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# FEDERAL RESERVE BULLETIN

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

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# The Thrift Industry in Transition

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*Patrick I. Mahoney and Alice P. White of the Board's Division of Research and Statistics prepared this article. Diana R. Goodman prepared the appendix.*

The economic climate of the 1980s has generated substantial changes in the structure of the thrift industry.<sup>1</sup> Thrift institutions suffered widespread losses in 1981 and 1982 as market interest rates rose to very high levels; with the lower average levels of interest rates prevailing in 1983 and 1984, the industry as a whole has become marginally profitable. Nevertheless, these earnings problems materially affected the regulatory environment and the structure of the industry. The large losses of the early 1980s depleted capital positions, and many firms failed or were merged out of existence. Legal and regulatory changes implemented to forestall future earnings stresses have yielded mixed results to date; the rebuilding

of capital and the restructuring of assets by the thrift industry are still in the early stages.

The earnings of thrift institutions historically have been sensitive to fluctuations in interest rates. Before the deregulation of deposit liabilities, thrift institutions suffered outflows, reduced liquidity, and lower earnings whenever market interest rates rose above ceiling rates on deposits. As deregulation progressed, new types of accounts with rates either indexed to market interest rates or not limited were authorized. These new instruments helped thrift institutions attract and retain deposits, but at a price. Institutions were forced to absorb cost increases as low-yielding passbook deposits were shifted to the new accounts, and their cost of funds rapidly began to adjust to changes in market interest rates. The return on assets, primarily fixed-rate mortgage loans with long maturities, remained relatively insensitive to interest rate movements. Legal and regulatory restrictions, as well as their earlier profitable experience with mortgage lending, prevented most thrift institutions from shortening the average maturity of their assets.

During the 1980s, steps have been taken to address this fundamental imbalance in the asset and liability structure of thrift institutions and to assist them in raising new capital. They have been given new and expanded powers in the areas of commercial and consumer lending in addition to authority to issue long-term mortgages with adjustable rates; and the procedures have been eased for the conversion of mutual institutions to the stock form of organization, thus enabling them to raise additional capital. These measures have provided a framework for fundamental changes in the balance-sheet structure of the thrift industry, but the transition is proceeding slowly. The assets of thrift institutions continue to be dominated by fixed-rate instruments, even though recent lending activity for home mortgages has been predominantly with adjustable rates. Relatively few institutions

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1. The term "thrift industry" is used to denote savings and loan associations and savings banks, both federally and state chartered. Credit unions, another segment of the thrift industry, are not discussed because their portfolios and regulatory treatment differ substantively from those of savings and loan associations and savings banks.

Structural changes within the thrift industry have blurred the distinction between savings and loan associations and savings banks. Legislation enacted in 1982 facilitated the conversion of existing savings and loan associations and mutual savings banks to a relatively new class of thrift institution, the federal savings bank. As a result of charter changes, the Federal Savings and Loan Insurance Corporation now insures some of these new federal savings banks as well as savings and loan associations. Federal Home Loan Bank Board data that are used in this article include all "FSLIC-insured institutions" rather than simply insured savings and loan associations. Since the majority of FSLIC-insured federal savings banks were formerly savings and loan associations, this overall category corresponds roughly to the historic savings and loan industry. Data on savings banks from the National Council of Savings Institutions include information on state-insured savings banks as well as on some other federally insured savings banks, and these data correspond roughly to the historic mutual savings bank industry. Because these institutions are no longer exclusively mutual, that term has been dropped and the designation "savings bank" has been adopted.

have moved aggressively to increase the share of nonmortgage loans in their portfolios. Indeed, the long-term nature of thrift institutions' assets, many of which are now below par value, makes rapid structural adjustments difficult.

In contrast, the thrift industry continues to experience large and rapid changes in the structure of its liabilities. The process of deregulating the liabilities of depository institutions is virtually complete. The bulk of the new funds that thrift institutions acquire are priced at market interest rates, and most of their existing small time deposits have already adjusted to market levels. Deposits in passbook savings accounts continue to decline gradually. The maturity of small time deposits appears to have lengthened slightly as thrift institutions have taken advantage of deregulation to raise the relative attractiveness of deposits in certain maturity categories. However, short-term managed liabilities, primarily large time deposits and repurchase agreements, also have increased. In recent years, thrift institutions have made little progress toward lengthening the average maturity of their total liabilities, and at the same time, their funding costs are more sensitive to movements in market interest rates.

The picture of the thrift industry that emerges is one of institutions responding to changing economic conditions within their traditional structure. Thrift institutions continue to fund large holdings of longer-term mortgage assets with shorter-term liabilities. For many institutions, losses and an erosion of capital positions hamper restructuring, while others still use strategies of asset and liability management that may not be suited to the current economic climate. As a result, the financial health of the thrift industry will remain sensitive to market interest rates as restructuring continues.

#### EARNINGS PERFORMANCE

After losses in excess of \$5½ billion in 1981 and again in 1982, the thrift industry returned to profitability in 1983 with aggregate earnings of \$2.3 billion (table 1). The industry remained profitable in the first half of 1984, although the earnings of savings banks were at a lower rate

#### 1. After-tax net income of thrift institutions

Amounts in billions of dollars; percentages at annual rates

Year	FSLIC-insured institutions		Savings banks	
	Amount	Percent of average assets	Amount	Percent of average assets
1975	1.4	.47	.4	.38
1976	2.3	.63	.6	.45
1977	3.2	.77	.8	.55
1978	3.9	.82	.9	.58
1979	3.6	.67	.7	.46
1980	.8	.13	-.2	-.12
1981	-4.6	-.73	-1.4	-.82
1982	-4.3	-.64	-1.3	-.73
1983	2.0	.26	.3	.15
1984:H1	1.0	.24	.1	.07

SOURCES: Federal Home Loan Bank Board and National Council of Savings Institutions.

than in the previous year. Despite this dramatic improvement, current earnings are low compared with the performance of the late 1970s. Institutions insured by the Federal Savings and Loan Insurance Corporation (FSLIC) earned a return on average assets of 0.82 percent in 1978 but only 0.24 percent in the first half of 1984. Earnings of savings banks were less than one-eighth of their level in 1978.

The deterioration in the earnings of thrift institutions began in 1980 and accelerated in 1981 as market interest rates rose to unusually high levels. These rate movements, combined with the deregulation of deposit liabilities, resulted in sharp increases in the cost of funds. Between 1979 and 1981, the gross interest expense of FSLIC-insured institutions rose from 6¾ percent of assets to 10 percent, as shown in table 2. Savings banks, which had a larger share of deposits in rate-constrained passbook accounts, experienced a smaller increase in funding costs. Although market interest rates began declining in 1982, the interest expense of thrift institutions continued to rise as greater proportions of their liabilities were shifted to accounts that were either ceiling free or indexed to market rates. A significant reduction in the cost of funds did not occur until 1983, and it has been the major factor contributing to the improved profitability of thrift institutions.

The composition of the asset portfolios of thrift institutions, which continue to include large amounts of long-term, fixed-rate mortgage



assets, limits the change in gross operating income for a given change in market interest rates. Rates of gross operating income did improve in the early 1980s as thrift institutions acquired securities and made mortgage loans at the higher prevailing interest rates. Nevertheless, these improvements were small, in part because aggregate mortgage activity declined as interest rates rose. Moreover, the proportion of mortgage loans repaid each year fell from the range of 12 to 14 percent in the late 1970s to between 5 and 7 percent in 1981, limiting the funds available for reinvestment at higher yields. With prevailing market interest rates in 1983 and 1984 lower than those in 1981 and 1982 and with legal changes allowing institutions to enforce due-on-sale clauses, the repayment rate on the mortgage portfolio rose to 15 percent. The yield on the mortgage portfolio improved as the funds from lower-yielding mortgages as well as new funds were lent at higher interest rates.

The liabilities of thrift institutions have a much shorter effective maturity than their assets, and thus liability yields adjust to movements of market interest rates more rapidly than asset yields. At times of rising interest rates, such as 1981 and 1982, the result is a substantial drop in the net interest margin—that is, the spread between gross operating income and interest expense

(table 2). As thrift institutions shorten the interval over which they can reprice their assets—for example, by holding a larger proportion of adjustable-rate mortgages—gross operating income will become more variable as the yields on such loans adjust with market interest rates. The spread between gross operating income and interest expense should become more stable, however, reducing the sensitivity of operating earnings to changes in market interest rates. Methods of managing interest rate risk, such as interest rate swaps or hedging programs using financial futures and options, also can be used to produce smoother patterns of earnings.

FSLIC-insured thrift institutions only broke even on operations in 1983, but they still showed a profit as a result of nonoperating income generated partially through the sale of assets. Savings banks also reported substantial nonoperating income. The opportunity to improve profitability from sales of assets was one result of the large number of mergers in 1981 and 1982, which are discussed in the appendix. Many of these mergers involved an accounting technique in which the assets of the acquired firm were reappraised at the time of the merger at their fair market value, or marked to market; because many of these assets were revalued during periods of high interest rates, capital gains could be recognized

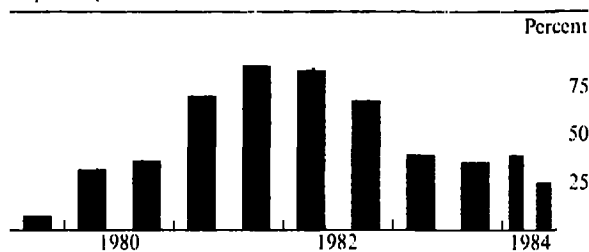
2. Income and expense as a percent of average assets at thrift institutions

Annual rate		1979	1980	1981	1982	1983	1984:Y1
		<b>FSLIC-insured institutions</b>					
Gross operating income .....	Item	9.03	9.50	10.39	10.69	10.66	11.10
Gross interest expense .....		6.77	8.03	10.00	10.51	9.02	9.19
Net interest margin .....		2.26	1.47	.39	.18	1.64	1.91
Noninterest expense .....		1.32	1.34	1.42	1.51	1.64	1.70
Net operating income (pretax) .....		.94	.13	-1.12	-1.52	0	.22
Net nonoperating income (pretax) .....		.02	.07	.15	.45	.34	.13
Taxes .....		.29	.07	-.24	-.24	.08	.11
After-tax net income .....		.67	.13	-.73	-.64	.26	.24
		<b>Savings banks</b>					
Gross operating income .....		8.26	8.79	9.42	9.86	9.29	9.68
Gross interest expense .....		6.13	7.10	8.42	8.59	7.32	7.56
Net interest margin .....		2.13	1.69	1.00	1.27	1.97	2.09
Noninterest expense .....		1.47	1.77	1.96	2.13	1.89	2.01
Net operating income (pretax) .....		.66	-.07	-.95	-.87	.08	.08
Net nonoperating income (pretax) .....		-.02	-.02	.05	.12	.10	.08
Taxes .....		.18	.08	-.08	-.01	.03	.09
After-tax net income .....		.46	-.12	-.82	-.73	.13	.07

1. Details may not add to totals as a result of rounding.

SOURCES: Federal Home Loan Bank Board and National Council of Savings Institutions.

1 Percentage of FSLIC-insured institutions posting losses



Semiannual data, 1979-83; quarterly data, 1984.  
 SOURCES: Federal Home Loan Bank Board, Report of Condition and Income.

through their sale when interest rates subsequently fell. The potential for generating income in this manner is limited by the stock of salable assets.

While the thrift industry in the aggregate has shown improvement in its earnings, disparities in the performance of various groups of firms within the industry still exist. Many firms continue to experience losses and reductions in net worth. As shown in chart 1, almost one-fourth of FSLIC-insured institutions, more than 750 firms, reported losses in the second quarter of 1984. This performance signifies a vast improvement from that in the latter part of 1981, when 85 percent had losses, but it still represents a serious problem for many individual institutions.

The losses incurred in 1981 and 1982 depleted the capital accounts of thrift institutions. The aggregate ratio of net worth to total assets at FSLIC-insured institutions fell from more than 5

3. Ratio of net worth to total assets at thrift institutions

Year	Percent	
	FSLIC-insured institutions	Savings banks
1975	5.8	7.0
1976	5.6	6.7
1977	5.5	6.8
1978	5.5	6.9
1979	5.6	7.1
1980	5.3	6.6
1981	4.3	5.7
1982	3.7	5.3
1983	4.0	5.4
1984	3.9	5.2

1. June 1984.  
 SOURCES: Federal Home Loan Bank Board and National Council of Savings Institutions.

percent to a historical low of 3.7 percent in 1982 (table 3). Capital positions improved in 1983 as a result of an increase in both retained earnings and equity issuance. Except for a slight improvement in 1983, the capital ratio of savings banks also has declined continuously since 1979. The low level of current earnings of thrift institutions, combined with continuing growth in assets, has limited improvements in capital ratios.

The deterioration in capital positions has been especially notable at firms that have continued to incur losses. In June 1984, the ratio of net worth to total assets of FSLIC-insured institutions that were operating in the red was only 2¾ percent, and the capital ratio of unprofitable FDIC-insured savings banks was only slightly higher (table 4). These figures contrast sharply with the

4. Net worth ratios of profitable and unprofitable thrift institutions, by size of institution, June 1984  
 Net worth as a percent of assets

Total assets (millions of dollars)	Unprofitable firms	Profitable firms
FSLIC-insured institutions		
More than 1,000	3.2	4.2
500-1,000	2.4	4.0
100-500	2.0	4.4
50-100	2.6	5.2
Less than 50	3.6	5.8
All size classes	2.8	4.3
FDIC-insured savings banks		
More than 1,000	2.9	5.5
500-1,000	3.3	6.3
100-500	3.5	6.6
Less than 100	5.6	7.1
All size classes	3.0	6.0

SOURCE: The Report of Condition and Income, June 1984.

respective ratios of 4.3 percent and 6.0 percent for profitable institutions of each type. Because of their weakened capital positions, institutions that continue to experience losses are likely to require regulatory assistance, such as a capital infusion or an arranged merger. Locating suitable merger partners may be difficult, however, because many of the firms are relatively large. One-fourth of the savings banks operating in the red had assets in excess of \$1 billion, and these large institutions had the lowest capital ratios among FDIC-insured thrift institutions.

## LIABILITIES OF THRIFT INSTITUTIONS

Movements in the cost of funds of thrift institutions are closely related to two factors: the composition of their liabilities, including the share of accounts that are deregulated or are indexed to market interest rates; and the pricing policies of institutions, including the way deposit rates move relative to market interest rates. Before the late 1970s, thrift institutions funded their assets largely with savings and small-denomination time deposits, whose interest rates were constrained by ceilings. Managed liabilities played only a small role, and they were primarily in the form of funds advanced from Federal Home Loan Banks during periods of constrained liquidity. In 1978, federal regulatory authorities took a major step in the process of removing interest ceilings on the liabilities of financial institutions by allowing them to offer a six-month, small-denomination time deposit (one of less than \$100,000) that had a ceiling rate tied to the return on a Treasury security of comparable maturity. The authorization of this money market certificate and subsequently of longer-term, indexed accounts helped reduce tendencies toward disintermediation, the phenomenon of savers withdrawing funds from financial institutions and placing them in market instruments when interest rates rise above regulated ceiling rates. These new accounts affected both the maturity structure and the cost of liabilities of thrift institutions. The 1983 action to deregulate most small time deposits increased the reliance of thrift institutions on liabilities with rates related to market interest rates but also gave them the opportunity to price accounts to attract funds of desired maturities.

### *Composition of Liabilities*

Between 1978 and 1981, the proportion of assets funded by passbook accounts declined from 27 percent to 14 percent at FSLIC-insured institutions and from 45 percent to 28 percent at savings banks (table 5). The relative importance of the six-month certificate account grew to about 30 percent at both types of institutions. To the extent that passbook deposits were shifted to

these new indexed accounts, thrift institutions suffered direct increases in costs. Without the new, more attractive accounts, some depositors probably would have moved the funds to market instruments, but even with them, growth in savings and small time deposits at thrift institutions fell from an annual rate of 10 percent in 1978 to 3 percent in 1981. Facing such sluggish deposit growth, thrift institutions began to rely more heavily on managed liabilities consisting of Federal Home Loan Bank borrowings and large time deposits. Market interest rates, and therefore the cost of managed liabilities and deregulated deposits, rose rapidly in 1981 and 1982, further raising the interest expense of thrift institutions.

The Garn-St Germain Depository Institutions Act of 1982 mandated the authorization of an account that was to be "directly equivalent to and competitive with" money market mutual funds. The money market deposit account (MMDA), established in December 1982, was heavily promoted, and some institutions engaged in aggressive introductory pricing. In less than a month, the share of assets funded by MMDAs grew to more than 5 percent at both types of thrift institutions. The creation of the MMDA accelerated the flow of deposits out of passbook savings accounts and small time deposits, but thrift institutions recaptured some funds that had been invested in market instruments. With the resulting rebound in deposit growth, FSLIC-insured institutions were able to prepay some Federal Home Loan Bank advances that had been taken out at relatively high interest rates. Flows into MMDAs moderated after the introductory period, but the account remained an important component of liabilities at both savings banks and FSLIC-insured institutions.

The process of deregulating the liabilities of thrift institutions was virtually completed in 1983. The Super NOW account, an interest-bearing transaction account without a rate ceiling, was introduced in January of that year. Rate ceilings also were removed on small time deposits in October, although passbook ceilings still applied to deposits with maturities of 31 days or less and balances of less than \$2,500. Institutions reacted less aggressively to these steps than to the MMDA, and there were few instances of unusually high introductory pricing. Conse-

quently, deposit growth was not affected noticeably. Thrift institutions did respond to deregulation by selectively promoting deposit instruments in different maturity categories. Before October 1983, the availability of indexed or deregulated offerings in the intermediate maturity range of around one year was limited; for example, a ceiling-free account with a maturity of 1½ years was available only for retirement savings. This maturity category subsequently has become popular with thrift institutions and their customers. At FSLIC-insured institutions, deposits of

one-year maturity accounted for 6 percent of total assets in mid-1984 and were responsible for a slight lengthening in the maturity of small time deposits.

Even the renewed growth in deposits at thrift institutions could not accommodate the strong demand for mortgage credit in 1983 and 1984. Thrift institutions once again supplemented core deposit growth with increases in managed liabilities, largely in the form of repurchase agreements and large time deposits. As thrift institutions turned directly to the capital markets for

5. Balance sheets of thrift institutions  
Percent of total assets

Item	1978	1979	1980	1981	1982	1983	1984 <sup>2</sup>
<b>FSLIC-insured institutions</b>							
Deposits without a fixed maturity, total.....	27.3	21.3	18.4	15.4	18.4	25.5	22.7
Passbook savings accounts.....	27.1	21.1	18.1	14.1	11.5	8.5	7.5
Money market deposit accounts.....	...	...	...	...	5.2	14.0	12.2
Transaction accounts.....	.1	.2	.3	1.3	1.8	3.1	3.0
Small time deposits, total.....	52.3	55.0	56.2	56.0	53.6	46.6	46.8
By maturity.....							
6 months or less.....	8.4	22.5	29.9	28.5	25.5	16.9	15.9
More than 6 months.....	n.a.	n.a.	26.3	27.5	28.1	29.7	31.0
Managed liabilities, total.....	11.0	14.4	16.8	20.9	22.3	21.9	24.6
Large time deposits.....	2.8	4.7	6.4	7.3	8.1	9.8	11.4
FHLB advances.....	6.2	7.1	7.6	9.6	9.3	7.0	7.0
Other borrowings.....	2.0	2.6	2.7	4.1	4.9	5.1	6.2
Other liabilities.....	4.0	3.7	3.4	3.4	1.9	2.0	2.0
Net worth.....	5.5	5.6	5.3	4.3	3.7	4.0	3.9
<b>Total liabilities and net worth.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Mortgage assets <sup>3</sup> .....	85.7	85.4	84.0	82.8	77.5	75.2	75.2
Nonmortgage loans.....	2.2	2.8	3.0	2.8	2.9	3.4	3.8
Cash and securities.....	9.2	8.9	9.8	10.1	12.0	13.4	12.5
Other assets.....	2.9	3.9	3.2	4.3	7.6	8.0	8.5
<b>Total assets.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Savings banks</b>							
Deposits without a fixed maturity, total.....	46.4	38.6	32.7	29.3	33.8	40.1	39.1
Passbook savings accounts.....	45.4	37.4	31.5	28.1	26.9	19.9	18.3
Money market deposit accounts.....	...	...	...	...	5.5	17.0	17.5
Transaction accounts.....	1.0	1.2	1.2	1.2	1.4	3.1	3.4
Small time deposits, total.....	42.7	48.8	53.9	55.5	52.6	46.1	45.7
By maturity.....							
6 months or less.....	n.a.	n.a.	n.a.	30.5	28.2	19.8	18.2
More than 6 months.....	n.a.	n.a.	n.a.	25.0	24.4	26.3	27.4
Managed liabilities, total.....	2.2	4.2	5.5	8.0	5.9	6.7	8.1
Large time deposits.....	1.2	2.0	2.9	3.4	2.7	3.0	3.2
Other borrowings.....	1.0	2.2	2.6	4.6	3.2	3.7	4.9
Other liabilities.....	1.9	1.4	1.3	1.5	2.4	1.7	1.9
Net worth.....	6.9	7.1	6.6	5.7	5.3	5.4	5.2
<b>Total liabilities and net worth.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Mortgage assets <sup>3</sup> .....	66.5	67.8	66.3	64.8	62.1	59.7	59.1
Nonmortgage loans.....	4.6	3.7	6.8	8.4	9.7	9.9	11.7
Cash and securities.....	26.3	23.9	24.0	23.6	23.7	25.4	23.8
Other assets.....	2.6	2.6	2.9	3.2	4.5	5.0	5.4
<b>Total assets.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

1. Details may not add to totals as a result of rounding.  
 2. June 1984.  
 3. Mortgage assets include mortgage loans, mortgage-backed securities, and other mortgage-related assets.  
 n.a. Not available.

SOURCES. Federal Home Loan Bank Board and National Council of Savings Institutions, monthly balance-sheet data, Report of Condition and Income data, and special surveys of deposit account structures.

funds, borrowings from Federal Home Loan Banks, which tend to have longer maturities, played a relatively smaller role.

All of these changes produced a liability structure radically different from that of 1978. Deposits subject to fixed ceilings constituted only a small fraction of liabilities in 1984. Most new funds were acquired at market interest rates. The share of managed liabilities has more than doubled. Indeed, within the past two years, thrift institutions have made little headway in lengthening the maturity of their total liabilities. A slight increase occurred in the proportion of small time deposits that have longer terms, but this increase has been approximately offset by increases in shorter-term managed liabilities. Similar trends were observed in the liability structure of savings banks, although small time deposits were slightly more important in 1984 than in 1978.

*Pricing of Liabilities*

When the yields that institutions could pay on deposits were constrained by ceilings, the major form of pricing competition took place between commercial banks and thrift institutions. Since the early 1970s, thrift institutions had been au-

thorized to offer rates ¼ of a percentage point, or 25 basis points, above the ceiling rates that commercial banks could offer on fixed-rate deposits of similar maturity. The concept of a differential rate for thrift institutions was generally retained in the process of authorizing new accounts with yields indexed to market interest rates.

Deregulated accounts offer thrift institutions the opportunity to price accounts with different maturities according to their funding needs, local market competition, and the general level of market interest rates. A great diversity in pricing strategies is evident among thrift institutions, and between them and commercial banks. FSLIC-insured institutions generally have offered the highest rates, followed by savings banks and commercial banks. With the exception of the MMDA, the spread between the offering rates of thrift institutions and of commercial banks regularly exceeded the traditional differential of 25 basis points that previously had separated their ceiling rates (table 6). Initially, FSLIC-insured institutions priced some longer-maturity time deposits 60 to 80 basis points above those of commercial banks. These spreads further widened for all but the longest-term deposits in September 1984 as banks adjusted offering rates more rapidly in light of declines in market inter-

6. Spread between deposit offering rates of thrift institutions and of commercial banks

Type of account and maturity		Basis points				
		1983 December	1984 March      June      September      November			
		Offering rate at FSLIC-insured institutions less offering rate at commercial banks				
MMDA .....		32	17	3	13	15
<i>Small time deposits</i>		27	17	39	77	83
92 to 182 days .....		77	23	75	90	76
183 days to 1 year .....		77	27	73	83	68
1 year to 2 1/2 years .....		70	30	62	56	63
2 1/2 years and over .....						
		Offering rate at FDIC-insured savings banks (state-chartered institutions only) less offering rate at commercial banks				
MMDA .....		30	31	30	35	42
<i>Small time deposits</i>		37	19	23	53	65
92 to 182 days .....		44	35	29	52	68
183 days to 1 year .....		35	30	28	47	44
1 year to 2 1/2 years .....		35	36	34	45	44
2 1/2 years and over .....						

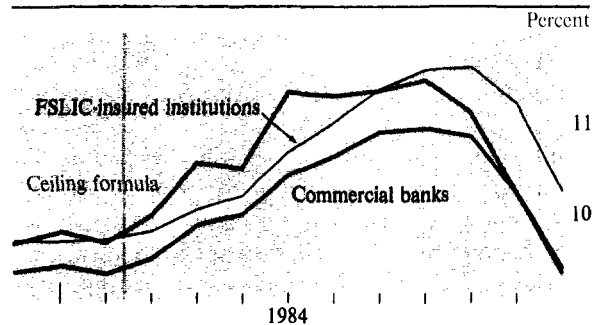
SOURCES: Federal Reserve Board and Federal Home Loan Bank Board, survey data.

est rates. Savings banks consistently have offered rates 30 to 50 basis points higher than have commercial banks.

Aggregate data such as these must be interpreted cautiously because the relevant comparison is between commercial banks and thrift institutions competing in the same market. Individual thrift institutions and commercial banks occasionally have offered rates above those of their local market competitors for short periods of time. These pricing decisions may have been made in an attempt to attract retail deposits to meet special funding needs or for promotional reasons. Sometimes the rate increases were limited to one maturity class, and competitors did not always follow. With this caveat, the aggregate data do suggest, first, that thrift institutions are pricing differently from commercial banks in a deregulated environment, exceeding the previous differential in some deposit categories and paying closer to bank rates in others; and, second, that thrift institutions are pricing most aggressively in time deposits, perhaps to obtain funds that better balance their asset portfolios.

Except in the first months following the deregulation of small time deposits, thrift institutions do not appear to be following formulas used in the construction of the previously indexed accounts nor to be tying rates directly to yields on Treasury securities. Chart 2 displays a comparison of current offering rates in the six-month maturity range with the ceiling rate that would have prevailed for thrift institutions if the account were still indexed; the ceiling rate for commercial banks was equal to that of thrift institutions at some levels of the index or was as much as 25 basis points less at others. After deregulation in late 1983, both FSLIC-insured institutions and savings banks priced six-month deposits close to the rate dictated by the old ceiling formula. Commercial banks, on the other hand, priced 20 to 35 basis points lower. Since that period, deposit offering rates have tended to move sluggishly in response to changes in market yields. During the upward portion of the interest rate cycle in 1984, deposit offering rates sometimes lagged market interest rates as much as 200 basis points (table 7). Once market interest rates began falling, deposit rates either continued increasing or fell by smaller amounts, narrowing

2. Comparison of offering rates of depository institutions on six-month accounts and rate based on ceiling formula



Monthly data.  
SOURCES: Federal Reserve Board and Federal Home Loan Bank Board, survey data.

the amount by which offering rates at thrift institutions were below rates on market instruments of comparable maturity. As of November 1984, thrift institutions were offering rates on some accounts that were 60 to 100 basis points above those of comparable market instruments.

The manner in which thrift institutions price relative to market interest rates, as well as relative to their competitors, has important implications for their future cost of funds and earnings. Ceiling rates on accounts indexed to market interest rates moved in line with those rates, although not always as much. Most thrift institutions paid the maximum possible rate, particularly on the widely advertised six-month money market certificate, so that their rates also moved closely with market interest rates. As noted above, however, the pricing of deposits has been less immediately responsive to changes in market interest rates since the deregulation of small time deposits. Thrift institutions are learning how to price their deposits and how depositors respond to rate variations; part of the response of deposit offering rates to movements in market interest rates may be explained by this process. With a bundle of financial services to offer, including convenience as well as insured deposit products, thrift institutions may not need to pay rates as high as those on market instruments to attract funds. If thrift institutions must price significantly above market interest rates to attract and retain funds, their longer-term earnings prospects will be impaired.

7. Spread between deposit offering rates of thrift institutions and rates on market instruments

Basis points

Type of account and maturity	1983	1984			
	December	March	June	September	November
<b>FSLIC-insured institutions</b>					
MMDA .....	-1	-34	-85	-117	-64
<i>Small time deposits</i>					
92 to 182 days .....	-27	-79	-61	25	103
183 days to 1 year .....	-9	-68	-101	31	73
1 year to 2 1/2 years .....	-30	-81	-138	-7	34
2 1/2 years and over .....	-45	-97	-187	-48	14
<b>FDIC-insured savings banks (state-chartered institutions only)</b>					
MMDA .....	2	-9	-58	-95	-38
<i>Small time deposits</i>					
92 to 182 days .....	-23	-86	-76	1	83
183 days to 1 year .....	-38	-86	-147	-6	66
1 year to 2 1/2 years .....	-60	-119	-203	-43	13
2 1/2 years and over .....	-85	-121	-216	-59	-4

1. The MMDA was compared with the Donoghue's 30-day average yield for money market mutual funds. Market instruments used in the other calculations are the 180-day Treasury bill and 1-year and 2-year

Treasury bonds. For deposits with maturities of 2 1/2 years and more, an average of the 3-year and 5-year Treasury bonds was used.

SOURCES: Federal Reserve Board and the Federal Home Loan Bank Board, survey data.

ASSETS OF THRIFT INSTITUTIONS

The asset portfolios of thrift institutions are dominated by long-term investments, primarily mortgage assets. Large holdings of such assets exacerbate the earnings problems of these institutions when market interest rates rise, because the return on a fixed-rate mortgage portfolio responds to such changes only as new funds or funds from prepaid and maturing loans are invested in market-yielding assets. Aided by regulatory and legislative changes, thrift institutions are pursuing several strategies to restructure their asset portfolios away from fixed-rate mortgage loans and to increase the interest rate sensitivity of the returns on their assets. Institutions have reduced somewhat their reliance on mortgage assets and have changed the composition of these assets. A few firms have increased their investments in nonmortgage loans, and some are pursuing a strategy of rapid growth to dilute the effects of older mortgages on their portfolios. Some institutions are also beginning to use futures contracts and interest rate swaps in an attempt to reduce their interest rate risk as they restructure.

The proportion of assets held by thrift institu-

tions in mortgage investments, both mortgage loans and mortgage-backed securities, has declined since 1978 (balance sheet, table 5). The proportion remained relatively stable after 1982, however, as these institutions began once more to provide large portions of the net increase in outstanding residential mortgage debt. Increases in holdings of cash and securities accounted for much of the relative decline in mortgage assets at FSLIC-insured institutions; these liquid assets had been acquired in part as a result of the rapid growth in MMDA balances in late 1982 and early 1983. Growth in the category "other assets" accounted for most of the rest of the shift in asset composition and was a result primarily of increases in goodwill and deferred losses.

Savings banks, in contrast, increased their relative holdings of nonmortgage loans while keeping approximately the same proportion of assets invested in cash and securities. They altered the composition of their holdings of these assets, however. The proportions of liquid assets held in deposits at other financial institutions and in Treasury and agency securities increased substantially after 1978, and the relative holdings of state and local obligations fell by half. As savings banks incurred losses, they no longer benefited

from the tax-exempt status of municipal securities.

Some thrift institutions are increasing their investments in service corporations in a further attempt to diversify their assets and to supplement their earnings. These investments also allow many institutions to participate in activities such as direct real estate investment that they are not authorized to undertake themselves. While data are limited, the returns to investments in service corporations appear to have varied widely; such holdings did not benefit all institutions. To the extent that the activities of these corporations are concentrated in areas such as direct real estate investment, holdings in them may entail higher risks than mortgage lending or in effect may involve the acquisition of long-term assets. Although investments, including unsecured loans and some shares of net income, in service corporations and other subsidiaries increased significantly at FSLIC-insured institutions over the first half of 1984, they constituted less than 1½ percent of the assets of these institutions at the end of June.

On balance, the shift away from mortgage assets by thrift institutions has been small. Mortgage investments accounted for 60 percent of the assets of savings banks and 75 percent of the assets of FSLIC-insured institutions at the end of June 1984 (balance sheet, table 5). Although reducing the proportion of assets held in mortgage instruments is one method of restructuring, federal income tax regulations have an influence on the amount of mortgage assets some firms choose to hold. For example, the allowable amount of bad debt deductions an institution may claim for tax purposes is related to its holdings of various specified assets, of which mortgage investments are an important component.

### *Restructuring Mortgage Portfolios*

The most dramatic change since 1978 in the composition of the mortgage assets of thrift institutions has been an increase, from 3.7 percent to more than 15 percent, in the proportion of these assets that FSLIC-insured institutions hold as mortgage-backed securities (table 8). Although an institution receives a lower yield on a

mortgage-backed security than it would if it held the underlying loans directly, there are several advantages to holding mortgage assets in the form of a security. The primary benefit is that the institution may use these securities as collateral for borrowing purposes, essentially allowing it to use existing assets to obtain funds to invest in new instruments. This aspect was especially important in the early 1980s, when deposit flows were weak. Mortgage-backed securities have greatly expanded the access of thrift institutions to the capital markets. These institutions have used the securities to enter into term repurchase agreements with investment firms and to provide collateral for the issuance of commercial paper. They also have used mortgage-backed securities to obtain longer-term financing through the issuance of collateralized mortgage obligations and of Eurobonds. Another benefit of mortgage-backed securities is their liquidity: they are more easily sold in the secondary market than are mortgage loans. The use of these instruments to sell older loans, by swapping the loans for securities and then selling the securities, became more attractive for FSLIC-insured institutions as a result of a regulatory accounting change in 1981 that allowed them to defer losses from the sale of assets with below-market yields.

A larger proportion of mortgage assets held in the form of mortgage-backed securities does not increase the interest sensitivity of returns on the mortgage portfolio, however, except to the extent that such securities are used to borrow funds that are then invested in shorter-term assets. Nor do increased holdings of these securities necessarily raise the yield of the portfolio. Virtually all mortgage-backed securities are backed by one- to four-family, fixed-rate mortgage loans. As a result, their yields are generally fixed and, when the securities are acquired through a swap, are comparable with the levels of the yields on the underlying mortgages.

Thrift institutions also have aggressively promoted adjustable-rate conventional mortgages (ARMs) in recent years. These instruments increase the sensitivity of the returns on mortgage portfolios to changes in market interest rates. Yields on ARMs adjust to market interest rates at specified intervals, usually one to five years, although the amount of adjustment may be limited by contractual or regulatory provisions. State-



8. Composition of mortgage assets of thrift institutions

Percent of total mortgage assets

Item	1978	1979	1980	1981	1982	1983	1984 <sup>1</sup>
<b>FSLIC-insured institutions</b>							
Residential mortgage loans <sup>2</sup> .....	86.8	86.5	85.7	84.5	78.8	73.2	70.8
Commercial mortgage loans .....	7.9	7.7	7.4	7.4	8.1	9.5	10.4
Mortgage-backed securities <sup>3</sup> .....	3.7	4.1	5.2	6.0	11.0	14.3	15.5
Other mortgage assets .....	1.6	1.7	1.7	2.1	2.1	3.0	3.3
<b>Total mortgage assets .....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Memo: 1- to 4-family conventional ARMs as a percent of all 1- to 4-family loans and all mortgage-backed securities<sup>4</sup> .....</b>	<b>n.a.</b>	<b>n.a.</b>	<b>5.6</b>	<b>7.4</b>	<b>9.4</b>	<b>13.3</b>	<b>n.a.<sup>5</sup></b>
<b>Savings banks</b>							
Mortgage loans .....	90.5	89.3	87.8	87.8	87.0	84.3	84.6
Mortgage-backed securities .....	9.5	10.7	12.2	12.2	13.0	15.7	15.4
<b>Total mortgage assets .....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

1. June 1984.

2. Includes one- to four-family and multifamily conventional loans and all FHA- and VA-underwritten loans.

3. Data for 1984 include holdings of conventional mortgage securities.

4. ARMs data include only loans with full amortization. Balloon loans are not included. As of the end of 1983, virtually all mortgage-backed securities were secured by one- to four-family, fixed-rate

mortgages. FHA- and VA-underwritten one- to four-family loans also had fixed rates.

5. After December 31, 1983, the Report of Condition and Income contains data only on holdings of all ARMs and all balloon mortgages, including construction loans. These loans constituted 24.6 percent of total mortgage assets at the end of June 1984.

n.a. Not available.

SOURCES: Federal Home Loan Bank Board and National Council of Savings Institutions.

chartered institutions in California have had the authority to issue a form of adjustable-rate conventional mortgage for some years. Interest rate changes on these instruments in general were strictly limited, however. It was not until 1981, when regulators authorized all federally chartered institutions to make adjustable-rate mortgages, that a large segment of the industry could invest in such assets. Repricing terms on federally authorized ARMs are set by the lending institutions.

In 1982 and 1983, 30 to 50 percent of conventional home mortgage loans closed at savings and loan associations and mutual savings banks had adjustable rates. Although this emphasis on ARM lending resulted in a rapid increase in the proportion of mortgage assets with adjustable-rate features, one- to four-family conventional adjustable-rate mortgages accounted for only slightly more than 13 percent of all one- to four-family mortgages and mortgage-backed securities held by FSLIC-insured institutions at the end of 1983 (table 8). In addition, holdings of ARMs were concentrated at a few firms. Five large California institutions held more than 28 percent of all conventional one- to four-family adjustable-rate mortgages at FSLIC-insured in-

stitutions while accounting for only 8 percent of total mortgage assets. Some of these institutions were active in issuing the limited adjustable-rate mortgages permissible under California state charters, and some have specialized in ARM lending, issuing only that type of mortgage loan. In contrast, nearly one-fourth of all FSLIC-insured institutions held no one- to four-family conventional ARMs at the end of 1983. ARM lending over this period was not limited to California, however, for firms outside that state held more than 60 percent of these mortgages outstanding at all FSLIC-insured institutions.

The holdings of ARMs undoubtedly became more widespread in 1984, as the proportion of conventional home mortgage loans closed with adjustable-rate features by thrift institutions ran in some months as high as 75 percent (table 9). Many institutions have also issued balloon mortgages, which have a shorter effective maturity than standard fixed-rate loans, and some construction loans may have balloon or adjustable-rate features. At the end of June 1984, all types of ARMs plus all types of balloon mortgages constituted approximately one-fourth of the mortgage assets of FSLIC-insured institutions. Nevertheless, even if recent lending patterns continue, it

## 9. Percent of conventional home mortgage loans closed with adjustable-rate features, by type of lender, 1984

Month	All lenders	Savings and loan associations	Savings banks	Commercial banks	Mortgage companies
January .....	59	64	70	42	36
February .....	36	63	66	28	60
March .....	60	66	68	35	66
April .....	61	66	65	37	60
May .....	62	69	56	33	57
June .....	65	68	75	36	69
July .....	66	73	58	38	59
August .....	68	75	68	39	71
September .....	66	70	73	50	50
October .....	64	70	63	45	50
November .....	60	68	64	34	50
December .....	48	60	55	26	30

1. The number of ARMs as a proportion of all conventional first mortgage loans for the purchase of new and existing nonfarm single-family properties closed during the first five full working days of the month.

SOURCE: Federal Home Loan Bank Board survey of mortgage interest rates.

will be some time before mortgage assets that are repriced frequently are the major component of the mortgage portfolios of most thrift institutions.

Even significant holdings of ARMs will not completely eliminate the interest sensitivity of the earnings of thrift institutions, particularly over short periods of time. The speed with which the yields on ARMs adjust to changes in market interest rates is limited to the extent that repricing occurs only every three or five years and that the magnitudes of the rate adjustments are constrained. Although the acceptance and use of one-year ARMs is increasing, three- and five-year instruments are still offered, and many of the existing ARMs have fairly strict limitations on repricing. Also, some ARMs have been issued at initial, discounted rates to increase their acceptance by borrowers. These instruments may create stresses that offset any beneficial impact on the interest sensitivity of earnings. First, such pricing often reduces the initial return on the mortgage during the discount period even though these loans generally carry higher initial fees than do loans without such discounts. Second, if borrowers were qualified for loans based on payments calculated at discounted rates, lenders may encounter increased delinquencies or defaults when the instruments are repriced to market rates at the end of the discount period. Increased credit risk may be a problem even with appropriately priced ARMs if there is a sharp, sustained increase in market interest rates.

### *Use of New Asset Powers*

The new and expanded powers granted by the Depository Institutions Deregulation and Monetary Control Act and by the Garn-St Germain Act allow federally chartered thrift institutions to diversify into assets such as commercial and consumer loans. These assets are not so closely tied to cycles in the housing market and are of a considerably shorter effective maturity than are fixed-rate mortgage loans. The shorter maturities of these investments allow institutions to increase the interest rate sensitivity of the yields on their assets. The provisions of this legislation, however, primarily resulted in expanded powers for savings and loan associations because many of the state-chartered savings banks were already permitted such investments by state laws.

FSLIC-insured institutions have been slow to expand the proportion of their assets held in nonmortgage loans. In the aggregate, the importance of such loans at these institutions increased only marginally over the last few years to less than 4 percent of total assets (balance sheet, table 5). The considerable start-up costs associated with instituting new lending programs may have deterred many institutions from exercising these new powers. Others, faced with strong mortgage demand, may have preferred to concentrate on traditional types of lending. In contrast, from the end of 1978 to mid-1984, nonmortgage loans more than doubled in importance at savings banks (balance sheet, table 5). This dis-

parity resulted from the differences in the geographic distributions of the two sets of institutions as well as differences in past state regulatory environments. Savings banks are concentrated in the Northeast, where mortgage activity has been somewhat weaker than in the West, the location of the largest FSLIC-insured institutions. As a result, many of the latter institutions had more opportunity to acquire higher-yielding, often adjustable-rate, assets in the form of new mortgage loans rather than turn to other types of lending. On the other hand, many savings banks had more time to begin and establish commercial and consumer lending programs by virtue of older, state-authorized powers.

10. Selected data on FSLIC-insured institutions grouped by holdings of commercial and industrial loans, consumer loans, and leases, June 1984<sup>1</sup>

Item	Institutions holding commercial and industrial loans	Institutions holding consumer loans	Institutions holding leases
Number of institutions	1,204	3,103	107
Average assets (millions of dollars)	444	290	640
Percent of industry assets	59.3	99.9	7.6
<b>MEMO</b>			
Indicated assets as a percent of total assets	1.2	3.0	.6
Mortgage assets as a percent of total assets <sup>2</sup>	73.8	75.3	71.6

1. Data are for institutions reporting holdings of C&I loans, consumer loans, or personal property leases. Since some institutions hold more than one type of these assets, they are included in more than one column.

2. Mortgage assets include mortgage loans, mortgage-backed securities, and other mortgage-related assets.

SOURCE: The Report of Condition and Income.

The number of FSLIC-insured institutions that held different types of these assets varied considerably. Virtually all institutions held some consumer loans in mid-1984 because this category includes home improvement loans and loans on savings accounts (table 10). Such loans have been made by thrift institutions for some time. Only about 1,200 firms, less than 40 percent of FSLIC-insured institutions, held some form of commercial and industrial (C&I) loans. These loans accounted for slightly more than 1 percent of the assets of these institutions, and the aver-

age holdings were less than \$6 million. Personal property leases (both consumer and nonconsumer) were held by only a few institutions.

Holdings of these newer types of assets generally were highly concentrated. The 10 largest holders of leases and of C&I loans accounted for 71 percent and 26 percent respectively of these assets at FSLIC-insured institutions. In contrast, the 10 largest holders of consumer loans held less than 18 percent of such loans. Institutions initially may have chosen to specialize in different types of nonmortgage lending because holdings of these different types of assets were not generally concentrated at the same institutions.

### Restructuring through Growth

Rapid asset growth has become another strategy for restructuring. By acquiring a large amount of new, market-yielding assets quickly, institutions may shorten the period of time required to diminish the effects of older assets on the average returns on their portfolios as well as generate current income through origination fees on new loans. This strategy is problematic, however. Because rapidly growing institutions generally cannot rely upon core deposit growth to finance their asset acquisition they turn to short-term managed liabilities, such as repurchase agreements and large CDs, that increase their interest rate exposure. They may also rely on brokered deposits that command premium rates and that, in turn, may limit the assets these institutions can acquire at a positive spread over the cost of the funds. The rapid acquisition of assets may also result in lowered credit standards, and thus lead to increased future losses from defaults. If market interest rates remain stable or fall, and if the new assets are sound, rapidly growing institutions are likely to prosper. If there are significant defaults on the new investments or if market interest rates rise significantly, these firms may incur substantial losses that will deplete their net worth. In any event, the growth in assets at these institutions often exceeds proportionate growth in capital, so that their net worth relative to assets declines over time, and the potential risk to the FSLIC increases.

The potential problems associated with a strat-

11. Composition of end-of-period liabilities and assets of FSLIC-insured institutions, grouped by average annual rates of growth in assets over the first half of 1984<sup>1</sup>

Percent of assets or liabilities

Item	Annual rate of growth in assets (percent)				
	Less than 15	15 to 25	25 to 50	More than 50	All firms
<i>Liabilities</i>					
Retail deposits .....	80.9	72.4	64.7	59.0	73.3
Large time deposits <sup>2</sup> .....	7.3	11.6	14.5	18.1	10.7
Repurchase agreements .....	2.4	4.0	6.8	10.4	4.4
FHLB advances .....	6.7	8.1	9.6	7.3	7.6
Other liabilities .....	2.7	3.9	4.4	5.2	4.0
<b>Total liabilities .....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>MEMO: Brokered deposits as a percent of total deposits .....</b>					
	2.2	3.6	10.5	15.6	5.4
<i>Assets</i>					
Total mortgage assets .....	75.9	77.2	74.1	69.6	75.1
Commercial mortgages .....	6.6	8.3	8.2	10.8	7.6
Loans for the acquisition and development of land, developed building lots, and unimproved land .....	1.2	1.8	2.5	5.8	2.1
Residential loans, mortgage-backed securities, and other mortgage-related assets .....	68.1	67.1	63.4	53.0	65.4
Nonmortgage loans .....	3.7	3.6	4.6	5.0	4.0
Real estate investment <sup>3</sup> .....	.2	.6	.7	1.2	.5
Other .....	20.2	18.6	20.6	24.2	20.4
<b>Total assets .....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>MEMO: Ratio of net worth to total assets</b>					
December 1983 .....	3.9	3.8	4.4	3.6	4.0
June 1984 .....	4.0	3.7	4.1	3.5	3.9

1. Figures exclude institutions chartered after December 31, 1980, and institutions merging in the first half of 1984.

2. Deposits with denominations of more than \$100,000.

3. Many state-chartered institutions are authorized to make direct investments in real estate; federally chartered institutions do not have

such powers. State-chartered institutions constitute a higher proportion of rapidly growing institutions than of firms with slower growth rates.

SOURCE: The Report of Condition and Income, December 1983 and June 1984.

egy of rapid growth are illustrated in table 11. Large time deposits and repurchase agreements constituted 20 to 30 percent of the end-of-period liabilities at the institutions that had grown the fastest over the first half of 1984. In contrast, these short-term funds were less than 10 percent of liabilities at slower-growing institutions. Faster-growing firms also relied more heavily on brokered deposits. Real estate investments, loans for the acquisition and development of land, and loans for developed building lots, which can entail greater credit risk than traditional mortgage loans, made up a larger proportion of assets at faster-growing firms. Although rapidly growing firms in the aggregate did not have consistently lower ratios of reported net worth to assets than did other firms, only the slowest-growing institutions were able to improve their capital positions, relative to assets, over the period. In contrast, the net worth ratios of rapidly growing firms declined between the end of 1983 and June 1984.

#### NET WORTH OF THRIFT INSTITUTIONS

The ability of thrift institutions to expand into new types of lending activities and to restructure their portfolios in a prudent fashion may be hampered by their weak capital position. Reported net worth as a percent of assets was 3.9 percent at FSLIC-insured institutions and 5.2 percent at savings banks at the end of June 1984. Aggregate net worth ratios, moreover, disguise the fact that approximately one-third of the assets of FSLIC-insured institutions and one-fourth of the assets of FDIC-insured savings banks were held by firms with net worth ratios of less than 3 percent in mid-1984 (table 12). Low net worth reduces the amount of time that an institution can survive adverse interest rate movements while it is restructuring, and new types of lending activities often entail significant start-up costs that weaker firms may be unwilling or unable to absorb.

12. Distribution of thrift institutions, by selected net worth ratios, June 1984

Net worth as a percent of assets	Number of institutions	Percent of total assets
<b>All FSLIC-insured institutions</b>		
<i>Reported net worth</i>		
Less than 1.....	135	3.3
1 to less than 3.....	773	27.1
3 to less than 5.....	1,106	45.8
5 and over.....	1,112	23.9
<b>Total.....</b>	<b>3,148</b>	<b>100.0</b>
<i>Reported net worth less regulatory additions<sup>1</sup></i>		
Less than 1.....	246	6.4
1 to less than 3.....	790	29.1
3 to less than 5.....	1,026	42.4
5 and over.....	1,006	22.1
<b>Total.....</b>	<b>3,148</b>	<b>100.0</b>
<b>FDIC-insured savings banks</b>		
<i>Reported net worth</i>		
Less than 1.....	1	1.7
1 to less than 3.....	35	24.7
3 to less than 5.....	49	23.8
5 and over.....	208	49.8
<b>Total.....</b>	<b>293</b>	<b>100.0</b>
<i>Reported net worth less regulatory additions<sup>2</sup></i>		
Less than 1.....	7	9.0
1 to less than 3.....	30	17.8
3 to less than 5.....	49	23.9
5 and over.....	207	49.3
<b>Total.....</b>	<b>293</b>	<b>100.0</b>

1. Reported net worth less income capital and net worth certificates and appraised equity capital.

2. Reported net worth less net worth certificates.

SOURCE: The Report of Condition and Income.

*Regulatory Additions to Reported Net Worth*

The reported net worth of some thrift institutions includes additions that do not represent inflows of new capital or are not inflows of capital independent of the insurance funds. These items, which increase reported net worth for regulatory purposes, were intended only to increase the amount of time firms had to restructure. In late 1981 the FHLBB and the FSLIC created the income capital certificate (ICC) to aid ailing institutions. Such institutions were allowed to issue an income capital certificate, which the FSLIC purchased for cash or a promissory note; when the weak institutions became profitable, the certificates would be redeemed. In 1982, the Garn-St Germain Act authorized both the

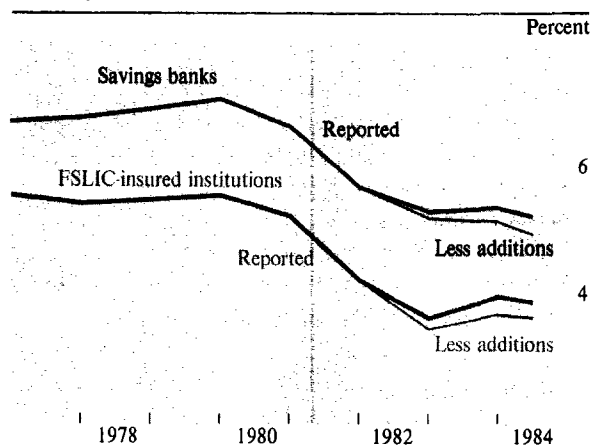
FSLIC and the FDIC to acquire net worth certificates from qualifying weak institutions in exchange for promissory notes. This program was specifically designed to allow institutions that had suffered declines in net worth as a result of operating losses, but that had a reasonable chance of becoming profitable, to continue operating. The net worth certificates are like income capital certificates and are to be redeemed when an institution returns to profitability.

The success of these certificates to date has been mixed. Only a few firms have issued such certificates, and few of them are now profitable. As of mid-1984, 93 FSLIC-insured institutions and 24 FDIC-insured savings banks, representing approximately 10 percent of industry assets, had \$852 million and \$511 million respectively of these certificates outstanding. Only 4 of the savings banks and 31 of the FSLIC-insured institutions recorded positive net income in the second quarter of 1984 or had been merged with profitable institutions. Some firms have issued these certificates relatively recently and thus may not be expected to have returned to profitability. Also, some ICCs have been redeemed as a result of merger activity.

To further increase reported net worth, the Federal Home Loan Bank Board authorized FSLIC-insured institutions in 1982 to use another regulatory addition to net worth, appraised equity capital. This accounting procedure allows an institution to book as net worth a one-time adjustment reflecting the difference between the market value and the book value of its capital assets (buildings and land). Appraised equity capital had been used by less than one-fourth of FSLIC-insured institutions by mid-1984.

The combined effect of these regulatory actions on aggregate reported net worth has been small. At the end of June 1984, regulatory additions constituted approximately 5 percent of the aggregate reported net worth of savings banks and 6 percent of the net worth of FSLIC-insured institutions. Chart 3 illustrates the effect of these additions since their inception on aggregate reported ratios of net worth. The impact of these additions on the distribution of firms by net worth ratios is more pronounced in the classes of institutions with lower net worth ratios because generally it was the weaker firms that used these

## 3. Effects of regulatory additions on reported net worth as a percent of assets at thrift institutions



Annual data; 1984 data shown are for June.

SOURCE: Federal Home Loan Bank Board, Federal Deposit Insurance Corporation, Report of Condition and Income, and National Council of Savings Institutions.

methods to bolster their reported net worth (table 12).

#### *Traditional Additions to Net Worth*

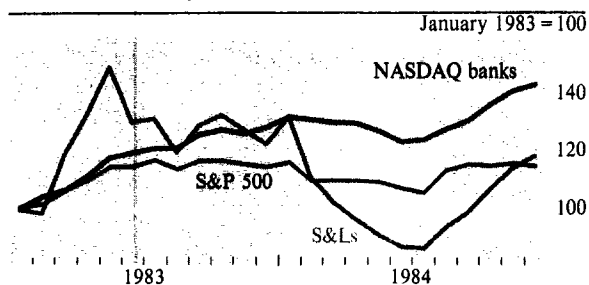
Thrift institutions have two traditional methods by which to increase their net worth: retained earnings and equity issuance. Retained earnings are not likely to be large enough to increase significantly the industry's ratio of net worth to assets in the near future. Even if the return on assets of FSLIC-insured institutions were to rise to the level experienced in 1978, and asset growth was moderate, their aggregate net worth ratio would not exceed 5 percent for several years.

Equity issuance provides another avenue for thrift institutions to raise new capital. Legislative and regulatory changes over the past few years have greatly simplified the conversion of institutions from mutual to stock forms of organization. The Garn-St Germain Act contains provisions that allow state-chartered mutual institutions to convert to federal stock charters, and the FHLBB has adopted a series of rules that have streamlined the conversion process for federally chartered institutions. As a result of these changes and the need to raise capital, many mutual institutions have sought to convert to

stock form. The FHLBB approved 108 such conversions in 1983 and 100 in 1984, more than the total number of conversions approved in the previous seven years.

The successful conversion of an institution to stock form is dependent upon prevailing prices for the equities of thrift institutions. Prices of the shares of thrift institutions are considerably more sensitive to movements in interest rates than are prices of other types of stocks. This sensitivity makes equity issuance difficult when interest rates rise. Prices of thrift institution shares, as measured by an index of equity prices for savings and loan associations, fell sharply in the first half of 1984 in response to the increase in market interest rates over that period. Even though share prices began rising when market interest rates began moving downward in mid-1984, they ended the year below their level at the beginning and more than 25 percent below their peak in May 1983. In the first half of 1984, these stocks underperformed both the general market, as shown by the Standard & Poor's 500 index, and the stocks of smaller regional banks, as shown by the NASDAQ bank index (chart 4). As a result of these price declines, equity issuance by thrift institutions slowed dramatically. After raising \$3.8 billion of capital in the equity markets in 1983 and an additional \$566 million in the first quarter of 1984, thrift institutions issued less than \$70 million of equity over the remainder of the year (table 13). The recent rise in their share prices probably will result in an increase in equity issuance. Many associations have initiat-

## 4. Selected stock price indexes



NASDAQ = National Association of Securities Dealers Automated Quotations; S&Ls = savings and loans; S&P = Standard & Poor's. Each index is a monthly average adjusted to equal 100 in January 1983. All indexes are weighted by shares outstanding.

SOURCE: S&L index compiled by Federal Reserve Board staff.

13. Public equity offerings by thrift institutions and prices of savings and loan stocks<sup>1</sup>

Millions of dollars except as noted

Period	Average value of savings and loan stock index (1983: H1 = 100)	Total offerings	Initial public offerings	Seasoned offerings
<b>1983</b>				
H1.....	100.0	1,589	1,468	121
H2.....	104.5	2,231	1,991	240
<b>Total.....</b>	...	<b>3,820</b>	<b>3,459</b>	<b>361</b>
<b>1984</b>				
Q1.....	94.6	566	376	190
Q2.....	73.1	37	37	0
Q3.....	76.3	15	15	0
Q4.....	92.9	15	6	9
<b>Total.....</b>	...	<b>633</b>	<b>434</b>	<b>199</b>

1. These figures somewhat understate total equity capital raised because they generally do not include the shares purchased by management and depositors.

SOURCE: Federal Reserve Board.

ed the conversion process and have been waiting for the market for thrift stocks to improve before attempting to issue shares.

Even large amounts of equity issuance will have only a slight impact on the aggregate net worth ratio of the industry. Despite positive earnings and some equity issuance in the first half of 1984, the ratio of net worth to total assets at FSLIC-insured institutions declined as asset growth exceeded the proportionate increases in net worth over the period. If equity issuance had continued at the same rate as in the first half of 1983, their net worth ratio would have improved only marginally. Also, many of the firms issuing stock for the first time in 1983 were the larger, stronger institutions; smaller or weaker firms may find it difficult or impractical to raise capital through equity issuance in the future.

Equity issuance and retained earnings, while increasing industry net worth, do not increase it uniformly among institutions. Approvals for con-

version to the stock form of charter are continuing, but such conversions represent only a small portion of the total number of mutual thrift institutions. In addition, nearly one-fourth of all FSLIC-insured institutions experienced losses in the second quarter of 1984, further eroding their capital positions. As a result, the disparity among the net worth positions of firms in the industry is likely to widen, indicating that further mergers and consolidation of the thrift industry may continue.

CONCLUSION

The thrift industry survived the losses of the early 1980s though they left a legacy of problem institutions with which regulatory authorities are still dealing. A significant portion of the industry is experiencing losses, and the net worth positions of most firms have been eroded. Further consolidation of the industry may occur. Legislation and regulations aimed at preventing difficulties have helped extend the time for the industry to restructure. Nevertheless, the current profitability of the thrift industry is a result of the lower average level of market interest rates more than of structural changes in the institutions' balance sheets.

By choice or necessity, most thrift institutions have retained the structure and activities that have been traditional in their industry. They are primarily mortgage lenders, and their loans are funded by liabilities with effective terms much shorter than those of their assets. Current data suggest that some thrift institutions may be specializing in adjustable-rate mortgage loans or in specific types of nonmortgage lending, but the industry as a whole appears to be changing slowly. It will take thrift institutions time to rebuild capital and to redirect investments. During that interval, their earnings will remain sensitive to movements in market interest rates.

The appendix begins on the following page.

APPENDIX: MERGER TRENDS AND ASSET CONSOLIDATION IN THE THRIFT INDUSTRY

The thrift industry, largely through record numbers of mergers from 1980 to 1983, has consolidated substantially. From December 1979 to June 1984, the number of institutions insured by the Federal Savings and Loan Insurance Corporation decreased more than 20 percent, and the number of savings banks insured by the Federal Deposit Insurance Corporation declined nearly 10 percent. This consolidation has resulted in an increase in the concentration of assets among FSLIC- and FDIC-insured thrift institutions. The 100 largest firms, approximately 3 percent of FSLIC-insured institutions in mid-1984, held 43 percent of industry assets compared with 33 percent in 1979 (table A.1). The top 10 savings banks, or 3 percent of FDIC-insured institutions in mid-1984, controlled 35 percent of industry assets, 10 percentage points more than in 1979. The largest increase in the concentration of assets at both sets of institutions occurred in 1982, a year of particularly heavy merger activity.

*Merger Activity*

Although a small portion of the decline in the number of institutions may be attributed to member terminations and to the closing of institutions

A.1. Concentration of total assets at FSLIC-insured and FDIC-insured thrift institutions, year-end, 1979-84

Percent of total industry assets except as noted

Regulatory agency and year	Ten largest firms	One hundred largest firms	MEMO: Total number of institutions
<i>FSLIC-insured institutions</i>			
1979.....	11	33	4,037
1980.....	11	35	3,992
1981.....	11	37	3,750
1982.....	13	42	3,280
1983.....	15	43	3,132
1984 <sup>1</sup> .....	16	43	3,148
<i>FDIC-insured institutions</i>			
1979.....	25	81	324
1980.....	25	81	323
1981.....	28	81	330
1982.....	33	82	315
1983.....	35	84	294
1984 <sup>1</sup> .....	35	84	293

1. As of June 30, 1984.

SOURCE: The Report of Condition and Income.

in financial difficulty, most of the consolidation has resulted from unprecedented levels of merger activity. The number of mergers approved by the Federal Home Loan Bank Board (FHLBB) averaged 2 percent of all Federal Home Loan Bank members from 1970 through 1980, but surged to record annual rates of 7 percent in 1981 and more than 10½ percent in 1982 (table A.2). While time lags may occur between cyclical economic declines and peak merger activity, the highest rates of merger approvals by the Federal Home Loan Bank Board have corresponded with periods of recession. Distinct increases in the number of approvals occurred during the recessionary periods in 1971-72, 1975, and 1980-83. Merger approvals more than doubled in 1981, as market interest rates exceeded 18 percent and thrift earnings plunged. With the improvement in the economy and the financial condition of thrift institutions, merger activity has subsided since 1982.

In approving mergers, the objective of the Federal Home Loan Bank Board is to protect depositors and to minimize costs to the FSLIC. Initially, the FHLBB encourages institutions to strengthen their financial positions through internal restructuring or by arranging a voluntary merger. Voluntary mergers traditionally have accounted for the highest proportion of savings and loan mergers. These mergers, which represented 75 percent of merger activity in 1980 and 1981, continued to constitute a majority of all mergers of FHLB members even when earnings of thrift institutions plummeted and supervisory and FSLIC-assisted cases reached peak levels.

If institutions are unable to resolve their problems independently, the FHLBB arranges a supervisory or FSLIC-assisted merger. These types of merger, which involve weakened institutions with reported net worth near or below the regulatory minimum, require the FHLBB to arrange and oversee a merger and, in FSLIC-assisted cases, to provide financial assistance. While the proportion of supervisory mergers rose from 15 percent in 1980 to a high of 39 percent in 1982, FSLIC-assisted cases peaked at 17 percent of all savings and loan mergers in 1983. Total supervisory and FSLIC-assisted cases climbed to 49 percent of merger approvals in 1982, but declined to 35 percent in 1984 because the condition of the industry improved.



A.2. Mergers of Federal Home Loan Bank members, 1979-84

Year-end	FHLB members	Mergers approved for FHLB members	Merger approvals as a percent of FHLB members	Merger approvals, by type			Insurance-of-accounts cases <sup>1</sup>
				Voluntary	Supervisory	FSLIC-assisted	
1979	4,242	51	1.2	n.a.	n.a.	n.a.	0
1980	4,250	141	3.3	109	21	11	0
1981	4,344	296	7.0	217	56	23	1
1982	4,029	425	10.6	215	166	44	1
1983	3,355	138	3.9	84	31	23	5
1984 <sup>p</sup>	3,407	49	1.4	32	10	7	9

1. Some savings banks and savings and loan associations that are not insured by the FSLIC may elect to become members of the FHLB system. New savings bank memberships increased the number of FHLB members in 1980.

2. As of December 31, 1984. Insurance-of-accounts cases are separate from FSLIC-assisted cases and involve institutions that

cease to exist. Two cases were payouts; the remainder were transfers of insured accounts, in which insured deposits became available at another institution.

n.a. Not available.

p Preliminary.

SOURCE: Federal Home Loan Bank Board.

FSLIC-Assisted Mergers

The FHLBB arranges an FSLIC-assisted merger for particularly weak institutions when other options have been exhausted. In arranging mergers for these institutions, the FHLBB may provide several types of assistance. Financial assistance may take the form of income capital or net worth certificates (discussed in the text), various income guarantees, or capital outlays. Purchases of net worth certificates by the insurance fund require no immediate outlays except interest payments on promissory notes that are issued in exchange for certificates from the institution. These certificates are redeemed when the institu-

tion becomes profitable again. Income guarantees require the insurance agency to make contributions that maintain the income of the acquired institution when higher interest rates reduce earnings. Conversely, any reduction in interest rates entitles the insurance agency to share in improvements in earnings. These guarantees are set for a fixed period.

Interstate mergers have accounted for the largest proportion of FSLIC-assisted cases and have provided significant cost savings to the insurance fund. Although interstate and interindustry acquisitions have been restricted by statute or federal regulation, an interstate branching resolution approved by the FHLBB in 1981 and the Garn-St Germain Act, passed by the Congress in 1982, granted formal authority for thrift industry regulators to consider this option under emergency conditions. This authority requires that regulators seek suitable intra- and then interstate merger partners within the industry. After all intraindustry options have been considered, mergers with other types of institutions, either within or outside the state, may be approved. A total of 43 interstate mergers have been approved since the first interstate merger was allowed by the FHLBB and the FSLIC in September 1981.

Interstate and interindustry mergers have involved at least one thrift institution merger partner in particularly poor financial condition. Nevertheless, they have been attractive to institutions seeking to establish interstate operations and to diversify financial services. Bank holding companies, generally prohibited from interstate expansion, acquired several weak out-of-state

A.3. Merger costs for FSLIC-assisted cases, 1979-84

Measure of present value	1979	1980	1981		1982 <sup>1</sup>
			Jan.-May	June-Dec.	
Present value of the total cost of FSLIC-assisted cases as a percent of total cost of liquidation <sup>2</sup> ..	75.8	63.3	74.8	18.0	16.3
Present value of the total cost of FSLIC-assisted cases (millions of dollars) .....	35.7	166.6	987.9		1,131.2

1. Latest available data.

2. The present value of the total cost of FSLIC-assisted cases in a given year represents the cost of FSLIC-assisted cases for that year only. This actual figure is computed in relation to estimated costs had the institutions involved in the FSLIC-assisted cases for that year been liquidated.

SOURCE: Federal Home Loan Bank Board.

thrift institutions. While offering interstate expansion to banks, these mergers provided substantial capital infusion to the thrift industry and held down the costs of the FSLIC. Many interstate mergers eliminated the need for an FSLIC payout. In addition, the threat of an interstate or an interindustry merger, through which a larger firm would gain entry into the state, often motivated stronger institutions within the state to acquire ailing firms.

The degree to which the interstate option reduced the financial drain on the FSLIC is reflected in the sharp decrease in the present value of the cost of FSLIC-assisted cases rela-

tive to total costs had the institutions been liquidated (table A.3). This figure fell from about 75 percent for the period between January and May 1981, to 18 percent for the remainder of 1981, when four interstate mergers involving particularly weak institutions were approved. The present value of the total cost of FSLIC-assisted cases continued to rise in absolute terms. This cost, however, fell dramatically as a percent of potential total liquidation costs, and continued to decline as a result of the provisions of the Garn-St Germain Act, which eased interstate and interindustry limitations and thus provided regulators with a wider range of options.

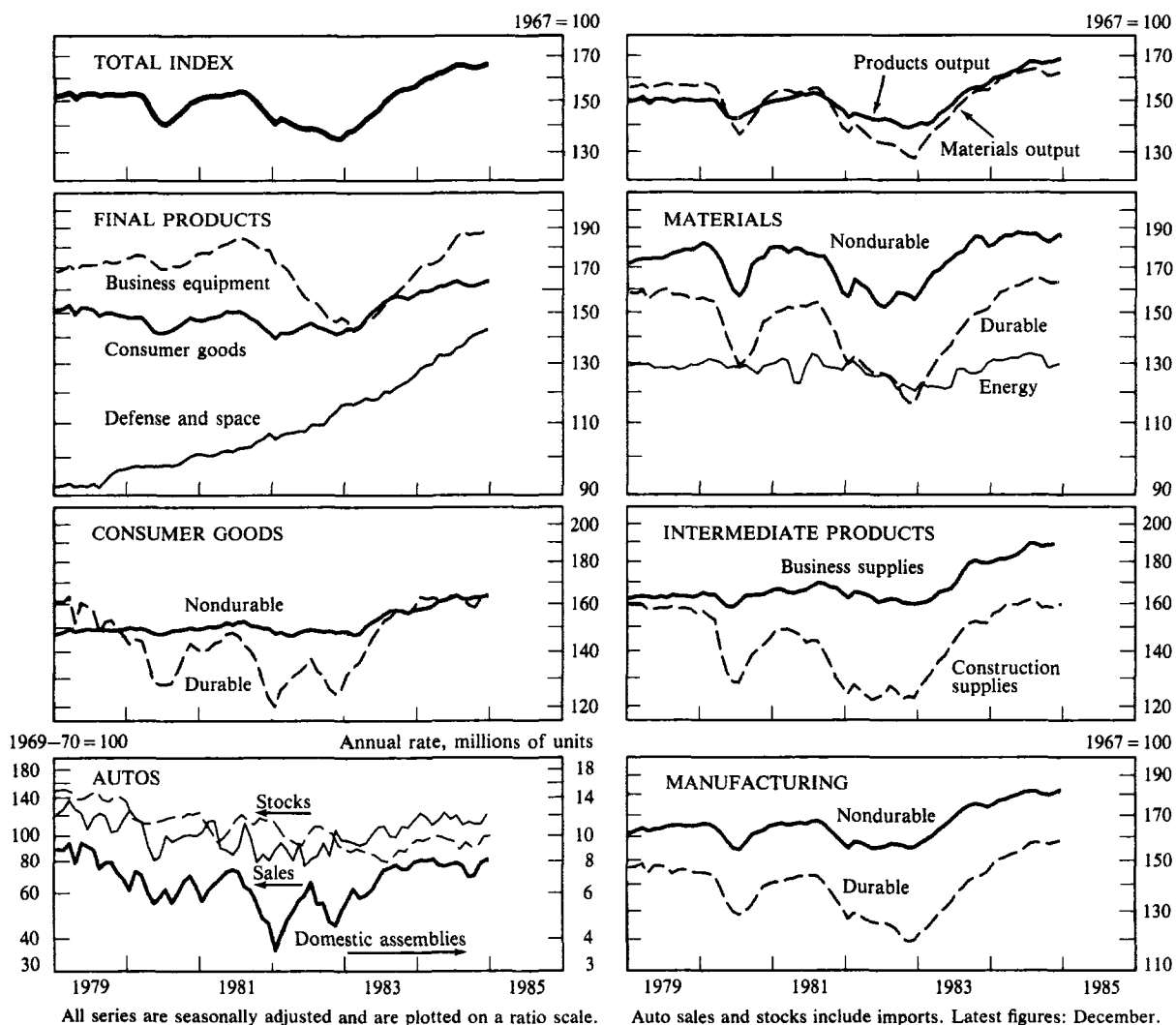
# Industrial Production

Released for publication January 15

Industrial production increased an estimated 0.6 percent in December following an increase of 0.4 percent in November and a decline of 0.3 percent in October. In December, increases occurred among all major groupings of the index. In the fourth quarter of the year, production was about the same as in the third quarter. However,

industrial output in December 1984 was 6.4 percent higher than 12 months earlier while the annual average output in 1984 was about 11 percent higher than that of 1983.

In market groupings, the production of consumer goods increased 0.6 percent in December as output of durable consumer goods rose 0.8 percent and nondurable consumer goods increased 0.5 percent. In December, auto assem-



Grouping	1967 = 100		Percentage change from preceding month					Percentage change, Dec. 1983 to Dec. 1984
	1984		1984					
	Nov.	Dec.	Aug.	Sept.	Oct.	Nov.	Dec.	
<b>Major market groupings</b>								
<b>Total industrial production</b> .....	<b>165.2</b>	<b>166.2</b>	<b>.1</b>	<b>-.6</b>	<b>-.3</b>	<b>.4</b>	<b>.6</b>	<b>6.4</b>
Products, total .....	167.6	168.7	-.1	-.5	.4	.4	.7	7.2
Final products .....	166.0	167.0	-.1	-.3	.4	.5	.6	7.6
Consumer goods .....	162.8	163.7	-.8	-.6	.1	.6	.6	3.8
Durable .....	162.4	163.7	-.7	-1.8	-.7	2.5	.8	3.2
Nondurable .....	163.0	163.8	-.9	.0	.4	-.1	.5	4.1
Business equipment .....	187.1	188.5	1.1	-.6	.4	.0	.7	12.7
Defense and space .....	141.8	143.1	.7	2.0	1.1	.5	.9	13.8
Intermediate products .....	173.7	174.7	-.4	-1.2	.4	.0	.6	5.6
Construction supplies .....	158.3	159.6	-.6	-1.7	.3	-.3	.8	5.3
Materials .....	161.5	162.3	.3	-.7	-1.3	.5	.5	5.0
<b>Major industry groupings</b>								
Manufacturing .....	167.1	168.1	.2	-.6	-.1	.4	.6	7.2
Durable .....	157.6	158.3	.4	-.4	-.1	.4	.4	9.2
Nondurable .....	180.7	182.3	-.1	-.8	-.2	.4	.9	4.8
Mining .....	125.4	126.7	-1.2	.3	-3.8	1.3	1.0	2.4
Utilities .....	180.5	178.8	-.7	.2	-.2	.0	-.9	-2.0

NOTE. Indexes are seasonally adjusted.

blies increased to an annual rate of 8.1 million units following a November rate of 7.9 million. Production of home goods rose about 0.5 percent in December. Output of business equipment increased 0.7 percent following revised estimates that showed no change in November and an increase of 0.4 percent in October. Defense and space equipment rose 0.9 percent in December, while construction products increased 0.8 percent. Output of materials rose 0.5 percent as nondurable materials, led by chemicals and paper, increased 1.0 percent. Production of basic metals declined further in December.

In industry groupings, manufacturing output rose 0.6 percent in December following an increase of 0.4 percent in November and a decline of 0.1 percent in October. Durable manufacturing was up 0.4 percent although steel production continued to decline. Nondurable manufacturing increased 0.9 percent. Mining output rose 1.0 percent in December, while utility output fell 0.9 percent, due primarily to reduced generation of electricity.

# Announcements

## *PUBLICATION OF HANDBOOK ON ADJUSTABLE-RATE MORTGAGES*

The Federal Reserve Board and the Federal Home Loan Bank Board have announced publication of a new pamphlet, the "Consumer Handbook on Adjustable Rate Mortgages." The booklet explains how adjustable-rate mortgages (ARMs) work—including such features as index rates, margins, interest rate and payment caps, and negative amortization—their risks and advantages, and ways for consumers to reduce risk. It also includes a checklist to help homebuyers compare the features of one ARM with another or with a fixed-rate mortgage.

The booklet was prepared in consultation with many other federal agencies and trade and consumer groups at the request of the Congress. Copies are available free of charge from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, or from the Federal Reserve Banks.

## *INCOME OF FEDERAL RESERVE BANKS*

Preliminary figures released January 14, 1985, indicate that gross income of the Federal Reserve Banks amounted to \$18.068 billion during 1984. More than \$16 billion of this was paid to the U.S. Treasury.

Income of the Federal Reserve System is derived primarily from interest accrued on U.S. government securities that the Federal Reserve has acquired through open market operations. Income from the provision of financial services amounted to \$574 million.

Operating expenses of the 12 Reserve Banks and branches totaled \$1.101 billion including \$117 million for earnings credits granted to depository institutions. Assessment by the Board of Governors for Board expenditures totaled \$82 million, and the cost of currency amounted to

\$163 million. Other deductions from current net income amounted to \$413 million. These deductions resulted primarily from a loss of \$455 million on assets denominated in foreign currencies, almost entirely related to revaluation of these assets to market exchange rates, and a gain of \$49 million on sales of U.S. government obligations.

Net income before dividends, additions to surplus, and payments to the Treasury totaled \$16.309 billion. Statutory dividends to member banks were \$93 million; additions to Reserve Bank surplus were \$162 million; and payments to the Treasury amounted to \$16.054 billion.

Under the policy established by the Board of Governors at the end of 1964, all net income after the statutory dividend to member banks and the amount necessary to equate surplus to paid-in capital is transferred to the U.S. Treasury as interest on Federal Reserve notes.

## *REVISION TO LIST OF OTC STOCKS SUBJECT TO MARGIN*

The Federal Reserve Board has published a revised list of over-the-counter (OTC) stocks that are subject to its margin regulations, effective February 12, 1985.

The list includes all over-the-counter securities designated by the Board pursuant to its established criteria as well as all securities qualified for trading in the National Market System (NMS). All securities that have been designated as NMS securities, effective through February 12, 1985, are included in the list. Additional OTC securities may be designated as NMS securities in the interim between the Board's quarterly publications and will be immediately marginable. The next publication of the Board's list is scheduled for May 1985.

This List of Marginable OTC Stocks supersedes the revised list that was effective on No-

vember 13, 1984. Changes that have been made in the list, which now includes 2,283 OTC stocks, are as follows: 133 stocks have been included for the first time, 88 under NMS designation; 55 stocks previously on the list have been removed for substantially failing to meet the requirements for continued listing; 40 stocks have been removed for reasons such as listing on a national securities exchange or involvement in an acquisition.

In addition to NMS-designated securities, the Board will continue to monitor the market activity of other OTC stocks to determine which stocks meet the requirements for inclusion and continued inclusion.

#### *REVISIONS TO STATISTICAL TABLES IN THE FEDERAL RESERVE BULLETIN*

##### *Loans and Securities (table 1.23)*

The bank credit series that is published regularly in table 1.23 of the FEDERAL RESERVE BULLETIN has been revised in this issue. The revision reflects updating of sample blowup ratios that are derived from call reports, corrections in previously reported data, definitional changes, and revisions of seasonal factors. The definitional changes reflect, for the most part, changes in classification of assets on the quarterly condition reports from which sample blowup ratios are derived.

Among the definitional changes, the most important are the shift of certain obligations of states and political subdivisions from other securities to loans and the shift of federal agency securities from other securities to a new combination with U.S. Treasury securities. The latter combination, which raised U.S. government securities and lowered other securities \$166.8 billion as of December 31, 1983, has been estimated back to 1973. The shift of state and political subdivision obligations to loans was not carried back before January 1984; consequently, there are offsetting breaks in series lowering the other securities and raising the total loan components of bank credit \$33.2 billion at the beginning of 1984. Other definitional changes that had smaller effects on the series at the beginning of 1984

include: (1) a shift of federal agency securities held in the trading account into the new U.S. government securities item, resulting in a break of about \$2 billion because back data were not revised; (2) a shift of about \$2.2 billion of bankers acceptances, commercial paper, and negotiable CDs that are held for trading purposes into other securities from loans and cash assets; and (3) exclusion of an estimated \$1.3 billion of loans and securities of noninsured domestically chartered banks from the bank credit series due to inadequate data from these banks. Also, several memoranda series, including loan sales to affiliates, that were formerly published in table 1.23 have been discontinued.

The revisions in sample blowups were derived from quarterly reports of condition covering the period from June 30, 1981, through December 31, 1983. The revised bank credit estimates reflect corrections of reporting errors associated mainly with classification problems that arose with establishment of International Banking Facilities in 1981 and with changes in quarterly condition reports in 1984. These changes in blowup ratios and corrections of data reduced annual growth of total bank credit about 2 percentage points in 1981 and by relatively small amounts in subsequent years. Seasonal factor revisions have tended to lower growth in loans and investments in months at the beginning and end of recent years, while raising growth rates in most other months.

Revised back data are available for the period from December 1972 through December 1984 together with a description of several breaks in series over this period. Requests for these data should be addressed to the Banking Section, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

##### *Assets and Liabilities of Commercial Banking Institutions (table 1.25)*

The estimates of assets and liabilities of commercial banking institutions that are published each month in table 1.25 in the statistical section of the BULLETIN have been revised. The revised series differs from the previous series because of benchmark adjustments, definitional changes in some items, a change in the universe of institutions covered, and changes in estimation meth-

ods. A few items in the old series, which ended in December 1983, have been revised to conform more closely to the new definitions; for most items, however, there is a break in series in January 1984. Table 1.25 shows the new series for most of 1984, as well as data for December 1983 for the revised old series.

The definition of nonbank loans in the series has been changed to include certain obligations of state and political subdivisions, which were formerly included in other securities. This shift causes a break of +\$33.2 billion in nonbank loans at the beginning of 1984. There is a partially offsetting transfer of -\$1.6 billion at the beginning of 1984 because certain acceptances and commercial paper formerly reported as loans were shifted to the trading account.

The new series shows four categories of nonbank loans: commercial loans, real estate loans, loans to individuals, and all other loans; the state and political obligations that were shifted from other securities are included in all other loans. Bank loans are now shown separately and are included both in total loans and in total loans and investments. In the old series, lack of adequate data made it impossible to show bank loans separately after October 1980. For purposes of comparison, however, an estimate of bank loans was made for December 1983 and is shown in the table.

In the series that begins in 1984 holdings of securities are divided into investment securities and trading account securities. Investment securities are further divided into U.S. government securities and other securities. These breakdowns are not available before 1984. To facilitate comparison between the old and new series, table 1.25 also shows, as memo items, total U.S. government securities and all other securities. U.S. government securities now includes both U.S. Treasury securities and U.S. government agency obligations; formerly U.S. government agency obligations were included in other securities. Data for U.S. government securities before 1984 have been revised to conform more closely to the new definition. U.S. government agency obligations held in trading accounts remain in other securities through December 1983, however, which causes a +\$2 billion break in series at the beginning of 1984.

The definition of other securities in the series that begins in 1984 differs from that in the old series in several ways: U.S. government agency obligations have been moved to U.S. government securities, certain obligations of state and political subdivisions have been moved to all other loans, and trading account assets other than securities are now included in other securities. Data through December 1983 have been revised to exclude U.S. government agency obligations (except those in trading accounts), but the series before 1984 was not revised to conform to the other changes in definition. The shift of state and political obligations results in a break in series of -\$33.2 billion at the beginning of 1984, while the inclusion of trading account assets other than securities causes a partially offsetting break of +\$2.2 billion.

In the new series, deposits are grouped differently than they were in the old series. The new categories are transaction deposits, nontransaction savings deposits, and time deposits. The old categories were demand deposits, savings deposits, and time deposits. Only time deposits and total deposits are defined the same way in the new and old series.

Improvements in estimation methods resulted in a different allocation among the liability categories of borrowings, other liabilities, and the residual (assets less liabilities). Borrowings are higher in the new series than in the old, and the residual is smaller.

The new series includes only insured commercial banks. The exclusion of noninsured banks resulted in a reduction of \$0.8 billion in nonbank loans and \$0.5 billion in securities.

Data in the new series, as in the old, are based on weekly reports of a panel of domestically chartered large and small banks and a panel of large U.S. branches and agencies of foreign banks. The large bank panel was changed at the beginning of 1984 to include banks that had domestic assets of \$1.4 billion or more in December 1982. The panel of small bank reporters now includes both member and nonmember banks and a larger number of banks that report loan and securities detail. The branch and agency panel is unchanged.

Back data for assets and liabilities of commercial banking institutions, revised to incorporate

benchmark adjustments and partially revised to be more comparable with the new series, are available from January 1973 to December 1984. Requests for these data may be sent to the Banking Section, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

#### *TWO TABLES DELETED FROM STATISTICAL SECTION OF BULLETIN*

Table 1.29, Large Weekly Reporting Commercial Banks—Balance Sheet Memoranda, will no longer appear in the BULLETIN. Data from table 1.29 have been transferred to two other tables: lines 1–7 will now appear as memo items in table 1.26; lines 8–10, as memo items in table 1.28.

Table 1.34, Terms of Lending at Commercial Banks, has been discontinued as a monthly table. It will appear quarterly beginning in the spring of 1985.

#### *PRICE INCREASE FOR SUBSCRIPTION TAPES*

The Board has announced that beginning with the release for December 31, 1984, the price for the Call and Income Subscription Tapes will be \$325 for each period requested. The increase in price reflects the costs associated with expanding the coverage of the file to include insured mutual savings banks and New York State investment companies, redesigning the file to merge all reports for one institution into a single record, and producing new tape documentation. Furthermore, the new price will apply to each period (June 1960 to present) covered by the subscription service.

The Board has announced also that, effective immediately, the subscription tapes for all periods will be issued in the new format. The tape formats issued previously are no longer available. One copy of the tape documentation, which applies to all periods, is included in the new purchase price of \$325. However, the cost of separate orders for the subscription tape documentation and of additional copies will continue to be \$35 per copy.

Please direct any questions about the content of the tape documentation to Robert Chamberlin, Data Request Coordinator (telephone, 202-452-2816).

#### *PROPOSED ACTIONS*

The Federal Reserve Board has requested comment by February 14, 1985, on a proposal that would lift some restrictions on the operation of nonbank affiliates of bank holding companies.

The Board also requested comment by March 29, 1985, on whether to initiate rulemaking that would establish the framework for bank holding companies to engage in real estate investment activities.

#### *CHANGES IN BOARD STAFF*

The Board of Governors has announced the retirement of Jack M. Egertson, Assistant Director in the Division of Banking Supervision and Regulation, effective February 1, 1985.

The Board has also announced the resignation of John E. Ryan, Director of the Division of Banking Supervision and Regulation, effective February 15, 1985.

The Board has announced the promotion of William Taylor, Deputy Director of the Division of Banking Supervision and Regulation, to Director of the Division, effective February 15. He will succeed John E. Ryan. Mr. Taylor has been a member of the Board's staff since 1976. He has a B.A. from Cornell College, Mount Vernon, Iowa, and attended the Stonier School of Banking at Rutgers University.

#### *SYSTEM MEMBERSHIP: ADMISSION OF STATE BANKS*

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

##### *California*

Napa . . . . . Vintage Bank

##### *Colorado*

Montrose . . . . . Mountain Industrial Bank

##### *Florida*

Maitland . . . . . First American Bank  
of Orange County

Naples . . . . . Mercantile Bank of Naples

##### *Missouri*

Jefferson City . . . . . Missouri Independent Bank

##### *Virginia*

Chesterfield County . . . . . Peoples Bank  
of Virginia



# Legal Developments

## *BANK HOLDING COMPANY, BANK MERGER, AND BANK SERVICE CORPORATION ORDERS ISSUED BY THE BOARD OF GOVERNORS*

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

CapitalBank Corporation  
San Antonio, Texas

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

CapitalBank Corporation, San Antonio, Texas, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act ("Act") (12 U.S.C. §§ 1841-1849) to become a bank holding company by acquiring all of the voting shares of First City Bank-Central Park, San Antonio, Texas ("Bank").

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

Applicant, recently organized for the purpose of becoming a bank holding company, has no business activities and no operating history. Bank is currently a subsidiary of First City Bancorporation of Texas, Houston, Texas ("First City"). As part of its proposed acquisition of Cullen/Frost Bankers, Inc., San Antonio, Texas, First City has agreed to sell Bank to Applicant after the acquisition is approved by the appropriate governmental agencies.

Bank has total deposits of \$168.7 million, representing less than 0.15 percent of the total deposits in commercial banks in Texas.<sup>1</sup> Bank operates in the San Antonio banking market,<sup>2</sup> where it is the ninth largest of 40 commercial banks. Consummation of the proposed acquisition would not result in the concentration

of banking resources in Texas, or in any significant effect on competition in the San Antonio market.

The financial and managerial resources and future prospects of Applicant and Bank are consistent with approval of this application, particularly in light of Bank's strong financial condition, Applicant's low leverage position, and the commitments Applicant has made in connection with this application. Applicant has proposed no new services for Bank. However, there is no evidence that the banking needs of the community to be served are not being met. Accordingly, considerations relating to the convenience and needs of the community are consistent with approval.

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

By order of the Board of Governors, effective January 31, 1985.

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

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

Central National Bancshares, Inc.  
San Angelo, Texas

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

Central National Bancshares, Inc., San Angelo, Texas, a bank holding company within the meaning of the Bank Holding Company Act ("Act") (12 U.S.C. § 1841 *et seq.*), has applied for the Board's prior approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 88.5 percent of the voting shares of Central National Bank-North, San Angelo, Texas ("Bank").

1. Deposit data are as of December 31, 1983; market structure data are as of October 31, 1984.

2. The San Antonio banking market consists of Bexar County and the town of Boerne in Kendall County, Texas.

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

Applicant is the 29th largest commercial banking organization in Texas, controlling two banks with total deposits of \$267.2 million, representing 0.2 percent of total deposits in commercial banks in the state. Bank is the 841st largest commercial banking organization in Texas with total deposits of \$14.3 million, representing less than 0.1 percent of total deposits in commercial banks in Texas.<sup>1</sup> Upon consummation of this proposal, Applicant would become the 26th largest commercial banking organization in Texas with total deposits of \$281.5 million, representing approximately 0.2 percent of total deposits in commercial banks in Texas. Consummation of this proposal would not result in the concentration of banking resources in Texas.

Both Applicant and Bank compete in the San Angelo banking market.<sup>2</sup> Applicant is the largest of seven commercial banking organizations, controlling 33.1 percent of total deposits in commercial banks in the market. Bank is the smallest commercial banking organization, controlling 1.8 percent of total deposits in commercial banks in the market.<sup>3</sup>

Applicant and Bank have been under common control since May of 1983, when principals of Applicant acquired Bank, then a savings and loan association which was later converted to a national bank. In analyzing the competitive effects of a proposal such as this one, involving banking organizations located in the same market and under common control, the Board considers the competitive effects of the transaction whereby common control of the institutions was established.<sup>4</sup>

Principals of Applicant acquired Bank in May of 1983 with the intention of converting Bank from a savings and loan association to a national bank. Accordingly, the Board has analyzed the competitive effects of the proposal as if Bank were a commercial bank in May of 1983. On this basis, Applicant in 1983 was the largest of seven commercial banking organizations in the market controlling total deposits of \$246.1 million, or 32.8 percent of total deposits in commercial banks in the market. Bank would have been the

smallest bank in the market with total deposits of \$15.6 million, or 2.1 percent of total deposits in commercial banks in the market. In 1983, Applicant and Bank together controlled 34.9 percent of total deposits in commercial banks in the market.<sup>5</sup> Accordingly, some existing competition was eliminated when Applicant's principals acquired Bank in 1983.

However, the Board believes the anticompetitive effects which resulted from acquisition of Bank by Applicant's principals were mitigated by several factors, including the number and size of the remaining competing banking organizations in the market, including two of the top five banking organizations in Texas, and the effect of competition from thrift institutions in the market. The Board has previously indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks.<sup>6</sup> The record indicates that in 1983, thrift institutions in the San Angelo market were aggressively competing with commercial banks, offering a wide range of consumer services, including NOW accounts, and commercial and industrial loans. Further, the largest depository institution in the market was a thrift institution which controlled 33.7 percent of total deposits in depository institutions in the market, a market share almost twice that of Applicant at that time. If only 50 percent of the thrift deposits were included in the product market, the San Angelo market would have been considered to be moderately concentrated in 1983 with a pre-acquisition Herfindahl-Hirschman Index ("HHI") of 1675, which increased by 70 points to 1745 upon Bank's acquisition by Applicant's principals.<sup>7</sup> Accordingly, the Board concludes that consummation of this proposal would have no significant adverse effects on existing competition in this market.

The financial and managerial resources and future prospects of Applicant, Applicant's subsidiaries, and Bank are generally satisfactory. Applicant has proposed no new services for Bank. However, there is no evidence in the record indicating that the banking needs of the community to be served are not being met. Accordingly, considerations relating to the convenience and needs of the community to be served are consistent with approval.

5. The Board notes that Applicant and Bank, respectively, controlled 18.3 and 1.2 percent of total deposits in all depository institutions in the market in 1983.

6. See *National City Corporation*, 70 FEDERAL RESERVE BULLETIN 743 (1984); *NCNB Bancorporation*, 70 FEDERAL RESERVE BULLETIN 225 (1984); *First Tennessee National Corporation*, 69 FEDERAL RESERVE BULLETIN 298 (1983).

7. Under the Department of Justice's revised Merger Guidelines (49 *Federal Register* 26,823 (1984)), a market with a post-merger HHI between 1000 and 1800 is considered moderately concentrated. In such markets, the Department is unlikely to challenge a merger that produces an increase in the HHI of less than 100 points.

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

2. The San Angelo banking market is defined as the San Angelo MSA.

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

4. See *Mid-Nebraska Bancshares, Inc. v. Board of Governors*, 627 F.2d 26 (D.C. Cir., 1980).

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

By order of the Board of Governors, effective January 14, 1985.

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

JAMES MCAFEE

[SEAL]

*Associate Secretary of the Board*

Foremost Bancshares, Inc.  
Houston, Texas

*Order Approving Formation of a Bank Holding Company*

Foremost Bancshares, Inc., Houston, Texas, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) to become a bank holding company by acquiring all of the voting shares of South Main Bank, Houston, Texas ("Bank").

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

Applicant, a nonoperating corporation with no subsidiaries, was organized for the purpose of becoming a bank holding company by acquiring Bank, which holds deposits of approximately \$146.4 million.<sup>1</sup> Upon acquisition of Bank, Applicant would control the 54th largest bank in Texas and approximately 0.11 percent of the total deposits in commercial banks in the state.

Bank is the 21st largest of 114 banks in the Houston banking market<sup>2</sup> and holds 0.43 percent of the total deposits in commercial banks in the market. Applicant's principals are not principals of any other bank-

ing organization in the Houston market and consummation of the proposal would not result in any adverse effects upon competition or increase the concentration of banking resources in any relevant area. Accordingly, competitive considerations are consistent with approval.

The financial and managerial resources of Applicant and Bank are generally satisfactory and the future prospects for each appear favorable, particularly in light of certain commitments made by Applicant in connection with this application. In its consideration of this application, the Board has applied the capital standards for small one-bank holding companies.<sup>3</sup> Although these standards generally are applicable to bank holding company formations with subsidiary bank assets totalling \$150 million or less, the Board has permitted larger bank holding company formations to be evaluated under these standards if the Board finds that circumstances warrant such an exception.<sup>4</sup> The Board, after reviewing all the facts of record, finds that an exception is warranted in this case.<sup>5</sup>

The Board notes that Bank's asset size of \$150.6 million is only slightly above \$150 million, and that Bank operates much like a community bank given its location outside of downtown Houston and the marketing philosophy of Bank's management. Moreover, approval of this application would permit the current management of Bank to be maintained, which the Board finds in this instance to be a substantial public benefit.

Although consummation of this proposal would result in no immediate changes in the banking services offered by Bank, considerations relating to the convenience and needs of the community to be served are consistent with approval. Accordingly, the Board has determined that consummation of the proposed transaction would be in the public interest and that the application should be approved.

3. "Federal Reserve Board Policy Statement for Assessing Financial Factors in the Formation of Small One-Bank Holding Companies," 66 FEDERAL RESERVE BULLETIN 320 (1980); Federal Reserve Regulatory Service ¶4-855.

4. *Continental Bancshares, Inc.*, 70 FEDERAL RESERVE BULLETIN 222 (1984); *Tulsa Commerce Bancshares, Inc.*, 68 FEDERAL RESERVE BULLETIN 196 (1982); *The Union of Arkansas Corporation*, 66 FEDERAL RESERVE BULLETIN 659 (1980).

5. Principals of Applicant control two one-bank holding companies that operate outside of the Houston banking market. In circumstances such as this where a chain banking organization exists, the Board analyzes the one-bank holding company proposal before it, as well as the financial and managerial resources and prospects of the chain, within the context of the Board's multi-bank holding company standards whether or not the chain's assets are above \$150 million. In this case, however, Applicant's principals have committed to divest the voting shares of the banks that constitute the chain so that no chain banking relationship would exist upon consummation of this proposal.

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

2. The Houston banking market is approximated by the Houston Ranally Metro Area.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be made 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 Dallas pursuant to delegated authority.

By order of the Board of Governors, effective January 28, 1985.

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

JAMES MCAFEE

[SEAL]

*Associate Secretary of the Board*

P.H. Bancorporation, Inc.  
Pleasant Hope, Missouri

*Order Denying Formation of Bank Holding Company*

P.H. Bancorporation, Inc. has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act ("Act") (12 U.S.C. § 1842(a)(1)) to become a bank holding company by acquiring at least 80 percent of the voting shares of Pleasant Hope Bancshares, Inc., a bank holding company within the meaning of the Act, and thereby indirectly to acquire The Pleasant Hope Bank, all of Pleasant Hope, Missouri.

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

Applicant, a nonoperating Missouri corporation with no subsidiaries, was organized for the purpose of becoming a bank holding company by acquiring Bank, which holds deposits of \$23.5 million.<sup>1</sup> Upon consummation of this proposal, Applicant would control the 365th largest commercial bank in Missouri, holding approximately 0.1 percent of total deposits in commercial banks in the state.

Bank is the third largest of five commercial banking organizations in the Polk County banking market,<sup>2</sup> and holds 15.9 percent of total deposits in commercial banks in the market. Applicant's principals are not

affiliated with any other banking organization in the relevant market, and consummation of the proposed transaction would not result in any adverse effects upon competition or increase the concentration of banking resources in any relevant area.

The Board has indicated on previous occasions that a bank holding company should serve as a source of financial and managerial strength to its subsidiary bank and that the Board would closely examine the condition of an applicant in each case with this consideration in mind.<sup>3</sup> In connection with this proposal, Applicant would incur a sizeable amount of debt, which it proposes to service from Bank's earnings. However, Applicant's debt retirement projections appear to be overly optimistic in light of Bank's recent record of performance. Using less optimistic projections based upon Bank's recent record of performance, the Board concludes that Applicant does not have sufficient financial flexibility to be able to reduce its indebtedness in a satisfactory manner while maintaining adequate capital levels at Bank.<sup>4</sup> Based on these and other facts of record, the Board concludes that financial considerations under the Act weigh against approval of this application.

Applicant has proposed no new services for Bank upon consummation of this proposal. Considerations relating to the convenience and needs of the community to be served are consistent with but lend no weight toward approval of this application.

On the basis of the facts of record of this application, the Board concludes that the banking considerations involved in this proposal are adverse and are not outweighed by any relevant competitive or convenience and needs considerations. Accordingly, it is the Board's judgment that approval of the application would not be in the public interest and the application should be and hereby is denied for the reasons summarized above.

By order of the Board of Governors, effective January 3, 1985.

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

JAMES MCAFEE

[SEAL]

*Associate Secretary of the Board*

3. See *Singer & Associates*, 70 FEDERAL RESERVE BULLETIN 883 (1984); *Central Minnesota Bancshares, Inc.*, 70 FEDERAL RESERVE BULLETIN 877 (1984); *Cambridge Financial Corporation*, 69 FEDERAL RESERVE BULLETIN (1983).

4. The Board has previously stated that in small one-bank holding company formations, it expects, among other things, that the bank holding company's debt-to-equity ratio be reduced to no more than 30 percent within 12 years. *Policy Statement for Formation of Small One-Bank Holding Companies*, 12 C.F.R. Part 225, Appendix B.

1. Banking data are as of June 30, 1984, unless otherwise indicated.

2. The Polk County banking market is defined as all of Polk County, Missouri.

Sweetwater Valley Corporation  
Sweetwater, Tennessee

*Order Approving Acquisition of Bank*

Sweetwater Valley Corporation, Sweetwater, Tennessee, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3(a)(3) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(3)) to acquire City and County Bank of McMinn County, Athens, Tennessee.

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

Applicant controls one bank, Sweetwater Valley Bank, Sweetwater, Tennessee, which holds deposits of \$50.9 million,<sup>1</sup> representing 0.2 percent of the total deposits in commercial banks in Tennessee. Bank, with deposits of \$29.4 million, controls 0.1 percent<sup>2</sup> of the total deposits held in commercial banks in Tennessee. Upon consummation of this proposal, Applicant would control less than 0.4 percent of the total deposits in commercial banks in the State. Accordingly, Applicant's acquisition of Bank would have no significant adverse effect on the concentration of banking resources in Tennessee.

Applicant and Bank both compete in the Athens, Tennessee, banking market.<sup>3</sup> Applicant's existing subsidiary bank is the second largest of ten commercial banking organizations in this market and controls 17.8 percent of the total deposits in commercial banks therein. Bank is the fifth largest commercial bank in the market, and controls 10.2 percent of the total deposits in commercial banks therein. Upon consummation of this proposal, Applicant would become the largest banking organization in the market, and control 28 percent of the total deposits in commercial banks in the market. The Athens, Tennessee, banking market is considered to be moderately concentrated, with a four-firm concentration ratio of 67 percent and a

Herfindahl-Hirschman Index ("HHI") of 1378. Upon consummation of this proposal, the four-firm concentration ratio would increase to 77.3 percent and the HHI would increase by 362 points to 1740.<sup>4</sup>

While consummation of the proposal would eliminate some existing competition between Applicant and Bank in the relevant banking market, eight other banking organizations would remain as competitors. In addition, the presence of four thrift institutions that control approximately 30 percent of the total deposits in the market mitigates the anticompetitive effect of the transaction.<sup>5</sup> These thrift institutions offer a full range of transaction accounts (including NOW accounts) and offer consumer lending services. Furthermore, the thrift institutions in the Athens banking market make commercial and industrial loans.<sup>6</sup> Based on these considerations, the Board concludes that consummation of the proposal would not have a substantial anticompetitive effect in the Athens, Tennessee, banking market.

The financial and managerial resources of Applicant are satisfactory and consistent with approval of the application. The Board, in acting on this application, has considered the fact that approval would facilitate the injection of additional capital into Bank and strengthen its financial and managerial resources and prospects. Banking factors, therefore, lend weight toward approval of the transaction. Convenience and needs considerations are also consistent with approval of this proposal.

Accordingly, it is the Board's judgment that consummation of the proposal would be in the public interest and that the application should be approved. On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be made 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

4. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), when a market has a post-merger HHI between 1000 and 1800, the Department is likely to challenge a transaction that produces an increase in the HHI of more than 100 points unless other facts of record indicate that the merger is not likely substantially to lessen competition.

5. The Board has previously determined that thrift institutions have become, or at least have the potential to become, major competitors of banks. *National City Corporation*, 70 *FEDERAL RESERVE BULLETIN* 743 (1984); *NCNB Corporation*, 70 *FEDERAL RESERVE BULLETIN* 225 (1984); *First Tennessee National Corporation*, 69 *FEDERAL RESERVE BULLETIN* 298 (1983).

6. If 50 percent of the deposits held by thrift institutions were included in the calculation of market concentration, the pre-acquisition four-firm concentration ratio would be 57.0 percent and the HHI would be 1097. Upon consummation of this proposal, the four-firm concentration ratio would increase to 65.4 percent and the HHI would increase by 245 to 1342. Applicant's resulting market share would be 23 percent.

1. All banking data are as of June 30, 1983, unless otherwise noted.

2. As of December 31, 1983.

3. The Athens, Tennessee, banking market is approximated by all of McMinn County, the city of Decatur in Meigs County, and the cities of Madisonville and Sweetwater in Monroe County.

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

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

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

JAMES MCAFEE

[SEAL]

*Associate Secretary of the Board*

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

**Bancorp Hawaii, Inc.**  
Honolulu, Hawaii

#### *Order Approving Acquisition of a Trust Company*

Bancorp Hawaii, Inc., Honolulu, Hawaii, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), 12 U.S.C. § 1841 *et seq.*, has applied for the Board's approval under section 4(c)(8) of the Act, 12 U.S.C. § 1843(c)(8), and section 225.23 of the Board's Regulation Y, 12 C.F.R. § 225.23, to acquire 100 percent of the voting shares of Hawaiian Trust Company, Limited ("Hawaiian Trust"), Honolulu, Hawaii.

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been duly published, 49 *Federal Register* 38,705 (1984). The time for filing comments has expired and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the Act.

Applicant, with total assets of \$3.7 billion,<sup>1</sup> has one subsidiary bank, Bank of Hawaii, Honolulu, Hawaii. Applicant proposes to acquire Hawaiian Trust, which provides a variety of services. Services that Hawaiian Trust provides to individuals include:

- (1) acting as trustee for testamentary and irrevocable trusts;
- (2) acting as trustee for living trusts;
- (3) investment management and advice;
- (4) estate settlement services in probate; and
- (5) guardianship services.

Hawaiian Trust also provides services to corporations and other organizations, including:

- (1) employee benefit services;
- (2) acting as a corporate trustee;
- (3) acting as stock transfer agent; and
- (4) corporate agency services.

In addition, Hawaiian Trust provides certain ancillary services, including physical and clerical real estate management services; real estate appraisals; real estate consulting; and tax preparation.

In order to approve an application under section 4(c)(8) of the 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). The Board has determined that Hawaiian Trust engages in the following nonbanking activities that are permissible under sections 225.25(b)(3), (4), (7) and (13), respectively, of the Board's Regulation Y, 12 C.F.R. §§ 225.25(b)(3), (4), (7) and (13): trust company functions, including escrow and notary services and collection services; investment or financial advice; data processing; and real estate appraising.<sup>2</sup>

Hawaiian Trust provides tax preparation services for individuals that are trust customers. Although the majority of these services are provided in a fiduciary capacity and are a permissible trust company function, Hawaiian Trust also provides such services in a nonfiduciary capacity. The Board has not previously determined that tax preparation services performed in a nonfiduciary capacity are a permissible nonbanking activity. On March 2, 1984, the Board invited public comment on a proposal to add a number of activities, including tax preparation services for individuals, to the list of nonbanking activities permissible under the Board's Regulation Y.

The Board has received numerous comments supporting the proposal to find that tax preparation services for individuals is so closely related to banking or managing or controlling banks as to be a proper incident thereto. Many commenters indicated that tax preparation services are currently performed through

2. Hawaiian Trust provides property management services for fiduciary clients, but not always for property that is held by Hawaiian Trust in a fiduciary capacity. Hawaiian Trust's wholly owned subsidiary, Building Services Inc. ("BSI"), provides certain property management services for four buildings, three of which are owned by Applicant. Two of the three buildings are used for bank operations. The third building was acquired as a result of a default on a loan. The fourth building is owned by one of the clients of Hawaiian Trust, but is not held by Hawaiian Trust in a fiduciary capacity. The Board has previously determined that property management services of the type performed by Applicant and BSI are not permissible nonbanking activities, except with respect to properties held in a fiduciary capacity, properties owned by a bank holding company or its subsidiaries that are used to conduct its own and bank related operations, and properties acquired as a result of a default on a loan. See 58 *FEDERAL RESERVE BULLETIN* 652 (1972); 12 C.F.R. § 225.126(g). Applicant has committed that Hawaiian Trust will terminate physical real estate management services for nonfiduciary clients within one year of consummation, and that BSI will cease providing services to any other building not owned by Applicant within one year of consummation. Given these commitments, the Board finds that the property management activities of Applicant and BSI fall within the limited types of property management previously authorized by the Board.

1. As of June 30, 1984.

the trust departments of banks.<sup>3</sup> Commenters also noted that federal savings and loan associations are permitted to prepare tax returns for individuals and non-profit organizations through their service corporations.<sup>4</sup> Moreover, some commenters noted that the Office of the Comptroller of the Currency has found that national banks may perform tax preparation services. *See* 12 C.F.R. § 7.7430.<sup>5</sup>

Very few commenters asserted that tax preparation services are not closely related to banking. One commenter stated that banks' credibility could be weakened by their entry into this area. Another commenter, a certified public accountant, asserted that potential conflicts of interest would be created. Two other certified public accountants asserted that bank holding companies and their bank subsidiaries are not qualified to perform tax preparation services. H&R Block took the position, without providing further information, that tax preparation services for individuals should not be added to the list of permissible nonbanking activities because information deemed confidential under the Internal Revenue Code could be disclosed.

A federal court has established guidelines to determine whether a particular activity meets the "closely related to banking" test.<sup>6</sup> Under these guidelines, an activity may be found to be closely related to banking if it is demonstrated that banks generally have in fact provided the proposed service; 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 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 has previously found these guidelines useful in determining whether there is a reasonable basis for determining that a proposed nonbanking activity is closely related to banking.

Tax preparation services for individuals meets the *National Courier* guidelines for determining whether an activity is closely related to banking. Banks in general have provided such services through their trust departments, and this experience makes banks well equipped to provide these services to non-trust customers. Moreover, national banks in particular

already provide tax preparation services to non-trust customers. The service corporations of federal savings and loan associations also are empowered to provide such services. The assertions by some commenters that potential adverse effects would be associated with the performance of this activity by banking organizations were quite generalized, and the Board is unable to attach significant weight to these comments. Accordingly, based upon its consideration of the entire record, the Board finds that tax preparation services are so closely related to banking as to be a proper incident thereto.

Hawaiian Trust provides real estate consulting services on a nonfiduciary basis that include appraisals, cost-flow projections and cost-benefit analyses that result in recommendations concerning the acquisition and/or disposition of real property. These services are not provided to real estate developers. Accordingly, such services are permissible as portfolio investment advice under section 225.25(b)(4)(iii) of the Board's Regulation Y, 12 C.F.R. § 225.25(b)(4)(iii), which authorizes investment advice concerning real property provided that the property is not used in the business of the party receiving the advice.

Applicant's subsidiary bank, Bank of Hawaii, is the largest commercial bank in Hawaii. It controls total deposits of \$2.8 billion, which represents 42.4 percent of the deposits in commercial banks in the state.<sup>7</sup> Hawaiian Trust has \$2.5 billion in trust assets,<sup>8</sup> and is the second largest provider of full trust asset management services to the public, with 37 percent of total trust assets. Applicant does not provide trust services and Hawaiian Trust does not engage in commercial banking. Accordingly, the proposal would have no significant adverse effects upon existing competition.

The proposal may have an adverse effect upon potential competition, however, depending on the appropriate definition of the product market and the geographic market. Applicant argues that the relevant product market should be defined to include all integrated trust services, including the assets of three large private trusts. Alternatively, Applicant contends that the relevant market is the disaggregation of the various services provided by Hawaiian Trust.<sup>9</sup>

The Board finds Applicant's assertion that the assets of three large private trusts located in Hawaii

3. *E.g.*, Wells Fargo Bank, N.A., Security Pacific Corporation, Citizens Bancorporation, Bank of Boston, Association of Bank Holding Companies, Bank of Hawaii, Union Bank, Sun Banks, Inc., Valley National Corporation, Fleet Financial Group, and First Chicago Corporation.

4. *E.g.*, Wells Fargo, the New York Clearinghouse, the American Bankers Association, the American Financial Services Association, and Barclays American Corporation.

5. *E.g.*, Bank of America, the Association of Bank Holding Companies, and First Tennessee National Corporation.

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

7. As of September 30, 1984.

8. As of December 31, 1983.

9. The disaggregated product markets would include: acting as trustee for testamentary and irrevocable trusts, acting as trustee for living trusts, investment management and advice, estate settlement and guardianship services, employee benefit services, acting as corporate trustee, acting as stock transfer agent, corporate agency services, property management and clerical services related to property management, tax preparation, real estate appraisal and consulting services, escrow and notary services, and note collection services.

should be included in the product market to be unpermeable. It is true, as Applicant notes, that Hawaiian Trust administers significant trust assets held in irrevocable trusts, and that such assets are therefore similar to the irrevocable trust assets managed by the three private trusts. These private trusts, however, do not offer their services to the public. Thus, although these trusts control substantial assets, they do not represent an alternative source of trust services to which the public can turn. In contrast, the total trust assets managed by Hawaiian Trust, including the irrevocable trust assets it manages, do provide a reasonable approximation of Hawaiian Trust's capacity for providing trust services to the public.

With regard to Applicant's assertion that the disaggregated services provided by Hawaiian Trust more accurately represent the relevant product market, the Supreme Court has stated that "[t]he outer boundaries of a product market are determined by the reasonable interchangeability of use or the cross-elasticity of demand between the product itself and substitutes for it."<sup>10</sup>

The Board finds that competition for trust business by non-trust companies has increased substantially in recent years. Banks, securities brokerage houses, independent investment advisers, life insurance companies, and real estate management companies offer many of the same products as traditional trust companies, or offer products that are functionally interchangeable. Consequently, it appears that Applicant's assertion that the relevant product market should be viewed on a disaggregated basis is correct.

When the trust products offered by Hawaiian Trust are viewed on such a disaggregated basis, it is apparent that there are a substantially greater number of competitors to be considered, local, regional and national. Non-local product suppliers exist, for example, for most of the corporate trust services provided by Hawaiian Trust, as well as investment management services provided to individual customers with substantial portfolios. Further, many regional and national firms offer investment management services from local offices in Hawaii. Hawaiian Trust holds only a small market share of these non-local products and numerous potential entrants exist. For these non-local product markets, consummation of this proposal would therefore not be likely to result in adverse effects with regard to potential competition or undue concentration of resources.

Hawaiian Trust's testamentary trust and estate settlement business is conceded by Applicant to be part of a local geographic market consisting of the state of

Hawaii. It does not appear, however, that Applicant should be regarded as one of only a few potential entrants into the market for these trust products in Hawaii. Such a conclusion would require a finding that Applicant, on the basis of its geographic presence in the market, is more likely to enter this complex market than the large number of mainland trust departments with extensive experience and resources in the trust area. On this basis, the Board concludes that consummation of this proposal would not have significant adverse effects on potential competition or result in an undue concentration of resources in the market for testamentary trust services and estate settlement.

With regard to public benefits, Hawaiian Trust is operating profitably but its earnings and asset size have not increased appreciably over the last several years. A significant factor in Hawaiian Trust's minimal growth appears to be that its capital base is not of sufficient size to ensure customer confidence with regard to such services as bond trusteeships and pension and profit-sharing trust services. Applicant will provide Hawaiian Trust with additional capital and access to Applicant's computer network and branch network, which should allow Hawaiian Trust to be a more effective competitor. On balance, the Board finds that these public benefits outweigh any slight anticompetitive effects that may be associated with this proposal.

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

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 San Francisco, pursuant to delegated authority.

By order of the Board of Governors, effective January 24, 1985.

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

JAMES MCAFEE

Associate Secretary of the Board

[SEAL]

10. *Brown Shoe Co., Inc. v. United States*, 370 U.S. 294 (1962).



## First Wisconsin Corporation Milwaukee, Wisconsin

### *Order Approving Application to Engage De Novo in General Insurance Agency Activities*

First Wisconsin Corporation, Milwaukee, Wisconsin, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 *et seq.*) (the "BHC Act"), has applied under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8) and section 225.23(a)(1) of the Board's Regulation Y (12 C.F.R. 225.23(a)(1)) for approval to engage *de novo*, through its subsidiary, First Wisconsin Insurance Services, Inc., in general insurance agency activities in the states of Wisconsin, Michigan, Illinois, Indiana, Iowa, and Minnesota.

Notice of the application, affording interested persons an opportunity to submit comments, was duly published (49 *Federal Register* 40,209 (1984)). The time for filing comments has expired and the Board has considered this application and the comments received from the Independent Insurance Agents of America, Inc., National Association of Casualty and Surety Agents, National Association of Surety Bond Producers, National Association of Professional Insurance Agents and National Association of Life Underwriters (hereinafter "protestants"), in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.<sup>1</sup>

Applicant, with consolidated assets of \$5.0 billion,<sup>2</sup> controls 19 subsidiary banks and is the largest commercial banking organization in Wisconsin. Applicant proposes to expand the activities of its insurance agency subsidiary, First Wisconsin Insurance Services, Inc., to include the sale of all types of personal and commercial insurance, including, but not limited to, property and casualty insurance, health insurance, and life insurance. Applicant will also expand by offering these services to the general public as well as to customers of Applicant's lending subsidiaries.

Title VI of the Garn-St Germain Depository Institutions Act of 1982 ("the Garn Act") amended section 4(c)(8) of the BHC Act to provide that insurance agency, brokerage, and underwriting activities are not "closely related to banking" and thus are not permissible activities for bank holding companies, unless the activities are included within one of seven specific exemptions (A through G) contained in section 4(c)(8).

1. The Board did not consider the filing of the Insurance/Banking Council of America which was received substantially after the close of the comment period and which stated that it did not "comment upon the specific facts of the First Wisconsin proposal," but was filed in response to the comments of protestants.

2. All banking data are as of September 30, 1984, unless otherwise indicated.

Applicant claims it is authorized to operate a general insurance agency engaged in the sale of all types of personal and commercial insurance under exemption G, which authorizes those bank holding companies engaged with Board approval in insurance agency activities prior to 1971 to engage in insurance agency activities. Unless Applicant's proposal qualifies under this exemption, the operation of a general insurance agency as proposed by Applicant is not a permissible activity under section 4(c)(8) of the BHC Act.<sup>3</sup>

Applicant has been engaged in the sale of insurance related to extensions of credit by its subsidiary banks since 1939. In 1959 Applicant received approval from the Board, under the provisions of the Bank Holding Company Act of 1956, to retain an insurance agency subsidiary, First Wisconsin Company, which engaged in the sale of credit life insurance to customers of Applicant.<sup>4</sup> Applicant has been engaged in the sale of credit life insurance through this and successor insurance agency subsidiaries on a continuous basis since receiving Board approval in 1959. Applicant is one of 16 active companies with grandfather rights under exemption G.

Applicant now seeks approval to expand its insurance agency activities through the operation in six states of a general insurance agency engaged in the sale of all types of personal and commercial insurance to the general public as well as to Applicant's customers. Applicant did not sell insurance other than credit life in 1971. In interpreting exemption G of section 4(c)(8), the Board must decide whether Applicant is authorized to engage in general insurance agency activities and thus to sell various types of insurance it was not selling in 1971.<sup>5</sup>

The protestants argue that exemption G should be read as a limited exemption to the general prohibition contained in section 4(c)(8) of the BHC Act against the

3. Applicant does not qualify under the other relevant exemptions, including exemption C, which allow general insurance agency activities by bank holding companies in towns with a population not exceeding 5,000 and exemption F which permits general insurance agency activities (except the sale of life insurance) by small bank holding companies with consolidated assets of less than \$50 million.

4. 45 *FEDERAL RESERVE BULLETIN* 1136 (1959).

5. The Board has previously interpreted exemption G to permit bank holding companies qualifying under exemption G to engage in the sale of insurance "without restriction on location" and thus without regard to where such companies may have engaged in the sale of insurance prior to 1971. *Norwest Corporation*, 70 *FEDERAL RESERVE BULLETIN* 235 (1984). In a subsequent decision, the Board interpreted exemption G to permit those bank holding companies approved by the Board to engage in general insurance agency activities prior to 1971 to continue to engage in such general insurance agency activities without regard to whether in 1971 the bank holding company sold the precise types of insurance now being offered. *Norwest Corporation*, 70 *FEDERAL RESERVE BULLETIN* 657 (1984); *First Bank System, Inc.*, 70 *FEDERAL RESERVE BULLETIN* 779 (1984). The Board, however, reserved the issue presented by this application of whether a bank holding company that was authorized prior to 1971 to sell only credit-related insurance is authorized by exemption G to engage in general insurance agency activities.

conduct of insurance activities by bank holding companies. The protestants urge the Board to interpret exemption G restrictively as grandfathering only those precise insurance agency activities actually conducted by a qualifying bank holding company prior to 1971. In support of this position, the protestants cite the legislative history of exemption G.<sup>6</sup> They argue that expansion of insurance activities from limited sale of credit life to operation of a general insurance agency is beyond the intent of Congress.

The language of exemption G does not limit or restrict the scope of permissible insurance agency activities for qualifying bank holding companies to those insurance agency activities approved by the Board prior to 1971. The language of exemption G permits a bank holding company to engage in insurance activities provided the company "was engaged, directly or indirectly, in insurance agency activities as a consequence of approval by the Board prior to January 1, 1971." There is no requirement in the statute that a qualifying company must engage only in "such" insurance agency activities or "those" insurance agency activities as it conducted with Board approval prior to 1971.

Since a company qualifies for rights under exemption G only by means of Board approval prior to 1971 of its insurance activities, the Board believes that Congress intended in exemption G to limit grandfather rights in general to the type of insurance agency activities actually permitted to bank holding companies prior to 1971. It is clear from the Board's pre-1971 decisions that general insurance agency activities, involving the sale of any type of personal and commercial insurance, were permitted. See *First Bank Stock Corp.*, 45 FEDERAL RESERVE BULLETIN 917 (1959); *Northwest Bancorporation*, 45 FEDERAL RESERVE BULLETIN 963 (1959). On this basis, the type of insurance agency activities for which Applicant seeks approval are permissible under exemption G.<sup>7</sup>

6. Protestants cite specifically a sentence in the Conference Committee Report:

"The House receded with an amendment to grandfather the insurance agency activities of a bank holding company . . . which prior to January 1, 1971, was engaged, directly or indirectly, in insurance agency activities as a consequence of approval by the Board prior to January 1, 1971" (emphasis added).

H. R. Reg. No. 899, 97th Cong., 2d Sess. 72-73 (1982). Protestants argue Congress intended to grandfather only "the insurance agency activities" engaged in prior to 1971. Exemption G was introduced and adopted in the course of deliberations by the House/Senate Conference Committee and, consequently, its legislative history is extremely limited.

7. Such a reading of exemption G would appear to preclude general underwriting activities since the Board did not approve such activities prior to 1971, and Congress in speaking of pre-1971 Board approvals in exemption G speaks only of approval to engage in agency activities. However, the Board need not reach this question since Applicant has not applied to underwrite insurance.

Several additional factors lend support to the conclusion that Title VI of the Garn-St Germain Act authorizes those companies that received Board approval prior to 1971 to engage in limited credit related insurance activities to expand those activities to include general insurance agency activities. If Applicant, which engaged only in the sale of credit life insurance prior to 1971, is limited under exemption G to the sale of credit life insurance, it would be limited to activities in which all bank holding companies may engage without restriction under exemption A. Thus, protestants' view of exemption G would render that exemption meaningless for Applicant, one of only 16 companies it was intended to cover.<sup>8</sup> In addition, such a limitation as urged by protestants would restrict all exemption G companies to the sale of the same type of insurance that would otherwise be available under exemption D, which grandfathers all bank holding company insurance agency activities engaged in prior to May 1982. By definition any pre-1971 activity would qualify under exemption D and exemption G would be superfluous for purposes of product line expansion.

The Board also notes that the impact of allowing expansion of insurance agency activities for exemption G companies is limited because only 16 companies qualify. Congress did not indicate in either the language of the statute or the legislative history that it intended certain of the 16 companies to exercise broader powers than others.

Congress based exemption G on a requirement of prior Board approval, but that approval under the BHC Act from 1956 through 1971 focused on the relationship between an applicant's insurance and banking business in general rather than upon an analysis of the permissibility of the sale of distinct types of insurance. Certain of the Board's orders do not recite in detail the precise types of insurance to be sold. Only when the statutory standard governing the nonbanking activities of bank holding companies was changed with the passage of the 1970 Amendments to the BHC Act did the Board shift its focus to an analysis of each type of insurance proposed to be sold by the bank holding company.

Based upon the statutory standard in effect prior to 1971 and the Board's orders prior to that date, the Board does not believe Congress intended to limit exemption G companies to the sale of the precise types of insurance approved by the Board prior to 1971. Accordingly, the Board finds that exemption G authorizes the sale of any type of insurance by any qualifying bank holding company regardless of the scope of its insurance agency activities prior to 1971. Applicant

8. Other companies may also be so limited. See *First Oklahoma Bancorporation*, 51 FEDERAL RESERVE BULLETIN 676 (1965).

is a qualifying company, and it may, therefore, engage in general insurance agency activities under exemption G.

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

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

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

By order of the Board of Governors, effective January 7, 1985.

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

JAMES MCAFEE

[SEAL]

Associate Secretary of the Board

Irving Bank Corporation  
New York, New York

*Order Conditionally Approving the Acquisition of  
Institutions Engaged in Deposit Taking and  
Commercial Lending*

Irving Bank Corporation, New York, New York, a bank holding company within the meaning of the Bank Holding Company Act ("Act" or "BHC Act"), 12 U.S.C. § 1841 *et seq.*, has applied for approval under section 4(c)(8) of the Act, 12 U.S.C. § 1843(c)(8), and section 225.23(a)(1) of the Board's

Regulation Y, 12 C.F.R. § 225.23(a)(1), to acquire Irving Trust California, N.A., Los Angeles, California; Irving Trust Illinois, N.A., Chicago, Illinois; Irving Trust Minnesota, N.A., Minneapolis, Minnesota; Irving Trust New Hampshire, N.A., Nashua, New Hampshire; Irving Trust Ohio, N.A., Cincinnati, Ohio; and Irving Trust Vermont, N.A., Burlington, Vermont (collectively referred to as "Banks"). Each of the institutions is a national bank, for which preliminary charter approval has been granted by the Comptroller of the Currency. Banks propose to accept time and savings deposits and money market deposit accounts, and to make consumer and commercial loans. Banks will not accept demand deposits as that term is defined in section 225.2(a)(1)(A) of the Board's Regulation Y, 12 C.F.R. § 225.2(a)(1)(A). The proposed activities have been previously determined by the Board to be closely related to banking. 12 C.F.R. § 225.25(b)(1); *Citicorp*, 70 FEDERAL RESERVE BULLETIN 231 (1984); *U.S. Trust Corporation*, 70 FEDERAL RESERVE BULLETIN 371 (1984).

Notice of these applications, affording opportunity for interested persons to comment, has been duly published, 49 *Federal Register* 18,898 (1984). The time for filing comments has expired and the Board has considered the applications and all comments received, including those of the Superintendent of Banks for the State of Ohio, in light of the factors set forth in section 4(c)(8) of the Act.

Applicant, with total consolidated assets of \$19.7 billion, is the 17th largest commercial banking organization in the United States, and the eighth largest in New York State.<sup>1</sup> Applicant has 14 subsidiary banks, and also operates three nonbanking subsidiaries, including an investment company, a loan production and servicing company, and a credit-related insurance underwriter.

Applicant asserts that because Banks will not accept demand deposits as that term is defined in the Board's Regulation Y, they will not be "banks" as defined in the BHC Act,<sup>2</sup> and, accordingly, that Board approval of the applications is not barred by the interstate banking limitations of the Douglas Amendment to the BHC Act.

In its *U.S. Trust* Order, the Board stated that it was constrained by the technical definition of "bank" in the Act to conclude that a bank holding company

1. As of September 30, 1984.

2. The BHC Act defines the term "bank" to include any institution chartered under the laws of the United States or any state that accepts deposits that the depositor has a legal right to withdraw on demand and that engages in the business of making commercial loans. 12 U.S.C. § 1841(c). An institution that is chartered as a bank, but that does not perform one of the two essential functions required for "bank" status under the BHC Act's bank definition has been referred to as a "nonbank bank".

could acquire, on an interstate basis, a national bank that would accept demand deposits but not make commercial loans. So too, in this instance, the Board must conclude that a national bank that would engage in consumer and commercial lending but would not accept demand deposits as defined in Regulation Y, would not be a "bank" as that term is defined in the BHC Act and thus may be acquired by a bank holding company located in another state.<sup>3</sup>

However, as in the *U.S. Trust* case, the Board believes it appropriate to take action by conditioning its approval of these proposals to ensure that Banks are not used by Applicant as a vehicle for evasion of the provisions of the Act regarding interstate banking. Accordingly, the Board has determined to make its approval subject to the following conditions:

1. Applicant will not operate the commercial lending activities of its nonbank banks in tandem with any other subsidiary or other financial institution;<sup>4</sup>
2. Applicant will not link in any way the demand deposit and commercial lending services that define a bank under the Act; and
3. The nonbank bank will not engage in any transactions with affiliates, other than the payment of dividends to Applicant or the infusion of capital by Applicant into the nonbank bank, without the Board's approval.

These conditions preclude the type of linked or integrated operation that would otherwise render these entities "banks" for purposes of the Act. Applicant has stated that it will comply with each of these conditions.<sup>5</sup>

3. Similarly, in *Citicorp*, 70 FEDERAL RESERVE BULLETIN 231 (1984), the Board concluded that the bank definition in the Act would not bar Board approval for a bank holding company to acquire an industrial bank in Tennessee that was required by state law to be insured by the F.D.I.C., and which engaged in commercial lending but did not accept demand deposits or NOW accounts.

4. In *U.S. Trust*, the nonbank bank, which proposed to accept demand deposits, sought to avoid "bank" status under the Act by not making commercial loans. Accordingly, the first condition in the *U.S. Trust* decision referenced the demand deposit taking activities of the nonbank bank proposed in that case. In this case, Banks propose to engage in the business of making commercial loans. They seek to avoid "bank" status under the Act by not accepting demand deposits. Accordingly, the Board has modified the first *U.S. Trust* condition to reflect the different nature of the proposed nonbank banks' activities.

5. Applicant has no offices in Vermont or New Hampshire. Applicant has no demand deposit taking offices in Minnesota or Ohio. Applicant has loan production offices in California, Minnesota, Illinois, and Ohio. It proposes to terminate operation of these loan production offices concurrently with the commencement of operations by the respective nonbank banks. Applicant operates Edge Act subsidiaries of its lead bank, Irving Trust Company, New York, New York, in Illinois and California, and these subsidiaries are authorized to accept certain demand deposits.

Applicant has stated that Banks will not be located immediately proximate to an office of any of these affiliates. The above conditions would prohibit Banks from operating in tandem by referring customers to other affiliates.

Applicant and a number of other bank holding companies have made requests pursuant to the third condition noted above for Board approval to engage in certain transactions with affiliates, including the provision of certain internal administrative support services to their nonbank bank subsidiaries, and to establish certain officer and director interlocks with such subsidiaries. The Board on January 11, 1985, requested public comment on whether it should grant these requests. 50 *Federal Register* 2057 (1985). Applicant will not provide such services to its Banks unless those services are authorized following the public comment period. Applicant has also indicated that it will comply with the Board's decision regarding officer and director interlocks between nonbank banks and their affiliates.

Pending the Board's decision, Applicant has indicated that, as suggested in the Board's request for public comment, a majority of the members of each Bank's board of directors will consist of individuals who are not officers, directors or employees of any affiliate and that no officer of any Bank will simultaneously serve as an officer, director, or employee of any affiliate that accepts demand deposits.<sup>6</sup>

#### *Protestant*

The Superintendent of Banks for the State of Ohio has commented in opposition to proposed nonbank banks in Ohio. The Superintendent states that the statute laws of Ohio specifically prohibit foreign banks from conducting banking activities in Ohio, except for lending money and licensed trust activities, and that the operation of nonbank banks by out-of-state bank holding companies violates the intent of Ohio law and the Douglas Amendment. The Superintendent further notes that legislation may be introduced in the Ohio legislature this year to authorize interstate banking, but that such legislation may include geographic limits that may exclude out-of-state bank holding companies, such as Applicant, from acquiring banks in Ohio.

The Board considered similar arguments by the Ohio Superintendent of Banks when the Board approved the application of Citizens Fidelity Corporation, Louisville, Kentucky, to acquire a nationally chartered nonbank bank in Ohio.<sup>7</sup> The Board deter-

6. Applicant has proposed that its advertising may refer to the activities of and market areas served by its various subsidiaries, including Banks, and that advertising by Banks may refer to Applicant and its other subsidiaries. The Board has determined that such advertising is permissible provided that in no event shall any advertising suggest that products or services offered by Banks and Applicant's subsidiary banks are offered in tandem or as a package.

7. *Citizens Fidelity Corporation*, 69 FEDERAL RESERVE BULLETIN 556 (1983).

mined that the Superintendent's arguments did not provide a basis for denial of that application based on the Board's finding that the nonbank bank in that case would not be a "bank" for purposes of the Douglas Amendment and that its acquisition by an out-of-state bank holding company was not prohibited by Ohio law. The Board similarly is unable to conclude that the Superintendent's arguments provide a basis for denial of Applicant's proposal to acquire a nonbank bank in Ohio.

The Superintendent also argues that the balance of public interest factors that the Board is required to weigh in considering applications under section 4(c)(8) of the Act is unfavorable because it will result in a tendency toward undue concentration of resources and unfair competition. Due to the *de novo* nature of these applications, however, the Board finds no evidence that consummation of these acquisitions, subject to the limitations and conditions described above, would result in any undue concentration of resources or unfair competition. The Board also finds that consummation of the acquisitions, subject to the limitations and conditions described above, would not result in any conflicts of interest, unsound banking practices, or other adverse effects.

The Board has examined the statute laws of the states of Minnesota, Vermont, New Hampshire, Illinois, and California, respectively, in addition to the laws of Ohio, and concludes that the statute laws in these states currently contain no provision prohibiting the acquisition of nonbank banks by out-of-state bank holding companies.

#### *Need for Congressional Action*

The Board has previously indicated its reluctance to approve nonbank bank acquisitions in view of the potential presented by such acquisitions to alter significantly the nation's banking structure without Congressional action on the underlying policy issues.<sup>8</sup> For the reasons stated in the Board's previous orders, the Board continues to believe that Congressional action to close the nonbank bank loophole is imperative. The fact that the Board is required by the technical aspects of the bank definition in the Act to approve these and similar applications should not be construed as encouragement to Applicant to consummate these proposals or to others to pursue similar acquisitions. In this regard, the Board notes that on October 4, 1984, the Chairmen of the two Congressional banking com-

mittees announced that they intended to address the nonbank bank issue in this session of Congress, and that any legislation that was enacted would provide that nonbank banks acquired after July 1, 1983, would be required to be divested. Accordingly, in the event legislation implementing this position is enacted, Applicant would be required to divest Banks and could suffer financial loss as a result.

Based upon the foregoing and all the facts of record, the Board has determined that the balance of public interest factors it is required to consider under section 4(c)(8) is favorable. Accordingly, the applications are hereby approved. If these proposals are consummated, they shall be subject to the conditions set forth in this Order with respect to avoiding the operation of an integrated institution and the conditions set forth in the Board's Regulation Y, including those in sections 225.4(d) and 225.23(b).

In addition, Banks may not engage directly or indirectly in any activity other than those explicitly approved by the Board in this Order. Any expansion of Banks' activities beyond those approved in this Order would require the Board's prior approval as provided in section 4 of the Act and the Board's Regulation Y.<sup>9</sup>

The Board's approval also is subject to the Board's authority to require modification or termination of the activities of the holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof. In accordance with the provisions of section 225.23(b)(1)(iii) of Regulation Y, the Board's approval would be required for additional acquisitions by Applicant of nonbank banks or for the establishment of offices by any of Banks outside of the states where they are now located.

By order of the Board of Governors, effective January 31, 1985.

Voting for this action: Chairman Volcker and Governors Martin, Partee, Gramley, Seger and, except for the application to acquire Irving Trust Ohio, N.A., Governor Wallich. Voting against this action: Governor Rice and, with respect to Irving Trust Ohio, N.A., Governor Wallich.

JAMES MCAFEE  
*Associate Secretary of the Board*

[SEAL]

8. See e.g., *U.S. Trust, supra*; *Suburban Bancorporation*, 71 FEDERAL RESERVE BULLETIN 51 (1985).

9. In this regard, the Board notes that because Banks are not considered banks under the BHC Act, the provisions of section 225.22(d)(1) of Regulation Y would not be applicable to exempt the acquisitions or activities of Banks.

*Dissenting Statement of Governor Wallich*

I would deny Applicant's application to acquire Irving Trust Ohio, N.A., Cincinnati, Ohio. The Superintendent of Banks for the State of Ohio has opposed this application on the grounds that it is contrary to the policy of Ohio law and the Douglas Amendment. The Douglas Amendment and section 7 of the Act represent Congressional recognition of the authority of the states to regulate the structure of banking within their borders.

The State of Ohio is on record as opposing the acquisition by out-of-state organizations of a nonbank bank in Ohio as contrary to the policies of that state as expressed in its banking statutes. As indicated in my dissent in *Citizens Fidelity Corporation*, 69 FEDERAL RESERVE BULLETIN 556 (1983), under these circumstances and in view of the inconsistency of Applicant's proposal with respect to the public policy of the State of Ohio as articulated by the Superintendent, it is my opinion that this proposal would result in serious adverse effects that are not outweighed by any public benefits.

January 31, 1985

*Dissenting Statement of Governor Rice*

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

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

During the last term, the Senate passed by an overwhelming majority a bill that would close the so-called nonbank bank loophole by redefining the term "bank" in the Act. The House Banking Committee approved a bill last term with a similar redefinition of

the bank definition, but the full House failed to vote on the bill before the Congress adjourned.

Several bills are currently pending before the Congress that would close the nonbank bank loophole and require the divestiture of nonbank banks. In view of this indication of Congressional intent to reaffirm the basic policies of the Act, I believe that the Board should exercise its broad powers under the Act to deny these applications and other similar proposals. Such applications present serious adverse effects that are not outweighed by any compelling public benefits, particularly in the context of the number of similar applications pending.

Accordingly, I would deny these applications.

January 31, 1985

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

SunTrust Banks, Inc.  
Atlanta, Georgia

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

SunTrust Banks, Inc., Atlanta, Georgia ("SunTrust"), has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) (the "Act"), to become a bank holding company through the acquisition of control of SunBanks, Inc., Orlando, Florida ("Sun"), and Trust Company of Georgia, Atlanta, Georgia ("Trust"), both of which are registered with the Board as bank holding companies. In connection with this application, SunTrust has also applied to acquire indirectly Sun's 30 subsidiary banks in Florida,<sup>1</sup> Trust's 21

1. Sun controls the following banks in Florida: Sun Bank, N.A., Orlando; Sun Bank/South Florida, N.A., Fort Lauderdale; Sun Bank/Palm Beach County, N.A., Delray Beach; Sun Bank/North Florida, N.A., Jacksonville; Sun Bank/Suncoast, N.A., St. Petersburg; Sun Bank/Southwest, N.A., Cape Coral; Flagship Bank of Fort Myers, North Fort Myers; Sun Bank of Tampa Bay, Tampa; Sun Bank of Ocala, Ocala; Sun Bank of Gainesville, Gainesville; Sun First National Bank of Polk County, Lake Wales; Flagship State Bank of Polk County, Fort Meade; Sun Bank of Volusia County, Daytona Beach; Sun Bank of St. Lucie County, Ft. Pierce; Sun Bank of Miami, Miami; Flagship National Bank of Miami, Miami; Sun Bank of Pasco County, Zephyrhills; Sun Bank/West Florida, N.A., Pensacola; Sun Bank/Okeechobee, Okeechobee; Sun Bank/Indian River, N.A., Vero Beach; Sun First National Bank of DeFuniak Springs, DeFuniak Springs; Sun Bank/Highlands County, N.A., Avon Park; Sun Bank and Trust/Charlotte County, N.A., Port Charlotte; The Hillsboro Sun Bank, Plant City; Sun Bank/Naples, N.A., Naples; Sun Bank/Sarasota County, N.A., Sarasota; Sun Bank/Citrus County, N.A., Crystal River; Sun Bank/DeSoto County, N.A., Arcadia; Sun Bank/Tallahassee, N.A., Tallahassee; and North Florida National Bank, Tallahassee.

subsidiary banks in Georgia,<sup>2</sup> and Southern Bancshares, Inc., Atlanta, Georgia, a wholly owned subsidiary of Trust that holds two of Trust's 21 subsidiary banks.<sup>3</sup>

SunTrust has also applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. § 225.23), to acquire the following nonbanking subsidiaries of Sun and Trust: Sunbank Service Corporation, Orlando, Florida; Sunbank Mortgage Company, Orlando, Florida; SBF Agency, Inc., Orlando, Florida; Trusco Data Systems of Florida, Inc., Gainesville, Florida; and Trust Company Mortgage, Atlanta, Georgia. Sunbank Service Corporation and Trusco Data Systems of Florida engage in data processing activities permitted for bank holding companies under section 225.25(b)(7) of Regulation Y. Sunbank Mortgage Company engages in making and servicing loans, including residential home mortgage loans, as permitted under section 225.25(b)(1) of Regulation Y. Trust Company Mortgage engages in making and servicing mortgage loans, acting as an investment or financial advisor and arranging equity financing, as permitted under sections 225.25(b)(1), (4) and (14) of Regulation Y. SBF Agency, Inc., engages in credit related life, health and accident insurance activities, as permitted under section 225.25(b)(8) of Regulation Y.

Notice of the applications, affording opportunity for interested persons to submit comments, has been given in accordance with sections 3 and 4 of the Act (49 *Federal Register* 47,333 (1984)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the Act

(12 U.S.C. § 1842(c)) and the considerations specified in section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

Sun is the second largest commercial banking organization in Florida. Its 30 subsidiary banks hold total domestic deposits of \$7.3 billion, representing 12.5 percent of deposits in commercial banks in the state.<sup>4</sup> Trust is the third largest commercial banking organization in Georgia. Its 21 subsidiary banks hold total domestic deposits of \$3.7 billion, representing 14.3 percent of deposits in commercial banks in the state.

Section 3(d) of the Act (12 U.S.C. § 1842(d)), the Douglas Amendment, prohibits the Board from approving any application by a bank holding company to acquire control of any bank located outside of the holding company's home state,<sup>5</sup> unless such acquisition is "specifically authorized by the statute laws of the State in which [t]he bank is located, by language to that effect and not merely by implication."<sup>6</sup> SunTrust seeks to effect the proposed acquisitions under recently enacted legislation in Georgia and Florida that authorizes interstate banking on a regional reciprocal basis among bank holding companies located in certain states in the Southern portion of the United States, including the States of Georgia and Florida.

Based upon a review of the relevant Georgia and Florida statutes, the Board concludes that Board approval of SunTrust's application to acquire banking organizations in Georgia and Florida is not barred by the Douglas Amendment to the Bank Holding Company Act.<sup>7</sup> The statute laws of Georgia<sup>8</sup> authorize the acquisition of a banking institution in Georgia by a bank holding company that controls a bank located in another "Southern Region state,"<sup>9</sup> provided the other Southern Region state authorizes on a reciprocal basis the acquisition of bank in that state by a Georgia bank holding company. Florida is a "Southern Region state" that has passed a reciprocal statute authorizing

2. Trust directly controls the following banks in Georgia: Trust Company Bank, Atlanta; The First National Bank of Athens, Athens-Madison; Trust Company Bank of Augusta, N.A., Augusta; Trust Company Bank of Carroll County, Bowdon-Carrollton; Trust Company Bank of Clayton County, Jonesboro; Trust Company Bank of Cobb County, N.A., Smyrna; The National Bank and Trust Company of Columbus, Ga., Columbus; Trust Company Bank of Douglas County, Douglasville; Trust Company Bank of Gwinnett County, Lawrenceville; Trust Company Bank of Henry County, N.A., McDonough; Trust Company Bank of Middle Georgia, N.A., Macon-Warner Robins; Trust Company Bank of Rockdale, Conyers; The First National Bank of Rome, Rome; Trust Company of Georgia Bank of Savannah, N.A., Savannah; Trust Company Bank of South Georgia, N.A., Albany-Thomasville; Trust Company Bank of Troup County, LaGrange; The First National Bank of Wayne County, Jesup; The Rockmart Bank, Rockmart; and First National Bank of Thomson, Thomson. Trust indirectly controls the following banks in Georgia through its control of Southern Bancshares, Inc., Atlanta, Georgia: The First National Bank of Brunswick, Brunswick-Waycross; and Trust Company Bank of Coffee County, Douglas.

3. SunTrust has also applied for Board approval under section 3(a) of the Act for the merger of TCG Sub, Inc., a shell corporation formed by SunTrust for the purpose of effecting its acquisition of Trust. TCG Sub would be the survivor in this merger and would assume Trust's corporate name.

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

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

6. The Board has previously indicated that the formation of a bank holding company through acquisition of banks located in more than one state is subject to the interstate banking provisions of the Douglas Amendment to the Bank Holding Company Act. *E.g.*, *Credit and Commerce American Holdings, N.V.*, 65 FEDERAL RESERVE BULLETIN 254 (1979).

7. SunTrust would become a bank holding company with a home state in Florida for purposes of the Douglas Amendment upon consummation of the proposal, because the total deposits of SunTrust's subsidiary banks would be largest in that state.

8. Ga. Code Ann. §§ 7-1-620 to 7-1-625 (Supp. 1984).

9. The "Southern Region" from which Georgia will permit acquisitions of its banking institutions is comprised of the following states: Alabama, Florida, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, and the Commonwealth's of Kentucky and Virginia.



acquisitions of Florida banks by Georgia banking organizations.<sup>10</sup>

Citicorp, New York, New York, and its subsidiary, Citicorp Savings of Florida, Miami, Florida, have protested these applications, claiming that provisions in the Georgia and Florida interstate banking statutes that limit the acquisition of banking organizations in those states to bank holding companies located in certain Southern states are not consistent with various provisions of the United States Constitution. The Board has considered the questions raised by the protestants regarding the constitutionality of regional reciprocal banking statutes, such as that at issue in this case, in connection with the regional reciprocal interstate banking statutes enacted by the New England states of Massachusetts, Connecticut, and Rhode Island.<sup>11</sup>

In those cases, the Board determined that, while the issue is not free from doubt, there was no clear and unequivocal basis for a determination that the New England regional interstate banking statutes were unconstitutional. The Board believes that its reasoning with respect to the constitutionality of the New England statutes applies equally to the challenged provisions of the Georgia and Florida statutes, which are similar to the New England statutes in language and effect.<sup>12</sup> Accordingly, and for the reasons set out in its earlier decisions, the Board will not deny this application on the grounds of unconstitutionality urged by the protestants.

On August 1, 1984, the United States Court of Appeals for the Second Circuit issued an opinion in *Northeast Bancorp, Inc. v. Board of Governors of the Federal Reserve System*,<sup>13</sup> in which it rejected peti-

tioners' constitutional challenges to the Massachusetts and Connecticut statutes and affirmed three of the Board's Orders under those statutes. The petitioners subsequently filed petitions for *certiorari* with the United States Supreme Court, requesting the Court's review of the Second Circuit's decision. The Board's Orders in the New England cases were then stayed, by the Second Circuit or by stipulation, pending consideration of the petition to the Supreme Court and final action by the Court. On January 7, 1985, the Supreme Court granted the petition for *certiorari* in the Second Circuit case.

In view of the fact that the Southern regional interstate banking statutes raise the same constitutional issues as the New England statutes, the Board has considered whether to stay the effectiveness of its action on the SunTrust application pending final judicial action with respect to the New England cases. However, the protestants in this case have not requested a stay, and the Board voted to approve SunTrust's applications prior to the announcement of the Supreme Court's decision granting *certiorari* in *Northeast Bancorp*. Accordingly, the Board has determined that it will not stay, on its own motion, the effectiveness of its decision in this case.

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

The Board has also examined the effect of the proposed consolidation of Sun and Trust on probable future competition in the relevant geographic markets in light of the Board's probable future competition guidelines.<sup>14</sup> After consideration of these factors in light of the specific facts of this case, the Board has concluded that the consummation of this proposal would not have any significant adverse effects on probable future competition in any relevant market. In this regard, the Board notes that there are numerous other potential entrants from within the three-state interstate banking region of Georgia, Florida, and

10. 1984 Fla. Laws 795 § 1, entitled "Regional Reciprocal Banking Act of 1984," Fla. Sess. Law Serv. ch. 84-42.

11. *Fleet Financial Group, Inc.*, 70 FEDERAL RESERVE BULLETIN 834 (1984); *Bank of Boston Corporation*, 70 FEDERAL RESERVE BULLETIN 737 (1984); *Bank of Boston Corporation*, 70 FEDERAL RESERVE BULLETIN 524 (1984); *Bank of New England Corporation*, 70 FEDERAL RESERVE BULLETIN 374 (1984); and *Hartford National Corporation*, 70 FEDERAL RESERVE BULLETIN 353 (1984).

12. The protestants have also alleged that the Georgia and Florida interstate banking statutes violate state constitutional provisions guaranteeing due process and equal protection (Ga. Const. art. 1, § 1, ¶¶ 1 and 2, and Fla. Const. art. 1, §§ 2 and 9), but have not provided an analysis of their claims. The Board concludes that it would reach a result under the Florida and Georgia constitutional provisions similar to the result reached under the federal constitutional provisions. See generally, *Home Materials, Inc. v. Auto Owners Ins. Co.*, 250 Ga. 599, 300 S.E. 2d 139 (1983); *Caldwell v. Hospital Auth. of Charlton County*, 248 Ga. 887, 287 S.E. 2d (1982); and *United Yacht Brokers, Inc. v. Gillespie*, 377 So. 2d 668 (Fla. 1979) (state constitutional analysis employs standards similar to federal constitutional standards).

13. 740 F.2d 203 (2d Cir. 1984), *cert. granted*, 53 U.S.L.W. 3470 (U.S. January 7, 1985) (No. 84-363). The Second Circuit affirmed the Board's rulings in *Bank of Boston Corporation*, 70 FEDERAL RESERVE BULLETIN 524 (1984); *Bank of New England Corporation*, 70 FEDERAL RESERVE BULLETIN 374 (1984); and *Hartford National Corporation*, 70 FEDERAL RESERVE BULLETIN 353 (1984).

14. See "Proposed Policy Statement of the Board of Governors of the Federal Reserve System for Assessing Competitive Factors Under the Bank Merger Act and the Bank Holding Company Act," 47 *Federal Register* 9017 (March 3, 1982). The proposed policy statement has not been approved by the Board. The Board has applied the criteria set forth in the proposed policy statement in its analysis of the effects of proposals on probable future competition.



North Carolina into each of the markets involved in this case.<sup>15</sup>

The financial and managerial resources and future prospects of Sun and Trust and their respective subsidiaries are considered satisfactory. SunTrust will acquire these bank holding companies through an exchange of shares, and no debt will be incurred to effect the acquisitions. Upon consummation, SunTrust's primary and total capital ratios will exceed the minimum levels specified in the Board's guidelines.<sup>16</sup> Accordingly, the Board finds that banking factors are consistent with approval.

Applicant has stated that the proposed combination of Sun and Trust will permit each to offer improved and expanded services to customers and to the communities they serve. Accordingly, the Board has determined that considerations relating to the convenience and needs of the communities to be served are consistent with approval.

The Board has also considered SunTrust's applications under section 4(c)(8) of the Act, to acquire five nonbanking subsidiaries of Sun and Trust that engage in data mortgage banking, data processing, and insurance activities. These activities have been determined by the Board to be closely related to banking under sections 225.25(b)(1), (7) and (8) of Regulation Y (12 C.F.R. §§ 225.25(b)(1), (7) and (8)). In addition, there is no evidence in the record to indicate that approval of this proposal would result in undue concentration of resources, decreased or unfair competition, conflicts of interest, unsound banking practices, or other adverse effects on the public interest. Accordingly, the Board has determined that the balance of the public interest factors it must consider under section 4(c)(8) of the Act is consistent with approval of the application to acquire Company.

Based on the foregoing and the facts of record, the Board has determined that the applications under sections 3 and 4 of the Act should be and are hereby approved. The acquisitions shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Atlanta, acting pursuant to delegated authority. The determination with respect to

SunTrust's acquisition of companies is subject to all the conditions set forth in Regulation Y, including sections 225.4(d) and 225.23(b) (12 C.F.R. §§ 225.4(d) and 225.23(b)), and to the Board's authority to require such modifications or termination of activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective January 8, 1985.

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

[SEAL] WILLIAM W. WILES  
Secretary of the Board

### *Orders Issued Under Section 18 of Bank Merger Act*

#### **Bank of Virginia Richmond, Virginia**

#### *Order Approving the Merger of Banks*

Bank of Virginia, Richmond, Virginia, has applied for the Board's approval under the Bank Merger Act (12 U.S.C. § 1828(c)) to merge with Citizens Trust Bank, Portsmouth, Virginia ("Bank"), under the charter and name of Applicant.<sup>1</sup>

Notice of the application, affording interested persons an opportunity to submit comments, has been given in accordance with the Bank Merger Act and the Board's Rules of Procedure (12 C.F.R. § 262.3(b)). As required by the Bank Merger Act, reports on the competitive effects of the merger were requested from the United States Attorney General, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation. The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in the Bank Merger Act (12 U.S.C. § 1828(c)(5)).

Applicant, a state-chartered member bank, is the only banking subsidiary of Bank of Virginia Company,

15. North Carolina has in effect regional reciprocal interstate banking legislation that is similar to the Georgia and Florida laws in permitting interstate acquisitions of North Carolina banks by banking organizations located in certain Southern states, including Georgia and Florida. N.C. Gen. Stat. § 53-229 (1984). North Carolina is a state within the interstate banking region defined under the Georgia and Florida statutes.

16. *Capital Adequacy Guidelines*, 12 C.F.R., Part 225, Appendix A; *Capital Adequacy Guidelines for Bank Holding Companies*, 49 *Federal Register* 30,332 (July 30, 1984).

1. In November 21, 1984, the Board approved the application of Applicant's parent company, Bank of Virginia Company, filed pursuant to the Bank Holding Company Act, to acquire up to 40.3 percent of the voting shares of Bank's parent, Citizens Trust Company. *Bank of Virginia Company*, 71 *FEDERAL RESERVE BULLETIN* 40 (1985). Citizens Trust Company is to be merged into Applicant concurrently with Applicant's proposed merger with Bank.

Richmond, Virginia ("Company"). Applicant is the fourth largest commercial banking organization in Virginia, holding deposits of approximately \$2.8 billion, representing 9.3 percent of the total deposits in commercial banks in the state.<sup>2</sup> Bank is the 13th largest commercial banking organization in Virginia, holding deposits of \$123.5 million, representing approximately 0.5 percent of the total deposits in commercial banks in the state. Upon consummation of this proposal, Applicant would control approximately 9.8 percent of the total deposits in commercial banks in the state, and would remain Virginia's fourth largest commercial banking organization. Accordingly, the Board concludes that the merger of Applicant and Bank would not have a significant adverse effect on the concentration of banking resources in Virginia.

Applicant and Bank compete in the Norfolk-Portsmouth banking market,<sup>3</sup> where all of Bank's offices are located. Applicant is the fourth largest commercial bank in the Norfolk-Portsmouth banking market, controlling 7.5 percent of the deposits in commercial banks in the market.<sup>4</sup> Bank is the seventh largest commercial bank in the market and controls 4.2 percent of the deposits in commercial banks in the market. Upon consummation of the proposed transactions, Applicant would become the third largest commercial bank in the Norfolk-Portsmouth market, and would control 11.7 percent of the deposits in commercial banks in the market.

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

The 14 thrift institutions that compete in the market hold total deposits of \$1.9 billion, representing approximately 41 percent of the total deposits in commercial banks and thrift institutions in the market. Four of the market's six largest depository institutions are thrift institutions. The thrift institutions in the market offer NOW accounts and are active in consumer lending. Moreover, four of the market's thrift institutions offer commercial lending services and commercial transaction accounts. Based upon this and other evidence of record, the Board has concluded that the competition offered by thrift institutions in the Norfolk-Portsmouth market mitigates the anticompetitive effects of the proposed merger and has determined that consummation of the proposal would not have a significant adverse effect on existing competition in the market.<sup>7</sup>

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

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

By order of the Board of Governors, effective January 22, 1985.

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

JAMES MCAFEE

[SEAL]

*Associate Secretary of the Board*

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

3. The Norfolk-Portsmouth banking market is defined as the Norfolk-Portsmouth Ranally Metro Area. The analysis of this proposal's competitive effects in the Norfolk-Portsmouth market is substantially identical to that set forth in *Bank of Virginia Company, supra*, 71 FEDERAL RESERVE BULLETIN 40-41.

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

5. Under the Department of Justice's revised Merger Guidelines (49 *Federal Register* 26,823 (1984)), a market in which the post-merger HHI is above 1800 is considered highly concentrated. In such a market, where the increase in the HHI is less than 100 but more than 50 points, the Department is likely to challenge the merger unless other factors indicate that the merger will not substantially lessen competition.

6. The Board has previously determined that thrift institutions have become, or at least have the potential to become, major competitors of

banks. *NCNB Corporation*, 70 FEDERAL RESERVE BULLETIN 225 (1984); *Sun Banks, Inc.*, 69 FEDERAL RESERVE BULLETIN 934 (1983); *Merchants Bancorp, Inc.*, 69 FEDERAL RESERVE BULLETIN 865 (1983).

7. If 50 percent of the deposits held by thrift institutions were included in the calculation of market concentration, Applicant's post-merger market share would be 8.7 percent, making it the fourth largest depository institution in the market. Furthermore, when thrift data are considered, consummation of the proposal would increase the market's four-firm concentration ratio to 56 percent and would increase the HHI only 35 points, from 1141 to 1176. As the Justice Department stated in its revised Merger Guidelines (49 *Federal Register* 26,823 (1984)), where a post-merger market HHI is between 1000 and 1800 and the merger produces an increase of less than 100 points, the Department is unlikely to challenge such a merger. In this case, the increase would be less than 100 points.

*ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT*

*By the Board of Governors*

During January 1985 the Board of Governors approved the applications listed below. Copies are available upon request to Publications Services, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551

Section 3

Applicant	Bank(s)	Board action effective date
Caribank Corporation, Dania, Florida	Caribank of Palm Beach County, Boca Raton, Florida	January 28, 1985
FBOP Corporation, Oak Park, Illinois	First Bank of Oak Park, Oak Park, Illinois	January 14, 1985
First Union Bancorporation, Inc., Laredo, Texas	Union National Bank of Laredo, Laredo, Texas	January 30, 1985
FSB Holding Co., Kalona, Iowa	West Chester Savings Bank, West Chester, Iowa	January 14, 1985

*By Federal Reserve Banks*

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

Section 3

Applicant	Bank(s)	Reserve Bank	Effective date
Alex Brown Financial Group, Sacramento, California	Meridian National Bank, Concord, California Meridian National Bancorp, Concord, California	San Francisco	January 4, 1985
Allied Bankshares, Inc., Thomson, Georgia	Bank of Greensboro, Greensboro, Georgia	Atlanta	January 10, 1985
Athens Bancorp, Inc., Athens, Wisconsin	The Bank of Athens, Athens, Wisconsin	Chicago	January 10, 1985
Bank Corporation of Georgia, Fort Valley, Georgia	Peoples Bank, St. Mary's, Georgia	Atlanta	December 31, 1984
The Banking Group, Ltd., Castle Rock, Colorado	The First National Bank of Castle Rock, Castle Rock, Colorado	Kansas City	January 11, 1985
Beverly Bancorporaton, Inc., Chicago, Illinois	M-R Financial Corporation, Matteson, Illinois	Chicago	January 18, 1985
Bosshard Banco, Ltd., Bangor, Wisconsin	Intercity State Bank, Schofield, Wisconsin	Minneapolis	January 18, 1985
BSJ Bancshares, Inc., St. Joseph, Louisiana	Bank of St. Joseph & Trust Co., St. Joseph, Louisiana	Dallas	January 17, 1985

## Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
CaSH Holding Company, Inc., Sioux Falls, South Dakota	Southern Hills Bank, Edgemont, South Dakota Custer County Bank, Custer, South Dakota	Minneapolis	January 25, 1985
CBS Bancshares, Inc., Spencer, Tennessee	Citizens Bank, Gainesboro, Tennessee	Atlanta	January 18, 1985
CB&T Bancshares, Inc., Columbus, Georgia	Carroll County Financial Corporation, Temple, Georgia	Atlanta	January 7, 1985
CB&T Bancshares, Inc., Columbus, Georgia	West Georgia Financial Corporation, Tallapoosa, Georgia	Atlanta	December 31, 1984
Charleston Associates, Savannah, Georgia	AmeriCorp, Inc., Savannah, Georgia	Atlanta	December 21, 1984
Charter 17 Bancorp, Inc., Richmond, Indiana	Midwest National Corporation, Indianapolis, Indiana	Chicago	December 31, 1984
Citizens Bancorp, Inc., Crockett, Texas	Citizens National Bank, Crockett, Texas	Dallas	December 27, 1984
Citizens Fidelity Corporation, Louisville, Kentucky	American Bank and Trust Company, Inc., Lexington, Kentucky	St. Louis	January 23, 1985
Colonial Bancorp, Denver, Colorado	Colonial National Bank, Denver, Colorado	Kansas City	January 2, 1985
Columbia Bancorp, Inc., Columbia, South Carolina	Republic Bancorp of S. C., Inc., Columbia, South Carolina	Richmond	January 23, 1985
Columbia Bancshares, Inc., Columbia, Kentucky	Bank of Columbia, Columbia, Kentucky	St. Louis	January 24, 1985
Comerica Incorporated, Detroit, Michigan	Comerica Bank-Lansing, N.A., Lansing, Michigan	Chicago	January 3, 1985
Commerce Bancorp, Inc., Washington, D.C.	National Bank of Commerce, Washington, D.C.	Richmond	December 31, 1984
D. P. Financial Corporation, Walnut Creek, California	Delta Pacific Bank, Pittsburg, California	San Francisco	December 24, 1984
Des Plaines National Bancorp, Inc., Des Plaines, Illinois	Des Plaines National Bank, Des Plaines, Illinois	Chicago	January 22, 1985
Dooly Bancshares, Inc., Vienna, Georgia	Bank of Dooly, Vienna, Georgia	Atlanta	January 21, 1985
Downey Bancorp, Downey, California	Downey National Bank, Downey, California	San Francisco	November 1, 1984
Ennis Bancshares, Inc., Waco, Texas	Ennis State Bank, Ennis, Texas	Dallas	December 28, 1984
Farmers and Merchants Financial Services, Inc., St. Paul, Minnesota	State Bank of Hanska, Hanska, Minnesota	Minneapolis	December 27, 1984
Farmers Capital Bank Corporation, Frankfort, Kentucky	United Bank & Trust Company, Versailles, Kentucky	St. Louis	January 9, 1985
Farmers Deposit Bancorp, Eminence, Kentucky	Farmers Deposit Bank, Eminence, Kentucky	St. Louis	January 15, 1985

## Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Firstbancorporation of Batesville, Indiana, Batesville, Indiana	First Bank and Trust Company of Batesville, Batesville, Indiana	Chicago	December 26, 1984
First Jersey National Corporation, Jersey City, New Jersey	Peoples National Bank of North Jersey, Denville, New Jersey	New York	January 16, 1985
First Kentucky National Corporation, Louisville, Kentucky	The American National Bank & Trust Company, Bowling Green, Kentucky	St. Louis	January 11, 1985
First Midwest Bancshares, Inc., Princeton, Kentucky	First Bank and Trust Co. of Princeton, Princeton, Kentucky	St. Louis	January 4, 1985
First National Bancorp, Inc., Phoenix, Arizona	First National Bank of Tempe, Tempe, Arizona	San Francisco	December 28, 1984
First National Corporation of Wynne, Wynne, Arkansas	The First National Bank of Wynne, Wynne, Arkansas	St. Louis	January 23, 1985
The First National Holding Company of Jackson, Jackson, Kentucky	The First National Bank of Jackson, Jackson, Kentucky	Cleveland	January 21, 1985
First South Bancorp, Inc., Scotts Hill, Tennessee	Farmers State Bank, Scotts Hill, Tennessee	St. Louis	January 2, 1985
First State Financial Corporation, Carrollton, Alabama	First State Bank of Carrollton, Carrollton, Alabama	Atlanta	December 28, 1984
The Grange National Banc Corp., Laceyville, Pennsylvania	The Grange National Bank of Wyoming County, Laceyville, Pennsylvania	Philadelphia	January 4, 1985
Hartland Bancorp, Inc., Oconomowoc, Wisconsin	Hartland National Bank, Hartland, Wisconsin	Chicago	January 21, 1985
Holyoke Bancorp, Inc., Denver, Colorado	Security National Bank, Holyoke, Colorado	Kansas City	December 14, 1984
Illini Community Bancorp, Inc., Springfield, Illinois	Coffeen State Bank, Coffeen, Illinois	Chicago	December 28, 1984
Illini Community Bancorp, Inc., Springfield, Illinois	Sagamon Banc Shares, Inc., Springfield, Illinois First State Bank of Danvers, Danvers, Illinois	Chicago	December 28, 1984
Jeff Davis Bankshares, Inc., Hazlehurst, Georgia	Jeff Davis Bank, Hazlehurst, Georgia	Atlanta	January 7, 1985
Kenneth Holding Company, Kenneth, Minnesota	State Bank of Kenneth, Kenneth, Minnesota	Minneapolis	January 10, 1985
Kimberly Leasing Corporation, Augusta, Wisconsin	First National Bank of Crosby, Crosby, Minnesota	Minneapolis	January 11, 1985
Kingsland Bancshares, Inc., Kingsland, Texas	Kingsland National Bank, Kingsland, Texas	Dallas	January 11, 1985
LeMars Bancorporation, Inc., Le Mars, Iowa	Le Mars Savings Bank, Le Mars, Iowa	Chicago	December 28, 1984
Lewis Bankshares, Inc., Sioux Falls, South Dakota	First State Bank, Armour, South Dakota	Minneapolis	January 10, 1985

## Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Lone Star BancGroup, Inc., Dallas, Texas	Lone Star National Bank, Dallas, Texas	Dallas	January 14, 1985
M & F Financial Corporation, Donalsonville, Georgia	Merchants & Farmers Bank, Donalsonville, Georgia	Atlanta	January 15, 1985
MarTex Bancshares, Inc., Gladewater, Texas	The First State Bank, Gladewater, Texas	Dallas	December 28, 1984
MC Bancorp, Inc., Modesto, Illinois	Bank of Modesto, Modesto, Illinois	St. Louis	January 22, 1985
Merchants Bancorp, Inc., Allentown, Pennsylvania	Number One Bancorp, Inc., Scranton, Pennsylvania First State Bank, Scranton, Pennsylvania	Philadelphia	January 25, 1985
Merrill Bancorporation, Inc., Merrill, Iowa	Farmers State Bank, Merrill, Iowa	Chicago	December 28, 1984
Mid-Atlantic Bankcorp, Hagerstown, Maryland	Hagerstown Trust Company, Hagerstown, Maryland	Richmond	January 23, 1985
Nixon Financial Corporation, Nixon, Texas	Nixon Bancshares, Inc., Nixon, Texas	Dallas	January 10, 1985
North Bay Bancorp, Novato, California	Novato National Bank, Novato, California	San Francisco	January 16, 1985
O & F Cattle Company, Oshkosh, Nebraska	First Nebraska Bancs, Inc., Sidney, Nebraska	Kansas City	December 27, 1984
Old National Bancorp, Inc., Martinsburg, West Virginia	The Empire National Bank of Clarksburg, Clarksburg, West Virginia	Richmond	January 3, 1985
Omnibank Corp., Wyandotte, Michigan	Wyandotte Savings Bank, Wyandotte, Michigan	Chicago	January 14, 1985
Peoples Bancshares of Antigo, Inc., Antigo, Wisconsin	The Peoples' Bank, Antigo, Wisconsin	Chicago	January 2, 1985
The Peoples BancTrust Co., Inc., Selma, Alabama	Peoples Bank & Trust Company, Selma, Alabama	Atlanta	January 16, 1985
Phillips Insurance Agency, Newport, Minnesota	Dodgeville State Bank, Dodgeville, Wisconsin	Minneapolis	December 31, 1984
Premier Bancorp, Inc., Farmer City, Illinois	Farmers-Merchants National Bank of Paxton, Paxton, Illinois	Chicago	December 31, 1984
RBC Holdings (USA) Inc., New York City, New York	The Royal Bank and Trust Company, New York City, New York	New York	January 9, 1985
Red River Bancorp, Inc., Gainesville, Texas	The First State Bank, Gainesville, Texas	Dallas	January 17, 1985
R.O.M. Financial Services, Inc., Chanhassen, Minnesota	State Bank of Chanhassen, Chanhassen, Minnesota	Minneapolis	January 8, 1985
Ruidoso Bank Corporation, Ruidoso, New Mexico	Bank of the Rio Grande, N.A., Las Cruces, New Mexico	Dallas	January 17, 1985
Rushford State Bancorp, Inc., Rushford, Minnesota	Rushford State Bank (Incor- porated), Rushford, Minnesota	Minneapolis	January 9, 1985

## Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
SafraBancorporation California, Los Angeles, California	SafraBank (California), Los Angeles, California	San Francisco	January 11, 1985
SBC Financial Corporation, Chittenango, New York	State Bank of Chittenango, Chittenango, New York	New York	January 4, 1985
SBT Holding Company, Kansas City, Missouri	Southwest Bank and Trust Company of Omaha, Omaha, Nebraska	Kansas City	January 17, 1985
Security Banc Corporation, Springfield, Ohio	The Security National Bank and Trust Co., Springfield, Ohio	Cleveland	January 25, 1985
Security Bancshares, Inc., Paris, Tennessee	Farmers Bank & Trust Company, Puryear, Tennessee	St. Louis	December 27, 1984
Security Holding, Inc., Aurora, Colorado	Mountain Holding, Inc., Aurora, Colorado	Kansas City	January 9, 1985
SNB Corp., Greenville, Ohio	Security Bancorporation, Inc., Boulder, Colorado	Cleveland	January 23, 1985
Southwest Virginia Bankshares, Inc., Marion, Virginia	Second National Bank, Greenville, Ohio	Cleveland	January 23, 1985
Star City Bancshares, Inc., Star City, Arkansas	The Bank of Marion, Marion, Virginia	Richmond	January 22, 1985
Texana Bancshares, Inc., Austin, Texas	Bank of Star City, Star City, Arkansas	St. Louis	January 4, 1985
Union Bankshares, Ltd., Denver, Colorado	Texana Bank of Waco, N.A., Waco, Texas	Dallas	January 2, 1985
US Bancorp, Carmel, Indiana	Union Bank & Trust, Denver, Colorado	Kansas City	December 24, 1984
Wakefield Bancshares, Inc., Wakefield, Kansas	Union State Bank, Carmel, Indiana	Chicago	January 24, 1985
Westchase Bancshares, Inc., Houston, Texas	The Farmers and Merchants State Bank, Wakefield, Kansas	Kansas City	January 2, 1985
Willow Bend Bancshares, Inc., Plano, Texas	West Belt National Bank, Houston, Texas	Dallas	January 18, 1985
Wilson & Muir Bancorp, Inc., Bardstown, Kentucky	BonState Bancshares, Inc., Bonham, Texas	Dallas	January 17, 1985
	Citizens Bank & Trust Company of Grayson County, Leitchfield, Kentucky	St. Louis	January 7, 1985

## Section 4

Applicant	Nonbanking company	Reserve Bank	Effective date
First Bank System, Inc., Minneapolis, Minnesota	Marshall-Salsbury, Inc., Billings, Montana	Minneapolis	January 22, 1985
Full Service Insurance Agency, Inc., Buxton, North Dakota	Philip Peterson Insurance Agency, Buxton, North Dakota	Minneapolis	January 16, 1985

## Section 4—Continued

Applicant	Nonbanking company	Reserve Bank	Effective date
Manufacturers Hanover Corporation, New York City, New York	C.I.T. Financial Corporation, New York City, New York	New York	January 4, 1985
Security Pacific Corporation, Los Angeles, California	EARNS, Inc., Simi Valley, California	San Francisco	January 11, 1985
United Community Financial Corporation, Wayland, Michigan	A. H. Johnson Agency, Inc., Wayland, Michigan	Chicago	December 24, 1984

*PENDING CASES INVOLVING THE BOARD OF GOVERNORS*

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

- Florida Department of Banking v. Board of Governors*, No. 84-3831 (11th Cir., filed Nov. 30, 1984).
- Florida Department of Banking v. Board of Governors*, No. 84-3832 (11th Cir., filed Nov. 30, 1984).
- Citicorp v. Board of Governors*, No. 84-445 (2d Cir., filed Oct. 12, 1984).
- David Bolger Revocable Trust v. Board of Governors*, No. 84-3550 (3rd Cir., filed Aug. 31, 1984).
- Citicorp v. Board of Governors*, No. 84-4121 (2d Cir., filed Aug. 27, 1984).
- Seattle Bancorporation v. Board of Governors*, No. 84-7535 (9th Cir., filed Aug. 15, 1984).
- Bank of New York Co., Inc. v. Board of Governors*, No. 84-4091, (2d Cir., filed June 14, 1984).
- Citicorp v. Board of Governors*, No. 84-4081 (2d Cir., filed May 22, 1984).
- Lamb v. Pioneer First Federal Savings and Loan Association*, No. C84-702 (D. Wash., filed May 8, 1984).
- Melcher v. Federal Open Market Committee*, No. 84-1335 (D.D.C., filed, Apr. 30, 1984).
- Florida Bankers Association v. Board of Governors*, No. 84-3269 and No. 84-3270 (11th Cir., filed Apr. 20, 1984).
- Northeast Bancorp, Inc. v. Board of Governors*, No. 84-363 (U.S., filed Mar. 27, 1984).
- Huston v. Board of Governors*, No. 84-1361 (8th Cir., filed Mar. 20, 1984); and No. 84-1084 (8th Cir. filed Jan. 17, 1984).
- State of Ohio v. Board of Governors*, No. 84-1270 (10th Cir., filed Jan. 30, 1984).
- Ohio Deposit Guarantee Fund v. Board of Governors*, No. 84-1257 (10th Cir., filed Jan. 28, 1984).
- Colorado Industrial Bankers Association v. Board of Governors*, No. 84-1122 (10th Cir., filed Jan. 27, 1984).
- Financial Institutions Assurance Corp. v. Board of Governors*, No. 84-1101 (4th Cir., filed Jan. 27, 1984).
- First Bancorporation v. Board of Governors*, No. 84-1011 (10th Cir., filed Jan. 5, 1984).
- Dimension Financial Corporation v. Board of Governors*, No. 83-2696 (10th Cir., filed Dec. 30, 1983).
- Oklahoma Bankers Association v. Federal Reserve Board*, No. 83-2591 (10th Cir., filed Dec. 13, 1983).
- The Committee for Monetary Reform v. Board of Governors*, No. 84-5067 (D.C. Cir., filed June 16, 1983).
- First Bank & Trust Company v. Board of Governors*, No. 81-38 (E.D. Ky., filed Feb. 24, 1981).
- 9 to 5 Organization for Women Office Workers v. Board of Governors*, No. 83-1171 (1st Cir., filed Dec. 30, 1980).
- Securities Industry Association v. Board of Governors*, No. 80-2614 (D.C. Cir., filed Oct. 24, 1980), and No. 80-2730 (D.C. Cir., filed Oct. 24, 1980).
- A. G. Becker, Inc. v. Board of Governors*, No. 80-2614 (D.C. Cir., filed Oct. 14, 1980), and No. 80-2730 (D.C. Cir., filed Oct. 14, 1980).



# Financial and Business Statistics

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

Item	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent) <sup>1</sup>									
	1984				1984					
	Q1	Q2	Q3	Q4	Aug.	Sept.	Oct.	Nov. <sup>r</sup>	Dec.	
<i>Reserves of depository institutions<sup>2</sup></i>										
1 Total	7.7	8.5	6.8	-6	4.6	-7.6	-12.3	11.3	19.5	
2 Required	5.3	10.3	6.6	-1.5	2.3	-5.8	-12.1	9.1	14.1	
3 Nonborrowed	9.0	-10.8	-44.6	30.7	-72.3	21.0	32.4	66.3	73.4	
4 Monetary base <sup>3</sup>	9.3	7.1	7.3	3.2	7.5	.1	2.3	4.0	6.1	
<i>Concepts of money, liquid assets, and debt<sup>4</sup></i>										
5 M1	7.2	6.2	4.5	2.0	1.8 <sup>r</sup>	5.0 <sup>r</sup>	-7.4	8.6	11.1	
6 M2	6.9	6.9	6.2	9.4	4.8	7.6 <sup>r</sup>	6.1	15.1 <sup>r</sup>	15.2	
7 M3	7.9 <sup>r</sup>	10.5	8.3 <sup>r</sup>	10.7	4.6 <sup>r</sup>	7.4 <sup>r</sup>	10.4 <sup>r</sup>	15.6	13.8	
8 L	10.0 <sup>r</sup>	12.4	12.1	n.a.	7.6 <sup>r</sup>	8.1	n.a.	n.a.	n.a.	
9 Debt	12.9	13.1	12.7	12.7	13.2	10.2	11.7 <sup>r</sup>	15.1	n.a.	
<i>Nontransaction components</i>										
10 In M2 <sup>5</sup>	6.8	7.1	6.7 <sup>r</sup>	11.7	5.7	8.6	10.2 <sup>r</sup>	17.0	16.6	
11 In M3 only <sup>6</sup>	12.1 <sup>r</sup>	26.0 <sup>r</sup>	16.7 <sup>r</sup>	16.0	3.7 <sup>r</sup>	6.6 <sup>r</sup>	27.5	17.4	8.5	
<i>Time and savings deposits</i>										
<i>Commercial banks</i>										
12 Savings <sup>7</sup>	-16.2	-6.4	-5.6	-6.3	-10.4	-3.8	-6.7	-4.8	-10.6	
13 Small-denomination time <sup>8</sup>	4.4	8.6	18.4	9.2	19.4 <sup>r</sup>	14.0	6.9 <sup>r</sup>	5.0	5.3	
14 Large-denomination time <sup>9,10</sup>	-3	24.3	21.4 <sup>r</sup>	8.6	1.9 <sup>r</sup>	11.8	21.4	-5.9	-5	
<i>Thrift institutions</i>										
15 Savings <sup>7</sup>	-5.1	.5	-7.0	-6.0	-15.0	-3.5	-5.6 <sup>r</sup>	-4.9	-4.2	
16 Small-denomination time	11.8	8.9	22.7	18.2	27.4 <sup>r</sup>	20.1	20.5	12.0	9.3	
17 Large-denomination time <sup>9</sup>	59.0	46.4	35.7	24.5	22.4	-14.0	32.0	39.8	46.1	
<i>Debt components<sup>4</sup></i>										
18 Federal	16.7	12.7	14.9	15.0	21.9	10.0	11.1	20.4	n.a.	
19 Nonfederal	11.8	13.2	12.0	12.1	10.7	10.3	11.8 <sup>r</sup>	13.5	n.a.	
20 Total loans and securities at commercial banks <sup>11</sup>	11.8 <sup>r</sup>	11.0 <sup>r</sup>	9.1 <sup>r</sup>	9.1 <sup>r</sup>	7.0 <sup>r</sup>	9.8	6.5 <sup>r</sup>	12.8 <sup>r</sup>	9.5	

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

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

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

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

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

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

M2: M1 plus overnight (and continuing contract) repurchase agreements (RPs) issued by all commercial banks and overnight Eurodollars issued to U.S. residents by foreign branches of U.S. banks worldwide, MMDAs, savings and small-denomination time deposits (time deposits—including retail RPs—in amounts of less than \$100,000), and balances in both taxable and tax-exempt general purpose and broker/dealer money market mutual funds. Excludes individual retirement accounts (IRA) and Keogh balances at depository institutions and money market funds. Also excludes all balances held by U.S. commercial banks, money market

funds (general purpose and broker/dealer), foreign governments and commercial banks, and the U.S. government. Also subtracted is a consolidation adjustment that represents the estimated amount of demand deposits and vault cash held by thrift institutions to service their time and savings deposits.

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

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

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

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

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

7. Excludes MMDAs.

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

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

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

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

A4 Domestic Financial Statistics □ March 1985

1.11 RESERVES OF DEPOSITORY INSTITUTIONS AND RESERVE BANK CREDIT

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for week ending						
	1984			1984						
	Oct.	Nov.	Dec.	Nov. 14	Nov. 21	Nov. 28	Dec. 5	Dec. 12	Dec. 19	Dec. 26
<b>SUPPLYING RESERVE FUNDS</b>										
1 Reserve Bank credit .....	177,114	180,040	183,925	179,631	180,246	180,643	180,922	183,681	182,683	184,004
2 U.S. government securities <sup>1</sup> .....	149,686	154,357	159,474	152,998	155,669	155,715	156,550	158,751	158,519	160,835
3 Bought outright .....	149,686	153,519	159,010	152,998	154,485	155,643	156,550	158,751	158,519	160,835
4 Held under repurchase agreements .....	0	838	464	0	1,184	72	0	0	0	0
5 Federal agency obligations .....	8,484	8,479	8,462	8,453	8,464	8,400	8,389	8,389	8,389	8,389
6 Bought outright .....	8,484	8,425	8,389	8,453	8,389	8,389	8,389	8,389	8,389	8,389
7 Held under repurchase agreements .....	0	54	73	0	75	11	0	0	0	0
8 Acceptances .....	0	0	0	0	0	0	0	0	0	0
9 Loans .....	5,940	4,660	3,040	4,683	4,268	4,148	4,353	3,301	3,161	1,844
10 Float .....	820	829	1,499	727	892	1,156	513	1,833	1,331	1,227
11 Other Federal Reserve assets .....	12,184	11,715	11,450	12,770	10,953	11,225	11,117	11,407	11,284	11,709
12 Gold stock .....	11,097	11,096	11,096	11,096	11,096	11,096	11,096	11,096	11,096	11,096
13 Special drawing rights certificate account .....	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
14 Treasury currency outstanding .....	16,266	16,317	16,388	16,313 <sup>r</sup>	16,329	16,345 <sup>r</sup>	16,361	16,375	16,389	16,403
<b>ABSORBING RESERVE FUNDS</b>										
15 Currency in circulation .....	176,560	178,701	181,720	178,585 <sup>r</sup>	179,101	179,859 <sup>r</sup>	179,729	180,809	181,412	182,813
16 Treasury cash holdings .....	474	490	511	491	490	495	503	512	512	513
Deposits, other than reserve balances, with Federal Reserve Banks .....										
17 Treasury .....	4,021	3,177	3,406	3,128	3,509	2,984	2,586	3,331	3,468	3,669
18 Foreign .....	226	246	247	266	234	223	307	233	251	214
19 Service-related balances and adjustments .....	1,483	1,619	1,676	1,436	1,590	1,520	1,576	1,709	1,484	1,778
20 Other .....	348	520	450	537	497	466	454	434	441	455
21 Other Federal Reserve liabilities and capital .....	6,195	6,298	6,370	6,265	6,304	6,236	6,335	6,406	6,402	6,330
22 Reserve balances with Federal Reserve Banks <sup>2</sup> .....	19,789	21,020	21,648	20,951	20,566	20,919	21,506	22,338	20,816	20,351
			End-of-month figures			Wednesday figures				
			1984			1984				
	Oct.	Nov.	Dec.	Nov. 14	Nov. 21	Nov. 28	Dec. 5	Dec. 12	Dec. 19	Dec. 26
<b>SUPPLYING RESERVE FUNDS</b>										
23 Reserve Bank credit .....	174,892	182,391	186,384	180,370	181,617	180,899	179,717	183,268	184,171	184,771
24 U.S. government securities <sup>1</sup> .....	148,220	157,770	160,850	153,152	154,157	155,214	153,335	158,404	159,237	161,529
25 Bought outright .....	148,220	157,770	159,223	153,152	153,654	155,214	153,335	158,404	159,237	161,529
26 Held under repurchase agreements .....	0	0	1,627	0	503	0	0	0	0	0
27 Federal agency obligations .....	8,479	8,389	8,777	8,389	8,466	8,389	8,389	8,389	8,389	8,389
28 Bought outright .....	8,479	8,389	8,389	8,389	8,389	8,389	8,389	8,389	8,389	8,389
29 Held under repurchase agreements .....	0	0	388	0	77	0	0	0	0	0
30 Acceptances .....	0	0	0	0	0	0	0	0	0	0
31 Loans .....	5,060	5,073	3,577	4,968	6,732	3,750	5,133	3,155	3,514	2,423
32 Float .....	658	-16	833	821	1,183	2,371	1,350	1,912	1,067	436
33 Other Federal Reserve assets .....	12,475	11,175	12,347	13,040	11,079	11,175	11,510	11,408	11,964	11,994
34 Gold stock .....	11,096	11,096	11,096	11,096	11,096	11,096	11,096	11,096	11,096	11,096
35 Special drawing rights certificate account .....	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
36 Treasury currency outstanding .....	16,295	16,359 <sup>r</sup>	16,415	16,327 <sup>r</sup>	16,343 <sup>r</sup>	16,359 <sup>r</sup>	16,373	16,387	16,401 <sup>r</sup>	16,415
<b>ABSORBING RESERVE FUNDS</b>										
37 Currency in circulation .....	176,300	179,510 <sup>r</sup>	183,793	179,162 <sup>r</sup>	179,777 <sup>r</sup>	179,921 <sup>r</sup>	180,150	181,367	182,020	183,768
38 Treasury cash holdings .....	482	500	513	489	493	500	511	512	513	511
Deposits, other than reserve balances with Federal Reserve Banks .....										
39 Treasury .....	3,791	2,216	5,316	3,740	2,679	3,431	2,929	2,627	3,646	3,587
40 Foreign .....	270	392	253	191	226	213	259	256	272	182
41 Service-related balances and adjustments .....	1,132	1,254	1,126	1,134	1,138	1,254	1,254	1,136	1,135	1,126
42 Other .....	321	447	867	494	462	456	427	423	416	566
43 Other Federal Reserve liabilities and capital .....	5,997	6,347	5,952	6,096	6,062	6,057	6,115	6,203	6,155	6,133
44 Reserve balances with Federal Reserve Banks <sup>2</sup> .....	18,608	23,798	20,693	21,105	22,837	21,140	20,159	22,845	22,129	21,027

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

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

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

1.12 RESERVES AND BORROWINGS Depository Institutions

Millions of dollars

Reserve classification	Monthly averages <sup>4</sup>										
	1982	1983	1984	1984							
	Dec.	Dec.	Dec.	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	
1 Reserve balances with Reserve Banks <sup>1</sup>	24,804	20,986	21,747	20,210	19,885	19,263	20,135	20,086	20,829	21,747	
2 Total vault cash <sup>2</sup>	20,392	20,755	22,316	20,770	21,134	21,688	21,232	21,875	21,827	22,316	
3 Vault cash used to satisfy reserve requirements <sup>3</sup>	17,049	17,908	18,957	17,308	17,579	17,995	17,900	18,413	18,392	18,957	
4 Surplus vault cash <sup>4</sup>	3,343	2,847	3,359	3,461	3,555	3,694	3,333	3,462	3,434	3,359	
5 Total reserves <sup>5</sup>	41,853	38,894	40,704	37,518	37,464	37,258	38,035	38,499 <sup>*</sup>	39,222 <sup>*</sup>	40,704	
6 Required reserves	41,353	38,333	39,844	36,752	36,858	36,575	37,415	37,892	38,542 <sup>*</sup>	39,844	
7 Excess reserve balances at Reserve Banks <sup>6</sup>	500	561	860	767	607	683	620	607	680 <sup>*</sup>	860	
8 Total borrowings at Reserve Banks	697	774	3,186	3,300	5,924	8,017	7,242	6,017	4,617	3,186	
9 Seasonal borrowings at Reserve Banks	33	96	113	264	308	346	319	299	212	113	
10 Extended credit at Reserve Banks <sup>7</sup>	187	2	2,604	1,873	5,008	7,043	6,459	5,057	3,837	2,604	

Reserve classification	Biweekly averages of daily figures for weeks ending									
	1984									1985
	Aug. 29	Sept. 12	Sept. 26	Oct. 10	Oct. 24	Nov. 7	Nov. 21	Dec. 5	Dec. 19	Jan. 2 <sup>9</sup>
11 Reserve balances with Reserve Banks <sup>1</sup>	18,722	20,158	20,038	20,406	19,617	20,566	20,734	21,184	21,584	22,171
12 Total vault cash <sup>2</sup>	21,981	20,782	21,522	21,571	22,329	21,404	22,117	21,705	21,667	23,328
13 Vault cash used to satisfy reserve requirements <sup>3</sup>	18,166	17,405	18,232	18,221	18,784	17,949	18,661	18,320	18,547	19,701
14 Surplus vault cash <sup>4</sup>	3,815	3,377	3,290	3,350	3,545	3,456	3,456	3,385	3,120	3,627
15 Total reserves <sup>5</sup>	36,887	37,563	38,270	38,627	38,400	38,514	39,395	39,503	40,131	41,872
16 Required reserves	36,211	36,929	37,744	37,723	37,984	37,949	38,800	38,602	39,617	40,628
17 Excess reserve balances at Reserve Banks <sup>6</sup>	677	634	527	904	416	566	595	902	514	1,245
18 Total borrowings at Reserve Banks	8,146	7,755	7,110	6,165	6,234	5,373	4,476	4,251	3,231	2,691
19 Seasonal borrowings at Reserve Banks	360	309	328	315	305	265	204	184	115	81
20 Extended credit at Reserve Banks <sup>7</sup>	7,184	7,001	6,369	5,147	5,431	4,184	3,888	3,488	2,774	2,038

1. Excludes required clearing balances and adjustments to compensate for float.  
 2. Dates refer to the maintenance periods in which the vault cash can be used to satisfy reserve requirements. Under contemporaneous reserve requirements, maintenance periods end 30 days after the lagged computation periods in which the balances are held.  
 3. Equal to all vault cash held during the lagged computation period by institutions having required reserve balances at Federal Reserve Banks plus the amount of vault cash equal to required reserves during the maintenance period at institutions having no required reserve balances.  
 4. Total vault cash at institutions having no required reserve balances less the amount of vault cash equal to their required reserves during the maintenance period.  
 5. Total reserves not adjusted for discontinuities consist of reserve balances with Federal Reserve Banks, which exclude required clearing balances and adjustments to compensate for float, plus vault cash used to satisfy reserve requirements. Such vault cash consists of all vault cash held during the lagged

computation period by institutions having required reserve balances at Federal Reserve Banks plus the amount of vault cash equal to required reserves during the maintenance period at institutions having no required reserve balances.  
 6. Reserve balances with Federal Reserve Banks plus vault cash used to satisfy reserve requirements less required reserves.  
 7. Extended credit consists of borrowing at the discount window under the terms and conditions established for the extended credit program to help depository institutions deal with sustained liquidity pressures. Because there is not the same need to repay such borrowing promptly as there is with traditional short-term adjustment credit, the money market impact of extended credit is similar to that of nonborrowed reserves.  
 8. Before February 1984, data are prorated monthly averages of weekly averages; beginning February 1984, data are prorated monthly averages of biweekly averages.  
 NOTE: These data also appear in the Board's H.3 (502) release. For address, see inside front cover.

1.13 FEDERAL FUNDS AND REPURCHASE AGREEMENTS Large Member Banks<sup>1</sup>

Averages of daily figures, in millions of dollars

By maturity and source	1984 and 1985 week ending Monday								
	Nov. 19	Nov. 26	Dec. 3 <sup>1</sup>	Dec. 10 <sup>1</sup>	Dec. 17 <sup>1</sup>	Dec. 24	Dec. 31	Jan. 7	Jan. 14
<i>One day and continuing contract</i>									
1 Commercial banks in United States	63,478	61,122	60,725	65,458	61,792	59,435	60,203	67,554	63,966
2 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	29,310	30,099	30,210	29,041	28,098	28,916	27,176	27,539	28,677
3 Nonbank securities dealers	6,498	5,878	7,637	6,295	5,362	5,536	5,717	5,796	6,264
4 All other	28,937	23,077	29,154	27,068	27,436	22,712	24,580	26,963	26,188
<i>All other maturities</i>									
5 Commercial banks in United States	8,677	10,027	10,044	9,882	10,077	11,312	11,462	8,513	8,438
6 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	7,716	7,736	8,058	8,138	8,037	8,458	8,440	8,140	8,254
7 Nonbank securities dealers	6,574	7,596	5,979	5,685	6,058	6,338 <sup>*</sup>	6,190	5,847	7,475
8 All other	10,342	15,416	10,226	9,649	10,209	13,919	11,864	8,528	8,601
MEMO: Federal funds and resale agreement loans in maturities of one day or continuing contract									
9 Commercial banks in United States	30,583	28,549	29,899	27,915	26,416	28,779	29,370	29,603	29,016
10 Nonbank securities dealers	5,520	6,190	6,701	6,617	7,177	6,978	6,423	6,390	6,756

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

# A6 Domestic Financial Statistics □ March 1985

## 1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

Federal Reserve Bank	Current and previous levels									Effective date for current rates
	Short-term adjustment credit and seasonal credit			Extended credit <sup>1</sup>						
				First 60 days of borrowing		Next 90 days of borrowing		After 150 days		
	Rate on 1/28/85	Effective date	Previous rate	Rate on 1/28/85	Previous rate	Rate on 1/28/85	Previous rate	Rate on 1/28/85	Previous rate	
Boston	8	12/24/84	8½	8	8½	9	9½	10	10½	12/24/84
New York	↑	12/24/84	↑	↑	↑	↑	↑	↑	↑	12/24/84
Philadelphia	↑	12/24/84	↑	↑	↑	↑	↑	↑	↑	12/24/84
Cleveland	↑	12/24/84	↑	↑	↑	↑	↑	↑	↑	12/24/84
Richmond	↑	12/24/84	↑	↑	↑	↑	↑	↑	↑	12/24/84
Atlanta	↑	12/24/84	↑	↑	↑	↑	↑	↑	↑	12/24/84
Chicago	↓	12/24/84	↓	↓	↓	↓	↓	↓	↓	12/24/84
St. Louis	↓	12/24/84	↓	↓	↓	↓	↓	↓	↓	12/24/84
Minneapolis	↓	12/24/84	↓	↓	↓	↓	↓	↓	↓	12/24/84
Kansas City	↓	12/24/84	↓	↓	↓	↓	↓	↓	↓	12/24/84
Dallas	↓	12/24/84	↓	↓	↓	↓	↓	↓	↓	12/24/84
San Francisco	8	12/24/84	8½	8	8½	9	9½	10	10½	12/24/84

Range of rates in recent years<sup>2</sup>

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1973	7½	7½	1978— July 3	7-7¼	7¼	1981— May 5	13-14	14
1974— Apr. 25	7½-8	8	10	7¼	7¼	8	14	14
30	8	8	Aug. 21	7¾	7¾	Nov. 2	13-14	13
Dec. 9	7¾-8	7¾	Sept. 22	8	8	6	13	13
16	7¾	7¾	Oct. 16	8-8½	8½	Dec. 4	12	12
1975— Jan. 6	7¼-7¾	7¾	20	8½	8½	1982— July 20	11½-12	11½
10	7¼-7¾	7¼	Nov. 1	8½-9½	9½	23	11½	11½
24	7¼	7¼	3	9½	9½	Aug. 2	11-11½	11
Feb. 5	6¾-7¼	6¾	1979— July 20	10	10	3	11	11
7	6¾	6¾	Aug. 17	10-10½	10½	16	10½	10½
Mar. 10	6¼-6¾	6¼	20	10½	10½	27	10-10½	10
14	6¼	6¼	Sept. 19	10½-11	11	30	10	10
May 16	6-6¼	6	21	11	11	Oct. 12	9½-10	9½
23	6	6	Oct. 8	11-12	12	13	9½	9½
1976— Jan. 19	5½-6	5½	10	12	12	Nov. 22	9-9½	9
23	5½	5½	1980— Feb. 15	12-13	13	26	9	9
Nov. 22	5¼-5½	5¼	19	13	13	Dec. 14	8½-9	9
26	5¼	5¼	May 29	12-13	13	15	8½-9	8½
1977— Aug. 30	5¼-5¾	5¼	30	12	12	17	8½	8½
31	5¼-5¾	5¾	June 13	11-12	11	1984— Apr. 9	8½-9	9
Sept. 2	5¾	5¾	16	11	11	13	9	9
Oct. 26	6	6	July 28	10-11	10	Nov. 21	8½-9	8½
1978— Jan. 9	6-6½	6½	29	10	10	26	8½	8½
20	6½	6½	Sept. 26	11	11	Dec. 24	8	8
May 11	6½-7	7	Nov. 17	12	12	In effect Jan. 28, 1985	8	8
12	7	7	Dec. 5	12-13	13			
			8	13	13			

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

2. Rates for short-term adjustment credit. For description and earlier data see the following publications of the Board of Governors: *Banking and Monetary*

*Statistics, 1914-1941, and 1941-1970; Annual Statistical Digest, 1970-1979, 1980, 1981, and 1982.*

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

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS<sup>1</sup>

Percent of deposits

Type of deposit, and deposit interval	Member bank requirements before implementation of the Monetary Control Act		Type of deposit, and deposit interval <sup>5</sup>	Depository institution requirements after implementation of the Monetary Control Act <sup>6</sup>	
	Percent	Effective date		Percent	Effective date
<i>Net demand</i> <sup>2</sup>			<i>Net transaction accounts</i> <sup>7,8</sup>		
\$0 million-\$2 million .....	7	12/30/76	\$0-\$28.9 million .....	3	12/29/83
\$2 million-\$10 million .....	9½	12/30/76	Over \$28.9 million .....	12	12/29/83
\$10 million-\$100 million .....	11¾	12/30/76	<i>Nonpersonal time deposits</i> <sup>9</sup>		
\$100 million-\$400 million .....	12¾	12/30/76	By original maturity		
Over \$400 million .....	16¼	12/30/76	Less than 1½ years .....	3	10/6/83
<i>Time and savings</i> <sup>2,3</sup>			1½ years or more .....	0	10/6/83
Savings .....	3	3/16/67	<i>Eurocurrency liabilities</i>		
<i>Time</i> <sup>4</sup>			All types .....	3	11/13/80
\$0 million-\$5 million, by maturity					
30-179 days .....	3	3/16/67			
180 days to 4 years .....	2½	1/8/76			
4 years or more .....	1	10/30/75			
Over \$5 million, by maturity					
30-179 days .....	6	12/12/74			
180 days to 4 years .....	2½	1/8/76			
4 years or more .....	1	10/30/75			

1. For changes in reserve requirements beginning 1963, see Board's *Annual Statistical Digest, 1971-1975*, and for prior changes, see Board's *Annual Report* for 1976, table 13. Under provisions of the Monetary Control Act, depository institutions include commercial banks, mutual savings banks, savings and loan associations, credit unions, agencies and branches of foreign banks, and Edge Act corporations.

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

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

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

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

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

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

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

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

week of May 14-21, 1980. In addition, beginning Mar. 19, 1980, the base was reduced to the extent that foreign loans and balances declined.

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

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

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

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

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

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

1.16 MAXIMUM INTEREST RATES PAYABLE on Time and Savings Deposits at Federally Insured Institutions<sup>1</sup>  
 Percent per annum

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

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

2. Effective Dec. 1, 1983, IRA/Keogh (HR10) Plan accounts are not subject to minimum deposit requirements. Effective Jan. 1, 1985, the minimum denomination requirement was lowered from \$2,500 to \$1,000.

3. Effective Dec. 14, 1982, depository institutions are authorized to offer a new account with a required initial balance of \$2,500 and an average maintenance balance of \$2,500 not subject to interest rate restrictions. Effective Jan. 1, 1985,

the minimum denomination and average maintenance balance requirements was lowered to \$1,000. No minimum maturity period is required for this account, but depository institutions must reserve the right to require seven days notice before withdrawals. When the average balance is less than \$1,000, the account is subject to the maximum ceiling rate of interest for NOW accounts; compliance with the average balance requirement may be determined over a period of one month. Depository institutions may not guarantee a rate of interest for this account for a period longer than one month or condition the payment of a rate on a requirement that the funds remain on deposit for longer than one month.

4. Effective Jan. 1, 1985, the minimum denomination requirement was lowered from \$2,500 to \$1,000. Deposits of less than \$1,000 issued to governmental units continue to be subject to an interest rate ceiling of 8 percent.



## 1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

Type of transaction	1981	1982	1983	1984						
				May	June	July	Aug.	Sept.	Oct.	Nov.
<b>U.S. GOVERNMENT SECURITIES</b>										
Outright transactions (excluding matched transactions)										
<i>Treasury bills</i>										
1 Gross purchases .....	13,899	17,067	18,888	610	801	0	187	3,249	507	4,463
2 Gross sales .....	6,746	8,369	3,420	2,003	0	897	1,491	71	1,300	0
3 Exchange .....	0	0	0	0	0	0	0	0	0	0
4 Redemptions .....	1,816	3,000	2,400	2,200	801	600	800	0	2,200	0
<i>Others within 1 year</i>										
5 Gross purchases .....	317	312	484	0	0	0	0	600	0	146
6 Gross sales .....	23	0	0	0	0	0	0	0	0	0
7 Maturity shift .....	13,794	17,295	18,887	2,739	1,069	428	3,811	872	896	1,348
8 Exchange .....	-12,869	-14,164	-16,553	-1,807	0	-2,606	-2,274	0	-1,497	-3,363
9 Redemptions .....	0	0	87	0	0	0	0	0	0	0
<i>1 to 5 years</i>										
10 Gross purchases .....	1,702	1,797	1,896	0	0	0	0	0	0	830
11 Gross sales .....	0	0	0	0	0	0	0	0	0	0
12 Maturity shift .....	-10,299	-14,524	-15,533	-2,279	-1,069	-345	-3,811	-872	-896	594
13 Exchange .....	10,117	11,804	11,641	1,150	0	2,606	1,443	0	1,497	1,763
<i>5 to 10 years</i>										
14 Gross purchases .....	393	388	890	0	0	0	0	0	0	335
15 Gross sales .....	0	0	0	0	0	0	0	0	0	0
16 Maturity shift .....	-3,495	-2,172	-2,450	-383	0	-83	52	0	0	-1,893
17 Exchange .....	1,500	2,128	2,950	400	0	0	500	0	0	850
<i>Over 10 years</i>										
18 Gross purchases .....	379	307	383	0	0	0	0	0	0	164
19 Gross sales .....	0	0	0	0	0	0	0	0	0	0
20 Maturity shift .....	0	-601	-904	-77	0	0	-52	0	0	-49
21 Exchange .....	1,253	234	1,962	257	0	0	332	0	0	750
<i>All maturities</i>										
22 Gross purchases .....	16,690	19,870	22,540	610	801	0	0	3,849	507	5,938
23 Gross sales .....	6,769	8,369	3,420	2,003	0	897	187	71	1,300	0
24 Redemptions .....	1,816	3,000	2,487	2,200	0	600	800	0	2,200	0
Matched transactions										
25 Gross sales .....	589,312	543,804	578,591	79,313	61,017	81,799	79,087	52,893	89,689	51,904
26 Gross purchases .....	589,647	543,173	576,908	79,608	61,331	81,143	78,842	55,776	85,884	55,516
Repurchase agreements										
27 Gross purchases .....	79,920	130,774	105,971	8,267	23,298	14,830	4,992	26,040	0	12,063
28 Gross sales .....	78,733	130,286	108,291	12,199	26,460	14,830	166	30,867	0	12,063
29 Net change in U.S. government securities .....	9,626	8,358	12,631	-7,228	-2,047	-2,154	2,478	1,835	-6,798	9,549
<b>FEDERAL AGENCY OBLIGATIONS</b>										
Outright transactions										
30 Gross purchases .....	494	0	0	0	0	0	0	0	0	0
31 Gross sales .....	0	0	0	0	0	0	0	0	0	0
32 Redemptions .....	108	189	292	40	15	1	5	1	14	90
Repurchase agreements										
33 Gross purchases .....	13,320	18,957	8,833	616	1,819	958	381	3,743	0	698
34 Gross sales .....	13,576	18,638	9,213	744	2,117	958	12	4,112	0	698
35 Net change in federal agency obligations .....	130	130	-672	-169	-313	-1	364	-370	-14	-90
<b>BANKERS ACCEPTANCES</b>										
36 Repurchase agreements, net .....	-582	1,285	-1,062	122	-426	0	0	0	0	0
37 Total net change in System Open Market Account .....	9,175	9,773	10,897	-7,275	-2,786	-2,155	2,842	1,465	-6,811	9,459

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

A10 Domestic Financial Statistics □ March 1985

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements

Millions of dollars

Account	Wednesday					End of month		
	1984					1984		
	Nov. 28	Dec. 5	Dec. 12	Dec. 19	Dec. 26	Oct.	Nov.	Dec.
<b>Consolidated condition statement</b>								
<b>ASSETS</b>								
1 Gold certificate account.....	11,096	11,096	11,096	11,096	11,096	11,096	11,096	11,096
2 Special drawing rights certificate account.....	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
3 Coin.....	455	450	460	449	472	485	451	436
<b>Loans</b>								
4 To depository institutions.....	3,750	5,133	3,155	3,514	2,423	5,060	5,073	3,577
5 Other.....	0	0	0	0	0	0	0	0
<b>Acceptances—Bought outright</b>								
6 Held under repurchase agreements.....	0	0	0	0	0	0	0	0
<b>Federal agency obligations</b>								
7 Bought outright.....	8,389	8,389	8,389	8,389	8,389	8,479	8,389	8,389
8 Held under repurchase agreements.....	0	0	0	0	0	0	0	388
<b>U.S. government securities</b>								
<b>Bought outright</b>								
9 Bills.....	67,208	65,329	70,398	71,119	73,411	61,689	69,764	71,035
10 Notes.....	65,055	65,055	65,055	65,167	65,167	64,494	65,055	65,237
11 Bonds.....	22,951	22,951	22,951	22,951	22,951	22,037	22,951	22,951
12 Total bought outright <sup>1</sup> .....	155,214	153,335	158,404	159,237	161,529	148,220	157,770	159,223
13 Held under repurchase agreements.....	0	0	0	0	0	0	0	1,627
14 Total U.S. government securities.....	155,214	153,335	158,404	159,237	161,529	148,220	157,770	160,850
15 Total loans and securities.....	167,353	166,857	169,948	171,140	172,341	161,759	171,232	173,204
16 Cash items in process of collection.....	8,550	8,178	8,067	8,201	6,302	7,020	6,237	5,498
17 Bank premises.....	567	565	568	565	563	565	565	568
<b>Other assets</b>								
18 Denominated in foreign currencies <sup>2</sup> .....	3,658	3,648	3,662	3,662	3,668	3,647	3,648	3,597
19 All other <sup>3</sup> .....	6,950	7,297	7,178	7,737	7,761	8,263	6,962	8,167
20 Total assets.....	203,247	202,709	205,597	207,468	206,821	197,453	204,809	207,184
<b>LIABILITIES</b>								
21 Federal Reserve notes.....	164,517	164,738	165,952	166,581	168,336	160,972	164,102	168,327
<b>Deposits</b>								
22 To depository institutions.....	22,394	21,413	23,981	23,264	22,153	19,740	25,052	21,818
23 U.S. Treasury—General account.....	3,431	2,929	2,627	3,646	3,587	3,791	2,216	5,316
24 Foreign—Official accounts.....	213	259	256	272	182	270	392	253
25 Other.....	456	427	423	416	566	321	447	865
26 Total deposits.....	26,494	25,028	27,287	27,598	26,488	24,122	28,107	28,252
27 Deferred availability cash items.....	6,179	6,828	6,155	7,134	5,864	6,362	6,253	4,653
28 Other liabilities and accrued dividends <sup>4</sup> .....	2,484	2,556	2,616	2,570	2,561	2,433	2,682	2,700
29 Total liabilities.....	199,674	199,150	202,010	203,883	203,249	193,889	201,144	203,932
<b>CAPITAL ACCOUNTS</b>								
30 Capital paid in.....	1,618	1,622	1,622	1,625	1,627	1,611	1,620	1,626
31 Surplus.....	1,465	1,465	1,465	1,465	1,465	1,465	1,465	1,626
32 Other capital accounts.....	490	472	500	495	480	488	580	0
33 Total liabilities and capital accounts.....	203,247	202,709	205,597	207,468	206,821	197,453	204,809	207,184
34 MEMO: Marketable U.S. government securities held in custody for foreign and international account.....	118,744	120,436	118,850	121,161	121,322	119,233	117,949	122,134
<b>Federal Reserve note statement</b>								
35 Federal Reserve notes outstanding.....	193,762	194,429	195,304	194,984	194,391	191,730	193,727	193,867
36 Less: Held by bank.....	29,245	29,691	29,352	28,403	26,055	30,758	29,625	25,540
37 Federal Reserve notes, net.....	164,517	164,738	165,952	166,581	168,336	160,972	164,102	168,327
<b>Collateral held against notes net:</b>								
38 Gold certificate account.....	11,096	11,096	11,096	11,096	11,096	11,096	11,096	11,096
39 Special drawing rights certificate account.....	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
40 Other eligible assets.....	0	0	0	0	0	0	0	0
41 U.S. government and agency securities.....	148,803	149,024	150,238	150,867	152,622	145,258	148,388	152,613
42 Total collateral.....	164,517	164,738	165,952	166,581	168,336	160,972	164,102	168,327

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

2. Assets shown in this line are revalued monthly at market exchange rates.  
3. Includes special investment account at Chicago of Treasury bills maturing within 90 days.

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

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

## 1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity groupings	Wednesday					End of month		
	1984					1984		
	Nov. 28	Dec. 5	Dec. 12	Dec. 19	Dec. 26	Oct. 31	Nov. 30	Dec. 31
1 Loans—Total .....	3,750	5,133	3,155	3,514	2,423	5,060	5,073	3,577
2 Within 15 days .....	3,697	5,061	3,088	3,485	2,404	4,973	5,004	3,547
3 16 days to 90 days .....	53	72	67	29	19	87	69	30
4 91 days to 1 year .....	0	0	0	0	0	0	0	0
5 Acceptances—Total .....	0	0	0	0	0	0	0	0
6 Within 15 days .....	0	0	0	0	0	0	0	0
7 16 days to 90 days .....	0	0	0	0	0	0	0	0
8 91 days to 1 year .....	0	0	0	0	0	0	0	0
9 U.S. government securities—Total .....	155,214	153,335	158,404	159,237	161,529	148,220	157,770	160,850
10 Within 15 days <sup>1</sup> .....	7,463	3,793	7,441	8,186	9,525	5,672	4,892	4,254
11 16 days to 90 days .....	31,558	31,535	31,571	31,583	34,548	29,871	34,871	37,396
12 91 days to 1 year .....	44,798	46,797	48,182	48,258	46,246	44,811	46,797	47,795
13 Over 1 year to 5 years .....	37,062	36,877	36,877	36,877	36,877	33,690	36,877	37,072
14 Over 5 years to 10 years .....	14,100	14,100	14,100	14,100	14,100	14,808	14,100	14,100
15 Over 10 years .....	20,233	20,233	20,233	20,233	20,233	19,368	20,233	20,233
16 Federal agency obligations—Total .....	8,389	8,389	8,389	8,389	8,389	8,479	8,389	8,777
17 Within 15 days <sup>1</sup> .....	226	158	73	210	187	17	226	575
18 16 days to 90 days .....	473	572	634	497	521	560	473	521
19 91 days to 1 year .....	1,727	1,710	1,739	1,739	1,665	1,756	1,727	1,665
20 Over 1 year to 5 years .....	4,334	4,313	4,297	4,297	4,350	4,358	4,334	4,350
21 Over 5 years to 10 years .....	1,230	1,237	1,247	1,247	1,267	1,232	1,230	1,267
22 Over 10 years .....	399	399	399	399	399	399	399	399

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

1.20 AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND MONETARY BASE

Billions of dollars, averages of daily figures

Item	1981 Dec.	1982 Dec.	1983 Dec.	1984 Dec.	1984							
					May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Seasonally adjusted												
<b>ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS<sup>1</sup></b>												
1 Total reserves <sup>2</sup> .....	32.14	34.34	36.14	38.72	37.45	38.28	38.23	38.38	38.14	37.74	38.10	38.72
2 Nonborrowed reserves .....	31.51	33.70	35.36	35.53	34.46	34.98	32.31	30.36	30.89	31.73	33.48	35.53
3 Nonborrowed reserves plus extended credit <sup>3</sup> .....	31.65	33.89	35.37	38.14	34.50	36.85	37.32	37.41	37.35	36.79	37.32	38.14
4 Required reserves .....	31.82	33.84	35.58	37.86	36.87	37.52	37.63	37.70	37.52	37.14	37.42	37.86
5 Monetary base <sup>4</sup> .....	158.15	170.21	185.49	198.03	191.98	193.86	194.75	195.98	195.99	196.37	197.02	198.03
Not seasonally adjusted												
6 Total reserves <sup>2</sup> .....	32.86	35.06	36.86	40.14	36.77	37.79	37.85	37.69	37.87	37.94	38.67	40.14
7 Nonborrowed reserves .....	32.23	34.43	36.09	36.95	33.78	34.49	31.92	29.67	30.63	31.92	34.06	36.95
8 Nonborrowed reserves plus extended credit <sup>3</sup> .....	32.37	34.62	36.09	39.56	33.82	36.37	36.93	36.72	37.09	36.98	37.89	39.56
9 Required reserves .....	32.54	34.56	36.30	39.28	36.19	37.03	37.24	37.01	37.25	37.33	37.99 <sup>5</sup>	39.28
10 Monetary base <sup>4</sup> .....	161.00	173.24	188.76	202.04	191.33	194.24	195.91	196.13	196.07	196.12	198.21	202.04
<b>NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS<sup>5</sup></b>												
11 Total reserves <sup>2</sup> .....	41.92	41.85	38.89	40.70	36.52	37.52	37.46	37.26	38.03	38.50	39.22	40.70
12 Nonborrowed reserves .....	41.29	41.22	38.12	37.52	33.53	34.22	31.54	29.24	30.79	32.48	34.60	37.52
13 Nonborrowed reserves plus extended credit <sup>3</sup> .....	41.44	41.41	38.12	40.10	33.83	36.22	36.38	36.28	37.28	37.35	38.53	40.10
14 Required reserves .....	41.61	41.35	38.33	39.84	35.94	36.75	36.86	36.57	37.41	37.89	38.54	39.84
15 Monetary base <sup>4</sup> .....	170.47	180.52	192.36	202.60	191.08	193.96	195.53	195.70	196.23	196.68	198.76 <sup>5</sup>	202.60

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

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

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

4. The monetary base not adjusted for discontinuities consists of total reserves plus required clearing balances and adjustments to compensate for float at Federal Reserve Banks and the currency component of the money stock less the amount

of vault cash holdings of thrift institutions that is included in the currency component of the money stock plus, for institutions not having required reserve balances, the excess of current vault cash over the amount applied to satisfy current reserve requirements. After the introduction of contemporaneous reserve requirements (CRR), currency and vault cash figures are measured over the weekly computation period ending Monday.

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

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

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

## 1.21 MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES

Billions of dollars, averages of daily figures

Item <sup>1</sup>	1981 Dec.	1982 Dec.	1983 Dec.	1984 Dec.	1984			
					Sept.	Oct.	Nov.	Dec.
Seasonally adjusted								
1 M1 .....	441.9	480.5	525.4	554.5	548.9	545.5	549.4	554.5
2 M2 .....	1,796.6	1,965.3	2,196.3	2,376.1	2,305.8	2,317.3 <sup>r</sup>	2,346.4	2,376.1
3 M3 .....	2,236.7	2,460.3	2,710.4	2,988.2	2,891.3 <sup>r</sup>	2,916.4 <sup>r</sup>	2,954.2 <sup>r</sup>	2,988.2
4 L .....	2,598.4	2,868.7	3,178.7	n.a.	n.a.	n.a.	n.a.	n.a.
5 Debt <sup>2</sup> .....	4,323.8	4,710.1	5,224.6	n.a.	5,743.1	5,798.9 <sup>r</sup>	5,871.6	n.a.
M1 components								
6 Currency <sup>2</sup> .....	124.0	134.1	148.0	158.0	156.7	157.2	157.5	158.0
7 Travelers checks <sup>3</sup> .....	4.3	4.3	4.9	5.2	5.1	5.0	5.1	5.2
8 Demand deposits <sup>4</sup> .....	236.2	239.7	243.7	248.3	246.4	243.8	245.7	248.3
9 Other checkable deposits <sup>5</sup> .....	77.4	102.4	128.9	142.9	140.8	139.6	141.1	142.9
Nontransactions components								
10 In M2 <sup>6</sup> .....	1,354.6	1,484.8	1,670.9	1,821.7	1,756.8 <sup>r</sup>	1,771.8 <sup>r</sup>	1,796.9 <sup>r</sup>	1,821.7
11 In M3 only <sup>7</sup> .....	440.2	495.0	514.1	612.1	585.7 <sup>r</sup>	599.1 <sup>r</sup>	607.8 <sup>r</sup>	612.1
Savings deposits <sup>9</sup>								
12 Commercial Banks .....	159.7	164.9	134.6	123.6	125.9	125.2	124.7	123.6
13 Thrift institutions .....	186.1	197.2	178.2	170.8	172.9 <sup>r</sup>	172.1 <sup>r</sup>	171.4 <sup>r</sup>	170.8
Small denomination time deposits <sup>9</sup>								
14 Commercial Banks .....	349.6	382.2	353.1	387.7	382.2 <sup>r</sup>	384.4	386.0 <sup>r</sup>	387.7
15 Thrift institutions .....	477.7	474.7	440.0	509.5	492.2 <sup>r</sup>	500.6 <sup>r</sup>	505.6	509.5
Money market mutual funds								
16 General purpose and broker/dealer .....	150.6	185.2	138.2	168.1	152.0 <sup>r</sup>	155.7 <sup>r</sup>	162.2 <sup>r</sup>	168.1
17 Institution-only .....	36.2	48.4	43.2	62.7	46.9	52.2	58.3	62.7
Large denomination time deposits <sup>10</sup>								
18 Commercial Banks <sup>11</sup> .....	247.3	261.8	225.1	260.9	257.7 <sup>r</sup>	262.3 <sup>r</sup>	261.0 <sup>r</sup>	260.9
19 Thrift institutions .....	54.3	66.1	100.4	148.8	135.1	138.7	143.3	148.8
Debt components								
20 Federal debt .....	830.1	991.4	1,173.1	n.a.	1,310.9	1,323.1	1,345.6	n.a.
21 Non-federal debt .....	3,493.7	3,718.7	4,051.6	n.a.	4,432.2	4,475.8 <sup>r</sup>	4,526.1	n.a.
Not seasonally adjusted								
22 M1 .....	452.3	491.9	537.9 <sup>r</sup>	567.9	546.3	545.9 <sup>r</sup>	553.4	567.9
23 M2 .....	1,798.7	1,967.4	2,198.1	2,377.6	2,299.2 <sup>r</sup>	2,316.5 <sup>r</sup>	2,344.8	2,377.6
24 M3 .....	2,242.7	2,466.6	2,716.5	2,994.7	2,885.6 <sup>r</sup>	2,914.5 <sup>r</sup>	2,955.2 <sup>r</sup>	2,994.7
25 L .....	2,605.6	2,876.5	3,189.4	n.a.	3,443.8	n.a.	n.a.	n.a.
26 Debt <sup>2</sup> .....	4,323.8	4,710.1	5,218.5	n.a.	5,731.9	5,791.8 <sup>r</sup>	5,861.8	n.a.
M1 components								
27 Currency <sup>2</sup> .....	126.1	136.4	150.5	160.9	156.5	156.7	158.6	160.9
28 Travelers checks <sup>3</sup> .....	4.1	4.1	4.6	4.9	5.4	5.0	4.8	4.9
29 Demand deposits <sup>4</sup> .....	243.6	247.3	251.6	256.9	245.3	244.9	248.0	256.9
30 Other checkable deposits <sup>5</sup> .....	78.5	104.1	131.3	145.7	139.1	139.4	142.0	145.7
Nontransactions components								
31 M2 <sup>6</sup> .....	1,346.3	1,475.5	1,660.2	1,809.7	1,752.9 <sup>r</sup>	1,770.6 <sup>r</sup>	1,791.4	1,809.7
32 M3 only <sup>7</sup> .....	444.1	499.2	518.4	617.0	586.5 <sup>r</sup>	597.9 <sup>r</sup>	610.4 <sup>r</sup>	617.0
Money market deposit accounts								
33 Commercial banks .....	n.a.	26.3	230.0	266.0	243.8	247.2	256.0 <sup>r</sup>	266.0
34 Thrift institutions .....	n.a.	16.6	145.9	143.9	139.6	139.6	141.3	143.9
Savings deposits <sup>9</sup>								
35 Commercial Banks .....	157.5	162.1	132.0	121.0	124.7	123.8	122.3	121.0
36 Thrift institutions .....	184.7	195.5	176.5	169.1	171.8 <sup>r</sup>	171.8 <sup>r</sup>	170.4 <sup>r</sup>	169.1
Small denomination time deposits <sup>9</sup>								
37 Commercial Banks .....	347.7	380.1	351.0	385.2	381.6	383.8	384.9	385.2
38 Thrift institutions .....	475.6	472.4	437.6	506.7	490.1 <sup>r</sup>	499.7 <sup>r</sup>	504.2	506.7
Money market mutual funds								
39 General purpose and broker/dealer .....	150.6	185.2	138.2	168.1	152.0 <sup>r</sup>	155.7 <sup>r</sup>	162.2 <sup>r</sup>	168.1
40 Institution-only .....	36.2	48.4	43.2	62.7	46.9	52.2	58.3	62.7
Large denomination time deposits <sup>10</sup>								
41 Commercial Banks <sup>11</sup> .....	252.1	266.2	228.5	264.7	258.6 <sup>r</sup>	263.2	262.6 <sup>r</sup>	264.7
42 Thrift institutions .....	54.3	66.2	100.7	149.5	136.9	141.7	146.1	149.5
Debt components								
43 Federal debt .....	830.1	991.4	1,170.2	n.a.	1,310.5	1,323.0	1,343.0	n.a.
44 Non-federal debt .....	3,943.7	3,718.7	4,048.3	n.a.	4,421.4	4,468.8 <sup>r</sup>	4,518.8	n.a.

For notes see following page.

## NOTES TO TABLE I.21

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

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

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

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

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

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

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

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

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

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

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

8. Savings deposits exclude MMDAs.

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

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

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

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

## 1.22 BANK DEBITS AND DEPOSIT TURNOVER

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

Bank group, or type of customer	1981 <sup>1</sup>	1982 <sup>1</sup>	1983 <sup>1</sup>	1984					
				June	July	Aug.	Sept.	Oct.	Nov.
<b>DEBITS TO</b>									
<b>Seasonally adjusted</b>									
Demand deposits <sup>2</sup>									
1 All insured banks	80,858.7	90,914.4	109,642.3	121,488.2	128,299.3	128,141.9	124,117.4	142,907.3	134,016.3
2 Major New York City banks	34,108.1	37,932.9	47,769.4	53,147.7	55,340.6	57,096.5	55,591.4	67,488.7	60,992.8
3 Other banks	46,966.5	52,981.5	61,873.1	68,340.4	72,958.7	71,045.4	68,526.0	75,418.5	73,023.5
4 ATS-NOW accounts <sup>3</sup>	761.0	1,036.2	1,405.5	1,515.8	1,658.9	1,851.9	1,640.6	1,698.6	1,678.5
5 Savings deposits <sup>4</sup>	679.6	720.3	741.4	677.9	682.4	694.5	566.8	597.2	579.1
<b>DEPOSIT TURNOVER</b>									
Demand deposits <sup>2</sup>									
6 All insured banks	285.8	324.2	379.7	401.8	433.0	436.7	424.5	486.8	448.2
7 Major New York City banks	1,116.7	1,287.6	1,528.0	1,665.2	1,774.3	1,834.6	1,822.5	2,199.6	1,917.5
8 Other banks	185.9	211.1	240.9	252.7	275.2	270.9	261.7	286.9	273.3
9 ATS-NOW accounts <sup>3</sup>	14.4	14.5	15.6	15.1	16.6	18.3	16.2	16.9	16.5
10 Savings deposits <sup>4</sup>	4.1	4.5	5.4	5.4	5.5	5.6	4.6	4.9	4.7
<b>DEBITS TO</b>									
<b>Not seasonally adjusted</b>									
Demand deposits <sup>2</sup>									
11 All insured banks	81,197.9	91,031.8	109,517.6	128,522.3	124,604.3	133,844.2	120,120.8	141,249.5	131,791.6
12 Major New York City banks	34,032.0	38,001.0	47,707.4	57,168.1	54,060.5	59,743.8	54,329.0	64,790.2	61,148.7
13 Other banks	47,165.9	53,030.9	64,310.2	71,354.3	70,543.8	74,100.3	65,791.8	76,459.2	70,643.0
14 ATS-NOW accounts <sup>3</sup>	737.6	1,027.1	1,397.0	1,621.7	1,598.5	1,629.4	1,523.7	1,665.7	1,524.8
15 MMDA <sup>5</sup>	.....	.....	567.4	894.8	891.7	888.2	821.6	901.1	819.7
16 Savings deposits <sup>4</sup>	672.9	720.0	742.0	686.2	686.3	680.3	543.1	616.2	538.7
<b>DEPOSIT TURNOVER</b>									
Demand deposits <sup>2</sup>									
17 All insured banks	286.4	325.0	379.9	428.6	418.1	465.7	408.9	479.9	438.8
18 Major New York City banks	1,114.2	1,295.7	1,510.0	1,792.0	1,738.1	2,008.0	1,786.4	2,120.7	1,944.6
19 Other banks	186.2	211.5	240.5	266.3	264.3	287.6	249.8	289.9	262.7
20 ATS-NOW accounts <sup>3</sup>	14.0	14.4	15.5	16.2	16.0	16.4	15.2	16.6	14.9
21 MMDA <sup>5</sup>	.....	.....	2.8	3.7	3.7	3.7	3.4	3.7	3.2
22 Savings deposits <sup>4</sup>	4.1	4.5	5.4	5.5	5.4	5.5	4.5	5.1	4.4

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

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

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

A16 Domestic Financial Statistics □ March 1985

1.23 LOANS AND SECURITIES All Commercial Banks<sup>1</sup>

Billions of dollars; averages of Wednesday figures

Category	1984											
	Dec.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Seasonally adjusted												
1 Total loans and securities <sup>2</sup> . . . . .	1,553.0	1,584.1	1,599.6	1,612.9	1,629.8	1,636.6	1,652.6	1,662.1	1,674.9	1,683.0	1,700.9	1,713.6
2 U.S. government securities . . . . .	260.8	260.7	261.0	257.6	257.3	253.7	256.4	257.1	258.0	257.0	259.4	260.2
3 Other securities <sup>3</sup> . . . . .	169.6	142.2	142.3	142.1	140.5	139.7	139.5	140.8	141.9	141.5	141.6	140.3
4 Total loans and leases <sup>2,3</sup> . . . . .	1,122.7	1,181.2	1,196.3	1,213.2	1,232.0	1,243.2	1,256.7	1,264.2	1,275.0	1,284.5	1,299.9	1,313.1
5 Commercial and industrial . . . . .	412.8	421.7	432.2	438.5	448.0	452.2	455.0	458.1	460.0	463.9	469.5	469.9
6 Bankers acceptances held <sup>4</sup> . . . . .	6.4	5.4	5.6	5.2	5.8	5.8	6.5	6.1	5.7	5.9	6.2	5.4
7 Other commercial and industrial . . . . .	406.4	416.4	426.6	433.2	442.2	446.3	448.5	451.9	454.3	458.0	463.3	464.5
8 U.S. addressees <sup>5</sup> . . . . .	394.7	404.2	414.3	420.8	430.2	434.7	436.8	440.3	443.2	447.4	453.0	454.9
9 Non-U.S. addressees <sup>5</sup> . . . . .	11.7	12.2	12.3	12.4	12.0	11.7	11.6	11.6	11.1	10.6	10.3	9.6
10 Real estate . . . . .	331.0	338.5	342.9	347.2	350.7	354.7	358.3	361.2	364.8	367.7	371.3	374.8
11 Individual . . . . .	213.1	218.1	221.1	224.9	229.0	233.0	236.3	238.5	241.3	243.5	246.8	251.0
12 Security . . . . .	26.9	33.7	29.5	29.6	30.1	28.5	28.0	26.1	28.8	30.3	30.2	31.4
13 Nonbank financial institutions . . . . .	31.0	30.6	30.3	30.6	31.4	31.4	31.4	30.9	31.3	31.2	31.2	31.5
14 Agricultural . . . . .	39.2	39.7	40.0	40.1	40.3	40.5	40.6	40.5	40.7	40.8	41.0	41.4
15 State and political subdivisions . . . . .	3.2	34.6	35.5	36.7	37.4	38.7	40.1	40.9	41.5	41.0	41.8	43.7
16 Foreign banks . . . . .	13.0	13.4	12.8	12.7	12.3	12.3	12.2	12.0	11.5	11.4	11.7	11.4
17 Foreign official institutions . . . . .	9.5	9.0	9.1	8.9	8.9	8.9	9.3	9.4	9.0	8.6	8.1	7.7
18 Lease financing receivables . . . . .	13.7	13.8	13.8	14.0	14.1	14.3	14.5	14.8	15.0	15.1	15.2	15.4
19 All other loans . . . . .	32.3	28.1	29.1	30.1	29.7	28.9	31.0	31.9	31.3	31.2	33.1	34.8
Not seasonally adjusted												
20 Total loans and securities <sup>2</sup> . . . . .	1,562.8	1,582.5	1,596.5	1,613.7	1,626.6	1,637.6	1,646.7	1,656.1	1,673.3	1,684.1	1,701.8	1,724.6
21 U.S. government securities . . . . .	257.7	261.6	263.1	263.0	259.4	257.2	256.2	255.5	255.8	254.1	255.3	256.9
22 Other securities <sup>3</sup> . . . . .	171.5	142.4	142.5	141.8	141.1	139.4	138.2	140.4	141.3	140.9	141.7	141.9
23 Total loans and leases <sup>2,3</sup> . . . . .	1,133.5	1,178.5	1,190.9	1,209.0	1,226.1	1,241.0	1,252.4	1,260.2	1,276.3	1,289.2	1,304.8	1,325.8
24 Commercial and industrial . . . . .	415.5	421.3	431.8	438.7	446.8	450.9	454.3	456.1	459.9	464.7	469.8	473.0
25 Bankers acceptances held <sup>4</sup> . . . . .	6.9	5.3	5.5	5.3	5.7	6.0	6.4	5.9	5.6	5.8	6.1	5.8
26 Other commercial and industrial . . . . .	408.6	416.0	426.3	433.4	441.0	444.8	447.9	450.1	454.3	459.0	463.7	467.1
27 U.S. addressees <sup>5</sup> . . . . .	396.2	404.3	414.4	421.7	429.5	433.5	436.2	438.5	443.0	447.9	452.7	456.6
28 Non-U.S. addressees <sup>5</sup> . . . . .	12.5	11.7	11.8	11.7	11.6	11.3	11.7	11.6	11.3	11.1	11.0	10.6
29 Real estate . . . . .	331.6	338.1	341.9	346.0	349.8	354.1	357.7	361.4	365.9	368.9	372.3	375.4
30 Individual . . . . .	215.7	217.8	219.3	222.9	227.2	231.3	234.7	238.3	242.4	245.3	248.5	254.1
31 Security . . . . .	30.1	32.7	29.0	29.5	28.9	28.5	26.6	25.4	27.7	30.1	31.7	35.2
32 Nonbank financial institutions . . . . .	31.2	30.5	30.3	30.7	31.2	31.4	31.5	31.0	31.4	31.1	31.1	31.6
33 Agricultural . . . . .	38.9	38.9	39.0	39.4	40.2	40.9	41.4	41.4	41.5	41.4	41.1	41.0
34 State and political subdivisions . . . . .	3.2	34.6	35.5	36.7	37.4	38.7	40.1	40.9	41.5	41.0	41.8	43.7
35 Foreign banks . . . . .	13.8	13.4	12.6	12.3	12.0	11.8	12.0	11.7	11.7	11.8	12.0	12.0
36 Foreign official institutions . . . . .	9.5	9.0	9.1	8.9	8.9	8.9	9.3	9.4	9.0	8.6	8.1	7.7
37 Lease financing receivables . . . . .	13.7	13.9	14.0	14.0	14.1	14.3	14.4	14.7	14.9	15.0	15.1	15.4
38 All other loans . . . . .	30.3	28.2	28.4	29.7	29.7	30.3	30.5	29.9	30.7	31.4	33.2	36.7

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

2. Excludes loans to commercial banks in the United States.  
 3. Beginning January 1984 the amount of loans to states and political subdivisions is included in total loans and leases but not included in other securities.  
 4. Includes nonfinancial commercial paper held.  
 5. United States includes the 50 states and the District of Columbia.  
 NOTE: These data also appear in the Board's G-7 (407) release. For address, see inside front cover.



1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS<sup>1</sup>

Monthly averages, billions of dollars

Source	1982	1983	1984										
	Dec.	Dec.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept. <sup>2</sup>	Oct. <sup>2</sup>	Nov. <sup>2</sup>	Dec.
Total nondeposit funds													
1 Seasonally adjusted <sup>2</sup>	96.3	100.3	103.7	108.1	111.8	116.9	105.5	106.1	109.8	112.9	115.4	121.1	115.5
2 Not seasonally adjusted	99.6	102.5	105.2	109.6	113.0	121.2	108.4	106.5	112.4	113.7	116.3	124.7	117.8
Federal funds, RPs, and other borrowings from nonbanks <sup>3</sup>													
3 Seasonally adjusted	140.8	140.7	142.8	141.9	142.3	142.4	136.8	137.5	142.7	145.0	145.8	151.2	144.5
4 Not seasonally adjusted	144.1	142.8	144.3	143.3	143.5	146.7	139.6	137.8	145.3	145.8	146.8	154.8	146.8
5 Net balances due to foreign-related institutions, not seasonally adjusted	-47.0	-42.7	-41.6	-36.9	-33.6	-28.4	-33.9	-34.2	-35.8	-35.1	-33.4	-33.0	-31.9
6 Loans sold to affiliates, not seasonally adjusted <sup>4</sup>	2.5	2.4	2.5	3.1	3.1	2.8	2.7	2.9	2.9	3.0	2.9	2.9	2.9
MEMO													
7 Domestically chartered banks' net positions with own foreign branches, not seasonally adjusted <sup>5</sup>	-43.0	-39.8	-37.7	-34.9	-33.2	-29.9	-32.9	-33.1	-35.0	-35.2	-34.2	-32.6	-31.3
8 Gross due from balances	76.5	75.3	72.2	73.8	73.6	73.5	73.8	71.2	72.8	71.5	69.8	68.3	69.0
9 Gross due to balances	33.6	35.5	34.5	38.9	40.4	43.6	40.9	38.1	37.8	36.3	35.7	35.7	37.7
10 Foreign-related institutions' net positions with directly related institutions, not seasonally adjusted <sup>6</sup>	-4.0	-3.0	-3.9	-1.9	-0.4	1.6	-1.0	-1.1	-0.8	0.1	0.7	-0.4	-0.6
11 Gross due from balances	53.5	54.1	51.3	50.2	49.6	49.8	50.8	52.0	51.8	51.7	50.8	50.7	51.9
12 Gross due to balances	49.5	51.1	47.3	48.3	49.2	51.4	49.8	50.9	51.0	51.8	51.5	50.4	51.3
Security RP borrowings													
13 Seasonally adjusted <sup>7</sup>	83.3	84.8	86.9	85.5	86.9	84.0	79.0	79.9	82.7	84.2	85.9	89.6	84.5
14 Not seasonally adjusted	84.6	85.1	86.5	85.1	86.2	86.4	80.0	78.4	83.4	83.1	84.9	91.3	84.9
U.S. Treasury demand balances <sup>8</sup>													
15 Seasonally adjusted	12.0	13.1	20.6	16.7	15.9	12.2	12.9	11.7	12.7	16.5	8.3	17.0	15.4
16 Not seasonally adjusted	7.5	10.8	22.3	17.5	16.5	12.8	12.3	11.8	10.3	17.5	11.0	10.4	12.5
Time deposits, \$100,000 or more <sup>9</sup>													
17 Seasonally adjusted	280.7	283.1	283.8	289.2	292.4	302.9	312.8	315.8	313.4	312.8	317.9	318.4	319.8
18 Not seasonally adjusted	283.0	288.1	285.0	288.8	288.7	298.8	307.7	311.7	314.3	315.4	320.6	321.1	325.3

1. Commercial banks are those in the 50 states and the District of Columbia with national or state charters plus agencies and branches of foreign banks, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.

2. Includes seasonally adjusted federal funds, RPs, and other borrowings from nonbanks and not seasonally adjusted net Eurodollars and loans to affiliates. Includes averages of Wednesday data for domestically chartered banks and averages of current and previous month-end data for foreign-related institutions.

3. Other borrowings are borrowings on any instrument, such as a promissory note or due bill, given for the purpose of borrowing money for the banking business. This includes borrowings from Federal Reserve Banks and from foreign banks, term federal funds, overdrawn due from bank balances, loan RPs, and participations in pooled loans. Includes averages of daily figures for member

banks and averages of current and previous month-end data for foreign-related institutions.

4. Loans initially booked by the bank and later sold to affiliates that are still held by affiliates. Averages of Wednesday data.

5. Averages of daily figures for member and nonmember banks.

6. Averages of daily data.

7. Based on daily average data reported by 122 large banks.

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

9. Averages of Wednesday figures.

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

A18 Domestic Financial Statistics □ March 1985

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

Billions of dollars except for number of banks

Account	1983		1984								
	Dec.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
<b>ALL COMMERCIAL BANKING INSTITUTIONS<sup>1</sup></b>											
1 Loans and securities	1,680.6 <sup>2</sup>	1,712.8	1,734.1	1,756.9	1,764.1	1,765.3	1,784.5	1,798.9	1,822.7	1,821.8 <sup>e</sup>	1,861.1 <sup>e</sup>
2 Investment securities	n.a.	387.8	385.5	382.0	381.2	378.2	376.2	377.3	375.2	374.9	377.7
3 U.S. government securities	n.a.	251.3	251.0	247.7	248.2	246.5	243.5	243.5	241.2	240.4	242.5
4 Other	n.a.	136.5	134.5	134.4	133.0	131.7	132.7	133.8	134.0	134.4	135.1
5 Trading account assets	n.a.	17.0	19.9	18.8	14.6	15.7	20.0	20.9	22.5	21.9	22.8
6 Total loans	1,249.3 <sup>2</sup>	1,308.0	1,328.7	1,356.1	1,368.3	1,371.4	1,388.4	1,400.6	1,424.9	1,425.0 <sup>e</sup>	1,460.6 <sup>e</sup>
7 Interbank loans	111.4 <sup>2</sup>	115.0	116.7	124.7	122.8	118.6	127.1	123.3	126.1	122.5 <sup>e</sup>	126.7 <sup>e</sup>
8 Loans excluding interbank	1,137.9 <sup>2</sup>	1,193.0	1,212.0	1,231.4	1,245.5	1,252.8	1,261.2	1,277.3	1,298.8	1,302.5 <sup>e</sup>	1,333.8 <sup>e</sup>
9 Commercial and industrial	419.4	433.1	439.7	447.3	452.9	454.4	455.2	459.9	467.7	469.3	476.2
10 Real estate	327.2	342.3	346.8	350.3	354.6	356.8	361.8	366.7	369.8	372.8 <sup>e</sup>	375.8 <sup>e</sup>
11 Individual	217.4	219.8	224.1	228.4	232.8	235.2	240.0	243.4	247.1	249.8 <sup>e</sup>	255.4 <sup>e</sup>
12 All other	173.9 <sup>2</sup>	197.8	201.3	205.4	205.2	206.5	204.2	207.3	214.2	210.6	226.5
13 Total cash assets	219.6	181.8	190.5	202.5	185.6	179.1	177.3	176.0	188.0	188.9	201.9
14 Reserves with Federal Reserve Banks	23.5	16.3	22.2	18.6	19.1	19.4	17.4	.8	18.1	20.4	20.5
15 Cash in vault	23.4	20.7	21.2	22.3	21.8	21.6	22.2	21.6	21.4	23.9	23.3
16 Cash items in process of collection	73.2	62.3	65.9	76.4	63.7	60.2	60.7	63.2	70.2	66.5	76.1
17 Demand balances at U.S. depository institutions	99.5	31.7	30.0	34.8	30.8	29.3	29.5	31.2	32.0	31.0	34.4
18 Other cash assets		50.8	51.2	50.4	50.1	48.6	47.5	59.3	46.3	47.1	47.7
19 Other assets	193.6	204.1	204.0	200.1	205.9	205.4	204.7	215.3	215.7	204.4 <sup>e</sup>	210.6 <sup>e</sup>
20 Total assets/total liabilities and capital	2,093.8	2,098.7	2,128.6	2,159.5	2,155.5	2,149.7	2,166.5	2,190.2	2,226.3	2,215.3	2,273.8
21 Deposits	1,508.9	1,494.5	1,501.5	1,541.3	1,532.9	1,535.5	1,539.0	1,549.9	1,578.9	1,578.2	1,630.1
22 Transaction deposits	374.6 <sup>2</sup>	440.9	447.3	462.6	445.9	441.4	440.0	442.3	462.7	453.0	490.5
23 Savings deposits	457.2 <sup>2</sup>	371.4	369.6	371.6	369.5	368.5	365.1	364.9	371.1	378.2	386.0
24 Time deposits	677.1	682.2	684.5	707.2	717.4	725.6	734.0	742.7	745.0	747.0	753.5
25 Borrowings	273.2 <sup>2</sup>	289.2	305.9	292.8	292.8	292.0	301.5	307.1	314.3	298.0	301.7
26 Other liabilities	164.4 <sup>2</sup>	176.3	181.6	187.8	187.9	182.0	183.8	187.0	189.2	194.3	196.2
27 Residual (assets less liabilities)	147.3 <sup>2</sup>	138.8	139.6	137.6	141.9	140.2	142.1	146.2	144.0	144.8	145.8
<b>MEMO</b>											
28 U.S. government securities (including trading account)	254.1 <sup>2</sup>	262.4	263.0	260.1	256.5	255.6	255.1	255.5	256.3	255.2	256.9
29 Other securities (including trading account)	177.2 <sup>2</sup>	142.5	142.4	140.7	139.3	138.3	141.0	142.7	141.5	141.6	143.7
<b>DOMESTICALLY CHARTERED COMMERCIAL BANKS<sup>3</sup></b>											
30 Loans and securities	1,591.3 <sup>2</sup>	1,619.0	1,642.8	1,663.2	1,671.0	1,676.7	1,688.4	1,708.0	1,728.5	1,726.6	1,764.5
31 Investment securities	n.a.	381.1	378.7	375.3	374.5	371.2	369.1	370.0	367.9	368.0	370.7
32 U.S. government securities	n.a.	246.2	245.8	242.5	243.1	241.4	238.5	238.5	236.1	235.9	237.9
33 Other	n.a.	135.0	132.9	132.8	131.4	129.8	130.7	131.5	131.8	132.2	132.8
34 Trading account assets	n.a.	17.0	19.9	18.8	14.6	15.7	20.0	20.9	22.5	21.9	22.8
35 Total loans	1,167.4 <sup>2</sup>	1,220.8	1,244.3	1,269.2	1,281.8	1,289.8	1,299.4	1,317.0	1,338.0	1,336.7	1,370.9
36 Interbank loans	87.0 <sup>2</sup>	86.8	90.0	96.2	94.7	95.2	97.6	100.0	103.3	96.4	103.0
37 Loans excluding interbank	1,080.4 <sup>2</sup>	1,134.0	1,154.3	1,172.9	1,187.1	1,194.6	1,201.8	1,217.1	1,234.7	1,240.3	1,267.9
38 Commercial and industrial	381.3 <sup>2</sup>	392.7	400.0	407.4	412.9	414.0	414.5	418.8	423.0	425.5	430.5
39 Real estate	327.2	337.6	342.2	346.1	350.5	353.1	358.0	362.4	365.5	368.5	371.5
40 Individual	217.4	219.6	224.0	228.3	232.6	235.1	239.8	243.2	246.9	249.6	255.2
41 All other	154.6 <sup>2</sup>	184.0	188.1	191.1	191.1	192.4	189.6	192.6	199.3	196.7	210.7
42 Total cash assets	207.0	169.5	177.9	190.7	173.2	166.7	165.9	164.0	176.6	176.9	189.9
43 Reserves with Federal Reserve Banks	19.9	15.8	21.5	17.4	18.4	18.0	16.7	.1	17.1	19.7	19.1
44 Cash in vault	23.4	20.7	21.2	22.3	21.8	21.6	22.2	21.6	21.4	23.9	23.3
45 Cash items in process of collection	73.0	62.2	65.8	76.3	63.5	60.1	60.5	63.0	69.9	66.3	75.9
46 Demand balances at U.S. depository institutions	90.8	30.0	28.6	33.5	29.4	27.9	28.2	29.7	30.7	29.5	32.8
47 Other cash assets		40.9	40.9	41.3	40.1	39.2	38.3	49.6	37.5	37.5	38.9
48 Other assets	150.4	145.7	143.6	139.0	141.5	138.9	140.6	145.6	147.9	139.8	141.5
49 Total assets/total liabilities and capital	1,948.7	1,934.2	1,964.3	1,992.9	1,985.7	1,982.3	1,995.0	2,017.6	2,053.1	2,043.4	2,095.9
50 Deposits	1,468.1	1,456.4	1,464.9	1,501.7	1,492.5	1,495.4	1,500.3	1,510.9	1,539.1	1,538.0	1,586.6
51 Transaction deposits	368.5 <sup>2</sup>	434.5	441.1	456.2	439.6	434.8	433.7	435.9	456.2	446.8	483.9
52 Savings deposits	456.6 <sup>2</sup>	370.5	368.7	370.7	368.6	367.5	364.2	363.9	370.1	377.2	385.0
53 Time deposits	643.0	651.4	655.1	674.9	684.3	693.1	702.4	711.1	712.8	714.0	717.7
54 Borrowings	214.1 <sup>2</sup>	227.2	241.9	232.5	229.6	228.0	236.0	243.5	251.3	241.1	242.8
55 Other liabilities	122.3 <sup>2</sup>	114.7	102.8	123.9	124.4	121.5	119.3	119.7	120.5	122.3	123.5
56 Residual (assets less liabilities)	144.1 <sup>2</sup>	136.0	136.8	134.8	139.1	137.4	139.3	143.4	142.1	142.0	143.0

1. Commercial banking institutions include insured domestically chartered commercial banks, branches and agencies of foreign banks, Edge Act and Agreement corporations, and New York State foreign investment corporations.  
 2. Data are not comparable with those of later dates. See the Announcements section of this BULLETIN for a description of the differences.  
 3. Insured domestically chartered commercial banks include all member banks and insured nonmember banks.

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

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

Millions of dollars, Wednesday figures

Account	1984						1985			Adjustment bank, 1984
	Nov. 21*	Nov. 28*	Dec. 5*	Dec. 12*	Dec. 19*	Dec. 26*	Jan. 2	Jan. 9	Jan. 16	
1 Cash and balances due from depository institutions	90,775	90,438	90,247	91,330	96,451	98,110	120,263	88,534	101,824	1,346
2 Total loans, leases and securities, net	799,849	791,976	808,829	799,995	815,385	815,847	832,316	822,035	826,627	7,714
3 U.S. Treasury and government agency	78,287	78,532	81,143	79,281	78,858	78,523	79,666	82,705	81,921	1,143
4 Trading account	14,599	14,762	16,592	14,886	14,561	14,328	13,828	15,873	14,810	2
5 Investment account, by maturity	63,688	63,770	64,551	64,394	64,298	64,196	65,838	66,832	67,112	1,413
6 One year or less	18,054	17,949	18,365	18,769	19,302	20,148	21,307	21,111	21,107	413
7 Over one through five years	33,151	33,186	32,966	32,377	31,651	30,706	30,792	32,124	32,418	612
8 Over five years	12,484	12,634	13,220	13,248	13,345	13,341	13,339	13,598	13,586	116
9 Other securities	47,160	46,464	46,140	46,384	47,046	48,294	50,117	49,337	48,996	771
10 Trading account	4,722	3,949	3,702	3,828	3,828	3,065	3,983	3,808	3,808	6
11 Investment account	42,438	42,515	42,437	42,555	42,723	43,228	44,876	45,354	45,188	763
12 States and political subdivisions, by maturity	38,332	38,302	38,203	38,319	38,328	38,815	40,314	40,859	40,659	685
13 One year or less	4,394	4,343	4,262	4,342	4,413	4,710	5,096	5,508	5,400	159
14 Over one year	33,937	33,959	33,941	33,977	33,915	34,106	35,218	35,351	35,259	524
15 Other bonds, corporate stocks, and securities	4,106	4,213	4,234	4,236	4,395	4,413	4,362	4,494	4,529	82
16 Other trading account assets	3,602	3,211	2,908	2,875	2,655	3,448	3,024	3,201	2,726	.....
17 Federal funds sold <sup>1</sup>	52,429	48,116	56,112	49,430	54,512	51,368	57,221	53,214	58,587	774
18 To commercial banks	36,056	32,647	37,955	32,158	37,912	34,627	41,045	36,085	42,422	770
19 To nonbank brokers and dealers in securities	11,888	10,681	12,033	11,947	11,674	11,809	10,954	11,813	11,121	5
20 To others	4,484	4,788	6,124	5,325	4,925	4,932	5,222	5,316	5,045	.....
21 Other loans and leases, gross <sup>2</sup>	634,072	631,400	638,326	637,866	648,178	650,017	658,197	649,834	650,732	5,267
22 Other loans, gross <sup>2</sup>	621,737	619,030	625,892	625,449	635,674	637,443	645,338	637,013	637,914	5,248
23 Commercial and industrial <sup>2</sup>	249,288	248,445	249,809	248,560	250,690	251,344	253,360	250,571	251,138	1,493
24 Bankers acceptances and commercial paper	4,320	4,055	4,353	4,209	3,815	3,832	4,156	3,386	3,074	29
25 All other	244,968	244,390	245,456	244,351	246,875	247,512	249,204	247,185	248,063	1,464
26 U.S. addressees	238,632	238,041	239,105	238,110	240,627	241,326	243,028	241,382	242,365	1,368
27 Non-U.S. addressees	6,336	6,349	6,351	6,241	6,248	6,186	6,176	5,803	5,698	96
28 Real estate loans <sup>2</sup>	157,847	158,267	158,436	159,075	159,354	159,288	160,018	160,377	161,118	1,546
29 To individuals for personal expenditures	107,488	108,117	109,025	109,830	110,903	111,965	114,698	114,822	114,862	1,454
30 To depository and financial institutions	39,967	39,554	40,662	40,718	41,352	41,673	41,765	40,360	40,717	137
31 Commercial banks in the United States	9,452	9,286	9,562	9,798	10,129	10,387	9,969	9,665	9,995	65
32 Banks in foreign countries	6,313	6,082	6,740	6,357	6,165	6,098	6,301	5,832	6,033	56
33 Nonbank depository and other financial institutions	24,202	24,186	24,359	24,563	25,058	25,187	25,495	24,864	24,689	16
34 For purchasing and carrying securities	14,371	12,616	15,117	15,072	19,178	17,092	18,018	16,376	15,498	6
35 To finance agricultural production	7,223	7,194	7,147	7,180	7,224	7,224	7,302	7,102	6,991	32
36 To states and political subdivisions	26,622	26,583	26,658	26,864	27,552	28,208	29,341	29,386	29,516	147
37 To foreign governments and official institutions	4,413	4,170	4,500	4,246	4,214	4,358	4,086	3,972	3,787	23
38 All other	14,518	14,084	14,537	13,904	15,208	16,290	16,748	13,685	14,286	410
39 Lease financing receivables	12,336	12,370	12,434	12,417	12,504	12,574	12,859	12,821	12,818	18
40 Less: Unearned income	5,122	5,125	5,075	5,094	5,110	5,129	5,283	5,314	5,306	186
41 Loan and lease reserve <sup>2</sup>	10,579	10,624	10,725	10,747	10,754	10,672	10,626	10,942	11,029	56
42 Other loans and leases, net <sup>2</sup>	618,371	615,652	622,526	622,025	632,314	634,215	642,288	633,578	634,396	5,026
43 All other assets	132,489	131,943	138,408	132,843	134,871	132,855	140,891	135,005	134,652	957
44 Total assets	1,023,113	1,014,357	1,037,484	1,024,168	1,046,708	1,046,812	1,093,470	1,045,574	1,063,103	10,017
45 Demand deposits	180,975	180,276	191,332	185,369	193,914	201,145	226,133	185,406	198,983	2,357
46 Individuals, partnerships, and corporations	139,223	139,067	144,448	142,669	145,097	157,535	174,413	145,797	151,852	1,913
47 States and political subdivisions	5,072	4,781	4,877	4,742	5,458	5,142	6,328	4,850	5,384	108
48 U.S. government	1,423	1,041	3,778	2,375	3,686	1,176	1,210	1,603	3,768	51
49 Depository institutions in United States	20,472	20,985	22,181	20,588	22,636	21,544	26,424	19,232	22,173	119
50 Banks in foreign countries	6,225	6,097	6,488	6,140	6,496	5,918	7,004	5,738	6,026	90
51 Foreign governments and official institutions	916	805	906	978	744	666	864	789	799	15
52 Certified and officers' checks	7,645	7,500	8,653	7,878	9,797	9,164	9,889	7,397	8,980	61
53 Transaction balances other than demand deposits	33,135	32,668	34,870	34,136	34,309	34,317	37,272	37,144	36,784	1,045
54 Nontransaction balances	446,231	446,042	449,021	449,377	452,315	453,547	461,124	461,014	460,160	4,921
55 Individuals, partnerships and corporations	412,242	412,111	415,355	415,232	417,708	418,623	427,209	427,072	426,452	4,772
56 States and political subdivisions	21,337	21,393	21,150	21,387	21,751	21,983	21,228	21,538	21,523	96
57 U.S. government	497	473	378	391	407	418	421	439	442	2
58 Depository institutions in the United States	8,735	8,652	8,495	8,748	8,876	8,938	8,795	8,758	8,529	51
59 Foreign governments, official institutions and banks	3,419	3,412	3,643	3,620	3,573	3,584	3,472	3,207	3,213	.....
60 Liabilities for borrowed money	199,370	190,909	197,000	188,767	198,408	192,413	202,960	196,158	199,771	632
61 Borrowings from Federal Reserve Banks	6,328	3,250	4,810	2,910	3,300	2,130	5,577	1,265	846	.....
62 Treasury tax-and-loan notes	4,582	3,460	2,643	1,871	11,280	10,212	8,162	8,155	10,278	.....
63 All other liabilities for borrowed money <sup>3</sup>	188,460	184,199	189,547	183,986	183,828	180,071	189,221	186,738	188,646	632
64 Other liabilities and subordinated note and debentures	93,378	94,693	94,613	95,958	97,320	95,080	93,570	93,574	95,067	345
65 Total liabilities	953,090	944,588	966,836	953,606	976,267	976,501	1,021,858	973,297	990,764	9,300
66 Residual (total assets minus total liabilities) <sup>4</sup>	70,024	69,769	70,647	70,562	70,441	70,311	72,412	72,278	72,339	717
MEMO										
67 Total loans and leases (gross) and investments adjusted <sup>5</sup>	770,042	765,791	777,111	773,879	783,208	786,635	797,211	792,541	790,546	7,121
68 Total loans and leases (gross) adjusted <sup>2,3</sup>	640,993	637,583	646,920	645,340	654,649	656,370	664,404	657,298	656,903	5,207
69 Time deposits in amounts of \$100,000 or more	159,097	158,379	158,660	159,057	160,668	161,114	160,518	159,792	157,973	582
70 Loans sold outright to affiliates—total <sup>6</sup>	2,987	2,953	2,874	2,880	2,883	2,946	3,026	2,983	2,933	-10
71 Commercial and industrial	2,145	2,090	2,064	2,020	2,031	2,054	2,076	1,991	1,959	.....
72 Other	842	863	811	860	851	892	950	992	975	-10
73 Nontransaction savings deposits (including MMDAs)	158,885	159,366	161,746	161,790	163,142	164,134	169,965	170,823	171,860	2,415

1. Includes securities purchased under agreements to resell.  
 2. Levels of major loan items were affected by the Sept. 26, 1984 transaction between Continental Illinois National Bank and the Federal Deposit Insurance Corporation. For details see the H.4.2 statistical release dated Oct. 5, 1984.  
 3. Includes federal funds purchased and securities sold under agreements to repurchase; for information on these liabilities at banks with assets of \$1 billion or more on Dec. 31, 1977, see table 1.13.  
 4. This is not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.  
 5. Exclusive of loans and federal funds transactions with domestic commercial banks.  
 6. Loans sold are those sold outright to a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.  
 NOTE: These data also appear in the Board's H.4.2 (504) release. For address, see inside front cover.

A20 Domestic Financial Statistics □ March 1985

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

Millions of dollars, Wednesday figures

Account	1984						1985			Adjustment bank, 1984
	Nov. 21	Nov. 28	Dec. 5	Dec. 12	Dec. 19 <sup>1</sup>	Dec. 26	Jan. 2	Jan. 9	Jan. 16	
1 Cash and balances due from depository institutions	20,576	22,724	22,918 <sup>1</sup>	23,222 <sup>1</sup>	24,290	26,682	36,249	20,964	26,592	-3
2 Total loans, leases and securities, net <sup>1</sup>	171,040	168,329	172,836	170,015	176,606	175,482	174,932	169,674	173,808	-844
<i>Securities</i>										
3 U.S. Treasury and government agency <sup>2</sup>										
4 Trading account <sup>2</sup>										
5 Investment account, by maturity	9,420	9,200	10,057	9,878	9,604	9,679	9,296	9,913	9,769	
6 One year or less	1,500	1,496	1,522	1,761	1,985	2,533	2,590	2,345	1,963	
7 Over one through five years	6,684	6,445	6,517	6,121	5,550	5,085	4,667	5,482	5,708	
8 Over five years	1,236	1,259	2,017	1,996	2,068	2,061	2,039	2,086	2,097	
9 Other securities <sup>2</sup>										
10 Trading account <sup>2</sup>										
11 Investment account, by maturity	9,180	9,142	9,155	9,189	9,179	9,327	9,790	9,860	9,863	-44
12 States and political subdivisions, by maturity	8,410	8,338	8,334	8,340	8,344	8,467	8,946	9,033	9,030	-44
13 One year or less	1,198	1,124	1,120	1,114	1,150	1,239	1,305	1,348	1,302	-44
14 Over one year	7,212	7,214	7,214	7,226	7,195	7,228	7,642	7,685	7,728	
15 Other bonds, corporate stocks and securities	770	804	821	849	834	860	844	828	833	
16 Other trading account assets <sup>2</sup>										
<i>Loans and leases</i>										
17 Federal funds sold <sup>3</sup>	18,956	18,520	19,087	18,097	20,166	19,329	20,554	18,367	21,986	
18 To commercial banks	10,516	10,052	9,299	9,426	11,067	9,794	11,916	8,988	12,842	
19 To nonbank brokers and dealers in securities	5,992	5,478	6,283	6,033	6,198	6,622	5,748	6,494	6,153	
20 To others	2,448	2,990	3,505	2,638	2,901	2,912	2,890	2,885	2,991	
21 Other loans and leases, gross	138,209	136,204	139,286	137,599	142,423	141,863	139,907	136,314	136,969	-800
22 Other loans, gross	136,033	134,006	137,092	135,409	140,228	139,655	137,691	134,226	134,882	-800
23 Commercial and industrial	63,794	63,456	64,033	63,109 <sup>4</sup>	63,735	63,638	62,650	62,361	62,864	-692
24 Bankers acceptances and commercial paper	679	633	685	481	429	454	660	638	661	
25 All other	63,116	62,823	63,348	62,628 <sup>4</sup>	63,306	63,183	61,990	61,724	62,203	-692
26 U.S. addressees	62,293	61,761	62,275	61,616 <sup>4</sup>	62,293	62,180	61,242	60,994	61,543	-692
27 Non-U.S. addressees	1,087	1,062	1,073	1,012	1,013	1,003	747	729	660	
28 Real estate loans	23,853	23,891	23,974	24,318	24,239	24,346	24,451	24,465	24,446	66
29 To individuals for personal expenditures	15,619	15,669	15,810	15,931	16,087	16,234	16,226	16,134	16,079	-95
30 To depository and financial institutions	12,195	12,113	12,776	11,997	12,216	12,866	12,313	11,221	11,441	
31 Commercial banks in the United States	1,869	1,968	2,076	1,785	1,653	2,468	2,189	1,794	2,060	
32 Banks in foreign countries	2,332	2,225	2,690	2,312	2,291	2,161	2,258	1,973	2,123	
33 Nonbank depository and other financial institutions	7,994	7,920	8,010	7,901	8,271	8,237	7,866	7,454	7,758	
34 For purchasing and carrying securities	7,464	6,080	7,478	7,380	10,376	8,035	8,312	7,286	6,858	-1
35 To finance agricultural production	374	391	384	389	385	403	358	359	390	-20
36 To states and political subdivisions	7,910	7,808	7,927	7,925	8,101	8,166	8,193	8,161	8,223	-11
37 To foreign governments and official institutions	948	760	922	789	748	884	873	792	813	
38 All other	3,877	3,838	3,718	3,569 <sup>4</sup>	4,342	5,083	4,315	3,446	3,768	-47
39 Lease financing receivables	2,176	2,198	2,194	2,190	2,195	2,207	2,216	2,088	2,087	
40 Less: Unearned income	1,483	1,484	1,458	1,465	1,478	1,484	1,461	1,482	1,491	
41 Loan and lease reserve	3,243	3,252	3,290	3,283	3,289	3,231	3,154	3,298	3,287	
42 Other loans and leases, net	133,483	131,467	134,538	132,851	137,656	137,147	135,292	131,533	132,190	-800
43 All other assets <sup>4</sup>	66,594	67,484	72,459	66,639	69,324	69,653	73,798	69,802	68,291	-297
44 Total assets	258,210	258,538	268,214 <sup>4</sup>	259,876 <sup>4</sup>	270,221	271,817	284,979	260,440	268,692	-1,144
<i>Deposits</i>										
45 Demand deposits	44,528	47,117	49,011	47,353	50,966	53,846	63,772	45,830	50,750	-118
46 Individuals, partnerships, and corporations	30,555	32,146	32,731	32,026	33,498	37,652	45,175	33,522	34,775	-103
47 States and political subdivisions	772	699	791	701	770	864	979	811	1,032	-18
48 U.S. government	207	167	780	501	683	140	127	204	731	1
49 Depository institutions in the United States	4,304	5,432	4,629	4,795	5,213	5,551	7,434	3,725	5,101	
50 Banks in foreign countries	4,990	4,742	5,194	4,839	5,262	4,644	5,390	4,365	4,584	
51 Foreign governments and official institutions	673	502	706	765	558	493	654	545	564	
52 Certified and officers' checks	3,025	3,428	4,179	3,726	4,981	4,503	4,012	2,658	3,962	2
53 Transaction balances other than demand deposits ATS, NOW, Super NOW, telephone transfers)	3,556	3,520	3,723	3,678	3,711	3,718	3,975	3,981	3,967	45
54 Nontransaction balances	82,842	82,283	83,533 <sup>4</sup>	82,940 <sup>4</sup>	83,852	84,088	85,692	85,363	85,300	46
55 Individuals, partnerships and corporations	74,312 <sup>4</sup>	73,830	74,775 <sup>4</sup>	74,084 <sup>4</sup>	74,926	75,024	77,344	77,247	77,326	334
56 States and political subdivisions	4,044 <sup>4</sup>	3,960	4,109	4,176	4,326	4,374	3,893	3,836	3,792	-288
57 U.S. government	68	30	37	50	46	51	53	52	59	
58 Depository institutions in the United States	2,444 <sup>4</sup>	2,497	2,460	2,533	2,523	2,619	2,465	2,480	2,391	
59 Foreign governments, official institutions and banks	1,973 <sup>4</sup>	1,967	2,153	2,097	2,030	2,019	1,937	1,747	1,731	
60 Liabilities for borrowed money	63,462	61,497	66,875	60,766	65,959	66,260	68,319	61,640	63,339	-422
61 Borrowings from Federal Reserve Banks	2,325		1,375		2,225		1,700			
62 Treasury tax-and-loan notes	1,029	796	644	366	2,961	2,650	2,013	2,216	2,658	
63 All other liabilities for borrowed money <sup>5</sup>	60,108	60,701	64,856	60,400	60,773	63,610	64,606	59,423	60,681	-422
64 Other liabilities and subordinated note and debentures	40,864	41,375	41,982	42,095	42,798	40,980	39,937	40,563	42,121	-583
65 Total liabilities	235,251	235,792	245,125 <sup>4</sup>	236,832 <sup>4</sup>	247,286	248,892	261,695	237,377	245,478	-1,032
66 Residual (total assets minus total liabilities) <sup>6</sup>	22,959	22,746	23,088	23,044	22,935	22,925	23,284	23,063	23,214	-112
<i>MEMO</i>										
67 Total loans and leases (gross) and investments adjusted <sup>1,7</sup>	163,382	161,046	166,210	163,551	168,653	167,935	165,443	163,672	163,685	-844
68 Total loans and leases (gross) adjusted <sup>7</sup>	144,781	142,704	146,998	144,484	149,870	148,929	146,357	143,898	144,053	-800
69 Time deposits in amounts of \$100,000 or more	34,475	33,948	34,371 <sup>4</sup>	34,254 <sup>4</sup>	34,580	34,733	33,399	35,008	34,672	-60

1. Excludes trading account securities.  
 2. Not available due to confidentiality.  
 3. Includes securities purchased under agreements to resell.  
 4. Includes trading account securities.  
 5. Includes federal funds purchased and securities sold under agreements to repurchase.

6. Not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.  
 7. Exclusive of loans and federal funds transactions with domestic commercial banks.  
 NOTE: These data also appear in the Board's H.4.2 (504) release. For address, see inside front cover.

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

Account	1984						1985		
	Nov. 21	Nov. 28	Dec. 5	Dec. 12	Dec. 19	Dec. 26	Jan. 2	Jan. 9	Jan. 16
1 Cash and due from depository institutions	6,884	6,669	6,884	6,468	6,884	6,679	7,064	6,536	6,652
2 Total loans and securities	43,954	43,857	42,513	42,402	44,095	45,047	47,123	43,910	43,407
3 U.S. Treasury and govt. agency securities	3,991	3,890	4,176	4,185	4,053	3,940	3,962	4,082	4,093
4 Other securities	1,239	1,263	1,278	1,273	1,272	1,282	1,277	1,282	1,356
5 Federal funds sold <sup>1</sup>	3,841	4,336	3,112	2,808	3,378	4,128	5,642	3,260	3,326
6 To commercial banks in the United States	3,575	4,065	2,824	2,488	2,978	3,716	5,256	2,865	3,018
7 To others	266	271	289	319	400	412	387	395	308
8 Other loans, gross	34,883	34,367	33,947	34,136	35,391	35,698	36,241	35,286	34,631
9 Commercial and industrial	19,585	19,298	19,188	19,391	20,174	20,276	20,926	19,920	19,790
10 Bankers acceptances and commercial paper	1,380	1,221	1,493	1,480	1,445	1,317	1,350	1,205	1,314
11 All other	18,205	18,077	17,695	17,911	18,729	18,959	19,577	18,714	18,476
12 U.S. addressees	16,781	16,702	16,344	16,609	17,434	17,685	18,354	17,520	17,281
13 Non-U.S. addressees	1,424	1,375	1,351	1,302	1,295	1,274	1,223	1,194	1,195
14 To financial institutions	11,496	11,361	11,115	10,738	11,087	11,221	10,871	11,220	10,779
15 Commercial banks in the United States	9,070	8,971	8,614	8,293	8,239	8,382	8,118	8,614	8,460
16 Banks in foreign countries	1,508	1,500	1,519	1,540	1,580	1,600	1,508	1,403	1,422
17 Nonbank financial institutions	919	890	981	905	1,268	1,239	1,245	1,203	897
18 To foreign govt. and official institutions	699	693	686	690	711	689	691	690	694
19 For purchasing and carrying securities	1,038	958	922	1,285	1,416	1,457	1,681	1,382	1,193
20 All other	2,063	2,057	2,035	2,032	2,004	2,058	2,071	2,074	2,175
21 Other assets (claims on nonrelated parties)	19,204	19,306	19,119	19,371	19,169	19,586	19,302	19,440	18,888
22 Net due from related institutions	9,920	8,709	10,098	10,301	10,487	10,631	9,350	11,535	11,474
23 Total assets	79,962	78,741	78,614	78,542	80,634	81,944	82,840	81,421	80,421
24 Deposits or credit balances due to other than directly related institutions	22,465 <sup>r</sup>	22,411 <sup>r</sup>	23,436	24,070 <sup>r</sup>	24,366 <sup>r</sup>	24,597	24,802	24,369	24,047
25 Credit balances	122	128	130	183	141	183	201	132	137
26 Demand deposits	1,658 <sup>r</sup>	1,569 <sup>r</sup>	1,791	1,731	1,712 <sup>r</sup>	1,632	1,873	1,582	1,653
27 Individuals, partnerships, and corporations	852	834	885	901	892	877	937	838	838
28 Other	806 <sup>r</sup>	734 <sup>r</sup>	906	830	820 <sup>r</sup>	756	937	743	815
29 Time and savings deposits	20,685	20,714	21,514	22,156 <sup>r</sup>	22,513	22,782	22,728	22,654	22,257
30 Individuals, partnerships, and corporations	17,050	17,073	17,520	18,286	18,663	18,841	18,537	18,552	18,128
31 Other	3,635	3,641	3,994	3,871 <sup>r</sup>	3,851	3,941	4,190	4,102	4,129
32 Borrowings from other than directly related institutions	28,351 <sup>r</sup>	26,577 <sup>r</sup>	28,887	26,776 <sup>r</sup>	28,964	27,496	29,003	29,176	29,672
33 Federal funds purchased <sup>2</sup>	10,034	8,553	10,525	8,781	10,689	9,378	11,627	11,663	12,113
34 From commercial banks in the United States	7,841	6,424	8,804	7,095	8,598	7,304	9,828	9,614	9,927
35 From others	2,192	2,130	1,720	1,686	2,091	2,074	1,798	2,050	2,187
36 Other liabilities for borrowed money	18,317 <sup>r</sup>	18,024 <sup>r</sup>	18,362	17,995 <sup>r</sup>	18,274	18,118	17,376	17,513	17,559
37 To commercial banks in the United States	16,643 <sup>r</sup>	16,328 <sup>r</sup>	16,581	16,240 <sup>r</sup>	16,445	16,329	15,748	16,011	16,002
38 To others	1,674	1,696	1,781	1,754	1,830	1,789	1,628	1,502	1,556
39 Other liabilities to nonrelated parties	20,174	20,341	20,101	20,344	20,457	20,818	20,775	20,782	20,242
40 Net due to related institutions	8,973	9,211	6,189	7,352	6,848 <sup>r</sup>	9,032	8,259	7,094	6,459
41 Total liabilities	79,962	78,741	78,614	78,542	80,634	81,944	82,840	81,421	80,421
MEMO									
42 Total loans (gross) and securities adjusted <sup>3</sup>	31,309	30,821	31,074	31,621	32,877	32,949	33,749	32,431	31,929
43 Total loans (gross) adjusted <sup>3</sup>	26,079	25,668	25,621	26,163	27,552	27,728	28,510	27,068	26,479

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

1. Includes securities purchased under agreements to resell.

2. Includes securities sold under agreements to repurchase.

3. Exclusive of loans to and federal funds sold to commercial banks in the United States.

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

1.31 GROSS DEMAND DEPOSITS Individuals, Partnerships, and Corporations<sup>1</sup>

Billions of dollars, estimated daily-average balances

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

1. Figures include cash items in process of collection. Estimates of gross deposits are based on reports supplied by a sample of commercial banks. Types of depositors in each category are described in the June 1971 BULLETIN, p. 466.

2. Beginning with the March 1979 survey, the demand deposit ownership survey sample was reduced to 232 banks from 349 banks, and the estimation procedure was modified slightly. To aid in comparing estimates based on the old and new reporting sample, the following estimates in billions of dollars for December 1978 have been constructed using the new smaller sample: financial business, 27.0; nonfinancial business, 146.9; consumer, 98.3; foreign, 2.8; and other, 15.1.

3. After the end of 1978 the large weekly reporting bank panel was changed to 170 large commercial banks, each of which had total assets in domestic offices

exceeding \$750 million as of Dec. 31, 1977. Beginning in March 1979, demand deposit ownership estimates for these large banks are constructed quarterly on the basis of 97 sample banks and are not comparable with earlier data. The following estimates in billions of dollars for December 1978 have been constructed for the new large-bank panel: financial business, 18.2; nonfinancial business, 67.2; consumer, 32.8; foreign, 2.5; other, 6.8.

4. In January 1984 the weekly reporting panel was revised; it now includes 168 banks. Beginning with March 1984, estimates are constructed on the basis of 92 sample banks and are not comparable with earlier data. Estimates in billions of dollars for December 1983 based on the newly weekly reporting panel are: financial business, 24.4; nonfinancial business, 80.9; consumer, 30.1; foreign, 3.1; other, 9.5.

## 1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1979 <sup>1</sup> Dec.	1980 Dec.	1981 Dec.	1982 Dec. <sup>2</sup>	1983 Dec.	1984 <sup>3</sup>					
						June	July	Aug.	Sept.	Oct.	Nov.
Commercial paper (seasonally adjusted unless noted otherwise)											
1 All issuers .....	112,803	124,374	165,829	166,670	188,057	218,898	221,431	222,448	226,474	227,960	235,811
Financial companies <sup>4</sup>											
Dealer-placed papers <sup>5</sup>											
2 Total .....	17,359	19,599	30,333	34,634	44,943	51,101	51,157	52,695	54,283	53,388	55,333
3 Bank-related (not seasonally adjusted) .....	2,784	3,561	6,045	2,516	2,441	1,944	1,799	2,010	1,959	2,060	1,996
Directly placed papers <sup>6</sup>											
4 Total .....	64,757	67,854	81,660	84,130	96,548	109,026	109,076	108,109	107,206	104,655	109,284
5 Bank-related (not seasonally adjusted) .....	17,598	22,382	26,914	32,034	35,566	43,960	45,090	43,665	41,066	38,112	40,185
6 Nonfinancial companies <sup>7</sup> .....	30,687	36,921	53,836	47,906	46,566	58,771	61,198	61,644	64,983	69,917	71,194
Bankers dollar acceptances (not seasonally adjusted) <sup>8</sup>											
7 Total .....	45,321	54,744	69,226	79,543	78,309	82,067	80,957	79,779	77,928	75,740 <sup>c</sup>	75,179
Holder											
8 Accepting banks .....	9,865	10,564	10,857	10,910	9,355	10,877	10,708	10,743	11,065	10,534 <sup>c</sup>	10,397
9 Own bills .....	8,327	8,963	9,743	9,471	8,125	9,354	8,854	8,823	8,729	8,960 <sup>c</sup>	9,081
10 Bills bought .....	1,538	1,601	1,115	1,439	1,230	1,523	1,853	1,920	2,336	1,574 <sup>c</sup>	1,316
Federal Reserve Banks											
11 Own account .....	704	776	195	1,480	418	0	0	0	0	0	0
12 Foreign correspondents .....	1,382	1,791	1,442	949	729	697	611	632	686	658	615
13 Others .....	33,370	41,614	56,731	66,204	68,225	70,493	69,639	68,404	66,177	63,635	64,781
Basis											
14 Imports into United States .....	10,270	11,776	14,765	17,683	15,649	17,301	17,947	17,647	17,196	16,256	16,433
15 Exports from United States .....	9,640	12,712	15,400	16,328	16,880	16,421	15,485	15,871	15,985	16,312	15,849
16 All other .....	25,411	30,257	39,060	45,531	45,781	48,345	47,525	46,260	44,746	43,155 <sup>c</sup>	42,897

1. A change in reporting instructions results in offsetting shifts in the dealer-placed and directly placed financial company paper in October 1979.

2. Effective Dec. 1, 1982, there was a break in the commercial paper series. The key changes in the content of the data involved additions to the reporting panel, the exclusion of broker or dealer placed borrowings under any master note agreements from the reported data, and the reclassification of a large portion of bank-related paper from dealer-placed to directly placed.

3. Correction of a previous misclassification of paper by a reporter has created a break in the series beginning December 1983. The correction adds some paper to nonfinancial and to dealer-placed financial paper.

4. Institutions engaged primarily in activities such as, but not limited to, commercial, savings, and mortgage banking; sales, personal, and mortgage

financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.

5. Includes all financial company paper sold by dealers in the open market.

6. As reported by financial companies that place their paper directly with investors.

7. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.

8. Beginning October 1984, the number of respondents in the bankers acceptance survey will be reduced from 340 to 160 institutions—those with \$50 million or more in total acceptances. The new reporting group accounts for over 95 percent of total acceptances activity.

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

Percent per annum

Effective date	Rate	Effective Date	Rate	Month	Average rate	Month	Average rate
1981—Nov. 24 .....	16.00	1983—Jan. 11 .....	11.00	1982—Jan. ....	15.75	1983—Aug. ....	10.89
Dec. 1 .....	15.75	Feb. 28 .....	10.50	Feb. ....	16.56	Sept. ....	11.00
		Aug. 8 .....	11.00	Mar. ....	16.50	Oct. ....	11.00
				Apr. ....	16.50	Nov. ....	11.00
1982—Feb. 2 .....	16.50	1984—Mar. 19 .....	11.50	May. ....	16.50	Dec. ....	11.00
18 .....	17.00	Apr. 5 .....	12.00	June. ....	16.50		
23 .....	16.50	May 8 .....	12.50	July. ....	16.26	1984—Jan. ....	11.00
July 20 .....	16.00	June 25 .....	13.00	Aug. ....	14.39	Feb. ....	11.00
29 .....	15.50	Sept. 27 .....	12.75	Sept. ....	13.50	Mar. ....	11.21
Aug. 2 .....	15.00	Oct. 17 .....	12.50	Oct. ....	12.52	Apr. ....	11.93
16 .....	14.50	29 .....	12.00	Nov. ....	11.85	May. ....	12.39
18 .....	14.00	Nov. 9 .....	11.75	Dec. ....	11.50	June. ....	12.60
23 .....	13.50	28 .....	11.25			July. ....	13.00
Oct. 7 .....	13.00	Dec. 20 .....	10.75	1983—Jan. ....	11.16	Aug. ....	13.00
Oct. 14 .....	12.00			Feb. ....	10.98	Sept. ....	12.97
Nov. 22 .....	11.50	1985—Jan. 15 .....	10.50	Mar. ....	10.50	Oct. ....	12.58
				Apr. ....	10.50	Nov. ....	11.77
				May. ....	10.50	Dec. ....	11.06
				June. ....	10.50		
				July. ....	10.50	1985—Jan. ....	10.61

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

A24 Domestic Financial Statistics □ March 1985

1.35 INTEREST RATES Money and Capital Markets

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

Instrument	1982	1983	1984	1984				1984, week ending				
				Sept.	Oct.	Nov.	Dec.	Nov. 30	Dec. 7	Dec. 14	Dec. 21	Dec. 28
<b>MONEY MARKET RATES</b>												
1 Federal funds <sup>1,2</sup> .....	12.26	9.09	10.23	11.30	9.99	9.43	8.38	9.00	8.83	8.70	7.99	7.95
2 Discount window borrowing <sup>1,2,3</sup> .....	11.02	8.50	8.80	9.00	9.00	8.83	8.37	8.50	8.50	8.50	8.50	8.29
Commercial paper <sup>4,5</sup>												
3 1-month.....	11.83	8.87	10.05	11.11	10.05	9.01	8.39	8.61	8.69	8.65	8.12	8.07
4 3-month.....	11.89	8.88	10.10	11.04	10.12	9.03	8.44	8.64	8.72	8.71	8.20	8.11
5 6-month.....	11.89	8.89	10.16	10.94	10.16	9.06	8.55	8.69	8.83	8.82	8.31	8.23
Finance paper, directly placed <sup>4,5</sup>												
6 1-month.....	11.64	8.80	9.97	10.98	9.92	8.92	8.25	8.48	8.65	8.56	7.88	7.88
7 3-month.....	11.23	8.70	9.73	10.62	9.87	8.83	8.12	8.49	8.46	8.44	7.90	7.66
8 6-month.....	11.20	8.69	9.65	10.55	9.87	8.82	8.09	8.48	8.41	8.39	7.88	7.69
Bankers acceptances <sup>5,6</sup>												
9 3-month.....	11.89	8.90	10.14	11.04	10.13	9.00	8.45	8.67	8.74	8.70	8.20	8.14
10 6-month.....	11.83	8.91	10.19	10.91	10.14	9.02	8.54	8.72	8.86	8.78	8.26	8.24
Certificates of deposit, secondary market <sup>7</sup>												
11 1-month.....	12.04	8.96	10.17	11.20	10.18	9.09	8.47	8.70	8.79	8.73	8.21	8.11
12 3-month.....	12.27	9.07	10.37	11.29	10.38	9.18	8.60	8.81	8.92	8.86	8.34	8.25
13 6-month.....	12.57	9.27	10.68	11.47	10.63	9.39	8.85	9.02	9.16	9.13	8.59	8.49
14 Eurodollar deposits, 3-month <sup>8</sup> .....	13.12	9.56	10.73	11.67	10.77	9.50	8.90	9.10	9.21	9.14	8.64	8.63
U.S. Treasury bills <sup>5</sup>												
Secondary market <sup>9</sup>												
15 3-month.....	10.61	8.61	9.52	10.37	9.74	8.61	8.06	8.41	8.44	8.27	7.81	7.67
16 6-month.....	11.07	8.73	9.76	10.47	9.87	8.81	8.28	8.55	8.61	8.43	8.03	8.03
17 1-year.....	11.07	8.80	9.92	10.51	9.93	9.01	8.60	8.78	8.86	8.73	8.37	8.40
Auction average <sup>10</sup>												
18 3-month.....	10.686	8.63	9.58	10.41	9.97	8.79	8.16	8.43	8.52	8.38	7.97	7.75
19 6-month.....	11.084	8.75	9.80	10.51	10.05	8.99	8.36	8.50	8.67	8.57	8.15	8.04
20 1-year.....	11.099	8.86	9.91	10.84	10.32	9.10	8.38	8.74				8.38
<b>CAPITAL MARKET RATES</b>												
U.S. Treasury notes and bonds <sup>11</sup>												
Constant maturities <sup>12</sup>												
21 1-year.....	12.27	9.57	10.89	11.58	10.90	9.82	9.33	9.55	9.63	9.49	9.09	9.10
22 2-year.....	12.80	10.21	11.65	12.21	11.60	10.65	10.18	10.37	10.47	10.36	9.94	9.94
23 2-1/2-year <sup>13</sup> .....									10.60		10.45	
24 3-year.....	12.92	10.45	11.89	12.34	11.85	10.90	10.56	10.67	10.80	10.71	10.32	10.39
25 5-year.....	13.01	10.80	12.24	12.53	12.06	11.33	11.07	11.09	11.21	11.19	10.90	10.96
26 7-year.....	13.06	11.02	12.40	12.60	12.16	11.49	11.45	11.32	11.52	11.56	11.31	11.39
27 10-year.....	13.00	11.10	12.44	12.52	12.16	11.57	11.50	11.39	11.58	11.61	11.37	11.42
28 20-year.....	12.92	11.34	12.48	12.42	12.04	11.66	11.64	11.54	11.71	11.73	11.52	11.56
29 30-year.....	12.76	11.18	12.39	12.29	11.98	11.56	11.52	11.43	11.59	11.61	11.41	11.45
Composite <sup>14</sup>												
30 Over 10 years (long-term).....	12.23	10.84	11.99	11.97	11.66	11.25	11.21	11.12	11.29	11.30	11.09	11.13
State and local notes and bonds												
Moody's series <sup>15</sup>												
31 Aaa.....	10.88	8.80	9.61	9.58	9.72	9.78	9.54	9.75	9.60	9.55	9.50	9.50
32 Baa.....	12.48	10.17	10.38	10.40	10.51	10.47	10.45	10.40	10.40	10.40	10.50	10.50
33 Bond Buyer series <sup>16</sup> .....	11.66	9.51	10.10	10.10	10.25	10.17	9.95	10.04	9.95	10.00	9.93	9.91
Corporate bonds												
Seasoned issues <sup>17</sup>												
34 All industries.....	14.94	12.78	13.49	13.56	13.33	12.88	12.74	12.70	12.79	12.80	12.67	12.68
35 Aaa.....	13.79	12.04	12.71	12.66	12.63	12.29	12.13	12.05	12.20	12.21	12.04	12.05
36 Aa.....	14.41	12.42	13.31	13.27	13.11	12.66	12.50	12.51	12.54	12.55	12.43	12.47
37 A.....	15.43	13.10	13.74	13.94	13.61	13.09	12.92	12.93	13.01	13.01	12.85	12.80
38 Baa.....	16.11	13.55	14.19	14.35	13.94	13.48	13.40	13.34	13.42	13.43	13.35	13.39
39 A-rated, recently-offered utility bonds <sup>18</sup> .....	15.49	12.73	13.81	13.86	13.52	12.98	12.88	12.90	13.01	12.98	12.70	12.79
MEMO: Dividend/price ratio <sup>19</sup>												
40 Preferred stocks.....	12.53	11.02	11.59	11.65	11.62	11.36	11.21	11.26	11.19	11.33	11.12	11.18
41 Common stocks.....	5.81	4.40	4.64	4.54	4.62	4.61P	4.68	4.66	4.74	4.72	4.61	4.64

1. Weekly and monthly figures are averages of all calendar days, where the rate for a weekend or holiday is taken to be the rate prevailing on the preceding business day. The daily rate is the average of the rates on a given day weighted by the volume of transactions at these rates.  
 2. Weekly figures are averages for statement week ending Wednesday.  
 3. Rate for the Federal Reserve Bank of New York.  
 4. Unweighted average of offering rates quoted by at least five dealers (in the case of commercial paper), or finance companies (in the case of finance paper). Before November 1979, maturities for data shown are 30-59 days, 90-119 days, and 120-179 days for commercial paper; and 30-59 days, 90-119 days, and 150-179 days for finance paper.  
 5. Yields are quoted on a bank-discount basis, rather than an investment yield basis (which would give a higher figure).  
 6. Dealer closing offered rates for top-rated banks. Most representative rate (which may be, but need not be, the average of the rates quoted by the dealers).  
 7. Unweighted average of offered rates quoted by at least five dealers early in the day.  
 8. Calendar week average. For indication purposes only.  
 9. Unweighted average of closing bid rates quoted by at least five dealers.  
 10. Rates are recorded in the week in which bills are issued. Beginning with the Treasury bill auction held on Apr. 18, 1983, bidders were required to state the percentage yield (on a bank discount basis) that they would accept to two decimal places. Thus, average issuing rates in bill auctions will be reported using two rather than three decimal places.

11. Yields are based on closing bid prices quoted by at least five dealers.  
 12. Yields adjusted to constant maturities by the U.S. Treasury. That is, yields are read from a yield curve at fixed maturities. Based on only recently issued, actively traded securities.  
 13. Each biweekly figure is the average of five business days ending on the Monday following the date indicated. Until Mar. 31, 1983, the biweekly rate determined the maximum interest rate payable in the following two-week period on 2-1/2-year small saver certificates. (See table 1.16.)  
 14. Averages (to maturity or call) for all outstanding bonds neither due nor callable in less than 10 years, including several very low yielding "flower" bonds.  
 15. General obligations based on Thursday figures; Moody's Investors Service.  
 16. General obligations only, with 20 years to maturity, issued by 20 state and local governmental units of mixed quality. Based on figures for Thursday.  
 17. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.  
 18. Compilation of the Federal Reserve. This series is an estimate of the yield on recently-offered, A-rated utility bonds with a 30-year maturity and 5 years of call protection. Weekly data are based on Friday quotations.  
 19. Standard and Poor's corporate series. Preferred stock ratio based on a sample of ten issues: four public utilities, four industrials, one financial, and one transportation. Common stock ratios on the 300 stocks in the price index.  
 NOTE: These data also appear in the Board's H.15 (519) and G.13 (415) releases. For address, see inside front cover.



1.36 STOCK MARKET Selected Statistics

Indicator	1982	1983	1984	1984								
				Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
<b>Prices and trading (averages of daily figures)</b>												
<i>Common stock prices</i>												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	68.93	92.63	92.46	90.67	90.07	88.28	87.08	94.49	95.68	95.09	95.85	94.85
2 Industrial	78.18	107.45	108.01	106.56	105.94	104.04	102.29	111.20	112.18	110.44	110.91	109.05
3 Transportation	60.41	89.36	85.63	83.61	81.62	79.29	76.72	86.86	86.88	86.82	87.37	88.00
4 Utility	39.75	47.00	46.44	43.86	44.22	43.65	44.17	46.69	47.47	49.02	49.93	50.58
5 Finance	71.99	95.34	89.28	88.22	85.06	80.75	79.03	87.92	91.59	92.94	95.28	95.29
6 Standard & Poor's Corporation (1941-43 = 10) <sup>1</sup>	119.71	160.41	160.50	157.60	156.55	153.12	151.08	164.42	166.11	164.82	166.27	164.48
7 American Stock Exchange <sup>2</sup> (Aug. 31, 1973 = 100)	141.31	216.48	207.96	207.66	206.39	201.24	192.82	207.90	214.50	210.39	209.47	202.28
<i>Volume of trading (thousands of shares)</i>												
8 New York Stock Exchange	64,617	85,418	91,084	85,874	88,170	85,920	79,156	109,892	93,108	91,676	83,692	89,032
9 American Stock Exchange	5,283	8,215	6,107	5,863	5,935	5,071	5,141	7,477	5,967	5,587	6,008	7,254
<b>Customer financing (end-of-period balances, in millions of dollars)</b>												
10 Margin credit at broker-dealers <sup>3</sup>	13,325	23,000	22,470	22,830	22,360	23,450	22,980	22,810	22,800	22,330	22,350	22,470
11 Margin stock	12,980	22,720	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12 Convertible bonds	344	279	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 Subscription issues	1	1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Free credit balances at brokers<sup>4</sup></i>												
14 Margin-account	5,735	6,620	7,015	6,450	6,685	6,430	6,430	6,855	6,690	6,580	6,699	7,015
15 Cash-account	8,390	8,430	10,215	7,910	8,115	8,305	8,125	8,185	8,315	8,650	8,420	10,215
<b>Margin-account debt at brokers (percentage distribution, end of period)</b>												
16 Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<i>By equity class (in percent)<sup>5</sup></i>												
17 Under 40	21.0	41.0	46.0	47.0	53.0	50.0	52.0	40.0	42.0	44.0	47.0	46.0
18 40-49	24.0	22.0	18.0	20.0	18.0	19.0	17.0	22.0	22.0	21.0	19.0	18.0
19 50-59	24.0	16.0	16.0	13.0	12.0	12.0	12.0	16.0	15.0	14.0	13.0	16.0
20 60-69	14.0	9.0	9.0	8.0	7.0	8.0	8.0	9.0	9.0	9.0	9.0	9.0
21 70-79	9.0	6.0	5.0	6.0	5.0	6.0	5.0	6.0	6.0	6.0	6.0	5.0
22 80 or more	8.0	6.0	6.0	6.0	5.0	5.0	6.0	7.0	6.0	6.0	6.0	6.0
<b>Special miscellaneous-account balances at brokers (end of period)</b>												
23 Total balances (millions of dollars) <sup>6</sup>	35,598	58,329	75,840	66,340	70,110	69,410	70,588	71,840	72,350	71,914	73,904	75,840
<i>Distribution by equity status (percent)</i>												
24 Net credit status	62.0	63.0	59.0	60.0	60.0	56.0	57.0	58.0	58.0	59.0	59.0	59.0
<i>Debt status, equity of</i>												
25 60 percent or more	29.0	28.0	29.0	29.0	27.0	30.0	30.0	31.0	31.0	30.0	29.0	29.0
26 Less than 60 percent	9.0	9.0	11.0	11.0	13.0	14.0	13.0	11.0	11.0	11.0	12.0	11.0
<b>Margin requirements (percent of market value and effective date)<sup>7</sup></b>												
	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974						
27 Margin stocks	70	80	65	55	65	50						
28 Convertible bonds	50	60	50	50	50	50						
29 Short sales	70	80	65	55	65	50						

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

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

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

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

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

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

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

A26 Domestic Financial Statistics □ March 1985

1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1981	1982	1984										
			Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
<b>Savings and loan associations<sup>7</sup></b>													
1 Assets	664,167	707,646	774,414	781,821	797,849	808,264	825,557	840,682	850,780	860,088	877,642	881,627	887,696
2 Mortgages	518,547	483,614	496,015	499,337	503,509	510,670	519,628	528,172	535,814	540,644	550,129	552,516	556,229
3 Cash and investment securities <sup>1</sup>	63,123	85,438	102,760	104,800	109,477	106,863	110,033	109,752	108,456	108,820	112,530	112,023	114,879
4 Other	82,497	138,594	175,639	177,684	184,863	190,731	195,896	202,758	206,510	210,624	215,163	217,088	216,588
5 Liabilities and net worth	664,167	707,646	774,414	781,821	797,849	808,264	825,557	840,682	850,780	860,088	877,642	881,627	887,696
6 Savings capital	525,061	567,961	640,079	644,977	656,650	660,663	670,666	681,947	687,817	691,704	704,558	708,846	714,780
7 Borrowed money	88,782	97,850	87,034	87,269	94,113	98,275	103,119	108,417	110,238	114,747	121,329	119,305	117,775
8 FHLBB	62,794	63,861	50,880	50,465	50,663	51,951	53,485	56,558	57,115	60,178	63,627	63,412	63,383
9 Other	25,988	33,989	36,154	36,804	43,450	46,324	49,634	51,859	53,123	54,569	57,702	55,893	54,392
10 Loans in process <sup>2</sup>	6,385	9,934	21,532	21,974	22,969	23,938	24,761	25,726	26,122	26,773	27,141	26,754	26,683
11 Other	15,544	15,602	16,415	18,146	15,548	17,524	19,832	17,586	19,970	20,599	18,050	19,894	21,302
12 Net worth <sup>3</sup>	28,395	26,233	30,886	31,429	31,538	31,802	31,940	32,732	32,755	33,038	33,705	33,582	33,839
13 MEMO: Mortgage loan commitments outstanding <sup>4</sup>	15,225	18,054	33,504	36,198	39,867	41,732	45,274	44,878	43,878	41,182	40,089	38,530	37,856
<b>Mutual savings banks<sup>5</sup></b>													
14 Assets	175,728	174,197	194,217	195,168	197,178	198,000	200,087	198,864	199,128	200,722	201,445	203,274	↑
Loans													
15 Mortgage	99,997	94,091	97,703	97,895	98,472	99,017	99,881	99,433	100,091	101,211	101,621	102,704	
16 Other	14,753	16,957	20,463	21,694	21,971	22,531	22,907	23,198	23,213	24,068	24,535	24,486	
Securities													
17 U.S. government <sup>6</sup>	9,810	9,743	15,167	15,667	15,772	15,913	16,404	15,448	15,457	15,019	14,965	15,295	
18 State and local government	2,288	2,470	2,180	2,054	2,067	2,033	2,024	2,037	2,037	2,055	2,052	2,080	
19 Corporate and other <sup>7</sup>	37,791	36,161	43,542	43,439	43,547	43,122	43,200	42,479	42,682	42,632	42,605	43,003	
20 Cash	5,442	6,919	4,788	4,580	5,040	5,008	5,031	5,452	4,896	4,981	4,795	4,605	
21 Other assets	5,649	7,855	10,374	9,839	10,309	10,376	10,640	10,817	10,752	10,756	10,872	11,101	
22 Liabilities	175,728	174,197	194,217	195,168	197,178	198,000	200,087	198,864	199,128	200,722	201,445	203,274	n.a.
23 Deposits	155,110	155,196	173,636	174,370	176,044	175,875	176,253	174,972	174,823	176,085	177,345	178,624	
24 Regular <sup>8</sup>	153,003	152,777	171,099	171,957	173,385	173,010	173,310	171,858	171,740	172,990	174,296	175,727	
25 Ordinary savings	49,425	46,862	37,992	37,642	37,866	37,329	37,147	36,322	35,511	34,787	34,564	34,221	
26 Time	103,578	96,369	96,519	96,005	97,339	96,920	97,236	97,168	98,410	101,270	102,934	104,151	
27 Other	2,108	2,419	2,537	2,413	2,659	2,865	2,943	3,114	3,083	3,095	3,049	2,897	
28 Other liabilities	10,632	8,336	9,917	10,019	10,390	11,211	12,861	12,999	13,269	13,604	12,979	13,853	
29 General reserve accounts	9,986	9,235	10,350	10,492	10,373	10,466	10,554	10,404	10,495	10,498	10,488	10,459	
30 MEMO: Mortgage loan commitments outstanding <sup>9</sup>	1,293	1,285	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	↓
<b>Life insurance companies</b>													
31 Assets	525,803	588,163	658,504	660,901	665,836	671,259	673,518	679,449	684,573	694,082	699,996	705,827	↑
Securities													
32 Government	25,209	36,499	51,328	51,762	52,504	52,828	53,422	53,970	54,688	56,263	57,552	59,825	
33 United States <sup>10</sup>	8,167	16,529	29,179	30,130	31,056	31,358	31,706	32,066	32,654	33,886	35,586	37,594	
34 State and local	7,151	8,664	9,995	9,426	9,259	9,192	9,239	9,213	9,236	9,357	9,221	9,344	
35 Foreign <sup>11</sup>	9,891	11,306	12,154	12,206	12,189	12,278	12,477	12,691	12,798	13,020	12,745	12,887	
36 Business	255,769	287,126	328,075	328,235	331,631	334,634	334,151	338,508	341,802	348,614	350,512	352,059	
37 Bonds	208,099	231,406	263,207	265,798	268,446	271,296	273,212	276,902	281,113	283,673	285,543	287,607	n.a.
38 Stocks	47,670	55,720	64,868	62,437	63,185	63,338	60,939	61,606	60,689	64,941	64,969	64,452	
39 Mortgages	137,747	141,989	151,085	151,020	151,445	152,373	152,968	153,845	154,299	155,438	155,802	156,064	
40 Real estate	18,278	20,264	22,500	22,591	23,034	23,237	23,517	23,792	24,019	24,117	24,685	24,947	
41 Policy loans	48,706	52,961	54,089	54,170	54,254	54,365	54,399	54,430	54,441	54,517	54,551	54,574	
42 Other assets	40,094	48,571	51,939	53,123	52,968	53,822	55,061	54,904	55,324	55,133	56,894	58,358	↓
<b>Credit unions<sup>12</sup></b>													
43 Total assets/liabilities and capital	60,611	69,585	82,496	83,726	85,789	86,594	88,350	90,276	90,145	90,503	91,651	91,619	↑
44 Federal	39,181	45,493	54,770	55,753	57,569	58,127	59,636	61,316	61,163	61,500	62,107	61,935	
45 State	21,430	24,092	27,726	27,973	28,220	28,467	28,714	28,960	28,982	29,003	29,544	29,684	n.a.
46 Loans outstanding	42,333	43,232	50,625	51,435	52,269	53,247	54,437	55,915	57,286	58,802	59,874	60,483	n.a.
47 Federal	27,096	27,948	33,270	33,878	34,510	35,286	36,274	37,547	38,490	39,578	40,310	40,727	
48 State	15,237	15,284	17,355	17,557	17,759	17,961	18,163	18,368	18,796	19,224	19,564	19,756	
49 Savings	54,152	62,990	75,532	76,556	78,487	79,413	80,702	82,578	82,402	82,135	83,172	83,129	
50 Federal (shares)	35,250	41,352	50,438	51,218	52,905	53,587	54,632	56,261	56,278	56,205	56,734	56,655	
51 State (shares and deposits)	18,902	21,638	25,094	25,338	25,582	25,826	26,070	26,317	26,124	25,930	26,438	26,474	↓

## 1.37 Continued

Account	1981	1982	1984										
			Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
			FSLIC-insured federal savings banks										
52 Assets		6,859	64,969	69,835	72,143	75,555	77,374	78,952	81,310	83,989	87,209	82,174	87,743
53 Mortgages		3,353	38,698	41,754	43,371	44,708	45,900	46,791	48,084	49,996	52,039	48,841	51,554
54 Cash and investment securities <sup>1</sup>			10,436	11,243	11,662	12,552	12,762	12,814	13,071	13,184	13,331	12,867	13,615
55 Other			15,835	16,838	17,110	18,295	18,712	19,347	20,155	20,809	21,839	20,466	22,574
56 Liabilities and net worth		6,859	64,969	69,835	72,143	75,555	77,374	78,952	81,310	83,989	87,209	82,174	87,743
57 Savings and capital		5,877	53,227	57,195	59,107	61,433	62,495	63,026	64,364	66,227	68,443	65,079	70,080
58 Borrowed money			7,477	8,048	8,088	9,213	9,707	10,475	11,489	12,060	12,863	11,828	11,935
59 FHLBB			4,640	4,751	4,884	5,232	5,491	5,900	6,538	6,897	7,654	6,600	6,867
60 Other			2,837	3,297	3,204	3,981	4,216	4,575	4,951	5,163	5,209	5,228	5,068
61 Other			1,157	1,347	1,545	1,360	1,548	1,747	1,646	1,807	1,912	1,610	1,896
62 Net worth <sup>3</sup>			3,108	3,245	3,403	3,549	3,624	3,704	3,811	3,895	3,991	3,657	3,832
MEMO													
63 Loans in process <sup>2</sup>		98	1,264	1,387	1,531	1,669	1,716	1,787	1,839	1,901	1,895	1,505	1,457
64 Mortgage loan commitments outstanding <sup>4</sup>			2,151	2,974	2,704	3,253	3,714	3,763	3,583	3,988	3,860	2,970	2,925

1. Holdings of stock of the Federal Home Loan Banks are in "other assets."  
 2. Beginning in 1982, loans in process are classified as contra-assets and are not included in total liabilities and net worth. Total assets are net of loans in process.

3. Includes net undistributed income accrued by most associations.

4. Excludes figures for loans in process.

5. The National Council reports data on member mutual savings banks and on savings banks that have converted to stock institutions, and to federal savings banks.

6. Beginning April 1979, includes obligations of U.S. government agencies. Before that date, this item was included in "Corporate and other."

7. Includes securities of foreign governments and international organizations and, before April 1979, nonguaranteed issues of U.S. government agencies.

8. Excludes checking, club, and school accounts.

9. Commitments outstanding (including loans in process) of banks in New York State as reported to the Savings Banks Association of the State of New York.

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

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

12. As of June 1982, data include only federal or federally insured state credit unions serving natural persons.

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

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

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

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

A28 Domestic Financial Statistics □ March 1985

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1982	Fiscal year 1983	Fiscal year 1984	Calendar year					
				1983		1984	1984		
				H1	H2	H1	Oct.	Nov.	Dec.
<i>U.S. budget</i>									
1 Receipts <sup>1</sup> .....	617,766	600,562	666,457	306,331	306,584	341,808	52,251	51,494	62,404
2 Outlays <sup>1</sup> .....	728,375	795,917	841,800	396,477	406,849	420,700	81,037	79,956	77,583
3 Surplus, or deficit (-) .....	-110,609	-195,355	-175,343	-90,146	-100,265	-78,892	-28,786	-28,462	-15,179
4 Trust funds .....	5,456	23,056	30,565	22,680	7,745	18,080	10,055	-265	8,426
5 Federal funds <sup>2,3</sup> .....	-116,065	-218,410	-205,908	-112,822	-108,005	-96,971	-38,842	-28,197	-23,606
<i>Off-budget entities (surplus, or deficit (-))</i>									
6 Federal Financing Bank outlays .....	-14,142	-10,404	-7,277	-5,418	-3,199	-2,813	154	-48	142
7 Other <sup>3,4</sup> .....	-3,190	-1,953	-2,719	-528	-1,206	-838	613	-392	475
<i>U.S. budget plus off-budget, including Federal Financing Bank</i>									
8 Surplus, or deficit (-) .....	-127,940	-207,711	-185,339	-96,094	-104,670	-84,884	-28,019	-28,902	-14,563
<i>Source of financing</i>									
9 Borrowing from the public .....	134,993	212,425	170,817	102,538	84,020	80,592	20,754	19,353	24,055
10 Cash and monetary assets (decrease, or increase (-)) <sup>4</sup> .....	-11,911	-9,889	5,636	-9,664	-16,294	-3,127	7,564	14,780	-10,490
11 Other <sup>5</sup> .....	4,858	5,176	8,885	3,222	4,358	7,418	-299	-5,231	998
<b>MEMO</b>									
12 Treasury operating balance (level, end of period) .....	29,164	37,057	37,057	27,997 <sup>r</sup>	11,817 <sup>r</sup>	13,567 <sup>r</sup>	22,345	5,566	17,649
13 Federal Reserve Banks .....	10,975	16,557	16,557	19,442	3,661 <sup>r</sup>	4,397 <sup>r</sup>	3,791	2,216	5,316
14 Tax and loan accounts .....	18,189	20,500	20,500	8,764 <sup>r</sup>	8,157 <sup>r</sup>	9,170 <sup>r</sup>	18,553	3,350	12,333

1. Effective Feb. 8, 1982, supplemental medical insurance premiums and voluntary hospital insurance premiums, previously included in other insurance receipts, have been reclassified as offsetting receipts in the health function.

2. Half-year figures are calculated as a residual (total surplus/deficit less trust fund surplus/deficit).

3. Other off-budget includes Postal Service Fund; Rural Electrification and Telephone Revolving Fund; Rural Telephone Bank; and petroleum acquisition and transportation and strategic petroleum reserve effective November 1981.

4. Includes U.S. Treasury operating cash accounts; SDRs; gold tranche drawing rights; loans to International Monetary Fund; and other cash and monetary assets.

5. Includes accrued interest payable to the public; allocations of special drawing rights; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seigniorage; increment on gold; net gain/loss for U.S. currency valuation adjustment; net gain/loss for IMF valuation adjustment; and profit on the sale of gold.

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

## 1.39 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1983	Fiscal year 1984	Calendar year						
			1982		1983		1984		
			H2	H1	H2	H1	Oct.	Nov.	Dec.
<b>RECEIPTS</b>									
1 All sources .....	600,563	666,457	286,337	306,331	305,122	341,008	52,250	51,494	62,404
2 Individual income taxes, net .....	288,938	295,955	145,676	144,551	147,663	144,691	25,624	24,792	27,054
3 Withheld .....	266,010	279,345	131,567	135,531	133,768	140,657	24,721	24,573	25,979
4 Presidential Election Campaign Fund .....	36	35	5	30	6	29	0	0	0
5 Nonwithheld .....	83,586	81,346	20,041	63,014	20,703	61,463	1,463	1,036	2,003
6 Refunds .....	60,692	64,771	5,938	54,024	6,815	57,458	559	816	929
Corporation income taxes									
7 Gross receipts .....	61,780	74,179	25,660	33,522	31,064	40,328	3,307	1,888	12,351
8 Refunds .....	24,758	17,286	11,467	13,809	8,921	10,045	2,371	766	820
9 Social insurance taxes and contributions, net .....	209,001	241,902	94,277	110,520	100,832	131,372	19,107	19,525	18,127
10 Payroll employment taxes and contributions <sup>1</sup> .....	179,010	203,476	85,064	90,912	88,388	106,436	17,273	16,752	17,328
11 Self-employment taxes and contributions <sup>2</sup> .....	6,756	8,709	177	6,427	398	7,667	146	0	0
12 Unemployment insurance .....	18,799	25,138	6,856	10,984	8,714	14,942	1,323	2,346	397
13 Other net receipts <sup>3</sup> .....	4,436	4,580	2,180	2,197	2,290	2,329	365	427	403
14 Excise taxes .....	35,300	37,361	16,555	16,904	19,586	18,304	3,264	3,151	2,907
15 Customs deposits .....	8,655	11,370	4,299	4,010	5,079	5,576	1,150	989	922
16 Estate and gift taxes .....	6,053	6,010	3,444	2,883	3,050	3,102	582	495	469
17 Miscellaneous receipts <sup>4</sup> .....	15,594	16,965	7,890	7,751	7,811	8,481	1,586	1,421	1,395
<b>OUTLAYS</b>									
18 All types .....	795,917	841,800	390,847	396,477	406,849	420,700	81,037	79,956	77,583
19 National defense .....	210,461	227,405	100,419	105,072	108,967	114,639	20,643	22,017	20,156
20 International affairs .....	8,927	13,313	4,406	4,705	6,117	5,426	1,995	1,423	1,297
21 General science, space, and technology .....	7,777	8,271	3,903	3,486	4,216	3,981	961	667	692
22 Energy .....	4,035	2,464	2,058	2,073	1,533	1,080	562	327	278
23 Natural resources and environment .....	12,676	12,677	6,941	5,892	6,933	5,463	1,390	955	1,253
24 Agriculture .....	22,173	12,215	13,259	10,154	5,278	7,129	2,344	2,144	2,881
25 Commerce and housing credit .....	4,721	5,198	2,244	2,164	2,648	2,572	1,390	-271	1,043
26 Transportation .....	21,231	24,705	10,686	9,918	13,323	10,616	2,411	2,282	2,055
27 Community and regional development .....	7,302	7,803	4,187	3,124	4,327	3,154	1,106	873	627
28 Education, training, employment, social services .....	25,726	26,616	12,186	12,801	13,246	13,445	2,369	2,655	2,089
29 Health .....	28,655	30,435	39,072	41,206	42,150	15,748	2,891	2,515	2,677
30 Social security and medicare .....	223,311	235,764	133,779	143,001			21,457	19,631	20,640
31 Income security .....	106,211	96,714			135,579	65,212	10,493	10,880	10,704
32 Veterans benefits and services .....	24,845	25,640	13,240	11,334	13,621	12,849	2,108	3,350	2,393
33 Administration of justice .....	5,014	5,616	2,373	2,522	2,628	2,807	376	633	491
34 General government .....	4,991	4,836	2,323	2,434	2,479	2,462	536	143	569
35 General-purpose fiscal assistance .....	6,287	6,577	3,153	3,124	3,290	2,943	1,735	119	21
36 Net interest <sup>5</sup> .....	89,774	111,007	44,948	42,358	47,674	53,729	9,497	12,120	10,085
37 Undistributed offsetting receipts <sup>7</sup> .....	-21,424	-15,454	-8,332	-8,887	-7,262	-7,333	-3,226	-2,508	-2,368

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

2. Old-age, disability, and hospital insurance.

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

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

5. In accordance with the Social Security Amendments Act of 1983, the Treasury now provides social security and medicare outlays as a separate

function. Before February 1984, these outlays were included in the income security and health functions.

6. Net interest function includes interest received by trust funds.

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

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

A30 Domestic Financial Statistics □ March 1985

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1982		1983				1984		
	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30 <sup>r</sup>
1 Federal debt outstanding .....	1,147.0	1,201.9	1,249.3	1,324.3	1,381.9	1,415.3	1,468.3	1,517.2	1,576.7
2 Public debt securities .....	1,142.0	1,197.1	1,244.5	1,319.6	1,377.2	1,410.7	1,463.7	1,512.7	1,572.3
3 Held by public .....	925.6	987.7	1,043.3	1,090.3	1,138.2	1,174.4	1,223.9	1,255.1	1,312.6
4 Held by agencies .....	216.4	209.4	201.2	229.3	239.0	236.3	239.8	257.6	264.1
5 Agency securities .....	5.0	4.8	4.8	4.7	4.7	4.6	4.6	4.5	4.5
6 Held by public .....	3.7	3.7	3.7	3.6	3.6	3.5	3.5	3.4	3.4
7 Held by agencies .....	1.2	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1
8 Debt subject to statutory limit .....	1,142.9	1,197.9	1,245.3	1,320.4	1,378.0	1,411.4	1,464.5	1,513.4	1,573.0
9 Public debt securities .....	1,141.4	1,196.5	1,243.9	1,319.0	1,376.6	1,410.1	1,463.1	1,512.1	1,571.7
10 Other debt <sup>1</sup> .....	1.5	1.4	1.4	1.4	1.3	1.3	1.3	1.3	1.3
11 MEMO: Statutory debt limit .....	1,143.1	1,290.2	1,290.2	1,389.0	1,389.0	1,490.0	1,490.0	1,520.0	1,573.0

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

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

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

Billions of dollars, end of period

Type and holder	1980	1981	1982	1983	1984			
					Q1	Q2	Q3	Q4
1 Total gross public debt .....	930.2	1,028.7	1,197.1	1,410.7	1,463.7	1,512.7	1,572.3	1,663.0
By type								
2 Interest-bearing debt .....	928.9	1,027.3	1,195.5	1,400.9	1,452.1	1,501.1	1,559.6	1,660.6
3 Marketable .....	623.2	720.3	881.5	1,050.9	1,097.7	1,126.6	1,176.6	1,247.4
4 Bills .....	216.1	245.0	311.8	343.8	350.2	343.3	356.8	374.4
5 Notes .....	321.6	375.3	465.0	573.4	604.9	632.1	661.7	705.1
6 Bonds .....	85.4	99.9	104.6	133.7	142.6	151.2	158.1	167.9
7 Nonmarketable <sup>1</sup> .....	305.7	307.0	314.0	350.0	354.4	374.5	383.0	413.2
8 State and local government series .....	23.8	23.0	25.7	36.7	38.1	39.9	41.4	44.4
9 Foreign issues <sup>2</sup> .....	24.0	19.0	14.7	10.4	9.9	8.8	8.8	9.1
10 Government .....	17.6	14.9	13.0	10.4	9.9	8.8	8.8	9.1
11 Public .....	6.4	4.1	1.7	0	0	0	0	0
12 Savings bonds and notes .....	72.5	68.1	68.0	70.7	71.6	72.3	73.1	73.3
13 Government account series <sup>3</sup> .....	185.1	196.7	205.4	231.9	234.6	253.2	259.5	286.2
14 Non-interest-bearing debt .....	1.3	1.4	1.6	9.8	11.6	11.6	12.7	2.3
By holder <sup>4</sup>								
15 U.S. government agencies and trust funds .....	192.5	203.3	209.4	236.3	239.8	257.6	263.1	↑
16 Federal Reserve Banks .....	121.3	131.0	139.3	151.9	150.8	152.9	155.0	↑
17 Private investors .....	616.4	694.5	848.4	1,022.6	1,073.0	1,102.2 <sup>r</sup>	1,154.1	↑
18 Commercial banks .....	112.1	111.4	131.4	188.8	189.8	182.3 <sup>r</sup>	183.0	↑
19 Money market funds .....	3.5	21.5	42.6	22.8	19.4	14.9	13.6	↑
20 Insurance companies .....	24.0	29.0	39.1	56.7	57.1	61.6	58.6	n.a.
21 Other companies .....	19.3	17.9	24.5	39.7	42.6 <sup>r</sup>	45.3 <sup>r</sup>	47.7	↑
22 State and local governments .....	87.9 <sup>r</sup>	104.3 <sup>r</sup>	127.8 <sup>r</sup>	155.1	162.9	165.0	n.a.	↑
Individuals								↓
23 Savings bonds .....	72.5	68.1	68.3	71.5	72.2	72.9	73.7	↓
24 Other securities .....	44.6	42.7	48.2	61.9	64.0 <sup>r</sup>	69.3	73.8	↓
25 Foreign and international <sup>5</sup> .....	129.7	136.6	149.5	166.3 <sup>r</sup>	166.3	171.5 <sup>r</sup>	175.5 <sup>r</sup>	↓
26 Other miscellaneous investors <sup>6</sup> .....	122.8 <sup>r</sup>	163.0 <sup>r</sup>	217.0 <sup>r</sup>	259.8	298.7	319.4	n.a.	↓

1. Includes (not shown separately): Securities issued to the Rural Electrification Administration; depository bonds, retirement plan bonds, and individual retirement bonds.

2. Nonmarketable dollar-denominated and foreign currency-denominated series held by foreigners.

3. Held almost entirely by U.S. government agencies and trust funds.

4. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.

5. Consists of investments of foreign and international accounts. Excludes non-interest-bearing notes issued to the International Monetary Fund.

6. Includes savings and loan associations, nonprofit institutions, credit unions, mutual savings banks, corporate pension trust funds, dealers and brokers, certain U.S. government deposit accounts, and U.S. government-sponsored agencies.

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

## 1.42 U.S. GOVERNMENT SECURITIES DEALERS Transactions

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

Item	1981	1982	1983	1984			1984 week ending Wednesday						
				Oct. <sup>1</sup>	Nov. <sup>1</sup>	Dec.	Nov. 21 <sup>1</sup>	Nov. 28 <sup>1</sup>	Dec. 5	Dec. 12	Dec. 19	Dec. 26	
Immediate delivery <sup>1</sup>													
1 U.S. government securities .....	24,728	32,271	42,135	61,391	71,105	58,244	73,557	61,569	66,231	53,061	74,355	48,406	
<i>By maturity</i>													
2 Bills .....	14,768	18,398	22,393	29,974	31,201	28,322	34,653	25,555	33,605	24,982	34,976	23,391	
3 Other within 1 year .....	621	810	708	1,748	2,454	2,028	2,304	1,880	1,878	2,293	2,468	1,365	
4 1-5 years .....	4,360	6,272	8,758	14,044	18,642	14,979	19,598	18,658	14,119	13,207	19,234	15,107	
5 5-10 years .....	2,451	3,557	5,279	9,460	10,633	7,913	9,737	9,396	11,803	7,845	11,133	5,436	
6 Over 10 years .....	2,528	3,234	4,997	6,164	8,175	5,002	7,266	6,079	4,826	4,733	6,543	3,107	
<i>By type of customer</i>													
7 U.S. government securities dealers .....	1,640	1,769	2,257	3,673	3,680	3,979	3,676	2,990	4,198	3,291	4,860	3,404	
8 U.S. government securities brokers .....	11,750	15,659	21,045	28,876	33,375	24,766	35,658	28,766	28,683	24,432	33,964	19,015	
9 All others <sup>2</sup> .....	11,337	15,344	18,832	28,841	34,050	29,498	34,223	29,814	33,350	25,339	35,531	25,986	
10 Federal agency securities .....	3,306	4,142	5,576	9,233	10,164	8,500	11,168	8,116	8,605	7,742	11,871	6,514	
11 Certificates of deposit .....	4,477	5,001	4,333	4,976	5,198	4,379	5,533	4,830	4,381	4,278	6,028	3,401	
12 Bankers acceptances .....	1,807	2,502	2,642	4,168	4,015	3,371	4,320	3,763	3,732	3,713	4,344	2,167	
13 Commercial paper .....	6,128	7,595	8,036	10,589	11,078	10,878	11,441	8,991	10,698	10,547	13,041	9,283	
<i>Futures transactions<sup>3</sup></i>													
14 Treasury bills .....	3,523	5,031	6,655	4,954	6,653	4,680	6,325	4,849	5,377	5,345	7,466	2,129	
15 Treasury coupons .....	1,330	1,490	2,501	5,108	5,475	4,605	5,046	5,617	7,080	4,413	5,845	1,982	
16 Federal agency securities .....	234	259	265	138	242	131	185	292	161	127	187	86	
<i>Forward transactions<sup>4</sup></i>													
17 U.S. government securities .....	365	835	1,493	1,258	1,851	1,425	2,600	1,917	973	636	2,522	1,519	
18 Federal agency securities .....	1,370	982	1,646	2,642	3,587	3,342	4,266	2,215	2,710	3,516	4,146	3,382	

1. Before 1981, data for immediate transactions include forward transactions.

2. Includes, among others, all other dealers and brokers in commodities and securities, nondealer departments of commercial banks, foreign banking agencies, and the Federal Reserve System.

3. Futures contracts are standardized agreements arranged on an organized exchange in which parties commit to purchase or sell securities for delivery at a future date.

4. Forward transactions are agreements arranged in the over-the-counter market in which securities are purchased (sold) for delivery after 5 business days

from the date of the transaction for government securities (Treasury bills, notes, and bonds) or after 30 days for mortgage-backed agency issues.

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

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

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1.43 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing

Averages of daily figures, in millions of dollars

Item	1982	1983	1984	1984			1984 week ending Wednesday				
				Oct.	Nov. <sup>1</sup>	Dec.	Nov. 28	Dec. 5	Dec. 12	Dec. 19	Dec. 26
<b>Positions</b>											
Net immediate <sup>1</sup>											
1 U.S. government securities	9,328	6,263	5,543	14,572 <sup>r</sup>	14,513	18,330	15,235	13,741	17,293	16,898	21,963
2 Bills	4,837	4,282	5,504	11,675 <sup>r</sup>	9,770	13,845	10,275	10,887	13,517	13,585	15,653
3 Other within 1 year	-199	-177	63	116	-487	-414	-783 <sup>r</sup>	-647	-244	-419	-662
4 1-5 years	2,932	1,709	2,160	5,560	7,236	7,448	7,111	6,029	6,125	6,335	9,381
5 5-10 years	-341	-78	-1,119	-1,554	-1,717	-2,122	-1,622 <sup>r</sup>	-1,741	-1,668	-2,336	-2,342
6 Over 10 years	2,001	528	-1,174	-1,348	-431	-565	107	-930	-577	-407	-206
7 Federal agency securities	3,712	7,172	15,294	13,169	16,108	18,468	19,525	17,524	18,540	18,438	18,602
8 Certificates of deposit	5,531	5,839	7,368	7,620	8,511	9,147	8,437	8,112	8,191	8,935	10,255
9 Bankers acceptances	2,832	3,332	3,874	3,980	4,474	4,329	5,124	4,665	4,241	3,730	4,483
10 Commercial paper	3,317	3,159	3,787	4,685 <sup>r</sup>	4,965	5,690	4,186	4,970	5,109	5,916	6,308
Futures positions											
11 Treasury bills	-2,508	-4,125	-4,524	-9,449	-8,101	-10,661	-7,837	-8,522	-9,032	-11,137	-12,517
12 Treasury coupons	-2,361	-1,032	1,796	2,519	1,408	821	950	-132	538	1,080	1,133
13 Federal agency securities	-224	170	232	-248	-21	-15	-94	-81	148	51	-149
Forward positions											
14 U.S. government securities	-788	-1,935	-1,643	-855	-1,382	-2,188	-1,725	-852	-1,416	-2,399	-3,763
15 Federal agency securities	-1,190	-3,561	-9,204	-8,568	-9,208	-8,294	-10,585	-8,141	-9,098	-8,359	-7,612
<b>Financing<sup>2</sup></b>											
Reverse repurchase agreements <sup>3</sup>											
16 Overnight and continuing	26,754	29,099	44,078	48,558	49,834	52,222	50,543	55,742	51,818	51,924	49,256
17 Term agreements	48,247	52,493	68,357	72,907	78,049	75,532	78,025	76,200	77,729	76,440	79,118
Repurchase agreements <sup>4</sup>											
18 Overnight and continuing	49,695	57,946	75,717	84,770 <sup>r</sup>	82,964	89,419	91,502	93,343	89,891	89,319	85,414
19 Term agreements	43,410	44,410	57,047	61,396	74,249	67,185	69,143	68,468	68,305	68,777	71,797

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

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

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

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

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



## 1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1981	1982	1983	1984					
				May	June	July	Aug.	Sept.	Oct.
<b>1 Federal and federally sponsored agencies</b> .....	<b>221,946</b>	<b>237,085</b>	<b>239,716</b>	<b>252,044</b>	<b>255,376</b>	<b>258,957</b>	<b>263,642<sup>2</sup></b>	<b>267,399</b>	<b>259,330<sup>2</sup></b>
2 Federal agencies .....	31,806	33,055	33,940	34,231	34,473	34,560	34,497	34,754	35,012
3 Defense Department <sup>1</sup> .....	484	354	243	188	181	172	162	153	149
4 Export-Import Bank <sup>2,3</sup> .....	13,339	14,218	14,853	15,344	15,604	15,611	15,606	15,733	15,721
5 Federal Housing Administration <sup>4</sup> .....	413	288	194	156	155	154	146	140	139
6 Government National Mortgage Association participation certificates <sup>5</sup> .....	2,715	2,165	2,165	2,165	2,165	2,165	2,165	2,165	2,165
7 Postal Service <sup>6</sup> .....	1,538	1,471	1,404	1,337	1,337	1,337	1,337	1,337	1,337
8 Tennessee Valley Authority .....	13,115	14,365	14,970	14,930	14,980	15,070	15,030	15,160	15,450
9 United States Railway Association <sup>6</sup> .....	202	194	111	111	51	51	51	51	51
10 Federally sponsored agencies <sup>7</sup> .....	190,140	204,030	205,776	217,813	220,903	224,397	229,145 <sup>8</sup>	232,645	224,318 <sup>9</sup>
11 Federal Home Loan Banks .....	54,131	55,967	48,930	52,281	54,799	57,965	62,116	65,616	66,126
12 Federal Home Loan Mortgage Corporation .....	5,480	4,524	6,793	9,131	8,988	7,822	9,068	8,950	n.a.
13 Federal National Mortgage Association <sup>8</sup> .....	58,749	70,052	74,594	79,267	79,871	80,706	79,921	80,123	80,357
14 Farm Credit Banks .....	71,359	71,896	72,409	73,138	73,061	73,297	73,352 <sup>2</sup>	73,131	72,859
15 Student Loan Marketing Association .....	421	1,591	3,050	3,996	4,184	4,607	4,688	4,824 <sup>9</sup>	5,143
<b>MEMO</b>									
<b>16 Federal Financing Bank debt<sup>9</sup></b> .....	<b>110,698</b>	<b>126,424</b>	<b>135,791</b>	<b>139,936</b>	<b>141,734</b>	<b>143,322</b>	<b>144,063</b>	<b>144,836</b>	<b>144,978</b>
<i>Lending to federal and federally sponsored agencies</i>									
17 Export-Import Bank <sup>3</sup> .....	12,741	14,177	14,789	15,296	15,556	15,563	15,563	15,690	15,690
18 Postal Service <sup>6</sup> .....	1,288	1,221	1,154	1,087	1,087	1,087	1,087	1,087	1,087
19 Student Loan Marketing Association .....	5,400	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
20 Tennessee Valley Authority .....	11,390	12,640	13,245	13,293	13,255	13,345	13,305	13,435	13,725
21 United States Railway Association <sup>6</sup> .....	202	194	111	111	51	51	51	51	51
<i>Other Lending<sup>10</sup></i>									
22 Farmers Home Administration .....	48,821	53,261	55,266	56,476	57,701	58,856	59,196	59,511	59,021
23 Rural Electrification Administration .....	13,516	17,157	19,766	20,456	20,611	20,671	20,742	20,587	20,694
24 Other .....	12,740	22,774	26,460	28,305	28,473	28,749	29,119	29,475	29,710

1. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.

2. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.

3. Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.

4. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.

5. Certificates of participation issued before fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare; Department of Housing and Urban Development; Small Business Administration; and the Veterans Administration.

6. Off-budget.

7. Includes outstanding noncontingent liabilities: Notes, bonds, and debentures.

8. Before late 1981, the Association obtained financing through the Federal Financing Bank.

9. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.

10. Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

# A34 Domestic Financial Statistics □ March 1985

## 1.45 NEW SECURITY ISSUES State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1981	1982	1983	1984							
				Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
<b>1 All issues, new and refunding<sup>1</sup></b> .....	<b>47,732</b>	<b>79,138</b>	<b>86,421</b>	<b>5,547</b>	<b>5,617</b>	<b>7,075</b>	<b>6,657</b>	<b>7,323</b>	<b>9,803</b>	<b>7,248</b>	<b>12,190</b>
<i>Type of issue</i>											
2 General obligation.....	12,394	21,094	21,566	2,500	2,291	2,373	1,885	1,940	1,864	1,627	3,697
3 U.S. government loans <sup>2</sup> .....	34	225	96	2	3	3	3	3	5	9	7
4 Revenue.....	35,338	58,044	64,855	3,047	3,326	4,702	4,772	5,383	7,939	5,621	8,493
5 U.S. government loans <sup>2</sup> .....	55	461	253	4	8	13	15	18	21	23	28
<i>Type of issuer</i>											
6 State.....	5,288	8,438	7,140	584	886	497	447	457	691	589	1,109
7 Special district and statutory authority.....	27,499	45,060	51,297	3,069	2,866	3,767	3,996	5,002	6,913	4,772	7,024
8 Municipalities, counties, townships, school districts.....	14,945	25,640	27,984	1,894	1,865	2,811	2,214	1,864	2,199	1,887	4,057
<b>9 Issues for new capital, total</b> .....	<b>46,530</b>	<b>74,804</b>	<b>72,441</b>	<b>4,740</b>	<b>4,485</b>	<b>5,972</b>	<b>6,067</b>	<b>6,433</b>	<b>8,830</b>	<b>7,134</b>	<b>10,891</b>
<i>Use of proceeds</i>											
10 Education.....	4,547	6,482	8,099	592	475	905	764	493	601	397	717
11 Transportation.....	3,447	6,256	4,387	56	517	403	658	100	402	576	1,015
12 Utilities and conservation.....	10,037	14,259	13,588	1,279	681	1,428	1,172	382	992	2,023	2,754
13 Social welfare.....	12,729	26,635	26,910	1,100	1,203	1,385	2,120	3,719	4,294	2,802	3,438
14 Industrial aid.....	7,651	8,349	7,821	132	358	374	354	859	907	561	1,397
15 Other purposes.....	8,119	12,822	11,637	1,581	1,251	1,477	999	880	1,634	775	1,570

1. Par amounts of long-term issues based on date of sale.

2. Consists of tax-exempt issues guaranteed by the Farmers Home Administration.

SOURCE: Public Securities Association.

## 1.46 NEW SECURITY ISSUES Corporations

Millions of dollars

Type of issue or issuer, or use	1981	1982	1983	1984							
				Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
<b>1 All issues<sup>1,2</sup></b> .....	<b>70,441</b>	<b>84,638</b>	<b>98,892<sup>3</sup></b>	<b>6,070<sup>3</sup></b>	<b>4,053<sup>3</sup></b>	<b>7,284<sup>3</sup></b>	<b>7,626<sup>3</sup></b>	<b>10,898<sup>3</sup></b>	<b>7,730<sup>3</sup></b>	<b>12,179<sup>3</sup></b>	<b>11,998</b>
<b>2 Bonds</b> .....	<b>45,092</b>	<b>54,076</b>	<b>47,313<sup>3</sup></b>	<b>4,285<sup>3</sup></b>	<b>2,244<sup>3</sup></b>	<b>5,063<sup>3</sup></b>	<b>6,294<sup>3</sup></b>	<b>8,844<sup>3</sup></b>	<b>6,197<sup>3</sup></b>	<b>10,232</b>	<b>9,591</b>
<i>Type of offering</i>											
3 Public.....	38,103	44,278	47,313 <sup>3</sup>	4,285 <sup>3</sup>	2,244 <sup>3</sup>	5,063 <sup>3</sup>	6,294 <sup>3</sup>	8,844 <sup>3</sup>	6,197 <sup>3</sup>	10,232	9,591
4 Private placement.....	6,989	9,798	21,126	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Industry group</i>											
5 Manufacturing.....	12,325	12,822	7,842	691	383	1,440	950	2,484	1,594	2,989	1,429
6 Commercial and miscellaneous.....	5,229	5,442	5,186 <sup>3</sup>	1,098 <sup>3</sup>	221	536 <sup>3</sup>	875 <sup>3</sup>	776	576	988	1,348
7 Transportation.....	2,052	1,491	1,039	69	0	225	40	183	200	161	18
8 Public utility.....	8,963	12,327	7,241	495	100	475	650	765	758 <sup>3</sup>	1,150	555
9 Communication.....	4,280	2,390	3,159	0	0	0	31	0	0	240	1,557
10 Real estate and financial.....	12,243	19,604	22,844 <sup>3</sup>	1,932	1,540 <sup>3</sup>	2,388 <sup>3</sup>	3,748 <sup>3</sup>	4,636 <sup>3</sup>	3,068 <sup>3</sup>	4,704	4,684
<b>11 Stocks<sup>3</sup></b> .....	<b>25,349</b>	<b>30,562</b>	<b>51,579</b>	<b>1,785</b>	<b>1,809</b>	<b>2,221</b>	<b>1,332</b>	<b>2,054</b>	<b>1,533</b>	<b>1,947<sup>3</sup></b>	<b>2,407</b>
<i>Type</i>											
12 Preferred.....	1,797	5,113	7,213	339	579	244	209	334	155	555	655
13 Common.....	23,552	25,449	44,366	1,446	1,230	1,977	1,123	1,720	1,378	1,392 <sup>3</sup>	1,752
<i>Industry group</i>											
14 Manufacturing.....	5,074	5,649	14,135	165	442	584	204	258	212	712	227
15 Commercial and miscellaneous.....	7,557	7,770	13,112	732	718	316	382	558	378	489	1,025
16 Transportation.....	779	709	2,729	62	84	1	28	0	87	16	66
17 Public utility.....	5,577	7,517	5,001	188	116	282	136	44	92	146	150
18 Communication.....	1,778	2,227	1,822	94	16	11	0	123	9	69	3
19 Real estate and financial.....	4,584	6,690	14,780	544	433	1,027	582	1,071	755	515 <sup>3</sup>	936

1. Figures, which represent gross proceeds of issues maturing in more than one year, sold for cash in the United States, are principal amount or number of units multiplied by offering price. Excludes offerings of less than \$100,000, secondary offerings, undefined or exempted issues as defined in the Securities Act of 1933, employee stock plans, investment companies other than closed-end, intracorporate transactions, and sales to foreigners.

2. Data for 1983 include only public offerings.

3. Beginning in August 1981, gross stock offerings include new equity volume from swaps of debt for equity.

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

1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1982	1983	1984							
			Apr.	May	June	July	Aug.	Sept.	Oct. <sup>r</sup>	Nov.
<b>INVESTMENT COMPANIES<sup>1</sup></b>										
1 Sales of own shares <sup>2</sup>	45,675	84,793	9,549	8,657	8,397	7,550	9,018	8,215	9,580	9,524
2 Redemptions of own shares <sup>3</sup>	30,078	57,120	7,451	5,993	6,156	5,777	6,497	6,185	6,766	6,342
3 Net sales	15,597	27,673	2,098	2,664	2,241	1,773	2,521	2,030	2,814	3,182
4 Assets <sup>4</sup>	76,841	113,599	116,812	111,071	115,034	115,481	128,209	129,657	131,539	132,721
5 Cash position <sup>5</sup>	6,040	8,343	10,941	10,847	11,907	11,620	12,698	13,221	11,417	11,536
6 Other	70,801	105,256	105,871	100,224	103,127	103,861	115,511	116,436	120,122	121,185

1. Excluding money market funds.  
 2. Includes reinvestment of investment income dividends. Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group.  
 3. Excludes share redemption resulting from conversions from one fund to another in the same group.  
 4. Market value at end of period, less current liabilities.

5. Also includes all U.S. government securities and other short-term debt securities.

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

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

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

Account	1981	1982	1983	1982	1983				1984		
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1 Corporate profits with inventory valuation and capital consumption adjustment	189.9	159.1	225.2	151.6	179.1	216.7	245.0	260.0	277.4	291.1	282.8
2 Profits before tax	221.1	165.5	203.2	155.8	161.7	198.2	227.4	225.5	243.3	246.0	224.8
3 Profits tax liability	81.1	60.7	75.8	55.0	59.1	74.8	84.7	84.5	92.7	95.8	83.1
4 Profits after tax	140.0	104.8	127.4	100.8	102.6	123.4	142.6	141.1	150.6	150.2	141.7
5 Dividends	66.5	69.2	72.9	70.2	71.1	71.7	73.3	75.4	77.7	79.9	81.3
6 Undistributed profits	73.5	35.6	54.5	30.6	31.4	51.7	69.3	65.6	72.9	70.2	60.3
7 Inventory valuation	-23.6	-9.5	-11.2	-12.6	-4.3	-12.1	-19.3	-9.2	-13.5	-7.3	-2
8 Capital consumption adjustment	-7.6	3.1	33.2	8.4	21.7	30.6	36.9	43.6	47.6	52.3	58.3

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

1.49 NONFINANCIAL CORPORATIONS Assets and Liabilities

Billions of dollars, except for ratio

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

1. Ratio of total current assets to total current liabilities.  
 NOTE: For a description of this series, see "Working Capital of Nonfinancial Corporations" in the July 1978 BULLETIN, pp. 533-37.  
 All data in this table reflect the most current benchmarks. Complete data are available upon request from the Flow of Funds Section, Division of Research and

Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.  
 SOURCE: Federal Trade Commission and Bureau of the Census.

A36 Domestic Financial Statistics □ March 1985

1.50 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment ▲

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

Industry <sup>1</sup>	1982	1983	1984	1983				1984			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4 <sup>1</sup>
1 Total nonfarm business .....	282.71	269.22	307.59	261.71	261.16	270.05	283.96	293.15	302.70	313.11	321.40
<i>Manufacturing</i>											
2 Durable goods industries .....	56.44	51.78	63.02	50.74	48.48	53.06	54.85	58.94	60.20	65.44	67.49
3 Nondurable goods industries .....	63.23	59.75	67.99	59.12	60.31	58.06	61.50	63.84	67.46	69.06	71.60
<i>Nonmanufacturing</i>											
4 Mining .....	15.45	11.83	12.90	12.03	10.91	11.93	12.43	13.95	12.13	12.61	12.92
<i>Transportation</i>											
5 Railroad .....	4.38	3.92	5.32	3.35	3.64	4.07	4.63	4.41	5.64	5.80	5.41
6 Air .....	3.93	3.77	3.02	4.09	4.10	3.57	3.32	2.77	2.98	3.16	3.18
7 Other .....	3.64	3.50	4.57	3.60	3.14	3.36	3.91	4.28	4.33	4.69	4.98
<i>Public utilities</i>											
8 Electric .....	33.40	34.99	34.72	33.97	34.86	35.84	35.31	35.74	35.30	34.64	33.19
9 Gas and other .....	8.55	7.00	9.45	7.64	6.62	6.38	7.37	7.87	9.30	10.11	10.51
10 Commercial and other <sup>2</sup> .....	93.68	92.67	106.61	87.17	89.10	93.79	100.62	101.35	105.35	107.61	112.12

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

2. "Other" consists of construction; wholesale and retail trade; finance and insurance; personal and business services; and communication.  
SOURCE: Survey of Current Business (Department of Commerce).

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

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

1. Beginning Q1 1979, asset items on lines 6, 7, and 8 are combined.  
NOTE: Components may not add to totals due to rounding.

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

1.52 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding Nov. 30, 1984 <sup>1</sup>	Changes in accounts receivable			Extensions			Repayments		
		1984			1984			1984		
		Sept.	Oct.	Nov.	Sept.	Oct.	Nov.	Sept.	Oct.	Nov.
1 Total .....	108,166	-203	1,215	1,483	22,676	28,346	28,469	22,879	27,131	27,016
2 Retail automotive (commercial vehicles) .....	26,574	21	257	381	1,840	2,097	2,261	1,819	1,840	1,880
3 Wholesale automotive .....	16,824	-1,429	971	825	6,050	9,860	8,811	7,479	8,889	7,986
4 Retail paper on business, industrial, and farm equipment .....	31,439	554	-564	78	1,493	1,064	1,537	939	1,628	1,459
5 Loans on commercial accounts receivable and factored commercial accounts receivable .....	11,015	124	9	-84	10,815	12,441	12,861	10,691	12,432	12,945
6 All other business credit .....	22,314	527	542	253	2,478	2,884	2,999	1,951	2,342	2,746

1. Not seasonally adjusted.

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

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1981	1982	1983	1984						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Terms and yields in primary and secondary markets										
<b>PRIMARY MARKETS</b>										
<i>Conventional mortgages on new homes</i>										
<i>Terms<sup>1</sup></i>										
1 Purchase price (thousands of dollars) .....	90.4	94.6	92.8	93.4	98.3	94.3	97.4	98.4	99.5 <sup>r</sup>	100.2
2 Amount of loan (thousands of dollars) .....	65.3	69.8	69.5	72.5	74.6	71.8	72.5	74.0	75.2 <sup>r</sup>	75.2
3 Loan/price ratio (percent) <sup>4</sup> .....	74.8	76.6	77.1	79.9	78.4	78.1	77.3	78.2	77.9 <sup>r</sup>	77.9
4 Maturity (years) .....	27.7	27.6	26.7	28.1	28.2	28.0	27.6	27.6	27.5 <sup>r</sup>	28.0
5 Fees and charges (percent of loan amount) <sup>2</sup> .....	2.67	2.95	2.40	2.58	3.07	2.82	2.63	2.58	2.54 <sup>r</sup>	2.59
6 Contract rate (percent per annum) .....	14.16	14.47	12.20	11.61	11.91	11.89	12.03	12.27	12.27 <sup>r</sup>	12.05
<i>Yield (percent per annum)</i>										
7 FHLBB series <sup>3</sup> .....	14.74	15.12	12.66	12.10	12.50	12.43	12.53	12.77	12.75 <sup>r</sup>	12.54
8 HUD series <sup>4</sup> .....	16.52	15.79	13.43	14.65	14.53	14.24	13.98	13.59	13.20	13.05
<b>SECONDARY MARKETS</b>										
<i>Yield (percent per annum)</i>										
9 FHA mortgages (HUD series) <sup>5</sup> .....	16.31	15.30	13.11	14.91	14.58	14.21	13.99	13.43	12.90	12.99
10 GNMA securities <sup>6</sup> .....	15.29	14.68	12.25	14.14	13.88	13.56	13.36	13.09	12.71	12.54
Activity in secondary markets										
<b>FEDERAL NATIONAL MORTGAGE ASSOCIATION</b>										
<i>Mortgage holdings (end of period)</i>										
11 Total .....	58,675	66,031	74,847	83,243	83,858	84,193	84,851	85,539	86,416	↑
12 FHA/VA-insured .....	39,341	39,718	37,393	35,153	35,049	34,938	34,844	34,791	34,752	
13 Conventional .....	19,334	26,312	37,454	48,090	48,809	49,255	50,006	50,749	51,664	
<i>Mortgage transactions (during period)</i>										
14 Purchases .....	6,112	15,116	17,554	1,209	1,226	820	1,145	1,087	1,297	n.a.
15 Sales .....	1	2	3,528	0	0	0	0	0	0	
<i>Mortgage commitments<sup>7</sup></i>										
16 Contracted (during period) .....	9,331	22,105	18,607	1,995	1,976	1,227	1,142	1,638	2,150	↓
17 Outstanding (end of period) .....	3,717	7,606	5,461	5,640	6,281	6,332	6,235	6,656	5,916	
<b>FEDERAL HOME LOAN MORTGAGE CORPORATION</b>										
<i>Mortgage holdings (end of period)<sup>8</sup></i>										
18 Total .....	5,231	5,131	5,996	9,478	9,154	9,331	9,447	9,726	9,900	↑
19 FHA/VA .....	1,065	1,027	974	912	906	901	896	891	886	
20 Conventional .....	4,166	4,102	5,022	8,566	8,248	8,431	8,551	8,835	9,014	
<i>Mortgage transactions (during period)</i>										
21 Purchases .....	3,800	23,673	23,089	2,204	1,288	1,821	1,262	2,864	2,241	n.a.
22 Sales .....	3,531	24,170	19,686	1,854	1,573	1,570	1,137	2,573	1,961	
<i>Mortgage commitments<sup>9</sup></i>										
23 Contracted (during period) .....	6,896	28,179	32,852	2,712	3,929	3,130	3,440	2,663	4,158	↓
24 Outstanding (end of period) .....	3,518	7,549	16,964	19,649	22,311	23,639	22,013	25,676	27,550	

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

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

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

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

5. Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. Any gaps in data are due to periods of adjustment to changes in maximum permissible contract rates.

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

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

8. Includes participation as well as whole loans.

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

A38 Domestic Financial Statistics □ March 1985

1.54 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

Type of holder, and type of property	1981	1982	1983	1983		1984		
				Q3	Q4	Q1	Q2	Q3
1 All holders	1,583,264	1,655,036	1,826,395	1,775,116	1,826,395	1,869,442	1,926,578	1,982,641
2 1- to 4-family	1,065,294	1,105,717	1,214,592	1,182,071	1,214,592	1,244,157	1,278,575	1,314,134
3 Multifamily	136,354	140,551	150,949	147,052	150,949	154,338	158,835	162,582
4 Commercial	279,889	302,055	351,287	336,981	351,287	360,888	378,218	394,243
5 Farm	101,727	106,713	109,567	109,012	109,567	110,059	110,950	111,682
6 Major financial institutions	1,040,827	1,023,611	1,109,963	1,079,604	1,109,963	1,136,168	1,179,553	1,219,737
7 Commercial banks <sup>1</sup>	284,536	300,203	328,878	320,299	328,878	338,877	351,459	364,540
8 1- to 4-family	170,013	173,157	181,672	178,054	181,672	184,925	189,718	195,029
9 Multifamily	15,132	16,421	18,023	17,424	18,023	19,689	20,455	21,326
10 Commercial	91,026	102,219	119,843	115,692	119,843	124,571	131,235	137,796
11 Farm	8,365	8,406	9,340	9,129	9,340	9,692	10,051	10,389
12 Mutual savings banks	99,997	97,805	136,054	129,644	136,054	143,180	147,517	155,115
13 1- to 4-family	68,187	66,777	96,569	92,182	96,569	101,868	105,063	110,528
14 Multifamily	15,960	15,305	17,785	17,588	17,785	18,441	18,732	19,566
15 Commercial	15,810	15,694	21,671	19,846	21,671	22,841	23,672	24,990
16 Farm	40	29	29	28	29	30	30	31
17 Savings and loan associations	518,547	483,614	493,432	482,305	493,432	502,143	526,732	544,280
18 1- to 4-family	433,142	393,323	389,811	381,744	389,811	395,940	412,539	424,539
19 Multifamily	37,699	38,979	42,435	41,334	42,435	43,435	45,299	46,808
20 Commercial	47,706	51,312	61,186	59,227	61,186	62,768	68,475	72,933
21 Life insurance companies	137,747	141,989	151,599	147,356	151,599	151,968	153,845	155,802
22 1- to 4-family	17,201	16,751	15,385	15,534	15,385	14,971	14,437	14,204
23 Multifamily	19,283	18,856	19,857	18,857	19,189	19,153	19,028	18,828
24 Commercial	88,163	93,547	104,279	100,209	104,279	105,270	107,796	110,149
25 Farm	13,100	12,835	12,746	12,756	12,746	12,574	12,584	12,621
26 Federal and related agencies	126,094	138,138	147,370	142,224	147,370	150,784	152,669	153,407
27 Government National Mortgage Association	4,765	4,227	3,395	3,475	3,395	2,900	2,715	2,389
28 1- to 4-family	693	676	630	639	630	618	605	594
29 Multifamily	4,072	3,551	2,765	2,836	2,765	2,282	2,110	1,795
30 Farmers Home Administration	2,235	1,786	2,141	600	2,141	2,094	1,344	738
31 1- to 4-family	914	783	1,159	211	1,159	1,005	281	206
32 Multifamily	473	218	173	32	173	303	463	126
33 Commercial	506	377	409	113	409	319	81	113
34 Farm	342	408	400	244	400	467	519	293
35 Federal Housing and Veterans Administration	5,999	5,228	4,894	5,050	4,894	4,832	4,753	4,801
36 1- to 4-family	2,289	1,980	1,893	2,061	1,893	1,956	1,894	1,967
37 Multifamily	3,710	3,248	3,001	2,989	3,001	2,876	2,859	2,834
38 Federal National Mortgage Association	61,412	71,814	78,256	75,174	78,256	80,975	83,243	84,850
39 1- to 4-family	55,986	66,500	73,045	69,938	73,045	75,770	77,633	79,175
40 Multifamily	5,426	5,314	5,211	5,236	5,211	5,205	5,610	5,675
41 Federal Land Banks	46,446	50,350	51,052	51,069	51,052	51,004	51,136	51,182
42 1- to 4-family	2,788	3,068	3,000	3,008	3,000	2,982	2,958	2,954
43 Farm	43,658	47,282	48,052	48,061	48,052	48,022	48,178	48,228
44 Federal Home Loan Mortgage Corporation	5,237	4,733	7,632	6,856	7,632	8,979	9,478	9,447
45 1- to 4-family	5,181	4,686	7,559	6,799	7,559	8,847	8,931	8,841
46 Multifamily	56	47	73	57	73	132	547	606
47 Mortgage pools or trusts <sup>2</sup>	163,000	216,654	285,073	272,611	285,073	296,481	305,051	317,548
48 Government National Mortgage Association	105,790	118,940	159,850	151,597	159,850	166,261	170,893	175,770
49 1- to 4-family	103,007	115,831	155,801	147,761	155,801	161,943	166,415	171,095
50 Multifamily	2,783	3,109	4,049	3,836	4,049	4,318	4,478	4,675
51 Federal Home Loan Mortgage Corporation	19,853	42,964	57,895	54,152	57,895	59,376	61,267	63,964
52 1- to 4-family	19,501	42,560	57,273	53,539	57,273	58,776	60,636	63,352
53 Multifamily	352	404	622	613	622	600	631	612
54 Federal National Mortgage Association <sup>3</sup>	717	14,450	25,121	23,819	25,121	28,354	29,256	32,888
55 1- to 4-family	717	14,450	25,121	23,819	25,121	28,354	29,256	32,730
56 Multifamily	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	158
57 Farmers Home Administration	36,640	40,300	42,207	43,043	42,207	42,490	43,635	44,926
58 1- to 4-family	18,378	20,005	20,404	21,083	20,404	20,573	21,331	21,595
59 Multifamily	3,426	4,344	5,090	5,042	5,090	5,081	5,081	5,618
60 Commercial	6,161	7,011	7,351	7,542	7,351	7,456	7,764	7,844
61 Farm	8,675	8,940	9,362	9,376	9,362	9,380	9,459	9,869
62 Individual and others <sup>4</sup>	253,343	276,633	283,989	280,677	283,989	286,009	289,305	291,949
63 1- to 4-family <sup>5</sup>	167,297	185,170	185,270	185,699	185,270	186,629	186,459	187,325
64 Multifamily	27,982	30,755	32,533	31,208	32,533	32,823	33,522	33,955
65 Commercial	30,517	31,895	36,548	34,352	36,548	37,663	39,195	40,418
66 Farm	27,547	28,813	29,638	29,418	29,638	29,894	30,129	30,251

1. Includes loans held by nondeposit trust companies but not bank trust departments.

2. Outstanding principal balances of mortgages backing securities insured or guaranteed by the agency indicated.

3. Outstanding balances on FNMA's issues of securities backed by pools of conventional mortgages held in trust. Implemented by FNMA in October 1981.

4. Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and U.S. agencies for which amounts are small or for which separate data are not readily available.

5. Includes estimate of residential mortgage credit provided by individuals.

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

1.55 CONSUMER INSTALLMENT CREDIT<sup>1</sup> Total Outstanding, and Net Change<sup>▲</sup>

Millions of dollars

Holder, and type of credit	1981	1982	1983	1984							
				Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
Amounts outstanding (end of period)											
1 Total.....	335,691	355,849	396,082	407,671	418,080	427,565	435,367	443,537	450,131	455,318	463,516
<i>By major holder</i>											
2 Commercial banks.....	147,622	152,490	171,978	181,022	186,668	191,519	195,265	199,654	202,452	204,582	206,635
3 Finance companies.....	89,818	98,693	102,862	101,119	102,967	104,460	106,219	106,881	108,437	109,289	111,196
4 Credit unions.....	45,953	47,253	53,471	56,962	58,517	59,893	61,151	62,679	63,808	64,716	66,528
5 Retailers <sup>2</sup> .....	31,348	32,735	35,911	33,327	33,730	34,206	34,022	34,294	34,426	34,802	36,000
6 Savings and loans.....	12,410	15,823	21,615	23,957	24,915	25,837	26,767	27,918	28,868	29,756	30,857
7 Gasoline companies.....	4,403	4,063	4,131	3,955	4,020	4,289	4,472	4,452	4,328	4,205	4,132
8 Mutual savings banks.....	4,137	4,792	6,114	7,329	7,263	7,361	7,471	7,659	7,812	7,968	8,168
<i>By major type of credit</i>											
9 Automobile.....	125,331	131,086	142,449	147,944	152,225	155,937	159,649	162,038	164,361	166,028	168,095
10 Commercial banks.....	58,081	59,555	67,557	73,016	75,787	78,018	80,103	81,786	82,706	83,620	84,326
11 Indirect paper.....	34,375	34,755	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12 Direct loans.....	23,706	23,472	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13 Credit unions.....	21,975	22,596	25,574	27,244	27,988	28,646	29,248	29,979	30,519	30,953	31,820
14 Finance companies.....	45,275	48,935	49,318	47,684	47,480	48,450	49,273	50,298	51,136	51,455	51,949
15 Revolving.....	64,500	69,998	80,823	80,184	82,436	84,598	85,588	87,788	89,742	91,017	93,468
16 Commercial banks.....	32,880	36,666	44,184	46,149	47,936	49,374	50,358	52,313	54,258	55,276	56,641
17 Retailers.....	27,217	29,269	32,508	30,080	30,480	30,935	30,758	31,023	31,156	31,536	32,695
18 Gasoline companies.....	4,403	4,063	4,131	3,955	4,020	4,289	4,472	4,452	4,328	4,205	4,132
19 Mobile home.....	17,958	22,254	23,680	23,850	24,104	24,427	24,751	25,178	25,482	25,484	25,686
20 Commercial banks.....	10,187	9,605	9,842	9,580	9,573	9,621	9,621	9,711	9,782	9,627	9,613
21 Finance companies.....	4,494	9,003	9,365	9,361	9,434	9,528	9,612	9,786	9,857	9,890	9,892
22 Savings and loans.....	2,788	3,143	3,906	4,306	4,478	4,644	4,811	5,018	5,189	5,282	5,477
23 Credit unions.....	489	503	567	603	619	634	647	663	675	685	704
24 Other.....	127,903	132,511	149,130	155,693	159,315	162,603	165,379	168,533	170,546	172,789	176,267
25 Commercial banks.....	46,474	46,664	50,395	52,277	53,372	54,506	55,123	55,844	55,727	56,059	56,055
26 Finance companies.....	40,049	40,755	44,179	44,074	45,083	45,659	46,309	46,822	47,444	47,944	49,355
27 Credit unions.....	23,490	24,154	27,330	29,115	29,910	30,613	31,256	32,037	32,614	33,078	34,004
28 Retailers.....	4,131	3,466	3,403	3,247	3,250	3,271	3,264	3,271	3,270	3,266	3,305
29 Savings and loans.....	9,622	12,680	17,709	19,651	20,437	21,193	21,956	22,900	23,679	24,474	25,380
30 Mutual savings banks.....	4,137	4,792	6,114	7,329	7,263	7,361	7,471	7,659	7,812	7,968	8,168
Net change (during period) <sup>3</sup>											
31 Total.....	18,217	17,886	40,233	6,408	10,233	7,825	7,106	5,998	4,283	6,275	7,950
<i>By major holder</i>											
32 Commercial banks.....	607	4,442	19,488	4,015	6,065	3,835	3,192	2,631	1,384	2,756	2,483
33 Finance companies.....	13,062	4,504	4,169	-350	1,304	1,353	1,402	1,111	1,204	1,191	1,718
34 Credit unions.....	1,913	1,298	6,218	1,529	1,453	962	1,566	844	686	1,216	1,990
35 Retailers <sup>2</sup> .....	1,103	651	3,176	278	476	471	-101	206	132	103	336
36 Savings and loans.....	1,682	2,290	5,792	868	979	1,069	847	1,124	769	823	1,143
37 Gasoline companies.....	-65	-340	68	2	46	89	-40	-51	-135	90	102
38 Mutual savings banks.....	-85	251	1,322	66	-90	46	240	133	243	96	178
<i>By major type of credit</i>											
39 Automobile.....	8,495	4,898	11,363	2,158	3,689	2,897	3,422	1,777	1,317	2,357	2,724
40 Commercial banks.....	-3,455	-9	8,002	1,766	2,807	1,907	1,852	1,150	434	1,057	1,019
41 Indirect paper.....	-858	225	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
42 Direct loans.....	-2,597	-234	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
43 Credit unions.....	914	622	2,978	734	695	461	750	405	327	581	955
44 Finance companies.....	11,033	3,505	329	-342	187	529	820	222	556	719	750
45 Revolving.....	4,467	4,365	10,825	1,868	2,817	1,569	640	1,314	1,324	1,496	1,714
46 Commercial banks.....	3,115	3,808	7,518	1,568	2,298	1,047	764	1,159	1,323	1,279	1,289
47 Retailers.....	1,417	897	3,239	298	473	433	-84	206	136	127	323
48 Gasoline companies.....	-65	-340	68	2	46	89	-40	-51	-135	90	102
49 Mobile home.....	1,049	609	1,426	285	302	454	462	573	318	-216	-29
50 Commercial banks.....	-186	-508	237	27	-50	10	31	4	4	-91	-1
51 Finance companies.....	749	471	430	110	156	258	185	346	150	-210	-232
52 Savings and loans.....	466	633	763	132	183	174	230	214	157	72	184
53 Credit unions.....	20	14	64	16	13	12	16	9	7	13	20
54 Other.....	4,206	3,224	16,619	2,097	3,425	2,905	2,582	2,334	1,324	2,638	3,541
55 Commercial banks.....	1,133	372	3,731	653	1,010	871	545	318	-377	511	176
56 Finance companies.....	1,280	528	3,424	-118	961	566	397	543	498	682	1,200
57 Credit unions.....	975	662	3,176	780	745	489	800	430	352	622	1,015
58 Retailers.....	-314	-246	-63	-20	3	38	-17	0	-4	-24	13
59 Savings and loans.....	1,217	1,657	5,029	735	796	895	617	910	612	751	959
60 Mutual savings banks.....	-85	251	1,322	66	-90	46	240	133	243	96	178

▲ These data have been revised from July 1979 through February 1984.  
 1. The Board's series cover most short- and intermediate-term credit extended to individuals through regular business channels, usually to finance the purchase of consumer goods and services or to refinance debts incurred for such purposes, and scheduled to be repaid (or with the option of repayment) in two or more installments.  
 2. Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.

3. For 1982 and earlier, net change equals extensions, seasonally adjusted less liquidations, seasonally adjusted. Beginning 1983, net change equals outstandings, seasonally adjusted less outstandings of the previous period, seasonally adjusted.  
 NOTE: Total consumer noninstallment credit outstanding—credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit—amounted to, not seasonally adjusted, \$80.7 billion at the end of 1981, \$85.9 billion at the end of 1982, and \$96.9 billion at the end of 1983.  
 These data also appear in the Board's G.19 (421) release. For address, see inside front cover.

## 1.56 TERMS OF CONSUMER INSTALLMENT CREDIT

Percent unless noted otherwise

Item	1981	1982	1983	1984						
				May	June	July	Aug.	Sept.	Oct.	Nov.
<b>INTEREST RATES</b>										
Commercial banks <sup>1</sup>										
1 48-month new car <sup>2</sup>	16.54	16.83	13.92	13.53			14.08			13.91
2 24-month personal	18.09	18.65	16.68	16.35			16.75			16.63
3 120-month mobile home <sup>2</sup>	17.45	18.05	15.91	15.54			15.72			15.60
4 Credit card	17.78	18.51	18.73	18.71			18.81			18.82
Auto finance companies										
5 New car	16.17	16.15	12.58	14.17	14.33	14.68	15.01	15.16	15.18	15.24
6 Used car	20.00	20.75	18.74	17.60	17.64	17.77	17.99	18.10	18.19	18.30
<b>OTHER TERMS<sup>3</sup></b>										
Maturity (months)										
7 New car	45.4	46.0	45.9	47.7	48.2	48.6	49.2	49.5	49.7	50.0
8 Used car	35.8	34.0	37.9	39.7	39.8	39.8	39.8	39.9	39.9	39.0
Loan-to-value ratio										
9 New car	86.1	85.3	86.0	88	88	88	88	89	88	89
10 Used car	91.8	90.3	92.0	92	92	92	93	93	93	93
Amount financed (dollars)										
11 New car	7,339	8,178	8,787	9,262	9,311	9,377	9,409	9,402	9,449	9,577
12 Used car	4,343	4,746	5,033	5,675	5,774	5,763	5,753	5,792	5,826	5,900

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

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



## 1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

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

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

A42 Domestic Financial Statistics □ March 1985

1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

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

Transaction category, or sector	1978	1979	1980	1981	1982	1983	1981		1982		1983		1984
							H2	H1	H2	H1	H2	H1	
<b>1 Total funds advanced in credit markets to domestic nonfinancial sectors</b>	<b>369.8</b>	<b>386.0</b>	<b>344.6</b>	<b>380.4</b>	<b>404.1</b>	<b>526.4</b>	<b>368.0</b>	<b>358.1</b>	<b>450.1</b>	<b>488.9</b>	<b>563.8</b>	<b>688.2</b>	
<i>By public agencies and foreign</i>													
2 Total net advances	102.3	75.2	97.0	97.7	109.1	117.1	90.3	100.8	117.3	119.7	114.6	124.0	
3 U.S. government securities	36.1	-6.3	15.7	17.2	18.0	27.6	12.4	9.7	26.2	40.5	14.6	33.3	
4 Residential mortgages	25.7	35.8	31.7	23.5	61.0	76.1	25.5	47.6	74.4	80.1	72.0	52.0	
5 FHLB advances to savings and loans	12.5	9.2	7.1	16.2	.8	-7.0	15.1	11.1	-9.5	-12.1	-2.0	15.7	
6 Other loans and securities	28.0	36.5	42.4	40.9	29.3	20.5	37.3	32.4	26.2	11.1	29.9	23.0	
<i>Total advanced, by sector</i>													
7 U.S. government	17.1	19.0	23.7	24.1	16.0	9.7	19.8	14.8	17.1	9.1	10.3	6.7	
8 Sponsored credit agencies	40.3	53.0	45.6	48.2	65.3	69.5	50.1	61.8	68.7	68.2	70.7	73.0	
9 Monetary authorities	7.0	7.7	4.5	9.2	9.8	10.9	14.1	3.8	15.7	15.6	6.2	17.3	
10 Foreign	38.0	-4.6	23.2	16.3	18.1	27.1	6.3	20.4	15.8	26.8	27.4	27.0	
<i>Agency and foreign borrowing not in line 1</i>													
11 Sponsored credit agencies and mortgage pools	37.1	47.9	44.8	47.4	64.9	67.8	50.9	60.0	69.7	66.2	69.4	69.1	
12 Foreign	33.8	20.2	27.2	27.2	15.7	18.9	24.4	10.2	21.2	15.3	22.5	18.8	
<i>Private domestic funds advanced</i>													
13 Total net advances	338.4	379.0	319.6	357.3	375.6	495.9	353.0	327.5	423.8	450.8	541.1	652.2	
14 U.S. government securities	54.3	91.1	107.2	115.8	207.9	226.9	124.3	153.7	262.0	247.8	205.9	208.8	
15 State and local obligations	28.4	30.3	30.3	22.7	53.8	56.3	24.7	43.9	63.7	62.8	49.7	38.1	
16 Corporate and foreign bonds	23.4	18.5	19.3	18.8	14.8	14.6	15.9	-1	29.6	22.9	6.3	18.2	
17 Residential mortgages	95.6	91.9	73.7	56.7	-3.2	40.9	40.6	11.0	-17.4	6.4	75.5	97.0	
18 Other mortgages and loans	149.3	156.3	96.2	159.5	103.2	150.2	162.7	130.2	76.3	98.7	201.7	305.9	
19 Less: Federal Home Loan Bank advances	12.5	9.2	7.1	16.2	.8	-7.0	15.1	11.1	-9.5	-12.1	-2.0	15.7	
<i>Private financial intermediation</i>													
20 Credit market funds advanced by private financial institutions	315.7	313.9	281.5	323.4	285.6	376.7	323.2	274.4	296.7	323.2	430.1	521.3	
21 Commercial banking	128.5	123.1	100.6	102.3	107.2	136.1	112.7	99.9	114.5	121.6	150.6	193.2	
22 Savings institutions	72.3	56.5	54.5	27.8	31.3	136.8	18.4	25.2	37.4	128.9	144.6	159.1	
23 Insurance and pension funds	89.5	85.9	94.3	97.4	108.8	98.8	101.4	111.4	106.3	89.5	108.1	98.5	
24 Other finance	25.5	48.5	32.1	96.0	38.3	5.0	90.8	37.9	38.6	-16.8	26.8	70.5	
25 Sources of funds	315.7	313.9	281.5	323.4	285.6	376.7	323.2	274.4	296.7	323.2	430.1	521.3	
26 Private domestic deposits and RPs	142.7	137.4	169.6	211.9	174.7	203.5	217.9	147.6	201.9	192.7	214.2	283.0	
27 Credit market borrowing	37.0	34.5	18.1	36.7	4.1	22.9	33.0	24.2	-16.0	7.8	38.0	51.9	
28 Other sources	136.1	142.0	93.9	74.8	106.7	150.4	72.3	102.6	110.8	122.8	177.9	186.4	
29 Foreign funds	6.5	27.6	-21.7	-8.7	-26.7	22.1	-9.8	-28.3	-25.1	-14.2	58.5	17.1	
30 Treasury balances	6.8	.4	-2.6	-1.1	6.1	-5.3	-10.2	-2.0	14.1	10.1	-20.8	1.4	
31 Insurance and pension reserves	74.9	72.8	83.9	90.4	104.6	99.2	101.0	111.4	97.8	90.0	108.4	105.5	
32 Other, net	47.9	41.2	34.2	-5.9	22.8	34.4	-8.7	21.5	24.1	36.8	31.9	62.4	
<i>Private domestic nonfinancial investors</i>													
33 Direct lending in credit markets	59.6	99.6	56.1	70.6	94.2	142.1	62.8	77.3	111.0	135.3	148.9	182.7	
34 U.S. government securities	33.5	52.5	24.6	29.3	37.4	88.7	24.5	35.3	39.5	95.9	81.4	134.4	
35 State and local obligations	3.6	9.9	7.0	10.5	34.4	42.5	12.5	30.1	38.7	52.7	32.3	21.8	
36 Corporate and foreign bonds	-6.3	-1.4	-5.7	-8.1	-5.2	2.0	-10.7	-17.7	7.3	-1.7	5.7	7.2	
37 Open market paper	8.3	8.6	-3.1	2.7	-1	3.9	8.2	3.5	-3.7	-8.1	15.9	-3	
38 Other	20.5	30.0	33.3	36.3	27.8	5.0	28.4	26.2	29.3	-3.4	13.5	19.7	
39 Deposits and currency	153.9	146.8	181.1	221.9	181.9	222.6	229.3	152.1	211.7	214.5	230.7	294.5	
40 Currency	9.3	8.0	10.3	9.5	9.7	14.3	11.2	6.7	12.7	14.8	13.8	17.7	
41 Checkable deposits	16.2	18.3	5.2	18.0	15.7	21.7	13.3	1.9	29.5	48.0	-4.7	37.8	
42 Small time and savings accounts	65.9	59.3	82.9	47.0	138.2	219.1	71.8	83.2	193.1	278.6	159.7	127.9	
43 Money market fund shares	6.9	34.4	29.2	107.5	24.7	-44.1	110.8	39.4	10.0	-84.0	-4.2	30.2	
44 Large time deposits	46.3	18.8	45.8	36.9	-7.7	-7.5	24.6	21.9	-37.3	-61.0	45.9	81.8	
45 Security RPs	7.5	6.6	6.5	2.5	3.8	14.3	-2.6	1.1	6.6	11.0	17.5	5.3	
46 Deposits in foreign countries	2.0	1.5	1.1	.5	-2.5	4.8	.2	-2.2	-2.9	7.0	2.7	-6.2	
<b>47 Total of credit market instruments, deposits and currency</b>	<b>213.6</b>	<b>246.5</b>	<b>237.2</b>	<b>292.5</b>	<b>276.1</b>	<b>364.7</b>	<b>292.1</b>	<b>229.4</b>	<b>322.7</b>	<b>349.8</b>	<b>379.6</b>	<b>477.3</b>	
48 Public holdings as percent of total	25.3	18.5	26.1	24.0	26.0	21.5	23.0	27.4	24.9	23.7	19.5	17.5	
49 Private financial intermediation (in percent)	93.3	82.8	88.1	90.5	76.0	76.0	91.6	83.8	70.0	71.7	79.5	79.9	
50 Total foreign funds	44.6	23.0	1.5	7.6	-8.6	49.2	-3.5	-7.9	-9.3	12.6	85.9	44.1	
<i>MEMO: Corporate equities not included above</i>													
51 Total net issues	1.9	-3.8	22.2	-4.1	35.3	67.8	-17.4	23.3	47.2	83.5	52.0	-37.5	
52 Mutual fund shares	-1	.1	5.2	6.3	18.4	32.8	5.7	12.5	24.3	36.8	28.9	44.8	
53 Other equities	1.9	-3.9	17.1	-10.4	16.9	34.9	-23.0	10.9	22.9	46.8	23.1	-82.3	
54 Acquisitions by financial institutions	4.7	12.9	24.9	20.1	39.2	57.5	22.6	11.0	67.3	75.9	39.2	4.2	
55 Other net purchases	-2.8	-16.7	-2.7	-24.2	-3.9	10.2	-40.0	12.3	-20.1	7.6	12.8	-41.7	

NOTES BY LINE NUMBER.

1. Line 1 of table 1.58.
2. Sum of lines 3-6 or 7-10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by federally sponsored credit agencies, and net issues of federally related mortgage pool securities.
13. Line 1 less line 2 plus line 11 and 12. Also line 20 less line 27 plus line 33. Also sum of lines 28 and 47 less lines 40 and 46.
18. Includes farm and commercial mortgages.
26. Line 39 less lines 40 and 46.
27. Excludes equity issues and investment company shares. Includes line 19.
29. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates.
30. Demand deposits at commercial banks.
31. Excludes net investment of these reserves in corporate equities.

32. Mainly retained earnings and net miscellaneous liabilities.

33. Line 12 less line 20 plus line 27.
  - 34-38. Lines 14-18 less amounts acquired by private finance. Line 38 includes mortgages.
  40. Mainly an offset to line 9.
  47. Lines 33 plus 39, or line 13 less line 28 plus 40 and 46.
  48. Line 2/line 1.
  49. Line 20/line 13.
  50. Sum of lines 10 and 29.
  - 51, 53. Includes issues by financial institutions.
- NOTE: Full statements for sectors and transaction types in flows and in amounts outstanding may be obtained from Flow of Funds Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

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

Measure	1981	1982	1983	1984								
				Apr.	May	June	July	Aug.	Sept. <sup>r</sup>	Oct. <sup>r</sup>	Nov. <sup>r</sup>	Dec.
1 Industrial production.....	151.0	138.6	147.6	162.1	162.8	164.4	165.9	166.0	165.0	164.5	165.2	166.2
<i>Market groupings</i>												
2 Products, total.....	150.6	141.8	149.2	162.5	163.3	165.3	167.4	167.2	166.4	167.0	167.6	168.7
3 Final, total.....	149.5	141.5	147.1	160.2	161.1	163.1	165.2	165.1	164.6	165.2	166.0	167.0
4 Consumer goods.....	147.9	142.6	151.7	161.4	161.7	163.0	163.8	162.5	161.6	161.8	162.8	163.7
5 Equipment.....	151.5	139.8	140.8	158.5	160.3	163.3	167.0	168.7	168.9	170.0	170.2	171.6
6 Intermediate.....	154.4	143.3	156.6	171.0	171.6	173.5	175.8	175.1	173.0	173.7	173.7	174.7
7 Materials.....	151.6	133.7	145.2	161.5	162.0	162.9	163.5	164.0	162.8	160.7	161.5	162.3
<i>Industry groupings</i>												
8 Manufacturing.....	150.4	137.6	148.2	163.4	164.2	165.7	167.3	167.6	166.6	166.4	167.1	168.1
Capacity utilization (percent) <sup>1</sup>												
9 Manufacturing.....	79.4	71.1	75.2	81.5	81.7	82.2	82.9	82.8	82.2	81.8	81.9	82.2
10 Industrial materials industries.....	80.7	70.1	75.2	82.5	82.7	82.9	83.1	83.3	82.4	81.9	81.4	81.6
11 Construction contracts (1977 = 100) <sup>2</sup> .....	111.0	111.0	138.0	145.0	165.0	148.0	152.0	151.0	144.0	146.0	158.0	n.a.
12 Nonagricultural employment, total <sup>3</sup> .....	138.5	136.1	137.0	142.0	142.5	143.1	143.4	143.6	144.1	144.6	145.1	145.6
13 Goods-producing, total.....	109.4	102.2	100.4	106.2	106.6	107.1	107.5	107.7	107.3	107.6	107.7	108.3
14 Manufacturing, total.....	103.7	96.6	95.1	100.4	100.6	100.9	101.3	101.4	100.9	101.2	101.4	101.8
15 Manufacturing, production-worker.....	98.0	89.4	88.7	94.0	94.1	94.3	94.6	94.8	94.0	94.3	94.4	94.9
16 Service-producing.....	154.5	154.7	157.1	161.6	162.2	162.8	163.1	163.4	164.2	164.9	165.6	166.0
17 Personal income, total.....	386.5	410.3	435.6	471.2	472.8	477.2	480.6 <sup>r</sup>	483.5	487.0	489.2	492.3	494.9
18 Wages and salary disbursements.....	349.7	367.4	388.6	418.1	419.2	422.6	424.4	425.5	428.4	428.8	432.0	436.3
19 Manufacturing.....	287.5	285.5	294.7	322.0	321.9	323.1	324.4	326.2	325.7	326.7	329.1	332.9
20 Disposable personal income <sup>4</sup> .....	372.6	398.0	427.1	464.2	465.3	469.1	472.5	475.5	479.1	481.2	483.8	485.7
21 Retail sales <sup>5</sup> .....	330.6	326.0	373.0	410.8	413.6	417.7	410.5	407.3	413.6	415.5	423.8	423.4
<i>Prices<sup>6</sup></i>												
22 Consumer.....	272.4	289.1	298.4	308.8	309.7	310.7	311.7	313.0	314.5	315.3	315.3	315.5
23 Producer finished goods.....	269.8	280.7	285.2	291.2	291.1	290.9	292.3	291.3 <sup>r</sup>	289.8	291.6	292.3	292.4

1. Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, Department of Commerce, and other sources.  
 2. Index of dollar value of total construction contracts, including residential, nonresidential and heavy engineering, from McGraw-Hill Information Systems Company, F. W. Dodge Division.  
 3. Based on data in *Employment and Earnings* (U.S. Department of Labor). Series covers employees only, excluding personnel in the Armed Forces.  
 4. Based on data in *Survey of Current Business* (U.S. Department of Commerce).

5. Based on Bureau of Census data published in *Survey of Current Business*.  
 6. Data without seasonal adjustment, as published in *Monthly Labor Review*. Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Department of Labor.  
 NOTE: Basic data (not index numbers) for series mentioned in notes 4, 5, and 6, and indexes for series mentioned in notes 3 and 7 may also be found in the *Survey of Current Business*.  
 Figures for industrial production for the last two months are preliminary and estimated, respectively.

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

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

Category	1981	1982	1983	1984								
				May	June	July	Aug.	Sept.	Oct. <sup>r</sup>	Nov. <sup>r</sup>	Dec.	
<b>HOUSEHOLD SURVEY DATA</b>												
1 Noninstitutional population <sup>1</sup> .....	172,272	174,450	176,414	178,337	178,501	178,669	178,821	179,005	179,181	179,353	179,524	
2 Labor force (including Armed Forces) <sup>1</sup> .....	110,812	112,383	113,749	116,017	115,836 <sup>r</sup>	116,097 <sup>r</sup>	115,867 <sup>r</sup>	116,006 <sup>r</sup>	116,241	116,292	116,682	
3 Civilian labor force.....	108,670	110,204	111,550	113,803	113,619 <sup>r</sup>	113,868 <sup>r</sup>	113,629 <sup>r</sup>	113,764 <sup>r</sup>	114,016	114,074	114,464	
<i>Employment</i>												
4 Nonagricultural industries <sup>2</sup> .....	97,030	96,125	97,450	101,899	102,023 <sup>r</sup>	102,044 <sup>r</sup>	101,884 <sup>r</sup>	102,075 <sup>r</sup>	102,480	102,598	102,888	
5 Agriculture.....	3,368	3,401	3,383	3,389	3,368 <sup>r</sup>	3,333 <sup>r</sup>	3,264 <sup>r</sup>	3,319 <sup>r</sup>	3,169	3,334	3,385	
<i>Unemployment</i>												
6 Number.....	8,273	10,678	10,717	8,514	8,228 <sup>r</sup>	8,491 <sup>r</sup>	8,481 <sup>r</sup>	8,370 <sup>r</sup>	8,367	8,142	8,191	
7 Rate (percent of civilian labor force).....	7.6	9.7	9.6	7.5	7.2 <sup>r</sup>	7.5	7.5	7.4	7.3	7.1	7.2	
8 Not in labor force.....	61,460	62,067	62,665	62,320	62,665 <sup>r</sup>	62,572 <sup>r</sup>	62,954 <sup>r</sup>	62,999 <sup>r</sup>	62,940	63,061	62,842	
<b>ESTABLISHMENT SURVEY DATA</b>												
9 Nonagricultural payroll employment <sup>3</sup> .....	91,156	89,566	90,138	93,786	94,135	94,350	94,523	94,807	95,154	95,489	95,798	
10 Manufacturing.....	20,170	18,781	18,497	19,570	19,629	19,696	19,725	19,616	19,686	19,711	19,796	
11 Mining.....	1,139 <sup>r</sup>	1,128	957	995	1,002	1,007	1,017	1,020	1,012	1,009	1,005	
12 Contract construction.....	4,188 <sup>r</sup>	3,905 <sup>r</sup>	3,940	4,286	4,343	4,356	4,356	4,374	4,382	4,393	4,447	
13 Transportation and public utilities.....	5,165 <sup>r</sup>	5,082	4,958	5,144	5,163	5,175	5,202	5,213	5,225	5,224	5,238	
14 Trade.....	20,547 <sup>r</sup>	20,457	20,804	21,658	21,747	21,811	21,839	21,930	22,080	22,262	22,303	
15 Finance.....	5,298 <sup>r</sup>	5,341	5,467	5,662	5,676	5,676	5,679	5,684	5,705	5,728	5,748	
16 Service.....	18,619 <sup>r</sup>	19,036	19,665	20,549	20,681	20,701	20,748	20,861	20,964	21,041	21,137	
17 Government.....	16,031 <sup>r</sup>	15,837	15,851	15,922	15,894	15,928	15,957	16,109	16,100	16,121	16,124	

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

3. Data include all full- and part-time employees who worked during, or received pay for, the pay period that includes the 12th day of the month, and exclude proprietors, self-employed persons, domestic servants, unpaid family workers, and members of the Armed Forces. Data are adjusted to the March 1983 benchmark and only seasonally adjusted data are available at this time. Based on data from *Employment and Earnings* (U.S. Department of Labor).

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2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	1984				1984				1984					
	Q1	Q2	Q3 <sup>1</sup>	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3 <sup>1</sup>	Q4		
	Output (1967 = 100)				Capacity (percent of 1967 output)				Utilization rate (percent)					
1 Total industry .....	159.8	163.1	165.6	165.3	198.4	199.7	201.1	202.4	80.5	81.7	82.4	81.7		
2 Mining .....	124.2	125.1	129.0	125.3	165.7	165.9	166.1	166.3	75.0	75.4	77.7	75.3		
3 Utilities .....	179.2	183.1	181.1	179.9	213.8	215.3	216.8	218.3	83.8	85.0	83.5	82.4		
4 Manufacturing .....	161.0	164.4	167.2	167.2	199.5	201.0	202.5	204.0	80.7	81.8	82.5	81.9		
5 Primary processing .....	160.5	162.5	162.2	161.8	196.5	197.2	198.0	198.7	81.7	82.4	81.9	81.4		
6 Advanced processing .....	161.7	165.2	169.7	169.9	201.1	203.0	204.9	206.8	80.3	81.4	82.8	82.1		
7 Materials .....	158.8	162.1	163.4	161.5	194.7	195.9	197.2	198.4	81.6	82.7	82.9	81.4		
8 Durable goods .....	157.6	162.0	164.6	163.1	197.1	198.3	199.5	200.8	79.9	81.7	82.5	81.2		
9 Metal materials .....	97.3	100.3	97.2	91.9	139.1	138.5	137.9	137.3	70.0	72.4	70.5	66.9		
10 Nondurable goods .....	183.7	186.6	185.7	184.5	221.8	223.4	225.2	226.9	82.8	83.5	82.5	81.3		
11 Textile, paper, and chemical .....	193.2	195.9	194.9	193.8	234.2	236.2	238.2	240.3	82.5	82.9	81.8	80.7		
12 Paper .....	165.8	168.5	171.0	169.2	168.5	169.5	170.5	171.5	98.4	99.4	100.3	n.a.		
13 Chemical .....	236.7	240.4	238.4	239.3	302.3	305.2	308.0	310.9	78.3	78.8	77.4	n.a.		
14 Energy materials .....	131.2	132.4	133.1	129.1	155.8	156.4	157.0	157.6	84.2	84.6	84.8	81.9		
	Previous cycle <sup>1</sup>		Latest cycle <sup>2</sup>		1983		1984							
	High	Low	High	Low	Dec.	Apr.	May	June	July	Aug.	Sept. <sup>1</sup>	Oct. <sup>1</sup>	Nov. <sup>1</sup>	Dec.
	Capacity utilization rate (percent)													
15 Total industry .....	88.4	71.1	87.3	69.6	79.0	81.3	81.5	82.1	82.7	82.5	81.9	81.5	81.6	81.9
16 Mining .....	91.8	86.0	88.5	69.6	74.7	74.3	75.4	76.6	78.3	77.3	77.4	74.5	75.4	76.2
17 Utilities .....	94.9	82.0	86.7	79.0	85.7	85.0	84.7	85.4	84.1	83.3	83.2	82.9	82.7	81.7
18 Manufacturing .....	87.9	69.0	87.5	68.8	78.9	81.5	81.7	82.2	82.8	82.8	82.0	81.8	81.9	82.2
19 Primary processing .....	93.7	68.2	91.4	66.2	79.2	82.2	82.4	82.6	82.3	82.1	81.5	81.3	81.5	81.5
20 Advanced processing .....	85.5	69.4	85.9	70.0	78.6	81.0	81.2	81.9	83.0	83.1	82.4	81.9	82.1	82.4
21 Materials .....	92.6	69.3	88.9	66.6	79.6	82.5	82.7	82.9	83.1	83.2	82.4	81.2	81.4	81.6
22 Durable goods .....	91.4	63.5	88.4	59.8	77.0	81.5	81.5	82.0	82.5	82.9	82.2	81.3	81.2	81.2
23 Metal materials .....	97.8	68.0	95.4	46.2	66.8	73.0	72.2	72.1	70.8	70.8	69.8	67.4	67.2	66.2
24 Nondurable goods .....	94.4	67.4	91.7	70.7	81.6	83.2	83.9	83.3	83.0	82.9	81.5	80.7	81.4	82.0
25 Textile, paper, and chemical .....	95.1	65.4	92.3	68.6	81.2	82.7	83.3	82.6	82.5	82.4	80.5	79.8	80.7	81.5
26 Paper .....	99.4	72.4	97.9	86.3	98.8	98.5	99.8	99.8	101.5	99.7	99.7	98.2	98.1	n.a.
27 Chemical .....	95.5	64.2	91.3	64.0	76.2	78.9	79.0	78.4	77.9	78.1	76.1	75.8	77.2	n.a.
28 Energy materials .....	94.5	84.4	88.9	78.5	83.6	84.5	84.3	85.0	85.3	84.7	84.3	81.4	82.0	82.3

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

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

## 2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value

Monthly data are seasonally adjusted

Grouping	1967 pro- portion	1983 avg.	1984												
			Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept. <sup>r</sup>	Oct.	Nov. <sup>p</sup>	Dec. <sup>e</sup>
Index (1967 = 100)															
<b>MAJOR MARKET</b>															
1 Total index .....	100.00	147.6	156.2	158.5	160.0	160.8	162.1	162.8	164.4	165.9	166.0	165.0	164.5	165.2	166.2
2 Products .....	60.71	149.2	157.4	159.7	160.4	161.1	162.5	163.3	165.3	167.4	167.2	166.4	167.0	167.6	168.7
3 Final products .....	47.82	147.1	155.2	157.5	158.0	158.6	160.2	161.1	163.1	165.2	165.1	164.6	165.2	166.0	167.0
4 Consumer goods .....	27.68	151.7	157.7	159.5	159.4	160.2	161.4	161.7	163.0	163.8	162.5	161.6	161.8	162.8	163.7
5 Equipment .....	20.14	140.8	151.8	154.9	156.1	156.4	158.5	160.3	163.3	167.0	168.7	168.9	170.0	170.2	171.6
6 Intermediate products .....	12.89	156.6	165.4	167.8	169.0	170.2	171.0	171.6	173.5	175.8	175.1	173.0	173.7	173.7	174.7
7 Materials .....	39.29	145.2	154.5	156.6	159.4	160.4	161.5	162.0	162.9	163.5	164.0	162.8	160.7	161.5	162.3
<i>Consumer goods</i>															
8 Durable consumer goods .....	7.89	147.5	158.6	163.4	162.5	163.1	162.2	161.4	163.6	163.7	162.6	159.6	158.5	162.4	163.7
9 Automotive products .....	2.83	158.2	178.4	184.5	182.1	184.1	180.9	179.8	184.3	185.0	181.8	173.0	171.3	184.2	186.5
10 Autos and utility vehicles .....	2.03	134.0	157.8	163.3	162.2	164.1	158.4	155.9	158.7	161.1	159.2	145.6	144.8	161.7	164.7
11 Autos .....	1.90	117.4	137.4	140.7	140.4	142.4	134.5	132.9	136.2	138.7	134.3	121.1	123.6	138.9	142.5
12 Auto parts and allied goods .....	.80	219.6	230.7	238.4	232.6	234.7	238.0	240.6	249.3	245.8	239.1	242.7	238.5	241.2	241.7
13 Home goods .....	5.06	141.4	147.5	151.5	151.5	151.3	151.7	151.1	152.0	151.8	151.9	152.0	151.3	150.9	151.9
14 Appliances, A/C, and TV .....	1.40	116.4	126.3	136.4	135.1	134.4	136.1	134.0	134.9	133.4	132.3	136.4	133.5	129.6	130.1
15 Appliances and TV .....	1.33	120.1	130.2	140.0	138.6	138.0	138.8	136.7	138.0	136.9	135.9	140.2	136.8	132.3	.....
16 Carpeting and furniture .....	1.07	178.1	184.0	183.1	178.7	180.2	181.0	179.6	179.4	179.5	180.8	179.3	178.1	178.8	.....
17 Miscellaneous home goods .....	2.59	139.9	143.9	146.7	149.1	148.5	148.0	148.6	150.0	150.3	150.6	149.2	150.0	149.5	150.6
18 Nondurable consumer goods .....	19.79	153.4	157.3	157.9	158.2	159.1	161.1	161.8	162.7	163.9	162.4	162.4	163.1	163.0	163.8
19 Clothing .....	4.29	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
20 Consumer staples .....	15.50	163.7	166.0	166.5	166.9	168.0	170.2	171.6	173.2	174.5	172.7	173.1	174.2	174.0	174.6
21 Consumer foods and tobacco .....	8.33	153.5	155.4	156.5	156.8	157.6	160.4	161.0	161.9	162.9	161.8	162.1	163.0	.....	.....
22 Nonfood staples .....	7.17	175.4	178.3	178.2	178.7	180.1	181.6	183.9	186.3	188.0	185.4	185.9	187.2	188.0	188.2
23 Consumer chemical products .....	2.63	231.0	229.9	231.6	231.9	231.3	233.4	235.9	241.5	247.1	244.3	247.3	248.5	249.7	.....
24 Consumer paper products .....	1.92	132.7	137.2	138.8	140.3	141.8	144.0	145.6	147.9	151.5	148.7	146.7	146.6	148.1	.....
25 Consumer energy products .....	2.62	150.9	156.5	153.4	153.3	156.8	157.1	159.8	159.0	155.3	153.3	153.0	155.3	155.2	.....
26 Residential utilities .....	1.45	173.4	185.2	180.0	172.8	177.7	177.4	181.1	182.4	178.6	175.0	174.1	177.4	.....	.....
<i>Equipment</i>															
27 Business .....	12.63	153.3	167.3	170.7	171.9	172.1	173.5	176.5	181.1	185.5	187.6	186.4	187.1	187.1	188.5
28 Industrial .....	6.77	120.4	130.8	133.7	134.6	134.8	135.9	138.5	140.4	143.1	143.3	143.5	145.1	145.8	146.9
29 Building and mining .....	1.44	159.3	185.3	185.1	182.0	175.2	173.6	182.9	185.8	190.0	191.6	190.7	194.6	190.7	199.7
30 Manufacturing .....	3.85	107.1	115.1	119.7	120.9	124.2	126.2	127.4	128.6	130.1	129.7	129.8	130.6	130.7	131.5
31 Power .....	1.47	117.1	118.4	120.0	123.8	122.7	124.1	124.1	126.7	131.0	131.2	133.0	134.5	135.0	135.5
32 Commercial transit, farm .....	5.86	191.3	209.6	213.3	215.1	215.3	217.0	220.5	228.1	234.5	238.9	235.9	235.7	234.9	236.5
33 Commercial .....	3.26	273.2	298.9	303.2	305.9	306.9	309.6	315.5	326.3	333.4	339.2	336.5	338.3	337.5	341.0
34 Transit .....	1.93	95.2	106.0	110.1	110.1	109.2	108.9	109.7	115.1	120.4	124.5	121.4	117.8	117.3	116.3
35 Farm .....	.67	69.5	73.5	73.6	75.7	75.0	78.0	77.1	76.1	81.8	80.3	76.4	76.1	74.8	.....
36 Defense and space .....	7.51	119.9	125.7	128.3	129.5	130.1	133.2	133.1	133.5	135.9	136.8	139.5	141.1	141.8	143.1
<i>Intermediate products</i>															
37 Construction supplies .....	6.42	142.5	151.5	155.5	156.6	159.1	159.6	159.5	160.9	161.9	160.9	158.2	158.7	158.3	159.6
38 Business supplies .....	6.47	170.7	179.3	180.1	181.3	181.3	182.3	183.5	186.1	189.5	189.1	187.6	188.6	189.0	.....
39 Commercial energy products .....	1.14	184.3	188.0	192.1	191.6	187.0	190.0	190.8	195.3	194.9	193.3	194.5	195.4	195.0	.....
<i>Materials</i>															
40 Durable goods materials .....	20.35	138.6	151.3	154.6	158.6	159.5	161.3	161.6	163.0	164.2	165.3	164.3	163.0	163.0	163.3
41 Durable consumer parts .....	4.58	113.6	127.9	131.6	133.1	133.0	133.2	132.6	134.7	135.1	136.6	136.2	137.1	136.5	138.0
42 Equipment parts .....	5.44	176.4	193.4	198.2	204.0	206.7	210.9	210.6	214.0	218.8	220.1	219.6	216.1	217.2	217.7
43 Durable materials n.e.c. .....	10.34	129.9	139.5	141.8	146.0	146.3	147.7	148.6	148.7	148.3	149.2	147.7	146.5	146.2	146.0
44 Basic metal materials .....	5.57	90.2	96.9	97.7	103.0	103.0	105.7	104.5	104.1	103.4	102.0	99.8	97.5	96.6	.....
45 Nondurable goods materials .....	10.47	174.5	180.3	181.2	184.1	185.9	185.7	187.4	186.7	186.5	186.7	184.0	182.5	184.6	186.5
46 Textile, paper, and chemical materials .....	7.62	182.6	189.6	190.5	193.9	195.3	195.0	196.8	195.8	195.9	196.3	192.4	191.1	193.9	196.3
47 Textile materials .....	1.85	116.2	121.3	119.9	119.9	120.6	118.9	121.9	119.6	118.8	120.1	115.6	113.0	113.1	.....
48 Paper materials .....	1.62	158.2	166.0	167.0	166.8	163.5	166.7	169.2	169.5	172.8	170.0	170.3	168.2	168.2	.....
49 Chemical materials .....	4.15	221.7	229.3	231.3	237.6	241.1	240.0	241.1	240.2	239.3	240.6	235.3	235.0	240.0	.....
50 Containers, nondurable .....	1.70	167.9	173.0	173.5	173.0	176.0	175.7	176.6	176.7	176.6	175.3	175.8	174.3	175.2	.....
51 Nondurable materials n.e.c. .....	1.14	130.5	129.5	130.5	135.2	137.7	138.6	140.5	140.5	138.8	139.6	140.8	136.9	136.6	.....
52 Energy materials .....	8.48	124.8	130.0	131.3	131.0	131.3	132.1	131.9	133.2	133.7	133.0	132.7	128.3	129.2	129.8
53 Primary energy .....	4.65	114.7	117.6	119.3	121.3	119.6	119.5	119.08	120.1	122.7	121.8	121.6	113.2	115.3	.....
54 Converted fuel materials .....	3.82	137.0	145.1	145.8	142.8	145.4	147.3	146.5	149.0	147.1	146.8	146.1	146.5	146.2	.....
<i>Supplementary groups</i>															
55 Home goods and clothing .....	9.35	129.9	137.6	140.1	140.3	140.1	141.0	139.8	139.6	139.7	139.6	138.9	138.3	137.9	138.9
56 Energy, total .....	12.23	135.9	141.1	141.6	141.4	141.9	142.8	143.3	144.5	144.0	143.0	142.8	140.3	140.9	140.9
57 Products .....	3.76	161.0	166.0	165.1	164.9	166.0	167.1	169.2	170.0	167.3	165.4	165.5	167.2	167.2	.....
58 Materials .....	8.48	124.8	130.0	131.3	131.0	131.3	132.1	131.9	133.2	133.7	133.0	132.7	128.3	129.2	129.8

A46 Domestic Nonfinancial Statistics □ March 1985

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value—Continued

Grouping	SIC code	1967 proportion	1983 avg.	1984												
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept. <sup>r</sup>	Oct.	Nov. <sup>p</sup>	Dec. <sup>e</sup>
Index (1967 = 100)																
<b>MAJOR INDUSTRY</b>																
1 Mining and utilities.....		12.05	142.9	151.5	151.4	148.9	150.4	151.3	152.1	154.1	154.4	153.0	153.3	150.6	151.4	151.3
2 Mining.....		6.36	116.6	123.7	124.8	124.1	123.8	123.3	125.0	127.0	129.9	128.3	128.7	123.8	125.4	126.7
3 Utilities.....		5.69	172.4	182.5	181.0	176.5	180.0	182.7	182.3	184.3	181.8	180.6	180.9	180.5	180.5	178.8
4 Electric.....		3.88	196.0	208.0	206.8	200.0	204.6	207.7	206.8	209.6	205.9	204.0	204.4	203.6	202.9	200.2
5 Manufacturing.....		87.95	148.2	156.8	159.5	161.4	162.1	163.4	164.2	165.7	167.3	167.6	166.6	166.4	167.1	168.1
6 Nondurable.....		35.97	168.1	173.9	175.2	177.2	177.6	179.1	179.9	181.3	181.8	181.7	180.3	180.0	180.7	182.3
7 Durable.....		51.98	134.5	145.0	148.6	150.5	151.4	152.6	153.3	154.9	157.2	157.8	157.1	157.0	157.6	158.3
<i>Mining</i>																
8 Metal.....	10	.51	80.9	82.3	89.4	97.4	100.0	98.5	98.0	96.8	96.4	83.4	84.5	91.3	93.8	.....
9 Coal.....	11.12	.69	136.3	145.2	151.5	163.2	164.0	151.4	153.9	161.5	176.5	171.7	173.7	127.8	134.4	142.2
10 Oil and gas extraction.....	13	4.40	116.6	123.4	123.1	119.6	118.2	118.8	120.4	121.6	122.8	122.5	122.4	122.8	123.8	124.9
11 Stone and earth minerals.....	14	.75	122.8	133.9	134.8	133.0	135.8	140.4	144.0	147.9	151.9	153.5	154.6	147.8	147.5	.....
<i>Nondurable manufactures</i>																
12 Foods.....	20	8.75	156.4	157.7	159.4	160.0	161.2	163.1	164.2	165.1	164.9	164.7	164.3	165.0	.....	.....
13 Tobacco products.....	21	.67	112.1	112.3	116.4	110.9	111.8	113.3	118.3	115.1	113.8	113.1	113.7	115.7	.....	.....
14 Textile mill products.....	22	2.68	140.8	145.0	143.9	142.3	143.5	140.0	140.5	140.7	139.8	140.3	135.4	133.3	136.0	.....
15 Apparel products.....	23	3.31	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
16 Paper and products.....	26	3.21	164.3	170.1	172.3	176.6	173.8	172.4	174.1	174.6	176.7	176.7	177.5	173.5	175.5	178.1
17 Printing and publishing.....	27	4.72	152.5	161.7	163.4	164.8	165.2	166.3	167.5	169.0	172.6	173.1	170.5	172.2	173.9	173.5
18 Chemicals and products.....	28	7.74	215.0	221.1	221.5	224.8	225.0	228.3	227.9	231.0	232.0	231.6	230.8	229.5	230.5	.....
19 Petroleum products.....	29	1.79	120.3	114.4	118.8	127.6	127.0	126.8	127.9	127.5	124.7	124.3	122.6	125.4	125.9	124.7
20 Rubber and plastic products.....	30	2.24	291.9	314.4	317.2	318.5	323.8	328.0	334.1	341.0	341.4	341.5	338.4	338.5	337.9	.....
21 Leather and products.....	31	.86	61.9	66.0	61.4	63.9	63.9	63.5	61.4	60.0	60.6	59.1	57.9	55.2	58.0	.....
<i>Durable manufactures</i>																
22 Ordnance, private and government.....	19.91	3.64	95.4	99.8	99.7	99.6	100.6	101.4	100.8	101.7	102.7	105.5	107.1	107.9	108.9	109.9
23 Lumber and products.....	24	1.64	137.2	143.8	146.0	145.6	149.3	151.2	146.3	148.5	146.0	148.8	149.2	152.6	152.4	.....
24 Furniture and fixtures.....	25	1.37	170.5	177.9	183.8	185.6	184.6	186.6	190.5	191.9	192.6	195.3	194.3	195.5	193.9	.....
25 Clay, glass, stone products.....	32	2.74	143.4	153.8	157.8	160.4	160.2	160.0	160.6	159.7	160.9	160.0	158.0	159.2	159.2	.....
26 Primary metals.....	33	6.57	85.4	90.4	93.2	98.4	97.5	99.3	98.2	97.9	94.5	94.4	94.1	93.0	90.5	88.9
27 Iron and steel.....	331.2	4.21	71.5	74.1	80.7	86.0	84.4	84.0	83.5	83.5	76.5	77.7	77.5	75.6	72.9	.....
28 Fabricated metal products.....	34	5.93	120.2	129.2	131.7	132.8	134.9	135.5	136.5	138.7	140.6	140.0	139.5	140.7	139.6	140.9
29 Nonelectrical machinery.....	35	9.15	150.6	164.3	169.5	170.9	171.9	174.9	178.8	182.0	186.9	189.1	187.9	187.2	186.4	187.1
30 Electrical machinery.....	36	8.05	185.5	201.5	206.2	209.9	212.0	214.6	214.5	216.0	221.5	221.5	222.8	221.9	224.0	224.7
31 Transportation equipment.....	37	9.27	117.8	130.8	134.9	135.2	135.8	134.5	135.0	137.2	140.6	141.0	137.6	137.1	141.8	142.8
32 Motor vehicles and parts.....	371	4.50	137.1	158.9	166.3	164.4	165.8	161.9	163.0	165.3	169.0	169.6	162.4	161.6	171.4	172.6
33 Aerospace and miscellaneous transportation equipment.....	372-9	4.77	99.6	104.3	105.3	107.7	107.5	108.8	108.6	110.8	113.8	113.9	114.2	114.1	114.0	114.7
34 Instruments.....	38	2.11	158.7	164.6	167.8	168.6	169.7	171.0	171.8	174.5	176.7	177.4	178.5	177.5	178.1	181.9
35 Miscellaneous manufactures.....	39	1.51	146.2	149.3	151.1	152.0	152.3	152.1	151.5	150.8	152.4	149.2	147.0	148.3	147.5	149.5
Gross value (billions of 1972 dollars, annual rates)																
<b>MAJOR MARKET</b>																
36 Products, total.....		507.4	612.6	645.4	655.1	656.9	661.8	661.1	665.9	671.5	682.4	678.2	673.6	676.4	678.4	681.7
37 Final.....		390.9	472.6	497.8	505.3	505.0	509.6	509.0	514.0	518.1	525.9	522.3	519.7	522.3	524.2	526.9
38 Consumer goods.....		277.5	328.7	341.9	345.3	345.3	347.7	347.8	349.5	350.9	353.2	347.4	345.4	347.9	350.1	351.9
39 Equipment.....		113.4	144.0	155.9	160.0	159.7	161.2	164.4	164.2	167.2	172.8	174.9	174.4	174.4	174.2	174.9
40 Intermediate.....		116.6	140.0	147.6	149.8	151.9	152.2	152.2	151.9	153.4	156.5	155.9	153.8	154.1	154.1	154.8

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

## 2.14 HOUSING AND CONSTRUCTION

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

Item	1981	1982	1983	1984									
				Feb.	Mar.	Apr.	May	June	July <sup>1</sup>	Aug. <sup>1</sup>	Sept. <sup>1</sup>	Oct. <sup>1</sup>	Nov.
Private residential real estate activity (thousands of units)													
NEW UNITS													
1 Permits authorized .....	986	1,000	1,605	1,902	1,727	1,758	1,745	1,768	1,565	1,506	1,440	1,418	1,591
2 1-family .....	564	546	902	1,083	974	957	913	916	823	803	841	794	824
3 2-or-more-family .....	421	454	703	819	753	801	832	852	742	703	599	624	767
4 Started .....	1,084	1,062	1,703	2,262	1,662	2,015	1,794	1,877	1,754	1,554	1,683	1,535	1,554
5 1-family .....	705	663	1,067	1,463	1,071	1,196	1,131	1,084	990	932	1,016	964	1,009
6 2-or-more-family .....	379	400	635	799	591	819	663	793	764	622	667	571	545
7 Under construction, end of period <sup>1</sup> .....	682	720	1,003	1,033	1,065	1,091	1,094	1,101	1,105	1,091	1,090	1,082	1,080
8 1-family .....	382	400	524	557	571	582	589	589	586	573	567	570	573
9 2-or-more-family .....	301	320	479	477	494	509	506	512	519	517	523	510	506
10 Completed .....	1,266	1,005	1,390	1,565	1,590	1,654	1,756	1,739	1,718	1,689	1,661	1,585	1,523
11 1-family .....	818	631	924	1,034	1,031	974	1,081	1,051	1,076	1,039	1,059	951	974
12 2-or-more-family .....	447	374	466	531	559	680	675	688	642	650	602	634	549
13 Mobile homes shipped .....	241	240	295	293	287	287	295	301	301	303	277	301	294
Merchant builder activity in 1-family units													
14 Number sold .....	436	413	622	712	682	649	616	635	615	562	655	661	591
15 Number for sale, end of period <sup>1</sup> .....	278	255	304	320	320	328	333	339	341	344	343	347	349
Price (thousands of dollars) <sup>2</sup>													
Median													
16 Units sold .....	68.8	69.3	75.5	79.2	78.4	79.6	81.4	80.5	80.7	82.0	80.8	80.0	81.7
Average													
17 Units sold .....	83.1	83.8	89.9	94.4	97.7	96.2	101.9	98.8	97.1	96.9	100.9	94.7	101.0
EXISTING UNITS (1-family)													
18 Number sold .....	2,418	1,991	2,719	2,910	3,020	3,090	3,060	2,960	2,770	2,700	2,670	2,650	2,820
Price of units sold (thousands of dollars) <sup>2</sup>													
Median													
19 Median .....	66.1	67.7	69.8	71.8	72.2	72.5	73.1	73.8	74.5	73.7	72.1	72.0	72.4
Average													
20 Average .....	78.0	80.4	82.5	84.9	85.1	86.1	86.2	87.7	88.2	87.8	85.6	85.9	85.5
Value of new construction <sup>3</sup> (millions of dollars)													
CONSTRUCTION													
21 Total put in place .....	239,112	230,068	262,167	300,355	309,744	308,596	316,398	315,279	314,223	318,031	318,685	318,753	322,207
22 Private .....	185,761	179,090	211,369	248,104	254,958	254,057	261,182	257,789	258,245	261,165	260,871	261,869	265,297
23 Residential .....	86,564	74,808	111,727	137,403	141,087	136,577	138,401	136,418	137,818	138,926	137,106	135,513	134,572
24 Nonresidential, total .....	99,197	104,282	99,642	110,701	113,871	117,480	122,781	121,371	120,427	122,239	123,765	126,356	130,725
Buildings													
25 Industrial .....	17,031	17,346	12,863	13,969	14,363	13,633	15,170	14,065	13,784	14,613	14,917	15,182	16,392
26 Commercial .....	34,243	37,281	35,787	42,076	45,280	47,353	49,719	48,947	48,835	49,696	50,862	53,677	56,557
27 Other .....	9,543	10,507	11,660	12,999	13,190	13,271	13,821	13,327	12,344	11,859	12,079	12,115	12,203
28 Public utilities and other .....	38,380	39,148	39,332	41,657	41,038	43,223	44,071	45,032	45,464	46,071	45,907	45,382	45,573
29 Public .....	53,346	50,977	50,798	52,251	54,786	54,539	55,216	57,490	55,979	56,866	57,814	56,884	56,910
30 Military .....	1,966	2,205	2,544	2,474	2,872	2,827	2,649	2,703	2,345	2,851	3,508	2,893	2,703
31 Highway .....	13,599	13,428	14,225	14,993	16,205	16,781	16,949	16,824	17,136	17,322	17,209	16,888	17,797
32 Conservation and development .....	5,300	5,029	4,822	4,608	4,531	4,518	4,356	4,492	4,520	4,520	4,890	4,607	5,054
33 Other .....	32,481	30,315	29,207	30,176	31,178	30,413	31,262	33,471	31,978	32,173	32,207	32,496	31,356

1. Not at annual rates.

2. Not seasonally adjusted.

3. Value of new construction data in recent periods may not be strictly comparable with data in prior periods because of changes by the Bureau of the Census in its estimating techniques. For a description of these changes see *Construction Reports (C-30-76-5)*, issued by the Bureau in July 1976.

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

## 2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data, except as noted

Item	Change from 12 months earlier		Change from 3 months earlier (at annual rate)				Change from 1 month earlier					Index level Dec. 1984 (1967 = 100) <sup>1</sup>
	1983 Dec.	1984 Dec.	1984				1984					
			Mar.	June	Sept.	Dec.	Aug. <sup>2</sup>	Sept. <sup>2</sup>	Oct.	Nov.	Dec.	
<b>CONSUMER PRICES<sup>2</sup></b>												
1 All items .....	3.8	4.0	5.0	3.3	4.5	3.1	.5	.4	.4	.2	.2	315.5
2 Food .....	2.6	3.8	9.0	-.7	3.4	3.7	.6	-.1	.4	.2	.3	305.1
3 Energy items .....	-.5	.2	-1.4	.8	1.7	-2	.1	.6	.3	.2	-.5	418.9
4 All items less food and energy .....	4.9	4.7	5.1	4.7	5.4	3.5	.5	.4	.3	.3	.3	307.3
5 Commodities .....	5.0	3.1	3.4	3.7	4.0	1.1	.4	.5	.2	.0	.2	256.7
6 Services .....	4.8	5.6	5.9	5.3	6.2	5.0	.5	.4	.5	.4	.4	365.0
<b>PRODUCER PRICES</b>												
7 Finished goods .....	.6	1.8	5.7	-.4	.4	1.7	-.1	.0	-.2	.5	.1	292.4
8 Consumer foods .....	2.3	3.8	16.9	-8.5	3.3	5.2	-.1	-.4	.1	.7	.5	274.4
9 Consumer energy .....	-9.2	-4.1	-8.1	7.5	-16.7	2.9	-2.5	-.2	1.5	.6	-1.3	736.4
10 Other consumer goods .....	1.9	2.2	4.5	1.3	2.5	.5	.3	.1	-.5	.5	.1	248.0
11 Capital equipment .....	1.9	2.1	3.8	2.3	2.9	-.5	.3	.2	-.6	.2	.2	296.4
12 Intermediate materials <sup>3</sup> .....	1.4	1.7	2.9	3.3	-1.0	1.5	-.1	-.1	.2	.3	-.2	325.5
13 Excluding energy .....	3.0	2.0	3.8	2.0	.4	2.0	.2	-.1	.2	.3	.0	304.6
<b>Crude materials</b>												
14 Foods .....	8.0	-.9	12.5	-21.7	-4.9	14.9	-1.8	.1	-1.1	4.9	-.2	253.7
15 Energy .....	-4.6	-1.0	-1.6	4.0	1.0	-7.0	.6	-.7	-.3	-.9	-.6	775.4
16 Other .....	15.5	-3.3	-9.7	31.6	-14.0	-14.6	-3.2	1.2	-1.5	-1.5	-.9	253.9

1. Not seasonally adjusted.

2. Figures for consumer prices are those for all urban consumers and reflect a rental equivalence measure of homeownership after 1982.

3. Excludes intermediate materials for food manufacturing and manufactured animal feeds.

SOURCE: Bureau of Labor Statistics.



## 2.16 GROSS NATIONAL PRODUCT AND INCOME

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

Account	1982	1983	1984	1984				
				Q4	Q1	Q2	Q3	Q4 <sup>P</sup>
<b>GROSS NATIONAL PRODUCT</b>								
1 Total .....	3,069.3	3,304.8	3,661.3	3,431.7	3,553.3	3,644.7	3,694.6	3,752.5
<i>By source</i>								
2 Personal consumption expenditures .....	1,984.9	2,155.9	2,342.3	2,230.2	2,276.5	2,332.7	2,361.4	2,398.6
3 Durable goods .....	245.1	279.8	318.4	299.8	310.9	320.7	317.2	324.7
4 Nondurable goods .....	757.5	801.7	858.3	823.0	841.3	858.3	861.4	872.1
5 Services .....	982.2	1,074.4	1,165.7	1,107.5	1,124.4	1,153.7	1,182.8	1,201.8
6 Gross private domestic investment .....	414.9	471.6	637.3	540.0	623.8	627.0	662.8	635.5
7 Fixed investment .....	441.0	485.1	580.4	527.3	550.0	576.4	591.0	604.3
8 Nonresidential .....	349.6	352.9	426.0	383.9	398.8	420.8	433.7	448.9
9 Structures .....	142.1	129.7	150.3	136.6	142.2	150.0	151.4	157.5
10 Producers' durable equipment .....	207.5	223.2	275.7	247.3	256.7	270.7	284.2	291.4
11 Residential structures .....	91.4	132.2	154.4	143.4	151.2	155.6	155.3	155.4
12 Nonfarm .....	86.6	127.6	149.3	138.7	146.4	150.5	150.1	150.2
13 Change in business inventories .....	-26.1	-13.5	56.8	12.7	73.8	50.6	71.8	31.1
14 Nonfarm .....	-24.0	-3.1	48.4	14.1	60.6	47.0	63.7	22.1
15 Net exports of goods and services .....	19.0	-8.3	-66.3	-29.8	-51.5	-58.7	-90.6	-64.3
16 Exports .....	348.4	336.2	363.7	346.1	358.9	362.4	368.6	364.7
17 Imports .....	329.4	344.4	429.9	375.9	410.4	421.1	459.3	429.0
18 Government purchases of goods and services .....	650.5	685.5	748.0	691.4	704.4	743.7	761.0	782.7
19 Federal .....	258.9	269.7	295.5	266.3	267.6	296.4	302.2	316.1
20 State and local .....	391.5	415.8	452.4	425.1	436.8	447.4	458.9	466.6
<i>By major type of product</i>								
21 Final sales, total .....	3,095.4	3,318.3	3,604.4	3,419.0	3,479.5	3,594.1	3,622.8	3,721.4
22 Goods .....	1,276.7	1,355.7	1,540.4	1,423.9	1,498.0	1,544.8	1,549.1	1,569.4
23 Durable .....	499.9	555.3	652.9	607.4	632.3	647.9	654.7	676.6
24 Nondurable .....	776.9	800.4	887.5	816.5	865.7	896.9	894.4	892.8
25 Services .....	1,510.8	1,639.3	1,763.5	1,681.3	1,713.7	1,742.6	1,783.3	1,814.7
26 Structures .....	281.7	309.8	357.3	326.5	341.6	357.2	362.1	368.4
27 Change in business inventories .....	-26.1	-13.5	56.8	12.7	73.8	50.6	71.8	31.1
28 Durable goods .....	-18.0	-2.1	29.0	14.5	34.9	18.2	41.7	21.2
29 Nondurable goods .....	-8.1	-11.3	27.8	-1.7	38.9	32.4	30.1	9.9
30 MEMO: Total GNP in 1972 dollars .....	1,480.0	1,534.7	1,639.0	1,572.7	1,610.9	1,638.8	1,645.2	1,661.1
<b>NATIONAL INCOME</b>								
31 Total .....	2,446.8	2,646.7	2,959.4	2,766.5	2,873.5	2,944.8	2,984.9	n.a.
32 Compensation of employees .....	1,864.2	1,984.9	2,172.7	2,055.4	2,113.4	2,159.2	2,191.9	2,226.2
33 Wages and salaries .....	1,568.7	1,658.8	1,803.7	1,715.4	1,755.9	1,793.3	1,819.1	1,846.3
34 Government and government enterprises .....	306.6	328.2	349.8	335.0	342.9	347.5	352.0	356.9
35 Other .....	1,262.2	1,331.1	1,453.8	1,380.4	1,413.0	1,445.8	1,467.1	1,489.4
36 Supplement to wages and salaries .....	295.5	326.2	369.0	340.0	357.4	365.9	372.8	379.9
37 Employer contributions for social insurance .....	140.0	153.1	173.5	157.9	169.4	172.4	174.7	177.4
38 Other labor income .....	155.5	173.1	195.5	182.1	188.1	193.5	198.1	202.5
39 Proprietors' income <sup>1</sup> .....	111.1	121.7	154.7	131.9	154.9	149.8	153.7	160.4
40 Business and professional <sup>1</sup> .....	89.2	107.9	126.4	114.6	122.5	126.3	126.4	130.6
41 Farm <sup>1</sup> .....	21.8	13.8	28.3	17.3	32.5	23.4	27.3	29.9
42 Rental income of persons <sup>2</sup> .....	51.5	58.3	62.5	60.4	61.0	62.0	63.0	63.8
43 Corporate profits <sup>1</sup> .....	159.1	225.2	284.5	260.0	277.4	291.1	282.8	n.a.
44 Profits before tax <sup>3</sup> .....	165.5	203.2	234.3	225.5	243.3	246.0	224.8	n.a.
45 Inventory valuation adjustment .....	-9.5	-11.2	-5.7	-9.2	-13.5	-7.3	-2	-1.7
46 Capital consumption adjustment .....	3.1	33.2	55.9	43.6	47.6	52.3	58.3	65.5
47 Net interest .....	260.9	256.6	285.0	258.9	266.8	282.8	293.5	297.1

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).

A50 Domestic Nonfinancial Statistics □ March 1985

2.17 PERSONAL INCOME AND SAVING

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

Account	1982	1983	1984	1983	1984			
				Q4	Q1	Q2	Q3	Q4 <sup>P</sup>
<b>PERSONAL INCOME AND SAVING</b>								
1 Total personal income.....	2,584.6	2,744.2	3,013.2	2,836.5	2,920.5	2,984.6	3,047.3	3,100.4
2 Wage and salary disbursements.....	1,568.7	1,659.2	1,803.6	1,715.4	1,755.7	1,793.1	1,819.5	1,846.1
3 Commodity-producing industries.....	509.3	519.3	569.0	539.0	555.9	567.0	573.3	579.9
4 Manufacturing.....	382.9	395.2	433.8	411.9	424.6	432.2	436.4	441.9
5 Distributive industries.....	378.6	398.6	432.0	413.2	419.2	429.5	436.4	442.9
6 Service industries.....	374.3	413.1	452.8	428.2	437.9	449.3	457.3	466.7
7 Government and government enterprises.....	306.6	328.2	349.8	335.0	342.8	347.3	352.4	356.7
8 Other labor income.....	155.5	173.1	195.5	182.1	188.1	193.5	198.1	202.5
9 Proprietors' income <sup>1</sup> .....	111.1	121.7	154.7	131.9	154.9	149.8	153.7	160.4
10 Business and professional <sup>1</sup> .....	89.2	107.9	126.4	114.6	122.5	126.3	126.4	130.6
11 Farm <sup>1</sup> .....	21.8	13.8	28.3	17.3	32.5	23.4	27.3	29.9
12 Rental income of persons <sup>2</sup> .....	51.5	58.3	62.5	60.4	61.0	62.0	63.0	63.8
13 Dividends.....	66.5	70.3	77.7	72.8	75.0	77.2	78.5	80.2
14 Personal interest income.....	366.6	376.3	434.8	388.2	403.9	425.6	449.3	460.1
15 Transfer payments.....	376.1	405.0	416.9	408.8	411.3	415.2	418.6	422.4
16 Old-age survivors, disability, and health insurance benefits.....	204.5	221.6	237.5	227.7	232.1	235.2	238.2	244.5
17 LESS: Personal contributions for social insurance.....	111.4	119.6	132.5	123.2	129.6	131.8	133.4	135.1
18 EQUALS: Personal income.....	2,584.6	2,744.2	3,013.2	2,836.5	2,920.5	2,984.6	3,047.3	3,100.4
19 LESS: Personal tax and nontax payments.....	404.1	404.2	435.1	407.9	418.3	430.3	440.9	451.0
20 EQUALS: Disposable personal income.....	2,180.5	2,340.1	2,578.1	2,428.6	2,502.2	2,554.3	2,606.4	2,649.4
21 LESS: Personal outlays.....	2,044.5	2,222.0	2,421.2	2,300.0	2,349.6	2,409.5	2,442.3	2,483.2
22 EQUALS: Personal saving.....	136.0	118.1	156.9	128.7	152.5	144.8	164.1	166.2
<b>MEMO</b>								
Per capita (1972 dollars)								
23 Gross national product.....	6,369.7	6,543.4	6,924.9	6,681.4	6,829.4	6,933.2	6,943.2	6,993.2
24 Personal consumption expenditures.....	4,145.9	4,302.8	4,489.6	4,386.0	4,426.5	4,502.3	4,498.4	4,530.8
25 Disposable personal income.....	4,555.0	4,670.0	4,941.0	4,776.0	4,865.0	4,930.0	4,965.0	5,004.0
26 Saving rate (percent).....	6.2	5.0	6.1	5.3	6.1	5.7	6.3	6.3
<b>GROSS SAVING</b>								
27 Gross saving.....	408.8	437.2	551.0	485.7	543.9	551.0	556.4	n.a.
28 Gross private saving.....	524.0	571.7	675.3	615.0	651.3	660.2	689.4	n.a.
29 Personal saving.....	136.0	118.1	156.9	128.7	152.5	144.8	164.1	166.2
30 Undistributed corporate profits <sup>1</sup> .....	29.2	76.5	115.6	100.0	107.0	115.3	118.4	n.a.
31 Corporate inventory valuation adjustment.....	-9.5	-11.2	-5.7	-9.2	-13.5	-7.3	-2	-1.7
<i>Capital consumption allowances</i>								
32 Corporate.....	221.8	231.2	246.0	236.4	239.9	244.1	248.1	251.7
33 Noncorporate.....	137.1	145.9	156.9	150.0	151.8	156.0	158.8	161.0
34 Wage accruals less disbursements.....	.0	.0	.0	.0	.0	.0	.0	.0
35 Government surplus, or deficit (-), national income and product accounts.....	-115.3	-134.5	-124.4	-129.3	-107.4	-109.2	-133.0	n.a.
36 Federal.....	-148.2	-178.6	-176.4	-180.5	-161.3	-163.7	-180.6	n.a.
37 State and local.....	32.9	44.1	52.0	51.2	53.9	54.5	47.6	n.a.
38 Capital grants received by the United States, net.....	.0	.0	.0	.0	.0	.0	.0	.0
39 Gross investment.....	408.3	437.7	n.a.	480.9	546.1	542.0	543.4	539.6
40 Gross private domestic.....	414.9	471.6	637.3	540.0	623.8	627.0	662.8	635.5
41 Net foreign.....	-6.6	-33.9	-94.5	-59.1	-77.7	-85.0	-119.4	-95.8
42 Statistical discrepancy.....	-.5	.5	-8.2	-4.8	2.2	-9.0	-13.0	-13.0

1. With inventory valuation and capital consumption adjustments.  
2. With capital consumption adjustment.

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

## 3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data are seasonally adjusted except as noted.<sup>1</sup>

Item credits or debits	1981	1982	1983	1983		1984		
				Q3	Q4	Q1	Q2	Q3 <sup>p</sup>
1 Balance on current account .....	6,294	-9,199	-41,563	-11,846	-17,213	-19,673	-24,704	-32,900
2 Not seasonally adjusted.....				-14,498	-15,964	-18,616	-24,381	-35,471
3 Merchandise trade balance <sup>2</sup> .....	-28,001	-36,469	-61,055	-17,501	-19,407	-25,855	-25,845	-33,134
4 Merchandise exports .....	237,085	211,198	200,257	50,437	51,829	53,935	54,563	55,497
5 Merchandise imports .....	-265,086	-247,667	-261,312	-67,938	-71,236	-79,790	-80,408	-88,631
6 Military transactions, net .....	-1,116	195	515	-55	-273	-370	-404	-241
7 Investment income, net <sup>3</sup> .....	34,053	27,802	23,508	7,172	5,119	7,748	3,459	3,678
8 Other service transactions, net.....	8,191	7,331	4,121	681	434	951	243	-385
9 Remittances, pensions, and other transfers .....	-2,382	-2,635	-2,590	-665	-688	-717	-726	-711
10 U.S. government grants (excluding military).....	-4,451	-5,423	-6,060	-1,478	-2,398	-1,430	-1,431	-2,107
11 Change in U.S. government assets, other than official reserve assets, net (increase, -) .....	-5,107	-6,143	-5,013	-1,204	-1,429	-2,037	-1,235	-1,474
12 Change in U.S. official reserve assets (increase, -) .....	-5,175	-4,965	-1,196	529	-953	-657	-565	-799
13 Gold.....	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs) .....	-1,823	-1,371	-66	-209	545	-226	-288	-271
15 Reserve position in International Monetary Fund .....	-2,491	-2,552	-4,434	-88	-1,996	-200	-321	-331
16 Foreign currencies .....	-861	-1,041	3,304	826	498	-231	44	-197
17 Change in U.S. private assets abroad (increase, -) <sup>3</sup> .....	-100,694	-107,790	-43,281	-8,548	-12,461	705	-17,237	18,297
18 Bank-reported claims .....	-84,175	-111,070	-25,391	-2,871	-8,239	1,955	-20,612	18,359
19 Nonbank-reported claims .....	-1,181	6,626	-5,333	-233	-1,671	1,659	2,120	n.a.
20 U.S. purchase of foreign securities, net .....	-5,714	-8,102	-7,676	-1,571	-983	637	-820	-1,167
21 U.S. direct investments abroad, net <sup>3</sup> .....	-9,624	4,756	-4,881	-3,873	-1,568	-3,546	2,075	1,105
22 Change in foreign official assets in the United States (increase, +) .....	5,003	3,318	5,339	-2,703	6,555	-2,784	-345	-1,022
23 U.S. Treasury securities .....	5,019	5,728	6,989	-611	2,603	-288	-310	-577
24 Other U.S. government obligations .....	1,289	-694	-487	-363	417	-8	147	85
25 Other U.S. government liabilities <sup>4</sup> .....	-300	382	199	137	161	242	448	-244
26 Other U.S. liabilities reported by U.S. banks .....	-3,670	-1,747	433	-1,403	3,498	-2,131	349	201
27 Other foreign official assets <sup>3</sup> .....	2,665	-351	-1,795	-463	-124	-599	-979	-487
28 Change in foreign private assets in the United States (increase, +) <sup>3</sup> .....	76,310	91,863	76,383	22,281	27,249	18,444	40,750	7,256
29 U.S. bank-reported liabilities .....	42,128	65,922	49,059	14,792	22,325	8,775	20,789	-3,879
30 U.S. nonbank-reported liabilities .....	917	-2,383	-1,318	1,311	-228	4,404	4,055	n.a.
31 Foreign private purchases of U.S. Treasury securities, net .....	2,946	7,062	8,731	995	1,673	1,358	6,477	5,153
32 Foreign purchases of other U.S. securities, net .....	7,171	6,396	8,612	1,861	1,134	1,516	587	1,684
33 Foreign direct investments in the United States, net <sup>3</sup> .....	23,148	14,865	11,299	3,322	2,345	2,391	8,842	4,298
34 Allocation of SDRs.....	1,093	0	0	0	0	0	0	0
35 Discrepancy .....	22,275	32,916	9,331	1,491	-1,748	6,002	3,336	10,642
36 Owing to seasonal adjustments .....				-2,518	2,657	-154	-104	-2,386
37 Statistical discrepancy in recorded data before seasonal adjustment .....	22,275	32,916	9,331	4,009	-4,405	6,156	3,440	13,028
<b>MEMO</b>								
Changes in official assets								
38 U.S. official reserve assets (increase, -) .....	-5,175	-4,965	-1,196	529	-953	-657	-565	-799
39 Foreign official assets in the United States (increase, +) .....	5,303	2,936	5,140	-2,840	6,394	-3,026	-793	-778
40 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 22 above) .....	13,581	7,291	-8,639	-2,051	-1,640	-2,447	-2,170	2,274
41 Transfers under military grant programs (excluded from lines 4, 6, and 10 above) .....	675	593	205	49	84	41	44	45

1. Seasonal factors are no longer calculated for lines 6, 10, 12-16, 18-20, 22-34, and 38-41.

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

3. Includes reinvested earnings.

4. Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.

5. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

NOTE: Data are from Bureau of Economic Analysis, *Survey of Current Business* (Department of Commerce).

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### 3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted.

Item	1981	1982	1983	1984						
				May	June	July	Aug.	Sept.	Oct.	Nov.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	233,677	212,193	200,486	17,950	17,633	19,442	18,036	18,177	18,387	18,373
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	261,305	243,952	258,048	25,569	25,356	31,883	26,567	29,430	26,313	27,033
3 Trade balance	-27,628	-31,759	-57,562	-7,619	-7,723	-12,440	-8,531	-11,253	-7,926	-8,661

NOTE. The data through 1981 in this table are reported by the Bureau of Census data of a free-alongside-ship (f.a.s.) value basis—that is, value at the port of export. Beginning in 1981, foreign trade of the U.S. Virgin Islands is included in the Census basis trade data; this adjustment has been made for all data shown in the table. Beginning with 1982 data, the value of imports are on a customs valuation basis.

The Census basis data differ from merchandise trade data shown in table 3.10, U.S. International Transactions Summary, for reasons of coverage and timing. On the export side, the largest adjustments are: (1) the addition of exports to Canada

not covered in Census statistics, and (2) the exclusion of military sales (which are combined with other military transactions and reported separately in the "service account" in table 3.10, line 6). On the import side, additions are made for gold, ship purchases, imports of electricity from Canada, and other transactions; military payments are excluded and shown separately as indicated above.

SOURCE: F1900 "Summary of U.S. Export and Import Merchandise Trade" (Department of Commerce, Bureau of the Census).

### 3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1981	1982	1983	1984						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1 Total	30,075	33,958	33,747	34,547	34,392	34,760	34,306	34,570	34,727	34,934
2 Gold stock, including Exchange Stabilization Fund <sup>1</sup>	11,151	11,148	11,121	11,100	11,099	11,098	11,097	11,096	11,096	11,096
3 Special drawing rights <sup>2,3</sup>	4,095	5,250	5,025	5,459	5,453	5,652	5,554	5,539	5,693	5,641
4 Reserve position in International Monetary Fund <sup>2</sup>	5,055	7,348	11,312	11,659	11,735	11,820	11,619	11,618	11,675	11,541
5 Foreign currencies <sup>4</sup>	9,774	10,212	6,289	6,329	6,105	6,190	6,036	6,317	6,263	6,656

1. Gold held under earmark at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.13. Gold stock is valued at \$42.22 per fine troy ounce.

2. Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, 16 currencies were used; from January 1981, 5 currencies have been used. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974.

3. Includes allocations by the International Monetary Fund of SDRs as follows: \$867 million on Jan. 1, 1970; \$717 million on Jan. 1, 1971; \$710 million on Jan. 1, 1972; \$1,139 million on Jan. 1, 1979; \$1,152 million on Jan. 1, 1980; and \$1,093 million on Jan. 1, 1981; plus transactions in SDRs.

4. Valued at current market exchange rates.

### 3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1981	1982	1983	1984						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1 Deposits	505	328	190	238	215	242	206	270	392	253
<i>Assets held in custody</i>										
2 U.S. Treasury securities <sup>1</sup>	104,680	112,544	117,670	117,143	115,760	117,130	115,678	115,542	117,433	118,267
3 Earmarked gold <sup>2</sup>	14,804	14,716	14,414	14,266	14,270	14,258	14,256	14,260	14,265	14,265

1. Marketable U.S. Treasury bills, notes, and bonds; and nonmarketable U.S. Treasury securities payable in dollars and in foreign currencies.

2. Earmarked gold is valued at \$42.22 per fine troy ounce.

NOTE. Excludes deposits and U.S. Treasury securities held for international and regional organizations. Earmarked gold is gold held for foreign and international accounts and is not included in the gold stock of the United States.

3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data

Millions of dollars, end of period

Asset account	1981	1982	1983	1984						
				May	June	July	Aug.	Sept.	Oct.	Nov. <sup>P</sup>
<b>All foreign countries</b>										
1 Total, all currencies	462,847	469,712	476,539	485,930	477,667	465,688	462,115	454,076	448,284	451,947
2 Claims on United States	63,743	91,805	115,065	126,124	125,265	118,324	116,896	114,442	109,380	112,732
3 Parent bank	43,267	61,666	81,113	89,031	89,773	82,273	82,051	80,155	75,620	77,876
4 Other banks in United States <sup>1</sup>	20,476	30,139	33,952	37,093	14,536	14,529	13,560	13,257 <sup>r</sup>	12,740	13,624
5 Nonbanks <sup>1</sup>										
6 Claims on foreigners	378,954	358,493	342,609	339,191	332,343	327,156	324,359	318,993 <sup>r</sup>	318,707	319,334
7 Other branches of parent bank	87,821	91,168	92,718	95,271	95,861	91,379	93,566	92,691	90,858	91,319
8 Banks	150,763	133,752	117,593	112,614	105,561	107,203	103,064 <sup>r</sup>	101,331 <sup>r</sup>	101,999	102,928
9 Public borrowers	28,197	24,131	24,508	24,345	23,381	23,440	22,655 <sup>r</sup>	22,498	22,974	22,858
10 Nonbank foreigners	112,173	109,442	107,790	106,963	107,540	105,134	105,074 <sup>r</sup>	102,473 <sup>r</sup>	102,876	102,229
11 Other assets	20,150	19,414	18,865	20,615	20,059	20,208	20,860	20,641 <sup>r</sup>	20,197	19,881
12 Total payable in U.S. dollars	350,735	361,982	370,958	372,643	367,805 <sup>r</sup>	357,415 <sup>r</sup>	352,597 <sup>r</sup>	346,928	340,431	345,420
13 Claims on United States	62,142	90,085	112,959	123,749	123,070	116,017	114,572	111,959	106,754	110,374
14 Parent bank	42,721	61,010	80,018	87,851	88,661	81,073	80,905	78,967	74,250	76,681
15 Other banks in United States <sup>1</sup>	19,421	29,075	32,941	35,898	14,294	14,195	13,211	12,864 <sup>r</sup>	12,448	13,889
16 Nonbanks <sup>1</sup>										
17 Claims on foreigners	276,937	259,871	247,327	238,022	234,128	230,700	227,021	224,221 <sup>r</sup>	222,965 <sup>r</sup>	224,101
18 Other branches of parent bank	69,398	73,537	75,207	75,679	77,408	73,648	76,023	75,554	73,509	74,606
19 Banks	122,110	106,447	93,257	86,555	81,174	82,178	77,120	76,324 <sup>r</sup>	76,663	76,974
20 Public borrowers	22,877	18,413	17,881	17,613	17,007	17,149	16,784 <sup>r</sup>	16,887	17,246	17,303
21 Nonbank foreigners	62,552	61,474	60,982	58,175	58,539	57,725	57,094 <sup>r</sup>	55,456 <sup>r</sup>	55,547	55,218
22 Other assets	11,656	12,026	10,672	10,872	10,607 <sup>r</sup>	10,686 <sup>r</sup>	11,004 <sup>r</sup>	10,748 <sup>r</sup>	10,712 <sup>r</sup>	10,945
<b>United Kingdom</b>										
23 Total, all currencies	157,229	161,067	158,732	159,250	159,038	155,643	154,250	147,696	147,543	148,562
24 Claims on United States	11,823	27,354	34,433	36,172	36,338	33,697	31,691	29,333	28,933	29,487
25 Parent bank	7,885	23,017	29,111	30,266	30,621	27,863	26,054	23,772	23,264	23,758
26 Other banks in United States <sup>1</sup>	3,938	4,337	5,322	5,906	1,252	1,273	1,087	1,327	1,214	1,484
27 Nonbanks <sup>1</sup>										
28 Claims on foreigners	138,888	127,734	119,280	117,970	117,492	116,740	117,255	113,299	113,524	114,270
29 Other branches of parent bank	41,367	37,000	36,565	36,806	38,620	37,728	39,313	37,499	37,638	37,401
30 Banks	56,315	50,767	43,352	42,244	40,069	40,980	39,906	39,133	38,696	39,262
31 Public borrowers	7,490	6,240	5,898	5,992	5,876	5,786	5,510	5,330	5,441	5,424
32 Nonbank foreigners	33,716	33,727	33,465	32,928	32,927	32,246	32,526	31,337	31,749	32,183
33 Other assets	6,518	5,979	5,019	5,108	5,208	5,206	5,304	5,064	5,086	4,805
34 Total payable in U.S. dollars	115,188	123,740	126,012	122,406	123,933	120,488	118,337	114,358	113,418	114,821
35 Claims on United States	11,246	26,761	33,756	35,234	35,387	32,587	30,641	28,282	27,898	28,595
36 Parent bank	7,721	22,756	28,756	29,876	30,181	27,239	25,509	23,323	22,806	23,363
37 Other banks in United States <sup>1</sup>	3,525	4,005	5,000	5,358	1,144	1,149	950	1,195	1,113	1,437
38 Nonbanks <sup>1</sup>										
39 Claims on foreigners	99,850	92,228	88,917	84,087	85,447	84,729	84,553	83,082	82,456	82,977
40 Other branches of parent bank	35,439	31,648	31,838	30,280	32,867	31,762	33,623	32,704	32,461	32,675
41 Banks	40,703	36,717	32,188	30,196	28,778	29,444	27,961	27,986	27,093	27,290
42 Public borrowers	5,595	4,329	4,194	4,296	4,284	4,288	3,983	3,879	4,063	4,094
43 Nonbank foreigners	18,113	19,534	20,697	19,315	19,518	19,235	18,986	18,513	18,839	18,918
44 Other assets	4,092	4,751	3,339	3,085	3,099	3,172	3,143	2,994	3,064	3,249
<b>Bahamas and Caymans</b>										
45 Total, all currencies	149,108	145,156	151,532	156,656	153,836	147,730	147,127	144,591	138,798	141,448
46 Claims on United States	46,546	59,403	74,832	83,620	81,935	78,064	78,690	77,026	71,763	75,522
47 Parent bank	31,643	34,653	47,807	54,122	53,950	49,673	51,192	50,091	45,493	48,070
48 Other banks in United States <sup>1</sup>	14,903	24,750	27,025	29,498	12,378	12,358	11,540	11,072	10,716	11,292
49 Nonbanks <sup>1</sup>										
50 Claims on foreigners	98,057	81,450	72,788	68,960	68,025	65,620	64,263	63,533	62,997	61,996
51 Other branches of parent bank	12,951	18,720	17,340	17,105	17,925	15,566	16,153	15,684	15,154	13,837
52 Banks	55,151	42,699	36,767	33,583	31,659	32,008	30,445	30,030	30,209	30,516
53 Public borrowers	10,010	6,413	6,084	5,922	5,993	6,000	5,883	6,119	6,040	6,060
54 Nonbank foreigners	19,945	13,618	12,597	12,350	12,448	12,046	11,782	11,700	11,594	11,583
55 Other assets	4,505	4,303	3,912	4,076	3,876	4,046	4,174	4,032	4,038	3,930
56 Total payable in U.S. dollars	143,743	139,605	145,091	150,191	147,678	141,768	140,947	138,706	132,834	136,064

1. Data for assets vis-a-vis other banks in the United States and vis-a-vis nonbanks are combined for dates prior to June 1984.

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## 3.14 Continued

Liability account	1981	1982	1983	1984						
				May	June	July	Aug.	Sept.	Oct.	Nov. <sup>P</sup>
<b>All foreign countries</b>										
57 Total, all currencies	462,847	469,712	476,539	485,930	477,667	465,688	462,115	454,076	448,284	451,947
58 Negotiable CDs <sup>2</sup>	n.a.	n.a.	n.a.	n.a.	43,437	41,311	41,649	39,857	38,512	37,915
59 To United States	137,767	179,015	187,602	191,086	162,371	155,047	152,448	147,596	140,006	138,354
60 Parent bank	56,344	75,621	80,537	80,353	80,710	77,795	76,966	75,039	74,756	70,339
61 Other banks in United States	19,197	33,405	29,107	27,851	22,818	22,051	19,693	20,091	18,913	18,613
62 Nonbanks	62,226	69,989	77,958	82,882	58,843	55,201	55,789	52,466	46,337	49,402
63 To foreigners	305,630	270,853	269,602	275,017	252,277	248,392	246,178	244,703	247,184	253,451
64 Other branches of parent bank	86,396	90,191	89,055	92,430	92,382	89,052	90,743	90,426	89,530	90,729
65 Banks	124,906	96,860	92,882	94,046	83,094	79,867	78,458	77,092	82,001	86,494
66 Official institutions	25,997	19,614	18,893	19,608	19,537 <sup>a</sup>	21,234	20,228	21,551	19,491	20,801
67 Nonbank foreigners	68,331	64,188	68,772	68,933	57,264 <sup>a</sup>	58,239	56,749	55,634	56,162	55,427
68 Other liabilities	19,450	19,844	19,335	19,827	19,582	20,938	21,840	21,920	22,582	22,227
69 Total payable in U.S. dollars	364,447	379,270	387,740	390,725	385,140	374,590	370,090	364,267	356,363	361,595
70 Negotiable CDs <sup>2</sup>	n.a.	n.a.	n.a.	n.a.	40,868	39,004	39,603	37,620	36,094	35,608
71 To United States	134,700	175,328	183,837	186,807	157,826	150,789	147,915	143,096	135,756	134,159
72 Parent bank	54,492	73,295	78,328	77,894	78,017	75,287	74,380	72,267	72,245	67,814
73 Other banks in United States	18,883	33,040	28,573	27,198	22,228	21,418	19,428	18,259	18,259	18,064
74 Nonbanks	61,325	69,193	76,936	81,715	57,581	54,084	54,516	51,401	45,252	48,281
75 To foreigners	217,602	192,510	194,056	193,940	176,540	174,419	171,850 <sup>a</sup>	172,932	173,426	180,702
76 Other branches of parent bank	69,299	72,921	72,002	73,556	74,444	71,434	73,501 <sup>a</sup>	73,412	72,204	74,552
77 Banks	79,594	57,463	57,015	54,937	46,998	44,877	42,343	42,723	46,217	50,502
78 Official institutions	20,288	15,055	13,852	14,835	14,124 <sup>a</sup>	16,118	15,477	16,850	14,850	16,003
79 Nonbank foreigners	48,421	47,071	51,187	50,612	40,974 <sup>a</sup>	41,990	40,529	39,947	40,155	39,645
80 Other liabilities	12,145	11,232	9,847	9,978	9,906	10,378	10,778	10,619	11,087	11,126
<b>United Kingdom</b>										
81 Total, all currencies	157,229	161,067	158,732	159,250	159,038	155,643	154,250	147,696	147,543	148,562
82 Negotiable CDs <sup>2</sup>	n.a.	n.a.	n.a.	n.a.	39,840	37,998	38,265	36,600	34,948	34,269
83 To United States	38,022	53,954	55,799	55,353	31,949	29,682	29,667	27,255	26,558	25,338
84 Parent bank	5,444	13,091	14,021	17,820	18,532	16,730	18,127	16,130	16,598	15,116
85 Other banks in United States	7,502	12,205	11,328	9,487	4,701	4,277	3,548	3,422	3,388	3,040
86 Nonbanks	25,076	28,658	30,450	28,046	8,716	8,675	7,992	7,703	6,572	7,182
87 To foreigners	112,255	99,567	95,847	96,530	79,802	80,261	78,469	75,926	77,985	81,152
88 Other branches of parent bank	16,545	18,361	19,038	20,791	21,298	21,459	22,252	21,536	21,023	20,846
89 Banks	51,336	44,020	41,624	41,597	32,917	31,435	30,735	28,997	32,436	34,739
90 Official institutions	16,517	11,504	10,151	10,377	9,928 <sup>a</sup>	11,301	10,480	10,625	9,650	10,440
91 Nonbank foreigners	27,857	25,682	25,034	23,765	15,659 <sup>a</sup>	16,066	15,002	14,768	14,876	15,127
92 Other liabilities	6,952	7,546	7,086	7,367	7,447	7,702	7,849	7,915	8,052	7,803
93 Total payable in U.S. dollars	120,277	130,261	131,167	128,446	128,922	126,294	124,260	119,337	118,084	119,213
94 Negotiable CDs <sup>2</sup>	n.a.	n.a.	n.a.	n.a.	38,463	36,757	37,219	35,398	33,703	33,168
95 To United States	37,332	53,029	54,691	54,094	30,602	28,349	28,027	25,738	25,178	24,024
96 Parent bank	5,350	12,814	13,839	17,624	18,244	16,390	17,701	15,679	16,209	14,742
97 Other banks in United States	7,249	12,026	11,044	9,200	4,486	4,018	3,244	3,102	3,144	2,830
98 Nonbanks	24,733	28,189	29,808	27,270	7,872	7,941	7,082	6,957	5,825	6,452
99 To foreigners	79,034	73,477	73,279	70,955	56,274	57,495	55,337	54,615	55,482	58,098
100 Other branches of parent bank	12,048	14,300	15,403	15,907	17,362	17,472	18,384	18,175	17,600	17,562
101 Banks	32,298	28,810	29,320	27,308	19,541	18,197	16,984	16,016	18,309	20,262
102 Official institutions	13,612	9,668	8,279	8,760	7,945 <sup>a</sup>	9,610	8,920	9,375	8,306	9,007
103 Nonbank foreigners	21,076	20,699	20,277	18,980	11,426 <sup>a</sup>	12,216	11,049	11,049	11,267	11,267
104 Other liabilities	3,911	3,755	3,197	3,397	3,583	3,693	3,677	3,586	3,721	3,923
<b>Bahamas and Caymans</b>										
105 Total, all currencies	149,108	145,156	151,532	156,656	153,836	147,730	147,127	144,591	138,798	141,448
106 Negotiable CDs <sup>2</sup>	n.a.	n.a.	n.a.	n.a.	1,081	979	898	779	870	898
107 To United States	85,759	104,425	110,831	114,761	110,839	106,155	103,730	100,704	95,092	95,831
108 Parent bank	39,451	47,081	50,256	46,313	45,734	44,827	42,181	42,077	42,850	40,516
109 Other banks in United States	10,474	18,466	15,711	16,930	16,633	16,184	14,742	15,459	14,143	14,155
110 Nonbanks	35,834	38,878	44,864	51,518	48,472	45,144	46,807	43,168	38,099	41,160
111 To foreigners	60,012	38,274	38,362	39,376	39,334	37,814	39,598	40,213	39,855	41,747
112 Other branches of parent bank	20,641	15,796	13,376	14,033	13,873	12,381	14,446	15,283	14,823	16,455
113 Banks	23,202	10,166	11,869	12,111	12,497	12,636	12,200	11,978	13,059	13,986
114 Official institutions	3,498	1,967	1,916	2,197	2,681	2,427	2,674	3,028	2,211	2,376
115 Nonbank foreigners	12,671	10,345	11,201	11,035	10,283	10,370	10,278	9,924	9,762	8,930
116 Other liabilities	3,337	2,457	2,339	2,519	2,582	2,782	2,901	2,895	2,981	2,972
117 Total payable in U.S. dollars	145,284	141,908	147,727	152,515	149,766	143,779	143,102	140,936	135,164	137,712

2. Before June 1984, liabilities on negotiable CDs were included in liabilities to the United States or liabilities to foreigners, according to the address of the initial purchaser.

## 3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1982	1983	1984						
			May	June	July	Aug.	Sept.	Oct.	Nov. <sup>P</sup>
1 Total <sup>1</sup> .....	172,718	177,951 <sup>r</sup>	172,018	174,133	174,326	177,326	173,456	176,128	178,414
<i>By type</i>									
2 Liabilities reported by banks in the United States <sup>2</sup> .....	24,989	25,534 <sup>r</sup>	23,204	23,737	25,653	26,381	24,038	26,795	25,729
3 U.S. Treasury bills and certificates <sup>3</sup> .....	46,658	54,341	51,035	53,977	51,974	54,022	54,627	55,780	59,570
U.S. Treasury bonds and notes									
4 Marketable .....	67,733	68,514	69,818	68,947	69,125	70,491	68,520	67,697	67,142
5 Nonmarketable <sup>4</sup> .....	8,730	7,250	6,600	6,600	6,600	5,800	5,800	5,800	5,800
6 U.S. securities other than U.S. Treasury securities <sup>5</sup> .....	24,588	22,305 <sup>r</sup>	21,361	20,872	20,974	20,632	20,471	20,056	20,173
<i>By area</i>									
7 Western Europe <sup>1</sup> .....	61,298	67,645	69,971	70,168	68,524	70,449	68,141	68,645	70,877
8 Canada .....	2,070	2,438	1,247	994	1,250	1,434	1,069	1,321	1,466
9 Latin America and Caribbean .....	6,057	6,248	6,472	7,070	7,118	8,170	7,053	8,109	8,895
10 Asia .....	96,034	92,572 <sup>r</sup>	86,521	88,427	90,321	90,464	90,402	91,480	89,808
11 Africa .....	1,350	958	1,179	996	970	838	897	967	1,316
12 Other countries <sup>6</sup> .....	5,909	8,090 <sup>r</sup>	6,628	6,478	6,143	5,971	5,894	5,606	6,052

1. Includes the Bank for International Settlements.

2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.

3. Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.

4. Excludes notes issued to foreign official nonreserve agencies. Includes bonds and notes payable in foreign currencies.

5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.

6. Includes countries in Oceania and Eastern Europe.

NOTE: Based on Treasury Department data and on data reported to the Treasury Department by banks (including Federal Reserve Banks) and securities dealers in the United States.

## 3.16 LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in Foreign Currencies

Millions of dollars, end of period

Item	1980	1981	1982	1983	1984		
				Dec.	Mar.	June	Sept.
1 Banks' own liabilities .....	3,748	3,523	4,844	5,219	5,672	6,402	5,901
2 Banks' own claims .....	4,206	4,980	7,707	7,231	9,034	9,623	9,006
3 Deposits .....	2,507	3,398	4,251	2,731	4,024	4,280	3,696
4 Other claims .....	1,699	1,582	3,456	4,501	5,010	5,344	5,310
5 Claims of banks' domestic customers <sup>1</sup> .....	962	971	676	1,059	361	227	281

1. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of their domestic customers.

NOTE: Data on claims exclude foreign currencies held by U.S. monetary authorities.

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States  
Payable in U.S. dollars  
Millions of dollars, end of period

Holder and type of liability	1981 <sup>▲</sup>	1982	1983	1984						
				May	June	July	Aug.	Sept.	Oct.	Nov. <sup>P</sup>
1 All foreigners	243,889	307,056	369,584	393,754	400,492	396,376	394,474	398,598 <sup>r</sup>	389,745	398,347
2 Banks' own liabilities	163,817	227,089	279,002	301,352	303,779	300,731	294,632	299,732 <sup>r</sup>	290,249	296,731
3 Demand deposits	19,631	15,889	17,485	17,196	17,621	16,384	16,229	17,198 <sup>r</sup>	16,485	17,504
4 Time deposits <sup>1</sup>	29,039	68,797	90,597	103,390	105,347	109,392	107,541	111,901 <sup>r</sup>	109,579	112,521
5 Other <sup>2</sup>	17,647	23,184	25,815	23,722	23,100	25,546	23,630	22,087 <sup>r</sup>	24,417	23,668
6 Own foreign offices <sup>3</sup>	97,500	119,219	145,105	157,044	157,711	149,409	147,232	148,546 <sup>r</sup>	139,767	143,038
7 Banks' custody liabilities <sup>4</sup>	80,072	79,967	90,582	92,402	96,713	95,646	99,842	98,866	99,496	101,616
8 U.S. Treasury bills and certificates <sup>5</sup>	55,315	55,628	68,669	68,511	72,191	71,244	74,148	73,160	73,829	76,531
9 Other negotiable and readily transferable instruments <sup>6</sup>	18,788	20,636	17,529	18,780	19,518	19,411	20,567	20,833	20,281	19,669
10 Other	5,970	3,702	4,385	5,112	5,003	4,990	5,127	4,873	5,386	5,417
11 Nonmonetary international and regional organizations <sup>7</sup>	2,721	4,922	5,957	5,316	5,055	5,344	5,748	6,279	4,801	5,831
12 Banks' own liabilities	638	1,909	4,632	2,229	2,920	2,612	1,960	3,305	2,053	2,779
13 Demand deposits	262	106	297	255	182	142	325	209	144	354
14 Time deposits <sup>1</sup>	58	1,664	3,584	1,640	2,209	2,213	1,446	2,526	1,513	2,114
15 Other <sup>2</sup>	318	139	750	335	529	257	189	570	396	311
16 Banks' custody liabilities <sup>4</sup>	2,083	3,013	1,325	3,087	2,135	2,732	3,788	2,975	2,748	3,052
17 U.S. Treasury bills and certificates <sup>5</sup>	541	1,621	463	2,057	887	1,709	2,722	1,834	1,455	1,448
18 Other negotiable and readily transferable instruments <sup>6</sup>	1,542	1,392	862	1,030	1,248	1,023	1,067	1,140	1,292	1,604
19 Other	0	0	0	0	0	0	0	0	0	0
20 Official institutions <sup>8</sup>	79,126	71,647	79,876	74,240	77,714	77,627	80,403	78,665 <sup>r</sup>	82,575	85,299
21 Banks' own liabilities	17,109	16,640	19,427	16,859	16,616	18,379	18,222	16,274 <sup>r</sup>	19,149	18,688
22 Demand deposits	2,564	1,899	1,837	1,729	1,898	1,875	2,003	1,969 <sup>r</sup>	1,725	2,184
23 Time deposits <sup>1</sup>	4,230	5,528	7,318	7,263	7,548	7,958	8,060	7,877 <sup>r</sup>	8,602	9,349
24 Other <sup>2</sup>	10,315	9,212	10,272	7,868	7,169	8,546	8,158	6,429 <sup>r</sup>	8,823	7,155
25 Banks' custody liabilities <sup>4</sup>	62,018	55,008	60,448	57,380	61,098	59,248	62,181	62,391	63,426	66,611
26 U.S. Treasury bills and certificates <sup>5</sup>	52,389	46,658	54,341	51,035	53,977	51,974	54,022	54,627	55,780	59,570
27 Other negotiable and readily transferable instruments <sup>6</sup>	9,581	8,321	6,082	6,307	7,030	7,265	8,149	7,746	7,626	7,010
28 Other	47	28	25	38	91	9	10	18	20	31
29 Banks <sup>9</sup>	136,008	185,881	226,810	249,204	251,783	247,716	241,604	246,077 <sup>r</sup>	234,256	238,282
30 Banks' own liabilities	124,312	169,449	205,270	226,054	227,195	222,401	216,133	221,185 <sup>r</sup>	209,597	214,747
31 Unaffiliated foreign banks	26,812	50,230	60,165	69,010	69,484	72,993	68,900	72,640 <sup>r</sup>	69,830	71,709
32 Demand deposits	11,614	8,675	8,773	8,879	9,074	8,203	7,884	8,453 <sup>r</sup>	8,386	8,528
33 Time deposits <sup>1</sup>	8,720	28,386	37,412	45,287	45,699	48,719	46,853	49,763 <sup>r</sup>	46,818	47,664
34 Other <sup>2</sup>	6,477	13,169	13,979	14,845	14,711	16,070	14,164	14,424 <sup>r</sup>	14,625	15,517
35 Own foreign offices <sup>3</sup>	97,500	119,219	145,105	157,044	157,711	149,409	147,232	148,546 <sup>r</sup>	139,767	143,038
36 Banks' custody liabilities <sup>4</sup>	11,696	16,432	21,540	23,150	24,588	25,315	25,471	24,892	24,659	23,534
37 U.S. Treasury bills and certificates <sup>5</sup>	1,685	5,809	10,178	11,182	12,771	13,022	12,766	12,234	12,362	11,409
38 Other negotiable and readily transferable instruments <sup>6</sup>	4,400	7,857	7,485	7,523	7,446	7,867	8,172	8,421	7,802	7,328
39 Other	5,611	2,766	3,877	4,445	4,371	4,426	4,534	4,236	4,494	4,797
40 Other foreigners	26,035	44,606	56,942	64,994	65,940	65,689	66,719	67,576	68,113	68,936
41 Banks' own liabilities	21,759	39,092	49,672	56,209	57,048	57,338	58,318	58,968	59,449	60,517
42 Demand deposits	5,191	5,209	6,577	6,333	6,466	6,163	6,017	6,567	6,231	6,438
43 Time deposits <sup>1</sup>	16,030	33,219	42,285	49,201	49,891	50,502	51,182	51,735 <sup>r</sup>	52,646	53,394
44 Other <sup>2</sup>	537	664	813	675	691	672	1,120	665 <sup>r</sup>	573	685
45 Banks' custody liabilities <sup>4</sup>	4,276	5,514	7,269	8,785	8,892	8,351	8,401	8,405	8,664	8,419
46 U.S. Treasury bills and certificates <sup>5</sup>	699	1,540	3,686	4,238	4,556	4,540	4,639	4,669	4,232	4,103
47 Other negotiable and readily transferable instruments <sup>6</sup>	3,265	3,065	3,100	3,919	3,795	3,255	3,180	3,525	3,560	3,727
48 Other	312	908	483	628	541	556	582	619	872	588
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	10,747	14,307	10,407	10,630	10,986	10,930	11,415	11,048 <sup>r</sup>	10,704	10,416

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

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

2. Includes borrowing under repurchase agreements.

3. U.S. banks: includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies, Agencies, branches, and majority-owned subsidiaries of foreign banks; principally amounts due to head office or parent foreign bank, and foreign branches, agencies or wholly owned subsidiaries of head office or parent foreign bank.

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

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

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

7. Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.

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

9. Excludes central banks, which are included in "Official institutions."



## 3.17 Continued

Area and country	1981▲	1982	1983	1984						
				May	June	July	Aug.	Sept.	Oct.	Nov. <sup>P</sup>
1 Total	243,889	307,056	369,584	393,754	400,492	396,376	394,474	398,598 <sup>2</sup>	389,745	398,347
2 Foreign countries	241,168	302,134	363,627	388,438	395,437	391,033	388,726	392,319 <sup>2</sup>	384,944	392,516
3 Europe	91,275	117,756	138,045	151,532	156,041	152,529	150,742	147,244 <sup>2</sup>	146,914	149,390
4 Austria	596	519	585	867	770	720	758	693	744	627
5 Belgium-Luxembourg	4,117	2,517	2,709	4,680	5,138	4,775	4,789	4,278	4,093	3,613
6 Denmark	333	509	466	378	291	429	408	341	337	434
7 Finland	296	748	531	405	1,248	947	489	638	427	487
8 France	8,486	8,171	9,441	12,119	11,670	12,031	11,539	11,547	11,621	11,934
9 Germany	7,645	5,351	3,599	3,990	3,663	3,961	3,758	3,036	3,330	3,375
10 Greece	463	537	520	594	596	600	566	567	609	602
11 Italy	7,267	5,626	8,462	8,315	8,155	6,960	8,370	8,266	8,976	11,056
12 Netherlands	2,823	3,362	4,290	5,030	5,735	5,615	5,116	5,239 <sup>2</sup>	4,420	5,079
13 Norway	1,457	1,567	1,673	1,536	2,084	1,624	2,026	1,912 <sup>2</sup>	1,895	1,685
14 Portugal	354	388	373	401	425	440	539	434	540	552
15 Spain	916	1,405	1,603	1,663	1,774	1,825	1,971	1,984	1,905	1,873
16 Sweden	1,545	1,390	1,799	1,962	1,486	1,833	2,095	2,008	1,945	1,898
17 Switzerland	18,716	29,066	32,219	32,704	35,137	33,311	32,876	32,995 <sup>2</sup>	32,518	31,394
18 Turkey	518	296	467	444	315	340	354	320	557	457
19 United Kingdom	28,286	48,172	60,683	69,006	69,885	69,767	67,976	65,445 <sup>2</sup>	65,927	66,877
20 Yugoslavia	375	499	562	511	556	525	435	514	579	565
21 Other Western Europe <sup>1</sup>	6,541	7,006	7,403	6,389	6,459	6,349	6,101	6,247 <sup>2</sup>	5,966	6,337
22 U.S.S.R.	49	50	65	53	41	31	47	41	50	54
23 Other Eastern Europe <sup>2</sup>	493	576	596	484	612	447	532	738	476	490
24 Canada	10,250	12,232	16,026	17,455	17,572	19,221	18,170	17,536 <sup>2</sup>	16,766	16,662
25 Latin America and Caribbean	85,223	114,163	140,174	152,187	151,684	148,023	149,072	152,069 <sup>2</sup>	145,767	149,515
26 Argentina	2,445	3,578	4,038	4,583	4,535	4,439	4,411	4,384 <sup>2</sup>	4,484	4,621
27 Bahamas	34,856	44,744	55,842	62,634	61,141	58,414	58,177	58,321 <sup>2</sup>	52,924	55,013
28 Bermuda	765	1,572	2,328	3,276	2,598	2,544	2,763	3,177	3,043	3,304
29 Brazil	1,568	2,014	3,168	3,568	3,690	4,120	4,697	4,427	4,714	4,950
30 British West Indies	17,794	26,381	34,545	33,847	34,678	33,953	33,789	35,926 <sup>2</sup>	34,404	34,301
31 Chile	664	1,626	1,842	1,887	1,970	2,176	2,070	1,874	2,052	2,185
32 Colombia	2,993	2,594	1,689	1,767	1,809	1,801	1,791	1,957	2,022	2,057
33 Cuba	9	9	8	10	9	7	7	8	8	8
34 Ecuador	454	1,047	455	1,047	881	908	951	931	924	1,029
35 Guatemala	479	670	788	842	825	811	831	810	855	884
36 Jamaica	87	126	109	126	157	116	126	180	122	110
37 Mexico	7,235	8,377	10,392	11,874	11,976	11,722	12,268	12,869	12,466	13,426
38 Netherlands Antilles	3,182	3,597	3,879	4,666	4,459	4,253	4,261	4,179	4,186	4,180
39 Panama	4,857	4,805	5,924	6,283	6,652	6,664	6,506	6,811 <sup>2</sup>	6,578	6,843
40 Peru	694	1,147	1,166	1,249	1,279	1,278	1,273	1,343	1,304	1,258
41 Uruguay	367	759	1,244	1,380	1,309	1,302	1,319	1,418	1,361	1,309
42 Venezuela	4,245	8,417	8,632	9,432	10,129	9,684	10,046	9,615	10,367	10,011
43 Other Latin America and Caribbean	2,548	3,291	3,535	3,882	3,559	3,895	3,786	3,839	3,952	4,027
44 Asia	49,822	48,716	58,488	57,199	60,201	61,726	61,540	66,397 <sup>2</sup>	66,316	67,180
45 China										
45 Mainland	158	203	249	400	469	644	671	876	861	842
46 Taiwan	2,082	2,761	3,997	4,364	4,578	4,797	4,799	4,970	5,041	5,355
47 Hong Kong	3,950	4,465	6,657	5,862	6,416	6,117	6,110	6,977 <sup>2</sup>	6,235	6,533
48 India	385	433	464	646	498	621	800	644	616	606
49 Indonesia	640	857	997	897	1,281	911	1,137	939	1,339	884
50 Israel	592	606	1,722	754	768	804	726	750	2,017	1,023
51 Japan	20,750	16,078	18,079	20,522	19,433	19,442	19,792	21,310 <sup>2</sup>	19,936	20,750
52 Korea	2,013	1,692	1,648	1,337	1,276	1,393	1,641	1,572	1,552	1,609
53 Philippines	874	770	1,234	1,130	1,032	976	1,084	1,020	1,097	1,252
54 Thailand	534	629	747	730	875	779	782	741	980	1,458
55 Middle-East oil-exporting countries <sup>3</sup>	12,992	13,433	12,970	11,615	12,341	14,748	13,200	13,754 <sup>2</sup>	13,883	13,438
56 Other Asia	4,853	6,789	9,725	8,943	11,234	10,496	10,796	12,844 <sup>2</sup>	12,759	13,432
57 Africa	3,180	3,124	2,827	3,140	3,331	3,145	3,052	3,018	3,338	3,492
58 Egypt	360	432	671	698	893	858	743	629	763	739
59 Morocco	32	81	84	132	133	128	119	136	115	117
60 South Africa	420	292	449	329	420	409	350	318	459	460
61 Zaire	26	23	87	124	136	99	101	148	141	163
62 Oil-exporting countries <sup>4</sup>	1,395	1,280	620	895	816	706	775	821	998	1,034
63 Other Africa	946	1,016	917	962	932	946	964	966	861	978
64 Other countries	1,419	6,143	8,067	6,925	6,609	6,389	6,150	6,055	5,844	6,277
65 Australia	1,223	5,904	7,857	6,685	6,316	6,095	5,749	5,687	5,464	5,598
66 All other	196	239	210	240	293	294	401	368	379	679
67 Nonmonetary international and regional organizations	2,721	4,922	5,957	5,316	5,055	5,344	5,748	6,279	4,801	5,831
68 International	1,661	4,049	5,273	4,741	4,436	4,740	4,973	5,411	4,086	5,055
69 Latin American regional	710	517	419	428	438	431	445	488	518	593
70 Other regional <sup>5</sup>	350	357	265	146	180	173	330	381	196	183

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

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

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

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

4. Comprises Algeria, Gabon, Libya, and Nigeria.

5. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."

3.18 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States  
Payable in U.S. Dollars  
Millions of dollars, end of period

Area and country	1981▲	1982	1983	1984						
				May	June	July	Aug.	Sept. <sup>r</sup>	Oct.	Nov. <sup>p</sup>
1 Total	251,589	355,705	391,326	399,796	408,073	405,225	396,024	393,959	383,353	380,610
2 Foreign countries	251,533	355,636	391,163	399,693	407,959	405,016	395,826	393,888	382,671	380,125
3 Europe	49,262	85,584	91,874	98,340	104,011	102,253	100,085	98,173	95,343	94,206
4 Austria	121	229	401	456	632	646	581	572	521	565
5 Belgium-Luxembourg	2,849	5,138	5,639	6,626	6,734	6,063	6,156	6,286	5,363	4,955
6 Denmark	187	554	1,275	1,118	1,212	1,204	1,103	1,057	544	520
7 Finland	546	990	1,044	1,041	1,100	928	872	882	887	1,109
8 France	4,127	7,251	8,766	9,029	9,393	9,732	10,010	9,094	8,822	9,293
9 Germany	940	1,876	1,294	1,111	1,175	1,142	1,257	1,220	1,097	1,260
10 Greece	333	452	476	940	1,036	979	974	1,086	917	806
11 Italy	5,240	7,560	9,018	7,901	8,556	8,331	7,832	7,803	7,755	8,850
12 Netherlands	682	1,425	1,292	1,787	1,781	1,811	1,440	1,470	1,185	1,229
13 Norway	384	572	690	719	729	648	649	649	676	602
14 Portugal	529	950	1,114	1,366	1,463	1,503	1,433	1,387	1,346	1,262
15 Spain	2,095	3,744	3,383	3,700	3,792	3,955	3,700	3,355	3,184	3,010
16 Sweden	1,205	3,038	3,358	2,957	3,206	2,677	2,404	2,596	2,362	2,313
17 Switzerland	2,213	1,639	1,856	1,570	1,904	1,520	1,566	1,741	2,067	2,264
18 Turkey	424	560	812	1,047	1,160	1,210	1,145	1,132	1,145	1,097
19 United Kingdom	23,849	45,781	47,273	52,850	55,941	55,543	54,727	53,676	53,246	50,925
20 Yugoslavia	1,225	1,430	1,718	1,775	1,808	1,817	1,857	1,888	1,868	1,898
21 Other Western Europe <sup>1</sup>	211	368	477	565	571	800	732	660	658	603
22 U.S.S.R.	377	263	192	172	175	172	175	176	159	169
23 Other Eastern Europe <sup>2</sup>	1,725	1,762	1,598	1,610	1,643	1,573	1,471	1,442	1,541	1,476
24 Canada	9,193	13,678	16,341	17,879	17,524	18,350	16,326	16,604	16,630	15,869
25 Latin America and Caribbean	138,347	187,969	205,426	210,153	208,990	209,162	203,428	203,001	198,314	198,799
26 Argentina	7,527	10,974	11,749	11,071	11,162	11,381	11,021	11,108	11,012	10,989
27 Bahamas	43,542	56,649	59,397	61,526	58,963	58,475	56,609	55,216	52,006	54,080
28 Bermuda	346	603	566	845	559	543	509	508	551	638
29 Brazil	16,926	23,271	24,667	26,045	26,226	26,013	25,991	26,140	26,145	26,107
30 British West Indies	21,981	29,101	35,488	36,788	37,490	38,754	35,356	36,002	34,830	33,553
31 Chile	3,690	5,513	6,072	6,146	6,490	6,648	6,619	6,836	6,783	6,703
32 Colombia	2,018	3,211	3,745	3,524	3,559	3,490	3,444	3,438	3,343	3,406
33 Cuba	3	3	0	0	21	0	0	0	0	0
34 Ecuador	1,531	2,062	2,307	2,332	2,373	2,396	2,380	2,365	2,452	2,431
35 Guatemala <sup>3</sup>	124	124	129	127	125	124	130	120	141	148
36 Jamaica <sup>3</sup>	62	181	215	220	216	219	216	225	234	222
37 Mexico	22,439	29,552	34,807	35,474	35,849	35,456	35,016	35,602	35,359	35,294
38 Netherlands Antilles	1,076	839	1,154	1,164	1,312	1,381	1,302	1,296	1,337	1,337
39 Panama	6,794	10,210	7,848	7,990	7,843	7,660	8,202	7,639	7,537	7,351
40 Peru	1,218	2,357	2,536	2,438	2,473	2,487	2,401	2,397	2,406	2,358
41 Uruguay	157	686	977	887	950	961	930	934	962	990
42 Venezuela	7,069	10,643	11,287	11,019	11,174	10,861	11,137	10,982	11,029	10,992
43 Other Latin America and Caribbean	1,844	1,991	2,283	2,557	2,205	2,313	2,165	2,191	2,185	2,199
44 Asia	49,851	60,952	67,950	63,615	67,597	65,167	65,808	66,006	62,354	61,382
45 China	107	214	292	348	554	640	639	563	411	553
46 Taiwan	2,461	2,288	1,908	1,562	2,202	2,011	1,573	1,651	1,588	1,679
47 Hong Kong	4,132	6,787	8,473	7,470	8,141	6,967	6,809	7,139	7,155	6,933
48 India	123	222	330	362	355	323	295	354	302	381
49 Indonesia	352	348	805	983	969	952	906	886	821	797
50 Israel	1,567	2,029	1,832	1,822	1,910	1,827	1,869	1,802	1,890	1,938
51 Japan	26,797	28,379	30,580	27,153	29,264	27,727	28,995	30,601	26,861	26,391
52 Korea	7,340	9,387	9,962	9,595	9,653	9,799	9,558	9,586	9,256	8,952
53 Philippines	1,819	2,625	2,107	2,433	2,495	2,650	2,756	2,578	2,510	2,487
54 Thailand	565	643	1,104	1,143	949	974	1,089	1,113	1,072	1,092
55 Middle East oil-exporting countries <sup>4</sup>	1,581	3,087	4,954	5,200	5,118	5,214	4,924	4,506	4,645	4,670
56 Other Asia	3,009	4,943	5,603	5,543	5,986	6,081	6,396	5,227	5,842	5,509
57 Africa	3,503	5,346	6,654	6,764	6,840	7,048	6,969	6,830	6,862	6,680
58 Egypt	238	322	747	666	734	638	613	650	674	693
59 Morocco	284	353	440	561	497	549	556	545	582	536
60 South Africa	1,011	2,012	2,634	2,974	3,065	3,307	3,281	3,152	3,140	2,960
61 Zaire	112	57	33	28	39	43	30	18	18	19
62 Oil-exporting countries <sup>5</sup>	657	801	1,073	967	1,004	1,025	996	944	938	911
63 Other	1,201	1,802	1,727	1,568	1,502	1,485	1,493	1,522	1,510	1,562
64 Other countries	1,376	2,107	2,918	2,942	2,996	3,036	3,210	3,274	3,169	3,189
65 Australia	1,203	1,713	2,276	2,345	2,435	2,481	2,582	2,673	2,507	2,487
66 All other	172	394	642	597	561	554	628	601	661	702
67 Nonmonetary international and regional organizations <sup>6</sup>	56	68	164	103	114	209	198	71	681	485

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

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

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

3. Included in "Other Latin America and Caribbean" through March 1978.

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

5. Comprises Algeria, Gabon, Libya, and Nigeria.

6. Excludes the Bank for International Settlements, which is included in "Other Western Europe."

NOTE: Data for period before April 1978 include claims of banks' domestic customers on foreigners.

**3.19 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS** Reported by Banks in the United States  
Payable in U.S. Dollars  
Millions of dollars, end of period

Type of claim	1981▲	1982	1983	1984						
				May	June	July	Aug.	Sept. <sup>7</sup>	Oct.	Nov. <sup>8</sup>
<b>1 Total</b> .....	<b>287,557</b>	<b>396,015</b>	<b>426,229</b>	.....	<b>444,716</b>	.....	.....	<b>427,985</b>	.....	.....
2 Banks' own claims on foreigners .....	251,589	355,705	391,326	399,796	408,073	405,225	396,024	393,959	383,353	380,610
3 Foreign public borrowers .....	31,260	45,422	57,530	58,092	59,300	59,889	58,423	59,617	61,329	60,796
4 Own foreign offices <sup>1</sup> .....	96,653	127,293	146,219	155,703	157,539	156,233	153,432	152,030	143,540	140,544
5 Unaffiliated foreign banks .....	74,704	121,377	124,051	125,654	130,540	127,679	123,786	122,482	121,011	121,368
6 Deposits .....	23,381	44,223	47,066	47,066	49,724	48,337	46,990	47,379	46,775	45,782
7 Other .....	51,322	77,153	76,985	78,588	80,815	79,342	76,796	75,103	74,236	75,587
8 All other foreigners .....	48,972	61,614	63,527	60,347	60,694	61,424	60,383	59,830	57,473	57,902
9 Claims of banks' domestic customers <sup>2</sup> ..	35,968	40,310	34,903	.....	36,643	.....	.....	34,026	.....	.....
10 Deposits .....	1,378	2,491	2,969	.....	3,458	.....	.....	4,575	.....	.....
11 Negotiable and readily transferable instruments <sup>3</sup> ..	26,352	30,763	26,064	.....	25,823	.....	.....	23,396	.....	.....
12 Outstanding collections and other claims .....	8,238	7,056	5,870	.....	7,362	.....	.....	6,055	.....	.....
13 MEMO: Customer liability on acceptances .....	29,952	38,153	37,820	.....	42,657	.....	.....	38,586	.....	.....
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States <sup>4</sup> .....	40,369	42,499	45,856	47,888 <sup>7</sup>	44,197 <sup>7</sup>	42,970 <sup>7</sup>	43,718 <sup>7</sup>	43,407	46,867	n.a.

1. U.S. banks: includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.

2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account of their domestic customers.

3. Principally negotiable time certificates of deposit and bankers acceptances.

4. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see July 1979 BULLETIN, p. 350.

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

NOTE: Beginning April 1978, data for banks' own claims are given on a monthly basis, but the data for claims of banks' own domestic customers are available on a quarterly basis only.

**3.20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS** Reported by Banks in the United States  
Payable in U.S. Dollars  
Millions of dollars, end of period

Maturity; by borrower and area	1981▲	1982	1983		1984		
			Sept.	Dec.	Mar.	June	Sept.
<b>1 Total</b> .....	<b>154,590</b>	<b>228,150</b>	<b>236,952</b>	<b>243,310</b>	<b>237,642</b>	<b>249,927</b>	<b>240,674</b>
<i>By borrower</i>							
2 Maturity of 1 year or less <sup>1</sup> .....	116,394	173,917	175,957	176,270	162,998	172,410	162,914
3 Foreign public borrowers .....	15,142	21,256	25,138	24,034	20,444	21,010	21,059
4 All other foreigners .....	101,252	152,661	150,819	152,237	142,554	151,400	141,854
5 Maturity of over 1 year <sup>1</sup> .....	38,197	54,233	60,994	67,040	74,644	77,517	77,760
6 Foreign public borrowers .....	15,589	23,137	28,297	32,495	36,306	37,768	38,410
7 All other foreigners .....	22,608	31,095	32,697	34,544	38,338	39,749	39,350
<i>By area</i>							
8 Maturity of 1 year or less <sup>1</sup>							
9 Europe .....	28,130	50,500	53,489	56,064	53,764	59,405	56,769
10 Canada .....	4,662	7,642	6,658	6,211	6,579	6,990	5,896
11 Latin America and Caribbean .....	48,717	73,291	76,099	73,637	65,559	64,780	61,479
12 Asia .....	31,485	37,578	33,686	34,571	31,286	34,793	32,252
13 Africa .....	2,457	3,680	4,570	4,199	4,472	4,790	4,798
14 All other <sup>2</sup> .....	943	1,226	1,454	1,589	1,340	1,652	1,720
15 Maturity of over 1 year <sup>1</sup>							
16 Europe .....	8,100	11,636	12,356	13,365	13,063	12,827	11,269
17 Canada .....	1,808	1,931	1,760	1,857	2,038	2,203	1,801
18 Latin America and Caribbean .....	25,209	35,247	39,185	43,603	50,913	54,278	56,577
19 Asia .....	1,907	3,185	4,735	4,828	5,133	5,107	5,106
20 Africa .....	900	1,494	1,819	2,286	2,291	1,865	1,857
21 All other <sup>2</sup> .....	272	740	1,139	1,101	1,206	1,237	1,150

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

1. Remaining time to maturity.

2. Includes nonmonetary international and regional organizations.

3.21 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks<sup>1</sup>

Billions of dollars, end of period

Area or country	1980	1981	1982		1983				1984		
			Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June <sup>7</sup>	Sept. <sup>8</sup>
1 Total	352.0	415.2	438.4	438.7	443.8	439.9	432.0	438.0	434.0	429.8 <sup>9</sup>	408.6
2 G-10 countries and Switzerland	162.1	175.5	175.4	179.7	182.7	177.3	169.1	168.2	165.7	157.8	148.6
3 Belgium-Luxembourg	13.0	13.3	13.6	13.1	13.7	13.3	12.6	12.4	11.0	10.8	9.8
4 France	14.1	15.3	15.8	17.1	17.1	17.1	16.2	16.3	15.9	14.3	14.4
5 Germany	12.1	12.9	12.2	12.7	13.5	12.6	11.6	11.3	11.7	11.0	10.0
6 Italy	8.2	9.6	9.7	10.3	10.2	10.5	10.0	11.4	11.2	11.5	9.7
7 Netherlands	4.4	4.0	3.8	3.6	4.3	4.0	3.6	3.5	3.3	3.0	3.4
8 Sweden	2.9	3.7	4.7	5.0	4.3	4.7	4.9	5.1	5.2	4.3	3.5
9 Switzerland	5.0	5.5	5.1	5.0	4.6	4.8	4.2	4.3	4.3	4.2	3.9
10 United Kingdom	67.4	70.1	70.3	72.1	73.3	70.7	67.8	65.3	64.5	60.2	57.9
11 Canada	8.4	10.9	11.0	10.4	12.5	10.8	9.0	8.3	8.7	8.9	8.1
12 Japan	26.5	30.2	29.3	30.2	29.2	28.7	29.2	30.1	30.0	29.5	27.9
13 Other developed countries	21.6	28.4	32.7	33.7	34.0	34.5	34.3	36.1	35.7	37.1	36.3
14 Austria	1.9	1.9	2.0	1.9	2.1	2.1	1.9	1.9	2.0	2.0	1.8
15 Denmark	2.3	2.3	2.5	2.4	3.3	3.4	3.3	3.4	3.4	3.1	2.9
16 Finland	1.4	1.7	1.8	2.2	2.1	2.1	1.8	2.4	2.1	2.3	1.9
17 Greece	2.8	2.8	2.6	3.0	2.9	2.9	2.9	2.8	3.0	3.3	3.2
18 Norway	2.6	3.1	3.4	3.3	3.3	3.4	3.2	3.3	3.2	3.2	3.2
19 Portugal	6	1.1	1.6	1.5	1.4	1.4	1.4	1.5	1.4	1.7	1.6
20 Spain	4.4	6.6	7.7	7.5	7.1	7.2	7.2	7.1	7.1	7.3	6.9
21 Turkey	1.5	1.4	1.5	1.4	1.5	1.4	1.5	1.7	1.9	2.0	1.9
22 Other Western Europe	1.7	2.1	2.1	2.3	2.3	2.0	2.1	1.8	1.8	1.9	1.7
23 South Africa	1.1	2.8	3.6	3.7	3.6	3.9	4.7	4.7	4.8	4.7	5.0
24 Australia	1.3	2.5	4.0	4.4	4.6	4.6	4.4	5.5	5.2	5.7	6.2
25 OPEC countries <sup>2</sup>	22.7	24.8	27.3	27.4	28.5	28.3	27.2	28.9	28.6	26.7	24.9
26 Ecuador	2.1	2.2	2.3	2.2	2.2	2.2	2.1	2.2	2.1	2.1	2.1
27 Venezuela	9.1	9.9	10.4	10.5	10.4	10.4	9.8	9.9	9.7	9.5	9.0
28 Indonesia	1.8	2.6	2.9	3.2	3.5	3.2	3.4	3.8	4.0	4.0	3.8
29 Middle East countries	6.9	7.5	9.0	8.7	9.3	9.5	9.1	10.0	9.8	8.4	7.4
30 African countries	2.8	2.5	2.7	2.8	3.0	3.0	2.8	3.0	3.0	2.7	2.5
31 Non-OPEC developing countries	77.4	96.3	104.1	107.1	108.1	108.8	109.8	111.5	112.0	113.3 <sup>9</sup>	111.9
<i>Latin America</i>											
32 Argentina	7.9	9.4	9.2	8.9	9.0	9.4	9.5	9.5	9.5	9.2	9.1
33 Brazil	16.2	19.1	22.4	22.9	23.2	22.7	23.1	23.1	25.1	25.4	26.3
34 Chile	3.7	5.8	6.2	6.3	6.0	5.8	6.3	6.4	6.5	6.7	7.1
35 Colombia	2.6	2.6	2.8	3.1	2.9	3.2	3.2	3.2	3.1	3.0	2.9
36 Mexico	15.9	21.6	25.0	24.5	25.1	25.3	25.9	26.1	25.6	26.7	26.1
37 Peru	1.8	2.0	2.6	2.6	2.4	2.6	2.4	2.4	2.3	2.3	2.2
38 Other Latin America	3.9	4.1	4.3	4.0	4.2	4.3	4.2	4.2	4.3	4.0	3.9
<i>Asia</i>											
39 China											
40 Mainland	2	2	2	2	2	2	2	3	3	6	5
41 Taiwan	4.2	5.1	4.9	5.3	5.1	5.1	5.2	5.3	4.9	5.3 <sup>9</sup>	5.2
42 India	3	3	5	6	7	7	8	10	10	10	1.1
43 Israel	1.5	2.1	1.9	2.3	2.0	2.3	1.7	1.9	1.6	1.9	1.7
44 Korea (South)	7.1	9.4	9.4	10.9	10.9	10.9	11.4	11.1	11.2	10.1	10.1
45 Malaysia	1.1	1.7	1.8	2.1	2.5	2.6	2.8	2.9	2.8	2.7	3.0
46 Philippines	5.1	6.0	6.1	6.3	6.6	6.4	6.2	6.2	6.7	6.3	5.9
47 Thailand	1.6	1.5	1.3	1.6	1.6	1.8	1.7	2.1	1.9	1.8	1.8
48 Other Asia	6	1.0	1.3	1.1	1.4	1.2	1.0	1.0	9	1.1	1.2
<i>Africa</i>											
49 Egypt	8	1.1	1.3	1.2	1.1	1.3	1.4	1.5	1.5	1.4	1.2
50 Morocco	7	7	8	7	8	8	8	8	8	8	8
51 Zaire	2	2	1	1	1	1	1	1	1	1	1
52 Other Africa <sup>3</sup>	2.1	2.3	2.2	2.4	2.3	2.2	2.4	2.3	2.2	1.9	1.9
53 Eastern Europe	7.4	7.8	6.3	6.2	5.7	5.8	5.3	5.3	4.9	4.9	4.6
54 U.S.S.R.	4	6	3	3	3	4	2	2	2	2	2
55 Yugoslavia	2.3	2.5	2.2	2.2	2.2	2.3	2.3	2.4	2.3	2.3	2.3
56 Other	4.6	4.7	3.8	3.7	3.2	3.0	2.8	2.8	2.5	2.4	2.1
57 Offshore banking centers	47.0	63.7	72.2	66.8	67.9	69.1	69.4	71.1	70.7	72.8	65.6
58 Bahamas	13.7	19.0	21.4	19.0	18.5	20.7	21.8	22.0	24.6	27.0	23.5
59 Bermuda	6	7	8	9	10	8	8	9	7	7	10
60 Cayman Islands and other British West Indies	10.6	12.4	13.6	12.9	12.5	12.6	11.0	12.7	11.4	11.6	10.2
61 Netherlands Antilles	2.1	3.2	3.3	3.3	3.1	2.6	4.1	4.2	3.3	3.3	3.3
62 Panama <sup>4</sup>	5.4	7.7	8.1	7.6	7.1	6.6	5.7	6.0	6.3	6.4	5.6
63 Lebanon	2	2	1	1	1	1	1	1	1	1	1
64 Hong Kong	8.1	11.8	15.1	13.9	15.1	14.5	15.2	14.9	14.4	13.5	12.6
65 Singapore	5.9	8.7	9.8	9.2	10.4	11.2	10.5	10.3	9.9	10.2	9.5
66 Others <sup>5</sup>	3	1	0	0	0	0	1	0	0	0	0
67 Miscellaneous and unallocated <sup>6</sup>	14.0	18.8	20.4	17.9	16.9	16.2	16.9	17.0	16.4	17.3	16.8

1. The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices not covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. To minimize duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution. The data in this table combine foreign branch claims in table 3.14 (the sum of lines 7 through 10) with the claims of U.S. offices in table 3.18 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches).

2. Besides the Organization of Petroleum Exporting Countries shown individually, this group includes other members of OPEC (Algeria, Gabon, Iran, Iraq,

Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates) as well as Bahrain and Oman (not formally members of OPEC).

3. Excludes Liberia.

4. Includes Canal Zone beginning December 1979.

5. Foreign branch claims only.

6. Includes New Zealand, Liberia, and international and regional organizations.

7. Beginning with June 1984 data, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from \$50 million to \$150 million equivalent in total assets, the threshold now applicable to all reporting branches.

### 3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States<sup>1</sup>

Millions of dollars, end of period

Type, and area or country	1980	1981	1982	1983			1984	
				June	Sept.	Dec.	Mar.	June
1 Total	29,434	28,618	27,512 <sup>2</sup>	23,700 <sup>2</sup>	26,325 <sup>2</sup>	24,866 <sup>2</sup>	29,189 <sup>2</sup>	33,681
2 Payable in dollars	25,689	24,909	24,280 <sup>2</sup>	20,864 <sup>2</sup>	23,546 <sup>2</sup>	21,918 <sup>2</sup>	25,968 <sup>2</sup>	30,517
3 Payable in foreign currencies	3,745	3,709	3,232	2,836 <sup>2</sup>	2,780 <sup>2</sup>	2,948 <sup>2</sup>	3,221 <sup>1</sup>	3,164
<i>By type</i>								
4 Financial liabilities	11,330	12,157	11,066	11,115 <sup>2</sup>	10,900 <sup>2</sup>	10,349 <sup>2</sup>	14,165 <sup>2</sup>	18,327
5 Payable in dollars	8,528	9,499	8,858	9,144	9,025	8,619	12,134 <sup>2</sup>	16,297
6 Payable in foreign currencies	2,802	2,658	2,208	1,971 <sup>1</sup>	1,875 <sup>2</sup>	1,730 <sup>2</sup>	2,031 <sup>1</sup>	2,030
7 Commercial liabilities	18,104	16,461	16,446 <sup>2</sup>	12,585 <sup>2</sup>	15,425 <sup>2</sup>	14,516 <sup>2</sup>	15,024	15,354
8 Trade payables	12,201	10,818	9,438 <sup>2</sup>	6,933 <sup>2</sup>	8,567 <sup>2</sup>	7,736 <sup>2</sup>	7,865	7,834
9 Advance receipts and other liabilities	5,903	5,643	7,008 <sup>2</sup>	5,652 <sup>2</sup>	6,858 <sup>2</sup>	6,780 <sup>2</sup>	7,159	7,500
10 Payable in dollars	17,161	15,409	15,423 <sup>2</sup>	11,720 <sup>2</sup>	14,521 <sup>1</sup>	13,299 <sup>2</sup>	13,834	14,220
11 Payable in foreign currencies	943	1,052	1,023	865	904	1,218	1,190	1,134
<i>By area or country</i>								
<i>Financial liabilities</i>								
12 Europe	6,481	6,825	6,501	6,335	6,014	5,675	7,071 <sup>1</sup>	7,230
13 Belgium-Luxembourg	479	471	505	436	379	302	428 <sup>2</sup>	359
14 France	327	709	783	802	785	820	933	900
15 Germany	582	491	467	457	449	498	519 <sup>2</sup>	561
16 Netherlands	681	748	711	728	730	581	527 <sup>2</sup>	583
17 Switzerland	354	715	792	606	500	486	641	563
18 United Kingdom	3,923	3,565	3,102	3,132	3,014	2,839	3,790 <sup>2</sup>	4,013
19 Canada	964	963	746	876	788	768	798	735
20 Latin America and Caribbean	3,136	3,356	2,751	2,623	2,737	2,609	4,914 <sup>2</sup>	8,888
21 Bahamas	964	1,279	904	776	784	751	1,419 <sup>2</sup>	3,603
22 Bermuda	1	7	14	10	13	13	51	13
23 Brazil	23	22	28	34	32	32	37	25
24 British West Indies	1,452	1,241	1,027	1,033	1,095	1,018	2,635	4,457
25 Mexico	99	102	121	151	185	215	245	237
26 Venezuela	81	98	114	124	117	124	121	124
27 Asia	723	976	1,039	1,255 <sup>2</sup>	1,327 <sup>2</sup>	1,268 <sup>2</sup>	1,355 <sup>2</sup>	1,449
28 Japan	644	792	715	879 <sup>2</sup>	896 <sup>2</sup>	835 <sup>2</sup>	947 <sup>2</sup>	1,000
29 Middle East oil-exporting countries <sup>2</sup>	38	75	169	205	201	170	170	180
30 Africa	11	14	17	17	19	19	19	16
31 Oil-exporting countries <sup>3</sup>	1	0	0	0	0	0	0	0
32 All other <sup>4</sup>	15	24	12	9	15	10	9	9
<i>Commercial liabilities</i>								
33 Europe	4,402	3,770	3,831 <sup>1</sup>	3,443 <sup>2</sup>	3,633 <sup>2</sup>	3,245 <sup>2</sup>	3,567	3,397
34 Belgium-Luxembourg	90	71	52	41	47	62	40	45
35 France	582	373	598	594 <sup>2</sup>	523	437	488	524
36 Germany	679	545	468	439	472 <sup>2</sup>	427	417	501
37 Netherlands	219	220	346	342	243	268	259	265
38 Switzerland	499	424	367 <sup>2</sup>	385 <sup>2</sup>	460 <sup>2</sup>	241	477	246
39 United Kingdom	1,209	880	1,027 <sup>2</sup>	678 <sup>2</sup>	967 <sup>2</sup>	732 <sup>2</sup>	847	794
40 Canada	888	897	1,495	1,468	1,418	1,841	1,776	1,840
41 Latin America and Caribbean	1,300	1,044	1,570 <sup>2</sup>	1,376 <sup>2</sup>	1,508 <sup>2</sup>	1,445 <sup>2</sup>	1,778	1,676
42 Bahamas	8	2	16	1	1	1	14	17
43 Bermuda	75	67	117 <sup>2</sup>	77	77	67	158	123
44 Brazil	111	67	60	49	48	44	68	31
45 British West Indies	35	2	32	22	14	6	33	5
46 Mexico	367	340	436 <sup>2</sup>	456 <sup>2</sup>	512 <sup>2</sup>	585 <sup>2</sup>	682	568
47 Venezuela	319	276	642 <sup>2</sup>	531 <sup>2</sup>	539 <sup>2</sup>	404 <sup>2</sup>	531	602
48 Asia	10,242	9,384	8,144 <sup>2</sup>	5,254 <sup>2</sup>	7,638 <sup>2</sup>	6,741 <sup>2</sup>	6,620	6,988
49 Japan	802	1,094	1,226	1,246	1,305	1,247	1,291	1,235
50 Middle East oil-exporting countries <sup>2,5</sup>	8,098	7,008	5,503 <sup>2</sup>	2,740 <sup>2</sup>	4,817 <sup>2</sup>	4,178 <sup>2</sup>	3,735	4,190
51 Africa	817	703	753 <sup>2</sup>	525 <sup>2</sup>	628 <sup>2</sup>	553 <sup>2</sup>	539	683
52 Oil-exporting countries <sup>3</sup>	517	344	277	192 <sup>2</sup>	231 <sup>2</sup>	167 <sup>2</sup>	243	217
53 All other <sup>4</sup>	456	664	651	518	600	692	743	769

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.

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

3. Comprises Algeria, Gabon, Libya, and Nigeria.

4. Includes nonmonetary international and regional organizations.

5. Revisions include a reclassification of transactions, which also affects the totals for Asia and the grand totals.

3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States<sup>1</sup>

Millions of dollars, end of period

Type, and area or country	1980	1981	1982	1983			1984	
				June	Sept.	Dec.	Mar.	June
1 Total	34,482	36,185	28,725 <sup>r</sup>	33,527 <sup>r</sup>	32,934 <sup>r</sup>	34,547 <sup>r</sup>	32,773 <sup>r</sup>	31,309
2 Payable in dollars	31,528	32,582	26,085 <sup>r</sup>	30,860 <sup>r</sup>	30,029 <sup>r</sup>	31,458 <sup>r</sup>	29,885 <sup>r</sup>	28,345
3 Payable in foreign currencies	2,955	3,603	2,640 <sup>r</sup>	2,667 <sup>r</sup>	2,905 <sup>r</sup>	3,089 <sup>r</sup>	2,888	2,965
<i>By type</i>								
4 Financial claims	19,763	21,142	17,684 <sup>r</sup>	22,864 <sup>r</sup>	22,038 <sup>r</sup>	23,416 <sup>r</sup>	21,911 <sup>r</sup>	20,874
5 Deposits	14,166	15,081	13,058	17,819	16,907	18,020 <sup>r</sup>	16,665 <sup>r</sup>	15,759
6 Payable in dollars	13,381	14,456	12,628	17,379	16,463	17,523 <sup>r</sup>	16,236 <sup>r</sup>	15,250
7 Payable in foreign currencies	785	625	430	439	445	497	428	510
8 Other financial claims	5,597	6,061	4,626 <sup>r</sup>	5,046 <sup>r</sup>	5,130 <sup>r</sup>	5,396 <sup>r</sup>	5,246 <sup>r</sup>	5,114
9 Payable in dollars	3,914	3,599	2,979 <sup>r</sup>	3,437 <sup>r</sup>	3,279 <sup>r</sup>	3,441 <sup>r</sup>	3,457 <sup>r</sup>	3,358
10 Payable in foreign currencies	1,683	2,462	1,647 <sup>r</sup>	1,608 <sup>r</sup>	1,851 <sup>r</sup>	1,955 <sup>r</sup>	1,788 <sup>r</sup>	1,756
11 Commercial claims	14,720	15,043	11,041 <sup>r</sup>	10,663 <sup>r</sup>	10,896 <sup>r</sup>	11,131 <sup>r</sup>	10,862	10,436
12 Trade receivables	13,960	14,007	9,994 <sup>r</sup>	9,261 <sup>r</sup>	9,562 <sup>r</sup>	9,721 <sup>r</sup>	9,540	9,105
13 Advance payments and other claims	759	1,036	1,047	1,402	1,334	1,410	1,321	1,330
14 Payable in dollars	14,233	14,527	10,478 <sup>r</sup>	10,044 <sup>r</sup>	10,287 <sup>r</sup>	10,494 <sup>r</sup>	10,191	9,736
15 Payable in foreign currencies	487	516	563	620	609	637	671	699
<i>By area or country</i>								
<i>Financial claims</i>								
16 Europe	6,069	4,596	4,873	7,304	6,232	6,440 <sup>r</sup>	6,179 <sup>r</sup>	6,259
17 Belgium-Luxembourg	145	43	15	12	25	37	30	37
18 France	298	285	134	140	135	154 <sup>r</sup>	175 <sup>r</sup>	151
19 Germany	230	224	178	216	161 <sup>r</sup>	159 <sup>r</sup>	148 <sup>r</sup>	161
20 Netherlands	51	50	97	136	89	71 <sup>r</sup>	57	158
21 Switzerland	54	117	107	37	34	38	90	61
22 United Kingdom	4,987	3,546	4,064	6,514	5,577	5,768	5,470 <sup>r</sup>	5,438
23 Canada	5,036	6,755	4,377 <sup>r</sup>	5,107 <sup>r</sup>	5,244 <sup>r</sup>	6,111 <sup>r</sup>	5,610 <sup>r</sup>	5,098
24 Latin America and Caribbean	7,811	8,812	7,546	9,380	9,500	9,809	9,079 <sup>r</sup>	8,238
25 Bahamas	3,477	3,650	3,279	4,037	3,829	4,745	3,787 <sup>r</sup>	3,122
26 Bermuda	135	18	32	92	62	96	3	5
27 Brazil	96	30	62	48	49	53	8	83
28 British West Indies	2,755	3,971	3,255	4,065	4,457	3,830	4,302	4,210
29 Mexico	208	313	274	348	315	279	230	230
30 Venezuela	137	148	139	152	137	134	130	124
31 Asia	607	758	698	771	764	764	753 <sup>r</sup>	963
32 Japan	189	366	153	288	257	297	309 <sup>r</sup>	307
33 Middle East oil-exporting countries <sup>2</sup>	20	37	15	14	8	4	7	8
34 Africa	208	173	158	154	151	147	144	158
35 Oil-exporting countries <sup>3</sup>	26	46	48	48	45	55	42	35
36 All other <sup>4</sup>	32	48	31	149	148	145	145 <sup>r</sup>	158
<i>Commercial claims</i>								
37 Europe	5,544	5,405	3,826 <sup>r</sup>	3,465 <sup>r</sup>	3,394 <sup>r</sup>	3,670 <sup>r</sup>	3,608	3,542
38 Belgium-Luxembourg	233	234	151	138 <sup>r</sup>	116 <sup>r</sup>	135 <sup>r</sup>	173	142
39 France	1,129	776	474	497	486	459	413	407
40 Germany	599	561	357	366	382	348	363	440
41 Netherlands	318	299	350	243	282	334 <sup>r</sup>	308	299
42 Switzerland	354	431	360	331	292	317	336	250
43 United Kingdom	929	985	811	734	738	809	787	812
44 Canada	914	967	633	711	792	829	1,061	933
45 Latin America and Caribbean	3,766	3,479	2,526	2,728	2,870	2,695	2,419	2,042
46 Bahamas	21	12	21	30	15	8	8	4
47 Bermuda	108	223	261	111	246	190	216	89
48 Brazil	861	668	258	512	611	493	357	310
49 British West Indies	34	12	12	21	12	7	7	8
50 Mexico	1,102	1,022	775	957	898	884	745	577
51 Venezuela	410	424	351	273	282	272	268	241
52 Asia	3,522	3,959	3,050	2,861 <sup>r</sup>	2,934 <sup>r</sup>	3,063 <sup>r</sup>	2,997	3,085
53 Japan	1,052	1,245	1,047	944 <sup>r</sup>	1,033 <sup>r</sup>	1,114 <sup>r</sup>	1,186	1,178
54 Middle East oil-exporting countries <sup>2</sup>	825	905	751	698	719	737	701	710
55 Africa	653	772	588	528	562	588 <sup>r</sup>	497	536
56 Oil-exporting countries <sup>3</sup>	153	152	140	130	131	139	132	128
57 All other <sup>4</sup>	321	461	417	369 <sup>r</sup>	344 <sup>r</sup>	286 <sup>r</sup>	280	297

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.

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

3. Comprises Algeria, Gabon, Libya, and Nigeria.

4. Includes nonmonetary international and regional organizations.

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transactions, and area or country	1982	1983	1984							
			Jan.-Nov.	May	June	July	Aug.	Sept.	Oct.	Nov. <sup>P</sup>
<b>U.S. corporate securities</b>										
<b>Stocks</b>										
1 Foreign purchases.....	41,881	69,770	56,033	5,048	4,552	3,359	7,255	4,052 <sup>r</sup>	4,655	4,830
2 Foreign sales.....	37,981	64,360	58,304	5,494	4,899	3,915	7,399	4,892 <sup>r</sup>	5,395	4,753
3 Net purchases, or sales (-).....	3,901	5,410	-2,271	-446	-347	-556	-144	-840 <sup>r</sup>	-739	76
4 Foreign countries.....	3,816	5,312	-2,487	-454	-357	-565	-290	-909 <sup>r</sup>	-750	65
5 Europe.....	2,530	3,979	-2,563	-281	-317	-606	-410	-690 <sup>r</sup>	-527	-105
6 France.....	-143	-97	-261	100	-3	-45	-28	-67	-37	-46
7 Germany.....	333	1,045	54	-40	2	-38	-125	-63	-10	11
8 Netherlands.....	-63	-109	-286	-47	-76	-34	-19	-66	-47	-15
9 Switzerland.....	-579	1,325	-1,241	-220	-120	-321	-358	-335	-129	-34
10 United Kingdom.....	3,117	1,799	-775	-80	-179	-141	146	-131 <sup>r</sup>	-249	2
11 Canada.....	222	1,151	1,539	-61	158	188	129	149	150	47
12 Latin America and Caribbean.....	317	529	426	82	38	-58	213	9	-89	30
13 Middle East <sup>1</sup> .....	366	-807	-1,802	-168	-215	-55	-214	-207	-270	-12
14 Other Asia.....	247	394	-253	-28	-27	-49	-57	-160	-92	74
15 Africa.....	2	42	-17	-4	3	-2	-5	-6	-8	-8
16 Other countries.....	131	24	182	6	2	16	54	-3	87	39
17 Nonmonetary international and regional organizations.....	85	98	216	8	10	9	147	69	11	11
<b>BONDS<sup>2</sup></b>										
18 Foreign purchases.....	21,639	24,049	32,803	1,619	2,004	3,082	2,885	3,356	6,994	4,906
19 Foreign sales.....	20,188	23,099	23,109	1,442	1,795	2,503	2,030	2,035	3,060	2,536
20 Net purchases, or sales (-).....	1,451	950	9,694	178	208	579	855	1,321	3,934	2,370
21 Foreign countries.....	1,479	935	9,382	212	168	539	982	1,278	3,954	2,167
22 Europe.....	2,082	961	8,348	85	272	480	502	1,004	3,956	1,943
23 France.....	305	-89	183	0	4	33	17	8	143	-11
24 Germany.....	2,110	347	1,546	107	122	256	181	19	606	-139
25 Netherlands.....	33	51	78	-1	11	3	16	2	22	-1
26 Switzerland.....	157	632	368	8	35	13	49	9	253	159
27 United Kingdom.....	-589	434	5,638	-59	77	-80	311	922	2,860	1,592
28 Canada.....	24	123	-85	3	32	-35	54	3	-3	13
29 Latin America and Caribbean.....	159	100	311	13	15	14	76	64	41	44
30 Middle East <sup>1</sup> .....	-752	-1,166	-787	11	-287	-60	1	-19	-232	-1
31 Other Asia.....	-22	865	1,586	100	135	138	265	223	192	169
32 Africa.....	-19	0	0	0	0	0	1	1	0	-2
33 Other countries.....	7	52	9	0	0	1	3	3	0	2
34 Nonmonetary international and regional organizations.....	-28	15	312	-34	40	41	-48	43	-20	203
<b>Foreign securities</b>										
35 Stocks, net purchases, or sales (-).....	-1,341	-3,765	-823	70	-40	113	-501	-340 <sup>r</sup>	-318	-167
36 Foreign purchases.....	7,163	13,281	13,342	1,163	1,110	895	1,246	921 <sup>r</sup>	1,333	1,156
37 Foreign sales.....	8,504	17,046	14,165	1,092	1,150	782	1,747	1,261 <sup>r</sup>	1,651	1,324
38 Bonds, net purchases, or sales (-).....	-6,631	-3,131	-2,573	-646	241	184	-293	-481 <sup>r</sup>	-1,187	-232
39 Foreign purchases.....	27,167	36,441	52,026	5,158	5,308	4,427	5,770	4,122 <sup>r</sup>	4,529	6,573
40 Foreign sales.....	33,798	39,572	54,599	5,804	5,066	4,243	6,062	4,604	5,717	6,805
41 Net purchases, or sales (-), of stocks and bonds.....	-7,972	-6,896	-3,396	-575	201	297	-794	-821 <sup>r</sup>	-1,905	-399
42 Foreign countries.....	-6,806	-6,451	-3,710	-650	187	235	-631	-884 <sup>r</sup>	-1,470	-552
43 Europe.....	-2,584	-5,423	-7,563	-1,527	-471	-462	-623	-962 <sup>r</sup>	-1,574	-698
44 Canada.....	-2,363	-1,312	159	37	122	174	-7	-198 <sup>r</sup>	-68	-22
45 Latin America and Caribbean.....	336	1,120	2,369	602	463	237	127	28 <sup>r</sup>	217	206
46 Asia.....	-1,822	-855	1,471	243	80	333	-134	169 <sup>r</sup>	-30	88
47 Africa.....	-9	141	-110	-16	-4	-21	11	-14	-19	-16
48 Other countries.....	-364	-122	-36	12	-6	-25	-4	92	6	-110
49 Nonmonetary international and regional organizations.....	-1,165	-445	315	74	15	62	-163	64 <sup>r</sup>	-36	153

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).  
 2. Includes state and local government securities, and securities of U.S. government agencies and corporations. Also includes issues of new debt securi-

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

## 3.25 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Holdings and Transactions

Millions of dollars

Country or area	1982	1983	1984								
			Jan.- Nov.	May	June	July	Aug.	Sept.	Oct.	Nov. <sup>p</sup>	
Holdings (end of period) <sup>1</sup>											
1 Estimated total <sup>2</sup> .....	85,220	88,932	.....	93,421	93,307	94,912	101,507	97,708 <sup>r</sup>	100,639	103,552	
2 Foreign countries <sup>2</sup> .....	80,637	83,818	.....	85,810	86,782	87,960	93,536	91,799	92,891	95,873	
3 Europe <sup>2</sup> .....	29,284	35,509	.....	38,386	39,295	40,389	44,379	43,661	44,456	45,226	
4 Belgium-Luxembourg.....	447	16	.....	61	135	138	171	191	218	259	
5 Germany <sup>2</sup> .....	14,841	17,290	.....	19,649	19,735	19,627	20,663	19,915	19,876	19,913	
6 Netherlands.....	2,754	3,129	.....	2,979	3,014	3,120	3,133	3,127	3,585	3,578	
7 Sweden.....	677	847	.....	954	940	957	905	981	980	981	
8 Switzerland <sup>2</sup> .....	1,540	1,118	.....	1,403	1,752	2,021	2,089	2,188	2,015	1,728	
9 United Kingdom.....	6,549	8,515	.....	8,656	9,200	9,443	12,301	11,988	12,729	12,978	
10 Other Western Europe.....	2,476	4,594	.....	4,691	4,525	5,084	5,119	5,272	5,053	5,790	
11 Eastern Europe.....	0	0	.....	-1	-1	-1	-1	-1	-1	-1	
12 Canada.....	602	1,301	.....	1,493	1,600	1,631	1,862	2,149	2,386	2,578	
13 Latin America and Caribbean.....	1,076	863	.....	777	677	134	447	611	931	1,895	
14 Venezuela.....	188	64	.....	65	75	75	76	79	80	88	
15 Other Latin America and Caribbean.....	656	716	.....	546	489	591	822	914	975	1,030	
16 Netherlands Antilles.....	232	83	.....	166	112	-532	-452	-382	-124	777	
17 Asia.....	49,543	46,026	.....	44,989	45,046	45,610	46,610	45,135	44,833	45,517	
18 Japan.....	11,578	13,911	.....	14,875	15,365	15,750	16,279	16,262 <sup>r</sup>	17,113	18,687	
19 Africa.....	77	79	.....	88	88	88	-11	15	15	391	
20 All other.....	55	38	.....	77	77	108	250	227	271	266	
21 Nonmonetary international and regional organizations.....	4,583	5,114	.....	7,611	6,525	6,952	7,971	5,909 <sup>r</sup>	7,748	7,679	
22 International.....	4,186	4,404	.....	6,946	5,860	6,241	7,340	5,191	6,843	6,682	
23 Latin American regional.....	6	6	.....	6	6	6	6	6	6	6	
Transactions (net purchases, or sales (-) during period)											
24 Total <sup>2</sup> .....	14,972	3,711	.....	14,240	1,407	-114	1,599	6,596	-3,799 <sup>r</sup>	2,931	2,533
25 Foreign countries <sup>2</sup> .....	16,072	3,180	.....	11,675	382	972	1,172	5,576	-1,736	1,092	2,601
26 Official institutions.....	14,550	779	.....	-1,370	-358	-871	1,366	-1,968 <sup>r</sup>	-823	-555	
27 Other foreign <sup>2</sup> .....	1,518	2,400	.....	13,045	740	1,843	994	4,210	232 <sup>r</sup>	1,915	3,155
28 Nonmonetary international and regional organizations.....	-1,097	535	.....	2,565	1,026	-1,086	428	1,020	-2,063 <sup>r</sup>	1,839	-68
MEMO: Oil-exporting countries											
29 Middle East <sup>3</sup> .....	7,575	-5,419	.....	-6,067	-1,037	67	-312	-411	-144	-983	-1,278
30 Africa <sup>4</sup> .....	-552	-1	.....	-101	0	0	0	-100	0	0	0

1. Estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

2. Beginning December 1978, includes U.S. Treasury notes publicly issued to private foreign residents denominated in foreign currencies.

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

4. Comprises Algeria, Gabon, Libya, and Nigeria.



## 3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per annum

Country	Rate on Dec. 31, 1984		Country	Rate on Dec. 31, 1984		Country	Rate on Dec. 31, 1984	
	Per-cent	Month effective		Per-cent	Month effective		Per-cent	Month effective
Austria .....	4.5	June 1984	France <sup>1</sup> .....	10.75	Nov. 1984	Norway .....	8.0	June 1979
Belgium .....	11.0	Feb. 1984	Germany, Fed. Rep. of ...	4.5	June 1984	Switzerland .....	4.0	Mar. 1983
Brazil .....	49.0	Mar. 1981	Italy .....	16.5	Sept. 1984	United Kingdom <sup>2</sup> .....		
Canada .....	10.09	Dec. 1984	Japan .....	5.0	Oct. 1983	Venezuela .....	11.0	May 1983
Denmark .....	7.0	Oct. 1983	Netherlands .....	5.0	Sept. 1983			

1. As of the end of February 1981, the rate is that at which the Bank of France discounts Treasury bills for 7 to 10 days.

2. Minimum lending rate suspended as of Aug. 20, 1981.

NOTE. Rates shown are mainly those at which the central bank either discounts

or makes advances against eligible commercial paper and/or government commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

## 3.27 FOREIGN SHORT-TERM INTEREST RATES

Percent per annum, averages of daily figures

Country, or type	1982	1983	1984	1984						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1 Eurodollars .....	12.24	9.37	10.75	11.68	12.02	11.81	11.67	10.77	9.50	8.90
2 United Kingdom .....	12.21	10.06	9.91	9.43	11.38	11.09	10.79	10.60	9.87	9.74
3 Canada .....	14.38	9.48	11.29	11.86	13.03	12.41	12.20	11.99	11.09	10.41
4 Germany .....	8.81	5.73	5.96	6.11	6.09	6.00	5.81	6.06	5.92	5.81
5 Switzerland .....	5.04	4.11	4.35	4.15	4.72	4.81	5.04	5.23	5.03	4.96
6 Netherlands .....	8.26	5.38	6.08	6.09	6.39	6.26	6.23	6.16	5.87	5.77
7 France .....	14.61	12.44	11.66	12.23	11.70	11.37	11.00	10.75	10.54	10.66
8 Italy .....	19.99	18.95	17.08	16.75	16.73	16.50	17.28	17.13	17.13	16.86
9 Belgium .....	14.10	10.31	11.41	11.90	11.90	11.73	11.16	11.00	10.81	10.75
10 Japan .....	6.84	6.49	6.32	6.35	6.31	6.35	6.33	6.31	6.32	6.33

NOTE. Rates are for 3-month interbank loans except for Canada, finance company paper; Belgium, 3-month Treasury bills; and Japan, Gensaki rate.

## 3.28 FOREIGN EXCHANGE RATES

Currency units per dollar

Country/currency	1982	1983	1984	1984					
				July	Aug.	Sept.	Oct.	Nov.	Dec.
1 Australia/dollar <sup>1</sup>	101.65	90.14	87.937	83.42	84.73	83.08	83.64	85.88	84.00
2 Austria/schilling	17.060	17.968	20.005	19.998	20.268	21.293	21.557	21.075	21.802
3 Belgium/franc	45.780	51.121	57.749	57.714	58.282	61.132	62.048	60.475	62.380
4 Brazil/cruzeiro	179.22	573.27	1841.50	1,819.00	1994.30	2226.79	2453.64	2734.16	3008.55
5 Canada/dollar	1.2344	1.2325	1.2953	1.3238	1.3035	1.3145	1.3189	1.3168	1.3201
6 China, P.R./yuan	1.8978	1.9809	2.3308	2.2996	2.3718	2.5469	2.6488	2.6785	2.7953
7 Denmark/krone	8.3443	9.1483	10.354	10.4178	10.5174	10.9753	11.090	10.824	11.126
8 Finland/markka	4.8086	5.5636	6.0007	6.0187	6.0626	6.2783	6.3726	6.2653	6.4563
9 France/franc	6.5793	7.6203	8.7355	8.7438	8.8567	9.3041	9.4108	9.1981	9.5083
10 Germany/deutsche mark	2.428	2.5539	2.8454	2.8492	2.8856	3.0314	3.0678	2.9985	3.1044
11 Greece/drachma	66.872	87.895	112.73	112.40	115.11	120.40	126.06	123.63	127.26
12 Hong Kong/dollar	6.0697	7.2569	7.8188	7.8519	7.8388	7.8430	7.8242	7.8235	7.8287
13 India/rupee	9.4846	10.1040	11.348	11.371	11.556	11.858	12.027	12.078	12.293
14 Ireland/pound <sup>1</sup>	142.05	124.81	108.64	107.63	106.84	102.28	100.85	103.41	100.37
15 Israel/shekel	24.407	55.865	n.a.	253.14	n.a.	n.a.	n.a.	n.a.	n.a.
16 Italy/lira	1354.00	1519.30	1756.10	1,751.18	1780.47	1870.79	1898.98	1863.05	1912.52
17 Japan/yen	249.06	237.55	237.45	243.07	242.26	245.46	246.75	243.63	247.96
18 Malaysia/ringgit	2.3395	2.3204	2.3448	2.3385	2.3331	2.3528	2.4076	2.4300	2.4164
19 Mexico/peso	72.990	155.01	192.31	196.63	196.98	197.71	203.33	210.79	219.56
20 Netherlands/guilder	2.6719	2.8543	3.2083	3.2155	3.2539	3.4188	3.4597	3.3817	3.5035
21 New Zealand/dollar <sup>1</sup>	75.101	66.790	57.837	55.631	49.912	48.953	48.614	49.278	48.260
22 Norway/krone	6.4567	7.3012	8.1596	8.2151	8.2991	8.6246	8.8721	8.7175	8.9805
23 Philippines/peso	8.5324	11.0940	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
24 Portugal/escudo	80.101	111.610	147.70	152.17	151.02	158.45	163.36	163.10	167.31
25 Singapore/dollar	2.1406	2.1136	2.1325	2.1473	2.1472	2.1635	2.1667	2.1554	2.1732
26 South Africa/rand <sup>1</sup>	92.297	89.85	69.534	66.52	63.76	60.08	56.54	55.47	52.66
27 South Korea/won	731.93	776.04	807.91	810.96	811.42	815.82	820.03	818.89	825.73
28 Spain/peseta	110.09	143.500	160.78	161.37	164.41	170.19	172.15	168.10	171.98
29 Sri Lanka/rupee	20.756	23.510	25.428	25.223	25.285	25.605	25.906	26.075	26.213
30 Sweden/krona	6.2838	7.6717	8.2706	8.3063	8.3489	8.5892	8.6887	8.5957	8.8614
31 Switzerland/franc	2.0327	2.1006	2.3500	2.4115	2.4150	2.5049	2.5245	2.4700	2.5602
32 Taiwan/dollar	n.a.	n.a.	39.633	39.477	39.092	39.159	39.226	39.419	39.509
33 Thailand/baht	23.014	22.991	23.582	23.020	23.018	23.013	23.020	26.736	27.091
34 United Kingdom/pound <sup>1</sup>	174.80	151.59	133.66	132.00	131.32	125.63	121.96	123.92	118.61
35 Venezuela/bolivar	4.2981	10.6840	n.a.	13.067	12.725	n.a.	n.a.	n.a.	n.a.
MEMO									
United States/dollar <sup>2</sup>	116.57	125.34	138.19	139.30	140.21	145.70	147.56	144.92	149.24

1. Value in U.S. cents.  
 2. Index of weighted-average exchange value of U.S. dollar against currencies of other G-10 countries plus Switzerland. March 1973 = 100. Weights are 1972-76 global trade of each of the 10 countries. Series revised as of August 1978. For description and back data, see "Index of the Weighted-Average Exchange Value of the U.S. Dollar: Revision" on p. 700 of the August 1978 BULLETIN.

NOTE. Averages of certified noon buying rates in New York for cable transfers. Data in this table also appear in the Board's G.5 (405) release. For address, see inside front cover.

# Guide to Tabular Presentation, Statistical Releases, and Special Tables

## GUIDE TO TABULAR PRESENTATION

### Symbols and Abbreviations

c	Corrected	0	Calculated to be zero
e	Estimated	n.a.	Not available
p	Preliminary	n.e.c.	Not elsewhere classified
r	Revised (Notation appears on column heading when about half of the figures in that column are changed.)	IPCs	Individuals, partnerships, and corporations
*	Amounts insignificant in terms of the last decimal place shown in the table (for example, less than 500,000 when the smallest unit given is millions)	REITs	Real estate investment trusts
		RPs	Repurchase agreements
		SMSAs	Standard metropolitan statistical areas
		.....	Cell not applicable

### General Information

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct

obligations of the Treasury. "State and local government" also includes municipalities, special districts, and other political subdivisions.

In some of the tables details do not add to totals because of rounding.

## STATISTICAL RELEASES

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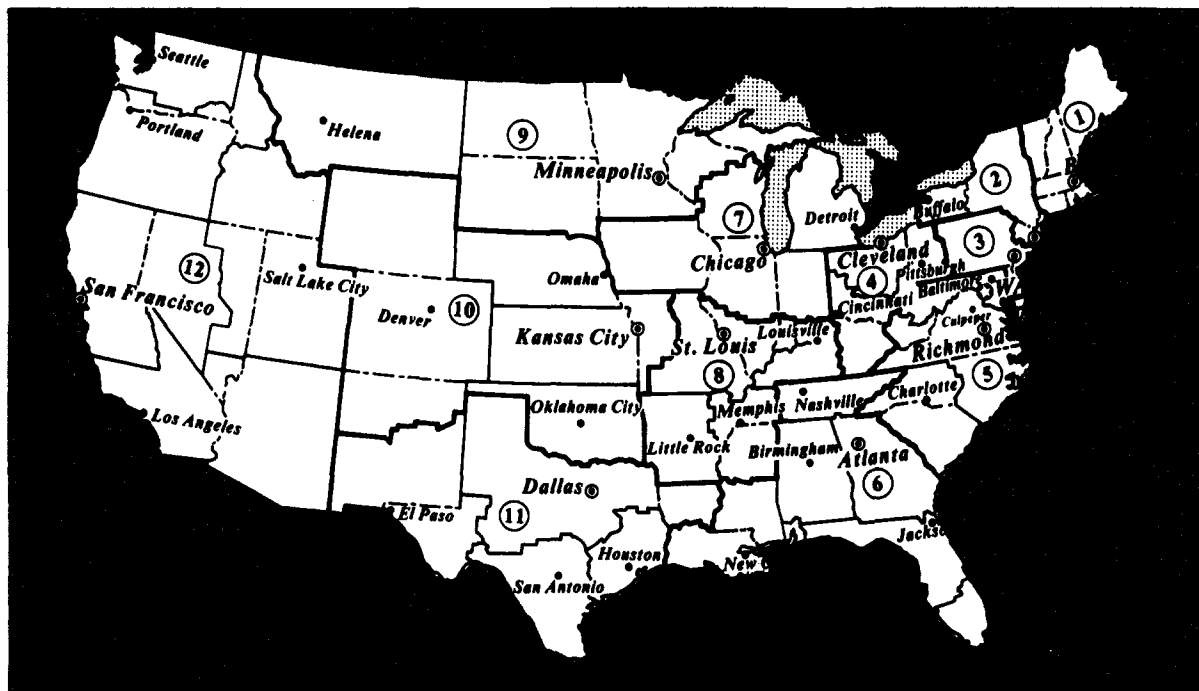
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# The Federal Reserve System

## Boundaries of Federal Reserve Districts and Their Branch Territories



**LEGEND**

— Boundaries of Federal Reserve Districts

— Boundaries of Federal Reserve Branch Territories

★ Board of Governors of the Federal Reserve System

⊙ Federal Reserve Bank Cities

• Federal Reserve Branch Cities

· Federal Reserve Bank Facility