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Personal Bankruptcies

Charles A. Luckett of the Board's Division of Research and Statistics prepared this article with the assistance of Nellie D. Middleton and Wayne C. Cook. Footnotes appear at the end of the article.

Declarations of bankruptcy by nonbusiness petitioners have risen sharply over the past 3½ years, even as employment and aggregate personal income registered solid growth. This rather unusual countercyclical upswing in nonbusiness bankruptcies (hereafter called "personal" bankruptcies) has generated considerable puzzlement and some concern.

The consumption-related debt of the household sector also has grown substantially during the current economic advance, both absolutely and relative to disposable income, a trend that is likely a key factor underlying the rise in bankruptcies.¹ In addition, revisions to bankruptcy laws and changes in consumer attitudes toward bankruptcy may have fostered a climate in which people regard bankruptcy as a more plausible remedy for financial problems than they once did. Despite the rising number of bankruptcies, however, credit suppliers apparently have maintained their profit margins relatively well. So far, the surge in bankruptcies does not seem to have motivated any measurable restriction on the supply of credit to consumers.

This article will describe the historical trends of bankruptcy filings and the evolution of bankruptcy law, examine the causes and effects of personal bankruptcy, briefly review relevant studies, and then close with a detailed scrutiny of the trend in bankruptcies since 1984.

HISTORICAL TRENDS IN BANKRUPTCY

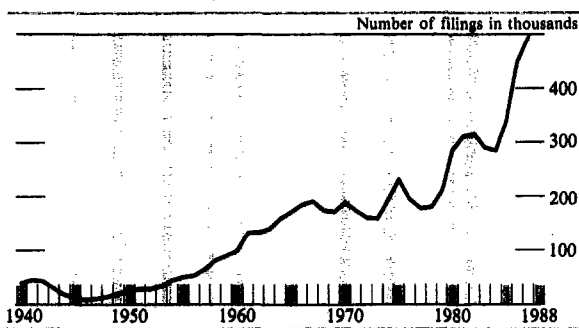
In 1946, personal bankruptcy filings totaled fewer than 9,000, which last year was about the average number of filings per week.² In 1946, of course,

the nation was just emerging from World War II and from the stringent controls imposed during the war on the production of consumer goods. With few automobile or refrigerator purchases to be financed during the war years—and because restrictions also were imposed on the making of consumer loans—the stock of consumer installment debt outstanding at the end of 1945 was only \$2.5 billion, equivalent to about \$16 billion in 1987 dollars. The consumer debt outstanding in 1945 summed to less than 2 percent of the amount of disposable income for all U.S. households; today, this aggregate debt-to-income ratio stands at nearly 19 percent.

Clearly, consumer debt has grown substantially from its war-depressed level, and personal bankruptcies have too. From 1946 until well into the mid-1960s, bankruptcies rose in each year, climbing to 190,000 cases in 1967 (chart 1). Increases were particularly large in recession years, but some rise occurred even in the years of strongest economic growth. The long postwar climb in bankruptcies finally ended in 1968 with a drop of 18,000 cases, initiating a 12-year period during which bankruptcies fluctuated from year to year, sometimes widely, but showed no underlying trend.

Bankruptcy filings then surged to new highs in three consecutive years starting with 1980. Indi-

1. Personal bankruptcies



Shaded areas denote periods of business recession.

viduals had amassed substantial debts during the high-inflation years of the late 1970s, and the economy endured back-to-back recessions during the early 1980s that carried the unemployment rate from less than 6 percent to more than 10 percent. Moreover, a major revision to federal bankruptcy law took effect in the fall of 1979. This revision made bankruptcy a more attractive option to troubled debtors, particularly because it increased the amount of assets that could be exempt from liquidation. Whatever the effect of these various factors, bankruptcies jumped from about 200,000 cases in 1979 to nearly 315,000 in 1982. This figure was even understated somewhat in comparison with previous years because husband-and-wife bankruptcies were treated as two cases under the old law and as one case after the revisions became effective.

As economic activity regained momentum in 1983 and 1984, bankruptcies declined once more, as they had during three previous cyclical upswings. But historical patterns went awry in 1985 and 1986 when bankruptcies shot up more than 20 percent in each year despite the strength of the economy. The uptrend in bankruptcies slowed to a 10 percent rate in 1987, but the number of cases filed totaled nearly 500,000, substantially above the 1982 cyclical high. Sizable additions to consumer debt during the period no doubt contributed to the surge in bankruptcies; still, the latest rise in bankruptcies, because it occurred during a business expansion, seems larger than the economic fundamentals would suggest. On the whole, the 1985-87 surge in bankruptcies is a puzzling development, one that will be addressed further in later sections.

EVOLUTION OF BANKRUPTCY LAW

The purpose and characteristics of bankruptcy procedures in the United States are considerably different from their antecedents in Roman law. For most of history, bankruptcy was a procedure imposed by creditors to confiscate and distribute the assets of a delinquent debtor. In more recent times, U.S. bankruptcy law has been restructured to achieve more of a balancing of the interests of creditors and debtors and to provide debtors with a fresh start.

The word "bankruptcy" has its roots in the Latin words for "bench" and "break"; its literal meaning is "broken bench." Under Roman law, creditors, after gathering together and dividing up the assets of a delinquent debtor, would physically break the debtor's workbench as a punishment and perhaps as a warning to other indebted tradesmen. Bankrupts were regarded as perpetrators of fraud who deserved severe penalty; the Romans deprived bankrupts of their civil rights, and many other societies stigmatized them by requiring that they dress in a particular identifying garb.

Early law, then, sought merely to establish an orderly means of satisfying the claims of creditors; neither discharge of debt nor rehabilitation of debtors constituted an element of the bankruptcy process as it evolved in Western societies through the centuries. Not until 1705 did English law provide for remission of the debts of bankrupts, and even then not as a humane gesture to give the bankrupt a new start, but as a practical means to counter the concealment of assets by debtors. By assuring bankrupts that their creditors would forswear future collection efforts if all currently owned assets were surrendered, the law created an incentive for debtors to comply.

The first bankruptcy law in the United States was passed in 1800, but was repealed three years later. Reflecting its heritage from English law, the statute applied only to tradesmen, merchants, and others in business (virtually no "consumer" credit existed); it made no provision for voluntary bankruptcy, discharge of debts, exemption of any assets, or payment of debts out of future income. Equally short-lived bankruptcy laws were passed in 1842 and 1867 in response to financial panics.

After another major financial crisis in the 1890s, the Congress adopted the Bankruptcy Act of 1898, which survived, with amendments, until enactment of a new statute in 1978. The 1898 act represented a significant liberalization of bankruptcy practice. It brought consumer as well as commercial debtors under its wing, and expanded bankruptcy from a remedy that was imposed by creditors to one that could be voluntarily sought by debtors. It provided for the discharge of debts that were not satisfied by liquidation of the debtor's assets, and also autho-

rized state legislatures to establish categories of assets that would be exempt from the claims of creditors. Thus, at the close of the 19th century, a body of law originally designed to serve creditors took on a significant aspect of debtor protection.

The most important of several amendments to the Bankruptcy Act was the Chandler Act in 1938, which established a procedure for insolvent debtors to retain their assets and to repay all or part of their obligations over a three-year period with court protection from their creditors. Available to employed persons with a regular income, these court-administered repayment schedules were known as "wage-earner plans."

Following extensive study and congressional hearings on the functioning of the bankruptcy process, a revised bankruptcy code, enacted in 1978 (the Bankruptcy Reform Act of 1978), took effect on October 1, 1979. The code consolidated some chapters of previous law pertaining to business reorganizations and sought to streamline the administration of the bankruptcy courts, but its most sweeping changes involved personal bankruptcy. It erected greater protection against repossession of collateral for consumer loans and made it more difficult for creditors to elicit an individual's reaffirmation of a discharged debt after bankruptcy. Most important, the code introduced federal asset exemptions (\$7,500 of equity in a home and approximately \$3,000 in other designated assets) that were considerably more generous than were most state exemptions. It also permitted each individual of a married couple to claim such exemptions, thus doubling the amount of exemptions available to married persons.³

Provisions for the wage-earner repayment plans were redrafted to cover some debts that could not be discharged under "straight" bankruptcy, such as student loans, government fines and penalties, and loans obtained through false financial statements. The new code also removed a provision of the old law that creditors must approve any plan for repayment, and gave the court sole discretion to accept a plan offered by a petitioner. A plan was to be confirmed if the court found that it had been proposed in good faith, that the amount to be paid the creditors

THE U.S. BANKRUPTCY CODE

In its current form, the U.S. bankruptcy code contains five "operative" chapters (7, 9, 11, 12, and 13) under which bankruptcy petitions may be filed. Chapter 9 applies exclusively to municipalities and chapter 11 primarily to business reorganizations. Individuals most commonly file under chapters 7 or 13. Chapter 7 provides for "straight" bankruptcy—that is, liquidation of assets and discharge of debts—and may be used either by business or nonbusiness petitioners. It accounts for about 70 percent of all bankruptcies, and typically, 85 percent of chapter 7 cases are classified as nonbusiness. Chapter 13 provides for the "wage-earner plans" that involve the full or partial repayment of debts while assets are shielded from creditor action. It is limited to individuals, but insofar as an individual may be a sole proprietor with mostly business-related debts, chapter 13 also embraces both business and nonbusiness cases. About 95 percent of Chapter 13 cases involve nonbusiness petitioners. Chapter 12, added to the statute in 1986, is the newest operative section of the bankruptcy code. It makes available to "family farmers" (as defined in the code) the equivalent of a chapter 13 repayment program. Chapter 12 cases are classified as business bankruptcies.

was not less than what would have been paid to them through liquidation, and that the debtor would be able to make the payments contemplated by the plan.

As noted, filings for personal bankruptcy shot up in 1980 and 1981. This surge in filings opened a debate on whether the 1978 reforms had gone too far, and led eventually to some retooling of the bankruptcy code in 1984. Courts were required, for instance, to prohibit discharge of debts that financed eve-of-bankruptcy spending sprees. Section 707(b) of the code embodied a potentially major change, which provided that the court could dismiss a discharge petition of an individual debtor if it found that the granting of relief would constitute "a substantial abuse." The law did not establish specific standards for such a finding, however, and in practice the substantial-abuse test has not been vigorously applied.

CAUSES OF BANKRUPTCY

Reasons for the long postwar uptrend in bankruptcies and the more recent large jumps are generally interpreted from one of two perspectives. Some researchers have emphasized a macroeconomic approach that relates the total number of bankruptcy filings in a period to movements in such broad economic factors as the rate of unemployment and the degree of indebtedness. Others have adopted the microeconomic approach of examining individual case histories to identify economic and demographic attributes that appear to characterize bankrupt individuals.

Macroeconomic Perspective

Study of the broad economic forces affecting bankruptcies was relatively neglected until the 1980s, when the revisions to the federal bankruptcy code and the explosion in the number of filings stimulated several efforts to determine how much of the rise was attributable to the new law. Earlier studies had simply observed, or demonstrated with a rudimentary statistical model, that the postwar uptrend in bankruptcies rather closely paralleled the expansion of consumer debt. One study, for instance, using annual data for 1946–70, calculated a high statistical correlation between the number of bankruptcies per capita and the ratio of consumer installment debt to disposable personal income.⁴ Such a result is not especially surprising, in that being in debt is a necessary condition for bankruptcy. But, without a more rigorously specified model, there is no way to determine whether other factors might serve either to mitigate or to intensify the effect of aggregate indebtedness on total bankruptcies, or whether the sensitivity of bankruptcies to changes in indebtedness might vary with different absolute levels of debt burden.

Another study, which examined reasons for differences in bankruptcy rates among states, attributed most of the interstate variation to differences in wage garnishment laws, and relatively little to different levels of debt-to-income ratio and unemployment rate.⁵ An attempt to assess the effects over time of the economic

variables within each state was largely unsuccessful, partly because the number of annual observations (12) was too few to yield reliable results.

In the early 1980s researchers needed a workable model of the macroeconomic forces underlying national bankruptcy trends to help answer questions about the effects of the new federal bankruptcy law. The typical approach of their studies was to estimate the parameters of a bankruptcy model for a period ending just before the effective date of the law, to project bankruptcies into the subsequent period on the basis of the model, and to interpret the differences between actual and projected bankruptcies as the result of the alteration in the legal environment. (Table 1 presents data on bankruptcy rates and some variables frequently associated with bankruptcy.)

Some of the models to project bankruptcies were specified in no greater detail than the earlier models had been. One, for instance, simply extrapolated previous bankruptcy trends without allowing for movements in economic variables; another projected the normal level of bankruptcies during 1980, a year of recession, on the basis of the severity of declines in manufacturing employment in 1980 relative to such declines in past recessions.⁶ These studies found as much as three-fourths of the actual climb in bankruptcies to be unexplained by the projection method, and therefore attributable to changes in the law, in the absence of other obvious explanatory factors.

Other studies placed more emphasis on model development by testing the explanatory power of a wider variety of economic variables. One study, by Richard Peterson and Kiyomi Aoki, built upon earlier work by analyzing differences among states in numbers of bankruptcies as a function of both legal and economic variables.⁷ Using data for two quarters, one before and one after the effective date of the new law, the study estimated explanatory equations for the two periods separately and in combination. In contrast to the earlier study of differences among states in bankruptcy rates, this one found a considerably stronger and more consistent relationship between employment indicators and bankruptcy, and correspondingly weaker links between gar-

I. Bankruptcy rates and variables cited as possible factors, 1945-87

Year	Bankruptcies per 1,000 persons	Variable			
		Debt-to-income ratio (percent)	Unemployment rate (percent)	Divorces per 1,000 persons	Real household net worth, per capita (thousands of dollars)
1945	.07	1.7	n.a.	3.5	n.a.
1950	.16	7.3	5.2	2.6	n.a.
1955	.27	10.7	4.4	2.3	29.4
1960	.54	12.4	5.5	2.2	31.9
1965	.88	15.0	4.5	2.5	36.4
1970	.92	14.5	5.0	3.5	38.3
1975	1.07	14.6	8.5	4.8	39.4
1980	1.25	15.5	7.2	5.2	45.1
1981	1.35	14.6	7.6	5.3	45.2
1982	1.35	14.3	9.7	5.0	43.8
1983	1.24	15.2	9.6	4.9	46.9
1984	1.20	16.6	7.5	5.0	46.9
1985	1.43	18.2	7.2	5.0	48.4
1986	1.86	18.6	7.0	4.8	51.8
1987	2.03	19.3	6.2	n.a.	53.6

SOURCES. Administrative Office of the U.S. Courts, U.S. Department of Commerce, Board of Governors of the Federal Reserve

System, U.S. Department of Labor, and U.S. National Center for Health Statistics.

nishment laws and bankruptcy.⁸ Debt burden was not examined because data at the state level were not available.

Another result of interest from this study was that the employment variables (the unemployment rate and average hours worked per week) had a much stronger influence in the post-enactment equation than in the pre-enactment equation, a result that may have been associated with the recession that took place in 1980. The increase in the significance of the employment variables during a recession suggests that the relationship between employment conditions and bankruptcy may be more complex than very simple models can describe. The unemployment rate may not be significant as long as it fluctuates between, say, 3 and 5 percent, but may begin to make a difference once it crosses some critical level. The level of the unemployment rate also may interact with the change in unemployment, so that a high level alone may not necessarily correspond with bankruptcy rates. Insofar as unemployment was rising sharply in 1980 in many areas, the sensitivity of bankruptcies to unemployment levels may have been greater.

The debt-to-income ratio reemerged as an important explanatory variable in a study of annual bankruptcies at the national level conducted by Lawrence Shepard.⁹ Shepard concluded that the

sharp increases in debt accounted for much of the steep climb in bankruptcies through the early 1960s, and that the subsequent leveling off of bankruptcies resulted from the slowing uptrend in the debt-to-income ratio and from more rapid gains in household wealth. In fact, he observed, these developments should have caused the number of bankruptcies to fall after the mid-1960s. Shepard attributed the absence of any decline to a vast expansion in the level of public assistance, which he believed was likely to make individuals increasingly willing to risk the financial setbacks that could result in bankruptcy.¹⁰

Perhaps the most thoroughly structured theoretical approach to the causes of bankruptcy was that of K.J. Kowalewski.¹¹ Kowalewski developed an intertemporal utility-maximization model that weighed a given consumer's preferences between present and future consumption against a budget constraint imposed by the consumer's endowment of present and future income (discounted to present value). A consumer could borrow against future income to increase current consumption or could enhance future consumption by saving part of present income. Kowalewski introduced such realistic complications as the existence of accumulated savings and nonequal interest rates on savings and borrowing. A key complexity examined was that of uncertainty about future income, which could

affect the terms on which lenders would make credit available: if actual income were to fall short of the expected level in some future period, a consumer could be unable to meet that period's payment obligations.

In the empirical estimation of the model, Kowalewski used quarterly data for 1961 through 1979, with bankruptcy filings per capita for the nation as a whole as his dependent variable. As explanatory variables, he used measures of both "permanent" and "transitory" income, an interest rate series, and a variable for "nondiscretionary payments" constructed to include expenditures on food, utilities, and other necessities, as well as scheduled debt payments. The model also included three "portfolio" variables bearing upon the costs and benefits of filing for bankruptcy: the stock of consumer durable goods and residential structures, household liabilities, and household liquid assets, all measured in terms of constant dollars per capita. All of the variables except the interest rate series were statistically significant, with expected signs and reasonable coefficients.¹²

Inasmuch as the projections of the model through the end of 1981 accounted for a fairly substantial portion of the actual numbers of bankruptcy cases filed, it appeared that observable economic factors generated more of the bankruptcy surge than most other researchers had estimated. Kowalewski found that one-third of the rise in bankruptcies in the two-year projection period may have been attributable to changes in the law; estimates of other investigators had ranged from one-half to three-fourths.

Microeconomic Studies

Several studies have sought to identify the causes of bankruptcy by inspecting the demographic and financial characteristics of individual bankrupts, either by examination of actual bankruptcy petitions or by personal interview or questionnaire. The findings of these several studies have been consistent in most respects.

Studies of individual bankrupts in Michigan and Utah in the early 1960s found that most of them worked at lower-paying unskilled or semi-skilled manual labor, and that most were employed at the time they filed for bankruptcy.¹³

These employment characteristics were verified by two broader surveys in the 1980s: a study of 1,600 bankrupt customers of four finance companies conducted by Brimmer and Company, Inc., and a study of 1,200 bankrupts from ten different states carried out by researchers at Purdue University.¹⁴ In both studies, about 80 percent of the bankrupts were employed when surveyed, generally in blue collar jobs. The Purdue study also observed that about 20 percent of the bankruptcies involved two-income families.

Age as well as occupation and income level has emerged as an important factor in studies of bankruptcy petitioners. Most studies have found that families involved in bankruptcy were relatively young and often had more than the average number of children. The Purdue study further observed that persons (of any age) who were not currently married and who had children were twice as common among bankrupts as among debtors in general.

Some studies of individual bankrupts have inquired into the reasons for the bankruptcy declaration. Results are somewhat difficult to interpret because some responses, such as "too much debt," might reasonably apply in virtually every instance. In a 1971 study of the bankruptcy process, David Stanley and Marjorie Girth tried to identify the "underlying" and "immediate" causes of bankruptcy from interviews with 400 former bankrupts.¹⁵ The most frequently mentioned underlying cause was poor debt management, followed closely by family health reasons and then by job problems, including strikes, layoffs, and loss of overtime. The most common immediate causes triggering a bankruptcy were threats of legal action, poor debt management, actual legal action, and the desire to avoid paying certain debts. The Brimmer study likewise found overuse of credit, employment problems, and medical expenses among the factors cited most often, along with marital problems, which were mentioned much more frequently than they were in the Stanley and Girth study.

On balance, then, the various studies of individual cases agree that bankruptcy (at least through the early 1980s) has been experienced mainly by lower-income households with principal wage-earners employed as manual, often unskilled, workers. Outright unemployment

seems to have been a less critical determinant than the researchers had anticipated, although job-related conditions, such as loss of overtime, were frequently a factor. Marital problems, large medical bills, and other personal trauma contributed to many of the decisions to file for bankruptcy.

EFFECTS OF BANKRUPTCY

The disruption that serious financial stress brings to individual lives is perhaps the major consequence of bankruptcy. It is an important concern for sociologists and legislators alike, but one that lies outside the predominantly macroeconomic context of this article. This article views the effects of bankruptcy as they pertain to the functioning of the consumer credit markets, or more broadly, to the major economic aggregates. These two spheres are not entirely separate; an issue such as the impact of personal bankruptcies on lender profit margins, for example, has implications for total consumer spending through its role in shaping the aggregate supply function of consumer credit.

Effects on Credit Supply

A clear consensus on the effects of personal bankruptcy is that, in the long run, the losses from discharged debts are transmitted to all other borrowers in the form of more expensive credit or reduced availability of credit. Researchers usually assert this conclusion on the basis of well-known economic principles, but say little about the process by which the market arrives at the ultimate outcome. Two important aspects of that process involve the magnitude of the effects of bankruptcy on profits and the real-world complexities faced by creditors having to assess how bankruptcies are affecting profits and to respond in an effective way.

Several studies have attempted to estimate the total amount of debts discharged in a year as a measure of the cost of bankruptcy to the credit industry and, ultimately, to the economy. The studies by Brimmer and Company and by the group at Purdue estimated bankruptcy chargeoffs in 1980 and 1981 to be about \$3¼ billion to \$4¼

billion. The Federal Reserve figure for consumer credit outstanding at the end of 1980 was \$350 billion; estimated losses from bankruptcy thus amounted to about 1 percent of credit outstanding, a figure arguably large enough to influence the behavior of lenders that typically earn between 2 and 3 percent net on their consumer receivables.

In assessing the implications of such a loss rate, some caveats are in order. One is that a substantial portion of the debts discharged in bankruptcy are owed to hospitals and other claimants that are not part of the consumer credit statistics; thus the estimated 1 percent rate of loss no doubt overstates actual rates of bankruptcy loss.¹⁶ Moreover, since creditors are concerned with their overall loan-loss experience, whether or not a particular bad debt was owed by a bankruptcy petitioner may not matter to the creditor if the debt would have been charged off anyway. Only when bankruptcy results in a creditor writing off a debt that would otherwise have been paid is the loss attributable in a meaningful way to "bankruptcy." But according to findings of the Purdue studies, only about a quarter of the debts owed by bankrupts at the time of filing would have been recoverable in the absence of the bankruptcy. That is, only \$1 billion of the total loss of \$4 billion was truly a result of bankruptcy.

Some data available from trade sources may help to illuminate the issue of how large an effect bankruptcy declarations have on the credit losses of lenders. The American Bankers Association (ABA) publishes annual statistics covering net loss rates on consumer lending at commercial banks and also the proportion of losses associated with bankruptcy (table 2), a part of which, as suggested above, would likely be written off in any event.¹⁷

According to the ABA data for 1978 to 1986, banks charge off about 0.5 percent of their closed-end installment loans in a year, give or take 0.1 percent; the highest loss rate, in the recession year 1980, was 0.63 percent. The proportion of losses identified with bankruptcy during the period ranged from 15 to 24 percent. Together, these statistics suggest that bankruptcy losses amounted to about 0.1 to 0.2 percent of credit outstanding. Even during the re-

4. Losses on consumer credit extended to households and the proportion of such losses due to bankruptcies, 1978-86

Year	Losses net of recoveries as a percent of credit outstanding	Percent of losses due to bankruptcy ¹	Losses due to bankruptcy as a percent of credit outstanding ²
Closed-end installment loans			
1978	.38	15.1	.06
1979	.44	16.4	.07
1980	.63	19.9	.13
1981	.50	23.1	.12
1982	.40	23.6	.09
1983	.36	21.8	.08
1984	.28	21.9	.06
1985	.39	23.0	.09
1986	.47	22.7	.11
Bank-card credit			
1978	1.34	n.a.	n.a.
1979	1.87	n.a.	n.a.
1980	2.29	n.a.	n.a.
1981	1.96	n.a.	n.a.
1982	1.67	n.a.	n.a.
1983	1.34	25.6	.34
1984	1.27	25.2	.32
1985	1.35	37.9	.51
1986	1.40	32.7	.46

1. The ABA reports data for five asset-size categories of banks, but no overall average figure for all banks. For this table, the average for all banks was calculated by weighting the ABA's figure for each size group by the proportion of total consumer installment credit (or total bank-card credit, as appropriate) held by the given group.

2. Calculated for this table by multiplying column 1 by column 2.
n.a. Not available.

SOURCE: American Bankers Association, *Retail Bank Credit Report*, issues for 1981 through 1987.

cent surge in bankruptcies, losses at commercial banks due to personal bankruptcy rose only 0.05 percentage point—from 0.06 in 1984 to 0.11 percent in 1986 (latest data available). While that performance represents an increase of 80 percent, even steeper than the rise in the number of bankruptcies nationally, the incremental loss rate

has an almost negligible impact on profitability. Similar statistics for bank credit cards reveal higher loss ratios than for closed-end lending, and somewhat higher proportions attributable to bankruptcies, but they still show rather small variations from year to year in the proportion of outstandings written off in bankruptcy cases (table 2).

Table 3 presents net earnings and credit loss statistics on installment loans and bank-card credit from another source, the Federal Reserve's *Functional Cost Analysis* (FCA).¹⁸ The credit loss ratios in the FCA are somewhat higher than the ABA estimates, but are still reasonably close and show the same patterns year to year. The loss ratios are clearly high enough relative to earnings so that substantial changes in loss experience could significantly affect a firm's bottom line.

During the years examined, however, loss rates just as clearly have not been the prime determinant of variation in net earnings on closed-end installment loans. Net earnings have fluctuated considerably more than have credit losses for this type of lending. The largest movement in loan losses was the increase of 0.28 percentage point in 1980, which, other things equal, should have reduced net earnings by that amount. However, net earnings actually declined 0.86 percentage point, or three times as much. Similarly, big increases in profitability occurred in 1982 and 1983, but in tandem with only moderate dips in loss rates. Then in 1984, profitability eased off despite the positive influence of another small decline in chargeoffs. Loss rates have been higher on credit cards than on closed-end loans, and a substantial rise in credit-card losses appar-

5. Net earnings and credit losses, as a percent of credit outstanding at banks with deposits of more than \$200 million, 1979-86

Type of credit	1979	1980	1981	1982	1983	1984	1985	1986
Installment credit								
Net earnings	2.20	1.34	1.63	2.83	3.20	2.85	2.74	2.62
Credit losses	.55	.83	.66	.55	.42	.38	.39	.61
Bank-card credit								
Net earnings	1.80	-1.78	1.33	2.89	2.46	3.74	3.99	3.28
Credit losses	1.75	2.35	2.15	1.72	1.21	1.09	1.68	2.23

SOURCE: Federal Reserve Bank of New York, *Functional Cost Analysis*, annual issues.

ently accounted for most of a drop in profitability in 1986. On the whole, however, for this type of lending also, changes in net earnings do not appear closely related to the pattern of credit losses.

In trying to make the leap from statistical evidence about how bankruptcies affect profits to the long-run adjustments in rates and credit terms that are indicated by theory, consideration of the circumstances in which lenders have to make their pricing and marketing decisions may be helpful. A surge in bankruptcies would tend to reduce profits by causing larger writeoffs—but, as just discussed, the size of any drop in profits would be rather small, making a creditor's response more problematic. For instance, a lender first would have to decide whether an observed decline in net earnings from, say, 1.65 percent to 1.55 percent, was a development to which a specific response was needed, and would then have to determine whether the worsened performance was attributable to bankruptcies rather than to some other factor.

If bankruptcy were in fact isolated as a cause of the increased writeoffs, the creditor would have to choose among several possible responses: raise interest rate quotations across the board, set higher minimum standards to qualify for loans, increase collateral requirements, or perhaps try to identify potential bankrupts more precisely so they can be weeded out. The last response would entail direct costs of its own, and the other alternatives could have undesirable competitive consequences. For instance, unless other credit suppliers also opted to nudge their interest rates up, a price-raising creditor might find itself losing its most creditworthy applicants.

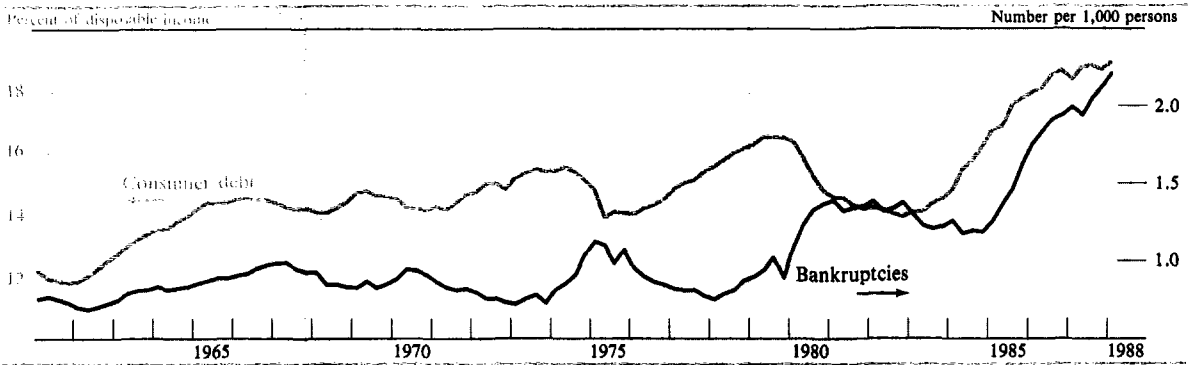
Another factor that may deter lenders from responding quickly to an increase in bankruptcies is that other developments in the economy can overshadow the specific effect of bankruptcy trends. For example, if money costs are falling, as they were during the mid-1980s, bottom-line results may be improving even if bankruptcy losses are rising. If so, a lender may deliberately choose to lower credit standards and tolerate a higher loss rate because of the enhanced profitability of "good" loans.

Effects on the Economy

The foregoing discussion of the effects of bankruptcy on profitability has implications for issues that extend beyond the operation of a credit department. Economic policymakers and regulators of financial institutions, for instance, might be concerned with the possible effects of bankruptcy on economic activity and on the soundness of lending institutions. On both counts the evidence suggests that such effects are small. With losses due to bankruptcy apparently accounting for between 0.1 and 0.5 percent of various types of consumer receivables at banks, and with consumer lending constituting less than a fifth of total bank lending, even sharp increases in personal bankruptcy seem unlikely to endanger the financial health of these institutions to any significant extent. Overall economic activity might be constrained if financially strapped individuals decided to repair their balance sheets by cutting back on their spending, or if creditors responded to rising bankruptcy losses by tightening their loan approval standards, thereby preventing some credit seekers from making intended expenditures. But, as the earlier discussion has indicated, creditors may well have little incentive to change lending standards in view of the relatively small impact of bankruptcies on earnings and the uncertain outcome of a shift in strategy.

In practice, the principal macroeconomic use of bankruptcy statistics has been in qualitative assessments of the financial state of the household sector, in which bankruptcies serve as one of many barometers of the primary, but harder-to-measure, concept of financial stress. Generally speaking, such variables as bankruptcies and loan delinquency rates have not been very widely or very successfully used in econometric analyses of consumer behavior. They are typically viewed as providing supplementary rather than fundamental clues as to the prospective strength of consumer demand. Nevertheless, the sharp rise in bankruptcies since 1984 has stimulated wider interest in the causes and consequences of bankruptcy. The next section provides a detailed examination of the forces that may underlie this recent trend.

3. Bankruptcies and the burden of consumer debt



RECENT TRENDS: A FURTHER LOOK

What is particularly noteworthy about the surge in bankruptcies since 1984 is that it has occurred during an extended economic upswing. The rates of increase in bankruptcy for 1985 and 1986 were unmatched in any other year since 1950 that was not a recession year. Many observers have noted the unevenness of the current expansion, however, citing persistently distressed conditions in the "oil patch" states and, until very recently, the centers of heavy manufacturing in the Midwest. Such regions could be generating a high volume of personal bankruptcies despite the nation's general prosperity.

In fact, the number of bankruptcies has risen most rapidly in the major oil-producing states. On the other hand, subtracting these states from the total still leaves a very rapid rate of increase nationally. Between the second quarters of 1985 and 1986, for instance, bankruptcies increased 36 percent nationally, while soaring 62 percent in five oil patch states (table 4). Yet, when these five states were excluded from the calculations, the growth in bankruptcies still topped 30 percent between the two quarters. In fact, nearly three-

fourths of all states experienced increases in bankruptcy of more than 25 percent over that period. Thus the recent surge does not appear attributable in any significant way to special problems in specific regions.

Several of the quantitative studies discussed here cited rapid growth in consumer debt as a key factor underlying rapid growth in bankruptcies. Such results, however, were dominated by the sharp upward movements in both debt and bankruptcy for nearly two decades after World War II; movements in debt (relative to income) and bankruptcies (per capita) were less closely correlated after the mid-1960s (chart 2). Both the debt-burden measure and bankruptcies per capita fluctuated around flat trendlines during the 1970s, with little uniformity in the size or timing of movements in the two series. Such divergences might indicate an inherently weak relationship between debt and bankruptcy. Or they might mean only that the relationship is inoperative below certain key levels or rates of increase in the burden of debt on income. The linkage between aggregate debt and bankruptcy could still be strong beyond some threshold level of debt burden, even though it is likely to be ob-

4. Bankruptcies in the United States and in major oil-producing states

Item	Number of cases			Percent change	
	1985:2	1986:2	1987:2	1985:2-1986:2	1986:2-1987:2
U.S. total	84,243	114,384	122,689	35.8	7.3
Five "oil patch" states ¹	8,428	13,682	16,399	62.3	19.9
Total, less oil patch states	75,815	100,702	106,290	32.8	5.5

1. Oklahoma, Texas, Louisiana, Colorado, and Wyoming.
SOURCE: Administrative Office of the U.S. Courts.

scured by statistical tests covering periods when growth in debt has been subdued.

But, as pointed out, the aggregate debt-to-income ratio broke out of its meandering pattern and climbed quite sharply between 1984 and 1988. It rose from the level of around 14 percent that had held during most of the previous decade, to a record 19 percent by mid-1987. Thus, once again, during the current business expansion, a rapid rise in bankruptcies and a strong upsurge in debt burden have occurred together. This correspondence in itself hardly proves that a close causal connection exists, but, with unemployment trending downward and household wealth and incomes growing substantially during the period, the growth of debt appears to be the one major macroeconomic force that moved in a direction consistent with increases in bankruptcies.

Aggregate figures on debt can mask important distributional features that may affect bankruptcy rates. Findings from two major surveys of consumer finances shed some light on this issue.¹⁹ One fact these findings point up is that debt is concentrated among people with the income and assets to cover it. Nevertheless, between the two survey years of 1983 and 1986, a large increase occurred in the proportion of debt that was held by people with high ratios of debt to income (40 percent or higher). The heavily indebted category held 7 percent of the debt covered in 1983's survey, but those who were in that category in 1986 held 16 percent, a change that suggests that the pool of potential bankrupts may have been considerably larger in the latter year. Only about half of the high-debt respondents in 1986 had asset holdings (including home equity) large enough to fully retire their debts—considerably less than the 80 percent of all debtors whose assets provided full coverage of debts in 1983.

Changing attitudes toward bankruptcy may be another factor that helps to account for the accelerated pace of bankruptcy filings. This hypothesis is not readily testable, however. Attitudinal changes are difficult to measure, and because they generally occur gradually, are unlikely to cause sudden shifts in behavior, such as characterized the course of bankruptcy filings in 1985–86. On the other hand, a gradual redirec-

tion over the years in attitudes toward bankruptcy could have laid the groundwork for a more pronounced response to some other triggering variable, such as debt burden, whenever that variable happened to move in a particular way.

The evidence for changing attitudes toward bankruptcy is largely circumstantial. However, several societal developments have seemed to diminish the stigma that once attached to bankruptcy. The simple fact that consumer credit is more widely used today has made bankruptcy less rare, and therefore has rendered the bankrupt individual a less conspicuous figure. Certainly, too, the many revisions in the laws and regulations concerning debtor rights, from the Truth-in-Lending Act, to restrictions on collection tactics of creditors, to the Bankruptcy Reform Act of 1978 itself, have fostered the notion that bankruptcy is not necessarily a shameful process resulting from personal failings, but often a perfectly respectable means of handling a situation for which the debtor may be largely blameless. By the same token, the laws themselves may be a reflection of changed attitudes.

Advertising by lawyers—which was made legally permissible in 1977—also has been cited by some commentators as a possible stimulant to bankruptcies. Measurement problems also make this notion difficult to test empirically, but Peterson and Aoki attempted to do so by constructing a variable based on a count of the number of newspaper ads by bankruptcy attorneys in various localities. In the two quarters they studied, the variable did not help to explain differences in bankruptcy rates among states; nonetheless, the proposition seems reasonable that such advertising helps create a climate in which the declaration of bankruptcy is more readily seen as a legitimate response to financial distress.

Other social factors could be contributing at least in a small way to the rise in bankruptcies. Some surveys of individual bankrupts have suggested that marital problems often play a role in bankruptcy decisions, and the divorce rate—a concrete, though perhaps imperfect, measure of such problems—rose steadily in the 1960s and 1970s. Inclusion of the national divorce rate by Shepard in his model of bankruptcy did not enhance the model's explanatory power, but two other studies have found differences in divorce

rates among states to help account for interstate differences in the number of bankruptcies per capita.²⁰ In any case, stability in the overall divorce rate since 1980 seems to belie any notion that a sudden worsening of marital relations might account for the bankruptcy activity in recent years.

Paradoxically, the trend toward two-earner families might provide some marginal boost to the likelihood of bankruptcy. If people base the levels of their spending and borrowing on the total amount of their dual incomes, interruption of either income stream could jeopardize a family's financial stability. On the other hand, it could be argued, multiple sources of income reduce the risk that any single employment problem will devastate a family's financial position. A lot would depend therefore on whether a family treated a second income as a buffer or used it to support proportionally higher levels of spending and debt.

In sum, the rise in bankruptcies since 1984 seems most readily attributable to the large expansion of consumer debt, which has boosted the

aggregate indebtedness of households from 14 to 19 cents per dollar of disposable income. A lessening of the stigma of bankruptcy and the evolution of a legal structure favorable to bankrupts have helped establish a setting in which bankruptcy may be more readily embraced by financially strapped households.

Whether the resort to bankruptcy has become frequent enough to provoke a curtailment of lending seems doubtful considering the still small impact of bankruptcy on profit margins and the absence of any evidence that creditors have tightened loan standards. Moreover, the stability of the debt-to-income ratio since its peak in early 1987 provides some hope of moderation in bankruptcy increases—indeed, last year's 10 percent rise (and an equivalent rate of increase early this year) already represents considerable abatement from the previous two years. Nevertheless, the possibility that rising numbers of bankruptcies will begin to affect lending or spending patterns cannot be dismissed, particularly if the current strength in employment and household net worth should wane.

Notes

1. The discussion of debt in this article is limited to consumer debt, although home mortgage debt has also grown substantially since World War II. However, insofar as a mortgage usually represents acquisition of an appreciating asset and the mortgage lender's lien on the property is not compromised by a mortgagee's bankruptcy, mortgage debt is seldom a precipitating cause of bankruptcy. Moreover, to include mortgage debt in a measure of debt burden without taking account of rent payments in some fashion would tend to portray the household sector's financial situation as worsening whenever a shift away from renting to homeownership was taking place. On the whole, it seemed best to compare bankruptcy trends with a form of debt that was generally unsecured or collateralized by depreciating assets, a practice followed in most of the research reviewed later in this article.

2. National bankruptcy statistics are compiled by the Administrative Office of the U.S. Courts from case counts provided by each district court.

3. At the same time, the code contained an override provision that permitted states to opt out of the federal exemptions within a two-year period by enacting new legislation of their own. In all, 32 states exercised this right. The new state exemptions were generally less liberal than the federal standard, but frequently more liberal than the previous state exemption had been.

4. Frederick C. Yeager, "Personal Bankruptcy and Eco-

omic Stability," *Southern Economic Journal*, vol. 41 (July 1974), pp. 96-102.

5. Vincent P. Apilado, Joel J. Dauten, and Douglas E. Smith, "Personal Bankruptcies," *Journal of Legal Studies*, vol. 7 (June 1978), pp. 371-91.

6. William J. Boyes and Roger L. Faith, "Some Effects of the Bankruptcy Reform Act of 1978," *Journal of Law and Economics*, vol. 29 (April 1986), pp. 139-49; and Charlie Carter, "The Surge in Bankruptcies: Is the New Law Responsible?" Federal Reserve Bank of Atlanta, *Economic Review*, vol. 67 (January 1982), pp. 20-30.

7. Richard L. Peterson and Kiyomi Aoki, "Bankruptcy Filings Before and After Implementation of the Bankruptcy Reform Law," *Journal of Economics and Business*, vol. 36 (February 1984), pp. 95-105.

8. By the period studied by Peterson and Aoki, the garnishment process had been made generally less onerous than before both by provisions in federal law that took effect in 1970 and by widespread revisions at the state level. The principal changes reduced the proportion of a debtor's wages that could be garnished and prevented employers from firing workers because their wages were subjected to garnishment. Some states prohibited garnishment entirely. With generally more lenient practices and with less variation among states, it is not surprising that garnishment laws were less of a factor in explaining state-level differences in bankruptcies in the Peterson-Aoki study.

9. Lawrence Shepard, "Personal Failures and the Bankruptcy Reform Act of 1978," *Journal of Law and Economics*, vol. 27 (October 1984), pp. 419-37.

10. While the statistical results were not inconsistent with such a thesis, the strong time trends characterizing both bankruptcies and transfer payments could reflect coincidence as well as causation. And on strictly theoretical grounds, a generous system of transfer payments might be expected to serve less as a safety net to make people more comfortable about bankruptcy than as a buffer to help them avoid bankruptcy.

11. K.J. Kowalewski, "Personal Bankruptcy: Theory and Evidence," Federal Reserve Bank of Cleveland, *Economic Review* (Spring 1982), pp. 1-29.

12. Another utility-maximization model of bankruptcy choice is presented in Michelle J. White, "Personal Bankruptcy Under the 1978 Bankruptcy Code: An Economic Analysis," *Indiana Law Journal*, vol. 63 (1987-88), pp. 1-53. White's incorporation of economic variables is less extensive than Kowalewski's, but her examination of legal effects is more direct. In contrast to Kowalewski's aggregate time-series approach, White's model examines differences among counties in bankruptcies per capita, a framework that she uses to study the effects of different levels of asset exemptions and to look at straight bankruptcy and wage-earner plans separately. One conclusion of White's study is that the number of bankruptcies responds about equally to differences of comparable magnitudes in exemption levels and in unemployment rates.

13. Robert Dolphin, Jr., "An Analysis of Economic and Personal Factors Leading to Consumer Bankruptcy," Occasional Paper 15 (Michigan State University, Graduate School of Business Administration, Bureau of Business and Economic Research, 1965); and Grant L. Misbach, "Personal Bankruptcy in the United States and Utah," (MBA thesis, University of Utah, College of Business, May 1964).

14. Andrew F. Brimmer, *Public Policy and the Economic Implications of Personal Bankruptcies*, in Hearings on the Bankruptcy Reform Act of 1978, before the Subcommittee on

Courts of the Senate Judiciary Committee, 97 Cong. 1 Sess. (Government Printing Office, 1981), pp. 6-38; Credit Research Center in cooperation with Arthur D. Little, Inc. and Opinion Research Corporation, *Consumers' Right to Bankruptcy: Origins and Effects*, Consumer Bankruptcy Study, Monograph 23 (Purdue University, Krannert Graduate School of Management, Credit Research Center, 1982), vol. 1 and A. Charlene Sullivan, *Personal Bankruptcy: Causes, Costs and Benefits*, Consumer Bankruptcy Study, Monograph 24 (Purdue University, Krannert Graduate School of Management, Credit Research Center, 1982), vol. 2.

15. David T. Stanley and Marjorie Girth, with the collaboration of Vern Countryman and others, *Bankruptcy: Problem, Process, Reform* (Brookings Institution, 1971).

16. Federal Reserve statistics on consumer credit cover commercial banks, finance companies, credit unions, savings institutions (savings and loans, federal savings banks, and mutual savings banks), retail stores, and gasoline companies.

17. American Bankers Association, *Retail Bank Credit Report*, issues for 1981 through 1987.

18. Federal Reserve Bank of New York, *Functional Cost Analysis*, annual issues.

19. The surveys were conducted in 1983 and 1986 by the Survey Research Center at the University of Michigan on behalf of the Federal Reserve and other sponsoring federal agencies, under the title "Survey of Consumer Finances." Results summarized here were presented in Robert B. Avery, Gregory E. Eliehausen, and Arthur B. Kennickell, "Changes in Consumer Installment Debt: Evidence from the 1983 and 1986 Surveys of Consumer Finances," *FEDERAL RESERVE BULLETIN*, vol. 73 (October 1987), pp. 761-78.

20. See White, "Personal Bankruptcy," and A. Charlene Sullivan and Debra Drecnik Worden, "The Law, the Economy, and Consumer Demand for Debt Relief under the Bankruptcy Code" (Purdue University, Krannert Graduate School of Management, no date).

Industrial Production

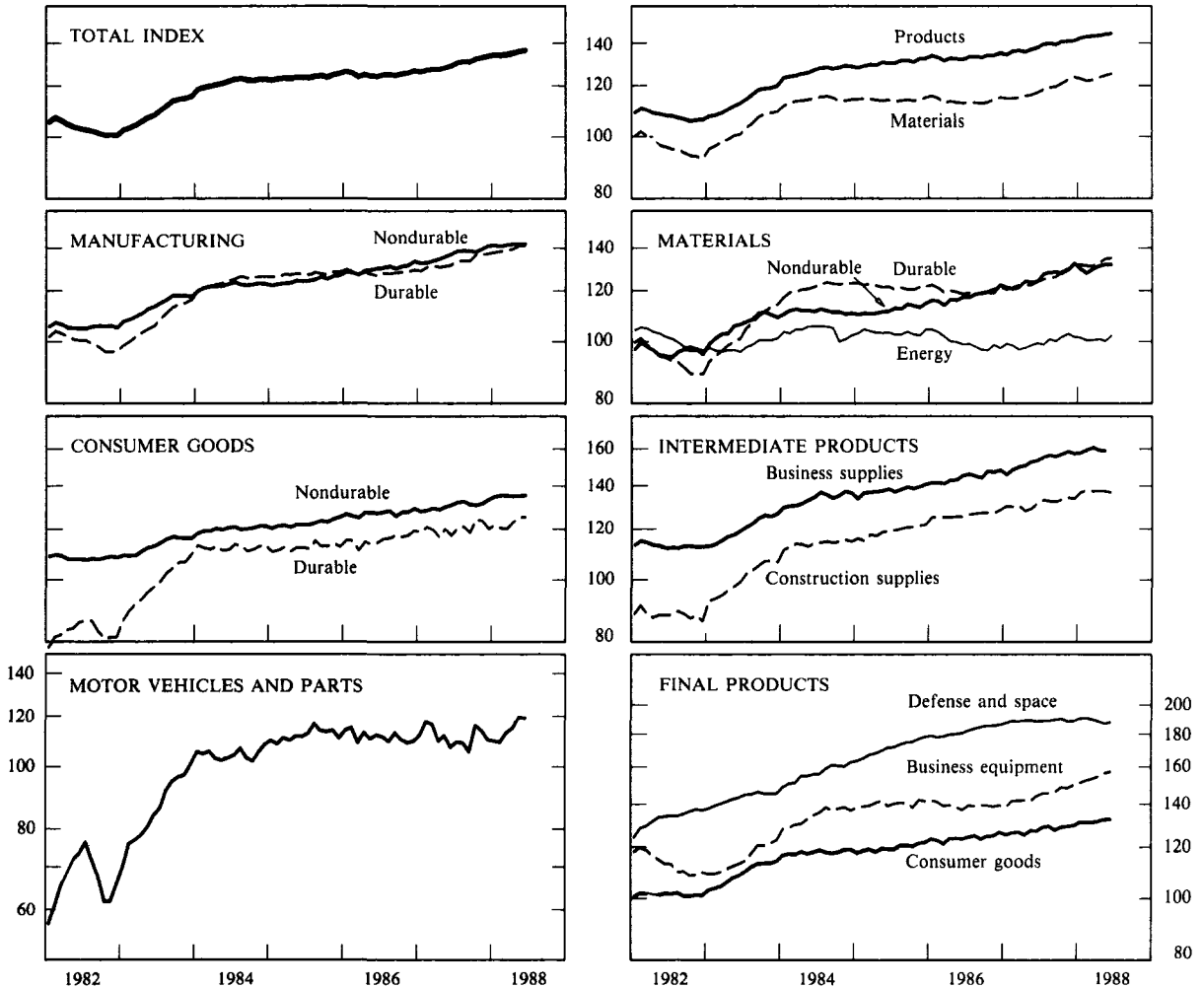
Released for publication July 15

Industrial production increased 0.4 percent in June after having risen a revised 0.5 percent in May. The gain in June resulted from continued strength in business equipment as well as a surge in electricity output, primarily for air conditioning to combat the extreme heat. Excluding electricity, output of consumer goods and materials

was little changed. At 136.6 percent of the 1977 annual average, the total index in June was 5.8 percent higher than it was a year earlier, and for the second quarter, production advanced 4¾ percent at an annual rate.

In market groups, production of consumer goods rose only slightly in June despite the large increase in electricity for residential use. Production of nondurable consumer goods excluding

Ratio scale, 1977 = 100



All series are seasonally adjusted. Latest figures: June.

Group	1977 = 100		Percentage change from preceding month					Percentage change, June 1987 to June 1988
	1988		1988					
	May	June	Feb.	Mar.	Apr.	May	June	
Major market groups								
Total industrial production	136.1	136.6	.0	.2	.5	.5	.4	5.8
Products, total	144.6	145.0	.5	.2	.2	.4	.3	5.2
Final products	143.4	143.8	.3	.1	.4	.6	.3	5.5
Consumer goods	132.5	132.7	.1	-.1	.5	.6	.1	4.3
Durable	125.4	125.5	-1.0	-.2	2.3	1.8	.0	6.9
Nondurable	135.1	135.3	.4	-.1	-.2	.1	.1	3.4
Business equipment	156.5	157.3	.8	.6	.8	1.3	.5	9.1
Defense and space	187.1	187.9	.2	-.6	-.7	-.8	.4	-.4
Intermediate products	149.0	149.3	.9	.3	-.5	-.2	.2	4.2
Construction supplies	137.3	136.7	.6	-.3	.1	-.1	-.4	4.0
Materials	124.5	125.2	-.7	.3	.9	.7	.6	6.8
Major industry groups								
Manufacturing	141.6	141.9	.1	.4	.5	.6	.2	5.9
Durable	141.2	141.7	.4	.3	.6	1.1	.3	7.4
Nondurable	142.1	142.2	-.2	.5	.3	-.1	.1	3.9
Mining	103.4	104.0	-1.7	1.2	2.1	-1.4	.6	4.9
Utilities	111.8	114.7	.3	-2.0	-2.2	.9	2.6	4.9

NOTE. Indexes are seasonally adjusted.

electricity was sluggish. Auto assemblies in June, at an annual rate of 7.5 million units, were the same as in May. Production of light trucks, while still at a high level, declined last month. Output of home goods edged up, but has changed little, on balance, since the end of last year. In con-

trast, production of business equipment continued to post solid gains in June, with strength in all major components except construction, mining, and farm machinery.

Output of construction supplies remained weak for the fourth successive month. Production of durable materials rose slightly in June after two months of rapid advances. Nondurable materials were unchanged as chemicals rose further, but textiles and paper declined.

In industry groups, manufacturing output rose 0.2 percent in June. Durable manufacturing was up 0.3 percent, with fabricated metals and electrical and nonelectrical machinery registering the largest gains. Production at utilities, mainly electric, was up 2.6 percent, and mining output rose 0.6 percent.

Total industrial production—Revisions

Estimates as shown last month and current estimates

Month	Index (1977=100)		Percentage change from previous months	
	Previous	Current	Previous	Current
March	134.7	134.7	.2	.2
April	135.5	135.4	.6	.5
May	136.0	136.1	.4	.5
June .....	...	136.6	...	.4

Statement to Congress

Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing, and Urban Affairs of the U.S. Senate, July 13, 1988.

I appreciate this opportunity to review with you recent and prospective monetary policy and the economic outlook. I would also like to provide a broader perspective by discussing in some detail our nation's longer-term economic objectives, the overall strategy for fiscal and monetary policies needed to reach those objectives, and the appropriate tactics for implementing monetary policy within that strategic framework.

THE ECONOMIC SETTING AND MONETARY POLICY SO FAR IN 1988

The macroeconomic setting for monetary policy has changed in some notable respects since I testified last February. At that time, the full aftereffects of the stock market plunge on spending and financial markets were still unclear. While most members of the Federal Open Market Committee were forecasting moderate growth, in view of rapid inventory building and some signs of a weakening of labor demand, the possibility of a decline in economic activity could not be ruled out. To guard against this outcome, in the context of a firmer dollar on exchange markets, the Federal Reserve undertook a further modest easing of reserve pressures in late January, which augmented the more substantial easing after October 19. Short-term interest rates came down another notch, and, with a delay, helped to push the monetary aggregates higher within their targeted annual ranges.

In the event, the economy proved remarkably resilient to the loss of stock market wealth. Economic growth remained vigorous through the first half of the year. Continuing brisk advances in exports, together with moderating growth in imports, supported expansion in output, espe-

cially in manufacturing. Some strengthening also was evident in business outlays for equipment, especially computers, and consumer purchases of durables, including autos.

Financial markets also returned to more normal functioning. Although trading volumes did not regain precrash levels in many markets, price volatility diminished somewhat and quality differentials stayed considerably narrower than in the immediate aftermath of the stock market plunge. In response, the Federal Reserve gradually was able to restore its standard procedure of gearing open market operations to the intended pressure on reserve positions of depository institutions. We thereby discontinued the procedure of reacting primarily to day-to-day variations in money market interest rates that had been adopted right after the stock market break.

As the risks of faltering economic expansion and further financial market disruptions diminished, the dangers of intensified inflationary pressures reemerged. Utilization of labor and capital reached the highest levels in many years, and hints of acceleration began to crop up in wage and price data. Strong gains in payroll employment that continued through the spring combined with slower growth in the labor force to lower the unemployment rate about $\frac{1}{4}$ percentage point, even before the strong labor market report for June; the industrial capacity utilization rate moved up as well. In part reflecting the payroll tax increase, broad measures of hourly compensation picked up somewhat in the first quarter. Prices for a wide range of domestic and imported industrial materials and supplies rose even more steeply than they did last year. The price inflation of finished goods has not reflected this step-up in price increases for intermediate goods, in part as productivity gains kept unit labor costs under control. Even so, continued increases in materials prices at the recent pace were seen as pointing to a potential intensification in inflation more generally, since based on historical experience

such increases have tended to show through to finished goods prices.

In these circumstances, the Federal Reserve was well aware that it should not fall behind in establishing enough monetary restraint to effectively resist these inflationary tendencies. The System took a succession of restraining steps from late March through late June. The shortest-term interest rates gradually rose to levels now around highs reached last fall. Responding as well to the unwinding of a tax-related buildup in liquid balances, M2 and M3 growth slowed noticeably after April.

In contrast to the shortest-maturity interest rates, long-term bond and mortgage rates, though also above February lows, still remain well below last fall's peaks. The timely tightening of monetary policy this spring, along with perceptions of better prospects for the dollar in foreign exchange markets in light of the narrowing in our trade deficit, seemed to improve market confidence that inflationary excesses would be avoided. Both bond prices and the dollar rallied in June despite increases in interest rates in several major foreign countries and jumps in some agricultural prices resulting from the drought in important growing areas.

THE ECONOMIC OUTLOOK AND MONETARY POLICY THROUGH 1989

The monetary actions of the first half of the year were undertaken so that economic expansion could be maintained, recognizing that to do so additional price pressures could not be permitted to build and that progress toward external balance had to be sustained. The projections of FOMC members and nonvoting presidents indicate that they do expect economic growth to continue and inflation to be contained.

The central tendency of FOMC members' expectations of $2\frac{3}{4}$ to 3 percent for real growth of GNP over the four quarters of this year implies a deceleration over the rest of the year to a pace more in line with their expectations of real growth of 2 to $2\frac{1}{2}$ percent over 1989 and with the long-run potential of the economy. The drought will reduce farm output for a time, and it is important that nonfarm inventory accumulation slow before long if we are to avoid a troublesome

imbalance. Still, further gains in our international trade position should continue to provide a major stimulus to real GNP growth through next year, reflecting the lagged effects of the decline in the exchange value of the dollar through the end of last year. Although the month-to-month pattern in our trade deficit can be expected to be erratic, the improvement in the external sector on balance over time is expected to replace much of the reduced expansion in domestic final demands from our consumer, business, and government sectors.

Employment growth is anticipated to be substantial, though some updrift in the unemployment rate may occur over the next year and a half. Capacity utilization could well top out soon, as growth in demands for manufactured goods slows to match that of capacity.

Considering the already limited slack in available labor and capital resources, a leveling of the unemployment and capacity utilization rates is essential if more intense inflationary pressures are to be avoided in the period ahead. Otherwise, aggregate demand would continue growing at an unsustainable pace and would soon begin to create a destabilizing inflationary climate. Supply conditions for materials and labor would tighten further, and costs would start to rise more rapidly; businesses would attempt to recoup profit margins with further price hikes on final goods and services. These faster price rises would, in turn, foster an inflationary psychology, cut into workers' real purchasing power, and prompt an attempted further catchup of wages, setting in motion a dynamic process in which neither workers nor businesses would benefit. The hard-won gains in our international competitiveness would be eroded, with feedback effects depressing the exchange value of the dollar. Excessive domestic demands and inflation pressures in this country, with its sizable external deficit, would be disruptive to the ongoing international adjustment of trade and payments imbalances.

Not only the reduced slack in the economy but also several prospective adjustments in relative prices have accentuated inflation dangers. One is the upward movement of import prices relative to domestic prices, which is a necessary part of the process of adjustment to large imbalances in international trade and payments. Another is the

recent drought-related increases in grain and soybean prices. It is essential that we keep these processes confined to a one-time adjustment in the level of prices and not let them spill over to a sustained higher rate of increase in wages and prices. Elevated import and farm prices must be prevented from engendering expectations of higher general inflation, with feedback effects on labor costs. A more serious long-run threat to price stability could come from government actions that introduced structural rigidities and increased costs of production. Protectionist legislation, inordinate hikes in the minimum wage, and other mandated programs that would impose costs on U.S. producers would adversely affect their efficiency and international competitiveness.

The costs to our economy and society of allowing a more intense inflationary process to become entrenched are serious. As the experience in the past two decades has clearly shown, accelerating wages and prices would have to be countered later by quite restrictive policies, with unavoidably adverse implications for production and employment. The financial health of many individual and business debtors, as well as of some of their creditors, then would be threatened. The long-run costs of a return to higher inflation and the risks of this occurring under current circumstances are sufficiently great that Federal Reserve policy at this juncture might be well advised to err more on the side of restrictiveness rather than of stimulus.

We believe that monetary policy actions to date, together with the fiscal restraint embodied in last fall's agreement between the Congress and the administration, have set the stage for containing inflation through next year. The central tendency of FOMC members' expectations for inflation in the GNP deflator ranges from 3 to 3¾ percent over this year to 3 to 4½ percent next year. But in one sense the GNP deflator understates this year's rate of inflation, and the comparison with next year overstates the pickup. The deflator represents the average price of final goods and services produced in the United States or, equivalently, domestic value added, using current quantity weights. This measure was artificially held down in the first quarter by a shift in the composition of output, especially by the

surge in sales of computers whose prices have dropped sharply since the 1982 base year used for constructing the deflator. Indeed, if the deflator were indexed with a 1987 base year, it would have risen appreciably faster in the first quarter.

Another understatement of inflation in the deflator this year arises from its exclusion of imported goods, which are not directly encompassed because they are produced abroad. In part because import prices have continued to rise significantly faster than prices of domestically produced goods, consumer price indexes have increased more than the GNP deflator.

The FOMC believes that efforts to contain inflation pressures and sustain the economic expansion would be fostered by growth of the monetary aggregates over 1988 well within their reaffirmed annual ranges of 4 to 8 percent, followed by some slowing in money growth over the course of next year. M2 should move close to the midpoint of its range by late 1988 if depositors react as expected to the greater attractiveness of market instruments, compared with liquid money balances, that was brought about by recent increases in short-term market rates relative to deposit rates. M3 could end the year somewhat above its midpoint, though comfortably within its range if depository institutions retain their recent share of overall credit expansion. The debt of nonfinancial sectors, which so far this year has been near the midpoint of its reaffirmed monitoring range of 7 to 11 percent, is anticipated to post similar growth through the year-end.

For 1989, the FOMC has underscored its intention to encourage progress toward price stability over time by lowering its tentative ranges for money and debt. We have preliminarily reduced the growth range for M2 by 1 full percentage point, to 3 to 7 percent; last February, the FOMC also had reduced the midpoint of the 1988 range for M2 by 1 percentage point from that for 1987. We have adjusted the tentative 1989 range for M3 downward by ½ percentage point, to 3½ to 7½ percent. This configuration is consistent with the observed tendency for M3 velocity over time to fall relative to the velocity of M2; over the last decade, the Federal Reserve's ranges frequently allowed for faster growth of M3 than of M2. The monitoring range for domestic nonfi-

nancial debt for 1989 also has been lowered ½ percentage point to a tentative 6½ to 10½ percent.

The specific ranges chosen for 1989 are, as usual, provisional, and the FOMC will review them carefully next February, in light of intervening developments. Anticipating today how the outlook for the economy in 1989 will appear next February is difficult, and a major reassessment of that outlook would have implications for appropriate money growth ranges for that year. Unexpectedly strong or weak economic expansion or inflation pressures over the next six months also could have implications for the behavior of interest rates and their prospects for 1989. The sensitivity of the monetary aggregates to movements in market interest rates means that the appropriate growth next year in M2, M3, and debt could seem different next February from now, necessitating a revision in the annual growth ranges. As the aggregates have become more responsive to interest rate changes in the 1980s, judgments about possible ranges for the next year necessarily have become even more tentative and subject to revision.

THE PERSISTENT U.S. EXTERNAL AND FISCAL IMBALANCES

Despite the changes in the economic setting over the last six months, other features of the macroeconomic landscape remain much the same. Most notable are the continuing massive deficits in our external payments and internal fiscal accounts. As a nation, we still are living well beyond our means; we consume much more of the world's goods and services each year than we produce. Our current account deficit indicates how much more deeply in debt to the rest of the world we are sliding each year.

The consequence of this external imbalance will be a steady expansion in our external debt burden in the years ahead. No household or business can expect to have an inexhaustible credit line with borrowing terms that stay the same as its debt mounts relative to its wealth and income. Nor can we as a nation expect our foreign indebtedness to grow indefinitely relative to our servicing capacity without additional in-

ducements to foreigners to acquire dollar assets—either higher real interest returns, or a cheaper real foreign exchange value for dollar assets, or both. To be sure, such changes in market incentives would have self-correcting effects over time in reducing the imbalance between our domestic spending and income. Higher real interest rates would curtail domestic investment and other spending. A lower real value of the dollar would make U.S. goods and services relatively less expensive to both U.S. and foreign residents, damping our spending on imports out of U.S. income and boosting our exports.

But simply sitting back and allowing such a self-correction to take place is not a workable policy alternative. Trying to follow such a course could have severe drawbacks now that our economy is operating close to effective capacity and potential inflationary pressures are on the horizon. The time is hardly propitious to discourage investment in needed plant and equipment, to add further impulses for import price hikes on top of the upward tendencies already in the making, or to push our export industries as well as import-competing industries to their capacity limits.

Fortunately, we have a better choice for righting the imbalance between domestic spending and income—one over which we have direct control. That is to resume reducing substantially the still massive federal budget deficit, which remains the most important source of dissaving in our economy. The fall in the dollar that we have already experienced over the past few years, even allowing for the dollar's appreciation from the lows reached at the end of last year, has set in motion forces that should continue to narrow our trade and current account deficits in the years ahead. The associated loss of foreign-funded domestic investment is likely to adversely affect overall investment unless it can be replaced by greater domestic investment financed by domestic saving. A sharp contraction in the federal deficit appears to be the only assured source of augmented domestic net saving. Such a fiscal cutback should help counter future tendencies for further increases in U.S. interest rates and declines in the dollar, partly by instilling confidence on the part of international investors

in the resolve of the United States to address its economic problems.

Fiscal restraint in the years ahead would assist in making room for the needed diversion of more of our productive resources to meeting demands from abroad. Domestic demands will have to continue growing more slowly than our productive capacity, as seems to have been the case so far this year, if net exports are to expand further without resulting in an inflationary overheating of the economy. Absent this fiscal restraint, higher interest rates would become the only channel for damping domestic demands if they were becoming excessive. If a renewed decline in the dollar were adding further inflationary stimulus at the same time, upward pressures on interest rates would be even more likely. The restrictive impact would be felt most by the interest-sensitive sectors—homebuilding, business fixed investment, and consumer durables.

In terms of federal deficit reduction, the schedule under the Gramm–Rudman–Hollings law is a good baseline for a multiyear strategy, and I trust the Congress will stick with it. But we should go further. Ideally, we should be aiming ultimately at a federal budget surplus, so that government saving could supplement private domestic saving in financing additional domestic investment. Historically, the United States has not been a low-saving, low-investing economy. From the post-Civil War period through the 1920s, the United States consistently saved more as a fraction of GNP than did Japan and Germany, and we saved much more as a share of GNP than we have since the end of World War II. A turnaround in our current domestic saving performance is essential to a smooth reduction in our dependence on foreign saving, and the federal government should take the lead.

It is also apparent that redressing our external imbalances must encompass cooperative policies with our trading partners. These partners include both the established industrial powers, the newly industrialized economies, and the developing countries, whose debt problems must be worked through as part of the international adjustment process.

This is the strategy that U.S. fiscal policy as well as economic policies abroad should follow in most effectively promoting our shared economic

objectives. The strategic role of U.S. monetary policy is implied by a clear statement of what those ultimate objectives are. We should not be satisfied unless the U.S. economy is operating at high employment with a sustainable external position and above all stable prices.

High employment is consistent with steadily rising nominal wages and real wages growing in line with productivity gains. Some frictional unemployment will exist in a dynamic labor market, reflecting the process of matching available workers with available jobs. But every effort should be made to minimize both impediments that contribute to structural unemployment and deviations of real economic growth from the economy's potential that cause cyclical unemployment.

By a sustainable external position, I am referring to a situation in which our foreign indebtedness is not persistently growing faster than our capacity to service it out of national income. Our international payments need not be in exact balance from one year to the next, and the exchange value of the dollar need not be perfectly stable, but wide swings in the dollar, and boom and bust cycles in our export and import-competing industries, should be avoided.

By price stability, I mean a situation in which households and businesses in making their saving and investment decisions can safely ignore the possibility of sustained, generalized price increases or decreases. Prices of individual goods and services, of course, would still vary to equilibrate the various markets in our complex national and world economy, and particular price indexes could still show transitory movements. A small persistent rise in some of the indexes would be tolerable, given the inadequate adjustment for trends in quality improvement and the tendency for spending to shift toward goods that have become relatively cheap. But essentially the average of all prices would exhibit no trend over time. Price movements in these circumstances would reflect relative scarcities of goods, and private decisionmakers could focus their concerns on adjusting production and consumption patterns appropriately to changing individual prices, without being misled by generalized inflationary or deflationary price movements.

The strategy for monetary policy needs to be centered on making further progress toward and ultimately reaching stable prices. Price stability is a prerequisite for achieving the maximum economic expansion consistent with a sustainable external balance at high employment. Price stability reduces uncertainty and risk in a critical area of economic decisionmaking by households and businesses. In the process of fostering price stability, monetary policy also would have to bear much of the burden for countering any pronounced cyclical instability in the economy, especially if fiscal policy is following a program for multiyear reductions in the federal budget deficit. While recognizing the self-correcting nature of some macroeconomic disturbances, monetary policy does have a role to play over time in guiding aggregate demand into line with the economy's potential to produce. This may involve providing a counterweight to major, sustained cyclical tendencies in private spending, though we can not be overconfident in our ability to identify such tendencies and to determine exactly the appropriate policy response. In this regard, it seems worthwhile for me to offer some thoughts on the approach the Federal Reserve should take in implementing this longer-term strategy for monetary policy.

THE APPROPRIATE TACTICS FOR MONETARY POLICY

For better or worse, our economy is enormously complex, the relationships among macroeconomic variables are imperfectly understood, and as a consequence economic forecasting is an uncertain endeavor. Nonetheless, the forecasting exercise can aid policymaking by helping to refine the boundaries of the likely economic consequences of our policy stance. But forecasts will often go astray to a greater or lesser degree, and monetary policy has to remain flexible to respond to unexpected developments.

A perfectly flexible monetary policy, however, without any guideposts to steer by, can risk losing sight of the ultimate goal of price stability. In this connection, the requirement under the Humphrey-Hawkins Act for the Federal Reserve to announce its objectives and plans for growth of money and credit aggregates is a very useful

device for calibrating prospective monetary policy. The announcement of ranges for the monetary aggregates represents a way for the Federal Reserve to communicate its policy intentions to the Congress and the public. And the undisputed long-run relation between money growth and inflation means that trend growth rates in the monetary aggregates provide useful checks on the thrust of monetary policy over time. It is clear to all observers that the monetary ranges will have to be brought down further in the future if price stability is to be achieved and then maintained.

But, in a shorter-run countercyclical context, monetary aggregates have drawbacks as rigid guides to monetary policy implementation. As I discussed in some detail in my February testimony, financial innovation and deregulation in the 1980s have altered the structure of deposits, lessened the predictability of the demands for the aggregates, and made the velocities of M1 and probably M2 over periods of a year or so more sensitive to movements in market interest rates. Movements in short-term market rates relative to sluggishly adjusting deposit rates can result in large percentage changes in the opportunity costs of holding liquid monetary assets. Depositor responses can induce divergent growth between money and nominal GNP for a time. I might add that it was partly these considerations that led the FOMC to retain the wider 4 percentage point ranges for money and credit growth for this year and next.

Nonetheless, the demonstrated long-run connection of money and prices overshadows the problems of interpreting shorter-run swings in money growth. I certainly do not want to leave the impression that the aggregates have little utility in implementing monetary policy. They have an important role, and it is quite possible that their importance will grow in the years ahead. Currently, the FOMC keeps M2 and M3 under careful scrutiny and judges their actual movements relative to assessments of their appropriate growth at any particular time. In this context, these aggregates are among the indicators that influence adjustments to the stance of policy, both at regular FOMC meetings and between meetings, as the FOMC's directive to the Federal Reserve Bank of New York's Trad-

ing Desk indicates. The FOMC also regularly monitors a variety of other monetary aggregates. At times in recent years, we have intensively examined the properties of several alternative measures and reported the results to the Congress. These measures have included M1, M1-A (M1 less NOW accounts), monetary indexes, and most recently the monetary base.

An analysis of the monetary base appears as an appendix to the Board's Humphrey-Hawkins report.¹ This aggregate, essentially the sum of currency and reserves, did not escape the sharp velocity declines of other money measures earlier in the 1980s. Its velocity behavior stemmed from relatively strong growth in transaction deposits compared with that of GNP, which was mirrored in the reserve component of the base. In this sense, some of the problems plaguing M1 also have shown through to the base, though in somewhat muted form. Moreover, the three-fourths share of currency in the base raises some question about the reliability of its link to spending. The high level of currency holdings—\$825 per man, woman, and child living in the United States—suggests that vast, indeterminate amounts of U.S. currency circulate or are hoarded beyond our borders. Indeed, over the last year and a half, currency has grown noticeably faster than would have been expected from its historical relationships with U.S. spending and interest rates.

Although the monetary base has exhibited some useful properties over the past three decades as a whole, the FOMC's view is that the behavior of the monetary base has not consistently added to the information provided by the broader aggregates, M2 and M3. The Committee accordingly has decided not to establish a range for this aggregate, although it has requested the staff to intensify research into the ability of

various monetary measures to indicate long-run price trends.

Because the Federal Reserve cannot reliably take its cue for shorter-run operations solely from the signals being given by any or all of the monetary aggregates, we have little alternative but to interpret the behavior of a variety of economic and financial indicators. They can suggest the likely future course of the economy given the current stance of monetary policy.

Judgments about the balance of various risks to the economic outlook need to adapt over time to the shifting weight of incoming evidence; this point is well exemplified so far this year, as noted earlier. The Federal Reserve must be willing to adjust its instruments fairly flexibly as these judgments evolve; we must not hesitate to reverse course occasionally if warranted by new developments. To be sure, we should not overreact to every bit of new information, because the frequent observations for a variety of economic statistics are subject to considerable transitory "noise." But we need to be willing to respond to indications of changes in underlying economic trends, without losing sight of the ultimate policy objectives.

To the extent that the underlying economic trends are judged to be deviating from a path consistent with reaching the ultimate objectives, the Federal Reserve would need to make "mid-course" policy corrections. Such deviations from the appropriate direction for the economy will be inevitable, given the delayed and imperfectly predictable nature of the effects of previous policy actions. Numerous unforeseen forces not related to monetary policy will continue to buffet the economy. The limits of monetary policy in short-run stabilization need to be borne in mind. The business cycle cannot be repealed, but I believe it can be significantly damped by appropriate policy action. Price stability cannot be dictated by fiat, but governmental decisionmakers can establish the conditions needed to approach this goal over the next several years. □

1. See "Monetary Policy Report to the Congress," FEDERAL RESERVE BULLETIN, vol. 73 (August 1988), pp. 517-33.

Chairman Greenspan presented identical testimony before the Domestic Monetary Policy Subcommittee of the House Committee on Banking, Finance and Urban Affairs, July 28, 1988.

Announcements

JOHN P. LAWARE: APPOINTMENT AS A MEMBER OF THE BOARD OF GOVERNORS

On May 23, 1988, President Reagan announced his intention to nominate John P. LaWare as a member of the Board of Governors. Mr. LaWare was subsequently confirmed by the Senate on August 4 and took the oath of office, administered by Chairman Greenspan, on August 15. The text of the White House announcement of May 23 follows:

The President today announced his intention to nominate John P. LaWare, of Massachusetts, District 1, to be a Member of the Board of Governors of the Federal Reserve System for a term of 14 years from February 1, 1988. He would succeed Henry C. Wallach.

Since 1978, Mr. LaWare has been Chairman and Director of Shawmut National Corporation and Shawmut Bank in Boston, Massachusetts; he was named Chairman and Chief Executive Officer of both the corporation and the bank in 1980. Mr. LaWare joined Chemical Bank & Trust Company in 1953, serving in various capacities: Senior Vice President, Vice President, and Assistant Secretary.

Mr. LaWare graduated from Harvard University (B.A., 1950) and the University of Pennsylvania (M.A., 1951). He was born February 20, 1928, in Columbus, Wisconsin. He served in the United States Air Force, 1951-53, and the New York Air National Guard, 1954-59. He is married, has two children, and resides in Brookline, Massachusetts.

PUBLICATION OF NEW HANDBOOK FOR THE REGULATORY SERVICE

The Federal Reserve Board announced on July 6, 1988, that it will begin publication in September of a new handbook to its Regulatory Service that will incorporate regulations, interpretations, policy statements, and commentary on the payments system and the Expedited Funds Availability Act in a single looseleaf publication.

The Federal Reserve Regulatory Service currently consists of four books—a complete service

covering all Board regulations and related materials, and three separate handbooks on securities credit (Regulations G, T, U, and X), consumer regulations (B, C, E, M, Z, AA, and BB), and regulations relating to monetary policy (A, D, and Q).

The new handbook will contain all Board regulations governing the payments system, including Regulation J (Collection of Checks and Other Items and Wire Transfers of Funds), and Regulation CC (Expedited Funds Availability), and the Board's policy statements on payments-system risk.

Regulation CC was adopted by the Board on May 11, 1988, and became effective on September 1, 1988.

Subscribers to the full Regulatory Service will automatically receive these materials as part of their subscriptions.

The new handbook, which will be updated on a monthly basis and will be cross-indexed, is designed to help those who must refer frequently to the Board's regulatory material in the payments area. Cost of the new handbook will be \$75 annually. Inquiries should be addressed to Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

TWO STUDIES ON CONTROLLING RISK IN THE PAYMENTS SYSTEM NOW AVAILABLE

The Board of Governors has issued two separate but parallel studies regarding risk in the payments system and the advantages and drawbacks of various policies for controlling this risk. The purpose of the two studies was to reexamine the direction of the Board's policy on reducing risk in the payments system with the aim of refining the understanding of basic objectives and of alternative policies. A Task Force on Controlling Payments-System Risk, comprising members of the staffs of the Board and of the Federal Reserve Banks, prepared one report, entitled *Controlling*

Risk in the Payments System. The Board's Large-Dollar Payments System Advisory Group, composed of senior officers of several private depository institutions, prepared the second report, entitled *A Strategic Plan for Managing Risk in the Payments System.*

The Board's Payments System Policy Committee commissioned the two studies in August 1987 as part of its review and revision of its initial policy. The report by the Advisory Group was prepared from the perspective of the private sector and makes specific recommendations. The report by the Board's Task Force analyzes the advantages and disadvantages of various policy options.

UPDATE TO STAFF GUIDELINES UNDER REGULATION AA

The Federal Reserve Board published on July 29, 1988, the second update to its staff guidelines on the Credit Practices Rule under Regulation AA. The updated guidelines became effective August 1, 1988.

The Board's Credit Practices Rule, applicable to all banks and their subsidiaries, addresses unfair or deceptive acts or practices in the extending of consumer credit. The rule does not apply to loans for the purchase of real property. Banks are prohibited from using certain remedies to enforce consumer credit obligations and from using a late charge practice commonly referred to as "pyramiding." The rule also provides protections for cosigners of consumer credit obligations.

REVISED LIST OF OTC STOCKS SUBJECT TO MARGIN REGULATIONS NOW AVAILABLE

The Federal Reserve Board published on July 22, 1988, a revised list of over-the-counter (OTC) stocks that are subject to its margin regulations, effective August 8, 1988.

This revised List of Marginable OTC Stocks supersedes the list that was effective on May 9, 1988. The changes that have been made in the list, which now includes 3,147 OTC stocks, are as follows: 77 stocks have been included for the first time, 63 under National Market System (NMS) designation; 68 stocks previously on the

list have been removed for substantially failing to meet the requirements for continued listing; 77 stocks have been removed for reasons such as listing on a national securities exchange or involvement in an acquisition.

The list includes all over-the-counter securities designated by the Board pursuant to its established criteria as well as all stocks designated as NMS securities for which transaction reports are required to be made pursuant to an effective transaction reporting plan. Additional OTC securities may be designated as NMS securities in the interim between the Board's quarterly publications and will be immediately marginable. The next publication of the Board's list is scheduled for November 1988.

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

EXTENSION OF COMMENT PERIOD ON SAME-DAY PAYMENT OF CHECKS

The Federal Reserve Board has extended the period for comment on its proposed concept of same-day payment for checks presented to paying banks by private-sector collecting banks. In response to requests for additional time to prepare comments, the Board is extending the comment period through December 1, 1988. The proposed concept was published on April 5, 1988, with the comment period ending August 3, 1988.

INFORMAL HEARING HELD

The Federal Reserve Board held an informal hearing on July 29, 1988, on a proposed rule to implement the limitations placed on grandfathered nonbank banks by the Competitive Equality Banking Act of 1987.

CHANGE IN BOARD STAFF

Anthony Cornyn, Assistant Director, Division of Banking Supervision and Regulation, resigned effective August 5, 1988.

Legal Developments

REVISION OF STAFF GUIDELINES ON THE CREDIT PRACTICES RULE

The Board of Governors is revising 12 C.F.R. Part 227, its Staff Guidelines on the Credit Practices Rule, Subpart B of Regulation AA (Unfair or Deceptive Acts or Practices). The rule prohibits banks and their subsidiaries from using certain creditor remedies in connection with a consumer credit obligation, from using a late-charge practice commonly referred to as pyramiding, and from obligating a cosigner prior to giving a required notice explaining the cosigner's obligations. The update addresses questions on the use of multi-purpose credit documents, the acquisition of a security interest in household goods from a purchase-money lender, and exemptions from the rule.

Effective August 1, 1988, 12 C.F.R. Part 227 is revised as follows:

Section 227.13—Unfair Credit Contract Provisions

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13(a) Confessions of Judgment

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Q13(a)-2: *Language limiting confession of judgment provision.* If a bank uses multi-purpose credit contracts, may the bank include a confession of judgment clause with qualifying language indicating that the clause is not applicable in a consumer purpose loan—such as, "You confess judgment to the extent the law allows," or "This clause applies only in business purpose loans"?

A: No. Given the public policy purpose of the rule, a bank may not have a confession of judgment clause in a consumer credit contract, even with limiting language. Therefore, when a multi-purpose form is used for a consumer purpose loan, the bank must cross out, blacken in, or otherwise indicate clearly the removal of the prohibited clause from the loan document.

* * * * *

13(d) Security Interest in Household Goods

* * * * *

Q13(d)-3a: *Refinancing (new creditor)-original loan purchase money.* On the same facts as those detailed in Q13(d)-3, assume that the consumer refinances the loan with a different bank. May that bank acquire the security interest of the purchase-money lender in household goods without violating the rule?

A: Yes, the bank may acquire the security interest of the purchase-money lender without violating the rule.

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Section 227.16—State Exemptions

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Q16(b)-3. *Exemptions granted.* What states have been granted an exemption from the Board's rule?

A: The state of Wisconsin was granted an exemption from all provisions of the Board's rule effective November 20, 1986, for transactions of \$25,000 or less. The state of New York was granted an exemption from the cosigner provisions of the Board's rule effective January 21, 1987, for transactions of \$25,000 or less. In both Wisconsin and New York, transactions over \$25,000 are subject to the Board's rule but compliance with state law is deemed compliance with the federal law. The state of California was granted an exemption from the cosigner provisions of the Board's rule effective August 1, 1988. These exemptions do not apply to federally-chartered institutions.

ORDER GRANTING AN EXEMPTION TO THE STATE OF CALIFORNIA FROM THE CREDIT PRACTICES RULE

The Board of Governors is amending 12 C.F.R. Part 227, its Regulation AA, to determine that the exemption from the cosigner provision of the Board's Credit Practices Rule, Subpart B, requested by the state of California will be granted with respect to state-chartered institutions.

Effective August 1, 1988, the Board amends 12 C.F.R. Part 227 as follows:

ORDER

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

Effective August 1, 1988, consumer credit transactions that are subject to the California Civil Code and California Business and Professions Code are exempt from the cosigner provision of the Board's Credit Practices Rule, 12 C.F.R. § 227.14. This exemption does not apply to transactions in which a federally chartered institution is a creditor.

ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT**Orders Issued Under Section 3 of the Bank Holding Company Act**

NCNB Corporation
Charlotte, North Carolina

Order Approving Acquisition of a Bank

NCNB Corporation, Charlotte, North Carolina, a bank holding company within the meaning of the Bank Holding Company Act (the "BHC Act") (12 U.S.C. § 1841 *et seq.*), has applied for the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire control of JRB Bank, National Association, a bridge bank ("Bank") created by the Federal Deposit Insurance Corporation ("FDIC") to acquire the assets and assume the deposits and liabilities of First Republic Bank Dallas, N.A., and other bank subsidiaries of First Republic Bank Corporation, Dallas, Texas. Applicant proposes to immediately enter into a management agreement with the FDIC that provides that Applicant will operate Bank under the name NCNB Texas National Bank with full discretion over, and responsibility for, the daily operations of Bank. Applicant also proposes to acquire all of the voting shares of Bank. In addition, Applicant proposes to acquire indirectly First Republic Bank International, New York, New York, a company organized and held pursuant to the Edge Act (12 U.S.C. § 611 *et seq.*).

On July 29, 1988, First Republic Bank Dallas, N.A., and other bank subsidiaries of First Republic Bank Corporation were declared insolvent and the FDIC

was appointed receiver. Pursuant to section 11(i) of the Federal Deposit Insurance Act ("FDI Act") as amended by the Competitive Equality Banking Act of 1987 (12 U.S.C. § 1821(i)), the FDIC established Bank to acquire the assets and to assume the liabilities and deposits of the closed banks. The FDIC solicited offers for the acquisition of Bank from qualified bidders pursuant to section 13(f) of the FDI Act (12 U.S.C. § 1823(f)). On July 29, 1988, the FDIC selected Applicant's bid for Bank. On the same day, the FDIC advised that Applicant had been selected as the winning bidder, and recommended immediate action on this application in order to permit Bank to open and operate without the need for liquidation. The OCC has also recommended approval of the transaction.

In view of this situation and the need for immediate action to prevent the failure of the institution and to protect the interest of Bank's depositors, it has been determined, pursuant to section 3(b) of the BHC Act (12 U.S.C. § 1842(b)), section 225.14 (h) of Regulation Y (12 C.F.R. § 225.14(h)), and section 262.3(1) of the Board's Rules of Procedure (12 C.F.R. § 262.3(1)), to dispense with the notice provisions of the BHC Act.

Under section 3(d) of the BHC Act (12 U.S.C. § 1842(d)), the Douglas Amendment, a bank holding company generally may not be allowed to acquire control of any bank located outside of the holding company's principal state of operations.¹ NCNB Corporation, with approximately \$29 billion in total assets as of March 31, 1988, is a bank holding company that principally operates in North Carolina for purposes of the Douglas Amendment. As noted above, Bank is located in Texas.

Section 11(i)(9) of the FDI Act (12 U.S.C. § 1821(i)(9)) specifically provides that a bank holding company may acquire a bridge bank located in another state, without regard to the limitations on interstate bank acquisitions contained in the Douglas Amendment or in any relevant state law, where the bridge bank has total assets of at least \$500,000,000. *See also* 12 U.S.C. § 1823(f)(4)(A). Bank, with total assets of approximately \$25 billion, was established by the FDIC pursuant to section 11(i) of the FDI Act and will be acquired by Applicant in an assisted transaction. Accordingly, the provisions of section 3(d) of the BHC Act and of any relevant state law do not bar approval of the proposed transaction.

In evaluating an application under section 3 of the BHC Act, the Board is required to consider the

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

financial and managerial resources and future prospects of the companies involved, the effect of the proposal on competition, and the convenience and needs of the communities to be served. Under the proposal, Applicant would immediately provide Bank with new management officials, with proven management capability, and would reopen and operate Bank, which would continue to provide a full range of services to customers of Bank. The agreement in principle between Applicant and the FDIC will also recapitalize Bank. With respect to the financial factors, note has been taken of Applicant's existing financial strength on a consolidated basis and Applicant's plans to supplement its own capital resources to support the new investment.

Based on these and all of the other facts of record, including the bid proposal made by Applicant and accepted by the FDIC, the financial and managerial resources and future prospects of Applicant, its subsidiaries and Bank are consistent with approval of this application. The benefits to the convenience and needs of the communities in Texas of maintaining Bank as a viable competitor in Texas weigh in favor of approval of this application.

Applicant owns over 25 percent of the voting shares of Charter Bancshares, Houston, Texas, whose banks operate in the Houston banking market. The affiliation of Charter Bancshares and Bank will not result in a significant increase in market concentration or have any other significant adverse effects on competition in the Houston banking market. In addition, while Applicant maintains several offices engaged in various nonbanking activities in Texas, there is no significant competition in these areas between Applicant and Bank. Accordingly, consummation of the proposal would not increase the concentration of banking resources or have any significant adverse effects on competition in Texas or any other relevant market.

Based on the foregoing and all of the facts of record, the General Counsel and the Staff Director of the Division of Banking Supervision and Regulation have determined, acting pursuant to authority specifically delegated by the Board in this case, that the application under section 3 of the Act should be, and hereby is, approved. This action is limited to approval of the transaction according to the terms and conditions of Applicant's bid as presented to the Board, and any significant change in those terms or conditions may require further review by the Board. Moreover, as a condition of this Order, further investments in the equity of Bank by Applicant as permitted under the agreement in principal between Applicant and the FDIC will require the prior approval of the Board.

The acquisition of Bank by Applicant would also result in the continuation of the international services

currently provided by the Edge Corporation of Bank. In light of the facts in this case, approval of this acquisition would be in the public interest and consistent with the purposes of the Edge Act.

The FDIC has informed the Board that immediate action on Applicant's proposal is necessary in order to permit Bank to open and operate as a viable competitor that will continue to serve its communities. In light of these and all the facts of record in this case, the General Counsel and the Staff Director of the Division of Banking Supervision and Regulation, acting pursuant to authority delegated by the Board, have determined, in accordance with section 11(b) of the BHC Act, that Applicant may immediately acquire control of Bank through the management agreement with the FDIC, and that Applicant may consummate its proposed investment in Bank on or after the fifth calendar day following the effective date of this Order. The transaction 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 the Federal Reserve Bank of Richmond under delegated authority.

By order, approved pursuant to authority delegated by the Board, effective July 29, 1988.

MICHAEL BRADFIELD
General Counsel

WILLIAM TAYLOR
Staff Director
Division of Banking Supervision
and Regulation

Somerset Bankshares, Inc.
Somerville, Massachusetts

Order Approving Formation of a Bank Holding Company

Somerset Bankshares, Inc., Somerville, Massachusetts ("Somerset"), has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1842(a)(1)) ("BHC Act"), to become a bank holding company by acquiring all of the outstanding voting shares of Somerset Savings Bank, Somerville, Massachusetts ("Bank"), an FDIC-insured savings bank.¹

Notice of the application, affording an opportunity for interested persons to submit comments, has been

1. As an FDIC-insured institution, Bank would qualify as a "bank" under section 2(c) of the BHC Act, as amended by section 10(a) of the Competitive Equality Banking Act of 1987, Pub. L. No. 100-86, 100 Stat. 552, 554 (1987) (to be codified at 12 U.S.C. § 1841(c)).

given in accordance with section 3(b) of the BHC Act, (52 *Federal Register* 21,739 (June 9, 1987)). 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)).

Somerset is a non-operating corporation formed for the purpose of acquiring Bank. Principals of Somerset are also principals of Bank. Bank is the 14th largest commercial banking organization in Massachusetts, with total deposits of \$378.1 million, representing less than one percent of total deposits in commercial banks in the state.² This proposal represents a restructuring of existing ownership interests. Consummation of this proposal would not result in any significant adverse effect on the concentration of banking resources in Massachusetts.

Bank competes in the Boston banking market,³ where it is the 11th largest commercial banking organization, controlling less than one percent of total deposits in commercial banks in the market. Principals of Somerset and Bank are not associated with any other financial institution located in the market. Consummation of this transaction would not result in any significant adverse competitive effects in any relevant geographic area.

The financial and managerial resources and future prospects of Somerset and Bank are considered satisfactory and consistent with approval.

In considering the convenience and needs of the community to be served, the Board has taken into account the record of Bank under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA") and various consumer compliance statutes. The CRA requires the federal bank supervisory agencies to encourage financial institutions to help meet the credit needs of the local communities in which they are chartered consistent with the safe and sound operation of such institutions. To accomplish this end, the CRA requires the appropriate federal supervisory authority to "assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the institution." The Board is required to "take such record into account in its evaluation" of applications under section 3 of the BHC Act.

Somerset filed its application to acquire Bank approximately one year ago. Because of concern regarding Bank's CRA record, the Board requested that the Commonwealth of Massachusetts examine Bank to determine the bank's compliance with the CRA and other consumer laws. The Commonwealth's examination uncovered numerous violations and deficiencies in these areas, and based on these deficiencies, the Commonwealth determined that Bank's overall record was less than satisfactory. The examination found violations of certain state consumer laws and provisions of the Board's Regulation B. The examination also indicated that Bank had not instituted procedures to determine adequately the credit needs of its community. For example, Bank was unable to document its officer call program to potential customers, and the officers' participation in various civic organizations was not part of an organized effort to help the community or solicit information on its credit needs. Although Bank advertised its deposit services, Bank failed to advertise its credit products to the public. The examination also indicated that Bank was not an active participant in community development programs or government supported housing and small business programs in recent years, and many of the activities that Bank used as evidence to support its development record were out-dated or were specific programs required by state law. Finally, the Bank's lending record indicated that a substantial portion of Bank's loans were made to borrowers outside Bank's designated community, despite evidence of loan demand within the community.

In response to the examination findings, Somerset made a number of commitments to the Board and the Commonwealth to improve Bank's consumer compliance and CRA record.⁴ Bank has committed to the Board (1) to strengthen its community outreach activities by meeting regularly with local community representatives, (2) to review its participation in governmental credit programs and to inform the public of the availability of funds under such programs, and (3) to develop further its plans for making its entire community more fully aware of its credit services through advertising and a call program. Bank has provided reports to the Federal Reserve Bank of Boston and the Commonwealth over the past six months detailing its

2. All banking data are as of December 31, 1987.

3. The Boston banking market is approximated by the Boston RMA minus the New Hampshire towns of Brentwood, Chester, and Derry and the Massachusetts towns of Ayer, Berlin, Groton, Harvard, Pepperell, and Shirley. The Boston market also includes those portions of Bellingham, Carver, Lakeville, Middleboro, and Plymouth not included in the Boston RMA.

4. Bank committed to the Commonwealth to take all necessary steps to alleviate the deficiencies revealed in the examination report. Bank also made a number of specific commitments, including commitments to better market its credit services, to offer mortgages on less restrictive terms and to become involved with certain government lending programs and community development projects. Bank has corrected its technical CRA violations and has made substantial efforts to fulfill these commitments.

efforts to implement the commitments that it made to each regulator.

In December 1987, Bank's board of directors adopted a new CRA statement. As part of Bank's commitment to ascertain the credit needs of its community, Bank has assigned a vice president as the Bank's compliance officer to oversee its CRA activities. This officer will report to Bank's board of directors on a quarterly basis, and the Bank's board will record its actions regarding Bank's CRA efforts. As part of Bank's new program, Bank's employees are required to increase their calls to potential small business borrowers, and Bank is in the process of creating a detailed centralized reporting system for judging the success of its call program.

In addition, Bank will initiate meetings with local groups involved with housing and other credit-related areas. In order to inform the local community of its credit services, Bank has begun to advertise its credit products in local papers and now has its mortgage program included as part of the mortgage rate report in the local newspapers. Bank has taken steps to increase its participation in community development projects and recently obtained approval to participate in the FHA loan program. Finally, Bank has made certain financial commitments to a number of state and local housing authorities and community assistance programs. After a review of the actions and ongoing plans Somerset has taken to improve its CRA record, the Commonwealth of Massachusetts approved Somerset's application to acquire Bank.

The Board has stated that an applicant's commitments to correct its deficiencies in its CRA program are an important aspect of the Board's role in encouraging performance under CRA. This is especially important where, as here, Bank has taken substantial actions to correct its deficiencies.⁵ Accordingly, in light of Bank's actions over the past six months to correct the deficiencies in its CRA performance, its commitments to continue to strengthen its CRA performance, and the favorable recommendation by the Commonwealth of Massachusetts, the Board concludes that the factors relating to the convenience and needs of the communities to be served are consistent with approval.⁶

5. See *Advance Bancorp, Inc.*, 72 FEDERAL RESERVE BULLETIN 834 (1986); Board Statement of January 3, 1980, Federal Reserve Regulatory Service, ¶ 6-1312.

6. The Board also has received a protest concerning Bank's CRA performance from the Somerville Corporation, Somerville, Massachusetts ("Protestant"), a local non-profit development corporation. Protestant alleged that Bank has not participated in any development projects for low- and moderate-income families in Somerville, even though many of Bank's depositors fall in that category. Somerset and Protestant reached an agreement that Somerset will increase its lending over the next four years to non-profit developers of affordable

As a condition of approval of this application, Somerset and Bank shall continue to submit quarterly reports to the Reserve Bank concerning the progress of Bank's CRA program. The Board will also carefully review all future applications to determine whether Somerset has made substantial measurable progress in fulfilling the commitments it has made to the Board to improve its service to the convenience and needs of its community.

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 by the Federal Reserve Bank of Boston, acting pursuant to delegated authority.

By order of the Board of Governors, effective July 25, 1988.

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

JAMES MCAFEE
Associate Secretary of the Board

Taiyo Kobe Bank, Ltd.
Kobe, Japan

Order Approving Formation of a Bank Holding Company

Taiyo Kobe Bank, Ltd., Kobe, Japan ("Applicant"), has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) ("BHC Act"), to become a bank holding company by acquiring all of the voting shares of Taiyo Kobe Bank & Trust Company ("Bank"), New York, New York, a *de novo* trust bank.

Notice of the application, affording an opportunity for interested persons to submit comments, has been given in accordance with section 3 of the BHC Act. (52 *Federal Register* 22,527 (1987)). 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)).

housing for low- and moderate-income residents in the local community or permanent financing for such residents. Based on this commitment, the protest was withdrawn.

Applicant, with total assets of approximately \$175 billion, is the 27th largest bank worldwide and the eighth largest city bank in Japan.¹ Applicant engages in a variety of banking activities on a world-wide basis. Applicant operates branches in New York, Chicago and Seattle, as well as an agency in Los Angeles, and has selected New York as its home state under the Board's Regulation K (12 C.F.R. § 211.22(b)).² Applicant is permitted under section 5 of the International Banking Act, 12 U.S.C. § 3103(b), to retain its branches outside of New York because the Seattle office was opened prior to July 27, 1978, the statutory grandfather date, and because the Chicago branch was established to receive only such deposits as would be permissible for a corporation organized under section 25(a) of the Federal Reserve Act, 12 U.S.C. § 3103(a)(1).

In addition to traditional lending and deposit-taking activities, Bank will offer wholesale trust services to customers in metropolitan New York³ and throughout the United States. Bank also will undertake debt participations in lease and municipal financing activities nationwide. Bank thereby will expand the scope of Applicant's banking operations beyond those retail services currently provided by Applicant's United States branches and agency. Based upon the facts of record, including the *de novo* status of Bank, the Board concludes that the proposed transaction would have no adverse effects on competition. Accordingly, competitive considerations are consistent with approval.

Section 3(c) of the BHC Act requires the Board in every case to consider the financial resources of an applicant organization and the bank or bank holding company to be acquired. In accordance with the principles of national treatment and competitive equity, the Board has previously stated that it expects foreign banks seeking to establish or acquire banking organizations in the United States to meet the same general standards of strength, experience and reputation as domestic banking organizations, and to be able to serve as a source of financial strength to their

United States banking operations.⁴ In considering applications of foreign banking organizations, the Board has noted that foreign banks operate outside the United States in accordance with different regulatory and supervisory requirements, accounting principles, asset quality standards, and banking practices and traditions, and that these differences make it difficult to compare the capital positions of domestic and foreign banks. The Board has addressed the complex issues involved in balancing these concerns in the context of individual applications on a case-by-case basis, making adjustments as appropriate to an applicant's capital to reflect differences in accounting treatment and regulatory practices.

The Board recently has announced a proposal to supplement its consideration of capital adequacy with a risk-based system that is simultaneously being proposed by the member countries of the Basle Committee on Banking Regulations and Supervisory Practices and the other domestic federal banking agencies.⁵ The Japanese Ministry of Finance in April of this year acted to implement for Japanese banking organizations the risk-based capital framework developed by the Basle Committee. The Board considers the Basle Committee proposal an important step toward a more consistent and equitable international norm for assessing capital adequacy. Until that framework becomes effective, however, the Board will continue to evaluate applications involving foreign banking organizations on a case-by-case basis consistent with its prior precedent.

In this case, the primary capital ratio of Applicant, as publicly reported, is well below the 5.5 percent minimum level specified in the Board's Capital Adequacy Guidelines.⁶ After making adjustments to reflect Japanese banking and accounting practices, however, including consideration of a portion of the unrealized appreciation in Applicant's portfolio of equity securities consistent with the principles in the Basle capital framework, Applicant's capital ratio meets United States standards.

The Board has also considered several additional factors that mitigate its concern in this case. The

1. Banking data are as of March 31, 1988, based on the dollar/yen exchange rate as of that date. Applicant's market rank is as of July 1987.

2. As of September 30, 1987, the New York branch reported total assets of \$4.7 billion; the Chicago branch reported total assets of \$300 million; the Seattle branch reported total assets of \$800 million; and the Los Angeles office reported total assets of \$1.2 billion.

3. The Metropolitan New York-New Jersey market is defined to include New York City and Long Island, New York; Putnam, Orange, Westchester, Rockland and Sullivan Counties in New York; Bergen, Essex, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, Union and Warren Counties in New Jersey; and portions of Fairfield County in Connecticut.

4. See *Sumitomo Trust & Banking Co., Ltd.* 73 FEDERAL RESERVE BULLETIN 749 (1987). *Accord, Long-Term Credit Bank of Japan*, Board Order dated June 6, 1988; *Ljubljanska Banka-Associated Bank*, 72 FEDERAL RESERVE BULLETIN 489 (1986); *The Mitsubishi Trust and Banking Corporation*, 72 FEDERAL RESERVE BULLETIN 256 (1986); *The Industrial Bank of Japan, Ltd.*, 72 FEDERAL RESERVE BULLETIN 71 (1986); *The Mitsubishi Bank, Limited*, 70 FEDERAL RESERVE BULLETIN 518 (1984). See also Policy Statement on Supervision and Regulation of Foreign-Based Bank Holding Companies, Federal Reserve Regulatory Service ¶ 4-835 (1979).

5. 53 *Federal Register* 8,549 (1988).

6. Capital Adequacy Guidelines, 50 *Federal Register* 16,057 (1985), 71 FEDERAL RESERVE BULLETIN 445 (1985).

Board has placed considerable emphasis on the fact that Applicant will establish Bank *de novo*, and that Bank will be strongly capitalized and small in relation to Applicant. The Board expects that Applicant will maintain Bank among the more strongly capitalized banking organizations of comparable size in the United States. The Board notes further that Applicant is in compliance with the capital and other financial requirements of Japanese banking organizations. In this regard, the Board has considered as favorable factors that, in anticipation of implementation of the Basle Committee risk-based capital framework, Applicant has, through the issuance of common stock and retention of earnings, increased its equity capital by approximately \$640 million in its latest fiscal year, and that Applicant's capital improvement program is consistent with meeting the standards in the Basle Committee capital framework for 1990 and 1992.

Based on these and other facts of record, including certain commitments made by Applicant, the Board concludes that financial and managerial factors are consistent with approval of this application to acquire Bank. Considerations relating to the convenience and needs of the communities to be served are also consistent with approval.

Accordingly, the Board has determined that this application under section 3 of the BHC Act should be, and hereby is, approved. The proposed acquisition of Bank shall not be consummated before the thirtieth calendar day following the effective date of this Order. The proposal shall not be consummated later than three months after the effective date of this Order, and Bank shall be opened for business not later than six months after the effective date of this Order. The latter two periods may be extended for good cause by the Board or by the Federal Reserve Bank of New York, pursuant to delegated authority.

By order of the Board of Governors, effective July 8, 1988.

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

JAMES MCAFEE
Associate Secretary of the Board

Dissenting Statement of Governor Seger

I dissent from the Board's action in this case. I believe that foreign banking organizations whose publicly reported capital, based on U.S. accounting principles, is well below the Board's capital guidelines for U.S. banking organizations have an unfair competitive advantage in the United States over domestic banking

organizations and should be judged against the same financial and managerial standards, including the Board's capital adequacy guidelines, as are applied to domestic banking organizations.

In addition, I am concerned that while this application would permit a large Japanese banking organization to acquire a bank in the U.S., U.S. banking organizations are not permitted to make comparable acquisitions in Japan. While some progress is being made in opening Japanese markets to U.S. banking organizations, U.S. banking organizations and other financial institutions, in my opinion, are still far from being afforded the full opportunity to compete in Japan.

July 8, 1988

Toyo Trust and Banking Co., Ltd.
Tokyo, Japan

Order Approving the Formation of a Bank Holding Company

Toyo Trust and Banking Co., Ltd., Tokyo, Japan ("Applicant"), has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (the "Act") (12 U.S.C. § 1842(a)(1)), to become a bank holding company by acquiring 100 percent of the voting shares of Toyo Trust Company of New York, New York, New York ("Bank"), a *de novo* 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 (12 U.S.C. § 1842(c)).

Applicant, with total consolidated assets equivalent to approximately \$84 billion,¹ ranks as the sixth largest of eight trust banks in Japan. Worldwide, Applicant ranks as the 33rd largest bank. Applicant operates 55 offices throughout Japan as well as five foreign branches and agencies and five representative offices. In addition, Applicant engages in financially related activities through three wholly owned subsidiaries outside Japan and owns 30 percent of a leasing company in the People's Republic of China.

In the United States, Applicant operates a branch in New York, New York, with total assets of \$3.2 billion,² and an agency in Los Angeles, California, with total assets of \$1.6 billion. Applicant has selected

1. Banking data are as of March 31, 1988, and reflect the yen/dollar exchange rate as of that date. Rankings are as of July 31, 1987.

2. Banking data for branch and agency are as of December 31, 1987.

New York as its home state under the Board's Regulation K (12 C.F.R. 211.22(b)). Bank will be located in Applicant's home state. Accordingly, the Board concludes that the acquisition of Bank by Applicant is consistent with Section 5 of the International Banking Act of 1978 (12 U.S.C. § 3103).

Bank, a *de novo* institution, is being organized as a state-chartered, nonmember bank. It will place primary emphasis on providing trust related services, and will also provide a full range of commercial banking services in the Metropolitan New York-New Jersey banking market.³ In view of the *de novo* status of Bank and based upon the facts of record, the Board concludes that the proposed transaction will have no significant adverse effects on existing or probable future competition, and will not significantly increase the concentration of resources in any relevant market. Thus, competitive considerations are consistent with approval of the application.

Section 3(c) of the Act requires the Board in every case to consider the financial resources of the applicant organization and the bank or bank holding company to be acquired. In accordance with the principles of national treatment and competitive equity, the Board has previously stated that it expects foreign banks seeking to establish or acquire banking organizations in the United States to meet the same general standards of strength, experience, and reputation as domestic banking organizations, and to be able to serve as a source of strength to their banking operations in the United States.⁴ In considering applications of foreign banking organizations, the Board has noted that foreign banks operate outside the United States in accordance with different regulatory and supervisory requirements, accounting principles, asset quality standards, and banking practices and traditions, and that these differences make it difficult to compare the capital positions of domestic and foreign banks. The Board has addressed the complex issues involved in

balancing these concerns in the context of individual applications on a case-by-case basis, making adjustments as appropriate to an applicant's capital to reflect differences in accounting treatment and regulatory practices.

The Board recently has announced a proposal to supplement its consideration of capital adequacy with a risk-based system that is simultaneously being proposed by the member countries of the Basle Committee on Banking Regulations and Supervisory Practices and the other domestic federal banking agencies.⁵ The Japanese Ministry of Finance in April of this year acted to implement for Japanese banking organizations the risk-based capital framework developed by the Basle Committee. The Board considers the Basle Committee proposal an important step toward a more consistent and equitable international norm for assessing capital adequacy. Until that framework becomes effective, however, the Board will continue to evaluate applications involving foreign banking organizations on a case-by-case basis consistent with its prior precedent.

In this case, the primary capital ratio of Applicant, as publicly reported, is well below the 5.5 percent minimum level specified in the Board's Capital Adequacy Guidelines.⁶ After making adjustments to reflect Japanese banking and accounting practices, however, including consideration of a portion of the unrealized appreciation in Applicant's portfolio of equity securities consistent with the principles in the Basle capital framework, Applicant's capital ratio meets United States standards.

The Board has also considered several additional factors that mitigate its concern in this case. The Board has placed considerable emphasis on the fact that Applicant will establish Bank *de novo*, and that Bank will be strongly capitalized and small in relation to Applicant. The Board expects that Applicant will maintain Bank among the more strongly capitalized banking organizations of comparable size in the United States. The Board notes further that Applicant is in compliance with the capital and other financial requirements of Japanese banking organizations. In this regard, the Board has considered as favorable factors that, in anticipation of implementation of the Basle Committee risk-based capital framework, Appli-

3. The Metropolitan New York-New Jersey market is defined to include New York City and Long Island, New York; Putnam, Sullivan, Westchester, Rockland, and Orange Counties in New York; Bergen, Essex, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, Union and Warren Counties in New Jersey; and portions of Fairfield County in Connecticut.

4. See *Ljubljanska Banka-Associated Bank*, 72 FEDERAL RESERVE BULLETIN 489 (1986); *The Mitsubishi Trust and Banking Corporation*, 72 FEDERAL RESERVE BULLETIN 256 (1986); *The Industrial Bank of Japan, Ltd.*, 72 FEDERAL RESERVE BULLETIN 71 (1986); *The Mitsubishi Bank, Limited*, 70 FEDERAL RESERVE BULLETIN 518 (1984). See also Policy Statement on Supervision and Regulation of Foreign-Based Holding Companies, Federal Reserve Regulatory Service ¶ 4-835 (1979).

5. 53 *Federal Register* 8,549 (1988).

6. Capital Adequacy Guidelines, 50 *Federal Register* 16,057 (1985), 71 FEDERAL RESERVE BULLETIN 445 (1985).

cant has, through the issuance of common stock and retention of earnings, increased its equity capital by approximately \$225 million in its latest fiscal year, and by another \$280 million in the first quarter of this fiscal year. The Board also notes that Applicant's capital improvement program is consistent with meeting the standards in the Basle Committee capital framework for 1990 and 1992.

Based on these and other facts of record, including certain commitments made by Applicant, the Board concludes that the financial and managerial factors are consistent with approval of this application. Considerations relating to the convenience and needs of the community to be served are also consistent with approval.

Based upon the foregoing and other facts of record, the Board has determined that consummation of the transaction would be in 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, and Bank shall be opened for business not later than six months after the effective date of this Order. The latter two periods may be extended for good cause by the Board or the Federal Reserve Bank of New York, pursuant to delegated authority.

By order of the Board of Governors, effective July 11, 1988.

Voting for this action: Chairman Greenspan and Governors Angell and Heller. Voting against this action: Governor Seger. Absent and not voting: Governors Johnson and Kelly.

JAMES MCAFEE
Associate Secretary of the Board

Dissenting Statement of Governor Seger

I dissent from the Board's action in this case. I believe that foreign banking organizations whose publicly reported capital, based on U.S. accounting principles, is well below the Board's capital guidelines for U.S. banking organizations have an unfair competitive advantage in the United States over domestic banking organizations and should be judged against the same financial and managerial standards, including the Board's capital adequacy guidelines, as are applied to domestic banking organizations.

In addition, I am concerned that while this application would permit a large Japanese banking organization to acquire a bank in the U.S., U.S. banking organizations are not permitted to acquire banks in Japan. While some progress is being made in opening Japanese markets to U.S. banking organizations, U.S. banking organizations and other financial institutions, in my opinion, are still far from being afforded the full opportunity to compete in Japan.

July 11, 1988

APPLICATIONS APPROVED UNDER BANK HOLDING COMPANY ACT

By Federal Reserve Banks

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

Section 3

Applicant	Bank(s)	Reserve Bank	Effective date
Baden Bancorp, Inc., Wilmington, Delaware	Bank of New Baden, New Baden, Illinois Lookingglass Banc Corp., Albers, Illinois	St. Louis	July 15, 1988
1889 Bankcorp, East Lansing, Michigan	Pioneer Bank, North Branch, Michigan	Chicago	June 21, 1988

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Bank South Corporation, Atlanta, Georgia	C&P Bank Corporation of Pensacola, Pensacola, Florida	Atlanta	July 20, 1988
Bank South Pensacola, Inc., Atlanta, Georgia	The Citizens and Peoples National Bank of Pensacola, Pensacola, Florida	Atlanta	July 20, 1988
B.M.J. Financial Corp., Bordentown, New Jersey	Southern Ocean State Bank, Little Egg Harbor Township, Tuckerton, New Jersey	Philadelphia	July 5, 1988
Britt Bancshares, Inc., St. Paul, Minnesota	First State Bank, Britt, Iowa	Chicago	June 30, 1988
Cardinal Bancshares, Inc., Lexington, Kentucky	Harco Bankshares, Inc., Harlan, Kentucky	Cleveland	June 28, 1988
CB&T Bancshares, Inc., Columbus, Georgia	Fort Rucker Bancshares, Inc., Chillicothe, Missouri	Atlanta	July 20, 1988
Colorado Western Bancorp, Inc., Montrose, Colorado	First National Bank of Montrose, Montrose, Colorado	Kansas City	June 29, 1988
Danville Bancshares, Inc., Danville, Iowa	Danville State Savings Bank, Danville, Iowa	Chicago	June 22, 1988
Family Bancorp, Haverhill, Massachusetts	The Family Mutual Savings Bank, Haverhill, Massachusetts	Boston	July 14, 1988
First Affiliated Bancorp, Inc., Watseka, Illinois	Watseka First National Bank, Watseka, Illinois	Chicago	June 22, 1988
First Colonial Bankshares Corporation, Chicago, Illinois	First Colonial Bank of Lake County, Vernon Hills, Illinois	Chicago	July 6, 1988
First Commercial Bancshares, Inc., Jasper, Alabama	Cahaba Bancorp, Trussville, Alabama	Atlanta	July 18, 1988
First Financial Corporation, Terre Haute, Indiana	First Citizens of Paris, Inc., Paris, Illinois	Chicago	July 7, 1988
The First Jermyn Corp., Jermyn, Pennsylvania	First Jessup Corp., Jessup, Pennsylvania	Philadelphia	June 23, 1988
First Litchfield Financial Corporation, Litchfield, Connecticut	The First National Bank of Litchfield, Litchfield, Connecticut	Boston	June 20, 1988
Firstmondovi, Inc., Mondovi, Wisconsin	Bank of Mondovi, Mondovi, Wisconsin	Minneapolis	July 1, 1988
GEBSCO, Inc., Cochrane, Wisconsin			
FirstMorrill Co., Omaha, Nebraska	Security State Bank, Ansley, Nebraska	Kansas City	July 1, 1988
First United Bancshares, Inc., El Dorado, Arkansas	First City Corp., Fort Smith, Arkansas	St. Louis	June 24, 1988
FNBH Bancorp, Inc., Howell, Michigan	First National Bank in Howell, Howell, Michigan	Chicago	July 19, 1988

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Fryburg Banking Company, Fryburg, Pennsylvania	First United National Bank, Fryburg, Pennsylvania	Cleveland	July 11, 1988
Gillespie Bancshares, Inc., De Soto, Wisconsin	De Soto State Bank, De Soto, Wisconsin	Chicago	June 23, 1988
Gustine-DeLeon Bancshares, Inc., Gustine, Texas	The First State Bank, Gustine, Texas	Dallas	July 1, 1988
Hasten Bancorp, Indianapolis, Indiana	Sullivan State Bank, Sullivan, Indiana Peoples State Bank, Farmersburg, Indiana First Bank and Trust Company of Clay County, Brazil, Indiana Farmers Banc, Inc., Tipton, Indiana	Chicago	June 29, 1988
Keystone Financial, Inc., Harrisburg, Pennsylvania	Security National Bank, Pottstown, Pennsylvania	Philadelphia	July 12, 1988
Lincoln Financial Corporation, Fort Wayne, Indiana	Peoples Bancshares Corporation, Van Wert, Ohio	Chicago	July 12, 1988
Lone Star Bancshares, Inc., Victoria, Texas	Texas National Bank of Victoria, Victoria, Texas	Dallas	June 30, 1988
Market Street Bancshares, Inc., McLeansboro, Illinois	Peoples National Bank, McLeansboro, Illinois	St. Louis	July 7, 1988
McCamey Financial Corporation, McCamey, Texas	McCamey Bancshares, Inc., McCamey, Texas	Dallas	July 12, 1988
Montclair Bancorp, Inc., Montclair, New Jersey	Montclair Savings Bank, Montclair, New Jersey	New York	July 13, 1988
NBA Holding Company, Davenport, Iowa	National Bank of Aledo, Aledo, Illinois	Chicago	July 7, 1988
NSB Bancshares, Inc., La Crosse, Kansas	The Nekoma State Bank, LaCrosse, Kansas	Kansas City	July 14, 1988
Northwest Bancorporation Inc., Houston, Texas	Northwest Bank, Houston, Texas	Dallas	June 23, 1988
Northwest Illinois Bancorp, Inc., Freeport, Illinois	First State Bank and Trust Company, Rockford, Illinois First State Financial Corporation of Rockford, Rockford, Illinois NWIB Acquisition Corporation, Inc., Freeport, Illinois	Chicago	July 15, 1988
Norwich Financial Corp., Norwich, Connecticut	Norwich Savings Society, Norwich, Connecticut	Boston	July 8, 1988
Suburban Bancorp, Inc., Palatine, Illinois	Continental Bank of Oakbrook Terrace, Oakbrook Terrace, Illinois	Chicago	July 6, 1988

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Terre DuLac Bancshares, Inc., St. Louis, Missouri	Ozarks National Bank, Lake Ozark, Missouri	St. Louis	June 22, 1988
Tripoli Bancshares, Inc., St. Paul, Minnesota	Britt Bancshares, Inc., St. Paul, Minnesota	Chicago	June 30, 1988
Two Rivers Corporation, Grand Junction, Colorado	Bank of Grand Junction, Grand Junction, Colorado	Kansas City	July 20, 1988
Union Planters Corporation, Memphis, Tennessee	The Citizens Bank, Collierville, Tennessee	St. Louis	July 18, 1988
Volunteer State Bancshares, Inc., Portland, Tennessee	BOC Bancorp, Inc., Woodbury, Tennessee	Atlanta	June 24, 1988
Wright Bancgroup Company, San Antonio, Texas	Texas Bancorp Shares, Inc., San Antonio, Texas	Dallas	July 8, 1988

Section 4

Applicant	Nonbanking Company/Activity	Reserve Bank	Effective date
Baer Holding Ltd., Zurich, Switzerland	Harbor Capital Management Company, Inc., Boston, Massachusetts	New York	July 8, 1988
Bank of Montreal, Montreal, Quebec, Canada	Harris Government Securities, Inc., Chicago, Illinois	Chicago	June 21, 1988
Bankmont Financial Corporation, Wilmington, Delaware			
The Bank of Tokyo Tokyo, Japan	to engage in providing investment or financial advice; and providing investment advice on financial futures and options on futures as a commodities trading advisor	New York	June 30, 1988
First Bank System, Inc., Minneapolis, Minnesota	Caylor Financial Services of Wisconsin, Inc., Brookfield, Wisconsin	Minneapolis	June 24, 1988
First Bank System, Inc., Minneapolis, Minnesota	Midwestern Brokerage, Inc., d.b.a. Stock's Insurance Services, Willmar, Minnesota	Minneapolis	July 15, 1988

Sections 3 and 4

Applicant	Nonbanking Company/Activity	Reserve Bank	Effective date
NBD Bancorp, Inc., Detroit, Michigan NBD Midwest Corporation, Detroit, Michigan	Charter Bank Group, Inc., Northfield, Illinois	Chicago	July 13, 1988

APPLICATIONS APPROVED UNDER BANK MERGER ACT

By Federal Reserve Banks

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

Applicant	Bank(s)	Reserve Bank	Effective date
Bank One, Mansfield, Mansfield, Ohio	Bank One, Ashland, Ashland, Ohio	Cleveland	July 13, 1988
Sovran Bank/Central South, Nashville, Tennessee	Sovran Bank/Williamson County, Franklin, Tennessee	Atlanta	July 1, 1988

PENDING CASES INVOLVING THE BOARD OF GOVERNORS

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

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| <p><i>Whitney v. United States, et al.</i>, No. CA3-88-1596-H (N.D. Tex., filed July 7, 1988).</p> <p><i>Credit Union National Association, Inc., et al., v. Board of Governors</i>, No. 88-1295 (D.D.C. May 13, 1988).</p> <p><i>Bonilla v. Board of Governors</i>, No. 88-1464 (7th Cir., filed March 11, 1988).</p> <p><i>Cohen v. Board of Governors</i>, No. 88-1061 (D.N.J., filed March 7, 1988).</p> <p><i>Stoddard v. Board of Governors</i>, No. 88-1148 (D.C. Cir., filed Feb. 25, 1988).</p> <p><i>Independent Insurance Agents of America, Inc. v. Board of Governors</i>, No. 87-1686 (D.C. Cir., filed Nov. 19, 1987).</p> <p><i>National Association of Casualty and Surety Agents, et al., v. Board of Governors</i>, Nos. 87-1644, 87-1801, 88-1001, 88-1206, 88-1245, 88-1270 (D.C.</p> | <p>Cir., filed Nov. 4, Dec. 21, 1987, Jan. 4, March 18, March 30, April 7, 1988).</p> <p><i>Teichgraeber v. Board of Governors</i>, No. 87-2505-0 (D. Kan., filed Oct. 16, 1987).</p> <p><i>Northeast Bancorp v. Board of Governors</i>, No. 87-1365 (D.C. Cir., filed July 31, 1987).</p> <p><i>National Association of Casualty & Insurance Agents v. Board of Governors</i>, Nos. 87-1354, 87-1355 (D.C. Cir., filed July 29, 1987).</p> <p><i>The Chase Manhattan Corporation v. Board of Governors</i>, No. 87-1333 (D.C. Cir., filed July 20, 1987).</p> <p><i>Lewis v. Board of Governors</i>, Nos. 87-3455, 87-3545 (11th Cir., filed June 25, Aug. 3, 1987).</p> <p><i>Securities Industry Association v. Board of Governors, et al.</i>, No. 87-1169 (D.C. Cir., filed April 17, 1987).</p> <p><i>CBC, Inc. v. Board of Governors</i>, No. 86-1001 (10th Cir., filed Jan. 2, 1986).</p> |
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Membership of the Board of Governors of the Federal Reserve System, 1913–88

APPOINTIVE MEMBERS¹

Name	Federal Reserve District	Date of initial oath of office	Other dates and information relating to membership ²
Charles S. Hamlin.....	Boston.....	Aug. 10, 1914	Reappointed in 1916 and 1926. Served until Feb. 3, 1936. ³
Paul M. Warburg.....	New York.....	do.....	Term expired Aug. 9, 1918.
Frederic A. Delano.....	Chicago.....	do.....	Resigned July 21, 1918.
W.P.G. Harding.....	Atlanta.....	do.....	Term expired Aug. 9, 1922.
Adolph C. Miller.....	San Francisco.....	do.....	Reappointed in 1924. Reappointed in 1934 from the Richmond District. Served until Feb. 3, 1936. ³
Albert Strauss.....	New York.....	Oct. 26, 1918	Resigned Mar. 15, 1920.
Henry A. Moehlenpah.....	Chicago.....	Nov. 10, 1919	Term expired Aug. 9, 1920.
Edmund Platt.....	New York.....	June 8, 1920	Reappointed in 1928. Resigned Sept. 14, 1930.
David C. Wills.....	Cleveland.....	Sept. 29, 1920	Term expired Mar. 4, 1921.
John R. Mitchell.....	Minneapolis.....	May 12, 1921	Resigned May 12, 1923.
Milo D. Campbell.....	Chicago.....	Mar. 14, 1923	Died Mar. 22, 1923.
Daniel R. Crissinger.....	Cleveland.....	May 1, 1923	Resigned Sept. 15, 1927.
George R. James.....	St. Louis.....	May 14, 1923	Reappointed in 1931. Served until Feb. 3, 1936. ⁴
Edward H. Cunningham.....	Chicago.....	do.....	Died Nov. 28, 1930.
Roy A. Young.....	Minneapolis.....	Oct. 4, 1927	Resigned Aug. 31, 1930.
Eugene Meyer.....	New York.....	Sept. 16, 1930	Resigned May 10, 1933.
Wayland W. Magee.....	Kansas City.....	May 18, 1931	Term expired Jan. 24, 1933.
Eugene R. Black.....	Atlanta.....	May 19, 1933	Resigned Aug. 15, 1934.
M.S. Szymczak.....	Chicago.....	June 14, 1933	Reappointed in 1936 and 1948. Resigned May 31, 1961.
J.J. Thomas.....	Kansas City.....	do.....	Served until Feb. 10, 1936. ³
Marriner S. Eccles.....	San Francisco.....	Nov. 15, 1934	Reappointed in 1936, 1940, and 1944. Resigned July 14, 1951.
Joseph A. Broderick.....	New York.....	Feb. 3, 1936	Resigned Sept. 30, 1937.
John K. McKee.....	Cleveland.....	do.....	Served until Apr. 4, 1946. ³
Ronald Ransom.....	Atlanta.....	do.....	Reappointed in 1942. Died Dec. 2, 1947.
Ralph W. Morrison.....	Dallas.....	Feb. 10, 1936	Resigned July 9, 1936.
Chester C. Davis.....	Richmond.....	June 25, 1936	Reappointed in 1940. Resigned Apr. 15, 1941.
Ernest G. Draper.....	New York.....	Mar. 30, 1938	Served until Sept. 1, 1950. ³
Rudolph M. Evans.....	Richmond.....	Mar. 14, 1942	Served until Aug. 13, 1954. ³
James K. Vardaman, Jr.	St. Louis.....	Apr. 4, 1946	Resigned Nov. 30, 1958.
Lawrence Clayton.....	Boston.....	Feb. 14, 1947	Died Dec. 4, 1949.
Thomas B. McCabe.....	Philadelphia.....	Apr. 15, 1948	Resigned Mar. 31, 1951.
Edward L. Norton.....	Atlanta.....	Sept. 1, 1950	Resigned Jan. 31, 1952.
Oliver S. Powell.....	Minneapolis.....	do.....	Resigned June 30, 1952.
Wm. McC. Martin, Jr.	New York.....	April 2, 1951	Reappointed in 1956. Term expired Jan. 31, 1970.
A.L. Mills, Jr.	San Francisco.....	Feb. 18, 1952	Reappointed in 1958. Resigned Feb. 28, 1965.
J.L. Robertson.....	Kansas City.....	do.....	Reappointed in 1964. Resigned Apr. 30, 1973.
C. Canby Balderston.....	Philadelphia.....	Aug. 12, 1954	Served through Feb. 28, 1966.
Paul E. Miller.....	Minneapolis.....	Aug. 13, 1954	Died Oct. 21, 1954.
Chas. N. Shepardson.....	Dallas.....	Mar. 17, 1955	Retired Apr. 30, 1967.
G.H. King, Jr.	Atlanta.....	Mar. 25, 1959	Reappointed in 1960. Resigned Sept. 18, 1963.
George W. Mitchell.....	Chicago.....	Aug. 31, 1961	Reappointed in 1962. Served until Feb. 13, 1976. ³

Name	Federal Reserve District	Date of initial oath of office	Other dates and information relating to membership ²
J. Dewey Daane	Richmond	Nov. 29, 1963	Served until Mar. 8, 1974. ³
Sherman J. Maisel	San Francisco	Apr. 30, 1965	Served through May 31, 1972.
Andrew F. Brimmer	Philadelphia	Mar. 9, 1966	Resigned Aug. 31, 1974.
William W. Sherrill	Dallas	May 1, 1967	Reappointed in 1968. Resigned Nov. 15, 1971.
Arthur F. Burns	New York	Jan. 31, 1970	Term began Feb. 1, 1970. Resigned Mar. 31, 1978.
John E. Sheehan	St. Louis	Jan. 4, 1972	Resigned June 1, 1975.
Jeffrey M. Bucher	San Francisco	June 5, 1972	Resigned Jan. 2, 1976.
Robert C. Holland	Kansas City	June 11, 1973	Resigned May 15, 1976.
Henry C. Wallich	Boston	Mar. 8, 1974	Resigned Dec. 15, 1986.
Philip E. Coldwell	Dallas	Oct. 29, 1974	Served through Feb. 29, 1980.
Philip C. Jackson, Jr.	Atlanta	July 14, 1975	Resigned Nov. 17, 1978.
J. Charles Partee	Richmond	Jan. 5, 1976	Served until Feb. 7, 1986. ³
Stephen S. Gardner	Philadelphia	Feb. 13, 1976	Died Nov. 19, 1978
David M. Lilly	Minneapolis	June 1, 1976	Resigned Feb. 24, 1978.
G. William Miller	San Francisco	Mar. 8, 1978	Resigned Aug. 6, 1979.
Nancy H. Teeters	Chicago	Sept. 18, 1978	Served through June 27, 1984.
Emmett J. Rice	New York	June 20, 1979	Resigned Dec. 31, 1986.
Frederick H. Schultz	Atlanta	July 27, 1979	Served through Feb. 11, 1982.
Paul A. Volcker	Philadelphia	Aug. 6, 1979	Resigned August 11, 1987.
Lyle E. Gramley	Kansas City	May 28, 1980	Resigned Sept. 1, 1985.
Preston Martin	San Francisco	Mar. 31, 1982	Resigned April 30, 1986.
Martha R. Seger	Chicago	July 2, 1984	
Wayne D. Angell	Kansas City	Feb. 7, 1986	
Manuel H. Johnson	Richmond	Feb. 7, 1986	
H. Robert Heller	San Francisco	Aug. 19, 1986	
Edward W. Kelley, Jr.	Dallas	May 26, 1987	
Alan Greenspan	New York	Aug. 11, 1987	
John P. LaWare	Boston	Aug. 15, 1988	

Chairmen⁴

Charles S. Hamlin	Aug. 10, 1914–Aug. 9, 1916
W.P.G. Harding	Aug. 10, 1916–Aug. 9, 1922
Daniel R. Crissinger	May 1, 1923–Sept. 15, 1927
Roy A. Young	Oct. 4, 1927–Aug. 31, 1930
Eugene Meyer	Sept. 16, 1930–May 10, 1933
Eugene R. Black	May 19, 1933–Aug. 15, 1934
Marriner S. Eccles	Nov. 15, 1934–Jan. 31, 1948
Thomas B. McCabe	Apr. 15, 1948–Mar. 31, 1951
Wm. McC. Martin, Jr.	Apr. 2, 1951–Jan. 31, 1970
Arthur F. Burns	Feb. 1, 1970–Jan. 31, 1978
G. William Miller	Mar. 8, 1978–Aug. 6, 1979
Paul A. Volcker	Aug. 6, 1979–Aug. 11, 1987
Alan Greenspan	Aug. 11, 1987–

Vice Chairmen⁴

Frederic A. Delano	Aug. 10, 1914–Aug. 9, 1916
Paul M. Warburg	Aug. 10, 1916–Aug. 9, 1918
Albert Strauss	Oct. 26, 1918–Mar. 15, 1920
Edmund Platt	July 23, 1920–Sept. 14, 1930
J.J. Thomas	Aug. 21, 1934–Feb. 10, 1936
Ronald Ransom	Aug. 6, 1936–Dec. 2, 1947
C. Canby Balderston	Mar. 11, 1955–Feb. 28, 1966
J.L. Robertson	Mar. 1, 1966–Apr. 30, 1973
George W. Mitchell	May 1, 1973–Feb. 13, 1976
Stephen S. Gardner	Feb. 13, 1976–Nov. 19, 1978
Frederick H. Schultz	July 27, 1979–Feb. 11, 1982
Preston Martin	Mar. 31, 1982–Mar. 31, 1986
Manuel H. Johnson	Aug. 22, 1986–

*EX-OFFICIO MEMBERS¹**Secretaries of the Treasury*

W.G. McAdoo	Dec. 23, 1913–Dec. 15, 1918
Carter Glass	Dec. 16, 1918–Feb. 1, 1920
David F. Houston	Feb. 2, 1920–Mar. 3, 1921
Andrew W. Mellon	Mar. 4, 1921–Feb. 12, 1932
Ogden L. Mills	Feb. 12, 1932–Mar. 4, 1933
William H. Woodin	Mar. 4, 1933–Dec. 31, 1933
Henry Morgenthau, Jr.	Jan. 1, 1934–Feb. 1, 1936

Comptrollers of the Currency

John Skelton Williams	Feb. 2, 1914–Mar. 2, 1921
Daniel R. Crissinger	Mar. 17, 1921–Apr. 30, 1923
Henry M. Dawes	May 1, 1923–Dec. 17, 1924
Joseph W. McIntosh	Dec. 20, 1924–Nov. 20, 1928
J.W. Pole	Nov. 21, 1928–Sept. 20, 1932
J.F.T. O'Connor	May 11, 1933–Feb. 1, 1936

1. Under the provisions of the original Federal Reserve Act, the Federal Reserve Board was composed of seven members, including five appointive members, the Secretary of the Treasury, who was ex-officio chairman of the Board, and the Comptroller of the Currency. The original term of office was ten years, and the five original appointive members had terms of two, four, six, eight, and ten years respectively. In 1922 the number of appointive members was increased to six, and in 1933 the term of office was increased to twelve years. The Banking Act of 1935, approved Aug. 23, 1935, changed the name of the Federal Reserve Board to the Board of Governors of the Federal Reserve System and provided that the Board should be composed of seven appointive members; that the

Secretary of the Treasury and the Comptroller of the Currency should continue to serve as members until Feb. 1, 1936, or until their successors were appointed and had qualified; and that thereafter the terms of members should be fourteen years and that the designation of Chairman and Vice Chairman of the board should be for a term of four years.

2. Date after words "Resigned" and "Retired" denotes final day of service.

3. Successor took office on this date.

4. Chairman and Vice Chairman were designated Governor and Vice Governor before Aug 23, 1935.

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

Item	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent) ¹								
	1987		1988		1988				
	Q3	Q4	Q1	Q2	Feb.	Mar.	Apr.	May ^r	June
<i>Reserves of depository institutions²</i>									
1 Total	-9	2.5	3.5	5.8	2.3	3.8	12.3	-2	5.4
2 Required	.3	1.4	2.9	7.2	5.7	8.0	13.9	-3.8	8.7
3 Nonborrowed	.3	2.4	1.5	-6.5	16.5	-23.7	-13.0	8.5	-4.8
4 Monetary base	5.1	7.8	8.3	7.6	6.0	5.9	11.4	5.0	6.3
<i>Concepts of money, liquid assets, and debt⁴</i>									
5 M1	.8	3.9	3.8 ^r	6.2	1.1	5.5	11.2	.0	9.8
6 M2	2.8	3.9	6.7	7.9	8.7 ^r	8.8	9.8 ^r	4.9	5.7
7 M3	4.5	5.4	7.0 ^r	7.1	10.6 ^r	8.1 ^r	7.2	4.4	6.6
8 L	4.3	5.7 ^r	6.5 ^r	n.a.	8.6 ^r	7.3 ^r	11.5 ^r	7.7	n.a.
9 Debt	7.9	10.1	8.3 ^r	8.4	7.9 ^r	8.7 ^r	8.3 ^r	8.0	n.a.
<i>Nontransaction components</i>									
10 In M2	3.6	3.9	7.8 ^r	8.5	11.2	9.9	9.4 ^r	6.5	4.2
11 In M3 only ⁵	11.0	11.3	7.9 ^r	4.2	18.3 ^r	5.4 ^r	-2.5 ^r	2.8	10.2
<i>Time and savings deposits</i>									
<i>Commercial banks</i>									
12 Savings ⁶	10.1	.7	6.3	11.0	13.4	14.6	6.5 ^r	11.7	12.9
13 Small-denomination time ⁸	7.4	14.8	13.7	11.7	17.6	11.6	15.1	6.3	6.2
14 Large-denomination time ^{9,10}	6.8	10.5	3.4 ^r	7.4	17.2 ^r	5.5 ^r	-2.2 ^r	11.8	21.9
<i>Thrift institutions</i>									
15 Savings ⁶	7.0	-3.8	-2.4	6.8	-5	7.1	10.1	3.5	10.0
16 Small-denomination time ⁸	9.3	16.0	21.3	14.2	25.0	18.0	13.8 ^r	10.7	3.0
17 Large-denomination time ⁹	9.9	22.2	15.7	8.5	16.2	1.5	15.3	6.5	-1.4
<i>Debt components⁴</i>									
18 Federal	5.8	7.6	9.3	8.2	11.2	15.2	7.1	2.7	n.a.
19 Nonfederal	8.5	10.9 ^r	8.0 ^r	8.5	6.9 ^r	6.8 ^r	8.7 ^r	9.7	n.a.
20 Total loans and securities at commercial banks ¹¹	6.2	5.5	5.1	10.8	9.3	7.9	11.4	13.0	11.1

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

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

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

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

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

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

institutions and money market funds. Also excludes all balances held by U.S. commercial banks, money market funds (general purpose and broker-dealer), foreign governments and commercial banks, and the U.S. government.

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

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

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

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

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

7. Excludes MMDAs.

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

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

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

11. Changes calculated from figures shown in table 1.23.

A4 Domestic Financial Statistics □ September 1988

1.11 RESERVES OF DEPOSITORY INSTITUTIONS AND RESERVE BANK CREDIT

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for week ending						
	1988			1988						
	Apr.	May	June	May 18	May 25	June 1	June 8	June 15	June 22	June 29
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit	248,228	249,800	251,010	251,276	244,363	247,754	250,998	250,624	250,967	252,634
2 U.S. government securities ¹	221,348	223,732	225,333	225,250	219,342	222,515	224,968	224,931	224,955	226,509
3 Bought outright	220,204	222,187	224,690	223,123	219,342	222,515	224,968	224,931	224,955	224,495
4 Held under repurchase agreements	1,144	1,545	643	2,127	0	0	0	0	0	2,014
5 Federal agency obligations	7,665	7,777	7,590	7,776	7,268	7,268	7,268	7,268	7,268	8,327
6 Bought outright	7,347	7,272	7,268	7,268	7,268	7,268	7,268	7,268	7,268	7,268
7 Held under repurchase agreements	318	505	322	508	0	0	0	0	0	1,059
8 Acceptances	0	0	0	0	0	0	0	0	0	0
9 Loans	3,081	2,592	3,040	2,270	2,911	3,329	3,278	3,651	3,034	2,281
10 Float	694	649	478	767	724	483	842	359	845	519
11 Other Federal Reserve assets	15,440	15,050	14,569	15,213	14,118	14,158	14,642	14,415	14,865	14,998
12 Gold stock ²	11,063	11,063	11,063	11,063	11,063	11,063	11,063	11,063	11,063	11,063
13 Special drawing rights certificate account	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018
14 Treasury currency outstanding	18,366	18,427	18,478	18,425	18,439	18,452	18,462	18,472	18,482	18,492
ABSORBING RESERVE FUNDS										
15 Currency in circulation	228,362	230,482	233,525	230,569	230,479	232,125	233,567	233,640	233,382	233,267
16 Treasury cash holdings ³	484	475	455	479	470	465	458	459	457	449
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	5,047	7,276	4,306	5,996	3,176	3,210	2,682	3,110	4,252	6,529
18 Foreign	240	259	243	244	254	287	215	236	257	235
19 Service-related balances and adjustments	2,000	1,922	1,949	1,897	1,980	1,963	2,016	1,827	1,938	1,811
20 Other	364	360	329	322	339	483	312	304	322	363
21 Other Federal Reserve liabilities and capital	7,328	7,302	7,348	7,443	7,302	7,195	7,101	7,463	7,417	7,510
22 Reserve balances with Federal Reserve Banks ³	38,850	36,231	37,413	38,832	34,885	36,559	39,189	38,140	37,506	37,045
			End-of-month figures			Wednesday figures				
			1988			1988				
SUPPLYING RESERVE FUNDS										
23 Reserve Bank credit	260,242	248,274	254,647	244,790	240,806	249,010	251,056	253,545	248,875	256,429
24 U.S. government securities ¹	230,971	223,192	227,636	218,978	215,217	222,831	225,293	226,697	223,663	228,438
25 Bought outright	223,363	223,192	222,450	218,978	215,217	222,831	225,293	226,697	223,663	223,010
26 Held under repurchase agreements	7,608	0	5,186	0	0	0	0	0	0	5,428
27 Federal agency obligations	10,074	7,268	9,508	7,268	7,268	7,268	7,268	7,268	7,268	9,821
28 Bought outright	7,279	7,268	7,268	7,268	7,268	7,268	7,268	7,268	7,268	7,268
29 Held under repurchase agreements	2,795	0	2,240	0	0	0	0	0	0	2,553
30 Acceptances	0	0	0	0	0	0	0	0	0	0
31 Loans	2,590	3,304	2,464	2,905	2,834	3,021	3,318	4,388	2,297	2,244
32 Float	371	122	259	1,203	709	1,705	768	624	861	522
33 Other Federal Reserve assets	16,236	14,388	14,780	14,436	14,778	14,185	14,409	14,568	14,786	15,404
34 Gold stock ²	11,063	11,063	11,063	11,063	11,063	11,063	11,063	11,063	11,063	11,063
35 Special drawing rights certificate account	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018
36 Treasury currency outstanding	18,395	18,451	18,501	18,437	18,451	18,461	18,471	18,481	18,491	18,501
ABSORBING RESERVE FUNDS										
37 Currency in circulation	228,308	232,758	235,513	230,666	231,090	233,259	233,827	233,776	233,246	234,426
38 Treasury cash holdings ³	479	459	432	470	467	458	459	458	452	432
Deposits, other than reserve balances, with Federal Reserve Banks										
39 Treasury	16,186	2,871	9,762	2,610	4,382	3,402	3,170	3,787	4,122	8,216
40 Foreign	215	298	382	260	227	302	198	219	204	203
41 Service-related balances and adjustments	1,660	1,660	1,655	1,674	1,660	1,660	1,653	1,653	1,657	1,657
42 Other	360	427	351	320	365	427	302	363	275	359
43 Other Federal Reserve liabilities and capital	7,450	7,235	7,109	7,120	7,206	6,910	7,042	7,235	7,265	7,394
44 Reserve balances with Federal Reserve Banks ³	40,060	37,098	34,026	36,188	29,741	37,134	38,958	40,616	36,227	38,325

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

stock. Revised data not included in this table are available from the Division of Research and Statistics, Banking Section.

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

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

1.12 RESERVES AND BORROWINGS Depository Institutions¹

Millions of dollars

Reserve classification	Monthly averages ³									
	1985	1986	1987	1987		1988				
	Dec.	Dec.	Dec.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
1 Reserve balances with Reserve Banks ²	27,620	37,360	37,673	37,453	37,673	37,485	34,211	36,027	38,429	36,509
2 Total vault cash ³	22,953	24,079	26,155	25,431	26,155	26,919	28,119	25,926	25,200	25,873
3 Vault ⁴	20,522	22,199	24,449	23,752	24,449	25,155	25,836	24,049	23,636	24,172
4 Surplus ⁵	2,431	1,879	1,706	1,679	1,706	1,764	2,283	1,877	1,564	1,700
5 Total reserves ⁶	48,142	59,560	62,123	61,205	62,123	62,640	60,047	60,076	62,064	60,681
6 Required reserves	47,085	58,191	61,094	60,282	61,094	61,345	58,914	59,147	61,205	59,641
7 Excess reserve balances at Reserve Banks	1,058	1,369	1,029	923	1,029	1,295	1,133	929	859	1,040
8 Total borrowings at Reserve Banks	1,318	827	777	625	777	1,082	396	1,752	2,993	2,578
9 Seasonal borrowings at Reserve Banks	56	38	93	126	93	59	75	119	146	246
10 Extended credit at Reserve Banks ⁸	499	303	483	394	483	372	205	1,478	2,624	2,107
Biweekly averages of daily figures for weeks ending										
1988										
	Mar. 9	Mar. 23	Apr. 6	Apr. 20	May 4	May 18	June 1	June 15'	June 29	July 13
11 Reserve balances with Reserve Banks ²	35,575	35,761	37,003	39,123	38,313	36,737	35,707	38,644	37,260	38,821
12 Total vault cash ³	25,987	26,224	25,336	25,205	25,112	25,726	26,265	25,118	26,237	26,270
13 Vault ⁴	23,998	24,332	23,610	23,709	23,549	24,122	24,418	23,614	24,492	24,628
14 Surplus ⁵	1,989	1,892	1,726	1,497	1,563	1,604	1,847	1,504	1,745	1,642
15 Total reserves ⁶	59,573	60,093	60,613	62,831	61,862	60,859	60,125	62,238	61,752	63,449
16 Required reserves	58,607	59,182	59,696	62,145	60,796	59,959	58,943	61,563	60,692	62,575
17 Excess reserve balances at Reserve Banks	966	911	917	686	1,067	901	1,182	696	1,060	874
18 Total borrowings at Reserve Banks	537	1,924	2,817	3,619	2,224	2,175	3,120	3,465	2,658	3,656
19 Seasonal borrowings at Reserve Banks	111	123	122	124	191	241	269	287	337	352
20 Extended credit at Reserve Banks ⁸	255	1,685	2,494	3,278	1,787	1,798	2,538	2,986	2,138	2,340

1. These data also appear in the Board's H.3 (502) release. For address, see inside front cover.
 2. Excludes required clearing balances and adjustments to compensate for float.
 3. Dates refer to the maintenance periods in which the vault cash can be used to satisfy reserve requirements. Under contemporaneous reserve requirements, maintenance periods end 30 days after the lagged computation periods in which the balances are held.
 4. Equal to all vault cash held during the lagged computation period by institutions having required reserve balances at Federal Reserve Banks plus the amount of vault cash equal to required reserves during the maintenance period at institutions having no required reserve balances.
 5. Total vault cash at institutions having no required reserve balances less the amount of vault cash equal to their required reserves during the maintenance period.
 6. Total reserves not adjusted for discontinuities consist of reserve balances

with Federal Reserve Banks, which exclude required clearing balances and adjustments to compensate for float, plus vault cash used to satisfy reserve requirements. Such vault cash consists of all vault cash held during the lagged computation period by institutions having required reserve balances at Federal Reserve Banks plus the amount of vault cash equal to required reserves during the maintenance period at institutions having no required reserve balances.
 7. Reserve balances with Federal Reserve Banks plus vault cash used to satisfy reserve requirements less required reserves.
 8. Extended credit consists of borrowing at the discount window under the terms and conditions established for the extended credit program to help depository institutions deal with sustained liquidity pressures. Because there is not the same need to repay such borrowing promptly as there is with traditional short-term adjustment credit, the money market impact of extended credit is similar to that of nonborrowed reserves.
 9. Data are prorated monthly averages of biweekly averages.

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1.13 SELECTED BORROWINGS IN IMMEDIATELY AVAILABLE FUNDS Large Member Banks¹

Averages of daily figures, in millions of dollars

Maturity and source	1987 week ending Monday								
	Nov. 23	Nov. 30	Dec. 7	Dec. 14	Dec. 21	Dec. 28	Jan. 4	Jan. 11	Jan. 18
<i>Federal funds purchased, repurchase agreements, and other selected borrowing in immediately available funds</i>									
From commercial banks in the United States									
1 For one day or under continuing contract	70,725	70,174	75,638	75,774	70,856	67,536	75,090	75,188	70,870
2 For all other maturities	10,190	11,547	9,694	9,608	8,953	9,409	8,611	9,297	9,300
From other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies									
3 For one day or under continuing contract	26,265	24,679	29,930	27,276	24,725	22,860	23,602	28,254	29,954
4 For all other maturities	7,762	8,848	7,160	7,468	6,968	7,191	6,886	5,920	5,897
<i>Repurchase agreements on U.S. government and federal agency securities in immediately available funds</i>									
Brokers and nonbank dealers in securities									
5 For one day or under continuing contract	13,972	13,136	13,388	14,052	14,741	12,170	15,781	14,660	14,427
6 For all other maturities	12,622	13,982	13,240	13,274	12,119	12,603	8,110	10,653	12,060
All other customers									
7 For one day or under continuing contract	27,840	24,071	27,077	27,093	24,887	24,512	25,793	27,673	27,327
8 For all other maturities	9,662	13,855	9,972	9,942	9,886	12,018	9,675	9,984	9,420
MEMO: Federal funds loans and resale agreements in immediately available funds in maturities of one day or under continuing contract									
9 To commercial banks in the United States	29,895	32,952	31,276	30,472	31,147	30,352	34,041	35,783	35,356
10 To all other specified customers	12,211	11,190	11,795	11,027	11,062	10,326	10,793	12,665	12,541

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

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

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per year

Federal Reserve Bank	Adjustment credit and Seasonal credit ¹			Extended credit ²						
				First 30 days of borrowing			After 30 days of borrowing ³			
	On 7/27/88	Effective date	Previous rate	On 7/27/88	Effective date	Previous rate	On 7/27/88	Effective date	Previous rate	Effective date
Boston	↑	9/9/87	5½	6	9/9/87	5½	8.25	7/14/88	8.05	6/30/88
New York		9/4/87			9/4/87			7/14/88		6/30/88
Philadelphia		9/4/87			9/4/87			7/14/88		6/30/88
Cleveland		9/4/87			9/4/87			7/14/88		6/30/88
Richmond		9/5/87			9/5/87			7/14/88		6/30/88
Atlanta		9/4/87			9/4/87			7/14/88		6/30/88
Chicago	↓	9/4/87	5½	6	9/4/87	5½	8.25	7/14/88	8.05	6/30/88
St. Louis		9/9/87			9/9/87			7/14/88		6/30/88
Minneapolis		9/8/87			9/8/87			7/14/88		6/30/88
Kansas City		9/4/87			9/4/87			7/14/88		6/30/88
Dallas		9/11/87			9/11/87			7/14/88		6/30/88
San Francisco		9/9/87			9/9/87			7/14/88		6/30/88

Range of rates for adjustment credit in recent years⁴

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1977	6	6	1980—July 28	10-11	10	1984—Apr. 9	8½-9	9
1978—Jan. 9	6-6½	6½	29	10	10	13	9	9
20	6½	6½	Sept. 26	11	11	Nov. 21	8½-9	8½
May 11	6½-7	7	Nov. 17	12	12	26	8½	8½
12	7	7	Dec. 5	12-13	13	Dec. 24	8	8
July 3	7-7¼	7¼	1981—May 5	13-14	14	1985—May 20	7½-8	7½
10	7¼	7¼	8	14	14	24	7½	7½
Aug. 21	7¾	7¾	Nov. 2	13-14	13	1986—Mar. 7	7-7½	7
Sept. 22	8	8	6	13	13	10	7	7
Oct. 16	8-8½	8½	Dec. 4	12	12	Apr. 21	6½-7	6½
20	8½	8½	1982—July 20	11½-12	11½	July 11	6	6
Nov. 1	8½-9½	9½	23	11½	11½	Aug. 12	5½-6	5½
3	9½	9½	Aug. 2	11-11½	11	22	5½	5½
1979—July 20	10	10	3	11	11	1987—Sept. 4	5½-6	6
Aug. 17	10-10½	10½	16	10½	10½	11	6	6
20	10½	10½	27	10-10½	10	In effect July 27, 1988	6	6
Sept. 19	10½-11	11	30	10	10			
21	11	11	Oct. 12	9½-10	9½			
Oct. 8	11-12	12	13	9½	9½			
10	12	12	Nov. 22	9-9½	9			
1980—Feb. 15	12-13	13	26	9	9			
19	13	13	Dec. 14	8½-9	9			
May 29	12-13	13	15	8½-9	8½			
30	12	12	17	8½	8½			
June 13	11-12	11						
16	11	11						

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

Seasonal credit is available to help smaller depository institutions meet regular, seasonal needs for funds that cannot be met through special industry lenders and that arise from a combination of expected patterns of movement in their deposits and loans. A temporary simplified seasonal program was established on Mar. 8, 1985, and the interest rate was a fixed rate ½ percent above the rate on adjustment credit. The program was reestablished on Feb. 18, 1986 and again on Jan. 28, 1987; the rate may be either the same as that for adjustment credit or a fixed rate ½ percent higher.

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

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

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

4. For earlier data, see the following publications of the Board of Governors: *Banking and Monetary Statistics, 1914-1941*, and *1941-1970; Annual Statistical Digest, 1970-1979*.

In 1980 and 1981, the Federal Reserve applied a surcharge to short-term adjustment credit borrowings by institutions with deposits of \$500 million or more that had borrowed in successive weeks or in more than 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, 1981. As of Oct. 1, 1981 the formula for applying the surcharge was changed from a calendar quarter to a moving 13-week period. The surcharge was eliminated on Nov. 17, 1981.

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS¹

Percent of deposits

Type of deposit, and deposit interval ²	Depository institution requirements after implementation of the Monetary Control Act	
	Percent of deposits	Effective date
<i>Net transaction accounts</i> ^{3,4}		
\$0 million-\$40.5 million	3	12/15/87
More than \$40.5 million	12	12/15/87
<i>Nonpersonal time deposits</i> ⁵		
By original maturity		
Less than 1½ years	3	10/6/83
1½ years or more	0	10/6/83
<i>Eurocurrency liabilities</i>		
All types	3	11/13/80

1. Reserve requirements in effect on Dec. 31, 1987. Required reserves must be held in the form of deposits with Federal Reserve Banks or vault cash. Nonmembers may maintain reserve balances with a Federal Reserve Bank indirectly on a pass-through basis with certain approved institutions. For previous reserve requirements, see earlier editions of the *Annual Report* and of the FEDERAL RESERVE BULLETIN. Under provisions of the Monetary Control Act, depository institutions include commercial banks, mutual savings banks, savings and loan associations, credit unions, agencies and branches of foreign banks, and Edge corporations.

2. The Garn-St Germain Depository Institutions Act of 1982 (Public Law 97-320) requires that \$2 million of reservable liabilities (transaction accounts, nonpersonal time deposits, and Eurocurrency liabilities) of each depository institution be subject to a zero percent reserve requirement. The Board is to adjust the amount of reservable liabilities subject to this zero percent reserve requirement each year for the succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is to be made in the event of a decrease. On Dec. 15, 1987, the exemption was raised from \$2.9 million to \$3.2 million. In determining the reserve requirements of depository institutions, the exemption shall apply in the following order: (1) net NOW accounts (NOW accounts less allowable deductions); (2) net other transaction accounts; and (3) nonpersonal time deposits or Eurocurrency liabilities starting with those with the highest reserve ratio. With respect to NOW accounts and

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

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

4. The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage increase in transaction accounts held by all depository institutions, determined as of June 30 each year. Effective Dec. 15, 1987 for institutions reporting quarterly and Dec. 29, 1987 for institutions reporting weekly, the amount was increased from \$36.7 million to \$40.5 million.

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

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS¹

Millions of dollars

Type of transaction	1985	1986	1987	1987		1988				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
U.S. TREASURY SECURITIES										
<i>Outright transactions (excluding matched transactions)</i>										
Treasury bills										
1 Gross purchases	22,214	22,602	18,983	3,388	150	0	346	560	423	0
2 Gross sales	4,118	2,502	6,050	0	0	49	538	0	0	0
3 Exchange	0	0	0	0	0	0	0	0	0	0
4 Redemptions	3,500	1,000	9,029	0	0	600	1,600	0	0	0
Others within 1 year										
5 Gross purchases	1,349	190	3,658	670	479	0	0	0	1,092	0
6 Gross sales	0	0	300	0	0	0	0	0	0	0
7 Maturity shift	19,763	18,673	21,502	2,247	1,400	950	1,939	2,051	868	1,646
8 Exchange	-17,717	-20,179	-20,388	-3,728	-1,742	-754	-2,868	-2,089	-1,688	-4,324
9 Redemptions	0	0	70	70	0	0	0	0	0	0
1 to 5 years										
10 Gross purchases	2,185	893	10,231	50	2,589	0	0	0	3,661	0
11 Gross sales	0	0	452	0	0	0	800	0	0	0
12 Maturity shift	-17,459	-17,058	-17,974	-1,900	-1,400	-840	-952	-2,051	-823	-1,102
13 Exchange	13,853	16,984	18,938	3,278	1,742	749	2,643	2,089	1,434	3,724
5 to 10 years										
14 Gross purchases	458	236	2,441	0	596	0	0	0	1,017	0
15 Gross sales	100	0	0	0	0	0	175	0	0	0
16 Maturity shift	-1,857	-1,620	-3,529	-347	0	-110	-987	0	-45	-387
17 Exchange	2,184	2,050	950	300	0	5	150	0	254	400
Over 10 years										
18 Gross purchases	293	158	1,858	0	445	0	0	0	966	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shift	-447	0	0	0	0	0	0	0	0	-157
21 Exchange	1,679	1,150	500	150	0	0	75	0	0	200
All maturities										
22 Gross purchases	26,499	24,078	37,171	4,108	4,259	0	346	560	7,160	0
23 Gross sales	4,218	2,502	6,802	0	0	49	1,513	0	0	0
24 Redemptions	3,500	1,000	9,099	70	0	600	1,600	0	0	0
<i>Matched transactions</i>										
25 Gross sales	866,175	927,997	950,923	85,288	104,833	78,358	97,892	104,527	86,900	115,287
26 Gross purchases	865,968	927,247	950,935	85,494	105,917	78,513	99,139	104,572	85,608	115,115
<i>Repurchase agreements²</i>										
27 Gross purchases	134,253	170,431	314,620	15,853	23,512	10,591	0	0	18,696	15,871
28 Gross sales	132,351	160,268	324,666	18,751	25,264	14,237	0	0	11,088	23,478
29 Net change in U.S. government securities	20,477	29,989	11,235	1,346	3,591	-4,140	-1,520	605	13,476	-7,779
FEDERAL AGENCY OBLIGATIONS										
<i>Outright transactions</i>										
30 Gross purchases	0	0	0	0	0	0	0	0	0	0
31 Gross sales	0	0	0	0	0	0	0	0	0	0
32 Redemptions	162	398	276	1	13	131	21	3	120	11
<i>Repurchase agreements²</i>										
33 Gross purchases	22,183	31,142	80,353	6,786	9,718	4,042	0	0	4,243	4,771
34 Gross sales	20,877	30,522	81,351	7,425	10,679	5,357	0	0	1,447	7,566
35 Net change in federal agency obligations	1,144	222	-1,274	-640	-975	-1,446	-21	-3	2,676	-2,807
36 Total net change in System Open Market Account	21,621	30,211	9,961	706	2,617	-5,586	-1,541	602	16,151	-10,585

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

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

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1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements¹

Millions of dollars

Account	Wednesday					End of month		
	1988					1988		
	June 1	June 8	June 15	June 22	June 29	Apr.	May	June
Consolidated condition statement								
ASSETS								
1 Gold certificate account	11,063	11,063	11,063	11,063	11,063	11,063	11,063	11,063
2 Special drawing rights certificate account	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018
3 Coin	393	379	385	395	380	450	402	369
Loans								
4 To depository institutions	3,021	3,318	4,388	2,297	2,244	2,590	3,304	2,464
5 Other	0	0	0	0	0	0	0	0
6 Acceptances held under repurchase agreements	7,268	7,268	7,268	7,268	7,268	0	0	7,268
Federal agency obligations								
7 Bought outright	0	0	0	0	2,553	7,279	7,268	2,240
8 Held under repurchase agreements	0	0	0	0	0	2,795	0	0
U.S. Treasury securities								
Bought outright								
9 Bills	105,854	108,316	109,720	106,686	106,033	106,386	106,215	105,473
10 Notes	87,484	87,484	87,484	87,484	87,484	87,684	87,484	87,484
11 Bonds	29,493	29,493	29,493	29,493	29,493	29,493	29,493	29,493
12 Total bought outright	222,831	225,293	226,697	223,663	223,010	223,363	223,192	222,450
13 Held under repurchase agreements	0	0	0	0	5,428	7,608	0	5,186
14 Total U.S. Treasury securities	222,831	225,293	226,697	223,663	228,438	230,971	223,192	227,636
15 Total loans and securities	233,120	235,879	238,353	233,228	240,503	243,635	233,764	239,608
16 Items in process of collection	10,654	6,910	7,591	7,133	6,155	7,577	5,354	6,604
17 Bank premises	724	727	727	727	725	719	723	727
Other assets								
18 Denominated in foreign currencies ³	6,353	6,353	6,363	6,364	6,457	6,446	6,349	6,226
19 All other	7,108	7,329	7,478	7,695	8,222	9,071	7,316	7,827
20 Total assets	274,433	273,658	276,978	271,623	278,523	283,979	269,989	277,442
LIABILITIES								
21 Federal Reserve notes	215,649	216,193	216,138	215,601	216,736	210,842	215,168	217,812
Deposits								
22 To depository institutions	38,794	40,611	42,269	37,884	39,982	41,720	38,758	35,681
23 U.S. Treasury—General account	3,402	3,170	3,787	4,122	8,216	16,186	2,871	9,762
24 Foreign—Official accounts	302	198	219	204	203	215	298	382
25 Other	427	302	363	275	359	360	427	351
26 Total deposits	42,925	44,281	46,638	42,485	48,760	58,481	42,354	46,176
27 Deferred credit items	8,949	6,142	6,967	6,272	5,633	7,206	5,232	6,345
28 Other liabilities and accrued dividends ³	2,509	2,499	2,691	2,711	2,847	2,861	2,539	2,819
29 Total liabilities	270,032	269,115	272,434	267,069	273,976	279,390	265,293	273,152
CAPITAL ACCOUNTS								
30 Capital paid in	2,102	2,104	2,105	2,106	2,110	2,096	2,101	2,110
31 Surplus	2,047	2,047	2,047	2,047	2,047	2,047	2,047	2,039
32 Other capital accounts	252	392	392	401	390	446	548	141
33 Total liabilities and capital accounts	274,433	273,658	276,978	271,623	278,523	283,979	269,989	277,442
34 MEMO: Marketable U.S. Treasury securities held in custody for foreign and international account	231,066	228,359	227,312	231,215	226,364	229,054	230,917	228,226
Federal Reserve note statement								
35 Federal Reserve notes outstanding issued to bank	258,657	258,811	259,571	260,146	260,133	256,806	258,661	260,049
36 Less: Held by bank	43,008	42,618	43,433	44,545	43,397	45,964	43,493	42,237
37 Federal Reserve notes, net	215,649	216,193	216,138	215,601	216,736	210,842	215,168	217,812
Collateral held against notes net:								
38 Gold certificate account	11,063	11,063	11,063	11,063	11,063	11,063	11,063	11,063
39 Special drawing rights certificate account	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities	199,568	200,112	200,057	199,520	200,655	194,761	199,087	201,731
42 Total collateral	215,649	216,193	216,138	215,601	216,736	210,842	215,168	217,812

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

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

3. Valued monthly at market exchange rates.

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

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

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity groupings	Wednesday					End of month		
	1988					1988		
	June 1	June 8	June 15	June 22	June 29	Apr. 29	May 31	June 30
1 Loans—Total	3,021	3,318	4,388	2,297	2,244	2,590	3,282	2,464
2 Within 15 days	2,855	3,164	4,219	2,238	2,184	2,523	3,185	2,336
3 16 days to 90 days	166	154	169	59	60	67	97	128
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances—Total	0	0	0	0	0	0	0	0
6 Within 15 days	0	0	0	0	0	0	0	0
7 16 days to 90 days	0	0	0	0	0	0	0	0
8 91 days to 1 year	0	0	0	0	0	0	0	0
9 U.S. Treasury securities—Total	222,831	225,293	226,697	223,663	228,438	230,971	223,192	227,636
10 Within 15 days	11,301	12,798	11,377	11,341	16,317	15,082	7,372	10,569
11 16 days to 90 days	48,942	53,830	53,455	50,607	50,356	53,856	53,232	50,269
12 91 days to 1 year	67,115	63,192	66,392	66,242	66,292	66,950	67,115	70,884
13 Over 1 year to 5 years	53,530	53,530	53,530	53,530	53,530	51,196	53,530	53,971
14 Over 5 years to 10 years	15,435	15,435	15,435	15,435	15,435	15,422	15,435	15,435
15 Over 10 years	26,508	26,508	26,508	26,508	26,508	26,465	26,508	26,508
16 Federal agency obligations—Total	7,268	7,268	7,268	7,268	9,821	10,074	7,268	9,508
17 Within 15 days	25	25	28	258	2,783	2,936	246	2,470
18 16 days to 90 days	661	867	919	689	694	659	661	694
19 91 days to 1 year	2,028	1,822	1,790	1,790	1,808	1,837	1,728	1,808
20 Over 1 year to 5 years	3,230	3,230	3,207	3,207	3,204	3,292	3,309	3,204
21 Over 5 years to 10 years	1,135	1,135	1,135	1,135	1,143	1,161	1,135	1,143
22 Over 10 years	189	189	189	189	189	189	189	189

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

A12 Domestic Financial Statistics □ September 1988

1.20 AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND MONETARY BASE¹

Billions of dollars, averages of daily figures

Item	1984 Dec.	1985 Dec.	1986 Dec.	1987 Dec.	1987		1988					
					Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
Seasonally adjusted												
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS ²												
1 Total reserves ³	40.96	47.26	57.46	58.72	59.05	58.72	59.46	59.57	59.76	60.37	60.37 ⁴	60.64
2 Nonborrowed reserves.....	37.77	45.94	56.63	57.94	58.43	57.94	58.38	59.18	58.01	57.38	57.79	57.55
3 Nonborrowed reserves plus extended credit ⁵	40.38	46.44	56.93	58.43	58.82	58.43	58.75	59.38	59.49	60.00	59.89	60.11
4 Required reserves.....	40.11	46.20	56.09	57.69	58.13	57.69	58.16	58.44	58.83	59.51	59.32 ⁴	59.76
5 Monetary base.....	200.45	218.26	240.80	257.93	256.94	257.93	260.72	262.02	263.32	265.81	266.92 ⁴	268.32
Not seasonally adjusted												
6 Total reserves ³	41.84	48.27	58.70	60.02	59.14	60.02	61.20	58.66	58.85	60.95	59.45	60.68
7 Nonborrowed reserves.....	38.65	46.95	57.87	59.25	58.51	59.25	60.12	58.27	57.10	57.95	56.88	57.60
8 Nonborrowed reserves plus extended credit ⁵	41.26	47.45	58.18	59.73	58.91	59.73	60.49	58.47	58.58	60.58	58.98	60.15
9 Required reserves.....	40.99	47.21	57.33	58.99	58.21	58.99	59.90	57.53	57.92	60.09	58.41 ⁴	59.80
10 Monetary base.....	203.39	221.49	244.55	262.05	257.65	262.05	262.01	259.01	260.77	265.01	265.73 ⁴	269.46
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS ⁶												
11 Total reserves ³	40.70	48.14	59.56	62.12	61.20	62.12	62.64	60.05	60.08	62.06	60.68	61.99
12 Nonborrowed reserves.....	37.51	46.82	58.73	61.35	60.58	61.35	61.56	59.65	58.32	59.07	58.10	58.91
13 Nonborrowed reserves plus extended credit ⁵	40.09	47.41	59.04	61.86	60.79	61.86	62.12	59.82	59.58	61.89	60.08	61.47
14 Required reserves.....	39.84	47.08	58.19	61.09	60.28	61.09	61.34	58.91	59.15	61.21	59.64 ⁴	61.11
15 Monetary base.....	204.18	223.53	247.71	266.16	261.67	266.16	265.79	262.60	263.98	268.13	268.90 ⁴	272.67

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

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

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

4. Extended credit consists of borrowing at the discount window under the

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

5. The monetary base not adjusted for discontinuities consists of total reserves plus required clearing balances and adjustments to compensate for float at Federal Reserve Banks and the currency component of the money stock plus, for institutions not having required reserve balances, the excess of current vault cash over the amount applied to satisfy current reserve requirements. Currency and vault cash figures are measured over the weekly computation period ending Monday.

The seasonally adjusted monetary base consists of seasonally adjusted total reserves, which include excess reserves on a not seasonally adjusted basis, plus the seasonally adjusted currency component of the money stock and the remaining items seasonally adjusted as a whole.

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

1.21 MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES¹

Billions of dollars, averages of daily figures

Item ²	1984 Dec.	1985 Dec.	1986 Dec.	1987 Dec.	1988			
					Mar.	Apr. ^r	May ^r	June
Seasonally adjusted								
1 M1	551.9	620.1	725.4	750.8	763.0 ^r	770.0	770.0	776.2
2 M2	2,363.6	2,562.6	2,807.8	2,901.1	2,967.5	2,991.7	3,003.7	3,018.0
3 M3	2,978.3	3,196.4	3,490.4	3,661.1	3,744.4 ^r	3,767.0	3,780.8	3,801.8
4 L	3,519.4	3,825.9	4,133.8	4,323.9 ^r	4,418.6 ^r	4,460.7	4,489.3	n.a.
5 Debt	5,932.6	6,749.4	7,607.6	8,305.4 ^r	8,468.7 ^r	8,527.7	8,584.7	n.a.
M1 components								
6 Currency	156.1	167.7	180.4	196.5	200.9	202.5	203.6	204.9
7 Travelers checks	5.2	5.9	6.5	7.1	7.3	7.3	7.4	7.3
8 Demand deposits	244.1	267.2	303.3	288.0	287.9	290.1	287.3	289.8
9 Other checkable deposits ⁶	146.4	179.2	235.2	259.3	266.9 ^r	270.1	271.8	274.3
Nontransactions components								
10 In M2	1,811.7	1,942.5	2,082.4	2,150.3	2,204.5 ^r	2,221.7	2,233.7	2,241.8
11 In M3 only	614.7	633.8	682.6	760.0	776.9 ^r	775.3	777.1	783.8
Savings deposits ⁹								
12 Commercial Banks	122.6	124.8	155.5	178.2	183.2	184.2	185.9	188.0
13 Thrift institutions	162.9	176.6	215.2	236.0	236.6	238.6	239.3	241.3
Small denomination time deposits ¹⁰								
14 Commercial Banks	386.3	383.3	364.6	384.6	397.5	402.4	404.6	406.8
15 Thrift institutions	497.0	496.2	488.6	528.5	556.0	562.4	567.3	568.7
Money market mutual funds								
16 General purpose and broker-dealer	167.5	176.5	208.0	221.1	234.9	236.1	232.7	229.8
17 Institution-only	62.7	64.5	84.4	89.6	97.4	91.9	90.0	86.3
Large denomination time deposits ¹¹								
18 Commercial Banks ¹²	270.2	284.9	288.9	323.5	326.3	325.7	328.9	334.9
19 Thrift institutions	146.8	151.6	150.3	161.2	165.1	167.2	168.1	168.0
Debt components								
20 Federal debt	1,365.3	1,584.3	1,804.5	1,954.7	2,006.6	2,018.5	2,023.1	n.a.
21 Nonfederal debt	4,567.3	5,165.1	5,803.2	6,350.7 ^r	6,462.1 ^r	6,509.2	6,561.6	n.a.
Not seasonally adjusted								
22 M1	564.5	633.5	740.6	765.9	752.1 ^r	778.2	763.6	778.5
23 M2	2,373.2	2,573.9	2,821.5	2,914.8	2,958.9	2,999.3	2,989.8	3,015.8
24 M3	2,991.4	3,211.0	3,507.2	3,677.7	3,737.6 ^r	3,771.8	3,768.3	3,797.1
25 L	3,532.7	3,841.4	4,151.9	4,341.9 ^r	4,417.0 ^r	4,461.1	4,471.9	n.a.
26 Debt	5,927.1	6,740.6	7,593.3	8,289.3 ^r	8,436.8 ^r	8,498.0	8,555.0	n.a.
M1 components								
27 Currency	158.5	170.2	183.0	199.4	199.2	201.6	203.6	205.8
28 Travelers checks	4.9	5.5	6.0	6.5	6.9	6.9	7.1	7.6
29 Demand deposits	253.0	276.9	314.4	298.5	279.9	291.9	282.8	290.8
30 Other checkable deposits ⁶	148.2	180.9	237.3	261.6	266.1 ^r	277.8	270.1	274.3
Nontransactions components								
31 M2	1,808.7	1,940.3	2,080.8	2,148.9	2,206.8 ^r	2,221.1	2,226.2	2,237.3
32 M3 only	618.2	637.1	685.7	762.9	778.7 ^r	772.5	778.5	781.3
Money market deposit accounts								
33 Commercial Banks	267.4	332.8	379.6	358.2	360.9 ^r	360.3	356.9	360.0
34 Thrift institutions	149.4	180.8	192.9	167.0	163.8	163.0	162.6	162.4
Savings deposits ⁹								
35 Commercial Banks	121.5	123.7	154.2	176.7	182.5	185.1	187.1	189.6
36 Thrift institutions	161.5	174.8	212.9	233.3	236.1	239.5	241.3	244.1
Small denomination time deposits ¹⁰								
37 Commercial Banks	386.9	384.0	365.3	385.2	397.2	399.5	401.4	405.3
38 Thrift institutions	498.2	497.5	489.7	529.3	556.6	560.9	562.8	565.2
Money market mutual funds								
39 General purpose and broker-dealer	167.5	176.5	208.0	221.1	234.9	236.1	232.7	229.8
40 Institution-only	62.7	64.5	84.4	89.6	97.4	91.9	90.0	86.3
Large denomination time deposits ¹¹								
41 Commercial Banks ¹²	270.9	285.4	289.1	323.6	328.5 ^r	325.6	329.6	334.2
42 Thrift institutions	146.8	151.9	150.7	161.8	165.3	165.6	167.1	166.8
Debt components								
43 Federal debt	1,364.7	1,583.7	1,803.9	1,954.1	1,993.2	2,001.6	2,005.2	n.a.
44 Nonfederal debt	4,562.4	5,156.9	5,789.4	6,335.1 ^r	6,443.6 ^r	6,496.4	6,549.8	n.a.

For notes see following page.

NOTES TO TABLE 1.21

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

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

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

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

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

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

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

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

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

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

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

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

9. Savings deposits exclude MMDAs.

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

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

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

1.22 BANK DEBITS AND DEPOSIT TURNOVER¹

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

Bank group, or type of customer	1985 ²	1986 ²	1987 ²	1987 ²		1988			
				Nov.	Dec.	Jan. ²	Feb. ²	Mar.	Apr.
DEBITS TO									
Seasonally adjusted									
Demand deposits ³									
1 All insured banks	156,091.6	188,345.8	217,115.9	219,386.1	203,290.6	213,270.8	221,057.3	218,986.7	213,971.5
2 Major New York City banks	70,585.8	91,397.3	104,486.3	103,693.6	92,640.1	98,733.8	104,568.3	101,161.0	100,695.1
3 Other banks	85,505.9	96,948.8	112,619.6	115,692.5	110,650.5	114,537.0	116,489.0	117,825.7	113,276.4
4 ATS-NOW accounts ⁴	1,823.5	2,182.5	2,402.7	2,536.1	2,525.7	2,552.7	2,730.3	2,856.8	2,557.9
5 Savings deposits ⁵	384.9	403.5	526.3	570.8	556.0	534.9	596.0	640.7	543.7
DEPOSIT TURNOVER									
Demand deposits ³									
6 All insured banks	500.3	556.5	612.1	619.0	590.4	602.5	628.2	628.8	600.2
7 Major New York City banks	2,196.9	2,498.2	2,670.6	2,620.2	2,608.1	2,600.3	2,844.8	2,811.0	2,700.6
8 Other banks	305.7	321.2	357.0	367.4	358.3	362.5	369.7	377.3	354.9
9 ATS-NOW accounts ⁴	15.8	15.6	13.8	14.2	14.2	13.0	14.9	15.5	13.8
10 Savings deposits ⁵	3.2	3.0	3.1	3.3	3.2	3.0	3.3	3.5	3.0
DEBITS TO									
Not seasonally adjusted									
Demand deposits ³									
11 All insured banks	156,052.3	188,506.4	217,124.8	202,230.1	222,338.9	210,029.1	208,899.2	233,286.6	214,848.8
12 Major New York City banks	70,559.2	91,500.0	104,518.6	96,035.9	102,348.7	40.3	36.8	109,557.8	101,141.9
13 Other banks	85,493.1	97,006.6	112,606.1	106,194.2	119,790.3	112,189.0	110,792.7	123,728.8	113,706.9
14 ATS-NOW accounts ⁴	1,826.4	2,184.6	2,404.8	2,375.8	2,645.3	2,565.2	2,468.6	2,825.0	2,745.3
15 MMDA ⁶	1,223.9	1,609.4	1,954.2	1,959.8	2,276.4	2,305.6	2,102.8	2,337.5	2,372.8
16 Savings deposits ⁵	385.3	404.1	526.8	519.9	568.9	552.5	526.3	616.5	603.2
DEPOSIT TURNOVER									
Demand deposits ³									
17 All insured banks	499.9	556.7	612.3	565.6	615.0	578.7	610.5	684.3	601.8
18 Major New York City banks	2,196.3	2,499.1	2,674.9	2,467.8	2,661.4	2,430.3	2,664.6	3,005.7	2,706.2
19 Other banks	305.6	321.2	356.9	333.3	370.9	347.7	362.8	406.4	355.7
20 ATS-NOW accounts ⁴	15.8	15.6	13.8	13.3	14.6	13.9	13.5	15.3	14.4
21 MMDA ⁶	4.0	4.5	5.3	5.5	6.4	6.5	5.9	6.5	6.6
22 Savings deposits ⁵	3.2	3.0	3.1	3.0	3.2	3.1	3.0	3.4	3.3

1. Historical tables containing revised data for earlier periods may be obtained from the Banking Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

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

2. Annual averages of monthly figures.

3. Represents accounts of individuals, partnerships, and corporations and

of states and political subdivisions.

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

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

6. Money market deposit accounts.

A16 Domestic Financial Statistics □ September 1988

1.23 LOANS AND SECURITIES All Commercial Banks¹

Billions of dollars; averages of Wednesday figures

Category	1987						1988					
	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
Seasonally adjusted												
1 Total loans and securities ²	2,181.3	2,199.0	2,214.7	2,227.6	2,232.1	2,230.6	2,242.4	2,259.8	2,274.8	2,297.7	2,322.5	2,343.9
2 U.S. government securities	322.9	328.5	331.3	331.7	331.1	333.2	334.6	334.9	338.9	343.0	345.9 ³	349.8
3 Other securities	194.3	193.7	193.7	194.2	196.2	196.0	193.9	195.6	197.5	198.2	197.6	198.5
4 Total loans and leases ²	1,664.1	1,676.8	1,689.8	1,701.7	1,704.8	1,701.4	1,714.0	1,729.2	1,738.4	1,756.4	1,778.9	1,795.5
5 Commercial and industrial	553.6	554.0	559.0	562.8	563.1	565.3	568.3	571.1	569.3	578.8	587.4	594.4
6 Bankers acceptances held ⁴	4.5	5.3	5.4	5.5	4.6	4.3	4.5	4.5	4.8	4.7	4.5	4.5
7 Other commercial and industrial	549.1	548.7	553.6	557.3	558.5	561.2	563.9	566.6	564.5	574.1	582.9	589.9
8 U.S. addressees ⁴	540.8	540.6	545.7	549.4	551.0	551.1	554.9 ³	557.6	556.1	565.8	575.7 ³	583.0
9 Non-U.S. addressees ⁴	8.3	8.1	7.9	7.9	7.5	8.2	9.0	8.9	8.4	8.3	7.1	7.0
10 Real estate	549.6	556.8	561.7	569.4	576.2	582.3	587.5	593.0	598.2	604.4	612.6 ³	618.9
11 Individual	319.7	321.5	322.8	324.1	325.0	325.9	327.9	330.8	334.6	337.6	339.1 ³	340.6
12 Security	43.9	45.4	46.1	47.1	39.3	33.4	36.3	41.3	39.8	38.1	38.8	38.6
13 Nonbank financial institutions	32.5	31.5	31.4	31.7	31.9	31.9	32.1	32.7	32.1	31.2	31.8	31.4
14 Agricultural	29.8	29.7	29.6	29.6	29.3	29.2	29.3 ³	29.5	29.5	29.5	29.4	29.0
15 State and political subdivisions	55.6 ³	54.8 ³	54.7 ³	54.1	53.4	51.2	52.3	52.3	52.1	51.9	51.6	51.5
16 Foreign banks	9.0	9.1	9.2	9.6	8.8	8.2	8.2	7.8	8.1	8.5	8.2	8.2
17 Foreign official institutions	5.7	5.7	5.7	5.8	5.7	5.6	5.6	5.2	5.2	5.2	5.3	5.2
18 Lease financing receivables	23.9	24.0	24.1	24.3	24.5	24.8	24.8	24.7	24.8	25.0	25.3	25.8
19 All other loans	40.7	44.2 ³	45.4 ³	43.1 ³	47.6	43.3	41.6	40.9	44.6	46.1	49.5 ³	51.8
Not seasonally adjusted												
20 Total loans and securities ²	2,172.8	2,188.8	2,211.6	2,222.4	2,231.3	2,247.0	2,255.0	2,264.5	2,275.0	2,298.8	2,319.1	2,340.0
21 U.S. government securities	322.1	328.3	331.3	329.3	331.0	333.1	336.1	340.0	340.8	342.6	344.3	346.3
22 Other securities	193.0	193.6	193.8	193.3	195.6	196.6	196.5	196.3	197.1	197.8	197.7 ³	198.0
23 Total loans and leases ²	1,657.7	1,666.9	1,686.6	1,699.8	1,704.7	1,717.3	1,722.4	1,728.2	1,737.2	1,758.5	1,777.1	1,795.7
24 Commercial and industrial	551.3	549.5	555.7	558.7	562.0	569.6	568.0	570.3	574.5	582.8	589.8	595.9
25 Bankers acceptances held ⁴	4.6	5.3	5.5	5.4	4.6	4.4	4.3	4.4	4.8	4.7	4.5	4.6
26 Other commercial and industrial	546.7	544.2	550.2	553.3	557.4	565.2	563.7	565.9	569.7	578.1	585.3	591.3
27 U.S. addressees ⁴	538.2	536.0	542.1	545.3	549.3	557.1	555.5	557.4	561.5	570.0	577.9	584.2
28 Non-U.S. addressees ⁴	8.6	8.3	8.1	8.1	8.1	8.1	8.2	8.5	8.1	8.1	7.3	7.1
29 Real estate	549.7	556.8	562.4	570.0	576.8	583.2	587.8	592.3	597.4	603.4	612.0	618.6
30 Individual	318.4	321.5	324.3	325.7	326.7	330.2	331.3	330.2	331.5	334.5	336.3	338.5
31 Security	43.3	43.3	44.8	45.6	39.4	35.1	37.1	39.7	39.3	39.8	39.3	40.0
32 Nonbank financial institutions	32.3	31.4	31.8	31.7	32.3	32.2	32.4	31.6	31.1	31.1	31.5	31.5
33 Agricultural	30.5	30.6	30.7	30.4	29.6	28.9 ³	28.6	28.5	28.5	28.7	29.1	29.3
34 State and political subdivisions	54.7	54.1	53.8	53.2	52.3	51.2	54.1	53.5 ³	53.0	52.4	51.6	51.1
35 Foreign banks	9.0	8.9	9.5	9.8	8.8	8.6	8.4	8.0	8.0	8.1	7.9	8.1
36 Foreign official institutions	5.7	5.7	5.7	5.8	5.7	5.6	5.6	5.2	5.2	5.2	5.3	5.2
37 Lease financing receivables	23.9	23.9	24.0	23.9	24.2	24.8	25.0	24.9	25.0	25.2	25.4	26.0
38 All other loans	38.9	41.0	43.9	44.8	46.8	46.8	44.1	43.8	43.8	47.1	48.9 ³	51.3

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

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

3. Includes nonfinancial commercial paper held.

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

1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS¹

Monthly averages, billions of dollars

Source	1987						1988					
	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
Total nondeposit funds												
1 Seasonally adjusted ²	160.4	166.8	177.3	176.3	173.8	177.4'	178.9'	176.7'	174.2'	181.5'	191.3'	190.7
2 Not seasonally adjusted	156.8	166.9	177.7	176.3	176.1	178.2	179.2'	179.2'	175.1'	180.7'	191.3'	187.0
Federal funds, RPs, and other borrowings from nonbanks ³												
3 Seasonally adjusted	167.3	167.1	165.0	164.7	165.9	162.2	169.8	173.6	177.4	179.5	181.6	181.7
4 Not seasonally adjusted	163.6	167.2	165.4	164.8	168.3	163.1	170.1	176.1	178.2	178.7	181.4	178.1
5 Net balances due to foreign-related institutions, not seasonally adjusted	-6.9	-3	12.3	11.6	7.9	15.2'	9.1'	3.1'	-3.1'	2.0'	9.8'	8.9
MEMO												
6 Domestically chartered banks' net positions with own foreign branches, not seasonally adjusted ⁴	-22.2	-17.7	-11.8	-14.7	-17.1	-14.0'	-16.5'	-20.2'	-25.3'	-22.2'	-16.4'	-16.0
7 Gross due from balances	66.4	64.5	63.8	67.7	70.4	69.5'	71.2'	72.9'	76.6'	72.9'	69.6'	69.4
8 Gross due to balances	44.2	46.8	52.0	53.0	53.3	55.5	54.7	52.7	51.3	50.7	53.3'	53.4
9 Foreign-related institutions' net positions with directly related institutions, not seasonally adjusted ⁵	15.4	17.4	24.1	26.3	24.9	29.2	25.6	23.3	22.1	24.2	26.2	25.0
10 Gross due from balances	77.4	77.7	77.3	79.7	83.2	79.8	85.2	87.3	88.6	88.3	89.9'	93.6
11 Gross due to balances	92.8	95.0	101.4	106.0	108.2	109.0	110.8'	110.6	110.7	112.4	116.0	118.5
Security RP borrowings ⁶												
12 Seasonally adjusted	103.0	105.2	107.4	107.6	107.0	106.5	108.9	107.7	108.2	112.0	114.9	117.7
13 Not seasonally adjusted	99.4	105.3	107.8	107.6	109.3	107.4	109.3	110.3	109.1	111.2	114.7	114.1
U.S. Treasury demand balances ⁷												
14 Seasonally adjusted	24.4	28.5	24.9	34.2	35.7	26.1	18.6	22.6	24.9	21.8	24.7	22.0
15 Not seasonally adjusted	26.6	21.6	25.5	30.7	25.8	22.4	24.9	28.2	22.3	21.7	30.4	21.0
Time deposits, \$100,000 or more ⁸												
16 Seasonally adjusted	372.5	372.3	373.0	380.5	387.0	389.2	389.1	394.4	396.1	394.1	396.5	400.7
17 Not seasonally adjusted	370.0	371.8	373.2	380.4	387.0	389.3	390.1	394.7	398.2	394.0	397.2	400.0

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

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

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

3. Other borrowings are borrowings on any instrument, such as a promissory note or due bill, given for the purpose of borrowing money for the banking

business. This includes borrowings from Federal Reserve Banks and from foreign banks, term federal funds, overdrawn due from bank balances, loan RPs, and participations in pooled loans.

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

5. Averages of daily data.

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

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

8. Averages of Wednesday figures.

A18 Domestic Financial Statistics □ September 1988

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

Billions of dollars

Account	1987					1988					
	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
ALL COMMERCIAL BANKING INSTITUTIONS²											
1 Loans and securities	2,348.8	2,374.8	2,402.4	2,389.9	2,430.5	2,416.5	2,424.1	2,444.6	2,462.9	2,469.0	2,509.0
2 Investment securities	501.1	501.7	503.8	508.0	514.4	516.0	515.4	518.3	520.3	522.5	519.8
3 U.S. government securities	313.7	313.8	316.0	317.3	321.4	323.7	323.6	324.6	328.1	330.0	327.1
4 Other	187.4	187.9	187.9	190.7	193.1	192.2	191.8	193.7	192.1	192.6	192.7
5 Trading account assets	19.5	19.5	19.6	20.3	16.9	18.2	21.9	20.3	19.6	20.3	22.3
6 Total loans	1,828.2	1,853.6	1,878.9	1,861.6	1,899.2	1,882.3	1,886.9	1,906.0	1,923.0	1,926.2	1,966.9
7 Interbank loans	160.8	157.4	172.9	162.0	172.1	160.9	162.8	161.0	161.6	154.0	166.7
8 Loans excluding interbank	1,667.5	1,696.2	1,706.1	1,699.7	1,727.2	1,721.4	1,724.1	1,745.0	1,761.5	1,772.1	1,800.2
9 Commercial and industrial	548.2	560.7	559.7	561.1	576.4	565.4	570.4	576.9	584.1	588.7	600.2
10 Real estate	558.2	564.1	571.7	577.4	586.3	589.3	592.7	600.0	605.9	613.9	621.3
11 Individual	322.1	325.3	326.7	326.9	332.4	330.8	330.4	332.7	335.9	336.3	339.2
12 All other	239.0	246.0	248.0	234.3	232.1	235.8	230.6	235.4	235.6	233.2	239.5
13 Total cash assets	210.7	223.8	223.5	215.2	232.5	209.7	203.3	207.9	210.8	197.0	218.3
14 Reserves with Federal Reserve Banks	37.3	32.9	38.3	33.8	36.2	33.3	32.8	32.1	32.2	26.0	34.4
15 Cash in vault	24.7	24.5	25.0	24.0	28.5	25.8	25.1	24.8	25.4	25.4	26.5
16 Cash items in process of collection	65.9	81.6	79.0	76.1	79.9	70.7	66.8	74.1	76.4	71.6	77.2
17 Demand balances at U.S. depository institutions	30.8	32.7	32.3	32.9	36.6	31.3	30.0	31.6	30.6	29.5	31.9
18 Other cash assets	52.1	52.1	48.9	48.4	51.4	48.6	48.5	45.3	46.2	44.6	48.3
19 Other assets	184.5	193.6	186.3	187.5	184.0	177.7	178.1	189.0	185.2	182.0	189.3
20 Total assets/total liabilities and capital	2,744.0	2,792.2	2,812.2	2,792.6	2,847.1	2,803.9	2,805.5	2,841.5	2,859.0	2,848.0	2,916.6
21 Deposits	1,930.4	1,972.4	1,971.2	1,974.1	2,009.1	1,969.0	1,975.0	2,004.1	2,007.2	2,004.6	2,038.3
22 Transaction deposits	574.1	612.4	598.1	592.0	623.3	576.2	567.5	587.6	595.0	578.1	602.3
23 Savings deposits	537.9	535.3	531.7	531.1	528.0	531.7	535.6	539.7	536.0	542.0	544.5
24 Time deposits	818.4	824.7	841.4	851.0	857.9	861.1	871.8	876.8	876.2	884.4	891.6
25 Borrowings	426.4	416.3	435.7	420.1	426.2	446.1	444.2	446.3	456.3	448.7	478.8
26 Other liabilities	209.6	224.7	225.5	218.9	231.5	208.1	205.3	211.1	214.1	211.8	215.0
27 Residual (assets less liabilities)	177.6	178.8	179.8	179.5	180.4	180.7	181.0	180.0	181.4	182.9	184.4
MEMO											
28 U.S. government securities (including trading account)	326.8	327.7	329.9	331.7	332.4	337.7	340.8	340.1	342.8	345.7	344.0
29 Other securities (including trading account)	193.8	193.5	193.5	196.6	198.9	196.5	196.5	198.5	197.1	197.2	198.1
DOMESTICALLY CHARTERED COMMERCIAL BANKS³											
30 Loans and securities	2,179.6	2,195.4	2,218.6	2,213.8	2,238.5	2,232.9	2,237.8	2,255.8	2,272.0	2,277.3	2,304.1
31 Investment securities	476.2	475.9	478.7	482.6	488.3	488.0	487.6	490.4	493.8	495.2	492.5
32 U.S. Treasury securities	303.5	302.9	305.7	306.4	311.0	312.1	312.2	313.1	316.8	317.7	315.2
33 Other	172.6	173.0	173.0	176.2	177.3	175.9	175.4	177.2	177.0	177.6	177.3
34 Trading account assets	19.5	19.5	19.6	20.3	16.9	18.2	21.9	20.3	19.6	20.3	22.3
35 Total loans	1,684.0	1,700.0	1,720.3	1,711.0	1,733.3	1,726.6	1,728.3	1,745.1	1,758.6	1,761.8	1,789.4
36 Interbank loans	128.6	125.0	133.3	130.5	135.3	131.4	133.4	132.2	129.0	125.5	133.6
37 Loans excluding interbank	1,555.4	1,575.0	1,587.0	1,580.4	1,598.0	1,595.2	1,595.0	1,612.9	1,629.7	1,636.3	1,655.8
38 Commercial and industrial	464.4	470.2	470.6	472.0	479.4	472.7	475.6	480.7	487.2	488.8	492.5
39 Real estate	548.4	554.0	561.9	567.3	575.0	577.9	580.3	587.3	593.0	600.5	607.8
40 Individual	321.8	325.0	326.4	326.6	332.1	330.5	330.1	332.4	335.6	336.0	338.9
41 All other	220.8	225.8	228.1	214.6	211.6	214.1	209.0	212.5	213.9	211.0	216.5
42 Total cash assets	192.7	204.8	207.8	199.3	214.9	192.1	184.4	191.7	194.3	180.8	199.4
43 Reserves with Federal Reserve Banks	36.2	30.9	36.5	31.5	35.1	31.7	30.5	30.1	30.8	23.6	32.9
44 Cash in vault	24.6	24.4	24.9	24.0	28.4	25.7	25.1	24.7	25.4	25.4	26.4
45 Cash items in process of collection	65.9	81.0	78.4	75.7	79.5	70.2	66.3	73.6	75.9	71.1	76.6
46 Demand balances at U.S. depository institutions	29.2	30.8	30.6	31.4	34.7	29.7	28.4	30.0	29.0	27.8	30.1
47 Other cash assets	37.2	37.7	37.3	36.7	37.3	34.8	34.0	33.4	33.3	32.9	33.4
48 Other assets	119.9	134.2	130.0	123.7	127.2	118.9	121.4	126.8	125.1	121.7	129.6
49 Total assets/liabilities and capital	2,492.2	2,534.5	2,556.4	2,536.8	2,580.7	2,543.9	2,543.6	2,574.3	2,591.5	2,579.7	2,633.2
50 Deposits	1,868.8	1,910.3	1,909.1	1,912.4	1,944.6	1,906.9	1,912.2	1,940.1	1,943.7	1,940.6	1,972.7
51 Transaction deposits	566.0	603.9	589.5	583.7	614.9	567.9	559.6	579.2	586.4	569.8	593.6
52 Savings deposits	535.7	533.2	529.5	528.8	525.7	529.4	533.2	537.3	533.6	539.6	541.7
53 Time deposits	767.1	773.3	790.1	799.9	809.6	809.6	819.4	823.6	823.7	831.2	837.4
54 Borrowings	333.0	324.7	345.7	323.2	331.9	347.0	344.8	343.4	351.0	344.2	362.6
55 Other liabilities	116.0	123.8	125.0	124.8	127.0	112.5	108.8	114.0	118.5	115.2	116.7
56 Residual (assets less liabilities)	174.4	175.6	176.6	176.3	177.2	177.5	177.8	176.8	178.2	179.7	181.2

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

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

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

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

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

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

Millions of dollars, Wednesday figures

Account	1988								
	May 4	May 11	May 18	May 25	June 1	June 8	June 15	June 22	June 29
1 Cash and due from depository institutions . . .	10,110	11,916	10,064	9,968	11,174	10,467	11,571	10,705	11,604
2 Total loans and securities	104,293	104,249	105,090	104,381	105,741	105,264	108,728	107,658	111,043
3 U.S. Treasury and government agency securities	8,166	8,322	7,878	8,286	7,780	7,892	8,352	8,234	8,102
4 Other securities	7,621	7,592	7,457	7,535	7,605	7,609	7,609	7,609	7,595
5 Federal funds sold ²	8,869	9,036	10,340	8,397	8,469	7,610	10,842	7,672	9,764
6 To commercial banks in the United States . . .	5,820	6,147	7,416	5,900	5,546	5,137	7,645	4,857	6,827
7 To others	3,050	2,889	2,925	2,497	2,923	2,473	3,197	2,815	2,937
8 Other loans, gross	79,637	79,298	79,414	80,163	81,886	82,157	81,926	84,144	85,583
9 Commercial and industrial	53,061	53,239	52,810	53,674	55,094	55,245	54,911	56,536	57,718
10 Bankers acceptances and commercial paper	1,466	1,587	1,538	1,491	1,678	1,641	1,604	1,707	1,574
11 All other	51,595	51,652	51,272	52,183	53,415	53,604	53,306	54,829	56,144
12 U.S. addressees	49,541	49,654	49,207	50,061	51,398	51,590	51,317	52,794	54,092
13 Non-U.S. addressees	2,054	1,998	2,065	2,121	2,017	2,014	1,990	2,034	2,052
14 To financial institutions	14,678	14,398	14,858	14,680	15,052	15,161	14,834	15,244	15,296
15 Commercial banks in the United States . . .	10,816	10,272	10,362	10,636	10,417	10,855	10,489	10,923	11,334
16 Banks in foreign countries	996	1,064	984	1,060	1,146	1,180	1,037	1,127	918
17 Nonbank financial institutions	2,865	3,063	3,312	2,985	3,489	3,126	3,308	3,194	3,044
18 To foreign governments and official institutions	563	574	571	562	596	585	586	558	562
19 For purchasing and carrying securities	1,508	1,213	1,301	1,366	1,382	1,433	1,622	1,811	2,100
20 All other	9,826	9,874	9,873	9,880	9,763	9,732	9,972	9,994	9,907
21 Other assets (claims on nonrelated parties) . .	31,155	30,936	31,402	31,289	31,366	31,231	31,418	31,382	32,335
22 Net due from related institutions	15,921	15,278	15,420	15,074	15,942	16,704	17,879	15,546	15,269
23 Total assets	161,479	162,381	161,977	160,712	164,223	163,666	169,597	165,291	170,251
24 Deposits or credit balances due to other than directly related institutions	41,847	41,831	41,725	42,262	42,217	42,566	42,858	42,906	43,122
25 Transaction accounts and credit balances ³ . .	3,344	3,203	3,121	3,320	3,758	3,616	3,827	3,852	3,680
26 Individuals, partnerships, and corporations	2,111	1,926	2,101	1,965	2,322	2,312	2,448	2,261	2,134
27 Other	1,233	1,277	1,019	1,355	1,435	1,304	1,379	1,591	1,546
28 Nontransaction accounts	38,503	38,628	38,604	38,942	38,459	38,950	39,031	39,054	39,442
29 Individuals, partnerships, and corporations	31,257	31,387	31,420	31,743	31,187	31,833	31,924	31,715	32,268
30 Other	7,246	7,241	7,184	7,199	7,272	7,116	7,107	7,339	7,174
31 Borrowings from other than directly related institutions	65,806	64,077	62,315	62,896	66,542	65,965	70,988	66,816	70,296
32 Federal funds purchased	33,087	30,681	30,454	31,201	32,883	32,712	37,834	31,781	32,614
33 From commercial banks in the United States	15,982	14,634	16,130	16,041	16,328	16,788	20,807	15,561	16,053
34 From others	17,105	16,048	14,324	15,160	16,556	15,924	17,027	16,220	16,562
35 Other liabilities for borrowed money	32,719	33,396	31,861	31,695	33,659	33,253	33,154	35,035	37,682
36 To commercial banks in the United States	24,462 ⁴	24,957 ⁴	23,458 ⁴	23,918 ⁴	25,089	24,184	23,364	25,236	26,581
37 To others	8,257 ⁴	8,438 ⁴	8,403 ⁴	7,777 ⁴	8,570	9,069	9,791	9,799	11,100
38 Other liabilities to nonrelated parties	32,577	32,712	32,630	32,861	32,676	32,926	33,104	32,969	33,787
39 Net due to related institutions	21,249	23,760	25,307	22,693	22,787	22,209	22,647	22,600	23,046
40 Total liabilities	161,479	162,381	161,977	160,712	164,223	163,666	169,597	165,291	170,251
MEMO									
41 Total loans (gross) and securities adjusted ⁵ . .	87,657	87,830	87,112	87,845	89,778	89,272	90,594	91,879	92,882
42 Total loans (gross) adjusted ⁶	71,870	71,916	71,776	72,024	74,393	73,775	74,634	76,036	77,185

1. Effective Jan. 1, 1986, the reporting panel includes 65 U.S. branches and agencies of foreign banks that include those branches and agencies with assets of \$750 million or more on June 30, 1980, plus those branches and agencies that had reached the \$750 million asset level on Dec. 31, 1984. These data also appear in the Board's H.4.2 (504) release. For address, see inside front cover.

2. Includes securities purchased under agreements to resell.

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

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

5. Includes securities sold under agreements to repurchase.

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

1.31 GROSS DEMAND DEPOSITS Individuals, Partnerships, and Corporations¹

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

Type of holder	Commercial banks									
	1982 Dec.	1983 Dec.	1984 Dec.	1985 Dec. ^{3,4}	1986	1987				1988
					Dec.	Mar.	June	Sept.	Dec. ⁵	Mar.
1 All holders—Individuals, partnerships, and corporations	291.8	293.5	302.7	321.0	363.6	335.9	340.2	339.0	343.5	328.6
2 Financial business	35.4	32.8	31.7	32.3	41.4	35.9	36.6	36.5	36.3	33.9
3 Nonfinancial business	150.5	161.1	166.3	178.5	202.0	183.0	187.2	188.2	191.9	184.1
4 Consumer	85.9	78.5	81.5	85.5	91.1	88.9	90.1	88.7	90.0	86.9
5 Foreign	3.0	3.3	3.6	3.5	3.3	2.9	3.2	3.2	3.4	3.5
6 Other	17.0	17.8	19.7	21.2	25.8	25.2	23.1	22.4	21.9	20.3
	Weekly reporting banks									
	1982 Dec.	1983 Dec.	1984 Dec. ²	1985 Dec. ^{3,4}	1986	1987				1988
					Dec.	Mar.	June	Sept.	Dec. ⁵	Mar. ⁵
7 All holders—Individuals, partnerships, and corporations	144.2	146.2	157.1	168.6	195.1	178.1	179.3	179.1	183.8	181.8
8 Financial business	26.7	24.2	25.3	25.9	32.5	28.7	29.3	29.3	28.6	27.0
9 Nonfinancial business	74.3	79.8	87.1	94.5	106.4	94.4	94.8	96.0	100.0	98.2
10 Consumer	31.9	29.7	30.5	33.2	37.5	36.8	37.5	37.2	39.1	41.7
11 Foreign	2.9	3.1	3.4	3.1	3.3	2.8	3.1	3.1	3.3	3.4
12 Other	8.4	9.3	10.9	12.0	15.4	15.5	14.6	13.5	12.7	11.4

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

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

3. Beginning March 1985, financial business deposits and, by implication, total gross demand deposits have been redefined to exclude demand deposits due to thrift institutions. Historical data have not been revised. The estimated volume of such deposits for December 1984 is \$5.0 billion at all insured commercial banks and \$3.0 billion at weekly reporting banks.

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

5. Beginning March 1988, these data reflect a change in the panel of weekly reporting banks, and are not comparable to earlier data. Estimates in billions of dollars for December 1987 based on the new weekly reporting panel are: financial business, 29.4; nonfinancial business, 105.1; consumer, 41.1; foreign, 3.4; other, 13.1.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1983	1984	1985	1986	1987	1987	1988					
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jan. ¹	Feb.	Mar.	Apr.	May
Commercial paper (seasonally adjusted unless noted otherwise)												
1 All issuers	187,658	237,586	298,779	329,991	357,129	357,129	380,339	388,893	391,305	406,484	414,312	
Financial companies ²												
Dealer-placed paper ³												
2 Total	44,455	56,485	78,443	101,072	101,958	101,958	120,930	125,914	128,680	133,946	137,838	
3 Bank-related (not seasonally adjusted)	2,441	2,035	1,602	2,265	1,428	1,428	1,694	1,724	1,371	1,093	1,422	
Directly placed paper ⁴												
4 Total	97,042	110,543	135,320	151,820	173,939	173,939	175,467	174,595	173,316	180,119	185,876	
5 Bank-related (not seasonally adjusted)	35,566	42,105	44,778	40,860	43,173	43,173	45,425	43,987	43,681	45,703	47,719	
6 Nonfinancial companies ⁵	46,161	70,558	85,016	77,099	81,232	81,232	83,942	88,384	89,309	92,419	90,598	
Bankers dollar acceptances (not seasonally adjusted) ⁶												
7 Total	78,309	78,364	68,413	64,974	70,565	70,565	62,957 ⁷	62,419	63,454	64,112	63,332	
Holder												
8 Accepting banks	9,355	9,811	11,197	13,423	10,943	10,943	8,602 ⁷	9,629	10,243	10,295	9,322	
9 Own bills	8,125	8,621	9,471	11,707	9,464	9,464	7,759 ⁷	8,561	8,825	8,929	8,498	
10 Bills bought	1,230	1,191	1,726	1,716	1,479	1,479	843	1,067	1,417	1,366	825	
Federal Reserve Banks												
11 Own account	418	0	0	0	0	0	0	0	0	0	0	
12 Foreign correspondents	729	671	937	1,317	965	965	831	833	795	803	1,050	
13 Others	67,807	67,881	56,279	50,234	58,658	58,658	53,524 ⁷	51,958	52,417	53,014	52,960	
Basis												
14 Imports into United States	15,649	17,845	15,147	14,670	16,483	16,483	14,468 ⁷	14,354	14,575	14,715	13,974	
15 Exports from United States	16,880	16,305	13,204	12,960	15,227	15,227	14,034	13,891	13,899	14,746	14,590	
16 All other	45,781	44,214	40,062	37,344	38,855	38,855	34,436 ⁷	34,173	34,980	34,652	34,768	

1. Data reflect a break in series resulting from additions to the reporting panel and from the correction of a misclassification that had understated dealer-placed financial and overstated nonfinancial outstandings.

2. 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.

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

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

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

6. Beginning January 1988, the number of respondents in the bankers acceptance survey were reduced from 155 to 111 institutions—those with \$100 million or more in total acceptances. The new reporting group accounts for over 90 percent of total acceptances activity.

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

Percent per year

Effective date	Rate	Effective Date	Rate	Month	Average rate	Month	Average rate
1985—Jan. 15	10.50	1987—Apr. 1	7.75	1985—Jan.	10.61	1986—Nov.	7.50
May 20	10.00	May 1	8.00	Feb.	10.30	Dec.	7.50
June 18	9.50	May 15	8.25	Mar.	10.50		
1986—Mar. 7	9.00	Sept. 4	8.75	Apr.	10.50	1987—Jan.	7.50
Apr. 21	8.50	Oct. 7	9.25	May	10.31	Feb.	7.50
July 11	8.00	Nov. 5	8.75	June	9.78	Mar.	7.50
Aug. 26	7.50			July	9.50	Apr.	7.75
				Aug.	9.50	May	8.14
		1988—Feb. 2	8.50	Sept.	9.50	June	8.25
		May 11	9.00	Oct.	9.50	July	8.25
		July 14	9.50	Nov.	9.50	Aug.	8.25
				Dec.	9.50	Sept.	8.70
						Oct.	9.07
				1986—Jan.	9.50	Nov.	8.78
				Feb.	9.50	Dec.	8.75
				Mar.	9.10		
				Apr.	8.83	1988—Jan.	8.75
				May	8.50	Feb.	8.51
				June	8.50	Mar.	8.50
				July	8.16	Apr.	8.50
				Aug.	7.90	May	8.84
				Sept.	7.50	June	9.00
				Oct.	7.50		

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

1.35 INTEREST RATES Money and Capital Markets

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

Instrument	1985	1986	1987	1988				1988, week ending				
				Mar.	Apr.	May	June	May 27	June 3	June 10	June 17	June 24
MONEY MARKET RATES												
1 Federal funds ^{1,2}	8.10	6.80	6.66	6.58	6.87	7.09	7.51	7.14	7.41	7.37	7.43	7.54
2 Discount window borrowing ^{1,2,3}	7.69	6.32	5.66	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Commercial paper ⁴												
3 1-month	7.93	6.61	6.74	6.57	6.80	7.07	7.41	7.17	7.38	7.36	7.35	7.43
4 3-month	7.95	6.49	6.82	6.62	6.86	7.19	7.49	7.30	7.47	7.45	7.43	7.52
5 6-month	8.00	6.39	6.85	6.64	6.92	7.31	7.53	7.42	7.55	7.50	7.46	7.55
Finance paper, directly placed ^{4,5}												
6 1-month	7.90	6.57	6.61	6.44	6.71	6.96	7.23	7.00	6.98	7.21	7.17	7.33
7 3-month	7.77	6.38	6.54	6.38	6.67	7.00	7.25	7.11	7.30	7.26	7.15	7.24
8 6-month	7.74	6.31	6.37	6.23	6.51	6.75	7.01	6.86	6.96	6.95	6.97	7.05
Bankers acceptances ^{5,6}												
9 3-month	7.91	6.38	6.75	6.51	6.79	7.12	7.38	7.22	7.34	7.33	7.33	7.43
10 6-month	7.95	6.28	6.78	6.55	6.86	7.25	7.41	7.35	7.42	7.35	7.34	7.46
Certificates of deposit, secondary market ⁷												
11 1-month	7.96	6.61	6.75	6.56	6.80	7.04	7.41	7.15	7.38	7.35	7.35	7.44
12 3-month	8.04	6.51	6.87	6.63	6.92	7.24	7.51	7.34	7.50	7.45	7.44	7.55
13 6-month	8.24	6.50	7.01	6.78	7.14	7.52	7.69	7.63	7.73	7.64	7.61	7.74
14 Eurodollar deposits, 3-month ⁸	8.28	6.71	7.06	6.74	7.05	7.40	7.61	7.44	7.60	7.60	7.51	7.61
U.S. Treasury bills ⁹												
Secondary market ⁹												
15 3-month	7.47	5.97	5.78	5.70	5.91	6.26	6.46	6.35	6.45	6.43	6.36	6.50
16 6-month	7.65	6.02	6.03	5.91	6.21	6.56	6.71	6.76	6.79	6.67	6.61	6.78
17 1-year	7.81	6.07	6.33	6.28	6.56	6.90	6.99	7.07	7.08	6.97	6.91	7.02
Auction average ¹⁰												
18 3-month	7.47	5.98	5.82	5.69	5.92	6.27	6.50	6.34	6.53	6.44	6.44	6.51
19 6-month	7.64	6.03	6.05	5.91	6.21	6.53	6.76	6.71	6.83	6.72	6.67	6.83
20 1-year	7.80	6.18	6.33	6.30	6.57	6.74	7.08	.....	.....	7.08	.....	.....
CAPITAL MARKET RATES												
U.S. Treasury notes and bonds ¹¹												
Constant maturities ¹²												
21 1-year	8.42	6.45	6.77	6.71	7.01	7.40	7.49	7.58	7.59	7.46	7.40	7.53
22 2-year	9.27	6.86	7.42	7.27	7.59	8.00	8.03	8.18	8.12	8.00	7.94	8.08
23 3-year	9.64	7.06	7.68	7.50	7.83	8.24	8.22	8.40	8.34	8.20	8.13	8.26
24 5-year	10.12	7.30	7.94	7.83	8.19	8.58	8.49	8.73	8.61	8.50	8.41	8.52
25 7-year	10.50	7.54	8.23	8.19	8.52	8.89	8.78	9.04	8.91	8.80	8.70	8.80
26 10-year	10.62	7.67	8.39	8.37	8.72	9.09	8.92	9.22	9.07	8.96	8.84	8.94
27 20-year	10.97	7.85	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
28 30-year	10.79	7.78	8.59	8.63	8.95	9.23	9.00	9.33	9.16	9.06	8.95	8.98
29 Composites ¹³												
Over 10 years (long-term)	10.75	8.14	8.64	8.61	8.91	9.24	9.04	9.36	9.17	9.07	8.99	9.05
State and local notes and bonds												
Moody's series ¹⁴												
30 Aaa	8.60	6.95	7.14	7.20	7.33	7.56	7.51	7.65	7.63	7.50	7.45	7.45
31 Baa	9.58	7.76	8.17	7.80	7.82	7.90	7.86	7.90	7.90	7.90	7.80	7.72
32 Bond Buyer series ¹⁵	9.11	7.32	7.64	7.74	7.81	7.90	7.78	7.96	7.87	7.78	7.73	7.77
Corporate bonds												
Seasoned issues ¹⁶												
33 All industries	12.05	9.71	9.91	9.86	10.15	10.37	10.36	10.47	10.47	10.44	10.31	10.29
34 Aaa	11.37	9.02	9.38	9.39	9.67	9.90	9.86	10.02	10.00	9.93	9.80	9.79
35 Aa	11.82	9.47	9.68	9.59	9.86	10.10	10.13	10.19	10.25	10.22	10.08	10.08
36 A	12.28	9.95	9.99	9.89	10.17	10.41	10.42	10.54	10.53	10.51	10.38	10.37
37 Baa	12.72	10.39	10.58	10.57	10.90	11.04	11.00	11.07	11.11	11.09	11.08	10.97
38 A-rated, recently-offered utility bonds ¹⁷	12.06	9.61	9.95	9.91	10.23	10.61	10.41	10.70	10.43	10.46	10.47	10.36
MEMO: Dividend/price ratio ¹⁸												
39 Preferred stocks	10.49	8.76	8.37	9.07	9.19	9.25	9.32	9.29	9.35	9.34	9.29	9.22
40 Common stocks	4.25	3.48	3.08	3.48	3.57	3.80	3.58	3.82	3.64	3.58	3.54	3.60

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 in an investment yield basis (which would give a higher figure).

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

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

8. Calendar week average. For indication purposes only.

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

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

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

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

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

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

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

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

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

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

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

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

1.36 STOCK MARKET Selected Statistics

Indicator	1985	1986	1987	1987			1988					
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
Prices and trading (averages of daily figures)												
<i>Common stock prices</i>												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	108.09	136.00	161.70	157.13	137.21	134.88	140.55	145.13	149.88	148.46	144.99	152.72
2 Industrial	123.79	155.85	195.31	189.86	163.42	162.19	168.47	173.44	181.57	181.01	176.02	184.92
3 Transportation	104.11	119.87	140.39	140.95	117.57	115.85	121.20	126.09	135.15	133.40	127.63	136.02
4 Utility	56.75	71.36	74.29	73.27	69.86	67.39	70.01	72.89	71.16	69.35	68.66	72.25
5 Finance	114.21	147.19	146.48	137.35	118.30	111.47	119.40	124.36	125.27	121.66	120.35	129.04
6 Standard & Poor's Corporation (1941-43 = 10) ¹	186.84	236.34	286.83	280.16	245.01	240.96	250.48	258.13	265.74	262.61	256.12	270.68
7 American Stock Exchange ² (Aug. 31, 1973 = 50)	229.10	264.38	316.61	306.34	249.42	248.52	267.29	276.54	295.78	300.43	296.30	306.13
<i>Volume of trading (thousands of shares)</i>												
8 New York Stock Exchange	109,191	141,385	188,647	277,026	179,513	178,517	174,755	184,688	176,189	162,518	153,906	195,772
9 American Stock Exchange	8,355	11,846	13,832	18,173	11,268	13,422	9,853	9,961	12,442	10,706	8,931	11,348
Customer financing (end-of-period balances, in millions of dollars)												
10 Margin credit at broker-dealers ³	28,390	36,840	31,990	38,250	34,180	31,990	31,320	31,990	32,660	33,270	33,070	32,300
<i>Free credit balances at brokers⁴</i>												
11 Margin-account ⁵	2,715	4,880	4,750	8,415	6,700	4,750	4,675	4,555	4,615	4,395	4,380	4,580
12 Cash-account	12,840	19,000	15,640	18,455	15,360	15,640	15,270	14,695	14,355	13,965	14,150	14,460
Margin requirements (percent of market value and effective date)⁶												
	Mar. 11, 1968		June 8, 1968		May 6, 1970		Dec. 6, 1971		Nov. 24, 1972		Jan. 3, 1974	
13 Margin stocks	70		80		65		55		65		50	
14 Convertible bonds	50		60		50		50		50		50	
15 Short sales	70		80		65		55		65		50	

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

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

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

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

5. New series beginning June 1984.

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

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

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

A26 Domestic Financial Statistics □ September 1988

1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1985	1986	1987						1988			
			July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb. ^a	Mar.	Apr.
FSLIC-insured institutions												
1 Assets	1,070,012	1,163,851	1,207,750	1,216,995	1,218,829	1,239,620^f	1,246,719^f	1,250,612^f	1,254,585^f	1,257,400	1,261,522^f	1,274,294
2 Mortgages	690,717	697,451	701,282	704,815	708,433	713,483 ^f	717,928 ^f	721,595 ^f	722,935 ^f	723,878	725,556 ^f	728,820
3 Mortgage-backed securities	115,525	158,193	182,067	186,101	191,829	196,865 ^f	199,777 ^f	201,557 ^f	201,353 ^f	199,677	197,622 ^f	202,245
4 Contra-assets to mortgage assets ¹	45,219	41,799	41,955	42,023	42,438	42,180 ^f	41,396 ^f	42,319 ^f	41,210 ^f	10,752	40,080 ^f	38,152
5 Commercial loans	17,424	23,683	23,018	23,174	23,300	23,256 ^f	23,294	23,171 ^f	23,530 ^f	23,318	24,138 ^f	24,350
6 Consumer loans	45,809	51,622	55,186	56,079	56,118	56,548 ^f	57,465	57,901 ^f	58,338 ^f	58,685	58,403 ^f	59,115
7 Contra-assets to non-mortgage loans ²	2,521	3,041	3,150	3,242	3,442	3,373	3,430 ^f	3,467 ^f	3,579 ^f	3,525	3,588 ^f	3,491
8 Cash and investment securities	143,538	164,844	170,788	170,071	164,034	173,114 ^f	170,702 ^f	169,712 ^f	169,932 ^f	174,075	176,433 ^f	178,139
9 Other ³	104,739	112,898	120,514	122,020	120,995	121,908 ^f	122,381 ^f	122,462 ^f	123,286 ^f	124,073	124,047 ^f	124,268
10 Liabilities and net worth	1,070,012	1,163,851	1,207,750	1,216,995	1,218,829	1,239,620^f	1,246,719^f	1,250,612^f	1,254,585^f	1,257,400	1,261,522^f	1,274,294
11 Savings capital	843,932	890,664	902,617	904,441	908,907	916,843	922,340	932,612 ^f	939,079 ^f	946,790	958,468 ^f	962,248
12 Borrowed money	157,666	196,929	226,093	232,332	234,941	246,110 ^f	247,202 ^f	249,645	245,697 ^f	239,317	237,440 ^f	244,724
13 FHLBB	84,390	100,025	102,979	104,191	106,250	109,736	111,283	116,363	114,053 ^f	112,725	112,388 ^f	113,029
14 Other	73,276	96,904	123,114	128,141	128,691	136,374 ^f	135,919 ^f	133,282	131,644 ^f	126,592	125,052 ^f	131,695
15 Other	21,756	23,975	26,599	28,170	24,599	27,094 ^f	27,399 ^f	21,937 ^f	23,866 ^f	25,818	22,484 ^f	24,598
16 Net worth	46,657	52,282	52,441	52,052	50,382	49,574 ^f	49,778 ^f	46,418 ^f	45,943 ^f	45,505	43,130 ^f	42,744
FSLIC-insured federal savings banks												
17 Assets	131,868	210,562	268,779	272,134	272,834	276,560	279,221^f	284,272^f	284,303^f	295,952	307,738^f	311,400
18 Mortgages	72,355	113,638	154,839	156,048	156,705	158,507	161,014	164,013	163,918 ^f	171,594	178,145 ^f	180,464
19 Mortgage-backed securities	15,676	29,766	42,714	43,532	44,421	45,117	45,237	45,826 ^f	46,171 ^f	46,687	47,981 ^f	49,008
20 Contra-assets to mortgage assets ¹			8,777	8,853	8,700	8,787	8,809	9,098 ^f	8,909 ^f	9,175	9,436 ^f	9,319
21 Commercial loans			6,277	6,213	6,188	6,275	6,540	6,504 ^f	6,496 ^f	6,971	7,503 ^f	7,662
22 Consumer loans	8,361	13,180	16,089	16,549	16,582	16,563	17,343	17,696	17,649	18,795	19,137 ^f	19,610
23 Contra-assets to non-mortgage loans ²			741	704	702	690	712	678 ^f	698	737	798 ^f	722
24 Finance leases plus interest			569	577	552	550	566	591 ^f	604	584	611 ^f	615
25 Cash and investment securities			33,677	34,267	33,589	34,902	33,965	35,347 ^f	34,645 ^f	35,718	38,200 ^f	38,289
26 Other	11,723	19,034	24,133	24,506	24,199	24,122	24,078	24,070 ^f	24,428 ^f	25,516	26,396 ^f	25,792
27 Liabilities and net worth	131,868	210,562	268,779	272,134	272,834	276,560	279,221^f	284,272^f	284,303^f	295,952	307,738^f	311,400
28 Savings capital	103,462	157,872	193,890	194,853	195,213	197,298	199,114	203,196	204,329	214,169	224,168 ^f	226,469
29 Borrowed money	19,323	37,329	53,652	55,660	56,549	57,551	58,277	60,716	59,206	59,704	61,532 ^f	62,535
30 FHLBB	10,510	19,897	24,981	25,546	26,287	27,350	27,947	29,617	28,280	29,169	30,456	30,075
31 Other	8,813	17,432	28,671	30,114	30,262	30,201	30,330	31,099	30,926	30,535	31,076 ^f	32,460
32 Other	2,732	4,263	6,138	6,450	5,631	6,293	6,350	5,324	5,838 ^f	6,602	6,075 ^f	6,455
33 Net worth	6,351	11,098	15,100	15,172	15,444	15,416	15,481	15,036 ^f	14,930 ^f	15,478	15,963 ^f	16,098
Savings banks												
34 Assets	216,776	236,866	246,833	249,888	251,472	255,989	260,600	259,643	258,628	259,224	262,100	262,269
Loans												
35 Mortgage	110,448	118,323	129,624	130,721	133,298	135,317	137,044	138,494	137,858	139,108	140,835	139,691
36 Other	30,876	35,167	35,591	36,793	36,134	36,471	37,189	33,871	35,095	35,752	36,476	37,471
Securities												
37 U.S. government	13,111	14,209	13,498	13,720	13,122	13,817	15,694	13,510	12,776	12,269	12,225	13,203
38 Mortgage-backed securities	19,481	25,836	28,252	28,913	29,655	30,202	31,144	32,772	32,241	32,423	32,272	31,072
39 State and local government	2,323	2,185	2,050	2,038	2,023	2,034	2,046	2,003	1,994	2,053	2,033	2,013
40 Corporate and other	21,199	20,459	18,821	18,573	18,431	18,062	17,583	18,772	18,780	18,271	18,336	18,549
41 Cash	6,225	6,894	4,806	4,823	4,484	5,529	5,063	5,864	4,841	5,002	4,881	5,237
42 Other assets	13,113	13,793	14,191	14,307	14,325	14,557	14,837	14,357	15,043	14,346	15,042	15,033
43 Liabilities	216,776	236,866	246,833	249,888	251,472	255,989	260,600	259,643	258,628	259,224	262,100	262,269
Deposits												
44 Regular ^a	185,972	192,194	194,549	195,895	196,824	199,336	202,030	201,497	199,545	200,391	203,407	203,273
45 Ordinary savings	181,921	186,345	188,783	190,335	191,376	193,777	196,724	196,037	194,322	195,336	198,273	197,801
46 Time	33,018	37,717	41,928	41,767	41,773	42,045	42,493	41,959	41,047	41,234	41,867	41,741
47 Other	103,311	100,809	102,603	103,133	107,063	109,486	112,231	112,429	112,781	113,751	115,529	115,887
48 Other liabilities	4,051	5,849	5,766	5,560	5,448	5,559	5,306	5,460	5,223	5,055	5,134	5,472
49 General reserve accounts	17,414	25,274	31,655	32,467	32,827	34,226	36,167	35,720	36,836	35,787	35,737	35,827
50 General reserve accounts	12,823	18,105	19,718	20,471	20,407	20,365	21,133	20,633	20,514	20,894	21,024	21,109

1.37—Continued

Account	1985	1986	1987						1988			
			July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb. ⁷	Mar.	Apr.
Credit unions⁵												
51 Total assets/liabilities and capital	118,010	147,726	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑
52 Federal	77,861	95,483	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑
53 State	40,149	52,243	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑
54 Loans outstanding	73,513	86,137	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
55 Federal	47,933	55,304	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
56 State	25,580	30,833	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
57 Savings	105,963	134,327	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
58 Federal	70,926	87,954	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
59 State	35,037	46,373	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
Life insurance companies												
60 Assets	825,901	937,551	1,005,592	1,017,018	1,026,919	1,021,148	1,024,460	1,033,170	1,042,350	1,052,645	↑	↑
Securities											↑	↑
61 Government	75,230	84,640	88,199	89,924	89,408	90,782	91,227	91,302	91,682	n.a.	↑	↑
62 United States	51,700	59,033	62,461	64,150	63,352	64,880	65,186	64,551	64,922	65,534	↑	↑
63 State and local	9,708	11,659	11,277	11,190	11,087	11,363	11,539	11,758	11,749	11,859	↑	↑
64 Foreign	13,822	13,948	14,461	14,584	14,969	14,539	14,502	14,993	15,011	n.a.	↑	↑
65 Business	423,712	492,807	555,423	551,701	558,787	549,426	548,767	553,486	563,019	571,070	n.a.	n.a.
66 Bonds	346,216	401,943	448,146	442,604	451,453	455,678	459,537	461,942	469,207	476,448	↓	↓
67 Stocks	77,496	90,864	107,277	109,097	107,334	93,748	89,230	91,544	93,812	94,622	↓	↓
68 Mortgages	171,797	193,842	201,297	202,241	204,264	206,507	208,839	212,375	212,637	213,182	↓	↓
69 Real estate	28,822	31,615	32,699	32,992	33,048	33,235	33,538	34,016	34,178	34,503	↓	↓
70 Policy loans	54,369	54,055	53,338	53,330	53,422	53,413	53,334	53,313	53,265	52,720	↓	↓
71 Other assets	71,971	80,592	85,420	86,830	87,991	87,785	88,755	88,678	87,569	88,673	↓	↓

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

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

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

4. Excludes checking, club, and school accounts.

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

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

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

NOTE. *FSLIC-insured institutions*: Estimates by the FHLBB for all institutions insured by the FSLIC and based on the FHLBB thrift Financial Report.

FSLIC-insured federal savings banks: Estimates by the FHLBB for federal savings banks insured by the FSLIC and based on the FHLBB thrift Financial Report.

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

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

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

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1986	Fiscal year 1987 ¹	Calendar year					
			1988					
			Jan.	Feb.	Mar.	Apr.	May	June
<i>U.S. budget²</i>								
1 Receipts, total	769,091	854,143	81,791	60,355	65,730	109,323	59,711	99,348
2 On-budget	568,862	640,741	60,645	40,610	44,958	81,993	39,764	77,786
3 Off-budget	200,228	213,402	21,146	19,745	20,772	27,330	19,947	21,562
4 Outlays, total	990,258	1,004,586	65,786	84,260	94,877	94,433	82,173	89,856
5 On-budget	806,760	810,754	66,573	66,507	76,858	79,508	64,566	72,673
6 Off-budget	183,498	193,832	-787	17,753	18,020	15,925	17,607	17,184
7 Surplus, or deficit (-), total	-221,167	-150,444	16,005	-23,905	-29,147	13,890	-22,462	9,492
8 On-budget	-237,898	-170,014	-5,928	-25,897	-31,899	2,485	-24,802	5,113
9 Off-budget	16,731	19,570	21,933	1,992	2,752	11,405	2,340	4,379
Source of financing (total)								
10 Borrowing from the public	236,187	150,070	5,281	20,157	17,160	-334	7,559	11,391
11 Operating cash (decrease, or increase (-))	-14,324	-5,052	-17,555	11,002	6,009	-23,276	27,223	-20,638
12 Other ³	-696	5,426	-3,730	-7,257	5,979	9,719	-12,321	-244
MEMO								
13 Treasury operating balance (level, end of period)	31,384	36,436	39,924	28,922	22,913	46,189	18,966	39,604
14 Federal Reserve Banks	7,514	9,120	10,276	2,473	2,403	16,186	2,871	9,762
15 Tax and loan accounts	23,870	27,316	29,648	26,450	20,510	30,003	16,095	29,842

1. FY 1987 total outlays and deficit do not correspond to the monthly data because the *Monthly Treasury Statement* has not completed the monthly distribution of revisions reflected in the fiscal year total in *The Budget of the U.S. Government, Fiscal Year 1989*.

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

disability insurance trust funds) off-budget.

3. Includes SDRs; reserve position on the U.S. quota in the IMF; loans to international monetary fund; other cash and monetary assets; accrued interest payable to the public; allocations of special drawing rights; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seigniorage; increment on gold; net gain/loss for U.S. currency valuation adjustment; net gain/loss for IMF valuation adjustment; and profit on the sale of gold.

SOURCE: *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government and the Budget of the U.S. Government*.

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS¹

Millions of dollars

Source or type	Fiscal year 1986	Fiscal year 1987	Calendar year						
			1986	1987		1988	1988		
				H1	H2	H1	Apr.	May	June
			H2						
RECEIPTS									
1 All sources	769,091	854,143	387,524	447,282	421,712	476,258	109,323	59,711	99,348
2 Individual income taxes, net	348,959	392,557	183,156	205,157	192,575	207,801	53,334	17,958	46,234
3 <i>Withheld</i>	314,803	322,463	164,071	156,760	170,203	169,300	24,913	27,071	30,995
4 Presidential Election Campaign Fund	36	33	4	30	4	28	7	7	3
5 Nonwithheld	105,994	142,957	27,733	112,421	31,223	101,614	50,477	9,714	16,667
6 Refunds	71,873	72,896	8,652	64,052	8,853	63,141	22,062	18,834	1,431
7 Corporation income taxes									
8 Gross receipts	80,442	102,859	42,108	52,396	52,821	58,002	14,030	2,748	19,213
9 Refunds	17,298	18,933	8,230	10,881	7,119	8,706	2,004	1,136	866
10 Social insurance taxes and contributions, net	283,901	303,318	134,006	163,519	143,755	181,058	37,357	33,396	27,967
11 Employment taxes and contributions	255,062	273,185	122,246	146,696	130,388	164,412	34,464	24,948	27,200
12 Self-employment taxes and contributions	11,840	13,987	1,338	12,020	1,889	14,839	8,833	974	1,965
13 Unemployment insurance	24,098	25,418	9,328	14,314	10,977	14,363	2,477	8,073	352
14 Other net receipts ²	4,742	4,715	2,429	2,310	2,390	2,284	416	375	415
15 Excise taxes	32,919	32,510	15,947	15,845	17,680	16,440	2,767	3,055	3,136
16 Customs deposits	13,327	15,032	7,282	7,129	7,993	7,851	1,204	1,282	1,430
17 Estate and gift taxes	6,958	7,493	3,649	3,818	3,610	3,863	749	751	644
18 Miscellaneous receipts ³	19,884	19,307	9,605	10,299	10,399	9,950	1,886	1,657	1,590
OUTLAYS									
18 All types	990,231	1,004,586	506,556	502,898	532,145	512,385	95,433	82,173	89,856
19 National defense	273,375	281,999	138,544	142,886	146,995	143,080	26,747	20,967	25,317
20 International affairs	14,152	11,649	8,938	4,374	4,487	7,150	1,561	907	1,602
21 General science, space, and technology	8,976	9,216	4,594	4,324	5,469	5,361	949	911	1,023
22 Energy	4,735	4,115	2,446	2,335	1,468	555	382	507	516
23 Natural resources and environment	13,639	13,363	7,141	6,175	7,590	6,776	1,037	1,133	1,458
24 Agriculture	31,449	27,356	15,660	11,824	14,640	7,872	2,099	1,304	20
25 Commerce and housing credit	4,890	6,182	3,764	4,893	3,852	5,951	1,203	163	1,826
26 Transportation	28,117	26,228	14,745	12,113	14,096	12,700	2,053	2,427	2,397
27 Community and regional development	7,233	5,051	3,651	3,108	2,075	2,765	555	296	468
28 Education, training, employment, and social services	30,585	29,724	16,209	14,182	15,592	15,451	2,253	2,410	2,431
29 Health	35,935	39,968	18,795	20,318	20,750	22,643	3,791	3,741	4,119
30 Social security and medicare	268,921	282,473	138,299	142,864	158,469	135,322	24,920	24,487	28,234
31 Income security	119,796	123,250	59,979	62,248	61,201	65,555	12,916	10,214	8,203
32 Veterans benefits and services	26,356	26,782	14,190	12,264	14,956	13,241	3,748	1,441	2,120
33 Administration of justice	6,603	7,548	3,413	3,626	4,291	4,761	825	831	827
34 General government	6,104	5,948	1,860	3,344	3,560	4,337	697	1,017	1,486
35 General-purpose fiscal assistance	6,431	1,621	2,886	337	1,175	448	0	0	0
36 Net interest ⁴	136,008	138,570	66,226	70,110	71,933	76,098	12,592	12,719	11,061
37 Undistributed offsetting receipts ⁵	-33,007	-36,455	-16,475	-19,102	-17,684	-17,766	-2,895	-3,303	-3,251

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

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

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

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

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

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

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

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

A30 Domestic Financial Statistics □ September 1988

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1986				1987				1988
	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31
1 Federal debt outstanding	1,991.1	2,063.6	2,129.5	2,218.9	2,250.7	2,313.1	2,354.3	2,435.2	2,493.2
2 Public debt securities	1,986.8	2,059.3	2,125.3	2,214.8	2,246.7	2,309.3	2,350.3	2,431.7	2,487.6
3 Held by public	1,634.3	1,684.9	1,742.4	1,811.7	1,839.3	1,871.1	1,893.1	1,954.1	1,996.7
4 Held by agencies	352.6	374.4	382.9	403.1	407.5	438.1	457.2	477.6	490.8
5 Agency securities	4.3	4.3	4.2	4.0	4.0	3.8	4.0	3.5	5.6
6 Held by public	3.2	3.2	3.2	3.0	2.9	2.9	3.0	2.7	5.1
7 Held by agencies	1.1	1.1	1.1	1.1	1.1	1.0	1.0	.8	.6
8 Debt subject to statutory limit	1,973.3	2,060.0	2,111.0	2,200.5	2,232.4	2,295.0	2,336.0	2,417.4	2,487.0
9 Public debt securities	1,972.0	2,058.7	2,109.7	2,199.3	2,231.1	2,293.7	2,334.7	2,416.3	2,486.7
10 Other debt	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.1	.3
11 MEMO: Statutory debt limit	2,078.7	2,078.7	2,111.0	2,300.0	2,300.0	2,320.0	2,800.0	2,800.0	2,800.0

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

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

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

Billions of dollars, end of period

Type and holder	1984	1985	1986	1987	1987			1988
					Q2	Q3	Q4	Q1
1 Total gross public debt	1,663.0	1,945.9	2,214.8	2,431.7	2,309.3	2,350.3	2,431.7	2,487.6
By type								
2 Interest-bearing debt	1,660.6	1,943.4	2,212.0	2,428.9	2,306.7	2,347.7	2,428.9	2,484.9
3 Marketable	1,247.4	1,437.7	1,619.0	1,724.7	1,639.0	1,676.0	1,724.7	1,758.7
4 Bills	374.4	399.9	426.7	389.5	391.0	378.3	389.5	392.6
5 Notes	705.1	812.5	927.5	1,037.9	984.4	1,005.1	1,037.9	1,059.9
6 Bonds	167.9	211.1	249.8	282.5	268.6	277.6	282.5	291.3
7 Nonmarketable ¹	413.2	505.7	593.1	704.2	647.7	671.8	704.2	726.2
8 State and local government series	44.4	87.5	110.5	139.3	125.4	129.0	139.3	142.9
9 Foreign issues ²	9.1	7.5	4.7	4.0	5.1	4.3	4.0	6.1
10 Government	9.1	7.5	4.7	4.0	5.1	4.3	4.0	6.1
11 Public .....	.0	.0	.0	.0	.0	.0	.0	.0
12 Savings bonds and notes	73.1	78.1	90.6	99.2	95.2	97.0	99.2	102.3
13 Government account series ³	286.2	332.2	386.9	461.3	421.6	440.7	461.3	474.4
14 Non-interest-bearing debt	2.3	2.5	2.8	2.8	2.6	2.5	2.8	2.6
By holder ⁴								
15 U.S. government agencies and trust funds	289.6	348.9	403.1	477.6	438.1	457.2	477.6 ⁵	490.8
16 Federal Reserve Banks	160.9	181.3	211.3	222.6	212.3	211.9	222.6	217.5
17 Private investors	1,212.5	1,417.2	1,602.0	1,745.2	1,637.7	1,682.6	1,745.2	1,778.2
18 Commercial banks	183.4	192.2	232.1	252.3	237.1 ⁶	250.5 ⁷	252.3 ⁷	260.7
19 Money market funds	25.9	25.1	28.0	14.3	20.6	15.2	14.3	14.9
20 Insurance companies	76.4	115.4	135.4	n.a.	140.0	143.0	n.a.	n.a.
21 Other companies	50.1	59.0	68.8	84.6	79.7	81.8	84.6	n.a.
22 State and local Treasuries	173.0	224.0	260.0	n.a.	n.a.	n.a.	n.a.	n.a.
Individuals								
23 Savings bonds	74.5	79.8	92.3	101.1	96.8	98.5	101.1	104.0
24 Other securities	69.3	75.0	70.5	n.a.	68.6	70.4	n.a.	n.a.
25 Foreign and international ⁵	192.9	212.5	251.6	287.3	268.6	267.0	287.3	323.5
26 Other miscellaneous investors ⁶	354.7	434.2	467.1	n.a.	n.a.	n.a.	n.a.	n.a.

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

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

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

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

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

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

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

1.42 U.S. GOVERNMENT SECURITIES DEALERS Transactions¹

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

Item	1985	1986	1987	1988			1988						
				Apr. ^r	May ^r	June	May 25 ^r	June 1	June 8	June 15	June 22	June 29	
Immediate delivery²													
1 U.S. Treasury securities	75,331	95,445	110,052	94,386	105,200	110,315	106,586	115,704	105,210	100,245	122,109	110,494	
<i>By maturity</i>													
2 Bills	32,900	34,247	37,924	29,292	30,344	27,888	31,331	31,318	27,882	23,013	28,985	29,529	
3 Other within 1 year	1,811	2,115	3,272	3,577	3,848	3,809	4,065	4,373	2,941	3,601	3,940	4,145	
4 1-5 years	18,361	24,667	27,918	24,705	30,825	31,074	34,267	32,375	26,322	26,100	39,533	33,618	
5 5-10 years	12,703	20,456	24,014	22,644	23,925	27,904	22,216	30,399	28,858	28,061	30,013	23,490	
6 Over 10 years	9,356	13,961	16,923	14,168	16,259	19,640	14,707	17,039	19,007	19,470	19,637	19,712	
<i>By type of customer</i>													
7 U.S. government securities dealers	3,336	3,670	2,936	2,815	2,620	2,761	2,415	2,654	1,910	2,877	2,917	3,348	
8 U.S. government securities brokers	36,222	49,358	61,539	55,511	63,549	65,733	64,740	69,266	63,992	59,226	75,418	63,573	
9 All others ³	35,773	42,218	45,576	36,059	39,031	41,820	39,430	43,784	39,307	38,140	43,773	43,572	
10 Federal agency securities	11,640	16,748	18,087	14,705	15,182	15,649	15,548	16,246	18,797	16,239	11,913	14,906	
11 Certificates of deposit	4,016	4,355	4,112	3,426	2,910	3,193	3,012	3,366	3,101	2,984	3,282	3,465	
12 Bankers acceptances	3,242	3,272	2,965	2,458	2,125	2,119	1,886	1,788	2,342	1,947	2,006	2,169	
13 Commercial paper	12,717	16,660	17,135	18,441	17,765	24,139	17,132	20,722	20,480	23,365	27,976	24,765	
<i>Futures contracts⁴</i>													
14 Treasury bills	5,561	3,311	3,233	2,995	3,193	2,201	2,423	2,658	2,048	1,844	3,111	1,605	
15 Treasury coupons	6,085	7,175	8,964	8,773	9,081	11,474	10,274	10,351	11,427	9,952	12,423	11,429	
16 Federal agency securities	252	16	5	0	0	0	0	0	0	0	0	0	
<i>Forward transactions⁵</i>													
17 U.S. Treasury securities	1,283	1,876	2,029	1,503	2,516	2,318	2,099	3,310	1,058	1,904	4,186	2,153	
18 Federal agency securities	3,857	7,831	9,290	7,422	8,598	9,370	7,242	7,135	10,482	10,866	9,957	7,148	

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

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

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

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

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

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

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

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1.43 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing¹

Averages of daily figures, in millions of dollars

Item	1985	1986	1987	1988			1988					
				Apr.	May ^r	June	June 1	June 8	June 15	June 22	June 29	
Positions												
Net immediate ²												
1 U.S. Treasury securities	7,391	12,912	-6,216	-15,105 ^r	-26,408	-25,104	-32,054	-27,543	-25,150	-25,949	-19,915	
2 Bills	10,075	12,761	4,317	5,536 ^r	86	1,797	-2,618	4,390	2,219	685	1,198	
3 Other within 1 year	1,050	3,706	1,557	-970	-2,613	-1,000	-2,793	-1,773	-730	-183	-654	
4 1-5 years	5,154	9,146	649	-3,038 ^r	-6,785	-7,514	-8,217	-10,968	-7,990	-9,373	-2,447	
5 5-10 years	-6,202	-9,505	-6,564	-8,587 ^r	-8,649	-10,276	-9,159	-9,832	-10,213	-9,544	-11,088	
6 Over 10 years	-2,686	-3,197	-6,174	-8,046 ^r	-8,446	-8,112	-9,267	-9,360	-8,435	-7,535	-6,924	
7 Federal agency securities	22,860	32,984	31,910	26,622 ^r	26,785	29,383	27,407	27,110	30,692	30,305	29,989	
8 Certificates of deposit	9,192	10,485	8,188	5,678	6,075	8,067	7,034	7,457	7,813	8,359	8,503	
9 Bankers acceptances	4,586	5,526	3,661	3,059	2,395	2,617	2,209	2,564	2,637	2,351	2,917	
10 Commercial paper	5,570	8,089	7,496	5,591	4,519	5,561	5,212	4,828	5,256	6,095	5,612	
Futures positions												
11 Treasury bills	-7,322	-18,059	-3,373	-3,681	-2,027	-2,695	-3,067	-3,003	-3,987	-2,206	-2,024	
12 Treasury coupons	4,465	3,473	5,988	5,101	4,460	4,122	5,340	4,561	4,118	3,651	3,748	
13 Federal agency securities	-722	-153	-95	0	0	0	0	0	0	0	0	
Forward positions												
14 U.S. Treasury securities	-911	-2,144	-1,211	1,090 ^r	2,191	1,092	3,051	1,161	870	356	1,743	
15 Federal agency securities	-9,420	-11,840	-18,817	-16,528 ^r	-14,977	-17,813	-14,820	-17,337	-18,527	-17,311	-18,567	
Financing³												
Reverse repurchase agreements⁴												
16 Overnight and continuing	68,035	98,954	124,791	128,158	133,373	139,006	148,771	140,419	145,354	128,772	141,251	
17 Term	80,509	108,693	148,033	173,474	173,858	168,069	162,360	165,311	168,917	176,891	163,380	
Repurchase agreements⁵												
18 Overnight and continuing	101,410	141,735	170,840	169,194	169,031	176,017	179,127	171,040	185,031	167,758	180,348	
19 Term	70,076	102,640	120,980	138,097	139,537	131,104	126,721	128,004	128,478	140,894	130,217	

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

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

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

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

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

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

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

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

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1984	1985	1986	1987	1988				
				Dec.	Jan.	Feb.	Mar.	Apr.	May
1 Federal and federally sponsored agencies	271,220	293,905	307,361	341,386	338,483	346,901	351,356	348,273	n.a.
2 Federal agencies	35,145	36,390	36,958	37,981	37,637	37,286	36,844	36,672	36,430
3 Defense Department	142	71	33	13	13	12	12	11	11
4 Export-Import Bank	15,882	15,678	14,211	11,978	11,978	11,978	11,494	11,494	11,494
5 Federal Housing Administration	133	115	138	183	98	101	100	103	105
6 Government National Mortgage Association participation certificates	2,165	2,165	2,165	1,615	1,615	1,165	1,165	830	830
7 Postal Service	1,337	1,940	3,104	6,103	6,103	6,103	6,103	6,103	5,842
8 Tennessee Valley Authority	15,435	16,347	17,222	18,089	17,830	17,927	17,970	18,131	18,148
9 United States Railway Association	51	74	85	0	0	0	0	0	0
10 Federally sponsored agencies	237,012	257,515	270,553	303,405	300,846	309,615	314,512	311,601	n.a.
11 Federal Home Loan Banks	65,085	74,447	88,752	115,725	116,374	117,569	118,250	118,153	117,864
12 Federal Home Loan Mortgage Corporation	10,270	11,926	13,589	17,645	15,581	19,405	20,143	17,199	n.a.
13 Federal National Mortgage Association	83,720	93,896	93,563	97,057	97,195	98,593	99,853	100,911	102,515
14 Farm Credit Banks	72,192	68,851	62,478	55,275	54,072	55,275	56,145	54,311	54,578
15 Student Loan Marketing Association	5,745	8,395	12,171	16,503	16,424	16,923	18,271	18,877	18,434
16 Financing Corporation	n.a.	n.a.	n.a.	1,200	1,200	1,850	1,850	2,150	2,900
MEMO									
17 Federal Financing Bank debt ¹⁰	145,217	153,373	157,510	152,417	152,099	150,178	149,721	150,044	149,986
<i>Lending to federal and federally sponsored agencies</i>									
18 Export-Import Bank	15,852	15,670	14,205	11,972	11,972	11,972	11,488	11,488	11,488
19 Postal Service	1,087	1,690	2,854	5,853	5,853	5,853	5,853	5,853	5,592
20 Student Loan Marketing Association	5,000	5,000	4,970	4,940	4,940	4,940	4,940	4,940	4,940
21 Tennessee Valley Authority	13,710	14,622	15,797	16,709	16,450	16,547	16,590	16,751	16,768
22 United States Railway Association	51	74	85	0	0	0	0	0	0
<i>Other Lending¹¹</i>									
23 Farmers Home Administration	58,971	64,234	65,374	59,674	59,674	59,674	59,674	59,674	59,674
24 Rural Electrification Administration	20,693	20,654	21,680	21,191	21,187	19,193	19,184	19,203	19,218
25 Other	29,853	31,429	32,545	32,078	32,023	31,999	31,992	32,135	32,306

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

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

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

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

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

6. Off-budget.

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

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

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

10. 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.

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

A34 Domestic Financial Statistics □ September 1988

1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1985	1986	1987	1987		1988					
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May ^r	June
				1 All issues, new and refunding¹	214,189	147,011	102,407	8,320	8,385	5,412	8,585	9,821	5,847	7,846	12,665
<i>Type of issue</i>											
2 General obligation	52,622	46,346	30,589	2,472	1,995	1,259	2,880	2,776	1,707	3,085	4,044
3 Revenue	161,567	100,664	71,818	5,848	6,390	4,153	5,705	7,045	4,140	4,761	8,621
<i>Type of issuer</i>											
4 State	13,004	14,474	10,102	431	550	423	1,197	739 ^r	441	913	1,280
5 Special district and statutory authority ²	134,363	89,997	65,460	5,076	5,447	3,220	5,154	6,310 ^r	4,078	4,625	8,025
6 Municipalities, counties, and townships	66,822	42,541	26,845	2,813	2,388	1,769	2,234	2,772 ^r	1,328	2,308	3,360
7 Issues for new capital, total	156,050	83,490	56,789	6,626	5,913	2,862	5,773	6,044	3,948	5,190	8,659
<i>Use of proceeds</i>											
8 Education	16,658	16,948	9,525	1,002	931	841	754	933	911	1,316	1,289
9 Transportation	12,070	11,666	3,677	351	455	189	826	559	215	452	748
10 Utilities and conservation	26,852	35,383	7,912	1,094	377	326	655	1,016	429	580	627
11 Social welfare	63,181	17,332	11,107	1,664	1,278	740	650	1,218	1,099	694	2,026
12 Industrial aid	12,892	5,394	6,551	330	1,297	153	2,473	105	298	248	428
13 Other purposes	24,398	47,433	18,020	2,185	1,575	613	415	2,213	996	1,900	3,541

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

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

1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

Type of issue or issuer, or use	1985	1986	1987	1987			1988				
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr. ^r	May
				1 All issues¹	239,015	423,726	392,156	20,710	14,322	11,872	22,175
2 Bonds²	203,500	355,293	325,648	17,631	13,624	11,098	19,485	18,504	20,815	18,372	18,999
<i>Type of offering</i>											
3 Public, domestic	119,559	231,936	209,279	16,135	12,891	10,763	18,246	16,713	19,827	16,177	17,200
4 Private placement, domestic ³	46,200	80,760	92,070	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Sold abroad	37,781	42,596	24,299	1,496	733	335	1,239	1,791	918	2,195	1,799
<i>Industry group</i>											
6 Manufacturing	63,973	91,548	61,666	2,784	1,280	928	3,053	3,151	3,482	4,495	4,121
7 Commercial and miscellaneous	17,066	40,124	49,327	1,165	483	2,577	2,084	1,396	1,007	771	1,367
8 Transportation	6,020	9,971	11,974	263	0	226	0	200	1,017	890	184
9 Public utility	13,649	31,426	23,004	1,025	895	1,570	1,142	1,718	2,259	1,170	1,909
10 Communication	10,832	16,659	7,340	1,384	290	510	206	101	115	411	69
11 Real estate and financial	91,958	165,564	172,343	11,011	10,676	5,287	13,000	11,937	12,935	10,636	11,348
12 Stocks³	35,515	68,433	66,508	3,079	698	774	2,690	3,890	5,087^r	2,712	3,914
<i>Type</i>											
13 Preferred	6,505	11,514	10,123	236	162	61	1,388	376	625	241	285
14 Common	29,010	50,316	43,228	2,843	533	713	1,302	3,534	4,490	2,471	3,629
15 Private placement ³		6,603	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Industry group</i>											
16 Manufacturing	5,700	15,027	13,880	703	237	76	268	296	256	318	1,080
17 Commercial and miscellaneous	9,149	10,617	12,888	656	86	14	360	44	99	276	143
18 Transportation	1,544	2,427	2,439	40	149	1	1	474	32	150	5
19 Public utility	1,966	4,020	4,322	75	25	0	100	142	93	238	56
20 Communication	978	1,825	1,458	107	1	11	60	0	63	109	78
21 Real estate and financial	16,178	34,517	31,521	1,498	200	672	1,901	2,933	4,544	1,621	2,542

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

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

1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1986	1987	1987			1988				
			Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr. ⁷	May
INVESTMENT COMPANIES¹										
1 Sales of own shares ²	411,751	381,260	25,990	21,927	26,494	30,343	23,265	24,589	23,162	19,579
2 Redemptions of own shares ³	239,394	314,252	34,597	20,400	28,099	22,324	20,914	23,968	25,000	21,412
3 Net sales	172,357	67,008	-8,607	1,507	-1,605	8,019	2,351	620	-1,828	-1,833
4 Assets ⁴	424,156	453,842	456,422	446,479	453,842	468,998	481,232	473,206	473,321	468,738
5 Cash position ⁵	30,716	38,006	40,929	41,432	38,006	40,157	41,232	43,561	45,307	45,323
6 Other	393,440	415,836	415,493	405,047	415,836	428,841	439,995	426,645	428,014	423,415

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

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

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

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

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

Account	1985 ⁷	1986 ⁷	1987 ⁷	1986 ⁷			1987 ⁷				1988
				Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1 ⁷
1 Corporate profits with inventory valuation and capital consumption adjustment	282.3	298.8	310.4	297.1	301.2	293.9	298.3	305.2	322.0	316.1	316.2
2 Profits before tax	224.2	236.3	276.7	230.3	240.5	252.1	261.8	273.7	289.4	281.9	286.2
3 Profits tax liability	96.4	106.6	133.8	104.9	107.9	114.3	126.3	132.6	140.0	136.2	136.9
4 Profits after tax	127.8	129.8	142.9	125.4	132.6	137.9	135.5	141.1	149.5	145.7	149.4
5 Dividends	83.2	88.2	95.5	88.0	88.9	89.8	91.7	94.0	97.0	99.3	101.3
6 Undistributed profits	44.6	41.6	47.4	37.4	43.7	48.1	43.8	47.0	52.4	46.4	48.1
7 Inventory valuation	-1.7	8.3	-18.0	11.8	8.7	-8.1	-14.4	-20.0	-19.5	-18.2	-19.4
8 Capital consumption adjustment	59.7	54.2	51.7	55.0	52.0	49.8	50.8	51.5	52.1	52.4	49.4

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

1.50 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment ▲

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

Industry	1986	1987	1988 ¹	1986	1987				1988		
				Q4	Q1	Q2	Q3	Q4	Q1	Q2 ¹	Q3 ¹
1 Total nonfarm business	379.47	388.60	430.23	386.09	374.23	377.65	393.13	409.37	409.73	429.01	438.22
<i>Manufacturing</i>											
2 Durable goods industries	69.14	70.91	163.01	69.87	70.47	68.76	71.78	72.64	75.33	79.00	79.30
3 Nondurable goods industries	73.56	74.55	85.39	74.20	70.18	72.03	75.78	80.20	82.45	83.82	86.43
<i>Nonmanufacturing</i>											
4 Mining	11.22	11.34	12.39	10.31	10.31	11.02	11.64	12.39	12.50	12.87	12.51
<i>Transportation</i>											
5 Railroad	6.66	5.91	6.65	6.41	5.55	5.77	6.21	6.10	6.76	6.78	6.81
6 Air	6.26	6.55	7.62	6.84	7.46	5.72	5.91	7.12	6.90	7.44	8.43
7 Other	5.89	6.39	6.97	6.25	5.97	6.19	7.05	6.35	6.94	6.58	7.37
<i>Public utilities</i>											
8 Electric	33.91	31.58	32.90	33.78	30.85	31.13	31.31	33.01	29.94	32.55	34.31
9 Gas and other	12.47	13.18	14.28	12.34	12.75	12.35	13.58	14.06	14.37	13.81	14.63
10 Commercial and other ²	160.38	168.19	186.40	166.08	160.70	164.69	169.87	177.50	174.54	186.15	188.44

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

1. Anticipated by business.

2. "Other" consists of construction; wholesale and retail trade; finance and insurance; personal and business services; and communication.

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

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities¹

Billions of dollars, end of period

Account	1983	1984	1985	1986			1987			
				Q2	Q3	Q4	Q1	Q2	Q3	Q4
ASSETS										
Accounts receivable, gross										
1 Consumer	83.3	89.9	111.9	123.4	135.3	134.7	131.1	134.7	141.6	141.1
2 Business	113.4	137.8	157.5	166.8	159.7	173.4	181.4	188.1	188.3	207.6
3 Real estate	20.5	23.8	28.0	29.8	31.0	32.6	34.7	36.5	38.0	39.5
4 Total	217.3	251.5	297.4	320.0	326.0	340.6	347.2	359.3	367.9	388.2
<i>Less:</i>										
5 Reserves for unearned income	30.3	33.8	39.2	40.7	42.4	41.5	40.4	41.2	42.5	45.3
6 Reserves for losses	3.7	4.2	4.9	5.1	5.4	5.8	5.9	6.2	6.5	6.8
7 Accounts receivable, net	183.2	213.5	253.3	274.2	278.2	293.3	300.9	311.9	318.9	336.1
8 All other	34.4	35.7	45.3	49.5	60.0	58.6	59.0	57.7	64.5	58.2
9 Total assets	217.6	249.2	298.6	323.7	338.2	351.9	359.9	369.6	383.4	394.3
LIABILITIES										
10 Bank loans	18.3	20.0	18.0	16.3	16.8	18.6	17.2	17.3	15.9	16.4
11 Commercial paper	60.5	73.1	99.2	108.4	112.8	117.8	119.1	120.4	124.2	128.4
<i>Debt</i>										
12 Other short-term	11.1	12.9	12.7	15.8	16.4	17.5	21.8	24.8	26.9	28.0
13 Long-term	67.7	77.2	94.4	106.9	111.7	117.5	118.7	121.8	128.2	137.1
14 All other liabilities	31.2	34.5	41.5	40.9	45.0	44.1	46.5	49.1	48.6	52.8
15 Capital, surplus, and undivided profits	28.9	31.5	32.8	35.4	35.6	36.4	36.6	36.3	39.5	31.5
16 Total liabilities and capital	217.6	249.2	298.6	323.7	338.2	351.9	359.9	369.6	383.4	394.3

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

1.52 DOMESTIC FINANCE COMPANIES Business Credit Outstanding and Net Change¹

Millions of dollars, seasonally adjusted

Type	1985	1986	1987		1988					
			Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	
1 Total	156,297	171,966	202,829	205,869	206,755	213,337	216,007	218,914	220,304	
<i>Retail financing of installment sales</i>										
2 Automotive (commercial vehicles)	20,660	25,952	34,454	35,674	36,419	36,318	36,914	37,619	37,219	
3 Business, industrial, and farm equipment	22,483	22,950	24,764	24,987	25,474	26,976	27,081	27,263	27,081	
<i>Wholesale financing</i>										
4 Automotive	23,988	23,419	30,901	31,059	30,115	28,654	27,329	27,361	28,260	
5 Equipment	4,568	5,423	5,794	5,693	5,308	5,323	5,251	5,429	5,237	
6 All other	6,809	7,079	8,151	8,408	8,454	8,331	8,347	8,311	8,414	
<i>Leasing</i>										
7 Automotive	16,275	19,783	22,013	21,943	22,943	23,100	23,493	23,458	23,690	
8 Equipment	34,768	37,833	41,964	43,002	43,245	48,175	50,411	51,092	52,126	
9 Loans on commercial accounts receivable and factored commercial accounts receivable	15,765	15,959	18,501	18,024	18,506	17,862	17,895	18,789	18,700	
10 All other business credit	10,981	13,568	16,287	17,079	16,291	17,062	19,287	19,592	19,578	
Net change (during period)										
11 Total	19,607	15,669	1,700	3,040	886	549	2,670	2,907	1,390	
<i>Retail financing of installment sales</i>										
12 Automotive (commercial vehicles)	5,067	5,292	589	1,220	745	-101	596	705	-400	
13 Business, industrial, and farm equipment	-363	467	1	223	487	-232	105	182	-181	
<i>Wholesale financing</i>										
14 Automotive	5,423	-569	505	158	-944	-1,461	-1,325	32	899	
15 Equipment	-867	855	65	-101	-385	14	-72	178	-192	
16 All other	1,069	270	77	257	46	-123	16	-36	103	
<i>Leasing</i>										
17 Automotive	3,896	3,508	130	-70	1,000	157	393	-34	231	
18 Equipment	2,685	3,065	53	1,038	243	632	2,236	681	1,034	
19 Loans on commercial accounts receivable and factored commercial accounts receivable	2,161	194	139	-477	482	-643	-643	894	-88	
20 All other business credit	536	2,587	141	792	-788	770	689	305	-14	

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

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1985	1986	1987	1987	1988					
				Dec.	Jan.	Feb.	Mar.	Apr.	May ^r	June
Terms and yields in primary and secondary markets										
PRIMARY MARKETS										
Conventional mortgages on new homes										
<i>Terms</i>										
1 Purchase price (thousands of dollars).....	104.1	118.1	137.0	147.3	150.1	139.4	147.2	151.4	145.3	141.0
2 Amount of loan (thousands of dollars).....	77.4	86.2	100.5	107.7	108.4	104.3	106.3	112.1	108.0	103.6
3 Loan/price ratio (percent).....	77.1	75.2	75.2	74.9	74.0	76.4	75.0	76.2	76.4	74.6
4 Maturity (years).....	26.9	26.6	27.8	28.2	28.2	28.1	27.3	27.7	28.1	27.7
5 Fees and charges (percent of loan amount) ²	2.53	2.48	2.26	2.22	2.17	2.23	2.28	2.20	2.15	2.12
6 Contract rate (percent per year).....	11.12	9.82	8.94	8.78	8.75	8.76	8.77	8.76	8.59	8.72
<i>Yield (percent per year)</i>										
7 FHLBB series ³	11.58	10.25	9.31	9.15	9.10	9.12	9.15	9.13	8.95	9.07
8 HUD series ⁴	12.28	10.07	10.13	10.52	10.09	9.80	9.99	10.19	10.48	n.a.
SECONDARY MARKETS										
<i>Yield (percent per year)</i>										
9 FHA mortgages (HUD series) ⁵	12.24	9.91	10.12	10.63	10.17	9.86	10.28	10.46	10.84	n.a.
10 GNMA securities ⁶	11.61	9.30	9.42	10.18	9.83	9.53	9.53	9.67	9.93	9.88
Activity in secondary markets										
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
<i>Mortgage holdings (end of period)</i>										
11 Total.....	94,574	98,048	95,030	96,649	97,159	98,358	99,787	100,796	101,747	102,368
12 FHA/VA-insured.....	34,244	29,683	21,660	20,288	20,237	20,181	20,094	19,932	19,805	19,765
13 Conventional.....	60,331	68,365	73,370	76,361	76,923	78,177	79,693	80,864	81,941	82,603
<i>Mortgage transactions (during period)</i>										
14 Purchases.....	21,510	30,826	20,531	3,747	1,267	2,629	2,776	2,409	2,138	2,372
<i>Mortgage commitments⁷</i>										
15 Contracted (during period).....	20,155	32,987	25,415	3,115	2,254	2,516	3,823	2,555	2,142	2,179
16 Outstanding (end of period).....	3,402	3,386	4,886	4,886	5,542	4,966	6,149	6,033	5,777	5,365
FEDERAL HOME LOAN MORTGAGE CORPORATION										
<i>Mortgage holdings (end of period)⁸</i>										
17 Total.....	12,399	13,517	12,802	12,871	13,090	13,926	14,386	14,822	n.a.	n.a.
18 FHA/VA.....	841	746	686	657	632	646	641	635	n.a.	n.a.
19 Conventional.....	11,559	12,771	12,116	12,215	12,458	13,280	13,745	14,187	n.a.	n.a.
<i>Mortgage transactions (during period)</i>										
20 Purchases.....	44,012	103,474	76,845	3,267	2,168	3,293	2,932	2,772	n.a.	n.a.
21 Sales.....	38,905	100,236	75,082	3,201	1,832	2,414	2,312 ^r	2,271 ^r	n.a.	n.a.
<i>Mortgage commitments⁹</i>										
22 Contracted (during period).....	48,989	110,855	71,467	2,693	3,868	4,910	4,262	6,437	n.a.	n.a.

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

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

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

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

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

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

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

8. Includes participation as well as whole loans.

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

1.54 MORTGAGE DEBT OUTSTANDING¹

Millions of dollars, end of period

Type of holder, and type of property	1985	1986	1987	1987				1988
				Q1	Q2	Q3	Q4	
1 All holders	2,269,173	2,568,562	2,908,072	2,665,339	2,756,383	2,832,137	2,908,072	2,949,929 ⁹
2 1- to 4-family	1,467,409	1,668,209	1,888,158	1,712,737	1,780,438	1,835,799	1,888,158	1,919,240 ⁹
3 Multifamily	214,045	247,024	273,740	257,859	263,564	268,019	273,740	275,244 ⁹
4 Commercial	482,029	556,369	636,203	601,207	620,259	637,412	636,203	666,199 ⁹
5 Farm	105,690	96,760	89,971	93,536	92,122	90,907	89,971	89,246 ⁹
6 Selected financial institutions	1,390,394	1,507,289	1,699,922	1,559,681	1,606,881	1,647,928	1,699,922	1,723,399
7 Commercial banks ²	429,196	502,534	590,829	519,606	544,640	566,600	590,829	605,491
8 1- to 4-family	213,434	235,814	275,166	242,042	252,589	262,352	275,166	282,583
9 Multifamily	23,373	31,173	33,493	29,759	30,347	31,614	33,493	33,907
10 Commercial	181,032	222,799	267,679	234,619	247,676	258,496	267,679	274,348
11 Farm	11,357	12,748	14,491	13,186	13,828	14,138	14,491	14,653
12 Savings institutions ³	760,499	777,312	856,369	809,245	824,961	838,737	856,369	861,824
13 1- to 4-family	554,301	558,412	598,441	555,693	572,075	583,432	598,441	604,343
14 Multifamily	89,739	97,059	106,346	104,035	102,933	104,609	106,346	105,945
15 Commercial	115,771	121,236	150,825	148,712	149,183	149,938	150,825	150,781
16 Farm	688	605	805	805	805	805	805	805
17 Life insurance companies	171,797	193,842	212,375	195,743	200,382	204,263	212,375	214,675
18 1- to 4-family	12,361	12,827	13,226	12,903	12,745	12,742	13,226	13,226
19 Multifamily	19,894	20,952	22,524	20,934	21,663	21,968	22,524	22,524
20 Commercial	127,670	149,111	166,722	151,420	155,611	159,464	166,722	169,122
21 Farm	11,852	10,952	9,903	10,486	10,363	10,089	9,903	9,803
22 Finance companies ⁴	28,902	33,601	40,349	35,087	36,898	38,328	40,349	41,409
23 Federal and related agencies	166,928	203,800	192,721	199,509	196,514	191,520	192,721	196,638 ⁹
24 Government National Mortgage Association	1,473	889	444	687	667	458	444	430
25 1- to 4-family	539	47	25	46	45	25	25	24
26 Multifamily	934	842	419	641	622	433	419	406
27 Farmers Home Administration ⁵	733	48,421	43,051	48,203	48,085	42,978	43,051	43,076 ⁹
28 1- to 4-family	183	21,625	18,169	21,390	21,157	18,111	18,169	18,185 ⁹
29 Multifamily	113	7,608	8,044	7,710	7,808	7,903	8,044	8,115 ⁹
30 Commercial	159	8,446	6,603	8,463	8,553	6,592	6,603	6,640 ⁹
31 Farm	278	10,742	10,235	10,640	10,567	10,372	10,235	10,136 ⁹
32 Federal Housing and Veterans Administration	4,920	5,047	5,574	5,177	5,268	5,330	5,574	5,679
33 1- to 4-family	2,254	2,386	2,557	2,447	2,531	2,452	2,557	2,612
34 Multifamily	2,666	2,661	3,017	2,730	2,737	2,878	3,017	3,067
35 Federal National Mortgage Association	98,282	97,895	96,649	95,140	94,064	94,884	96,649	99,787
36 1- to 4-family	91,966	90,718	89,666	88,106	87,013	87,901	89,666	92,828
37 Multifamily	6,316	7,177	6,983	7,034	7,051	6,983	6,983	6,959
38 Federal Land Banks	47,498	39,984	34,131	37,362	35,833	34,930	34,131	33,366
39 1- to 4-family	2,798	2,353	2,008	2,198	2,108	2,055	2,008	1,975
40 Farm	44,700	37,631	32,123	35,164	33,725	32,875	32,123	31,591
41 Federal Home Loan Mortgage Corporation	14,022	11,564	12,872	12,940	12,597	12,940	12,872	14,100
42 1- to 4-family	11,881	10,010	11,430	11,774	11,172	11,570	11,430	12,500
43 Multifamily	2,141	1,554	1,442	1,166	1,425	1,370	1,442	1,600
44 Mortgage pools or trusts ⁶	415,042	531,591	670,394	575,435	615,142	648,084	670,394	682,969 ⁹
45 Government National Mortgage Association	212,145	262,697	317,555	281,116	293,246	308,339	317,555	322,555
46 1- to 4-family	207,198	256,920	309,806	274,710	286,091	300,815	309,806	314,684
47 Multifamily	4,947	5,777	7,749	6,406	7,155	7,524	7,749	7,871
48 Federal Home Loan Mortgage Corporation	100,387	171,372	212,634	186,295	200,284	208,872	212,634	215,000
49 1- to 4-family	99,515	166,667	205,977	180,602	194,238	202,308	205,977	208,400
50 Multifamily	872	4,705	6,657	5,693	6,046	6,564	6,657	6,600
51 Federal National Mortgage Association	54,987	97,174	139,960	107,673	121,270	130,540	139,960	145,242
52 1- to 4-family	54,036	95,791	137,988	106,068	119,617	128,770	137,988	142,330
53 Multifamily	951	1,383	1,972	1,605	1,653	1,770	1,972	2,912
54 Farmers Home Administration ⁵	47,523	348	245	351	342	333	245	172
55 1- to 4-family	22,186	142	121	154	149	144	121	65 ⁹
56 Multifamily	6,675	.....	.....	.....	.....	.....	.....	.....
57 Commercial	8,190	132	63	127	126	124	63	58 ⁹
58 Farm	10,472	74	61	70	67	65	61	49 ⁹
59 Individuals and others ⁷	296,809	325,882	345,035	330,714	337,846	344,605	345,035	346,923
60 1- to 4-family	165,835	180,896	183,229	179,517	182,010	184,794	183,229	184,076
61 Multifamily	55,424	66,133	75,094	70,146	73,924	74,403	75,094	75,338
62 Commercial	49,207	54,843	64,311	57,866	59,110	62,798	64,311	65,250
63 Farm	26,343	24,008	22,401	23,185	22,802	22,610	22,401	22,259

1. Based on data from various institutional and governmental sources, with some quarters estimated in part by the Federal Reserve. Multifamily debt refers to loans on structures of five or more units.
 2. Includes loans held by nondeposit trust companies but not bank trust departments.
 3. Includes savings banks and savings and loan associations. Beginning 1987:1, data reported by FSLIC-insured institutions include loans in process and other contra assets (credit balance accounts that must be subtracted from the corresponding gross asset categories to yield net asset levels).

4. Assumed to be entirely 1- to 4-family loans.
 5. FmHA-guaranteed securities sold to the Federal Financing Bank were reallocated from FmHA mortgage pools to FmHA mortgage holdings in 1986:4, because of accounting changes by the Farmers Home Administration.
 6. Outstanding principal balances of mortgage pools backing securities insured or guaranteed by the agency indicated.
 7. Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and other U.S. agencies.

A40 Domestic Financial Statistics □ September 1988

1.55 CONSUMER INSTALLMENT CREDIT¹ Total Outstanding, and Net Change, seasonally adjusted

Millions of dollars

Holder, and type of credit	1986	1987	1987				1988				
			Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr. ²	May
Amounts outstanding (end of period)											
1 Total	571,833	613,022	602,977	606,926	608,728	613,022	619,258	624,294	629,485	633,336	635,787
<i>By major holder</i>											
2 Commercial banks	262,139	281,564	276,805	278,855	279,350	281,564	284,753	287,344	290,831	293,166	295,316
3 Finance companies ³	133,698	140,072	138,395	139,236	138,928	140,072	141,695	142,946	144,053	144,516	144,454
4 Credit unions	76,191	81,065	80,351	80,672	80,923	81,065	81,662	81,897	82,595	83,204	83,488
5 Retailers	39,660	42,782	41,632	42,012	42,291	42,782	42,926	43,080	43,271	43,295	43,162
6 Savings institutions	56,881	63,949	62,098	62,457	63,412	63,949	64,633	65,396	65,078	65,387	65,495
7 Gasoline companies	3,264	3,590	3,696	3,694	3,624	3,590	3,590	3,631	3,657	3,769	3,842
<i>By major type of credit</i>											
8 Automobile	246,109	267,180	261,902	263,823	264,474	267,180	269,883	273,133	276,762	278,567	279,164
9 Commercial banks	100,907	108,438	106,685	107,414	107,727	108,438	109,298	111,021	113,593	114,868	115,916
10 Credit unions	38,413	43,474	42,118	42,612	43,071	43,474	43,959	44,251	44,795	45,293	45,617
11 Finance companies	92,350	98,026	96,809	97,261	96,733	98,026	99,147	100,123	100,669	100,564	99,708
12 Savings institutions	14,439	17,242	16,290	16,536	16,943	17,242	17,479	17,738	17,705	17,841	17,924
13 Revolving	136,381	159,307	152,553	155,196	156,425	159,307	162,065	163,462	165,643	167,356	169,044
14 Commercial banks	86,757	98,808	96,808	97,416	97,378	98,808	100,879	101,537	103,152	104,250	105,595
15 Retailers	34,320	36,959	35,941	36,270	36,501	36,959	37,087	37,231	37,408	37,414	37,259
16 Gasoline companies	3,264	3,590	3,696	3,694	3,624	3,590	3,590	3,631	3,657	3,769	3,842
17 Savings institutions	8,366	13,279	11,333	11,922	12,636	13,279	13,601	13,945	14,059	14,309	14,515
18 Credit unions	3,674	6,671	5,500	5,894	6,286	6,671	6,908	7,117	7,368	7,614	7,833
19 Mobile home	26,883	25,957	26,845	26,698	26,604	25,957	25,926	25,857	25,732	25,764	25,704
20 Commercial banks	8,926	9,101	9,157	9,174	9,169	9,101	9,064	9,035	8,993	9,047	8,969
21 Finance companies	8,822	7,771	8,235	8,228	8,211	7,771	7,753	7,679	7,640	7,575	7,578
22 Savings institutions	9,135	9,085	9,453	9,296	9,224	9,085	9,109	9,143	9,099	9,142	9,157
23 Other	162,460	160,578	161,677	161,209	161,225	160,578	161,384	161,842	161,348	161,649	161,845
24 Commercial banks	65,349	65,217	64,880	64,851	65,276	65,217	65,312	65,750	65,094	65,001	64,836
25 Finance companies	32,526	34,275	33,351	33,747	33,984	34,275	34,795	35,144	35,744	36,376	37,168
26 Credit unions	34,104	30,920	32,733	32,166	31,566	30,920	30,795	30,529	30,432	30,297	30,039
27 Retailers	5,340	5,823	5,691	5,742	5,790	5,823	5,839	5,849	5,863	5,880	5,903
28 Savings institutions	24,941	24,343	25,022	24,703	24,609	24,343	24,444	24,370	24,216	24,095	23,899
Net change (during period)											
29 Total	54,078	41,189	4,787	3,949	1,802	4,294	6,236	5,036	5,191	3,851	2,421
<i>By major holder</i>											
30 Commercial banks	20,495	19,425	2,926	2,050	695	2,014	3,189	2,591	3,487	2,335	2,150
31 Finance companies ³	22,670	6,374	732	841	-308	1,144	1,623	1,251	1,107	463	-62
32 Credit unions	4,268	4,874	535	321	251	142	597	235	698	609	284
33 Retailers	466	3,122	251	380	279	491	144	154	191	24	-133
34 Savings institutions	7,223	7,068	300	359	955	537	684	763	-318	309	108
35 Gasoline companies	-1,044	326	43	-2	-70	-34	0	41	26	112	73
<i>By major type of credit</i>											
36 Automobile	36,473	21,071	2,344	1,921	651	2,706	2,703	3,250	3,629	1,805	597
37 Commercial banks	8,178	7,531	1,024	729	313	711	860	1,723	2,572	1,275	1,048
38 Credit unions	2,388	5,061	603	494	459	403	485	292	544	498	324
39 Finance companies	22,823	5,676	522	452	-528	1,293	1,121	976	546	-105	-856
40 Savings institutions	3,084	2,803	195	246	407	299	237	259	-33	136	83
41 Revolving	14,368	22,926	2,738	2,643	1,229	2,882	2,758	1,397	2,181	1,713	1,688
42 Commercial banks	11,150	12,051	1,941	1,333	-38	1,430	2,071	658	1,615	1,098	1,345
43 Retailers	47	2,639	210	329	231	458	128	144	177	6	-155
44 Gasoline companies	-1,044	326	43	-2	-70	-34	0	41	26	112	73
45 Savings institutions	2,078	4,913	139	589	714	643	322	344	114	250	206
46 Credit unions	2,137	2,997	405	394	392	385	237	209	251	246	219
47 Mobile home	49	-926	-34	-147	-94	-647	-31	-69	-125	32	-60
48 Commercial banks	-627	175	1	17	-5	-68	-37	-29	-42	54	-78
49 Finance companies	-472	-1,051	-46	-7	-17	-440	-18	-74	-39	-65	3
50 Savings institutions	1,148	-50	11	-157	-72	-139	24	34	-44	43	15
51 Other	3,188	-1,882	-261	-468	16	-647	806	458	-494	301	196
52 Commercial banks	1,794	-332	-40	-29	425	-59	295	238	-656	-93	-165
53 Finance companies	319	1,749	256	396	237	291	520	349	600	632	792
54 Credit unions	-257	-3,184	-473	-567	-600	-646	-125	-266	-97	-135	-258
55 Retailers	419	483	41	51	48	33	16	10	14	17	23
56 Savings institutions	913	-598	-45	-319	-94	-266	101	126	-354	-121	-196

1. The Board's series cover most short- and intermediate-term credit extended to individuals that is scheduled to be repaid (or has the option of repayment) in two or more installments.
These data also appear in the Board's G.19 (421) release. For address, see inside front cover.

2. More detail for finance companies is available in the G. 20 statistical release.
3. Excludes 30-day charge credit held by travel and entertainment companies.

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT¹

Percent unless noted otherwise

Item	1985	1986	1987	1987		1988				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
INTEREST RATES										
Commercial banks ²										
1 48-month new car ³	12.91	11.33	10.45	10.86	n.a.	n.a.	10.72	n.a.	n.a.	10.55
2 24-month personal	15.94	14.82	14.22	14.58	n.a.	n.a.	14.46	n.a.	n.a.	14.40
3 120-month mobile home	14.96	13.99	13.38	13.62	n.a.	n.a.	13.45	n.a.	n.a.	13.49
4 Credit card	18.69	18.26	17.92	17.82	n.a.	n.a.	17.80	n.a.	n.a.	17.78
Auto finance companies										
5 New car	11.98	9.44	10.73	12.24	12.23	12.19	12.26	12.24	12.29	12.29
6 Used car	17.59	15.95	14.60	14.90	14.97	14.56	14.75	14.77	14.82	14.81
OTHER TERMS⁴										
Maturity (months)										
7 New car	51.5	50.0	53.5	55.4	55.5	55.5	55.9	56.0	56.2	56.2
8 Used car	41.4	42.6	45.2	45.3	45.3	47.2	46.8	46.9	46.9	46.9
Loan-to-value ratio										
9 New car	91	91	93	94	93	93	94	94	94	94
10 Used car	94	97	98	99	99	98	99	98	98	99
Amount financed (dollars)										
11 New car	9,915	10,665	11,203	11,630	11,645	11,534	11,447	11,493	11,553	11,624
12 Used car	6,089	6,555	7,420	7,646	7,718	7,612	7,619	7,587	7,662	7,778

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

2. Data for midmonth of quarter only.

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

4. At auto finance companies.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures¹

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

Measure	1985	1986	1987	1987			1988					
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar. ^f	Apr. ^f	May ^f	June
1 Industrial production	123.7	125.1	129.8	132.5	133.2	133.9	134.4	134.4	134.7	135.4	136.1	136.6
<i>Market groupings</i>												
2 Products, total	130.6	133.3	138.3	140.9	141.0	141.3	142.7	143.4	143.6	144.0	144.6	145.0
3 Final, total	131.0	132.5	136.8	139.3	139.2	139.8	141.1	141.6	141.8	142.4	143.4	143.8
4 Consumer goods	119.8	124.0	127.7	129.0	129.4	129.8	131.2	131.3	131.2	131.8	132.5	132.7
5 Equipment	145.8	143.6	148.8	153.0	152.2	153.1	154.3	155.3	155.9	156.6	157.7	158.5
6 Intermediate	129.3	136.2	143.5	146.1	147.3	146.5	148.1	149.4	149.9	149.2	149.0	149.3
7 Materials	114.3	113.8	118.2	121.2	122.5	123.7	123.0	122.1	122.5	123.6	124.5	125.2
<i>Industry groupings</i>												
8 Manufacturing	126.4	129.1	134.6	137.3	137.9	138.9	139.4	139.5	140.0	140.7	141.6	141.9
Capacity utilization (percent) ²												
9 Manufacturing	80.1	79.8	81.0	82.0	82.2	82.5	82.7	82.6	82.7	82.9	83.2	83.2
10 Industrial materials industries	80.2	78.5	80.5	82.1	82.9	83.7	83.0	82.3	82.4	83.0	83.4	83.7
11 Construction contracts (1982 = 100) ³	150.0	158.0	161.0	164.0	157.0	157.0	145.0	159.0	154.0	144.0	157.0	165.0
12 Nonagricultural employment, total ⁴	118.3	120.7	124.1	125.3	125.7	126.1	126.4	127.0	127.3	127.6	127.9	128.4
13 Goods-producing, total	102.1	100.9	101.8	102.8	103.2	103.5	103.4	103.8	104.1	104.5	104.6	105.0
14 Manufacturing, total	97.8	96.3	96.8	97.7	98.0	98.3	98.4	98.5	98.6	98.8	99.0	99.2
15 Manufacturing, production-worker	92.6	91.2	92.1	92.8	93.2	93.5	93.5	93.7	93.7	93.9	94.1	94.4
16 Service-producing	125.0	129.0	133.4	134.8	135.1	135.6	136.1	136.7	137.1	137.4	137.6	138.1
17 Personal income, total	206.9 ^f	219.7 ^f	235.1 ^f	242.4 ^f	241.6 ^f	245.0 ^f	244.0 ^f	245.5 ^f	248.0	248.6	249.7	251.4
18 Wages and salary disbursements	198.8 ^f	210.7 ^f	226.2 ^f	231.7 ^f	233.3 ^f	236.8 ^f	235.7 ^f	237.3 ^f	238.9	240.9	242.2	244.0
19 Manufacturing	172.8 ^f	177.4 ^f	183.8 ^f	187.4 ^f	188.3 ^f	188.2 ^f	189.4 ^f	190.2 ^f	193.6	192.8	193.7	195.1
20 Disposable personal income ⁵	205.8 ^f	218.9 ^f	232.7 ^f	240.1 ^f	239.0 ^f	242.1 ^f	242.4 ^f	244.8 ^f	247.0	243.0	249.0	251.1
21 Retail sales ⁶	189.6	199.5	209.3	211.2	211.9	214.2	214.5	216.7	220.3	219.4	219.9	221.1
<i>Prices⁷</i>												
22 Consumer (1982-84 = 100)	107.6	109.6	113.6	115.3	115.4	115.4	115.7	116.0	116.5	117.1	117.5	118.0
23 Producer finished goods (1982 = 100)	104.7	103.2	105.4	106.2	106.3	105.8	106.3	106.1 ^f	106.2	106.9	107.5	107.9

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

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

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

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

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

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

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

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

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

2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

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

Category	1985	1986	1987	1987		1988					
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr. ¹	May	June
HOUSEHOLD SURVEY DATA											
1 Noninstitutional population ¹	180,440	182,822	185,010	185,737	185,882	186,083	186,219	186,361	186,478	186,600	186,755
2 Labor force (including Armed Forces) ¹	117,695	120,078	122,122	122,861	122,984	123,436	123,598	123,153	123,569	123,204	123,665
3 Civilian labor force	115,461	117,834	119,865	120,594	120,722	121,175	121,348	120,903	121,323	120,978	121,472
<i>Employment</i>											
4 Nonsgricultural industries ²	103,971	106,434	109,232	110,332	110,529	110,836	111,182	110,899	111,485	111,160	111,933
5 Agriculture	3,179	3,163	3,208	3,172	3,215	3,293	3,228	3,204	3,228	3,035	3,085
<i>Unemployment</i>											
6 Number	8,312	8,237	7,425	7,090	6,978	7,046	6,938	6,801	6,610	6,783	6,455
7 Rate (percent of civilian labor force)	7.2	7.0	6.2	5.9	5.8	5.8	5.7	5.6	5.4	5.6	5.3
8 Not in labor force	62,745	62,744	62,888	62,876	62,898	62,647	62,621	63,208	62,909	63,396	63,090
ESTABLISHMENT SURVEY DATA											
9 Nonagricultural payroll employment ³	97,519	99,525	102,310	103,678	104,001	104,262	104,729	105,020	105,281	105,502 [*]	105,848
10 Manufacturing	19,260	18,965	19,065	19,297	19,348	19,369	19,390	19,405	19,460	19,489 [*]	19,534
11 Mining	927	777	721	736	735	728	731	733	737	737	741
12 Contract construction	4,673	4,816	4,998	5,090	5,118	5,083	5,150	5,192	5,238	5,238 [*]	5,294
13 Transportation and public utilities	5,238	5,255	5,385	5,466	5,481	5,499	5,513	5,530	5,543	5,558 [*]	5,581
14 Trade	23,073	23,683	24,381	24,719	24,768	24,937	25,080	25,111	25,182	25,240 [*]	25,342
15 Finance	5,955	6,283	6,549	6,608	6,619	6,633	6,636	6,651	6,650	6,650 [*]	6,665
16 Service	22,000	23,053	24,196	24,604	24,725	24,795	24,975	25,078	25,163	25,232 [*]	25,390
17 Government	16,394	16,693	17,015	17,158	17,207	17,218	17,254	17,320	17,308	17,358 [*]	17,301

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

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

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

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2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION¹

Seasonally adjusted

Series	1987		1988		1987		1988		1987		1988			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2		
	Output (1977 = 100)				Capacity (percent of 1977 output)				Utilization rate (percent)					
1 Total industry	130.9	133.0	134.5	136.0	161.3	162.2	163.1	164.2	81.2	82.1	82.4	82.9		
2 Mining	100.6	103.2	102.5	104.1	127.0	128.4	127.7	127.0	78.0	81.2	80.2	82.0		
3 Utilities	111.6	112.5	115.1	112.4	138.8	139.4	139.8	140.1	80.5	80.6	82.1	80.2		
4 Manufacturing	135.7	137.9	139.6	141.4	166.7	167.7	168.9	170.2	81.4	82.3	82.7	83.1		
5 Primary processing	119.2	122.1	122.7	124.0	139.8	140.6	141.6	142.7	85.3	86.9	86.9	86.9		
6 Advanced processing	145.8	147.5	149.6	151.8	182.9	184.1	185.6	186.7	79.7	80.1	80.7	81.4		
7 Materials	119.1	121.9	122.6	124.4	147.2	147.8	148.5	149.3	81.0	82.9	82.5	83.4		
8 Durable goods	125.5	129.6	131.3	134.1	163.9	164.7	165.7	166.8	76.7	79.1	79.4	80.4		
9 Metal materials	83.6	91.1	86.6	88.4	109.4	108.8	108.8	109.1	76.5	84.0	79.2	81.1		
10 Nondurable goods	128.2	129.3	130.3	131.7	144.7	145.6	146.8	148.3	88.6	89.3	88.1	88.8		
11 Textile, paper, and chemical	130.5	132.3	133.1	133.9	144.4	145.4	146.7	148.5	90.4	91.5	89.6	90.2		
12 Paper	144.5	.....	.....	.....	145.1	.....	.....	.....	99.6	99.2	98.8	.....	
13 Chemical	130.7	.....	.....	.....	150.9	.....	.....	.....	86.3	89.1	87.0	.....	
14 Energy materials	100.0	101.8	100.9	101.2	120.1	119.9	119.7	119.4	83.3	85.2	84.2	84.7		
	Previous cycle ²		Latest cycle ³		1987		1987				1988			
	High	Low	High	Low	June	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
	Capacity utilization rate (percent)													
15 Total industry	88.6	72.1	86.9	69.5	80.3	81.9	82.1	82.4	82.5	82.4	82.4	82.7	82.9	85.1
16 Mining	92.8	87.8	95.2	76.9	76.6	80.6	81.5	81.5	80.7	79.5	80.1	81.8	81.3	82.1
17 Utilities	95.6	82.9	88.5	78.0	79.0	80.5	81.2	80.4	82.4	78.3	80.5	80.6	82.1	81.8
18 Manufacturing	87.7	69.9	86.5	68.0	80.8	82.0	82.2	82.5	82.7	82.6	82.7	82.9	83.1	83.2
19 Primary processing	91.9	68.3	89.1	65.1	84.0	86.2	87.0	87.8	87.1	86.6	86.8	87.0	87.1	86.8
20 Advanced processing	86.0	71.1	85.1	69.5	79.2	80.1	80.0	80.1	80.7	80.7	80.8	81.1	81.3	81.6
21 Materials	92.0	70.5	89.1	68.5	79.8	82.1	82.9	83.7	83.0	82.3	82.3	83.1	83.4	83.7
22 Durable goods	91.8	64.4	89.8	60.9	75.9	78.3	79.0	80.2	79.7	79.3	79.1	79.9	80.6	80.8
23 Metal materials	99.2	67.1	93.6	45.7	71.5	82.4	83.3	87.6	80.1	79.3	78.2	79.2	81.1	82.0
24 Nondurable goods	91.1	66.7	88.1	70.7	86.1	88.2	89.0	90.5	88.8	87.3	88.3	88.6	88.7	88.7
25 Textile, paper, and chemical	92.8	64.8	89.4	68.8	87.1	90.4	91.0	92.7	90.8	88.5	89.9	90.0	90.0	89.9
26 Paper	98.4	70.6	97.3	79.9	96.3	97.4	98.7	101.6	100.6	97.8	98.0	98.1	98.7	.....
27 Chemical	92.5	64.4	87.9	63.5	83.1	88.0	88.6	90.8	87.8	85.7	87.4	87.4	88.3	.....
28 Energy materials	94.6	86.9	94.0	82.3	82.8	84.9	85.7	85.1	84.7	84.1	83.8	84.8	84.6	85.7

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

2. Monthly high 1973; monthly low 1975.

3. Monthly highs 1978 through 1980; monthly lows 1982.

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value¹—Continued

Groups	SIC code	1977 proportion	1987 avg.	1987						1988						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar. ^r	Apr.	May ^r	June ^r
Index (1977 = 100)																
MAJOR INDUSTRY																
1 Mining and utilities.....		15.79	104.3	103.0	103.7	105.4	105.4	106.8	107.9	107.3	107.8	106.8	106.7	107.1	106.6	108.1
2 Mining.....		9.83	100.7	99.2	99.2	100.9	101.9	103.6	104.6	104.6	103.3	101.5	102.7	104.8	103.4	104.0
3 Utilities.....		5.96	110.3	109.4	111.2	112.9	111.2	112.1	113.2	111.7	115.2	115.6	113.3	110.8	111.8	114.7
4 Manufacturing.....		84.21	134.6	134.0	135.6	135.9	135.7	137.3	137.9	138.9	139.4	139.5	140.0	140.7	141.6	141.9
5 Nondurable.....		35.11	136.7	136.9	138.5	138.8	138.6	138.1	139.6	141.3	141.4	141.1	141.7	142.1	142.1	142.2
6 Durable.....		49.10	133.1	132.0	133.5	133.8	133.7	136.8	136.7	137.3	137.9	138.4	138.8	139.7	141.2	141.7
<i>Mining</i>																
7 Metal.....	10	.50	77.5	70.7	71.4	79.3	86.5	85.6	90.4	96.5	91.5	83.9	84.9	85.1	.....	.....
8 Coal.....	11, 12	1.60	131.8	128.8	127.9	130.5	133.3	140.3	142.9	140.6	140.2	133.7	129.1	136.0	130.2	132.0
9 Oil and gas extraction.....	13	7.07	92.7	91.8	91.8	93.0	93.3	94.1	94.2	94.1	93.1	92.4	94.8	95.8	95.1	94.4
10 Stone and earth minerals.....	14	.66	128.2	128.5	130.7	130.3	130.0	131.0	134.1	135.6	132.1	134.3	136.9	141.0	140.9	.....
<i>Nondurable manufactures</i>																
11 Foods.....	20	7.96	137.7	137.7	138.5	138.8	139.5	138.0	138.9	140.1	141.2	141.9	141.1	139.6	140.4	.....
12 Tobacco products.....	21	.62	103.4	107.0	106.8	110.4	101.7	103.7	106.5	110.5	105.8	107.0	107.2	107.6	.....	.....
13 Textile mill products.....	22	2.29	115.8	117.2	118.3	119.8	118.2	116.8	117.3	118.2	116.2	115.3	117.0	117.9	117.0	.....
14 Apparel products.....	23	2.79	107.4	107.7	109.7	108.4	107.6	108.0	109.4	107.8	108.7	108.5	108.7	109.2	.....	.....
15 Paper and products.....	26	3.15	144.4	142.6	148.8	148.9	147.4	146.0	148.3	150.6	149.9	148.0	149.1	149.2	149.8	.....
16 Printing and publishing.....	27	4.54	172.0	174.1	174.0	174.7	174.9	175.2	175.7	176.9	177.5	178.7	180.4	181.5	180.9	181.5
17 Chemicals and products.....	28	8.05	140.1	139.3	140.8	142.3	142.4	141.5	144.4	147.9	147.9	145.4	146.4	148.6	149.3	.....
18 Petroleum products.....	29	2.40	93.5	92.3	94.1	92.9	93.5	94.6	93.3	96.1	96.3	95.9	98.4	98.4	95.2	94.2
19 Rubber and plastic products.....	30	2.80	163.6	165.4	167.2	164.8	165.2	166.7	169.9	170.6	170.5	172.3	172.2	172.6	171.8	.....
20 Leather and products.....	31	.53	60.0	60.1	59.2	61.3	60.7	59.6	60.7	57.5	58.3	59.7	59.5	58.0	57.0	.....
<i>Durable manufactures</i>																
21 Lumber and products.....	24	2.30	130.3	131.1	132.8	131.1	126.9	129.8	134.0	133.6	136.3	139.0	137.8	137.8	137.7	.....
22 Furniture and fixtures.....	25	1.27	152.8	153.9	156.2	155.2	155.9	156.0	158.5	159.4	158.0	158.3	159.4	159.7	160.2	.....
23 Clay, glass, stone products.....	32	2.72	119.1	117.9	118.8	116.5	118.6	118.9	120.5	120.1	120.4	121.6	122.5	121.4	121.7	.....
24 Primary metals.....	33	5.33	81.5	78.8	81.4	85.1	84.5	90.6	90.2	90.6	86.5	86.4	85.1	85.3	89.1	89.0
25 Iron and steel.....	331.2	3.49	70.8	68.3	70.9	76.0	74.6	82.0	79.7	81.9	77.8	77.4	74.2	74.5	78.7	.....
26 Fabricated metal products.....	34	6.46	111.0	111.1	111.1	110.1	111.1	113.3	113.6	115.8	117.1	117.6	118.8	118.9	119.7	120.4
27 Nonelectrical machinery.....	35	9.54	152.7	151.8	155.3	154.3	156.6	158.0	157.2	161.0	162.9	163.6	164.6	166.3	168.7	169.5
28 Electrical machinery.....	36	7.15	172.3	170.5	172.5	174.3	173.4	175.5	175.6	175.9	177.4	177.8	176.6	178.9	179.2	180.4
29 Transportation equipment.....	37	9.13	129.2	126.5	127.6	128.1	125.5	132.0	130.4	128.1	128.6	128.4	130.0	130.4	133.2	133.2
30 Motor vehicles and parts.....	371	5.25	111.8	107.4	109.4	109.1	105.6	116.0	114.0	110.2	109.7	109.3	113.0	114.8	119.6	119.2
31 Aerospace and miscellaneous transportation equipment.....	372-6.9	3.87	152.8	152.4	152.3	153.9	152.5	153.7	152.7	152.4	154.2	154.5	153.0	151.6	151.6	152.2
32 Instruments.....	38	2.66	143.9	144.5	143.8	146.3	145.6	146.7	147.8	145.5	148.2	149.2	149.7	151.6	151.0	151.5
33 Miscellaneous manufactures.....	39	1.46	102.6	101.2	100.5	102.2	102.1	104.6	104.5	105.6	105.0	104.4	105.1	105.8	106.1	.....
<i>Utilities</i>																
34 Electric.....		4.17	126.6	128.8	131.0	132.0	127.5	126.8	127.5	125.6	130.3	130.7	129.0	127.4	128.8	.....
Gross value (billions of 1982 dollars, annual rates)																
MAJOR MARKET																
35 Products, total.....		517.5	1,735.8	1,720.4	1,732.5	1,741.7	1,735.9	1,774.1	1,772.4	1,778.8	1,790.6	1,797.5	1,807.5	1,810.4	1,815.5	1,811.0
36 Final.....		405.7	1,333.8	1,320.1	1,326.6	1,334.9	1,330.3	1,360.9	1,359.9	1,359.4	1,375.5	1,381.1	1,385.9	1,393.2	1,397.5	1,395.2
37 Consumer goods.....		272.7	866.0	855.1	863.2	866.4	856.9	876.6	879.8	881.2	893.6	893.7	893.2	897.8	898.1	892.4
38 Equipment.....		133.0	467.8	465.0	463.5	468.5	473.4	484.4	480.1	478.2	481.9	487.3	492.7	495.3	499.4	502.8
39 Intermediate.....		111.9	402.0	400.3	405.9	406.8	405.6	413.2	412.5	419.4	415.1	416.5	421.6	417.2	417.9	415.8

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

A major revision of the industrial production index and the capacity utilization rates was released in July 1985. See "A Revision of the Index of

Industrial Production" and accompanying tables that contain revised indexes (1977=100) through December 1984 in the FEDERAL RESERVE BULLETIN, vol. 71 (July 1985), pp. 487-501. The revised indexes for January through June 1985 were shown in the September BULLETIN.

2.14 HOUSING AND CONSTRUCTION

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

Item	1985	1986	1987	1987					1988				
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.'	Mar.'	Apr.'	May
Private residential real estate activity (thousands of units)													
NEW UNITS													
1 Permits authorized	1,733	1,750	1,535	1,514	1,501	1,453	1,459	1,372	1,248	1,429	1,476	1,449	1,436
2 1-family	957	1,071	1,024	1,014	983	962	971	937	918	1,003	1,030	960	982
3 2-or-more-family	777	679	511	500	518	491	488	415	330	426	446	489	454
4 Started	1,742	1,805	1,621	1,583	1,679	1,538	1,661	1,399	1,382	1,519	1,529	1,584	1,384
5 1-family	1,072	1,179	1,146	1,109	1,211	1,105	1,129	1,035	1,016	1,102	1,172	1,093	996
6 2-or-more-family	669	626	474	474	468	433	532	364	366	417	357	491	388
7 Under construction, end of period ¹ ..	1,063	1,074	987	1,044	1,046	1,044	1,042	1,016	1,008	983	999	1,001	990
8 1-family	539	583	591	621	627	627	625	618	614	596	617	623	612
9 2-or-more-family	524	490	397	423	419	417	417	398	394	387	382	378	378
10 Completed	1,703	1,756	1,669	1,633	1,591	1,565	1,571	1,624	1,550	1,452	1,598	1,635	1,458
11 1-family	1,072	1,120	1,123	1,069	1,100	1,114	1,088	1,104	1,098	1,043	1,094	1,054	1,086
12 2-or-more-family	631	637	546	564	491	451	483	520	452	409	504	581	372
13 Mobile homes shipped	284	244	233	234	240	234	222	227	200	208	212	213	216
<i>Merchant builder activity in 1-family units</i>													
14 Number sold	688	748	672	673	644	653	625	586	579	648	653	660	658
15 Number for sale, end of period ¹	350	361	370	361	361	360	362	365	368	359	374	371	375
<i>Price (thousands of dollars)²</i>													
<i>Median</i>													
16 Units sold	84.3	92.2	104.7	106.8	106.5	106.5	117.0	111.8	119.0	110.9	107.0	111.0	110.0
<i>Average</i>													
17 Units sold	101.0	112.2	127.9	128.5	133.5	125.8	139.2	136.2	144.4	137.6	131.6	135.6	135.9
EXISTING UNITS (1-family)													
18 Number sold	3,217	3,566	3,530	3,410	3,430	3,470	3,370	3,330	3,170	3,250	3,330	3,520	3,590
<i>Price of units sold (thousands of dollars)²</i>													
19 Median	75.4	80.3	85.6	86.5	85.5	84.6	85.0	85.4	87.4	88.1	87.9	87.3	88.8
20 Average	90.6	98.3	106.2	107.0	106.9	106.1	106.6	107.1	108.7	110.4	110.7	108.7	111.9
Value of new construction³ (millions of dollars)													
CONSTRUCTION													
21 Total put in place	355,735 ¹	386,093 ¹	398,848 ¹	398,267 ¹	405,378 ¹	400,818 ¹	407,066 ¹	410,870 ¹	395,264 ¹	392,456	403,555	402,678	407,080
22 Private	291,665	314,651 ¹	323,819 ¹	325,664 ¹	327,131 ¹	325,915 ¹	331,497 ¹	331,641 ¹	321,530 ¹	317,754	324,257	323,624	328,180
23 Residential	158,475	187,147	194,772 ¹	193,117 ¹	194,801 ¹	194,547 ¹	195,599 ¹	195,822 ¹	195,168 ¹	192,097	195,554	195,279	193,432
24 Nonresidential, total	133,190	127,504 ¹	129,047 ¹	132,547 ¹	132,330 ¹	131,368 ¹	135,898 ¹	135,819 ¹	126,382 ¹	125,657	128,703	128,345	134,748
<i>Buildings</i>													
25 Industrial	15,769	13,747	13,707 ¹	14,312 ¹	15,332 ¹	13,968 ¹	14,512 ¹	14,130 ¹	13,480 ¹	13,489	14,546	15,480	16,685
26 Commercial	59,629	56,762	55,448 ¹	57,839 ¹	56,531 ¹	56,890 ¹	59,374 ¹	55,831 ¹	53,535 ¹	53,371	54,843	56,081	58,370
27 Other	12,619	13,216	15,464 ¹	15,227 ¹	15,497 ¹	16,018 ¹	16,692 ¹	17,708 ¹	16,954 ¹	17,101	17,301	16,396	16,922
28 Public utilities and other	45,173	43,779 ¹	44,428 ¹	45,169 ¹	44,970 ¹	44,492 ¹	45,320 ¹	48,150 ¹	42,393 ¹	41,496	42,013	40,388	42,771
29 Public	64,070 ¹	71,437 ¹	75,028 ¹	72,603 ¹	78,244 ¹	74,903 ¹	75,569 ¹	79,228 ¹	73,715 ¹	74,702	79,298	79,054	78,900
30 Military	3,235 ¹	3,868 ¹	4,327 ¹	4,158 ¹	6,048 ¹	4,010 ¹	5,080 ¹	4,879 ¹	4,172 ¹	3,280	4,216	4,384	4,277
31 Highway	21,540 ¹	22,681 ¹	22,758 ¹	21,783 ¹	23,145 ¹	24,374 ¹	23,439 ¹	25,274 ¹	24,808 ¹	25,348	26,963	27,056	25,096
32 Conservation and development	4,777 ¹	4,646 ¹	5,162 ¹	5,137 ¹	5,023 ¹	5,144 ¹	4,871 ¹	5,759 ¹	4,038 ¹	4,535	4,899	4,443	4,671
33 Other	34,518 ¹	40,242 ¹	42,781 ¹	41,525 ¹	44,028 ¹	41,375 ¹	42,179 ¹	43,316 ¹	40,697 ¹	41,539	43,220	43,171	44,836

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

A50 Domestic Nonfinancial Statistics □ September 1988

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 June 1988 (1982 = 100) ¹
	1987 June	1988 June	1987		1988		1988					
			Sept.	Dec.	Mar.	June	Feb. ²	Mar. ²	Apr.	May	June	
CONSUMER PRICES²												
1 All items	3.7	4.0	3.9	3.2	4.2	4.5	.2	.5	.4	.3	.3	118.0
2 Food	5.3	3.3	2.1	2.8	1.4	7.1	-.3	.3	.7	.4	-.6	117.6
3 Energy items .....	.0	.3	6.0	-3.9	-4.9	4.2	-.6	.0	.8	.5	-.2	91.0
4 All items less food and energy	4.1	4.5	3.8	4.4	5.4	4.3	.2	.6	.4	.2	.4	123.0
5 Commodities	3.1	3.6	2.9	2.5	4.7	3.9	.1	.7	.6	.2	.2	115.4
6 Services	4.6	4.9	4.3	5.0	5.9	4.5	.4	.5	.2	.4	.5	127.4
PRODUCER PRICES												
7 Finished goods	2.3	2.3	-3.8	-1.9	2.3	5.0	-.2	.5	.4	.5	-.4	107.9
8 Consumer foods	4.2	1.7	-1.8	-5.7	5.6	9.8	-1.1	.7	.4	.9	1.1	112.5
9 Consumer energy	-4.1	-2.7	16.5	-9.6	-19.6	6.2	-1.0	.9	3.1	.2	-1.6	60.8
10 Other consumer goods	2.6	3.7	4.6	1.7	5.3	2.8	.3	.3	.0	.3	.3	117.9
11 Capital equipment	1.6	2.5	4.0	-.7	3.2	3.6	.2	.2	.2	.4	.4	114.2
12 Intermediate materials ³	2.6	5.4	5.6	4.3	3.9	7.8	.2	.4	.8	.6	.6	107.1
13 Excluding energy	2.7	6.9	5.3	7.2	7.8	7.3	.2	.5	.7	.5	.5	114.9
Crude materials												
14 Foods	8.7	8.7	-4.8	-4.8	16.7	31.5	2.2	.6	.4	2.4	4.2	108.4
15 Energy	7.4	-6.5	5.9	-15.2	-23.6	11.5	-.6	-2.3	2.5	1.3	-1.0	70.7
16 Other	8.1	15.4	39.4	18.0	13.8	-5.3	1.2	.6	.2	-1.7	.2	131.0

1. Not seasonally adjusted.

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

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

SOURCE: Bureau of Labor Statistics.

2.16 GROSS NATIONAL PRODUCT AND INCOME

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

Account	1985'	1986'	1987'	1987'			1988	
				Q2	Q3	Q4	Q1'	Q2
GROSS NATIONAL PRODUCT								
1 Total	4,014.9	4,240.3	4,526.7	4,484.2	4,568.0	4,662.8	4,724.5	4,806.9
<i>By source</i>								
2 Personal consumption expenditures	2,629.0	2,807.5	3,012.1	2,992.2	3,058.2	3,076.3	3,128.1	3,186.8
3 Durable goods	372.2	406.5	421.9	420.5	441.4	422.0	437.8	446.9
4 Nondurable goods	911.2	943.6	997.9	995.3	1,006.6	1,012.4	1,012.4	1,030.3
5 Services	1,345.6	1,457.3	1,592.3	1,576.4	1,610.2	1,641.9	1,674.1	1,709.6
6 Gross private domestic investment	643.1	663.9	712.9	698.5	702.8	764.9	763.4	756.5
7 Fixed investment	631.8	650.4	673.7	663.8	688.3	692.9	698.1	713.5
8 Nonresidential	442.9	433.9	446.8	438.2	462.1	464.1	471.5	485.4
9 Structures	153.2	138.5	139.5	134.4	143.0	147.7	140.1	145.3
10 Producers' durable equipment	289.7	295.4	307.3	303.8	319.1	316.3	331.3	340.1
11 Residential structures	188.8	216.6	226.9	227.6	226.2	228.8	226.6	228.1
12 Change in business inventories	11.3	15.5	39.2	32.7	14.5	72.0	65.3	43.0
13 Nonfarm	14.6	17.4	40.7	31.4	17.8	72.8	49.4	35.5
14 Net exports of goods and services	-78.0	-104.4	-123.0	-122.2	-125.2	-125.7	-112.1	-90.6
15 Exports	370.9	378.4	428.0	416.8	440.4	459.7	487.8	501.1
16 Imports	448.9	482.8	551.1	539.0	565.6	585.4	599.9	591.7
17 Government purchases of goods and services	820.8	871.2	924.7	915.7	932.2	947.3	945.2	954.2
18 Federal	355.2	366.2	382.0	377.5	386.3	391.4	377.7	375.2
19 State and local	465.6	505.0	542.8	538.2	546.0	555.9	567.5	579.0
<i>By major type of product</i>								
20 Final sales, total	4,003.6	4,224.7	4,487.5	4,451.5	4,533.5	4,590.7	4,639.2	4,763.9
21 Goods	1,641.2	1,697.9	1,792.5	1,774.6	1,812.9	1,849.4	1,879.4	1,912.7
22 Durable	706.5	725.3	776.3	767.1	792.2	808.7	819.3	851.4
23 Nondurable	934.6	972.6	1,016.3	1,007.5	1,020.7	1,040.7	1,060.1	1,061.3
24 Services	1,968.3	2,118.3	2,295.7	2,276.2	2,314.4	2,363.9	2,405.2	2,446.7
25 Structures	405.4	424.0	438.4	433.4	440.6	449.5	439.9	447.5
26 Change in business inventories	11.3	15.5	39.2	32.7	14.5	72.0	65.3	43.0
27 Durable goods	6.4	4.2	26.6	24.3	2.9	50.5	26.6	26.4
28 Nondurable goods	4.9	11.3	12.6	8.4	11.6	21.6	38.6	16.5
29 MEMO								
Total GNP in 1982 dollars	3,618.7	3,721.7	3,847.0	3,823.0	3,865.3	3,923.0	3,956.1	3,986.3
NATIONAL INCOME								
30 Total	3,234.0	3,437.1	3,678.7	3,631.8	3,708.0	3,802.0	3,850.8	n.a.
31 Compensation of employees	2,367.5	2,507.1	2,683.4	2,652.0	2,702.8	2,769.9	2,816.4	2,872.6
32 Wages and salaries	1,975.2	2,094.0	2,248.4	2,220.6	2,265.3	2,324.8	2,358.7	2,408.7
33 Government and government enterprises	372.0	393.7	420.1	416.9	423.2	429.2	437.1	443.0
34 Other	1,603.4	1,700.3	1,828.3	1,803.7	1,842.1	1,895.6	1,921.6	1,965.7
35 Supplement to wages and salaries	392.4	413.1	435.0	431.3	437.5	445.1	457.7	463.9
36 Employer contributions for social insurance	204.8	217.0	227.1	225.0	228.2	232.7	243.1	247.4
37 Other labor income	187.6	196.1	207.9	206.4	209.3	212.4	214.6	216.5
38 Proprietors' income ¹	255.9	286.7	312.9	308.9	306.8	326.0	323.9	322.6
39 Business and professional ¹	225.6	250.3	270.0	265.9	271.5	279.0	279.2	284.6
40 Farm ¹	30.2	36.4	43.0	43.0	35.2	47.0	44.7	38.0
41 Rental income of persons ²	9.2	12.4	18.4	17.8	18.1	20.5	20.5	17.9
42 Corporate profits ¹	282.3	298.9	310.4	305.2	322.0	316.1	316.2	n.a.
43 Profits before tax	224.3	236.4	276.7	273.7	289.4	281.9	286.2	n.a.
44 Inventory valuation adjustment	-1.7	8.3	-18.0	-20.0	-19.5	-18.2	-19.4	-29.8
45 Capital consumption adjustment	59.7	54.2	51.7	51.5	52.1	52.4	49.4	47.9
46 Net interest	319.0	331.9	353.6	348.1	358.3	369.5	373.9	382.1

1. With inventory valuation and capital consumption adjustments.

2. With capital consumption adjustment.

3. For after-tax profits, dividends, and the like, see table 1.48.

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

2.17 PERSONAL INCOME AND SAVING

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

Account	1985	1986 ¹	1987 ²	1987			1988	
				Q2	Q3	Q4	Q1 ¹	Q2
PERSONAL INCOME AND SAVING								
1 Total personal income	3,325.3	3,531.1	3,780.0	3,736.1	3,801.0	3,906.8	3,951.4	4,017.2
2 Wage and salary disbursements	1,975.4	2,094.0	2,248.4	2,220.6	2,265.1	2,325.1	2,358.7	2,408.7
3 Commodity-producing industries	608.9	625.5	649.8	642.8	652.8	665.5	676.0	688.7
4 Manufacturing	460.9	473.1	490.3	484.6	492.6	501.3	509.6	517.1
5 Distributive industries	473.2	498.9	531.7	526.1	536.8	547.3	558.2	572.0
6 Service industries	521.3	575.9	646.8	634.8	652.4	682.8	687.4	705.0
7 Government and government enterprises	372.0	393.7	420.1	416.9	423.0	429.5	437.1	443.0
8 Other labor income	187.6	196.1	207.9	206.4	209.3	212.4	214.6	216.5
9 Proprietors' income ¹	255.9	286.7	312.9	308.9	306.8	326.0	323.9	322.6
10 Business and professional ¹	225.6	250.3	270.0	265.9	271.5	279.0	279.2	284.6
11 Farm ¹	30.2	36.4	43.0	43.0	35.2	47.0	44.7	38.0
12 Rental income of persons ²	9.2	12.4	18.4	17.8	18.1	20.5	20.5	17.9
13 Dividends	78.7	82.8	88.6	87.3	89.9	91.9	93.5	95.0
14 Personal interest income	478.0	499.1	527.0	517.9	533.0	550.0	554.2	566.7
15 Transfer payments	489.8	521.1	548.8	547.8	551.7	556.8	576.3	583.0
16 Old-age survivors, disability, and health insurance benefits	253.4	269.3	282.9	282.8	284.5	286.5	298.1	300.0
17 LESS: Personal contributions for social insurance	149.3	161.1	172.0	170.5	172.7	175.9	190.2	193.4
18 EQUALS: Personal income	3,325.3	3,531.1	3,780.0	3,736.1	3,801.0	3,906.8	3,951.4	4,017.2
19 LESS: Personal tax and nontax payments	486.6	511.4	570.3	582.0	576.2	591.0	575.8	600.6
20 EQUALS: Disposable personal income	2,838.7	3,019.6	3,209.7	3,154.1	3,224.9	3,315.8	3,375.6	3,416.5
21 LESS: Personal outlays	2,713.3	2,898.0	3,105.5	3,084.7	3,152.3	3,171.8	3,225.7	3,285.9
22 EQUALS: Personal saving	125.4	121.7	104.2	69.5	72.6	144.0	149.9	130.6
MEMO								
Per capita (1982 dollars)								
23 Gross national product	15,122.0	15,398.0	15,772.8	15,700.2	15,834.9	16,031.8	16,127.6	n.a.
24 Personal consumption expenditures	9,840.3	10,158.0	10,336.2	10,335.1	10,426.8	10,346.1	10,435.4	n.a.
25 Disposable personal income	10,625.0	10,929.0	11,012.0	10,889.0	10,989.0	11,145.0	11,260.0	11,228.0
26 Saving rate (percent)	4.4	4.0	3.2	2.2	2.3	4.3	4.4	3.8
GROSS SAVING								
27 Gross saving	533.5	537.2	560.4	542.4	556.8	603.4	627.0	n.a.
28 Gross private saving	665.3	681.6	665.3	625.0	642.2	714.1	726.3	n.a.
29 Personal saving	125.4	121.7	104.2	69.5	72.6	144.0	149.9	130.6
30 Undistributed corporate profits ¹	102.6	104.1	81.1	78.5	85.0	80.5	78.1	n.a.
31 Corporate inventory valuation adjustment	-1.7	8.3	-18.0	-20.0	-19.5	-18.2	-19.4	-29.8
<i>Capital consumption allowances</i>								
32 Corporate	268.6	282.4	297.5	295.4	299.7	303.7	309.8	313.4
33 Noncorporate	168.7	173.5	182.5	181.6	184.9	185.8	188.5	189.8
34 Government surplus, or deficit (-), national income and product accounts	-131.8	-144.4	-104.9	-82.6	-85.5	-110.7	-99.2	n.a.
35 Federal	-196.9	-205.6	-157.8	-144.0	-138.3	-160.4	-155.1	n.a.
36 State and local	65.1	61.2	52.9	61.4	52.9	49.7	55.8	n.a.
37 Gross investment	528.7	523.6	552.3	539.9	541.7	597.0	612.0	628.0
38 Gross private domestic	643.1	665.9	712.9	698.5	702.8	764.9	763.4	756.5
39 Net foreign	-114.4	-142.4	-160.6	-158.6	-161.1	-167.8	-151.3	-128.5
40 Statistical discrepancy	-4.8	-13.6	-8.1	-2.5	-15.1	-6.4	-15.0	-15.3

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.

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

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data are seasonally adjusted except as noted.¹

Item credits or debits	1985	1986	1987	1987				1988
				Q1	Q2	Q3	Q4	
1 Balance on current account	-115,102	-138,827	-153,964	-37,624	-40,852	-41,967	-33,523	-39,751
2 Not seasonally adjusted	.....	.....	.....	-33,032	-41,799	-47,330	-31,803	-34,937
3 Merchandise trade balance	-122,148	-144,547	-160,280	-39,871	-39,552	-39,665	-41,192	-35,945
4 Merchandise exports	215,935	223,969	249,570	56,791	59,864	64,902	68,013	74,672
5 Merchandise imports	-338,083	-368,516	-409,850	-96,662	-99,416	-104,567	-109,205	-110,617
6 Military transactions, net	-3,431	-4,372	-2,369	-78	-179	-851	-1,261	-899
7 Investment income, net	25,936	23,143	20,374	5,076	1,692	1,067	12,539	-595
8 Other service transactions, net	-449	2,257	1,755	-143	15	87	479	735
9 Remittances, pensions, and other transfers	-3,786	-3,571	-3,434	-884	-855	-855	-828	-868
10 U.S. government grants (excluding military)	-11,223	-11,738	-10,011	-2,100	-2,241	-2,125	-3,545	-2,283
11 Change in U.S. government assets, other than official reserve assets, net (increase, -)	-2,829	-2,000	1,162	67	-170	252	1,012	-780
12 Change in U.S. official reserve assets (increase, -)	-3,858	312	9,149	1,956	3,419	32	3,741	1,503
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	-897	-246	-509	76	-171	-210	-205	155
15 Reserve position in International Monetary Fund	908	1,500	2,070	606	335	407	722	446
16 Foreign currencies	-3,869	-942	7,588	1,274	3,255	-165	3,225	901
17 Change in U.S. private assets abroad (increase, -) ³	-25,949	-96,303	-86,298	9,049	-26,127	-25,576	-43,645	8,169
18 Bank-reported claims	-1,323	-59,975	-40,531	21,870	-22,422	-16,519	-23,460	17,402
19 Nonbank-reported claims	923	-4,220	3,145	-491	2,603	-215	1,248	.....
20 U.S. purchase of foreign securities, net	-7,481	-4,297	-4,456	-1,639	-88	-972	-1,757	-4,388
21 U.S. direct investments abroad, net	-18,068	-27,811	-44,456	-10,691	-6,220	-7,870	-19,676	-4,845
22 Change in foreign official assets in the United States (increase, +)	-1,196	35,507	44,968	13,977	10,332	611	20,047	24,372
23 U.S. Treasury securities	-838	34,364	43,361	12,193	11,083	842	19,243	27,568
24 Other U.S. government obligations	-301	-1,214	1,570	-62	256	714	662	-116
25 Other U.S. government liabilities	767	2,054	-2,824	-1,337	-1,309	-287	108	-251
26 Other U.S. liabilities reported by U.S. banks	645	1,187	3,901	3,543	615	-34	-223	-1,996
27 Other foreign official assets	-1,469	-884	-1,040	-360	-313	-624	257	-833
28 Change in foreign private assets in the United States (increase, +)	131,096	185,746	166,521	19,122	40,327	71,047	36,025	3,504
29 U.S. bank-reported liabilities	41,045	79,783	87,778	-6,100	17,961	46,153	29,764	-15,994
30 U.S. nonbank-reported liabilities	-366	-2,906	2,150	1,696	1,570	-116	-1,000	.....
31 Foreign private purchases of U.S. Treasury securities, net	20,433	3,809	-7,596	-2,826	-2,431	-2,835	496	7,001
32 Foreign purchases of other U.S. securities, net	50,962	70,969	42,213	18,373	15,998	12,819	-4,977	2,328
33 Foreign direct investments in the United States, net	19,022	34,091	41,976	7,979	7,229	15,026	11,742	10,169
34 Allocation of SDRs	0	0	0	0	0	0	0	0
35 Discrepancy	17,839	15,566	18,461	-6,547	13,071	-4,399	16,342	2,984
36 Owing to seasonal adjustments	.....	.....	.....	4,141	-2,615	-4,658	3,138	3,925
37 Statistical discrepancy in recorded data before seasonal adjustment	17,839	15,566	18,461	-10,688	15,686	259	13,204	-941
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, -)	-3,858	312	9,149	1,956	3,419	32	3,741	1,503
39 Foreign official assets in the United States (increase, +) excluding line 25	-1,963	33,453	47,792	15,314	11,641	898	19,939	24,623
40 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 22 above)	-6,709	-9,327	-9,956	-2,801	-2,681	-1,723	-2,750	-1,331
41 Transfers under military grant programs (excluded from lines 4, 6, and 10 above)	46	101	58	8	26	13	12	15

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

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

3. Includes reinvested earnings.

4. Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.

5. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

NOTE: Data are from Bureau of Economic Analysis, *Survey of Current Business* (Department of Commerce).

3.11 U.S. FOREIGN TRADE¹

Millions of dollars; monthly data are not seasonally adjusted.

Item	1985	1986	1987	1987		1988				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr. ¹	May
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments, f.a.s. value	218,815	227,159	254,122	23,279	24,314	22,990	24,139	29,106	26,335	27,268
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses, c.i.f. value	352,463	382,295	424,442	36,739	37,340	34,523	37,133	38,633	36,528	37,972
3 Trade balance	-133,648	-155,137	-170,320	-13,460	-13,026	-11,533	-12,994	-9,528	-10,193	-10,703

1. The Census basis data differ from merchandise trade data shown in table 3.10, U.S. International Transactions Summary, for reasons of coverage and timing. On the *export side*, the largest adjustment is the exclusion of military sales (which are combined with other military transactions and reported separately in the "service account" in table 3.10, line 6). On the *import side*, additions are made for gold, ship purchases, imports of electricity from Canada, and other transac-

tions; military payments are excluded and shown separately as indicated above. As of Jan. 1, 1987 census data are released 45 days after the end of the month. Total exports and the trade balance reflect adjustments for undocumented exports to Canada.

SOURCE: FT900 "Summary of U.S. Export and Import Merchandise Trade" (Department of Commerce, Bureau of the Census).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1984	1985	1986	1987	1988					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June ²
1 Total	34,934	43,186	48,511	45,798	42,955	43,064	43,186	42,730	41,949	41,028
2 Gold stock, including Exchange Stabilization Fund ¹	11,096	11,090	11,064	11,078	11,068	11,063	11,063	11,063	11,063	11,063
3 Special drawing rights ^{2,3}	5,641	7,293	8,395	10,283	9,765	9,761	9,899	9,589	9,543	9,180
4 Reserve position in International Monetary Fund ⁴	11,541	11,947	11,730	11,349	10,804	10,445	10,645	10,803	10,431	9,992
5 Foreign currencies ⁴	6,656	12,856	17,322	13,088	11,318	11,795	11,579	11,275	10,912	10,793

1. Gold held under earmark at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.13. Gold stock is valued at \$42.22 per fine troy ounce.

2. Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, 16 currencies were used; from January 1981, 5 currencies have been used. The U.S. SDR holdings and reserve position

in the IMF also are valued on this basis beginning July 1974.

3. Includes allocations by the International Monetary Fund of SDRs as follows: \$867 million on Jan. 1, 1970; \$717 million on Jan. 1, 1971; \$710 million on Jan. 1, 1972; \$1,139 million on Jan. 1, 1979; \$1,152 million on Jan. 1, 1980; and \$1,093 million on Jan. 1, 1981; plus transactions in SDRs.

4. Valued at current market exchange rates.

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS¹

Millions of dollars, end of period

Assets	1984	1985	1986	1987	1988					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June
1 Deposits	267	480	287	244	355	343	534	215	297	381
Assets held in custody ²										
2 U.S. Treasury securities	118,000	121,004	155,835	195,126	206,675	215,308	222,407	224,725	226,341	223,127
3 Earmarked gold ³	14,242	14,245	14,048	13,919	13,882	13,824	13,773	13,719	13,634	13,662

1. Excludes deposits and U.S. Treasury securities held for international and regional organizations.

2. Marketable U.S. Treasury bills, notes, and bonds; and nonmarketable U.S. Treasury securities payable in dollars and in foreign currencies.

3. Earmarked gold and the gold stock are valued at \$42.22 per fine troy ounce. Earmarked gold is gold held for foreign and international accounts and is not included in the gold stock of the United States.

3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data¹

Millions of dollars, end of period

Asset account	1984	1985	1986	1987		1988				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May ^p
All foreign countries										
1 Total, all currencies	453,656	458,012	456,628	525,894	518,604	503,254	495,003	502,398	488,939	492,844
2 Claims on United States	113,393	119,706	114,563	140,425	138,034	131,376	131,012	135,339	139,186	141,789
3 Parent bank	78,109	87,201	83,492	102,814	103,845	95,482	94,348	99,041	102,957	104,299
4 Other banks in United States	13,664	13,057	13,685	16,701	16,416	14,910	15,008 ^r	14,507	13,342	14,624
5 Nonbanks	21,620	19,448	17,386	20,910	15,773	20,984	21,656 ^r	21,791	22,887	22,866
6 Claims on foreigners	320,162	315,676	312,955	346,819	342,506	334,074	326,633	328,328 ^r	314,338	315,493
7 Other branches of parent bank	95,184	91,399	96,281	116,509	122,155	115,275	111,671	108,972	103,090	102,931
8 Banks	100,397	102,960	105,237	115,591	108,856	108,161	105,604	106,936	101,226	103,429
9 Public borrowers	23,343	23,478	23,706	22,385	21,828	21,329	21,331	21,748 ^r	20,827	21,181
10 Nonbank foreigners	101,238	97,839	87,731	92,334	89,667	89,309	88,047	90,672	89,195	87,952
11 Other assets	20,101	22,630	29,110	38,650	38,064	37,804	37,338	38,731 ^r	35,415	35,562
12 Total payable in U.S. dollars	350,636	336,520	317,487	353,073	350,106	335,313	330,726	333,874	327,736	334,112
13 Claims on United States	111,426	116,638	110,620	133,731	132,023	124,893	124,786	128,770	133,299	136,077
14 Parent bank	77,229	85,971	82,082	100,123	103,251	92,466	91,271	95,776	100,320	101,578
15 Other banks in United States	13,500	12,454	12,830	14,632	14,637	13,439	13,886	13,190	12,328	13,599
16 Nonbanks	20,697	18,213	15,708	18,976	14,115	18,988	19,629	19,804	20,651	20,900
17 Claims on foreigners	228,600	210,129	195,063	203,963	202,427	196,154	190,922	190,758	179,712	182,981
18 Other branches of parent bank	78,746	72,727	72,197	85,548	88,284	84,468	83,063	81,692	75,634	76,136
19 Banks	76,940	71,868	66,421	65,771	63,706	61,359	58,181	58,274	54,578	57,102
20 Public borrowers	17,626	17,260	16,708	14,952	14,730	14,720	14,645	14,853	14,407	14,342
21 Nonbank foreigners	55,288	48,274	39,737	37,692	35,707	35,607	35,033	35,939	35,073	35,401
22 Other assets	10,610	9,753	11,804	15,379	15,656	14,266	15,018	14,346	14,725	15,054
United Kingdom										
23 Total, all currencies	144,385	148,599	140,917	167,726	158,695	160,244	157,634	155,657	152,592	156,184
24 Claims on United States	27,675	33,157	24,599	35,392	32,318	32,464	32,869	29,406	31,618	32,832
25 Parent bank	21,862	26,970	19,085	29,553	27,350	26,923	27,484	24,512	26,155	27,306
26 Other banks in United States	1,429	1,106	1,612	1,694	1,259	1,558	1,527	1,111	1,013	1,360
27 Nonbanks	4,384	5,081	3,902	4,145	3,909	3,983	3,858	3,783	4,430	3,966
28 Claims on foreigners	111,828	110,217	109,508	121,487	115,700	118,407	115,489	117,150	112,261	114,642
29 Other branches of parent bank	37,953	31,576	33,422	39,138	39,903	39,702	38,077	34,278	33,019	33,849
30 Banks	37,443	39,250	39,468	41,649	36,735	39,697	38,654	40,422	38,790	39,883
31 Public borrowers	5,334	5,644	4,990	5,272	4,752	4,639	4,613	5,312	4,914	5,177
32 Nonbank foreigners	31,098	33,747	31,628	35,428	34,310	34,369	34,145	37,138	35,538	35,733
33 Other assets	4,882	5,225	6,810	10,847	10,477	9,373	9,276	9,101	8,713	8,710
34 Total payable in U.S. dollars	112,809	108,626	95,028	107,289	100,574	102,148	101,642	95,972	93,214	97,188
35 Claims on United States	26,868	32,092	23,193	33,409	30,439	30,156	30,971	27,213	29,555	30,736
36 Parent bank	21,495	26,568	18,326	28,685	26,304	25,854	26,565	23,217	25,137	26,608
37 Other banks in United States	1,363	1,005	1,475	1,408	1,044	1,132	1,273	945	781	1,068
38 Nonbanks	4,010	4,519	3,192	3,316	3,091	3,170	3,133	3,051	3,637	3,060
39 Claims on foreigners	82,945	73,475	68,138	68,864	64,560	67,458	66,313	64,422	59,434	62,018
40 Other branches of parent bank	33,607	26,011	26,361	29,166	28,635	29,336	29,813	26,812	24,867	25,448
41 Banks	26,805	26,139	23,251	21,833	19,188	20,814	19,516	19,831	18,065	19,555
42 Public borrowers	4,030	3,999	3,677	3,472	3,313	3,313	3,347	3,864	3,412	3,252
43 Nonbank foreigners	18,503	17,326	14,849	14,393	13,424	13,995	13,637	13,915	13,090	13,763
44 Other assets	2,996	3,059	3,697	5,016	5,575	4,534	4,358	4,337	4,225	4,434
Bahamas and Caymans										
45 Total, all currencies	146,811	142,055	142,592	155,100	160,321	148,718	143,630	153,254	152,930	156,353
46 Claims on United States	77,296	74,864	78,048	82,366	85,318	79,893	78,015	85,847	88,293	90,896
47 Parent bank	49,449	50,553	54,375	52,759	60,048	51,249	48,402	56,330	59,240	60,419
48 Other banks in United States	11,544	11,204	11,156	13,980	14,277	12,472	12,662 ^r	12,400	11,480	12,489
49 Nonbanks	16,303	13,107	12,317	15,627	10,993	16,172	16,951 ^r	17,117	17,573	17,988
50 Claims on foreigners	65,398	63,882	60,005	67,558	70,162	63,469	60,111	61,952	58,808	59,374
51 Other branches of parent bank	17,661	19,042	17,296	18,905	21,277	19,802	18,486	19,368	17,790	18,463
52 Banks	30,246	28,192	27,476	33,479	33,751	29,340	27,687	28,637	26,690	27,019
53 Public borrowers	6,089	6,458	7,051	7,196	7,428	7,257	7,063	6,891	6,849	6,955
54 Nonbank foreigners	11,602	10,190	8,182	8,078	7,706	7,070	6,875	7,056	7,479	6,937
55 Other assets	3,917	3,309	4,539	5,076	4,841	5,356	5,504	5,455	5,829	6,083
56 Total payable in U.S. dollars	141,562	136,794	136,813	144,525	151,434	141,135	135,916	145,050	145,398	148,545

1. Beginning with June 1984 data, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches

from \$50 million to \$150 million equivalent in total assets, the threshold now applicable to all reporting branches.

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1985	1986	1987 ^a		1988 ^a				
			Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May ^b
1 Total ¹	178,380	211,834	254,089	259,517	266,925	276,233	284,330	286,460	294,145
<i>By type</i>									
2 Liabilities reported by banks in the United States ²	26,734	27,920	34,268	31,833	32,528	32,121	29,879	29,596	30,988
3 U.S. Treasury bills and certificates ³	53,252	75,650	82,542	88,829	90,635	93,407	95,624	94,974	96,604
U.S. Treasury bonds and notes									
4 Marketable	77,154	91,368	120,762	122,432	127,550	134,719	142,865	145,940	150,870
5 Nonmarketable ⁴	3,550	1,300	300	300	300	300	792	795	499
6 U.S. securities other than U.S. Treasury securities ⁵	17,690	15,596	16,217	16,123	15,912	15,686	15,170	15,155	15,184
<i>By area</i>									
7 Western Europe ¹	74,447	88,629	117,628	124,620	127,753	127,614	129,376	129,704	131,044
8 Canada	1,315	2,004	4,884	4,961	6,182	6,839	7,954	8,314	9,076
9 Latin America and Caribbean	11,148	8,417	8,924	8,328	7,950	8,296	8,734	8,520	9,145
10 Asia	86,448	105,868	116,426	116,060	119,139	127,304	131,423	132,016	135,080
11 Africa	1,824	1,503	1,562	1,402	1,438	1,495	1,512	1,417	1,418
12 Other countries ⁶	3,199	5,412	4,665	4,147	4,442	4,682	4,839	5,993	7,883

1. Includes the Bank for International Settlements.

2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.

3. Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.

4. Excludes notes issued to foreign official nonreserve agencies. Includes

bonds and notes payable in foreign currencies.

5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.

6. Includes countries in Oceania and Eastern Europe.

NOTE: Based on Treasury Department data and on data reported to the Treasury Department by banks (including Federal Reserve Banks) and securities dealers in the United States.

3.16 LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in Foreign Currencies¹

Millions of dollars, end of period

Item	1984	1985	1986	1987 ^a			1988
				June	Sept.	Dec.	Mar. ^b
1 Banks' own liabilities	8,586	15,368	29,702	39,487	46,800	55,688	55,871
2 Banks' own claims	11,984	16,294	26,180	34,209	41,239	50,486	51,556
3 Deposits	4,998	8,437	14,129	12,043	14,535	18,109	17,702
4 Other claims	6,986	7,857	12,052	22,166	26,704	32,377	33,854
5 Claims of banks' domestic customers ²	569	580	2,507	923	1,067	551	810

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

2. Assets owned by customers of the reporting bank located in the United

States that represent claims on foreigners held by reporting banks for the accounts of the domestic customers.

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States

Payable in U.S. dollars

Millions of dollars, end of period

Holder and type of liability	1984	1985	1986	1987 ^a		1988				
				Nov.	Dec.	Jan. ^c	Feb. ^c	Mar.	Apr.	May ^d
1 All foreigners.....	407,306	435,726	540,996	605,016	618,903	601,332	605,301	607,023 ^e	611,043	628,149
2 Banks' own liabilities.....	306,898	341,070	406,485	457,635	469,829	446,391	446,235	444,887 ^e	449,107	464,278
3 Demand deposits.....	19,571	21,107	23,789	23,748	22,718	20,740	21,129	21,889 ^e	20,777	23,259
4 Time deposits ¹	110,413	117,278	130,891	147,100	148,401	138,964	140,178	137,890 ^e	134,370	137,876
5 Other ²	26,268	29,305	42,705	52,665	51,120	52,694	52,661	46,997 ^e	45,567	47,230
6 Own foreign offices ³	150,646	173,381	209,100	234,122	247,590	233,993	232,268	238,110 ^e	248,394	255,912
7 Banks' custody liabilities ⁴	100,408	94,656	134,511	147,381	149,074	154,941	159,066	162,136	161,935	163,871
8 U.S. Treasury bills and certificates.....	76,368	69,133	90,398	96,534	101,743	103,861	107,087	109,233	107,881	108,803
9 Other negotiable and readily transferable instruments ⁵	18,747	17,964	15,417	16,815	16,791	16,727	15,650	16,121	16,017	16,595
10 Other.....	5,293	7,558	28,696	34,031	30,540	34,353	36,328	36,783	38,038	38,472
11 Nonmonetary international and regional organizations.....	4,454	5,821	5,807	5,809	4,387	5,875	8,640	6,033 ^e	4,575	6,729
12 Banks' own liabilities.....	2,014	2,621	3,958	3,195	2,626	4,052	6,629	4,031 ^e	2,412	4,738
13 Demand deposits.....	254	85	199	74	249	70	74	134	67	695
14 Time deposits ¹	1,267	2,067	2,065	1,094	1,538	1,583	2,481	2,061 ^e	335	1,960
15 Other ²	493	469	1,693	2,027	839	2,398	4,074	1,836	2,010	2,083
16 Banks' custody liabilities ⁴	2,440	3,200	1,849	2,614	1,761	1,823	2,011	2,002	2,163	1,991
17 U.S. Treasury bills and certificates.....	916	1,736	259	747	265	613	415	635	587	132
18 Other negotiable and readily transferable instruments ⁵	1,524	1,464	1,590	1,811	1,497	1,210	1,521	1,351	1,564	1,852
19 Other.....	0	0	0	55	0	0	75	16	11	7
20 Official institutions ⁶	86,065	79,985	103,569	116,811	120,662	123,163	125,527	125,503 ^e	124,570	127,592
21 Banks' own liabilities.....	19,039	20,835	25,427	31,076	28,698	29,901	29,234	26,928 ^e	26,536	27,979
22 Demand deposits.....	1,823	2,077	2,267	1,820	1,949	1,605	1,861	2,021 ^e	1,660	2,340
23 Time deposits ¹	9,374	10,949	10,497	13,706	12,843	11,913	11,654	11,749 ^e	11,666	12,366
24 Other ²	7,842	7,809	12,663	15,549	13,906	16,383	15,719	13,158	13,209	13,272
25 Banks' custody liabilities ⁴	67,026	59,150	78,142	85,735	91,965	93,262	96,294	98,575	98,033	99,613
26 U.S. Treasury bills and certificates.....	59,976	53,252	75,650	82,542	88,829	90,633	93,407	95,624	94,974	96,604
27 Other negotiable and readily transferable instruments ⁵	6,966	5,824	2,347	2,993	2,990	2,442	2,592	2,750	2,939	2,775
28 Other.....	84	75	145	200	146	185	295	201	120	234
29 Banks ³	248,893	275,589	351,745	400,526	414,152	391,750	390,848	395,463 ^e	401,843	413,422
30 Banks' own liabilities.....	225,368	252,723	310,166	354,376	371,471	345,597	344,040	347,937 ^e	353,842	364,968
31 Unaffiliated foreign banks.....	74,722	79,341	101,066	120,254	123,880	111,605	111,773	109,827 ^e	105,449	109,057
32 Demand deposits.....	10,556	10,271	10,303	11,862	10,915	9,786	9,759	10,000 ^e	9,438	10,271
33 Time deposits ¹	47,095	49,510	64,232	76,591	79,710	71,130	71,709	70,171 ^e	68,250	69,878
34 Other ²	17,071	19,561	26,531	31,802	33,256	30,689	30,305	29,653 ^e	27,760	28,908
35 Own foreign offices ³	150,646	173,381	209,100	234,122	247,590	233,993	232,268	238,110 ^e	248,394	255,912
36 Banks' custody liabilities ⁴	23,525	22,866	41,579	46,150	42,682	46,152	46,808	47,526	48,000	48,454
37 U.S. Treasury bills and certificates.....	11,448	9,832	9,984	9,480	9,134	8,979	9,526	9,597	8,889	8,872
38 Other negotiable and readily transferable instruments ⁵	7,236	6,040	5,165	5,586	5,392	5,580	4,436	4,627	4,637	4,450
39 Other.....	4,841	6,994	26,431	31,084	28,156	31,594	32,846	33,303	34,474	35,132
40 Other foreigners.....	67,894	74,331	79,875	81,870	79,701	80,544	80,285	80,024	80,055	80,406
41 Banks' own liabilities.....	60,477	64,892	66,934	68,988	67,034	66,841	66,332	65,990	66,317	66,593
42 Demand deposits.....	6,938	8,673	11,019	9,992	9,605	9,279	9,435	9,734	9,612	9,953
43 Time deposits ¹	52,678	54,752	54,097	55,709	54,310	54,338	54,334	53,909	54,118	53,672
44 Other ²	861	1,467	1,818	3,287	3,119	3,224	2,563	2,347	2,586	2,967
45 Banks' custody liabilities ⁴	7,417	9,439	12,941	12,882	12,666	13,703	13,953	14,034	13,739	13,813
46 U.S. Treasury bills and certificates.....	4,029	4,314	4,506	3,764	3,515	3,633	3,740	3,378	3,430	3,196
47 Other negotiable and readily transferable instruments ⁵	3,021	4,636	6,315	6,425	6,914	7,495	7,102	7,393	6,876	7,519
48 Other.....	367	489	2,120	2,693	2,238	2,575	3,112	3,263	3,433	3,099
49 MEMO: Negotiable time certificates of deposit in custody for foreigners.....	10,476	9,845	7,496	7,361	7,314	7,647	7,370	7,325	7,480	8,261

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. Data exclude "holdings of dollars" of the International Monetary Fund.

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

9. Excludes central banks, which are included in "Official institutions."

3.19 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States¹
Payable in U.S. Dollars
Millions of dollars, end of period

Type of claim	1984	1985	1986	1987 ^r		1988 ^r				
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May ^p
1 Total	433,078	430,489	478,680	.....	497,977	.....	.....	480,475	.....	.....
2 Banks' own claims on foreigners	400,162	401,608	444,745	461,787	460,261	443,890	442,204	442,486	431,300	448,506
3 Foreign public borrowers	62,237	60,307	64,095	69,931	64,660	63,766	62,687	61,822	60,717	61,238
4 Own foreign offices ²	156,216	174,261	211,533	221,146	224,934	217,579	218,738	220,882	210,880	223,962
5 Unaffiliated foreign banks	124,932	116,634	122,946	127,343	127,713	120,467	118,918	118,282	117,184	122,048
6 Deposits	49,226	48,372	37,484	39,007	60,618	35,437	35,801	35,927	35,806	35,961
7 Other	75,706	68,282	65,462	68,336	67,095	63,030	63,117	62,355	61,378	66,087
8 All other foreigners	56,777	50,185	46,171	43,367	42,955	42,079	41,842	41,500	42,519	41,258
9 Claims of banks' domestic customers ³	32,916	28,881	33,905	.....	37,716	.....	.....	37,989	.....	.....
10 Deposits	3,380	3,335	4,413	.....	3,650	.....	.....	5,011	.....	.....
11 Negotiable and readily transferable instruments ⁴	23,805	19,332	24,044	.....	26,696	.....	.....	24,499	.....	.....
12 Outstanding collections and other claims	5,732	6,214	5,448	.....	7,370	.....	.....	8,479	.....	.....
13 MEMO: Customer liability on acceptances	37,103	28,487	25,706	.....	23,828	.....	.....	18,769	.....	.....
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States ⁵	40,714	38,102	41,396	38,005	38,090	34,258	39,504	37,561	43,115	n.a.

1. Data for banks' own claims are given on a monthly basis, but the data for claims of banks' own domestic customers are available on a quarterly basis only.
2. U.S. banks: includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.

3. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account of their domestic customers.
4. Principally negotiable time certificates of deposit and bankers acceptances.
5. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see July 1979 BULLETIN, p. 350.

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	1984	1985	1986	1987 ^r			1988
				June	Sept.	Dec.	Mar.
1 Total	243,952	227,903	232,295	237,606	237,521	235,447	219,285
<i>By borrower</i>							
2 Maturity of 1 year or less ¹	167,858	160,824	160,555	168,238	167,187	164,396	152,627
3 Foreign public borrowers	23,912	26,302	24,842	23,702	26,914	25,986	24,273
4 All other foreigners	143,947	134,522	135,714	144,537	140,273	138,410	128,354
5 Maturity over 1 year	76,094	67,078	71,740	69,370	70,334	71,051	66,658
6 Foreign public borrowers	38,695	34,512	39,103	39,372	39,476	38,626	35,581
7 All other foreigners	37,399	32,567	32,637	29,997	30,858	32,425	31,076
<i>By area</i>							
8 Maturity of 1 year or less ¹							
8 Europe	58,498	56,585	61,784	69,138	62,941	59,123	51,523
9 Canada	6,028	6,401	5,895	5,773	5,890	5,712	4,938
10 Latin America and Caribbean	62,791	63,328	56,271	55,691	58,387	56,410	55,681
11 Asia	33,504	27,966	29,437	31,184	32,161	36,436	35,822
12 Africa	4,442	3,753	2,882	2,989	2,871	2,824	2,600
13 All other ²	2,593	2,791	4,267	3,463	4,937	3,891	2,062
9 Maturity of over 1 year ¹							
14 Europe	9,605	7,634	6,737	6,479	6,753	6,831	5,971
15 Canada	1,882	1,805	1,925	1,664	1,579	2,661	2,242
16 Latin America and Caribbean	56,144	50,674	56,719	55,609	55,089	53,788	51,514
17 Asia	5,323	4,502	4,043	3,495	3,497	3,649	3,713
18 Africa	2,033	1,538	1,539	1,512	1,622	1,746	2,158
19 All other ²	1,107	926	777	611	1,794	2,375	1,060

1. Remaining time to maturity.

2. Includes nonmonetary international and regional organizations.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States¹

Millions of dollars, end of period

Type, and area or country	1984	1985	1986 ²	1987				1988
				Mar.	June	Sept. ³	Dec. ⁴	
1 Total	29,357	27,825	25,779	27,568 ⁵	29,019 ⁵	28,669	27,641	30,082
2 Payable in dollars	26,389	24,296	21,980	23,410 ⁵	24,563 ⁵	24,141	22,304	23,603
3 Payable in foreign currencies	2,968	3,529	3,800	4,158 ⁵	4,454 ⁵	4,528	5,337	6,448
<i>By type</i>								
4 Financial liabilities	14,509	13,600	12,312	13,183 ⁵	14,096 ⁵	13,034	11,625	13,784
5 Payable in dollars	12,533	11,237	9,827	10,446 ⁵	11,197 ⁵	10,080	8,148	9,244
6 Payable in foreign currencies	1,935	2,343	2,485	2,737	2,899	2,954	3,477	4,540
7 Commercial liabilities	14,849	14,225	13,467	14,386 ⁵	14,923 ⁵	15,635	16,016	16,268
8 Trade payables	7,005	6,685	6,462	7,073 ⁵	7,286 ⁵	7,548	7,425	7,240
9 Advance receipts and other liabilities	7,843	7,540	7,004	7,313 ⁵	7,637 ⁵	8,086	8,591	9,028
10 Payable in dollars	13,836	13,039	12,153	12,964 ⁵	13,368 ⁵	14,061	14,137	14,339
11 Payable in foreign currencies	1,013	1,186	1,314	1,422 ⁵	1,555 ⁵	1,574	1,859	1,909
<i>By area or country</i>								
12 Financial liabilities								
13 Europe	6,728	7,700	8,079	8,434 ⁵	9,713 ⁵	9,298	7,845	9,724
14 Belgium-Luxembourg	471	349	270	232	230	230	202	214
15 France	995	837	661	758	822	615	415	365
14 Germany	489	376	368	463	402	505	583	585
16 Netherlands	590	861	704	693	669	641	1,014	1,013
17 Switzerland	569	610	646	663	635	685	493	760
18 United Kingdom	3,297	4,305	5,140	5,363 ⁵	6,646 ⁵	6,357	4,946	6,606
19 Canada	863	839	399	431	441	397	400	464
20 Latin America and Caribbean	5,086	3,184	1,961	2,366	1,744	961	847	1,232
21 Bahamas	1,926	1,123	614	669	398	280	278	264
22 Bermuda	13	4	4	0	0	0	0	0
23 Brazil	35	29	32	26	22	22	25	0
24 British West Indies	2,103	1,843	1,163	1,545	1,223	580	476	924
25 Mexico	367	15	22	30	29	17	13	14
26 Venezuela	137	3	0	0	2	3	0	2
27 Asia	1,777	1,815	1,805	1,882	2,131	2,300	2,429	2,258
28 Japan	1,209	1,198	1,398	1,480	1,751	1,830	2,042	1,868
29 Middle East oil-exporting countries ²	155	82	8	7	7	7	8	12
30 Africa	14	12	1	3	1	2	4	5
31 Oil-exporting countries ³	0	0	1	1	0	0	1	3
32 All other ⁴	41	50	67	67	66	76	100	80
33 Commercial liabilities								
34 Europe	4,001	4,074	4,447	4,498 ⁵	4,966 ⁵	4,951	5,626	5,730
34 Belgium-Luxembourg	48	62	101	85	111	56	125	144
35 France	438	453	352	380 ⁵	423 ⁵	437	451	441
36 Germany	622	607	714	582 ⁵	585 ⁵	674	916	816
37 Netherlands	245	364	424	356 ⁵	324 ⁵	336	421	483
38 Switzerland	257	379	387	484	537	536	539	529
39 United Kingdom	1,095	976	1,341	1,309	1,380	1,473	1,668	1,796
40 Canada	1,975	1,449	1,405	1,407 ⁵	1,371 ⁵	1,399	1,301	1,402
41 Latin America and Caribbean	1,871	1,088	924	1,128 ⁵	1,069 ⁵	1,082	865	857
42 Bahamas	7	12	32	28	13	22	19	17
43 Bermuda	114	77	156	325 ⁵	266 ⁵	252	168	299
44 Brazil	124	58	61	82	88	40	46	59
45 British West Indies	32	44	49	93 ⁵	67 ⁵	47	19	11
46 Mexico	586	430	217	189 ⁵	214 ⁵	231	189	161
47 Venezuela	636	212	216	223 ⁵	203	176	162	77
48 Asia	5,285	6,046	5,091	5,814 ⁵	5,919 ⁵	6,511	6,573	6,535
49 Japan	1,256	1,799	2,052	2,468	2,481 ⁵	2,422	2,580	2,516
50 Middle East oil-exporting countries ^{2,5}	2,372	2,829	1,679	1,943 ⁵	1,867 ⁵	2,104	1,964	1,724
51 Africa	588	587	619	520	524	572	574	551
52 Oil-exporting countries ³	233	238	197	170	166	151	135	133
53 All other ⁴	1,128	982	980	1,019	1,074 ⁵	1,119	1,078	1,192

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 530.

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

3. Comprises Algeria, Gabon, Libya, and Nigeria.

4. Includes nonmonetary international and regional organizations.

5. Revisions include a reclassification of transactions, which also affects the totals for Asia and the grand totals.

3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States¹

Millions of dollars, end of period

Type, and area or country	1984	1985	1986	1987 ²				1988
				Mar.	June	Sept.	Dec.	Mar. ³
1 Total	29,901	28,876	33,399 ⁴	34,094	31,628	31,405	30,055	30,351
2 Payable in dollars	27,304	26,574	31,031 ⁴	31,446	28,686	28,880	26,965	28,376
3 Payable in foreign currencies	2,597	2,302	2,367	2,649	2,941	2,525	3,089	1,975
<i>By type</i>								
4 Financial claims	19,254	18,891	23,424	24,235	21,736	21,068	19,571	19,609
5 Deposits	14,621	15,526	17,283	16,955	14,687	15,796	13,673	12,251
6 Payable in dollars	14,202	14,911	16,726	16,112	13,482	14,919	12,246	11,700
7 Payable in foreign currencies	420	615	557	842	1,205	877	1,426	551
8 Other financial claims	4,633	3,364	6,141	7,280	7,048	5,271	5,899	7,358
9 Payable in dollars	3,190	2,330	4,792	5,937	5,773	4,151	4,790	6,306
10 Payable in foreign currencies	1,442	1,035	1,349	1,343	1,275	1,120	1,109	1,051
11 Commercial claims	10,646	9,986	9,975 ⁴	9,859	9,892	10,338	10,483	10,743
12 Trade receivables	9,177	8,696	8,783 ⁴	8,803	8,849	9,385	9,476	9,694
13 Advance payments and other claims	1,470	1,290	1,192	1,056	1,043	953	1,007	1,049
14 Payable in dollars	9,912	9,333	9,513 ⁴	9,397	9,431	9,810	9,929	10,370
15 Payable in foreign currencies	735	652	462 ⁴	463	461	528	554	373
<i>By area or country</i>								
<i>Financial claims</i>								
16 Europe	5,762	6,929	8,827	9,421	9,975	9,475	9,066	9,471
17 Belgium-Luxembourg	15	10	41	15	6	26	6	15
18 France	126	184	138	181	169	171	359	327
19 Germany	224	223	111	163	92	99	69	80
20 Netherlands	66	161	151	132	140	157	282	334
21 Switzerland	66	74	185	77	98	44	76	53
22 United Kingdom	4,864	6,007	7,957	8,500	9,271	8,783	8,040	8,416
23 Canada	3,988	3,260	3,965	3,828	3,344	2,895	2,796	2,840
24 Latin America and Caribbean	8,216	7,846	9,209	9,574	7,554	7,502	6,757	6,383
25 Bahamas	3,306	2,698	2,628	3,968	2,589	3,328	1,865	2,260
26 Bermuda	6	6	6	3	6	2	7	43
27 Brazil	100	78	73	71	103	102	53	86
28 British West Indies	4,043	4,571	6,078	5,157	4,425	3,687	4,378	3,461
29 Mexico	215	180	174	164	167	173	172	153
30 Venezuela	125	48	21	20	20	18	19	35
31 Asia	961	731	1,316	1,188	789	1,105	830	841
32 Japan	353	475	999	931	452	737	550	672
33 Middle East oil-exporting countries ²	13	4	7	7	6	10	10	8
34 Africa	210	103	85	84	58	71	65	53
35 Oil-exporting countries ³	85	29	28	19	9	14	7	7
36 All other ⁴	117	21	22	140	16	20	58	21
<i>Commercial claims</i>								
37 Europe	3,801	3,533	3,708 ⁴	3,690	3,845	4,115	4,116	4,132
38 Belgium-Luxembourg	165	175	133	145	137	169	177	193
39 France	440	426	414 ⁴	419	439	416	593	484
40 Germany	374	346	444 ⁴	447	526	545	555	598
41 Netherlands	335	284	164 ⁴	154	172	190	132	149
42 Switzerland	271	284	217	196	187	206	185	173
43 United Kingdom	1,063	898	999 ⁴	1,072	1,074	1,227	1,086	1,086
44 Canada	1,021	1,023	934 ⁴	977	1,046	1,049	927	1,159
45 Latin America and Caribbean	2,052	1,753	1,857 ⁴	1,818	1,728	1,709	1,907	1,940
46 Bahamas	8	13	28	11	14	12	19	14
47 Bermuda	115	93	193 ⁴	180	169	143	159	152
48 Brazil	214	206	234 ⁴	216	202	230	226	215
49 British West Indies	7	6	39 ⁴	25	12	20	25	16
50 Mexico	583	510	412 ⁴	451	346	368	363	372
51 Venezuela	206	157	237 ⁴	173	203	192	297	319
52 Asia	3,073	2,982	2,755 ⁴	2,703	2,642	2,796	2,892	2,867
53 Japan	1,191	1,016	881	927	952	1,026	1,150	1,105
54 Middle East oil-exporting countries ²	668	638	563 ⁴	525	455	434	450	402
55 Africa	470	437	500 ⁴	432	378	407	400	418
56 Oil-exporting countries ³	134	130	139 ⁴	141	123	124	144	154
57 All other ⁴	229	257	222	240	255	262	240	227

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.

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

3. Comprises Algeria, Gabon, Libya, and Nigeria.

4. Includes nonmonetary international and regional organizations.

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transactions, and area or country	1986	1987 ¹	1988		1987		1988				
			Jan.-May	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May ²	
U.S. corporate securities											
STOCKS											
1 Foreign purchases	148,114	249,113	76,008	13,626	13,627	12,923 ^f	16,344 ^f	18,068 ^f	15,020	13,654	
2 Foreign sales	129,393	232,849	77,633	20,325	16,630	12,891	16,720	18,482 ^f	13,704	15,836	
3 Net purchases, or sales (-)	18,719	16,264	-1,625	-6,699	-3,004	32 ^f	-376 ^f	-414 ^f	1,315	-2,182	
4 Foreign countries	18,927	16,313	-1,516	-6,651	-2,943	64 ^f	-344 ^f	-444 ^f	1,298	-2,089	
5 Europe	9,559	1,928	-2,233	-5,948	-2,329	-222 ^f	-323 ^f	-360 ^f	481	-1,810	
6 France	459	905	-308	-541	-393	-96	-29	-7	-1	-175	
7 Germany	341	-74	128	-183	-149	67	-37	171	104	-177	
8 Netherlands	936	892	-440	-169 ^f	34 ^f	-72 ^f	59	-223	-145	-59	
9 Switzerland	1,560	-1,123	-674	-1,534 ^f	-743	-110 ^f	-232 ^f	-32	-17	-263	
10 United Kingdom	4,826	630	-1,336 ^f	-3,336 ^f	-939	-136	-130	-331 ^f	429	-1,168	
11 Canada	816	1,048	-172	169	111	147	-167	-61 ^f	241	-332	
12 Latin America and Caribbean	3,031	1,314	358	-561	-50	-143	261	98 ^f	228	-86	
13 Middle East ¹	976	-1,360	-860	-83	-448	104	-231	-788 ^f	24	51	
14 Other Asia	3,876	12,896	1,276	-28	-160	159 ^f	70	577	372	99	
15 Africa	297	123	36	11	-6	7	-18	5	19	23	
16 Other countries	373	365	79	-211	-61	12	85	84	-67	-35	
17 Nonmonetary international and regional organizations	-208	-48	-109	-48	-61	-32	-33	31	17	-92	
BONDS²											
18 Foreign purchases	123,169	105,856	32,804	5,716	6,807 ^f	5,024	6,453	7,799 ^f	5,618	7,909	
19 Foreign sales	72,520	78,312	24,954	5,387 ^f	5,432 ^f	5,193	6,039	5,594 ^f	4,433	3,695	
20 Net purchases, or sales (-)	50,648	27,544	7,850	328 ^f	1,375 ^f	-169	414	2,206 ^f	1,185	4,215	
21 Foreign countries	49,801	26,804	8,561	71 ^f	975 ^f	458	532	2,201 ^f	1,186	4,184	
22 Europe	39,313	21,989	4,905	408 ^f	576 ^f	272	263	1,462 ^f	658	2,249	
23 France	389	194	110	-34	-13	51	13	57	7	-18	
24 Germany	-251	33	789	-26	87 ^f	1	118	260	347	2	
25 Netherlands	387	269	253	-16	1	-13	-1	30	180	151	
26 Switzerland	4,529	1,587	125	-39	-208 ^f	-36	60	-14	-15	151	
27 United Kingdom	33,900	19,770	3,478	370 ^f	713 ^f	333	49	976 ^f	228	1,892	
28 Canada	548	1,296	282	68	114	29	-29	87	104	92	
29 Latin America and Caribbean	1,476	2,473	715	-15	292	-22	316	245	100	77	
30 Middle East ¹	-2,961	-548	-146	-92	-16 ^f	-164	-76	144	-61	10	
31 Other Asia	11,270	1,638	2,823	-254	-7 ^f	347	88	270	377	1,741	
32 Africa	16	16	-18	-10	3	0	-22	3	4	-2	
33 Other countries	139	-61	-1	-33	0	-4	-8	-11 ^f	5	17	
34 Nonmonetary international and regional organizations	847	740	-712	257	400	-627	-119	5	-1	31	
Foreign securities											
35 Stocks, net purchases, or sales (-)	-1,853	1,149	379	706 ^f	840 ^f	511 ^f	-678	-724 ^f	372	898	
36 Foreign purchases	49,149	95,263	29,180	7,595 ^f	4,897 ^f	4,989	5,717	6,693	5,797	5,983	
37 Foreign sales	51,002	94,114	28,801	6,889	4,057 ^f	4,478 ^f	6,396 ^f	7,417 ^f	5,425	5,085	
38 Bonds, net purchases, or sales (-)	-3,685	-7,830	-4,237	-1,929	-1,490 ^f	-1,326 ^f	-1,433	-1,179	-137	-162	
39 Foreign purchases	166,992	199,010	74,904	17,753	12,322 ^f	12,812	15,858	16,561	15,593	14,081	
40 Foreign sales	170,677	206,840	79,141	19,682	13,812	14,137 ^f	17,291	17,740	15,730	14,243	
41 Net purchases, or sales (-), of stocks and bonds	-5,538	-6,682	-3,858	-1,223 ^f	-650 ^f	-814 ^f	-2,111	-1,903 ^f	235	736	
42 Foreign countries	-6,493	-6,713	-4,295	-1,122 ^f	-336 ^f	-879 ^f	-2,131	-1,944 ^f	179	480	
43 Europe	-18,026	-12,083	-3,365	-1,582	-493 ^f	-326 ^f	-1,627 ^f	-1,541	483	-354	
44 Canada	-876	-4,065	-2,299	-498	107	-654	-366	-366	-406	-225	
45 Latin America and Caribbean	3,476	828	1,059	329	2	126	64	138	538	322	
46 Asia	10,858	9,338	-8	424 ^f	159	197	37	-154 ^f	-407	712	
47 Africa	52	89	73	3	10	9	3	48	14	-1	
48 Other countries	-1,977	-820	244	201	-121	163	169	-70	-43	25	
49 Nonmonetary international and regional organizations	955	31	437	-101	-314	65	20	41	56	256	

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
 2. Includes state and local government securities, and securities of U.S. government agencies and corporations. Also includes issues of new debt securi-

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

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

Millions of dollars

Country or area	1986	1987 ¹	1988		1988					
			Jan. - May	Nov.	Dec. ¹	Jan.	Feb.	Mar.	Apr.	May ¹
Transactions, net purchases or sales (-) during period ¹										
1 Estimated total ²	19,388	25,587	39,050	6,380	2,507	4,645	12,083	9,980 ¹	3,433	8,909
2 Foreign countries ²	20,491	30,889	39,136	7,676	4,121	5,740	12,832	9,017 ¹	3,728	7,819
3 Europe ²	16,326	23,716	18,000	6,340	1,387	4,321	5,878	3,471	2,332	1,997
4 Belgium-Luxembourg	-245	655	1,354	-2	-103	469	242	454	47	143
5 Germany	7,670	13,330	6,901	1,820	1,157	3,045	1,397	919	1,576	-37
6 Netherlands	1,283	-913	469	314	-78	-337	334	378	117	-22
7 Sweden	132	210	-269	182	28	-61	26	-245	-93	104
8 Switzerland ²	329	1,917	-393	-297	-530	118	-1,188	643	344	-309
9 United Kingdom	4,546	3,975	4,817	3,163	1,220	-101	4,373	-244	97	692
10 Other Western Europe	2,613	4,563	5,078	1,158	-307	1,179	678	1,570	238	1,413
11 Eastern Europe	0	-19	42	3	1	9	16	-3	5	14
12 Canada	881	4,526	2,812	679	711	356	559	372	133	1,391
13 Latin America and Caribbean	926	-2,192	1,090	472	-188	219	630	198 ¹	75	-33
14 Venezuela	-96	150	34	35	1	0	-1	20	15	0
15 Other Latin America and Caribbean	1,130	-1,142	713	367	120	184	320	169	97	-56
16 Netherlands Antilles	-108	-1,200	343	69	-309	36	311	10	-36	23
17 Asia	1,345	4,488	16,719	1,476	2,210	772	5,921	5,463 ¹	713	3,851
18 Japan	-22	868	15,590	1,757	2,012	2,979	4,996	4,330	687	2,599
19 Africa	-54	-56	-22	-29	49	-38	25	5	0	-13
20 All other	1,067	407	537	-1,260	-48	110	-182	-492 ¹	475	626
21 Nonmonetary international and regional organizations	-1,104	-5,300	-84	-1,296	-1,614	-1,095	-748	963 ¹	-295	1,091
22 International	-1,430	-4,387	-114	-1,492	-1,620	-1,023	-879	968 ¹	-334	1,155
23 Latin American regional	157	3	8	0	0	8	-2	-5	0	7
Memo										
24 Foreign countries ²	20,491	30,889	39,136	7,676	4,121	5,740	12,832	9,017 ¹	3,728	7,819
25 Official institutions	14,214	31,064	28,438	1,854	1,670	5,118	7,169	8,146 ¹	3,075	4,930
26 Other foreign ¹	6,283	-181	10,697	5,822	2,451	622	5,663	871 ¹	653	2,888
Oil-exporting countries										
27 Middle East ¹	-1,529	-3,142	-973	-891	338	-809	-296	578	514	-959
28 Africa ¹	5	16	1	-1	-1	0	0	0	0	0

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

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

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

4. Comprises Algeria, Gabon, Libya, and Nigeria.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per year

Country	Rate on July 31, 1988		Country	Rate on July 31, 1988		Country	Rate on July 31, 1988	
	Percent	Month effective		Percent	Month effective		Percent	Month effective
Austria	3.5	July 1988	France ¹	6.75	July 1988	Norway	8.0	June 1983
Belgium	6.75	July 1988	Germany, Fed. Rep. of	3.0	July 1988	Switzerland	2.5	Dec. 1987
Brazil	49.0	Mar. 1981	Italy	12.0	Aug. 1987	United Kingdom		
Canada	9.53	July 1988	Japan	2.5	Feb. 1987	Venezuela	8.0	Oct. 1985
Denmark	7.0	Oct. 1983	Netherlands	3.75	July 1988			

1. As of the end of February 1981, the rate is that at which the Bank of France discounts Treasury bills for 7 to 10 days.

2. Minimum lending rate suspended as of Aug. 20, 1981.

NOTE. Rates shown are mainly those at which the central bank either discounts

or makes advances against eligible commercial paper and/or government commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

3.27 FOREIGN SHORT-TERM INTEREST RATES

Percent per year, averages of daily figures

Country, or type	1985	1986	1987	1988						
				Jan.	Feb.	Mar.	Apr.	May	June	July
1 Eurodollars	8.27	6.70	7.07	7.11	6.73	6.74	7.05	7.40	7.61	8.09
2 United Kingdom	12.16	10.87	9.65	8.84	9.18	8.83	8.25	8.00	8.91	10.45
3 Canada	9.64	9.18	8.38	8.75	8.58	8.63	8.90	9.07	9.44	9.42
4 Germany	5.40	4.58	3.97	3.40	3.29	3.38	3.37	3.51	3.88	4.88
5 Switzerland	4.92	4.19	3.67	2.09	1.48	1.61	1.83	2.23	2.82	3.67
6 Netherlands	6.29	5.56	5.24	4.24	3.98	3.97	3.98	4.07	4.10	4.85
7 France	9.91	7.68	8.14	8.19	7.54	7.89	7.99	7.81	7.27	7.32
8 Italy	14.86	12.60	11.15	10.47	10.80	11.11	10.54	10.57	10.90	11.02
9 Belgium	9.60	8.04	7.01	6.49	6.19	6.09	6.08	6.05	6.04	6.84
10 Japan	6.47	4.96	3.87	3.88	3.82	3.82	3.80	3.80	3.82	3.84

NOTE. Rates are for 3-month interbank loans except for Canada, finance company paper; Belgium, 3-month Treasury bills; and Japan, Gensaki rate.

3.28 FOREIGN EXCHANGE RATES¹

Currency units per dollar

Country/currency	1985	1986	1987	1988					
				Feb.	Mar.	Apr.	May	June	July
1 Australia/dollar ²	70.026	67.093	70.136	71.40	73.29	74.80	77.74	80.76	80.00
2 Austria/schilling	20.676	15.260	12.649	11.920	11.767	11.744	11.912	12.380	12.991
3 Belgium/franc	59.336	44.662	37.337	35.473	35.126	34.962	35.381	36.786	38.649
4 Canada/dollar	1.3658	1.3896	1.3259	1.2682	1.2492	1.2353	1.2373	1.2176	1.2075
5 China, P. R./yuan	2.9434	3.4615	3.7314	3.7314	3.7314	3.7314	3.7314	3.7314	3.7314
6 Denmark/krone	10.598	8.0954	6.8477	6.4918	6.261	6.4207	6.4938	6.6893	7.0266
7 Finland/markka	6.1971	5.0721	4.4036	4.1159	4.0483	4.0064	4.0297	4.1761	4.3896
8 France/franc	8.9799	6.9256	6.0121	5.7323	5.6893	5.6704	5.7348	5.9310	6.2241
9 Germany/deutsche mark	2.9419	2.1704	1.7981	1.6963	1.6770	1.6710	1.6935	1.7579	1.8466
10 Greece/drachma	138.40	139.93	135.47	135.56	134.60	133.86	135.75	140.69	147.85
11 Hong Kong/dollar	7.7911	7.8037	7.7985	7.7978	7.8028	7.8166	7.8156	7.8073	7.8135
12 India/rupee	12.332	12.597	12.943	13.065	12.979	13.158	13.315	13.785	14.079
13 Ireland/punt ²	106.62	134.14	148.79	156.87	159.33	159.81	157.78	152.65	145.49
14 Italy/lira	1908.90	1491.16	1297.03	1249.62	1240.67	1240.99	1258.81	1305.56	1367.26
15 Japan/yen	238.47	168.35	144.60	129.17	127.11	124.90	124.79	127.47	133.02
16 Malaysia/ringgit	2.4806	2.5830	2.5185	2.5812	2.5689	2.5743	2.5847	2.5860	2.6267
17 Netherlands/guilder	3.3184	2.4484	2.0263	1.9031	1.8837	1.8749	1.8987	1.9767	2.0827
18 New Zealand/dollar ²	49.752	52.456	59.327	66.386	66.239	66.143	68.889	69.996	66.832
19 Norway/krone	8.5933	7.3984	6.7408	6.4167	6.3337	6.2140	6.1875	6.3951	6.7207
20 Portugal/escudo	172.07	149.80	141.20	138.84	137.48	136.77	138.44	143.54	150.42
21 Singapore/dollar	2.2008	2.1782	2.1059	2.0185	2.0133	2.0044	2.0109	2.0285	2.0459
22 South Africa/rand	2.2343	2.2918	2.0385	2.0529	2.1330	2.1428	2.2114	2.2716	2.3985
23 South Korea/won	861.89	884.61	825.93	776.85	757.37	745.31	759.44	732.88	728.67
24 Spain/peseta	169.98	140.04	123.54	114.36	112.38	110.80	112.04	116.25	122.27
25 Sri Lanka/rupee	27.187	27.933	29.471	30.859	30.892	30.939	30.993	31.133	31.782
26 Sweden/krona	8.6031	7.1272	6.3468	6.0524	5.9497	5.8892	5.9091	6.1074	6.3542
27 Switzerland/franc	2.4551	1.7979	1.4918	1.3916	1.3863	1.3823	1.4111	1.4629	1.5343
28 Taiwan/dollar	39.889	37.837	31.756	28.665	28.687	28.695	28.666	28.723	28.726
29 Thailand/baht	27.193	26.314	25.774	25.324	25.232	25.171	25.170	25.280	25.523
30 United Kingdom/pound ²	129.74	146.77	163.98	175.82	183.30	187.82	186.95	177.68	170.51
MEMO									
31 United States/dollar ³	143.01	112.22	96.94	91.08	89.73	88.95	89.74	92.58	96.53

1. Averages of certified noon buying rates in New York for cable transfers. Data in this table also appear in the Board's G.5 (405) release. For address, see inside front cover.

2. Value in U.S. cents.

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

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

Guide to Tabular Presentation, Statistical Releases, and Special Tables

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

c	Corrected	0	Calculated to be zero
e	Estimated	n.a.	Not available
p	Preliminary	n.e.c.	Not elsewhere classified
r	Revised (Notation appears on column heading when about half of the figures in that column are changed.)	IPCs	Individuals, partnerships, and corporations
*	Amounts insignificant in terms of the last decimal place shown in the table (for example, less than 500,000 when the smallest unit given is millions)	REITs	Real estate investment trusts
		RPs	Repurchase agreements
		SMSAs	Standard metropolitan statistical areas
		....	Cell not applicable

General Information

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct

obligations of the Treasury. "State and local government" also includes municipalities, special districts, and other political subdivisions.

In some of the tables, details do not add to totals because of rounding.

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List Published Semiannually, with Latest Bulletin Reference

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SPECIAL TABLES

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Assets and liabilities of U.S. branches and agencies of foreign banks, June 30, 1987.....	November 1987	A70
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4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 2-6, 1988¹

A. Commercial and Industrial Loans²

Characteristic	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity ³	Loan rate (percent)			Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate ⁷
				Days	Weighted average effective ⁴	Standard error ⁵				Inter-quartile range^{6}
			Days						
ALL BANKS									
1 Overnight ⁸	16,739,077	7,170	*	7.48	.07	7.12-7.79	79.7	7.1	Fed funds
2 One month and under.....	7,188,787	640	17	8.09	.14	7.51-8.43	82.3	9.9	Domestic
3 Fixed rate.....	5,289,163	831	16	7.92	.09	7.51-8.17	85.0	9.9	Domestic
4 Floating rate.....	1,899,624	390	21	8.57	.27	7.50-9.41	74.9	9.9	Prime
5 Over one month and under a year.....	10,467,269	146	146	9.20	.13	8.34-9.85	64.9	6.9	Prime
6 Fixed rate.....	4,314,611	126	96	9.06	.17	8.07-9.92	65.3	8.8	Other
7 Floating rate.....	6,152,658	166	181	9.30	.17	8.78-9.84	64.7	5.6	Prime
8 Demand ⁹	16,848,899	256	*	9.20	.12	8.77-9.92	82.1	6.3	Prime
9 Fixed rate.....	1,988,219	398	*	7.84	.19	7.36-8.13	83.5	6.8	Other
10 Floating rate.....	14,860,680	244	*	9.39	.11	8.84-9.96	81.9	6.3	Prime
11 Total short term.....	51,244,032	340	49	8.49	.12	7.45-9.38	77.8	7.2	Prime
12 Fixed rate (thousands of dollars).....	28,330,263	590	20	7.83	.12	7.26-8.12	78.7	7.9	Fed funds
13 1-24.....	253,083	7	117	11.41	.15	10.38-12.47	24.3	1.0	Prime
14 25-49.....	131,771	33	110	10.84	.17	9.87-11.74	27.9	.9	Prime
15 50-99.....	232,049	66	107	10.44	.16	9.65-11.04	31.5	1.1	Prime
16 100-499.....	541,448	208	115	9.62	.19	8.77-10.52	43.8	3.8	Prime
17 500-999.....	379,687	657	65	8.64	.14	7.89-9.47	72.1	8.3	Other
18 1000 and over.....	26,792,225	7,724	15	7.71	.09	7.25-8.00	80.7	8.1	Fed funds
19 Floating rate (thousands of dollars).....	22,913,769	223	143	9.30	.11	8.83-9.92	76.7	6.4	Prime
20 1-24.....	468,970	9	157	10.59	.11	9.92-11.07	69.3	.5	Prime
21 25-49.....	546,671	34	152	10.37	.09	9.65-11.02	73.1	1.8	Prime
22 50-99.....	856,947	66	169	10.17	.07	9.42-10.92	78.1	2.3	Prime
23 100-499.....	3,391,547	199	159	9.83	.07	8.94-10.47	80.4	5.1	Prime
24 500-999.....	2,026,198	653	182	9.56	.03	8.84-10.20	88.4	8.9	Prime
25 1000 and over.....	15,623,437	4,729	133	9.02	.15	8.24-9.84	74.7	6.9	Prime
			Months						
26 Total long term.....	3,655,503	227	49	9.05	.24	7.71-9.93	56.5	8.7	Prime
27 Fixed rate (thousands of dollars).....	1,082,638	187	45	9.04	.29	7.58-9.72	57.5	.3	Fed funds
28 1-99.....	94,114	18	43	11.77	.29	10.47-12.40	15.9	.9	Other
29 100-499.....	105,145	215	43	10.37	.27	9.72-11.83	20.3	2.8	Other
30 500-999.....	24,397	673	54	10.05	.91	8.39-10.75	80.5	.0	Other
31 1000 and over.....	858,982	5,587	45	8.55	.20	7.58-9.31	66.0	.0	Fed funds
32 Floating rate (thousands of dollars).....	2,572,865	249	51	9.06	.25	7.71-10.06	56.1	12.2	Prime
33 1-99.....	197,771	26	43	10.62	.13	9.84-11.30	30.1	4.4	Prime
34 100-499.....	435,329	215	68	10.04	.15	9.38-10.75	31.7	5.4	Prime
35 500-999.....	262,774	673	54	9.77	.17	9.38-9.96	41.7	9.3	Prime
36 1000 and over.....	1,676,990	4,638	47	8.51	.25	7.55-9.38	67.7	15.3	Prime
			Days						
				Loan rate (percent)					
				Effective ⁴		Nominal ¹⁰		Prime rate ¹¹	
LOANS MADE BELOW PRIME¹²									
37 Overnight ⁸	16,258,213	9,193	*	7.43	7.17	8.50	79.2	7.9	
38 One month and under.....	6,043,197	3,422	15	7.76	7.49	8.52	85.1	12.1	
39 Over one month and under a year.....	3,571,462	709	128	8.02	7.78	8.66	77.7	7.0	
40 Demand ⁹	4,245,944	1,036	*	7.69	7.44	8.58	62.7	5.4	
41 Total short term.....	30,118,817	2,378	22	7.60	7.34	8.53	77.9	8.3	
42 Fixed rate.....	25,180,980	3,713	13	7.57	7.31	8.51	80.2	8.8	
43 Floating rate.....	4,937,837	839	109	7.76	7.51	8.65	65.9	5.7	
			Months						
44 Total long term.....	1,464,028	1,418	38	7.71	7.50	8.59	84.0	6.2	
45 Fixed rate.....	526,069	1,091	31	7.90	7.75	8.68	60.8	.0	
46 Floating rate.....	937,959	1,703	42	7.61	7.35	8.54	97.0	9.7	

For notes see end of table.

4.23—Continued
A. Commercial and Industrial Loans—Continued

Characteristic	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity ³	Loan rate (percent)			Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate ⁷
				Days	Weighted average effective ⁴	Standard error ⁵				Interquartile range^{6}
LARGE BANKS									
1 Overnight ⁸	12,554,893	9,907	*	7.52	.09	7.12-7.82	75.9	8.6	Fed funds
2 One month and under	5,093,473	2,716	17	8.06	.25	7.57-8.41	85.3	8.9	Domestic
3 Fixed rate	3,888,397	3,942	16	7.89	.07	7.57-8.13	84.8	7.6	Domestic
4 Floating rate	1,205,076	1,356	22	8.61	.41	7.61-9.93	86.6	13.2	Prime
5 Over one month and under a year	6,209,894	682	134	8.95	.15	8.18-9.73	68.2	4.8	Prime
6 Fixed rate	2,618,931	1,198	88	8.74	.07	8.03-9.47	73.9	8.7	Foreign
7 Floating rate	3,590,963	519	168	9.11	.22	8.71-9.73	64.0	1.9	Prime
8 Demand ⁹	10,081,513	638	*	9.06	.16	8.06-9.92	76.5	6.7	Prime
9 Fixed rate	1,174,974	2,511	*	7.66	.22	7.28-7.99	75.5	4.1	Other
10 Floating rate	8,906,539	581	*	9.25	.15	8.77-9.92	76.6	7.1	Prime
11 Total short term	33,939,773	1,210	39	8.32	.16	7.38-9.04	76.1	7.4	Fed funds
12 Fixed rate (thousands of dollars)	20,237,175	4,124	16	7.76	.07	7.25-8.06	77.4	8.1	Fed funds
13 1-24	10,747	10	85	10.59	.20	9.85-11.05	31.8	4.1	Prime
14 25-49	11,525	32	74	10.21	.21	9.65-10.92	24.0	2.0	Prime
15 50-99	27,590	64	78	9.94	.23	9.38-10.39	37.7	.8	Prime
16 100-499	130,691	220	56	9.22	.22	8.44-9.93	61.8	3.4	Prime
17 500-999	162,000	655	47	8.89	.18	8.11-9.85	77.0	4.6	None
18 1000 and over	19,894,643	8,905	15	7.73	.08	7.25-8.06	77.6	8.2	Fed funds
19 Floating rate (thousands of dollars)	13,702,578	592	131	9.16	.17	8.77-9.91	74.2	6.3	Prime
20 1-24	87,752	11	173	10.25	.17	9.38-11.02	85.7	.1	Prime
21 25-49	117,921	34	177	10.19	.17	9.38-11.02	84.1	.1	Prime
22 50-99	220,461	67	169	10.02	.11	9.38-10.47	84.7	.7	Prime
23 100-499	1,226,625	211	163	9.68	.07	8.84-10.24	88.1	3.2	Prime
24 500-999	760,919	659	137	9.50	.03	8.84-9.96	86.7	3.5	Prime
25 1000 and over	11,288,901	6,511	127	9.04	.21	8.17-9.84	71.5	7.0	Prime
			Months						
26 Total long term	2,025,128	1,052	47	8.54	.37	7.44-9.31	71.4	5.9	Domestic
27 Fixed rate (thousands of dollars)	659,429	1,282	49	8.67	.27	7.40-9.31	61.6	.0	Fed funds
28 1-99	8,001	24	46	11.65	.46	10.47-12.68	32.8	3.2	Other
29 100-499	17,778	229	54	10.05	.40	9.38-11.24	51.3	.0	Other
30 500-999	10,958	659	55	11.14	1.61	9.92-10.75	93.4	.0	Other
31 1000 and over	622,693	6,955	49	8.55	.25	7.40-9.31	61.7	.0	Fed funds
32 Floating rate (thousands of dollars)	1,365,699	968	46	8.48	.45	7.44-9.38	76.2	8.8	Domestic
33 1-99	23,817	29	35	10.64	.25	9.65-11.57	61.2	.5	Prime
34 100-499	76,668	220	39	9.98	.24	9.11-10.47	68.1	4.3	Prime
35 500-999	65,457	684	58	9.75	.27	9.11-10.38	70.5	.0	Prime
36 1000 and over	1,199,757	7,781	46	8.27	.42	7.41-8.84	77.3	9.7	Domestic
			Days						
						Loan rate (percent)			
								Prime rate¹¹	
						Effective⁴		Nominal¹⁰	
LOANS MADE BELOW PRIME¹²									
37 Overnight ⁸	12,097,787	11,188	*	7.46	7.20	8.50	75.2	8.9	
38 One month and under	4,375,543	5,981	15	7.79	7.51	8.50	87.1	7.8	
39 Over one month and under a year	2,339,880	4,401	121	7.94	7.71	8.50	76.1	3.7	
40 Demand ⁹	2,873,816	4,746	*	7.56	7.32	8.50	50.5	3.4	
41 Total short term	21,687,026	7,351	19	7.59	7.33	8.50	74.4	7.4	
42 Fixed rate	18,378,015	8,030	13	7.59	7.32	8.50	76.4	8.0	
43 Floating rate	3,309,011	5,002	97	7.63	7.39	8.50	63.4	4.1	
			Months						
44 Total long term	1,125,739	6,102	39	7.57	7.37	8.50	84.3	.1	
45 Fixed rate	323,917	4,063	36	7.68	7.62	8.50	47.5	.0	
46 Floating rate	801,821	7,653	40	7.53	7.27	8.50	99.1	.1	

For notes see end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 2-6, 1988¹—ContinuedA. Commercial and Industrial Loans—Continued²

Characteristic	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity ³	Loan rate (percent)			Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate ⁷
				Days	Weighted average effective ⁴	Standard error ⁵				Inter-quartile range^{6}
			Months								Effective^{4}	Nominal^{10}	Prime rate^{11}
OTHER BANKS									
1 Overnight ⁸	4,184,184	3,920	*	7.36	.10	6.98-7.59	90.9	2.5	Fed funds
2 One month and under.....	2,095,314	224	17	8.17	.16	7.43-8.44	75.2	12.3	Fed funds
3 Fixed rate.....	1,400,765	261	16	8.00	.16	7.43-8.33	85.4	16.4	Fed funds
4 Floating rate.....	694,549	175	19	8.50	.38	7.50-9.40	54.6	4.1	Prime
5 Over one month and under a year.....	4,257,374	68	163	9.56	.05	8.77-10.47	60.2	10.1	Prime
6 Fixed rate.....	1,695,680	53	109	9.55	.20	8.21-10.92	52.0	9.0	Fed funds
7 Floating rate.....	2,561,695	85	199	9.57	.19	8.84-9.96	65.6	10.8	Prime
8 Demand ⁹	6,767,386	135	*	9.42	.19	8.84-9.96	90.5	5.7	Prime
9 Fixed rate.....	813,245	180	*	8.11	.24	7.60-8.52	95.1	10.7	Fed funds
10 Floating rate.....	5,954,141	131	*	9.59	.17	8.84-10.20	89.9	5.1	Prime
11 Total short term.....	17,304,259	141	70	8.80	.14	7.52-9.92	81.3	6.8	Prime
12 Fixed rate (thousands of dollars).....	8,093,067	188	29	8.01	.20	7.28-8.26	82.2	7.1	Fed funds
13 1-24.....	242,336	7	119	11.45	.16	10.38-12.47	23.9	.8	Prime
14 25-49.....	120,247	33	113	10.90	.20	9.92-11.91	28.2	.8	Prime
15 50-99.....	204,459	67	111	10.51	.23	9.84-11.04	30.7	1.2	Prime
16 100-499.....	410,757	205	134	9.75	.24	8.78-11.02	38.1	4.0	Prime
17 500-999.....	217,687	659	80	8.45	.22	7.73-9.11	68.5	11.1	Other
18 1000 and over.....	6,897,582	5,587	15	7.64	.18	7.22-7.92	89.8	7.7	Fed funds
19 Floating rate (thousands of dollars).....	9,211,191	116	161	9.50	.13	8.84-10.09	80.5	6.6	Prime
20 1-24.....	381,218	9	154	10.67	.05	9.92-11.07	65.6	.6	Prime
21 25-49.....	428,750	34	145	10.41	.05	9.84-11.02	70.0	2.2	Prime
22 50-99.....	636,486	66	169	10.23	.06	9.65-11.02	75.9	2.9	Prime
23 100-499.....	2,164,922	193	157	9.91	.11	9.11-10.47	76.0	6.2	Prime
24 500-999.....	1,265,279	649	198	9.59	.05	8.87-10.20	89.4	12.1	Prime
25 1000 and over.....	4,334,536	2,761	151	8.98	.24	8.50-9.69	83.1	6.7	Prime
26 Total long term.....	1,630,375	115	52	9.69	.12	8.84-10.47	37.9	12.1	Prime
27 Fixed rate (thousands of dollars).....	423,209	80	38	9.62	.47	7.58-11.02	51.2	.8	Domestic
28 1-99.....	86,113	18	42	11.79	.37	10.47-12.40	14.3	.7	Other
29 100-499.....	87,367	212	41	10.44	.33	9.92-11.83	14.0	3.3	Other
30 500-999.....	13,440	685	53	9.17	.67	8.39-10.75	70.0	.0	Fed funds
31 1000 and over.....	236,290	3,680	34	8.56	.37	7.58-9.40	77.4	.0	Domestic
32 Floating rate (thousands of dollars).....	1,207,166	135	57	9.71	.12	8.87-10.47	33.3	16.0	Prime
33 1-99.....	173,955	26	44	10.62	.12	9.84-11.30	25.8	4.9	Prime
34 100-499.....	358,661	214	74	10.05	.19	9.38-10.75	23.9	5.7	Prime
35 500-999.....	197,317	670	52	9.78	.24	9.38-9.93	32.1	12.4	Prime
36 1000 and over.....	477,232	2,301	50	9.09	.29	8.84-9.84	43.5	29.4	Prime
LOANS MADE BELOW PRIME¹²									
37 Overnight ⁸	4,160,426	6,054	*	7.35	7.09	8.50	90.9	5.1	
38 One month and under.....	1,667,654	1,612	15	7.70	7.42	8.56	79.7	23.1	
39 Over one month and under a year.....	1,231,582	274	140	8.17	7.91	8.96	80.8	13.3	
40 Demand ⁹	1,372,128	393	*	7.95	7.69	8.74	88.2	9.6	
41 Total short term.....	8,431,791	868	29	7.63	7.37	8.62	86.8	10.6	
42 Fixed rate.....	6,802,964	1,514	14	7.54	7.28	8.54	90.6	11.0	
43 Floating rate.....	1,628,826	312	127	8.03	7.76	8.94	70.9	9.0	
44 Total long term.....	338,290	399	35	8.17	7.90	8.90	83.1	26.6	
45 Fixed rate.....	202,152	503	22	8.25	7.97	8.98	82.2	.0	
46 Floating rate.....	136,138	305	55	8.07	7.80	8.78	84.4	66.2	

For notes see end of table.

4.23—Continued
 B. Construction and Land Development Loans¹

Characteristic	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity (months) ³	Loan rate (percent)			Loans made under commitment (percent)	Participation loans (percent)
				Weighted average effective ⁴	Standard error ⁵	Inter-quartile range ⁶		
ALL BANKS								
1 Total	4,023,264	257	11	9.29	.22	8.84-9.92	88.3	16.6
2 Fixed rate (thousands of dollars).....	1,350,175	375	3	8.69	.52	7.37-9.28	95.5	20.9
3 1-24	21,102	11	20	11.66	.21	11.02-12.13	54.4	.0
4 25-49	20,756	38	9	11.62	.27	11.02-12.13	48.6	.4
5 50-99	21,944	63	8	11.81	.37	11.57-13.31	45.6	.9
6 100-499	98,581	147	20	10.82	.29	10.38-11.57	79.9	4.6
7 500 and over	1,187,793	9,437	2	8.35	.68	7.37-9.08	99.3	23.4
8 Floating rate (thousands of dollars) ...	2,673,089	222	18	9.59	.18	8.84-10.24	84.7	14.4
9 1-24	56,900	10	10	10.75	.12	9.93-11.02	87.4	2.0
10 25-49	69,211	35	9	10.60	.14	9.92-11.02	79.6	2.9
11 50-99	93,560	67	11	10.46	.14	9.92-11.02	79.2	7.5
12 100-499	515,670	222	10	10.71	.19	9.96-11.02	62.0	5.6
13 500 and over	1,937,747	3,954	23	9.18	.16	8.84-9.42	91.1	17.5
<i>By type of construction</i>								
14 Single family	507,335	64	10	10.38	.24	9.92-11.07	82.4	8.9
15 Multifamily	187,055	242	12	9.35	.18	9.22-9.92	89.2	6.2
16 Nonresidential	3,328,873	476	12	9.12	.24	8.36-9.69	89.2	18.4
LARGE BANKS¹³								
1 Total	2,891,114	1,421	11	8.83	.26	8.36-9.38	99.4	20.8
2 Fixed rate (thousands of dollars).....	1,123,599	4,613	1	8.29	.75	7.37-9.08	99.8	24.9
3 1-24	815	9	10	10.72	.21	10.20-11.02	72.8	.0
4 25-49	914	34	23	10.25	.44	9.42-10.75	80.8	9.2
5 50-99	1,199	64	22	9.48	.30	8.84-9.96	75.8	17.4
6 100-499	4,771	236	9	9.08	.44	8.50-9.29	70.4	24.1
7 500 and over	1,115,900	12,369	1	8.28	1.03	7.37-9.08	100.0	24.9
8 Floating rate (thousands of dollars) ...	1,767,515	987	24	9.18	.20	8.84-9.42	99.1	18.2
9 1-24	6,409	10	12	10.22	.15	9.65-10.75	93.7	9.8
10 25-49	8,585	35	15	10.11	.11	9.79-10.47	94.7	6.3
11 50-99	14,558	70	18	9.96	.17	9.38-10.24	95.0	9.6
12 100-499	86,608	229	16	9.98	.20	9.42-10.47	95.1	12.4
13 500 and over	1,651,356	5,458	25	9.12	.25	8.84-9.42	99.4	18.7
<i>By type of construction</i>								
14 Single family	92,235	227	5	9.16	.36	8.85-10.20	97.1	45.4
15 Multifamily	114,789	324	10	9.00	.30	7.37-9.65	97.2	4.2
16 Nonresidential	2,684,090	2,106	12	8.81	.29	8.33-9.17	99.5	20.7
OTHER BANKS¹³								
1 Total	1,132,150	83	12	10.44	.20	9.69-11.02	60.2	6.0
2 Fixed rate (thousands of dollars).....	226,576	67	13	10.65	.40	9.22-11.63	74.1	1.5
3 1-24	20,287	11	20	11.70	.28	11.02-12.13	53.7	.0
4 25-49	19,842	38	9	11.69	.25	11.35-12.13	47.1	.0
5 50-99	20,745	63	7	11.95	.28	11.57-13.31	43.9	.0
6 100-499	93,810	145	20	10.91	.26	10.38-11.57	80.4	3.6
7 500 and over	*	*	*	*	*	*	*	*
8 Floating rate (thousands of dollars) ...	905,574	88	11	10.39	.19	9.69-11.02	56.7	7.1
9 1-24	50,491	10	9	10.81	.15	10.20-11.02	86.6	1.0
10 25-49	60,626	35	8	10.67	.22	9.92-11.07	77.5	2.4
11 50-99	79,003	67	10	10.55	.19	9.92-11.02	76.3	4.8
12 100-499	429,062	220	9	10.86	.19	10.47-11.07	55.4	6.6
13 500 and over	286,392	1,527	16	9.51	.19	9.11-9.92	43.6	10.5
<i>By type of construction</i>								
14 Single family	415,101	55	11	10.65	.21	9.96-11.48	79.1	.8
15 Multifamily	72,266	173	14	9.91	.18	9.22-10.47	76.4	9.5
16 Nonresidential	644,783	113	12	10.37	.28	9.38-11.02	46.1	8.9

For notes see end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 2-6, 1988¹—ContinuedC. Loans to Farmers¹⁴

Characteristic	Size class of loans (thousands)						
	All sizes	\$1-9	\$10-24	\$25-49	\$50-99	\$100-249	\$250 and over
ALL BANKS							
1 Amount of loans (thousands of dollars).....	\$1,085,959	\$132,173	\$137,358	\$140,949	\$124,976	\$186,371	\$364,130
2 Number of loans.....	52,897	35,633	9,482	4,042	1,900	1,274	363
3 Weighted average maturity (months) ³	13.1	8.3	12.3	11.8	16.3	6.1	19.9
4 Weighted average interest rate (percent) ⁴	10.68	11.51	11.37	11.38	10.74	10.58	9.88
5 Standard error ⁵.....	.18	.37	.16	.27	.46	.32	.45
6 Interquartile range ⁶	9.75-11.50	10.78-12.13	10.75-12.15	10.73-12.10	9.96-11.38	9.96-11.02	8.95-10.52
<i>By purpose of loan</i>							
7 Feeder livestock.....	10.53	11.42	11.19	11.50	11.37	10.79	9.84
8 Other livestock.....	10.56	11.77	11.62	12.36	9.99	*	*
9 Other current operating expenses.....	10.89	11.43	11.38	11.16	10.77	10.44	10.05
10 Farm machinery and equipment.....	11.30	12.03	11.70	*	*	*	*
11 Farm real estate.....	9.75	10.89	11.20	*	*	*	*
12 Other.....	10.42	11.78	11.12	11.47	10.81	10.67	10.07
<i>Percentage of amount of loans</i>							
13 With floating rates.....	57.5	56.0	51.0	58.1	67.1	61.3	55.1
14 Made under commitment.....	48.3	42.8	37.2	44.2	64.6	39.0	55.1
<i>By purpose of loan</i>							
15 Feeder livestock.....	22.1	8.7	8.9	16.1	21.6	29.9	30.5
16 Other livestock.....	5.9	3.6	5.4	6.7	12.4	*	*
17 Other current operating expenses.....	45.6	71.0	63.1	61.5	44.0	50.7	21.4
18 Farm machinery and equipment.....	3.9	7.6	9.3	*	*	*	*
19 Farm real estate.....	3.6	1.7	3.1	*	*	*	*
20 Other.....	18.9	7.5	9.8	8.9	9.5	13.8	36.3
LARGE BANKS¹⁴							
1 Amount of loans (thousands of dollars).....	\$363,068	\$9,236	\$14,104	\$18,076	\$30,452	\$53,489	\$237,710
2 Number of loans.....	4,850	2,310	951	540	460	367	222
3 Weighted average maturity (months) ³	6.9	8.2	10.1	11.9	9.9	8.1	5.1
4 Weighted average interest rate (percent) ⁴	9.70	10.80	10.47	10.44	10.19	9.97	9.43
5 Standard error ⁵.....	.16	.34	.12	.21	.44	.24	.21
6 Interquartile range ⁶	9.08-10.38	10.16-11.30	9.84-11.02	9.92-10.92	9.58-10.75	9.38-10.65	8.77-9.92
<i>By purpose of loan</i>							
7 Feeder livestock.....	9.62	10.11	10.32	10.17	9.92	9.96	9.52
8 Other livestock.....	9.77	11.06	*	*	10.94	*	*
9 Other current operating expenses.....	9.86	10.79	10.45	10.27	10.15	9.94	9.43
10 Farm machinery and equipment.....	10.66	12.08	10.74	*	*	*	*
11 Farm real estate.....	10.59	11.43	10.59	*	*	*	*
12 Other.....	9.52	10.57	10.47	10.85	10.09	10.25	9.29
<i>Percentage of amount of loans</i>							
13 With floating rates.....	76.6	89.0	90.8	98.1	93.8	94.4	67.5
14 Made under commitment.....	79.2	82.8	80.8	81.6	86.2	92.1	75.0
<i>By purpose of loan</i>							
15 Feeder livestock.....	33.8	8.3	7.2	9.8	20.2	31.1	40.5
16 Other livestock.....	7.0	4.2	*	*	8.7	*	*
17 Other current operating expenses.....	32.8	70.6	68.6	64.5	44.6	48.1	21.9
18 Farm machinery and equipment.....	.9	4.2	4.7	*	*	*	*
19 Farm real estate.....	.8	2.9	3.0	*	*	*	*
20 Other.....	24.7	9.8	15.3	15.4	20.4	15.6	29.1
OTHER BANKS¹⁴							
1 Amount of loans (thousands of dollars).....	\$722,891	\$122,937	\$123,254	\$122,873	\$94,525	\$132,882	*
2 Number of loans.....	48,047	33,326	8,531	3,501	1,441	907	*
3 Weighted average maturity (months) ³	14.7	8.3	12.5	11.8	17.7	5.7	*
4 Weighted average interest rate (percent) ⁴	11.17	11.56	11.48	11.52	10.92	10.82	*
5 Standard error ⁵.....	.07	.14	.10	.15	.14	.20	*
6 Interquartile range ⁶	10.52-12.03	10.78-12.19	10.78-12.19	10.77-12.13	10.50-11.50	10.52-11.23	*
<i>By purpose of loan</i>							
7 Feeder livestock.....	11.49	11.51	11.27	11.61	*	*	*
8 Other livestock.....	11.08	11.83	11.64	*	*	*	*
9 Other current operating expenses.....	11.22	11.48	11.49	11.30	10.97	10.62	*
10 Farm machinery and equipment.....	11.35	12.03	11.75	*	*	*	*
11 Farm real estate.....	9.68	*	*	*	*	*	*
12 Other.....	11.11	11.91	11.25	11.65	*	*	*

For notes see end of table.

4.23—Continued

C. Loans to Farmers¹⁴—Continued

Characteristic	Size class of loans (thousands)						
	All sizes	\$1-9	\$10-24	\$25-49	\$50-99	\$100-249	\$250 and over
<i>Percentage of amount of loans</i>							
13 With floating rates	48.0	53.5	46.4	52.2	58.5	48.0	*
14 Made under commitment	32.7	39.8	32.2	38.7	57.6	17.6	*
<i>By purpose of loan</i>							
15 Feeder livestock	16.3	8.7	9.1	17.0	*	*	*
16 Other livestock	5.3	3.6	5.9	*	*	*	*
17 Other current operating expenses	51.9	71.0	62.5	61.0	43.8	51.8	*
18 Farm machinery and equipment	5.5	7.9	10.1	*	*	*	*
19 Farm real estate	5.0	*	*	*	*	*	*
20 Other	16.1	7.3	9.2	7.9	*	*	*

*Fewer than 10 sample loans.

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

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

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

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

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

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

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

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

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

9. Demand loans have no stated date of maturity.

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

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

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

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

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

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

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 2-6, 1987*¹A. Commercial and Industrial Loans²

Characteristic	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity ³	Loan rate (percent)			Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate ⁷
				Days	Weighted average effective ⁴	Standard error ⁵				Inter-quartile range^{6}
			Months								Days	Effective^{4}	Nominal^{10}	Prime rate^{11}
ALL BANKS									
1 Overnight ⁸	13,810,386	6,393	*	7.38	.08	7.04-7.52	76.4	2.9	Fed funds
2 One month and under	8,124,091	722	18	8.24	.13	7.43-8.92	77.0	13.7	Domestic
3 Fixed rate	6,445,038	858	18	8.14	.11	7.41-8.43	79.9	12.8	Domestic
4 Floating rate	1,679,053	449	21	8.61	.21	7.58-9.66	65.7	17.3	Prime
5 Over one month and under a year	7,171,267	116	141	9.35	.22	8.21-10.38	71.2	5.3	Prime
6 Fixed rate	2,924,068	114	108	8.98	.29	7.92-9.53	67.9	4.7	Foreign
7 Floating rate	3,707,556	118	173	9.70	.20	9.11-10.52	74.2	5.9	Prime
8 Demand ⁹	14,730,618	251	*	9.20	.16	7.70-10.33	82.3	4.5	Prime
9 Fixed rate	2,924,068	1,108	*	7.77	.14	7.12-8.12	86.7	4.5	Domestic
10 Floating rate	11,806,550	211	*	9.56	.14	9.11-10.47	81.2	4.6	Prime
11 Total short term	43,836,363	327	40	8.47	.19	7.26-9.52	77.7	5.9	Prime
12 Fixed rate (thousands of dollars)	26,643,151	624	21	7.82	.10	7.18-8.10	77.3	5.7	Fed funds
13 1-24	225,393	7	97	11.87	.16	10.92-12.75	16.0	1.5	Prime
14 25-49	124,529	33	110	11.24	.20	10.39-12.34	18.3	.2	Prime
15 50-99	144,484	65	101	10.76	.31	10.20-11.46	28.5	1.2	Prime
16 100-499	409,013	194	86	9.55	.19	8.17-10.75	47.5	4.0	Prime
17 500-999	304,555	664	46	8.72	.11	7.79-9.42	76.9	7.4	Other
18 1000 and over	25,435,178	7,934	18	7.71	.06	7.15-8.04	78.9	5.8	Fed funds
19 Floating rate (thousands of dollars)	17,193,212	188	125	9.49	.16	8.80-10.47	78.2	6.1	Prime
20 1-24	423,758	10	148	10.95	.08	10.20-11.57	70.9	.5	Prime
21 25-49	522,885	34	156	10.77	.08	10.11-11.52	76.0	1.6	Prime
22 50-99	815,717	66	147	10.61	.06	9.92-11.30	78.8	2.3	Prime
23 100-499	3,149,016	194	146	10.23	.04	9.42-10.75	82.6	6.3	Prime
24 500-999	1,531,585	649	151	9.88	.05	9.38-10.38	84.4	3.4	Prime
25 1000 and over	10,750,251	3,945	111	9.02	.21	7.64-10.11	76.4	7.1	Prime
26 Total long term	3,574,722	196	49	9.09	.28	7.50-10.38	68.7	3.8	Prime
27 Fixed rate (thousands of dollars)	1,665,510	214	51	8.67	.32	7.12-10.06	75.2	1.8	Fed funds
28 1-99	114,695	17	36	11.93	.60	10.47-12.50	6.5	.2	Prime
29 100-499	147,583	181	67	10.67	.30	10.20-11.30	22.2	1.1	Prime
30 500-999	63,842	682	75	10.23	.37	9.00-11.79	45.2	11.8	Other
31 1000 and over	1,339,390	7,592	49	8.10	.31	7.06-8.79	88.4	1.6	Fed funds
32 Floating rate (thousands of dollars)	1,909,211	182	48	9.45	.24	8.46-10.47	63.1	5.5	Prime
33 1-99	197,181	24	42	11.28	.18	10.47-11.85	21.4	.8	Prime
34 100-499	336,465	207	53	10.39	.13	9.69-11.02	46.5	8.2	Prime
35 500-999	156,232	630	43	10.17	.23	9.31-10.92	59.1	15.5	Prime
36 1000 and over	1,219,334	4,091	49	8.80	.24	7.34-9.65	74.9	4.3	Prime
LOANS MADE BELOW PRIME¹²									
37 Overnight ⁸	13,390,305	9,646	*	7.31	7.05	8.93	76.0	3.0	
38 One month and under	6,603,103	2,608	17	7.82	7.54	8.96	76.7	18.2	
39 Over one month and under a year	3,308,257	721	139	8.10	7.85	8.97	77.4	5.1	
40 Demand ⁹	5,299,669	1,599	*	7.53	7.34	8.97	72.2	3.6	
41 Total short term	28,601,335	2,419	25	7.56	7.31	8.95	75.6	6.9	
42 Fixed rate	23,904,745	3,398	17	7.54	7.28	8.94	77.5	6.7	
43 Floating rate	4,696,590	981	111	7.68	7.44	9.00	66.2	7.9	
44 Total long term	1,732,758	1,681	41	7.66	7.50	8.98	90.1	3.2	
45 Fixed rate	1,112,425	1,754	41	7.63	7.53	9.03	89.8	2.3	
46 Floating rate	620,333	1,566	40	7.71	7.45	8.88	90.6	4.9	

For notes see end of table.

4.23—Continued
A. Commercial and Industrial Loans²—Continued

Characteristic	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity ³	Loan rate (percent)			Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate ⁷
				Days	Weighted average effective ⁴	Standard error ⁵				Inter-quartile range^{6}
			Prime rate ¹¹						
LARGE BANKS									
1 Overnight ⁸	10,997,573	9,416	*	7.40	.08	7.04-7.55	72.5	1.5	Fed funds
2 One month and under	6,697,974	3,392	19	8.20	.11	7.41-8.59	77.9	15.4	Domestic
3 Fixed rate	5,349,302	4,829	18	8.16	.13	7.43-8.43	79.9	14.5	Domestic
4 Floating rate	1,348,672	1,555	21	8.33	.29	7.11-9.53	69.8	19.0	Domestic
5 Over one month and under a year	4,020,981	631	134	8.80	.25	7.66-9.51	80.2	3.7	Foreign
6 Fixed rate	2,458,609	1,179	108	8.73	.27	7.85-9.42	77.1	4.8	Foreign
7 Floating rate	1,562,372	364	174	8.92	.33	7.48-9.92	85.0	2.0	Prime
8 Demand ⁹	8,213,609	492	*	9.00	.23	7.60-10.12	76.3	4.7	Prime
9 Fixed rate	1,954,635	2,354	*	7.75	.11	7.12-8.12	85.9	2.8	Domestic
10 Floating rate	6,258,974	394	*	9.39	.22	8.43-10.38	73.2	5.4	Prime
11 Total short term	29,930,137	1,141	31	8.20	.12	7.25-9.19	75.8	5.8	Domestic
12 Fixed rate (thousands of dollars)	20,760,067	4,000	20	7.79	.06	7.20-8.10	76.2	5.4	Fed funds
13 1-24	13,136	10	87	11.05	.20	10.38-11.57	29.7	2.6	Prime
14 25-49	13,159	33	79	10.63	.23	9.96-11.30	19.6	1.4	Prime
15 50-99	25,229	63	81	10.49	.53	9.93-11.02	28.7	1.2	Prime
16 100-499	125,320	215	64	9.61	.23	8.86-10.39	57.4	3.5	Prime
17 500-999	162,214	669	41	8.80	.15	7.90-9.48	78.2	9.3	None
18 1000 and over	20,421,008	9,103	19	7.76	.06	7.19-8.10	76.5	5.4	Fed funds
19 Floating rate (thousands of dollars)	9,170,070	436	103	9.15	.26	7.91-10.20	74.7	6.8	Prime
20 1-24	78,850	11	135	10.71	.13	9.92-11.35	84.8	.2	Prime
21 25-49	111,763	34	126	10.62	.13	9.92-11.30	82.0	.7	Prime
22 50-99	210,836	67	117	10.48	.11	9.69-11.02	82.9	1.0	Prime
23 100-499	1,101,907	209	118	10.12	.06	9.38-10.75	85.0	2.3	Prime
24 500-999	663,034	657	134	9.87	.07	9.38-10.47	87.1	2.1	Prime
25 1000 and over	7,003,680	4,988	99	8.85	.28	7.58-9.84	71.5	8.3	Prime
			Months						
26 Total long term	2,055,882	1,125	48	8.40	.45	7.20-9.38	89.5	1.7	Domestic
27 Fixed rate (thousands of dollars)	1,055,659	2,860	49	8.05	.52	7.06-8.79	98.4	.5	Fed funds
28 1-99	5,259	26	53	12.97	1.17	10.75-12.68	27.8	.0	Prime
29 100-499	13,791	223	79	10.80	.52	10.47-11.24	60.0	.0	Prime
30 500-999	15,286	701	81	9.35	.63	8.43-10.75	57.8	33.9	Foreign
31 1000 and over	1,021,524	12,578	48	7.96	.50	7.06-8.25	99.9	.0	Fed funds
32 Floating rate (thousands of dollars)	1,000,223	686	47	8.78	.35	7.34-9.92	80.1	2.9	Domestic
33 1-99	23,662	31	36	10.89	.25	9.92-11.57	51.6	.2	Prime
34 100-499	107,403	239	42	10.20	.19	9.38-10.79	72.4	12.4	Prime
35 500-999	60,311	641	48	9.98	.39	9.31-10.75	85.6	9.6	Prime
36 1000 and over	808,847	5,579	48	8.43	.37	7.25-9.31	81.5	1.2	Domestic
			Days	Loan rate (percent)		Prime rate ¹¹			
				Effective ⁴	Nominal ¹⁰				
LOANS MADE BELOW PRIME¹²									
37 Overnight ⁸	10,691,287	10,856	*	7.34	7.08	8.94	72.0	1.6	
38 One month and under	5,581,828	6,083	17	7.85	7.57	8.95	75.3	18.2	
39 Over one month and under a year	2,565,267	5,252	144	8.04	7.80	8.90	80.0	4.1	
40 Demand ⁹	3,373,412	3,885	*	7.52	7.31	8.94	60.4	2.7	
41 Total short term	22,211,793	6,815	25	7.58	7.32	8.94	72.0	6.2	
42 Fixed rate	18,872,605	7,773	18	7.57	7.31	8.94	74.8	5.7	
43 Floating rate	3,339,188	4,018	105	7.62	7.38	8.92	55.9	9.2	
			Months						
44 Total long term	1,389,008	6,988	40	7.55	7.41	8.94	97.3	.8	
45 Fixed rate	837,468	10,589	42	7.51	7.46	9.00	99.5	.5	
46 Floating rate	521,540	4,520	38	7.61	7.35	8.84	93.8	1.2	

For notes see end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 2-6, 1987*.¹—Continued

A. Commercial and Industrial Loans²—Continued

Characteristic	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity ³	Loan rate (percent)			Loans made under commitment (percent)	Participation loans (percent)	Most common base pricing rate ⁷
				Days	Weighted average effective ⁴	Standard error ⁵				Inter-quartile range^{6}
			Days						
OTHER BANKS									
1 Overnight ⁸	2,812,813	2,835	*	7.30	.14	6.98-7.51	91.8	8.5	Fed funds
2 One month and under.....	1,426,117	154	17	8.45	.22	7.44-9.47	72.5	5.6	Fed funds
3 Fixed rate.....	1,095,736	171	16	8.06	.19	7.25-8.35	79.7	4.2	Fed funds
4 Floating rate.....	330,382	115	20	9.74	.22	9.14-10.21	49.0	10.4	Prime
5 Over one month and under a year.....	3,150,287	57	151	10.05	.18	9.31-10.92	59.8	7.4	Prime
6 Fixed rate.....	1,005,103	36	107	9.58	.35	7.92-10.92	45.5	4.5	Prime
7 Floating rate.....	2,145,184	79	172	10.27	.07	9.38-10.79	66.4	8.8	Prime
8 Demand ⁹	6,517,009	155	*	9.46	.23	8.37-10.47	90.0	4.3	Prime
9 Fixed rate.....	969,433	536	*	7.82	.20	7.12-8.15	88.3	7.8	Fed funds
10 Floating rate.....	5,547,576	138	*	9.75	.19	9.31-10.65	90.3	3.6	Prime
11 Total short term.....	13,906,225	129	68	9.05	.25	7.43-10.38	81.7	6.0	Prime
12 Fixed rate (thousands of dollars).....	5,883,084	157	26	7.92	.18	7.05-8.05	81.1	6.9	Fed funds
13 1-24.....	212,257	7	97	11.92	.14	10.93-12.75	15.2	1.4	Other
14 25-49.....	111,369	34	114	11.32	.24	10.65-12.57	18.1	.1	Prime
15 50-99.....	119,254	66	105	10.82	.29	10.20-11.46	28.4	1.1	Prime
16 100-499.....	283,692	186	96	9.52	.33	8.17-10.75	43.1	4.2	Prime
17 500-999.....	142,341	658	54	8.63	.17	7.64-9.25	75.4	5.3	Other
18 1000 and over.....	5,014,170	5,210	14	7.50	.10	7.05-7.69	88.8	7.6	Fed funds
19 Floating rate (thousands of dollars).....	8,023,142	114	151	9.88	.16	9.38-10.75	82.2	5.3	Prime
20 1-24.....	344,909	10	150	11.00	.06	10.20-11.57	67.7	.6	Prime
21 25-49.....	411,122	34	161	10.81	.08	10.20-11.57	74.4	1.8	Prime
22 50-99.....	604,881	66	153	10.65	.05	9.92-11.30	77.4	2.8	Prime
23 100-499.....	2,047,109	187	155	10.29	.06	9.65-10.75	81.3	8.4	Prime
24 500-999.....	868,551	642	160	9.89	.09	9.38-10.34	82.3	4.4	Prime
25 1000 and over.....	3,746,571	2,836	144	9.33	.32	8.07-10.38	85.6	5.0	Prime
			Months						
26 Total long term.....	1,518,840	92	51	10.01	.22	9.14-10.93	40.7	6.7	Prime
27 Fixed rate (thousands of dollars).....	609,851	82	54	9.75	.34	8.00-11.02	35.2	4.1	Prime
28 1-99.....	109,436	17	35	11.88	.30	10.47-12.50	5.5	.2	Prime
29 100-499.....	133,792	177	66	10.66	.35	10.20-11.30	18.3	1.2	Prime
30 500-999.....	48,556	676	73	10.51	.43	9.38-12.13	41.3	4.9	Other
31 1000 and over.....	318,067	3,340	52	8.52	.43	7.39-9.50	51.5	6.6	Domestic
32 Floating rate (thousands of dollars).....	908,988	101	49	10.19	.23	9.42-10.93	44.4	8.5	Prime
33 1-99.....	173,519	23	43	11.33	.22	10.47-11.85	17.3	.8	Prime
34 100-499.....	229,062	195	59	10.48	.17	9.92-11.02	34.4	6.2	Prime
35 500-999.....	95,921	624	39	10.29	.29	9.31-11.35	42.4	19.2	Prime
36 1000 and over.....	410,487	2,682	50	9.52	.29	9.31-9.96	61.9	10.5	Prime
			Days						
			Loan rate (percent)						
			Effective⁴			Nominal¹⁰			
			Prime rate¹¹						
LOANS MADE BELOW PRIME¹²									
37 Overnight ⁸	2,699,018	6,692	*	7.18	6.93	8.90	92.1	8.8	
38 One month and under.....	1,021,276	633	15	7.66	7.39	9.03	84.3	18.6	
39 Over one month and under a year.....	742,990	181	119	8.30	8.02	9.23	68.5	8.5	
40 Demand ⁹	1,926,258	788	*	7.57	7.37	9.01	92.9	5.2	
41 Total short term.....	6,389,542	746	24	7.50	7.26	8.99	88.3	9.2	
42 Fixed rate.....	5,032,140	1,093	15	7.41	7.17	8.94	87.5	10.4	
43 Floating rate.....	1,357,403	343	141	7.84	7.60	9.19	91.5	4.9	
			Months						
44 Total long term.....	373,750	447	43	8.08	7.83	9.11	63.8	12.3	
45 Fixed rate.....	274,957	495	41	8.00	7.77	9.13	60.3	7.9	
46 Floating rate.....	98,793	352	51	8.28	7.98	9.06	73.4	24.5	

For notes see end of table.

4.23—Continued

B. Construction and Land Development Loans¹

Characteristic	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity (months) ³	Loan rate (percent)			Loans made under commitment (percent)	Participation loans (percent)
				Weighted average effective ⁴	Standard error ⁵	Inter-quartile range ⁶		
ALL BANKS								
1 Total	3,424,900	187	7	9.87	.17	9.25-10.47	87.2	10.5
2 Fixed rate (thousands of dollars)	1,608,761	230	3	9.60	.42	8.89-10.03	90.7	17.2
3 1-24	43,010	12	6	11.12	.31	10.47-11.52	81.5	.1
4 25-49	61,885	35	17	13.02	.69	10.75-13.24	43.2	.0
5 50-99	64,639	63	10	11.44	.32	10.75-12.19	41.6	.1
6 100-499	42,155	127	15	11.26	.48	10.75-12.75	55.9	.9
7 500 and over	1,397,052	8,121	2	9.27	.21	8.77-9.64	96.5	19.8
8 Floating rate (thousands of dollars) ...	1,816,139	160	10	10.11	.15	9.65-10.75	84.1	4.7
9 1-24	62,158	11	8	11.03	.10	10.47-11.57	69.0	1.4
10 25-49	61,761	35	34	10.91	.15	10.47-11.30	76.3	.9
11 50-99	103,915	66	23	11.22	.19	10.25-12.40	57.1	2.3
12 100-499	317,563	189	15	10.80	.13	10.20-11.30	69.8	3.9
13 500 and over	1,270,742	2,673	7	9.76	.14	9.38-10.20	91.0	5.4
<i>By type of construction</i>								
14 Single family	591,709	52	9	10.53	.21	9.52-11.02	73.2	.6
15 Multifamily	390,677	338	10	10.10	.46	9.39-10.34	95.4	21.3
16 Nonresidential	2,442,513	420	6	9.67	.18	9.14-10.10	89.3	11.3
LARGE BANKS¹³								
1 Total	2,389,431	1,374	3	9.52	.18	9.11-9.96	97.4	11.2
2 Fixed rate (thousands of dollars)	1,309,605	4,453	2	9.33	.24	8.95-9.82	96.8	15.1
3 1-24	708	8	9	10.42	.39	9.92-10.75	83.7	3.2
4 25-49	774	34	20	10.21	.31	9.47-11.07	92.2	.0
5 50-99	1,213	67	5	9.81	.32	9.50-10.20	92.4	6.3
6 100-499	3,905	196	17	8.98	.16	7.90-9.65	100.0	9.6
7 500 and over	1,303,006	8,832	2	9.33	.18	8.95-9.82	96.8	15.2
8 Floating rate (thousands of dollars) ...	1,079,826	748	5	9.76	.17	9.56-10.20	98.1	6.5
9 1-24	4,376	10	9	10.47	.11	10.20-10.75	94.0	8.4
10 25-49	9,644	37	14	10.34	.13	10.20-10.47	96.5	2.7
11 50-99	15,324	70	9	10.34	.17	9.92-10.47	99.4	10.0
12 100-499	77,470	232	14	10.30	.09	9.92-10.64	91.9	4.7
13 500 and over	973,012	4,685	5	9.69	.15	9.35-10.20	98.6	6.6
<i>By type of construction</i>								
14 Single family	168,460	426	2	9.74	.28	9.34-10.47	90.2	1.7
15 Multifamily	243,272	1,071	4	9.92	.23	9.65-10.20	96.7	1.6
16 Nonresidential	1,977,699	1,772	3	9.45	.16	8.98-9.92	98.1	13.2
OTHER BANKS¹³								
1 Total	1,035,469	62	15	10.68	.12	9.69-11.30	63.8	9.0
2 Fixed rate (thousands of dollars)	299,156	45	12	10.79	.56	8.31-11.57	64.3	26.2
3 1-24	42,302	12	6	11.13	.36	10.47-11.57	81.4	.0
4 25-49	61,111	35	17	13.05	.96	10.75-13.24	42.6	.0
5 50-99	63,447	62	10	11.47	.39	10.75-12.19	40.6	.0
6 100-499	38,250	123	15	11.49	.42	10.75-12.75	51.4	.0
7 500 and over	*	*	*	*	*	*	*	*
8 Floating rate (thousands of dollars) ...	736,313	74	17	10.63	.20	9.92-11.30	63.6	2.0
9 1-24	57,782	11	8	11.07	.09	10.47-11.57	67.1	.8
10 25-49	52,117	34	36	11.01	.22	10.47-11.57	72.6	.6
11 50-99	88,591	66	24	11.37	.28	10.25-12.40	49.8	1.0
12 100-499	240,093	178	15	10.96	.22	10.38-11.35	62.7	3.6
13 500 and over	297,730	1,112	15	9.99	.26	9.38-10.47	66.2	1.5
<i>By type of construction</i>								
14 Single family	423,249	39	10	10.84	.28	10.20-11.57	66.4	.1
15 Multifamily	147,406	159	29	10.40	.80	8.31-12.75	93.4	53.7
16 Nonresidential	464,814	99	18	10.61	.16	9.92-11.02	52.0	2.9

For notes see end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 2-6, 1987*¹—ContinuedC. Loans to Farmers¹⁴

Characteristic	Size class of loans (thousands)						
	All sizes	\$1-9	\$10-24	\$25-49	\$50-99	\$100-249	\$250 and over
ALL BANKS							
1 Amount of loans (thousands of dollars).....	\$1,125,172	\$101,976	\$145,222	\$137,364	\$167,730	\$222,013	\$350,867
2 Number of loans.....	46,536	28,240	9,868	4,006	2,488	1,454	481
3 Weighted average maturity (months) ³	11.9	6.9	8.2	8.0	7.0	35.5	4.8
4 Weighted average interest rate (percent) ⁴	11.02	12.00	11.65	11.37	11.47	11.51	9.82
5 Standard error.....	.70	.35	.49	.37	.34	.57	1.09
6 Interquartile range ⁵	9.96-12.19	11.36-12.41	10.94-12.25	10.65-12.10	11.01-12.19	10.78-12.22	8.05-10.65
<i>By purpose of loan</i>							
7 Feeder livestock.....	11.42	11.80	11.46	11.32	11.73	11.51	11.03
8 Other livestock.....	10.64	12.24	11.52	11.36	*	10.61	*
9 Other current operating expenses.....	11.31	11.92	11.87	11.53	11.35	11.29	9.99
10 Farm machinery and equipment.....	12.06	13.14	11.20	*	*	*	*
11 Farm real estate.....	12.04	11.93	12.33	*	*	*	*
12 Other.....	9.14	11.99	11.18	11.04	11.24	10.67	8.40
<i>Percentage of amount of loans</i>							
13 With floating rates.....	56.1	51.0	41.1	46.2	53.8	63.8	63.9
14 Made under commitment.....	56.4	41.4	40.3	36.8	51.0	51.6	80.8
<i>By purpose of loan</i>							
15 Feeder livestock.....	34.8	20.6	22.9	45.5	48.2	46.4	26.1
16 Other livestock.....	7.4	6.2	5.1	7.3	*	5.6	*
17 Other current operating expenses.....	31.4	60.3	54.3	29.4	30.0	23.0	19.9
18 Farm machinery and equipment.....	7.3	6.4	9.8	*	*	*	*
19 Farm real estate.....	2.8	1.5	1.4	*	*	*	*
20 Other.....	16.2	5.0	6.5	7.2	6.9	6.0	37.8
LARGE BANKS¹⁴							
1 Amount of loans (thousands of dollars).....	\$365,638	\$7,305	\$14,347	\$20,078	\$25,607	\$60,152	\$238,150
2 Number of loans.....	4,238	1,698	914	593	381	388	263
3 Weighted average maturity (months) ³	4.4	6.8	8.0	7.4	8.0	9.1	2.6
4 Weighted average interest rate (percent) ⁴	9.68	11.23	10.94	10.70	10.70	10.46	9.17
5 Standard error.....	.68	.27	.47	.31	.18	.50	.70
6 Interquartile range ⁵	8.05-10.65	10.75-11.63	10.38-11.46	10.00-11.35	10.43-11.04	9.88-10.92	8.05-9.98
<i>By purpose of loan</i>							
7 Feeder livestock.....	10.27	11.05	10.80	10.74	10.80	10.49	10.04
8 Other livestock.....	10.61	11.65	*	10.74	*	*	*
9 Other current operating expenses.....	10.41	11.24	10.97	10.68	10.63	10.44	10.06
10 Farm machinery and equipment.....	11.22	11.17	*	*	*	*	*
11 Farm real estate.....	10.35	12.28	*	*	*	*	*
12 Other.....	8.72	11.01	10.82	10.73	10.73	10.64	8.40
<i>Percentage of amount of loans</i>							
13 With floating rates.....	67.7	86.8	93.9	93.5	97.7	94.8	53.3
14 Made under commitment.....	95.4	78.3	84.4	87.8	92.1	89.3	99.2
<i>By purpose of loan</i>							
15 Feeder livestock.....	23.6	19.2	17.6	21.4	19.7	34.5	21.9
16 Other livestock.....	4.2	4.1	*	7.3	*	*	*
17 Other current operating expenses.....	27.3	58.2	58.0	47.6	55.7	36.7	17.4
18 Farm machinery and equipment.....	1.2	3.2	*	*	*	*	*
19 Farm real estate.....	1.5	3.3	*	*	*	*	*
20 Other.....	42.1	12.0	15.1	19.2	16.2	16.3	55.8
OTHER BANKS¹⁴							
1 Amount of loans (thousands of dollars).....	\$759,533	\$94,671	\$130,875	\$117,287	\$142,122	\$161,861	*
2 Number of loans.....	42,298	26,541	8,954	3,413	2,107	1,066	*
3 Weighted average maturity (months) ³	14.6	6.9	8.3	8.1	6.9	41.8	*
4 Weighted average interest rate (percent) ⁴	11.67	12.06	11.73	11.48	11.61	11.90	*
5 Standard error.....	.15	.22	.11	.19	.28	.27	*
6 Interquartile range ⁵	11.29-12.36	11.50-12.45	10.95-12.31	11.30-12.19	11.29-12.19	11.41-12.75	*
<i>By purpose of loan</i>							
7 Feeder livestock.....	11.75	11.86	11.51	11.36	11.79	11.76	*
8 Other livestock.....	10.64	12.27	*	*	*	*	*
9 Other current operating expenses.....	11.66	11.97	11.98	11.79	11.64	*	*
10 Farm machinery and equipment.....	12.11	13.22	11.19	*	*	*	*
11 Farm real estate.....	12.40	*	*	*	*	*	*
12 Other.....	11.41	12.19	11.29	*	*	*	*

For notes see end of table.

4.23—Continued
 C. Loans to Farmers¹⁴—Continued

Characteristic	Size class of loans (thousands)						
	All sizes	\$1-9	\$10-24	\$25-49	\$50-99	\$100-249	\$250 and over
<i>Percentage of amount of loans</i>							
13 With floating rates	50.5	48.2	35.3	38.1	45.9	52.3	*
14 Made under commitment	37.6	38.6	35.5	28.1	43.6	37.6	*
<i>By purpose of loan</i>							
15 Feeder livestock	40.2	20.7	23.4	49.7	53.3	50.8	*
16 Other livestock	8.9	6.3	*	*	*	*	*
17 Other current operating expenses	33.4	60.5	53.9	26.2	25.3	*	*
18 Farm machinery and equipment	10.2	6.7	10.6	*	*	*	*
19 Farm real estate	3.4	*	*	*	*	*	*
20 Other	3.7	4.4	5.5	*	*	*	*

* Data for November 2-6, 1987 should have appeared in the May 1988 issue but more current data were published in that issue.

Fewer than 10 sample loans.

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

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

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

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

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

5. The chances are about two out of three that the average rate shown would

differ by less than this amount from the average rate that would be found by a complete survey of lending at all banks.

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

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

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

9. Demand loans have no stated date of maturity.

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

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

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

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

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

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

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, March 31, 1988

Millions of dollars

Item	All states ²		New York		California		Illinois	
	Total including IBFs	IBFs only ³	Total including IBFs	IBFs only ³	Total including IBFs	IBFs only ³	Total including IBFs	IBFs only ³
1 Total assets ⁴	460,746	222,471	335,779	173,744	71,539	32,643	30,208	9,316
2 Claims on nonrelated parties	419,609	187,736	308,731	148,443	62,582	26,446	30,208	8,918
3 Cash and balances due from depository institutions	106,193	88,066	86,773	71,581	10,415	9,716	6,713	5,269
4 Cash items in process of collection and unposted debits	731	0	688	0	22	0	4	0
5 Currency and coin (U.S. and foreign)	25	n.a.	19	n.a.	2	n.a.	2	n.a.
6 Balances with depository institutions in United States	57,318	42,886	45,530	33,661	6,390	5,774	4,274	2,914
7 U.S. branches and agencies of other foreign banks (including their IBFs)	50,374	40,234	39,920	31,254	5,898	5,647	3,682	2,829
8 Other depository institutions in United States (including their IBFs)	6,944	2,652	5,610	2,407	492	127	591	85
9 Balances with banks in foreign countries and with foreign central banks	46,163	45,180	38,775	37,920	3,952	3,943	2,378	2,355
10 Foreign branches of U.S. banks	1,743	1,664	1,469	1,404	107	106	112	107
11 Other banks in foreign countries and foreign central banks	44,420	43,516	37,306	36,516	3,845	3,837	2,267	2,248
12 Balances with Federal Reserve Banks	1,956	n.a.	1,762	n.a.	49	n.a.	55	n.a.
13 Total securities and loans	254,595	90,892	175,892	70,124	42,213	15,222	21,768	3,322
14 Total securities, book value	34,404	9,804	27,603	7,436	4,391	1,997	1,294	261
15 U.S. Treasury	6,632	n.a.	6,254	n.a.	179	n.a.	129	n.a.
16 Obligations of U.S. government agencies and corporations	3,763	n.a.	3,724	n.a.	38	n.a.	0	n.a.
17 Other bonds, notes, debentures and corporate stock (including state and local securities)	24,008	9,804	17,624	7,436	4,174	1,997	1,166	261
18 Federal funds sold and securities purchased under agreements to resell	14,729	2,310	13,176	1,676	1,017	449	81	23
19 U.S. branches and agencies of other foreign banks	9,300	1,527	7,976	948	960	449	45	22
20 Commercial banks in United States	1,895	550	1,777	550	23	0	16	0
21 Other	3,534	232	3,424	178	34	0	20	1
22 Total loans, gross	220,430	81,195	148,414	62,732	37,923	13,287	20,480	3,061
23 Less: Unearned income on loans	238	107	125	44	102	63	6	0
24 Equals: Loans, net	220,191	81,088	148,289	62,688	37,822	13,225	20,473	3,061
<i>Total loans, gross, by category</i>								
25 Real estate loans	15,026	170	7,666	135	3,218	29	2,004	0
26 Loans to depository institutions	64,821	44,733	46,978	31,045	12,896	10,075	3,450	2,427
27 Commercial banks in United States (including IBFs)	33,330	15,618	22,973	9,036	7,960	5,304	2,155	1,183
28 U.S. branches and agencies of other foreign banks	27,572	14,622	17,760	8,297	7,560	5,133	2,047	1,098
29 Other commercial banks in United States	5,758	996	5,212	739	400	172	109	85
30 Other depository institutions in United States (including IBFs)	75	16	11	7	15	0	25	0
31 Banks in foreign countries	31,416	29,099	23,994	22,002	4,920	4,771	1,270	1,244
32 Foreign branches of U.S. banks	775	658	674	558	46	46	55	55
33 Other banks in foreign countries	30,641	28,441	23,320	21,445	4,874	4,726	1,215	1,189
34 Other financial institutions	5,898	1,025	3,897	932	841	47	751	28
35 Commercial and industrial loans	110,692	18,851	69,304	16,076	19,097	2,054	13,803	391
36 U.S. addressees (domicile)	88,638	1,659	51,452	1,612	16,404	45	13,337	0
37 Non-U.S. addressees (domicile)	22,054	17,192	17,852	14,464	2,694	2,009	466	391
38 Acceptances of other banks	914	10	733	5	149	0	5	5
39 U.S. banks	278	0	217	0	41	0	0	0
40 Foreign banks	636	10	517	5	108	0	5	5
41 Loans to foreign governments and official institutions (including foreign central banks)	18,016	16,151	15,855	14,362	1,074	1,027	228	210
42 Loans for purchasing or carrying securities (secured and unsecured)	2,813	30	2,264	27	513	0	0	0
43 All other loans (unsecured)	2,250	226	1,717	151	135	55	238	0
44 All other assets	44,092	6,467	32,889	5,061	8,938	1,058	1,646	304
45 Customers' liability on acceptances outstanding	27,775	n.a.	19,716	n.a.	6,877	n.a.	874	n.a.
46 U.S. addressees (domicile)	17,213	n.a.	10,082	n.a.	6,199	n.a.	841	n.a.
47 Non-U.S. addressees (domicile)	10,563	n.a.	9,634	n.a.	678	n.a.	33	n.a.
48 Other assets including other claims on nonrelated parties	16,316	6,467	13,173	5,061	2,061	1,058	772	304
49 Net due from related depository institutions ⁵	41,137	34,735	27,048	25,301	8,957	6,197	0	398
50 Net due from head office and other related depository institutions ⁵	41,137	n.a.	27,048	n.a.	8,957	n.a.	0	n.a.
51 Net due from establishing entity, head offices, and other related depository institutions ⁵	n.a.	34,735	n.a.	25,301	n.a.	6,197	n.a.	398
52 Total liabilities ⁴	460,746	222,471	335,779	173,744	71,539	32,643	30,208	9,316
53 Liabilities to nonrelated parties	402,754	198,831	306,753	157,376	64,509	28,940	17,538	6,253

4.30—Continued

Millions of dollars

Item	All states ²		New York		California		Illinois	
	Total excluding IBFs	IBFs only ³	Total excluding IBFs	IBFs only ³	Total excluding IBFs	IBFs only ³	Total excluding IBFs	IBFs only ³
54 Total deposits and credit balances	60,687	152,482	50,349	135,788	2,136	8,530	2,931	3,144
55 Individuals, partnerships, and corporations	46,959	12,984	37,523	8,673	2,028	452	2,372	46
56 U.S. addressees (domicile)	36,230	93	30,538	73	550	0	2,169	18
57 Non-U.S. addressees (domicile)	10,729	12,892	6,984	8,600	1,478	452	203	28
58 Commercial banks in United States (including IBFs)	8,740	51,483	8,170	45,196	2	4,328	539	1,515
59 U.S. branches and agencies of other foreign banks	3,045	42,745	2,570	37,202	1	3,847	473	1,301
60 Other commercial banks in United States	5,695	8,739	5,599	7,994	2	481	66	215
61 Banks in foreign countries	2,078	77,924	1,985	72,170	19	3,664	1	1,552
62 Foreign branches of U.S. banks	299	7,655	299	6,736	0	551	0	281
63 Other banks in foreign countries	1,779	70,269	1,686	65,434	19	3,113	1	1,271
64 Foreign governments and official institutions (including foreign central banks)	1,103	10,029	990	9,689	17	86	2	30
65 All other deposits and credit balances	909	61	846	61	47	0	2	0
66 Certified and official checks	899	n.a.	836	n.a.	23	n.a.	15	n.a.
67 Transaction accounts and credit balances (excluding IBFs)	6,360	↑	5,209	↑	263	↑	217	↑
68 Individuals, partnerships, and corporations	3,766	↑	2,848	↑	229	↑	197	↑
69 U.S. addressees (domicile)	2,279	↑	1,759	↑	172	↑	193	↑
70 Non-U.S. addressees (domicile)	1,487	↑	1,089	↑	58	↑	4	↑
71 Commercial banks in United States (including IBFs)	216	↑	203	↑	1	↑	0	↑
72 U.S. branches and agencies of other foreign banks	63	↑	63	↑	0	↑	0	↑
73 Other commercial banks in United States	152	n.a.	140	n.a.	0	n.a.	0	n.a.
74 Banks in foreign countries	990	↓	923	↓	9	↓	1	↓
75 Foreign branches of U.S. banks	106	↓	106	↓	0	↓	0	↓
76 Other banks in foreign countries	885	↓	818	↓	9	↓	1	↓
77 Foreign governments and official institutions (including foreign central banks)	362	↓	284	↓	1	↓	2	↓
78 All other deposits and credit balances	127	↓	115	↓	1	↓	1	↓
79 Certified and official checks	899	↓	836	↓	23	↓	15	↓
80 Demand deposits (included in transaction accounts and credit balances)	5,437	↑	4,596	↑	178	↑	202	↑
81 Individuals, partnerships, and corporations	3,192	↑	2,574	↑	145	↑	182	↑
82 U.S. addressees (domicile)	1,945	↑	1,589	↑	102	↑	179	↑
83 Non-U.S. addressees (domicile)	1,247	↑	985	↑	43	↑	4	↑
84 Commercial banks in United States (including IBFs)	116	↑	105	↑	0	↑	0	↑
85 U.S. branches and agencies of other foreign banks	10	↑	10	↑	0	↑	0	↑
86 Other commercial banks in United States	105	n.a.	95	n.a.	0	n.a.	0	n.a.
87 Banks in foreign countries	829	↓	764	↓	8	↓	1	↓
88 Foreign branches of U.S. banks	80	↓	80	↓	0	↓	0	↓
89 Other banks in foreign countries	749	↓	684	↓	8	↓	1	↓
90 Foreign governments and official institutions (including foreign central banks)	314	↓	236	↓	1	↓	2	↓
91 All other deposits and credit balances	87	↓	80	↓	0	↓	1	↓
92 Certified and official checks	899	↓	836	↓	23	↓	15	↓
93 Non-transaction accounts (including MMDAs, excluding IBFs)	54,327	↑	45,140	↑	1,873	↑	2,715	↑
94 Individuals, partnerships, and corporations	43,193	↑	34,675	↑	1,799	↑	2,175	↑
95 U.S. addressees (domicile)	33,951	↑	28,779	↑	378	↑	1,976	↑
96 Non-U.S. addressees (domicile)	9,241	↑	5,896	↑	1,420	↑	200	↑
97 Commercial banks in United States (including IBFs)	8,524	↑	7,967	↑	2	↑	539	↑
98 U.S. branches and agencies of other foreign banks	2,982	↑	2,508	↑	1	↑	473	↑
99 Other commercial banks in United States	5,542	n.a.	5,460	n.a.	1	n.a.	66	n.a.
100 Banks in foreign countries	1,088	↓	1,061	↓	10	↓	0	↓
101 Foreign branches of U.S. banks	193	↓	193	↓	0	↓	0	↓
102 Other banks in foreign countries	894	↓	868	↓	10	↓	0	↓
103 Foreign governments and official institutions (including foreign central banks)	741	↓	706	↓	15	↓	0	↓
104 All other deposits and credit balances	782	↓	731	↓	47	↓	1	↓
105 IBF deposit liabilities	↑	152,482	↑	135,788	↑	8,530	↑	3,144
106 Individuals, partnerships, and corporations	↑	12,984	↑	8,673	↑	452	↑	46
107 U.S. addressees (domicile)	↑	93	↑	73	↑	0	↑	18
108 Non-U.S. addressees (domicile)	↑	12,892	↑	8,600	↑	452	↑	28
109 Commercial banks in United States (including IBFs)	↑	51,483	↑	45,196	↑	4,328	↑	1,515
110 U.S. branches and agencies of other foreign banks	↑	42,745	↑	37,202	↑	3,847	↑	1,301
111 Other commercial banks in United States	n.a.	8,739	n.a.	7,994	n.a.	481	n.a.	215
112 Banks in foreign countries	↑	77,924	↑	72,170	↑	3,664	↑	1,552
113 Foreign branches of U.S. banks	↑	7,655	↑	6,736	↑	551	↑	281
114 Other banks in foreign countries	↑	70,269	↑	65,434	↑	3,113	↑	1,271
115 Foreign governments and official institutions (including foreign central banks)	↑	10,029	↑	9,689	↑	86	↑	30
116 All other deposits and credit balances	↑	61	↑	61	↑	0	↑	0

For notes see end of table.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, March 31, 1988¹—Continued

Millions of dollars

Item	All states ²		New York		California		Illinois	
	Total including IBFs	IBFs only ³	Total including IBFs	IBFs only ³	Total including IBFs	IBFs only ³	Total including IBFs	IBFs only ³
117 Federal funds purchased and securities sold under agreements to repurchase.....	46,944	2,393	34,890	1,516	8,674	688	2,827	65
118 U.S. branches and agencies of other foreign banks.....	9,781	893	7,060	355	2,216	461	352	0
119 Other commercial banks in United States.....	20,394	386	12,899	345	5,120	41	2,107	0
120 Other.....	16,769	1,114	14,931	816	1,337	186	367	65
121 Other borrowed money.....	98,204	38,421	53,263	15,573	35,199	18,953	7,232	2,829
122 Owed to nonrelated commercial banks in United States (including IBFs).....	64,273	16,601	33,136	4,094	24,717	11,010	4,516	860
123 Owed to U.S. offices of nonrelated U.S. banks.....	27,105	2,534	16,623	719	7,592	1,419	2,061	106
124 Owed to U.S. branches and agencies of nonrelated foreign banks.....	37,168	14,067	16,513	3,375	17,126	9,591	2,455	754
125 Owed to nonrelated banks in foreign countries.....	20,542	19,817	10,224	9,611	7,892	7,863	1,951	1,923
126 Owed to foreign branches of nonrelated U.S. banks.....	2,767	2,686	1,044	967	1,429	1,429	248	248
127 Owed to foreign offices of nonrelated foreign banks.....	17,775	17,131	9,180	8,644	6,464	6,434	1,703	1,675
128 Owed to others.....	13,389	2,003	9,904	1,868	2,590	80	765	45
129 All other liabilities.....	44,438	5,535	32,463	4,499	9,969	769	1,403	216
130 Branch or agency liability on acceptances executed and outstanding.....	31,695	n.a.	21,754	n.a.	8,645	n.a.	893	n.a.
131 Other liabilities to nonrelated parties.....	12,743	5,535	10,708	4,499	1,324	769	510	216
132 Net due to related depository institutions ⁵	57,992	23,640	29,026	16,368	7,030	3,704	12,670	3,063
133 Net due to head office and other related depository institutions ⁵	57,992	n.a.	29,026	n.a.	7,030	n.a.	12,670	n.a.
134 Net due to establishing entity, head office, and other related depository institutions ⁵	n.a.	23,640	n.a.	16,368	n.a.	3,704	n.a.	3,063
MEMO								
135 Non-interest bearing balances with commercial banks in United States.....	1,490	23	1,241	23	140	0	51	0
136 Holding of commercial paper included in total loans.....	628		437		113		70	
137 Holding of own acceptances included in commercial and industrial loans.....	3,033	↑	1,876	↑	850	↑	138	↑
138 Commercial and industrial loans with remaining maturity of one year or less.....	61,349		35,486		11,457		9,108	
139 Predetermined interest rates.....	38,961	n.a.	21,408	n.a.	8,028	n.a.	6,277	n.a.
140 Floating interest rates.....	22,388		14,078		3,429		2,831	
141 Commercial and industrial loans with remaining maturity of more than one year.....	49,343	↓	33,818	↓	7,640	↓	4,695	↓
142 Predetermined interest rates.....	16,142		10,150		3,550		1,806	
143 Floating interest rates.....	33,201		23,668		4,089		2,889	

4.30—Continued

Millions of dollars

Item	All states ²		New York		California		Illinois	
	Total excluding IBFs	IBFs only ³	Total excluding IBFs	IBFs only ³	Total excluding IBFs	IBFs only ³	Total excluding IBFs	IBFs only ³
144 Components of total nontransaction accounts, included in total deposits and credit balances of nontransactional accounts, including IBFs	70,841	↑	61,962	↑	1,658	↑	2,935	↑
145 Time CDs in denominations of \$100,000 or more	40,316		33,703		1,077		2,073	
146 Other time deposits in denominations of \$100,000 or more	9,890	n.a.	8,838	n.a.	518	n.a.	393	n.a.
147 Time CDs in denominations of \$100,000 or more with remaining maturity of more than 12 months	20,636	↓	19,422	↓	64	↓	470	↓
	All states ²		New York		California		Illinois	
	Total including IBFs	IBFs only ³	Total including IBFs	IBFs only ³	Total including IBFs	IBFs only ³	Total including IBFs	IBFs only ³
148 Market value of securities held	32,809	9,388	26,473	7,221	4,012	1,829	1,229	228
149 Immediately available funds with a maturity greater than one day included in other borrowed money	59,437	n.a.	30,748	n.a.	24,608	n.a.	2,775	n.a.
150 Number of reports filed ⁶	510		231		124		51	

1. Data are aggregates of categories reported on the quarterly form FFIEC 002, "Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks." Details may not add to totals because of rounding. This form was first used for reporting data as of June 30, 1980, and was revised as of December 31, 1983. From November 1972 through May 1980, U.S. branches and agencies of foreign banks had filed a monthly FR 886a report. Aggregate data from that report were available through the Federal Reserve statistical release G.11, last issued on July 10, 1980. Data in this table and in the G.11 tables are not strictly comparable because of differences in reporting panels and in definitions of balance sheet items.

2. Includes the District of Columbia.

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

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

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

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

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

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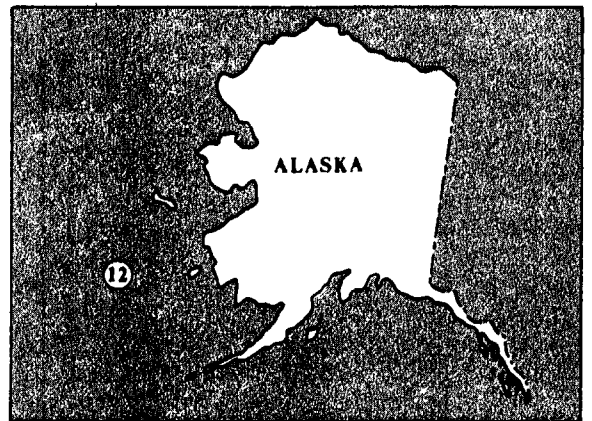
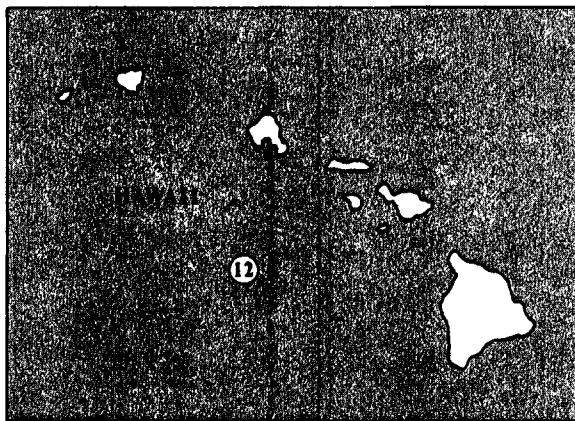
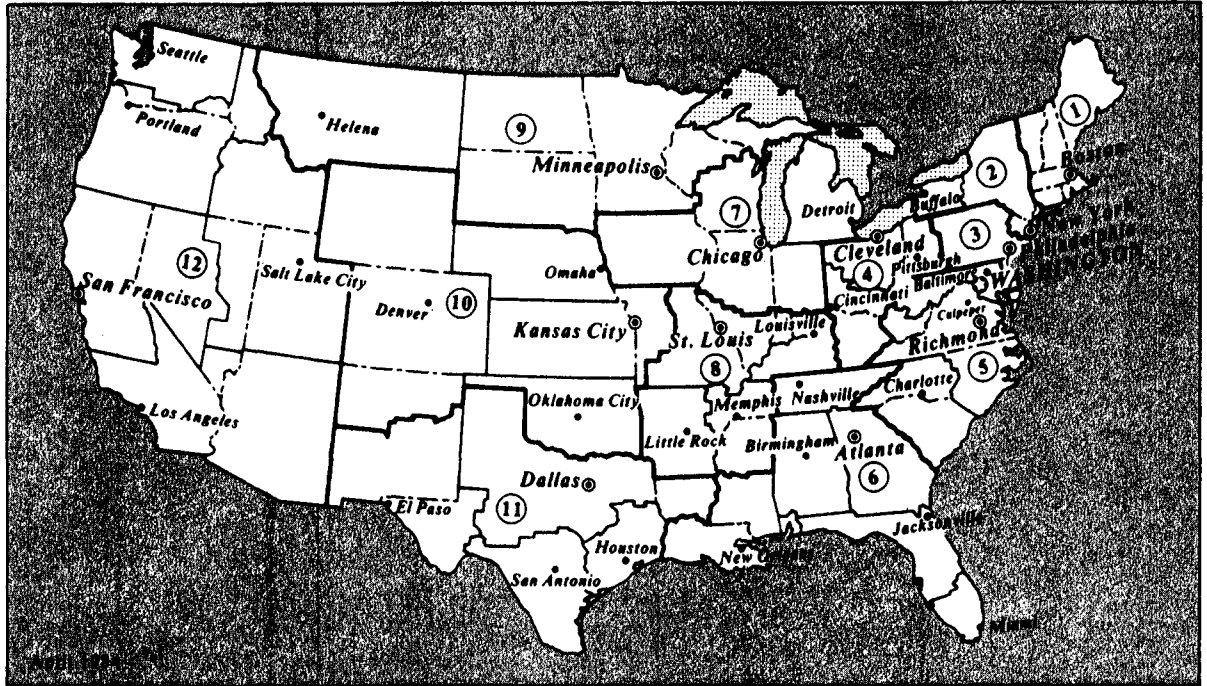
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The Federal Reserve System

Boundaries of Federal Reserve Districts and Their Branch Territories



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— Boundaries of Federal Reserve Districts

— Boundaries of Federal Reserve Branch Territories

★ Board of Governors of the Federal Reserve System

⊙ Federal Reserve Bank Cities

• Federal Reserve Branch Cities

· Federal Reserve Bank Facility

Federal Reserve Banks, Branches, and Offices

FEDERAL RESERVE BANK branch, or facility	Zip	Chairman Deputy Chairman	President First Vice President	Vice President in charge of branch
BOSTON*	02106	George N. Hatsopoulos Richard N. Cooper	Frank E. Morris Robert W. Eisenmenger	
NEW YORK*	10045	John R. Opel To be announced	E. Gerald Corrigan James H. Oltman	
Buffalo	14240	Mary Ann Lambertsen		John T. Keane
PHILADELPHIA	19105	Nevius M. Curtis Peter A. Benoiel	Edward G. Boehne William H. Stone, Jr.	
CLEVELAND*	44101	Charles W. Parry John R. Miller	W. Lee Hoskins William H. Hendricks	
Cincinnati	45201	Owen B. Butler		Charles A. Cerino ¹
Pittsburgh	15230	James E. Haas		Harold J. Swart ¹
RICHMOND*	23219	Robert A. Georgine Hanne M. Merriman	Robert P. Black Jimmie R. Monhollon	
Baltimore	21203	Thomas R. Shelton		Robert D. McTeer, Jr. ¹
Charlotte	28230	G. Alex Bernhardt		Albert D. Tinkelenberg ¹
<i>Culpeper Communications and Records Center 22701</i>				John G. Stoides
ATLANTA	30303	Bradley Currey, Jr. Larry L. Prince	Robert P. Forrestal Jack Guynn	Delmar Harrison ¹ Fred R. Herr ¹
Birmingham	35283	Roy D. Terry		James D. Hawkins ¹
Jacksonville	32231	E. William Nash, Jr.		James Curry III
Miami	33152	Sue McCourt Cobb		Donald E. Nelson
Nashville	37203	Condon S. Bush		Robert J. Musso
New Orleans	70161	Sharon A. Perlis		
CHICAGO*	60690	Robert J. Day Marcus Alexis	Silas Keehn Daniel M. Doyle	
Detroit	48231	Richard T. Lindgren		Roby L. Sloan ¹
ST. LOUIS	63166	Robert L. Virgil, Jr. H. Edwin Trusheim	Thomas C. Melzer James R. Bowen	
Little Rock	72203	James R. Rodgers		John F. Breen
Louisville	40232	Lois H. Gray		Howard Wells
Memphis	38101	Sandra B. Sanderson		Paul I. Black, Jr.
MINNEAPOLIS	55480	Michael W. Wright John A. Rollwagen	Gary H. Stern Thomas E. Gainor	
Helena	59601	Marcia S. Anderson		Robert F. McNellis
KANSAS CITY	64198	Irvine O. Hockaday, Jr. Fred W. Lyons, Jr.	Roger Guffey Henry R. Czerwinski	
Denver	80217	James C. Wilson		Enis Alldredge, Jr.
Oklahoma City	73125	Patience S. Latting		William G. Evans
Omaha	68102	Kenneth L. Morrison		Robert D. Hamilton
DALLAS	75222	Bobby R. Inman Hugh G. Robinson	Robert H. Boykin William H. Wallace	
El Paso	79999	Peyton Yates		Tony J. Salvaggio ¹
Houston	77252	Walter M. Mischer, Jr.		Sammie C. Clay
San Antonio	78295	Robert F. McDermott		Robert Smith, III ¹
				Thomas H. Robertson
SAN FRANCISCO	94120	Robert F. Erburu Carolyn S. Chambers	Robert T. Parry Carl E. Powell	
Los Angeles	90051	Richard C. Seaver		John F. Hoover ¹
Portland	97208	Paul E. Bragdon		Thomas C. Warren ²
Salt Lake City	84125	Don M. Wheeler		Angelo S. Carella ¹
Seattle	98124	Carol A. Nygren		E. Ronald Liggett ¹
				Gerald R. Kelly ¹

*Additional offices of these Banks are located at Lewiston, Maine 04240; Windsor Locks, Connecticut 06096; Cranford, New Jersey 07016; Jericho, New York 11753; Utica at Oriskany, New York 13424; Columbus, Ohio 43216; Columbia, South Carolina 29210; Charleston, West Virginia 25311; Des Moines, Iowa 50306; Indianapolis, Indiana 46204; and Milwaukee, Wisconsin 53202.

1. Senior Vice President.
2. Executive Vice President.