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Recent Financing Activity of Nonfinancial Corporations

Michael J. Moran of the Board's Division of Research and Statistics prepared this article. Elizabeth G. Schroeder provided research assistance.

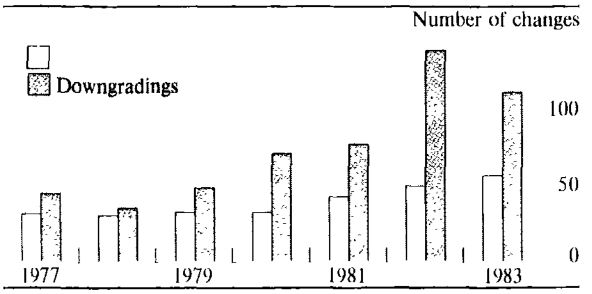
The more favorable financial conditions that emerged in late 1982 and 1983 allowed business firms to improve their overall financial position, which had been deteriorating for several years. During the late 1970s and early 1980s, nonfinancial corporations increasingly turned to credit markets to finance growing outlays as profits and internal cash flows weakened. Sagging stock prices, high interest rates, and uncertainty about future inflation and interest rates discouraged firms from raising funds in the long-term capital markets and led to a massive buildup of short-term debt. The large volume of short-term debt and the increased volatility of interest rates made the financing costs and the earnings of companies more uncertain. Reflecting the diminishing financial strength of many firms, downgradings of corporate debt became common (chart 1).

In response to a sharp drop in interest rates and a surge in share prices in the latter half of 1982 and early 1983, nonfinancial corporations issued a large volume of long-term debt and a record volume of new equities. Corporate profits improved in 1983 so that the flow of internal funds for these firms was larger than their capital expenditures. In the absence of the need to raise external funds, the financing activity of nonfinancial corporations as a group largely represented the restructuring of balance sheets: the proceeds of the stock and bond sales allowed firms to reduce their dependence on short-term debt and to build liquid assets.

Similar patterns of corporate financing were evident in the early stages of some past recoveries. In the current cycle, however, the efforts by corporations to restructure their balance sheets have been short lived. When interest rates began to rise after spring 1983, bond volume fell off sharply. Stock prices, too, lost their upward momentum in the second half of 1983, and the brisk pace of new equity issuance began to moderate; in early 1984, offerings of new stock slowed still further as the stock market experienced its first substantial decline since 1982. At the same time that issuance of bonds and stocks began to slow, business capital expenditures and external financing requirements were beginning to swell. As a result, firms began to rely more heavily on short-term debt as a source of funds.

During the period of restructuring in 1982 and 1983, many companies considerably improved their balance sheets; however, such activity did not produce a marked improvement in the traditional financial ratios for the business sector as a whole. Moreover, barring a reversal of the financing patterns of recent months, these ratios are likely to deteriorate over the course of 1984. The implications of this potential deterioration for the overall financial condition of these firms may not be as serious as in the past. The uncertain financial environment in the late 1970s and

1. Rating changes on long-term corporate debt by Moody's Investors Service[1]



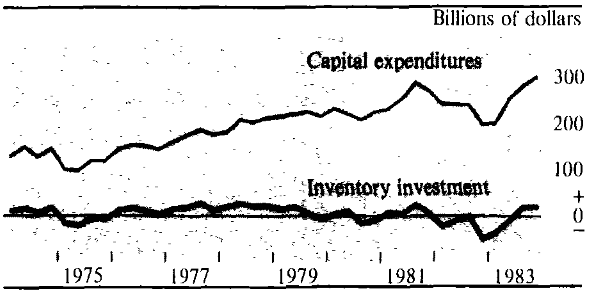
1. The number of changes on a corporation's highest-ranking debt issues. In April 1982, Moody's increased the number of rating categories by dividing most of its major categories into three subcategories. Only changes from one major category to another are counted.

early 1980s stimulated innovation in corporate finance, and the impact of inflation made the book values of assets and liabilities less meaningful, so that an examination of traditional balance sheet measures may not reveal a true picture of financial condition. Indeed, although further restructuring seems likely should interest rates fall, financial managers do not appear to be under severe market pressure to bolster their financial position in the current environment.

CAPITAL EXPENDITURES AND INTERNAL CASH FLOW

After declining for more than a year, capital expenditures by nonfinancial corporations turned upward sharply during 1983, with spending on both fixed investment and inventories contributing to the growth (chart 2). Fixed-investment spending exhibited one of the sharpest recoveries in the postwar period owing primarily to expenditures on equipment; outlays for structures declined slightly, on balance, in the first year of the current recovery. Businesses began to rebuild their inventories during 1983, and in light of the unusually sharp reductions in 1982, this rebound contributed significantly to the strength in total capital outlays. Inventory investment strengthened considerably further in early 1984. Relative to the volume of sales, however, the level of inventories was low compared with historical standards.

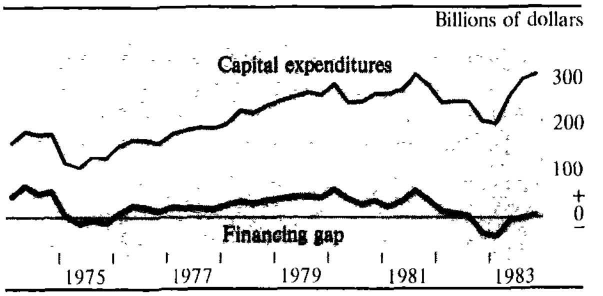
2. Capital expenditures of nonfinancial corporations



Total capital expenditures include fixed investment, inventory investment, and purchases of mineral rights from the U.S. government. Fixed investment includes plant and equipment expenditures and investment in residential construction.

SOURCE. Federal Reserve flow of funds accounts, quarterly data, seasonally adjusted annual rates.

3. The financing gap of nonfinancial corporations[1]



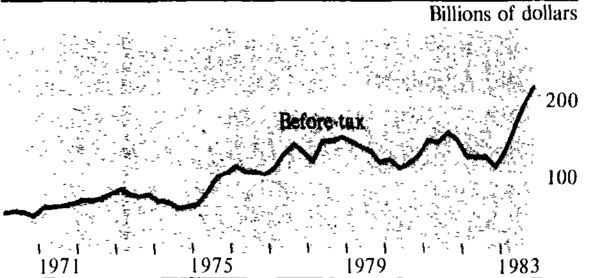
1. The financing gap is capital expenditures less gross internal funds.

SOURCE. Federal Reserve flow of funds accounts, quarterly data, seasonally adjusted annual rates.

Although total capital expenditures of nonfinancial corporations increased sharply in the early stages of the recovery, external financing requirements were moderate. Indeed, for 1982 and 1983 as a whole, the flow of internal funds exceeded capital outlays (chart 3). The strong internal cash flow was attributable primarily to an improvement in economic profits (that is, reported profits plus the inventory valuation adjustment and the capital consumption adjustment) and a lower tax burden resulting from the Economic Recovery Tax Act of 1981.

After declining to low levels in 1982, before-tax economic profits of nonfinancial corporations rose markedly in 1983 (chart 4), reflecting both stronger sales and higher profit margins. Profit margins increased as improvements in productivity and relatively moderate increases in wages combined to produce only small changes in unit labor costs. Also, net interest expenses

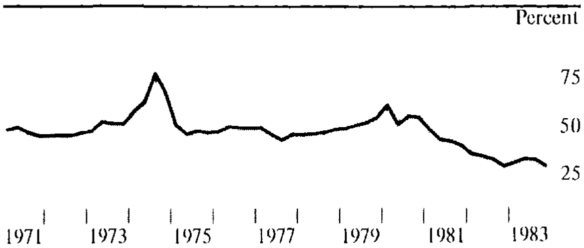
4. Economic profits of nonfinancial corporations



Economic profits are reported profits plus the inventory valuation adjustment and the capital consumption adjustment.

SOURCE. U.S. Department of Commerce.

5. Effective average tax rate on economic before-tax profits of nonfinancial corporations



Economic profits are reported profits plus the inventory valuation adjustment and the capital consumption adjustment.

SOURCE. U.S. Department of Commerce.

were reduced as the level of interest rates declined in late 1982 and early 1983. The ratio of before-tax economic profits to gross domestic product of nonfinancial corporations—an approximate measure of profit margins—increased from about 6½ percent in late 1982 to about 10¾ percent in the fourth quarter of 1983, close to the highest levels achieved during the 1970s.

Since the Economic Recovery Tax Act was enacted in 1981, firms have been able to keep a much greater share of gross earnings. This act liberalized the schedule for accelerated depreciation and expanded the coverage of the investment tax credit. After these changes, preliminary data indicate that the effective average tax rate of corporations, that is, the ratio of tax payments to economic profits before taxes, fell to about 30 percent (chart 5)—the lowest level in the postwar period.

EXTERNAL FINANCING

During late 1982 and early 1983, nonfinancial corporations seized the opportunity to issue a large volume of long-term bonds and stock. With strong internal cash flows, this activity was largely an effort to restructure balance sheets. Beginning in the second half of 1983, conditions in the capital markets deteriorated somewhat, inducing firms to slow their stock and bond issuance and to turn toward short-term debt (table 1).

The bond market experienced a strong rally in the second half of 1982 as weak economic activity and diminishing inflation, along with falling short-term rates, produced sharp declines in long-term interest rates (chart 6). With the decline in interest rates, the spreads between the yields on corporate bonds and Treasury securities decreased to their lowest levels since 1979. Nonfinancial corporations responded to these movements with a flood of new bonds, primarily in the public market. In preceding quarters, companies had deferred desired long-term borrowing in the hope that they later would find more attractive market conditions, and corporate bond volume had fallen to its lowest level since 1973; indeed, in real terms, it had fallen to its lowest level since the mid-1960s.

Besides boosting the total volume of bonds in late 1982 and early 1983, nonfinancial corporations also increased the proportion of issues with longer maturities. As interest rates earlier had

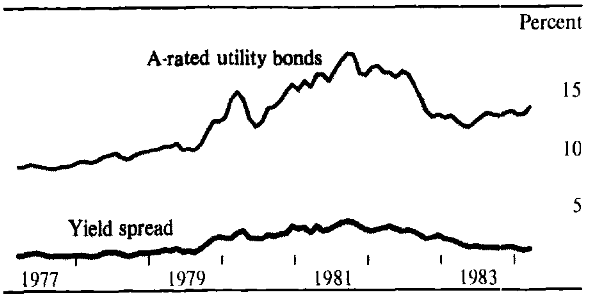
1. Net funds raised in markets by nonfinancial corporations

Billions of dollars

Type of instrument	1977	1978	1979	1980	1981	1982[1]		1983[1]	
						H1	H2	H1	H2
Total, long-term	**35.8**	**32.8**	**20.9**	**52.5**	**22.5**	**31.7**	**58.7**	**74.6**	**36.7**
Equity	2.7	−.1	−7.8	12.9	−11.5	7.0	15.8	38.2	18.4
Notes and bonds[2]	29.6	28.8	27.3	37.6	35.5	24.7	43.3	31.8	17.0
Mortgages	3.5	4.1	1.4	2.0	−1.5	.0	−.4	4.6	1.3
Total, short-term	**36.6**	**47.7**	**67.3**	**38.5**	**69.7**	**64.6**	**13.2**	**.2**	**60.2**
Bank loans[3]	20.9	32.3	47.1	30.6	44.1	55.3	31.4	3.9	30.5
Commercial paper	1.6	2.7	9.0	4.0	14.7	8.7	−18.2	−8.7	7.8
Finance company loans	13.5	11.5	10.2	3.1	8.7	1.7	−2.6	8.8	18.8
Acceptances	.6	1.2	1.0	.8	2.2	−1.1	2.6	−3.8	3.1

1. *Seasonally adjusted annual rate.*
2. Includes notes and bonds sold in foreign markets by U.S. nonfinancial corporations and tax-exempt bonds issued by state or local governments for the benefit of a corporation.
3. Includes a small amount of U.S. government loans.

6. Selected interest rates and yield spreads

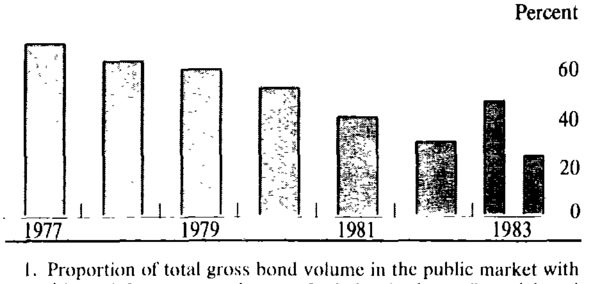


The interest rate on A-rated utility bonds is the Federal Reserve Board's series on recently offered corporate bonds, monthly averages of Friday quotes. The Treasury rate is the 30-year constant maturity series, monthly averages of daily data. The yield spread is the corporate rate less the Treasury rate.

risen and become more volatile, firms had moved progressively toward intermediate-term issues so that by 1982 only about one-third of total gross bond volume had maturities of 20 years or longer (chart 7). In the first half of 1983, however, the proportion of longer-term bonds jumped to nearly 50 percent—a figure still below that typical in the 1970s, but a marked increase over the more recent experience.

As interest rates declined in 1982 and 1983 and as risk perceptions were altered with the improving economy, investors sought to maintain the yields on their portfolios by acquiring securities bearing lower credit ratings. This shift is reflected in the narrowing of interest rate spreads and a more receptive market for lower-rated bonds. In 1983, nearly one-fourth of total gross bond volume had either no credit rating or a rating below Baa. In previous years, these lower-rated firms accounted for only 10 to 15 percent of total bond volume. Many of the bonds sold by lower-rated firms last year were convertible into common

7. Long-term bond issuance[1]



1. Proportion of total gross bond volume in the public market with maturities of 20 years or longer. Includes both nonfinancial and financial corporations.

stock or were sold with warrants that entitled the holder to purchase common stock in the future at a predetermined price. These privileges afforded investors the potential for large gains in the future and permitted companies to issue bonds with lower current yields.

In contrast to public offerings, private placements of corporate bonds remained at relatively low levels (table 2). Activity in the private market began to slow in the late 1970s as life insurance companies—the dominant purchasers of private placements—decreased their participation. Life insurers experienced a reduction in their discretionary cash flow for investment as a result of increased demand for policy loans and declining insurance sales. Growth of policy loans

2. Private placement of bonds by nonfinancial corporations

Millions of dollars

Year or half year	Total	Industrial	Utilities
1977	17,859	14,205	3,654
1978	17,516	12,605	4,911
1979	16,353	8,245	8,108
1980	11,862	7,224	4,638
1981	13,156	7,181	5,975
1982	12,692	8,930	3,762
1983:H1[1]	10,782	8,034	2,748

1. Annual rate, not seasonally adjusted.

SOURCE: *Investment Dealers Digest*. Since the second half of 1983, the *Digest* no longer makes its data on private placements publicly available.

has tailed off in the past two years, and investable funds from sources such as annuities, pension funds, employee benefit plans, and new insurance products have increased. The experience of previous years, however, has left portfolio managers at insurance companies with a desire to maintain more liquid portfolios, and they have tended to emphasize public bond issues, which are more readily resold in the secondary market. Also, the lower-quality issuers that found the public market more receptive last year might otherwise have sought to raise funds in the private market.

An important change in the private placement market recently has been a shift from longer-term to intermediate-term maturities. As in the public market, this shift reflects in part the perceived high level of real interest rates and the volatility of rates in recent years. Another impor-

3. Gross bond issuance by U.S. firms in foreign markets

Millions of dollars

Year or quarter	All corporations	Type of corporation	
		Nonfinancial	Financial
1977	1,128	n.a.	n.a.
1978	1,116	n.a.	n.a.
1979	2,868	n.a.	n.a.
1980	4,104	n.a.	n.a.
1981	6,180	n.a.	n.a.
1982	13,632	9,192	4,440
1983	8,340	3,912	4,428
1984:1[1]	17,472	10,344	7,128

1. Annual rate, not seasonally adjusted.
n.a. Not available.

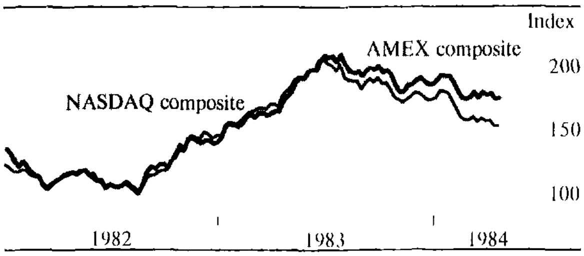
tant factor in the private market has been a change in the nature of the liabilities of life insurance companies. Insurance companies now receive a large amount of their investable funds from annuity contracts and pension funds for which they guarantee a fixed rate of return for periods typically ranging from three to ten years. The desire of insurance companies to match the duration of their bond portfolios with that of their guaranteed investment contracts has led them to acquire more intermediate-term instruments.

Another change in corporate financing patterns has been the increased use of the offshore market (table 3). Well-known firms have found the Euromarket attractive because they frequently can issue intermediate-term debt (nearly all Eurobond issues have maturities in the five-year to ten-year range) at lower interest rates than in the domestic market. This disparity in financing costs exists because the domestic and Euromarkets are segmented: foreign investors are discouraged from directly purchasing bonds sold in the U.S. market because under current laws their interest income would be subject to a 30 percent "withholding" tax; in addition, investors usually can achieve a greater degree of anonymity in the Euromarket because bonds generally are issued in bearer form.

Eurobond issuance by U.S. firms swelled in 1982, but volume diminished in 1983 as external financing needs were small and companies preferred to issue the longer-maturity bonds that could be sold readily only in the domestic market. As intermediate-term issues again became common in early 1984, however, U.S. firms returned to the Euromarket with an even greater volume of offerings than in 1982.

Stock prices turned sharply upward in summer 1982: measured from the lows of August 1982 to the peaks attained the following summer, the major stock price indexes advanced 60 to 110 percent (chart 8 and table 4). These advances mark the largest one-year increase in share prices in the postwar period. Over this span, the market value of common stock on the New York and American exchanges and in the over-the-counter market increased about $700 billion.

8. Movements in selected stock price indexes



AMEX = American Stock Exchange; NASDAQ = National Association of Securities Dealers Automated Quotations; NYSE = New York Stock Exchange. Each index is a monthly average, adjusted to equal 100 in August 1982.

4. Percentage change in stock prices[1]

Index	August 1982 to June 1983	June 1983 to January 1984	January 1984 to April 1984
DJIA[2]	60.7	3.1	−12.1
NYSE composite	68.4	−1.3	−8.6
AMEX composite	107.4	−7.6	−10.2
NASDAQ composite	106.2	−12.3	−16.0

1. Percent change from the peak or trough in the first month listed to the peak or trough in the second month listed.
2. Dow Jones Industrial Average.

The desire to restructure balance sheets and the strong performance of stock prices stimulated nonfinancial corporations to issue record amounts of new equity shares (table 1). Even after adjustment for inflation, late 1982 and 1983 represented the most active period on record for new equity sales. Most of the stock issuance was by corporations with stock already traded publicly, but the market for initial public offerings also was extremely active: during 1983, an estimated $7½ billion of equity issuance represented first-time stock sales by nonfinancial corporations, more than twice the previous record volume in 1981. The increase in stock prices also had an effect on the types of bonds sold. As previously mentioned, the issuance of convertible bonds and bonds with warrants was common during 1983.

Stock prices lost their upward momentum in the second half of 1983, and although issuance was still strong by historical standards, the volume of new equity began to slow. The major stock price indexes fell about 10 percent in January and February, and new stock sales by nonfinancial firms in early 1984 were limited. Furthermore, because large amounts of stock were retired in merger transactions, net issuance of equity shares in the first quarter of 1984 was decidedly negative.

Increased bond issuance during late 1982 and early 1983, combined with strong internal cash flows and heavy stock issuance, allowed nonfinancial corporations to reduce their dependence on loans and short-term market debt, which had increased rapidly in the preceding years (table 1). Business loans at commercial banks rose only moderately from the fourth quarter of 1982 through the third quarter of 1983. In addition, nonfinancial corporations paid down commercial paper and bankers acceptances over the same period. Borrowing at finance companies was strong in 1983, but the major area of strength was loans for commercial vehicles, which generally have longer maturities than those on commercial bank loans or commercial paper.

A substitution of longer-term debt and equity for shorter-term debt typically has occurred in the late stages of recession and the early part of recovery. In the current cycle, however, the period of restructuring was relatively short. When interest rates rose in the second half of 1983—from what already were regarded by many as very high real levels—business firms became more reluctant to issue longer-term debt. Overall bond volume slowed markedly, and there was once again a tendency to move toward intermediate maturities (chart 7). In addition, the volume of shorter-term borrowing by nonfinancial corporations surged in the fourth quarter, with substantial expansion in nearly all categories.

The emphasis on shorter-term financing continued in the first quarter of 1984. Bond issuance in both the domestic and Euromarkets rose, but most of this volume was accounted for by intermediate-term issues. Meanwhile, business loans at commercial banks and finance companies and the issuance of commercial paper by nonfinancial corporations increased sharply. A portion of this shorter-term borrowing was undertaken to finance mergers and acquisitions, but the pace was strong even after allowance for this influence.

INNOVATION IN CORPORATE FINANCE

During the 1970s and early 1980s, many new instruments and financing techniques came into use as firms and investors endeavored to cope with an increasingly uncertain economic and financial climate—one marked in particular by rapid inflation and high and volatile interest rates. Perhaps the most basic technique used by business firms was diversification of the liability side of their balance sheets to avoid being subject to constraints on the availability of funds and to ensure access to the lowest-cost funds. The large volume of funds raised in the Euromarket is one indication of this trend. Moreover, many large corporations have established finance subsidiaries. While these subsidiaries provide a broad array of financial services, one of their most important functions is to maintain a presence in several credit markets and to channel funds to the parent company. The rapid growth of both commercial bank lines of credit and commercial paper also suggests that corporations are concerned with immediate access to alternative sources of credit. Since 1977, the volume of unused loan commitments advanced to nonfinancial corporations has nearly tripled to about $350 billion. Similarly, in the mid-1970s only 500 nonfinancial corporations had access to the commercial paper market, and the volume of paper outstanding was about $13 billion; in early 1984 about 800 nonfinancial firms had issued commercial paper, and the outstanding volume had increased to $50 billion. Many firms that have started issuing commercial paper in recent years ordinarily would not have credit ratings high enough to tap this market; however, a letter of credit from a commercial bank specifically backing their paper has given them access on attractive terms.

Another important source of funding used by corporations in recent years is the tax-exempt market. State and local governments, subject to some constraints imposed by the federal government, can raise funds on behalf of corporations to be employed for private purposes. This financing is allowed to support either small projects or projects that will benefit the community, such as the purchase of pollution control equipment or the construction of airports and seaports. Corporate financing in this market grew steadily throughout most of the 1970s and early 1980s so that in recent years issuing bonds in the tax-exempt market became a major source of funding for nonfinancial corporations. Bond issuance by businesses in this market slowed dramatically in early 1984 because the tax-exempt status of such bonds was jeopardized by bills in the Congress to limit private purpose funding in the tax-exempt market.

The development of alternative sources of financing has led commercial banks to adjust the pricing of commercial and industrial loans. Specifically, commercial banks found that they had to offer loan terms that were more competitive with those available from the commercial paper market and foreign banks, another source of funds developed by corporations. In previous periods, commercial banks typically priced their term business loans that carried floating rates at spreads off the prime rate; in recent years, however, competitive pressures forced them to offer loan agreements in which borrowers have the ability to select (and switch) among pricing options that frequently include bases such as the London interbank offered rate or the rate on negotiable certificates of deposit. This flexibility enables firms to manage their exposure to interest rate risk more actively, as well as potentially to lower their borrowing costs. Below-prime lending also has become common in recent years for short-term loans, but such lending is usually available only to larger customers—especially those who have access to the commercial paper market.

Along with developing new sources of funds, nonfinancial corporations have adopted new techniques to fund their expansion or to improve the condition of their balance sheets. For instance, lease financing has become more common in recent years. Instead of borrowing to finance expenditures, firms can lease capital goods and make periodic rental payments rather than interest payments on debt. Leasing frequently is attractive because it allows firms to expand without showing larger amounts of debt directly on their balance sheets (in most cases, lease obligations are reported in the footnotes of financial statements). Also, firms might lease capital goods to avoid owning equipment that may become obsolete. Finally, tax factors may be involved. A firm with low tax bills would not need to shelter income by utilizing the depreciation expenses and investment tax credits associated with the outright ownership of durable goods.

The Financial Accounting Standards Board and the Securities and Exchange Commission recently approved another technique, known as in-substance defeasance, that allows firms to remove debt from their balance sheets. In these transactions, a firm places in an irrevocable trust essentially risk-free assets, such as cash or U.S. government obligations, that generate sufficient cash flow to service a portion of its debt. Because all principal and interest payments on the debt will be made from the assets held in trust, the firm can remove the debt and the assets from its balance sheet. The firm also can book a capital gain if older, low-coupon debt is removed from the balance sheet. Treasury securities bearing current market yields would be capable of servicing a larger volume of low-coupon debt, and the firm could report as current income an amount approximately equal to the difference between the book values of the defeased debt and the assets placed in trust. In effect, this boost to income represents the present value of future net income that would be earned if the asset and debt remained on the balance sheet. Besides increasing income reported in the current period, these transactions will improve a firm's debt ratios, although this improvement comes at the expense of some decline in liquidity. Data are not available on the amount of debt removed from balance sheets through in-substance defeasance, but market participants indicate that it has been used frequently since its approval at the end of 1983.

Another innovation that has been used since 1982 is the "interest rate swap." With this type of transaction, two firms issue debt under their own names, the debt of one bearing a fixed interest rate and that of the other a floating interest rate; and then they exchange their interest rate obligations. This generally allows each of the parties to service its preferred type of debt—fixed rate or variable rate—at a lower interest cost than either could obtain by issuing debt individually. For these transactions to be beneficial to both parties, the issuers must have a comparative advantage in a particular type of debt or in a particular market. With each party specializing in the market in which its relative costs are lowest, the combined interest expense will be minimized, and the overall cost savings will be divided by the terms of the swap agreement. Multinational corporations have engaged in similar transactions known as "currency swaps." Rather than exchanging fixed-rate and variable-rate interest obligations, these arrangements involve firms swapping interest obligations denominated in different currencies. Precise data are not available on the volume of either type of transaction, but several reports suggest that swapping activity has been widely used.

Because interest rate swaps and currency swaps allow corporations to service the type of debt they prefer, these transactions probably limit the exposure of the firms to risk associated with changes in interest rates and exchange rates. Another method corporations can use to reduce their exposure to such risk is to hedge with financial futures, options, and forward contracts. Interest rate futures are now traded in a variety of maturities for several different instruments, and options are available on Treasury securities as well as on Treasury futures. Similarly, futures and options in the major currencies are traded actively. In recent years, several commercial banks have begun to offer forward interest rate contracts that allow their customers to fix the rate on loans or deposits before the actual date of the transaction. By utilizing these instruments effectively, firms can reduce their interest rate risk for periods of up to two years and their exchange rate risk for periods of up to one year.

Another important development that has assisted corporations in raising external funds involves the mechanics of issuing securities in the public market. In 1978 the Securities and Exchange Commission began to streamline the process of registering securities for sale so that large, well-known corporations could market securities more quickly. Initially, the changes authorized by the commission involved abbreviated registration statements, disclosure of information by reference to other documents the firm already had made public, and selective review of documents by the SEC staff. With these changes in force, issuers could have a registration statement approved in as short a time as two days; before the changes, the registration process might well consume several weeks.

In March 1982, the Securities and Exchange Commission went a step further by authorizing a technique known as shelf registration. Under this system, larger corporations (those with outstanding stock exceeding $150 million in market value) can register the full amount of debt or equity they reasonably expect to sell over a two-year period. After this initial registration, the firm can sell the securities without further delay when funds are needed or market conditions seem favorable. Shelf registration is an important financing technique if market conditions are volatile because it offers firms the flexibility to react quickly when conditions become favorable. Shelf registration also seems to reduce the costs of issuing securities because savings can be achieved on legal, accounting, and printing expenses, and greater competition among investment bankers may reduce underwriting fees.

Corporations quickly adopted the shelf registration technique in the bond market: 50 to 60 percent of all debt sales during the past two years involved this technique (table 5). The data in the table are aggregated over all corporations, but disaggregated data would show that financial firms have used the shelf technique for debt securities somewhat more frequently than have nonfinancial firms. Financial firms are accustomed to raising funds quickly in a variety of markets, and shelf registration allows them access to the bond market in a manner similar to that of alternative sources. In the equity market, shelf registration accounts for less than 10 percent of total issuance. Some market analysts have argued that new equity shares sitting on the shelf tend to depress the current price of a firm's stock because existing shares will trade on a fully diluted basis as investors immediately discount the effect of potential new equity sales. Also,

5. Bonds issued through shelf registration
Millions of dollars

Year and quarter	Total gross volume of bonds issued	Bonds sold through shelf registration	
		Dollar volume	Percent of total
1982:2 ...	8,696	1,704	19.6
3 ...	13,822	7,774	56.2
4 ...	15,702	9,164	58.4
1983:1 ...	13,725	7,682	56.0
2 ...	15,276	7,445	48.7
3 ...	7,962	3,950	49.6
4 ...	10,302	5,908	57.3
1984:1 ...	14,265	8,392	58.8

many firms prefer that their stock sales be widely distributed through a large syndicate of underwriters. Because sales of securities by shelf registration frequently occur quickly through a large investment bank, extensive syndicates typically are not assembled, and the securities are not broadly distributed.

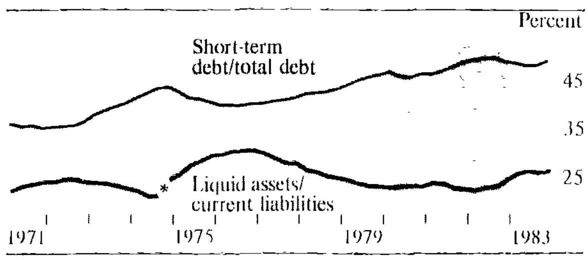
Corporate Liquidity and Capitalization

As measured by traditional yardsticks of financial strength that are applied to individual companies, the balance sheets of nonfinancial corporations as a whole have deteriorated over the past decade: debt has had heavier emphasis than equity, loans and short-term market debt have played a larger role than long-term debt, and liquid assets have declined relative to both total assets and current liabilities. In part, this deterioration in key financial ratios reflects the toll taken on the corporate sector by sluggish economic growth and poor corporate profits in the late 1970s and early 1980s. However, the escalation of inflation over this period and the institutional changes already discussed probably altered the desired balance sheet position of corporations as well as the standards of soundness applied by the market. Furthermore, the traditional balance sheet indicators of corporate well-being became increasingly questionable, owing to the differences between book values and market values of assets and liabilities as well as to accounting practices that may not reflect the economic well-being of a corporation.

Nevertheless, the problems that corporations experienced in the late 1970s and early 1980s attest to the seriousness of their financial deterioration. The number of bankruptcies soared in 1982, downgradings of corporate debt rose to record levels, and unprecedented numbers of firms reduced or omitted dividend payments. The aggressive balance sheet restructuring that was evident in late 1982 and early 1983 further demonstrates that corporations were greatly concerned with their overall financial position. At the same time, however, the abrupt slowdown in bond issuance in the second half of 1983 and in equity issuance in early 1984 indicates that corporations are willing to restructure only when interest rates and price–earnings ratios are at levels they find attractive. Moreover, the narrow risk spreads and the market access of lower-rated firms suggest that the investment community is not especially uncomfortable with the current situation.

Because of strong internal cash flows, nonfinancial corporations were able to use proceeds of their long-term bond and equity financing in late 1982 and 1983 to reduce their reliance on shorter-term debt and to build liquid assets. Reflecting this activity, the ratio of liquid assets to short-term liabilities increased sharply during 1982 and 1983 (chart 9). Except for a brief period in 1981, this ratio has declined continuously since the end of 1976. Part of the decline in the late 1970s probably is related to the greater confidence firms have gained in their ability to obtain credit to meet their immediate financing needs. To the extent that nonfinancial corpora-

9. Selected balance sheet ratios of nonfinancial corporations



Short-term debt includes commercial bank loans, commercial paper, bankers acceptances, finance company loans, and U.S. government loans. Liquid assets include currency, demand and time deposits, foreign deposits, security RPs, U.S. government securities, state and local government obligations, and open market paper. Total current liabilities include short-term debt, trade debt, and profits taxes payable.

* Break in the series.

Source. Federal Reserve flow of funds accounts, quarterly data, seasonally adjusted annual rate.

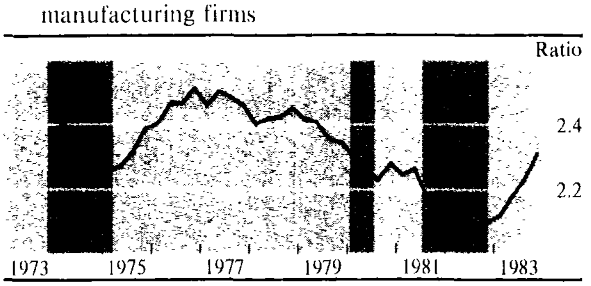
tions have unused lines of credit and ready access to the commercial paper market, the need to hold liquid assets diminishes. However, the brief increase in liquidity in 1981 and the strong rebound in 1982 and 1983 suggest that corporations viewed their holdings of liquid assets as deficient. The ratio of liquid assets to short-term liabilities began to level off in the second half of 1983 and likely moved lower in the first quarter of 1984.

The reduced dependence on loans and short-term market debt in 1982 and 1983 also helped to reduce the ratio of short-term debt to total debt; however, the improvement was only moderate and by the fourth quarter of 1983 this ratio was again pushing upward (chart 9). This ratio and the liquidity ratio already discussed are distorted somewhat by measurement problems. Specifically, outstanding bonds are considered long-term debt, even when they are maturing within the next year or if their financing costs are uncertain because they are variable-rate obligations. Similarly, all bank loans, including term loans, are classified as short-term debt. Measurement problems aside, a strong trend has been evident in this ratio since the early 1970s as the high level of interest rates and the uncertainty about the future behavior of inflation and interest rates has consistently caused firms to avoid long-term debt. By shifting to shorter-term and variable-rate sources of funds, however, corporations have exposed their financing costs to the wide fluctuations of the interest rate cycle. With the volatility that has been evident in recent years, financing costs and earnings have become more cyclical.

The equity position of nonfinancial corporations deteriorated during the late 1970s and early 1980s. New equity issuance was discouraged by sagging stock prices, and retained earnings generally were low because of poor corporate profits. As a result, firms relied primarily on borrowings to meet their funding requirements, and the ratio of equity to debt declined steadily from 1976 to mid-1982 (chart 10). Some decline in observed ratios of equity to debt reflects distortions related to inflation; that is, existing assets and liabilities continue to be valued at historical cost on firms' balance sheets and do not reflect market values. Management may perceive its company's equity position as stronger than that reported on the books if the value of assets has increased with inflation and the real value of long-term debt has depreciated. Also, firms have real incentives to increase their leverage as prices accelerate; in particular, the tax-sheltering aspects of interest expenses are a more important factor as nominal interest rates rise with inflation. Notwithstanding these considerations, the equity position of nonfinancial corporations declined considerably during the late 1970s. With the record volume of new equity sales in 1982 and 1983 and the increase in retained earnings, the ratio of equity to debt on a book-value basis showed marked improvement. However, because of the low volume of new equity issuance in the first quarter of 1984, the retirement of stock associated with heavy merger activity, and the pronounced pickup in short-term debt, the ratio of equity to debt likely turned downward once again.

The failure thus far of the key financial ratios of nonfinancial corporations to return to the levels of the mid-1970s reflects both an alteration in the desired balance sheet position and only a brief period of restructuring in 1982 and 1983. While an appreciable drop in long-term interest rates or a rally in the stock market likely would stimulate further restructuring, financial managers and market participants in the aggregate appear to be fairly content with the balance sheet positions in the current environment. However, as expanding economic activity increases the needs of corporations for external financing, a continuation of the recent reliance on borrowing—especially in the form of loans and short-term market paper—could push firms into uncomfortable balance sheet postures. □

10. Ratio of stockholders' equity to total debt for manufacturing firms



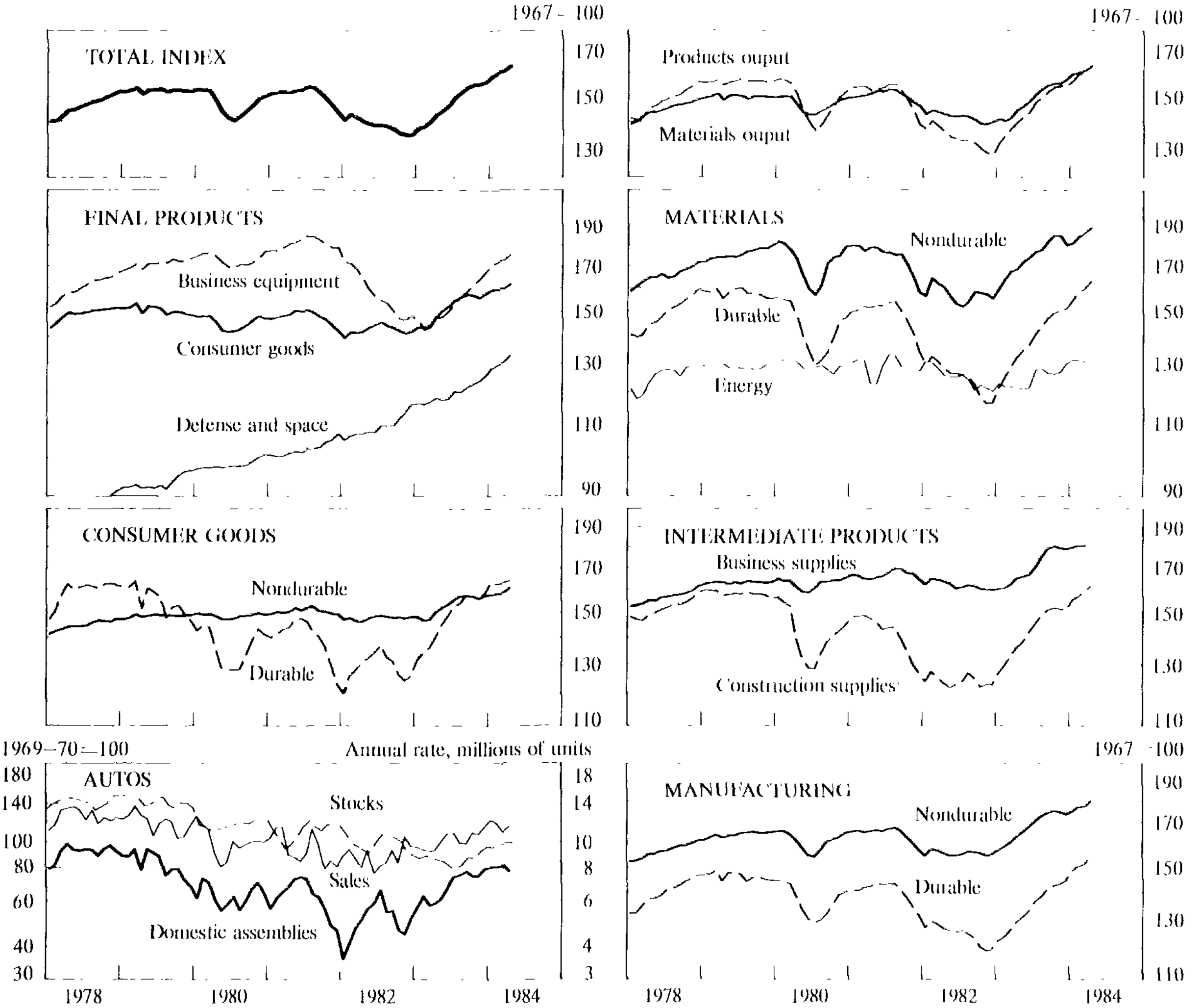
SOURCE. Quarterly Financial Report, U.S. Bureau of the Census.

Industrial Production

Released for publication May 15

Industrial production increased an estimated 1.4 percent in April following a rise of 0.5 percent in March and larger increases in January and February. The April increase was the 17th consecutive monthly gain. Advances in output were widespread among most products and materials, with the exception of motor vehicles. At 163.1 percent of the 1967 average, industrial output in April was 6.0 percent above its previous peak reached in July 1981.

In market groupings, production of consumer goods advanced 1.1 percent in April, with durables up 0.4 percent and nondurables up 1.3 percent. Autos were assembled at an annual rate of 7.7 million units, somewhat below recent sales levels, and down from the rate of 8.2 million



All series are seasonally adjusted and are plotted on a ratio scale. Auto sales and stocks include imports. Latest figures: April.

Grouping	1967 = 100 1984 Mar.	1967 = 100 1984 Apr.	Percentage change from preceding month 1983 Dec.	1984 Jan.	1984 Feb.	1984 Mar.	1984 Apr.	Percentage change, Apr. 1983 to Apr. 1984
				Major market groupings				
Total industrial production	**160.9**	**163.1**	**.6**	**1.5**	**1.0**	**.5**	**1.4**	**14.4**
Products, total	161.2	163.2	1.0	1.5	.5	.4	1.2	12.9
Final products	158.8	160.7	1.3	1.5	.4	.4	1.2	12.5
Consumer goods	159.9	161.6	1.0	1.1	.1	.2	1.1	9.4
Durable	163.3	164.0	1.7	3.0	.4	.4	.4	16.7
Nondurable	158.6	160.6	.8	.4	.3	.2	1.3	6.7
Business equipment	173.1	175.4	2.0	2.0	.9	.5	1.3	19.4
Defense and space	130.5	132.7	1.4	2.1	.9	.8	1.7	12.3
Intermediate products	169.9	172.3	−.1	1.5	.8	.5	1.4	14.3
Construction supplies	158.9	161.3	.1	2.6	1.0	1.1	1.5	18.3
Materials	160.6	162.9	.0	1.4	1.9	.6	1.4	16.6
				Major industry groupings				
Manufacturing	162.4	164.9	.3	1.7	1.3	.5	1.5	15.2
Durable	151.7	154.4	1.0	2.5	1.3	.7	1.8	19.6
Nondurable	177.8	179.9	.5	.7	1.3	.2	1.2	10.2
Mining	123.5	123.3	2.1	.9	.2	.8	.2	10.5
Utilities	178.3	178.7	3.5	−.8	−2.4	1.0	.2	5.6

NOTE. Indexes are seasonally adjusted.

units in March; these seasonally adjusted rates take into account temporary plant closings in connection with model changeovers. Output of home goods as well as production of consumer nondurables gained sharply in April following two months of little change. Production of equipment was up 1.5 percent, with sizable increases in the manufacturing, commercial, and defense equipment groups. There were sharp gains in output of construction supplies throughout the first quarter, and the brisk pace apparently continued in April.

Output of materials increased 1.4 percent in April. Among durable materials, there were particularly strong gains in equipment parts and in basic metals. Production of nondurable materials also rose rapidly, but output of energy materials rose only 0.3 percent.

In industry groupings, manufacturing output gained 1.5 percent in April, with sharp increases in both durable and nondurable industries. Output by utilities edged up, but mining output slid 0.2 percent, in part due to a decline in coal production.

Statements to Congress

Statement by E. Gerald Corrigan, President, Federal Reserve Bank of Minneapolis, before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, April 11, 1984.

I am pleased to have this opportunity to review developments over the past three years regarding the priced services activities of the Federal Reserve Banks. My prepared statement is divided into four parts: (1) an overview of the role of the Federal Reserve in the provision of payments services to depository institutions; (2) a general review of our experience with the pricing of such services as required by the Monetary Control Act of 1980; (3) comments on the draft report on such activities prepared by the General Accounting Office (GAO) at the request of members of this committee; and (4) some brief remarks on the subject of delayed availability of funds associated with some check deposits.

The Role of the Federal Reserve in the Payments Mechanism

The operation of the nation's payments mechanism is a vast and complex undertaking that daily—directly or indirectly—affects virtually every citizen, every business, and every financial institution in this country and millions of others abroad. For most of us, the act of making or receiving payment is as routine as getting out of bed in the morning. However, although literally hundreds of billions of dollars change hands daily with such reliability and efficiency, we should not take for granted the smooth workings of the payments mechanism. The safe, efficient, and trusted operation of the payments system is clearly a matter of high public interest in the United States and around the world. Indeed, these very considerations relating to the safety and efficiency of the payments mechanism were a central element in the decision of the Congress to create the Federal Reserve more than 70 years ago.

Reflecting in part the legacy of 70 years experience, I believe there is virtually unanimous agreement that the Federal Reserve, as the nation's central bank, has a natural and continuing interest in the efficient and safe functioning of the payments mechanism. In part, that natural interest arises from the fact that disruptions in the payments mechanism—regardless of their origins—can threaten the safety and soundness of financial institutions and financial markets and, in the extreme, the smooth functioning of the economy at large. However great those concerns may have been 70 years ago, they take on even greater importance in the context of today's highly interdependent domestic and international banking and financial markets.

The point should also be made that transaction balances at depository institutions and the associated reserve balances held at the Fed are, at one and the same time, the vehicle through which most payments are made, the bedrock upon which all other financial flows rest, and the mechanism through which monetary policy is conducted. This trilogy of unique functions is one of the reasons why banks have, in effect, had an exclusive franchise on the operation of the payments mechanism, and it is one of the reasons why I believe that banks are special. That trilogy points, in my judgment, to the imperatives of strong banks, strong financial markets, and a strong and efficient clearing system.

To put it more pointedly, the payments system demands the highest degree of public confidence. It simply would not be possible to make hundreds of billions of dollars in payments daily if public confidence in the certainty of payments and the payments process were shaken or undermined. While perhaps not of the same order of importance, the operation of the payments mechanism inevitably involves other public policy considerations relating, for example, to the ease and terms with which smaller economic entities and more remotely located institutions and individuals have access to the payments system.

The question, therefore, is not whether the central bank has a responsibility to promote the safety and efficiency of the payments mechanism, but rather it is one of how that responsibility can most effectively be discharged. More particularly, should the Fed seek to achieve these public policy objectives by regulation alone; should it act as a processor of last resort, taking on only those functions that others are unwilling to provide or unable to provide at reasonable fees and conditions; or should it maintain an operational presence in the payments mechanism along the broad lines that have prevailed for the past 70 years? From my perspective, the dictates of public policy point strongly in the direction of preserving the operational presence of the Fed in the payments mechanism—recognizing, of course, that the exact configuration of that presence need not, and probably will not, remain as it is today. In saying this I should also stress that an operational presence for the central bank along the general lines of the Fed's current activities is by no means unique among central banks in the industrialized countries of the world.

"The processor of last resort" concept is deceptively appealing, but, in my judgment, it is not workable. The Federal Reserve Banks could not maintain the standby facilities, equipment, and personnel that would be needed to function on an on-again, off-again basis or to step into those situations in which an adequate level of payments services might not be available nationwide at reasonable costs and terms. Moreover, even the simplest aspects of the payments mechanism require a continuity of expertise and working knowledge that would be very difficult to maintain in such an environment. Even if feasible, the cost to the taxpayers would be high. Therefore, assigning to the Fed a role as processor of last resort is simply not viable.

In my opinion the United States has—taking account of the size of our economy and the size of our country—the most efficient payments system in the world. That fact cannot be attributed to technological superiority, and it surely cannot be attributed to the presence of a neat and clean banking and financial structure. While many factors may be involved, I would suggest that the side-by-side presence of the Federal Reserve and the private banking system in the operation of the payments mechanism has been one of the primary factors that has permitted and encouraged the payments system in the United States to achieve this lofty status.

One can speculate as to whether the result would have been different had the historic role of the Fed been confined to that of a regulator of the payments system. That speculation—however interesting—cannot alter 70 years experience nor can it alter the fact of where we are today. Let me cite a few examples that may help to illustrate my point.

- Is it reasonable to conclude that the book entry system for U.S. government securities would have developed as quickly as it did—if at all—if the Fed had been only a regulator rather than a participant in the payments mechanism?
- Is it reasonable to assume that one or more private entities could, or would even want to, fully displace the Fed's funds transfer network?
- Is it reasonable to assume that, absent a Federal Reserve operational presence, 99 percent of the checks written in this vast country with its 40,000 depository institutions would be collected in two days or less?
- On the other side of the coin, as late as 1979, the Federal Reserve attempted, in the form of a Board policy statement, to put a halt to delayed disbursement of checks. However, we probably have more delayed disbursement of checks today than we did in 1979. The Federal Reserve—through the so-called "high dollar group sort program," which will be implemented on April 23 of this year, is now seeking to achieve through its operations what it could not achieve through "regulation."

The point, of course, is that the payments mechanism is so complex, legally and operationally, that it is far from clear that public policy objectives could be achieved simply by writing regulations. Moreover, it is quite possible that absent the "hands on" working knowledge gained through operations, regulatory efforts would quickly take on an ivory tower character that would be ineffective, impair the efficiency of the payments mechanism, or both. There is no doubt in my mind that the Fed's operational presence in the payments mechanism is a better alternative than what otherwise would be a cumbersome and very costly regulatory apparatus.

While I am skeptical that regulation alone could provide a cost-effective and efficient method of ensuring that the public policy objectives associated with the operation of the payments mechanism would be well served, there are other aspects of the Fed's operational presence that would be very difficult to duplicate if it were simply a regulator of the payments system. For example, the Fed can be thought of as something of a neutral and trusted intermediary in the payments process. Its only interest is bringing together collectors and payors in the fastest and safest manner possible. It has no particular interest in whether a check is large or small, whether the collecting or paying institution is large or small, or whether the writer of a check is an otherwise valued customer. Indeed, the fact that the Federal Reserve has no relationships with bank customers that are not depository institutions is a feature that makes it an attractive source of payments services for many depository institutions.

This role as a trusted and neutral intermediary is reinforced by the fact that the Fed is also the bankers' bank whose solvency is never in question. This feature permits the Fed prudentially to assume risks such as the intraday credit exposure on Fedwire or to act as a correspondent for problem banks when others may be unable or unwilling to accept such risks. In tandem, the neutral intermediary and the ever-solvent bankers' bank are aspects of the Fed's role in the payments mechanism that contribute, in no small way, to that essential public confidence in the payments system.

None of the above should be construed to mean that the Fed's operational presence should remain exactly the same as it is today. Technological developments, the advent of interstate banking, the creative efforts of individual banks, and a host of other factors, no doubt, will change that role over time. Moreover, the Congress may wish to provide different direction to the Federal Reserve asking that we do more, that we do less, or that we do nothing. At this juncture, however, I personally would urge that we retain the legislative status quo.

The bottom line, as I see it, is that the financial system, the business community, and the public at large have been the clear beneficiaries of the Fed's role—in partnership with the banking community—in promoting the highly efficient and safe payments system that we enjoy in the United States. Alternative configurations are easy to conceive, but may not be so easy to operate in a way that is appropriately sensitive to those public interest considerations I spoke of earlier.

Much of what I have said about the role of the Federal Reserve is germane to one of the most basic issues raised by the GAO draft report, namely, whether there is a conflict of interest between the Fed's role as a service provider and as a regulator of the payments mechanism. I will readily concede that there is a potential conflict of interest between the Fed's role as a regulator and as a provider of payments services in a competitive environment. However, there are powerful forces that seem to me to more than adequately ensure that potential conflicts will never become actual conflicts. These powerful countervailing forces include the generalized public scrutiny of Fed actions, the oversight and general supervisory role of the Board of Governors, the public comment process, the activities of the GAO, and the oversight by the Congress itself.

Moreover, I think the point should be stressed that removal of the Fed from an operational role in the payments system will not eliminate potential conflicts of interest—it will in fact create or intensify other potential sources of conflict. That is, private suppliers of payments services legitimately look first to the interests of their customers and their shareholders in determining the operational posture they will take in providing such services. That is wholly appropriate, but at times it may not yield results that are in the public interest. The payments process is, inevitably, one that entails collisions of interests: payors want to slow it down; collectors want to speed it up; large economic agents have more clout and flexibility than do the small ones. These potential conflicts are subtle and not easy to detect or resolve. The potential conflicts associated with Fed activities—to the extent that they are real—are highly visible and readily subject to remedy if abuses were to develop.

Having said all of that, I should hasten to add that there will always be situations in which operational activities of the Federal Reserve Banks impinge on "regulatory" considerations and vice versa. Let me cite a few very contemporary examples:

• Just two weeks ago, the Federal Reserve Board requested public comment on a wide variety of possible measures for reducing risk in the operation of large-dollar wire transfer systems, including Fedwire itself.

• Beginning on April 23, the Federal Reserve will commence an operational program designed to accelerate the collection of checks drawn on certain institutions located outside Federal Reserve cities. In certain instances, the practice of drawing checks on such institutions could undermine the efficiency of the check collection system, raise questions of equity, and, in the extreme, also raise questions of safety and soundness.

• Later in this statement I will make reference to a possible operational change by the Fed that could provide a major step forward in coping with the delayed availability problem on certain check deposits.

In all of these areas, and in others I could mention, we must very carefully weigh operational and policy considerations. In the final analysis, our actions should have a powerful public interest motivation. However, even when the case for a particular action makes overwhelming sense on both operational and public policy grounds some market participants may object to our initiatives on the grounds that our action may be harmful to them or to their customers. I do not think we can or should avoid those problems, but I do believe that the system of checks and balances I referred to earlier provides more than adequate protection against the misuse of regulatory power by the Federal Reserve. Indeed, as I see it, those checks and balances may be so tilted that there is the danger of the Federal Reserve not doing things that would serve the public interest simply to avoid "rocking the boat."

Experience with the Pricing Provision of the Monetary Control Act

During 1983, the Federal Reserve essentially completed the transition to pricing of its payments services to depository institutions as called for in the Monetary Control Act of 1980 (MCA). Specifically, the act required that the Federal Reserve begin by September 1981 to price its payments services so that over the long run fees would be established based upon the full costs of providing such services, including the costs of float, taxes, and capital the Federal Reserve would incur if it were a private firm.

Within little more than two years of the date that the MCA required the Federal Reserve to commence pricing, the following has occurred:

• All payments services provided to depository institutions have been priced and are now generating sufficient total revenues to cover the full costs of providing such services, including the costs of float, taxes, and capital the Fed would incur if it were a private firm.

• Federal Reserve services have been opened to all depository institutions regardless of size and location.

• Operational improvements by the Federal Reserve have dramatically reduced the daily average amount of Federal Reserve check float from $4.5 billion in 1980 to a daily average of $1.2 billion in the fourth quarter of 1983. Of the latter amount, $500 million was recovered through "as of" adjustments and explicit fees, and the cost of $700 million in "residual" check float was added to the cost base subject to recovery through per item fees. A major thrust of the Federal Reserve's activities over the past two years was to reduce float to the extent possible through operational improvements that added only modestly to operating costs. This approach serves both equity and efficiency. If the value of all check float as of 1982 and 1983 had simply been added—across the board—to costs and prices, sizable incentives to increase float—particularly by the writers of large dollar checks—would have been created and the costs of such float shifted to the collection system generally, rather than being borne by those who create and benefit from float.

The transition to the priced services environment was managed not only with a view toward satisfying cost-recovery objectives, but also with a view toward seeking to enhance and improve the efficiency of the payments mechanism. The goal of greater efficiency was served in a number of important respects including, but not limited to, the following:

• Federal Reserve pricing served as a further catalyst for moving in the direction of electronic payments.

• Federal Reserve pricing spurred the reemergence of local clearing arrangements among private depositories. This tended to remove one step in the processing cycle for many local checks, thereby resulting in faster and cheaper clearing services.

- Changed deposit deadlines, processing cycles, and presentment times at many Federal Reserve offices permitted the shift of checks valued at about $2 billion per day from two-day collection to one-day collection.
- It would appear that the amount of society's real resources devoted to the payments mechanism has declined.
- The Federal Reserve has deployed almost 3,000 low-cost terminals in small- and medium-sized depository institutions, thus providing these institutions with convenient and inexpensive access to a wide range of payments and related services.

These achievements and the rapid transition to a "profitable" base of operations did not come easily. Indeed, I believe it is entirely fair to suggest that the transition to the priced services environment was more difficult and complex—and more contentious—than most of us anticipated at the time the MCA was enacted. Speaking for myself, I think I can also say that if I had to do it over again, there are some things I would have done differently. On balance, however, I believe that the net effect of Fed pricing has been good for the Fed, good for the banking industry, and good for the public at large.

I also believe that with the difficult initial transition to pricing now largely behind us, we in the Federal Reserve are better positioned to turn our attention to the more important questions of what we can do—in cooperation with the banking industry—to foster still further improvements in the efficiency, safety, and integrity of the payments mechanism. These issues loom all the more important in the face of the financial interdependencies that are now such a prominent feature of contemporary financial institutions and markets.

The GAO Report on Fed Check-Clearing Activities

At the request of members of this committee, the General Accounting Office has prepared a comprehensive draft report regarding the pricing of Federal Reserve check-clearing services. The draft report covers a wide range of issues raised by members of the committee and still others raised by a few commercial banks. The committee, I believe, is also aware that the Federal Reserve engaged the services of a major accounting firm to take an even more detailed look at other aspects of our priced service activities. That report is a couple of months away from completion, and we will submit the conclusions of the report for the record at that time.

Based on my reading of the GAO report, it seems to me that steps already taken by the Federal Reserve respond to most of the report's major suggestions or recommendations. We will, of course, submit a detailed response to the overall GAO report. There are, however, several areas in which I would offer some further comments at this time.

- First, we fully agree with the need for more and better disclosure on the part of the Federal Reserve regarding its priced services activities. Toward that end, we have recently issued a "Report on Priced Service Activities for 1983" and contemplate that a similar report—augmented by abbreviated quarterly reports—will be prepared annually.[1]
- Second, the GAO report strikes me as somewhat cautious on the question of presentment fees and on the specific question of whether—in some situations—the Federal Reserve should be required to pay presentment fees. This is an area in which I have very strong views. I believe it would be a mistake to subject the Federal Reserve to presentment fees. If there is a case for legislative action regarding presentment fees, I would argue that such fees should be banned altogether for any check presented to a payor institution in advance of the 2:00 p.m. cut-off hour established in the Uniform Commercial Code.
- Third, the GAO suggests several areas in which our internal procedures for allocating certain overhead costs to specific priced services might be improved. We are looking closely at these suggestions and at others made by our own

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.

staff and by our accounting firm. Some changes in these procedures have already been made and others will be made, but—like the GAO—I do not believe such changes will have a material effect on costs or prices.

While these and other issues raised in the GAO report are important, there are two questions raised in the chapter of the report on "Competitive Issues" that I believe are central. The first is the question of how to assure that the Federal Reserve—with its central bank status and ability to influence the market it serves—continues to exercise its authority responsibly. I spoke to that issue earlier. The second of these central questions is what response the Federal Reserve should make if it becomes clear that the price the market will ultimately be willing to pay for a service the Federal Reserve provides is less than what the Federal Reserve must charge to recover its full costs. That question comes down to what should the Fed do if it cannot cover its costs in a particular operation? In one sense, the answer to that question is very easy, but in another sense it is very difficult. Not every service we provide or might provide has the same degree of public interest considerations associated with it. For example, in considering the efficiency, safety, and integrity of the payments mechanism, nobody would seriously argue that there are great public policy considerations associated with coin wrapping. At the other extreme, I think most everyone would readily concede that there are significant public policy considerations associated with the electronic transfer of reserve balances and securities by the Federal Reserve.

Given these differences in the public interest content of our various services, our response to the question can, in some instances, be rather straightforward. Absent some strong public purpose, a failure to cover costs in a particular service area must lead to the discontinuation of the service in question by the Federal Reserve. Indeed, we may have to face that very situation with respect to certain of our safekeeping operations for paper securities. In those circumstances, we are quite prepared to discontinue particular operations, but in the process we will have to face some very difficult questions of how and with what speed such services are phased out.

In the case of a service that does not cover costs but is perceived to have a clear public purpose, it seems to me that we would have no choice but to consult with the Congress. In the near term, I do not see that situation arising, but over time it certainly could, particularly in the face of the sweeping changes in the structure of our financial system that are almost certain to occur over the next several years. Indeed, the potential for that situation arising is even greater in a context in which we perceive a strong and continuing interest on the part of the Congress in ensuring that an adequate level of payments services are made available to all institutions regardless of their size and location.

There is one other point implied by the GAO report that is relevant to the preceding discussion and warrants a few words. We in the Federal Reserve need to articulate a clear statement of our future role in the operation of the payments system in a priced environment. It was not possible to develop a statement of this nature until the initial transition to pricing had been accomplished. Now that the transition is behind us, we are well positioned to proceed with that task, and I would hope that such a statement would be adopted by the Federal Reserve Board by midyear.

Delayed Availability

I am keenly aware that there is acute interest in this committee and elsewhere in the Congress in finding ways to stop the practice of excessive delays by some depository institutions in passing credit to their customers on some check deposits. Allow me, therefore, to close with a few brief comments on this subject. My comments are as follows:

- First, the incidence of abuse in delaying customer availability on check deposits varies considerably from market to market—and from institution to institution—and unfortunately in some cases is far too lengthy.
- Second, efforts by some states and by depository institutions and their trade associations, interest on the part of the Congress, and the recently issued policy statement of federal financial institutions regulators represent constructive steps in dealing with the problem.
- Third, I have reservations about efforts to legislate availability schedules in part because

there is a danger, however remote, that such legislated schedules could have the perverse effect of encouraging banks that do not delay availability to do so and in part because I believe our objectives should be more ambitious than current procedures and technology would permit. For example, under recently adopted state regulations and as contemplated in some versions of proposed federal legislation, delays in availability on some checks of up to eight days are authorized. I believe we can do much better and would not, therefore, want to institutionalize delays of that duration.

- Fourth, in a context in which we are willing to provide some reasonable time for voluntary initiatives to take hold, the Federal Reserve is actively considering a phased-in approach to a universal system of wire or telephonic advice of large dollar return items. With such a system in place, the case for a depository institution delaying funds availability on all checks to protect against the risk of loss on the tiny fraction of items that are returned would be greatly diminished, particularly as the dollar cutoff for wire advice is reduced over time. This is a good example of how advancing technology can work to produce better results than might be gained through legislatively imposed availability schedules that—to some extent—are captive to current procedures and techniques.

While these steps can help solve or minimize the delayed availability problem, the only solution to the practice—and to the larger problems associated with the mountains of paper payments made daily—is to continue to accelerate the move toward electronic payments. I said earlier that I believe that one of the benefits of the MCA was that it helped reduce some of the barriers to the more widespread use of electronics in banking for consumers and businesses alike. The technology is certainly there, and our younger people—to say nothing of our school-age children—are less intimidated by computer terminals than are many of us. Similarly, the relative costs of paper versus electronic payments continue to shift in a direction that is favorable to electronics. Yet, the current paper-based system provides real or perceived advantages to many—advantages that in substantial ways grow out of the inefficiences of the paper-based system, including the substantial amounts of non-Federal-Reserve float associated with its operations. Thus, seizing the opportunities associated with electronic payments will require a dual effort pushing the efficiency of the paper system to its limit while at the same time developing and exploiting the benefits of electronics.

We in the Federal Reserve are strongly committed to those efforts and to the larger goal of promoting the safety and efficiency of the payments mechanism. We look forward to working closely with the banking industry and with others in the furtherance of that goal. □

Statement by Anthony M. Solomon, President, Federal Reserve Bank of New York, before the Subcommittee on International Finance and Monetary Policy of the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, May 3, 1984[1]

I welcome this opportunity to testify, on behalf of the Federal Reserve System, about the recently announced financial package to help Argentina meet interest payments on its bank debt. I think these hearings can be helpful in setting the record straight and in clearing up any misunderstandings that may have arisen about the Federal Reserve's role in these arrangements.

Assistant Secretary Mulford has outlined the main features of the package and has described the events leading up to the agreement on that package. I will comment on the role of the Federal Reserve and respond to some questions that have been raised about the significance of this agreement.

Let me make clear at the outset that there was no Federal Reserve money and no Federal Reserve guarantee in any way involved in the arrangement. The Federal Reserve participated as agent, and only as agent, through the Federal

1. Mr. Solomon presented similar testimony before the Subcommittee on International Trade, Investment and Monetary Policy of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, May 1, 1984.

Reserve Bank of New York, at the request of the other parties to the agreement.

In this capacity, the Federal Reserve had no financial interest in the transaction, but received and held the money that was being provided by the other parties, and, at the proper moment, transferred that money to an agent bank that made the payments to meet Argentina's overdue interest obligations.

The New York Federal Reserve routinely acts as an intermediary in transactions at the request of other central banks, just as they sometimes act for us, and in that sense this transaction was not extraordinary. In the normal course of business we regularly receive and hold funds for other central banks, generally funds that represent the dollar reserves of these nations. At the owners' instruction, we invest these funds, largely in U.S. government securities, or disburse them.

As agent for the Argentine financing package, the New York Federal Reserve set up an escrow account on its books. On March 30 we received deposits of $500 million into the escrow account, representing $100 million from the government of Argentina, $100 million from the eleven commercial banks on the working committee for Argentina, and $300 million from the monetary authorities of Mexico, Venezuela, Brazil, and Colombia. We also received from the Managing Director of the International Monetary Fund a progress report stating that constructive discussions had taken place with the Argentine government on Argentina's recent economic policies and the main elements of a program of economic stabilization that would provide the basis for IMF support. With the full $500 million on deposit and with this progress report, we transferred the $500 million to the agent bank in New York, which in turn disbursed funds to banks around the world to meet Argentina's overdue interest obligations.

There was one additional way in which the New York Fed played an operational role. As part of the arrangement, the Argentine government agreed to repay the eleven commercial banks in the lending group $100 million upon the completion of pending lending arrangements with a large syndicate of banks. If those lending arrangements are not completed by June 30, the Argentine government has agreed to repay the eleven banks from Argentine deposits held at the New York Reserve Bank. The Argentineans transmitted instructions to the New York Fed to give effect to that understanding. We in turn informed the eleven banks that procedures reflecting Argentine obligations to repay the $100 million loan had been completed. In general, in the course of the discussions leading up to the agreement and the Federal Reserve's operational role, we were, naturally, in close touch with Treasury officials, some commercial banks, and interested foreign central banks.

It should be clear that, by participating in this arrangement, the New York Federal Reserve has not backed or guaranteed payment to the commercial banks with its own funds, and no party has any claim against the Federal Reserve. I repeat this because some of the press reports may have conveyed a different impression.

Your letter inviting the Federal Reserve to testify asked that we comment on its significance with respect to several matters, including the ongoing process of managing the Latin American debt problem, the stability and soundness of financial markets and the banking system, and Argentina's negotiations with the IMF and with the banks.

My own assessment is that the agreement on the financial package constituted a very positive and constructive move of benefit to all the parties. The U.S. participation is consistent with earlier actions taken, for example, with respect to Mexico and Brazil supporting their adoption of IMF adjustment programs. I think this action has substantially improved the prospects for working out Argentina's debt problem and domestic economic difficulties on a satisfactory basis. As a first step, that process inevitably requires a rescheduling of maturing debt obligations along with a new money package, both linked directly to a new IMF-supported adjustment program. The short-term financial package that we are discussing today provided both valuable time and positive momentum for that approach. But the package itself does not assure a satisfactory resolution of the Argentine problem, much less resolve the broader debt issues of Latin America as a whole.

Perhaps it would help if I sketched in a bit of the background of Argentina's debt problem. Argentina's difficulties in servicing its debt began to emerge even before the time of the Falklands war, when its economy was experiencing large capital outflows, domestic recession, and rapidly accelerating inflation. Early in 1983, agreement was reached on an IMF-supported adjustment program, and progress was made on clearing up arrears and on rescheduling the debt. But later in 1983, during the final months of the military government, wage policy slipped badly, inflation rates soared, and interest arrears on the external debt began once again to build up rapidly.

The newly elected Alfonsin government set forth the main themes of its approach to the debt problem soon after it took office in December. It made clear that it wanted to reach agreement with the IMF on a new adjustment program—while emphasizing its intention to make the adjustments its economy needed largely through major reductions in government expenditures and in the size of the budget deficit, but without further recession or cuts in real wages. The new government also stated that it wanted to work out rescheduling agreements with banks and other creditors—but warned that it would press for better terms than had been negotiated by the previous military government.

While discussions continued with the IMF and with the creditor banks, Argentina's interest arrears accumulated, particularly to bank creditors. For U.S. banks, interest in arrears for more than 90 days has particular significance. Under the reporting requirements used by our federal bank supervisory agencies, as well as those used in certain states including New York, banks generally can continue to accrue interest as income once it is past due and unpaid for only up to 90 days. Thus, once interest is unpaid for more than 90 days, under current practice, U.S. banks would generally have to stop reporting that interest as income in quarterly reports filed with bank supervisors. They would, in most cases, also reverse previous accruals and take that unpaid interest out of income or reserves. Since U.S. banks must publish their balance sheets on a quarterly basis—March 31, June 30, and so on—the March 31 date was significant. Let me state that this was particularly, if not uniquely, significant for U.S. banks, given our system of comprehensive public quarterly reporting, which has no parallel in the other major industrial countries.

I think that most U.S. banks had more or less assumed that Argentina's interest arrears in excess of 90 days would not be cleared up by March 31. They had accepted the fact that accruals of interest income on many Argentine public sector loans would stop, and that prior accruals would be reversed as of that date. Nonetheless, I think that there was genuine concern among all parties, including Argentina as well as others, that such a development entailed substantial risks. Clearly there would have been an appearance that the situation was eroding and that positions might harden on all sides. Should that situation have developed, there were several concerns. For one, the domestic financial situation in Argentina could have deteriorated further from capital outflows and other financial pressures. Also, the prospects of rescheduling Argentina's debt on acceptable terms, and in the framework of a new IMF program, would diminish, with possible adverse spillover effects for the debt problem more broadly.

Argentina would have been the first major Latin American borrower in recent times to shift into nonaccrual status on its sovereign debt. It is not clear what might have been the reaction, either of creditors—who might be troubled about the precedent for other debt situations—or of Argentina as well as of other debtors. Certainly it would have been much more difficult to arrange new bank financing for Argentina in the future—even with an IMF program—if Argentine loans had shifted to nonaccrual status. And it might have made refinancings more difficult for other sovereign debtors as well. It was against this background that the Mexicans took the initiative to propose a new financial package. Both the Argentineans and the creditors quickly saw the advantages of that approach.

The Argentine package in no way represented a "bank bailout" with taxpayers' money. U.S. government financing, through the Treasury's Exchange Stabilization Fund (ESF), is to be available, on a temporary basis, for one essential purpose—to encourage agreement between Argentina and the IMF on an adjustment program. This encouragement is in close conformance with U.S. law, which calls for the ESF to be used to support U.S. objectives in the IMF, and with past practice, since similar bridging loans have played an essential role in the adjustment efforts, for example, of Mexico and Brazil. It is very likely that a new IMF-supported adjustment program, which this package is designed to encourage, will call for additional financing from the commercial banks. Moreover, I am certain that within the framework of an IMF program, every effort will be made, in accordance with that same U.S. legislative provision, to arrange a rescheduling of debt that is "consistent with safe and sound banking practices and the [borrowing] country's ability to pay."

Your letter asked whether current growth and interest rate projections provide reason for optimism that the debt crisis is soluble. The outlook for recovery and expansion in the industrial countries is encouraging, with growth at about 3½ percent this year and next—which means that less developed countries' exports could grow 5 to 7 percent and commodity prices should continue to move up. This growth would certainly help debtors, but not enough to resolve their problems.

Increases in interest rates are, of course, particularly burdensome to heavily indebted nations—a rise of 1 percent worldwide adds $3½ billion or more to debt-servicing costs of non-oil developing countries after a full year. That figure lends stark emphasis to the need for urgent and decisive action on our budget deficit, certainly the single most effective means of countering the problem of high interest costs. In addition, those involved in debt negotiations might want to consider techniques of limiting, by some kind of cap on interest rates, the potential problems for the successful implementation of IMF-supported adjustment programs that might result if there were further increases in interest rates.

I do not think that failure to arrange the Argentine package, with resulting nonpayment of interest, would, by itself, have had a significant adverse impact on the safety and soundness of the U.S. banking system. I have attached to my statement a table that summarizes the information presented publicly by several of the largest U.S. banks in their first-quarter financial statements regarding the effect of the package on their quarterly earnings.[2] As those data certainly suggest, the soundness of the banking system was not endangered. That is not to suggest that in some cases the potential effect was not significant, particularly if arrears had continued to build up for an extended period; but in all cases the immediate impact was, in my opinion, quite manageable. Nor do I think concern over the immediate impact on the stability of financial markets was the most important aspect of this matter—there is nothing to suggest that the prospect of nonpayment was not largely, if not entirely, discounted by financial markets. Rather, I think the Argentine package was prompted by a shared objective to improve the prospects for agreement on an IMF adjustment program, and as a basis for a more workable and acceptable rescheduling of the Argentine debt. Let me cite some key, closely related advantages.

First, it demonstrated to the new Argentine government both that there was a willingness on all sides to help deal with Argentina's severe debt and economic problems and that there was a strong international interest—including interest among other Latin American borrowers—in seeing Argentina move promptly to formulate an effective economic program and to reach agreement with the IMF.

Second, it brought together five key Latin American governments—Argentina and the four lending countries—under the umbrella of a Latin American initiative, to cooperate in finding ways to meet their debt obligations. This should help defuse some of the North–South rhetoric on a problem that will require cooperation, not confrontation to resolve successfully.

Third, in my judgment, it brought Argentina and the IMF closer toward agreement on an adjustment program and strengthened the incentives to reach final agreement on an IMF program in order that the Latin American creditor governments can be repaid promptly.

Some say the result was only to buy time. But the Argentine package does more—not only is there now more time, but there is also an improved environment for coming to grips with the outstanding issues between Argentina and the IMF and between Argentina and the creditor banks. Yet, unquestionably some formidable issues still remain to be negotiated.

Argentina is, of course, just one of a number of nations in Latin America and elsewhere that have encountered serious debt problems. These problems have to be viewed not as a single

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

problem but as thirty or more individual problems, each with its own unique characteristics and with its own political and economic setting. Yet they do all have common features, and success—or failure—in one country, particularly a large one, can breed success—or failure—in others. Thus, in my judgment, if success can be achieved in dealing with the Argentine debt problem, that success will to some extent spill over and encourage success elsewhere. Similarly, demonstrated progress in dealing with the debt problems of other countries will improve the environment for Argentina. □

Statement by J. Charles Partee, Member, Board of Governors of the Federal Reserve System, before the Commerce, Consumer, and Monetary Affairs Subcommittee of the Committee on Government Operations, U.S. House of Representatives, May 3, 1984.

I am glad to appear before this subcommittee to discuss the role of the banking agencies in the identification of violations of criminal law by bank insiders and in the protection of commercial banks from the effects of illegal or improper activities of insiders. My testimony will address the general supervisory responsibilities and activities of the Federal Reserve with respect to criminal misconduct and insider abuse. Detailed answers to the specific questions raised in Chairman Barnard's letter of April 5 are contained in a separate Federal Reserve staff report submitted to the subcommittee.

We at the Federal Reserve share the subcommittee's concern over the need to detect in a timely manner potentially improper insider activity and to take effective action to stop the activity and to protect the banking institution. Prompt and effective action is critical for two reasons. First, as a matter of public policy, it is essential in banking, as in all other endeavors, to ensure a continuing high level of compliance with laws and regulations. Second, criminal misconduct and other forms of questionable or unsound activities by bank insiders historically have been major factors contributing to bank problems and failures. For these reasons, when violations of sound banking practices or laws and regulations are discovered, it is our firm policy to take action to halt such activities and to protect the banking institution from their effects. Although the Federal Reserve has no authority for criminal prosecutions, we do refer possible criminal violations that are uncovered by examiners to appropriate authorities and provide assistance as requested by those authorities.

The Federal Reserve System has primary supervisory authority at the federal level for about 1,000 state member banks and for more than 5,000 bank holding companies. The System fulfills its supervisory responsibilities primarily through the conduct of periodic on-site examinations during which examiners evaluate, among other things, the quality of a bank's loans and investments, liquidity, capital adequacy, and general financial condition. Examiners also review the activities of a banking organization's management and directors; the adequacy of internal systems and controls; any material transactions with officers, directors, or principal shareholders; and compliance with a wide variety of laws and regulations affecting a bank's relations with insiders, depositors, borrowers, investors, and the bank's general community. The process is designed to determine that the bank is being operated in a sound and prudent manner in compliance with banking laws and regulations.

In carrying out its responsibilities for nonproblem state member banks, the Federal Reserve often relies on examinations conducted in alternate years by state banking authorities. With regard to bank subsidiaries of bank holding companies, the Federal Reserve utilizes examination reports prepared by the primary supervisor of the bank subsidiary. These procedures are intended to reduce the burden associated with overlapping regulatory authority and to strengthen the dual banking system and further cooperation between federal and state banking agencies.

In considering supervisory responses to bank problems, it is important, I believe, to clarify the meaning of the terms "criminal misconduct" and "insider abuse." Criminal misconduct refers to violations or possible violations of criminal statutes. The term "insider abuse" covers a wider range of activities on the part of the bank's principals that can have harmful consequences for the bank, possibly at the same time benefiting the insider or his or her related interests. Thus, insider abuse may include improper lending practices such as the extension of unsound, excessive, or privileged loans to insiders or their related interests, as well as possible violations of criminal statutes such as fraud or misapplication of bank funds. Indeed, some criminal activities, such as theft or embezzlement, may not be the fault of the bank's principal insiders. While insider abuse includes criminal misconduct, the term also comprises other actions or practices that may be equally or more harmful to a bank's overall condition, such as violations of insider lending limits or excessive loan concentrations.

Since all types of improper insider activities can have an adverse effect on a bank's condition, undermine public confidence in banking organizations generally, and contribute to a bank's failure, all such activities are cause for serious supervisory concern and require a prompt and effective supervisory response. Examiners are instructed to identify apparent violations of banking statutes or unsound practices that are having an adverse impact on the bank, and supervisory authorities are responsible for formulating enforcement programs, including cease and desist action or removal proceedings, to enforce banking laws, protect the bank's condition, and promote the safety of depositors' funds. Examiners also refer situations involving possible criminal violations to law enforcement authorities and cooperate in the gathering of additional information. But it is important to recognize that there is no foolproof way to ensure that banks will not be adversely affected by improper activities of insiders, particularly when such transactions involve the commission and concealment of criminal acts.

One obstacle that can hinder the early detection of possible criminal activity by senior bank officials derives from the manner in which such activity initially begins to surface. Some forms of criminal activity in banks, such as embezzlement and teller theft, often come to light abruptly and usually result in the immediate termination of employment and legal action against the individual involved. Often—though not always—such acts are committed by less senior bank employees and frequently do not involve amounts that have a major impact on the bank's financial condition.

As a practical matter, however, criminal violations that have had a materially adverse effect on a bank's financial condition and that have involved senior officials usually surface in the first instance in the form of inadequately documented loans, incomplete credit information concerning borrowers, and other forms of incomplete recordkeeping. Such forms of inadequate recordkeeping, while not widespread, are not uncommon in banks, and almost always are the result of lax procedures rather than criminal misconduct. Thus, in the vast majority of such cases, lax procedures are addressed by examiners and effectively remedied through the supervisory follow-up process, including, when appropriate, formal civil enforcement action. In those few cases in which further digging indicates that criminal activities may be involved, extensive criminal investigations and prosecutions—lasting in some cases for years—are often necessary to prove the violations.

It should be emphasized that it is not our policy to wait until the criminal investigation has run its course before taking action to protect the institution. In those instances when evidence suggests that improper activities could harm the institution or the public, the Federal Reserve takes prompt action to stop those activities and to prevent their recurrence. In most situations, bringing the matter to the attention of the institution's board of directors is sufficient; they normally are quick to correct the situation or to replace the individuals who were responsible. In those few cases when the directors do not act—often when the individual involved in misconduct is also a control-owner—there are a number of enforcement mechanisms available to the regulatory agencies. These include cease and desist authority, the assessment of civil money penalties, and the suspension and removal of an officer or director.

Over the last several years, the effects of economic recession and the accompanying financial pressures on borrowers have contributed to an increase in bank failures. Severe economic difficulties can undermine the financial condition of both sound banks and those in an already weakened condition. However, banks with poor management and imprudent lending policies, or those weakened by questionable insider activities, are often more vulnerable to adverse financial developments. In addition, deteriorating conditions may tend to encourage the relatively small number of banks that are poorly managed or inclined to insider abuse, self-dealing, or excessive risktaking to undertake greater risks or questionable insider activities to offset the effect of poor operating results.

It is the policy of the Federal Reserve to ensure that circumstances suggesting a possible violation of a criminal statute are referred to the appropriate law enforcement authority. Our procedures concerning criminal referrals were worked out in conjunction with the other banking agencies and in consultation with federal law enforcement authorities. Whenever examiners uncover evidence or information suggesting the possible violation of a criminal law, a determination is made as to whether or not the bank itself has properly referred the violation. We have found that, in the vast majority of cases, the banks themselves do make timely referrals and take action to remedy the situation, usually by terminating the employment of the individual involved. However, if the bank does not report the violation, or if it appears advisable for any other reason, examiners will refer the situation directly to the local office of the U.S. Attorney. In such situations, examiners gather as much information as is reasonable in light of the individual circumstances and as is necessary to determine the effect of the incident on the bank.

The judicial and procedural considerations pertaining to criminal investigations and prosecutions are different in many respects from considerations of safety and soundness and require specialized expertise. Nonetheless, the banking agencies have participated in special investigations conducted under the direction of the law enforcement agencies and have assisted the enforcement agencies in preparing cases by providing expertise in banking matters. Decisions on whether or not to indict or seek additional information are made by the primary law enforcement authorities. Generally, the Federal Reserve is not involved in the process of indictment or prosecution, although System examiners do sometimes provide expert testimony in criminal cases.

As I have stated, the Federal Reserve takes supervisory action against any unsound or questionable insider activity or bank practice, regardless of whether the activity or practice involves a possible criminal violation. The Federal Reserve completed 30 formal enforcement actions in 1982 and 50 such actions in 1983 involving state member banks or bank holding companies. A summary of these actions is enclosed with the Federal Reserve staff report that has been submitted to the subcommittee. In the first quarter of 1984, the Federal Reserve completed 22 formal enforcement actions. In addition, the Board recently issued a notice of removal and suspension against an officer and director of a bank holding company for excessive and unsound insider loans and violations of banking law. In this case, the staff is presently negotiating the provisions of a permanent prohibition agreement with the individual. Over time, it has been our experience that the actual or planned initiation of removal and suspension proceedings usually results in resignations of the individuals cited, thereby obviating the need to complete the removal action.

The subcommittee's letter appears to raise the question of whether there is a need for some form of monitoring system to prevent "dishonest" bank officials or individuals removed by bank management or the banking agencies from being reemployed in the banking industry. In this regard, we would note that section 19 of the Federal Deposit Insurance Act requires the FDIC's approval for the employment by a bank of any person previously convicted of a criminal offense involving dishonesty or a breach of trust. Moreover, as I have indicated, the Federal Reserve takes enforcement action to protect state member banks from the improper activities of any individual or insider. As a matter of principle, however, the primary responsibility must fall on the financial institution to determine whether or not a prospective employee who is to be given important fiduciary responsibilities has the proper qualifications for such a position. We believe that it would be inappropriate for the banking agencies to maintain a list of individuals that had been the subject solely of civil enforcement actions for the purpose of preventing their future employment with any institution. Indeed, we believe that great care must be taken to avoid any official action that could undermine an individual's rights or due process under the law.

It should be pointed out that the banking agencies routinely exchange examination and related supervisory reports in accordance with applicable statutes. These reports contain information on the background and performance of bank management and directors and are used in connection with our supervision of banks and our review of notices of changes in bank control. This less formalized exchange of reports with our sister supervisory agencies assists us in identifying potential situations in which an individual of questionable background could have an adverse effect on a banking organization. While not perfect, we believe this approach is preferable to the maintenance of formal lists that may be subject to error, misuse, or inadvertent disclosure, and that could in turn deny an individual due process or unfairly damage his reputation.

In considering the question raised by the subcommittee of the public disclosure of enforcement actions, it should be noted that a good deal of disclosure already takes place. For example, companies that are required to file public financial statements must also disclose any enforcement actions that are deemed to be material. In addition, the banking agencies make public on an annual basis case-by-case summaries of supervisory enforcement actions. These summaries do not identify specific companies or individuals, but they do provide detail on the enforcement provisions of individual supervisory actions and the specific types of problems the actions are intended to correct. In certain egregious cases, the Federal Reserve has disclosed the names of individuals or companies subjected to civil money penalties for engaging in improper conduct or violations of substantive banking regulations. Finally, information is made available to the public annually on a bank's aggregate loans to its executive officers, principal shareholders, and their related interests.

The question of whether there should be routine disclosure by supervisory agencies of all enforcement actions against individuals or institutions requires careful consideration of a number of important procedural, privacy, and supervisory matters. It can be argued that public disclosure may serve as a deterrent to those insiders who might be inclined to abuse their positions or otherwise engage in improper or self-serving activities. However, public disclosure of supervisory actions in some instances could prove counterproductive from a supervisory standpoint. For example, such disclosures could have a disruptive effect on a bank's funding or overall financial condition, thereby potentially aggravating a delicate situation that the supervisory action was intended to correct. In addition, our experience suggests that if it were understood that supervisory agencies would, as a matter of routine, disclose all enforcement actions, financial institutions or individuals subject to such proceedings would be more likely to refuse to consent voluntarily to its provisions. This refusal would tend to frustrate expeditious correction of the problems.

The Federal Reserve, together with the other supervisory agencies, has a vital interest in ensuring that possible criminal misconduct in the nation's banks be uncovered and promptly terminated. We support vigorous and timely prosecution and punishment of any bank officer, director, or other insider found to be engaged in criminal activities, and stand ready to assist in this process in any manner that is consistent with our statutory authority and primary responsibilities. In any event, we remain firmly committed to taking timely remedial action against any insider abuse, regardless of whether or not it constitutes a violation of criminal statutes. □

Announcements

Publication of Book on the Multicountry Model

In order to improve the analysis of the international influences on the U.S. economy and those on the world economy emanating from the United States, the Board of Governors, through its Division of International Finance, developed the concept of the Multicountry Model. In its present form, the Multicountry Model is a system of national macroeconomic models at the center of which is a medium-sized model of the U.S. economy. Linked to the U.S. model and to each other are models for Canada, West Germany, Japan, and the United Kingdom, and an abbreviated model representing the rest of the world. The Multicountry Model focuses on the impact of the foreign sector on key domestic variables, allows for a regime of either flexible or fixed exchange rates, and incorporates the major real and financial linkages between the U.S. and foreign economies.

The U.S. Economy in an Interdependent World: A Multicountry Model by Guy V.G. Stevens, Richard B. Berner, Peter B. Clark, Ernesto Hernández-Catá, Howard J. Howe, and Sung Y. Kwack describes the system, its properties, and the intellectual process underlying its development. The book discusses in detail the theoretical structure of the system and its basic empirical characteristics—the estimated parameters, statistics of performance, and basic multipliers. Whenever possible, the theoretical and empirical characteristics are compared with those for other existing theoretical and econometric models. Also examined are the alternatives considered for achieving the objectives of the project and the justification of the structure actually chosen for the system. In addition to the normal range of fiscal and monetary multipliers, the book includes the results of simulations that give a view of the full range of the Multicountry Model's capabilities: for example, estimates of the effects of switches in exchange rate regimes, the transmission of the effects of policy changes from one country to another, and the impact of changes in intervention policy and asset preferences.

The book is $14.50 a copy and may be obtained from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Statement on Argentine Financing Package

The following statement was released on April 12, 1984, in response to inquiries about the role of the Federal Reserve in the Argentine financing package.

1. No Federal Reserve money or guarantee is involved in the $100 million Argentine loan from a group of commercial banks.
2. Federal Reserve involvement derives entirely from the fact that the Federal Reserve Bank of New York is agent for foreign central banks and in the normal course holds their deposits and makes payments from their accounts.
3. Pursuant to an agreement among Argentina and the government lenders, Argentina agreed, in the event of failure, to complete pending arrangements for lending with the entire syndicate of banks and to pay the banks in the lending group $100 million out of Argentine deposits with the Federal Reserve Bank of New York by June 30.
4. Such instructions were transmitted to the Federal Reserve Bank of New York by Argentina, and the Bank in turn did inform the commercial banks that procedures reflecting Argentine obligations to repay this loan had been completed. This is the full extent of the Federal Reserve's involvement with the banks.

Change in Boundaries of Federal Reserve Districts

The Board of Governors has approved the transfer of eight counties in Oklahoma from the Eleventh Federal Reserve District to the Tenth Federal Reserve District, effective May 24, 1984. These counties include Atoka, Bryan, Choctaw, Coal, Johnston, McCurtain, Marshall, and Pushmataha. This date is the beginning of a reserve maintenance period under the contemporaneous reserve requirement procedures and therefore should facilitate the transfer for the financial institutions in the eight counties in southeast Oklahoma.

Beginning May 24, all operational and other matters relating to member banks in these counties will be assumed by the Federal Reserve Bank Branch in Oklahoma City, Oklahoma, or by the Federal Reserve Bank of Kansas City, Missouri, with the exception of matters related to delivery and receipt of currency and coin. Currency and coin operations will continue to be the responsibility of the Federal Reserve Bank of Dallas.

Changes in Board Staff

The Board of Governors has announced the following changes in the official staff of the Division of International Finance:

Larry J. Promisel, Associate Director, has been promoted to Senior Associate Director.

Dale W. Henderson, Deputy Associate Director, has been promoted to Associate Director.

Robert F. Gemmill has been designated Staff Adviser.

Peter Hooper III has been appointed Assistant Director.

David H. Howard has been appointed Assistant Director.

Raymond Lubitz has been appointed Assistant Director.

Mr. Hooper came to the Board in September 1973 and was appointed Chief of the Quantitative Studies Section in June 1981. Mr. Hooper has a Ph.D. in Economics from the University of Michigan.

Mr. Howard has been employed at the Board since June 1975 and has been Senior Economist, World Payments and Economic Activities Section, since February 1982. Mr. Howard holds a Ph.D. in Economics from the University of Virginia.

Mr. Lubitz came to the Board in September 1973 and has been Chief, World Payments and Economic Activity Section, since June 1981. Mr. Lubitz has a Ph.D. in Economics from Harvard University.

System Membership: Admission of State Banks

The following banks were admitted to membership in the Federal Reserve System during the period April 10 through May 10, 1984:

Florida

Kissimmee ..... Barnett Bank of Kissimmee

Illinois

Carbondale .... Midamerica Bank and Trust Company of Carbondale

Legal Developments

Amendments to Regulation A

The Board of Governors has amended its Regulation A, "Extensions of Credit by Federal Reserve Banks," for the purpose of adjusting discount rates. The change—the first since late 1982—was undertaken in the light of the relatively wide spread that has developed in recent weeks between short-term market rates and the discount rate.

The changes were effective on the dates specified below:

Part 201—Extensions of Credit by Federal Reserve Banks

1. Section 201.51 is revised to read as follows:

Section 201.51—Short Term Adjustment Credit for Depository Institutions

The rates for short term adjustment credit provided to depository institutions under § 201.3(a) of Regulation A are:

Federal Reserve Bank	Rate	Effective
Boston	9	April 9, 1984
New York	9	April 9, 1984
Philadelphia	9	April 9, 1984
Cleveland	9	April 10, 1984
Richmond	9	April 9, 1984
Atlanta	9	April 10, 1984
Chicago	9	April 9, 1984
St. Louis	9	April 9, 1984
Minneapolis	9	April 9, 1984
Kansas City	9	April 13, 1984
Dallas	9	April 9, 1984
San Francisco	9	April 13, 1984

2. Section 201.52 is revised to read as follows:

Section 201.52—Extended Credit to Depository Institutions

(a) The rates for seasonal credit extended to depository institutions under § 201.3(b)(1) of Regulation A are:

Federal Reserve Bank	Rate	Effective
Boston	9	April 9, 1984
New York	9	April 9, 1984
Philadelphia	9	April 9, 1984
Cleveland	9	April 10, 1984
Richmond	9	April 9, 1984
Atlanta	9	April 10, 1984
Chicago	9	April 9, 1984
St. Louis	9	April 9, 1984
Minneapolis	9	April 9, 1984
Kansas City	9	April 13, 1984
Dallas	9	April 9, 1984
San Francisco	9	April 13, 1984

(b) The rates for other extended credit provided to depository institutions under sustained liquidity pressures or where there are exceptional circumstances or practices involving a particular institution under § 201.3(b)(2) of Regulation A are:

Federal Reserve Bank	Rate	Effective
Boston	9	April 9, 1984
New York	9	April 9, 1984
Philadelphia	9	April 9, 1984
Cleveland	9	April 10, 1984
Richmond	9	April 9, 1984
Atlanta	9	April 10, 1984
Chicago	9	April 9, 1984
St. Louis	9	April 9, 1984
Minneapolis	9	April 9, 1984
Kansas City	9	April 13, 1984
Dallas	9	April 9, 1984
San Francisco	9	April 13, 1984

NOTE: These rates apply for the first 60 days of borrowing. A 1 per cent surcharge applies for borrowing during the next 90 days, and a 2 per cent surcharge applies for borrowing thereafter.

Amendment to Rules Regarding Delegation of Authority

The Board is amending 12 CFR Part 265, Rules Regarding Delegation of Authority, to revise its procedures for reviewing Reserve Bank expenses under its general oversight authority. This change is intended to clarify that the source of a Reserve Bank's authority to take actions in certain areas is to be distinguished from actions taken on behalf of the Board pursuant to a grant of authority from the Board.

Effective April 11, 1984, the Board amends Rules Regarding Delegation of Authority by removing paragraph (d) and reserving it for future use; by changing the first semi-colon to a colon in the introductory paragraph 265.2(f) and removing the words "as to its officers under paragraph (f)(23) of this section; and as to its own facilities under paragraph (f)(26) of this section:" and by removing subparagraphs (23), (26), and (33) through (42) and redesignating subparagraphs (24), (25), (27) through (32), and (43) through (58), respectively.

BANK HOLDING COMPANY, BANK MERGER, AND BANK SERVICES CORPORATION ORDERS ISSUED BY THE BOARD OF GOVERNORS

Orders Issued Under Section 3 of Bank Holding Company Act

Ark-Valley Bancorp, Inc.
Hutchinson, Kansas

Order Approving Formation of a Bank Holding Company

Ark-Valley Bancorp, Inc., Hutchinson, Kansas, 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 all of the voting shares of Northgate National Bank, Hutchinson, Kansas ("Bank"), 19.9 percent of the voting shares of Valley Bancorp, Inc., Hutchinson, Kansas ("Valley"), and 16.7 percent of the voting shares of Garden Banc Shares, Inc., Hutchinson, Kansas ("Garden"). Both Valley and Garden are bank holding companies within the meaning of the Act.

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.

Applicant is a nonoperating Kansas corporation organized for the purpose of becoming a bank holding company. Bank holds deposits of $11.3 million and is one of the smaller banks in Kansas.[1] Valley is a one-bank holding company that controls Valley State Bank, Syracuse, Kansas ("Valley Bank"), which holds deposits of $15.3 million. Garden is a one-bank holding company that controls Fourth Bank of Garden City, N.A., Garden City, Kansas ("Fourth Bank"), which holds deposits of $6.5 million. Bank, Valley Bank and Fourth Bank operate in separate banking markets. Bank operates in the Reno County banking market,[2] wherein it controls 2.4 percent of the total deposits in commercial banks. A principal of Applicant currently owns a bank holding company whose subsidiary bank is located in Bank's market; however, the principal will divest that banking organization prior to consummation of this proposal. Accordingly, consummation of this proposal would have no significant effect on competition or the concentration of banking resources in any relevant area.

The financial and managerial resources of Applicant and the banks and holding companies to be acquired are regarded as generally satisfactory and their prospects are favorable, particularly in light of certain commitments by Applicant's principal. Considerations relating to the convenience and needs of the community to be served also are consistent with approval of the proposal.

On the basis of the record, the application is approved for the reasons summarized above. 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.

By order of the Board of Governors, effective April 16, 1984.

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

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

Charter 95 Corporation
Hudson, Wisconsin

Order Approving Acquisition of a Bank

Charter 95 Corporation, Hudson, Wisconsin, a bank holding company within the meaning of the Bank Holding Company Act ("Act") (12 U.S.C. § 1841 et seq.), has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 99.8 percent of the voting shares of Hammond State Bank, Hammond, Wisconsin ("Bank").

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

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

2. The Reno County banking market consists of Reno County, Kansas.

ceived in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant, the 208th largest commercial banking organization in Wisconsin, controls one bank with total deposits of approximately $29 million, representing 0.1 percent of total deposits in commercial banks in the state.[1] Bank is one of the smaller commercial banking organizations in Wisconsin, with total deposits of approximately $8.4 million, representing less than 0.1 percent of the total deposits in commercial banks in the state. Upon consummation of this proposal, Applicant would control total deposits of $37.4 million, representing 0.1 percent of the total deposits in commercial banks in the state. Applicant's acquisition of Bank would have no significant effects on the concentration of banking resources in Wisconsin.

Bank is the 17th largest of 19 commercial banks in the St. Croix Falls banking market,[2] wherein it controls 1.6 percent of the total deposits in commercial banks.[3] Applicant does not operate in the St. Croix Falls banking market. Consummation of this proposal would not result in any adverse effects on competition.

The financial and managerial resources of Applicant and Bank are regarded as consistent with approval of the application and their prospects appear favorable. While Applicant has not proposed any new services to be conducted by Bank upon consummation of this proposal, there is no evidence in the record to indicate that the banking needs of the community to be served are not being met.

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

By order of the Board of Governors, effective April 27, 1984.

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

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

1. Unless otherwise indicated, banking data are as of December 31, 1983.

2. The St. Croix Falls banking market is defined as all of Polk and St. Croix Counties, Burnett County except for the township of Hudson, and the northern quadrant of Pierce County, Wisconsin.

3. As of March 31, 1983.

Citicorp
New York, New York

Order Approving Acquisition of a Bank

Citicorp, New York, New York, a bank holding company within the meaning of the Bank Holding Company Act (the "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 Citibank (Maryland), N.A., Towson, Maryland ("Bank"), a proposed new bank.

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

Citicorp, with total consolidated assets of $134.6 billion as of December 31, 1983, is the largest banking organization in the United States. Citicorp currently operates four subsidiary banks. Its lead bank, Citibank, N.A., New York, New York, which accounts for approximately 84 percent of Citicorp's consolidated assets, is the second largest commercial bank in New York State, with $25.7 billion in total domestic deposits, representing 13.8 percent of total deposits in commercial banks in New York State.[1] Citibank (New York State), N.A., Buffalo, New York, is a full service commercial bank operating principally through branches in the state north of the New York City metropolitan area. Citibank (South Dakota), N.A., Sioux Falls, South Dakota, is principally engaged in nationwide credit card activities, and Citibank (Delaware), Wilmington, Delaware, engages primarily in wholesale banking on a national and international basis. Citicorp also engages, directly and through subsidiaries, in a variety of nonbanking activities.

Bank is a newly chartered bank. It will offer on a nationwide basis various consumer credit products, including certain credit cards, that are currently offered only on a regional basis by Citicorp Financial, Inc., Towson, Maryland, a nonbanking subsidiary of Citicorp. In addition, Bank will accept demand deposits and make commercial loans.

Section 3(d) of the Act (12 U.S.C. § 1842(d)) prohibits the Board from approving any application by a bank holding company to acquire any bank located outside the state in which the operations of the bank holding company's banking subsidiaries are principally con-

1. Unless otherwise indicated, banking and market data are as of December 31, 1982.

ducted unless such acquisition is "specifically authorized by the statute laws of the state in which the bank is located, by language to that effect and not merely by implication." The State of Maryland recently amended its banking laws to provide that a bank holding company located outside of Maryland may acquire all of the voting shares of a single newly established bank located in Maryland that complies with several limitations, including requirements that the bank have no more than one office open to the public to conduct banking business and be operated "in a manner and at a location that is not likely to attract customers from [Maryland] to the substantial detriment of existing state banking institutions, or national banks or federal savings banks located in [Maryland]."[2]

The proposed acquisition under Maryland law is subject to approval by the State Bank Commissioner, who must consider the financial and managerial resources of the out-of-state bank holding company, the future prospects of the bank to be acquired, the financial history and future prospects of the out-of-state bank holding company, and whether the proposed acquisition may result in an undue concentration of resources or substantial reduction of competition in Maryland.[3] The Maryland Bank Commissioner has reviewed the proposal by Citicorp to acquire Bank and, on January 6, 1984, approved the proposal under Maryland law. Based on the foregoing and all the facts of record, the Board has determined that the proposed acquisition conforms with Maryland law and is specifically authorized by the statute laws of Maryland for purposes of section 3(d) of the Act.

In view of the limitations imposed by Maryland law on the operations of Bank, it is not likely that Bank will be a significant competitor in the Baltimore banking market.[4] The Board notes that the primary focus of Bank will be the offering of various consumer credit products, including certain credit cards, on a nationwide basis. Bank will also hold demand and other types of deposits, and make commercial loans. Inasmuch as Bank will provide these services de novo, the Board concludes that the proposal will not have adverse effects on competition in any relevant area, and that the overall competitive effects of the proposal are consistent with approval.

The financial and managerial resources and future prospects of Citicorp, its subsidiaries, and Bank are consistent with approval of this application. In this regard, the Board has considered the capital position of Citicorp in light of the Board's capital adequacy guidelines. The Board has noted the improvements that Citicorp has made in its capital position, Citicorp's compliance with the commitment made in connection with its application to acquire New Biscayne Federal Savings and Loan Association and First Federal Savings and Loan Association to raise sufficient additional capital by March 31, 1984, to place Citicorp in conformance with the Board's minimum capital adequacy guidelines, and Citicorp's statement that, subject to reasonable economic and market conditions, it will increase its capital ratio materially above the Board's minimum capital adequacy guidelines by December 31, 1984. In its consideration of the financial aspects of this application, the Board has relied on Citicorp's continuing efforts to improve its capital position. Accordingly, the Board has determined that banking factors are consistent with approval of this proposal.

In considering the effects of the proposed acquisition on the convenience and needs of the communities to be served, the Board has considered the record of Citicorp's subsidiaries in meeting the credit needs of their communities as provided in the Community Reinvestment Act of 1977 ("CRA") (12 U.S.C. §§ 2901–05) and the Board's Regulation BB (12 CFR § 228). In this regard, the Board has reviewed the objections raised by the Coalition Against Redlining ("Protestant") concerning the performance of Citicorp's lead bank, Citibank, N.A., under the CRA.

Protestant argues that, since 1979, Citibank has engaged in a pattern of branch closings, particularly in the Bronx and Brooklyn, that discriminates against minority and low-to-moderate income residents, particularly with regard to the availability of residential mortgages.[5] As the Board has previously stated, while the Board may not prescribe the manner in which an applicant conducts its operations provided they conform with applicable law and banking practice, the Board does expect an applicant to conduct its operations with due regard to serving the needs of its community.[6] In this regard, the Board notes that the opening and closing of branches is a factor that is considered by the Federal bank regulatory agencies in

2. Maryland Financial Institutions Code Annotated § 5–903(b) (Supp. 1983). Maryland law also provides that a bank acquired by an out-of-state bank holding company may be operated in a manner likely to attract and retain customers with whom the bank, the out-of-state bank holding company, or the banking or nonbanking subsidiaries of the bank holding company have or have had business relations.

3. Maryland Financial Institutions Code Annotated § 5–904(b) (Supp. 1983).

4. The Baltimore banking market is approximated by the Baltimore RMA, and includes all of Baltimore and Harford Counties, northern Anne Arundel County, northern Howard County, and the eastern portion of Carroll County, all in Maryland.

5. The Board has previously considered whether the closing of four of these branches in the Bronx illustrated a policy by Citibank of "disengagement" in the Bronx, and determined that the facts at that time did not support a finding that Citibank was pursuing such a policy. *Citicorp*, 68 Federal Reserve Bulletin 499, 500 (August 1982).

6. Id. at 500. Accord, *First National Boston Corporation*, 66 Federal Reserve Bulletin 162 (February 1980).

assessing the record of performance of a bank in meeting the credit needs of its community.[7]

After reviewing all of the facts of record in this case, the Board does not find that the record supports a determination that Citibank is pursuing a discriminatory policy of branch closings. The Board notes that the number of branches closed by Citibank in predominantly minority and low-income areas is proportionately higher than the number closed in predominantly non-minority and higher-income areas, and the number of branches opened by Citibank in predominantly minority and low-income areas is proportionately lower than the number opened in predominantly non-minority and higher-income areas. In this regard, Protestant has submitted information alleging that in the areas of Bronx County where Citibank has closed branches, the number of mortgage loans made by the bank decreased proportionately more than in areas where Citibank did not close branches. The Reserve Bank has conducted an independent analysis which indicates, however, that, while mortgage lending has decreased in some areas where Citibank has closed branches, Citibank's overall mortgage lending activity is not limited to areas where Citibank maintains a branch.[8] The Board also notes that Citibank has initiated many special programs to help meet the credit needs of the communities it serves. Citibank's performance under the CRA has been deemed satisfactory by the OCC as a result of an examination in April 1983.

In view of these and all of the other facts of record, the Board has determined that the issues raised by Protestant do not outweigh the positive aspects of Citibank's record under CRA and that Citicorp's overall record is consistent with the purposes of the CRA.[9] The Board would be seriously concerned about a pattern of branch closings in minority and low-to-moderate income neighborhoods that impaired a bank's ability to provide banking services to all segments of its community.[10] The Board believes that branch closings by banks should be accomplished in accordance with an overall objective that is consistent with the bank's continuing and affirmative obligation to help meet the banking needs of its entire community, including low- and moderate-income neighborhoods, and will continue to review Citibank's branch closings, in the context of applications under the Act, to assure that these obligations are met.

The Board has also considered the effect of this proposal on the convenience and needs of the communities to be served by Bank and notes that, upon consummation of this proposal, a variety of financial services will become available to customers in the area served by Bank, including various deposit alternatives, a new source of consumer and commercial credit, and proposed ATM facilities. These additional services lend weight to approval of the proposed acquisition. Accordingly, the Board has determined that considerations relating to the convenience and needs of the communities to be served are consistent with approval, and approval of this application would be consistent with the public interest.

Based on all the 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 the Federal Reserve Bank of New York, acting pursuant to delegated authority.

By order of the Board of Governors, effective April 30, 1984.

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

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

7. See, e.g., section 228.7(g) of the Board's Regulation BB, 12 CFR § 228.7(g).

8. For example, in Brooklyn, Queens, and the Bronx, approximately 68, 72, and 60 percent, respectively, of the residential mortgages originated by Citibank were made in neighborhoods in which Citibank did not maintain a branch.

9. The Board has also considered Protestant's request for a public meeting regarding this matter and has determined that, in light of all of the information presented by Protestant and Citicorp and the private meetings between Protestant, representatives of Citicorp, and members of the staff of the Federal Reserve Bank of New York, a public meeting is not warranted or necessary. Accordingly, the Board denies Protestant's request for a public meeting.

10. Applicant has informed the Board that Citibank has established internal standards and procedures which it uses to make determinations for closing branches. In addition, Citibank is considering seeking the views of community representatives before making a firm determination whether a branch should be closed, an action that the Board encourages.

Duke Financial Group, Inc.
New Prague, Minnesota

Order Approving Acquisition of a Bank Holding Company and Bank

Duke Financial Group, Inc., New Prague, Minnesota, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 et seq.) ("Act"), has applied under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire Flag, Inc., Cambridge, Minnesota ("Flag"), and thereby indirectly acquire Peoples State Bank of Cambridge, Cambridge, Minnesota ("Cambridge Bank").

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

Applicant is the 152nd largest commercial banking organization in Minnesota, controlling one bank with total deposits of $24.2 million, which represents 0.09 percent of the total deposits in commercial banks in the state.[1] Flag, the 50th largest banking organization in Minnesota, controls one bank, Cambridge Bank, with total deposits of $45.5 million, representing 0.16 percent of deposits in commercial banks in the state. Upon consummation, Applicant would become the 19th largest banking organization in the state, controlling 0.25 percent of total deposits in commercial banks in the state. The Board concludes consummation would have no significant effect on the concentration of banking resources in Minnesota.

Cambridge Bank is the largest of 12 commercial banking organizations in the Cambridge banking market,[2] controlling 18.5 percent of total deposits in commercial banks in the market. Applicant does not compete in the Cambridge banking market. Accordingly, the proposed acquisition would not result in the elimination of any existing competition in this market.

The Board also has considered the effects of Applicant's proposal on probable future competition in the Cambridge market in light of the Board's proposed guidelines for determining whether an intensive examination of a proposed market extension merger or acquisition is warranted.[3] The proposal does not warrant an intensive analysis under the guidelines because Applicant is not a probable future entrant under the guidelines since it is not one of the four largest banking organizations statewide and controls less than $500 million in assets. On the basis of the facts of record, the Board concludes that consummation of this proposal would have no significant effect on probable future competition in the Cambridge banking market.

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

2. The Cambridge banking market is approximated by Isanti County, the southern one-quarter of Mille Lacs County, and the northern three-fifths of Chisago County.

3. "Proposed Policy Statement of the Board of Governors of the Federal Reserve System for Assessing Competitive Factors Under the Bank Merger Act and the Bank Holding Company Act," 47 *Federal Register* 9017 (March 3, 1982).

The financial and managerial resources and future prospects of Applicant are satisfactory. The financial and managerial resources of Flag and Cambridge Bank would be improved as a result of their acquisition by Applicant, and upon consummation of this acquisition, their future prospects would appear favorable. Although the services offered by Cambridge Bank would not change as a result of this proposal, there is no evidence that Cambridge Bank is not meeting the needs of its community. Accordingly, considerations relating to the convenience and needs of the communities to be served are consistent with approval of this proposal.

Based on the foregoing, and other facts of record, it is the Board's judgment that the proposed transactions would be in the public interest and that the applications should be and hereby are approved. The proposed transactions shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or the Federal Reserve Bank of Minneapolis, acting pursuant to delegated authority.

By order of the Board of Governors, effective April 12, 1984.

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

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

First Kentucky National Corporation Louisville, Kentucky

Order Approving Acquisition of Bank

First Kentucky National Corporation, Louisville, Kentucky, 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 pursuant to section 3(a)(3) of the BHC Act to acquire First National Bank, Louisville, Richmond, Virginia ("Bank"), a proposed de novo bank.

Notice of the application, affording interested persons an opportunity to submit comments, has been given in accordance with section 3(b) of the BHC Act. 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, the largest banking organization in Kentucky, with consolidated assets of $2.7 billion, controls two banks in that state, First National Bank of Louisville, Louisville, Kentucky ("Louisville Bank"), and First Kentucky Trust Company, Louisville, Kentucky.[1]

Applicant proposes to acquire Bank to engage primarily in credit card operations. Applicant will transfer the credit card operations of Louisville Bank to Bank, in light of Virginia's more liberal revolving credit interest rate and credit card fee laws.[2] In addition, Bank will engage in limited deposit-taking and commercial loan activities.

Section 3(d) of the BHC Act, 12 U.S.C. § 1842(d), prohibits the Board from approving any application by a bank holding company to acquire any bank located outside of the state in which the operations of the bank holding company's banking subsidiaries are principally conducted 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." Virginia has recently passed legislation authorizing an out-of-state bank holding company to acquire a newly established bank in Virginia[3] provided the acquiree bank has only a single office open to the public for the conduct of its banking business, the bank is created primarily to engage in a significant multi-state credit card operation, the bank will have at least $5 million or an amount equal to eight percent of its assets in paid-in capital, whichever is greater, on the date it commences business, the bank employs 40 persons in Virginia within one year from the date it commences business, the bank is operated in a location not likely to attract customers from the general public and the acquisition has the prior approval of the State Corporation Commission.[4] Applicant has stated that Bank has complied or will comply with each of these conditions. Based on the foregoing, the Board concludes that the proposed acquisition of Bank is consistent with the interstate banking prohibitions of section 3(d) and relevant state laws.

Section 2(c) of the BHC Act defines "bank" to mean any institution that (1) accepts deposits that the depositor has a legal right to withdraw on demand, and (2) engages in the business of making commercial loans. Although Bank will be engaged primarily in credit card operations, Applicant has stated that Bank will engage in limited deposit-taking and commercial loan operations. In view of the purposes of the BHC Act, the Board believes that the inclusion of Bank as a "bank" within the meaning of section 2(c) is appropriate.

The proposal represents a transfer of the credit card operations of Louisville Bank to Bank and, thus, is essentially an internal reorganization that will not alter the number of firms or the structure of the national market for bank credit card services. Because of the limitations imposed on Bank's operations by Virginia law, Bank will not generally be in direct competition with local commercial banks in the state. However, to the extent that Bank will offer limited banking services as a new competitor in the market, the effect of the proposal will be procompetitive. Accordingly, the overall competitive effects of the proposal are consistent with approval.

The financial and managerial resources and future prospects of Applicant, its subsidiaries and Bank are regarded as satisfactory. Transfer of Louisville Bank's credit card operations will allow Applicant to continue to service its customers who desire such services and will result in greater efficiency. Based upon the foregoing and all the facts of record, the Board concludes that convenience and needs factors are favorable and lend weight toward approval of the proposal.

On the basis of all the facts of record in this matter, it is the Board's judgment that approval of the application would be in the public interest and that the application should be approved. On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be made before the thirtieth calendar day following the effective date of this Order or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of St. Louis pursuant to delegated authority.

By order of the Board of Governors, effective April 6, 1984.

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

WILLIAM W. WILES,
Secretary of the Board

[SEAL]

1. All banking data are as of September 30, 1983.

2. The Supreme Court has upheld the right of a national bank to charge interest rates to out-of-state credit card customers at the rate permitted by the law of its home state. *Marquette National Bank* v. *First of Omaha Serv. Corp.* 439 U.S. 249 (1978).

3. VA. Code § 61-393 (1983). The Virginia statute is similar to other state laws that the Board has found to be a valid exercise of a state's authority under section 3(d) of the BHC Act. *Citicorp* (Citibank (South Dakota)), 67 FEDERAL RESERVE BULLETIN 181 (1981). See *Bank of New England Corp.*, 70 FEDERAL RESERVE BULLETIN 374 (1984) (Press Release of March 26).

4. The Virginia Commissioner of Financial Institutions has approved the application. In addition, the Comptroller of the Currency has approved Applicant's charter application for Bank.

First Railroad & Banking Company of Georgia Augusta, Georgia

Order Approving the Acquisition of a Bank Holding Company

First Railroad & Banking Company of Georgia, Augusta, Georgia, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied for the Board's approval under section 3 of the Act (12 U.S.C. § 1842) to acquire SBT Corporation, Savannah, Georgia ("SBT"), and thereby indirectly acquire Savannah Bank & Trust Company, Savannah, Georgia; Bank of Screven County, Sylvania, Georgia; Commercial Bank, Waycross, Georgia; First National Bank & Trust Company, Vidalia, Georgia; The First National Bank of Valdosta, Valdosta, Georgia; and Central Bank of Georgia, Macon, Georgia.

Notice of the application, affording opportunity for interested persons to submit comments, has been given in accordance with section 3 of the Act (49 *Federal Register* 3528 (January 27, 1984)). 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 fourth largest commercial banking organization in Georgia with eight subsidiary banks that control aggregate deposits of $1.3 billion,[1] representing 5.5 percent of total deposits in commercial banks in the state. SBT is the seventh largest commercial banking organization in the state, with six banking subsidiaries that control aggregate deposits of $543.5 million, representing 2.4 percent of total deposits in commercial banks in the state. Upon consummation of the proposed acquisition, Applicant's share of total deposits in commercial banks in the state would increase to 7.9 percent, and Applicant would remain the fourth largest commercial banking organization in the state. In the Board's view, consummation of this acquisition would not have any significant adverse effects on the concentration of commercial banking resources in Georgia.

Because Applicant and SBT do not operate in any of the same markets, consummation of this proposal would not have a significant adverse effect upon existing competition in any relevant market. The Board has examined the effect of the proposed acquisition upon probable future competition in the relevant geographic markets in light of the Board's proposed market extension Guidelines.[2] Based on its review of the record, the Board concludes that consummation of the proposal would not have a significant adverse effect upon potential competition in any relevant market.

SBT operates in six markets in which Applicant does not operate.[3] Four of these markets have deposits of less than $250 million, and thus are not considered attractive for entry and are not subject to intensive analysis under the Guidelines. In the Macon banking market, SBT is not considered a market leader because it is the fourth largest of the nine commercial banking organizations that operate in the market and controls only 5 percent of the deposits in commercial banks in the market.

In the Savannah market, SBT is the second largest of the 10 commercial banking organizations that operate in the market and controls 33 percent of the deposits of commercial banks in the market. The market is highly concentrated, with the three largest commercial banking organizations controlling 81 percent of the total deposits of commercial banks in the market. In addition, there are only two other Georgia banking organizations with assets over $1 billion that do not operate in the market, and the average growth rate of deposits in the market for the past two years is equal to the national average of 14 percent. In light of these factors, the Board has carefully examined the proposed acquisition to determine its effects on probable future competition in the Savannah market.

In its analysis of this proposal, the Board has examined the effect of thrift institutions in the market. The Board has previously indicated that, as a result of the Garn–St Germain Depository Institutions Act of 1982,[4] which expanded the commercial lending powers of federal thrift institutions, and various state statutes, thrift institutions have become, or at least have the potential to become, major competitors of banks.[5] There are five thrift institutions that operate in the Savannah market, controlling $450 million of the deposits in the market, representing almost one-third of the market's total deposits. In addition, the market's largest depository institution is a thrift institution; two

1. Unless otherwise indicated, deposit data are as of June 30, 1982.

2. "Policy Statement of the Board of Governors of the Federal Reserve System for Assessing Competitive Factors Under the Bank Merger Act and the Bank Holding Company Act," 47 *Federal Register* 9017 (March 3, 1982). While the proposed policy statement has not been adopted by the Board, the Board is using the policy Guidelines as part of its analysis of the effect of a proposal on probable future competition.

3. These banking markets are as follows: Lowndes County, Screven County, Toombs County, Ware County, Macon, and Savannah, all in Georgia.

4. Title III, 96 Stat. 1469, 1499–500.

5. *General Bancshares Corporation*, 69 FEDERAL RESERVE BULLETIN 802 (1983); *First Tennessee National Corporation*, 69 FEDERAL RESERVE BULLETIN 298 (1983).

of the thrift institutions represented in the market are among the largest thrift institutions in the state; and one of the thrift institutions represented in the market is a branch of the third largest thrift institution in the country. All of these institutions offer NOW accounts and are active in the consumer lending area. Moreover, the record indicates that the larger thrift institutions in the market actively seek commercial loans. While the commercial loan portfolios of these institutions are not substantial at the present time, this appears due to the fact that they have only recently obtained commercial lending powers. In this connection, some of these institutions, including the market's largest depository institution, have converted to federal savings banks and hold themselves out as full service banks.

Based upon this and other evidence of record, the Board believes that substantial weight should be given to these institutions as competitors or potential competitors in the market.[6] Accordingly, in view of the large share of the market's deposits held by thrift institutions, their absolute size, and the actual and potential competition provided by thrift institutions, the Board concludes that consummation of the proposed acquisition would not have such adverse effects on probable future competition in the Savannah market so as to warrant denial of the application.

Applicant operates in nine markets in which SBT is not represented.[7] While SBT would not be considered a probable future entrant into these markets under the Guidelines because of its size relative to that of other large banking organizations in the state, in view of its managerial and financial resources and past history of expansion, the Board has examined the markets in which Applicant operates to determine if the elimination of SBT as an entrant would result in an adverse effect on probable future competition. A review of the nine markets in which Applicant, but not SBT, operates indicates that six of these markets are unattractive for entry because of size and/or because the average growth rate of deposits for the last two years in the market is below the state or national average.

With regard to the remaining three markets in which Applicant operates, the Board finds that these markets do not meet all of the criteria that would trigger intensive analysis under the Guidelines. The Atlanta market is not concentrated, with the three largest commercial banking organizations controlling 46 percent of the total deposits in commercial banks in the market.

While the Dalton market is considered concentrated under the Guidelines, the Board does not regard it as attractive for entry because of its size and structure. The Columbus market is highly concentrated, with the three largest commercial banking organizations controlling 82 percent of the total deposits of commercial banks in the market. However, there are a number of other potential entrants into the market. After considering these facts, as well as the actual and potential competition afforded by the thrift institutions in these markets, the Board concludes that consummation of this proposal would not result in a significant adverse effect on probable future competition in the Dalton or Columbus markets.

The financial and managerial resources of Applicant, SBT, and their subsidiary banks are generally satisfactory and their future prospects appear favorable. Accordingly, considerations relating to banking factors are consistent with approval. There is no evidence in the record indicating that the banking needs of the communities to be served are not being met. Applicant will expand its automatic teller machine network to Macon, an area where SBT does not provide these services. In addition, Applicant will soon become a member of Nationnet, a nationwide system of automatic teller machines, and SBT's subsidiaries will also become members of this system. Accordingly, considerations relating to the convenience and needs of the community to be served also are consistent with approval. Based on the foregoing and other facts of record, the Board has determined that consummation of the proposed transaction would be consistent with the public interest and that the application should be approved.

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

By order of the Board of Governors, effective April 6, 1984.

Voting for this action: Governors Wallich, Partee, Rice, and Gramley. Chairman Volcker and Governors Martin and Teeters did not participate in the consideration of this application.

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

6. If 50 percent of the deposits held by thrift institutions in this market were included for determining the level of concentration in the market, the market shares of the three largest depository institutions in the market would be 69 percent. Moreover, if thrift institutions were considered as potential competitors, there would be numerous potential entrants into the Savannah market under the Board's Guidelines.

7. These banking markets are as follows: Coweta County, Harris County, Spalding County, Pike County, Fayette County, Richmond County, Atlanta, and Dalton, all in Georgia, and the Columbus market, which is defined as Chattahoochee and Muscogee Counties, Georgia, Russell County, Alabama, and the city of Smiths, Alabama.

First York Ban Corp.
York, Nebraska

Order Approving Acquisition of Banks

First York Ban Corp., York, Nebraska, a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 et seq.), has applied under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire all of the voting shares of The First National Bank of Bradshaw, Bradshaw, Nebraska ("Bradshaw Bank"); The Blue River Bank, McCool Junction, Nebraska ("McCool Bank"); and Farmers and Traders Bank, Waco, Nebraska ("Waco Bank").

Notice of the applications, 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 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)).

Applicant, with only one banking subsidiary, The First National Bank of York, York, Nebraska ("Bank"), is the 22nd largest banking organization in Nebraska, controlling less than 1 percent of total deposits in commercial banks in the state.[1] Upon consummation of the proposal, Applicant would become the 9th largest banking organization in the state and its share of deposits in commercial banks in the state would remain less than 1 percent. Accordingly, consummation of this proposal will have no significant effect upon the concentration of banking resources in Nebraska.

Applicant's subsidiary, Bank (deposits of $80 million), is the largest of seven banks located in the York County banking market, holding approximately 49.4 percent of the market's total deposits in commercial banks.[2] McCool Bank (deposits of $5.1 million), Bradshaw Bank (deposits of $5.5 million), and Waco Bank (deposits of $7.2 million) are the fourth, fifth, and sixth largest banks in the market and hold 4.4, 3.4, and 3.1 percent of the market's deposits in commercial banks, respectively. Upon acquisition of these three banks, Applicant would control 60.4 percent of the market's deposits.

Section 3(c) of the Act precludes the Board from approving any proposed acquisition of a bank that (1) would result in a monopoly, or would be in furtherance of any combination or conspiracy to monopolize or attempt to monopolize the business of banking in any part of the United States; or (2) may substantially lessen competition or tend to create a monopoly or be in restraint of trade in any banking market, unless the Board finds that such anticompetitive effects are clearly outweighed by the convenience and needs of the community to be served. In applying these standards to a proposal such as this one, involving banking organizations located in the same market, the Board considers the competitive effects of the transaction whereby common control of the institutions was established.[3]

In this instance, the four banks have been under common control continuously since 1905. The then-principals of Bank acquired Waco Bank (then in operation for one year) in 1885, McCool Bank (then in operation for two years) in 1889, and organized Bradshaw Bank de novo in approximately 1905. The four banks were sold as a unit in 1912, and again in 1957. The four banks have historically been operated as a unit. In 1973, Bank was sold to Applicant, which was formed by two individuals who had been officers and directors and had directed the operations of the four banks since the 1960's. Following the sale, the individuals continued as officers and directors of each of the four banks and, according to the facts of record, continued to control the management and policies of the banks and, in effect, operated the four banks as a unit.

The Board previously has approved bank holding company applications involving affiliated banks in the same market, relying on the small absolute size of the banks at the time of affiliation, the substantial number of years that the institutions had been affiliated, and the existence of the affiliation before the application of certain of the antitrust laws to bank mergers.[4]

These factors are present in this case. Common control of these four institutions was established in the early 1900's, well before the enactment of the Bank Merger Act of 1960 or the Celler-Kefauver Antimerger Act of 1950. The record establishes that the affiliation of these four banks has continued throughout the 79 year-period from 1905 to date. After considering the facts of record, particularly the continuous and long-standing affiliation of the four institutions, the Board concludes that consummation of the proposal will not substantially lessen competition in the relevant market.

1. Deposit data are as of June 30, 1983.
2. The York County banking market consists of York County, Nebraska.
3. See *Mid Nebraska Bancshares, Inc.*, v. *Board of Governors of the Federal Reserve System*, 627 F.2d 26 (D.C. Cir. 1980).
4. *First Monco Bancshares, Inc.*, 69 FEDERAL RESERVE BULLETIN 293 (1983); *Texas East Bancorp*, 69 FEDERAL RESERVE BULLETIN 363 (1983).

The financial and managerial resources and future prospects of Applicant, Bank, Bradshaw Bank, McCool Bank and Waco Bank appear to be generally satisfactory. It appears that Applicant will be able to service the debt incurred in this proposal in accordance with the Board's standards applicable to small bank holding companies. Therefore, considerations relating to banking factors are consistent with approval of the applications. Considerations relating to convenience and needs of the community to be served also are consistent with approval of the applications. Accordingly, it is the Board's judgment that the proposed acquisitions are in the public interest and that the applications should be approved.

On the basis of the record, the applications are approved for the reasons summarized above. 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 the Federal Reserve Bank of Kansas City acting pursuant to delegated authority.

By order of the Board of Governors, effective April 3, 1984.

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

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

Gainer Corporation
Merrillville, Indiana

Order Approving Acquisition of Bank

Gainer Corporation, Merrillville, Indiana, 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 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire Hoosier State Bank of Indiana, Hammond, Indiana ("Bank").

Notice of this 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.

Applicant, with one subsidiary bank, is the fourth largest banking organization in Indiana, with total deposits of $540 million, representing 1.7 percent of total deposits in commercial banks in the state.[1] Bank is the 56th largest banking organization in Indiana, with total deposits of $116.7 million, representing 0.37 percent of total deposits in commercial banks in the state. Upon consummation, Applicant would remain the fourth largest commercial banking organization in Indiana and would control 2.1 percent of total deposits in commercial banks in the state. Thus, the Board concludes that acquisition of Bank would have no significant effect on the concentration of banking resources in Indiana.

Applicant and Bank compete in the Gary-Hammond banking market.[2] Applicant is the largest banking organization in the market, controlling 21.4 percent of total deposits in commercial banks in the market. Bank, the ninth largest banking organization in the market, holds 4.6 percent of total deposits held by commercial banks in the market. Upon consummation, Applicant's market share of deposits would increase to 26 percent. The Gary-Hammond banking market is considered moderately concentrated, with the four largest banking organizations controlling 51.2 percent of market deposits in commercial banks and a Herfindahl–Hirschman Index ("HHI") of 1024. Upon consummation of this proposal, the four-firm concentration ratio would increase to 55.8 percent and the HHI to 1221.[3]

Although the proposed acquisition would eliminate some existing competition, the Board has concluded that any adverse competitive consequences resulting from this acquisition are mitigated by several factors. In evaluating the competitive effects of a proposal in previous cases, the Board has accorded considerable weight to the influence of thrift institutions in circumstances in which these institutions provide an alternative for banking services.[4] Savings and loan associations have a significant presence in the Gary-Hammond market, representing four of the 10 largest

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

2. The Gary-Hammond banking market is approximated by Lake and Porter Counties, Indiana, which comprise the Gary-Hammond Primary Metropolitan Statistical Area.

3. Under the Department of Justice Merger Guidelines (June 14, 1982), a market with an HHI between 1000 and 1800 is considered moderately concentrated. The Justice Department has stated that where a post-merger market HHI is between 1000 and 1800 and the merger produces an increase in the HHI of 100 points or more, the Justice Department is more likely than not to challenge such a merger.

4. *First Tennessee National Corporation*, 69 FEDERAL RESERVE BULLETIN 298; *Fidelcor, Inc. (Southeast National Bancshares of Pennsylvania, Inc.)*, 69 FEDERAL RESERVE BULLETIN 445; *NBD Bancorp, Inc., (Pontiac State Bank)*, 69 FEDERAL RESERVE BOARD 917; *Comerica (Bank of the Commonwealth)*, 69 FEDERAL RESERVE BULLETIN 797; *General Bancshares Corporation*, 69 FEDERAL RESERVE BULLETIN 802 (1983).

depository organizations in the market. The 17 savings and loan offices in the market hold 38.4 percent of total deposits among commercial banks and savings and loan associations in the market.[5] Based on the deposit-taking and lending activities of thrift institutions in the Gary-Hammond market, the Board has concluded that these institutions exert a mitigating influence on the competitive effects of this proposal.[6]

The Board also has considered the fact that the Indiana Department of Financial Institutions ("DFI") has declared Bank to be in imminent danger of becoming a "troubled financial institution," as defined by Indiana law.[7] DFI has arranged the proposed acquisition under the section of the Indiana code governing acquisition of troubled financial institutions in order to ensure Bank's continued existence. Accordingly, the Board concludes that this acquisition, which will enable Bank to remain a viable competitor in the market, further mitigates any adverse competitive effects of the proposal.

The application has been protested by a commenter who asserts that the proposed acquisition would create a multibank holding company in contravention of Indiana law. In addition, the protestant has requested the Board to consider other alternatives for the Bank.

Although Indiana law prohibits the formation of multibank holding companies generally,[8] the statutes provide an exception for acquisition of a "troubled financial institution" by a bank holding company.[9] This statute permits DFI to authorize a merger or acquisition of a bank if DFI makes certain findings demonstrating that the institution has, or is in imminent danger of having, a capital ratio of less than 3 percent, impairment of its capital stock, or suspended payments of its obligations.[10] Further, in selecting a merger or acquisition partner, DFI must follow bidding procedures set forth in the statute.[11]

The protestant claims that DFI failed to make the required findings and that this transaction, thus, is not authorized under state law. The Board has carefully considered the issues raised by the protestant concerning the permissibility under state law of the acquisition of Bank by Applicant.[12] Based on information in the record, it appears that DFI complied with the requirements of the statute. The record shows that DFI found Bank to be "in imminent danger of becoming a troubled financial institution as defined in I.C. 28-1-7-2, with no reasonable prospect of recovery." Further, the record shows DFI reached this conclusion after finding Bank was in imminent danger of having its capital impaired. Accordingly, the Board concludes that DFI conformed with the requirements of Indiana law and that the proposed transaction would not violate state law.

Further, although the Board is required by section 3(c) of the Act to evaluate bank holding company applications in light of the factors listed in section 3(c), including concentration of resources, competitive effects, financial and managerial resources and future prospects of the parties, the Board is not required to review DFI's selection of an appropriate bidder for the failing Bank.[13]

The financial and managerial resources of Applicant and its subsidiary are considered satisfactory and their future prospects appear favorable. Although Bank is currently in less than satisfactory condition, with the acquisition by Applicant, the prospects of Bank also appear favorable. Thus, banking factors are consistent with approval.

Upon acquisition, Applicant's trust department expertise, as well as its data processing system and check clearing capabilities, will be available to Bank and should result in decreased costs and increased efficiency to Bank. Further, as noted above, the proposed acquisition by Applicant will enable Bank to remain a viable source of banking services in the market. Thus, considerations relating to the convenience and needs of the community to be served are consistent with approval.

Accordingly, based on the foregoing and other facts of record, the Board has determined that consummation of the proposed transaction would be consistent with the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be made before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this

5. Savings and loan data are as of September 30, 1982.

6. When savings and loan data are considered, Applicant's market share falls to 13.2 percent, and it remains as the largest depository institution in the market. Bank's market share falls to 2.8 percent and it becomes the 13th largest depository institution in the market. In addition, including savings and loan institutions, the four-firm concentration ratio of the Gary-Hammond market is 33.4 percent and would rise to 36.2 percent upon consummation of the proposal. Similarly, the HHI of the market is 559 and would rise by 74 points to 633.

7. Indiana Code § 28-1-7.2-3(a) (Supp. 1983).

8. Indiana Code § 28-8-2-3 (1973).

9. Indiana Code § 28-1-7.2-3 (Supp. 1983).

10. Id.

11. Indiana Code § 28-1-7.2-3(b)-(f) (Supp. 1983).

12. Under *Whitney Bank* v. *New Orleans Bank*, 379 U.S. 411, 419 (1965), the Board is prohibited from approving an application by a bank holding company if consummation of the proposed transaction would be prohibited by valid state law.

13. *Citicorp (Biscayne Federal)*, 70 Federal Reserve Bulletin 157, 159, n.7 (1984).

Order, unless such period is extended for good cause by the Board, or by the Federal Reserve Bank of Chicago pursuant to delegated authority.

By order of the Board of Governors, effective April 3, 1984.

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

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

McKenzie County Bancorp
Watford City, North Dakota

Order Approving Formation of a Bank Holding Company

McKenzie County Bancorp, Watford City, North Dakota, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)), to become a bank holding company by acquiring at least 93 percent of the voting shares of The McKenzie County National Bank, Watford City, North Dakota ("Bank").

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

Applicant, a nonoperating corporation with no subsidiaries, was organized under the laws of North Dakota for the purpose of becoming a bank holding company by acquiring Bank, which controls deposits of approximately $9.0 million.[1] Upon acquisition of Bank, Applicant would control the 117th largest commercial banking organization in North Dakota and approximately 0.2 percent of the total deposits in commercial banks in the state. Consummation of this proposal would have no significant effects on the concentration of banking resources in North Dakota.

Bank is the smallest of seven banking organizations in the relevant banking market,[2] and holds 2.9 percent of the total deposits in commercial banks therein. Neither Applicant nor any of its principals is affiliated with any other banking organization in the market and, therefore, consummation of the proposal would not result in any adverse effects upon competition in any relevant area.

The financial and managerial resources of Applicant and Bank are regarded as generally satisfactory, and the future prospects of each appear favorable, particularly in light of certain commitments made by Applicant's principals. Although Applicant does not anticipate any immediate changes in the services offered by Bank, considerations relating to the convenience and needs of the community to be served are consistent with approval of the application. Accordingly, the Board has determined that consummation of the transaction would be consistent with the public interest and that the application should be approved.

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

By order of the Board of Governors, effective April 10, 1984.

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

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

Mellon National Corporation
Pittsburgh, Pennsylvania

Order Denying Acquisition of a Bank and Merger of Bank Holding Companies

Mellon National Corporation, Pittsburgh, Pennsylvania, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended, 12 U.S.C. § 1841 et seq., has applied for the Board's approval under section 3(a) of the Act to acquire 100 percent of the voting shares of Heritage Bank, N.A., Jamesburg, New Jersey ("Heritage Bank"), and to merge with Heritage Bancorporation, Jamesburg, New Jersey ("Heritage Bancorp").

Mellon proposes to acquire Heritage Bancorp and its subsidiary bank, Heritage Bank, through a series of transactions. First, Mellon's subsidiary, Girard Bank, Bala Cynwyd, Pennsylvania, would merge into Heritage Bank, followed immediately by a merger of

1. All banking data are as of March 31, 1983.
2. The relevant banking market is approximated by William and McKenzie Counties, North Dakota.

Heritage Bancorp into Mellon. Simultaneous with the Girard Bank/Heritage Bank merger, Mellon's shares of Girard Bank would be cancelled and replaced with new voting shares issued by Heritage Bank (renamed Mellon Bank East). At the same time, Heritage Bancorp's shares of Heritage Bank would be cancelled, thereby giving Mellon control of Heritage Bank (which, at this point, would have absorbed Girard by merger). Heritage Bancorp's shareholders would receive Mellon stock or cash for their shares of Heritage Bancorp. By letter dated February 27, 1984, the Board determined that Mellon was required to obtain prior approval for the proposed transactions under section 3(a) of the BHC Act.

On March 2, 1984, Mellon filed an application with the Board for prior approval under the Act for the proposal (reserving the claim that no application is required). Notice of this application, affording an opportunity for interested persons to submit comments, has been given in accordance with section 3(b) of the Act. The time for filing comments has expired and the Board has considered the application and all comments received, including those from the Attorney General and the Banking Commissioner of the State of New Jersey, in light of the factors and requirements of section 3 of the Act (12 U.S.C. § 1842(c)).

On March 27, 1984, the Comptroller of the Currency approved the merger of Girard Bank into Heritage Bank and determined that the retention by Heritage Bank of branches at the former Girard and Heritage Bank locations was consistent with the McFadden Act and the statutes governing the merger of national banks.[1]

Mellon, the largest commercial banking organization in Pennsylvania, has consolidated assets of $26.4 billion and total domestic deposits of $12.6 billion.[2] In addition to Girard, Mellon controls three other banks located in Pennsylvania and one bank located in Delaware. Heritage Bank controls total assets of $1.8 billion and has total domestic deposits of $1.5 billion. Heritage Bank operates 90 branches in the State of New Jersey and one branch in Philadelphia, Pennsylvania, which holds $10 million in deposits. Heritage Bank, one of only two national banks with branches in more than one state, is authorized to retain its Philadelphia branch by the McFadden Act, which permits a national bank to retain branches in operation before February 25, 1927.[3]

Although consummation of this proposal would eliminate some existing competition between Applicant and Heritage Bancorp in the Philadelphia and Wilmington banking markets, the Board concludes that the acquisition would not have any significant adverse effects on competition in any relevant area. Neither market is highly concentrated, and numerous commercial banking organizations would remain in each market upon consummation of the proposal. The financial and managerial resources and future prospects of the organizations involved and considerations relating to the convenience and needs of the communities to be served are consistent with approval of this application.

The decisive issue in this application is whether the Board is prohibited by the Douglas Amendment (section 3(d) of the Act, 12 U.S.C. § 1842(d)) from approving Mellon's application to acquire Heritage Bank. The Douglas Amendment prohibits the Board from approving an application by a bank holding company to acquire any additional bank "located outside of the State" in which the acquiring bank holding company's subsidiary banks principally conduct their operations, unless the state in which the bank to be acquired is located specifically authorizes the acquisition.[4] In *Lewis* v. *B.T. Investment Managers*, the United States Supreme Court stated that the Douglas Amendment

1. 12 U.S.C. §§ 36 and 215a. The Comptroller concluded that Heritage could have established branches at each of the Girard branch sites under the McFadden Act (which allows a national bank to establish a branch within the state in which it is situated) because Heritage is "situated" in both New Jersey and Pennsylvania for purposes of the McFadden Act.

The Comptroller found that Heritage Bank would have its "principal place of business" in Pennsylvania and could, therefore, branch within Pennsylvania because Heritage Bank's proposed articles will provide that, for purposes of Pennsylvania law, Heritage Bank's "principal place of business" will be a designated office in Philadelphia. The Comptroller also found that Heritage Bank could retain its New Jersey branches under New Jersey law and the McFadden Act because, *inter alia*, Heritage Bank would maintain its "main office, which shall also be its principal and head office" in New Jersey and would be located in New Jersey for purposes of New Jersey law as well as the National Bank Act.

2. Deposit data are as of June 30, 1982.

3. 12 U.S.C. § 36.

4. The Douglas Amendment provides that:

No application . . . shall be approved under this section which will permit any bank holding company or any subsidiary thereof to acquire, directly or indirectly, any voting shares of, interest in, or all or substantially all of the assets of any additional bank *located outside of the State in which the operations of such bank* holding company's banking subsidiaries were principally conducted on the effective date of this amendment or the date on which such company became a bank holding company, whichever is later, unless the acquisition of such shares or assets of a State bank by an out-of-State bank holding company 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. For the purposes of this section, the State in which the operations of a bank holding company's subsidiaries are principally conducted is that State in which total deposits of all such banking subsidiaries are largest. 12 U.S.C. § 1842(d).

establishes a general federal prohibition on the acquisition or expansion of banking subsidiaries across state lines. . . [and] granted to the States. . . the authority to create exceptions to this general prohibition, that is, to *permit* expansion of banking across state lines where it otherwise would be federally prohibited. (emphasis in the original).[5]

Thus, by its terms, the Douglas Amendment prohibits the Board from approving an application by a Pennsylvania bank holding company to acquire a bank located in any state outside of Pennsylvania, unless that state by statute specifically authorizes the acquisition. The issue that must be decided in this case is whether Heritage Bank is a bank that is located outside of Pennsylvania and, if so, whether the state in which it is located has specifically authorized the acquisition of Heritage Bank by an out-of-state bank holding company.

The Attorney General and the Banking Commissioner of New Jersey oppose the Mellon application on the grounds that Heritage Bank is located in New Jersey because it is chartered and conducts its principal operations in New Jersey, and that it may not, therefore, be acquired by a bank holding company, such as Mellon, with a home state outside of New Jersey without the specific authorization of New Jersey. The Attorney General states that New Jersey statute laws do not specifically authorize an out-of-state bank holding company to acquire a bank located in New Jersey. The Attorney General also contends that the acquisition is expressly prohibited by a New Jersey law that prohibits the acquisition of a bank located in New Jersey by an out-of-state bank holding company.

Mellon asserts that the proposed transaction is not barred by the Douglas Amendment because Heritage is located in Pennsylvania by virtue of its Philadelphia branch and that the Douglas Amendment does not bar the acquisition by a bank holding company of a bank located *in the bank holding company's home* state. Mellon argues that the McFadden Act and Douglas Amendment were intended to achieve the same result and that, because the proposal is consistent with the McFadden Act, it is consistent with the Douglas Amendment. Alternatively, Mellon argues that, if the Douglas Amendment applies to this transaction, New Jersey law contains a provision that specifically authorizes this transaction.

The technical legal arguments outlined above, put forward by Applicant and the State of New Jersey, have been carefully evaluated by the Board. The Board believes that the decision in this case turns upon the language of the Douglas Amendment, a basic judgment concerning its purposes and, in the light of these purposes, a common sense analysis as to where Heritage Bank is located. In this framework, the Board has reviewed the facts concerning Heritage Bank's charter, operations, management, deposits, and branches.

Heritage Bank is chartered in New Jersey; its articles provide, as required by the National Bank Act, that its "main office, which shall also be its principal office and head office" will be located in New Jersey. Mellon and Heritage Bank have also advised the Comptroller that the "principal office" of Heritage Bank will not be transferred to Pennsylvania after the merger. Heritage Bank's management officials and administrative offices are located in New Jersey and would continue in that location after the proposed merger. Heritage Bank's board of directors meet and issue orders from offices in New Jersey and, similarly, would continue this arrangement after the proposed merger.

Heritage Bank has significantly expanded its New Jersey operations over the years through branching de novo in New Jersey and through mergers with other New Jersey banks. As of September, 1983, Heritage Bank maintained 90 branches in New Jersey. In contrast, since establishment of its branch in Pennsylvania in 1813, 171 years ago, Heritage Bank has never further expanded its operations in that State and has maintained only one branch in Pennsylvania. Finally, over 99 percent of Heritage Bank's deposits are derived through its branches located in New Jersey.

Thus, applying the literal language of the Douglas Amendment to these facts, the proposed acquisition would be prohibited since it is clear that Heritage Bank is located outside of Pennsylvania. Moreover, pursuing the analysis beyond the literal language leads to the same result.

The Douglas Amendment does not contain a specific definition to guide the Board in determining whether Heritage Bank is an additional bank "located outside of" Pennsylvania, the applicant bank holding company's home state.[6] The Douglas Amendment states explicitly that the location of the acquiring bank holding company—in this case, Mellon—is determined by the state in which the total deposits of its subsidiary banks are the largest—clearly Pennsylvania in this case. It is evident that Congress had in mind some level of appropriate contacts as a basis for determining location, which in turn would serve as a basis for applying the policies contained in the Amendment.

5. 447 U.S. 27, 47 (1980).

6. The primary dictionary definition of the verb "locate" is "to take up one's residence; establish oneself or one's business." Webster's New International Dictionary, Third Edition (1956).

In the absence of specific Congressional direction on this issue, the Board believes it would be reasonable to apply the Douglas Amendment standard for location of bank holding companies to determine the state in which Heritage Bank is located. By this criterion, Heritage Bank is located in New Jersey, the state in which over 99 percent of its deposits are held. However, it is unnecessary in this case to make a specific choice of standards since, by any other rational criterion, it is also obvious that Heritage Bank is located in New Jersey. Viewed from the perspective of its charter, the state in which it maintains its principal office, and from which it conducts its affairs, Heritage Bank is also located in New Jersey. Similarly, seen from the point of view of the state in which all but one of its branches are situated, Heritage Bank is located in New Jersey.

Thus, by all common sense criteria, the overwhelming evidence is that Heritage Bank is located in New Jersey, and thus outside of Pennsylvania. The fact that Heritage maintains a very small branch in Philadelphia does not change this result. The Board does not believe it would be reasonable to use this incidental branch to justify avoiding the application of the Douglas Amendment and New Jersey law to the proposed merger of a Pennsylvania bank holding company with a bank whose contacts are almost exclusively in New Jersey. Such an interpretation would provide a vehicle for evading the clear Congressional intent contained in the Douglas Amendment.

The Douglas Amendment was clearly intended to prevent an out-of-state bank holding company from acquiring a bank located in a state unless the state affirmatively authorized the acquisition. This amendment represented a compromise position between the House and Senate versions of the original 1956 BHC Act. The House-passed bill expressly prohibited all interstate arrangements,[7] while the original Senate bill did not prohibit the Board from approving interstate acquisitions by bank holding companies. During the debate on the bill on the floor of the Senate, Senator Douglas offered a provision, similar to that now codified as section 3(d) of the BHC Act, explaining that this provision was the "logical continuation of the principles of the McFadden Act" and would serve the purpose "in principle almost identical with the present provision which governs branch banking . . . which tried to prevent the federal power from being used to permit national banks to expand across state lines in a way contrary to State policy."[8] In view of the fact that Heritage Bank is located in New Jersey, it would be inconsistent with the purposes of the Douglas Amendment to adopt a technical definition of the term "located outside of the State [of Pennsylvania]" so as to deny to the State of New Jersey the opportunity to apply its policy to the acquisition of a bank that is clearly and predominantly located in that State.

This analysis of the facts of this case and of the Douglas Amendment is consistent with prior Board interpretations. In *Credit and Commerce Holdings/Financial General Bankshares*, the Board stated that "section 3(d) was designed to preclude the Board from approving the creation of additional interstate bank holding companies above and beyond those grandfathered under the Act."[9] The Board determined that the acquisition of a grandfathered multi-state bank holding company by a shell corporation would be permissible under the Douglas Amendment because "no additional bank would be added to an existing multi-state bank holding company structure."

Approval of Mellon's application would add Mellon, which is not a grandfathered multi-state bank holding company, to the list of multi-state bank holding companies.[10] Moreover, the multi-state bank holding company system that would result from Mellon's proposed transaction would include additional banks (Mellon's subsidiary banks in Pennsylvania) that were not previously part of a grandfathered bank holding company system and that could not lawfully have been acquired by that system under the Douglas Amendment.

Mellon's argument rests on the proposition that, consistent with the interpretation of the term "situated" in the McFadden Act, Heritage is "located" for purposes of the Douglas Amendment in each state in which it maintains a branch.[11] As noted, this proposi-

7. The House Report on the 1956 Act recognizes that, without this type of prohibition, "States have no way to protect themselves against an outside bank holding company coming in and buying stock in banks, especially national banks, located within their borders." H. Rep. No. 609, 84th Cong., 1st Sess. 3 (1955).

8. 102 CSC 6860 (1956) (remarks by Senator Douglas).

9. 65 FEDERAL RESERVE BULLETIN 254, 259 (1979).

10. Indeed, if Heritage Bancorp were a grandfathered multi-state bank holding company with a bank in New Jersey and a bank in Pennsylvania (instead of a branch in Pennsylvania), this application would plainly be prohibited by the Douglas Amendment because Heritage's New Jersey bank would be an additional bank located outside the state in which Mellon's banking operations are principally conducted.

11. In approving the Heritage Bank/Girard Bank merger, the Comptroller relied upon the decision in *Seattle Trust & Savings Bank* v. *Bank of California, N.A.*, 492 F.2d 48 (9th Cir. 1974), cert. denied, 419 U.S. 844 (1974). In that case, the court held that, for purposes of the McFadden Act, a bank is "situated" in each state in which it operates a branch. The court held that, because the Bank of California operated a grandfathered branch in Washington, it was "situated" in Washington and therefore could also expand in Washington by branching as if it were a Washington state bank, even though Bank of California was chartered in California and conducted most of its operations in that state. The *Seattle Trust* decision only addresses the question of opening a de novo branch outside the Bank of California's home state in order that the bank not be competitively disadvantaged vis-à-vis similarly situated Washington banks. That decision does not

tion, however, concedes that Heritage is located in New Jersey as well as Pennsylvania and, under the terms of the Douglas Amendment, approval of Mellon's proposal is prohibited.

To avoid this result, Mellon recasts the language of the Douglas Amendment, arguing that the Douglas Amendment does not prohibit the acquisition by a bank holding company if any part of the target bank is located *within* the home state of the acquiring bank holding company. Under this interpretation, the Douglas Amendment would not bar Mellon's acquisition of Heritage Bank because it is located in Pennsylvania, notwithstanding the fact that, even under Mellon's view, Heritage Bank would also be located in New Jersey.

Mellon's argument might be given more weight if the facts did not place Heritage Bank almost exclusively in New Jersey. However, in the context of this case, this interpretation relies upon the technicality of a $10 million deposit branch in Pennsylvania to acquire a holding company with almost $2 billion of assets located in New Jersey, despite a clear federal statutory prohibition and the absence of the specific authorization of the state with the overwhelming policy interest in the acquisition. Such an interpretation would require the Board to ignore the plain terms of the statute, which prohibits the acquisition by Mellon of a bank located *outside* of Pennsylvania, and would plainly be contrary to the concept and intent of the Douglas Amendment, giving to the states the right to authorize entry into the state by out-of-state bank holding companies.

The Board recognizes that the Comptroller has approved the merger of Girard into Heritage Bank as permissible under the McFadden Act. However, the Douglas Amendment applies different statutory language and addresses a different type of transaction. The McFadden Act deals with the location of national bank branches; the Douglas Amendment deals with the interstate ownership of banks. The fact that Heritage Bank may, under an interpretation of the National Bank Act, expand into Pennsylvania by merger does not address the question of whether a Pennsylvania bank holding company may acquire the resulting interstate bank.

The Board has also considered the argument that since, under the Comptroller's ruling, Heritage Bank may expand into Pennsylvania by merger, as a matter of equity, a Pennsylvania bank holding company should be able to expand into New Jersey by acquisition of Heritage Bank. The McFadden Act's grandfather provision for interstate branches established before 1927 allows Heritage Bank to maintain a presence in Pennsylvania and is an exception to the principle of state authority over branching in recognition of the fact that Heritage Bank operated a branch for over 100 years in Pennsylvania. The Board believes that it would not be consistent with either the language or the purpose and intent of the Douglas Amendment to extend this limited grandfather right under the McFadden Act into the Douglas Amendment, particularly where, as here, such an interpretation would vitiate the ability of New Jersey to apply its policy of interstate acquisitions to a bank that by any reasonable standard is clearly and predominantly located in New Jersey. However, under existing Pennsylvania law and as a practical matter, any expansion by Heritage Bank in Pennsylvania would likely be limited. Moreover, any acquisition by Heritage Bancorp (or any other New Jersey bank holding company that acquired Heritage Bancorp) of a Pennsylvania bank would be subject to the BHC Act and the Douglas Amendment.

The Board has also carefully considered Mellon's contention that the acquisition of a bank located in New Jersey by an out-of-state bank holding company has been "specifically authorized by the statute laws of [New Jersey] . . . by language to that effect and not merely by implication," as would be required by the Douglas Amendment before the Board could approve Mellon's proposal. 12 U.S.C. § 1842(d).

New Jersey law contains a prohibition against the acquisition of banks located in New Jersey by out-of-state bank holding companies.[12] Mellon argues that this statute, however, provides an exception for an acquisition of bank shares resulting from a merger or consolidation of a bank with another bank.[13] Mellon argues that, because its acquisition of Heritage Bank's

address the question of whether a multi state bank may, by a merger, acquire and retain branches outside of its home state, such as is proposed in the Heritage/Girard merger, or the question presented in this case of whether a bank holding company located outside of California may acquire Bank of California.

12. Section 17:9A-345 of the New Jersey Statutes provides:

> Except as provided by sections 3 and 4 of this Act,
>
> * * *
>
> (b) No company which owns more than 25 percent of the stock of either a bank located outside this State or a foreign bank shall own or acquire ownership of more than 5 percent of the stock of a bank located in this state.

Both the New Jersey Attorney General and the Comptroller have concluded that Heritage Bank has its principal office and is located in New Jersey for purposes of New Jersey law.

13. The exception upon which Mellon relies (section 4 of the Act referred to in Section 17:9A-345 of the New Jersey statutes) provides:

> [n]othing in this act shall prohibit a company from acquiring bank stock in excess of the limitation imposed by section 2 of this Act [§ 17:9A-345] if such acquisition results from an exchange of stock resulting from the merger or consolidation of a bank with another bank or banks. N.J. Stat. Ann. § 17:9A-347.

voting shares would occur as a result of the merger of Heritage Bank with Girard Bank, New Jersey law provides specific authorization for the interstate acquisition of Heritage Bank by Mellon.

The Board has previously concluded that an exception to a prohibition may be a sufficient specific authorization for purposes of the Douglas Amendment where it is clear from the terms of the statute, its legislative history, or state practice under the statute that the state enacted the exception in order to authorize interstate acquisitions.[14] In its decision in *NCNB*, the Board found that the exception to the general interstate prohibition in Florida law was a sufficient authorization under the Douglas Amendment because (1) the Florida statute clearly and on its face specifically excepted certain grandfathered institutions from the state prohibition; (2) there was evidence of the clear intent of the legislature to permit certain interstate acquisitions by grandfathered entities, as demonstrated by the use of the state statute in previous cases to permit grandfathered out-of-state bank holding companies to acquire additional institutions in the state; and (3) the Attorney General of Florida determined that NCNB, a grandfathered out-of-state bank holding company, was not prohibited from acquiring a Florida bank.[15]

In this case, the New Jersey Attorney General has rendered a formal opinion to the effect that the exception upon which Mellon relies does not apply to New Jersey's interstate banking statute.[16] The exception upon which Mellon relies (section 347) was enacted in 1957 to ensure that the 1957 New Jersey statute banning the formation of multi-bank holding companies was not interpreted to prohibit a bank owned by a New Jersey bank holding company from merging with other banks in the same county. At that time, New Jersey law did not contain an express prohibition against acquisitions of New Jersey banks by out-of-state bank holding companies. New Jersey's ban on interstate acquisitions (section 345(b)) was enacted in 1968—11 years later and was placed in the same section of the New Jersey bank holding company statute as the 1957 ban on multi-bank holding companies. Based upon these facts and others specified in his opinion, the Attorney General has stated that the exception in section 347 does not apply to the prohibition in section 345. Moreover, he states that, in these circumstances, the exception in section 347 cannot be read to affirmatively authorize an acquisition of stock of a New Jersey bank by an out-of-state bank holding company.

In the Board's view, based upon all the facts of record, including the opinion of the Attorney General, the New Jersey statute upon which Mellon relies does not constitute a specific authorization "by language to that effect and not merely by implication," as required by the Douglas Amendment. In contrast to the Iowa and Florida statutes, where it was clear from the terms of the statutes, their legislative histories, or state practice that the states intended to permit some types of interstate acquisitions, there is no indication that New Jersey intended to permit any interstate acquisitions.

Without any definitive legislative history, the Board believes that is unreasonable to impute to the New Jersey legislature the belief that, by amending one section of its law, it was specifically authorizing out-of-state bank holding companies to acquire banks in New Jersey, particularly where the exception was enacted 11 years before and not in connection with New Jersey's interstate banking prohibition. Thus, if the New Jersey law authorizes interstate acquisitions, this authorization is implied from the structure of the New Jersey statute, and the authorization is not an express authorization as explicitly required by the Douglas Amendment. Moreover, the Board notes that, unlike the Florida law at issue in *NCNB*, the New Jersey statute, which is over 15 years old, has never been used to permit any type of interstate bank holding company acquisition in New Jersey.

For the foregoing reasons, the Board concludes that the Douglas Amendment prohibits the Board from approving Mellon's proposed acquisition of Heritage Bancorp and Heritage Bank. Accordingly, Mellon's application is hereby denied.

By order of the Board of Governors, effective April 24, 1984.

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

[SEAL]

JAMES MCAFEE,
Associate Secretary of the Board

14. *NCNB Corporation*, 68 FEDERAL RESERVE BULLETIN 59 (1982). The Board made a similar determination with respect to an Iowa statute. See *Northwest Bancorporation*, 38 *Federal Register* 21530 (1973), aff'd. sub nom., *Iowa Independent Bankers* v. *Board of Governors of the Federal Reserve System*, 511 F.2d 1288 (D.C. Cir. 1975). Although the issue of whether the Iowa statute was a specific authorization under the Douglas Amendment was not before the court, the court implicitly approved the use of the exception as a form of language that could specifically authorize a transaction.

15. The issue in *NCNB* was whether an out-of-state bank holding company that owned a trust company in Florida before the grandfather date in the Florida statute could acquire a bank in Florida. It was undisputed that such a company could acquire another Florida trust company and that an out-of-state bank holding company that owned a bank in Florida before the grandfather date could acquire an additional bank in Florida.

16. When interpreting state law, the Board has given substantial weight to the reasoned opinions of state authorities. *NCNB*, supra; *Northwest Kansas Banc Shares, Inc.*, 69 FEDERAL RESERVE BULLETIN 98 (1983).

Omaha National Corporation
Omaha, Nebraska

Order Approving Acquisition and Merger of Bank Holding Companies

Omaha National Corporation, Omaha, Nebraska, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 et seq.)("Act"), has applied for the Board's approval under section 3(a) of the Act (12 U.S.C. § 1842(a)) to acquire 45.2 percent of the voting shares of First National Lincoln Corp., Lincoln, Nebraska ("FNLC"), also a bank holding company under the Act. Applicant will thereby acquire control of FNLB's subsidiary bank, First National Bank and Trust Company of Lincoln, Lincoln, Nebraska ("Lincoln Bank"). Subsequently, FNLC will be merged into Applicant, which will continue operations under the name "Firstier, Inc."

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

Applicant, the second largest banking organization in Nebraska, controls one subsidiary bank with deposits of $714.4 million, which represent 6.2 percent of the total deposits in commercial banks in the state.[1] FNLC, the fifth largest banking organization in Nebraska, controls one bank with deposits of $534.2 million, which represent 4.7 percent of the total deposits in commercial banks in the state. Upon consummation of the proposal, Applicant would become the largest banking organization in Nebraska, controlling deposits of $1.2 billion, representing 10.9 percent of the total deposits in commercial banks in the state. With regard to concentration of banking resources, Nebraska is one of the least concentrated states in the nation and would remain so upon consummation of this transaction. The four largest banking organizations in Nebraska control 25 percent of the total deposits in commercial banks in the state and this figure would increase to 29.7 percent upon consummation of this transaction. Accordingly, it is the Board's judgment that consummation of the proposed transaction would not have a significant effect on the concentration of banking resources in Nebraska.

Because Applicant's subsidiary bank and FNLC's subsidiary bank operate in separate banking markets, consummation of the proposed transaction would not eliminate any substantial existing competition. The Board has also evaluated the effect of the proposed merger of Applicant and FNLC upon probable future competition in their respective banking markets and considered the proposal in light of the Board's proposed guidelines on market extension mergers.[2] In evaluating the effect of a proposed transaction on probable future competition, the Board considers the level of concentration in the market, the number of probable future entrants into the market, the size of the bank to be acquired, and the attractiveness of the market for de novo or foothold entry. After consideration of these factors in the context of the specific facts of this case, the Board concludes that consummation of this proposal would not have any significant effects on probable future competition in any relevant market.

Applicant's subsidiary bank, Omaha National Bank ("Omaha Bank"), operates in the Omaha, Nebraska, banking market,[3] and is the largest commercial bank in the market controlling 23.5 percent of total deposits in commercial banks in the market. The Omaha banking market is not highly concentrated. The three largest commercial banking organizations in the market control 64.5 percent of the total deposits in commercial banks in the market, and there is no evidence in the record that the market is not competitive. The Supreme Court has indicated that "the potential competition doctrine has meaning only as applied to concentrated markets."[4] Thus, the Board has determined that the proposed transaction would have no significant adverse effects on probable future competition in the Omaha banking market.

FNLC's subsidiary bank, Lincoln Bank, operates in the Lincoln, Nebraska, banking market,[5] and is the largest banking organization in the market, controlling 48.2 percent of the total deposits in commercial banks in the market. Because of Applicant's size and financial and managerial resources, the proximity of Lincoln to Omaha, and the relative size and importance of the Lincoln market within the state, Applicant appears to be a likely entrant into the Lincoln market absent approval of this proposal. The three largest banking organizations in the market control 82.2 percent of the total deposits in commercial banks in the market, a

1. All deposit data are as of December 31, 1982, unless otherwise indicated.

2. "Proposed Policy Statement of the Board of Governors of the Federal Reserve System for Assessing Competitive Factors Under the Bank Merger Act and the Bank Holding Company Act." 47 *Federal Register* 9017 (March 3, 1982). Although the Board has not approved the policy statement, it is using the policy guidelines in its analysis of the effect of a proposal on probable future competition.

3. The Omaha banking market is approximated by the Omaha RMA.

4. *United States* v. *Marine Bancorporation*, 418 U.S. 602, 630 (1974).

5. The Lincoln banking market is approximated by the Lincoln RMA.

level viewed as highly concentrated under the Board's guidelines.[6]

In its evaluation of the competitive effects of bank expansion proposals, the Board has previously indicated that thrift institutions have become, or at least have the potential to become, major competitors of banks, and has accorded considerable weight to the competitive influence of thrift institutions.[7] This is due to a significant expansion of the services that thrifts may offer, particularly as a result of the enactment of the Consumer Checking Account Equity Act of 1980,[8] which authorized thrift institutions to offer NOW accounts, the Garn–St Germain Depository Institutions Act of 1982,[9] which greatly expanded the commercial lending powers of federal thrift institutions, and various state statutes.

The Lincoln banking market contains six thrift institutions that control 33.8 percent of the total deposits in banks and savings and loan associations in the market, and operate 31 offices in the market (as compared to the 15 commercial bank offices). The three largest thrift institutions in the market are the first, third and fifth largest depository institutions in Nebraska, and each controls more than $500 million in deposits statewide. The record shows that these and other thrift institutions in Nebraska have extensive branch networks in the state; aggressively solicit transaction accounts, time and savings accounts, and consumer loans; and offer residential and commercial mortgages and transaction accounts. In addition, federal thrift institutions can accept demand deposits from business customers with whom they have a lending relationship. Four of the six thrift institutions in Lincoln have hired commercial lending officers and instituted commercial loan programs. While the commercial loan portfolios of these institutions are not substantial at the present time, this appears due to the fact that thrift institutions have only recently obtained expanded commercial lending powers. In any event, the record establishes that thrift institutions in the Lincoln market are prepared and intend to expand their commercial lending operations.

In the Board's view, this evidence indicates that thrift institutions should be given substantial weight in determining concentration in the market.[10]

The Board's proposed market extension guidelines state that, where there are more than six probable future entrants into a market, the elimination of an applicant as a potential competitor is not likely to have an adverse effect on probable future competition. When it issued the guidelines, the Board stated that the number of probable future entrants specified in the guidelines was intended to be used only as a general standard, because no single number of entrants could be used as a true indicator in all circumstances. The Board was aware that the structure of a particular market and the limitations on expansion imposed by state law would have to be considered with regard to each case.

The Board notes that there are only five banking organizations with assets over $500 million in the State of Nebraska. Two of these are located in the Lincoln market, leaving only three, including Applicant, that meet the Board's definition of probable future entrant contained in the guidelines. Nevertheless, Nebraska has seven banking organizations with assets of less than $500 million, but more than $100 million, that appear to have the financial and managerial resources necessary to enter the Lincoln banking market. While these organizations have fewer deposits than specified in the guidelines to be considered probable future entrants, in light of the relatively small size of Nebraska banking organizations generally and recent amendments to Nebraska law that expand branching opportunities and allow the formation of multibank holding companies,[11] the Board believes that these organizations represent probable future entrants into the Lincoln market.

Finally, to the extent that thrift institutions are not considered existing competitors of commercial banks, they would, based upon their power to offer many of the products and services offered by commercial banks, be viewed as potential entrants into the commercial banking product market, where, as here, they have evidenced the intent to provide commercial banking services.

Accordingly, based on all the evidence of record, including the actual and potential competition offered by thrift institutions and the structure of banking in Nebraska, the Board concludes that consummation of this acquisition would not have such adverse effects on probable future competition in the Lincoln banking market as to warrant denial of the proposal.

The financial and managerial resources of Applicant, FNLC, and their subsidiary banks, are satisfactory and their future prospects appear favorable. Consummation of the transaction would enable each of

6. Market data are as of September 30, 1983.

7. *First Railroad & Banking Company of Georgia*, 70 Federal Reserve Bulletin 436, (Press Release dated April 16, 1984); *NBD Bancorp, Inc. (Pontiac State Bank)*, 69 Federal Reserve Bulletin 917; *Comerica (Pontiac State Bank)*, 69 Federal Reserve Bulletin 911; *General Bancshares Corporation*, 69 Federal Reserve Bulletin 802; *Comerica (Bank of the Commonwealth)*, 69 Federal Reserve Bulletin 797, and *First Tennessee National Corporation*, 69 Federal Reserve Bulletin 298 (1983).

8. Title III, 94 Stat. 132, 145 codified at 12 U.S.C. § 1832.

9. Title III, 97 Stat. 1469, 1499–1500.

10. If only 50 percent of the deposits held by thrift institutions were included in the calculation of market concentration, the share of deposits held by the three largest depository institutions in the market would be 67 percent and the market would not be considered highly concentrated under the Board's guidelines.

11. Neb. Rev. Stat. §§ 8–903 and 8–157 (1983 Supp.).

those institutions to increase and improve their services to their customers. Specifically, the combined organization would have a higher lending limit, and Applicant states that the affiliation would result in lower credit costs at both institutions. Also, consummation of the proposal would result in the addition of tax and leasing expertise to Lincoln Bank's staff and farm management expertise to Omaha Bank's staff. Accordingly, considerations relating to the convenience and needs of the community to be served are consistent with approval of the applications. Based on the foregoing and other facts of record, the Board has determined that consummation of the proposed transaction would be consistent with the public interest and that the application should be approved.

On the basis of the record, these applications are approved for the reasons summarized above. The acquisition of shares and merger of bank holding companies shall not be made before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended by the Board or by the Federal Reserve Bank of Kansas City, acting pursuant to delegated authority.

By order of the Board of Governors, effective April 24, 1984.

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

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

Norris Bancorp, Inc.
St. Charles, Illinois

Order Approving Acquisition of a Bank

Norris Bancorp, Inc., St. Charles, Illinois, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended, (12 U.S.C. § 1841 et seq.), has applied for the Board's approval pursuant to section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)), to acquire First National Bank of Batavia, Batavia, Illinois.

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

Applicant controls one banking subsidiary, the State Bank of St. Charles, the 254th largest commercial banking organization in Illinois, with aggregate deposits of $66.7 million, representing less than 1 percent of the total deposits in commercial banks in the state.[1] Bank is the 478th largest banking organization in Illinois, with deposits of $38.7 million. Upon consummation of the proposed transaction, Applicant would control less than 1 percent of the total deposits in commercial banks in Illinois. Accordingly, consummation of this transaction would have no significant effect on the concentration of banking resources in the state.

Applicant is the fifth largest of 24 commercial banking organizations that operate in the Aurora banking market,[2] controlling 6.5 percent of total deposits in commercial banks in the market. Bank is the ninth largest commercial banking organization in the Aurora banking market, controlling 3.8 percent of total deposits in commercial banks in the market. Upon consummation of the proposed transaction, Applicant would become the third largest banking organization in the Aurora banking market and would control 10.3 percent of the total deposits in commercial banks in the market.

Although this proposal would result in the elimination of some existing competition in the Aurora banking market, several factors mitigate the competitive effects of the proposal. The Aurora banking market is not concentrated, with the four largest commercial banking organizations controlling 44.8 percent of total deposits in commercial banks in the market. In addition, numerous other banking alternatives will remain in the market after consummation of the proposal. Accordingly, the Board concludes that consummation of the proposed transaction will not have a significant effect on existing competition in the Aurora banking market.

The financial and managerial resources of Applicant, its subsidiaries, and Bank are generally satisfactory and their future prospects are favorable. Moreover, Applicant has committed to inject enough capital into Bank to increase Bank's capital to the minimum levels set by the Board. Although Applicant does not anticipate any immediate changes in the services offered by Bank, considerations relating to the convenience and needs of the community to be served are consistent with approval.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be made before the thirtieth 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

1. All banking data are as of June 30, 1983.
2. The Aurora banking market is approximated by the southern portion of Kane County; Plano, Bristol, Oswego, Fox, and Kendall townships in Kendall County; and Sandwich Township in DeKalb County, all in Illinois.

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

By order of the Board of Governors, effective April 12, 1984.

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

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

Paducah Bank Shares, Inc.
Paducah, Kentucky

Order Approving Formation of a Bank Holding Company

Paducah Bank Shares, Inc., Paducah, Kentucky, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) ("Act") to become a bank holding company by acquiring 80 percent or more of the voting shares of Paducah Bank & Trust Company, Paducah, Kentucky ("Bank").

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with section 3(b) of the Act. The time for filing comments and views 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 nonoperating corporation organized for the purpose of becoming a bank holding company by acquiring Bank, which holds deposits of $73.2 million. Upon consummation of the proposal, Applicant would control the 54th largest commercial bank in Kentucky and would hold 0.38 percent of the total deposits in commercial banks in the state.[1]

Bank is the third largest of seven banks in the McCracken County banking market and holds 12.4 percent of total deposits in commercial banks in the market.[2] Applicant's proposal is essentially a corporate reorganization, consummation of which would not result in any adverse affects upon competition or in an increase in the concentration of banking resources in any relevant market.

The financial and managerial resources of Applicant and Bank are considered to be generally satisfactory, and their future prospects appear favorable. Applicant does not propose to make any specific changes in the services currently provided by Bank. However, there is no evidence that the banking needs of the community to be served are not being met. Accordingly, considerations relating to the convenience and needs of the community to be served are consistent with approval of this proposal.

Based on the foregoing and the record of this application, it is the Board's judgment that the proposed acquisition is in the public interest and that the application should be approved and hereby is approved for the reasons summarized above. The transaction shall not be consummated before the thirtieth calendar day following the effective date of this Order or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or the Federal Reserve Bank of St. Louis, acting pursuant to delegated authority.

By order of the Board of Governors, effective April 6, 1984.

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

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

1. Banking data are as of September 30, 1983.
2. The McCracken County banking market is defined as McCracken County, Kentucky, and Massac County, Illinois.

Salem Capital Corp.
Elkhart, Indiana

Order Approving Formation of a Bank Holding Company

Salem Capital Corp., Elkhart, Indiana, has applied for the Board's approval, pursuant to section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)), to become a bank holding company by acquiring 44 percent of the voting stock of Salem Financial Corporation, Goshen, Indiana ("Salem Financial"), a bank holding company within the meaning of the Act, and thereby indirectly acquiring Salem Bank and Trust Company, Goshen, Indiana ("Bank").

Notice of the application, affording opportunity for interested persons to submit comments and views, 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 nonoperating corporation organized to acquire Bank, which is the 31st largest commercial bank in Indiana with deposits of $157.5 million, representing 0.56 percent of total deposits in commercial banks in the state.[1] Consummation of this proposal

1. Banking data are as of June 30, 1982.

will have no significant effects on the concentration of banking resources in the state.

Bank operates in the Elkhart-Niles-South Bend banking market, where it is the sixth largest of 30 commercial banks, controlling 6.1 percent of total deposits in commercial banks in the market.[2] Neither Applicant nor any of its principals has an ownership interest in any other banking organization in the market, and it appears that consummation of this proposal will have no significant effects on competition or increase the concentration of banking resources in any relevant area.

The financial and managerial resources of Applicant, Salem Financial, and Bank are considered to be generally satisfactory, and their future prospects appear favorable. Applicant has proposed no new activities or services for Bank upon consummation of this proposal. However, there is no evidence indicating that the needs of the community to be served are not being met. Accordingly, considerations relating to the convenience and needs of the community to be served are consistent with approval of this proposal.

Based on the foregoing and the record of this application, the Board has determined that this proposal should be and hereby is approved. The transaction shall not be consummated before the thirtieth calendar day following the effective date of this Order, nor later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Chicago, acting pursuant to delegated authority.

By order of the Board of Governors, effective April 5, 1984.

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

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

Sturm Investment, Inc.
Omaha, Nebraska

Order Approving Formation of a Bank Holding Company

Sturm Investment, Inc., Omaha, Nebraska, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act of 1956, as amended, (the "Act") (12 U.S.C. § 1842(a)(1)) to form a bank holding company by acquiring 95 percent of the voting shares of The Union National Bank of Macomb, Macomb, Illinois ("Bank").

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

Applicant is a nonoperating Nebraska corporation organized for the purpose of becoming a bank holding company by acquiring Bank, which holds deposits of $54.8 million.[1] Bank is the second largest of seven commercial banking organizations competing in the McDonough County banking market[2] and holds 28.5 percent of total deposits in commercial banks in the market. Upon acquisition of Bank, Applicant would control the 309th largest commercial banking organization in Illinois and approximately 0.06 percent of total deposits in commercial banks in the state.

This proposal involves a restructuring of Bank's ownership from an individual to a corporation controlled by the same individual. Applicant's principal, who owns 95 percent of the outstanding shares of Bank, also owns 51 percent of the outstanding voting shares of First National Bank of Macomb, Macomb, Illinois ("First"), which is located five road miles from Bank. First, with deposits of $9.4 million, also competes in the McDonough County banking market where it is the fifth largest banking organization, controlling 4.9 percent of total deposits in commercial banks in the market.

Section 3(c) of the Act precludes the Board from approving any proposed acquisition that may tend to create a monopoly or may substantially lessen competition or be in restraint of trade in any part of the United States, unless the Board finds that such anticompetitive effects are clearly outweighed by the convenience and needs of the community to be served. In analyzing a case under these standards where, as here, a principal of an applicant controls another banking organization in the same market as the bank to be placed in the holding company, the Board considers the competitive effects of the transaction whereby common control of the formerly competing institutions was established.[3]

In this instance, the two banks had been affiliated since the de novo establishment of First by the original

2. The Elkhart-Niles-South Bend banking market is defined as all of Cass County, Michigan, the townships of Berrien, Oronoko, Buchanan, Niles, and Bertrand in Berrien County, Michigan, all of Elkhart County, Indiana, and all of St. Joseph County, Indiana, except for the townships of Warren and Olive.

1. All banking data are as of December 31, 1982.

2. The McDonough County banking market is approximated by all of McDonough County, Illinois.

3. See *Mid Nebraska Bancshares, Inc.* v. *Board of Governors*, 627 F.2d 266 (D.C. Cir. 1980).

principals of Bank in 1964. First provided an additional source of banking services in the market; thus, its establishment can be viewed as procompetitive. In 1983, Applicant's principal acquired control of Bank and First from the common principals of both institutions. Because the affiliation of Bank and First was not anticompetitive at its inception, their acquisition by Applicant's principal is not viewed as anticompetitive. Accordingly, the Board concludes competitive considerations are consistent with approval.

The financial and managerial resources and future prospects of Applicant and Bank appear to be generally satisfactory, particularly in light of commitments by Applicant. Convenience and needs of the community to be served are also consistent with approval. Accordingly, it is the Board's judgment that the proposed acquisition is in the public interest and that the application should be approved.

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

By order of the Board of Governors, effective April 4, 1984.

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

[SEAL]

WILLIAM W. WILES,
Secretary of the Board

Orders Issued Under Section 4 of Bank Holding Company Act

Manufacturers Hanover Corporation
New York, New York

Order Approving the Acquisition of Nonbank Company

Manufacturers Hanover Corporation, New York, New York, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) to acquire all of the voting shares of CIT Financial Corporation, New York, New York ("CIT"). CIT engages through sixty-one subsidiaries operating throughout the United States in factoring, commercial and industrial lending, mortgage banking, consumer finance, leasing, sales financing, credit servicing, and community development activities. In addition, CIT operates industrial banks in California, Hawaii, Iowa, Kentucky, Tennessee, Washington, and West Virginia,[1] and acts throughout the United States as agent or broker for the sale of credit-related life, accident and health, and disability insurance. CIT also acts as broker for property and casualty insurance related to extensions of credit by its consumer financing subsidiaries in 44 states.[2]

Manufacturers Hanover Corporation has also applied for the Board's approval under section 25(a) of the Federal Reserve Act ("Edge Act") to acquire all of the outstanding voting shares of CIT Holdings Inc., and Service Leasing Corporation of Canada, Limited, both of Toronto, Ontario, Canada. Finally, Manufacturers Hanover Corporation has provided notice, under section 4(c)(14) of the Act (12 U.S.C. § 1843(c)(14)), of its intention to acquire all of the outstanding shares of CIT International Sales Corporation, New York, New York, an export trading company.

Notice of the application, affording interested persons an opportunity to submit comments and views, has been duly published (49 *Federal Register* 4147 (1984)). The time for filing comments has expired, and the Board has considered the application and the notice and all comments received in light of the factors specified in section 4 of the Act and the purposes of the Edge Act.

Applicant, with consolidated assets of approximately $64.3 billion, is the third largest commercial banking organization in New York and operates three bank subsidiaries, including Manufacturers Hanover Trust Company, which controls $42.2 billion in deposits.[3] Applicant engages, through seven nonbank subsidiaries operating in 33 states, in various permissible nonbanking activities, including commercial finance, leasing, mortgage banking, factoring, consumer finance, credit-related insurance agency activities, and nondepository trust company activities.

Permissible Nonbanking Activities. CIT, with total assets of $6.2 billion, is one of the largest diversified finance companies in the United States, operating 275 consumer finance offices and 48 commercial finance

1. CIT Financial Corporation states that the industrial banks that it owns and operates do not accept deposits and are not eligible for FDIC insurance. Applicant has committed that, after consummation of the proposed acquisition, these industrial banks will not accept deposits. Accordingly, the Board has determined that this portion of the application is subject to section 4 of the Act.

2. CIT also owns all of the voting shares of North American Company for Life and Health Insurance, which acts as an underwriter for life and accident and health insurance, and North American Company for Property and Casualty Insurance, which acts as an underwriter for property and casualty insurance. Applicant will not acquire these companies, both of which will be acquired by RCA.

3. All financial data are as of December 31, 1983.

offices in 44 states. CIT's factoring, consumer finance, commercial and industrial finance, mortgage banking, sales financing, credit servicing, leasing, industrial banking, credit-related life, accident and health, and disability insurance agency, and community development activities have been determined by the Board to be closely related to banking and are permissible for bank holding companies.[4]

As discussed below, the Board also concludes that Applicant may, under section 225.25(b)(8)(*i*) of Regulation Y and section 4(c)(8)(D) of the Act, sell property and casualty insurance in connection with extensions of credit by consumer finance subsidiaries of CIT in the 27 states in which the consumer finance subsidiary of Applicant is authorized to conduct this activity and in other states up to the limits specified in section 4(c)(8)(B) of the Act. Finally, the Board concludes that CIT's tuition budget plan, under which CIT receives periodic payments from parents of students and disburses the funds received to designated educational institutions as tuition bills come due, is closely related to banking and a proper incident thereto because it is operationally and functionally equivalent to an escrow account or bill payment service commonly provided by banking institutions.

In acting on an application under section 4(c)(8) of the Act, the Board must consider whether Applicant's performance of the proposed activities "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 interest, or unsound banking practices." This consideration also requires an evaluation of the financial and managerial aspects associated with the proposal. 12 CFR § 225.24.

Financial Factors. The Board views with concern any proposal involving a major expenditure of funds for expansion that could limit a bank holding company's ability to serve as a source of strength to its subsidiary banks, particularly its ability to raise new equity capital to deal with unforeseen difficulties. Thus, in evaluating this application, the Board has carefully considered the financial and managerial resources of Manufacturers Hanover Corporation, including its capital position and data on its domestic and foreign loan portfolio, and the effect on these resources of the proposed acquisition of CIT. The Board has stated and continues to believe that capital adequacy is an especially important factor in the analysis of bank holding company expansion proposals, particularly where significant acquisitions are proposed or where the organization has a significant loan exposure. In evaluating capital, the Board will consider, among other factors, the implications of a significant level of intangible assets, including that arising from a proposed expansion. The Board will also consider the capitalization of the acquired company—relative to the accepted norm for companies in the same industry—and whether that capitalization is adequately reflected in the consolidated primary capital of the applicant.

While the Board notes that there is a material amount of intangible assets involved in this acquisition and that finance companies are normally more highly capitalized than banks, the Board believes that this proposal meets acceptable standards in light of the steady and substantial improvement in Applicant's capital ratios and its plans for still further strengthening of its capital position. The Board notes that, in connection with the proposed acquisition, Applicant has committed to raise more than $500 million of additional primary capital; and in fact has already raised approximately $200 million in common stock since year-end 1983. Substantially all of the balance of this capital commitment will be raised simultaneously with consummation of this proposal. Moreover, subsequent to year-end 1983, Applicant raised an additional $100 million in equity commitment notes. Upon consummation of this transaction, Applicant's pro forma capital position will be significantly above the minimum ratio for multinational organizations. Furthermore, Applicant has committed to maintain its capital position at at least this level and has presented the Board with a plan under which Applicant will take steps toward a significant further strengthening of its capital position.

The Board also notes that CIT is a strong domestic competitor in a number of product lines and that its financial and managerial resources and future prospects are satisfactory, as indicated by CIT's historic above average capital position and earnings record. While the investment is not without risk in view of the growing competition in the financial services markets served by CIT, the Board believes that, on balance, the acquisition of CIT by Applicant should strengthen and result in a desirable diversification of Applicant's overall financial resources. The Board also notes that the financing for the proposed acquisition is made up in large part by the issuance to the seller of new

4. 12 CFR § 225.25(b)(1), (2), (5), (6), and (8). CIT currently is the owner-lessor under 13 personal property leases that do not conform to the requirements of section 225.25(b)(5) of the Board's Regulation Y. These leases represented a total investment of approximately $9 million as of October 31, 1983, and the latest termination date of these leases is year-end 1987. Applicant has committed that, in the event of Board approval of the proposed acquisition, Applicant would conform these leases to the requirements of Regulation Y by year-end 1987 and would limit the future leasing activities of CIT and its subsidiaries to leases that conform to the requirements of the Board's Regulation Y.

primary capital of Applicant and acquisition debt that has been structured to minimize future financing risks.[5]

Taking into account these factors and all of the facts of record, the Board concludes that any adverse effects of consummation of this proposal on the financial and managerial resources of Applicant would not be significant and that consummation of this proposal would be consistent with the Board's policy that a bank holding company maintain its ability to serve as a source of financial strength to its subsidiary banks.

Competitive Considerations. Applicant and CIT are both among the nation's largest providers of financial services to individuals and businesses and both offer consumer finance, factoring, commercial finance, and leasing products and services within national, regional, and local geographic markets. Applicant is the fifth largest factor in the United States, with 6.1 percent of the national market.[6] CIT ranks as the largest factor in the nation, controlling 15.6 percent of the national factoring market. The market for factoring is unconcentrated, with a Herfindahl-Hirshman Index ("HHI"), upon consummation of the proposed acquisition, of only 819 and a four-firm concentration ratio of 44.7 percent. Moreover, there are a large number of existing and potential competitors in the factoring business.

Applicant also engages in leasing real and personal property, and is the second largest leasing firm in the nation, with approximately 1.7 percent of the nationwide leasing business. CIT is the 13th largest leasing firm in the nation, controlling only 0.4 percent of the nationwide leasing business. The market for the leasing activities of Applicant and CIT is unconcentrated with an HHI below 50; and there are also numerous existing and potential competitors in the leasing business.

Applicant and CIT both engage in various commercial finance company activities throughout the United States. The geographic market for this activity is regional in scope, and the combined market shares of Applicant and CIT in each of the regions where they both compete is less than 4 percent. Moreover, there are numerous existing and potential competitors in these markets.

Applicant and CIT also both engage in consumer finance activities in numerous markets throughout the United States. The Board has previously determined that the relevant geographic market for consumer finance activities is approximated by the local banking market and the relevant product market is the making of personal cash loans.[7] Consumer finance subsidiaries of Applicant and CIT compete with each other in 83 local banking markets in 31 states. In all but five of these markets, the market share of Applicant and CIT is small and their combined market share would be less than 10 percent.

The five markets in which Applicant's and CIT's combined market share would exceed 10 percent are the metropolitan New York market; Tampa, Florida; Houma, Louisiana; Charleston, South Carolina; and Danville, Virginia, markets. The metropolitan New York market and the Tampa, Florida market are unconcentrated, and CIT's market share in consumer finance activities in each of these two markets is less than one percent. In the other three markets, the combined market share for Applicant and CIT would be 16.5 percent, 18.8 percent, and 12.0 percent, respectively. However, each of these three markets is unconcentrated and would remain unconcentrated after consummation of the proposal, with an HHI below 600 after giving effect to the proposed acquisition in each of these markets. In each of the 83 markets in which Applicant and CIT compete, there are a large number of existing and potential competitors. The Board also notes that in many of these markets the consumer finance activities of CIT primarily involve mobile home and home equity financing, while the consumer finance activities of Applicant involve primarily making personal cash loans.

While Applicant and CIT also both engage in mortgage banking, community development, and credit-related insurance activities, the relevant market shares of Applicant and CIT are not significant. Based upon the foregoing and all of the facts of record, the Board concludes that consummation of the proposal will not have any significant adverse effects on existing or potential competition in any relevant product line or geographic market.

Concentration of Resources. This proposal would result in the affiliation of one of the nation's largest commercial banking organization with one of the nation's larger finance companies. Accordingly, the Board has considered whether the proposal would result in an undue concentration of resources in the financial services industry or in any relevant line of commerce, particularly in the provision of nationwide factoring and consumer finance services. The financial

5. Applicant has financed $800 million of the purchase price in fixed rate debt held by the seller.

6. The Board has previously determined that the factoring market is a nationwide market. *Barclays Bank Limited*, 66 FEDERAL RESERVE BULLETIN 980 (1980).

7. See, e.g., *Norwest Bancorporation*, 68 FEDERAL RESERVE BULLETIN 519, 520 (1982).

services industry in general and each of the product lines in which CIT and Applicant specifically compete are highly competitive. Moreover, the barriers to entry in each of these product lines are not substantial, and there are, as noted above, a large number of potential entrants into each activity. The Board also notes that, while this proposal would result in Applicant becoming one of the larger competitors in several product lines, there will remain numerous other large and capable competitors in each of these product lines, including some of the largest business organizations in the country. Accordingly, based on all the facts of record, the Board believes that the proposed acquisition will not result in an undue concentration of resources.

Permissibility of credit-related property and casualty insurance activities. Applicant seeks authority for CIT to engage in the sale of credit-related property and casualty insurance through CIT's consumer finance subsidiaries. In 1972, the Board determined that the sale by a bank holding company of property and casualty insurance to protect collateral securing an extension of credit by a subsidiary of the bank holding company was closely related to banking and permissible for bank holding companies. 12 CFR §§ 225.25(b)(8) and 225.128. However, the Garn-St Germain Depository Institutions Act of 1982 ("Garn–St Germain Act") provided that the sale of credit-related property and casualty insurance was not closely related to banking except under certain specified circumstances.

Under one of these exceptions, a finance company subsidiary may act as agent or broker for property and casualty insurance directly related to an extension of credit by the finance company of not more than $10,000 ($25,000 for mobile home loans) (12 U.S.C. § 1843(c)(8)(B)). Accordingly, consistent with the Garn–St Germain Act and the Board's Regulation Y, the Board concludes that Applicant may sell credit-related property and casualty insurance at CIT's consumer finance subsidiaries subject to these dollar limitations at any geographic location in the country.

CIT currently provides property and casualty insurance related to extensions of credit in excess of the dollar limits stipulated in the finance company exception. Accordingly, Applicant seeks a Board ruling that CIT's consumer finance offices may continue to sell credit-related property and casualty insurance in reliance on the grandfather rights of Applicant's existing consumer finance subsidiary under another section of the Garn–St Germain Act (12 U.S.C. § 1843(c)(8)(D)).

This exception, codified in section 4(c)(8)(D) of the Bank Holding Company Act, provides an exception to the insurance prohibitions of the Garn–St Germain Act for insurance agency activities engaged in by a bank holding company or any of its subsidiaries on May 1, 1982. Under this exemption, Applicant's consumer finance subsidiary, Manufacturers Hanover Financial Services, Inc. ("MHFS"), may sell credit-related property and casualty insurance at any location in 27 states: the 22 states in which MHFS engages in that activity and was so engaged on May 1, 1982, the grandfather date,[8] as well as in New York, Applicant's home state, and the states adjacent to New York.

It is clear from the terms and legislative history of this exception (section 4(c)(8)(D) of the Act) that, if MHFS were to acquire CIT's consumer finance offices in these 27 states, MHFS would not be prohibited by the Garn–St Germain Act from selling credit-related property and casualty insurance at these offices. The Board does not believe that a different result should pertain where the parent holding company of the grandfathered subsidiary acquires these same offices directly, as is proposed in this case. There is no increase in the number of states in which the grandfathered activity is conducted, nor is the grandfathered activity being extended to a subsidiary engaged in a different activity. Property and casualty insurance will be sold only in connection with extensions of credit by CIT's consumer finance subsidiaries. In this connection, the Board notes that the Conference Report regarding Title VI of the Garn–St Germain Act states that "nothing in this title is intended to prevent the transferring of grandfathered insurance activities of a bank holding company to the parent or any of its subsidiaries if the transferral is brought about for management or efficiency purposes." H. Rep. No. 97–899, 97th Cong., 2d Sess. 91 (1982). Accordingly, the Board concludes that Applicant may engage through CIT's consumer finance subsidiaries in the sale of credit-related property and casualty insurance at any location within the 27 states in which MHFS may engage in that activity.

The Applicant claims that, in addition to these 27 states, CIT may sell credit-related property and casualty insurance in any other of the remaining 23 states under section 4(c)(8)(D) of the BHC Act because a mortgage banking subsidiary of Applicant sold credit-related life insurance throughout the United States on May 1, 1982. CIT currently sells credit-related property and casualty insurance in 15 of these 23 states. Applicant's claim raises several issues concerning the scope of the exemption provided in section 4(c)(8)(D), issues that the Board has specifically requested public comment on in connection with its March 2, 1984

8. These states are Alabama, Arizona, California, Colorado, Florida, Georgia, Indiana, Kansas, Louisiana, Maryland, Mississippi, Missouri, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Washington, and West Virginia.

notice of rulemaking regarding that section. (49 *Federal Register* 9215 (March 12, 1984)). The Board believes it appropriate to defer ruling on Applicant's claim until the conclusion of that rulemaking, and Applicant has agreed to conform its activities to the results of the rulemaking and not to expand CIT's existing credit-related property and casualty activities during the pendency of the rulemaking other than as authorized by this Order. For these same reasons, the Board has determined to consider in the context of the Board's general rulemaking regarding the extent of permissible insurance activities under the Garn–St Germain Act whether Applicant may act as agent for noncredit-related life insurance sold in connection with CIT's tuition budget plan.

Based on all the facts of record, the Board believes that consummation of the proposal would not result in conflicts of interests, unsound banking practices, unfair competition or other adverse effects on the public interest. Applicant has stated that it will provide support, encouragement, and resources to CIT to enable CIT to expand its existing operations and develop new products, including the expansion of CIT's lending products in both commercial and consumer markets, thereby enabling CIT to offer a more complete range of services to its customers. Moreover, Applicant expects that this acquisition will enhance the ability of both Applicant and CIT to compete more aggressively in the consumer finance area as well as in providing credit to small and medium sized businesses. In this regard, Applicant has informed the Board that it intends to reverse the recent withdrawal by CIT from small cash consumer lending and instead, with the assistance of subsidiaries of Applicant that currently conduct an extensive direct cash loan business, expand the direct cash personal loan business of CIT. Applicant also states that, with its support, CIT will expand its other consumer lending products, such as home equity financing, mortgage loans, and other secured and nonsecured credit facilities of CIT, as well as continue to supply credit needs in the larger item sales finance market. This should increase competition and benefit the customers of both Applicant and CIT. In addition, Applicant intends to combine its own expertise and extensive international contacts with the extensive contacts of CIT with domestic manufacturers in order to expand exports of these manufacturers through a CIT export trading company as well as through other facilities of Applicant. Applicant also anticipates that consummation of this proposal will increase operational and management efficiency through the consolidation of operations and support facilities. Accordingly, the Board concludes that the balance of public interest factors that it must consider under section 4(c)(8) of the Act is consistent with approval of this proposal.

The financial and managerial resources of Manufacturers Hanover Corporation are also consistent with approval of the applications under the Edge Act. The Board has also considered the notice of Applicant's proposed investment in CIT International Sales Corporation under section 4(c)(14) of the Bank Holding Company Act. Based on the facts of record, including the capital to assets ratio of the export trading company, the Board has determined that disapproval of the proposed investment is not warranted.

Based on the foregoing and all the facts of record, the Board has determined that these applications should be, and hereby are, approved. These transactions shall not be consummated later than three months after the effective date of this Order unless the period for consummation is extended for good cause by the Board or by the Federal Reserve Bank of New York under delegated authority. This determination is subject to the conditions stated herein as well as all of the conditions set forth in Regulation Y, including sections 225.4(d) and 225.23(b), and to the Board's authority to require such modification or termination of the activities of a 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.

By order of the Board of Governors, effective April 24, 1984.

Voting for this action: Chairman Volcker, and Governors Martin, Wallich, Partee, Rice, and Gramley. Governor Wallich abstained from the insurance portions of this application. Absent and not voting: Governor Teeters.

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

Union Financial Corporation
Manhattan, Kansas

Order Approving Application to Engage in Lending, Loan Servicing, and Insurance Activities

Union Financial Corporation, Manhattan, Kansas, a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. §§ 1841 et seq.), has applied for the Board's approval pursuant to section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.21(a) of the Board's Regulation Y (12 CFR §225.21(a)), to acquire 50 percent of the voting shares of UNIFI, Manhattan, Kansas. The remaining 50 percent of UNIFI would be held by Professional Services, Inc., Manhattan, Kansas ("PSI"). UNIFI proposes to serve the credit needs of medical and other professionals by engaging de novo in the activities of directly extending credit to professionals, billing their accounts and notes, purchasing their notes payable at a discount, collecting accounts and notes that were serviced or held by UNIFI prior to their delinquency, and acting as agent for the sale of credit life, accident and health insurance directly related to UNIFI's extensions of credit.[1] These activities have been determined by the Board to be closely related to banking and permissible for bank holding companies. (12 CFR §§ 225.25(b)(1), (8)(i)).

Notice of the application, affording interested persons an opportunity to submit comments, has been duly published (48 *Federal Register* 56851 (1983)). 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 controls one bank, Union National Bank and Trust Company, Manhattan, Kansas ("Bank"), which holds total deposits of $79.0 million, representing 0.5 percent of the total deposits in commercial banks in the state.[2] Bank operates in the Riley County banking market,[3] where it is the second largest of seven commercial banking organizations, controlling 29.7 percent of the total deposits in commercial banks in the relevant market. Applicant has no nonbanking subsidiaries. PSI, which has total assets of only $11,000 as of August 31, 1983, is currently engaged in loan servicing activities for professionals throughout the United States. Upon consummation of this proposal, PSI would transfer its loan servicing activities to UNIFI.[4]

This proposal involves a de novo acquisition and normally consummation of the transaction would not have any adverse effects upon either existing or potential competition. However, in view of the fact that the proposal involves the use of a joint venture between a bank holding company and a nonbanking company, the Board has analyzed the proposal with respect to its effects on existing and potential competition between Applicant and PSI in the relevant lending, loan servicing, and insurance markets.[5]

1. UNIFI will not sell credit related insurance in connection with loans that it merely services. The sale of such insurance does not appear to be permissible under Title VI of the Garn-St. Germain Act of 1982 (12 U.S.C. § 1843(c)(8)(A)).

2. All banking data are as of June 30, 1983.

3. The Riley County banking market is approximated by Riley County, Kansas.

4. After consummation of the proposal, PSI would have no remaining operating function, except for a contact lens sales and service program that is currently in its developmental stages.

5. The Board has previously expressed concerns regarding the potential for undue concentration of resources or other adverse effects that result through the combination in a joint venture of banking and nonbanking institutions. *Deutsch Bank AG*, 67 FEDERAL RESERVE BULLETIN 449 (1981); *BankAmerica Corporation*, 60 FEDERAL RESERVE BULLETIN 517 (1974).

Applicant engages through Bank in lending and loan servicing activities in the Riley County, Kansas, banking market. PSI is not engaged in lending activities. Although PSI does currently engage in loan servicing, PSI does not service the same base of customers that Bank serves. Furthermore, PSI's nationwide service area is much larger than Bank's limited service area around Manhattan, Kansas. As mentioned above, all of PSI's loan servicing activities would be transferred to UNIFI upon consummation of the proposal. Applicant estimates that less than one percent of UNIFI's business would be originated from Bank's service area in and around Manhattan, Kansas. Accordingly, consummation of this proposal would have no significant effects upon existing competition in any relevant market.

With respect to potential competition, although Applicant and PSI could presumably engage in all of the proposed activities alone (and PSI is, in fact, currently engaged in loan servicing activities) the Board does not consider Applicant to be a likely independent entrant into the specialized field of providing credit and credit services to professionals, given the fact that Applicant does not have a sufficient customer base to justify the cost of independent entry into these activities.[6] The Board does not consider PSI to be a likely independent entrant into the business of providing credit to professionals because of its small size and lack of access to additional capital resources through which it could extend credit. In addition, because barriers to entry into the lending and loan servicing businesses are low, there are numerous potential entrants into the market. The loss of Applicant or PSI as a potential entrant, therefore, would have little effect on potential competition in the market. Accordingly, the Board concludes that consummation of the proposed joint venture would not significantly decrease competition in any market.

Consummation of the proposal may be expected to result in public benefits inasmuch as UNIFI, a de novo corporation, would allow for the continued availability of the services now offered by PSI and would provide an additional and convenient source of credit for professionals. The financial and managerial resources of Applicant, Bank, and UNIFI are considered satisfactory, and there is no evidence in the record to indicate that consummation of the proposal would result in undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices, or other adverse effects on the public interest.

6. See, *Southern Bancorporation, Inc.*, 69 FEDERAL RESERVE BULLETIN 224 (1983); *Florida Coast Banks, Inc.*, 68 FEDERAL RESERVE BULLETIN 781 (1982); and *Svenska Handelsbanken*, 68 FEDERAL RESERVE BULLETIN 788 (1982).

Based on the foregoing and other facts of record, the Board concludes that the balance of the public interest factors it must consider under section 4(c)(8) of the Act favors approval of the application. Accordingly, the Board has determined that the application should be and hereby is approved. This determination is subject to all the conditions set forth in the Board's Regulation Y, including those in sections 225.4(d) and 225.23(b), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with 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 consummated not later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Kansas City, acting pursuant to delegated authority.

By order of the Board of Governors, effective April 23, 1984.

Voting for this action: Vice Chairman Martin and Governors Wallich, Partee, Rice, and Gramley. Governor Wallich abstained from the insurance portion of this application. Absent and not voting: Chairman Volcker and Governor Teeters.

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

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

Allied Bancshares, Inc.
Houston, Texas

Order Approving Acquisition of Bank Holding Companies, Banks and a Company to Engage in Leasing Personal and Real Property

Allied Bancshares, Inc., Allied Fort Worth Bancshares, Inc., and Allied Austin Bancshares, Inc., all of Houston, Texas (together referred to as "Applicant"), bank holding companies within the meaning of the Bank Holding Company Act ("Act") (12 U.S.C. § 1841 et seq.), have applied for the Board's approval under section 3 of the Act to acquire: Texas United Bancorp, Inc., Fort Worth, Texas ("Texas United"), and indirectly, its five subsidiary banks, Northeast National Bank of Fort Worth, Richland Hills, Texas, First State Bank, Bedford, Texas, American National Bank of Dallas, Texas, Northwest Bank, Roanoke, Texas, and Cedar Hill National Bank, Cedar Hill, Texas; NBC Bancshares, Inc., Austin, Texas ("NBC"), and indirectly, its two subsidiary banks, National Bank of Commerce, Austin, Texas, and National Bank of Commerce-South, Austin, Texas; Collin Creek Bank, N.A., Plano, Texas ("Collin"); and Allied Bank North Central, N.A., Dallas, Texas, ("Allied Bank"), a de novo bank.

Applicant has also applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a) of the Board's Regulation Y (12 CFR § 225.23(a)), to establish Allied Bancshares Leasing Company, Houston, Texas ("Allied Leasing"), a de novo company which will engage in leasing real and personal property. This activity has been determined by the Board to be closely related to banking and permissible for bank holding companies (12 CFR § 225.25(b)(5)).

Notice of the applications, affording opportunity for interested persons to submit comments, has been given in accordance with sections 3 and 4 of the Act (48 *Federal Register* 50615 (November 2, 1983)). 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.

Applicant proposes to acquire Texas United and NBC through their merger into Allied Fort Worth Bancshares, Inc., Houston, Texas, and Allied Austin Bancshares, Inc., Austin, Texas, respectively, newly established, wholly owned subsidiaries of Applicant. Both mergers are to be accomplished through an exchange of shares without Applicant assuming or incurring additional debt. Applicant proposes to acquire Collin through a cash purchase of $4.9 million.

Applicant, the seventh largest banking organization in Texas, controls 48 banking subsidiaries with aggregate deposits of $5.3 billion, representing 4.43 percent of the total deposits in commercial banks in Texas.[1] Texas United is the 39th largest banking organization in Texas, controlling aggregate deposits of $198.7 million, representing 0.16 percent of the total deposits in commercial banks in the state. NBC is the 426th largest banking organization in Texas, controlling aggregate deposits of $32.9 million, representing 0.03 percent of the total deposits in commercial banks in Texas. Collin is the 975th largest banking organization in Texas with aggregate deposits of $8.0 million, representing 0.01 percent of the total deposits in commercial banks in Texas.

1. All banking data are as of December 31, 1982.

Upon consummation of the proposed transaction, Applicant will control approximately $5.548 billion in deposits, constituting approximately 4.63 percent of deposits in commercial banks in the state. In view of the small increase in Applicant's share of deposits in commercial banks in the state and the fact the Applicant's rank in the state will remain the same upon consummation of the proposed acquisitions, the Board concludes that the proposed acquisitions would have no adverse effects on the concentration of banking resources in Texas.

Texas United currently operates in both the Dallas, Texas, and Fort Worth, Texas, banking markets.[2] In the Dallas market, Texas United operates two subsidiary banks and ranks 76th of the 133 banking organizations in the market. Its subsidiary banks hold $18.5 million in deposits, which represent 0.07 percent of total deposits in commercial banks in the market. Applicant, the eighth largest banking organization in the Dallas market, operates six subsidiary banks that hold $593.8 million in deposits, representing 2.36 percent of total deposits in commercial banks in the market.

In the Fort Worth banking market, Texas United operates three subsidiary banks, and ranks seventh of the 43 banking organizations in the market. Texas United's subsidiary banks hold $180.1 million in market deposits, representing 2.86 percent of the total deposits in commercial banks in the market. Because Applicant is not currently represented in the Fort Worth banking market, this acquisition would produce no significant adverse effect on existing competition within this market. The Forth Worth banking market is not highly concentrated under the Board's proposed Potential Competition Guidelines, and, accordingly, this acquisition would not result in any significant adverse effects on potential competition in this market.

NBC competes in the Austin, Texas, banking market[3], where it is the 12th largest of 24 banking organizations with 0.98 percent of deposits in commercial banks in the market. Applicant's closest subsidiary is located in a separate banking market 40 miles from Austin. This acquisition would not result in significant adverse effects on potential competition within this market because the Austin market is not highly concentrated under the Board's Guidelines.

Collin competes in the Dallas, Texas, banking market, where it is the 106th largest banking organization with 0.03 percent of deposits in commercial banks in the market. Applicant's closest subsidiary is Allied Lakewood Bank located approximately 16 miles from Collin. Consummation of this proposal and the proposed acquisition of Texas United would increase Applicant's share of the Dallas market to 2.46 percent.

Applicant has also applied for approval to establish Allied Bank , a de novo bank, with an initial capitalization of $1.5 million. The establishment of Allied Bank is procompetitive and should increase competition in the Dallas banking market.

Based on the record as a whole, the Board concludes that the proposed acquisition of Texas United, NBC, Collin and Allied Bank would not have any significantly adverse effects on existing or potential competition, or on the concentration of banking resources in any relevant market.

The financial and managerial resources and future prospects of Applicant and the organizations to be acquired are considered generally satisfactory. Based on all the facts of record, the Board believes that banking factors are consistent with approval of these applications. Considerations relating to the convenience and needs of the community to be served also are consistent with approval.

Applicant proposes to engage through Allied Leasing in the leasing of real and personal property on a full payout basis, and will have its principal place of business and operations in Texas. Other geographic areas to be served include Arkansas, California, Louisiana, Oklahoma and New Mexico. There is no evidence in the record to indicate that approval of this proposal would result in undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices or other adverse effects on the public interest. Accordingly, the Board has determined that the balance of the public interest factors it must consider under section 4(c)(8) of the Act is favorable and consistent with approval of the application.

Based on the foregoing and facts of record, the Board has determined that the applications under sections 3 and 4 of the Act should be and are hereby approved. The acquisition of the bank holding companies and the banks shall not be made before the thirtieth calendar day following the effective date of

2. The Dallas banking market is approximated by Dallas County, the southeast quadrant of Denton County (including Denton and Lewisville), the southwest quadrant of Collin County (including McKinney and Plano), the northern half of Rockwall County, the communities of Forney and Terrell in Kaufman County, Midlothian, Waxahatchie, and Ferris in Ellis County, and Grapevine and Arlington in Tarrant County.

The Fort Worth banking market is approximated by Tarrant County excluding Grapevine and Arlington, the community of Cleburne in Johnson County, the eastern half of Parker County (including Weatherford and Springtown), the communities of Boyd and Rhome in Wise County, and the community of Roanoke in Denton County.

3. The Austin banking market is approximated by the Austin, Texas RMA.

this Order. The acquisition of the bank holding companies and the banks and the acquisition of the leasing subsidiary shall be consummated not later than three months after the effective date of this Order, unless the period is extended for good cause by the Board or by the Federal Reserve Bank of Dallas, pursuant to delegated authority.

The determination as to Applicant's leasing activities are subject to the conditions set forth in Regulation Y, including section 225.4(d) and 225.23(b), and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective April 23, 1984.

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

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

Banks of Mid-America, Inc.
Oklahoma City, Oklahoma

Order Approving Consolidation of Bank Holding Companies and Acquisition of Companies Engaged in Mortgage Lending, Insurance, Leasing, Commercial Lending, Financing, and Securities Brokerage Activities

Banks of Mid-America, Inc., Oklahoma City, Oklahoma, has applied for the Board's approval under section 3 of the Bank Holding Company Act of 1956, as amended ("Act") (12 U.S.C. § 1842), to become the successor through consolidation of Liberty National Corporation, Oklahoma City, Oklahoma ("Liberty"), and First Tulsa Bancorporation, Inc., Tulsa, Oklahoma ("First Tulsa"), both bank holding companies within the meaning of the Act. This proposal would result in the indirect acquisition by Applicant of Liberty National Bank and Trust Company, Oklahoma City, Oklahoma ("Liberty Bank"), and the First National Bank and Trust Company of Tulsa, Tulsa, Oklahoma ("Tulsa Bank"). Applicant would thereby become a bank holding company.

In addition, Applicant 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(a)(2) of the Board's Regulation Y (12 CFR § 225.23(a)(2)) to acquire the following nonbanking subsidiaries of Liberty, all in Oklahoma City: Liberty Financial Corporation, which originates and services mortgages and provides construction financing secured by real estate; Liberty Mortgage Company, which originates and services mortgages, services non-mortgage loans and extensions of credit, and sells credit life insurance directly related to extensions of credit by Liberty and its subsidiaries; Mid-America Leasing Corporation, which leases personal property and equipment; Mid-America Credit Life Assurance Company, which underwrites credit life and credit accident and health insurance directly related to extensions of credit by Liberty and its subsidiaries; and Mid-America Insurance Agency, Inc., which provides insurance agent or broker services for Liberty and its subsidiaries. In addition, Applicant has applied to continue the direct lending activities previously approved by the Board for Liberty.

Applicant also has applied to acquire the following nonbanking subsidiaries of First Tulsa, all in Tulsa: Firstul Leasing and Financial Company, which leases personal property, automobiles, and equipment; Firstul Mortgage Company, which originates and services mortgage loans and provides construction financing; Financial Loan and Investment Company, which engages in consumer finance activities; and Irwin Securities, Inc., which provides securities brokerage services solely on the order and for the account of customers. These activities have been determined by the Board to be closely related to banking (12 CFR § 225.25(a)(1), (5), (8), (9), and (15)).

Notice of these applications, affording opportunity for interested persons to submit comments and views, has been given in accordance with sections 3 and 4 of the Act (48 *Federal Register* 55175 (1983)). The time for filing comments and views 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.

Liberty, the second largest commercial banking organization in Oklahoma, controls one subsidiary bank with total deposits of $1.7 billion, representing 6.8 percent of the total deposits in commercial banks in the state.[1] First Tulsa, the fourth largest commercial banking organization in Oklahoma, controls one subsidiary bank with total deposits of $1.05 billion, representing 4.2 percent of the total deposits in commercial banks in the state. Upon consolidation, Applicant would control 11 percent of total deposits in commer-

1. All banking data are as of December 31, 1982.

cial banks in Oklahoma and would become the largest commercial banking organization in the state.[2]

The Board has carefully considered the effects of the proposal on statewide banking structure and on competition in the relevant markets. This proposal involves the consolidation of two of the largest banking organizations in Oklahoma. In terms of concentration of deposits in commercial banks, however, Oklahoma is and would remain upon consummation of this proposal one of the least concentrated states in the United States. The four largest banking organizations in Oklahoma control 27.3 percent of the total deposits in commercial banks in the state; this figure would increase to only 29.1 percent upon consummation of this transaction. Accordingly, it is the Board's view that the proposed consolidation would not have a significantly adverse effect on the concentration of banking resources in Oklahoma.

Liberty's banking subsidiary operates in the Oklahoma City banking market,[3] while First Tulsa's banking subsidiary operates in the Tulsa banking market.[4] Inasmuch as the banking subsidiaries of Liberty and First Tulsa do not compete in the same banking markets, consummation of the proposal would not eliminate any existing competition.

The Board has considered the effects of this proposal on probable future competition in the Oklahoma City and Tulsa markets and also has examined the proposal in light of the Board's proposed guidelines for assessing the competitive effects of market-extension mergers or acquisitions.[5] In evaluating the effects of a proposed merger or consolidation on probable future competition, the Board considers market concentration, the number of probable future entrants into the market, the size of the bank to be acquired, and the attractiveness of the market for de novo or foothold entry.

Liberty is the second largest commercial banking organization in the Oklahoma City banking market, and its one banking subsidiary controls 19.5 percent of total deposits in commercial banking organizations in the market. The Oklahoma City banking market is not highly concentrated; the three largest commercial banking organizations control only 53.6 percent of total deposits in commercial banks in the market. Moreover, the record indicates a trend toward deconcentration of banking resources in the market. In addition, the Oklahoma City banking market contains 14 savings and loan associations ("thrifts") that control 14.7 percent of total deposits in commercial banks and thrifts in the market.

First Tulsa is the second largest commercial banking organization in the Tulsa banking market, and its one banking subsidiary controls 19.9 percent of total deposits in commercial banks in the market. The Tulsa banking market is not highly concentrated; the three largest commercial banking organizations control only 56 percent of total deposits in commercial banks in the market. Furthermore, the record indicates a trend toward deconcentration of banking resources in the market. In addition, there are 11 thrifts in the Tulsa banking market that control 21.8 percent of total deposits in commercial banks and thrifts in the market.

In its evaluation of the competitive aspects of this case, particularly with respect to potential competition in the relevant markets as well as the state, the Board has considered that there are only a few banking organizations in the state with resources comparable to those of Liberty and First Tulsa so as to make them likely entrants into these markets, the largest—in terms of deposits and business activity—in the state. However, the Board's concern is alleviated by the fact that these markets are not highly concentrated. Therefore, on balance, the Board concludes that consummation of this proposal would not have significant adverse effects on probable future competition in any relevant market.

The Board views with concern any decline in capital resulting from the combination of banking organizations such as would occur in this case. In its evaluation of the banking factors in this case, the Board has taken particular note that, in spite of the decline in capital resulting from the proposal, the pro forma capital position of Banks of Mid-America would nevertheless remain relatively high. The Board also has noted that Applicant would have substantial cash resources that would be maintained as a cushion to meet possible future needs and has relied on certain commitments relative to maintenance of capital ratios, liquidity, and management. Based on these and other facts of record, including the current financial condition of the banks concerned, the Board concludes that the financial and managerial resources and future prospects of Applicant, Liberty Bank, and Tulsa Bank are consistent with approval of these applications. Consider-

2. Oklahoma bank holding company law (Okla. Stat. Ann. tit. 6, § 502(D) (West 1983)) prohibits a bank holding company from acquiring any federally insured financial institution if such acquisition would result in control of more than 11 percent of the total deposits in Oklahoma of all federally insured financial institutions, including savings and loan associations and credit unions. Since Applicant would not control more than 11 percent of the total deposits in the state's federally insured financial institutions, the proposed acquisitions are consistent with Oklahoma law.

3. The Oklahoma City banking market is defined as the Oklahoma City Ranally Metropolitan Area.

4. The Tulsa banking market is defined as the Tulsa Ranally Metropolitan Area.

5. 47 *Federal Register* 9017 (March 3, 1982). Although the proposed policy statement has not been adopted by the Board, the Board is using the policy guidelines in its analysis of the effects of a proposal on probable future competition.

ations relating to the convenience and needs of the communities to be served also are consistent with approval of the applications.

Applicant has also applied, pursuant to section 4(c)(8) of the Act, to acquire the nonbanking subsidiaries of Liberty and First Tulsa, which engage in mortgage lending, leasing, insurance, and securities brokerage activities. In addition, Applicant has applied to continue the direct lending authority previously approved for Liberty. There is no evidence in the record to indicate that approval of this proposal would result in undue concentration of resources, unfair competition, conflicts of interest, unsound banking practices, or other adverse effects.[6] Accordingly, the Board has determined that the balance of the public interest factors it must consider under section 4(c)(8) of the Act is favorable and consistent with approval.

Based on the foregoing and other facts of record, the Board has determined that the applications under sections 3 and 4 of the Act should be and hereby are approved. The acquisition of Liberty Bank and Tulsa Bank shall not be consummated before the thirtieth day following the effective date of this Order. The acquisition of the banks and the nonbanking subsidiaries shall not be consummated later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Kansas City, pursuant to delegated authority. The approval of Applicant's proposal to acquire the nonbanking activities of Liberty and First Tulsa is subject to the conditions set forth in Regulation Y, including sections 225.4(d) and 225.23(b) (12 CFR §§ 225.4(d) and 225.23(b)), and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective April 26, 1984.

Voting for this action: Chairman Volcker and Governors Martin, Partee, Rice, and Gramley. Voting against this action: Governor Wallich. Governor Wallich abstained from the insurance portion of these applications. Absent and not voting: Governor Teeters.

JAMES MCAFEE,
Associate Secretary of the Board

[SEAL]

Dissenting Statement of Governor Wallich

I dissent from the Board's action regarding this application. In my view, one of the most important justifications for combining two relatively large banks should be a combined organization that has a stronger financial condition than either institution standing alone. In the manner structured, the proposal will reduce the existing capital of the two banking organizations. Even though the capital level of the resulting organization exceeds the Board's minimum standards, I believe it is inappropriate to permit this reduction in capital, particularly in view of the fact that both banks recently experienced a sharp downturn in earnings. I would have viewed the transaction favorably had it involved an exchange of common shares or had it been financed so that no net reduction in capital support would have resulted.

For these reasons, I would deny the application.

April 26, 1984

6. Liberty's mortgage banking subsidiaries, Liberty Financial Corporation and Liberty Mortgage Company, derive business from the market served by First Tulsa, and First Tulsa's mortgage company, Firstul Mortgage Company, derives business from the market served by Liberty. Inasmuch as numerous mortgage banking competitors exist in the relevant markets, the Board concludes that consummation of this proposal would have no significant impact on competition among these nonbanking subsidiaries of Liberty and First Tulsa.

Eagle Financial Services, Inc.
Northfield, Illinois

E.F. Wonderlic Companies, Inc.
Northfield Illinois

Order Approving Formation of Bank Holding Companies and Acquisition of Companies Engaged in Consumer and Commercial Lending and Loan Servicing Activities

Eagle Financial Services, Inc., Northfield, Illinois ("Eagle"), has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) ("Act") to become a bank holding company by acquiring 97.4 percent of the voting shares of State Bank of Richmond, Richmond, Illinois ("Bank"). In a related transaction, E.F. Wonderlic Companies, Inc., Northfield, Illinois ("Wonderlic"), a nonoperating corporation, has applied under section 3(a)(1) of the Act to become a bank holding company by acquiring 100 percent of the voting shares of Eagle and, thereby, indirectly to acquire Bank. Together Eagle and Wonderlic are referred to as Applicants.

Wonderlic has also applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) to acquire directly 100 percent of the voting shares of E.F. Wonderlic and Associates, Inc.,

1. Associates, which was incorporated in May 1961, is the successor to a business which began operations in 1938 and which had been engaged in the publication and sale of personnel tests and related materials. Upon consummation of this proposal, Associates will cease engaging in these impermissible nonbanking activities.

Northfield, Illinois ("Associates"), a corporation[1] which owns Eagle Finance Corporation ("Finance"), and Eagle Acceptance Corporation ("Acceptance").[2] Both Finance and Acceptance engage in the activity of making, acquiring and servicing consumer and commercial loans and other extensions of credit. These activities have been determined by the Board to be closely related to banking (12 CFR § 225.25(b)(1)).

Notice of the applications, affording an opportunity for interested persons to submit comments and views, has been given in accordance with sections 3 and 4 of the Act (49 *Federal Register* 4848, 9470) (1984). The time for filing comments and views has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) and the considerations specified in section 4(c)(8) of the Act.

Applicants, which are nonoperating Illinois corporations, were organized for the purpose of becoming bank holding companies by acquiring, directly and indirectly, 97.4 percent of the voting shares of Bank. Upon acquisition of their direct and indirect interests in Bank, Applicants would control a banking organization with approximately $15.3 million in deposits,[3] which is one of the smaller banking organizations in Illinois. Consummation of this proposal would have no significant effects on the concentration of banking resources in Illinois.

The proposed transaction is essentially a corporate reorganization and would not increase the concentration of banking resources in any relevant area. Neither Applicants nor any of their principals is affiliated with any other banking organization in any relevant banking market and, therefore, consummation of the proposal would not result in any adverse effects upon competition in any relevant area.

The financial and managerial resources of Applicants and Bank are generally satisfactory, and the future prospects of each appear favorable. Although Applicants do not anticipate any immediate changes in the services offered by Bank, considerations relating to the convenience and needs of the communities to be served also are consistent with approval of the applications. Further, there is no evidence in the record to indicate that approval of this proposal would result in undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices or other adverse effects on the public interest. Accordingly, the Board has determined that the balance of the public interest factors it must consider under section 4 of the Act is consistent with approval of the application.

Based on the foregoing and other facts of record, the Board has determined that the applications should be, and hereby are, approved.

The acquisition of Bank's shares by Eagle, and of Eagle's shares by Wonderlic, shall not be made before the thirtieth calendar day following the effective date of this Order. All the transactions shall not be consummated later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Chicago, acting pursuant to delegated authority. The determination as to Wonderlic's acquisition of Associates and its nonbank subsidiaries is subject to the conditions set forth in the Board's Regulation Y and the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective April 5, 1984.

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

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

Landmark Banking Corporation of Florida
Fort Lauderdale, Florida

Preferred Equity Investors of Florida, Inc.
Knoxville, Tennessee

Order Approving Acquisition and Merger of Bank Holding Companies and Acquisitions of Companies Engaged in Insurance, Mortgage Banking, Real Estate Appraisals, Data Processing and Electronic Funds Transfer Activities

Landmark Banking Corporation of Florida, Fort Lauderdale, Florida ("Landmark"), a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended ("Act"), has applied for the Board's approval under section 3(a)(5) of the Act (12 U.S.C. § 1842(a)(5)) to merge with Southwest Florida Banks, Inc., Fort Myers, Florida ("Southwest"). Preferred Equity of Investors of Florida, Inc., ("Preferred Equity") Knoxville, Tennessee, a bank holding company within the meaning of the Act by virtue of its ownership of 27.1 percent of Landmark's

2. Finance and Acceptance have 10 offices in Florida and Illinois. Associates also controls E.F. Wonderlic Management Corporation, a subsidiary engaged exclusively in the preparation of payroll services for Associates' subsidiaries. Pursuant to 12 CFR § 225.22(a)(2)(iv), Wonderlic may acquire this servicing subsidiary without obtaining the Board's prior approval.

3. Deposit data are as of December 31, 1983.

voting securities, also has applied pursuant to section 3(a)(3) of the Act, to acquire indirect control of Southwest (together, Preferred Equity and Landmark are referred to as "Applicant").[1]

Applicant also 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(a)(2) of the Board's Regulation Y (12 CFR § 225.23(a)(2)), to acquire Southwest Mortgage Services, Inc., Fort Myers, Florida, a company engaged in mortgage banking activities; Southwest Financial Services, Inc., Fort Myers, Florida, a company engaged in the sale of credit life insurance and real estate appraisal services; and Southwest Data Services, Inc., Fort Myers, Florida, a company that engages in data processing activities. Applicant also has applied to acquire Southwest's interest in the Florida Interchange Group, a company that provides electronic funds transfer services. These activities have been determined by the Board to be closely related to banking and permissible for bank holding companies (12 CFR § 225.23(b)(1), (7), (8), and (13).

Notice of the applications, affording opportunity for interested persons to submit comments, has been given in accordance with sections 3 and 4 of the Act. 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.[2]

Applicant is the tenth largest banking organization in Florida with five subsidiary banks that control aggregate deposits of $1.2 billion,[3] representing 2.5 percent of the total deposits in commercial banks in the state. Southwest is the ninth largest banking organization in the state, with 18 banking subsidiaries that control aggregate deposits of $1.4 billion, representing 2.8 percent of the total deposits in commercial banks in the state. Upon consummation of the proposed acquisition, Applicant's share of the total deposits in commercial banks in the state would increase to 5.3 percent, and Applicant would become the fifth largest commercial banking organization in the state. While this combination of the ninth and tenth largest commercial banking organizations in Florida would have some effect on the concentration of banking resources within the state, the share of commercial bank deposits held by the four largest banking organizations in Florida would remain at 43.7 percent after consummation of the proposed merger. Thus, Florida would remain moderately concentrated in terms of banking resources upon consummation of the proposal. Accordingly, it is the Board's view that consummation of this acquisition would not have any significantly adverse effects on the concentration of commercial banking resources in Florida.

Applicant's subsidiary banks compete directly with Southwest's subsidiary banks in the Tampa and Pinellas County banking markets. In the Tampa banking market, Applicant is the fifth largest commercial banking organization, with deposits of $107 million, representing approximately 4 percent of the total deposits in commercial banks in the market.[4] Southwest is the sixth largest commercial banking organization in the market, with deposits of $102 million, also representing approximately 4 percent of the total deposits in commercial banks in the market. Upon consummation of the proposal, Applicant would remain the fifth largest commercial banking organization in the market and control approximately 8 percent of the total deposits in commercial banks in the market.

While consummation of this proposal would eliminate some existing competition between Applicant and Southwest in the Tampa banking market, this market is not highly concentrated, with the four largest commercial banking organizations in the market controlling 69.4 percent of the deposits in commercial banks in the market. The Herfindahl–Hirschman Index ("HHI") in the market is 1365 and would increase to 1393 upon consummation of the proposal. In addition, numerous other commercial banking organizations would remain as alternatives for banking services in the Tampa banking market after consummation of the proposal. In light of these facts, the Board concludes that the acquisition would not have any significant adverse effect on competition in the Tampa market.

Applicant is the second largest commercial banking organization in the Pinellas County banking market, with deposits of approximately $324 million, representing approximately 9 percent of the total deposits in

1. Preferred Equity has also applied for the Board's prior approval to acquire warrants to purchase 1,425,345 of Southwest's common shares. Upon exercise of the warrants, these shares would represent approximately 15.6 percent of Southwest's outstanding common shares.

2. The Board received comments from four individuals regarding the proposed acquisitions. Two of the comments stated that the terms of Applicant's offer were unfair to minority shareholders and two comments stated that a performance incentive plan approved by Southwest for its management was not in the best interests of its shareholders. In general, the Act does not require the Board to consider the fairness of a stock purchase offers to minority shareholders when it considers a bank holding company application. *Western Bancshares, Inc.* v. *Board of Governors*, 480 F.2d 749 (10th Cir. 1973). In addition, the Board has examined the performance incentive plan for Southwest's management and believes that the plan has no bearing on the proposal by Applicant to acquire Southwest. Accordingly, the Board has determined that the comments do not present substantive issues that, if true, would require denial of the application.

3. Deposit data are as of June 30, 1982.

4. The Tampa banking market is defined as Hillsborough County plus the town of Land O'Lakes in Pasco County, Florida.

commercial banks in the market.[5] Southwest is the 19th largest commercial banking organization in the market, with deposits of $64 million, representing 2 percent of the total deposits in commercial banks in the market. Upon consummation of the proposal, Applicant would remain the second largest commercial banking organization in the market. While consummation of the proposal would eliminate some existing competition between Applicant and Southwest in the Pinellas banking market, this market is unconcentrated and would remain unconcentrated after consummation of the proposal, with the four largest commercial banks controlling only 44.1 percent of the market's deposits. The HHI in the market is 721 and would increase to 750 upon consummation of the proposal. In addition, numerous other commercial banks would remain as alternatives for banking services after consummation of the proposal. Accordingly, the Board concludes that the acquisition would not have any significant adverse effects on competition in the Pinellas County banking market.

The Board has considered the effects of this proposal on probable future competition in the 11 markets in which Applicant and Southwest do not compete directly. The Board also has examined the proposal in light of its proposed guidelines for assessing the competitive effects of market extension mergers and acquisitions.[6] Applicant operates in three banking markets in which Southwest does not operate: South Brevard County, Miami-Fort Lauderdale and Orlando. Because of its size and financial resources and past history of expansion, Southwest appears to be a probable future entrant into these markets. None of these markets are concentrated, however, as measured by the Board's guidelines, and in the Orlando and Miami-Fort Lauderdale markets, Applicant's subsidiaries are not among the market's three largest commercial banking organizations and do not control 10 percent of the market's deposits. Accordingly, consummation of the proposal would not result in a significant elimination of probable future competition in these markets.

Southwest operates in eight markets where Applicant does not operate.[7] Because of its size and financial resources, Applicant is viewed as a probable future entrant into these markets. Four of these markets are not concentrated as measured by the Board guidelines, however. In addition, there are more than six commercial banking organizations that appear to be probable future entrants into the Immokalee banking market. The Naples banking market is unattractive for entry based on the average deposit growth rate for the past two years, and in the Venice and Port Charlotte markets, Southwest's subsidiaries are not among the three largest commercial banking organizations in the market. Accordingly, the Board concludes that consummation of the proposal would not result in any significant adverse effect on probable future competition in any relevant market.

The financial and managerial resources of Applicant, Southwest and their subsidiaries are regarded as generally satisfactory, and their future prospects appear favorable. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval of the application.

Applicant also has applied, pursuant to section 4(c)(8) of the Act, to acquire Southwest Mortgage Services, Inc., Fort Myers, Florida, a company engaged in mortgage banking activities; Southwest Financial Services, Inc., Fort Myers, Florida, a company engaged in the sale of credit life insurance and real estate appraisal services; and Southwest Data Services, Inc., Fort Myers, Florida, a company that engages in data processing activities. Applicant also has applied to acquire Southwest's interest in the Florida Interchange Group, a joint venture that provides electronic funds transfer services for ten Florida banking organizations. Although Applicant engages, through several subsidiaries in the sale of credit related insurance, no adverse competitive effect would result from this acquisition because the activities of Southwest Financial Services, Inc., would be limited to the sale of insurance directly related to extensions of credit made by the subsidiaries of Southwest acquired through this transaction. Although Applicant also engages in mortgage banking and data processing services in the relevant markets served by Southwest, Applicant's market share in these services is not significant and there are numerous other competitors that provide these services. Accordingly, it does not appear that Applicant's acquisition of these subsidiaries would have any significant adverse effect upon existing or potential competition.

Furthermore, there is no evidence in the record to indicate that approval of this proposal would result in undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices or other adverse effects on the public interest. Accordingly, the Board has determined that the balance of the public interest factors it must consider

5. The Pinellas County banking market is defined as Pinellas County, Florida.

6. "Policy Statement of the Board of Governors of the Federal Reserve System for Assessing Competitive Factors Under the Bank Merger Act and the Bank Holding Company Act," 47 *Federal Register* 9017 (March 3, 1982). While the proposed policy statement has not been approved by the Board, the Board is using the policy guidelines as part of its analysis of the effect of a proposal on probable future competition.

7. These markets are: Immokalee, Port Charlotte, Naples, Fort Myers, Sarasota, Venice, New Port Richey, and Bradenton.

under section 4(c)(8) of the Act is favorable and consistent with approval of the applications to acquire these nonbanking subsidiaries.

Based on the foregoing and the facts of record, the Board has determined that the applications under sections 3 and 4 of the Act should be and hereby are approved. The acquisition of Southwest shall not be consummated before the thirtieth calendar day following the effective date of this Order or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Atlanta pursuant to delegated authority. The determinations as to Applicant's nonbanking activities are subject to the conditions set forth in section 225.23(b)(3) of Regulation Y (12 CFR § 225.23(b)(3)) and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective April 9, 1984.

Voting for this action: Chairman Volcker and Governors Martin, Partee, Rice, and Gramley. Governor Gramley abstained from voting on the data processing portion of these applications. Absent and not voting: Governors Wallich and Teeters.

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

Meridian Bancorp, Inc.
Reading, Pennsylvania

Order Conditionally Approving Acquisition of Bank Holding Company and Company Engaged in Insurance Activities

Meridian Bancorp, Inc., Reading, Pennsylvania ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 et seq.), has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire all of the voting shares of First National Bancorp of Allentown, Inc., Allentown, Pennsylvania ("FNBA"), and thereby indirectly to acquire FNBA's subsidiary bank, First National Bank of Allentown, Allentown, Pennsylvania ("Bank").

Applicant has also applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) to acquire Firal Life Insurance Company, Allentown, Pennsylvania ("Firal"), a company engaged in the activity of underwriting, as reinsurer, credit life, accident and health insurance directly related to extensions of credit made by Bank. This activity has been determined by the Board to be closely related to banking and permissible for bank holding companies (12 CFR § 225.25(b)(9)), and this determination has not been affected by the recent amendments to section 4(c)(8) of the Act limiting the permissible insurance activities of bank holding companies.[1]

Notice of the applications, affording opportunity for interested persons to submit comments, has been given in accordance with sections 3 and 4 of the Act (49 *Federal Register* 4986, 7869 (1984)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)) and the considerations specified in section 4(c)(8) of the Act.

Applicant is the fifth largest banking organization in Pennsylvania with two subsidiary banks that control aggregate deposits of approximately $3.1 billion, representing 4 percent of the total deposits in commercial banks in the state.[2] FNBA is the fourteenth largest commercial banking organization in the state, with one banking subsidiary that controls deposits of $988.7 million, representing 1.3 percent of the total deposits in commercial banks in the state. Upon consummation of the proposed acquisition, Applicant's share of the total deposits in commercial banks in Pennsylvania would increase to 5.3 percent, and Applicant would become the fourth largest commercial banking organization in the state. The Board has carefully considered the effects of the proposal on the structure of banking in Pennsylvania and has concluded that consummation of this transaction would not have a significant adverse effect on the concentration of banking resources in the state.

Applicant's subsidiary banks compete directly with FNBA's subsidiary bank in three banking markets: the Allentown-Bethlehem; Philadelphia; and Reading banking markets. Applicant is the tenth largest of 42 commercial banking organizations in the Allentown-Bethlehem banking market,[3] with $72.6 million in deposits, representing 1.9 percent of the total deposits in commercial banks in the market.[4] FNBA is the largest banking organization in the Allentown-Bethlehem banking market, with deposits of $829.6 million,

1. See, Garn-St Germain Depository Institutions Act of 1982, Pub. L. No. 97-320, § 601, 96 Stat. 1469, 1536-38 (1982).
2. State banking data are as of December 31, 1983.
3. The Allentown-Bethlehem banking market is approximated by Lehigh, Carbon, and Northampton Counties, Pennsylvania, and by Warren County, New Jersey.
4. All market data are as of June 30, 1982, and reflect acquisitions as of December 31, 1983.

representing approximately 21.4 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, controlling approximately 23.3 percent of the total deposits in commercial banks in the market.

While consummation of the proposal would eliminate some exisiting competition in the Allentown-Bethlehem banking market, the Board believes that these competitive effects are not significant. Upon consummation of the transaction, the Herfindahl–Hirschman Index ("HHI") would increase by only 81 points to 1173,[5] the share of deposits held by the four largest banking organizations in the market would increase by 1.9 percent to 55.3 percent, and the market would remain moderately concentrated as measured by both these indexes. Moreover, 41 commercial banking alternatives would remain in the market after consummation of the transaction.

Finally, in its evaluation in previous cases of the competitive effects of a proposal, the Board has indicated that thrift institutions have become, or at least have the potential to become, major competitors of commercial banks.[6] On this basis, the Board has accorded substantial weight to the influence of thrift institutions in its evaluation of the competitive effects of a proposal. In this case, the increase in concentration in the Allentown-Bethlehem banking market is further alleviated by the presence of 24 thrift institutions in the market, controlling $1.4 billion in deposits, which represents approximately 26 percent of the total deposits in commercial banks and thrift institutions in the market. The thrift institutions in the market currently offer a full range of consumer services and transaction accounts. Further, under provisions of the Garn–St Germain Depository Institutions Act of 1982, the commercial lending powers of federal thrift institutions have been significantly expanded, and Pennsylvania law extends comparable commercial lending powers to state-chartered thrift institutions.[7] Consequently, the Board has determined that consummation of this proposal would not have a significantly adverse effect on existing competition in the Allentown-Bethlehem banking market.[8]

Applicant is the eighth largest commerical banking organization in the Philadelphia banking market[9] and controls 4.8 percent of the total deposits in commercial banks in the market. FNBA is the 52nd largest banking organization in the relevant banking market, controlling 0.03 percent of the total deposits in commercial banks in the market. The Philadelphia banking market is unconcentrated and would remain so after consummation of the proposal, with a post-merger HHI of 835.5 points. Accordingly, the Board concludes that the acquisition would not have any significant effects on competition in the Philadelphia banking market.

Applicant is the largest of 13 commercial banking organizations in the Reading banking market,[10] with $828.3 million in deposits, representing 40.5 percent of the total deposits in commercial banks in the market. FNBA is the seventh largest commercial banking organization in the Reading market, controlling one branch in the market with $38.6 million in deposits, representing 1.9 percent of the total deposits in commercial banks in the Reading market. FNBA's branch in the Reading market is located in Kutztown, Pennsylvania, where Applicant also has a branch with deposits of $9 million. Upon consummation of this proposal, Applicant would control two of the three banking offices located in Kutztown.

The Board is concerned about the effect of this proposal on the concentration of banking resources in the Reading banking market, particularly because the transaction would result in a single banking organization controlling 42.4 percent of the total deposits in commercial banks in the market. In addition, the Reading banking market is now highly concentrated, with a four-firm concentration ratio of 89.9 percent, which would increase to 91.8 percent, and with an HHI of 2614, which would increase 154 points to 2768 upon consummation of this proposal.[11] In view of the above, the Board concludes that consummation of the proposal would eliminate a substantial amount of existing competition in the Reading banking market.

5. Under the United States Justice Department Merger Guidelines (June 14, 1982), a market in which the post-merger HHI is between 1000 and 1800 is considered moderately concentrated. In such markets, the Department is not likely to challenge a merger such as this proposal that produces an increase in the HHI of less than 100 points.

6. *Comerica Inc.* (Bank of the Commonwealth), 69 FEDERAL RESERVE BULLETIN 797 (1983); *General Bancshares Corporation*, 69 FEDERAL RESERVE BULLETIN 802 (1983); *First Tennessee National Corporation*, 69 FEDERAL RESERVE BULLETIN 298 (1983).

7. 7 PA. Stat. Ann. §§ 506(a)(iv), 6020–101(a)(22) (Supp. 1982–1983).

8. If the deposits of the thrift institutions were taken into account in computing market shares, Applicant's market share would be 1.4 percent, FNBA's market share would be 15.8 percent, and the HHI would be 670. Upon consummation of the proposal, Applicant's market share would increase to 17.2 percent, and the HHI would increase only 44 points to 714.

9. The Philadelphia banking market is approximated by Philadelphia, Montgomery, Bucks, Chester and Delaware Counties, all in Pennsylvania, and by Camden, Burlington, and Gloucester Counties, all in New Jersey.

10. The Reading banking market is approximated by Berks County, Pennsylvania.

11. Under the Justice Department's Merger Guidelines, a market in which the post-merger HHI is above 1800 is considered highly concentrated. In such markets, the Department is likely to challenge a merger that produces an increase in the HHI of 100 points or more, as in this case. The Justice Department has also indicated that it is likely to challenge the merger of any firm with at least one percent of the market with a leading firm that controls at least 35 percent of the market and whose market share is approximately twice as large as that of the second largest firm in the market, as in this case.

The Board believes in this instance that the anticompetitive effects of the transaction are not significantly mitigated by the presence of thrift institutions in the Reading banking market. Seven thrift institutions operate in the market, and they control 22.5 percent of the total deposits in the market. The record indicates that only two of the thrift institutions currently are engaged actively in commercial lending. Moreover, even if 100 percent of the deposits of the thrift institutions were included in the commercial banking product market, the Board believes that the market share involved and the resulting concentration in the market would be so substantial as to warrant denial of the application. Applicant would remain the largest institution in the market with a market share of 31.3 percent; FNBA's would be 1.5 percent; and, upon consummation of the proposal, Applicant would control 32.8 percent of the total deposits in commercial banks and thrift institutions in the market. Furthermore, the share of deposits held by the four largest financial institutions in the market would increase from 74.0 percent to 75.5 percent, and the HHI would increase 94 points to 1789. Although the market would be only moderately concentrated using the HHI Index and would remain so upon consummation of the proposal, the transaction barely falls below the level which would be subject to challenge under the Department of Justice Merger Guidelines.

As indicated above, only one of FNBA's 29 branches is located in the Reading banking market. This branch holds $38.6 million in deposits, representing only a small part of the total transaction (approximately 1 percent of the deposits of Applicant and FNBA combined). If FNBA were to divest this branch prior to consummation of this proposal, no existing competition would be eliminated in the Reading banking market and, based upon the Board's finding of no significant adverse competitive impact on any other relevant market, the Board would approve the application. Accordingly, the Board has determined to approve the application on the condition that FNBA divest its branch in the Reading market prior to consummation of the proposal.

The Board has considered the effects of this proposal on probable future competition in the three markets in which Applicant and FNBA do not compete directly and in the Reading banking market, since the Board's approval of this proposal would be conditioned upon the divestiture of FNBA's only branch in the Reading banking market prior to consummation of the proposal. The Board has also examined this proposal in the context of its proposed guidelines for assessing the competitive effects of market extension mergers and acquisitions. Because there are numerous potential entrants into each of these markets, the Board concludes that consummation of this proposal would not have any significant adverse effects on probable future competition in any relevant area.

The financial and managerial resources of Applicant, FNBA and their subsidiaries are regarded as generally satisfactory, and their prospects appear favorable. Thus, banking factors are consistent with approval of the application. The record of this application indicates that Applicant would expand FNBA's automatic teller system and expand or improve FNBA's consumer, student and mortgage lending activity, as well as other bank services, such as cash management, personal trust and electronic funds transfer. In addition, it appears that Applicant may provide Bank's customers with new discount brokerage, mortgage banking, and personal asset management services. In the Board's view, these considerations do not outweigh the substantially adverse competitive effects that would occur as a result of this proposal, absent a divestiture of FNBA's branch in the Reading banking market prior to consummation of the transaction.

Applicant has also applied, pursuant to section 4(c)(8) of the Act, to acquire Firal, a wholly owned subsidiary of FNBA, which underwrites, as reinsurer, credit life, accident and health insurance directly related to extensions of credit made by Bank. Although Applicant also has a nonbanking subsidiary engaged in the reinsurance of credit life, accident and health insurance, it appears from the facts of record that no adverse competitive effects would result from this acquisition. Accordingly, it does not appear that Applicant's acquisition of Firal would have any significant adverse effect upon existing or potential competition.

Furthermore, there is no evidence in the record to indicate that approval of this proposal would result in undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices or other adverse effects on the public interest. Accordingly, the Board has determined that the balance of the public interest factors it must consider under section 4(c)(8) of the Act is favorable and consistent with approval of the application to acquire Firal.

Based on the foregoing and other facts of record, the Board has determined that the applications under sections 3(a)(3) and 4(c)(8) of the Act should be, and hereby are, approved, subject to the condition that FNBA divest its branch in the Reading banking market on or before the date of its acquisition by Applicant.[12]

12. The Board's policy with regard to competitive divestitures requires that divestitures intended to cure the anticompetitive effects resulting from a merger or acquisition occur on or before the date of consummation of the merger to avoid the existence of anticompetitive effects. See *Barnett Banks of Florida, Inc.*, 68 Federal Reserve Bulletin 190 (1982); *InterFirst Corporation*, 68 Federal Reserve Bulletin 243 (1982).

Applicant's acquisition of FNBA's bank subsidiary shall not be made before the thirtieth calendar day following the effective date of this Order, and neither the acquisition of the banking nor nonbanking subsidiary shall occur later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Philadelphia, acting pursuant to delegated authority. The determinations as to Applicant's nonbanking activities are subject to the conditions set forth in the Board's Regulation Y and the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective April 16, 1984.

Voting for this action: Governors Martin, Wallich, Partee, Rice, and Gramley. Governor Wallich abstained from the insurance portion of these applications. Present and not voting: Chairman Volcker. Absent and not voting: Governor Teeters.

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

Nevada First Development Corporation
Reno, Nevada

Order Approving Formation of a Bank Holding Company and Retention of Nonbanking Subsidiaries

Nevada First Development Corporation, Reno, Nevada, 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 through the acquisition of Nevada First Bank, Reno, Nevada ("Bank"), a proposed new bank.

Applicant has also applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b) of the Board's Regulation Y (12 CFR § 225.4(b)) to retain the following nonbanking subsidiaries: (1) Silver State Thrift and Loan Association, Reno, Nevada ("SST"), which makes loans for its own account, operates as a thrift company (an entity similar to an industrial loan company) in the manner authorized by Nevada law, performs the escrow agent activities that may be performed by a trust company, and acts as insurance agent for the sale and issuance of credit life and credit health and accident insurance directly related to extensions of credit;[1] (2) Nevada First Thrift, Reno, Nevada ("NFT"), which engages in the same activities performed by SST and, in addition, leases personal property where the lease is equivalent to an extension of credit and performs appraisals of real estate in support of credit requests;[2] and (3) Lori Insurance Company, Ltd., Grand Turk, Turks & Caicos Islands ("LIC"), which reinsures credit life and credit health and accident insurance.[3] These activities have been determined by the Board to be closely related to banking and permissible for bank holding companies (12 CFR § 225.25(b)(1), (2), (3), (5), (8), (9), and (13)). Neither SST nor NFT offers transaction accounts.

Notice of the applications, affording opportunity for interested persons to submit comments and views, has been given in accordance with sections 3 and 4 of the Act (49 *Federal Register* 935 (1984)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the Act and the considerations specified in section 4(c)(8) of the Act.

Applicant, a development corporation under Nevada law, has applied to acquire Bank, a de novo institution. Applicant is the parent company of NFT, SST, and LIC, and currently has no banking subsidiaries.

Bank would be located in the metropolitan Reno banking market.[4] Since Bank would be a de novo commercial bank, consummation of the proposal can be expected to result in increased competition in this market. Since neither Applicant nor any of its principals has an ownership interest in any other banking organization in the market, consummation of the proposal would not result in any adverse effects on competition or increase the concentration of banking resources. Accordingly, the Board concludes that competitive considerations lend weight toward approval of the application to acquire Bank.

1. SST also currently sells property insurance to its loan customers to protect collateral in the form of personal property. This activity is prohibited to bank holding companies under Title VI of the Garn–St Germain Depository Institutions Act of 1982, and Applicant has committed to discontinue sale of this type of insurance within two years of approval of its application in accordance with section 4(a)(2) of the Act.

2. NFT also sells property insurance to its loan customers to protect collateral in the form of personal property and acts as agent for the sale of term life insurance that is unrelated to extensions of credit by NFT. Applicant has committed to discontinue NFT's impermissible insurance activities within two years of approval of this application.

3. Applicant has committed that LIC will only reinsure credit insurance policies related to extensions of credit by NFT, SST, and Bank. Applicant has also committed immediately to begin efforts to divest LIC and to divest LIC, at the latest, within two years of approval of this application.

4. The metropolitan Reno banking market is approximated by the Reno Ranally Metropolitan Area.

The financial and managerial resources of Applicant and its subsidiaries are regarded as generally satisfactory, and their prospects appear favorable. Thus, banking factors are consistent with approval of the applications. Considerations relating to the convenience and needs of the community to be served also are consistent with approval.

Under Nevada law, NFT and SST are prohibited from accepting demand deposits or offering transaction accounts. Accordingly, these institutions are not "banks" within the meaning of the Act. In recent cases involving the acquisition of industrial loan companies similar to the thrift companies in this proposal, however, the Board has imposed as a condition of approval the requirement that the applicant not use sweep accounts or tandem operations between the industrial loan company and any other subsidiary or other financial institution as a means of offering as a package the demand deposit and commercial lending services that define a bank under the Act. The Board has imposed this condition in order to ensure that industrial loan companies and similar institutions are not used as a device to evade the Act, and the Board believes that it is appropriate to impose this condition in approving this application. Accordingly, the Board's approval of this proposal is subject to the condition that Bank not engage in any tandem operations or sweep arrangements with NFT or SST that would result in the offering of the demand deposit and commercial lending services that define a bank under the Act.

Under Nevada law, Applicant, as a development corporation, and NFT and SST, as thrift companies, are authorized to engage in real estate development and investment activities broader than those permitted for a bank holding company and its subsidiaries under the Act. Neither Applicant nor its subsidiaries currently engage in real estate development activities. Applicant has committed that it will not engage in real estate development activities and that neither NFT nor SST will engage in any real estate activities impermissible for the subsidiaries of a bank holding company under the Act.

There is no evidence in the record to indicate that Applicant's proposal to retain NFT, SST, and LIC would result in any undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices, or other adverse effects on the public interest. Accordingly, the Board has determined that the balance of the public interest factors that it must consider under section 4(c)(8) is favorable and consistent with approval of the applications.

Based on the foregoing, including the commitments made by Applicant, the Board has determined that consummation of the proposal would be in the public interest and that the applications should be approved. On the basis of the record, the applications are approved. This determination is subject to the conditions set forth in this Order and in section 225.4(c) of Regulation Y, and the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

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

By order of the Board of Governors, effective April 18, 1984.

Voting for this action: Vice Chairman Martin and Governors Wallich, Partee, Rice, and Gramley. Governor Wallich abstained from the insurance portion of these applications. Absent and not voting: Chairman Volcker and Governor Teeters.

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

Orders Issued Under Bank Services Corporation Act

Norwest Corporation
Minneapolis, Minnesota

Order Approving Applications to Acquire a Bank Holding Company and to Engage in General Insurance Agency Activities and the Underwriting of Credit Life and Credit Accident and Health Insurance

Norwest Corporation, Minneapolis, Minnesota, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 et seq.) ("BHC Act"), has applied under section 3(a)(5) of the Act (12 U.S.C. § 1842(a)(5)) to acquire Bankshares of Nebraska, Inc., Grand Island, Nebraska ("BON"), also a bank holding company and thereby to acquire indirectly BON's subsidiary bank, The First National Bank of Grand Island ("Bank"). In addition, Norwest 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 CFR

225.23(a)(2)), (49 *Federal Register* 974 (1984)) for the Board's approval to acquire BON's nonbanking subsidiaries: Bankshares of Nebraska Life Insurance Company, Phoenix, Arizona ("Bankshares Life") which engages in underwriting and reinsuring credit life and credit accident and health insurance directly related to extensions of credit by BON's subsidiaries; and the insurance agency and leasing activities conducted by BON directly.

Notice of the applications, affording interested persons an opportunity to submit comments, has been given in accordance with sections 3 and 4 of the Act. (49 *Federal Register* 4149 (1984)). The time for filing comments has expired and the Board has considered these applications and all comments received in light of the factors specified in section 3(c) and the considerations set forth in section 4(c)(8) of the Act.

Norwest, with total consolidated assets of $19.9 billion,[1] controls 86 banks in seven states, including Iowa, Minnesota, Montana, Nebraska, North Dakota, South Dakota and Wisconsin. Norwest, the largest banking organization in Nebraska, controls five subsidiary banks in Nebraska with deposits of $907 million, representing 7.83 percent of total deposits in commercial banks in the state.[2] BON, with deposits of $122.6 million, controls approximately 1.1 percent of the total deposits in commercial banks in Nebraska.[3] Upon consummation of the proposed acquisition, Norwest would remain the largest bank holding company in Nebraska with approximately 8.9 percent of the total deposits in commercial banks in the state.

Although Norwest is an out-of-state bank holding company for purposes of the BHC Act, Nebraska has specifically authorized this interstate acquisition by statute as required by section 3(d) of the Act (12 U.S.C. 1842(d)). Section 8–903 of the Revised Statutes of Nebraska authorizes any out-of-state bank holding company that controlled two or more banks in Nebraska on March 12, 1963, to acquire additional banks in Nebraska provided only that the out-of-state company may not control more than nine banks or 9 percent of the total deposits in commercial banks and savings and loan associations in the state.[4] If the deposits of savings and loan associations are included, Norwest controlled approximately 6.43 percent of the total deposits in Nebraska thrifts and commercial banks as of December 31, 1983.

BON is the largest of the five commercial banks in the Grand Island banking market,[5] controlling 38.2 percent of total deposits of commercial banks in the market. Norwest does not compete in the Grand Island banking market. Accordingly, the proposal would not result in the elimination of any existing competition in this market.

The Board also has considered the effects of Norwest's proposal on probable future competition in the Grand Island market in light of its proposed guidelines for determining whether an intensive examination of a proposed market extension merger or acquisition is warranted.[6] The proposal does not trigger an intensive analysis under the Board's proposed guidelines because the market is not highly concentrated. Accordingly, consummation of this proposal would have no significant effect on probable future competition in the Grand Island banking market.

The financial and managerial resources of Norwest are considered to be consistent with approval of these proposals. The financial and managerial resources of BON will be improved as a result of its acquisition by Norwest. The future prospects of Bank are favorable. Considerations relating to convenience and needs of the communities to be served, including considerations under the Community Reinvestment Act, also are consistent with approval.

Norwest will indirectly acquire two of BON's industrial bank subsidiaries located in Nebraska.[7] These subsidiaries will be merged into Bank prior to consummation of the proposed transaction.

Norwest proposes to acquire Bankshares Life, a company engaged in reinsurance and underwriting of credit life and credit accident and health insurance directly related to extensions of credit by BON's subsidiaries. These insurance underwriting activities have been determined by the Board to be closely related to banking (12 CFR 225.25(b)(9)).

Norwest also proposes to engage in general insurance agency activities in Nebraska through acquisition of the insurance agency operated directly by BON. Title VI of the Garn–St Germain Act of 1982 amended

1. All banking data are as of December 31, 1983, unless otherwise indicated.

2. The data involving the percentage of total deposits in commercial banks in Nebraska are as of June 30, 1983.

3. These figures include the deposits of BON's two industrial bank subsidiaries that will be merged into Bank, but they exclude the deposits of BON's industrial bank in Hastings, Nebraska, which will be divested prior to consummation of this proposed acquisition.

4. A similar Iowa statute was found to be constitutional as a legitimate grandfathering of existing companies operating in Iowa, despite the fact that Norwest was the only out-of-state company to qualify.

5. The Grand Island banking market is defined as Hall County, Nebraska.

6. "Proposed Policy Statement of the Board of Governors of the Federal Reserve System for Assessing Competitive Factors Under the Bank Merger Act and the Bank Holding Company Act," 47 *Federal Register* 9017 (March 3, 1982).

7. A third industrial bank subsidiary of BON located in Hastings, Nebraska, will be divested prior to consummation of this proposed acquisition.

section 4(c)(8) of the BHC Act to provide that insurance agency activities are not "closely related to banking" and thus are not permissible activities for bank holding companies, unless the activities are included within one of seven specific exemptions (A through G) contained in section 4(c)(8). Norwest claims it is authorized to engage in general insurance agency activities under exemption G which permits those bank holding companies that received Board approval prior to 1971 to engage in insurance agency activities to continue to engage in such activities. Unless Norwest's proposal qualifies under this exemption or some other exemption in section 4(c)(8), the operation of a general insurance agency is not presently a permissible activity for bank holding companies.

Norwest has been engaged in general insurance agency operations since 1929. In 1959, Norwest received approval from the Board under the provisions of the Bank Holding Company Act of 1956 to retain eight insurance agencies which Norwest had organized into two subsidiaries.[8] Both of these subsidiaries engaged in general insurance agency activities, and Norwest has been engaged in general insurance agency activities on a continuous basis since receiving Board approval in 1959. Norwest is one of 16 active companies that qualify for exemption G.

In a previous Order the Board interpreted exemption G to permit a qualifying bank holding company to engage in insurance agency activities without limiting those activities to the locations where the company did business prior to 1971.[9] The issue raised by this application is whether the bank holding companies that received Board approval to engage in general insurance agency activities before the effective date of 1970 amendments to the BHC Act may act as agent in the sale of types of insurance that those companies may not have actually offered prior to 1971. Norwest asserts that its approval by the Board to retain a general insurance agency in 1959 permits it to operate a general insurance agency offering any type of insurance in Nebraska without regard to whether it will sell only those types of insurance it may have sold prior to 1971.

The Board, in approving the application of Norwest to engage in such general insurance agency activities prior to 1971, did not attempt to limit or restrict the types of insurance that Norwest could sell. By this application, therefore, Norwest is seeking only to engage in the same type of general insurance agency activities that it was engaged in prior to 1971. The fact that it may offer a new insurance product is irrelevant since it received approval in 1959 to sell *any* type of insurance and the sale of new types of insurance, if any are contemplated through BON, is within the scope of Norwest's original 1959 authorization. Accordingly, for those companies that engaged in general insurance agency activities pursuant to Board approval prior to 1971, the continued operation of general insurance agencies, without restriction as to type of insurance sold, is permissible under exemption G of section 4(c)(8) of the BHC Act.

Norwest's finance company subsidiary, Norwest Financial Services, Inc., Des Moines, Iowa ("NFS"), operates an office in Grand Island, Nebraska, and it competes in the areas of consumer and commercial lending with Bank. NFS began to expand its small business lending activity in mid-1982 upon its acquisition by Norwest,[10] and does not have a significant market share. Moreover, there are many competing financial institutions offering these commercial lending services. Accordingly, there will be no significant elimination of competition in the area of commercial lending.

The relevant market for consumer lending is considered to be Hall County. Although this proposal will result in elimination of a consumer lending competitor, there remain 20 alternative sources of consumer loans. Moreover, Bank's share of the consumer loan market is approximately 3 percent, and the competitive effect of this acquisition on consumer financial services in the Grand Island market is not substantially adverse.

There is evidence in the record indicating that consummation of Norwest's proposal would not result in any undue concentration of resources, conflicts of interests, unsound banking practices, or other adverse effects. Moreover, the Board also has determined that the balance of the public interest factors the Board is required to consider under section 4(c)(8) of the Act is favorable. Norwest will provide a source for insurance that will be particularly convenient for its customers. It has indicated that it will act affirmatively to ensure compliance with all laws and regulations prohibiting tie-ins. It will engage in underwriting and reinsurance activities at rates below the maximum authorized rates.

Based on the foregoing and other facts of record, the Board has determined that the applications under sections 3 and 4 of the Act should be approved. The acquisition of BON's banking subsidiary pursuant to section 3 of the Act shall not be consummated before the thirtieth calendar day following the effective date of this Order. The acquisition of BON's banking and nonbanking subsidiaries shall not be consummated

8. 45 Federal Reserve Bulletin 963 (1959).
9. See *Norwest Corporation*, 70 Federal Reserve Bulletin 235 (1984).
10. 68 Federal Reserve Bulletin 519 (1982).

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 Minneapolis, pursuant to delegated authority. The approval of Norwest's proposal to acquire BON's nonbanking subsidiaries and activities is subject to the conditions set forth in section 225.23(b) of Regulation Y (12 CFR § 225.23(b)) and to the Board's authority to require modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective April 24, 1984.

Voting for this action: Vice Chairman Martin and Governors Wallich, Partee, Rice, and Gramley. Governor Wallich abstained from the insurance portion of these applications. Absent and not voting: Chairman Volcker and Governor Teeters.

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

Orders Issued Under Bank Merger Act

St. Ansgar State Bank
St. Ansgar, Iowa

Order Approving Merger of Banks

St. Ansgar State Bank, St. Ansgar, Iowa, has applied for approval under the Bank Merger Act (12 U.S.C. § 1828(c)) ("Act") to merge with Stacyville Savings Bank, Stacyville, Iowa ("Bank"). The surviving bank will operate under the charter and name of St. Ansgar State Bank.

Notice of the proposed merger has been given in accordance with the Bank Merger Act and the Board's Rules of Procedure (12 CFR § 262.3(b)). As required by the Bank Merger Act, reports on competitive factors have been requested from the Attorney General, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation. The time for filing comments and views has expired, and the application and all comments received have been considered in light of the factors set forth in the Act.

Applicant, a state-chartered bank, controls deposits of $37 million[1] and is among Iowa's smaller banking organizations with 0.17 percent of total deposits in commercial banks in the state. Bank is also one of the state's smallest banking organizations, controlling $9 million in deposits. Upon consummation of the proposed merger, Applicant's share of statewide deposits would increase by approximately 0.04 percent. Consummation of the proposal thus would have no appreciable effect on the concentration of banking resources in Iowa.

Applicant and Bank compete in the Mitchell County banking market.[2] Applicant is the second largest of six banks in the market, controlling 26.3 percent of total deposits in commercial banks in the market. Bank is the fifth largest bank in the market, with 6.7 percent of total deposits in commercial banks in the market. Upon consummation of this proposal, Applicant would become the largest commercial bank in the market and would control 33.0 percent of market deposits. The Mitchell County banking market is highly concentrated, with a four-firm concentration ratio of 90.5 percent and a Herfindahl–Hirschman Index ("HHI") of 2229. Upon consummation of the proposed transaction, the four-firm concentration ratio would increase to 97.2 percent and the HHI would increase by 362 points to 2591.

Although consummation of this proposal would result in the elimination of existing competition, several factors mitigate the competitive effects of the proposal. The Board has considered the fact that Mitchell County[3] is a sparsely populated area that has experienced a significant decline in population.[4] In addition, Mitchell County has a lower population-per-bank ratio than its neighboring counties or the statewide average. Mitchell County also has fewer residents per bank office than the state average and fewer residents per bank office than all but one of its neighboring counties.[5]

The Board also has considered the fact that Bank, with total deposits of only $9.3 million, is among the

1. Unless otherwise noted, market and deposit data are as of June 30, 1983.

2. The Mitchell County banking market is approximated by all of Mitchell County, Iowa, and Oak Dale, Chester, Jamestown, and Sarasota townships in Howard County, Iowa. Applicant contends that a more appropriate definition of the market would be an area encompassed within a 20 mile radius of St. Ansgar, Iowa, and Stacyville, Iowa. Upon a review of the data provided by Applicant, the Board continues to believe that the Mitchell County banking market as defined above remains the relevant market for Applicant's and Bank's services.

3. Mitchell County, Iowa, is used as an approximation of the Mitchell County banking market in view of the ready availability of relevant data at the county level.

4. 1980 census data indicates that Mitchell County's population has declined by 5.9 percent since 1970. Only five of Iowa's ninety-nine counties experienced a more significant decline in population.

5. Bureau of the Census, *1980 Census of Population and Housing, Final Counts* (March 1981). Federal Deposit Insurance Corporation, *Bank and Branches Data Book* (June 30, 1982).

smallest depository institutions in the state and in the Mitchell County banking market. Moreover, Bank has experienced a very low rate of growth since its establishment in 1911. In addition, the record indicates that Bank's share of deposits in the Mitchell County banking market has slowly declined from 8.6 percent in 1973 to 7.5 percent in 1978, and again to 6.7 percent in 1983.[6] Comparative data regarding Bank's mix of products and services likewise indicates that Bank has not been an active competitive factor in the market.

Consequently, the Board has determined that, in view of all of the facts of record and in the particular context of a declining market containing a relatively large number of banks, and the proposed merger of a very small, relatively noncompetitive organization, consummation of this proposal would not have a significant adverse effect on existing competition in the Mitchell County banking market. Thus, competitive effects are consistent with approval.

The financial and managerial resources of Applicant and Bank are regarded as generally satisfactory and their prospects appear favorable. Accordingly, considerations relating to banking factors are consistent with approval.

The proposed transaction would enhance the quantity and quality of services offered by Bank. Bank's weekly hours of operation would increase by 72 percent. Customers of Bank also would benefit from the addition of new or enhanced services, including the offering of Individual Retirement Accounts as well as expanded credit programs and financial services especially developed for local agricultural and commercial operations. Thus, considerations relating to convenience and needs of the community to be served are consistent with approval and outweigh any adverse effects of the transaction.

Based on the foregoing and all the facts of record, it is the Board's judgment that consummation of the transaction would be consistent with the public interest. On the basis of the record and for the reasons summarized above, the Board has determined that the application should be, and hereby is, approved. The transaction shall not be consummated before the thirtieth day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Chicago, pursuant to delegated authority.

By order of the Board of Governors, effective April 12, 1984.

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

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

6. In the last two years alone, Bank's share of market deposits fell by 0.7 percent—10 percent of Bank's total market share.

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT BY THE BOARD OF GOVERNORS

During April 1984 the Board of Governors approved the applications listed below. Copies are available upon request to Publications Services, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551

Section 3

Applicant	Bank	Board action (effective date) date)
Charter 95 Corporation, Hudson, Wisconsin	Hammond State Bank, Hammond, Wisconsin	April 27, 1984
McKenzie County Bancorp, Watford City, North Dakota	The McKenzie County National Bank, Watford City, North Dakota	April 10, 1984
Paducah Bank Shares, Inc., Paducah, Kentucky	The Paducah Bank & Trust Company, Paducah, Kentucky	April 6, 1984
Salem Capital Corporation, Elkhart, Indiana	Salem Financial Corporation, Goshen, Indiana	April 5, 1984

By Federal Reserve Banks

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

Section 3

Applicant	Bank(s)	Reserve Bank	Effective date
Acorn Bankshares, Inc., Bloomingdale, Illinois	Bloomingdale State Bank, Bloomingdale, Illinois	Chicago	March 23, 1984
Banner County Bancorp, Harrisburg, Nebraska	Banner County Bank, Harrisburg, Nebraska	Kansas City	March 19, 1984
Battle Lake Bancshares, Inc., Battle Lake, Minnesota	The First National Bank of Battle Lake, Battle Lake, Minnesota	Minneapolis	March 23, 1984
Baxley State Banking Company, Baxley, Georgia	Baxley State Bank, Baxley, Georgia	Atlanta	March 30, 1984
Bippus State Corporation, Bippus, Indiana	The Bippus State Bank, Bippus, Indiana	Chicago	March 20, 1984
Blountsville Bancshares, Inc., Blountsville, Alabama	The Bank of Blountsville, Blountsville, Alabama	Atlanta	April 5, 1984
BNB Bancorp, Burbank, California	Burbank National Bank, Burbank, California	San Francisco	March 21, 1984
Brownsville Bancshares Corporation, Brownsville, Tennessee	Brownsville Bank, Brownsville, Tennessee	St. Louis	April 5, 1984
CSB Bancorp, Petersburg, Indiana	The Citizens State Bank of Petersburg, Petersburg, Indiana	St. Louis	April 9, 1984
Central Financial Group, Inc., Monticello, Illinois	National Bank of Monticello, Monticello, Illinois De Land State Bank, De Land, Illinois	Chicago	April 5, 1984
Central Louisiana Capital Corporation, Ferriday, Louisiana	Louisiana Central Bank, Ferriday, Louisiana	Dallas	April 9, 1984
Churubusco Bancorp, Churubusco, Indiana	Churubusco State Bank, Churubusco, Indiana	Chicago	April 5, 1984
Chester State Bancshares, Inc., Chester, Texas	First State Bank, Colmesneil, Texas	Dallas	April 11, 1984
Childersburg Bancorporation, Inc., Childersburg, Alabama	First Bank of Childersburg, Childersburg, Alabama	Atlanta	March 19, 1984
Citizens and Southern Georgia Corporation, Atlanta, Georgia	FSB Bancorp, Inc., Peachtree City, Georgia	Atlanta	March 27, 1984
Citizens Guaranty Bancshares, Inc., Irvine, Kentucky	Citizens Guaranty Bank, Irvine, Kentucky	Cleveland	April 11, 1984
Citizens Security Bancshares, Inc., Bixby, Oklahoma	Citizens Security Bank and Trust Company, Bixby, Oklahoma	Kansas City	April 11, 1984

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Collier Bancshares Holding Company, Inc., McAllen, Texas Lower Rio Grande Valley Bancshares, Inc., La Feria, Texas	City National Bank, Weslaco, Texas	Dallas	March 20, 1984
Colony Bankcorp, Inc., Fitzgerald, Georgia	Pitts Banking Company, Pitts, Georgia	Atlanta	March 23, 1984
Commercial Bancshares, Inc., Jersey City, New Jersey	The Wood Ridge National Bank, Wood Ridge, New Jersey	New York	April 19, 1984
Commercial Landmark Corporation, Muskogee, Oklahoma	Commercial Bancshares, Inc., Tulsa, Oklahoma	Kansas City	April 6, 1984
Crystal Valley Financial Corporation, Middlebury, Indiana	First State Bank of Middlebury, Middlebury, Indiana	Chicago	April 11, 1984
Elkhart Bancorp, Inc., Elkhart, Indiana	Citizens Northern Bank of Elkhart, Elkhart, Indiana	Chicago	March 19, 1984
F and M Holding Company, Manchester, Georgia	F & M Bank and Trust Company, Manchester, Georgia	Atlanta	April 10, 1984
Farmers State Bancorp, Inc., Booneville, Kentucky	Farmers State Bank, Booneville, Kentucky	Cleveland	March 20, 1984
First and Ocean BanCorp, Newburyport, Massachusetts	First and Ocean National Bank of Newburyport, Newburyport, Massachusetts	Boston	April 9, 1984
First Bancorp, Inc., Mechanicsburg, Pennsylvania	The First Bank and Trust Company of Mechanicsburg, Pa., Mechanicsburg, Pennsylvania	Philadelphia	April 13, 1984
First Burkburnett Bancshares, Inc., Burkburnett, Texas	First National Bank in Burkburnett, Burkburnett, Texas	Dallas	March 23, 1984
First Citizens United, Inc., Central City, Kentucky	Citizens Union Bank, Central City, Kentucky	St. Louis	April 6, 1984
First Commercial Corporation, Little Rock, Arkansas	Morrilton Security Bank, Morrilton, Arkansas	St. Louis	April 2, 1984
First Community Bancorp, Inc., Nazareth, Pennsylvania	The Second National Bank of Nazareth, Nazareth, Pennsylvania	Philadelphia	April 4, 1984
First Carolina Bancshares Corporation, Darlington, South Carolina	Carolina Bank & Trust Company, Lamar, South Carolina	Richmond	April 13, 1984
First Galena Bancshares, Inc., Galena, Illinois	The First National Bank of Galena, Galena, Illinois	Chicago	March 27, 1984
First Haralson Corporation, Buchanan, Georgia	First National Bank of Haralson County, Buchanan, Georgia	Atlanta	March 19, 1984
First Lake Forest Corporation, Lake Forest, Illinois	The First National Bank of Lake Forest, Lake Forest, Illinois	Chicago	March 21, 1984

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
First McMinnville Corporation, McMinnville, Tennessee	The First National Bank of McMinnville, McMinnville, Tennessee	Atlanta	April 6, 1984
First State Capital Corporation, Holly Springs, Mississippi	First State Bank, Holly Springs, Mississippi	St. Louis	April 16, 1984
FSB Bancorp, Inc., Altus, Oklahoma	First State Bank of Altus, Altus, Oklahoma	Kansas City	April 9, 1984
Gateway Bancshares, Inc., McMechen, West Virginia	The Bank of McMechen, McMechen, West Virginia	Cleveland	April 2, 1984
Geiger Corporation, Edina, Minnesota	Iowa National Bank & Trust, Lytton, Iowa	Chicago	April 9, 1984
Greater Texas Bancshares, Inc., Georgetown, Texas	Central Texas Financial Corporation, Georgetown, Texas	Dallas	April 2, 1984
Harrah National Bancshares, Inc., Harrah, Oklahoma	The National Bank of Harrah, Harrah, Oklahoma	Kansas City	April 5, 1984
Heritage Bancorp, Inc., Glenville, West Virginia	Kanawha Union Bank, Glenville, West Virginia The Weston National Bank, Glenville, West Virginia	Richmond	April 3, 1984
Huntington Bancshares, Inc., Huntington, Texas	Huntington State Bank, Huntington, Texas	Dallas	April 3, 1984
Independence Bancorp, Inc., Allendale, New Jersey	Bank of New Jersey, Allendale, New Jersey	New York	April 13, 1984
Independent Bancshares, Inc., Red Bay, Alabama	Bank of Red Bay, Red Bay, Alabama	Atlanta	March 27, 1984
Independent Community Banks, Inc., Sanibel, Florida	Community National Bank, Kissimmee, Florida	Atlanta	March 26, 1984
Jeff City Bancorp, Inc., Woodlawn, Illinois	First National Bank of Woodlawn, Woodlawn, Illinois	St. Louis	April 3, 1984
Kent Bancshares, Inc., Kent, Minnesota	Kent State Bank, Kent, Minnesota	Minneapolis	March 20, 1984
Key Bancshares, Inc., Tampa, Florida	Key Bank of Florida, Tampa, Florida	Atlanta	April 13, 1984
Landmark Bancshares Corporation, Clayton, Missouri	The First National Bank of St. Charles, St. Charles, Missouri	St. Louis	March 23, 1984
Lewisville Bancorp, Inc., Lewisville, Minnesota	Merchants State Bank of Lewisville, Lewisville, Minnesota	Minneapolis	April 9, 1984
Mammoth Investments & Credit Corp., Inc., Mammoth Spring, Arkansas	Peoples Bank of Mammoth Spring, Mammoth Spring, Arkansas	St. Louis	April 3, 1984
McAllen Metropolitan Bancshares, Inc., McAllen, Texas	Metropolitan National Bank, McAllen, Texas	Dallas	April 3, 1984
Mid-Cities Bancshares, Inc., Hurst, Texas	Mid-Cities National Bank, Hurst, Texas	Dallas	April 4, 1984

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Monroe Bancorp, Bloomington, Indiana	Monroe County State Bank, Bloomington, Indiana	Chicago	April 5, 1984
Ninnescah Banc Shares, Inc., Arlington, Kansas	Arlington Insurance Agency, Arlington, Kansas	Kansas City	April 2, 1984
NBC Capital Corporation, Starkville, Mississippi	National Bank of Commerce of Mississippi, Starkville, Mississippi	St. Louis	April 11, 1984
Ohio Bancorp, Youngstown, Ohio	The Union Commercial & Savings Bank, East Palestine, Ohio	Cleveland	March 20, 1984
Pan American Banks, Inc., Miami, Florida	Central Bank of Delray Beach, Delray Beach, Florida	Atlanta	March 30, 1984
Pan American Banks, Inc., Miami, Florida	Royal Trust Bank of Jacksonville, Jacksonville, Florida	Atlanta	March 30, 1984
Professional Bancorp, Coral Gables, Florida	Dixie National Bank of Dade County, Miami, Florida	Atlanta	March 30, 1984
Rose Capital Bancshares, Inc., Tyler, Texas	Rose Capital Bank, Tyler, Texas	Dallas	April 10, 1984
Rural Financial Services, Inc., Dousman, Wisconsin	Dousman State Bank, Dousman, Wisconsin Mansfield State Bank, Johnson Creek, Wisconsin	Chicago	April 6, 1984
Saver's Bancorp, Inc., Littleton, New Hampshire	The Saver's Bank, Littleton, New Hampshire North Country Bank, Berlin, New Hampshire	Boston	March 22, 1984
Schwertner Financial Corporation, Schwertner, Texas	Schwertner State Bank, Schwertner, Texas	Dallas	April 9, 1984
Sevier County Bancshares, Inc., Sevierville, Tennessee	Sevier County Bank, Sevierville, Tennessee	Atlanta	April 18, 1984
Shamrock Holdings, Inc., Evergreen, Alabama	The Union Bank, Repton, Alabama	Atlanta	April 17, 1984
Texas Commerce Bancshares, Inc., Houston, Texas	Texas Commerce Bank-River Oaks, N.A., Houston, Texas	Dallas	April 3, 1984
Texas Gulf Coast Bancorp, Inc., Houston, Texas	Mainland Bancshares, Inc., Houston, Texas	Dallas	March 23, 1984
Texas Regional Bancshares, Inc., McAllen, Texas	Texas State Bank, McAllen, Texas Harlingen State Bank, Harlingen, Texas	Dallas	March 21, 1984
Texas Southwest Bancorp, Inc., Mesquite, Texas	Southwest Bank-Garland, Garland, Texas	Dallas	April 5, 1984
The First Jermyn Corp., Jermyn, Pennsylvania	The First National Bank of Jermyn, Jermyn, Pennsylvania	Philadelphia	April 4, 1984
The Merchants Holding Company, Winona, Minnesota	The Merchants National Bank, Winona, Minnesota	Minneapolis	April 2, 1984

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Tucker Bros., Inc., Jacksonville, Florida	Tucker Holding Company, Inc., Jacksonville, Florida Tucker Bank of Jacksonville, Jacksonville, Florida	Atlanta	March 23, 1984
Turner Bancshares, Inc., Kansas City, Kansas	Turner State Bank, Kansas City, Kansas	Kansas City	April 6, 1984
TCB Corporation, Greenwood, South Carolina	The County Bank, Greenwood, South Carolina	Richmond	March 27, 1984
USBANCORP, Inc., Johnstown, Pennsylvania	Three Rivers Bank & Trust Company, Pittsburgh, Pennsylvania	Philadelphia	March 26, 1984
Van Alstyne Financial Corporation, Van Alstyne, Texas	First National Bank of Van Alstyne, Van Alstyne, Texas	Dallas	March 21, 1984
Washington Trust Bancorp, Inc., Westerly, Rhode Island	The Washington Trust Company of Westerly, Westerly, Rhode Island	Boston	April 9, 1984
Waverly Bancshares, Inc., Waverly, Missouri	Waverly Investment Company, Kansas City, Missouri	Kansas City	March 19, 1984
Wayne Bancorp, Inc., Wayne, West Virginia	Wayne County Bank, Wayne, West Virginia	Richmond	April 2, 1984
Wesbanco, Inc., Wheeling, West Virginia	Citizens National Bank of Follansbee, Follansbee, West Virginia	Cleveland	March 26, 1984
West Banco, Bozeman, Montana	First Security Bank of West Yellowstone, West Yellowstone, Montana	Minneapolis	April 2, 1984
Westport Bancorp, Inc., Westport, Connecticut	The Westport Bank and Trust Company, Westport, Connecticut	New York	April 13, 1984
Whitney Corporation of Iowa, Atlantic, Iowa	Schroeder-Goodenow Management Co., Exira, Iowa	Chicago	March 27, 1984
Willow Bend Bancshares, Inc., Plano, Texas	Willow Bend National Bank, Plano, Texas	Dallas	March 21, 1984
Wolcott Bancorp, Inc., Wolcott, Indiana	Bank of Wolcott, Wolcott, Indiana	Chicago	March 20, 1984
Yoder Bankshares, Inc., Yoder, Kansas	Farmers State Bank, Yoder, Kansas	Kansas City	April 5, 1984

Section 4

Applicant	Nonbanking company	Reserve Bank	Effective date
American Bancorporation Holding Company, Brainerd, Minnesota	Thorp Credit and Thrift, Brainerd, Minnesota	Minneapolis	March 22, 1984

Section 4—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
American Ligonier Bancorp, Inc., Ligonier, Indiana	sale of credit-related insurance	Chicago	March 26, 1984
Bank Shares Incorporated, Minneapolis, Minnesota	Holm and Associates, Inc., Minneapolis, Minnesota	Minneapolis	April 9, 1984
First Interstate Bancorp, Los Angeles, California	Harris, Bretall, McEldowney and Sullivan, Los Angeles, California	San Francisco	April 5, 1984
First Railroad & Banking Company of Georgia, Augusta, Georgia	Valley Finance Corporation, Roanoke, Virginia	Atlanta	April 11, 1984
Pickens County Bancshares, Inc., Jasper, Georgia	Northeastern General Insurance Agency of Jasper, Jasper, Georgia	Atlanta	March 23, 1984
Security Pacific Corporation, Los Angeles, California	KMS Corporate Brokers, Inc., New York, New York	San Francisco	April 3, 1984
Security Pacific Corporation, Los Angeles, California	Regal Premium Finance, Inc., Maple Shade, New Jersey	San Francisco	March 22, 1984

Section 3 and 4

Applicant	Bank(s)/Nonbanking Company	Reserve Bank	Effective date
Canton Bancshares, Inc., Canton, South Dakota	First American Bank, Canton, South Dakota Fairview Insurance Agency, Canton, South Dakota	Minneapolis	April 5, 1984
Chokio Agency, Inc., Chokio, Minnesota	Chokio State Bank, Chokio, Minnesota general insurance agency activities	Minneapolis	March 27, 1984
MNB Bancshares, Inc., Malvern, Arkansas	The Malvern National Bank, Malvern, Arkansas real estate appraisal	St. Louis	March 26, 1984
Nicholls State Bancshares, Inc., Nicholls, Georgia	Nicholls State Bank, Nicholls, Georgia Full Service Financial, Inc., Pearson, Georgia	Atlanta	March 30, 1984

PENDING CASES INVOLVING THE BOARD OF GOVERNORS

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

Colorado Industrial Bankers Association v. *Board of Governors*, filed January 1984, U.S.C.A. for the Tenth Circuit.

Financial Institutions Assurance Corp. v. *Board of Governors*, filed January 1984, U.S.C.A. for the Fourth Circuit.

First Bancorporation v. *Board of Governors*, filed January 1984, U.S.C.A. for the Tenth Circuit.

Thomas H. Huston v. *Board of Governors*, filed January 1984, U.S.C.A. for the Eighth Circuit.

Ohio Deposit Guarantee Fund v. *Board of Governors*, filed January 1984, U.S.C.A. for the Tenth Circuit.

State of Ohio, et al. v. *Board of Governors*, filed January 1984, for the Tenth Circuit.

Dimension Financial Corporation, et al. v. *Board of Governors*, filed December 1983, U.S.C.A. for the Tenth Circuit.

Oklahoma Bankers Association v. *Federal Reserve Board*, filed December 1983, U.S.C.A. for the Tenth Circuit.

Independent Insurance Agents of America, Inc. and *Independent Insurance Agents of Missouri, Inc.* v. *Board of Governors*, filed June 1983, U.S.C.A. for the Eighth Circuit (two cases).

The Committee for Monetary Reform, et al. v. *Board of Governors*, filed June 1983, U.S.D.C. for the District of Columbia Circuit.

Securities Industry Association v. *Board of Governors, et al.*, filed February 1983, Supreme Court.

Association of Data Processing Service Organizations, et al. v. *Board of Governors*, filed August 1982, U.S.C.A. for the District of Columbia Circuit.

Wyoming Bancorporation v. *Board of Governors, filed May 1982, U.S.C.A. for the Tenth Circuit.*

Edwin F. Gordon v. *Board of Governors, et al.*, filed October 1981, U.S.C.A. for the Eleventh Circuit (two consolidated cases).

Edwin F. Gordon v. *John Heimann, et al.*, filed September 1981, U.S.C.A. for the Eleventh Circuit.

Allen Wolfson v. *Board of Governors*, filed September 1981, U.S.D.C. for the Middle District of Florida.

Public Interest Bounty Hunters v. *Board of Governors, et al.*, filed June 1981, U.S.C.A. for the Eleventh Circuit.

First Bank & Trust Company v. *Board of Governors*, filed February 1981, U.S.D.C. for the Eastern District of Kentucky.

9 to 5 Organization for Women Office Workers v. *Board of Governors*, filed December 1980, U.S.C.A. for the First Circuit.

A. G. Becker, Inc. v. *Board of Governors, et al.*, filed October 1980, U.S.C.A. for the District of Columbia.

A. G. Becker, Inc. v. *Board of Governors, et al.*, filed August 1980, Supreme Court.

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Edwin F. Gordon v. *Board of Governors, et al.*, filed October 1981, U.S.C.A. for the Eleventh Circuit (two consolidated cases).

Edwin F. Gordon v. *John Heimann, et al.*, filed September 1981, U.S.C.A. for the Eleventh Circuit.

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First Bank & Trust Company v. *Board of Governors*, filed February 1981, U.S.D.C. for the Eastern District of Kentucky.

9 to 5 Organization for Women Office Workers v. *Board of Governors*, filed December 1980, U.S.C.A. for the First Circuit.

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A. G. Becker, Inc. v. *Board of Governors, et al.*, filed August 1980, Supreme Court.

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INTEREST AND EXCHANGE RATES

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

Item	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)[1]								
	1983			1984	1983		1984		
	Q2	Q3	Q4	Q1	Nov	Dec	Jan	Feb	Mar
Reserves of depository institutions[2]									
1 Total	11.8	6.0	.5	6.9	2.4	1.2	7.6	19.1	1.1
2 Required	12.0	5.9	-.1	4.5	3.3	.1	5.9	8.1	9.2
3 Nonborrowed	5.2	2.9	8.0	8.2	4.6	5.8	9.8	24.6	11.8
4 Monetary base[3]	10.2	8.2	7.8	9.0	7.2	6.7	10.7r	10.5r	.8
Concepts of money, liquid assets, and debt[4]									
5 M1	11.6	9.5	4.8	7.2	3.2	5.3	10.7	6.6	5.2
6 M2	10.6	6.9	8.5	6.8	8.3	7.7	5.7r	8.4r	3.6
7 M3	9.3	7.4	9.9	8.9	14.4	8.0	6.6r	10.4r	8.3
8 L	10.3	9.6	8.8r	n.a.	12.7	10.7	7.4	n.a.	n.a.
9 Debt	10.7r	11.5r	10.1r	n.a.	9.6	12.3	12.2r	12.7	n.a.
Nontransaction components									
10 In M2[5]	10.2	6.1	9.6	6.8	9.9	8.4	4.2r	8.9r	3.1
11 In M3 only[6]	3.8	9.8	16.3	17.4	41.4	9.2r	10.1r	18.9r	28.5
Time and savings deposits									
Commercial banks									
12 Savings[7]	-14.8	6.3	6.4	16.2	-7.9	13.2	22.3	-18.2	29.1
13 Small-denomination time[8]	21.2	13.7	19.3	4.4	18.1	10.6	.7	.3	2.4
14 Large-denomination time[9,10]	-14.6	-4.6	.4	9.0	13.5	7.0	8.5	6.3r	23.1
Thrift institutions									
15 Savings[7]	1.3	-2.2	4.4	5.1	6.7	-6.7	3.4	-8.8	.7
16 Small-denomination time	-17.0	12.3	18.8	11.8	20.5	12.4	11.2	10.8r	4.3
17 Large-denomination time[9]	51.2	63.5	57.6	58.2	34.5	46.0	69.4	63.3	3.0
Debt components[4]									
18 Federal	23.2r	21.2r	12.4r	n.a.	7.0	8.5r	27.4r	16.6	n.a.
19 Nonfederal	7.3r	8.8r	9.5r	n.a.	10.3	13.4	7.8r	11.5	n.a.
20 Total loans and securities at commercial banks[11]	9.8	9.7	10.2	13.3	13.4	13.7	11.1	15.0	14.8

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

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

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

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

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

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

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

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

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

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

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

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

7. Excludes MMDAs.

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

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

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

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

1.11 RESERVE BALANCES OF DEPOSITORY INSTITUTIONS AND RESERVE BANK CREDIT
Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for week ending						
	1984			1984						
	Feb.	Mar.	Apr.	Mar 14	Mar. 21	Mar 28	Apr. 4	Apr. 11	Apr. 18	Apr. 25
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit**	**166,904**	**168,738**	**174,313**	**169,028**	**169,316**	**168,956**	**169,794**	**171,507**	**171,564**	**177,678**
2 U.S government securities[1]	148,137	149,546	154,226	149,174	149,897	149,620	150,442	151,112	152,425	156,664
3 Bought outright	148,137	149,128	152,859	148,318	149,897	148,623	150,442	151,112	152,425	154,406
4 Held under repurchase agreements	0	418	1,367	856	0	997	0	0	0	2,258
5 Federal agency obligations	8,573	8,604	8,660	8,610	8,558	8,698	8,558	8,557	8,556	8,869
6 Bought outright	8,573	8,562	8,557	8,564	8,558	8,558	8,558	8,557	8,556	8,556
7 Held under repurchase agreements	0	42	103	46	0	140	0	0	0	313
8 Acceptances	0	14	87	1	0	59	0	0	0	172
9 Loans	588	905	1,285	886	1,077	1,195	1,114	1,513	751	1,713
10 Float	1,100	1,002	837	1,775	1,091	481	714	1,344	669	834
11 Other Federal Reserve assets	8,506	8,667	9,219	8,581	8,692	8,902	8,966	8,981	9,162	9,427
12 Gold stock	11,118	11,115	11,110	11,116	11,114	11,114	11,111	11,111	11,109	11,109
13 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
14 Treasury currency outstanding	15,813	15,863	15,915	15,855	15,867	15,879	15,891	15,903	15,915	15,927
ABSORBING RESERVE FUNDS										
15 Currency in circulation	167,179	168,317	170,394	168,598	168,634	168,263	169,026	170,363	170,827	170,720
16 Treasury cash holdings	485	488	522	481	485	494	507	515	521	528
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	4,669	4,012	6,637	2,825	5,327	4,358	3,754	3,098	3,964	8,607
18 Foreign	214	229	220	224	225	210	236	208	217	207
19 Service-related balances and adjustments	1,452	~~1,940~~	1,215	1,553	1,596	1,548	1,677	1,542	1,525	1,625
20 Other	549	579	394	525	667	537	536	429	389	353
21 Other Federal Reserve liabilities and capital	5,492	5,705	6,098	5,634	5,570	5,832	5,874	6,313	5,818	6,126
22 Reserve balances with Federal Reserve Banks[2]	18,414	19,066	20,597	20,776	18,411	19,325	19,805	20,672	19,946	21,166

Factors	End-of-month figures			Wednesday figures						
	1984			1984						
	Feb	Mar	Apr	Mar 14	Mar. 21	Mar. 28	Apr 4	Apr. 11	Apr. 18	Apr 25
SUPPLYING RESERVE FUNDS										
23 **Reserve Bank credit**	**161,971**	**170,168**	**182,683**	**174,644**	**170,957**	**165,262**	**169,530**	**171,860**	**174,982**	**183,905**
24 U.S. government securities[1]	140,847	150,814	162,134	151,465	150,968	145,670	151,027	150,972	155,409	158,331
25 Bought outright	140,847	150,814	155,042	148,570	150,968	145,670	151,027	150,972	155,409	154,817
26 Held under repurchase agreements	0	0	7,092	2,895	0	0	0	0	0	3,514
27 Federal agency obligations	8,568	8,558	8,982	8,713	8,558	8,558	8,558	8,556	8,556	8,881
28 Bought outright	8,568	8,558	8,556	8,558	8,558	8,558	8,558	8,556	8,556	8,556
29 Held under repurchase agreements	0	0	426	155	0	0	0	0	0	325
30 Acceptances	0	0	305	5	0	0	0	0	0	349
31 Loans	1,020	896	907	2,449	935	718	588	2,425	671	6,334
32 Float	3,193	787	609	3,108	1,655	1,240	334	763	1,003	354
33 Other Federal Reserve assets	8,343	9,113	9,746	8,904	8,841	9,076	9,023	9,144	9,343	9,656
34 Gold stock	11,116	11,111	11,109	11,116	11,114	11,114	11,111	11,109	11,109	11,109
35 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
36 Treasury currency outstanding	15,841	15,889	15,937	15,865	15,877	15,889	15,901	15,913	15,925	15,937
ABSORBING RESERVE FUNDS										
37 Currency in circulation	167,206	168,737	170,309	168,863	168,528	168,488	169,719	171,001	170,962	170,599
38 Treasury cash holdings	484	503	534	484	493	503	513	520	528	530
Deposits, other than reserve balances, with Federal Reserve Banks										
39 Treasury	3,226	3,684	16,729	2,575	5,545	3,838	4,701	2,827	7,677	14,045
40 Foreign	247	221	345	283	241	187	200	217	183	251
41 Service-related balances and adjustments	1,070	1,103	1,136	1,093	1,104	1,103	1,133	1,133	1,138	1,136
42 Other	498	562	324	502	550	506	457	421	336	319
43 Other Federal Reserve liabilities and capital	5,555	5,912	6,391	5,625	5,409	5,595	5,698	5,623	5,671	6,007
44 Reserve balances with Federal Reserve Banks[2]	15,260	21,064	18,579	26,819	20,696	16,663	18,740	21,758	20,139	22,682

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

2 Excludes required clearing balances and adjustments to compensate for float

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

1.12 RESERVES AND BORROWINGS Depository Institutions

Millions of dollars

Reserve classification	Monthly averages of daily figures									
	1981	1982	1983					1984		
	Dec.	Dec.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.p
1 Reserve balances with Reserve Banks[1]	26,163	24,804	21,965	20,585	21,059	20,943	20,986	21,325	18,414	19,484
2 Total vault cash[2]	19,538	20,392	20,035	20,798	20,471	20,558	20,755	22,578	22,269	20,396
3 Vault cash used to satisfy reserve requirements[3]	15,755	17,049	16,695	17,331	17,078	17,201	17,908	18,795	17,951	16,791
4 Surplus vault cash[4]	3,783	3,343	3,340	3,467	3,393	3,357	2,847	3,782	4,318	3,604
5 Total reserves[5]	41,918	41,853	38,660	37,916	38,137	38,144	38,894	40,120	36,365	36,275
6 Required reserves	41,606	41,353	38,214	37,418	37,632	37,615	38,333	39,507	35,423	35,568
7 Excess reserve balances at Reserve Banks[6]	312	500	446	498	505	529	561	613	942	707
8 Total borrowings at Reserve Banks	642	697	1,573	1,441	837	912	745	715	567	952
9 Seasonal borrowings at Reserve Banks	53	33	198	191	142	119	96	86	103	133
10 Extended credit at Reserve Banks[7]	149	187	490	515	255	6	2	4	5	27
	Weekly and biweekly averages of daily figures for week ending[8]									
	1984									
	Jan. 11	Jan. 18	Jan. 25	Feb. 1	Feb. 15	Feb. 29	Mar. 14	Mar. 28	Apr. 11p	Apr. 25p
11 Reserve balances with Reserve Banks[1]	21,443	21,466	20,956	20,798	18,445	18,212	19,948	18,859	20,234	20,545
12 Total vault cash[2]	21,508	24,027	23,238	22,475	22,774	21,750	19,980	20,938	19,803	20,471
13 Vault cash used to satisfy reserve requirements[3]	18,219	19,617	19,294	18,567	18,406	17,452	16,458	17,188	16,495	17,098
14 Surplus vault cash[4]	3,289	4,410	3,944	3,908	4,368	4,298	3,522	3,750	3,307	3,373
15 Total reserves[5]	39,662	41,083	40,250	39,365	36,851	35,664	36,406	36,047	36,730	37,643
16 Required reserves	38,980	40,608	39,670	38,862	35,656	34,943	35,635	35,322	36,399	37,081
17 Excess reserve balances at Reserve Banks[6]	682	475	580	503	1,195	721	770	725	330	561
18 Total borrowings at Reserve Banks	563	781	505	677	556	571	689	1,136	1,313	1,232
19 Seasonal borrowings at Reserve Banks	69	79	96	109	90	116	118	149	131	138
20 Extended credit at Reserve Banks[7]	2	4	6	3	3	7	21	30	36	44

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. Biweekly averages beginning Feb. 15, 1984.

1.13 FEDERAL FUNDS AND REPURCHASE AGREEMENTS Large Member Banks[1]

Averages of daily figures, in millions of dollars

By maturity and source	1984 week ending Monday								
	Mar. 5	Mar. 12	Mar. 19	Mar. 26	Apr. 2	Apr. 9	Apr. 16	Apr. 23	Apr. 30
One day and continuing contract									
1 Commercial banks in United States	57,784	58,394r	54,980r	53,253	52,319	62,747	60,140	57,002	53,388
2 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	24,028	24,534	24,542	24,458	22,624	23,784	23,007	21,030	20,604
3 Nonbank securities dealers	5,334	5,596	5,383	6,223	6,841	6,334	6,022	5,984	6,124
4 All other	26,400	26,646	26,538	25,984r	26,592	27,527	24,903	24,413	25,817
All other maturities									
5 Commercial banks in United States	7,236	7,787	7,732	7,454	7,516	7,810	8,463	8,991	8,271
6 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	9,476	10,010	10,710	10,614r	10,832	10,727	11,421	11,324	11,588
7 Nonbank securities dealers	8,097	8,021	8,035	8,292r	7,240	6,667	7,366	8,845	8,608
8 All other	9,080	9,169	8,991	9,303	9,104	8,780	11,634	12,086	9,132
MEMO: Federal funds and resale agreement loans in maturities of one day or continuing contract									
9 Commercial banks in United States	24,918	24,067	23,013	23,285	22,142	24,229	23,674	23,439	21,454
10 Nonbank securities dealers	6,230	5,371	5,293	4,404	5,315	5,490	5,116	5,109	5,415

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

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

Current and previous levels

Federal Reserve Bank	Short-term adjustment credit and seasonal credit			Extended credit[1]						Effective date for current rates
				First 60 days of borrowing		Next 90 days of borrowing		After 150 days		
	Rate on 4/30/84	Effective date	Previous rate	Rate on 4/30/84	Previous rate	Rate on 4/30/84	Previous rate	Rate on 4/30/84	Previous rate	
Boston	9	4/9/84	8½	9	8½	10	9½	11	9½	4/9/84
New York		4/9/84								4/9/84
Philadelphia		4/9/84								4/9/84
Cleveland		4/10/84								4/10/84
Richmond		4/9/84								4/9/84
Atlanta		4/10/84								4/10/84
Chicago		4/9/84								4/9/84
St. Louis		4/9/84								4/9/84
Minneapolis		4/9/84								4/9/84
Kansas City		4/13/84								4/13/84
Dallas		4/9/84								4/9/84
San Francisco	9	4/13/84	8½	9	8½	10	9½	11	9½	4/13/84

Range of rates in recent years[2]

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1973	7½	7½
1974— Apr. 25	7½–8	8
30	8	8
Dec. 9	7¾–8	7¾
16	7¾	7¾
1975— Jan. 6	7¼–7¾	7¾
10	7¼–7¾	7¼
24	7¼	7¼
Feb. 5	6¾–7¼	6¾
7	6¾	6¾
Mar. 10	6¼–6¾	6¼
14	6¼	6¼
May 16	6–6¼	6
23	6	6
1976— Jan. 19	5½–6	5½
23	5½	5½
Nov. 22	5¼–5½	5¼
26	5¼	5¼
1977— Aug. 30	5¼–5¾	5¼
31	5¼–5¾	5¾
Sept. 2	5¾	5¾
Oct. 26	6	6
1978— Jan. 9	6–6½	6½
20	6½	6½
May 11	6½–7	7
12	7	7

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1978— July 3	7–7¼	7¼
10	7¼	7¼
Aug. 21	7¾	7¾
Sept. 22	8	8
Oct. 16	8–8½	8½
20	8½	8½
Nov. 1	8½–9½	9½
3	9½	9½
1979— July 20	10	10
Aug. 17	10–10½	10½
20	10½	10½
Sept. 19	10½–11	11
21	11	11
Oct. 8	11–12	12
10	12	12
1980— Feb. 15	12–13	13
19	13	13
May 29	12–13	13
30	12	12
June 13	11–12	11
16	11	11
July 28	10–11	10
29	10	10
Sept. 26	11	11
Nov. 17	12	12
Dec. 5	12–13	13
8	13	13

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1981— May 5	13–14	14
8	14	14
Nov. 2	13–14	13
6	13	13
Dec. 4	12	12
1982— July 20	11½–12	11½
23	11½	11½
Aug. 2	11–11½	11
3	11	11
16	10½	10½
27	10–10½	10
30	10	10
Oct. 12	9½–10	9½
13	9½	9½
Nov. 22	9–9½	9
26	9	9
Dec. 14	8½–9	9
15	8½–9	8½
17	8½	8½
1984— Apr. 9	8½–9	9
In effect Apr. 30, 1984	9	9

1. Applicable to advances when exceptional circumstances or practices involve only a particular depository institution and to advances when an institution is under sustained liquidity pressures. See section 201.3(b)(2) of Regulation A.

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

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

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

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
Net demand[2]			*Net transaction accounts*[7,8]		
$0 million–$2 million	7	12/30/76	$0–$28.9 million	3	12/29/83
$2 million–$10 million	9½	12/30/76	Over $28.9 million	12	12/29/83
$10 million–$100 million	11¾	12/30/76			
$100 million–$400 million	12¾	12/30/76	*Nonpersonal time deposits*[9]		
Over $400 million	16¼	12/30/76	By original maturity		
			Less than 1½ years	3	10/6/83
Time and savings[2,3]			1½ years or more	0	10/6/83
Savings	3	3/16/67			
			Eurocurrency liabilities		
Time[4]			All types	3	11/13/80
$0 million–$5 million, by maturity					
30–179 days	3	3/16/67			
180 days to 4 years	2½	1/8/76			
4 years or more	1	10/30/75			
Over $5 million, by maturity					
30–179 days	6	12/12/74			
180 days to 4 years	2½	1/8/76			
4 years or more	1	10/30/75			

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

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

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

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

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

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

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

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

Effective with the reserve maintenance period beginning Oct. 25, 1979, a marginal reserve requirement of 8 percent was added to managed liabilities in excess of a base amount This marginal requirement was increased to 10 percent beginning Apr. 3, 1980, was decreased to 5 percent beginning June 12, 1980, and was eliminated beginning July 24, 1980 Managed liabilities are defined as large time deposits, Eurodollar borrowings, repurchase agreements against U S. government and federal agency securities, federal funds borrowings from nonmember 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. 12, 1984, the amount of the exemption is $2.2 million In determining the reserve requirements of a depository institution, the exemption shall apply in the following order · (1) nonpersonal money market deposit accounts (MMDAs) authorized under 12 CFR section 1204 122, (2) net NOW accounts (NOW accounts less allowable deductions), (3) net other transaction accounts, and (4) nonpersonal time deposits or Eurocurrency liabilities starting with those with the highest reserve ratio. With respect to NOW accounts and other transaction accounts, the exemption applies only to such accounts that would be subject to a 3 percent reserve requirement

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

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

8 The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage increase in transaction accounts held by all depository institutions determined as of June 30 each year Effective Dec. 31, 1981, the amount was increased accordingly from $25 million to $26 million, and effective Dec 30, 1982, to $26 3 million, and effective Dec. 29, 1983, to $28 9 million

9. In general, nonpersonal time deposits are time deposits, including savings deposits, that are not transaction accounts and in which a beneficial interest is held by a depositor that is not a natural person. Also included are certain transferable time deposits held by natural persons, and certain obligations issued to depository institution offices located outside the United States. For details, see section 204 2 of Regulation D

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

1.16 MAXIMUM INTEREST RATES PAYABLE on Time and Savings Deposits at Federally Insured Institutions[1]

Percent per annum

Type of deposit	Commercial banks		Savings and loan associations and mutual savings banks (thrift institutions)[1]	
	In effect Apr. 30, 1984		In effect Apr. 30, 1984	
	Percent	Effective date	Percent	Effective date
1 Savings	5½	1/1/84	5½	7/1/79
2 Negotiable order of withdrawal accounts	5¼	12/31/80	5¼	12/31/80
3 Negotiable order of withdrawal accounts of $2,500 or more[2]	....	1/5/83	.....	1/5/83
4 Money market deposit account[2]	.... [3]	12/14/82	...... [3]	12/14/82
Time accounts by maturity				
5 7–31 days of less than $2,500[4]	5½	1/1/84	5½	9/1/82
6 7–31 days of $2,500 or more[2]	..	1/5/83	....	1/5/83
7 More than 31 days	....	10/1/83	......	10/1/83

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

2. Effective Dec. 1, 1983, IRA/Keogh (HR10) Plan accounts are not subject to minimum deposit requirements

3. Effective Dec 14, 1982, depository institutions are authorized to offer a new account with a required initial balance of $2,500 and an average maintenance balance of $2,500 not subject to interest rate restrictions. No minimum maturity period is required for this account, but depository institutions must reserve the right to require seven days notice before withdrawals When the average balance is less than $2,500, the account is subject to the maximum ceiling rate of interest for NOW accounts, compliance with the average balance requirement may be determined over a period of one month. Depository institutions may not guarantee a rate of interest for this account for a period longer than one month or condition the payment of a rate on a requirement that the funds remain on deposit for longer than one month.

4. Deposits of less than $2,500 issued to governmental units continue to be subject to an interest rate ceiling of 8 percent.

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

Type of transaction	1981	1982	1983	1983				1984		
				Sept.	Oct	Nov	Dec.	Jan	Feb.	Mar.
U.S. GOVERNMENT SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	13,899	17,067	18,888	3,184	309	1,435	3,695	0	368	3,159
2 Gross sales	6,746	8,369	3,420	214	0	0	0	1,967	828	0
3 Exchange	0	0	0	0	0	0	0	0	0	0
4 Redemptions	1,816	3,000	2,400	500	0	700	0	1,300	600	0
Others within 1 year										
5 Gross purchases	317	312	484	0	0	155	0	0	0	0
6 Gross sales	23	0	0	0	0	0	0	0	0	0
7 Maturity shift	13,794	17,295	18,887	902	529	2,828	915	573	−2,488	1,012
8 Exchange	−12,869	−14,164	−16,553	−753	−636	−2,930	0	1,530	−4,574	0
9 Redemptions	0	0	87	0	0	0	0	0	0	0
1 to 5 years										
10 Gross purchases	1,702	1,797	1,896	0	0	820	0	0	0	0
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shift	10,299	14,524	−15,533	−902	−256	−1,684	−915	−487	2,488	1,012
13 Exchange	10,117	11,804	11,641	753	636	1,796	0	1,530	2,861	0
5 to 10 years										
14 Gross purchases	393	388	890	0	0	349	0	0	0	0
15 Gross sales	0	0	0	0	0	0	0	300	0	0
16 Maturity shift	−3,495	−2,172	−2,450	0	−273	−250	0	−86	97	0
17 Exchange	1,500	2,128	2,950	0	0	700	0	0	1,000	0
Over 10 years										
18 Gross purchases	379	307	383	0	0	151	0	0	0	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shift	0	−601	−904	0	0	−894	0	0	−97	0
21 Exchange	1,253	234	1,962	0	0	434	0	0	713	0
All maturities										
22 Gross purchases	16,690	19,870	22,540	3,184	309	2,909	3,695	0	368	3,159
23 Gross sales	6,769	8,369	3,420	214	0	0	0	2,267	828	0
24 Redemptions	1,816	3,000	2,487	500	0	700	0	1,300	600	0
Matched transactions										
25 Gross sales	589,312	543,804	578,591	48,193	53,751	56,858	58,979	54,833	55,656	66,827
26 Gross purchases	589,647	543,173	576,908	47,667	53,367	57,991	56,404	58,096	47,310	73,634
Repurchase agreements										
27 Gross purchases	79,920	130,774	105,971	37,211	19,247	3,257	3,644	14,245	0	4,996
28 Gross sales	78,733	130,286	108,291	30,223	28,499	3,257	2,260	15,629	0	4,996
29 Net change in U.S. government securities	9,626	8,358	12,631	8,933	−9,326	3,342	2,504	−1,688	−9,407	9,966
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases	494	0	0	0	0	0	0	0	0	0
31 Gross sales	0	0	0	0	0	0	0	0	0	0
32 Redemptions	108	189	292	5	6	84	2	40	38	10
Repurchase agreements										
33 Gross purchases	13,320	18,957	8,833	2,871	1,960	497	634	931	0	609
34 Gross sales	13,576	18,638	9,213	2,510	2,510	497	426	1,139	0	609
35 Net change in federal agency obligations	130	130	−672	356	−557	−84	206	248	−38	−10
BANKERS ACCEPTANCES										
36 Repurchase agreements, net	−582	1,285	−1,062	913	−1,122	0	418	−418	0	0
37 **Total net change in System Open Market Account**	**9,175**	**9,773**	**10,897**	**10,203**	**−11,005**	**3,258**	**3,128**	**−2,354**	**−9,444**	**9,956**

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.

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements

Millions of dollars

Account	Wednesday					End of month		
	1984					1984		
	Mar 28	Apr 4	Apr 11	Apr 18	Apr 25	Feb.	Mar.	Apr.
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,114	11,111	11,109	11,109	11,109	11,116	11,111	11,109
2 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
3 Coin	515	514	514	503	488	534	520	482
Loans								
4 To depository institutions	718	588	2,425	671	6,334	1,020	896	907
5 Other	0	0	0	0	0	0	0	0
Acceptances—Bought outright								
6 Held under repurchase agreements	0	0	0	0	349	0	0	305
Federal agency obligations								
7 Bought outright	8,558	8,558	8,556	8,556	8,556	8,568	8,558	8,556
8 Held under repurchase agreements	0	0	0	0	325	0	0	426
U.S. government securities								
Bought outright								
9 Bills	61,222	66,579	66,524	69,478	68,886	56,399	66,366	69,111
10 Notes	62,921	62,921	62,921	64,127	64,127	62,921	62,921	64,127
11 Bonds	21,527	21,527	21,527	21,804	21,804	21,527	21,527	21,804
12 Total bought outright[1]	145,670	151,027	150,972	155,409	154,817	140,847	150,814	155,042
13 Held under repurchase agreements	0	0	0	0	3,514	0	0	7,092
14 Total U.S. government securities	145,670	151,027	150,972	155,409	158,331	140,847	150,814	162,134
15 **Total loans and securities**	**154,946**	**160,173**	**161,953**	**164,636**	**173,895**	**150,435**	**160,268**	**172,328**
16 Cash items in process of collection	8,181	10,236	8,139	9,484	8,356	11,193	7,698	7,044
17 Bank premises	549	549	549	549	548	549	549	548
Other assets								
18 Denominated in foreign currencies[2]	3,942	4,013	4,015	4,017	4,020	3,915	4,011	3,912
19 All other[3]	4,585	4,461	4,580	4,777	5,088	3,879	4,553	5,286
20 **Total assets**	**188,450**	**195,675**	**195,477**	**199,693**	**208,122**	**186,239**	**193,328**	**205,327**
LIABILITIES								
21 Federal Reserve notes	153,617	154,844	156,122	156,068	155,680	152,383	153,871	155,388
Deposits								
22 To depository institutions	17,766	19,873	22,891	21,277	23,818	16,330	22,167	19,715
23 U.S. Treasury—General account	3,838	4,701	2,827	7,677	14,045	3,226	3,684	16,729
24 Foreign—Official accounts	187	200	217	183	251	247	221	345
25 Other	506	457	421	336	319	498	562	324
26 **Total deposits**	**22,297**	**25,231**	**26,356**	**29,473**	**38,433**	**20,301**	**26,634**	**37,113**
27 Deferred availability cash items	6,941	9,902	7,376	8,481	8,002	8,000	6,911	6,435
28 Other liabilities and accrued dividends[4]	2,301	2,340	2,330	2,312	2,660	2,099	2,427	2,920
29 **Total liabilities**	**185,156**	**192,317**	**192,184**	**196,334**	**204,775**	**182,783**	**189,843**	**201,856**
CAPITAL ACCOUNTS								
30 Capital paid in	1,498	1,501	1,514	1,516	1,518	1,482	1,499	1,520
31 Surplus	1,465	1,465	1,465	1,465	1,465	1,465	1,465	1,465
32 Other capital accounts	331	392	314	378	364	509	521	486
33 **Total liabilities and capital accounts**	**188,450**	**195,675**	**195,477**	**199,693**	**208,122**	**186,239**	**193,328**	**205,327**
34 MEMO: Marketable U.S. government securities held in custody for foreign and international account	117,565	114,928	115,738	114,051	114,193	119,391	113,547	116,173
	Federal Reserve note statement							
35 Federal Reserve notes outstanding	183,081	183,452	183,744	184,269	184,534	182,185	183,132	184,496
36 LESS: Held by bank[5]	29,464	28,608	27,622	28,201	28,854	29,838	29,261	29,108
37 Federal Reserve notes, net	153,617	154,844	156,122	156,068	155,680	152,347	153,871	155,388
Collateral held against notes net								
38 Gold certificate account	11,114	11,111	11,109	11,109	11,109	11,116	11,111	11,109
39 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. government and agency securities	137,885	139,115	140,395	140,341	139,953	136,613	138,142	139,661
42 **Total collateral**	**153,617**	**154,844**	**156,122**	**156,068**	**155,680**	**152,347**	**153,871**	**155,388**

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.
5. Beginning September 1980, Federal Reserve notes held by the Reserve Bank are exempt from the collateral requirement.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity groupings	Wednesday					End of month		
	1984					1984		
	Mar. 28	Apr. 4	Apr. 11	Apr. 18	Apr. 25	Feb. 29	Mar. 30	Apr. 30
1 Loans—Total	718	588	2,425	670	6,334	1,020	896	907
2 Within 15 days	678	519	2,351	634	6,312	941	864	864
3 16 days to 90 days	40	69	74	36	22	79	32	43
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances—Total	0	0	0	0	349	0	0	305
6 Within 15 days	0	0	0	0	349	0	0	305
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	145,670	151,027	150,972	155,409	158,331	140,847	150,814	162,134
10 Within 15 days[1]	5,045	5,192	4,294	6,551	7,071	4,499	3,424	10,462
11 16 days to 90 days	29,318	33,515	34,153	36,223	36,277	25,076	35,062	35,614
12 91 days to 1 year	43,959	44,588	44,793	43,617	45,965	43,925	44,980	46,562
13 Over 1 year to 5 years	34,522	34,906	34,906	35,789	35,789	34,521	34,522	36,267
14 Over 5 years to 10 years	14,196	14,196	14,196	14,322	14,322	14,196	14,196	14,322
15 Over 10 years	18,630	18,630	18,630	18,907	18,907	18,630	18,630	18,907
16 Federal agency obligations—Total	8,558	8,558	8,556	8,556	8,881	8,568	8,558	8,982
17 Within 15 days[1]	188	37	256	351	460	162	188	561
18 16 days to 90 days	763	881	666	571	617	688	763	635
19 91 days to 1 year	1,668	1,701	1,680	1,680	1,675	1,587	1,668	1,657
20 Over 1 year to 5 years	4,176	4,176	4,191	4,191	4,409	4,378	4,176	4,409
21 Over 5 years to 10 years	1,360	1,360	1,360	1,360	1,321	1,350	1,360	1,321
22 Over 10 years	403	403	403	403	399	403	403	399

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

1.20 AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND MONETARY BASE

Billions of dollars, averages of daily figures

Item	1980 Dec	1981 Dec.	1982 Dec.	1983 Dec.	1983 Aug	1983 Sept.	1983 Oct.	1983 Nov.	1983 Dec.	1984 Jan	1984 Feb.	1984 Mar.
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[1]	Seasonally adjusted											
1 **Total reserves**[2]	**30.64**	**31.51**	**33.63**	**35.28**	**35.22**	**35.31**	**35.32**	**35.25**	**35.28**	**35.50**	**36.07**	**36.10**
2 Nonborrowed reserves	28.95	30.88	33.00	34.51	33.67	33.87	34.47	34.34	34.51	34.79	35.50	35.15
3 Nonborrowed reserves plus extended credit[3]	28.95	31.03	33.18	34.51	34.16	34.38	34.73	34.35	34.51	34.79	35.50	35.18
4 Required reserves	30.13	31.20	33.13	34.72	34.77	34.81	34.81	34.72	34.72	34.89	35.12	35.39
5 Monetary base[4]	150.11	157.82	169.81	184.97	180.13	181.78	182.85	183.95	184.97	186.94	188.58	188.71
	Not seasonally adjusted											
6 **Total reserves**[2]	**31.34**	**32.23**	**34.35**	**36.00**	**34.71**	**35.01**	**35.31**	**35.35**	**36.00**	**37.30**	**35.65**	**35.63**
7 Nonborrowed reserves	29.65	31.59	33.71	35.22	33.17	33.57	34.47	34.45	35.22	36.59	35.09	34.68
8 Nonborrowed reserves plus extended credit[3]	29.65	31.74	33.90	35.23	33.66	34.08	34.73	34.45	35.23	36.59	35.09	34.70
9 Required reserves	30.82	31.91	33.85	35.44	34.27	34.51	34.81	34.82	35.44	36.69	34.71	34.92
10 Monetary base[4]	152.80	160.65	172.83	188.23	180.14	181.24	182.67	185.04	188.23	188.10	185.93	187.16
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[5]												
11 **Total reserves**[2]	**40.66**	**41.93**	**41.85**	**38.89**	**38.66**	**37.92**	**38.14**	**38.14**	**38.89**	**40.12**	**36.37**	**36.28**
12 Nonborrowed reserves	38.97	41.29	41.22	38.12	37.11	36.48	37.29	37.24	38.12	39.41	35.80	35.32
13 Nonborrowed reserves plus extended credit[3]	38.97	41.44	41.41	38.12	37.61	36.99	37.55	37.25	38.12	39.41	35.80	35.33
14 Required reserves	40.15	41.61	41.35	38.33	38.21	37.42	37.63	37.62	38.33	39.41	35.42	35.58
15 Monetary base[4]	163.00	170.47	180.52	192.36	185.40	185.11	186.60	188.97	192.36	192.30	186.67	187.81

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]	1980 Dec	1981 Dec	1982 Dec.	1983 Dec	1983	1984		
					Dec.	Jan	Feb.	Mar.
	Seasonally adjusted							
1 M1	414.9	441.9	480.5	525.3	525.3	530.0r	532.9	535.2
2 M2	1,632.6	1,796.6	1,965.3	2,196.1	2,196.1	2,206.6r	2,222.0	2,228.8
3 M3	1,989.8	2,236.7	2,460.3	2,706.7r	2,706.7r	2,721.5r	2,744.9r	2,765.6
4 L	2,326.0	2,598.4	2,868.7	3,175.9r	3,175.9r	3,195.4	n.a.	n.a.
5 Debt[2]	3,946.9	4,323.8	4,710.1	5,219.0	5,219.0	5,271.9	5,327.5	n.a.
M1 components								
6 Currency[2]	116.7	124.0	134.1	148.0	148.0	149.9	150.2	150.9
7 Travelers checks[3]	4.2	4.3	4.3	4.9	4.9	4.9	5.0	5.0
8 Demand deposits[4]	266.5	236.2	239.7	243.7	243.7	244.5	243.8	244.0
9 Other checkable deposits[5]	27.6	77.4	102.4	128.8	128.8	130.7	133.9	135.3
Nontransactions components								
10 In M2[6]	1,217.7	1,354.6	1,484.8	1,670.8	1,670.8	1,676.2r	1,689.1	1,693.5
11 In M3 only[7]	357.2	440.2	495.0	510.6r	510.6r	514.9r	523.0r	535.4
Savings deposits[9]								
12 Commercial Banks	185.9	159.7	164.9	134.6	134.6	132.1	130.1	128.9
13 Thrift Institutions	215.6	186.1	197.2	178.2	178.2	177.7	176.4	176.5
Small denomination time deposits[9]								
14 Commerical Banks	287.5	349.6	382.2	353.1	353.1	352.9	352.8	353.5
15 Thrift Institutions	443.9	477.7	474.7	440.0	440.0	444.1	448.1r	449.7
Money market mutual funds								
16 General purpose and broker/dealer	61.6	150.6	185.2	138.2	138.2	137.9	142.1r	144.8
17 Institution-only	15.0	36.2	48.4	40.3	40.3	40.6	41.6	41.8
Large denomination time deposits[10]								
18 Commercial Banks[11]	213.9	247.3	261.8	225.5	225.5	227.1r	228.3r	232.7
19 Thrift Institutions	44.6	54.3	66.1	100.3	100.3	106.1	111.7	115.1
Debt components								
20 Federal debt	742.8	830.1	991.4	1,177.9	1,177.9	1204.8	1,221.5	n.a.
21 Non-federal debt	3,204.1	3,493.7	3,718.7	4,041.0	4,041.0	4067.1	4,106.0	n.a.
	Not seasonally adjusted							
22 M1	424.8	452.3	491.9	537.8	537.8	534.8	521.9	528.1
23 M2	1,635.4	1,798.7	1,967.4	2,198.0	2,198.0	2,210.4r	2,211.9r	2,229.5
24 M3	1,996.1	2,242.7	2,466.6	2,712.8r	2,712.8r	2,727.4r	2,737.7r	2,765.3
25 L	2,332.8	2,605.6	2,876.5	3,183.7r	3,183.7r	3,206.8	n.a.	n.a.
26 Debt[2]	3,946.9	4,323.8	4,710.1	5,219.0	5,219.0	5,259.7r	5,307.9r	n.a.
M1 components								
27 Currency[2]	118.8	126.1	136.4	150.5	150.5	148.4	148.3	149.8
28 Travelers checks[3]	3.9	4.1	4.1	4.6	4.6	4.6	4.7	4.8
29 Demand deposits[4]	274.7	243.6	247.3	251.6	251.6	249.4	237.9	239.4
30 Other checkable deposits[5]	27.4	78.5	104.1	131.2	131.2	132.5	130.9	134.1
Nontransactions components								
31 M2[6]	1,210.6	1,346.3	1,475.5	1,660.1	1,660.1	1,675.6r	1,690.0r	1,701.4
32 M3 only[7]	360.7	444.1	499.2	514.8r	514.8r	517.0r	525.8r	535.7
Money market deposit accounts								
33 Commercial banks	n.a.	n.a.	26.3	230.1	230.1	234.2	238.3	242.6
34 Thrift institutions	n.a.	n.a.	16.6	146.0	146.0	146.3	147.9	150.2
Savings deposits[8]								
35 Commercial Banks	183.8	157.5	162.1	132.0	132.0	131.3	129.9	130.2
36 Thrift Institutions	214.4	184.7	195.5	176.5	176.5	176.1	175.2	176.8
Small denomination time deposits[9]								
37 Commercial Banks	286.0	347.7	380.1	351.0	351.0	353.7	355.3	356.1
38 Thrift Institutions	442.3	475.6	472.4	437.6	437.6	445.7	450.2r	451.4
Money market mutual funds								
39 General purpose and broker/dealer	61.6	150.6	185.2	138.2	138.2	137.9	142.1r	144.8
40 Institution-only	15.0	36.2	48.4	40.3	40.3	40.6	41.6	41.8
Large denomination time deposits[10]								
41 Commercial Banks[11]	218.5	252.1	266.2	228.9	228.9	229.3r	229.7r	233.0
42 Thrift Institutions	44.3	54.3	66.2	100.7	100.7	105.6r	110.9	113.8
Debt components								
43 Federal debt	742.8	830.1	991.4	1,177.9	1,177.9	1,201.6r	1,219.8	n.a.
44 Non-federal debt	3,204.1	3,943.7	3,718.7	4,041.0	4,041.0	4,058.1r	4,088.1	n.a.

For notes see bottom of next page.

1.22 BANK DEBITS AND DEPOSIT TURNOVER

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

Bank group, or type of customer	1981[1]	1982[1]	1983[1r]	1983 Sept	1983 Oct	1983 Nov	1983 Dec	1984 Jan	1984 Feb
	Seasonally adjusted								
DEBITS TO									
Demand deposits[2]									
1 All insured banks	80,858.7	90,914.4	108,646.4	110,700.7	118,407.2	114,466.6	115,381.5	120,954.6	126,749.9
2 Major New York City banks	33,891.9	37,932.9	47,336.9	46,903.7	52,639.9	49,715.8	48,255.7	51,952.5	55,776.7
3 Other banks	46,966.9	52,981.6	61,309.5	63,796.9	65,767.3	64,750.8	67,125.8	69,002.2	70,973.1
4 ATS-NOW accounts[3]	743.4	1,036.2	1,394.9	1,495.9	1,392.8	1,447.4	1,499.6	1,345.1	1,491.1
5 Savings deposits[4]	672.7	721.4	735.7	712.7	643.7	674.9	661.4	620.8	708.3
DEPOSIT TURNOVER									
Demand deposits[2]									
6 All insured banks	285.8	324.2	376.8	384.7	409.6	398.3	395.7	414.2	434.7
7 Major New York City banks	1,105.1	1,287.6	1,512.0	1,508.8	1,703.8	1,645.6	1,541.4	1,650.9	1,747.7
8 Other banks	186.2	211.1	238.5	248.6	254.7	251.8	257.9	264.9	273.3
9 ATS-NOW accounts[3]	14.0	14.5	15.5	15.9	14.9	15.5	15.9	13.8	15.0
10 Savings deposits[4]	4.1	4.5	5.3	5.3	4.9	5.1	5.0	4.7	5.5
	Not seasonally adjusted								
DEBITS TO									
Demand deposits[2]									
11 All insured banks	81,197.9	91,031.9	108,459.5	111,741.3	114,191.9	110,963.9	122,558.3	123,567.2	114,721.3
12 Major New York City banks	34,032.0	38,001.0	47,238.2	48,276.1	49,910.9	47,508.1	52,418.5	52,895.2	50,724.8
13 Other banks	47,165.9	53,030.9	61,221.3	63,465.2	64,280.9	63,455.8	70,139.7	70,672.0	63,996.5
14 ATS-NOW accounts[3]	737.6	1,027.1	1,387.5	1,388.3	1,373.2	1,327.2	1,465.4	1,601.5	1,389.5
15 MMDA[5]	0	0	567.4	641.4	700.3	639.1	745.8	793.4	682.1
16 Savings deposits[4]	672.9	720.0	736.4	688.9	672.9	635.3	647.1	672.5	649.9
DEPOSIT TURNOVER									
Demand deposits[2]									
17 All insured banks	286.1	325.0	376.1	387.2	391.1	381.7	407.0	412.3	402.7
18 Major New York City banks	1,114.2	1,295.7	1,510.0	1,574.5	1,595.5	1,553.4	1,613.6	1,581.5	1,618.7
19 Other banks	186.2	211.5	238.1	246.1	246.6	244.0	261.1	265.4	252.4
20 ATS-NOW accounts[3]	14.0	14.3	15.4	15.0	14.6	14.0	15.1	16.2	14.3
21 MMDA[5]	0	0	2.8	2.9	3.2	2.8	3.3	3.4	2.9
22 Savings deposits[4]	4.1	4.5	5.3	5.2	5.1	4.8	4.9	5.2	5.1

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.

NOTES TO TABLE 1.21

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

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

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

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

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

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

2. Currency outside the U.S. Treasury, Federal Reserve Banks, and vaults of commercial banks. Excludes the estimated amount of vault cash held by thrift institutions to service their OCD liabilities.
3. Outstanding amount of U.S. dollar-denominated travelers checks of nonbank issuers. Travelers checks issued by depository institutions are included in demand deposits.
4. Demand deposits at commercial banks and foreign-related institutions other than those due to domestic banks, the U.S. government, and foreign banks and official institutions less cash items in the process of collection and Federal Reserve float. Excludes the estimated amount of demand deposits held at commercial banks by thrift institutions to service their OCD liabilities.
5. Consists of NOW and ATS balances at all depository institutions, credit union share draft balances, and demand deposits at thrift institutions. Other checkable deposits seasonally adjusted equals the difference between the seasonally adjusted sum of demand deposits plus OCD and seasonally adjusted demand deposits. Included are all ceiling free "Super NOWs," authorized by the Depository Institutions Deregulation committee to be offered beginning Jan. 5, 1983.
6. Sum of overnight RPs and overnight Eurodollars, money market fund balances (general purpose and broker/dealer), MMDAs, and savings and small time deposits, less the consolidation adjustment that represents the estimated amount of demand deposits and vault cash held by thrift institutions to service their time and savings deposits liabilities.
7. Sum of large time deposits, term RPs and term Eurodollars of U.S. residents, money market fund balances (institution-only), less a consolidation adjustment that represents the estimated amount of overnight RPs and Eurodollars held by institution-only money market funds.
8. Savings deposits exclude MMDAs.
9. Small-denomination time deposits—including retail RPs—are those issued in amounts of less than $100,000. All individual retirement accounts (IRA) and Keogh accounts at commercial banks and thrifts are subtracted from small time deposits.
10. Large-denomination time deposits are those issued in amounts of $100,000 or more, excluding those booked at international banking facilities.
11. Large-denomination time deposits at commercial banks less those held by money market mutual funds, depository institutions, and foreign banks and official institutions.

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

1.23 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars; averages of Wednesday figures

Category	1981	1982	1983		1984		1981	1982	1983		1984	
	Dec.[2]	Dec.	Nov.	Dec.	Jan.	Feb.	Dec.[2]	Dec.	Nov.	Dec.	Jan.	Feb.
	Seasonally adjusted						Not seasonally adjusted					
1 **Total loans and securities[3]**	**1,316.3**	**1,412.1**	**1,548.9**	**1,567.6**	**1,582.8**	**1,601.1**	**1,326.1**	**1,422.5**	**1,556.1**	**1,579.0**	**1,585.1**	**1,596.5**
2 U.S. Treasury securities	111.0	130.9	186.2	188.0	189.2	189.1	111.4	131.5	185.0	188.8	188.4	189.9
3 Other securities	231.4	239.1	247.1	247.5	251.2	250.4	232.8	240.6	247.6	249.0	251.4	249.8
4 Total loans and leases[3]	973.9	1,042.0	1,115.7	1,132.1	1,142.4	1,161.6	981.8	1,050.4	1,123.5	1,141.1	1,145.2	1,156.8
5 Commercial and industrial loans	358.0	392.4	407.8	413.0	417.6	423.1	360.1	394.7	409.7	415.4	416.2	421.4
6 Real estate loans	285.7	303.2	332.1	335.6	340.5	343.8	286.8	304.1	333.4	336.6	341.2	343.5
7 Loans to individuals	185.1	191.8	215.4	219.7	224.3	228.0	186.4	193.1	216.7	221.2	225.0	227.3
8 Security loans	21.9	24.7	26.2	27.3	27.5	30.9	22.7	25.5	26.7	28.2	27.6	29.8
9 Loans to nonbank financial institutions	30.2	31.1	29.8	29.7	30.8	30.7	31.2	32.1	30.2	30.6	30.9	30.8
10 Agricultural loans	33.0	36.1	39.3	39.6	39.8	40.0	33.0	36.1	39.6	39.6	39.6	39.4
11 Lease financing receivables	12.7	13.1	13.0	13.1	13.4	13.5	12.7	13.1	13.0	13.1	13.4	13.5
12 All other loans	47.2	49.5	52.1	54.1	48.4	51.6	49.2	51.5	54.1	56.4	51.2	51.2
MEMO												
13 **Total loans and securities plus loans sold[3,4]**	**1,319.1**	**1,415.0**	**1,551.4**	**1,570.0**	**1,585.2**	**1,603.6**	**1,328.9**	**1,425.4**	**1,558.6**	**1,581.4**	**1,587.5**	**1,599.0**
14 Total loans plus loans sold[3,4]	976.7	1,045.0	1,118.2	1,134.5	1,144.9	1,164.1	984.7	1,053.3	1,126.0	1,143.5	1,147.7	1,159.3
15 Total loans sold to affiliates[3,4]	2.8	2.9	2.5	2.4	2.4	2.5	2.8	2.9	2.5	2.4	2.4	2.5
16 Commercial and industrial loans plus loans sold[4]	360.2	394.6	409.7	414.9	419.4	425.0	362.3	396.9	411.6	417.3	418.1	423.3
17 Commercial and industrial loans sold[4]	2.2	2.3	1.9	1.8	1.9	1.9	2.2	2.3	1.9	1.8	1.9	1.9
18 Acceptances held	8.9	8.5	8.6	8.3	8.2	8.5	9.8	9.5	8.9	9.1	8.6	8.6
19 Other commercial and industrial loans	349.1	383.8	399.2	404.8	409.4	414.6	350.3	385.2	400.8	406.4	407.7	412.7
20 To U.S. addressees[5]	334.9	373.5	386.9	394.7	397.0	402.6	334.3	372.7	388.0	393.9	395.5	400.8
21 To non-U.S. addressees	14.2	10.3	12.3	10.1	12.4	12.1	16.1	12.4	12.7	12.5	12.2	12.0
22 Loans to foreign banks	19.0	13.5	14.5	12.7	12.4	13.2	20.0	14.5	14.5	13.6	12.9	13.0

1. Includes domestically chartered banks, U.S. branches and agencies of foreign banks, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.

2. Beginning December 1981, shifts of foreign loans and securities from U.S. banking offices to international banking facilities (IBFs) reduced the levels of several items. Seasonally adjusted data that include adjustments for the amounts shifted from domestic offices to IBFs are available in the Board's G.7 (407) statistical release (available from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551).

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

4. 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.

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

NOTE. Data are prorated averages of Wednesday estimates for domestically chartered banks, based on weekly reports of a sample of domestically chartered banks and quarterly reports of all domestically chartered banks. For foreign-related institutions, data are averages of month-end estimates based on weekly reports from large agencies and branches and quarterly reports from all agencies, branches, investment companies, and Edge Act corporations engaged in banking.

1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	1981	1982	1983								1984		
	Dec.	Dec.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Total nondeposit funds													
1 Seasonally adjusted[2]	96.3	82.9r	90.9	88.4	77.9r	83.2r	85.0r	81.7r	96.2r	100.3r	98.2r	103.9r	107.0
2 Not seasonally adjusted	98.1	84.9	90.5	90.1	78.6	86.0r	86.1	82.8	99.4	102.4	99.2	105.4	108.5
Federal funds, RPs, and other borrowings from nonbanks[3]													
3 Seasonally adjusted	111.8	127.7r	146.0	140.9	134.2r	132.5r	133.9r	134.9r	140.7r	140.5r	139.3r	142.7r	140.8
4 Not seasonally adjusted	113.5	129.7	145.6	142.6	134.9	135.3	135.1	136.0	143.9	142.7	140.3	144.2	142.3
5 Net balances due to foreign-related institutions, not seasonally adjusted	−18.1	−47.7	−57.8	−55.2	−59.0r	−51.9r	−51.5	−55.8	−47.0	−42.7	−43.6	−41.3	−36.6
6 Loans sold to affiliates, not seasonally adjusted[4]	2.8	2.9	2.8	2.7	2.7	2.6	2.6	2.6	2.5	2.4	2.4	2.5	2.8
MEMO													
7 Domestically chartered banks' net positions with own foreign branches, not seasonally adjusted[5]	−22.4	−39.6	−48.7	−49.2	−50.9	−45.3	−46.3	−48.5	−42.9	−39.7	−38.7	−37.5	−34.7
8 Gross due from balances	54.9	72.2	76.3	75.8	77.4	73.6	74.7	76.4	76.5	75.2	73.0	71.9	73.4
9 Gross due to balances	32.4	32.6	27.6	26.6	26.5	28.3	28.3	27.9	33.6	35.5	34.3	34.5	38.7
10 Foreign-related institutions' net positions with directly related institutions, not seasonally adjusted[6]	4.3	−8.1	−9.1	−6.0	−8.0	−6.6	−5.1	−7.3	−4.1	−3.0	−4.9	−3.9	−1.9
11 Gross due from balances	48.1	54.7	55.8	53.9	55.2	53.5	53.5	55.4	53.1	53.6	52.7	50.6	49.5
12 Gross due to balances	52.4	46.6	46.7	47.9	47.2	47.0	48.3	48.0	49.0	50.6	47.8	46.7	47.6
Security RP borrowings													
13 Seasonally adjusted[7]	59.0	71.0r	84.7	81.4	77.3r	76.1r	78.1r	79.9r	83.3r	84.8r	85.5r	86.9r	85.5
14 Not seasonally adjusted	59.2	71.2	82.7	81.5	76.2	77.0	77.3	79.1	84.6	85.1	84.6	86.5	85.1
U.S. Treasury demand balances[8]													
15 Seasonally adjusted	12.2	12.8r	11.3	13.0	21.7r	20.3r	16.7r	18.9r	12.0r	13.1r	16.5r	20.6r	16.7
16 Not seasonally adjusted	11.1	10.8	12.5	13.2	21.8	16.4	17.9	24.7	7.5	10.8	19.6	22.3	17.5
Time deposits, $100,000 or more[9]													
17 Seasonally adjusted	325.4	347.9r	287.7	287.4	285.9r	284.1r	282.8r	278.3r	280.7r	283.1r	284.3r	283.7r	288.9
18 Not seasonally adjusted	330.4	354.6r	285.5	284.0	281.5r	284.4r	284.7r	280.3r	283.0r	288.1r	287.1r	284.9r	288.6

1. Commercial banks are those in the 50 states and the District of Columbia with national or state charters plus agencies and branches of foreign banks, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.
2. Includes seasonally adjusted federal funds, RPs, and other borrowings from nonbanks and not seasonally adjusted net Eurodollars and loans to affiliates. Includes averages of Wednesday data for domestically chartered banks and averages of current and previous month-end data for foreign-related institutions.
3. Other borrowings are borrowings on any instrument, such as a promissory note or due bill, given for the purpose of borrowing money for the banking business. This includes borrowings from Federal Reserve Banks and from foreign banks, term federal funds, overdrawn due from bank balances, loan RPs, and participations in pooled loans. Includes averages of daily figures for member banks and averages of current and previous month-end data for foreign-related institutions.
4. Loans initially booked by the bank and later sold to affiliates that are still held by affiliates. Averages of Wednesday data.
5. Averages of daily figures for member and nonmember banks.
6. Averages of daily data.
7. Based on daily average data reported by 122 large banks.
8. Includes U.S. Treasury demand deposits and Treasury tax-and-loan notes at commercial banks. Averages of daily data.
9. Averages of Wednesday figures.

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

Billions of dollars except for number of banks

Account	1982 Dec	1983 Mar	Apr.	May	June	July	Aug	Sept	Oct.	Nov	Dec
DOMESTICALLY CHARTERED COMMERCIAL BANKS[1]											
1 Loans and securities, excluding interbank	1,370.3	1,392.2	1,403.8	1,411.9	1,435.1	1,437.4	1,457.0	1,466.1	1,483.0	1,502.3	1,525.2
2 Loans, excluding interbank	1,000.7	1,001.7	1,005.1	1,007.5	1,025.6	1,029.1	1,043.4	1,049.7	1,060.3	1,075.5	1,095.1
3 Commercial and industrial	356.7	358.0	357.9	356.7	360.1	361.1	363.0	364.0	367.0	372.8	380.8
4 Other	644.0	643.7	647.2	650.8	665.6	668.0	680.4	685.7	693.3	702.7	714.4
5 U.S. Treasury securities	129.0	150.6	155.5	160.9	166.0	165.1	167.5	171.2	176.8	180.4	181.4
6 Other securities	240.5	239.9	243.3	243.5	243.5	243.3	246.1	245.2	245.9	246.4	248.7
7 Cash assets, total	184.4	168.9	170.1	164.5	176.9	168.7	176.9	160.0	164.0	179.0	190.5
8 Currency and coin	23.0	19.9	20.4	20.3	21.3	20.7	21.0	20.8	20.5	22.3	23.3
9 Reserves with Federal Reserve Banks	25.4	20.5	23.9	22.4	18.8	20.6	22.5	15.4	19.7	17.6	18.6
10 Balances with depository institutions	67.6	67.1	66.1	65.6	69.7	67.1	69.0	66.7	67.1	70.9	75.6
11 Cash items in process of collection	68.4	61.5	59.6	56.3	67.1	60.3	64.4	56.9	56.6	69.0	73.0
12 Other assets[2]	265.3	257.9	252.4	248.3	253.2	254.5	257.2	252.3	253.0	261.9	253.8
13 Total assets/total liabilities and capital	**1,820.0**	**1,818.9**	**1,826.3**	**1,824.8**	**1,865.2**	**1,860.6**	**1,891.0**	**1,878.4**	**1,900.0**	**1,943.9**	**1,969.5**
14 Deposits	1,361.8	1,374.2	1,368.0	1,370.8	1,402.7	1,396.5	1,420.1	1,408.1	1,419.5	1,459.2	1,482.6
15 Demand	363.9	333.4	329.2	324.5	344.4	334.2	344.7	328.1	331.3	358.1	371.0
16 Savings	296.4	419.2	426.9	440.2	445.3	447.5	449.0	448.8	451.5	458.3	460.7
17 Time	701.5	621.6	611.9	606.1	613.1	614.8	626.4	631.2	636.8	642.8	650.8
18 Borrowings	215.1	211.3	224.0	214.1	221.2	217.5	217.2	217.8	226.8	219.7	216.3
19 Other liabilities	109.2	103.5	102.3	104.7	104.3	105.5	107.6	107.1	106.5	112.6	117.9
20 Residual (assets less liabilities)	133.8	130.0	132.0	135.1	137.0	141.0	146.1	145.4	147.2	152.4	152.8
MEMO											
21 U.S. Treasury note balances included in borrowing	10.7	9.6	17.8	2.7	19.3	19.3	14.8	20.8	22.5	2.8	8.8
22 Number of banks	14,787	14,819	14,823	14,817	14,826	14,785	14,795	14,804	14,800	14,799	14,796
ALL COMMERCIAL BANKING INSTITUTIONS[3]											
23 Loans and securities, excluding interbank	1,429.7	1,451.3	1,460.8	1,467.6	1,491.5	1,494.1	1,515.4	1,525.4	1,541.8	1,563.2	1,586.8
24 Loans, excluding interbank	1,054.8	1,054.5	1,055.7	1,056.4	1,075.2	1,078.8	1,094.9	1,102.5	1,112.2	1,129.2	1,149.3
25 Commercial and industrial	395.3	395.9	393.5	391.7	395.3	397.7	400.6	402.7	405.3	412.0	420.1
26 Other	659.5	658.6	662.2	664.7	679.9	681.2	694.3	699.8	706.8	717.2	729.2
27 U.S. Treasury securities	132.8	155.3	160.2	166.1	171.3	170.3	172.7	176.1	182.0	185.9	186.9
28 Other securities	242.1	241.5	244.9	245.2	245.1	245.0	247.8	246.9	247.7	248.1	250.6
29 Cash assets, total	200.7	185.5	186.3	180.3	193.5	185.2	193.3	174.7	178.4	195.0	205.0
30 Currency and coin	23.0	19.9	20.4	20.3	21.3	20.7	21.1	20.9	20.5	22.3	23.4
31 Reserves with Federal Reserve Banks	26.8	22.0	25.4	23.8	20.0	21.9	24.0	16.6	20.8	19.1	19.7
32 Balances with depository institutions	81.4	81.0	79.8	78.9	84.0	81.2	82.8	79.3	79.5	83.6	88.0
33 Cash items in process of collection	69.4	62.6	60.7	57.3	68.2	61.4	65.4	58.0	57.6	70.0	74.0
34 Other assets[2]	341.7	325.4	317.8	309.5	318.1	318.7	324.6	320.9	318.8	329.7	321.3
35 Total assets/total liabilities and capital	**1,972.1**	**1,962.2**	**1,964.9**	**1,957.4**	**2,003.2**	**1,998.0**	**2,033.3**	**2,021.0**	**2,039.1**	**2,088.0**	**2,113.1**
36 Deposits	1,409.7	1,419.5	1,411.0	1,413.1	1,443.8	1,438.1	1,461.4	1,448.9	1,459.0	1,499.4	1,524.8
37 Demand	376.2	345.7	341.1	336.4	356.4	346.4	356.6	340.0	343.2	369.9	383.2
38 Savings	296.7	419.7	427.3	440.7	445.7	448.0	449.5	449.3	452.0	458.8	461.3
39 Time	736.7	654.1	642.6	636.0	641.6	643.8	655.3	659.5	663.8	670.6	680.4
40 Borrowings	278.3	269.9	281.3	269.5	278.2	277.9	280.5	282.6	289.6	282.5	275.1
41 Other liabilities	148.4	141.1	138.6	137.9	142.3	139.1	143.4	142.3	141.5	151.9	158.6
42 Residual (assets less liabilities)	135.7	131.9	133.9	137.0	138.9	142.9	148.0	147.3	149.1	154.2	154.7
MEMO											
43 U.S. Treasury note balances included in borrowing	10.7	9.6	17.8	2.7	19.3	19.3	14.8	20.8	22.5	2.8	8.8
44 Number of banks	15,329	15,376	15,390	15,385	15,396	15,359	15,370	15,382	15,383	15,382	15,380

1. Domestically chartered commercial banks include all commercial banks in the United States except branches of foreign banks, included are member and nonmember banks, stock savings banks, and nondeposit trust companies.
2. Other assets include loans to U.S. commercial banks
3. Commercial banking institutions include domestically chartered commercial banks, branches and agencies of foreign banks, Edge Act and Agreement corporations, and New York State foreign investment corporations

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

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

Millions of dollars, Wednesday figures

Account	1984								
	Feb 29r	Mar 7	Mar 14	Mar 21	Mar 28	Apr 4	Apr 11	Apr 18	Apr 25
1 Cash and balances due from depository institutions	86,720	82,577	96,141	86,207	83,347	90,760	87,341	90,982	91,294
2 **Total loans, leases and securities, net**	**742,750**	**737,465**	**739,549**	**736,817**	**737,184**	**746,871**	**745,896**	**751,455**	**751,095**
Securities									
3 U.S Treasury and govt agency	80,186	79,773	80,226	79,025	78,682	79,190	79,267	79,894	78,649
4 Trading account	10,952	10,581	11,015	10,774	10,452	11,173	11,534	12,278	11,431
5 Investment account, by maturity	69,234	69,192	69,212	68,250	68,230	68,016	67,733	67,616	67,217
6 One year or less	18,139	18,267	18,378	18,254	18,549	18,383	18,221	18,064	18,251
7 Over one through five years	38,705	38,330	38,093	37,316	36,999	36,994	36,871	36,718	36,119
8 Over five years	12,389	12,595	12,741	12,681	12,682	12,639	12,642	12,834	12,847
9 Other securities	49,137	49,454	49,738	49,235	49,429	48,779	48,439	49,767	49,988
10 Trading account	3,214	3,672	3,884	3,636	3,916	3,952	3,590	5,490	5,707
11 Investment account	45,923	45,782	45,854	45,599	45,514	44,827	44,849	44,277	44,281
12 States & political subdivisions, by maturity	41,808	41,726	41,787	41,538	41,357	40,769	40,757	40,180	40,138
13 One year or less	5,085	4,882	4,879	4,843	4,794	4,648	4,656	4,909	4,856
14 Over one year	36,723	36,844	36,908	36,694	36,564	36,120	36,101	35,270	35,282
15 Other bonds, corporate stocks and securities	4,115	4,055	4,067	4,061	4,156	4,058	4,092	4,097	4,143
16 Other trading account assets	1,853	2,070	2,016	1,957	1,983	2,217	2,088	2,636	2,491
Loans and leases									
17 Federal funds sold[1]	46,880	42,419	43,828	39,701	40,871	45,683	45,961	41,631	41,733
18 To commercial banks	31,653	29,169	30,611	26,880	26,939	31,751	32,632	28,454	28,373
19 To nonbank brokers and dealers in securities	9,409	8,139	8,345	8,269	9,095	9,166	8,481	8,536	8,634
20 To others	5,818	5,111	4,872	4,552	4,837	4,766	4,847	4,641	4,725
21 Other loans and leases, gross	579,456	578,594	578,585	581,713	581,026	585,642	584,830	592,111	592,922
22 Other loans, gross	567,970	567,091	567,090	570,218	569,579	574,171	573,372	580,650	581,446
23 Commercial and industrial	226,943	228,546	228,339	231,031	231,104	232,463	232,352	234,419	234,707
24 Bankers' acceptances and commercial paper	3,517	3,928	3,415	3,656	3,575	3,487	3,288	3,330	3,224
25 All other	223,426	224,618	224,924	227,375	227,530	228,976	229,064	231,089	231,484
26 U S addressees	216,531	217,890	218,165	220,678	220,780	222,100	222,432	224,485	225,064
27 Non-U S. addressees	6,894	6,728	6,759	6,697	6,750	6,876	6,632	6,604	6,420
28 Real estate loans	145,450	145,800	146,608	146,790	146,784	147,436	147,776	148,227	148,510
29 To individuals for personal expenditures	93,454	93,371	93,539	93,630	94,028	94,382	94,625	95,143	95,899
30 To depository and financial institutions	40,718	40,178	39,024	39,586	38,991	40,049	39,900	41,000	40,451
31 Commercial banks in the U S	8,616	8,369	7,915	7,786	7,650	7,927	8,148	8,475	8,614
32 Banks in foreign countries	7,316	6,800	6,523	6,854	7,019	6,991	6,790	6,962	6,961
33 Nonbank depository and other financial institutions	24,785	25,009	24,585	24,946	24,322	25,131	24,962	25,563	24,875
34 For purchasing and carrying securities	15,712	13,602	14,410	13,033	12,680	12,959	12,609	13,848	14,360
35 To finance agricultural production	7,361	7,397	7,438	7,462	7,403	7,460	7,396	7,455	7,477
36 To states and political subdivisions	21,107	20,993	21,111	21,298	21,429	21,612	21,640	22,322	22,479
37 To foreign governments and official institutions	4,499	4,526	4,579	4,771	4,675	4,536	4,411	4,470	4,481
38 All other	12,727	12,676	12,042	12,618	12,484	13,273	12,662	13,765	13,082
39 Lease financing receivables	11,486	11,503	11,495	11,495	11,447	11,471	11,457	11,461	11,475
40 Less Unearned income	5,197	5,182	5,199	5,204	5,253	5,221	5,223	5,105	5,139
41 Loan and lease reserve	9,566	9,662	9,645	9,610	9,556	9,419	9,466	9,480	9,547
42 Other loans and leases, net	564,694	563,749	563,740	566,899	566,218	571,002	570,141	577,527	578,235
43 All other assets	137,954	138,999	131,862	131,964	137,644	143,404	142,436	138,708	135,392
44 **Total assets**	**967,424**	**959,041**	**967,552**	**954,988**	**958,175**	**981,035**	**975,673**	**981,145**	**977,781**
Deposits									
45 Demand deposits	185,654	174,470	180,302	171,550	176,086	187,445	183,475	184,830	178,982
46 Individuals, partnerships, and corporations	140,432	134,167	138,701	131,648	134,156	140,978	140,631	140,530	137,178
47 States and political subdivisions	5,447	4,347	4,389	4,650	4,250	4,609	5,017	4,940	4,742
48 U S government	2,446	2,043	2,445	1,105	1,736	3,624	2,504	3,911	2,854
49 Depository institutions in U S.	22,624	19,961	20,166	20,318	21,285	22,640	20,436	20,898	19,213
50 Banks in foreign countries	6,376	5,866	6,076	5,698	6,292	5,723	5,875	5,982	5,877
51 Foreign governments and official institutions	969	818	786	868	734	802	881	814	837
52 Certified and officers' checks	7,360	7,268	7,739	7,262	7,633	9,068	8,132	7,755	8,282
53 Transaction balances other than demand deposits (ATS, NOW, Super NOW, telephone transfers)	32,787	33,688	33,395	33,224	32,899	35,426	35,353	35,857	33,180
54 Nontransaction balances	411,094	412,712	412,978	413,308	415,351	415,594	415,886	414,329	413,224
55 Individuals, partnerships and corporations	382,522	384,066	384,077	384,384	386,014	386,854	386,760	385,109	383,907
56 States & political subdivisions	18,247	18,317	18,259	18,353	18,698	18,072	18,212	18,204	18,482
57 U S government	406	395	402	395	390	390	396	404	393
58 Depository institutions in U S.	7,145	7,039	7,314	7,302	7,387	7,436	7,342	7,196	7,004
59 Foreign governments, official institutions and banks	2,774	2,894	2,926	2,874	2,862	2,842	3,175	3,415	3,439
60 Liabilities for borrowed money	181,504	182,608	182,131	178,863	175,644	178,914	180,546	182,806	188,438
61 Borrowings from federal reserve banks	486	30	1,825	178	20	60	1,992	40	4,931
62 Treasury tax-and-loan notes	16,207	10,157	6,902	13,032	10,636	3,390	2,579	10,573	16,641
63 All other liabilities for borrowed money[2]	164,811	172,421	173,404	165,654	164,988	175,464	175,975	172,192	166,865
64 Other liabilities and subordinated note and debentures	90,980	90,119	93,193	92,858	93,066	97,452	93,893	97,240	98,008
65 **Total liabilities**	**902,018**	**893,598**	**901,999**	**889,803**	**893,046**	**914,831**	**909,153**	**915,062**	**911,833**
66 Residual (total assets minus total liabilities)[3]	65,406	65,443	65,554	65,186	65,129	66,204	66,519	66,083	65,948

1. Includes securities purchased under agreements to resell.
2. 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
3. This is not a measure of equity capital for use in capital adequacy analysis or for other analytic uses

1.27 LARGE WEEKLY REPORTING COMMERCIAL BANKS with Domestic Assets of $1 Billion or More on December 31, 1977, Assets and Liabilities▲

▲Series Discontinued

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

Millions of dollars, Wednesday figures

Account	1984 Feb 29	Mar 7	Mar 14	Mar 21	Mar. 28	Apr 4	Apr 11	Apr 18	Apr 25
1 Cash and balances due from depository institutions	19,057	19,047	25,111	19,240	19,473	21,505	21,259	20,578	23,503
2 **Total loans, leases and securities, net**[1]	**156,706**	**152,599**	**154,979**	**154,310**	**153,271**	**158,749**	**154,360**	**155,934**	**158,034**
Securities									
3 U.S Treasury and govt agency[2]		...	...		...		...		...
4 Trading account[2]	...	...			...			...	
5 Investment account, by maturity	10,868	10,953	10,734	10,353	10,467	10,616	10,410	10,370	10,231
6 One year or less	1,885	1,897	1,894	1,863	2,260	2,007	1,960	1,954	2,032
7 Over one through five years	7,796	7,696	7,486	7,142	6,858	7,266	7,106	7,049	6,838
8 Over five years	1,186	1,359	1,355	1,348	1,350	1,344	1,344	1,367	1,362
9 Other securities[2]		...	...		...		...		...
10 Trading account[2]		...	...		...	...	...		...
11 Investment account	9,543	9,584	9,636	9,634	9,702	9,306	9,407	9,814	9,798
12 States and political subdivisions, by maturity	8,718	8,776	8,818	8,812	8,777	8,498	8,581	8,978	8,952
13 One year or less	1,292	1,293	1,272	1,278	1,278	1,095	1,106	1,535	1,534
14 Over one year	7,425	7,483	7,546	7,534	7,498	7,402	7,474	7,443	7,418
15 Other bonds, corporate stocks and securities	826	808	818	822	925	808	827	836	846
16 Other trading account assets[2]		...		...				...	
Loans and leases									
17 Federal funds sold[3]	12,902	10,542	12,842	11,540	11,455	14,872	11,707	10,240	12,163
18 To commercial banks	6,206	4,082	6,092	4,875	4,345	7,036	5,378	4,038	6 118
19 To nonbank brokers and dealers in securities	4,208	3,632	3,880	4,116	4,441	5,182	4,061	4,084	4.004
20 To others	2,489	2,828	2,870	2,548	2,669	2,654	2,267	2,118	2,040
21 Other loans and leases, gross	127,684	125,836	126,115	127,096	125,943	128,285	127,175	129,852	130,242
22 Other loans, gross	125,665	123,817	124,096	125,078	123,920	126,275	125,166	127,837	128,226
23 Commercial and industrial	59,544	59,540	59,560	60,818	60,614	61,308	61,180	61,979	61,609
24 Bankers' acceptances and commercial paper	876	938	738	792	846	790	743	699	702
25 All other	58,668	58,602	58,822	60,027	59,768	60,518	60,437	61,281	60,907
26 U.S addressees	57,124	57,262	57,529	58,796	58,498	59,149	59,223	60,131	59,809
27 Non-U S addressees	1,544	1,340	1,293	1,230	1,270	1,369	1,214	1,149	1,098
28 Real estate loans	21,065	21,126	21,339	21,361	21,381	21,439	21,443	21,478	21,608
29 To individuals for personal expenditures	13,337	13,385	13,328	13,322	13,357	14,236	14,255	14,253	14,486
30 To depository and financial institutions	12,746	12,342	11,593	12,324	11,693	11,902	11,479	12,054	12,024
31 Commercial banks in the United States	1,524	1,505	1,209	1,478	1,122	1,268	1,230	1,420	1,598
32 Banks in foreign countries	2,897	2,533	2,332	2,515	2,585	2,449	2,282	2,276	2,436
33 Nonbank depository and other financial institutions	8,325	8,304	8,052	8,331	7,985	8,185	7,968	8,358	7,990
34 For purchasing and carrying securities	8,045	6,492	7,416	6,139	5,873	6,273	5,979	6,822	7,537
35 To finance agricultural production	621	608	627	614	569	571	563	544	542
36 To states and political subdivisions	6,148	6,118	6,160	6,237	6,321	6,319	6,302	6,421	6,529
37 To foreign governments and official institutions	735	760	757	825	783	605	456	452	437
38 All other	3,424	3,446	3,315	3,437	3,329	3,622	3,508	3,833	3,454
39 Lease financing receivables	2,019	2,018	2,019	2,018	2,023	2,010	2,010	2,015	2,016
40 Less Unearned income	1,441	1,433	1,461	1,462	1,478	1,499	1,509	1,502	1,529
41 Loan and lease reserve	2,849	2,883	2,888	2,852	2,818	2,832	2,832	2,840	2,871
42 Other loans and leases, net	123,393	121,520	121,766	122,782	121,647	123,954	122,835	125,510	125,842
43 All other assets[4]	61,843	64,044	59,397	60,579	61,517	64,986	66,199	66,714	62,795
44 **Total assets**	**237,607**	**235,690**	**239,487**	**234,129**	**234,262**	**245,240**	**241,818**	**243,227**	**244,332**
Deposits									
45 Demand deposits	48,254	43,749	45,891	42,742	45,908	47,749	45,104	46,330	47,009
46 Individuals, partnerships, and corporations	32,850	30,723	31,359	29,164	30,906	31,734	30,361	31,553	32,132
47 States and political subdivisions	764	536	642	618	514	627	604	667	636
48 U S government	632	425	626	250	437	940	691	1,107	635
49 Depository institutions in the United States	5,362	3,813	4,378	4,530	4,961	5,150	4,421	4,779	4,261
50 Banks in foreign countries	5,048	4,539	4,616	4,360	4,991	4,391	4,532	4,521	4,552
51 Foreign governments and official institutions	800	599	591	693	553	594	580	623	652
52 Certified and officers' checks	2,796	3,114	3,679	3,127	3,546	4,312	3,914	3,080	4,139
53 Transaction balances other than demand deposits ATS, NOW, Super NOW, telephone transfers)	3,651	3,698	3,696	3,709	3,677	4,004	4,056	4,214	3,823
54 Nontransaction balances	71,268	71,591	71,744	71,421	72,160	72,122	72,019	71,963	71,363
55 Individuals, partnerships and corporations	65,526	65,721	65,852	65,469	66,194	66,191	65,810	65,411	64,826
56 States and political subdivisions	2,194	2,208	2,140	2,153	2,155	2,020	2,013	2,150	2,222
57 U.S. Government	18	18	26	26	28	28	29	29	28
58 Depository institutions in United States	2,482	2,504	2,632	2,668	2,663	2,754	2,600	2,605	2,495
59 Foreign governments, official institutions and banks	1,048	1,141	1,095	1,106	1,119	1,129	1,566	1,767	1,791
60 Liabilities for borrowed money	57,207	60,612	61,395	58,320	55,463	60,374	62,572	60,351	60,587
61 Borrowings from federal reserve banks	..	...	735		...		1,525		2,675
62 Treasury tax-and-loan notes	3,984	2,470	1,791	3,366	2,789	822	699	3,116	4,284
63 All other liabilities for borrowed money[5]	53,223	58,142	58,869	54,954	52,674	59,552	60,348	57,235	53,628
64 Other liabilities and subordinated note and debentures	36,074	34,846	35,496	36,786	36,051	39,441	36,420	38,843	40,147
65 **Total liabilities**	**216,455**	**214,496**	**218,222**	**212,978**	**213,260**	**223,690**	**220,172**	**221,701**	**222,928**
66 Residual (total assets minus total liabilities)[6]	21,153	21,194	21,265	21,151	21,002	21,550	21,647	21,525	21,404

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

1.29 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures

Account	1984								
	Feb. 29	Mar. 7	Mar 14	Mar. 21	Mar. 28	Apr 4	Apr. 11	Apr 18	Apr 25
BANKS WITH ASSETS OF $1.4 BILLION OR MORE									
1 Total loans and leases (gross) and investments adjusted[1]	717,243r	714,772	715,866	716,966	717,404	721,833	719,804	729,110	728,795
2 Total loans and leases (gross) adjusted[1]	586,067r	583,474	583,886	586,748	587,309	591,647	590,010	596,813	597,667
3 Time deposits in amounts of $100,000 or more	142,041r	143,218	142,937	142,647	143,392	142,417	141,964	141,242	141,228
4 Loans sold outright to affiliates—total[2]	2,538	2,546	2,490	3,010	3,066	3,102	3,095	3,092	3,220
5 Commercial and industrial	1,912	1,951	1,929	1,917	1,932	1,884	1,886	1,887	1,999
6 Other	626	595	561	1,093	1,134	1,218	1,209	1,205	1,220
7 Nontransaction savings deposits (including MMDA)	153,399r	153,696	153,913	154,353	155,393	156,861	157,635	156,294	154,781
BANKS IN NEW YORK CITY									
8 Total loans and leases (gross) and investments adjusted[1,3]	153,268	151,327	152,026	152,271	152,100	154,776	152,092	154,818	154,718
9 Total loans and leases (gross) adjusted[1]	132,857	130,790	131,655	132,283	131,931	134,854	132,274	134,634	134,688
10 Time deposits in amounts of $100,000 or more	28,717	29,483	29,448	29,182	29,186	29,315	28,604	28,588	28,798

1. Exclusive of loans and federal funds transactions with domestic commercial banks.
2 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
3 Excludes trading account securities

1.30 LARGE WEEKLY REPORTING U.S. BRANCHES AND AGENCIES OF FOREIGN BANKS WITH ASSETS OF $1.4 BILLION OR MORE ON JUNE 30, 1980 Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1984								
	Feb. 29	Mar. 7	Mar. 14	Mar 21	Mar. 28	Apr 4	Apr. 11	Apr 18	Apr. 25
1 Cash and due from depository institutions	6,662	6,062	6,416	6,119	6,841	6,782	7,087	6,770	6,938
2 Total loans and securities	44,619	43,580	44,778	45,197	46,895	44,903	45,342	44,888	45,492
3 U S. Treasury and govt agency securities[1]	4,666	4,663	4,658	4,631	4,376	4,663	4,501	4,480	4,480
4 Other securities[1]	741	760	762	755	772	777	756	789	791
5 Federal funds sold[2]	3,933	2,209	3,573	3,486	4,581	2,344	3,760	3,111	4,340
6 To commercial banks in the United States	3,488	1,773	3,220	3,097	4,296	2,024	3,502	2,778	4,048
7 To others	445	436	353	388	286	320	259	333	292
8 Other loans, gross	35,278	35,948	35,786	36,325	37,167	37,118	36,325	36,509	35,881
9 Commercial and industrial	20,212	20,333	20,206	20,174	20,163	20,752	19,617	19,851	19,730
10 Bankers acceptances and commercial paper	2,966	3,067	3,045	2,944	3,024	2,837	3,017	3,122	3,101
11 All other	17,245	17,266	17,161	17,229	17,139	17,915	16,600	16,728	16,629
12 U.S. addressees	15,488	15,518	15,417	15,379	15,315	16,057	14,769	15,000	14,877
13 Non-U S. addressees	1,757	1,748	1,744	1,850	1,824	1,858	1,831	1,728	1,752
14 To financial institutions	10,069	10,841	10,902	11,534	13,282	12,984	13,070	13,114	12,606
15 Commercial banks in the United States	7,791	8,575	8,764	9,439	11,156	10,943	10,982	10,970	10,483
16 Banks in foreign countries	1,592	1,700	1,607	1,511	1,520	1,391	1,380	1,421	1,364
17 Nonbank financial institutions	685	565	531	584	607	650	709	722	759
18 To foreign govts. and official institutions[3]	744	770	808	783	792	836	819	799	782
19 For purchasing and carrying securities	924	791	782	785	840	595	841	793	780
20 All other[3]	3,330	3,214	3,087	3,049	2,089	1,950	1,978	1,953	1,984
21 Other assets (claims on nonrelated parties)	13,863	13,856	14,090	14,031	14,029	13,701	13,960	14,447	14,427
22 Net due from related institutions	8,713	9,867	9,654	8,946	8,319	9,424	9,591	9,902	9,347
23 Total assets	73,856	73,364	74,938	74,294	76,084	74,810	75,981	76,008	76,205
24 Deposits or credit balances due to other than directly related institutions	19,678	19,938	20,388	20,116	20,752	20,518	20,170	20,012	19,838
25 Credit balances	192	136	186	175	138	204	168	147	166
26 Demand deposits	1,779	1,685	1,957	1,682	1,916	1,894	1,841	1,920	1,726
27 Individuals, partnerships, and corporations	896	784	854	854	850	926	826	826	773
28 Other	883	900	1,102	828	1,067	968	1,014	1,094	952
29 Time and savings deposits	17,707	18,116	18,245	18,259	18,697	18,420	18,161	17,945	17,946
30 Individuals, partnerships, and corporations	15,165	15,392	15,358	15,414	15,797	15,478	15,135	14,817	14,854
31 Other	2,541	2,724	2,886	2,846	2,900	2,942	3,026	3,128	3,092
32 Borrowings from other than directly related institutions	31,792	32,395	32,781	31,778	31,464	32,630	33,070	33,487	33,268
33 Federal funds purchased[4]	10,848	10,773	10,674	9,807	8,356	10,309	10,223	9,541	10,113
34 From commercial banks in the United States	9,159	8,274	7,798	6,721	5,589	7,412	7,609	6,491	6,999
35 From others	1,689	2,499	2,875	3,086	2,767	2,897	2,614	3,050	3,114
36 Other liabilities for borrowed money	20,943	21,623	22,107	21,971	23,109	22,321	22,847	23,946	23,155
37 To commercial banks in the United States	17,712	18,491	18,962	18,802	19,954	19,414	19,836	20,801	19,932
38 To others	3,231	3,132	3,145	3,170	3,154	2,906	3,010	3,145	3,224
39 Other liabilities to nonrelated parties	14,581	14,560	14,764	14,612	14,644	14,169	14,740	15,062	15,119
40 Net due to related institutions	7,806	6,472	7,006	7,788	9,224	7,494	8,001	7,446	7,980
41 Total liabilities	73,856	73,364	74,938	74,294	76,084	74,810	75,981	76,008	76,205
MEMO									
42 Total loans (gross) and securities adjusted[5]	33,339	33,232	32,794	32,660	31,444	31,936	30,859	31,140	30,961
43 Total loans (gross) adjusted[5]	27,932	27,810	27,375	27,274	26,297	26,496	25,602	25,871	25,690

1. Prior to Jan. 4, 1984 U S Government Agency securities were included in other securities.
2. Includes securities purchased under agreements to resell.
3. As of Jan. 4, 1984 loans to foreign governments and official institutions is reported as a separate item Before that date it was included in all other loans.
4. Includes securities sold under agreements to repurchase.
5. Exclusive of loans to and federal funds sold to commercial banks in the United States.

1.31 GROSS DEMAND DEPOSITS of Individuals, Partnerships, and Corporations[1]

Billions of dollars, estimated daily-average balances

Type of holder	1978 Dec.	1979[2] Dec.	1980 Dec.	1981 Dec.	1982 Dec[r]	1983 Mar[r]	1983 June[r]	1983 Sept.	1983 Dec	1984 Mar
	Commercial banks									
1 **All holders—Individuals, partnerships, and corporations**	**294.6**	**302.2**	**315.5**	**288.9**	**291.7**	**272.0**	**281.9**	**280.3**	**293.7**	**279.3**
2 Financial business	27.8	27.1	29.8	28.0	35.4	32.7	34.6	32.1	32.8	31.7
3 Nonfinancial business	152.7	157.7	162.8	154.8	150.5	139.9	146.9	150.2	161.3	150.3
4 Consumer	97.4	99.2	102.4	86.6	85.9	79.4	80.3	77.9	78.5	78.1
5 Foreign	2.7	3.1	3.3	2.9	3.0	3.1	3.0	2.9	3.3	3.3
6 Other	14.1	15.1	17.2	16.7	17.0	16.9	17.2	17.1	17.8	15.9
	Weekly reporting banks									
	1978 Dec.	1979[4] Dec.	1980 Dec	1981 Dec	1982 Dec[r]	1983 Mar[r]	1983 June[r]	1983 Sept	1983 Dec.	1984 Mar
7 **All holders—Individuals, partnerships, and corporations**	**147.0**	**139.3**	**147.4**	**137.5**	**144.2**	**133.0**	**139.6**	**136.3**	**146.2**	**139.2**
8 Financial business	19.8	20.1	21.8	21.0	26.7	24.3	26.2	23.6	24.2	23.5
9 Nonfinancial business	79.0	74.1	78.3	75.2	74.3	68.9	72.8	72.9	79.8	76.4
10 Consumer	38.2	34.3	35.6	30.4	31.9	28.7	28.5	28.1	29.7	28.4
11 Foreign	2.5	3.0	3.1	2.8	2.9	3.0	2.8	2.8	3.1	3.2
12 Other	7.5	7.8	8.6	8.0	8.4	8.1	9.3	8.9	9.3	7.7

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

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

3 After the end of 1978 the large weekly reporting bank panel was changed to 170 large commercial banks, each of which had total assets in domestic offices exceeding $750 million as of Dec 31, 1977. See "Announcements," p 408 in the May 1978 BULLETIN Beginning in March 1979, demand deposit ownership estimates for these large banks are constructed quarterly on the basis of 97 sample banks and are not comparable with earlier data The following estimates in billions of dollars for December 1978 have been constructed for the new large-bank panel; financial business, 18.2, nonfinancial business, 67.2, consumer, 32.8, foreign, 2.5; other, 6.8.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1978 Dec	1979[1] Dec.	1980 Dec.	1981 Dec.	1982 Dec[2]	1983 Oct.	1983 Nov	1983 Dec	1984 Jan.	1984 Feb.	1984 Mar.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**83,438**	**112,803**	**124,374**	**165,829r**	**166,670r**	**175,150r**	**180,606r**	**185,852r**	**184,419r**	**190,808r**	**200,631**
Financial companies[3]											
Dealer-placed paper[4]											
2 Total	12,181	17,359	19,599	30,333r	34,634r	38,660r	41,459r	41,688r	39,884r	41,363r	43,167
3 Bank-related (not seasonally adjusted)	3,521	2,784	3,561	6,045	2,516	2,195	2,341	2,441	2,087	1,765	1,767
Directly placed paper[5]											
4 Total	51,647	64,757	67,854	81,660r	84,130r	91,737r	93,878r	96,548r	98,495r	102,606r	107,421
5 Bank-related (not seasonally adjusted)	12,314	17,598	22,382	26,914	32,034	34,622	35,001	35,566	37,636r	36,958r	39,617
6 Nonfinancial companies[6]	19,610	30,687	36,921	53,836	47,906r	44,753r	45,269r	47,616r	46,040r	46,839r	50,043
	Bankers dollar acceptances (not seasonally adjusted)										
7 **Total**	**33,700**	**45,321**	**54,744**	**69,226**	**79,543**	**72,902**	**77,919**	**78,309**	**73,450**	**74,367**	**73,221**
Holder											
8 Accepting banks	8,579	9,865	10,564	10,857	10,910	9,501	10,894	9,355	9,546	9,237	8,734
9 Own bills	7,653	8,327	8,963	9,743	9,471	8,212	9,558	8,125	7,814	7,897	7,040
10 Bills bought	927	1,538	1,601	1,115	1,439	1,289	1,337	1,230	1,732	1,340	1,694
Federal Reserve Banks											
11 Own account	587	704	776	195	1,480	0	0	418	0	0	0
12 Foreign correspondents	664	1,382	1,791	1,442	949	483	573	729	729	777	896
13 Others	24,456	33,370	41,614	56,731	66,204	62,917	66,452	68,225	63,174	64,353	63,592
Basis											
14 Imports into United States	8,574	10,270	11,776	14,765	17,683	14,829	14,906	15,649	15,028	15,495	15,107
15 Exports from United States	7,586	9,640	12,712	15,400	16,328	16,036	17,209	16,880	16,159	15,818	15,572
16 All other	17,541	25,411	30,257	39,060	45,531	42,036	45,806	45,781	42,262	43,055	42,542

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

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

3 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

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

Percent per annum

Effective date	Rate	Effective Date	Rate	Month	Average rate	Month	Average rate
1981—Nov. 24	16.00	1982—Oct 14	12 00	1982—Jan	15.75	1983—Feb.	10.98
Dec. 1	15 75	Nov 22	11 50	Feb.	16 56	Mar.	10.50
				Mar	16.50	Apr	10.50
				Apr.	16 50	May	10.50
1982—Feb. 18	17.00	1983—Jan 11	11 00	May.	16.50	June	10.50
23	16 50	Feb 28	10 50	June	16 50	July	10.50
July 20	16.00	Aug 8.	11.00	July	16.26	Aug.	10 89
29	15.50			Aug.	14.39	Sept	11.00
Aug 2	15.00	1984—Mar. 19	11.50	Sept.	13.50	Oct.	11.00
16	14.50	Apr. 5	12.00	Oct	12.52	Nov	11.00
18	14 00			Nov	11.85	Dec.	11 00
Aug 23.	13 50			Dec.	11 50		
Oct. 7	13.00					1984—Jan.	11 00
				1983—Jan.	11 16	Feb	11.00
						Mar	11.21
						Apr	11.93

1.34 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, February 6–10, 1984

Item	All sizes	Size of loan (in thousands of dollars) 1–24	25–49	50–99	100–499	500–999	1,000 and over
SHORT-TERM COMMERCIAL AND INDUSTRIAL LOANS							
1 Amount of loans (thousands of dollars)	38,330,316	991,513	549,652	709,274	2,247,241	972,939	32,859,696
2 Number of loans	171,352	125,356	16,856	10,749	12,402	1,483	4,507
3 Weighted-average maturity (months)	1.1	4.6	4.2	3.5	4.2	3.1	7
4 With fixed rates	7	4.0	3.8	2.0	2.5	1.5	.5
5 With floating rates	2.2	6.1	4.9	5.1	5.2	4.1	1.3
6 Weighted-average interest rate (percent per annum)	11.06	14.13	13.45	13.33	12.66	11.99	10.75
7 Interquartile range[1]	10.45–11.24	13.24–14.93	12.55–14.20	12.13–14.54	11.57–13.80	11.46–12.68	10.40–10.89
8 With fixed rates	10.93	14.44	13.70	13.89	13.03	11.45	10.68
9 With floating rates	11.35	13.53	13.13	12.76	12.49	12.20	10.91
Percentage of amount of loans							
10 With floating rate	32.6	33.9	44.7	49.6	69.3	72.4	28.3
11 Made under commitment	63.7	33.8	37.8	44.5	58.7	69.8	65.6
12 With no stated maturity	10.4	11.6	12.5	27.4	22.7	35.4	8.4
13 With one-day maturity	40.3	1	1	.2	6	2.2	46.9
LONG-TERM COMMERCIAL AND INDUSTRIAL LOANS		1–99					
14 Amount of loans (thousands of dollars)	3,705,613	473,173			351,506	206,780	2,674,153
15 Number of loans	29,580	26,742			1,980	309	548
16 Weighted-average maturity (months)	48.0	40.4			39.6	42.2	50.9
17 With fixed rates	48.5	36.5			37.0	38.2	57.0
18 With floating rates	47.9	43.7			40.9	43.2	49.5
19 Weighted-average interest rate (percent per annum)	11.92	14.21			12.13	12.18	11.46
20 Interquartile range[1]	10.86–12.69	13.00–14.93			11.46–13.10	11.57–12.96	10.65–12.28
21 With fixed rates	12.33	15.24			11.29	12.15	11.33
22 With floating rates	11.78	13.31			12.53	12.18	11.49
Percentage of amount of loans							
23 With floating rate	76.0	53.5			68.1	80.5	80.7
24 Made under commitment	73.9	31.1			69.3	81.1	81.5
CONSTRUCTION AND LAND DEVELOPMENT LOANS		1–24	25–49	50–99		500 and over	
25 Amount of loans (thousands of dollars)	2,278,565	189,847	358,574	249,161	909,700	571,282	
26 Number of loans	43,012	23,372	10,406	3,977	4,978	279	
27 Weighted-average maturity (months)	8.9	5.3	9.9	5.8	11.2	7.2	
28 With fixed rates	4.3	5.4	7.6	5.0	3.2	2.2	
29 With floating rates	13.5	5.1	12.0	7.5	20.1	9.3	
30 Weighted-average interest rate (percent per annum)	13.34	14.03	13.38	13.80	13.77	12.22	
31 Interquartile range[1]	12.00–14.20	13.27–14.45	12.37–14.50	12.92–14.76	12.00–14.21	11.57–12.69	
32 With fixed rates	14.13	14.12	13.75	14.29	15.05	11.74	
33 With floating rates	12.60	13.79	13.05	12.73	12.42	12.41	
Percentage of amount of loans							
34 With floating rate	51.3	26.7	53.6	31.5	48.5	71.3	
35 Secured by real estate	91.3	80.8	99.5	96.2	97.8	77.1	
36 Made under commitment	61.6	36.7	76.5	65.2	46.1	83.8	
37 With no stated maturity	49.9	47.9	44.0	51.9	73.4	15.9	
38 With one-day maturity	6.0	10.6	.5	18.8	4.3	5.3	
Type of construction							
39 1- to 4-family	44.1	41.6	55.5	29.4	22.3	78.8	
40 Multifamily	2.3	2.7	1.5	1.5	2.8	2.2	
41 Nonresidential	0	.0	0	0	0	.0	
LOANS TO FARMERS	All sizes	1–9	10–24	25–49	50–99	100–249	250 and over
42 Amount of loans (thousands of dollars)	1,352,194	158,661	161,008	194,352	199,351	216,433	422,389
43 Number of loans	64,008	42,006	11,116	5,719	3,212	1,516	438
44 Weighted-average maturity (months)	8.5	8.6	9.5	8.9	8.6	10.6	6.7
45 Weighted-average interest rate (percent per annum)	13.50	14.12	14.22	14.12	13.90	14.00	12.27
46 Interquartile range[1]	12.63–14.45	13.50–14.75	13.66–14.76	13.51–14.93	13.24–14.38	13.08–14.45	11.53–12.75
By purpose of loan							
47 Feeder livestock	12.68	14.29	14.24	13.61	13.74	13.71	11.96
48 Other livestock	13.62	13.92	14.06	13.86	[2]	[2]	13.04
49 Other current operating expenses	13.81	14.09	14.19	14.15	13.91	14.05	11.94
50 Farm machinery and equipment	13.86	14.05	14.04	[2]	[2]	[2]	[2]
51 Other	13.47	14.42	14.56	14.42	14.05	14.13	12.69

1. Interest rate range that covers the middle 50 percent of the total dollar amount of loans made.
2. Fewer than 10 sample loans.

NOTE. For more detail, see the Board's E.2 (111) statistical release.

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	1981	1982	1983	1984				1984, week ending				
					Jan.	Feb	Mar.	Apr.	Mar 30	Apr 6	Apr. 13	Apr. 20	Apr 27
	MONEY MARKET RATES												
1	Federal funds[1,2]	16 38	12 26	9.09	9 56	9 59	9 91	10 29	9.97	10.41	10.13	10 37	9 98
2	Discount window borrowing[1,2,3]	13.42	11.02	8 50	8.50	8.50	8.50	8.87	8 50	8 50	8.71	9 00	9.00
	Commercial paper[4,5]												
3	1-month	15 69	11 83	8 87	9.23	9.35	9 81	10 17	10 04	10 16	10 11	10 23	10.16
4	3-month	15.32	11.89	8.88	9.20	9.32	9.83	10.18	10.09	10 15	10.12	10.22	10 21
5	6-month	14.76	11.89	8.89	9.18	9 31	9.86	10.22	10 11	10 17	10.13	10.26	10 27
	Finance paper, directly placed[4,5]												
6	1-month	15 30	11 64	8.80	9.20	9.34	9 76	10 08	9.95	10.16	10.08	10 04	10 00
7	3-month	14 08	11 23	8 70	9 08	9 14	9 54	9.86	9.74	9.81	9 87	9.83	9.92
8	6-month	13 73	11 20	8.69	9.02	9.06	9.38	9 76	9 60	9.66	9 72	9 80	9.86
	Bankers acceptances[5,6]												
9	3-month	15 32	11 89	8 90	9.23	9.38	9 88	10 22	10 12	10 20	10.15	10.26	10 26
10	6-month	14 66	11 83	8 91	9 19	9 35	9 91	10 26	10.15	10.22	10 15	10 33	10.34
	Certificates of deposit, secondary market[7]												
11	1-month	15 91	12 04	8 96	9 33	9 43	9 91	10 24	10.18	10.26	10 19	10.28	10.24
12	3-month	15 91	12 27	9 07	9 42	9 54	10 08	10 41	10.34	10.40	10.33	10.42	10.46
13	6-month	15 77	12 57	9 27	9 56	9.73	10 37	10 73	10 59	10.69	10.61	10.76	10.84
14	Eurodollar deposits, 3-month[8]	16 79	13 12	9 56	9 78	9.91	10.40	10 83	10.61	10.79	10.73	10.89	10.89
	U S Treasury bills[5]												
	Secondary market[9]												
15	3-month	14.03	10.61	8.61	8.90	9.09	9.52	9 69	9 72	9.74	9.65	9.76	9 64
16	6-month	13 80	11 07	8 73	9 02	9.18	9 66	9 84	9 85	9 91	9.79	9 86	9 79
17	1-year	13 14	11 07	8 80	9 07	9 20	9 67	9.95	9.86	9 96	9.82	9.98	10.00
	Auction average[10]												
18	3-month	14.029	10.686	8.63	8.93	9.03	9.44	9.69	9.76	9 67	9.66	9.80	9.64
19	6-month	13.776	11 084	8.75	9.06	9 13	9.58	9.83	9.88	9.83	9 82	9.92	9.74
20	1-year	13.159	11 099	8.86	9 04	9 24	9 68	9 86				9 86	...
	CAPITAL MARKET RATES												
	U.S. Treasury notes and bonds[11]												
	Constant maturities[12]												
21	1-year	14 78	12 27	9 57	9 90	10 04	10 59	10 90	10 79	10.91	10 76	10 94	10 98
22	2-year	14 56	12 80	10.21	10.64	10.79	11 31	11.69	11.54	11.67	11.55	11 69	11.79
23	2-½-year[13]	...	...	...	...	...	...	...	...	11 80		11.85	...
24	3-year	14 44	12 92	10 45	10 93	11 05	11 59	11.98	11.80	11.96	11 84	11.99	12.08
25	5-year	14 24	13.01	10.80	11.37	11.54	12.02	12.37	12 20	12 36	12 24	12.38	12.47
26	7-year	14 06	13 06	11 02	11 58	11 75	12 25	12 56	12.39	12.54	12 41	12 58	12.66
27	10-year	13 91	13 00	11 10	11.68	11.84	12 32	12 63	12 46	12.61	12.49	12.66	12 74
28	20-year	13 72	12 92	11.34	11.82	12 00	12 45	12.65	12.51	12.54	12 52	12.73	12.78
29	30-year	13 44	12 76	11 18	11.75	11.95	12.38	12.65	12 47	12 60	12.50	12.70	12 76
	Composite[14]												
30	Over 10 years (long-term)	12 87	12 23	10 84	11.29	11.44	11.90	12.17	12 00	12.13	12.05	12.21	12 27
	State and local notes and bonds												
	Moody's series[15]												
31	Aaa.	10 43	10 88	8.80	9 00	9.04	9.41	9 54	9 40	9.50	9.60	9.50	9 55
32	Baa	11.76	12.48	10.17	10 10	9 94	10.22	10.30	10.25	10.30	10 30	10.30	10.30
33	*Bond Buyer* series[16]	11 33	11 66	9 51	9.63	9.64	9.94	9 96	9 93	10.04	9.97	9.89	9 94
	Corporate bonds												
	Seasoned issues[17]												
34	All industries	15.06	14 94	12 78	12 92	12 88	13 33	13.59	13.48	13.53	13.51	13.60	13.70
35	Aaa	14.17	13 79	12 04	12 20	12 08	12 57	12.81	12.71	12 74	12 71	12.79	12.95
36	Aa	14.75	14.41	12 42	12 71	12 70	13.22	13.48	13.33	13 42	13 36	13.48	13.62
37	A	15 29	15 43	13 10	13 13	13 11	13 54	13.77	13.70	13.74	13.73	13.75	13.84
38	Baa	16 04	16 11	13 55	13 65	13 59	13 99	14.31	14.15	14 21	14 22	14.37	14.41
39	A-rated, recently-offered utility bond[18]	16 63	15 49	12 73	12 99	13 05	13 63	13.96	13.80	13.86	13 87	14.05	14.18
	MEMO. Dividend/price ratio[19]												
40	Preferred stocks	12 36	12 53	11 02	11 35	11 16	11 39	11.66	11 52	11 79	11.63	11.62	11 60
41	Common stocks	5 20	5 81	4 40	4 27	4 59	4 63	4.64	4 57	4 63	4.70	4.62	4.61

1. Weekly and monthly figures are averages of all calendar days, where the rate for a weekend or holiday is taken to be the rate prevailing on the preceding business day The daily rate is the average of the rates on a given day weighted by the volume of transactions at these rates

2. Weekly figures are averages for statement week ending Wednesday.

3. Rate for the Federal Reserve Bank of New York

4. Unweighted average of offering rates quoted by at least five dealers (in the case of commercial paper), or finance companies (in the case of finance paper). Before November 1979, maturities for data shown are 30–59 days, 90–119 days, and 120–179 days for commercial paper, and 30–59 days, 90–119 days, and 150–179 days for finance paper

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

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

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

8 Calendar week average For indication purposes only

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

10. Rates are recorded in the week in which bills are issued. Beginning with the Treasury bill auction held on Apr. 18, 1983, bidders were required to state the percentage yield (on a bank discount basis) that they would accept to two decimal places. Thus, average issuing rates in bill auctions will be reported using two rather than three decimal places

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

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

13. Each biweekly figure is the average of five business days ending on the Monday following the date indicated. Until Mar. 31, 1983, the biweekly rate determined the maximum interest rate payable in the following two-week period on 2-½-year small saver certificates. (See table 1.16.)

14. Averages (to maturity or call) for all outstanding bonds neither due nor callable in less than 10 years, including several very low yielding "flower" bonds

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

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

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

18 Compilation of the Federal Reserve. This series is an estimate of the yield on recently-offered, A-rated utility bonds with a 30-year maturity and 5 years of call protection. Weekly data are based on Friday quotations. The Federal Reserve previously published interest rate series on both newly-issued and recently-offered Aaa utility bonds, but discontinued these series in January 1984 owing to the lack of Aaa issues.

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

1.36 STOCK MARKET Selected Statistics

Indicator	1981	1982	1983	1983 Aug	1983 Sept	1983 Oct.	1983 Nov.	1983 Dec.	1984 Jan.	1984 Feb.	1984 Mar	1984 Apr
	Prices and trading (averages of daily figures)											
Common stock prices												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	74.02	68.93	92.63	93.96	96.70	96.78	95.36	94.92	96.16	90.60	90.66	90.67
2 Industrial	85.44	78.18	107.45	109.50	112.76	112.87	110.77	110.60	112.16	105.44	105.92	106.56
3 Transportation	72.61	60.41	89.36	88.06	94.56	95.41	97.68	98.79	97.98	86.33	86.10	83.61
4 Utility	38.90	39.75	47.00	46.94	48.16	48.73	48.50	47.00	47.43	45.67	44.83	43.86
5 Finance	73.52	71.99	95.34	95.76	97.00	94.79	94.48	94.25	95.79	89.95	89.50	88.22
6 Standard & Poor's Corporation (1941–43 = 10)[1]	128.05	119.71	160.41	162.42	167.16	167.65	165.23	164.36	166.39	157.70	157.44	157.60
7 American Stock Exchange[2] (Aug. 31, 1973 = 100)	171.79	141.31	216.48	230.10	234.36	223.76	218.42	221.31	224.83	207.95	210.09	207.66
Volume of trading (thousands of shares)												
8 New York Stock Exchange	46,967	64,617	85,418	74,191	82,866	85,445	86,405	88,041	105,518	96,641	84,328	85,874
9 American Stock Exchange	5,346	5,283	8,215	6,329	6,629	7,751	6,160	6,939	7,167	6,431	5,382	5,863
	Customer financing (end-of-period balances, in millions of dollars)											
10 Regulated margin credit at brokers–dealers[3]	**14,411**	**13,325**	**23,000**	**19,437**	**20,124**	**21,030**	**22,075**	**23,000**	**23,132**	**22,557**	**22,668**	
11 Margin stock[4]	14,150	12,980	22,720	19,090	19,760	20,690	21,790	22,720	22,870	22,330	22,460	
12 Convertible bonds	259	344	279	346	363	339	285	279	261	226	208	n.a.
13 Subscription issues	2	1	1	1	1	1	1	1	1	1	*	
Free credit balances at brokers[5]												
14 Margin-account	3,515	5,735	6,620	6,350	6,550	6,630	6,512	6,620	6,510r	6,420	6,520	
15 Cash-account	7,150	8,390	8,430	8,035	7,930	7,695	7,599	8,430	8,230r	8,420	8,265	
	Margin-account debt at brokers (percentage distribution, end of period)											
16 Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	
By equity class (in percent)[6]												
17 Under 40	37.0	21.0	41.0	23.0	24.0	35.0	48.0	41.0	43.0	48.0	46.0	
18 40–49	24.0	24.0	22.0	28.0	27.0	24.0	22.0	22.0	21.0	20.0	20.0	
19 50–59	17.0	24.0	16.0	20.0	21.0	17.0	17.0	16.0	15.0	13.0	14.0	n.a.
20 60–69	10.0	14.0	9.0	13.0	12.0	10.0	10.0	9.0	9.0	8.0	9.0	
21 70–79	6.0	9.0	6.0	9.0	9.0	7.0	7.0	6.0	6.0	6.0	6.0	
22 80 or more	6.0	8.0	6.0	7.0	7.0	7.0	6.0	6.0	6.0	5.0	5.0	
	Special miscellaneous-account balances at brokers (end of period)											
23 Total balances (millions of dollars)[7]	**25,870**	**35,598**	**58,329**	**50,267**	**51,211**	**54,029**	**57,490**	**58,329**	**62,670**	**63,411**	**65,855**	
Distribution by equity status (percent)												
24 Net credit status	58.0	62.0	63.0	62.0	64.0	63.0	63.0	63.0	61.0	59.0	61.0	n.a.
Debt status, equity of												
25 60 percent or more	31.0	29.0	28.0	31.0	29.0	28.0	29.0	28.0	29.0	29.0	28.0	
26 Less than 60 percent	11.0	9.0	9.0	7.0	7.0	9.0	8.0	9.0	10.0	12.0	11.0	

Margin requirements (percent of market value and effective date)[8]

Indicator	Mar 11, 1968	June 8, 1968	May 6, 1970	Dec 6, 1971	Nov. 24, 1972	Jan. 3, 1974
27 Margin stocks	70	80	65	55	65	50
28 Convertible bonds	50	60	50	50	50	50
29 Short sales	70	80	65	55	65	50

1. Effective July 1976, includes a new financial group, banks and insurance companies. With this change the index includes 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.
2. Beginning July 5, 1983, the American Stock Exchange rebased its index effectively cutting previous readings in half.
3. Margin credit includes all credit extended to purchase or carry stocks or related equity instruments and secured at least in part by stock. Credit extended is end-of-month data for member firms of the New York Stock Exhange

Besides assigning a current loan value to margin stock generally, Regulations T and U permit special loan values for convertible bonds and stock acquired through exercise of subscription rights.

4. A distribution of this total by equity class is shown on lines 17–22
5. Free credit balances are in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand
6. Each customer's equity in his collateral (market value of collateral less net debit balance) is expressed as a percentage of current collateral values
7. 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
8. 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.

1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1981	1982	1983 May	June	July	Aug	Sept	Oct	Nov	Dec	1984 Jan	Feb	Mar p
Savings and loan associations													
1 **Assets**	**664,167**	**707,646**	**729,920**	**733,074**	**741,416**	**746,998**	**748,491**	**756,953**	**763,365**	**771,705**	**772,723**	**780,107**	**796,968**
2 Mortgages	518,547	483,614	473,481	474,510	479,322	483,178	482,305	485,366	489,720	493,432	494,682	497,987	502,646
3 Cash and investment securities[1]	63,123	85,438	104,245	102,063	102,546	99,812	100,243	101,553	101,553	103,395	101,883	103,917	108,719
4 Other	82,497	138,594	152,194	156,501	159,548	164,008	165,943	170,034	172,259	174,878	176,158	178,203	185,603
5 **Liabilities and net worth**	**664,167**	**707,646**	**729,920**	**733,074**	**741,416**	**746,998**	**748,491**	**756,953**	**763,365**	**771,705**	**772,723**	**780,107**	**796,968**
6 Savings capital	525,061	567,961	601,731	605,282	610,826	615,369	618,002	622,577	625,013	634,076	639,694	644,588	656,844
7 Borrowed money	88,782	97,850	82,731	84,342	84,694	84,267	85,976	87,367	89,235	91,443	86,322	86,526	93,557
8 FHLBB	62,794	63,861	54,392	54,234	53,579	52,182	52,179	52,678	51,735	52,626	50,880	50,465	50,766
9 Other	25,988	33,989	28,339	30,108	31,115	32,085	33,797	34,689	37,500	38,817	35,442	36,061	42,791
10 Loans in process[2]	6,385	9,934	14,548	15,998	17,094	17,967	18,812	19,209	19,728	21,117	21,498	21,939	22,947
11 Other	15,544	15,602	17,936	15,140	17,527	18,615	15,496	17,458	19,179	15,275	15,777	17,520	14,908
12 Net worth[3]	28,395	26,233	27,522	28,310	28,369	28,626	29,017	29,551	29,938	30,911	30,930	31,473	31,654
13 MEMO: Mortgage loan commitments outstanding[4]	15,225	18,054	30,148	30,691	31,733	32,415	32,483	32,798	34,780	32,996	33,504	36,150	39,741
Mutual savings banks[5]													
14 **Assets**	**175,728**	**174,197**	**180,071**	**181,975**	**182,822**	**183,612**	**186,041**	**187,385[r]**	**189,149[r]**	**193,535[r]**	**194,217[r]**	**195,168**	
Loans													
15 Mortgage	99,997	94,091	93,587	94,000	93,998	93,941	94,831	94,863[r]	95,600	97,356[r]	97,704[r]	97,895	
16 Other	14,753	16,957	17,893	17,438	18,134	17,929	17,830	19,589[r]	19,675[r]	19,129[r]	20,469[r]	21,694	
Securities													
17 U.S. government[6]	9,810	9,743	13,110	13,572	13,931	14,484	14,794	14,634[r]	15,092[r]	15,360[r]	15,167[r]	15,667	
18 State and local government	2,288	2,470	2,260	2,257	2,248	2,247	2,244	2,195[r]	2,195[r]	2,177	2,180	2,054	
19 Corporate and other[7]	37,791	36,161	39,142	40,206	40,667	41,045	41,889	42,092[r]	42,629[r]	43,580[r]	43,541[r]	43,439	
20 Cash	5,442	6,919	5,960	6,224	5,322	5,168	5,560	4,993[r]	4,983[r]	6,263[r]	4,783[r]	4,580	
21 Other assets	5,649	7,855	8,118	8,276	8,522	8,799	8,893	9,019[r]	8,975[r]	9,670[r]	10,373[r]	9,839	
22 **Liabilities**	***175,728***	***174,197***	***180,071***	***181,975***	***182,822***	***183,612***	***186,041***	***187,385[r]***	***189,149[r]***	***193,535[r]***	***194,217[r]***	***195,168***	**n.a.**
23 Deposits	155,110	155,196	162,287	163,990	164,848	165,087	165,887	168,064[r]	169,356[r]	172,665[r]	173,637[r]	174,349	
24 Regular[8]	153,003	152,777	159,840	161,573	162,271	162,600	162,998	165,575[r]	167,006[r]	170,135[r]	171,099[r]	171,935	
25 Ordinary savings	49,425	46,862	40,467	40,451	39,983	39,360	39,768	38,485[r]	38,448	38,554[r]	37,999	37,642	
26 Time	103,578	96,369	83,506	84,705	85,445	86,446	85,603	91,795[r]	93,073[r]	95,129[r]	96,520	96,983	
27 Other	2,108	2,419	2,447	2,417	2,577	2,487	2,889	2,489[r]	2,350	2,530[r]	2,538[r]	2,414	
28 Other liabilities	10,632	8,336	3,114	7,754	7,596	7,884	9,475	8,779[r]	9,185[r]	10,154[r]	9,932[r]	9,932	
29 General reserve accounts	9,986	9,235	9,377	9,575	9,684	9,932	9,879	10,015[r]	10,210[r]	10,368[r]	10,334[r]	10,566	
30 MEMO: Mortgage loan commitments outstanding[9]	1,293	1,285	1,860	1,884	1,969	2,046	2,023	2,210	2,418	2,387	n.a.	n.a.	
Life insurance companies													
31 **Assets**	**525,803**	**588,163**	**620,572**	**628,224**	**633,569**	**638,826**	**644,295**	**647,149**	**652,904**	**658,979**	**663,013**	**664,677**	
Securities													
32 Government	25,209	36,499	42,523	43,348	44,751	45,700	46,109	47,767	47,170	49,417	49,690	49,711	
33 United States[10]	8,167	16,529	20,706	21,141	22,228	22,817	23,134	24,380	24,232	26,364	26,659	27,285	
34 State and local	7,151	8,664	10,053	10,355	10,504	10,695	10,739	10,791	10,686	10,796	10,673	10,048	
35 Foreign[11]	9,891	11,306	11,764	11,852	12,019	12,188	12,236	12,596	12,252	12,257	12,358	12,378	
36 Business	255,769	287,126	309,254	313,510	316,934	318,584	321,568	320,964	325,787	325,015	329,697	330,303	n.a.
37 Bonds	208,099	231,406	245,833	248,248	252,397	253,977	256,131	256,332	260,432	259,591	264,430	266,234	
38 Stocks	47,670	55,720	63,421	65,262	64,537	64,607	65,437	64,632	65,355	65,424	65,267	64,069	
39 Mortgages	137,747	141,989	143,758	144,725	145,086	146,400	147,356	148,256	148,947	151,599	151,878	151,630	
40 Real estate	18,278	20,264	21,344	21,629	21,690	21,749	21,903	22,141	22,278	22,683	22,700	23,032	
41 Policy loans	48,706	52,961	53,804	53,914	53,972	54,063	54,165	54,255	54,362	54,518	54,559	54,631	
42 Other assets	40,094	48,571	48,889	51,098	51,136	52,330	53,194	53,765	54,360	55,747	54,474	55,370	
Credit unions[12r]													
43 **Total assets/liabilities and capital**	**60,611**	**69,585**	**76,762**	**78,362**	**78,846**	**79,241**	**80,189**	**80,419**	**81,094**	**81,961**	**82,287**	**83,779**	**86,498**
44 Federal	39,181	45,493	50,275	51,430	51,859	52,261	53,086	53,297	53,801	54,482	54,770	55,753	57,569
45 State	21,430	24,092	26,487	26,932	26,987	26,980	27,103	27,122	27,293	27,479	27,517	28,026	28,929
46 Loans outstanding	42,333	43,232	44,058	45,006	45,647	46,940	47,829	48,454	49,240	50,083	50,477	51,386	52,353
47 Federal	27,096	27,948	28,512	29,175	29,672	30,582	31,212	31,691	32,304	32,930	33,270	33,878	34,510
48 State	15,237	15,284	15,546	15,831	15,975	16,358	16,617	16,763	16,936	17,153	17,207	17,508	17,843
49 Savings	54,152	62,990	70,475	71,610	72,232	72,214	73,280	73,661	74,051	74,739	75,373	76,423	79,150
50 Federal (shares)	35,250	41,352	46,192	47,145	47,713	47,847	48,709	49,044	49,400	49,889	50,438	51,218	52,905
51 State (shares and deposits)	18,902	21,638	24,283	24,465	24,519	24,367	24,571	24,617	24,651	24,850	24,935	25,205	26,245

1.37 Continued

Account	1981	1982	1983 May	June	July	Aug	Sept.	Oct	Nov	Dec	1984 Jan	Feb	Mar [p]
	FSLIC-insured federal savings banks												
52 **Assets**	......	**6,859**	**33,667**	**39,660**	**41,763**	**46,191**	**57,496**	**59,422**	**61,717**	**64,969**	**69,835**	**72,143**	
53 Mortgages	...	3,353	21,248	25,236	26,494	28,086	34,814	35,637	37,166	38,698	41,754	43,371	
54 Cash and investment securities[1]	.	.	5,901	6,675	6,890	7,514	9,245	9,587	9,653	10,436	11,243	11,662	
55 Other	.	.	6,518	7,749	8,379	10,591	13,437	14,198	14,898	15,835	16,838	17,110	
56 **Liabilities and net worth**	......	**6,859**	**33,667**	**39,660**	**41,763**	**46,191**	**57,496**	**59,422**	**61,717**	**64,969**	**69,835**	**72,143**	
57 Savings and capital	.	5,877	27,419	32,446	34,108	37,284	47,058	48,544	50,384	53,227	57,195	59,107	n.a.
58 Borrowed money		.	4,146	4,831	5,008	5,445	6,598	6,775	6,981	7,477	8,048	8,088	
59 FHLBB	..	.	2,755	3,094	3,131	3,572	4,192	4,323	4,381	4,640	4,751	4,884	
60 Other	.		1,391	1,737	1,877	1,873	2,406	2,452	2,600	2,837	3,297	3,204	
61 Other	..	.	759	755	919	1,142	1,089	1,293	1,428	1,157	1,347	1,545	
62 Net worth[3]	.	..	1,343	1,628	1,728	2,320	2,751	2,810	2,924	3,108	3,245	3,403	
MEMO													
63 Loans in process[2]	.	98	650	791	828	934	1,120	1,181	1,222	1,264	1,387	1,531	
64 Mortgage loan committments outstanding[4]	..	...	1,113	1,438	1,743	1,774	2,130	2,064	2,230	2,151	2,974	2,704	

1. Holdings of stock of the Federal Home Loan Banks are in "other assets."
2. Beginning in 1982, loans in process are classified as contra-assets and are not included in total liabilities and net worth. Total assets are net of loans in process.
3. Includes net undistributed income accrued by most associations.
4. Excludes figures for loans in process.
5. The National Council reports data on member mutual savings banks and on savings banks that have converted to stock institutions, and to federal savings banks.
6. Beginning April 1979, includes obligations of U.S. government agencies. Before that date, this item was included in "Corporate and other."
7. Includes securities of foreign governments and international organizations and, before April 1979, nonguaranteed issues of U.S. government agencies.
8. Excludes checking, club, and school accounts.
9. Commitments outstanding (including loans in process) of banks in New York State as reported to the Savings Banks Association of the State of New York.
10. *Direct and guaranteed obligations.* Excludes federal agency issues not guaranteed, which are shown in the table under "Business" securities.
11. Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.
12. As of June 1982, data include only federal or federally insured state credit unions serving natural persons.

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

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

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

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

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1981	Fiscal year 1982	Fiscal year 1983	Calendar year 1982 H1	1982 H2	1983 H1	1984 Jan	1984 Feb	1984 Mar
U.S. budget									
1 Receipts[1]	599,272	617,766	600,562	322,478	286,338	306,331	62,537	47,886	44,464
2 Outlays[1]	657,204	728,375	795,917	348,678	390,846	396,477	68,052	68,267	73,020
3 Surplus, or deficit (−)	−57,932	−110,609	195,355	−26,200	−104,508	−90,146	−5,515	−20,381	−28,556
4 Trust funds	6,817	5,456	23,056	−17,690	−6,576	22,680	1,043	557	2,827
5 Federal funds[2,3]	−64,749	−116,065	218,410	43,889	−97,934	−112,822	−6,558	−20,938	−25,728
Off-budget entities (surplus, or deficit (−))									
6 Federal Financing Bank outlays	−20,769	−14,142	10,404	−7,942	−4,923	−5,418	−121	8	−1,431
7 Other[3,4]	236	−3,190	−1,953	227	−2,267	528	−129	198	−296
U.S. budget plus off-budget, including Federal Financing Bank									
8 Surplus, or deficit (−)	78,936	−127,940	−207,711	−33,914	−111,699	96,094	−5,762	−20,588	−30,282
Source of financing									
9 Borrowing from the public	79,329	134,993	212,425	41,728	119,609	102,538	23,686	18,172	7,568
10 Cash and monetary assets (decrease, or increase (−))[4]	1,878	11,911	−9,889	408	−9,057	9,664	−21,127	8,722	9,415
11 Other[5]	1,485	4,858	5,176	−7,405	1,146	3,222	3,202	−6,306	13,299
MEMO									
12 Treasury operating balance (level, end of period)	18,670	29,164	37,057	10,999	19,773	100,243	28,544	23,758	14,054
13 Federal Reserve Banks	3,520	10,975	16,557	4,099	5,033	19,442	7,153	3,226	3,684
14 Tax and loan accounts	15,150	18,189	20,500	6,900	14,740	72,037	21,392	20,531	10,369

1. Effective Feb. 8, 1982, supplemental medical insurance premiums and voluntary hospital insurance premiums, previously included in other insurance receipts, have been reclassified as offsetting receipts in the health function.
2. Half-year figures are calculated as a residual (total surplus/deficit less trust fund surplus/deficit).
3. Other off-budget includes Postal Service Fund, Rural Electrification and Telephone Revolving Fund, Rural Telephone Bank; and petroleum acquisition and transportation and strategic petroleum reserve effective November 1981.
4. Includes U.S. Treasury operating cash accounts, SDRs, gold tranche drawing rights, loans to International Monetary Fund; and other cash and monetary assets.
5. Includes accrued interest payable to the public, allocations of special drawing rights, deposit funds, miscellaneous liability (including checks outstanding) and asset accounts; seigniorage, increment on gold, net gain/loss for U.S. currency valuation adjustment, net gain/loss for IMF valuation adjustment, and profit on the sale of gold.

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

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1981	Fiscal year 1982	Fiscal year 1983	Calendar year 1982 H1	Calendar year 1982 H2	Calendar year 1983 H1	Calendar year 1984 Jan	Calendar year 1984 Feb.	Calendar year 1984 Mar
RECEIPTS									
1 **All sources**	**599,272**	**617,766**	**600,563**	**322,478**	**286,338**	**306,331**	**62,537**	**47,886**	**44,464**
2 Individual income taxes, net	285,917	297,744	288,938	150,565	145,676	144,550	33,881	22,190	12,895
3 Withheld	256,332	267,513	266,010	133,575	131,567	135,531	21,070	23,523	26,877
4 Presidential Election Campaign Fund	41	39	36	34	5	30	0	4	9
5 Nonwithheld	76,844	84,691	83,586	66,174	20,040	63,014	12,728	1,501	2,776
6 Refunds	47,299	54,498	60,692	49,217	5,938	54,024	−82	2,838	16,766
Corporation income taxes									
7 Gross receipts	73,733	65,991	61,780	37,836	25,661	33,522	2,985	1,892	9,441
8 Refunds	12,596	16,784	24,758	8,028	11,467	13,809	1,366	1,833	1,476
9 Social insurance taxes and contributions, net	182,720	201,498	209,001	108,079	94,278	110,521	21,462	19,972	17,702
10 Payroll employment taxes and contributions[1]	156,932	172,744	179,010	88,795	85,063	90,912	19,446	16,774	16,704
11 Self-employment taxes and contributions[2]	6,041	7,941	6,756	7,357	177	6,427	478	523	433
12 Unemployment insurance	15,763	16,600	18,799	9,809	6,857	11,146	1,112	2,308	191
13 Other net receipts[3]	3,984	4,212	4,436	2,119	2,181	2,196	427	369	373
14 Excise taxes	40,839	36,311	35,300	17,525	16,556	16,904	3,148	2,693	2,870
15 Customs deposits	8,083	8,854	8,655	4,310	4,299	4,010	776	839	974
16 Estate and gift taxes	6,787	7,991	6,053	4,208	3,445	2,883	488	570	523
17 Miscellaneous receipts[4]	13,790	16,161	15,594	7,984	7,891	7,751	1,163	1,613	1,535
OUTLAYS									
18 **All types**	**657,204**	**728,424**	**795,917**	**348,683**	**390,847**	**396,477**	**68,052**	**68,267**	**73,020**
19 National defense	159,765	187,418	210,461	93,154	100,419	105,072	18,283	18,515	19,516
20 International affairs	11,130	9,982	8,927	5,183	4,406	4,705	709	780	1,180
21 General science, space, and technology	6,359	7,070	7,777	3,370	3,903	3,486	503	721	611
22 Energy	10,277	4,674	4,035	2,946	2,059	2,073	255	34	265
23 Natural resources and environment	13,525	12,934	12,676	5,636	6,940	5,892	963	790	861
24 Agriculture	5,572	14,875	22,173	7,087	13,260	10,154	1,835	1,737	1,315
25 Commerce and housing credit	3,946	3,865	4,721	1,408	2,244	2,164	709	−648	224
26 Transportation	23,381	20,560	21,231	9,915	10,686	9,918	1,953	1,517	1,555
27 Community and regional development	9,394	7,165	7,302	3,055	4,186	3,124	434	524	514
28 Education, training, employment, social services	31,402	26,300	25,726	12,607	12,187	12,801	2,476	2,305	2,172
29 Health	26,858	27,435	28,655					2,540	2,729
30 Social security and medicare	178,733	202,531	223,311	150,001[5]	172,852	184,207	30,456	19,164	20,192
31 Income security	85,514	92,084	106,211					8,585	9,791
32 Veterans benefits and services	22,988	23,955	24,845	112,782	13,241	11,334	1,202	2,108	3,293
33 Administration of justice	4,696	4,671	5,014	2,334	2,373	2,522	487	505	435
34 General government	4,614	4,726	4,991	2,400	2,322	2,434	88	495	585
35 General-purpose fiscal assistance	6,856	6,393	6,287	3,325	3,152	3,124	1,153	201	86
36 Net interest[6]	68,726	84,697	89,774	41,883	44,948	42,358	7,808	9,801	8,592
37 Undistributed offsetting receipts[7]	−16,509	−13,270	−21,424	−6,490	−8,333	−8,885	−1,263	−1,407	−824

1. Old-age, disability, and hospital insurance, and railroad retirement accounts.
2. Old-age, disability, and hospital insurance.
3. Federal employee retirement contributions and civil service retirement and disability fund.
4. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.
5. In accordance with the Social Security Amendments Act of 1983, the Treasury now provides social security and medicare outlays as a separate function. Before February 1984, these outlays were included in the income security and health functions.
6. Net interest function includes interest received by trust funds.
7. Consists of rents and royalties on the outer continental shelf and U.S. government contributions for employee retirement.

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

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1982 Mar. 31	1982 June 30	1982 Sept. 30	1982 Dec. 31	1983 Mar. 31	1983 June 30	1983 Sept. 30	1983 Dec. 31	1984 Mar. 31
1 **Federal debt outstanding**	**1,066.4**	**1,084.7**	**1,147.0**	**1,201.9**	**1,249.3**	**1,324.3**	**1,381.9**	**1415.3**	**n.a.**
2 Public debt securities	1,061.3	1,079.6	1,142.0	1,197.1	1,244.5	1,319.6	1,377.2	1,410.7	1,463.7
3 Held by public	858.9	867.9	925.6	987.7	1,043.3	1,090.3	1,138.2	1174.4	
4 Held by agencies	202.4	211.7	216.4	209.4	201.2	229.3	239.0	236.3	
5 Agency securities	5.1	5.0	5.0	4.8	4.8	4.7	4.7	4.6	n.a.
6 Held by public	3.9	3.9	3.7	3.7	3.7	3.6	3.6	3.5	
7 Held by agencies	1.2	1.2	1.2	1.2	1.1	1.1	1.1	1.1	
8 **Debt subject to statutory limit**	**1,062.2**	**1,080.5**	**1,142.9**	**1,197.9**	**1,245.3**	**1,320.4**	**1,378.0**	**1,411.4**	**1,464.5**
9 Public debt securities	1,060.7	1,079.0	1,141.4	1,196.5	1,243.9	1,319.0	1,376.6	1,410.1	1,463.1
10 Other debt[1]	1.5	1.5	1.5	1.4	1.4	1.4	1.3	1.3	1.3
11 *MEMO: Statutory debt limit*	1,079.8	1,143.1	1,143.1	1,290.2	1,290.2	1,389.0	1,389.0	1,490.0	1,490.0

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

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

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

Billions of dollars, end of period

Type and holder	1979	1980	1981	1982	1983 Q2	1983 Q3	1983 Q4	1984 Q1
1 ***Total gross public debt***	**845.1**	**930.2**	**1,028.7**	**1,197.1**	**1,319.6**	**1,377.2**	**1,410.7**	**1,463.7**
By type								
2 Interest-bearing debt	844.0	928.9	1,027.3	1,195.5	1,318.1	1,375.8	1,400.9	1,452.1
3 Marketable	530.7	623.2	720.3	881.5	978.9	1,024.0	1,050.9	1,097.7
4 Bills	172.6	216.1	245.0	311.8	334.3	340.7	343.8	350.2
5 Notes	283.4	321.6	375.3	465.0	527.1	557.5	573.4	604.9
6 Bonds	74.7	85.4	99.9	104.6	117.5	125.7	133.7	142.6
7 Nonmarketable[1]	313.2	305.7	307.0	314.0	339.2	351.8	350.0	354.4
8 State and local government series	24.6	23.8	23.0	25.7	33.1	35.1	36.7	38.1
9 Foreign issues[2]	28.8	24.0	19.0	14.7	11.4	11.5	10.4	9.9
10 Government	23.6	17.6	14.9	13.0	10.8	11.5	10.4	9.9
11 Public	5.3	6.4	4.1	1.7	.6	0	0	0
12 Savings bonds and notes	79.9	72.5	68.1	68.0	69.4	70.3	70.7	71.6
13 Government account series[3]	177.5	185.1	196.7	205.4	225.0	234.7	231.9	234.6
14 Non-interest-bearing debt	1.2	1.3	1.4	1.6	1.5	1.5	9.8	11.6
By holder[4]								
15 U.S. government agencies and trust funds	187.1	192.5	203.3	209.4	229.3	239.0	236.3	
16 Federal Reserve Banks	117.5	121.3	131.0	139.3	141.7	155.4	151.9	
17 Private investors	540.5	616.4	694.5	848.4	948.6	982.7	1,022.6	
18 Commercial banks	96.4	116.0	109.4	131.4	171.6	176.3	188.9	
19 Mutual savings banks	4.7	5.4	5.2	n.a.	28.3	22.1	22.8	
20 Insurance companies	16.7	20.1	19.1	38.7	44.8	47.3	48.9	
21 Other companies	22.9	25.7	37.8	n.a.	32.8	35.9	40.2	n.a.
22 State and local governments	69.9	78.8	85.6	113.4	n.a.	n.a.	n.a.	
Individuals								
23 Savings bonds	79.9	72.5	68.0	68.3	69.7	70.6	71.5	
24 Other securities	36.2	56.7	75.6	48.2	51.6	58.4	61.9	
25 Foreign and international[5]	124.4	127.7	141.4	149.4	160.1	160.2	168.9	
26 Other miscellaneous investors[6]	90.1	106.9	152.3	233.2	n.a.	n.a.	n.a.	

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

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

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

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

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

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

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

1.42 U.S. GOVERNMENT SECURITIES DEALERS Transactions

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

	Item	1981	1982	1983	1984			1984 week ending Wednesday					
					Jan.	Feb	Mar	Feb 22	Feb 29	Mar 7	Mar. 14	Mar 21	Mar. 28
	Immediate delivery[1]												
1	U.S. government securities	24,728	32,271	42,135	45,623	52,445	50,344	51,037	55,040	47,162	44,793	50,719	52,509
	By maturity												
2	Bills	14,768	18,398	22,393	23,140	24,937	23,278	28,165	25,033	21,657	22,561	25,408	22,633
3	Other within 1 year	621	810	708	1,119	895	906	909	999	807	752	819	1,107
4	1–5 years	4,360	6,272	8,758	9,615	11,827	11,038	10,053	12,653	8,926	8,309	10,793	15,138
5	5–10 years	2,451	3,557	5,279	5,647	8,052	7,798	6,262	9,714	9,120	6,689	6,663	6,923
6	Over 10 years	2,528	3,234	4,997	6,102	6,734	7,324	5,648	6,641	6,651	6,482	7,037	6,708
	By type of customer												
7	U.S. government securities dealers	1,640	1,769	2,257	2,751	4,164	2,050	4,662	3,345	1,849	1,859	1,850	2,368
8	U.S. government securities brokers	11,750	15,659	21,045	21,066	24,952	27,263	23,275	27,787	26,484	25,114	26,952	27,606
9	All others[2]	11,337	15,344	18,832	21,806	23,329	21,031	23,100	23,907	18,829	17,821	21,918	22,536
10	Federal agency securities	3,306	4,142	5,576	6,541	7,577	7,097	6,064	7,437	7,277	6,923	8,357	6,502
11	Certificates of deposit	4,477	5,001	4,333	4,886	5,324	4,572	5,870	5,780	5,420	4,972	4,038	3,817
12	Bankers acceptances	1,807	2,502	2,642	3,119	2,702	2,481	2,795	3,175	2,681	2,298	2,359	2,613
13	Commercial paper	6,128	7,595	8,036	8,891	8,114	8,124	8,327	7,883	7,714	7,319	8,444	8,239
	Futures transactions[3]												
14	Treasury bills	3,523	5,031	6,655	5,431	6,984	8,557	7,341	7,319	8,282	10,169	7,092	8,363
15	Treasury coupons	1,330	1,490	2,501	2,625	3,561	4,630	2,986	4,733	4,861	5,100	4,706	3,661
16	Federal agency securities	234	259	265	157	302	437	232	398	485	334	459	379
	Forward transactions[4]												
17	U.S. government securities	365	835	1,493	713	1,616	1,373	1,020	1,484	819	1,184	1,096	2,282
18	Federal agency securities	1,370	982	1,646	2,147	2,595	2,586	2,656	1,985	2,363	2,874	3,001	2,342

1. Before 1981, data for immediate transactions include forward transactions.
2. Includes, among others, all other dealers and brokers in commodities and securities, nondealer departments of commercial banks, foreign banking agencies, and the Federal Reserve System.
3. Futures contracts are standardized agreements arranged on an organized exchange in which parties commit to purchase or sell securities for delivery at a future date.
4. Forward transactions are agreements arranged in the over-the-counter market in which securities are purchased (sold) for delivery after 5 business days from the date of the transaction for government securities (Treasury bills, notes, and bonds) or after 30 days for mortgage-backed agency issues.

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

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

1.43 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing

Averages of daily figures, in millions of dollars

	Item	1981	1982	1983	1984			1984 week ending Wednesday				
					Jan	Feb.	Mar	Feb 22	Feb. 29	Mar. 7	Mar. 14	Mar. 21
		Positions										
	Net immediate[1]											
1	U.S. government securities	9,033	9,328	6,263	3,130	1,290	−4,215	−3,166	584	−837	−4,225	−5,999
2	Bills	6,485	4,837	4,282	2,730	3,226	−1,055	472	2,254	768	−907	−835
3	Other within 1 year	−1,526	−199	−177	−158	−227	−362	−497	−403	−329	−286	−265
4	1–5 years	1,488	2,932	1,709	1,552	−428	−1,959	−2,874	−872	−1,622	−2,366	−3,237
5	5–10 years	292	−341	−78	−705	−1,610	−326	−1,195	−1,281	193	−416	−821
6	Over 10 years	2,294	2,001	528	−288	328	−514	928	886	153	−250	−843
7	Federal agency securities	2,277	3,712	7,172	11,236	12,386	16,076	12,274	12,413	14,624	16,753	17,470
8	Certificates of deposit	3,435	5,531	5,839	6,528	7,323	6,913	7,503	7,838	7,645	6,890	6,504
9	Bankers acceptances	1,746	2,832	3,332	3,494	3,243	2,819	3,171	3,062	3,163	2,611	2,664
10	Commercial paper	2,658	3,317	3,159	2,754	2,771	3,012	2,398	2,438	3,128	3,077	2,975
	Futures positions											
11	Treasury bills	−8,934	−2,508	−4,125	−10,286	−7,796	−1,128					
12	Treasury coupons	−2,733	−2,361	−1,032	758	1,254	2,053	1,585	1,925	1,439	2,226	2,411
13	Federal agency securities	522	−224	170	38	−174	201	−104	117	−220	163	380
	Forward positions											
14	U.S. government securities	−603	−788	−1,935	−1,454	−2,257	−714	−1,419	−1,375	−1,153	−963	−288
15	Federal agency securities	−451	−1,190	−3,561	−7,506	−8,019	−9,747	−8,059	−8,159	−8,412	−10,451	−10,658
		Financing[2]										
	Reverse repurchase agreements[3]											
16	Overnight and continuing	14,568	26,754	29,099	37,309	39,798	n.a.	40,617	40,444	36,363	39,064	41,483
17	Term agreements	32,048	48,247	52,493	60,280	60,666	n.a.	58,848	62,432	64,922	64,818	63,773
	Repurchase agreements[4]											
18	Overnight and continuing	35,919	49,695	57,946	67,685	70,126	n.a.	68,768	72,256	69,013	69,488	70,281
19	Term agreements	29,449	43,410	44,410	51,123	52,109	n.a.	51,099	50,974	54,391	51,977	54,380

For notes see opposite page.

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1980	1981	1982	1983			1984		
				Oct.	Nov	Dec	Jan	Feb.	Mar.
1 **Federal and federally sponsored agencies**	**188,665**	**221,946**	**237,085**	**239,121**	**240,177**	**239,716**	**239,872**	**241,628**	**382,398**
2 Federal agencies	28,606	31,806	33,055	33,735	33,813	33,940	33,919	33,785	32,800
3 Defense Department[1]	610	484	354	258	253	243	234	215	206
4 Export-Import Bank[2,3]	11,250	13,339	14,218	14,740	14,740	14,853	14,852	14,846	15,347
5 Federal Housing Administration[4]	477	413	288	203	197	194	173	169	166
6 Government National Mortgage Association participation certificates[5]	2,817	2,715	2,165	2,165	2,165	2,165	2,165	2,165	2,165
7 Postal Service[6]	1,770	1,538	1,471	1,404	1,404	1,404	1,404	1,404	1,404
8 Tennessee Valley Authority	11,190	13,115	14,365	14,840	14,945	14,970	14,980	14,875	14,805
9 United States Railway Association[6]	492	202	194	125	109	111	111	111	111
10 Federally sponsored agencies[7]	160,059	190,140	204,030	205,386	206,364	205,776	205,953	207,843	211,891
11 Federal Home Loan Banks	37,268	54,131	55,967	49,956	49,285	48,930	48,344	48,224	48,594
12 Federal Home Loan Mortgage Corporation	4,686	5,480	4,524	6,950	7,024	6,793	6,679	7,556	8,633
13 Federal National Mortgage Association	55,182	58,749	70,052	71,965	73,531	74,594	74,676	75,865	77,966
14 Farm Credit Banks	62,923	71,359	71,896	73,465	73,474	72,409	73,023	72,856	73,180
15 Student Loan Marketing Association	(8)	421	1,591	3,050	3,050	3,050	3,231	3,342	3,518
MEMO									
16 **Federal Financing Bank debt[9]**	**87,460**	**110,698**	**126,424**	**134,799**	**135,361**	**135,791**	**135,940**	**135,859**	**137,707**
Lending to federal and federally sponsored agencies									
17 Export-Import Bank[3]	10,654	12,741	14,177	14,676	14,676	14,789	14,789	14,789	15,296
18 Postal Service[6]	1,520	1,288	1,221	1,154	1,154	1,154	1,154	1,154	1,154
19 Student Loan Marketing Association	2,720	5,400	5,000	5,000	5,000	5,000	5,000	5,000	5,000
20 Tennessee Valley Authority	9,465	11,390	12,640	13,175	13,220	13,245	13,255	13,150	13,080
21 United States Railway Association[6]	492	202	194	125	109	111	111	111	111
Other Lending[10]									
22 Farmers Home Administration	39,431	48,821	53,261	55,916	55,916	55,266	54,776	54,471	55,186
23 Rural Electrification Administration	9,196	13,516	17,157	19,093	19,216	19,766	19,927	19,982	20,186
24 Other	11,262	12,740	22,774	25,660	26,070	26,460	26,928	27,202	27,694

1 Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
2 Includes participation certificates reclassified as debt beginning Oct 1, 1976.
3 Off-budget Aug. 17, 1974, through Sept 30, 1976; on-budget thereafter
4. Consists of debentures issued in payment of Federal Housing Administration insurance claims Once issued, these securities may be sold privately on the securities market.
5 Certificates of participation issued before fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare, Department of Housing and Urban Development, Small Business Administration, and the Veterans Administration.
6. Off-budget.
7 Includes outstanding noncontingent liabilities: Notes, bonds, and debentures
8 Before late 1981, the Association obtained financing through the Federal Financing Bank.
9 The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.
10 Includes FFB purchases of agency assets and guaranteed loans, the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans

NOTES TO TABLE 1 43

1 Immediate positions are net amounts (in terms of par values) of securities owned by nonbank dealer firms and dealer departments of commercial banks on a commitment, that is, trade-date basis, including any such securities that have been sold under agreements to repurchase (RPs) The maturities of some repurchase agreements are sufficiently long, however, to suggest that the securities involved are not available for trading purposes Securities owned, and hence dealer positions, do not include securities to resell (reverse RPs) Before 1981, data for immediate positions include forward positions

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

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

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

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

1.45 NEW SECURITY ISSUES of State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1981	1982	1983	1983 July	Aug.	Sept	Oct.	Nov.	Dec.	1984 Jan	Feb
1 **All issues, new and refunding**[1]	**47,732**	**78,950**	**85,092**	**4,370**	**6,194**	**6,160**	**6,650**	**5,829**	**8,854**	**5,066**[r]	**4,539**
Type of issue											
2 General obligation	12,394	21,088	21,470	860	1,614	1,266	1,935	1,679	1,134	1,118[r]	1,794
3 U.S. government loans[2]	34	225	96	7	9	14	15	15	15	0	2
4 Revenue	35,338	57,862	63,622	3,510	4,580	4,894	4,715	4,150	7,720	3,948[r]	2,745
5 U.S. government loans[2]	55	461	253	26	29	35	39	39	39	1	2
Type of issuer											
6 State	5,288	8,406	7,135	484	673	452	856	405	198	325	935
7 Special district and statutory authority	27,499	45,000	50,632	3,009	3,357	4,199	4,387	3,318	5,790	3,506[r]	2,032
8 Municipalities, counties, townships, school districts	14,945	25,544	27,325	877	2,164	1,509	1,407	2,106	2,866	1,235[r]	1,572
9 **Issues for new capital, total**	**46,530**	**74,613**	**71,120**	**3,884**	**4,612**	**5,512**	**5,187**	**5,333**	**8,438**	**4,077**[r]	**3,850**
Use of proceeds											
10 Education	4,547	6,444	8,170	535	714	527	457	515	744	399[r]	339
11 Transportation	3,447	6,256	4,353	274	261	195	250	336	421	127	327
12 Utilities and conservation	10,037	14,254	13,547	268	285	1,238	605	1,101	1,230	2,027	716
13 Social welfare	12,729	26,605	26,378	1,920	2,139	2,334	2,580	2,080	2,676	819	1,075
14 Industrial aid	7,651	8,256	7,088	393	254	494	323	516	2,317	127	287
15 Other purposes	8,119	12,797	11,584	494	959	724	972	785	1,050	578	1,106

1. Par amounts of long-term issues based on date of sale
2. Consists of tax-exempt issues guaranteed by the Farmers Home Administration.

SOURCE. Public Securities Association.

1.46 NEW SECURITY ISSUES of Corporations

Millions of dollars

Type of issue or issuer, or use	1981	1982	1983	1983 July	Aug	Sept	Oct.	Nov	Dec.	1984 Jan	Feb
1 **All issues**[1,2]	**70,441**	**84,198**	**98,845**	**6,474**	**5,941**	**6,568**	**6,897**[r]	**8,103**	**6,812**	**7,691**	**7,595**
2 **Bonds**	**45,092**	**53,636**	**47,266**	**2,550**	**2,547**	**2,865**	**3,055**	**4,075**	**3,173**	**5,648**	**5,216**
Type of offering											
3 Public	38,103	43,838	47,266	2,550	2,547	2,865	3,055	4,075	3,173	5,648	5,216
4 Private placement	6,989	9,798	n.a.	n a	n a	n.a.	n a	n.a	n.a.	n.a	n.a
Industry group											
5 Manufacturing	12,325	13,123	8,133	60	200	282	367	22	423	179	452
6 Commercial and miscellaneous	5,229	5,681	5,374	228	458	353	114	23	201	976	626
7 Transportation	2,052	1,474	1,086	148	0	0	0	111	105	10	75
8 Public utility	8,963	12,155	7,066	322	355	590	510	910	120	325	385
9 Communication	4,280	2,265	3,380	1,100	0	100	50	0	0	210	0
10 Real estate and financial	12,243	18,938	22,227	692	1,534	1,540	2,014	3,009	2,324	3,948	3,678
11 **Stocks**[3]	**25,349**	**30,562**	**51,579**	**3,924**	**3,394**	**3,703**	**3,842**	**4,028**	**3,639**	**2,043**	**2,379**
Type											
12 Preferred	1,797	5,113	7,213	290	247	644	300	433	253	305	425
13 Common	23,552	25,449	44,366	3,634	3,147	3,059	3,542	3,595	3,386	1,738	1,954
Industry group											
14 Manufacturing	5,074	5,649	14,135	1,015	1,309	962	744	458	649	427	299
15 Commercial and miscellaneous	7,557	7,770	13,112	1,415	743	997	868	1,598	852	465	616
16 Transportation	779	709	2,729	337	145	165	305	192	413	54	15
17 Public utility	5,577	7,517	5,001	72	263	200	588	622	245	225	45
18 Communication	1,778	2,227	1,822	20	236	0	36	13	12	30	20
19 Real estate and financial	4,584	6,690	14,780	1,065	698	1,379	1,301	1,145	1,468	842	1,384

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

2 Data for 1983 include only public offerings.

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

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

1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1982	1983	1983					1984		
			Aug	Sept	Oct.	Nov	Dec.	Jan	Feb[r]	Mar
INVESTMENT COMPANIES[1]										
1 Sales of own shares[2]	45,675	84,793	6,032	5,915	6,532	6,341	6,846	10,274	8,233	8,844
2 Redemptions of own shares[3]	30,078	57,120	4,885	4,412	4,264	3,920	5,946	5,544	5,162	5,335
3 Net sales	15,597	27,673	1,147	1,503	2,268	2,421	900	4,730	3,071	3,509
4 Assets[4]	76,841	113,599	104,494	109,455	107,314	113,052	113,599	114,839	111,068	114,475
5 Cash position[5]	6,040	8,343	8,045	8,868	8,256	9,395	8,343	8,963	9,140	10,377
6 Other	70,801	105,256	93,449	100,587	99,058	103,657	105,256	105,876	101,928	104,098

1 Excluding money market funds.
2. Includes reinvestment of investment income dividends. Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group.
3. Excludes share redemption resulting from conversions from one fund to another in the same group.
4 Market value at end of period, less current liabilities.
5 Also includes all U.S. government securities and other short-term debt securities.

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

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

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

Account	1981	1982	1983	1982				1983			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1 Corporate profits with inventory valuation and capital consumption adjustment	192.3	164.8	229.2	162.0	166.8	168.5	161.9	181.8	218.2	248.4	268.2
2 Profits before tax	227.0	174.2	207.6	173.2	178.8	177.3	167.5	169.7	203.3	229.1	228.2
3 Profits tax liability	82.8	59.1	76.9	60.3	61.4	60.8	54.0	61.5	76.0	84.9	85.3
4 Profits after tax	144.1	115.1	130.6	112.9	117.4	116.5	113.5	108.2	127.2	144.1	142.9
5 Dividends	64.7	68.7	73.2	67.7	67.8	68.8	70.4	71.4	72.0	73.7	75.9
6 Undistributed profits	79.4	46.4	57.3	45.2	49.5	47.7	43.1	36.7	55.2	70.4	67.0
7 Inventory valuation	−23.6	−8.3	−9.2	−5.5	8.5	9.0	−10.3	−1.7	−10.6	−18.3	−6.3
8 Capital consumption adjustment	−11.0	1.1	30.8	−5.6	3.5	.1	4.7	13.9	25.6	37.6	46.2

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

1.49 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, except for ratio

Account	1977	1978	1979	1980	1981	1982 Q4	1983 Q1[r]	1983 Q2[r]	1983 Q3[r]	1983 Q4
1 **Current assets**	**912.7**	**1,043.7**	**1,214.8**	**1,327.0**	**1,419.3**	**1,425.4**	**1,437.3**	**1,465.1**	**1,522.5**	**1,561.2**
2 Cash	97.2	105.5	118.0	126.9	131.8	144.0	138.7	145.0	148.1	164.9
3 U.S. government securities	18.2	17.2	16.7	18.7	17.4	22.4	26.0	27.9	26.6	30.2
4 Notes and accounts receivable	330.3	388.0	459.0	506.8	530.3	511.0	518.4	535.0	563.4	579.0
5 Inventories	376.9	431.8	505.1	542.8	585.1	575.2	573.4	571.0	590.7	591.9
6 Other	90.1	101.1	116.0	131.8	154.6	172.6	180.7	186.2	193.7	195.3
7 **Current liabilities**	**557.1**	**669.5**	**807.3**	**889.3**	**976.3**	**977.8**	**987.1**	**996.4**	**1,037.1**	**1,056.7**
8 Notes and accounts payable	317.6	383.0	460.8	513.6	558.8	552.8	542.7	550.8	577.3	598.8
9 Other	239.6	286.5	346.5	375.7	417.5	425.0	444.4	445.6	459.9	457.9
10 **Net working capital**	**355.5**	**374.3**	**407.5**	**437.8**	**442.9**	**447.6**	**450.2**	**468.6**	**485.4**	**504.6**
11 MEMO: Current ratio[1]	1.638	1.559	1.505	1.492	1.454	1.458	1.456	1.470	1.468	1.477

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[1]	1982	1983	1984[1]	1982 Q3	1982 Q4	1983 Q1	1983 Q2	1983 Q3	1983 Q4	1984 Q1[1]	1984 Q2[1]
1 **Total nonfarm business**	**316.43**	**302.50**	**343.57**	**313.76**	**303.18**	**293.03**	**293.46**	**304.70**	**318.83**	**332.66**	**335.40**
Manufacturing											
2 Durable goods industries	56.44	51.78	62.78	56.61	50.51	50.74	48.48	53.06	54.85	59.21	59.01
3 Nondurable goods industries	63.23	59.75	66.93	61.65	59.72	59.12	60.31	58.06	61.50	65.49	67.25
Nonmanufacturing											
4 Mining	15.45	11.83	14.34	14.57	13.41	12.03	10.91	11.93	12.43	13.57	13.87
Transportation											
5 Railroad	4.38	3.92	4.73	4.01	4.35	3.35	3.64	4.07	4.63	4.09	4.85
6 Air	3.93	3.77	2.78	4.07	4.76	4.09	4.10	3.57	3.32	2.42	2.82
7 Other	3.64	3.50	4.49	3.21	3.22	3.60	3.14	3.36	3.91	4.57	4.31
Public utilities											
8 Electric	33.40	34.99	35.54	34.73	35.15	33.97	34.86	35.84	35.31	35.51	35.72
9 Gas and other	8.55	7.00	9.24	8.29	7.85	7.64	6.62	6.38	7.37	8.21	8.95
10 Trade and services	86.95	87.94	100.25	86.88	84.36	82.38	85.85	91.06	92.44	98.56	97.93
11 Communication and other[2]	40.46	38.02	42.47	39.75	39.84	36.11	35.54	37.38	43.05	41.03	40.68

1. Anticipated by business.
2. "Other" consists of construction, social services and membership organizations, and forestry, fisheries, and agricultural services.

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

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1977	1978	1979	1980	1981	1982	1983			
							Q1	Q2	Q3	Q4
ASSETS										
Accounts receivable, gross										
1 Consumer	44.0	52.6	65 7	73 6	85 5	89 5	89 9	91 3	92 3	92 8
2 Business	55 2	63 3	70 3	72.3	80.6	81 0	82 2	84.9	86 8	95 2
3 Total	99 2	116 0	136.0	145.9	166.1	170.4	172.1	176.2	179.0	188 0
4 LESS: Reserves for unearned income and losses	12 7	15.6	20 0	23 3	28 9	30.5	29 7	30 4	30 1	30 6
5 Accounts receivable, net	86.5	100.4	116 0	122 6	137 2	139 8	142 4	145 8	148 9	157 4
6 Cash and bank deposits	2 6	3.5								
7 Securities	.9	1 3	24 9[1]	27 5	34 2	39.7	42 8	44 3	45 0	45 3
8 All other	14.3	17.3								
9 **Total assets**	**104.3**	**122.4**	**140.9**	**150.1**	**171.4**	**179.5**	**185.2**	**190.2**	**193.9**	**202.7**
LIABILITIES										
10 Bank loans	5.9	6.5	8 5	13 2	15 4	18 6	16 6	16 3	17 0	19 1
11 Commercial paper	29 6	34.5	43.3	43 4	51.2	45 8	45.2	49.0	49.7	53 6
Debt										
12 Short-term, n.e.c.	6.2	8.1	8 2	7 5	9 6	8 7	9 8	9 6	8 7	11 3
13 Long-term, n e.c	36 0	43.6	46.7	52.4	54.8	63 5	64 7	64.5	66.2	65.4
14 Other	11.5	12 6	14 2	14 3	17 8	18.7	22 8	24.0	24.4	27 1
15 Capital, surplus, and undivided profits	15 1	17.2	19 9	19 4	22 8	24 2	26 0	26 7	27.9	26 2
16 **Total liabilities and capital**	**104.3**	**122.4**	**140.9**	**150.1**	**171.4**	**179.5**	**185.2**	**190.2**	**193.9**	**202.7**

1. Beginning Q1 1979, asset items on lines 6, 7, and 8 are combined.

NOTE. Components may not add to totals due to rounding.

1.52 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding Feb 29, 1984[1]	Changes in accounts receivable			Extensions			Repayments		
		1983	1984		1983	1984		1983	1984	
		Dec.	Jan.	Feb.	Dec.	Jan	Feb	Dec	Jan	Feb.
1 **Total**	**99,338**	**2,721**	**2,973**	**1,934**	**27,338**	**30,660**	**28,218**	**24,617**	**27,687**	**26,284**
2 Retail automotive (commercial vehicles)	22,437	485	959	700	1,836	2,347	2,157	1,351	1,388	1,457
3 Wholesale automotive	16,471	583	625	638	7,690	9,392	9,856	7,107	8,767	9,218
4 Retail paper on business, industrial, and farm equipment	29,069	602	449	568	1,610	1,525	1,488	1,008	1,076	920
5 Loans on commercial accounts receivable and factored commercial accounts receivable	10,958	121	1,037	−117	13,441	14,787	12,313	13,320	13,750	12,430
6 All other business credit	20,403	930	−97	145	2,761	2,609	2,404	1,831	2,706	2,259

1. Not seasonally adjusted.

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted

Item	1981	1982	1983	1983				1984		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Conventional mortgages on new homes										
Terms[1]										
1 Purchase price (thousands of dollars)	90.4	94.6	92.8	100.7	95.8	98.0	94.8	92.9	104.1[r]	93.6
2 Amount of loan (thousands of dollars)	65.3	69.8	69.6	76.5	72.5	76.7	73.3	71.7	77.8[r]	73.0
3 Loan/price ratio (percent)	74.8	76.6	77.1	78.5	78.4	80.5	79.1	79.2	77.8[r]	80.2
4 Maturity (years)	27.7	27.6	26.7	27.2	26.9	26.5	27.3	27.8	27.3[r]	28.0
5 Fees and charges (percent of loan amount)[2]	2.67	2.95	2.40	2.45	2.33	2.54	2.56	2.61	2.41[r]	2.54
6 Contract rate (percent per annum)	14.16	14.47	12.20	12.08	11.80	11.82	11.94	11.80	11.78[r]	11.64
Yield (percent per annum)										
7 FHLBB series[3]	14.74	15.12	12.66	12.54	12.25	12.34	12.42	12.29	12.23[r]	12.11
8 HUD series[4]	16.52	15.79	13.43	13.60	13.52	13.48	13.41	13.28	13.31[r]	13.57
SECONDARY MARKETS										
Yield (percent per annum)										
9 FHA mortgages (HUD series)[5]	16.31	15.31	13.11	13.55	13.23	13.23	13.25	13.08	13.20	13.68
10 GNMA securities[6]	15.29	14.68	12.26	12.73	12.42	12.51	12.49	12.35	12.31	12.70
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	58,675	66,031	74,847	75,174	75,665	76,714	78,256	79,049	79,350	80,974
12 FHA/VA-insured	39,341	39,718	37,393	36,670	36,455	36,349	36,211	40,873	35,420	35,329
13 Conventional	19,334	26,312	37,454	38,505	39,210	40,365	42,045	38,177	43,930	45,645
Mortgage transactions (during period)										
14 Purchases	6,112	15,116	17,554	1,203	1,244	1,348	2,204	1,285	1,507	2,030
15 Sales	2	2	3,528	464	257	0	250	20	723	0
Mortgage commitments[7]										
16 Contracted (during period)	9,331	22,105	18,607	2,739	1,882	997	1,471	1,772	1,930	1,626
17 Outstanding (end of period)	3,717	7,606	5,461	6,684	7,182	6,493	5,461	5,470	5,872	5,333
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
18 Total	5,231	5,131	5,996	6,857	6,971	7,093	7,633	8,049	8,566	↑
19 FHA/VA	1,065	1,027	974	961	955	940	941	940	934	
20 Conventional	4,166	4,102	5,022	5,896	6,016	6,153	6,691	7,109	7,632	
Mortgage transactions (during period)										
21 Purchases	3,800	23,673	23,089	2,263	2,886	1,287	1,685	1,419	1,389	n.a.
22 Sales	3,531	24,170	19,686	1,556	2,750	1,143	1,115	984	810	
Mortgage commitments[9]										
23 Contracted (during period)	6,896	28,179	32,852	3,283	2,598	2,093	1,704	1,470	1,386	
24 Outstanding (end of period)	3,518	7,549	16,964	16,512	16,198	16,994	16,964	16,994	16,944	↓

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

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

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

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

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

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

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

8 Includes participation as well as whole loans.

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

1.54 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

	Type of holder, and type of property	1981	1982	1983	1983 Q1	1983 Q2	1983 Q3	1983 Q4	1984 Q1
1	**All holders**	**1,583,264**	**1,655,013**	**1,826,356r**	**1,681,630**	**1,723,052**	**1,775,117**	**1,826,356r**	**1,871,215**
2	1- to 4-family	1,065,294	1,105,756	1,214,550r	1,122,111	1,146,926	1,182,356	1,214,550r	1,247,780
3	Multifamily	136,354	140,542	150,950r	141,500	144,731	147,052	150,950r	153,870
4	Commercial	279,889	302,009	351,289r	311,107	323,427	336,697	351,289r	359,343
5	Farm	101,727	106,706	109,567r	106,912	107,968	109,012	109,567r	110,222
6	Major financial institutions	1,040,827	1,023,541	1,109,975r	1,028,802	1,048,688	1,079,605	1,109,975r	1,134,658
7	Commercial banks[1]	284,536	300,203	328,878r	303,371	310,217	320,299	328,878r	337,878
8	1- to 4-family	170,013	173,157	181,672r	172,346	174,032	178,054	181,672r	185,833
9	Multifamily	15,132	16,421	18,023r	16,230	16,876	17,424	18,023r	18,583
10	Commercial	91,026	102,219	119,843r	106,301	110,437	115,692	119,843r	123,832
11	Farm	8,365	8,406	9,340r	8,494	8,872	9,129	9,340r	9,630
12	Mutual savings banks	99,997	97,805	136,066r	105,378	119,236	129,645	136,066r	142,255
13	1- to 4-family	68,187	66,777	96,577r	73,240	84,349	92,467	96,577r	101,176
14	Multifamily	15,960	15,305	17,787r	15,587	16,667	17,588	17,787r	18,341
15	Commercial	15,810	15,694	21,673r	16,522	18,192	19,562	21,673r	22,708
16	Farm	40	29	29	29	28	28	29	30
17	Savings and loan associations	518,547	483,614	493,432	477,022	474,510	482,305	493,432	502,646
18	1- to 4-family	433,142	393,323	389,811	384,718	377,947	381,744	389,811	396,336
19	Multifamily	37,699	38,979	42,435	39,259	39,954	41,334	42,435	43,479
20	Commercial	47,706	51,312	61,186	53,045	56,609	59,227	61,186	62,831
21	Life insurance companies	137,747	141,919	151,599	143,031	144,725	147,356	151,599	151,879
22	1- to 4-family	17,201	16,743	15,385	16,388	15,860	15,534	15,385	15,351
23	Multifamily	19,283	18,847	19,189	18,825	18,778	18,857	19,189	19,207
24	Commercial	88,163	93,501	104,279	95,158	97,416	100,209	104,279	104,621
25	Farm	13,100	12,828	12,746	12,660	12,671	12,756	12,746	12,700
26	Federal and related agencies	126,094	138,185	147,371r	140,028	142,094	142,224	147,371r	151,396
27	Government National Mortgage Association	4,765	4,227	3,395	3,753	3,643	3,475	3,395	3,273
28	1- to 4-family	693	676	630	665	651	639	630	607
29	Multifamily	4,072	3,551	2,765	3,088	2,992	2,836	2,765	2,666
30	Farmers Home Administration	2,235	1,786	2,141	2,077	1,605	600	2,141	2,141
31	1- to 4-family	914	783	1,159	707	381	211	1,159	1,159
32	Multifamily	473	218	173	380	555	32	173	173
33	Commercial	506	377	409	337	248	113	409	409
34	Farm	342	408	400	653	421	244	400	400
35	Federal Housing and Veterans Administration	5,999	5,228	4,894r	5,138	5,084	5,050	4,894r	4,969
36	1- to 4-family	2,289	1,980	1,893r	1,867	1,911	2,061	1,893r	1,929
37	Multifamily	3,710	3,248	3,001r	3,271	3,173	2,989	3,001r	3,040
38	Federal National Mortgage Association	61,412	71,814	78,256	73,666	74,669	75,174	78,256	80,975
39	1- to 4-family	55,986	66,500	73,045	68,370	69,396	69,938	73,045	75,770
40	Multifamily	5,426	5,314	5,211	5,296	5,273	5,236	5,211	5,205
41	Federal Land Banks	46,446	50,350	51,052	50,544	50,858	51,069	51,052	51,022
42	1- to 4-family	2,788	3,068	3,000	3,059	3,030	3,008	3,000	2,993
43	Farm	43,658	47,282	48,052	47,485	47,828	48,061	48,052	48,029
44	Federal Home Loan Mortgage Corporation	5,237	4,780	7,633	4,850	6,235	6,856	7,633	9,016
45	1- to 4-family	5,181	4,733	7,576	4,795	6,119	6,799	7,576	8,951
46	Multifamily	56	47	57	55	116	57	57	65
47	Mortgage pools or trusts[2]	163,000	216,654	285,021	234,596	252,665	272,611	285,021	297,690
48	Government National Mortgage Association	105,790	118,940	159,850	127,939	139,276	151,597	159,850	166,914
49	1- to 4-family	103,007	115,831	155,801	124,482	135,628	147,761	155,801	162,596
50	Multifamily	2,783	3,109	4,049	3,457	3,648	3,836	4,049	4,318
51	Federal Home Loan Mortgage Corporation	19,853	42,964	57,843	48,008	50,934	54,152	57,843	59,422
52	1- to 4-family	19,501	42,560	57,206	47,575	50,446	53,539	57,206	58,755
53	Multifamily	352	404	637	433	488	613	637	667
54	Federal National Mortgage Association[3]	717	14,450	25,121	18,157	20,933	23,819	25,121	28,354
55	1- to 4-family	717	14,450	25,121	18,157	20,933	23,819	25,121	28,354
56	Farmers Home Administration	36,640	40,300	42,207	40,492	41,522	43,043	42,207	43,000
57	1- to 4-family	18,378	20,005	20,404	20,263	20,728	21,083	20,404	20,787
58	Multifamily	3,426	4,344	5,090	4,344	4,343	5,042	5,090	5,186
59	Commercial	6,161	7,011	7,351	7,115	7,303	7,542	7,351	7,489
60	Farm	8,675	8,940	9,362	8,770	9,148	9,376	9,362	9,538
61	Individual and others[4]	253,343	276,633	283,989r	278,204	279,605	280,677	283,989r	287,471
62	1- to 4-family[5]	167,297	185,170	185,270r	185,479	185,515	185,699	185,270r	187,183
63	Multifamily	27,982	30,755	32,533r	31,275	31,868	31,208	32,533r	32,940
64	Commercial	30,517	31,895	36,548r	32,629	33,222	34,352	36,548r	37,453
65	Farm	27,547	28,813	29,638r	28,821	29,000	29,418	29,638r	29,895

1. Includes loans held by nondeposit trust companies but not bank trust departments.
2. Outstanding principal balances of mortgages backing securities insured or guaranteed by the agency indicated.
3. Outstanding balances on FNMA's issues of securities backed by pools of conventional mortgages held in trust. The program was implemented by FNMA in October 1981.
4. Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and U S agencies for which amounts are small or for which separate data are not readily available.
5. Includes a new estimate of residential mortgage credit provided by individuals.

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

1.55 CONSUMER INSTALLMENT CREDIT[1] Total Outstanding, and Net Change▲

Millions of dollars

Holder, and type of credit	1980	1981	1982[r]	1983 Aug	1983 Sept.	1983 Oct	1983 Nov.	1983 Dec	1984 Jan	1984 Feb.	1984 Mar.
	Amounts outstanding (end of period)										
1 **Total**	**314,910**	**335,691**	**355,849**	**371,295**	**375,246**	**379,334**	**384,410**	**396,082**	**394,922**	**399,177**	**402,466**
By major holder											
2 Commercial banks	147,013	147,622	152,490	158,402	160,973	163,274	165,670	171,978	171,934	175,941	177,625
3 Finance companies	76,756	89,818	98,693	102,541	102,174	102,338	102,560	102,862	101,680	101,702	101,619
4 Credit unions	44,041	45,953	47,253	50,121	51,123	51,767	52,578	53,471	53,882	54,851	55,892
5 Retailers[2]	28,697	31,348	32,735	30,648	30,926	31,337	32,371	35,911	34,505	33,455	33,208
6 Savings and loans	9,911	12,410	15,823	19,461	19,985	20,472	21,023	21,615	21,823	22,269	23,071
7 Gasoline companies	4,468	4,403	4,063	4,457	4,338	4,243	4,157	4,131	4,300	4,025	3,944
8 Mutual savings banks	4,024	4,137	4,792	5,665	5,727	5,903	6,051	6,114	6,798	6,934	7,107
By major type of credit											
9 Automobile	116,838	125,331	131,086	138,242	139,002	140,101	141,107	142,449	143,186	146,047	146,047
10 Commercial banks	61,536	58,081	59,555	62,178	63,448	64,780	65,917	67,557	68,747	71,327	71,237
11 Indirect paper	35,233	34,375	34,755	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
12 Direct loans	26,303	23,706	23,472	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
13 Credit unions	21,060	21,975	22,596	23,972	24,451	24,759	25,147	25,574	25,771	26,234	26,732
14 Finance companies	34,242	45,275	48,935	52,092	51,103	50,562	50,043	49,318	48,668	48,486	48,078
15 Revolving	58,506	64,500	69,998	70,006	71,039	72,105	74,032	80,823	78,566	77,671	79,110
16 Commercial banks	29,765	32,880	36,666	38,162	39,041	39,774	40,774	44,184	43,118	43,506	45,235
17 Retailers	24,273	27,217	29,269	27,387	27,660	28,088	29,101	32,508	31,148	30,140	29,931
18 Gasoline companies	4,468	4,403	4,063	4,457	4,338	4,243	4,157	4,131	4,300	4,025	3,944
19 Mobile home	17,321	17,958	22,254	22,993	23,189	23,358	23,492	23,680	23,668	23,571	23,661
20 Commercial banks	10,371	10,187	9,605	9,851	9,876	9,877	9,871	9,842	9,829	9,663	9,589
21 Finance companies	3,745	4,494	9,003	9,140	9,196	9,250	9,270	9,365	9,345	9,324	9,333
22 Savings and loans	2,737	2,788	3,143	3,471	3,575	3,682	3,793	3,906	3,923	4,003	4,147
23 Credit unions	469	489	503	531	542	549	558	567	571	581	592
24 Other	122,244	127,903	132,511	140,054	142,016	143,770	145,779	149,130	149,502	151,888	153,648
25 Commercial banks	45,341	46,474	46,664	48,211	48,608	48,843	49,108	50,395	50,240	51,445	51,564
26 Finance companies	38,769	40,049	40,755	41,309	41,875	42,526	43,247	44,179	43,667	43,892	44,208
27 Credit unions	22,512	23,490	24,154	25,618	26,130	26,459	26,873	27,330	27,540	28,036	28,568
28 Retailers	4,424	4,131	3,466	3,261	3,266	3,249	3,270	3,403	3,357	3,315	3,277
29 Savings and loans	7,174	9,622	12,680	15,990	16,410	16,790	17,230	17,709	17,900	18,266	18,924
30 Mutual savings banks	4,024	4,137	4,792	5,665	5,727	5,903	6,051	6,114	6,798	6,934	7,107
	Net change (during period)[4]										
31 **Total**	**1,448**	**18,217**	**13,096**	**4,093**	**2,553**	**5,093**	**4,819**	**5,782**	**4,469**	**6,608**	**5,870**
By major holder											
32 Commercial banks	−7,163	607	4,442	2,278	1,709	2,713	2,832	3,977	2,029	4,914	3,422
33 Finance companies	8,438	13,062	4,504	638	−385	470	−40	−146	−66	258	−193
34 Credit unions	−2,475	1,913	1,298	510	646	942	912	731	916	712	1,230
35 Retailers[2]	329	1,103	651	164	225	215	318	537	422	325	355
36 Savings and loans	1,485	1,682	2,290	265	448	437	584	589	364	414	813
37 Gasoline companies	739	−65	−340	65	−167	131	58	−31	72	−172	2
38 Mutual savings banks	95	−85	251	173	77	185	155	126	731	156	242
By major type of credit											
39 Automobile	477	8,495	4,898	2,372	295	1,709	1,268	1,468	2,106	2,799	326
40 Commercial banks	−5,830	−3,455	−9	2,063	1,014	1,483	1,257	1,568	1,722	2,635	432
41 Indirect paper	−3,104	−858	225	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
42 Direct loans	−2,726	−2,597	−234	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
43 Credit unions	−1,184	914	622	232	309	451	436	349	428	276	660
44 Finance companies	7,491	11,033	3,505	77	−1,028	−225	−425	−449	−44	−112	−766
45 Revolving	1,415	4,467	4,365	541	579	1,238	1,427	1,690	505	1,273	2,962
46 Commercial banks	−97	3,115	3,808	315	511	875	1,040	1,207	18	1,127	2,613
47 Retailers	773	1,417	897	161	235	232	329	515	414	318	347
48 Gasoline companies	739	−65	−340	65	−167	131	58	−31	72	−172	2
49 Mobile home	483	1,049	609	222	255	−30	−64	1	−92	−127	285
50 Commercial banks	−276	−186	−508	−11	10	23	−4	39	−15	−112	−85
51 Finance companies	355	749	471	153	137	−158	−164	−166	−104	−93	218
52 Savings and loans	430	466	633	75	101	95	94	120	18	68	141
53 Credit unions	−25	20	14	5	7	10	10	9	9	10	10
54 Other	−927	4,206	3,224	958	1,424	2,176	2,188	2,623	1,950	2,662	2,298
55 Commercial banks	−960	1,133	372	−89	174	332	539	1,163	304	1,264	463
56 Finance companies	592	1,280	528	408	506	853	549	469	82	463	355
57 Credit unions	−1,266	975	662	273	330	481	466	374	479	426	558
58 Retailers	−444	−314	−246	3	−10	−17	−11	22	8	7	7
59 Savings and loans	1,056	1,217	1,657	190	347	342	490	469	346	346	673
60 Mutual savings banks	95	−85	251	173	77	185	155	126	731	156	242

▲ These data have been revised from July 1979 through February 1984.

1. The Board's series cover most short- and intermediate-term credit extended to individuals through regular business channels, usually to finance the purchase of consumer goods and services or to refinance debts incurred for such purposes, and scheduled to be repaid (or with the option of repayment) in two or more installments.

2. Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.

3. Not reported after December 1982.

4. For 1982 and earlier, net change equals extensions, seasonally adjusted less liquidations, seasonally adjusted. Beginning 1983, net change equals outstandings, seasonally adjusted less outstandings of the previous period, seasonally adjusted.

NOTE: Total consumer noninstallment credit outstanding—credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit—amounted to, not seasonally adjusted, $79.4 billion at the end of 1981, $84.5 billion at the end of 1982, and $95.5 billion at the end of 1983.

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT

Percent unless noted otherwise

Item	1981	1982	1983	1983 Sept.	1983 Oct.	1983 Nov.	1983 Dec.	1984 Jan.	1984 Feb.	1984 Mar.
INTEREST RATES										
Commercial banks[1]										
1 48-month new car[2]	16.54	16.83	13.92	...	...	13.46	...	...	13.32	...
2 24-month personal	18.09	18 65	16.68	...	...	16.39	...	...	16 16	...
3 120-month mobile home[2]	17 45	18.05	15.91	...	...	15 47	...	...	15 45	...
4 Credit card	17.78	18 51	18 73	...	...	18.75	...	...	18.73	...
Auto finance companies										
5 New car	16.17	16.15	12.58	13 62	13 54	13.50	13.92	14.18	14.11	14 05
6 Used car	20.00	20.75	18 74	18 21	18.15	18.16	18.06	17 54	17.59	17 52
OTHER TERMS[3]										
Maturity (months)										
7 New car	45 4	46.0	45 9	46 2	46 2	46 3	46 3	46 3	46 4	46 7
8 Used car	35 8	34.0	37 9	38 0	38 0	38 0	37 9	39 5	39.4	39 4
Loan-to-value ratio										
9 New car	86 1	85.3	86 0	87	86	86	87	88	87	87
10 Used car	91 8	90.3	92 0	93	93	93	92	92	91	92
Amount financed (dollars)										
11 New car	7,339	8,178	8,787	8,792	8,982	9,118	9,167	9,099	9,072	9,139
12 Used car	4,343	4,746	5,033	5,144	5,213	5,316	5,401	5,392	5,418	5,474

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

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

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

Transaction category, sector	1978	1979	1980	1981	1982	1983	1981 H1	1981 H2	1982 H1	1982 H2	1983 H1	1983 H2
						Nonfinancial sectors						
1 **Total net borrowing by domestic nonfinancial sectors**	**369.8**	**386.0**	**343.2**	**377.2**	**395.3**	**509.5**	**392.4**	**362.0**	**356.8**	**434.8**	**497.3**	**521.7**
By sector and instrument												
2 U.S. government	53.7	37.4	79.2	87.4	161.3	186.6	87.8	86.9	106.9	215.5	231.1	142.1
3 Treasury securities	55.1	38.8	79.8	87.8	162.1	186.7	88.3	87.3	108.3	215.9	231.2	142.2
4 Agency issues and mortgages	−1.4	−1.4	−.6	−.5	−.9	−.1	−.5	−.4	−1.4	−.4	−.1	−.1
5 Private domestic nonfinancial sectors	316.2	348.6	264.0	289.8	234.1	322.9	304.6	275.1	249.9	219.3	266.2	379.7
6 Debt capital instruments	199.7	211.2	192.0	158.4	152.4	227.9	179.3	137.5	139.7	166.1	221.1	234.7
7 Tax-exempt obligations	28.4	30.3	30.3	21.9	50.5	44.3	21.1	22.6	41.7	59.4	59.8	28.8
8 Corporate bonds	21.1	17.3	26.7	22.1	18.8	15.0	26.1	18.0	10.8	26.9	21.1	9.0
9 Mortgages	150.2	163.6	135.1	114.5	83.0	168.6	132.0	96.9	87.3	79.9	140.2	196.9
10 Home mortgages	112.2	120.0	96.7	75.9	56.6	111.4	92.6	59.2	55.8	58.6	92.9	129.8
11 Multifamily residential	9.2	7.8	8.8	4.3	1.3	9.2	4.9	3.7	4.2	−1.7	6.2	12.1
12 Commercial	21.7	23.9	20.2	24.6	20.0	45.2	25.2	23.9	21.4	18.6	40.1	50.3
13 Farm	7.2	11.8	9.3	9.7	5.2	2.9	9.3	10.1	5.9	4.4	1.0	4.7
14 Other debt instruments	116.5	137.5	72.0	131.5	81.6	95.0	125.3	137.6	110.1	53.2	45.1	145.0
15 Consumer credit	48.8	45.4	4.9	24.1	18.3	54.2	28.9	19.3	19.3	17.4	39.8	68.6
16 Bank loans n.e.c.	37.4	51.2	36.7	54.7	54.4	19.1	45.5	63.9	70.1	38.8	6.6	31.6
17 Open market paper	5.2	11.1	5.7	19.2	−3.3	−1.2	12.0	26.3	6.5	−13.0	−16.3	14.0
18 Other	25.1	29.7	24.8	33.4	12.2	23.0	38.9	28.0	14.3	10.2	15.0	30.9
19 By borrowing sector	316.2	348.6	264.0	289.8	234.1	322.9	304.6	275.1	249.9	219.3	266.2	379.7
20 State and local governments	19.1	20.5	20.3	9.7	36.3	35.9	9.1	10.2	29.3	43.3	50.3	21.6
21 Households	169.4	176.4	117.5	120.6	86.3	163.6	139.8	101.3	87.6	86.1	128.5	198.7
22 Farm	14.6	21.4	14.4	16.3	9.0	3.9	20.1	12.5	9.0	9.1	−.4	8.2
23 Nonfarm noncorporate	32.4	34.4	33.7	39.6	29.8	62.0	39.8	39.5	34.6	24.9	51.3	72.7
24 Corporate	80.6	96.0	78.1	103.7	72.7	57.4	95.8	111.5	89.3	56.0	36.5	78.4
25 Foreign net borrowing in United States	33.8	20.2	27.2	27.2	15.7	19.2	31.9	22.5	12.8	18.6	18.5	19.9
26 Bonds	4.2	3.9	.8	5.4	6.6	3.3	3.3	7.6	2.4	10.8	4.4	2.2
27 Bank loans n.e.c.	19.1	2.3	11.5	3.7	−6.2	5.9	3.1	4.2	−5.1	−7.2	14.7	−2.8
28 Open market paper	6.6	11.2	10.1	13.9	10.7	6.0	20.6	7.1	12.5	9.0	−4.6	16.5
29 U.S. government loans	3.9	2.9	4.7	4.2	4.5	4.0	4.9	3.5	3.0	6.0	4.0	4.0
30 **Total domestic plus foreign**	**403.6**	**406.2**	**370.4**	**404.4**	**411.0**	**528.7**	**424.4**	**384.5**	**369.6**	**453.4**	**515.7**	**541.6**
						Financial sectors						
31 **Total net borrowing by financial sectors**	**74.6**	**82.5**	**63.3**	**85.4**	**69.3**	**88.6**	**87.4**	**83.4**	**89.8**	**48.7**	**74.1**	**103.2**
By instrument												
32 U.S. government related	37.1	47.9	44.8	47.4	64.9	68.1	45.2	49.6	61.3	68.4	68.0	68.3
33 Sponsored credit agency securities	23.1	24.3	24.4	30.5	14.9	1.6	28.9	32.1	23.6	6.3	−2.4	5.7
34 Mortgage pool securities	13.6	23.1	19.2	15.0	49.5	66.5	14.9	15.1	37.0	62.1	70.4	62.5
35 Loans from U.S. government	.4	.6	1.2	1.9	.4	.	1.4	2.4	.8	....	....	
36 Private financial sectors	37.5	34.6	18.5	38.0	4.4	20.5	42.2	33.8	28.5	−19.7	6.1	35.0
37 Corporate bonds	7.5	7.8	7.1	−.8	2.3	17.2	−.3	−1.4	−1.2	5.8	15.3	19.2
38 Mortgages	.1	*	−.1	−.5	.1	.1	−.8	−.2	.1	.1	.1	.1
39 Bank loans n.e.c.	2.8	−.4	−.4	2.2	3.2	−2.9	3.2	1.1	5.2	1.2	−5.2	−.7
40 Open market paper	14.6	18.0	4.8	20.9	−2.0	13.2	23.5	18.4	14.0	−18.0	8.8	17.6
41 Loans from Federal Home Loan Banks	12.5	9.2	7.1	16.2	.8	−7.0	16.7	15.8	10.4	−8.8	−12.9	−1.2
By sector												
42 Sponsored credit agencies	23.5	24.8	25.6	32.4	15.3	1.6	30.3	34.5	24.4	6.3	−2.4	5.7
43 Mortgage pools	13.6	23.1	19.2	15.0	49.5	66.5	14.9	15.1	37.0	62.1	70.4	62.5
44 Private financial sectors	37.5	34.6	18.5	38.0	4.4	20.5	42.2	33.8	28.5	−19.7	6.1	35.0
45 Commercial banks	1.3	1.6	.5	.4	1.2	.6	.2	.5	.7	1.7	.8	.5
46 Bank affiliates	7.2	6.5	6.9	8.3	1.9	8.6	6.9	9.7	9.7	−5.8	6.1	11.1
47 Savings and loan associations	13.5	12.6	7.4	15.5	−3.0	−5.2	16.8	14.1	9.1	−15.2	−10.8	.3
48 Finance companies	18.1	16.6	6.3	14.1	4.9	17.2	18.5	9.7	9.5	.2	10.7	23.7
49 REITs	−1.4	−1.3	−2.2	.2	.1	.1	.2	.2	.1	.1	.1	.1
						All sectors						
50 **Total net borrowing**	**478.2**	**488.7**	**433.7**	**489.8**	**480.3**	**617.3**	**511.8**	**467.9**	**459.4**	**502.1**	**589.8**	**644.8**
51 U.S. government securities	90.5	84.8	122.9	133.0	225.9	254.7	131.8	134.3	167.6	284.0	299.1	210.4
52 State and local obligations	28.4	30.3	30.3	21.9	50.5	44.3	21.1	22.6	41.7	59.4	59.8	28.8
53 Corporate and foreign bonds	32.8	29.0	34.6	26.7	27.7	35.5	29.1	24.2	12.0	43.5	40.7	30.3
54 Mortgages	150.2	163.5	134.9	113.9	83.0	168.6	131.1	96.6	87.3	79.8	140.2	197.0
55 Consumer credit	48.8	45.4	4.9	24.1	18.3	54.2	28.9	19.3	19.3	17.4	39.8	68.6
56 Bank loans n.e.c.	59.3	53.0	47.8	60.6	51.4	22.1	51.8	69.3	70.2	32.8	16.1	28.0
57 Open market paper	26.4	40.3	20.6	54.0	5.4	18.0	56.1	51.9	33.0	−22.1	−12.1	48.0
58 Other loans	41.9	42.4	37.8	55.8	17.9	19.9	61.8	49.7	28.4	7.4	6.1	33.7
						External corporate equity funds raised in United States						
59 **Total new share issues**	**1.9**	**−3.8**	**22.2**	**−3.7**	**35.4**	**69.2**	**10.2**	**−17.7**	**23.7**	**47.0**	**87.1**	**51.3**
60 Mutual funds	−.1	.1	5.2	6.8	18.6	32.6	8.1	5.6	13.2	24.0	38.7	26.4
61 All other	1.9	−3.9	17.1	−10.6	16.8	36.6	2.1	−23.2	10.6	23.0	48.3	24.9
62 Nonfinancial corporations	−.1	−7.8	12.9	−11.5	11.4	28.3	.9	−23.8	7.0	15.8	38.2	18.4
63 Financial corporations	2.5	3.2	2.1	.9	4.1	4.4	.5	1.2	3.8	4.4	4.4	4.5
64 Foreign shares purchased in United States	−.5	.8	2.1	*	1.3	3.9	.7	−.7	−.2	2.9	5.7	2.0

1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

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

Transaction category, or sector	1978	1979	1980	1981	1982	1983	1981		1982		1983	
							H1	H2	H1	H2	H1	H2
1 Total funds advanced in credit markets to domestic nonfinancial sectors	**369.8**	**386.0**	**343.2**	**377.2**	**395.3**	**509.5**	**392.4**	**362.0**	**356.8**	**434.8**	**497.3**	**521.7**
By public agencies and foreign												
2 Total net advances	102.3	75.2	97.0	97.4	109.3	114.8	113.8	81.0	107.9	110.8	129.5	100.0
3 U.S. government securities	36.1	-6.3	15.7	17.2	17.9	27.7	31.2	3.1	17.7	18.2	51.2	4.2
4 Residential mortgages	25.7	35.8	31.7	23.4	61.1	75.9	21.9	25.0	48.1	74.0	80.7	71.0
5 FHLB advances to savings and loans	12.5	9.2	7.1	16.2	.8	-7.0	16.7	15.8	10.4	-8.8	-12.9	-1.2
6 Other loans and securities	28.0	36.5	42.4	40.6	29.5	18.3	44.1	37.1	31.7	27.4	10.4	26.1
Total advanced, by sector												
7 U.S. government	17.1	19.0	23.7	24.1	16.7	9.8	27.9	20.3	14.2	19.1	8.2	11.3
8 Sponsored credit agencies	40.3	53.0	45.6	48.2	65.3	68.9	47.2	49.2	62.5	68.1	69.1	68.7
9 Monetary authorities	7.0	7.7	4.5	9.2	9.8	10.9	2.4	16.0	.1	19.5	12.1	9.7
10 Foreign	38.0	-4.6	23.2	16.0	17.6	25.2	36.4	-4.4	31.1	4.1	40.1	10.3
Agency and foreign borrowing not in line 1												
11 Sponsored credit agencies and mortgage pools	37.1	47.9	44.8	47.4	64.9	68.1	45.2	49.6	61.3	68.4	68.0	68.3
12 Foreign	33.8	20.2	27.2	27.2	15.7	19.2	31.9	22.5	12.8	18.6	18.5	19.9
Private domestic funds advanced												
13 Total net advances	338.4	379.0	318.2	354.4	366.6	482.0	355.7	353.1	323.0	411.0	454.2	509.8
14 U.S. government securities	54.3	91.1	107.2	115.9	207.9	227.0	100.6	131.1	149.9	265.8	247.9	206.2
15 State and local obligations	28.4	30.3	30.3	21.9	50.5	44.3	21.1	22.6	41.7	59.4	59.8	28.8
16 Corporate and foreign bonds	23.4	18.5	19.3	19.4	15.4	12.1	20.9	17.9	-1.7	32.4	19.9	4.4
17 Residential mortgages	95.6	91.9	73.7	56.7	3.3	44.6	75.5	37.9	11.7	-17.2	18.3	70.9
18 Other mortgages and loans	149.3	156.3	94.8	156.9	96.8	146.9	154.3	159.5	131.7	62.0	95.3	198.4
19 Less: Federal Home Loan Bank advances	12.5	9.2	7.1	16.2	.8	-7.0	16.7	15.8	10.4	-8.8	-12.9	-1.2
Private financial intermediation												
20 Credit market funds advanced by private financial institutions	302.3	294.7	262.3	305.2	271.2	368.5	317.3	293.1	272.8	268.9	347.5	389.5
21 Commercial banking	129.0	123.1	101.1	103.6	108.5	135.3	99.6	107.6	109.7	107.1	127.6	143.0
22 Savings institutions	72.8	56.7	54.9	27.2	30.6	128.6	41.5	12.8	29.5	31.0	130.6	126.6
23 Insurance and pension funds	75.0	66.4	74.4	79.3	94.2	102.1	75.3	83.4	95.4	93.0	107.4	96.8
24 Other finance	25.5	48.5	32.0	95.2	37.9	2.6	101.0	89.4	38.1	37.8	-18.0	23.1
25 Sources of funds	302.3	294.7	262.3	305.2	271.2	368.5	317.3	293.1	272.8	268.9	347.5	389.5
26 Private domestic deposits and RPs	141.0	142.0	168.6	211.7	173.4	200.3	213.8	209.6	163.4	182.7	211.6	189.0
27 Credit market borrowing	37.5	34.6	18.5	38.0	4.4	20.5	42.2	33.8	28.5	-19.7	6.1	35.0
28 Other sources	123.8	118.1	75.2	55.5	93.5	147.7	61.3	49.8	80.8	105.9	129.8	165.5
29 *Foreign funds*	6.5	27.6	-21.7	-8.7	-27.7	17.2	-8.7	-8.7	-30.1	-25.4	-18.9	53.4
30 Treasury balances	6.8	.4	-2.6	-1.1	6.1	-6.0	6.5	-8.7	-2.1	14.1	8.4	-20.4
31 Insurance and pension reserves	62.2	49.1	65.4	73.2	85.9	88.0	62.7	83.8	85.4	86.4	93.1	82.9
32 Other, net	48.4	41.0	34.0	-7.9	29.2	48.4	.8	-16.7	27.6	30.7	47.2	49.6
Private domestic nonfinancial investors												
33 Direct lending in credit markets	73.6	118.9	74.4	87.2	99.7	134.0	80.6	93.8	78.7	122.4	112.8	155.3
34 U.S. government securities	36.3	61.4	38.3	47.4	58.1	89.8	37.2	57.6	43.1	72.7	88.0	91.5
35 State and local obligations	3.6	9.9	7.0	9.6	30.9	31.9	9.5	9.7	28.4	33.4	47.7	16.1
36 Corporate and foreign bonds	-1.8	5.7	.6	-8.9	-9.4	-6.1	-5.5	-12.4	-26.3	7.4	-19.1	6.8
37 Open market paper	15.6	12.1	-4.3	3.7	-2.0	7.7	-3.3	10.7	6.7	-10.7	-11.2	26.6
38 Other	19.9	29.8	32.9	35.4	22.1	10.8	42.7	28.2	26.8	19.6	7.4	14.2
39 Deposits and currency	152.2	151.4	180.0	221.7	179.4	217.5	222.6	220.7	166.2	192.1	231.9	203.2
40 Currency	9.3	7.9	10.3	9.5	8.4	13.9	8.0	11.0	4.5	12.3	14.1	13.8
41 Checkable deposits	16.2	18.7	5.0	18.1	13.0	22.5	29.8	6.5	6.7	19.1	53.1	-8.0
42 Small time and savings accounts	65.9	59.2	83.1	47.2	137.0	216.6	30.7	63.6	95.1	178.6	295.8	137.4
43 Money market fund shares	6.9	34.4	29.2	107.5	24.7	-44.1	104.1	110.8	39.4	10.0	-84.0	-4.2
44 Large time deposits	44.4	23.0	44.7	36.4	-5.2	-2.3	41.6	31.2	21.2	-31.6	-64.4	59.8
45 Security RPs	7.5	6.6	6.5	2.5	3.8	7.5	7.7	-2.6	1.1	6.6	11.0	4.0
46 Deposits in foreign countries	2.0	1.5	1.1	.5	-2.4	3.3	.8	.2	-1.8	-2.9	6.1	.4
47 Total of credit market instruments, deposits and currency	**225.8**	**270.3**	**254.4**	**308.9**	**279.1**	**351.6**	**303.3**	**314.5**	**244.9**	**314.5**	**344.7**	**358.5**
48 Public holdings as percent of total	25.3	18.5	26.2	24.1	26.6	21.7	26.8	21.1	29.2	24.4	25.1	18.5
49 Private financial intermediation (in percent)	89.3	77.7	82.4	86.1	74.0	76.5	89.2	83.0	84.4	65.4	76.5	76.4
50 Total foreign funds	44.6	23.0	1.5	7.3	-10.2	42.5	27.8	-13.1	1.0	-21.3	21.2	63.7
MEMO: Corporate equities not included above												
51 Total net issues	**1.9**	**-3.8**	**22.2**	**-3.7**	**35.4**	**69.2**	**10.2**	**-17.7**	**23.7**	**47.0**	**87.1**	**51.3**
52 Mutual fund shares	-.1	.1	5.2	6.8	18.6	32.6	8.1	5.6	13.2	24.0	38.7	26.4
53 Other equities	1.9	-3.9	17.1	-10.6	16.8	36.6	2.1	-23.2	10.6	23.0	48.3	24.9
54 Acquisitions by financial institutions	4.5	9.7	16.8	22.1	27.9	54.4	25.3	18.9	19.3	36.4	68.4	40.3
55 Other net purchases	-2.7	-13.5	5.4	-25.9	7.5	14.8	-15.1	-36.6	4.4	10.6	18.6	11.0

NOTES BY LINE NUMBER
1. *Line 1 of table 1.58.*
2. Sum of lines 3–6 or 7–10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by federally sponsored credit agencies, and net issues of federally related mortgage pool securities.
13. *Line 1 less line 2 plus line 11 and 12. Also line 20 less line 27 plus line 33.* Also sum of lines 28 and 47 less lines 40 and 46.
18. Includes farm and commercial mortgages.
26. Line 39 less lines 40 and 46.
27. Excludes equity issues and investment company shares. Includes line 19.
29. Foreign deposits at commercial banks, *bank borrowings from foreign* branches, and liabilities of foreign banking agencies to foreign affiliates.
30. Demand deposits at commercial banks.
31. Excludes net investment of these reserves in corporate equities.
32. Mainly retained earnings and net miscellaneous liabilities.
33. Line 12 less line 20 plus line 27.
34–38. Lines 14–18 less amounts acquired by private finance. Line 38 includes mortgages.
40. Mainly an offset to line 9.
47. Lines 33 plus 39, or line 13 less line 28 plus 40 and 46.
48. Line 2/line 1.
49. Line 20/line 13.
50. Sum of lines 10 and 29.
51, 53. Includes issues by financial institutions.

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

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

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

Measure	1981	1982	1983	1983 Aug	1983 Sept	1983 Oct.	1983 Nov.	1983 Dec.	1984 Jan.r	1984 Feb.r	1984 Mar.r	1984 Apr.
1 **Industrial production**[1]	**151.0**	**138.6**	**147.6**	**151.8**	**153.8**	**155.0**	**155.3**	**156.2**	**158.5**	**160.1**	**160.9**	**163.1**
Market groupings												
2 Products, total	150.6	141.8	149.2	153.2	154.9	155.6	155.8	157.4	159.7	160.5	161.2	163.2
3 Final, total	149.5	141.5	147.1	150.7	152.1	152.7	153.2	155.2	157.5	158.2	158.8	160.7
4 Consumer goods	147.9	142.6	151.7	156.3	157.3	156.9	156.1	157.7	159.5	159.6	159.9	161.6
5 Equipment	151.5	139.8	140.8	143.1	144.9	147.0	149.1	151.8	154.9	156.3	157.2	159.5
6 Intermediate	154.4	143.3	156.6	162.2	165.4	166.5	165.5	165.4	167.8	169.1	169.9	172.3
7 Materials	151.6	133.7	145.2	149.7	152.2	154.0	154.5	154.5	156.6	159.6	160.6	162.9
Industry groupings												
8 Manufacturing	150.4	137.6	148.2	152.8	155.1	156.2	156.4	156.8	159.5	161.6	162.4	164.9
Capacity utilization (percent)[1,2]												
9 Manufacturing	79.4	71.1	75.2	77.3	78.4	78.9	78.8	78.9	80.1	81.0	81.2	82.3
10 Industrial materials industries	80.7	70.1	75.2	77.4	78.6	79.5	79.6	79.6	80.6	82.0	82.3	83.3
11 Construction contracts (1977 = 100)[3]	111.0	111.0	138.0	154.0	143.0	139.0	145.0	134.0	150.0	150.0	n.a.	n.a.
12 Nonagricultural employment, total[4]	138.5	136.2	136.8	136.4	138.1	138.4	138.8	139.2	139.7	140.4	140.6	141.2
13 Goods-producing, total	109.4	102.6	101.5	102.2	102.7	103.7	104.3	104.7	105.6	106.3	106.3	107.1
14 Manufacturing, total	103.7	96.9	96.0	96.6	97.0	98.0	98.6	99.1	99.7	100.3	100.6	101.1
15 Manufacturing, production-worker	98.0	89.4	88.7	89.5	89.9	91.2	91.9	92.5	93.1	93.7	94.0	94.7
16 Service-producing	154.4	154.6	156.1	155.1	157.5	157.5	157.8	158.1	158.4	159.0	159.4	159.9
17 Personal income, total	386.5	409.3	453.3	437.5	441.5	446.5	450.0	453.7	461.4	464.6	466.7	↑
18 Wages and salary disbursements	349.7	367.2	389.8	393.6	396.2	400.6	401.7	404.1	409.5	411.5	412.8	
19 Manufacturing	287.3	286.2	300.4	304.6	308.2	310.2	312.8	314.3	320.4	323.3	324.6	
20 Disposable personal income[5]	373.7	397.3	426.3	430.1	434.1	438.8	442.1	446.2	454.0	457.2	459.5	n.a.
21 Retail sales[6]	330.6	326.0	373.0r	375.5r	380.3r	385.6r	389.3r	391.4r	407.3	403.0	395.0	
Prices[7]												
22 Consumer	272.4	289.1	298.4	300.3	301.8	302.6	303.1	303.5	305.2	306.6	307.3	
23 Producer finished goods	269.8	280.7	285.2	286.1	285.1	287.9	286.8	287.1	289.4	290.6	291.7	↓

1. The capacity utilization series has been revised back to January 1967
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 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	1983 Q2	1983 Q3	1983 Q4	1984 Q1r	1983 Q2	1983 Q3	1983 Q4	1984 Q1	1983 Q2	1983 Q3	1983 Q4	1984 Q1r
	Output (1967 = 100)				Capacity (percent of 1967 output)				Utilization rate (percent)			
1 **Total industry**	**144.5**	**151.8**	**155.5**	**159.8**	**195.5**	**196.4**	**197.3**	**198.3**	**73.9**	**77.3**	**78.8**	**80.6**
2 Mining	112.3	116.1	121.0	124.3	165.3	165.4	165.5	165.7	67.9	70.2	73.1	75.0
3 Utilities	169.6	178.2	178.4	178.6	209.8	211.1	212.4	213.8	80.8	84.4	84.0r	83.5
4 **Manufacturing**	**145.2**	**152.8**	**156.5**	**161.2**	**196.6**	**197.5**	**198.4**	**199.5**	**73.8**	**77.4**	**78.9**	**80.8**
5 Primary processing	145.2	152.8	156.4	160.7	194.8	195.3	195.8	196.4	74.6	78.3	79.9	81.6
6 Advanced processing	145.1	152.8	156.1	161.8	197.6	198.6	199.7	201.0	73.5	76.9	78.2	80.3
7 **Materials**	**141.7**	**149.9**	**154.3**	**158.9**	**192.9**	**193.4**	**194.0**	**194.7**	**73.5**	**77.5**	**79.6**	**81.6**
8 Durable goods	134.7	144.2	150.3	157.6	195.6	196.0	196.5	197.1	68.9	73.6	76.5	80.0
9 Metal materials	84.9	89.3	93.8	97.3	139.9	139.8	139.6	139.1	60.7	63.9	67.2	70.0
10 Nondurable goods	171.7	179.1	183.5	184.1	218.8	219.6	220.6	221.8	78.5	81.5	83.2r	83.0
11 Textile, paper, and chemical	179.6	188.0	193.2	193.9	230.7	231.6	232.7	234.2	77.9	81.2	83.0r	82.8
12 Paper	153.4	162.8	167.4	166.7	166.1	166.9	167.7	168.5	92.3	97.5	99.8r	98.9
13 Chemical	219.4	227.8	235.0	237.5	296.6	298.3	300.1	302.3	74.0	76.4	78.3r	78.5
14 Energy materials	121.5	127.4	127.8	131.0	154.3	154.7	155.3	155.8	78.7	82.3	82.3r	84.1

2.11 Continued

Series	Previous cycle[1] High	Previous cycle[1] Low	Latest cycle[2] High	Latest cycle[2] Low	1983 Apr.	1983 Aug	1983 Sept.	1983 Oct	1983 Nov.	1983 Dec.	1984 Jan r	1984 Feb r	1984 Mar r	1984 Apr.
	Capacity utilization rate (percent)													
15 **Total industry**	**88.4**	**71.1**	**87.3**	**76.5**	**73.1**	**77.3**	**78.2**	**78.7**	**78.7**	**79.1**	**80.1**	**80.8**	**81.0**	**81.9**
16 Mining	91.8	86.0	88.5	84.0	67.5	70.2	70.8	71.5	73.2	74.7	75.4	75.1	74.5	74.3
17 Utilities	94.9	82.0	86.7	83.8	80.9	85.0	84.8	83.3	83.0	85.7	84.8	82.6	83.2	83.2
18 **Manufacturing**	**87.9**	**69.0**	**87.5**	**75.5**	**72.9**	**77.3**	**78.4**	**78.9**	**78.8**	**78.9**	**80.1**	**81.0**	**81.2**	**82.3**
19 Primary processing	93.7	68.2	91.4	72.6	73.4	78.1	79.7	80.4	80.0	79.2	80.5	82.0	82.3	83.2
20 Advanced processing	85.5	69.4	85.9	77.0	72.5	76.9	77.8	77.9	78.0	78.6	79.9	80.5	80.7	81.7
21 **Materials**	**92.6**	**69.3**	**88.9**	**74.2**	**72.5**	**77.4**	**78.6**	**79.5**	**79.6**	**79.6**	**80.6**	**82.0**	**82.3**	**83.3**
22 Durable goods	91.4	63.5	88.4	68.4	67.7	73.6	75.2	76.1	76.5	77.0	78.5	80.4	80.9	82.2
23 Metal materials	97.8	68.0	95.4	59.4	59.9	64.0	65.5	68.0	66.8	66.8	67.3	70.9	71.7	73.3
24 Nondurable goods	94.4	67.4	91.7	77.5	77.2	81.1	82.9	84.1	83.8	81.6	81.9	83.2	83.9	84.7
25 Textile, paper, and chemical	95.1	65.4	92.3	75.5	76.4	80.5	82.6	84.1	83.7	81.2	81.5	83.1	83.7	84.4
26 Paper	99.4	72.4	97.9	89.8	91.0	96.9	99.0	99.4	101.3	98.8	99.3	99.0	98.3	n.a.
27 Chemical	95.5	64.2	91.3	70.7	72.6	75.5	77.8	79.7	79.0	76.2	76.7	79.0	79.8	n.a.
28 Energy materials	94.5	84.4	88.7	84.4	78.9	82.8	81.6	81.4	81.8	83.6	84.4	84.2	83.7	83.8

1 Monthly high 1973, monthly low 1975

2 Preliminary, monthly highs December 1978 through January 1980; monthly lows July through October 1980

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

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

Category	1981	1982	1983	1983 Sept	1983 Oct	1983 Nov	1983 Dec	1984 Jan	1984 Feb r	1984 Mar. r	1984 Apr.
HOUSEHOLD SURVEY DATA											
1 **Noninstitutional population**[1]	**172,272**	**174,450**	**176,414**	**176,811**	**176,990**	**177,151**	**177,325**	**177,733**	**177,882**	**178,033**	**178,185**
2 Labor force (including Armed Forces)[1]	110,812	112,383	113,749	114,438	114,077	114,235	114,340	114,415	114,896	115,121	115,461
3 Civilian labor force	108,670	110,204	111,550	112,229	111,866	112,035	112,136	112,215	112,693	112,912	113,245
Employment											
4 Nonagricultural industries[2]	97,030	96,125	97,450	98,568	98,730	99,349	99,585	99,918	100,496	100,859	101,009
5 Agriculture	3,368	3,401	3,383	3,308	3,240	3,257	3,356	3,271	3,395	3,281	3,393
Unemployment											
6 Number	8,273	10,678	10,717	10,353	9,896	9,429	9,195	9,026	8,801	8,772	8,843
7 Rate (percent of civilian labor force)	7.6	9.7	9.6	9.2	8.8	8.4	8.2	8.0	7.8	7.8	7.8
8 Not in labor force	61,460	62,067	62,665	62,373	62,913	62,916	62,985	63,318	62,986	62,912	62,724
ESTABLISHMENT SURVEY DATA											
9 **Nonagricultural payroll employment**[3]	**91,156**	**89,596**	**89,986**	**90,851**	**91,084**	**91,355**	**91,599**	**91,930**	**92,357**	**92,506**	**92,913**
10 Manufacturing	20,170	18,853	18,678	18,871	19,064	19,172	19,280	19,389	19,499	19,560	19,661
11 Mining	1,132	1,143	1,021	1,026	1,044	1,045	1,047	1,051	1,053	1,052	1,053
12 Contract construction	4,176	3,911	3,949	4,038	4,060	4,094	4,088	4,177	4,233	4,170	4,244
13 Transportation and public utilities	5,157	5,081	4,943	5,031	5,019	5,019	5,015	5,057	5,063	5,073	5,085
14 Trade	20,551	20,401	20,508	20,612	20,666	20,718	20,781	20,860	20,918	20,975	20,990
15 Finance	5,301	5,340	5,456	5,499	5,503	5,515	5,525	5,553	5,570	5,580	5,599
16 Service	20,547	19,064	19,685	19,913	19,956	20,016	20,093	20,101	20,249	20,339	20,516
17 Government	16,024	15,803	15,747	15,861	15,775	15,776	15,770	15,742	15,773	15,756	15,757

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

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

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

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value

Monthly data are seasonally adjusted

Grouping	1967 proportion	1983 avg	1983 Apr.	1983 May	1983 June	1983 July	1983 Aug.	1983 Sept.	1983 Oct.	1983 Nov.	1983 Dec	1984 Jan.[r]	1984 Feb.	1984 Mar.[p]	1984 Apr.[e]
			Index (1967 = 100)												
MAJOR MARKET															
1 **Total index**	**100.00**	**147.6**	**142.6**	**144.4**	**146.4**	**149.7**	**151.8**	**153.8**	**155.0**	**155.3**	**156.2**	**158.5**	**160.1**	**160.9**	**163.1**
2 Products	60.71	149.2	144.5	146.2	148.1	150.9	153.2	154.9	155.6	155.8	157.4	159.7	160.5	161.2	163.2
3 Final products	47.82	147.1	142.8	144.5	146.4	149.0	150.7	152.1	152.7	153.2	155.2	157.5	158.2	158.8	160.7
4 Consumer goods	27.68	151.7	147.7	150.4	152.4	154.8	156.3	157.4	156.9	156.1	157.7	159.5	159.6	159.9	161.6
5 Equipment	20.14	140.8	136.2	136.5	138.2	141.0	143.1	144.9	147.0	149.1	151.8	154.9	156.3	157.2	159.5
6 Intermediate products	12.89	156.6	150.8	152.2	154.5	158.1	162.2	165.3	166.5	165.5	165.4	167.8	169.1	169.9	172.3
7 Materials	39.29	145.2	139.7	141.7	143.7	147.8	149.7	152.3	154.0	154.5	154.5	156.6	159.6	160.6	162.9
Consumer goods															
8 Durable consumer goods	7.89	147.5	140.5	145.5	149.2	152.9	154.2	157.4	156.7	155.9	158.6	163.4	162.7	163.3	164.0
9 Automotive products	2.83	158.2	144.9	152.2	160.0	167.0	168.1	172.9	171.3	171.5	178.4	184.5	182.3	183.7	179.0
10 Autos and utility vehicles	2.03	134.0	117.8	124.9	135.4	145.4	147.0	153.1	149.2	149.2	157.8	163.3	162.9	164.5	156.7
11 Autos	1.90	117.4	102.7	107.4	118.3	129.8	132.0	135.0	129.6	129.4	137.4	140.7	141.2	143.1	134.5
12 Auto parts and allied goods	.80	219.6	213.6	221.5	222.6	221.9	221.8	223.1	227.4	228.2	230.7	238.4	231.6	232.5	235.7
13 Home goods	5.06	141.4	138.1	141.8	143.2	144.9	146.4	148.7	148.4	147.2	147.5	151.5	151.6	151.9	155.6
14 Appliances, A/C, and TV	1.40	116.4	106.1	112.8	114.4	116.2	121.2	125.2	129.2	127.0	126.3	136.4	135.1	135.8	140.6
15 Appliances and TV	1.33	120.1	109.7	116.1	118.4	119.7	125.0	129.7	133.3	131.3	130.2	140.0	138.6	139.5	...
16 Carpeting and furniture	1.07	178.1	180.5	181.9	185.6	187.3	187.5	186.3	185.5	182.7	184.0	183.1	178.7	180.0	...
17 Miscellaneous home goods	2.59	139.9	137.9	140.9	141.3	143.0	143.2	145.9	143.6	143.4	143.9	146.7	149.4	149.0	151.6
18 Nondurable consumer goods	19.79	153.4	150.5	152.3	153.6	155.6	157.1	157.5	157.1	156.1	157.3	157.9	158.3	158.6	160.6
19 Clothing	4.29	...	...		...		...			...				...	...
20 Consumer staples	15.50	163.7	161.1	162.8	164.3	166.1	168.0	168.0	167.2	165.4	166.0	166.5	166.9	167.3	169.1
21 Consumer foods and tobacco	8.33	153.5	150.9	153.2	155.9	156.6	156.3	154.9	156.0	154.5	155.4	156.5	156.8		...
22 Nonfood staples	7.17	175.4	172.9	174.0	174.1	177.2	181.6	183.2	180.3	178.1	178.3	178.2	178.7	180.1	181.8
23 Consumer chemical products	2.63	231.0	225.5	227.8	229.0	233.8	239.7	241.5	238.7	232.4	229.9	231.6	231.9	233.1	...
24 Consumer paper products	1.92	132.7	129.2	128.6	130.1	132.6	137.4	138.2	137.6	136.6	137.2	138.8	140.3	141.8	...
25 Consumer energy products	2.62	150.9	152.2	153.4	151.2	153.2	155.7	157.7	153.0	154.1	156.5	153.4	153.3	155.0	
26 Residential utilities	1.45	173.4	175.5	174.3	170.5	173.2	179.9	182.8	174.5	175.8	185.2	180.0	172.8	...	
Equipment															
27 Business	12.63	153.3	146.9	147.7	150.2	153.3	156.6	158.8	161.3	164.1	167.3	170.7	172.2	173.1	175.4
28 Industrial	6.77	120.4	113.5	114.5	116.3	119.9	124.3	125.6	126.6	128.6	130.8	133.7	134.9	134.9	136.5
29 Building and mining	1.44	159.3	141.8	146.2	148.7	154.4	159.2	160.8	166.9	175.8	185.3	185.1	181.9	173.9	171.9
30 Manufacturing	3.85	107.1	101.7	102.5	105.0	108.9	113.3	115.0	114.6	114.3	115.1	119.7	121.6	124.7	127.6
31 Power	1.47	117.1	116.6	115.0	114.1	114.6	119.0	118.8	118.5	119.4	118.4	120.0	123.8	123.5	124.8
32 Commercial transit, farm	5.86	191.3	185.4	186.1	189.5	191.9	194.0	196.7	201.3	205.1	209.6	213.3	215.3	217.2	220.3
33 Commercial	3.26	273.2	264.3	265.0	270.9	276.0	277.4	281.2	288.1	292.5	298.9	303.2	305.7	309.3	314.3
34 Transit	1.93	95.2	92.0	92.6	93.2	92.0	95.9	97.6	100.0	103.2	106.0	110.1	111.2	110.3	110.2
35 Farm	.67	69.5	70.2	71.3	70.4	70.8	70.8	71.0	70.9	73.5	73.5	73.6	75.7	77.0	...
36 Defense and space	7.51	119.9	118.2	117.6	118.0	120.4	120.2	121.8	122.9	124.0	125.7	128.3	129.5	130.5	132.7
Intermediate products															
37 Construction supplies	6.42	142.5	136.4	138.4	142.1	145.8	149.0	151.1	152.3	151.6	151.5	155.5	157.1	158.9	161.3
38 Business supplies	6.47	170.7	165.2	166.0	166.8	170.4	175.3	179.3	180.6	179.4	179.3	180.1	181.0	180.9	...
39 Commercial energy products	1.14	184.3	183.3	183.1	181.4	185.2	186.9	190.2	187.0	187.6	188.0	192.1	191.6	189.7	...
Materials															
40 Durable goods materials	20.35	138.6	132.4	134.7	137.0	141.1	144.2	147.2	149.4	150.3	151.3	154.6	158.5	159.8	162.8
41 Durable consumer parts	4.58	113.6	106.5	108.5	109.5	115.6	119.9	123.1	124.9	125.0	127.9	131.6	133.1	133.5	134.8
42 Equipment parts	5.44	176.4	167.2	170.6	175.8	180.8	183.6	186.0	188.3	192.5	193.4	198.2	204.0	206.5	211.6
43 Durable materials n.e.c.	10.34	129.9	125.4	127.5	128.7	131.5	134.2	137.4	139.8	139.3	139.5	141.8	145.8	146.9	149.5
44 Basic metal materials	5.57	90.2	87.8	89.3	89.6	90.8	93.1	94.5	98.0	97.1	96.9	97.7	102.7	103.5	...
45 Nondurable goods materials	10.47	174.5	168.7	172.1	174.3	177.0	178.0	183.4	185.3	184.8	180.3	181.2	184.6	186.5	189.1
46 Textile, paper, and chemical materials	7.62	182.6	175.9	180.2	182.8	186.1	186.4	192.0	195.4	194.7	189.6	190.5	194.6	196.6	199.0
47 Textile materials	1.85	116.2	110.6	114.6	116.0	119.0	121.5	123.1	124.0	121.9	121.3	119.9	119.9	121.2	...
48 Paper materials	1.62	158.2	150.8	154.4	155.0	161.1	161.8	165.4	166.3	169.8	166.0	167.0	166.9	166.1	...
49 Chemical materials	4.15	221.7	214.9	219.6	223.6	225.9	225.1	233.1	238.7	237.0	229.3	231.3	238.9	242.2	...
50 Containers, nondurable	1.70	167.9	163.2	164.3	166.1	166.5	170.6	179.1	175.9	176.6	173.0	173.5	173.0	175.2	...
51 Nondurable materials n.e.c.	1.14	130.5	129.1	129.7	129.9	131.3	133.0	132.6	131.9	130.6	129.5	130.5	135.1	136.6	...
52 Energy materials	8.48	124.8	121.6	121.1	121.8	127.7	128.0	126.4	126.3	127.1	130.0	131.3	131.2	130.6	131.0
53 Primary energy	4.65	114.7	113.9	113.8	112.6	115.4	113.9	112.8	114.1	115.5	117.6	119.3	121.8	120.5	...
54 Converted fuel materials	3.82	137.0	131.0	129.9	132.9	142.7	145.2	142.8	141.2	141.1	145.1	145.8	142.7	142.9	
Supplementary groups															
55 Home goods and clothing	9.35	129.9	126.3	129.2	130.2	132.3	133.3	135.2	135.5	135.9	137.6	140.1	140.5	140.5	143.8
56 Energy, total	12.23	135.9	133.9	133.8	133.6	138.5	139.4	139.0	137.7	138.5	141.1	141.6	141.5	141.3	142.2
57 Products	3.76	161.0	161.7	162.4	160.4	162.9	165.2	167.5	163.3	164.3	166.0	165.1	164.9	165.5	...
58 Materials	8.48	124.8	121.6	121.1	121.8	127.7	128.0	126.4	126.3	127.1	130.0	131.3	131.2	130.6	131.0

2.13 Continued

Grouping	SIC code	1967 proportion	1983 avg.	1983 Apr.	May	June	July	Aug.	Sept	Oct	Nov	Dec.	1984 Jan r	Feb.	Mar p	Apr e
				Index (1967 = 100)												
MAJOR INDUSTRY																
1 Mining and utilities	. . . .	12.05	142.9	138.9	139.7	139.6	143.8	146.0	146.5	145.8	147.2	151.5	151.4	149.1	149.4	149.5
2 Mining	. .	6.36	116.6	111.6	112.8	112.6	115.0	116.1	117.1	118.3	121.1	123.7	124.8	124.5	123.5	123.3
3 Utilities	. .	5.69	172.4	169.3	169.7	169.8	176.0	179.3	179.3	176.5	176.3	182.5	181.0	176.6	178.3	178.7
4 Electric	. .	3.88	196.0	192.7	192.9	192.0	200.9	205.4	204.5	200.7	200.2	208.0	206.8	200.1	202.2	202.8
5 Manufacturing	. .	87.95	148.2	143.1	145.1	147.4	150.6	152.8	155.1	156.2	156.4	156.8	159.5	161.6	162.4	164.9
6 Nondurable	.	35.97	168.1	163.3	165.4	167.8	170.6	172.9	174.6	175.6	174.8	173.9	175.2	177.4	177.8	179.9
7 Durable	. .	51.98	134.5	129.1	131.0	133.2	136.8	138.8	141.6	142.8	143.6	145.0	148.6	150.6	151.7	154.4
Mining																
8 Metal	10	.51	80.9	79.8	84.4	82.9	82.5	80.9	78.7	81.0	84.6	82.3	89.4	97.4	100.6	.
9 Coal	11 12	.69	136.3	125.3	125.6	124.6	139.9	141.2	140.5	142.7	144.8	145.2	151.5	163.2	164.0	159.0
10 Oil and gas extraction	13	4.40	116.6	112.2	112.5	112.6	113.9	114.7	116.3	117.3	119.8	123.4	123.1	120.1	117.6	117.9
11 Stone and earth minerals	14	.75	122.8	117.7	122.5	121.7	121.2	125.0	126.5	127.4	132.2	133.9	134.8	133.2	136.3	
Nondurable manufactures																
12 Foods	20	8.75	156.4	153.7	155.6	157.7	159.9	159.3	158.2	157.6	157.1	157.7	159.4	160.0	.	
13 Tobacco products	21	.67	112.1	114.8	112.9	120.0	112.9	117.1	112.7	109.1	109.5	112.3	116.4	110.9	. .	
14 Textile mill products	22	2.68	140.8	136.6	139.6	141.8	146.7	147.4	148.7	148.7	145.8	145.0	143.9	142.3	142.9	
15 Apparel products	23	3.31	. .	. .	. . .	. .	. .		. . .	. .	. .		. .	. . .		. .
16 Paper and products	26	3.21	164.3	157.0	161.5	163.0	165.1	168.6	170.4	171.5	172.1	170.1	172.3	176.2	174.9	176.0
17 Printing and publishing	27	4.72	152.5	145.7	145.2	147.4	152.0	157.8	161.7	162.7	162.0	161.7	163.4	164.8	165.1	167.0
18 Chemicals and products	28	7.74	215.0	208.5	211.0	214.7	218.3	220.3	224.1	228.4	225.6	221.1	221.5	226.1	227.0	.
19 Petroleum products	29	1.79	120.3	120.6	123.8	123.0	124.3	123.2	125.1	123.6	125.4	114.4	118.8	127.6	127.8	130.9
20 Rubber and plastic products	30	2.24	291.9	283.0	288.0	293.8	296.1	306.9	310.9	310.8	309.1	314.4	317.2	318.5	323.4	. .
21 Leather and products	31	.86	61.9	58.7	59.6	60.1	62.3	64.4	64.2	64.0	63.2	66.0	61.4	63.9	63.9	.
Durable manufactures																
22 Ordnance, private and government	19.91	3.64	95.4	93.2	92.6	93.3	95.2	96.8	98.0	98.8	99.3	99.8	99.7	99.6	100.4	102.0
23 Lumber and products	24	1.64	137.2	132.1	135.8	137.4	141.3	141.6	142.3	141.7	141.0	143.8	146.0	146.0	147.7	.
24 Furniture and fixtures	25	1.37	170.5	167.7	169.6	173.1	175.2	179.0	180.7	181.0	177.5	177.9	183.8	185.6	186.0	
25 Clay, glass, stone products	32	2.74	143.4	138.3	139.2	141.7	145.8	147.9	151.7	151.9	152.7	153.8	157.8	160.4	160.7	. .
26 Primary metals	33	6.57	85.4	83.1	84.9	84.8	85.5	87.5	90.6	95.3	92.2	90.4	93.2	98.4	97.7	99.8
27 Iron and steel	331.2	4.21	71.5	68.5	69.5	69.7	71.8	75.1	78.2	84.3	79.2	74.1	80.7	86.0	84.5	
28 Fabricated metal products	34	5.93	120.2	115.3	115.5	118.5	122.7	126.0	127.4	26.9	128.5	129.2	131.7	132.6	134.9	137.5
29 Nonelectrical machinery	35	9.15	150.6	143.1	146.1	149.5	154.2	157.3	158.3	159.2	161.8	164.3	169.5	171.5	173.1	176.9
30 Electrical machinery	36	8.05	185.5	177.2	180.1	182.4	188.3	189.2	195.8	198.4	200.1	201.5	206.2	209.9	211.8	217.8
31 Transportation equipment	37	9.27	117.8	111.4	113.8	116.6	119.7	121.1	124.7	125.5	127.3	130.8	134.9	135.6	136.0	135.4
32 Motor vehicles and parts	371	4.50	137.1	125.5	130.4	136.2	142.3	144.3	150.9	150.9	152.9	158.9	166.3	165.1	166.1	163.0
33 Aerospace and miscellaneous transportation equipment	372–9	4.77	99.6	98.1	98.1	98.1	98.5	99.2	100.0	101.6	103.2	104.3	105.3	107.7	107.7	109.5
34 Instruments	38	2.11	158.7	155.1	156.0	156.1	159.3	161.6	163.6	163.0	163.0	164.6	167.8	168.6	170.2	173.5
35 Miscellaneous manufactures	39	1.51	146.2	145.0	149.0	151.0	153.7	153.1	151.7	149.1	148.9	149.3	151.1	152.0	152.9	155.9
		Gross value (billions of 1972 dollars, annual rates)														
MAJOR MARKET																
36 **Products, total**	.	**507.4**	**612.6**	**592.6**	**601.8**	**610.5**	**620.5**	**626.6**	**637.0**	**637.8**	**638.4**	**645.4**	**655.1**	**655.5**	**659.7**	**667.1**
37 Final	. .	390.9	472.6	457.7	465.6	471.8	478.2	481.8	489.9	490.7	490.8	497.8	505.3	503.5	508.1	512.8
38 Consumer goods	. . . .	277.5	328.7	318.8	325.6	330.4	333.7	336.7	341.6	340.2	338.3	341.9	345.3	343.6	346.7	348.9
39 *Equipment*	.	113.4	144.0	138.9	140.0	141.4	144.5	145.1	148.4	150.5	152.5	155.9	160.0	159.9	161.4	163.9
40 Intermediate	. . . .	116.6	140.0	134.9	136.2	138.7	142.3	144.8	147.1	147.1	147.6	147.6	149.8	152.0	151.6	154.3

1. 1972 dollar value

2.14 HOUSING AND CONSTRUCTION

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

Item	1981	1982	1983	1983 June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1984 Jan.[r]	Feb.[r]	Mar.
	Private residential real estate activity (thousands of units)												
NEW UNITS													
1 Permits authorized	986	1,001	1,590	1,761	1,782	1,652	1,506	1,630	1,642	1,549	1,817	1,946	1,714
2 1-family	564	546	891	1,013	920	874	837	880	911	898	1,001	1,107	969
3 2-or-more-family	421	454	699	748	862	778	669	750	731	651	816	839	745
4 Started	1,084	1,062	1,703	1,743	1,793	1,873	1,679	1,672	1,730	1,694	1,980	2,231	1,638
5 1-family	705	663	1,068	1,124	1,048	1,124	1,038	1,017	1,074	1,021	1,301	1,447	1,026
6 2-or-more-family	379	400	636	619	745	749	641	655	656	673	679	784	612
7 Under construction, end of period[1]	682	720	1,006	933	963	977	988	987	1,011	1,020[r]	1,037	1,044	
8 1-family	382	400	525	532	537	542	542	536	543	542[r]	554	562	
9 2-or-more-family	301	320	482	400	425	435	446	450	468	478[r]	483	481	
10 Completed	1,266	1,006	1,390	1,386	1,432	1,729	1,476	1,567	1,445	1,489[r]	1,589	1,551	n.a.
11 1-family	818	631	924	959	1,000	1,050	966	1,028	994	986[r]	1,001	1,023	
12 2-or-more-family	447	374	466	427	432	679	510	539	451	503[r]	588	528	
13 Mobile homes shipped	241	239	295	299	296	307	305	308	313	310	314	293	
Merchant builder activity in 1-family units													
14 Number sold	436	413	622	655	606	558	597	624	636	755[r]	677	700	666
15 Number for sale, end of period[1]	278	255	303	283	289	296	299	301	304	300[r]	303	305	321
Price (thousands of dollars)[2]													
Median													
16 Units sold	68.8	69.3	75.5	75.8	75.2	76.8	81.0	75.9	75.9	75.9[r]	76.5	78.7	78.7
Average													
17 Units sold	83.1	83.8	89.9	90.9	89.2	91.3	97.8	89.5	91.4	91.7[r]	92.2	93.4	96.6
EXISTING UNITS (1-family)													
18 Number sold	2,418	1,991	2,719	2,820	2,780	2,760	2,770	2,720	2,700	2,850	2,890	2,910	3,030
Price of units sold (thousands of dollars)[2]													
19 Median	66.1	67.7	69.8	71.4	71.8	71.5	69.9	69.8	70.4	69.9	71.3	71.8	72.4
20 Average	78.0	80.4	82.5	84.7	84.2	84.7	82.8	83.0	83.4	82.9	84.8	84.9	85.3
	Value of new construction[3] (millions of dollars)												
CONSTRUCTION													
21 Total put in place	**239,418**	**232,048**	**262,668**	**264,321**	**274,205**	**281,997**	**285,384**	**265,626**	**265,780**	**265,319**	**275,676**	**292,004**	**295,550**
22 Private	186,069	180,979	212,287	214,729	222,759	228,529	232,561	216,976	214,920	215,497	224,963	239,202	243,509
23 Residential	86,567	74,809	110,708	113,524	122,297	127,136	129,142	116,478	110,385	107,973	116,899	128,286	131,924
24 Nonresidential, total	99,502	106,170	101,579	101,205	100,462	101,393	103,419	100,498	104,535	107,524	108,064	110,916	111,585
Buildings													
25 Industrial	17,031	17,346	13,143	13,136	12,227	14,227	13,166	10,532	12,280	12,921	13,091	13,921	13,718
26 Commercial	34,243	37,281	36,267	35,898	35,871	36,277	36,901	36,118	38,081	38,955	40,874	42,735	43,807
27 Other	9,543	10,507	11,705	10,974	11,250	12,038	12,564	12,279	12,001	12,121	13,062	13,077	12,988
28 Public utilities and other	38,685	41,036	40,464	41,197	41,114	38,851	40,788	41,569	42,173	43,527	41,037	41,183	41,072
29 Public	53,346	51,068	50,380	49,592	51,446	53,469	52,823	48,649	50,860	49,821	50,713	52,802	52,041
30 Military	1,966	2,205	2,536	1,894	2,655	2,258	2,705	2,458	3,192	2,977	2,821	2,716	3,227
31 Highway	13,599	13,521	14,178	12,925	14,091	15,906	15,896	14,644	14,360	14,780	13,738	14,928	15,894
32 Conservation and development	5,300	5,029	4,823	4,853	5,608	5,210	5,048	4,253	3,902	4,896	4,259	4,639	4,479
33 Other	32,481	30,313	28,843	29,920	29,092	30,095	29,174	27,294	29,406	27,168	29,895	30,519	28,441

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

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

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data, except as noted

Item	Change from 12 months earlier		Change from 3 months earlier (at annual rate)				Change from 1 month earlier					Index level Mar. 1984 (1967 = 100)[1]
	1983 Mar.	1984 Mar.	1983			1984	1983		1984			
			June	Sept.	Dec	Mar	Nov	Dec.	Jan.	Feb	Mar	
CONSUMER PRICES[2]												
1 **All items**	**3.6**	**4.7**	**5.4**	**4.5**	**4.0**	**5.0**	**.4**	**.2**	**.6**	**.4**	**.2**	**307.3**
2 Food	2 7	4.0	1 7	1.1	4 3	9.0	2	4	1.6	.7	- 1	302 2
3 Energy items	-1.5	4 6	19.1	3 4	-1 7	-1.4	.1	- 3	--.4	2	- 2	418 1
4 All items less food and energy	4 7	5 0	4.2	5.9	4 9	5.1	5	3	5	.3	.4	296 7
5 Commodities	6 1	4.5	3 2	6.8	4 6	3 4	4	3	2	2	4	249 9
6 Services	3 6	5.3	4.8	5 2	5.3	5 9	5	3	7	4	4	350 7
PRODUCER PRICES												
7 Finished goods	2.2	2.9	2 6	2 0	1 0	6 1	- 1	1	.6	.4	.5	291 7
8 Consumer foods	1 6	6.1	-.9	2.5	5.5^{r}	17 8	- 3^{r}	6^{r}	2 7	7	.8	277.0
9 Consumer energy	-4.9	-1 8	12.9	-1 3	-9 5	-8.0	-1.2^{r}	-.8^{r}	-1 2	4	-1 2	759 8
10 Other consumer goods	3 8	2.8	2 2	2.7	1 2	5 0	4^{r}	0^{r}	2	2	.9	244.8
11 Capital equipment	3 6	2.5	1.7	2.1	2.1	4 1	1^{r}	3^{r}	1	.5	.3	292 7
12 Intermediate materials[3]	-.4	3 0	2 8	4.0	2 7	2 5	1^{r}	2	.0	.2	5	324 2
13 Excluding energy	.7	3 5	2.8	3 6	3 3	4.3	.3^{r}	2^{r}	2	2	6	302 5
Crude materials												
14 Foods	.5	8 7	-5.8	15.6	12 4	13.4	.5^{r}	1 6^{r}	2 2	-3 1	4.2	270 7
15 Energy	1 6	-2.6	-5.1	-1 7	2 1	-1 5	2^{r}	3^{r}	4	0	- 8	780 7
16 Other	-1 7	12 4	49 1	16.6	3.4	-10 1	0	6	-3.6	.8	.2	274 6

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	1981	1982	1983	1983				1984
				Q1	Q2	Q3	Q4	Q1
GROSS NATIONAL PRODUCT								
1 **Total**	**2,954.1**	**3,073.0**	**3,310.5**	**3,171.5**	**3,272.0**	**3,362.2**	**3,436.2**	**3,541.2**
By source								
2 Personal consumption expenditures	1,857.2	1,991.9	2,158.0	2,073.0	2,147.0	2,181.1	2,230.9	2,280.5
3 Durable goods	236.1	244.5	279.4	258.5	277.7	282.8	298.6	310.3
4 Nondurable goods	733.9	761.0	804.1	777.1	799.6	814.8	825.0	844.4
5 Services	887.1	986.4	1,074.5	1,037.4	1,069.7	1,083.5	1,107.3	1,125.8
6 Gross private domestic investment	474.9	414.5	471.9	404.1	450.1	501.1	532.5	595.3
7 Fixed investment	456.5	439.1	478.4	443.5	464.6	492.5	512.8	533.1
8 Nonresidential	352.2	348.3	348.4	332.1	336.3	351.0	374.0	384.2
9 Structures	133.4	141.9	131.1	132.9	127.4	130.9	133.3	140.3
10 Producers' durable equipment	218.8	206.4	217.2	199.3	208.8	220.2	240.7	243.9
11 Residential structures	104.3	90.8	130.0	111.3	128.4	141.5	138.8	148.9
12 Nonfarm	99.8	86.0	124.9	106.7	123.3	136.3	133.5	143.7
13 Change in business inventories	18.4	−24.5	−6.4	−39.4	−14.5	8.5	19.6	62.2
14 Nonfarm	10.9	−23.1	−2.8	−39.0	−10.3	18.4	19.7	41.1
15 Net exports of goods and services	26.3	17.4	−9.0	17.0	−8.5	−18.3	−26.1	−45.2
16 Exports	368.8	347.6	335.4	326.9	327.1	341.1	346.5	357.7
17 Imports	342.5	330.2	344.4	309.9	335.6	359.4	372.6	402.9
18 Government purchases of goods and services	595.7	649.2	689.5	677.4	683.4	698.3	699.0	710.6
19 Federal	229.2	258.7	274.8	273.5	273.7	278.1	274.1	275.0
20 State and local	366.5	390.5	414.7	404.0	409.7	420.2	424.9	435.6
By major type of product								
21 Final sales, total	2,935.6	3,097.5	3,316.9	3,210.9	3,286.6	3,353.7	3,416.6	3,479.0
22 Goods	1,291.8	1,280.8	1,366.5	1,292.2	1,346.8	1,388.9	1,438.2	1,492.4
23 Durable	528.0	500.8	548.7	482.7	536.8	568.9	606.4	607.4
24 Nondurable	763.9	780.1	817.8	809.5	810.0	820.0	831.8	885.0
25 Services	1,374.2	1,511.2	1,635.6	1,588.4	1,623.4	1,651.0	1,679.6	1,711.3
26 Structures	288.0	281.0	308.4	290.9	301.9	322.3	318.5	337.5
27 Change in business inventories	18.4	−24.5	−6.4	−39.4	−14.5	8.5	19.6	62.2
28 Durable goods	3.6	−15.5	−3.9	−38.2	−8.9	13.1	18.3	16.0
29 Nondurable goods	14.8	−9.1	−2.5	−1.2	−5.7	−4.5	1.4	46.1
30 MEMO: **Total GNP in 1972 dollars**	**1,513.8**	**1,485.4**	**1,535.3**	**1,490.1**	**1,525.1**	**1,553.4**	**1,572.5**	**1,604.3**
NATIONAL INCOME								
31 **Total**	**2,373.0**	**2,450.4**	**2,650.2r**	**2,528.5**	**2,612.8**	**2,686.9**	**2,772.4r**	**n.a.**
32 Compensation of employees	1,769.2	1,865.7	1,990.2	1,923.7	1,968.7	2,011.8	2,056.6	2,113.0
33 Wages and salaries	1,493.2	1,568.1	1,664.1	1,610.6	1,647.1	1,681.5	1,717.3	1,756.2
34 Government and government enterprises	284.4	306.0	326.2	319.2	323.3	328.4	332.1	339.2
35 Other	1,208.8	1,262.1	1,338.4	1,291.5	1,323.8	1,353.1	1,385.2	1,416.9
36 Supplement to wages and salaries	276.0	297.6	326.1	313.1	321.6	330.3	339.4	356.8
37 Employer contributions for social insurance	132.5	140.9	152.7	148.8	151.5	153.9	156.7	167.9
38 Other labor income	143.5	156.6	173.4	164.3	170.1	176.4	182.7	189.0
39 Proprietors' income[1]	120.2	109.0	128.5	120.6	127.2	126.7	139.4	169.0
40 Business and professional[1]	89.7	87.4	107.6	98.4	106.2	111.2	114.5	121.7
41 Farm[1]	30.5	21.5	20.9	22.2	21.0	15.5	25.0	47.3
42 Rental income of persons[2]	41.4	49.9	54.8	54.1	54.8	53.9	56.2	57.0
43 Corporate profits[1]	192.3	164.8	229.1	181.8	218.2	248.4	268.2r	n.a.
44 Profits before tax[3]	227.0	174.2	207.5	169.7	203.3	229.1	228.2r	n.a.
45 Inventory valuation adjustment	−23.6	−8.4	−9.2	−1.7	−10.6	−18.3	−6.3	−10.0
46 Capital consumption adjustment	−11.0	−1.1	30.8	13.9	25.6	37.6	46.2	50.3
47 Net interest	249.9	261.1	247.5	248.3	243.8	246.1	251.9	262.0

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	1981	1982	1983	1983				1984
				Q1	Q2	Q3	Q4	Q1
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**2,435.0**	**2,578.6**	**2,742.1**	**2,657.7**	**2,713.6**	**2,761.9**	**2,835.2**	**2,924.6**
2 Wage and salary disbursements	1,493.2	1,568.1	1,664.6	1,610.7	1,648.4	1,681.9	1,717.3	1,756.2
3 Commodity-producing industries	509.5	509.2	529.7	508.6	522.2	537.8	550.0	567.1
4 Manufacturing	385.3	383.8	402.8	385.4	397.4	409.2	419.0	432.8
5 *Distributive industries*	361.6	378.8	397.2	386.4	394.3	398.9	409.3	415.4
6 Service industries	337.7	374.1	411.5	396.4	407.3	416.4	425.8	434.4
7 Government and government enterprises	284.4	306.0	326.2	319.2	324.6	328.8	332.1	339.2
8 Other labor income	143.5	156.6	173.4	164.3	170.1	176.4	182.7	189.0
9 Proprietors' income[1]	120.2	109.0	128.5	120.6	127.2	126.7	139.4	169.0
10 Business and professional[1]	89.7	87.4	107.6	98.4	106.2	111.2	114.5	121.7
11 Farm[1]	30.5	21.5	20.9	22.2	21.0	15.5	25.0	47.3
12 Rental income of persons[2]	41.4	49.9	54.8	54.1	54.8	53.9	56.2	57.0
13 Dividends	62.8	66.4	70.5	68.8	69.3	70.9	72.9	75.1
14 Personal interest income	341.3	366.2	366.3	357.2	357.1	369.9	381.1	395.8
15 Transfer payments	337.2	374.6	403.6	398.5	405.3	402.6	408.1	411.3
16 Old-age survivors, disability, and health insurance benefits	182.0	204.5	222.8	217.4	221.1	223.8	228.8	233.1
17 LESS: Personal contributions for social insurance	104.6	112.0	119.5	116.5	118.6	120.5	122.5	128.7
18 EQUALS: Personal income	2,435.0	2,578.6	2,742.1	2,657.7	2,713.6	2,761.9	2,835.2	2,924.6
19 LESS: Personal tax and nontax payments	387.4	402.1	406.5	401.8	412.6	400.1	411.4	421.3
20 EQUALS: Disposable personal income	2,047.6	2,176.5	2,335.6	2,255.9	2,301.0	2,361.7	2,423.9	2,503.3
21 LESS: Personal outlays	1,912.4	2,051.1	2,222.0	2,134.2	2,209.5	2,245.9	2,298.3	2,350.0
22 EQUALS: Personal saving	135.3	125.4	113.6	121.7	91.5	115.8	125.6	153.3
MEMO								
Per capita (1972 dollars)								
23 Gross national product	6,584.1	6,399.3	6,552.8	6,381.5	6,518.0	6,622.5	6,687.5	6,809.2
24 Personal consumption expenditures	4,161.5	4,179.8	4,316.7	4,225.7	4,319.1	4,331.4	4,389.8	4,443.0
25 Disposable personal income	4,587.0	4,567.0	4,672.0	4,599.0	4,629.0	4,690.0	4,769.0	4,877.0
26 Saving rate (percent)	6.6	5.8	4.9	5.4	4.0	4.9	5.2	6.1
GROSS SAVING								
27 **Gross saving**	**483.8**	**405.8**	**439.6**	**398.5**	**420.6**	**455.4**	**484.0[r]**	**n.a.**
28 Gross private saving	509.6	521.6	569.9[r]	541.5	535.0	587.2	615.7	n.a.
29 Personal saving	135.3	125.4	113.6	121.7	91.5	115.8	125.6	153.3
30 Undistributed corporate profits[1]	44.8	37.0	78.9	48.9	70.1	89.7	107.0[r]	n.a.
31 Corporate inventory valuation adjustment	−23.6	−8.4	−9.2	−1.7	−10.6	−18.3	−6.3	−10.0
Capital consumption allowances								
32 Corporate	202.9	222.0	231.6	228.3	229.8	233.1	235.2	238.0
33 Noncorporate	126.6	137.2	145.7	142.6	143.5	148.6	148.0	150.3
34 Wage accruals less disbursements	.0	.0	0	0	.0	0	0	.0
35 Government surplus, or deficit (−), national income and product accounts	−26.9	−115.8	−130.2	−142.9	−114.4	−131.8	−131.8	n.a.
36 Federal	−62.2	−147.1	−181.6	−183.3	−166.1	−187.3	−189.9	n.a.
37 State and local	35.3	31.3	51.4	40.4	51.7	55.5	58.1	n.a.
38 Capital grants received by the United States, net	1.1	.0	.0	0	0	0	.0	0
39 **Gross investment**	**478.9**	**406.2**	**437.4**	**397.4**	**417.1**	**457.9**	**477.1**	**525.7**
40 Gross private domestic	474.9	414.5	471.9	404.1	450.1	501.1	532.5	595.3
41 Net foreign	4.0	−8.3	−34.6	−6.7	−33.0	−43.2	−55.3	−69.6
42 **Statistical discrepancy**	**−4.9**	**.5**	**−2.3[r]**	**−1.2**	**−3.5**	**2.5**	**−6.7**	**−6.7**

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	1981	1982	1983p	1982	1983			
				Q4	Q1	Q2	Q3	Q4p
1 Balance on current account	4,592	−11,211	−40,776	−6,621	−3,665	−9,747	−12,074	−15,291
2 Not seasonally adjusted	...	...	...	−5,546	−3,395	−8,898	−14,101	−14,382
3 Merchandise trade balance[2]	−28,067	−36,389	−60,550	−11,354	−8,856	−14,705	−18,178	−18,811
4 Merchandise exports	237,019	211,217	200,203	48,344	49,350	48,757	50,429	51,667
5 Merchandise imports	−265,086	−247,606	−260,753	−59,698	−58,206	−63,462	−68,607	−70,478
6 Military transactions, net	−1,355	179	483	−26	516	117	−132	−17
7 Investment income, net[3]	33,484	27,304	23,581	6,008	5,036	5,630	6,881	6,032
8 Other service transactions, net	7,462	5,729	4,309	1,182	1,200	1,034	1,470	604
9 Remittances, pensions, and other transfers	−2,382	−2,621	−2,631	−661	−608	−636	−662	−724
10 U.S. government grants (excluding military)	−4,549	−5,413	−5,967	−1,770	−953	−1,187	−1,453	−2,375
11 Change in U.S. government assets, other than official reserve assets, net (increase, −)	−5,078	−5,732	−4,897	−934	−1,053	−1,162	−1,206	−1,476
12 Change in U.S. official reserve assets (increase, −)	−5,175	−4,965	−1,196	−1,949	−787	16	529	−953
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−1,823	−1,371	−66	−297	−98	−303	−209	545
15 Reserve position in International Monetary Fund	−2,491	−2,552	−4,434	−732	−2,139	−212	−88	−1,996
16 Foreign currencies	−861	−1,041	3,304	−920	1,450	531	826	498
17 Change in U.S. private assets abroad (increase, −)[3]	−100,348	−107,348	−43,204	−16,670	−19,793	570	−8,449	−15,532
18 Bank-reported claims	−83,851	−109,346	−24,966	−17,511	−15,935	5,166	−2,025	−12,172
19 Nonbank-reported claims	−1,181	6,976	−3,146	2,337	−2,374	−440	−332	n.a.
20 U.S. purchase of foreign securities, net	−5,636	−7,986	−7,484	−3,527	−1,808	−3,222	−1,543	−912
21 U.S. direct investments abroad, net[3]	−9,680	3,008	−7,608	2,031	324	−934	−4,549	−2,448
22 Change in foreign official assets in the United States (increase, +)	5,430	3,172	6,083	1,661	49	1,973	−2,581	6,642
23 U.S. Treasury securities	4,983	5,759	7,140	4,346	3,008	1,955	−538	2,715
24 Other U.S. government obligations	1,289	−670	−464	−556	−371	−170	−363	440
25 Other U.S. government liabilities[4]	−28	504	318	130	−270	403	207	−22
26 Other U.S. liabilities reported by U.S. banks	−3,479	−2,054	877	−1,717	−1,939	611	−1,425	3,630
27 Other foreign official assets[5]	2,665	−367	−1,788	−542	−379	−826	−462	−121
28 Change in foreign private assets in the United States (increase, +)[3]	75,248	84,693	76,935	9,856	16,404	8,984	22,028	29,521
29 U.S. bank-reported liabilities	42,154	64,263	51,295	2,823	10,588	919	15,068	24,720
30 U.S. nonbank-reported liabilities	942	−3,104	−1,060	20	−2,136	134	942	n.a.
31 Foreign private purchases of U.S. Treasury securities, net	2,982	7,004	8,599	2,257	2,912	3,072	1,011	1,604
32 Foreign purchases of other U.S. securities, net	7,171	6,141	8,587	1,975	2,986	2,628	1,842	1,132
33 Foreign direct investments in the United States, net[3]	21,998	10,390	9,514	2,781	2,054	2,231	3,165	2,065
34 Allocation of SDRs	1,093	0	0	0	0	0	0	0
35 Discrepancy	24,238	41,390	7,054	14,657	8,845	−634	1,753	−2,911
36 Owing to seasonal adjustments	...	...	...	1,042	−200	802	−1,361	758
37 Statistical discrepancy in recorded data before seasonal adjustment	24,238	41,390	7,054	13,615	9,045	−1,436	3,114	−3,669
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	−5,175	−4,965	−1,196	−1,949	−787	16	529	−953
39 Foreign official assets in the United States (increase, +)	5,458	2,668	5,765	1,531	319	1,570	−2,788	6,664
40 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 22 above)	13,581	7,420	−8,591	−1,162	−1,397	−3,433	−2,104	−1,657
41 Transfers under military grant programs (excluded from lines 4, 6, and 10 above)	680	644	209	158	42	30	49	88

1. Seasonal factors are no longer calculated for lines 12 through 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 of incorporated affiliates.
4. Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.
5. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

NOTE. Data are from Bureau of Economic Analysis, *Survey of Current Business* (Department of Commerce).

3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted.

Item	1981	1982	1983	1983 Sept.	1983 Oct.	1983 Nov.	1983 Dec.	1984 Jan.	1984 Feb.	1984 Mar.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	233,677	212,193	200,486	17,257	17,033	17,063	17,298	18,326	17,212	17,727
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	261,305	243,952	258,048	22,451	24,333	23,115	22,976	26,586	26,147	26,771
3 **Trade balance**	**−27,628**	**−31,759**	**−57,562**	**−5,195**	**−7,300**	**−6,052**	**−5,678**	**−8,260**	**−8,935**	**−9,044**

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	1980	1981	1982	1983 Oct	1983 Nov	1983 Dec.	1984 Jan	1984 Feb	1984 Mar	1984 Apr.
1 **Total**	**26,756**	**30,075**	**33,958**	**33,273**	**33,655**	**33,747**	**33,887**	**34,823**	**34,978**	**34,588**
2 Gold stock, including Exchange Stabilization Fund[1]	11,160	11,151	11,148	11,126	11,123	11,121	11,120	11,116	11,111	11,107
3 Special drawing rights[2,3]	2,610	4,095	5,250	5,641	5,735	5,025	5,050	5,320	5,341	5,266
4 Reserve position in International Monetary Fund[2]	2,852	5,055	7,348	9,554	9,883	11,312	11,422	11,710	11,709	11,621
5 Foreign currencies[4,5]	10,134	9,774	10,212	6,952	6,914	6,289	6,295	6,677	6,817	6,594

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
5 Includes U.S. government securities held under repurchase agreement against receipt of foreign currencies in 1979 and 1980.

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1980	1981	1982	1983 Oct.	1983 Nov	1983 Dec.	1984 Jan	1984 Feb.	1984 Mar.	1984 Apr
1 Deposits	411	505	328	339	360	190	251	246	222	345
Assets held in custody										
2 U.S. Treasury securities[1]	102,417	104,680	112,544	116,327	116,398	117,670	117,076	119,499	116,768	117,808
3 Earmarked gold[2]	14,965	14,804	14,716	14,550	14,475	14,414	14,347	14,291	14,278	14,278

1. Marketable U.S. Treasury bills, notes, and bonds, and nonmarketable U S Treasury securities payable in dollars and in foreign currencies.
2. Earmarked gold is valued at $42.22 per fine troy ounce.

NOTE. Excludes deposits and U.S. Treasury securities held for international and regional organizations. Earmarked gold is gold held for foreign and international accounts and is not included in the gold stock of the United States.

3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data

Millions of dollars, end of period

Asset account	1980	1981	1982	1983					1984	
				Aug	Sept	Oct	Nov	Dec.r	Jan	Feb p
	All foreign countries									
1 **Total, all currencies**	**401,135**	**462,847**	**469,432**	**452,596**	**460,261**	**458,894**	**463,467**	**475,593**	**453,982**	**462,397**
2 Claims on United States	28,460	63,743	91,768	99,484	101,356	102,497	109,511	114,956	110,969	112,765
3 Parent bank	20,202	43,267	61,629	67,137	65,561	69,655	75,521	81,004	76,430	79,244
4 Other	8,258	20,476	30,139	32,347	35,795	32,842	33,990	33,952	34,539	33,521
5 Claims on foreigners	354,960	378,954	358,258	335,036	340,413	337,848	335,518	342,018	324,094	329,756
6 Other branches of parent bank	77,019	87,821	91,143	84,572	89,304	87,543	89,447	92,634	86,866	85,728
7 Banks	146,448	150,763	133,640	119,288	120,177	117,631	114,495	117,576	106,877	110,265
8 Public borrowers	28,033	28,197	24,090	25,147	24,982	25,061	24,256	24,360	23,951	24,342
9 Nonbank foreigners	103,460	112,173	109,385	106,029	105,950	107,613	107,320	107,448	106,400	109,421
10 Other assets	17,715	20,150	19,406	18,076	18,492	18,549	18,438	18,619	18,919	19,876
11 **Total payable in U.S. dollars**	**291,798**	**350,735**	**361,712**	**348,330**	**354,595**	**351,483**	**358,204**	**370,515**	**348,454**	**349,833**
12 Claims on United States	27,191	62,142	90,048	96,995	98,510	99,938	107,015	112,850	108,866	110,520
13 Parent bank	19,896	42,721	60,973	65,711	63,716	68,126	73,999	79,914	75,283	78,015
14 Other	7,295	19,421	29,075	31,284	34,794	31,812	33,016	32,936	33,583	32,505
15 Claims on foreigners	255,391	276,937	259,646	241,063	245,541	241,221	240,768	247,080	229,041	228,852
16 Other branches of parent bank	58,541	69,398	73,512	66,609	71,273	69,324	71,451	75,131	69,006	66,772
17 Banks	117,342	122,110	106,338	93,806	95,113	92,048	90,143	93,248	82,553	84,398
18 Public borrowers	23,491	22,877	18,374	18,804	18,455	18,644	17,752	17,817	17,670	17,784
19 Nonbank foreigners	56,017	62,552	61,422	61,844	60,700	61,205	61,422	60,884	59,812	59,898
20 Other assets	9,216	11,656	12,018	10,272	10,544	10,324	10,421	10,585	10,547	10,461
	United Kingdom									
21 **Total, all currencies**	**144,717**	**157,229**	**161,067**	**154,865**	**156,048**	**156,803**	**155,964**	**158,717**	**155,098**	**157,973**
22 Claims on United States	7,509	11,823	27,354	29,722	28,947	30,853	32,352	34,433	35,634	36,647
23 Parent bank	5,275	7,885	23,017	22,169	20,816	25,507	26,872	29,111	29,759	30,876
24 Other	2,234	3,938	4,337	7,553	8,131	5,346	5,480	5,322	5,875	5,771
25 Claims on foreigners	131,142	138,888	127,734	119,672	121,518	120,660	118,275	119,280	114,287	116,055
26 Other branches of parent bank	34,760	41,367	37,000	35,555	36,382	36,556	35,642	36,565	34,842	33,296
27 Banks	58,741	56,315	50,767	44,303	45,451	43,888	42,683	43,352	40,126	42,508
28 Public borrowers	6,688	7,490	6,240	6,342	6,274	6,280	6,307	5,898	6,056	6,005
29 Nonbank foreigners	30,953	33,716	33,727	33,472	33,411	33,936	33,643	33,465	33,263	34,246
30 Other assets	6,066	6,518	5,979	5,471	5,583	5,290	5,337	5,004	5,177	5,271
31 **Total payable in U.S. dollars**	**99,699**	**115,188**	**123,740**	**119,377**	**121,238**	**121,817**	**121,744**	**125,997**	**121,197**	**121,945**
32 Claims on United States	7,116	11,246	26,761	28,905	27,837	30,095	31,671	33,756	34,917	35,935
33 Parent bank	5,229	7,721	22,756	21,720	20,036	25,084	26,537	28,756	29,414	30,516
34 Other	1,887	3,525	4,005	7,185	7,801	5,011	5,134	5,000	5,503	5,419
35 Claims on foreigners	89,723	99,850	92,228	86,868	89,530	88,253	86,614	88,917	83,161	83,067
36 Other branches of parent bank	28,268	35,439	31,648	30,053	31,409	31,414	30,371	31,838	29,741	28,103
37 Banks	42,073	40,703	36,717	31,718	33,237	31,796	31,158	32,188	28,756	30,331
38 Public borrowers	4,911	5,595	4,329	4,410	4,329	4,346	4,377	4,194	4,349	4,241
39 Nonbank foreigners	14,471	18,113	19,534	20,687	20,555	20,697	20,708	20,697	20,315	20,392
40 Other assets	2,860	4,092	4,751	3,604	3,871	3,469	3,459	3,324	3,119	2,943
	Bahamas and Caymans									
41 **Total, all currencies**	**123,837**	**149,108**	**145,156**	**139,699**	**143,148**	**141,311**	**147,257**	**151,463**	**141,293**	**140,198**
42 Claims on United States	17,751	46,546	59,403	63,923	66,547	66,253	71,363	74,728	70,459	70,705
43 Parent bank	12,631	31,643	34,653	40,308	40,152	40,105	44,414	47,703	43,174	44,301
44 Other	5,120	14,903	24,750	23,615	26,395	26,148	26,949	27,025	27,285	26,404
45 Claims on foreigners	101,926	98,057	81,450	72,021	72,826	71,268	71,995	72,788	66,916	65,597
46 Other branches of parent bank	13,342	12,951	18,720	15,354	16,789	15,817	17,993	17,340	15,989	14,655
47 Banks	54,861	55,151	42,699	37,350	36,609	35,964	35,353	36,767	32,451	32,527
48 Public borrowers	12,577	10,010	6,413	6,404	6,461	6,643	5,890	6,084	5,992	5,956
49 Nonbank foreigners	21,146	19,945	13,618	12,913	12,967	12,844	12,759	12,597	12,484	12,459
50 Other assets	4,160	4,505	4,303	3,755	3,775	3,790	3,899	3,947	3,918	3,896
51 **Total payable in U.S. dollars**	**117,654**	**143,743**	**139,605**	**133,233**	**136,851**	**134,684**	**140,841**	**145,017**	**134,881**	**133,825**

3.14 Continued

Liability account	1980	1981	1982	1983					1984	
				Aug	Sept.	Oct	Nov	Dec.[r]	Jan	Feb.[p]
	All foreign countries									
52 **Total, all currencies**	**401,135**	**462,847**	**469,432**	**452,596**	**460,261**	**458,894**	**463,467**	**475,593**	**453,982**	**462,397**
53 To United States	91,079	137,767	178,918	183,864	182,588[r]	185,551[r]	184,202[r]	187,481	179,255	182,553
54 Parent bank	39,286	56,344	75,561	77,556	78,027	85,028	79,574	80,459	76,845	79,230
55 Other banks in United States	14,473	19,197	33,368	29,880	30,961[r]	27,094	26,264	29,175	26,718	25,633
56 Nonbanks	37,275	62,226	69,989	76,428	73,600[r]	73,429[r]	78,364[r]	77,847	75,692	77,690
57 To foreigners	295,411	305,630	270,678	250,563	259,525[r]	254,682[r]	260,335[r]	268,958	255,954	260,190
58 Other branches of parent bank	75,773	86,396	90,148	81,714[r]	86,714[r]	84,004[r]	86,792[r]	88,903	81,983	81,856
59 Banks	132,116	124,906	96,739	85,433	86,550	84,533	88,023	92,800	86,564	89,076
60 Official institutions	32,473	25,997	19,614	17,830	20,513	19,403	18,377	18,801	19,507	20,450
61 Nonbank foreigners	55,049	68,331	64,177	65,586[r]	65,748[r]	66,742[r]	67,143[r]	68,454	67,900	68,808
62 Other liabilities	14,690	19,450	19,836	18,169	18,148	18,661	18,930	19,154	18,773	19,654
63 **Total payable in U.S. dollars**	**303,281**	**364,447**	**379,003**	**365,584[r]**	**373,061[r]**	**369,936[r]**	**374,426[r]**	**387,287**	**365,144**	**367,285**
64 To United States	88,157	134,700	175,431	180,174[r]	178,814[r]	181,645[r]	180,206[r]	183,766	175,435	178,239
65 Parent bank	37,528	54,492	73,235	75,245[r]	75,743[r]	82,661[r]	77,127[r]	78,257	74,493	76,636
66 Other banks in United States	14,203	18,883	33,003	29,334	30,415	26,538	25,773	28,641	26,224	25,066
67 Nonbanks	36,426	61,325	69,193	75,595	72,656[r]	72,446[r]	77,306[r]	76,868	74,718	76,537
68 To foreigners	206,883	217,602	192,348	175,616	184,430[r]	178,943[r]	184,278[r]	193,785	180,795	179,720
69 Other branches of parent bank	58,172	69,299	72,878	64,522[r]	69,308[r]	66,502[r]	69,457[r]	71,899	64,926	63,469
70 Banks	87,497	79,594	57,355	49,522	50,862	48,264	52,072	57,013	50,604	50,675
71 Official institutions	24,697	20,288	15,055	13,029	15,400	14,630	13,453	13,852	14,673	15,829
72 Nonbank foreigners	36,517	48,421	47,060	48,543[r]	48,860[r]	47,547[r]	49,296[r]	51,021	50,592	49,747
73 Other liabilities	8,241	12,145	11,224	9,794	9,817	9,348	9,942	9,736	8,914	9,326
	United Kingdom									
74 **Total, all currencies**	**144,717**	**157,229**	**161,067**	**154,865**	**156,048**	**156,803**	**155,964**	**158,717**	**155,098**	**157,973**
75 To United States	21,785	38,022	53,954	58,347	56,924	60,903	57,095	55,799	55,620	56,596
76 Parent bank	4,225	5,444	13,091	16,145	16,852	21,385	17,312	14,021	17,077	18,333
77 Other banks in United States	5,716	7,502	12,205	12,462	12,174	10,751	10,176	11,328	10,640	10,570
78 Nonbanks	11,844	25,076	28,658	29,740	27,898	28,767	29,607	30,450	27,903	27,693
79 To foreigners	117,438	112,255	99,567	89,458	92,122	88,727	91,714	95,847	92,268	93,689
80 Other branches of parent bank	15,384	16,545	18,361	17,595	19,365	18,288	18,841	19,038	18,526	17,716
81 Banks	56,262	51,336	44,020	37,571	37,122	35,847	38,888	41,624	38,812	39,548
82 Official institutions	21,412	16,517	11,504	9,588	11,448	10,611	10,071	10,151	10,530	11,531
83 Nonbank foreigners	24,380	27,857	25,682	24,704	24,187	23,981	23,914	25,034	24,400	24,894
84 Other liabilities	5,494	6,952	7,546	7,060	7,002	7,173	7,155	7,071	7,210	7,688
85 **Total payable in U.S. dollars**	**103,440**	**120,277**	**130,261**	**125,656**	**127,868**	**128,600**	**127,234**	**131,152**	**126,989**	**127,623**
86 To United States	21,080	37,332	53,029	57,359	55,931	59,824	55,907	54,691	54,537	55,151
87 Parent bank	4,078	5,350	12,814	15,829	16,673	21,145	17,094	13,839	16,840	17,926
88 Other banks in United States	5,626	7,249	12,026	12,223	11,886	10,523	9,880	11,044	10,406	10,247
89 Nonbanks	11,376	24,733	28,189	29,307	27,372	28,156	28,933	29,808	27,291	26,978
90 To foreigners	79,636	79,034	73,477	64,801	68,252	65,347	68,011	73,279	69,557	69,393
91 Other branches of parent bank	10,474	12,048	14,300	13,421	15,166	14,542	15,044	15,403	14,758	13,931
92 Banks	35,388	32,298	28,810	24,447	24,478	23,136	26,343	29,320	26,386	26,229
93 Official institutions	17,024	13,612	9,668	7,630	9,381	8,742	8,029	8,279	8,594	9,777
94 Nonbank foreigners	16,750	21,076	20,699	19,303	19,227	18,927	18,595	20,277	19,819	19,456
95 Other liabilities	2,724	3,911	3,755	3,496	3,685	3,429	3,316	3,182	2,895	3,079
	Bahamas and Caymans									
96 **Total, all currencies**	**123,837**	**149,108**	**145,156**	**139,699**	**143,148**	**141,311**	**147,257**	**151,463**	**141,293**	**140,198**
97 To United States	59,666	85,759	104,425	104,470	104,590[r]	104,150[r]	106,633[r]	110,762	103,896	104,485
98 Parent bank	28,181	39,451	47,081	46,491	45,493	48,235	46,676	50,187	44,604	44,186
99 Other banks in United States	7,379	10,474	18,466	14,560	16,170[r]	14,322	14,117	15,711	14,391	13,533
100 Nonbanks	24,106	35,834	38,878	43,419	42,927[r]	41,593[r]	45,840[r]	44,864	44,901	46,766
101 To foreigners	61,218	60,012	38,274	32,875	36,239[r]	34,782[r]	38,164[r]	38,362	35,157	33,440
102 Other branches of parent bank	17,040	20,641	15,796	11,621[r]	13,357[r]	12,634[r]	15,521[r]	13,376	12,253	11,789
103 Banks	29,895	23,202	10,166	8,737	9,506	9,059	9,618	11,869	9,883	9,351
104 Official institutions	4,361	3,498	1,967	2,170	2,237	1,976	1,624	1,916	2,309	1,870
105 Nonbank foreigners	9,922	12,671	10,345	10,347[r]	11,139[r]	11,113[r]	11,401[r]	11,201	10,712	10,430
106 Other liabilities	2,953	3,337	2,457	2,354	2,319	2,379	2,460	2,339	2,240	2,273
107 **Total payable in U.S. dollars**	**119,657**	**145,284**	**141,908**	**136,228[r]**	**139,855[r]**	**137,514[r]**	**143,604[r]**	**147,658**	**137,429**	**136,514**

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1981	1982	1983r Sept.	1983r Oct.	1983r Nov.	1983r Dec.	1984 Jan.r	1984 Feb	1984 Mar.p
1 **Total**[1]	**169,735**	**172,718**	**171,465**	**173,216**	**173,860**	**177,859**	**176,239**	**176,820**	**174,661**
By type									
2 Liabilities reported by banks in the United States[2]	26,737	24,989	21,924	22,057	22,816	25,422	22,768	23,150	23,187
3 U.S. Treasury bills and certificates[3]	52,389	46,658	50,374	51,618	52,558	54,341	55,327	56,084	53,681
U.S. Treasury bonds and notes									
4 Marketable	53,186	67,733	69,205	69,715	68,942	68,541	69,080	69,116	69,547
5 Nonmarketable[4]	11,791	8,750	7,950	7,950	7,250	7,250	7,250	6,600	6,600
6 U.S. securities other than U.S. Treasury securities[5]	25,632	24,588	22,012	21,876	22,294	22,305	21,814	21,870	21,646
By area									
7 Western Europe[1]	65,699	61,298	63,874	64,894	65,648	67,669	66,208	67,926	67,676
8 Canada	2,403	2,070	2,707	2,811	2,665	2,438	2,511	2,329	1,922
9 Latin America and Caribbean	6,953	6,057	5,502	5,629	6,468	6,217	6,443	7,605	6,439
10 Asia	91,607	96,034	92,767	92,305	91,457	92,488	92,181	90,523	90,449
11 Africa	1,829	1,350	1,196	1,023	801	958	1,051	1,067	1,035
12 Other countries[6]	1,244	5,909	5,419	6,554	6,821	8,089	7,845	7,370	7,135

1. Includes the Bank for International Settlements.
2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.
3. Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.
4. Excludes notes issued to foreign official nonreserve agencies. Includes bonds and notes payable in foreign currencies.
5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.
6. Includes countries in Oceania and Eastern Europe.

NOTE. Based on Treasury Department data and on data reported to the Treasury Department by banks (including Federal Reserve Banks) and securities dealers in the United States.

3.16 LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in Foreign Currencies

Millions of dollars, end of period

Item	1980	1981	1982	1983 Mar.r	1983 Juner	1983 Sept.r	1983 Dec.
1 Banks' own liabilities	3,748	3,523	4,844	5,088	5,880	5,976	5,205
2 Banks' own claims	4,206	4,980	7,707	8,110	7,862	7,984	7,256
3 Deposits	2,507	3,398	4,251	3,728	3,912	3,061	2,838
4 Other claims	1,699	1,582	3,456	4,382	3,950	4,923	4,418
5 Claims of banks' domestic customers[1]	962	971	676	637	684	717	1,059

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	1980	1981▲	1982	1983				1984		
				Sept r	Oct	Nov	Dec	Jan r	Feb	Mar. p
1 **All foreigners**	**205,297**	**243,889**	**307,056**	**338,026**	**338,117r**	**351,382r**	**369,226r**	**358,486**	**368,502**	**376,457**
2 Banks' own liabilities	124,791	163,817	227,089	251,994	249,952r	262,226r	278,644r	264,478	271,459	284,250
3 Demand deposits	23,462	19,631	15,889	16,327	17,094	17,198	17,594	16,100	16,640	17,609
4 Time deposits[1]	15,076	29,039	68,035	81,624	80,865r	84,735r	90,098r	87,691	91,068	96,183
5 Other[2]	17,583	17,647	23,946	24,656	22,288r	22,863r	26,100	23,287	23,970	24,565
6 Own foreign offices[3]	68,670	97,500	119,219	129,387	129,706r	137,430r	144,851r	137,401	139,781	145,892
7 Banks' custody liabilities[4]	80,506	80,072	79,967	86,032	88,165r	89,156	90,582	94,007	97,043	92,207
8 U S Treasury bills and certificates[5]	57,595	55,315	55,628	64,062	65,735	66,746	68,669	71,083	74,277	69,669
9 Other negotiable and readily transferable instruments[6]	20,079	18,788	20,636	17,302	17,182	17,721	17,529	18,063	17,880	18,051
10 Other	2,832	5,970	3,702	4,669	5,247r	4,690	4,385	4,862	4,886	4,486
11 **Nonmonetary international and regional organizations[7]**	**2,344**	**2,721**	**4,922**	**5,308**	**4,619**	**6,363r**	**5,957**	**4,759**	**6,831**	**6,253**
12 Banks' own liabilities	444	638	1,909	3,024	3,294	4,939r	4,632	2,867	2,317	4,057
13 Demand deposits	146	262	106	252	452	437	297	271	347	414
14 Time deposits[1]	85	58	1,664	2,168	2,487	4,079	3,885	2,235	1,611	2,666
15 Other[2]	212	318	139	605	355	423r	449	361	360	977
16 Banks' custody liabilities[4]	1,900	2,083	3,013	2,284	1,325	1,424	1,325	1,892	4,514	2,196
17 U S Treasury bills and certificates	254	541	1,621	1,442	441	484	463	1,045	3,416	1,224
18 Other negotiable and readily transferable instruments[6]	1,646	1,542	1,392	842	884	939	862	847	1,098	971
19 Other	0	0	0	0	0	0	0	0	0	0
20 **Official institutions[8]**	**86,624**	**79,126**	**71,647**	**72,299**	**73,675**	**75,374**	**79,764**	**78,095**	**79,234**	**76,867**
21 Banks' own liabilities	17,826	17,109	16,640	16,147	16,532	16,673	19,315	16,488	17,493	16,934
22 Demand deposits	3,771	2,564	1,899	1,886	1,818	2,023	1,837	1,753	1,663	2,038
23 Time deposits[1]	3,612	4,230	5,528	6,228	6,661r	6,723r	7,294	7,286	7,638	6,467
24 Other[2]	10,443	10,315	9,212	8,033	8,053r	7,926r	10,184	7,449	8,192	8,429
25 Banks' custody liabilities[4]	68,798	62,018	55,008	56,152	57,144	58,701	60,448	61,607	61,741	59,933
26 U.S Treasury bills and certificates[5]	56,243	52,389	46,658	50,374	51,618	52,558	54,341	55,327	56,084	53,681
27 Other negotiable and readily transferable instruments[6]	12,501	9,581	8,321	5,745	5,489	6,115	6,082	6,257	5,623	6,234
28 Other	54	47	28	32	36	28	25	23	34	19
29 **Banks[9]**	**96,415**	**136,008**	**185,881**	**206,381**	**204,672r**	**214,010r**	**226,485r**	**217,907**	**222,587**	**232,786**
30 Banks' own liabilities	90,456	124,312	169,449	185,313	182,731r	192,572r	204,945r	195,330	200,068	210,415
31 Unaffiliated foreign banks	21,786	26,812	50,230	55,926	53,025r	55,142r	60,094r	57,929	60,287	64,524
32 Demand deposits	14,188	11,614	8,675	8,618	9,102	8,770	8,756	8,151	8,396	8,359
33 Time deposits[1]	1,703	8,720	28,386	31,883	30,691r	32,678r	36,734r	35,036	37,358	41,799
34 Other[2]	5,895	6,477	13,169	15,425	13,232r	13,695r	14,604	14,743	14,534	14,366
35 Own foreign offices[3]	68,670	97,500	119,219	129,387	129,706r	137,430r	144,851r	137,401	139,781	145,892
36 Banks' custody liabilities[4]	5,959	11,696	16,432	21,069	21,941	21,438	21,540	22,576	22,519	22,371
37 U.S. Treasury bills and certificates	623	1,685	5,809	9,440	10,036	9,967	10,178	10,776	10,756	10,763
38 Other negotiable and readily transferable instruments[6]	2,748	4,400	7,857	7,553	7,542	7,251	7,485	7,416	7,395	7,451
39 Other	2,588	5,611	2,766	4,075	4,363	4,221	3,877	4,384	4,368	4,157
40 **Other foreigners**	**19,914**	**26,035**	**44,606**	**54,038**	**55,151r**	**55,635**	**57,021**	**57,725**	**59,850**	**60,551**
41 Banks' own liabilities	16,065	21,759	39,092	47,510	47,396r	48,042	49,751	49,793	51,580	52,843
42 Demand deposits	5,356	5,191	5,209	5,571	5,723	5,968	6,703	5,925	6,234	6,798
43 Time deposits	9,676	16,030	32,457	41,345	41,025r	41,255	42,185	43,134	44,462	45,252
44 Other[2]	1,033	537	1,426	594	648	819	863	734	884	794
45 Banks' custody liabilities[4]	3,849	4,276	5,514	6,528	7,755	7,593	7,269	7,932	8,270	7,707
46 U S Treasury bills and certificates	474	699	1,540	2,805	3,640	3,737	3,686	3,935	4,021	4,001
47 Other negotiable and readily transferable instruments[6]	3,185	3,265	3,065	3,162	3,267	3,415	3,100	3,542	3,764	3,395
48 Other	190	312	908	561	848r	441	483	455	484	311
49 MEMO Negotiable time certificates of deposit in custody for foreigners	10,745	10,747	14,307	10,346	9,995	10,385	10,407	10,307	9,416	9,700

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 "

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

3.17 Continued

Area and country	1980	1981▲	1982	1983				1984		
				Sept	Oct	Nov	Dec	Jan	Feb	Mar p
1 **Total**	**205,297**	**243,889**	**307,056**	**338,026r**	**338,117r**	**351,382r**	**369,226r**	**358,486r**	**368,502**	**376,457**
2 **Foreign countries**	**202,953**	**241,168**	**302,134**	**332,718r**	**333,498r**	**345,019r**	**363,269r**	**353,726r**	**361,671**	**370,204**
3 Europe	90,897	91,275	117,756	125,969r	127,131r	130,671r	138,006	134,887r	140,029	141,936
4 Austria	523	596	519	659	570	641	585	755r	763	861
5 Belgium-Luxembourg	4,019	4,117	2,517	2,795	2,856r	2,470r	2,709	2,972r	3,211	3,365
6 Denmark	497	333	509	593	544	538	466	372	385	285
7 Finland	455	296	748	373	372	375	531	298	398	287
8 France	12,125	8,486	8,171	8,827	8,638	8,083	9,441	8,122r	10,098	10,713
9 Germany	9,973	7,645	5,351	3,438	4,307	4,337	3,599	3,823r	4,582	4,863
10 Greece	670	463	537	604	595	544	520	513	513	503
11 Italy	7,572	7,267	5,626	6,931	7,703	7,824r	8,459	7,622	7,638	7,395
12 Netherlands	2,441	2,823	3,362	3,892	3,735	3,701	4,290	4,008	4,200	4,423
13 Norway	1,344	1,457	1,567	1,457	1,072	1,531	1,673	1,481	1,452	1,285
14 Portugal	374	354	388	302	297	306	373	377	352	403
15 Spain	1,500	916	1,405	1,678	1,592	1,534	1,603	1,645	1,664	1,759
16 Sweden	1,737	1,545	1,390	1,337	1,489	1,652	1,799	1,896r	1,752	1,835
17 Switzerland	16,689	18,716	29,066	29,940r	30,822r	30,623r	32,117	31,956r	32,237	32,266
18 Turkey	242	518	296	333	277	319	467	334	400	335
19 United Kingdom	22,680	28,286	48,172	55,708r	55,082r	58,437r	60,658	61,794r	64,404	64,627
20 Yugoslavia	681	375	499	506	464	552	562	505	477	478
21 Other Western Europe[1]	6,939	6,541	7,006	6,048r	6,102	6,660	7,493	5,872	4,965	5,607
22 U.S.S.R.	68	49	50	23	37	27	65	62	74	177
23 Other Eastern Europe[2]	370	493	576	525	576	518	596	482r	464	468
24 Canada	10,031	10,250	12,232	16,470	16,335r	16,369r	16,026r	16,270r	17,679	17,224
25 Latin America and Caribbean	53,170	85,223	114,163	126,709r	126,640r	134,139r	140,033r	135,671r	138,168	143,127
26 Argentina	2,132	2,445	3,578	4,148	4,018	4,377	4,011	4,303	4,536	4,365
27 Bahamas	16,381	34,856	44,744	49,520r	50,496r	53,703r	55,877r	52,314r	52,779	58,161
28 Bermuda	670	765	1,572	2,706r	2,632	2,582	2,328	2,745	3,165	2,903
29 Brazil	1,216	1,568	2,014	3,406	3,818	4,150	3,158r	2,997	3,473	3,725
30 British West Indies	12,766	17,794	26,381	28,520r	27,466r	30,624r	34,431r	32,531r	32,297	32,353
31 Chile	460	664	1,626	1,616r	1,697	1,783	1,842	1,811	1,935	1,876
32 Colombia	3,077	2,993	2,594	1,611	1,617	1,645	1,689	1,584	1,840	1,656
33 Cuba	6	9	9	10	10	10	8	9	13	20
34 Ecuador	371	434	455	670	825	1,003	1,047	828	826	825
35 Guatemala	367	479	670	758	750	766	788	800	812	815
36 Jamaica	97	87	126	109	105	234	109	113	131	596
37 Mexico	4,547	7,235	8,377	9,702r	9,449	9,463	10,389	10,994	10,693	10,215
38 Netherlands Antilles	413	3,182	3,597	3,586r	3,888r	3,941	3,879	3,773	4,501	4,895
39 Panama	4,718	4,857	4,805	6,084r	5,902	5,946r	5,924	5,586r	5,545	5,608
40 Peru	403	694	1,147	1,203	1,049	1,090	1,166	1,130	1,146	1,157
41 Uruguay	254	367	759	1,116	1,202	1,173	1,232	1,278	1,321	1,418
42 Venezuela	3,170	4,245	8,417	8,385r	8,202	8,024	8,603	9,313	9,442	8,565
43 Other Latin America and Caribbean	2,123	2,548	3,291	3,561	3,513	3,626	3,551	3,562r	3,712	3,972
44 Asia	42,420	49,822	48,716	54,948r	53,871r	54,278r	58,351	56,002r	55,274	57,510
China										
45 Mainland	49	158	203	190	216	183	249	249	168	272
46 Taiwan	1,662	2,082	2,761	3,852	3,992	4,063	3,997	4,270r	4,291	4,165
47 Hong Kong	2,548	3,950	4,465	6,586r	6,511r	6,971	6,610	6,196r	5,884	6,402
48 India	416	385	433	712	830	725	464	670	749	686
49 Indonesia	730	640	857	622	871	661	997	1,093	859	758
50 Israel	883	592	606	848	812	808	1,722	786r	733	830
51 Japan	16,281	20,750	16,078	17,455r	17,140r	17,138	18,079	17,069r	17,615	19,018
52 Korea	1,528	2,013	1,692	1,478	1,353	1,591	1,648	1,614	1,542	1,748
53 Philippines	919	874	770	1,181	747	1,012	1,234	1,235	1,280	1,259
54 Thailand	464	534	629	581	522	569	716	776	622	714
55 Middle-East oil-exporting countries[3]	14,453	12,992	13,433	12,975r	12,860r	12,650r	12,960	12,516r	11,587	12,185
56 Other Asia	2,487	4,853	6,789	8,468r	8,017r	7,907	9,676	9,528	9,943	9,473
57 Africa	5,187	3,180	3,124	3,132	2,845	2,694	2,800	2,917	3,070	3,096
58 Egypt	485	360	432	488	576	589	645	572	568	547
59 Morocco	33	32	81	84	73	96	84	109	138	122
60 South Africa	288	420	292	520	394	389	449	486	502	538
61 Zaire	57	26	23	34	43	32	87	61	66	77
62 Oil-exporting countries[4]	3,540	1,395	1,280	963	736	679	620	869	839	892
63 Other Africa	783	946	1,016	1,042	1,023	909	917	821	957	920
64 Other countries	1,247	1,419	6,143	5,490	6,675	6,868	8,053	7,979	7,451	7,310
65 Australia	950	1,223	5,904	5,284	6,461	6,666	7,857	7,742	7,197	7,091
66 All other	297	196	239	206	214	202	196	237	255	220
67 Nonmonetary international and regional organizations	2,344	2,721	4,922	5,308	4,619	6,363r	5,957	4,759	6,831	6,253
68 International	1,157	1,661	4,049	4,674	3,944	5,598r	5,273	4,174	6,189	5,426
69 Latin American regional	890	710	517	445	437	415	419	433	457	451
70 Other regional[5]	296	350	357	189	238	350	265	152	186	376

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."

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

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	1980	1981▲	1982	1983 Sept r	1983 Oct r	1983 Nov r	1983 Dec r	1984 Jan r	1984 Feb.	1984 Mar p
1 **Total**	**172,592**	**251,589**	**355,705**	**376,847**	**373,311**	**375,118**	**387,710**	**372,146**	**376,349**	**383,928**
2 **Foreign countries**	**172,514**	**251,533**	**355,636**	**376,249**	**373,251**	**375,048**	**387,547**	**372,081**	**376,185**	**383,778**
3 Europe	32,108	49,262	85,584	91,041	89,145	90,243	90,743	90,378	91,374	91,003
4 Austria	236	121	229	351	334	395	401	354	414	466
5 Belgium-Luxembourg	1,621	2,849	5,138	5,673	5,533	5,548	5,639	5,942	6,182	5,943
6 Denmark	127	187	554	1,135	1,107	1,272	1,275	1,296	1,244	1,252
7 Finland	460	546	990	697	789	822	1,044	945	952	911
8 France	2,958	4,127	7,251	7,869	7,457	7,942	8,761	7,984	8,309	8,390
9 Germany	948	940	1,876	1,428	1,095	1,256	1,294	1,058	1,034	1,108
10 Greece	256	333	452	411	372	412	476	508	549	694
11 Italy	3,364	5,240	7,560	7,083	7,713	8,459	9,013	7,869	7,899	8,095
12 Netherlands	575	682	1,425	1,189	1,071	1,396	1,302	1,407	1,318	1,324
13 Norway	227	384	572	550	575	590	690	652	645	625
14 Portugal	331	529	950	861	893	891	939	954	944	908
15 Spain	993	2,095	3,744	3,402	3,162	3,654	3,573	3,391	3,277	3,429
16 Sweden	783	1,205	3,038	3,081	3,059	3,249	3,358	3,373	3,356	3,403
17 Switzerland	1,446	2,213	1,639	1,781	1,625	2,114	1,856	1,452	1,302	1,431
18 Turkey	145	424	560	616	660	693	812	795	879	958
19 United Kingdom	14,917	23,849	45,781	51,183	50,041	47,762	46,372	48,488	49,177	48,099
20 Yugoslavia	853	1,225	1,430	1,369	1,468	1,582	1,673	1,718	1,702	1,700
21 Other Western Europe[1]	179	211	368	536	405	429	477	493	547	522
22 U S S R	281	377	263	219	211	173	192	162	169	201
23 Other Eastern Europe[2]	1,410	1,725	1,762	1,606	1,575	1,603	1,598	1,537	1,475	1,543
24 Canada	4,810	9,193	13,678	16,578	15,892	16,382	16,330	15,868	15,975	17,200
25 Latin America and Caribbean	92,992	138,347	187,969	195,069	194,991	197,785	203,269	193,898	196,953	201,717
26 Argentina	5,689	7,527	10,974	11,464	11,638	11,899	11,740	11,746	11,751	11,614
27 Bahamas	29,419	43,542	56,649	55,179	55,756	56,131	58,351	52,586	53,167	57,303
28 Bermuda	218	346	603	564	477	620	566	644	409	531
29 Brazil	10,496	16,926	23,271	24,340	24,232	24,532	24,482	24,826	24,928	25,646
30 British West Indies	15,663	21,981	29,101	31,202	31,005	32,251	34,921	31,171	32,874	32,901
31 Chile	1,951	3,690	5,513	5,808	5,756	5,860	6,029	6,163	6,286	6,121
32 Colombia	1,752	2,018	3,211	3,670	3,653	3,734	3,745	3,695	3,536	3,672
33 Cuba	3	3	3	0	3	0	0	0	0	0
34 Ecuador	1,190	1,531	2,062	2,006	2,141	2,262	2,307	2,367	2,350	2,333
35 Guatemala[3]	137	124	124	112	115	122	129	189	126	128
36 Jamaica[3]	36	62	181	214	203	210	215	218	219	210
37 Mexico	12,595	22,439	29,552	33,798	33,562	33,729	34,710	34,547	34,680	34,551
38 Netherlands Antilles	821	1,076	839	917	1,033	1,186	1,154	971	1,043	1,189
39 Panama	4,974	6,794	10,210	9,206	8,835	8,336	7,848	7,847	8,794	8,494
40 Peru	890	1,218	2,357	2,470	2,434	2,469	2,536	2,467	2,415	2,460
41 Uruguay	137	157	686	857	883	903	977	982	908	926
42 Venezuela	5,438	7,069	10,643	11,046	10,888	11,086	11,287	11,247	11,168	11,130
43 Other Latin America and Caribbean	1,583	1,844	1,991	2,217	2,377	2,455	2,271	2,232	2,298	2,510
44 Asia	39,078	49,851	60,952	64,783	63,949	61,286	67,648	62,655	62,018	64,206
China										
45 Mainland	195	107	214	227	295	249	292	420	337	350
46 Taiwan	2,469	2,461	2,288	1,829	1,618	1,574	1,908	1,820	1,709	1,666
47 Hong Kong	2,247	4,132	6,787	8,711	8,337	8,758	8,429	8,129	7,509	7,714
48 India	142	123	222	259	324	305	330	344	253	327
49 Indonesia	245	352	348	695	704	711	805	853	899	934
50 Israel	1,172	1,567	2,029	1,726	1,780	1,817	1,795	1,556	1,478	1,586
51 Japan	21,361	26,797	28,379	28,547	28,280	25,829	30,573	27,333	27,894	28,247
52 Korea	5,697	7,340	9,387	9,648	9,324	9,629	9,891	9,489	9,435	9,793
53 Philippines	989	1,819	2,625	2,779	2,376	2,427	2,099	2,408	2,354	2,359
54 Thailand	876	565	643	806	831	867	1,021	1,021	1,035	966
55 Middle East oil-exporting countries[4]	1,432	1,581	3,087	4,155	4,689	4,276	4,954	4,637	4,261	5,050
56 Other Asia	2,252	3,009	4,943	5,402	5,390	4,845	5,549	4,646	4,853	5,215
57 Africa	2,377	3,503	5,346	6,501	6,910	6,830	6,654	6,571	7,154	6,900
58 Egypt	151	238	322	610	642	692	747	738	709	744
59 Morocco	223	284	353	444	462	461	440	450	481	474
60 South Africa	370	1,011	2,012	2,719	2,578	2,892	2,634	2,684	2,868	2,967
61 Zaire	94	112	57	38	38	37	33	29	16	14
62 Oil-exporting countries[5]	805	657	801	964	1,485	1,039	1,073	1,037	1,124	1,026
63 Other	734	1,201	1,802	1,727	1,705	1,709	1,727	1,631	1,955	1,676
64 Other countries	1,150	1,376	2,107	2,276	2,365	2,522	2,904	2,712	2,712	2,751
65 Australia	859	1,203	1,713	1,683	1,701	1,899	2,272	2,105	2,043	2,013
66 All other	290	172	394	593	664	624	632	607	669	738
67 Nonmonetary international and regional organizations[6]	78	56	68	598	60	70	164	64	164	150

1. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.
2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania
3. Included in "Other Latin America and Caribbean" through March 1978
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States)
5. Comprises Algeria, Gabon, Libya, and Nigeria
6. Excludes the Bank for International Settlements, which is included in "Other Western Europe"

NOTE Data for period before April 1978 include claims of banks' domestic customers on foreigners.

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents

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	1980	1981▲	1982	1983				1984		
				Sept.r	Oct.r	Nov.r	Dec.r	Jan.r	Feb.	Mar.p
1 **Total**	**198,698**	**287,557**	**396,015**	**412,944**	....	....	**421,653**	....	....	....
2 Banks' own claims on foreigners	172,592	251,589	355,705	376,847	373,311	375,118	387,710	372,146	376,349	383,928
3 Foreign public borrowers	20,882	31,260	45,422	54,379	54,954	56,026	57,255	58,115	58,540	57,914
4 Own foreign offices[1]	65,084	96,653	127,293	137,609	141,655	137,520	144,016	138,377	140,654	145,452
5 Unaffiliated foreign banks	50,168	74,704	121,377	122,455	115,021	118,619	122,779	115,211	116,176	119,356
6 Deposits	8,254	23,381	44,223	48,709	44,697	44,738	46,392	43,092	44,622	45,488
7 Other	41,914	51,322	77,153	73,746	70,324	73,881	76,387	72,119	71,555	73,868
8 All other foreigners	36,459	48,972	61,614	62,404	61,681	62,952	63,661	60,442	60,979	61,206
9 Claims of banks' domestic customers[2]	26,106	35,968	40,310	36,097	....	.	33,943	....	......	....
10 Deposits	885	1,378	2,491	2,654	......	..	2,969	....		....
11 Negotiable and readily transferable instruments[3]	15,574	26,352	30,763	27,550		.	25,104		...	....
12 Outstanding collections and other claims	9,648	8,238	7,056	5,892	.	....	5,870	...	....	.
13 MEMO. Customer liability on acceptances	22,714	29,952	38,153	34,619		.	37,324	.	......	....
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[4]	24,468	40,369	42,186	42,529	45,185	47,922	44,325	44,845	47,141	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.

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

NOTE. Beginning April 1978, data for banks' own claims are given on a monthly basis, but the data for claims of banks' own domestic customers are available on a quarterly basis only.

3.20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States
Payable in U.S. Dollars

Millions of dollars, end of period

Maturity; by borrower and area	1980	1981▲	1982	1983			
			Dec	Mar.r	June r	Sept.r	Dec.r
1 **Total**	**106,748**	**154,590**	**228,150**	**230,439**	**232,704**	**237,162**	**242,933**
By borrower							
2 Maturity of 1 year or less[1]	82,555	116,394	173,917	174,343	175,021	176,271	175,970
3 Foreign public borrowers	9,974	15,142	21,256	21,782	23,124	25,479	24,258
4 All other foreigners	72,581	101,252	152,661	152,561	151,897	150,792	151,712
5 Maturity of over 1 year[1]	24,193	38,197	54,233	56,096	57,683	60,891	66,963
6 Foreign public borrowers	10,152	15,589	23,137	25,094	26,455	28,231	32,482
7 All other foreigners	14,041	22,608	31,095	31,002	31,227	32,660	34,481
By area							
Maturity of 1 year or less[1]							
8 Europe	18,715	28,130	50,500	54,127	52,208	53,332	55,550
9 Canada	2,723	4,662	7,642	6,878	7,110	6,642	6,200
10 Latin America and Caribbean	32,034	48,717	73,291	75,262	74,967	76,383	73,997
11 Asia	26,686	31,485	37,578	32,760	35,345	33,890	34,518
12 Africa	1,757	2,457	3,680	3,872	3,854	4,570	4,206
13 All other[2]	640	943	1,226	1,444	1,536	1,454	1,499
Maturity of over 1 year[1]							
14 Europe	5,118	8,100	11,636	12,027	12,289	12,338	13,300
15 Canada	1,448	1,808	1,931	1,928	1,861	1,760	1,857
16 Latin America and Caribbean	15,075	25,209	35,247	35,916	36,730	39,102	43,498
17 Asia	1,865	1,907	3,185	3,590	4,070	4,735	4,838
18 Africa	507	900	1,494	1,485	1,667	1,819	2,278
19 All other[2]	179	272	740	1,150	1,066	1,136	1,191

1. Remaining time to maturity.

2. Includes nonmonetary international and regional organizations

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

3.21 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks[1]

Billions of dollars, end of period

Area or country	1979	1980	1981	1982				1983			
				Mar	June	Sept	Dec	Mar	June	Sept	Dec
1 **Total**	**303.9**	**352.0**	**415.2**	**419.6**	**435.3**	**438.2**	**438.6**	**440.6**	**436.5**	**425.5**	**435.7**
2 G-10 countries and Switzerland	138.4	162.1	175.5	174.5	176.3	175.4	179.7	182.1	176.7	167.8	167.1
3 Belgium-Luxembourg	11.1	13.0	13.3	13.2	14.1	13.6	13.1	13.7	13.3	12.6	12.4
4 France	11.7	14.1	15.3	16.0	16.5	15.8	17.1	17.1	17.1	16.2	16.3
5 Germany	12.2	12.1	12.9	12.5	12.7	12.2	12.7	13.4	12.6	11.6	11.4
6 Italy	6.4	8.2	9.6	9.0	9.0	9.7	10.3	10.2	10.5	9.9	11.7
7 Netherlands	4.8	4.4	4.0	4.0	4.1	3.8	3.6	4.3	4.0	3.6	3.5
8 Sweden	2.4	2.9	3.7	4.1	4.0	4.7	5.0	4.3	4.7	4.9	5.1
9 Switzerland	4.7	5.0	5.5	5.3	5.1	5.1	5.0	4.6	4.8	4.2	4.3
10 United Kingdom	56.4	67.4	70.1	70.3	69.4	70.3	72.1	72.9	70.2	67.0	64.1
11 Canada	6.3	8.4	10.9	11.6	11.4	11.0	10.4	12.4	10.8	9.0	8.3
12 Japan	22.4	26.5	30.2	28.5	29.9	29.3	30.2	29.2	28.7	28.9	30.0
13 Other developed countries	19.9	21.6	28.4	30.7	32.1	32.7	33.7	33.9	34.4	34.1	36.0
14 Austria	2.0	1.9	1.9	2.1	2.1	2.0	1.9	2.1	2.1	1.9	1.9
15 Denmark	2.2	2.3	2.3	2.5	2.6	2.5	2.4	3.3	3.4	3.3	3.5
16 Finland	1.2	1.4	1.7	1.6	1.6	1.8	2.2	2.1	2.1	1.8	2.4
17 Greece	2.4	2.8	2.8	2.9	2.7	2.6	3.0	2.9	2.9	2.9	2.8
18 Norway	2.3	2.6	3.1	3.2	3.2	3.4	3.3	3.3	3.4	3.2	3.2
19 Portugal	7	.6	1.1	1.2	1.5	1.6	1.5	1.4	1.4	1.3	1.3
20 Spain	3.5	4.4	6.6	7.2	7.3	7.7	7.5	7.0	7.2	7.1	7.2
21 Turkey	1.4	1.5	1.4	1.6	1.5	1.5	1.4	1.5	1.4	1.5	1.7
22 Other Western Europe	1.4	1.7	2.1	2.1	2.2	2.1	2.3	2.2	2.0	2.1	1.9
23 South Africa	1.3	1.1	2.8	3.3	3.5	3.6	3.7	3.6	3.9	4.7	4.7
24 Australia	1.3	1.3	2.5	3.0	4.0	4.0	4.4	4.6	4.5	4.4	5.5
25 OPEC countries[2]	22.9	22.7	24.8	25.4	26.4	27.3	27.4	28.5	28.2	27.2	29.1
26 Ecuador	1.7	2.1	2.2	2.3	2.4	2.3	2.2	2.2	2.2	2.1	2.2
27 Venezuela	8.7	9.1	9.9	10.0	10.1	10.4	10.5	10.4	10.4	9.8	9.9
28 Indonesia	1.9	1.8	2.6	2.7	2.8	2.9	3.2	3.5	3.2	3.4	3.8
29 Middle East countries	8.0	6.9	7.5	8.2	8.7	9.0	8.7	9.3	9.5	9.0	10.0
30 African countries	2.6	2.8	2.5	2.2	2.5	2.7	2.8	3.0	3.0	2.8	3.1
31 Non-OPEC developing countries	63.0	77.4	96.3	97.5	103.6	104.0	107.0	107.6	108.2	108.8	111.1
Latin America											
32 Argentina	5.0	7.9	9.4	10.0	9.6	9.2	8.9	9.0	9.4	9.5	9.6
33 Brazil	15.2	16.2	19.1	19.7	21.4	22.4	22.9	23.1	22.5	22.9	23.0
34 Chile	2.5	3.7	5.8	6.0	6.4	6.2	6.3	6.0	5.8	6.2	6.5
35 Colombia	2.2	2.6	2.6	2.3	2.6	2.8	3.1	2.9	3.2	3.2	3.2
36 Mexico	12.0	15.9	21.6	22.9	25.2	25.0	24.5	25.1	25.2	25.8	26.1
37 Peru	1.5	1.8	2.0	1.9	2.5	2.6	2.6	2.4	2.6	2.4	2.4
38 Other Latin America	3.7	3.9	4.1	4.1	4.0	4.3	4.0	4.2	4.3	4.2	4.3
Asia											
China											
39 Mainland	.1	.2	.2	2	.3	.2	2	.2	.2	.2	3
40 Taiwan	3.4	4.2	5.1	5.1	5.0	4.9	5.2	5.1	5.1	5.2	5.3
41 India	.2	3	.3	5	.5	.5	6	.4	.5	5	.6
42 Israel	1.3	1.5	2.1	1.7	2.2	1.9	2.3	2.0	2.3	1.7	1.8
43 Korea (South)	5.4	7.1	9.4	8.6	8.9	9.3	10.8	10.8	10.8	10.8	11.3
44 Malaysia	1.0	1.1	1.7	1.7	1.9	1.8	2.1	2.5	2.6	2.8	2.9
45 Philippines	4.2	5.1	6.0	5.9	6.3	6.0	6.3	6.6	6.4	6.2	6.2
46 Thailand	1.5	1.6	1.5	1.4	1.3	1.3	1.6	1.6	1.8	1.7	1.9
47 Other Asia	.5	6	1.0	1.2	1.1	1.3	1.1	1.4	1.2	1.0	1.0
Africa											
48 Egypt	6	.8	1.1	1.3	1.3	1.3	1.2	1.1	1.3	1.4	1.4
49 Morocco	6	.7	.7	7	7	.8	.7	8	8	.8	.8
50 Zaire	.2	2	.2	.2	2	.1	.1	1	.1	.1	.1
51 Other Africa[3]	1.7	2.1	2.3	2.3	2.3	2.2	2.4	2.3	2.2	2.4	2.3
52 Eastern Europe	7.3	7.4	7.8	7.2	6.7	6.3	6.2	5.8	5.7	5.3	5.4
53 U.S.S.R.	7	.4	.6	.4	.4	.3	.3	.3	.4	.2	.2
54 Yugoslavia	1.8	2.3	2.5	2.5	2.4	2.2	2.2	2.2	2.3	2.3	2.4
55 Other	4.8	4.6	4.7	4.3	3.9	3.8	3.7	3.3	3.0	2.8	2.8
56 Offshore banking centers	40.4	47.0	63.7	65.7	72.0	72.1	66.8	66.1	67.3	65.5	70.2
57 Bahamas	13.7	13.7	19.0	20.2	24.1	21.4	19.0	17.3	19.5	19.0	21.9
58 Bermuda	8	.6	7	.7	7	.8	.9	1.0	8	.8	.9
59 Cayman Islands and other British West Indies	9.4	10.6	12.4	12.1	12.3	13.6	12.9	11.9	12.1	10.2	12.0
60 Netherlands Antilles	1.2	2.1	3.2	3.2	3.0	3.3	3.3	3.1	2.6	4.1	4.1
61 Panama[4]	4.3	5.4	7.7	7.2	7.4	8.1	7.6	7.1	6.6	5.7	6.0
62 Lebanon	.2	2	.2	2	.2	.1	1	1	.1	.1	.1
63 Hong Kong	6.0	8.1	11.8	12.9	14.3	15.0	13.9	15.2	14.5	15.1	14.9
64 Singapore	4.5	5.9	8.7	9.3	9.9	9.8	9.1	10.3	11.0	10.4	10.2
65 Others[5]	.4	3	.1	1	1	.0	0	0	0	.1	.0
66 Miscellaneous and unallocated[6]	11.7	14.0	18.8	18.5	18.4	20.3	17.9	16.7	16.1	16.8	16.8

1. The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices *not* covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. To minimize duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution. The data in this table combine foreign branch claims in table 3.14 (the sum of lines 7 through 10) with the claims of U.S. offices in table 3.18 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches).

2. Besides the Organization of Petroleum Exporting Countries shown individually, this group includes other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates) as well as Bahrain and Oman (not formally members of OPEC).

3. Excludes Liberia.

4. Includes Canal Zone beginning December 1979.

5. Foreign branch claims only.

6. Includes New Zealand, Liberia, and international and regional organizations.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

	Type, and area or country	1980	1981	1982	1982	1983			
					Dec	Mar	June	Sept	Dec.p
1	**Total**	**29,434**	**28,618**	**25,568**	**25,568**	**23,285**	**22,531**	**24,595**	**23,571**
2	Payable in dollars	25,689	24,909	22,375	22,375	20,302	19,625	21,728	20,484
3	Payable in foreign currencies	3,745	3,709	3,193	3,193	2,983	2,906	2,867	3,087
	By type								
4	Financial liabilities	11,330	12,157	10,906	10,906	10,831	10,866	10,779	10,383
5	Payable in dollars	8,528	9,499	8,734	8,734	8,795	8,823	8,809	8,504
6	Payable in foreign currencies	2,802	2,658	2,172	2,172	2,036	2,043	1,971	1,879
7	Commercial liabilities	18,104	16,461	14,662	14,662	12,454	11,665	13,815	13,189
8	Trade payables	12,201	10,818	7,707	7,707	5,627	6,026	7,056	6,496
9	Advance receipts and other liabilities	5,903	5,643	6,955	6,955	6,827	5,640	6,760	6,693
10	Payable in dollars	17,161	15,409	13,641	13,641	11,507	10,802	12,919	11,980
11	Payable in foreign currencies	943	1,052	1,021	1,021	947	864	896	1,208
	By area or country								
	Financial liabilities								
12	Europe	6,481	6,825	6,369	6,369	6,233	6,220	5,978	5,715
13	Belgium-Luxembourg	479	471	505	505	410	436	379	302
14	France	327	709	731	731	725	756	785	820
15	Germany	582	491	470	470	487	460	454	505
16	Netherlands	681	748	711	711	699	728	730	581
17	Switzerland	354	715	753	753	702	621	530	525
18	United Kingdom	3,923	3,565	3,070	3,070	3,081	3,069	2,943	2,834
19	Canada	964	963	746	746	733	865	788	770
20	Latin America and Caribbean	3,136	3,356	2,724	2,724	2,707	2,435	2,658	2,541
21	Bahamas	964	1,279	899	899	827	695	771	749
22	Bermuda	1	7	14	14	18	10	13	13
23	Brazil	23	22	28	28	39	34	32	32
24	British West Indies	1,452	1,241	1,010	1,010	1,009	932	972	896
25	Mexico	99	102	121	121	149	151	185	215
26	Venezuela	81	98	114	114	121	124	117	124
27	Asia	723	976	1,039	1,039	1,124	1,319	1,322	1,330
28	Japan	644	792	715	715	781	943	957	962
29	Middle East oil-exporting countries[2]	38	75	169	169	168	205	201	170
30	Africa	11	14	17	17	20	17	19	18
31	Oil-exporting countries[3]	1	0	0	0	0	0	0	0
32	All other[4]	15	24	12	12	13	9	15	10
	Commercial liabilities								
33	Europe	4,402	3,770	3,649	3,649	3,443	3,368	3,384	3,122
34	Belgium-Luxembourg	90	71	52	52	45	41	47	62
35	France	582	573	597	597	578	617	506	436
36	Germany	679	545	467	467	455	439	461	436
37	Netherlands	219	220	346	346	351	342	243	275
38	Switzerland	499	424	363	363	354	357	448	232
39	United Kingdom	1,209	880	850	850	679	633	786	605
40	Canada	888	897	1,490	1,490	1,433	1,465	1,407	1,827
41	Latin America and Caribbean	1,300	1,044	1,008	1,008	1,066	1024	1,067	1,063
42	Bahamas	8	2	16	16	4	1	1	1
43	Bermuda	75	67	89	89	117	76	76	63
44	Brazil	111	67	60	60	51	49	48	44
45	British West Indies	35	2	32	32	4	22	14	6
46	Mexico	367	340	379	379	355	399	429	491
47	Venezuela	319	276	165	165	198	236	217	166
48	Asia	10,242	9,384	7,160	7,160	5,437	4,799	6,852	6,040
49	Japan	802	1,094	1,226	1,226	1,235	1,236	1,294	1,234
50	Middle East oil-exporting countries[2,5]	8,098	7,008	4,531	4,531	2,803	2,294	4,072	3,498
51	Africa	817	703	704	704	497	492	506	446
52	Oil-exporting countries[3]	517	344	277	277	158	167	204	157
53	All other[4]	456	664	651	651	578	518	600	690

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.
5. Revisions include a reclassification of transactions, which also affects the totals for Asia and the grand totals.

3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type, and area or country	1980	1981	1982	1982 Dec	1983 Mar	1983 June	1983 Sept	1983 Dec p
1 **Total**	**34,482**	**36,185**	**28,411**	**28,411**	**31,189**	**31,421**	**31,656r**	**33,329**
2 Payable in dollars	31,528	32,582	25,784	25,784	28,472	28,778	28,780r	30,169
3 Payable in foreign currencies	2,955	3,603	2,628	2,628	2,718	2,643	2,877	3,160
By type								
4 Financial claims	19,763	21,142	17,429	17,429	20,220	20,812	20,831	22,299
5 Deposits	14,166	15,081	12,893	12,893	15,569	15,976	15,987	17,318
6 Payable in dollars	13,381	14,456	12,467	12,467	15,092	15,549	15,542	16,821
7 Payable in foreign currencies	785	625	426	426	478	426	445	497
8 Other financial claims	5,597	6,061	4,536	4,536	4,651	4,836	4,845	4,981
9 Payable in dollars	3,914	3,599	2,895	2,895	3,006	3,238	3,019	2,919
10 Payable in foreign currencies	1,683	2,462	1,641	1,641	1,645	1,598	1,826	2,062
11 Commercial claims	14,720	15,043	10,982	10,982	10,969	10,609	10,825r	11,030
12 Trade receivables	13,960	14,007	9,973	9,973	9,765	9,241	9,526r	9,655
13 Advance payments and other claims	759	1,036	1,010	1,010	1,203	1,367	1,299	1,375
14 Payable in dollars	14,233	14,527	10,422	10,422	10,374	9,991	10,219r	10,429
15 Payable in foreign currencies	487	516	561	561	595	618	606	601
By area or country								
Financial claims								
16 Europe	6,069	4,596	4,835	4,835	6,196	6,817	6,202	6,423
17 Belgium-Luxembourg	145	43	10	10	58	12	25	37
18 France	298	285	134	134	98	140	135	130
19 Germany	230	224	178	178	127	217	151	129
20 Netherlands	51	50	97	97	140	136	89	49
21 Switzerland	54	117	107	107	107	37	34	38
22 United Kingdom	4,987	3,546	4,044	4,044	5,414	6,040	5,547	5,768
23 Canada	5,036	6,755	4,287	4,287	4,613	4,881	4,958	5,759
24 Latin America and Caribbean	7,811	8,812	7,420	7,420	8,520	8,040	8,609	9,110
25 Bahamas	3,477	3,650	3,236	3,236	3,806	3,244	3,389	4,332
26 Bermuda	135	18	32	32	21	93	62	96
27 Brazil	96	30	62	62	50	48	49	53
28 British West Indies	2,755	3,971	3,161	3,161	3,365	3,339	3,932	3,509
29 Mexico	208	313	274	274	352	348	315	273
30 Venezuela	137	148	139	139	156	152	137	134
31 Asia	607	758	698	698	712	772	764	714
32 Japan	189	366	153	153	233	288	257	246
33 Middle East oil-exporting countries[2]	20	37	15	15	18	14	8	4
34 Africa	208	173	158	158	153	154	151	147
35 Oil-exporting countries[3]	26	46	48	48	45	48	45	55
36 All other[4]	32	48	31	31	25	149	148	145
Commercial claims								
37 Europe	5,544	5,405	3,777	3,777	3,594	3,410	3,349	3,604
38 Belgium-Luxembourg	233	234	150	150	140	144	131	142
39 France	1,129	776	473	473	489	499	486	455
40 Germany	599	561	356	356	424	364	381r	346
41 Netherlands	318	299	347	347	309	242	282	332
42 Switzerland	354	431	339	339	227	303	270	295
43 United Kingdom	929	985	808	808	754	739	734	802
44 Canada	914	967	632	632	648	716	788	822
45 Latin America and Caribbean	3,766	3,479	2,521	2,521	2,699	2,722	2,864	2,697
46 Bahamas	21	12	21	21	30	30	15	8
47 Bermuda	108	223	259	259	172	108	242	194
48 Brazil	861	668	258	258	402	512	611	493
49 British West Indies	34	12	12	12	21	21	12	7
50 Mexico	1,102	1,022	774	774	894	956	897	883
51 Venezuela	410	424	351	351	288	273	282	273
52 Asia	3,522	3,959	3,048	3,048	3,128	2,871	2,936r	3,045
53 Japan	1,052	1,245	1,047	1,047	1,115	949	1,037	1,091
54 Middle East oil-exporting countries[2]	825	905	751	751	702	700	719	737
55 Africa	653	772	588	588	559	528	562	584
56 Oil-exporting countries[3]	153	152	140	140	131	130	131	139
57 All other[4]	321	461	417	417	342	361	326	277

1 For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.

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

3 Comprises Algeria, Gabon, Libya, and Nigeria.

4 Includes nonmonetary international and regional organizations.

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transactions, and area or country	1982	1983r	1984 Jan.–Mar.	1983 Sept.r	1983 Oct.	1983 Nov	1983 Dec.	1984 Jan	1984 Feb	1984 Mar p
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	41,881	69,896	17,769	5,513	5,534r	4,853r	6,020	5,445r	6,237	6,086
2 Foreign sales	37,981	64,466	17,214	5,115	5,388r	4,794r	5,745	5,798	5,827	5,588
3 **Net purchases, or sales (−)**	**3,901**	**5,430**	**555**	**398**	**145r**	**60r**	**275**	**−353r**	**410**	**498**
4 **Foreign countries**	**3,816**	**5,332**	**604**	**390**	**141r**	**59r**	**283**	**−342r**	**479**	**466**
5 Europe	2,530	3,999	311	257	−93r	−60r	−278	−160	146	325
6 France	−143	−97	−173	−10	−33r	−68r	−64	−71	−97	−5
7 Germany	333	1,045	361	39	55	53	−51	95	116	151
8 Netherlands	−63	−109	32	−49	−15	24	13	0	1	32
9 Switzerland	−579	1,325	186	123	−18	−97	−208	−92	281	−4
10 United Kingdom	3,117	1,818	−130	174	−133r	21	51	−87	−168	125
11 Canada	222	1,151	708	154	124	−1	183	83	324	301
12 Latin America and Caribbean	317	529	181	107	−40r	14r	239	124	43	14
13 Middle East[1]	366	−807	−603	−178	49	45	13	−361r	−44	−197
14 Other Asia	247	394	21	51	103	63	122	−48	36	33
15 Africa	2	42	7	4	−1	1	2	5	10	−7
16 Other countries	131	24	−20	−6	−1	−3	1	16	−34	−1
17 **Nonmonetary international and regional organizations**	**85**	**98**	**−49**	**8**	**4**	**0**	**−7**	**−11**	**−70**	**32**
BONDS[2]										
18 Foreign purchases	21,639	23,976	6,138	1,900	2,537	2,039	1,661	1,836r	2,113	2,189
19 Foreign sales	20,188	23,076	6,084	1,960	2,492	1,304	1,493	1,775r	1,864	2,445
20 **Net purchases, or sales (−)**	**1,451**	**900**	**54**	**−60**	**45**	**735**	**168**	**62r**	**248**	**−257**
21 **Foreign countries**	**1,479**	**885**	**34**	**−65**	**142**	**715**	**160**	**72r**	**161**	**−199**
22 Europe	2,082	904	118	26	303	458	−87	72r	52	−6
23 France	305	−89	−7	0	2	−31	−4	−1	−5	−1
24 Germany	2,110	286	46	41	66	53	−10	−38	−32	117
25 Netherlands	33	51	36	1	11	5	3	3	25	9
26 Switzerland	157	632	−24	−19	7	15	78	12	5	−41
27 United Kingdom	−589	438	173	42	136	390	−126	129r	101	−58
28 Canada	24	123	−35	−10	22	46	−22	1r	−10	−26
29 Latin America and Caribbean	159	100	−287	4	24	−6	20	9	16	−312
30 Middle East[1]	−752	−1,159	−28	−130	−249	116	42	−26	30	−32
31 Other Asia	−22	865	267	44	45	101	207	18	75	173
32 Africa	−19	0	0	2	0	0	0	−1	0	0
33 Other countries	7	52	0	−2	−4	0	0	0	−2	3
34 **Nonmonetary international and regional organizations**	**−28**	**15**	**20**	**6**	**−97**	**20**	**7**	**−11**	**87**	**−57**
	Foreign securities									
35 Stocks, net purchases, or sales (−)	−1,341	−3,867	355	−113	−13r	−31r	−190	−125r	315	165
36 Foreign purchases	7,163	13,143	4,231	1,293	1,142r	907r	1,126	1,197r	1,456	1,578
37 Foreign sales	8,504	17,010	3,877	1,407	1,155r	939r	1,317	1,323	1,141	1,413
38 Bonds, net purchases, or sales (−)	−6,631	−3,694	27	−12	−202r	173	−689	125r	−73	−26
39 Foreign purchases	27,167	35,669	11,924	3,756	3,903r	3,114r	3,072	3,273r	3,902	4,748
40 Foreign sales	33,798	39,363	11,897	3,768	4,105r	2,940	3,761	3,148r	3,975	4,774
41 **Net purchases, or sales (−), of stocks and bonds**	**−7,972**	**−7,561**	**381**	**−125**	**−215r**	**142r**	**−879**	**0r**	**242**	**139**
42 **Foreign countries**	**−6,806**	**−7,116**	**235**	**−153**	**−264r**	**38r**	**−719**	**−29r**	**210**	**54**
43 Europe	−2,584	−5,713	−643	117	−367r	−426r	−448	−45r	−407	−191
44 Canada	−2,363	−1,582	−60	−355	6	37	−64	−128r	184	−116
45 Latin America and Caribbean	336	1,120	355	23	5	135	17	114r	188	54
46 Asia	−1,822	−914	609	105	90	158r	−81	33r	255	320
47 Africa	−9	141	−26	16	11	1	0	−5	−11	−10
48 Other countries	−364	−166	0	−59	−10	133r	−143	2	1	−3
49 **Nonmonetary international and regional organizations**	**−1,165**	**−445**	**146**	**28**	**49**	**105**	**−161**	**28**	**32**	**85**

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

2. Includes state and local government securities, and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

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

Millions of dollars

Country or area	1982	1983	1984 Jan.–Mar.	1983 Sept.	1983 Oct.	1983 Nov.	1983 Dec.	1984 Jan.	1984 Feb.	1984 Mar.^p
	Holdings (end of period)[1]									
1 **Estimated total[2]**	**85,220**	**88,940^r**	....	**88,571^r**	**90,938^r**	**89,509^r**	**88,940^r**	**89,666^r**	**90,244**	**89,741**
2 Foreign countries[2]	80,637	83,820^r	....	82,648^r	84,283^r	83,668^r	83,820^r	84,549^r	84,415	84,463
3 Europe[2]	29,284	35,537^r		33,384^r	34,469^r	35,106^r	35,537^r	36,049^r	37,394	37,324
4 Belgium-Luxembourg	447	16		58	18	2	16	33	50	57
5 Germany[2]	14,841	17,290		16,156	16,570	17,092	17,290	17,581	18,527	18,837
6 Netherlands	2,754	3,129		3,034	2,987	3,048	3,129	3,113	3,052	3,023
7 Sweden	677	867^r		691^r	739^r	783^r	867^r	898^r	918	960
8 Switzerland[2]	1,540	1,118		1,087	1,177	1,064	1,118	1,167	1,206	1,252
9 United Kingdom	6,549	8,524		8,289	8,629	8,626	8,524	8,723	8,608	8,427
10 Other Western Europe	2,476	4,592^r		4,070^r	4,350^r	4,490^r	4,592^r	4,535^r	5,034	4,768
11 Eastern Europe	0	0		0	0	0	0	0	0	0
12 Canada	602	1,301	......	1,063	1,265	1,225	1,301	1,298	1,310	1,090
13 Latin America and Caribbean	1,076	863		774	695	914	863	1,426	840	563
14 Venezuela	188	64		65	66	64	64	64	64	64
15 Other Latin America and Caribbean	656	716		631	540	674	716	696	574	504
16 Netherlands Antilles	232	83		78	89	176	83	665	201	6
17 Asia	49,543	46,000^r		47,301^r	47,720^r	46,301^r	46,000^r	45,664^r	44,768	45,382
18 Japan	11,578	13,910		13,210	13,446	13,600	13,910	14,012	14,351	14,333
19 Africa	77	79		79	79	79	79	79	78	82
20 All other	55	40		48	56	43	40	33	25	22
21 Nonmonetary international and regional organizations	4,583	5,120^r		5,923^r	6,655^r	5,841^r	5,120^r	5,117^r	5,829	5,278
22 International	4,186	4,404		5,421	6,094	5,030	4,404	4,467	5,139	4,613
23 Latin American regional	6	6		6	6	0	6	6	6	6
	Transactions (net purchases, or sales (−) during period)									
24 **Total[2]**	**14,972**	**3,720^r**	**801**	**1,116^r**	**2,367^r**	**−1,422**	**−576**	**726^r**	**579**	**−503**
25 Foreign countries[2]	16,072	3,183^r	643	114^r	1,635^r	615	152	729^r	−134	48
26 Official institutions	14,550	806^r	1,005	−45^r	510^r	−773^r	401	539^r	36	431
27 Other foreign[2]	1,518	2,381^r	−363	−69^r	1,125^r	158^r	554	189^r	−169	−383
28 Nonmonetary international and regional organizations	−1,097	531^r	157	1,230^r	732^r	−808	729	−3	711	551
MEMO. Oil-exporting countries										
29 Middle East[3]	7,575	−5,424^r	−1,293	−305	−373	968	60	−515	801	23
30 Africa[4]	−552	1	0	0	0	0	0	0	0	0

1 Estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

2 Beginning December 1978, includes U.S. Treasury notes publicly issued to private foreign residents denominated in foreign currencies.

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

4 Comprises Algeria, Gabon, Libya, and Nigeria.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per annum

Country	Rate on Apr. 30, 1984: Percent	Rate on Apr. 30, 1984: Month effective	Country	Rate on Apr. 30, 1984: Percent	Rate on Apr. 30, 1984: Month effective	Country	Rate on Apr. 30, 1984: Percent	Rate on Apr. 30, 1984: Month effective
Austria	4.25	Mar. 1984	France[1]	12.0	Dec. 1983	Norway	8.0	June 1979
Belgium	11.0	Feb. 1984	Germany, Fed. Rep. of	4.0	Mar. 1983	Switzerland	4.0	Mar. 1983
Brazil	49.0	Mar. 1981	Italy	16.0	Feb. 1984	United Kingdom[2]		....
Canada	10.84	Apr. 1984	Japan	5.0	Oct. 1983	Venezuela	11.0	May 1983
Denmark	7.0	Oct. 1983	Netherlands	5.0	Sept. 1983			

1 As of the end of February 1981, the rate is that at which the Bank of France discounts Treasury bills for 7 to 10 days.

2 Minimum lending rate suspended as of Aug. 20, 1981.

NOTE. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or government commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

3.27 FOREIGN SHORT-TERM INTEREST RATES

Percent per annum, averages of daily figures

Country, or type	1981	1982	1983	1983 Oct	1983 Nov	1983 Dec	1984 Jan	1984 Feb.	1984 Mar	1984 Apr
1 Eurodollars	16.79	12.24	9.57	9.54	9.79	10.08	9.78	9.91	10.40	10.83
2 United Kingdom	13.86	12.21	10.06	9.34	9.26	9.34	9.40	9.35	8.90	8.84
3 Canada	18.84	14.38	9.48	9.31	9.40	9.83	9.84	9.85	10.40	10.75
4 Germany	12.05	8.81	5.73	6.13	6.26	6.43	6.07	5.91	5.82	5.81
5 Switzerland	9.15	5.04	4.11	4.07	4.11	4.29	3.65	3.47	3.60	3.61
6 Netherlands	11.52	8.26	5.58	6.07	6.17	6.20	6.01	5.95	6.09	6.04
7 France	15.28	14.61	12.44	12.42	12.31	12.16	12.22	12.36	12.53	12.46
8 Italy	19.98	19.99	18.95	17.51	17.71	17.75	17.75	17.40	17.28	17.38
9 Belgium	15.28	14.10	10.51	9.44	9.89	10.50	10.68	11.43	12.02	11.66
10 Japan	7.58	6.84	6.49	6.52	6.35	6.45	6.35	6.34	6.41	6.26

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	1981	1982	1983	1983 Nov	1983 Dec	1984 Jan.	1984 Feb.	1984 Mar	1984 Apr.
1 Australia/dollar[1]	114.95	101.65	90.14	91.59	90.04	90.60	93.48	95.13	92.31
2 Austria/schilling	15.948	17.060	17.968	18.900	19.383	19.815	19.028	18.285	18.630
3 Belgium/franc	37.194	45.780	51.121	54.538	55.939	57.354	55.279	53.135	54.078
4 Brazil/cruzeiro	92.374	179.22	573.27	870.21	943.43	1022.81	1131.37	1266.64	1387.52
5 Canada/dollar	1.1990	1.2344	1.2325	1.2367	1.2469	1.2484	1.2480	1.2697	1.2796
6 China, P.R./yuan	1.7031	1.8978	1.9809	1.9940	1.9920	2.0490	2.0628	2.0646	2.0929
7 Denmark/krone	7.1350	8.3443	9.1483	9.6791	9.9530	10.1793	9.8549	9.5175	9.7311
8 Finland/markka	4.3128	4.8086	5.5636	5.7468	5.8515	5.9385	5.7892	5.6136	5.6434
9 France/franc	5.4396	6.5793	7.6203	8.1646	8.3839	8.5948	8.3051	8.0022	8.1411
10 Germany/deutsche mark	2.2631	2.428	2.5539	2.6846	2.7500	2.8110	2.6984	2.5973	2.6474
11 Greece/drachma	n.a.	66.872	87.895	96.229	98.815	102.601	101.80	102.40	104.89
12 Hong Kong/dollar	5.5678	6.0697	7.2569	7.8120	7.8044	7.7968	7.7883	7.7942	7.8073
13 India/rupee	8.6807	9.4846	10.1040	10.378	10.4895	10.7152	10.744	10.714	10.820
14 Ireland/pound[1]	161.32	142.05	124.81	115.85	112.91	110.20	114.21	117.88	115.67
15 Israel/shekel	n.a.	24.407	55.865	89.344	100.599	116.728	130.21	146.40	168.76
16 Italy/lira	1138.60	1354.00	1519.30	1625.79	1666.88	1706.63	1666.39	1614.17	1638.48
17 Japan/yen	220.63	249.06	237.55	235.03	234.46	233.80	233.60	225.27	225.20
18 Malaysia/ringgit	2.3048	2.3395	2.3204	2.3450	2.3407	2.3411	2.3363	2.2933	2.2904
19 Mexico/peso	24.547	72.990	155.01	162.36	164.84	166.33	168.49	172.93	179.07
20 Netherlands/guilder	2.4998	2.6719	2.8543	3.0078	3.0856	3.1602	3.0455	2.9326	2.9864
21 New Zealand/dollar[1]	86.848	75.101	66.790	65.854	65.120	64.860	65.810	66.714	65.834
22 Norway/krone	5.7430	6.4567	7.3012	7.4696	7.7237	7.8763	7.6937	7.5028	7.5992
23 Philippines/peso	7.8113	8.5324	11.0940	14.050	14.050	14.050	14.050	14.186	14.257
24 Portugal/escudo	61.739	80.101	111.610	127.82	131.91	136.29	135.01	131.70	134.46
25 Singapore/dollar	2.1053	2.1406	2.1136	2.1334	2.1317	2.1309	2.1279	2.0893	2.0853
26 South Africa/rand[1]	114.77	92.297	89.85	84.23	82.15	79.54	81.31	82.10	80.19
27 South Korea/won	n.a.	731.93	776.04	796.32	799.23	800.33	799.06	794.51	796.41
28 Spain/peseta	92.396	110.09	143.500	154.66	158.01	159.832	154.20	149.68	150.26
29 Sri Lanka/rupee	18.967	20.756	23.510	24.572	24.767	25.181	25.270	25.177	25.133
30 Sweden/krona	5.0659	6.2838	7.6717	7.9201	8.0608	8.1782	7.9976	7.7323	7.8444
31 Switzerland/franc	1.9674	2.0327	2.1006	2.1701	2.1983	2.2380	2.2050	2.1490	2.1913
32 Taiwan/Dollar	n.a.	n.a.	n.a.	38.780	39.613	40.202	40.236	40.078	39.784
33 Thailand/baht	21.731	23.014	22.991	22.990	22.992	23.006	23.000	23.004	23.010
34 United Kingdom/pound[1]	202.43	174.80	151.59	147.66	143.38	140.76	144.17	145.57	142.10
35 Venezuela/bolivar	4.2781	4.2981	10.6840	12.782	12.834	13.021	13.023	13.470	14.375
MEMO									
United States/dollar[2]	102.94	116.57	125.34	130.26	132.84	135.07	131.71	128.07	130.01

1. Value in U.S. cents.
2. Index of weighted-average exchange value of U.S. dollar against currencies of other G-10 countries plus Switzerland. March 1973 = 100. Weights are 1972–76 global trade of each of the 10 countries. Series revised as of August 1978. For description and back data, see "Index of the Weighted-Average Exchange Value of the U.S. Dollar: Revision" on p. 700 of the August 1978 BULLETIN.

NOTE. Averages of certified noon buying rates in New York for cable tranfers.

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

SPECIAL TABLES

Published Irregularly, with Latest Bulletin Reference

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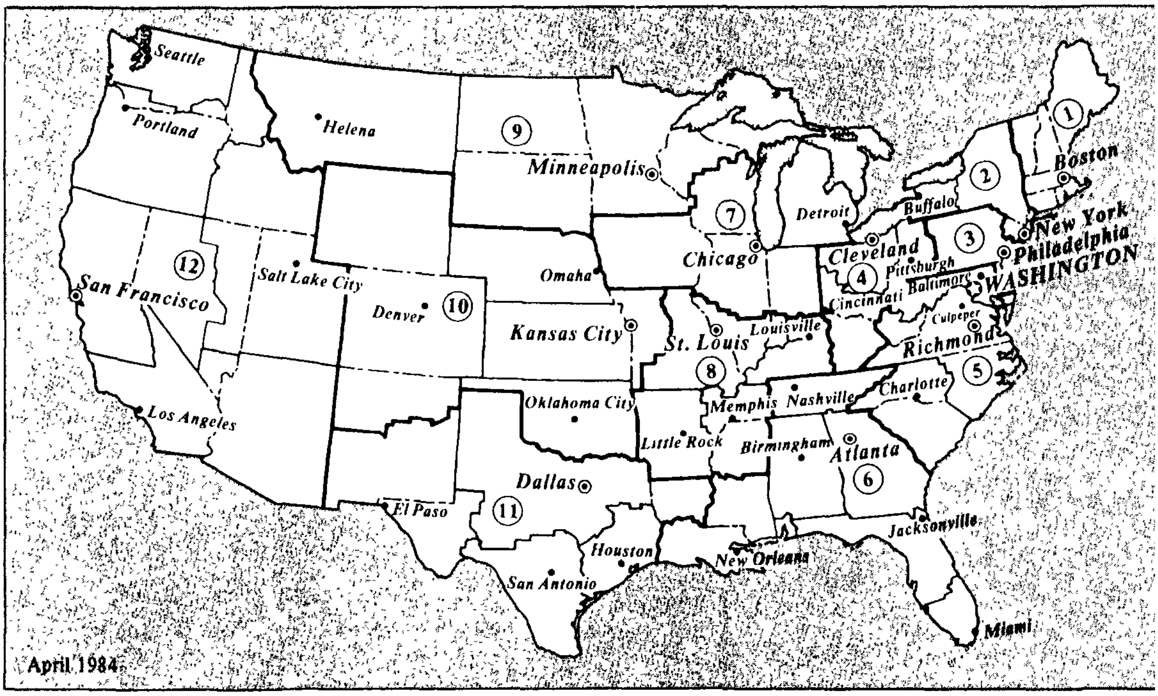

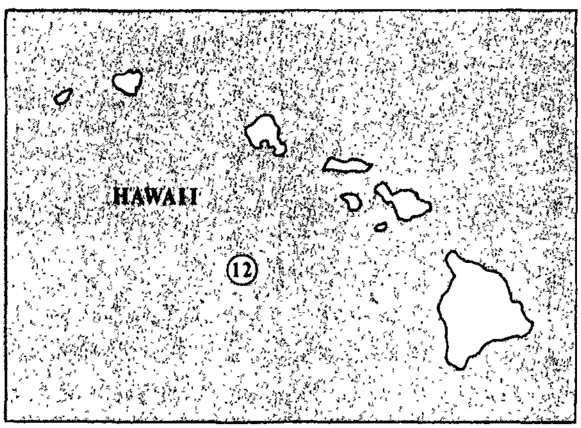

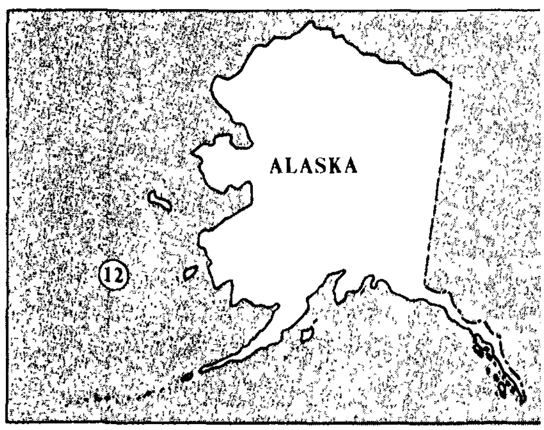

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—— Boundaries of Federal Reserve Branch Territories

◉ Federal Reserve Bank Cities

• Federal Reserve Branch Cities

· Federal Reserve Bank Facility