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Changes in the Use of Transaction Accounts and Cash from 1984 to 1986

This article was prepared by Robert B. Avery, Gregory E. Elliehausen, Arthur B. Kennickell, and Paul A. Spindt of the Board's Division of Research and Statistics, with the assistance of Marla Halperin and Phoebe Roaf.

Economic activity in the United States is supported by a very large volume of transactions. The means of payment for these transactions are principally cash (currency and coin), credit cards, and accounts with check-writing features at financial institutions. Although good data on aggregate quantities of these means of payment are available, information on how these quantities are used in the economy is limited. To understand better how Americans acquire cash and use both cash and other means of payment, the Board of Governors of the Federal Reserve System in 1984 commissioned the Survey of Currency and Transaction Account Usage. A summary of the findings was reported in the February 1986 issue of the FEDERAL RESERVE BULLETIN.

Since 1984, several changes that could affect the way families pay for their transactions have occurred. Automated teller machines have become more widely available to consumers, and the technology for making payments and deposits electronically has improved. Regulatory and macroeconomic changes, meanwhile, have altered the environment in which households choose among transaction media. Interest rates on consumer deposits have been virtually deregulated, and minimum balance requirements have been eliminated. Also, yields on short-term investments have fallen, and gaps between these rates and those paid by financial institutions on interest-bearing checking accounts have narrowed.

To see how these changes have affected the payment practices of American families, in 1986

the Board commissioned a second survey. The 1986 survey, like the 1984 one, collected information on deposit balances, expenditures out of accounts with transaction features, uses of credit cards, and patterns of cash acquisition and use. By gathering similar data, the 1986 survey not only showed the changes that had occurred but also confirmed 1984 findings about the ways payment practices vary across families with various characteristics. The 1986 survey also incor-

1. Methods of payment by families classified by selected characteristics, 1986

Family characteristic	Percent ¹				
	Proportion of all families	Cash	Cash and money orders	Cash and checks ²	Cash, checks, and credit cards ²
<i>Income (dollars)</i>					
Less than 10,000	20	20	16	32	32
10,000-19,999	21	6	14	28	52
20,000-29,999	18	4	6	15	75
30,000-49,999	27	3	3	14	80
50,000 or more	14	1	0	3	96
<i>Age of head (years)</i>					
Less than 35	25	8	13	18	61
35-44	26	10	8	17	66
45-54	14	4	6	15	76
55-64	17	2	5	25	68
65 or more	18	10	5	23	62
<i>Race or national origin of head</i>					
Caucasian ³	82	5	5	20	71
Nonwhite or Hispanic	18	19	23	16	42
<i>All families</i>					
1986	100	7	8	19	66
1984	100	6	7	20	67

1. Here and in succeeding tables, percentages may not sum to 100 because of rounding.

2. Checks include personal checks, bank checks, automatic payments, and electronic payments.

3. Here and in succeeding tables, Hispanics are counted separately from other Caucasians.

porated additional and improved questions so that the information gathered was more complete and precise than that in 1984. A description of the 1986 survey and technical information on how the data were treated are given in the appendix.

At the most general level, the 1986 survey showed that consumers' choices among the transaction media—checks, cash, money orders, and credit cards—are almost unchanged from 1984 (see table 1). In both years, all families reported using at least some cash, and the percentage using only cash or money orders remained under 15 percent. However, this general stability covered some significant changes within the various means of payment.

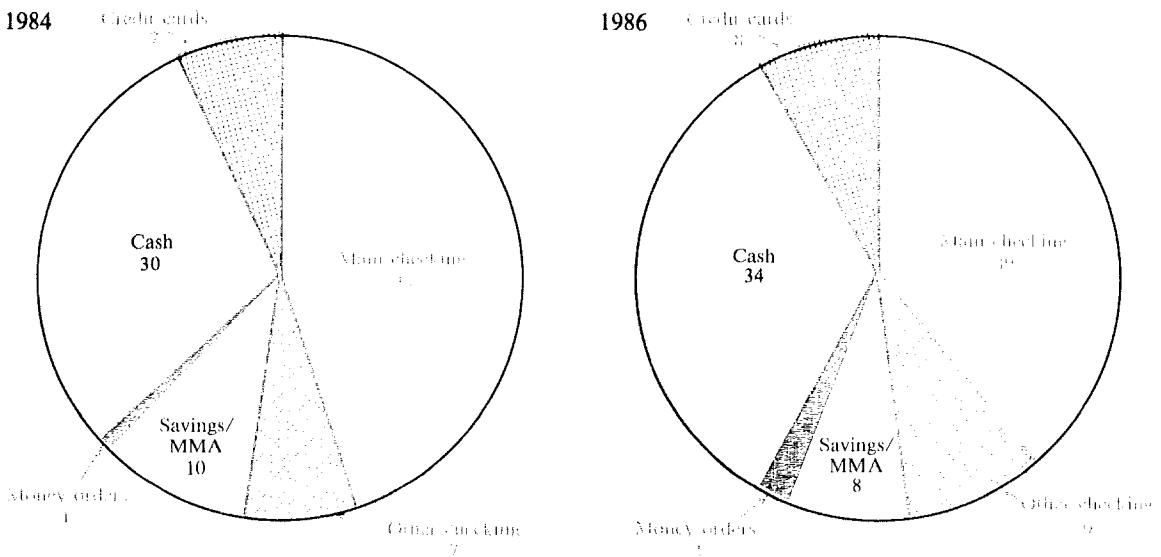
This article first presents findings on how the holding and the use of transaction accounts by families changed between 1984 and 1986. Next, it describes survey evidence on how credit card and electronic payment use changed. Then it presents findings on changes in the use of cash between 1984 and 1986. Finally, it summarizes conclusions about the data. Although not the focus of the discussion, data on the variability of behavior across families classified by various characteristics are also presented in most tables.

THE HOLDING AND USE OF TRANSACTION ACCOUNTS AND METHODS OF PAYMENT

Many of the changes between 1984 and 1986 should have increased the attractiveness of checking accounts to consumers. In January 1985, the regulatory minimum balance requirement for "Super NOW" accounts, which offer unlimited check-writing privileges and pay an unregulated market interest rate, was lowered from \$2,500 to \$1,000. In January 1986, this requirement was eliminated, as was the 5¼ percent ceiling on regular NOW account interest rates. From mid-1984 to mid-1986, short-term market interest rates fell almost 4 percentage points, and the gap between typical interest rates paid on NOW account balances and those paid on other liquid investments narrowed from 4 percentage points to less than 1 percentage point. Meanwhile, many financial institutions adopted new pricing practices, effectively "unbundling" services by charging fees for check clearing and other transactions while paying a market interest rate on account balances. These changes reduced consumers' incentives to manage checking account balances actively, transferring funds out to earn higher interest and moving funds in as needed for transactions. The changes should also

1. Methods of payment and percentage of aggregate household expenditures

Source: Federal Reserve Board, "Consumer Credit and Savings: A Report on the 1986 Survey," *Federal Reserve Bulletin*, March 1987, p. 183.



NOTE: Percentages may not sum to 100 due to rounding.

2. Monthly use of money market accounts and savings accounts by families classified by selected characteristics, 1986

Family characteristic	Proportion of all families (percent)	Families owning these accounts (percent)	Balance (dollars) ¹		Owners writing checks (percent)	Number of withdrawals ²		Average size of withdrawal (dollars) ²		Mean ratio of withdrawals to income (percent) ¹
			Mean	Median		Mean	Median	Mean	Median	
<i>Income (dollars)</i>										
Less than 10,000.....	20	36	5,746	1,965	28	3	3	389	50	60
10,000-19,999.....	21	47	6,803	898	38	4	2	216	126	20
20,000-29,999.....	18	61	8,062	1,700	17	3	1	585	194	8
30,000-49,999.....	27	70	7,729	2,675	33	3	2	660	109	10
50,000 or more.....	14	87	31,217	9,800	34	5	2	1,548	481	16
<i>Age of head (years)</i>										
Less than 35.....	25	62	4,455	975	31	3	2	712	125	12
35-44.....	26	55	9,249	1,925	28	3	2	703	133	9
45-54.....	14	62	10,072	3,352	32	6	2	341	101	8
55-64.....	17	60	20,977	2,500	38	3	2	922	132	14
65 or more.....	18	60	20,764	9,975	24	6	3	977	321	55
<i>Race or national origin of head</i>										
Caucasian.....	82	62	13,921	3,000	29	4	2	802	150	20
Nonwhite or Hispanic.....	18	48	2,213	1,001	40	3	2	445	125	9
<i>All families</i>										
1986.....	100	59	12,261	2,500	30	4	2	736	138	19
1984 ³	100	69	13,664	3,107	18	3	1	1,322	401	13

1. For account owners.
 2. For families using the account. Withdrawals are net of transfers, cash withdrawals, and investments.

3. Dollar amounts for 1984 are computed in 1986 dollars.

have encouraged consumers to consolidate their funds in fewer accounts, particularly if the size of service charges decreases as account balances increase.

Account Activity

Data from the 1984 and 1986 surveys support some but not all of these expectations. The share of monthly family expenditures made by six major means of payment, displayed in chart 1, changed little from 1984 to 1986. The most significant change was that, in 1986, families used their main checking account—that is, the checking account the family used most frequently—for a smaller, rather than a larger, percentage of their total spending than they had in 1984. However, other findings, which are discussed below, are consistent with the conjecture that checking accounts, in comparison with savings and money market accounts (MMDAs and MMMFs), were more attractive to consumers in 1986 than in 1984.

The survey data show a reduction in the percentage of families owning savings and money market accounts and a decline in balances held in

these accounts (see table 2). Data on monetary aggregates, however, show account holdings—which include nonhousehold balances—to have increased over the period. This inconsistency suggests that the survey data on outstanding balances contain some measurement error. For example, in both surveys, some families apparently included time deposits with savings and money market accounts or the latter accounts with secondary checking accounts, distorting survey estimates. Expenditure data, which are largely unaffected by measurement error in the account balances, are believed to be considerably more accurate. The surveys suggest that in both 1984 and 1986 savings and money market accounts had limited roles in transactions. Moreover, aggregate household expenditures accounted for by payments out of savings and money market accounts declined over the two-year period. Indeed, a 21 percent real decline in the reported dollar amount transferred between these accounts and checking accounts (not shown) reinforces the conclusion that there was a diminished role for money market and savings accounts as temporary repositories for funds not needed for transactions.

The data show little evidence of the expected increased concentration of balances or expenditures in families' main checking accounts. In fact, from 1984 to 1986 the average account balance fell, and payments made from these accounts as a percentage of income fell almost 6 percentage points (see table 3). Other measures of activity, such as the average size of a check and the average number of checks written per month, were virtually unchanged over the two years.

The decline in the use of savings and money market accounts was offset by an increase in the use of families' secondary checking accounts rather than their main accounts. The percentage of families owning secondary checking accounts increased from 1984 to 1986, and these accounts were used more actively in 1986 than in 1984 (see table 4). Although families reported a decline in the average total number of accounts at financial institutions, the number of checking accounts they owned rose slightly.

On the surface, these findings on expenditures may appear inconsistent with data on real changes in aggregate balances in checking accounts, which show increases of 9 percent in demand deposits (mostly non-interest-bearing) and 37 percent in other checkable deposits

(mostly interest-bearing NOW and Super NOW accounts) over the two years. As measured by the surveys, however, total estimated family checking account balances—driven by a three-fold increase of funds in secondary accounts—increased almost 28 percent in real terms from 1984 to 1986. This increase is within 3 percentage points of the aggregate growth rate of the sum of other checkable deposits (which are mostly held by families) and the estimated family component of demand deposits. Over the same period, the survey data show an 8 percent decline in the total payments made from checking accounts. The net effect was that average withdrawals from all checking accounts fell from 74 percent of average checking account balances in 1984 to 54 percent in 1986. Thus total family checking accounts in the survey, which as of June 1986 held slightly less than half of aggregate checking account balances, increased in importance as vehicles for family saving and diminished in importance as media for transactions.

Interest Payments and Service Charges

Evidence shows that some changes in bank interest payments and service charges had resulted

3. Monthly use of main checking accounts by families classified by selected characteristics, 1986

Family characteristic	Proportion of all families (percent)	Families owning these accounts (percent)	Account balance (dollars) ¹		Owners writing checks (percent)	Number of checks ³		Average size of check (dollars) ²		Mean ratio of withdrawals to income (percent) ²
			Mean	Median		Mean	Median	Mean	Median	
<i>Income (dollars)</i>										
Less than 10,000.....	20	64	849	400	90	10	9	137	52	114
10,000-19,999.....	21	80	1,009	400	99	15	10	107	58	68
20,000-29,999.....	18	90	1,025	558	96	18	13	100	53	47
30,000-49,999.....	27	94	1,373	901	99	18	15	140	75	48
50,000 or more.....	14	99	2,196	1,500	99	22	20	181	88	41
<i>Age of head (years)</i>										
Less than 35.....	25	79	920	500	96	16	13	87	58	62
35-44.....	26	83	1,271	500	98	21	16	149	63	52
45-54.....	14	91	1,253	800	95	19	15	151	66	54
55-64.....	17	93	1,593	900	98	14	10	170	68	55
65 or more.....	18	85	1,514	1,096	98	14	10	114	77	83
<i>Race or national origin of head</i>										
Caucasian.....	82	91	1,311	700	98	17	14	130	65	61
Nonwhite or Hispanic.....	18	58	1,143	450	93	14	12	153	74	63
<i>All families</i>										
1986.....	100	85	1,291	650	97	17	14	133	65	61
1984 ³	100	87	1,749	580	94	16	14	151	78	67

1. For account owners.

2. For families using the account. Withdrawals are net of transfers, cash withdrawals, and investments.

3. Dollar amounts for 1984 are computed in 1986 dollars.

4. Monthly use of other checking accounts by families classified by selected characteristics, 1986

Family characteristic	Proportion of all families (percent)	Families owning these accounts (percent)	Balance (dollars) ¹		Owners writing checks (percent)	Number of checks ²		Average size of check (dollars) ²		Mean ratio of withdrawals to income (percent) ²
			Mean	Median		Mean	Median	Mean	Median	
<i>Income (dollars)</i>										
Less than 10,000.....	20	6	830	500	88	7	6	45	57	47
10,000-19,999.....	21	12	2,623	939	79	8	3	370	138	92
20,000-29,999.....	18	15	4,585	794	73	10	5	130	58	21
30,000-49,999.....	27	33	9,787	814	65	14	8	117	63	18
50,000 or more.....	14	46	4,251	1,000	85	13	10	237	158	42
<i>Age of head (years)</i>										
Less than 35.....	25	19	1,269	500	64	10	7	151	58	26
35-44.....	26	20	1,359	650	77	8	4	255	180	36
45-54.....	14	29	2,017	890	84	13	11	142	125	57
55-64.....	17	29	6,588	1,000	85	12	11	148	79	31
65 or more.....	18	16	27,624	1,750	58	16	5	265	44	31
<i>Race or national origin of head</i>										
Caucasian.....	82	24	6,551	814	75	11	7	185	86	35
Nonwhite or Hispanic.....	18	11	2,324	591	75	14	10	193	58	39
<i>All families</i>										
1986.....	100	22	6,162	814	75	11	7	186	86	36
1984 ³	100	20	2,683	695	60	9	6	316	130	31

1. For account owners.
 2. For families using the account. Withdrawals are net of transfers, cash withdrawals, and investments.

3. Dollar amounts for 1984 are computed in 1986 dollars.

from the deregulation of checking accounts by mid-1986, although these changes were not as dramatic as one might have expected (see table 5). The percentage of families reporting the payment of fees or service charges on their main checking account increased almost 6 per-

5. Location, interest payments, and service charges for main checking account, 1984 and 1986

Item	1984	1986
<i>Location of account</i>		
Commercial bank.....	72	67
Savings and loan.....	20	23
Credit union or brokerage house.....	8	11
<i>Interest and service charge payments</i>		
Interest only.....	29	27
Service charges only.....	31	35
Neither interest nor service charges.....	31	26
Both interest and service charges.....	10	12
Balance in account kept higher to avoid fees.....	n.a.	49
<i>Account characteristic</i>		
Interest rate dependent on balance ¹	n.a.	74
Service charge ²		
Dependent only on account balance.....	34	30
Dependent only on number of checks.....	24	31
Dependent on both checks and account balance.....	22	24
Flat or dependent on other factors.....	20	16
Overdraft protection.....	n.a.	43

n.a. Not available.
 1. For all accounts paying interest.
 2. For all accounts paying service charges.

centage points, from 41 percent to 47 percent, but the percentage receiving interest was unchanged at 39 percent. Additional evidence shows that consumers responded to the pricing changes that occurred. Almost one-half of the 1986 families reported keeping higher balances in their main checking accounts than they would otherwise have done to avoid or reduce fees. Indeed, both the mean and median balances held in accounts with service charges rose substantially between 1984 and 1986 so that the share of total main checking account balances held in these accounts almost doubled, from 22 percent to 38 percent (not shown). Moreover, at least some of these new balances appear to be "idle," because the share of the total main checking account expenditures made from accounts with service charges increased only half as much as their share of balances.

USE OF CREDIT CARDS, MONEY ORDERS, AND ELECTRONIC PAYMENTS

Credit Cards

The use of credit cards as a method of payment rose substantially from 1984 to 1986: total month-

6. Monthly use of credit cards by families classified by selected characteristics, 1986

Family characteristic	Families owning credit cards (percent)	Number of cards per family ¹		Families using credit cards (percent) ¹	Number of transactions per family ²	
		Mean	Median		Mean	Median
<i>Income (dollars)</i>						
Less than 10,000	42	3	2	65	4	2
10,000-19,999	59	4	4	76	4	3
20,000-29,999	80	5	4	81	6	4
30,000-49,999	83	7	5	89	7	5
50,000 or more	97	8	7	87	14	9
<i>Age of head (years)</i>						
Less than 35	68	5	4	85	8	5
35-44	69	5	4	88	7	4
45-54	83	6	5	77	7	5
55-64	71	8	6	84	9	7
65 or more	69	5	5	71	6	4
<i>Race or national origin of head</i>						
Caucasian	73	6	5	83	8	5
Nonwhite or Hispanic	61	5	3	74	4	2
<i>Credit card payment practice³</i>						
Revolves	100	6	5	84	7	5
Does not revolve	100	6	5	79	8	5
<i>All families</i>						
1986	71	6	5	82	8	5
1984 ⁴	71	5	4	76	7	4

1. For credit card owners.

2. For families using credit cards during the month.

3. For families who own bank or store credit cards.

4. Dollar amounts for 1984 are computed in 1986 dollars.

ly credit card charges were more than 27 percent higher in 1986 than in 1984 in real terms. This increase stemmed primarily from an increase in the proportion of credit card owners that used credit cards in the preceding month, although average monthly credit card charges per family also increased slightly (table 6). The rates for credit card ownership were the same in 1986 as they had been two years before, and the ratio of charges to income for users and their average number of charges per month were virtually unchanged.

Credit cards, however, are not simply a substitute for cash and checks as a means of payment. Banks and stores typically offer their credit card holders a second option. Besides using the account as a means of payment by paying the balance in full at the end of the statement period, the card owner can "revolve" the account by making partial payment and financing the balance. Data from the 1986 survey, with information from other surveys, permit analysis of changes in the use of credit cards as a means of payment and a source of debt financing. Overall, about half of all holders of bank and store credit cards reported revolving their accounts in 1986,

about the same proportion as in the 1977 and 1983 surveys of consumer finances. Considering the apparent stability in the proportion of families that revolve their accounts, much of the rise in credit card debt since 1984 may reflect increased use of cards as a means of payment rather than as a source of credit per se.

Money Orders

Both surveys collected limited information on the use of money orders. In the aggregate, money orders are a relatively unimportant means of payment (see table 7). However, some groups of the population, particularly nonwhites and Hispanics and low-income families, used money orders for a significant proportion of expenditures. Some evidence also suggests that the use of money orders has increased since 1984.

Electronic Fund Transfer Services

While the technology to send and receive payments electronically has improved in recent years, data on consumer acceptance of such

6. Continued

Family characteristic	Amount per transaction (dollars) ²		Total amount charged per family (dollars) ²		Total amount of monthly transactions to monthly income ²		Families revolving credit card accounts (percent) ¹
	Mean	Median	Mean	Median	Mean	Median	
<i>Income (dollars)</i>							
Less than 10,000	44	29	158	60	31	17	59
10,000-19,999	70	31	207	100	17	7	55
20,000-29,999	44	20	182	115	9	6	36
30,000-49,999	60	39	330	175	11	6	60
50,000 or more	86	47	867	550	15	9	33
<i>Age of head (years)</i>							
Less than 35	53	30	297	150	15	8	60
35-44	65	36	388	150	11	5	53
45-54	80	35	421	157	14	5	42
55-64	67	41	522	300	17	10	52
65 or more	47	38	258	120	16	8	30
<i>Race or national origin of head</i>							
Caucasian	61	35	390	170	15	7	46
Nonwhite or Hispanic	69	50	278	100	12	7	62
<i>Credit card payment practice³</i>							
Revolves	61	30	319	150	13	7	100
Does not revolve	68	40	453	200	16	9	0
<i>All families</i>							
1986	62	35	374	150	14	7	49
1984 ⁴	59	33	360	165	13	7	n.a.

services have been limited. Information collected in surveys of consumer attitudes conducted in 1981 and 1983 is comparable to data from the 1984 and 1986 surveys. The data from the 1986 survey are summarized in table 8. The data show no increase in the growth of direct deposit to family accounts from 1981 to 1986 and only small

growth in the proportion of families having automatic payment of a mortgage, a utility bill, or another payment.

Automated teller machines (ATMs) are now widely available. More than 61,000 were estimated to have been installed by the end of 1985. ATMs generally provide consumers with greater

7. Monthly use of money orders by families classified by selected characteristics, 1986

Family characteristic	Proportion of all families (percent)	Families using money orders (percent)	Average number of money orders ¹	Average size of money order (dollars) ¹	Mean ratio of money order expenditures to family income (percent)
<i>Income (dollars)</i>					
Less than 10,000	20	20	3	72	43
10,000-19,999	21	20	2	117	23
20,000-29,999	18	11	4	111	17
30,000-49,999	27	11	2	334	20
50,000 or more	14	4	3	184	14
<i>Age of head (years)</i>					
Less than 35	25	21	3	143	23
35-44	26	17	3	218	32
45-54	14	9	3	79	18
55-64	17	8	2	85	19
65 or more	18	8	3	119	44
<i>Race or national origin of head</i>					
Caucasian	82	9	3	170	25
Nonwhite or Hispanic	18	33	3	129	30
<i>All families</i>					
1986	100	14	3	153	27
1984 ²	100	15	2	147	16

1. For families using money orders.

2. Dollar amounts for 1984 are computed in 1986 dollars.

8. Use of electronic fund transfer services by families classified by selected characteristics, 1986¹

Family characteristic	Percent	
	Uses direct deposit ²	Uses automatic payment ²
<i>Income (dollars)</i>		
Less than 10,000	29	19
10,000-19,999	33	17
20,000-29,999	30	27
30,000-49,999	34	36
50,000 or more	34	40
<i>Age of head (years)</i>		
Less than 35	23	24
35-44	27	27
45-54	24	44
55-64	31	37
65 or older	59	14
<i>Race or national origin of head</i>		
Caucasian	34	28
Nonwhite or Hispanic	19	28
<i>All families</i>	32	28

1. Comparable figures are not available for 1984.
 2. For families owning at least one account at a financial institution.

flexibility in gaining access to their accounts and obtaining cash than do traditional bank offices. The proportion of account-owning families with ATM access cards doubled between 1981 and 1983. Since 1984, the proportion of families owning ATM cards has not changed significantly, but the proportion using ATMs has increased 8 percentage points (see table 9). The use of ATMs appears to be sensitive to relative prices: families that must pay more for an ATM transaction than for a check are less likely than other families to use an ATM. Among those who use ATMs, however, families with higher ATM fees do not use ATMs less frequently than other families.

Many of these ATMs are parts of networks, which allow consumers to use ATMs of other financial institutions. These networks have grown rapidly. Until recently, they existed only in a few large metropolitan areas. In 1986, 56 percent of families with ATM cards reported having access to ATMs that were part of a network, and about half of these families used another institution's ATM at some time.

THE ACQUISITION AND USE OF CASH

Although cash is a highly suitable means of payment for many transactions, little information on how it is acquired and used in the United

States is available. Since 1984, cash held outside the U.S. Treasury, Federal Reserve Banks, and commercial banks has grown less rapidly than checkable deposits at financial institutions. To determine if this less rapid growth reflects a change in the way people pay for goods and services, one needs a better understanding of how cash is used in the economy.

The 1984 and 1986 surveys provide much information on patterns of cash acquisition and use. Although the 1984 survey collected some information on sources and methods used to acquire cash, these data could not be used to assess the check-processing burden and other costs associated with individuals' cash acquisition practices. Information that can be used for this purpose was obtained in 1986. The 1986 survey also provided information on cash held for nontransaction purposes, which the 1984 survey did not.

In this part of both surveys, the unit of observation was the individual respondent rather than

9. Monthly use of automated teller machines (ATMs) by families classified by selected characteristics, 1986

Family characteristic	Families owning ATM access card ¹ (percent)	Owners using ATM to withdraw cash (percent)	Number of ATM cash withdrawals ²	
			Mean	Median
<i>Income (dollars)</i>				
Less than 10,000	32	68	5	4
10,000-19,999	33	67	4	4
20,000-29,999	46	54	6	4
30,000-49,999	55	72	5	4
50,000 or more	60	79	4	4
<i>Age of head (years)</i>				
Less than 35	54	82	6	4
35-44	55	71	5	4
45-54	36	74	4	3
55-64	32	58	4	2
65 or older	28	34	4	4
<i>Race or national origin of head</i>				
Caucasian	45	70	5	4
Nonwhite or Hispanic	50	60	4	4
<i>ATM transaction fee</i>				
More than check	100	40	6	5
Same as check	100	75	5	4
Less than check	100	80	4	4
<i>All families</i>				
1986	46	69	5	4
1984	44	61	6	4

1. For families owning at least one transaction account.
 2. For families who used an ATM to withdraw cash during the month.

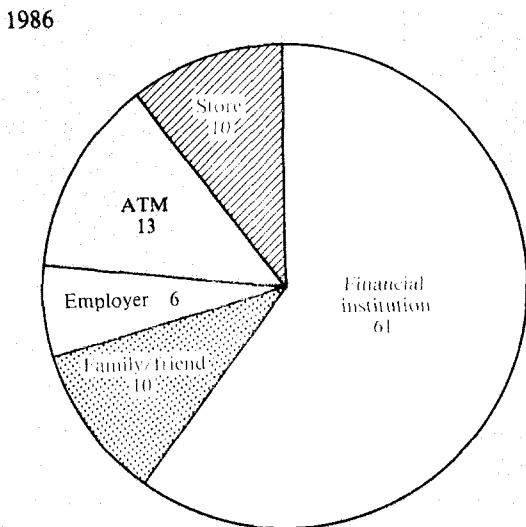
the family because respondents were expected to have more accurate knowledge of their own cash transactions than of the transactions of other family members. Thus the reference population for this part of the surveys was all adult U.S. residents.

Sources and Methods of Cash Acquisition

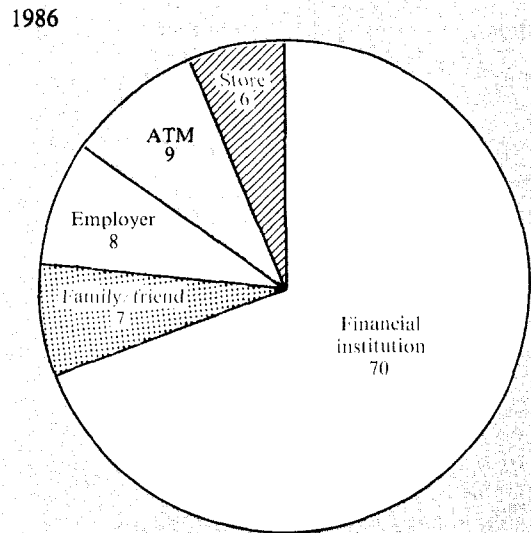
According to the 1986 survey, most of the cash acquired by individuals for use in transactions is withdrawn from the cash held by depository financial institutions. Most individuals, about 61 percent, acquired cash at a financial institution, by cashing a check or by withdrawing funds from their savings account (see chart 2). Another 13 percent of individuals acquired cash from an ATM. These two sources together provided about 80 percent of the total cash acquired by all individuals (see chart 3). The cash inventories of business enterprises, stores and employers, provided about 14 percent of the cash acquired by individuals.

The 1986 survey also showed that check cashing is the primary method used by individuals to acquire cash (see tables 10 and 11). About 24

2. Percentage of individuals using various sources of cash



3. Percentage of aggregate cash acquired, by source



percent of the population acquired currency by cashing a check drawn on one of their own accounts and 47 percent by cashing a check received from someone else. The total volume of checks cashed by individuals to acquire currency represented a substantial portion of the total number of checks cleared through the U.S. check-processing system. At the time of the survey, individuals cashed an estimated 550 million checks per month to acquire currency. These checks amounted to nearly 16 percent of the estimated total monthly volume of items processed through the check-clearing system at that time. The cost of this processing burden was significant: assuming check production and processing costs averaged at least 25 to 50 cents per item, the total cost of checks used to obtain cash was between \$137 million and \$257 million per month, 0.2 percent to 0.4 percent of the amount of cash acquired using checks.

The Rate of Cash Acquisition and Use

To use cash for transactions, individuals must maintain an inventory of it that they deplete by making payments and replenish periodically by acquiring more cash. Graphically, the time pro-

10. Distribution of individuals acquiring cash and of aggregate cash acquired, by source and method of acquisition, 1986¹

Percent		
Source and method of cash acquisition	Individuals ²	Aggregate cash
<i>Financial institution</i>		
Check drawn on own account	17	16
Check drawn on other account	37	47
Other	8	6
<i>ATM</i>	13	10
<i>Store</i>		
Check drawn on own account	6	3
Check drawn on other account	4	4
<i>Employer or own business</i>		
Check drawn on own account	1	0
Check drawn on other account	5	7
Other	1	1
<i>Family member or friend</i>		
Check	3	3
Other	7	3
Total	100.0	100.0

1. Comparable figures are not available for 1984.
 2. Items do not add to 100 percent because of rounding.

file of a person's cash inventory will have a sawtooth pattern, with each tooth representing one cash-acquisition occasion: the distance between teeth is determined by the frequency of cash acquisitions, and the size of each tooth is determined by the amount obtained on a representative occasion (see chart 4). The 1984 and 1986 surveys asked respondents about cash acquisition and use in two ways: (1) What was the respondent's "typical" behavior? and (2) What was the behavior on the most recent occasion of obtaining cash? Although the estimates of typical behavior and of most recent behavior are similar, the two measures reflect different concepts (see appendix).

According to the survey information on typical behavior, in 1986 individuals acquired cash less frequently, but they acquired somewhat larger amounts each time than they did in 1984 (see table 12). In 1986, the average time between cash acquisitions was 16 days, whereas in 1984 it was 12 days. The estimated average amount of cash individuals had on hand before they obtained more was \$36 in 1986, the same as in 1984; but in

11. Method most recently used to acquire currency by individuals, classified by selected characteristics, 1986¹

Individual characteristic	Proportion of all respondents	Method most recently used										
		Bank			ATM	Family member or friend		Employer or own business			Store	
		Own check	Other check	Withdrawal slip		Check	Other	Own check	Other check	Cash payment	Own check	Other check
<i>Family income (dollars)</i>												
Less than 10,000	17	12	33	6	8	9	6	1	7	3	3	11
10,000-19,999	21	16	41	9	9	0	6	0	8	2	7	2
20,000-29,999	17	19	42	7	13	3	5	0	4	0	5	2
30,000-49,999	31	18	35	8	15	2	8	1	3	1	6	3
50,000 or more	14	21	32	7	20	2	8	1	2	0	7	1
<i>Age (years)</i>												
Less than 35	36	7	36	9	14	1	9	1	10	3	6	4
35-44	21	15	36	5	17	2	6	0	4	0	10	5
45-54	11	20	35	3	21	3	11	1	3	0	3	0
55-64	18	26	40	8	9	5	7	0	0	1	2	2
65 or more	16	30	36	11	5	4	1	0	0	1	6	6
<i>Sex</i>												
Male	43	17	43	5	11	3	6	1	5	1	4	4
Female	57	17	32	9	14	3	7	1	5	1	7	3
<i>Race or national origin</i>												
Caucasian	82	18	36	7	14	1	8	1	3	1	7	3
Nonwhite or Hispanic	18	12	38	10	8	9	2	1	11	0	2	7
<i>Family ownership of accounts</i>												
None	10	0	48	12	0	7	7	0	10	0	1	15
One or more	90	17	36	7	15	3	7	1	4	1	7	2
All respondents	100	17	37	8	13	3	7	1	5	1	6	4

12. Typical behavior of individuals, classified by selected characteristics, in obtaining, holding, and spending cash, 1986

Individual characteristic	Proportion of respondents (percent)	Days between acquisitions		Dollars on hand before acquisition		Dollars acquired		Monthly cash expenditure (dollars) ¹		Average balance (dollars) ¹		Monthly turnover ²
		Mean	Median	Mean	Median	Mean	Median	Mean	Median	Mean	Median	
<i>Family income (dollars)</i>												
Less than 10,000	17	30	15	23	5	194	100	331	186	120	62	2.8
10,000-19,999	21	11	7	29	7	139	70	440	270	98	51	4.5
20,000-29,999	17	23	7	44	10	152	100	433	300	120	70	3.6
30,000-49,999	31	10	7	32	10	140	65	514	300	102	45	5.0
50,000 or more	14	11	7	60	15	130	80	473	326	126	60	3.8
<i>Age (years)</i>												
Less than 35	36	15	7	16	5	128	50	473	261	80	40	5.9
35-44	21	10	7	32	7	127	65	486	261	96	44	5.1
45-54	11	12	7	47	10	161	100	484	400	128	65	3.8
55-64	18	19	8	68	10	173	100	221	271	154	60	1.4
65 or more	16	25	15	42	15	196	100	346	276	141	88	2.5
<i>Sex</i>												
Male	43	12	7	51	13	184	100	571	350	143	70	4.0
Female	57	19	7	24	5	125	60	355	217	87	43	4.1
<i>Race or national origin</i>												
Caucasian	82	13	7	35	10	144	86	437	261	107	55	4.1
Nonwhite or Hispanic	18	28	7	41	7	177	100	494	326	129	69	3.8
<i>Family ownership of accounts</i>												
None	10	39	15	36	10	265	200	673	521	169	150	4.0
One or more	90	14	7	35	10	139	75	430	261	104	51	4.1
<i>All respondents</i>												
1986	100	16	7	36	10	150	93	448	274	111	56	4.1
1984 ³	100	12	7	36	18	142	90	458	298	107	63	4.2

1. See appendix for definition.

2. Defined as the ratio of mean monthly cash expenditure divided by the mean average balance.

3. Dollar amounts for 1984 are computed in 1986 dollars.

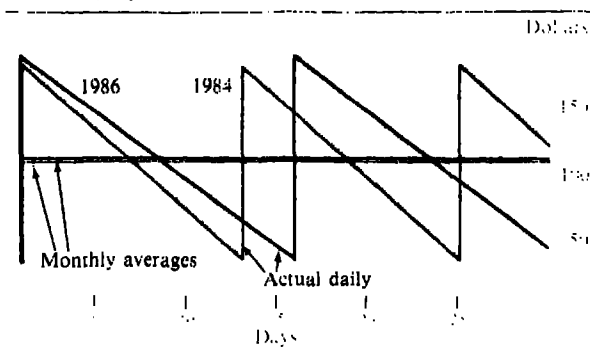
1986 the average amount they acquired was an estimated \$150, compared with \$142 in 1984. These patterns are depicted in chart 4, which compares the 1986 and 1984 time profiles of the average cash inventory behavior of individuals. The net consequence of these changes was that individuals appeared to hold a larger average real amount of cash in 1986 than in 1984. The estimates of the average cash holdings per individual showed an increase from \$107 in 1984 to \$111 in 1986. These findings may reflect a response to the decline in interest rates over the period, which reduced the interest income forgone by holding cash.

The survey data about the most recent occasion on which cash was acquired generally confirm these patterns (see table 13). Estimates based on these data, however, suggest a larger increase in the amount of cash acquired and in the average cash holdings (from \$80 in 1984 to \$104 in 1986).

The two types of survey information are ambiguous concerning how individuals' monthly cash expenditure on goods and services changed between 1984 and 1986. The estimates in table 12 suggest that cash expenditure per individual decreased slightly, but the estimates in table 13 suggest the opposite.

The survey evidence does suggest, however,

4. Average patterns of cash inventory of individuals



11. Most recent behavior of individuals, classified by selected characteristics, in obtaining, holding, and spending cash—1986

Individual characteristic	Proportion of respondents (percent)	Days between acquisitions		Dollars on hand before acquisition		Dollars acquired		Monthly cash expenditure (dollars) ¹		Average balance (dollars) ¹		Monthly turnover ²
		Mean	Median	Mean	Median	Mean	Median	Mean	Median	Mean	Median	
<i>Family income (dollars)</i>												
Less than 10,000	17	26	14	62	8	324	100	324	225	157	57	2.1
10,000–19,999	21	12	8	54	10	135	75	425	257	66	39	6.4
20,000–29,999	17	17	8	61	15	181	100	498	304	115	57	4.3
30,000–49,999	31	11	7	51	13	168	75	546	339	87	43	6.2
50,000 or more	14	11	7	77	17	192	100	677	384	120	68	5.6
<i>Age (years)</i>												
Less than 35	36	14	7	41	10	196	50	432	244	94	38	4.6
35–44	21	10	7	57	10	138	60	551	304	82	38	6.7
45–54	11	13	8	53	10	172	100	482	306	103	58	4.7
55–64	18	16	10	110	15	209	118	549	406	131	53	4.2
65 or more	16	21	14	50	20	257	150	500	304	130	67	3.8
<i>Sex</i>												
Male	43	14	8	76	20	262	150	618	345	145	72	4.3
Female	57	15	8	46	10	142	50	399	250	74	37	5.4
<i>Race or national origin</i>												
Caucasian	82	13	8	53	10	175	100	494	304	95	47	5.2
Nonwhite or Hispanic	18	21	9	84	13	278	100	489	304	145	67	3.4
<i>Family ownership of accounts</i>												
None	10	32	14	73	7	271	190	385	300	119	73	3.2
One or more	90	13	8	57	12	189	100	508	304	106	48	4.8
<i>Where cash last obtained</i>												
Bank	61	16	10	77	17	240	120	558	342	133	68	4.2
ATM	13	7	5	15	7	62	40	429	244	37	23	11.6
Employer or own business	7	9	7	45	12	208	200	632	406	88	76	7.2
Store	10	17	8	25	7	171	48	343	200	83	33	4.1
Other family member or friend	10	17	7	56	5	96	30	275	174	54	20	5.1
<i>All respondents</i>												
1986	100	15	8	59	12	194	100	493	304	104	51	4.7
1984 ³	100	12	8	36	16	155	84	447	292	80	44	5.6

1. See appendix for definition.

2. Defined as the ratio of mean monthly cash expenditure divided by the mean average balance.

3. Dollar amounts for 1984 are computed in 1986 dollars.

that the usage rate of cash declined between 1984 and 1986. The usage rate, or turnover, of cash is a ratio defined as total spending out of cash during some interval of time divided by average cash holdings during the same interval. Turnover measures the efficiency of cash in making payments: a higher turnover implies that each dollar outstanding supports a larger volume of transactions. Economic reasoning suggests that turnover should rise when interest rates increase (giving individuals an incentive to economize on their cash holdings by keeping more of their money in interest-bearing accounts), and it should fall when interest rates decrease (lessening the incentive to economize on cash holding). Thus the decline in the estimated turnover of

cash may reflect individuals' responses to the lowering of interest rates that occurred between 1984 and 1986.

The "Missing" Cash

One of the most striking findings of the 1984 survey was that, in the aggregate, adult U.S. residents held only an estimated 11 to 12 percent of the stock of currency and coin circulating outside banks at the time. This finding implies that more than 88 percent of the U.S. currency stock outside the vaults of depository institutions was held—apart from some that may be lost and unaccounted for—by other agents such as business enterprises, persons in other countries, and

persons less than 18 years of age. Because children or legitimate businesses are not likely to have held more cash in the aggregate than all adults, this finding suggests that a large percentage of the U.S. currency stock was held for purposes not directly related to measured domestic activity.

This finding is confirmed by the evidence from the 1986 survey. Given the size of the sampled population at the time of the survey, the estimates of average cash holdings per individual in tables 12 and 13 imply that adult U.S. residents in the aggregate held about \$20 billion in cash, which they used for transactions. This total amounted to about 11 percent of the stock of currency or coin in circulation outside banks, which was \$177.4 billion at the time of the survey. Thus, in 1986 as in 1984, a large percentage of the U.S. currency stock was apparently held in unreported hoards, "underground" for illegitimate purposes, or offshore.

To assess the possibility that U.S. adults hoarded significant amounts of cash that were not used for transactions, the 1986 survey collected information about how much cash was held for purposes other than everyday expenses. In the aggregate, these holdings amounted to an estimated \$3.3 billion. Assuming a statistical confidence interval of 95 percent, these cash holdings combined with the cash individuals held for transactions represented in total only about 12 to 14 percent of the stock of currency and coin in circulation outside banks. However, because individuals who were hoarding large amounts of cash were probably less likely to respond to the survey questions, the survey estimate is presumed to understate the actual amount of cash hoarded domestically.

A rough estimate of the amount of cash held for illegal transactions can be made by extrapolating estimates, published in *Income Tax Compliance Research* in 1983 by the Internal Revenue Service, of the amount of income derived from tax avoidance and other illegal activities. If one assumes that all of this income was paid in cash, and the cash involved turned over 4.7 times each month (the same as estimated for the legitimate holdings of individuals in table 12), the amount of cash held for these transactions would have amounted to about \$9 billion, or less than one-half the total amount held by U.S. residents

for legitimate purposes. This amount, however, would be larger if the cash involved were used less actively or smaller if some illegal transactions were paid for with means other than cash.

Anecdotal evidence suggests that the amount of U.S. cash held abroad may be large, but no quantitative information with which to confirm or refute speculation about the amount is available. The conjecture that most of the "missing" cash is held abroad would be more appealing if one could show that the proportion unaccounted for had changed over time, perhaps in response to movements in exchange rates or secular changes in the international role of the U.S. dollar. The survey estimates, however, suggest that the missing proportion did not change between 1984 and 1986 despite the sharp depreciation of the dollar against Japanese and European currencies.

Precisely identifying the holders of most of the stock of cash has not been possible. However, data collected in 1944 by the U.S. Department of Agriculture for the Federal Reserve Board suggest that, at that time, when the dollar was emerging as the dominant international currency, U.S. family holdings of currency accounted for a proportion of circulating currency that was remarkably consistent with the 1984 and 1986 data. While inconclusive, the evidence suggests that the percentage of cash unaccounted for, although apparently large, may at least have been stable.

SUMMARY OF FINDINGS

This article has presented some preliminary results from a comparison of the two surveys of currency and transaction account usage. Between 1984 and 1986, the use of consumer checking accounts for saving increased, and their use for transactions decreased. These changes may reflect consumers' responses to the decline in open market rates and the narrowing of gaps between these rates and the rates paid on consumer checking deposits. Much of the growth in credit card charges during the two-year period appears to be the result of greater use of credit cards as a means of payment rather than as a source of debt financing. Individuals increased their average holdings of cash, and the turnover of cash declined as interest rates declined. Final-

ly, the 1986 survey confirmed the 1984 finding that, in the aggregate, adult individuals held only about one-eighth the total U.S. currency stock. Overall, these findings suggest that portfolio considerations became more important, and

transaction motives less important, determinants of the way U.S. consumers managed their checking account and cash balances as a result of the regulatory and macroeconomic changes that occurred between 1984 and 1986.

APPENDIX

The appendix briefly discusses the survey design and preparation of the data used in this article. Issues include the design and content of the survey, editing procedures employed to deal with problems of missing data, the construction of sampling weights used to calculate the population estimates, and details of some of the calculations underlying the reported figures.

Survey Design

The 1986 Survey of Currency and Transaction Account Usage was conducted as part of the monthly Survey of Consumer Attitudes of the Survey Research Center of the University of Michigan.¹ In the monthly survey, interviews are conducted by telephone, with telephone numbers chosen from a cluster sample of residential numbers in the coterminous United States.² The sample is chosen to be broadly representative of the four major regions—Northeast, North Central, South, and West—in proportion to their populations. At each telephone number drawn, a family is chosen and a random adult from that family is selected as the respondent.³ As noted in the text, the frames of reference for the questions in the 1986 survey are both the individual and the family of the individual.

The sampling procedure is likely to produce a nonrandom selection of families and individuals.

Because the sample is restricted to families with telephones, single individuals and poor individuals are probably sampled less frequently than their proportion in the general population. To the extent that single households and other households are equally likely to have telephones, an individual in a single household is more likely to be selected than any person in a larger household. Insofar as the behavior of groups underrepresented or excluded from the sample is similar to that of groups in the sample, one can estimate population characteristics with sampling weights (see "Errors of Sampling, Reporting, and Nonresponse" below).

The questionnaire for the 1986 Survey of Currency and Transaction Accounts Usage was similar to that used for the 1984 survey. In addition to standard demographic information, the survey solicited three kinds of information essential for understanding the use of means of payment. First, it requested detailed information about the use of checking accounts and other family savings or money market accounts during the month preceding the survey. The questions asked about (1) the number and size of deposits; (2) the number and size of withdrawals; (3) the number and size of cash deposits and withdrawals; (4) the dollar amount of transfers between accounts; (5) the dollar amount of investments and large expenditures from accounts; and (6) service charges, interest payments, and other account characteristics. Respondents were encouraged to consult available records.

1. See Richard Curtin, "Indicators of Consumer Behavior: The University of Michigan Surveys of Consumers," *Public Opinion Quarterly*, vol. 46 (Fall 1982), pp. 340-52.

2. For a description of the method on which this sampling plan is based, see Joseph Wacksberg, "Sampling Methods for Random Digit Dialing," *Journal of the American Statistical Association*, vol. 73 (March 1978), pp. 40-41.

3. For a description of the method of selecting the respondent from a given family, see Leslie Kish, "A Procedure for Objective Respondent Selection within the Household,"

Journal of the American Statistical Association, vol. 44 (September 1949), pp. 380-87.

In the monthly survey, a family is an individual living alone or any number of persons related by blood or marriage who are living together. The head of the family is the individual living alone, the male of a married couple when only one married couple live together, or the adult in a family with more than one person and only one adult. In all other cases, the head is the adult closest to 45 years of age. Adults are persons of 18 years or more.

Second, the survey focused on families' use of money orders, credit cards, and electronic banking services. Information was requested for the month preceding the survey on (1) the number and amount of money orders used; (2) the number and types of credit cards held by the family; (3) the charges made using those cards and balances unpaid after the previous payment; (4) ownership and use of automated teller machine cards and the use of cash networks; and (5) the incidence of automatic or electronic payments and deposits.

Third, the survey inquired about individuals' use of cash (currency and coin). For the most recent time they obtained cash, respondents were asked (1) where they obtained it; (2) how they obtained it; (3) their cash reserves just before they obtained it; (4) how much they obtained; (5) how much of it they spent on investments or money orders or gave to family members; and (6) when they expected to obtain cash again. The survey also sought information about respondents' typical patterns of cash acquisition: how frequently they typically obtained cash, how much they usually had on hand just before obtaining more, and how much cash they typically obtained. Although many of the questions regarding cash were identical to those used in the 1984 survey, some questions were rephrased and others were added. The 1986 survey solicited more information on where and how individuals last obtained cash. It also asked about stocks of cash that families kept on hand for purposes other than everyday expenses.

Estimates of average balances and monthly expenditures based on respondents' typical and most-recent behavior in acquiring cash represent different statistical concepts. In principle, the previous time a respondent acquired cash represents a random selection from the range of behavior possible for that person. If respondents are randomly selected, estimates based on most-recent behavior are proper estimates of population statistics, at least in large samples. Samples the size of the 1986 survey, however, may not be large enough to give proper representation of the distribution of rare behavior in the population and thus may be unduly sensitive to outliers.

The reported typical behavior is likely to represent most common, rather than average, be-

havior. Although typical behavior should be less variable than most-recent behavior and therefore more resistant to distortion by outliers, it may not reflect rare, or even less-common, behavior sufficiently well. Because estimates based on each of these types of responses could be flawed, it is not clear which is to be preferred.

The Survey Research Center conducted interviews for the 1986 survey primarily in June just as it did for the 1984 survey. That month was selected so that comparisons between the two surveys would be uncomplicated by seasonal effects. The 1986 survey had a response rate of 75 percent, with a total of 658 interviews obtained, whereas the 1984 survey, which had a response rate of 78 percent, used 1,885 interviews. The version of the 1984 data used here has been converted to 1986 dollars using the Consumer Price Index (5.5 percent change) and reweighted with revised 1984 population data.

Errors of Sampling, Reporting, and Nonresponse

The results of any survey, and the estimates of population characteristics derived from it, are subject to errors based on the degree to which the sample differs from the general population, to errors arising during the interview, and to errors derived from incomplete responses.

Sampling error is a measure of the random deviation of the survey findings resulting from the selection of a particular sample. The first four columns of table A.1 contain the approximate sampling errors associated with various sample sizes and reported percentages from a survey, assuming a confidence level of 95 percent. The odds are 95 in 100 that the estimated percentages reported lie within a range equal to the reported percentages plus or minus the sampling error. For estimates based on the entire 1986 survey population, the relevant sample size is about 600 respondents. Similar confidence intervals are given in the last two columns for percentage changes between the 1984 and 1986 surveys using the entire populations of both surveys. The figures given are appropriate for determining whether the difference in percentages estimated in the 1984 and 1986 surveys are different at a 95

A.1 Approximate 95 percent sampling errors of survey estimates of percentages in single surveys and of changes in percentages between the two surveys, by size of sample¹

Survey results (percent)	Sampling error for 1986 survey				Sampling error for changes between 1984 and 1986 surveys ²
	Size of sample				
	100	300	500	600	
50.....	10	6	4	4	5
30.....	9	5	4	4	4
20.....	8	5	4	3	4
10.....	6	3	3	2	3
5.....	4	3	2	2	2
1.....	2	1	1	1	1

1. 1.96 standard errors.

2. For estimates based on the full samples in each survey.

percent significance level. For example, an estimated change of 5 percentage points from 1984 to 1986 has a 95 percent confidence interval of approximately 3 to 7 percentage points.⁴

Reporting errors may arise by accident, on purpose, or from a lack of information. This problem may have arisen in the 1986 survey particularly for questions about family transaction accounts when the respondent was someone other than the head or spouse of the head (approximately 10 percent of the respondents were of this type). The data used for this article have been edited to eliminate, to the extent feasible, inconsistencies arising from such errors.

Nonresponse errors may arise because a family selected for participation in the survey could not be interviewed. If nonresponse arises randomly in the sample population, no bias should be induced in the estimates of population statistics. Unfortunately, in this survey one cannot make such a judgment. One can, however, make partial correction for some such errors by observing how the population interviewed differs from the total population in the distribution of certain characteristics. The cause of this deviation is a combination of sampling and nonresponse errors. To the degree that these deviations are the result of systematic tendencies in the population, sampling weights can compensate for biases in sampling and nonresponse.

4. More detailed tables are given in Alan Stuart, "Standard Errors for Percentages," *Applied Statistics*, vol. 12 (June 1963), pp. 87-101.

Like almost every household survey, the 1986 survey contained observations with missing values for some of the variables. Of the 658 observations, 431 had at least one missing item. However, 80 percent of the cases had fewer than 10 missing items. Of key responses, 9 percent of the observations were missing the amount of cash last obtained, 11 percent were missing the current checking account balance, and 23 percent failed to answer the question about cash reserves held for emergencies or other purposes.⁵

Because the units of observation for the cash and account questions were the individual and the family respectively, cases with insufficient data were eliminated from the analysis separately for these two sections. Rules requiring that a minimum of approximately 30 percent of a core of questions be answered completely were used to eliminate 42 cases from the analysis of individual currency behavior and 61 cases from the analysis of transaction accounts and other family variables. Of these, 36 cases were eliminated from both analyses. In general, the cases eliminated from analysis were more likely to be poorer and nonwhite or Hispanic. As might be expected, cases eliminated from the account analysis also tended to be cases in which the respondent was someone other than the head or the spouse of the head. For the cases retained, the data were edited, and all missing values were imputed for individual or family questions as appropriate. Estimates of missing values were made with statistical procedures that used observed information in a way that respected accounting identities and preserved the randomness of the original sample data.⁶

Sampling Weights

One means of making formal correction for deviations of the final sample population from the population relevant for analysis is to use sam-

5. These percentages were calculated on the relevant population bases. All respondents should have reported the amount of currency obtained. Only 584 respondents, however, either answered that they had a checking account or refused to answer that question, and only 188 respondents answered that they held or did not hold extra cash reserves.

6. See Graham Kalton, *Compensating for Missing Data* (Survey Research Center, University of Michigan, 1983), for a discussion of the benefits of imputation.

pling weights in the calculation of statistics.⁷ In the 1986 survey, two population universes of U.S. residents are of interest: noninstitutionalized families and noninstitutionalized individuals aged 18 years or more. So that appropriate sampling weights could be computed, the survey sample (adjusted for observations that were dropped because of missing data) was poststratified by marital status, sex, age, race, and income for individual respondents and for their families. Corresponding population frequencies were estimated from the 1983 Survey of Consumer Finances, which was adjusted to reflect population totals for June 1986.⁸ For each cell, individual sampling weights were given by the ratio of the respective universe and sample cell frequencies.⁹ All statistics reported in the text and tables of this article were calculated using the individual or the family sampling weights. Table A.2 compares the weighted and unweighted distribution of selected individual characteristics in the final sample. The relationship of the distribution of family characteristics is similar.

Construction of Selected Estimates

The expenditure shares reported in charts 1 and 2 were calculated using the data supplied by respondents to estimate the number and dollar value of family payments made during the previous month using credit cards, main and other checking accounts, savings and money market accounts, and money orders. Because the figures obtained on family use of cash do not enable one to determine how much of that cash was spent on goods and services, the cash figure used in calculating chart 1 is the implied population aggregate of individual net monthly cash expen-

7. See D.G. Horwitz and D.J. Thompson, "A Generalization of Sampling without Replacement from a Finite Universe," *Journal of the American Statistical Association*, vol. 48 (December 1952), pp. 396-404.

8. See Robert B. Avery and Gregory E. Eliehausen, *1983 Survey of Consumer Finances* (Board of Governors of the Federal Reserve System, forthcoming).

9. Because this survey undersampled Hispanics and non-whites relative to their proportion in the population, creating cells of sufficient size for this group for all other cross-classifications was not possible. Generally, when cell sizes were too small, the cell weight was allocated to the other racial-ethnic group nearest in terms of other characteristics.

A.2 Distribution of individuals in weighted and unweighted samples, by various characteristics, 1986

Individual characteristic	Unweighted sample	Weighted sample
<i>Family Income (dollars)</i>		
Less than 10,000	14	17
10,000-19,999	19	21
20,000-29,999	18	17
30,000-49,999	33	31
50,000 or more	16	14
<i>Age (years)</i>		
Less than 35	42	36
35-44	23	21
45-54	12	11
55-64	12	18
65 or more	12	16
<i>Sex</i>		
Male	47	43
Female	53	57
<i>Race or ethnicity</i>		
Caucasian	89	82
Nonwhite or Hispanic	12	18
<i>Family ownership of accounts</i>		
None	10	10
One or more	91	90

ditures. Payments by check (including automatic payments and bank checks) were calculated by subtracting cash withdrawals, account transfers, and investment purchases from total withdrawals from each type of account. Two measures of total withdrawals were available for this calculation. Respondents were asked directly the amount of their total withdrawals. Also, withdrawals could be calculated indirectly as the difference between the account balance reported for the previous month plus deposits, net interest, and the current reported balance. The average of these two measures was used in determining all account expenditures in the article.

Most other statistics on account usage given in tables 1-4 were based on direct responses to survey questions. Account balance figures were calculated by averaging the current and previous month's balances as reported by respondents. Credit card, money order, and ATM statistics are also based on direct responses given by respondents.

All variables reported on cash usage in this article are based on measurements of individual, rather than family, behavior. Measures of individuals' average cash balances and monthly expenditures made with cash were constructed from information about the time intervals be-

tween acquisitions of cash, the amounts of cash obtained, and the amounts of cash left before more was obtained. Individuals reporting typical behavior were assumed to have spent the acquired cash uniformly over the normal interval between cash acquisitions. These expenditures were adjusted to a common monthly basis. Average balances were calculated as the sum of what respondents typically had on hand before obtaining more currency and one-half the amount they usually obtained.

Calculation of the corresponding variables based on the reported most-recent behavior was somewhat more complicated, though the basic calculation was closely related. The calculation proceeded in two steps: the period between the interview and the time currency was most recently obtained (interval 1) was considered separately from the period between the interview and the time individuals expected to obtain currency again (interval 2). For each interval, an average balance and an expenditure figure were calculated almost as they were for typical behavior. In the first interval, any currency given to other family members or used to purchase money orders or financial investments was subtracted from the implied expenditures. This adjustment

yielded an estimate of currency expenditures on goods and services. In the second interval, these calculations were based on the assumption that currency holdings were run down to the amount that respondents typically had on hand when additional currency was acquired. When this latter assumption implied negative expenditure, the level of cash holdings was assumed to be maintained at the level reported at the time of the interview. Average balances were computed as a weighted average of the average balances of the two intervals where the weights were the lengths of the intervals. An estimate of monthly net expenditures was calculated as the sum of the two expenditures adjusted to a monthly basis. This measure of cash expenditures is sensitive to the presence of a few extreme outliers. As noted earlier, this calculation is based on a random drawing from respondents' range of behavior. Apparently some respondents obtained an unusually large amount of cash over a very short interval. In an attempt to make an estimate of cash expenditures that would be less sensitive to the presence of outliers, the figures used in table 13, in chart 1, and in the text are this final measure of net expenditure truncated at one and a half times monthly gross family income. □

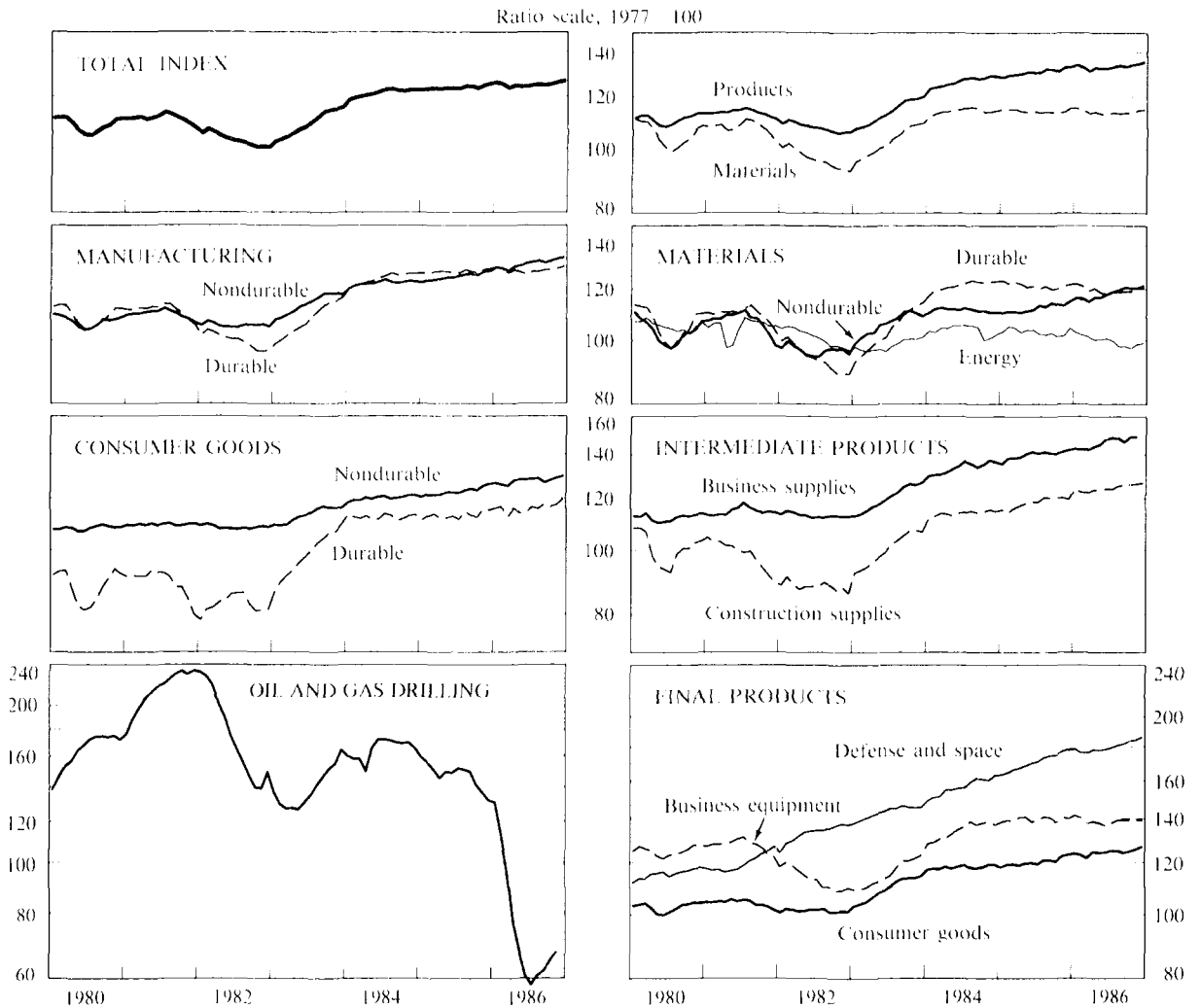
Industrial Production

Released for publication January 16

Industrial production increased an estimated 0.5 percent in December following an advance of 0.6 percent in November and a rise of 0.3 percent in October. Gains occurred in most sectors but were especially strong in consumer goods, defense equipment, and nondurable materials. In the fourth quarter of 1986, industrial output rose

at an annual rate of 3¼ percent. However, at 126.6 percent of the 1977 average, industrial production in December was only about 1 percent higher than it was a year earlier.

In market groups, output of total consumer goods rose 0.9 percent in December—following gains of 0.7 and 0.5 percent in November and October respectively. Autos were assembled at an annual rate of 7.9 million units in December,



All series are seasonally adjusted. Latest figures: December.

Group	1977 = 100		Percentage change from preceding month					Percentage change, Dec. 1985 to Dec. 1986
	1986		1986					
	Nov.	Dec.	Aug.	Sept.	Oct.	Nov.	Dec.	
Major market groups								
Total industrial production	126.0	126.6	.1	-.1	.3	.6	.5	.9
Products, total	134.5	135.3	.4	-.4	.6	.4	.6	1.8
Final products	133.4	134.2	.4	-.3	.4	.5	.6	.7
Consumer goods	125.8	126.9	.0	-.7	.5	.7	.9	2.9
Durable	117.4	119.4	-.5	1.4	-.7	.6	1.7	3.6
Nondurable	128.9	129.7	.1	1.4	.9	.7	.6	2.7
Business equipment	139.2	139.3	1.0	.0	-.1	.0	.1	-.5
Defense and space	184.5	186.2	.8	.6	.9	.5	.9	4.3
Intermediate products	138.5	139.2	.4	-.6	1.0	.1	.5	5.4
Construction supplies	126.3	126.7	1.1	.4	.1	.2	.3	5.8
Materials	114.5	114.7	-.3	.3	-.1	1.0	.2	.6
Major industry groups								
Manufacturing	130.5	131.4	.2	.0	.3	.5	.6	2.4
Durable	128.7	129.6	.1	.5	.1	.4	.7	.7
Nondurable	133.1	133.8	.4	-.6	.7	.6	.5	4.9
Mining	96.6	97.0	-.7	.3	-.3	.7	.4	-9.7
Utilities	110.9	110.6	-1.2	.0	1.1	1.2	-.2	-3.7

NOTE: Indexes are seasonally adjusted.

up from the 7.3 million rate of both October and November; output of trucks for consumer use also increased during the month. Consistent with the strength in sales of new and existing homes during 1986 as a whole, production of home goods continued to rise strongly in December; output of clothing also increased for the third month in a row. However, output of business equipment continued to show little change and was still 0.5 percent lower than it was a year earlier. Production of defense equipment posted another large increase in December and finished the year about 4 percent higher than it was a year earlier. The expansion in the production of construction supplies continued during December but at a somewhat slower rate than the average

for the year. Output of materials increased 0.2 percent in December as production of nondurable materials—especially textiles, chemicals, and paper—rose 0.8 percent; production of durable materials edged down following a sharp gain in November.

In industry groups, manufacturing output increased an estimated 0.6 percent following a similarly strong gain in November. Although steel production was down after a large November increase, the output of most other durables increased in December. Moreover, output of nondurable goods industries—a strong sector over the past year—rose 0.5 percent in December. Mining output increased 0.4 percent, but production at utilities edged down.

Statements to Congress

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, January 21, 1987.

I welcome this opportunity to provide the views of the Federal Reserve Board on the legislative issues before the committee. As was aptly observed in the letter of invitation to appear at this hearing, these issues, for the most part, have been thoroughly reviewed and debated over a number of years and now cry out for legislative action.

I cannot emphasize strongly enough that a strong, stable, and competitive banking and financial system is an indispensable ingredient of a healthy and growing economy. Plainly, inescapable forces of change—technological, economic, and competitive—at work on an international scale require appropriate and effective response if the broader public interests at stake are to be served.

But the simple fact is that today, in the absence of fresh congressional direction, that objective is in jeopardy. Both thrift and bank regulators need additional tools to deal with pressing problems. More generally, important principles that have long guided our financial system, and that seem to me integral to its lasting health and stability, are being undermined. Particular institutions and segments of the financial industry are responding to the shifting competitive pressures and their perceived self-interests by exploiting loopholes and inconsistencies in present law in ways that will ultimately threaten the integrity of the whole.

The point is not, of course, that forces of change can or should be stifled. Rather, those forces should be channeled in a constructive way. There are clearly areas in which market competition should be freed and efficiency promoted. At the same time, there are clearly areas in which institutional stability and independence

need to be protected by maintaining an appropriate legislative and regulatory framework.

As a practical matter, the controversy and complexity surrounding this area mean that a really comprehensive review of the legislative structure—the range of powers of banking and financial holding companies, the role of deposit insurance, changes in the regulatory apparatus—surrounding this area must take some time. No doubt, it's too much to accomplish in one fell swoop. However, there are areas in which action cannot wait, both because there are particularly pressing needs and because they will signal the broad framework within which more thoroughgoing reform will take place. It is in that context that I strongly welcome the plan to formulate quickly a limited bill on the basis of the present hearings (and those of recent years) and to seek committee markup and Senate action early in this session.

The immediate issues fall in four general areas, and they all are ripe for action. The "emergency" need for measures to bolster the ability of the insuring agencies to deal with failed or failing banks and thrift institutions was made convincingly in the last Congress. The time has plainly arrived to clarify and expand certain securities powers of bank holding companies, a matter that simply cannot be dealt with reasonably and rationally without congressional action. There is widespread interest in improving the process of check collection in a manner that will speed the availability of funds to depositors in financial institutions. And, it is evident that the long-standing national policy of maintaining a basic separation of commerce and banking and a basic unity between state and federal banking authorities is being eroded; that process needs to be halted before irretrievable damage is done.

Action in all those directions seems to me entirely consistent with the desirable longer-run evolution of the financial system, and therefore need not be delayed awaiting more comprehen-

sive legislation. To the contrary, failure to act can now only complicate, and likely thwart, further constructive reform.

THE BASIC SEPARATION OF BANKING AND COMMERCE

This committee has repeatedly considered the so-called “nonbank bank” (and “nonthrift thrift”) question over several years without resolution. In one sense, the issue is technical, involving the increasing exploitation of what was considered at the time of enactment a narrow loophole in the Bank Holding Company Act. However, as commercial firms have increasingly moved to exploit that loophole in their individual interests, and as thrift institutions have assumed banking powers, the more basic issues at stake have become apparent.

Essentially, the nonbank bank has become a device for tearing down the separation of commerce and banking by permitting a commercial firm to enter the traditional banking business without abiding by the provisions of the Bank Holding Company Act. That process is accomplished by establishing banks that refrain from making commercial loans, or by establishing banks that refrain from accepting demand deposits, or potentially by establishing both types of banking affiliates that, somewhat awkwardly, would together provide the full range of banking services.

At the same time, some established commercial banks have sought to use the “nonbank” device to expand interstate. However, the incentives to do so are being reduced by the rapid liberalization of interstate banking restrictions by the states themselves, and that particular use of the nonbank bank is not a matter of strong policy concern to us. However, the potential of existing banks to split themselves into two nonbank banks as a means of avoiding the provisions of the Bank Holding Company Act entirely, while still more theoretical than real, illustrates the basic nature of the issue before you.

Fundamentally at stake is not a few inhouse consumer banking offices of some retail chains or operational access of some companies to the payments system, services that can be effi-

ciently provided in other ways. Rather, you are presented with the question of deciding upon the nature of the banking system you want to see evolve in this country.

I believe we need, and can support, a strong banking system with a variety of units large and small, able to compete efficiently, and capable, if they wish, of participating through affiliates in a wide range of financial services to consumers and businesses alike. At the same time, we want to protect against instability, excessive concentrations of power, and undue conflicts of interest, while preserving an institutional framework for the effective conduct of monetary policy. In seeking those goals, the separation of banking and commerce has been a basic part of the American tradition for what seems to me sound reasons.

Handling other people’s money, which is what banking is all about, connotes a fiduciary responsibility—to invest those funds prudently while making loans available competitively, productively, and impartially to all sectors of the economy. To that end, banking systems in virtually all countries are regulated, and in one way or another the depositors are offered a degree of protection by means of a public “safety net.” All of that reflects a fundamental recognition—from the writings of Adam Smith on down—that banks play a particularly strategic role in the economy that requires some regulation and support. The interdependence between the fortunes of one institution and others and the dependence of all on maintenance of a basic confidence in the stability of the whole imply a special sensitivity to risk and the general interest that is no less important today.

The Bank Holding Company Act itself rests on the philosophy that banking cannot be treated as just another business, with its fortunes entirely subject to the vagaries of the marketplace. It permits banking organizations to engage in related financial businesses. A degree of “separation” is required between affiliates and a bank within a holding company, both for prudential and competitive reasons. However, there is also some surveillance of the whole, recognizing that insulation cannot be complete.

No doubt, as I will urge later, the legitimate boundaries of activities permitted by banking

organizations need to be reviewed and enlarged. But to extend the interrelationships to business and commerce generally would be a change not of degree but of kind. We certainly do not want to undertake new regulation of nonfinancial businesses or incorporate them within the public safety net. But without that regulation, how would we protect against new dangers of concentration, conflict of interest, and instability?

What is suggested by some is that strong walls can be built to insulate a regulated and supervised bank from its nonbanking and commercial affiliates. As I just indicated, a certain "separateness" is already enforced within a bank holding company. But the insulation is far from complete, and attempting to make it so would present very great practical difficulties.

Common ownership of businesses implies common direction—why else would they want to join together? In particular, the fortunes of one unit rest on the performance of others, especially in an area so sensitive to confidence as banking.

All our experience with the Bank Holding Company Act points to the strong incentives of management to support all parts of the organization when they come under pressure. That is understandable because it is demonstrable that weakness or failure of one part of a holding company can rapidly spread to others. The legal doctrine of corporate separateness of affiliates can, and has been, challenged in the courts when common direction and management are present. And, suppose we succeeded in building full and credible insulation between a bank and its affiliates—no direct or indirect transactions among them, no common officers, no tandem operations, no possibility of mutual support or greater capital leveraging as part of a banking organization—then, I would ask, what is the economic incentive for such combinations at all? Certainly, present restrictions on linkages between banks and other parts of a holding company are often resisted by management.

We are asked to look to foreign experience with "universal" banking systems as justifying greater integration of banking and commerce. But frankly, I don't find much comfort there. We have never been admirers of the old *Zaibatsu* system in Japan, which led to enormous concentration of finance and commerce. German banks

have long had a sizable ownership stake in some industrial companies. Even now, that arrangement is under strong attack within Germany itself as anticompetitive and stifling to the development of equity and capital markets.¹ Italian authorities, reacting to experience, are moving to restrict nonbank ownership of banks more forcibly, arguing that "firms controlling banks . . . involved large segments of the banking system together with savers in their crises" (that is, in crises of the controlling commercial firm).² Our Canadian neighbors, in proposing sweeping changes in the organization of their financial system including a broader range of *financial* services for banking organizations, have indicated a special sensitivity to forestalling any sizable combinations of banking and commerce.³ And, in fact, whatever the formalities of the law, there are few instances in industrialized countries of commercial firms owning important banking institutions.

That is, of course, the situation in the United States today. The nonbank bank phenomenon is recent and, as yet, poorly developed. Excluding industrial banks, there are 79 nonbank banks insured by the Federal Deposit Insurance Corporation (FDIC), not all of which are in operation. Of those, 17 are owned by banks or thrift institutions, raising only the question of interstate banking, which in any case is in a state of flux. Most of the remainder are affiliates of financial firms; while these are inconsistent with the spirit of the Bank Holding Company Act as now written, they do not, except incidentally, violate the basic separation of banking and commerce. Only the remaining 13, with total assets of some \$1.7 billion, are affiliated directly or indirectly with

1. See generally Academic Advisory Commission to the Ministry of Economics, Federal Republic of Germany, *Policies on the Enhancement of Competition*, December 5–6, 1986 (Monopoly Commission of the Federal Republic of Germany, Main Report, 1980–81).

2. Statement by Governor Carlo A. Ciampi, Bank of Italy, before the 6th Standing Committee (Finance and Treasury), Chamber of Deputies, Rome, November 28, 1986, "Inquiry into the Development of the Banking and Financial System and the Relevant Legislation," pp. 11–12.

3. Department of Finance, Canada, Communiqué, 86–210, (remarks by The Honorable Thomas Hockin in the House of Commons on tabling the policy paper "New Directions for Financial Institutions," December 18, 1986).

firms primarily engaged in commerce. Half of those assets involve only one firm.

Many of those relationships were established with fair warning, after grandfather dates proposed in earlier legislative proposals, and are not yet integral to the successful operation of the parent. But that will change. The time has come, it seems to us, for the Congress to set out the "rules of the game" clearly and specifically, before a reasonable case can be made that, *de facto*, the issue is moot.

For that reason, we would welcome early legislation to redefine a bank along the general lines of the bill that passed the Senate as early as 1984—essentially to include FDIC-insured banks and noninsured banks that take transaction accounts and make commercial loans. Existing institutions might be grandfathered so long as their operations are not expanded or operated in tandem with their affiliates. Taking a leaf from the Canadian proposals, control might be shifted to public ownership (with full banking powers) as expansion takes place. Whether nonbanks owned by financial firms should be permitted to expand or become full service institutions should be governed by the range of powers open to bank holding companies.

Similar restrictions would be appropriate for "thrift" institutions that, in fact, operate like commercial banks. But exception could be made for savings and loan associations or savings banks that, in fact, continue to operate primarily as specialized mortgage lenders without their operations integrated with those of affiliates. That would continue, in practical effect, the existing position of a number of thrift institutions, some of which have long been owned by commercial firms as independently operated businesses through the vehicle of a unitary thrift holding company. Such an approach would incidentally provide a vehicle for commercial firms to purchase troubled thrift institutions so long as they chose to commit themselves largely to the residential mortgage market.

THE SOUTH DAKOTA LOOPHOLE

For more than 100 years, the United States has had a "dual" system of banking law and regula-

tion, dividing chartering and supervisory authority between the state and federal authorities. While that approach is bound to give rise to certain tensions, in general it has operated constructively by providing a certain room for difference and experimentation among the states, and between the states and the federal government. At the same time, it is evident that the safety and stability of the banking system as a whole is a national concern—a concern reflected specifically in the existence of the Federal Reserve and the Federal Deposit Insurance Corporation systems. The dual system works well when that overriding interest is respected.

Recently, there have been developments that challenge that basic assumption. Some states, zealous to attract jobs and revenues from others, have moved to grant new powers to their banking or thrift institutions far beyond that allowed federally chartered institutions. South Dakota, in doing so, adopted the unusual approach of permitting certain of those powers to be exercised effectively only outside the borders of South Dakota itself.

That form of potentially destructive interstate competition—the exercise elsewhere of powers deemed unsuitable for the state itself—should be eliminated. Moreover, it should be clear that new powers, whether or not exercised within the chartering state, that *clearly* jeopardize the safety and soundness of banks and thrift institutions, or violate the basic separation of commerce and banking, with adverse consequences for the federal insurance funds and the financial system as a whole, can be curtailed or overridden by the appropriate federal authorities. We believe clarification of existing authority and a fresh congressional expression of intent along those lines would be desirable, and we would be glad to propose language with that effect.

SECURITIES POWERS

Resolution of the nonbank bank issue and clarification of the legitimate role of states in banking regulation do not dispose of the practical issue of resolving the proper scope of powers of bank holding companies in the general area of financial activity. We have long urged that the Congress

recognize the competitive, technological, and international forces at work in the banking and financial marketplace and expand the authorized role for bank holding companies.

These issues are inevitably highly controversial for they affect the competitive environment of existing institutions. No doubt, a full redefinition must await more comprehensive legislation. But there are areas in which progress is clearly possible now, and where change is in any event under way. The only question is whether that change will be piecemeal and haphazard as it works its way through the intricacies of present outdated law, with odd and anomalous results, or whether that change will be channeled along more clearly constructive lines.

That is precisely the issue today with respect to the securities powers of banks and bank holding companies. The Glass-Steagall Act, written more than a half century ago, has been commonly interpreted as calling for the "divorce" of investment from commercial banking (with the exception of U.S. government securities and the general obligations of state and local governments). But it is also true that the literal language of the law, with respect to bank affiliates, indicates vaguely that such affiliates may not be "engaged principally" in prohibited securities activities.

The Federal Reserve Board recently interpreted that language to permit, with strict limitations on volume, sale of commercial paper by a commercial lending affiliate of a bank holding company. We have under consideration applications to permit underwriting of mortgage-backed securities and municipal revenue bonds as well as commercial paper in affiliates largely engaged in trading government securities, which present additional legal and practical issues.

We have long felt, as a matter of good public policy, that all these activities are appropriate for bank holding companies without artificial limitations on the volume of operations. But the issue before us is whether that result can be achieved, legally and reasonably, under existing law.

One thing is evident. Existing law provides a strong incentive for certain large banking organizations to transfer assets and activities out of the bank itself into a nonbank affiliate so that affiliate's otherwise prohibited securities activity will

be small relative to the whole. Moreover, only the largest bank holding companies will be able to muster a sufficiently large asset base to make the otherwise prohibited securities activity commercially economic and attractive.

That cannot be a sensible result from the standpoint of either public policy or private interests. The effect is both to artificially encourage the reduction of assets in the regulated and protected banking system and to impose unnecessary restraints on competition. Yet it is the situation in which we find ourselves. And, we cannot defer a decision on this matter much longer. We have scheduled public hearings for early February and a decision in April.

But only the Congress can provide a really sensible approach consistent with safety and soundness of the banking system, effective competition, and the interests of borrowers and lenders alike. To that end, we strongly support the suggestion of the chairman of this committee that straightforward authority be provided, as part of an early legislative package, for affiliates of bank holding companies to underwrite private securities backed by 1- to 4-family residential mortgages, municipal revenue bonds, commercial paper, and mutual funds. Because these are active, growing markets and potentially important sources of revenue, action in this area would go some distance toward meeting the legitimate concerns of banking organizations that they cannot keep abreast of growing sectors of the financial markets even when safety and soundness or conflict of interest considerations are not persuasive deterrents.

Opposition to these powers is almost entirely limited to investment houses now with the field to themselves. We have long been convinced that with appropriate prudential safeguards and protections against self-dealing, these powers can be exercised consistent with the safety and soundness of the banking system and the interest of the public at large in effective competition.

While urging action on these powers now, we would also encourage the committee to consider other financial areas appropriate for bank holding companies. I recognize that these areas—including insurance and real estate brokerage, insurance underwriting, and corporate security underwriting—are more controversial and will

take more time to resolve. They, together with other important issues (including simplification of the procedures required by the Bank Holding Company Act), can await more comprehensive legislation later in this year or next year. But to that end, I hope the committee will not act to foreclose further any of the existing opportunities of bank holding companies to provide financial services.

I would particularly urge the committee to undertake hearings or other studies in the area of corporate underwriting—a process that we would be pleased to support. Clearly the issues in this area are more complicated because of the greater potential for conflicts of interest. However, they cannot be evaded much longer. A very substantial amount of such activity is already conducted by bank holding companies abroad, and the increased securitization of financial assets by banks and others requires fresh consideration of how banks participate in that process. Moreover, the issue could well arise as a matter of interpreting the present provisions of Glass-Steagall.

EMERGENCY PROVISIONS

The need for additional liquidity for the Federal Savings and Loan Insurance Corporation (FSLIC) is plainly urgent. I know that you have in the past, and will again, be receiving detailed testimony on the Treasury-FSLIC proposal for recapitalization of the insurance fund by leveraging the existing surplus of the Federal Home Loan Banks and providing for special assessments on insured institutions. I know of no practical alternative at this time to that approach, nor is the time available to delay action while considering other possibilities that would require more sweeping reorganization. Moreover, the proposed approach conceptually is correct in looking to the insured industry itself to provide the financial support needed now.

At the same time, we share the views of many in the industry that self-help must be accompanied by effective supervisory and regulatory discipline to forestall aggravation of the underlying problem. Clearly, some thrift institutions have not used their existing authorities wisely or well. Perverse incentives have arisen, with deposit

liabilities fully insured, to undertake high risk activities inappropriate for any depository institution.

I am aware of the strong efforts made by the Federal Home Loan Bank Board in recent years under the leadership of Chairman Gray to curtail abuses, to sharply upgrade the size and effectiveness of its supervisory effort, to work toward higher capital standards, and to regulate effectively. I believe those approaches deserve your strong support.

As part of more comprehensive legislation in the future, means of obtaining more consistency in accounting, supervisory, and capital standards among depository institutions deserve your thoughtful attention. To my mind, special consideration should be given to the role of thrift institutions that, in fact, want to remain largely concentrated in the traditional area of residential mortgage lending. Meanwhile, I hope you act promptly on the FSLIC recapitalization proposal.

Fortunately, constructive action by Texas, Oklahoma, and a few other states in recent months to permit the acquisition of failed or failing banks by out-of-state institutions, or to liberalize interstate banking generally, has eased the difficult job of finding buyers for actually or potentially insolvent banks. Welcome as those actions are, however, they do not address the problems that could arise in certain states. Consequently, we continue to urge that you adopt legislation along the lines proposed to you by all the bank supervisory agencies last year, thus providing greater assurance that we can collectively act, with dispatch and at minimum cost, to deal with acute problems that might emerge.⁴

As things now stand, with the lapse of the authorities provided earlier by the Garn-St Ger-

4. The federal regulators proposed legislation to accomplish the following: (1) reduce the threshold amount for interstate emergency acquisitions from \$500 million to \$250 million; (2) permit interstate acquisition of banks in danger of closing (with or without FDIC assistance) as well as closed banks; (3) allow for acquisition of a holding company and its affiliated banks if the holding company has a bank or banks in danger of closing with total assets of \$250 million or more and which represent at least 33 percent of its banking assets; and (4) permit the out-of-state acquiring bank holding company to expand in the three largest cities or metropolitan areas in the state of the acquired banking institution.

main Act, we are without any *federal* authority to arrange interstate acquisitions in emergency situations.

FUNDS AVAILABILITY

The final question raised by the chairman in considering legislation for prompt congressional action deals with check holding practices of financial institutions. We believe such legislation has two essential elements. First, there is a strong and straightforward case that depository institutions clearly disclose to customers their policies with respect to the availability of deposited funds at the time an account is opened and when such policies are changed. Second, certain authorities to override individual state statutes are necessary if the process of collection and return of checks is to be speeded (or if truncation is to be introduced), thus reducing or eliminating the risk to depository institutions of making funds available more promptly and uniformly.

In recent years, considerable exploratory work and some pilot projects have been undertaken seeking to speed the return of dishonored checks to the institution of first deposit. Progress is, among other things, dependent upon an ability to enforce expedited procedures by banks not using the Federal Reserve for check clearance. Consequently, federal legislation is necessary.

Mandatory availability schedules imposed by law raise difficult problems. Given existing technology, very tight schedules would pose measur-

able risks to the depository institutions, with the potential result of curtailing the availability of checking accounts to marginally profitable (or unprofitable) customers. Liberal schedules might unduly ease pressures for more rapid availability. In any event, the nature and extent of the problem varies locally.

In these circumstances, the Board has felt primary emphasis should be placed on efforts to alleviate the problem through disclosure and improvements to the check collection process and by targeting progress toward speedier returns as in the bill before this committee last year. However, we are aware that some states have enacted mandatory schedules that appear to be operating reasonably effectively. We believe that mandatory schedules would be workable provided the Federal Reserve is given authority to determine those schedules in the light of practical progress in speeding return item times.

We strongly believe that such schedules be established based on the times in which the great bulk of checks can, in fact, reasonably be expected to be collected and returned to the depository institution in which they were first deposited in the event of dishonor. After a relatively short transition period, we believe that schedules of from two to six business days or even less are feasible depending on where the check is drawn. The Board also believes mandatory schedules should contain exceptions to permit depository institutions to place holds on deposits or accounts presenting unusually high risks. □

Statement by Wayne D. Angell, Member, Board of Governors of the Federal Reserve System, before the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, January 27, 1987.

I welcome this opportunity to provide the views of the Federal Reserve Board on the issue of delayed availability and specifically on H.R. 28, the Expedited Funds Availability Act. We share your frustration with the check hold practices of some depository institutions and with the inefficiencies of the return-item process. Therefore,

we are eager to work with you and the committee to devise a legislative remedy to the delayed availability problem. I am personally sympathetic with the goals of H.R. 28; my family experienced some of the problems faced by many consumers when we moved from Kansas to Washington, D.C., last year.

Legislation addressing the delayed availability issue should contain two essential elements. First, additional regulatory authority is needed to make improvements in the check collection and return process, thus reducing or eliminating the risk to depository institutions of making funds

available more promptly. Second, there is a strong and straightforward case that depository institutions should clearly disclose their policies to consumers with respect to the availability of deposited funds when an account is opened and when such policies are changed.

H.R. 28 and legislation that passed the House last year also contain a third element—schedules that dictate the maximum holds that a depository institution may place on the proceeds of deposits. The Board believes that mandatory schedules raise difficult problems in minimizing risks to depository institutions and in maximizing consumer benefits, and has felt that primary emphasis should be placed on improvements in the disclosure and payment system. However, the Board does believe that mandatory availability schedules could be a workable component of the delayed availability legislation, although it believes that greater flexibility is required than that provided in H.R. 28.

I would like to spend a few minutes discussing two of the elements of the proposed delayed availability legislation: (1) the Board's authority to regulate the payments system and (2) the mandatory availability schedules.

BOARD'S REGULATORY AUTHORITY

The Federal Reserve strongly supports the regulatory authority provided to the Board in H.R. 28. This authority is crucial to the implementation of needed improvements in the check collection and return-item mechanism. Today, the Federal Reserve's regulatory authority generally applies only to those checks that it clears. While the System has devoted significant attention to improvements in the return-item process, our lack of regulatory authority has lessened our effectiveness to make significant progress in this arena.

If legislation is passed, the Board would propose several initiatives to improve the return process. One such initiative that the Board might propose would be to require the payer institution to return checks to the institution of first deposit within a given time frame. This initiative would effectively prohibit the use of the mail for return items. The mail is used for more than 11 percent of returns, slowing the trip back to the depositing

institution as much as several days. This initiative would expedite returns at relatively little cost to the industry but would be effective only if it were applicable to all checks regardless of how they are cleared.

This initiative could also entail permitting institutions to return checks directly to the institution of first deposit, bypassing intermediate endorsers. H.R. 28 would provide the Board with the authority to preempt the laws of the three jurisdictions that currently prohibit this practice, thus making the use of direct returns feasible on a widespread scale.

A further initiative involves the automation of return items through the use of the same efficient mechanism used to collect checks. A recent test of this concept by the Federal Reserve and 75 depository institutions proved quite promising, reducing the time to return checks an average of more than one-third. However, the cost of this program falls on the institution that is returning the check, while the benefits of the expedited return accrue to the institution of first deposit. Therefore, its use is not likely to be widespread without the Federal Reserve having the authority to create incentives for payer institutions to participate in the program.

These examples illustrate the steps that could be taken to accelerate the return of checks if additional regulatory authority were granted to the Board.

MANDATORY AVAILABILITY SCHEDULES

As I stated earlier, we believe that reasonable mandatory availability schedules can be workable. Some states have enacted mandatory schedules that appear to be operating reasonably well.

Unfortunately, in our view the schedules in H.R. 28 are not workable. The schedule to be adopted after three years will encourage check fraud, including kiting. The increased risk of losses as a result of potential fraud would probably lead some institutions to refuse to provide banking services to certain consumers. Finally, legislation should not include detailed and rigid availability schedules given the complex nature of the check collection system.

Allow me to illustrate these points. The mandatory availability schedule for local checks that is required by H.R. 28 after three years is unrealistically short. Even after making improvements to the check collection system, the schedule would be shorter than the time it would take for most checks to be presented to the payer institution. This will encourage check fraud. Under the mandated schedule, institutions would be required to make the funds available for local checks at the opening of business on the next business day after the check is deposited, although in most cases the check would not be presented at the payer institution until later that day. If this schedule goes into effect, it would be relatively easy to perpetrate a check kite.

All an individual would have to do is to open accounts at two local institutions. Both accounts would be maintained in a proper manner for at least 30 days to satisfy the new account exception in the bill. After that time, suppose the individual writes a check against nonsufficient funds for \$5,000 on his account in one institution and deposits it in his account at the other institution on Monday.

Under H.R. 28, the institution in which the check was deposited would be required to make the funds available to the individual at the opening of business Tuesday, thus permitting the individual to withdraw the \$5,000. However, the check would not be presented to the institution on which it is drawn until late Tuesday morning or in the afternoon. That institution would not know if there were sufficient funds in the account to cover that check until that evening, at the earliest, when it posts checks to its customers' accounts.

On Wednesday, the institution on which the check was drawn would return the check to the other institution. Since that institution would be unable to obtain payment from the individual, it would suffer a loss of \$5,000. Other similar schemes involving dozens of institutions that would result in significant losses to the banking industry could be easily accomplished.¹ While

we recognize that this type of activity can, and does, occur today and can occur with any mandatory availability schedule, requiring funds availability before the completion of the normal collection and return cycle will tend to encourage this type of check fraud. This is not to say that mandatory schedules must accommodate the return of all checks, but rather that the schedules should not be designed so that individuals can rely on obtaining availability before the check is returned.

One step that an institution could take to prevent losses of the nature that I described is to be more selective in choosing the consumers with which it does business. Since H.R. 28 does not contain a general judgmental exception to the schedules, it would preclude institutions from protecting themselves against risk of loss at the time of deposit by placing holds on checks when they believe in good faith that there is a potential for fraud. In response, institutions may take steps to reduce their risk up front in screening prospective accountholders. There is already a significant segment of the population—12 percent of families according to a 1983 survey—that does not have a banking relationship. The schedules in H.R. 28 could result in institutions refusing to provide banking services to an even larger segment of the population.

We believe that the structure of the schedules in H.R. 28 is too rigid. For example, the schedules that would be in effect during the first three years are longer in some cases than is necessary and too short in other cases. We are also concerned about the geographic categories contained in the bill—local and nonlocal. New York State employs three categories: local, state, and out-of-state. Some of our staff believe that a different division would work more effectively: local clearinghouse items, items processed by one Federal Reserve office, and items processed in two Federal Reserve offices. We believe that the geographic divisions should be left open in the legislation and decided by the Board.

The check collection system is a very complex mechanism, and it is one that is constantly changing. We would expect changes to accelerate in the future as steps are adopted to improve the return-item process and as new technologies are introduced. Rigid schedules may not ade-

1. The attachments to this statement are available on request from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

quately reflect these developments and therefore should not be included in the legislation.

The serious problems that I just described could be avoided. Instead of having a precise schedule in the legislation, the Board urges the Congress to authorize the Federal Reserve to establish the schedules. Within a relatively short period of time after the bill is enacted, the Federal Reserve would implement an interim schedule that would, in most cases, be no longer, and perhaps shorter, than the interim schedules in H.R. 28. Within two to three years a schedule that is shorter than the interim schedule could be implemented after improvements to the return-item process are made.

If the Congress believes that it is critical to include a schedule in the legislation, then we would urge that the schedule include only the maximum number of days that the Federal Reserve would be permitted to have in its schedule, leaving flexibility for the Board to establish shorter schedules. We would suggest that the maximum number of days be no shorter than six business days after the day of deposit.

Finally, there are a number of other provisions of H.R. 28 that bear further consideration. For example, we believe that the coverage of the legislation should be limited to consumers. We are unaware of any widespread delayed availability problems in the business community, and including business accounts within the scope of the bill would significantly increase the cost of

compliance. The Board is also concerned that the requirement for establishing a Payment System Advisory Council may slow, rather than facilitate, improvements in payment systems. The council would duplicate the responsibilities of several other groups, such as the Consumer Advisory Council, which are already in existence. Finally, the "good faith" amendment, which was in the bill passed by the House last session, is not in H.R. 28. This provision allowed depository institutions to use their judgment in deciding whether a check presents unusual risk and to except such checks from the mandatory schedule. A similar provision is necessary for depository institutions to control check fraud losses. For this reason, we urge the Congress to include a "good faith provision."

In summary, we believe that legislation that requires disclosure and that provides authority to the Federal Reserve to improve the return-item process and establish mandatory availability proposals will be beneficial to consumers and ensure that the costs to the banking industry are reasonable. There are a number of other technical amendments to H.R. 28 that we would also like to propose. The Board staff will be glad to work with your staff to develop the most effective legislation for accomplishing these goals. Again, I am pleased to be here today and would be glad to discuss the delayed availability issue in more detail if the members of the committee desire. []

Announcements

NEW MEMBERS APPOINTED TO THRIFT INSTITUTIONS ADVISORY COUNCIL

The Federal Reserve Board on January 30, 1987, announced the names of six new members to its Thrift Institutions Advisory Council (TIAC) to replace those members whose terms have expired and designated a new President and Vice President of the Council for 1987.

The council is an advisory group made up of 12 representatives from thrift institutions. The panel was established by the Board in 1980 and includes savings and loan, savings bank, and credit union representatives. The council meets at least four times each year with the Board of Governors to discuss developments relating to thrift institutions, the housing industry, mortgage finance, and certain regulatory issues.

Michael R. Wise, Chairman and Chief Executive Officer of Silverado Banking, Denver, Colorado, was designated President of the Council, and Jamie J. Jackson, President of Commonwealth Financial Group, Houston, Texas, was designated Vice President.

The six new members, named for two-year terms that began January 1 are the following: Gerald M. Czarnecki, President and Chief Executive Officer of First Southern Federal Savings & Loan Association, Mobile, Alabama; Betty Gregg, President and Chief Executive Officer of Desert Schools Federal Credit Union, Phoenix, Arizona; Thomas A. Kinst, Chairman of Land of Lincoln Savings & Loan, Hoffman Estates, Illinois; Ray Martin, President and Chief Executive Officer of Coast Savings & Loan Association, Los Angeles, California; Janet M. Pavliska, President and Chief Executive Officer of Bank Five for Savings, Arlington, Massachusetts, and William G. Schuett, President and Chief Executive Officer of Security Savings & Loan Association, Milwaukee, Wisconsin.

The other members of the Council are the following: John C. Dicus, President of Capitol Federal Savings & Loan Association, Topeka,

Kansas; Donald F. McCormick, Chairman of the Board of Howard Savings Bank, Livingston, New Jersey; Herschel Rosenthal, President of Flagler Federal Savings & Loan Association, Miami, Florida; and Gary L. Sirmon, President of First Federal Savings & Loan Association, Walla Walla, Washington.

PRELIMINARY FIGURES AVAILABLE ON INCOME OF FEDERAL RESERVE BANKS

Preliminary figures indicate that gross income of the Federal Reserve Banks amounted to \$17.465 billion during 1986. Net income before dividends, additions to surplus, and payments to the Treasury totaled \$18.009 billion. This figure included additions to income resulting from revaluation of assets denominated in foreign currencies. About \$17.8 billion was paid to the U.S. Treasury during 1986.

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 \$630 million.

Operating expenses of the 12 Reserve Banks and branches totaled \$1.156 billion, including \$105 million for earnings credits granted to depository institutions. Assessments by the Board of Governors for Board expenditures totaled \$97 million, and the cost of currency amounted to \$181 million.

Net additions to income amounted to \$1.978 billion. This resulted primarily from an increase of \$1.971 billion in the value of assets denominated in foreign currencies related to revaluation of these assets at market exchange rates. Statutory dividends to member banks were \$110 million; additions to Reserve Bank surplus were \$92 million; and payments to the Treasury amounted to \$17.807 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.

*ISSUANCE OF REVISED LIST
OF OTC STOCKS SUBJECT
TO MARGIN REGULATIONS*

The Federal Reserve Board published on January 23, 1987, a revised list of over-the-counter (OTC) stocks that are subject to its margin regulations, effective February 10, 1987.

This List of Marginable OTC Stocks supersedes the revised list that was effective on November 11, 1986. Changes that have been made in the list, which now includes 2,988 OTC stocks, are as follows: 211 stocks have been included for the first time, 185 under national market system (NMS) designation; 25 stocks previously on the list have been removed for substantially failing to meet the requirements for continued listing; 85 stocks have been removed for reasons such as listing on a national securities exchange or involvement in an acquisition.

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 NMS. This list includes all securities qualified for trading in tier 1 of the NMS through February 10 and those in tier 2 through January 20, 1987. 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 April 1987.

Besides 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 on the list.

*HEARING SET FOR BHC APPLICATIONS
TO UNDERWRITE AND DEAL
IN CERTAIN SECURITIES*

The Federal Reserve Board fixed February 3 as the date for the hearing on the applications by

Citicorp, J.P. Morgan & Co. Incorporated, and Bankers Trust New York Corporation to underwrite and deal in, to a limited extent through wholly owned subsidiaries, commercial paper, mortgage-backed securities, municipal revenue bonds, and consumer-related receivables.

*EXTENSION OF TEMPORARY
SEASONAL ADJUSTMENT PROGRAM*

The Federal Reserve Board announced on January 28, 1987, that the temporary simplified seasonal credit program has been extended through 1987. This program is designed to make funds available at the discount window to small and mid-sized agricultural banks experiencing unusually strong loan demands.

Under the temporary program, qualifying banks may borrow at the discount window to fund half of their loan growth in excess of 2 percent over a base level. The maximum loan under the program is limited to 5 percent of the borrower's total deposits.

PROPOSED ACTIONS

The Federal Reserve Board has extended the comment period from February 9 to February 27, 1987, on some of its proposals issued on December 10 to reduce the risks on large-dollar payment systems. The proposals concern the risks associated with book-entry securities transfers, the reduction of existing levels for net debit caps, the establishment of a "de minimis" cap category, and the adoption of limits on interaffiliate Fedwire transfers.

The comment period for the proposed changes to the automated clearinghouse (ACH) procedures remains the same, March 16.

The Board also sought comment on the concept of charging a fee for all daylight overdrafts in accounts maintained with the Federal Reserve that are subject to the net debit cap. Comment is still requested by April 13.

The Federal Reserve Board has also requested comment on the concept of pricing Fedwire daylight overdrafts. (See Docket No. R-0592, dated December 10, 1986.) Public comments must be received by April 13, 1987.

The Federal Reserve Board on January 28, 1987, requested comment on a proposed amendment to Regulation Y implementing amendments to the Change in Bank Control Act required by the Anti-Drug Abuse Act of 1986. Comments should be received by the Board on this matter by March 6, 1987.

CHANGE IN BOARD STAFF

The Board of Governors announced the promotion of Stephen R. Malphrus, Assistant Director in the Office of the Executive Director for Information Resources Management, to Associate Director, effective February 2, 1987.

*SYSTEM MEMBERSHIP:
ADMISSION OF STATE BANKS*

The following banks were admitted to membership in the Federal Reserve System during the period January 1 through January 31, 1987:

California

San Francisco First Indo-American Bank

Indiana

Hartford City Pacesetter Bank
of Hartford City

Montana

Billings First Trust Company of Montana

Texas

Fort Worth Fort Worth State Bank

Utah

Salt Lake City Lockhart Company

Legal Developments

AMENDMENT TO REGULATION AA

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

Effective January 22, 1987, the Board grants, pursuant to Subpart B of 12 C.F.R. Part 227, an exemption as follows:

Part 227—Unfair or Deceptive Acts or Practices

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

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

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

ORDER

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

Effective January 22, 1987, consumer credit transactions and consumer credit accounts under \$25,000 that are subject to New York General Obligations Law § 15-702 and New York General Business Law § 349 are exempt from the cosigner provision of the Board's Credit Practices Rule, 12 C.F.R. § 227.14. Consumer credit transactions and accounts over \$25,000 remain subject to the Board's Credit Practices rule; however, compliance with the relevant provisions of the New York law will constitute compliance with the Board's rule. If the relevant New York law is amended to remove or increase the

\$25,000 limitation on consumer credit transactions and accounts the exemption will automatically extend to those transactions.

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

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

Orders Issued Under Section 3 of the Bank Holding Company Act

AmBank Holding Company of Colorado
St. Paul, Minnesota

Order Approving Formation of a Bank Holding Company

AmBank Holding Company of Colorado, St. Paul, Minnesota, 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 AmBank Holding Company ("AmBank"), Burns Bancorporation ("Burns") and FAB Bancorporation, Inc. ("FAB"), all of St. Paul, Minnesota (collectively "Companies"). Applicant would indirectly acquire American National Bank, Scottsdale, Arizona ("ANB"), Burns National Bank of Durango, Durango, Colorado ("Burns Bank"), and First American Bank, N.A., Colorado Springs, Colorado ("FABank").

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 a non-operating corporation with no subsidiaries formed for the purpose of becoming a bank holding company by acquiring three bank holding companies affiliated by common ownership, and their subsidiary banks. Thus, this proposal represents a restructuring of existing ownership interests.

Section 3(d) of the Act (12 U.S.C. § 1842(d)), the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire control of any bank located outside of the holding company's home state, unless such acquisition is "specifically authorized by the statute laws of the state in which such bank is located, by language to that effect and not merely by implication." Applicant's home state for purposes of section 3(d) of the Act is Colorado since the total deposits of Applicant's two proposed Colorado subsidiary banks will exceed those of its proposed Arizona subsidiary bank. The statute laws of Arizona authorize, with the approval of the Arizona Superintendent of Banks, an out-of-state bank holding company, including a Colorado bank holding company such as Applicant, to acquire an Arizona bank, such as ANB, that had applied to operate in Arizona before May 31, 1984.¹ The Arizona Superintendent of Banks has approved the acquisition of AmBank by Applicant. Accordingly, approval of Applicant's proposal to acquire a bank in Arizona is not barred by the Douglas Amendment.

Burns and FAB are bank holding companies located in Colorado, controlling total deposits of \$43.9 million and \$35 million respectively and each holds less than 0.25 percent of the total deposits in commercial banking organizations in the state.² AmBank is a bank holding company located in Arizona, controlling deposits of \$21.5 million, representing 0.1 percent of the total deposits in commercial banking organizations in the state.³ Consummation of this proposal would not have a significant effect upon the concentration of banking resources in either Colorado or Arizona.

ANB, Burns Bank and FABank operate in different banking markets. Principals of Applicant are not affiliated with any other depository organization in any of those markets. This proposal would not result in any adverse effects upon competition in any relevant market. Accordingly, the Board concludes that competitive considerations under the Act are consistent with approval.

In its evaluation of Applicant's managerial resources, the Board has considered certain violations by ANB and Burns Bank of the Currency and Foreign Transactions Reporting Act ("CFTRA") and the regulations thereunder.⁴ The violations, which appear to

be comparatively limited in scope, have been corrected and subsequent examinations of the two banks did not reveal any additional violations. The sufficiency of the compliance procedures adopted to address CFTRA violations of Companies' subsidiary banks has been reviewed by examiners from the Office of the Comptroller of the Currency. The Board also has consulted with appropriate enforcement agencies, and has considered the banks' past record of compliance with the law. For the foregoing reasons, and based upon a review of all the facts of record, the Board finds the managerial resources of Applicant, Companies and Companies' subsidiary banks to be consistent with approval.

In evaluating this application the Board has also considered the financial resources and future prospects of Applicant, Companies, Companies' subsidiary banks and the chain of affiliated banks controlled by Applicant's principal. The Board has emphasized that capital adequacy is an especially important factor in the analysis of bank holding company proposals and that under its Guidelines⁵ it will take into consideration both the stated primary capital ratio and the primary capital ratio after deducting intangibles. In its assessment of Applicant's capital adequacy and the capital adequacy of the chain of banks affiliated through ownership by Applicant's principal, the Board has relied on the record of improvement in the chain's capital ratios and particularly in the improvement in the ratios after deducting intangibles. Moreover, Applicant has submitted a plan that would cause the tangible capital ratio of Applicant and the chain of affiliated banks to reach 5.5 percent prior to year end. Based upon these facts and the commitments of Applicant, the Board concludes that the financial resources and future prospects of Applicant, Companies, their respective banks and affiliated banks are consistent with approval. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval of this application.

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

1. Arizona Revised Statutes §§ 6-322 and 6-323 (effective October 1, 1986).

2. Colorado banking data are as of December 31, 1985.

3. Arizona banking data are as of March 31, 1986.

4. 31 U.S.C. § 5311, *et seq.*; 31 C.F.R. § 103.

5. Capital Adequacy Guidelines, 12 C.F.R. Part 225, Appendix A.

By order of the Board of Governors, effective January 27, 1987.

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

JAMES MCAFEE

[SEAL] Associate Secretary of the Board

Maui Bancshares, Inc.
Tacoma, Washington

Order Approving Formation of a Bank Holding Company

Maui Bancshares, Inc., Tacoma, Washington, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act of 1956, as amended ("BHC Act") (12 U.S.C. § 1842(a)(1)), to become a bank holding company by acquiring 100 percent of the voting shares of Bank of Maui, N.A., Kahului, Maui, Hawaii ("Bank").

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

Applicant, a nonoperating Washington corporation with no subsidiaries, was organized for the purpose of becoming a bank holding company by acquiring Bank, which holds deposits of \$9.5 million.¹ Upon consummation of this proposal, Applicant would acquire Bank, which controls 0.12 percent of total deposits in Hawaii. Bank operates in the Maui banking market,² where it controls 1.8 percent of the deposits in commercial banks in the market and ranks fifth out of ten banks in the market.³ The principals of Applicant are not associated with any other banking organization in this market. Consummation of the proposed acquisition would not result in any adverse effects upon competition or increase the concentration of banking resources in any relevant area.

In light of certain commitments made by Applicant, the financial and managerial resources and future

prospects of Applicant and Bank are consistent with approval of this application.⁴ Considerations relating to the convenience and needs of the community to be served also are consistent with approval of the application.

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

By order of the Board of Governors, effective January 27, 1987.

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

JAMES MCAFEE

[SEAL] Associate Secretary of the Board

Mountaineer Bankshares of West Virginia, Inc.
Martinsburg, West Virginia

Order Approving Acquisition of a Bank

Mountaineer Bankshares of West Virginia, Inc., Martinsburg, West Virginia, a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.* ("BHC Act")), has applied for the Board's approval under section 3(a)(3) of the BHC Act (12 U.S.C. § 1842(a)(3)) to acquire Bank of Wadestown, Fairview, West Virginia ("Bank").

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

4. The Board has considered comments in opposition to the application from Royal Holdings Limited, a Hawaii corporation that alleges that Bank's Board of Directors precluded the shareholders of Bank from having the opportunity to consider Royal's competing bid for Bank. Applicant has responded in detail to these comments. The comments in opposition to the application raise some arguments that are beyond the scope of the factors the Board is required to consider under the BHC Act, and, when substantively considered, do not reflect adversely on the managerial factors the Board must consider and, thus, do not provide a basis for denial of the application.

1. Deposit data are as of March 31, 1986.

2. The Maui banking market consists of the Island of Maui, Hawaii.

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

Applicant, the fourth largest commercial banking organization in the state of West Virginia, controls three subsidiary banks with total deposits of \$298.1 million, representing 2.4 percent of total deposits in commercial banking organizations in the state.¹ Bank is the 130th largest commercial banking organization in the state, controlling total deposits of \$22.1 million, representing 0.2 percent of total deposits in commercial banking organizations in the state.

Both Applicant and Bank operate in the Marion County banking market.² Applicant is the third largest of seven commercial banking organizations in the market, controlling 24.2 percent of total deposits in commercial banks in the market.³ Bank is the fifth largest commercial banking organization in the market, controlling 5 percent of the total deposits in commercial banks in the market. Upon consummation of this proposal, Applicant would become the largest commercial banking organization in the market and would control 29.2 percent of total deposits in commercial banks in the market. The market's four-firm concentration ratio would increase from 88 percent to 93.1 percent and the Herfindahl-Hirschman Index ("HHI") would increase by 242 points to 2492.⁴

Although the proposed acquisition would eliminate some existing competition in the market, the Board has concluded that the effect of this proposal on existing competition is mitigated by the extent of competition offered by thrift institutions in the market.⁵ Two thrift institutions operate in the market, controlling 18.4 percent of total deposits in the market. These institutions compete with commercial banks in the market as providers of NOW accounts and consumer loans. Accordingly, in view of the competition

provided by thrift institutions,⁶ the fact that several competitors—five commercial banks and two thrift institutions—would remain in the market following consummation, and other facts of record, the Board concludes that consummation of the proposal is not likely to substantially lessen competition in the Marion County banking market.

The financial and managerial resources of Applicant, its subsidiaries and Bank are consistent with approval. Considerations relating to the convenience and needs of the community to be served are also consistent with approval.

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

By order of the Board of Governors, effective January 20, 1987.

Voting for this action: Chairman Volcker and Governors Johnson, Seger, Angell, and Heller.

JAMES MCAFEE

[SEAL]

Associate Secretary of the Board

Rainier Bancorporation Seattle, Washington

Order Approving Acquisition of a State Savings Bank

Rainier Bancorporation, Seattle, Washington, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied for the Board's approval under section 3(a)(3) of the Act, 12 U.S.C. § 1842(a)(3), to acquire all of the voting shares of United Bank, A Savings Bank, Tacoma,

1. All banking data are as of June 30, 1986. Applicant has since received approval to acquire two additional banks.

2. The Marion County banking market is defined as Marion County, West Virginia, including the Fairmont RMA.

3. All market data are as of June 30, 1985.

4. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,823 (June 29, 1984)), any market in which the post-merger HHI is over 1800 is considered highly concentrated, and the Department is likely to challenge a merger that increases the HHI by more than 50 points unless other factors indicate that the merger will not substantially lessen competition. The Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating an anticompetitive effect) unless the post-merger HHI is at least 1800 and the merger increases the HHI by at least 200 points.

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).

6. If 50 percent of the deposits held by thrift institutions in the Marion County banking market were included in the calculation of market concentration, the share of total deposits held by the four largest organizations in the market would increase to 84.9 percent. Applicant's market share would increase by 4.5 percent to 26.2 percent and the HHI would increase by 196 points to 2093 upon consummation of the proposal.

Washington ("United Bank"), a state savings bank whose deposits are insured by the Federal Deposit Insurance Corporation.

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.

The Board has previously determined that a state savings bank is a "bank" under section 2(c) of the Act if it accepts demand deposits, engages in the business of making commercial loans, is not chartered by the Federal Home Loan Bank Board, and does not have its deposits insured by the Federal Savings and Loan Insurance Corporation ("FSLIC").¹ United Bank accepts demand deposits and engages in the business of making commercial loans; it is state-chartered and its deposits are not insured by the FSLIC. Accordingly, United Bank is a "bank" for purposes of the Act, and this application has been considered in light of the requirements of section 3 of the Act pertaining to the acquisition of banks.

Applicant's lead bank, Rainier National Bank, Seattle, Washington ("Rainier Bank"), is the second largest commercial banking organization in Washington, with deposits of \$4.9 billion, representing 21.5 percent of the total deposits in commercial banks in the state.² United Bank, the ninth largest banking organization in Washington, controls total deposits of \$442 million, or 1.9 percent of state deposits.³ Upon consummation, Rainier would remain the second largest banking organization, with total deposits of \$5.3 billion, or 23 percent of total deposits in the state. Consummation of the proposed transaction would not have a significant effect on the concentration of banking resources in Washington.

Rainier competes with United Bank in four banking markets. In the Seattle banking market, Rainier is the second largest of 40 commercial banking organizations and controls deposits of \$3 billion, which represents 22.1 percent of total deposits in commercial banks in the market.⁴ United Bank is the seventh largest banking organization with deposits of \$429 million, which represents 3.1 percent of total deposits in commercial banks in the market. Upon consummation, Applicant

would continue to be the second largest banking organization, with deposits of \$3.5 billion, representing 25.2 percent of total market deposits. The Seattle banking market is considered highly concentrated, with a Herfindahl-Hirschman Index ("HHI") of 1880. Upon consummation, the HHI would increase by 132 points to 2012.⁵

Although consummation of the proposal would eliminate some existing competition between Applicant and United Bank in the Seattle banking market, numerous other commercial banking organizations would remain as competitors in the market after consummation. In addition, the presence of 35 thrift institutions that control approximately 38.9 percent of the market's total deposits mitigates the anticompetitive effects of the transaction.⁶ Thrift institutions already exert a considerable competitive influence in the market as providers of NOW accounts and consumer loans. In addition, several of the thrift institutions make commercial loans and provide an alternative for such services in the Seattle market. Based upon the above considerations, the Board concludes that consummation of the proposal is not likely to substantially lessen competition in the Seattle banking market.⁷

In the Bremerton banking market, Rainier is the largest of 12 commercial banking organizations and controls deposits of \$106 million, which represents 23.1 percent of total deposits in the market.⁸ United Bank is the tenth largest banking organization, with deposits of \$13 million, which is 2.8 percent of total deposits in the market. Upon consummation, Applicant would continue to be the largest organization, with deposits of \$119 million, representing 26 percent

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

6. The Board has previously indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks. *National City Corporation*, 70 FEDERAL RESERVE BULLETIN 743 (1984); *NCNB Bancorporation*, 70 FEDERAL RESERVE BULLETIN 2215 (1984); *General Bancshares Corporation*, 69 FEDERAL RESERVE BULLETIN 802 (1983); *First Tennessee National Corporation*, 69 FEDERAL RESERVE BULLETIN 298 (1983).

7. If 50 percent of deposits held by thrift institutions in the Seattle banking market were included in the calculation of market concentration, Rainier would be the second largest of 75 depository organizations, with 16.5 percent of market deposits. Applicant would remain the 2nd largest depository institution, controlling 18.9 percent of the market's deposits upon consummation. The HHI would increase by 76 points to 1149.

8. The Bremerton banking market is approximated by the Bremerton RMA, which consists of a portion of Kitsap County, Washington.

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

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

3. United Bank is treated as a commercial bank in this analysis.

4. The Seattle banking market is approximated by the Seattle-Tacoma-Everett RMA, which consists of portions of King, Pierce, Snohomish, Kitsap, and Island Counties in Washington.

of total market deposits. The Bremerton banking market is considered moderately concentrated, with an HHI of 1500. Upon consummation, the HHI would increase by 129 to 1629.

In the Okanogan County banking market, Rainier is the fourth largest of six commercial banking organizations and controls deposits of \$37 million, which represents 21.4 percent of total deposits in the market.⁹ United Bank is represented in the market with an office that had no deposits as of June 30, 1985. Consequently, upon consummation, Rainier's market size and rank would be unchanged. The banking market is considered highly concentrated with an HHI of 2440.

In the Yakima County banking market, Rainier is the largest of nine commercial banking organizations and controls deposits of \$189 million, which represents 25.9 percent of total deposits in the market.¹⁰ United Bank is represented in the market with an office that had deposits of less than \$500,000 as of June 30, 1985. Upon consummation, Rainier's market size would be essentially unchanged and Rainier would continue to rank as the largest organization. The banking market is considered highly concentrated with an HHI of 1801. Upon consummation, the HHI would be unchanged.

Based on the foregoing, the Board concludes that consummation of the proposed transaction is not likely to substantially lessen competition in any relevant market.

United Bank engages in certain real estate investment and development activities authorized by state law. The Board has requested comment on proposed regulations that would permit bank holding companies to engage in real estate investment activities within certain limits.¹¹ Pending completion of the Board's rulemaking on those issues, the Board has, in a limited number of instances, permitted state savings banks to continue to engage in real estate investment and development activities, provided that the savings banks limit the level and scope of those activities and maintain adequate capital to support those activities.¹² Applicant has made commitments that so limit United Bank's real estate activities, and has agreed to conform those activities to the results of the Board's

rulemaking. Accordingly, subject to those commitments, the Board has determined that United Bank's real estate investment and development activities do not preclude approval of the application.

The financial and managerial resources and future prospects of Applicant and United Bank are generally satisfactory and consistent with approval of the application.

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

In reviewing the CRA records of Rainier Bank and United Bank, the Board has considered the comments of two protesting community organizations, South End Seattle Community Organization and South East Effective Development, both of Seattle, Washington (together "Protestants"). Protestants have generally raised concerns about whether those banks have been meeting the needs of Protestants' neighborhood, the South End of Seattle.

Protestants' comments on Rainier Bank's CRA record are identical to those made by Protestants in connection with a previous application. *Rainier Bancorporation*, 73 FEDERAL RESERVE BULLETIN 55 (1987). The Board considered those comments and concluded that the CRA records of Applicant's subsidiary banks were consistent with approval of the application. Protestants have offered no new evidence or arguments regarding Rainier Bank's record. For the reasons set forth in the Board's Statement regarding that application, the Board concludes that the CRA records of Applicant's subsidiary banks are consistent with approval of this application.

The Board has considered United Bank's CRA record in light of Protestants' comments. The Board concludes that United Bank's delineation of the relevant community is reasonable, does not arbitrarily exclude low- and moderate-income or minority areas, and complies with applicable regulations. 12 C.F.R. § 345.3. The Board further concludes that United Bank's CRA record is consistent with approval of the application.

9. The Okanogan County banking market is approximated by Okanogan County, Washington.

10. The Yakima County banking market is approximated by Yakima County, Washington.

11. 52 *Federal Register* 543 (1987).

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

Based upon all of the evidence of record, including Applicant's commitments and Protestants' comments, the Board concludes that the CRA records of Applicant's subsidiary banks, and convenience and needs considerations generally, are consistent with approval of the application.¹³

Based on the foregoing and other facts of record, the Board has determined that the application should be, and hereby is, approved. The acquisition shall not be consummated before the thirtieth calendar day following the effective date of 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 San Francisco, pursuant to delegated authority, or by the Board.

By order of the Board of Governors, effective January 27, 1987.

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

JAMES MCAFEE

[SEAL]

Associate Secretary of the Board

Westbank Corporation
West Springfield, Massachusetts

Order Approving Acquisition of a Bank

Westbank Corporation, West Springfield, Massachusetts, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 *et seq.*) (the "Act"), has applied for the prior approval of the Board under section 3 of the Act (12 U.S.C. § 1842) to acquire Chicopee Co-operative Bank, Chicopee, Massachusetts ("Chicopee"), a state-chartered co-operative bank in stock form, the deposits of which are insured by the Federal Deposit Insurance Corporation.¹

13. In considering Protestants' request for a public meeting, the Board finds that Protestants and Applicant have had ample opportunity to present evidence and arguments in writing, and concludes that Protestants have not raised issues that would render a public meeting appropriate. Accordingly, the Board has denied Protestants' request for a public meeting.

1. The Board has previously determined that state-chartered stock savings banks, that are not covered by the exemption created by the Garn-St Germain Depository Institutions Act of 1982 for thrift institutions insured by the Federal Savings and Loan Insurance Corporation ("FSLIC") and that accept demand deposits and engage in the business of making commercial loans are within the definition of

Notice of the application, affording opportunity for interested persons to submit comments and views, has been duly published (51 *Federal Register* 39,587 (1986)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant is the 122nd largest depository institution among commercial banks and thrift institutions in Massachusetts, with approximately \$132 million in domestic deposits, representing 0.2 percent of the total deposits in commercial banks and thrift institutions in Massachusetts.² Chicopee is the 242nd largest depository institution among commercial banks and thrift institutions in Massachusetts, with domestic deposits of approximately \$57 million, representing 0.1 percent of the total deposits in commercial banks and thrift institutions in Massachusetts.

Upon consummation of this proposal, Applicant would become the 92nd largest depository institution in Massachusetts with \$189 million in domestic deposits, representing 0.3 percent of the total deposits in commercial banks and thrift institutions in the state. Accordingly, consummation of this proposal would have no significant effect on the concentration of banking resources in Massachusetts.

Both Applicant and Chicopee compete in the Springfield banking market.³ Applicant is the 17th largest depository institution among commercial banks and thrift institutions in the market, with 2.1 percent of deposits in the market. Upon consummation of the proposal, Applicant would become the 14th largest depository institution in the market, with 2.7 percent of deposits in the market. The Herfindahl-Hirschman Index would increase from 750 to 753. Accordingly, consummation of the proposal would not result in any significant adverse effects on existing or potential competition or increase the concentration of banking resources in any relevant area.

Chicopee engages through a subsidiary in certain real estate investment and development activities authorized pursuant to state law. The Board has request-

"bank" contained in section 2(c) of the Act. Chicopee accepts demand deposits and engages in the business of making commercial loans and its deposits are not insured by the FSLIC. Accordingly, Chicopee is a "bank" for purposes of the Act. The application has therefore been considered in light of the requirements of section 3 of the Act pertaining to the acquisition of banks.

2. Domestic deposit data are as of September 30, 1986. State data are as of March 31, 1986. Market data are as of June 30, 1985.

3. The Springfield banking market is approximated by the Springfield Rationally Metropolitan Area ("RMA") minus the town of Brimfield plus the towns of Blandford, Chester, Granville, Hardwick, Huntington, Montgomery, Otis, Tolland, Ware, Warren, and Worthington.

ed comment regarding the permissible scope and extent of real estate investment and development activities of holding company banks and their subsidiaries.⁴ Pending completion of the Board's rulemaking on these issues, the Board has, in a limited number of instances, permitted state-chartered savings banks to continue to engage in real estate investment and development activities, provided that the savings banks limit the level and scope of these activities and maintain adequate capital to support the activities.⁵ Applicant has provided commitments that so limit Chicopee's real estate activities, and has committed to conform these activities to the results of the Board's rulemaking. Accordingly, subject to these commitments, the Board has determined that Chicopee's real estate investment and development activities do not preclude approval of this application.

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

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

By order of the Board of Governors, effective January 20, 1987.

Voting for this action: Chairman Volcker and Governors Johnson, Seger, Angell, and Heller.

JAMES MCAFEE

[SEAL]

Associate Secretary of the Board

Orders Issued Under Section 4 of the Bank Holding Company Act

Citicorp
New York, New York

Order Approving Application to Provide Advisory Services With Respect to Futures Contracts on Stock Indexes and Options on Such Futures Contracts

4. 52 *Federal Register* 543 (1987).

5. See, e.g., *First Fidelity Bancorporation*, 72 *FEDERAL RESERVE BULLETIN* 487 (1986).

Citicorp, New York, New York, a bank holding company within the meaning of the Bank Holding Company Act, 12 U.S.C. § 1841 *et seq.* ("Act"), has applied pursuant to section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a)(3) of the Board's Regulation Y (12 C.F.R. § 225.23(a)(3)), to engage *de novo* through its wholly owned subsidiary, Citicorp Futures Corporation, New York, New York ("CFC"), in the provision of advisory services with respect to futures contracts on stock indexes and options on such futures contracts. CFC would offer such advisory services with respect to the Standard and Poor's 100 Stock Price Index futures contract ("S&P 100"), the Standard and Poor's 500 Stock Price Index futures contract ("S&P 500"), and options on the S&P 500, all of which are currently traded on the Index and Option Division of the Chicago Mercantile Exchange. Applicant has previously received approval to execute and clear, through CFC, these futures contracts and options on futures contracts.¹ Applicant proposes to offer these services to institutional customers in the United States and abroad.²

Notice of the application, affording interested persons an opportunity to submit comments on the relation of the proposed activities to banking and on the balance of public interest factors, has been duly published (50 *Federal Register* 27,684 (1985)). 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 consolidated assets of \$186.0 billion,³ is the largest banking organization in the United States. It presently operates eight banking subsidiaries and engages, directly and through subsidiaries, in a variety of nonbanking activities. CFC is a futures commission merchant ("FCM") registered with the Commodity Futures Trading Commission

1. *Citicorp* 73 *FEDERAL RESERVE BULLETIN* 157 (1987).

2. Citicorp will provide the proposed advisory services only to "institutional customers," as defined in the Board's order approving the application of National Westminster Bank PLC and NatWest Holdings, Inc., to engage in certain nonbanking activities. *National Westminster Bank PLC*, 72 *FEDERAL RESERVE BULLETIN* 584 (1986) ("NatWest"). The definition of "institutional customer" in NatWest includes a person that is: a bank; an insurance company; a registered investment company; a corporation, partnership, proprietorship, organization or institutional entity that regularly invests in the types of securities as to which investment advice is given; an employee benefit plan with assets exceeding \$5,000,000; a natural person whose net worth exceeds \$5,000,000; a broker-dealer or option trader registered under the Securities Exchange Act of 1934, or other securities professional; and an entity all of the equity owners of which are institutional customers.

3. As of September 30, 1986.

("CFTC") that engages in the execution and clearance of options contracts on bullion, foreign exchange, government securities and money market instruments, and options on futures contracts based on these commodities and instruments on major commodities exchanges for nonaffiliated persons.⁴ CFC also engages in the provision of advisory services with respect to certain of these options, pursuant to previous approval by the Board.⁵

The advisory services that Applicant proposes to provide consist of general research and advice on market conditions and hedging strategies, client account information and reconciliation of trades, and communication linkage between clients and exchange floors in connection with CFC's futures commission merchant activities. These services would be offered to customers either as part of an integrated package of services or for a separate fee.

The Board has previously approved as closely related to banking the execution and clearance of futures contracts on stock indexes and options thereon.⁶ The Board has not, however, considered a proposal to provide investment advisory services in connection with the execution and clearance of such instruments.

In order to approve this application, the Board is required to determine whether the proposed activity is so closely related to banking as to be a proper incident thereto within the meaning of section 4(c)(8) of the Act. In determining whether an activity is a "proper incident" to banking, the Board must consider whether the activity can reasonably be expected to produce benefits to the public that outweigh possible adverse effects.

The Board has determined that the combination of advisory and brokerage services for financially sophisticated customers with respect to financially related futures contracts, including bullion, foreign exchange, government securities, certificates of deposit, certain other money market instruments, and a municipal bond index, is closely related to banking.⁷ In addition,

the Board has approved as closely related to banking the combination of investment advice and securities brokerage. *National Westminster Bank PLC*, 72 FEDERAL RESERVE BULLETIN 584 (1986) ("*NatWest*"). In *NatWest*, the Board found that banks provided both investment advisory and securities brokerage services, and that the combination of the two activities, previously determined to be closely related to banking, would not result in an alteration of the functional nature and scope of the combined activities or their close relationship to banking. Thus, the Board concluded that the combination of the two activities was closely related to banking. Similarly, the combination of futures advisory and execution and clearance services as proposed by Applicant would not result in an alteration of the functional nature and scope of the two component services or their close relationship to banking.

The futures advisory services that Applicant proposes to provide are essentially identical to the advisory services previously approved by the Board by regulation and order with respect to other financially related futures contracts. Thus, for the reasons specified above and in the Board's previous determinations regarding FCM advisory services, the Board concludes that, in the manner proposed and subject to the conditions set forth in sections 225.25(b)(18) and 225.25(b)(19) of Regulation Y, Applicant's proposal to provide, through CFC, advisory services with respect to futures contracts on stock indexes, and options thereon, is closely related to banking.

In order to approve this application, the Board is also required to determine that the performance of the proposed activity by Applicant "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects" (12 U.S.C. § 1843(c)(8)).

The record indicates that consummation of Applicant's proposal can reasonably be expected to provide benefits to the public. Applicant's performance of these activities would provide added convenience to those clients of Applicant and its subsidiaries that trade in the cash, forward and futures markets for these instruments. The Board expects that the *de novo* entry of Applicant into the market for these services would increase the level of competition among providers of these services already in operation. Accordingly, the Board concludes that the performance of the proposed activities by Applicant can reasonably be expected to provide benefits to the public.

The Board has considered the potential for adverse effects that may be associated with this proposal. The Board has previously determined that the combination of investment advisory services and the execution and clearance of futures contracts would not give rise to

4. Under an accord between the Securities and Exchange Commission ("SEC") and the CFTC adopted by Congress (Pub. L. No. 97-444, 96 Stat. 2294, 7 U.S.C. § 2(a) (1982) and Pub. L. No. 97-303, 96 Stat. 1409, 15 U.S.C. § 77b (1982)), the SEC has exclusive jurisdiction over options on U.S. government securities and money market instruments. The CFTC has overlapping jurisdiction with the SEC over options on foreign currency and has exclusive jurisdiction over options on bullion and on futures.

5. *Citicorp*, 70 FEDERAL RESERVE BULLETIN 591 (1984).

6. *J.P. Morgan & Co., Incorporated*, 71 FEDERAL RESERVE BULLETIN 251 (1985).

7. 12 C.F.R. § 225.25(b)(19); *Bankers Trust New York Corporation*, 71 FEDERAL RESERVE BULLETIN 111 (1985).

adverse effects.⁸ The Board found that the provision of investment advisory services on futures contracts that an FCM may execute and clear would not entail risks or conflicts of interest different from those considered and addressed by the Board in its approvals of FCM execution and clearance services. In making its determination, the Board relied on the regulatory framework established by the CFTC for the trading of futures contracts, and the conditions set forth in Regulation Y with respect to the execution and clearance of futures contracts, including the requirement that advice be limited to financially sophisticated customers that have significant dealings or holdings in the underlying commodities, securities or instruments.

Similarly, in *NatWest* the Board found that the combination of investment advice and securities brokerage for institutional customers did not present the potential for conflicts of interest and the other "subtle hazards" that Congress identified with the combination of commercial banking and the securities business and sought to avoid through passage of the Glass-Steagall Act.⁹ The Board relied on the facts that the services proposed by NatWest would be limited to institutional customers and that NatWest's brokerage subsidiary would be separate from its banking affiliates.

As noted above, Applicant has limited its proposed provision of advisory services to institutional customers, as defined in *NatWest*. In addition, Applicant would be subject to the Board's regulations concerning FCMs,¹⁰ which require, among other things, that the activity be conducted through a separate subsidiary, be subject to the regulatory framework established pursuant to law by the CFTC for the trading of futures and be limited to financial institutions and other financially sophisticated customers that have significant dealings or holdings in the underlying commodities, securities, or instruments.

The potential for adverse effects from Applicant's proposal is further minimized by the fact that CFC will provide advisory services only with respect to futures contracts, and options thereon, on broad-based index-

es containing 100 or 500 securities, and will provide only advisory services of a generalized nature.¹¹

The Board has also considered possible adverse effects from Applicant's proposed joint pricing of futures advisory services and futures contract execution and clearance services. Applicant would price its investment advisory services as part of a package of services, but would also make its futures advisory services available on a separate-fee basis to customers who wish to receive only advisory services. In *NatWest*, the Board found that the potential for adverse effects associated with this type of pricing would be reduced by the extensive regulatory framework to which NatWest's brokerage subsidiary would be subject, by NatWest's limitation of its services to institutional customers only, and by the fact that NatWest's brokerage subsidiary would charge a separate fee for customers desiring only investment advice or execution.

These same factors are present under Applicant's proposal. As noted above, Applicant intends to price its investment advisory services as part of a package of services, but will also make its futures advisory services available on a separate-fee basis to customers who wish to receive only advisory services. The Board also notes that CFC is subject to regulation by the CFTC, and, as noted above, CFC will provide advisory services only to financially sophisticated customers.

For these reasons, the Board concludes that the limitations proposed by Applicant and required by the Board's regulations would be sufficient to prevent any significant conflicts of interest or unsound banking practices.

Based upon the foregoing consideration of all the relevant facts, the Board concludes that the balance of the public interest factors that the Board is required to consider under section 4(c)(8) is favorable. Accordingly, the application is hereby approved, subject to commitments made by Applicant and the conditions set forth in this Order.

This determination is also subject to all of the conditions set forth in Regulation Y, including sections 225.4(d) and 225.23(b)(3) (12 C.F.R. §§ 225.4(d) and 225.23(b)(3)), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the

8. 12 C.F.R. § 225.25(b)(19); *Bankers Trust New York Corporation*, 71 FEDERAL RESERVE BULLETIN 111 (1985).

9. *Investment Company Institute v. Camp*, 401 U.S. 617 (1971); *Board of Governors v. Investment Company Institute*, 450 U.S. 46 (1984). These subtle hazards include the possibilities that public confidence in a bank might be impaired if the securities affiliate of the bank performed poorly, that a bank might make unsound loans to the securities affiliate or to companies in whose stock the affiliate had invested, and that the bank might make loans to customers to be used for the purchase of stocks.

10. 12 C.F.R. §§ 225.25(b)(18), (19).

11. The Board's approval of this application does not authorize Applicant to provide FCM advisory services related to futures contracts on stock indexes, and options thereon, based on individual stocks or narrowly-based stock indexes. Applicant would be required to receive the prior written approval of the Federal Reserve Bank of New York, in consultation with the Board's General Counsel, in order to provide advisory services with respect to any additional broad-based futures contracts on stock indexes.

Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

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

By order of the Board of Governors, effective January 23, 1987.

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

JAMES MCAFEE

[SEAL]

Associate Secretary of the Board

First Union Corporation
Charlotte, North Carolina

Order Approving an Application to Purchase and Sell Precious Metals and Coins for the Account of Customers

First Union Corporation, Charlotte, North Carolina, a bank holding company within the meaning of the Bank Holding Company Act, 12 U.S.C. § 1841 *et seq.* ("BHC Act"), has applied pursuant to section 4(c)(8) of the BHC Act and section 225.23(a) of the Board's Regulation Y, 12 C.F.R. § 225.23(a), to engage *de novo* through its subsidiary, First Union Brokerage Services, Inc., Charlotte, North Carolina ("FUBS"), in the purchase and sale of gold and silver bullion and coins for the account of its customers.

Notice of the application, affording interested persons an opportunity to submit comments, has been duly published (51 *Federal Register* 40,515 (1986)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.

FUBS proposes to engage in the purchase and sale of silver and gold bullion and coins for the account of customers. FUBS will not engage in the purchase and sale of platinum and palladium,¹ nor will it deal in gold or silver for its own account. In addition, FUBS does

not propose to extend credit, and does not propose to offer investment advice to customers in connection with the proposed services.

Applicant is a multibank holding company with 30 subsidiary banks in four states, controlling total deposits of approximately \$12 billion.² FUBS has been approved as a discount broker to engage in securities brokerage activities permissible for bank holding companies under section 225.25(b)(15) of the Board's Regulation Y, 12 C.F.R. § 225.25(b)(15).

The proposed activities of FUBS are essentially identical to activities previously approved by the Board.³ In addition, banks have traditionally engaged in the purchase and sale of gold and silver bullion.⁴ Thus, the Board concludes that Applicant's proposal to engage in the purchase and sale of bullion and coins for the account of customers is closely related to banking.

In order to approve this application, the Board is also required to determine that the performance of the proposed activities by Applicant "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects . . ." (12 U.S.C. § 1843(c)(8)). Consummation of Applicant's proposal will result in increased convenience to customers. In addition, the Board expects that the entry of Applicant into the market for these services will increase the level of competition among providers of these services. Accordingly, the Board concludes that the performance of the proposed activities by Applicant can reasonably be expected to produce benefits to the public.

The Board has also considered the potential for adverse effects that may be associated with this proposal. There is no evidence in the record that consummation of the proposed transactions would result in any adverse effects such as decreased competition, undue concentration of resources, unfair competition, conflicts of interest, or unsound banking practices. Applicant's proposal to buy and sell gold and silver bullion and coins is a fee-generating, nonleveraged activity that the Board believes would not have an adverse effect on Applicant's financial resources. Accordingly, the financial and managerial resources of Applicant and its subsidiaries overall are consistent with approval of the application.

2. Data are as of September 30, 1986.

3. *Texas American Bancshares, Inc.*, 72 FEDERAL RESERVE BULLETIN 501 (1986); *First Interstate Bancorp.*, 71 FEDERAL RESERVE BULLETIN 467 (1985). See also *The HongKong and Shanghai Banking Corp.*, 72 FEDERAL RESERVE BULLETIN 345 (1986); *Standard and Chartered Banking Group Ltd.*, 38 *Federal Register* 27,552 (1973).

4. See, e.g., 12 U.S.C. § 24(7) (national banks are explicitly permitted to buy and sell coins and bullion).

1. In *Standard and Chartered Banking Group Ltd.*, 38 *Federal Register* 27,552 (1973), the Board found that the activities of dealing in platinum and palladium were not authorized for national banks and were not closely related to banking.

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

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

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

By order of the Board of Governors, effective January 12, 1987.

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

JAMES MCAFFEE

Associate Secretary of the Board

[SEAL]

Saban, S.A.
Panama City, Panama

Republic New York Corporation
New York, New York

Order Approving Application to Execute and Clear Futures Contracts on Stock Indexes, Options on such Futures Contracts, and Futures Contracts on a Municipal Bond Index and Government National Mortgage Association Certificates

Saban, S.A., Panama City, Panama, and Republic New York Corporation, New York, New York ("Republic"), bank holding companies within the meaning of the Bank Holding Company Act, 12 U.S.C. § 1841 *et seq.* ("Act"), have applied pursuant to section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a)(3) of the Board's Regulation Y (12 C.F.R. § 225.23(a)(3)) to engage *de novo* through their wholly owned subsidiary, Republic Clearing Corporation, New York, New York ("RCC"), in the execution and

clearance, on major commodity exchanges, of futures contracts on stock indexes, options on such futures contracts, and futures contracts on a municipal bond index and Government National Mortgage Association ("GNMA") certificates.

RCC proposes to execute and clear:

- (1) the Standard & Poor's 100 Stock Price Index futures contract, the Standard & Poor's 500 Stock Price Index futures contract ("S&P 500"), options on the S&P 500, and the Standard & Poor's Over-the-Counter 250 Stock Index futures contract, all of which are currently traded on the Index and Option Division of the Chicago Mercantile Exchange; (2) the Major Market Index Maxi Stock Index futures contract, the Major Market Index Mini Stock Index futures contract, the Bond Buyer Municipal Bond Index futures contract, and the GNMA Cash Settled futures contract, all of which are currently traded on the Chicago Board of Trade; (3) the New York Stock Exchange ("NYSE") Composite Index futures contract, and options on the NYSE Composite Index futures, both of which are currently traded on the New York Futures Exchange, a subsidiary of the New York Stock Exchange; and (4) the Value Line Futures (Maxi) and Value Line Futures (Mini) Index contracts, both of which are currently traded on the Kansas City Board of Trade.

Applicants propose to offer these services to major corporations, financial institutions, and other sophisticated customers in the United States and abroad.

Notice of the application, affording interested persons an opportunity to submit comments on the relation of the proposed activities to banking and on the balance of public interest factors, has been duly published (51 *Federal Register* 45,179 (1986)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the Act.

Saban, S.A., with total unconsolidated assets of \$193.5 million, holds 33.3 percent of the shares of Republic New York Corporation.¹ Republic, with consolidated assets of \$16.8 billion,² is the 10th largest banking organization in New York. Republic operates one subsidiary bank and engages through certain of its subsidiaries in a variety of nonbanking activities. RCC

1. As of December 1, 1986, Saban, S.A., received approval on October 1, 1986, to acquire up to an additional 3.3 percent of the shares of Republic.

2. Banking data are as of June 30, 1986.

is a futures commission merchant ("FCM") registered with the Commodity Futures Trading Commission ("CFTC") that engages in the execution and clearance of futures contracts on gold and silver, financial instruments and foreign currencies, and options on such futures contracts.³

The Board has previously determined that the execution and clearance of futures contracts and options on futures contracts based on stock indexes, and of futures contracts on a municipal bond index, are closely related to banking. *J.P. Morgan & Co. Incorporated*, 71 FEDERAL RESERVE BULLETIN 251 (1985); *Bankers Trust New York Corporation*, 71 FEDERAL RESERVE BULLETIN 111 (1985). The execution and clearance of futures contracts on government securities is permissible under Regulation Y, 12 C.F.R. § 225.25(b)(18). The proposed activities of RCC are essentially identical to those activities previously permitted pursuant to Regulation Y or approved by the Board. Thus, the Board concludes that Applicants' proposal to execute and clear futures contracts on the proposed stock indexes, options thereon, and futures contracts on a municipal bond index and GNMA certificates is closely related to banking.

Under section 4 of the Act, the Board is also required to determine that the performance of the proposed activities by Applicants "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." (12 U.S.C. § 1843(c)(8)).

Consummation of Applicants' proposal would provide added convenience to those clients of Applicants and their subsidiaries that trade in the cash, forward and futures markets for those instruments. The Board expects that the *de novo* entry of Applicants into the market for these services would increase the level of competition among providers of these services already in operation. Accordingly, the Board concludes that the performance of the proposed activities by Applicants can reasonably be expected to provide benefits to the public.

Moreover, there is no evidence in the record that consummation of the proposed FCM activities would result in any adverse effects such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. In addition, the Board has taken into account and has

relied on the regulatory framework established pursuant to law by the CFTC for the trading of futures, as well as the conditions set forth in section 225.25(b)(18) of Regulation Y with respect to executing and clearing futures contracts and options thereon.

The financial and managerial resources and future prospects of Applicant are considered consistent with approval. Based upon a consideration of all the relevant facts, the Board concludes that the balance of the public interest factors that the Board is required to consider under section 4(c)(8) is favorable. Accordingly, based on all the facts of record and the commitments made by Applicants, and subject to the conditions in this Order, the Board has determined that the proposed application should be, and hereby is, approved. This determination is subject to all of the conditions set forth in Regulation Y, including sections 225.4(d) and 225.23(b)(3) (12 C.F.R. §§ 225.4(d) and 225.23(b)(3)), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasion of, the provisions and purposes of the Act and the Board's regulations and orders issued thereunder.

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

By order of the Board of Governors, effective January 20, 1987.

Voting for this action: Chairman Volcker and Governors Johnson, Seger, Angell, and Heller.

[SEAL] JAMES MCAFEE
Associate Secretary of the Board

Sovran Financial Corporation
Norfolk, Virginia

Order Approving an Application to Provide Cash Management Services

Sovran Financial Corporation, Norfolk, Virginia, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 *et seq.*) (the "Act"), has applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. § 225.23), to expand

3. Applicants and RCC have received approval for these activities. *Republic New York Corporation*, 63 FEDERAL RESERVE BULLETIN 251 (1977); *Republic New York Corporation*, Order of March 2, 1984.

the activities of its subsidiary, Sovran Investment Corporation, Richmond, Virginia ("SIC"), to include the provision of cash management services.¹

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been duly published (51 *Federal Register* 41,154 (1986)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the Act.

Applicant, a multibank holding company, has total consolidated assets of approximately \$14.3 billion.² Applicant also engages through certain subsidiaries in other nonbanking activities permissible for bank holding companies.³

Applicant proposes to transfer to SIC the cash management services for corporate and other institutional customers currently provided by Sovran Bank, N.A. The cash management services to be offered by SIC will be an account balance management service. SIC will coordinate its cash management service for a particular customer with a designated account officer at Sovran Bank, N.A. or other bank affiliate of SIC. A target demand deposit balance will be agreed upon by the customer and the customer's bank account officer. SIC personnel will monitor deposit account balances daily, or as otherwise agreed upon, and advise the customer of the account status, but the customer will then determine what disposition to make of any excess funds. When a customer has available excess funds over the targeted balance, SIC employees will discuss with such corporate and other institutional customer prevailing money market conditions and available short-term investment alternatives. Customers may also pre-designate a specified list of investment alter-

natives which SIC will utilize to the extent they are readily obtainable.⁴ There will be a specific fee for the service.

This particular service will be offered by SIC, exclusively to corporate and other institutional customers.

In determining whether an activity is permissible under section 4(c)(8) of the Act, the Board must first determine that the activity is "closely related to banking or managing or controlling banks." The Board has not previously found the provision of cash management services, standing alone, to be closely related to banking. The Board has approved applications which included cash management services when offered as an incident to securities brokerage activities authorized by section 225.25(b)(15), however.⁵ The cash management services here might be viewed as ancillary to activities authorized in section 225.25(b)(16) of Regulation Y (12 C.F.R. § 225.25(b)(16)), though to the extent a customer wishes to invest in certain types of investments, such as commercial paper, the services might involve the purchase and sale of securities that do not qualify as bank-eligible securities. Moreover, cash management services are provided by banks generally.⁶ On this basis, the Board finds the proposed activity to be closely related to banking.

In order to approve this application, the Board must also find that the performance of the proposed activity "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." Applicant's proposal represents a corporate reorganization wherein activities currently performed by one of its subsidiary banks, Sovran Bank, N.A., will be

1. SIC has previously received authorization under the Act to:

- (1) provide securities brokerage services under section 225.25(b)(15) of Regulation Y (12 C.F.R. § 225.25(b)(15));
- (2) buy and sell, as agent on behalf of unaffiliated persons, options on securities issued or guaranteed by the U.S. Government and its agencies, and options on U.S. and foreign money market instruments;
- (3) purchase and sell gold and silver bullion and gold coins solely for the account of customers;
- (4) underwrite and deal in government obligations and money market instruments under section 225.25(b)(16) of Regulation Y (12 C.F.R. § 225.25(b)(16));
- (5) provide investment advice relating solely to government obligations and money market instruments; and
- (6) provide certain fiduciary services, including securities safekeeping, custodial services, and acting as a paying agent and as a dividend disbursement agent.

2. Banking data are as of September 30, 1986.

3. Applicant has previously been authorized to engage through Sovran Capital Management, Richmond, Virginia ("SCM"), in the provision of investment or financial advice on a fee basis.

4. Excess customers' funds would be invested in overnight repurchase agreements (with Sovran Bank, N.A. as principal, or with third-party borrowers through Sovran Bank, N.A. as agent), taxable and tax-exempt commercial paper, short-term government or agency securities, or other specified money market investments.

5. In *BankAmerica Corporation*, 69 FEDERAL RESERVE BULLETIN 105 (1983), the Board found that a "money market sweep" service offered by a retail discount securities brokerage to its customers in connection with the brokerage's carrying the customers' accounts was closely related to banking as well as an incidental activity in connection with the brokerage's securities brokerage and margin lending activities. The "money market sweep" was a "sweep" arrangement, pursuant to which idle customer balances exceeding a predetermined minimum were automatically invested in an unaffiliated money market mutual fund.

In *National Westminster Bank PLC*, 72 FEDERAL RESERVE BULLETIN 584 (1986), the Board approved an application which included cash management services incident to the provision of brokerage services.

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

conducted by SIC. Because the proposal would result in a transfer of the activities within the same corporate structure, approval of the application would have no adverse competitive effects. The Board finds that the conduct by SIC of this activity will not result in conflicts of interest, unsound banking practices, undue concentration of resources, or other adverse effects.

Based upon a consideration of all the relevant facts, the Board concludes that the balance of the public interest factors that the Board 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 section 225.4(c) of Regulation Y, and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

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

By order of the Board of Governors, effective January 20, 1987.

Voting for this action: Chairman Volcker and Governors Johnson, Seger, Angell, and Heller.

[SEAL] JAMES MCAFEE
Associate Secretary of the Board

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

**PNC Financial Corp
Pittsburgh, Pennsylvania**

Order Approving the Acquisition of a Bank Holding Company

PNC Financial Corp, Pittsburgh, Pennsylvania, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), 12 U.S.C. § 1841 *et seq.*, has applied for the Board's approval under section 3 of the Act, to acquire 100 percent of the voting shares of Citizens Fidelity Corporation, Lexington, Kentucky ("Company"), and thereby indirect-

ly acquire its nine subsidiary banks.¹ Applicant also has applied under section 4(c)(8) of the Act, 12 U.S.C. § 1843(c)(8), and section 225.23(a)(2) of the Board's Regulation Y, 12 C.F.R. § 225.23(a)(2), to acquire Company's four nonbank subsidiaries:

- (i) Citizens Fidelity Capital Markets, Inc., Louisville, Kentucky, a company that engages in discount brokerage activities as well as underwriting and dealing in government obligations;
- (ii) Citizens Fidelity Leasing Corporation, Louisville, Kentucky, a company that finances personal property leases;
- (iii) CFC Financial Services, Inc., Louisville, Kentucky, a company that engages in data processing and transmission; and
- (iv) Citizens Fidelity (Ohio) N.A., Cincinnati, Ohio, a company that engages in credit card lending operations.

These activities have been determined by the Board to be closely related to banking and permissible for bank holding companies generally.²

Notice of these applications, affording an opportunity for interested persons to submit comments, has been given in accordance with sections 3 and 4 of the Act, 12 U.S.C. §§ 1842 and 1843. 51 *Federal Register* 39,713, 46,934 (1986). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the 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).

Applicant's proposal represents the first acquisition by a Pennsylvania bank holding company of a Kentucky banking organization and Indiana banks.

The Board is prohibited by the Douglas Amendment to the Act from approving any application by a bank

1. The banks to be acquired are as follows: Citizens Fidelity Bank and Trust Company, Louisville, Kentucky; Citizens Fidelity Bank and Trust Company Winchester, Winchester, Kentucky; Citizens Fidelity Bank and Trust Company Hardin County, Elizabethtown, Kentucky; Citizens Fidelity Bank and Trust Company Lexington, Lexington, Kentucky; Citizens Fidelity Bank and Trust Company of Oldham County, LaGrange, Kentucky; Madison National Bank of Richmond, Richmond, Kentucky; Mercer County National Bank of Harrodsburg, Harrodsburg, Kentucky; Indiana Southern Bank, Sellersburg, Indiana; and First Midwest Bank and Trust Company, New Albany, Indiana.

In connection with this application, Blue Grass Acquisition Corp, Lexington, Kentucky, a wholly owned subsidiary of PNC, has applied to become a bank holding company by merger with Company.

2. In the event the proposed transaction is not consummated, Applicant plans to exercise its option to acquire Company's authorized but unissued treasury shares for \$198 million and has applied for the Board's approval for such acquisition.

holding company to acquire directly or indirectly a bank located outside the bank holding company's home state,³ unless the state where the bank to be acquired is located has specifically authorized the acquisition "by language to that effect and not merely by implication." Applicant's home state is Pennsylvania. The statute laws of Kentucky authorize the acquisition of a bank or bank holding company in that state by a bank holding company located in another state within a defined region, which includes Pennsylvania, if the laws of that state permit the acquisition of a bank in that state by a Kentucky bank holding company.⁴ Pennsylvania has enacted a similar statute, which permits the acquisition of a Pennsylvania bank by a Kentucky bank holding company.⁵ Accordingly, the Board concludes that the Douglas Amendment does not prohibit Board approval for Applicant's acquisition of Company's subsidiary banks in Kentucky.

Indiana law does not specifically include Pennsylvania within its interstate banking region. A state superior court in Indiana recently has ruled, however, that Indiana law⁶ specifically authorizes Applicant to acquire indirectly two Indiana banks owned by Company in connection with Applicant's acquisition of Company, provided Applicant divests the Indiana banks, in accordance with the Indiana statute, within two years of consummating its proposal.⁷ The Attorney General of Indiana has advised the Board that, pursuant to the wishes of the Indiana banking commissioner, he will not appeal the superior court's ruling. Accordingly, on the basis of this final ruling by an Indiana court that Indiana law specifically authorizes Applicant's indirect acquisition of Company's two Indiana banks subject to the two year divestiture requirement, the Board concludes that approval of Applicant's proposal to acquire Company, including Company's two Indiana banks, is not barred by the Douglas Amendment.

Applicant is the second largest commercial banking organization in Pennsylvania, controlling total deposits of \$12.8 billion, representing 12.6 percent of the deposits in commercial banks in Pennsylvania. Company is the second largest commercial banking organization in Kentucky, controlling total deposits of \$3.3

billion, or 11.4 percent of the deposits in commercial banks in Kentucky.⁸ Company also controls two banks in Indiana, representing less than one percent of deposits in commercial banks in that state. Company does not control banks in Pennsylvania. The Board, therefore, concludes that consummation of Applicant's proposal would not have any significant adverse effect on the concentration of banking resources in Kentucky, Indiana or Pennsylvania.

The Board has considered the effects of this transaction upon competition in all relevant banking markets. Applicant's proposal involves the combination of two sizeable commercial banking firms that are among the larger banking organizations in their respective states. Applicant does not, however, provide banking services in any market in which Company's subsidiary banks compete. Accordingly, consummation of this proposal would not eliminate significant existing competition in any relevant market.

The Board also has considered the effect of the proposed acquisition on probable future competition in Kentucky, Indiana and Pennsylvania. In view of the numerous potential entrants into each of the markets served by either Company or Applicant, the Board concludes that consummation of the proposed transaction would not have any significant adverse effect on probable future competition in any relevant market.

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

Applicant also has applied under section 4(c)(8) of the Act to acquire Company's credit card lending operations in Ohio⁹ and its three nonbank subsidiaries in Kentucky. Applicant and Company do not compete in any of the same markets, except for certain leasing activities. However, Applicant and Company do not provide the same type of leasing services. Accordingly, approval of these applications will have no significant adverse effect on competition in any relevant

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

4. Ky. Rev. Stat. § 287.900 *et seq.* (1984).

5. 1986 Pa. Laws No. 69 (enacted June 25, 1986).

6. Ind. Code §§ 28-2-15-22(b) and 28-2-15-27 (1985).

7. Amended Order and Amended Findings of Fact and Conclusions of Law, Superior Court of Floyd County (December 11, 1986), overruling Official Opinion No. 86-7 (August 1986) of the Attorney General of Indiana.

8. State deposit data are as of June 30, 1986. Market deposit data are as of June 30, 1985.

9. The Board has conditioned approval of Applicant's acquisition of Citizens Fidelity (Ohio), N.A., Cincinnati, Ohio, which engages in credit card activities, on the limitations imposed in Company's acquisition of the bank. *See, Citizens Fidelity Corporation*, 69 FEDERAL RESERVE BULLETIN 556 (1983).

market. Furthermore, there is no evidence in the record to indicate that approval of Applicant's proposed nonbanking operations would result in undue concentration of resources, decreased or unfair competition, conflicts of interest, unsound banking practices, or other adverse effects. Accordingly, the Board finds that the balance of public interest factors it must consider under section 4(c)(8) of the Act is favorable and consistent with approval of the application to acquire Company's nonbanking subsidiaries.

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

delegated authority. The determinations as to Applicant's nonbanking activities are subject to all of the limitations in Regulation Y, including those in sections 225.4(d) and 225.23(b)(3), 12 C.F.R. §§ 225.4(d) and 225.23(b)(3), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or prevent evasion of, the provisions and purposes of the Act and the Board's regulations and orders issued thereunder.

By order of the Board of Governors, effective January 28, 1987.

Voting for this action: Chairman Volcker and Governors Johnson, Seger, Angell, and Heller.

[SEAL] JAMES MCAFEE
Associate Secretary of the Board

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

By the Secretary of the Board

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

Section 3

Applicant	Bank(s)	Effective date
ICNB Financial Corporation, Ionia, Michigan	Ionia County National Bank of Ionia, Ionia, Michigan	January 7, 1987

Section 4

Applicant	Nonbanking Company	Effective date
James Madison Limited, Washington, D.C.	Lease Masters Inc., Rockville, Maryland	December 29, 1986

By Federal Reserve Banks

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

Section 3

Applicant	Bank(s)	Reserve Bank	Effective date
ALTA VISTA BANCSHARES, INC., Alta Vista, Iowa	Alta Vista State Bank, Alta Vista, Iowa	Chicago	January 23, 1987
American National Corporation, Chicago, Illinois	NOR-EVAN CORPORATION, Evanston, Illinois First Schiller Bancorp, Inc., Schiller Park, Illinois Merchants Corporation, Melrose Park, Illinois	Chicago	January 27, 1987
Atlanta National Corporation, Atlanta, New York	Atlanta National Bank, Atlanta, New York	New York	December 30, 1986
Banc One Corporation, Columbus, Ohio	Northwest National Bank, Rensselaer, Indiana	Cleveland	December 26, 1986
Banc Services Corp., Orrville, Ohio	The Orrville Savings Bank, Orrville, Ohio	Cleveland	January 5, 1987
Bank Shares Incorporated, Minneapolis, Minnesota	First State Bank of Apple Valley, Apple Valley, Minnesota	Minneapolis	December 22, 1986
BankEast Corporation, Manchester, New Hampshire	BankEast Savings Bank and Trust, Rochester, New Hampshire	Boston	January 9, 1987
Bankers' Financial Services Corporation, Schuylkill Haven, Pennsylvania	The Schuylkill Haven Trust Company, Schuylkill Haven, Pennsylvania	Philadelphia	January 14, 1987
Belfast Holding Company, Belfast, Tennessee	Bank of Belfast, Belfast, Tennessee	Atlanta	January 5, 1987
BMR Bancorp, Inc., Atlanta, Georgia	Toombs Bank Shares, Inc., Vidalia, Georgia	Atlanta	December 24, 1986
Canton Bancshares, Inc., Canton, Illinois	Canton State Bank, Canton, Illinois	Chicago	December 18, 1986
Cardinal Bancorp, Inc., Everett, Pennsylvania	The First National Bank of Everett, Everett, Pennsylvania	Philadelphia	January 22, 1987
Citizens Bancshares of Marysville, Inc., Marysville, Kansas	The Citizens State Bank, Marysville, Kansas	Kansas City	December 31, 1986
Citizens Financial Corp., Elkins, West Virginia	Citizens National Bank of Elkins, Elkins, West Virginia	Richmond	January 9, 1987
CNB, Inc., Lake City, Florida	Community National Bank, Lake City, Florida	Atlanta	January 28, 1987
Codorus Valley Bancorp., Inc., Glen Rock, Pennsylvania	Peoples Bank of Glen Rock, Glen Rock, Pennsylvania	Philadelphia	December 31, 1986

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Community Bancshares, Inc., Blountsville, Alabama	Morgan County Bank, Falkville, Alabama Madison County Bank, New Hope, Alabama	Atlanta	January 28, 1987
Community Bancshares, Inc., Chillicothe, Missouri	Bosworth State Bank, Bosworth, Missouri Community Bank, Chillicothe, Missouri State Bank of Maryville, Maryville, Missouri Community Bank of Savannah, Savannah, Missouri Community Bank of Warrensburg, Warrensburg, Missouri	Kansas City	December 26, 1986
Cooper Lake Financial Corporation, Cooper, Texas	First National Bank in Cooper, Cooper, Texas	Dallas	January 27, 1987
Cornerstone Bancshares, Inc., Dallas, Texas	Cornerstone Bank, N.A., Dallas, Texas	Dallas	January 15, 1987
Dinsdale Brothers, Inc., Palmer, Nebraska	The Mitch Corporation, Mitchell, Nebraska First National Bank in Mitchell, Mitchell, Nebraska	Kansas City	December 18, 1986
Dominion Bankshares Corporation, Roanoke, Virginia	First Dickson Corporation, Dickson, Tennessee	Richmond	January 2, 1987
Fairfield Financial Corporation, Fairfield, Texas	First Fairfield Bankshares, Inc., Fairfield, Texas	Dallas	December 31, 1986
Financial Institutions, Inc., Warsaw, New York	The Pavilion State Bank, Pavilion, New York	New York	January 16, 1987
First Apple River Corporation, Apple River, Illinois	Apple River State Bank, Apple River, Illinois	Chicago	January 15, 1987
First Bancorp, Inc., Minneapolis, Minnesota	The First Western Bank Sturgis, Sturgis, South Dakota	Minneapolis	January 14, 1987
First Chicago Corporation, Chicago, Illinois	NOR-EVAN CORPORATION, Evanston, Illinois First Schiller Bancorp, Inc., Schiller Park, Illinois, Merchants Corporation, Melrose Park, Illinois	Chicago,	January 27, 1987
First Merchants Bancorp, Inc., Montgomery, West Virginia	The Merchants National Bank of Montgomery, Montgomery, West Virginia The Gauley National Bank, Gauley Bridge, West Virginia	Richmond	January 7, 1987
First National Bancorp, Inc., Norfolk, New York	The First National Bank of Norfolk, Norfolk, New York	New York	December 30, 1986

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
First National Bankshares Corporation, Ronceverte, West Virginia	The First National Bank in Ronceverte, Ronceverte, West Virginia	Richmond	December 31, 1986
First Peoples Financial Corporation, Westmont (Haddon Township), New Jersey	First Peoples Bank of New Jersey, Westmont (Haddon Township), New Jersey	Philadelphia	January 12, 1987
FNB Corp, Mount Clemens, Michigan	First National Bank in Mount Clemens, Mount Clemens, Michigan	Chicago	December 30, 1986
Frandsen Financial Corporation, Rush City, Minnesota	Farmers and Merchants State Bank of Hinckley, Hinckley, Minnesota	Minneapolis	December 30, 1986
Goliad Bancshares, Inc., Goliad, Texas	The First National Bank of Goliad, Goliad, Texas	Dallas	January 6, 1987
Hasten Bancorp, Indianapolis, Indiana	H & H Financial Corporation, Kokomo, Indiana First National Financial Corp of Martinsville, Martinsville, Indiana First Bank and Trust Company of Clay County, Indiana, Brazil, Indiana Sullivan State Bank, Sullivan, Indiana Peoples State Bank, Farmersburg, Indiana Farmers Banc, Inc., Tipton, Indiana	Chicago	January 13, 1987
Hawaii National Bancshares, Inc., Honolulu, Hawaii	Hawaii National Bank, Honolulu, Hawaii	San Francisco	January 14, 1987
Highlands Bankshares, Inc., Petersburg, West Virginia	The Capon Valley Bank, Wardensville, West Virginia	Richmond	January 9, 1987
Jack's Fork Bancorporation, Inc., Mountain View, Missouri	Texas County Bank, Houston, Missouri	St. Louis	December 24, 1986
J.R. Montgomery Bancorporation, Lawton, Oklahoma	Fort Sill National Bank, Fort Sill, Oklahoma	Kansas City	January 9, 1987
Luzerne National Bank Corporation, Luzerne, Pennsylvania	The Luzerne National Bank, Luzerne, Pennsylvania	Philadelphia	January 23, 1987
Madison Corporation, Little Rock, Arkansas	Madison Bank and Trust, Kingston, Arkansas	St. Louis	January 7, 1987
MBI Bancshares, Inc., Kansas City, Missouri	The Bank of Kansas City, Kansas City, Missouri Westport Bank, Kansas City, Missouri	Kansas City	December 24, 1986

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Merchants Holding Company, Rugby, North Dakota	Merchants Bank, Rugby, North Dakota	Minneapolis	December 18, 1986
Metropolitan Bank Group, Inc., Bloomington, Minnesota	Metropolitan Bank Plymouth, Plymouth, Minnesota	Minneapolis	December 24, 1986
Minnesota Valley Bancshares, Inc., Minneapolis, Minnesota	Minnesota Valley Bank, Redwood Falls, Minnesota Tracy State Bank, Tracy, Minnesota Murray County State Bank, Slayton, Minnesota	Minneapolis	December 23, 1986
Montgomery County Bankshares, Inc., Ailey, Georgia	Montgomery County Bank, Ailey, Georgia	Atlanta	January 12, 1987
Montgomery County Bancshares, Inc., Little Rock, Arkansas	First National Bank in Mena, Mena, Arkansas	St. Louis	January 22, 1987
Morristown Holding Company, Minneapolis, Minnesota	State Bank of Morristown, Morristown, Minnesota	Minneapolis	January 8, 1987
NBD Bancorp, Inc., Detroit, Michigan	USAmeribancs, Inc., Highland Park, Illinois	Chicago	January 27, 1987
NBD Valley Corporation, Detroit, Michigan			
Old National Bancorp, Evansville, Indiana	Gibson County Bank, Princeton, Indiana	St. Louis	December 30, 1986
Park National Corporation, Newark, Ohio	The Park National Bank, Newark, Ohio	Cleveland	January 14, 1987
Parkin Bancorp, Inc., Parkin, Arkansas	First State Bank, Parkin, Arkansas	St. Louis	January 9, 1987
Pikeville National Corporation, Pikeville, Kentucky	First Security Bank and Trust Co., Whitesburg, Kentucky	Cleveland	January 21, 1987
River Region Bancshares, Inc., Fordsville, Kentucky	Bank of Fordsville, Fordsville, Kentucky	St. Louis	December 18, 1986
SouthTrust Corporation, Birmingham, Alabama			
SouthTrust Corporation of Covington Co., Inc., Opp, Alabama	SBT Bancshares, Inc., Arab, Alabama	Atlanta	December 22, 1986
Southwest Bancshares, Inc., Hermitage, Missouri	Buffalo Bank, Buffalo, Missouri First National Bank, Republic, Missouri Citizens State Bank of Polk County, Bolivar, Missouri Humansville Bank, Humansville, Missouri	Kansas City	November 28, 1986
Turbotville National Bancorp, Inc., Turbotville, Pennsylvania	The Turbotville National Bank, Turbotville, Pennsylvania	Philadelphia	December 26, 1986

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Turner Bancshares, Inc., Kansas City, Kansas	Kaw Valley Bancshares, Inc., Kansas City, Kansas	Kansas City	January 22, 1987
U. B. Bancshares, Inc., Bucyrus, Ohio	United Bank, N.A., Bucyrus, Ohio	Cleveland	January 20, 1987
UNB Corp., Mount Carmel, Pennsylvania	The Union National Bank of Mount Carmel, Mount Carmel, Pennsylvania	Philadelphia	December 26, 1986
Union County Bancshares, Inc., Anna, Illinois	The Anna National Bank, Anna, Illinois	St. Louis	January 5, 1987
United Bank Corporation of New York, Downsville, New York	The First National Bank of Amenia, Amenia, New York	New York	January 21, 1987
Valley National Banc Holding Company, Apple Valley, Minnesota	Valley National Bank, Apple Valley, Minnesota	Minneapolis	January 21, 1987
Verde Valley Bancorp, Inc., Cottonwood, Arizona	The Bank of Verde Valley (In Organization), Cottonwood, Arizona	San Francisco	January 5, 1987
Vernois Bancshares, Inc., Mt. Vernon, Illinois	Vernois Bancorp, Inc., Mt. Vernon, Illinois	St. Louis	January 23, 1987

Section 4

Applicant	Nonbanking Company/Activity	Reserve Bank	Effective date
Banc One Corporation, Columbus, Ohio	American Fletcher Mortgage Company, Inc., Indianapolis, Indiana American Fletcher Financial Services, Inc., Marion, Indiana	Cleveland	January 22, 1987
Bankers Trust New York Corporation, New York, New York	the corporate trust and stock transfer business of Wells Fargo Bank, N.A., San Francisco, California	New York	December 23, 1986
Barclays PLC, London, England Barclays Bank PLC, London, England	Wall Street Clearing Company, New York, New York	New York	December 22, 1986
Barclays PLC, London, England Barclays Bank PLC, London, England Barclays USA Inc., Wilmington, Delaware Barclays U.S. Holdings, Inc., New York, New York Barclays-American Corporation, Charlotte, North Carolina	acquisition and servicing of consumer finance receivables and credit card receivables	New York	December 19, 1986

Section 4

Applicant	Nonbanking Company/Activity	Reserve Bank	Effective date
Citizens Financial Group, Inc., New Haven, Missouri	Gerding Insurance Agency, Inc., New Haven, Missouri	St. Louis	January 26, 1987
Farmers and Merchants Bancorp, Inc., Dover, Tennessee	Peoples' Insurance Agency, Inc., Dover, Tennessee	Atlanta	January 20, 1987
Fidelcor, Inc., Philadelphia, Pennsylvania	Wye Mortgage Corporation, Lutherville, Maryland	Philadelphia	December 29, 1986
First Hawaiian, Inc., Honolulu, Hawaii	Crocker Financial Corporation, Ltd., Honolulu, Hawaii	San Francisco	December 24, 1986
Harris Bankcorp, Inc., Chicago, Illinois	Harris Brokerage Services, Inc., Chicago, Illinois	Chicago	January 9, 1987
Bankmont Financial Corp., New York, New York			
Bank of Montreal, Montreal, Canada			
Hartford National Corporation, Hartford, Connecticut	Lighthouse Mortgage Company, Providence, Rhode Island	Boston	December 24, 1986
Michigan National Corporation, Farmington Hills, Michigan	Morison International, Inc., Minneapolis, Minnesota	Chicago	December 30, 1986
Orange County Banking Corporation, Ocoee, Florida	Retirement Accounts, Inc., Winter Park, Florida	Atlanta	December 19, 1986
Security Pacific Corporation, Los Angeles, California	insurance premium finance assets of Goldome Premium Financing, Inc., Bohemia, New York	San Francisco	January 9, 1987
South Carolina National Corporation, Columbia, South Carolina	Confidential Credit Corporation, Anderson, South Carolina	Richmond	December 23, 1986
Sovran Financial Corporation, Norfolk, Virginia	Sovran Leasing Corporation, Richmond, Virginia	Richmond	December 30, 1986
Sovran Financial Corporation, Norfolk, Virginia	Sovran Mortgage Corporation, Richmond, Virginia	Richmond	December 30, 1986
Texas Commerce Bancshares, Inc., Houston, Texas	providing investment or financial advice	Dallas	December 31, 1986
U.S. Trust Corporation, New York, New York	Summit Management Company, Inc., Los Angeles, California	New York	December 22, 1986

Sections 3 and 4

Applicant	Bank(s)/Nonbanking Company	Reserve Bank	Effective date
The Bank of New York, New York, New York	North American Bancorp, Inc., Garden City, New York NABAC Investment Services Corp., Garden City, New York	New York	January 16, 1987

Sections 3 and 4

Applicant	Bank(s)/Nonbanking Company	Reserve Bank	Effective date
Cheshire Financial Corporation, Keene, New Hampshire	Cheshire County Savings Bank, Keene, New Hampshire Colonial Mortgage, Inc., Amherst, New Hampshire	Boston	December 17, 1986
The First National Agency at St. James, Inc., St. James, Minnesota	The First National Bank at St. James, St. James, Minnesota operating a general insurance agency	Minneapolis	January 26, 1987
Maxwell Corporation, Northfork, West Virginia	Ameribank Charleston, Charleston, West Virginia management consulting to banks	Richmond	December 17, 1986

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

Applicant	Bank(s)	Reserve Bank	Effective date
The Bank of Kansas City, Kansas City, Missouri	The Merchants Bank, Kansas City, Missouri	Kansas City	December 24, 1986
The Bank of New York Company, Inc., New York, New York	Long Island Trust Company, N.A., Garden City, New York	New York	January 16, 1987
Hardy County Bank, Inc., Wardensville, West Virginia	The Capon Valley Bank, Wardensville, West Virginia	Richmond	January 9, 1987
Madison County Bank, New Hope, Alabama	acquire the assets and assume the liabilities of branches of Central Bank of the South, New Hope and Gurley, Alabama	Atlanta	January 28, 1987
The Merchants Bank, Kansas City, Missouri	Westport Bank, Kansas City, Missouri	Kansas City	December 24, 1986
Security Bank, Marshalltown, Iowa	Hawkeye Bank and Trust, Eldora, Iowa	Chicago	January 9, 1987

PENDING CASES INVOLVING THE BOARD OF GOVERNORS

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

- Independent Insurance Agents of America, et al. v. Board of Governors*, Nos. 86-1572, 1573, 1576 (D.C. Cir., filed Oct. 24, 1986).
- Securities Industry Association v. Board of Governors*, No. 86-2768 (D.D.C., filed Oct. 7, 1986).
- Independent Community Bankers Association of South Dakota v. Board of Governors*, No. 86-5373 (8th Cir., filed Oct. 3, 1986).
- Jenkins v. Board of Governors*, No. 86-1419 (D.C. Cir., filed July 18, 1986).
- Securities Industry Association v. Board of Governors*, No. 86-1412 (D.C. Cir., filed July 14, 1986).
- Adkins v. Board of Governors*, No. 86-3853 (4th Cir., filed May 14, 1986).
- Optical Coating Laboratory, Inc. v. United States*, No. 288-86C (U.S. Claims Ct., filed May 6, 1986).
- CBC, Inc. v. Board of Governors*, No. 86-1001 (10th Cir., filed Jan. 2, 1986).
- Howe v. United States, et al.*, No. 86-889 (U.S. S.Ct. filed Dec. 6, 1985).
- Myers, et al. v. Federal Reserve Board*, No. 85-1427 (D. Idaho, filed Nov. 18, 1985).
- Souser, et al. v. Volcker, et al.*, No. 85-C-2370, *et al.* (D. Colo., filed Nov. 1, 1985).
- Podolak v. Volcker, No. C85-0456, et al.* (D. Wyo., filed Oct. 28, 1985).
- Kolb v. Wilkinson, et al.*, No. C85-4184 (N.D. Iowa, filed Oct. 22, 1985).
- Farmer v. Wilkinson, et al.*, No. 4-85-CIVIL-1448 (D. Minn., filed Oct. 21, 1985).
- Kurkowski v. Wilkinson, et al.*, No. CV-85-0-916 (D. Neb., filed Oct. 16, 1985).
- Jensen v. Wilkinson, et al.*, No. 85-4436-S, *et al.* (D. Kan., filed Oct. 10, 1985).
- Alfson v. Wilkinson, et al.*, No. A1-85-267 (D. N.D., filed Oct. 8, 1985).
- First National Bancshares II v. Board of Governors*, No. 85-3702 (6th Cir., filed Sept. 4, 1985).
- McHuin v. Volcker, et al.*, No. 85-2170 WARB (W.D. Okl., filed Aug. 29, 1985).
- Independent Community Bankers Association of South Dakota v. Board of Governors*, No. 84-1496 (D.C. Cir., filed Aug. 7, 1985).
- Urwyler, et al. v. Internal Revenue Service, et al.*, No. 85-2877 (9th Cir., filed July 18, 1985).
- Wight, et al. v. Internal Revenue Service, et al.*, No. 85-2826 (9th Cir., filed July 12, 1985).
- Cook v. Spillman, et al.*, No. 86-1642 (9th Cir., filed July 10, 1985).
- Florida Bankers Association v. Board of Governors*, No. 84-3883 and No. 84-3884 (11th Cir., filed Feb. 15, 1985).
- Florida Department of Banking v. Board of Governors*, No. 84-3831 (11th Cir., filed Feb. 15, 1985), and No. 84-3832 (11th Cir., filed Feb. 15, 1985).
- Lewis v. Volcker, et al.*, No. 86-3210 (6th Cir., filed Jan. 14, 1985).
- Brown v. United States Congress, et al.*, No. 84-2887-6(IG) (S.D. Cal., filed Dec. 7, 1984).
- Melcher v. Federal Open Market Committee*, No. 84-1335 (D.D.C., filed Apr. 30, 1984).
- Florida Bankers Association, et al. v. Board of Governors*, Nos. 84-3269, 84-3270 (11th Cir., filed April 20, 1984).
- Securities Industry Association v. Board of Governors*, No. 86-5089, *et al.* (D.C. Cir., filed Oct. 24, 1980).

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I.10 RESERVES, MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES

Item	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent) ¹									
	1986				1986					
	Q1	Q2	Q3	Q4	Aug.	Sept.	Oct.	Nov. ⁷	Dec.	
<i>Reserves of depository institutions²</i>										
1 Total	13.1	17.8	22.9	21.5	19.7	11.5	13.7	32.6	40.5	
2 Required	12.3	19.8	23.9	19.9	24.2	12.0	13.4	27.7	32.3	
3 Nonborrowed	19.1	17.6	23.2	22.4	16.8	8.4	17.9	35.2	39.3	
4 Monetary base ³	8.6	8.8	9.9	10.2	12.0	5.4	9.4	12.8	14.6	
<i>Concepts of money, liquid assets, and debt⁴</i>										
5 M1	7.7	15.8	17.3	17.2	20.6	9.8 ^r	13.8 ^r	21.0	28.4	
6 M2	4.3	10.5	11.1	9.2	11.2	7.3	10.7 ^r	7.0	10.0	
7 M3	7.6	9.0	10.2	7.6	9.1	8.8	6.6 ^r	5.9	9.3	
8 L	8.4	7.0	8.5	n.a.	8.3	8.4 ^r	6.8 ^r	8.8	n.a.	
9 Debt	15.5 ^r	10.3 ^r	12.0	11.5	12.7 ^r	11.9 ^r	9.3 ^r	12.1	n.a.	
<i>Nontransaction components</i>										
10 In M2 ⁵	3.3	8.7	9.1	6.4	8.0	6.4	9.6	2.3	3.5	
11 In M3 only ⁶	20.6	3.4	6.3	1.2	.9	14.9 ^r	-9.6 ^r	1.2	6.4	
<i>Time and savings deposits</i>										
<i>Commercial banks</i>										
12 Savings ⁷	1.9	11.8	25.5	38.5	30.6	36.0	40.9 ^r	38.7	33.5	
13 Small-denomination time ⁸	5.3	3.1	-9.0	12.1	-12.6	10.9	-15.8	-12.4	-3.6	
14 Large-denomination time ^{9,10}	18.5	-8.8	-2.7 ^r	.0	7.7	-2.6	-10.2	9.0	10.2	
<i>Thrift institutions</i>										
15 Savings ⁷	3.1	20.9	23.6	23.7	18.2	16.1	27.1 ^r	27.7	22.0	
16 Small-denomination time	6.6	2.6	-3.8	-7.7	-6.0	6.0	-11.3	-7.5	3.2	
17 Large-denomination time ⁹	10.0	11.0	2.7	-8.9	2.2	-2.2	-13.0	-16.1	-7.4	
<i>Debt components⁴</i>										
18 Federal	17.0	11.6	14.5	12.6	8.8	11.4	9.9	16.1	n.a.	
19 Nonfederal	15.0	9.8	11.2 ^r	11.2	13.9 ^r	12.0 ^r	9.1 ^r	10.9	n.a.	
20 Total loans and securities at commercial banks ¹¹	12.7	4.1	10.5	9.1	13.8	13.0	2.2	8.9	17.6	

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

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

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

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

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

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

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

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

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

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

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

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

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

7. Excludes MMDAs.

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

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

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

11. Changes calculated from figures shown in table I.23.

A4 Domestic Financial Statistics □ March 1987

L11 RESERVES OF DEPOSITORY INSTITUTIONS AND RESERVE BANK CREDIT

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for week ending								
	1986			1986								
	Oct.	Nov.	Dec.	Nov. 19	Nov. 26	Dec. 3	Dec. 10	Dec. 17	Dec. 24	Dec. 31		
SUPPLYING RESERVE FUNDS												
1 Reserve Bank credit	214,197	219,190	226,527	220,660	218,971	221,438	223,539	224,476	227,065	232,826		
2 U.S. government securities ¹	188,195	193,043	199,939	193,626	194,251	195,514	198,635	198,668	200,640	203,718		
3 Bought outright	187,944	192,284	197,057	192,005	193,459	193,783	198,033	197,512	197,069	197,175		
4 Held under repurchase agreements	251	759	2,882	1,621	792	1,731	602	1,156	3,571	6,543		
5 Federal agency obligations	8,030	7,968	8,129	7,961	7,928	8,184	7,870	7,956	8,064	8,604		
6 Bought outright	7,975	7,867	7,829	7,829	7,829	7,829	7,829	7,829	7,829	7,829		
7 Held under repurchase agreements	55	101	300	132	99	355	41	127	235	775		
8 Acceptances	0	0	0	0	0	0	0	0	0	0		
9 Loans	779	802	829	1,103	639	581	383	644	554	1,818		
10 Float	560	974	1,302	1,416	587	1,290	908	1,094	1,413	1,764		
11 Other Federal Reserve assets	16,633	16,403	16,328	16,555	15,566	15,869	15,742	16,113	16,395	16,922		
12 Gold stock	11,084	11,084	11,084	11,084	11,084	11,084	11,084	11,084	11,084	11,084		
13 Special drawing rights certificate account	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018		
14 Treasury currency outstanding	17,465	17,516	17,541	17,517	17,531	17,518	17,528	17,538	17,548	17,558		
ABSORBING RESERVE FUNDS												
15 Currency in circulation	202,301	205,069	209,228	205,566	205,493	207,136	207,899	208,350	209,759	211,636		
16 Treasury cash holdings	492	474	453	475	468	459	455	453	453	450		
Deposits, other than reserve balances, with Federal Reserve Banks												
17 Treasury	3,305	3,117	3,658	3,696	2,474	2,606	2,794	3,524	3,391	5,340		
18 Foreign	215	233	232	204	224	255	205	266	211	237		
19 Service-related balances and adjustments	1,971	2,064	2,230	1,980	2,044	2,379	2,195	2,421	2,273	2,219		
20 Other	516	522	477	510	428	544	425	539	390	458		
21 Other Federal Reserve liabilities and capital	6,302	6,345	6,404	6,322	6,275	6,428	6,337	6,406	6,411	6,425		
22 Reserve balances with Federal Reserve Banks ²	32,663	34,984	37,488	35,527	35,198	35,252	36,860	36,158	37,828	39,723		
			End-of-month figures			Wednesday figures						
			1986			1986						
			Oct.	Nov.	Dec.	Nov. 19	Nov. 26	Dec. 3	Dec. 10	Dec. 17	Dec. 24	Dec. 31
SUPPLYING RESERVE FUNDS												
23 Reserve Bank credit	215,993	221,673	241,760	226,011	219,141	222,438	224,602	230,336	228,775	241,760		
24 U.S. government securities ¹	189,995	196,293	211,316	196,369	193,261	195,302	197,871	200,631	200,491	211,316		
25 Bought outright	189,995	194,876	197,625	191,850	191,627	192,721	197,871	197,418	196,742	197,625		
26 Held under repurchase agreements	0	1,417	13,691	4,519	1,634	2,581	0	3,213	3,749	13,691		
27 Federal agency obligations	7,954	8,177	10,143	8,087	8,215	8,337	7,829	8,234	8,127	10,143		
28 Bought outright	7,954	7,829	7,829	7,829	7,829	7,829	7,829	7,829	7,829	7,829		
29 Held under repurchase agreements	0	348	2,314	258	386	508	0	405	298	2,314		
30 Acceptances	0	0	0	0	0	0	0	0	0	0		
31 Loans	806	557	1,565	3,980	481	769	402	1,965	468	1,565		
32 Float	441	748	1,261	1,841	1,391	2,110	2,421	2,974	2,619	1,261		
33 Other Federal Reserve assets	16,797	15,898	17,475	15,734	15,793	15,920	16,079	16,532	17,070	17,475		
34 Gold stock	11,084	11,084	11,084	11,084	11,084	11,084	11,084	11,084	11,084	11,084		
35 Special drawing rights certificate account	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018		
36 Treasury currency outstanding	17,488	17,543	17,567	17,529	17,543	17,527	17,537	17,547	17,557	17,567		
ABSORBING RESERVE FUNDS												
37 Currency in circulation	202,517	206,904	211,995	205,415	206,786	207,757	208,190	208,754	211,051	211,995		
38 Treasury cash holdings	485	459	447	469	459	460	453	453	450	447		
Deposits, other than reserve balances with Federal Reserve Banks												
39 Treasury	2,491	2,529	7,588	2,850	2,591	2,313	3,875	4,536	3,681	7,588		
40 Foreign	303	225	287	174	337	250	247	345	177	287		
41 Service-related balances and adjustments	1,744	1,744	1,812	1,727	1,802	1,802	1,804	1,805	1,812	1,812		
42 Other	479	425	917	486	430	437	466	471	375	917		
43 Other Federal Reserve liabilities and capital	6,342	6,480	6,088	6,223	6,094	6,311	6,263	6,257	6,415	6,088		
44 Reserve balances with Federal Reserve Banks ²	35,222	36,552	46,295	42,298	34,287	36,737	36,944	41,364	38,473	46,295		

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

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

NOTE: For amounts of currency and coin held as reserves, see table L.12.

1.12 RESERVES AND BORROWINGS Depository Institutions

Millions of dollars

Reserve classification	Monthly averages ^a										
	1983	1984	1985	1986							
	Dec.	Dec.	Dec.	May	June	July	Aug.	Sept.	Oct.	Nov.	
1 Reserve balances with Reserve Banks ¹	21,138	21,738	27,620	28,279	29,499	30,313	30,165	31,922	32,947	34,803	
2 Total vault cash ²	20,755	22,316	22,956	22,474	22,805	23,098	23,451	23,384	23,753	23,543	
3 Vault cash used to satisfy reserve requirements ³	17,908	18,958	20,522	20,140	20,439	20,716	21,112	21,267	21,676	21,595	
4 Surplus vault cash ⁴	2,847	3,358	2,434	2,334	2,366	2,381	2,339	2,117	2,078	1,947	
5 Total reserves ⁵	38,894	40,696	48,142	48,419	49,938	51,029	51,277	53,189	54,623	56,399	
6 Required reserves	38,333	39,843	47,085	47,581	49,007	50,118	50,538	52,463	53,877	55,421	
7 Excess reserve balances at Reserve Banks ⁶	561	853	1,058	838	931	910	740	726	746	978	
8 Total borrowings at Reserve Banks	774	3,186	1,318	876	803	741	872	1,008	841	752	
9 Seasonal borrowings at Reserve Banks	96	113	56	94	108	116	144	137	99	70	
10 Extended credit at Reserve Banks ⁷	2	2,604	499	584	531	378	465	570	497	418	
Biweekly averages of daily figures for weeks ending											
1986 and 1987											
	Sept. 24	Oct. 8	Oct. 22	Nov. 5	Nov. 19	Dec. 3 ^a	Dec. 17	Dec. 31	Jan. 14 ^a	Jan. 28 ^a	
11 Reserve balances with Reserve Banks ¹	32,103	32,156	33,007	33,557	34,945	35,189	36,527 ^a	38,659	38,764	35,258	
12 Total vault cash ²	23,623	24,015	23,955	23,208	23,405	23,871	23,485	24,729	24,583	25,028	
13 Vault cash used to satisfy reserve requirements ³	21,567	21,790	21,914	21,204	21,570	21,806	21,725	22,758	22,805	22,958	
14 Surplus vault cash ⁴	2,056	2,225	2,041	2,004	1,835	2,065	1,733	1,971	1,778	2,071	
15 Total reserves ⁵	53,670	53,946	54,921	54,761	56,515	56,995	58,251 ^a	61,417	61,569	58,215	
16 Required reserves	52,964	50,287	54,170	53,947	55,599	55,865	57,511 ^a	59,369	60,663	57,045	
17 Excess reserve balances at Reserve Banks ⁶	706	660	751	814	916	1,130	740 ^a	2,048	906	1,170	
18 Total borrowings at Reserve Banks	981	902	771	899	811	610	514	1,186	505	689	
19 Seasonal borrowings at Reserve Banks	135	125	88	93	68	63	34	37	28	36	
20 Extended credit at Reserve Banks ⁷	569	538	488	476	437	368	310	282	215	227	

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

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

1.13 SELECTED BORROWINGS IN IMMEDIATELY AVAILABLE FUNDS Large Member Banks¹

Averages of daily figures, in millions of dollars

By maturity and source	1986 and 1987 week ending Monday								
	Nov. 24	Dec. 1	Dec. 8	Dec. 15	Dec. 22	Dec. 29	Jan. 5	Jan. 12	Jan. 19
<i>Federal funds purchased, repurchase agreements, and other selected borrowing in immediately available funds</i>									
From commercial banks in the United States									
1 For one day or under continuing contract	75,422 ^a	80,295 ^a	84,561 ^a	81,894 ^a	80,932	78,638	91,166	84,217	81,808
2 For all other maturities	8,448	9,088	7,728	7,420 ^a	7,790	9,148	8,297	7,925	8,815
From other depository institutions, foreign banks and foreign official institutions, and United States government agencies									
3 For one day or under continuing contract	38,728 ^a	35,176 ^a	39,397 ^a	38,060 ^a	34,382	31,199	33,292	37,498	35,356
4 For all other maturities	4,941	5,702	5,236	5,199	6,126	7,026	5,940	6,636	7,288
<i>Repurchase agreements on United States government and federal agency securities in immediately available funds</i>									
Brokers and nonbank dealers in securities									
5 For one day or under continuing contract	11,181	9,276	11,220	10,047 ^a	9,798	10,016	12,500	12,987	11,724
6 For all other maturities	10,396	11,236	9,039	9,600 ^a	9,099	7,562	5,911	7,682	9,695
All other customers									
7 For one day or under continuing contract	29,541	28,018	29,046	29,200 ^a	29,384	26,786	29,064	30,806	29,128
8 For all other maturities	10,711	14,211	10,426	10,367 ^a	11,233	14,980	11,575	10,257	10,098
MEMO: Federal funds loans and resale agreements in immediately available funds in maturities of one day or under continuing contract									
9 To commercial banks in the United States	27,235	30,473	26,230	26,368 ^a	28,024	30,563	33,044	33,777	30,722
10 To all other specified customers ²	10,070	10,631	9,916	10,078 ^a	9,076	10,205	10,480	10,424	10,271

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

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

A6 Domestic Financial Statistics □ March 1987

L14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

Current and previous levels

Federal Reserve Bank	Short-term adjustment credit and seasonal credit ¹			Extended credit ²						Effective date for current rates
				First 60 days of borrowing		Next 90 days of borrowing		After 150 days		
	Rate on 1/30/87	Effective date	Previous rate	Rate on 1/30/87	Previous rate	Rate on 1/30/87	Previous rate	Rate on 1/30/87	Previous rate	
Boston	5½	8/21/86	6	5½	6	6½	7	7½	8	8/21/86
New York		8/21/86								8/21/86
Philadelphia		8/22/86								8/22/86
Cleveland		8/21/86								8/21/86
Richmond		8/21/86								8/21/86
Atlanta		8/21/86								8/21/86
Chicago		8/21/86								8/21/86
St. Louis		8/22/86								8/22/86
Minneapolis		8/21/86								8/21/86
Kansas City		8/21/86								8/21/86
Dallas		8/21/86								8/21/86
San Francisco	5½	8/21/86	6	5½	6	6½	7	7½	8	8/21/86

Range of rates in recent years³

Effective date	Range (or level) All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level) All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level) All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1973	7½	7½	1978 - Aug. 21	7¾	7¾	1982 - July 20	11½-12	11½
1974 - Apr. 25	7½-8	8	Sept. 22	8	8	Aug. 23	11½	11½
30	8	8	Oct. 16	8-8½	8½	Aug. 2	11-11½	11
Dec. 9	7¾-8	7¾	20	8½	8½	3	11	11
16	7¾	7¾	Nov. 1	8½-9½	9½	16	10½	10½
			3	9½	9½	27	10-10½	10
1975 - Jan. 6	7¼-7¾	7¾				30	10	10
10	7¼-7¾	7¾	1979 - July 20	10	10	Oct. 12	9½-10	9½
24	7¼	7¾	Aug. 17	10-10½	10½	13	9½	9½
Feb. 5	6¾-7¾	6¾	20	10½	10½	Nov. 22	9-9½	9
7	6¾	6¾	Sept. 19	10½-11	11	26	9	9
Mar. 10	6¼-6¾	6¼	21	11	11	Dec. 14	8½-9	9
14	6¼	6¼	Oct. 8	11-12	12	15	8½	8½
May 16	6-6¼	6	10	12	12	17	8½	8½
23	6	6						
1976 - Jan. 19	5½-6	5½	1980 - Feb. 15	12-13	13	1984 - Apr. 9	8½-9	9
23	5½	5½	19	13	13	9	9	9
Nov. 22	5¼-5½	5¼	May 29	12-13	13	Nov. 21	8½-9	8½
26	5¼	5¼	30	12	12	26	8½	8½
			June 13	11-12	11	Dec. 24	8	8
1977 - Aug. 30	5¼-5¾	5¼	16	11	11			
31	5¼-5¾	5¾	28	10-11	10	1985 - May 20	7½-8	7½
Sept. 2	5¾	5¾	29	10	10	24	7½	7½
Oct. 26	6	6	Sept. 26	11	11			
			Nov. 17	12	12	1986 - Mar. 7	7-7½	7
1978 - Jan. 9	6-6½	6½	Dec. 5	12-13	13	10	7	7
20	6½	6½	8	13	13	Apr. 21	6½-7	6½
May 11	6½-7	7				23	6½	6½
12	7	7	1981 - May 5	13-14	14	July 11	6	6
July 3	7-7¼	7¼	8	14	14	Aug. 21	5½-6	5½
July 10	7¼	7¼	Nov. 2	13-14	13	22	5½	5½
			6	13	13			
			Dec. 4	12	12	In effect Jan. 30, 1987	5½	5½

1. After May 19, 1986, the highest rate within the structure of discount rates may be charged on adjustment credit loans of unusual size that result from a major operating problem at the borrower's facility.

A temporary simplified seasonal program was established on Mar. 8, 1985, and the interest rate was a fixed rate ½ percent above the rate on adjustment credit. The program was re-established on Feb. 18, 1986 and again on Jan. 28, 1987; the rate may be either the same as that for adjustment credit or a fixed rate ½ percent higher.

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

rate under this structure is applied may be shortened. See section 201.3(b)(2) of Regulation A.

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

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

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS¹

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 ⁵	Depository institution requirements after implementation of the Monetary Control Act ⁶	
	Percent	Effective date		Percent	Effective date
<i>Net demand</i> ²			<i>Net transaction accounts</i> ^{7,8}		
\$0 million-\$2 million	7	12/30/76	\$0-\$36.7 million	3	12/30/86
\$2 million-\$10 million	9½	12/30/76	Over \$36.7 million	12	12/30/86
\$10 million-\$100 million	11¾	12/30/76			
\$100 million-\$400 million	12¾	12/30/76	<i>Nonpersonal time deposits</i> ⁹		
Over \$400 million	16¾	12/30/76	By original maturity		
<i>Time and savings</i> ^{2,3}			Less than 1½ years	3	10/6/83
Savings	3	3/16/67	1½ years or more	0	10/6/83
<i>Time</i> ⁴			<i>Eurocurrency liabilities</i>		
\$0 million-\$5 million, by maturity			All types	3	11/13/80
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 was established at \$2.4 million. Effective with the reserve computation period beginning Dec. 31, 1985, the amount of the exemption was established at \$2.6 million. Effective Dec. 30, 1986, the amount of the exemption is \$2.9 million. In determining the reserve requirements of a depository institution, the exemption shall apply in the following order: (1) nonpersonal money market deposit accounts (MMDAs) described in 12 CFR section 204.2(d)(2); (2) net NOW accounts (NOW accounts less allowable deductions); (3) net other transaction accounts; and (4) nonpersonal time deposits or Eurocurrency liabilities starting with those with the highest reserve ratio. With respect to NOW accounts and other transaction accounts, the exemption applies only to such accounts that would be subject to a 3 percent reserve requirement.

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

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

8. The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage increase in transaction accounts held by all depository institutions determined as of June 30 each year. Effective Dec. 31, 1981, the amount was increased accordingly from \$25 million to \$26 million; effective Dec. 30, 1982, to \$26.3 million; effective Dec. 29, 1983, to \$28.9 million; effective Jan. 1, 1985, to \$29.8 million; and effective Dec. 31, 1985, to \$31.7 million. Effective Dec. 30, 1986, the amount was increased to \$36.7 million.

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

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

1.16 MAXIMUM INTEREST RATES PAYABLE on Time and Savings Deposits at Federally Insured Institutions¹
Percent per annum

Type of deposit	Commercial banks		Savings and loan associations and mutual savings banks (thrift institutions) ¹	
	In effect Jan. 31, 1987		In effect Jan. 31, 1987	
	Percent	Effective date	Percent	Effective date
1 Savings	(2)	4/1/86	(2)	4/1/86
2 Negotiable order of withdrawal accounts	(3)	1/1/86	(3)	1/1/86
3 Money market deposit account	(4)	12/14/82	(4)	12/14/82
<i>Time accounts</i>				
4 7-31 days	(5)	1/1/86	(5)	9/1/86
5 More than 31 days		10/1/83		10/1/83

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

2. Effective Apr. 1, 1986, the interest rate ceiling on savings deposits was removed. Before Apr. 1, 1986, savings deposits were subject to an interest rate ceiling of 5½ percent.

3. Before Jan. 1, 1986, NOW accounts with minimum denomination requirements of less than \$1,000 were subject to an interest rate ceiling of 5¼ percent. NOW accounts with minimum required denominations of \$1,000 or more and IRA/Keough (HR10) Plan accounts were not subject to interest rate ceilings. Effective Jan. 1, 1986, the minimum denomination requirement was removed.

4. Effective Dec. 14, 1982, depository institutions are authorized to offer a new account with a required initial balance of \$2,500 and an average maintenance balance of \$2,500 not subject to interest rate restrictions. Effective Jan. 1, 1985, the minimum denomination and average balance maintenance requirements was lowered to \$1,000. Effective Jan. 1, 1986, the minimum denomination and average balance maintenance requirements were removed. No minimum maturity period is required for this account, but depository institutions must reserve the right to require seven days' notice before withdrawals.

5. Before Jan. 1, 1986, deposits of less than \$1,000 were subject to an interest rate ceiling of 5½ percent. Deposits of less than \$1,000 issued to governmental units were subject to an interest rate ceiling of 8 percent. Effective Jan. 1, 1986, the minimum denomination requirement was removed.

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

Type of transaction	1983	1984	1985	1986						
				May	June	July	Aug.	Sept.	Oct.	Nov.
U.S. GOVERNMENT SECURITIES										
Outright transactions (excluding matched transactions)										
<i>Treasury bills</i>										
1 Gross purchases	18,888	20,036	22,214	3,196	1,402	867	2,940	861	928	3,318
2 Gross sales	3,420	8,557	4,118	0	0	0	0	0	0	0
3 Exchange	0	0	0	0	0	0	0	0	0	0
4 Redemptions	2,400	7,700	3,500	0	0	0	0	0	0	0
<i>Others within 1 year</i>										
5 Gross purchases	484	1,126	1,349	0	0	0	0	0	0	190
6 Gross sales	0	0	0	0	0	0	0	0	0	0
7 Maturity shift	18,887	16,354	19,763	1,847	1,152	579	1,715	1,053	974	2,974
8 Exchange	-16,533	-20,840	-17,717	1,819	-1,957	-1,253	-4,087	-1,892	-529	-1,810
9 Redemptions	87	0	0	0	0	0	0	0	0	0
<i>1 to 5 years</i>										
10 Gross purchases	1,896	1,638	2,185	0	0	0	0	0	0	893
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shift	-15,533	-13,709	-17,459	-1,532	-1,152	-386	-1,194	-1,053	-969	-2,414
13 Exchange	11,641	16,039	13,853	1,019	1,957	1,253	2,587	1,892	529	1,510
<i>5 to 10 years</i>										
14 Gross purchases	890	536	458	0	0	0	0	0	0	236
15 Gross sales	0	300	100	0	0	0	0	0	0	0
16 Maturity shift	-2,450	-2,371	-1,857	-315	0	-193	-520	0	-5	-560
17 Exchange	2,950	2,750	2,184	500	0	0	1,000	0	0	200
<i>Over 10 years</i>										
18 Gross purchases	383	441	293	0	0	0	0	0	0	158
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shift	-904	-275	-447	0	0	0	0	0	0	0
21 Exchange	1,962	2,052	1,679	300	0	0	500	0	0	100
<i>All maturities</i>										
22 Gross purchases	22,540	23,776	26,499	3,196	1,402	867	2,940	861	928	4,795
23 Gross sales	3,420	8,857	4,218	0	0	0	0	0	0	0
24 Redemptions	2,487	7,700	3,500	0	0	0	0	0	0	0
Matched transactions										
25 Gross sales	578,591	808,986	866,175	62,663	80,219	70,928	60,460	73,179	77,262	60,146
26 Gross purchases	576,908	810,432	865,968	67,147	80,674	69,659	60,011	70,817	81,892	60,232
Repurchase agreements										
27 Gross purchases	105,971	127,933	134,253	12,395	5,640	18,657	0	14,717	5,670	16,888
28 Gross sales	108,291	127,690	132,351	19,917	5,640	18,657	0	8,403	11,984	15,471
29 Net change in U.S. government securities	12,631	8,908	20,477	158	1,857	-403	2,491	4,814	-756	6,298
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases	0	0	0	0	0	0	0	0	0	0
31 Gross sales	0	0	0	0	0	0	0	0	0	0
32 Redemptions	292	256	162	50	0	*	90	*	93	125
Repurchase agreements										
33 Gross purchases	8,833	11,509	22,183	3,135	1,691	4,984	0	2,678	952	1,622
34 Gross sales	9,213	11,328	20,877	4,567	1,691	4,984	0	869	2,761	1,274
35 Net change in federal agency obligations	-672	-76	1,144	-1,482	0	*	-90	1,809	-1,902	223
BANKERS ACCEPTANCES										
36 Repurchase agreements, net	-1,062	-418	0	0	0	0	0	0	0	0
37 Total net change in System Open Market Account	10,897	8,414	21,621	-1,324	1,857	-403	2,401	6,623	-2,658	6,522

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 1987

L18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements

Millions of dollars

Account	Wednesday					End of month		
	1986					1986		
	Dec. 3	Dec. 10	Dec. 17	Dec. 24	Dec. 31	Oct.	Nov.	Dec.
Consolidated condition statement								
ASSETS								
1 Gold certificate account	11,084	11,084	11,084	11,084	11,084	11,084	11,084	11,084
2 Special drawing rights certificate account	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018
3 Coin	493	502	510	505	485	508	507	485
Loans								
4 To depository institutions	769	402	1,965	468	1,565	806	557	1,565
5 Other	0	0	0	0	0	0	0	0
Acceptances—Bought outright								
6 Held under repurchase agreements	0	0	0	0	0	0	0	0
Federal agency obligations								
7 Bought outright	7,829	7,829	7,829	7,829	7,829	7,954	7,829	7,829
8 Held under repurchase agreements	508	0	405	298	2,314	0	348	2,314
U.S. government securities								
Bought outright								
9 Bills	98,871	104,021	103,568	102,892	103,775	97,622	101,026	103,775
10 Notes	68,126	68,126	68,126	68,126	68,126	66,597	68,126	68,126
11 Bonds	25,724	25,724	25,724	25,724	25,724	25,776	25,724	25,724
12 Total bought outright ¹	192,721	197,871	197,418	196,742	197,625	189,995	194,876	197,625
13 Held under repurchase agreements	2,581	0	3,213	3,749	13,691	0	1,417	13,691
14 Total U.S. government securities	195,302	197,871	200,631	200,491	211,316	189,995	196,293	211,316
15 Total loans and securities	204,408	206,102	210,830	209,086	223,024	198,755	205,027	223,024
16 Items in process of collection	8,896	8,378	10,627	10,418	8,938	6,104	4,721	8,938
17 Bank premises	653	656	656	659	661	649	654	661
Other assets								
18 Denominated in foreign currencies ²	9,140	9,207	9,218	9,241	9,475	9,133	9,179	9,475
19 All other ³	6,127	6,216	6,658	7,170	7,339	7,015	6,065	7,339
20 Total assets	245,819	247,163	254,601	253,181	266,024	238,266	242,255	266,024
LIABILITIES								
21 Federal Reserve notes	191,183	191,607	192,170	194,449	195,360	186,022	190,327	195,360
Deposits								
22 To depository institutions	38,539	38,748	43,169	40,285	48,107	36,966	38,296	48,107
23 U.S. Treasury—General account	2,313	3,875	4,536	3,681	7,588	2,491	2,529	7,588
24 Foreign—Official accounts	250	247	345	177	287	303	225	287
25 Other	437	466	471	375	917	479	425	917
26 Total deposits	41,539	43,336	48,521	44,518	56,899	40,239	41,475	56,899
27 Deferred credit items	6,786	5,957	7,653	7,799	7,677	5,663	3,973	7,677
28 Other liabilities and accrued dividends ⁴	2,203	2,230	2,231	2,379	2,340	2,275	2,242	2,340
29 Total liabilities	241,711	243,130	250,575	249,145	262,276	234,199	238,017	262,276
CAPITAL ACCOUNTS								
30 Capital paid in	1,861	1,859	1,863	1,866	1,874	1,854	1,860	1,874
31 Surplus	1,781	1,781	1,781	1,781	1,874	1,781	1,781	1,874
32 Other capital accounts	466	393	382	389	0	432	597	0
33 Total liabilities and capital accounts	245,819	247,163	254,601	253,181	266,024	238,266	242,255	266,024
34 MEMO: Marketable U.S. government securities held in custody for foreign and international account	165,896	165,465	164,764	162,582	162,381	164,020	164,411	162,381
Federal Reserve note statement								
35 Federal Reserve notes outstanding	231,765	232,953	232,883	232,166	231,603	227,605	231,281	231,603
36 Less: Held by bank	40,582	41,346	40,713	37,717	36,243	41,583	40,954	36,243
37 Federal Reserve notes, net	191,183	191,607	192,170	194,449	195,360	186,022	190,327	195,360
Collateral held against notes net:								
38 Gold certificate account	11,084	11,084	11,084	11,084	11,084	11,084	11,084	11,084
39 Special drawing rights certificate account	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. government and agency securities	175,081	175,505	176,068	178,347	179,258	169,920	174,225	179,258
42 Total collateral	191,183	191,607	192,170	194,449	195,360	186,022	190,327	195,360

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

2. Assets shown in this line are revalued monthly at market exchange rates.

3. Includes special investment account at Chicago of Treasury bills maturing within 90 days.

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

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

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity groupings	Wednesday					End of month		
	1986					1986		
	Dec. 3	Dec. 10	Dec. 17	Dec. 24	Dec. 31	Oct. 31	Nov. 28	Dec. 31
1 Loans—Total	769	402	1,965	468	1,565	806	557	1,565
2 Within 15 days ¹	759	390	1,960	463	1,553	783	545	1,553
3 16 days to 90 days	10	12	5	5	12	23	12	12
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 ¹	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	195,302	197,871	200,631	200,491	211,316	189,995	196,293	211,316
10 Within 15 days ¹	10,050	4,716	9,717	12,529	20,480	6,964	7,625	20,480
11 16 days to 90 days	50,749	55,787	53,421	52,638	53,611	48,533	54,077	53,611
12 91 days to 1 year	59,179	62,044	62,169	60,000	62,239	59,855	59,068	62,239
13 Over 1 year to 5 years	36,807	36,807	36,807	36,807	36,469	36,259	37,006	36,469
14 Over 5 years to 10 years	15,451	15,451	15,451	15,451	15,451	15,575	15,451	15,451
15 Over 10 years	23,066	23,066	23,066	23,066	23,066	22,809	23,066	23,066
16 Federal agency obligations—Total	8,337	7,829	8,234	8,127	10,143	7,954	8,177	10,143
17 Within 15 days ¹	595	0	470	613	2,704	279	653	2,704
18 16 days to 90 days	1,074	1,152	1,087	837	809	940	851	809
19 91 days to 1 year	1,401	1,323	1,334	1,334	1,224	1,360	1,376	1,224
20 Over 1 year to 5 years	3,712	3,792	3,781	3,781	3,854	3,808	3,730	3,854
21 Over 5 years to 10 years	1,181	1,188	1,188	1,188	1,178	1,193	1,193	1,178
22 Over 10 years	374	374	374	374	374	374	374	374

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

1.20 AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND MONETARY BASE

Billions of dollars, averages of daily figures

Item	1983 Dec.	1984 Dec.	1985 Dec.	1986 Dec.	1986							
					May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Seasonally adjusted												
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS ¹												
1 Total reserves ²	36.14	39.51	45.61	55.64	48.58	49.45	50.49	51.32	51.81	52.40	53.82	55.64
2 Nonborrowed reserves	35.36	36.32	44.29	54.81	47.70	48.64	49.75	50.45	50.83	51.56	53.07	54.81
3 Nonborrowed reserves plus extended credit ³	35.37	38.93	44.79	55.11	48.29	49.17	50.13	50.91	51.37	52.06	53.49	55.11
4 Required reserves	35.58	38.66	44.55	54.27	47.74	48.51	49.58	50.58	51.08	51.66	52.85	54.27
5 Monetary base ⁴	185.39	199.17	216.72	238.78	224.90	226.63	228.30	230.59	231.63	233.44	235.92	238.78
Not seasonally adjusted												
6 Total reserves ²	36.86	40.57	46.84	57.16	47.71	49.20	50.32	50.62	51.55	52.34	54.11	57.17
7 Nonborrowed reserves	36.09	37.38	45.52	56.34	46.84	48.40	49.58	49.75	50.54	51.50	53.36	56.34
8 Nonborrowed reserves plus extended credit ³	36.09	39.98	46.02	56.64	47.42	48.93	49.96	50.21	51.11	52.00	53.77	56.64
9 Required reserves	36.30	39.71	45.78	55.80	46.87	48.27	49.41	49.88	50.82	51.60	53.13	55.80
10 Monetary base ⁴	188.66	202.34	220.36	243.04	223.61	227.04	230.02	230.76	231.51	233.04	236.91	243.04
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS ⁵												
11 Total reserves ²	38.89	40.70	48.14	59.56	48.42	49.94	51.03	51.28	53.19	54.62	56.40	59.56
12 Nonborrowed reserves	38.12	37.51	46.82	58.73	47.54	49.14	50.29	50.41	52.18	53.78	55.65	58.73
13 Nonborrowed reserves plus extended credit ³	38.12	40.09	47.41	59.04	48.24	49.81	50.68	50.90	52.76	54.15	56.15	59.04
14 Required reserves	38.33	39.84	47.08 ⁷	58.19	47.58	49.01	50.12	50.54	52.46	53.88	55.42	58.19
15 Monetary base ⁴	192.26	204.18	223.53	247.71	226.12	229.68	232.55	233.32	235.07	237.26	241.27	247.71

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

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

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

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

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

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

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

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

1.21 MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES

Billions of dollars, averages of daily figures

Item ¹	1983 Dec.	1984 Dec.	1985 Dec.	1986 Dec.	1986			
					Sept.	Oct.	Nov.	Dec.
Seasonally adjusted								
1 M1	527.1	558.5	626.6	730.4	693.2	701.2	713.5	730.4
2 M2	2,186.0	2,373.8	2,566.5	2,804.5	2,740.8	2,765.2	2,781.4	2804.5
3 M3	2,697.3	2,986.5	3,201.2	3,488.1	3,425.6	3,444.5	3,461.4	3,488.1
4 L	3,162.7	3,532.4	3,839.5	n.a.	4,059.4	4,082.3	4,112.2	n.a.
5 Debt	5,210.1	5,949.8 ⁶	6,778.6 ⁶	n.a.	7,387.2	7,444.4	7,519.3	n.a.
M1 components								
6 Currency ²	148.3	158.5	170.6	183.5	179.7	181.2	182.2	183.5
7 Travelers checks ³	4.9	5.2	5.9	6.4	6.5	6.4	6.4	6.4
8 Demand deposits ⁴	242.7	248.4	271.5	307.9	292.2	293.2	298.4	307.9
9 Other checkable deposits ⁵	131.3	146.3	178.6	232.7	214.8	220.4	226.4	232.7
Nontransactions components								
10 In M2 ⁶	1,658.9	1,815.4	1,939.9	2,074.0	2,047.6	2,064.0	2,067.9	2,074.0
11 In M3 only ⁷	511.3	612.7	634.6	683.6	684.8	679.3	680.0	683.6
Savings deposits ⁹								
12 Commercial Banks	133.4	122.3	124.4 ⁴	154.6	140.9	145.7	150.4	154.6
13 Thrift institutions	173.2	167.3	179.1	216.8	203.5	208.1	212.9	216.8
Small denomination time deposits ⁹								
14 Commercial Banks	351.1	387.2	384.1	362.8	372.6	367.7	363.9	362.8
15 Thrift institutions	434.1	500.3	496.2	489.6	498.7	494.0	490.9	489.6
Money market mutual funds								
16 General purpose and broker/dealer	138.2	167.5	176.5	207.2	202.2	206.9	207.0	207.2
17 Institution-only	43.2	62.7	64.6	84.1	84.4	84.5	84.4	84.1
Large denomination time deposits ¹⁰								
18 Commercial Banks ¹¹	228.7	263.7	279.2	283.4	281.4	278.9	281.0	283.4
19 Thrift institutions	101.1	150.2	157.3	160.8	165.8	164.0	161.8	160.8
Debt components								
20 Federal debt	1,172.8	1,367.6	1,587.0	n.a.	1,741.6	1,755.9	1,779.4	n.a.
21 Non-federal debt	4,037.3	4,582.2 ²	5,191.6 ⁶	n.a.	5,645.7	5,688.5	5,739.9	n.a.
Not seasonally adjusted								
22 M1	538.8	570.5	639.9	746.0	690.7	698.4	715.0	746.0
23 M2	2,192.8	2,380.8	2,574.7	2,814.7	2,731.5	2,759.2	2,779.3	2,814.7
24 M3	2,707.9	2,997.8	3,213.9	3,503.3	3,418.3	3,440.4	3,465.0	3,503.3
25 L	3,169.3	3,537.6	3,845.7	n.a.	4,054.3	4,078.1	4,115.2	n.a.
26 Debt	5,204.5	5,944.0 ⁶	6,772.0 ⁶	n.a.	7,365.4	7,426.8	7,503.5	n.a.
M1 components								
27 Currency ²	150.5	160.9	173.1	186.1	179.5	180.9	183.2	186.1
28 Travelers checks ³	4.6	4.9	5.5	6.0	6.9	6.5	6.1	6.0
29 Demand deposits ⁴	251.3	257.3	281.3	318.9	290.8	292.5	299.6	318.9
30 Other checkable deposits ⁵	132.4	147.5	180.1	235.0	213.5	218.5	226.0	235.0
Nontransactions components								
31 M2 ⁶	1,654.0	1,810.3	1,934.7	2,068.7	2,040.7	2,060.8	2,064.3	2,068.7
32 M3 only ⁷	515.1	617.0	639.2	688.6	686.9	681.2	685.7	688.6
Money market deposit accounts								
33 Commercial banks	230.5	267.2	332.4	378.1	368.1	371.7	375.1	378.1
34 Thrift institutions	148.7	149.7	179.6	192.5	190.2	192.1	193.0	192.5
Savings deposits ⁸								
35 Commercial Banks	132.2	121.4	123.5	153.5	140.7	146.0	149.9	153.5
36 Thrift institutions	172.3	166.5	178.3	215.8	202.5	208.7	213.0	215.8
Small denomination time deposits ⁹								
37 Commercial Banks	351.1	387.6	384.8	363.6	375.1	370.4	365.9	363.6
38 Thrift institutions	434.2	501.2	497.6	491.3	498.4	496.9	493.8	491.3
Money market mutual funds								
39 General purpose and broker/dealer	138.2	167.5	176.5	207.2	202.2	206.9	207.0	207.2
40 Institution-only	43.2	62.7	64.6	84.1	84.4	84.5	84.4	84.1
Large denomination time deposits ¹⁰								
41 Commercial Banks ¹¹	230.8	265.4	280.9	285.2	283.5	281.6	282.8	285.2
42 Thrift institutions	101.4	150.6	157.8	161.2	165.7	164.4	162.5	161.2
Debt components								
43 Federal debt	1,170.2	1,364.7	1,583.7	n.a.	1,734.5	1,748.6	1,771.8	n.a.
44 Non-federal debt	4,034.3	4,579.2 ²	5,188.3 ³	n.a.	5,630.9	5,678.2	5,731.7	n.a.

For notes see following page.

NOTES TO TABLE I.21

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

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

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

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

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

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

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

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

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

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

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

8. Savings deposits exclude MMDAs.

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

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

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

NOTE: Latest monthly and weekly figures are available from the Board's IL6 (508) release. Historical data are available from the Banking Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

1.22 BANK DEBITS AND DEPOSIT TURNOVER

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

Bank group, or type of customer	1983 ¹	1984 ¹	1985 ¹	1986					
				June	July	Aug.	Sept.	Oct.	Nov.
DEBITS TO									
<i>Seasonally adjusted</i>									
Demand deposits ²									
1 All insured banks	109,642.3	128,440.8	154,556.0	187,035.1	188,874.2	194,457.3	197,997.9	197,222.5	187,594.4
2 Major New York City banks	47,769.4	57,392.7	70,445.1	89,201.2	91,040.8	92,961.7	95,252.0	95,919.7	96,829.5
3 Other banks	61,873.1	71,048.1	84,110.9	97,833.9	97,833.4	101,495.6	102,745.9	101,302.9	90,764.9
4 ATS-NOW accounts ³	1,405.5	1,588.7	1,920.8	2,188.0	2,320.1	2,414.8	2,704.8	2,292.5	2,501.0
5 Savings deposits ⁴	741.4	633.1	539.0	382.6	417.4	421.0	428.4	456.5	424.9
DEPOSIT TURNOVER									
Demand deposits ²									
6 All insured banks	379.7	434.4	496.5	553.3	556.4	567.6	573.9	569.6	538.2
7 Major New York City banks	1,528.0	1,843.0	2,168.9	2,504.5	2,417.2	2,437.0	2,519.8	2,493.4	2,513.2
8 Other banks	240.9	268.6	301.8	323.5	324.2	333.4	334.5	329.2	292.8
9 ATS-NOW accounts ³	15.6	15.8	16.7	16.2	16.8	16.9	18.4	15.2	16.1
10 Savings deposits ⁴	5.4	5.0	4.5	3.0	3.2	3.2	3.1	3.2	2.9
DEBITS TO									
<i>Not seasonally adjusted</i>									
Demand deposits ²									
11 All insured banks	109,517.6	128,059.1	154,108.4	188,924.1	198,657.9	186,892.9	198,433.5	204,618.4	167,465.5
12 Major New York City banks	47,707.4	57,282.4	70,400.9	91,315.2	96,686.1	88,807.6	96,489.1	98,837.9	85,849.7
13 Other banks	64,310.2	70,776.9	83,707.8	97,608.9	101,971.8	98,085.3	101,944.4	105,780.4	81,615.8
14 ATS-NOW accounts ³	1,397.0	1,579.5	1,903.4	2,356.3	2,240.4	2,140.8	2,524.1	2,231.9	2,255.1
15 MMDA ⁵	567.4	848.8	1,179.0	1,697.2	1,575.9	1,530.6	1,612.9	1,607.4	1,434.0
16 Savings deposits ⁴	742.0	632.9	538.7	385.9	419.9	413.7	414.2	449.2	382.7
DEPOSIT TURNOVER									
Demand deposits ²									
17 All insured banks	379.9	433.5	497.4	564.1	587.8	554.7	577.6	593.5	476.4
18 Major New York City banks	1,510.0	1,838.6	2,191.1	2,570.0	2,620.6	2,421.9	2,603.6	2,656.9	2,225.4
19 Other banks	240.5	267.9	301.6	326.0	338.7	326.6	332.6	343.9	260.8
20 ATS-NOW accounts ³	15.5	15.7	16.6	17.4	16.3	15.1	17.3	14.9	14.6
21 MMDA ⁵	2.8	3.5	3.8	4.8	4.4	4.2	4.4	4.4	3.8
22 Savings deposits ⁴	5.4	5.0	4.5	3.0	3.2	3.1	3.0	3.2	2.6

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 1987

1.23 LOANS AND SECURITIES All Commercial Banks¹

Billions of dollars; averages of Wednesday figures

Category	1986											
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Seasonally adjusted											
1 Total loans and securities ²	1,930.0	1,935.5	1,944.6	1,947.9	1,957.5	1,963.7	1,985.0	2,007.7	2,029.6	2,034.0	2,049.0	2,079.0
2 U.S. government securities	268.2	273.6	269.5	270.0	274.1	274.8	285.4	290.9	294.3	299.6	304.8	309.4
3 Other securities	192.5	188.1	183.3	182.1	181.9	183.6	186.1	192.3	200.7	196.7	194.8	193.4
4 Total loans and leases ³	1,469.3	1,473.7	1,491.8	1,495.8	1,501.5	1,505.3	1,513.4	1,524.5	1,534.7	1,537.7	1,549.5	1,576.2
5 Commercial and industrial	502.1	502.4	506.1	507.8	506.7	508.7	508.7	510.4	512.1	514.1	520.3	537.0
6 Bankers acceptances held ⁴	4.9	4.8	4.9	5.2	5.6	6.1	5.8	5.9	6.3	6.4	6.1	5.9
7 Other commercial and industrial	497.2	497.6	501.2	502.6	501.0	502.6	502.8	504.4	505.8	507.8	514.1	531.1
8 U.S. addressees ⁴	488.0	488.4	491.3	492.7	490.6	494.1	493.8	495.4	496.9	499.0	505.4	522.6
9 Non-U.S. addressees ⁴	9.3	9.2	9.9	9.8	10.5	9.5	9.0	9.1	8.9	8.8	8.7	8.5
10 Real estate	427.1	431.4	436.1	440.7	446.4	450.7	455.9	461.4	465.9	470.8	476.6	486.3
11 Individual	294.6	297.4	299.5	301.1	303.0	304.5	305.6	306.9	308.8	309.8	311.1	314.1
12 Security	44.1	43.4	50.4	48.0	46.4	42.5	44.8	44.2	44.4	49.5	40.1	57.3
13 Nonbank financial institutions	32.6	31.8	32.2	32.3	33.3	34.7	34.2	34.4	35.1	35.7	35.3	35.4
14 Agricultural	35.9	35.4	34.9	34.6	34.1	33.7	33.3	33.3	33.2	33.1	33.2	33.2
15 State and political subdivisions	60.5	60.3	60.2	59.8	59.5	59.4	59.0	59.4	59.4	58.5	57.8	56.9
16 Foreign banks	9.1	9.2	9.2	9.2	9.3	9.5	9.5	9.3	9.4	9.1	9.0	9.7
17 Foreign official institutions	7.0	7.0	6.8	5.3	5.1	6.4	6.5	6.5	6.4	6.4	6.2	6.2
18 Lease financing receivables	19.4	19.6	19.8	19.9	19.8	20.0	20.0	20.2	20.4	20.4	21.0	21.8
19 All other loans	36.9	35.8	36.6	37.3	37.9	35.4	35.9	38.5	39.7	40.3	38.9	39.4
	Not seasonally adjusted											
20 Total loans and securities ²	1,934.8	1,932.4	1,944.1	1,950.5	1,956.7	1,965.4	1,981.4	1,999.8	2,027.3	2,029.2	2,048.6	2,092.9
21 U.S. government securities	267.7	275.0	273.2	274.0	275.4	276.2	285.3	289.1	292.6	295.2	302.5	307.1
22 Other securities	193.8	188.9	183.9	181.8	182.2	182.5	183.9	192.1	200.7	196.3	194.8	194.6
23 Total loans and leases ³	1,473.3	1,468.5	1,487.1	1,494.7	1,499.0	1,506.7	1,512.1	1,518.7	1,534.0	1,537.7	1,551.3	1,591.3
24 Commercial and industrial	501.4	500.1	506.9	510.0	508.5	509.4	508.6	508.3	511.2	513.1	519.3	519.5
25 Bankers acceptances held ⁴	4.9	4.7	5.0	5.2	5.5	6.0	6.0	5.9	6.1	6.2	6.2	6.3
26 Other commercial and industrial	496.5	495.4	501.9	504.9	503.0	503.4	502.6	502.4	505.2	506.9	513.0	533.2
27 U.S. addressees ⁴	487.3	486.3	492.7	495.4	493.3	494.0	493.3	493.1	495.9	497.7	503.8	524.5
28 Non-U.S. addressees ⁴	9.2	9.1	9.2	9.5	9.7	9.4	9.3	9.4	9.3	9.2	9.2	8.8
29 Real estate	427.3	430.6	434.9	439.5	445.2	450.2	455.8	461.7	466.9	472.2	478.1	487.3
30 Individual	297.0	296.3	296.8	298.6	301.1	303.1	304.9	307.2	310.2	311.4	312.4	316.5
31 Security	46.8	42.6	49.5	48.5	45.6	42.5	43.0	41.3	41.8	38.7	41.3	42.2
32 Nonbank financial institutions	32.8	31.2	31.6	32.2	33.1	34.6	34.3	34.6	35.3	35.5	35.4	36.4
33 Agricultural	35.2	34.5	34.0	33.9	34.1	34.2	34.1	34.1	33.9	33.6	33.2	32.9
34 State and political subdivisions	60.5	60.3	60.2	59.8	59.5	59.4	59.0	59.4	59.4	58.5	57.8	56.9
35 Foreign banks	9.3	9.3	9.1	9.0	9.1	9.2	9.4	9.1	9.4	9.3	9.3	10.1
36 Foreign official institutions	7.0	7.0	6.8	5.3	5.1	6.4	6.5	6.5	6.4	6.4	6.2	6.2
37 Lease financing receivables	19.6	19.8	19.8	19.9	19.9	20.0	20.0	20.1	20.3	20.3	20.9	21.7
38 All other loans	36.4	36.6	37.5	38.1	37.9	37.7	36.5	36.3	39.1	38.9	37.3	41.4

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

2. Excludes loans to commercial banks in the United States.

3. Includes nonfinancial commercial paper held.

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

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

1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS¹

Monthly averages, billions of dollars

Source	1986											
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept. ^r	Oct. ^r	Nov. ^r	Dec.
Total nondeposit funds												
1 Seasonally adjusted ²	131.7	131.7	141.2	134.1	135.7	132.6	136.1	138.1	142.8	140.3	143.0	143.1
2 Not seasonally adjusted	131.8	134.4	143.7	135.0	137.9	131.3	132.1 ^r	137.0 ^r	141.1	138.6	144.2	142.8
Federal funds, RPs, and other borrowings from nonbanks ³												
3 Seasonally adjusted	151.6	152.7	160.6	160.4	157.9	157.1	166.3 ^r	168.4	167.9	168.3	165.5	162.8
4 Not seasonally adjusted	151.6	155.3	163.1	161.3	160.0	155.8	162.4 ^r	167.3	166.1	166.5	166.7	162.5
5 Net balances due to foreign-related institutions, not seasonally adjusted	-19.9	21.0	-19.4	-26.3	-22.2	-24.5	-30.3	-30.3	-25.0	-28.0	-22.5	-19.7
M.L.M.O.												
6 Domestically chartered banks' net positions with own foreign branches, not seasonally adjusted ⁴	-28.0	-25.8	-26.5	-30.2	-29.3	-30.5	-33.8	-31.2	-29.2	-31.9	-28.7	-30.7
7 Gross due from balances	74.3	69.4	71.7	75.2	72.9	72.2	73.9	75.2	74.0	73.5	70.8	73.4
8 Gross due to balances	46.4	43.6	45.2	45.1	43.6	41.7	40.1	44.0	44.8	41.6	42.1	42.7
9 Foreign-related institutions' net positions with directly related institutions, not seasonally adjusted ⁵	8.1	4.8	7.1	3.9	7.1	6.0	3.5	.9	4.2	4.0	6.2	11.0
10 Gross due from balances	57.6	60.0	60.7	62.5	60.0	62.8	64.1	66.2	67.9	68.3	68.8	70.8
11 Gross due to balances	65.7	64.8	67.8	66.4	67.1	68.7	67.7	67.1	72.0	72.2	75.0	81.9
Security RP borrowings												
12 Seasonally adjusted ⁶	87.6	89.5	89.7	89.7	89.0	89.3	95.9	96.8	96.7	97.4	96.3	95.6
13 Not seasonally adjusted	87.7	92.2	92.2	90.6	91.2	88.0	92.0	95.7	95.0	95.6	97.4	95.3
U.S. Treasury demand balances ⁷												
14 Seasonally adjusted	19.0	21.1	15.7	17.4	21.3	18.5	14.7	13.1	16.0	13.2	26.5	23.2
15 Not seasonally adjusted	24.0	24.2	15.7	17.8	21.8	16.1	16.8	11.0	18.2	15.3	15.3	19.2
Time deposits, \$100,000 or more ⁸												
16 Seasonally adjusted	349.4	351.9	347.7	346.9	340.4	339.8	338.5	342.9	342.5	340.1	341.2	344.0
17 Not seasonally adjusted	348.3	350.7	348.3	343.5	339.7	338.1	337.5	343.2	344.6	342.8	342.9	345.8

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

Data for lines 1-4 and 12-17 have been revised in light of benchmarking and revised seasonal adjustment.

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

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

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

5. Averages of daily data.

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

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

8. Averages of Wednesday figures.

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

Billions of dollars

Account	1986											
	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	
ALL COMMERCIAL BANKING INSTITUTIONS¹												
1 Loans and securities	2,078.8	2,091.4	2,113.4	2,101.3	2,105.5	2,134.0	2,154.4	2,171.1	2,173.2	2,218.1	2,307.8	
2 Investment securities	432.8	427.2	429.5	430.9	432.6	445.7	455.1	464.6	467.4	470.4	474.5	
3 U.S. government securities	255.1	253.7	255.8	257.7	259.6	269.6	272.2	275.9	281.8	286.2	291.3	
4 Other	177.7	173.5	173.6	173.2	173.0	176.1	183.0	188.7	185.6	184.3	183.2	
5 Trading account assets	34.0	30.1	27.8	27.0	27.4	28.7	29.3	27.9	26.0	28.1	29.3	
6 Total loans	1,612.0	1,634.2	1,656.1	1,643.5	1,645.5	1,659.6	1,670.0	1,678.5	1,679.9	1,719.5	1,803.9	
7 Interbank loans	143.5	146.0	155.7	146.2	139.2	148.6	149.4	145.3	146.8	161.0	172.8	
8 Loans excluding interbank	1,468.5	1,488.1	1,500.4	1,497.2	1,506.3	1,511.0	1,520.6	1,533.2	1,533.1	1,558.6	1,631.2	
9 Commercial and industrial	501.8	508.5	510.5	506.2	512.3	507.3	510.1	512.1	512.6	520.2	562.7	
10 Real estate	431.5	433.9	441.7	446.4	451.4	457.6	463.2	467.7	473.5	479.3	496.4	
11 Individual	296.4	296.9	300.4	301.1	304.0	305.6	308.4	310.5	311.8	312.8	319.9	
12 All other	238.7	246.9	247.8	243.6	238.7	240.5	238.8	242.9	235.2	246.3	252.2	
13 Total cash assets	193.7	198.1	209.9	221.0	196.0	206.2	205.8	196.6	200.4	223.9	271.2	
14 Reserves with Federal Reserve Banks	26.2	29.1	23.5	30.2	27.9	28.2	27.9	27.8	31.2	31.7	40.8	
15 Cash in vault	22.7	21.8	22.3	23.9	23.0	23.3	23.7	22.9	23.5	22.2	25.7	
16 Cash items in process of collection	66.9	68.8	80.7	84.6	67.3	72.1	73.5	66.3	66.2	86.5	111.2	
17 Demand balances at U.S. depository institutions	31.8	31.1	34.7	36.8	32.0	33.8	33.6	32.3	32.6	37.7	42.6	
18 Other cash assets	46.1	47.4	46.7	45.5	45.8	48.7	47.1	47.4	46.9	45.8	51.0	
19 Other assets	186.5	195.3	207.0	195.9	196.6	196.6	196.2	200.8	198.2	201.9	223.6	
20 Total assets/total liabilities and capital	2,458.9	2,484.8	2,530.3	2,518.3	2,498.1	2,536.7	2,556.4	2,568.4	2,571.8	2,643.9	2,802.5	
21 Deposits	1,746.4	1,762.8	1,798.4	1,807.4	1,791.9	1,819.5	1,833.6	1,830.8	1,843.7	1,896.8	2,015.1	
22 Transaction deposits	492.1	502.5	540.7	542.7	523.1	540.0	544.2	537.4	547.5	594.8	689.7	
23 Savings deposits	457.2	462.0	467.8	477.3	482.4	490.8	497.7	504.4	514.8	521.7	533.9	
24 Time deposits	797.1	798.3	789.9	787.5	786.3	788.7	791.7	789.0	781.4	780.3	791.5	
25 Borrowings	374.7	373.1	390.7	367.4	366.8	379.2	377.3	388.1	380.0	394.1	411.6	
26 Other liabilities	169.1	179.3	170.4	173.1	168.5	168.6	174.7	177.5	175.1	180.2	200.3	
27 Residual (assets less liabilities)	168.8	169.7	170.8	170.3	170.9	169.4	170.8	172.1	173.1	172.8	175.5	
MEMO												
28 U.S. government securities (including trading account)	278.4	273.7	274.0	275.1	276.5	288.8	289.8	292.5	298.5	303.6	308.8	
29 Other securities (including trading account)	188.4	183.6	183.3	182.8	183.5	185.6	194.6	200.0	194.8	195.0	195.1	
DOMESTICALLY CHARTERED COMMERCIAL BANKS²												
30 Loans and securities	1,964.0	1,972.4	1,993.3	1,985.3	1,990.0	2,014.0	2,029.4	2,039.8	2,046.2	2,090.2	2,154.4	
31 Investment securities	420.8	416.0	416.1	417.1	419.6	432.5	440.2	448.0	450.6	454.4	456.5	
32 U.S. government securities	249.6	248.5	248.8	250.2	253.1	263.2	264.5	267.5	272.9	278.1	282.0	
33 Other	171.2	167.5	167.2	166.9	166.5	169.4	175.7	180.5	177.8	176.4	174.5	
34 Trading account assets	34.0	30.1	27.8	27.0	27.4	28.7	29.3	27.9	26.0	28.1	29.3	
35 Total loans	1,509.2	1,526.3	1,549.4	1,541.3	1,543.0	1,552.8	1,559.8	1,564.0	1,569.6	1,607.6	1,668.6	
36 Interbank loans	115.8	120.2	129.3	123.3	117.3	122.7	123.1	118.9	122.5	137.8	141.9	
37 Loans excluding interbank	1,393.5	1,406.1	1,420.1	1,418.0	1,425.8	1,430.1	1,436.7	1,445.1	1,447.1	1,469.9	1,526.6	
38 Commercial and industrial	446.2	448.2	452.3	449.8	452.5	448.4	448.4	447.2	447.2	453.9	485.9	
39 Real estate	426.4	430.7	436.3	440.7	445.8	451.9	457.3	461.7	467.6	472.7	489.2	
40 Individual	296.2	296.6	300.1	300.8	303.6	305.3	308.1	310.1	311.5	312.4	319.5	
41 All other	224.7	230.7	231.4	226.7	223.9	224.6	222.9	226.1	220.8	230.8	232.0	
42 Total cash assets	179.1	182.7	194.3	205.8	180.1	187.8	189.3	180.4	183.1	207.6	251.7	
43 Reserves with Federal Reserve Banks	25.5	28.4	24.4	28.7	26.3	27.2	26.6	26.9	29.7	29.8	39.7	
44 Cash in vault	22.6	21.7	22.2	23.8	22.9	23.2	23.7	22.8	23.4	22.2	25.6	
45 Cash items in process of collection	66.5	68.4	80.3	84.2	66.7	71.7	73.1	65.9	65.5	86.1	110.8	
46 Demand balances at U.S. depository institutions	30.1	29.4	33.0	35.1	30.2	32.0	31.9	30.5	30.9	35.8	40.2	
47 Other cash assets	34.3	34.7	34.3	34.0	34.0	33.6	34.1	34.4	33.6	33.7	35.4	
48 Other assets	134.6	144.0	150.3	142.8	144.1	143.2	141.7	145.5	142.7	143.0	164.3	
49 Total assets/total liabilities and capital	2,277.8	2,299.1	2,337.9	2,334.0	2,314.1	2,345.0	2,360.3	2,365.7	2,372.1	2,440.8	2,570.4	
50 Deposits	1,698.2	1,713.1	1,749.1	1,758.7	1,741.4	1,768.0	1,779.9	1,775.2	1,788.6	1,840.5	1,953.3	
51 Transaction deposits	484.8	495.0	533.1	535.3	515.5	532.1	536.1	529.3	539.7	586.8	680.8	
52 Savings deposits	455.3	460.1	465.8	475.2	480.3	488.7	495.5	502.1	512.5	519.2	531.5	
53 Time deposits	758.1	758.1	750.1	748.1	745.6	747.2	748.2	743.8	736.5	734.5	741.0	
54 Borrowings	304.9	304.8	309.1	294.2	293.5	300.5	295.5	305.2	299.3	312.6	322.6	
55 Other liabilities	109.0	114.6	112.0	113.9	111.5	110.3	117.3	116.4	114.2	118.0	122.1	
56 Residual (assets less liabilities)	165.6	166.5	167.7	167.2	167.8	166.2	167.7	168.9	169.9	169.6	172.4	

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

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

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

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

Millions of dollars, Wednesday figures

Account	1986									
	Nov. 5	Nov. 12	Nov. 19 ¹	Nov. 26	Dec. 3	Dec. 10	Dec. 17	Dec. 24	Dec. 31	
1 Cash and balances due from depository institutions	100,844 ^r	117,408 ^r	106,518	106,840 ^r	107,196	105,593	112,947	107,968	135,495	
2 Total loans, leases and securities, net	975,222 ^r	976,309 ^r	984,400	988,844 ^r	996,388	984,068	995,987	1,009,148	1,021,010	
3 U.S. Treasury and government agency	110,566 ^r	110,558 ^r	112,042	113,975 ^r	118,357	115,870	114,182	115,153	115,372	
4 Trading account	22,113	20,750	21,321	21,466 ^r	25,356	23,497	21,815	21,424	21,483	
5 Investment account, by maturity	88,453 ^r	89,808 ^r	90,720	92,508 ^r	93,001	92,373	92,367	93,730	93,889	
6 One year or less	16,749	16,549	16,924	17,209	17,762	17,687	17,715	17,703	17,919	
7 Over one through five years	40,168	40,336	41,762	41,992	42,314	41,614	41,690	42,129	42,308	
8 Over five years	31,536 ^r	32,922 ^r	32,034	33,307 ^r	32,926	33,072	32,962	33,898	33,662	
9 Other securities	72,332 ^r	72,846 ^r	71,866	71,980 ^r	71,465	71,044	70,692	71,782	72,210	
10 Trading account	4,767	5,183	4,792	5,488	5,373	5,106	5,395	5,967	7,227	
11 Investment account	67,564 ^r	67,662 ^r	67,075	66,493 ^r	66,092	65,938	65,297	65,815	64,982	
12 States and political subdivisions, by maturity	57,548	57,769	57,510	56,836	56,301	56,128	55,792	55,922	54,629	
13 One year or less	9,669	9,616	9,672	9,319	9,220	9,960	8,899	8,707	8,106	
14 Over one year	47,879	48,153	47,838	47,517	47,381	47,167	46,894	47,216	46,524	
15 Other bonds, corporate stocks, and securities	10,016 ^r	9,894 ^r	9,564	9,566 ^r	9,791	9,810	9,504	9,993	10,353	
16 Other trading account assets	5,364	4,780	4,910	5,728	6,256	6,059	5,371	4,984	5,178	
17 Federal funds sold ¹	64,195	61,757	65,465	61,034 ^r	61,764	57,038	61,900	57,710	51,480	
18 To commercial banks	40,841	37,930	40,749	36,437 ^r	39,434	33,204	39,911	36,223	31,501	
19 To nonbank brokers and dealers in securities	15,862	15,893	16,198	16,643	15,136	15,869	14,806	14,697	13,844	
20 To others	7,492	7,934	8,518	7,954 ^r	7,194	7,966	7,182	6,791	6,134	
21 Other loans and leases, gross ²	744,405 ^r	748,017 ^r	751,861	757,923 ^r	760,551	756,064	765,830	781,336	798,522	
22 Commercial and industrial ³	227,068 ^r	230,663 ^r	234,434	240,426 ^r	243,020	238,404	248,196	263,536	280,512	
23 Bankers acceptances and commercial paper	261,997 ^r	262,997 ^r	263,778	263,484 ^r	266,454	265,917	269,030	276,175	289,111	
24 All other	2,492	2,442	2,638	2,496	2,725	2,452	2,582	2,464	2,446	
25 U.S. addresses	259,505 ^r	260,555 ^r	261,140	260,988 ^r	263,729	263,465	266,448	273,711	286,665	
26 Non-U.S. addresses	255,339 ^r	256,393 ^r	257,063	257,099 ^r	259,882	259,604	262,618	269,816	282,909	
27 Real estate loans ²	4,166	4,162	4,077	3,890	3,847	3,861	3,830	3,895	3,756	
28 To individuals for personal expenditures	200,575	201,464	202,709	202,835	203,606	204,618	206,144	207,129	209,352	
29 To depository and financial institutions	141,110	141,369	141,800	142,208	142,557	142,970	143,777	145,014	145,744	
30 Commercial banks in the United States	48,049 ^r	48,438 ^r	49,289	50,806 ^r	50,010	48,297	49,876	53,511	56,246	
31 Banks in foreign countries	16,435	16,456	16,848	17,974	17,683	16,975	18,118	20,266	20,547	
32 Nonbank depository and other financial institutions	4,687 ^r	4,746 ^r	5,197	6,342 ^r	5,644	5,447	5,098	6,681	6,690	
33 For purchasing and carrying securities	26,927 ^r	27,237 ^r	27,244	26,491	26,683	25,875	26,659	26,564	29,009	
34 To finance agricultural production	13,572	14,270	15,032	18,602	16,991	15,131	17,257	17,962	14,367	
35 To states and political subdivisions	5,791	5,723	5,707	5,684	5,669	5,598	5,592	5,611	5,780	
36 To foreign governments and official institutions	35,300	35,247	35,304	35,230	35,104	34,819	34,684	34,724	34,539	
37 All other	3,213	3,124	3,347	3,342	3,305	3,128	3,042	2,982	3,352	
38 Lease financing receivables	17,459 ^r	18,031 ^r	17,565	18,234 ^r	19,323	17,925	18,793	20,426	22,020	
39 Less: Unearned income	17,338 ^r	17,354 ^r	17,427	17,497	17,531	17,661	17,634	17,800	18,010	
40 Loan and lease reserve ²	4,956 ^r	4,977 ^r	5,030	5,033	4,988	5,007	5,009	5,041	5,052	
41 Other loans and leases, net ²	16,683 ^r	16,671 ^r	16,713	16,763	17,016	17,001	16,978	16,777	16,701	
42 All other assets	722,766 ^r	726,368 ^r	730,118	736,127 ^r	738,546	734,055	743,842	759,518	776,769	
43 Total assets	1,209,034 ^r	1,221,892 ^r	1,212,943	1,219,376 ^r	1,232,785	1,216,828	1,239,816	1,249,191	1,298,450	
44 Demand deposits	229,331 ^r	244,430 ^r	224,563	238,557 ^r	242,311	235,235	244,491	251,829	290,483	
45 Individuals, partnerships, and corporations	174,350 ^r	189,328 ^r	170,026	181,456 ^r	183,584	181,457	187,437	191,671	223,527	
46 States and political subdivisions	5,576	5,224	5,209	5,694	5,425	5,702	6,138	5,956	6,994	
47 U.S. government	4,464	1,921	3,904	2,749	2,425	1,491	3,022	1,840	1,840	
48 Depository institutions in United States	25,514	27,726	25,911	28,071 ^r	27,979	27,079	28,735	30,086	33,838	
49 Banks in foreign countries	6,134	6,485	6,828	6,866	6,825	6,988	5,714	7,298	7,773	
50 Foreign governments and official institutions	954	1,252	838	1,004	914	707	758	948	888	
51 Certified and officers' checks	12,339	12,493	11,847	12,718	13,664	10,877	14,218	12,848	15,624	
52 Transaction balances other than demand deposits	53,125	53,128	52,698	53,313	55,286	54,910	55,829	56,954	60,093	
53 Nontransaction balances	499,926 ^r	500,133 ^r	500,416	500,632	500,998	502,109	501,358	504,161	509,177	
54 Individuals, partnerships and corporations	461,465 ^r	462,070 ^r	462,449	462,829 ^r	463,280	464,328	463,660	466,370	471,044	
55 States and political subdivisions	25,984 ^r	25,855 ^r	26,032	25,953 ^r	26,100	26,061	25,766	25,530	25,537	
56 U.S. government	916	807	804	781	794	784	752	754	762	
57 Depository institutions in the United States	10,389	10,241 ^r	9,981	9,935	9,683	9,855	10,090	10,448	10,798	
58 Foreign governments, official institutions and banks	1,172	1,160	1,151	1,133	1,140	1,081	1,090	1,058	1,035	
59 Liabilities for borrowed money	255,584 ^r	258,294 ^r	263,957	255,753 ^r	263,922	253,061	265,774	259,041	263,387	
60 Borrowings from Federal Reserve Banks	2,831	110	3,319	25	373	0	1,439	0	443	
61 Treasury tax-and-loan notes	2,600 ^r	5,757 ^r	8,891	10,450	7,355	2,102	15,253	17,578	18,550	
62 All other liabilities for borrowed money ³	250,153 ^r	252,428 ^r	251,746	245,278 ^r	256,194	250,959	249,082	241,462	244,393	
63 Other liabilities and subordinated note and debentures	86,521 ^r	81,112 ^r	86,633	86,801 ^r	85,435	86,191	87,412	92,428	89,687	
64 Total liabilities	1,124,488 ^r	1,137,098 ^r	1,128,268	1,135,056 ^r	1,147,951	1,131,506	1,154,864	1,164,413	1,212,826	
65 Residual (total assets minus total liabilities) ⁴	84,546	84,794	84,675	84,320 ^r	84,834	85,322	84,952	84,778	85,624	
MEMO										
66 Total loans and leases (gross) and investments adjusted ⁵	939,586 ^r	943,572 ^r	948,546	956,229 ^r	961,275	955,897	959,946	974,477	990,714	
67 Total loans and leases (gross) adjusted ^{2,5}	751,324 ^r	755,389 ^r	759,729	764,546 ^r	765,198	762,924	769,701	782,557	797,954	
68 Time deposits in amounts of \$100,000 or more	152,477	152,551	152,456	151,812	151,357	151,941	151,383	153,942	154,441	
69 Loans sold outright to affiliates—total ⁶	1,750	1,746	1,688	1,651	1,631	1,713	1,756	1,889	1,833	
70 Commercial and industrial	1,055	1,029	975	971	950	1,003	1,004	1,088	1,013	
71 Other	695	717	712	680	680	710	752	801	820	
72 Nontransaction savings deposits (including MMDAs)	220,198	220,478	221,016	221,745	222,687	223,531	223,718	223,850	227,943	

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.

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

Millions of dollars, Wednesday figures except as noted

Account	1986								
	Nov. 5	Nov. 12	Nov. 19	Nov. 26	Dec. 3	Dec. 10	Dec. 17	Dec. 24	Dec. 31
1 Cash and balances due from depository institutions	26,312 ¹	30,884 ¹	29,010 ¹	28,236	26,092	28,839	30,069	25,957	32,884
2 Total loans, leases and securities, net ¹	208,490 ¹	212,409 ¹	217,154 ¹	216,409 ¹	216,340	212,332	216,971	219,590	219,526
<i>Securities</i>									
3 U.S. Treasury and government agency ²	0	0	0	0	0	0	0	0	0
4 Trading account ²	0	0	0	0	0	0	0	0	0
5 Investment account, by maturity	13,524	13,826	13,701	14,108	14,172	13,809	13,580	13,500	13,529
6 One year or less	1,221	1,234	1,234	1,233	1,503	1,437	1,415	1,419	1,423
7 Over one through five years	5,360	5,366	5,521	5,874	5,689	5,355	5,404	5,395	5,330
8 Over five years	6,943	7,027	6,945	7,001	6,980	7,016	6,761	6,686	6,775
9 Other securities ²	0	0	0	0	0	0	0	0	0
10 Trading account ²	0	0	0	0	0	0	0	0	0
11 Investment account	16,178	16,407	16,318	16,261	16,213	16,167	15,879	16,447	16,484
12 States and political subdivisions, by maturity	13,969	14,381	14,301	14,217	14,174	14,172	14,176	14,648	14,616
13 One year or less	1,924	1,885	1,902	1,833	1,793	1,781	1,809	1,787	1,696
14 Over one year	12,045	12,497	12,400	12,404	12,381	12,380	12,360	12,862	12,920
15 Other bonds, corporate stocks and securities	2,209	2,025	2,017	2,024	2,039	2,006	1,703	1,799	1,868
16 Other trading account assets ²	0	0	0	0	0	0	0	0	0
<i>Loans and leases</i>									
17 Federal funds sold ³	27,294	28,474	31,204	24,837 ¹	25,740	25,711	27,740	24,440	20,477
18 To commercial banks	13,213	14,290	16,303	10,167	12,308	11,183	14,556	11,797	10,054
19 To nonbank brokers and dealers in securities	7,974	7,871	8,419	8,374	7,549	8,034	7,459	7,267	5,858
20 To others	6,107	6,312	6,482	6,296 ¹	5,883	6,494	5,725	5,376	4,565
21 Other loans and leases, gross	157,761 ¹	160,006 ¹	162,281 ¹	167,565	166,675	163,109	166,228	171,608	175,324
22 Other loans, gross	153,559 ¹	155,811 ¹	158,032 ¹	163,284	162,378	158,833	161,936	167,307	171,026
23 Commercial and industrial	60,721 ¹	61,136 ¹	61,434 ¹	61,422	62,287	61,764	62,323	63,980	67,561
24 Bankers acceptances and commercial paper	637	739	806	740	956	680	742	548	544
25 All other	60,084 ¹	60,397 ¹	60,628 ¹	60,682	61,331	61,084	61,582	63,432	67,016
26 U.S. addresses	59,692 ¹	59,993 ¹	60,196 ¹	60,275	60,978	60,708	61,214	63,044	66,585
27 Non-U.S. addresses	392	404	432	407	352	375	368	388	432
28 Real estate loans	34,266	34,498	34,914	35,165	35,406	35,727	35,994	36,557	37,504
29 To individuals for personal expenditures	19,717	19,799	19,841	19,918	19,996	20,116	20,208	20,483	20,750
30 To depository and financial institutions	16,846 ¹	17,159 ¹	18,072 ¹	19,908	18,787	17,331	18,891	20,479	21,610
31 Commercial banks in the United States	7,762	7,661	8,274	9,417	9,225	8,848	9,778	10,716	11,321
32 Banks in foreign countries	2,120	2,176	2,534	3,455	2,724	2,679	2,462	3,076	3,061
33 Nonbank depository and other financial institutions	6,965 ¹	7,321 ¹	7,264 ¹	7,035	6,839	5,804	6,650	6,686	7,229
34 For purchasing and carrying securities	6,950	7,511	8,241	10,772	9,203	8,177	9,221	9,501	6,091
35 To finance agricultural production	282	260	284	310	310	297	325	334	346
36 To states and political subdivisions	8,632	8,652	8,706	8,674	8,664	8,410	8,381	8,429	8,413
37 To foreign governments and official institutions	948	884	892	1,005	990	839	771	722	1,072
38 All other	5,197 ¹	5,911 ¹	5,646 ¹	6,110	6,734	6,171	5,822	6,302	7,679
39 Lease financing receivables	4,202 ¹	4,195 ¹	4,250 ¹	4,281	4,297	4,276	4,292	4,482	4,298
40 LESS: Unearned income	1,527 ¹	1,526 ¹	1,566 ¹	1,575	1,551	1,553	1,565	1,569	1,562
41 Loan and lease reserve	4,740 ¹	4,778 ¹	4,784 ¹	4,787	4,909	4,912	4,892	4,728	4,728
42 Other loans and leases, net	151,493 ¹	153,702 ¹	155,931 ¹	161,203	160,215	156,644	159,771	165,203	169,035
43 All other assets ⁴	73,254 ¹	69,204 ¹	65,067 ¹	67,094	71,372	69,144	71,900	71,241	79,865
44 Total assets	308,057 ¹	312,497 ¹	311,232 ¹	311,739 ¹	313,805	310,314	318,940	316,789	332,275
<i>Deposits</i>									
45 Demand deposits	59,369	62,933 ¹	59,115	62,341 ¹	63,939	63,874	66,194	66,372	78,411
46 Individuals, partnerships, and corporations	40,140	42,516 ¹	38,944 ¹	42,064	42,231	44,555	45,484	45,521	55,129
47 States and political subdivisions	698	572	640	590	713	704	614	728	1,106
48 U.S. government	834	257	647 ¹	524	850	466	215	587	245
49 Depository institutions in the United States	5,775	6,411	6,387	6,592 ¹	7,101	6,951	7,370	7,900	9,213
50 Banks in foreign countries	4,895	5,176	5,638	5,527	5,560	5,663	4,500	5,814	6,453
51 Foreign governments and official institutions	780	1,093	665	843	764	568	608	795	681
52 Certified and officers' checks	6,246	6,908	6,194	6,201	6,720	4,967	7,404	5,028	5,583
53 Transaction balances other than demand deposits ATS, NOW, Super NOW, telephone transfers)	6,379	6,579	6,509	6,595	6,800	6,808	7,097	7,434	7,742
54 Nontransaction balances	94,826 ¹	94,631 ¹	94,940 ¹	95,344	95,480	95,238	95,920	96,345	97,844
55 Individuals, partnerships and corporations	85,533 ¹	85,414 ¹	85,757 ¹	86,022	86,122	86,027	87,009	87,482	88,643
56 States and political subdivisions	6,229	6,175	6,164	6,244	6,442	6,392	6,118	6,008	6,064
57 U.S. government	82	80	74	63	64	62	59	56	50
58 Depository institutions in the United States	2,387	2,355	2,337	2,413	2,240	2,167	2,145	2,221	2,524
59 Foreign governments, official institutions and banks	595	606	607	602	611	589	588	579	563
60 Liabilities for borrowed money	82,386 ¹	86,834 ¹	85,102 ¹	82,427 ¹	83,625	80,213	83,973	80,317	80,216
61 Borrowings from Federal Reserve Banks	1,245	0	750	0	0	0	800	0	0
62 Treasury tax-and-loan notes	632	1,742	2,154	2,390	1,532	440	3,652	4,392	4,609
63 All other liabilities for borrowed money ⁵	80,510 ¹	85,093 ¹	82,198 ¹	80,037 ¹	82,094	79,772	79,521	75,925	75,608
64 Other liabilities and subordinated note and debentures	37,563 ¹	33,940 ¹	38,004 ¹	37,784	36,388	36,270	37,919	39,087	39,978
65 Total liabilities	280,523 ¹	284,917 ¹	283,671 ¹	284,492 ¹	286,232	282,402	291,104	289,555	304,191
66 Residual (total assets minus total liabilities) ⁶	27,534	27,580	27,561	27,247	27,573	27,912	27,836	27,234	28,084
MEMO									
67 Total loans and leases (gross) and investments adjusted ^{1,7}	193,782 ¹	196,761 ¹	198,928 ¹	203,188 ¹	201,268	198,766	199,094	203,482	204,440
68 Total loans and leases (gross) adjusted ⁷	164,080 ¹	166,528 ¹	168,909 ¹	172,818 ¹	170,882	168,789	169,634	173,535	174,427
69 Time deposits in amounts of \$100,000 or more	33,851	34,022	34,115 ¹	34,127	34,390	34,229	34,093	34,743	35,176

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 BANKS¹ Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1986								
	Nov. 5	Nov. 12	Nov. 19	Nov. 26	Dec. 3	Dec. 10	Dec. 17	Dec. 24	Dec. 31
1 Cash and due from depository institutions	10,092	10,131	10,467	9,879	10,195	9,628	9,616	9,651	11,777
2 Total loans and securities	73,508	75,640	75,329	74,922	77,993	79,000	81,849	87,080	91,819
3 U.S. Treasury and govt. agency securities	5,239	5,376	5,592	5,757	5,985	6,232	6,100	6,066	6,508
4 Other securities	5,511	5,424	5,408	5,477	5,463	5,641	5,678	5,846	6,102
5 Federal funds sold ²	4,045	5,639	6,285	3,823	5,502	5,002	5,664	5,137	6,674
6 To commercial banks in the United States	3,096	4,823	5,437	3,110	4,589	4,028	4,717	4,218	5,678
7 To others	948	816	848	713	913	973	947	918	996
8 Other loans, gross	58,713	59,200	58,044	59,865	61,042	62,125	64,407	70,032	72,536
9 Commercial and industrial	36,840	37,052	36,515	36,937	38,094	38,510	38,570	41,090	43,211
10 Bankers acceptances and commercial paper	2,969	2,980	2,919	2,990	3,033	3,136	2,999	3,031	3,157
11 All other	33,870	34,071	33,596	33,947	35,062	35,374	35,571	38,058	40,054
12 U.S. addressees	31,546	31,810	31,397	31,742	32,814	33,227	33,354	35,620	37,989
13 Non-U.S. addressees	2,325	2,261	2,199	2,206	2,248	2,147	2,217	2,438	2,064
14 To financial institutions	14,187	14,196	14,211	14,453	15,056	15,259	16,034	17,378	17,286
15 Commercial banks in the United States	11,037	10,791	10,721	11,113	11,749	11,810	12,360	13,388	12,746
16 Banks in foreign countries	1,066	1,116	1,149	1,077	1,031	1,048	1,099	1,038	1,249
17 Nonbank financial institutions	2,083	2,290	2,341	2,263	2,276	2,401	2,575	2,952	3,290
18 To foreign govts. and official institutions	527	536	521	545	510	512	518	505	548
19 For purchasing and carrying securities	2,588	2,514	1,975	2,925	2,363	2,755	3,635	4,852	5,105
20 All other	4,572	4,902	4,821	5,005	5,019	5,090	5,649	6,207	6,386
21 Other assets (claims on nonrelated parties)	23,292	23,022	23,360	23,226	22,878	23,307	23,286	22,894	23,623
22 Net due from related institutions	14,043	13,582	14,287	14,627	12,410	13,615	14,281	16,498	14,388
23 Total assets	120,936	122,376	123,444	122,654	123,476	125,550	129,032	136,122	141,607
24 Deposits or credit balances due to other than directly related institutions	36,034	36,986	36,744	37,279	37,383	37,428	38,849	40,348	42,357
25 Transaction accounts and credit balances ³	3,124	3,333	3,229	3,260	3,600	3,505	3,960	3,578	3,974
26 Individuals, partnerships, and corporations	1,924	1,821	1,973	1,827	2,006	1,989	2,082	2,180	1,896
27 Other	1,200	1,513	1,255	1,432	1,593	1,515	1,878	1,398	2,078
28 Nontransaction accounts ⁴	32,909	33,653	33,515	34,019	33,784	33,923	34,889	36,770	38,383
29 Individuals, partnerships, and corporations	26,738	27,252	27,082	27,160	27,270	27,418	28,367	30,112	31,421
30 Other	6,171	6,400	6,434	6,859	6,514	6,505	6,522	6,658	6,963
31 Borrowings from other than directly related institutions	50,393	47,412	48,359	46,948	47,890	47,613	48,447	53,087	50,596
32 Federal funds purchased ⁵	29,328	25,862	25,375	21,466	24,298	24,170	24,656	23,552	21,956
33 From commercial banks in the United States	19,534	17,523	16,519	13,807	16,445	15,531	15,092	14,516	12,131
34 From others	9,793	8,340	8,856	7,658	7,853	8,639	9,564	9,036	9,826
35 Other liabilities for borrowed money	21,065	21,550	22,984	25,482	23,591	23,443	23,790	29,535	28,640
36 To commercial banks in the United States	18,932	19,146	20,397	22,738	20,606	20,310	20,556	25,540	24,394
37 To others	2,134	2,404	2,587	2,745	2,985	3,134	3,234	3,996	4,245
38 Other liabilities to nonrelated parties	24,885	24,708	25,095	25,113	24,735	25,423	25,433	25,296	25,142
39 Net due to related institutions	9,624	13,270	13,246	13,313	13,468	15,086	16,303	17,391	23,511
40 Total liabilities	120,936	122,376	123,444	122,654	123,476	125,550	129,032	136,122	141,607
MEMO									
41 Total loans (gross) and securities adjusted ⁶	59,374	60,026	59,171	60,699	61,655	63,161	64,772	69,473	73,395
42 Total loans (gross) adjusted ⁶	48,624	49,226	48,171	49,465	50,206	51,288	52,993	57,562	60,785

1. Effective Jan. 1, 1986, the reporting panel includes 65 U.S. branches and agencies of foreign banks that include those branches and agencies with assets of \$750 million or more on June 30, 1980, plus those branches and agencies that had reached the \$750 million asset level on Dec. 31, 1984.

2. Includes securities purchased under agreements to resell.

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

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

5. Includes securities sold under agreements to repurchase.

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

1.31 GROSS DEMAND DEPOSITS Individuals, Partnerships, and Corporations¹

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

Type of holder	Commercial banks									
	1981 Dec.	1982 Dec.	1983 Dec.	1984 Dec.	1985			1986		
					June ^{3,4}	Sept.	Dec.	Mar.	June	Sept. ⁶
1 All holders—Individuals, partnerships, and corporations	288.9	291.8	293.5	302.7	298.4	299.3	321.0	307.4	324.7	333.6
2 Financial business	28.0	35.4	32.8	31.7	27.9	28.4	32.3	31.8	32.2	35.9
3 Nonfinancial business	154.8	150.5	161.1	166.3	164.5	167.2	178.5	166.6	182.0	185.9
4 Consumer	86.6	85.9	78.5	81.5	82.8	82.0	85.5	84.0	86.4	86.3
5 Foreign	2.9	3.0	3.3	3.6	3.7	3.5	3.5	3.4	3.0	3.3
6 Other	16.7	17.0	17.8	19.7	19.5	18.5	21.2	21.6	21.1	22.2
	Weekly reporting banks									
	1981 Dec.	1982 Dec.	1983 Dec.	1984 Dec. ²	1985			1986		
					June ^{3,4}	Sept.	Dec.	Mar.	June	Sept. ⁶
7 All holders—Individuals, partnerships, and corporations	137.5	144.2	146.2	157.1	151.2	153.6	168.6	159.7	168.5	174.7
8 Financial business	21.0	26.7	24.2	25.3	22.4	22.7	25.9	25.5	25.7	28.9
9 Nonfinancial business	75.2	74.3	79.8	87.1	83.7	85.5	94.5	86.8	93.1	94.8
10 Consumer	30.4	31.9	29.7	30.5	31.0	31.6	33.2	32.6	34.9	35.0
11 Foreign	2.8	2.9	3.1	3.4	3.5	3.3	3.4	3.3	2.9	3.2
12 Other	8.0	8.4	9.3	10.9	10.9	10.5	12.0	11.5	11.9	12.8

1. Figures include cash items in process of collection. Estimates of gross deposits are based on reports supplied by a sample of commercial banks. Types of depositors in each category are described in the June 1971 BULLETIN, p. 466. Figures may not add to totals because of rounding.

2. Beginning in March 1984, these data reflect a change in the panel of weekly reporting banks, and are not comparable to earlier data. Estimates in billions of dollars for December 1983 based on the new weekly reporting panel are: financial business, 24.4; nonfinancial business, 80.9; consumer, 30.1; foreign, 3.1; other, 9.5.

3. Beginning March 1985, financial business deposits and, by implication, total gross demand deposits have been redefined to exclude demand deposits due to

thrift institutions. Historical data have not been revised. The estimated volume of such deposits for December 1984 is \$5.0 billion at all insured commercial banks and \$3.0 billion at weekly reporting banks.

4. Historical data back to March 1985 have been revised to account for corrections of bank reporting errors. Historical data before March 1985 have not been revised, and may contain reporting errors. Data for all commercial banks for March 1985 were revised as follows (in billions of dollars): all holders, .3; financial business, .8; nonfinancial business, .4; consumer, .9; foreign, .1; other, .1. Data for weekly reporting banks for March 1985 were revised as follows (in billions of dollars): all holders, .1; financial business, .7; nonfinancial business, .5; consumer, 1.1; foreign, .1; other, .2.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1982 Dec.	1983 Dec.	1984 Dec.	1985 Dec.	1986 Dec.	1986					
						June	July	Aug.	Sept.	Oct.	Nov.
Commercial paper (seasonally adjusted unless noted otherwise)											
1 All issuers	166,436	187,658	237,586	300,899	332,330	310,711	311,435	326,601	326,567	329,516	321,907
Financial companies ³											
Dealer-placed paper ⁴											
2 Total	34,605	44,455	56,485	78,443	100,942	89,757	90,038	94,084	97,994	99,688	93,548
3 Bank-related (not seasonally adjusted)	2,516	2,441	2,035	1,602	2,265	1,568	1,772	1,799	1,980	2,172	2,031
Directly placed paper ⁵											
4 Total	84,393	97,042	110,543	135,504	152,159	142,933	142,121	149,200	147,497	147,163	146,434
5 Bank-related (not seasonally adjusted)	32,034	35,566	42,105	44,778	40,860	40,147	39,067	40,415	37,455	38,957	39,205
6 Nonfinancial companies ⁶	47,437	46,161	70,558	86,952	79,229	78,021	79,276	83,317	81,076	82,665	81,925
Bankers dollar acceptances (not seasonally adjusted) ⁷											
7 Total	79,543	78,309	77,121	68,115	64,912	67,080	66,437	64,480	67,009	65,920	64,952
Holder											
8 Accepting banks	10,910	9,355	9,811	11,174	13,419	12,789	11,577	12,127	13,101	12,569	12,787
9 Own bills	9,471	8,125	8,621	9,448	11,703	10,641	9,257	9,794	11,001	10,178	10,951
10 Bills bought	1,439	1,230	1,191	1,726	1,716	2,147	2,320	2,333	2,101	2,391	1,835
Federal Reserve Banks											
11 Own account	1,480	418	0	0	0	0	0	0	0	0	0
12 Foreign correspondents	949	729	671	937	1,317	896	931	897	924	1,131	1,052
13 Others	66,204	67,807	66,639	56,004	50,176	53,396	53,929	51,456	52,984	52,220	51,113
Basis											
14 Imports into United States	17,683	15,649	17,560	15,147	14,682	15,106	15,601	15,796	16,612	15,980	15,352
15 Exports from United States	16,328	16,880	15,859	13,204	12,933	13,721	13,781	12,948	12,693	12,612	12,701
16 All other	45,531	45,781	43,702	39,765	37,297	38,254	37,056	35,736	37,704	37,328	36,899

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

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

3. Institutions engaged primarily in activities such as, but not limited to, commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring; finance leasing; and other business lending; insurance underwriting; and other investment activities.

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

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

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

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

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

Percent per annum

Effective date	Rate	Effective Date	Rate	Month	Average rate	Month	Average rate
1984—Mar. 19	11.50	1985—Jan. 15	10.50	1984—Jan.	11.00	1985—July	9.50
Apr. 5	12.00	May 20	10.00	Feb.	11.00	Aug.	9.50
May 8	12.50	June 18	9.50	Mar.	11.21	Sept.	9.50
June 25	13.00			Apr.	11.93	Oct.	9.50
Sept. 27	12.75	1986—Mar. 7	9.00	May.	12.39	Nov.	9.50
Oct. 17	12.50	Apr. 21	8.50	June	12.60	Dec.	9.50
29	12.00	July 11	8.00	July	13.00		
Nov. 9	11.75	Aug. 26	7.50	Aug.	13.00	1986—Jan.	9.50
28	11.25			Sept.	12.97	Feb.	9.50
Dec. 20	10.75			Oct.	12.58	Mar.	9.10
				Nov.	11.77	Apr.	8.83
				Dec.	11.06	May	8.50
						June	8.50
				1985—Jan.	10.61	July	8.16
				Feb.	10.50	Aug.	7.90
				Mar.	10.50	Sept.	7.50
				Apr.	10.50	Oct.	7.50
				May	10.31	Nov.	7.50
				June	9.78	Dec.	7.50

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

1.35 INTEREST RATES Money and Capital Markets

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

Instrument	1984	1985	1986	1986				1986, week ending				
				Sept.	Oct.	Nov.	Dec.	Nov. 28	Dec. 5	Dec. 12	Dec. 19	Dec. 26
MONEY MARKET RATES												
1 Federal funds ^{1,2}	10.22	8.10	6.80	5.89	5.85	6.04	6.91	6.00	6.25	5.97	6.30	6.31
2 Discount window borrowing ^{1,2,3}	8.80	7.69	6.33	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3 Commercial paper ^{4,5}												
4 1-month.....	10.05	7.94	6.62	5.74	5.74	5.84	6.63	5.88	6.02	6.03	6.59	7.39
4 3-month.....	10.10	7.95	6.49	5.68	5.68	5.76	6.10	5.81	5.89	5.90	6.14	6.35
5 6-month.....	10.16	8.01	6.39	5.61	5.61	5.69	5.88	5.72	5.75	5.77	5.92	6.05
6 Finance paper, directly placed ^{4,5}												
6 1-month.....	9.97	7.91	6.58	5.76	5.74	5.79	6.32	5.84	5.92	5.96	6.33	6.79
7 3-month.....	9.73	7.77	6.38	5.64	5.56	5.67	5.81	5.73	5.73	5.73	5.84	5.83
8 6-month.....	9.65	7.75	6.31	5.54	5.50	5.58	5.74	5.60	5.64	5.65	5.74	5.82
9 Bankers' acceptances ^{4,6}												
9 3-month.....	10.14	7.92	6.39	5.60	5.58	5.67	5.96	5.71	5.73	5.82	6.02	6.21
10 6-month.....	10.19	7.96	6.29	5.56	5.52	5.59	5.78	5.58	5.60	5.70	5.82	5.94
11 Certificates of deposit, secondary market ⁷												
11 1-month.....	10.37	7.97	6.61	5.73	5.71	5.80	6.66	5.84	6.03	6.06	6.52	7.58
12 3-month.....	10.37	8.05	6.52	5.71	5.69	5.76	6.04	5.76	5.83	5.88	6.08	6.27
13 6-month.....	10.68	8.25	6.51	5.71	5.70	5.76	5.95	5.76	5.81	5.85	6.00	6.10
14 Eurodollar deposits, 3-month ⁸												
14 U.S. Treasury bills ⁹	10.73	8.28	6.71	5.88	5.88	5.96	6.23	5.99	6.04	6.05	6.16	6.50
Secondary market ⁹												
15 3-month.....	9.52	7.48	5.98	5.21	5.18	5.35	5.53	5.39	5.42	5.49	5.57	5.56
16 6-month.....	9.76	7.65	6.03	5.35	5.26	5.41	5.55	5.42	5.44	5.49	5.59	5.60
17 1-year.....	9.92	7.81	6.08	5.45	5.41	5.48	5.55	5.45	5.47	5.51	5.57	5.59
18 Auction average ¹⁰												
18 3-month.....	9.57	7.47	5.96	5.19	5.18	5.35	5.49	5.35	5.40	5.51	5.55	5.49
19 6-month.....	9.80	7.64	6.03	5.31	5.26	5.42	5.53	5.39	5.46	5.50	5.58	5.56
20 1-year.....	9.91	7.76	6.07	5.33	5.44	5.45	5.60	5.45	n.a.	n.a.	n.a.	5.60
CAPITAL MARKET RATES												
U.S. Treasury notes and bonds ¹¹												
Constant maturities ¹²												
21 1-year.....	10.89	8.43	6.46	5.77	5.72	5.80	5.87	5.77	5.78	5.83	5.90	5.92
22 2-year.....	11.65	9.27	6.87	6.35	6.28	6.28	6.27	6.21	6.21	6.22	6.30	6.30
23 3-year.....	11.89	9.64	7.06	6.62	6.56	6.46	6.43	6.39	6.37	6.38	6.45	6.46
24 5-year.....	12.24	10.13	7.31	6.92	6.83	6.76	6.67	6.66	6.61	6.62	6.68	6.69
25 7-year.....	12.40	10.51	7.55	7.28	7.24	7.08	6.97	6.99	6.93	6.93	6.98	6.96
26 10-year.....	12.44	10.62	7.68	7.45	7.43	7.25	7.11	7.14	7.09	7.09	7.12	7.08
27 20-year.....	12.48	10.97	7.85	7.56	7.61	7.42	7.28	7.31	7.26	7.26	7.29	7.25
28 30-year.....	12.39	10.79	7.80	7.62	7.70	7.52	7.37	7.42	7.35	7.35	7.39	7.35
Composite ¹³												
29 Over 10 years (long-term).....	11.99	10.75	8.14	8.08	8.04	7.81	7.67	7.71	7.64	7.67	7.69	7.61
State and local notes and bonds												
Moody's series ¹⁴												
30 Aaa.....	9.61	8.60	6.95	6.91	6.44	6.19	6.29	6.15	6.20	6.35	6.30	6.30
31 Baa.....	10.38	9.58	7.75	7.59	7.23	7.13	7.25	7.20	7.15	7.35	7.25	7.25
32 Bond Buyer series ¹⁵	10.10	9.11	7.32	7.11	7.08	6.85	6.87	6.74	6.77	6.94	6.92	6.83
Corporate bonds												
Seasoned issues ¹⁶												
33 All industries.....	13.49	12.05	9.71	9.55	9.54	9.37	9.23	9.28	9.25	9.22	9.23	9.21
34 Aaa.....	12.71	11.37	9.02	8.89	8.86	8.68	8.49	8.55	8.52	8.48	8.51	8.47
35 Aa.....	13.31	11.82	9.47	9.36	9.33	9.20	9.02	9.11	9.05	9.02	9.03	9.00
36 A.....	13.74	12.28	9.95	9.73	9.72	9.51	9.41	9.43	9.44	9.41	9.41	9.38
37 Baa.....	14.19	12.72	10.39	10.20	10.24	10.07	9.97	9.99	9.99	9.97	9.97	9.98
38 A-rated, recently-offered utility bonds ¹⁷	13.81	12.06	9.61	9.56	9.48	9.31	9.08	9.16	9.08	9.03	9.08	9.07
MEMO: Dividend/price ratio ¹⁸												
39 Preferred stocks.....	11.59	10.49	8.76	8.10	8.17	8.07	8.18	8.13	8.20	8.14	8.22	8.15
40 Common stocks.....	4.64	4.25	3.48	3.43	3.49	3.40	3.38	3.35	3.29	3.33	3.39	3.40

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, 90-115 days, and 150-179 days for finance paper.

5. Yields are quoted on a bank-discount basis, rather than an investment yield basis (which would give a higher figure).

6. Dealer closing offered rates for top-rated banks. Most representative rate (which may be, but need not be, the average of the rates quoted by the dealers).

7. Unweighted average of offered rates quoted by at least five dealers early in the day.

8. Calendar week average. For indication purposes only.

9. Unweighted average of closing bid rates quoted by at least five dealers.

10. Rates are recorded in the week in which bills are issued. Beginning with the Treasury bill auction held on Apr. 18, 1983, bidders were required to state the percentage yield (on a bank discount basis) that they would accept to two decimal

places. Thus, average issuing rates in bill auctions will be reported using two rather than three decimal places.

11. Yields are based on closing bid prices quoted by at least five dealers.

12. Yields adjusted to constant maturities by the U.S. Treasury. That is, yields are read from a yield curve at fixed maturities. Based on only recently issued, actively traded securities.

13. Averages (to maturity or call) for all outstanding bonds neither due nor callable in less than 10 years, including one very low yielding "lower" bond.

14. General obligations based on Thursday figures; Moody's Investors Service.

15. General obligations only, with 20 years to maturity, issued by 20 state and local governmental units of mixed quality. Based on figures for Thursday.

16. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.

17. Compilation of the Federal Reserve. This series is an estimate of the yield on recently-offered, A-rated utility bonds with a 30-year maturity and 5 years of call protection. Weekly data are based on Friday quotations.

18. Standard and Poor's corporate series. Preferred stock ratio based on a sample of ten issues: four public utilities, four industrials, one financial, and one transportation. Common stock ratios on the 500 stocks in the price index.

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

1.36 STOCK MARKET Selected Statistics

Indicator	1984	1985	1986	1986								
				Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Prices and trading (averages of daily figures)												
<i>Common stock prices</i>												
1 New York Stock Exchange (Dec. 31, 1965 = 50).....	92.46	108.09	136.00	137.25	137.37	140.82	138.32	140.91	137.06	136.74	140.84	142.12
2 Industrial.....	108.01	123.79	155.85	157.35	158.59	163.15	158.06	160.10	156.52	156.56	162.10	163.85
3 Transportation.....	85.63	104.11	119.85	125.92	122.21	120.65	112.03	111.24	114.06	120.04	122.27	121.26
4 Utility.....	46.44	56.75	71.35	69.35	68.65	70.69	74.20	77.84	74.56	73.38	75.77	76.07
5 Finance.....	89.28	114.21	147.18	154.83	151.28	151.73	150.23	152.90	145.56	143.89	142.97	144.29
6 Standard & Poor's Corporation (1941-43 = 10) ¹	160.50	186.84	236.34	237.97	238.46	245.30	240.18	245.00	238.27	237.36	245.09	248.61
7 American Stock Exchange ² (Aug. 31, 1973 = 50).....	207.96	229.10	264.38	270.59	274.22	281.18	269.93	268.55	264.30	257.82	265.14	264.65
<i>Volume of trading (thousands of shares)</i>												
8 New York Stock Exchange.....	91,084	109,191	141,306	146,330	127,624	126,151	137,709	128,661	150,831	131,155	154,770	148,228
9 American Stock Exchange.....	6,107	8,355	11,846	13,503	11,870	12,795	10,320	9,885	10,853	8,930	10,513	12,272
Customer financing (end-of-period balances, in millions of dollars)												
10 Margin credit at broker-dealers ³	22,470	28,390	36,840	30,760	32,370	32,480	33,170	34,550	34,580	36,310	37,090	36,840
<i>Free credit balances at brokers⁴</i>												
11 Margin-account ⁵	1,755	2,715	4,880	3,065	2,405	2,585	2,570	3,035	3,395	3,805	3,765	4,880
12 Cash-account.....	10,215	12,840	19,000	14,340	12,970	13,570	14,600	14,210	14,060	14,445	15,045	19,000
Margin-account debt at brokers (percentage distribution, end of period) ⁶												
13 Total.....	100.0	100.0	↑	100.0	100.0	100.0	↑	↑	↑	↑	↑	↑
<i>By equity class (in percent)⁷</i>												
14 Under 40.....	18.0	34.0	↑	29.0	30.0	31.0	↑	↑	↑	↑	↑	↑
15 40-49.....	18.0	20.0	n.a.	20.0	19.0	20.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
16 50-59.....	16.0	19.0	↓	20.0	22.0	20.0	↓	↓	↓	↓	↓	↓
17 60-69.....	9.0	11.0	↓	13.0	12.0	13.0	↓	↓	↓	↓	↓	↓
18 70-79.....	5.0	8.0	↓	9.0	8.0	8.0	↓	↓	↓	↓	↓	↓
19 80 or more.....	6.0	8.0	↓	9.0	9.0	8.0	↓	↓	↓	↓	↓	↓
Special miscellaneous-account balances at brokers (end of period) ⁶												
20 Total balances (millions of dollars) ⁸	75,840	99,310	↑	105,790	109,620	112,401	↑	↑	↑	↑	↑	↑
<i>Distribution by equity status (percent)</i>												
21 Net credit status.....	59.0	58.0	n.a.	59.0	58.0	59.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Debt status, equity of												
22 60 percent or more.....	29.0	31.0	↓	33.0	33.0	32.0	↓	↓	↓	↓	↓	↓
23 Less than 60 percent.....	11.0	11.0	↓	8.0	9.0	9.0	↓	↓	↓	↓	↓	↓
Margin requirements (percent of market value and effective date) ⁹												
	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974						
24 Margin stocks.....	70	80	65	55	65	50						
25 Convertible bonds.....	50	60	50	50	50	50						
26 Short sales.....	70	80	65	55	65	50						

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

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

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

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

5. New series beginning June 1984.

6. In July 1986, the New York Stock Exchange stopped reporting certain data items that were previously obtained in a monthly survey of a sample of brokers

and dealers. Data items that are no longer reported include distributions of margin debt by equity status of the account and special miscellaneous-account balances.

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

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

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

A26 Domestic Financial Statistics □ March 1987

1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1983	1984	1986										
			Feb.	Mar.	Apr.	May	June	July	Aug. ^r	Sept. ^r	Oct. ^r	Nov.	Dec.
Savings and loan associations													
1 Assets.....	773,417	903,488	943,029	947,302	954,869 ^r	963,274 ^r	954,224 ^r	958,029 ^r	965,055	957,319	962,097	964,664	↑
2 Mortgages.....	494,789	555,277	576,608	574,732	575,177 ^r	574,992 ^r	565,043 ^r	565,380 ^r	566,474	557,152	557,892	556,892	↑
3 Mortgage-backed securities.....	.....	.....	98,482	99,332	103,415 ^r	108,324 ^r	113,161 ^r	113,095	113,619	117,671	120,642	122,486	↑
4 Cash and investment securities ¹	104,274	124,801	127,028	131,464	132,352 ^r	134,881 ^r	130,877 ^r	138,866	138,550	138,680	141,701	141,701	↑
5 Other.....	174,354	223,396	239,394	241,104	247,339 ^r	253,399 ^r	258,303 ^r	259,858 ^r	259,713	261,616	265,522	266,070	↑
6 Liabilities and net worth.....	773,417	903,488	943,029	947,302	954,869 ^r	963,274 ^r	954,224 ^r	958,029 ^r	965,055	957,319	962,097	964,664	↑
7 Savings capital.....	634,455	725,045	747,016	752,056	750,299	751,138	744,026 ^r	747,020	749,020	743,519	742,668	740,350	n.a.
8 Borrowed money.....	92,127	125,666	131,671	133,407	140,427 ^r	145,032 ^r	148,049 ^r	146,579 ^r	148,535	155,729	152,667	156,793	n.a.
9 FHL/BB.....	52,626	64,207	71,214	70,464	73,815	73,520	73,533 ^r	75,058	75,594	80,364	75,295	75,511	n.a.
10 Other.....	39,501	61,459	60,457	62,943	66,612 ^r	71,512 ^r	74,496 ^r	71,521 ^r	72,941	75,365	77,372	81,282	n.a.
11 Other.....	15,968	17,944	23,125	20,078	21,978 ^r	24,722 ^r	20,792 ^r	22,856 ^r	24,704	15,461	23,372	24,101	n.a.
12 Net worth ²	30,867	34,833	41,217	41,760	42,163 ^r	42,382 ^r	41,357 ^r	41,574 ^r	42,796	42,610	43,390	43,421	n.a.
MEMO													
13 Mortgage loan commitments outstanding ³	54,113	61,305	52,542	54,366	55,818	57,997	57,200 ^r	55,687	53,180	51,143	49,879	48,198	↓
FSLIC-insured federal savings banks													
14 Assets.....	64,969	98,559	146,508	152,823	155,686	164,129	180,124 ^r	183,310 ^r	186,812	196,244	202,110	205,054	↑
15 Mortgages.....	38,698	57,429	81,641	85,028	86,598 ^r	89,108	99,758 ^r	101,759 ^r	103,020	108,229	110,387	111,966	↑
16 Mortgage-backed securities.....	7,172	9,949	16,367	17,851	18,661	19,829	21,598 ^r	23,247 ^r	24,097	26,443	27,525	28,110	↑
17 Other.....	6,595	10,971	13,759	13,923	14,590	15,083	16,774 ^r	17,025 ^r	17,056	18,492	18,684	19,284	↑
18 Liabilities and net worth.....	64,969	98,559	146,508	152,823	155,686 ^r	164,129	180,124 ^r	183,310 ^r	186,812	196,244	202,110	205,054	↑
19 Savings capital.....	53,227	79,572	114,743	119,434	121,133	126,123	138,168	140,610	142,858	149,705	152,834	154,393	n.a.
20 Borrowed money.....	7,477	12,798	21,254	22,747	23,196	25,686	28,502	28,722	29,390	32,319	33,430	33,954	n.a.
21 FHL/BB.....	4,640	7,515	11,283	12,064	12,476	12,830	15,301	15,866	16,123	16,853	17,382	17,863	n.a.
22 Other.....	2,837	5,283	9,971	10,683	10,720	12,856	13,201	12,856	13,267	15,466	16,048	16,091	n.a.
23 Other.....	1,157	1,903	3,397	3,291	3,758	4,338	4,279	4,555	4,918	4,670	5,325	5,842	n.a.
24 Net worth.....	3,108	4,286	7,114	7,349	7,599	7,982	9,175 ^r	9,424	9,647	10,181	10,522	10,867	n.a.
MEMO													
25 Mortgage loan commitments outstanding ³	2,151	3,234	7,718	8,330	8,287	8,762	9,410	10,134	9,770	10,216	9,358	9,970	↓
Savings banks													
26 Assets.....	193,535	203,898	218,119	221,256	222,542	226,495	223,367	224,569	227,011	228,854	230,919	↑	
Loans													↑
27 Mortgage.....	97,356	102,895	109,702	110,271	111,813	112,417	110,958	111,971	113,265	114,188	116,648	116,648	↑
28 Other.....	19,129	24,954	32,501	34,873	34,591	35,500	36,692	36,421	37,350	37,298	36,130	36,130	↑
Securities													↑
29 U.S. government.....	15,360	14,643	12,474	12,313	12,013	13,210	12,115	12,297	12,043	12,357	12,585	12,585	↑
30 Mortgage-backed securities.....	18,205	19,215	21,525	21,593	21,885	22,546	22,413	22,954	21,161	23,216	23,437	23,437	↑
31 State and local government.....	2,177	2,077	2,297	2,306	2,372	2,343	2,281	2,309	2,400	2,407	2,347	2,347	↑
32 Corporate and other.....	25,375	23,747	20,707	20,403	20,439	20,260	20,062	20,862	20,602	20,902	21,156	21,156	↑
33 Cash.....	6,263	4,954	5,646	5,845	5,570	6,225	5,301	4,651	5,018	4,811	5,195	5,195	n.a.
34 Other assets.....	9,670	11,413	13,267	13,652	13,859	13,994	13,244	13,104	13,172	13,675	13,421	13,421	n.a.
35 Liabilities.....	193,535	203,898	218,119	221,256	222,542	226,495	223,367	224,569	227,011	228,854	230,919	230,919	↑
36 Deposits.....	172,665	180,616	186,777	188,960	189,025	190,310	189,109	188,615	189,937	190,210	190,334	190,334	↑
37 Regular ⁴	170,135	177,418	182,890	184,704	184,580	185,716	183,970	183,433	184,764	185,002	185,254	185,254	↑
38 Ordinary savings.....	38,554	33,739	32,693	33,021	33,057	33,577	34,008	34,166	34,530	35,227	36,165	36,165	↑
39 Time.....	95,129	104,732	104,588	105,562	105,550	105,146	103,083	102,374	102,668	102,191	101,125	101,125	↑
40 Other.....	2,530	3,198	3,887	4,256	4,445	4,594	5,139	5,182	5,173	5,208	5,080	5,080	↑
41 Other liabilities.....	10,154	12,504	17,793	18,412	19,074	21,384	19,226	20,641	21,360	21,947	23,319	23,319	↑
42 General reserve accounts.....	10,368	10,510	13,211	13,548	14,114	14,519	14,731	15,084	15,427	16,319	16,896	16,896	↑

1.37—Continued

Account	1983	1984	1986										
			Feb.	Mar.	Apr.	May	June	July	Aug. ¹	Sept. ¹	Oct. ¹	Nov.	Dec.
Credit unions ⁵													
43 Total assets/liabilities and capital	81,961	93,036	122,623	126,653	128,229	132,415	134,703	137,901	139,233	140,496	143,662	145,653	↑
44 Federal	54,482	63,205	80,024	82,275	83,543	86,289	87,579	89,539	90,367	91,981	93,257	94,638	↑
45 State	27,479	29,831	42,599	44,378	44,686	46,126	47,124	48,362	48,866	48,515	50,405	51,015	↑
46 Loans outstanding	50,083	62,561	74,207	75,300	76,385	76,774	77,847	79,647	80,656	81,820	83,388	84,635	↑
47 Federal	32,930	42,337	48,059	48,633	49,756	49,950	50,613	51,331	52,007	53,042	53,434	53,877	↑
48 State	17,153	20,224	26,148	26,667	26,629	26,824	27,234	28,316	28,649	28,778	29,954	30,758	↑
49 Savings	74,739	84,348	110,541	114,579	116,703	120,331	122,952	125,331	126,268	128,125	130,483	131,778	↑
50 Federal	49,889	57,539	73,227	75,698	77,112	79,479	80,975	82,596	83,132	84,607	86,158	87,009	↑
51 State	24,850	26,809	37,314	38,881	39,591	40,852	41,977	42,735	43,136	43,518	44,325	44,769	↑
Life insurance companies													
52 Assets	654,948	722,979	839,856	848,535	855,605	863,610	872,359	877,919	887,255	892,304	↑	↑	↑
Securities											↑	↑	↑
53 Government	50,752	63,899	76,761	77,965	78,494	79,051	78,284	78,722	79,188	81,636	↑	↑	↑
54 United States ⁶	28,636	42,204	53,264	54,289	54,705	55,120	54,197	54,321	54,487	56,698	↑	↑	↑
55 State and local	9,986	8,713	9,588	9,674	9,869	9,930	10,114	10,350	10,472	10,606	↑	↑	↑
56 Foreign ⁷	12,130	12,982	13,909	14,002	13,920	14,001	13,973	14,051	14,229	14,332	↑	↑	↑
57 Business	322,854	359,333	435,758	440,963	445,573	450,279	455,119	455,013	463,135	462,540	↑	↑	↑
58 Bonds	257,986	295,998	354,911	357,196	361,306	364,122	367,966	369,704	374,670	378,267	↑	↑	↑
59 Stocks	64,868	63,335	80,847	83,767	84,267	86,157	87,153	85,309	88,465	84,273	↑	↑	↑
60 Mortgages	150,999	156,699	172,997	174,823	175,951	177,554	180,041	182,542	183,943	185,268	↑	↑	↑
61 Real estate	22,234	25,767	29,356	29,804	30,059	30,025	30,350	31,151	31,844	31,725	↑	↑	↑
62 Policy loans	54,063	54,505	54,267	54,273	54,272	54,351	57,342	54,249	54,247	54,273	↑	↑	↑
63 Other assets	54,046	63,776	57,351	57,753	57,492	57,802	58,290	58,792	57,905	58,086	↑	↑	↑

1. Holdings of stock of the Federal Home Loan Banks are in "other assets."
 2. Includes net undistributed income accrued by most associations.
 3. As of July 1985, data include loans in process.
 4. Excludes checking, club, and school accounts.
 5. Data include all federally insured credit unions, both federal and state chartered, serving natural persons.
 6. Direct and guaranteed obligations. Excludes federal agency issues not guaranteed, which are shown in the table under "Business" securities.
 7. Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.

NOTE. *Savings and loan associations*: Estimates by the FHLBB for all associations in the United States based on annual benchmarks for non-FSLIC-insured associations and the experience of FSLIC-insured associations.

FSLIC-insured federal savings banks: Estimates by the FHLBB for federal savings banks insured by the FSLIC and based on monthly reports of federally insured institutions.

Savings banks: Estimates by the National Council of Savings Institutions for all savings banks in the United States and for FDIC-insured savings banks that have converted to federal savings banks.

Credit unions: Estimates by the National Credit Union Administration for federally chartered and federally insured state-chartered credit unions serving natural persons.

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

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1984	Fiscal year 1985	Fiscal year 1986	Calendar year					
				1986					
				July	Aug.	Sept.	Oct.	Nov.	Dec.
<i>U.S. budget¹</i>									
1 Receipts, total	666,457	734,057	769,091	62,974	56,523	78,013	59,012	52,967	78,035
2 On budget	n.a.	547,886	568,862	47,571	41,404	59,978	43,865	38,158	60,694
3 Off-budget	n.a.	186,170	200,228	15,402	15,119	18,035	15,147	14,809	17,341
4 Outlays, total	851,796	945,987	989,789	85,203	84,434	81,750	84,267	79,973	90,112
5 On budget	n.a.	769,180	806,291	69,604	68,112	65,614	68,780	63,639	75,623
6 Off-budget	n.a.	176,807	183,498	15,599	16,322	16,136	15,486	16,334	14,489
7 Surplus, or deficit (-), total	-185,339	211,931	220,698	22,229	27,911	-3,737	25,255	27,006	-12,077
8 On budget	n.a.	221,294	237,428	22,033	26,708	5,636	24,915	25,481	14,930
9 Off-budget	n.a.	9,363	16,371	-196	-1,203	1,898	340	1,524	2,853
Source of financing (total)									
10 Borrowing from the public	170,817	197,269	235,745	14,980	20,278	22,188	5,936	40,352	22,824
11 Cash and monetary assets (decrease, or increase (+)) ²	5,636	10,673	18,044	3,972	10,298	-21,313	18,131	-2,721	-14,751
12 Other ³	8,885	3,989	2,997	3,277	2,665	2,862	1,188	-10,625	4,004
MEMO									
13 Treasury operating balance (level, end of period)	22,345	17,060	31,384	20,810	10,428	31,384	13,616	17,007	30,945
14 Federal Reserve Banks	3,791	4,174	7,514	3,983	1,106	7,514	2,491	2,529	7,588
15 Tax and loan accounts	18,553	12,886	23,870	16,827	9,322	23,870	11,126	14,478	23,357

1. In accordance with the Balanced Budget and Emergency Deficit Control Act of 1985, all former off-budget entries are now presented on-budget. The Federal Financing Bank (FFB) activities are now shown as separate accounts under the agencies that use the FFB to finance their programs. The act has also moved two social security trust funds (Federal old-age survivors insurance and Federal disability insurance trust funds) off-budget.

2. Includes U.S. Treasury operating cash accounts; SDRs; reserve position on the U.S. quota in the IMF; loans to International Monetary Fund; and other cash and monetary assets.

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

SOURCE: "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government," and the "Daily Treasury Statement."

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1985	Fiscal year 1986	Calendar year						
			1985		1986		1986		
			H1	H2	H1	H2	Oct.	Nov.	Dec.
RECEIPTS									
1 All sources	734,057	769,091	380,618	364,790	394,345	387,524	59,012	52,967	78,035
2 Individual income taxes, net	334,560	348,959	166,783	169,987	169,444	183,156	31,123	24,122	33,584
3 Withheld	298,941	314,803	149,288	155,725	153,919	164,071	29,556	24,242	30,733
4 Presidential Election Campaign Fund	35	36	29	6	31	4	0	0	0
5 Nonwithheld	101,328	105,994	76,155	22,295	78,981	27,733	3,122	1,143	3,585
6 Refunds	65,743	71,873	58,684	8,038	63,488	8,652	1,554	1,263	734
Corporation income taxes									
7 Gross receipts	77,413	80,442	42,193	36,528	41,946	42,108	3,219	2,716	16,531
8 Refunds	16,082	17,298	8,370	7,751	9,557	8,230	2,679	968	839
9 Social insurance taxes and contributions, net	265,163	283,901	144,598	128,017	156,714	134,006	21,179	21,751	22,267
10 Employment taxes and contributions ¹	234,646	255,062	126,038	116,276	139,706	122,246	19,583	19,015	21,625
11 Self-employment taxes and contributions ²	10,468	11,840	9,482	985	10,581	1,338	0	223	0
12 Unemployment insurance	25,758	24,098	16,213	9,281	14,674	9,328	1,135	2,377	196
13 Other net receipts ³	4,759	4,741	2,350	2,458	2,333	2,429	459	360	446
14 Excise taxes	35,992	32,919	17,259	18,470	15,944	15,947	2,708	2,488	3,003
15 Customs deposits	12,079	13,323	5,807	6,354	6,369	7,282	1,281	1,090	1,098
16 Estate and gift taxes	6,422	6,958	3,204	3,323	3,487	3,649	647	488	695
17 Miscellaneous receipts ⁴	18,510	19,887	9,144	9,861	10,002	9,603	1,534	1,279	1,696
OUTLAYS									
18 All types	946,223	989,789	463,842	487,188	486,037	505,739	84,267	79,973	90,112
19 National defense	252,748	273,369	124,186	134,675	135,367	138,544	23,177	20,907	24,401
20 International affairs	16,176	14,471	6,675	8,367	5,384	8,750	1,259	1,986	1,014
21 General science, space, and technology	8,627	9,017	4,230	4,727	12,519	4,594	794	708	843
22 Energy	5,685	4,792	680	3,305	2,484	2,735	405	553	485
23 Natural resources and environment	13,357	13,508	5,892	7,553	6,245	7,141	1,200	973	1,253
24 Agriculture	25,565	31,169	11,705	15,412	14,482	16,160	3,573	3,162	3,751
25 Commerce and housing credit	4,229	4,258	-260	644	860	3,647	593	182	-314
26 Transportation	25,838	28,058	11,440	15,360	12,658	14,745	2,107	2,399	2,409
27 Community and regional development	7,680	7,510	3,408	3,901	3,169	3,494	735	478	548
28 Education, training, employment, social services	29,342	29,662	14,149	14,481	14,712	15,268	2,332	2,504	2,896
29 Health	33,542	35,936	16,945	17,237	17,872	19,814	4,266	3,153	3,032
30 Social security and medicare	254,446	190,850	128,351	129,037	135,214	138,296	23,700	22,182	23,378
31 Income security	128,200	120,686	63,246	59,457	60,786	59,628	9,367	9,130	11,625
32 Veterans benefits and services	26,352	26,614	11,956	14,527	12,193	14,497	3,491	797	3,641
33 Administration of justice	6,277	6,555	3,016	3,212	3,352	3,360	539	505	684
34 General government	5,228	6,796	2,857	3,634	3,566	2,786	209	371	895
35 General-purpose fiscal assistance	6,353	6,430	2,659	3,391	2,179	2,767	284	-2	226
36 Net interest ⁵	129,436	135,284	65,143	67,448	68,054	66,770	9,951	12,441	11,912
37 Undistributed offsetting receipts ⁶	-32,759	-33,244	-14,436	-17,953	-17,193	-17,426	-3,719	-2,455	-2,694

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

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

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

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

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

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

SOURCE: "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government," and the *Budget of the U.S. Government, Fiscal Year 1987*.

A30 Domestic Financial Statistics □ March 1987

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1984		1985				1986		
	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30
1 Federal debt outstanding	1,576.7	1,667.4	1,715.1	1,779.0	1,827.5	1,950.3	1,991.1	2,063.6	2,129.5
2 Public debt securities	1,572.3	1,663.0	1,710.7	1,774.6	1,823.1	1,945.9	1,986.8	2,059.3	2,125.3
3 Held by public	1,309.2	1,373.4	1,415.2	1,460.5	1,506.6	1,597.1	1,634.3	1,684.9	1,742.4
4 Held by agencies	263.1	289.6	295.5	314.2	316.5	348.9	352.6	374.4	382.9
5 Agency securities	4.5	4.5	4.4	4.4	4.4	4.4	4.3	4.3	4.2
6 Held by public	3.4	3.4	3.3	3.3	3.3	3.3	3.2	3.2	3.2
7 Held by agencies	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
8 Debt subject to statutory limit	1,573.0	1,663.7	1,711.4	1,775.3	1,823.8	1,932.4	1,973.3	2,060.0	2,111.0
9 Public debt securities	1,571.7	1,662.4	1,710.1	1,774.0	1,822.5	1,931.1	1,972.0	2,058.7	2,109.7
10 Other debt ¹	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
11 MEMO: Statutory debt limit	1,573.0	1,823.8	1,823.8	1,823.8	1,823.8	2,078.7	2,078.7	2,078.7	2,111.0

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* and *Daily Treasury Statement* (U.S. Treasury Department).

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

Billions of dollars, end of period

Type and holder	1982	1983	1984	1985	1986			
					Q4	Q1	Q2	Q3
1 Total gross public debt	1,197.1	1,410.7	1,663.0	1,945.9	1,945.9	1,986.8	2,059.3	2,125.3
By type								
2 Interest-bearing debt	1,195.5	1,400.9	1,660.6	1,943.4	1,943.4	1,984.2	2,056.7	2,122.7
3 Marketable	881.5	1,050.9	1,247.4	1,437.7	1,437.7	1,472.8	1,498.2	1,564.3
4 Bills	311.8	343.8	374.4	399.9	399.9	393.2	396.9	410.7
5 Notes	463.0	573.4	705.1	812.5	812.5	842.5	869.3	896.9
6 Bonds	104.6	133.7	167.9	211.1	211.1	223.0	232.3	241.7
7 Nonmarketable ¹	314.0	350.0	413.2	505.7	505.7	511.4	558.5	558.4
8 State and local government series	25.7	36.7	44.4	87.5	87.5	88.5	98.2	102.4
9 Foreign issues ²	14.7	10.4	9.1	7.5	7.5	6.7	5.3	4.1
10 Government	13.0	10.4	9.1	7.5	7.5	6.7	5.3	4.1
11 Public	1.7	.0	.0	.0	.0	.0	.0	.0
12 Savings bonds and notes	68.0	70.7	73.1	78.1	78.1	79.8	82.3	85.6
13 Government account series ³	205.4	231.9	286.2	332.2	332.2	336.0	372.3	365.9
14 Non-interest-bearing debt	1.6	9.8	2.3	2.5	2.5	2.6	2.6	.4
By holder ⁴								
15 U.S. government agencies and trust funds	209.4	236.3	289.6	348.9	348.9	352.6	374.4	382.9
16 Federal Reserve Banks	139.3	151.9	160.9	181.3	181.3	184.8	183.8	190.8
17 Private investors	848.4	1,022.6	1,212.5	1,417.2	1,417.2	1,473.1	1,502.7	1,553.3
18 Commercial banks	131.4	188.8	183.4	192.2	192.2	195.1	197.2	212.5
19 Money market funds	42.6	22.8	25.9	25.1	25.1	29.9	22.8	24.9
20 Insurance companies	39.1	56.7	76.4	93.2	93.2	95.8	n.a.	n.a.
21 Other companies	24.5	39.7	50.1	59.0	59.0	59.6	59.8	67.0
22 State and local governments	127.8	155.1	179.4	n.a.	n.a.	n.a.	n.a.	n.a.
Individuals								
23 Savings bonds	68.3	71.5	74.5	79.8	79.8	81.4	83.8	87.1
24 Other securities	48.2	61.9	69.3	75.0	75.0	76.2	73.9	69.0
25 Foreign and international ⁵	149.5	166.3	192.9	214.6	214.6	225.4	239.8	256.3
26 Other miscellaneous investors ⁶	217.0	259.8	360.6	n.a.	n.a.	n.a.	n.a.	n.a.

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

2. Nonmarketable dollar-denominated and foreign currency-denominated securities 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 Transactions¹

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

Item	1983	1984	1985	1986			1986 week ending Wednesday						
				Oct.	Nov.	Dec.	Nov. 26	Dec. 3	Dec. 10	Dec. 17	Dec. 24	Dec. 31	
Immediate delivery ²													
1 U.S. government securities	42,135	52,778	75,331	93,308	96,844	88,557	100,142	89,988	107,541	90,993	76,232	64,519	
<i>By maturity</i>													
2 Bills	22,393	26,035	32,900	32,634	32,218	33,095	30,424	29,433	37,931	32,414	30,491	31,053	
3 Other within 1 year	708	1,305	1,811	2,221	2,122	2,348	2,112	2,407	1,874	2,214	2,733	2,095	
4 1-5 years	8,758	11,733	18,361	25,480	25,954	21,989	27,730	19,536	24,662	25,479	21,449	13,872	
5 5-10 years	5,279	7,606	12,703	21,186	20,976	19,388	24,941	23,635	28,038	18,433	12,117	11,963	
6 Over 10 years	4,997	6,099	9,556	11,787	15,574	11,737	14,935	14,978	15,037	12,453	9,442	5,536	
<i>By type of customer</i>													
7 U.S. government securities dealers	2,257	2,919	3,336	3,905	3,902	3,306	3,346	4,764	4,490	3,762	2,457	2,199	
8 U.S. government securities brokers	21,045	25,580	36,222	49,366	50,707	44,553	51,757	44,207	57,156	45,922	36,989	29,723	
9 All others ³	18,833	24,278	35,773	40,037	42,235	40,698	45,040	41,017	45,896	41,310	36,787	32,597	
10 Federal agency securities	5,576	7,846	11,640	18,302	20,111	20,158	23,840	17,606	21,053	26,342	19,184	11,530	
11 Certificates of deposit	4,333	4,947	4,016	4,372	3,861	3,686	4,990	3,802	4,069	3,686	3,870	2,740	
12 Bankers acceptances	2,642	3,243	3,242	3,348	2,859	2,478	2,873	3,163	2,930	2,230	2,141	1,677	
13 Commercial paper	8,036	10,018	12,717	17,078	16,705	16,565	17,997	15,758	16,111	15,786	18,133	14,381	
<i>Futures transactions⁴</i>													
14 Treasury bills	6,655	6,947	5,561	1,754	2,801	1,894	2,682	1,533	2,618	2,837	863	1,272	
15 Treasury coupons	2,501	4,503	6,069	5,416	6,387	5,519	6,570	6,905	6,958	6,413	3,435	3,021	
16 Federal agency securities	265	262	240	0	11	0	36	2	0	0	*	1	
<i>Forward transactions⁵</i>													
17 U.S. government securities	1,493	1,364	1,283	1,731	2,403	2,066	1,367	975	726	3,634	3,058	1,314	
18 Federal agency securities	1,646	2,843	3,857	8,450	10,258	9,928	11,579	7,809	11,222	13,727	9,790	4,276	

1. Transactions are market purchases and sales of securities as reported to the Federal Reserve Bank of New York by the U.S. government securities dealers on its published list of primary dealers.

Averages for transactions are based on the number of trading days in the period. The figures exclude allotments of, and exchanges for, new U.S. government securities, redemptions of called or matured securities, purchases or sales of securities under repurchase agreement, reverse repurchase (resale), or similar contracts.

2. Data for immediate transactions do not include forward transactions.

3. Includes, among others, all other dealers and brokers in commodities and

securities, nondealer departments of commercial banks, foreign banking agencies, and the Federal Reserve System.

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

5. Forward transactions are agreements arranged in the over-the-counter market in which securities are purchased (sold) for delivery after 5 business days from the date of the transaction for government securities (Treasury bills, notes, and bonds) or after 30 days for mortgage-backed agency issues.

NOTE: Data for the period May 1 to Sept. 30, 1986, are partially estimated.

1.43 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing¹

Averages of daily figures, in millions of dollars

Item	1983	1984	1985	1986			1986 week ending Wednesday				
				Oct.	Nov.	Dec.	Dec. 3	Dec. 10	Dec. 17	Dec. 24	Dec. 31
Positions											
Net immediate ²											
1 U.S. government securities	14,082	5,429	7,391	8,297	14,368	10,213	16,483	12,962	6,435	8,156	8,778
2 Bills	10,800	5,500	10,075	11,060	14,967	10,975	15,666	12,479	9,373	8,868	9,681
3 Other within 1 year	921	63	1,050	2,704	2,030	2,968	2,549	3,075	2,851	3,146	2,974
4 1-5 years	1,912	2,159	5,154	9,676	8,419	6,814	7,114	7,414	4,585	7,044	8,279
5 5-10 years	-78	1,119	-6,202	-11,127	-8,131	-6,975	-5,596	-6,853	-6,892	-7,287	-7,702
6 Over 10 years	528	1,174	-2,686	-4,017	-2,916	-3,568	-3,250	-3,153	-3,481	-3,616	-4,454
7 Federal agency securities	7,313	15,294	22,860	29,066	30,257	34,680	30,704	32,252	36,521	37,689	34,575
8 Certificates of deposit	5,838	7,369	9,192	9,511	9,956	10,049	11,050	11,301	9,469	9,291	9,440
9 Bankers acceptances	3,332	3,874	4,586	5,897	5,244	5,072	5,137	5,868	4,905	4,697	4,703
10 Commercial paper	3,159	3,788	5,570	8,302	9,630	9,789	9,693	9,076	10,395	9,673	10,065
Futures positions											
11 Treasury bills	-4,125	-4,525	-7,322	-15,845	-15,972	-16,170	-17,634	-18,159	-16,316	-14,533	-14,305
12 Treasury coupons	-1,033	1,794	4,465	3,424	4,022	3,360	3,778	3,123	3,298	2,878	4,254
13 Federal agency securities	171	233	722	-70	-82	89	-85	89	89	91	-90
Forward positions											
14 U.S. government securities	-1,936	-1,643	-911	-122	-781	-2,099	-287	-1,521	-2,464	-2,750	-2,762
15 Federal agency securities	-3,561	-9,205	-9,420	-11,322	-14,622	-17,062	-15,220	-15,842	-19,849	-19,101	-14,458
Financing ³											
Reverse repurchase agreements ⁴											
16 Overnight and continuing	29,099	44,078	68,035	115,847	108,790	109,241	111,701	115,124	117,984	100,519	101,861
17 Term agreements	52,493	68,357	80,509	110,294	117,299	123,297	113,426	115,600	120,403	132,610	130,498
Repurchase agreements ⁵											
18 Overnight and continuing	57,946	75,717	101,410	150,662	146,960	149,315	159,998	161,115	163,962	127,007	138,766
19 Term agreements	44,410	57,047	70,076	108,375	115,968	120,500	102,718	105,670	105,778	147,723	133,497

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

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

3. Immediate positions are net amounts (in terms of par values) of securities owned by nonbank dealer firms and dealer departments of commercial banks on a commitment, that is, trade-date basis, including any such securities that have been sold under agreements to repurchase (RPs). The maturities of some repurchase agreements are sufficiently long, however, to suggest that the securities involved are not available for trading purposes. Immediate positions include

reverses to maturity, which are securities that were sold after having been obtained under reverse repurchase agreements that mature on the same day as the securities. Data for immediate positions do not include forward positions.

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

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

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

NOTE: Data on positions for the period May 1 to Sept. 30, 1986, are partially estimated.

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1983	1984	1985	1986					
				June	July	Aug.	Sept.	Oct.	Nov.
1 Federal and federally sponsored agencies	240,068	271,220	293,905	296,226	298,361	299,211	302,411	305,011	n.a.
2 Federal agencies	33,940	35,145	36,390	35,826	35,768	36,132	36,473	36,716	36,952
3 Defense Department ¹	243	142	71	48	45	40	37	36	35
4 Export-Import Bank ^{2,3}	14,853	15,882	15,678	14,953	14,953	14,953	14,274	14,274	14,274
5 Federal Housing Administration ⁴	194	133	115	115	115	115	117	123	124
6 Government National Mortgage Association participation certificates ⁵	2,165	2,165	2,165	2,165	2,165	2,165	2,165	2,165	2,165
7 Postal Service ⁶	1,404	1,337	1,940	1,854	1,854	1,854	3,104	3,104	3,104
8 Tennessee Valley Authority	14,970	15,435	16,347	16,617	16,562	16,931	16,702	16,940	17,176
9 United States Railway Association ⁶	111	51	74	74	74	74	74	74	74
10 Federally sponsored agencies ⁷	206,128	236,075	257,515	260,400	262,593	263,079	265,938	268,295	n.a.
11 Federal Home Loan Banks	48,930	65,085	74,447	81,558	83,081	85,997	87,133	87,146	86,891
12 Federal Home Loan Mortgage Corporation	6,793	10,270	11,926	12,276	12,818	12,801	13,548	14,007	n.a.
13 Federal National Mortgage Association	74,594	83,720	93,896	92,562	93,417	92,286	91,629	93,272	93,477
14 Farm Credit Banks	72,816	71,193	68,851	63,585	62,857	61,375	63,073	63,079	62,693
15 Student Loan Marketing Association ⁸	3,402	5,745	8,395	10,419	10,420	10,420	10,555	10,791	11,102
MEMO									
16 Federal Financing Bank debt⁹	135,791	145,217	153,373	155,222	155,526	156,132	156,873	157,371	157,452
<i>Lending to federal and federally sponsored agencies</i>									
17 Export-Import Bank ³	14,789	15,852	15,670	14,947	14,947	14,947	14,268	14,268	14,268
18 Postal Service ⁶	1,154	1,087	1,690	1,604	1,604	1,604	2,854	2,854	2,854
19 Student Loan Marketing Association	5,000	5,000	5,000	5,000	5,000	5,000	4,970	4,970	4,970
20 Tennessee Valley Authority	13,245	13,710	14,622	14,942	14,937	15,306	15,077	15,315	15,751
21 United States Railway Association ⁶	111	51	74	74	74	74	74	74	74
<i>Other Lending¹⁰</i>									
22 Farmers Home Administration	55,266	58,971	64,234	64,924	65,174	65,274	65,374	65,374	65,374
23 Rural Electrification Administration	19,766	20,693	20,654	21,255	21,321	21,398	21,460	21,506	21,531
24 Other	26,460	29,853	31,429	32,476	32,469	32,529	32,796	32,810	32,630

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

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

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

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

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

6. Off-budget.

7. Includes outstanding noncontingent liabilities: Notes, bonds, and debentures. Some data are estimated.

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

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

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

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1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1983	1984	1985	1986							
				Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
1 All issues, new and refunding¹	86,421	106,641	214,189	12,578	13,215	12,611	19,833	25,965	4,532	8,825	10,085
<i>Type of issue</i>											
2 General obligation.....	21,566	26,485	52,622	5,459	7,115	6,326	6,531	5,931	1,267	2,104	1,427
3 Revenue.....	64,855	80,156	161,567	7,120	6,100	6,285	13,302	20,034	3,265	6,721	8,658
<i>Type of issuer</i>											
4 State.....	7,140	9,129	13,004	1,956	2,825	1,705	2,879	2,121	9	697	111
5 Special district and statutory authority ²	51,297	63,550	134,363	7,350	6,427	6,351	10,589	15,714	3,275	5,757	7,761
6 Municipalities, counties, townships.....	27,984	33,962	66,822	3,273	3,962	4,554	6,365	8,125	1,248	2,371	2,213
7 Issues for new capital, total	72,441	94,050	156,050	6,938	7,155	8,178	13,165	17,810	2,558	3,789	4,085
<i>Use of proceeds</i>											
8 Education.....	8,099	7,553	16,658	1,706	1,827	1,694	2,800	2,926	558	928	1,486
9 Transportation.....	4,387	7,552	12,070	815	273	947	3,164	1,460	827	1,195	976
10 Utilities and conservation.....	13,588	17,844	26,852	4,554	3,450	1,583	4,425	6,292	1,365	2,396	3,239
11 Social welfare.....	26,910	29,928	63,181	579	1,424	1,518	1,186	2,554	812	2,098	2,635
12 Industrial and.....	7,821	15,415	12,892	313	264	255	975	489	138	499	331
13 Other purposes.....	11,637	15,758	24,398	4,610	5,978	6,614	7,281	12,245	832	1,708	1,418

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

SOURCES: Securities Data Company beginning April 1986. Public Securities Association for earlier data. This new data source began with the November BULLETIN.

1.46 NEW SECURITY ISSUES Corporations

Millions of dollars

Type of issue or issuer, or use	1983	1984	1985	1986							
				Apr.	May	June	July	Aug.	Sept.	Oct. ²	Nov.
1 All issues¹	119,949	132,531	201,269	33,489	19,564	25,776	21,093	24,245	16,093	28,506	29,829
2 Bonds²	68,370	109,903	165,754	27,883	13,050	20,756	16,766	18,481	12,830	23,400	23,600
<i>Type of offering</i>											
3 Public.....	47,244	73,579	119,559	27,883	13,050	20,756	16,766	18,481	12,830	23,400	23,600
4 Private placement.....	21,126	36,324	46,195	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Industry group</i>											
5 Manufacturing.....	17,001	24,607	52,228	7,975	3,939	5,368	2,535	4,536	2,345	2,055	3,378
6 Commercial and miscellaneous.....	7,540	13,726	15,215	2,640	1,776	2,206	3,410	1,045	1,405	1,092	1,183
7 Transportation.....	3,833	4,694	5,743	614	427	250	497	550	375	170	0
8 Public utility.....	9,125	10,679	12,957	3,330	1,709	1,948	1,470	2,098	1,915	2,537	2,587
9 Communication.....	3,642	2,997	10,456	3,115	712	810	465	1,615	417	1,255	1,158
10 Real estate and financial.....	27,227	53,199	69,157	10,210	4,487	10,174	8,389	8,638	6,373	16,185	15,295
11 Stocks³	51,579	22,628	35,515	5,606	6,514	5,020	4,327	5,764	3,263	5,106	6,229
<i>Type</i>											
12 Preferred.....	7,213	4,118	6,505	751	856	1,284	726	1,290	402	817	1,347
13 Common.....	44,366	18,510	29,010	4,855	5,658	3,736	3,601	4,474	2,861	4,289	4,882
<i>Industry group</i>											
14 Manufacturing.....	14,135	4,054	5,700	1,434	1,827	1,132	746	982	250	570	2,251
15 Commercial and miscellaneous.....	13,112	6,277	9,149	910	953	421	917	803	1,009	1,271	587
16 Transportation.....	2,729	589	1,544	158	372	154	179	57	28	511	15
17 Public utility.....	5,001	1,624	1,966	165	346	406	305	208	174	410	185
18 Communication.....	1,822	419	978	27	74	140	107	379	0	59	104
19 Real estate and financial.....	14,780	9,665	16,178	2,912	2,942	2,767	2,073	3,335	1,802	2,285	3,087

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

2. Monthly data include only public offerings.
 3. Beginning in August 1981, gross stock offerings include new equity volume from swaps of debt for equity.
- SOURCES: IDD Information Services, Inc., Securities and Exchange Commission and the Board of Governors of the Federal Reserve System.

1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1984	1985	1986							
			Apr.	May	June	July	Aug.	Sept.	Oct. ⁷	Nov.
INVESTMENT COMPANIES¹										
1 Sales of own shares ²	107,480	222,670	37,656	31,251	30,619	35,684	32,636	34,690	37,150	33,221
2 Redemptions of own shares ³	77,032	132,440	21,699	16,706	18,921	21,508	20,102	21,338	20,782	20,734
3 Net sales	30,448	90,230	15,957	14,545	11,698	14,176	12,534	13,352	16,368	12,487
4 Assets ⁴	137,126	251,695	329,684	343,926	356,040	360,050	387,547	381,872	402,644	416,969
5 Cash positions ⁵	12,181	20,607	29,599	28,184	28,083	28,080	28,682	29,540	30,826	29,395
6 Other	124,945	231,088	300,085	315,742	327,957	331,970	358,865	352,332	371,818	387,574

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

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

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

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

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

Account	1983	1984	1985	1984	1985				1986		
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1 Corporate profits with inventory valuation and capital consumption adjustment	213.7	264.7	280.6	265.0	266.4	274.3	296.3	285.6	296.4	293.1	302.0
2 Profits before tax	207.6	235.7	223.1	221.9	213.8	213.8	229.2	235.8	222.5	227.7	240.4
3 Profits tax liability	77.2	95.4	91.8	87.8	87.8	87.1	95.8	96.4	95.7	99.0	104.4
4 Profits after tax	130.4	140.3	131.4	134.1	126.0	126.7	133.4	139.4	126.9	128.8	135.9
5 Dividends	71.5	78.3	81.6	80.1	80.9	81.4	81.6	82.5	85.2	87.5	88.8
6 Undistributed profits	58.8	62.0	49.8	54.0	45.1	45.3	51.8	57.0	41.7	41.2	47.2
7 Inventory valuation	-10.9	-5.5	-6	-1.6	-5	1.6	6.1	-9.4	16.5	10.6	6.1
8 Capital consumption adjustment	17.0	34.5	58.1	44.7	53.2	58.9	61.0	59.2	57.3	54.8	55.5

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

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1.49 NONFINANCIAL CORPORATIONS Assets and Liabilities

Billions of dollars, except for ratio

Account	1980	1981	1982	1983	1984	1985				1986
						Q1	Q2	Q3	Q4	Q1
1 Current assets	1,328.3	1,419.6	1,437.1	1,575.9	1,703.0	1,722.7	1,734.6	1,763.0	1,784.6	1,795.7
2 Cash	127.0	135.6	147.8	171.8	173.6	167.5	167.1	176.3	189.2	195.3
3 U.S. government securities	18.7	17.7	23.0	31.0	36.2	35.7	35.4	32.6	33.0	31.0
4 Notes and accounts receivable	507.5	532.5	517.4	583.0	633.1	650.3	654.1	661.0	671.3	663.4
5 Inventories	543.0	584.0	579.0	603.4	656.9	665.7	666.7	675.0	666.0	679.6
6 Other	132.1	149.7	169.8	186.7	203.2	203.5	211.2	218.0	224.9	226.3
7 Current liabilities	890.6	971.3	986.0	1,059.6	1,163.6	1,174.1	1,182.9	1,211.9	1,233.6	1,222.3
8 Notes and accounts payable	514.4	547.1	550.7	595.7	647.8	636.9	651.7	670.4	682.7	668.4
9 Other	376.2	424.1	435.3	463.9	515.8	537.1	531.2	541.5	550.9	553.9
10 Net working capital	437.8	448.3	451.1	516.3	539.5	548.6	551.7	551.1	551.0	573.4
11 MEMO: Current ratio ¹	1.492	1.462	1.458	1.487	1.464	1.467	1.466	1.455	1.447	1.469

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

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

1.50 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment ▲

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

Industry	1984	1985	1986 ¹	1985			1986				1987
				Q2	Q3	Q4	Q1	Q2	Q3	Q4 ¹	Q1 ¹
1 Total nonfarm business	354.44	387.13	380.69	387.86	389.23	397.88	377.94	375.92	374.55	394.34	386.82
<i>Manufacturing</i>											
2 Durable goods industries	66.24	73.27	69.96	74.34	72.99	75.47	68.01	68.33	69.31	74.17	67.86
3 Nondurable goods industries	72.58	80.21	74.81	79.91	81.48	82.79	76.02	73.35	69.89	80.00	73.36
<i>Nonmanufacturing</i>											
4 Mining	16.86	15.88	11.24	16.56	15.89	15.25	12.99	11.22	10.15	10.62	10.36
<i>Transportation</i>											
5 Railroad	6.79	7.08	6.72	7.38	7.79	6.74	6.22	6.77	7.31	6.60	6.37
6 Air	3.56	4.79	6.04	3.71	5.17	6.07	6.58	5.77	5.69	6.12	7.22
7 Other	6.17	6.15	5.87	6.35	5.85	6.34	5.42	5.74	6.03	6.30	6.26
<i>Public utilities</i>											
8 Electric	37.03	36.11	33.96	36.00	35.58	36.38	34.21	33.81	33.91	33.91	33.34
9 Gas and other	10.44	12.71	12.57	12.61	12.86	13.41	12.82	12.74	11.99	12.72	12.97
10 Commercial and other ²	134.75	150.93	159.50	150.99	151.62	155.42	155.67	158.18	160.25	163.91	169.08

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

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

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1982	1983	1984	1985				1986		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3
ASSETS										
Accounts receivable, gross										
1 Consumer	78.1	87.4	96.7	99.1	106.0	116.4	120.8	125.5	134.7	146.7
2 Business	101.4	113.4	135.2	142.1	144.6	141.4	152.8	159.7	160.3	152.7
3 Real estate	20.2	22.5	26.3	27.2	28.4	29.0	30.4	31.5	32.4	33.8
4 Total	199.7	223.4	258.3	268.5	279.0	286.5	304.0	316.7	327.5	333.2
<i>Less:</i>										
5 Reserves for unearned income	31.9	33.0	36.5	36.6	38.6	41.0	40.9	41.3	41.8	43.6
6 Reserves for losses	3.5	4.0	4.4	4.9	4.8	4.9	5.0	5.1	5.2	5.5
7 Accounts receivable, net	164.3	186.4	217.3	227.0	235.6	240.6	258.1	270.3	280.4	284.1
8 All other	30.7	34.0	35.4	35.9	39.5	46.3	46.8	50.6	52.1	63.1
9 Total assets	195.0	220.4	252.7	262.9	275.2	286.9	304.9	321.0	332.5	347.2
LIABILITIES										
10 Bank loans	18.3	18.7	21.3	19.8	18.5	18.2	21.0	20.4	22.9	25.3
11 Commercial paper	51.1	59.7	72.5	79.1	82.6	93.6	96.9	102.0	106.4	110.6
<i>Debt</i>										
12 Other short-term	12.7	13.9	16.2	16.8	16.6	16.6	17.2	18.5	20.9	21.6
13 Long-term	64.4	68.1	77.2	78.3	85.7	86.4	93.0	100.0	101.8	105.3
14 All other liabilities	21.2	30.1	33.1	35.4	36.9	36.6	39.6	41.4	40.4	43.2
15 Capital, surplus, and undivided profits	27.4	29.8	32.3	33.5	34.8	35.7	37.1	38.8	40.2	41.3
16 Total liabilities and capital	195.0	220.4	252.7	262.9	275.2	286.9	304.9	321.0	332.5	347.2

NOTE: Components may not add to totals due to rounding. These data also appear in the Board's G.20 (422) release. For address, see inside front cover.

1.52 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding Nov. 30, 1986 ¹	Changes in accounts receivable			Extensions			Repayments		
		1986			1986			1986		
		Sept.	Oct.	Nov.	Sept.	Oct.	Nov.	Sept.	Oct.	Nov.
1 Total	160,412	-6,552	5,751	1,197	26,662	32,469	26,641	33,214	26,718	25,444
<i>Retail financing of installment sales</i>										
2 Automotive (commercial vehicles)	17,866	1,290	281	-422	2,299	1,359	651	1,009	1,078	1,073
3 Business, industrial, and farm equipment	20,242	-212	11	168	986	965	1,195	1,197	954	1,027
<i>Wholesale financing</i>										
4 Automotive	22,847	-9,172	4,592	1,194	7,536	13,818	9,895	16,708	9,226	8,701
5 Equipment	4,814	36	134	149	829	715	883	793	581	734
6 All other	8,010	113	149	315	1,881	2,043	1,857	1,768	1,893	1,542
<i>Leasing</i>										
7 Automotive	16,595	549	248	-90	1,075	1,018	766	526	770	856
8 Equipment	40,342	286	-10	-237	1,574	1,770	1,290	1,289	1,780	1,527
9 Loans on commercial accounts receivable and factored commercial accounts receivable	16,468	539	-267	-125	9,298	9,201	8,806	8,760	9,468	8,931
10 All other business credit	13,228	19	613	245	1,183	1,580	1,298	1,164	966	1,053

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	1984	1985	1986	1986						
				June	July	Aug.	Sept.	Oct.	Nov. ¹	Dec.
Terms and yields in primary and secondary markets										
PRIMARY MARKETS										
<i>Conventional mortgages on new homes</i>										
<i>Terms¹</i>										
1 Purchase price (thousands of dollars)	96.8	104.1	117.9	122.1	115.7	117.9	124.0	127.5	124.2	122.8
2 Amount of loan (thousands of dollars)	73.7	77.4	86.1	88.0	83.4	84.8	90.4	93.9	92.5	91.8
3 Loan/price ratio (percent)	78.7	77.1	75.2	74.9	73.9	74.5	75.2	75.6	76.2	76.4
4 Maturity (years)	27.8	26.9	26.6	26.6	26.2	26.5	27.1	27.9	27.3	27.3
5 Fees and charges (percent of loan amount) ²	2.64	2.53	2.48	2.40	2.35	2.40	2.49	2.66	2.64	2.49
6 Contract rate (percent per annum)	11.87	11.12	9.82	9.74	9.89	9.84	9.74	9.57	9.45	9.28
<i>Yield (percent per annum)</i>										
7 FH/BB series ³	12.37	11.58	10.26	10.15	10.30	10.26	10.17	10.02	9.91	9.70
8 HUD series ⁴	13.80	12.28	10.07	10.38	10.28	9.88	9.96	9.89	9.47	9.33
SECONDARY MARKETS										
<i>Yield (percent per annum)</i>										
9 FHA mortgages (HUD series) ⁵	13.81	12.24	9.91	9.98	10.01	9.80	9.90	9.80	9.26	9.21
10 GNMA securities ⁶	13.13	11.61	9.30	9.57	9.31	9.11	9.17	9.06	8.83	8.62
Activity in secondary markets										
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
<i>Mortgage holdings (end of period)</i>										
11 Total	83,339	94,574	98,048	97,295	97,255	96,675	97,717	98,402	98,210	97,895
12 FHA/VA-insured	35,148	34,244	29,683	31,241	30,766	28,451	26,658	25,435	24,300	23,121
13 Conventional	48,191	60,331	68,365	66,054	66,489	68,224	71,059	72,967	73,910	74,774
<i>Mortgage transactions (during period)</i>										
14 Purchases	16,721	21,510	30,826	3,000	3,343	3,800	4,649	3,784	2,549	2,336
15 Sales	978	1,301	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Mortgage commitments⁷</i>										
16 Contracted (during period)	21,007	20,155	32,987	3,049	3,270	3,840	4,248	2,375	1,811	1,272
17 Outstanding (end of period)	6,384	3,402	3,386	7,862	7,706	7,671	7,252	5,740	4,625	3,386
FEDERAL HOME LOAN MORTGAGE CORPORATION										
<i>Mortgage holdings (end of period)⁸</i>										
18 Total	9,283	12,399	↑	14,194	13,795	14,010	13,359	12,905	↑	↑
19 FHA/VA	910	841	↑	742	692	739	729	722	↑	↑
20 Conventional	8,373	11,558	↑	13,452	13,103	13,271	12,630	12,183	↑	↑
<i>Mortgage transactions (during period)</i>										
21 Purchases	21,886	44,012	n.a.	10,505	8,518	10,458	12,486	11,566	n.a.	n.a.
22 Sales	18,506	38,905	n.a.	9,588	8,113	10,132	13,072	11,417	n.a.	n.a.
<i>Mortgage commitments⁹</i>										
23 Contracted (during period)	32,603	48,989	↓	10,338	7,863	13,707	10,658	9,356	↓	↓
24 Outstanding (end of period)	13,318	16,613	↓	n.a.	n.a.	n.a.	n.a.	n.a.	↓	↓

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups; compiled by the Federal Home Loan Bank Board in cooperation with the Federal Deposit Insurance Corporation.
 2. Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) to obtain a loan.
 3. Average effective interest rates on loans closed, assuming prepayment at the end of 10 years.
 4. Average contract rates on new commitments for conventional first mortgages; from Department of Housing and Urban Development.
 5. Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. Based on transactions on first day of subsequent month. Large monthly movements in average yields may reflect market adjustments to changes in maximum permissible contract rates.

6. Average net yields to investors on Government National Mortgage Association guaranteed, mortgage-backed, fully modified pass-through securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are averages of Friday figures from the *Wall Street Journal*.
 7. Includes some multifamily and nonprofit hospital loan commitments in addition to 1- to 4-family loan commitments accepted in FNMA's free market auction system, and through the FNMA-GNMA tandem plans.
 8. Includes participation as well as whole loans.
 9. Includes conventional and government-underwritten loans. FHLMC's mortgage commitments and mortgage transactions include activity under mortgage/securities swap programs, while the corresponding data for FNMA exclude swap activity.

1.54 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

Type of holder, and type of property	1983	1984	1985	1985		1986		
				Q3 ¹	Q4 ¹	Q1	Q2	Q3
1 All holders	1,814,918¹	2,036,158¹	2,268,613¹	2,202,635	2,268,613	2,317,838	2,385,606	2,467,229
2 1- to 4-family	1,190,884 ¹	1,320,444 ¹	1,468,463 ¹	1,427,431	1,468,463	1,496,572	1,545,939	1,604,434
3 Multifamily	160,805	185,414	213,817	203,626	213,817	221,508	228,604	236,798
4 Commercial	350,389	418,300	480,718	463,272	480,718	495,865	509,479	525,829
5 Farm	112,840	112,000	105,615	108,306	105,615	103,893	101,584	100,168
6 Selected financial institutions	1,130,781	1,272,206	1,392,084	1,357,483	1,392,084	1,410,541	1,437,054	1,466,329
7 Commercial banks ¹	330,521	379,498	429,386	415,599	429,386	441,293	456,146	474,724
8 1- to 4-family	182,514	196,163	213,624	209,119	213,624	216,580	222,144	229,520
9 Multifamily	18,410	20,264	23,374	22,254	23,374	25,310	26,306	28,251
10 Commercial	120,210	152,894	181,031	173,190	181,031	187,606	195,459	204,481
11 Farm	9,387	10,177	11,357	11,036	11,357	11,797	12,237	12,472
12 Savings banks	131,940	154,441	177,263	174,427	177,263	188,154	203,238	214,156
13 1- to 4-family	93,649	107,302	121,879	119,952	121,879	131,381	142,215	148,010
14 Multifamily	17,247	19,817	23,329	22,604	23,329	23,980	26,549	28,467
15 Commercial	21,016	27,291	31,973	31,757	31,973	32,707	34,370	37,590
16 Farm	28	31	82	114	82	86	104	89
17 Savings and loan associations	494,789	555,277	583,236	573,682	583,236	574,732	565,205	558,409
18 1- to 4-family	387,924	421,488	432,422	425,596	432,422	420,073	413,952	408,584
19 Multifamily	44,333	55,750	66,410	62,390	66,410	67,140	65,966	65,902
20 Commercial	62,403	77,605	83,798	85,061	83,798	86,860	84,755	83,409
21 Farm	129	433	606	635	606	659	532	514
22 Life insurance companies	150,999	156,699	171,797	164,760	171,797	174,823	180,041	185,269
23 1- to 4-family	15,319	14,120	12,381	13,454	12,381	12,605	12,608	12,927
24 Multifamily	19,107	18,938	19,894	19,074	19,894	20,009	20,181	20,719
25 Commercial	103,831	111,175	127,670	120,183	127,670	130,569	135,924	140,213
26 Farm	12,742	12,466	11,852	12,049	11,852	11,640	11,328	11,420
27 Finance companies ²	22,532	26,291	30,402	29,015	30,402	31,539	32,424	33,771
28 Federal and related agencies	148,328	158,993	166,928	166,248	166,928	165,041	161,398	159,505
29 Government National Mortgage Association	3,395	2,301	1,473	1,640	1,473	1,533	876	887
30 1- to 4-family	2,765	585	539	552	539	527	49	48
31 Multifamily	2,765	1,716	934	1,088	934	1,008	827	839
32 Farmers Home Administration	2,141	1,276	733	577	733	704	570	457
33 1- to 4-family	1,159	213	183	185	183	146	146	132
34 Multifamily	173	119	113	139	113	33	66	87
35 Commercial	409	497	159	72	159	217	111	115
36 Farm	400	447	278	181	278	237	247	153
37 Federal Housing and Veterans Administration	4,894	4,816	4,920	4,918	4,920	4,964	5,094	4,966
38 1- to 4-family	1,893	2,048	2,254	2,251	2,254	2,309	2,449	2,331
39 Multifamily	3,001	2,768	2,666	2,667	2,666	2,655	2,645	2,635
40 Federal National Mortgage Association	78,256	87,940	98,282	96,769	98,282	98,795	97,295	97,717
41 1- to 4-family	73,045	82,175	91,966	90,590	91,966	92,315	90,460	90,508
42 Multifamily	5,211	5,765	6,316	6,179	6,316	6,480	6,835	7,209
43 Federal Land Banks	52,010	52,261	47,498	49,255	47,498	45,422	43,369	42,119
44 1- to 4-family	3,081	3,074	2,798	2,895	2,798	2,673	2,552	2,478
45 Farm	48,929	49,187	44,700	46,360	44,700	42,749	40,817	39,641
46 Federal Home Loan Mortgage Corporation	7,632	10,399	14,022	13,089	14,022	13,623	14,194	13,359
47 1- to 4-family	7,559	9,654	11,881	11,457	11,881	12,231	11,890	11,127
48 Multifamily	73	745	2,141	1,632	2,141	1,392	2,304	2,232
49 Mortgage pools or trusts ³	285,073	332,057	415,042	388,948	415,042	440,701	475,615	522,721
50 Government National Mortgage Association	159,850	179,981	212,145	201,026	212,145	220,348	229,204	241,230
51 1- to 4-family	155,950	175,589	207,198	196,198	207,198	215,148	223,838	235,664
52 Multifamily	3,900	4,392	4,947	4,828	4,947	5,200	5,366	5,566
53 Federal Home Loan Mortgage Corporation	57,895	70,822	100,387	91,915	100,387	110,337	125,903	146,871
54 1- to 4-family	57,273	70,253	99,515	90,997	99,515	108,020	123,676	143,734
55 Multifamily	622	569	872	918	872	2,317	2,227	3,137
56 Federal National Mortgage Association	25,121	36,215	54,987	48,769	54,987	62,310	72,377	86,359
57 1- to 4-family	25,121	35,965	54,036	47,857	54,036	61,117	71,153	85,171
58 Multifamily	n.a.	250	951	912	951	1,193	1,188	1,188
59 Farmers Home Administration	42,207	45,039	47,523	47,238	47,523	47,706	48,131	48,261
60 1- to 4-family	20,404	21,813	22,186	22,090	22,186	22,082	21,987	21,782
61 Multifamily	5,090	5,841	6,675	6,415	6,675	6,943	7,170	7,353
62 Commercial	7,351	7,559	8,190	8,192	8,190	8,150	8,347	8,409
63 Farm	9,362	9,826	10,472	10,541	10,472	10,531	10,627	10,717
64 Individuals and others ⁴	250,736 ¹	272,902 ¹	294,559 ¹	289,956	294,559	301,555	311,539	318,674
65 1- to 4-family	142,831 ¹	153,710 ¹	165,199 ¹	165,223	165,199	167,755	174,396	178,647
66 Multifamily	40,873	48,480	55,195	52,526	55,195	57,850	60,938	63,253
67 Commercial	35,169	41,279	47,897	44,817	47,897	49,756	50,513	51,612
68 Farm	31,863	29,433	26,268	27,390	26,268	26,194	25,692	25,162

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

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

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

4. Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and other U.S. agencies.

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

A40 Domestic Financial Statistics □ March 1987

1.55 CONSUMER INSTALLMENT CREDIT^{1,4} Total Outstanding, and Net Change, seasonally adjusted

Millions of dollars

Holder, and type of credit	1984	1985	1986								
			Mar.	Apr.	May	June	July	Aug.	Sept.	Oct. ⁷	Nov.
Amounts outstanding (end of period)											
1 Total	453,580	535,098	550,939	555,810	562,267	567,653	573,216	576,609	584,334	591,542	595,560
<i>By major holder</i>											
2 Commercial banks	209,158	240,796	245,172	247,498	248,681	249,753	251,197	251,908	253,329	255,805	258,696
3 Finance companies ²	96,126	120,095	127,422	128,728	131,172	134,933	137,197	138,938	144,559	146,862	146,218
4 Credit unions	66,544	75,127	76,953	77,957	78,474	79,095	80,130	80,622	81,374	82,500	83,787
5 Retailers ³	37,061	39,187	39,844	39,826	40,139	40,076	40,251	40,351	40,445	40,641	40,716
6 Savings institutions	40,330	55,555	57,573	58,024	60,247	60,352	61,051	61,421	61,331	62,414	62,867
7 Gasoline companies	4,361	4,337	3,975	3,777	3,554	3,445	3,389	3,368	3,295	3,320	3,277
<i>By major type of credit</i>											
8 Automobile	173,122	206,482	214,361	215,814	218,965	222,606	226,234	228,814	236,280	240,548	241,392
9 Commercial banks	83,900	92,764	93,377	93,013	93,157	93,261	94,014	94,686	95,842	97,359	98,273
10 Credit unions	28,614	30,577	31,320	31,728	31,939	32,191	32,613	32,813	33,119	33,577	34,101
11 Finance companies	54,663	73,391	79,416	80,685	83,221	86,520	88,862	90,578	96,598	98,695	98,016
12 Savings institutions	5,945	9,750	10,248	10,386	10,648	10,634	10,745	10,736	10,721	10,916	11,002
13 Revolving	98,514	118,296	122,131	123,442	124,545	124,720	125,577	125,915	126,012	126,514	128,102
14 Commercial banks	58,145	73,893	77,021	78,421	79,151	79,397	79,998	80,133	80,160	80,273	81,709
15 Retailers	33,064	34,560	35,188	35,170	35,449	35,390	35,542	35,639	35,688	35,861	35,918
16 Gasoline companies	4,361	4,337	3,975	3,777	3,554	3,445	3,389	3,368	3,295	3,320	3,277
17 Savings institutions	2,944	5,506	5,947	6,075	6,392	6,488	6,649	6,775	6,869	7,059	7,198
18 Mobile home	24,184	25,461	25,584	25,513	25,560	25,479	25,398	25,215	24,958	24,995	25,029
19 Commercial banks	9,623	9,578	9,348	9,264	9,215	9,196	9,156	9,086	9,071	9,075	9,095
20 Finance companies	9,161	9,116	9,327	9,286	9,115	9,077	8,989	8,882	8,881	8,611	8,598
21 Savings institutions	5,400	6,767	6,909	6,963	7,230	7,206	7,253	7,248	7,206	7,309	7,337
22 Other	157,760	184,859	188,863	191,041	193,197	194,847	196,007	196,665	197,084	199,485	201,036
23 Commercial banks	57,490	64,561	65,427	66,800	67,158	67,898	68,030	68,003	68,256	69,098	69,618
24 Finance companies	32,302	37,588	38,678	38,757	38,836	39,336	39,345	39,479	39,281	39,556	39,604
25 Credit unions	37,930	44,550	45,633	46,228	46,535	46,903	47,517	47,809	48,255	48,922	49,686
26 Retailers	3,997	4,627	4,656	4,656	4,690	4,686	4,710	4,712	4,758	4,780	4,798
27 Savings institutions	26,041	33,533	34,469	34,600	35,977	36,024	36,405	36,662	36,535	37,130	37,331
Net change (during period)											
28 Total	77,341	81,518	3,087	4,871	6,457	5,386	5,563	3,393	7,725	7,208	4,018
<i>By major holder</i>											
29 Commercial banks	39,819	31,638	411	2,326	1,183	1,072	1,444	711	1,421	2,476	2,891
30 Finance companies ²	9,961	23,969	1,421	1,306	2,444	3,761	2,264	1,741	5,621	2,303	-644
31 Credit unions	13,456	8,583	522	1,004	517	621	1,035	492	752	1,126	1,287
32 Retailers ³	2,900	2,126	347	-18	313	-63	175	100	94	196	75
33 Savings institutions	11,038	15,225	525	451	2,223	105	699	370	-90	1,083	453
34 Gasoline companies	167	-24	-139	-198	-223	-109	-56	-21	-73	25	-43
<i>By major type of credit</i>											
35 Automobile	27,214	33,360	1,019	1,453	3,151	3,641	3,628	2,580	7,466	4,268	844
36 Commercial banks	16,352	8,864	-451	-364	144	104	753	672	1,156	1,517	914
37 Credit unions	3,223	1,963	213	408	211	252	422	200	306	458	524
38 Finance companies	4,576	18,728	1,106	1,269	2,536	3,299	2,342	1,716	6,020	2,097	-679
39 Savings institutions	3,063	3,805	151	138	262	-14	111	-9	15	195	86
40 Revolving	20,145	19,782	1,407	1,311	1,103	175	857	338	97	502	1,588
41 Commercial banks	15,949	15,748	1,068	1,400	730	246	601	135	27	113	1,436
42 Retailers	2,512	1,496	345	-18	279	-59	152	97	49	173	57
43 Gasoline companies	167	24	-139	-198	-223	-109	-56	-21	-73	25	-43
44 Savings institutions	1,517	2,562	134	128	317	96	161	126	94	190	139
45 Mobile home	1,990	1,277	11	-71	47	-81	-81	183	257	37	34
46 Commercial banks	-199	-45	-218	-84	-49	-19	-40	-70	15	4	20
47 Finance companies	544	45	166	-41	-171	-38	-88	-107	-201	-70	-13
48 Savings institutions	1,645	1,367	63	54	267	-24	47	5	-42	103	28
49 Other	27,992	27,099	651	2,178	2,156	1,650	1,160	658	419	2,401	1,551
50 Commercial banks	7,717	7,071	13	1,373	358	740	132	-27	253	842	520
51 Finance companies	4,841	5,286	148	79	79	500	9	134	-198	275	48
52 Credit unions	10,233	6,620	310	595	307	368	614	292	446	667	764
53 Retailers	388	630	3	0	34	-4	24	2	46	22	18
54 Savings institutions	4,813	7,492	178	131	1,377	47	381	257	-127	595	201

1. The Board's series cover most short- and intermediate-term credit extended to individuals that is scheduled to be repaid (or has the option of repayment) in two or more installments.

2. More detail for finance companies is available in the G.20 statistical release.

3. Excludes 30-day charge credit held by travel and entertainment companies.

4. All data have been revised.

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT

Percent unless noted otherwise

Item	1983	1984	1985	1986						
				May	June	July	Aug.	Sept.	Oct.	Nov.
INTEREST RATES										
Commercial banks ¹										
1 48-month new car ²	13.92	13.71	12.91	11.45	n.a.	n.a.	11.00	n.a.	n.a.	10.58
2 24-month personal	16.68	16.47	15.94	14.89	n.a.	n.a.	14.70	n.a.	n.a.	14.19
3 120-month mobile home ²	16.08	15.58	14.96	13.97	n.a.	n.a.	13.95	n.a.	n.a.	13.49
4 Credit card	18.78	18.77	18.69	18.32	n.a.	n.a.	18.15	n.a.	n.a.	18.09
Auto finance companies										
5 New car	12.58	14.62	11.98	9.49	9.35	9.31	9.29	5.40	6.12	11.83
6 Used car	18.74	17.85	17.59	16.56	16.06	15.83	15.56	15.23	15.17	15.20
OTHER TERMS³										
Maturity (months)										
7 New car	45.9	48.3	51.5	49.4	49.5	49.9	50.4	44.5	45.3	53.4
8 Used car	37.9	39.7	41.4	42.5	42.7	42.8	42.9	42.5	42.2	42.6
Loan-to-value ratio										
9 New car	86	88	91	89	89	89	90	92	92	93
10 Used car	92	92	94	97	97	97	97	98	97	97
Amount financed (dollars)										
11 New car	8,787	9,333	9,915	10,521	10,608	10,748	10,756	11,162	11,340	11,160
12 Used car	5,033	5,691	6,089	6,393	6,611	6,614	6,569	6,763	6,746	6,946

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.

A42 Domestic Financial Statistics □ March 1987

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

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

Transaction category, sector	1980	1981	1982	1983	1984	1985	1983		1984		1985		1986
							H2	H1	H2	H1	H2	H1	
Nonfinancial sectors													
1 Total net borrowing by domestic nonfinancial sectors	344.9	375.8	387.4	548.8	756.3	869.3	592.2	727.8	784.8	732.6	1,006.1	705.4	
<i>By sector and instrument</i>													
2 U.S. government	79.2	87.4	161.3	186.6	198.8	223.6	156.1	181.3	216.3	201.8	245.5	211.3	
3 Treasury securities	79.8	87.8	162.1	186.7	199.0	223.7	156.3	181.5	216.4	201.9	245.5	211.4	
4 Agency issues and mortgages	.6	.5	.9	.1	.2	.1	.1	.2	.1	.1	.1	.1	
5 Private domestic nonfinancial sectors	265.7	288.5	226.2	362.2	557.5	645.7	436.0	546.5	568.5	530.8	760.6	494.1	
6 Debt capital instruments	189.1	155.5	148.3	252.8	314.0	461.7	278.0	298.4	329.6	355.4	568.0	384.5	
7 Tax-exempt obligations	30.3	23.4	44.2	53.7	50.4	152.4	51.8	42.8	58.0	67.5	237.3	19.9	
8 Corporate bonds	27.7	22.8	18.7	16.0	46.1	73.9	11.5	31.2	61.1	72.7	75.1	129.1	
9 Mortgages	131.2	109.3	85.4	183.0	217.5	235.4	214.7	224.5	210.5	215.2	255.7	235.4	
10 Home mortgages	94.2	72.2	50.5	117.1	129.9	150.3	135.1	135.2	124.7	133.1	167.5	153.1	
11 Multifamily residential	7.6	4.8	5.4	14.1	25.1	29.2	20.4	27.5	22.7	24.6	33.7	29.0	
12 Commercial	19.2	22.2	25.2	49.0	63.3	62.4	55.3	62.9	63.7	60.3	64.4	60.6	
13 Farm	10.2	10.0	4.2	2.8	.8	6.4	3.9	1.1	.5	2.8	10.0	7.3	
14 Other debt instruments	76.6	133.0	77.9	109.5	243.5	184.0	158.0	248.1	238.9	175.4	192.6	109.7	
15 Consumer credit	4.5	22.6	17.7	56.8	95.0	96.6	75.1	98.7	91.3	97.3	95.9	75.3	
16 Bank loans n.e.c.	37.8	57.0	52.9	25.8	80.1	41.3	42.1	91.9	68.4	24.9	57.7	22.1	
17 Open market paper	4.0	14.7	6.1	.8	21.7	14.6	4.3	24.8	18.7	12.3	16.9	15.7	
18 Other	30.3	38.7	13.4	27.7	46.6	31.4	36.5	32.7	60.5	40.9	22.0	28.1	
19 By borrowing sector	265.7	288.5	226.2	362.2	557.5	645.7	436.0	546.5	568.5	530.8	760.6	494.1	
20 State and local governments	17.2	6.8	21.5	34.0	27.4	107.8	33.7	25.2	29.6	56.8	158.7	40.7	
21 Households	120.0	121.4	88.4	188.0	239.5	295.0	223.4	232.8	246.2	253.6	336.4	228.5	
22 Farm	15.2	16.6	6.8	4.3	.1	13.6	6.7	.4	.5	5.9	21.3	15.1	
23 Nonfarm noncorporate	31.8	38.5	40.2	76.6	97.1	92.8	91.7	101.4	97.7	85.6	99.9	95.2	
24 Corporate	81.5	105.2	69.2	59.3	193.4	163.7	80.6	187.4	199.5	140.7	186.8	144.8	
25 Foreign net borrowing in United States	23.8	23.5	16.0	17.4	6.1	1.7	15.5	35.5	23.3	-4.1	7.5	24.3	
26 Bonds	.8	5.4	6.7	3.1	1.3	4.0	2.3	1.1	1.5	5.5	2.6	7.1	
27 Bank loans n.e.c.	11.8	3.0	5.5	3.6	6.6	2.8	3.4	2.2	11.1	6.1	4.4	1.4	
28 Open market paper	2.4	3.9	1.9	6.5	6.2	6.2	6.0	18.0	5.6	4.2	8.2	20.6	
29 U.S. government loans	8.8	11.1	13.0	4.1	5.3	-5.7	10.7	18.7	8.1	7.8	3.6	4.8	
30 Total domestic plus foreign	368.7	399.3	403.4	566.2	762.4	871.0	607.7	763.3	761.5	728.4	1,013.5	729.7	
Financial sectors													
31 Total net borrowing by financial sectors	65.4	101.9	90.1	94.0	139.0	186.9	123.2	134.2	143.8	154.8	218.9	189.0	
<i>By instrument</i>													
32 U.S. government related	44.8	47.4	64.9	67.8	74.9	101.5	68.8	69.8	80.0	92.9	110.2	129.5	
33 Sponsored credit agency securities	24.4	30.5	14.9	1.4	30.4	20.6	8.1	29.1	31.8	25.3	15.9	4.4	
34 Mortgage pool securities	19.2	15.0	49.5	66.4	44.4	79.9	60.7	40.7	48.2	67.6	92.1	124.3	
35 Loans from U.S. government	1.2	1.9	.4			1.1					2.2	.8	
36 Private financial sectors	20.6	54.5	25.2	26.2	64.1	85.3	54.3	64.4	63.8	61.9	108.8	59.6	
37 Corporate bonds	1.6	4.4	12.5	12.1	23.3	36.5	13.1	17.3	29.3	35.3	37.7	28.7	
38 Mortgages	*	*	.1	*	.4	.4	*	.4	.4	*	.1	.6	
39 Bank loans n.e.c.	1.0	1.2	1.9	.1	.7	2.6	2.2	.1	1.4	.9	4.2	2.4	
40 Open market paper	12.9	32.7	9.9	21.3	24.1	32.0	40.9	31.1	17.0	13.9	50.1	14.4	
41 Loans from Federal Home Loan Banks	7.1	16.2	.8	7.0	15.7	14.2	-1.8	15.7	15.7	11.7	16.7	13.5	
<i>By sector</i>													
42 Sponsored credit agencies	25.6	32.4	15.3	1.4	30.4	21.7	8.1	29.1	31.8	25.3	18.1	5.2	
43 Mortgage pools	19.2	15.0	49.5	66.4	44.4	79.9	60.7	40.7	48.2	67.6	92.1	124.3	
44 Private financial sectors	20.6	54.5	25.2	26.2	64.1	85.3	54.3	64.4	63.8	61.9	108.8	59.6	
45 Commercial banks	8.3	11.6	11.7	5.0	7.3	4.9	17.1	15.4	-9	-9.2	.6	6.7	
46 Bank affiliates	6.7	9.2	6.8	12.1	15.6	14.5	14.9	23.7	7.5	13.7	15.3	1.7	
47 Savings and loan associations	7.4	15.5	2.5	2.1	22.7	22.3	4.6	20.2	25.1	12.1	32.6	21.3	
48 Finance companies	-1.3	18.5	4.3	11.4	17.8	52.8	18.0	4.3	31.3	44.8	60.9	42.4	
49 REITs	.5	.2	*	-2	.8	.5	.3	.8	.8	.5	.5	.9	
All sectors													
50 Total net borrowing	434.1	501.3	493.5	660.2	901.4	1057.8	730.8	897.5	905.3	833.3	1,232.4	918.7	
51 U.S. government securities	122.9	133.0	225.9	254.4	273.8	324.2	225.0	251.2	296.4	294.8	353.5	340.0	
52 State and local obligations	30.3	23.4	44.2	53.7	50.4	152.4	51.8	42.8	58.0	67.5	237.3	19.9	
53 Corporate and foreign bonds	30.1	32.6	37.8	31.2	70.7	114.4	26.8	49.6	91.9	113.5	115.3	164.9	
54 Mortgages	131.1	109.2	85.4	183.0	217.8	235.4	214.6	224.8	210.8	215.2	255.7	236.0	
55 Consumer credit	4.5	22.6	17.7	56.8	95.0	96.6	75.1	98.7	91.3	97.3	95.9	75.3	
56 Bank loans n.e.c.	48.5	61.2	49.3	29.3	74.2	41.0	40.8	89.6	58.8	19.8	62.3	25.9	
57 Open market paper	19.3	51.3	5.7	26.9	52.0	52.8	51.2	73.8	30.1	30.4	75.2	19.3	
58 Other loans	47.5	68.0	27.6	24.8	67.6	41.0	45.4	67.1	68.1	44.8	37.3	37.5	
External corporate equity funds raised in United States													
59 Total new share issues	21.2	-3.3	33.6	67.0	-31.1	37.5	52.1	-40.1	-22.2	33.3	41.6	153.4	
60 Mutual funds	4.5	6.0	16.8	32.1	38.0	103.4	28.7	39.3	36.6	93.6	113.1	203.9	
61 All other	16.8	9.3	16.8	34.9	-69.1	65.9	23.4	-79.4	58.8	60.4	-71.5	-50.4	
62 Nonfinancial corporations	12.9	-11.5	11.4	28.3	77.0	-81.6	18.4	84.5	69.4	-75.7	-87.5	-67.5	
63 Financial corporations	1.8	1.9	4.0	2.7	6.7	11.7	2.9	5.9	7.6	11.0	12.4	8.6	
64 Foreign shares purchased in United States	2.1	.3	1.5	3.9	1.2	4.0	2.1	.7	3.0	4.3	3.6	8.5	

1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

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

Transaction category, or sector	1980	1981	1982	1983	1984	1985	1983		1984		1985		1986
							H2	H1	H2	H1	H2	H1	
1 Total funds advanced in credit markets to domestic nonfinancial sectors	344.9	375.8	387.4	548.8	756.3	869.3	592.2	727.8	784.8	732.6	1,006.1	705.4	
<i>By public agencies and foreign</i>													
2 Total net advances	94.9	104.4	115.4	115.3	154.6	203.3	107.9	132.5	176.6	201.8	204.9	269.9	
3 U.S. government securities	15.8	17.1	22.7	27.6	36.0	47.2	20.0	26.8	45.2	53.1	41.3	81.5	
4 Residential mortgages	31.7	23.5	61.0	76.1	56.5	94.6	71.5	52.7	60.2	85.6	103.7	121.0	
5 FHLB advances to savings and loans	7.1	16.2	.8	-7.0	15.7	14.2	-1.8	15.7	15.7	11.7	16.7	13.5	
6 Other loans and securities	40.2	47.7	30.8	18.6	46.5	47.3	18.2	37.5	55.5	51.4	43.2	53.9	
<i>Total advanced, by sector</i>													
7 U.S. government	23.7	24.0	15.9	9.7	17.4	17.8	9.7	9.0	25.7	28.8	6.7	14.6	
8 Sponsored credit agencies	45.6	48.2	65.5	69.8	73.3	101.5	70.5	74.0	72.5	98.2	104.9	127.3	
9 Monetary authorities	4.5	9.2	9.8	10.9	8.4	21.6	12.4	8.8	8.0	23.7	19.5	9.8	
10 Foreign	21.1	23.0	24.1	24.9	55.5	62.4	15.3	40.7	70.4	51.0	73.8	118.2	
<i>Agency and foreign borrowing not in line 1</i>													
11 Sponsored credit agencies and mortgage pools	44.8	47.4	64.9	67.8	74.9	101.5	68.8	69.8	80.0	92.9	110.2	129.5	
12 Foreign	23.8	23.5	16.0	17.4	6.1	1.7	15.5	35.5	-23.3	-4.1	7.5	24.3	
<i>Private domestic funds advanced</i>													
13 Total net advances	318.7	342.3	352.9	518.7	682.7	769.2	568.6	700.5	664.9	619.6	918.8	589.3	
14 U.S. government securities	107.1	115.9	203.1	226.9	237.8	277.0	205.0	224.4	251.2	241.7	312.2	258.5	
15 State and local obligations	30.3	23.4	44.2	53.7	50.4	152.4	51.8	42.8	58.0	67.5	237.3	19.9	
16 Corporate and foreign bonds	20.3	19.8	14.8	14.6	32.6	41.2	9.1	25.6	39.6	49.7	32.7	93.5	
17 Residential mortgages	70.0	53.5	-5.3	55.0	98.5	84.8	84.0	109.9	87.0	72.0	97.5	61.1	
18 Other mortgages and loans	98.1	145.9	96.9	161.5	279.1	228.1	217.0	313.6	244.7	200.4	255.9	169.8	
19 Less: Federal Home Loan Bank advances	7.1	16.2	.8	-7.0	15.7	14.2	-1.8	15.7	15.7	11.7	16.7	13.5	
<i>Private financial intermediation</i>													
<i>Credit market funds advanced by private financial institutions</i>													
21 Commercial banking	286.2	320.2	261.9	391.9	550.5	554.4	449.3	581.8	519.1	471.3	637.4	573.0	
22 Savings institutions	107.6	106.5	110.2	144.3	168.9	186.3	168.8	184.2	153.5	133.8	238.8	106.9	
23 Insurance and pension funds	51.3	26.2	21.8	135.6	149.2	83.4	143.9	173.5	124.9	63.0	103.9	102.0	
24 Other finance	93.2	93.5	86.2	97.8	124.0	141.0	105.7	144.5	103.5	121.8	160.1	130.9	
	34.0	94.0	43.7	14.1	108.3	143.6	30.9	79.5	137.2	152.7	134.5	233.2	
25 Sources of funds	286.2	320.2	261.9	391.9	550.5	554.4	449.3	581.8	519.1	471.3	637.4	573.0	
26 Private domestic deposits and RPs	170.8	214.5	195.2	212.2	317.6	204.8	235.5	300.2	334.9	203.0	206.6	222.9	
27 Credit market borrowing	20.6	54.5	25.2	26.2	64.1	85.3	54.3	64.4	63.8	61.9	108.8	59.6	
28 Other sources	94.8	51.2	41.5	153.4	168.8	264.2	159.5	217.2	120.4	206.5	322.0	290.6	
29 Foreign funds	-25.1	-23.7	-31.4	16.3	5.4	17.7	46.2	3.0	7.8	11.2	24.3	.2	
30 Treasury balances	-2.6	-1.1	6.1	-5.3	4.0	10.3	-22.4	-1	8.2	14.4	6.1	-5.5	
31 Insurance and pension reserves	88.9	89.6	92.5	110.6	112.5	107.0	122.4	146.5	78.5	97.4	116.6	109.2	
32 Other, net	33.6	-13.6	-25.7	31.8	46.8	129.2	13.3	67.8	25.9	83.5	175.0	186.7	
<i>Private domestic nonfinancial investors</i>													
33 Direct lending in credit markets	53.1	76.6	116.3	153.0	196.4	300.2	173.6	183.1	209.6	210.2	390.2	75.9	
34 U.S. government securities	34.2	37.1	69.9	95.5	132.9	150.9	87.3	142.2	123.6	130.8	171.0	50.5	
35 State and local obligations	7.0	11.1	25.0	39.0	29.6	59.2	37.7	25.0	34.3	20.5	98.0	-19.4	
36 Corporate and foreign bonds	-11.7	-4.0	2.0	-12.7	-3.4	13.2	-4.5	-26.8	19.9	25.4	1.0	34.9	
37 Open market paper	-4.6	1.4	-1.3	15.1	8.9	51.8	31.9	15.7	2.2	7.3	96.3	-14.7	
38 Other	28.2	31.0	20.6	16.2	28.3	25.1	21.2	26.9	29.7	26.3	24.0	24.6	
39 Deposits and currency	183.9	222.4	204.5	229.7	321.1	215.1	248.7	311.3	330.9	215.9	214.3	240.0	
40 Currency	10.3	9.5	9.7	14.3	8.6	12.4	17.5	13.1	4.1	15.8	9.0	10.9	
41 Checkable deposits	6.5	18.5	18.6	28.8	27.8	42.0	16.9	29.4	26.3	18.2	65.8	84.9	
42 Small time and savings accounts	82.3	47.3	135.7	215.3	150.7	137.5	147.8	136.4	164.9	167.1	108.0	117.5	
43 Money market fund shares	29.2	107.5	24.7	-44.1	47.2	-2.2	-4.2	30.2	64.2	4.2	-8.6	29.0	
44 Large time deposits	45.9	36.0	5.2	-6.3	84.9	14.0	53.2	93.4	76.5	-8	28.9	3.5	
45 Security RPs	6.8	5.2	11.1	18.5	7.0	13.4	21.8	10.8	3.1	14.3	12.5	-11.9	
46 Deposits in foreign countries	2.8	-1.7	-4	3.1	-5.1	-2.1	-4.3	-2.0	8.2	2.9	-1.3	6.2	
47 Total of credit market instruments, deposits and currency	237.0	299.0	320.7	382.7	517.4	515.3	422.3	494.4	540.5	426.0	604.5	315.9	
48 Public holdings as percent of total	25.7	26.2	28.6	20.4	20.3	23.3	17.8	17.4	23.2	27.7	20.2	37.0	
49 Private financial intermediation (in percent)	89.8	93.6	74.2	75.5	80.6	72.1	79.0	83.1	78.1	76.1	69.4	97.2	
50 Total foreign funds	-4.0	-7	-7.3	41.3	60.9	80.1	61.4	43.7	78.2	62.2	98.1	118.4	
MEMO: Corporate equities not included above													
51 Total net issues	21.2	-3.3	33.6	67.0	-31.1	37.5	52.1	-40.1	-22.2	33.3	41.6	153.4	
52 Mutual fund shares	4.5	6.0	16.8	32.1	38.0	103.4	28.7	39.3	36.6	93.6	113.1	203.9	
53 Other equities	16.8	-9.3	16.8	34.9	-69.1	-65.9	23.4	-79.4	-58.8	-60.4	-71.5	-50.4	
54 Acquisitions by financial institutions	22.2	19.9	27.6	46.8	8.2	33.3	35.6	-4.1	20.6	54.0	12.6	34.8	
55 Other net purchases	-1.0	-23.2	6.0	20.2	-39.4	4.1	16.5	-36.0	-42.7	-20.7	29.0	118.7	

NOTES BY LINE NUMBER.

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

31. Excludes net investment of these reserves in corporate equities.
32. Mainly retained earnings and net miscellaneous liabilities.
33. Line 13 less line 20 plus line 27.
- 34-38. Lines 14-18 less amounts acquired by private finance plus amounts borrowed by private finance. Line 38 includes mortgages.
40. Mainly an offset to line 9.
47. Lines 33 plus 39, or line 13 less line 28 plus 40 and 46.
48. Line 2/line 1.
49. Line 20/line 13.
50. Sum of lines 10 and 29.
- 51, 53. Includes issues by financial institutions.

NOTE: Full statements for sectors and transaction types in flows and in amounts outstanding may be obtained from Flow of Funds Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures¹

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

Measure	1983	1984	1985	1986								
				Apr.	May	June	July	Aug.	Sept.	Oct. ²	Nov. ²	Dec.
1 Industrial production	109.2	121.8	124.5	124.7	124.2	124.2	124.9	125.1	124.9⁶	125.3	126.0	126.6
<i>Market groupings</i>												
2 Products, total.....	113.9	127.1	131.7	132.7	132.4	132.4	133.2	133.8	133.3 ⁶	134.0	134.5	135.3
3 Final, total.....	114.7	127.8	132.0	132.1	131.6	131.1	132.0	132.6	132.2 ⁶	132.7	133.4	134.2
4 Consumer goods.....	109.3	118.2	120.7	124.5	124.3	124.4	125.2	125.1	124.2 ⁶	124.9	125.8	126.9
5 Equipment.....	121.7	140.5	147.1	142.3	141.2	140.0	141.0	142.5	142.8 ⁶	143.1	143.5	143.9
6 Intermediate.....	111.2	124.9	130.6	134.5	135.1	137.0	137.3	137.8	137.0 ⁶	138.4	138.5	139.2
7 Materials.....	102.8	114.6	114.7	113.8	113.0	113.1	113.6	113.2	113.5 ⁶	113.3	114.5	114.7
<i>Industry groupings</i>												
8 Manufacturing.....	110.2	123.9	127.1	128.7	128.2	128.3	129.2	129.5	129.5	129.9	130.5	131.4
Capacity utilization (percent) ²												
9 Manufacturing.....	74.0	80.5	80.1	79.9	79.4	79.3	79.7	79.7	79.6	79.7	79.9	80.3
10 Industrial materials industries.....	75.3	82.0	80.2	78.7	78.1	78.0	78.3	77.9	78.1 ⁶	77.9	78.5	78.6
11 Construction contracts (1977 = 100) ³	138.0	150.0	161.0	176.0	160.0	161.0	163.0	168.0	158.0	170.0	171.0	175.0
12 Nonagricultural employment, total ⁴	109.4	114.5	118.5	121.0	121.2	121.1	121.4	121.6	121.9	122.3	122.6	122.9
13 Goods-producing, total.....	95.9	101.6	102.9	102.9	102.6	102.1	102.2	102.2	102.1	102.1	102.3	102.4
14 Manufacturing, total.....	93.6	98.6	98.7	97.8	97.5	97.2	97.1	97.1	97.0	97.1	97.3	97.5
15 Manufacturing, production-worker.....	88.6	94.1	93.5	92.4	92.1	91.8	91.7	91.7	91.7	91.8	92.1	92.4
16 Service-producing.....	115.0	120.0	125.0	128.6	129.0	129.0	129.4	129.7	130.2	130.7	131.0	131.4
17 Personal income, total.....	176.6	193.5	206.2	216.9	216.6	216.6	217.2	217.6	218.2	218.9	219.4	221.1
18 Wages and salary disbursements.....	168.7	184.8	197.8	206.8	207.1	207.6	208.5	209.6	210.1	211.5	212.5	213.2
19 Manufacturing.....	149.0	164.6	172.5	175.8	176.1	175.4	175.5	176.6	176.5	179.0	177.6	178.6
20 Disposable personal income ⁵	176.0	193.6	205.0	216.5	215.9	215.5	215.8	215.9	216.4	216.8	217.0	218.9
21 Retail sales (1977 = 100) ⁶	162.0	179.0	190.6	195.4	197.0	197.5	198.9	201.7	213.0	201.9	200.7	209.6
<i>Prices⁷</i>												
22 Consumer.....	298.4	311.1	322.2	325.3	326.3	327.9	328.0	328.6	330.2	330.5	330.8	331.1
23 Producer finished goods.....	285.2	291.1	293.7	287.2	288.9	289.3	287.6	288.1 ⁶	287.5	290.5	290.7	289.9

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

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

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

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

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

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

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

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

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

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

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

Category	1984	1985	1986	1986							
				May	June	July	Aug.	Sept.	Oct. ^r	Nov. ^r	Dec.
HOUSEHOLD SURVEY DATA											
1 Noninstitutional population ¹	178,602	180,440	182,822	182,545	182,732	182,906	183,074	183,261	183,450	183,628	183,815
2 Labor force (including Armed Forces) ¹	115,763	117,695	120,078	119,821 ^r	120,234 ^r	120,341 ^r	120,370 ^r	120,536 ^r	120,678	120,940	120,854
3 Civilian labor force	113,544	115,461	117,834	117,587 ^r	118,005 ^r	118,117 ^r	118,124 ^r	118,272 ^r	118,414	118,675	118,586
<i>Employment</i>											
4 Nonagricultural industries ²	101,685	103,971	106,434	106,014 ^r	106,449 ^r	106,763 ^r	107,010 ^r	106,845 ^r	107,030	107,217	107,476
5 Agriculture	3,321	3,179	3,163	3,151 ^r	3,164 ^r	3,124 ^r	3,057 ^r	3,142 ^r	3,162	3,215	3,161
<i>Unemployment</i>											
6 Number	8,539	8,312	8,237	8,422 ^r	8,392 ^r	8,230 ^r	8,057 ^r	8,285 ^r	8,222	8,243	7,949
7 Rate (percent of civilian labor force)	7.5	7.2	7.0	7.2 ^r	7.1 ^r	7.0 ^r	6.8 ^r	7.0 ^r	6.9	6.9	6.7
8 Not in labor force	62,839	62,745	62,744	62,724 ^r	62,498 ^r	62,565 ^r	62,704 ^r	62,725 ^r	62,772	62,688	62,961
ESTABLISHMENT SURVEY DATA											
9 Nonagricultural payroll employment ³	94,461	97,698	100,168	99,918	99,843	100,105	100,283	100,560	100,826	101,065	101,334
10 Manufacturing	19,412	19,426	19,187	19,201	19,135	19,121	19,123	19,105	19,118	19,159	19,190
11 Mining	974	969	792	790	772	768	753	743	746	743	738
12 Contract construction	4,345	4,661	4,961	4,974	4,947	4,980	5,012	5,010	5,001	4,993	5,004
13 Transportation and public utilities	5,171	5,300	5,285	5,265	5,167	5,288	5,255	5,316	5,316	5,348	5,358
14 Trade	22,134	23,195	23,829	23,783	23,773	23,841	23,893	23,924	24,007	24,050	24,042
15 Finance	5,682	5,924	6,304	6,261	6,295	6,334	6,364	6,388	6,409	6,431	6,466
16 Service	20,761	21,929	23,073	22,924	23,072	23,176	23,255	23,300	23,359	23,444	23,586
17 Government	15,984	16,295	16,738	16,720	16,682	16,597	16,628	16,774	16,870	16,897	16,950

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

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

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

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	1986				1986				1986					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
	Output (1977 = 100)				Capacity (percent of 1977 output)				Utilization rate (percent)					
1 Total industry	125.0	124.4	125.0	126.0	156.3	157.1	157.9	158.7	80.0	79.2	79.1 ^r	79.4		
2 Mining	105.4	99.9	96.6	96.5	132.4 ^r	132.1	131.9 ^r	131.7	79.6	75.6	73.2 ^r	73.3		
3 Utilities	110.5	108.9	108.8	110.3	136.3	136.9	137.5 ^r	138.1	81.1	79.5	79.1 ^r	79.9		
4 Manufacturing	128.4	128.4	129.4	130.6	160.5	161.4	162.4 ^r	163.4	80.0	79.5	79.7 ^r	79.9		
5 Primary processing	111.5	111.1	112.1	113.7	133.6	134.0	134.6 ^r	135.1	83.5	82.9	83.3 ^r	84.1		
6 Advanced processing	138.5	138.9	139.7	140.8	176.7	177.9	179.1 ^r	180.4	78.4	78.0	78.0	78.1		
7 Materials	114.5	113.3	113.4	114.2	144.2	144.7	145.3	145.8	79.4	78.3	78.1	78.3		
8 Durable goods	120.9	118.8	118.8	120.0	159.9	160.7	161.5	162.2	75.6	73.9	73.6	74.0		
9 Metal materials	79.0	75.1	73.1	75.7	115.0	114.5	114.0	113.4	68.7	65.6	64.2 ^r	66.8		
10 Nondurable goods	115.7	116.9	119.7	120.7	139.0	139.5	139.9	140.4	83.2	83.8	85.6	86.0		
11 Textile, paper, and chemical	116.2	117.0	120.4	121.6	138.4	138.8	139.2	139.6	83.9	84.3	86.5	87.1		
12 Paper	128.8	130.1	135.1	.....	137.3	138.1	138.9	.....	93.8	94.2	97.3	.....	
13 Chemical	115.3	115.4	117.7	.....	144.0	144.3	144.7	.....	80.1	80.0	81.4 ^r	.....	
14 Energy materials	102.2	100.6	98.6	98.4	121.1	121.3	121.4	121.6	84.4	82.9	81.2	80.9		
	Previous cycle ¹		Latest cycle ²		1985		1986							
	High	Low	High	Low	Dec.	Apr.	May	June	July	Aug.	Sept. ^r	Oct. ^r	Nov. ^r	Dec.
	Capacity utilization rate (percent)													
15 Total industry	88.6	72.1	86.9	69.5	80.6	79.5	79.1	79.0	79.2 ^r	79.2	79.0	79.1	79.4	79.6
16 Mining	92.8	87.8	95.2	76.9	81.1	76.4	75.5	74.9	73.5	73.1	72.9	72.8	73.4	73.7
17 Utilities	95.6	82.9	88.5	78.0	84.5	80.0	79.3	79.2	79.9	78.8	78.7	79.4	80.3	80.0
18 Manufacturing	87.7	69.9	86.5	68.0	80.2	79.9	79.4	79.3	79.7	79.7 ^r	79.6	79.7	79.9	80.3
19 Primary processing	91.9	68.3	89.1	65.1	83.0	83.2	82.9	82.7	82.9	83.2	83.7	83.7	84.2	84.6
20 Advanced processing	86.0	71.1	85.1	69.5	79.0	78.5	78.0	77.7	78.4	78.0	77.6	77.9	77.9	78.3
21 Materials	92.0	70.5	89.1	68.4	80.3	78.7	78.1	78.0	78.3	77.9	78.1	77.9	78.5	78.6
22 Durable goods	91.8	64.4	89.8	60.9	76.5	74.9	73.7	73.2	73.7	73.5	73.5	73.5	74.3	74.1
23 Metal materials	99.2	67.1	93.6	45.7	71.8	68.3	65.2	63.2	63.8	63.8	64.8	64.9	68.8	66.6
24 Nondurable goods	91.1	66.7	88.1	70.6	82.8	83.6	83.5	84.3	85.0	85.5	86.1	85.9	85.7	86.3
25 Textile, paper, and chemical	92.8	64.8	89.4	68.6	83.3	83.6	84.2	85.1	85.6	86.5	87.4	87.0	86.8	87.4
26 Paper	98.4	70.6	97.3	79.9	94.3	93.6	93.1	95.9	97.8	97.9	96.1	95.7	97.7	.....
27 Chemical	92.5	64.4	87.9	63.3	79.4	79.4	80.2	80.4	80.2	81.2	82.6	82.5	81.5	.....
28 Energy materials	94.6	86.9	94.0	82.2	86.4	82.8	82.9	83.1	82.3	80.6	80.7	80.1	81.2	81.5

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

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

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value ▲

Monthly data are seasonally adjusted

Grouping	1977 pro- por- tion	1985 avg.	1986												
			Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept. ^r	Oct.	Nov. ^p	Dec. ^r
Index (1977 = 100)															
MAJOR MARKET															
1 Total index	100.00	123.8	125.6	126.2	125.3	123.6	124.7	124.2	124.2	124.9	125.1	124.9	125.3	126.0	126.6
2 Products	57.72	130.8	133.0	134.0	132.9	131.2	132.7	132.4	132.4	133.2	133.8	133.3	134.0	134.5	135.3
3 Final products	44.77	131.1	133.2	133.9	132.8	130.6	132.1	131.6	131.1	132.0	132.6	132.2	132.7	133.4	134.2
4 Consumer goods	25.52	120.2	123.3	123.8	123.3	121.8	124.5	124.3	124.4	125.2	125.1	124.2	124.9	125.8	126.9
5 Equipment	19.25	145.4	146.4	147.5	145.4	142.3	142.3	141.2	140.0	141.0	142.5	142.8	143.1	143.5	143.9
6 Intermediate products	12.94	130.0	132.0	134.2	133.4	133.3	134.5	135.1	137.0	137.3	137.8	137.0	138.4	138.5	139.2
7 Materials	42.28	114.2	115.4	115.5	114.8	113.3	113.8	113.0	113.1	113.6	113.2	113.5	113.4	114.5	114.7
<i>Consumer goods</i>															
8 Durable consumer goods	6.89	112.9	115.3	116.0	116.6	112.4	115.9	113.8	114.3	116.3	115.7	117.4	116.6	117.4	119.4
9 Automotive products	2.98	114.0	113.9	116.2	117.6	110.4	116.4	113.2	113.7	116.4	114.5	117.0	112.7	113.2	117.0
10 Autos and trucks	1.79	112.0	110.4	118.2	119.4	106.3	115.1	110.3	112.2	114.5	110.4	116.8	107.7	107.6	113.5
11 Trucks, consumer	1.16	98.9	94.6	105.5	107.1	93.7	100.8	94.8	99.3	95.3	87.8	96.2	91.9	92.3	99.5
12 Trucks, consumer	.63	136.3	139.8	141.7	142.1	129.6	141.5	139.1	136.1	150.3	152.4	155.1	137.1	136.0	.....
13 Auto parts and allied goods	1.19	116.9	119.0	113.3	114.9	116.6	118.4	117.4	116.1	119.1	120.7	117.3	120.1	121.6	122.2
14 Home goods	3.91	112.2	116.4	115.8	115.8	113.9	115.5	114.3	114.8	116.3	116.7	117.7	119.7	120.5	121.2
15 Appliances, A/C and TV	1.24	131.0	140.4	133.2	135.1	133.7	138.8	133.9	137.5	138.9	139.4	141.2	143.2	145.5	145.9
16 Appliances and TV	1.19	131.8	143.2	135.7	137.6	136.0	140.6	135.8	139.1	141.6	142.5	143.5	144.9	147.2	.....
17 Carpeting and furniture	.96	119.8	123.3	125.1	124.4	121.2	121.8	123.3	122.5	126.6	125.8	126.2	128.7	130.2	.....
18 Miscellaneous home goods	1.71	94.3	95.1	98.0	97.0	95.5	95.0	95.0	94.1	94.1	95.1	96.0	97.6	97.1	.....
19 Nondurable consumer goods	18.63	122.9	126.3	126.6	125.8	125.3	127.7	128.1	128.1	128.4	128.6	126.7	127.9	128.9	129.7
20 Consumer staples	15.29	129.0	132.5	132.8	132.3	131.6	134.3	135.0	135.1	135.3	135.5	133.6	134.6	135.5	136.2
21 Consumer foods and tobacco	7.80	128.8	131.6	130.1	131.1	130.3	131.9	132.4	133.3	132.2	133.2	131.0	131.4	132.5	.....
22 Nonfood staples	7.49	129.2	133.4	135.6	133.5	133.0	136.7	137.7	137.0	138.5	137.9	136.3	137.9	138.6	138.9
23 Consumer chemical products	2.75	149.1	153.6	156.3	158.3	156.4	163.1	162.4	163.6	166.4	163.4	161.1	162.4	163.1	.....
24 Consumer paper products	1.88	141.9	146.5	148.9	143.4	143.1	145.1	148.6	147.1	146.4	147.7	145.7	150.5	151.5	.....
25 Consumer energy	2.86	101.8	105.4	107.0	103.2	104.0	106.0	106.8	104.8	106.6	107.1	106.3	106.1	106.5	.....
26 Consumer fuel	1.44	88.6	91.7	94.1	92.0	92.2	93.7	96.4	91.8	91.2	94.9	92.0	90.8	91.9	.....
27 Residential utilities	1.42	115.3	119.4	120.1	114.5	116.1	118.4	117.5	118.1	122.3	119.6	120.9	121.6	.....	.....
<i>Equipment</i>															
28 Business and defense equipment	18.01	146.0	147.8	149.1	147.8	145.5	146.6	146.0	145.1	146.4	147.8	148.0	148.2	148.4	148.8
29 Business equipment	14.34	139.6	140.0	141.5	140.5	137.7	138.6	137.9	136.6	137.9	139.3	139.3	139.2	139.2	139.3
30 Construction, mining, and farm	2.08	64.3	66.3	65.3	63.0	59.5	58.6	60.9	61.9	60.6	58.3	58.1	58.0	56.7	.....
31 Manufacturing	3.27	110.7	111.6	113.0	112.9	112.4	111.9	111.9	111.7	112.6	113.3	113.0	112.4	111.1	111.3
32 Power	1.27	83.5	85.4	82.9	82.3	82.0	83.0	82.9	83.5	81.7	81.7	80.3	80.4	79.8	80.4
33 Commercial	5.22	217.9	217.0	217.8	216.8	214.3	213.4	212.9	208.2	214.5	217.5	215.1	215.8	217.7	218.0
34 Transit	2.49	105.4	105.5	112.7	111.7	104.3	112.1	107.3	108.8	103.9	106.9	113.3	111.8	111.0	110.3
35 Defense and space equipment	3.67	170.6	178.5	178.7	176.3	176.2	178.0	178.0	178.4	179.5	181.0	182.0	183.6	184.5	186.2
<i>Intermediate products</i>															
36 Construction supplies	5.95	118.3	119.8	124.0	122.6	122.6	123.6	123.5	124.1	124.0	125.4	125.9	126.0	126.3	126.7
37 Business supplies	6.99	140.0	142.4	142.9	142.6	142.5	143.8	145.0	147.9	148.6	148.4	146.4	148.9	149.0	.....
38 General business supplies	5.67	143.9	146.2	147.2	146.7	146.4	148.0	148.3	151.6	153.3	152.5	151.2	153.9	153.8	.....
39 Commercial energy products	1.31	122.9	126.2	124.4	124.9	125.6	125.8	130.7	131.9	128.3	130.6	125.8	127.6	128.0	.....
<i>Materials</i>															
40 Durable goods materials	20.50	121.4	121.9	122.2	121.3	119.3	120.2	118.4	117.8	118.8	118.8	118.9	119.0	120.6	120.5
41 Durable consumer parts	4.92	100.3	101.1	103.5	103.2	99.9	99.3	96.4	96.3	96.7	95.2	95.3	96.4	98.2	98.4
42 Equipment parts	5.94	158.0	154.1	153.8	153.0	153.7	154.8	152.3	151.8	154.3	155.6	154.8	153.8	155.6	154.5
43 Durable materials n.e.c.	9.64	109.7	112.8	112.2	111.0	108.0	109.4	108.8	107.9	108.2	108.1	108.8	109.1	111.0	110.7
44 Basic metal materials	4.64	84.8	87.9	85.2	83.0	79.6	82.9	78.9	76.7	77.4	76.9	78.4	78.3	82.8	.....
45 Nondurable goods materials	10.09	112.2	114.9	116.2	116.1	114.8	116.5	116.5	117.7	118.9	119.7	120.6	120.4	120.3	121.3
46 Textile, paper, and chemical materials	7.53	112.2	115.0	116.5	116.5	115.5	115.9	116.9	118.2	119.0	120.5	121.8	121.3	121.3	122.1
47 Textile materials	1.52	98.7	103.8	104.1	107.5	105.7	106.7	108.4	109.5	111.2	113.4	116.0	114.3	114.7	.....
48 Pulp and paper materials	1.55	124.1	129.0	129.7	128.8	128.0	129.0	128.6	132.7	135.6	136.0	133.7	133.5	136.5	.....
49 Chemical materials	4.46	112.7	114.0	116.2	115.4	114.5	114.5	115.7	116.1	115.9	117.5	119.7	119.5	118.2	.....
50 Miscellaneous nondurable materials	2.57	112.1	114.4	115.4	115.0	112.8	118.2	115.3	116.4	118.3	117.2	117.1	117.6	117.7	.....
51 Energy materials	11.69	103.4	104.5	103.0	102.1	101.4	100.4	100.5	100.8	99.9	97.9	98.0	97.4	98.7	99.1
52 Primary energy	7.57	107.2	108.1	106.9	106.7	107.4	106.2	106.7	106.5	104.8	103.7	103.8	103.4	104.8	.....
53 Converted fuel materials	4.12	96.4	97.9	95.8	93.6	90.5	89.7	89.2	90.4	90.9	87.3	87.4	86.4	87.5

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2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value—Continued

Grouping	SIC code	1977 proportion	1985 avg.	1986												
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept. ^r	Oct.	Nov. ^p	Dec. ^r
Index (1977 - 100)																
MAJOR INDUSTRY																
1 Mining and utilities.....		15.79	110.0	110.2	109.8	106.8	105.4	104.2	103.1	102.6	101.8	100.9	100.8	101.1	102.0	102.1
2 Mining.....		9.83	108.8	107.4	108.1	105.1	103.0	101.0	99.8	98.9	97.1	96.4	96.2	95.9	96.6	97.0
3 Utilities.....		5.96	111.9	114.8	112.5	109.7	109.3	109.4	108.5	108.6	109.7	108.3	108.3	109.5	110.9	110.6
4 Manufacturing.....		84.21	126.4	128.2	129.4	128.7	127.2	128.7	128.2	128.3	129.2	129.5	129.5	129.9	130.5	131.4
5 Non-durable.....		35.11	125.1	127.5	129.3	128.7	127.7	129.6	129.9	131.2	131.7	132.2	131.4	132.3	133.1	133.8
6 Durable.....		49.10	127.3	128.7	129.5	128.7	126.8	128.1	127.0	126.2	127.4	127.5	128.1	128.2	128.7	129.6
<i>Mining</i>																
7 Metal.....	10	.50	75.0	77.3	73.5	77.2	75.9	76.0	72.0	65.9	69.2	70.9	70.7	.....	.....	.....
8 Coal.....	11.12	1.60	126.8	128.4	130.8	126.5	124.7	124.4	124.0	127.3	120.2	122.2	120.8	117.6	130.6	.....
9 Oil and gas extraction.....	13	7.07	106.2	104.2	104.9	101.1	99.2	96.2	95.1	93.3	92.4	90.7	91.0	91.2	89.3	88.6
10 Stone and earth minerals.....	14	.66	118.3	114.6	113.5	116.8	111.6	115.0	112.4	114.5	111.8	114.8	111.7	114.4	113.0	.....
<i>Non-durable manufactures</i>																
11 Foods.....	20	7.96	130.2	132.1	132.0	132.9	132.2	133.1	133.7	134.6	134.3	135.1	134.3	133.5	134.5	.....
12 Tobacco products.....	21	.62	100.2	100.3	93.8	97.0	93.6	100.3	101.6	97.6	97.9	97.1	89.8	100.0	.....	.....
13 Textile mill products.....	22	2.29	103.2	107.7	107.9	109.9	108.0	111.4	111.3	112.6	113.4	114.7	116.0	116.4	118.6	.....
14 Apparel products.....	23	2.79	100.9	104.5	105.5	102.8	102.8	103.1	102.6	101.7	102.5	102.5	102.7	104.1	105.7	.....
15 Paper and products.....	26	3.15	127.6	131.3	133.6	132.6	132.4	134.1	133.2	137.2	138.1	138.6	136.9	137.7	140.3	.....
16 Printing and publishing.....	27	4.54	153.9	157.6	160.9	156.7	157.8	161.6	161.9	164.0	165.4	164.6	163.0	168.0	167.8	168.6
17 Chemicals and products.....	28	8.05	127.1	128.1	131.7	132.0	130.2	132.8	131.5	134.2	134.1	134.4	133.9	134.2	134.2	.....
18 Petroleum products.....	29	2.40	86.8	88.9	94.7	90.1	88.6	91.3	95.7	91.8	90.6	94.0	93.3	91.0	90.4	91.3
19 Rubber and plastic products.....	30	2.80	146.9	149.4	150.2	151.1	147.8	146.8	150.1	152.2	155.5	155.5	154.9	157.1	158.2	.....
20 Leather and products.....	31	.53	68.5	66.4	65.4	64.8	62.7	61.5	59.5	57.9	61.9	62.0	59.4	59.2	61.5	.....
<i>Durable manufactures</i>																
21 Lumber and products.....	24	2.30	113.4	116.1	120.5	120.3	120.7	121.3	121.6	120.9	120.8	122.5	125.0	124.8	.....	.....
22 Furniture and fixtures.....	25	1.27	139.7	140.5	141.2	143.2	142.9	145.9	146.2	147.1	149.5	148.3	147.7	149.3	147.9	.....
23 Clay, glass, stone products.....	32	2.72	115.5	118.2	120.0	119.3	120.0	121.6	120.2	120.8	119.6	119.7	121.6	118.2	118.1	.....
24 Primary metals.....	33	5.33	80.5	81.7	82.4	80.3	76.3	78.1	74.8	71.4	73.6	73.4	74.1	74.2	76.8	75.9
25 Iron and steel.....	331.2	3.49	70.4	71.6	72.2	69.5	64.3	65.6	60.2	58.3	61.7	60.8	61.1	62.2	64.6	.....
26 Fabricated metal products.....	34	6.46	107.3	108.2	109.2	108.5	107.6	108.2	106.5	106.6	105.7	105.9	107.3	108.0	107.5	108.1
27 Non-electrical machinery.....	35	9.54	145.3	146.2	144.9	143.9	141.7	140.8	141.3	140.4	142.6	142.6	140.9	142.9	142.6	142.9
28 Electrical machinery.....	36	7.15	168.4	168.7	166.1	164.8	165.2	166.8	166.0	163.2	166.8	167.2	166.9	167.8	167.9	169.7
29 Transportation equipment.....	37	9.13	121.4	124.0	128.2	127.5	122.6	126.2	124.1	125.1	125.6	125.1	127.7	125.2	125.7	127.8
30 Motor vehicles and parts.....	371	5.25	111.5	111.4	116.5	116.4	108.1	112.6	108.7	110.6	111.2	108.2	112.2	107.1	107.8	111.5
31 Aerospace and miscellaneous transportation equipment.....	372-6.9	3.87	134.9	141.0	143.9	142.6	142.4	144.8	145.0	144.7	145.2	148.0	148.7	149.7	150.0	149.9
32 Instruments.....	38	2.66	139.1	140.4	141.5	141.9	142.0	142.4	140.3	139.9	141.7	142.0	141.7	140.2	141.9	142.8
33 Miscellaneous manufactures.....	39	1.46	96.1	96.6	100.9	100.9	99.0	99.2	101.0	98.3	97.5	98.3	97.7	100.1	99.7	.....
<i>Utilities</i>																
34 Electric.....		4.17	119.7	122.4	119.7	119.5	119.8	121.6	121.7	123.1	125.4	122.4	122.8	123.9	125.4	.....
Gross value (billions of 1978 dollars, annual rates)																
MAJOR MARKET																
35 Products, total.....		517.5	1,650.9	1,676.6	1,702.1	1,686.5	1,660.8	1,686.3	1,687.6	1,676.7	1,669.9	1,681.3	1,677.8	1,684.0	1,690.0	1,700.1
36 Final.....		405.7	1,282.3	1,302.5	1,321.2	1,310.3	1,282.5	1,307.0	1,301.1	1,289.5	1,282.7	1,292.6	1,292.3	1,293.2	1,299.2	1,307.7
37 Consumer goods.....		272.7	820.7	841.7	850.7	845.3	832.0	852.3	852.4	843.8	842.3	846.9	839.8	840.5	848.0	858.1
38 Equipment.....		133.0	461.7	460.8	470.5	465.1	450.4	454.7	448.7	445.7	440.4	445.7	452.5	452.8	451.2	449.6
39 Intermediate.....		111.9	368.6	374.1	380.8	376.2	378.3	379.3	386.4	387.2	387.1	388.7	385.5	390.8	390.9	392.5

▲ A major revision of the industrial production index and the capacity utilization rates was released in July 1985. See "A Revision of the Index of Industrial Production" and accompanying tables that contain revised indexes (1977 - 100) through December 1984 in the FEDERAL RESERVE BULLETIN, vol. 71

(July 1985), pp. 487-501. The revised indexes for January through June 1985 were shown in the September BULLETIN.

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

2.14 HOUSING AND CONSTRUCTION

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

Item	1983	1984	1985	1986										
				Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	
Private residential real estate activity (thousands of units)														
NEW UNITS														
1 Permits authorized	1,605	1,682	1,733	1,808	1,834	1,885	1,788	1,792	1,759	1,673	1,603	1,565	1,613	
2 1-family	902	922	957	1,033	1,043	1,139	1,092	1,121	1,093	1,039	1,047	1,006	991	
3 2-or-more-family	703	759	777	775	791	746	696	671	666	634	556	559	622	
4 Started	1,703	1,749	1,742	2,001	1,960	2,019	1,853	1,852	1,782	1,795	1,664	1,628	1,585	
5 1-family	1,067	1,084	1,072	1,202	1,221	1,242	1,241	1,230	1,137	1,186	1,102	1,085	1,087	
6 2-or-more-family	635	665	669	799	739	777	612	622	645	609	562	543	498	
7 Under construction, end of period ¹	1,003	1,051	1,063	1,110	1,099	1,135	1,132	1,151	1,157	1,164	1,154	1,143	1,128	
8 1-family	524	556	539	581	574	586	597	612	623	630	626	625	619	
9 2-or-more-family	479	494	524	529	526	549	534	539	533	533	527	518	509	
10 Completed	1,390	1,652	1,703	1,725	1,806	1,693	1,829	1,620	1,761	1,763	1,743	1,733	1,749	
11 1-family	924	1,025	1,072	1,038	1,153	1,127	1,140	1,060	1,067	1,128	1,110	1,166	1,159	
12 2-or-more-family	466	627	631	687	653	566	689	560	694	635	633	567	590	
13 Mobile homes shipped	296	296	284	266	240	249	239	226	236	232	244	244	238	
Merchant builder activity in 1-family units														
14 Number sold	622	639	688	741	924	880	787	722	698	618	733	676	661	
15 Number for sale, end of period ¹	304	358	350	352	338	336	336	340	349	352	354	356	358	
Price (thousands of dollars) ²														
Median														
16 Units sold	75.5	80.0	84.3	89.7	88.7	92.5	92.1	91.2	94.1	91.5	94.2	95.0	95.5	
Average														
17 Units sold	89.9	97.5	101.0	106.6	108.0	110.3	114.6	110.9	116.8	113.2	113.0	112.5	116.8	
EXISTING UNITS (1-family)														
18 Number sold	2,719	2,868	3,217	3,270	3,200	3,570	3,450	3,390	3,470	3,610	3,770	3,810	3,910	
Price of units sold (thousands of dollars) ²														
Median														
19 Median	69.8	72.3	75.4	77.4	79.8	80.2	83.2	82.6	79.9	82.0	79.4	79.4	80.4	
Average														
20 Average	82.5	85.9	90.6	93.1	96.8	98.1	101.7	102.1	99.2	100.3	96.8	97.3	99.1	
Value of new construction ³ (millions of dollars)														
CONSTRUCTION														
21 Total put in place	279,240	327,209	355,570	373,947	368,027	373,904	374,483	375,397	380,722	382,603	382,581	379,676	376,958	
22 Private	228,527	271,973	292,792	305,682	298,868	303,320	302,573	304,567	309,003	310,155	308,617	307,736	306,239	
23 Residential	126,553	155,148	158,818	164,713	165,645	170,520	172,491	174,478	178,821	178,761	178,480	178,642	177,995	
24 Nonresidential, total	101,974	116,825	133,974	140,969	133,223	132,800	130,082	130,089	130,182	131,394	130,137	129,094	128,244	
Buildings														
25 Industrial	12,863	13,746	15,769	16,381	13,354	14,557	13,658	13,027	12,866	12,543	13,180	12,913	12,654	
26 Commercial	35,789	48,100	59,626	63,494	60,716	59,763	57,368	57,443	58,132	60,054	58,001	56,430	56,102	
27 Other	11,838	12,547	12,619	13,065	13,131	13,006	13,131	13,263	13,277	13,315	14,001	14,435	14,520	
28 Public utilities and other	41,484	42,432	45,960	48,029	46,022	45,474	45,925	46,356	45,907	45,482	44,955	45,316	44,968	
29 Public	50,715	55,232	62,777	68,264	69,159 ⁴	70,583	71,910	70,830	71,719	72,448	73,964	71,940	70,720	
30 Military	2,544	2,839	3,283	3,974	3,673	3,725	3,637	3,761	3,553	4,132	5,050	3,695	3,714	
31 Highway	14,143	16,343	19,998	22,273	22,673	23,155 ⁴	23,240 ⁴	22,001 ⁴	21,603	21,607	20,552	20,274	19,243	
32 Conservation and development	4,820	4,654	4,952	4,372	4,598	4,947	4,729	4,657	4,415	4,294	4,841	4,843	4,462	
33 Other	29,208	31,396	34,544	37,645	38,215	38,756	40,304	40,411	42,148	42,415	43,521	43,128	43,301	

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.

A50 Domestic Nonfinancial Statistics □ March 1987

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. 1986 (1967=100) ¹
	1985 Dec.	1986 Dec.	1986				1986					
			Mar.	June	Sept.	Dec.	Aug.	Sept.	Oct.	Nov.	Dec.	
CONSUMER PRICES²												
1 All items	3.8	1.1	-1.9	1.5	2.2	2.7	.2	.3	.2	.3	.2	331.1
2 Food	2.7	3.8	-1.4	3.4	9.4	4.1	.9	.4	.3	.5	.2	325.2
3 Energy items	1.8	-19.7	-34.2	-12.5	-19.5	-9.7	-1.9	.7	-2.2	-.7	.3	342.4
4 All items less food and energy	4.4	3.8	4.1	3.1	3.7	4.1	.3	.3	.4	.3	.3	332.8
5 Commodities	2.1	1.4	.3	-5.5	3.1	2.4	.3	.2	.2	.2	.2	265.8
6 Services	5.7	5.2	6.5	5.2	4.1	5.0	.3	.3	.5	.4	.3	405.7
PRODUCER PRICES												
7 Finished goods	1.8	-2.5	-12.5	.4	.7	2.2	.3 ^r	.5 ^r	.3	.2	.0	289.9
8 Consumer foods .....	.5	2.9	-8.1	5.9	13.0	1.8	1.6 ^r	-.3 ^r	.9	-.1	.4	282.9
9 Consumer energy	-.3	-39.1	-66.9	-22.3	-36.9	-15.7	-8 ^r	4.4 ^r	-4.3	.0	.2	446.8
10 Other consumer goods	2.7	2.9	2.5	2.0	2.2	5.4	.0 ^r	.3 ^r	.8	.3	.2	262.0
11 Capital equipment	2.7	2.1	.7	2.3	2.2	3.2	.1	.4	.5	.3	.0	310.1
12 Intermediate materials ³	-.1	-4.5	-11.8	-5.3	-.8	.1	-.1	.5	-.3	.2	.1	310.5
13 Excluding energy	-.1	.1	-1.0	-1.3	2.0	.8	.1	.2	.1	.2	-.1	304.8
Crude materials												
14 Foods	-6.4	-1.7	-24.7	1.6	20.1	1.5	2.8 ^r	-1.5 ^r	2.6	.2	-2.0	232.8
15 Energy	-4.9	-29.4	-31.3	-29.1	-13.3	-16.9	-1.6 ^r	4.6 ^r	-.9	-.7	-3.0	519.5
16 Other	-4.3	1.6	-.2	7.0	-18.1	20.1	-5.6	.5	1.7	1.6	1.4	246.9

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	1984	1985	1986	1986				
				Q4	Q1	Q2	Q3	Q4
GROSS NATIONAL PRODUCT								
1 Total	3,765.0	3,998.1	4,208.5	4,087.7	4,149.2	4,175.6	4,240.7	4,268.4
<i>By source</i>								
2 Personal consumption expenditures	2,428.2	2,600.5	2,762.4	2,667.9	2,697.9	2,732.0	2,799.8	2,819.9
3 Durable goods	331.2	359.3	388.3	362.0	360.8	373.9	414.5	404.2
4 Nondurable goods	870.1	905.1	932.7	922.6	929.7	928.4	932.8	940.0
5 Services	1,227.0	1,336.1	1,441.3	1,383.2	1,407.4	1,429.8	1,452.4	1,475.7
6 Gross private domestic investment	662.1	661.1	686.4	669.5	708.3	687.3	675.8	674.5
7 Fixed investment	598.0	650.0	675.1	672.6	664.4	672.8	680.3	682.7
8 Nonresidential	416.5	458.2	458.5	474.0	459.2	457.5	459.0	458.1
9 Structures	139.3	154.8	143.6	157.2	154.6	141.5	139.5	138.6
10 Producers' durable equipment	277.3	303.4	314.9	316.8	304.6	316.0	319.5	319.5
11 Residential structures	181.4	191.8	216.6	198.6	205.3	215.3	221.3	224.6
12 Change in business inventories	64.1	11.1	11.4	-3.1	43.8	14.5	-4.5	-8.3
13 Nonfarm	56.6	12.2	11.8	16.7	41.2	10.5	-10.3	5.7
14 Net exports of goods and services	-58.7	-78.9	-105.7	-105.3	-93.7	-104.5	-108.9	-115.6
15 Exports	382.7	369.8	373.0	368.2	374.8	363.0	370.8	383.4
16 Imports	441.4	448.6	478.7	473.6	468.5	467.5	479.7	499.0
17 Government purchases of goods and services	733.4	815.4	865.3	855.6	836.7	860.8	874.0	889.7
18 Federal	311.3	354.1	367.2	380.9	355.7	367.6	369.3	376.3
19 State and local	422.2	461.3	498.1	474.7	480.9	493.3	504.7	513.3
<i>By major type of product</i>								
20 Final sales, total	3,700.9	3,987.0	4,197.1	4,090.8	4,105.4	4,161.2	4,245.2	4,276.7
21 Goods	1,576.7	1,630.2	1,673.0	1,644.1	1,669.0	1,661.6	1,680.2	1,681.1
22 Durable	675.0	700.2	719.7	709.1	710.6	703.1	730.1	735.0
23 Nondurable	901.7	930.0	953.3	935.0	958.4	958.5	950.1	946.1
24 Services	1,813.1	1,959.8	2,105.5	2,025.5	2,057.7	2,087.4	2,125.2	2,151.7
25 Structures	375.1	408.1	430.1	418.1	422.6	426.7	435.3	435.7
26 Change in business inventories	64.1	11.1	11.4	-3.1	43.8	14.5	-4.5	-8.3
27 Durable goods	39.2	6.6	4.2	9.5	28.6	-1.1	-15.6	3.9
28 Nondurable goods	24.9	4.5	7.2	-12.7	15.3	14.6	11.1	-12.2
29 MEMO: Total GNP in 1982 dollars	3,489.9	3,585.2	3,676.5	3,622.3	3,655.9	3,661.4	3,686.4	3,702.4
NATIONAL INCOME								
30 Total	3,032.0	3,222.3	3,387.4	3,287.3	3,340.7	3,376.4	3,396.1	n.a.
31 Compensation of employees	2,214.7	2,368.2	2,498.3	2,423.6	2,461.5	2,480.2	2,507.4	2,544.2
32 Wages and salaries	1,837.0	1,965.8	2,073.8	2,012.8	2,044.1	2,058.8	2,081.1	2,111.1
33 Government and government enterprises	346.2	372.2	395.7	381.6	387.2	392.5	398.4	404.4
34 Other	1,490.6	1,593.9	1,678.1	1,631.1	1,656.8	1,666.3	1,687.7	1,706.7
35 Supplement to wages and salaries	377.7	402.4	424.5	410.9	417.4	421.3	426.3	433.1
36 Employer contributions for social insurance	193.1	205.5	215.7	209.1	212.9	214.1	215.9	220.1
37 Other labor income	184.5	196.9	208.8	201.7	204.5	207.3	210.4	213.0
38 Proprietors' income ¹	236.9	254.4	278.9	262.1	265.3	289.1	277.5	283.7
39 Business and professional ¹	205.3	225.2	252.5	232.7	240.9	249.6	258.0	261.6
40 Farm ¹	31.5	29.2	26.4	29.4	24.4	39.5	19.6	22.2
41 Rental income of persons ²	8.3	7.6	15.6	8.3	12.8	16.3	16.2	17.0
42 Corporate profits ¹	264.7	280.7	299.7	285.6	296.4	293.1	302.0	n.a.
43 Profits before tax ¹	235.7	223.2	236.6	235.8	222.5	227.7	240.4	n.a.
44 Inventory valuation adjustment	-5.5	6.6	6.3	-9.4	16.5	10.6	6.1	-8.0
45 Capital consumption adjustment	34.5	58.1	56.8	59.2	57.3	54.8	55.5	59.5
46 Net interest	307.4	311.4	294.9	307.6	304.9	297.7	292.9	284.1

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).

2.17 PERSONAL INCOME AND SAVING

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

Account	1984	1985	1986	1985		1986		
				Q4	Q1	Q2	Q3	Q4
PERSONAL INCOME AND SAVING								
1 Total personal income.....	3,110.2	3,314.5	3,487.0	3,382.9	3,432.6	3,483.3	3,498.8	3,533.4
2 Wage and salary disbursements.....	1,836.8	1,966.1	2,073.8	2,012.8	2,044.1	2,058.8	2,081.1	2,111.1
3 Commodity-producing industries.....	577.8	607.7	623.3	617.7	622.0	620.8	621.8	628.7
4 Manufacturing.....	439.1	460.1	471.3	467.5	470.5	468.8	470.0	475.8
5 Distributive industries.....	442.2	469.8	488.0	478.9	485.2	484.3	488.3	494.2
6 Service industries.....	470.6	516.4	566.8	534.6	549.6	561.3	572.6	583.8
7 Government and government enterprises.....	346.2	372.2	395.7	381.6	387.2	392.5	398.4	404.4
8 Other labor income.....	184.5	196.9	208.8	201.7	204.5	207.3	210.4	213.0
9 Proprietors' income ¹	236.9	254.4	278.9	262.1	265.3	289.1	277.5	283.7
10 Business and professional ¹	205.3	225.2	252.5	232.7	240.9	249.6	258.0	261.6
11 Farm ¹	31.5	29.2	26.4	29.4	24.4	39.5	19.6	22.2
12 Rental income of persons ²	8.3	7.6	15.6	8.3	12.8	16.3	16.2	17.0
13 Dividends.....	74.7	76.4	81.2	76.7	79.1	81.1	82.0	82.7
14 Personal interest income.....	446.9	476.2	475.4	480.6	480.8	480.1	473.8	466.7
15 Transfer payments.....	455.6	487.1	513.7	493.6	504.7	510.1	518.5	521.7
16 Old-age survivors, disability, and health insurance benefits.....	235.7	253.4	266.7	256.8	263.2	264.1	269.6	270.2
17 LESS: Personal contributions for social insurance.....	133.5	150.2	160.3	152.9	158.6	159.5	160.8	162.5
18 EQUALS: Personal income.....	3,110.2	3,314.5	3,487.0	3,382.9	3,432.6	3,483.3	3,498.8	3,533.4
19 LESS: Personal tax and nontax payments.....	439.6	486.5	513.4	500.7	497.5	504.8	519.0	532.2
20 EQUALS: Disposable personal income.....	2,670.6	2,828.0	2,973.7	2,882.2	2,935.1	2,978.5	2,979.9	3,001.2
21 LESS: Personal outlays.....	2,501.9	2,684.7	2,857.4	2,756.4	2,789.4	2,825.5	2,895.8	2,918.9
22 EQUALS: Personal saving.....	168.7	143.3	116.3	125.8	145.6	153.1	84.1	82.3
MEMO								
Per capita (1982 dollars)								
23 Gross national product.....	14,721.1	14,980.9	15,223.6	15,079.9	15,188.0	15,178.9	15,245.6	15,273.9
24 Personal consumption expenditures.....	9,475.4	9,713.0	10,014.9	9,790.3	9,857.1	9,984.4	10,124.0	10,087.0
25 Disposable personal income.....	10,421.0	10,563.0	10,780.0	10,577.0	10,723.0	10,886.0	10,776.0	10,737.0
26 Saving rate (percent).....	6.3	5.1	3.9	4.4	5.0	5.1	2.8	2.7
GROSS SAVING								
27 Gross saving.....	573.3	551.5	537.4	524.1	583.2	539.7	517.2	n.a.
28 Gross private saving.....	674.8	687.8	680.5	679.2	708.3	713.0	650.5	n.a.
29 Personal saving.....	168.7	143.3	116.3	125.8	145.6	153.1	84.1	82.3
30 Undistributed corporate profits ¹	91.0	107.3	109.1	106.8	115.5	106.6	108.8	n.a.
31 Corporate inventory valuation adjustment.....	-5.5	-6	6.3	-9.4	16.5	10.6	6.1	-8.0
<i>Capital consumption allowances</i>								
32 Corporate.....	253.9	268.2	280.2	273.3	275.3	278.9	281.6	284.8
33 Noncorporate.....	161.2	169.0	175.0	173.4	171.8	174.4	176.0	177.6
34 Wage accruals less disbursements.....	.0	.0	.0	.0	.0	.0	.0	.0
35 Government surplus, or deficit (-), national income and product accounts.....	-101.5	136.3	-143.1	-155.1	-125.1	-173.3	-133.3	n.a.
36 Federal.....	170.0	-198.0	-204.0	-217.6	-195.0	-232.2	-197.4	n.a.
37 State and local.....	68.5	61.7	60.8	62.5	69.9	58.9	64.0	n.a.
38 Capital grants received by the United States, net.....	.0	.0	.0	.0	.0	.0	.0	.0
39 Gross investment.....	571.4	545.9	542.8	525.7	579.6	544.3	527.5	519.7
40 Gross private domestic.....	662.1	661.1	686.4	669.5	708.3	687.3	675.8	674.5
41 Net foreign.....	-90.7	-115.2	143.7	-143.8	-128.6	143.0	-148.3	154.8
42 Statistical discrepancy.....	1.9	-5.5	5.4	1.6	3.6	4.6	10.3	10.3

1. With inventory valuation and capital consumption adjustments.
 2. With capital consumption adjustment.

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

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data are seasonally adjusted except as noted.¹

Item credits or debits	1983	1984	1985	1985		1986		
				Q3	Q4	Q1	Q2	Q3 ²
1 Balance on current account	-46,605	-106,466	-117,677	-28,455	-33,695	-34,038	-34,413	-36,280
2 Not seasonally adjusted				-32,275	-31,510	-31,020	-35,458	-40,206
3 Merchandise trade balance ²	-67,080	-112,522	-124,439	-31,675	-37,352	-36,459	-35,669	-37,669
4 Merchandise exports	201,820	219,900	214,424	52,498	52,727	53,661	55,149	55,318
5 Merchandise imports	-268,900	-332,422	-338,863	-84,173	-90,079	-90,120	-90,818	-92,987
6 Military transactions, net	-370	-1,827	-2,917	-619	-1,322	-1,066	-695	-624
7 Investment income, net ³	24,841	18,751	25,188	8,262	9,255	6,517	5,325	5,309
8 Other service transactions, net	5,484	1,288	-525	-422	-32	-7	705	681
9 Remittances, pensions, and other transfers	-3,194	-3,621	-3,787	-914	-937	-954	-834	-789
10 U.S. government grants (excluding military)	-6,286	-8,536	-11,196	-3,087	-3,307	-2,069	-3,245	-3,388
11 Change in U.S. government assets, other than official reserve assets, net (increase, -)	-5,005	-5,523	-2,824	-422	-540	-250	-209	-1,346
12 Change in U.S. official reserve assets (increase, -)	-1,196	-3,130	-3,858	-121	-3,148	-115	16	280
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	-66	-979	-897	-264	-189	-274	-104	163
15 Reserve position in International Monetary Fund	-4,434	-995	908	388	168	344	366	508
16 Foreign currencies	3,304	-1,156	-3,869	-245	-3,126	-185	-246	-391
17 Change in U.S. private assets abroad (increase, +) ³	-43,821	-14,987	-25,754	-5,324	-19,579	-12,533	-25,357	-28,016
18 Bank-reported claims	-29,928	-11,127	-691	4,009	-8,485	6,333	-14,387	-20,507
19 Nonbank-reported claims	-6,513	5,081	1,665	-1,517	418	-2,842	-1,220	n.a.
20 U.S. purchase of foreign securities, net	-7,007	-5,082	-7,977	-1,664	-1,411	-6,133	-1,664	163
21 U.S. direct investments abroad, net ³	-373	-3,859	-18,752	-6,152	-10,101	-9,891	-8,806	-7,672
22 Change in foreign official assets in the United States (increase, +)	5,968	3,037	-1,324	2,577	-1,322	2,469	14,704	15,839
23 U.S. Treasury securities	6,972	4,690	-546	-81	-1,976	3,256	14,538	12,262
24 Other U.S. government obligations	-476	13	-295	46	-171	-177	-644	-276
25 Other U.S. government liabilities ⁴	725	436	483	58	263	288	679	954
26 Other U.S. liabilities reported by U.S. banks	545	555	522	2,932	722	-1,261	662	3,201
27 Other foreign official assets ⁵	-1,798	-2,657	-1,488	-378	-160	363	-531	-302
28 Change in foreign private assets in the United States (increase, +) ³	79,528	99,730	128,430	33,088	53,158	34,151	32,822	53,294
29 U.S. bank-reported liabilities	50,342	33,849	40,387	7,276	20,427	8,434	3,553	32,187
30 U.S. nonbank-reported liabilities	-118	4,704	-1,172	589	2,232	-2,057	-1,644	n.a.
31 Foreign private purchases of U.S. Treasury securities, net	8,721	23,059	20,500	7,484	5,676	7,666	3,807	397
32 Foreign purchases of other U.S. securities, net	8,636	12,759	50,859	11,628	22,441	18,686	23,018	17,078
33 Foreign direct investments in the United States, net ³	11,947	25,359	17,856	6,111	2,382	1,422	4,088	3,432
34 Allocation of SDRs	0	0	0	0	0	0	0	0
35 Discrepancy	11,130	27,338	23,006	-1,343	5,125	10,316	12,437	-3,771
36 Owing to seasonal adjustments				-3,687	3,771	1,216	-1,505	-3,993
37 Statistical discrepancy in recorded data before seasonal adjustment	11,130	27,338	23,006	2,344	1,354	9,100	13,942	222
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, -)	-1,196	-3,130	-3,858	-121	-3,148	-115	16	280
39 Foreign official assets in the United States (increase, +)	5,243	2,601	-1,807	2,519	-1,585	2,181	14,025	14,885
40 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 22 above)	-8,283	-4,304	-6,599	-1,831	-1,002	1,421	-1,938	-2,828
41 Transfers under military grant programs (excluded from lines 4, 6, and 10 above)	194	190	64	15	28	22	12	15

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

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

3. Includes reinvested earnings.

4. Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.

5. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

NOTE: Data are from Bureau of Economic Analysis, *Survey of Current Business* (Department of Commerce).

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3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are not seasonally adjusted.

Item	1983	1984	1985	1986						
				May	June	July	Aug.	Sept.	Oct.	Nov.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	200,486	217,865	213,146	17,431	19,070	17,707	17,604	17,518	19,330 ^a	18,595
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	258,048	325,726	345,276	30,272	31,764	34,121	29,476	28,695	30,018	36,187
3 Trade balance	-57,562	107,861	-132,129	-12,842	-12,694	-16,414	-11,871	-11,177	-10,688	-17,592

NOTE. The data through 1981 in this table are reported by the Bureau of Census data of a free-alongside-ship (f.a.s.) value basis—that is, value at the port of export. Beginning in 1981, foreign trade of the U.S. Virgin Islands is included in the Census basis trade data; this adjustment has been made for all data shown in the table. Beginning with 1982 data, the value of imports are on a customs valuation basis.

The Census basis data differ from merchandise trade data shown in table 3.10, U.S. International Transactions Summary, for reasons of coverage and timing. On

the *export side*, the largest adjustments are: (1) the addition of exports to Canada not covered in Census statistics, and (2) the exclusion of military sales (which are combined with other military transactions and reported separately in the "service account" in table 3.10, line 6). On the *import side*, additions are made for gold, ship purchases, imports of electricity from Canada, and other transactions; military payments are excluded and shown separately as indicated above.

SOURCE: FT900 "Summary of U.S. Export and Import Merchandise Trade" (Department of Commerce, Bureau of the Census).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1983	1984	1985	1986						
				June	July	Aug.	Sept.	Oct. ^a	Nov. ^a	Dec. ^a
1 Total	33,747	34,934	43,191	46,635	47,430	48,161	48,086	47,107	47,838	48,447
2 Gold stock, including Exchange Stabilization Fund ¹	11,121	11,096	11,090	11,084	11,084	11,084	11,084	11,084	11,084	11,084
3 Special drawing rights ^{2,3}	5,025	5,641	7,293	8,213	8,085	8,250	8,295	8,090	8,310	8,395
4 Reserve position in International Monetary Fund ²	11,312	11,541	11,952	12,109	12,114	12,017	11,922	11,575	11,659	11,730
5 Foreign currencies ⁴	6,289	6,656	12,856	15,229	16,147	16,810	16,785	16,358	16,785	17,238

1. Gold held under earmark at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.13. Gold stock is valued at \$42.22 per fine troy ounce.

2. Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, 16 currencies were used; from January 1981, 5 currencies have been used. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974.

3. Includes allocations by the International Monetary Fund of SDRs as follows: \$867 million on Jan. 1, 1970; \$717 million on Jan. 1, 1971; \$710 million on Jan. 1, 1972; \$1,139 million on Jan. 1, 1979; \$1,152 million on Jan. 1, 1980; and \$1,093 million on Jan. 1, 1981; plus transactions in SDRs.

4. Valued at current market exchange rates.

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1983	1984	1985	1986						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1 Deposits	190	267	480	354	233	227	342	303	224	287
<i>Assets held in custody</i>										
2 U.S. Treasury securities ¹	117,670	118,000	121,004	137,820	144,527	148,263	152,275	156,076	156,919	155,835
3 Earmarked gold ²	14,414	14,242	14,245	14,128	14,131	14,120	14,115	14,110	14,057	14,048

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 Data¹

Millions of dollars, end of period

Asset account	1983	1984	1985	1986						
				May	June	July	Aug.	Sept.	Oct.	Nov. ²
All foreign countries										
1 Total, all currencies	477,090	453,656	458,012	459,587	467,565	454,886	461,440 [*]	474,567	446,581	446,555
2 Claims on United States	115,542	113,393	119,713	117,724	117,812	113,474	117,661	116,382	112,068	108,355
3 Parent bank	82,026	78,109	87,201	85,404	82,565	79,387	83,779	82,302	79,999	76,207
4 Other banks in United States ²	33,516	35,664	32,512	32,320	35,247	34,087	33,882	34,080	32,069	32,148
5 Nonbanks ²	19,455	21,620	19,455	21,114	14,039	13,527	13,072	13,624	11,659	11,904
6 Claims on foreigners	342,689	320,162	315,680	316,337	324,216	314,354	315,583	328,563	305,572	308,401
7 Other branches of parent bank	96,004	95,184	91,399	90,447	98,406	92,641	93,435	103,278	90,472	91,570
8 Banks	117,668	100,397	102,960	103,958	105,648	103,095	102,849	107,503	100,707	103,290
9 Public borrowers	24,517	23,343	23,478	23,846	23,279	23,578	23,720	23,505	24,215	23,357
10 Nonbank foreigners	107,785	101,238	97,843	98,086	96,883	95,040	95,579	94,277	90,238	90,184
11 Other assets	18,859	20,101	22,619	25,526	25,537	27,058	28,196 [*]	29,622	28,941	29,799
12 Total payable in U.S. dollars	371,508	350,636	336,288	322,837	327,639	313,703	318,375 [*]	330,597	309,087	306,633
13 Claims on United States	113,436	111,426	116,645	113,864	113,519	109,263	113,636	112,133	107,612	104,226
14 Parent bank	80,909	77,229	85,971	82,110	81,073	78,023	82,261	80,753	78,335	74,707
15 Other banks in United States ²	32,527	33,500	30,674	31,754	32,446	31,240	31,375	31,387	30,544	29,986
16 Nonbanks ²	20,697	20,697	18,220	19,461	19,539	18,865	19,195	18,578	18,733	18,533
17 Claims on foreigners	247,406	228,600	209,905	198,358	203,934	194,102	194,643	207,701	190,030	190,661
18 Other branches of parent bank	78,431	78,746	72,689	69,684	75,883	69,135	68,604	78,400	67,835	67,835
19 Banks	93,332	76,940	71,748	65,160	66,751	65,033	64,940	68,596	62,836	60,917
20 Public borrowers	17,890	17,252	17,252	17,203	16,498	16,684	16,788	16,521	17,455	16,821
21 Nonbank foreigners	60,977	55,288	48,216	46,311	44,802	43,250	44,311	44,184	41,904	41,088
22 Other assets	10,666	10,610	9,738	10,615	10,186	10,338	10,096 [*]	10,763	11,445	11,746
United Kingdom										
23 Total, all currencies	158,732	144,385	148,599	152,075	151,593	145,448	145,619	151,596	142,398	143,800
24 Claims on United States	34,433	27,675	33,157	34,231	31,364	30,223	29,839	30,879	30,747	28,942
25 Parent bank	29,111	21,862	26,970	28,001	25,106	24,252	23,466	24,291	24,800	22,673
26 Other banks in United States ²	5,322	4,384	5,106	6,230	6,258	6,000	6,413	6,588	6,314	6,269
27 Nonbanks ²	119,280	111,828	110,217	111,823	113,739	108,156	109,024	113,368	105,534	108,145
28 Claims on foreigners	36,565	37,953	31,576	31,984	34,670	31,613	31,828	34,678	31,268	29,960
29 Other branches of parent bank	43,352	37,443	39,250	39,222	39,430	38,393	38,048	40,204	37,836	41,143
30 Banks	5,898	5,334	5,644	5,427	5,236	5,229	5,336	5,086	5,157	5,038
31 Public borrowers	33,465	31,098	33,747	35,190	34,403	32,921	33,812	35,400	31,273	32,004
32 Nonbank foreigners	5,019	4,882	5,225	6,021	6,490	7,069	6,756	7,349	6,117	6,713
33 Other assets	126,012	112,809	108,626	106,716	104,013	97,641	97,771	103,228	97,295	97,119
34 Total payable in U.S. dollars	126,012	112,809	108,626	106,716	104,013	97,641	97,771	103,228	97,295	97,119
35 Claims on United States	33,756	26,868	32,092	32,872	29,944	28,848	28,446	29,512	29,312	27,566
36 Parent bank	28,756	21,495	26,568	27,584	24,693	23,888	22,972	23,826	24,323	22,108
37 Other banks in United States ²	5,000	1,363	1,005	1,152	1,102	1,131	1,194	1,848	1,110	1,364
38 Nonbanks ²	88,917	82,945	73,475	70,406	70,697	65,472	66,465	70,325	64,873	66,296
39 Claims on foreigners	31,838	33,607	26,011	26,265	27,559	24,258	24,657	27,151	24,632	23,223
40 Other branches of parent bank	32,188	26,805	26,139	23,134	22,825	21,938	21,636	22,917	21,011	24,018
41 Banks	4,194	4,030	3,999	3,937	3,777	3,777	3,838	3,778	3,859	3,811
42 Public borrowers	20,697	18,503	17,326	17,070	16,536	15,483	16,334	16,479	15,371	15,244
43 Nonbank foreigners	3,339	2,996	3,059	3,438	3,372	3,321	2,860	3,391	3,110	3,257
44 Other assets	3,339	2,996	3,059	3,438	3,372	3,321	2,860	3,391	3,110	3,257
Bahamas and Caymans										
45 Total, all currencies	152,083	146,811	142,055	132,122	138,944	134,238	137,526	143,082	134,060	131,306
46 Claims on United States	75,309	77,296	74,864	68,807	70,883	69,812	73,047	71,918	68,614	66,011
47 Parent bank	48,720	49,449	50,553	42,868	44,183	43,867	47,694	46,635	44,476	42,166
48 Other banks in United States ²	26,589	11,544	11,204	10,916	11,730	11,201	10,813	10,641	9,557	9,628
49 Nonbanks ²	72,868	65,598	63,882	59,292	64,043	60,363	60,167	66,620	59,622	59,446
50 Claims on foreigners	20,626	17,661	19,042	15,703	20,585	16,682	16,539	22,763	16,985	18,139
51 Other branches of parent bank	36,842	30,246	28,192	26,397	27,078	27,160	27,065	27,779	26,205	25,743
52 Banks	6,093	6,089	6,458	6,717	6,405	6,551	6,675	6,434	7,263	6,697
53 Public borrowers	12,592	11,602	10,190	10,475	9,975	9,970	9,888	9,644	9,169	8,867
54 Nonbank foreigners	3,906	3,917	3,309	4,023	4,018	4,063	4,312	4,544	5,824	5,849
55 Other assets	3,906	3,917	3,309	4,023	4,018	4,063	4,312	4,544	5,824	5,849
56 Total payable in U.S. dollars	145,641	141,562	136,794	125,681	132,353	127,910	130,723	136,615	127,361	124,744

1. Beginning with June 1984 data, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from \$50 million to \$150 million equivalent in total assets, the threshold now applicable to all reporting branches.

2. Data for assets vis-à-vis other banks in the United States and vis-à-vis nonbanks are combined for dates before June 1984.

3.14 Continued

Liability account	1983	1984	1985	1986						
				May	June	July	Aug.	Sept.	Oct.	Nov. ^p
All foreign countries										
57 Total, all currencies	477,090	453,656	458,012	459,587	467,565	454,886	461,440^r	474,567	446,581	446,555
58 Negotiable CDs ¹	n.a.	37,725	34,607	35,006	34,683	32,656	31,475	33,642	32,444	32,926
59 To United States	188,070	147,583	155,538	144,241	149,848	141,599	145,488	151,281	141,126	137,106
60 Parent bank	81,261	78,739	83,914	77,484	85,126	81,299	79,564	87,927	75,777	75,087
61 Other banks in United States	29,453	18,409	16,894	14,347	16,118	14,191	15,151	14,153	14,791	14,666
62 Nonbanks	77,356	50,435	54,730	52,410	48,604	46,109	50,773	49,201	50,558	47,353
63 To foreigners	269,685	247,907	245,942	258,700	262,329	259,133	262,978	269,322	253,202	256,471
64 Other branches of parent bank	90,615	93,909	89,529	90,228	97,717	91,144	91,307	102,245	87,883	87,865
65 Banks	92,889	78,203	76,814	83,251	81,008	82,854	85,239	81,953	80,709	83,639
66 Official institutions	18,896	20,281	19,523	20,792	20,480	20,608	20,637	20,109	19,436	18,831
67 Nonbank foreigners	68,845	55,514	60,076	64,429	63,124	64,527	65,795	65,015	65,174	66,136
68 Other liabilities	19,335	20,441	21,925	21,640	20,705	21,498	21,463	20,322	19,890	20,052
69 Total payable in U.S. dollars	388,291	367,145	353,470	340,176	346,428	330,183	333,581	349,259	323,699	319,885
70 Negotiable CDs ¹	n.a.	35,227	31,063	31,513	31,076	28,970	28,091	30,560	29,206	29,752
71 To United States	184,305	143,571	150,161	137,694	142,730	133,908	137,805	143,627	133,301	129,299
72 Parent bank	79,035	76,254	80,888	73,950	81,066	77,048	75,391	83,790	71,858	71,042
73 Other banks in United States	26,936	17,935	16,264	13,575	15,323	13,507	14,364	13,173	13,768	13,811
74 Nonbanks	76,334	49,382	53,009	50,169	46,341	43,353	48,050	46,664	47,675	44,446
75 To foreigners	194,139	178,260	163,361	162,528	163,943	158,314	158,931	167,356	153,536	153,432
76 Other branches of parent bank	73,522	77,770	70,943	69,978	75,805	68,065	66,878	77,464	65,077	63,650
77 Banks	57,022	45,123	37,323	36,335	33,745	34,827	36,460	35,358	33,802	35,161
78 Official institutions	13,855	15,773	14,354	14,049	13,772	14,091	14,125	13,697	13,320	13,139
79 Nonbank foreigners	51,260	39,594	40,741	42,166	40,621	41,331	41,468	40,837	41,337	41,482
80 Other liabilities	9,847	10,087	8,885	8,441	8,679	8,991	8,754	7,716	7,656	7,402
United Kingdom										
81 Total, all currencies	158,732	144,385	148,599	152,075	151,593	145,448	145,619	151,596	142,398	143,800
82 Negotiable CDs ¹	n.a.	34,413	31,260	31,734	31,396	29,295	28,279	30,352	28,847	28,984
83 To United States	55,799	25,250	29,422	27,505	26,270	22,671	22,831	26,540	24,610	22,714
84 Parent bank	14,021	14,651	19,330	16,624	15,892	13,300	14,188	17,399	14,014	13,811
85 Other banks in United States	11,328	3,125	2,974	2,175	1,997	1,999	2,148	2,062	2,382	2,313
86 Nonbanks	30,450	7,474	7,118	8,706	8,381	7,372	6,495	7,079	8,214	6,590
87 To foreigners	95,847	77,424	78,525	83,067	84,362	83,707	84,880	85,554 ^r	80,252	83,320
88 Other branches of parent bank	19,038	21,631	23,389	23,838	27,029	25,106	24,962	28,272	24,194	23,733
89 Banks	41,624	30,436	28,581	31,584	30,505	31,678	32,250	31,190	31,001	34,192
90 Official institutions	10,151	10,154	9,676	9,548	9,543	9,074	9,330	8,652	8,068	7,875
91 Nonbank foreigners	25,034	15,203	16,879	18,097	17,285	17,849	18,338	17,440	16,989	17,520
92 Other liabilities	7,086	7,298	9,392	9,769	9,565	9,775	9,629	9,150	8,689	8,782
93 Total payable in U.S. dollars	131,167	117,497	112,697	109,337	108,375	101,095	101,397	108,249	99,820	99,321
94 Negotiable CDs ¹	n.a.	33,070	29,337	29,542	29,135	27,015	26,114	28,490	26,927	27,166
95 To United States	54,691	24,105	27,756	25,490	24,214	20,065	20,403	24,039	21,960	20,182
96 Parent bank	13,839	14,339	18,956	16,233	15,331	12,648	13,707	16,984	13,591	13,438
97 Other banks in United States	11,044	2,980	2,826	1,944	1,817	1,738	1,879	1,735	2,108	2,007
98 Nonbanks	29,808	6,786	5,974	7,313	7,066	5,679	4,817	5,320	6,261	4,737
99 To foreigners	73,279	56,923	51,980	50,441	51,056	49,932	50,855	52,645	47,491	48,921
100 Other branches of parent bank	15,403	18,294	18,493	18,043	20,455	17,868	17,790	21,305	17,289	16,689
101 Banks	29,320	18,356	14,344	14,114	13,073	14,251	15,056	14,491	14,123	15,855
102 Official institutions	8,279	8,871	7,661	6,953	6,914	6,658	6,724	6,015	5,685	5,655
103 Nonbank foreigners	20,277	11,402	11,482	11,331	10,614	11,155	11,285	10,834	10,394	10,722
104 Other liabilities	3,197	3,399	3,624	3,864	3,970	4,083	4,025	3,075	3,442	3,052
Bahamas and Caymans										
105 Total, all currencies	152,083	146,811	142,055	132,122	138,944	134,238	137,526	143,082	134,060	131,306
106 Negotiable CDs ¹	n.a.	615	610	634	567	565	470	527	683	784
107 To United States	111,299	102,955	103,813	94,128	98,897	96,636	99,585	102,012	96,840	94,436
108 Parent bank	50,980	47,162	44,811	40,757	47,014	47,862	44,417	49,981	43,470	43,597
109 Other banks in United States	16,057	13,938	12,778	10,738	12,868	11,131	11,952	10,986	11,144	11,131
110 Nonbanks	44,262	41,855	46,224	42,633	39,015	37,643	43,216	41,045	41,226	39,708
111 To foreigners	38,445	40,320	35,053	35,139	37,340	34,827	35,216	38,447	35,427	33,841
112 Other branches of parent bank	14,936	16,782	14,075	13,731	15,882	13,561	13,368	15,918	13,574	12,539
113 Banks	11,876	12,405	10,669	10,318	9,991	9,636	10,216	10,158	8,964	8,534
114 Official institutions	1,919	2,054	1,776	2,144	2,427	2,468	2,386	2,834	2,665	2,577
115 Nonbank foreigners	11,274	9,079	8,533	8,946	9,040	9,162	9,246	9,537	10,224	10,191
116 Other liabilities	2,339	2,921	2,579	2,221	2,140	2,210	2,255	2,096	2,110	2,245
117 Total payable in U.S. dollars	148,278	143,582	138,322	127,918	134,606	130,075	133,256	138,733	130,084	127,252

3. Before June 1984, liabilities on negotiable CDs were included in liabilities to the United States or liabilities to foreigners, according to the address of the initial purchaser.

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1984	1985	1986						
			May	June	July	Aug.	Sept.	Oct.	Nov. ^p
1 Total ¹	180,552	178,356	190,159	194,562	198,784	203,364	209,608	211,053	211,014
<i>By type</i>									
2 Liabilities reported by banks in the United States ²	26,089	26,734	24,911	26,142	25,143	25,482	29,544	27,188	27,743
3 U.S. Treasury bills and certificates ³	59,976	53,252	63,614	65,790	70,721	74,766	75,095	75,457	75,132
U.S. Treasury bonds and notes									
4 Marketable	69,019	77,108	82,501	84,113	85,561	85,622	87,546	91,052	91,152
5 Nonmarketable ⁴	5,800	3,550	1,800	1,800	1,300	1,300	1,300	1,300	1,300
6 U.S. securities other than U.S. Treasury securities ⁵	19,668	17,712	17,333	16,717	16,059	16,194	16,123	16,056	15,687
<i>By area</i>									
7 Western Europe ¹	69,776	74,418	76,405	79,641	81,524	83,874	87,261	88,590	87,747
8 Canada	1,528	1,314	1,502	1,529	1,627	1,535	1,626	1,699	1,891
9 Latin America and Caribbean	8,561	11,141	10,595	11,046	11,242	10,801	10,353	10,047	9,116
10 Asia	93,954	86,459	96,487	97,359	100,070	102,362	105,598	105,336	105,421
11 Africa	1,264	1,824	1,718	1,717	1,525	1,958	1,864	1,715	1,544
12 Other countries ⁶	5,469	3,200	3,452	3,270	2,796	2,834	2,906	3,666	5,295

1. Includes the Bank for International Settlements.

2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.

3. Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.

4. Excludes notes issued to foreign official nonreserve agencies. Includes bonds and notes payable in foreign currencies.

5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.

6. Includes countries in Oceania and Eastern Europe.

NOTE: Based on Treasury Department data and on data reported to the Treasury Department by banks (including Federal Reserve Banks) and securities dealers in the United States.

3.16 LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in Foreign Currencies

Millions of dollars, end of period

Item	1982	1983	1984	1985	1986		
				Dec.	Mar.	June	Sept.
1 Banks' own liabilities	4,844	5,219	8,586	15,368	21,364	24,077	29,227
2 Banks' own claims	7,707	7,231	11,984	16,161	19,736	20,985	24,516
3 Deposits	4,251	2,731	4,998	8,304	11,318	13,313	13,818
4 Other claims	3,456	4,501	6,986	7,857	8,418	9,672	10,698
5 Claims of banks' domestic customers ¹	676	1,059	569	580	1,426	1,385	1,660

1. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of their domestic customers.

NOTE: Data on claims exclude foreign currencies held by U.S. monetary authorities.

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States
Payable in U.S. dollars
Millions of dollars, end of period

Holder and type of liability	1983	1984	1985	1986						
				May	June	July	Aug. ⁷	Sept.	Oct.	Nov. ⁸
1 All foreigners	369,607	407,306	435,726	444,528	457,350	469,720	486,514	505,464	497,042	511,738
2 Banks' own liabilities	279,087	306,898	341,070	342,074	345,663	342,267	355,003	372,368	362,332	377,496
3 Demand deposits	17,470	19,571	21,107	19,651	21,332	19,607	20,277	21,388	21,730	24,772
4 Time deposits ¹	90,632	110,413	117,278	114,055	115,246	117,010	122,322	125,840	123,787	125,605
5 Other ²	25,874	26,268	29,305	31,686	31,712	30,650	33,026	36,834	36,043	36,146
6 Own foreign offices ³	145,111	150,646	173,381	176,683	177,373	174,999	179,378	188,307	180,773	190,973
7 Banks' custody liabilities ⁴	90,520	100,408	94,656	102,454	111,687	127,453	131,511	133,095	134,710	134,242
8 U.S. Treasury bills and certificates ⁵	68,669	76,368	69,133	80,192	82,701	86,789	89,586	90,467	91,305	90,351
9 Other negotiable and readily transferable instruments ⁶	17,467	18,747	17,964	13,917	14,729	14,702	14,507	14,430	15,085	14,360
10 Other	4,385	5,293	7,558	8,346	14,257	25,962	27,417	28,198	28,319	29,530
11 Nonmonetary international and regional organizations⁷	5,957	4,454	5,821	4,519	3,441	3,974	5,253	3,038	3,902	4,315
12 Banks' own liabilities	4,632	2,014	2,621	2,388	891	1,857	4,090	1,721	2,426	2,944
13 Demand deposits	297	254	85	99	79	156	165	180	175	135
14 Time deposits ¹	3,584	1,267	2,067	1,109	551	1,209	3,233	1,243	1,939	2,299
15 Other ²	750	463	469	1,179	262	492	691	299	312	511
16 Banks' custody liabilities ⁴	1,325	2,440	3,200	2,131	2,550	2,118	1,163	1,317	1,476	1,371
17 U.S. Treasury bills and certificates	463	916	1,736	1,282	1,619	991	129	218	308	262
18 Other negotiable and readily transferable instruments ⁶	862	1,524	1,464	849	918	1,126	1,033	1,099	1,162	1,104
19 Other	0	0	0	0	13	0	1	0	6	5
20 Official institutions⁸	79,876	86,065	79,985	88,526	91,932	95,863	100,247	104,640	102,645	102,875
21 Banks' own liabilities	19,427	19,039	20,835	22,018	22,928	22,044	22,710	26,821	24,064	25,165
22 Demand deposits	1,837	1,823	2,077	1,810	2,131	1,609	1,582	1,895	1,840	2,188
23 Time deposits ¹	7,318	9,374	10,949	9,850	10,347	10,116	9,892	10,918	10,389	11,286
24 Other ²	10,272	7,842	7,809	10,358	10,450	10,319	11,236	14,008	11,835	11,691
25 Banks' custody liabilities ⁴	60,448	67,026	59,150	66,508	69,004	73,820	77,538	77,819	78,581	77,710
26 U.S. Treasury bills and certificates ⁵	54,341	59,976	53,252	63,614	65,790	70,721	74,766	75,095	75,457	75,132
27 Other negotiable and readily transferable instruments ⁶	6,082	6,966	5,824	2,754	2,996	2,892	2,624	2,524	2,920	2,446
28 Other	25	84	75	139	218	207	148	199	204	132
29 Banks⁹	226,887	248,893	275,589	275,047	284,637	291,827	301,549	318,552	310,650	324,575
30 Banks' own liabilities	205,347	225,368	252,723	251,126	255,673	251,779	260,950	276,496	268,436	282,324
31 Unaffiliated foreign banks	60,236	74,722	79,341	74,444	78,300	76,780	81,573	88,188	87,663	91,351
32 Demand deposits	8,759	10,556	10,271	9,036	10,277	9,180	9,304	9,295	9,714	11,626
33 Time deposits ¹	37,439	47,095	49,510	46,780	48,480	49,418	52,811	58,006	55,890	57,537
34 Other ²	14,038	17,071	19,561	18,627	19,544	18,181	19,458	20,887	20,058	22,189
35 Own foreign offices ³	145,111	150,646	173,381	176,682	177,373	174,999	179,378	188,307	180,773	190,973
36 Banks' custody liabilities ⁴	21,540	23,525	22,866	23,922	28,964	40,048	40,598	42,057	42,214	42,250
37 U.S. Treasury bills and certificates	10,178	11,448	9,832	10,841	10,688	10,934	10,543	10,635	10,601	10,491
38 Other negotiable and readily transferable instruments ⁶	7,485	7,236	6,040	5,451	5,448	5,585	5,526	5,538	5,532	5,468
39 Other	3,877	4,841	6,994	7,629	12,828	23,529	24,530	25,883	26,081	26,291
40 Other foreigners	56,887	67,894	74,331	76,436	77,339	78,055	79,465	79,233	79,845	79,972
41 Banks' own liabilities	49,680	60,477	64,892	66,543	66,170	66,587	67,253	67,331	67,407	67,063
42 Demand deposits	6,577	6,938	8,673	8,705	8,845	8,663	9,227	10,018	10,000	10,824
43 Time deposits	42,290	52,678	54,752	56,316	55,869	56,267	56,386	55,673	55,569	54,483
44 Other ²	813	861	1,467	1,521	1,456	1,657	1,641	1,640	1,838	1,756
45 Banks' custody liabilities ⁴	7,207	7,417	9,439	9,893	11,169	11,468	12,212	11,903	12,439	12,909
46 U.S. Treasury bills and certificates	3,686	4,029	4,314	4,454	4,604	4,143	4,149	4,519	4,939	4,465
47 Other negotiable and readily transferable instruments ⁶	3,038	3,021	4,636	4,862	5,367	5,099	5,325	5,268	5,472	5,342
48 Other	483	367	489	577	1,198	2,226	2,738	2,115	2,028	3,102
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	10,346	10,476	9,845	6,269	6,419	6,492	6,569	6,554	6,759	6,607

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

2. Includes borrowing under repurchase agreements.

3. U.S. banks: includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks; principally amounts due to head office or parent foreign bank, and foreign branches, agencies or wholly owned subsidiaries of head office or parent foreign bank.

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

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

6. Principally bankers' acceptances, commercial paper, and negotiable time certificates of deposit.

7. Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.

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

9. Excludes central banks, which are included in "Official institutions."

3.17 Continued

Area and country	1983	1984	1985	1986						
				May	June	July	Aug.	Sept. ¹	Oct.	Nov. ²
1 Total	369,607	407,306	435,726	444,528	457,350	469,720	486,514	505,464	497,042	511,738
2 Foreign countries	363,649	402,852	429,905	440,009	453,909	465,745	481,261	502,426	493,140	507,423
3 Europe	138,072	153,145	164,114	165,795	166,382	163,016	166,145	173,930	173,487	175,576
4 Austria	585	615	693	897	1,013	988	1,073	1,073	1,018	1,235
5 Belgium-Luxembourg	2,709	4,114	5,243	5,425	5,224	5,343	5,114	6,165	5,859	6,669
6 Denmark	466	438	513	523	519	560	643	483	478	604
7 Finland	531	418	496	514	484	449	365	406	606	448
8 France	9,441	12,701	15,541	19,423	19,862	20,129	21,469	21,339	21,243	21,644
9 Germany	3,599	3,358	4,835	4,964	4,639	5,646	5,290	5,559	6,624	5,856
10 Greece	520	699	666	552	657	604	570	623	646	755
11 Italy	8,462	10,762	9,667	7,875	8,918	8,828	9,269	8,836	8,757	9,304
12 Netherlands	4,290	4,731	4,212	4,183	4,224	4,682	4,495	4,952	4,827	4,374
13 Norway	1,673	1,548	948	850	710	497	542	576	654	512
14 Portugal	373	597	652	796	795	711	791	758	738	685
15 Spain	1,603	2,082	2,114	1,879	2,069	1,894	1,979	2,082	2,297	2,196
16 Sweden	1,799	1,676	1,422	1,299	1,118	1,267	944	1,293	1,032	1,301
17 Switzerland	32,246	31,740	29,020	26,848	27,812	28,455	29,064	29,207	29,832	30,576
18 Turkey	467	584	429	434	386	310	285	448	401	1,263
19 United Kingdom	60,683	68,671	76,728	83,885	82,314	78,193	79,947	86,215	84,298	84,058
20 Yugoslavia	562	602	673	556	661	542	482	562	515	544
21 Other Western Europe ¹	7,403	7,192	9,635	4,165	3,997	3,366	3,277	2,724	2,938	3,087
22 U.S.S.R.	65	79	105	34	89	48	32	84	25	16
23 Other Eastern Europe ²	596	537	523	693	690	506	553	545	699	452
24 Canada	16,026	16,059	17,427	21,257	22,926	22,359	23,933	24,150	24,340	25,753
25 Latin America and Caribbean	140,088	153,381	167,856	161,405	169,650	181,737	187,780	196,704	187,982	189,384
26 Argentina	4,038	4,394	6,032	6,075	6,229	6,336	6,096	6,069	5,748	5,202
27 Bahamas	55,818	56,897	57,657	53,680	60,081	60,764	67,096	69,123	64,106	62,613
28 Bermuda	2,266	2,370	2,765	2,016	2,513	2,201	2,195	2,199	1,918	2,549
29 Brazil	3,168	5,275	5,373	5,542	5,185	5,134	5,179	5,359	5,361	4,684
30 British West Indies	34,545	36,773	42,674	42,116	43,278	55,552	55,614	61,635	58,708	61,465
31 Chile	1,842	2,001	2,049	2,223	2,270	2,227	2,139	2,436	2,403	2,325
32 Colombia	1,689	2,514	3,104	3,053	3,419	3,334	3,315	3,373	3,775	3,873
33 Cuba	8	10	11	7	8	7	8	7	6	6
34 Ecuador	1,047	1,092	1,239	1,166	1,262	1,196	1,232	1,260	1,216	1,199
35 Guatemala	788	896	1,071	1,097	1,108	1,123	1,140	1,129	1,126	1,153
36 Jamaica	109	183	122	201	185	184	177	187	151	153
37 Mexico	10,392	12,303	14,060	13,153	13,633	12,985	13,609	13,137	13,209	13,488
38 Netherlands Antilles	3,879	4,220	4,875	4,798	4,358	4,382	4,383	4,775	4,645	4,705
39 Panama	5,924	6,951	7,514	7,042	6,686	6,639	6,390	6,415	6,524	6,729
40 Peru	1,166	1,266	1,167	1,132	1,254	1,158	1,149	1,256	1,167	1,145
41 Uruguay	1,244	1,394	1,552	1,703	1,664	1,687	1,636	1,589	1,608	1,752
42 Venezuela	8,632	10,545	11,922	11,712	11,734	12,058	11,668	11,709	11,392	11,522
43 Other Latin America and Caribbean	3,535	4,297	4,668	4,689	4,783	4,770	4,753	5,056	4,917	4,837
44 Asia	58,570	71,187	72,280	83,817	86,977	91,669	96,021	100,058	99,331	107,025
45 China										
45 Mainland	249	1,153	1,607	973	1,469	1,795	1,185	1,938	1,585	1,450
46 Taiwan	4,051	4,990	7,786	12,687	13,683	14,331	15,608	16,129	16,534	17,540
47 Hong Kong	6,657	6,581	8,067	8,745	8,656	8,934	9,026	9,349	8,663	9,347
48 India	464	507	712	577	695	562	685	651	755	701
49 Indonesia	997	1,033	1,466	1,758	1,416	1,572	1,474	1,611	1,530	1,541
50 Israel	1,722	1,268	1,601	1,725	1,731	1,686	2,109	1,986	2,380	2,380
51 Japan	18,079	21,640	23,077	29,689	31,325	36,286	38,221	39,951	41,311	46,155
52 Korea	1,648	1,730	1,665	1,336	1,414	1,392	1,251	1,282	1,446	1,128
53 Philippines	1,234	1,383	1,140	1,331	1,306	1,363	1,458	1,400	1,707	1,720
54 Thailand	747	1,257	1,358	1,155	1,068	1,104	1,080	1,100	1,115	1,085
55 Middle-East oil-exporting countries ³	12,976	16,804	14,523	14,537	14,581	12,739	13,227	13,056	12,045	12,994
56 Other Asia	9,748	12,841	9,276	9,355	9,638	9,861	11,121	11,481	10,654	10,984
57 Africa	2,827	3,396	4,883	4,227	4,291	4,041	4,227	4,158	3,973	4,022
58 Egypt	671	647	1,363	910	1,079	820	1,088	843	640	710
59 Morocco	84	118	163	92	87	93	82	91	86	84
60 South Africa	449	328	388	414	414	609	438	318	347	264
61 Zaïre	87	153	163	105	92	65	60	80	79	96
62 Oil-exporting countries ⁴	620	1,189	1,494	1,490	1,463	1,368	1,371	1,625	1,623	1,593
63 Other Africa	917	961	1,312	1,216	1,156	1,086	1,189	1,203	1,199	1,276
64 Other countries	8,067	5,684	3,347	3,507	3,682	2,924	3,155	3,425	4,026	5,662
65 Australia	7,857	5,300	2,779	2,744	2,943	2,173	2,459	2,785	2,943	4,286
66 All other	210	384	568	763	739	751	696	640	1,083	1,376
67 Nonmonetary international and regional organizations	5,957	4,454	5,821	4,519	3,441	3,974	5,253	3,038	3,902	4,315
68 International	5,273	3,747	4,806	3,669	2,471	2,714	4,147	1,759	2,748	3,232
69 Latin American regional	419	587	894	748	845	922	916	972	957	927
70 Other regional ⁵	265	120	121	102	126	338	190	307	197	157

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

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

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

4. Comprises Algeria, Gabon, Libya, and Nigeria.

5. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."

3.18 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States
Payable in U.S. Dollars
Millions of dollars, end of period

Area and country	1983	1984	1985	1986						
				May	June	July	Aug.	Sept.	Oct.	Nov. ^a
1 Total	391,312	400,162	401,608	394,667	403,843	403,494	403,729	416,577 ^c	406,280	417,502
2 Foreign countries	391,148	399,363	400,577	394,259	403,387	403,002	403,309	416,376 ^c	405,907	417,331
3 Europe	91,927	99,014	106,413	100,903	104,441	100,321	100,323	106,735 ^c	103,616	106,348
4 Austria	401	433	598	501	609	619	694	654	619	748
5 Belgium-Luxembourg	5,639	4,794	5,772	5,696	7,243	6,113	6,990	6,574 ^c	7,689	8,149
6 Denmark	1,275	648	706	882	750	856	783	807	796	764
7 Finland	1,044	898	823	866	983	1,041	961	1,085	1,111	1,176
8 France	8,766	9,157	9,124	8,861	9,455	9,583	9,483	10,209 ^c	9,512	9,499
9 Germany	1,284	1,306	1,267	1,176	1,095	1,426	1,181	1,599 ^c	1,320	1,654
10 Greece	476	817	991	723	629	622	660	706	626	792
11 Italy	9,018	9,119	8,848	6,806	7,474	7,266	5,981	6,797	7,679	8,323
12 Netherlands	1,267	1,356	1,258	1,384	1,407	1,427	1,254	2,039 ^c	2,114	2,424
13 Norway	690	675	706	746	905	614	698	732	711	712
14 Portugal	1,114	1,243	1,058	850	776	789	757	734	699	682
15 Spain	3,573	2,884	1,908	1,986	2,001	1,863	1,749	1,995	1,922	1,722
16 Sweden	3,358	2,230	2,219	2,239	2,478	2,906	2,404	2,487	2,475	2,343
17 Switzerland	1,863	2,123	3,171	3,134	3,553	2,617	3,306	2,665	2,661	3,574
18 Turkey	812	1,130	1,200	1,649	1,856	1,709	1,649	1,586 ^c	1,612	3,527
19 United Kingdom	47,364	56,185	62,566	59,332	58,224	56,249	57,846	61,997 ^c	58,092	56,610
20 Yugoslavia	1,718	1,886	1,964	1,928	2,005	1,902	1,852	1,871 ^c	1,886	1,897
21 Other Western Europe ¹	477	596	998	491	1,253	1,102	521	791	799	600
22 U.S.S.R.	192	142	130	489	568	504	528	405 ^c	296	225
23 Other Eastern Europe ²	1,598	1,389	1,107	1,164	1,176	1,112	1,026	1,002	1,097	927
24 Canada	16,341	16,109	16,482	17,910	18,270	18,303	19,401	18,112	19,532	20,338
25 Latin America and Caribbean	205,491	207,862	202,674	193,625	200,733	202,204	197,866	205,579 ^c	196,413	196,512
26 Argentina	11,749	11,050	11,462	11,921	12,079	12,282	12,009	12,119	12,243	12,017
27 Bahamas	59,633	58,009	58,258	52,537	57,075	56,250	55,453	61,705 ^c	53,557	53,858
28 Bermuda	566	592	499	238	274	432	373	320	452	556
29 Brazil	24,667	26,315	25,283	25,271	24,855	24,915	24,762	24,856	24,738	25,880
30 British West Indies	35,527	38,205	38,881	37,072	40,043	41,923	39,836	40,360 ^c	39,535	39,248
31 Chile	6,072	6,839	6,603	6,537	6,507	6,514	6,449	6,489 ^c	6,514	6,526
32 Colombia	3,745	3,499	3,249	2,820	2,789	2,776	2,642	2,633 ^c	2,674	2,665
33 Cuba	0	0	0	0	0	0	0	0	2	1
34 Ecuador	2,307	2,420	2,390	2,382	2,397	2,366	2,375	2,387	2,418	2,395
35 Guatemala ³	129	158	194	112	136	113	127	135	122	138
36 Jamaica ³	215	252	224	218	244	209	209	224	247	216
37 Mexico	34,802	34,885	31,799	31,493	31,399	31,168	30,839	31,037	31,024	30,659
38 Netherlands Antilles	1,154	1,350	1,340	1,075	1,086	996	1,060	1,133	972	911
39 Panama	7,848	7,707	6,645	5,919	5,860	6,280	5,862	6,377	6,094	5,354
40 Peru	2,536	2,384	1,947	1,757	1,738	1,703	1,677	1,600	1,625	1,618
41 Uruguay	977	1,088	960	951	931	927	936	1,051	930	943
42 Venezuela	11,287	11,017	10,871	11,326	11,304	11,364	11,289	11,177 ^c	11,180	11,014
43 Other Latin America and Caribbean	2,277	2,091	2,067	1,997	2,015	1,985	1,969	1,977 ^c	2,086	2,513
44 Asia	67,837	66,316	66,212	73,965	72,033	74,253	77,792	78,073 ^c	78,558	86,209
45 China										
45 Mainland	292	710	639	703	567	779	526	758	758	793
46 Taiwan	1,908	1,849	1,535	1,446	1,238	1,089	1,637	1,903	1,528	1,812
47 Hong Kong	8,489	7,293	6,796	8,315	7,526	8,445	8,632	8,883	8,337	7,598
48 India	330	425	450	420	440	372	375	355	316	327
49 Indonesia	805	724	698	736	675	720	729	689	694	722
50 Israel	1,832	2,088	1,991	1,766	1,772	1,567	1,541	1,622 ^c	1,630	1,615
51 Japan	30,354	29,066	31,249	38,629	38,524	40,902	43,327	42,751	45,167	53,265
52 Korea	9,943	9,285	9,226	9,176	8,977	8,900	8,476	7,846 ^c	7,023	6,569
53 Philippines	2,107	2,555	2,224	2,263	2,393	2,168	2,128	2,148	2,071	1,972
54 Thailand	1,219	1,125	845	716	706	711	736	636	611	595
55 Middle East oil-exporting countries ⁴	4,954	5,044	4,298	3,948	3,680	2,919	2,764	3,724	3,396	3,778
56 Other Asia	5,603	6,152	6,260	5,845	5,535	5,680	6,921	6,758 ^c	7,027	7,162
57 Africa	6,654	6,615	5,407	4,890	4,971	4,817	4,693	4,651 ^c	4,531	4,747
58 Egypt	747	728	721	619	740	701	633	593	577	560
59 Morocco	440	583	575	640	642	615	617	636	621	621
60 South Africa	2,634	2,795	1,942	1,743	1,705	1,661	1,683	1,607	1,549	1,586
61 Zaire	33	18	20	17	17	17	21	33 ^c	35	27
62 Oil-exporting countries ⁵	1,073	842	630	417	415	413	445	511	545	690
63 Other	1,727	1,649	1,520	1,455	1,452	1,410	1,294	1,271	1,203	1,253
64 Other countries	2,898	3,447	3,390	2,966	2,939	3,103	3,232	3,225 ^c	3,259	3,187
65 Australia	2,256	2,769	2,413	2,050	2,023	2,159	2,293	2,221 ^c	2,143	1,985
66 All other	642	678	978	916	916	945	940	1,004	1,115	1,202
67 Nonmonetary international and regional organizations ⁶	164	800	1,030	408	456	493	420	200	372	171

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

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

3. Included in "Other Latin America and Caribbean" through March 1978.

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

5. Comprises Algeria, Gabon, Libya, and Nigeria.

6. Excludes the Bank for International Settlements, which is included in "Other Western Europe."

3.19 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars Millions of dollars, end of period

Type of claim	1983	1984	1985	1986						
				May	June	July	Aug.	Sept. ^r	Oct.	Nov. ^p
1 Total	426,215	433,078	430,489		432,326			448,426		
2 Banks' own claims on foreigners	391,312	400,162	401,608	394,667	403,843	403,494	403,729	416,577	406,280	417,502
3 Foreign public borrowers	57,569	62,237	60,507	59,972	60,622	60,667	59,947	60,603	60,707	60,603
4 Own foreign offices ¹	146,393	156,216	174,261	173,094	181,867	181,590	182,151	193,355	182,548	189,401
5 Unaffiliated foreign banks	123,837	124,932	116,654	112,522	112,996	114,101	115,922	116,808	117,386	120,025
6 Deposits	47,126	49,226	48,372	47,493	47,041	49,326	52,410	52,178	53,068	52,592
7 Other	76,711	75,706	88,282	65,029	65,955	64,775	63,512	64,630	64,319	67,433
8 All other foreigners	63,514	56,777	50,185	49,079	48,358	47,137	45,708	45,811	45,639	47,474
9 Claims of banks' domestic customers ²	34,903	32,916	28,881		28,483			31,849		
10 Deposits	2,969	3,380	3,335		3,475			3,743		
11 Negotiable and readily transferable instruments ³	26,064	23,805	19,332		20,294			22,337		
12 Outstanding collections and other claims	5,870	5,732	6,214		4,715			5,769		
13 MEMO: Customer liability on acceptances	37,715	37,103	28,487		28,328			27,172		
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States ⁴	46,337	40,714	37,399	47,351	46,200	47,464	48,575	44,515	n.a.	n.a.

1. U.S. banks: includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.
 2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account of their domestic customers.

3. Principally negotiable time certificates of deposit and bankers acceptances.
 4. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see July 1979 BULLETIN, p. 550.
 NOTE: Beginning April 1978, data for banks' own claims are given on a monthly basis, but the data for claims of banks' own domestic customers are available on a quarterly basis only.

3.20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars Millions of dollars, end of period

Maturity; by borrower and area	1982	1983	1984	1985	1986		
				Dec.	Mar.	June	Sept.
1 Total	228,150	243,715	243,952	227,903	221,177	222,255	224,317
<i>By borrower</i>							
2 Maturity of 1 year or less ¹	173,917	176,158	167,858	160,824	152,696	152,247	154,731
3 Foreign public borrowers	21,256	24,039	23,912	26,302	23,845	23,183	22,392
4 All other foreigners	152,661	152,120	143,947	134,522	128,851	129,065	132,339
5 Maturity of over 1 year ¹	54,233	67,557	76,094	67,078	68,481	70,008	69,586
6 Foreign public borrowers	23,137	32,521	38,695	34,512	36,681	37,177	38,115
7 All other foreigners	31,095	35,036	37,399	32,567	31,800	32,830	31,471
<i>By area</i>							
8 Maturity of 1 year or less ¹							
9 Europe	50,500	56,117	58,498	56,585	53,462	57,929	59,331
10 Canada	7,642	6,211	6,028	6,401	5,899	6,043	5,968
11 Latin America and Caribbean	73,291	73,660	62,791	63,328	59,538	57,134	57,814
12 Asia	37,578	34,403	33,504	27,966	28,034	25,772	26,713
13 Africa	3,680	4,199	4,442	3,753	3,331	3,297	3,038
14 All other ²	1,226	1,569	2,593	2,791	2,433	2,073	1,866
15 Maturity of over 1 year ¹							
16 Europe	11,636	13,576	9,605	7,634	7,783	7,934	7,285
17 Canada	1,931	1,857	1,882	1,805	1,925	2,256	1,861
18 Latin America and Caribbean	35,247	43,888	56,144	50,674	52,165	53,572	54,147
19 Asia	3,185	4,850	5,323	4,502	4,251	4,034	3,990
20 Africa	1,494	2,286	2,033	1,538	1,634	1,497	1,479
21 All other ²	740	1,101	1,107	926	722	714	824

1. Remaining time to maturity.

2. Includes nonmonetary international and regional organizations.

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

Billions of dollars, end of period

Area or country	1982	1983	1984		1985			1986			
			Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept. ³
1 Total	436.1	433.9	406.4	405.7	405.5	396.8	394.9	391.9	394.3	390.9	391.4
2 G-10 countries and Switzerland	179.6	167.8	147.5	148.1	151.0	146.7	152.0	148.5	156.4	159.8	158.6
3 Belgium-Luxembourg	13.1	12.4	9.8	8.7	9.3	8.9	9.5	9.3	8.3	9.0	8.5
4 France	17.1	16.2	14.3	14.1	14.5	13.5	14.8	13.3	13.8	15.1	14.6
5 Germany	12.7	11.3	10.0	9.0	8.9	9.6	9.8	10.5	11.2	11.5	12.5
6 Italy	10.3	11.4	9.7	10.1	10.0	8.6	8.4	9.8	8.5	9.3	8.1
7 Netherlands	3.6	3.5	3.4	3.9	3.8	3.7	3.4	3.7	3.5	3.4	3.9
8 Sweden	5.0	5.1	3.5	3.2	3.1	2.9	3.1	2.8	2.9	2.9	2.7
9 Switzerland	5.0	4.3	3.9	3.9	4.2	4.0	4.1	4.4	5.4	5.6	4.8
10 United Kingdom	72.1	65.3	57.1	60.3	65.4	65.7	67.1	64.6	68.5	68.9	70.1
11 Canada	10.4	8.3	8.1	7.9	9.1	8.1	7.6	7.0	6.2	6.8	6.1
12 Japan	30.2	29.9	27.7	27.1	24.7	21.7	24.3	24.2	28.1	27.4	27.4
13 Other developed countries	33.5	36.0	36.2	33.6	32.8	32.3	32.0	30.4	31.6	30.6	29.4
14 Austria	1.9	1.9	1.8	1.6	1.6	1.6	1.7	1.6	1.6	1.7	1.7
15 Denmark	2.4	3.4	2.9	2.2	2.1	1.9	2.1	2.4	2.5	2.4	2.3
16 Finland	2.2	2.4	1.9	1.9	1.8	1.8	1.8	1.6	1.9	1.6	1.7
17 Greece	3.0	2.8	3.2	2.9	2.9	2.9	2.8	2.6	2.5	2.6	2.7
18 Norway	1.3	3.3	3.2	3.0	2.9	2.9	3.4	2.9	2.7	3.0	2.7
19 Portugal	1.5	1.5	1.6	1.4	1.4	1.3	1.4	1.3	1.1	1.0	1.0
20 Spain	7.5	7.1	6.9	6.5	6.4	5.9	6.1	5.8	6.4	6.4	6.7
21 Turkey	1.4	1.7	2.0	1.9	1.9	2.0	2.1	1.9	2.3	2.5	2.1
22 Other Western Europe	2.3	1.8	1.7	1.7	1.7	1.8	1.7	2.0	2.4	2.1	1.6
23 South Africa	3.7	4.7	5.0	4.5	4.2	3.9	3.3	3.2	3.2	3.1	3.1
24 Australia	4.3	5.4	6.1	6.0	6.1	6.2	5.6	5.0	4.9	4.2	4.2
25 OPEC countries ⁴	26.9	28.4	24.4	24.9	24.5	22.8	22.7	21.6	20.7	20.6	20.0
26 Ecuador	2.2	2.2	2.1	2.2	2.2	2.2	2.2	2.1	2.2	2.1	2.1
27 Venezuela	10.5	9.9	9.2	9.3	9.3	9.3	9.0	8.9	8.7	8.8	8.7
28 Indonesia	2.9	3.4	3.2	3.3	3.3	3.1	3.1	3.0	3.3	3.0	2.8
29 Middle East countries	8.5	9.8	7.3	7.9	7.4	6.1	6.2	5.5	4.8	5.0	4.7
30 African countries	2.8	3.0	2.5	2.3	2.3	2.2	2.3	2.0	1.8	1.7	1.7
31 Non-OPEC developing countries	106.5	110.8	111.6	111.8	110.8	110.0	107.8	105.1	103.5	101.4	99.6
Latin America											
32 Argentina	8.9	9.5	9.1	8.7	8.6	8.6	8.9	8.9	8.9	9.2	9.3
33 Brazil	22.9	23.1	26.3	26.3	26.4	26.6	25.5	25.6	25.7	25.3	25.2
34 Chile	6.3	6.4	7.1	7.0	7.0	6.9	6.6	7.0	7.0	7.1	7.1
35 Colombia	3.1	3.2	2.9	2.9	2.8	2.7	2.6	2.7	2.3	2.2	2.0
36 Mexico	24.2	25.8	26.0	25.7	25.5	25.3	24.4	24.2	24.0	23.8	23.8
37 Peru	2.6	2.4	2.2	2.2	2.2	2.1	1.9	1.8	1.7	1.6	1.5
38 Other Latin America	4.0	4.2	3.9	3.9	3.8	3.7	3.5	3.4	3.3	3.3	3.4
Asia											
39 China											
40 Mainland	.2	.3	.5	.7	.7	.3	1.1	.5	.6	.6	.6
41 Taiwan	5.3	5.2	5.1	5.1	5.3	5.5	5.1	4.5	4.3	3.7	4.3
42 India	.5	.9	1.0	.9	.9	.9	1.1	1.2	1.2	1.3	1.3
43 Israel	2.3	1.9	1.7	1.8	1.7	2.3	1.5	1.6	1.3	1.6	1.4
44 Korea (South)	10.7	11.2	10.3	10.6	10.4	10.0	10.4	9.4	9.5	8.6	7.3
45 Malaysia	2.1	2.8	2.9	2.7	2.7	2.8	2.7	2.4	2.2	2.0	2.1
46 Philippines	6.3	6.1	5.9	6.0	6.1	6.0	6.0	5.7	5.6	5.7	5.4
47 Thailand	1.6	2.2	1.8	1.8	1.7	1.6	1.6	1.4	1.3	1.1	1.0
48 Other Asia	1.1	1.0	.9	1.1	1.1	.9	.9	1.0	.9	.8	.7
Africa											
49 Egypt	1.2	1.5	1.2	1.2	1.1	1.0	1.0	1.0	.9	.9	.7
50 Morocco	.7	.8	.8	.8	.8	.8	.9	.9	.9	.9	.9
51 Zaire	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
52 Other Africa ⁵	2.4	2.3	1.9	2.1	2.2	2.0	2.0	1.9	1.9	1.7	1.6
53 Eastern Europe	6.2	5.3	4.5	4.4	4.3	4.3	4.6	4.2	4.0	4.0	3.3
54 U.S.S.R.	.3	.2	.2	.1	.2	.3	.2	.1	.3	.3	.1
55 Yugoslavia	2.2	2.4	2.3	2.3	2.2	2.2	2.4	2.2	2.0	2.0	1.9
56 Other	3.7	2.8	2.1	2.0	1.9	1.8	1.9	1.8	1.7	1.7	1.4
57 Offshore banking centers	66.0	68.9	65.1	65.6	63.2	63.9	58.8	65.4	61.5	57.2	62.6
58 Bahamas	19.0	21.7	23.3	21.5	20.1	21.1	16.6	21.4	21.5	17.3	20.0
59 Bermuda	.9	.9	1.0	.9	.7	.9	.8	.7	.7	.4	.5
60 Cayman Islands and other British West Indies	12.8	12.2	11.1	11.8	12.3	12.1	12.3	13.4	11.3	12.8	13.2
61 Netherlands Antilles	3.3	4.2	3.1	3.4	3.3	3.2	2.3	2.3	2.3	2.3	1.9
62 Panama ⁶	7.5	5.8	5.6	6.7	5.5	5.4	6.1	6.0	5.9	5.5	6.8
63 Lebanon	.1	.1	.1	.1	.1	.1	.0	.1	.1	.1	.1
64 Hong Kong	13.3	13.8	11.6	11.4	11.4	11.4	11.4	11.5	11.4	9.4	10.4
65 Singapore	9.1	10.3	9.4	9.8	9.9	9.7	9.4	9.9	8.4	9.3	9.7
66 Others ⁶	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
67 Miscellaneous and unallocated ⁷	17.5	16.8	17.1	17.3	16.9	16.9	17.3	16.9	16.7	17.2	17.8

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. Beginning with June 1984 data, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches

from \$50 million to \$150 million equivalent in total assets, the threshold now applicable to all reporting branches.

3. Besides the Organization of Petroleum Exporting Countries shown individually, this group includes other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates) as well as Bahrain and Oman (not formally members of OPEC).

4. Excludes Liberia.

5. Includes Canal Zone beginning December 1979.

6. Foreign branch claims only.

7. Includes New Zealand, Liberia, and international and regional organizations.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States¹

Millions of dollars, end of period

Type, and area or country	1982	1983	1984	1985			1986	
				June	Sept.	Dec.	Mar.	June ^p
1 Total	27,512	25,346	29,357	24,574	25,256	27,230	25,635	24,222
2 Payable in dollars	24,280	22,233	26,389	21,899	22,408	23,994	22,022	20,692
3 Payable in foreign currencies	3,232	3,113	2,968	2,675	2,848	3,236	3,613	3,530
<i>By type</i>								
4 Financial liabilities	11,066	10,572	14,509	11,528	11,815	13,005	12,328	11,117
5 Payable in dollars	8,858	8,700	12,553	9,543	9,824	10,955	10,205	9,177
6 Payable in foreign currencies	2,208	1,872	1,955	1,985	1,991	2,050	2,123	1,940
7 Commercial liabilities	16,446	14,774	14,849	13,046	13,441	14,225	13,307	13,105
8 Trade payables	9,438	7,765	7,005	5,797	5,694	6,685	5,598	5,503
9 Advance receipts and other liabilities	7,008	7,009	7,843	7,249	7,747	7,540	7,710	7,602
10 Payable in dollars	15,423	13,533	13,836	12,356	12,584	13,039	11,817	11,516
11 Payable in foreign currencies	1,023	1,241	1,013	690	857	1,186	1,490	1,590
<i>By area or country</i>								
<i>Financial liabilities</i>								
12 Europe	6,501	5,742	6,728	5,944	6,568	7,270	6,971	6,705
13 Belgium-Luxembourg	505	302	471	351	367	329	338	288
14 France	783	843	995	865	849	857	851	701
15 Germany	467	502	489	474	493	419	371	262
16 Netherlands	711	621	590	604	624	745	630	651
17 Switzerland	792	486	569	566	593	676	702	561
18 United Kingdom	3,102	2,839	3,297	2,835	3,351	3,924	3,736	3,960
19 Canada	746	764	863	850	826	760	753	287
20 Latin America and Caribbean	2,751	2,596	5,086	3,106	2,619	3,152	2,788	2,404
21 Bahamas	904	751	1,926	1,107	1,145	1,120	954	859
22 Bermuda	14	13	13	10	4	4	13	14
23 Brazil	28	32	35	27	23	29	26	27
24 British West Indies	1,027	1,041	2,103	1,734	1,234	1,814	1,610	1,362
25 Mexico	121	213	367	32	28	15	20	30
26 Venezuela	114	124	137	3	3	3	4	3
27 Asia	1,039	1,424	1,777	1,584	1,767	1,790	1,799	1,660
28 Japan	715	991	1,209	994	1,136	1,173	1,192	1,189
29 Middle East oil-exporting countries ²	169	170	155	147	82	82	78	43
30 Africa	17	19	14	14	14	12	12	12
31 Oil-exporting countries ³	0	0	0	0	0	0	0	0
32 All other ⁴	12	27	41	30	22	21	4	49
<i>Commercial liabilities</i>								
33 Europe	3,831	3,245	4,001	3,461	3,897	4,074	3,915	3,761
34 Belgium-Luxembourg	52	62	48	53	56	62	66	58
35 France	598	437	438	423	431	453	382	357
36 Germany	468	427	622	428	601	607	546	512
37 Netherlands	346	268	245	284	386	364	545	587
38 Switzerland	367	241	257	349	289	379	251	283
39 United Kingdom	1,027	732	1,095	730	858	976	957	861
40 Canada	1,495	1,841	1,975	1,494	1,383	1,449	1,442	1,351
41 Latin America and Caribbean	1,570	1,473	1,871	1,225	1,262	1,088	1,097	1,304
42 Bahamas	16	1	7	12	2	12	26	10
43 Bermuda	117	67	114	77	105	77	210	294
44 Brazil	60	44	124	90	120	58	64	107
45 British West Indies	32	6	32	1	15	44	7	35
46 Mexico	436	585	586	492	415	430	256	235
47 Venezuela	642	432	636	309	311	212	364	488
48 Asia	8,144	6,741	5,285	5,246	5,353	6,046	5,384	5,068
49 Japan	1,226	1,247	1,256	1,219	1,567	1,799	2,039	2,095
50 Middle East oil-exporting countries ^{2,5}	5,503	4,178	2,372	2,396	2,109	2,829	2,171	1,731
51 Africa	753	553	588	631	572	587	486	569
52 Oil-exporting countries ³	277	167	233	265	235	238	148	215
53 All other ⁴	651	921	1,128	988	975	982	983	1,053

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.

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

3. Comprises Algeria, Gabon, Libya, and Nigeria.

4. Includes nonmonetary international and regional organizations.

5. Revisions include a reclassification of transactions, which also affects the totals for Asia and the grand totals.

3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States¹

Millions of dollars, end of period

Type, and area or country	1982	1983	1984	1985			1986	
				June	Sept.	Dec.	Mar.	June ²
1 Total	28,725	34,911	29,901	26,750	28,610	28,085	30,927	32,519
2 Payable in dollars	26,085	31,815	27,304	24,121	25,743	25,783	28,740	30,337
3 Payable in foreign currencies	2,640	3,096	2,597	2,629	2,866	2,302	2,187	2,182
<i>By type</i>								
4 Financial claims	17,684	23,780	19,254	16,695	19,203	18,099	21,540	23,324
5 Deposits	13,058	18,496	14,621	12,839	15,315	14,852	18,146	20,034
6 Payable in dollars	12,628	17,993	14,202	12,283	14,611	14,237	17,689	19,479
7 Payable in foreign currencies	430	503	420	556	704	615	457	555
8 Other financial claims	4,626	5,284	4,633	3,856	3,889	3,248	3,394	3,290
9 Payable in dollars	2,979	3,328	3,190	2,375	2,351	2,213	2,301	2,269
10 Payable in foreign currencies	1,647	1,956	1,442	1,480	1,538	1,035	1,093	1,021
11 Commercial claims	11,041	11,131	10,646	10,055	9,406	9,986	9,387	9,195
12 Trade receivables	9,994	9,721	9,177	8,688	7,932	8,696	8,086	7,858
13 Advance payments and other claims	1,047	1,410	1,470	1,367	1,475	1,290	1,301	1,337
14 Payable in dollars	10,478	10,494	9,912	9,463	8,782	9,333	8,750	8,589
15 Payable in foreign currencies	563	637	735	592	624	652	637	606
<i>By area or country</i>								
<i>Financial claims</i>								
16 Europe	4,873	6,488	5,762	5,477	6,463	6,327	6,859	8,877
17 Belgium-Luxembourg	15	37	15	15	12	10	10	11
18 France	134	150	126	51	132	184	217	257
19 Germany	178	163	224	175	158	223	172	148
20 Netherlands	97	71	66	46	127	61	61	17
21 Switzerland	107	38	66	16	53	74	166	177
22 United Kingdom	4,064	5,817	4,864	4,900	5,736	5,522	5,986	8,051
23 Canada	4,377	5,989	3,988	3,756	4,037	3,256	4,024	4,464
24 Latin America and Caribbean	7,546	10,234	8,216	6,616	7,603	7,697	9,934	9,151
25 Bahamas	3,279	4,771	3,306	2,204	2,315	2,685	3,500	3,251
26 Bermuda	32	102	6	5	6	2	2	17
27 Brazil	62	53	100	96	92	78	77	75
28 British West Indies	3,255	4,206	4,043	3,747	4,632	4,440	5,904	5,359
29 Mexico	274	293	215	206	201	180	178	176
30 Venezuela	139	134	125	100	73	48	43	42
31 Asia	698	764	961	640	969	696	621	723
32 Japan	153	297	353	281	725	475	350	499
33 Middle East oil-exporting countries ³	15	4	13	6	6	4	2	2
34 Africa	158	147	210	111	104	103	87	89
35 Oil-exporting countries ³	48	55	85	25	31	29	27	25
36 All other ⁴	31	159	117	95	26	21	14	20
<i>Commercial claims</i>								
37 Europe	3,826	3,670	3,801	3,680	3,235	3,533	3,387	3,304
38 Belgium-Luxembourg	151	135	165	212	158	175	148	131
39 France	474	459	440	408	360	426	384	390
40 Germany	357	349	374	375	336	346	396	414
41 Netherlands	350	334	335	301	286	284	221	237
42 Switzerland	360	317	271	376	208	284	248	221
43 United Kingdom	811	809	1,063	950	779	898	793	668
44 Canada	633	829	1,021	1,065	1,100	1,023	1,060	970
45 Latin America and Caribbean	2,526	2,695	2,052	1,803	1,660	1,753	1,599	1,590
46 Bahamas	21	8	8	11	18	13	27	24
47 Bermuda	261	190	115	65	62	93	82	148
48 Brazil	258	493	214	193	211	206	231	194
49 British West Indies	12	7	7	29	7	6	7	24
50 Mexico	775	884	583	468	416	510	388	320
51 Venezuela	351	272	206	181	149	157	172	180
52 Asia	3,050	3,063	3,073	2,707	2,712	2,982	2,606	2,649
53 Japan	1,047	1,114	1,191	954	884	1,016	801	846
54 Middle East oil-exporting countries ³	751	737	668	593	541	638	630	691
55 Africa	588	588	470	464	434	437	491	447
56 Oil-exporting countries ³	140	139	134	137	131	130	167	171
57 All other ⁴	417	286	229	336	264	257	244	235

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.

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

3. Comprises Algeria, Gabon, Libya, and Nigeria.

4. Includes nonmonetary international and regional organizations.

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transactions, and area or country	1984	1985	1986	1986						
			Jan.-Nov.	May	June	July	Aug.	Sept.	Oct.	Nov. ^p
U.S. corporate securities										
Stocks										
1 Foreign purchases	59,834	81,995	133,913	13,244	11,176	13,268	12,045	12,206	10,954	12,010
2 Foreign sales	62,814	77,054	117,022	10,388	10,832	11,258	10,615	10,948	12,284	12,076
3 Net purchases, or sales (-)	-2,980	4,941	16,890	2,856	344	2,010	1,430	1,258	-1,330	-66
4 Foreign countries	-3,109	4,857	17,178	2,814	464	2,075	1,470	1,303	-1,187	-32
5 Europe	-3,077	2,057	9,014	1,571	192	576	824	587	-1,123	-482
6 France	-405	-438	349	99	219	182	105	30	-92	-69
7 Germany	-50	730	317	99	-174	-130	-42	9	-104	-3
8 Netherlands	-357	-123	922	236	97	52	50	36	-19	-50
9 Switzerland	-1,542	-75	1,502	376	-134	-198	44	70	-405	-246
10 United Kingdom	-677	1,665	4,469	563	38	481	521	462	-481	-113
11 Canada	1,691	356	669	44	131	214	97	93	-125	26
12 Latin America and Caribbean	495	1,718	2,803	489	60	269	108	145	154	365
13 Middle East ¹	-1,992	238	709	117	-236	181	78	58	-51	-92
14 Other Asia	-378	296	3,414	472	288	830	376	346	16	80
15 Africa	-22	24	280	43	-3	30	-1	-13	39	23
16 Other countries	175	168	289	78	32	-23	-13	86	-97	48
17 Nonmonetary international and regional organizations	129	84	-287	42	-121	-65	-40	-45	-143	-34
BONDS ²										
18 Foreign purchases	39,296	86,587	111,190	12,044	8,964	8,937	9,420	10,160	9,712	9,739
19 Foreign sales	26,399	42,439	64,463	5,252	5,686	5,679	5,348	5,585	5,527	6,517
20 Net purchases, or sales (-)	12,897	44,149	46,727	6,792	3,278	3,259	4,072	4,575	4,185	3,222
21 Foreign countries	12,600	44,244	45,806	6,696	2,798	3,197	4,077	4,871	4,457	2,903
22 Europe	11,697	40,047	36,202	6,221	2,763	2,395	2,484	3,386	3,475	2,102
23 France	207	210	356	83	-6	6	20	-29	0	328
24 Germany	1,724	2,001	-232	205	-3	-91	-81	26	82	-108
25 Netherlands	100	222	336	89	-37	-39	98	51	-55	113
26 Switzerland	643	3,987	4,640	456	490	180	564	30	265	198
27 United Kingdom	8,429	32,762	31,095	5,631	2,214	2,213	1,917	3,414	3,177	1,416
28 Canada	-62	190	396	54	55	85	110	2	88	154
29 Latin America and Caribbean	376	498	1,367	142	63	250	160	64	101	67
30 Middle East ¹	-1,230	-2,631	-2,693	-186	-632	-718	-40	-169	-63	-355
31 Other Asia	1,817	6,091	10,410	464	480	1,177	1,329	1,586	819	949
32 Africa	1	11	13	-2	3	-3	5	6	-3	3
33 Other countries	0	38	111	3	66	11	29	-4	11	-15
34 Nonmonetary international and regional organizations	297	-95	921	96	480	61	-4	-296	-273	319
Foreign securities										
35 Stocks, net purchases, or sales (-)	-1,101	-3,894	-1,515	-221	-238	404	-83	676	1,262	390
36 Foreign purchases	14,816	20,831	45,268	3,454	3,775	4,310	4,610	5,091	6,319	4,149
37 Foreign sales	15,917	24,746	46,783	3,675	4,013	3,907	4,694	4,415	5,057	3,758
38 Bonds, net purchases, or sales (-)	-3,930	-3,996	-2,639	188	1,540	359	1,232	-2,231	2,151	-612
39 Foreign purchases	56,017	81,214	149,520	13,491	15,632	13,559	14,086	15,182	16,239	12,666
40 Foreign sales	59,948	85,210	152,160	13,303	14,091	13,200	12,854	17,412	14,088	13,278
41 Net purchases, or sales (-), of stocks and bonds	-5,031	-7,891	-4,154	-33	1,302	762	1,149	-1,555	3,413	-222
42 Foreign countries	-4,642	-8,954	-4,834	-106	1,122	438	1,090	-1,492	3,083	-225
43 Europe	-8,655	-9,887	-16,278	208	-1,332	-683	-714	-3,379	-645	-984
44 Canada	542	-1,682	-618	82	16	245	263	111	88	-109
45 Latin America and Caribbean	2,460	1,845	3,327	363	742	278	127	351	499	83
46 Asia	1,356	658	9,703	-746	1,639	659	1,337	1,852	3,201	802
47 Africa	-108	75	49	3	3	9	1	3	-1	4
48 Other countries	-238	38	-1,017	-16	55	-70	75	-430	-58	-21
49 Nonmonetary international and regional organizations	-389	1,063	680	73	180	324	59	-63	330	3

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
 2. Includes state and local government securities, and securities of U.S. government agencies and corporations. Also includes issues of new debt securi-

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

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

Millions of dollars

Country or area	1984	1985	1986	1986						
			Jan.-Nov.	May	June	July	Aug.	Sept.	Oct.	Nov. ^p
Transactions, net purchases or sales (-) during period ¹										
1 Estimated total ²	21,501	29,047	23,745	-2,132	3,112	-254	752	4,993 ³	3,093	-1,630
2 Foreign countries ²	16,496	28,591	26,258	-252	2,230	2,705	2,215	3,997 ³	2,778	237
3 Europe ²	11,014	4,145	16,064	1,436	2,562	2,544	2,442	-685	3,135	-629
4 Belgium-Luxembourg.....	287	476	267	39	82	-46	180	239	4	53
5 Germany ²	2,929	1,917	8,152	468	357	818	1,050	1,133	2,560	716
6 Netherlands.....	449	269	1,341	-31	-64	1,756	-64	-313	112	38
7 Sweden.....	40	976	368	236	16	42	-25	85	-6	-70
8 Switzerland ²	656	760	779	365	349	-278	52	-53	449	-457
9 United Kingdom.....	5,188	-1,954	3,650	698	698	610	1,207	-1,970	153	-288
10 Other Western Europe.....	1,466	1,701	1,507	-339	1,125	-358	43	195	-136	-515
11 Eastern Europe.....	0	0	0	0	0	0	0	0	0	0
12 Canada.....	1,586	-188	577	908	-302	67	105	-198	-230	19
13 Latin America and Caribbean.....	1,418	4,312	805	-954	460	28	-37	220	-219	75
14 Venezuela.....	14	238	-99	36	-170	-72	-294	266	69	-139
15 Other Latin America and Caribbean.....	536	2,343	1,035	372	-290	96	255	32	-314	6
16 Netherlands Antilles.....	869	1,731	-131	-1,363	0	5	2	-78	26	208
17 Asia.....	2,431	19,899	7,794	-1,617	515	-137	-133	4,848 ⁴	-58	288
18 Japan.....	6,289	17,920	6,439	-1,148	223	273	683	4,395	453	623
19 Africa.....	-67	112	-41	-2	-5	6	-1	11	-13	2
20 All other.....	114	311	1,058	-22	-80	198	-160	-200	163	482
21 Nonmonetary international and regional organizations.....	5,009	457	-2,513	-1,880	882	-2,959	-1,462	996 ⁴	314	-1,868
22 International.....	4,612	-420	-2,818	-1,889	899	-2,804	-1,511	890	365	-1,964
23 Latin American regional.....	0	18	157	0	5	0	0	39	-5	0
MEMO										
24 Foreign countries ²	16,496	28,591	26,258	-252	2,230	2,705	2,215	3,997 ³	2,778	237
25 Official institutions.....	505	8,088	13,997	157	1,612	1,448	61	1,877 ³	3,506	99
26 Other foreign ²	15,992	20,503	12,263	-409	619	1,257	2,154	2,119 ³	-727	138
Oil-exporting countries										
27 Middle East ¹	-6,270	-1,581	-1,470	-14	290	14	-239	-205	-377	-1,005
28 Africa ⁴	-101	7	5	1	0	2	-1	2	-1	1

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

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

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

4. Comprises Algeria, Gabon, Libya, and Nigeria.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per annum

Country	Rate on Dec. 31, 1986		Country	Rate on Dec. 31, 1986		Country	Rate on Dec. 31, 1986	
	Per-cent	Month effective		Per-cent	Month effective		Per-cent	Month effective
Austria.....	4.0	Aug. 1985	France ¹	7.25	Dec. 1986	Norway.....	8.0	June 1983
Belgium.....	8.0	May 1986	Germany, Fed. Rep. of.....	3.5	Mar. 1986	Switzerland.....	4.0	Mar. 1983
Brazil.....	49.0	Mar. 1981	Italy.....	12.0	May 1986	United Kingdom ²	8.0	Oct. 1985
Canada.....	8.47	Dec. 1986	Japan.....	3.0	Oct. 1986	Venezuela.....		
Denmark.....	7.0	Oct. 1983	Netherlands.....	4.5	Mar. 1986			

1. As of the end of February 1981, the rate is that at which the Bank of France discounts Treasury bills for 7 to 10 days.

2. Minimum lending rate suspended as of Aug. 20, 1981.

NOTE: Rates shown are mainly those at which the central bank either discounts

or makes advances against eligible commercial paper and/or government commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

3.27 FOREIGN SHORT-TERM INTEREST RATES

Percent per annum, averages of daily figures

Country, or type	1984	1985	1986	1986						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1 Eurodollars.....	10.75	8.27	6.70	6.95	6.54	6.06	5.88	5.88	5.96	6.23
2 United Kingdom.....	9.91	12.16	10.87	9.70	9.91	9.79	10.05	11.08	11.12	11.30
3 Canada.....	11.29	9.64	9.18	8.72	8.45	8.50	8.38	8.45	8.39	8.34
4 Germany.....	5.96	5.40	4.58	4.59	4.61	4.56	4.48	4.56	4.67	4.80
5 Switzerland.....	4.35	4.92	4.19	4.96	4.80	4.30	4.13	3.96	3.88	4.08
6 Netherlands.....	6.08	6.29	5.56	5.90	5.69	5.28	5.17	5.32	5.48	6.03
7 France.....	11.66	9.91	7.68	7.23	7.13	7.09	7.07	7.38	7.51	7.92
8 Italy.....	17.08	14.86	12.60	11.78	11.70	11.18	10.84	10.85	11.05	11.40
9 Belgium.....	11.41	9.60	8.04	7.27	7.25	7.25	7.25	7.29	7.38	7.39
10 Japan.....	6.32	6.47	4.96	4.64	4.62	4.68	4.71	4.75	4.39	4.40

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	1984	1985	1986	1986					
				July	Aug.	Sept.	Oct.	Nov.	Dec.
1 Australia/dollar ¹	87.937	70.026	67.093	62.91	61.23	62.21	63.83	64.45	65.95
2 Austria/schilling.....	20.005	20.676	15.260	15.117	14.502	14.349	14.111	14.251	13.996
3 Belgium/franc.....	57.749	59.336	44.662	44.304	42.701	42.315	41.635	42.069	41.381
4 Brazil/cruzeiro.....	1841.50	6205.10	13.051	13.84	13.84	13.84	13.98	14.10	14.54
5 Canada/dollar.....	1.2953	1.3658	1.3896	1.3808	1.3885	1.3872	1.3885	1.3863	1.3801
6 China, P.R./yuan.....	2.3308	2.9434	3.4615	3.6435	3.7129	3.7150	3.7257	3.7314	3.7314
7 Denmark/krone.....	10.354	10.598	8.0954	8.0635	7.7657	7.7278	7.5607	7.6444	7.5235
8 Finland/markka.....	6.0007	6.1971	5.0721	5.0744	4.9377	4.9190	4.8684	4.9576	4.8980
9 France/franc.....	8.7355	8.9799	6.9256	6.9323	6.7215	6.6835	6.5628	6.6206	6.5296
10 Germany/deutsche mark.....	2.8454	2.9419	2.1704	2.1517	2.0621	2.0415	2.0054	2.0243	1.9880
11 Greece/drachma.....	112.73	138.40	139.93	138.40	134.68	135.07	135.44	139.12	140.13
12 Hong Kong/dollar.....	7.8188	7.7911	7.8037	7.8123	7.8003	7.8026	7.7999	7.7974	7.7931
13 India/rupee.....	11.348	12.332	12.597	12.508	12.567	12.676	12.848	13.076	13.149
14 Ireland/pound ¹	108.64	106.62	134.14	139.00	134.67	134.53	135.89	134.64	136.78
15 Italy/lira.....	1756.10	1908.90	1491.16	1478.31	1420.33	1410.23	1387.67	1401.08	1379.44
16 Japan/yen.....	237.45	238.47	168.35	158.61	154.18	154.73	156.47	162.85	162.05
17 Malaysia/ringgit.....	2.3448	2.4806	2.5830	2.6455	2.6121	2.6174	2.6245	2.6131	2.5966
18 Netherlands/guilder.....	3.2083	3.3184	2.4484	2.4236	2.3242	2.3050	2.2663	2.2870	2.2470
19 New Zealand/dollar ¹	57.837	49.752	52.456	53.176	50.068	47.950	50.392	51.382	51.339
20 Norway/krone.....	8.1596	8.5933	7.3984	7.4800	7.3534	7.3429	7.3611	7.5401	7.5294
21 Portugal/escudo.....	147.70	172.07	149.80	148.67	146.17	146.83	147.24	149.54	148.61
22 Singapore/dollar.....	2.1325	2.2008	2.1782	2.1861	2.1601	2.1680	2.1777	2.1922	2.1900
23 South Africa/rand ¹	69.534	45.57	43.952	49.04	38.39	43.36	44.42	44.37	44.94
24 South Korea/won.....	807.91	861.89	884.61	888.59	886.45	883.06	879.22	873.54	868.43
25 Spain/peseta.....	160.78	169.98	140.04	137.58	134.11	134.10	133.43	136.10	134.49
26 Sri Lanka/rupee.....	25.428	27.187	27.933	28.065	28.187	28.297	28.407	28.471	28.532
27 Sweden/krone.....	8.2706	8.6031	7.1272	7.0715	6.9365	6.9191	6.8901	6.9683	6.9081
28 Switzerland/franc.....	2.3500	2.4551	1.7979	1.7445	1.6616	1.6537	1.6433	1.6858	1.6647
29 Taiwan/dollar.....	39.633	39.889	37.837	38.119	37.422	36.885	36.647	36.438	36.001
30 Thailand/baht.....	23.582	27.193	26.314	26.204	26.093	26.120	26.129	26.278	26.239
31 United Kingdom/pound ¹	133.66	129.74	146.77	150.71	148.61	146.98	142.64	142.38	143.93
MEMO									
32 United States/dollar ²	138.19	143.01	112.22	110.38	107.50	107.15	106.58	107.90	106.54

1. Value in U.S. cents.

2. Index of weighted-average exchange value of U.S. dollar against currencies of other G-10 countries plus Switzerland. March 1973 = 100. Weights are 1972-76 global trade of each of the 10 countries. Series revised as of August 1978. For description and back data, see "Index of the Weighted-Average Exchange Value of the U.S. Dollar: Revision" on p. 700 of the August 1978 BULLETIN.

3. Currency reform.

NOTE: Averages of certified noon buying rates in New York for cable transfers. Data in this table also appear in the Board's G.5 (405) release. For address, see inside front cover.

Guide to Tabular Presentation, Statistical Releases, and Special Tables

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

c	Corrected	0	Calculated to be zero
e	Estimated	n.a.	Not available
p	Preliminary	n.e.c.	Not elsewhere classified
r	Revised (Notation appears on column heading when about half of the figures in that column are changed.)	IPCs	Individuals, partnerships, and corporations
*	Amounts insignificant in terms of the last decimal place shown in the table (for example, less than 500,000 when the smallest unit given is millions)	REITs	Real estate investment trusts
		RPs	Repurchase agreements
		SMSAs	Standard metropolitan statistical areas
		.....	Cell not applicable

General Information

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct

obligations of the Treasury. "State and local government" also includes municipalities, special districts, and other political subdivisions.

In some of the tables details do not add to totals because of rounding.

STATISTICAL RELEASES

List Published Semiannually, with Latest Bulletin Reference

	Issue	Page
Anticipated schedule of release dates for periodic releases.....	December 1986	A87

SPECIAL TABLES

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Assets and liabilities of commercial banks, December 31, 1985.....	January 1987	A70
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Terms of lending at commercial banks, February 1986.....	May 1986	A70
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Special tables begin on next page.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, September 30, 1986¹

Millions of dollars

Item	All states ²		New York		California		Illinois	
	Total including IBFs	IBFs only ³	Total including IBFs	IBFs only ³	Total including IBFs	IBFs only ³	Total including IBFs	IBFs only ³
1 Total assets ⁴	365,106	184,308	271,367	146,494	57,169	24,753	19,668	8,247
2 Claims on nonrelated parties	336,737	159,871	253,164	126,589	50,480	22,264	19,484	8,193
3 Cash and balances due from depository institutions	90,145	73,726	74,935	60,709	8,558	7,930	5,487	4,500
4 Cash items in process of collection and unposted debits	423	0	395	0	5	0	4	0
5 Currency and coin (U.S. and foreign)	21	n.a.	15	n.a.	2	n.a.	2	n.a.
6 Balances with depository institutions in United States	48,893	35,604	39,637	28,249	5,492	4,929	3,006	2,120
7 U.S. branches and agencies of other foreign banks (including IBFs)	41,218	33,304	32,771	26,107	5,207	4,819	2,675	2,082
8 Other depository institutions in United States (including IBFs)	7,675	2,300	6,866	2,142	285	110	331	38
9 Balances with banks in foreign countries and with foreign central banks	38,978	38,123	33,186	32,460	3,028	3,001	2,430	2,380
10 Foreign branches of U.S. banks	2,205	2,108	1,820	1,753	115	114	231	206
11 Other banks in foreign countries and foreign central banks	36,774	36,015	31,366	30,707	2,913	2,887	2,199	2,174
12 Balances with Federal Reserve Banks	1,830	n.a.	1,703	n.a.	31	n.a.	45	n.a.
13 Total securities and loans	199,985	81,576	142,116	62,133	33,633	13,848	12,760	3,460
14 Total securities, book value	25,971	8,243	21,461	6,255	3,189	1,752	716	182
15 U.S. Treasury	5,761	n.a.	5,472	n.a.	110	n.a.	109	n.a.
16 Obligations of U.S. government agencies and corporations	2,229	n.a.	2,199	n.a.	25	n.a.	3	n.a.
17 Other bonds, notes, debentures and corporate stock (including state and local securities)	17,981	8,243	13,789	6,255	3,053	1,752	604	182
18 Federal funds sold and securities purchased under agreements to resell	13,266	1,675	11,941	1,561	599	13	473	43
19 U.S. branches and agencies of other foreign banks	7,797	828	6,907	758	439	13	271	0
20 Commercial banks in United States	3,046	41	2,752	41	69	0	159	0
21 Other	2,423	806	2,282	763	91	0	43	43
22 Total loans, gross	174,179	73,367	120,754	55,897	30,503	12,111	12,048	3,278
23 Less: Unearned income on loans	165	34	99	19	59	15	4	0
24 Equals: Loans, net	174,014	73,333	120,656	55,878	30,444	12,096	12,044	3,278
<i>Total loans, gross, by category</i>								
25 Real estate loans	6,993	67	3,442	41	1,538	25	576	0
26 Loans to depository institutions	57,268	37,789	42,130	25,950	10,519	8,308	3,347	2,595
27 Commercial banks in United States (including IBFs)	32,679	15,316	23,373	8,893	6,985	4,945	2,095	1,448
28 U.S. branches and agencies of other foreign banks	29,362	14,112	20,571	7,887	6,597	4,774	2,049	1,421
29 Other commercial banks in United States	3,317	1,204	2,803	1,006	388	172	46	26
30 Other depository institutions in United States (including IBFs)	48	0	25	0	5	0	15	0
31 Banks in foreign countries	24,541	22,473	18,731	17,056	3,529	3,363	1,237	1,147
32 Foreign branches of U.S. banks	702	691	592	581	97	97	14	14
33 Other banks in foreign countries	23,839	21,782	18,140	16,476	3,432	3,266	1,223	1,134
34 Other financial institutions	3,901	626	2,514	570	547	41	800	3
35 Commercial and industrial loans	83,114	20,333	53,594	17,466	15,650	2,101	6,806	327
36 U.S. addressees (domicile)	58,427	316	33,104	248	12,974	10	6,370	0
37 Non-U.S. addressees (domicile)	24,687	20,017	20,490	17,218	2,676	2,092	437	327
38 Acceptances of other banks	1,113	20	843	13	217	0	22	7
39 U.S. banks	718	0	485	0	208	0	0	0
40 Foreign banks	395	20	358	13	9	0	22	7
41 Loans to foreign governments and official institutions (including foreign central banks)	16,144	14,325	13,195	11,729	1,631	1,582	411	347
42 Loans for purchasing or carrying securities (secured and unsecured)	3,827	23	3,511	23	289	0	25	0
43 All other loans	1,819	183	1,526	106	111	53	61	0
44 All other assets	33,342	2,895	24,172	2,187	7,690	473	763	190
45 Customers' liability on acceptances outstanding	22,996	n.a.	16,023	n.a.	6,491	n.a.	269	n.a.
46 U.S. addressees (domicile)	15,278	n.a.	9,412	n.a.	5,504	n.a.	266	n.a.
47 Non-U.S. addressees (domicile)	7,717	n.a.	6,611	n.a.	987	n.a.	3	n.a.
48 Other assets including other claims on nonrelated parties	10,346	2,895	8,149	2,187	1,199	473	494	190
49 Net due from related depository institutions ⁵	28,368	24,436	18,203	19,905	6,689	2,489	184	53
50 Net due from head office and other related depository institutions ⁵	28,368	n.a.	18,203	n.a.	6,689	n.a.	184	n.a.
51 Net due from establishing entity, head offices, and other related depository institutions ⁵	n.a.	24,436	n.a.	19,905	n.a.	2,489	n.a.	53
52 Total liabilities ⁴	365,106	183,308	271,367	146,494	59,169	24,753	19,668	8,247
53 Liabilities to nonrelated parties	313,924	151,981	239,961	121,415	51,384	21,099	12,396	5,225

4.30 Continued

Millions of dollars

Item	All states ²		New York		California		Illinois	
	Total excluding IBFs	IBFs only ³	Total excluding IBFs	IBFs only ³	Total excluding IBFs	IBFs only ³	Total excluding IBFs	IBFs only ³
54 Total deposits and credit balances	50,137	121,077	41,804	108,102	1,655	7,173	2,884	2,001
55 Individuals, partnerships, and corporations	38,679	14,897	31,185	11,823	1,475	344	2,376	101
56 U.S. addressees (domicile)	30,991	704	26,006	703	475	0	2,281	0
57 Non-U.S. addressees (domicile)	7,688	14,194	5,179	11,120	1,000	344	96	101
58 Commercial banks in United States (including IBFs)	8,265	42,142	7,677	36,518	64	3,948	487	1,143
59 U.S. branches and agencies of other foreign banks	4,169	35,156	3,715	30,058	25	3,658	415	999
60 Other commercial banks in United States	4,097	6,985	3,961	6,460	39	290	72	144
61 Banks in foreign countries	1,668	59,450	1,585	55,323	14	2,840	3	742
62 Foreign branches of U.S. banks	166	7,264	166	6,251	0	792	0	107
63 Other banks in foreign countries	1,502	52,185	1,419	49,072	14	2,048	3	635
64 Foreign governments and official institutions (including foreign central banks)	736	4,576	656	4,436	75	41	1	15
65 All other deposits and credit balances	309	12	282	2	5	0	1	0
66 Certified and official checks	478	n.a.	420	n.a.	22	n.a.	15	n.a.
67 Transaction accounts and credit balances (excluding IBFs)	5,550	n.a.	4,738	n.a.	172	n.a.	213	n.a.
68 Individuals, partnerships, and corporations	3,308	n.a.	2,656	n.a.	139	n.a.	193	n.a.
69 U.S. addressees (domicile)	2,283	n.a.	1,888	n.a.	92	n.a.	190	n.a.
70 Non-U.S. addressees (domicile)	1,025	n.a.	768	n.a.	47	n.a.	3	n.a.
71 Commercial banks in United States (including IBFs)	427	n.a.	406	n.a.	4	n.a.	0	n.a.
72 U.S. branches and agencies of other foreign banks	132	n.a.	129	n.a.	0	n.a.	0	n.a.
73 Other commercial banks in United States	295	n.a.	277	n.a.	4	n.a.	0	n.a.
74 Banks in foreign countries	972	n.a.	914	n.a.	4	n.a.	2	n.a.
75 Foreign branches of U.S. banks	16	n.a.	16	n.a.	0	n.a.	0	n.a.
76 Other banks in foreign countries	956	n.a.	898	n.a.	4	n.a.	2	n.a.
77 Foreign governments and official institutions (including foreign central banks)	290	n.a.	284	n.a.	2	n.a.	1	n.a.
78 All other deposits and credit balances	74	n.a.	57	n.a.	1	n.a.	1	n.a.
79 Certified and official checks	478	n.a.	420	n.a.	22	n.a.	15	n.a.
80 Demand deposits (included in transaction accounts and credit balances)	4,268	n.a.	3,616	n.a.	90	n.a.	204	n.a.
81 Individuals, partnerships, and corporations	2,664	n.a.	2,156	n.a.	59	n.a.	184	n.a.
82 U.S. addressees (domicile)	1,779	n.a.	1,483	n.a.	30	n.a.	181	n.a.
83 Non-U.S. addressees (domicile)	886	n.a.	672	n.a.	28	n.a.	3	n.a.
84 Commercial banks in United States (including IBFs)	89	n.a.	68	n.a.	4	n.a.	0	n.a.
85 U.S. branches and agencies of other foreign banks	9	n.a.	6	n.a.	0	n.a.	0	n.a.
86 Other commercial banks in United States	80	n.a.	63	n.a.	4	n.a.	0	n.a.
87 Banks in foreign countries	802	n.a.	746	n.a.	4	n.a.	2	n.a.
88 Foreign branches of U.S. banks	6	n.a.	6	n.a.	0	n.a.	0	n.a.
89 Other banks in foreign countries	796	n.a.	740	n.a.	4	n.a.	2	n.a.
90 Foreign governments and official institutions (including foreign central banks)	204	n.a.	198	n.a.	2	n.a.	1	n.a.
91 All other deposits and credit balances	31	n.a.	29	n.a.	0	n.a.	1	n.a.
92 Certified and official checks	478	n.a.	420	n.a.	22	n.a.	15	n.a.
93 Non-transaction accounts (including MMDAs, excluding IBFs)	44,587	n.a.	37,066	n.a.	1,483	n.a.	2,671	n.a.
94 Individuals, partnerships, and corporations	35,371	n.a.	28,529	n.a.	1,336	n.a.	2,183	n.a.
95 U.S. addressees (domicile)	28,708	n.a.	28,118	n.a.	383	n.a.	2,091	n.a.
96 Non-U.S. addressees (domicile)	6,663	n.a.	4,411	n.a.	953	n.a.	93	n.a.
97 Commercial banks in United States (including IBFs)	7,838	n.a.	7,270	n.a.	60	n.a.	486	n.a.
98 U.S. branches and agencies of other foreign banks	4,037	n.a.	3,586	n.a.	25	n.a.	415	n.a.
99 Other commercial banks in United States	3,802	n.a.	3,684	n.a.	35	n.a.	71	n.a.
100 Banks in foreign countries	696	n.a.	671	n.a.	10	n.a.	1	n.a.
101 Foreign branches of U.S. banks	150	n.a.	150	n.a.	0	n.a.	0	n.a.
102 Other banks in foreign countries	546	n.a.	521	n.a.	10	n.a.	1	n.a.
103 Foreign governments and official institutions (including foreign central banks)	446	n.a.	372	n.a.	74	n.a.	0	n.a.
104 All other deposits and credit balances	235	n.a.	225	n.a.	4	n.a.	0	n.a.
105 IBF deposit liabilities	n.a.	121,077	n.a.	108,102	n.a.	7,173	n.a.	2,001
106 Individuals, partnerships, and corporations	n.a.	14,897	n.a.	11,823	n.a.	344	n.a.	101
107 U.S. addressees (domicile)	n.a.	704	n.a.	703	n.a.	0	n.a.	0
108 Non-U.S. addressees (domicile)	n.a.	14,194	n.a.	11,120	n.a.	344	n.a.	101
109 Commercial banks in United States (including IBFs)	n.a.	42,142	n.a.	36,518	n.a.	3,948	n.a.	1,143
110 U.S. branches and agencies of other foreign banks	n.a.	35,156	n.a.	30,058	n.a.	3,658	n.a.	999
111 Other commercial banks in United States	n.a.	6,985	n.a.	6,460	n.a.	290	n.a.	144
112 Banks in foreign countries	n.a.	59,450	n.a.	55,323	n.a.	2,840	n.a.	742
113 Foreign branches of U.S. banks	n.a.	7,264	n.a.	6,251	n.a.	792	n.a.	107
114 Other banks in foreign countries	n.a.	52,185	n.a.	49,072	n.a.	2,048	n.a.	635
115 Foreign governments and official institutions (including foreign central banks)	n.a.	4,576	n.a.	4,436	n.a.	41	n.a.	15
116 All other deposits and credit balances	n.a.	12	n.a.	2	n.a.	0	n.a.	0

For notes see end of table.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, September 30, 1986¹—Continued

Millions of dollars

Item	All states ²		New York		California		Illinois	
	Total including IBFs	IBFs only ³	Total including IBFs	IBFs only ³	Total including IBFs	IBFs only ³	Total including IBFs	IBFs only ³
117 Federal funds purchased and securities sold under agreements to repurchase	39,408	1,360	29,620	846	7,412	404	1,813	86
118 U.S. branches and agencies of other foreign banks	9,617	585	6,267	247	2,686	274	527	42
119 Other commercial banks in United States	16,561	128	11,233	95	3,973	30	1,011	0
120 Other	13,231	648	12,120	504	753	100	275	44
121 Other borrowed money	69,631	27,012	35,785	10,507	27,382	13,161	5,077	2,965
122 Owed to nonrelated commercial banks in United States (including IBFs)	49,972	11,779	25,893	3,743	20,403	7,289	2,470	508
123 Owed to U.S. offices of nonrelated U.S. banks	23,145	2,163	13,249	917	8,181	1,053	993	65
124 Owed to U.S. branches and agencies of nonrelated foreign banks	26,827	9,616	12,644	2,826	12,222	6,236	1,477	443
125 Owed to nonrelated banks in foreign countries	14,297	13,988	5,863	5,619	5,786	5,783	2,480	2,445
126 Owed to foreign branches of nonrelated U.S. banks	2,172	2,137	599	565	1,076	1,076	427	425
127 Owed to foreign offices of nonrelated foreign banks	12,125	11,851	5,264	5,054	4,709	4,707	2,053	2,020
128 Owed to others	5,361	1,246	4,029	1,145	1,193	89	127	12
129 All other liabilities	33,672	2,532	24,650	1,960	7,762	361	621	173
130 Branch or agency liability on acceptances executed and outstanding	26,181	n.a.	18,761	n.a.	6,897	n.a.	273	n.a.
131 Other liabilities to nonrelated parties	7,490	2,532	5,888	1,960	865	361	348	173
132 Net due to related depository institutions ⁵	51,181	32,327	31,406	25,079	5,785	3,654	7,272	3,021
133 Net due to head office and other related depository institutions ⁵	51,181	n.a.	31,406	n.a.	5,785	n.a.	7,272	n.a.
134 Net due to establishing entity, head office, and other related depository institutions ⁵	n.a.	32,327	n.a.	25,079	n.a.	3,654	n.a.	3,021
Memo								
135 Non-interest bearing balances with commercial banks in United States	2,026	93	1,812	93	98	n.a.	44	0
136 Holding of commercial paper included in total loans	965	n.a.	506	n.a.	376	n.a.	79	n.a.
137 Holding of own acceptances included in commercial and industrial loans	3,839	n.a.	2,475	n.a.	1,104	n.a.	110	n.a.
138 Commercial and industrial loans with remaining maturity of one year or less	53,271	n.a.	32,675	n.a.	10,466	n.a.	5,123	n.a.
139 Predetermined interest rates	33,790	n.a.	18,768	n.a.	8,000	n.a.	3,802	n.a.
140 Floating interest rates	19,481	n.a.	13,907	n.a.	2,466	n.a.	1,321	n.a.
141 Commercial and industrial loans with remaining maturity of more than one year	29,843	n.a.	20,920	n.a.	5,184	n.a.	1,683	n.a.
142 Predetermined interest rates	9,751	n.a.	6,143	n.a.	2,132	n.a.	791	n.a.
143 Floating interest rates	20,092	n.a.	14,776	n.a.	3,052	n.a.	892	n.a.

4.30 Continued

Millions of dollars

Item	All states ²		New York		California		Illinois	
	Total excluding IBFs	IBFs only ³	Total excluding IBFs	IBFs only ³	Total excluding IBFs	IBFs only ³	Total excluding IBFs	IBFs only ³
144 Components of total nontransaction accounts, included in total deposits and credit balances of nontransactional accounts, including IBFs	55,931	n.a.	47,488	n.a.	1,483	n.a.	3,458	n.a.
145 Time CDs in denominations of \$100,000 or more	35,416	n.a.	29,359	n.a.	1,087	n.a.	2,311	n.a.
146 Other time deposits in denominations of \$100,000 or more	6,252	n.a.	5,881	n.a.	183	n.a.	149	n.a.
147 Time CDs in denominations of \$100,000 or more with remaining maturity of more than 12 months	14,263	n.a.	12,248	n.a.	213	n.a.	997	n.a.
	All states ²		New York		California		Illinois	
	Total including IBFs	IBFs only ³	Total including IBFs	IBFs only ³	Total including IBFs	IBFs only ³	Total including IBFs	IBFs only ³
148 Market value of securities held	25,997	8,246	21,798	6,355	2,900	1,663	718	175
150 Immediately available funds with a maturity greater than one day included in other borrowed money	46,053	n.a.	25,200	n.a.	18,083	n.a.	1,861	n.a.
150 Number of reports filed ⁶	482		222		119		46	

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

2. Includes the District of Columbia.

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

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

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

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

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

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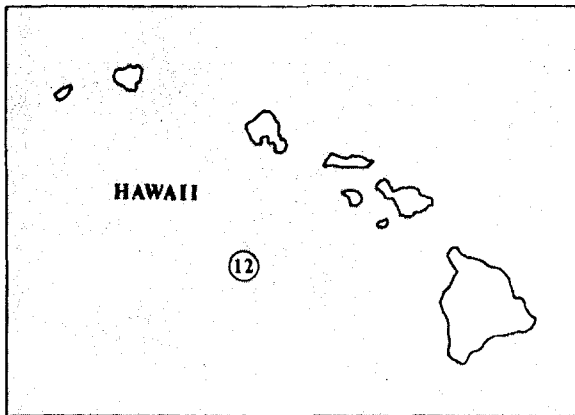
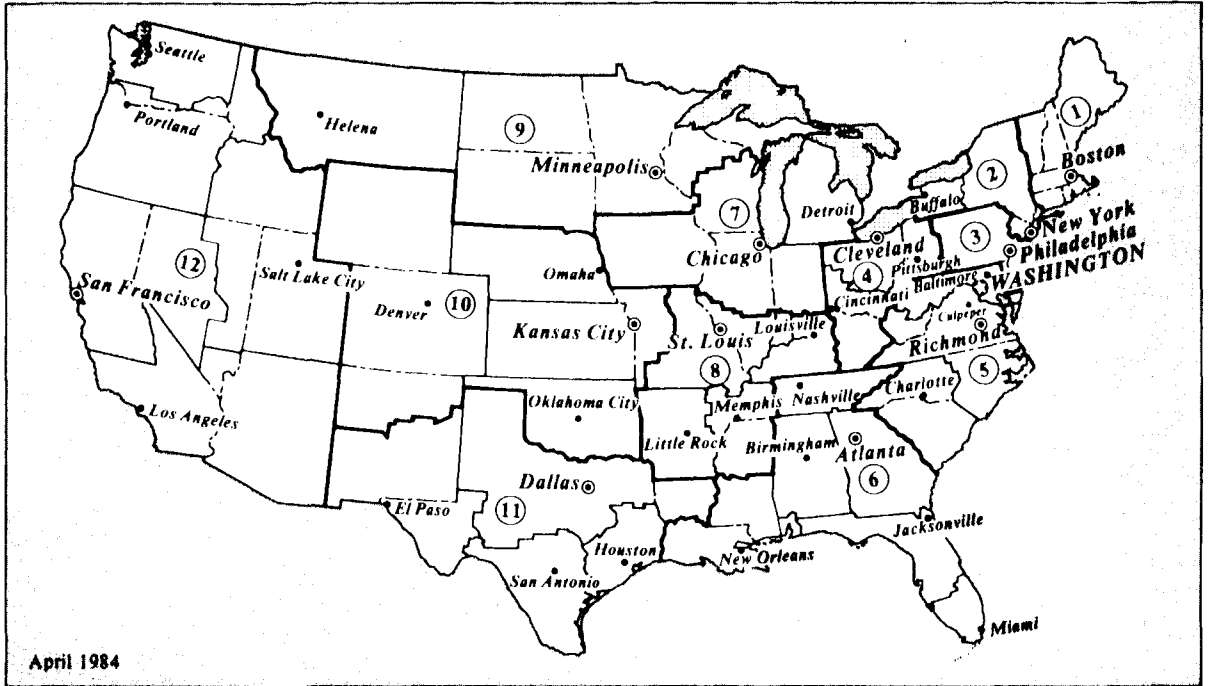
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FEDERAL RESERVE BANK, branch, or <i>facility</i>	Chairman Deputy Chairman	President First Vice President	Vice President in charge of branch
BOSTON*.....02106	Joseph A. Baute George N. Hatsopoulos	Frank E. Morris Robert W. Eisenmenger	
NEW YORK*.....10045	John R. Opel Virginia A. Dwyer	E. Gerald Corrigan Thomas M. Timlen	John T. Keane
Buffalo.....14240	Mary Ann Lambertsen		
PHILADELPHIA.....19105	Nevius M. Curtis George E. Bartol III	Edward G. Boehne Richard L. Smoot	
CLEVELAND*.....44101	(to be announced) E. Mandell de Windt	Karen N. Horn William H. Hendricks	Charles A. Cerino Harold J. Swart
Cincinnati.....45201	Owen B. Butler		
Pittsburgh.....15230	James E. Haas		
RICHMOND*.....23219	Leroy T. Canoles, Jr. Robert A. Georgine	Robert P. Black Jimmie R. Monhollon	Robert D. McTeer, Jr. Albert D. Tinkelenberg John G. Stoides
Baltimore.....21203	Gloria L. Johnson		
Charlotte.....28230	Wallace J. Jorgenson		
<i>Culpeper Communications and Records Center 22701</i>			
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Jacksonville.....32231	Andrew A. Robinson		
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Portland.....97208	Paul E. Bragdon		
Salt Lake City.....84125	Don M. Wheeler		
Seattle.....98124	John W. Ellis		

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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