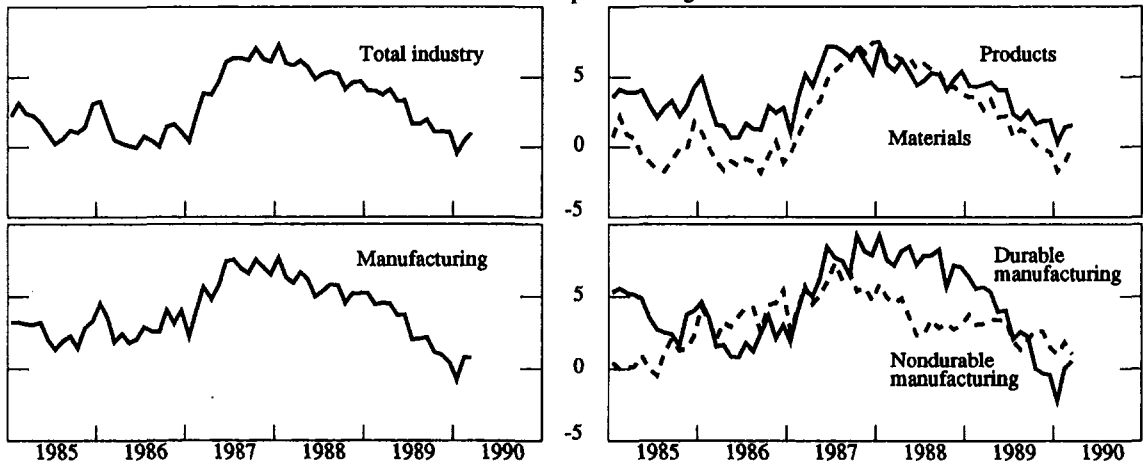
Industrial production rose 0.7 percent in March after having increased 0.8 percent in February;

1. For more information about the combined statistical release for industrial production and capacity utilization, see p. 448 of this *Bulletin*.

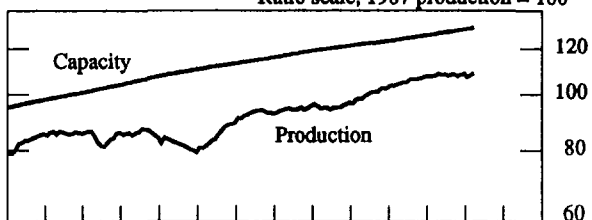
industrial capacity utilization increased 0.4 percentage point in March to 83.3 percent.

Much of the rise in industrial production during the past two months reflected large increases in the output of motor vehicles and parts, which had been curtailed sharply in January when its operating rate fell to its lowest level since January 1983. The other major contributor to the

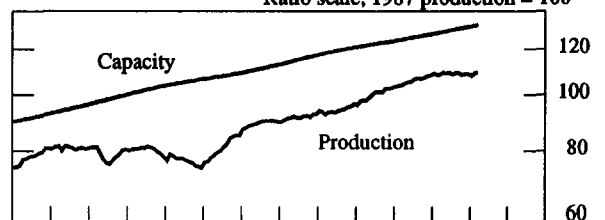
Industrial production indexes
Twelve month percent change



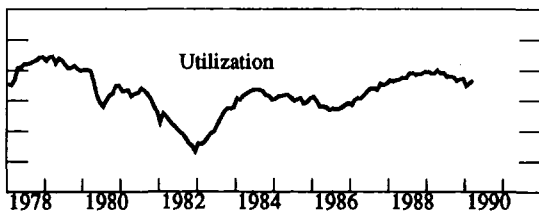
Total industry Ratio scale, 1987 production = 100



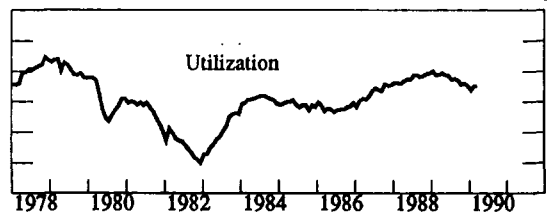
Manufacturing Ratio scale, 1987 production = 100



Percent of capacity



Percent of capacity



All series are seasonally adjusted. Latest series: March.

Industrial production	1987 = 100				Percentage change from preceding month				Percent- age change, Mar. 1989 to Mar. 1990
	1989	1990			1989	1990			
	Dec. ^r	Jan.	Feb. ^r	Mar. ^p	Dec. ^r	Jan. ^r	Feb. ^r	Mar. ^p	
Total index	108.6	107.2	108.1	108.8	.4	-1.3	.8	.7	1.0
Previous estimates .....	.....	.....	.....	.....	.1	-1.0	.6	.....	.....
<i>Major market groups</i>									
Products, total	110.3	108.2	109.6	110.4	.8	-1.9	1.3	.7	1.6
Consumer goods	108.3	105.5	107.0	107.8	.8	-2.6	1.4	.8	.9
Business equipment	119.9	117.9	119.6	120.8	1.1	-1.7	1.4	1.0	2.5
Construction supplies	107.4	108.0	108.1	108.3	.3	.6	.1	.2	2.6
Materials	106.9	105.8	106.2	107.0	-.1	-1.0	.4	.7	.1
<i>Major industry groups</i>									
Manufacturing	108.8	108.0	109.2	109.5	-.1	-.7	1.1	.3	.8
Durable	110.4	108.6	110.5	111.5	.3	-1.6	1.7	.9	.5
Nondurable	106.7	107.3	107.5	107.0	-.5	.5	.2	-.4	1.1
Mining	100.1	102.4	100.8	101.4	-1.1	2.3	-1.6	.6	3.2
Utilities	116.1	103.9	102.6	109.0	7.2	-10.6	-1.2	6.1	1.7
Capacity utilization	Percent of capacity								Capacity growth, Mar. 1989 to Mar. 1990
	Average, 1967-89	Low, 1982	High, 1988-89	1989		1990			
				Mar.	Dec. ^r	Jan. ^r	Feb. ^r	Mar. ^p	
Total industry	82.2	71.8	85.0	84.5	83.7	82.4	82.9	83.3	2.5
Manufacturing	81.5	70.0	85.1	84.5	82.8	82.0	82.6	82.7	3.0
Advanced processing	81.1	71.4	83.6	83.4	81.8	80.4	81.5	81.7	3.2
Primary processing	82.3	66.8	89.0	87.3	85.2	85.6	85.4	85.1	2.4
Mining	87.3	80.6	87.3	83.6	86.3	88.5	87.2	87.8	-1.7
Utilities	86.8	76.2	92.3	85.6	92.3	82.5	81.5	86.4	.8

^rRevised. ^pPreliminary. NOTE. Indexes are seasonally adjusted.

overall production increase in March was utility output, which increased markedly as temperatures were more normal after an unseasonably warm January and February. Elsewhere, production was little changed, on balance, in March. The rise in production of motor vehicles and parts pushed capacity utilization in manufacturing up slightly in March; nonetheless, it remains below its level of a year ago. At 108.8 percent of the 1987 annual average, total industrial production in March was 1.0 percent higher than it was a year earlier.

In market groups, output of products rose 0.7 percent in March, with production of autos and light trucks up nearly 16 percent. The rise in the output of motor vehicles contributed to higher production of both consumer goods and business equipment; excluding autos and trucks, output of consumer goods was about unchanged. Strong gains in appliance production and utility output for residential use were offset by decreases in the production of foods and gasoline.

Business equipment excluding autos and trucks edged down owing to a decline in the production of information processing and related equipment, mainly office and computing machines. Output of industrial equipment rose 0.8 percent in March but remained below its January level. Output of construction supplies rose slightly in both February and March; for the first quarter as a whole, production rose more than 4½ percent at an annual rate.

Output of materials rose sharply in March owing mainly to a jump in the production of energy materials, particularly electricity generation. Among durable materials, the advance in the production of components for motor vehicles was partially offset by a decline in output of basic metals. The output of nondurable goods materials fell, reflecting weakness in textiles and chemicals.

In industry groups, production in manufacturing increased 0.3 percent in March, bringing the factory operating rate up slightly to 82.7 percent. This rise stemmed mostly from the

sharp increases in production of motor vehicles and parts, as well as from output gains for the fabricated metals and rubber and plastics industries, which manufacture some motor vehicle components. Production at utilities rose 6.0 percent in March while mining output increased a bit. Utilization rates for both mining and utilities were near their 1967–89 average. Within mining, an extended period of weakness for oil and gas well drilling has been offset by relatively high operating rates elsewhere.

Within manufacturing, capacity utilization for advanced processing industries rose in March

while the rate for primary processing industries fell. Rates for both advanced and primary processing industries have dropped during the past year. Among the advanced processing industries, significant declines have occurred in operating rates for motor vehicles and parts, furniture and fixtures, and printing and publishing. Major contributors to the decline in primary processing include primary metals, textiles, chemicals, and rubber and plastics products. Even so, the utilization rates for most of these primary processing industries remain above their long-run averages, as does the total primary processing rate.

Statements to the Congress

Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Task Force on the International Competitiveness of U.S. Financial Institutions, Subcommittee on Financial Institutions Supervision, Regulation and Insurance of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, April 4, 1990.

I am pleased to appear before the Task Force this afternoon. The issues you are raising are both wide-ranging and of immense importance to the evolution of the financial system. I could not possibly do justice to all of them this afternoon. What I will attempt to do, and what I hope will be useful to you, is first to describe the global environment in which U.S. financial firms are likely to be operating over the foreseeable future. Against this background, I will comment on the effectiveness of U.S. banks' competition today and will then discuss some policy implications.

GLOBALIZATION OF FINANCIAL MARKETS

Globalization and interdependence are becoming the dominant elements of world finance. Foreign-based financial intermediaries play an increasingly prominent role in U.S. financial markets, and foreign investors are adding to their already significant holdings of U.S. financial and other assets. The volume of transactions by foreigners in U.S. securities markets has increased even more dramatically than foreign holdings. For example, foreign purchases and sales of U.S. Treasury securities surpassed \$4 trillion on a gross basis in 1989, up from \$100 billion to \$200 billion early in the decade. Similarly, foreign purchases and sales of U.S. corporate stocks and bonds have been running dramatically above rates early in the decade. U.S. purchases and sales of foreign stocks and bonds also increased sharply during the 1980s, as did the activities

abroad of U.S. financial intermediaries. This surge in cross-border financial transactions has paralleled a large advance in the magnitude of cross-border trade of goods and services.

A key factor behind these trends in international trade and securities transactions is a process that I have described elsewhere as the "downsizing of economic output." By this I mean that the creation of economic value has shifted increasingly toward conceptual values with decidedly less reliance on physical volumes. Today, for example, major new insights have led to thin fiber optics replacing vast tonnages of copper in communications. Financial transactions historically buttressed with reams of paper are being progressively reduced to electronic charges. Such advances not only reduce the amount of human physical effort required in making and completing financial transactions across national borders, but also facilitate more accuracy, speed, and ease in execution.

Underlying this process have been quantum advances in technology, spurred by economic forces. In recent years, the explosive growth in information-gathering and processing techniques has greatly extended our analytic capabilities of substituting ideas for physical volume. The purpose of production of economic value has not changed and will not change. It will continue, as before, to serve human needs and values. But the form of output increasingly will be less tangible and hence more easily traded across international borders. It should not come as a surprise, therefore, that in recent decades the growth in world trade has far outstripped the growth in domestic demand for goods and services. This development, of necessity, implies that on average the share of imports as a percentage of gross domestic product has grown dramatically worldwide. Since irreversible conceptual gains are propelling the downsizing process, these trends almost surely will continue into the twenty-first century and beyond.

New technology—especially computer and telecommunications technology—is boosting gross financial transactions across national borders at an even faster pace than the net transactions supporting the increase in trade in goods and services. Rapidly expanding data processing capabilities and virtually instantaneous information transmission are facilitating the development of a broad spectrum of complex financial instruments that can be tailored to the hedging, funding, and investment needs of a growing array of market participants. These types of instruments were simply not feasible a decade or two ago. Some of this activity has involved an unbundling of financial risk to meet the increasingly specialized risk management requirements of market participants. Exchange rate and interest rate swaps, together with financial futures and options, have become important means by which currency and interest rate risks are shifted to those more willing to take them on. The proliferation of financial instruments, in turn, implies an increasing number of arbitrage opportunities, which tend to boost further the volume of gross financial transactions in relation to output and trade. Moreover, these technological advances and innovations have reduced the costs of managing operations around the globe and have facilitated international investment.

Investment considerations also are playing an important role in the globalization of securities markets. As the economy of the United States becomes increasingly intertwined with foreign economies, it is to be expected that both individual investors and institutions will raise the share of foreign securities in their investment portfolios. Such diversification provides investors a means of protecting against the prospect of depreciation of the local currency on foreign exchange markets and against domestic economic disturbances affecting asset values on local markets. As international trade continues to expand more rapidly than global output and as domestic economies become even more closely linked to those abroad, the objective of diversifying portfolios of international securities will become increasingly important. Moreover, since the U.S. dollar is still the key international currency, such diversification has been, and may continue to be, disproportionately into assets denominated in the

dollar. For the same reason, many foreign financial institutions find it beneficial to be represented by banking offices in this country so that they can play an intermediary role based in dollars.

Another factor facilitating the globalization of capital markets and the growth of foreign investments in the United States has been deregulation here and abroad. Technological change and innovations that have tied international economies more closely together have increased opportunities for arbitrage around domestic regulations, controls, and taxes, undermining the effectiveness of these policies. Many governments have responded by dismantling increasingly less effective domestic regulations designed to allocate credit and by removing controls on international capital flows, relying more heavily instead on market forces to allocate capital.

The globalization of capital markets offers many benefits in terms of increased competition, reduced costs of financial intermediation benefiting both savers and borrowers, more efficient allocation of capital, and the more rapid spread of innovations.

COMPETITIVE POSITION OF U.S. BANKS

A proper assessment of how well U.S. banks are competing today in the new globally competitive setting must recognize several points. First, U.S. banks are not all alike. In particular, only a very small subset of U.S. banks is active internationally. Second, among those internationally active banks, the extent to which they are competitive varies across products and over time. Third, particularly with the considerable intermediation involving foreign lenders and borrowers in this country and U.S. lenders and borrowers abroad, it follows that simple measures of competitiveness based on gross assets of national banking systems must be interpreted with care. Let me elaborate on these points.

We have nearly 10,000 banking organizations in this country—treating a multibank holding company as one firm. They vary significantly in terms of size, the nature of their business, and the areas they serve.

The great bulk of U.S. banking organizations, by number, are fairly small, functioning as intermediaries largely between local savers and local household and business borrowers. However, some of these local banks have become quite large and have evolved into sizable regional banks. The regional, or superregional, banks draw on a large base of core retail deposits and serve needs of retail borrowers in their regions, but they also do a large and growing corporate business. These banks generally are strongly capitalized and so can support growth in their portfolios. It is these banks that have experienced the fastest growth in the United States over the past decade, benefiting importantly from existing interstate banking compacts.

International banking—that is, involving transactions that extend across geographic borders—has not been an important business for regional banks. International assets typically have been less than 5 percent of a regional bank's total assets. Instead, international banking is, and has been, concentrated in a small number of U.S. banks. Four out of the 10,000 U.S. banking organizations account for roughly half of international assets; ten of them account for a little more than 80 percent.

For those banks involved in it, the nature of the international business has changed. As I noted previously, technological innovations, as well as the need for large investors and borrowers to protect themselves against the increased volatility in asset prices that we experienced in the 1980s, have led to an unbundling of financial products. With this unbundling and the more efficient dissemination of information, the value of the banking franchise—to the extent that it was based on a unique role in evaluating credit risks—has eroded. The international role of the banks has changed from one of simply extending credit to one of facilitating transactions. Partly for this reason, and partly also to economize on costly equity capital, U.S. banks have tended to cut back on those activities that result in assets that must be booked on a balance sheet. For example, they have chosen to reduce drastically their interbank lending business, which is essentially a high-volume, low-spread business. U.S. banks have devoted their resources instead to banking services that often do not result in assets

held by the bank. These activities, such as risk management involving relatively high-tech, sophisticated products, are also the areas in which U.S. banks remain among the world's leaders.

It has become commonplace to express concern about the increasing share of U.S. banking markets that is controlled by foreign banks, or the declining standing of major U.S. banks in international rankings of the world's largest banks. However, measures of total assets, or market shares related to particular national markets, can be very misleading as measures of international competitiveness, partly for reasons I have already mentioned: Only a handful of U.S. banks are internationally active, and a significant element of their international business does not show up on their balance sheets. Moreover, banks' operations can be booked at locations throughout the world, and the large businesses that borrow from foreign banks in the United States themselves operate around the world and can, and do, borrow from the same lenders at many spots on the globe.

Nevertheless, some have argued that U.S. banks are becoming less competitive as a result of the increasing relative size of their foreign bank rivals. While it is important to make sure that we understand why foreign banks have grown relatively quickly, there is no evidence in the professional literature that the size of an internationally active bank *by itself* has a significant bearing on a bank's costs or efficiency. To be sure, that literature has not specifically addressed the possibility that some economies of super scale could be realized by extremely large banks. But even if so-called economies of super scale exist, such economies would need to be of significant magnitude to draw inferences about competitiveness among major internationally active banks. Our research suggests that cost controls and differences in management across banks of the same size are more relevant for competitiveness than any economies of super scale are likely to be.

Having said that, I hasten to confess that I cannot offer you satisfactory alternative measures of competitiveness. Conceptually, I believe that profitability, as measured by rates of return on equity or assets, is a proper measure of competitiveness. In practice, it is difficult to

obtain comparable, up-to-date data on banks from various countries, or to adjust the data that we do have for differences in tax or accounting systems. It would be necessary also to adjust realized rates of return for risk; banks can realize higher rates of return at least over some period of time by engaging in riskier activities, but of course those returns are likely to be more volatile.

However, rather than dwell on comparing the competitiveness of U.S. banks versus foreign banks, I suggest that it is more important to focus on the performance of U.S. banks themselves. From the perspectives of the U.S. financial system, of shareholders of U.S. banks, and most importantly of U.S. consumers of financial services, it is desirable that U.S. banks be operated in as low cost and efficient a manner as possible, subject to concerns about their safety and soundness. This would be true even if U.S. banks already were the most competitive banks in the world. If we get bogged down in struggling to make comparisons of competitiveness, policymakers risk losing sight of the fundamental need to ensure that government policy does not hinder, but rather enhances, in an absolute sense the competitiveness of U.S. banks and financial firms.

POLICY IMPLICATIONS

What, then, can the government do to enhance the competitiveness of U.S. banks? Perhaps the most important thing to do is to reduce the cost of capital to U.S. banks. By the cost of capital, I mean broadly the cost to a bank of raising equity and debt, or more precisely the real pretax rate of return it must pay to attract debt and equity funds to finance its portfolio of assets. It is often argued that U.S. banks are at a competitive disadvantage because their cost of capital is more than that of their foreign rivals.

For example, the Japanese stock market places very high price-earnings ratios on Japanese equities, and some have argued that the resulting lower cost of equity capital gives Japanese firms a competitive edge over U.S. firms. However, the use of different accounting conventions in Japan tends to understate Japanese

firms' earnings relative to earnings of U.S. firms and hence to overstate price-earnings ratios in Japan. Minority interests are not completely consolidated in Japanese financial statements. Japanese firms issue the same report for tax purposes and for stockholders so that their financial statements fully reflect the maximum deductions from earnings for such items as depreciation that can be taken for tax purposes; in contrast, U.S. firms issue different reports for tax purposes and for stockholders. Japanese share prices also reflect considerable cross-holdings of equities and of land, both of which have risen sharply in value in recent years without contributing commensurately to reported earnings. It remains to be seen whether the recent weakening in Japanese stock markets is signalling an end to such increases, but in any event the benefits of such holdings will not be captured in earnings unless the assets are sold.

However, even after adjusting for accounting differences, one is left with real economic differences. Besides Japanese firms' holdings of equities and land, analysts point to the high Japanese savings rate, an expectation of strong growth of earnings, and more generally, the overall macroeconomic performance of Japan. These latter economic differences are under the influence of the policymakers. I, among many others, refer often to the substantial decline in the national savings rate in the United States. All other things being equal, our lower savings causes a higher real interest rate, raising the cost of capital in the United States and lowering private investment. Although higher real interest rates themselves may encourage more private savings, reducing our fiscal deficit would be a more certain way to add to savings available for private investment, lower the cost of capital, and thereby increase the potential competitiveness of U.S. financial and nonfinancial firms.

Government policy also has a constructive role to play in avoiding macroeconomic instability. If investors think that U.S. banks, for example, face a more risky macroeconomic environment, they will expect lower or less stable earnings and, therefore, will be willing to pay less for each dollar of such earnings.

Beyond changing the macroeconomic environment, the government should consider structural

policies that could also help the competitiveness of U.S. banks. For example, there is reason to believe that the opportunity for a bank to diversify the products or services it offers or to diversify geographically may, in some cases, raise its rate of return and lower its risk. In addition, our laws greatly inhibit the ability of U.S. banks to evolve along with technological and other changes and to achieve the synergies that come from producing multiple, but similar, products and services. Particularly burdensome in this regard is the Glass-Steagall Act. There has been some liberalization in recent years both in geographic restrictions, through regional banking compacts, and in securities activities, through section 20 securities subsidiaries. But the ad hoc nature of this process of liberalization is not a desirable way of approaching significant structural reform. The Federal Reserve has supported, and continues to support, congressional efforts to address these matters in a more systematic way.

Other areas to consider involve those rules and regulations that can impinge on banks' costs. Examples include non-interest-bearing reserve requirements, deposit insurance premiums, capital standards, antitrust laws, consumer protection laws, and laws to deal with money laundering. I am not suggesting that they be abandoned simply because they impose costs on banks. What I am suggesting, however, is that we be cognizant of such costs when we weigh the benefits of our policies in terms of our other objectives. Social and regulatory policies are not free, no matter how desirable they may be perceived to be.

On the supervisory side, we are proceeding with the implementation of the risk-based capital standards that were negotiated in Basle. Efforts also are under way to coordinate other aspects of supervisory policy, with respect to both banking and other financial services. As banking and other financial services become increasingly in-

distinct, banking and securities supervisors must work more closely together. The aims of such coordination are basically twofold. One is to monitor and ultimately guard against risks to the financial system—risks that are becoming increasingly global and complex in nature. The other is to minimize the extent to which legitimate prudential concerns distort the opportunities for different kinds of financial firms, from different countries, to compete fairly with one another.

That leads me to my final point. We should continue our informal and formal, bilateral and multilateral, efforts to open domestic markets abroad to U.S. and other foreign banks, both in terms of access and scope of activities. Much progress has been made in this area over recent years, in large part, I believe, because the worldwide process of financial integration that I discussed earlier is forcing a liberalization of markets. In some instances, diplomatic initiatives on our part may also have affected the nature of that progress or its timing; such efforts should continue.

In this regard, however, it would clearly be counterproductive to close our own markets to foreign competition merely because foreign markets are less open than we would like. Such an action would invite retaliation and would not be very effective in any case. The globalization of financial markets means that most of the business that foreign banks do with U.S. customers could alternatively be done offshore. To the limited extent that closing of our markets to foreigners was effective, and that U.S. firms were thereby protected from foreign competition, the result would be reduced pressure on U.S. banks and on U.S. policymakers to implement the policies and management procedures necessary to improve the underlying competitiveness of U.S. banks. In the long run, this result would clearly be harmful to the best interests of both U.S. consumers and U.S. producers of financial services. □

Additional statement follows.

Statement by Manuel H. Johnson, Vice Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Financial Institutions Supervision, Regulation and Insurance of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, April 4, 1990.

I appreciate the opportunity to be here today to present the views of the Federal Reserve Board on the implications of the decision of the U.S. Court of Appeals upholding the Board's order in the *Merchants National* case. The decision is important for two reasons: the legal conclusion reached regarding the applicability of the Bank Holding Company Act to the direct activities of banks owned by bank holding companies, as well as the potential significance of the case for the regulation and supervision of the activities of federally insured banks and for the resources of the federal safety net.

The *Merchants National* case involved a proposal by Merchants National Corporation, an Indiana bank holding company, to acquire and retain two Indiana state banks that engaged directly in certain general insurance agency activities that were permitted state banks under Indiana law. One of these banks had conducted the insurance agency activities since its founding in 1916.

As required by the Bank Holding Company Act, Merchants National filed applications with the Board for prior approval to acquire the banks. Various insurance industry trade groups protested the applications, urging the Board to prohibit the banks from selling insurance after their acquisition by Merchants National. The protest turned on whether the nonbanking provisions of the Bank Holding Company Act apply to the *direct* activities of banks owned by a bank holding company in the same manner that these provisions apply to the bank holding company itself and to its nonbank subsidiaries.

Section 4 of the Bank Holding Company Act generally provides, with certain exceptions, that a bank holding company may not directly, or indirectly, acquire or retain the voting shares of any company that is not a bank or engage in any activity other than those authorized under the

act. The most significant exception to this prohibition is for companies whose activities the Board has determined to be closely related to banking. In 1982, the Congress specifically legislated, however, that insurance activities, with certain specified exceptions, are not closely related to banking. As a result, the Congress removed the Board's discretion to permit these activities for bank holding companies and their nonbank subsidiaries as an exception to the general nonbanking prohibition in the Bank Holding Company Act. The Congress has not, however, separately prohibited insurance activities for institutions not subject to the nonbanking restrictions of the act.

The nonbanking restrictions of the Bank Holding Company Act do not, by their terms, apply to the acquisition of shares of banks or to the activities conducted directly by banks owned by bank holding companies. The Board has so interpreted the provisions of section 4 of the Bank Holding Company Act since the act's passage in 1956, and it reaffirmed that interpretation in the *Merchants National* decision. Thus, insofar as the nonbanking restrictions of the Bank Holding Company Act are concerned, state banks may conduct directly those activities that are authorized by state law, including the insurance agency activities at issue in *Merchants National*.

There is one caveat to this Board interpretation. When the record indicates that a bank holding company is attempting to evade the restrictions of the act by conducting activities directly in the bank, the Board has applied the restrictions of section 4 of the act to the proposed activities. The Board took such action on a 1985 application by Citicorp to acquire a bank in South Dakota when the bank's principal purpose was to market insurance services throughout the United States—except in South Dakota.

The Board found, based on the structure of the South Dakota law and the fact that the South Dakota bank would serve almost exclusively as an insurance subsidiary of Citicorp and conduct only insignificant banking activities, that the acquisition of the bank was primarily, if not solely, for the purpose of enabling Citicorp to engage through the bank in various insurance activities. Accordingly, the Board determined that it was

precluded from approving Citicorp's application because the acquisition was simply a device to allow Citicorp to engage in insurance activities prohibited for bank holding companies under section 4 of the Bank Holding Company Act. In contrast, in the *Merchants National* case, the acquired banks were conducting a full banking business and the banks' insurance agency activities were a small part of the bank's business and were to be conducted entirely within Indiana.

I would also emphasize that the Board's *Merchants National* interpretation pertains only when the nonbanking activities are conducted directly by a holding company bank. The *Merchants National* decision does not address the situation in which activities are conducted by a nonbank company whose shares are controlled by a holding company bank. The Board has consistently taken the position, in accordance with the explicit terms of the act, that shares of a nonbank company owned by a holding company bank are indirectly controlled by the parent holding company and, thus, a nonbank company controlled by a holding company bank would be an indirect subsidiary of the parent holding company. As such, the ownership of the shares of the company by the bank holding company, as well as the activities of the company, must qualify under the closely related to banking exception, or one of the other exceptions to the nonbanking provisions in the act.

In a 1971 regulation, however, the Board recognized a limited exception to this requirement for the acquisition of so-called operation subsidiaries by holding company banks. The regulation authorizes a state bank owned by a bank holding company to acquire and retain, without Board approval under the act, all of the voting shares of a company so long as the company engages solely in activities the parent bank could conduct directly and only at a location at which the bank could conduct the activities. The purpose of this regulation was to permit holding company state banks to compete on an equal footing with state banks that are not in a holding company system. The Board recognized that the regulation could potentially become the focus for evasion of the nonbanking restrictions of the act over time, and therefore stated that it would review the merits of

its decision from time to time in light of its experience in administering the act.

In December 1988, in light of the increase in the conduct of nontraditional activities, such as real estate development, by state bank operating subsidiaries, the Board asked for comment on whether the 1971 regulation should be modified. The Board held a hearing on its proposal in April 1989 and has not taken further action on the proposal.

Besides its significance for interpreting the scope of the Bank Holding Company Act, the *Merchants National* decision also has important implications for the regulation and supervision of the direct activities of holding company banks. Had the court decided the *Merchants National* case the other way and determined that the direct activities of holding company banks are subject to the nonbanking restrictions of the Bank Holding Company Act, the activities of these banks would be limited to those that the Board has determined by regulation or order to be closely related to banking.

The fact that the Court held that the direct activities of holding company banks are not subject to the nonbanking restrictions of the act does not mean, however, that their activities are unregulated. The activities of national banks are determined by the Comptroller of the Currency under the provisions of the National Bank Act, and the activities of state-chartered banks are determined by the state banking laws under the supervision of the state banking commissioner. The activities of state banks are further regulated at the federal level—by the Federal Deposit Insurance Corporation (FDIC), in the case of insured state nonmember banks, and by the Board, in the case of state banks that are members of the Federal Reserve System.

In exercising its supervisory authority over state member banks, the Board has recognized the interest of the states in regulating banking within their borders. The dual banking system has contributed, on balance, to the flexibility and resiliency of the banking system and has helped make it more responsive to the needs of both business and consumers. Nevertheless, a serious question must be raised about any state action that might have the potential of posing undue risk to the resources of the federal safety net. The

framework in place for regulating and supervising state banks ensures that the federal interest is taken into account. While the states, as the chartering authority, establish in the first instance those activities that are permissible for state banks, limitations may be placed on these activities by the Board, in the case of state member banks, and by the FDIC, with respect to nonmember federally insured banks.

The Board has ample statutory authority, under the Federal Reserve Act and related statutes, to ensure that the activities of a state member bank are consistent with safe and sound banking practices and do not pose an undue risk of loss to the federal safety net. Furthermore, as reinforced by the International Lending Supervision Act, these statutes enable the Board to require state member banks to maintain capital that is adequate in relation to the character and condition of its assets and liabilities. The Board also has authority, under the Financial Institutions Supervisory Act, as further amended and strengthened by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), to prevent, by order or rule, state member banks from engaging in activities that are unsafe or unsound.

In granting applications by state banks to become members of the Federal Reserve System, the Board takes into consideration whether the conduct of certain activities directly by banks could have a seriously adverse effect on the safety and soundness of the institution and on the nation's banking system. The Board has required that banks applying for membership in the Federal Reserve System not engage in activities that the Board views as posing an undue risk for an institution with access to the federal safety net. In addition, a state member bank may not, without obtaining the approval of the Board, cause or permit any change to be made in the general character of its business or in the scope of its corporate power exercised at the time of its admission to membership.

For example, the Board has, as a general condition of membership, not permitted state member banks to engage in real estate development activities, even though approximately twenty-five states permit banks to engage in such activities. Similarly, state member banks may

not make direct investments in securities of less than investment grade, even when they are permitted to do so under their state charters. On the other hand, the Board has not found state authorization of insurance agency activities that could be comparable to those conducted by Merchant National's subsidiary banks or of similar agency activities to be inconsistent with Federal Reserve membership. Agency activities do not raise the risk-related and competitive concerns that would justify placing restrictions on the state-authorized powers.

Under the Federal Deposit Insurance Act and related statutes, the FDIC possesses authority that parallels that of the Board. Just as the Board considers corporate powers of a state bank when it acts on a bank membership application, the FDIC may take into consideration whether the corporate powers of a nonmember state bank are consistent with the purposes of the Federal Deposit Insurance Act when it acts on an application for deposit insurance.

In enacting some of the key reform provisions of the FIRREA, the Congress recognized the risk to the federal safety net that can be caused when federally insured state-chartered thrift institutions are allowed to engage in a broad range of activities without adequate regard for the federal interest. In that statute, the Congress prohibited a state thrift institution from engaging as principal in any type of activity that is not permissible for a federal thrift institution unless both parts of a two-part test are satisfied: (1) The FDIC has determined that the activity in question would pose no significant risk of loss to the deposit insurance fund, and (2) the thrift institution has sufficient capital to meet the fully phased-in capital standards prescribed in that statute. It should be noted that the legislative history of the FIRREA made it clear that the test of a "significant risk" of loss to the deposit insurance fund is not the relative or absolute size of the potential loss, but whether there is significant risk that the insurance fund will suffer a loss if a state thrift institution engages in the activity.

The FIRREA also prohibits a state thrift institution from acquiring or retaining any equity investment of a type or in an amount that is not permissible for a federal thrift institution to ac-

quire and retain directly. This prohibition would apply to investments in real estate and equity securities. There is an exception for service corporations, when the FDIC determines that the investment would not pose any significant risk of loss to the deposit insurance fund and when the thrift institution meets applicable capital standards on a fully phased-in basis.

The Board does not believe that legislative provisions similar to those discussed above are necessary to limit the activities of state-chartered banks, since a system similar to that adopted by the Congress is already in place. As I have discussed, the activities of state banks are currently subject to the oversight of the FDIC or the Federal Reserve, as the case may be. In the case of state member banks, the Board has exercised

its authority to prevent activities or investments considered to be too risky for a depository institution with access to the federal safety net.

In conclusion, the Board believes that it has correctly interpreted the Bank Holding Company Act in the *Merchants National* case in determining that the nonbanking restrictions of that act do not apply to the direct activities of holding company subsidiary banks. While the conduct of nonbanking activities by depository institutions that have access to the federal safety net requires close attention, the Board also believes that the current regulatory scheme, which includes federal supervision and regulation of state-chartered federally insured institutions, is adequate to ensure the appropriate degree of supervisory oversight. □

On May 8, 1990, Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, presented testimony before the Senate Committee on Agriculture, Nutrition, and Forestry. The subject was the allocation of jurisdiction for the regulation of securities markets between the Commodity Futures Trading Commission and the Securities and Exchange

Commission. The testimony was virtually identical to that in "Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Securities of the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, March 29, 1990," Federal Reserve Bulletin, vol. 76 (May 1990), pp. 319-23.

Announcements

CHANGES IN STATISTICAL RELEASES ON INDUSTRIAL PRODUCTION AND CAPACITY UTILIZATION

The Industrial Production and Capacity Utilization release G.17 (419) combines information previously published in the separate statistical releases Industrial Production G.12.3 and Capacity Utilization G.3 (402). Effective with the April 1990 release, statistics on industrial production, capacity, capacity utilization, and electric power use have been revised.

Points of Information

- The industrial production and capacity indexes are aggregated on the basis of 1987 value-added weights; industrial production and electric power have been rebased to 1987. Revisions date from 1977 for industrial production; from 1967 for capacity and capacity utilization; and from 1972 for electric power.

- The revisions to the index of industrial production are reviewed in an article, "Industrial Production: 1989 Developments and Historical Revision," *Federal Reserve Bulletin*, vol. 76 (April 1990), pp. 187-204. The separate system of capacity utilization for materials has been discontinued. Many of its components have been folded into the revised estimates for mining and manufacturing (see tables 3 and 4 of the release). The revisions and structure modifications to the capacity and capacity utilization statistics appear in "Recent Developments in Industrial Capacity and Utilization" on pp. 411-35 of this *Bulletin*.

- Historical data are available on magnetic tape from the National Technical Information Service (703) 487-4650. The revised estimates of production, capacity, and utilization for total industry and total manufacturing are shown in tables 5A and 5B of the release. Hard copy of the revised estimates of individual series shown in this release is available on written request to the Indus-

trial Output Section, mail stop 82, Division of Research and Statistics, Federal Reserve Board, Washington, D.C. 20551.

Data shown on this release are available on the day of issue through the online Economic Bulletin Board of the Department of Commerce (202) 377-3870.

UNIFORM OPERATING HOURS FOR SOME FEDWIRE SERVICES

The Federal Reserve Board announced on April 30, 1990, establishment of uniform operating hours for the Fedwire funds transfer and book-entry securities transfer services.

The changes, which become effective August 1, 1990, will accomplish the following:

- Establish a uniform deadline of 6:00 p.m. eastern time for third-party funds transfers.

- Conform the book-entry securities service closing time in the Twelfth District with that in all other Districts.

- Establish a uniform opening of 8:30 a.m. eastern time for the funds transfer and book-entry securities transfer services.

These changes are intended to promote competitive equity and increase the efficiency of financial markets.

PROPOSED ACTIONS

The Federal Reserve Board on April 4, 1990, requested comment on revisions to Regulation P (Minimum Security Devices and Procedures for Federal Reserve Banks and State Member Banks). Comment is requested by June 4, 1990.

The Federal Reserve Board issued for public comment on April 30, 1990, a proposal that the Federal Reserve Banks notify by telephone all off-line depository institutions of the receipt of

incoming Fedwire funds transfers. Comment is requested by July 3, 1990.

ANNUAL REPORT: PUBLICATION

The *76th Annual Report, 1989*, of the Board of Governors of the Federal Reserve System, covering operations for the calendar year 1989, is available for distribution. Copies may be ob-

tained on request to Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. A separately printed companion document, entitled *Annual Report: Budget Review, 1989-90*, describes the budgeted expenses of the Federal Reserve System for 1990 and compares them with expenses for 1988 and 1989; it is also available from Publications Services.

Legal Developments

FINAL RULE—AMENDMENT TO REGULATIONS G, T, U AND X

The Board of Governors is amending 12 C.F.R. Parts 207, 220, 221, and 224, its Securities Credit Transactions; List of Marginable OTC Stocks. The List of Marginable OTC Stocks is comprised of stocks traded over-the-counter (OTC) that have been determined by the Board of Governors of the Federal Reserve System to be subject to the margin requirements under certain Federal Reserve regulations. The List is published four times a year by the Board as a guide for lenders subject to the regulations and the general public. This document sets forth additions to or deletions from the previously published List which was effective February 12, 1990, and will serve to give notice to the public about the changed status of certain stocks.

Effective May 14, 1990, accordingly, pursuant to the authority of sections 7 and 23 of the Securities Exchange Act of 1934, as amended (15 U.S.C. §§ 78g and 78w), and in accordance with 12 C.F.R. 207.2(k) and 207.6(c) (Regulation G), 12 C.F.R. 220.2(s) and 220.17(e) (Regulation T), and 12 C.F.R. 221.2(j) and 221.7(c) (Regulation U), there is set forth below a listing of deletions from and additions to the Board's List of Marginable OTC Stocks:

Deletions from the List of Marginable OTC Stocks

Stocks Removed for Failing Continued Listing Requirements

Alpha 1 Biomedicals, Inc.: \$.001 par common
 Ambassador Financial Group, Inc.: \$.01 par common
 Atlantic Financial Federal: \$1.00 par common
 Series A, \$1.00 par cumulative convertible preferred
 Benj. Franklin Federal Savings and Loan Association, The: \$1.00 par common
 Brae Corporation: \$1.00 par common
 California Biotechnology, Inc.: Warrants (expire 12-31-91)

Cambridge Instrument Company, PLC, The: American Depositary Receipts
 Canal-Randolph Limited Partnership: Units of limited partnership
 Cityfed Financial Corp.: Series C, \$.40 junior preferred
 Cobb Resources Corporation: \$.10 par common
 Commercial National Corp.: \$5.00 par common
 Continental General Corporation: \$.01 par common
 Detroit & Canada Tunnel Corporation: \$5.00 par common
 Diversified Investment Group, Inc.: \$.01 par common
 Empire-Orr, Inc.: \$.01 par common
 Fairfield-Noble Corporation: \$.10 par common
 Florida Federal Savings Bank: \$.01 par common
 Germania Bank, A Federal Savings Bank (Illinois): \$.01 par common
 Goodheart-Wilcox Company, Inc.: \$1.00 par common
 Hamilton Oil Corporation: Series A, \$1.00 par cumulative preferred
 Hughes Homes, Inc.: \$.01 par common
 Warrants (expire 06-08-93)
 Hytex Microsystems, Inc.: No par common
 Imreg, Inc.: Class A, \$.05 par common
 Louisville Gas and Electric Company: 7.45% cumulative preferred
 McGill Manufacturing Co., Inc.: No par common
 Megadata Corporation: \$.01 par common
 Merchants Capital Corporation: Class B, \$.10 par common
 Miniscribe Corporation: \$.01 par common
 7-1/2% convertible subordinated debentures
 National Properties Corporation: \$1.00 par common
 Old Kent Financial Corporation: Series A, 14% convertible preferred
 Old Republic International Corporation: Series E, \$1.00 par convertible preferred

P & F Industries, Inc.: \$10.00 par cumulative preferred	Jaguar, PLC: Sponsored American Depositary Receipts
Pharmacontrol Corporation: \$.01 par common	Merry-Go-Round Enterprises, Inc.: \$.01 par common
Pioneer Savings Bank, FSB: \$1.00 par common	Metropolitan Bancorp, Inc.: \$5.00 par common
Q-Med, Inc.: \$.001 par common	Microamerica, Inc.: \$.01 par common
Resdel Industries: No par common	Mindscape, Inc.: \$.00001 par common
Robeson Industries Corp.: \$.10 par common	North Fork Bancorporation, Inc.: \$2.50 par common
Seagull Energy Corporation: \$1.00 par convertible preferred	Northwestern States Portland Cement Company: \$10.00 par common
Silver Hart Mines, Ltd.: No par common	Novar Electronics Corporation: No par common
Simmons First National Corporation (Arkansas): Class A, \$5.00 par common	Paxton, Frank Company: Class A, non-voting, \$2.50 par common
Texcel International, Inc.: \$.01 par common	Plains Resources Inc.: \$.02 par common
TGX Corporation: \$.01 par common	QED Exploration, Inc.: No par common
TM Communications, Inc.: \$.01 par common	Robert Half International, Inc.: \$1.00 par common
Tons of Toys, Inc.: \$.01 par common	Santa Monica Bank: \$3.00 par common
Total Assets Protection: \$.002 par common	Silocon Graphics, Inc.: \$.001 par common
United Education & Software: No par common	Strategic Planning Associates, Inc.: Class B, \$.10 par common
Universal Voltronics Corporation: \$.05 par common	Syracuse Supply Company: \$4.00 par common
Virginia First Savings Bank, F.S.B.: \$4.00 par common	Telecommunications Network, Inc.: \$.01 par common
Zentec Corporation: No par common	Telos Corporation: \$.01 par common
Stocks Removed for Listing on a National Securities Exchange or Being Involved in an Acquisition	United Investors Management Co.: Non-voting, \$1.00 par common
American Vaccine Corporation: \$.01 par common	United Savings Bank (Oregon): \$1.00 par common
American Western Corporation: \$.10 par common	Vipont Pharmaceutical, Inc.: \$.001 par common
Carme, Inc.: \$.0001 par common	<i>Additions to the List of Marginable OTC Stocks</i>
Cheyenne Software Inc.: \$.01 par common	Aerovox Incorporated: \$1.00 par common
Citizens Bank (North Carolina): \$2.50 par common	Al Copeland Enterprises, Inc.: Series 1, 17.5% exchangeable preferred
Clairson International Corporation: \$.01 par common	America's All Season Fund, Inc.: \$.01 par common
Dallas Semiconductor Corporation: \$.02 par common	American Bancorporation: No par common
Damon Biotech, Inc.: \$.01 par common	American Insured Mortgage Investors: Depository units of limited partnership interest
Epitope, Inc.: No par common	Bankers Corporation: \$.01 par common
Equitable Bancorporation: \$5.00 par common	BI Incorporated: No par common
Exchange Bancorp, Inc.: \$1.00 par common	BLOC Development Corporation: \$.001 par common
First Financial Management Corp.: \$.10 par common	Boral Limited: American Depositary Receipts
Florida National Banks of Florida, Inc.: \$4.1666 par common	Cal Graphite Corporation: No par common
Gtech Corporation: \$.01 par common	CII Financial, Inc.: No par common
	Cisco Systems, Inc.: No par common

Civic Bancorp: No par common
 Community Financial Corporation: \$.01 par common
 Delphi Financial Group, Inc.: Class A, \$.01 par common
 Devlieg - Bullard, Inc.: \$.01 par common
 Digital Sound Corporation: No par common
 Elm Financial Services, Inc.: \$.01 par common
 Elron Electronic Industries Ltd.: Rights (expire 04-06-90)
 Farmers Capital Bank Corporation: \$.25 par common
 Forest Oil Corporation: \$2.125 par convertible preferred
 Hadson Energy Resources Corporation: \$.10 par common
 Helian Health Group, Inc.: \$1.00 par common Warrants (expire 11-22-92)
 Henley International, Inc.: \$.001 par common
 Hologic, Inc.: \$.01 par common
 Hornbeck Offshore Services, Inc.: \$.10 par common
 Immunex Corporation: Warrants (expire 01-31-95)
 Integrated Resources American Insured Mortgage Investors - 85: Depository units of limited partnership interest
 Integrated Systems, Inc.: No par common
 Intera Information Technologies Corporation: Class A, No par common
 Martech USA, Inc.: \$.01 par common
 Mass Microsystems, Inc.: No par common
 Metropolitan Federal Savings & Loan Association (Washington): \$1.00 par common
 Micro Healthsystems, Inc.: \$.01 par common
 Momentum Distribution Inc.: \$1.00 par common
 Neogen Corporation: \$.16 par common
 Peoples First Corporation: No par common
 Pharmacy Management Services, Inc.: \$.01 par common
 Pickett Suite Hotel Master: Units of limited partnership interest
 Pinkerton's Inc.: \$.001 par common
 Poe & Associates, Inc.: \$.10 par common
 Presstek, Inc.: \$.01 par common
 RCM Technologies, Inc.: \$.05 par common
 Roberts Pharmaceutical Corporation: \$.01 par common
 Scherer Healthcare, Inc.: \$.01 par common

Security Savings Bank, FSB: \$1.00 par common
 Sequoia Systems, Inc.: \$.40 par common
 Super Rite Foods Holdings Corporation: \$.01 par exchangeable preferred
 Syntellect, Inc.: \$.01 par common
 Tetra Technologies, Inc.: \$.01 par common
 Tokos Medical Corporation: \$.001 par common
 Tricare, Inc.: \$.01 par common
 Tuboscope Corporation: \$.01 par common
 Unilab Corporation: \$.01 par common
 Verifone, Inc.: \$.01 par common
 Vicor Corporation: \$.01 par common
 Viking Office Products, Inc.: No par common
 Wolverine Exploration Company: \$1.00 par convertible exchangeable preferred

ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT

Orders Issued Under Section 3 of the Bank Holding Company Act

Cheshire Financial Corporation
 Keene, New Hampshire

Order Approving the Acquisition of a State-Chartered Savings Bank

Cheshire Financial Corporation, Keene, New Hampshire ("Cheshire"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied for the Board's approval under section 3(a)(3) of the BHC Act (12 U.S.C. § 1842(a)(3)) to acquire all of the voting shares of Village Savings Bank, Greenville, New Hampshire ("Village"), a state-chartered, FDIC-insured guaranty savings bank.¹

Notice of the application, affording an opportunity for interested persons to submit comments, has been duly published (55 *Federal Register* 3104 (1990)). 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.

Cheshire is a bank holding company that controls both a savings bank and a commercial bank subsid-

1. Village is a "bank" as defined in section 2(c) of the BHC Act, 12 U.S.C. § 1841(c).

ary. Cheshire is the ninth largest banking organization in New Hampshire, with deposits of \$423.8 million, representing 2.7 percent of the total bank and thrift deposits in the state.² Village is the 57th largest banking institution in the state, with deposits of \$23.7 million, representing less than one percent of the total bank and thrift deposits in the state. Upon consummation of the proposal, Cheshire would remain the ninth largest banking organization in New Hampshire, controlling deposits of approximately \$447.5 million, representing 2.8 percent of the total deposits in commercial banking and thrift organizations in New Hampshire. Consummation of this proposal would not have a significantly adverse effect upon the concentration of commercial banking resources in New Hampshire.

Cheshire and Village compete directly in the Peterborough, New Hampshire, banking market.³ One of the bank subsidiaries of Cheshire operates three branches in that market, and is the second largest of the four depository institutions in the market, controlling \$103.1 million in deposits, representing 28.4 percent of the total deposits in banking organizations in that market. Village, which is headquartered in Greenville, operates one branch in the Peterborough banking market, and is the smallest competitor in the market, controlling \$8.6 million in deposits, representing 2.4 percent of the total deposits in banking organizations in the market. Upon consummation of this proposal, Cheshire would remain the second largest banking organization in the market, controlling \$111.7 million in deposits, representing 30.8 percent of total deposits in all banking organizations in the market. The Herfindahl-Hirschman Index ("HHI") would increase by 135 points to 4312.⁴

Although consummation of this proposal would result in the loss of a competitor in a highly concentrated market, the Board believes that certain factors mitigate the competitive effects of this proposal. The largest institution in the Peterborough banking market

is a savings bank that controls approximately 57.0 percent of the total deposits in the market. In addition, Village has a small presence in the market and has lost market share in recent years. Moreover, the branch office of Village has not actively engaged in commercial lending activities in this market and has experienced a decline in deposits during the past several years, despite significant growth in deposits in the market generally. In light of these and other facts of record, the Board has concluded that consummation of this proposal would not have a significantly adverse effect on competition in the Peterborough market.

The financial and managerial resources of Cheshire and Village and their subsidiaries are consistent with approval. Considerations relating to the convenience and needs of the communities to be served are also consistent with approval of this application.

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

By order of the Board of Governors, effective April 23, 1990.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Mid-South Bancorp, Inc.
Franklin, Kentucky

Order Approving Acquisition of a Bank

Mid-South Bancorp, Inc., Franklin, Kentucky, a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire The Peoples Bank of Elk Valley, Fayetteville, Tennessee ("Bank").

Notice of the application, affording an opportunity for interested persons to submit comments, has been duly published (55 *Federal Register* 11,652, 13,664 (1990)). 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.

In connection with the application, the Secretary of the Board has taken into consideration the competitive

2. State and market data are as of June 30, 1989.

3. The Peterborough, New Hampshire banking market is approximated by the towns of Antrim, Bennington, Francestown, Greenfield, Hancock, Peterborough, Sharon and Temple in Hillsboro County; and the towns of Dublin, Jaffrey and Rindge in Cheshire County.

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 Department is likely to challenge a merger that increases the HHI by more than 50 points. The Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effect of limited-purpose lenders and other non-depository financial entities.

effects of the proposed transaction and the financial and managerial resources and future prospects of the banks concerned, and the convenience and needs of the communities to be served. On the basis of the information before the Board, the Secretary of the Board finds that an emergency situation exists so as to require that the Secretary of the Board act expeditiously pursuant to the provisions of section 3(b) of the BHC Act (12 U.S.C. § 1842(b)) in order to safeguard depositors of Bank. Having considered the record of this application in light of the factors contained in the BHC Act, the Secretary of the Board has determined that consummation of the transaction would be in the public interest and that the application should be approved. On the basis of these considerations, the application is approved.

The transaction shall not be consummated before the fifth calendar day following the effective date of this Order, but in no event later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of St. Louis acting pursuant to delegated authority.

By order of the Secretary of the Board, acting pursuant to delegated authority for the Board of Governors, effective April 24, 1990.

WILLIAM W. WILES
Secretary of the Board

Orders Issued Under Section 4 of the Bank Holding Company Act

The Bank of Nova Scotia
Toronto, Ontario, Canada

Order Approving Application to Engage, to a Limited Extent, in Underwriting and Dealing in Debt and Equity Securities

The Bank of Nova Scotia, Toronto, Ontario, Canada ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act ("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(a)(3) of the Board's Regulation Y, 12 C.F.R. 225.23(a)(3), for its indirect subsidiary, ScotiaMcLeod (USA) Inc., New York, New York ("Company"), to underwrite and deal in, on a limited basis, the following securities:

(1) debt securities, including, without limitation, debt obligations convertible into equity securities, commercial paper, municipal revenue bonds, ownership interests in trusts or other vehicles (other than open-end investment companies) which are

secured by or represent an interest in debt obligations (including, without limitation, mortgage-related securities and consumer-receivables-related securities), rights issued in connection with any of the foregoing to acquire interests in any other security, and options and warrants on all of the foregoing; and

(2) equity securities, including, without limitation, common stock or other ownership interests in domestic and foreign corporations or other entities, American Depositary Receipts, all types of preferred stock, and options and warrants on the above securities.¹

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been duly published (54 *Federal Register* 34,551). The Board received comments in opposition to approval of the application from the Securities Industry Association ("SIA"), a trade association of the investment banking industry, and the Investment Company Institute ("ICI"), a trade association of the mutual fund industry.

Applicant has total consolidated assets equivalent to approximately \$68.7 billion.² Applicant owns a bank subsidiary in Puerto Rico and operates branches in Boston and Portland, Oregon, and agencies in Atlanta, New York City, and San Francisco. Applicant also operates The Bank of Nova Scotia Trust Company of New York, New York, New York, under section 4(c)(8) of the BHC Act. Applicant has previously received Board approval under section 4(c)(8) of the BHC Act for Company to underwrite and deal in securities eligible to be underwritten and dealt in by state member banks and to engage in various other activities permissible for bank holding companies.³

In January 1989, the Board determined that bank holding companies, through separately incorporated and capitalized subsidiaries ("section 20 subsidiaries" or "underwriting subsidiaries"), may underwrite and deal in ineligible debt and equity securities within certain limits. *J.P. Morgan & Co. Incorporated, et al.*, 75 *Federal Reserve Bulletin* 192 (1989) (the "section 20 Order"). The Board had previously concluded that underwriting subsidiaries would not be "engaged principally" in underwriting or dealing in securities within the meaning of section 20 of the

1. Applicant has not proposed to underwrite or deal in securities issued by open-end investment companies and, accordingly, may not do so without further application under section 4(c)(8) of the BHC Act. Applicant has proposed to underwrite and deal in securities issued by closed-end investment companies.

2. Asset and banking data are as of October 31, 1989.

3. 74 *Federal Reserve Bulletin* 249 (1988).

Glass-Steagall Act⁴ provided they derived no more than 5 to 10 percent of their total gross revenues from underwriting and dealing in ineligible securities over any two-year period.⁵ In the section 20 Order, the Board further found that these activities are closely related to banking and a proper incident thereto, provided that the activities are conducted within a framework of prudential limitations that avoid the potential for conflicts of interests, unsound banking practices, unfair competition, and other adverse effects. In reaching this decision, the Board found that the proposals could be expected to result in public benefits such as increased competition, gains in efficiency, greater convenience to users of these services, and a strengthened and more competitive banking and financial system.

In January 1990, the Board approved applications by Canadian Imperial Bank of Commerce and The Royal Bank of Canada to underwrite and deal in debt and equity securities and by Barclays Bank PLC to underwrite and deal in debt securities through section 20 subsidiaries. *Canadian Imperial Bank of Commerce, et al.*, 76 *Federal Reserve Bulletin* 158 (1990) ("*Canadian Imperial*"). In those applications, the applicant foreign banks had requested certain modifications to the framework of the section 20 Order to account for the fact that each applicant is a foreign bank that operates predominately outside the United States. In approving the applications, the Board determined that foreign banks must conduct the proposed activities in the United States within the framework of prudential limitations established in the section 20 Order. Giving due regard to the principles of national treatment and the Board's policy not to extend U.S. bank supervisory standards extraterritorially, however, the Board determined to adjust the funding and certain operational requirements of the section 20 Order where those adjustments would not change the balance of public interest factors that the Board considered in the section 20 Order or cause adverse effects to outweigh public benefits.⁶

4. Section 20 of the Glass-Steagall Act (12 U.S.C. § 377) prohibits the affiliation of a member bank with "any corporation . . . engaged principally in the issue, flotation, underwriting, public sale, or distribution at wholesale or retail or through syndicate participation of stocks, bonds, debentures, notes, or other securities . . ."

5. That decision has been affirmed by the United States Court of Appeals for the Second Circuit. *Securities Industry Association v. Board of Governors*, 839 F.2d 46, 67, cert. denied, 108 S.Ct. 2830 (1988). See also Press Release, dated September 21, 1989, announcing the Board's decision to raise the revenue limitation for section 20 subsidiaries from 5 to 10 percent.

6. The Board hereby adopts and incorporates herein by reference the reasoning and analysis from the *Canadian Imperial Order*, and from the section 20 Order except as that reasoning and analysis was specifically modified by the *Canadian Imperial Order* to account for the circumstances of those cases.

In the *Canadian Imperial Order*, the Board determined that:

- (1) the prudential framework of the section 20 Order would apply without modification to the U.S. bank and thrift affiliates of the applicants' underwriting subsidiaries;
- (2) the framework would also generally cover U.S. branches and agencies of the applicants;
- (3) the applicants, insofar as their foreign offices and operations are concerned, would be treated as bank holding companies for purposes of the framework consistent with the International Banking Act; and
- (4) the responsibility for compliance with the framework would be placed on the section 20 subsidiaries in order to avoid U.S. regulation having an extraterritorial impact on the foreign operations of the applicants.

Applicant has committed that Company will conduct the proposed activities in accordance with the limitations set forth in the *Canadian Imperial Order*.⁷ Moreover, the Board has reviewed the capitalization of Applicant and Company and finds each to be consistent with approval. With respect to the capitalization of Company, approval of the requested activities is limited to a level consistent with the projections of position size and types of securities contained in the application. The Board also notes that the size of Company's activities will be relatively small.

Consummation of the proposal would provide increased convenience to the customers of Company and gains in efficiency. 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. For these reasons and the reasons set forth in the section 20 and *Canadian Imperial Orders*, the Board finds that the performance of the proposed activities can reasonably be expected to produce benefits to the public.

Accordingly, and for the reasons set forth in the section 20 and the *Canadian Imperial Orders*, the Board concludes that Applicant's proposal to engage through Company in underwriting and dealing in debt and equity securities is consistent with section 20 of the Glass-Steagall Act and is so closely related to

7. As required in the *Canadian Imperial Order*, Applicant may not commence the proposed activities until the Board has determined that the Applicant has established policies and procedures to ensure compliance with the requirements of the Order. The Board will review whether Applicant may commence underwriting and dealing in equity securities based on a determination by the Board that Company has established the managerial and operational infrastructure and other policies and procedures necessary to comply with the requirements of the Order.

banking as to be a proper incident thereto within the meaning of section 4(c)(8) of the BHC Act, provided Applicant limits Company's activities as provided in the *Canadian Imperial Order*.⁸ The application is hereby approved, subject to all of the terms and conditions established in the *Canadian Imperial Order*. The Board's approval of this proposal extends only to activities conducted within the limitations of the *Canadian Imperial Order*, including the Board's reservation of authority to establish additional limitations to ensure that the subsidiary's activities are consistent with safety and soundness, conflict of interest, and other relevant considerations under the BHC Act. Underwriting and dealing in any manner other than as approved in that Order is not within the scope of the Board's approval and is not authorized for Company.

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, and to prevent evasion of, the provisions and purposes 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 New York, pursuant to delegated authority.

By order of the Board of Governors, effective April 2, 1990.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Bergen Bank A/S
Bergen, Norway

*Order Approving Acquisition of Shares of a
Nonbanking Company*

Bergen Bank A/S, Bergen, Norway ("Bergen"), a foreign bank that is subject to section 4 of the Bank

Holding Company Act ("BHC Act") (12 U.S.C. § 1843) pursuant to section 8(a) of the International Banking Act of 1978 ("IBA") (12 U.S.C. § 3106(a)) by virtue of its indirect control of an agency in the United States, has applied for Board 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)) to acquire all of the outstanding shares of DnC America Inc., New York, New York, as part of the merger of Bergen with Den norske Creditbank, Oslo, Norway ("DnC"). DnC America Inc. is the holding company for DnC America Banking Corporation, New York, New York ("DnCA"), a commercial lending company organized under Article XII of the New York Banking Law ("Article XII company"). DnCA has two wholly owned subsidiaries, DnC Leasing International Inc., New York, New York ("DnC Leasing"), and DnC Capital Corporation, New York, New York ("DnC Capital").

Bergen proposes to engage through these companies in:

- (1) borrowing and lending money, with or without real or personal security; acting as principal or agent in purchasing, discounting, acquiring, investing in, selling and disposing of bills of exchange, drafts, notes, acceptances and other obligations for the payment of money; and acting as principal or agent in purchasing, acquiring, investing in, servicing, selling and disposing of, and making loans upon the security of, bonds and mortgages of real property;
- (2) accepting bills of exchange or drafts drawn upon DnCA; issuing letters of credit; and buying and selling coin, bullion and exchange;
- (3) with the approval, and subject to regulations, of the Banking Board of the State of New York,
 - (a) maintaining a branch in the Cayman Islands, which (with limited deposit-taking powers) engages in the business of receiving deposits outside the United States and makes Eurodollar-based loans, and
 - (b) receiving money for transmission and transmitting the same to and from the United States;
- (4) receiving and maintaining credit balances incidental to, or arising out of, the exercise of its lawful powers;
- (5) engaging through DnC Leasing in leasing transactions and lending activities¹ of a type permissible for bank holding company affiliates pursuant to sections 225.25(b)(1) and (5) of Regulation Y (12 C.F.R. 225.25(b)(1) and (5)).

8. The SIA and ICI object to Applicant's proposal for the same reasons set forth in their comments on the Canadian Imperial, Royal Bank of Canada, and Barclays applications. The Board fully considered and rejected these arguments in the *Canadian Imperial Order* and, as noted above, adopts and incorporates herein by reference the reasoning and analysis contained in that Order.

1. The lending activities consist of making, acquiring or servicing loans or other extensions of credit for DnC Leasing's account or for the account of others, such as would be made, for example, by commercial finance companies.

- (6) engaging through DnC Capital in providing:
- (i) advice in connection with merger, acquisition/divestiture and financing transactions for non-affiliated financial and nonfinancial institutions;
 - (ii) fairness opinions in connection with merger, acquisition and similar transactions for non-affiliated financial and nonfinancial institutions; and,
 - (iii) valuations for non-affiliated financial and nonfinancial institutions.

Notice of the application, affording interested persons an opportunity to submit comments, has been given in accordance with section 4 of the BHC Act (55 *Federal Register* 9218 and 10,287 (1990)). 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.

Bergen, with total consolidated assets of \$16.2 billion as of August 31, 1989, is the second largest bank in Norway, and operates 120 branch offices in Norway. In the United States, Bergen Bank maintains representative offices in Houston and Los Angeles and a branch in New York City. Bergen also owns an interest in Scandinavian Bank Group, a London-based consortium bank, which in the United States operates a New York State-licensed branch, a securities brokerage firm, an issuer of commercial paper, a consultancy business and a financial advisory company.

Den norske Creditbank, with total consolidated assets of \$14.8 billion as of December 31, 1989, is the third largest bank in Norway, and operates 138 branch offices in Norway. After the merger, the corporate existence of DnC will terminate and the resulting bank will be the largest in Norway.

DnC maintains a branch in New York, New York. Bergen proposes to merge the New York branch office of DnC into its existing New York branch office. DnC also operates in the United States through DnCA, which is an Article XII company with approximately \$745 million in assets as of September 30, 1989. In acting on Bergen's application to acquire DnCA, the Board must first determine that ownership of these shares and the activities conducted by this company are closely related to banking or managing or controlling banks. The Board has by order previously permitted bank holding companies to own and operate an Article XII company.² In making that determination,

the Board considered the unique statutory powers of Article XII companies and the fact that the lending and banking activities involved were generally offered by commercial banks. In each application to acquire an Article XII company, the Board has reviewed each activity conducted by that Article XII company to determine whether that activity is permissible for bank holding companies under section 4 of the BHC Act. In this case, the activities proposed by Bergen are substantially the same as those authorized by order in previous Board decisions.³ In addition, the Board has previously determined by regulation that leasing transactions and lending activities are permissible nonbanking activities for bank holding companies under section 4(c)(8) of the BHC Act and Regulation Y (12 C.F.R. 225.25(b)(1) and (5)). Bergen has proposed to conduct these activities in conformance with the Board's regulations and orders governing these activities. In light of these and the other facts of record, the Board believes that the proposed activities of DnCA, DnC Leasing, and DNC Capital are closely related to banking for purposes of section 4 of the BHC Act.

In acting on applications under section 4 of the BHC Act, the Board is required to determine whether the performance of the proposed activities by an applicant "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflict of interests, or unsound banking practices." (12 U.S.C. § 1843(c)(8)).

Bergen's proposed acquisition would add an additional source of strength to DnCA. There is no evidence in the record that indicates that Bergen's proposal would result in any undue concentration of resources, decreased or unfair competition, conflicts of interest or unsound banking practices.

In every case involving a nonbanking acquisition by a bank holding company under section 4 of the BHC Act, the Board considers the financial condition and resources of the applicant and its subsidiaries and the effect of the transaction on these resources. In this case, the Board notes that the stated primary capital of Bergen, DnC and the combined organization meets the minimum capital guidelines for United States multinational bank holding companies, as well as the capital

2. See *Bergen Bank*, 72 *Federal Reserve Bulletin* 200 (1986); *The Industrial Bank of Japan*, 72 *Federal Reserve Bulletin* 71 (1986); *Skandinaviska Enskilda Banken*, 69 *Federal Reserve Bulletin* 42

(1983); *European American Bancorp*, 63 *Federal Reserve Bulletin* 595 (1977).

3. *Id.*, See also, *Canadian Imperial Bank of Commerce*, 74 *Federal Reserve Bulletin* 571 (1988); *SunTrust Banks, Inc.*, 74 *Federal Reserve Bulletin* 256 (1988); *Signet Banking Corporation*, 73 *Federal Reserve Bulletin* 59 (1987) (orders relating to financial advisory services). Bergen has agreed that in conducting these activities DnC Capital will comply with the conditions relied upon by the Board in those orders.

requirements of their supervisory authorities in Norway. In light of these facts, the fact that this application represents a proposal to retain an existing subsidiary after the merger of two foreign banking organizations, and the other facts of record, the financial and managerial factors in this case are consistent with approval.

For these reasons, the Board has determined that the benefits to the public, subject to the conditions described above and commitments made by Bergen, would outweigh any potentially adverse effects. Accordingly, based on all of the facts of record, the Board has determined that the application under section 4 of the BHC Act should be, and hereby is, approved. The acquisition of shares shall be consummated no later than three months after the effective date of this Order, unless such time is extended for good cause by the Board or by the Federal Reserve Bank of New York, pursuant to delegated authority. The Board's determination in this case is subject to all of the conditions set forth in Regulation Y, including sections 225.4(d) and 225.23(b) (12 C.F.R. 225.4(d) and 225.23(b)), and to the Board's authority to require such modifications or termination of activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and prevent evasions of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder.

By order of the Board of Governors, effective April 16, 1990.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Fleet/Norstar Financial Group, Inc.
Providence, Rhode Island

Fleet/Norstar New York, Inc.
Albany, New York

Order Approving Application to Acquire Assets of Heartland Securities, Inc., Chicago, Illinois and Thereby Engage in Retail Securities Brokerage Services Solely as Agent for the Account of Customers

Fleet/Norstar Financial Group, Inc., Providence, Rhode Island ("Fleet"), and Fleet/Norstar New York, Albany, New York ("Fleet New York"), bank holding

companies within the meaning of the Bank Holding Company Act ("BHC Act"), have 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 their subsidiary, Norstar Brokerage Company, New York, New York ("NBC"), to acquire certain assets of Heartland Securities, Inc., Chicago, Illinois ("Heartland"), and thereby engage in retail securities brokerage services solely as agent for the account of customers. Fleet has previously received Board approval to engage in these activities through NBC.¹ The Board has previously determined by regulation that providing securities brokerage services solely as agent for the account of customers is a permissible nonbanking activity for bank holding companies under section 4(c)(8) of the BHC Act and the Board's Regulation Y (12 C.F.R. 225.25(b)(15)).

Fleet, with consolidated assets of \$33.4 billion, is the sixteenth largest banking organization in the nation. It operates ten subsidiary banks and engages directly and through subsidiaries in a variety of permissible nonbanking activities.²

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been published (55 *Federal Register* 7565 (1990)). 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 received written comments opposing Board approval of the application from the Investment Company Institute ("ICI"), a trade association of the mutual fund industry.

The ICI has objected that, to the extent that NBC proposes to broker securities issued by investment companies sponsored or advised by Fleet or any of its bank or nonbank affiliates, the proposed activities are inconsistent with the Glass-Steagall Act, the Bank Holding Company Act, and the Board's interpretive rule governing investment advisory services by bank holding companies. NBC proposes to act as broker for shares of investment companies that are advised by a national bank affiliate of NBC or an operating subsidiary of a national bank affiliate of NBC ("Bank"). The Board's interpretive rule prevents a bank holding company from engaging directly or indirectly in the sale or distribution of securities of any investment company for which it acts as investment adviser. 12 C.F.R. 225.125(h).

1. See letter from A. Marshall Puckett, Vice President of the Federal Reserve Bank of New York, to John B. Robinson Jr., dated October 10, 1984.

2. Data are as of December 31, 1989.

As the Board has previously noted, the Board's interpretive rule does not apply in this situation because Bank, and not Fleet or one of its direct or indirect nonbank subsidiaries, is advising the investment companies in question.³ Furthermore, the practices at which the prohibition against sale or distribution of shares of investment companies being advised are directed are not present here. The main purpose of the prohibition was to assure that the holding company does not become involved in underwriting and dealing in the shares of investment companies it advises.⁴ In this case, as in *Norwest*, NBC proposes to act only as agent for customers desiring to purchase or sell investment company securities, and therefore would not underwrite or deal in those securities.⁵

NBC will not provide investment advice to brokerage customers. Moreover, Fleet has committed that Company will disclose to its brokerage customers who purchase shares of investment companies that are advised by Bank that these investment companies are sponsored by third parties independent of Bank and its affiliates. The disclosure statement will also state that such shares or interests are not endorsed or guaranteed by, and do not constitute obligations of, Bank or its affiliates. Finally, this statement will state that the investment company shares are not insured by the Federal Deposit Insurance Corporation. Accordingly, the Board does not believe that the potential conflicts of interest that the Glass-Steagall Act and the Board's interpretive rule

were intended to prevent would be present should NBC broker shares of investment companies that are advised directly by Bank.

The Board noted in *Norwest* that it issued its regulation and interpretive rule in 1972, and that subsequent developments, such as court decisions in *Schwab* and in other cases, suggest the need for reexamination of some of the views expressed at that time. As a result, the Board is considering seeking public comment regarding a proposed revision of the interpretive rule.

Consummation of the proposal would provide added convenience to Heartland's customers. In addition, given the relatively small size of the transaction, and the fact that it does not involve a significant expenditure of capital, the Board has determined that the financial and managerial factors are consistent with approval. The record does not indicate that consummation of the transaction is likely to result in undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices, or other adverse effects. Accordingly, the Board has determined that the performance of the proposed activities by Fleet can reasonably be expected to produce public benefits that would outweigh adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

Based on the above, and subject to all of the commitments made by Fleet regarding the conduct of these activities, including those commitments noted in this order, the Board hereby does approve the application.

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 Boston, pursuant to delegated authority.

By order of the Board of Governors, effective April 23, 1990.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

3. See *Norwest Corporation*, 76 Federal Reserve Bulletin 79 (1990) ("Norwest"). As the Board explained in *Norwest*, by its terms, the Board's interpretive rule does not apply where an investment company is advised by a subsidiary bank, rather than by a parent bank holding company or a nonbank subsidiary. The interpretive rule was issued in connection with the Board's adoption of a regulation pursuant to its authority under section 4(c)(8) of the BHC Act to approve nonbanking activities for bank holding companies and their nonbanking subsidiaries. Section 4(c)(8) does not empower the Board to authorize activities for banks. The Supreme Court has recognized that the authority of national banks and state banks to engage in investment advisory activities does not derive from the Board's regulation, and that the Board's interpretive rule applies only to the investment advisory activities of bank holding companies and their nonbank subsidiaries. *Board of Governors of Federal Reserve System v. Investment Company Institute*, 450 U.S. 46, 59 n.25 (1981). Indeed, the Office of the Comptroller of the Currency has issued an interpretive letter authorizing national banks and their subsidiaries to broker and recommend securities of investment companies for which such national banks or their subsidiaries serve as investment adviser. See OCC Interpretive Letter No. 403 (December 9, 1987), reprinted in Fed. Banking L. Rep. (CCH) para. 85,627, at 77,962.

4. 450 U.S. at 62, 66.

5. It is settled that buying and selling securities as a broker on the order and for the account of customers does not constitute underwriting or dealing in securities for purposes of section 20 of the Glass-Steagall Act (12 U.S.C. § 377), which regulates the activities of affiliates of member banks. *Securities Industry Association v. Board of Governors*, 468 U.S. 207, 216-21 (1984) ("Schwab").

Liberty National Bancorp, Inc.
Louisville, Kentucky

Order Approving Application to Underwrite and Deal in Certain Securities to a Limited Extent and to Act as a Riskless Principal

Liberty National Bancorp, Inc., Louisville, Kentucky ("Liberty"), a bank holding company within the meaning of the Bank Holding Company Act ("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, Banker's Investment Group, Louisville, Kentucky ("Company"),¹ to underwrite and deal in, to a limited extent, in the following securities (collectively "bank-ineligible securities"):

- (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.

Liberty also has applied for the Board's approval to purchase and sell securities on the order of customers as a "riskless principal."

Liberty, with total consolidated assets of \$3.5 billion, is the third largest banking organization in Kentucky.² Liberty operates ten subsidiary banks and engages directly and through subsidiaries in a variety of permissible nonbanking activities. Company is and will continue to be a broker-dealer registered with the Securities and Exchange Commission and subject to the record-keeping, reporting, fiduciary standards, and other requirements of the Securities Exchange Act of 1934 and of the National Association of Securities Dealers.

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been published (55 *Federal Register* 4681 (1990)). 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 4 of the BHC Act. The Board has received comments regarding the application from the Invest-

ment Company Institute ("ICI"), a trade association of the mutual fund industry.

The Board has previously determined that the conduct of the proposed bank-ineligible securities underwriting and dealing activities through a bank holding company subsidiary is consistent with section 20 of the Glass-Steagall Act, provided the subsidiary derives no more than 10 percent of its total gross revenue from underwriting and dealing in the approved bank-ineligible securities over any two-year period.³ The Board also has found by order that, subject to the prudential framework of limitations established to address the potential for conflicts of interest, unsound banking practices, or other adverse effects, the proposed underwriting and dealing activities are so closely related to banking as to be a proper incident thereto within the meaning of section 4(c)(8) of the BHC Act.⁴ Liberty has committed that Company will conduct its underwriting and dealing activities with respect to bank-ineligible securities subject to the 10 percent revenue test and the prudential limitations established by the Board in its *Citicorp/Morgan/Bankers Trust, Chemical, and Modification Orders*.

The Board has determined previously that the purchase and sale of securities on the order of investors as a riskless principal does not constitute underwriting and dealing in securities for purposes of section 20 of the Glass-Steagall Act, and that revenue derived from that activity is not subject to the 10 percent revenue limitation on ineligible securities underwriting and dealing.⁵ The Board also has previously determined that riskless principal activities are closely related to banking.⁶ In order to address the potential for conflicts of interest, unsound banking practices, or other adverse effects presented by Company's conduct of riskless principal activities, Liberty has proposed to conduct its riskless principal activities in accordance with the *Bankers Trust Order*.⁷

1. Liberty previously has received approval to provide discount securities brokerage services, pursuant to section 225.25(b)(15) of the Board's Regulation Y (12 C.F.R. 225.25(b)(15)), and to underwrite and deal in obligations that state member banks of the Federal Reserve System may be authorized to underwrite and deal in under 12 U.S.C. §§ 24 and 335, pursuant to section 225.25(b)(16) of Regulation Y (12 C.F.R. 225.25(b)(16)). Company currently underwrites and deals in bank-eligible securities and provides discount brokerage services.

2. Banking data are as of December 31, 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*, 486 U.S. 1059 (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*"); as modified by *Order Approving Modifications to Section 20 Orders* 75 *Federal Reserve Bulletin* 751 (1989) ("*Modification Order*").

4. *Citicorp, J.P. Morgan & Co. Incorporated, and Bankers Trust New York Corporation*, *supra* note 3.

5. *Bankers Trust New York Corporation*, 75 *Federal Reserve Bulletin* 829 (1989) ("*Bankers Trust*").

6. *Id.*

7. The ICI has objected to the proposal to the extent that it could be construed to seek approval for Company to act as a riskless principal with respect to securities of investment companies that are sponsored or advised by Company or Liberty. Liberty has not requested approval to act as a riskless principal with respect to such securities.

Specifically, Liberty has committed that Company would not act as a riskless principal in selling securities on the order of a customer that is the issuer of the securities to be sold or in any transaction where Company has a contractual agreement to place securities as agent of the issuer. Company also would not act as riskless principal in any transaction involving a security for which it makes a market. Although Company may maintain an inventory of particular issues of securities in connection with ineligible securities activities, Company would not engage in any riskless principal transaction for any security carried in its inventory. Furthermore, Company would not hold itself out as making a market in the securities that it purchases and sells as a riskless principal nor enter quotes for specific securities in the NASDAQ or any other dealer quotation system in connection with riskless principal transactions. Finally, in order to distinguish riskless principal transactions from true principal transactions, the Board requires Company, as a condition of approval of this activity, to maintain specific records that would identify clearly all riskless principal transactions.⁸

Consummation of the proposal would provide added convenience to Liberty's customers. In addition, the Board expects that the *de novo* entry of Liberty into the market for the proposed services would increase the level of competition among providers of these services. Under the framework established in this and prior decisions, consummation of this proposal is not likely to result in any significant undue concentration of resources, decreased or unfair competition, conflicts of interest, unsound banking practices, or other adverse effects. Accordingly, the Board has determined that the performance of the proposed activities by Liberty can reasonably be expected to produce public benefits that would outweigh adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.⁹

Based on the foregoing, including all of the commitments made by Liberty, and subject to all of the terms and conditions set forth in this Order and in the above-noted Board Orders that relate to this activity,

8. Liberty does not currently maintain any foreign affiliates. In the event Liberty does establish any foreign affiliates, Company's riskless principal activities would not be conducted on behalf of any of its foreign affiliates engaged in securities dealing activities.

9. Company may also provide services that are necessary incidents to these approved activities. Any activity conducted as a necessary incident to the ineligible securities underwriting and dealing activity must be treated as part of the ineligible securities activity unless Company has received specific approval under section 4(c)(8) of the BHC Act to conduct the activity independently. Until such approval is obtained, any revenues from the incidental activity must be counted as ineligible revenue subject to the 10 percent gross revenue limit set forth in the *Modification Order*.

the Board has determined to, and hereby does, approve this application.¹⁰ 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 St. Louis, pursuant to delegated authority.

By order of the Board of Governors, effective April 30, 1990.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Security Pacific Corporation
Los Angeles, California

Order Approving Application to Engage in Certain Leasing Activities

Security Pacific Corporation, Los Angeles, California ("Security Pacific"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied pursuant to section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) to engage, through its subsidiary Security Pacific Leasing Corporation, San Francisco, California ("Company"), in certain leasing activities involving the leasing of personal property, and acting as agent, broker, or adviser in leasing such property, including leasing transactions that allow Company to rely for its compensation on an estimated residual value of the leased property at the expiration of the initial lease term of up to 100 percent of the acquisition cost of the property.¹ Regulation Y currently limits reliance on residual value to no more than 20 percent of the acquisition cost of the property. 12 C.F.R. 225.25(b)(5)(iv)(C).

10. In light of the decision in *SIA v. Board*, Liberty will not be subject to the market share limitation with respect to its ineligible activities that was originally imposed in the *Citicorp/Morgan/Bankers Trust and Chemical Orders*.

1. Company currently engages in leasing activities for which it has received prior Board approval under Regulation Y.

Notice of the application, affording interested persons an opportunity to submit comments on the relation of the proposed activities to banking and on the balance of public interest factors, has been duly published (54 *Federal Register* 46,127 (1989)). 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.²

Security Pacific, a bank holding company which controls twelve subsidiary banks in Alaska, Arizona, California, Colorado, Nevada, Oregon, Texas, and Washington, has total consolidated assets of \$83.9 billion, and is the fifth largest banking organization in the nation.³ Security Pacific is also engaged in a variety of nonbanking activities.

In order to approve an application under section 4(c)(8) of the BHC Act, the Board must determine that the proposed activity is "so closely related to banking or managing or controlling banks as to be a proper incident thereto. . . ." 12 U.S.C. § 1843(c)(8). In determining whether an activity is closely related to banking for purposes of section 4(c)(8) of the BHC Act, the Board has relied on guidelines established by the federal courts.⁴ Under these guidelines, an activity may be found to be closely related to banking if it is demonstrated:

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

The Board may also consider other factors which provide a reasonable basis for a finding that a particular nonbanking activity is closely related to banking.⁵ The Board has stated that it will consider "any . . . factor that an applicant may advance to

demonstrate a reasonable or close connection or relationship of the activity to banking."⁶

1. *Closely related to banking.* The Board has previously determined that leasing personal property is an activity that is closely related to banking where the leases serve as the functional equivalent of an extension of credit, are on a nonoperating basis, do not rely on an estimated residual value in excess of 20 percent of the acquisition cost of the property, and meet certain other requirements. 12 C.F.R. 225.25(b)(5). The question raised by Security Pacific's proposal is whether leasing activities conducted within the same parameters, except with reliance on a residual value that exceeds 20 percent of the cost of the property, are closely related to banking.

In this regard, section 108 of the Competitive Equality Banking Act of 1987 ("CEBA") amended the National Bank Act to permit national banks to lease tangible personal property so long as the leases are on a nonoperating basis and represent, in the aggregate, no more than 10 percent of the bank's assets.⁷ The legislative history of this amendment explains that Congress intended this amendment to permit the Office of the Comptroller of the Currency ("OCC") to relax or eliminate the residual value limitation on leasing activities of national banks in a manner consistent with sound banking practices. S. Rep. No. 19, 100th Cong., 1st Sess. 43 (1987).

In reliance on this legislation, a number of national banks currently conduct leasing transactions with reliance on residual values as high as 100 percent of the original cost of the leased property. The OCC recently proposed to amend its regulations to implement the leasing authorization provision in CEBA.⁸ A number of states, including Security Pacific's home state of California, have also permitted state-chartered banks to conduct leasing activities without limit on the amount of residual value that may be relied on by the lessor bank.⁹

6. 49 *Federal Register* 806 (1984).

7. 12 U.S.C. § 24(10).

8. 54 *Federal Register* 53,071. The comment period on this proposed regulation closed on February 26, 1990, and the OCC is currently reviewing the public comments. Under this proposal, national banks would not be subject to any maximum estimated residual value requirement on leases initiated by the national banks. As proposed by the OCC, the amount of leasing activities of a national bank in which residual value of property is expected to be over 25 percent of the acquisition cost of the property would be limited to 10 percent of the national bank's total consolidated assets. The OCC proposal would also contain certain other requirements including the requirement that the leases be made on a nonoperating basis and have a duration of at least 90 days.

9. See letter, dated December 19, 1986, from Louis Carter, Superintendent of Banks, California State Banking Department, to Neil B. Martin, Secretary, Security Pacific State Bank; and letter, dated November 18, 1986, from Neil B. Martin, Secretary, Security Pacific

2. The Board received letters on the proposal from nine commenters, all of whom urged the Board to approve the application.

3. Asset data are as of December 31, 1989.

4. See *National Courier Association v. Board of Governors*, 516 F.2d 1229 (D.C. Cir. 1975). See also *Association of Data Processing Service Organizations, Inc. v. Board of Governors*, 745 F.2d 677 (D.C. Cir. 1984). The Supreme Court endorsed the *National Courier* criteria in *Securities Industry Ass'n. v. Board of Governors*, 468 U.S. 207, 210 n.5 (1984).

5. *Securities Industry Ass'n*, *supra*; *Board of Governors v. Investment Company Institute*, 450 U.S. 46, 56-58 nn. 20-23 (1981); *Association of Data Processing Organizations*, *supra*.

In addition, bank holding companies have since 1971 been permitted by the Board to engage in leasing personal property in transactions that represent the functional equivalent of an extension of credit. Security Pacific has engaged in leasing activities through Security Pacific National Bank since 1964, and has engaged in leasing activities through Company since 1973. The leases Security Pacific proposes to arrange will meet all of the criteria established under Regulation Y for the leasing activities of bank holding companies except for the residual value criterion. The experience gained by Security Pacific and other bank holding companies in conducting these leasing activities pursuant to Regulation Y has permitted these companies to gain expertise in valuing leased property and disposing of that property at the expiration of the lease and should equip these bank holding companies particularly well to conduct leasing activities that rely on a higher residual value. For these reasons, and based on the facts of record in this case, in the Board's opinion, the leasing activities proposed by Security Pacific are closely related to banking for purposes of section 4(c)(8) of the BHC Act.

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

Applicant contends that permitting Company to conduct the proposed activity will allow Company to compete more effectively with banks, thrifts and non-bank lessors that currently engage in these activities. In addition, Applicant states that approval of this proposal may be expected to benefit the public by allowing Company to offer its customers a broader range of leasing products. The financial and managerial resources of Security Pacific and Company are also considered consistent with approval.

The Board has considered the potential for adverse effects that might be associated with reliance by Company on high residual values in leasing transactions. In this regard, the Board notes that Security Pacific and Company have committed that they will initially acquire property to be leased only in connection with a

specific leasing transaction under consideration, and will either sell or re-lease that property within 2 years of the expiration of the initial lease. The leases arranged by Security Pacific will all be non-operating, and will have a lease term of at least one year. In addition, Security Pacific has committed to limit the total amount of its investment in leases with estimated residual values in excess of 25 percent of the acquisition cost of the leased property to no more than 10 percent of Security Pacific's total consolidated assets. Security Pacific has also committed to limit the total amount of its investment in leases with estimated residual values in excess of 70 percent of the acquisition cost of the leased property to the lesser of 0.5 percent of Security Pacific's total consolidated assets, or 10 percent of Security Pacific's total consolidated shareholders' equity. Security Pacific has also committed to maintain the capital of Company commensurate with industry standards. The Federal Reserve Bank of San Francisco will monitor the policies and procedures of Security Pacific and Company to assure that these policies and procedures are consistent with the leasing authority granted under this Order.

Based upon consideration of the foregoing and all of the relevant facts of record, the Board concludes that the balance of the public interest factors that it is required to consider under section 4(c)(8) is favorable in this case. The Board expects, in the near future, to seek public comment with respect to a proposal to amend Regulation Y to permit bank holding companies generally to engage in leasing transactions with a relaxed residual value requirement. Security Pacific has committed to conform its leasing activities to any final rulemaking that may result from such a proposal.

Security Pacific has also applied under section 4(c)(13) of the BHC Act to conduct these activities through subsidiaries outside the United States. Leasing, as Security Pacific proposes to conduct the activity, is generally considered a financial activity and is conducted by banks and other financial services companies outside the United States. Consequently, the Board finds that the conduct of this activity can be considered usual in connection with the business of banking or other financial operations abroad. Moreover, subject to the terms and conditions established in this Order, the activity would not pose substantial risk to the Security Pacific organization, and is consistent with the supervisory purposes of the BHC Act.

Accordingly, based on all the facts of record, and subject to the conditions in this Order and the commitments made by Applicants in this case, the Board has determined that the proposed applications should be, and hereby are, approved. This determination is subject to all of the conditions set forth in Regulation Y, including sections 225.4(d) and 225.23(b)(3)

State Bank, to Louis Carter, Superintendent of Banks, California State Banking Department. In addition, states such as Florida, Maryland, Michigan, Arkansas, and Indiana allow banks to lease personal property without a limit as to the amount of residual value on which the bank may rely.

(12 C.F.R. 225.4(d) and 225.23(b)(3)), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders thereunder.

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

By order of the Board of Governors, effective April 30, 1990.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Wells Fargo & Company San Francisco, California

Order Approving Application to Offer Investment Advisory Services and Engage in Trust Company Activities

Wells Fargo & Company, San Francisco, California ("Wells Fargo"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied, pursuant to 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), to acquire directly and indirectly 50.05 percent of the voting shares of Wells Fargo Institutional Trust Company, N.A., San Francisco, California ("Trust Company"). Wells Fargo would directly acquire 0.1 percent of Trust Company. Trust Company is a national bank chartered by the Office of the Comptroller of the Currency, and will engage solely in trust activities that are permissible for bank holding companies to conduct under section 225.25(b)(3) of the Board's Regulation Y (12 C.F.R. 225.25(b)(3)).¹ Trust Company will not accept deposits and will not be an insured bank.

1. Trust Company is exempt from the definition of "bank" for purposes of the BHC Act because it will provide solely trust services, will not accept demand deposits, and will not make commercial loans. 12 U.S.C. § 1841(c)(2)(D). Thus, Investment Advisors, the immediate parent of Trust Company, will not be a bank holding company as defined by section 2(c) of the BHC Act (12 U.S.C. § 1841(c)), and neither Wells Fargo nor Investment Advisors is required to submit an application pursuant to section 3 of the BHC Act prior to consummating this proposal.

Wells Fargo also has applied for the Board's approval under section 4(c)(8) of the BHC Act to acquire indirectly, through a wholly owned operating subsidiary of Wells Fargo Bank, N.A., San Francisco, California ("Wells Fargo National Bank"), a 50 percent interest in Wells Fargo-Nikko Investment Advisors, San Francisco, California ("Investment Advisors"), a general partnership that would provide investment advice, and a 66.7 percent interest in Wells Fargo Foreign Funds Advisors, San Francisco, California ("Foreign Funds Advisors"), a general partnership that will provide investment advice exclusively to foreign mutual funds marketed outside the United States. Investment Advisors and Foreign Funds Advisors would engage only in investment advisory activities that are permissible under section 225.25(b)(4) of the Board's Regulation Y (12 C.F.R. 225.25(b)(4)).² Investment Advisors also would hold 99.9 percent of the voting shares of Trust Company.

The Nikko Securities Company, Limited, Tokyo, Japan, and its non-operating subsidiary, The Nikko Building Company, Limited, Wilmington, Delaware (collectively, "Nikko"), would acquire the remaining 50 percent of Investment Advisors and 33.3 percent of Foreign Funds Advisors.

Notice of the application, affording interested persons an opportunity to submit comments, has been duly published (55 *Federal Register* 1264 (1990)). 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 4(c)(8) of the BHC Act.

Wells Fargo is the third largest banking organization in California, and the eighth largest in the United States.³ It engages in a broad range of permissible nonbanking activities in the United States.

The Board has previously determined by regulation that the investment advisory and trust company activities that Trust Company, Investment Advisors, and Foreign Funds Advisors propose to conduct in this case are permissible activities for bank holding companies.⁴ Wells Fargo proposes to conduct these activities pursuant to the requirements of the Board's regulations. In each case under section 4(c)(8) of the BHC Act, the Board must also determine whether the performance of the proposed activities by the applicant "can reasonably be expected to produce benefits to the public . . . that outweigh the possible adverse effects." 12 U.S.C. § 1843(c)(8). In prior decisions,

2. Wells Fargo National Bank would acquire its interest in Investment Advisors and Foreign Funds Advisors through its wholly owned operating subsidiary, Wells Fargo Investment Advisors, San Francisco, California.

3. All data are as of December 31, 1989.

4. 12 C.F.R. 225.25(b)(3) and (b)(4).

the Board has indicated a concern that joint ventures not lead to a matrix of relationships between co-venturers that could break down the legally mandated separation of banking and commerce.

The investment advisory activities and the trust company services that the joint venturers propose to conduct in this case are, as noted, permissible activities for both bank holding companies and for banks. Wells Fargo and Nikko have made commitments that are similar to commitments that the Board has found in other cases to be adequate in addressing the Board's concerns with respect to the potential mingling of banking and securities activities.⁵ For example, there are restrictions on arrangements between Wells Fargo and Nikko concerning the recommendation or purchase by Wells Fargo or Trust Company of securities underwritten by Nikko as well as restrictions on director, officer, and employee interlocks between Nikko and Trust Company. Wells Fargo has committed that all transactions between domestic Wells Fargo affiliates and Nikko companies will be consummated on an arm's length basis. In addition, section 23A and section 23B of the Federal Reserve Act (12 U.S.C. §§ 371c and 371c-1) apply to transactions between Trust Company and Nikko.⁶ These commitments and statutory restrictions should serve to ensure that Wells Fargo and its affiliates do not engage in activities that are impermissible for a bank holding company and that the affiliation of Trust Company with Nikko will not result in significant conflicts of interest, unsound banking practices, or other adverse effects.

The Board also has concluded that this proposal is not prohibited by the provisions of the Glass-Steagall Act. For purposes of the Glass-Steagall Act, Nikko and Company would not be affiliates. Under the proposal, Nikko would control, in the aggregate, less than 50 percent of the capital stock of Trust Company, and Nikko would not control the election of a majority of the board of directors of Trust Company.⁷ In addition, there will be no director, officer, or employee interlock between any Nikko affiliate that may be engaged in underwriting or dealing in securities in the United States, and Investment Advisors, Foreign Funds Advisors, or Trust Company.

Following consummation of the proposal, Nikko and its subsidiaries will become affiliates of Trust Company,

subject to the restrictions of sections 23A and 23B of the Federal Reserve Act. In addition, Trust Company will become an affiliate of Wells Fargo and its subsidiaries, including Wells Fargo National Bank,⁸ for purposes of the provisions. Section 23A of the Federal Reserve Act is designed to protect insured depository institutions from abuses that may result from a member bank lending to an affiliate, purchasing assets from an affiliate, or making investments in the securities issued by an affiliate. In this regard, the Board has considered whether, in light of the facts of this case, it is appropriate to deem Investment Advisors and Foreign Funds Advisors to be affiliates of Wells Fargo National Bank for purposes of sections 23A and 23B, pursuant to section 23A(b).

As a general matter, section 23A does not apply to transactions between a member bank and its nonbank subsidiaries, unless the Board determines that the relationship between the member bank and its subsidiary may affect transactions by the member bank with the subsidiary to the detriment of the member bank. A general exemption was provided for subsidiaries of banks because these subsidiaries usually operate as arms or divisions of the parent bank.

In this case, Investment Advisors and Foreign Funds Advisors are subsidiaries of Wells Fargo National Bank, and would, as a general matter, be exempt from the prudential limitations contained in section 23A. In light of the fact that a nonbanking company will own a significant interest in these companies, the potential exists that transactions between Wells Fargo National Bank and these entities could be affected by the relationship between these entities to the detriment of the bank. Accordingly, the Board hereby determines that Investment Advisors and Foreign Funds Advisors shall be considered affiliates of Wells Fargo National Bank for purposes of the provisions of section 23A and section 23B.

In order to consummate the proposal, Wells Fargo National Bank, Trust Company, and the advisory partnerships will engage in several covered transactions, as defined in section 23A. First, the transfer of the trust and advisory assets by Wells Fargo National Bank to the advisory partnerships and Trust Company in exchange for the voting equity of the partnerships and Trust Company are covered transactions under section 23A. In addition, Trust Company will acquire certain computer hardware and software and other assets from Wells Fargo National Bank in exchange

5. See *The Fuji Bank*, 75 *Federal Reserve Bulletin* 94 (1989).

6. For example, section 23B prohibits Trust Company from knowingly purchasing as fiduciary securities underwritten by Nikko during the existence of an underwriting or selling syndicate if Nikko is a principal underwriter of that security.

7. Three of the six directors of Trust Company would be selected by Wells Fargo. Nikko would have the power to select two of the directors. The remaining director would be jointly selected by Wells Fargo and Nikko.

8. Trust companies are expressly included within the definition of "bank" for purposes of section 23A. Because Wells Fargo will own less than 80 percent of the voting shares of Trust Company under its proposal, Trust Company does not qualify for the exemption provided in section 23A for transactions between so-called sister banks.

for Trust Company's assumption of an approximately equal amount of debt owed by Wells Fargo National Bank to Wells Fargo.⁹

Wells Fargo has requested that the Board grant Wells Fargo National Bank and Trust Company a one-time exemption from the provisions of section 23A to permit the transfer of the trust and advisory assets from Wells Fargo National Bank to Trust Company. Wells Fargo also requests that the Board grant an exemption to permit its investment in the securities issued by Investment Advisors and Foreign Funds Advisors. Section 23A(e)(2) provides that the Board may grant an exemption from section 23A if the Board finds that the proposed exemption is in the public interest and consistent with the purposes of the section.

The Board has granted limited exemptions in similar situations where the transaction represented a one-time reorganization of a bank's interests, did not involve the transfer of low-quality assets, and involved assets the quality of which had been verified in the examination process.¹⁰ These criteria are met in this case. Accordingly, the Board hereby grants a limited one-time exemption from the quantitative requirements of section 23A in order to permit the proposed transfer of assets and investment in the advisory partnerships in this case. Hereafter, all covered transactions must be in compliance with section 23A.

The Board's determination is based upon the representations made to the Board by Wells Fargo and other facts of record. Any change in the facts or circumstances relied upon in making this determination could result in the reconsideration of the determination made herein. The Board also expressly reserves the right to rescind this exemption if the Board determines that its continuation is no longer in the public interest or consistent with the purposes of section 23A.

There is no evidence in the record that the proposal is likely to result in decreased or unfair competition, conflicts of interests, unsound banking practices, concentration of resources, or other adverse effects that outweigh public benefits of this proposal. Accordingly, based on all facts of record, the Board believes that the balance of public interest factors that the Board is required to consider under section 4(c)(8) of the BHC Act is favorable in this case.

For these reasons, the Board has determined that the application should be, and hereby is, approved.

9. The Board believes that a transaction involving the transfer of assets to a member bank and the assumption of liabilities by the bank is a purchase of assets by the member bank for purposes of section 23A.

10. See letter, dated March 19, 1984, to Barclays Bank of New York, N.A.

In approving this application, the Board has relied on all the commitments made by Wells Fargo and Nikko. This determination is also subject to all 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 such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder.

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

By order of the Board of Governors, effective April 2, 1990.

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

JENNIFER J. JOHNSON
Associate Secretary of the Board

Orders Issued Under Financial Institutions Reform, Recovery, and Enforcement Act

April 27, 1990

Christina M. Tomczak
Executive Director/Regulatory Regulations
Barnett Banks, Inc.
100 Laura Street
Jacksonville, Florida 32202

Dear Ms. Tomczak:

Barnett Banks, Inc., Jacksonville, Florida ("Barnett"), proposes that its bank subsidiary, Barnett Bank of the Keys, Key West, Florida, purchase the assets and assume the liabilities of Barnett Federal Savings Bank, Jacksonville, Florida, its savings association subsidiary, ("Barnett Federal"). Barnett has requested Board approval of this transaction pursuant to section 5(d)(3) of the Federal Deposit Insurance Act ("FDI Act") as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (Pub. L. No. 101-73, § 206, 103 Stat. 183, 199 (1989)). Barnett Federal has been established to acquire certain assets and assume deposit liabilities of First Federal Savings and Loan

Association of the Florida Keys, Key West, Florida ("First Federal").

The record in this case shows that:

- (1) The aggregate amount of the total assets of all depository institution subsidiaries of Barnett is \$29.0 billion, an amount which is not less than 200 percent of the total assets of Barnett Federal, which currently has \$161.0 million in total assets;
- (2) Barnett and all of its bank subsidiaries currently meet all applicable capital standards and, upon consummation of the proposed transactions, will continue to meet all applicable capital standards;
- (3) The transaction is not in substance the acquisition of a Bank Insurance Fund member bank by a Savings Association Insurance Fund member;
- (4) First Federal, the predecessor to Barnett Federal, had tangible capital of less than 4 percent during the quarter preceding its acquisition by Barnett;
- (5) The transaction, which involves the purchase of assets and assumption of liabilities of Barnett Federal, a savings association located in Florida, by a bank subsidiary of Barnett, a bank holding company whose banking subsidiaries' operations are principally conducted in Florida, would comply with the requirements of section 3(d) of the Bank Holding Company Act if Barnett Federal were a state bank which Barnett was applying to acquire.

Based on the foregoing and all of the other facts of record, the Staff Director of the Division of Banking Supervision and Regulation and the General Counsel of the Board, acting pursuant to authority delegated by the Board of Governors, hereby approve your request to engage in the proposed transaction under section 5(d)(3) of the FDI Act. This approval is subject to Barnett obtaining the required approval of the appropriate Federal banking agency for the proposed merger under the Bank Merger Act.

Very truly yours,

Jennifer J. Johnson
Associate Secretary of the Board

cc: Federal Reserve Bank of Atlanta

April 12, 1990

R. Mark Chamberlin, Esquire
Schatz & Schatz, Ribicoff & Kotkin
90 State House Square
Hartford, Connecticut 06103

Dear Mr. Chamberlin:

Gateway Financial Corporation, Norwalk, Connecticut ("Gateway"), proposes that its bank subsidiary, Gateway Bank, Norwalk, Connecticut, purchase the assets and assume the liabilities of Columbia Acquisition Federal Savings Bank, Norwalk Connecticut, its savings association subsidiary, ("Columbia Acquisition"). Gateway has requested Board approval of this transaction pursuant to section 5(d)(3) of the Federal Deposit Insurance Act ("FDI Act") as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (Pub. L. No. 101-73, § 206, 103 Stat. 183, 199 (1989)). Columbia Acquisition has been established to acquire certain assets and assume deposit liabilities of Columbia Federal Savings Bank, Westport, Connecticut ("Columbia Savings").

The record in this case shows that:

- (1) The aggregate amount of the total assets of all depository institution subsidiaries of Gateway is \$1.3 billion, an amount which is not less than 200 percent of the total assets of Columbia Acquisition, which currently has \$123.4 million in total assets;
- (2) Gateway and all of its bank subsidiaries currently meet all applicable capital standards and, upon consummation of the proposed transactions, will continue to meet all applicable capital standards;
- (3) The transaction is not in substance the acquisition of a Bank Insurance Fund member bank by a Savings Association Insurance Fund member;
- (4) Columbia Savings, the predecessor to Columbia Acquisition, had tangible capital of less than 4 percent during the quarter preceding its acquisition by Gateway;
- (5) The transaction, which involves the purchase of assets and assumption of liabilities of Columbia Acquisition, a savings association located in Connecticut, by a bank subsidiary of Gateway, a bank holding company whose banking subsidiaries' operations are principally conducted in Connecticut, would comply with the requirements of section 3(d) of the Bank Holding Company Act if Columbia Acquisition were a state bank which Gateway was applying to acquire.

Based on the foregoing and all of the other facts of record, the Staff Director of the Division of Banking Supervision and Regulation and the General Counsel of the Board, acting pursuant to authority delegated by the Board of Governors, hereby approve your request to engage in the proposed transaction under section 5(d)(3) of the FDI Act. This approval is subject to

Gateway obtaining the required approval of the appropriate Federal banking agency for the proposed merger under the Bank Merger Act.

Very truly yours,

William W. Wiles
Secretary of the Board

cc: Federal Reserve Bank of New York

April 27, 1990

Paul J. Polking
Executive Vice President and General Counsel
NCNB Corporation
One NCNB Plaza
Charlotte, North Carolina 28255

Dear Mr. Polking:

NCNB Corporation, Charlotte, North Carolina ("NCNB"), proposes that its bank subsidiary, NCNB Texas National Bank, Dallas, Texas, purchase the assets and assume the liabilities of Interim Five NCNB Texas, F.S.B., Dallas, Texas, its savings association subsidiary, ("Interim Five NCNB"). NCNB has requested Board approval of this transaction pursuant to section 5(d)(3) of the Federal Deposit Insurance Act ("FDI Act") as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (Pub. L. No. 101-73, § 206, 103 Stat. 183, 199 (1989)). Interim Five NCNB has been established to acquire certain assets and assume deposit liabilities of Heritagebanc Savings Association, Duncanville, Texas ("Heritage").

The record in this case shows that:

- (1) The aggregate amount of the total assets of all depository institution subsidiaries of NCNB is \$66.0 billion, an amount which is not less than 200 percent of the total assets of Interim Five NCNB, which currently has \$116.7 million in total assets;
- (2) NCNB and all of its bank subsidiaries currently meet all applicable capital standards and, upon consummation of the proposed transactions, will continue to meet all applicable capital standards;
- (3) The transaction is not in substance the acquisition of a Bank Insurance Fund member bank by a Savings Association Insurance Fund member;
- (4) Heritage, the predecessor to Interim Five NCNB, had tangible capital of less than 4 percent during the quarter preceding its acquisition by NCNB;
- (5) The transaction, which involves the purchase of assets and assumption of liabilities of Interim Five

NCNB, a savings association located in Texas, by a bank subsidiary of NCNB, a bank holding company whose banking subsidiaries' operations are principally conducted in North Carolina, would comply with the requirements of section 3(d) of the Bank Holding Company Act if Interim Five NCNB were a state bank which NCNB was applying to acquire.

Based on the foregoing and all of the other facts of record, the Staff Director of the Division of Banking Supervision and Regulation and the General Counsel of the Board, acting pursuant to authority delegated by the Board of Governors, hereby approve your request to engage in the proposed transaction under section 5(d)(3) of the FDI Act. This approval is subject to NCNB obtaining the required approval of the appropriate Federal banking agency for the proposed merger under the Bank Merger Act.

Very truly yours,

Jennifer J. Johnson
Associate Secretary of the Board

cc: Federal Reserve Bank of Richmond

April 20, 1990

Steven C. Worrell
Vice President and C.F.O.
Union Bancshares, Inc.
P.O. Box 637
Wichita, Kansas 67201

Dear Mr. Worrell:

Union Bancshares, Inc., Wichita, Kansas ("Union"), proposes that its bank subsidiary, Union National Bank of Wichita, Wichita, Kansas, purchase the assets and assume the liabilities of Hutchinson Federal Savings & Loan Association, Hutchinson, Kansas, its savings association subsidiary, ("Hutchinson"). Union has requested Board approval of this transaction pursuant to section 5(d)(3) of the Federal Deposit Insurance Act ("FDI Act") as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (Pub. L. No. 101-73, § 206, 103 Stat. 183, 199 (1989)). Hutchinson has been established to acquire certain assets and assume deposit liabilities of First Federal Savings & Loan Association of Hutchinson, Hutchinson, Kansas ("First Federal").

The record in this case shows that:

- (1) The aggregate amount of the total assets of all depository institution subsidiaries of Union is \$521

million, an amount which is not less than 200 percent of the total assets of Hutchinson, which currently has \$123 million in total assets;

(2) Union and all of its bank subsidiaries currently meet all applicable capital standards and, upon consummation of the proposed transactions, will continue to meet all applicable capital standards;

(3) The transaction is not in substance the acquisition of a Bank Insurance Fund member bank by a Savings Association Insurance Fund member;

(4) First Federal, the predecessor to Hutchinson, had tangible capital of less than 4 percent during the quarter preceding its acquisition by Union;

(5) The transaction, which involves the purchase of assets and assumption of liabilities of Hutchinson, a savings association located in Kansas, by a bank subsidiary of Union, a bank holding company whose banking subsidiaries' operations are principally conducted in Kansas, would comply with the requirements of section 3(d) of the Bank Holding Company

Act if Hutchinson were a state bank which Union was applying to acquire.

Based on the foregoing and all of the other facts of record, the Staff Director of the Division of Banking Supervision and Regulation and the General Counsel of the Board, acting pursuant to authority delegated by the Board of Governors, hereby approve your request to engage in the proposed transaction under section 5(d)(3) of the FDI Act. This approval is subject to Union obtaining the required approval of the appropriate Federal banking agency for the proposed merger under the Bank Merger Act.

Very truly yours,

William W. Wiles
Secretary of the Board

cc: Federal Reserve Bank of Kansas City

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(s)	Bank(s)	Effective date
First Commonwealth Financial Corporation, Indiana, Pennsylvania	Peoples Bank and Trust Company, Jennerstown, Pennsylvania	April 26, 1990

Section 4

Applicant(s)	Bank(s)	Effective date
First Security Corporation, Salt Lake City, Utah	Utah Deseret Mortgage Corporation, Orem, Utah	April 17, 1990

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
AMBANC Corp., Vincennes, Indiana	Citizen's National Corporation, Linton, Indiana	St. Louis	April 24, 1990
AmeriFirst Bancorporation, Inc., Sikeston, Missouri	AmeriFirst Bank, Cape Girardeau, Missouri	St. Louis	April 12, 1990
Arkansas Bankers' Bancorporation, Inc., Little Rock, Arkansas	Arkansas Bankers' Bank, Little Rock, Arkansas	St. Louis	April 20, 1990
Bank of Montana System, Great Falls, Montana	Big Sky Bankshares, Inc., Great Falls, Montana	Minneapolis	March 30, 1990
Bank of Montana Acquisition Corporation, Great Falls, Montana			
Blackhawk Bancorp, Inc., Beloit, Wisconsin	Beloit Savings Bank, Beloit, Wisconsin	Chicago	March 27, 1990
BMR Financial Group, Inc., Atlanta, Georgia	Meigs County Bancshares, Inc., Decatur, Tennessee	Atlanta	April 20, 1990
Britton Bancshares, Inc., Ellsworth, Kansas	First National Bank of Holcomb, Holcomb, Kansas	Kansas City	April 20, 1990
Cameron Bancorp, Inc., Cameron, Wisconsin	Community Bank of Cameron, Cameron, Wisconsin	Minneapolis	April 10, 1990
Carlson Bancshares, Inc., West Memphis, Arkansas	Fidelity Bancorp, Inc., West Memphis, Arkansas	St. Louis	April 12, 1990
Casey County Bancorp, Inc., Liberty, Kentucky	Middleburg Bancorp, Inc., Middleburg, Kentucky	St. Louis	April 18, 1990
Century National Corporation, Clearwater, Florida	Security National Bank, Clearwater, Florida	Atlanta	March 28, 1990
Columbus Corp., Stanley, Kansas	Stanley Bank, Stanley, Kansas	Kansas City	April 26, 1990
Commercial National Financial Corporation, Latrobe, Pennsylvania	Commercial National Bank of Westmoreland County, Latrobe, Pennsylvania	Cleveland	April 13, 1990
Community Investment Bancorporation, Inc., Lebanon, Wisconsin	Lebanon State Bank, Lebanon, Wisconsin	Chicago	March 29, 1990
Corn Belt Bancorp, Inc., Pittsfield, Illinois	Corn Belt Bank and Trust Company, Pittsfield, Illinois	St. Louis	April 12, 1990
Del Rio National Bancshares, Inc., Del Rio, Texas	D.R.N.B., Inc., Washington, D.C. Del Rio National Bank, Del Rio, Texas	Dallas	March 29, 1990
D.R.N.B., Inc., Washington, D.C.	Del Rio National Bank, Del Rio, Texas	Dallas	March 29, 1990

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective date
EastPark Bancshares, Inc., Dallas, Texas	EastPark National Bank, Dallas, Texas	Dallas	April 25, 1990
Empire Capital Corporation, LeRoy, Illinois	LeRoy State Bank, LeRoy, Illinois	Chicago	March 30, 1990
ENB Holding Company, Escondido, California	Temecula Valley National Bank, Temecula, California	San Francisco	April 17, 1990
First Affiliated Bancorp, Inc., Watseka, Illinois	BANCORP OF NORTH- WESTERN INDIANA, Goodland, Indiana	Chicago	April 4, 1990
First American Bancshares, Inc., Kansas City, Kansas	First American Bank, N.A., Lenexa, Kansas Kansas Bancorporation, Inc., Kansas City, Kansas Wyandotte Ban Corporation, Kansas City, Kansas	Kansas City	April 6, 1990
First Colonial Bankshares Corporation, Chicago, Illinois	Fox Lake State Bank, Fox Lake, Illinois	Chicago	April 23, 1990
First New Mexico Financial Corporation, Deming, New Mexico	First State Bank of Silver City, Silver City, New Mexico	Dallas	April 13, 1990
FirstPerryton Bancorp, Inc., Perryton, Texas	Citizens Bank & Trust Company, Pampa, Texas	Dallas	April 6, 1990
First Place Financial Corporation, Farmington, New Mexico	The Burns National Bank of Durango, Durango, Colorado	Kansas City	March 30, 1990
F & M Bancorporation, Inc., Kaukauna, Wisconsin	BancUnion Corp., Lancaster, Wisconsin	Chicago	March 29, 1990
Fourth Financial Corporation, Wichita, Kansas	Citadel Bankshares, Inc., Wichita, Kansas	Kansas City	March 29, 1990
Globalshare, Limited, Road Town, Tortola, British Virgin Islands	El Paso Financial Corporation, Wilmington, Delaware El Paso State Bank, El Paso, Texas	Dallas	April 23, 1990
Hope Bancshares, Inc., Hope, Kansas	The First National Bank of Hope, Hope, Kansas	Kansas City	April 11, 1990
Jessup Family Limited Partnership, Eastman, Georgia	Bank of Eastman, Eastman, Georgia	Atlanta	April 13, 1990
Kaw Valley Bancshares, Inc., Kansas City, Kansas	Galleria Bank, Overland Park, Kansas	Kansas City	April 13, 1990
Keweenaw Financial Corporation, Hancock, Michigan	The Superior National Bank and Trust Company, Hancock, Michigan	Minneapolis	April 12, 1990
L.S.B. Bancshares, Inc. of South Carolina, Lexington, South Carolina	Lowcountry Bancshares, Inc., Varnville, South Carolina	Richmond	April 6, 1990

Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective date
Mercantile Bancorp, Inc., Quincy, Illinois	State Bank of Augusta, Augusta, Illinois	St. Louis	April 17, 1990
Mid-Wisconsin Financial Services, Inc., Neillsville, Wisconsin	North Holding Company, Inc., Neillsville, Wisconsin	Minneapolis	April 12, 1990
Missouri Quad Bancshares, Inc., Kansas City, Missouri	Quad County Bancshares, Inc., Viburnum, Missouri	St. Louis	April 27, 1990
Morley Bancshares Corporation, Belle Plaine, Kansas	The Valley State Bank, Belle Plaine, Kansas	Kansas City	April 20, 1990
Multibank Financial Corp., Dedham, Massachusetts	Andover Bancorp, Inc., Andover, Massachusetts The Waltham Corporation, Waltham, Massachusetts	Boston	April 6, 1990
NBRC Company, Rockwell City, Iowa	The National Bank of Rockwell City, Rockwell City, Iowa	Chicago	April 11, 1990
Peoples Financial Services, Inc., Cookeville, Tennessee	Peoples Bank and Trust of the Cumberlands, Cookeville, Tennessee	Atlanta	April 20, 1990
Pleasant Hope Bancshares, Inc., Pleasant Hope, Missouri	Webster County Bank, Marshfield, Missouri	St. Louis	April 13, 1990
Prairie Bancorp, Inc., Manlius, Illinois	Tiskilwa State Bank, Tiskilwa, Illinois	Chicago	April 11, 1990
Putnam County Bancshares, Inc., Unionville, Missouri	Putnam County State Bank, Unionville, Missouri	Kansas City	April 4, 1990
Shelby Financial Corporation, Shelby, Michigan	The Shelby State Bank, Shelby, Michigan	Chicago	April 11, 1990
Southwest Holdings, Inc., Omaha, Nebraska	Southwest Ban Corporation, Omaha, Nebraska	Kansas City	March 23, 1990
Taylor Bancshares, Inc., North Mankato, Minnesota	Farmers National Bank of Minnesota Lake, Minnesota Lake, Minnesota	Minneapolis	April 5, 1990
Union Colony Bancorp, Greeley, Colorado	Valley National Bank, Loveland, Colorado	Kansas City	April 25, 1990
WCC Management Corp., Boston, Massachusetts	Wainwright Bank & Trust Company, Boston, Massachusetts	Boston	March 26, 1990
Wainwright Capital Management Company, L.P., Boston, Massachusetts			
Church Green Bancorp, Inc., Boston, Massachusetts			
B & T Holding Company L.P., Boston, Massachusetts			
Yellowstone Trail Bancorporation, Ipswich, South Dakota	Ipswich State Bank, Ipswich, South Dakota	Minneapolis	March 30, 1990
Yutan Bancorp, Inc., Yutan, Nebraska	Bank of Yutan, Yutan, Nebraska	Kansas City	April 11, 1990

Section 4

Applicant(s)	Nonbanking Activity /Company	Reserve Bank	Effective date
Area Bancshares Corporation, Owensboro, Kentucky	First Federal Savings and Loan Association of Bowling Green, Bowling Green, Kentucky	St. Louis	April 9, 1990
Financial Trust Corporation, Carlisle, Pennsylvania	First Federal Savings Bank, Hanover, Pennsylvania	Philadelphia	March 23, 1990
First of America Bank Corporation, Kalamazoo, Michigan	PrimeBank, Federal Savings Bank, Grand Rapids, Michigan	Chicago	April 5, 1990
KD Bancshares, Inc., Edgerton, Wisconsin	Jerry Smith & Associates, Inc., Madison, Wisconsin	Chicago	March 30, 1990

Sections 3 and 4

Applicant(s)	Nonbanking Activity/Company	Reserve Bank	Effective date
Premier Financial Corp., Elkhart, Indiana	Cromwell Financial Corp., Cromwell, Indiana Crittson Financial Corporation, Elkhart, Indiana	Chicago	March 23, 1990
Salin Bancshares of North Central Indiana, Inc., Indianapolis, Indiana	Logansport Bancorp, Inc., Indianapolis, Indiana	Chicago	April 4, 1990
Union Planters Corporation, Memphis, Tennessee	North Arkansas Bancshares, Inc., Jonesboro, Arkansas Mercantile Corporation, Jonesboro, Arkansas	St. Louis	April 6, 1990

*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(s)	Bank(s)	Reserve Bank	Effective date
Crestar Bank, Richmond, Virginia	Perpetual Savings Bank, F.S.B., McLean, Virginia	Richmond	April 26, 1990
DeLand State Bank, DeLand, Illinois	National Bank of Monticello, Monticello, Illinois	Chicago	April 6, 1990

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.

California Association of Life Underwriters v. Board of Governors, No. 90-70123 (9th Circuit, filed March 15, 1990). Petition for review of Board order approving acquisition of bank subsidiary to engage in insurance activities pursuant to state law.

Burke v. Board of Governors, No. 90-9505 (10th Circuit, filed February 27, 1990). Petition for review of Board orders assessing civil money penalties and issuing orders of prohibition.

BancTEXAS Group, Inc. v. Board of Governors, No. CA 3-90-0236-R (N.D. Texas, filed February 2, 1990). Plaintiff seeks temporary restraining order and preliminary injunction enjoining the Board from enforcing a temporary order to cease and desist requiring injection of capital into plaintiff's subsidiary banks under the Board's source of strength doctrine. The district court denied plaintiff's request for a temporary restraining order on February 6, 1990.

Rutledge v. Board of Governors, No. CV90-L-0137S (N.D. Alabama, filed January 27, 1990). Tort suit challenging Board and Reserve Bank supervisory actions.

Woodward v. Board of Governors, No. 90-3031 (11th Cir., filed January 16, 1990); *Kaimowitz v. Board of Governors*, No. 90-3067 (11th Cir., filed January 23, 1990). Petitions for review of Board order dated December 22, 1989, approving application by First Union Corporation to acquire Florida National Banks. Petitioners object to approval on Community Reinvestment Act grounds. The court denied their motion for a stay of the Board's order on January 26, 1990, and is considering jurisdictional issues raised by the Board.

Securities Industry Association v. Board of Governors, No. 89-1730 (D.C. Cir., filed November 29, 1989). Petition for review of Board order approving application under section 4(c)(8) to engage in private placement and riskless principal activities. The case has been held in abeyance pending the outcome of *Securities Industry Association v. Board of Governors*, No. 89-1127 (D.C. Circuit).

Babcock and Brown Holdings, Inc. v. Board of Governors, No. 89-70518 (9th Cir., filed November 22, 1989). Petition for review of Board determination that a company would control a proposed insured

bank for purposes of the Bank Holding Company Act.

Consumers Union of U.S., Inc. v. Board of Governors, No. 89-3008 (D.D.C., filed November 1, 1989). Challenge to various aspects of amendments to Regulation Z implementing the Home Equity Loan Consumer Protection Act. Oral argument on the parties' cross-motions for summary judgment was held on April 27, 1990.

Synovus Financial Corp. v. Board of Governors, No. 89-1394 (D.C. Cir., filed June 21, 1989). Petition for review of Board order permitting relocation of a bank holding company's national bank subsidiary from Alabama to Georgia.

MCorp v. Board of Governors, No. 89-2816 (5th Cir., filed May 2, 1989). Appeal of preliminary injunction against the Board enjoining pending and future enforcement actions against bank holding company now in bankruptcy. Awaiting decision.

Independent Insurance Agents of America v. Board of Governors, No. 89-4030 (2d Cir., filed March 9, 1989). Petition for review of Board order ruling that the non-banking restrictions of section 4 of the Bank Holding Company Act apply only to non-bank subsidiaries of bank holding companies. The Board's order was upheld on November 29, 1989. Petition for *certiorari* filed on April 18, 1990.

Securities Industry Association v. Board of Governors, No. 89-1127 (D.C. Cir., filed February 16, 1989). Petition for review of Board order permitting five bank holding companies to engage to a limited extent in additional securities underwriting and dealing activities. Board's order upheld on April 10, 1990.

MCorp v. Board of Governors, No. CA3-88-2693 (N.D. Tex., filed October 10, 1988). Application for injunction to set aside temporary cease and desist orders. Stayed pending outcome of *MCorp v. Board of Governors* in Fifth Circuit.

White v. Board of Governors, No. CU-S-88-623-RDF (D. Nev., filed July 29, 1988). Age discrimination complaint. Board's motion to dismiss or for summary judgment pending.

Cohen v. Board of Governors, No. 88-1061 (D.N.J., filed March 7, 1988). Action seeking disclosure of documents under the Freedom of Information Act.

Lewis v. Board of Governors, Nos. 87-3455, 87-3545 (11th Cir., filed June 25, August 3, 1987). Petitions for review of Board orders approving applications of non-Florida bank holding companies to expand activities of Florida trust company subsidiaries. Matter stayed pending Supreme Court review of *Continental Illinois Corp. v. Lewis*, 827 F.2d 1517 (11th Cir. 1987), *vacated and remanded*, 110 S. Ct. 1249 (1990).

Financial and Business Statistics

NOTE. *The following tables may have some discontinuities in historical data for some series beginning with the December 1989 issue: 1.12, 1.33, 1.44, 1.52, 1.57–1.60, 2.10, 2.12, 2.13, 3.10,*

3.11, 3.15–3.20, 3.22–3.25, 3.27, 3.28, and 4.30. For a more detailed explanation of the changes, see the announcement on page 16 of the January 1990 BULLETIN.

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

Annual rates of change, seasonally adjusted in percent¹

Monetary and credit aggregates	1989			1990	1989		1990		
	Q2	Q3	Q4	Q1	Nov.	Dec.	Jan.	Feb.	Mar.
<i>Reserves of depository institutions²</i>									
1 Total	-8.5'	.6	5.1	2.4	.1	7.8	-2.7	6.4	1.6
2 Required	-7.7	.5	5.0	2.5	1.7	8.4	-4.7	7.1	4.3
3 Nonborrowed	-10.0'	8.6'	7.2	-3.9	4.3	9.5	-6.2	-13.9	-12.2
4 Monetary base ³	1.8'	3.2	4.0	8.5	1.9	7.3	10.8'	9.2'	8.7
<i>Concepts of money, liquid assets, and debt⁴</i>									
5 M1	-4.4	1.8	5.1	4.8	2.0	8.2	-.1	9.8	5.0
6 M2	1.6	6.9	7.0	6.2	7.2'	7.3	3.4	9.3'	5.1
7 M3	3.3	3.9	1.8	3.0	3.7	3.6'	1.5'	5.1'	.8
8 L	5.0	4.2	2.7	n.a.	3.8	4.4'	-.1'	2.8	n.a.
9 Debt	7.7	7.2	7.9	6.5	8.8	4.8	5.4	7.6	n.a.
<i>Nontransaction components</i>									
10 In M2	3.7	8.7	7.6	6.7	9.0	7.0	4.5	9.1'	5.2
11 In M3 only ⁵	9.1	-6.8	-17.1'	-9.6	-9.6'	-10.7'	-5.7'	-11.2'	-16.5
<i>Time and savings deposits</i>									
<i>Commercial banks</i>									
12 Savings	-11.5	.4	7.1	9.6	9.5	7.3	8.7	12.5	10.1
13 MMDA	-10.8	5.2	12.3	9.0	16.6	10.6	2.9	11.9	10.5
14 Small-denomination time ^{8,9}	25.9	11.9	11.3	7.9	10.9	9.6	6.6	7.6'	5.6
15 Large-denomination time ^{8,9}	16.3	3.0	2.7	-1.4	8.0	-.1	-.7	-5.5'	-7.6
<i>Thrift institutions</i>									
16 Savings	-14.9	-5.2	.3	1.2	1.5'	-.3'	-.5	7.6	-3.4
17 MMDA	-30.6	-6.2	4.7'	5.6	6.8'	-1.1'	2.7	8.2	21.2
18 Small-denomination time	10.7	8.8	-2.5	-4.5	-4.1'	-.9	-5.1	-9.4'	-.6
19 Large-denomination time ⁸	7.5	-10.7	-28.6	-25.1	-31.7	-20.2	-30.3	-22.3	-23.5
<i>Debt components⁴</i>									
20 Federal	6.9	4.7	9.5	8.2	10.9	3.7	5.7	11.2	n.a.
21 Nonfederal	7.9	7.9	7.4	6.0	8.2	5.2	5.4'	6.5	n.a.

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 depository institutions 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. 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.

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

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

A4 Domestic Financial Statistics □ June 1990

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						
	1990			1990						
	Jan.	Feb.	Mar.	Feb. 14	Feb. 21	Feb. 28	Mar. 7	Mar. 14	Mar. 21	Mar. 28
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit	269,857	265,438	268,483	263,407	264,181	265,438	268,648	268,385	268,634	268,005
U.S. government securities ^{1, 2}										
2 Bought outright-system account	221,432	217,811	219,148	214,337	214,895	216,140	220,466	219,198	218,977	218,070
3 Held under repurchase agreements	985	0	306	0	0	0	615	0	332	0
Federal agency obligations ²										
4 Bought outright	6,525	6,525	6,524	6,525	6,525	6,525	6,524	6,524	6,524	6,524
5 Held under repurchase agreements	119	0	80	0	0	0	64	0	144	0
6 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions ²										
7 Adjustment credit	341	75	78	996	1,600	75	56	9	207	45
8 Seasonal credit	44	61	83	40	59	61	59	65	85	96
9 Extended credit	27	1,738	1,982	36	229	1,738	1,944	2,056	1,934	2,023
10 Float	978	887	431	617	1,622	887	453	717	539	144
11 Other Federal Reserve assets	39,406	38,341	39,852	40,299	38,006	38,341	38,468	39,815	39,892	41,104
12 Gold stock	11,059	11,059	11,059	11,059	11,059	11,059	11,059	11,060	11,059	11,059
13 Special drawing rights certificate account	8,518	8,518	8,518	8,518	8,518	8,518	8,518	8,518	8,518	8,518
14 Treasury currency outstanding	19,650	19,724	19,802	19,683	19,710	19,724	19,773	19,790	19,806	19,823
ABSORBING RESERVE FUNDS										
15 Currency in circulation	256,669	254,967	256,791	254,651	255,230	254,967	255,653	256,944	257,133	257,026
16 Treasury cash holdings	468	498	524	495	495	498	513	519	525	532
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	6,302	6,133	5,349	6,446	4,783	6,133	6,193	4,928	5,001	5,506
18 Foreign	255	218	215	213	236	218	211	188	221	217
19 Service-related balances and adjustments	2,075	1,906	2,161	2,035	2,024	1,906	2,520	2,115	1,819	2,206
20 Other	364	398	339	234	343	398	323	266	392	389
21 Other Federal Reserve liabilities and capital	8,928	8,973	8,997	8,829	8,985	8,973	8,760	9,005	9,180	9,172
22 Reserve balances with Federal Reserve Banks ³	34,023	31,646	33,486	29,762	31,372	31,646	33,825	33,788	33,746	32,358
End-of-month figures				Wednesday figures						
1990				1990						
	Jan.	Feb.	Mar.	Feb. 14	Feb. 21	Feb. 28	Mar. 7	Mar. 14	Mar. 21	Mar. 28
SUPPLYING RESERVE FUNDS										
23 Reserve Bank credit	265,926	265,805	268,705	263,771	265,705	265,805	272,327	267,957	272,413	269,356
U.S. government securities ^{1, 2}										
24 Bought outright-system account	218,392	219,132	217,899	215,312	215,814	219,132	219,271	218,669	218,448	220,529
25 Held under repurchase agreements	0	0	1,423	0	0	0	4,303	0	2,324	0
Federal agency obligations ²										
26 Bought outright	6,525	6,525	6,524	6,525	6,525	6,525	6,524	6,524	6,524	6,524
27 Held under repurchase agreements	0	0	510	0	0	0	448	0	1,009	0
28 Acceptances	0	0	0	0	0	0	0	0	0	0
Loans to depository institutions ²										
29 Adjustment credit	656	57	92	947	2,488	57	174	11	1,335	30
30 Seasonal credit	42	59	154	37	59	59	63	69	92	94
31 Extended credit	35	1,662	1,917	42	1,332	1,662	1,550	1,889	1,784	1,771
32 Float	216	266	262	472	1,505	266	1,212	898	717	-146
33 Other Federal Reserve assets	40,061	38,103	39,925	40,436	37,981	38,103	38,781	39,897	40,180	40,554
34 Gold stock	11,059	11,059	11,060	11,059	11,059	11,059	11,059	11,060	11,059	11,059
35 Special drawing rights certificate account	8,518	8,518	8,518	8,518	8,518	8,518	8,518	8,518	8,518	8,518
36 Treasury currency outstanding	19,655	19,724	19,839	19,683	19,710	19,724	19,773	19,790	19,806	19,823
ABSORBING RESERVE FUNDS										
37 Currency in circulation	253,123	255,186	257,675	254,957	255,495	255,186	256,322	257,298	257,129	257,372
38 Treasury cash holdings	479	504	540	495	495	504	519	524	531	540
Deposits, other than reserve balances, with Federal Reserve Banks										
39 Treasury	13,153	6,613	4,832	5,654	5,310	6,613	5,745	4,747	5,816	6,218
40 Foreign	251	309	300	180	224	309	220	179	196	285
41 Service-related balances and adjustments	1,882	1,906	2,119	2,035	2,024	1,906	2,520	2,115	1,819	2,206
42 Other	357	409	304	218	302	409	288	257	292	397
43 Other Federal Reserve liabilities and capital	8,884	8,449	8,455	8,478	8,782	8,449	8,886	8,673	8,987	8,979
44 Reserve balances with Federal Reserve Banks ³	27,029	31,729	33,897	31,013	32,358	31,729	37,176	33,530	37,026	32,758

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. Beginning with the May 1990 Bulletin, this table has been revised to correspond with the H.4.1 statistical release.

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

NOTE: For amounts of currency and coin held as reserves, see table I.12. Components may not add to totals because of rounding.

1.12 RESERVES AND BORROWINGS Depository Institutions¹

Millions of dollars

Reserve classification	Monthly averages ⁹									
	1987	1988	1989	1989				1990		
	Dec. †	Dec. †	Dec.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb. †	Mar.
1 Reserve balances with Reserve Banks ²	37,691	37,837	35,436	33,556	33,123	33,941	35,436	34,090	30,929	33,407
2 Total vault cash ³	26,675	28,204	29,812 [†]	29,091 [†]	29,910 [†]	29,549 [†]	29,812 [†]	31,301 [†]	32,489	29,581
3 Vault ⁴	24,449	25,909	27,374	26,570	27,275	27,048	27,374	28,841	29,693	27,250
4 Surplus ⁵	2,226	2,295	2,439 [†]	2,521 [†]	2,636 [†]	2,502 [†]	2,439 [†]	2,461 [†]	2,795	2,331
5 Total reserves ⁶	62,141	63,746	62,810	60,126	60,397	60,989	62,810	62,931	60,623	60,657
6 Required reserves	61,094	62,699	61,888	59,188	59,378	60,044	61,888	61,914	59,634	59,800
7 Excess reserve balances at Reserve Banks ⁷	1,046	1,047	922	938	1,020	945	922	1,016	989	857
8 Total borrowings at Reserve Banks	777	1,716	265	693	555	349	265	440	1,448	2,124
9 Seasonal borrowings at Reserve Banks	93	130	84	452	330	134	84	47	51	78
10 Extended credit at Reserve Banks ⁸	483	1,244	20	22	21	21	20	26	535	1,950
Biweekly averages of daily figures for weeks ending										
	1989			1990						
	Nov. 29	Dec. 13	Dec. 27	Jan. 10	Jan. 24	Feb. 7	Feb. 21	Mar. 7 [†]	Mar. 21	Apr. 4
11 Reserve balances with Reserve Banks ²	33,394	35,399	35,130	36,627	34,423	29,799	30,597	32,724	33,730	33,432
12 Total vault cash ³	30,186 [†]	28,851 [†]	30,445 [†]	30,725 [†]	30,277 [†]	34,175 [†]	32,780 [†]	30,220	29,259	29,585
13 Vault ⁴	27,574	26,509	27,903	28,335	28,045	31,156	29,956	27,706	27,004	27,274
14 Surplus ⁵	2,612 [†]	2,342 [†]	2,543 [†]	2,390 [†]	2,233 [†]	3,019 [†]	2,824 [†]	2,514	2,255	2,311
15 Total reserves ⁶	60,967	61,907	63,033	64,961	62,468	60,955	60,553	60,430	60,734	60,706
16 Required reserves	59,958	61,149	62,015	63,844	61,627	59,735	59,585	59,633	59,997	59,640
17 Excess reserve balances at Reserve Banks ⁷	1,009	759	1,018	1,117	841	1,220	968	797	737	1,066
18 Total borrowings at Reserve Banks	441	151	351	339	300	865	1,480	1,967	2,179	2,157
19 Seasonal borrowings at Reserve Banks	115	87	89	58	41	44	50	60	75	96
20 Extended credit at Reserve Banks ⁸	23	22	19	19	27	33	133	1,841	1,995	1,965

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 □ June 1990

I.13 SELECTED BORROWINGS IN IMMEDIATELY AVAILABLE FUNDS Large Member Banks¹

Averages of daily figures, in millions of dollars

Maturity and source	1989 week ending Monday								
	Feb. 6	Feb. 13	Feb. 20	Feb. 27	Mar. 6	Mar. 13	Mar. 20	Mar. 27	Apr. 3
<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	71,750	71,162	69,950	72,395	74,375	74,764	72,665	69,297	69,402
2 For all other maturities	10,289	10,627	11,937	11,378	11,061	11,208	11,240	12,075	10,248
From other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies									
3 For one day or under continuing contract	27,292	29,241	27,903	25,142	31,371	30,195	29,143	25,678	28,748
4 For all other maturities	6,524	6,787	7,467	7,403	7,190	8,378	7,648	8,758	7,805
<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	14,289	14,754	15,077	15,031	16,834	15,413	15,916	14,954	15,764
6 For all other maturities	13,279	14,100	13,592	13,484	13,598	14,456	14,881	17,268	13,971
All other customers									
7 For one day or under continuing contract	27,966	27,901	27,792	29,237	27,612	27,710	27,124	25,489	27,596
8 For all other maturities	9,980	10,178	10,299	9,978	10,104	10,085	10,591	13,275	10,482
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	41,248	39,096	38,742	37,275	43,328	40,929	41,534	40,157	39,236
10 To all other specified customers ²	17,118	15,055	16,176	15,684	17,158	16,936	16,104	15,799	17,056

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

Current and previous levels

Federal Reserve Bank	Adjustment credit and Seasonal credit ¹			Extended credit ²						
	On 4/19/90	Effective date	Previous rate	First 30 days of borrowing			After 30 days of borrowing ³			
				On 4/19/90	Effective date	Previous rate	On 4/19/90	Effective date	Previous rate	Effective date
Boston	7	2/24/89	6½	7	2/24/89	6½	8.80	4/19/90	8.85	4/5/90
New York	↑	2/24/89	↑	↑	2/24/89	↑	↑	↑	↑	4/5/90
Philadelphia	↑	2/24/89	↑	↑	2/24/89	↑	↑	↑	↑	4/5/90
Cleveland	↑	2/24/89	↑	↑	2/24/89	↑	↑	↑	↑	4/5/90
Richmond	↑	2/24/89	↑	↑	2/24/89	↑	↑	↑	↑	4/5/90
Atlanta	↑	2/24/89	↑	↑	2/24/89	↑	↑	↑	↑	4/5/90
Chicago	↓	2/24/89	↓	↓	2/24/89	↓	↓	↓	↓	4/5/90
St. Louis	↓	2/24/89	↓	↓	2/24/89	↓	↓	↓	↓	4/5/90
Minneapolis	↓	2/24/89	↓	↓	2/24/89	↓	↓	↓	↓	4/5/90
Kansas City	↓	2/24/89	↓	↓	2/24/89	↓	↓	↓	↓	4/5/90
Dallas	↓	2/27/89	↓	↓	2/27/89	↓	↓	↓	↓	4/5/90
San Francisco	7	2/24/89	6½	7	2/24/89	6½	8.80	4/19/90	8.85	4/5/90

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	11–11½	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	1989—Feb. 24	6½–7	7
Oct. 8	11–12	12	13	9½	9½	27	7	7
10	12	12	Nov. 22	9–9½	9	In effect Apr. 19, 1990	7	7
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 for 1986 and 1987 but was not renewed for 1988.

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 3, 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–\$40.4 million	3	12/19/89
More than \$40.4 million	12	12/19/89
<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, 1989. Required reserves must be held in the form of deposits with Federal Reserve Banks or vault cash. Nonmember institutions 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* or 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 change in transaction accounts held by all depository institutions, determined as of June 30 each year. Effective Dec. 19, 1989 for institutions reporting quarterly and Dec. 26, 1989 for institutions reporting weekly, the amount was decreased from \$41.5 million to \$40.4 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	1987	1988	1989	1989					1990	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
U.S. TREASURY SECURITIES										
<i>Outright transactions (excluding matched transactions)</i>										
Treasury bills										
1 Gross purchases	18,983	8,223	14,284	0	0	219	8,794	1,883	423	108
2 Gross sales	6,051	587	12,818	934	0	1,633	0	0	1,489	3,384
3 Exchange	0	2,200	0	0	0	0	0	0	0	0
4 Redemptions	9,029	2,200	12,730	800	0	1,400	3,530	0	1,000	400
Others within 1 year										
5 Gross purchases	3,659	2,176	327	0	0	0	155	0	0	0
6 Gross sales	300	0	0	0	0	0	0	0	0	0
7 Maturity shift	21,504	23,854	28,848	4,200	1,832	852	3,915	1,268	1,201	2,845
8 Exchange	-20,388	-24,588	-25,783	-4,025	0	-2,678	-5,302	0	-2,489	-5,418
9 Redemptions	70	0	500	0	0	500	0	0	0	0
1 to 5 years										
10 Gross purchases	10,231	5,485	1,436	0	0	0	0	0	0	0
11 Gross sales	452	800	490	150	0	24	0	0	0	0
12 Maturity shift	-17,975	-17,720	-25,534	-3,321	-1,832	-758	-2,869	-1,268	-1,163	-1,713
13 Exchange	18,938	22,515	23,250	3,425	0	2,552	4,902	0	2,373	4,743
5 to 10 years										
14 Gross purchases	2,441	1,579	287	0	0	0	0	0	0	0
15 Gross sales	0	175	29	0	0	0	0	0	0	0
16 Maturity shift	-3,529	-5,946	-2,231	-879	0	-95	-1,046	0	-38	-451
17 Exchange	950	1,797	1,934	400	0	126	400	0	116	450
Over 10 years										
18 Gross purchases	1,858	1,398	284	0	0	0	0	0	0	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shift	0	-188	-1,086	0	0	0	0	0	0	-681
21 Exchange	500	275	600	200	0	0	200	0	0	226
<i>All maturities</i>										
22 Gross purchases	37,170	18,863	16,617	0	0	219	8,949	1,883	423	108
23 Gross sales	6,803	1,562	13,337	1,084	0	1,657	0	0	1,489	3,384
24 Redemptions	9,099	2,200	13,230	800	0	1,900	3,530	0	1,000	400
<i>Matched transactions</i>										
25 Gross sales	950,923	1,168,484	1,323,480	146,611	116,502	111,430	105,696	103,077	127,729	116,220
26 Gross purchases	950,935	1,168,142	1,326,542	147,228	120,144	111,893	105,243	104,827	121,411	120,637
<i>Repurchase agreements²</i>										
27 Gross purchases	314,621	152,613	129,518	0	9,396	0	15,350	22,737	16,185	0
28 Gross sales	324,666	151,497	132,688	0	9,396	0	15,350	21,145	17,777	0
29 Net change in U.S. government securities	11,234	15,872	-10,055	-1,267	3,642	-2,875	4,966	5,225	-9,976	741
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	276	587	442	0	54	30	0	0	0	0
<i>Repurchase agreements²</i>										
33 Gross purchases	80,353	57,259	38,835	0	2,874	0	1,247	2,992	1,741	0
34 Gross sales	81,350	56,471	40,411	0	2,874	0	1,247	2,467	2,266	0
35 Net change in federal agency obligations	-1,274	198	-2,018	0	-54	-30	0	525	-525	0
36 Total net change in System Open Market Account	9,961	16,070	-12,073	-1,267	3,588	-2,905	4,966	5,750	-10,501	741

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 □ June 1990

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements¹

Millions of dollars

Account	Wednesday					End of month		
	1990					1990		
	Feb. 28	Mar. 7	Mar. 14	Mar. 21	Mar. 28	Jan.	Feb.	Mar.
Consolidated condition statement								
ASSETS								
1 Gold certificate account	11,059	11,059	11,060	11,059	11,059	11,059	11,059	11,060
2 Special drawing rights certificate account	8,518	8,518	8,518	8,518	8,518	8,518	8,518	8,518
3 Coin	568	572	571	575	572	524	568	568
Loans								
4 To depository institutions	1,779	1,787	1,969	3,211	1,895	733	1,779	2,163
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	6,525	6,524	6,524	6,524	6,524	6,525	6,525	6,524
8 Held under repurchase agreements	0	448	0	1,009	0	0	0	510
U.S. Treasury securities								
Bought outright								
9 Bills	96,937	96,876	96,274	96,054	98,134	96,197	96,937	95,504
10 Notes	91,239	91,439	91,439	91,439	91,439	91,381	91,239	91,440
11 Bonds	30,955	30,955	30,955	30,955	30,955	30,814	30,955	30,955
12 Total bought outright	219,132	219,271	218,669	218,448	220,529	218,392	219,132	217,899
13 Held under repurchase agreements	0	4,303	0	2,324	0	0	0	1,423
14 Total U.S. Treasury securities	219,132	223,574	218,669	220,772	220,529	218,392	219,132	219,322
15 Total loans and securities	227,435	232,333	227,162	231,517	228,948	225,649	227,435	228,518
16 Items in process of collection	5,936	7,464	6,981	6,263	5,348	5,848	5,936	6,549
17 Bank premises	791	792	793	794	793	790	791	793
Other assets								
18 Denominated in foreign currencies ³	31,041	31,313	32,367	32,413	34,186	31,920	31,041	33,452
19 All other ⁴	6,320	6,625	6,502	6,867	5,538	7,723	6,320	5,679
20 Total assets	291,669	298,676	293,954	298,006	294,962	292,033	291,669	295,137
LIABILITIES								
21 Federal Reserve notes	236,534	237,640	238,604	238,428	238,662	234,471	236,534	238,944
Deposits								
22 To depository institutions	33,811	39,886	36,041	38,852	35,536	29,464	33,811	36,129
23 U.S. Treasury—General account	6,613	5,745	4,747	5,816	6,218	13,153	6,613	4,832
24 Foreign—Official accounts	309	220	179	196	285	251	309	300
25 Other	409	288	257	292	397	357	409	304
26 Total deposits	41,142	46,139	41,223	45,157	42,436	43,228	41,142	41,565
27 Deferred credit items	5,543	6,011	5,454	5,434	4,886	5,452	5,543	6,173
28 Other liabilities and accrued dividends ⁵	3,853	3,987	3,714	3,999	3,981	3,911	3,853	3,969
29 Total liabilities	287,073	293,776	288,995	293,018	289,964	287,060	287,073	290,651
CAPITAL ACCOUNTS								
30 Capital paid in	2,275	2,280	2,287	2,295	2,295	2,249	2,275	2,313
31 Surplus	2,219	2,243	2,243	2,243	2,243	2,243	2,219	2,139
32 Other capital accounts	103	377	429	450	461	481	103	34
33 Total liabilities and capital accounts	291,669	298,676	293,954	298,006	294,962	292,033	291,669	295,137
34 MEMO: Marketable U.S. Treasury securities held in custody for foreign and international accounts	224,626	223,812	221,808	220,507	223,490	228,073	224,626	254,767
Federal Reserve note statement								
35 Federal Reserve notes outstanding issued to bank	280,388	279,914	279,727	279,342	278,938	279,920	280,388	278,709
36 Less: Held by bank	43,854	42,274	41,123	40,914	40,276	45,449	43,854	39,765
37 Federal Reserve notes, net	236,534	237,640	238,604	238,428	238,662	234,471	236,534	238,944
Collateral held against notes net:								
38 Gold certificate account	11,059	11,059	11,060	11,059	11,059	11,059	11,059	11,060
39 Special drawing rights certificate account	8,518	8,518	8,518	8,518	8,518	8,518	8,518	8,518
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities	216,957	218,063	219,027	218,851	219,084	214,894	216,957	219,366
42 Total collateral	236,534	237,640	238,604	238,428	238,662	234,471	236,534	238,944

1. Some of these data also appear in the Board's H.4.1 (503) release. For address, see inside front cover. Components may not add to totals because of rounding.

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 Holding

Millions of dollars

Type and maturity groupings	Wednesday					End of month		
	1990					1990		
	Feb. 28	Mar. 7	Mar. 14	Mar. 21	Mar. 28	Jan. 31	Feb. 28	Mar. 30
1 Loans—Total.....	1,874	1,787	1,969	3,211	1,895	850	1,874	2,039
2 Within 15 days.....	1,867	1,744	1,915	3,207	1,891	848	1,867	2,024
3 16 days to 90 days.....	7	43	54	4	4	2	7	15
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.....	219,132	223,574	218,669	220,772	220,529	218,392	219,132	217,899
10 Within 15 days ¹	10,656	14,291	8,507	10,440	12,095	10,372	10,656	6,281
11 16 days to 90 days.....	46,479	47,805	51,109	48,754	46,985	47,233	46,479	50,149
12 91 days to 1 year.....	66,657	66,039	63,614	66,139	66,010	68,022	66,657	66,030
13 Over 1 year to 5 years.....	56,481	56,581	56,581	56,581	56,581	53,452	56,481	56,581
14 Over 5 years to 10 years.....	12,607	12,607	12,607	12,607	12,607	12,607	12,607	12,607
15 Over 10 years.....	26,252	26,252	26,252	26,252	26,252	26,706	26,252	26,252
16 Federal agency obligations—Total.....	6,525	6,972	6,524	7,533	6,524	6,525	6,525	6,524
17 Within 15 days ¹	255	448	85	1,244	175	119	255	175
18 16 days to 90 days.....	558	824	739	589	574	668	558	574
19 91 days to 1 year.....	1,342	1,374	1,374	1,374	1,426	1,253	1,342	1,426
20 Over 1 year to 5 years.....	3,123	3,080	3,080	3,080	3,098	3,238	3,123	3,098
21 Over 5 years to 10 years.....	1,057	1,057	1,057	1,057	1,062	1,057	1,057	1,062
22 Over 10 years.....	188	188	188	188	188	188	188	188

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

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

1.20 AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND MONETARY BASE¹

Billions of dollars, averages of daily figures

Item	1986 Dec.	1987 Dec. ^r	1988 Dec. ^r	1989 Dec.	1989					1990		
					Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb. ^r	Mar.
Seasonally adjusted												
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS²												
1 Total reserves ³	58.02	58.59	60.59	60.03	58.91	59.29	59.64	59.65	60.03	59.90	60.22	60.30
2 Nonborrowed reserves	57.20	57.82	58.88	59.77	58.23	58.60	59.08	59.30	59.77	59.46	58.77	58.17
3 Nonborrowed reserves plus extended credit ⁴	57.50	58.30	60.12	59.79	58.27	58.62	59.11	59.32	59.79	59.48	59.30	60.12
4 Required reserves	56.65	57.55	59.55	59.11	58.02	58.35	58.62	58.70	59.11	58.88	59.23	59.44
5 Monetary base ⁵	241.43 ^f	258.06	275.24	284.95 ^f	280.76 ^f	281.81 ^f	282.79 ^f	283.22 ^f	284.95 ^f	287.51 ^f	289.71	291.82
Not seasonally adjusted												
6 Total reserves ³	59.46	60.07	62.22	61.67	58.40	59.02	59.27	59.87	61.67	61.58	59.20	59.23
7 Nonborrowed reserves	58.64	59.30	60.50	61.40	57.72	58.33	58.72	59.52	61.40	61.14	57.75	57.11
8 Nonborrowed reserves plus extended credit ⁴	58.94	59.78	61.75	61.42	57.77	58.35	58.74	59.54	61.42	61.17	58.29	59.06
9 Required reserves	58.09	59.03	61.17	60.75	57.51	58.09	58.25	58.92	60.75	60.56	58.21	58.38
10 Monetary base ⁵	245.17 ^f	262.00	279.54	289.45 ^f	281.03 ^f	280.65 ^f	281.34 ^f	284.11 ^f	289.45 ^f	288.67 ^f	286.50	288.86
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS ⁶												
11 Total reserves ³	59.56	62.14	63.75	62.81	59.56	60.13	60.40	60.99	62.81	62.93	60.62	60.66
12 Nonborrowed reserves	58.73	61.36	62.03	62.54	58.88	59.43	59.84	60.64	62.54	62.49	59.17	58.53
13 Nonborrowed reserves plus extended credit ⁴	59.04	61.85	63.27	62.56	58.93	59.46	59.86	60.66	62.56	62.52	59.71	60.48
14 Required reserves	58.19	61.09	62.70	61.89	58.67	59.19	59.38	60.04	61.89	61.91	59.63	59.80
15 Monetary base ⁵	247.62 ^f	266.06	283.00	292.55 ^f	284.06 ^f	283.61 ^f	284.33 ^f	287.19 ^f	292.55 ^f	292.13 ^f	290.02	292.37

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	1986	1987	1988	1989	1989		1990	
	Dec.	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.
	Seasonally adjusted							
1 M1	724.7	750.4	787.5	794.8	794.8	794.7	801.2	804.6
2 M2	2,814.2	2,913.2	3,072.4	3,220.0 ³	3,220.0 ³	3,229.1	3,254.0 ³	3,267.9
3 M3	3,494.5	3,678.7	3,918.4	4,040.6 ⁴	4,040.6 ⁴	4,045.8 ⁴	4,063.1 ⁴	4,065.9
4 L	4,135.5	4,338.9	4,676.0	4,864.4 ⁵	4,864.4 ⁵	4,864.6 ⁵	4,876.1	n.a.
5 Debt	7,597.0	8,316.2	9,070.7	9,771.6	9,771.6	9,815.8 ⁶	9,877.8	n.a.
M1 components								
6 Currency ³	180.6	196.7	211.8	221.9	221.9	224.6	226.6	228.4
7 Travelers checks ⁴	6.5	7.0	7.5	7.4	7.4	7.5	7.6	7.6
8 Demand deposits ⁵	302.1	287.0	287.0	279.7	279.7	277.3	280.2	279.3
9 Other checkable deposits ⁶	235.5	259.7	281.3	285.7	285.7	285.3	286.8	289.2
Nontransactions components								
10 In M2 ³	2,089.6	2,162.8	2,284.9	2,425.2 ⁷	2,425.2 ⁷	2,434.4	2,452.8 ⁷	2,463.3
11 In M3 only ⁸	680.3	765.5	845.9	820.6 ⁷	820.6 ⁷	816.7 ⁷	809.1 ⁷	798.0
Money market deposit accounts								
12 Commercial banks	377.7 ⁷	356.4 ⁷	350.2 ⁷	351.5 ⁷	351.5 ⁷	352.4 ⁷	355.9 ⁷	359.0
13 Thrift institutions	193.3 ⁷	167.4 ⁷	150.1 ⁷	132.2 ⁷	132.2 ⁷	132.5 ⁷	133.4 ⁷	135.8
Savings deposits								
14 Commercial Banks	155.8 ⁷	178.3 ⁷	192.0 ⁷	188.5 ⁷	188.5 ⁷	189.8 ⁷	191.8 ⁷	193.4
15 Thrift institutions	214.3 ⁷	236.6 ⁷	235.9 ⁷	220.5 ⁷	220.5 ⁷	220.4 ⁷	221.8 ⁷	221.2
Small-denomination time deposits ⁹								
16 Commercial Banks	366.3	388.1	447.5	528.6	528.6	531.5	534.8	537.3
17 Thrift institutions	489.9	529.7	583.5	613.7 ⁷	613.7 ⁷	611.1 ⁷	606.3 ⁷	606.0
Money market mutual funds								
18 General purpose and broker-dealer	208.7	222.0	240.9	311.5	311.5	318.0	326.3	327.4
19 Institution-only	83.8	89.0	87.1	102.3	102.3	103.2	103.7	105.4
Large-denomination time deposits ¹⁰								
20 Commercial Banks ¹	289.8	326.9	368.2	401.5 ⁷	401.5 ⁷	401.2	399.4 ⁷	396.8
21 Thrift institutions	150.0	161.9	172.9	156.8	156.8	152.9	150.0	147.1
Debt components								
22 Federal debt	1,805.8	1,957.4	2,113.5	2,265.4	2,265.4	2,276.1	2,297.4	n.a.
23 Nonfederal debt	5,791.2	6,358.6	6,957.2	7,506.2	7,506.2	7,539.7 ⁷	7,580.4	n.a.
	Not seasonally adjusted							
24 M1	740.5	766.4	804.5	812.1	812.1	802.2	787.8	795.4
25 M2	2,826.5	2,925.6	3,085.2	3,232.9	3,232.9	3,240.8 ⁷	3,241.9 ⁷	3,262.7
26 M3	3,508.8	3,692.7	3,932.5	4,054.7 ⁸	4,054.7 ⁸	4,054.9 ⁸	4,051.7 ⁸	4,064.6
27 L	4,151.5	4,355.2	4,692.7	4,881.8 ⁹	4,881.8 ⁹	4,883.2 ⁹	4,871.1	n.a.
28 Debt	7,580.7	8,297.7	9,056.0	9,757.0	9,757.0	9,805.7 ⁹	9,850.7	n.a.
M1 components								
29 Currency ³	183.0	199.3	214.8	225.3	225.3	222.9	224.3	227.0
30 Travelers checks ⁴	6.0	6.5	6.9	6.9	6.9	7.0	7.2	7.3
31 Demand deposits ⁵	314.0	298.6	298.9	291.6	291.6	283.0	271.4	271.7
32 Other checkable deposits ⁶	237.5	262.0	283.8	288.4	288.4	289.3	285.0	289.4
Nontransactions components								
33 M2 ³	2,086.0	2,159.2	2,280.8	2,420.8	2,420.8	2,438.6 ⁷	2,454.1 ⁷	2,467.3
34 M3 only ⁸	682.3	767.0	847.3	821.8 ⁷	821.8 ⁷	814.1 ⁷	809.8 ⁷	801.9
Money market deposit accounts								
35 Commercial Banks	379.8	359.0	353.2	355.0	355.0	356.3	357.7	360.6
36 Thrift institutions	192.9	167.5	150.6	132.8 ⁷	132.8 ⁷	132.9 ⁷	133.3 ⁷	136.1
Savings deposits								
37 Commercial Banks	154.4	176.9	190.6	187.2	187.2	189.0	190.5	193.2
38 Thrift institutions	212.7	234.9	234.2	219.0	219.0	218.8 ⁷	219.5	220.8
Small-denomination time deposits ⁹								
39 Commercial Banks	366.1	387.3	446.0	526.4	526.4	530.9	535.3 ⁷	538.4
40 Thrift institutions	489.8	529.1	582.4	612.3	612.3	613.2 ⁷	608.5 ⁷	605.3
Money market mutual funds								
41 General purpose and broker-dealer	208.0	221.5	240.5	311.2	311.2	316.8	327.8	332.0
42 Institution-only	84.4	89.6	87.6	102.9	102.9	106.0	107.0	106.8
Large-denomination time deposits ¹⁰								
43 Commercial Banks ¹	289.2	325.8	366.9	399.8	399.8	398.9	399.1 ⁷	399.7
44 Thrift institutions	150.7	162.9	174.2	158.3	158.3	154.0	150.4	146.2
Debt components								
45 Federal debt	1,803.9	1,955.6	2,111.8	2,264.2	2,264.2	2,275.5	2,292.5	n.a.
46 Nonfederal debt	5,776.8	6,342.0	6,944.2	7,492.8	7,492.8	7,530.2 ⁷	7,558.2	n.a.

For notes see following page.

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

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

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

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	1987	1988	1989	1989					1990
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
DEBITS TO									
Seasonally adjusted									
Demand deposits ³									
1 All insured banks	217,116.2	226,888.4	272,793.1	292,446.5	281,432.2	293,424.9	296,768.7	280,074.4	286,425.2
2 Major New York City banks	104,496.3	107,547.3	121,727.5	121,378.1	125,206.9	136,039.0	130,440.2	131,681.3	123,744.6
3 Other banks	112,619.8	119,341.2	150,898.9	171,068.3	156,225.3	155,385.9	166,328.5	148,393.1	162,680.5
4 ATS-NOW accounts ⁴	2,402.7	2,757.7	3,501.8	3,943.1	3,601.9	3,911.9	3,855.2	3,727.5	3,910.4
5 Savings deposits ⁵	526.5	583.0	636.6	650.0	672.3	665.4	610.3	615.8	609.2
DEPOSIT TURNOVER									
Demand deposits ³									
6 All insured banks	612.1	641.2	781.0	841.8	802.2	826.4	855.7	797.7	820.0
7 Major New York City banks	2,670.6	2,903.5	3,401.6	3,402.4	3,482.2	3,486.5	3,499.8	3,578.1	3,422.4
8 Other banks	357.0	376.8	481.5	548.8	496.2	492.5	537.3	472.1	519.5
9 ATS-NOW accounts ⁴	13.8	14.7	18.3	20.6	18.8	20.1	19.7	18.9	19.8
10 Savings deposits ⁵	3.1	3.1	3.5	3.6	3.7	3.6	3.3	3.3	3.3
DEBITS TO									
Not seasonally adjusted									
Demand deposits ³									
11 All insured banks	217,125.1	227,010.7	271,957.3	304,407.5	266,882.2	292,750.0	285,372.8	283,603.3	303,668.0
12 Major New York City banks	104,518.8	107,565.0	122,241.8	132,158.8	115,187.4	138,964.6	129,905.5	129,690.0	131,796.0
13 Other banks	112,606.2	119,445.7	149,715.5	172,248.7	151,694.7	153,785.5	155,467.3	153,913.3	171,872.0
14 ATS-NOW accounts ⁴	2,404.8	2,754.7	3,496.5	3,762.6	3,702.7	3,891.4	3,611.5	3,904.0	4,263.7
15 MMDA ⁶	1,954.2	2,430.1	2,790.8	3,068.7	2,554.3	2,651.5	2,569.1	2,880.5	3,075.9
16 Savings deposits ⁵	526.8	578.0	635.8	656.7	665.2	690.4	555.9	630.1	629.3
DEPOSIT TURNOVER									
Demand deposits ³									
17 All insured banks	612.3	641.7	779.0	891.5	763.1	829.6	815.6	769.3	847.9
18 Major New York City banks	2,674.9	2,901.4	3,415.4	3,911.6	3,279.7	3,594.8	3,548.5	3,250.4	3,433.3
19 Other banks	356.9	377.1	477.8	559.9	482.2	489.4	496.3	468.1	537.5
20 ATS-NOW accounts ⁴	13.8	14.7	18.3	20.0	19.5	20.3	18.5	19.5	21.1
21 MMDA ⁶	5.3	6.9	8.3	9.2	7.6	7.8	7.4	8.2	8.7
22 Savings deposits ⁵	3.1	3.1	3.5	3.6	3.7	3.8	3.0	3.4	3.4

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 □ June 1990

1.23 LOANS AND SECURITIES All Commercial Banks¹

Billions of dollars; averages of Wednesday figures

Category	1989										1990		
	Apr.	May	June	July	Aug.	Sept.	Oct. ^r	Nov. ^r	Dec. ^r	Jan. ^r	Feb. ^r	Mar.	
Seasonally adjusted													
1 Total loans and securities ²	2,469.2	2,482.9	2,496.0	2,512.4	2,527.4	2,538.9	2,563.3	2,579.0	2,582.6	2,585.8	2,603.8	2,623.8	
2 U.S. government securities	370.5	372.5	373.7	374.0	375.5	378.1	389.9	394.8	394.4	402.4	412.2	418.9	
3 Other securities	188.3	187.8	187.3	186.3	183.8	183.1	180.9	179.3	180.3	180.2	180.1	180.2	
4 Total loans and leases ³	1,910.5	1,922.6	1,935.0	1,952.1	1,968.2	1,977.7	1,992.5	2,004.9	2,007.9	2,003.2	2,011.6	2,024.7	
5 Commercial and industrial	621.7	626.6	627.1	631.8	636.1	637.7	641.9	645.9	642.9	639.0	637.9	642.8	
6 Bankers acceptances held ⁴	8.3	8.3	8.2	7.9	8.1	8.4	8.8	8.1	7.6	7.4	8.0	8.4	
7 Other commercial and industrial	613.4	618.4	618.9	623.9	628.0	629.3	633.2	637.8	635.3	631.6	629.8	634.4	
8 U.S. addressees ⁴	607.0	612.8	613.2	619.8	624.3	625.4	628.9	632.7	629.8	623.9	624.0	628.3	
9 Non-U.S. addressees ⁴	6.4	5.6	5.8	4.0	3.7	3.9	4.2	5.1	5.5	7.7	5.8	6.1	
10 Real estate	698.9	705.6	713.0	720.1	727.7	735.8	742.6	749.2	756.4	759.6	768.1	774.4	
11 Individual	361.6	363.5	363.8	365.8	367.5	370.3	372.6	374.6	375.9	377.9	378.9	379.2	
12 Security	39.9 ^r	38.4 ^r	40.6	40.1	39.0 ^r	39.7 ^r	41.2	41.5	39.6	39.2	39.7	37.7	
13 Nonbank financial institutions	29.6	29.3	30.5	31.3	31.5	31.8	32.7	33.3	32.7	32.3	33.0	34.1	
14 Agricultural	29.7	29.9	30.0	30.0	29.9	29.6	29.6	29.9	30.3	30.9	31.0	31.2	
15 State and political subdivisions	43.3	43.1	42.8	42.5	42.2	41.7	41.3	40.8	40.1	38.6	38.9	38.4	
16 Foreign banks	7.3	8.0	7.9	7.9	8.1	7.5	8.5	8.0	8.6	7.9	7.8	8.4	
17 Foreign official institutions	4.8 ^r	4.7 ^r	4.4 ^r	4.4 ^r	4.1 ^r	4.2 ^r	3.9	3.6	3.7	3.3	3.1	3.0	
18 Lease financing receivables	30.0	30.2	30.2	30.7	31.0	31.3	31.7	31.6	31.4	31.6	31.6	31.8	
19 All other loans	43.5 ^r	43.2 ^r	44.8 ^r	47.6 ^r	51.0 ^r	48.0 ^r	46.4	46.4	46.5	42.9	41.5	43.6	
Not seasonally adjusted													
20 Total loans and securities ²	2,469.4	2,482.2	2,496.3	2,507.0	2,521.1	2,537.5	2,563.6	2,581.0	2,590.6	2,591.5	2,606.2	2,618.1	
21 U.S. government securities	370.4	371.6	371.3	372.1	376.1	377.2	387.3	394.9	395.6	404.1	416.7	420.4	
22 Other securities	187.5	187.1	186.5	184.7	183.8	183.3	181.8	180.5	181.2	180.7	179.9	179.7	
23 Total loans and leases ³	1,911.5	1,923.5	1,938.5	1,950.2	1,961.2	1,977.0	1,994.5	2,005.6	2,013.8	2,006.7	2,009.5	2,017.9	
24 Commercial and industrial	625.9	630.6	629.6	631.9	633.4	633.7	639.3	643.1	642.8	637.5	638.5	644.4	
25 Bankers acceptances held ⁴	8.1	8.1	8.0	7.6	8.1	8.4	8.9	8.2	7.7	7.5	8.1	8.2	
26 Other commercial and industrial	617.9	622.5	621.6	624.3	625.3	625.3	630.4	634.9	635.1	630.0	630.4	636.2	
27 U.S. addressees ⁴	612.5	616.9	616.0	618.6	619.8	619.8	624.7	629.4	629.8	625.0	625.7	631.6	
28 Non-U.S. addressees ⁴	5.4	5.6	5.6	5.7	5.5	5.5	5.6	5.5	5.3	5.0	4.8	4.6	
29 Real estate	697.2	704.6	712.9	720.7	729.2	737.8	743.9	750.9	757.1	759.7	765.5	771.7	
30 Individual	359.0	361.2	362.1	364.3	367.7	372.1	373.7	376.0	380.3	381.5	378.1	376.0	
31 Security	42.5 ^r	39.0	42.9 ^r	40.2	38.4 ^r	38.8 ^r	40.1	40.3	38.6	37.5	39.2	38.6	
32 Nonbank financial institutions	29.5	29.2	30.8	31.4	31.3	31.4	32.4	33.6	33.8	33.0	32.6	33.3	
33 Agricultural	28.8	29.5	30.3	30.7	30.7	30.5	30.4	30.2	30.2	30.3	30.1	30.1	
34 State and political subdivisions	43.3	43.0	42.6	42.1	41.9	41.6	41.2	40.6	39.7	39.5	39.3	38.6	
35 Foreign banks	7.0	7.9	8.1	8.0	8.1	7.8	8.8	8.1	8.4	8.0	7.7	7.9	
36 Foreign official institutions	4.8 ^r	4.7 ^r	4.4 ^r	4.4 ^r	4.1 ^r	4.2 ^r	3.9	3.6	3.7	3.3	3.1	3.0	
37 Lease financing receivables	30.1	30.2	30.2	30.4	30.9	31.2 ^r	31.6	31.6	31.5	32.0	31.8	31.7	
38 All other loans	43.4 ^r	43.6 ^r	44.7 ^r	46.1 ^r	45.6 ^r	47.8 ^r	49.2	47.5	47.7	44.4	43.6	42.5	

1. Data have been revised because of benchmarking and seasonal adjustment revisions beginning January 1973. 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	1989									1990		
	Apr.	May	June	July	Aug.	Sept. ²	Oct. ²	Nov. ²	Dec. ²	Jan. ²	Feb. ²	Mar.
<i>Seasonally adjusted</i>												
1 Total nondeposit funds ²	210.7 ²	217.0 ²	235.8 ²	238.8 ²	238.6 ²	246.2	253.5	255.0	255.4	256.0	265.0	268.1
2 Net balances due to related foreign offices ³	3.9 ²	1.3 ²	8.2 ²	11.4 ²	9.7 ²	11.1	10.2	8.6	7.4	10.9	14.6	17.2
3 Borrowings from other than commercial banks in United States ⁴	206.8 ²	215.7 ²	227.5	227.4 ²	228.9	235.0	243.3	246.4	248.0	245.1	250.4	250.9
4 Domestically chartered banks	167.5	173.8	185.4	182.8	183.9	189.1	195.3	196.8	198.5	194.4	198.4	195.0
5 Foreign-related banks	39.3 ²	41.9	42.2 ²	44.6	44.9	46.0	48.0	49.6	49.5	50.7	51.9	56.0
<i>Not seasonally adjusted</i>												
6 Total nondeposit funds ²	212.5 ²	224.8 ²	239.8 ²	234.4 ²	238.1 ²	242.8	248.8	253.9	248.9	252.5	268.1	273.9
7 Net balances due to related foreign offices ³	1.5 ²	3.3 ²	8.9 ²	9.2 ²	10.1 ²	11.7	9.6	9.7	9.6	10.5	14.2	16.0
8 Domestically chartered banks	-22.8	-21.9	-18.3	-16.4	-15.5	-14.3	-15.0	-15.5	-19.3	-14.5	-11.1	-11.5
9 Foreign-related banks	24.3 ²	25.2 ²	27.2 ²	25.6 ²	25.6 ²	26.0	24.6	25.2	28.9	25.0	25.3	27.5
10 Borrowings from other than commercial banks in United States ⁴	211.0	221.5 ²	230.9	225.2	228.0	231.1	239.1	244.2	239.2	242.0	253.9	257.8
11 Domestically chartered banks	171.0	178.9	187.0	180.2	183.5	186.1	192.3	197.0	192.2	190.5	200.4	200.7
12 Federal funds and security RP borrowings ⁵	166.5	174.8	183.2	177.2	180.5	183.1	189.3	194.6	189.6	187.9	196.6	196.2
13 Other ⁶	4.5	4.0	3.8	3.1	3.0	3.0	3.0	2.4	2.5	2.7	3.7	4.5
14 Foreign-related banks ⁸	40.0	42.6 ²	44.0 ²	45.0 ²	44.5	45.0	46.8	47.2	47.1	51.5	53.5	57.1
MEMO												
<i>Gross large time deposits⁷</i>												
15 Seasonally adjusted	452.3	457.0	460.0	463.4	462.0	460.0	461.4	464.0	464.3	462.7	460.6	457.3
16 Not seasonally adjusted	452.3	457.4	459.4	461.1	462.6	461.5	462.6	464.4	462.7	460.4	460.3	460.2
U.S. Treasury demand balances at commercial banks ⁸												
17 Seasonally adjusted	21.3	25.5	25.7	22.4	22.3	22.8	21.5	20.4	21.1	20.2	17.8	19.2
18 Not seasonally adjusted	20.2	34.3	26.2	23.0	15.8	24.9	20.6	14.7	19.6	23.2	22.0	16.7

1. Data have been revised because of benchmarking and seasonal adjustment revisions beginning January 1973. 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 federal funds, RPs, and other borrowing from nonbanks and net balances due to related foreign offices.

3. Reflects net positions of U.S. chartered banks, Edge Act corporations, and U.S. branches and agencies of foreign banks with related foreign offices plus net positions with own IBFs.

4. Other borrowings are borrowings through 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, loan RPs, and sales of participations in pooled loans.

5. Based on daily average data reported weekly by approximately 120 large banks and quarterly or annual data reported by other banks.

6. Figures are partly daily averages and partly averages of Wednesday data.

7. Time deposits in denominations of \$100,000 or more. Estimated averages of daily data.

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

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

Billions of dollars

Account	1989								1990		
	May	June	July	Aug.	Sept.	Oct. ¹	Nov. ¹	Dec. ¹	Jan. ¹	Feb. ¹	Mar.
ALL COMMERCIAL BANKING INSTITUTIONS²											
1 Loans and securities	2,661.2	2,664.8	2,679.0	2,694.2	2,700.5	2,734.8	2,771.2	2,779.0	2,789.0	2,797.6	2,806.9
2 Investment securities	539.7	541.0	538.2	542.8	541.4	544.7	548.3	549.0	561.2	568.0	573.5
3 U.S. government securities	357.5	360.9	359.6	364.7	365.1	370.0	374.4	374.1	387.5	395.3	401.8
4 Other	182.2	180.0	178.6	178.1	176.3	174.7	173.9	174.9	173.8	172.7	171.7
5 Trading account assets	19.2	18.2	19.8	18.7	18.3	26.6	27.6	23.4	31.9	30.4	26.0
6 Total loans	2,102.3	2,105.6	2,120.9	2,132.7	2,140.8	2,163.6	2,195.3	2,206.5	2,195.8	2,199.2	2,207.4
7 Interbank loans	169.4	163.9	168.6	170.4	165.4	171.8	187.6	190.5	189.0	187.3	189.7
8 Loans excluding interbank	1,932.9	1,941.8	1,952.4	1,962.3	1,975.3	1,991.8	2,007.7	2,016.0	2,006.8	2,011.9	2,017.7
9 Commercial and industrial	631.1	628.6	636.6	632.4	632.1	638.9	643.0	644.3	636.4	640.6	643.8
10 Real estate	706.7	716.2	722.4	732.6	739.6	745.0	753.6	758.3	761.3	767.2	774.3
11 Individual	361.4	363.1	364.9	369.6	373.8	374.3	376.8	382.4	381.4	378.0	374.7
12 All other	233.8	233.8	228.4	227.8	229.9	233.6	234.2	231.1	227.6	226.2	224.9
13 Total cash assets	245.8	212.2	210.5	210.6	218.5	212.0	234.2	258.0	222.0	228.5	217.0
14 Reserves with Federal Reserve Banks	27.8	28.0	30.6	28.8	31.8	28.5	38.7	42.8	24.5	29.3	31.8
15 Cash in vault	27.8	27.5	27.4	28.4	27.9	27.8	30.7	31.5	28.0	27.9	27.8
16 Cash items in process of collection	107.8	78.8	75.4	77.5	82.6	77.5	84.2	98.9	89.8	91.5	80.0
17 Demand balances at U.S. depository institutions	33.9	28.7	28.1	29.1	28.5	28.3	28.5	32.1	29.6	31.0	27.5
18 Other cash assets	48.5	49.2	49.1	46.9	47.6	49.9	52.2	52.7	50.1	48.9	49.8
19 Other assets	218.6	208.6	213.4	209.8	214.1	210.3	207.1	212.7	219.3	214.0	209.9
20 Total assets/total liabilities and capital	3,125.5	3,085.6	3,102.9	3,114.6	3,133.1	3,157.2	3,212.5	3,249.6	3,230.3	3,240.1	3,233.7
21 Deposits	2,185.8	2,140.9	2,154.2	2,169.0	2,177.0	2,196.0	2,223.2	2,267.6	2,243.3	2,257.8	2,246.6
22 Transaction deposits	626.7	578.5	577.4	581.4	586.5	585.8	600.4	641.5	611.3	615.9	593.9
23 Savings deposits	508.5	505.7	512.0	516.9	518.6	525.6	535.6	538.2	540.5	545.8	551.1
24 Time deposits	1,050.5	1,056.7	1,064.9	1,070.7	1,072.0	1,084.6	1,087.2	1,087.8	1,091.5	1,096.1	1,101.6
25 Borrowings	515.0	516.7	513.8	507.6	519.8	529.7	546.0	534.3	556.1	546.0	548.3
26 Other liabilities	218.5	219.5	226.3	227.4	226.0	225.2	236.0	239.8	223.8	227.4	228.1
27 Residual (assets less liabilities)	206.2	208.5	208.7	210.6	210.3	206.3	207.4	208.0	207.1	208.9	210.7
MEMO											
28 U.S. government securities (including trading account)	370.7	373.1	372.8	376.9	377.2	389.6	394.8	390.7	412.6	418.6	419.5
29 Other securities (including trading account)	188.2	186.1	185.2	184.6	182.5	181.7	181.1	181.8	180.6	179.7	180.0
DOMESTICALLY CHARTERED COMMERCIAL BANKS³											
30 Loans and securities	2,445.6	2,440.3	2,452.5	2,467.5	2,477.6	2,511.0	2,531.2	2,540.4	2,552.7	2,559.7	2,562.4
31 Investment securities	515.4	517.3	514.7	519.9	519.1	521.3	522.6	523.3	534.2	540.6	544.6
32 U.S. government securities	345.9	349.8	348.6	354.4	355.4	359.4	362.6	363.3	374.7	382.1	387.4
33 Other	169.5	167.5	166.1	165.5	163.7	161.9	160.0	160.1	159.5	158.5	157.2
34 Trading account assets	19.2	18.2	19.8	18.7	18.3	26.6	27.6	23.4	31.9	30.4	26.0
35 Total loans	1,911.1	1,904.9	1,918.0	1,928.8	1,940.2	1,963.2	1,981.0	1,993.7	1,986.5	1,988.7	1,991.7
36 Interbank loans	137.6	123.8	130.5	132.3	130.7	140.7	148.4	152.8	151.4	149.8	148.6
37 Loans excluding interbank	1,773.5	1,781.1	1,787.5	1,796.5	1,809.5	1,822.5	1,832.6	1,840.9	1,835.1	1,838.9	1,843.1
38 Commercial and industrial	515.3	511.3	516.0	512.4	511.3	515.7	516.9	516.9	513.4	517.8	518.9
39 Real estate	682.0	691.5	696.8	706.2	713.0	718.0	725.0	729.7	731.6	736.5	743.1
40 Individual	361.4	363.1	364.9	369.6	373.8	374.3	376.8	382.4	381.4	378.0	374.7
41 All other	214.8	215.2	209.9	208.3	211.4	214.4	213.9	211.9	208.7	206.8	206.4
42 Total cash assets	223.3	188.7	187.3	188.9	194.9	188.7	206.7	231.7	198.2	203.1	191.1
43 Reserves with Federal Reserve Banks	26.7	26.6	29.6	27.0	29.5	26.7	37.9	41.7	22.7	27.5	29.8
44 Cash in vault	27.8	27.5	27.3	28.4	27.9	27.8	30.6	31.5	28.0	27.8	27.8
45 Cash items in process of collection	106.8	77.9	74.5	76.6	81.3	76.3	82.3	97.5	88.3	90.2	78.5
46 Demand balances at U.S. depository institutions	31.9	26.7	26.4	27.4	26.8	26.4	26.6	30.2	27.7	28.9	25.9
47 Other cash assets	30.1	30.0	29.5	29.5	29.3	31.6	29.3	30.8	31.4	28.6	29.1
48 Other assets	141.8	139.7	136.5	136.2	140.1	131.0	137.1	140.9	143.2	139.6	136.4
49 Total assets/liabilities and capital	2,810.8	2,768.7	2,776.2	2,792.6	2,812.5	2,830.8	2,875.0	2,913.0	2,894.0	2,902.4	2,889.9
50 Deposits	2,105.9	2,061.2	2,073.2	2,088.9	2,095.8	2,113.8	2,140.8	2,184.3	2,160.7	2,175.6	2,165.0
51 Transaction deposits	616.9	569.1	568.0	572.6	576.6	576.1	590.5	631.3	600.8	605.7	584.2
52 Savings deposits	505.9	503.0	509.3	514.3	515.8	523.0	532.8	535.4	537.7	542.9	548.2
53 Time deposits	983.0	989.1	995.9	1,002.0	1,003.4	1,014.7	1,017.5	1,017.7	1,022.2	1,027.0	1,032.6
54 Borrowings	384.6	389.2	381.8	376.7	392.4	395.1	406.8	400.6	407.3	397.3	395.9
55 Other liabilities	117.6	113.5	116.2	120.0	117.5	119.2	123.6	123.7	122.5	124.0	122.0
56 Residual (assets less liabilities)	202.6	204.9	205.1	207.0	206.7	202.7	203.7	204.4	203.4	205.3	207.1
MEMO											
57 Real estate loans, revolving	44.5	45.2	45.5	46.8	47.6	48.0	48.6	49.3	50.4	50.8	51.2
58 Real estate loans, other	637.6	646.3	651.2	659.4	665.4	670.1	676.4	680.4	681.1	685.7	691.9

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.

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.

1.28 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS
IN NEW YORK CITY¹

Millions of dollars, Wednesday figures

Account	1990								
	Jan. 31	Feb. 7	Feb. 14	Feb. 21	Feb. 28	Mar. 7	Mar. 14	Mar. 21	Mar. 28
1 Cash balances due from depository institutions	21,895	21,537	21,037	23,559	20,672	21,607	22,343	23,602	21,300
2 Total loans, leases, and securities, net ²	215,737	213,386	217,250	217,966	214,702	216,870	215,247	216,737	215,049
<i>Securities</i>									
3 U.S. Treasury and government agency ³	0	0	0	0	0	0	0	0	0
4 Trading account ³	0	0	0	0	0	0	0	0	0
5 Investment account	19,307	19,274	19,487	19,155	19,568	19,602	19,574	19,623	19,756
6 Mortgage-backed securities ⁴	11,138	11,117	11,286	11,355	11,886	11,936	11,933	12,012	12,146
All other maturing in									
7 One year or less	2,256	2,283	2,343	1,934	1,860	1,787	1,764	1,724	1,824
8 Over one through five years	3,658	3,572	3,543	3,592	3,542	3,542	3,553	3,556	3,458
9 Over five years	2,254	2,302	2,315	2,273	2,279	2,337	2,323	2,330	2,329
10 Other securities ³	0	0	0	0	0	0	0	0	0
11 Trading account ³	0	0	0	0	0	0	0	0	0
12 Investment account	14,847	14,795	14,695	15,019	14,832	14,729	14,649	14,527	14,503
States and political subdivisions, by maturity									
13 One year or less	1,076	1,081	1,059	1,055	1,052	1,049	1,058	1,057	1,036
14 Over one year	6,673	6,647	6,639	6,596	6,564	6,512	6,417	6,327	6,278
15 Other bonds, corporate stocks, and securities	7,098	7,068	6,997	7,368	7,216	7,168	7,174	7,142	7,190
16 Other trading account assets ⁵	0	0	0	0	0	0	0	0	0
<i>Loans and leases</i>									
18 Federal funds sold ⁵	18,516	17,589	18,732	18,455	17,848	18,600	19,701	18,548	17,689
19 To commercial banks	10,403	9,846	9,658	11,373	10,376	10,232	11,164	10,928	9,982
20 To nonbank brokers and dealers in securities	3,539	3,898	4,764	3,414	3,425	4,298	3,638	3,237	4,302
21 To others	4,574	3,845	4,310	3,668	4,047	4,069	4,898	4,383	3,405
22 Other loans and leases, gross	182,285	181,033	183,650	184,665	181,713	183,163	180,558	183,286	182,251
23 Other loans, gross	176,611	175,368	178,011	179,086	176,149	177,602	175,012	177,721	176,698
24 Commercial and industrial	57,485 ⁷	57,961 ⁷	58,266 ⁷	58,132 ⁷	58,878 ⁷	59,025	58,570	58,390	57,548
25 Bankers acceptances and commercial paper	93	93	90	104	98	99	115	108	102
26 All other	57,392 ⁷	57,869 ⁷	58,176 ⁷	58,028 ⁷	58,780 ⁷	58,926	58,455	58,282	57,446
27 U.S. addressees	56,820 ⁷	57,299 ⁷	57,626 ⁷	57,439 ⁷	58,184 ⁷	58,351	57,888	57,573	56,856
28 Non-U.S. addressees	572	570	550	589	596	575	567	709	590
29 Real estate loans	62,006	62,052	62,333	62,177	61,854	61,949	62,195	62,344	62,380
30 Revolving, home equity	3,969	3,966	3,974	3,976	3,978	3,979	3,985	3,993	3,996
31 All other	58,037	58,086	58,358	58,201	57,875	57,971	58,210	58,350	58,384
32 To individuals for personal expenditures	20,121	20,076	20,098	20,146	20,060	19,994	19,966	19,942	19,939
33 To depository and financial institutions	20,074 ⁷	19,779 ⁷	19,199 ⁷	19,957 ⁷	18,714 ⁷	20,457	19,908	20,950	19,590
34 Commercial banks in the United States	9,665 ⁷	8,940 ⁷	8,485 ⁷	8,517 ⁷	7,941 ⁷	9,602	8,904	9,901	8,768
35 Banks in foreign countries	2,847	3,154	3,090	3,589	2,741	2,782	3,067	3,336	3,314
36 Nonbank depository and other financial institutions	7,562	7,685	7,623	7,851	8,032	8,072	7,937	7,713	7,509
37 For purchasing and carrying securities	5,988	5,068	7,494	7,656	5,768	6,150	4,629	5,750	6,454
38 To finance agricultural production	105	108	114	107	114	106	109	102	117
39 To states and political subdivisions	5,316	5,324	5,332	5,577	5,316	5,292	5,294	5,286	5,276
40 To foreign governments and official institutions	326	259	288	468	486	245	251	283	235
41 All other	5,189	4,740	4,886	4,865	4,958	4,383	4,090	4,675	5,159
42 Lease financing receivables	5,674	5,665	5,639	5,579	5,564	5,561	5,546	5,565	5,552
43 LESS: Unearned income	1,820	1,821	1,825	1,838	1,827	1,822	1,824	1,836	1,838
44 Loan and lease reserve	17,397	17,484	17,489	17,489	17,431	17,401	17,410	17,411	17,313
45 Other loans and leases, net ⁶	163,068	161,728	164,335	165,337	162,455	163,940	161,323	164,039	163,100
46 All other assets ⁷	63,950	62,525	62,415	61,492	64,191	63,116	62,654	61,336	57,317
47 Total assets	301,583	297,449	300,702	303,017	299,566	301,593	300,245	301,675	293,666
<i>Deposits</i>									
<i>Demand deposits</i>									
48 Individuals, partnerships, and corporations	35,897	35,057	36,144	36,315	35,072	32,467	34,055	33,123	35,307
49 States and political subdivisions	773	668	580	718	613	667	521	638	520
50 U.S. government	278	651	569	771	450	685	701	199	383
51 Depository institutions in the United States	5,324	3,738	4,615	5,839	5,761	4,111	5,082	4,587	4,375
52 Banks in foreign countries	4,664	4,468	4,266	5,438	4,218	4,060	4,620	5,128	5,113
53 Foreign governments and official institutions	659	508	480	689	504	477	725	801	503
54 Certified and officers' checks	3,692	3,115	3,035	3,238	2,590	2,694	2,743	3,139	2,924
Transaction balances other than demand deposits (ATS, NOW, Super NOW, telephone transfers)									
55	8,760	8,799	8,569	8,572	8,661	8,821	8,723	8,708	8,715
56 Nontransaction balances	116,676	116,706	116,821	117,382	117,022	120,440	117,499	116,946	116,641
57 Individuals, partnerships, and corporations	108,165	108,198	108,332	108,884	108,522	111,996	109,088	108,421	108,126
58 States and political subdivisions	6,540	6,606	6,604	6,618	6,643	6,577	6,549	6,560	6,548
59 U.S. government	28	27	28	30	39	40	38	37	38
60 Depository institutions in the United States	1,723	1,668	1,647	1,646	1,608	1,619	1,617	1,624	1,625
61 Foreign governments, official institutions, and banks	220	207	211	203	209	208	207	305	304
62 Liabilities for borrowed money	67,277	71,381	67,862	67,504	65,667	65,967	70,375	67,936	63,134
63 Borrowings from Federal Reserve Banks	0	921	0	2,465	0	0	0	1,000	0
64 Treasury tax-and-loan notes	6,721	3,621	3,639	1,910	2,237	1,423	631	3,009	2,231
65 All other liabilities for borrowed money ⁸	60,556	66,839	64,223	63,130	63,431	64,543	69,744	63,927	60,904
66 Other liabilities and subordinated notes and debentures	33,717	28,384	33,530	32,536	34,973	36,890	30,887	36,146	31,714
67 Total liabilities	277,717	273,475	276,471	279,002	275,531	277,279	275,932	277,354	269,329
68 Residual (total assets minus total liabilities) ⁹	23,866	23,973	24,230	24,015	24,034	24,314	24,312	24,321	24,337
MEMO									
70 Total loans and leases (gross) and investments adjusted ^{2,10}	214,887 ⁷	213,905 ⁷	218,422 ⁷	217,404 ⁷	215,643 ⁷	216,258	214,414	215,155	215,450
71 Total loans and leases (gross) adjusted ¹⁰	180,733 ⁷	179,836 ⁷	184,239 ⁷	183,231 ⁷	181,243 ⁷	181,928	180,191	181,005	181,190
72 Time deposits in amounts of \$100,000 or more	41,281	41,142	41,422	41,357	41,027	44,305	40,821	40,636	40,450
73 U.S. Treasury securities maturing in one year or less	3,391	3,659	3,736	3,403	3,224	3,077	2,822	2,403	2,373

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

2. Excludes trading account securities.

3. Not available due to confidentiality.

4. Includes U.S. government-issued or guaranteed certificates of participation in pools of residential mortgages.

5. Includes securities purchased under agreements to resell.

6. Includes allocated transfer risk reserve.

7. Includes trading account securities.

8. Includes federal funds purchased and securities sold under agreements to repurchase.

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

10. Exclusive of loans and federal funds transactions with domestic commercial banks.

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

Millions of dollars, Wednesday figures

Account	1990								
	Jan. 31'	Feb. 7'	Feb. 14'	Feb. 21'	Feb. 28'	Mar. 7	Mar. 14	Mar. 21	Mar. 28
1 Cash and due from depository institutions ...	12,637	13,280	12,785	13,347	13,155	13,317	12,756	13,815	13,501
2 Total loans and securities	144,184	141,969	143,099	146,945	145,879	149,203	150,565	150,832	150,264
3 U.S. Treasury and government agency securities	9,828	9,202	9,409	9,882	10,152	10,336	10,671	11,070	10,915
4 Other securities	6,747	6,738	6,646	6,704	6,685	6,639	6,561	6,564	6,795
5 Federal funds sold ²	6,993	5,000	6,408	7,561	5,904	6,410	7,505	6,133	8,045
6 To commercial banks in the United States ..	5,643	3,598	5,052	5,942	4,482	5,109	5,904	4,714	6,810
7 To others	1,350	1,402	1,356	1,619	1,422	1,301	1,601	1,419	1,235
8 Other loans, gross	120,616	121,029	120,636	122,798	123,138	125,818	125,828	127,065	124,509
9 Commercial and industrial	74,037	74,952	73,986	74,311	73,994	74,645	74,218	75,502	75,237
10 Bankers acceptances and commercial paper	1,983	2,348	2,210	2,246	2,183	2,336	2,307	2,153	1,944
11 All other	72,054	72,604	71,776	72,065	71,811	72,309	71,911	73,349	73,293
12 U.S. addressees	70,559	71,070	70,233	70,679	70,387	70,955	70,566	71,928	71,881
13 Non-U.S. addressees	1,495	1,534	1,543	1,386	1,435	1,434	1,354	1,421	1,412
14 Loans secured by real estate ³	19,146	19,721	19,681	19,799	19,848	20,094	20,207	20,251	20,440
15 To financial institutions	23,910	23,382	23,975	24,917	25,963	27,455	28,438	28,158	25,382
16 Commercial banks in the United States ..	17,943	17,671	17,704	18,666	19,569	20,867	21,843	21,524	19,096
17 Banks in foreign countries	1,144	911	1,370	1,478	1,651	1,649	1,699	1,733	1,401
18 Nonbank financial institutions	4,823	4,800	4,901	4,773	4,743	4,939	4,896	4,901	4,885
19 To foreign governments and official institutions	254	266	246	245	247	243	266	235	228
20 For purchasing and carrying securities	1,585	1,452	1,439	2,176	1,601	1,724	1,398	1,609	1,812
21 All other ⁴	1,684	1,256	1,309	1,350	1,485	1,657	1,301	1,310	1,410
22 Other assets (claims on nonrelated parties) ..	37,060	36,839	36,522	34,561	36,042	35,690	36,995	35,301	34,474
23 Net due from related institutions	14,031	12,657	14,776	11,715	14,128	12,689	11,703	12,345	14,727
24 Total assets	207,912	204,747	207,180	206,567	209,204	210,899	212,020	212,294	212,966
25 Deposits or credit balances due to other than directly related institutions	50,231	50,649	50,045	50,450	49,563	48,662	48,792	49,514	49,447
26 Transaction accounts and credit balances ⁴ ..	4,574	4,084	3,991	4,884	4,036	3,684	3,464	3,633	4,149
27 Individuals, partnerships, and corporations	3,246	2,865	2,947	3,554	2,750	2,464	2,545	2,491	2,760
28 Other	1,328	1,219	1,044	1,330	1,286	1,219	1,142	1,142	1,389
29 Nontransaction accounts ⁵	45,657	46,565	46,054	45,566	45,527	44,978	45,328	45,881	45,298
30 Individuals, partnerships, and corporations	38,841	39,153	39,171	38,766	38,577	38,189	38,461	38,319	38,328
31 Other	6,816	7,412	6,883	6,800	6,950	6,789	6,867	7,562	6,970
32 Borrowings from other than directly related institutions	96,669	92,386	95,035	91,557	96,665	100,642	99,596	98,113	99,358
33 Federal funds purchased ⁶	44,140	40,800	43,831	41,805	47,187	48,879	45,783	45,422	47,825
34 From commercial banks in the United States	20,777	17,198	19,359	18,276	22,276	21,330	18,847	17,666	22,058
35 From others	23,363	23,602	24,472	23,529	24,911	27,549	26,936	27,756	25,767
36 Other liabilities for borrowed money	52,529	51,586	51,204	49,752	49,478	51,763	53,813	52,691	51,533
37 To commercial banks in the United States	33,849	32,665	31,954	31,107	30,569	32,843	32,759	33,347	31,310
38 To others	18,680	18,921	19,250	18,645	18,909	18,920	21,054	19,344	20,223
39 Other liabilities to nonrelated parties	37,221	36,298	36,049	34,412	36,510	34,845	36,059	34,565	33,567
40 Net due to related institutions	23,790	25,413	26,052	30,146	26,465	26,752	27,574	30,103	30,593
41 Total liabilities	207,912	204,747	207,180	206,567	209,204	210,899	212,020	212,294	212,966
MEMO									
42 Total loans (gross) and securities adjusted ⁷ ..	120,598	120,700	120,343	122,337	121,828	123,227	122,818	124,594	124,358
43 Total loans (gross) adjusted ⁷	104,023	104,760	104,288	105,751	104,991	106,252	105,586	106,960	106,648

1. Effective Jan. 4, 1989, the reporting panel includes a new group of large U.S. branches and agencies of foreign banks. Earlier data included 65 U.S. branches and agencies of foreign banks that included 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. Effective Jan. 4, 1989, loans secured by real estate are being reported as a

separate component of Other loans, gross. Formerly, these loans were included in "All other", line 21.

4. Includes credit balances, demand deposits, and other checkable deposits.

5. Includes savings deposits, money market deposit accounts, and time deposits.

6. Includes securities sold under agreements to repurchase.

7. 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									
	1984 Dec.	1985 Dec.	1986 Dec.	1987 Dec.	1988 Dec.	1989				1990
						Mar.	June	Sept.	Dec.	Mar.
1 All holders—Individuals, partnerships, and corporations	302.7	321.0	363.6	343.5	354.7	330.4	329.3	337.3	352.2	n.a.
2 Financial business	31.7	32.3	41.4	36.3	38.6	36.3	33.0	33.7	33.8	n.a.
3 Nonfinancial business	166.3	178.5	202.0	191.9	201.2	182.2	185.9	190.4	202.5	n.a.
4 Consumer	81.5	85.5	91.1	90.0	88.3	87.4	86.6	87.9	90.3	n.a.
5 Foreign	3.6	3.5	3.3	3.4	3.7	3.7	2.9	2.9	3.1	n.a.
6 Other	19.7	21.2	25.8	21.9	22.8	20.7	21.0	22.4	22.5	n.a.
	Weekly reporting banks									
	1984 Dec.	1985 Dec.	1986 Dec.	1987 Dec.	1988 Dec.	1989				1990
						Mar.	June	Sept.	Dec.	Mar.
7 All holders—Individuals, partnerships, and corporations	157.1	168.6	195.1	183.8	198.3	181.9	182.2	186.6	196.7	183.6
8 Financial business	25.3	25.9	32.5	28.6	30.5	27.2	25.4	26.3	27.6	25.3
9 Nonfinancial business	87.1	94.5	106.4	100.0	108.7	98.6	99.8	101.6	108.8	100.0
10 Consumer	30.5	33.2	37.5	39.1	42.6	41.1	42.4	43.0	44.1	42.9
11 Foreign	3.4	3.1	3.3	3.3	3.6	3.3	2.9	2.8	3.0	2.8
12 Other	10.9	12.0	15.4	12.7	12.9	11.7	11.7	12.9	13.2	12.7

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.

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.

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.

3. 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	1985 Dec.	1986 Dec.	1987 Dec.	1988 Dec.	1989 Dec.	1989				1990	
						Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
Commercial paper (seasonally adjusted unless noted otherwise)											
1 All issuers	298,779	329,991	358,056 ^f	457,297 ^f	529,055 ^f	511,222 ^f	512,711 ^f	521,634 ^f	529,055 ^f	533,137	540,148
Financial companies ¹											
Dealer-placed paper ²											
2 Total	78,443	101,072	102,844 ^f	160,094 ^f	187,084 ^f	177,064 ^f	177,194 ^f	183,284 ^f	187,084 ^f	183,401	185,391
3 Bank-related (not seasonally adjusted) ³	1,602	2,265	1,428	1,248	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Directly placed paper ⁴											
4 Total	135,320	151,820	173,980 ^f	194,537 ^f	212,210 ^f	209,200 ^f	211,454 ^f	212,215 ^f	212,210 ^f	214,996	215,650
5 Bank-related (not seasonally adjusted) ³	44,778	40,860	43,173	43,155	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
6 Nonfinancial companies ⁵	85,016	77,099	81,232	102,666 ^f	129,761 ^f	124,958 ^f	124,063 ^f	126,135 ^f	129,761 ^f	134,740	139,107
Bankers dollar acceptances (not seasonally adjusted) ⁶											
7 Total	68,413	64,974	70,565	66,631	62,972	63,814	63,660	63,802	62,972	60,019	57,852
Holder											
8 Accepting banks	11,197	13,423	10,943	9,086	9,433	9,526	10,811	9,923	9,433	9,954	10,351
9 Own bills	9,471	11,707	9,464	8,022	8,510	8,779	9,108	8,548	8,510	8,467	8,907
10 Bills bought	1,726	1,716	1,479	1,064	924	747	1,703	1,375	924	1,488	1,444
Federal Reserve Banks											
11 Own account	0	0	0	0	0	0	0	0	0	0	0
12 Foreign correspondents	937	1,317	965	1,493	1,066	1,016	1,034	1,066	1,066	1,069	1,123
13 Others	56,279	50,234	58,658	56,052	52,473	53,370	51,833	52,846	52,473	48,996	46,379
Basis											
14 Imports into United States	15,147	14,670	16,483	14,984	15,651	16,101	16,157	15,691	15,651	15,100	14,522
15 Exports from United States	13,204	12,960	15,227	14,410	13,683	14,304	14,275	14,385	13,683	13,437	12,567
16 All other	40,062	37,344	38,855	37,237	33,638	33,409	33,228	33,726	33,638	n.a.	n.a.

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. Beginning January 1989, bank-related series have been discontinued.
 4. As reported by financial companies that place their paper directly with investors.

5. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.
 6. 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 panel is revised every January and currently has about 100 respondents. The current 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
1987—Apr. 1	7.75	1987	8.21	1988—Jan.	8.75	1989—July	10.98
May 1	8.00	1988	9.32	Feb.	8.51	Aug.	10.50
15	8.25	1989	10.87	Mar.	8.50	Sept.	10.50
Sept. 4	8.75			Apr.	8.50	Oct.	10.50
Oct. 7	9.25	1987—Jan.	7.50	May	8.84	Nov.	10.50
22	9.00	Feb.	7.50	June	9.00	Dec.	10.50
Nov. 5	8.75	Mar.	7.50	July	9.29		
		Apr.	7.75	Aug.	9.84	1990—Jan.	10.11
1988—Feb. 2	8.50	May	8.14	Sept.	10.00	Feb.	10.00
May 11	9.00	June	8.25	Oct.	10.00	Mar.	10.00
July 14	9.50	July	8.25	Nov.	10.05	Apr.	10.00
Aug. 11	10.00	Aug.	8.25	Dec.	10.50		
Nov. 28	10.50	Sept.	8.70				
		Oct.	9.07	1989—Jan.	10.50		
1989—Feb. 10	11.00	Nov.	8.78	Feb.	10.93		
24	11.50	Dec.	8.75	Mar.	11.50		
June 5	11.00			Apr.	11.50		
July 31	10.50			May	11.50		
1990—Jan. 8	10.00			June	11.07		

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	1987	1988	1989	1989	1990							
				Dec.	Jan.	Feb.	Mar.	Mar. 2	Mar. 9	Mar. 16	Mar. 23	Mar. 30
MONEY MARKET RATES												
1 Federal funds ^{1,2}	6.66	7.57	9.21	8.45	8.23	8.24	8.28	8.27	8.28	8.27	8.27	8.26
2 Discount window borrowing ^{1,3,3}	5.66	6.20	6.93	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Commercial paper ^{4,5}												
3 1-month	6.74	7.58	9.11	8.61	8.20	8.22	8.32	8.23	8.29	8.35	8.35	8.35
4 3-month	6.82	7.66	8.99	8.29	8.10	8.14	8.28	8.17	8.21	8.31	8.32	8.30
5 6-month	6.85	7.68	8.80	7.93	7.96	8.04	8.23	8.07	8.12	8.29	8.29	8.27
Finance paper, directly placed ^{4,5}												
6 1-month	6.61	7.44	8.99	8.40	8.09	8.13	8.23	8.15	8.19	8.26	8.25	8.25
7 3-month	6.54	7.38	8.72	8.01	7.90	7.97	8.04	7.97	7.99	8.05	8.08	8.08
8 6-month	6.37	7.14	8.16	7.33	7.34	7.40	7.49	7.49	7.33	7.52	7.61	7.52
Bankers acceptances ^{5,6}												
9 3-month	6.75	7.56	8.87	8.15	7.97	8.03	8.15	8.06	8.10	8.19	8.18	8.18
10 6-month	6.78	7.60	8.67	7.78	7.83	7.91	8.11	7.96	8.01	8.18	8.16	8.15
Certificates of deposit, secondary market ⁷												
11 1-month	6.75	7.59	9.11	8.65	8.17	8.19	8.30	8.22	8.26	8.34	8.32	8.31
12 3-month	6.87	7.73	9.09	8.32	8.16	8.22	8.35	8.25	8.29	8.42	8.38	8.35
13 6-month	7.01	7.91	9.08	8.12	8.17	8.26	8.48	8.29	8.36	8.57	8.55	8.52
14 Eurodollar deposits, 3-month ⁸	7.07	7.85	9.16	8.39	8.22	8.24	8.37	8.25	8.30	8.39	8.40	8.38
U.S. Treasury bills ⁹												
Secondary bills ⁹												
15 3-month	5.78	6.67	8.11	7.63	7.64	7.74	7.90	7.76	7.91	7.96	7.93	7.85
16 6-month	6.03	6.91	8.03	7.42	7.55	7.70	7.85	7.72	7.83	7.88	7.87	7.84
17 1-year	6.33	7.13	7.92	7.21	7.38	7.55	7.76	7.58	7.76	7.81	7.76	7.75
Auction average ¹⁰												
18 3-month	5.82	6.68	8.12	7.64	7.64	7.76	7.87	7.72	7.85	7.96	7.97	7.85
19 6-month	6.05	6.92	8.04	7.45	7.52	7.72	7.83	7.70	7.79	7.89	7.92	7.83
20 1-year	6.33	7.17	7.91	7.14	7.21	7.42	7.76	n.a.	n.a.	7.76	n.a.	n.a.
CAPITAL MARKET RATES												
U.S. Treasury notes and bonds ¹¹												
Constant maturities ¹²												
21 1-year	6.77	7.65	8.53	7.72	7.92	8.11	8.35	8.14	8.34	8.42	8.35	8.34
22 2-year	7.42	8.10	8.57	7.78	8.09	8.37	8.63	8.43	8.59	8.70	8.66	8.61
23 3-year	7.68	8.26	8.55	7.77	8.13	8.39	8.63	8.44	8.60	8.70	8.63	8.63
24 5-year	7.94	8.47	8.50	7.75	8.12	8.42	8.60	8.44	8.59	8.68	8.60	8.57
25 7-year	8.23	8.71	8.52	7.85	8.20	8.48	8.65	8.53	8.66	8.71	8.62	8.62
26 10-year	8.39	8.85	8.49	7.84	8.21	8.47	8.59	8.50	8.61	8.65	8.55	8.56
27 30-year ¹³	8.59	8.96	8.45	7.90	8.26	8.50	8.56	8.53	8.60	8.63	8.49	8.53
Composite ¹⁴												
28 Over 10 years (long-term)	8.64	8.98	8.58	8.02	8.39	8.66	8.74	8.69	8.77	8.81	8.67	8.71
State and local notes and bonds												
Moody's series ¹⁴												
29 Aaa	7.14	7.36	7.00	6.72	6.81	7.05	6.98	6.88	6.85	7.08	7.05	7.05
30 Baa	8.17	7.83	7.40	7.03	7.35	7.26	7.41	7.20	7.50	7.50	7.41	7.45
31 Bond Buyer series ¹⁵	7.63	7.68	7.23	6.98	7.10	7.22	7.29	7.25	7.25	7.32	7.31	7.33
Corporate bonds												
Seasoned issues ¹⁶												
32 All industries	9.91	10.18	9.66	9.30	9.43	9.64	9.73	9.68	9.73	9.76	9.72	9.73
33 Aaa	9.38	9.71	9.26	8.86	8.99	9.22	9.37	9.26	9.35	9.40	9.39	9.37
34 Aa	9.68	9.94	9.46	9.11	9.27	9.45	9.51	9.47	9.48	9.55	9.50	9.54
35 A	9.99	10.24	9.74	9.39	9.54	9.75	9.82	9.77	9.83	9.86	9.81	9.80
36 Baa	10.58	10.83	10.18	9.82	9.94	10.14	10.21	10.20	10.24	10.22	10.17	10.20
37 A-rated, recently offered utility bonds ¹⁷	9.96	10.20	9.79	9.36	9.63	9.84	9.92	9.91	10.00	9.92	9.82	9.98
MEMO: Dividend/price ratio ¹⁸												
38 Preferred stocks	8.37	9.23	9.05	8.75	8.80	8.90	9.02	8.91	8.98	9.06	9.02	9.00
39 Common stocks	3.08	3.64	3.45	3.33	3.41	3.54	3.49	3.54	3.50	3.51	3.48	3.47

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.

1.36 STOCK MARKET Selected Statistics

Indicator	1987	1988	1989	1989						1990		
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Prices and trading (averages of daily figures)												
<i>Common stock prices</i>												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	161.78	149.97	180.13	185.15	192.93	193.02	192.49	188.50	192.67	187.96	182.55	186.26
2 Industrial	195.31	180.83	228.04	221.74	231.32	230.86	229.40	224.38	230.12	225.79	220.60	226.14
3 Transportation	140.52	134.09	174.90	179.32	197.53	202.02	190.36	174.26	177.25	173.67	166.69	175.08
4 Utility	74.29	72.22	94.33	90.40	92.90	93.44	94.67	94.95	99.73	95.69	92.15	92.99
5 Finance	146.48	127.41	162.01	157.78	164.86	165.51	166.55	160.89	155.63	150.11	142.68	143.14
6 Standard & Poor's Corporation (1941-43 = 10) ¹	287.00	265.88	323.05	331.92	346.61	347.33	347.40	340.22	348.57	339.97	330.45	338.47
7 American Stock Exchange (Aug. 31, 1973 = 50) ²	316.78	295.08	356.67	368.52	379.28	382.75	383.63	371.92	373.87	367.40	355.30	360.77
<i>Volume of trading (thousands of shares)</i>												
8 New York Stock Exchange	188,922	161,386	165,568	162,501	171,683	151,752	182,394	144,389	160,671	172,420	155,960	149,240
9 American Stock Exchange	13,832	9,955	13,124	11,702	14,538	12,631	13,853	12,001	13,298	14,831	13,735	15,133
Customer financing (end-of-period balances, in millions of dollars)												
10 Margin credit at broker-dealers ³	31,990	32,740	34,320	34,360	33,940	35,020	35,110	34,630	34,320	32,640	31,480	30,760
<i>Free credit balances at brokers⁴</i>												
11 Margin-account ⁵	4,750	5,660	7,040	5,420	5,580	5,680	6,000	5,815	7,040	6,755	6,575	6,525
12 Cash-account	15,640	16,595	18,505	16,345	16,015	15,310	16,340	16,345	18,505	17,370	16,200	16,510
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.

A26 Domestic Financial Statistics □ June 1990

1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1987	1988	1989									1990
			Apr.	May	June	July ^r	Aug. ^r	Sept. ^r	Oct. ^r	Nov.	Dec.	Jan.
SAIF-insured institutions												
1 Assets	1,250,855	1,350,500	1,342,777 ^r	1,344,050 ^r	1,336,143 ^r	1,329,503	1,315,921	1,298,904	1,286,827	1,277,314 ^r	1,250,068 ^r	1,237,627
2 Mortgages	721,593	764,513	763,688 ^r	764,759 ^r	763,328 ^r	762,206	760,786	755,428	748,800	745,093 ^r	734,422 ^r	727,636
3 Mortgage-backed securities	201,828	214,587	216,129	216,256	211,325	204,365	195,309	188,493	181,641	176,552 ^r	170,725 ^r	169,482
4 Contra-assets to mortgage assets ¹	42,344	37,950	28,099 ^r	27,905 ^r	28,148 ^r	27,659	27,433	27,131	25,972	25,001 ^r	25,397 ^r	23,408
5 Commercial loans	23,163	33,889	32,811 ^r	33,008 ^r	33,072 ^r	33,206	33,035	32,936	32,572	32,327 ^r	32,162 ^r	31,941
6 Consumer loans	57,902	61,922	61,709 ^r	61,868 ^r	60,768 ^r	61,079	60,958	60,405	59,727	59,396 ^r	58,728 ^r	56,940
7 Contra-assets to non-mortgage loans ²	3,467	3,056	2,897 ^r	2,916 ^r	3,190 ^r	3,199	3,163	3,127	3,106	3,199 ^r	3,482 ^r	1,866
8 Cash and investment securities	169,717	186,986	175,941 ^r	174,333	175,222	175,135	171,564	169,478	172,582	172,302 ^r	165,849 ^r	160,600
9 Other ³	122,462	129,610	123,495 ^r	124,648 ^r	123,766 ^r	124,370	124,864	122,421	120,584	119,845 ^r	117,061 ^r	116,301
10 Liabilities and net worth	1,250,855	1,350,500	1,342,777 ^r	1,344,050 ^r	1,336,143 ^r	1,329,503	1,315,921	1,298,904	1,286,827	1,277,314 ^r	1,250,068 ^r	1,237,627
11 Savings capital	932,616	971,700	954,495	955,566	960,073	963,158	960,344	958,901	948,500	946,655 ^r	945,649 ^r	933,794
12 Borrowed money	249,917	299,400	318,671	318,367	312,093	301,571	289,634	281,473	275,978	268,462	252,193 ^r	253,519
13 FHL/BB	116,363	134,168	148,000	146,520	144,217	141,875	138,331	133,633	130,514	127,671	124,578 ^r	121,697
14 Other	133,554	165,232	170,671	171,847	167,876	159,696	151,303	147,840	145,464	140,791	127,615 ^r	131,822
15 Other	21,941	24,216	31,629	33,585	29,892	31,886	33,811	29,952	30,965	31,992 ^r	27,462 ^r	26,742
16 Net worth	n.a. ⁴	n.a. ⁴	37,983 ^r	36,532 ^r	34,084 ^r	32,888	32,131	28,578	31,384	30,205 ^r	24,763 ^r	23,563
SAIF-insured federal savings banks												
17 Assets	284,270	425,983	455,143	469,939	495,688 ^r	506,982	504,228	500,943	502,484	499,995	498,522	
18 Mortgages	161,926	227,869	249,940	257,187	276,603 ^r	285,061	285,557	283,158	283,652	282,510	283,844	
19 Mortgage-backed securities	45,826	64,957	69,964	73,963	73,940 ^r	74,379	72,124	72,478	72,332	71,204	70,499	
20 Contra-assets to mortgage assets ¹	9,100	13,140	13,049	13,227	13,647 ^r	13,973	13,871	13,815	13,506	13,216	13,548	
21 Commercial loans	6,504	16,731	16,497	16,934	18,083 ^r	18,346	18,233	18,256	18,299	18,172	18,143	
22 Consumer loans	17,696	24,222	26,768	27,957	28,156 ^r	28,993	28,987	28,762	28,322	28,079	28,212	
23 Contra-assets to non-mortgage loans ²	678	889	863	888	1,027 ^r	1,022	1,026	1,072	1,048	1,082	1,193	n.a.
24 Finance leases plus interest	591	880	1,047	1,072	1,083	1,089	1,076	1,092	1,085	1,092	1,101	
25 Cash and investment	35,347	61,029	61,278	62,002	65,736 ^r	65,979	65,040	64,101	65,193	65,191	64,538	
26 Other	24,069	35,428	37,333	38,021	39,619 ^r	40,345	40,536	40,661	40,799	40,852	39,981	
27 Liabilities and net worth	284,270	425,983	455,143	469,939	495,688 ^r	506,982	504,228	500,943	502,484	499,995	498,522	
28 Savings capital	203,196	298,197	315,725	324,369	342,146 ^r	352,547	352,158	353,474	355,923	355,874	360,547	
29 Borrowed money	60,716	99,286	110,004	114,854	121,893 ^r	121,194	117,973	115,627	114,231	111,369	108,448	
30 FHL/BB	29,617	46,265	53,519	55,463	58,505	59,781	59,189	57,941	57,793	56,842	57,032	
31 Other	31,099	53,021	56,485	59,391	63,388 ^r	61,413	58,784	57,686	56,438	54,527	51,416	
32 Other	5,324	8,075	9,306	10,174	9,822 ^r	10,695	11,444	9,906	10,317	10,749	9,041	
33 Net worth	15,034	20,235	23,404	23,926	25,688 ^r	26,249	26,371	25,971	25,983	25,958	22,716	

1.37—Continued

Account	1987	1988	1989									1990
			Apr.	May	June	July ^r	Aug. ^r	Sept. ^r	Oct. ^r	Nov	Dec.	Jan.
Credit unions⁴												
34 Total assets/liabilities and capital.....	n.a.	174,593	177,417	178,812	180,664	179,029	180,035	181,812	181,527	182,856	183,688	↑ n.a. ↓
35 Federal.....	n.a.	114,566	115,416	116,705	117,632	117,475	117,463	118,746	118,887	119,682	120,666	
36 State.....	n.a.	60,027	62,001	62,107	63,032	61,554	62,572	63,066	62,640	63,174	63,022	
37 Loans outstanding.....	n.a.	113,191	115,249	116,947	119,101	119,720	120,577	122,522	122,997	122,899	122,608	↑ n.a. ↓
38 Federal.....	n.a.	73,766	75,003	76,052	77,729	78,472	78,946	80,548	80,570	80,601	80,272	
39 State.....	n.a.	39,425	40,246	40,895	41,372	41,248	41,631	41,874	42,427	42,298	42,336	
40 Savings.....	n.a.	159,010	161,388	162,134	164,415	162,405	162,754	164,050	164,695	165,533	167,371	
41 Federal.....	n.a.	104,431	105,208	105,787	106,984	106,266	106,038	106,633	107,588	108,319	109,653	
42 State.....	n.a.	54,579	56,180	56,347	57,431	56,139	56,716	57,417	57,107	57,214	57,718	
Life insurance companies												
43 Assets.....	1,044,459	1,157,140	1,209,242	1,221,332	1,232,195	1,247,341	1,257,045	1,266,773	1,276,181	1,289,467	1,303,691	↑ n.a. ↓
44 Securities.....	84,426	84,051	82,873	83,847	84,564	84,438	83,225	82,867	83,727	83,609	84,381	
45 United States ⁵	57,078	58,564	57,127	57,790	57,817	57,698	56,978	56,684	57,726	57,290	58,169	
46 State and local.....	10,681	9,136	8,911	8,953	9,036	9,061	9,002	9,037	9,019	9,280	9,191	
47 Foreign ⁶	16,667	16,351	16,835	17,104	17,711	17,679	17,245	17,146	16,982	17,039	17,021	
48 Business.....	569,199	660,416	697,703	706,960	714,398	726,599	735,441	742,537	748,075	758,803	777,415	
49 Bonds.....	472,684	556,043	587,889	595,500	601,786	606,686	614,585	621,856	628,695	637,690	642,445	
50 Stocks.....	96,515	104,373	109,814	111,460	112,612	119,913	120,856	120,681	119,380	121,113	134,970	
51 Mortgages.....	203,545	232,863	235,312	236,651	237,444	237,865	238,944	240,189	242,391	243,728	246,345	
52 Real estate.....	34,172	37,371	37,976	38,598	38,190	38,622	38,822	38,942	39,343	39,339	39,368	
53 Policy loans.....	53,626	54,236	55,201	55,525	55,746	55,812	56,077	56,403	56,727	56,916	57,141	
54 Other assets.....	89,586	93,358	100,173	99,751	101,853	104,005	104,536	105,835	105,918	107,072	110,284	

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. Data include all federally insured credit unions, both federal and state chartered, serving natural persons.

5. Direct and guaranteed obligations. Excludes federal agency issues not guaranteed, which are shown in the table under "Business" securities.

6. Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.

NOTE: FSLIC-insured institutions: Estimates by the FHLBB for all institutions

insured by the FSLIC and based on the FHLBB Thrift Financial Report.

FSLIC-insured federal savings banks: Estimates by the FHLBB 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."

As of June 1989 Savings bank data are no longer available.

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1987	Fiscal year 1988	Fiscal year 1989	Calendar year					
				1989 ^a			1990 ^a		
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
<i>U.S. budget¹</i>									
1 Receipts, total	854,143	908,166	990,691 ^r	68,426	71,213	89,130	99,538	65,170	64,819
2 On-budget	640,741	666,675	727,025 ^r	50,122	51,989	69,052	74,243	44,133	38,989
3 Off-budget	213,402	241,491	263,666 ^r	18,304	19,223	20,077	25,295	21,037	25,829
4 Outlays, total	1,003,804	1,063,318	1,142,680 ^r	94,428	100,958	103,903	91,271	100,434	118,155
5 On-budget	809,972	860,626	931,458 ^r	74,641	81,055	92,306	72,956	80,872	97,631
6 Off-budget	193,832	202,691	211,221 ^r	19,787	19,904	11,598	18,315	19,563	20,524
7 Surplus, or deficit (-), total	-149,661	-155,151	-151,988	-26,002	-29,746	-14,774	8,267	-35,264	-53,336
8 On-budget	-169,231	-193,951	-204,433	-24,518	-29,065	-23,253	1,286	-36,738	-58,642
9 Off-budget	19,570	38,800	52,445	-1,483	-680	8,480	6,980	1,474	5,306
Source of financing (total)									
10 Borrowing from the public	151,717	166,139	140,156	36,690	19,790	6,821	15,841	18,221	56,090
11 Operating cash (decrease, or increase (-))	-5,052	-7,963	3,425	-2,513	21,772	-5,221	-18,116	25,462	1,123
12 Other ²	2,996	-3,025	8,407	-8,175	-11,816	13,174	-5,992	-8,419	-3,876
MEMO									
13 Treasury operating balance (level, end of period)	36,436	44,398	40,973	43,486	21,715	26,935	45,051	19,589	18,466
14 Federal Reserve Banks	9,120	13,024	13,452	13,124	5,501	6,217	13,153	6,613	4,832
15 Tax and loan accounts	27,316	31,375	27,521	30,362	16,214	20,718	31,899	12,976	13,634

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*.

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS¹

Millions of dollars

Source or type	Fiscal year 1988	Fiscal year 1989	Calendar year						
			1988		1989		1990		
			H1	H2	H1	H2	Jan.	Feb.	Mar.
RECEIPTS									
1 All sources	908,166	990,691²	475,724	449,320²	527,574	470,329²	99,538²	65,170	64,819
2 Individual income taxes, net	401,181	445,690	207,659	200,300	233,572	218,661	56,044	28,830	13,174
3 Withheld	341,435	361,386	169,300	179,600	174,230	193,296	34,172	32,852	31,323
4 Presidential Election Campaign Fund	33	32	28	4	28	3	0	4	9
5 Nonwithheld	132,199	154,839	101,614	29,880	121,563	33,303	22,389	960	5,455
6 Refunds	72,487	70,567	63,283	9,186	62,251	7,943	517	4,986	23,614
7 Corporation income taxes									
8 Gross receipts	109,683	117,015	58,002	56,409	61,585	52,269	4,277	2,678	14,477
9 Refunds	15,487	13,723	8,706	7,250	7,259	6,842	1,159	1,447	1,823
10 Social insurance taxes and contributions, net	334,335	359,416	181,058	157,603	200,127	162,574	32,863	29,055	32,961
11 Employment taxes and contributions ³	305,093	332,859	164,412	144,983	184,569	152,407	31,767	26,473	32,376
12 Self-employment taxes and contributions ³	17,691	18,405	14,839	3,032	16,371	1,947	1,213	1,500	1,213
13 Unemployment insurance	24,584	22,011	14,363	10,359	13,279	7,909	742	2,230	173
14 Other net receipts ⁴	4,659	4,547	2,284	2,262	2,277	2,260	354	352	413
15 Excise taxes	35,540	34,386	16,440	19,299	16,814	16,844	2,624	2,260	2,814
16 Customs deposits	15,411	16,334	7,522	8,107	7,918	8,667	1,440	1,228	1,397
17 Estate and gift taxes	7,594	8,745	3,863	4,054	4,583	4,451	805	664	769
18 Miscellaneous receipts ⁵	19,909	22,829 ²	9,950	10,799 ²	10,235	13,703 ²	2,644 ²	1,902	1,050
OUTLAYS									
18 All types	1,063,318	1,142,680²	512,856	552,727²	565,524	587,303²	91,271²	100,434²	118,155
19 National defense	290,361	303,551	143,080	150,496	148,098	149,613	21,978	24,870	29,516
20 International affairs	10,471	9,596	7,150	2,636	6,605	5,981	1,248	1,144	1,568
21 General science, space, and technology	10,841	12,891	5,361	5,852	6,238	7,091	1,058	1,066	1,244
22 Energy	2,297	3,745	555	1,966	2,221	1,397	40	83	486
23 Natural resources and environment	14,625	16,084	6,776	9,072 ²	7,022	9,183 ²	1,129	1,034	1,200
24 Agriculture	17,210	16,948	7,872	6,911	9,619	4,132	1,113	949	1,875
25 Commerce and housing credit	18,828	27,810	5,951	19,836	4,129	22,200	-1,133 ²	1,886 ²	7,328
26 Transportation	27,272	27,623	12,700	14,922	13,035	14,982	2,409	2,097	2,103
27 Community and regional development	5,294	5,755	2,765	2,690	1,833	4,879	848	575	797
28 Education, training, employment, and social services	31,938	35,697	15,451	16,152	18,083	18,663	3,496	3,421	3,135
29 Health	44,490	48,391	22,643	23,360	24,078	25,339	4,663	4,459 ²	4,809
30 Social security and medicare	297,828	317,506	135,322	149,017	162,195	162,322	28,228	28,291 ²	29,032
31 Income security	129,332	136,765	65,555	64,978	70,937	67,950	12,010	13,609	16,069
32 Veterans benefits and services	29,406	30,066	13,241	15,797	14,891	14,864	1,086	2,608	3,857
33 Administration of justice	8,436	9,396	4,369 ²	4,361 ²	4,801	4,963	811	819	738
34 General government	9,518	8,940	4,337	5,137	3,858	4,753	972	484	984
35 General-purpose fiscal assistance	1,816	n.a.	448	0	0	n.a.	n.a.	n.a.	n.a.
36 Net interest ⁶	151,748	169,314	76,098	78,317	86,009	87,927	14,281	15,924	15,853
37 Undistributed offsetting receipts ⁷	-36,967	-37,212	-17,766	-18,771	-18,131	-18,935	-2,967	-2,884	-2,437

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 1990*.

A30 Domestic Financial Statistics □ June 1990

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1988				1989				1990
	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31
1 Federal debt outstanding	2,493.2	2,555.1	2,614.6	2,707.3	2,763.6	2,824.0	2,881.1	2,975.5	3,081.9
2 Public debt securities	2,487.6	2,547.7	2,602.2	2,684.4	2,740.9	2,799.9	2,857.4	2,953.0	3,052.0
3 Held by public	1,996.7	2,013.4	2,051.7	2,095.2	2,133.4	2,142.1	2,180.7	2,245.2	n.a.
4 Held by agencies	490.8	534.2	550.4	589.2	607.5	657.8	676.7	707.8	n.a.
5 Agency securities	5.6	7.4	12.4	22.9	22.7	24.0	23.7	22.5	n.a.
6 Held by public	5.1	7.0	12.2	22.6	22.3	23.6	23.5	22.4	n.a.
7 Held by agencies	.6	.5	.2	.3	.4	.5	.1	.1	n.a.
8 Debt subject to statutory limit	2,472.6	2,532.2	2,586.9	2,669.1	2,725.6	2,784.6	2,829.8	2,921.7	2,988.9
9 Public debt securities	2,472.1	2,532.1	2,586.7	2,668.9	2,725.5	2,784.3	2,829.5	2,921.4	2,988.6
10 Other debt	.5	.1	.1	.2	.2	.2	.3	.3	.3
11 MEMO: Statutory debt limit	2,800.0	2,800.0	2,800.0	2,800.0	2,800.0	2,800.0	2,870.0	3,122.7	3,122.7

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	1986	1987	1988	1989	1989			1990
					Q2	Q3	Q4	Q1
1 Total gross public debt	2,214.8	2,431.7	2,684.4	2,953.0	2,799.9	2,857.4	2,953.0	3,052.0
<i>By type</i>								
2 Interest-bearing debt	2,212.0	2,428.9	2,663.1	2,931.8	2,797.4	2,836.3	2,931.8	3,029.5
3 Marketable	1,619.0	1,724.7	1,821.3	1,945.4	1,877.3	1,892.8	1,945.4	1,995.3
4 Bills	426.7	389.5	414.0	430.6	397.1	406.6	430.6	453.1
5 Notes	927.5	1,037.9	1,083.6	1,151.5	1,137.2	1,133.2	1,151.5	1,169.4
6 Bonds	249.8	282.5	308.9	348.2	328.0	338.0	348.2	357.9
7 Nonmarketable ¹	593.1	704.2	841.8	986.4	920.1	943.5	986.4	1,034.2
8 State and local government series	110.5	139.3	151.5	163.3	156.0	158.6	163.3	163.5
9 Foreign issues ²	4.7	4.0	6.6	6.8	6.2	6.8	6.8	37.1
10 Government	4.7	4.0	6.6	6.8	6.2	6.8	6.8	37.1
11 Public	.0	.0	.0	.0	.0	.0	.0	.0
12 Savings bonds and notes	90.6	99.2	107.6	115.7	112.3	114.0	115.7	118.0
13 Government account series ³	386.9	461.3	575.6	695.6	645.2	663.7	695.6	705.1
14 Non-interest-bearing debt	2.8	2.8	21.3	21.2	2.5	21.1	21.2	22.4
<i>By holder⁴</i>								
15 U.S. government agencies and trust funds	403.1	477.6	589.2	707.8	657.8	676.7	707.8	↑
16 Federal Reserve Banks	211.3	222.6	238.4	228.4	231.8	220.6	228.4	↑
17 Private investors	1,602.0	1,745.2	1,852.8	2,011.0	1,905.4	1,954.0	2,011.0	↑
18 Commercial banks	203.5	201.5	193.8	190.0	199.2	181.5	190.0	↑
19 Money market funds	28.0	14.6	11.8	14.4	11.3	12.9	14.4	↑
20 Insurance companies	105.6	104.9	107.3	n.a.	106.3	107.7	n.a.	↑
21 Other companies	68.8	84.6	87.1	93.8	92.1	93.5	93.8	↑
22 State and local Treasuries	262.8	284.6	313.6	n.a.	322.1	325.2	n.a.	↑
Individuals								↑
23 Savings bonds	92.3	101.1	109.6	117.7	114.0	115.7	117.7	↑
24 Other securities	70.4	70.2	76.4	91.5	92.5	92.1	91.5	↑
25 Foreign and international ⁵	263.4	299.7	362.1	392.9	367.9	393.5	392.9	↑
26 Other miscellaneous investors ⁶	506.6	584.0	591.1	n.a.	600.0	631.9	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 and the Treasury Bulletin.

1.42 U.S. GOVERNMENT SECURITIES DEALERS Transactions¹

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

Item	1987	1988	1989 ^f	1990			1990						
				Jan. ^f	Feb. ^f	Mar.	Feb. 21	Feb. 28	Mar. 7	Mar. 14	Mar. 21	Mar. 28	
Immediate delivery ²													
1 U.S. Treasury securities	110,050	101,623	112,722	117,177	122,793	105,335	116,618 ^f	113,179 ^f	101,655	105,399	98,236	109,210	
By maturity													
2 Bills	37,924	29,387	30,738	32,835	31,175	30,659	30,686 ^f	28,809 ^f	30,454	32,418	29,213	27,227	
3 Other within 1 year	3,271	3,426	3,182	3,377	2,960	2,121	2,975 ^f	2,858 ^f	1,920	1,986	2,333	1,850	
4 1-5 years	27,918	27,777	33,663	32,280	36,425	31,177	41,819 ^f	34,120 ^f	26,607	29,155	26,251	40,261	
5 5-10 years	24,014	24,939	28,680	30,811	31,398	25,090	22,967 ^f	31,442 ^f	27,432	25,181	24,181	23,438	
6 Over 10 years	16,923	16,093	16,458	17,874	20,835	16,289	18,172 ^f	15,950 ^f	15,242	16,659	16,259	16,434	
By type of customer													
7 U.S. government securities dealers	2,936	2,761	3,286	3,141	3,941	3,802	3,794	3,541 ^f	2,813	4,323	4,271	3,341	
8 U.S. government securities brokers	61,539	59,844	66,418	71,906	72,038	60,271	68,474	66,652	59,939	59,990	55,174	63,172	
9 All others	45,575	39,019	43,017	42,130	46,814	41,262	44,351 ^f	42,985 ^f	38,903	41,086	38,791	42,697	
10 Federal agency securities	18,084	15,903	18,626	19,937	19,069	19,146	14,101	18,111	16,877	19,209	21,976	17,214	
11 Certificates of deposit	4,112	3,369	2,798	2,283	1,756	1,518	1,575	1,767	1,310	1,727	1,802	1,277	
12 Bankers acceptances	2,965	2,316	2,222	1,843	1,574	1,382	1,654	1,748	1,450	1,489	1,381	1,347	
13 Commercial paper	17,135	22,927	31,805	37,311	35,190	37,018	38,480	36,805	35,961	37,720	37,982	36,513	
Futures contracts ⁴													
14 Treasury bills	3,233	2,627	2,525	2,684	2,393	2,078	2,284	1,852	3,233	1,900	1,264	1,850	
15 Treasury coupons	8,963	9,695	9,602	12,356	13,730	11,826	13,244	14,133	11,727	12,338	11,621	11,135	
16 Federal agency securities	5	1	8	14	23	10	49	16	31	2	4	0	
Forward transactions ⁵													
17 U.S. Treasury securities	2,029	2,095	2,127	1,733	3,006	1,260	2,690	1,952	1,379	1,014	864	1,949	
18 Federal agency securities	9,290	8,008	9,483	11,588	12,885	9,598	10,749	10,495	9,104	13,384	9,873	7,558	

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	1987	1988	1989	1990			1990				
				Jan.	Feb.	Mar.	Feb. 28	Mar. 7	Mar. 14	Mar. 21	Mar. 28
Positions											
Net immediate ²											
1 U.S. Treasury securities	-6,216	-22,765	-5,944 ^f	18,316 ^f	7,882 ^f	2,203	8,837 ^f	8,223	2,543	1,702	-3,047
2 Bills	4,317	2,238	7,834 ^f	24,923 ^f	19,033	16,162	16,485	18,546	16,788	16,827	13,385
3 Other within 1 year	1,557	-2,236	-1,528	-836	-933 ^f	-884	-1,565 ^f	-1,137	-730	-798	-793
4 1-5 years	649	-3,020	2,336 ^f	13,988 ^f	11,232 ^f	5,308	11,174 ^f	7,957	4,804	3,771	3,997
5 5-10 years	-6,564	-9,663	-8,133	-10,461 ^f	-8,464 ^f	-5,894	-5,241 ^f	-4,990	-5,575	-5,720	-7,244
6 Over 10 years	-6,174	-10,084	-6,452	-9,300 ^f	-12,985 ^f	-12,488	-12,017 ^f	-12,154	-12,743	-12,377	-12,393
7 Federal agency securities	31,911	28,230	31,914	35,551	36,745	37,064	34,056	34,380	39,230	41,603	34,524
8 Certificates of deposit	8,188	7,300	6,674	5,972	5,338	4,581	4,981	5,088	4,959	4,391	4,294
9 Bankers acceptances	3,660	2,486	2,089	1,703	1,653	1,459	1,467	1,615	1,526	1,606	1,218
10 Commercial paper	7,496	6,152	8,243	7,663	7,925	7,285	8,228	8,524	7,273	7,586	6,120
Futures positions											
11 Treasury bills	-3,373	-2,210	-4,599	-9,896	-12,779 ^f	-8,417	-13,738 ^f	-11,980	-7,134	-7,576	-7,666
12 Treasury coupons	5,988	6,224	-2,919	-6,389 ^f	-4,845	-5,361	-5,014	-5,429	-3,329	-5,173	-7,857
13 Federal agency securities	-95	0	14	27	103	45	188	91	40	29	26
Forward positions											
14 U.S. Treasury securities	-1,211	346	-545 ^f	-2,131 ^f	-1,046	-1,723	-310	-1,055	-2,696	-2,789	-1,064
15 Federal agency securities	-18,817	-16,348	-16,878	-13,817 ^f	-15,942	-16,271	-15,016	-14,409	-18,524	-20,326	-13,069
Financing ³											
Reverse repurchase agreements ⁴											
16 Overnight and continuing	126,709	136,327	157,955	150,660	167,362	143,082	171,370	157,297	158,231	157,715	156,319
17 Term	148,288	177,477	225,126	216,646	216,957	187,140	198,798	207,367	203,731	205,882	206,435
Repurchase agreements ⁵											
18 Overnight and continuing	170,763	172,695	219,083	240,341	242,687	206,187	243,396	231,305	228,289	227,385	220,243
19 Term	121,270	137,056	179,555	179,484	180,708	152,558	162,483	168,457	162,860	167,615	172,322

1. Data for dealer positions and sources of financing are obtained from reports submitted to the Federal Reserve Bank of New York by the U.S. 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	1985	1986	1987	1988	1989			1990	
					Oct.	Nov.	Dec.	Jan.	Feb.
1 Federal and federally sponsored agencies	293,905	307,361	341,386	381,498	409,113	412,234	411,805	414,414	420,309
2 Federal agencies	36,390	36,958	37,981	35,668	36,378	35,855	35,664	34,995	42,974
3 Defense Department ¹	71	33	13	8	7	7	7	7	7
4 Export-Import Bank ^{2,3}	15,678	14,211	11,978	11,033	10,990	10,990	10,985	10,985	10,985
5 Federal Housing Administration ⁴	115	138	183	150	301	308	328	239	280
6 Government National Mortgage Association participation certificates ⁵	2,165	2,165	1,615	0	0	0	0	0	0
7 Postal Service ⁶	1,940	3,104	6,103	6,142	6,445	6,445	6,445	6,445	6,445
8 Tennessee Valley Authority	16,347	17,222	18,089	18,335	18,635	18,105	17,899	17,319	25,257
9 United States Railway Association ⁹	74	85	0	0	0	0	0	0	0
10 Federally sponsored agencies ⁷	257,515	270,553	303,405	345,830	372,735	376,379	376,141	0	377,335
11 Federal Home Loan Banks	74,447	88,758	115,727	135,836	140,854	138,229	136,087	133,699	132,975
12 Federal Home Loan Mortgage Corporation	11,926	13,589	17,645	22,797	25,097	27,018	26,148	25,298	25,017
13 Federal National Mortgage Association	93,896	93,563	97,057	105,459	111,776	115,774	116,064	115,164	116,207
14 Farm Credit Banks ⁸	68,851	62,478	55,275	53,127	54,029	54,131	54,864	55,809	53,790
15 Student Loan Marketing Association ⁹	8,395	12,171	16,503	22,073	27,440	27,688	28,705	30,908	30,806
16 Financing Corporation ¹⁰	0	0	1,200	5,850	8,170	8,170	8,170	8,170	8,170
17 Farm Credit Financial Assistance Corporation ¹¹	0	0	0	690	847	847	847	847	847
18 Resolution Funding Corporation ¹²	0	0	0	0	4,522	4,522	4,522	9,524	9,524
MEMO									
19 Federal Financing Bank debt¹³	153,373	157,510	152,417	142,850	135,841	135,213	134,873	134,263	133,567
<i>Lending to federal and federally sponsored agencies</i>									
20 Export-Import Bank ³	15,670	14,205	11,972	11,027	10,984	10,984	10,979	10,979	10,979
21 Postal Service ⁶	1,690	2,854	5,853	5,892	6,195	6,195	6,195	6,195	6,195
22 Student Loan Marketing Association	5,000	4,970	4,940	4,910	4,880	4,880	4,880	4,880	4,880
23 Tennessee Valley Authority	14,622	15,797	16,709	16,955	17,255	16,725	16,519	15,939	15,877
24 United States Railway Association ⁹	74	85	0	0	0	0	0	0	0
<i>Other Lending¹⁴</i>									
25 Farmers Home Administration	64,234	65,374	59,674	58,496	53,311	53,311	53,311	53,461	52,831
26 Rural Electrification Administration	20,654	21,680	21,191	19,246	19,233	19,249	19,265	19,212	19,219
27 Other	31,429	32,545	32,078	26,324	23,983	23,869	23,724	23,597	23,586

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 Resolution Funding Corporation, established by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, undertook its first borrowing in October 1989.

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.

14. 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.

A34 Domestic Financial Statistics □ June 1990

1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1987	1988	1989	1989					1990		
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb. ¹	Mar.
1 All issues, new and refunding¹	102,407	114,522	113,646	9,824	10,818	9,075	9,564	13,636	6,694	6,329	9,880
<i>Type of issue</i>											
2 General obligation	30,589	30,312	35,774	2,199	3,500	3,273	3,328	2,158	2,675	3,010	3,199
3 Revenue	71,818	84,210	77,873	7,625	7,318	5,802	6,237	11,478	4,019	3,319	6,681
<i>Type of issuer</i>											
4 State	10,102	8,830	11,819	694	764	1,330	930	911	712	1,196	707
5 Special district and statutory authority ²	65,460	74,409	71,022	7,027	7,567	4,770	5,473	9,391	4,744	3,277	6,247
6 Municipalities, counties, and townships	26,845	31,193	30,805	2,103	2,487	2,975	3,161	3,334	1,238	1,856	2,926
7 Issues for new capital, total	56,789	79,665	84,062	6,612	7,470	7,266	7,777	10,195	6,263	5,635	6,667
<i>Use of proceeds</i>											
8 Education	9,524	15,021	15,133	1,302	1,639	1,006	1,058	1,495	1,374	1,420	1,018
9 Transportation	3,677	6,825	6,870	556	976	280	675	645	98	511	1,158
10 Utilities and conservation	7,912	8,496	11,427	813	622	718	1,137	2,219	1,747	718	502
11 Social welfare	11,106	19,027	16,703	1,553	1,242	1,803	1,441	2,518	1,017	432	1,425
12 Industrial aid	7,474	5,624	5,036	447	381	345	444	1,119	200	115	432
13 Other purposes	18,020	24,672	28,894	1,941	2,610	3,114	3,022	2,199	1,827	2,439	2,132

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	1987	1988	1989	1989					1990		
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
1 All issues¹	392,339	409,925	233,103¹	18,094	15,100¹	14,704¹	24,893¹	20,706¹	21,584¹	15,008¹	13,919
2 Bonds²	325,838	352,124	201,827¹	13,040	13,065¹	12,431¹	21,213¹	16,466¹	17,639¹	12,730¹	11,000
<i>Type of offering</i>											
3 Public, domestic	209,455	201,246	179,069 ¹	11,620	12,249 ¹	11,211 ¹	20,085 ¹	14,383	16,013 ¹	10,678 ¹	10,000
4 Private placement, domestic	92,070	127,700	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Sold abroad	24,308	23,178	22,758 ¹	1,420	816	1,220 ¹	1,128 ¹	2,083 ¹	1,626 ¹	2,052 ¹	1,000
<i>Industry group</i>											
6 Manufacturing	61,266	70,595	42,366	2,850	2,670	2,247	3,646	3,551	4,193	2,001 ¹	2,355
7 Commercial and miscellaneous	49,773	62,070	15,968	1,354	1,090	1,393	1,830	1,253	347	655 ¹	131
8 Transportation	11,974	10,076	3,586	0	423	30	906	312	1,083	35	0
9 Public utility	23,004	19,318	13,682	1,346	705	1,059	1,748	1,022	1,098	1,018 ¹	1,057
10 Communication	7,340	5,951	3,859	300	358	308	632	812	577	23 ¹	35
11 Real estate and financial	172,474	184,114	122,370 ¹	7,190	7,819 ¹	7,395 ¹	12,452 ¹	9,516 ¹	10,342 ¹	8,999 ¹	7,422
12 Stocks²	66,508	57,802	32,225	5,054	2,035	2,273	3,680	4,240	3,945	2,278	2,919
<i>Type</i>											
13 Preferred	10,123	6,544	6,194	920	1,013	519	570	160	626	50	167
14 Common	43,225	35,911	26,030	4,134	1,023	1,754	3,110	4,080	3,319	2,228	2,752
15 Private placement ³	13,157	15,346	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Industry group</i>											
16 Manufacturing	13,880	7,608	5,081	593	393	193	190	378	279	835	431
17 Commercial and miscellaneous	12,888	8,449	4,428	438	343	155	728	498	1,045	248	1,017
18 Transportation	2,439	1,535	532	0	0	0	50	0	0	0	0
19 Public utility	4,322	1,898	2,297	25	137	709	465	211	244	106	582
20 Communication	1,458	515	471	29	20	0	0	0	0	0	0
21 Real estate and financial	31,521	37,798	19,250	3,969	1,020	1,195	2,214	3,153	2,377	1,090	889

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., the Board of Governors of the Federal Reserve System, and before 1989, the U.S. Securities and Exchange Commission.

1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1988	1989	1989						1990	
			July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. ¹	Feb.
INVESTMENT COMPANIES¹										
1 Sales of own shares ²	271,237	306,445	25,330	26,800	23,911	23,872	24,673	30,982	35,620	26,117
2 Redemptions of own shares ³	267,451	272,165	20,053	22,262	21,499	21,702	19,573	24,967	27,331	20,978
3 Net sales	3,786	34,280	5,277	4,538	2,412	2,170	5,100	6,015	8,289	5,139
4 Assets ⁴	472,297	553,871	535,910	539,553	539,814	534,922	549,892	553,871	535,165	542,690
5 Cash position ⁵	45,090	44,780	47,888	47,209	47,163	46,146	47,875	44,780	48,865	51,207
6 Other	427,207	509,091	488,022	492,344	492,651	488,776	502,017	509,091	486,300	491,483

1. Data on sales and redemptions exclude money market mutual funds but include limited maturity municipal bond funds. Data on asset positions exclude both money market mutual funds and limited maturity municipal bond 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.
 SOURCE: *Survey of Current Business* (Department of Commerce).

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

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

Account	1987	1988	1989 ^f	1988				1989			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1 Corporate profits with inventory valuation and capital consumption adjustment	298.7	328.6	301.3	318.1	325.3	330.9	340.2	316.3	307.8	295.2	285.7
2 Profits before tax	266.7	306.8	290.6	288.8	305.3	314.4	318.8	318.0	296.0	275.0	273.5
3 Profits tax liability	124.7	137.9	129.7	129.0	138.4	141.2	143.2	144.4	134.9	122.6	116.9
4 Profits after tax	142.0	168.9	160.9	159.9	166.9	173.2	175.6	173.6	161.1	152.4	156.7
5 Dividends	98.7	110.4	122.1	105.7	108.6	112.2	115.2	118.5	120.9	123.3	125.6
6 Undistributed profits	43.3	58.5	38.9	54.2	58.3	61.1	60.4	55.1	40.2	29.1	31.1
7 Inventory valuation	-18.9	-25.0	n.a.	-20.7	-28.8	-30.4	-20.1	-38.3	-21.0	n.a.	n.a.
8 Capital consumption adjustment	50.9	46.8	29.3	49.9	48.9	46.9	41.5	36.6	32.3	26.5	21.9 ^f

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	1988 ^f	1989 ^f	1990 ¹	1988		1989				1990	
				Q3	Q4	Q1	Q2	Q3	Q4	Q1 ¹	Q2 ¹
1 Total nonfarm business	430.76	475.52	512.82	435.61	442.11	459.47	470.86	484.93	486.80	502.65	509.08
Manufacturing	78.30	83.68	85.48	79.15	80.56	81.26	82.97	85.66	84.84	86.35	83.92
2 Durable goods industries	88.01	100.86	108.02	89.62	92.76	93.96	98.57	102.00	108.92	105.30	105.74
3 Nondurable goods industries											
Nonmanufacturing	12.66	12.52	13.31	12.53	12.38	12.15	12.70	12.59	12.65	13.07	13.55
4 Mining											
Transportation	7.06	8.12	8.61	6.84	7.45	8.02	7.37	8.16	8.94	8.69	8.32
5 Railroad	7.28	8.91	12.09	8.09	7.69	7.04	9.49	12.48	6.61	11.11	12.28
6 Air	7.00	7.56	7.88	7.08	6.89	8.07	7.40	7.89	6.87	8.49	7.11
7 Other											
Public utilities	32.03	34.20	35.99	32.07	33.69	33.69	35.34	33.73	34.04	34.95	36.84
8 Electric	14.64	16.52	17.15	14.61	15.04	17.12	16.67	15.84	16.46	16.56	16.92
9 Gas and other	183.76	203.14	224.30	185.61	185.65	198.15	200.36	206.59	207.46	218.13	224.41
10 Commercial and other ²											

▲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 □ June 1990

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities¹

Billions of dollars, end of period

Account	1985	1986	1987	1988				1989		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3
ASSETS										
Accounts receivable, gross ²										
1 Consumer	111.9	134.7	141.1	141.5	144.4	146.3	146.2	140.2	144.9	147.2
2 Business	157.5	173.4	207.4	219.7	224.0	223.3	236.5	243.1	250.5	248.8
3 Real estate	28.0	32.6	39.5	41.4	42.5	43.1	43.5	45.4	47.4	48.9
4 Total	297.4	340.6	388.1	402.6	410.9	412.7	426.2	428.7	442.8	444.9
<i>Less:</i>										
5 Reserves for unearned income	39.2	41.5	45.3	46.8	46.3	48.4	50.0	50.9	52.1	53.7
6 Reserves for losses	4.9	5.8	6.8	6.8	6.8	7.1	7.3	7.4	7.5	7.8
7 Accounts receivable, net	253.3	293.3	336.0	348.9	357.8	357.3	368.9	370.4	383.2	383.5
8 All other	45.3	58.6	58.3	60.1	70.5	68.7	72.4	75.1	81.5	83.1
9 Total assets	298.6	351.9	394.2	409.1	428.3	426.0	441.3	445.5	464.6	466.6
LIABILITIES										
10 Bank loans	18.0	18.6	16.4	14.9	13.3	11.9	15.4	11.6	12.2	12.3
11 Commercial paper	99.2	117.8	128.4	125.2	131.6	129.4	142.0	147.9	149.2	147.4
Debt										
12 Other short-term	12.7	17.5	28.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 Long-term	94.4	117.5	137.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14 Due to parent	n.a.	n.a.	n.a.	49.0	51.4	51.5	50.6	56.8	59.7	60.4
15 Not elsewhere classified	n.a.	n.a.	n.a.	132.4	139.8	139.3	137.9	134.5	141.3	146.1
16 All other liabilities	41.5	44.1	52.8	56.1	58.7	58.9	59.8	58.1	63.5	60.4
17 Capital, surplus, and undivided profits	32.8	36.4	31.5	31.5	33.5	34.9	35.6	36.6	38.7	40.0
18 Total liabilities and capital	298.6	351.9	394.2	409.1	428.3	426.0	441.3	445.5	464.6	466.6

1. Components may not add to totals because of rounding.

2. Excludes pools of securitized assets.

1.52 DOMESTIC FINANCE COMPANIES Business Credit Outstanding and Net Change¹

Millions of dollars, seasonally adjusted

Type	1987	1988	1989	1989				1990		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	
1 Total	205,810	234,529	257,762	258,851	259,083	257,930	257,762	253,802	252,737	
Retail financing of installment sales										
2 Automotive	35,782	36,548	38,534	39,258	38,952	38,187	38,534	38,297	38,201	
3 Equipment	25,170	28,298	29,781	29,639	29,594	29,568	29,781	29,810	29,808	
4 Pools of securitized assets ²	n.a.	n.a.	698	755	715	739	698	720	681	
Wholesale										
5 Automotive	30,507	33,300	34,357	37,243	35,210	33,537	34,357	30,422	28,996	
6 Equipment	5,600	5,983	6,945	6,602	6,843	6,933	6,945	7,119	7,234	
7 All other	8,342	9,341	9,949	9,957	9,927	9,895	9,949	9,939	9,890	
8 Pools of securitized assets ²	n.a.	n.a.	0	0	0	0	0	0	0	
Leasing										
9 Automotive	21,952	24,673	26,856	26,865	27,442	27,547	26,856	26,567	27,012	
10 Equipment	43,335	57,455	67,506	65,170	66,787	67,677	67,506	67,783	67,468	
11 Pools of securitized assets ²	n.a.	n.a.	1,247	948	1,199	1,093	1,247	1,242	1,377	
12 Loans on commercial accounts receivable and factored commercial accounts receivable	18,078	17,796	18,442	19,611	19,487	18,892	18,442	18,019	18,281	
13 All other business credit	17,043	21,134	23,447	22,804	22,926	23,861	23,447	23,884	23,789	
Net change (during period)										
14 Total	33,750	22,662	21,789	5,029	232	-1,153	-168	-3,960	-1,064	
Retail financing of installment sales										
15 Automotive	9,767	766	1,988	-97	-305	-765	347	-237	-97	
16 Equipment	2,058	1,384	1,483	600	-45	-25	213	29	-2	
17 Pools of securitized assets ²	n.a.	n.a.	-26	-38	-40	24	-41	22	-39	
Wholesale										
18 Automotive	7,497	2,793	1,057	3,677	-2,033	-1,673	820	-3,935	-1,426	
19 Equipment	252	226	962	104	242	90	11	174	115	
20 All other	1,309	999	609	-32	-30	-32	54	-11	-48	
21 Pools of securitized assets ²	n.a.	n.a.	0	0	0	0	0	0	0	
Leasing										
22 Automotive	2,125	2,721	2,184	126	577	105	-691	-290	446	
23 Equipment	5,156	9,962	8,646	984	1,618	890	-171	277	-315	
24 Pools of securitized assets ²	n.a.	n.a.	526	-42	251	-106	154	-5	135	
25 Loans on commercial accounts receivable and factored commercial accounts receivable	2,100	-282	646	-487	-124	-595	-450	-422	261	
26 All other business credit	3,486	4,091	3,719	234	122	934	-414	437	-95	

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

2. Data on pools of securitized assets are not seasonally adjusted.

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1987	1988	1989	1989						1990
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
Terms and yields in primary and secondary markets										
PRIMARY MARKETS										
Conventional mortgages on new homes										
<i>Terms¹</i>										
1 Purchase price (thousands of dollars).....	137.0	150.0	159.6	174.5	160.8	160.6	153.1	152.8	162.7	148.5
2 Amount of loan (thousands of dollars).....	100.5	110.5	117.0	125.3	119.4	118.6	111.3	110.4	119.9	107.3
3 Loan/price ratio (percent).....	75.2	75.5	74.5	73.8	75.6	75.3	73.2	73.0	74.4	73.4
4 Maturity (years).....	27.8	28.0	28.1	28.6	28.3	28.4	27.3	27.1	27.9	27.1
5 Fees and charges (percent of loan amount) ²	2.26	2.19	2.06	2.42	2.31	2.14	1.95	1.81	2.18	1.85
6 Contract rate (percent per year).....	8.94	8.81	9.76	10.06	9.83	9.87	9.77	9.78	9.70	9.59
<i>Yield (percent per year)</i>										
7 OTS series ³	9.31	9.18	10.11	10.48	10.22	10.24	10.11	10.09	10.07	9.91
8 HUD series ⁴	10.17	10.30	10.22	9.70	10.05	10.04	9.79	9.72	9.75	10.00
SECONDARY MARKETS										
<i>Yield (percent per year)</i>										
9 FHA mortgages (HUD series) ⁵	10.16	10.49	n.a.	9.61	9.95	9.94	9.73	9.69	9.72 ⁶	10.01
10 GNMA securities ⁶	9.43	9.83	n.a.	9.55	9.48	9.47	9.21	9.07	n.a.	n.a.
Activity in secondary markets										
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
<i>Mortgage holdings (end of period)</i>										
11 Total.....	95,030	101,329	104,974	104,421	105,896	107,052	108,180	109,076	110,721	111,329
12 FHA/VA-insured.....	21,660	19,762	19,640	19,630	19,589	19,608	19,843	19,953	20,283	20,471
13 Conventional.....	73,370	81,567	85,335	84,791	86,307	87,444	88,337	89,123	90,438	90,858
<i>Mortgage transactions (during period)</i>										
14 Purchases.....	20,531	23,110	22,518	2,091	2,724	2,223	2,267	2,376	2,982	2,214
<i>Mortgage commitments⁷</i>										
15 Contracted (during period).....	25,415	23,435	27,409	2,513	2,842	2,328	2,963	2,536	2,495	1,787
16 Outstanding (end of period).....	4,886	2,148	6,037	5,648	5,755	5,865	6,548	6,645	6,037	5,619
FEDERAL HOME LOAN MORTGAGE CORPORATION										
<i>Mortgage holdings (end of period)⁸</i>										
17 Total.....	12,802	15,105	n.a.	20,533	21,024	20,650	21,342	n.a.	n.a.	n.a.
18 FHA/VA.....	686	620	n.a.	585	589	540	588	n.a.	n.a.	n.a.
19 Conventional.....	12,116	14,485	n.a.	19,948	20,435	20,110	20,755	n.a.	n.a.	n.a.
<i>Mortgage transactions (during period)</i>										
20 Purchases.....	76,845	44,077	n.a.	5,720	7,283	7,889	7,884	n.a.	n.a.	n.a.
21 Sales.....	75,082	39,780	73,446	5,180	6,650	8,050	7,058	7,058	8,526	6,845
<i>Mortgage commitments⁹</i>										
22 Contracted (during period).....	71,467	66,026	n.a.	6,608	5,705	7,708	7,555	n.a.	n.a.	n.a.

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups; compiled by the Federal Home Loan Bank Board in cooperation with the Federal Deposit Insurance Corporation.

2. Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) to obtain a loan.

3. Average effective interest rates on loans closed, assuming prepayment at the end of 10 years.

4. Average contract rates on new commitments for conventional first mortgages; from Department of Housing and Urban Development.

5. Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. Based on transactions on first day of subsequent month. Large monthly movements in average yields may reflect market adjustments to changes in maximum permissible contract rates.

6. Average net yields to investors on Government National Mortgage Association guaranteed, mortgage-backed, fully modified pass-through securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are averages of Friday figures from the *Wall Street Journal*.

7. Includes some multifamily and nonprofit hospital loan commitments in addition to 1- to 4-family loan commitments accepted in FNMA's free market auction system, and through the FNMA-GNMA tandem plans.

8. Includes participation as well as whole loans.

9. Includes conventional and government-underwritten loans. FHL/MC's mortgage commitments and mortgage transactions include activity under mortgage/securities swap programs, while the corresponding data for FNMA exclude swap activity.

1.54 MORTGAGE DEBT OUTSTANDING¹

Millions of dollars, end of period

Type of holder, and type of property	1987	1988	1989 ²	1989				
				Q4	Q1	Q2	Q3	Q4
1 All holders	2,977,293	3,268,285	3,524,474	3,268,285	3,328,824	3,391,259	3,454,053	3,524,474
2 1- to 4-family.....	1,959,607	2,189,475	2,384,076	2,189,475	2,230,006	2,281,317	2,331,366	2,384,076
3 Multifamily.....	273,954	290,355	306,652	290,355	296,139	297,860	302,121	306,652
4 Commercial.....	654,863	701,652	747,277	701,652	716,695	725,341	733,988	747,277
5 Farm.....	88,869	86,803	86,468	86,803	85,984	86,741	86,578	86,468
6 Selected financial institutions	1,664,211	1,831,446	1,919,269	1,831,446	1,859,663	1,884,903	1,901,728	1,919,269
7 Commercial banks ²	591,369	669,160	756,786	669,160	688,662	715,049	737,979	756,786
8 1- to 4-family.....	276,270	314,283	358,652	314,283	324,681	338,872	349,739	358,652
9 Multifamily.....	33,330	34,131	36,994	34,131	34,172	34,954	36,075	36,994
10 Commercial.....	267,340	305,242	343,841	305,242	313,941	324,878	335,296	343,841
11 Farm.....	14,429	15,504	17,299	15,504	15,868	16,345	16,869	17,299
12 Savings institutions ³	860,467	929,647	921,410	929,647	936,091	933,694	927,982	921,410
13 1- to 4-family.....	602,408	678,263	675,891	678,263	682,658	684,828	680,572	675,891
14 Multifamily.....	106,359	111,302	108,534	111,302	112,507	110,009	109,353	108,534
15 Commercial.....	150,943	139,416	136,343	139,416	140,255	138,201	137,406	136,343
16 Farm.....	757	666	641	666	671	656	651	641
17 Life insurance companies.....	212,375	232,639	241,073	232,639	234,910	236,160	235,767	241,073
18 1- to 4-family.....	13,226	15,284	13,531	15,284	12,690	12,745	13,045	13,531
19 Multifamily.....	22,524	23,562	26,646	23,562	24,636	25,103	25,913	26,646
20 Commercial.....	166,722	184,124	191,369	184,124	188,073	188,756	187,208	191,369
21 Farm.....	9,903	9,669	9,527	9,669	9,511	9,556	9,601	9,527
22 Finance companies ⁴	40,349	43,521	50,728	43,521	45,389	47,251	48,906	50,728
23 Federal and related agencies	192,721	200,570	212,370	200,570	199,847	201,909	206,673	212,370
24 Government National Mortgage Association.....	444	26	24	26	26	24	23	24
25 1- to 4-family.....	25	26	24	26	26	24	23	24
26 Multifamily.....	419	0	0	0	0	0	0	0
27 Farmers Home Administration ⁵	43,051	42,018	42,080	42,018	41,780	40,711	41,117	42,080
28 1- to 4-family.....	18,169	18,347	19,091	18,347	18,347	18,391	18,405	19,091
29 Multifamily.....	8,044	8,513	9,168	8,513	8,615	8,778	8,916	9,168
30 Commercial.....	6,603	5,343	4,463	5,343	5,101	3,885	4,366	4,463
31 Farm.....	10,235	9,815	9,358	9,815	9,717	9,657	9,430	9,358
32 Federal Housing and Veterans Administration.....	5,574	5,973	6,220	5,973	6,075	6,424	6,023	6,220
33 1- to 4-family.....	2,557	2,672	3,009	2,672	2,550	2,827	2,900	3,009
34 Multifamily.....	3,017	3,301	3,211	3,301	3,525	3,597	3,123	3,211
35 Federal National Mortgage Association.....	96,649	103,013	110,970	103,013	101,991	103,309	107,052	110,970
36 1- to 4-family.....	89,666	95,833	102,863	95,833	94,727	95,714	99,168	102,863
37 Multifamily.....	6,983	7,180	8,107	7,180	7,264	7,595	7,884	8,107
38 Federal Land Banks.....	34,131	32,115	30,788	32,115	31,261	31,467	30,943	30,788
39 1- to 4-family.....	2,008	1,890	1,889	1,890	1,839	1,851	1,821	1,889
40 Farm.....	32,123	30,225	28,899	30,225	29,422	29,616	29,122	28,899
41 Federal Home Loan Mortgage Corporation.....	12,872	17,425	22,289	17,425	18,714	19,974	21,515	22,289
42 1- to 4-family.....	11,430	15,077	19,182	15,077	16,192	17,305	18,493	19,182
43 Multifamily.....	1,442 ²	2,348 ²	3,107	2,348 ²	2,522 ²	2,669 ²	3,022 ²	3,107
44 Mortgage pools or trusts⁶	718,297	810,887	931,619	810,887	839,684	861,827	898,388	931,619
45 Government National Mortgage Association.....	317,555	340,527	374,650	340,527	348,622	353,154	361,291	374,650
46 1- to 4-family.....	309,806	331,257	362,865	331,257	337,563	341,951	349,830	362,865
47 Multifamily.....	7,749	9,270	11,785	9,270	11,059	11,203	11,461	11,785
48 Federal Home Loan Mortgage Corporation.....	212,634	226,406	266,407	226,406	234,695	242,789	256,896	266,407
49 1- to 4-family.....	205,977	219,988	259,443	219,988	228,389	236,404	250,123	259,443
50 Multifamily.....	6,657	6,418	6,965	6,418	6,306	6,385	6,773	6,965
51 Federal National Mortgage Association.....	139,960	178,250	216,600	178,250	188,071	196,501	208,894	216,600
52 1- to 4-family.....	137,988	172,331	207,765	172,331	181,352	188,774	200,302	207,765
53 Multifamily.....	1,972	5,919	8,835	5,919	6,719	7,727	8,592	8,835
54 Farmers Home Administration ⁵	245	104	79	104	96	85	78	79
55 1- to 4-family.....	121	26	23	26	24	23	22	23
56 Multifamily.....	0	0	0	0	0	0	0	0
57 Commercial.....	63	38	22	38	34	26	22	22
58 Farm.....	61	40	34	40	38	36	34	34
59 Individuals and others⁷	402,064	425,382	461,216	425,382	429,630	442,620	447,264	461,216
60 1- to 4-family.....	242,053	258,598	285,966	258,598	260,768	272,310	275,694	285,966
61 Multifamily.....	75,458	78,411	83,299	78,411	78,814	79,840	81,009	83,299
62 Commercial.....	63,192	67,489	71,239	67,489	69,291	69,595	69,690	71,239
63 Farm.....	21,361	20,884	20,711	20,884	20,757	20,875	20,871	20,711

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. Includes private pools which are not shown as a separate line item.

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	1988	1989	1989								1990	
			June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	
Amounts outstanding (end of period)												
1 Total	659,507	716,508	700,849	700,344	703,001	704,371	707,562	712,160	716,508	720,307	723,723	
<i>By major holder</i>												
2 Commercial banks	318,925	334,541	324,438	323,621	326,135	327,327	330,746	332,675	334,541	337,246	336,932	
3 Finance companies	145,180	140,484	146,055	145,488	144,386	144,188	141,273	141,396	140,484	141,481	141,373	
4 Credit unions	86,118	89,717	90,073	89,852	90,016	89,892	89,856	89,677	89,717	90,370	90,730	
5 Retailers ³	43,498	42,744	41,649	41,798	41,989	42,221	42,319	42,554	42,744	42,724	42,851	
6 Savings institutions	62,099	57,285	59,920	60,092	59,229	59,883	58,890	58,264	57,285	57,229	56,852	
7 Gasoline companies	3,687	3,835	4,017	3,936	3,976	3,886	3,804	3,828	3,835	3,811	3,844	
8 Pools of securitized assets ⁴	n.a.	47,902	34,696	35,557	37,270	36,974	40,675	43,766	47,902	47,445	51,141	
<i>By major type of credit</i>												
9 Automobile	281,174	289,111	290,192	288,526	288,533	287,754	288,747	289,200	289,111	291,127	292,016	
10 Commercial banks	123,259	127,028	125,592	124,881	126,597	126,759	128,238	128,654	127,028	128,813	129,442	
11 Credit unions	41,326	42,784	42,684	42,624	42,747	42,733	42,761	42,720	42,784	43,096	43,267	
12 Finance companies	97,204	83,572	91,184	90,213	89,439	88,317	84,814	84,707	83,572	83,836	82,913	
13 Savings institutions	19,385	17,210	18,032	17,972	17,603	17,990	17,692	17,504	17,210	17,193	17,080	
14 Pools of securitized assets ⁴	n.a.	18,517	12,700	12,835	12,147	11,955	15,243	15,615	18,517	18,189	19,314	
15 Revolving	174,792	203,175	189,622	191,028	194,398	195,302	196,379	199,240	203,175	203,477	203,962	
16 Commercial banks	117,572	122,364	115,561	115,967	117,012	117,801	118,801	119,254	122,364	122,683	120,350	
17 Retailers	38,692	37,804	36,814	36,963	37,134	37,355	37,435	37,639	37,804	37,810	37,974	
18 Gasoline companies	3,687	3,835	4,017	3,936	3,976	3,886	3,804	3,828	3,835	3,811	3,844	
19 Savings institutions	10,151	10,698	10,951	11,176	11,206	11,183	10,998	10,881	10,698	10,688	10,618	
20 Credit unions	4,691	5,396	5,162	5,192	5,244	5,279	5,319	5,351	5,396	5,435	5,457	
21 Pools of securitized assets ⁴	n.a.	23,077	17,117	17,795	19,827	19,731	20,021	22,286	23,077	23,050	25,720	
22 Mobile home	25,744	22,558	23,685	23,630	22,938	22,991	22,947	22,567	22,558	22,533	22,530	
23 Commercial banks	8,974	9,019	8,847	8,830	8,808	8,788	8,724	8,941	9,019	8,970	9,022	
24 Finance companies	7,186	4,846	5,674	5,624	5,100	5,087	5,272	4,783	4,846	4,877	4,880	
25 Savings institutions	9,583	8,694	9,163	9,176	9,030	9,116	8,951	8,843	8,694	8,685	8,628	
26 Other	177,798	201,664	197,349	197,161	197,132	198,324	199,490	201,154	201,664	203,171	205,215	
27 Commercial banks	69,120	76,131	74,438	73,944	73,718	73,912	74,983	75,826	76,131	76,780	78,118	
28 Finance companies	40,790	52,066	49,197	49,650	49,847	50,784	51,187	51,906	52,066	52,768	53,580	
29 Credit unions	40,102	41,537	42,228	42,036	42,025	41,880	41,776	41,606	41,537	41,839	42,006	
30 Retailers	4,807	4,940	4,834	4,835	4,855	4,866	4,844	4,914	4,940	4,915	4,877	
31 Savings institutions	22,981	20,683	21,773	21,769	21,390	21,593	21,249	21,036	20,683	20,663	20,527	
32 Pools of securitized assets ⁴	n.a.	6,308	4,879	4,927	5,296	5,288	5,411	5,865	6,308	6,206	6,107	
Net change (during period)												
33 Total	51,786	57,001	2,717	-505	2,657	1,371	3,191	4,598	4,347	3,799	3,416	
<i>By major holder</i>												
34 Commercial banks	36,015	15,616	1,076	-817	2,514	1,192	3,418	1,930	1,866	2,705	-314	
35 Finance companies	4,899	-4,696	532	-567	-1,102	-198	-2,915	124	-913	998	-109	
36 Credit unions	6,031	3,599	184	-222	164	-124	-36	-179	40	653	357	
37 Retailers	2,523	-754	326	149	192	231	98	235	190	-20	129	
38 Savings institutions	2,248	-4,814	-1,390	172	-863	654	-993	-626	-980	-56	-376	
39 Gasoline companies	69	148	120	-81	39	-89	-82	23	7	-24	33	
40 Pools of securitized assets ⁴	n.a.	19,075	1,870	861	1,713	-296	3,701	3,091	4,136	-457	3,696	
<i>By major type of credit</i>												
41 Automobile	15,198	7,937	-549	-1,667	7	-779	993	453	-89	2,016	889	
42 Commercial banks	14,058	3,769	474	-711	1,716	162	1,479	416	-1,626	1,785	629	
43 Credit unions	975	1,458	-3	-60	123	-14	28	-40	64	312	171	
44 Finance companies	-991	-13,632	208	-970	-775	-1,122	-3,503	-107	-1,135	264	-924	
45 Savings institutions	1,157	-2,175	-533	-61	-369	387	-298	-188	-294	-17	-113	
46 Pools of securitized assets ⁴	n.a.	3,475	-695	135	-688	-192	3,288	372	2,902	-328	1,125	
47 Revolving	20,908	28,383	3,120	1,406	3,370	904	1,076	2,861	3,935	302	485	
48 Commercial banks	18,453	4,792	154	405	1,045	856	933	453	3,110	319	-2,333	
49 Retailers	2,303	-888	310	149	171	221	80	205	165	5	164	
50 Gasoline companies	69	148	120	-81	39	-89	-82	23	7	-24	33	
51 Savings institutions	-216	547	-57	225	30	-22	-185	-117	-183	-10	-70	
52 Credit unions	300	705	53	30	52	35	40	32	45	39	22	
53 Pools of securitized assets ⁴	n.a.	12,588	2,539	678	2,032	-96	290	2,265	791	-27	2,670	
54 Mobile home	-643	-3,186	-267	-56	-692	53	-44	-380	-9	-26	-2	
55 Commercial banks	-246	45	-31	-18	-22	-20	-64	218	77	-49	52	
56 Finance companies	-576	-2,340	-10	-50	-524	-13	185	-489	63	32	3	
57 Savings institutions	177	-889	-227	12	-146	86	-165	-109	-149	-8	-57	
58 Other	16,323	23,866	413	-189	-29	1,192	1,166	1,664	510	1,507	2,044	
59 Commercial banks	3,750	7,011	478	-494	-226	194	1,071	843	304	650	1,338	
60 Finance companies	6,466	11,276	334	453	197	937	403	719	159	702	812	
61 Credit unions	4,758	1,435	133	-191	-11	-145	-104	-170	-69	302	166	
62 Retailers	221	133	16	0	21	11	18	30	-25	-38	-38	
63 Savings institutions	1,131	-2,298	-574	-5	-379	203	-344	-212	-354	-20	-136	
64 Pools of securitized assets ⁴	n.a.	3,012	26	48	369	-8	123	454	443	-102	-99	

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.

4. Outstanding balances of pools upon which securities have been issued; these balances are no longer carried on the balance sheets of the loan originator.

A40 Domestic Financial Statistics □ June 1990

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT¹

Percent unless noted otherwise

Item	1987	1988	1989	1989					1990	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
INTEREST RATES										
1 Commercial banks ²										
48-month new car ¹	10.45	10.85	12.07	12.13	n.a.	n.a.	11.94	n.a.	n.a.	11.80
2 24-month personal	14.22	14.68	15.44	15.45	n.a.	n.a.	15.42	n.a.	n.a.	15.27
3 120-month mobile home	13.38	13.54	14.11	14.13	n.a.	n.a.	13.97	n.a.	n.a.	13.91
4 Credit card	17.92	17.78	18.02	18.07	n.a.	n.a.	18.07	n.a.	n.a.	18.12
Auto finance companies										
5 New car	10.73	12.60	12.62	12.22	12.42	13.04	13.27	13.27	12.64	12.67
6 Used car	14.60	15.11	16.18	16.31	16.22	16.17	16.09	16.10	15.77	15.91
OTHER TERMS⁴										
Maturity (months)										
7 New car	53.5	56.2	54.2	52.9	53.1	54.4	55.1	55.1	54.7	54.7
8 Used car	45.2	46.7	46.6	46.2	46.2	45.8	45.6	45.5	45.5	46.4
Loan-to-value ratio										
9 New car	93	94	91	90	88	88	89	89	89	88
10 Used car	98	98	97	96	96	96	96	96	95	96
Amount financed (dollars)										
11 New car	11,203	11,663	12,001	11,949	11,841	11,965	12,279	12,301	12,381	12,053
12 Used car	7,420	7,824	7,954	7,874	7,856	7,904	8,063	8,096	8,040	8,065

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	1985	1986	1987	1988	1989	1988			1989			
						Q2	Q3	Q4	Q1	Q2	Q3	Q4
Nonfinancial sectors												
1 Total net borrowing by domestic nonfinancial sectors	846.3	831.1	693.2	754.5	695.2	817.5	749.3	734.2	770.6	641.7	693.6	675.1
<i>By sector and instrument</i>												
2 U.S. government	223.6	215.0	144.9	157.5	149.8	113.7	162.5	142.1	199.9	70.9	149.0	179.4
3 Treasury securities	223.7	214.7	143.4	140.0	150.0	106.0	141.6	100.5	201.1	65.8	149.1	184.0
4 Agency issues and mortgages	-1	.4	1.5	17.4	-2	7.7	20.9	41.6	-1.2	5.1	-2	-4.6
5 Private domestic nonfinancial sectors	622.7	616.1	548.3	597.1	545.4	703.8	586.8	592.2	570.6	570.8	544.7	495.7
6 Debt capital instruments	451.4	460.3	458.5	454.6	393.8	551.0	458.8	432.4	418.0	396.9	374.8	385.6
7 Tax-exempt obligations	135.4	22.7	34.1	34.0	24.2	37.9	34.8	34.3	29.3	23.0	32.2	12.4
8 Corporate bonds	73.8	121.3	99.9	114.1	114.2	135.2	110.9	98.4	100.0	127.9	102.4	126.4
9 Mortgages	242.2	316.3	324.5	306.5	255.5	377.9	313.1	299.7	288.7	246.1	240.2	246.9
10 Home mortgages	156.8	218.7	234.9	231.0	196.1	299.8	230.9	214.0	206.6	197.6	180.6	199.8
11 Multifamily residential	29.8	33.5	24.4	16.7	15.8	14.5	19.4	17.3	27.4	7.9	19.0	8.7
12 Commercial	62.2	73.6	71.6	60.8	43.9	65.2	65.4	67.7	59.1	38.5	40.6	37.3
13 Farm	-6.6	-9.5	-6.4	-2.1	-3	-1.6	-2.6	.7	-4.4	2.1	.0	1.0
14 Other debt instruments	171.3	155.8	89.7	142.5	151.6	152.8	128.0	159.8	152.6	173.9	169.9	110.0
15 Consumer credit	82.5	58.0	32.9	51.1	46.1	51.9	35.5	73.1	34.8	46.0	34.5	69.2
16 Bank loans n.e.c.	38.6	66.7	10.8	38.4	33.0	58.8	7.3	66.6	23.1	29.9	59.0	20.0
17 Open market paper	14.6	-9.3	2.3	11.6	20.8	6.8	17.1	20.0	41.4	39.2	16.7	-14.3
18 Other	35.6	40.5	43.8	41.5	51.7	35.2	68.0	.1	53.3	58.7	59.7	35.1
19 By borrowing sector	622.7	616.1	548.3	597.1	545.4	703.8	586.8	592.2	570.6	570.8	544.7	495.7
20 State and local governments	90.9	36.2	33.6	29.8	24.7	37.0	28.1	30.6	29.7	27.6	29.5	11.9
21 Households	284.6	289.2	271.9	289.8	258.5	346.2	291.4	283.5	264.5	239.4	258.4	271.9
22 Nonfinancial business	247.2	290.7	242.8	277.5	262.2	320.6	267.3	278.0	276.4	303.7	256.8	211.9
23 Farm	-14.5	-16.3	-10.6	-7.5	-3	-3.3	-2.2	-11.8	-2.2	-2	4.7	-1.5
24 Nonfarm noncorporate	129.3	103.2	107.9	87.4	65.9	83.6	100.5	80.4	85.9	65.8	67.2	44.7
25 Corporate	132.4	203.7	145.5	197.5	196.0	240.3	169.0	209.4	192.8	237.7	184.9	168.7
26 Foreign net borrowing in United States	1.2	9.7	4.9	6.9	8.0	5.4	4.1	13.3	-1.1	-1.9	24.3	10.6
27 Bonds	3.8	3.1	7.4	6.9	5.1	2.6	5.9	5.1	3.2	10.7	8.4	-1.9
28 Bank loans n.e.c.	-2.8	-1.0	-3.6	-1.8	1.0	-3.3	.0	-5.7	4.9	1.7	-1.2	-1.4
29 Open market paper	6.2	11.5	2.1	9.6	12.3	6.5	10.3	21.0	12.1	-8.1	20.4	24.9
30 U.S. government loans	-6.0	-3.9	-1.0	-7.8	-10.5	-4	-12.1	-7.1	-21.4	-6.3	-3.3	-10.9
31 Total domestic plus foreign	847.5	840.9	698.1	761.4	703.2	822.9	753.3	747.6	769.5	639.8	718.0	685.7
Financial sectors												
32 Total net borrowing by financial sectors	201.3	318.9	315.0	246.5	201.5	245.9	216.3	302.5	384.0	119.0	141.1	161.9
<i>By instrument</i>												
33 U.S. government related	101.5	187.9	185.8	119.8	140.4	86.3	128.6	156.7	205.7	101.4	129.7	124.8
34 Sponsored credit agency securities	20.6	15.2	30.2	44.9	25.0	11.1	46.5	62.3	84.9	12.5	10.0	-7.4
35 Mortgage pool securities	79.9	173.1	156.4	74.9	115.4	75.1	82.1	94.4	120.8	88.9	119.6	132.2
36 Loans from U.S. government	1.1	-4	-8	.0	.0	.0	.0	.0	.0	.0	.0	.0
37 Private financial sectors	99.7	131.0	129.2	126.7	61.1	159.6	87.7	145.8	178.3	17.6	11.4	37.1
38 Corporate bonds	50.9	82.9	78.9	51.7	38.7	71.1	32.5	43.0	52.7	31.4	25.5	45.0
39 Mortgages	.1	.1	.4	.3	-1	.1	-1	1.2	.3	.0	.0	-.5
40 Bank loans n.e.c.	2.6	4.0	-3.3	1.4	1.3	5.7	-5.6	-3	3.0	.3	1.7	-1
41 Open market paper	32.0	24.2	28.8	53.6	32.2	70.5	35.1	70.4	53.2	2.8	27.9	44.9
42 Loans from Federal Home Loan Banks	14.2	19.8	24.4	19.7	-11.0	12.3	25.8	31.4	69.1	-16.9	-43.7	-52.4
<i>By sector</i>												
43 Total	201.3	318.9	315.0	246.5	201.5	245.9	216.3	302.5	384.0	119.0	141.1	161.9
44 Sponsored credit agencies	21.7	14.9	29.5	44.9	25.0	11.1	46.5	62.3	84.9	12.5	10.0	-7.4
45 Mortgage pools	79.9	173.1	156.4	74.9	115.4	75.1	82.1	94.4	120.8	88.9	119.6	132.2
46 Private financial sectors	99.7	131.0	129.2	126.7	61.1	159.6	87.7	145.8	178.3	17.6	11.4	37.1
47 Commercial banks	-4.9	-3.6	7.1	-3.9	7	-1.6	-9	3.7	-13.4	-9	12.3	4.7
48 Bank affiliates	16.6	15.2	14.3	5.2	7.5	22.4	6.1	8	6.4	6.5	16.5	8
49 Savings and loan associations	17.3	20.9	19.6	19.9	-14.6	19.1	24.1	26.3	71.3	-16.2	-48.3	-65.2
50 Mutual savings banks	1.5	4.2	8.1	1.9	-1.6	1.1	.5	3.8	-2.8	-1.1	-3.3	8
51 Finance companies	57.2	54.5	40.3	67.0	49.0	85.4	40.7	63.6	78.4	32.8	29.7	55.0
52 REITs	.5	1.0	.8	4.1	-1.2	1.7	-5.9	15.0	-9	-2.2	-1.4	-4
53 SCO Issuers	11.5	39.0	39.1	32.5	21.3	31.5	23.1	32.5	39.3	-1.4	5.9	41.5

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1.57—Continued

Transaction category, sector	1985	1986	1987	1988	1989	1988			1989			
						Q2	Q3	Q4	Q1	Q2	Q3	Q4
All sectors												
54 Total net borrowing	1,048.8	1,159.8	1,013.2	1,007.9	904.7	1,068.8	969.7	1,050.1	1,153.4	758.8	859.1	847.6
55 U.S. government securities	324.2	403.4	331.5	277.2	290.2	200.0	291.1	298.8	405.6	172.3	278.6	304.2
56 State and local obligations	135.4	22.7	34.1	34.0	24.2	37.9	34.8	34.3	29.3	23.0	32.2	12.4
57 Corporate and foreign bonds	128.4	207.3	186.3	172.7	157.9	208.8	149.3	146.4	155.9	170.0	136.3	169.5
58 Mortgages	242.2	316.4	324.9	306.7	255.4	378.0	313.0	300.8	289.0	246.1	240.3	246.4
59 Consumer credit	82.5	58.0	32.9	51.1	46.1	51.9	35.5	73.1	34.8	46.0	34.5	69.2
60 Bank loans n.e.c.	38.3	69.7	3.8	38.0	35.3	61.2	1.7	60.7	31.1	31.9	59.6	18.7
61 Open market paper	52.8	26.4	33.2	74.9	65.3	83.9	62.5	111.5	106.8	34.0	65.0	55.5
62 Other loans	45.0	56.1	66.5	53.4	30.2	47.1	81.7	24.4	101.0	35.5	12.7	-28.2
63 MEMO: U.S. government, cash balance	14.4	.0	-7.9	10.4	-10.7	1.2	10.6	-17.9	-22.5	43.7	-16.6	-47.5
Totals net of changes in U.S. government cash balances												
64 Net borrowing by domestic nonfinancial	831.9	831.2	701.1	744.2	706.0	816.3	738.6	752.2	793.1	598.0	710.2	722.6
65 Net borrowing by U.S. government	209.3	215.0	152.8	147.1	160.5	112.5	151.8	160.0	222.4	27.2	165.6	227.0
External corporate equity funds raised in United States												
66 Total net share issues	20.1	90.5	14.3	-117.9	-60.9	-133.7	-73.5	-163.5	-163.9	-48.8	-40.8	10.0
67 Mutual funds	84.4	159.0	71.6	-7	38.2	-6.6	1.5	11.9	3.6	24.0	54.3	70.9
68 All other	-64.3	-68.5	-57.3	-117.2	-99.0	-127.0	-75.0	-175.4	-167.4	-72.7	-95.1	-60.9
69 Nonfinancial corporations	-81.5	-80.8	-76.5	-130.5	-130.8	-140.0	-92.0	-195.0	-180.0	-105.0	-145.0	-93.0
70 Financial corporations	13.5	11.1	21.4	12.4	14.1	19.0	14.6	13.5	9.0	17.3	16.0	14.0
71 Foreign shares purchased in United States	3.7	1.2	-2.1	.9	17.7	-6.0	2.4	6.1	3.6	15.0	33.9	18.2

1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

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

Transaction category, or sector	1985	1986	1987	1988	1989	1988 ^a			1989			
						Q2	Q3	Q4	Q1	Q2	Q3	Q4
1 Total funds advanced in credit markets to domestic nonfinancial sectors	846.3	831.1	693.2	754.5	695.2	817.5	749.3	734.2	770.6	641.7	693.6	675.1
<i>By public agencies and foreign</i>												
2 Total net advances	202.0	314.0	262.8	215.5	202.8	167.5	181.2	255.8	326.4	-1.1	255.0	230.7
3 U.S. government securities	45.9	69.4	70.1	85.0	45.9	43.3	24.1	119.6	97.6	-103.9	130.2	59.5
4 Residential mortgages	94.6	170.1	153.2	86.3	129.7	89.9	82.4	105.5	122.9	102.2	139.3	154.3
5 FHLB advances to thrifts	14.2	19.8	24.4	19.7	-11.0	12.3	25.8	31.4	69.1	-16.9	-43.7	-52.4
6 Other loans and securities	47.3	54.7	15.1	24.4	38.2	22.1	49.0	-7	36.8	17.6	29.2	69.4
Total advanced, by sector												
7 U.S. government	17.8	9.7	-7.9	-9.4	-9	-7.6	4.3	-27.1	-2.4	-3.7	-5.6	8.1
8 Sponsored credit agencies	103.5	187.2	183.4	112.0	127.4	87.7	114.4	152.8	211.0	11.2	157.9	129.5
9 Monetary authorities	18.4	19.4	24.7	10.5	-7.3	5.0	15.5	18.9	5.2	-3.9	-30.7	.1
10 Foreign	62.3	97.8	62.7	102.3	83.6	82.5	47.0	111.2	112.5	-4.6	133.3	93.0
Agency and foreign borrowing not in line 1												
11 Sponsored credit agencies and mortgage pools	101.5	187.9	185.8	119.8	140.4	86.3	128.6	156.7	205.7	101.4	129.7	124.8
12 Foreign	1.2	9.7	4.9	6.9	8.0	5.4	4.1	13.3	-1.1	-1.9	24.3	10.6
<i>Private domestic funds advanced</i>												
13 Total net advances	747.0	714.8	621.1	665.8	640.8	741.6	700.8	648.5	648.8	742.2	592.6	579.7
14 U.S. government securities	278.2	333.9	261.4	192.2	244.3	156.7	267.0	179.3	308.0	276.2	148.5	244.7
15 State and local obligations	135.4	22.7	34.1	34.0	24.2	37.9	34.8	34.3	29.3	23.0	32.2	12.4
16 Corporate and foreign bonds	40.8	84.2	87.5	97.6	98.3	117.5	86.8	66.5	80.5	131.0	103.8	78.0
17 Residential mortgages	91.8	82.0	106.1	161.3	82.2	224.5	167.9	125.8	111.1	103.3	60.4	54.2
18 Other mortgages and loans	214.8	211.8	156.5	200.3	180.7	217.4	170.0	274.0	188.9	191.8	204.2	138.0
19 LESS: Federal Home Loan Bank advances	14.2	19.8	24.4	19.7	-11.0	12.3	25.8	31.4	69.1	-16.9	-43.7	-52.4
<i>Private financial intermediation</i>												
20 Credit market funds advanced by private financial institutions	579.9	744.0	560.8	561.2	492.4	553.6	429.1	634.9	600.6	492.1	308.7	568.5
21 Commercial banking	186.0	197.5	136.8	155.3	171.6	194.5	118.4	220.5	120.6	158.6	166.6	240.6
22 Savings institutions	87.9	107.6	136.8	120.4	-75.3	135.0	156.9	94.0	62.6	-100.2	-136.3	-127.2
23 Insurance and pension funds	154.4	174.6	210.9	198.0	177.1	182.5	152.2	190.1	257.1	162.7	121.6	166.9
24 Other finance	151.6	264.2	76.3	87.4	219.1	41.6	1.7	130.3	160.4	271.1	156.8	288.2
25 Sources of funds	579.9	744.0	560.8	561.2	492.4	553.6	429.1	634.9	600.6	492.1	308.7	568.5
26 Private domestic deposits and RPs	214.3	262.6	144.1	219.9	215.1	103.5	191.3	277.9	146.8	186.8	271.9	254.7
27 Credit market borrowing	99.7	131.0	129.2	126.7	61.1	159.6	87.7	145.8	178.3	17.6	11.4	37.1
28 Other sources	265.9	350.4	287.5	214.6	216.3	290.5	150.1	211.2	275.5	287.7	25.3	276.6
29 Foreign funds	19.7	12.9	43.7	9.3	-1.1	94.5	-41.5	45.2	-28.6	-19.4	22.7	20.9
30 Treasury balances	10.3	1.7	-5.8	7.3	-8.3	-16.3	5.6	-4.1	-21.6	26.6	-15.0	-23.1
31 Insurance and pension reserves	131.9	149.3	176.1	177.6	143.7	176.0	87.3	253.9	187.9	123.1	33.8	229.8
32 Other, net	104.1	186.5	73.6	20.4	82.0	36.4	98.8	-83.7	137.7	157.3	-16.2	49.1
<i>Private domestic nonfinancial investors</i>												
33 Direct lending in credit markets	266.8	101.8	189.6	231.3	209.5	347.6	359.3	159.4	226.5	267.7	295.4	48.4
34 U.S. government securities	157.8	60.9	100.0	131.8	141.6	78.0	209.3	140.5	194.7	126.8	164.6	80.4
35 State and local obligations	37.7	-21.7	45.6	33.9	14.7	37.4	56.0	22.1	35.8	-9.1	33.0	-9
36 Corporate and foreign bonds	4.2	39.3	24.1	-4.1	11.3	63.2	-6.1	-29.4	-34.7	72.5	8.9	-1.5
37 Open market paper	47.5	5.4	6.6	37.2	17.3	95.0	75.6	-1.3	50.4	16.3	63.8	-61.2
38 Other	19.6	17.9	13.3	32.6	24.6	74.0	24.5	27.4	-19.7	61.3	25.1	31.5
39 Deposits and currency	224.6	283.0	160.2	222.5	236.4	111.4	215.1	248.7	192.0	226.2	248.1	279.4
40 Currency	12.4	14.4	19.0	14.7	12.5	13.8	29.3	5.1	19.3	12.6	9.1	9.0
41 Checkable deposits	41.9	95.0	-3.0	12.4	6.8	-30.2	-22.3	97.8	-36.3	-91.4	-2.9	178.0
42 Small time and savings accounts	138.5	120.6	76.0	122.8	105.1	131.8	73.1	86.1	23.7	114.5	124.0	158.4
43 Money market fund shares	8.9	38.3	27.2	22.8	85.2	-21.0	-3.5	58.1	51.1	111.8	124.3	53.6
44 Large time deposits	7.4	-11.4	26.7	40.7	2.3	-3.6	136.9	12.6	96.8	24.4	14.6	-126.7
45 Security RPs	17.7	20.2	17.2	21.2	15.6	26.5	7.0	23.3	31.6	27.5	12.0	-8.6
46 Deposits in foreign countries	-2.1	5.9	-2.8	-12.1	8.9	-5.9	-5.5	-34.4	25.9	26.8	-32.9	15.7
47 Total of credit market instruments, deposits, and currency	491.4	384.8	349.8	453.8	445.9	459.1	574.4	408.1	418.5	493.9	543.5	327.8
48 Public holdings as percent of total	23.8	37.3	37.6	28.3	28.8	20.4	24.1	34.2	42.4	-2	35.5	33.7
49 Private financial intermediation (in percent)	77.6	104.1	90.3	84.3	76.8	74.7	61.2	97.9	92.6	66.3	52.1	98.1
50 Total foreign funds	82.0	110.7	106.4	111.6	82.5	177.0	5.4	156.4	83.9	-24.0	156.0	113.9
MEMO: Corporate equities not included above												
51 Total net issues	20.1	90.5	14.3	-117.9	-60.9	-133.7	-73.5	-163.5	-163.9	-48.8	-40.8	10.0
52 Mutual fund shares	84.4	159.0	71.6	-7	38.2	-6.6	1.5	11.9	3.6	24.0	54.3	70.9
53 Other equities	-64.3	-68.5	-57.3	-117.2	-99.0	-127.0	-75.0	-175.4	-167.4	-72.7	-95.1	-60.9
54 Acquisitions by financial institutions	45.6	53.7	21.4	.5	5.7	-6	13.2	20.9	-1.1	-8.4	-7.0	39.3
55 Other net purchases	-25.5	36.8	-7.1	-118.4	-66.6	-133.1	-86.7	-184.4	-162.8	-40.4	-33.8	-29.4

NOTES BY LINE NUMBER.

- Line 1 of table 1.57.
- Sum of lines 3-6 or 7-10.
- Includes farm and commercial mortgages.
- Credit market funds raised by federally sponsored credit agencies, and net issues of federally related mortgage pool securities.
- Line 1 less line 2 plus line 11 and 12. Also line 20 less line 27 plus line 33. Also sum of lines 28 and 47 less lines 40 and 46.
- Includes farm and commercial mortgages.
- Line 39 less lines 40 and 46.
- Excludes equity issues and investment company shares. Includes line 19.
- Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates, less claims on foreign affiliates and deposits by banking in foreign banks.
- Demand deposits and note balances at commercial banks.

- Excludes net investment of these reserves in corporate equities.
 - Mainly retained earnings and net miscellaneous liabilities.
 - Line 13 less line 20 plus line 27.
 - Lines 14-18 less amounts acquired by private finance plus amounts borrowed by private finance. Line 38 includes mortgages.
 - Mainly an offset to line 9.
 - Lines 33 plus 39, or line 13 less line 28 plus 40 and 46.
 - Line 2/line 1.
 - Line 20/line 13.
 - Sum of lines 10 and 29.
 - 51, 53. Includes issues by financial institutions.
- NOTE: Full statements for sectors and transaction types in flows and in amounts outstanding may be obtained from Flow of Funds Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

A44 Domestic Financial Statistics □ June 1990

1.59 SUMMARY OF CREDIT MARKET DEBT OUTSTANDING

Billions of dollars; period-end levels.

Transaction category, sector	1985	1986	1987	1988	1988			1989			
					Q2	Q3	Q4	Q1	Q2	Q3	Q4
Nonfinancial sectors											
1 Total credit market debt owed by domestic nonfinancial sectors	6,795.1	7,631.2	8,335.0	9,080.8	8,682.6	8,856.6	9,080.8	9,246.2	9,413.0	9,591.5	9,790.1
<i>By sector and instrument</i>											
2 U.S. government	1,600.4	1,815.4	1,960.3	2,117.8	2,022.3	2,063.9	2,117.8	2,155.7	2,165.7	2,204.3	2,267.6
3 Treasury securities	1,597.1	1,811.7	1,955.2	2,095.2	2,015.3	2,051.7	2,095.2	2,133.4	2,142.1	2,180.7	2,245.2
4 Agency issues and mortgages	3.3	3.6	5.2	22.6	7.0	12.2	22.6	22.3	23.6	23.5	22.4
5 Private domestic nonfinancial sectors	5,194.7	5,815.8	6,374.7	6,963.1	6,660.4	6,792.7	6,963.1	7,090.5	7,247.3	7,387.3	7,522.5
6 Debt capital instruments	3,485.5	3,957.5	4,428.0	4,881.8	4,648.4	4,763.3	4,881.8	4,973.4	5,073.3	5,173.3	5,275.7
7 Tax-exempt obligations	655.5	679.1	713.2	759.8	727.2	746.1	759.8	764.7	769.9	780.8	784.0
8 Corporate bonds	542.9	664.2	764.1	878.2	825.9	853.6	878.2	903.2	935.2	960.7	992.3
9 Mortgages	2,287.1	2,614.2	2,950.7	3,243.8	3,095.3	3,163.6	3,243.8	3,305.5	3,368.2	3,431.7	3,499.3
10 Home mortgages	1,490.2	1,720.8	1,943.1	2,173.9	2,055.1	2,117.8	2,173.9	2,215.4	2,266.8	2,317.3	2,370.1
11 Multifamily residential	213.0	246.2	270.0	286.7	276.6	281.0	286.7	292.6	294.4	298.8	302.5
12 Commercial	478.1	551.4	648.7	696.4	675.9	677.9	696.4	711.5	720.3	729.0	740.2
13 Farm	105.9	95.8	88.9	86.8	87.8	87.0	86.8	86.0	86.7	86.6	86.5
14 Other debt instruments	1,709.3	1,858.4	1,946.7	2,081.3	2,012.0	2,029.4	2,081.3	2,117.0	2,174.0	2,214.0	2,246.8
15 Consumer credit	601.8	659.8	692.7	743.7	705.8	721.2	743.7	745.0	761.0	776.2	797.9
16 Bank loans n.e.c.	592.7	656.1	664.3	702.6	687.2	687.7	702.6	717.6	729.8	743.8	745.6
17 Open market paper	72.2	62.9	73.8	85.4	77.8	80.3	85.4	96.1	110.1	113.3	107.1
18 Other	442.6	479.6	516.0	549.5	541.1	540.2	549.5	558.3	573.2	580.7	596.2
19 By borrowing sector	5,194.7	5,815.8	6,374.7	6,963.1	6,660.4	6,792.7	6,963.1	7,090.5	7,247.3	7,387.3	7,522.5
20 State and local governments	473.9	510.1	543.7	573.5	556.0	565.7	573.5	578.5	584.8	595.1	598.2
21 Households	2,295.5	2,591.8	2,864.5	3,151.7	2,989.9	3,068.0	3,151.7	3,206.1	3,269.2	3,342.1	3,423.2
22 Nonfinancial business	2,425.4	2,714.0	2,966.5	3,237.9	3,114.4	3,159.0	3,237.9	3,305.9	3,393.2	3,450.1	3,501.1
23 Farm	173.4	156.6	145.5	137.6	143.9	143.6	137.6	135.9	139.5	141.2	137.9
24 Nonfarm noncorporate	898.3	1,001.6	1,109.4	1,200.9	1,151.9	1,172.6	1,200.9	1,223.3	1,239.1	1,251.2	1,266.8
25 Corporate	1,353.6	1,555.8	1,711.6	1,899.4	1,818.6	1,842.9	1,899.4	1,946.6	2,014.7	2,057.8	2,096.4
26 Foreign credit market debt held in											
27 United States	234.7	236.4	242.9	249.8	245.9	246.1	249.8	249.8	249.4	254.6	257.6
28 Bonds	71.8	74.9	82.3	89.2	86.0	87.4	89.2	90.5	92.1	94.2	94.3
29 Bank loans n.e.c.	27.9	26.9	23.3	21.5	22.4	22.7	21.5	21.6	22.7	22.6	22.5
30 Open market paper	33.9	37.4	41.2	50.9	44.0	46.3	50.9	54.9	52.7	57.5	64.0
30 U.S. government loans	101.1	97.1	96.1	88.3	93.5	89.8	88.3	82.8	81.9	80.3	77.8
31 Total domestic plus foreign	7,029.9	7,867.6	8,578.0	9,330.7	8,928.5	9,102.8	9,330.7	9,496.0	9,662.4	9,846.1	10,047.7
Financial sectors											
32 Total credit market debt owed by financial sectors	1,213.2	1,563.6	1,885.5	2,084.1	1,942.8	1,996.5	2,084.1	2,190.5	2,229.6	2,264.5	2,318.1
<i>By instrument</i>											
33 U.S. government related	632.7	844.2	1,026.5	1,098.4	1,019.2	1,054.6	1,098.4	1,140.8	1,166.5	1,202.6	1,238.7
34 Sponsored credit agency securities	257.8	273.0	303.2	348.1	317.9	328.5	348.1	364.3	369.0	370.4	373.1
35 Mortgage pool securities	368.9	565.4	718.3	745.3	696.3	721.1	745.3	771.5	792.5	827.2	860.7
36 Loans from U.S. government	6.1	5.7	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
37 Private financial sectors	580.5	719.5	859.0	985.7	923.6	941.9	985.7	1,049.7	1,063.1	1,062.0	1,079.3
38 Corporate bonds	204.5	287.4	366.3	418.0	397.9	406.4	418.0	458.2	465.8	472.5	484.6
39 Mortgages	2.7	2.7	3.1	3.4	3.1	3.1	3.4	3.5	3.5	3.5	3.3
40 Bank loans n.e.c.	32.1	36.1	32.8	34.2	34.3	32.9	34.2	32.2	33.8	34.1	35.5
41 Open market paper	252.4	284.6	323.8	377.4	353.4	358.0	377.4	392.0	398.3	400.8	414.1
42 Loans from Federal Home Loan Banks	88.8	108.6	133.1	152.8	134.8	141.6	152.8	163.8	161.9	151.1	141.8
43 Total, by sector	1,213.2	1,563.6	1,885.5	2,084.1	1,942.8	1,996.5	2,084.1	2,190.5	2,229.6	2,264.5	2,318.1
44 Sponsored credit agencies	263.9	278.7	308.2	353.1	322.9	333.5	353.1	369.3	374.0	375.4	378.1
45 Mortgage pools	368.9	565.4	718.3	745.3	696.3	721.1	745.3	771.5	792.5	827.2	860.7
46 Private financial sectors	580.5	719.5	859.0	985.7	923.6	941.9	985.7	1,049.7	1,063.1	1,062.0	1,079.3
47 Commercial banks	79.2	75.6	82.7	78.8	77.2	76.6	78.8	73.3	74.5	77.0	79.4
48 Bank affiliates	106.2	116.8	131.1	136.2	136.3	136.3	136.2	140.0	141.2	143.9	143.8
49 Savings and loan associations	98.9	119.8	139.4	159.3	141.9	148.1	159.3	170.1	167.9	155.7	144.7
50 Mutual savings banks	4.4	8.6	16.7	18.6	17.6	18.1	18.6	17.8	17.7	17.5	17.1
51 Finance companies	261.2	328.1	378.8	445.8	419.8	427.7	445.8	463.8	478.0	483.0	499.2
52 REITs	5.6	6.5	7.3	11.4	9.1	7.6	11.4	11.1	10.6	10.3	10.2
53 SCO issuers	25.0	64.0	103.1	135.7	121.8	127.5	135.7	173.5	173.1	174.6	185.0
All sectors											
54 Total credit market debt	8,243.1	9,431.2	10,463.4	11,414.8	10,871.3	11,099.3	11,414.8	11,686.5	11,892.0	12,110.7	12,365.7
55 U.S. government securities	2,227.0	2,653.8	2,981.8	3,211.1	3,036.4	3,113.5	3,211.1	3,291.5	3,327.2	3,401.8	3,501.3
56 State and local obligations	655.5	679.1	713.2	759.8	727.2	746.1	759.8	764.7	769.9	780.8	784.0
57 Corporate and foreign bonds	819.2	1,026.4	1,212.7	1,385.4	1,309.8	1,347.4	1,385.4	1,451.9	1,493.1	1,527.5	1,571.3
58 Mortgages	2,289.8	2,617.0	2,953.8	3,247.2	3,098.5	3,166.7	3,247.2	3,309.0	3,371.7	3,435.2	3,502.6
59 Consumer credit	601.8	659.8	692.7	743.7	705.8	721.2	743.7	745.0	761.0	776.2	797.9
60 Bank loans n.e.c.	652.7	719.1	720.3	758.3	744.0	743.3	758.3	771.4	786.2	800.5	803.6
61 Open market paper	358.5	384.9	438.8	513.6	475.3	484.6	513.6	543.1	561.1	571.6	584.2
62 Other loans	638.6	691.1	750.2	795.6	774.4	776.5	795.6	809.9	821.9	817.1	820.8

1.60 SUMMARY OF CREDIT MARKET CLAIMS, BY HOLDER

Billions of dollars, except as noted; period-end levels.

Transaction category, or sector	1985	1986	1987	1988	1988'			1989			
					Q2	Q3	Q4	Q1	Q2	Q3	Q4
1 Total funds advanced in credit markets to domestic nonfinancial sectors	6,795.1	7,631.2	8,335.0	9,080.8	8,682.6	8,856.6	9,080.8	9,246.2	9,413.0	9,591.5	9,790.1
<i>By public agencies and foreign</i>											
2 Total held	1,460.5	1,794.7	2,044.9	2,196.5	2,093.6	2,130.2	2,196.5	2,256.3	2,262.5	2,328.6	2,394.3
3 U.S. government securities	423.8	493.2	563.3	648.3	610.1	613.3	648.3	666.2	644.2	673.6	694.2
4 Residential mortgages	518.2	712.3	862.0	900.4	848.3	873.3	900.4	927.1	951.2	990.9	1,030.1
5 FHLB advances to thrifts	88.8	108.6	133.1	152.8	134.8	141.6	152.8	163.8	161.9	151.1	141.8
6 Other loans and securities	429.7	480.5	486.6	495.0	500.3	502.1	495.0	499.3	505.1	513.0	528.2
7 Total held, by type of lender	1,460.5	1,794.7	2,044.9	2,196.5	2,093.6	2,130.2	2,196.5	2,256.3	2,262.5	2,328.6	2,394.3
8 U.S. government	246.7	253.3	238.0	212.7	235.8	226.3	212.7	208.0	207.7	206.7	206.8
9 Sponsored credit agencies and mortgage pools	659.8	869.8	1,048.9	1,113.0	1,037.9	1,071.2	1,113.0	1,155.3	1,159.6	1,204.1	1,240.4
10 Monetary authority	186.0	205.5	230.1	240.6	229.7	230.8	240.6	235.4	238.4	227.6	233.3
11 Foreign	367.9	466.1	527.9	630.3	590.2	601.9	630.3	657.6	656.8	690.2	713.8
Agency and foreign debt not in line 1											
12 Sponsored credit agencies and mortgage pools	632.7	844.2	1,026.5	1,098.4	1,019.2	1,054.6	1,098.4	1,140.8	1,166.5	1,202.6	1,238.7
13 Foreign	234.7	236.4	242.9	249.8	245.9	246.1	249.8	249.8	249.4	254.6	257.6
<i>Private domestic holdings</i>											
14 Total private holdings	6,202.1	6,917.1	7,559.5	8,232.5	7,854.1	8,027.2	8,232.5	8,380.4	8,566.4	8,720.2	8,892.1
15 U.S. government securities	1,803.2	2,160.6	2,418.3	2,562.8	2,426.4	2,500.3	2,562.8	2,625.3	2,683.0	2,728.2	2,807.2
16 State and local obligations	655.5	679.1	713.2	759.8	727.2	746.1	759.8	764.7	769.9	780.8	784.0
17 Corporate and foreign bonds	517.6	601.3	689.6	787.2	748.9	770.6	787.2	808.6	840.0	865.9	885.6
18 Residential mortgages	1,185.1	1,254.7	1,351.1	1,560.2	1,483.3	1,525.5	1,560.2	1,581.0	1,610.0	1,625.3	1,642.5
19 Other mortgages and loans	2,129.7	2,330.0	2,520.1	2,715.2	2,603.2	2,626.3	2,715.2	2,764.6	2,825.4	2,871.1	2,914.7
20 Less: Federal Home Loan Bank advances	88.8	108.6	133.1	152.8	134.8	141.6	152.8	163.8	161.9	151.1	141.8
<i>Private financial intermediation</i>											
21 Credit market claims held by private financial institutions	5,283.1	6,025.7	6,604.6	7,167.5	6,903.0	7,002.7	7,167.5	7,310.3	7,456.5	7,537.9	7,676.6
22 Commercial banking	1,978.9	2,176.3	2,313.1	2,468.4	2,382.6	2,421.6	2,468.4	2,490.9	2,538.2	2,588.6	2,640.0
23 Savings institutions	1,191.2	1,297.9	1,445.5	1,567.7	1,505.5	1,535.2	1,567.7	1,567.3	1,551.1	1,521.1	1,491.0
24 Insurance and pension funds	1,369.7	1,544.3	1,755.2	1,953.3	1,861.4	1,901.9	1,953.3	2,007.0	2,051.1	2,085.0	2,130.3
25 Other finance	743.4	1,007.1	1,090.7	1,178.1	1,153.5	1,144.0	1,178.1	1,245.1	1,316.1	1,343.2	1,415.2
26 Sources of funds	5,283.1	6,025.7	6,604.6	7,167.5	6,903.0	7,002.7	7,167.5	7,310.3	7,456.5	7,537.9	7,676.6
27 Private domestic deposits and RPs	2,930.0	3,188.4	3,324.8	3,560.2	3,438.6	3,480.0	3,560.2	3,589.0	3,639.0	3,702.4	3,775.3
28 Credit market debt	580.5	719.5	859.0	985.7	923.6	941.9	985.7	1,049.7	1,063.1	1,062.0	1,079.3
29 Other sources	1,772.7	2,117.9	2,420.8	2,621.5	2,540.7	2,580.7	2,621.5	2,671.6	2,754.4	2,773.6	2,822.0
30 Foreign funds	5.6	18.6	62.2	71.5	62.2	52.0	71.5	61.8	50.0	55.7	70.4
31 Treasury balances	25.8	27.5	21.6	29.0	32.6	34.2	29.0	13.5	34.4	30.3	20.7
32 Insurance and pension reserves	1,289.4	1,427.9	1,597.2	1,761.8	1,692.5	1,722.3	1,761.8	1,811.1	1,843.8	1,861.9	1,898.5
33 Other, net	451.8	643.9	739.6	759.2	753.5	772.4	759.2	785.2	826.2	825.7	832.3
<i>Private domestic nonfinancial investors</i>											
34 Credit market claims	1,499.5	1,610.8	1,813.9	2,050.7	1,874.8	1,966.4	2,050.7	2,119.9	2,173.1	2,244.2	2,294.9
35 U.S. government securities	814.7	899.1	992.0	1,077.8	962.4	1,022.3	1,077.8	1,105.2	1,127.4	1,177.5	1,219.4
36 Tax-exempt obligations	231.9	211.2	256.8	303.7	270.3	289.0	303.7	307.2	308.8	315.6	318.4
37 Corporate and foreign bonds	38.0	77.8	102.2	93.9	104.8	106.1	93.9	125.3	135.4	140.6	134.6
38 Open market paper	131.0	136.4	160.7	200.9	177.4	185.8	200.9	209.4	218.7	224.7	223.5
39 Other	283.8	286.2	302.3	374.5	359.9	363.2	374.5	372.8	382.8	385.9	399.0
40 Deposits and currency	3,120.4	3,399.2	3,553.9	3,791.9	3,668.5	3,710.3	3,791.9	3,824.0	3,887.8	3,939.6	4,028.4
41 Currency	171.9	186.3	205.4	220.1	209.9	213.4	220.1	220.7	226.4	224.4	232.6
42 Checkable deposits	422.5	517.4	514.0	525.3	510.4	495.9	525.3	492.3	493.8	485.1	532.2
43 Small time and savings accounts	1,831.9	1,948.3	2,017.1	2,156.5	2,117.0	2,137.3	2,156.5	2,170.2	2,191.5	2,225.1	2,261.7
44 Money market fund shares	227.3	265.6	292.8	315.6	306.1	303.6	315.6	340.3	359.9	389.2	400.8
45 Large time deposits	339.9	328.5	355.2	395.9	349.0	384.7	395.9	412.1	415.4	421.0	398.2
46 Security RPs	108.3	128.5	145.7	166.9	156.2	158.6	166.9	174.1	178.4	182.0	182.5
47 Deposits in foreign countries	18.5	24.5	23.7	11.6	19.9	16.8	11.6	14.4	22.5	12.8	20.5
48 Total of credit market instruments, deposits, and currency	4,619.9	5,010.0	5,367.8	5,842.6	5,543.2	5,676.7	5,842.6	5,943.9	6,060.9	6,183.8	6,323.2
49 Public holdings as percent of total	20.8	22.8	23.8	23.5	23.4	23.4	23.5	23.8	23.4	23.6	23.8
50 Private financial intermediation (in percent)	85.2	87.1	87.4	87.1	87.9	87.2	87.1	87.2	87.0	86.4	86.3
51 Total foreign funds	373.5	484.7	590.2	701.8	652.4	653.8	701.8	719.4	706.8	745.9	784.3
MEMO: Corporate equities not included above											
52 Total market value	2,823.9	3,360.6	3,325.0	3,620.3	3,622.7	3,577.6	3,620.3	3,731.5	4,072.2	4,398.7	4,311.7
53 Mutual fund shares	240.2	413.5	460.1	478.3	486.8	478.1	478.3	486.3	514.8	539.6	548.0
54 Other equities	2,583.7	2,947.1	2,864.9	3,142.0	3,136.0	3,099.5	3,142.0	3,245.2	3,557.4	3,859.1	3,763.7
55 Holdings by financial institutions	800.0	972.1	1,013.8	1,186.1	1,167.4	1,160.0	1,186.1	1,253.4	1,377.4	1,509.4	1,496.7
56 Other holdings	2,023.9	2,388.4	2,311.2	2,434.2	2,455.4	2,417.6	2,434.2	2,478.1	2,694.8	2,889.3	2,815.0

NOTES BY LINE NUMBER.

- Line 1 of table 1.59.
- Sum of lines 3-6 or 7-10.
- Includes farm and commercial mortgages.
- Credit market debt of federally sponsored agencies, and net issues of federally related mortgage pool securities.
- Line 1 less line 2 plus line 12 and 13. Also line 21 less line 28 plus line 34.
- Also sum of lines 29 and 48 less lines 41 and 47.
- Includes farm and commercial mortgages.
- Line 40 less lines 41 and 47.
- Excludes equity issues and investment company shares. Includes line 20.
- Foreign deposits at commercial banks plus bank borrowings from foreign affiliates, less claims on foreign affiliates and deposits by banking in foreign banks.
- Demand deposits and note balances at commercial banks.

- Excludes net investment of these reserves in corporate equities.
 - Mainly retained earnings and net miscellaneous liabilities.
 - Line 14 less line 21 plus line 28.
 - Lines 15-19 less amounts acquired by private finance plus amounts borrowed by private finance. Line 39 includes mortgages.
 - Mainly an offset to line 10.
 - Lines 34 plus 40, or line 14 less line 29 plus 41 and 47.
 - Line 2/line 1 and 13.
 - Line 21/line 14.
 - Sum of lines 11 and 30.
 - Includes issues by financial institutions.
- NOTE: Full statements for sectors and transaction types in flows and in amounts outstanding may be obtained from Flow of Funds Section, Stop 95, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures¹

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

Measure	1987	1988	1989	1989						1990		
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. ^f	Feb.	Mar.
1 Industrial production	129.8	137.2	n.a.	107.8^e	108.2^e	108.2^e	107.7^e	108.1^e	108.6^e	107.2	108.1^e	108.8
<i>Market groupings</i>												
2 Products, total	138.3	145.9	n.a.	108.2 ^e	108.5 ^e	108.8 ^e	108.1 ^e	108.9 ^e	109.7 ^e	108.1	109.3 ^e	110.0
3 Final, total	136.8	144.3	n.a.	108.7 ^e	109.1 ^e	109.6 ^e	108.5 ^e	109.4 ^e	110.3 ^e	108.2	109.6 ^e	110.4
4 Consumer goods	127.7	133.9	n.a.	105.2 ^e	105.6 ^e	106.3 ^e	107.3 ^e	107.4 ^e	108.3 ^e	105.5	107.0 ^e	107.8
5 Equipment	148.8	158.2	n.a.	113.2 ^e	113.6 ^e	113.8 ^e	110.1 ^e	112.0 ^e	112.9 ^e	111.6	112.9 ^e	113.7
6 Intermediate	143.3	151.5	n.a.	106.7 ^e	106.4 ^e	106.3 ^e	106.9 ^e	107.3 ^e	107.9 ^e	107.9	108.5 ^e	109.0
7 Materials	118.3	125.3	n.a.	107.3 ^e	107.8 ^e	107.4 ^e	107.1 ^e	107.0 ^e	106.9 ^e	105.8	106.2 ^e	107.0
<i>Industry groupings</i>												
8 Manufacturing	134.6	142.8	n.a.	108.6 ^e	109.1 ^e	109.1 ^e	108.4 ^e	108.9 ^e	108.8 ^e	108.0	109.2 ^e	109.5
Capacity utilization (percent) ²												
9 Manufacturing	81.4 ^f	83.9 ^f	83.9	83.6 ^f	83.8 ^f	83.6 ^f	82.9 ^f	83.0 ^f	82.8	82.0	82.6 ^f	82.7
10 Industrial materials industries	80.5	83.7	83.7	83.7	83.9	83.6	83.5	83.3	82.3	81.7	81.6	n.a.
11 Construction contracts (1982 = 100) ³	164.8	166.1	167.0	168.0	168.0	181.0	173.0	158.0	160.0	154.0	147.0	156.0
12 Nonagricultural employment, total ⁴	123.9	128.0	131.6	131.9	132.0	132.3	132.4	132.7	132.9	133.3	133.7	133.8
13 Goods-producing, total	101.5	103.7	105.3	105.4	105.5	105.2	105.2	105.2	104.9	104.8	105.5 ^e	105.1
14 Manufacturing, total	96.7	98.6	99.6	99.8	99.8	99.4	99.2	99.1	99.0	98.3	98.8	98.6
15 Manufacturing, production-worker	91.9	93.9	94.8	94.8	94.8	94.2	94.1	93.9	93.8	92.8	93.5	93.3
16 Service-producing	133.3	138.2	142.7	143.0	143.1	143.6	143.8	144.2	144.6	145.2	145.6	145.8
17 Personal income, total	235.0	252.8	275.4 ^f	276.4	277.3	277.9	280.0 ^f	282.5 ^f	283.9 ^f	285.9	288.4	n.a.
18 Wages and salary disbursements	226.3	244.4	264.7	266.1	266.7	268.5	271.0	271.1	272.9 ^f	274.2	276.6	n.a.
19 Manufacturing	183.8	196.5	207.3	207.5	208.8	208.8	211.1	209.1	209.2	208.3	210.7	n.a.
20 Disposable personal income ⁵	232.4	252.1	274.0	275.4	276.1	276.5	278.4 ^f	281.2	282.4	285.0	287.1	289.4
21 Retail sales ⁶	213.6	228.0	240.6	242.2	244.2	245.2	241.9	243.7	242.8	249.6	248.9 ^f	247.4
<i>Prices⁷</i>												
22 Consumer (1982-84 = 100)	113.6	118.3	124.0	124.4	124.6	125.0	125.6	125.9	126.1	127.4	128.0	128.7
23 Producer finished goods (1982 = 100)	105.4	108.0	113.6 ^e	114.1	113.4	113.6	114.9	114.9 ^e	115.3	117.5	117.4	117.0

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 (1977-1900) 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	1987	1988	1989	1989					1990		
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan. ¹	Feb. ¹	Mar.
HOUSEHOLD SURVEY DATA											
1 Noninstitutional population ¹	185,010	186,837	188,601	188,808	188,948	189,096	189,238	189,381	189,506	189,607	189,717
2 Labor force (including Armed Forces) ¹	122,122	123,893	126,077	126,280	126,245	126,373	126,709	126,762	126,610	126,825	127,017
3 Civilian labor force	119,865	121,669	123,869	124,070	124,023	124,148	124,488	124,546	124,397	124,630	124,829
<i>Employment</i>											
4 Nonagricultural industries ²	109,232	111,800	114,142	114,275	114,200	114,388	114,676	114,691	114,728	114,957	115,133
5 Agriculture	3,208	3,169	3,199	3,275	3,219	3,197	3,160	3,197	3,134	3,079	3,200
<i>Unemployment</i>											
6 Number	7,425	6,701	6,528	6,520	6,604	6,563	6,652	6,658	6,535	6,594	6,495
7 Rate (percent of civilian labor force)	6.2	5.5	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.2
8 Not in labor force	62,888	62,944	62,524	62,528	62,703	62,723	62,529	62,619	62,896	62,782	62,700
ESTABLISHMENT SURVEY DATA											
9 Nonagricultural payroll employment ³	102,200	105,584	108,573	108,887	109,096	109,171	109,452	109,570	109,931	110,287	110,313
10 Manufacturing	19,024	19,403	19,611	19,644	19,559	19,537	19,517	19,489	19,355	19,451	19,420
11 Mining	717	721	722	729	730	731	737	739	745	749	748
12 Contract construction	4,967	5,125	5,302	5,321	5,325	5,335	5,355	5,304	5,418	5,482	5,418
13 Transportation and public utilities	5,372	5,548	5,703	5,618	5,709	5,729	5,753	5,834	5,850	5,863	5,866
14 Trade	24,327	25,139	25,807	25,877	25,896	25,957	26,044	26,029	26,154	26,124	26,109
15 Finance	6,547	6,676	6,814	6,836	6,852	6,851	6,871	6,885	6,896	6,914	6,922
16 Service	24,236	25,600	26,889	27,058	27,159	27,188	27,345	27,419	27,557	27,706	27,757
17 Government	17,010	17,372	17,726	17,804	17,866	17,843	17,830	17,871	17,956	17,998	18,073

1. Persons 16 years of age and over. Monthly figures, which are based on sample data, relate to the calendar week that contains the 12th day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures. Based on data from *Employment and Earnings* (U.S. Department of Labor).

2. Includes self-employed, unpaid family, and domestic service workers.

3. Data include all full- and part-time employees who worked during, or received pay for, the pay period that includes the 12th day of the month, and exclude proprietors, self-employed persons, domestic servants, unpaid family workers, and members of the Armed Forces. Data are adjusted to the March 1984 benchmark and only seasonally adjusted data are available at this time. Based on data from *Employment and Earnings* (U.S. Department of Labor).

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION¹

Seasonally adjusted

Series	1989			1990	1989			1990	1989			1990		
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1		
	Output (1987 = 100)				Capacity (percent of 1987 output)				Utilization rate (percent)					
1 Total industry	108.4	108.1	108.1	108.0	128.0	128.8	129.5	130.3	84.7	84.0	83.5	82.9		
2 Mining	101.1	100.8	100.6	101.6	117.2	116.7	116.1	115.7	86.2	86.4	86.8	87.8		
3 Utilities	106.3	106.2	110.6	105.2	125.3	125.5	125.7	126.0	84.9	84.6	87.8	83.5		
4 Manufacturing	109.3	108.9	108.7	108.9	129.2	130.2	131.1	132.1	84.5	83.7	82.9	82.4		
5 Primary processing	106.4	106.4	106.1	106.0	122.0	122.7	123.4	124.2	87.3	86.7	85.9	85.4		
6 Advanced processing	110.6	110.1	109.9	110.3	132.6	133.7	134.7	135.8	83.4	82.4	81.7	81.2		
	Previous cycle ²		Latest cycle ³		1989						1990			
	High	Low	High	Low	Mar.	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
	Capacity utilization rate (percent)													
7 Total industry	89.2	72.6	87.3	71.8	84.5	83.9	84.0	83.9	83.4	83.5	83.7	82.4	82.9	83.3
8 Mining	94.4	88.4	96.6	80.6	83.6	85.6	86.4	87.2	87.3	86.8	86.3	88.5	87.2	87.8
9 Utilities	95.6	82.5	88.3	76.2	85.6	85.0	84.7	84.3	85.5	85.6	92.3	82.5	81.5	86.4
10 Manufacturing	88.9	70.8	87.3	70.0	84.5	83.6	83.8	83.6	82.9	83.0	82.8	82.0	82.6	82.7
11 Primary processing	92.2	68.9	89.7	66.8	87.3	87.2	86.9	86.1	86.6	86.0	85.2	85.6	85.4	85.1
12 Advanced processing	87.5	72.0	86.3	71.4	83.4	82.2	82.4	82.5	81.4	81.8	81.8	80.4	81.5	81.7

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.

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value¹

Monthly data are seasonally adjusted

Groups	1987 pro- portion	1989 avg.	1989										1990		
			Mar. ^r	Apr. ^r	May ^r	June ^r	July ^r	Aug. ^r	Sept. ^r	Oct. ^r	Nov. ^r	Dec. ^r	Jan. ^r	Feb. ^r	Mar. ^r
Index (1977 = 100)															
MAJOR MARKET															
1 Total index.....	100.00	....	107.7	108.6	108.3	108.4	107.8	108.2	108.2	107.7	108.1	108.6	107.2	108.1	108.8
2 Products.....	60.79	....	108.3	108.9	108.9	109.1	108.2	108.5	108.8	108.1	108.9	109.7	108.1	109.3	110.0
3 Final products.....	46.05	....	108.7	109.5	109.6	109.8	108.7	109.1	109.6	108.5	109.4	110.3	108.2	109.6	110.4
4 Consumer goods.....	26.02	....	106.9	107.0	106.8	106.3	105.2	105.6	106.3	107.3	107.4	108.3	105.5	107.0	107.8
5 Equipment.....	20.03	....	110.9	112.6	113.1	114.3	113.2	113.6	113.8	110.1	112.0	112.9	111.6	112.9	113.7
6 Intermediate products.....	14.74	....	107.2	107.2	106.6	106.7	106.4	106.3	106.9	107.3	107.9	107.9	107.9	108.5	109.0
7 Materials.....	39.21	....	106.9	108.0	107.3	107.6	107.3	107.8	107.4	107.1	107.0	106.9	105.8	106.2	107.0
<i>Consumer goods</i>															
8 Durable consumer goods.....	5.58	....	109.0	110.0	109.2	108.4	105.6	105.8	107.6	106.8	105.7	106.8	99.1	107.1	111.0
9 Automotive products.....	2.47	....	110.4	110.2	109.2	106.7	101.1	103.2	104.9	102.9	102.4	104.5	85.2	101.2	109.5
10 Autos and trucks.....	1.48	....	110.3	109.8	109.6	106.2	97.1	101.1	103.1	99.7	98.4	100.1	66.3	92.1	106.6
11 Autos, consumer.....	.93	....	105.5	106.2	105.7	100.5	89.3	95.1	102.0	100.7	92.8	92.6	62.1	86.9	100.5
12 Trucks, consumer.....	.55	....	118.3	115.8	116.2	115.7	110.1	111.3	105.0	98.2	108.0	112.6	73.3	100.8	117.0
13 Auto parts and allied goods.....	.99	....	110.4	110.7	108.5	107.4	107.0	106.3	107.4	107.6	108.2	111.2	113.6	114.9	113.7
14 Home goods.....	3.11	....	108.0	110.0	109.3	109.8	109.2	107.9	109.8	109.8	108.4	108.6	110.1	111.7	112.1
15 Appliances, A/C and TV.....	.79	....	107.4	108.6	105.9	110.5	107.5	106.5	109.3	107.6	102.0	101.0	108.2	108.4	113.3
16 Carpeting and furniture.....	.91	....	102.3	103.2	104.1	102.1	101.0	98.1	100.9	101.1	100.4	102.0	103.8	104.2	102.6
17 Miscellaneous home goods.....	1.42	....	112.0	115.1	114.6	114.3	115.4	114.8	115.8	116.6	117.1	117.1	115.2	118.3	117.6
18 Nondurable consumer goods.....	20.44	....	106.3	106.2	106.2	105.8	105.1	105.6	106.0	107.4	107.8	108.7	107.3	106.9	107.0
19 Consumer staples.....	17.87	....	106.8	106.8	106.8	106.2	105.6	106.3	106.6	108.2	109.0	110.0	108.2	107.9	108.2
20 Nonfood staples.....	8.77	....	109.7	108.8	109.6	109.5	109.2	109.6	109.6	111.0	112.2	113.7	111.0	110.1	111.5
21 Consumer chemical products.....	3.54	....	108.5	107.8	110.1	109.8	109.6	110.1	107.8	110.3	111.3	110.3	112.7	111.7	111.9
22 Consumer paper products.....	2.55	....	114.0	112.8	112.7	112.9	113.1	114.1	116.2	117.2	118.1	116.9	116.2	115.6	116.8
23 Consumer energy.....	2.68	....	107.4	106.5	106.1	106.1	105.2	104.7	106.0	106.0	108.0	115.2	103.9	102.6	106.0
24 Consumer fuel.....	.73	....	103.6	101.8	100.6	103.0	104.5	102.3	103.4	103.1	103.0	100.5	105.1	107.0	102.5
25 Residential utilities.....	1.96	....	108.8	108.2	108.1	107.2	105.5	105.6	106.9	107.0	109.8	120.7	103.5	101.0	107.3
<i>Equipment</i>															
26 Business and defense equipment.....	19.28	....	111.8	113.4	114.0	115.0	114.0	114.5	114.7	110.6	112.6	113.4	112.2	113.5	114.1
27 Business equipment.....	13.93	....	117.9	119.6	120.2	121.4	119.9	120.4	120.7	116.0	118.7	119.9	117.9	119.6	120.8
28 Transit.....	2.46	....	121.2	127.9	127.6	128.3	123.8	128.4	127.0	112.9	117.0	123.4	111.4	123.7	131.5
29 Defense and space equipment.....	5.35	....	96.1	97.1	97.6	98.3	98.7	98.9	98.9	96.6	96.7	96.6	97.5	97.6	96.6
<i>Intermediate products</i>															
30 Construction supplies.....	6.05	....	105.5	106.3	105.9	106.2	106.5	105.5	105.2	106.3	107.0	107.4	108.0	108.1	108.3
31 Business supplies.....	8.69	....	108.3	107.8	107.1	107.0	106.8	106.9	107.0	107.3	107.5	108.2	107.9	108.7	109.5
32 General business supplies.....	7.07	....	108.4	108.0	107.1	107.1	106.6	107.1	107.0	107.2	107.3	106.6	107.9	109.5	....
33 Commercial energy products.....	1.63	....	108.0	106.8	106.5	106.4	107.6	106.0	106.9	107.6	108.1	115.4	107.7	105.4	....
<i>Materials</i>															
34 Durable goods materials.....	19.35	....	111.1	112.3	111.5	112.1	111.5	112.0	112.0	110.8	110.8	110.4	109.5	110.9	111.2
35 Durable consumer parts.....	4.16	....	110.2	110.8	110.6	110.3	107.7	109.2	108.8	106.9	105.7	102.5	96.5	102.9	104.6
36 Equipment parts.....	7.25	....	113.5	114.9	114.2	115.0	115.0	115.6	115.5	114.4	115.3	115.8	116.5	117.4	117.3
37 Durable materials n.e.c.....	7.94	....	109.5	110.7	109.7	110.4	110.4	110.4	110.6	109.5	109.4	109.5	110.1	109.2	109.2
38 Basic metal materials.....	2.78	....	111.4	114.9	109.9	111.9	113.1	113.0	112.9	111.0	108.6	109.3	109.4	111.0	109.5
39 Nondurable goods materials.....	9.01	....	104.9	106.0	105.4	105.5	106.7	105.7	104.2	106.1	104.9	104.3	104.4	103.7	103.4
40 Textile, paper, and chemical materials.....	6.86	....	104.5	105.7	104.3	104.8	106.8	105.5	103.6	105.7	103.8	102.4	102.4	102.2	101.7
41 Textile materials.....	1.18	....	99.6	101.9	101.5	103.2	104.9	102.1	99.6	98.6	96.1	95.8	93.5	93.6	92.4
42 Pulp and paper materials.....	1.87	....	102.5	103.1	102.1	102.4	104.8	103.6	104.1	107.7	104.6	103.7	105.0	103.8	104.4
43 Chemical materials.....	3.81	....	107.0	108.1	106.1	106.5	108.2	107.3	104.5	106.8	105.8	103.8	103.8	104.0	103.3
44 Miscellaneous nondurable materials.....	2.14	....	106.4	107.0	109.1	107.9	106.8	107.0	106.5	107.5	108.4	110.4	110.8	108.7	108.7
45 Energy materials.....	10.85	....	100.8	101.9	101.2	101.0	100.1	101.7	101.6	101.3	101.9	102.7	100.3	99.7	102.3
46 Primary energy.....	7.18	....	97.4	99.8	100.6	100.8	100.0	102.5	100.7	99.8	100.5	99.0	101.5	99.9	101.0
47 Converted fuel materials.....	3.68	....	107.5	106.0	102.5	101.7	100.4	100.4	103.6	104.2	104.5	110.0	97.8	99.5	104.7

A50 Domestic Nonfinancial Statistics □ June 1990

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value¹—Continued

Groups	SIC code	1987 proportion	1989 avg.	1989									1990			
				Mar. ^r	Apr. ^r	May ^r	June ^r	July ^r	Aug. ^r	Sept. ^r	Oct. ^r	Nov. ^r	Dec. ^r	Jan. ^r	Feb. ^p	Mar. ^e
Index (1977 = 100)																
MAJOR INDUSTRY																
1 Mining and utilities		15.56	....	102.7	104.0	103.6	103.3	103.3	103.4	103.7	104.0	104.7	108.0	103.1	101.7	105.1
2 Mining		7.93	....	98.3	101.7	101.1	100.4	100.0	100.7	101.6	100.7	101.2	100.1	102.4	100.8	101.4
3 Utilities		7.63	....	107.2	106.4	106.3	106.3	106.6	106.2	105.9	107.4	108.3	116.1	103.9	102.6	109.0
4 Manufacturing		84.44	....	108.7	109.4	109.2	109.3	108.6	109.1	109.1	108.4	108.9	108.8	108.0	109.2	109.5
5 Nondurable		37.17	....	105.9	106.5	106.4	106.2	106.1	106.2	106.0	107.2	107.3	106.7	107.3	107.5	107.0
6 Durable		47.27	....	110.9	111.6	111.4	111.8	110.6	111.3	111.5	109.4	110.1	110.4	108.6	110.5	111.5
<i>Mining</i>																
7 Metal	10	.32	....	133.3	135.7	136.1	143.3	151.7	144.3	145.4	143.2	145.9	155.5	154.5	152.0	151.0
8 Coal	11.12	1.22	....	105.1	111.1	104.7	100.3	101.1	103.1	109.6	109.9	108.1	103.5	114.1	111.9	111.9
9 Oil and gas extraction	13	5.73	....	93.9	96.7	97.0	96.3	94.9	96.3	95.9	94.3	95.5	94.0	94.9	93.7	94.7
10 Stone and earth minerals	14	.67	....	106.7	111.2	113.0	115.0	116.8	113.3	114.1	118.0	115.8	119.7	121.5	117.4	116.7
<i>Nondurable manufactures</i>																
11 Foods	20	8.76	....	104.5	106.2	105.5	104.2	104.0	104.8	105.4	106.8	107.4	108.0	107.0	107.6	106.8
12 Tobacco products	21	1.02	....	102.8	104.0	101.7	100.4	94.2	95.0	93.3	99.7	98.8	98.5	101.3	102.3	100.0
13 Textile mill products	22	1.84	....	101.7	104.1	103.2	102.4	104.2	101.5	101.5	101.9	99.3	99.8	100.0	101.1	99.6
14 Apparel products	23	2.36	....	104.4	105.1	104.9	105.2	104.4	104.7	104.5	103.9	103.7	102.6	102.4	102.6	101.3
15 Paper and products	26	3.58	....	102.5	103.0	102.1	101.8	104.1	103.0	102.2	105.3	104.1	103.4	103.8	103.7	104.2
16 Printing and publishing	27	6.37	....	108.9	108.6	108.4	108.6	106.6	107.8	109.4	109.3	109.6	109.6	110.5	111.0	110.9
17 Chemicals and products	28	8.60	....	107.5	107.5	108.4	109.1	109.7	109.6	107.5	109.4	109.8	107.6	108.9	109.0	108.4
18 Petroleum products	29	1.32	....	104.1	104.5	104.6	106.6	108.2	107.0	108.7	106.9	109.3	104.3	108.7	109.9	108.0
19 Rubber and plastic products	30	3.02	....	108.5	108.5	109.8	109.0	109.0	109.0	108.5	108.8	109.1	110.1	110.7	108.7	110.4
20 Leather and products	31	.30	....	104.6	105.1	102.8	102.2	103.7	103.2	103.5	102.2	99.4	103.0	104.3	102.9	103.0
<i>Durable manufactures</i>																
21 Lumber and products	24	2.00	....	100.8	102.7	102.3	103.5	102.8	102.4	102.6	103.2	104.8	106.4	105.7	103.6	105.1
25 Furniture and fixtures	25	1.45	....	105.5	105.8	107.9	107.0	104.9	104.5	105.7	105.6	104.4	105.1	105.2	104.6	103.9
23 Clay, glass, and stone products	32	2.46	....	108.4	107.7	108.2	108.0	106.2	107.8	106.5	107.7	108.2	108.6	110.1	109.1	108.9
24 Primary metals	33	3.32	....	108.8	112.7	107.0	108.7	108.8	111.7	109.9	108.6	104.8	102.6	106.7	108.2	104.9
25 Iron and steel	331.2	1.95	....	109.3	115.4	104.8	107.1	107.5	109.8	109.7	109.2	104.1	100.3	107.5	110.4	104.4
26 Fabricated metal products	34	5.38	....	107.4	106.9	107.9	108.3	107.6	106.5	106.0	105.9	106.9	106.3	105.3	105.6	106.2
27 Nonelectrical machinery	35	8.55	....	121.9	121.6	121.8	123.4	121.6	121.8	123.4	119.0	122.9	123.8	123.3	122.8	123.0
28 Electrical machinery	36	8.62	....	109.2	110.1	108.8	109.1	108.6	110.6	110.8	110.2	110.1	110.1	110.0	111.2	111.9
29 Transportation equipment	37	9.80	....	108.7	109.4	109.6	109.0	106.6	107.8	108.0	102.1	102.8	104.4	94.7	103.1	107.9
30 Motor vehicles and parts	371	4.65	....	108.9	108.6	107.8	105.0	99.6	102.7	103.2	99.7	99.0	98.7	76.8	94.3	103.8
31 Aerospace and miscellaneous transportation equipment	372-6.9	5.15	....	108.5	110.1	111.2	112.6	113.0	112.4	112.3	104.3	106.3	109.6	111.0	111.0	111.6
32 Instruments	38	3.26	....	115.2	117.5	118.0	118.3	118.5	116.4	116.2	116.1	115.6	114.8	116.0	116.8	116.6
33 Miscellaneous manufactures	39	1.24	114.9	108.6	112.5	111.0	108.4	114.7	111.0	112.7	115.2	116.9	116.3	114.5	115.8	....
<i>Utilities</i>																
34 Electric		6.01	....	108.0	107.1	107.4	107.6	108.5	108.1	107.1	109.7	109.5	116.3	104.9	103.7	110.5
Gross value (billions of 1982 dollars, annual rates)																
MAJOR MARKET																
35 Products, total		1734.82	....	1,890.3	1,894.0	1,894.8	1,894.4	1,869.0	1,883.7	1,894.3	1,878.3	1,896.9	1,905.5	1,860.7	1,903.5	1,922.5
36 Final		1350.87	....	1,479.3	1,485.5	1,485.3	1,485.6	1,459.6	1,475.3	1,486.2	1,465.6	1,482.8	1,492.5	1,444.9	1,487.6	1,501.6
37 Consumer goods		833.36	....	890.2	888.4	885.7	878.5	868.9	870.1	878.8	883.2	889.0	898.6	862.9	891.3	897.7
38 Equipment		517.51	....	589.1	597.1	599.6	607.1	590.8	605.3	607.5	582.4	593.8	594.0	582.0	596.3	604.0
39 Intermediate		383.95	....	411.0	408.5	409.5	408.8	409.3	408.4	408.1	412.7	414.1	413.0	415.8	415.9	420.8

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	1987	1988	1989	1989								1990	
				May	June	July	Aug.	Sept.	Oct.	Nov.	Dec. ¹	Jan. ¹	Feb.
<i>Private residential real estate activity (thousands of units)</i>													
NEW UNITS													
1 Permits authorized	1,535	1,456	1,332	1,347	1,308	1,281	1,328	1,319	1,356	1,342	1,376	1,745	1,305
2 1-family	1,024	994	934	905	874	906	927	946	961	979	970	1,004	983
3 2-or-more-family	511	462	398	442	434	375	401	373	395	363	406	741	322
4 Started	1,621	1,488	1,376	1,308	1,414	1,424	1,325	1,263	1,423	1,347	1,273	1,568	1,457
5 1-family	1,146	1,081	1,003	977	971	1,029	987	969	1,023	1,010	931	1,099	1,154
6 2-or-more-family	474	407	373	331	443	395	338	294	400	337	342	469	303
7 Under construction, end of period ¹	987	919	850 ²	912	915	918	901	892	894	881	886	891	900
8 1-family	591	570	535 ²	573	572	576	565	565	565	558	567	571	579
9 2-or-more-family	397	350	315 ²	339	343	342	336	327	329	323	319	320	321
10 Completed	1,669	1,530	1,423	1,444	1,355	1,375	1,437	1,366	1,317	1,486	1,302	1,433	1,355
11 1-family	1,123	1,085	1,026	1,038	964	967	1,037	959	987	1,078	933	1,021	1,037
12 2-or-more-family	546	445	396 ²	406	391	408	400	407	330	408	369	412	318
13 Mobile homes shipped	233	218	198	205	200	179	194	186	190	189	189	195	200
<i>Merchant builder activity in 1-family units</i>													
14 Number sold	672	675	650	651	646	741	719	638	636	687	632	589	607
15 Number for sale, end of period	366	367	361	379	376	369	364	364	363	363	361	364	365
<i>Price (thousands of dollars)²</i>													
<i>Median</i>													
16 Units sold	104.7	113.3	120.4	119.0	122.8	116.0	122.9	120.0	123.0	125.0	125.0	125.0	130.0
<i>Average</i>													
17 Units sold	127.9	139.0	148.5	145.1	153.6	140.3	158.6	151.1	147.8	151.4	156.6	154.2	155.2
EXISTING UNITS (1-family)													
18 Number sold	3,530	3,594	3,439	3,250	3,330	3,380	3,440	3,510	3,490	3,560	3,560	3,520	3,400
<i>Price of units sold (thousands of dollars)²</i>													
19 Median	85.6	89.2	93.0 ²	92.6	93.5	95.2	95.8	93.8	92.4	93.1	92.5	96.3	95.2
20 Average	106.2	112.5	118.0	118.0	119.0	121.0	121.6	118.3	116.7	117.9	118.1	120.0	118.3
Value of new construction¹ (millions of dollars)													
CONSTRUCTION													
21 Total put in place	397,721	409,663	414,273 ²	416,540	412,523	410,269	416,279	416,176	411,544 ²	416,509 ²	415,135	425,257	436,498
22 Private	320,108	328,738	330,250 ²	330,591	329,035	328,785	331,884	329,564	328,687 ²	327,761 ²	321,380	333,365	342,689
23 Residential	194,656	198,101	195,385 ²	196,984	194,229	195,165	194,393	192,765	191,428 ²	190,313 ²	189,452	195,083	198,542
24 Nonresidential, total	125,452	130,637	134,865 ²	133,607	134,806	133,620	137,491	136,799	137,259 ²	137,448 ²	131,928	138,282	144,147
<i>Buildings</i>													
25 Industrial	13,707	14,931	16,756	15,945	16,302	16,424	17,526	17,927	17,856 ²	17,997 ²	17,296	19,476	21,334
26 Commercial	55,448	58,104	57,485	56,796	57,434	56,640	57,680	57,132	58,213 ²	57,845 ²	54,368	55,818	59,402
27 Other	15,464	17,278	17,366	17,343	17,179	16,768	18,455	17,962	17,332 ²	17,813 ²	16,248	17,497	16,968
28 Public utilities and other	40,833	40,324	43,258 ²	43,523	43,891	43,788	43,830	43,778	43,858 ²	43,793 ²	44,016	45,491	46,443
29 Public	77,612	80,922	84,019 ²	85,130	81,914	81,484	84,395	86,612	82,857 ²	88,748 ²	93,755	91,891	93,809
30 Military	4,327	3,579	3,504 ²	3,870	4,324	3,194	3,779	4,916	2,076 ²	3,664 ²	3,552	3,325	3,206
31 Highway	25,343	28,524	27,663	27,432	27,321	26,128	27,367	27,581	26,214 ²	28,670 ²	32,502	30,298	32,698
32 Conservation and development	5,162	4,474	4,772 ²	6,053	4,699	4,567	4,708	4,906	5,145 ²	5,075 ²	5,664	5,080	5,323
33 Other	42,780	44,345	48,080 ²	47,775	45,570	47,595	48,541	49,209	49,422 ²	51,339 ²	52,037	53,188	52,582

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-30-76-5)*, 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.

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 Mar. 1990
	1989 Mar.	1990 Mar.	1989			1990	1989		1990			
			June	Sept.	Dec.	Mar.	Nov. ¹	Dec.	Jan.	Feb.	Mar.	
CONSUMER PRICES² (1982-84=100)												
1 All items	5.0	5.2	5.3	2.3	4.9	8.5	.3	.4	1.1	.5	.5	128.7
2 Food	6.6	6.5	5.6	3.6	5.5	11.4	.5	.5	2.0	.5	.3	131.5
3 Energy items	3.8	6.3	22.7	-12.6	3.9	14.8	-3	.3	5.1	-.7	-.8	95.5
4 All items less food and energy	4.7	4.9	3.8	3.5	4.7	7.5	.4	.3	.6	.5	.7	133.9
5 Commodities	3.8	3.7	2.4	1.3	3.4	7.8	.2	.2	.4	1.0	.5	123.4
6 Services	5.2	5.5	4.6	4.5	5.7	7.2	.4	.4	.7	.4	.7	140.0
PRODUCER PRICES (1982=100)												
7 Finished goods	5.5	4.4	5.8	.4	5.0	6.7	.1	.6	1.8	.0	-.2	117.0
8 Consumer foods	7.4	4.9	-2.3	.7	12.0	9.9	.8	.7 ³	2.1	.9	-.6	124.1
9 Consumer energy	7.0	7.4	34.3	-15.3	-4.8	23.2	-2.9	1.6 ³	13.6	-5.0	-2.4	66.9
10 Other consumer goods	4.7	4.0	6.0	2.3	4.6	3.2	.2	.6	.0	.6	.2	127.5
11 Capital equipment	3.8	3.7	4.5	4.4	1.7	3.7	.3	.2	.2	.2	.4	121.8
12 Intermediate materials ³	6.3	1.0	2.9	-.7	-.4	1.8	-.3	.2 ³	1.2	-.7	.0	112.5
13 Excluding energy	6.6	.0	.3	-.7	-1.3	1.7	-.1	-.3 ³	.1	.1	.2	120.3
Crude materials												
14 Foods	13.9	1.3	-16.9	-2.2	18.4	9.5	2.2	2.1 ³	1.0	1.0	.3	115.2
15 Energy	7.0	7.1	23.6	-7.0	13.2	1.0	.4	2.1 ³	5.0	.1	-4.6	78.7
16 Other	5.9	-5.0	-7.7	.6	-16.3	5.6	-2.5	-2.0 ³	.2	-.8	2.0	134.3

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	1987	1988	1989 ¹	1989				1990
				Q1	Q2	Q3	Q4	Q1
GROSS NATIONAL PRODUCT								
1 Total	4,524.3	4,880.6	5,234.0	5,113.1	5,201.7	5,281.0	5,340.2	5,441.2
<i>By source</i>								
2 Personal consumption expenditures	3,010.8	3,235.1	3,471.1	3,381.4	3,444.1	3,508.1	3,550.6	3,639.2
3 Durable goods	421.0	455.2	473.2	466.4	471.0	486.1	469.5	492.9
4 Nondurable goods	998.1	1,052.3	1,123.4	1,098.3	1,121.5	1,131.4	1,142.4	1,166.9
5 Services	1,591.7	1,727.6	1,874.4	1,816.7	1,851.7	1,890.6	1,938.7	1,979.5
6 Gross private domestic investment	699.9	750.3	773.4	769.6	775.0	779.1	770.1	761.4
7 Fixed investment	670.6	719.6	746.3	742.0	747.6	751.7	744.0	764.9
8 Nonresidential	444.3	487.2	511.7	503.1	512.5	519.6	511.4	526.3
9 Structures	133.8	140.3	144.9	144.7	142.4	146.2	146.4	150.1
10 Producers' durable equipment	310.5	346.8	366.7	358.5	370.1	373.4	365.0	376.1
11 Residential structures	226.4	232.4	234.6	238.8	235.1	232.1	232.6	238.6
12 Change in business inventories	29.3	30.6	27.1	27.7	27.4	27.4	26.1	-3.5
13 Nonfarm	30.5	34.2	22.2	19.1	23.6	19.8	26.4	-8.9
14 Net exports of goods and services	-112.6	-73.7	-47.1	-54.0	-50.6	-45.1	-38.8	-40.1
15 Exports	448.6	547.7	625.9	605.6	626.1	628.5	643.5	646.7
16 Imports	561.2	621.3	673.0	659.6	676.6	673.6	682.3	686.7
17 Government purchases of goods and services	926.1	968.9	1,036.6	1,016.0	1,033.2	1,038.9	1,058.3	1,080.6
18 Federal	381.6	381.3	403.2	399.0	402.0	402.7	405.1	412.8
19 State and local	544.5	587.6	633.4	617.0	627.2	636.2	653.2	667.9
<i>By major type of product</i>								
20 Final sales, total	4,495.0	4,850.0	5,206.9	5,085.4	5,174.3	5,253.6	5,314.2	5,444.7
21 Goods	1,785.2	1,931.9	2,072.3	2,030.9	2,079.1	2,096.3	2,082.8	2,120.1
22 Durable	777.6	863.6	909.1	894.7	905.2	930.1	906.5	941.7
23 Nondurable	1,007.6	1,068.3	1,163.2	1,136.2	1,173.9	1,166.2	1,176.3	1,178.4
24 Services	2,304.5	2,499.2	2,702.7	2,620.8	2,667.5	2,728.1	2,794.2	2,845.2
25 Structures	434.6	449.5	459.1	461.3	455.1	456.6	463.2	475.9
26 Change in business inventories	29.3	30.6	27.1	27.7	27.4	27.4	26.1	-3.5
27 Durable goods	22.0	25.0	11.9	22.0	6.0	5.2	14.2	-6.0
28 Nondurable goods	7.2	5.6	15.3	5.7	21.4	22.2	11.8	2.6
MEMO								
29 Total GNP in 1982 dollars	3,853.7	4,024.4	4,144.1	4,106.8	4,132.5	4,162.9	4,174.1	4,195.8
NATIONAL INCOME								
30 Total	3,665.4	3,972.6	4,266.5	4,185.2	4,249.6	4,287.3	4,344.0 ²	n.a.
31 Compensation of employees	2,690.0	2,907.6	3,144.4	3,061.7	3,118.2	3,171.9	3,225.9	3,282.3
32 Wages and salaries	2,249.4	2,429.0	2,631.1	2,560.7	2,608.8	2,654.7	2,700.1	2,744.1
33 Government and government enterprises	419.2	446.5	476.9	466.9	473.5	480.2	487.0	496.9
34 Other	1,830.1	1,982.5	2,154.2	2,093.8	2,135.3	2,174.5	2,213.1	2,247.2
35 Supplement to wages and salaries	440.7	478.6	513.3	501.0	509.4	517.2	525.8	538.2
36 Employer contributions for social insurance	227.8	249.7	265.0	259.7	263.4	266.6	270.4	278.2
37 Other labor income	212.8	228.9	248.3	241.3	246.0	250.7	255.3	260.0
38 Proprietors' income ¹	311.6	327.8	352.1	359.3	355.5	343.3	350.3	374.6
39 Business and professional ¹	270.0	288.0	305.9	300.3	304.2	307.2	311.8	322.7
40 Farm ¹	41.6	39.8	46.2	59.0	51.3	36.1	38.5	51.9
41 Rental income of persons ²	13.4	15.7	7.9	11.8	9.8	5.4	4.8	8.9
42 Corporate profits ¹	298.7	328.6	301.3	316.3	307.8	295.2	285.9 ²	n.a.
43 Profits before tax ¹	266.7	306.8	290.7 ²	318.0	296.0	275.0	273.7 ²	n.a.
44 Inventory valuation adjustment	-18.9	-25.0	-18.7	-38.3	-20.5	-6.3	-9.7	-12.6
45 Capital consumption adjustment	50.9	46.8	29.3	36.6	32.3	26.5	21.9	18.0
46 Net interest	351.7	392.9	460.8	436.1	458.4	471.5	477.2	478.4

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	1987	1988	1989	1989				1990
				Q1	Q2	Q3	Q4	Q1
PERSONAL INCOME AND SAVING								
1 Total personal income	3,777.6	4,064.5	4,427.3	4,317.8	4,400.3	4,455.9	4,535.3	4,634.7
2 Wage and salary disbursements	2,249.4	2,429.0	2,631.1	2,560.7	2,608.8	2,654.7	2,700.1	2,744.1
3 Commodity-producing industries	649.9	696.3	738.2	726.6	733.7	742.6	749.7	753.4
4 Manufacturing	490.3	524.0	552.9	546.3	549.9	555.7	559.6	560.1
5 Distributive industries	531.9	571.9	615.1	598.8	610.8	619.4	631.2	644.1
6 Service industries	648.3	714.4	801.0	768.4	790.8	812.4	832.2	849.8
7 Government and government enterprises	419.2	446.5	476.9	466.9	473.5	480.2	487.0	496.9
8 Other labor income	212.8	228.9	248.3	241.3	246.0	250.7	255.3	260.0
9 Proprietors' income ¹	311.6	327.8	352.1	359.3	355.5	343.3	350.3	374.6
10 Business and professional ¹	270.0	288.0	305.9	300.3	304.2	307.2	311.8	322.7
11 Farm ¹	41.6	39.8	46.2	59.0	51.3	36.1	38.5	51.9
12 Rental income of persons ²	13.4	15.7	7.9	11.8	9.8	5.4	4.8	8.9
13 Dividends	92.0	102.2	112.4	109.4	111.4	113.2	115.7	118.0
14 Personal interest income	523.2	571.1	657.4	629.0	655.1	667.8	677.7	684.4
15 Transfer payments	548.2	584.7	632.3	616.4	626.8	636.4	649.7	671.1
16 Old-age survivors, disability, and health insurance benefits	282.9	300.5	325.3	316.9	322.9	327.9	333.4	345.6
17 LESS: Personal contributions for social insurance	172.9	194.9	214.2	210.0	213.0	215.4	218.2	226.5
18 EQUALS: Personal income	3,777.6	4,064.5	4,427.3	4,317.8	4,400.3	4,455.9	4,535.3	4,634.7
19 LESS: Personal tax and nontax payments	571.7	586.6	648.5	628.3	652.6	649.1	664.1	673.5
20 EQUALS: Disposable personal income	3,205.9	3,477.8	3,778.8	3,689.5	3,747.7	3,806.8	3,871.3	3,961.2
21 LESS: Personal outlays	3,104.1	3,333.1	3,574.4	3,483.8	3,547.0	3,611.7	3,655.3	3,745.7
22 EQUALS: Personal saving	101.8	144.7	204.4	205.7	200.7	195.1	216.0	215.5
MEMO								
Per capita (1982 dollars)								
23 Gross national product	15,793.9	16,332.8	16,656.4	16,566.4	16,629.8	16,711.8	16,709.8	16,756.4
24 Personal consumption expenditures	10,302.0	10,545.5	10,729.9	10,653.5	10,678.9	10,799.3	10,783.4	10,823.1
25 Disposable personal income	10,970.0	11,337.0	11,680.0	11,625.0	11,622.0	11,717.0	11,755.0	11,780.0
26 Saving rate (percent)	3.2	4.2	5.4	5.6	5.4	5.1	5.6	5.4
GROSS SAVING								
27 Gross saving	553.8	642.4	701.7	693.5	695.8	709.9	707.7 ^a	n.a.
28 Gross private saving	663.8	738.6	806.2	792.1	793.7	809.7	829.4	n.a.
29 Personal saving	101.8	144.7	204.4	205.7	200.7	195.1	216.0	215.5
30 Undistributed corporate profits ¹	75.3	80.3	49.5	53.4	52.0	49.3	43.3	n.a.
31 Corporate inventory valuation adjustment	-18.9	-25.0	-18.7	-38.3	-20.5	-6.3	-9.7	-12.6
<i>Capital consumption allowances</i>								
32 Corporate	303.1	321.7	344.9	335.2	339.7	349.9	354.9	353.7
33 Noncorporate	183.6	191.9	207.4	197.8	201.3	215.3	215.2	208.3
34 Government surplus, or deficit (-), national income and product accounts	-110.1	-96.1	-104.5 ^a	-98.7	-97.9	-99.8	-121.8 ^a	n.a.
35 Federal	-161.4	-145.8	-148.5	-147.5	-145.4	-144.7	-156.5 ^a	n.a.
36 State and local	51.3	49.7	44.0	48.8	47.5	44.9	34.7	n.a.
37 Gross investment	549.0	632.8	677.3	669.3	677.5	684.3	677.8	671.5
38 Gross private domestic	699.9	750.3	773.4	769.6	775.0	779.1	770.1	761.4
39 Net foreign	-150.9	-117.5	-96.2	-100.3	-97.5	-94.8	-92.2	-90.0
40 Statistical discrepancy	-4.7	-9.6	-24.4	-24.1	-18.3	-25.5	-29.8 ^a	-29.8

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	1987	1988	1989	1988	1989			
				Q4	Q1	Q2	Q3	Q4 ²
1 Balance on current account	-143,700	-126,548	-105,879	-28,677	-30,391	-31,999	-22,909	-20,571
2 Not seasonally adjusted				-28,191	-25,994	-31,888	-27,854	-20,142
3 Merchandise trade balance ³	-159,500	-127,215	-113,248	-32,019	-28,355	-27,529	-28,558	-28,806
4 Merchandise exports	250,266	319,251	361,872	83,729	87,783	91,284	90,691	92,114
5 Merchandise imports	-409,766	-446,466	-475,120	-115,748	-116,138	-118,813	-119,249	-120,920
6 Military transactions, net	-2,856	-4,606	-5,662	-1,604	-1,498	-1,518	-1,175	-1,471
7 Investment income, net	71,151	61,974	76,170	21,329	15,459	13,417	21,360	25,934
8 Other service transactions, net	10,585	17,702	26,279	5,475	5,433	5,981	7,449	7,425
9 Remittances, pensions, and other transfers	-4,063	-4,279	-4,028	-1,090	-1,147	-972	-975	-935
10 U.S. government grants (excluding military)	-10,149	-10,377	-10,248	-3,928	-2,340	-1,857	-2,510	-3,541
11 Change in U.S. government assets, other than official reserve assets, net (increase, -)	997	2,999	1,037	3,413	1,049	-309	502	-206
12 Change in U.S. official reserve assets (increase, -)	9,149	-3,566	-25,293	2,271	-4,000	-12,095	-5,996	-3,202
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	-509	474	-535	173	-188	68	-211	-204
15 Reserve position in International Monetary Fund	2,070	1,025	471	307	316	-159	337	-23
16 Foreign currencies	7,588	-5,064	-25,229	1,791	-4,128	-12,004	-6,122	-2,975
17 Change in U.S. private assets abroad (increase, -)	-86,363	-81,544	-101,451	-38,332	-27,939	13,210	-39,228	-47,495
18 Bank-reported claims ⁴	-42,119	-54,481	-47,244	-30,916	-22,132	27,238	-20,700	-31,650
19 Nonbank-reported claims	5,201	-1,684	608	4,569	1,835	-2,954	1,727	
20 U.S. purchase of foreign securities, net	-5,251	-7,846	-22,551	-3,047	-2,568	-5,737	-10,392	-3,854
21 U.S. direct investments abroad, net	-44,194	-17,533	-32,264	-8,938	-5,074	-5,337	-9,863	-11,991
22 Change in foreign official assets in United States (increase, +)	45,193	38,882	7,369	10,589	7,477	-5,201	12,097	-7,005
23 U.S. Treasury securities	43,238	41,683	323	11,897	4,634	-9,738	12,746	-7,319
24 Other U.S. government obligations	1,564	1,309	1,383	697	721	-97	190	569
25 Other U.S. government liabilities ⁵	-2,520	-1,284	55	-232	-304	417	-385	326
26 Other U.S. liabilities reported by U.S. banks ⁵	3,918	-331	3,751	-1,036	1,974	3,620	-1,097	-746
27 Other foreign official assets ⁵	-1,007	-2,495	1,857	-737	452	597	643	165
28 Change in foreign private assets in United States (increase, +)	172,847	180,417	189,302	70,170	52,529	3,412	58,619	74,742
29 U.S. bank-reported liabilities	89,026	68,832	57,983	32,223	13,261	-21,422	25,177	40,967
30 U.S. nonbank-reported liabilities	2,450	6,558	313	2,702	2,852	-361	-2,178	
31 Foreign private purchases of U.S. Treasury securities, net	-7,643	20,144	29,411	5,336	8,590	2,252	12,714	5,855
32 Foreign purchases of other U.S. securities, net	42,120	26,448	40,334	6,871	8,665	9,676	10,470	11,523
33 Foreign direct investments in United States, net	46,894	58,435	61,261	23,038	19,161	13,267	12,436	16,397
34 Allocation of SDRs	0	0	0	0	0	0	0	0
35 Discrepancy	1,878	-10,641	34,914	-19,434	1,275	32,982	-3,085	3,737
36 Owing to seasonal adjustments				4,431	3,700	-2,825	-5,370	4,490
37 Statistical discrepancy in recorded data before seasonal adjustment	1,878	-10,641	34,914	-23,865	-2,425	35,807	2,285	-753
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, -)	9,149	-3,566	-25,293	2,271	-4,000	-12,095	-5,996	-3,202
39 Foreign official assets in United States (increase, +) excluding line 25	47,713	40,166	7,314	10,821	7,781	-5,618	12,482	-7,331
40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22 above)	-9,956	-3,109	10,680	672	7,143	433	4,515	-1,411
41 Transfers under military grant programs (excluded from lines 4, 6, and 10 above)	53	92	47	40	12	13	8	14

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 seasonally adjusted.

Item	1987	1988	1989	1989					1990	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb. ^p
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments, f.a.s. value.....	254,073	322,426	363,983	30,249	30,367	31,474	30,627	30,843	31,940	31,630
GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses										
2 Customs value.....	406,241	440,952	472,977	40,424	38,524	41,915	40,739	38,522	41,261	38,116
Trade balance										
3 Customs value.....	-152,169	-118,526	-108,994	-10,176	-8,157	-10,441	-10,112	-7,678	-9,321	-6,486

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" (Department of Commerce, Bureau of the Census).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1986	1987	1988	1989				1990		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar. ^p
1 Total	48,511	45,798	47,802	68,418	70,560	70,560	74,609	75,506	74,173	76,303
2 Gold stock, including Exchange Stabilization Fund ¹	11,064	11,078	11,057	11,065	11,062	11,060	11,059	11,059	11,059	11,060
3 Special drawing rights ^{2,3}	8,395	10,283	9,637	9,487	9,473	9,751	9,951	10,041	10,216	10,092
4 Reserve position in International Monetary Fund ⁴	11,730	11,349	9,745	8,786	8,722	9,047	9,048	9,173	8,985	8,727
5 Foreign currencies ⁴	17,322	13,088	17,363	39,080	41,552	42,702	44,551	45,233	43,913	46,424

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	1986	1987	1988	1989				1990		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar. ^p
1 Deposits	287	244	347	325	252	307	589	251	309	300
Assets held in custody										
2 U.S. Treasury securities ²	155,835	195,126	232,547	235,597	230,804	231,059	224,911	225,618	221,798	250,447
3 Earmarked gold ³	14,048	13,919	13,636	13,506	13,460	13,458	13,456	13,458	13,458	13,458

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	1986	1987	1988	1989					1990	
				Aug.	Sept. ^r	Oct. ^r	Nov.	Dec.	Jan. ^r	Feb.
All foreign countries										
1 Total, all currencies	456,628	518,618	505,595	522,489	520,038	532,912	548,074	545,366	549,368	554,072
2 Claims on United States	114,563	138,034	169,111	177,299	182,192	184,327	195,913	198,835	192,688	188,700
3 Parent bank	83,492	105,845	129,856	134,479	142,475	145,200	154,825	157,092	149,285	145,156
4 Other banks in United States	13,685	16,416	14,918	15,225	14,029	14,084	15,301	17,042	17,840	18,064
5 Nonbanks	17,386	15,773	24,337	27,595	25,688	25,043	25,787	24,701	25,563	25,480
6 Claims on foreigners	312,955	342,520	299,728	299,265	289,754	300,567	302,525	300,575	307,937	314,191
7 Other branches of parent bank	96,281	122,155	107,179	108,893	104,691	110,681	111,053	113,810	120,359	122,525
8 Banks	105,237	108,859	96,932	92,465	90,375	93,190	95,098	90,703	91,712	93,997
9 Public borrowers	23,706	21,832	17,163	16,636	16,222	16,720	16,148	16,456	15,392	15,405
10 Nonbank foreigners	87,731	89,674	78,454	81,251	78,466	79,976	80,226	79,606	80,474	82,264
11 Other assets	29,110	38,064	36,756	45,925	48,092	48,018	49,636	45,956	48,743	51,181
12 Total payable in U.S. dollars	317,487	350,107	357,573	369,287	359,950	369,737	380,282	382,414	374,984	375,210
13 Claims on United States	110,620	132,023	163,456	170,497	174,379	176,047	188,105	191,184	184,782	180,738
14 Parent bank	82,082	103,251	126,929	130,168	137,616	139,390	149,908	152,294	144,055	139,920
15 Other banks in United States	12,830	14,657	14,167	14,688	13,082	13,432	14,543	16,386	17,018	17,187
16 Nonbanks	15,708	14,115	22,360	25,641	23,681	23,225	23,654	22,504	23,709	23,631
17 Claims on foreigners	195,063	202,428	177,685	177,911	164,758	171,854	168,404	169,690	167,722	172,132
18 Other branches of parent bank	72,197	88,284	80,736	83,036	78,298	84,224	88,965	82,949	86,114	87,471
19 Banks	66,421	63,707	54,884	50,885	46,710	47,274	48,566	48,396	45,385	46,514
20 Public borrowers	16,708	14,730	12,131	11,774	11,646	11,579	11,446	10,961	10,332	10,529
21 Nonbank foreigners	39,737	35,707	29,934	32,216	28,104	28,777	28,407	27,384	25,891	27,618
22 Other assets	11,804	15,656	16,432	20,879	20,813	21,836	23,773	21,540	22,480	22,340
United Kingdom										
23 Total, all currencies	140,917	158,695	156,835	158,860	156,866	163,426	164,916	161,947	166,915	169,727
24 Claims on United States	24,599	32,518	40,089	41,914	39,837	42,246	44,661	39,212	41,208	40,161
25 Parent bank	19,085	27,350	34,243	38,031	36,182	39,104	40,848	35,847	37,292	36,311
26 Other banks in United States	1,612	1,259	1,123	1,112	1,130	1,036	1,199	1,058	1,441	1,365
27 Nonbanks	3,902	3,909	4,723	2,771	2,525	2,106	2,614	2,307	2,475	2,485
28 Claims on foreigners	109,508	115,700	106,388	102,231	101,855	106,183	105,349	107,657	109,837	110,911
29 Other branches of parent bank	33,422	39,903	35,625	32,392	32,619	35,249	35,064	37,728	37,701	38,410
30 Banks	39,468	36,735	36,765	36,073	37,011	37,881	36,317	36,159	37,668	36,488
31 Public borrowers	4,990	4,752	4,019	3,586	3,272	3,345	3,181	3,293	3,128	3,076
32 Nonbank foreigners	31,628	34,310	29,979	30,180	28,953	29,708	30,787	30,477	31,340	32,937
33 Other assets	6,810	10,477	10,358	14,715	15,174	14,997	14,906	15,078	15,870	18,655
34 Total payable in U.S. dollars	95,028	100,574	103,503	104,036	99,264	106,708	106,086	103,427	103,038	103,752
35 Claims on United States	23,193	30,439	38,012	39,135	36,859	39,534	41,504	36,404	38,261	37,006
36 Parent bank	18,526	26,304	33,252	36,375	34,672	37,570	39,304	34,329	35,731	34,462
37 Other banks in United States	1,475	1,044	964	1,007	882	786	861	843	1,118	1,036
38 Nonbanks	3,192	3,091	3,796	1,753	1,305	1,178	1,339	1,232	1,412	1,508
39 Claims on foreigners	68,138	64,560	60,472	57,706	55,637	59,552	56,872	59,062	56,939	58,763
40 Other branches of parent bank	26,361	28,635	28,474	25,368	25,982	28,363	26,961	29,872	28,655	30,224
41 Banks	23,251	19,188	18,494	18,298	17,536	18,200	16,884	16,579	16,399	15,984
42 Public borrowers	3,677	3,313	2,840	2,679	2,521	2,553	2,404	2,371	2,321	2,266
43 Nonbank foreigners	14,849	13,424	10,664	11,361	9,598	10,436	10,623	10,240	9,564	10,289
44 Other assets	3,697	5,575	5,019	7,195	6,768	7,622	7,710	7,961	7,838	7,983
Bahamas and Caymans										
45 Total, all currencies	142,592	160,321	170,639	165,401	164,684	164,836	172,762	176,006	167,385	164,908
46 Claims on United States	78,048	85,318	105,320	106,693	111,043	109,910	118,037	124,205	117,177	114,263
47 Parent bank	54,575	60,048	73,409	69,404	76,426	75,900	82,605	87,882	79,525	76,475
48 Other banks in United States	11,156	14,277	13,145	13,294	12,141	12,059	13,185	15,071	15,403	15,827
49 Nonbanks	12,317	10,993	18,766	23,995	22,476	21,951	22,247	21,252	22,249	21,961
50 Claims on foreigners	60,005	70,162	58,393	50,808	45,962	47,214	46,391	44,168	42,610	43,162
51 Other branches of parent bank	17,296	21,277	17,954	16,802	14,688	16,961	14,414	11,309	13,371	14,477
52 Banks	27,476	33,751	28,268	20,688	20,162	19,579	21,641	22,611	20,119	19,527
53 Public borrowers	7,051	7,428	5,830	5,407	5,435	5,289	5,340	5,217	4,764	4,753
54 Nonbank foreigners	8,182	7,706	6,341	7,911	5,677	5,385	4,996	5,031	4,356	4,405
55 Other assets	4,539	4,841	6,926	7,900	7,679	7,712	8,334	7,633	7,598	7,483
56 Total payable in U.S. dollars	136,813	151,434	163,518	160,821	160,274	159,643	167,182	170,780	160,832	159,484

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.

3.14—Continued

Liability account	1986	1987	1988	1989					1990	
				Aug.	Sept. ^r	Oct. ^r	Nov.	Dec.	Jan. ^r	Feb.
All foreign countries										
57 Total, all currencies	456,628	518,618	505,595	522,489	520,038	532,912	548,074	545,366	549,368	554,072
58 Negotiable CDs	31,629	30,929	28,511	29,524	26,680	26,776	26,555	23,500	23,510	23,620
59 To United States	152,465	161,390	185,577	177,542	182,899	183,484	190,149	197,239	178,636	181,164
60 Parent bank	83,394	87,606	114,720	110,917	120,853	123,281	128,799	138,803 ^r	117,908	120,414
61 Other banks in United States	15,646	20,355	14,737	13,269	12,866	11,333	10,811	11,704	11,850	11,990
62 Nonbanks	53,425	53,429	56,120	53,356	49,180	48,870	50,539	46,732 ^r	48,878	48,760
63 To foreigners	253,775	304,803	270,923	288,566	283,196	294,294	302,346	296,850	315,807	317,575
64 Other branches of parent bank	95,146	124,601	111,267	113,752	104,850	114,175	115,484	119,591	126,965	127,045
65 Banks	77,809	87,274	72,842	75,589	77,530	75,601	81,200	76,452	81,858	77,447
66 Official institutions	17,835	19,564	15,183	17,591	17,348	19,484	18,938	16,750	19,004	20,637
67 Nonbank foreigners	62,985	73,364	71,631	81,634	83,468	85,034	86,724	84,057	87,980	92,446
68 Other liabilities	18,759	21,496	20,584	26,857	27,263	28,358	29,024	27,777	31,415	31,713
69 Total payable in U.S. dollars	336,406	361,438	367,483	379,771	372,664	385,117	392,983	396,282	384,579	385,203
70 Negotiable CDs	28,466	26,768	24,045	25,483	22,927	22,260	22,539	19,619	18,512	18,783
71 To United States	144,483	148,442	173,190	166,041	171,948	172,305	179,927	187,286	167,754	169,669
72 Parent bank	79,305	81,783	107,150	103,396	113,845	116,308	122,910	132,954 ^r	111,734	113,934
73 Other banks in United States	14,609	18,951	13,468	11,964	11,688	10,129	9,512	10,519	10,560	10,684
74 Nonbanks	50,569	47,708	52,572	50,681	46,415	45,868	47,505	43,813 ^r	45,460	45,051
75 To foreigners	156,806	177,711	160,766	175,270	165,215	177,610	177,459	176,460	185,192	183,378
76 Other branches of parent bank	71,181	90,469	84,021	87,123	77,986	85,780	82,912	87,636	91,736	90,360
77 Banks	33,850	35,065	28,493	31,939	30,146	31,886	33,370	30,537	32,551	28,741
78 Official institutions	12,371	12,409	8,224	10,680	10,195	11,446	11,713	9,873	11,063	11,740
79 Nonbank foreigners	39,404	39,768	40,028	45,528	46,888	48,498	49,464	48,414	49,842	52,537
80 Other liabilities	6,651	8,517	9,482	12,977	12,574	12,942	13,058	12,917	13,121	13,373
United Kingdom										
81 Total, all currencies	140,917	158,695	156,835	158,860	156,866	163,426	164,916	161,947	166,915	169,727
82 Negotiable CDs	27,781	26,988	24,528	25,905	23,123	23,152	22,837	20,056	19,791	19,656
83 To United States	24,657	23,470	36,784	31,551	30,772	34,089	33,101	36,036	31,893	32,686
84 Parent bank	14,469	13,223	27,849	21,841	23,863	25,113	25,430	29,726	23,256	23,752
85 Other banks in United States	2,649	1,536	2,037	1,767	1,538	1,859	1,096	1,256	1,545	2,115
86 Nonbanks	7,539	8,711	6,898	7,943	5,371	7,117	6,575	5,054	7,092	6,819
87 To foreigners	79,498	98,689	86,026	88,661	90,862	93,508	96,509	92,307	99,720	101,565
88 Other branches of parent bank	25,036	33,078	26,812	24,326	24,766	26,931	26,656	27,397	29,216	28,074
89 Banks	30,877	34,290	30,609	30,790	31,242	30,531	33,016	29,780	33,568	32,110
90 Official institutions	6,836	11,015	7,873	8,868	8,877	10,255	9,724	8,551	9,368	10,758
91 Nonbank foreigners	16,749	20,306	20,732	24,677	25,977	25,791	27,113	26,579	27,568	30,623
92 Other liabilities	8,981	9,548	9,497	12,743	12,109	12,677	12,469	13,548	15,511	15,820
93 Total payable in U.S. dollars	99,707	102,550	105,907	106,915	103,724	110,980	109,116	108,178	106,676	106,416
94 Negotiable CDs	26,169	24,926	22,063	23,679	21,156	20,433	20,715	18,143	16,931	16,910
95 To United States	22,075	17,752	32,588	27,232	28,028	31,280	30,130	33,056	28,542	28,817
96 Parent bank	14,021	12,026	26,404	19,580	23,178	24,241	24,578	28,812	22,428	22,513
97 Other banks in United States	2,325	1,308	1,752	1,502	1,362	1,691	863	1,065	1,217	1,807
98 Nonbanks	5,729	4,418	4,432	6,150	3,488	5,348	4,689	3,179	4,897	4,497
99 To foreigners	48,138	55,919	47,083	49,913	48,451	52,809	52,135	50,517	54,574	53,751
100 Other branches of parent bank	17,951	22,334	18,561	17,060	16,672	18,925	16,845	18,384	19,660	18,556
101 Banks	15,203	15,580	13,407	13,578	12,245	13,077	13,587	12,244	14,701	11,920
102 Official institutions	4,934	7,530	4,348	5,825	5,532	6,606	6,735	5,454	5,649	6,717
103 Nonbank foreigners	10,050	10,475	10,767	13,450	14,002	14,201	14,948	14,435	14,564	16,558
104 Other liabilities	3,325	3,953	4,173	6,091	6,089	6,458	6,136	6,462	6,629	6,938
Bahamas and Caymans										
105 Total, all currencies	142,592	160,321	170,639	165,401	164,684	164,836	172,762	176,006	167,385	164,908
106 Negotiable CDs	847	885	953	691	669	669	671	678	681	671
107 To United States	106,081	113,950	122,332	113,179	117,611	114,701	121,021	124,859	114,829	113,137
108 Parent bank	49,481	53,239	62,894	58,765	64,859	66,292	70,107	75,579 ^r	65,786	64,532
109 Other banks in United States	11,715	17,224	11,494	10,076	10,026	8,088	8,438	8,883	8,677	8,198
110 Nonbanks	44,885	43,487	47,944	44,338	42,726	40,321	42,476	40,397 ^r	40,366	40,407
111 To foreigners	34,400	43,815	45,161	48,712	43,818	46,906	47,521	47,382	48,974	48,726
112 Other branches of parent bank	12,631	19,185	23,686	25,770	20,678	23,086	23,352	23,414	24,911	25,110
113 Banks	8,617	10,769	8,336	8,613	8,802	8,985	9,137	8,823	8,439	8,059
114 Official institutions	2,719	1,504	1,074	1,081	928	1,003	1,131	1,097	1,528	1,290
115 Nonbank foreigners	10,433	12,357	12,065	13,248	13,410	13,832	13,901	14,048	14,096	14,267
116 Other liabilities	1,264	1,671	2,193	2,819	2,586	2,560	3,549	3,087	2,901	2,374
117 Total payable in U.S. dollars	138,774	152,927	162,950	160,800	160,133	160,028	167,835	171,250	162,141	160,212

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1987	1988	1989					1990	
			Aug. ^f	Sept. ^f	Oct. ^f	Nov. ^f	Dec. ^f	Jan. ^f	Feb. ^f
1 Total ¹	259,556	299,782	317,785	315,703	315,632	315,051	308,275	305,024	299,523
<i>By type</i>									
2 Liabilities reported by banks in the United States ²	31,838	31,519	38,304	37,279	42,615	39,090	36,458	33,894	33,136
3 U.S. Treasury bills and certificates ³	88,829	103,722	88,325	86,350	81,466	82,474	76,985	76,157	73,099
U.S. Treasury bonds and notes									
4 Marketable	122,432	149,056	173,299	174,072	173,093	174,778	176,084	176,411	174,986
5 Nonmarketable ⁴	300	523	553	557	561	564	568	572	576
6 U.S. securities other than U.S. Treasury securities ⁵	16,157	14,962	17,304	17,445	17,897	18,145	18,180	17,990	17,726
<i>By area</i>									
7 Western Europe ¹	124,620	125,097	134,283	134,338	134,378	137,760	134,907	135,277	133,264
8 Canada	4,961	9,584	9,624	9,026	8,688	9,130	9,553	9,368	8,259
9 Latin America and Caribbean	8,328	10,099	7,991	9,516	10,003	9,892	8,808	7,926	8,308
10 Asia	116,098	145,608	157,269	154,549	154,130	149,745	147,038	143,967	140,919
11 Africa	1,402	1,369	810	867	910	1,019	994	834	1,020
12 Other countries ⁶	4,147	7,501	7,257	6,849	6,962	6,941	6,406	7,077	7,177

- 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	1986	1987	1988	1989			
				Mar. ^f	June ^f	Sept. ^f	Dec. ^f
1 Banks' own liabilities	29,702	55,438	74,980	76,668	69,213	72,782	66,598
2 Banks' own claims	26,180	51,271	68,983	73,050	62,874	70,929	65,306
3 Deposits	14,129	18,861	25,100	26,084	23,922	22,998	20,516
4 Other claims	12,052	32,410	43,884	46,966	38,952	47,931	44,790
5 Claims of banks' domestic customers ²	2,507	551	364	376	723	2,558	3,100

- 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	1987	1988	1989 ^a	1989					1990	
				Aug. ^c	Sept. ^c	Oct. ^c	Nov. ^c	Dec. ^c	Jan.	Feb. ^b
1 All foreigners.....	618,874	685,339	735,896	684,366	702,613	709,321	731,874	735,896	704,548	686,729
2 Banks' own liabilities.....	470,070	514,532	576,515	517,514	535,044	544,913	565,702	576,515	543,337	528,483
3 Demand deposits.....	22,383	21,863	21,722	19,429	21,467	20,955	21,315	21,722	19,858	20,973
4 Time deposits ²	148,374	152,164	170,472	156,233	157,424	162,531	166,044	170,472	160,807	157,617
5 Other ³	51,677	51,366	65,758	63,236	56,399	65,085	66,130	65,758	61,131	56,871
6 Own foreign offices ⁴	247,635	289,138	318,563	278,616	299,753	296,342	312,213	318,563	301,540	293,021
7 Banks' custody liabilities ⁵	148,804	170,807	159,380	166,852	167,570	164,409	166,172	159,380	161,211	158,246
8 U.S. Treasury bills and certificates ⁶	101,743	115,056	91,100	100,321	99,856	95,893	97,018	91,100	90,703	87,800
9 Other negotiable and readily transferable instruments ⁷	16,776	16,426	19,526	20,417	20,226	19,883	19,236	19,526	18,658	18,655
10 Other.....	30,285	39,325	48,754	46,114	47,487	48,633	49,918	48,754	51,851	51,791
11 Nonmonetary international and regional organizations⁸.....	4,464	3,224	4,772	4,418	4,409	5,833	5,905	4,772	4,728	3,970
12 Banks' own liabilities.....	2,702	2,527	3,156	3,402	2,811	3,797	4,587	3,156	3,129	2,423
13 Demand deposits.....	124	71	96	66	89	53	62	96	36	55
14 Time deposits ²	1,538	1,183	927	1,079	1,159	1,107	1,075	927	1,048	615
15 Other ³	1,040	1,272	2,133	2,257	1,555	2,638	3,449	2,133	2,044	1,753
16 Banks' custody liabilities ⁵	1,761	698	1,616	1,016	1,598	2,036	1,318	1,616	1,599	1,547
17 U.S. Treasury bills and certificates ⁶	265	57	197	107	84	568	321	197	102	160
18 Other negotiable and readily transferable instruments ⁷	1,497	641	1,417	909	1,479	1,454	996	1,417	1,497	1,387
19 Other.....	0	0	2	1	35	14	0	2	0	0
20 Official institutions⁹.....	120,667	135,241	113,443	126,629	123,629	124,081	121,563	113,443	110,051	106,235
21 Banks' own liabilities.....	28,703	27,109	31,070	33,339	32,469	37,538	34,119	31,070	30,347	29,946
22 Demand deposits.....	1,757	1,917	2,189	1,625	1,936	1,941	1,829	2,189	1,598	1,661
23 Time deposits ²	12,843	9,767	10,530	8,918	9,545	12,101	11,237	10,530	9,363	10,530
24 Other ³	14,103	15,425	18,351	22,796	20,989	23,496	21,053	18,351	19,385	17,755
25 Banks' custody liabilities ⁵	91,965	108,132	82,373	93,290	91,159	86,542	87,444	82,373	79,704	76,289
26 U.S. Treasury bills and certificates ⁶	88,829	103,722	76,985	88,325	86,350	81,466	82,474	76,985	76,157	73,099
27 Other negotiable and readily transferable instruments ⁷	2,990	4,130	5,028	4,767	4,620	4,774	4,845	5,028	3,459	2,892
28 Other.....	146	280	361	198	189	303	125	361	88	298
29 Banks¹⁰.....	414,280	459,523	514,395	458,722	480,989	483,498	507,346	514,395	491,426	475,331
30 Banks' own liabilities.....	371,665	409,501	453,880	401,765	420,212	421,805	444,491	453,880	427,057	411,842
31 Unaffiliated foreign banks.....	124,030	120,362	135,317	123,149	120,466	125,463	132,278	135,317	125,517	118,821
32 Demand deposits.....	10,898	9,948	10,339	9,234	10,701	9,885	10,736	10,339	9,601	10,352
33 Time deposits ²	79,717	80,189	92,278	80,754	80,935	83,983	87,444	92,278	81,570	76,340
34 Other ³	33,415	30,226	32,701	33,161	28,830	31,594	34,099	32,701	34,346	32,129
35 Own foreign offices ⁴	247,635	289,138	318,563	278,616	299,746	296,342	312,213	318,563	301,540	293,021
36 Banks' custody liabilities ⁵	42,615	50,022	60,514	56,957	60,777	61,693	62,855	60,514	64,369	63,488
37 U.S. Treasury bills and certificates ⁶	9,134	7,602	9,367	8,041	9,230	9,427	9,670	9,367	9,614	9,342
38 Other negotiable and readily transferable instruments ⁷	5,392	5,725	5,124	5,604	5,408	5,102	4,797	5,124	5,090	4,918
39 Other.....	28,089	36,694	46,023	43,311	46,138	47,165	48,388	46,023	49,665	49,229
40 Other foreigners.....	79,463	87,351	103,286	94,597	93,586	95,909	97,060	103,286	98,344	101,193
41 Banks' own liabilities.....	67,000	75,396	88,409	79,008	79,551	81,773	82,505	88,409	82,805	84,272
42 Demand deposits.....	9,604	9,928	9,098	8,504	8,741	9,077	8,689	9,098	8,623	8,906
43 Time deposits ²	54,277	61,025	66,738	65,482	65,784	65,338	66,288	66,738	68,826	70,132
44 Other ³	3,119	4,443	12,573	5,022	5,026	7,357	7,528	12,573	5,356	5,234
45 Banks' custody liabilities ⁵	12,463	11,956	14,877	15,589	14,035	14,137	14,555	14,877	15,539	16,922
46 U.S. Treasury bills and certificates ⁶	3,515	3,675	4,551	3,848	4,192	4,432	4,553	4,551	4,830	5,199
47 Other negotiable and readily transferable instruments ⁷	6,898	5,929	7,958	9,137	8,718	8,553	8,597	7,958	8,612	9,457
48 Other.....	2,050	2,351	2,368	2,604	1,125	1,152	1,405	2,368	2,098	2,265
49 MEMO: Negotiable time certificates of deposit in custody for foreigners.....	7,314	6,425	7,203	7,465	7,515	7,434	7,050	7,203	8,576	8,457

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 Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due to head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.

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	1987	1988	1989 ¹	1989					1990	
				Aug. ²	Sept. ²	Oct. ²	Nov. ²	Dec. ²	Jan.	Feb. ³
1 Total	618,874	685,339	735,896	684,366	702,613	709,321	731,874	735,896	704,548	686,729
2 Foreign countries	614,411	682,115	731,124	679,948	698,204	703,488	725,970	731,124	699,820	682,759
3 Europe	234,641	231,912	237,292	226,836	223,312	233,250	242,602	237,292	230,726	223,652
4 Austria	920	1,155	1,232	1,414	1,354	1,201	1,475	1,232	1,422	1,817
5 Belgium-Luxembourg	9,347	10,022	10,491	9,310	10,169	10,852	10,333	10,491	11,348	11,395
6 Denmark	760	2,200	1,410	2,053	1,378	1,444	1,913	1,410	1,240	1,244
7 Finland	377	285	570	461	519	464	577	570	685	611
8 France	29,835	24,777	26,893	24,956	23,137	23,971	26,018	26,893	22,985	21,840
9 Germany	7,022	6,772	7,578	7,624	8,404	8,757	9,145	7,578	7,580	8,599
10 Greece	689	672	1,017	834	803	850	1,030	1,017	1,092	1,024
11 Italy	12,073	14,599	16,159	14,624	14,567	14,244	14,673	16,159	13,064	11,978
12 Netherlands	5,014	5,014	6,613	5,326	5,221	5,634	7,259	6,613	7,718	8,218
13 Norway	1,362	1,559	2,401	1,456	1,701	1,344	1,954	2,401	1,256	997
14 Portugal	801	903	2,407	1,949	2,209	2,293	2,251	2,407	2,381	2,285
15 Spain	2,621	5,494	4,364	5,420	5,304	5,007	4,911	4,364	5,421	4,278
16 Sweden	1,379	1,284	1,491	2,005	1,682	1,491	1,665	1,921	1,491	1,468
17 Switzerland	33,766	34,199	34,511	29,157	29,218	29,765	31,714	34,511	33,693	33,174
18 Turkey	703	1,012	1,818	1,025	1,088	1,202	1,372	1,818	1,084	886
19 United Kingdom	116,852	111,811	102,334	103,800	102,055	106,371	108,914	102,334	101,928	99,287
20 Yugoslavia	710	529	1,474	693	774	858	1,474	1,344	1,349	1,401
21 Other Western Europe ¹	9,798	8,598	13,563	13,830	12,923	16,394	15,170	13,563	12,814	11,439
22 U.S.S.R.	32	138	350	202	244	338	286	350	229	377
23 Other Eastern Europe ²	582	591	618	697	564	597	669	618	1,138	1,335
24 Canada	30,095	21,062	18,861	17,058	18,016	16,744	18,245	18,861	19,243	21,611
25 Latin America and Caribbean	220,372	271,146	310,737	278,200	291,239	289,329	299,765	310,737	300,151	296,222
26 Argentina	5,006	7,804	7,294	8,121	8,552	8,178	7,294	7,368	7,520	7,250
27 Bahamas	74,767	86,863	99,341	90,341	90,850	93,246	96,386	99,341	95,223	94,162
28 Bermuda	2,344	2,621	2,869	2,267	2,182	2,525	2,628	2,869	2,539	2,245
29 Brazil	4,005	5,314	6,287	5,600	5,944	6,139	6,282	6,287	6,660	7,286
30 British West Indies	81,494	113,840	138,177	116,967	127,247	122,108	129,378	138,177	131,818	126,839
31 Chile	2,210	2,936	3,209	2,791	2,800	3,050	3,097	3,209	3,045	3,129
32 Colombia	4,204	4,374	4,652	4,486	4,317	5,006	4,805	4,652	4,395	4,593
33 Cuba	12	10	10	10	14	10	15	10	30	10
34 Ecuador	1,082	1,379	1,391	1,393	1,381	1,359	1,343	1,391	1,229	1,304
35 Guatemala	1,082	1,195	1,312	1,299	1,313	1,296	1,309	1,312	1,332	1,362
36 Jamaica	160	269	209	233	235	209	191	209	202	217
37 Mexico	14,480	15,185	15,398	14,449	15,608	15,285	15,012	15,398	14,767	15,743
38 Netherlands Antilles	4,975	6,420	6,300	6,100	6,090	5,973	6,287	6,300	6,189	6,520
39 Panama	7,414	4,353	4,361	4,590	4,610	4,579	4,537	4,361	4,569	4,746
40 Peru	1,275	1,671	1,982	1,807	1,852	1,924	1,944	1,982	1,921	1,968
41 Uruguay	1,582	1,898	2,283	2,143	2,362	2,235	2,335	2,283	2,418	2,399
42 Venezuela	9,048	9,147	9,466	9,459	9,579	9,855	9,609	9,466	9,841	9,628
43 Other	5,234	5,868	6,196	6,142	6,302	6,598	6,558	6,196	6,604	6,551
44 Asia	121,288	147,838	155,857	147,025	154,829	151,967	151,679	155,857	140,923	131,038
China										
45 Mainland	1,162	1,895	1,871	1,706	1,808	1,989	1,659	1,871	1,780	1,569
46 Taiwan	21,503	26,058	19,562	25,530	24,206	22,492	21,316	19,562	19,147	17,880
47 Hong Kong	10,180	12,248	12,245	12,393	12,404	12,209	12,111	12,245	11,653	10,957
48 India	582	699	780	960	881	842	990	780	907	772
49 Indonesia	1,404	1,180	1,279	1,057	1,045	1,147	1,303	1,279	1,057	1,161
50 Israel	1,292	1,461	1,243	1,058	1,058	1,237	1,096	1,243	1,038	909
51 Japan	54,322	74,015	80,991	71,513	79,527	74,039	75,368	80,991	70,065	64,896
52 Korea	1,637	2,541	3,213	3,086	3,227	3,288	3,528	3,213	2,616	2,559
53 Philippines	1,085	1,163	1,759	1,125	1,097	1,185	1,269	1,759	1,143	1,254
54 Thailand	1,345	1,236	2,093	1,793	1,445	1,707	1,909	2,093	2,379	2,493
55 Middle-East oil-exporting countries ⁴	13,988	12,083	13,362	12,560	13,057	13,485	13,610	13,362	13,258	12,546
56 Other	12,788	13,260	17,459	14,330	15,073	17,346	17,519	17,459	15,879	14,042
57 Africa	3,945	3,991	3,819	3,293	3,561	3,507	3,767	3,819	4,292	4,920
58 Egypt	1,151	911	685	555	578	581	637	685	640	721
59 Morocco	194	68	78	73	97	72	76	78	86	95
60 South Africa	202	437	205	203	249	222	293	205	255	261
61 Zaire	67	85	86	87	81	71	60	86	82	77
62 Oil-exporting countries ⁴	1,014	1,017	1,120	900	1,038	1,048	1,120	1,120	1,695	2,259
63 Other	1,316	1,474	1,644	1,475	1,518	1,513	1,581	1,644	1,535	1,507
64 Other countries	4,070	6,165	4,558	7,537	7,248	8,690	9,912	4,558	4,485	5,317
65 Australia	3,327	5,293	3,866	6,742	6,540	8,072	9,141	3,866	3,806	4,597
66 All other	744	872	692	794	708	618	771	692	679	719
67 Nonmonetary international and regional organizations	4,464	3,224	4,772	4,418	4,409	5,833	5,905	4,772	4,728	3,970
68 International ⁵	2,830	2,503	3,825	3,084	2,855	4,515	4,768	3,825	3,656	2,969
69 Latin American regional	1,272	589	684	690	1,201	919	586	684	857	655
70 Other regional ⁶	362	133	263	644	353	400	551	263	214	346

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 dollars" 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	1987	1988	1989	1989					1990	
				Aug.	Sept. ^f	Oct. ^f	Nov. ^f	Dec. ^f	Jan.	Feb. ^g
1 Total	459,877	491,165	535,706 ^e	489,466 ^e	500,211	515,422	535,459	535,706	514,796	501,713
2 Foreign countries	456,472	489,094	532,055 ^e	486,300 ^e	497,264	512,771	532,471	532,055	510,494	498,200
3 Europe	102,348	116,928	118,956 ^e	107,258 ^e	111,860	113,288	111,987	118,956	105,614	104,466
4 Austria	793	483	415	544 ^e	475	575	559	415	658	429
5 Belgium-Luxembourg	9,397	8,515	6,478	7,498 ^e	7,391	7,497	6,606	6,478	6,645	6,995
6 Denmark	717	483	582	808 ^e	557	513	609	582	664	641
7 Finland	1,010	1,065	1,027	1,401	1,233	1,707	1,129	1,027	1,214	1,218
8 France	13,548	13,243	16,146	16,415	16,249	16,391	16,055	16,146	15,832	16,366
9 Germany	2,039	2,329	2,865	3,316	3,466	3,371	2,657	2,865	1,990	2,464
10 Greece	462	433	788	624	634	650	700	788	735	773
11 Italy	7,460	7,936	6,662	5,390 ^e	5,938	5,472	5,718	6,662	4,974	5,431
12 Netherlands	2,619	2,541	1,904	1,441 ^f	1,991	1,886	2,259	1,904	1,656	1,567
13 Norway	934	455	609	665	644	647	635	609	599	672
14 Portugal	477	261	376	264	252	258	275	376	309	288
15 Spain	1,853	1,823	1,930	1,738	1,684	1,733	1,840	1,930	2,766	2,038
16 Sweden	2,254	1,977	1,773 ^f	2,046	2,286	2,087	2,555	1,773	2,718	2,158
17 Switzerland	2,718	3,895	6,141 ^f	4,479	5,018	4,522	4,940	6,141	4,797	4,911
18 Turkey	1,233	1,233	1,049	960	1,028	1,021	1,044	1,049	1,074	1,073
19 United Kingdom	50,823	65,706	65,426 ^e	54,806 ^e	57,996	59,838	59,919	65,426	54,525	52,215
20 Yugoslavia	1,700	1,390	1,329	1,346	1,338	1,373	1,281	1,329	1,243	1,158
21 Other Western Europe ²	619	1,152	1,302	1,247	1,312	1,504	1,245	1,302	1,133	1,471
22 U.S.S.R.	389	1,255	1,234	1,451 ^f	1,569	1,448	1,075	1,234	1,204	1,322
23 Other Eastern Europe ¹	852	754	921	819	799	794	883	921	879	1,277
24 Canada	25,368	18,889	16,087	15,077 ^f	14,791	13,800	16,177	16,087	18,335	18,482
25 Latin America and Caribbean	214,789	214,264	231,540 ^e	216,733 ^e	220,832	221,040	232,878	231,540	225,559	221,049
26 Argentina	11,996	11,826	9,444	10,730	10,460	10,444	10,274	9,444	9,116	8,736
27 Bahamas	64,587	66,954	78,656 ^e	68,032 ^e	70,845	71,379	78,487	78,656	74,274	72,574
28 Bermuda	471	483	1,315	522	1,104	804	841	1,315	494	394
29 Brazil	25,897	25,735	23,888	25,597	25,002	25,075	24,418	23,888	23,649	23,235
30 British West Indies	50,042	55,888	68,572 ^e	62,165 ^f	64,416	63,840	69,450	68,572	70,813	70,064
31 Chile	6,308	5,217	4,353	4,803	4,707	4,601	4,474	4,353	4,214	4,219
32 Colombia	2,740	2,944	2,781 ^f	2,504	2,477	2,800	2,784	2,781	2,532	2,604
33 Cuba	1	1	1	1	1	1	1	1	0	0
34 Ecuador	2,286	2,075	1,698	1,918	1,905	1,864	1,858	1,698	1,594	1,570
35 Guatemala ⁴	144	198	197	203	196	188	190	197	213	200
36 Jamaica ⁴	188	212	297	272	282	270	260	297	284	275
37 Mexico	29,532	24,637	23,563	23,169	22,813	22,751	23,292	23,563	22,194	21,447
38 Netherlands Antilles	980	1,306	1,921 ^f	1,090 ^f	1,175	1,201	1,099	1,921	1,763	1,707
39 Panama	4,744	2,521	1,740 ^f	2,031 ^f	1,829	1,834	1,792	1,740	1,748	1,697
40 Peru	1,329	1,013	771	870	823	849	836	771	750	752
41 Uruguay	963	910	928	866	899	903	915	928	932	935
42 Venezuela	10,843	10,733	9,688	10,024	10,061	10,269	10,119	9,688	9,306	8,959
43 Other Latin America and Caribbean	1,738	1,612	1,726	1,936	1,838	1,965	1,787	1,726	1,682	1,680
44 Asia	106,096	130,881	157,187 ^e	137,688 ^e	139,909	153,744	158,766	157,187	151,949	144,173
45 China										
46 Mainland	968	762	634	576 ^e	616	594	610	634	625	628
47 Taiwan	4,592	4,184	2,776 ^e	3,380 ^e	3,358	2,858	2,702	2,776	2,137	1,838
48 Hong Kong	8,218	10,143	11,103 ^e	8,795 ^e	10,353	10,047	10,442	11,103	7,679	6,537
49 India	510	560	621	549 ^e	638	617	637	621	625	893
50 Indonesia	580	674	651	614	615	685	655	651	641	611
51 Israel	1,363	1,136	813	911	859	1,185	758	813	948	751
52 Japan	68,658	90,149	111,066 ^e	96,099 ^e	96,876	110,425	114,498	111,066	113,127	108,257
53 Korea	5,148	5,213	5,296 ^e	6,008 ^e	5,694	5,713	5,838	5,296	5,156	4,879
54 Philippines	2,071	1,876	1,344	1,543	1,617	1,549	1,498	1,344	1,307	1,173
55 Thailand	496	848	1,140 ^f	1,106 ^f	1,191	1,046	1,064	1,140	1,171	1,046
56 Middle East oil-exporting countries ⁵	4,858	6,213	10,149	8,887 ^e	8,589	8,357	8,675	10,149	8,655	9,217
57 Other Asia	8,635	9,122	11,594 ^e	9,221	9,502	10,669	11,387	11,594	9,879	8,344
58 Africa	4,742	5,718	5,931 ^e	6,032	6,029	5,771	5,914	5,931	6,647	7,302
59 Egypt	521	507	502	494	501	475	471	502	470	492
60 Morocco	542	511	559	535	524	538	547	559	575	588
61 South Africa	1,507	1,681	1,628	1,713	1,709	1,679	1,686	1,628	1,619	1,625
62 Zaire	15	17	16	16	20	15	16	16	16	17
63 Oil-exporting countries ⁶	1,003	1,523	1,689	1,608	1,629	1,554	1,641	1,689	1,708	3,088
64 Other	1,153	1,479	1,537 ^e	1,666	1,647	1,510	1,553	1,537	2,260	1,491
65 Other countries	3,129	2,413	2,354 ^f	3,513 ^f	3,842	5,129	6,750	2,354	2,390	2,728
66 Australia	2,100	1,520	1,781 ^f	2,500 ^f	3,077	4,301	6,174	1,781	1,761	1,824
67 All other	1,029	894	573 ^f	1,013	765	828	576	573	629	903
67 Nonmonetary international and regional organizations ⁷	3,404	2,071	3,651 ^f	3,166 ^f	2,947	2,651	2,987	3,651	4,302	3,513

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	1987	1988	1989 ^r	1989					1990	
				Aug. ^r	Sept. ^r	Oct. ^r	Nov. ^r	Dec. ^r	Jan.	Feb. ^p
1 Total	497,635	538,689	589,721	.....	552,350	.....	.....	589,721	.....	.....
2 Banks' own claims on foreigners.....	459,877	491,165	535,706	489,466	500,211	515,422	535,459	535,706	514,796	501,713
3 Foreign public borrowers.....	64,605	62,658	60,523	63,317	62,093	63,398	62,488	60,523	59,213	56,718
4 Own foreign offices ^s	224,727	257,436	297,184	253,006	266,637	277,330	297,592	297,184	292,451	286,314
5 Unaffiliated foreign banks.....	127,609	129,425	134,842	132,245	130,925	131,133	133,803	134,842	123,788	120,217
6 Deposits.....	60,687	65,898	77,900	72,728	72,605	72,220	75,629	77,900	69,695	67,226
7 Other.....	66,922	63,527	56,942	59,516	58,319	58,913	58,174	56,942	54,094	52,990
8 All other foreigners.....	42,936	41,646	43,158	40,899	40,556	43,562	41,577	43,158	39,343	38,465
9 Claims of banks' domestic customers ³	37,758	47,524	54,014	.....	52,139	.....	.....	54,014	.....	.....
10 Deposits.....	3,692	8,289	14,916	.....	11,253	.....	.....	14,916	.....	.....
11 Negotiable and readily transferable instruments ⁴	26,696	25,700	24,507	.....	24,277	.....	.....	24,507	.....	.....
12 Outstanding collections and other claims.....	7,370	13,535	14,591	.....	16,609	.....	.....	14,591	.....	.....
13 MEMO: Customer liability on acceptances.....	23,107	19,596	12,806	.....	13,119	.....	.....	12,806	.....	.....
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States ⁵	40,909	45,568	45,592	50,111	47,292	45,742	47,288	45,592	44,081	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	1986	1987	1988	1989			
				Mar. ^r	June ^r	Sept. ^r	Dec.
1 Total	232,295	235,130	233,184	231,600	231,606	236,265	238,707
<i>By borrower</i>							
2 Maturity of 1 year or less ²	160,555	163,997	172,634	168,527	167,663	169,192	178,136
3 Foreign public borrowers.....	24,842	25,889	26,562	24,499	24,295	24,054	23,940
4 All other foreigners.....	135,714	138,108	146,071	144,028	143,368	145,138	154,196
5 Maturity over 1 year ²	71,740	71,133	60,550	63,073	63,944	67,072	60,571
6 Foreign public borrowers.....	39,103	38,625	35,291	38,430	38,605	41,806	36,153
7 All other foreigners.....	32,637	32,507	25,259	24,643	25,339	25,266	24,418
<i>By area</i>							
8 Maturity of 1 year or less ²							
9 Europe.....	61,784	59,027	55,909	57,697	58,260	53,030	53,584
10 Canada.....	5,895	5,680	6,282	5,119	5,693	6,236	5,901
11 Latin America and Caribbean.....	56,271	56,535	57,991	53,255	50,527	52,320	53,368
12 Asia.....	29,457	35,919	46,224	45,703	45,448	50,358	57,692
13 Africa.....	2,882	2,833	3,337	3,610	3,601	3,514	3,263
14 All other ³	4,267	4,003	2,891	3,143	4,134	3,735	4,329
15 Maturity of over 1 year ²							
16 Europe.....	6,737	6,696	4,666	4,503	4,554	8,746	4,769
17 Canada.....	1,925	2,661	1,922	2,309	2,592	2,459	2,328
18 Latin America and Caribbean.....	56,719	53,817	47,547	49,790	50,095	48,586	45,973
19 Asia.....	4,043	3,830	3,613	3,699	3,823	4,223	4,139
20 Africa.....	1,539	1,747	2,301	2,292	2,408	2,475	2,678
21 All other ³	777	2,381	501	480	472	584	684

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	1985	1986	1987	1988				1989				
			Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	
1 Total	389.1	386.5	382.4	370.9	351.9	354.0	346.3	345.3	339.2	345.0 ⁷	339.9 ⁷	
2 G-10 countries and Switzerland	147.0	156.6	159.7	156.3	150.7	148.7	152.7	145.1	144.7	145.9 ⁷	152.9	
3 Belgium-Luxembourg	9.4	8.4	10.0	9.1	9.2	9.5	9.0	8.6	7.8	6.9	6.3	
4 France	12.3	13.6	13.7	11.8	10.9	10.3	10.5	11.2	10.8	11.1	11.7	
5 Germany	10.5	11.6	12.6	11.8	10.6	9.2	10.3	10.2	10.6	10.4	10.5	
6 Italy	9.7	9.0	7.5	7.4	6.3	5.6	6.8	5.2	6.1	6.8	7.4	
7 Netherlands	3.8	4.6	4.1	3.3	3.2	2.9	2.7	2.8	2.8	2.4	3.1	
8 Sweden	2.8	2.4	2.1	2.1	1.9	1.9	1.8	2.3	1.8	2.0	2.0	
9 Switzerland	4.4	5.8	5.6	5.1	5.6	5.2	5.4	5.1	5.4	6.1	7.1	
10 United Kingdom	63.3	70.9	68.8	71.7	70.4	67.6	66.2	65.3	64.2	63.5 ⁷	66.8	
11 Canada	6.8	5.2	5.5	4.7	5.3	4.9	5.0	4.0	5.1	5.9	6.1	
12 Japan	24.1	25.1	29.8	29.2	27.3	31.6	34.9	30.4	30.1	30.8	31.9	
13 Other developed countries	30.3	26.1	26.4	26.4	24.0	23.0	21.0	21.0	21.1	20.9	20.7	
14 Austria	1.6	1.7	1.9	1.6	1.6	1.6	1.5	1.4	1.7	1.5	1.7	
15 Denmark	2.4	1.7	1.7	1.4	1.1	1.2	1.1	1.1	1.4	1.1	1.1	
16 Finland	1.6	1.4	1.2	1.0	1.2	1.3	1.1	1.0	1.0	1.1	1.0	
17 Greece	2.6	2.3	2.0	2.3	2.1	2.1	1.8	2.1	2.3	2.3	2.5	
18 Norway	2.9	2.4	2.2	1.9	1.9	2.0	1.8	1.6	1.8	1.4	1.4	
19 Portugal	1.3	.9	.6	.5	.4	.4	.4	.4	.6	.4	.4	
20 Spain	5.8	5.8	8.0	8.9	7.2	6.3	6.2	6.6	6.2	6.9	7.1	
21 Turkey	2.0	2.0	2.0	2.0	1.8	1.6	1.5	1.3	1.1	1.1	1.2	
22 Other Western Europe	2.0	1.5	1.6	1.9	1.7	1.9	1.3	1.1	1.1	1.0	.7	
23 South Africa	3.2	3.0	2.9	2.8	2.8	2.7	2.4	2.2	2.1	2.1	2.0	
24 Australia	5.0	3.4	2.4	2.0	2.2	1.8	1.8	2.4	1.9	2.1	1.4	
25 OPEC countries ³	21.5	19.4	17.4	17.6	17.0	17.9	16.6	16.2	16.0	16.2	17.2	
26 Ecuador	2.1	2.2	1.9	1.9	1.8	1.8	1.7	1.6	1.5	1.5	1.3	
27 Venezuela	9.0	8.7	8.1	8.1	8.0	7.9	7.9	7.9	7.5	7.3	7.1	
28 Indonesia	3.0	2.5	1.9	1.8	1.8	1.8	1.7	1.7	1.9	2.0	2.0	
29 Middle East countries	5.4	4.3	3.6	3.9	3.5	4.6	3.4	3.3	3.4	3.5	5.0	
30 African countries	2.0	1.8	1.9	1.9	1.9	1.9	1.9	1.7	1.6	1.9	1.8	
31 Non-OPEC developing countries	105.0	99.6	97.8	94.4	91.8	87.2	85.3	85.4	83.1	80.8	78.0	
<i>Latin America</i>												
32 Argentina	8.9	9.5	9.5	9.6	9.5	9.3	9.0	8.4	7.9	7.6	6.4	
33 Brazil	25.5	25.3	24.7	23.8	23.7	22.4	22.4	22.7	22.0	20.8	19.1	
34 Chile	7.0	7.1	6.9	6.6	6.4	6.3	5.6	5.7	5.1	4.9	4.6	
35 Colombia	2.6	2.1	2.0	2.0	2.2	2.1	2.1	1.9	1.7	1.6	1.8	
36 Mexico	24.3	24.0	23.5	22.4	21.1	20.4	18.8	18.0	17.5	17.0	17.8	
37 Peru	1.8	1.4	1.1	1.1	.9	.8	.8	.7	.6	.6	.6	
38 Other Latin America	3.5	3.1	2.8	2.8	2.6	2.5	2.6	2.7	2.6	2.9	2.8	
<i>Asia</i>												
39 China												
39 Mainland	.5	.4	.3	.4	.4	.2	.3	.5	.3	.3	.3	
40 Taiwan	4.5	4.9	8.2	6.1	4.9	3.2	3.7	4.9	5.2	5.0	4.5	
41 India	1.2	1.2	1.9	2.1	2.3	2.0	2.1	2.6	2.4	2.7	3.1	
42 Israel	1.6	1.5	1.0	1.0	1.0	1.0	1.2	.9	.8	.7	.7	
43 Korea (South)	9.3	6.7	5.0	5.7	5.9	6.0	6.1	6.1	6.6	6.5	5.9	
44 Malaysia	2.4	2.1	1.5	1.5	1.5	1.7	1.6	1.7	1.6	1.7	1.7	
45 Philippines	5.7	5.4	5.2	5.1	4.9	4.7	4.5	4.4	4.4	4.0	4.1	
46 Thailand	1.4	.9	.7	1.0	1.1	1.2	1.1	1.0	1.0	1.3	1.3	
47 Other Asia	1.0	.7	.7	.7	.8	.8	.9	.8	.8	1.0	1.0	
<i>Africa</i>												
48 Egypt	1.0	.7	.6	.5	.6	.5	.4	.5	.6	.5	.4	
49 Morocco	.9	.9	.9	.9	.9	.8	.9	.9	.9	.8	.9	
50 Zaire	.1	.1	.0	.1	.1	.0	.0	.0	.0	.0	.0	
51 Other Africa ⁴	1.9	1.6	1.3	1.2	1.2	1.2	1.1	1.1	1.1	1.0	1.0	
52 Eastern Europe	4.4	3.5	3.2	3.1	3.3	3.1	3.6	3.5	3.4	3.5	3.5	
53 U.S.S.R.	.1	.1	.3	.3	.4	.4	.7	.7	.6	.8	.7	
54 Yugoslavia	2.4	2.0	1.8	1.9	1.9	1.8	1.8	1.7	1.7	1.7	1.5	
55 Other	1.9	1.4	1.1	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.2	
56 Offshore banking centers	64.0	61.5	54.5	51.5	43.0	47.3	44.2	48.5	43.1	48.9 ⁷	37.4 ⁷	
57 Bahamas	21.5	22.4	17.3	15.9	8.9	12.9	11.0	15.8	11.0	11.1 ⁷	5.8 ⁷	
58 Bermuda	.7	.6	.6	.8	1.0	.9	.9	1.1	.7	1.3	1.7	
59 Cayman Islands and other British West Indies	12.2	12.3	13.5	11.6	10.3	11.9	12.9	12.0	10.8	15.3 ⁷	9.4	
60 Netherlands Antilles	2.2	1.8	1.2	1.3	1.2	1.2	1.0	.9	1.0 ⁷	1.1 ⁷	2.3 ⁷	
61 Panama	6.0	4.0	3.7	3.2	3.0	2.6	2.5	2.2	1.9	1.5	1.4	
62 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	
63 Hong Kong	11.5	11.1	11.2	11.3	11.6	10.5	9.6	9.6	10.4	10.7	9.6	
64 Singapore	9.8	9.2	7.0	7.4	6.9	7.0	6.1	6.8	7.3	7.8	7.0	
65 Others ⁶	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	
66 Miscellaneous and unallocated ⁷	16.9	19.8	23.2	21.5	22.2	26.7	22.6	25.1	27.4	28.5 ⁷	30.1	

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	1986	1987	1988	1988		1989			
				Sept.	Dec.	Mar.	June	Sept.	Dec. ²
1 Total	25,587	28,302	33,989	32,614 ^f	33,989 ^f	37,646 ^f	37,371 ^f	35,263 ^f	39,689
2 Payable in dollars	21,749	22,785	28,382	27,365 ^f	28,382 ^f	31,856 ^f	32,298 ^f	30,425 ^f	34,851
3 Payable in foreign currencies	3,838	5,517	5,606	5,249 ^f	5,606 ^f	5,790	5,073	4,838	4,838
<i>By type</i>									
4 Financial liabilities	12,133	12,424	15,480	15,314 ^f	15,480 ^f	17,738 ^f	17,324 ^f	16,256 ^f	17,409
5 Payable in dollars	9,609	8,643	11,593	11,700 ^f	11,593 ^f	13,658 ^f	13,465 ^f	12,428 ^f	13,516
6 Payable in foreign currencies	2,524	3,781	3,888	3,614 ^f	3,888 ^f	4,080	3,860	3,829	3,893
7 Commercial liabilities	13,454	15,878	18,508	17,299 ^f	18,508 ^f	19,908	20,047	19,006	22,280
8 Trade payables	6,450	7,305	6,458	6,455 ^f	6,458 ^f	7,009	6,339	6,416	9,603
9 Advance receipts and other liabilities	7,004	8,573	12,050	10,844 ^f	12,050 ^f	12,899	13,708	12,590	12,676
10 Payable in dollars	12,140	14,142	16,790	15,665 ^f	16,790 ^f	18,197	18,834	17,997	21,335
11 Payable in foreign currencies	1,314	1,737	1,719	1,635	1,719 ^f	1,711	1,213	1,009	944
<i>By area or country</i>									
Financial liabilities									
12 Europe	7,917	8,320	10,268	10,732 ^f	10,268 ^f	12,731 ^f	11,479 ^f	10,362 ^f	10,583
13 Belgium-Luxembourg	270	213	289	339	289	320	357	308	340
14 France	661	382	344	372	344 ^f	249	278 ^f	262	243
15 Germany	368	551	749	690	749	741	838	809 ^f	734
16 Netherlands	542	866	879	996	879	933	834	853	946
17 Switzerland	646	558	1,183	707 ^f	1,183 ^f	954	978 ^f	839	578
18 United Kingdom	5,140	5,557	6,658	7,459 ^f	6,658 ^f	9,341 ^f	8,014 ^f	7,075 ^f	7,481
19 Canada	399	360	663	431	663 ^f	616	544	599	583
20 Latin America and Caribbean	1,944	1,189	1,239	1,057	1,239	677	1,216	1,315	1,226
21 Bahamas	614	318	184	238	184	189	165	186	157
22 Bermuda	4	0	0	0	0	0	0	0	17
23 Brazil	32	25	0	0	0	0	0	0	0
24 British West Indies	1,146	778	645	812	645	471	621	698	594
25 Mexico	22	13	1	2	1	15	17	4	6
26 Venezuela	0	0	0	0	0	0	0	0	0
27 Asia	1,805	2,451	3,306	3,088	3,306 ^f	3,708 ^f	3,985 ^f	3,878	4,916
28 Japan	1,398	2,042	2,563	2,435	2,563	2,950	3,225 ^f	3,130	4,064
29 Middle East oil-exporting countries ²	8	8	3	4	3	1	12	2	2
30 Africa	1	4	1	3	1	5	3	4	2
31 Oil-exporting countries ³	1	1	0	1	0	3	2	2	0
32 All other ⁴	67	100	2	3	2	2	97	97	100
Commercial liabilities									
33 Europe	4,446	5,516	7,344	6,681 ^f	7,344 ^f	7,944	7,865	7,985	9,484
34 Belgium-Luxembourg	101	132	170	206	170	134	117	138	172
35 France	352	426	455	432 ^f	455 ^f	579	549	767	901
36 Germany	715	909	1,699	1,185	1,699	1,372	1,190	1,196	1,576
37 Netherlands	424	423	591	647	591	670	689	549	709
38 Switzerland	385	559	417	486	417	458	458	416	622
39 United Kingdom	1,341	1,599	2,065	2,110	2,065 ^f	2,585	2,709	2,729	2,827
40 Canada	1,405	1,301	1,217	1,091 ^f	1,217 ^f	1,163	1,132	1,191	2,711
41 Latin America and Caribbean	924	864	1,118	997	1,118	1,267	1,669	1,092	1,130
42 Bahamas	32	18	49	19	49	35	34	27	41
43 Bermuda	156	168	286	222	286	426	388	305	308
44 Brazil	61	46	95	58	95	103	541	113	100
45 British West Indies	49	19	34	30	34	31	42	30	27
46 Mexico	217	189	179	177	179	198	182	191	245
47 Venezuela	216	162	177	204	177	179	185	140	154
48 Asia	5,080	6,565	6,923	6,637 ^f	6,923 ^f	7,329	6,970	7,018	7,085
49 Japan	2,042	2,578	3,097	2,763	3,097 ^f	3,059	2,712	2,649	2,732
50 Middle East oil-exporting countries ^{2,5}	1,679	1,964	1,386	1,298	1,386	1,526	1,431	1,406	1,347
51 Africa	619	574	578	477	578	706	768	643	838
52 Oil-exporting countries ³	197	135	202	106	202	272	253	246	300
53 All other ⁴	980	1,057	1,328	1,415	1,328	1,499	1,643	1,078	1,031

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	1986	1987 ²	1988	1988		1989				
				Sept.	Dec. ³	Mar. ⁴	June ⁴	Sept.	Dec. ⁴	
1 Total	36,265	30,964	33,816	38,691 ⁴	33,816	31,964	34,348	32,474	32,428	
2 Payable in dollars	33,867	28,502	31,481	36,179 ⁴	31,481	29,650	32,232	30,261	30,098	
3 Payable in foreign currencies	2,399	2,462	2,335	2,512 ⁴	2,335	2,315	2,115	2,212	2,330	
<i>By type</i>										
4 Financial claims	26,273	20,363	21,882	27,597 ⁴	21,882	20,045	22,051	19,644	18,145	
5 Deposits	19,916	14,894	15,887	19,367 ⁴	15,887	14,865	16,986	12,985	11,571	
6 Payable in dollars	19,331	13,765	14,788	18,340 ⁴	14,788	13,950	16,065	12,120	10,645	
7 Payable in foreign currencies	585	1,128	1,099	1,027 ⁴	1,099	914	921	865	926	
8 Other financial claims	6,357	5,470	5,996	8,230 ⁴	5,996	5,181	5,065	6,659	6,574	
9 Payable in dollars	5,005	4,656	5,265	7,288 ⁴	5,265	4,287	4,349	5,795	5,777	
10 Payable in foreign currencies	1,352	814	731	943 ⁴	731	893	716	864	798	
11 Commercial claims	9,992	10,600	11,933	11,094 ⁴	11,933	11,919	12,297	12,830	14,283	
12 Trade receivables	8,783	9,535	10,859	10,097 ⁴	10,859	10,658	10,866	11,401	12,726	
13 Advance payments and other claims	1,209	1,065	1,074	998 ⁴	1,074	1,261	1,430	1,429	1,557	
14 Payable in dollars	9,530	10,081	11,428	10,552 ⁴	11,428	11,412	11,818	12,347	13,676	
15 Payable in foreign currencies	462	519	505	543	505	507	479	483	607	
<i>By area or country</i>										
<i>Financial claims</i>										
16 Europe	10,744	9,531	10,296	10,975 ⁴	10,296	9,245	8,845	8,005	7,588	
17 Belgium-Luxembourg	41	7	18	57 ⁴	18	22	161	166	13	
18 France	138	332	226	280 ⁴	226	233	198	209	181	
19 Germany	116	102	138	123	138	180	218	147	194	
20 Netherlands	151	350	348	363 ⁴	348	384	297	292	303	
21 Switzerland	185	65	217	84	217	260	71	113	92	
22 United Kingdom	9,855	8,467	8,997	9,742 ⁴	8,997	7,856	7,587	6,819	6,543	
23 Canada	4,808	2,844	2,339	3,612	2,339	2,210	2,617	2,428	1,923	
24 Latin America and Caribbean	9,291	7,012	8,142	11,862	8,142	7,498	9,361	8,309	7,482	
25 Bahamas	2,628	1,994	1,857	4,069	1,857	2,172	1,891	1,707	1,513	
26 Bermuda	6	7	19	188	19	25	125	33	7	
27 Brazil	86	63	47	44	47	49	78	70	234	
28 British West Indies	6,078	4,433	5,733	7,098	5,733	4,832	6,858	6,111	5,317	
29 Mexico	174	172	151	133	151	117	114	105	94	
30 Venezuela	21	19	21	27	21	25	31	36	20	
31 Asia	1,317	879	830	1,027	830	951	1,109	801	829	
32 Japan	999	605	561	737	561	627	640	440	440	
33 Middle East oil-exporting countries ²	7	8	5	5	5	8	8	7	8	
34 Africa	85	65	106	95	106	89	80	75	140	
35 Oil-exporting countries ³	28	7	10	9	10	8	8	8	12	
36 All other ⁴	28	33	170	26	170	52	37	27	183	
<i>Commercial claims</i>										
37 Europe	3,725	4,180	5,007	4,287 ⁴	5,007	4,934	5,162	5,442	6,806	
38 Belgium-Luxembourg	133	178	177	172	177	202	201	219	201	
39 France	431	650	660	517 ⁴	660	758	755	820	948	
40 Germany	444	562	613	615	613	647	643	672	671	
41 Netherlands	164	133	208	146	208	159	409	394	490	
42 Switzerland	217	185	322	183	322	249	220	217	304	
43 United Kingdom	999	1,073	1,307	1,191	1,307	1,284	1,356	1,470	2,212	
44 Canada	934	936	972	978 ⁴	972	1,110	1,175	1,226	998	
45 Latin America and Caribbean	1,857	1,930	2,234	2,104	2,234	2,110	2,089	2,120	2,164	
46 Bahamas	28	19	36	12	36	34	13	10	57	
47 Bermuda	193	170	229	161	229	234	238	270	323	
48 Brazil	234	226	298	234	298	277	313	232	284	
49 British West Indies	39	26	21	22	21	23	29	32	36	
50 Mexico	412	368	459	463	459	481	431	502	507	
51 Venezuela	237	283	226	266	226	211	228	187	148	
52 Asia	2,755	2,915	2,958	3,027 ⁴	2,958	3,086	3,123	3,276	3,513	
53 Japan	881	1,158	934	967	934	1,038	990	1,168	1,178	
54 Middle East oil-exporting countries ²	563	450	445	437	445	427	430	406	508	
55 Africa	500	401	434	424 ⁴	434	386	402	388	419	
56 Oil-exporting countries ³	139	144	122	137	122	95	111	79	108	
57 All other ⁴	222	238	329	274	329	294	346	378	382	

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	1988	1989 ¹	1990	1989					1990	
			Jan.-Feb.	Aug.	Sept.	Oct. ²	Nov. ²	Dec. ²	Jan.	Feb. ³
U.S. corporate securities										
STOCKS										
1 Foreign purchases	181,185	212,975	27,179	22,112	19,597 ¹	22,350	13,830	15,410	13,741	13,438
2 Foreign sales	183,185	203,385	27,806	20,942	17,049 ¹	20,988	14,947	16,868	14,127	13,679
3 Net purchases, or sales (-)	-2,000	9,589	-627	1,171	2,548	1,363	-1,117	-1,458	-385	-241
4 Foreign countries	-1,825	9,834	-597	1,154	2,600 ¹	1,340	-1,116	-1,411	-354	-243
5 Europe	-3,350	248	-336	-98	1,461	-107	-1,655	-281	-183	-154
6 France	-281	-700	-312	-251	-5	-265	-296	-255	-155	-157
7 Germany	218	-866	43	-238	-65	-117	-119	-41	41	3
8 Netherlands	-535	168	-36	-63	37	226	-34	-9	-18	-38
9 Switzerland	-2,243	-3,471	-482	-333	63 ¹	-244	-509	-442	-240	-242
10 United Kingdom	-954	3,728	-96	773	894	-34	-718	391	-275	178
11 Canada	1,087	-860	-93	14	-265	-140	-137	-459	-141	48
12 Latin America and Caribbean	1,238	3,096	-290	250	602	149	-24	-478	-111	-178
13 Middle East ¹	-2,474	3,530	66	554	110	112	303	69	-27	93
14 Other Asia	1,365	3,414	201	423	631	1,138	342	-124	231	-30
15 Japan	1,922	3,348	62	424	611	975	310	-53	166	-104
16 Africa	188	131	-32	22	24	-6	19	9	2	34
17 Other countries	121	274	-113	-11	38	193	37	-147	-125	12
18 Nonmonetary international and regional organizations	-176	-245	-30	17	-52	23	-1	-48	-31	1
BONDS ²										
19 Foreign purchases	86,381	120,466	19,701	10,944	8,603	10,930	11,133	13,702	9,463	10,237
20 Foreign sales	58,417	86,291	15,417	9,361	6,857	6,803	6,656	9,313	7,809	7,608
21 Net purchases, or sales (-)	27,964	34,175	4,283	1,583	1,746	4,127	4,476	4,388	1,654	2,629
22 Foreign countries	28,506	33,822	4,656	1,607	1,740	4,074	4,464	4,336	2,054	2,602
23 Europe	17,239	19,873	1,426	-138	1,400	1,955	2,712	1,429	1,135	292
24 France	143	372	126	-35	78	-41	-14	6	118	9
25 Germany	1,344	-239	-367	-121	-33	113	-117	-33	-114	-253
26 Netherlands	1,514	850	-28	96	28	30	143	41	-43	15
27 Switzerland	505	-165	215	-201	-27	74	54	-277	157	58
28 United Kingdom	13,084	18,488	1,654	-9	1,311	1,679	2,328	1,954	1,132	522
29 Canada	711	1,112	652	76	155	175	-86	204	178	474
30 Latin America and Caribbean	1,931	3,682	1,376	63	233	247	539	492	493	883
31 Middle East ¹	-178	-179	188	44	20	140	-57	242	87	100
32 Other Asia	8,900	9,060	948	1,574	-108	1,553	1,343	1,954	152	796
33 Japan	7,686	6,331	1,274	1,167	-179	1,263	1,045	1,728	170	1,103
34 Africa	-8	56	38	5	-3	0	8	27	3	36
35 Other countries	-89	218	28	-17	42	4	4	-11	5	22
36 Nonmonetary international and regional organizations	-542	353	-373	-24	6	53	12	52	-399	27
Foreign securities										
37 Stocks, net purchases, or sales (-) ¹	-1,959	-12,515	-266	-1,598 ¹	-277 ¹	-1,558	-525	-2,150	741	-1,007
38 Foreign purchases	75,356	108,917	23,212	9,598 ¹	9,803 ¹	11,399	10,304	9,857	12,888	10,324
39 Foreign sales	77,315	121,433	23,478	11,197 ¹	10,080 ¹	12,958	10,829	12,007	12,147	11,330
40 Bonds, net purchases, or sales (-)	-7,434	-5,921	441	1,004 ¹	-1,848 ¹	-638	478	-270	568	-126
41 Foreign purchases	218,521	234,099	39,159	24,106	18,325	21,266	20,463	18,543	18,490	20,669
42 Foreign sales	225,955	240,020	38,717	23,102 ¹	20,173 ¹	21,904	19,986	18,812	17,922	20,795
43 Net purchases, or sales (-), of stocks and bonds	-9,393	-18,436	175	-594 ¹	-2,125 ¹	-2,196	-47	-2,420	1,309	-1,133
44 Foreign countries	-9,873	-18,423	-23	-780 ¹	-1,561 ¹	-1,860	-122	-2,428	1,201	-1,223
45 Europe	-7,864	-17,613	185	-752 ¹	-1,730 ¹	-2,728	210	-904	1,401	-1,216
46 Canada	-3,747	-4,063	-198	-250	-201	924	-325	-967	-56	-142
47 Latin America and Caribbean	1,384	426	195	313 ¹	-65 ¹	187	-102	-269	33	162
48 Asia	979	2,952	-231	327	411 ¹	-232	2	-512	82	-313
49 Africa	-54	93	-5	-4	-3	12	13	56	-14	9
50 Other countries	-571	-219	32	-415 ¹	26	-22	84	168	-246	278
51 Nonmonetary international and regional organizations	480	-13	198	186	-564 ¹	-336	75	8	108	90

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Includes state and local government securities, and securities of U.S. government agencies and corporations. Also includes issues of new debt securities

sold abroad by U.S. corporations organized to finance direct investments abroad.

3. As a result of the merger of a U.S. and U.K. company in July 1989, the former stockholders of the U.S. company received \$5,453 million in shares of the new combined U.K. company. This transaction is not reflected in the data above.

3.25 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Transactions

Millions of dollars

Country or area	1988	1989 ^f	1990		1989				1990	
			Jan.- Feb.	Aug.	Sept. ^f	Oct. ^f	Nov. ^f	Dec. ^f	Jan.	Feb. ^p
Transactions, net purchases or sales (-) during period ¹										
1 Estimated total ²	48,832	54,723	2,274	21,906 ^f	4,704	-2,138	8,195	1,149	820	1,454
2 Foreign countries ²	48,170	52,747	2,887	22,337 ^f	5,786	-3,392	8,311	-362	1,092	1,795
3 Europe ²	14,319	36,016	3,428	15,173 ^f	2,494	-2,137	4,259	2,434	1,238	2,191
4 Belgium-Luxembourg	923	1,053	-193	413	216	90	210	-85	144	-337
5 Germany ²	-5,268	7,907	1,456	2,488 ^f	510	137	1,666	1,735	-216	1,672
6 Netherlands	-356	-1,137	-1,730	1,304 ^f	302	-1,200	54	-386	-330	-1,400
7 Sweden	-323	886	199	238 ^f	-50	140	-232	29	-71	270
8 Switzerland ²	-1,074	1,097	-289	-748	374	-187	-780	-355	-284	-5
9 United Kingdom	9,640	20,250	1,777	9,863	339	-919	3,823	1,286	150	1,627
10 Other Western Europe	10,786	5,982	2,208	1,614	802	-199	-481	209	1,845	363
11 Eastern Europe	-10	-21	0	0	0	0	0	0	0	0
12 Canada	3,761	700	-2,680	991 ^f	-398	191	375	164	-543	-2,137
13 Latin America and Caribbean	713	477	-242	-299 ^f	137	-1,568	1,372	-886	-333	91
14 Venezuela	-109	311	-155	120	29	72	163	-36	-107	-48
15 Other Latin America and Caribbean	1,130	-310	278	198 ^f	-392	-96	576	-610	262	16
16 Netherlands Antilles	-308	475	-365	-617	500	-1,545	634	-240	-488	123
17 Asia	27,603	14,000	2,736	7,121	2,857	-131	1,646	-2,669	449	2,287
18 Japan	21,750	2,383	1,691	3,009	2,402	1,330	1,085	-1,036	839	852
19 Africa	-13	116	22	-48	0	13	9	39	9	13
20 All other	1,786	1,439	-377	-602	697	240	649	555	273	-650
21 Nonmonetary international and regional organizations	661	1,976	-613	-431	-1,082	1,254	-116	1,511	-272	-341
22 International	1,106	1,473	-646	-576	-719	1,158	-143	1,335	-360	-286
23 Latin America regional	-31	231	27	75	-228	160	0	0	38	-11
Memo										
24 Foreign countries ²	48,170	52,747	2,887	22,337 ^f	5,786	-3,392	8,311	-362	1,092	1,795
25 Official institutions	26,624	27,028	-1,097	9,918 ^f	773	-979	1,686	1,305	328	-1,425
26 Other foreign ²	21,546	25,720	3,984	12,419 ^f	5,013	-2,413	6,626	-1,667	764	3,220
Oil-exporting countries										
27 Middle East ³	1,963	8,148	1,886	3,681	695	-2,183	-26	-640	916	970
28 Africa ⁴	1	-1	-1	0	0	0	-1	0	-1	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 Apr. 30, 1990		Country	Rate on Apr. 30, 1990		Country	Rate on Apr. 30, 1990	
	Percent	Month effective		Percent	Month effective		Percent	Month effective
Austria	6.0	June 1989	France ¹	9.5	Apr. 1990	Norway	8.0	June 1983
Belgium	10.25	Oct. 1989	Germany, Fed. Rep. of	6.0	Oct. 1989	Switzerland	6.0	Oct. 1989
Brazil	49.0	Mar. 1981	Italy	13.5	Mar. 1989	United Kingdom		
Canada	13.80	Apr. 1990	Japan	5.25	Mar. 1990	Venezuela	8.0	Oct. 1985
Denmark	10.5	Oct. 1989	Netherlands	7.0	Oct. 1989			

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	1987	1988	1989	1989			1990			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 Eurodollars	7.07	7.85	9.16	8.67	8.42	8.39	8.22	8.24	8.37	8.44
2 United Kingdom	9.65	10.28	13.87	15.03	15.07	15.07	15.13	15.07	15.23	15.17
3 Canada	8.38	9.63	12.20	12.29	12.35	12.34	12.24	12.96	13.35	13.59
4 Germany	3.97	4.28	7.04	8.08	8.22	8.06	8.22	8.27	8.42	8.20
5 Switzerland	3.67	2.94	6.83	7.63	7.68	8.14	9.35	9.31	8.88	9.01
6 Netherlands	5.24	4.72	7.28	8.08	8.40	8.47	8.82	8.93	8.70	8.46
7 France	8.14	7.80	9.27	9.89	10.41	10.71	11.19	10.93	10.56	9.92
8 Italy	11.15	11.04	12.44	12.63	12.67	12.83	12.88	13.22	13.03	12.11
9 Belgium	7.01	6.69	8.65	9.51	9.81	10.03	10.48	10.54	10.39	10.19
10 Japan	3.87	3.96	4.73	5.25	5.71	5.80	6.02	6.22	6.33	6.62

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	1987	1988	1989	1989		1990			
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 Australia/dollar ²	70.137	78.409	79.186	78.295	78.586	78.111	75.932	75.562	76.366
2 Austria/schilling	12.649	12.357	13.236	12.860	12.241	11.904	11.803	11.514	11.862
3 Belgium/franc	37.358	36.785	39.409	38.403	36.544	35.451	34.998	35.398	34.868
4 Canada/dollar	1.3259	1.2306	1.1842	1.1697	1.1613	1.1720	1.1965	1.1800	1.1641
5 China, P.R./yuan	3.7314	3.7314	3.7673	3.7314	4.1825	4.7339	4.7339	4.7339	4.7339
6 Denmark/krone	6.8478	6.7412	7.3210	7.1138	6.7610	6.5620	6.4729	6.5349	6.4305
7 Finland/markka	4.4037	4.1933	4.2963	4.2619	4.1231	4.0080	3.9642	4.0276	3.9923
8 France/franc	6.0122	5.9595	6.3802	6.2225	5.9391	5.7568	5.6897	5.7555	5.6638
9 Germany/deutsche mark	1.7981	1.7570	1.8808	1.8300	1.7378	1.6914	1.6758	1.7053	1.6863
10 Greece/drachma	135.47	142.00	162.60	164.97	160.32	157.68	158.04	162.44	163.77
11 Hong Kong/dollar	7.7986	7.8072	7.8008	7.8140	7.8102	7.8116	7.8103	7.8129	7.7966
12 India/rupee	12.943	13.900	16.213	16.925	16.932	16.963	16.990	17.116	17.294
13 Ireland/punt ²	148.79	152.49	141.80	144.73	151.65	156.31	158.28	156.26	158.97
14 Italy/lira	1,297.03	1,302.39	1,372.28	1,343.83	1,291.93	1,261.87	1,243.68	1,257.67	1,238.38
15 Japan/yen	144.60	128.17	138.07	143.53	143.69	144.98	145.69	153.31	158.46
16 Malaysia/ringgit	2.5186	2.6190	2.7079	2.7028	2.7032	2.7041	2.7137	2.7170	2.7264
17 Netherlands/guilder	2.0264	1.9778	2.1219	2.0652	1.9619	1.9073	1.8892	1.9204	1.8984
18 New Zealand/dollar ²	59.328	65.560	59.354	56.301	59.458	60.220	59.156	58.471	57.883
19 Norway/krone	6.7409	6.5243	6.9131	6.9010	6.7021	6.5462	6.4760	6.5972	6.5457
20 Portugal/escudo	141.20	144.27	157.53	157.65	152.34	149.17	147.71	150.59	149.29
21 Singapore/dollar	2.1059	2.0133	1.9511	1.9588	1.9183	1.8873	1.8641	1.8777	1.8783
22 South Africa/rand	2.0385	2.2773	2.6215	2.6295	2.5679	2.5532	2.5449	2.6158	2.6552
23 South Korea/won	825.94	734.52	674.29	674.94	677.66	686.18	692.47	700.50	708.76
24 Spain/peseta	123.54	116.53	118.44	116.58	112.24	109.71	108.27	109.37	107.00
25 Sri Lanka/rupee	29.472	31.820	35.947	40.017	40.018	40.018	40.018	40.018	40.018
26 Sweden/krona	6.3469	6.1370	6.4559	6.4306	6.2920	6.1776	6.1250	6.1683	6.1160
27 Switzerland/franc	1.4918	1.4643	1.6369	1.6189	1.5686	1.5175	1.4879	1.5133	1.4866
28 Taiwan/dollar	31.753	28.636	26.407	26.029	26.139	26.081	26.118	26.361	26.369
29 Thailand/baht	25.775	25.312	25.725	25.877	25.778	25.745	25.733	25.926	26.024
30 United Kingdom/pound ²	163.98	178.13	163.82	157.26	159.65	165.12	169.61	162.45	163.72
MEMO									
31 United States/dollar ³	96.94	92.72	98.60	97.99	94.88	93.00	92.25	94.11	93.51

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.

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4.20 DOMESTIC AND FOREIGN OFFICES, Insured Commercial Bank Assets and Liabilities^{1,2}
Consolidated Report of Condition, December 31, 1989

Millions of dollars

Item	Total	Banks with foreign offices			Banks with domestic offices only	
		Total	Foreign	Domestic	Over 100	Under 100
1 Total assets ⁶	3,283,872	1,885,392	421,212	1,530,337	1,004,267	394,213
2 Cash and balances due from depository institutions	347,640	246,596	112,605	133,991	71,418	29,626
3 Cash items in process of collection, unposted debits, and currency and coin	↑	96,672	1,503	95,170	34,851	↑
4 Cash items in process of collection and unposted debits	↑	n.a.	n.a.	79,454	25,035	↑
5 Currency and coin	↑	n.a.	n.a.	15,716	9,816	↑
6 Balances due from depository institutions in the United States	n.a.	35,257	21,505	13,752	21,168	n.a.
7 Balances due from banks in foreign countries and foreign central banks	n.a.	92,845	89,425	3,419	2,931	n.a.
8 Balances due from Federal Reserve Banks	↓	21,821	172	21,650	12,469	↓
MEMO						
9 Noninterest-bearing balances due from commercial banks in the United States (included in balances due from depository institutions in the United States)	↓	n.a.	n.a.	8,666	14,394	10,431
10 Total securities, loans and lease financing receivables, net	2,698,257	1,461,129	n.a.	n.a.	889,139	347,989
11 Total securities, book value	555,934	240,314	32,700	207,615	203,499	112,121
12 U.S. Treasury securities and U.S. government agency and corporation obligations	362,532	141,335	2,631	138,704	136,478	84,719
13 U.S. Treasury securities	n.a.	48,127	838	47,289	61,580	n.a.
14 U.S. government agency and corporation obligations	n.a.	93,208	1,793	91,415	74,898	n.a.
15 All holdings of U.S. government-issued or guaranteed certificates of participation in pools of residential mortgages	124,652	71,258	1,613	69,645	36,058	17,336
16 All other	n.a.	21,950	180	21,770	41,999	n.a.
17 Securities issued by states and political subdivisions in the United States	93,681	37,933	1,765	36,167	37,561	18,187
18 Taxable	2,741	833	129	704	810	1,098
19 Tax-exempt	90,939	37,099	1,636	35,463	36,751	17,089
20 Other domestic debt securities	n.a.	29,499	1,833	27,666	20,951	n.a.
21 All holdings of private certificates of participation in pools of residential mortgages	4,020	2,062	0	2,062	1,469	489
22 All other domestic debt securities	55,000	27,437	1,833	25,604	20,209	7,354
23 Foreign debt securities	n.a.	27,408	25,624	1,784	632	n.a.
24 Equity securities	9,354	4,139	846	3,293	3,844	1,372
25 Marketable	4,931	1,397	250	1,147	2,514	1,021
26 Investments in mutual funds	2,168	418	17	401	816	934
27 Other	3,242	1,164	233	931	1,900	178
28 Less: Net unrealized loss	428	186	0	186	151	91
29 Other equity securities	4,518	2,742	596	2,146	1,425	351
30 Federal funds sold and securities purchased under agreements to resell	146,230	67,043	613	66,431	50,794	28,393
31 Federal funds sold	126,299	52,074	n.a.	n.a.	46,201	28,025
32 Securities purchased under agreements to resell	19,931	14,970	n.a.	n.a.	4,593	368
33 Total loans and lease financing receivables, gross	2,029,125	1,199,426	1,333,276	989,602	616,693	213,006
34 LESS: Unearned income on loans	14,679	6,396	1,571	4,825	6,141	2,142
35 Total loans and leases (net of unearned income)	2,049,327	1,193,030	208,254	984,777	645,432	210,864
36 LESS: Allowance for loan and lease losses	52,949	38,975	n.a.	n.a.	10,586	3,388
37 LESS: Allocated transfer risk reserves	285	285	n.a.	n.a.	0	0
38 EQUALS: Total loans and leases, net	1,996,093	1,153,771	n.a.	n.a.	634,846	207,476
Total loans, gross, by category						
39 Loans secured by real estate	749,788	381,257	22,790	358,467	265,181	103,350
40 Construction and land development	↑	↑	↑	89,152	38,333	8,092
41 Farmland	↑	↑	↑	2,270	4,808	9,568
42 1-4 family residential properties	↑	↑	↑	157,916	130,691	56,895
43 Revolving, open-end loans, extended under lines of credit	n.a.	n.a.	n.a.	27,434	20,321	3,047
44 All other loans	↓	↓	↓	130,483	114,734	53,848
45 Multifamily (5 or more) residential properties	↓	↓	↓	10,875	7,100	1,945
46 Nonfarm nonresidential properties	↓	↓	↓	98,254	89,589	26,850
47 Loans to depository institutions	57,049	50,592	21,577	29,015	5,771	685
48 To commercial banks in the United States	n.a.	23,714	1,381	22,333	5,102	n.a.
49 To other depository institutions in the United States	n.a.	2,348	266	2,083	606	n.a.
50 To banks in foreign countries	n.a.	24,530	19,930	4,599	77	n.a.
51 Loans to finance agricultural production and other loans to farmers	31,028	5,566	246	5,320	7,299	18,163
52 Commercial and industrial loans	608,548	431,059	101,856	329,203	135,153	42,335
53 To U.S. addressees (domicile)	n.a.	349,196	22,200	326,996	142,411	n.a.
54 To non-U.S. addressees (domicile)	n.a.	81,863	79,656	2,207	334	n.a.
55 Acceptances of other banks	4,293	1,159	734	425	1,657	1,477
56 U.S. banks	n.a.	334	21	313	n.a.	n.a.
57 Foreign banks	n.a.	825	713	112	n.a.	n.a.
58 Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	382,083	166,111	14,486	151,624	173,314	42,658
59 Credit cards and related plans	130,962	49,548	n.a.	n.a.	78,090	3,324
60 Other (includes single payment and installment)	266,833	116,563	n.a.	n.a.	110,936	39,333
61 Obligations (other than securities) of states and political subdivisions in the U.S. (includes nonrated industrial development obligations)	39,463	24,252	277	23,975	13,458	1,753
62 Taxable	1,339	815	97	718	453	71
63 Tax-exempt	38,719	23,436	180	23,256	13,600	1,682
64 All other loans	120,179	108,260	44,042	64,219	9,946	1,972
65 Loans to foreign governments and official institutions	n.a.	28,277	26,803	1,475	178	n.a.
66 Other loans	n.a.	79,983	17,239	62,744	9,768	n.a.
67 Loans for purchasing and carrying securities	n.a.	n.a.	n.a.	16,504	1,437	n.a.
68 All other loans	n.a.	n.a.	n.a.	46,240	8,913	n.a.
69 Lease financing receivables	36,859	31,169	3,816	27,353	5,077	613
70 Assets held in trading accounts	41,990	40,625	18,641	21,984	1,162	202
71 Premises and fixed assets (including capitalized leases)	47,936	25,827	↑	n.a.	15,421	6,688
72 Other real estate owned	13,675	7,034	↑	n.a.	4,212	2,428
73 Investments in unconsolidated subsidiaries and associated companies	3,232	2,409	↑	n.a.	780	43
74 Customers' liability on acceptances outstanding	27,105	26,743	n.a.	n.a.	341	22
75 Net due from own foreign offices, Edge and agreement subsidiaries, and IBFs	n.a.	n.a.	↓	47,070	n.a.	n.a.
76 Intangible assets	6,011	3,598	↓	n.a.	2,172	240
77 Other assets	98,027	71,432	↓	n.a.	19,621	6,975

4.20—Continued

Item	Total	Banks with foreign offices			Banks with domestic offices only	
		Total	Foreign	Domestic	Over 100	Under 100
78 Total liabilities, limited-life preferred stock, and equity capital	3,283,872	1,885,392	n.a.	n.a.	1,004,267	394,213
79 Total liabilities ⁷	3,079,509	1,787,189	421,044	1,432,302	933,198	359,122
80 Limited-life preferred stock	86	0	n.a.	n.a.	82	4
81 Total deposits	2,535,103	1,371,864	311,755	1,060,108	813,247	349,992
82 Individuals, partnerships, and corporations			966,179	716,609	716,609	320,253
83 U.S. government				3,233	1,916	693
84 States and political subdivisions in the United States				39,556	42,830	23,623
85 Commercial banks in the United States	n.a.	n.a.	n.a.	25,325	8,454	1,706
86 Other depository institutions in the United States				5,501	2,184	1,002
87 Banks in foreign countries				8,299	125	n.a.
88 Foreign governments and official institutions		23,728	22,582	1,146	57	n.a.
89 Certified and official checks	20,704	11,625	756	10,869	6,420	2,660
90 All other ⁸	n.a.	n.a.	106,314	n.a.	n.a.	55
91 Total transaction accounts				344,575	225,790	93,707
92 Individuals, partnerships, and corporations				289,147	197,548	82,876
93 U.S. government				2,369	1,697	583
94 States and political subdivisions in the United States				9,983	11,939	6,485
95 Commercial banks in the United States	n.a.	n.a.	n.a.	20,214	6,806	818
96 Other depository institutions in the United States				3,576	1,237	273
97 Banks in foreign countries				7,645	107	n.a.
98 Foreign governments and official institutions				773	35	n.a.
99 Certified and official checks				10,869	6,420	2,660
100 All other				n.a.	n.a.	12
101 Demand deposits (included in total transaction accounts)				264,315	142,757	50,796
102 Individuals, partnerships, and corporations				211,467	120,827	44,427
103 U.S. government				2,343	1,677	566
104 States and political subdivisions in the United States				7,431	5,663	2,048
105 Commercial banks in the United States				20,214	6,805	817
106 Other depository institutions in the United States				3,576	1,222	265
107 Banks in foreign countries				7,644	107	n.a.
108 Foreign governments and official institutions				771	35	n.a.
109 Certified and official checks				10,869	6,420	2,660
110 All other				n.a.	n.a.	12
111 Total nontransaction accounts	n.a.	n.a.	n.a.	715,534	587,457	256,285
112 Individuals, partnerships, and corporations				677,032	550,169	237,377
113 U.S. government				864	287	110
114 States and political subdivisions in the United States				29,573	32,934	17,138
115 Commercial banks in the United States				5,112	2,302	889
116 U.S. branches and agencies of foreign banks				538	180	n.a.
117 Other commercial banks in the United States				4,574	2,570	n.a.
118 Other depository institutions in the United States				1,925	1,017	729
119 Banks in foreign countries				655	29	n.a.
120 Foreign branches of other U.S. banks				3	27	n.a.
121 Other banks in foreign countries				651	11	n.a.
122 Foreign governments and official institutions				373	262	n.a.
123 All other				n.a.	n.a.	43
124 Federal funds purchased and securities sold under agreements to repurchase	274,606	209,669	989	208,680	62,041	2,896
125 Federal funds purchased	185,021	150,624	n.a.	n.a.	33,272	1,125
126 Securities sold under agreements to repurchase	89,579	59,046	n.a.	n.a.	28,769	1,771
127 Demand notes issued to the U.S. Treasury	n.a.	n.a.	n.a.	16,371	4,194	368
128 Other borrowed money	119,622	83,381	33,523	49,859	35,077	1,164
129 Banks liability on acceptances executed and outstanding	27,280	26,917	5,300	21,617	341	22
130 Notes and debentures subordinated to deposits	20,024	16,982	n.a.	n.a.	2,894	148
131 Net due to own foreign offices, Edge and agreement subsidiaries, and IBFs	n.a.	n.a.	n.a.	19,087	n.a.	n.a.
132 All other liabilities	81,940	62,004	n.a.	n.a.	15,404	4,532
133 Total equity capital ⁹	204,278	98,203	n.a.	n.a.	70,987	35,088
MEMO						
134 Holdings of commercial paper included in total loans, gross		867	747	120	1,793	n.a.
135 Total individual retirement accounts (IRA) and Keogh plan accounts				48,695	44,217	17,701
136 Total brokered deposits				43,533	19,534	1,362
137 Total brokered retail deposits				12,737	10,443	1,243
138 Issued in denominations of \$100,000 or less				4,507	3,953	1,028
139 Issued in denominations greater than \$100,000 and participated out by the broker in shares of \$100,000 or less					8,231	215
Savings deposits						
140 Money market deposit accounts (MMDAs)				189,532	124,117	40,085
141 Other savings deposits (excluding MMDAs)				82,485	73,679	29,696
142 Total time deposits of less than \$100,000				220,103	262	142,784
143 Time certificates of deposit of \$100,000 or more	n.a.	n.a.	n.a.	191,284	122,875	42,302
144 Open-account time deposits of \$100,000 or more				32,129	4,585	1,418
145 All NOW accounts (including Super NOW)				78,814	80,918	41,320
146 Total time and savings deposits				795,794	670,490	299,196
Quarterly averages						
147 Total loans				951,976	630,746	206,885
148 Obligations (other than securities) of states and political subdivisions in the United States				24,784	14,107	n.a.
149 Transaction accounts in domestic offices (NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)				76,790	79,355	41,316
Nontransaction accounts in domestic offices						
150 Money market deposit accounts (MMDAs)				184,318	123,104	39,664
151 Other savings deposits				80,996	73,563	29,490
152 Time certificates of deposit of \$100,000 or more				193,208	122,224	41,273
153 All other time deposits				247,860	264,623	142,925
154 Number of banks	12,688	245	n.a.	n.a.	2,509	9,934

Footnotes appear at the end of table 4.22

4.21 DOMESTIC OFFICES, Insured Commercial Banks with Assets of \$100 Million or more or with foreign offices^{1,2,6}
Consolidated Report of Condition, December 31, 1989

Millions of dollars

Item	Total	Members			Non-members
		Total	National	State	
1 Total assets⁶	2,534,604	2,021,102	1,628,372	392,730	513,502
2 Cash and balances due from depository institutions	205,409	170,203	137,375	32,827	35,206
3 Cash items in process of collection and unposted debits	104,489	93,795	76,470	17,325	10,694
4 Currency and coin	25,532	21,250	17,723	3,527	4,282
5 Balances due from depository institutions in the United States	34,920	23,016	18,555	4,461	11,904
6 Balances due from banks in foreign countries and foreign central banks	6,350	4,663	3,774	889	1,687
7 Balances due from Federal Reserve Banks	34,119	27,480	20,854	6,626	6,639
8 Total securities, loans and lease financing receivables, (net of unearned income)	2,158,548	1,703,468	1,388,450	315,019	455,080
9 Total securities, book value	411,114	310,021	242,007	68,014	101,093
10 U.S. Treasury securities	108,869	77,209	61,256	15,953	31,660
11 U.S. government agency and corporation obligations	166,313	132,943	105,913	27,030	33,369
12 All holdings of U.S. government-issued or guaranteed certificates of participation in pools of residential mortgages	105,703	90,881	73,813	17,068	14,821
13 All other	63,769	44,207	34,242	9,965	19,562
14 Securities issued by states and political subdivisions in the United States	73,728	57,329	43,632	13,696	16,400
15 Taxable	1,514	1,101	923	178	413
16 Tax-exempt	72,214	56,227	42,709	13,518	15,987
17 Other domestic debt securities	48,617	34,646	25,071	9,575	13,972
18 All holdings of private certificates of participation in pools of residential mortgages	3,531	2,656	2,209	447	875
19 All other	45,814	32,512	23,383	9,129	13,301
20 Foreign debt securities	2,417	1,838	801	1,037	579
21 Equity securities	7,137	3,324	2,607	717	3,812
22 Marketable	3,661	699	553	145	2,962
23 Investments in mutual funds	1,218	461	415	46	757
24 Other	2,831	331	222	108	2,500
25 Less: Net unrealized loss	337	59	50	9	278
26 Other equity securities	3,571	2,656	2,083	573	914
27 Federal funds sold and securities purchased under agreements to resell ¹⁰	117,225	94,432	75,063	19,370	22,793
28 Federal funds sold	46,241	29,500	25,477	4,022	16,742
29 Securities purchased under agreements to resell	4,614	3,022	2,378	644	1,593
30 Total loans and lease financing receivables, gross	1,606,295	1,281,065	1,052,421	228,645	325,229
31 Less: Unearned income on loans	10,966	8,314	6,752	1,563	2,652
32 Total loans and leases (net of unearned income)	1,630,209	1,299,015	1,071,380	227,635	331,195
<i>Total loans, gross, by category</i>					
33 Loans secured by real estate	623,649	478,284	408,983	69,300	145,365
34 Construction and land development	127,484	102,871	86,370	16,501	24,614
35 Farmland	7,079	4,728	4,156	572	2,351
36 1-4 family residential properties	288,608	217,547	185,764	31,783	71,061
37 Revolving, open-end and extended under lines of credit	47,754	37,258	31,542	5,717	10,496
38 All other loans	245,217	182,823	156,708	26,115	62,393
39 Multifamily (5 or more) residential properties	17,975	14,226	12,523	1,703	3,749
40 Nonfarm nonresidential properties	187,844	141,902	123,085	18,817	45,942
41 Loans to commercial banks in the United States	27,435	23,451	18,612	4,840	3,984
42 Loans to other depository institutions in the United States	2,689	2,465	2,231	234	224
43 Loans to banks in foreign countries	4,677	4,495	1,926	2,570	1,881
44 Loans to finance agricultural production and other loans to farmers	12,620	9,740	8,734	1,005	2,810
45 Commercial and industrial loans	464,356	381,732	304,292	77,440	82,624
46 To U.S. addressees (domicile)	469,407	384,662	307,714	76,948	84,745
47 To non-U.S. addressees (domicile)	2,542	2,238	1,611	628	303
48 Acceptances of other banks ¹¹	2,082	1,264	1,121	142	818
49 Of U.S. banks	778	518	464	54	260
50 Of foreign banks	276	222	190	32	54
51 Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	324,939	252,706	213,247	39,459	72,233
52 Credit cards and related plans	78,092	57,236	54,616	2,620	20,857
53 Other (includes single payment and installment)	110,965	68,198	57,058	11,140	42,768
54 Loans to foreign governments and official institutions	1,653	1,591	1,086	505	62
55 Obligations (other than securities) of states and political subdivisions in the United States	37,433	31,548	23,376	8,172	5,884
56 Taxable	1,171	915	678	237	256
57 Tax-exempt	36,856	31,095	23,125	7,970	5,761
58 Other loans	72,512	65,875	45,843	20,032	6,636
59 Loans for purchasing and carrying securities	17,941	16,861	10,405	6,455	1,080
60 All other loans	55,153	49,516	35,938	13,578	5,637
61 Lease financing receivables	32,431	28,070	23,125	4,945	4,361
62 Customers' liability on acceptances outstanding	21,296	20,125	15,510	4,614	1,171
63 Net due from own foreign offices, Edge and agreement subsidiaries, and IBFs	47,070	41,977	21,906	20,071	5,093
64 Remaining assets	149,351	127,306	87,037	40,270	22,045

4.21—Continued

Item	Total	Members			Non-members
		Total	National	State	
65 Total liabilities and equity capital	2,534,604	2,021,102	1,628,372	392,730	513,502
66 Total liabilities ^d	2,365,500	1,890,854	1,524,915	365,938	474,646
67 Total deposits	1,873,356	1,465,491	1,194,418	271,074	407,864
68 Individuals, partnerships, and corporations	1,682,788	1,317,035	1,074,118	242,917	365,754
69 U.S. government	5,149	4,300	3,763	537	850
70 States and political subdivisions in the United States	82,386	61,773	51,180	10,593	20,613
71 Commercial banks in the United States	33,779	30,655	23,602	7,053	3,124
72 Other depository institutions in the United States	7,685	6,279	5,338	941	1,407
73 Banks in foreign countries	8,424	7,813	4,282	3,531	611
74 Foreign governments and official institutions	1,202	1,092	583	508	111
75 Certified and official checks	17,289	13,737	9,304	4,434	3,551
76 Total transaction accounts	570,365	461,290	368,390	92,899	109,075
77 Individuals, partnerships, and corporations	486,695	389,330	314,440	74,890	97,365
78 U.S. government	4,066	3,349	2,853	496	717
79 States and political subdivisions in the United States	21,922	17,459	14,350	3,109	4,463
80 Commercial banks in the United States	27,020	25,146	19,835	5,311	1,874
81 Other depository institutions in the United States	4,813	4,028	3,184	844	785
82 Banks in foreign countries	7,752	7,470	4,070	3,400	282
83 Foreign governments and official institutions	808	770	355	415	38
84 Certified and official checks	17,289	13,737	9,304	4,434	3,551
85 Demand deposits (included in total transaction accounts)	407,072	335,071	261,911	73,160	72,001
86 Individuals, partnerships, and corporations	332,294	269,845	213,622	56,223	62,449
87 U.S. government	4,021	3,309	2,814	494	712
88 States and political subdivisions in the United States	13,094	10,776	8,736	2,040	2,317
89 Commercial banks in the United States	27,019	25,146	19,835	5,311	1,873
90 Other depository institutions in the United States	4,798	4,019	3,176	843	779
91 Banks in foreign countries	7,751	7,469	4,070	3,399	282
92 Foreign governments and official institutions	806	770	355	415	36
93 Certified and official checks	17,289	13,737	9,304	4,434	3,551
94 Total nontransaction accounts	1,302,991	1,004,202	826,027	178,175	298,789
95 Individuals, partnerships, and corporations	1,227,201	947,866	779,315	168,551	279,335
96 U.S. government	1,151	1,006	965	41	145
97 States and political subdivisions in the United States	62,507	45,794	38,274	7,520	16,713
98 Commercial banks in the United States	7,413	5,882	4,140	1,742	1,532
99 U.S. branches and agencies of foreign banks	717	387	248	139	330
100 Other commercial banks in the United States	7,144	5,923	4,320	1,602	1,221
101 Other depository institutions in the United States	2,942	2,312	2,214	97	631
102 Banks in foreign countries	683	353	222	130	331
103 Foreign branches of other U.S. banks	30	24	21	3	7
104 Other banks in foreign countries	663	329	201	127	334
105 Foreign governments and official institutions	635	561	468	93	73
106 Federal funds purchased and securities sold under agreements to repurchase ¹²	270,721	236,771	183,418	53,353	33,950
107 Federal funds purchased	33,304	26,633	22,856	3,777	6,670
108 Securities sold under agreements to repurchase	28,777	14,505	12,037	2,468	14,272
109 Demand notes issued to the U.S. Treasury	20,565	18,548	14,379	4,169	2,017
110 Other borrowed money	84,936	67,874	57,776	10,098	17,062
111 Banks liability on acceptances executed and outstanding	21,958	20,786	16,131	4,655	1,171
112 Notes and debentures subordinated to deposits	2,894	1,975	1,864	111	919
113 Net due to own foreign offices, Edge and agreement subsidiaries, and IBFs	19,087	16,113	14,535	1,578	2,975
114 Remaining liabilities	91,071	79,408	56,930	22,478	11,662
115 Total equity capital ⁹	169,105	130,248	103,457	26,792	38,856
MEMO					
116 Holdings of commercial paper included in total loans, gross	1,913	907	818	89	1,006
117 Total individual retirement accounts (IRA) and Keogh plan accounts	92,913	72,679	60,266	12,413	20,234
118 Total brokered deposits	63,067	44,568	38,012	6,556	18,499
119 Total brokered retail deposits	23,180	14,140	11,278	2,861	9,041
120 Issued in denominations of \$100,000 or less	8,460	5,095	4,623	472	3,365
121 Issued in denominations greater than \$100,000 and participated out by the broker in shares of \$100,000 or less	16,247	10,533	8,142	2,391	5,714
Savings deposits					
122 Money market deposit accounts (MMDAs)	313,649	251,916	208,387	43,529	61,734
123 Other savings accounts	156,164	120,747	90,363	30,384	35,418
124 Total time deposits of less than \$100,000	482,304	362,028	305,205	56,824	120,275
125 Time certificates of deposit of \$100,000 or more	314,159	237,823	201,793	36,030	76,337
126 Open-account time deposits of \$100,000 or more	36,714	31,688	20,280	11,409	5,026
127 All NOW accounts (including Super NOW accounts)	159,732	123,741	104,173	19,568	35,991
128 Total time and savings deposits	1,466,284	1,130,420	932,506	197,914	335,864
Quarterly averages					
129 Total loans	1,582,722	1,259,501	1,036,663	222,838	323,220
130 Obligations (other than securities) of states and political subdivisions in the United States	38,891	32,828	24,143	8,685	6,063
131 Transaction accounts (NOW accounts, ATS accounts, and telephone preauthorized transfer accounts)	156,146	120,841	100,887	19,954	35,305
Nontransaction accounts					
132 Money market deposit accounts (MMDAs)	307,423	246,173	202,765	43,409	61,249
133 Other savings deposits	154,559	119,206	89,848	29,358	35,352
134 Time certificates of deposits of \$100,000 or more	315,433	239,544	203,542	36,002	75,889
135 All other time deposits	512,484	388,180	322,311	65,869	124,304
136 Number of banks	2,754	1,552	1,303	249	1,202

Footnotes appear at the end of table 4.22

4.22 DOMESTIC OFFICES, Insured Commercial Bank Assets and Liabilities^{1,2,6}
Consolidated Report of Condition, December 31, 1989

Millions of dollars

Item	Total	Members			Non-members
		Total	National	State	
1 Total assets⁶	2,928,817	2,179,808	1,755,500	424,308	749,009
2 Cash and balances due from depository institutions	235,035	182,388	147,310	35,078	52,647
3 Currency and coin	29,230	22,754	18,937	3,818	6,476
4 Noninterest-bearing balances due from commercial banks	33,491	19,236	15,445	3,792	14,255
5 Other	172,313	140,398	112,929	27,469	31,916
6 Total securities, loans, and lease financing receivables (net of unearned income)	2,509,925	1,844,635	1,501,273	343,362	665,290
7 Total securities, book value	523,234	353,899	277,826	76,073	169,336
8 U.S. Treasury securities and U.S. government agency and corporation obligations	359,901	243,288	194,224	49,063	116,613
9 Securities issued by states and political subdivisions in the United States	91,915	64,182	49,173	15,009	27,733
10 Taxable	2,612	1,501	1,243	258	1,111
11 Tax-exempt	89,303	62,681	47,930	14,751	26,622
12 Other debt securities	58,795	39,668	28,507	11,161	19,127
13 All holdings of private certificates of participation in pools of residential mortgages	4,020	2,891	2,354	537	1,129
14 All other	53,168	35,536	25,947	9,589	17,632
15 Equity securities	8,508	3,954	3,120	834	4,554
16 Marketable	4,681	1,075	872	203	3,607
17 Investments in mutual funds	2,152	834	730	103	1,318
18 Other	3,009	366	252	114	2,643
19 Less: Net unrealized loss	428	92	77	14	336
20 Other equity securities	3,922	2,910	2,278	632	1,012
21 Federal funds sold and securities purchased under agreements to resell ¹⁰	145,618	107,098	85,301	21,797	38,519
22 Federal funds sold	74,266	41,997	35,610	6,387	32,269
23 Securities purchased under agreements to resell	4,982	3,190	2,484	707	1,792
24 Total loans and lease financing receivables, gross	1,819,301	1,366,609	1,119,879	246,729	452,692
25 Less: Unearned income on loans	13,108	9,234	7,444	1,790	3,875
26 Total loans and leases (net of unearned income)	1,841,073	1,383,639	1,138,146	245,493	457,434
<i>Total loans, gross, by category</i>					
27 Loans secured by real estate	726,998	519,337	441,292	78,044	207,662
28 Construction and land development	106,246	88,987	17,260	17,260	29,331
29 Farmland	16,647	7,932	6,746	1,186	8,714
30 1-4 family residential properties	345,503	240,385	203,581	36,804	105,118
31 Revolving, open-end loans, and extended under lines of credit	50,801	38,605	32,572	6,033	12,196
32 All other loans	299,064	204,315	173,495	30,820	94,750
33 Multifamily (5 or more) residential properties	19,920	14,956	13,110	1,845	4,964
34 Nonfarm nonresidential properties	214,693	152,807	131,783	21,025	61,886
35 Loans to depository institutions	35,471	30,752	22,989	7,762	4,720
36 Loans to finance agricultural production and other loans to farmers	30,782	16,190	13,941	2,249	14,593
37 Commercial and industrial loans	506,692	399,662	318,167	81,495	107,030
38 Acceptances of other banks	3,559	1,859	1,643	216	1,699
39 Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	367,597	270,210	227,272	42,938	97,387
40 Credit cards and related plans	81,417	58,770	56,039	2,732	22,647
41 Other (includes single payment installment)	150,299	84,167	69,660	14,506	66,132
42 Obligations (other than securities) of states and political subdivisions in the United States	39,186	32,196	23,913	8,283	6,990
43 Taxable	1,242	942	701	241	301
44 Tax-exempt	38,539	31,716	23,638	8,078	6,823
45 All other loans	76,137	68,270	47,527	20,744	7,867
46 Lease financing receivables	33,043	28,281	23,282	4,999	4,762
47 Customers' liability on acceptances outstanding	21,317	20,140	15,524	4,617	1,177
48 Net due from own foreign offices, Edge and agreement subsidiaries, and IBFs	47,070	41,977	21,906	20,071	5,093
49 Remaining assets	162,540	132,644	91,393	41,251	29,896
50 Total liabilities and equity capital	2,928,817	2,179,808	1,755,500	424,308	749,009
51 Total liabilities⁹	2,724,622	2,035,816	1,641,207	394,609	688,805
52 Total deposits	2,223,348	1,606,537	1,307,565	298,972	616,811
53 Individuals, partnerships, and corporations	2,003,041	1,446,247	1,177,672	268,574	556,794
54 U.S. government	5,842	4,568	3,981	587	1,275
55 States and political subdivisions in the United States	106,009	70,675	58,493	12,182	35,334
56 Commercial banks in the United States	35,485	31,698	24,342	7,356	3,787
57 Other depository institutions in the United States	8,687	6,678	5,668	1,009	2,009
58 Certified and official checks	19,949	14,927	10,267	4,661	5,021
59 All other	9,682	8,936	4,894	4,042	746
60 Total transaction accounts	664,072	500,272	400,074	100,198	163,800
61 Individuals, partnerships, and corporations	569,572	423,666	342,407	81,259	145,905
62 U.S. government	4,649	3,575	3,035	540	1,074
63 States and political subdivisions in the United States	28,407	19,887	16,366	3,521	8,521
64 Commercial banks in the United States	27,837	25,808	20,272	5,536	2,029
65 Other depository institutions in the United States	5,086	4,163	3,300	863	923
66 Certified and official checks	19,949	14,927	10,267	4,661	5,021
67 All other	8,554	8,229	4,412	3,818	325
68 Demand deposits (included in total transaction accounts)	457,868	356,825	279,485	77,340	101,043
69 Individuals, partnerships, and corporations	376,721	288,641	228,870	59,772	88,080
70 U.S. government	4,586	3,529	2,991	538	1,057
71 States and political subdivisions in the United States	15,142	11,523	9,368	2,155	3,619
72 Commercial banks in the United States	27,836	25,808	20,272	5,536	2,028
73 Other depository institutions in the United States	5,063	4,151	3,289	862	911
74 Certified and official checks	19,949	14,927	10,267	4,661	5,021
75 All other	8,551	8,228	4,411	3,816	324
76 Total nontransaction accounts	1,559,276	1,106,265	907,491	198,774	453,011
77 Individuals, partnerships, and corporations	1,464,578	1,042,742	854,903	187,839	421,836
78 U.S. government	1,261	1,049	1,001	47	213
79 States and political subdivisions in the United States	79,645	52,268	43,570	8,698	27,377
80 Commercial banks in the United States	8,302	6,262	4,443	1,819	2,039
81 Other depository institutions in the United States	3,671	2,575	2,430	146	1,095
82 All other	1,127	707	482	225	421

4.22—Continued

Item	Total	Members			Non-members
		Total	National	State	
83 Federal funds purchased and securities sold under agreements to repurchase ¹²	273,617	238,338	184,610	53,729	35,278
84 Federal funds purchased	34,429	27,374	23,378	3,995	7,055
85 Securities sold under agreements to repurchase	30,548	15,332	12,707	2,625	15,216
86 Demand notes issued to the U.S. Treasury	20,933	18,705	14,505	4,200	2,228
87 Other borrowed money	86,100	68,239	58,127	10,112	17,861
88 Banks liability on acceptances executed and outstanding	21,980	20,802	16,144	4,658	1,177
89 Notes and debentures subordinated to deposits	3,042	2,016	1,899	117	1,026
90 Net due to own foreign offices, Edge and agreement subsidiaries, and IBFs	19,087	16,113	14,535	1,578	2,975
91 Remaining liabilities	95,603	81,180	58,358	22,822	14,423
92 Total equity capital ⁹	204,196	143,992	114,293	29,699	60,204
MEMO					
93 Assets held in trading accounts ¹³	23,349	22,601	14,224	8,378	748
94 U.S. Treasury securities	11,393	11,328	5,635	5,693	65
95 U.S. government agency corporation obligations	2,373	2,363	2,186	177	10
96 Securities issued by states and political subdivisions in the United States	1,465	1,446	1,063	383	19
97 Other bonds, notes, and debentures	810	810	790	19	0
98 Certificates of deposit	524	523	221	303	0
99 Commercial paper	70	64	64	0	6
100 Bankers acceptances	2,190	2,149	1,275	874	40
101 Other	3,558	3,489	2,588	902	69
102 Total individual retirement accounts (IRA) and Keogh plan accounts	110,614	79,499	65,759	13,740	31,115
103 Total brokered deposits	64,429	44,910	38,304	6,606	19,519
104 Total brokered retail deposits	24,424	14,456	11,550	2,906	9,968
105 Issued in denominations of \$100,000 or more	9,488	5,397	4,881	516	4,091
106 Issued in denominations greater than \$100,000 and participated out by the broker in shares of \$100,000 or less	16,462	10,547	8,155	2,392	5,915
Savings deposits					
107 Money market deposit accounts (MMDAs)	353,734	269,216	222,295	46,921	84,519
108 Other savings deposits	185,860	132,685	99,828	32,857	53,175
109 Total time deposits of less than \$100,000	625,088	416,402	348,496	67,906	208,686
110 Time certificates of deposit of \$100,000 or more	356,461	255,768	216,176	39,592	100,693
111 Open-account time deposits of \$100,000 or more	38,132	32,193	20,695	11,498	5,939
112 All NOW accounts (including Super NOW)	201,052	140,468	117,889	22,579	60,583
113 Total time and savings deposits	1,765,480	1,249,711	1,028,080	221,632	515,768
Quarterly averages					
114 Total loans	1,789,607	1,342,456	1,102,247	240,209	447,151
115 Transaction accounts (NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)	197,461	137,438	114,493	22,946	60,023
Nontransaction accounts					
116 Money market deposit accounts (MMDAs)	347,087	263,298	216,575	46,723	83,789
117 Other savings deposits	184,049	131,118	99,298	31,820	52,930
118 Time certificates of deposit of \$100,000 or more	356,706	257,099	217,633	39,466	99,608
119 All other time deposits	655,409	442,512	365,655	76,856	212,898
120 Number of banks	12,688	5,207	4,174	1,033	7,481

1. Effective Mar. 31, 1984, the report of condition was substantially revised for commercial banks. Some of the changes are as follows: (1) Previously, banks with international banking facilities (IBFs) that had no other foreign offices were considered domestic reporters. Beginning with the Mar. 31, 1984 call report these banks are considered foreign and domestic reporters and must file the foreign and domestic report of condition; (2) banks with assets greater than \$1 billion have additional items reported; (3) the domestic office detail for banks with foreign offices has been reduced considerably; and (4) banks with assets under \$25 million have been excused from reporting certain detail items.

2. The "n.a." for some of the items is used to indicate the lesser detail available from banks without foreign offices, the inapplicability of certain items to banks that have only domestic offices and/or the absence of detail on a fully consolidated basis for banks with foreign offices.

3. All transactions between domestic and foreign offices of a bank are reported in "net due from" and "net due to." All other lines represent transactions with parties other than the domestic and foreign offices of each bank. Since these intraoffice transactions are nullified by consolidation, total assets and total liabilities for the entire bank may not equal the sum of assets and liabilities respectively, of the domestic and foreign offices.

4. Foreign offices include branches in foreign countries, Puerto Rico, and in U.S. territories and possessions; subsidiaries in foreign countries; all offices of Edge act and agreement corporations wherever located and IBFs.

5. The "over 100" column refers to those respondents whose assets, as of June 30 of the previous calendar year, were equal to or exceeded \$100 million. (These respondents file the FFIEC 032 or FFIEC 033 call report.) The "under 100" column

refers to those respondents whose assets, as of June 30 of the previous calendar year, were less than \$100 million. (These respondents filed the FFIEC 034 call report.)

6. Since the domestic portion of allowances for loan and lease losses and allocated transfer risk reserve are not reported for banks with foreign offices, the components of total assets (domestic) will not add to the actual total (domestic).

7. Since the foreign portion of demand notes issued to the U.S. Treasury is not reported for banks with foreign offices, the components of total liabilities (foreign) will not add to the actual total (foreign).

8. The definition of "all other" varies by report form and therefore by column in this table. See the instructions for more detail.

9. Equity capital is not allocated between the domestic and foreign offices of banks with foreign offices.

10. Only the domestic portion of federal funds sold and securities purchased under agreements to resell are reported here, therefore, the components will not add to totals for this item.

11. "Acceptances of other banks" is not reported by domestic respondents less than \$300 million in total assets, therefore the components will not add to totals for this item.

12. Only the domestic portion of federal funds purchased and securities sold are reported here, therefore the components will not add to totals for this item.

13. Components of assets held in trading accounts are only reported for banks with total assets of \$1 billion or more; therefore the components will not add to the totals for this item.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, December 31, 1989¹

Millions of dollars

Item	All states ²		New York		California		Illinois	
	Total including IBF's	IBF's only ³	Total including IBF's	IBF's only ³	Total including IBF's	IBF's only ³	Total including IBF's	IBF's only ³
1 Total assets⁴	513,527	247,613	376,258	193,962	74,703	33,655	36,749	12,851
2 Claims on nonrelated parties	464,239	198,810	341,542	157,451	67,626	26,203	36,316	11,935
3 Cash and balances due from depository institutions	120,387	101,988	99,180	83,850	10,811	10,012	8,956	7,392
4 Cash items in process of collection and unposted debits	721	0	682	0	20	0	8	0
5 Currency and coin (U.S. and foreign)	29	n.a.	21	n.a.	2	n.a.	2	n.a.
6 Balances with depository institutions in United States	62,272	46,259	50,464	37,134	5,824	5,133	5,329	3,873
7 U.S. branches and agencies of other foreign banks (including their IBFs)	54,315	43,659	44,012	34,748	5,309	5,003	4,568	3,810
8 Other depository institutions in United States (including their IBFs)	7,957	2,601	6,452	2,386	514	130	761	63
9 Balances with banks in foreign countries and with foreign central banks	56,448	55,729	47,329	46,715	4,885	4,879	3,535	3,519
10 Foreign branches of U.S. banks	1,346	1,299	1,144	1,101	130	129	40	40
11 Other banks in foreign countries and foreign central banks	55,102	54,430	46,185	45,614	4,756	4,750	3,495	3,479
12 Balances with Federal Reserve Banks	918	n.a.	684	n.a.	81	n.a.	83	n.a.
13 Total securities and loans	277,008	88,837	188,177	67,514	47,349	14,876	25,239	4,118
14 Total securities, book value	33,861	10,029	27,590	7,638	4,132	1,755	1,288	470
15 U.S. Treasury	5,875	n.a.	5,500	n.a.	149	n.a.	156	n.a.
16 Obligations of U.S. government agencies and corporations	4,707	n.a.	4,653	n.a.	49	n.a.	0	n.a.
17 Other bonds, notes, debentures and corporate stock (including state and local securities)	23,279	10,029	17,436	7,638	3,934	1,755	1,131	470
18 Federal funds sold and securities purchased under agreements to resell	19,344	1,506	17,111	1,050	1,174	235	674	120
19 U.S. branches and agencies of other foreign banks	11,392	912	9,545	523	1,017	230	600	100
20 Commercial banks in United States	5,452	48	5,162	31	123	5	64	10
21 Other	2,500	545	2,403	495	33	0	10	10
22 Total loans, gross	243,392	78,841	160,761	59,906	43,267	13,123	23,964	3,649
23 Less: Unearned income on loans	244	34	175	30	49	3	13	1
24 Equals: Loans, net	243,148	78,807	160,587	59,876	43,217	13,120	23,952	3,648
<i>Total loans, gross, by category</i>								
25 Real estate loans	22,110	258	11,719	216	5,397	31	2,830	0
26 Loans to depository institutions	65,914	43,991	47,124	29,773	12,780	9,802	4,409	3,186
27 Commercial banks in United States (including IBFs)	36,362	16,743	25,403	10,088	7,560	4,671	3,021	1,810
28 U.S. branches and agencies of other foreign banks	33,212	16,115	22,702	9,627	7,196	4,505	2,986	1,809
29 Other commercial banks in United States	3,150	628	2,700	462	364	166	34	1
30 Other depository institutions in United States (including IBFs)	112	4	62	4	50	0	0	0
31 Banks in foreign countries	29,441	27,244	21,659	19,681	5,170	5,130	1,389	1,376
32 Foreign branches of U.S. banks	647	541	579	477	52	52	11	11
33 Other banks in foreign countries	28,794	26,703	21,079	19,204	5,118	5,078	1,377	1,365
34 Other financial institutions	6,382	495	4,197	339	850	90	652	40
35 Commercial and industrial loans	124,757	17,649	76,832	14,866	22,270	2,166	15,706	294
36 U.S. addressees (domicile)	103,069	236	59,721	183	19,351	47	15,236	6
37 Non-U.S. addressees (domicile)	21,688	17,413	17,111	14,683	2,918	2,119	469	288
38 Acceptances of other banks	827	18	668	14	121	0	14	4
39 U.S. banks	221	0	175	0	34	0	0	0
40 Foreign banks	606	18	493	14	88	0	14	4
41 Loans to foreign governments and official institutions (including foreign central banks)	18,284	16,191	16,276	14,471	1,087	1,034	144	125
42 Loans for purchasing or carrying securities (secured and unsecured)	2,954	59	2,217	54	685	0	1	0
43 All other loans	2,164	180	1,729	173	77	0	208	0
44 All other assets	47,500	6,480	37,074	5,037	8,292	1,080	1,447	304
45 Customers' liability on acceptances outstanding	30,121	n.a.	23,268	n.a.	5,933	n.a.	635	n.a.
46 U.S. addressees (domicile)	19,301	n.a.	13,004	n.a.	5,611	n.a.	629	n.a.
47 Non-U.S. addressees (domicile)	10,819	n.a.	10,264	n.a.	321	n.a.	6	n.a.
48 Other assets including other claims on nonrelated parties	17,380	6,480	13,806	5,037	2,359	1,080	812	304
49 Net due from related depository institutions ⁵	49,288	48,802	34,716	36,511	7,077	7,452	433	916
50 Net due from head office and other related depository institutions ⁵	49,288	n.a.	34,716	n.a.	7,077	n.a.	433	n.a.
51 Net due from establishing entity, head offices, and other related depository institutions ⁵	n.a.	48,802	n.a.	36,511	n.a.	7,452	n.a.	916
52 Total liabilities⁴	513,527	247,613	376,258	193,962	74,703	33,655	36,749	12,851
53 Liabilities to nonrelated parties	440,389	218,560	336,201	172,952	67,653	31,134	20,717	7,750

4.30—Continued

Millions of dollars

Item	All states ²		New York		California		Illinois	
	Total excluding IBF's	IBF's only ³	Total excluding IBF's	IBF's only ³	Total excluding IBF's	IBF's only ³	Total excluding IBF's	IBF's only ³
54 Total deposits and credit balances	67,765	173,269	54,882	151,877	2,467	12,061	3,648	3,807
55 Individuals, partnerships, and corporations	54,618	14,311	42,966	9,414	2,187	316	2,971	48
56 U.S. addressees (domicile)	41,963	456	35,063	442	625	0	2,167	13
57 Non-U.S. addressees (domicile)	12,655	13,855	7,903	8,972	1,562	316	804	35
58 Commercial banks in United States (including IBF's)	8,673	55,502	7,829	47,343	160	5,673	651	2,117
59 U.S. branches and agencies of other foreign banks	3,315	49,077	2,727	41,800	11	5,071	557	1,890
60 Other commercial banks in United States	5,358	6,425	5,102	5,543	150	602	94	227
61 Banks in foreign countries	1,736	95,477	1,602	87,404	41	5,970	3	1,623
62 Foreign branches of U.S. banks	216	7,899	196	6,509	20	1,053	0	236
63 Other banks in foreign countries	1,520	87,578	1,407	80,895	21	4,917	3	1,387
64 Foreign governments and official institutions (including foreign central banks)	1,099	7,748	963	7,485	19	101	2	19
65 All other deposits and credit balances	918	231	876	231	29	0	2	0
66 Certified and official checks	722	n.a.	645	n.a.	31	n.a.	19	n.a.
67 Transaction accounts and credit balances (excluding IBF's)	6,831	↑	5,654	↑	258	↑	224	↑
68 Individuals, partnerships, and corporations	4,325	↑	3,409	↑	212	↑	199	↑
69 U.S. addressees (domicile)	2,973	↑	2,418	↑	168	↑	195	↑
70 Non-U.S. addressees (domicile)	1,352	↑	991	↑	45	↑	4	↑
71 Commercial banks in United States (including IBF's)	239	↑	234	↑	1	↑	0	↑
72 U.S. branches and agencies of other foreign banks	91	↑	91	↑	0	↑	0	↑
73 Other commercial banks in United States	148	n.a.	143	n.a.	1	n.a.	0	n.a.
74 Banks in foreign countries	814	↓	746	↓	11	↓	3	↓
75 Foreign branches of U.S. banks	30	↓	30	↓	0	↓	0	↓
76 Other banks in foreign countries	784	↓	715	↓	11	↓	2	↓
77 Foreign governments and official institutions (including foreign central banks)	445	↓	346	↓	2	↓	2	↓
78 All other deposits and credit balances	285	↓	274	↓	1	↓	2	↓
79 Certified and official checks	722	↓	645	↓	31	↓	19	↓
80 Demand deposits (included in transaction accounts and credit balances)	5,826	↑	4,914	↑	179	↑	208	↑
81 Individuals, partnerships, and corporations	3,694	↑	3,026	↑	135	↑	183	↑
82 U.S. addressees (domicile)	2,574	↑	2,176	↑	107	↑	179	↑
83 Non-U.S. addressees (domicile)	1,120	↑	850	↑	28	↑	4	↑
84 Commercial banks in United States (including IBF's)	80	↑	76	↑	1	↑	0	↑
85 U.S. branches and agencies of other foreign banks	22	↑	22	↑	0	↑	0	↑
86 Other commercial banks in United States	57	n.a.	54	n.a.	1	n.a.	0	n.a.
87 Banks in foreign countries	699	↓	637	↓	11	↓	3	↓
88 Foreign branches of U.S. banks	30	↓	30	↓	0	↓	0	↓
89 Other banks in foreign countries	668	↓	607	↓	11	↓	2	↓
90 Foreign governments and official institutions (including foreign central banks)	406	↓	309	↓	2	↓	2	↓
91 All other deposits and credit balances	226	↓	220	↓	0	↓	2	↓
92 Certified and official checks	722	↓	645	↓	31	↓	19	↓
93 Non-transaction accounts (including MMDAs, excluding IBF's)	60,934	↑	49,228	↑	2,209	↑	3,424	↑
94 Individuals, partnerships, and corporations	50,293	↑	39,557	↑	1,974	↑	2,773	↑
95 U.S. addressees (domicile)	38,990	↑	32,645	↑	457	↑	1,972	↑
96 Non-U.S. addressees (domicile)	11,303	↑	6,913	↑	1,517	↑	800	↑
97 Commercial banks in United States (including IBF's)	8,434	↑	7,596	↑	159	↑	651	↑
98 U.S. branches and agencies of other foreign banks	3,223	↑	2,636	↑	11	↑	557	↑
99 Other commercial banks in United States	5,210	n.a.	4,959	n.a.	148	n.a.	94	n.a.
100 Banks in foreign countries	922	↓	857	↓	30	↓	0	↓
101 Foreign branches of U.S. banks	185	↓	163	↓	20	↓	0	↓
102 Other banks in foreign countries	736	↓	691	↓	10	↓	0	↓
103 Foreign governments and official institutions (including foreign central banks)	653	↓	617	↓	18	↓	0	↓
104 All other deposits and credit balances	632	↓	602	↓	28	↓	1	↓
105 IBF deposit liabilities	↑	173,269	↑	151,877	↑	12,061	↑	3,807
106 Individuals, partnerships, and corporations	↑	14,311	↑	9,414	↑	316	↑	48
107 U.S. addressees (domicile)	↑	456	↑	442	↑	0	↑	13
108 Non-U.S. addressees (domicile)	↑	13,855	↑	8,972	↑	316	↑	35
109 Commercial banks in United States (including IBF's)	↑	55,502	↑	47,343	↑	5,673	↑	2,117
110 U.S. branches and agencies of other foreign banks	↑	49,077	↑	41,800	↑	5,071	↑	1,890
111 Other commercial banks in United States	n.a.	6,425	n.a.	5,543	n.a.	602	n.a.	227
112 Banks in foreign countries	↑	95,477	↑	87,404	↑	5,970	↑	1,623
113 Foreign branches of U.S. banks	↑	7,899	↑	6,509	↑	1,053	↑	236
114 Other banks in foreign countries	↑	87,578	↑	80,895	↑	4,917	↑	1,387
115 Foreign governments and official institutions (including foreign central banks)	↑	7,748	↑	7,485	↑	101	↑	19
116 All other deposits and credit balances	↑	231	↑	231	↑	0	↑	0

For notes see end of table.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, December 31, 1989¹—Continued

Millions of dollars

Item	All states ²		New York		California		Illinois	
	Total including IBF's ³	IBF's only ³	Total including IBF's ³	IBF's only ³	Total including IBF's ³	IBF's only ³	Total including IBF's ³	IBF's only ³
117 Federal funds purchased and securities sold under agreements to repurchase	46,373	4,500	34,576	2,135	8,725	2,121	2,533	45
118 U.S. branches and agencies of other foreign banks	11,985	1,709	7,921	386	3,430	1,271	407	0
119 Other commercial banks in United States	13,698	406	8,244	62	3,558	342	1,778	0
120 Other	20,690	2,385	18,410	1,688	1,737	508	348	45
121 Other borrowed money	165,147	35,033	58,387	14,445	35,044	16,004	9,408	3,660
122 Owed to nonrelated commercial banks in United States (including IBF's)	65,061	13,597	34,435	2,992	23,531	8,802	5,362	1,236
123 Owed to U.S. offices of nonrelated U.S. banks	28,502	2,470	17,401	868	7,601	1,332	2,792	81
124 Owed to U.S. branches and agencies of nonrelated foreign banks	36,559	11,127	17,035	2,124	15,930	7,470	2,570	1,155
125 Owed to nonrelated banks in foreign countries	19,361	18,868	9,388	8,977	7,121	7,111	2,445	2,424
126 Owed to foreign branches of nonrelated U.S. banks	2,335	2,218	760	655	1,228	1,228	219	209
127 Owed to foreign offices of nonrelated foreign banks	17,026	16,650	8,628	8,321	5,893	5,883	2,225	2,215
128 Owed to others	20,725	2,568	14,564	2,476	4,393	91	1,601	0
129 All other liabilities	47,836	5,758	36,478	4,494	9,356	948	1,320	237
130 Branch or agency liability on acceptances executed and outstanding	33,467	n.a.	24,922	n.a.	7,328	n.a.	779	n.a.
131 Other liabilities to nonrelated parties	14,369	5,758	11,556	4,494	2,028	948	542	237
132 Net due to related depository institutions ⁵	73,138	29,053	40,057	21,011	7,050	2,522	16,032	5,101
133 Net due to head office and other related depository institutions ⁵	73,138	n.a.	40,057	n.a.	7,050	n.a.	16,032	n.a.
134 Net due to establishing entity, head office, and other related depository institutions ⁵	n.a.	29,053	n.a.	21,011	n.a.	2,522	n.a.	5,101
MEMO								
135 Non-interest bearing balances with commercial banks in United States	2,136	16	1,871	15	128	0	74	0
136 Holding of commercial paper included in total loans	864	↑	556	↑	232	↑	76	↑
137 Holding of own acceptances included in commercial and industrial loans	2,594	↑	1,584	↑	708	↑	165	↑
138 Commercial and industrial loans with remaining maturity of one year or less	64,811	n.a.	36,205	n.a.	12,654	n.a.	9,493	n.a.
139 Predetermined interest rates	40,430	↑	21,348	↑	9,411	↑	5,426	↑
140 Floating interest rates	24,381	↓	14,857	↓	3,244	↓	4,067	↓
141 Commercial and industrial loans with remaining maturity of more than one year	59,945	↓	40,627	↓	9,616	↓	6,213	↓
142 Predetermined interest rates	21,029	↓	15,415	↓	3,418	↓	1,783	↓
143 Floating interest rates	38,917	↓	25,212	↓	6,198	↓	4,430	↓

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	77,853	n.a.	65,988	n.a.	2,163	n.a.	3,785	n.a.
145 Time CDs in denominations of \$100,000 or more	44,997	n.a.	36,915	n.a.	1,291	n.a.	2,029	n.a.
146 Other time deposits in denominations of \$100,000 or more	11,510	n.a.	9,504	n.a.	650	n.a.	1,167	n.a.
147 Time CDs in denominations of \$100,000 or more with remaining maturity of more than 12 months ..	21,346	n.a.	19,568	n.a.	222	n.a.	589	n.a.
	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	31,611	9,595	25,672	7,322	3,827	1,643	1,269	466
149 Immediately available funds with a maturity greater than one day included in other borrowed money	62,003	n.a.	32,448	n.a.	24,412	n.a.	3,814	n.a.
150 Number of reports filed ⁶	517	0	238	0	124	0	54	0

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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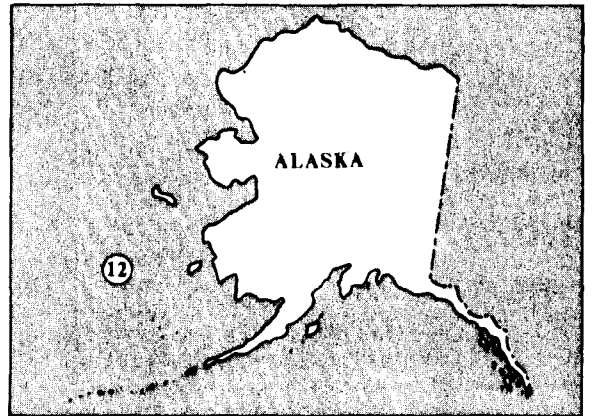
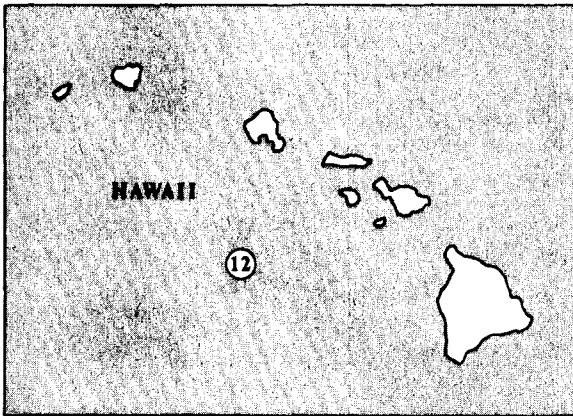
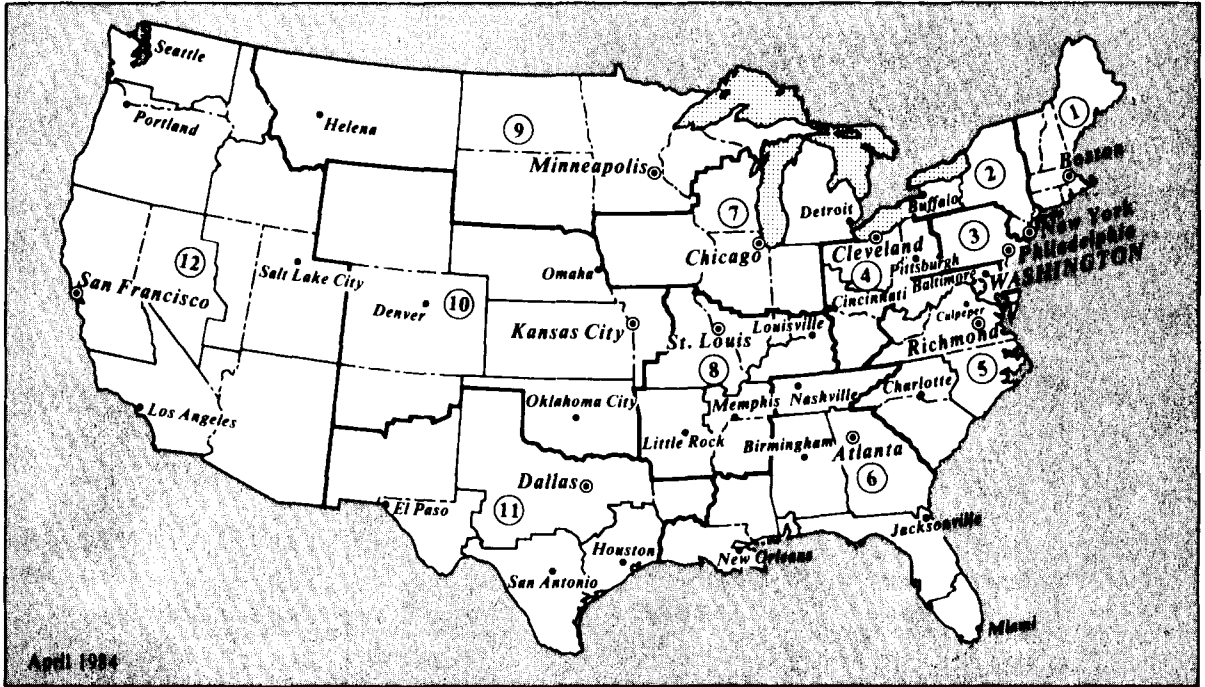
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The Federal Reserve System

Boundaries of Federal Reserve Districts and Their Branch Territories



LEGEND

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- Boundaries of Federal Reserve Branch Territories
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