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Publications Committee

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The Federal Reserve Bulletin is issued monthly under the direction of the staff publications committee. This committee is responsible for opinions expressed except in official statements and signed articles. It is assisted by the Economic Editing Section headed by Mendelle T. Berenson, the Graphic Communications Section under the direction of Peter G. Thomas, and Publications Services supervised by Linda C. Kyles.

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ally large increase during the past several months. Because the prospective behavior of M1 remained subject to unusual uncertainty, the Committee again decided not to specify a rate of expected growth for this aggregate in the operational paragraph of the directive but to continue to evaluate M1 in the light of the performance of the broader aggregates and other factors. The members indicated that slightly greater reserve restraint would, or slightly lesser restraint might, be acceptable over the intermeeting period depending on the behavior of the monetary aggregates, taking into account the strength of the business expansion, the performance of the dollar in foreign exchange markets, progress against inflation, and conditions in domestic and international credit markets. The members agreed that the intermeeting range for the federal funds rate, which provides a mechanism for initiating consultation of the Committee when its boundaries are persistently exceeded, should be left unchanged at 4 to 8 percent.

Various bank holding company, bank service corporation, and bank merger orders; and pending cases.

The Economic Effects of Proposed Ceilings on Credit Card Interest Rates

This article was prepared by Glenn B. Canner and James T. Fergus of the Board's Division of Research and Statistics. Patricia A. Boerschig, Julia A. Springer, and Janice S. Westfall provided research assistance. Footnotes appear at the end of the article.

Most interest rates have fallen substantially since the early 1980s, but those on credit card debt have changed relatively little. This disparity has led to assertions that credit card rates are excessive in view of the decline in funding costs of card issuers. As a result, several bills were considered in the Congress in 1986 that would have imposed a nationwide rate ceiling on credit card accounts.

This article focuses on issues raised by the proposed federal limits on credit card rates, including the likely effects of such ceilings on the availability of credit card services to different groups of consumers. It also explores the consequences, for consumers, of possible creditor responses to rate ceilings such as modifying nonrate prices of card services, altering other terms on credit card accounts, and raising prices on merchandise.

EFFECTS ON THE PROFITABILITY OF CREDIT CARD PLANS

The nationwide ceilings on credit card rates suggested in recent congressional proposals would be more restrictive, on the whole, than the various maximum credit card rates that already exist in many states (table 1). A comparison of typical rates charged on bank credit cards during the 1972–86 period with the ceiling rates that would have applied under either of two proposed bills, S.1603 and S.1922, is presented in chart 1. The Senate bills take an approach similar to that of two bills introduced in the House. Had either Senate bill been in effect, the more restrictive rate limit would have cut bank card rates during most of the period, and in the absence of compensating changes, it also would have reduced bank card revenues. Rates for retail store credit cards generally have been in line with those of bank cards, so the proposed federal ceilings likely would have reduced revenue for retail credit card plans. Both bank and retail store credit card services and pricing probably would have been altered in reaction to a large cut in revenue. The scope of such adjustments depends to a great extent on current and expected profits on credit card services.

Historical Evidence on Profits

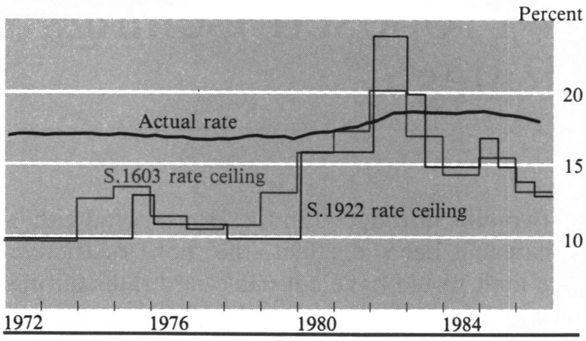
The annual net earnings of bank card plans before taxes averaged 1.9 percent of balances outstanding from 1972 through 1985.[1] Over the

1. Characteristics of legislation considered in the U.S. Senate in 1986 to impose a national ceiling on credit card rates[1]

Characteristic	S.1603, National Credit Card Protection Act	S.1922, Credit Card Holder Protection Act
Index	Six-month Treasury bills, average investment yield for preceding calendar year	IRS rate payable on overdue income tax payments and on income tax refunds, calculated by IRS from prime rate charged by commercial banks during an earlier six-month period
Markup	5 percentage points above index rate	4 percentage points above index rate
Current ceiling	13.085 percent for all of 1986	14 percent for January through June 1986; 13 percent for July through December 1986.

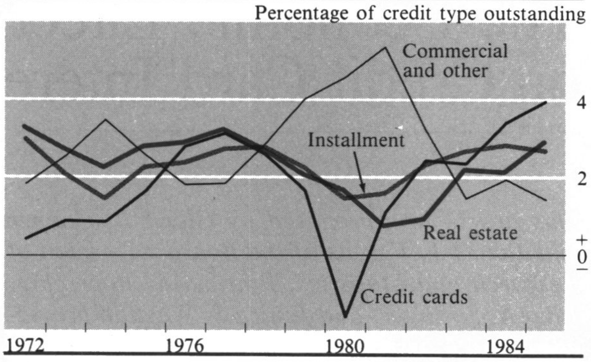
1. 99 Cong. 2 Sess.

1. Average actual finance rate on bank credit card plans and maximum rates with proposed ceilings[1]



1. Actual rate is an average of the most common rate charged on bank credit card plans by commercial banks reporting to the Federal Reserve.

2. Net earnings before taxes on various types of bank credit [1]



1. Based on annual data from the Federal Reserve's Functional Cost Analysis.

same period, average net returns on other major types of commercial bank lending were significantly higher: 2.3 percent on real estate mortgages, 2.4 percent on consumer installment debt, and 2.8 percent on commercial and other loans. Of course, there have been substantial year-to-year variations. For example, the average profitability of bank cards rose to 3.4 percent in 1984 and to 4.0 percent in 1985—a high for the 1972–85 period. However, before 1984 the profitability of bank card plans often was low relative to that of other major types of bank lending (chart 2). Thus, the more reliable indicator of long-run bank card profitability seems to be an average derived from periods of low as well as high profitability rather than from the atypical experience of recent years.

Annual data on earnings of retail card plans are not available. However, two national surveys of retailers were conducted on behalf of the National Retail Merchants Association in 1968 and 1985 and a study of retailers in New York State was made in 1973. The studies indicate that on average—not considering profits on associated merchandise sales—such credit card plans consistently operated at a loss.[2]

The unusually high level of bank credit card profits in 1984 and 1985 is subject to differing interpretations, and definite conclusions will require additional evidence. But the most likely explanation involves a combination of favorable economic trends and structural changes in credit card regulation. Credit card profits clearly benefited from the drop in funding costs in recent years. Although such costs constitute a much lower proportion of total costs for credit card operations than for other major types of bank lending, the sharp decline in market interest rates has contributed significantly to the recent improvement in profits on credit card plans. In addition, the relaxation or removal of regulatory constraints on credit card interest rates in many states in the early 1980s has helped increase profits. These actions were taken after credit card issuers experienced a severe squeeze on profits in the 1979–81 period.

Another factor in the 1984–85 rise in bank card profitability was the major improvement in the quality of issuers' credit card portfolios following the economic disruptions of the late seventies and early eighties. Credit card issuers responded to falling profits by adopting much more selective credit standards in an effort to control costs. Also, many credit card accounts were terminated because of delinquencies and payment defaults. Because the remaining account holders were relatively good credit risks, delinquencies fell to a historically low level in early 1984. As credit card issuers generally have returned to less restrictive credit standards and as some issuers have undertaken aggressive marketing programs, collection problems have increased again. But such problems remained at low to moderate levels throughout 1984 and early 1985.

It seems doubtful that the increase in profitability reflects diminished competition in the credit card industry in light of the number and variety of credit card issuers. Competing credit card plans within an area often include those offered by several regional and national firms in addition to those of local retailers and financial institutions. The diversity of credit card pricing schemes, the heavy volume of solicitations, and the pace of entry by new competitors seem inconsistent with a general absence of competition. Moreover, the rapid development of competing sources of revolving credit—such as lines of credit secured by residential equity and overdraft credit lines on checking accounts—reinforces competitive pressures on the credit card industry. These considerations suggest that the recent high levels of bank card profits are unlikely to persist. Thus, longer-term profit experience seems to provide a more reliable basis for evaluating the need for regulation of credit card rates.

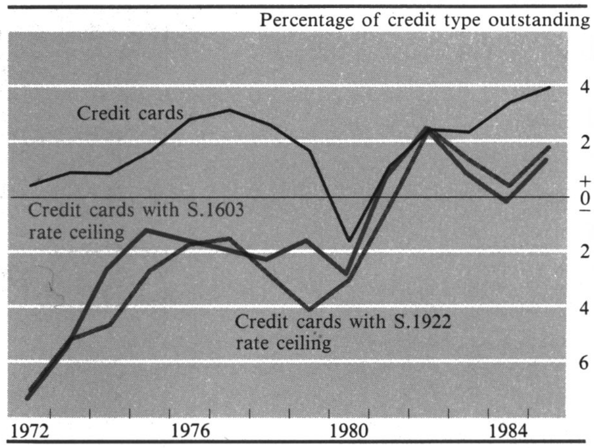
In sum, the evidence suggests that profits on credit card plans at banks typically have been low, while those on retail credit plans generally have been negative. Therefore, it seems unlikely that card issuers could absorb significant reductions in revenue from finance charges over the long term merely by accepting lower profits.

Estimates of Profitability under Proposed Rate Ceilings

Estimates based on data from the Federal Reserve's Functional Cost Analysis for commercial banks suggest the extent to which bank card profits could be cut by the proposed nationwide rate ceilings. Each of the lower lines in chart 3 shows an estimate of net earnings before taxes on bank credit card plans as a percentage of credit outstanding, assuming that one of the nationwide rate ceilings proposed in S.1603 and S.1922 had been in effect. The top line on the chart shows the actual profit experience of commercial bank credit card lending, as previously shown in chart 2.[3]

According to these estimates, bank credit card plans would have lost money in 10 of the 14 years from 1972 through 1985 under the rate ceilings in either S.1603 or S.1922 and would have earned only marginal profits in two of the years. These estimates suggest that if such rate ceilings were enacted, the pressures to make cost and revenue adjustments would be intense.

3. Net earnings before taxes on credit card plans and estimated earnings under proposed rate ceilings[1]



1. Based on annual data from the Federal Reserve's Functional Cost Analysis.

Credit Card Use and Repayment Patterns

Some of the changes that credit card issuers might make in response to reduced profitability include cutbacks in the quantity and quality of credit card services, increases in nonrate credit card prices, and boosts in retail prices for some types of merchandise. The ways such changes affect consumers depend on two factors: the prevalence and the manner of credit card use. First, changes in the availability and pricing of card-related services mainly affect consumers who use credit cards—although, as explained later, some indirect effects may be broader. Second, the effect on credit card holders depends on how they use their cards because some credit card fees and charges apply only to consumers who use their cards in particular ways—for example, to obtain cash advances or for long-term borrowing. Accordingly, information about use of credit cards by particular consumer groups is a key to evaluating the impact of a nationwide credit card rate ceiling.

Credit Card Use

During the past two decades the Survey Research Center at the University of Michigan has monitored the use of credit cards. The most recent data are for 1983. Overall, 62 percent of all

2. Proportion of U.S. families with selected characteristics that use various types of credit cards, selected years, 1970–83

Family characteristic	Any credit card			Retail card		Bank card		
	1970	1977	1983	1977	1983	1970	1977	1983
Family income (1982 dollars)[1]								
Less than 5,000	15	21	18	15	14	2	8	4
5,000–7,499	19	24	29	19	25	3	4	12
7,500–9,999	19	27	33	22	26	2	7	19
10,000–14,999	31	41	49	31	40	7	15	26
15,000–19,999	46	56	64	47	55	12	26	36
20,000–24,999	56	66	71	53	62	15	31	40
25,000–29,999	62	72	78	59	67	21	41	49
30,000–39,999	72	78	87	68	76	25	53	63
40,000–49,999	76	87	88	76	81	31	58	70
50,000 or more	82	91	95	79	83	38	73	80
Age of head (years)								
Less than 25	42	39	38	29	32	12	16	20
25–34	61	65	61	53	52	20	40	37
35–44	57	72	73	63	63	23	49	52
45–54	60	68	69	56	61	19	40	45
55–64	46	61	72	52	62	12	36	50
65–74	37	49	60	39	53	7	20	37
75 or more	20	34	35	25	26	3	11	16
Education of head								
0–8 grades	25	30	30	24	25	5	13	14
9–11 grades	40	45	46	39	38	10	21	25
High school diploma	58	62	62	52	55	18	32	36
Some college	59	70	71	59	62	20	41	48
College degree	82	89	90	73	77	34	69	70
Occupation of head								
Professional or technical	n.a.	84	83	72	69	31	59	62
Manager	n.a.	86	86	67	77	30	63	67
Self-employed manager	n.a.	69	75	51	64	16	45	49
Clerical or sales	n.a.	69	73	59	65	21	39	49
Craftsman or foreman	n.a.	61	64	51	55	22	34	37
Operative, laborer, or service worker	n.a.	43	45	42	38	10	18	24
Farmer or farm manager	n.a.	33	37	24	29	7	16	27
All families	**50**	**60**	**62**	**50**	**54**	**16**	**35**	**40**

families reported using credit cards in 1983 (table 2). Fifty-four percent used one or more retail store cards, 40 percent at least one bank card, and 26 percent at least one gasoline card. Regardless of the type of credit card, use rises sharply and continuously with family income and with the level of education of the family head.

Retail store cards are the most widely used type of credit card. Their use is significantly more widespread than that of bank cards except among families with incomes of at least $50,000 or which are headed by persons with a college education. However, the use of bank cards has been expanding rapidly in every family category of income, age, education, and occupation—more than doubling from 16 percent of all families in 1970 to 40 percent in 1983. By contrast, the proportion of families that use retail cards has increased much more slowly, from about 45 percent in 1971 (not shown) to 54 percent in 1983. The more rapid growth in bank card use may reflect to some extent a substitution of credit card borrowing for other types of installment credit that do not provide flexible repayment terms. It may also reflect abandonment of proprietary credit card plans and 30-day credit programs by some gasoline companies and retail merchants or acceptance of bank credit cards by such firms in addition to the credit arrangements they offer.

Repayment Practices

Analyzing the effect on consumers of the proposed ceilings on credit card rates requires information about the use of the revolving debt feature available with bank and retail cards (an option usually not available with gasoline or travel and entertainment cards). Most revolving credit plans do not charge interest if the card holder pays the full amount billed before expira-

2. Continued

Family characteristic	Gasoline card			Travel and entertainment card		
	1970	1977	1983	1970	1977	1983
Family income (1982 dollars)[1]						
Less than 5,000	7	9	3	1	*	*
5,000–7,499	9	8	6	3	*	2
7,500–9,999	11	11	14	2	1	2
10,000–14,999	18	16	16	4	1	2
15,000–19,999	28	24	19	8	2	5
20,000–24,999	33	30	22	7	2	6
25,000–29,999	42	32	31	12	3	10
30,000–39,999	50	41	40	10	10	13
40,000–49,999	57	54	43	13	12	14
50,000 or more	68	67	61	34	31	17
Age of head (years)						
Less than 25	23	12	8	5	2	7
25–34	41	31	20	10	7	10
35–44	39	42	30	11	12	13
45–54	39	39	30	12	12	10
55–64	34	34	37	10	6	11
65–74	25	27	26	6	3	5
75 or more	10	16	15	3	4	*
Education of head						
0–8 grades	14	12	8	3	1	1
9–11 grades	23	18	16	4	2	2
High school diploma	36	29	19	9	4	4
Some college	42	37	30	15	12	11
College degree	68	63	53	22	21	27
Occupation of head						
Professional or technical	n.a.	56	43	n.a.	14	19
Manager	n.a.	54	44	n.a.	22	25
Self-employed manager	n.a.	48	40	n.a.	19	19
Clerical or sales	n.a.	34	30	n.a.	7	11
Craftsman or foreman	n.a.	29	23	n.a.	3	4
Operative, laborer, or service worker	n.a.	16	12	n.a.	1	1
Farmer or farm manager	n.a.	18	18	n.a.	4	1
All families	**34**	**32**	**26**	**9**	**7**	**9**

*Less than 0.5 percent.
n.a. Not available.
1. For each survey year, income is for the preceding calendar year.
SOURCE. George Katona, Lewis Mandell, and Jay Schmiedeskamp, *1970 Survey of Consumer Finances*, University of Michigan, Institute for Social Research, 1971; Thomas A. Durkin and Gregory E. Elliehausen, *1977 Consumer Credit Survey*, Board of Governors of the Federal Reserve System, 1978; Robert B. Avery and others, *1983 Survey of Consumer Finances*, Board of Governors of the Federal Reserve System, forthcoming.

tion of a specified interest-free period called the grace period.[4] (Cash advances typically earn finance charges from the transaction date.) Thus, unlike most other kinds of credit, the way the credit card holder uses the account determines whether the account produces any interest income for the card issuer and, if so, how much.

Consumer surveys indicate that credit card users fall into two categories—convenience users and borrowers—according to their customary repayment practice. Convenience users are those who usually pay off their balance in full during the grace period, thereby avoiding finance charges; they use a credit card primarily for the convenience it affords in conducting transactions. Borrowers are those who usually do not pay off their balance in full during the grace period, thereby incurring finance charges. Card users may occasionally choose to deviate from their usual repayment pattern: convenience users may repay a particularly large purchase in installments; borrowers may sometimes repay the outstanding balance completely.

Responses by consumers to questions about their repayment practices have been consistent over time. In 1983, as in 1977, about half of families that used bank or retail credit cards stated that they nearly always paid their bills in full each month (table 3). Such consumers can be considered convenience users. The remaining families were about evenly divided between those that sometimes paid their bills in full each month and those that hardly ever repaid their entire outstanding balance by the end of the billing cycle.

Repayment patterns vary considerably accord-

3. Distribution of families with selected characteristics that use bank or retail credit cards, by repayment practice, 1977 and 1983[1]

Percent

Family characteristic	Nearly always pays in full		Sometimes pays in full		Hardly ever pays in full	
	1977	1983	1977	1983	1977	1983
Family income (1982 dollars)[2]						
Less than 5,000	54	43	28	19	18	38
5,000–7,499	52	49	18	25	30	27
7,500–9,999	45	51	29	27	27	22
10,000–14,999	44	48	31	23	26	28
15,000–19,999	41	43	31	27	28	31
20,000–24,999	42	41	31	28	27	31
25,000–29,999	55	45	27	23	18	32
30,000–39,999	56	46	26	29	18	25
40,000–49,999	61	43	25	31	13	26
50,000 or more	78	60	16	24	6	16
Age of head (years)						
Less than 25	38	39	33	28	29	33
25–34	43	37	33	29	25	34
35–44	41	35	31	33	27	32
45–54	47	46	29	27	24	27
55–64	60	54	24	24	16	21
65–74	77	76	13	12	10	12
75 or more	85	76	15	12	*	12
Education of head						
0–8 grades	57	49	19	18	24	32
9–11 grades	46	47	27	25	27	27
High school diploma	46	46	28	26	26	28
Some college	47	41	31	29	21	29
College degree	58	52	29	26	13	21
Occupation of head						
Professional, technical	57	50	30	27	13	23
Manager	53	50	32	28	15	21
Self-employed manager	65	60	16	24	19	16
Clerical or sales	48	44	30	26	21	30
Craftsman or foreman	46	44	28	29	26	28
Operative, laborer, or service worker	40	40	28	25	32	35
Farmer or farm manager	68	74	24	12	8	14
All families that use bank or retail cards	**49**	**47**	**28**	**26**	**23**	**27**

*Less than 0.5 percent.

1. The 1977 survey covered 2,563 families, of whom 1,444 had bank or store cards. The 1983 survey covered 3,824 families, of whom 2,087 had bank or store cards.

2. For each survey year, income is for the preceding calendar year.

SOURCE. Durkin and Elliehausen, *1977 Consumer Credit Survey;* Avery and others, *1983 Survey of Consumer Finances.*

ing to the characteristics of consumers. For example, convenience use rises sharply with the age of the household head. Nevertheless, substantial proportions of families in each income and education category reported that they nearly always paid off their entire outstanding balance in full each month.

Possible Adjustments by Card Issuers and Effects on Consumers

Those who stand to benefit from a nationwide limit on credit card rates are credit card borrowers, who would incur lower finance charges. However, as noted, the low average profitability of bank and retail credit card plans suggests that card issuers would likely reduce costs and seek more revenue from alternative sources under the proposed nationwide interest rate ceilings. These adjustments by issuers would erode some of the benefits to borrowers and impose costs on other consumers. Although specifying the responses that card issuers might choose is difficult, there are several likely possibilities (table 4).

Restricting the Availability of Services

Perhaps the most obvious cost-cutting step that credit card issuers might take is to tighten credit standards so as to reduce collection costs and

4. Proportion of selected groups of credit card holders affected by possible responses by bank and retail credit card issuers to more restrictive interest rate ceilings[1]

Type of response	Bank card holders		Retail card holders	
	Convenience users	Borrowers	Convenience users	Borrowers
Availability adjustments				
Tighten credit standards[2]	Some	Some	Some	Some
Reduce or eliminate services[3]	Some	Some	Some	Some
Pricing adjustments[4]				
Reduce or eliminate interest-free period	All	Some	All	Some
Alter method for calculating balance on which finance charge is based	None	All	None	All
Increase retail price of merchandise	All	All	All	All
Increase merchant discount fee (to the extent reflected in higher retail merchandise prices)	All	All	All	All
Start charging, or increase, an annual fee	All	All	All	All
Charge a fee for each transaction	All	All	All	All
Charge a penalty fee for exceeding credit limit	Few	Some	Few	Some
Charge a penalty fee for each late payment	None	Some	None	Some
Charge a fee for each cash advance	Some	Some	...	...
Charge explicitly for services previously provided without charge[5]	Some	Some	Some	Some

1. Convenience users typically pay off their balances during the interest-free period, thus avoiding finance charges. Borrowers typically do not pay off their balances during the interest-free period and therefore usually pay finance charges.

2. Tighter credit standards ordinarily would be implemented by raising the minimum score necessary under a credit-scoring system to qualify for a credit card or to obtain a higher credit limit. Factors that have positive weights in most credit-scoring systems include an applicant's income, assets, duration of residence and employment, and previous credit record.

3. Financial institutions might curtail ancillary services that some institutions provide free of charge. Severe losses on credit card operations might cause some financial institutions to eliminate credit card plans in favor of other types of lending. Some retailers might eliminate in-house credit card plans in favor of accepting other credit cards.

4. The ability of card issuers to make some of these adjustments may be constrained by competition or by state law.

5. Financial institutions and retailers might institute fees for services such as processing credit card applications, replacing lost cards, providing more than one credit card, and sending out each statement. Retailers might begin charging for other services that previously had been provided free of charge.

charge-offs. Such a change would affect mainly applicants for new credit card accounts. However, holders of existing accounts could also be affected by more stringent enforcement of credit limits and by any increase in minimum payment requirements.

Changes in the availability of credit would have the greatest potential effect on "marginal" card applicants, who meet the current minimum requirements for holding a credit card account—such as income level, employment tenure, duration of residency, and previous credit record—but who would not qualify for credit if such standards were stiffened considerably. Although credit decisions are based on many criteria, lower-income persons who apply for credit cards—including recent entrants into the job market and those with low levels of education and skills—are likely to be affected more seriously by tighter credit standards than those with greater resources.

In addition, financial institutions might curtail credit card enhancements that some of them offer. Such features include protection programs that indemnify credit card holders for charges made with lost or stolen credit cards, discounts on transportation and lodging, rebates on purchases billed to a credit card account, and provision of emergency cash to travelers. If the pressure on profits became severe, some institutions might eliminate their card plans and redirect resources into more profitable lines of business. Retail firms might discontinue in-house plans, with the result that customers would need to rely instead on bank credit cards or other sources of financing. Although elimination of credit card operations is an extreme measure, some retailers and financial institutions in the early 1980s did curtail or discontinue credit card services in an effort to stem losses.

Raising the Prices of Services or Merchandise

An alternative or complementary way of offsetting reduced interest income is to reprice credit card services. One such change would be to shorten or eliminate the grace period that credit card issuers typically have allowed, although such action would not be possible in states that require a minimum grace period.

Regulations that reduce finance rates would help many credit card borrowers, who would incur smaller finance charges, but that benefit would be offset by the additional finance charges that many convenience users would pay because of curtailments in grace periods. In addition, those borrowers who sometimes make full payment and at such times avoid incurring finance charges also would be adversely affected by a cutback in grace periods.

As previously noted, a large proportion of lower-income credit card users are convenience users. Among card users with less than $10,000 in family income, 48 percent reported in 1983 that they customarily paid off their outstanding balances each month. An additional 24 percent of lower-income families reported sometimes paying their balances in full. Thus, even among lower-income families, the overall effect of lower rate ceilings combined with shorter grace periods is not clear.

Furthermore, because a substantial proportion of higher-income consumers are convenience users, the net benefit of restricting credit card interest rates also is unclear for them. However, the balance of benefits and costs for the elderly is likely to be negative if issuers shorten or eliminate grace periods on credit cards in response to tighter credit card rate ceilings. Among families headed by persons 65 years or older, convenience users of credit cards constituted three-fourths of credit card users.

A second major type of repricing, available only to retail credit card issuers, is to increase merchandise prices in an attempt to offset all or part of a reduction in finance charge revenue. The feasibility of this response for particular retail firms would depend mainly on the types of merchandise sold because competition from cash-only merchants might limit price increases to goods that usually are purchased on credit. In this case, only customers who pay in cash for such merchandise would subsidize the cost of providing credit services.

Although increases in merchandise prices can be implemented only by retailers, some issuers of bank credit cards might be able to effect an indirect form of repricing by raising the fee they charge merchants for processing credit card sales. The fee, called the merchant discount, is an operating cost to the retailer. Any increase in these charges could be passed on in higher prices of merchandise, including prices paid by customers who always pay in cash. However, competition with other card issuers, not only for processing credit card charges but also for other merchant business such as demand deposits and loans, could limit the ability of banks to increase the merchant discount fee.

Other card-related fees could also be raised. Seventy percent or more of commercial banks in 1985 charged an annual fee for MasterCard and Visa accounts.[5] These annual fees could be increased to help generate higher revenue, and additional institutions could implement such fees. Changes of this kind would affect all card holders.

A similarly pervasive effect would occur if a fee for each transaction were charged by card issuers. As of 1985 only about 3 percent of the MasterCard and Visa issuers charged such fees.[6] With the exception of some gasoline company credit card plans with enhancements, no retail card issuers are known to be charging annual fees or fees for each transaction. However, apart from legal restrictions on fees that exist in a few states, the main barriers to such a practice appear to be the force of competition and customary practice in the retail industry.

Some credit card issuers charge a fee when an account balance exceeds the established credit limit or when problems arise such as late payments or returned checks. Late charges were levied in 1985 by 50 percent or more of commercial banks that issue MasterCard and Visa accounts.[7] By definition, convenience users typically do not make late payments. Also, convenience users are less likely to exceed established credit limits because, again by definition, they ordinarily do not carry a balance forward from one billing period to the next. Therefore, an increase in the prevalence of such fees or in their average amount resulting from more stringent rate ceilings would have a greater effect on borrowers.

In addition to the price increases previously described, banks might institute or raise fees for cash advances on credit cards. Banks and retailers might establish or increase fees for processing credit card applications, replacing lost cards, providing additional cards for an account, and issuing monthly statements. Retailers might start charging separately for services that had been provided without charge, such as gift wrapping, delivery, and alterations. Pricing these services seems likely to affect users of bank cards as well as of retail cards and convenience users as well as borrowers.

Unpredictability of Adjustments

For several reasons, adjustments in credit card availability and pricing that would follow the imposition of a restrictive nationwide rate ceiling cannot be foreseen with precision. Card issuers would be likely to adopt different policies depending on how they expected their customers to respond, and additional shifts would occur once those reactions became clear.

Adjustments in pricing and credit availability would be subject to important constraints, including competition from other credit card issuers as well as regulations that limit pricing changes in some states. A few credit card issuers already have adapted to fairly stringent rate ceilings at the state level, and might have little additional adjustment to make. Issuers that operate under less restrictive state ceilings would likely face greater pressures to make changes in credit availability and pricing.

Evidence of the Effects of Credit Card Rate Restrictions on Consumers

The preceding discussion described the potential responses of card issuers to restrictive rate ceilings and the possible consequences of such actions for consumers. Several studies conducted during the past two decades have addressed these issues empirically, investigating creditor responses to differing interest rate restrictions at the state level and evaluating the effects of such reactions on consumers. These research results provide valuable historical evidence that suggests some likely consequences of a national credit card rate ceiling.

Effects on Credit Availability

One major conclusion of the empirical studies is that restrictive rate ceilings for consumer credit are closely associated with tighter lending standards. Most studies have concluded that higher rate ceilings are associated with lower rates of consumer loan rejection or with a larger percentage of loan defaults.[8] These findings suggest that lenders extend credit to a broader range of credit applicants when the rate of interest allowed on their consumer loan portfolios is higher. Therefore, creditors are likely to apply more accommodative credit standards when the price of credit is determined by market forces, and to use stiffer loan criteria when regulations hold rates below market-determined levels. As noted, not all consumers are affected equally by lower interest rate ceilings. Given the criteria that credit card issuers usually employ for determining creditworthiness, lower-income families and families headed by younger persons would seem to be among those most likely to be denied credit as a result of such ceilings.[9]

Effects on Availability of Bank Credit Cards

A 1979 study by researchers at the Credit Research Center (CRC) at Purdue University is particularly useful for examining the effects on consumers of placing legal restrictions on credit card rates. The CRC study surveyed consumers and creditors in four states with different interest rate ceilings.[10] One portion of the study focused on consumer use of credit cards, including the effects of rate ceilings. Three states—Illinois, Louisiana, and Wisconsin—had relatively high credit card rate ceilings; the fourth, Arkansas, had an unusually low rate limit.

The CRC study found that the proportion of consumers holding bank credit cards was substantially smaller in Arkansas than in the three states with less restrictive interest rate ceilings. Only 29 percent of the families in Arkansas held bank credit cards (table 5). By contrast, 39 percent of families in the other three states held such cards. These results suggest that more restrictive rate ceilings were associated with more limited availability of bank credit card accounts.

Although this broad perspective on the effects of controls on credit card rates is helpful, it does not show whether specific consumer groups are more likely than others to be affected by a national ceiling on credit card rates. To examine this issue more closely, bank credit card holding was compared according to family income, age of family head, and education for residents of Arkansas and of the three other states (table 5). In most categories, a significantly smaller proportion of families held bank credit cards in Arkansas than in states with less restrictive credit card rate ceilings.

Further analysis of the CRC survey data using multivariate procedures suggests four main conclusions:[11] (1) In all four states, the probability that a family held a bank credit card rose as family income, age, and education of the family head increased. (2) Lower- and lower-middle income families in Arkansas, the state with the most restrictive rate ceiling, were less likely to hold bank cards than were equally endowed families in the other states. (3) Higher-income families in Arkansas were as likely to hold bank credit cards as were higher-income families in states with less restrictive rate ceilings. (4) Overall, families residing in Arkansas were significantly less likely to hold bank credit cards than were families living in one of the three states with less restrictive rate ceilings. In sum, these findings suggest that tight ceilings on credit card interest rates are more likely to result in reduced availability of bank credit card accounts for lower- and lower-middle income families than for higher-income families.

Furthermore, a study of the credit card market in New York State supported the CRC evidence

5. Proportion of families with selected characteristics that hold bank and retail credit cards in Arkansas and three other states, 1979[1]

Percent

Family characteristic	Holds bank credit card		Holds retail credit card	
	Arkansas	Other states	Arkansas	Other states
Family income (dollars)[2]				
Less than 6,000	5	10	24	29
6,000–8,999	16	17	48	38
9,000–12,499	24	22	53	43
12,500–17,499	26	36	69	55
17,500–19,999	41	48	70	64
20,000–24,999	35	52	83	74
25,000–29,999	52	57	78	80
30,000 or more	61	68	88	83
Age of head				
Less than 25	10	19	38	35
25–34	30	42	60	63
35–44	37	53	70	70
45–54	40	47	71	69
55–64	30	42	67	59
65–74	21	28	53	48
75 or more	17	15	40	34
Education of head				
0–8 grades	9	14	39	34
9–11 grades	14	26	38	47
High school diploma	25	39	65	60
Some college	36	52	68	68
College degree	55	72	80	82
All families	**29**	**39**	**61**	**58**

1. The survey covered 3,572 persons. The four states in the study and the number of respondents in each were Arkansas, 787; Wisconsin, 1,006; Illinois, 1,030; and Louisiana, 749. All surveys were conducted in person between January 6 and June 12, 1979.

2. For calendar year 1978. The median income of U.S. families in 1978 was $15,000.

SOURCE. William C. Dunkelberg and others, "CRC 1979 Consumer Financial Survey," Monograph 22 (Purdue University, Krannert Graduate School of Management, Credit Research Center, 1981).

about the likely effects of credit card rate ceilings on bank credit card availability.[12] As previously discussed, increases in the minimum acceptable point score needed to qualify for credit cards are one way that card issuers might respond to the imposition of more restrictive rate ceilings for credit cards. In the New York study, the credit scoring system of a large bank credit card issuer and actual data for credit card account holders were used to determine the percentage of credit card applicants that would be rejected if credit standards were tightened.

Table 6 shows the result of successive five-point increases in the minimum qualifying credit score. Raising the minimum score from 19 points to 24 points would have prevented about 2 percent of the bank card holders from obtaining the credit cards they held. If the minimum qualifying

6. Bank credit card holders rejected after simulated increases in the minimum acceptable credit score, by selected scores and income levels[1]

Percent

Increase in the minimum acceptable credit score[2]	All card holders	Income of rejected card holders (dollars)[3]				
		All income levels	Below $7,500	Below $10,000	Below $15,000	Below $20,000
To 24	2	100	89	89	100	100
To 29	7	100	50	58	82	89
To 34	18	100	30	55	77	91
To 39	36	100	19	42	68	87
MEMO: Percent of total sample of card holders	...	100	9	17	42	68

1. Simulation uses the credit-scoring model of a large bank card issuer and the characteristics of the actual holders of the issuer's credit card.
2. Minimum acceptable credit score initially set at 19 points.
3. Income is for 1973. The median income of U.S. families in 1973 was $10,500.

SOURCE. Robert P. Shay and William C. Dunkelberg, "Retail Store Credit Card Use in New York," Studies in Consumer Credit 4 (Columbia University, Graduate School of Business, 1975), p. 55.

credit score were raised further to 29 points, then the proportion of card holders that would have failed to qualify for credit cards would have increased from 2 percent to about 7 percent.

As expected, the effect of credit rationing, as simulated in this example, differs according to income level. Eighty-nine percent of those rejected when the cutoff is set at 24 points have incomes below $7,500, although that income group accounts for only 9 percent of the card holders. No rejected applicant earned more than $15,000 (that is, as table 6 shows, 100 percent had incomes below that level). At the 39-point cutoff, 13 percent of rejected applicants earned $20,000 or more. But even though the raising of the minimum acceptable score adversely affects some higher-income card holders, lower-income card holders still bear the brunt of the decrease in credit availability. When the minimum acceptable score is raised to 24 points, 16 percent of those with incomes under $7,500 are rejected, but only 2 percent of those under $20,000 (not shown in the table). At a score of 39, the comparable proportions of rejections are 77 percent and 46 percent.

Effects on Availability of Retail Store Credit Cards and on Product Prices

If, as indicated, a federally mandated credit card rate ceiling is likely to result in reduced access to bank credit card accounts, what alternative credit sources would be available to consumers? Analysis of the data collected in the CRC study suggests that consumers in a constrained market substitute sales credit, such as retail store cards, for cash credit, such as bank credit cards.

The CRC study provides information on holdings of retail store cards as well as bank credit cards in states with widely differing rate restrictions (table 5). Three-fifths of all families held retail store cards in Arkansas, slightly higher than the share that held such cards in the three states with less restrictive interest rate ceilings. In contrast, as already discussed, the fraction of Arkansas families that held bank credit cards was significantly smaller than the share of families with such cards living in the other states.

These findings are consistent with the expected effects of rate ceilings. Retailers in Arkansas seem to have been able to maintain credit availability by compensating for lower finance charge revenue with increases in some merchandise prices according to comparisons of prices in Arkansas with those in surrounding states where rate ceilings were higher.[13] Major appliances were found to cost about 3 to 8 percent more in Arkansas—nearly 5 percent more on average—than in neighboring states.

Further evidence that product prices might rise if a federally mandated ceiling on credit card rates were adopted is contained in the CRC study. Bank credit card issuers in Arkansas were found to charge retailers merchant discount fees higher than those charged in the states with less restrictive rate ceilings. As with other costs, retailers would be expected to offset these higher fees by increasing product prices. One consequence is that, by paying higher retail prices, consumers who do not use credit cards might subsidize the cost of providing credit card services. Because lower-income families, who have limited access to credit, are heavily represented in the group that purchases products exclusively by using cash, a national credit card rate ceiling might impinge more on this group of consumers than on others.[14]

Indeed, under nationwide rate ceilings there might be greater scope for use of merchant discount fees by banks to offset decreases in revenues due to binding rate limitations. Historically, competition for merchant business by banks that operated from states with high rate ceilings, or with none, probably placed some restraint on the ability of banks that operated from states with low rate ceilings to raise merchant discount fees. However, imposition of a nationwide rate ceiling probably would diminish this type of competition. Banks operating from states with relatively high rate limits might, under a lower nationwide ceiling, raise merchant discount fees to offset any reduction in revenues. In the absence of other significant differences, all banks would then be under equal pressure to rely on higher merchant discount fees as a revenue source. If such fees increased, retailers would be likely to compensate by raising some prices.

Conclusions

Under current patterns of credit card use, about 32 percent of all families incur credit card finance charges and would benefit initially from a federally mandated reduction in credit card interest rates. However, the record of credit card profitability since 1972 suggests that tight rate ceilings such as those proposed in recent legislation would create intense pressures for cost reductions and revenue increases, actions that seem likely to erode some of the benefits to borrowers and impose costs on other consumers.

Several possible responses by issuers to restrictive rate regulations can be foreseen, but it is difficult to predict which ones would be pursued. In an effort to cut expenses, card issuers could tighten credit standards for new credit card applicants—an action that would especially affect lower-income families, who typically have limited access to other sources of credit. Studies have documented the occurrence of credit rationing in response to tight rate regulation for credit cards and more generally for other kinds of consumer credit. Card issuers could also increase nonrate prices for credit card services in order to offset reduced finance charges. Some of these actions—such as initiating or increasing annual fees, charges for each transaction, and levying fees for particular services to account holders—would impose costs on all credit card users. The effects of other repricing measures, such as curtailing the grace period, would be concentrated among convenience users, many of whom could no longer avoid paying finance charges. Still other changes in credit card pricing would fall mainly on borrowers. Such actions include charging penalty fees for late payments and for exceeding credit limits.

Finally, some adverse consequences of a nationwide ceiling on credit card rates could be felt even by those consumers who do not use credit cards. Retailers might increase some merchandise prices—either to help offset reduced finance charge revenue on retailer credit card plans or as a result of higher merchant discount fees. Research evidence indicates that restrictive ceilings on rates are associated with significantly higher retail prices for some types of merchandise. Higher retail prices could mean that customers who usually pay in cash—including lower-income families who cannot obtain credit cards—would subsidize buyers who use credit card services. □

FOOTNOTES

1. "Functional Cost Analysis: 1985 Average Banks," Based on Data Furnished by Participating Banks in Twelve Federal Reserve Districts (Federal Reserve Bank of New York, n.d.) and the same document for each of the years 1972–84.

2. Retailers presumably would not continue to offer credit cards unless the profits from additional merchandise sales facilitated by credit card plans offset the losses on credit card operations alone. National Retail Merchants Association, "Economic Characteristics of Department Store Credit" (1969), p. 53; National Retail Merchants Association, "Economic Characteristics of Retail Store Credit" (1986), p. 21; Robert P. Shay and William C. Dunkelberg, "Retail Store Credit Card Use in New York," Studies in Consumer Credit 4 (Columbia University, Graduate School of Business, 1975), pp. 72–80.

3. The estimates were derived by assuming that lenders would have continued to provide, and that credit card users would have continued to use, exactly the same dollar amounts of credit card services even though the lower rate ceilings were in effect. If forced to operate under more restrictive rate ceilings, bank credit card issuers undoubtedly would take steps to boost revenues and cut costs. But the purpose of these estimates is to show how much the rate regulations would reduce profits, in the absence of any other changes, in order to gauge the pressures on issuers of bank credit cards to make offsetting adjustments.

4. In 1985 approximately 79 percent of commercial banks responding to a survey allowed a grace period averaging approximately 27 days. See American Bankers Association, *1986 Retail Bank Credit Report* , table 120, p. 96.

5. American Bankers Association, *1986 Retail Bank Credit Report* , table 107, p. 89.

6. Ibid., table 112, p. 92.

7. Ibid.

8. Douglas F. Greer, "Rate Ceilings and Loan Turndowns," *Journal of Finance* , vol. 30 (December 1975), pp. 1376–83. Also, consumer survey data indicate that in a state with a low interest rate ceiling (Arkansas), a higher proportion of consumers reported being rejected for consumer credit compared with consumers residing in states with less restrictive rate ceilings. See Richard Peterson and Gregory Falls, "Impact of a Ten Percent Usury Ceiling: Empirical Evidence," Working Paper 40 (Purdue University, Krannert Graduate School of Management, Credit Research Center, 1981).

Robert P. Shay, "Factors Affecting Price, Volume and Credit Risk in the Consumer Finance Industry," *Journal of Finance*, vol. 25 (May 1970), pp. 503–15; Management Analysis Center, "A Study of Bank Credit Card Profitability for Banks Operating in the States of California and Washington" (Palo Alto, Calif., June 1, 1977), p. 73.

9. William C. Dunkelberg, "An Analysis of the Impact of Rate Regulation in the Consumer Credit Industry," in *National Commission on Consumer Finance: Technical Studies*, vol. 6, (Government Printing Office, 1973), pp. 17–20.

10. William C. Dunkelberg and others, "CRC 1979 Consumer Financial Survey," Monograph 22 (Purdue University, Krannert Graduate School of Management, Credit Research Center, 1981).

11. Glenn B. Canner and James T. Fergus, *The Effects of Proposed Credit Card Interest Rate Ceilings on Consumers and Creditors*, Staff Studies (Board of Governors of the Federal Reserve System), forthcoming.

12. Shay and Dunkelberg, "Retail Store Credit Card Use in New York," pp. 55–56.

13. The products most likely to be affected are those that usually are purchased with credit cards—large durable goods especially. See Gene C. Lynch, "Consumer Credit at Ten Percent Simple: The Arkansas Case" (University of Arkansas, College of Business, 1969).

14. Of the families with incomes below $5,000 in 1982, 84 percent had no outstanding installment debt when interviewed in 1983. In contrast, only 53 percent of the families with incomes above $50,000 had no installment debt. Robert B. Avery and others, "Survey of Consumer Finances, 1983: A Second Report," FEDERAL RESERVE BULLETIN, vol. 70 (December 1984), table 4, p. 860.

Treasury and Federal Reserve Foreign Exchange Operations

This quarterly report, covering the period August through October 1986, provides information on Treasury and System foreign exchange operations. It was prepared by Sam Y. Cross, Manager of Foreign Operations of the System Open Market Account and Executive Vice President in charge of the Foreign Group of the Federal Reserve Bank of New York.[1]

After declining without interruption for nearly a year and a half, the dollar steadied during the period under review. Although the dollar continued to ease against most of the industrialized countries' currencies through August, it moved up subsequently to close the three-month period mixed on balance. From August to October, it appreciated against some currencies—6¼ percent against the Japanese yen, 5¾ percent against sterling, and 2½ percent against the Swiss franc. It declined, however, about 1 percent against the German mark and other currencies of the European Monetary System (EMS). There were dollar purchases by foreign central banks but no intervention by the U.S. authorities during the period.

As the period opened early in August, the dollar was declining. Market participants had come increasingly to question whether the major industrialized countries would be able to work together to redress their large external imbalances. The huge trade deficit of the United States and the enormous trade surpluses of Japan and Germany had shown little adjustment, notwithstanding the considerable movements in exchange rates between the dollar and both the Japanese yen and the German mark. Moreover, there was growing disappointment that the sharp, $20-per-barrel drop in oil prices that occurred between November 1985 and July 1986 was failing to provide much of a boost to business activity in the oil-importing industrialized countries. Doubts developed that our major trading partners were likely to expand domestic demand vigorously enough to provide a global environment within which the United States could markedly improve its balance of payments position. Market participants considered seriously the possibility that the U.S. authorities might welcome a continued decline in the dollar on the grounds that central banks abroad might then cut interest rates in their countries more quickly.

Under these circumstances, market participants expected the trend toward lower interest rates to continue, with the United States setting the pace and other industrial countries perhaps following later on. Although there were already a few signs that the U.S. economy was regaining some momentum from the slow first half of the year, market participants still were struck by the areas of weakness in U.S. economic performance. Output and investment remained sluggish, manufacturing employment continued to decline, and retail sales were generally stagnant. At the same time, prospects for price and wage stability appeared to be good for the short term, despite some concern about the longer-term inflationary implications of recent rapid monetary growth.

In this environment, expectations resurfaced from time to time throughout the first few weeks of August that the Federal Reserve might again cut its discount rate, perhaps operating unilaterally as it had done in July. As a result, in August interest rates on deposits denominated in U.S. dollars fell, and their decline was sharper than the decline in interest rates in other currencies.

1. The charts for the report are available on request from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

The Federal Reserve did cut its discount rate ½ of 1 percentage point, to 5½ percent, effective August 21. The exchange market reaction was muted, partly because many market participants expected the authorities in Germany and Japan to provide some further stimulus to their economies—either with monetary or other measures—before the annual meetings of the International Monetary Fund (IMF) and the World Bank at the end of September.

Economic statistics released in mid-August began to paint a contrasting picture between the German and Japanese economies. The German economy, which had contracted sharply early in the year, seemed to be staging a robust recovery; and official German projections of an acceleration in growth began to be given widespread credence in the financial markets. Japan, on the other hand, appeared to be having much more difficulty adjusting to the appreciation of its currency. Although both the mark and the yen had risen about the same amount against the dollar since early 1985, on a trade-weighted basis the yen's appreciation had been much greater than the appreciation of the mark. Whereas German manufacturers lost little competitiveness in their markets in other EMS countries, Japanese export industries were hit hard. They lost competitiveness not only in the United States but also in important East Asian markets. With business statistics released in August showing continued stagnation in the Japanese manufacturing sector, market participants began to question whether the yen should appreciate much more.

In these circumstances, traders began to sense around mid-August that the dollar had more room to decline against the German mark and the other currencies of continental Europe than against the yen. When a large U.S. trade deficit for July was announced at the end of August, traders sold dollars aggressively against both marks and Swiss francs. The dollar continued to decline against the European currencies through the end of August, even though it stabilized against the yen.

By mid-September, there was further evidence of improvement in the U.S. economic outlook. Gains in employment during August were more balanced, industrial activity was a little firmer, and retail sales were more buoyant. These developments, together with confirmation of strong growth for the German economy in the second quarter, seemed to suggest that an atmosphere supportive of renewed cooperation would surround the meetings of the Group of Five (G-5) and Group of Seven (G-7) industrial countries in Washington at the end of the month. With Japanese production for export declining, German domestic demand replacing exports as the major source of growth, and U.S. output appearing to grow at a more satisfactory pace, the process of adjustment appeared to be under way at long last.

In response to these developments, foreign exchange dealers concluded that the need for the U.S. authorities to seek further exchange rate adjustment had lessened, and the immediate pressure on dollar exchange rates subsided. At the same time, in the wake of repeated comments by German officials, market participants became reconciled to the view that the Bundesbank was unlikely to ease monetary policy soon. As a result, expectations of a further reduction of interest rates faded—not only in Germany, but also in the United States and other countries. U.S. interest rates actually backed up somewhat. As dollar exchange rates and interest rates both started to move up, foreign exchange professionals began to cover sizable short dollar positions. Bidding for dollars became intense, at times exaggerated by rumors that unrealistically good U.S. economic statistics were about to be released. By September 12, the dollar was swept up to DM2.1030 to match its high early in the three-month period.

After mid-September, the dollar showed little trend. Market participants remained skeptical that, over the longer term, the dollar had declined sufficiently to correct the U.S. balance of payments deficit. But over the shorter term, market participants perceived the dollar to be consolidating its position around mid-September rate levels. They were sensitive to any evidence that U.S. and other monetary authorities would be willing to support such a stabilization of exchange rates. In this environment, they took note of statements such as the one by Chairman Volcker on September 24 that current exchange rate relationships place our industry in a far better competitive position than for some years. Accordingly, the dollar fluctuated without clear direction. But it was sometimes subject to abrupt movements, especially against the mark in a range of DM2.00 to DM2.08. These abrupt shifts came in response to statements, actions, or rumors of actions thought to reflect official attitudes toward exchange rates.

The view that the dollar was entering a period of greater stability was called into question several times between mid-September and mid-October. The first such occasion came in response to statements that brought official attitudes about exchange rates into question. Bundesbank President Poehl was reported to have said that the Bundesbank would not cut its interest rates but that Germany would accept a stronger mark as its contribution to international economic adjustment. Subsequently, Treasury Secretary Baker said that, although it was preferable not to rely on exchange rate adjustments alone to reduce trade imbalances, there would need to be further exchange rate changes in the absence of additional measures to promote higher growth abroad. In response, the dollar moved down decisively, declining on September 19 to DM1.9845 and ¥151.77, its low for the period against the yen. But it soon recovered most of this decline after a European Community (EC) meeting of finance ministers and central bank governors at Gleneagles, Scotland, the following day. Market participants interpreted statements about that meeting as indicating that the EC countries had agreed to use exchange market intervention, if necessary, to protect the EMS from strains that they felt were associated with the decline in the dollar.

1. Federal Reserve reciprocal currency arrangements

Millions of dollars

Institution	Amount of facility October 31, 1986
Austrian National Bank	250
National Bank of Belgium	1,000
Bank of Canada	2,000
National Bank of Denmark	250
Bank of England	3,000
Bank of France	2,000
German Federal Bank	6,000
Bank of Italy	3,000
Bank of Japan	5,000
Bank of Mexico	700
Netherlands Bank	500
Bank of Norway	250
Bank of Sweden	300
Swiss National Bank	4,000
Bank for International Settlements:	
Dollars against Swiss francs	600
Dollars against other authorized European currencies	1,250
Total	**30,100**

The next point of uncertainty occurred at the end of September. The weekend G-5 and G-7 meetings in Washington ended without a specific agreement, which some observers had been looking for, that Germany and Japan would cut interest rates in return for a U.S. commitment to stabilize the dollar. Market participants, sensing that no arrangement was in place to prevent a resumption of the dollar's decline, moved to reestablish short dollar positions. As a result, the dollar declined sharply against the continental European currencies throughout the first half of October, hitting its low against the German mark of DM1.9690 on October 17.

Meanwhile, the dollar had continued to trade in a relatively narrow range against the Japanese yen. In early September, news of a meeting between Secretary of the Treasury Baker and Japan's Finance Minister Miyazawa generated some anticipation that an agreement on exchange rates might be forthcoming. Later in September, foreign investors, discouraged by the worsening business climate in Japan, began to sell holdings of shares on the Tokyo stock market. This outflow, combined with a growing pessimism about the likelihood of a reduction in the Bank of Japan's discount rate, contributed to a sharp drop in the Tokyo stock market in the middle of October. Japanese institutional investors, attempting to offset the resulting losses on their yen equity portfolios before the end-October reporting date, realized profits on their dollar-denominated assets by unwinding hedges that had been put in place when the dollar was much higher. These various factors generated a demand for dollars throughout most of October and reinforced sentiment that the dollar had reached a near-term bottom against the Japanese currency.

Late in October evidence was accumulating that the U.S. economy had strengthened significantly during the third quarter and that the U.S. trade position had at least begun to stabilize. A preliminary estimate showing that real GNP in-

2. Drawings and repayments by foreign central banks under regular reciprocal currency arrangements[1]

Millions of dollars, drawings or repayments (−)

Central bank drawing on the Federal Reserve System	Outstanding as of August 1, 1986	August	September	October	Outstanding as of October 31, 1986
Bank of Mexico...	0	210.2	−66.8	0	143.4

1. Data are on a value-date basis.

creased 2.4 percent in the third quarter was followed by a report that U.S. durable goods orders had increased 4.9 percent in September. Moreover, preliminary trade statistics for September indicated a second month of decline in the U.S. trade deficit.

At the same time, market participants became increasingly impressed with European officials' apparent intention to buy dollars to resist depreciation of the U.S. currency and associated strains on the EMS. There were several reports of intervention by the Bundesbank and other European central banks to buy dollars during October. In addition, reported statements from German officials that any further decline of the dollar threatened economic growth in Europe contributed to the perception that there might also be a limit to the dollar's depreciation against the continental currencies. Accordingly, when the demand for dollars against the yen strengthened late in October, and the dollar began to firm against that currency, it also firmed somewhat against the European currencies.

As the period drew to a close, the dollar received a final boost of support from the announcement of a ½ percentage point cut in the Bank of Japan's discount rate and an economic policy accord between U.S. Treasury Secretary Baker and Japanese Finance Minister Miyazawa. The accord outlined fiscal policy initiatives, including tax reform plans in Japan, and underscored the U.S. commitment to reducing the budget deficit. The two countries judged the exchange rate realignment achieved between their currencies since September 1985 to be broadly consistent with present underlying economic fundamentals, and they reaffirmed a willingness to cooperate on exchange market issues. Notwithstanding statements by Treasury officials that U.S. intervention policy had not changed, some market participants interpreted the accord to be a pact for concerted intervention to support the dollar.

Thus the dollar continued to rise through the end of October. This rise in dollar exchange rates was led by an increase against the yen but was accompanied by increases against other major currencies. The increase in the dollar at the end of the period left it higher on balance against some currencies and limited its decline against the German mark. On the trade-weighted basis of the dollar exchange rate index of the Federal Reserve Board, the dollar closed the period 1⅜ percent higher than at the end of July.

The pound sterling was the only currency against which the dollar rose consistently during the period under review. Some of sterling's decline was seen in foreign exchange markets as reflecting the impact of weak oil prices on British export revenues and government income. But market participants were also concerned about the direction of the government's overall monetary and fiscal policies, as well as about preelection political uncertainties. With the authorities deciding formally to abandon monetary targets as a policy tool, expectations strengthened that the government might adopt an exchange rate guide for policy instead. As a result, discussion of sterling's joining the intervention arrangements of the EMS became even more widespread than before, both in the press and in financial markets. But no new policy initiatives along these lines emerged during the period under review. By the end of October, sterling had depreciated almost 6 percent against the dollar and even more against the continental European currencies.

During the period, the exchange rate mechanism of the EMS was at times subject to strain. The Irish pound was caught between the decline of sterling on the one hand and the rise of continental currencies on the other. With Irish exporters experiencing a loss of competitiveness in the United Kingdom, Ireland's primary export market, on August 2 the Irish authorities devalued the Irish pound 8 percent against the bilateral central rates of the other EMS currencies.

3. Drawings and repayments by foreign central banks under special swap arrangements with the U.S. Treasury[1]

Millions of dollars, drawings or repayments (−)

Central bank drawing on the U.S. Treasury	Amount of Facility	Outstanding as of August 1, 1986	August	September	October	Outstanding as of October 31, 1986
Central Bank of Bolivia	100.0	*	*	0	0	0
Central Bank of Ecuador	75.0	75.0	−75.0	*	*	*
Bank of Mexico	273.0	*	211.0	−67.0	0	144.0
Central Bank of Nigeria	37.0	*	*	*	22.2	22.2

1. Data are on a value-date basis.
*No facility

Later on, as the German mark appreciated against the dollar, it also moved up against other currencies. By late August the mark reached the top of the narrow band, a position it held throughout the remainder of the period. At times during September and to a lesser extent during October, the narrow band was fully stretched to the 2¼ percent intervention limit as the mark benefited more than the others from the dollar's decline. In response to these pressures, EC finance ministers and central bank governors at their Gleneagles meeting, agreed to try to stem the rise of the member currencies against the dollar, largely in an effort to preserve stability within the EMS. By late October, tensions within the EMS joint float had subsided substantially.

At the beginning of the three-month period, the only drawing outstanding on the credit arrangements of the U.S. monetary authorities was $75 million drawn on May 16, 1986, by the Central Bank of Ecuador against a $150 million U.S. Treasury Exchange Stabilization Fund (ESF) short-term swap facility. On August 14, the swap arrangement was terminated pursuant to the agreement.

In the period from July through October, the U.S. monetary authorities provided short-term bridging facilities to Bolivia, Nigeria, and Mexico.

The U.S. Treasury through the ESF on September 17 extended a $100 million financing facility to the Central Bank of Bolivia. There were no drawings made against this facility during the period under review.

The U.S. Treasury through the ESF agreed on October 24 to provide a short-term facility of $37 million to the Central Bank of Nigeria as part of a multilateral facility of $250 million organized under the leadership of the Bank of England. On October 31, a drawing of $22.2 million was made on the U.S. portion.

On August 27 the U.S. monetary authorities agreed jointly to a multilateral arrangement in the amount of $1.1 billion with the Bank for International Settlements (acting for certain central banks) and the central banks of Argentina, Brazil, Colombia, and Uruguay to provide a near-term contingency support facility for Mexico's international reserves. Drawings on the facility were made available in light of agreement between Mexico and the IMF concerning a proposed standby arrangement, the expected receipt by Mexico of disbursements under loans from the International Bank for Reconstruction and Development (IRBD), and the agreement by Mexico to apply drawings from the IMF and disbursements from the IBRD to the balances on outstanding drawings on the facility. On August 29, $850 million was made available to Mexico. On this date Mexico drew $211 million from the Treasury through the ESF and $210.2 million from the Federal Reserve through its regular swap facility with the Bank of Mexico. On September 30, Mexico repaid $67 million to the ESF and $66.8 million to the Federal Reserve.

4. Net profits or losses (−) on U.S. Treasury and Federal Reserve current foreign exchange operations

Millions of dollars

Period[1]	Federal Reserve	U.S. Treasury Exchange Stabilization Fund
August 1, 1986–October 31, 1986	0	0
Valuation profits and losses on outstanding assets and liabilities as of October 31, 1986	1,341.3	1,290.1

1. Data are on a value-date basis.

During this period the Federal Reserve and the ESF realized no profits or losses from exchange transactions. As of October 31, cumulative bookkeeping or valuation gains on outstanding foreign currency balances were $1,341.3 million for the Federal Reserve and $1,290.1 million for the Treasury's ESF. These valuation gains represent the increase in the dollar value of outstanding currency assets valued at end-of-period exchange rates, compared with the rates prevailing at the time the foreign currencies were acquired.

The Federal Reserve and the ESF invest foreign currency balances acquired in the market as a result of their foreign operations in a variety of instruments that yield market-related rates of return and that have a high degree of quality and liquidity. Under the authority provided by the Monetary Control Act of 1980, the Federal Reserve invested $2,868 million equivalent of its foreign currency holdings in securities issued by foreign governments as of October 31. In addition, the Treasury held the equivalent of $3,980.1 million in such securities as of the end of October. □

Staff Studies

The staffs of the Board of Governors of the Federal Reserve System and of the Federal Reserve Banks undertake studies that cover a wide range of economic and financial subjects. From time to time the results of studies that are of general interest to the professions and to others are summarized in the FEDERAL RESERVE BULLETIN.

The analyses and conclusions set forth are those of the authors and do not necessarily indicate concurrence by the Board of Governors, by the Federal Reserve Banks, or by the members of their staffs.

Single copies of the full text of each of the studies or papers summarized in the BULLETIN *are available without charge. The list of Federal Reserve Board publications at the back of each* BULLETIN *includes a separate section entitled "Staff Studies" that lists the studies that are currently available.*

STUDY SUMMARY

RESPONSES TO DEREGULATION: RETAIL DEPOSIT PRICING FROM 1983 THROUGH 1985

Patrick I. Mahoney, Alice P. White, Paul F. O'Brien, and Mary M. McLaughlin—Staff, Board of Governors

Prepared as a staff study in the spring of 1986

The removal of interest rate restrictions on retail time deposits in October 1983 gave commercial banks and thrift institutions nearly complete freedom to set offering rates on retail accounts. This study examines the pricing of retail time deposits and money market deposit accounts by commercial banks and FSLIC-insured thrift institutions from October 1983 through December 1985 in the aggregate and for individual institutions. The appendix provides a history of the regulation of deposit offering rates and a chronology of interest rate ceilings from 1933, when ceilings on deposit offering rates were established, through April 1, 1986, when all remaining ceilings were removed.

In general, depository institutions responded to deregulation in a measured way, following various pricing strategies. The most striking regularity in the data was that thrift institutions, in the aggregate, consistently offered higher rates on all accounts than did commercial banks; the differences were greater on longer-term accounts. The differences in the average offering rates between the two types of institutions on time accounts usually exceeded the 25-basis point differential that had been part of the Regulation Q interest rate structure just before deregulation. Over most of the period studied, the average offering rates on most retail deposits at both types of institutions were below interest rates on market instruments of comparable maturity. Offering rates responded with varying lags to changes in market interest rates, and the difference between offering rates and market interest rates varied considerably.

Data on deposit flows showed that a steeper deposit yield curve enhanced flows into longer-term time deposits, demonstrating a role for pricing in the determination of the maturity distribution of deposit inflows. Deregulation did

affect the liability structure of both sets of institutions, though not dramatically: commercial banks increased the importance of retail deposits at the expense of managed liabilities and transaction accounts, whereas thrift institutions increased their reliance on managed liabilities.

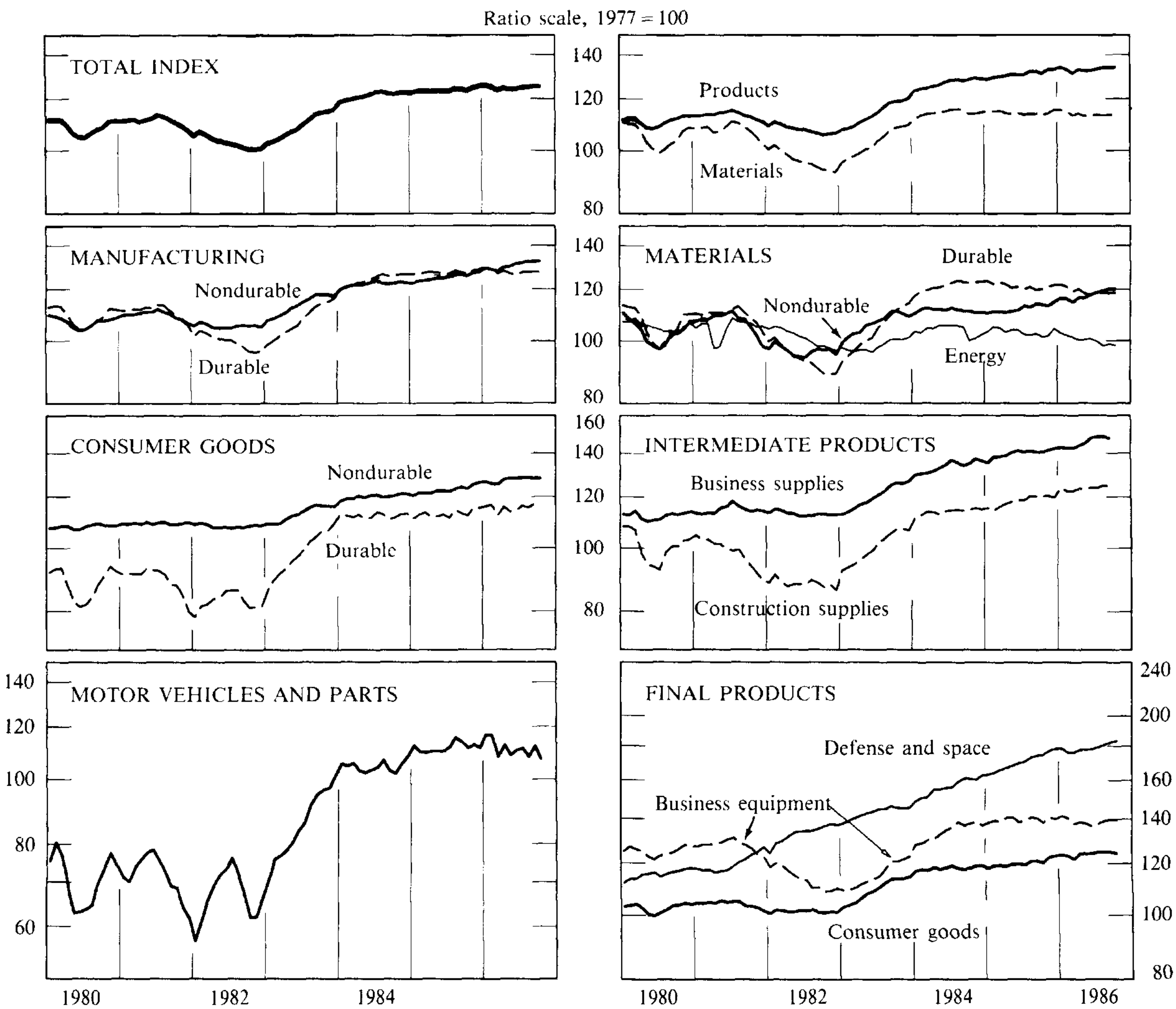
Offering rates of commercial banks and thrift institutions differed state by state. Although the average offering rates of thrift institutions generally exceeded those at commercial banks, analysis of data for individual institutions revealed a diversity of pricing strategies. Only in a few cases did an institution pay the highest rate on a deposit category for long, and no institution paid the highest rate on all deposit categories at any one time. In addition, individual institutions frequently adjusted their offering rates relative to their competitors, a practice that suggests efforts to explore depositor response to changes in offering rates.

Industrial Production

Released for publication November 14

Industrial production was unchanged overall in October. Sharp reductions occurred in assemblies of motor vehicles, but there were increases in the output of home goods, defense equipment, and construction and business supplies—all of which have posted better-than-average gains over the past year. At 125.2 percent of the 1977 average, total industrial output in October was about 1¼ percent higher than it was a year earlier.

In market groups, output of consumer goods declined 0.4 percent in October, largely reflecting a cutback in automotive products. Autos were assembled at an annual rate of 7.3 million units, down from a rate of 7.7 million in September; production of lightweight consumer trucks



All series are seasonally adjusted. Latest figures: October.

Group	1977 = 100		Percentage change from preceding month					Percentage change, Oct. 1985 to Oct. 1986
	1986		1986					
	Sept.	Oct.	June	July	Aug.	Sept.	Oct	
	Major market groups							
Total industrial production	**125.2**	**125.2**	**.0**	**.5**	**.1**	**.1**	**.0**	**1.3**
Products, total	133.8	133.8	.0	.6	.4	.1	.0	2.1
Final products	132.9	132.7	−.4	.7	.4	.2	−.1	1.3
Consumer goods	125.1	124.6	.1	.6	−.1	.0	−.4	3.4
Durable	117.0	115.1	.5	1.7	−.7	1.3	−1.7	2.5
Nondurable	128.1	128.1	.0	.3	.1	−.4	.0	3.7
Business equipment	139.7	139.6	−.9	1.0	.9	.4	.0	1.0
Defense and space	182.4	183.6	.2	.7	.8	.8	.7	5.0
Intermediate products	137.2	137.7	1.4	.2	.4	−.5	.4	5.0
Construction supplies	124.8	125.2	.5	−.1	.9	−.2	.3	4.1
Materials	113.5	113.5	.1	.4	−.3	.2	.0	.1
	Major industry groups							
Manufacturing	129.5	129.5	.0	.7	.3	.0	.0	2.5
Durable	127.6	127.4	−.6	1.0	.1	.1	−.2	.6
Nondurable	132.2	132.4	1.0	.4	.5	−.1	.2	5.3
Mining	95.8	95.6	−.9	−1.8	−.3	−1.0	−.3	−10.6
Utilities	111.1	112.1	.1	1.0	−1.3	2.6	.9	.2

NOTE. Indexes are seasonally adjusted.

also was down sharply in October. Throughout 1986 assembly rates have fluctuated considerably, as auto makers have used output adjustments as well as periodic financial incentive programs to control inventories.

Associated in part with the high levels of housing activity, output of home goods rose further. However, the output of nondurable consumer goods, which rose rapidly earlier in the year, was unchanged during the month and remained at levels attained last spring. Production of total business equipment was flat in October following gains—concentrated in commercial and transit equipment—in the preceding three months. Output of defense and space equipment continued to expand at the steady pace of recent months, and production of supplies for construction and business also was up in October.

Continuing the pattern of most of 1986, output of total materials was unchanged in October. Within materials, significant growth has occurred in textiles, paper, and chemicals this year, while output of many durable and energy materials such as metals and crude oil has been depressed.

In industry groups, manufacturing output was unchanged in October at a level 2.5 percent higher than it was a year earlier. Durable manufacturing edged down during the month, but nondurables increased somewhat. Mining output edged down 0.3 percent further and was more than 10 percent lower than it was a year earlier, but production by utilities increased.

Announcements

Proposed Investment by Sumitomo Bank Deemed Consistent with Bank Holding Company Act

The Federal Reserve Board announced on November 19, 1986, that it had informed The Sumitomo Bank, Ltd., Osaka, Japan, that, with certain revisions, its proposed investment in Goldman, Sachs & Co., New York, New York, would be consistent with the Bank Holding Company Act. The Board reached this conclusion only after Sumitomo agreed to a number of changes to meet the Board's concerns about the investment as it was originally structured.

The investment, as originally proposed, took the form of a nonvoting $500 million limited partnership interest and subordinated debt, as an addition to an already existing subordinated debt investment of $100 million in that company.

The Board had to determine, under the Bank Holding Company Act, whether Sumitomo's role would be passive and noncontrolling and would not result in a situation in which Sumitomo had the power to exercise a controlling influence over the management or policies of Goldman, as well as whether it would adversely affect the safe and sound operation of banking organizations. In making these judgements, the Board has adopted policies and criteria for assessing particular proposed investments.

As relevant to the Sumitomo proposal, these criteria include consideration of whether the investment represents more than 25 percent of the total shareholders' equity; whether it contains restrictions limiting the target's freedom of action; whether it places the investor in the role of entrepreneur in the organization, promotion, or operation of the target firm; whether it results in significant intercompany ties; whether it provides for interlocking directors or management officials; or whether it allows for the extension of credit on favorable terms.

The Board found the original proposal inconsistent with these established policies and criteria. The points of inconsistency included the following:

- The total investment, including limited partnership equity and subordinated debt, would exceed 25 percent of Goldman's total equity.
- Sumitomo would have representation on the boards of directors of the subsidiaries of Goldman in Tokyo and London, and the name of the London subsidiary would reflect an affiliation with Sumitomo.
- Sumitomo would have a 50 percent voting interest in a London joint venture subsidiary and 12.5 percent in a Tokyo subsidiary.
- The investment was expected to result in an increased business relationship between the companies, at least in part through mutual referrals.
- Sumitomo employees could be transferred to Goldman as trainees and could be used to solicit business from Japanese companies.

Under this proposal business arrangements between the parties would have been complex and extensive. The Board was concerned that this combination of a significant equity investment and the maintenance of extensive business relationships would give the investor both the economic incentive and means to exercise or attempt to exercise a controlling influence over the management or policies of the target company. An investment operated in this framework cannot, as a practical matter, be expected to remain wholly passive, but contains within it the inherent potential—the power—for the exercise of an important influence, including from time to time a controlling influence, depending in part on the relative business success of the parties to the investment.

Aside from the control concerns expressed above, the Board believes that the proposed investment, even after compliance with the noncontrolling investment guidelines, has precedential implications for the Board's policies regarding the capital adequacy of bank holding companies and their obligation to serve as a continuing source of strength to subsidiary banks. The Board would expect that a U.S. bank holding company seeking to make an investment in such circumstances would be particularly strongly capitalized. Such an investment could not be given full weight in the evaluation of a bank holding company's capital adequacy or its continuing ability to serve as a source of financial strength to its subsidiary banks. To remedy the Board's concerns, Sumitomo has proposed the following changes in its proposed investment in Goldman, Sachs:

- Sumitomo's total investment in Goldman, Sachs, which will include both Sumitomo's partnership interests and all Sumitomo's subordinated debt, will not exceed 24.9 percent of Goldman, Sachs total partners' capital.
- Sumitomo will not acquire any stock in, or have any directors on the board of, any Goldman, Sachs affiliate, nor shall Sumitomo's name be used by an affiliate of Goldman, Sachs or vice versa.
- No present or former Sumitomo employees will be trainees of Goldman, Sachs, although Sumitomo reserves the right to seek relief from this condition under terms acceptable to the Board.
- Sumitomo and Goldman, Sachs will not increase the amount of business they currently do with each other as a result of the investment. Sumitomo will not solicit any business for Goldman, Sachs or vice versa. Nor will Sumitomo introduce Goldman, Sachs to customers, or vice versa, unless a customer specifically requests to be introduced, and any such business introduced at the request of customers will not exceed, in any year, 2½ percent of the consolidated gross revenues of the recipient of the introduction.
- Existing normal business relationships will be maintained on an arm's-length, nonexclusive basis, and there will be no advertising or marketing of each other's services.
- Subject to necessary internal approvals and as promptly as practical after the date of the closing of its investment in Goldman, Sachs, Sumitomo will enhance its capital position by an amount that will substantially offset the funds being invested in Goldman, Sachs.
- Sumitomo has reaffirmed its commitment that it will waive any right to select general partners under New York law and that the voting arrangements under the limited partnership agreement will provide that Sumitomo will not have the right to vote for or participate in the selection of Goldman's general partners or other management officials or vote for or direct other policies of Goldman.

The Board shall retain the authority to review regularly the investment to determine whether, under all the facts and circumstances, the investment is consistent with the requirements of no controlling influence and safe and sound banking practices. To address the possibility of a controlling influence developing in the future, the contract between Sumitomo and Goldman, Sachs will provide that the investment shall be terminated and promptly repaid in the event that the Board finds that Sumitomo has the power to exercise a controlling influence over Goldman unless the situation that resulted in such a finding is eliminated.

These changes have been reviewed by the Board, and the Board finds that the proposal, as modified, is consistent with the requirements of the Bank Holding Company Act.

The Board noted that considerable interest has focused on the proposal, in part because of perceived implications for administration of the Glass–Steagall Act. However, the only issue raised by the proposal concerns administration of the Bank Holding Company Act and, in particular, determination of whether the proposed transaction implies a controlling interest in a firm engaged in activities not permitted under that act, and its consequences for the capital strength of the bank holding company parent. A truly passive noncontrolling investment logically should not raise any Glass–Steagall issues.

Similarly, some question has been raised over whether U.S. banks would receive reciprocal treatment in Japan. While the Board has a continuing interest in encouraging open markets and fair treatment, this issue is also not relevant by law to the Board's consideration of this case. Under the policy of national treatment established by the Congress in the International Banking Act and the Bank Holding Company Act, the Board's evaluation of the investment is limited to the control question and to safety and soundness concerns.

Changes in Amounts Subject to Reserve Requirements

The Federal Reserve Board announced an increase in the amount of net transaction accounts to which the 3 percent reserve requirement will apply in 1987 from $31.7 million to $36.7 million. The Board also increased the amount of a depository institution's reservable liabilities that are subject to a reserve requirement of 0 percent from $2.6 million to $2.9 million of total reservable liabilities and increased the reporting cutoff level distinguishing weekly reporters from quarterly reporters from $26.8 million to $28.6 million of total deposits and other reservable liabilities. These adjustments take effect beginning December 30, 1986.

The Board made the changes in accordance with provisions of the Monetary Control Act. The act requires the Board to amend its Regulation D (Reserve Requirements of Depository Institutions) annually to increase the amount of transaction accounts subject to a 3 percent reserve requirement. The annual adjustment must be 80 percent of the annual percentage change in transaction accounts held by all depository institutions. The growth in total net transaction accounts of all depository institutions from June 30, 1985, to June 30, 1986, was 19.6 percent. The statutory rule thus requires an increase of $5.0 million over last year's amount to $36.7 million.

The Board is also required by the Garn–St Germain Depository Institutions Act of 1982 to amend Regulation D to adjust the amount of a depository institution's total reservable liabilities that are exempt from reserve requirements for the upcoming year by 80 percent of any annual percentage increase in total reservable liabilities for all depository institutions. Growth in total reservable liabilities was 13.6 percent from June 30, 1985, to June 30, 1986, requiring an increase in the reserve requirement exemption to $2.9 million.

The Board is also increasing the reporting cutoff level distinguishing weekly reporters from quarterly reporters from $26.8 million to $28.6 million of total deposits and other reservable liabilities. The cutoff level is indexed to 80 percent of the annual percentage increase in total deposits and other reservable liabilities for all depository institutions. The annual adjustment of the cutoff level is computed as of June 30 of each year. Institutions with total deposits and other reservable liabilities below the reserve requirement exemption amount of $2.9 million are excused from reporting even on a quarterly basis if their deposits can be estimated from other sources.

Revision to Capital Adequacy Guidelines

The Federal Reserve Board issued on November 4, 1986, revisions to its capital adequacy guidelines for bank holding companies that treat perpetual debt as primary capital and placed limits on the amount of perpetual debt, perpetual preferred stock, and mandatory convertible securities that may qualify as primary capital. The guidelines are effective immediately.

Capital adequacy is one of the critical factors the Board is required to analyze in taking action on various types of applications, such as mergers and acquisitions by bank holding companies, and in the conduct of the Board's various supervisory activities related to the safety and soundness of the banking system.

Before perpetual debt can be treated as primary capital, it must meet the following criteria:

- The debt issue must be unsecured. If it is issued by a bank, it must be subordinated to claims of depositors.
- Repayment of the principal of the debt instrument will be limited to those situations involving the issuer's insolvency, bankruptcy, or reorganization.
- Any voluntary redemption of the perpetual debt securities must be approved by the Board.
- The debt instrument contract must give the issuer the authority to choose to defer interest payments if all dividends on common and preferred stock have been eliminated.
- Perpetual debt issued must convert to equity when the issuer's retained earnings and surplus become negative (or in the case of a guarantee,

when the guarantor's earnings and surplus become negative).

The amount of perpetual debt, perpetual preferred stock, and mandatory convertible securities that will qualify as primary capital has been limited to 33⅓ percent of all primary capital (stated on a gross rather than a net basis)—an increase from the proposed 25 percent limit. In addition, the Board has imposed a limit of 20 percent of all primary capital on mandatory convertible securities and perpetual debt.

All securities exceeding the limits and issued, or in the process of being issued, before November 20, 1985, will be grandfathered and given primary capital treatment.

Fee Schedules for Services Provided by Federal Reserve Banks

The Federal Reserve Board has announced the 1987 fee schedules for services provided by the Reserve Banks. For the most part, the new fees are the same as those for 1986.

The fee schedules apply to check collection, automated clearinghouse, wire transfer of funds and net settlement, definitive securities safekeeping and noncash collection, and book-entry securities services for non-Treasury securities. Fee schedules for the check collection service will be distributed by the Reserve Banks; fee schedules for the remaining services are available on request from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

In 1987, total costs for priced services including the private sector adjustment factor are projected to be $622.3 million. Total revenue is estimated at $634 million, resulting in a recovery rate of 101.9 percent.

At the same time, the Board approved the 1987 private sector adjustment factor (PSAF) for Reserve Bank priced services of $70.9 million, an increase of 4.1 percent over the 1985 level. The PSAF is an allowance for the taxes that would have been paid and the return on capital that would have been provided had the Federal Reserve's priced services been furnished by a private business firm.

These actions are effective January 1, 1987, except for the automated clearinghouse fee schedule, which is effective April 1, 1987.

Tiered Pricing Structure Approved for Check Collection Services

The Federal Reserve Board announced approval on November 25, 1986, of a proposal to permit the head offices of the Federal Reserve Banks of Minneapolis and Kansas City to use a tiered pricing structure for check collection services on a permanent basis.

Since November 1984, both Reserve Bank head offices have been conducting a pilot program to test the feasibility of tiered pricing. The current pilot program will be made a permanent structure of their check collection services, effective immediately.

A tiered pricing structure allows different fees to be charged to sending institutions for check presentment based on whether the payor institution wants the checks sent to a high- or a low-cost presentment point.

There is a significant difference between the unit cost of clearing checks drawn on high- or low-cost presentment points in some collection zones. Tiered pricing more accurately reflects Federal Reserve costs of processing. It also allows financial institutions to make better decisions in choosing the most cost-effective method of clearing checks.

Besides adopting the proposal, the Board also established criteria under which tiered pricing could be used for check collection services at other Reserve Bank offices.

New Members Appointed to Pricing Policy Committee

The Federal Reserve Board announced the appointment of new members to its Pricing Policy Committee (PPC), effective January 1, 1987. The new members are Silas Keehn, President of the Federal Reserve Bank of Chicago, and William H. Wallace, First Vice President of the Federal Reserve Bank of Dallas.

The Board also appointed Jack Guynn, First Vice President of the Federal Reserve Bank of

Atlanta, as Executive Director of the PPC through year-end 1988. He will replace Henry R. Czerwinski, who will remain a member of the committee.

The other members of the PPC include Governor Wayne D. Angell; Edward G. Boehne, President of the Philadelphia Reserve Bank; and Theodore E. Allison, Staff Director for the Board's Office of Federal Reserve Bank Activities.

. The committee reviews and determines—subject to approval by the Board—all fee schedules for priced services offered by Federal Reserve Banks to depository institutions.

Standard Format Approved for Fedwire Information

The Federal Reserve Board announced its approval on November 24, 1986, of a proposal to require a standard format for third-party payment information over Fedwire, effective April 3, 1989.

A 25-cent surcharge will be imposed on Fedwire fund transfers that do not meet the standard format beginning April 1, 1988. Beginning April 3, 1989, messages that do not conform to the new format will not be accepted for transmittal.

Quarterly Financial Results Available for Priced Service Operations

The Federal Reserve Board has reported financial results of Federal Reserve priced service operations for the quarter ending September 30, 1986.

The Board issues a report on priced services annually and a priced service balance sheet and income statement quarterly. The financial statements are designed to reflect standard accounting practices, taking into account the nature of the Federal Reserve's activities and its unique position in this field.

Proposed Actions

The Federal Reserve Board has issued for public comment a proposal to provide a redeposit service for small checks that are returned because of insufficient or uncollected funds. Comments should be received by December 18.

The Federal Reserve Board also issued for public comment a proposal to charge fees for the processing of applications and for the supervision and general oversight of Edge corporations. Comments should be received by January 5.

A proposal to amend Regulation Z (Truth in Lending) to require that more information be disclosed to consumers regarding adjustable rate mortgages (ARMs) before loan application and at adjustment dates has also been issued for public comment. Comments are requested by January 20, 1987.

The Board issued for public comment on November 28, 1986, proposed revisions to the official staff commentaries for three of its consumer credit protection regulations—Regulation B (Equal Credit Opportunity), Regulation E (Electronic Fund Transfers), and Regulation Z (Truth in Lending). Comments must be received by January 30, 1987.

The Board also issued for comment on November 28, 1986, a list of factors to be considered when Reserve Banks propose to consolidate a priced service across District lines. Comments are requested by January 28, 1987. The Board approved consolidation of the municipal bond and coupon collection activities of the Federal Reserve Bank of San Francisco at the Minneapolis Reserve Bank.

New Publication: Industrial Production—1986 Edition

Industrial Production—1986 Edition is now available. It contains a summary of the major revision of the industrial production index published in 1985; a description of the methods used to construct the index and of its historical development from 1919; a listing of the sources and coverage of the index series; and statistical tables providing historical data through 1985 for the total index, its major subaggregates, and its main components.

To obtain copies of *Industrial Production—1986 Edition*, write to Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. The price is $9.00 per copy.

2. Change in claims of BIS reporting banks on country groups, unadjusted and adjusted for exchange rate changes

Billions of dollars; − = decrease

Country group	1981–82		1983–84		1985	
	Unadjusted	Adjusted	Unadjusted	Adjusted	Unadjusted	Adjusted
Non-OPEC developing countries	53.8	59.7	14.2	22.3	21.4	11.3
OPEC countries	8.6	12.4	3.5	7.8	4.7	.2
Eastern Europe[1]	−6.6	.1	−8.1	1.8	12.3	5.6
G-10 countries, smaller developed countries, and offshore banking centers[2]	295.0	352.7	112.0	193.0	321.1	219.8
Unallocated	8.1	15.5	−1.6	4.5	9.0	3.8
All countries	**358.9**	**440.4**	**120.0**	**229.4**	**368.5**	**240.7**

1. Excludes Yugoslavia, which is included here among the smaller developed countries.
2. These areas were grouped together because the BIS changed the country composition of the reporting area in these years and because it adjusted the data for changes in exchange rates partly on the basis of the definition of that area.

ERRATA: BULLETIN *TABLE*

In table 2, "Change in claims of BIS reporting banks on country groups, unadjusted and adjusted," which appeared on page 686 of the October 1986 BULLETIN, the column headings, "unadjusted" and "adjusted," were transposed for each entry and time period. The corrected table appears above.

NEW PUBLICATION: FINANCIAL FUTURES AND OPTIONS IN THE U.S. ECONOMY

The 11 papers in *Financial Futures and Options in the U.S. Economy*, prepared by the staff of the Federal Reserve System and edited by Myron L. Kwast, address a broad range of public policy concerns raised by the invention and rapid growth of financial futures and options. The main issues addressed are (1) What are the economic purposes served by the markets in financial futures and options? (2) Do financial futures and options increase the price volatility of cash markets? (3) What are the effects of financial futures and options markets on the formation and distribution of real capital? (4) Can financial futures and options markets interfere with the conduct of monetary policy?

The papers, revised since their preparation in connection with a 1985 report to the Congress, are preceded by an overview summarizing them and putting them in the context of a broader, nontechnical discussion.

To obtain copies of *Financial Futures and Options in the U.S. Economy*, write to Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. The price is $10 per copy.

CHANGES IN BOARD STAFF

The Board of Governors announced the appointment of Donald B. Adams as Assistant Director in the Division of International Finance, effective November 7, 1986.

The Board has also announced the following official staff actions in the Division of Research and Statistics, effective November 24, 1986:

Appointment of Martha S. Scanlon as Assistant Director.

Appointment of Joyce K. Zickler as Assistant Director.

Promotion of Martha C. Bethea, Assistant Director, to Deputy Associate Director.

Promotion of Peter A. Tinsley, Assistant Director, to Deputy Associate Director.

Mr. Adams joined the Board's staff in January 1974 and has been Chief for the Administration and Statistical and Data Management Sections. Mr. Adams has an M.B.A. in finance from Harvard University and has done graduate studies in economics at Columbia University.

Ms. Scanlon joined the Board's staff in August 1972 as an economist and was promoted to Chief of the Capital Markets Section in March 1983.

Ms. Scanlon has done graduate studies in economics at the University of Wisconsin.

Ms. Zickler came to the Board in September 1975 as an economist and became Chief of the Economic Activity Section in October 1984. Ms. Zickler has a Ph.D. in economics from the George Washington University.

System Membership: Admission of State Banks

The following banks were admitted to membership in the Federal Reserve System during the period November 1 through November 30, 1986:

Michigan

Ludington..... Old Kent Bank of Ludington
Niles............ Old Kent Bank Southwest

Record of Policy Actions of the Federal Open Market Committee

Meeting Held on September 23, 1986

Domestic Policy Directive

The information reviewed at this meeting suggested a moderate pickup in economic growth from the slow pace in the second quarter. Payroll employment expanded further in August with gains widespread by industry. Consumer spending has continued to increase at a relatively rapid pace, and construction of single-family homes has remained at a high level. Business capital spending, however, has been sluggish, particularly for new structures. Wages rates have continued to increase slowly in recent months, while producer and consumer prices have tended to firm, reflecting developments in food and energy markets.

Total nonfarm payroll employment continued to expand in August, rising about ¼ million further after adjusting for strike activity, somewhat faster than the average gain so far this year. Hiring at service establishments accounted for two-thirds of the increase, but construction employment also was up substantially, and manufacturing employment rose for the first time since January. The civilian unemployment rate edged down again in August to 6.8 percent, nearly ½ percentage point below the second-quarter average.

After declining on balance over the first half of the year, industrial production has picked up recently. According to revised data, output was flat in June and rose 0.3 percent in July, rather than declining in both months as previously reported. In August industrial production edged up 0.1 percent. Gains in output in July and August were particularly large for defense and space equipment. Production of business equipment, consumer goods, and construction supplies also registered strong increases. Capacity utilization in manufacturing, mining, and utilities fell 0.1 percentage point in August to 79 percent, about the same as the rate in the preceding three months but 1.6 percentage points below a year ago.

Retail sales rose 0.8 percent in August, after a July increase of 0.3 percent. Sales in the automotive group strengthened noticeably in response to incentive plans offered at the end of the month by domestic auto producers. Total car sales rose to an annual rate of 12.2 million units in August, compared with 10.9 million units in July. In the early part of September, sales of domestically produced autos soared to an annual rate of 17 million units. Outlays for durable goods other than autos, which were strong earlier in the year, dropped back in August, but sales at general merchandisers posted another large gain.

Residential construction activity remained relatively high through the summer. Housing starts totaled 1.8 million units at an annual rate in July and August. Single-family starts remained close to the vigorous pace of the first half of the year, while multifamily starts were appreciably below their average level in that period. In July sales of new homes dropped below the extraordinary levels recorded earlier in the year, but sales of existing homes remained at about the advanced pace of the second quarter.

Business capital spending has remained sluggish, reflecting continued weakness in nonresidential construction. Although the contraction in oil and gas-well drilling appears to be subsiding, the downtrend in commercial and industrial building has continued partly because of high vacancy rates and the impact of the tax reform legislation. The value of nonresidential construction put in place fell in July for the fifth time in six months. Business outlays for equipment, however, have expanded somewhat in recent months; shipments of nondefense capital goods in August were 1¼ percent above the second-quarter average. New orders fell in August, partially reversing gains in the previous two months, largely because orders for aircraft and parts dropped. Bookings for office and computing equipment, however, have rebounded from their level earlier this year.

Wage rates have continued to rise moderately over the past few months, while producer and consumer prices have firmed somewhat on balance due to developments in food and energy markets. Prices other than those for food and energy, however, have risen at about the same pace as earlier in the year. In August, the producer price index advanced 0.3 percent, after changing little on balance over the previous three months and declining sharply earlier in the year. The consumer price index increased 0.2 percent in August. The index had risen on balance in other recent months after falling somewhat during the first four months of the year. In the commodity markets, spot prices for precious metals rose sharply during August, reflecting supply disruptions and, perhaps, renewed inflationary expectations. The latter appeared to be associated in part with oil price developments and the lower foreign exchange value of the dollar. Lumber prices also rose significantly during August.

The trade-weighted value of the dollar against major foreign currencies had changed very little on balance since the August 19 meeting of the Committee, although it fluctuated over a fairly wide range. Exchange rates appeared to be affected mainly by news about prospects for economic activity in the United States and abroad. Germany and Japan did not follow the Federal Reserve's reduction in the discount rate, and short-term interest rates abroad were little changed while money market rates in the United States were somewhat lower. At the same time, long-term rates in the United States moved up sharply relative to comparable foreign interest rates. Preliminary data for the U.S. merchandise trade deficit in July indicated a substantially larger deficit than on average in the first half of the year as non-oil imports surged. Real economic growth appeared to have picked up on balance in the foreign industrial countries during the second quarter after a weak performance in the first quarter.

At its meeting in August, the Committee adopted a directive that called for decreasing slightly the existing degree of pressure on reserve positions, taking account of the possibility of a change in the discount rate. The members expected such an approach to policy to be consistent with growth in M2 and M3 over the period from June to September at annual rates of about 7 to 9 percent. Over the same period growth in M1 was expected to moderate from the rapid pace during the second quarter. The Committee agreed that it would continue to evaluate growth of M1 in light of the expansion of the broader aggregates and other factors. The members also decided that somewhat greater or lesser reserve restraint might be acceptable depending on the behavior of the aggregates, the strength of the business expansion, developments in foreign exchange markets, progress against inflation, and conditions in domestic and international credit markets. The intermeeting range for the federal funds rate was maintained at 4 to 8 percent.

The discount rate was reduced ½ percentage point shortly after the August meeting. In the two complete reserve maintenance periods ending after the meeting, adjustment plus seasonal borrowing at the discount window averaged close to $460 million, somewhat higher than in the previous intermeeting period. In the first week of the current maintenance period, borrowing dropped back to about $280 million.

Growth in the broader monetary aggregates slowed in August; M2 and M3 grew at annual rates of about 10¾ percent and 8½ percent, respectively. In August, both aggregates were close to the upper limits of their longer-run ranges. In contrast to the broader aggregates, growth in M1 accelerated, but it appeared to have slowed considerably in the early weeks of September.

Federal funds generally have traded around 5⅞ percent since the reduction in the discount rate shortly after the August 19 meeting of the Committee. Other short-term interest rates fell about 30 basis points following the discount rate cut. Longer-term bond yields changed little immediately after the discount rate action but have increased noticeably in recent weeks, with rates on Treasury securities rising as much as 60 basis points. The recent behavior of long-term rates apparently has reflected, at least in part, some concerns by market participants about whether inflationary pressures could develop in the context of some strengthening in economic activity, the declining dollar, firmer oil prices, and rapid monetary growth in the United States and abroad.

The staff projections presented at this meeting suggested that growth in real GNP likely would pick up a bit further in coming months. Growth was forecast to continue at a moderate pace in 1987. Through 1987, the key element supporting expansion in domestic production was a projected improvement in the U.S. trade position. Growth in domestic spending was forecast to slow over the next several quarters. The staff outlook for inflation indicated a limited increase from the current pace due to some firming in world oil prices and the effects of the dollar's depreciation. The civilian unemployment rate was expected to decline slightly over the projection horizon.

In the Committee's discussion of the economic situation and outlook, the members expressed general agreement with the staff projection that moderate growth through the forecast horizon was the most likely outcome. However, the outlook remained subject to substantial uncertainties relating to both domestic and international factors. On the favorable side, consumer spending and construction of single-family housing remained elements of strength in the domestic economy, and members reported that business sentiment appeared to have improved recently in several, but not all, parts of the country. One member noted that reduced personal income taxes could help to sustain consumer expenditures next year. Another commented that the emergence of apparently more stable conditions in agriculture and energy would tend to remove the retarding influences that those key sectors had been exerting on overall economic activity. On the negative side, the demand for automobiles undoubtedly would weaken after the currently attractive incentive programs expired, and the apparent overbuilding of multifamily housing in many areas would tend to restrain overall residential construction. Business fixed investment was not expected to provide much, if any, impetus to the expansion despite indications of improvement recently in the demand for equipment. Adverse factors bearing on the investment outlook included the current oversupply of office buildings and other commercial facilities in many parts of the country and the negative effects of the tax reform legislation on investment incentives that many businessmen were reporting. The outlook for fiscal policy remained uncertain; several members noted that some of the proposed measures for reducing the deficit in 1987 did not deal with underlying imbalances and that the prospects beyond 1987 were especially unclear. However, one member observed that a reduction in government borrowing, if achieved, would tend to have a favorable impact on financial markets and thus on the economy generally.

On balance, while a few members supported the view that some pickup in domestic demand was a reasonable expectation, most believed that growth in domestic demand would probably taper off over the next several quarters. In their view, therefore, the prospects for sustained economic growth depended on an improvement in the foreign trade balance. The members generally agreed that the substantial depreciation of the dollar against several major foreign currencies provided a basis for anticipating a reduction in the trade deficit in real terms, but the timing of such a reduction still was subject to a great deal of uncertainty. Moreover, several expressed concern that the improvement might well be relatively modest, especially in the absence of stronger economic growth in key industrial nations abroad; and some members also commented on the inertia on both the import and export sides associated with long-term contracts and established marketing relationships. It also was noted that the currencies of a number of developing countries had changed relatively little vis-à-vis the dollar over the past year or so, raising a question as to the speed of adjustment in the trade balance. With regard to currently available information on trade developments, a few members referred to limited indications in reports from firms in their Districts that tended to suggest some gains in the international competitive position of U.S. firms and better prospects for greater stability, if not some improvement, in the overall trade balance. However, broadly confirming evidence of such a development had not materialized thus far.

Against the background of the dollar's depreciation, the members agreed that some upward pressure on prices could be expected over the next several quarters, a tendency that would be reinforced if world oil prices continued to rise. Moreover, most commodity prices appeared to have stabilized recently, after declining earlier, while prices of precious metals had increased considerably and these developments along with conditions in financial markets suggested increased concern about the possibility of a pickup in inflation. On the other hand, a number of members observed that wages generally were rising somewhat less this year than in 1985 and some members also commented on the continuing efforts of many business firms to hold down their costs. And while productivity gains had been relatively limited in recent quarters, many labor contracts incorporated provisions on work rules that should help to improve efficiency and moderate pressures on costs.

At its meeting in July the Committee reviewed the basic policy objectives that it had established in February for growth of the monetary and credit aggregates in 1986 and set tentative objectives for expansion in 1987. For the period from the fourth quarter of 1985 to the fourth quarter of 1986, the Committee reaffirmed the ranges established in February for growth of 6 to 9 percent for both M2 and M3. The associated range for expansion in total domestic nonfinancial debt also was reaffirmed at 8 to 11 percent for 1986. With respect to M1, the Committee decided that growth in excess of the 3 to 8 percent range set in February would be acceptable and that such growth would be evaluated in the context of the velocity of M1, the expansion of the broader aggregates, developments in the economy and financial markets, and price pressures. For 1987 the Committee agreed on tentative monetary growth objectives that included a reduction of ½ percentage point to a range of 5½ to 8½ percent for both M2 and M3. In the case of M1 the Committee expressed the preliminary view that retention of the 1986 range of 3 to 8 percent, which implied a considerable reduction from the likely rate of growth in 1986, appeared appropriate for 1987 in the light of most historical experience. The Committee also retained the range of 8 to 11 percent for growth of total domestic nonfinancial debt in 1987. It was understood that all the ranges were provisional and that, notably in the case of M1, they would be reviewed in early 1987 against the background of intervening developments.

In the Committee's discussion of policy implementation for the weeks immediately ahead, nearly all the members were in favor of directing open market operations, at least initially, toward maintaining unchanged conditions of reserve availability. Several emphasized that monetary policy had moved toward an increasingly accommodative posture over the course of recent months and that it was now time to pause and observe developments, given the rapid growth in the broad as well as the narrow monetary aggregates, a few indications of more strength in the economy, and some signs of increasing inflationary expectations. One member expressed the view, however, that some tightening of reserve conditions was desirable at this time against the background of recent economic and financial developments, notably the persistence of rapid growth in the monetary aggregates.

In their discussion of policy implementation over the near term, the members took into account an analysis that suggested that if current conditions of reserve availability were maintained and if short-term interest rates did not deviate significantly from their existing levels, the growth of the monetary aggregates could be expected to slow over the months ahead, relative to the very rapid pace over the summer months, even assuming somewhat stronger expansion in economic activity. The most recent behavior of the monetary aggregates lent some weight to such an expectation. However, the anticipated slowing still would result in growth of the broad aggregates around the upper bound of their long-term ranges. Also, the members recognized that the extent of any slowing in monetary growth was subject to perhaps more than the usual uncertainties, reflecting for example questions about the pace of further adjustments in offering rates on various types of interest-bearing deposits as depository institutions continued to respond to earlier declines in short-term market rates. The members also noted that the monetary aggregates might well continue to grow very rapidly if short-term interest rates were to decline appreciably further.

In the course of the discussion, a number of members expressed concern about the potential for the broad monetary aggregates to exceed their longer-term ranges. While recognizing the need to evaluate the aggregates in the context of economic and financial developments more generally, these members emphasized the potential for inflation stemming from the buildup in money balances, and in liquid assets more generally, and these members attached considerable importance to constraining the growth of the broader monetary aggregates to within the Committee's ranges for the year. A slightly different view acknowledged that the Committee's objectives for M2 and M3 appeared to remain appropriate for the year, but in this view actual growth marginally in excess of those ranges should be tolerated—and the added risks of some future inflation accepted—if such growth occurred in the context of continuing sluggish economic expansion. One member stressed that if the velocity of money continued to decline, further rapid expansion might indeed be needed to sustain an acceptable rate of economic growth.

Turning to the question of possible adjustments in the degree of reserve pressure during the intermeeting period, the members did not foresee as likely any developments that might call for more than a slight change, if any, in the availability of reserves during the weeks ahead. In this context, however, a number believed that policy implementation should be especially alert to the potential need for some slight firming of reserve conditions, particularly if monetary growth did not slow in line with expectations, though this growth would continue to be viewed in the context of other economic and financial developments. Most of these members did not want to rule out the possibility of some easing in the weeks immediately ahead, but they saw the prospects for such a move as less likely, and two favored a directive that would not contemplate any easing. Other members felt that there should be no presumptions about the likely direction of any intermeeting adjustments, given the many uncertainties that existed about the behavior of the monetary aggregates and about prospective economic and financial developments. The members agreed that the behavior of the dollar on foreign exchange markets could be an important factor influencing any small intermeeting adjustments.

At the conclusion of the Committee's discussion, all but one member indicated that they favored a directive that called for no change in the current degree of pressure on reserve positions. The members expected this approach to policy implementation to be consistent with some reduction in the growth of M2 and M3 to annual rates of 7 to 9 percent over the four-month period from August to December. Over the same interval, growth in M1 was expected to moderate from the exceptionally large increase during the past several months. Because the prospective behavior of M1 remained subject to unusual uncertainty, the Committee again decided not to specify a rate of expected growth for this aggregate in the operational paragraph of the directive but to continue to evaluate M1 in the light of the performance of the broader aggregates and other factors. The members indicated that slightly greater reserve restraint would, or slightly lesser restraint might, be acceptable over the intermeeting period depending on the behavior of the monetary aggregates, taking into account the strength of the business expansion, the performance of the dollar in foreign exchange markets, progress against inflation, and conditions in domestic and international credit markets. The members agreed that the intermeeting range for the federal funds rate, which provides a mechanism for initiating consultation of the Committee when its boundaries are persistently exceeded, should be left unchanged at 4 to 8 percent.

At the conclusion of the meeting, the following domestic policy directive was issued to the Federal Reserve Bank of New York:

The information reviewed at this meeting suggests some pickup in the growth of economic activity from the slow pace in the second quarter. In August total nonfarm payroll employment grew considerably further, with employment in manufacturing rising for the first time since January. The civilian unemployment rate edged down further to 6.8 percent. Industrial production rose slightly in July and August after declining on balance during the first half of the year. Consumer spending has remained relatively strong in recent months, with gains in retail sales in August paced by a sharp rise in auto sales. Housing starts in July and August stayed at a relatively high level. Business capital spending appears to have remained sluggish, reflecting weakness in nonresidential construction. A more moderate rate of wage increases has been sustained in recent months, while broad measures of prices have firmed somewhat due to developments in food and energy markets.

The trade-weighted value of the dollar against major foreign currencies is essentially unchanged on balance since the August 19 meeting of the Committee. Preliminary data for the U.S. merchandise trade deficit in July indicate a larger deficit than in previous months.

Growth of M2 and especially of M3 moderated in August, but expansion of these two aggregates for the year through August has been at the upper end of their respective ranges established by the Committee for 1986. In August M1 continued to grow very rapidly. Expansion in total domestic nonfinancial debt remains appreciably above the Committee's monitoring range for 1986. Short-term interest rates have declined further since the August meeting of the Committee while long-term market rates have risen on balance. On August 20, the Federal Reserve Board approved a reduction in the discount rate from 6 to 5½ percent.

The Federal Open Market Committee seeks monetary and financial conditions that will foster reasonable price stability over time, promote growth in output on a sustainable basis, and contribute to an improved pattern of international transactions. In furtherance of these objectives the Committee agreed at the July meeting to reaffirm the ranges established in February for growth of 6 to 9 percent for both M2 and M3, measured from the fourth quarter of 1985 to the fourth quarter of 1986. With respect to M1, the Committee recognized that, based on the experience of recent years, the behavior of that aggregate is subject to substantial uncertainties in relation to economic activity and prices, depending among other things on the responsiveness of M1 growth to changes in interest rates. In light of these uncertainties and of the substantial decline in velocity in the first half of the year, the Committee decided that growth of M1 in excess of the previously established 3 to 8 percent range for 1986 would be acceptable. Acceptable growth of M1 over the remainder of the year will depend on the behavior of velocity, growth in the other monetary aggregates, developments in the economy and financial markets, and price pressures. Given its rapid growth in the early part of the year, the Committee recognized that the increase in total domestic nonfinancial debt in 1986 may exceed its monitoring range of 8 to 11 percent, but felt an increase in that range would provide an inappropriate benchmark for evaluating longer-term trends in that aggregate.

For 1987 the Committee agreed on tentative ranges of monetary growth, measured from the fourth quarter of 1986 to the fourth quarter of 1987, of 5½ to 8½ percent for M2 and M3. While a range of 3 to 8 percent for M1 in 1987 would appear appropriate in the light of most historical experience, the Committee recognized that the exceptional uncertainties surrounding the behavior of M1 velocity over the more recent period would require careful appraisal of the target range at the beginning of 1987. The associated range for growth in total domestic nonfinancial debt was provisionally set at 8 to 11 percent for 1987.

In the implementation of policy for the immediate future, the Committee seeks to maintain the existing degree of pressure on reserve positions. This action is expected to be consistent with growth in M2 and M3 over the period from August to December at annual rates of 7 to 9 percent. While growth in M1 is expected to moderate from the exceptionally large increase during the past several months, that growth will continue to be judged in the light of the behavior of M2 and M3 and other factors. Slightly greater reserve restraint would, or slightly lesser reserve restraint might, be acceptable depending on the behavior of the aggregates, taking into account the strength of the business expansion, development in foreign exchange markets, progress against inflation, and conditions in domestic and international credit markets. The Chairman may call for Committee consultation if it appears to the Manager for Domestic Operations that reserve conditions during the period before the next meeting are likely to be associated with a federal funds rate persistently outside a range of 4 to 8 percent.

Votes for this action: Messrs. Volcker, Corrigan, Angell, Guffey, Heller, Mrs. Horn, Messrs. Johnson, Melzer, Morris, Rice, and Ms. Seger. Vote against this action: Mr. Wallich.

Mr. Wallich dissented because he preferred a slight tightening of reserve conditions. He was concerned about the persistence of rapid monetary expansion and the associated potential for inflation. In his view some reduction in the availability of reserves was needed to increase the likelihood of significant slowing in monetary growth over the months ahead.

Legal Developments

AMENDMENT TO REGULATION D

The Board of Governors is amending its Regulation D, Reserve Requirements of Depository Institutions, to:

(1) increase the amount of transaction accounts subject to a reserve requirement ratio of 3 percent, as required by section 19(b)(2)(C) of the Federal Reserve Act (12 U.S.C. § 461(b)(2)(C)), from $31.7 million to $36.7 million of net transaction accounts;

(2) increase the amount of reservable liabilities of each depository institution that is subject to a reserve requirement of zero percent, as required by section 19(b)(11)(B) of the Federal Reserve Act (12 U.S.C. § 461(b)(11)(B)), from $2.6 million to $2.9 million of reservable liabilities; and

(3) increase the reporting cutoff level which is used to separate weekly reporters from quarterly reporters from $26.8 million to $28.6 million of total deposits and other reservable liabilities.

Effective December 30, 1986, the Board amends 12 C.F.R. Part 204 as follows:

Part 204—Reserve Requirements of Depository Institutions

1. The authority citation for 12 C.F.R. Part 204 is revised to read as follows:

Authority: 12 U.S.C. §§ 248(a), 248(c), 371a, 371b, 461, 601, 611; 12 U.S.C. § 3105; 12 U.S.C. § 461.

2. Section 204.9, Reserve Requirement Ratios, is amended by revising paragraphs (a)(1) and (a)(2) as follows:

(a)(1) *Reserve percentages.* The following reserve ratios are prescribed for all depository institutions, Edge and Agreement Corporations, and United States branches and agencies of foreign banks:

Category	Reserve Requirement
Net transaction accounts	
$0 to $36.7 million	3 percent of amount
over $36.7 million	$1,101,000 plus 12% of amount over $36.7 million
Nonpersonal time deposits	
By original maturity (or notice period):	
Less than 1½ years	3%
1½ years or more	0%
Eurocurrency liabilities	3%

(2) *Exemption from reserve requirements.* Each depository institution, Edge or Agreement Corporation, and U.S. branch or agency of a foreign bank is subject to a zero percent reserve requirement on an amount of its transaction accounts subject to the low reserve tranche in paragraph (a)(1), nonpersonal time deposits, or Eurocurrency liabilities or any combination thereof not in excess of $2.9 million determined in accordance with section 204.3(a)(3) of this Part.

* * * * *

AMENDMENT TO REGULATION Y

The Board of Governors is amending Appendix A—Capital Adequacy Guidelines for Bank Holding Companies and State Member Banks—to its Regulation Y, Bank Holding Companies and Change in Bank Control, to treat perpetual debt securities that meet certain criteria as primary capital for bank holding companies (but not state member banks). The Board also adopted, with modifications, its proposal to limit the combined amount of mandatory convertible instruments, perpetual preferred stock and perpetual debt that may qualify as primary capital.

Effective November 3, 1986, the Board amends Appendix A of 12 C.F.R. Part 225 as follows:

Part 225—Bank Holding Companies and Change in Bank Control

1. The authority citation for Part 225 continues to read as follows:

Authority: 12 U.S.C. §§ 1817(j)(13), 1818, 1843(c)(8), 1844(b), 3106, 3108, 3907, 3909.

2. The portion of Appendix A of Part 225 entitled "Definition of Capital to be Used in Determining Capital Adequacy of Bank Holding Companies and State Member Banks" is amended by adding perpetual debt to the list of primary capital components, by deleting footnote 3, and by adding a new subsection entitled "Limits on Non-Common-Equity Forms of Primary Capital." That portion of Appendix A now reads as follows:

Appendix A—Capital Adequacy Guidelines for Bank Holding Companies and State Member Banks

* * * * *

Definition of Capital to be Used in Determining Capital Adequacy of Bank Holding Companies and State Member Banks

Primary Capital Components

The components of primary capital are:

- — common stock,
- — perpetual preferred stock (preferred stock that does not have a stated maturity date and that may not be redeemed at the option of the holder),
- — surplus (excluding surplus relating to limited-life preferred stock),
- — undivided profits,
- — contingency and other capital reserves,
- — mandatory convertible instruments,
- — allowance for possible loan and lease losses (exclusive of allocated transfer risk reserves),
- — minority interest in equity accounts of consolidated subsidiaries,
- — perpetual debt instruments (for bank holding companies but not for state member banks).

Limits on Certain Forms of Primary Capital

Bank Holding Companies. The maximum composite amount of mandatory convertible securities, perpetual debt, and perpetual preferred stock that may be counted as primary capital for bank holding companies is limited to 33.3 percent of all primary capital, including these instruments. Perpetual preferred stock issued prior to November 20, 1985 (or determined by the Federal Reserve to be in the process of being issued prior to that date), shall continue to be included as primary capital.

The maximum composite amount of mandatory convertible securities and perpetual debt that may be counted as primary capital for bank holding companies is limited to 20 percent of all primary capital, including these instruments. The maximum amount of equity commitment notes (a form of mandatory convertible securities) that may be counted as primary capital for a bank holding company is limited to 10 percent of all primary capital, including mandatory convertible securities. Amounts outstanding in excess of these limitations may be counted as secondary capital provided they meet the requirements of secondary capital instruments.

State Member Banks. The composite limitations on the amount of mandatory convertible securities and perpetual preferred stock (perpetual debt is not primary capital for state member banks) that may serve as primary capital for bank holding companies shall not be applied formally to state member banks, although the Board shall determine appropriate limits for these forms of primary capital on a case-by-case basis.

The maximum amount of mandatory convertible securities that may be counted as primary capital for state member banks is limited to 16⅔ percent of all primary capital, including mandatory convertible securities. Equity commitment notes, one form of mandatory convertible securities, shall not be included as primary capital for state member banks, except that notes issued by state member banks prior to May 15, 1985 will continue to be included in primary capital. Amounts of mandatory convertible securities in excess of these limitations may be counted as secondary capital if they meet the requirements of secondary capital instruments.

* * * * *

3. That portion of Appendix A entitled "Criteria Applicable to Both Types of Mandatory Convertible Securities" is amended by deleting paragraph (b) and footnote 4 and relettering paragraphs (c) through (f) as paragraphs (b) through (e). Footnotes 5 and 6 will be renumbered as footnotes 3 and 4.

4. That portion of Appendix A entitled "Additional Criteria Applicable to Equity Commitment Notes" is amended by deleting paragraph (d) and by renumbering footnotes 7 and 8 as footnotes 5 and 6.

5. Appendix A is amended by adding the following paragraphs at the end of the Appendix.

Criteria for Determining the Primary Capital Status of Perpetual Debt Instruments of Bank Holding Companies

1. The instrument must be unsecured and, if issued by a bank, must be subordinated to the claims of depositors.
2. The instrument may not provide the noteholder with the right to demand repayment of principal except in the event of bankruptcy, insolvency, or reorganization. The instrument must provide that nonpayment of interest shall not trigger repayment of the principal of the perpetual debt note or any other obligation of the issuer, nor shall it constitute prima facie evidence of insolvency or bankruptcy.
3. The issuer shall not voluntarily redeem the debt issue without prior approval of the Federal Reserve, except when the debt is converted to, exchanged for, or simultaneously replaced in like amount by an issue of common or perpetual preferred stock of the issuer or the issuer's parent company.
4. If issued by a bank holding company, a bank subsidiary, or a subsidiary with substantial operations, the instrument must contain a provision that allows the issuer to defer interest payments on the perpetual debt in the event of, and at the same time as the elimination of dividends on all outstanding common or preferred stock of the issuer (or in the case of a guarantee by a parent company at the same time as the elimination of the dividends of the parent company's common and preferred stock). In the case of a nonoperating subsidiary (a funding subsidiary or one formed to issue securities), the deferral of interest payments must be triggered by elimination of dividends by the parent company.
5. If issued by a bank holding company or a subsidiary with substantial operations, the instrument must convert automatically to common or perpetual preferred stock of the issuer when the issuer's retained earnings and surplus accounts become negative. If an operating subsidiary's perpetual debt is guaranteed by its parent, the debt may convert to the shares of the issuer or guarantor and such conversion may be triggered when the issuer's or parent's retained earnings and surplus accounts become negative. If issued by a nonoperating subsidiary of a bank holding company or bank, the instrument must convert automatically to common or preferred stock of the issuer's parent when the retained earnings and surplus accounts of the issuer's parent become negative.

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AMENDMENT TO REGULATION AA

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

Effective November 20, 1986, the Board grants, pursuant to Subpart B of 12 C.F.R. Part 227, an exemption as follows:

Part 227—Unfair or Deceptive Acts or Practices

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

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

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

ORDER

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

> Effective November 20, 1986, consumer credit transactions under $25,000 that are subject to the Wisconsin Consumer Act and its implementing regulations are exempt from the Board's Credit Practices Rule. Consumer credit transactions over $25,000 are subject to the Board's Credit Practices Rule; however, compliance with the relevant provisions of the Wisconsin Consumer Act would be considered compliance with the Board's rule.

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

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

Orders Issued Under Section 3 of the Bank Holding Company Act

A.B.N.-Stichting
Amsterdam, The Netherlands

Algemene Bank Nederland N.V.
Amsterdam, The Netherlands

ABN Company, Inc.
Chicago, Illinois

LaSalle National Corporation
Chicago, Illinois

Order Approving Acquisition of a Bank Holding Company and of a Bank

A.B.N.-Stichting, Amsterdam, The Netherlands ("Stichting"), and its wholly owned direct and indirect subsidiaries, Algemene Bank Nederland N.V., Amsterdam, The Netherlands ("Algemene"); ABN Company, Inc., Chicago, Illinois ("ABN"); and LaSalle National Corporation, Chicago, Illinois ("LaSalle National") (collectively "Applicants"), all bank holding companies within the meaning of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1841 *et seq.*), have each applied for the Board's prior approval under section 3(a)(3) of the BHC Act (12 U.S.C. § 1842(a)(3)) to acquire all of the outstanding voting shares of Lisle Bancorporation, Lisle, Illinois ("Bancorporation"), and thereby to acquire indirectly Bank of Lisle, Lisle, Illinois ("Lisle Bank").

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

Stichting is a private foundation that does not engage in activities other than holding shares of Algemene. Algemene, with total assets of $51.3 billion, is the 43rd largest bank in the world and the largest bank in The Netherlands.[1] Algemene has banking and nonbanking subsidiaries, offices, branches and agencies in 44 countries. In the United States, Algemene operates full service branches in New York, Chicago, and Pittsburgh, a limited service branch in Seattle, and agencies in Atlanta, Boston, Miami, Houston, Los Angeles, and San Francisco. Algemene has selected Illinois as its home state under the Board's Regulation K (12 C.F.R. § 211.22(b)). Algemene is permitted under section 5(b) of the International Banking Act ("IBA") (12 U.S.C. § 3103(b)) to retain its full service branches outside of Illinois because they were opened before July 27, 1978, the grandfather date under section 5 of the IBA. The Seattle branch limits its deposit-taking operations to those permissible for a corporation organized under section 25(a) of the Federal Reserve Act (12 U.S.C. § 611 *et seq.*), as required by section 5 of the IBA. Algemene also operates a subsidiary in New York engaged in acting as agent in the purchase and sale of securities on the Amsterdam Stock Exchange as permitted under the Board's regulations. ABN is a holding company whose only subsidiaries are LaSalle National and a subsidiary in Chicago, with an office in Houston, organized pursuant to section 25(a) of the Federal Reserve Act. LaSalle National is a holding company whose only subsidiaries are LaSalle National Bank, Chicago, Illinois ("LaSalle Bank"), and a subsidiary engaged in discount brokerage activities permitted under the Board's regulations.

LaSalle National is the 11th largest commercial banking organization in Illinois with total deposits of $935.1 million, representing 0.9 percent of the total deposits in commercial banks in the state.[2] Algemene's Chicago branch holds no deposits. Bancorporation, with only one bank, is the 250th largest commercial banking organization in Illinois with total deposits of $79.1 million, representing less than 0.1 percent of the total deposits in commercial banks in the state. Upon consummation of this proposal, LaSalle National will become the 10th largest commercial banking organization in Illinois with total deposits of approximately $1 billion, representing approximately 1 percent of the total deposits in commercial banks in the state.

LaSalle National competes in the Chicago banking market,[3] where it is the 8th largest of 279 commercial banking organizations, with 1.4 percent of the total deposits in commercial banks. Bancorporation also competes in the Chicago banking market, where it is the 129th largest commercial banking organization, with 0.1 percent of the total deposits in commercial banks in the market. Upon consummation, LaSalle

1. Banking data for Algemene are as of December 31, 1985.

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

3. The Chicago banking market is approximated by Cook, DuPage and Lake Counties, all in Illinois.

National will become the 7th largest commercial banking organization in the market with 1.5 percent of the total deposits in commercial banks.

The Chicago banking market is not concentrated, with the four largest commercial banking organizations in the market holding 46.7 percent of the total deposits in commercial banks in the market and a Herfindahl–Hirschman Index ("HHI") of 715 points. Upon consummation of this proposal, the HHI will increase by less than one point. Accordingly, based on these and all the facts of record, the Board has determined that consummation of this proposal would not have any significant adverse competitive effects or result in the concentration of banking resources in any relevant banking market.

Section 3(c) of the BHC Act requires in every case that the Board consider the financial resources of the applicant organization and the bank or bank holding company to be acquired. As the Board has previously stated, review of the financial resources of foreign banking organizations raises a number of complex issues that the Board believes require careful consideration and that the Board continues to have under review.[4] In this regard, the Board has initiated consultations with appropriate foreign bank supervisors and notes that work is currently in progress among foreign and domestic bank supervisory officials to develop more fully the concept of functional equivalency of capital ratios for banks of different countries. Pending the outcome of these consultations and deliberations, the Board has determined to consider the issues raised by applications by foreign banks to acquire domestic banks on a case-by-case basis.

In this case, the Board notes that the primary capital ratio of Algemene, as publicly reported, is below the minimum level established for domestic bank holding companies. In other similar cases, the Board has considered mitigating factors, including adjustments to the applicant's capital that reflect differences between foreign and domestic accounting and regulatory practices. After making adjustments in this case to account for certain elements of capital that are the same or similar in the capital structure of domestic bank holding companies, and adjustments that reflect differences in accounting and regulatory practices, the primary capital ratio of Algemene closely approximates the minimum level established for domestic bank holding companies. The Board has also considered as positive factors that Algemene has recently raised additional capital, and its plans to improve further its capital ratio in the near future. The Board also notes that Algemene is in compliance with the capital and other financial requirements of the appropriate supervisory authorities in The Netherlands and that Algemene's resources and prospects are viewed as satisfactory by those authorities.

In its evaluation of this case, the Board has considered as additional positive factors the fact that ABN, LaSalle National, and LaSalle Bank are all strongly capitalized, and that LaSalle National and LaSalle Bank have significantly improved their capital positions under the ownership and control of Algemene. In addition, the Board notes that Lisle Bank is small in relation to Algemene and ABN and is itself strongly capitalized. In this regard, as the Board has noted,[5] recent changes in Illinois banking law have allowed multi-bank holding companies in Illinois. This has created the opportunity for large banking organizations in Chicago and other markets to expand into the Chicago suburbs. In line with the actions of its major competitors in Chicago, Lasalle National is attempting through this acquisition to expand its deposit base and banking activities into the Chicago suburbs. This acquisition of a $79 million bank is LaSalle National's first effort in this regard and is modest in scope.

The Board expects that Applicants will maintain LaSalle Bank and Lisle Bank as among the more strongly capitalized banking organizations of comparable size in the United States. Based on these and other facts of record, the Board concludes that the financial factors to be considered under the BHC Act are consistent with approval of the transaction.

In its evaluation of Applicants' managerial resources, the Board has considered certain violations by LaSalle Bank of the Currency and Foreign Transactions Reporting Act[6] ("CFTRA") and the regulations thereunder. The Board notes that LaSalle Bank has consulted with and cooperated with the appropriate supervisory authorities and law enforcement agencies following discovery of these violations.

In addition, LaSalle Bank has implemented a comprehensive remedial program to correct these violations and to prevent violations from occurring in the future. Applicants have advised the Board that LaSalle Bank has filed corrective currency transaction reports; implemented audit and operations procedures to ensure that reportable transactions are identified for proper reporting, including implementing computer programs to verify compliance; and appointed a compliance officer responsible for monitoring compliance

4. *Bank of Montreal*, 70 FEDERAL RESERVE BULLETIN 664 (1984); *Mitsubishi Bank, Ltd.*, 70 FEDERAL RESERVE BULLETIN 518 (1984). *See also Policy Statement on Supervision and Regulation of Foreign-Based Bank Holding Companies*, 1 *Federal Reserve Regulatory Service* ¶ 4–835 (1979).

5. *Continental Illinois Corp.*, 73 FEDERAL RESERVE BULLETIN 46 (1987).

6. 31 U.S.C. § 5311, *et seq.*; 31 C.F.R. § 103.

with the CFTRA and regulations thereunder. Applicants have also instituted an intensive ongoing internal training and testing program for bank personnel regarding compliance with the CFTRA. The sufficiency of the compliance procedures adopted to address this matter and the efficacy in correcting the deficiencies have been reviewed by Office of the Comptroller of the Currency examiners. The Board has also consulted with appropriate enforcement agencies and has considered Applicants' past record of compliance with the law. For the foregoing reasons and based upon a review of all facts of record, the Board concludes that the managerial resources of Applicants are consistent with approval.

The Board has also determined that considerations relating to the convenience and needs of the community to be served are also consistent with approval. Based on the foregoing and all the facts of record, the Board has determined that the applications should be and hereby are 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 Chicago, acting pursuant to delegated authority.

By order of the Board of Governors, effective November 26, 1986.

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

BARBARA R. LOWREY
[SEAL] *Associate Secretary of the Board*

Baker Boyer Bancorp
Walla Walla, Washington

Order Approving the Formation of a Bank Holding Company

Baker Boyer Bancorp, Walla Walla, Washington, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act ("Act") (12 U.S.C. § 1842(a)(1)) to become a bank holding company by acquiring the Baker-Boyer National Bank of Walla Walla, Walla Walla, Washington ("Washington Bank") and the Bank of Commerce, Milton-Freewater, Oregon ("Oregon 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)).

Section 3(d) of the Act (12 U.S.C. § 1842(d)), the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire a bank located outside the bank holding company's home state,[1] unless the state where the bank to be acquired is located has specifically authorized the acquisition by language to that effect and not merely by implication. The Board has previously determined that Oregon has by statute expressly authorized a Washington bank holding company, such as Applicant, to acquire an Oregon bank or bank holding company.[2] Accordingly, approval of Applicant's proposal to acquire Oregon Bank is not barred by the Douglas Amendment.

Washington Bank, the tenth largest of 88 commercial banking organizations in Washington, controls \$162.2 million in total deposits, representing 0.7 percent of total deposits in commercial banks in Washington.[3] Oregon Bank, the 23rd largest of 60 commercial banking organizations in Oregon, controls \$41 million in total deposits, representing 0.3 percent of total deposits in commercial banks in Oregon. Consummation of the proposal would have no significant effect on the concentration of banking resources in Washington or Oregon.

Washington Bank and Oregon Bank compete directly in the Walla Walla, Washington/Umatilla, Oregon banking market.[4] Washington Bank is the largest of 12 commercial banking organizations in the market, with deposits of \$151 million, representing 26.4 percent of the total deposits in commercial banks in the market.[5] Oregon Bank is the sixth largest commercial bank in the market, with total deposits of \$38 million, representing 6.7 percent of the deposits in commercial banks in the market. After consummation of the proposal, Applicant's share of the deposits in commercial banks in the market would be 33.1 percent and it would rank first in the market. The share of deposits held by the four largest commercial banking organiza-

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

2. *Rainier Bancorporation,* 73 FEDERAL RESERVE BULLETIN 55 (1987).

3. State deposit data are as of March 31, 1986.

4. The Walla Walla, Washington/Umatilla, Oregon banking market consists of Walla Walla County, Washington, and Umatilla County, Oregon.

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

tions in the market would increase from 64 percent to 71 percent and the Herfindahl–Hirschman Index ("HHI") would increase by 354 points to 1765.[6]

Although consummation of the proposal would eliminate some existing competition between Washington Bank and Oregon Bank in the market, numerous other commercial banking organizations would remain as competitors after consummation of the proposal. In addition, the effect of this proposal on existing competition is further mitigated by the extent of competition offered by thrift institutions in the market.[7] Eight thrift institutions hold 40.9 percent of the total deposits in the market. These institutions compete with commercial banks by providing a wide array of deposit and lending services to consumers and commercial customers. In view of these facts, the Board considers the presence of thrift institutions a significant factor in assessing the competitive effects of this proposal.[8] Accordingly, in view of the competition provided by thrift institutions and the number and size of competitors remaining in the market and other facts of record, the Board concludes that consummation of the proposed acquisition is not likely to substantially lessen competition in the Walla Walla, Washington/Umatilla, Oregon banking market.

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

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

By order of the Board of Governors, effective November 19, 1986.

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

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

6. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,823 (June 29, 1984)), any market in which the post-merger HHI is between 1000 and 1800 is considered moderately concentrated, and the Department is likely to challenge a merger that increases the HHI by more than 100 points, unless other facts of record indicate that the merger is not likely substantially to lessen competition. The Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by at least 200 points.

7. The Board has previously indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks. *National City Corporation*, 70 FEDERAL RESERVE BULLETIN 743 (1984); *NCNB Corporation*, 70 FEDERAL RESERVE BULLETIN 225 (1984); *General Bancshares Corporation*, 69 FEDERAL RESERVE BULLETIN 802 (1983); *First Tennessee National Corporation*, 69 FEDERAL RESERVE BULLETIN 298 (1983).

8. If 50 percent of the deposits held by thrift institutions were included in the calculation of market concentration, the share of total deposits held by the four largest organizations in the market would be 54 percent. Upon consummation of the proposal, Applicant would control 24.6 percent of the total deposits in the market and the HHI would increase by 196 points to 1136.

Central Bancompany
Jefferson City, Missouri

Order Approving Acquisition of a Bank

Central Bancompany, Jefferson City, Missouri, a bank holding company within the meaning of the Bank Holding Company Act ("Act") (12 U.S.C. § 1841 *et seq.*), has applied for the Board's approval under section 3(a)(3) of the Act to acquire Bank of Lake of the Ozarks, Osage Beach, Missouri ("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, including one comment in opposition to the application, in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant, the sixth largest commercial banking organization in Missouri, controls seven subsidiary banks in the state with approximately $1.1 billion in total deposits, representing 2.7 percent of the total deposits in commercial banks in the state.[1] Bank, the 69th largest of 673 commercial banks in Missouri, has deposits of $101.9 million, representing 0.3 percent of the total deposits in commercial banks in the state. Upon consummation of the proposed transaction, Applicant would remain the sixth largest commercial banking organization in Missouri, with total deposits of $1.2 billion, representing 2.9 percent of total deposits in commercial banks in the state. Accordingly, consummation of the proposal would have no significant effect on the concentration of banking resources in Missouri.

1. Banking data are as of December 31, 1985 and are adjusted to reflect mergers consummated and holding company acquisitions approved through September 30, 1986.

Applicant and Bank compete directly in the Eldon/Camdenton, Missouri, banking market.[2] Applicant is the fifth largest of 11 commercial banking organizations in the Eldon/Camdenton banking market, with deposits of $16.4 million, representing 4.5 percent of total deposits in commercial banks in the market. Bank is the largest commercial bank in the market, with total deposits of $101.9 million, representing 28 percent of the deposits in commercial banks in the market. After consummation of the proposal, Applicant's share of the deposits in commercial banks in the market would be 32.5 percent. The market's four-firm concentration ratio would increase from 76 percent to 80.5 percent and, based on commercial banks alone, the Herfindahl–Hirschman Index ("HHI") would increase by 252 points to 1978. The increase in the HHI would make this transaction one that would be subject to challenge under the Department of Justice Merger Guidelines.[3]

Although consummation of the proposal would eliminate existing competition between Applicant and Bank in the Eldon/Camdenton, Missouri, banking market, the Board has concluded that the effect of this proposal on existing competition is mitigated by the presence of a number of banking alternatives in the market, including a newly chartered state bank scheduled to open in Osage Beach, Missouri, prior to January 1, 1987. In addition, the Board has considered the presence and competition afforded by thrift institutions in its analysis of this proposal.[4] Three thrift institutions located in the Eldon/Camdenton market hold deposits of $56 million, representing 13.5 percent of the total deposits in depository institutions in the market. These institutions compete with commercial banks in the provision of consumer loans, and, to some extent, commercial lending services and commercial checking accounts.[5]

2. The Eldon/Camdenton, Missouri, banking market consists of Camden and Miller Counties, Missouri.

3. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,823 (June 29, 1984)), any market in which the post-merger HHI is above 1800 is considered highly concentrated. The Department has informed the Board that a bank merger or acquisition will not be challenged (in the absence of other factors indicating anticompetitive effect) unless the post-merger HHI is at least 1800 and the merger increases the HHI by at least 200 points.

4. The Board has previously indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks. *National City Corporation*, 70 FEDERAL RESERVE BULLETIN 743 (1984); *NCNB Corporation*, 70 FEDERAL RESERVE BULLETIN 225 (1984); *General Bancshares Corporation*, 69 FEDERAL RESERVE BULLETIN 802 (1983); *First Tennessee National Corporation*, 69 FEDERAL RESERVE BULLETIN 298 (1983).

5. If 50 percent of the deposits held by thrift institutions in the Eldon/Camdenton banking market were included in the calculation of market concentration, the HHI, as a result of the proposal, would increase by 217 points to 1729 and Applicant would control 30.1 percent of the market's deposits upon consummation of the proposal.

On the basis of these and other facts of record, the Board concludes that consummation of the proposal is not likely to have a significant adverse effect on competition in the Eldon/Camdenton, Missouri, banking market.

The financial and managerial resources of Applicant, its subsidiaries and Bank are consistent with approval of the application. Upon consummation of this proposal, Bank will offer new products and services including one-statement banking, automatic teller machines, instant statements in bank lobbies, and overdraft checking. Considerations relating to the convenience and needs factors are also consistent with approval.

Based on the foregoing and other facts of record, the Board has determined that this 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 St. Louis, acting pursuant to delegated authority.

By order of the Board of Governors, effective November 21, 1986.

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

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

Citizens and Southern Corporation Atlanta, Georgia

Citizens and Southern Florida Corporation Ft. Lauderdale, Florida

Order Approving Acquisition of Banks

The Citizens and Southern Corporation, Atlanta, Georgia ("C&S Georgia"), and Citizens and Southern Florida Corporation, Ft. Lauderdale, Florida ("C&S Florida") (together "Applicants"), bank holding companies within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) ("Act"), have applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842 (a)(3)) to acquire First National Bank, Winter Park, Winter Park, Florida ("Winter Park Bank"); Bank of the Islands, Sanibel, Florida ("Sanibel Bank"); Community National Bank, Kissimmee, Florida ("Kissimmee Bank"); and First

National Bank, Seminole County, Longwood, Florida ("Longwood Bank") (together "Banks").

Notice of the applications, affording an opportunity to interested persons to submit comments, has been given in accordance with section 3(b) of the Act (51 *Federal Register* 28,982 (August 13, 1986)). The time for filing comments has expired, and the Board has considered the applications and all the comments received in light of the factors set forth in section 3(c) of the Act.[1]

Section 3(d) of the Act (12 U.S.C. § 1842(d)), the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire a bank located outside the bank holding company's home state,[2] unless the state where the bank to be acquired is located has specifically authorized the acquisition by language to that effect and not merely by implication. The Board has previously determined that Florida has by statute expressly authorized a Georgia bank holding company, such as C&S Georgia, to acquire a Florida bank or bank holding company.[3] Accordingly, approval of Applicants' proposal to acquire banks in Florida is not barred by the Douglas Amendment.

C&S Florida is the eighth largest commercial banking organization in Florida, with eleven subsidiary banks in Florida that control aggregate deposits of approximately $3.4 billion, representing 4.7 percent of the total deposits in commercial banks in Florida.[4] C&S Georgia is the largest commercial banking organization in Georgia and controls aggregate deposits of approximately $6.1 billion, representing 17.6 percent of the total deposits in commercial banks in that state. C&S-South Carolina is the second largest commercial banking organization in South Carolina, with one subsidiary bank that holds deposits of approximately $2.4 billion, representing 22.3 percent of the total deposits in commercial banks in South Carolina. The Banks to be acquired are some of the smaller institutions in Florida and together control 0.4 percent of the deposits in commercial banks in Florida. Upon consummation of the transaction, Applicants would control 5.1 percent of the total deposits in commercial banks in Florida and would remain the eighth largest commercial banking organization in Florida. The Board concludes that consummation of this proposal would have no effect on the concentration of banking resources in any state.

Applicants and Banks compete in the Orlando and Fort Myers banking markets. In the Orlando banking market, Applicants are the ninth largest commercial banking organization, with deposits of $69.9 million, representing approximately 1.6 percent of the total deposits in commercial banks in the market.[5] The Winter Park Bank, Kissimmee Bank and Longwood Bank together are the seventh largest commercial banking organization in the market, with deposits of $184.6 million, representing 4.3 percent of the deposits in commercial banks in the market. Upon consummation of the proposal, Applicants would become the fifth largest commercial banking organization in the market and would control approximately 6 percent of the total deposits in commercial banks in the market. The Orlando market has a four-firm concentration ratio of 76.1 percent and is considered highly concentrated. The Herfindahl–Hirschman Index ("HHI") for the market is 2290 and would increase by 15 points to 2305 upon consummation of the proposal. Because of the small increase in the HHI, this acquisition would not be subject to challenge by the Department of Justice under its merger guidelines.[6] Moreover, numerous other commercial banking organizations would remain in the market after consummation of the proposal. Based upon the above considerations, the Board concludes that consummation of the proposal is not likely to substantially lessen competition in the Orlando banking market.

Applicants and Sanibel Bank compete directly in the Fort Myers banking market.[7] Applicants are the largest commercial banking organization in the market, with total deposits of $671.4 million, representing 36.3

1. The Board received a comment from Mr. Rancy F. Snyder that challenged Applicants' record of complying with the Community Reinvestment Act and reported Applicants' violation of the Florida Consumer Finance Act. *Fla. Stat. Ann.* chap. 687. The Board has reviewed Florida law and Applicants' compliance with the Community Reinvestment Act. After careful consideration of the protest and all the facts of record, including the corrections instituted by Applicants, the Board concludes that the protest does not support a finding of adverse banking factors.

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

3. *Citizens and Southern Georgia Corporation*, 71 FEDERAL RESERVE BULLETIN 728 (1985). *See, Fla. Stat. Ann.* § 658.295 (1984); *Ga. Code Ann.* §§ 7-1-620 to 7-1-625 (Supp. 1985).

4. State data are as of December 31, 1985.

5. The Orlando banking market is defined as Orange County, plus Seminole and Osceola Counties, exlcuding the towns of Oviedo and Sanford.

6. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,283 (June 29, 1984)), any market in which the post-merger HHI is over 1800 is considered highly concentrated, and the Department is likely to challenge a merger that increases the HHI by more than 50 points, unless other facts of record indicate that the merger is not likely substantially to lessen competition. The Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by at least 200 points.

7. The Fort Myers banking market is approximated by Lee County, Florida.

percent of the total deposits in the commercial banks in the market. Sanibel Bank is the sixth largest commercial banking organization in the market, with deposits of $172.4 million, representing 3.9 percent of the total deposits in commercial banks in the market. After consummation of the proposal, Applicants' share of the deposits in commercial banks in the market would be 40.2 percent. The share of deposits held by the four largest commercial banking organizations in the market would increase from 76.5 percent to 80.4 percent and the HHI would increase 283 points to 2355.

Although consummation of the proposal would eliminate some existing competition between Applicants and Sanibel Bank in the Fort Myers market, numerous other commercial banking organizations would remain as competitors after consummation of the proposal. In addition, the Board has considered the presence and competition afforded by thrift institutions in its analysis of this proposal.[8] Twenty thrift institutions compete with commercial banks in the Ft. Myers banking market and account for 44.8 percent of the total deposits in the market. Thrift institutions already exert a considerable competitive influence in the market as providers of NOW accounts and consumer loans. In addition, most of these institutions provide commercial and industrial loans, as well as traditional thrift services. Based upon the above considerations, the Board concludes that consummation of the proposal is not likely substantially to lessen competition in the Ft. Myers banking market.[9]

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

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

By order of the Board of Governors, effective November 4, 1986.

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

JAMES MCAFEE

[SEAL] *Associate Secretary of the Board*

Continental Illinois Corporation
Chicago, Illinois

Order Approving Acquisition of Banks and a Bank Holding Company

Continental Illinois Corporation ("Continental" or "Applicant"), Chicago, Illinois, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended ("BHC Act" or "Act") (12 U.S.C. § 1841 *et seq.*), has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire First National Bank of Deerfield ("Deerfield Bank"), Deerfield, Illinois; The First National Bank of Western Springs ("Western Springs Bank"), Western Springs, Illinois; and First Suburban Bank of Olympia Fields, Olympia Fields, Illinois ("Olympia Fields Bank") through the latter's parent holding company, South Suburban Bancorp, Inc.

Notice of the applications, 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 applications and all comments received, including the comments submitted at the September 19, 1986, public meeting on these applications, in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant is the second largest commercial banking organization in Illinois, controlling total domestic deposits of approximately $8.9 billion, representing 8.7 percent of total deposits of commercial banks in Illinois.[1] Deerfield Bank (deposits of $58.6 million), Western Springs Bank (with $65.7 million in deposits), and Olympia Fields Bank (deposits of $31.5 million)

8. The board has previously indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks. *National City Corporation*, 70 FEDERAL RESERVE BULLETIN 743 (1984); *NCNB Corporation*, 70 FEDERAL RESERVE BULLETIN 225 (1984); *General Bancshares Corporation*, 69 FEDERAL RESERVE BULLETIN 802 (1983); *First Tennessee National Corporation*, 69 FEDERAL RESERVE BULLETIN 298 (1983).

9. If 50 percent of deposits held by thrift institutions in the Ft. Myers banking market were included in the calculation of market concentration, the share of total deposits held by the four largest organizations in the market would be 52.8 percent. Applicants' market share would decrease by 11.6 percentage points to 28.6 percent and the HHI would increase by 143 points to 1305 upon consummation of the proposal.

1. Deposit data are as of June 30, 1985.

control individually and in the aggregate less than 1 percent of total deposits in commercial banks in Illinois. Upon consummation of the acquisition, Applicant would remain the second largest banking organization in Illinois, with deposits of $9 billion, representing 8.8 percent of total deposits in commercial banks in Illinois.

Applicant's subsidiary banks compete with the banks to be acquired in the only market in which the latter operate, the Chicago banking market.[2] Applicant is the second largest of 279 commercial banking organizations in the Chicago market, where its subsidiary banks control domestic deposits of $8.9 billion, representing 13.3 percent of total deposits in commercial banks in the market. The banks to be acquired are among the smaller commercial banking organizations in the market, controlling domestic deposits of $155.8 million, representing 0.24 percent of total deposits in commercial banks in the market. Upon consummation of these acquisitions, Applicant would remain the second largest commercial banking organization in the Chicago market and would control approximately 13.6 percent of total deposits in commercial banks in the market.

The Chicago market is, and would continue to be after consummation of the proposed acquisitions, an unconcentrated market.[3] Moreover, a large number of commercial banking organizations would remain in the Chicago market after the proposed acquisitions. On the basis of these and all other facts of record, the Board concludes that consummation of these acquisitions would not have a significant adverse effect on existing competition in the Chicago market. Accordingly, competitive factors are consistent with approval of the applications.

Public Meeting

In acting on these applications, the Board has also reviewed those issues raised by the commenters to these proposed acquisitions. At the request of certain of these commenters, a public meeting was held at the Chicago Reserve Bank during which additional testimony was received into the record regarding the applications. The Board has carefully reviewed the issues raised by the commenters, including the public policy concerns expressed by the commenters regarding the Federal Deposit Insurance Corporation's ("FDIC") ongoing assistance agreement with Applicant. In particular, certain commenters have objected to: the propriety of Applicant's proposed expansion plans while the institution is still funded in part by the FDIC; the suspension of FDIC insurance premium rebates, which certain commenters contend was caused in whole or in part by the necessity to provide assistance to Continental; and the issue of unfair competition with what certain commenters have characterized as the unlimited financial resources of a nationalized bank. On the basis of these public policy considerations, the commenters have requested that the Board deny these applications.

Continental's new management has demonstrated a capacity to run Continental in a satisfactory manner. Based on normal measures, including the investment by the FDIC in 1984, Continental possesses adequate capital in terms of other similarly sized and situated bank holding companies. Moreover, no competitive issues within the scope of section 3 of the BHC Act are raised by the proposed acquisitions. In that sense, all the statutory factors required to be considered under the Act are satisfied.

The comments to these applications, however, raise significant issues of public policy, outlined above, which are not susceptible to easy resolution. On balance, the Board believes that public policy considerations weigh in favor of approval. These applications represent a reasonable interim step toward the banking regulators' agreed goal of restoring Continental to a competitive private status consistent with a business plan established by management and subject to review by the FDIC, the Comptroller of the Currency, and the Board.

The commenters' concerns in essence involve the propriety of Continental's proposed expansion plans while still receiving FDIC assistance. Under the Federal Deposit Insurance Act ("FDI Act"), however, Congress clearly contemplated and provided for FDIC assistance to financially troubled, open banks, including assistance through the purchase by the FDIC of securities in a troubled banking organization, as was done in this case. The standard under which FDIC assistance may be provided, moreover, clearly contemplates that FDIC assistance is intended either to maintain a bank's service to the community or, in the case of a closed bank, to restore the bank to normal operation.

In this instance, the FDIC made the requisite findings required by the FDI Act, specifically that: the continued operation of Continental was essential to provide adequate banking services in its community;

2. The Chicago banking market comprises Cook, Lake and DuPage Counties, all in Illinois.

3. Consummation of the proposed transaction would increase the market's Herfindahl–Hirschman Index ("HHI") by 6 points, from 715 to 721. The market is considered unconcentrated under the Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (1984), and the increase in the HHI resulting from the transaction is not within the parameters the Department of Justice has stated are likely to result in its challenging the transaction.

the granting of assistance was in the best interest of the public and the depositors of Continental; and the assistance was granted to prevent the closing of Continental. The Board notes that there exists no statutory limitation in the FDI Act on the ability of a bank receiving FDIC assistance to expand or otherwise to compete with non-assisted banks on an equal basis. Implicit in the provision of FDIC open-bank assistance, with no other statutory restraints imposed, is the conclusion that Congress intended that assisted banks would function normally, thereby assisting the FDIC in its attempts to minimize any potential loss as a result of the assistance provided, and enabling the assisted institution to continue to provide service to its community. Indeed, as noted, the FDI Act contemplates that FDIC assistance is for the purpose of restoring a closed bank to "normal operation."

The applications before the Board are well within the scope of normal operations for Continental as compared to the activities of other area banks and with respect to its present financial standing. Recent changes in Illinois banking law have allowed banking organizations in Illinois and the Midwest to expand in Illinois by acquiring existing banks. As a result, large banking organizations in the City of Chicago and other markets in the area have expanded, and continue to expand, into the Chicago suburbs. Indeed, Continental's expansion as represented by these applications is rather modest in comparison to recently completed and proposed acquisitions by others. Also, it is important to note that since the Applicant received assistance from the FDIC in 1984 its financial condition has significantly improved, with this improvement signalled in part by a decrease in its reliance on purchased funds.

Applicant has stated that these acquisitions would render Continental a more attractive and stronger financial institution and indeed hasten its return to private ownership. In this regard, the Board notes that the process of privatization has already begun with the announcement by the FDIC on October 16, 1986, of its intention to sell approximately 30 percent of its interest in Continental before the end of 1986. Thus, these acquisitions appear well within the scope of normal operations for Continental while enhancing the schedule for returning the organization to private ownership.

The burden of the commenters' case is that the federal assistance provided to Continental provides an unfair competitive advantage and that expansion activities of a company receiving this assistance should be restrained. It is, of course, fundamental that governmental assistance to particular private enterprises ordinarily be avoided to assure that competition is undistorted by government intervention. Nevertheless, it is also well established that in specific and limited circumstances government assistance for private enterprises can be appropriate, and that is clearly the case here with respect to FDIC assistance for a failing bank. Limitations on some activities of an institution receiving government assistance, including certain kinds of aggressive expansion or risk taking, may be appropriate in some situations. The particular applications involved here do not cross these particular thresholds of concern. The limited geographic expansion permitted by the proposed acquisitions, consistent with changes in Illinois law, is in accordance with normal and prudent banking practices, and takes place in the context of an overall substantial downsizing of the institution. The proposed applications would clearly further the stated goals of the FDI Act and regulators' announced intention in carrying out the mandate of that Act; that is, of restoring Continental to a "viable, self-financing entity."[4]

Accordingly, based upon a review of the record under the statutory factors set forth in the BHC Act, the Board finds that the financial and managerial resources and future prospects of Applicant, its subsidiary banks, and the banks to be acquired, are consistent with approval. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval of the applications.

Based upon the foregoing and other facts of record, including its resolution of those issues of public policy raised by the commenters to these proposals, the Board has determined that the applications should be and hereby are approved. These transactions shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Chicago, acting pursuant to delegated authority.

By order of the Board of Governors, effective November 4, 1986.

Voting for this action: Chairman Volcker and Governors Johnson and Seger. Voting against this action: Governor Angell. Abstaining from this action: Governors Rice and Heller. Absent and not voting: Governor Wallich.

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

4. *Permanent Assistance Program for Continental Illinois Bank and Trust Company* (Joint Press Release of OCC, FDIC, and Federal Reserve Board) at 1 (July 26, 1984).

Dissenting Statement of Governor Angell

I believe that, as a matter of public policy, any expansion by an FDIC-assisted banking organization should take place only after restoration of the institution to full private ownership. Accordingly, I vote to deny these applications.

November 4, 1986

First Kentucky National Corporation
Louisville, Kentucky

Order Approving Acquisition of a Bank

First Kentucky National Corporation, Louisville, Kentucky, a bank holding company within the meaning of the Bank Holding Company Act ("Act") (12 U.S.C. § 1841 *et seq.*), has applied for the Board's approval under section 3 of the Act (12 U.S.C. § 1842) to acquire 100 percent of the voting shares of Mutual Trust Bank, New Albany, Indiana ("Bank").

Notice of the application, affording interested persons an opportunity to submit comments, has been given in accordance with section 3(b) of the Act (51 *Federal Register* 29,309 (August 15, 1986)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the Act.

Section 3(d) of the Act (12 U.S.C. § 1842(d)), the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire a bank located outside the bank holding company's home state,[1] unless the state where the bank to be acquired is located has specifically authorized the acquisition by language to that effect and not merely by implication. The Board has previously determined that Indiana has by statute expressly authorized a Kentucky bank holding company, such as Applicant, to acquire an Indiana bank or bank holding company, such as Bank.[2] Accordingly, approval of Applicant's proposal to acquire Bank is not barred by the Douglas Amendment.

Applicant, the largest commercial banking organization in Kentucky, controls six subsidiary banks with total deposits of $3.3 billion, representing 13.8 percent of the total deposits in commercial banks in the state.[3] Bank is the 77th largest commercial banking organization in Indiana and controls deposits of $105.7 million, representing 0.3 percent of the total deposits in commercial banks in Indiana. Because Applicant does not operate in Indiana, consummation of the proposal would have no effect on the concentration of banking resources in Indiana.

Applicant and Bank compete directly in the Louisville, Kentucky, banking market.[4] Applicant is the second largest commercial banking organization in the market, with total deposits of $2.5 billion, representing 31.7 percent of the total deposits in commercial banks in the market. Bank is the seventh largest commercial banking organization in the market, controlling 1.4 percent of the total deposits in commercial banks in the market. After consummation of the proposal, Applicant's share of the deposits in commercial banks in the market would be 33.1 percent. The share of deposits held by the four largest commercial banking organizations in the market would increase from 88.9 percent to 90.3 percent and the Herfindahl–Hirschman Index ("HHI") would increase by 86 points to 2582.[5]

Although consummation of the proposal would eliminate some existing competition between Applicant and Bank in the Louisville, Kentucky, market, numerous other commercial banking organizations would remain as competitors after consummation of the proposal. In addition, the Board has considered the presence and competition afforded by thrift institutions in its analysis of this proposal.[6] Eight thrift institutions compete with commercial banks in the Louisville banking market and account for 22.7 percent of the total deposits in the market. Thrift institutions already exert a considerable competitive influ-

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

2. *Citizens Fidelity Corporation*, 72 Federal Reserve Bulletin 576 (1986); Ind. Code § 28-2-15-18(e) (effective January 1, 1986).

3. Deposit data refer to total domestic deposits as of December 31, 1985, and reflect bank holding company acquisitions approved as of August 25, 1986.

4. The Louisville banking market is approximated by the Louisville, Kentucky RMA plus the non-RMA portion of Clark County, Indiana.

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

6. The Board has previously indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks. *National City Corporation*, 70 Federal Reserve Bulletin 743 (1984); *NCNB Corporation*, 70 Federal Reserve Bulletin 225 (1984); *General Bancshares Corporation*, 69 Federal Reserve Bulletin 802 (1983); *First Tennessee National Corporation*, 69 Federal Reserve Bulletin 298 (1983).

ence in the market as providers of NOW accounts and consumer loans. In addition, most of these institutions provide commercial and industrial loans in addition to traditional thrift services. Based upon the above considerations, the Board concludes that consummation of the proposal is not likely substantially to lessen competition in the Louisville banking market.[7]

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

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

By order of the Board of Governors, effective November 7, 1986.

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

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

James Madison Limited
Washington, D.C.

Order Approving Acquisition of a Bank

James Madison Limited, Washington, D.C., a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) ("Act"), has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire the successor by merger to The McLean Bank, McLean, Virginia ("Bank").

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

Applicant, a one-bank holding company, is the seventh largest commercial banking organization in the District of Columbia ("District"). Its subsidiary bank controls total domestic deposits of $360.7 million, representing 3.5 percent of the total deposits in commercial banks in the District. Bank is the 18th largest commercial banking organization in Virginia, controlling total domestic deposits of $114.5 million, representing 0.3 percent of the total deposits in commercial banks in Virginia.[1]

Section 3(d) of the Act (12 U.S.C. § 1842(d)), the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire control of any bank located outside of the holding company's home state,[2] unless such acquisition is "specifically authorized by the statute laws of the state in which such bank is located, by language to that effect and not merely by implication."[3]

The statute laws of Virginia authorize the acquisition of a bank or bank holding company in Virginia by a bank holding company located in another state in a defined southeastern region, including the District, if the laws of that state permit Virginia bank holding companies to acquire banks and bank holding companies in that state. The District has enacted a similar regional interstate banking statute, which permits the acquisition of a District bank holding company or bank by a bank holding company located in Virginia.[4]

The Virginia Commissioner of Financial Institutions has determined that the District statute satisfies the requirements of Virginia Code § 6.1-399.[5] Based on

7. If 50 percent of deposits held by thrift institutions in the Louisville banking market were included in the calculation of market concentration, the share of total deposits held by the four largest organizations in the market would be 77.9 percent. Applicant's market share would increase by 1.2 percentage points to 28.8 percent and the HHI would increase by 66 points to 1969 upon consummation of the proposal.

1. Deposit data are as of December 31, 1985.

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

3. Virginia Code § 6.1-398 *et seq.* (Supp. 1985). The states in the region defined by Virginia law include Alabama, Florida, Georgia, Louisiana, Maryland, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia, in addition to the District of Columbia.

4. District of Columbia Regional Interstate Banking Act of 1985, 1985 D.C. Law 6-63, as amended by the District of Columbia Regional Interstate Banking Act of 1985 Amendments Act of 1985, D.C. Law 6-276.

5. This determination was made on October 31, 1986, in connection with an application by Riggs National Corporation, Washington, D.C. to acquire Guaranty Bank and Trust Company, Fairfax, Virginia.

the foregoing, the Board has determined that the proposed acquisition is specifically authorized by the statute laws of Virginia and is thus permissible under the Douglas Amendment, subject to Applicant's receipt of the approval of the Virginia Commissioner of Financial Institutions pursuant to Virginia Code § 6.1–399. The Board's Order is specifically conditioned upon satisfaction of the state regulatory approval requirement.

Applicant's subsidiary bank competes with Bank in the Washington, D.C., banking market.[6] Applicant is the 14th largest of 70 commercial banking organizations in the Washington, D.C., market, and controls deposits of $360.7 million, representing 1.4 percent of the total deposits in commercial banks therein.[7] Bank is the 26th largest commercial banking organization in the market, controlling domestic deposits of $98.0 million, representing 0.4 percent of the total deposits in commercial banks in the market. Upon acquisition of Bank, Applicant would become the 12th largest commercial banking organization in the Washington, D.C., market and would control 1.8 percent of the total deposits in commercial banks in the market.

The Washington, D.C., banking market is unconcentrated, and would remain unconcentrated after consummation of the proposed acquisition. The share of deposits held by the four largest commercial banking organizations in the market is 50.4 percent and the Herfindahl–Hirschman Index for the market is 816.[8] Moreover, a large number of commercial banking organizations would remain in the Washington, D.C., market after the proposed acquisition. On the basis of these and all other facts of record, the Board concludes that consummation of the acquisition would not have a significant adverse effect on existing competition in the Washington, D.C., market.

The financial and managerial resources and future prospects of Applicant, Bank, and their respective subsidiaries are consistent with approval of the application. Considerations relating to the convenience and needs of the communities to be served are also consistent with approval.

Based on the foregoing and other facts of record, the Board has determined that this application should be, and hereby is, approved, subject to the express condition that Applicant obtain the approval of the Virginia Commissioner of Financial Institutions pursuant to section 6.1–399 of the Virginia Code. The acquisition of Bank shall not be consummated before the thirtieth calendar day following the effective date of the Order, or later than three months after the effective date of the Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Richmond, acting pursuant to delegated authority.

By order of the Board of Governors, effective November 3, 1986.

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

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

6. The Washington, D.C., banking market is defined as the Washington, D.C., Ranally Metropolitan Area, which comprises the District of Columbia and the surrounding suburban areas of Virginia and Maryland.

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

8. Consummation of the proposed transaction would increase the market's Herfindahl–Hirschman Index by 1 point. Thus, the transaction is not likely to be challenged by the Department of Justice under its merger guidelines, 49 *Federal Register* 26,823 (1984).

Keystone Financial, Inc. State College, Pennsylvania

Order Approving Merger of Bank Holding Companies

Keystone Financial, Inc., State College, Pennsylvania, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended ("BHC Act") (12 U.S.C. § 1841 *et seq.*), has applied for the Board's approval under section 3(a)(5) of the Act (12 U.S.C. § 1842 (a)(5)) to merge with Pennsylvania National Financial Corp., Harrisburg, Pennsylvania ("PNFC"), and thereby indirectly to acquire Pennsylvania National Bank and Trust Company, Pottsville, Pennsylvania ("PNB"), and Hamburg Savings and Trust Company, Hamburg, Pennsylvania ("Hamburg").

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

Applicant is the 13th largest commercial banking organization in the state, holding deposits of $1.2 billion, representing 1.3 percent of total deposits in commercial banks in the state.[1] PNFC is the 23rd largest commercial banking organization in the state, controlling deposits of $559.1 million, representing 0.6

1. All banking data are as of December 31, 1985, unless otherwise specified.

percent of total deposits in commercial banks in the state. Upon consummation of this proposal, Applicant would become the 12th largest banking organization in the state and would control less than 2 percent of deposits in commercial banks in the state. Consummation of the proposal would not have a significant adverse effect on the concentration of banking resources in the state.

Applicant's subsidiary banks compete directly with PNFC's subsidiary banks in two markets: the Scranton/Wilkes-Barre and the Northumberland County markets. In the Scranton/Wilkes-Barre market,[2] Applicant is the 33rd largest of 37 commercial banking organizations, with total deposits of $20 million, representing 0.3 percent of total deposits in commercial banks in the market.[3] PNFC is the 35th largest commercial banking organization in the market, with total deposits of $7.2 million, representing 0.1 percent of total deposits in commercial banks in the market. The Scranton/Wilkes-Barre market is considered moderately concentrated, with the four largest banks controlling 58.2 percent of the deposits in commercial banks in the market. The Herfindahl–Hirschman Index ("HHI") for the market is 1027, and would increase by 1 point upon consummation of the proposal.[4] Based upon the number of commercial banking organizations that would remain in the market after consummation and the small increase in Applicant's market share, the Board concludes that consummation of the proposal is not likely to substantially lessen competition in the Scranton/Wilkes-Barre market.

In the Northumberland County market,[5] Applicant is the second largest of 14 commercial banking organizations, with total deposits of $136.2 million, representing 21.8 percent of the deposits in commercial banks in the market. PNFC's subsidiary banks rank fourth in the market, with $47.6 million in deposits, representing 7.6 percent of the total deposits in commercial banks in the market. The Northumberland banking market is considered to be moderately concentrated, with the four largest commercial banks controlling 62.9 percent of the deposits. The HHI for the market is 1404, and would increase by 332 points upon consummation of the proposal.

Although consummation of the proposal would eliminate some existing competition between Applicant and PNFC in the Northumberland banking market, numerous other commercial banking organizations would remain as competitors in the market. In addition, the presence of four thrift institutions, controlling approximately 20.9 percent of the market's total deposits, mitigates the anticompetitive effects of the transaction.[6] Thrift institutions already exert a considerable competitive influence in the market as providers of NOW accounts and consumer loans. Based upon the above considerations, the Board concludes that consummation of the proposal is not likely to substantially lessen competition in the Northumberland County banking market.[7]

In its evaluation of Applicant's managerial resources, the Board has considered certain violations by PNFC's lead bank, PNB, of the Currency and Foreign Transactions Reporting Act ("CFTRA") and the regulations thereunder.[8] PNB has taken remedial action as a result of the discovery of these violations. Applicant has committed to implement its compliance program at PNB within 30 days of consummation and to undertake a compliance review at PNB within 120 days of consummation.

Based on the foregoing and other facts of record, the Board concludes that the financial and managerial resources and future prospects of Applicant and PNFC are considered satisfactory and consistent with approval.

In considering the convenience and needs of the communities to be served, the Board has considered the records of PNFC's bank subsidiaries under the

2. The Scranton/Wilkes Barre market is defined by the Scranton/Wilkes Barre Metropolitan Statistical Area ("MSA") and includes Luzerne, Lackawanna, Columbia, Monroe, and Wyoming counties in Pennsylvania.

3. Market data are as of June 30, 1985, and account for all acquisitions that have been consummated as of July 31, 1986.

4. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,823 (June 29, 1984)), any market in which the post-merger HHI is between 1000 and 1800 is considered moderately concentrated, and the Department is likely to challenge a merger that increases the HHI by more than 100 points, unless other facts of records indicate that the merger is not likely substantially to lessen competition. The Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by at least 200 points.

5. The Northumberland market is approximated by Northumberland County, Pennsylvania.

6. The Board has previously indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks. *National City Corporation*, 70 FEDERAL RESERVE BULLETIN 743 (1984); *NCNB Bancorporation*, 70 FEDERAL RESERVE BULLETIN 225 (1984); *General Bancshares Corporation*, 69 FEDERAL RESERVE BULLETIN 802 (1983); *First Tennessee National Corporation*, 69 FEDERAL RESERVE BULLETIN 298 (1983).

7. If 50 percent of deposits held by thrift institutions in the Northumberland banking market were included in the calculation of market concentration, the share of total deposits held by the four largest organizations in the market would be 59.3 percent. Applicant would control 19.3 percent of the market's deposits and PNFC would control 6.8 percent of the market's deposits. The HHI would increase by 263 points to 1474.

8. 31 U.S.C. § 5311 *et seq.*; 31 C.F.R. § 103.

Community Reinvestment Act ("CRA") (12 U.S.C. § 2901 *et seq.*). The CRA requires 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 objective, the CRA requires the appropriate federal banking agency to assess the records of banks in meeting the credit needs of their entire communities, including low- and moderate-income neighborhoods, consistent with their safe and sound operation, and to take those records into account in its evaluation of bank holding company applications.

With regard to PNB's CRA record, the Board has considered the comments of the Harrisburg Fair Housing Council, Inc., Harrisburg, Pennsylvania ("Protestant"). In accordance with the Board's practice and procedures for handling protested applications,[9] the Board reviewed the CRA record of Applicant and PNFC's banking subsidiaries, the information provided and allegations made by Protestant, and Applicant's response.

Protestant initially raised 37 issues concerning PNB's CRA performance. After a series of private meetings between Protestant and PNB to discuss and clarify the issues, only four points remain. PNB has prepared a comprehensive proposal in response to Protestant's concerns, which Applicant and PNB intend to implement following consummation of the merger. The proposal is a partnership between the parties, and includes many provisions responsive to Protestant's concerns, including: establishing flexible credit standards; providing conventional and federally sponsored or subsidized home mortgage loan programs; offering credit-counseling services; considering financing joint venture partnerships involving community-based organizations; providing small business and SBA lending; establishing a community relations officer; marketing affirmatively PNB's lending programs; upgrading the Allison Hill branch office services; instituting a community review council with representatives of community organizations and PNB to review PNB's lending programs and implementation of various provisions of the proposal; and enhancing PNB's CRA compliance. This proposal is, in the Board's view, responsive to the issues raised by Protestant, and is more comprehensive in scope than many of the agreements that the Board has taken into consideration in previous cases involving CRA issues.

9. 12 C.F.R. § 262.25.

The record supports a finding that the CRA records of the banking subsidiaries of Applicant and PNFC are consistent with approval of the application. The Office of the Comptroller of the Currency ("OCC") has previously determined that the CRA record of the subsidiary banks of Applicant and PNFC are satisfactory. In addition, an analysis of Home Mortgage Disclosure Act data shows that PNB has a satisfactory home mortgage lending record within the City of Harrisburg, in the surrounding area, and in the minority areas within the City of Harrisburg, for its size and market share. Finally, Applicant and PNB have shown a willingness to meet and engage in constructive discussions with Protestant.

Thus, based on all the facts of record, the Board believes that the CRA records of the subsidiary banks of Applicant and PNFC are consistent with approval of this application.

Accordingly, based on all of the evidence, including the commitments and representations by Applicant and PNB to the Board, the Board concludes that convenience and needs considerations are consistent with approval of this application.[10]

Based on the foregoing and other facts of record, the Board has determined that the application should be, and hereby is, approved. This 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 Philadelphia, acting pursuant to delegated authority.

By order of the Board of Governors, effective November 17, 1986.

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

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

10. The Board has also considered Protestant's request for a public hearing. The Board finds that Protestant and Applicant have had ample opportunity to submit materials in order to clarify factual questions and that Protestant has not identified remaining material questions of fact that would render a hearing appropriate. In light of this and the representations and commitments made by Applicant in response to Protestant's comments, the Board has determined to deny Protestant's request for a public hearing.

The Marine Corporation
Milwaukee, Wisconsin

Order Approving Acquisition of a Bank Holding Company

The Marine Corporation, Milwaukee, Wisconsin ("Marine"), a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) ("BHC Act") has applied for the Board's approval under section 3(a)(3) of the BHC Act (12 U.S.C. § 1842(a)(3)) to acquire Community State Agency, Inc., Bloomington, Minnesota ("Company"), and thereby indirectly acquire Community State Bank of Bloomington, Minneapolis, Minnesota ("Bank").

Notice of the application, affording an opportunity for interested persons to submit comments, has been given in accordance with section 3(b) of the BHC Act. The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the BHC Act (12 U.S.C. § 1842(c)).[1]

Section 3(d) of the BHC Act, the Douglas Amendment (12 U.S.C. § 1842(d)), prohibits the Board from approving any application by a bank holding company to acquire a bank located outside the holding company's home state, unless such acquisition is "specifically authorized by the statute laws of the State in which such bank is located, by language to that effect and not merely by implication."[2] The statute laws of Minnesota authorize bank holding companies located in "reciprocating states" to acquire a Minnesota bank with the approval of the Commissioner of Commerce of the State of Minnesota.[3] A "reciprocating state" is defined as a state that authorizes the acquisition of banks in that state by a bank or bank holding company located in Minnesota "under conditions substantially similar to those imposed by Minnesota" as determined by the Minnesota Commissioner of Commerce, and is limited to Iowa, North Dakota, South Dakota, and Wisconsin.[4]

On April 30, 1986, Wisconsin enacted comprehensive banking legislation that includes authority for bank holding companies in a region that includes Minnesota to acquire banks and bank holding companies in Wisconsin. The Wisconsin statute specifically states that the interstate banking provisions do not apply until January 1, 1987.[5] Based on the foregoing, the Board has determined, as required by the Douglas Amendment, that, as of January 1, 1987, the proposed acquisition is specifically authorized by the statute laws of Minnesota and is thus permissible under the Douglas Amendment, subject to Applicant's obtaining the approval required pursuant to section 48.93 of the Minnesota statutes.

Marine is the third largest banking organization in Wisconsin, operating 21 subsidiary banks with total deposits of $3.3 billion, representing approximately 10.5 percent of the total deposits in commercial banks in Wisconsin.[6] Company is the tenth largest banking organization in Minnesota, operating one banking subsidiary with total deposits of $161.8 million, representing 0.5 percent of total deposits in commercial banks in Minnesota.[7]

Marine does not provide banking services in the Minneapolis-St. Paul, Minnesota, banking market[8] where Bank competes, nor elsewhere in Minnesota. The Minnesota interstate banking statute permits banking organizations from four states, including Wisconsin, to enter Minnesota, and, accordingly, there are numerous potential entrants into the state and into the Minneapolis market. Based on the foregoing, the Board concludes that the proposal would not have any adverse effects on the concentration of banking resources in any relevant area, and that the proposal would not result in the elimination of existing or probable future competition in any relevant market.

The financial and managerial resources and future prospects of Marine, Company and Bank are considered satisfactory and consistent with approval. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval of the application.

Based on the foregoing and other facts of record, the Board has determined that the application should be, and hereby is, approved, subject to the express condition that Applicant obtain the approval of the Minnesota Commissioner of Commerce pursuant to section

1. The Board received a protest from the Harambee Ombudsman Project, Inc. ("Protestant"), a community group, which challenged Applicant's record of meeting the credit needs of its community under the Community Reinvestment Act. Protestant withdrew its protest after several meetings with Applicant which resulted in an agreement by Applicant to institute a comprehensive program of services in Protestant's area.

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

3. Minn. Stat. § 48.90 *et seq.* (1986).

4. Minn. Stat. § 48.92:7.

5. Wis. Stat. Ann. § 221.58(8) (West 1982 & Supp. 1986).

6. Wisconsin banking data are as of December 31, 1985.

7. Minnesota banking data are as of June 30, 1985.

8. The Minneapolis-St. Paul banking market is approximated by the Minneapolis-St. Paul RMA, adjusted to include all of Carver and Scott Counties, Minnesota, and Lanesburgh Township in LeSueur County, Minnesota.

48.93 of the Minnesota statutes, and the proposal not be consummated before January 1, 1987, the effective date of the Wisconsin statute. This transaction shall also not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Chicago, acting pursuant to delegated authority.

By order of the Board of Governors, effective November 26, 1986.

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

BARBARA R. LOWREY
[SEAL] *Associate Secretary of the Board*

The One Bancorp
Portland, Maine

Order Approving Acquisition of Bank

The One Bancorp, Portland, Maine, has applied for the Board's approval under section 3(a)(3) of the Bank Holding Company Act ("Act") (12 U.S.C. § 1842(a)(3)), to acquire all of the outstanding voting shares of the successor by merger to the Bank of Hartford, Inc., S.A., Hartford, Connecticut ("Bank").

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

On the basis of the record, the application is approved for the reasons set forth in the Board's Statement, which will be released at a later date. This approval is subject to Applicant's compliance with all state and federal requirements necessary for consummation of the acquisition.

By order of the Board of Governors, effective November 7, 1986.

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

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

Rainier Bancorporation
Seattle, Washington

Order Approving Acquisition of Bank

Rainier Bancorporation, Seattle, Washington, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), 12 U.S.C. §§ 1841–48, has applied for the Board's approval under section 3(a)(3) of the Act, 12 U.S.C. § 1842(a)(3), to acquire all of the voting shares of Mount Hood Security Bank, Gresham, Oregon.

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

On the basis of the record, the application is approved for the reasons set forth in the Board's Statement, which will be released at a later date.

By order of the Board of Governors, effective November 14, 1986.

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

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

Statement by Board of Governors of the Federal Reserve System Regarding the Application of Rainier Bancorporation to Acquire Mount Hood Security Bank

By Order dated November 14, 1986, the Board approved the application of Rainier Bancorporation, Seattle, Washington, to acquire Mount Hood Security Bank, Gresham, Oregon ("Mount Hood Bank"), pursuant to section 3(a)(3) of the Bank Holding Company Act ("BHC Act" or "Act"). 12 U.S.C. § 1842(a)(3). In this Statement the Board sets forth its reasons for approving the application.

Applicant's lead bank, Rainier National Bank, Seattle, Washington ("Rainier Bank"), is the second largest commercial banking organization in Washington, with deposits of \$5.4 billion, representing 22.7 percent of the total deposits in commercial banks in the state.[1]

1. Statewide deposit data are as of June 30, 1986.

Mount Hood Bank is the thirty-fifth largest commercial bank in Oregon, with deposits of $19 million, representing 0.1 percent of the total deposits in commercial banks in the state.

Under section 3(d) of the BHC Act, the Douglas Amendment, a bank holding company may not acquire a bank located outside of the bank holding company's home state unless the acquisition is "specifically authorized by the statute laws of the state in which such bank is located, by language to that effect and not merely by implication."[2] 12 U.S.C. § 1842(d). An Oregon statute that became effective on July 1, 1986, authorizes a Washington bank holding company, with the permission of the Oregon Banking Supervisor, to "acquire . . . the capital stock" of "a bank that has been engaged in the business of banking for . . . not less than three years prior to the effective date of the acquisition," or of a phantom institution that "has merged with or acquired . . . the capital stock" of such a bank. Or. Rev. Stat. § 715.065(1); *see id.* §§ 706.005(29), 707.029(1)(c). There is no requirement of reciprocity.

Mount Hood Bank has been "engaged in the business of banking" since 1982. Applicant would acquire the bank's stock by having the bank merge into Rainier Bank Oregon, N.A., a phantom institution wholly owned by Applicant. The Oregon Banking Supervisor approved the proposed acquisition on November 7, 1986, expressly concluding that Applicant had "met the criteria as set out in ORS 715.065 to control and operate [Mount Hood Bank] in a legal and proper manner." Accordingly, the Board concludes that the acquisition is specifically authorized by Oregon statute, and permissible under the Douglas Amendment.

Applicant competes with Mount Hood Bank in the Portland, Oregon, banking market, the only market in which Mount Hood Bank operates.[3] Rainier Bank is the ninth largest of 26 commercial banking organizations in the market, with deposits of $63 million, representing 1.0 percent of the total deposits in commercial banks in the market. Mount Hood Bank is the seventeenth largest commercial banking organization in the market, with deposits of $17 million, representing 0.3 percent of the total deposits in commercial banks in the market. Upon acquiring Mount Hood Bank, Applicant would continue to be the ninth largest commercial banking organization in the market and would control 1.3 percent of the total deposits in commercial banks in the market.

Although the Portland banking market is concentrated, with a Herfindahl–Hirschman Index ("HHI") of 2419,[4] the proposed acquisition would increase the HHI by less than 1 point. Moreover, 25 commercial banking organizations would remain in the market after the acquisition. Based on these and other facts of record, the Board concludes that the acquisition would have no significant adverse effect on existing competition in the market. As there are numerous other potential entrants into the market, the Board concludes that the acquisition would have no significant adverse effect on probable future competition.

The financial and managerial resources and future prospects of Applicant and its subsidiary banks and of Mount Hood Bank are generally satisfactory and consistent with approval of the application.

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

In reviewing the CRA record of Rainier Bank, the Board has considered the comments of two protesting community organizations, South End Seattle Community Organization, and South East Effective Development, both of Seattle, Washington (together "Protes-

2. A bank holding company's home state is the state in which the operations of the bank holding company's subsidiary banks were principally conducted on July 1, 1966, or on the date on which the company became a bank holding company, whichever is later.

3. The Portland banking market is coextensive with the Portland, Oregon, RMA. It consists of Multnomah County and parts of Clackamas, Columbia, Marion, Washington, and Yamhill Counties, all in Oregon; and part of Clark County, Washington. Rainier Bank has a branch in the Washington portion of the market.

Market data are as of June 30, 1985.

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

5. Pursuant to section 262.3(e) of its Rules of Procedure, the Board has also considered similar comments by the Oregon State Public Interest Research Group, Portland, Oregon ("OSPIRG"), which were submitted after the close of the comment period.

Neither OSPIRG nor any other commenter has challenged the CRA record of Mount Hood Bank.

tants").[5] Protestants have generally raised concerns about whether Rainier Bank has been meeting the needs of their neighborhood, the South End of Seattle ("South End").[6]

In accordance with the Board's practice and procedures for handling protested applications, 12 C.F.R. § 262.25, the Board has reviewed Rainier Bank's CRA record, the information provided and allegations made by Protestants, and Applicant's responses. The Board notes that Applicant and Protestants met on July 14, 22, and 29, 1986, and met with officers of the Federal Reserve Bank of San Francisco ("Reserve Bank") on August 28 and September 4, 1986, to clarify the issues and provide a forum for resolving differences.

The Office of the Comptroller of the Currency ("OCC") has previously determined that the CRA record of each of Applicant's subsidiary banks is satisfactory.[7]

The Board has examined the mortgage and home improvement lending data available under the Home Mortgage Disclosure Act ("HMDA"), 12 U.S.C. §§ 2801-11, and concluded that those data do not indicate that Rainier Bank has neglected the South End in favor of other areas or neglected low- and moderate-income census tracts (whether in the South End or in the Seattle MSA generally) in favor of upper-income census tracts. Rainier Bank's mortgage loans in low- and moderate-income census tracts are generally in proportion to its overall mortgage lending. In addition, pursuant to section 228.8(c) of the Board's Regulation BB, 12 C.F.R. § 228.8(c), the Board has accorded considerable weight to the mortgage and home improvement lending record of Rainier Mortgage Company, Seattle, Washington, a nonbank subsidiary of Applicant.

The Board has also considered favorably the fact that Applicant has several programs that are specifically directed toward the development of low- and moderate-income areas. Through its Home Loan Center, Rainier Bank arranges purchase and rehabilitation loans on distressed one- to four-family dwellings based on the value of the property after rehabilitation. The Board also notes that Rainier Bank's Community Business Loan Center, which aims at making commercial loans more available to women, minority group members, and others, and the bank's extensive program of making loans guaranteed by the Small Business Administration, are important means of meeting the credit needs of the community.

In this connection, Applicant has also made a series of commitments relating to matters such as lending in the South End, lending in low- and moderate-income communities, expanding and marketing programs such as the Home Loan Center and Community Business Loan Center, implementing an HMDA-type reporting system for loans made by Applicant's nonbank subsidiaries, and continuing to provide low-cost checking accounts.

The Board has fully and carefully considered the various points made by Protestants, and for the reasons indicated above believes that Applicant is taking appropriate measures to meet community needs. Protestants' major point is that Applicant should agree to specific lending goals in the South End, including dollar amounts for particular types of lending and below-market terms. However, the Board has consistently maintained that neither the CRA nor the BHC Act requires or authorizes the Board "to dictate a bank's product mix (which credit or deposit services a bank should emphasize) or to dictate what proportion or amount of an institution's funds must, or even should, be allocated to any particular credit need, borrower or neighborhood or on what specific terms credit should be extended."[8] *Commerce Bancshares, Inc.*, 64 FEDERAL RESERVE BULLETIN 576, 579 (1978); *see Hibernia Corporation,* 72 FEDERAL RESERVE BULLETIN 656, 658 (1986).[9]

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

6. The Board concludes that Rainier Bank's delineation of the relevant "community" as King County, Washington, is reasonable, does not exclude low-to-moderate-income or minority areas, and complies with applicable regulations. 12 C.F.R. § 25.3. Under that delineation, Rainier Bank must meet the credit needs of the entire county, including the South End and the low- and moderate-income neighborhoods of the county, and must be judged on its overall record of meeting those needs.

7. No commenter has challenged the CRA record of any subsidiary of Applicant other than Rainier Bank.

8. Petitioners disregard these principles in their attempts to compare Rainier Bank with other financial institutions based on real estate lending data. "The Board has recognized the importance of, among other kinds of loans, both mortgage and small business loans in meeting the requirements of the CRA, and believes that the appropriate mix of these types of loans is a business decision to be made by banks." *Dominion Bankshares Corporation,* 72 FEDERAL RESERVE BULLETIN 787, 789 n.10 (1986).

9. The Board believes that Rainier Bank's check-cashing policy is not unduly burdensome under the circumstances, given the evidence of record regarding the ease of obtaining adequate identification at reasonable cost.

Protestants have offered neither evidence nor arguments to contradict Applicant's contention that Rainier Bank had legitimate business reasons for reducing services at its Promenade 23 Branch and, under the circumstances, the Board does not believe that the reduction reflects adversely on Applicant's service to the convenience and needs of the community.

of the application.[10] The Board will review Applicant's progress in fulfilling its commitments, as well as its CRA record generally, in connection with any future application.

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

November 25, 1986.

BARBARA R. LOWREY
[SEAL] *Associate Secretary of the Board*

Suffield Financial Corporation
Suffield, Connecticut

Order Approving Formation of a Bank Holding Company

Suffield Financial Corporation, Suffield, Connecticut, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act ("Act") (12 U.S.C. § 1842(a)(1)), to become a bank holding company by acquiring Suffield Savings Bank, Suffield, Connecticut ("Bank"). Bank is a state-chartered stock savings bank, the accounts of which are insured by the Federal Deposit Insurance Corporation.

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

The Board has previously determined that a state savings bank is a "bank" under section 2(c) of the Act if it accepts demand deposits, engages in the business of making commercial loans, and is not covered by the exemption created by the Garn–St Germain Depository Institutions Deregulation Act of 1982 for thrift institutions insured by the Federal Savings and Loan Insurance Corporation ("FSLIC") or operating under a charter by the Federal Home Loan Bank Board.[1] Bank accepts demand deposits and engages in the business of making commercial loans, and its deposits are not insured by the FSLIC. Accordingly, Bank is a "bank" for purposes of the Act, and Applicant's application to become a bank holding company through acquisition of Bank has been considered in light of the requirements of section 3 of the Act pertaining to the acquisition of banks.

Applicant is a nonoperating corporation with no subsidiaries, formed for the purpose of acquiring Bank and Bank's subsidiaries. Bank is the 45th largest depository institution among commercial banks and thrift institutions in Connecticut, with deposits of approximately $199.5 million, controlling 0.4 percent of the total deposits in commercial banks and thrift institutions in the state.[2] Bank is the 17th largest depository institution in the Hartford banking market,[3] controlling 1.2 percent of the total deposits in commercial banks and thrift institutions in the market.[4] Because this proposal involves the formation of a bank holding company, consummation of the proposal would not have any significant effect on existing or probable future competition, nor would it significantly increase the concentration of banking resources in Bank's markets or in the State of Connecticut.

Bank engages through wholly owned subsidiaries in certain real estate investment and development activities and real estate brokerage activities authorized for Bank pursuant to state law. The Board has requested comment regarding the permissible scope and extent of real estate investment and development activities of holding company banks and their subsidiaries,[5] and regarding the scope of section 225.22(d)(2) of the Board's Regulation Y, 12 C.F.R. § 225.22(d)(2), which authorizes state banks owned by bank holding companies to establish wholly owned operating subsidiaries to engage in activities that the state bank is authorized

10. In considering Protestants' request for a public meeting, the Board finds that Protestants and Applicant have had ample opportunity to present evidence and arguments in writing and to respond to one another's submissions, and concludes that the parties' extensive written submissions have been an adequate means of clarifying the issues in this case, including the factual questions raised by Protestants. Accordingly, the Board has denied Protestants' request for a public meeting.

1. *Excel Bancorp, Inc.*, 72 FEDERAL RESERVE BULLETIN 731 (1986); *First Fidelity Bancorporation*, 72 FEDERAL RESERVE BULLETIN 487 (1986); *BankVermont Corporation*, 70 FEDERAL RESERVE BULLETIN 829 (1984); *The Frankford Corporation*, 70 FEDERAL RESERVE BULLETIN 654 (1984); *The One Bancorp*, 70 FEDERAL RESERVE BULLETIN 359 (1984); *First NH Banks, Inc.*, 69 FEDERAL RESERVE BULLETIN 874 (1983); *Amoskeag Bank Shares, Inc.*, 69 FEDERAL RESERVE BULLETIN 860 (1983).

2. Banking data are as of March 31, 1986.

3. The Hartford banking market is defined as the Hartford RMA minus the Tolland County township of Mansfield and the Windham County township of Windham, plus the Windham County township of Ashford, the Hartford County township of Hartland and the Tolland County township of Union, and the remaining portions of Plymouth and East Hadden not already included in the RMA.

4. Market data are as of March 31, 1986.

5. 50 *Federal Register* 4519 (1985).

to conduct directly under state law. Pending completion of these rulemakings on these issues, the Board has, in a limited number of instances, permitted state-chartered savings banks to continue to engage in real estate investment and development activities, provided that the savings banks limit the level and scope of these activities and maintain adequate capital to support the activities.[6] Applicant has provided commitments that so limit Bank's real estate activities, and has committed to conform these activities to the result of the Board's rulemakings. Applicant has also committed to conform Bank's real estate brokerage activities to the results of the Board's rulemaking concerning the scope of section 225.22(d)(2) of the Board's Regulation Y, and to any change in Board policy with respect to real estate brokerage activities engaged in by state-chartered savings banks and their subsidiaries. The Board notes that Bank's real estate brokerage subsidiaries do not at any time take an equity position in real estate. Accordingly, subject to these commitments, the Board has determined that Bank's real estate investment and development activities and real estate brokerage activities do not preclude approval of this application.

The financial and managerial resources and future prospects of Applicant and Bank are regarded as satisfactory and consistent with approval of this proposal. Considerations relating to the convenience and needs of the community to be served are also consistent with approval.

Based on the foregoing and other facts of record, including the commitments made by Applicant, the Board has determined that the application under section 3 of the Act should be and hereby is approved. The acquisition of Bank shall not be consummated before the thirtieth calendar day following the effective date of this Order or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Boston, pursuant to delegated authority.

By order of the Board of Governors, effective November 10, 1986.

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

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

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

Orders Issued Under Section 4 of the Bank Holding Company Act

Signet Banking Corporation Richmond, Virginia

Order Approving the Acquisition of a Company Engaged in Providing Financial Advisory Services

Signet Banking Corporation, Richmond, Virginia, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), 12 U.S.C. § 1841 *et seq.*, has applied for the Board's prior approval under section 4(c)(8) of the Act, 12 U.S.C. § 1843(c)(8), and section 225.23 of the Board's Regulation Y, 12 C.F.R. § 225.23, to acquire 100 percent of the voting shares of Corporate Finance Advisors, Inc., Richmond, Virginia ("Company"), and to engage through Company in certain financial advisory services.

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been duly published (51 *Federal Register* 35,052, 39,587 (1986)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the Act.

Applicant, a bank holding company by virtue of its ownership of commercial banks in Virginia, Maryland and the District of Columbia, has total consolidated assets of \$8.5 billion.[1] Through its subsidiaries, Applicant currently engages in various permissible nonbanking activities.

Applicant proposes to establish Company *de novo* as a financial advisory firm that will provide:

(1) advice regarding the structuring of and arranging for loan syndications, interest rate "swap," interest rate "cap," and similar transactions;

(2) advice in connection with merger, acquisition/divestiture and financing transactions for nonaffiliated financial and nonfinancial institutions;

(3) valuations for nonaffiliated financial and nonfinancial institutions; and

(4) fairness opinions in connection with merger, acquisition and similar transactions for nonaffiliated financial and nonfinancial institutions.

None of Applicant's proposed services is included on the list of permissible nonbanking activities in Regulation Y, 12 C.F.R. § 225.25(b) *et seq.* However, the Board has previously determined by order that the

1. Data are as of June 30, 1986.

activities described in paragraphs (2), (3) and (4) are closely related to banking and permissible for bank holding companies, generally. By order approving the application of Security Pacific Corporation to acquire Duff & Phelps, Inc., Chicago, Illinois,[2] the Board determined that banks had extensive experience in valuing securities within their trust departments, and that banks typically provided extensive financial advice to customers as part of their commercial lending services. The Board noted further that a number of major banks were competitive with Duff & Phelps, Inc., in offering corporate valuations and financial feasibility studies for a fee.

Applicant has also requested the Board's approval for Company to provide advice to institutional customers regarding the structuring of and arranging for loan syndications and regarding interest rate "swap" and "cap" transactions.[3] Applicant states that the proposed advice would be provided mainly to corporate and institutional clients in Virginia, Maryland and the District of Columbia. Applicant further states that Company will provide advice only; Company will not broker interest rate transactions, nor will it participate in the lending for any syndication.

In order to determine if an activity is closely related to banking under section 4(c)(8) of the Act, the Board has relied on guidelines established by the federal courts.[4] Under these guidelines, an activity may be found to be closely related to banking if it is demonstrated:

(1) that banks generally have, in fact, provided the proposed services;

(2) that banks generally provide services that are operationally or functionally so similar to the proposed services as to equip them particularly well to provide the proposed services; or

(3) that banks generally provide services that are so integrally related to the proposed services as to require their provision in a specialized form.

The Board also may consider other factors in determining whether an activity is closely related to banking and has stated that it will consider evidence of any reasonable connection to banking in making its analysis.[5] In addition, section 225.21(a)(2) of Regulation Y permits a bank holding company to engage in incidental activities that are necessary to carry on a closely related activity.[6]

In this regard, Applicant states that Company's proposed advisory services derive from investment research activities currently performed by Applicant's subsidiary bank in Virginia in response to requests from institutional customers seeking advice on financial strategy and lender selection. Applicant also states that a number of major commercial banking firms in Virginia already offer advice for a fee regarding loan syndications or interest rate exchange and protection products.

Although the provision of the services included in activity number (1) has not previously been found to be permissible for bank holding companies, the Board believes that Company's provision of advice regarding loan syndications and interest rate swap and cap transactions would be similar to financial advisory services that are permissible for bank holding companies, generally.[7] In addition, the Board believes that banks currently perform this type of financial advisory service for their customers. The Board also notes that such advice is operationally or functionally so similar to services generally provided by banks as to equip banks particularly well to provide the proposed services. In view of this similarity, the Board finds that Company's proposed activity number (1) may be deemed closely related to banking.

In order to approve this application, the Board must also find that the performance of the proposed activity number (1) "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."

In this respect, Applicant indicates that Company's performance of this activity may be expected to benefit the public by allowing Company to provide essential services at competitive costs. Specifically, Applicant notes that it has invested heavily in computer systems and capacities and that the economies of scale gained as a result will reduce operating costs to

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2. *Security Pacific Corporation*, 71 Federal Reserve Bulletin 118 (1985).

3. Applicant defines interest rate "swap" transactions as: contractual agreements between parties to exchange interest payments (rather than principal) based upon an assumed principal amount, various interest rate indices, and a predetermined time period. Applicant describes interest rate "caps" as: contractual agreements wherein the seller of a cap agrees to make payment to the purchaser of a cap, if a particular interest rate index (prime) exceeds a predetermined level, with payments calculated on an assumed principal amount for a deferred time period. Both "caps" and "swaps" are typically used by institutions to manage or hedge outstanding positions in the financial markets.

4. *National Courier Association v. Board of Governors*, 516 4.2d 1229 (D.C. Cir. 1975).

5. 49 *Federal Register* 806 (1984).

6. *See Association of Data Processing Service Organizations, Inc. v. Board of Governors of the Federal Reserve System*, 745 F.2d 677 (D.C. Cir. 1984).

7. *Security Pacific Corporation* at 119.

Company. Applicant emphasizes that substantial benefits will become available over the next several years in the form of improved service, greater convenience and competitive pricing.

The Board notes that Company will be strongly capitalized and will have a ready customer base, and that Company will confine its financial advisory services to institutional customers in those states where Applicant presently conducts its operations. The Board also notes that Company's anticipated competitors include investment and commercial banking firms much larger in terms of asset size, personnel resources available, and volume of business transacted.[8] Moreover, the Board recognizes that Company will be established as a *de novo,* independent subsidiary so that no material changes in Applicant's management, operations, marketing or other business functions will be necessitated by this proposal.

The Board believes that concerns regarding conflicts of interest and related adverse effects that may be associated with financial feasibility studies can be substantially mitigated through the imposition of conditions designed to prevent such adverse effects. The Board finds that appropriate conditions to mitigate such adverse effects are as follows:

(1) Company will not make available to Applicant or any of its subsidiaries confidential information received from Company's clients;

(2) Disclosure always will be made to each potential client of Company that Company is an affiliate of Applicant;

(3) Advice rendered by Company on an explicit fee basis will be rendered without regard to correspondent balances maintained by the customer of Company at any depository institution subsidiary of Applicant; and

(4) Company's financial advisory activities shall not encompass the performance of routine tasks or operations for a customer on a daily or continuous basis.

Under these conditions, the Board concludes that Applicant's performance of the proposed activity is unlikely to result in any undue concentration of resources, decreased or unfair competition, unsound banking practices, or other adverse effects.

8. Included among Company's competitors are: Sovran Bank, N.A., United Virginia Bank, Wachovia Bank & Trust Company, N.A., First Union National Bank, NCNB National Bank and Sun Trust Bank.

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

By order of the Board of Governors, effective November 28, 1986.

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

BARBARA R. LOWREY
[SEAL] *Associate Secretary of the Board*

Westpac Banking Corporation
Sydney, Australia

Order Approving an Application to Engage in Certain Activities Related to Dealing in Gold and Silver Bullion

Westpac Banking Corporation, Sydney, Australia ("Westpac"), a bank holding company within the meaning of the Bank Holding Company Act ("Act"), 12 U.S.C. § 1841 *et seq.,* has applied, pursuant to section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. § 225.23), for permission to engage through its subsidiary Mase Westpac, Inc., New York City, New York ("MWI"), in certain activities related to dealing in gold and silver bullion.

Westpac's proposed activities are as follows:

(a) buying and selling gold and silver bullion, bars, rounds and bullion coins for its own account and the account of others;

(b) financing the production, refining and fabrication of gold and silver, including lending and borrowing gold and silver in connection with such financing;

(c) arbitraging gold and silver in markets throughout the world; and

(d) providing various incidental services for customers such as arranging for the safe custody, assaying and shipment of gold and silver.[1]

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been duly published (51 *Federal Register* 30,271 (1986)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the Act.

Westpac, a bank organized under the laws of Australia, is the 68th largest banking organization in the world with total assets of approximately $36.9 billion.[2] Westpac engages in a broad range of financial and commercial services directly and indirectly through its offices worldwide.

The Board has previously determined that most of Westpac's proposed activities are permissible for bank holding companies. A bank holding company may engage in the purchase and sale of gold and silver for its own account and for the account of others.[3] The Board believes that assaying and arranging transport of bullion is part of this activity.[4] With regard to Westpac's proposal to provide financing for the production and fabrication of gold and silver, Regulation Y permits bank holding companies to engage in making loans and other extensions of credit. Thus, Westpac's proposed financing activities for the production of gold and silver are permissible under Regulation Y.[5]

In order to approve this application, the Board is also required to determine that Westpac's performance of the proposed activities "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." 12 U.S.C. § 1843(c)(8).

Westpac will engage in its proposed activities as part of its acquisition of assets of Johnson Matthey Bankers, Ltd., which failed in 1984.[6] Westpac's acquisition of these assets prevented a decrease in competition in the gold and silver markets that otherwise would have resulted from the elimination of a competitor. Accordingly, the Board concludes that Westpac's performance of the proposed activities can reasonably be expected to provide benefits to the public.

The Board also has considered the potential for adverse effects that may be associated with this proposal. There is no evidence in the record that consummation of the proposal would result in any adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices.

Based upon a consideration of all the relevant facts, the Board concludes that the balance of the public interest factors that it is required to consider under section 4(c)(8) is favorable. Accordingly, the application is hereby approved.[7]

This determination is subject to all of the conditions set forth in Regulation Y, including sections 225.4(d) and 225.23(b)(3) (12 C.F.R. §§ 225.4(d) and 225.23(b)(3)), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective November 24, 1986.

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

WILLIAM W. WILES
[SEAL] *Secretary of the Board*

1. Westpac has notified the Board of its intention to purchase and sell for its own account options, futures and options on futures on gold and silver bullion. Applicant has committed to take positions in these investments only as a means of hedging their position in the underlying commodity, i.e. gold and silver. Accordingly, this activity is permissible under section 4(c)(1)(C) of the Act, 12 U.S.C. § 1843(c)(1)(C), which allows bank holding companies to "furnish(ing) services to or perform(ing) services for such bank holding company or its banking subsidiaries."

2. Banking data are as of March 31, 1986.

3. *Hongkong and Shanghai Banking Corporation*, 72 FEDERAL RESERVE BULLETIN 345 (1986); *Sovran Financial Corporation*, 72 FEDERAL RESERVE BULLETIN 146 (1986); *First Interstate Bancorp*, 71 FEDERAL RESERVE BULLETIN 467 (1985).

4. In *Standard and Chartered Banking Group Ltd.*, the Board allowed the bank holding company to provide storage facilities, weighing, coin counting and transportation services for bullion and coin. 38 *Federal Register* 27,552 (1973).

5. 12 C.F.R. § 225.25(b)(1) (1986).

6. Pursuant to section 4(c)(9) of the Act, Westpac acquired certain assets of Johnson Matthey Bankers, Ltd., London, England, on May 19, 1986.

7. Westpac also has applied to join the Commodities Exchange, Inc. ("COMEX"), in order to execute and clear silver and gold futures contracts. MWI will trade in the instruments only for its own account. MWI's obligations will not be guaranteed by any affiliated company and no such guarantee will be given without notifying the Board.

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

Midlantic Corporation
Edison, New Jersey

Order Approving Formation of a Bank Holding Company and Acquisition of Banks and Nonbanking Companies

Midlantic Corporation, Edison, New Jersey, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1842(a)(1)) to become a bank holding company by acquiring all of the voting shares of two bank holding companies and thereby indirectly acquiring their subsidiary banks and bank holding companies. Applicant proposes to acquire: 1) Midlantic Banks, Inc., Edison, New Jersey and its subsidiaries, Midlantic National Bank, Newark, New Jersey; Midlantic National Bank/North, West Paterson, New Jersey; Midlantic National Bank/South, Mount Laurel, New Jersey; Midlantic National Bank/Merchants, Neptune, New Jersey; Midlantic National Bank/Sussex & Merchants, Newton, New Jersey; and Midlantic National Bank/Union Trust, Wildwood, New Jersey; and 2) Continental Bancorp, Inc., Philadelphia, Pennsylvania and its subsidiaries, Continental Bank, Norristown, Pennsylvania; York Bancorp, Inc. and its subsidiary bank, The York Bank and Trust Company, York, Pennsylvania; and United Penn Bank, Wilkes-Barre, Pennsylvania. Applicant also proposes to acquire Midlantic Banks, Inc.'s 15.9 percent interest in Statewide Bancorp, Toms River, New Jersey.

Applicant also has applied for the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) to acquire Midlantic Holdings, Inc., Edison, New Jersey; Midlantic National Bank and Trust Co./Florida, Fort Lauderdale, Florida; Midlantic Home Mortgage Corporation, Melville, New York; Midlantic Commercial Leasing Corp, New York, New York; Midlantic Middle States Leasing Corp., Edison, New Jersey; Midlantic Commercial Co., Bloomfield, New Jersey; Greater New Jersey Mortgage Co., Edison, New Jersey; Midlantic Brokerage Services Inc., Edison, New Jersey; and Lenders Life Insurance Company, Phoenix, Arizona. These companies are existing nonbank subsidiaries of Midlantic Banks, Inc. and Continental Bancorp, Inc. engaged in the activities of making and servicing loans, performing trust company functions, leasing personal and real property, underwriting credit life, accident and health insurance and securities brokerage. These activities have been determined by the Board to be closely related to banking and permissible for bank holding companies (12 C.F.R. § 225.25(b)(1), (b)(3), (b)(5), (b)(9), (b)(15)).

Applicant also has given notice of its intention to acquire Midlantic Banks, Inc.'s wholly owned corporation chartered pursuant to section 25(a) of the Federal Reserve Act (the "Edge Act") (12 U.S.C. § 611 *et seq.*), Midlantic Overseas, Ltd., Edison, New Jersey under section 211.4(b)(3) of Regulation K, 12 C.F.R. § 211. Applicant also has applied for the Board's approval under section 4(c)(13) of the BHC Act (12 U.S.C. § 1843(c)(13)) to acquire Midlantic Banks, Inc.'s subsidiary Midlantic International, Inc. and its subsidiary, Midlantic Services e Administracao Limitado, Brazil.[1]

Notice of the applications, affording opportunity for interested persons to submit comments, has been given in accordance with sections 3 and 4 of the BHC Act (51 *Federal Register* 26,945 (1986)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the BHC Act (12 U.S.C. § 1842(c)) and the considerations specified in section 4(c)(8) of the BHC Act.[2]

Midlantic Banks, Inc., the second largest commercial banking organization in New Jersey, controls six subsidiary banks in New Jersey with $7.3 billion in total deposits, representing 15.4 percent of the total deposits in commercial banks in New Jersey.[3] Continental Bancorp, Inc., Philadelphia, Pennsylvania, the sixth largest commercial banking organization in Pennsylvania, controls three subsidiary banks, with $3.7 billion in total deposits, representing 4.4 percent of the total deposits in commercial banks in Pennsylvania. Consummation of the proposal would have no significant effect on the concentration of banking resources in Pennsylvania or New Jersey.

Section 3(d) of the BHC Act, 12 U.S.C. § 1842(d), the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire a bank located outside the holding compa-

1. As an alternative to the transactions described above, Midlantic Banks, Inc. has applied for the Board's approval under section 3(a)(3) of the BHC Act to exercise warrants for 1.9 million shares of convertible preferred stock of Continental Bancorp, Inc. If converted, these shares would represent 24.9 percent of Continental's common stock on a *pro forma* basis. In view of the Board's action on Applicant's application to become a bank holding company, action on this alternative application is unnecessary.

2. The Board received letters protesting the application from the Community Development Coalition, Inc. ("CDC"), Philadelphia, Pennsylvania and the Camden Business Administrator, Camden, New Jersey, alleging that certain of Applicant's subsidiary banks are not fulfilling their responsibilities under the Community Reinvestment Act. Following several meetings with Applicant, agreements were reached with the protestants and the protests of the applications were withdrawn.

3. Pennsylvania state deposit data are as of December 31, 1985; New Jersey state deposit data are as of June 30, 1984.

ny's home state, unless such acquisition is "specifically authorized by the statute laws of the state in which such bank is located, by language to that effect and not merely by implication."[4]

On June 25, 1986, Pennsylvania enacted a regional interstate banking statute[5] which permits out-of-state bank holding companies located in states in the region[6] that have reciprocal legislation with Pennsylvania to acquire Pennsylvania banks and bank holding companies. The Pennsylvania statute explicitly declares that the New Jersey interstate banking legislation is reciprocal with the legislation enacted in Pennsylvania.[7] Accordingly, Pennsylvania law permits a New Jersey bank holding company to acquire a bank holding company or bank in Pennsylvania. Applicant meets all of the requirements of the Pennsylvania statute authorizing an eligible bank holding company to acquire a New Jersey bank or bank holding company.[8] Based on the foregoing, the Board has determined that the proposed acquisition is specifically authorized by the statute laws of Pennsylvania and is thus permissible under the Douglas Amendment.

Subsidiary banks of Midlantic Banks, Inc. and Continental Bancorp, Inc. compete in the Philadelphia banking market.[9] Midlantic Banks, Inc. is the eighth largest of 59 commercial banking organizations in the Philadelphia banking market, with total deposits of $1.4 billion, representing 4.2 percent of the deposits in commercial banking organizations therein.[10] Continental Bancorp, Inc. is the sixth largest commercial banking organization in the market, with total deposits of $2.2 billion, representing 6.7 percent of the deposits in commercial banks in the market. Upon consummation of the proposal, Midlantic Banks, Inc. would become the third largest commercial banking organization in the market, with total deposits of $3.5 billion, representing 10.9 percent of the deposits in the commercial banks in the market. As a result of the proposal, the Herfindahl–Hirschman Index ("HHI") will increase 56 points to 971[11] and the four-firm concentration ratio will increase to 53.8 percent.

In view of the unconcentrated nature of the Philadelphia banking market, the small increase in Applicant's market share, the number of competitors that would remain upon consummation of the proposal and other facts of record, the Board concludes that consummation of the proposal is not likely substantially to lessen competition in the Philadelphia banking market.

The Board also has considered the effects of this proposal on probable future competition in the markets in which Midlantic Banks, Inc. and Continental Bancorp, Inc., but not both, compete. In light of the number of probable future entrants into each of these markets and other facts of record, the Board concludes that consummation of this proposal would not have any significant adverse effect on probable future competition in any relevant market.

In its evaluation of the managerial resources at Midlantic Banks, Inc. and its subsidiary banks and Continental Bancorp, Inc., and its subsidiary banks, the Board has considered certain violations of the Currency and Foreign Transactions Reporting Act ("CFTRA") and the regulations thereunder.[12] The Board notes that Midlantic Banks, Inc. and its bank subsidiaries and Continental Bancorp, Inc. and its bank subsidiaries have undertaken comprehensive remedial programs to correct these violations and to prevent similar violations from occurring in the future. Midlantic Banks, Inc. advised the Board that it filed corrective currency transaction reports; carefully reviewed its exempt lists and removed those customers not entitled to an exemption; instituted internal training for bank personnel regarding compliance with the CFTRA; improved internal audit functions with respect to the CFTRA, including the appointment of a Bank Secrecy Act officer at each subsidiary bank; and established an automated software program at teller windows to help ensure that reportable currency transactions are automatically identified for proper reporting. The Board notes that Midlantic Banks, Inc. has cooperated fully with law enforcement agencies. In addition, the sufficiency of the compliance procedures adopted to address this matter and the efficacy in correcting the deficiencies have been reviewed by the primary supervisor of the banks involved. The Board also consulted with appropriate enforcement agencies

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

5. 1986 Pa. Laws No. 69 (effective August 24, 1986).

6. The region consists of seven states (Delaware, Kentucky, Maryland, New Jersey, Ohio, Virginia, West Virginia) and the District of Columbia.

7. Section 2(c)(iv) of 1986 Pa. Laws No. 69 (effective August 24, 1986).

8. On October 30, 1986, the Pennsylvania Deputy Secretary of Banking determined that the application complied with all of the requirements of Pennsylvania law and approved the application.

9. The Philadelphia banking market consists of Bucks, Chester, Delaware, Montgomery and Philadelphia counties in Pennsylvania plus Burlington, Camden and Gloucester counties in New Jersey.

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

11. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,823 (June 29, 1984)), a market with a post-merger HHI of less than 1000 is unconcentrated. The Department of Justice has stated that it will not challenge any merger producing an HHI below 1000, except in extraordinary circumstances.

12. 31 U.S.C. § 5311 *et seq.*; 31 C.F.R. § 103.

with respect to this matter, and considered Midlantic Banks, Inc.'s past record of compliance with the law.

Continental Bancorp, Inc. advised the Board that it brought the CFTRA violations at its subsidiary bank to the attention of the appropriate supervisory authorities and has cooperated fully with law enforcement agencies. Continental Bancorp, Inc. advised the Board that it created a committee consisting of senior officers representing various Bank departments to monitor and to improve Bank's compliance with the CFTRA; carefully reviewed its exempt lists and removed those customers not entitled to an exemption; instituted internal training for bank personnel regarding compliance with the CFTRA; improved internal audit functions with respect to the CFTRA; and established an automated software program to help ensure that reportable currency transactions are automatically identified for proper reporting. Furthermore, the sufficiency of the compliance procedures adopted to address this matter and the efficacy in correcting the deficiencies have been reviewed. The Board also consulted with appropriate enforcement agencies with respect to this matter.

For the foregoing reasons and based upon a review of all of the facts of record, the Board concludes that the managerial resources of Midlantic Banks, Inc. and Continental Bancorp, Inc. are consistent with approval. The Board also finds that the financial resources of Midlantic Banks, Inc. and its subsidiaries, and Continental Bancorp, Inc. and its subsidiaries, are consistent with approval of the application. Considerations relating to the convenience and needs of the community to be served are also consistent with approval.

Applicant also has applied under section 4(c)(8) of the BHC Act to acquire the nonbanking subsidiaries of Midlantic Banks, Inc. and Continental Bancorp, Inc. that are engaged in lending, leasing, trust company, securities brokerage and credit life, accident and health insurance activities. While there is some service area overlap between Midlantic and Continental in mortgage lending, the market for such services is unconcentrated and there are a large number of firms that engage in this activity. No existing competition would be eliminated with respect to any of the other nonbanking activities.

Accordingly, it appears that Applicant's acquisition of these nonbanking subsidiaries would not have a significantly adverse effect upon competition in any relevant market. Furthermore, there is no evidence in the record to indicate that approval of this proposal would result in undue concentration of resources, unfair competition, conflicts of interest, unsound banking practices, or other adverse effects on the public interest. Thus, the Board has determined that the balance of the public interest factors it must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval of the applications.

Applicant also has given notice of its intention to acquire Midlantic Banks, Inc.'s wholly owned Edge Act Corporation, Midlantic Overseas Ltd., Edison, New Jersey under section 211.4(b)(3) of Regulation K. Midlantic Overseas, Ltd. would continue to operate as a direct subsidiary of Midlantic Banks, Inc. as it has since its establishment in March, 1982. Based on the facts of record, the Board has determined that disapproval of the proposed investment is not warranted.

Applicant has also applied under section 4(c)(13) of the BHC Act to acquire Midlantic Banks, Inc.'s subsidiary Midlantic International, Inc. and its subsidiary, Midlantic Services e Administracao Limitado, Brazil, which is an administrative services company engaged in activities permitted by section 211.5(d)(6) of Regulation K. The Board has determined that approval of this application under section 4(c)(13) of the BHC Act is consistent with the purposes of the BHC Act and the Board's Regulation K.

Based on the foregoing and the facts of record, the Board has determined that the applications under sections 3 and 4 of the BHC Act are consistent with the public interest, and should be and hereby are approved. The banking acquisitions shall not be consummated before the thirtieth calendar day following the effective date of this Order, and neither the banking acquisitions nor the nonbanking activities shall be consummated later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of New York, acting pursuant to delegated authority. The determinations as to Applicant's nonbanking activities are subject to the conditions set forth in section 225.4(d) and section 225.23(b)(1), (b)(3), (b)(5), (b)(9), (b)(15) of Regulation Y (12 C.F.R. § 225.4(d) and § 225.23(b)(1), (b)(3), (b)(5), (b)(9), (b)(15)) and the Board's authority to require such modifications or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective November 21, 1986.

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

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

Southborough Holdings, Inc.
Vancouver, B.C., Canada

Pacific National Financial Corporation
Vancouver, B.C., Canada

American National Corporation
Mountain View, California

Order Approving the Formation of Bank Holding Companies and the Conduct of Nonbanking Activities

Southborough Holdings, Inc., Vancouver, B.C., Canada ("SHI"), Pacific National Financial Corporation, Vancouver, B.C., Canada ("PNF"), and American National Corporation, Mountain View, California ("ANC") (SHI, PNF and ANC will be referred to collectively as "Applicants"), have applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1842(a)(1)) to become bank holding companies through the acquisition of the voting shares of Foothill Bank, Mountain View, California ("Bank"). Applicants have also applied for Board approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) to engage in certain leasing activities in the United States through American National Leasing Corporation, Mountain View, California ("AN Leasing"). The Board has determined that these activities are closely related to banking and permissible for bank holding companies (12 C.F.R. § 225.25(b)(5)). Additionally, Applicants seek to continue to engage outside the United States in certain leasing activities permissible under section 4(c)(8) of the BHC Act.

Notice of the applications, affording an opportunity for interested persons to submit comments, has been given in accordance with sections 3 and 4 of the BHC Act. The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c), and the considerations expressed in section 4, of the BHC Act (12 U.S.C. §§ 1842(c) and 1843(c)(8)).

SHI, the top tier applicant, is a Canadian holding company. SHI owns 74 percent of the voting common stock of PNF.[1] PNF is a Canadian public corporation engaged in full-payout equipment leasing in Canada. Bank is the 230th largest bank in California, with total deposits of $49.9 million, representing 0.02 percent of total deposits in commercial banks in the state.[2]

Bank operates in the San Francisco banking market, and controls 0.04 percent of the deposits in commercial banking organizations in the market.[3] Applicants do not operate any subsidiaries in the relevant market. Based on the record, the Board has concluded that consummation of this proposal would not result in any significant adverse effects upon competition or significant increase in the concentration of resources in any relevant market. Accordingly, competitive considerations are consistent with approval.

The financial and managerial resources and future prospects of Applicants and Bank are considered satisfactory and consistent with approval. Applicants have committed to consent to the jurisdiction of the United States, to appoint an agent for service of process in the United States, and to maintain adequate books and records in the United States, together with any additional information the Board may require concerning Applicants' business and financial condition. Based on all the facts of record, including the commitments made by Applicants, the Board has determined that considerations relating to banking factors are consistent with approval of the proposed acquisition. The Board has determined that considerations relating to the convenience and needs of the community to be served are also consistent with approval of this proposal.

Applicant has also applied, pursuant to section 4(c)(8) of the BHC Act, to acquire AN Leasing Corporation, Mountain View, California ("AN Leasing"), the nonbanking subsidiary of ANC, and thereby engage in personal property leasing activities involving leases that are the functional equivalent of an extension of credit. Applicant has also applied for Board approval to continue to engage in certain personal property leasing activities conducted by SHI and PFC in Canada. These activities are permissible for bank holding companies under section 225.25(b)(5) of the Board's Regulation Y. 12 C.F.R. § 225.25(b)(5). AN Leasing will be organized as a *de novo* subsidiary of ANC. Consummation of the proposal would not result in the elimination of any competition, and thus Applicants' proposal would not have any adverse effect on competition in any relevant market. Furthermore, there is no evidence in the record to indicate that

1. SHI currently holds certain impermissible nonbanking investments. In addition, PNF has committed to divest the ownership of its five rental properties within two years of the acquisition of the Bank. In acting on this application, the Board has relied on Applicants' commitment to divest these impermissible nonbanking investments within two years of consummation of the proposed transactions, which is the time period permitted under the BHC Act for companies that become bank holding companies to conform their nonbanking activities to the requirements of the BHC Act. 12 U.S.C. § 1843(a)(2).

2. Deposit data are as of June 30, 1986. State ranking data are as of December 31, 1985. Market data are as of June 30, 1985.

3. The San Francisco banking market is approximated by the San Francisco-Oakland-San Jose RMA.

approval of this proposal would result in undue concentration of resources, decreased or unfair competition, conflicts of interest, unsound banking practices, or other adverse effects on the public interest. Accordingly, the Board has determined that the balance of the public interest factors it must consider under section 4(c)(8) of the BHC Act is consistent with approval of these applications.

On the basis of the record and commitments made by Applicants and their principals, and for the reasons summarized above, the Board has determined that the applications under sections 3 and 4 of the BHC Act should be and hereby are approved. The banking acquisition shall not be consummated before the thirtieth calendar day following the effective date of this Order, and neither the banking acquisition nor the nonbanking acquisition shall occur later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of San Francisco, acting pursuant to delegated authority. The determination with respect to Applicants' nonbanking activities is subject to all of the conditions set forth in Regulation Y, including sections 225.4(d) and 225.23(b) (12 C.F.R. §§ 225.4(d) and 225.23(b)), and to the Board's authority to require such modifications or termination of activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder.

By order of the Board of Governors, effective November 3, 1986.

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

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

SunTrust Banks, Inc.
Atlanta, Georgia

Order Approving Acquisition of a Bank Holding Company

SunTrust Banks, Inc., Atlanta, Georgia, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 *et seq.*) ("Act"), has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)), to acquire Third National Corporation, Nashville, Tennessee ("Company"), and thereby indirectly acquire its twelve subsidiary banks.[1] Applicant has also applied under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8) and section 225.23(a)) of the Board's Regulation Y (12 C.F.R. § 225.23(a)(2)) to acquire the following nonbank subsidiaries of Company: Third National Financial Services, Nashville, Tennessee, and thereby engage in mortgage banking including making, acquiring or servicing loans; Third National Insurance Company, Chattanooga and Nashville, Tennessee, and thereby underwrite credit life, accident and health insurance for Company and its subsidiaries; ThirdData, Nashville, Tennessee, and thereby provide data processing, data transmission services and data bases primarily to financial institutions; Third National Brokerage Services, Chattanooga, Nashville, Knoxville and Johnson City, Tennessee, and thereby provide securities brokerage services, related securities credit activities and incidental activities such as custodial services, individual retirement accounts and cash management services; and Third National Trust Company, Chattanooga, Tennessee, to engage in activities of a fiduciary, agency or custodial nature. These activities have been determined by the Board to be closely related to banking and permissible for bank holding companies under section 225.25(b)(1), (3), (7), (8) and (15).

Notice of the applications, affording an opportunity for interested persons to submit comments, has been given in accordance with sections 3 and 4 of the Act. (51 *Federal Register* 26,191 and 26,468 (1986)). The time for filing comments has expired, and the Board has considered the applications and all comments received, including comments in opposition to the applications from Legal Services of Greater Miami ("Legal Services"), in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)), and the considerations specified in section 4(c)(8) of the Act.

Applicant is the second largest banking organization in Georgia, with total Georgia deposits of $5.2 billion,[2] representing 15.3 percent of the total deposits in commercial banks in the state. Applicant is also the second largest banking organization in Florida, controlling deposits in that state of $2.2 billion, representing 6.3 percent of the total deposits in commercial banks in Florida. Company is the largest banking organization in Tennessee with total deposits of $4.2 billion, representing 14.4 percent of state deposits.

1. Applicant also has applied to exercise a Warrant purchased from Company to acquire up to 24.9 percent of Company's shares. By its terms, the Warrant is exercisable only on the occurrence of certain events which include a material breach by Company of the merger agreement entered into with Applicant, or a tender offer, purchase, merger or filing by any person or group that would result in that person or group controlling at least 24.9 percent of Company's shares.

2. All banking data are as of June 30, 1986.

Section 3(d) of the Act (12 U.S.C. § 1842(d)), the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire a bank located outside the bank holding company's home state,[3] unless the state where the bank to be acquired is located has specifically authorized the acquisition by language to that effect and not merely by implication. Applicant's home state is Florida. The statute laws of Tennessee authorize the acquisition of a bank holding company in the state by a bank holding company from another state, provided that state is within a defined Southern Region, which includes Florida.[4] Such an acquisition is permitted if the laws of the acquiring institution's home state permit the acquisition of a bank in that state by a Tennessee bank holding company or bank on a reciprocal basis. Florida has enacted a similar reciprocal statute, which permits the acquisition of a Florida bank by a Tennessee bank holding company.

Based on its review of the relevant Tennessee and Florida statutes, the Board has determined that the Florida statute and the proposed acquisition satisfy the requirements of Tennessee's interstate banking statute and that the Tennessee statute expressly authorizes a Florida holding company, such as Applicant, to acquire a bank holding company located in Tennessee, such as Company. Accordingly, the Board concludes that approval of Applicant's proposal to acquire a bank holding company is not barred by the Douglas Amendment.

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

The Board has considered the effects of the proposed acquisition on probable future competition in Tennessee, Georgia and Florida. In view of the existence of numerous other potential entrants from states within the interstate banking regions into each of the markets served by Company or Applicant, the Board has concluded that consummation of the proposed transaction would not have any significant adverse effects on probable future competition in any relevant market.

The financial and managerial resources of Applicant, Company, and their subsidiary banks are considered satisfactory and consistent with approval. In considering the convenience and needs of the communities to be served, the Board has also taken into account Applicant's record under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*, ("CRA")). The CRA requires the Board, in its evaluation of a bank holding company application, to assess the record of an applicant in meeting the credit needs of the entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation. The Board has received comments from Legal Services, which represents low income groups and individuals in Miami. Legal Services requests that the Board not approve the applications until Applicant "provides adequate assurances that it will meet the convenience and needs of the low- and moderate-income persons, and minorities, in their service areas in Florida."[5]

In accordance with the Board's practice and procedure for handling protested applications,[6] the Board reviewed the allegations made by Legal Services, and Applicant's response. Applicant met privately with Legal Services on several occasions and has agreed to collaborate with the latter on the development of a corporate CRA policy. In addition, pursuant to the Board's examination of Applicant's CRA record, Applicant has committed to strengthen consumer compliance by its Florida subsidiaries by instituting more extensive training for all responsible personnel. Applicant also will develop a written CRA policy and program which addresses the requirements of CRA and Regulation BB for all of its bank subsidiaries, including a written corporate policy on basic banking services which will take into account the guidelines issued by the Board and the Office of the Comptroller of the Currency as well as improve its marketing of bank loan and deposit services to minorities and low- and moderate-income persons. Applicant has also committed to institute in its Florida subsidiaries programs and policies that have been successfully implemented at its Georgia subsidiaries, such as its programs that assist minority businesses and the

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

4. Tennessee Regional Reciprocal Banking Act, Tenn. Code Ann. §§ 45-12-101 *et seq*. The region defined by this Act includes Alabama, Arkansas, Florida, Georgia, Indiana, Kentucky, Louisiana, Mississippi, Missouri, North Carolina, South Carolina, Tennessee, Virginia and West Virginia. Tenn. Code Ann. § 45-12-102.

5. Legal Services asserts that in Florida, Applicant has failed to meet the credit needs of low income and black communities; has been inadequately involved in community development activities; does not offer various government loan programs such as FHA, FmHA and VA; and has engaged in credit discrimination in the case of one client.

6. *See* 12 C.F.R. § 262.25(c).

conservation of low-income housing. In this regard, the Board notes that Applicant has a strong record of meeting the needs of the communities it serves in Georgia. Finally, Applicant will file detailed reports of its programs in order that the Federal Reserve System may evaluate Applicant's progress in meeting its CRA objectives.

The Board has carefully reviewed the records of Applicant, and Company as well, in meeting the convenience and needs of all segments of their communities. Based on this review and after taking into account Applicant's commitments to enhance its service to meet the convenience and needs of its community, including low- and moderate-income segments, the Board concludes that convenience and needs considerations are consistent with approval of this application.[7]

Applicant has also applied, pursuant to section 4(c)(8), to acquire the following nonbank subsidiaries of Company, all located in Tennessee: Third National Financial Services, Nashville, and thereby engage in mortgage banking including making, acquiring or servicing loans; Third National Insurance Company, Chattanooga and Nashville, and thereby underwrite credit life, accident and health insurance within the Third National system; ThirdData, Nashville, and thereby provide data processing, data transmission services and data bases primarily to financial institutions; Third National Brokerage Services, Chattanooga, Nashville, Knoxville and Johnson City, and thereby provide securities brokerage services, related securities credit activities and incidental activities such as custodial services, individual retirement accounts and cash management services; and Third National Trust Company, Chattanooga, to engage in activities of a fiduciary, agency or custodial nature. Because Applicant and Company do not compete in any of the same markets, approval of these applications will have no significant effect on competition in any relevant market. Furthermore, there is no evidence in the record to indicate that approval of this proposal would result in undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices or other adverse effects on the public interest. Accordingly, the Board has determined that the balance of the public interest factors it must consider under section 4(c)(8) of the Act is favorable and consistent with approval of the application to acquire Company's nonbanking subsidiaries.

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

By order of the Board of Governors, effective November 26, 1986.

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

BARBARA R. LOWREY
[SEAL] *Associate Secretary of the Board*

7. Legal Services has also requested that the Board order a public meeting to receive public testimony on the issues presented by these applications. Although section 3(b) of the Act does not require a formal hearing in this instance, the Board may, in any case, order a formal or informal hearing. In the Board's view, the parties have had ample opportunity to present their arguments in writing and to respond to one another's submissions. In light of these facts, the proposals by Applicant to expand its services, and other facts of record, the Board has determined that a hearing would serve no useful purpose. Accordingly, Legal Services' request for a public hearing is hereby denied.

Orders Approved Under Bank Holding Company Act

By Board of Governors

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

Section 3

Applicant	Bank(s)	Effective date
El Paso Financial Corporation, El Paso, Texas	El Paso State Bank, El Paso, Texas	November 10, 1986
First United Bancshares, Inc., Ord, Nebraska	Grant Bancshares, Inc., Grant, Nebraska Mid-Nebraska Bancshares, Inc., Ord, Nebraska	November 25, 1986
Texas Community Bancshares, Inc., Dallas, Texas	BancTEXAS Sulphur Springs, N.A., Sulphur Springs, Texas	November 12, 1986

By the Secretary of the Board

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

Applicant	Bank(s)	Effective date
First Interstate Bancorp, Los Angeles, California	First Interstate Central Bank, Willows, California	November 20, 1986
The Union of Arkansas Corporation, Little Rock, Arkansas	Union National Bank of Oklahoma, Temple, Oklahoma	November 14, 1986

By Federal Reserve Banks

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

Section 3

Applicant	Bank(s)	Reserve Bank	Effective date
ABC Holding Company, Moultrie, Georgia	The Citizens Bank of Tifton, Tifton, Georgia	Atlanta	October 30, 1986

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Alabama National Bancorporation, Ashland, Alabama	First United Corporation, Ashland, Alabama Headland Capital Corporation, Headland, Alabama Tallapoosa Capital Corporation, Dadeville, Alabama Macon Capital Corporation, Tuskeegee, Alabama	Atlanta	November 12, 1986
American Capital Corporation, Centerville, Texas	Fairfield Bancshares, Inc., Fairfield, Texas	Dallas	November 7, 1986
Amity Bancorp Inc., New Haven, Connecticut	Amity Bank, Woodbridge, Connecticut	Boston	November 10, 1986
ASB Bancshares, Inc., Ashville, Alabama	Ashville Savings Bank, Ashville, Alabama	Atlanta	November 10, 1986
Avoca Financial Services Inc., Council Bluffs, Iowa Western Iowa Consultants, Inc., Council Bluffs, Iowa	Citizens Savings Bank, Avoca, Iowa	Chicago	November 6, 1986
Banco Harlan, Inc., Harlan, Kentucky	The Bank of Harlan, Harlan, Kentucky	Cleveland	November 13, 1986
Bancorp of Mississippi, Tupelo, Mississippi	First Mississippi National Corporation, Hattiesburg, Mississippi	St. Louis	November 14, 1986
Central Wisconsin Bankshares, Inc., Wausau, Wisconsin	Westby-Coon Valley State Bank, Westby, Wisconsin	Chicago	November 4, 1986
Chambanco, Inc., Chambers, Nebraska	Ewing Agency, Inc., Ord, Nebraska	Kansas City	November 6, 1986
Charter Banc Group, Inc., Northfield, Illinois	Bank of Glenbrook, Glenview, Illinois Bank of Northfield, Northfield, Illinois Bank of Wheaton, Wheaton, Illinois Bank of Winfield, Winfield, Illinois	Chicago	October 28, 1986
Citizens Community Bankshares, Inc., Wittenberg, Wisconsin	Crandon National Bank, Crandon, Wisconsin	Chicago	October 30, 1986
City Bancorp of Bloomington-Normal, Inc., Bloomington, Illinois	State Bank of Saybrook, Saybrook, Illinois	Chicago	November 13, 1986
City Holding Company, Charleston, West Virginia	The Peoples Bank of Point Pleasant, Point Pleasant, West Virginia	Richmond	November 5, 1986
Commerce Bancorp, Inc., Marlton, New Jersey	Commerce Bank/Pennsylvania, N.A., Philadelphia, Pennsylvania	Philadelphia	October 24, 1986
Commerce Corporation, St. Francisville, Louisiana	Feliciana Commerce Corporation, St. Francisville, Louisiana	Atlanta	October 29, 1986

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Community Group, Inc., Jasper, Tennessee	The First State Bank, Jacksboro, Tennessee	Atlanta	November 14, 1986
CREST BANCORP INC., Roberts, Illinois	Roberts State Bank, Roberts, Illinois	Chicago	November 6, 1986
Dawson Springs Bancorp, Inc., Dawson Springs, Kentucky	Kentucky State Bank of Scottsville, Scottsville, Kentucky	St. Louis	October 29, 1986
Dominion Bankshares Corporation, Roanoke, Virginia	The First National Bank of Sparta, Sparta, Tennessee	Richmond	November 10, 1986
Equitable BankShares, Inc., Dallas, Texas	Landmark National Bank, Arlington, Texas	Dallas	November 19, 1986
F&M Bank Holding Company of Valley City, Inc., Valley City, North Dakota	Farmers & Merchants Bank of Valley City, Valley City, North Dakota	Minneapolis	October 29, 1986
FCNB Corp, Frederick, Maryland	Frederick County National Bank of Frederick, Frederick, Maryland	Richmond	November 12, 1986
Financial Bancshares, Inc., St. Louis, Missouri Schmid Brothers Investment Company, Inc., Clayton, Missouri	Oran State Bank Oran, Missouri	St. Louis	November 12, 1986
First American Bankshares, Inc., Fort Atkinson, Wisconsin	First American Bank & Trust Co., Fort Atkinson, Wisconsin	Chicago	October 30, 1986
First Citizens of Paris, Inc., Paris, Illinois	The Citizens National Bank of Paris, Paris, Illinois	Chicago	November 13, 1986
First City Bancshares, Incorporated of Springfield, Missouri, Springfield, Missouri	First City National Bank, Springfield, Missouri	St. Louis	October 28, 1986
First Community Bankshares, Milton, Wisconsin	The Farmers Bank, Milton, Wisconsin	Chicago	October 27, 1986
First Illini Bancorp, Inc., Galesburg, Illinois	Community Bancshares of Canton, Inc., Canton, Illinois	Chicago	November 4, 1986
First Indiana Bancorp, Elkhart, Indiana AmeriTrust Corporation, Cleveland, Ohio	The Boone Corporation, Lebanon, Indiana	Cleveland	November 6, 1986
First NH Banks, Inc., Manchester, New Hampshire	First NH Bank of Maine, Portland, Maine	Boston	October 27, 1986
First NH Banks, Inc., Manchester, New Hampshire First of America Bank Corporation, Kalamazoo, Michigan	The Cheshire National Bank, Keene, New Hampshire	Boston	October 31, 1986

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
First Petersburg Bancshares, Inc., Petersburg, Illinois	The First National Bank of Petersburg, Petersburg, Illinois	Chicago	October 30, 1986
First Valley Corporation, Bethlehem, Pennsylvania	West Side Bancorp, Inc., West Pittston, Pennsylvania	Philadelphia	November 12, 1986
FMB Banking Corporation, Monticello, Florida	Pavo State Bank, Pavo, Georgia	Atlanta	November 5, 1986
Fort Wayne National Corporation, Fort Wayne, Indiana	Old-First National Corporation, Bluffton, Indiana	Chicago	November 10, 1986
Fourth Financial Corporation, Wichita, Kansas	First National Bank and Trust Company of Lenexa, Lenexa, Kansas	Kansas City	October 31, 1986
Gary-Wheaton Corporation, Wheaton, Illinois	Ogden-Saratoga Corporation, Downers Grove, Illinois	Chicago	November 13, 1986
Greater Southwest Bancshares, Inc., Irving, Texas	Bank of the West, Irving, Texas	Dallas	October 28, 1986
Greenwood County Financial Services, Inc., Eureka, Kansas	Home Bank and Trust Company of Eureka, Eureka, Kansas	Kansas City	November 3, 1986
Grenada Sunburst System Corporation, Grenada, Mississippi	Mount Olive Bank, Mount Olive, Mississippi	St. Louis	November 4, 1986
Grenada Sunburst System Corporation, Grenada, Mississippi	South Mississippi Bank, Prentiss, Mississippi	St. Louis	October 28, 1986
Harbor Country Banking Corporation, Three Oaks, Michigan	Heritage Bank, Berrien Springs, Michigan	Chicago	October 24, 1986
Hi-Bancorp., Inc., Highwood, Illinois	GNP Bancorp, Inc., Mundelein, Illinois	Chicago	October 30, 1986
Houghton Financial, Inc., Houghton, Michigan	Houghton National Bank, Houghton, Michigan	Minneapolis	November 12, 1986
Huntington Bancshares Incorporated, Columbus, Ohio Huntington Bancshares of Indiana, Inc., Columbus, Ohio	Wainwright Financial Corporation, Noblesville, Indiana	Cleveland	October 29, 1986
Independence Bancorp, Inc., Perkasie, Pennsylvania	Third National Bank and Trust Company of Scranton, Scranton, Pennsylvania	Philadelphia	October 29, 1986
International City Bancorp, Inc., Warner Robins, Georgia	International City Bank, Warner Robins, Georgia	Atlanta	November 10, 1986
Iowa National Bankshares, Corp., Waterloo, Iowa	PT&S Bancorp, Indianola, Iowa	Chicago	October 24, 1986
Kentucky Bancorporation, Inc., Covington, Kentucky	Marion Bancshares, Lexington, Kentucky	Cleveland	November 5, 1986

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Kish Bancorp., Inc., Belleville, Pennsylvania	The Kishacoquillas Valley National Bank of Belleville, Belleville, Pennsylvania	Philadelphia	November 5, 1986
Lakeview Financial Corp., Lakeview, Michigan	Bank of Lakeview, Lakeview, Michigan	Chicago	October 29, 1986
LCB Corporation, Inc., Fayetteville, Tennessee	First National Bank of Huntland, Huntland, Tennessee	Atlanta	November 6, 1986
Magna Group, Inc., Belleville, Illinois	Bank of Cahokia, Cahokia, Illinois	St. Louis	October 29, 1986
Montgomery Bancorp, Inc., Mount Sterling, Kentucky	Farmers Exchange Bank, Millersburg, Kentucky	Cleveland	November 7, 1986
National Banc of Commerce Company, Charleston, West Virginia	The Chemical Bank and Trust Company, South Charleston, West Virginia	Richmond	November 3, 1986
New Palestine Bancorp, New Palestine, Indiana	New Palestine Bank, New Palestine, Indiana	Chicago	November 6, 1986
Nicholson Voting Trust Agreement, Forest City, Pennsylvania	The First National Bank of Nicholson, Nicholson, Pennsylvania	Philadelphia	November 10, 1986
Northeast Wisconsin Financial Services, Inc., Sturgeon Bay, Wisconsin	First National Bank of Sturgeon Bay, Sturgeon Bay, Wisconsin	Chicago	November 5, 1986
Portage County Bancshares, Inc., Almond, Wisconsin	M&I Bank of Portage County, Almond, Wisconsin	Chicago	October 29, 1986
Republic Bancshares, Inc., Neosho, Missouri	Security State Bank, Republic, Missouri	St. Louis	November 10, 1986
Riggs National Corporation, Washington, D.C.	The Riggs National Bank of Virginia, Fairfax, Virginia	Richmond	November 7, 1986
River Associates Bancorp, Inc., River Grove, Illinois	River Grove Bank and Trust Company, River Grove, Illinois	Chicago	November 14, 1986
River Forest Bancorp, River Forest, Illinois	Commercial Chicago Corporation, Chicago, Illinois	Chicago	November 6, 1986
Robinson Bancshares, Inc., Robinson, Kansas	Morrill and Janes Bancshares, Inc., Hiawatha, Kansas	Kansas City	November 5, 1986
St. Joseph Bancorporation, Inc., South Bend, Indiana	Starke County Bancorp, Inc., Knox, Indiana	Chicago	November 12, 1986
Sardis Bankshares, Inc., Sardis, Georgia	Bank of Sardis, Sardis, Georgia	Atlanta	November 7, 1986
Shawmut Corporation, Boston, Massachusetts	The Fidelity Trust Company, Stamford, Connecticut	Boston	October 24, 1986

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Shelard Bancshares, Inc., St. Louis Park, Minnesota	Minnesota National Bank of Eagan, Eagan, Minnesota	Minneapolis	November 6, 1986
Southeast Banking Corporation, Miami, Florida	The First National Bank of Palm Beach, Incorporated, Palm Beach, Florida	Atlanta	October 31, 1986
Southern National Corporation, Lumberton, North Carolina	First Palmetto Bancshares Corporation, Columbia, South Carolina	Richmond	November 19, 1986
State Bancorp, Inc., Washington, Indiana	The Bank of Mitchell, Mitchell, Indiana	St. Louis	November 18, 1986
Statewide Bancorp, Toms River, New Jersey	The Penn's Grove National Bank and Trust Company, Penns Grove, New Jersey	Philadelphia	November 14, 1986
TCM Company, Crete, Nebraska	City Bank and Trust Company, Crete, Nebraska	Kansas City	October 30, 1986
UB&T Bancshares, Inc., Abilene, Texas	United Bank & Trust, Abilene, Texas	Dallas	November 4, 1986
UniSouth, Inc., Umatilla, Florida	Umatilla State Bank, Umatilla, Florida	Atlanta	November 10, 1986
United Bancorp of Kentucky, Inc., Lexington, Kentucky	Bank of Lexington & Trust Company, Inc., Lexington, Kentucky	Cleveland	November 7, 1986
Vermilion Bancshares Corporation, Kaplan, Louisiana	Vermilion Bank & Trust Company, Kaplan, Louisiana	Atlanta	November 7, 1986
Washington Bancorporation, Washington, D.C.	Enterprise Bank Corporation, Reston, Virginia	Richmond	November 17, 1986
Waterman Bancshares, Inc., Waterman, Illinois	Waterman State Bank, Waterman, Illinois	Chicago	November 17, 1986
Wenona Bancorp, Inc., Wenona, Illinois	Wenona State Bank, Wenona, Illinois	Chicago	November 18, 1986
Woodford Bancorp, Inc., Versailles, Kentucky	The Woodford Bank & Trust Company, Versailles, Kentucky	Cleveland	October 8, 1986

Section 4

Applicant	Nonbanking Company/activity	Reserve Bank	Effective date
American Bancorp, Inc., Hamden, Connecticut	acquire certain assets and assume certain liabilities of Data Control Group, Inc., New Haven, Connecticut	Boston	November 7, 1986
Citicorp, New York, New York	Securities Industry Software Corporation, Evergreen, Colorado	New York	November 14, 1986

Section 4—Continued

Applicant	Nonbanking Company	Reserve Bank	Effective date
Citizens State Bankshares of Bald Knob, Bald Knob, Arkansas	sale of credit related insurance on extensions of credit by Citizens State Bank, Bald Knob, Arkansas	St. Louis	November 7, 1986
Dominion Bankshares Corporation, Roanoke, Virginia	Internet, Inc., Reston, Virginia	Richmond	October 30, 1986
Itasca Bancorp Inc., Itasca, Illinois	B.I.P., Inc., Bloomingdale, Illinois	Chicago	October 31, 1986
Norwest Corporation, Minneapolis, Minnesota	Watson Agency, Inc., Watson, Minnesota	Minneapolis	November 19, 1986

Section 3 and 4

Applicant	Bank(s)/Nonbanking Company	Reserve Bank	Effective date
Financial National Bancshares, Co., Elgin, Illinois	NORTHWEST SUBURBAN BANCORP, INC., Mount Prospect, Illinois NSB Finance, Inc., Mount Prospect, Illinois	Chicago	November 7, 1986
ONB Corporation, Owensboro, Kentucky	First City Bank and Trust Company, Hopkinsville, Kentucky DATANET, Inc., Hopkinsville, Kentucky	St. Louis	November 12, 1986

Orders Approved Under Bank Merger Act

By the Secretary of the Board

Applicant	Bank(s)	Effective date
First Interstate Bank of California, Los Angeles, California	First National Bank, Willows, California	November 20, 1986

By Federal Reserve Banks

Applicant	Bank(s)	Reserve Bank	Effective date
Commerce Union Bank, Nashville, Tennessee	Commerce Union Bank of Lawrence County, Lawrenceburg, Tennessee	Atlanta	November 18, 1986
Norstar Bank of Upstate NY, Albany, New York	Seaway National Bank, Watertown, New York	New York	November 14, 1986

Pending Cases Involving the Board of Governors

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

Independent Insurance Agents of America, et al. v. Board of Governors, Nos. 86–1572, 1573, 1576 (D.C. Cir., filed Oct. 24, 1986).

Securities Industry Association v. Board of Governors, No. 86–2768 (D.D.C., filed Oct. 7, 1986).

Independent Community Bankers Association v. Board of Governors, No. 86–5373 (8th Cir., filed Oct. 3, 1986).

Jenkins v. Board of Governors, No. 86–1419 (D.C. Cir., filed July 18, 1986).

Securities Industry Association v. Board of Governors, No. 86–1412 (D.C. Cir., filed July 14, 1986).

Adkins v. Board of Governors, No. 86–3853 (4th Cir., filed May 14, 1986).

Optical Coating Laboratory, Inc. v. United States, No. 288–86C (U.S. Claims Ct., filed May 6, 1986).

CBC, Inc. v. Board of Governors, No. 86–1001 (10th Cir., filed Jan. 2, 1986).

Howe v. United States, et al., No. 86–1430 (1st Cir., filed Dec. 6, 1985).

Myers, et al. v. Federal Reserve Board, No. 85–1427 (D. Idaho, filed Nov. 18, 1985).

Souser, et al. v. Volcker, et al., No. 85-C-2370, *et al.* (D. Colo., filed Nov. 1, 1985).

Podolak v. Volcker, No. C85–0456, *et al.* (D. Wyo., filed Oct. 28, 1985).

Kolb v. Wilkinson, et al., No. C85–4184 (N.D. Iowa, filed Oct. 22, 1985).

Farmer v. Wilkinson, et al., No. 4–85-CIVIL-1448 (D. Minn., filed Oct. 21, 1985).

Kurkowski v. Wilkinson, et al., No. CV-85–0-916 (D. Neb., filed Oct. 16, 1985).

Jensen v. Wilkinson, et al., No. 85–4436-S, *et al.* (D. Kan., filed Oct. 10, 1985).

Alfson v. Wilkinson, et al., No. A1–85–267 (D. N.D., filed Oct. 8, 1985).

First National Bank of Blue Island Employee Stock Ownership Plan v. Board of Governors, No. 85–2615 (7th Cir., filed Sept. 23, 1985).

First National Bancshares II v. Board of Governors, No. 85–3702 (6th Cir., filed Sept. 4, 1985).

McHuin v. Volcker, et al., No. 85–2170 WARB (W.D. Okl., filed Aug. 29, 1985).

Independent Community Bankers Associaton of South Dakota v. Board of Governors, No. 84–1496 (D.C. Cir., filed Aug. 7, 1985).

Urwyler, et al. v. Internal Revenue Service, et al., No. 85–2877 (9th Cir., filed July 18, 1985).

Johnson v. Federal Reserve System, et al., No. 86–4536 (5th Cir., filed July 16, 1985).

Wight, et al. v. Internal Revenue Service, et al., No. 85–2826 (9th Cir., filed July 12, 1985).

Cook v. Spillman, et al., No. 86–1642 (9th Cir., filed July 10, 1985).

Florida Bankers Association v. Board of Governors, No. 84–3883 and No. 84–3884 (11th Cir., filed Feb. 15, 1985).

Florida Department of Banking v. Board of Governors, No. 84–3831 (11th Cir., filed Feb. 15, 1985), and No. 84–3832 (11th Cir., filed Feb. 15, 1985).

Lewis v. Volcker, et al., No. 86–3210 (6th Cir., filed Jan. 14, 1985).

Brown v. United States Congress, et al., No. 84–2887–6(IG) (S.D. Cal., filed Dec. 7, 1984).

Melcher v. Federal Open Market Committee, No. 84–1335 (D.D.C., filed Apr. 30, 1984).

Florida Bankers Association, et al. v. Board of Governors, Nos. 84–3269, 84–3270 (11th Cir., filed April 20, 1984).

Securities Industry Association v. Board of Governors, No. 80–2614 (D.C. Cir., filed Oct. 24., 1980), and No. 80–2730 (D.C. Cir., filed Oct. 24, 1980).

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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]								
	1985	1986			1986				
	Q4	Q1	Q2	Q3	June	July[r]	Aug.[r]	Sept.[r]	Oct.
Reserves of depository institutions[2]									
1 Total	12.5	13.1	17.8	22.9	21.4	25.3	19.7	11.5	13.6
2 Required	11.5	12.3	19.8	23.9	19.5	26.3	24.2	12.0	13.4
3 Nonborrowed	10.4	19.1	17.6	23.2	23.7	27.3	16.8	8.4	17.9
4 Monetary base[3]	8.2	8.6	8.8	9.9	9.2	8.8	12.0	5.4	9.3
Concepts of money, liquid assets, and debt[4]									
5 M1	10.7	7.7	15.8	17.3[r]	14.8[r]	16.6	20.6	9.6	14.0
6 M2	6.1	4.3	10.4	11.1[r]	9.5	12.8	11.0	7.2	10.5
7 M3	6.6	7.6	9.0	10.1	8.5	13.0	8.9	8.7	6.6
8 L	9.5	8.4	7.0	8.6	6.8[r]	9.1	8.4	9.1	n.a.
9 Debt	13.3	15.2	9.7	11.5	11.2	10.8	12.5	11.4	n.a.
Nontransaction components									
10 In M2[5]	4.6	3.3	8.7	9.1	7.7	11.4	7.8	6.5	9.3
11 In M3 only[6]	8.5	20.6	3.4	6.3[r]	4.7	14.2	.5	14.4	−9.1
Time and savings deposits									
Commercial banks									
12 Savings[7]	3.2	1.9	11.8	25.5	17.7	22.9	30.6	36.0	41.7
13 Small-denomination time[8]	−1.6	5.3	−3.1	−9.0	−10.0	−5.3	−12.6	−10.9	−15.8
14 Large-denomination time[9,10]	14.1	18.5	−8.8	−2.5[r]	−4.3	−1.7	7.7	−1.7	−9.4
Thrift institutions									
15 Savings[7]	7.5	3.1	20.9	23.6[r]	29.1	22.9	18.2	16.1	26.5
16 Small-denomination time	−2.9	6.6	2.6	−3.8[r]	−5.7	−.5	−6.0	−6.0	−12.0
17 Large-denomination time[9]	5.2	10.0	11.0	2.7[r]	−2.2	8.7	2.2	−2.2	−13.0
Debt components[4]									
18 Federal	13.7	16.9	11.5	14.5	19.4	14.8	8.8	11.5	n.a.
19 Nonfederal	13.2[r]	14.7	9.1[r]	10.6	8.7	9.5	13.7	11.4	n.a.
20 Total loans and securities at commercial banks[11]	9.4[r]	12.8[r]	4.1	10.3	3.8	13.2	13.8	11.5	2.2

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

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

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

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

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

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

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

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

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

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

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

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

7. Excludes MMDAs.

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

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

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

11. Changes calculated from figures shown in table 1.23.

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						
	1986			1986						
	Aug.	Sept.	Oct.	Sept. 17	Sept. 24	Oct. 1	Oct. 8	Oct. 15	Oct. 22	Oct. 29
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit**	**210,945**	**215,130**	**214,197**	**213,294**	**217,100**	**217,313**	**212,902**	**213,770**	**216,092**	**213,851**
2 U.S. government securities[1]	185,339	188,598	188,195	187,375	190,388	190,094	187,055	187,677	189,717	188,083
3 Bought outright	185,339	187,237	187,944	187,375	187,842	186,808	187,055	187,677	188,605	188,083
4 Held under repurchase agreements	0	1,361	251	0	2,546	3,286	0	0	1,112	0
5 Federal agency obligations	8,076	8,252	8,030	8,047	8,323	8,640	7,988	7,988	8,217	7,954
6 Bought outright	8,076	8,047	7,975	8,047	8,047	8,039	7,988	7,988	7,973	7,954
7 Held under repurchase agreements	0	205	55	0	276	601	0	0	244	0
8 Acceptances	0	0	0	0	0	0	0	0	0	0
9 Loans	847	1,046	779	868	1,094	940	863	653	888	715
10 Float	610	734	560	523	592	522	467	761	628	342
11 Other Federal Reserve assets	16,073	16,500	16,633	16,481	16,704	17,118	16,529	16,690	16,642	16,757
12 Gold stock	11,084	11,084	11,084	11,084	11,084	11,084	11,084	11,084	11,084	11,084
13 Special drawing rights certificate account	4,844	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018
14 Treasury currency outstanding	17,374	17,420[r]	17,465	17,418[r]	17,429[r]	17,439	17,449	17,459	17,469	17,478
ABSORBING RESERVE FUNDS										
15 Currency in circulation	201,116	201,433[r]	202,301	201,704[r]	200,717[r]	200,310	201,598	203,045	202,751	201,937
16 Treasury cash holdings	516	495	492	496	496	493	492	493	493	492
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	3,210	5,677	3,305	4,098	7,625	8,630	3,424	2,701	3,552	3,332
18 Foreign	208	285	215	249	268	352	193	217	210	231
19 Service-related balances and adjustments	1,901	1,886	1,971	1,885	1,973	1,872	1,924	1,939	1,926	1,907
20 Other	508	497	516	566	482	480	542	576	475	453
21 Other Federal Reserve liabilities and capital	6,479	6,405	6,302	6,346	6,321	6,322	6,357	6,302	6,289	6,266
22 Reserve balances with Federal Reserve Banks[2]	30,308	31,974	32,663	31,470	32,750	32,395	31,923	32,059	33,967	32,815

Factors	End-of-month figures			Wednesday figures						
	1986			1986						
	Aug.	Sept.	Oct.	Sept. 17	Sept. 24	Oct. 1	Oct. 8	Oct. 15	Oct. 22	Oct. 29
SUPPLYING RESERVE FUNDS										
23 **Reserve Bank credit**	**211,705**	**219,358**	**215,993**	**213,138**	**215,489**	**212,429**	**214,905**	**216,106**	**221,974**	**214,647**
24 U.S. government securities[1]	185,937	190,751	189,995	186,918	187,958	186,765	187,340	188,988	193,130	188,302
25 Bought outright	185,937	184,437	189,995	186,918	186,247	186,765	187,340	188,988	188,055	188,302
26 Held under repurchase agreements	0	6,314	0	0	1,711	0	0	0	5,075	0
27 Federal agency obligations	8,047	9,856	7,954	8,047	8,266	7,988	7,988	7,988	8,877	7,954
28 Bought outright	8,047	8,047	7,954	8,047	8,047	7,988	7,988	7,988	7,954	7,954
29 Held under repurchase agreements	0	1,809	0	0	219	0	0	0	923	0
30 Acceptances	0	0	0	0	0	0	0	0	0	0
31 Loans	913	879	806	752	1,555	841	2,185	638	2,261	807
32 Float	261	849	441	1,266	924	323	719	1,917	739	517
33 Other Federal Reserve assets	16,547	17,023	16,797	16,155	16,786	16,512	16,673	16,575	16,967	17,067
34 Gold stock	11,084	11,084	11,084	11,084	11,084	11,084	11,084	11,084	11,084	11,084
35 Special drawing rights certificate account	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018
36 Treasury currency outstanding	17,394	17,438[r]	17,488	17,427[r]	17,438[r]	17,448	17,458	17,467	17,477	17,487
ABSORBING RESERVE FUNDS										
37 Currency in circulation	201,778	200,630[r]	202,517	201,392[r]	200,488[r]	200,808	202,343	203,417	202,404	202,242
38 Treasury cash holdings	497	492	485	496	493	493	493	493	492	491
Deposits, other than reserve balances with Federal Reserve Banks										
39 Treasury	1,106	7,514	2,491	4,665	7,744	5,012	3,211	3,105	3,349	3,594
40 Foreign	227	342	303	247	208	214	199	240	206	238
41 Service-related balances and adjustments	1,669	1,681	1,744	1,668	1,668	1,681	1,681	1,717	1,717	1,743
42 Other	461	663	479	503	449	725	467	625	439	455
43 Other Federal Reserve liabilities and capital	6,562	6,463	6,342	6,200	6,153	6,144	6,181	6,138	6,212	6,081
44 Reserve balances with Federal Reserve Banks[2]	32,901	35,113	35,222	31,496	31,826	30,902	33,890	33,941	40,735	33,392

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

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

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

1.12 RESERVES AND BORROWINGS Depository Institutions

Millions of dollars

Reserve classification	1983 Dec.	1984 Dec.	1985 Dec.	1986 Mar.	1986 Apr.	1986 May	1986 June	1986 July	1986 Aug.	1986 Sept.
	Monthly averages[8]									
1 Reserve balances with Reserve Banks[1]	21,138	21,738	27,620	27,114	28,892	28,279	29,499	30,313	30,165	31,922
2 Total vault cash[2]	20,755	22,316	22,956	22,688	22,231	22,474	22,805	23,098	23,451	23,384
3 Vault cash used to satisfy reserve requirements[3]	17,908	18,958	20,522	20,160	19,990	20,140	20,439	20,716	21,112	21,267
4 Surplus vault cash[4]	2,847	3,358	2,434	2,528	2,241	2,334	2,366	2,381	2,339	2,117
5 Total reserves[5]	38,894	40,696	48,142	47,274	48,882	48,419	49,938	51,029	51,277	53,189
6 Required reserves	38,333	39,843	47,085	46,378	48,081	47,581	49,007	50,118	50,538	52,463
7 Excess reserve balances at Reserve Banks[6]	561	853	1,058	896	801	838	931	910	740	726
8 Total borrowings at Reserve Banks	774	3,186	1,318	761	893	876	803	741	872	1,008
9 Seasonal borrowings at Reserve Banks	96	113	56	68	73	94	108	116	144	137
10 Extended credit at Reserve Banks[7]	2	2,604	499	518	634	584	531	378	465	570
	Biweekly averages of daily figures for weeks ending									
	1986									
	July 16	July 30	Aug. 13	Aug. 27	Sept. 10	Sept. 24	Oct. 8r	Oct. 22r	Nov. 5	Nov. 19p
11 Reserve balances with Reserve Banks[1]	31,267	29,549	30,185	29,758r	31,527	32,103	32,156	33,007	33,551	35,016
12 Total vault cash[2]	22,466	23,644	23,323	23,792	22,671	23,623	24,015	23,955	23,208	23,405
13 Vault cash used to satisfy reserve requirements[3]	20,283	21,095	20,992	21,388	20,534	21,567	21,790	21,914	21,204	21,518
14 Surplus vault cash[4]	2,183	2,549	2,331	2,404	2,137	2,056	2,225	2,041	2,004	1,887
15 Total reserves[5]	51,550	50,644	51,177	51,146	52,061	53,670	53,946	54,921	54,754	56,534
16 Required reserves	50,871	49,528	50,592	50,279	51,268	52,964	53,287	54,170	53,938	55,468
17 Excess reserve balances at Reserve Banks[6]	679	1,117	585	867	793	706	660	751	817	1,067
18 Total borrowings at Reserve Banks	758	702	759	910	1,111	981	902	771	899	811
19 Seasonal borrowings at Reserve Banks	104	127	134	152	149	135	125	88	93	68
20 Extended credit at Reserve Banks[7]	442	294	373	515	592	569	538	488	476	437

1. Excludes required clearing balances and adjustments to compensate for float.
2. Dates refer to the maintenance periods in which the vault cash can be used to satisfy reserve requirements. Under contemporaneous reserve requirements, maintenance periods end 30 days after the lagged computation periods in which the balances are held.
3. Equal to all vault cash held during the lagged computation period by institutions having required reserve balances at Federal Reserve Banks plus the amount of vault cash equal to required reserves during the maintenance period at institutions having no required reserve balances.
4. Total vault cash at institutions having no required reserve balances less the amount of vault cash equal to their required reserves during the maintenance period.
5. Total reserves not adjusted for discontinuities consist of reserve balances with Federal Reserve Banks, which exclude required clearing balances and adjustments to compensate for float, plus vault cash used to satisfy reserve requirements. Such vault cash consists of all vault cash held during the lagged computation period by institutions having required reserve balances at Federal Reserve Banks plus the amount of vault cash equal to required reserves during the maintenance period at institutions having no required reserve balances.
6. Reserve balances with Federal Reserve Banks plus vault cash used to satisfy reserve requirements less required reserves.
7. Extended credit consists of borrowing at the discount window under the terms and conditions established for the extended credit program to help depository institutions deal with sustained liquidity pressures. Because there is not the same need to repay such borrowing promptly as there is with traditional short-term adjustment credit, the money market impact of extended credit is similar to that of nonborrowed reserves.
8. Before February 1984, data are prorated monthly averages of weekly averages; beginning February 1984, data are prorated monthly averages of biweekly averages.

NOTE. These data also appear in the Board's H.3 (502) release. For address, see inside front cover.

1.13 SELECTED BORROWINGS IN IMMEDIATELY AVAILABLE FUNDS Large Member Banks[1]

Averages of daily figures, in millions of dollars

By maturity and source	Sept. 15	Sept. 22	Sept. 29	Oct. 6r	Oct. 13r	Oct. 20	Oct. 27	Nov. 3	Nov. 10
	1986 week ending Monday								
Federal funds purchased, repurchase agreements, and other selected borrowing in immediately available funds									
From commercial banks in the United States									
1 For one day or under continuing contract	76,260	70,433	65,390	75,099	74,640	72,915	68,940	72,150	78,023
2 For all other maturities	9,450	9,606	9,338	9,440	10,847	9,966	9,403	9,465	9,448
From other depository institutions, foreign banks and foreign official institutions, and United States government agencies									
3 For one day or under continuing contract	41,138	37,936r	36,375r	38,350	42,547	40,503	38,472	36,804	40,235
4 For all other maturities	6,683	6,443	7,070	6,286	6,851	6,142	5,824	5,698	5,330
Repurchase agreements on United States government and federal agency securities in immediately available funds									
Brokers and nonbank dealers in securities									
5 For one day or under continuing contract	11,318	11,010	10,721	11,362	12,099	13,711	13,586	11,847	11,596
6 For all other maturities	9,818	10,283	10,020	8,169	9,204	8,769	9,455	9,829	9,652
All other customers									
7 For one day or under continuing contract	27,380	26,885	26,512	26,492	26,854	27,179	28,346	29,725	27,936
8 For all other maturities	11,599	11,483	10,722	9,613	10,530	10,432	10,810	10,915	11,048
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	28,114	26,250	24,570	30,137	28,708	29,987	26,244	29,120	28,968
10 To all other specified customers[2]	12,242	11,631	10,665	11,100	10,922	10,917	10,568	10,261	10,482

1. Banks with assets of $1 billion or more as of Dec. 31, 1977.
2. Brokers and nonbank dealers in securities; other depository institutions; foreign banks and official institutions; and United States government agencies.

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

Current and previous levels

Federal Reserve Bank	Short-term adjustment credit and seasonal credit[1]			Extended credit[2]						
				First 60 days of borrowing		Next 90 days of borrowing		After 150 days		Effective date for current rates
	Rate on 11/26/86	Effective date	Previous rate	Rate on 11/26/86	Previous rate	Rate on 11/26/86	Previous rate	Rate on 11/26/86	Previous rate	
Boston	5½	8/21/86	6	5½	6	6½	7	7½	8	8/21/86
New York		8/21/86								8/21/86
Philadelphia		8/22/86								8/22/86
Cleveland		8/21/86								8/21/86
Richmond		8/21/86								8/21/86
Atlanta		8/21/86								8/21/86
Chicago		8/21/86								8/21/86
St. Louis		8/22/86								8/22/86
Minneapolis		8/21/86								8/21/86
Kansas City		8/21/86								8/21/86
Dallas		8/21/86								8/21/86
San Francisco	5½	8/21/86	6	5½	6	6½	7	7½	8	8/21/86

Range of rates in recent years[3]

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1973	7½	7½
1974— Apr. 25	7½–8	8
30	8	8
Dec. 9	7¾–8	7¾
16	7¾	7¾
1975— Jan. 6	7¼–7¾	7¾
10	7¼–7¾	7¼
24	7¼	7¼
Feb. 5	6¾–7¼	6¾
7	6¾	6¾
Mar. 10	6¼–6¾	6¼
14	6¼	6¼
May 16	6–6¼	6
23	6	6
1976— Jan. 19	5½–6	5½
23	5½	5½
Nov. 22	5¼–5½	5¼
26	5¼	5¼
1977— Aug. 30	5¼–5¾	5¼
31	5¼–5¾	5¾
Sept. 2	5¾	5¾
Oct. 26	6	6
1978— Jan. 9	6–6½	6½
20	6½	6½
May 11	6½–7	7
12	7	7
July 3	7–7¼	7¼
July 10	7¼	7¼

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1978— Aug. 21	7¾	7¾
Sept. 22	8	8
Oct. 16	8–8½	8½
20	8½	8½
Nov. 1	8½–9½	9½
3	9½	9½
1979— July 20	10	10
Aug. 17	10–10½	10½
20	10½	10½
Sept. 19	10½–11	11
21	11	11
Oct. 8	11–12	12
10	12	12
1980— Feb. 15	12–13	13
19	13	13
May 29	12–13	13
30	12	12
June 13	11–12	11
16	11	11
July 28	10–11	10
29	10	10
Sept. 26	11	11
Nov. 17	12	12
Dec. 5	12–13	13
8	13	13
1981— May 5	13–14	14
8	14	14
Nov. 2	13–14	13
6	13	13
Dec. 4	12	12

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1982— July 20	11½–12	11½
23	11½	11½
Aug. 2	11–11½	11
3	11	11
16	10½	10½
27	10–10½	10
30	10	10
Oct. 12	9½–10	9½
13	9½	9½
Nov. 22	9–9½	9
26	9	9
Dec. 14	8½–9	9
15	8½–9	8½
17	8½	8½
1984— Apr. 9	8½–9	9
13	9	9
Nov. 21	8½–9	8½
26	8½	8½
Dec. 24	8	8
1985— May 20	7½–8	7½
24	7½	7½
1986— Mar. 7	7–7½	7
10	7	7
Apr. 21	6½–7	6½
23	6½	6½
July 11	6	6
Aug. 21	5½–6	5½
22	5½	5½
In effect Nov. 26, 1986	5½	5½

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

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

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

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

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

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

Percent of deposits

Type of deposit, and deposit interval	Member bank requirements before implementation of the Monetary Control Act		Type of deposit, and deposit interval[5]	Depository institution requirements after implementation of the Monetary Control Act[6]	
	Percent	Effective date		Percent	Effective date
Net demand[2]			*Net transaction accounts*[7,8]		
$0 million–$2 million	7	12/30/76	$0–$31.7 million	3	12/31/85
$2 million–$10 million	9½	12/30/76	Over $31.7 million	12	12/31/85
$10 million–$100 million	11¾	12/30/76			
$100 million–$400 million	12¾	12/30/76	*Nonpersonal time deposits*[9]		
Over $400 million	16¼	12/30/76	By original maturity		
			Less than 1½ years	3	10/6/83
Time and savings[2,3]			1½ years or more	0	10/6/83
Savings	3	3/16/67			
			Eurocurrency liabilities		
Time[4]			All types	3	11/13/80
$0 million–$5 million, by maturity					
30–179 days	3	3/16/67			
180 days to 4 years	2½	1/8/76			
4 years or more	1	10/30/75			
Over $5 million, by maturity					
30–179 days	6	12/12/74			
180 days to 4 years	2½	1/8/76			
4 years or more	1	10/30/75			

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

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

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

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

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

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

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

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

Effective with the reserve maintenance period beginning Oct. 25, 1979, a marginal reserve requirement of 8 percent was added to managed liabilities in excess of a base amount. This marginal requirement was increased to 10 percent beginning Apr. 3, 1980, was decreased to 5 percent beginning June 12, 1980, and was eliminated beginning July 24, 1980. Managed liabilities are defined as large time deposits, Eurodollar borrowings, repurchase agreements against U.S. government and federal agency securities, federal funds borrowings from nonmember institutions, and certain other obligations. In general, the base for the marginal reserve requirement was originally the greater of (a) $100 million or (b) the average amount of the managed liabilities held by a member bank, Edge corporation, or family of U.S. branches and agencies of a foreign bank for the two reserve computation periods ending Sept. 26, 1979. For the computation period beginning Mar. 20, 1980, the base was lowered by (a) 7 percent or (b) the decrease in an institution's U.S. office gross loans to foreigners and gross balances due from foreign offices of other institutions between the base period (Sept. 13–26, 1979) and the week ending Mar. 12, 1980, whichever was greater. For the computation period beginning May 29, 1980, the base was increased by 7½ percent above the base used to calculate the marginal reserve in the statement week of May 14–21, 1980. In addition, beginning Mar. 19, 1980, the base was reduced to the extent that foreign loans and balances declined.

5. The Garn–St Germain Depository Institutions Act of 1982 (Public Law 97–320) provides that $2 million of reservable liabilities (transaction accounts, nonpersonal time deposits, and Eurocurrency liabilities) of each depository institution be subject to a zero percent reserve requirement. The Board is to adjust the amount of reservable liabilities subject to this zero percent reserve requirement each year for the next succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is to be made in the event of a decrease. Effective Dec. 9, 1982, the amount of the exemption was established at $2.1 million. Effective with the reserve maintenance period beginning Jan. 1, 1985, the amount of the exemption is $2.4 million. Effective with the reserve computation period beginning Dec. 31, 1985, the amount of the exemption is $2.6 million. In determining the reserve requirements of a depository institution, the exemption shall apply in the following order: (1) nonpersonal money market deposit accounts (MMDAs) described in 12 CFR section 204.2 (d)(2); (2) net NOW accounts (NOW accounts less allowable deductions); (3) net other transaction accounts; and (4) nonpersonal time deposits or Eurocurrency liabilities starting with those with the highest reserve ratio. With respect to NOW accounts and other transaction accounts, the exemption applies only to such accounts that would be subject to a 3 percent reserve requirement.

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

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

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

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

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

1.16 MAXIMUM INTEREST RATES PAYABLE on Time and Savings Deposits at Federally Insured Institutions[1]

Percent per annum

Type of deposit	Commercial banks		Savings and loan associations and mutual savings banks (thrift institutions)[1]	
	In effect Nov. 30, 1986		In effect Nov. 30, 1986	
	Percent	Effective date	Percent	Effective date
1 Savings	(2)	4/1/86	(2)	4/1/86
2 Negotiable order of withdrawal accounts	(3)	1/1/86	(3)	1/1/86
3 Money market deposit account	(4)	12/14/82	(4)	12/14/82
Time accounts				
4 7–31 days	(5)	1/1/86	(5)	9/1/86
5 More than 31 days	....	10/1/83	....	10/1/83

1. Effective Oct. 1, 1983, restrictions on the maximum rates of interest payable by commercial banks and thrift institutions on various categories of deposits were removed. For information regarding previous interest rate ceilings on all categories of accounts see earlier issues of the FEDERAL RESERVE BULLETIN, the *Federal Home Loan Bank Board Journal*, and the *Annual Report of the Federal Deposit Insurance Corporation*.
2. Effective Apr. 1, 1986, the interest rate ceiling on savings deposits was removed. Before Apr. 1, 1986, savings deposits were subject to an interest rate ceiling of 5½ percent.
3. Before Jan. 1, 1986, NOW accounts with minimum denomination requirements of less than $1,000 were subject to an interest rate ceiling of 5¼ percent. NOW accounts with minimum required denominations of $1,000 or more and IRA/Keough (HR10) Plan accounts were not subject to interest rate ceilings. Effective Jan. 1, 1986, the minimum denomination requirement was removed.
4. Effective Dec. 14, 1982, depository institutions are authorized to offer a new account with a required initial balance of $2,500 and an average maintenance balance of $2,500 not subject to interest rate restrictions. Effective Jan. 1, 1985, the minimum denomination and average balance maintenance requirements was lowered to $1,000. Effective Jan. 1, 1986, the minimum denomination and average balance maintenance requirements were removed. No minimum maturity period is required for this account, but depository institutions must reserve the right to require seven days, notice before withdrawals.
5. Before Jan. 1, 1986, deposits of less than $1,000 were subject to an interest rate ceiling of 5½ percent. Deposits of less than $1,000 issued to governmental units were subject to an interest rate ceiling of 8 percent. Effective Jan. 1, 1986, the minimum denomination requirement was removed.

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

Type of transaction	1983	1984	1985	1986						
				Mar.	Apr.	May	June	July	Aug.	Sept.
U.S. GOVERNMENT SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	18,888	20,036	22,214	396	2,988	3,196	1,402	867	2,940	861
2 Gross sales	3,420	8,557	4,118	0	0	0	0	0	0	0
3 Exchange	0	0	0	0	0	0	0	0	0	0
4 Redemptions	2,400	7,700	3,500	0	0	0	0	0	0	0
Others within 1 year										
5 Gross purchases	484	1,126	1,349	0	0	0	0	0	0	0
6 Gross sales	0	0	0	0	0	0	0	0	0	0
7 Maturity shift	18,887	16,354	19,763	1,152	447	1,847	1,152	579	1,715	1,053
8 Exchange	−16,553	−20,840	−17,717	−1,458	−1,129	−1,819	−1,957	−1,253	−4,087	−1,892
9 Redemptions	87	0	0	0	0	0	0	0	0	0
1 to 5 years										
10 Gross purchases	1,896	1,638	2,185	0	0	0	0	0	0	0
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shift	−15,533	−13,709	−17,459	−1,152	−447	−1,532	−1,152	−386	−1,194	−1,053
13 Exchange	11,641	16,039	13,853	1,458	1,134	1,019	1,957	1,253	2,587	1,892
5 to 10 years										
14 Gross purchases	890	536	458	0	0	0	0	0	0	0
15 Gross sales	0	300	100	0	0	0	0	0	0	0
16 Maturity shift	−2,450	−2,371	−1,857	0	−5	−315	0	−193	−520	0
17 Exchange	2,950	2,750	2,184	0	0	500	0	0	1,000	0
Over 10 years										
18 Gross purchases	383	441	293	0	0	0	0	0	0	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shift	−904	−275	−447	0	0	0	0	0	0	0
21 Exchange	1,962	2,052	1,679	0	0	300	0	0	500	0
All maturities										
22 Gross purchases	22,540	23,776	26,499	396	2,988	3,196	1,402	867	2,940	861
23 Gross sales	3,420	8,857	4,218	0	0	0	0	0	0	0
24 Redemptions	2,487	7,700	3,500	0	0	0	0	0	0	0
Matched transactions										
25 Gross sales	578,591	808,986	866,175	88,917	109,253	62,663	80,219	70,928	60,460	73,179
26 Gross purchases	576,908	810,432	865,968	88,604	103,957	67,147	80,674	69,659	60,011	70,817
Repurchase agreements										
27 Gross purchases	105,971	127,933	134,253	6,748	21,156	12,395	5,640	18,657	0	14,717
28 Gross sales	108,291	127,690	132,351	6,748	13,634	19,917	5,640	18,657	0	8,403
29 Net change in U.S. government securities	12,631	8,908	20,477	83	5,214	158	1,857	−403	2,491	4,814
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases	0	0	0	0	0	0	0	0	0	0
31 Gross sales	0	0	0	0	0	0	0	0	0	0
32 Redemptions	292	256	162	0	0	50	0	*	90	*
Repurchase agreements										
33 Gross purchases	8,833	11,509	22,183	1,821	3,369	3,135	1,691	4,984	0	2,678
34 Gross sales	9,213	11,328	20,877	1,821	1,955	4,567	1,691	4,984	0	869
35 Net change in federal agency obligations	−672	−76	1,144	0	1,432	−1,482	0	*	−90	1,809
BANKERS ACCEPTANCES										
36 Repurchase agreements, net	−1,062	−418	0	0	0	0	0	0	0	0
37 **Total net change in System Open Market Account**	**10,897**	**8,414**	**21,621**	**83**	**6,647**	**−1,324**	**1,857**	**−403**	**2,401**	**6,623**

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

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements

Millions of dollars

Account	Wednesday					End of month		
	1986					1986		
	Oct. 1	Oct. 8	Oct. 15	Oct. 22	Oct. 29	Aug.	Sept.	Oct.
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,084	11,084	11,084	11,084	11,084	11,084	11,084	11,084
2 Special drawing rights certificate account	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018
3 Coin	510	503	528	506	507	468	507	508
Loans								
4 To depository institutions	841	2,185	638	2,261	807	913	879	806
5 Other	0	0	0	0	0	0	0	0
Acceptances—Bought outright								
6 Held under repurchase agreements	0	0	0	0	0	0	0	0
Federal agency obligations								
7 Bought outright	7,988	7,988	7,988	7,954	7,954	8,047	8,047	7,954
8 Held under repurchase agreements	0	0	0	923	0	0	1,809	0
U.S. government securities								
Bought outright								
9 Bills	94,392	94,967	96,615	95,682	95,929	93,564	92,064	97,622
10 Notes	66,597	66,597	66,597	66,597	66,597	66,597	66,597	66,597
11 Bonds	25,776	25,776	25,776	25,776	25,776	25,776	25,776	25,776
12 Total bought outright[1]	186,765	187,340	188,988	188,055	188,302	185,937	184,437	189,995
13 Held under repurchase agreements	0	0	0	5,075	0	0	6,314	0
14 Total U.S. government securities	186,765	187,340	188,988	193,130	188,302	185,937	190,751	189,995
15 Total loans and securities	**195,594**	**197,513**	**197,614**	**204,268**	**197,063**	**194,897**	**201,486**	**198,755**
16 Items in process of collection	7,384	6,717	12,078	6,725	6,091	5,632	9,125	6,104
17 Bank premises	647	647	647	648	649	642	647	649
Other assets								
18 Denominated in foreign currencies[2]	9,126	9,132	9,137	9,151	9,156	9,147	9,126	9,133
19 All other[3]	6,739	6,894	6,791	7,168	7,262	6,758	7,250	7,015
20 Total assets	**236,102**	**237,508**	**242,897**	**244,568**	**236,830**	**233,646**	**244,243**	**238,266**
LIABILITIES								
21 Federal Reserve notes	184,363	185,881	186,970	185,924	185,753	185,349	184,191	186,022
Deposits								
22 To depository institutions	32,583	35,571	35,658	42,452	35,135	34,570	36,794	36,966
23 U.S. Treasury—General account	5,012	3,211	3,105	3,349	3,594	1,106	7,514	2,491
24 Foreign—Official accounts	214	199	240	206	238	227	342	303
25 Other	725	467	625	439	455	461	663	479
26 Total deposits	**38,534**	**39,448**	**39,628**	**46,446**	**39,422**	**36,364**	**45,313**	**40,239**
27 Deferred credit items	7,061	5,998	10,161	5,986	5,574	5,371	8,276	5,663
28 Other liabilities and accrued dividends[4]	2,143	2,193	2,145	2,176	2,067	2,193	2,193	2,275
29 Total liabilities	**232,101**	**233,520**	**238,904**	**240,532**	**232,816**	**229,277**	**239,973**	**234,199**
CAPITAL ACCOUNTS								
30 Capital paid in	1,844	1,845	1,848	1,853	1,853	1,843	1,849	1,854
31 Surplus	1,781	1,781	1,780	1,780	1,781	1,781	1,780	1,781
32 Other capital accounts	376	362	365	403	380	745	641	432
33 Total liabilities and capital accounts	**236,102**	**237,508**	**242,897**	**244,568**	**236,830**	**233,646**	**244,243**	**238,266**
34 MEMO: Marketable U.S. government securities held in custody for foreign and international account	162,735	162,954	164,119	164,010	166,086	155,182	163,236	164,020
	Federal Reserve note statement							
35 Federal Reserve notes outstanding	223,977	224,738	225,259	226,565	227,605	221,640	223,928	227,605
36 LESS: Held by bank	39,614	38,857	38,289	40,641	41,852	36,291	39,737	41,583
37 Federal Reserve notes, net	184,363	185,881	186,970	185,924	185,753	185,349	184,191	186,022
Collateral held against notes net:								
38 Gold certificate account	11,084	11,084	11,084	11,084	11,084	11,084	11,084	11,084
39 Special drawing rights certificate account	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. government and agency securities	168,261	169,779	170,868	169,822	169,651	169,247	168,089	169,920
42 Total collateral	**184,363**	**185,881**	**186,970**	**185,924**	**185,753**	**185,349**	**184,191**	**186,022**

1. *Includes* securities loaned—fully guaranteed by U.S. government securities pledged with Federal Reserve Banks—and *excludes* (if any) securities sold and scheduled to be bought back under matched sale-purchase transactions.
2. Assets shown in this line are revalued monthly at market exchange rates.
3. Includes special investment account at Chicago of Treasury bills maturing within 90 days.
4. Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign-exchange commitments.

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

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity groupings	Wednesday					End of month		
	1986					1986		
	Oct. 1	Oct. 8	Oct. 15	Oct. 22	Oct. 29	Aug. 29	Sept. 30	Oct. 31
1 Loans—Total	841	2,185	638	2,261	807	913	879	806
2 Within 15 days	792	2,145	606	2,255	802	863	855	783
3 16 days to 90 days	49	40	32	6	5	50	24	23
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances—Total	0	0	0	0	0	0	0	0
6 Within 15 days	0	0	0	0	0	0	0	0
7 16 days to 90 days	0	0	0	0	0	0	0	0
8 91 days to 1 year	0	0	0	0	0	0	0	0
9 U.S. government securities—Total	185,765	187,340	188,988	193,130	188,302	185,937	190,751	189,995
10 Within 15 days[1]	8,555	6,829	10,390	14,839	9,673	5,582	11,681	6,964
11 16 days to 90 days	45,430	46,499	44,538	44,474	46,627	42,894	46,290	48,533
12 91 days to 1 year	57,693	58,925	58,973	58,730	56,915	60,596	57,693	59,855
13 Over 1 year to 5 years	36,698	36,698	36,703	36,703	36,703	38,476	36,698	36,259
14 Over 5 years to 10 years	15,580	15,580	15,575	15,575	15,575	15,580	15,580	15,575
15 Over 10 years	22,809	22,809	22,809	22,809	22,809	22,809	22,809	22,809
16 Federal agency obligations—Total	7,988	7,988	7,988	8,877	7,954	8,047	9,856	7,954
17 Within 15 days[1]	41	134	77	1,120	279	251	2,118	279
18 16 days to 90 days	756	972	1,069	1,025	940	704	755	940
19 91 days to 1 year	1,710	1,460	1,409	1,355	1,360	1,569	1,502	1,360
20 Over 1 year to 5 years	3,905	3,846	3,861	3,815	3,808	3,925	3,905	3,808
21 Over 5 years to 10 years	1,152	1,152	1,148	1,188	1,193	1,174	1,152	1,193
22 Over 10 years	424	424	424	374	374	424	424	374

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

1.20 AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND MONETARY BASE

Billions of dollars, averages of daily figures

Item	1982 Dec.	1983 Dec.	1984 Dec.	1985 Dec.	1986 Mar.	1986 Apr.	1986 May	1986 June	1986 July	1986 Aug.	1986 Sept.	1986 Oct.
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[1]												
1 **Total reserves**[2]	**34.28**	**36.14**	**3951**	**45.61**	**46.87**	**47.28**	**48.58**	**49.45**	**50.49**	**51.32**	**51.81**	**52.40**
2 Nonborrowed reserves	33.65	35.36	36.32	44.29	46.10	46.38	47.70	48.64	49.75	50.45	50.80	51.56
3 Nonborrowed reserves plus extended credit[3]	33.83	35.37	38.93	44.79	46.62	47.02	48.29	49.17	50.13	50.91	51.37	52.05
4 Required reserves	33.78	35.58	38.66	44.55	45.97	46.47	47.74	48.51	49.58	50.58	51.08	51.65
5 Monetary base[4]	170.04	185.39	199.17	216.72	221.26	222.36	224.90	226.63	228.30	230.59	231.63	233.44
	Not seasonally adjusted											
6 **Total reserves**[2]	**35.01**	**36.86**	**40.57**	**46.84**	**46.34**	**47.94**	**47.71**	**49.20**	**50.32**	**50.62**	**51.55**	**52.34**
7 Nonborrowed reserves	34.37	36.09	37.38	45.52	45.58	47.04	46.84	48.40	49.58	49.75	50.54	51.50
8 Nonborrowed reserves plus extended credit[3]	34.56	36.09	39.98	46.02	46.10	47.68	47.42	48.93	49.96	50.22r	51.11	52.00
9 Required reserves	34.51	36.30	39.71	45.78	45.44	47.14	46.87	48.27	49.41	49.88	50.82	51.59
10 Monetary base[4]	173.07	188.66	202.34	220.36	218.99	222.13	223.61	227.04	230.02	230.76	231.51	233.04
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[5]												
11 **Total reserves**[2]	**41.85**	**38.89**	**40.70**	**48.14**	**47.27**	**48.88**	**48.42**	**49.94**	**51.03**	**51.28**	**53.19**	**54.62**
12 Nonborrowed reserves	41.22	38.12	37.51	46.82	46.51	47.99	47.54	49.14	50.29	50.41	52.18	53.78
13 Nonborrowed reserves plus extended credit[3]	41.41	38.12	40.09	47.41	47.17	48.22	48.24	49.81	50.68	50.90	52.76	54.15
14 Required reserves	41.35	38.33	39.84	47.09r	46.38	48.08	47.58	49.01	50.12	50.54	52.46	53.87
15 Monetary base[4]	180.42	192.26	204.18	223.53	221.70	224.88	226.12	229.68	232.55	233.32	235.07	237.26

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

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

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

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

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

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

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

1.21 MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES

Billions of dollars, averages of daily figures

Item[1]	1982 Dec.	1983 Dec.	1984 Dec.	1985 Dec.	1986 July[r]	1986 Aug.[r]	1986 Sept.[r]	1986 Oct.
	Seasonally adjusted							
1 M1	479.9	527.1	558.5	626.6	676.0	687.6	693.1	701.2
2 M2	1,952.6	2,186.0	2,373.8	2,566.5	2,699.0	2,723.8	2,740.2	2,764.1
3 M3	2,443.5	2,697.3	2,986.5	3,201.2	3,375.2	3,400.2	3,424.8	3,443.5
4 L	2,850.1	3,162.7	3,532.4	3,839.5	4,003.1	4,031.2	4,061.9	n.a.
5 Debt	4,661.8[r]	5,197.2	5,950.4	6,769.0	7,209.3	7,284.5	7,353.9	n.a.
M1 components								
6 Currency[2]	134.3	148.3	158.5	170.6	177.5	179.0	179.7	181.2
7 Travelers checks[3]	4.3	4.9	5.2	5.9	6.4	6.5	6.5	6.4
8 Demand deposits[4]	237.9	242.7	248.4	271.5	288.3	291.8	292.2	293.2
9 Other checkable deposits[5]	103.4	131.3	146.3	178.6	203.8	210.4	214.8	220.4
Nontransactions components								
10 In M2[6]	1,472.7	1,658.9	1,815.4	1,939.9	2,022.9	2,036.1	2,047.1	2,062.9
11 In M3 only[7]	490.9	511.3	612.7	634.6	676.2	676.5	684.6	679.4
Savings deposits[9]								
12 Commercial Banks	163.7	133.4	122.3	124.5	133.4	136.8	140.9	145.8
13 Thrift institutions	194.2	173.2	167.3	179.1	197.8	200.8	203.5	208.0
Small denomination time deposits[9]								
14 Commercial Banks	380.4	351.1	387.2	384.1	380.0	376.0	372.6	367.7
15 Thrift institutions	472.4	434.1	500.3	496.2	503.7	501.2	498.7	493.7
Money market mutual funds								
16 General purpose and broker/dealer	185.2	138.2	167.5	176.5	199.7	200.5	202.2	206.7
17 Institution-only	51.1	43.2	62.7	64.6	77.5	80.8	84.4	84.5
Large denomination time deposits[10]								
18 Commercial Banks[11]	262.1	228.7	263.7	279.2	280.1	281.9	281.5	279.3
19 Thrift institutions	65.8	101.1	150.2	157.3	165.8	166.1	165.8	164.0
Debt components								
20 Federal debt	979.7	1,172.8	1,367.7	1,587.0	1,712.4	1,724.9	1,741.5	n.a.
21 Non-federal debt	3,682.1[r]	4,024.4[r]	4,582.8[r]	5,182.0	5,496.9	5,559.6	5,612.4	n.a.
	Not seasonally adjusted							
22 M1	490.9	538.8	570.5	639.9	679.8	684.6	690.7	698.4
23 M2	1,958.6	2,192.8	2,380.8	2,574.7	2,704.3	2,718.6	2,730.9	2,758.1
24 M3	2,453.3	2,707.9	2,997.8	3,213.9	3,372.7	3,394.9	3,417.5	3,439.5
25 L	2,856.4	3,169.3	3,537.6	3,845.7	4,003.2	4,027.5	4,056.9	n.a.
26 Debt	4,655.8[r]	5,191.6[r]	5,944.6[r]	6,762.4	7,173.8	7,253.3	7,331.3	n.a.
M1 components								
27 Currency[2]	136.5	150.5	160.9	173.1	179.1	179.9	179.6	180.9
28 Travelers checks[3]	4.1	4.6	4.9	5.5	7.2	7.3	6.9	6.5
29 Demand deposits[4]	246.2	251.3	257.3	281.3	290.0	289.0	290.8	292.5
30 Other checkable deposits[5]	104.1	132.4	147.5	180.1	203.5	208.5	213.5	218.5
Nontransactions components								
31 M2[6]	1,467.7	1,654.0	1,810.3	1,934.7	2,024.5	2,034.0	2,040.2	2,059.7
32 M3 only[7]	494.7	515.1	617.0	639.2	668.4	676.3	686.6	681.4
Money market deposit accounts								
33 Commercial banks	26.3	230.5	267.2	332.4	359.0	363.6	368.1	371.8
34 Thrift institutions	16.9	148.7	149.7	179.6	187.1	189.5	190.2	192.1
Savings deposits[8]								
35 Commercial Banks	162.1	132.2	121.4	123.5	135.1	137.3	140.7	146.1
36 Thrift institutions	193.1	172.3	166.5	178.3	198.7	199.7	202.5	208.7
Small denomination time deposits[9]								
37 Commercial Banks	380.1	351.1	387.6	384.8	379.8	377.9	375.1	370.4
38 Thrift institutions	471.7	434.2	501.2	497.6	502.7	500.5	498.4	496.6
Money market mutual funds								
39 General purpose and broker/dealer	185.2	138.2	167.5	176.5	199.7	200.5	202.2	206.7
40 Institution-only	51.1	43.2	62.7	64.6	77.5	80.8	84.4	84.5
Large denomination time deposits[10]								
41 Commercial Banks[11]	265.2	230.8	265.4	280.9	279.1	282.3	283.6	282.0
42 Thrift institutions	65.8	101.4	150.6	157.8	164.7	166.0	165.7	164.3
Debt components								
43 Federal debt	976.4	1,170.2	1,364.7	1,583.7	1,695.6	1,713.3	1,734.6	n.a.
44 Non-federal debt	3,679.3[r]	4,021.4[r]	4,579.9[r]	5,178.7[r]	5,478.1	5,540.0	5,596.7	n.a.

For notes see following page.

NOTES TO TABLE 1.21

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

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

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

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

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

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

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

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

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

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

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

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

8. Savings deposits exclude MMDAs.

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

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

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

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

1.22 BANK DEBITS AND DEPOSIT TURNOVER

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

Bank group, or type of customer	1983[1]	1984[1]	1985[1]	1986 Apr.	1986 May	1986 June	1986 July	1986 Aug.	1986 Sept.
DEBITS TO	Seasonally adjusted								
Demand deposits[2]									
1 All insured banks	109,642.3	128,440.8	154,556.0	192,847.2	189,819.7	187,035.1	188,874.2	194,457.3	197,997.9
2 Major New York City banks	47,769.4	57,392.7	70,445.1	95,699.5	87,846.7	89,201.2	91,040.8	92,961.7	95,252.0
3 Other banks	61,873.1	71,048.1	84,110.9	97,147.7	101,973.0	97,833.9	97,833.4	101,495.6	102,745.9
4 ATS-NOW accounts[3]	1,405.5	1,588.7	1,920.8	2,088.7	2,255.6	2,188.0	2,320.1	2,414.8	2,704.8
5 Savings deposits[4]	741.4	633.1	539.0	385.2	389.7	382.6	417.4	421.0	428.4
DEPOSIT TURNOVER									
Demand deposits[2]									
6 All insured banks	379.7	434.4	496.5	593.6	569.7	553.3	556.4	567.6	573.9
7 Major New York City banks	1,528.0	1,843.0	2,168.9	2,635.1	2,457.8	2,504.5	2,417.2	2,437.0	2,519.8
8 Other banks	240.9	268.6	301.8	336.6	342.8	323.5	324.2	333.4	334.5
9 ATS-NOW accounts[3]	15.6	15.8	16.7	16.0	17.0	16.2	16.8	16.9	18.4
10 Savings deposits[4]	5.4	5.0	4.5	3.1	3.1	3.0	3.2	3.2	3.1
DEBITS TO	Not seasonally adjusted								
Demand deposits[2]									
11 All insured banks	109,517.6	128,059.1	154,108.4	195,373.5	184,827.4	188,924.1	198,657.9	186,892.9	198,433.5
12 Major New York City banks	47,707.4	57,282.4	70,400.9	95,408.5	85,189.6	91,315.2	96,686.1	88,807.6	96,489.1
13 Other banks	64,310.2	70,776.9	83,707.8	99,965.0	99,637.8	97,608.9	101,971.8	98,085.3	101,944.4
14 ATS-NOW accounts[3]	1,397.0	1,579.5	1,903.4	2,393.2	2,256.6	2,356.3	2,240.4	2,140.8	2,524.1
15 MMDA[5]	567.4	848.8	1,179.0	1,638.8	1,557.9	1,697.2	1,575.9	1,530.6	1,612.9
16 Savings deposits[4]	742.0	632.9	538.7	418.7	377.8	385.9	419.9	413.7	414.2
DEPOSIT TURNOVER									
Demand deposits[2]									
17 All insured banks	379.9	433.5	497.4	600.1	569.4	564.1	587.8	554.7	577.6
18 Major New York City banks	1,510.0	1,838.6	2,191.1	2,661.7	2,487.0	2,570.0	2,620.6	2,421.9	2,603.6
19 Other banks	240.5	267.9	301.6	345.0	343.2	326.0	338.7	326.6	332.6
20 ATS-NOW accounts[3]	15.5	15.7	16.6	17.9	17.1	17.4	16.3	15.1	17.3
21 MMDA[5]	2.8	3.5	3.8	4.8	4.5	4.8	4.4	4.2	4.4
22 Savings deposits[4]	5.4	5.0	4.5	3.4	3.0	3.0	3.2	3.1	3.0

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

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

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

1.23 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars; averages of Wednesday figures

Category	1985 Nov.	1985 Dec.	1986 Jan.	1986 Feb.	1986 Mar.	1986 Apr.	1986 May	1986 June	1986 July	1986 Aug.	1986 Sept.	1986 Oct.
Seasonally adjusted												
1 **Total loans and securities[2]**	**1,876.0**	**1,900.4**	**1,930.0**	**1,935.5**	**1,944.6**	**1,947.9**	**1,957.5**	**1,963.7**	**1,985.0**	**2,007.7**	**2,027.1**	**2,031.6**
2 U.S. government securities	276.0	273.1	268.2	273.6	269.5	270.0	274.1	274.8	285.4	290.9	294.1	299.4
3 Other securities	163.3	177.6	192.5	188.1	183.3	182.1	181.9	183.6	186.1	192.3	200.5	196.5
4 Total loans and leases[2]	1,436.8	1,449.7	1,469.3	1,473.7	1,491.8	1,495.8	1,501.5	1,505.3	1,513.4	1,524.5	1,532.5[r]	1,535.6
5 Commercial and industrial	495.7	499.5	502.1	502.4	506.1	507.8	506.7	508.7	508.7	510.4	510.7[r]	512.8
6 Bankers acceptances held[3]	4.9	4.9	4.9	4.8	4.9	5.2	5.6	6.1	5.8	5.9	6.2	6.3
7 Other commercial and industrial	490.7	494.7	497.2	497.6	501.2	502.6	501.0	502.6	502.8	504.4	504.5[r]	506.5
8 U.S. addressees[4]	482.4	486.0	488.0	488.4	491.3	492.7	490.6	493.1	493.8	495.4	495.7	497.7
9 Non-U.S. addressees[4]	8.3	8.7	9.3	9.2	9.9	9.8	10.5	9.5	9.0	9.1	8.9	8.8
10 Real estate	418.0	422.4	427.1	431.4	436.1	440.7	446.4	450.7	455.9	461.4	465.9[r]	470.8
11 Individual	289.7	291.5	294.6	297.4	299.5	301.1	303.0	304.5	305.6	306.9	308.8	309.8
12 Security	39.8	40.1	44.1	43.4	50.4	48.0	46.4	42.5	44.8	44.2	44.0	39.2
13 Nonbank financial institutions	32.0	32.6	32.6	31.8[r]	32.2[r]	32.3[r]	33.3	34.7	34.2	34.4	35.1	35.6
14 Agricultural	37.1	36.3	35.9	35.4	34.9	34.6	34.1	33.7	33.3	33.3	33.2	33.3
15 State and political subdivisions	50.0	52.8	60.5	60.3	60.2	59.8	59.5	59.4	59.0	59.4	59.4	58.5
16 Foreign banks	9.0	9.1	9.1	9.2	9.2	9.2	9.3	9.5	9.5	9.3	9.4	9.2
17 Foreign official institutions	6.7	6.9	7.0	7.0	6.8	5.3	5.1	6.4	6.5	6.5	6.4	6.3
18 Lease financing receivables	18.4	18.8	19.4	19.6	19.8	19.9	19.8	20.0	20.0	20.2	20.4	20.4
19 All other loans	40.3	39.6	36.9[r]	35.8[r]	36.6[r]	37.3	37.9	35.4	35.9	38.5	39.3	39.7
Not seasonally adjusted												
20 **Total loans and securities[2]**	**1,875.7**	**1,912.6**	**1,934.8**	**1,932.4**	**1,944.1**	**1,950.5**	**1,956.7**	**1,965.4**	**1,981.4**	**1,999.8**	**2,024.8**	**2,026.7**
21 U.S. government securities	273.7	271.0	267.7	275.0	273.2	274.0	275.4	276.2	285.3	289.1	292.5	295.1
22 Other securities	163.3	178.7	193.8	188.9	183.9	181.8	182.2	182.5	183.9	192.1	200.5	196.0
23 Total loans and leases[2]	1,438.7	1,462.9	1,473.3	1,468.5	1,487.1	1,494.7	1,499.0	1,506.7	1,512.1	1,518.7	1,531.9	1,535.6
24 Commercial and industrial	494.8	501.5	501.4	500.1	506.9	510.0	508.5	509.4	508.6	508.3	509.9	511.8
25 Bankers acceptances held[3]	5.0	5.2	4.9	4.7	5.0	5.2	5.5	6.0	6.0	5.9	6.0	6.1
26 Other commercial and industrial	489.7	496.4	496.5	495.4	501.9	504.9	503.0	503.4	502.6	502.4	503.9	505.6
27 U.S. addressees[4]	481.0	487.3	487.3	486.3	492.7	495.4	493.3	494.0	493.3	493.1	494.6[r]	496.5
28 Non-U.S. addressees[4]	8.8	9.0	9.2	9.1	9.2	9.5	9.7	9.4	9.3	9.4	9.2	9.1
29 Real estate	419.2	423.3	427.3	430.6	434.9	439.5	445.2	450.2	455.8	461.7	466.9	472.2
30 Individual	291.0	294.8	297.0	296.3	296.8	298.6	301.1	303.1	304.9	307.2	310.2	311.4
31 Security	41.0	45.4	46.8	42.6	49.5	48.5	45.6	42.5	43.0	41.3	41.5	38.4
32 Nonbank financial institutions	32.1	33.4	32.8[r]	31.2[r]	31.6[r]	32.2	33.1	34.6	34.3	34.6	35.3	35.4
33 Agricultural	37.2	36.0	35.2	34.5	34.0	33.9	34.1[r]	34.2	34.1	34.1[r]	34.0[r]	33.8
34 State and political subdivisions	50.0	52.8	60.5	60.3	60.2	59.8	59.5	59.4	59.0	59.4	59.4	58.5
35 Foreign banks	9.3	9.5	9.3	9.3	9.1	9.0	9.1	9.2	9.4	9.1	9.4	9.3
36 Foreign official institutions	6.7	6.9	7.0	7.0	6.8	5.3	5.1	6.4	6.5	6.5	6.4	6.3
37 Lease financing receivables	18.3	18.8	19.6	19.8	19.8	19.9	19.9	20.0	20.0	20.1	20.3	20.3
38 All other loans	39.1	40.5	36.4[r]	36.6[r]	37.5[r]	38.1	37.9	37.7	36.5	36.3	38.7	38.2

1. Data are prorated averages of Wednesday estimates for domestically chartered insured banks, based on weekly sample reports and quarterly universe reports. For foreign-related institutions, data are averages of month-end estimates based on weekly reports from large U.S. agencies and branches and quarterly reports from all U.S. agencies and branches, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.
2. Excludes loans to commercial banks in the United States.
3. Includes nonfinancial commercial paper held.
4. United States includes the 50 states and the District of Columbia.

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

1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	1985		1986									
	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
Total nondeposit funds												
1 Seasonally adjusted[2]	122.3	128.2	131.7	131.7	141.2	134.1	135.7	132.6	136.0	137.7	142.3	139.8
2 Not seasonally adjusted	123.4	127.9	131.8	134.4	143.7	135.0	137.8[r]	131.3[r]	132.0[r]	136.7	140.6	138.0
Federal funds, RPs, and other borrowings from nonbanks[3]												
3 Seasonally adjusted	149.4	154.1	151.6	152.7	160.6	160.4	157.9	157.1	166.2	168.0	167.3	167.6
4 Not seasonally adjusted	150.5	153.7	151.6	155.3	163.1	161.3	160.0	155.8	162.3	166.9	165.6	165.9
5 Net balances due to foreign-related institutions, not seasonally adjusted	−27.2	−25.9	−19.9	−21.0	−19.4	−26.3	−22.2	−24.5	−30.2	−30.2	−25.0	−27.8
MEMO												
6 Domestically chartered banks' net positions with own foreign branches, not seasonally adjusted[4]	−30.2	−31.6	−28.0	−25.8	−26.5	−30.2	−29.3	−30.5	−33.8	−31.2	−29.2	−31.9
7 Gross due from balances	74.1	76.3	74.3	69.4	71.7	75.2	72.9	72.2	73.9	75.2	74.0	73.5
8 Gross due to balances	43.9	44.7	46.4	43.6	45.2	45.1	43.6	41.7	40.1	44.0	44.8	41.6
9 Foreign-related institutions' net positions with directly related institutions, not seasonally adjusted[5]	3.1	5.7	8.1	4.8	7.1	3.9	7.1[r]	6.0	3.6	1.0	4.2	4.0
10 Gross due from balances	55.9	56.7	57.6	60.0	60.7	62.5	60.0	62.8	64.2	66.2	67.9	68.3
11 Gross due to balances	58.9	62.5	65.7	64.8	67.8	66.4	67.1	68.8	67.8	67.2	72.1	72.3
Security RP borrowings												
12 Seasonally adjusted[6]	85.9	89.4	87.6	89.5	89.7	89.7	89.0	89.2	95.7	96.3	96.0	96.5
13 Not seasonally adjusted	87.0	89.0	87.7	92.2	92.2	90.6	91.2	88.0	91.8	95.3	94.3	94.8
U.S. Treasury demand balances[7]												
14 Seasonally adjusted	13.5	17.5	19.0	21.1	15.7	17.4	21.3	18.5	14.7	13.1	16.0	13.2
15 Not seasonally adjusted	7.9	14.6	24.0	24.2	15.7	17.8	21.8	16.1	16.8	11.0	18.2	15.3
Time deposits, $100,000 or more[8]												
16 Seasonally adjusted	335.9	337.6	349.4	351.9	347.7	346.9	340.4	339.8	338.5[r]	342.9[r]	342.5[r]	340.1
17 Not seasonally adjusted	337.5	339.4	348.3	350.7	348.3	343.5	339.7	338.1	337.5[r]	343.2[r]	344.6[r]	342.8

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

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

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

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

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

5. Averages of daily data.

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

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

8. Averages of Wednesday figures.

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

Billions of dollars

Account	1985	1986									
	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
ALL COMMERCIAL BANKING INSTITUTIONS[1]											
1 Loans and securities	2,068.7	2,065.2	2,078.8	2,091.4	2,113.4	2,101.3	2,105.5	2,134.0	2,154.4	2,171.1	2,173.2
2 Investment securities	420.4	432.5	432.8	427.2	429.5	430.9	432.6	445.7	455.1	464.6	467.4
3 U.S. government securities	253.9	251.9	255.1	253.7	255.8	257.7	259.6	269.6	272.2	275.9	281.8
4 Other	166.5	180.6	177.7	173.5	173.6	173.2	173.0	176.1	183.0	188.7	185.6
5 Trading account assets	31.1	30.1	34.0	30.1	27.8	27.0	27.4	28.7	29.3	27.9	26.0
6 Total loans	1,617.2	1,602.6	1,612.0	1,634.2	1,656.1	1,643.5	1,645.5	1,659.6	1,670.0	1,678.5	1,679.8
7 Interbank loans	150.6	140.4	143.5	146.0	155.7	146.2	139.2	148.6	149.4	145.3	146.7
8 Loans excluding interbank	1,466.7	1,462.2	1,468.5	1,488.1	1,500.4	1,497.2	1,506.3	1,511.0	1,520.6	1,533.2	1,533.1
9 Commercial and industrial	500.2	496.7	501.8	508.5	510.5	506.2	512.3	507.3	510.1	512.1	512.6
10 Real estate	423.7	428.7	431.5	435.9	441.7	446.4	451.4	457.6	463.2	467.7	473.5
11 Individual	296.0	297.4	296.4	296.9	300.4	301.1	304.0	305.6	308.4	310.5	311.8
12 All other	246.7	239.4	238.7	246.9	247.8	243.6	238.7	240.5	238.8	242.9	235.2
13 Total cash assets	213.3	187.3	193.7	198.1	209.9	221.0	196.0	206.2	205.8	196.6	200.4
14 Reserves with Federal Reserve Banks	27.6	21.9	26.2	29.1	25.5	30.2	27.9	28.2	27.9	27.8	31.2
15 Cash in vault	22.2	23.0	22.7	21.8	22.3	23.9	23.0	23.3	23.7	22.9	23.5
16 Cash items in process of collection	79.5	64.2	66.9	68.8	80.7	84.6	67.3	72.1	73.5	66.3	66.3
17 Demand balances at U.S. depository institutions	36.0	31.3	31.8	31.1	34.7	36.8	32.0	33.8	33.6	32.3	32.6
18 Other cash assets	48.0	47.0	46.1	47.4	46.7	45.5	45.8	48.7	47.1	47.4	46.8
19 Other assets	201.9	187.0	186.5	195.3	207.0	195.9	196.6	196.6	196.2	200.8	198.3
20 Total assets/total liabilities and capital	**2,483.8**	**2,439.6**	**2,458.9**	**2,484.8**	**2,530.3**	**2,518.3**	**2,498.1**	**2,536.7**	**2,556.4**	**2,568.4**	**2,571.9**
21 Deposits	1,772.5	1,739.5	1,746.4	1,762.8	1,798.4	1,807.4	1,791.9	1,819.5	1,833.6	1,830.8	1,843.8
22 Transaction deposits	536.9	488.8	492.1	502.5	540.7	542.7	523.3	540.0	544.2	537.4	547.5
23 Savings deposits	452.0	454.2	457.2	462.0	467.8	477.3	482.4	490.8	497.7	504.4	514.8
24 Time deposits	783.6	796.5	797.1	798.3	789.9	787.5	786.3	788.7	791.7	789.0	781.5
25 Borrowings	367.8	364.4	374.7	373.1	390.7	367.4	366.8	379.2	377.3	388.1	380.0
26 Other liabilities	175.8	167.6	169.1	179.3	170.4	173.1	168.5	168.6	174.7	177.5	175.1
27 Residual (assets less liabilities)	167.7	168.2	168.8	169.7	170.8	170.3	170.9	169.4	170.8	172.1	173.0
MEMO											
28 U.S. government securities (including trading account)	269.7	269.8	278.4	273.7	274.0	275.1	276.5	288.8	289.8	292.5	298.6
29 Other securities (including trading account)	181.8	192.8	188.4	183.6	183.3	182.8	183.5	185.6	194.6	200.0	194.8
DOMESTICALLY CHARTERED COMMERCIAL BANKS[2]											
30 Loans and securities	1,954.3	1,954.3	1,964.0	1,972.4	1,993.3	1,985.3	1,990.0	2,014.0	2,029.4	2,039.8	2,046.2
31 Investment securities	409.9	421.1	420.8	416.0	416.1	417.1	419.6	432.5	440.2	448.0	450.7
32 U.S. government securities	249.0	247.0	249.6	248.5	248.8	250.2	253.1	263.2	264.5	267.5	272.9
33 Other	160.9	174.1	171.2	167.5	167.2	166.9	166.5	169.4	175.7	180.5	177.8
34 Trading account assets	31.1	30.1	34.0	30.1	27.8	27.0	27.4	28.7	29.3	27.9	26.0
35 Total loans	1,513.4	1,503.1	1,509.2	1,526.3	1,549.4	1,541.3	1,543.0	1,552.8	1,559.8	1,564.0	1,569.5
36 Interbank loans	123.8	115.8	115.8	120.2	129.3	123.3	117.3	122.7	123.1	118.9	122.4
37 Loans excluding interbank	1,389.5	1,387.3	1,393.5	1,406.1	1,420.1	1,418.0	1,425.8	1,430.1	1,436.7	1,445.1	1,447.2
38 Commercial and industrial	445.3	442.5	446.2	448.2	452.3	449.8	452.5	448.4	448.4	447.2	447.2
39 Real estate	418.4	423.6	426.4	430.7	436.3	440.7	445.8	451.9	457.3	461.7	467.7
40 Individual	295.7	297.1	296.2	296.6	300.1	300.8	303.6	305.3	308.1	310.1	311.5
41 All other	230.1	224.1	224.7	230.7	231.4	226.7	223.9	224.6	222.9	226.1	220.8
42 Total cash assets	197.2	171.1	179.1	182.7	194.3	205.8	180.1	187.8	189.3	180.4	183.1
43 Reserves with Federal Reserve Banks	25.8	21.0	25.5	28.4	24.4	28.7	26.3	27.2	26.6	26.9	29.7
44 Cash in vault	22.2	23.0	22.6	21.7	22.2	23.8	22.9	23.2	23.7	22.8	23.4
45 Cash items in process of collection	79.3	63.8	66.5	68.4	80.3	84.2	66.7	71.7	73.1	65.9	65.6
46 Demand balances at U.S. depository institutions	34.3	29.4	30.1	29.4	33.0	35.1	30.2	32.0	31.9	30.5	30.8
47 Other cash assets	35.7	34.0	34.3	34.7	34.3	34.0	34.0	33.6	34.1	34.4	33.5
48 Other assets	150.0	137.8	134.6	144.0	150.3	142.8	144.1	143.2	141.7	145.5	142.8
49 Total assets/total liabilities and capital	**2,301.6**	**2,263.1**	**2,277.8**	**2,299.1**	**2,337.9**	**2,334.0**	**2,314.1**	**2,345.0**	**2,360.3**	**2,365.7**	**2,372.1**
50 Deposits	1,724.4	1,689.6	1,698.2	1,713.1	1,749.1	1,758.7	1,741.4	1,768.0	1,779.9	1,775.2	1,788.6
51 Transaction deposits	529.5	481.6	484.8	495.0	533.1	535.3	515.5	532.1	536.1	529.3	539.7
52 Savings deposits	450.3	452.4	455.3	460.1	465.8	475.2	480.3	488.7	495.5	502.1	512.5
53 Time deposits	744.7	755.7	758.1	758.1	750.1	748.1	745.6	747.2	748.2	743.8	736.5
54 Borrowings	295.7	298.0	304.9	304.8	309.1	294.2	293.5	300.5	295.5	305.2	299.3
55 Other liabilities	116.9	110.5	109.0	114.6	112.0	113.9	111.5	110.3	117.3	116.4	114.3
56 Residual (assets less liabilities)	164.6	165.0	165.6	166.5	167.7	167.2	167.8	166.2	167.7	168.9	169.8

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

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

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

Millions of dollars, Wednesday figures

Account	1986								
	Sept. 3	Sept. 10	Sept. 17	Sept. 24	Oct. 1	Oct. 8	Oct. 15	Oct. 22	Oct. 29
1 Cash and balances due from depository institutions	108,527	100,020	98,357	90,021	107,770	92,984	118,066	100,532	92,899
2 **Total loans, leases and securities, net**	**970,361**	**962,588**	**966,701**	**957,371**	**973,244**	**965,268**	**967,681**	**961,680**	**957,252**
3 U.S. Treasury and government agency	106,507	103,985	105,436	102,040	104,097	105,279	104,527	104,266	107,780
4 Trading account	24,875	22,593	22,808	19,947	20,348	20,742	19,315	18,823	20,023
5 Investment account, by maturity	81,633	81,392	82,628	82,092	83,749	84,536	85,212	85,443	87,757
6 One year or less	17,314	17,956	18,238	17,876	17,274	17,310	17,257	17,141	17,087
7 Over one through five years	38,808	38,011	38,436	37,766	38,932	39,826	40,324	40,103	39,946
8 Over five years	25,510	25,426	25,954	26,450	27,544	27,400	27,631	28,200	30,724
9 Other securities	79,275	78,480	77,701	76,348	75,762	74,484	73,875	73,575	72,350
10 Trading account	8,788	7,785	7,098	6,223	5,821	4,901	4,866	5,074	4,535
11 Investment account	70,487	70,695	70,604	70,125	69,941	69,584	69,009	68,501	67,816
12 States and political subdivisions, by maturity	61,327	61,329	61,466	61,013	60,448	60,126	59,466	59,024	58,287
13 One year or less	10,623	10,684	11,508	11,068	11,007	11,107	10,916	10,811	10,252
14 Over one year	50,704	50,645	49,959	49,945	49,441	49,020	48,550	48,213	48,035
15 Other bonds, corporate stocks, and securities	9,160	9,365	9,137	9,112	9,492	9,457	9,543	9,477	9,529
16 Other trading account assets	5,106	5,351	5,989	5,425	5,346	5,375	5,399	4,580	5,096
17 Federal funds sold[1]	61,056	62,117	58,974	56,348	64,656	62,627	63,450	60,516	55,978
18 To commercial banks	38,529	37,813	34,772	32,312	39,054	39,012	38,846	35,750	33,418
19 To nonbank brokers and dealers in securities	15,039	13,830	15,470	15,238	17,219	13,939	15,636	14,772	14,327
20 To others	7,488	10,474	8,731	8,798	8,383	9,677	8,967	9,994	8,233
21 Other loans and leases, gross[2]	739,576	733,892	739,872	738,422	744,423	738,664	741,614	739,961	737,259
22 Other loans, gross[2]	723,334	717,613	723,467	721,964	727,987	722,193	725,327	723,669	720,957
23 Commercial and industrial[2]	258,439	256,616	258,329	256,623	259,659	258,542	259,145	258,701	257,388
24 Bankers acceptances and commercial paper	2,447	2,257	2,268	2,257	2,257	2,286	2,484	2,390	2,387
25 All other	255,991	254,359	256,061	254,366	257,402	256,255	256,660	256,311	255,001
26 U.S. addressees	251,931	250,330	252,077	250,390	253,510	252,398	252,757	252,469	251,155
27 Non-U.S. addressees	4,061	4,029	3,984	3,976	3,892	3,857	3,903	3,842	3,846
28 Real estate loans[2]	196,674	197,426	198,658	198,821	198,294	198,712	199,567	200,696	200,268
29 To individuals for personal expenditures	138,596	138,936	139,364	139,649	140,101	140,135	140,460	140,712	141,026
30 To depository and financial institutions	47,876	47,496	48,177	48,611	49,250	48,738	48,769	48,198	47,203
31 Commercial banks in the United States	14,938	15,045	14,915	16,616	16,644	15,581	15,642	15,724	15,643
32 Banks in foreign countries	5,774	5,058	5,258	5,304	5,260	6,035	5,858	4,810	4,575
33 Nonbank depository and other financial institutions	27,163	27,393	28,004	26,691	27,347	27,122	27,269	27,664	26,984
34 For purchasing and carrying securities	17,567	15,269	16,294	16,043	16,791	14,473	14,855	13,816	12,962
35 To finance agricultural production	6,059	6,008	6,017	5,960	5,997	6,008	5,922	5,909	5,776
36 To states and political subdivisions	36,443	36,230	36,157	36,251	36,080	35,908	35,724	35,531	35,472
37 To foreign governments and official institutions	3,234	3,121	3,170	3,086	3,194	3,153	3,224	3,248	3,246
38 All other	18,447	16,510	17,302	16,920	18,620	16,524	17,660	16,856	17,614
39 Lease financing receivables	16,242	16,279	16,405	16,458	16,436	16,472	16,287	16,292	16,302
40 LESS: Unearned income	4,846	4,869	4,884	4,902	4,877	4,910	4,933	4,944	4,950
41 Loan and lease reserve[2]	16,314	16,369	16,388	16,311	16,163	16,252	16,251	16,273	16,261
42 Other loans and leases, net[2]	718,416	712,654	718,600	717,210	723,382	717,503	720,430	718,744	716,048
43 All other assets	127,731	126,303	129,236	126,746	133,767	129,724	127,824	124,531	124,789
44 **Total assets**	**1,206,619**	**1,188,911**	**1,194,295**	**1,174,138**	**1,214,781**	**1,187,977**	**1,213,570**	**1,186,743**	**1,174,940**
45 Demand deposits	234,522	217,506	219,345	209,278	241,097	215,872	246,596	212,947	212,267
46 Individuals, partnerships, and corporations	178,174	168,931	169,593	159,937	185,025	167,357	187,010	163,396	163,670
47 States and political subdivisions	5,519	4,668	5,524	5,138	6,103	4,828	6,030	5,458	4,914
48 U.S. government	1,607	2,611	2,169	2,972	1,490	2,785	3,238	2,495	2,580
49 Depository institutions in United States	29,377	25,239	25,614	24,263	29,178	23,713	31,249	24,214	24,298
50 Banks in foreign countries	7,260	6,495	6,498	6,580	7,065	6,847	7,599	6,478	6,104
51 Foreign governments and official institutions	701	811	972	854	927	794	874	911	828
52 Certified and officers' checks	11,884	8,751	8,975	9,535	11,310	9,547	10,595	9,995	9,872
53 Transaction balances other than demand deposits	51,042	50,618	50,375	48,643	50,510	51,391	51,377	50,927	50,502
54 Nontransaction balances	499,540	500,448	499,768	499,468	501,642	500,989	501,470	499,512	498,878
55 Individuals, partnerships and corporations	461,099	461,923	461,489	460,646	463,269	462,292	463,149	461,189	460,398
56 States and political subdivisions	25,716	25,673	25,526	25,660	25,653	25,926	25,879	25,926	25,868
57 U.S. government	883	863	850	799	860	870	878	893	910
58 Depository institutions in the United States	10,612	10,752	10,666	11,095	10,606	10,618	10,346	10,287	10,489
59 Foreign governments, official institutions and banks	1,230	1,237	1,237	1,269	1,254	1,283	1,218	1,218	1,213
60 Liabilities for borrowed money	253,589	252,855	255,181	249,389	255,179	256,038	249,894	254,958	244,891
61 Borrowings from Federal Reserve Banks	730	3,521	150	787	230	1,680	100	1,688	195
62 Treasury tax-and-loan notes	2,863	808	16,366	19,716	18,470	6,362	2,267	6,514	6,846
63 All other liabilities for borrowed money[3]	249,996	248,527	238,665	228,886	236,479	247,996	247,527	246,755	237,850
64 Other liabilities and subordinated note and debentures	85,157	84,307	86,725	84,291	82,911	79,827	80,471	84,513	84,438
65 **Total liabilities**	**1,123,850**	**1,105,734**	**1,111,393**	**1,091,070**	**1,131,340**	**1,104,116**	**1,129,808**	**1,102,858**	**1,090,977**
66 Residual (total assets minus total liabilities)[4]	82,769	83,177	82,902	83,068	83,441	83,861	83,762	83,885	83,964
MEMO									
67 Total loans and leases (gross) and investments adjusted[5]	938,054	930,968	938,286	929,655	938,586	931,837	934,376	931,423	929,403
68 Total loans and leases (gross) adjusted[2,5]	747,165	743,151	749,159	745,843	753,381	746,699	750,575	749,002	744,176
69 Time deposits in amounts of $100,000 or more	153,714	154,143	153,741	154,654	153,604	153,607	152,532	152,852	152,050
70 Loans sold outright to affiliates—total[6]	1,706	1,729	1,738	1,748	1,744	1,729	1,705	1,736	1,703
71 Commercial and industrial	1,023	1,032	1,041	1,046	1,047	1,027	1,007	1,039	1,006
72 Other	684	697	697	702	698	702	698	697	697
73 Nontransaction savings deposits (including MMDAs)	215,324	215,623	215,671	214,955	218,426	218,107	220,259	218,405	218,429

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

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

Millions of dollars, Wednesday figures except as noted

Account	1986 Sept. 3	Sept. 10	Sept. 17	Sept. 24	Oct. 1	Oct. 8	Oct. 15	Oct. 22	Oct. 29
1 Cash and balances due from depository institutions	24,696	25,700	22,741	20,592	30,803	21,423	28,967	28,537	22,075
2 **Total loans, leases and securities, net**[1]	**202,915**	**202,817**	**201,427**	**202,739**	**207,604**	**205,670**	**207,479**	**205,107**	**202,955**
Securities									
3 U.S. Treasury and government agency[2]	0	0	0	0	0	0	0	0	0
4 Trading account[2]	0	0	0	0	0	0	0	0	0
5 Investment account, by maturity	10,735	10,666	10,155	10,989	11,159	11,404	11,346	11,437	13,582
6 One year or less	1,197	1,246	1,293	1,363	1,311	1,322	1,342	1,348	1,398
7 Over one through five years	5,689	5,547	5,133	5,344	5,290	5,490	5,594	5,690	5,659
8 Over five years	3,849	3,872	3,729	4,281	4,557	4,592	4,410	4,400	6,525
9 Other securities[2]	0	0	0	0	0	0	0	0	0
10 Trading account[2]	0	0	0	0	0	0	0	0	0
11 Investment account	17,221	17,089	17,074	16,967	16,933	16,722	16,510	16,343	16,188
12 States and political subdivisions, by maturity	14,927	14,772	14,982	14,957	14,859	14,702	14,492	14,325	14,112
13 One year or less	1,767	1,767	2,427	2,386	2,423	2,374	2,333	2,354	2,099
14 Over one year	13,160	13,005	12,555	12,570	12,436	12,328	12,160	11,970	12,012
15 Other bonds, corporate stocks and securities	2,294	2,316	2,092	2,010	2,073	2,020	2,017	2,018	2,076
16 Other trading account assets[2]	0	0	0	0	0	0	0	0	0
Loans and leases									
17 Federal funds sold[3]	26,009	30,352	26,664	25,452	28,340	28,823	30,596	28,731	24,443
18 To commercial banks	13,491	15,754	12,619	11,349	12,364	13,994	15,647	12,971	10,704
19 To nonbank brokers and dealers in securities	7,196	6,226	7,595	7,020	9,119	6,703	7,585	7,711	6,958
20 To others	5,322	8,373	6,450	7,083	6,858	8,126	7,363	8,049	6,780
21 Other loans and leases, gross	154,960	150,798	153,636	155,358	157,044	154,724	155,029	154,608	154,790
22 Other loans, gross	151,768	147,593	150,411	152,116	153,786	151,445	151,745	151,305	151,473
23 Commercial and industrial	57,652	57,037	57,477	56,997	58,221	58,338	58,801	58,647	58,148
24 Bankers acceptances and commercial paper	563	580	504	459	457	454	558	622	629
25 All other	57,089	56,456	56,973	56,537	57,764	57,884	58,243	58,025	57,519
26 U.S. addressees	56,628	55,975	56,505	56,035	57,337	57,490	57,843	57,628	57,154
27 Non-U.S. addressees	460	482	469	502	427	394	400	397	366
28 Real estate loans	33,026	33,061	33,488	33,770	33,553	33,616	33,563	33,943	34,190
29 To individuals for personal expenditures	19,357	19,446	19,544	19,434	19,575	19,596	19,701	19,740	19,702
30 To depository and financial institutions	17,009	16,410	16,706	18,478	18,076	18,069	17,607	17,358	16,950
31 Commercial banks in the United States	6,686	6,592	6,780	8,469	8,432	7,857	7,599	7,707	7,632
32 Banks in foreign countries	2,964	2,246	2,279	2,712	2,526	3,064	2,926	2,437	2,015
33 Nonbank depository and other financial institutions	7,359	7,571	7,646	7,297	7,118	7,149	7,082	7,215	7,302
34 For purchasing and carrying securities	9,040	7,401	8,735	8,655	8,654	7,355	7,018	7,159	6,784
35 To finance agricultural production	325	329	316	314	362	353	300	309	282
36 To states and political subdivisions	8,879	8,853	8,915	9,011	8,830	8,787	8,710	8,669	8,676
37 To foreign governments and official institutions	836	735	815	749	868	845	916	918	899
38 All other	5,643	4,321	4,415	4,708	5,646	4,486	5,129	4,561	5,842
39 Lease financing receivables	3,192	3,205	3,225	3,242	3,259	3,279	3,284	3,304	3,317
40 LESS: Unearned income	1,466	1,473	1,480	1,484	1,477	1,510	1,512	1,516	1,518
41 Loan and lease reserve	4,545	4,615	4,622	4,543	4,396	4,492	4,489	4,497	4,530
42 Other loans and leases, net	148,950	144,710	147,534	149,331	151,172	148,722	149,028	148,595	148,742
43 All other assets[4]	75,527	71,300r	73,426	70,069	72,822	70,463	69,516	66,849	68,856
44 **Total assets**	**303,138**	**299,816r**	**297,594**	**293,400**	**311,228**	**297,556**	**305,963**	**300,493**	**293,886**
Deposits									
45 Demand deposits	58,598	55,811	56,120	54,785	66,457	55,279	65,283	54,555	54,312
46 Individuals, partnerships, and corporations	39,186	38,342	39,024	36,487	45,477	38,034	43,773	36,298	37,308
47 States and political subdivisions	496	535	709	790	1,115	654	1,200	792	544
48 U.S. government	213	493	209	494	213	592	565	514	495
49 Depository institutions in the United States	6,515	6,901	6,347	6,626	8,276	5,594	7,707	6,035	6,089
50 Banks in foreign countries	5,963	5,247	5,232	5,414	5,772	5,490	6,410	5,276	4,948
51 Foreign governments and official institutions	575	665	812	693	776	659	731	758	672
52 Certified and officers' checks	5,649	3,627	3,787	4,281	4,830	4,255	4,896	4,882	4,255
53 Transaction balances other than demand deposits ATS, NOW, Super NOW, telephone transfers)	5,965	6,016	6,035	5,819	6,064	6,190	6,171	6,126	6,113
54 Nontransaction balances	92,228	92,212	92,525	92,744	94,969	93,852	95,261	94,472	93,896
55 Individuals, partnerships and corporations	83,534	83,424	83,884	83,755	85,871	84,554	86,182	85,255	84,846
56 States and political subdivisions	5,667	5,645	5,535	5,622	5,779	5,941	5,821	5,953	5,947
57 U.S. government	84	90	74	72	68	73	78	80	79
58 Depository institutions in the United States	2,317	2,425	2,403	2,635	2,603	2,632	2,554	2,549	2,399
59 Foreign governments, official institutions and banks	625	628	628	659	648	651	626	634	626
60 Liabilities for borrowed money	83,395	83,383	79,921	77,216	80,615	81,933	77,863	81,937	76,552
61 Borrowings from Federal Reserve Banks	0	2,540	0	250	0	1,450	0	1,380	0
62 Treasury tax-and-loan notes	942	119	3,907	4,736	3,748	1,207	501	2,005	1,751
63 All other liabilities for borrowed money[5]	82,453	80,724	76,014	72,230	76,867	79,275	77,361	78,552	74,801
64 Other liabilities and subordinated note and debentures	35,880	35,205r	35,855	35,785	35,804	32,878	33,929	35,974	35,799
65 **Total liabilities**	**276,066**	**272,628r**	**270,456**	**266,350**	**283,910**	**270,131**	**278,507**	**273,064**	**266,672**
66 Residual (total assets minus total liabilities)[6]	27,072	27,188	27,138	27,051	27,318	27,424	27,456	27,428	27,214
MEMO									
67 Total loans and leases (gross) and investments adjusted[1,7]	188,748	186,558	188,130	188,949	192,680	189,822	190,234	190,442	190,666
68 Total loans and leases (gross) adjusted[7]	160,792	158,804	160,902	160,993	164,588	161,696	162,378	162,661	160,896
69 Time deposits in amounts of $100,000 or more	32,608	32,668	32,927	32,954	33,560	33,429	33,607	33,669	33,418

1. Excludes trading account securities.
2. Not available due to confidentiality.
3. Includes securities purchased under agreements to resell.
4. Includes trading account securities.
5. Includes federal funds purchased and securities sold under agreements to repurchase.
6. Not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.
7. Exclusive of loans and federal funds transactions with domestic commercial banks.

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

1.30 LARGE WEEKLY REPORTING U.S. BRANCHES AND AGENCIES OF FOREIGN BANKS[1] Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1986								
	Sept. 3	Sept. 10	Sept. 17	Sept. 24	Oct. 1	Oct. 8	Oct. 15	Oct. 22	Oct. 29
1 Cash and due from depository institutions	10,587	10,064	9,388	9,647	9,352	10,380	10,020	10,245	10,592
2 Total loans and securities	73,793	72,869	73,551	76,462	76,737	75,876	75,644	73,183	74,011
3 U.S. Treasury and govt. agency securities	5,613	5,736	5,947	5,917	5,931	6,011	5,768	5,750	6,230
4 Other securities	5,491	5,620	5,692	5,710	5,712	5,712	5,788	5,374	5,371
5 Federal funds sold[2]	3,976	3,755	3,771	4,805	4,093	5,377	5,773	5,480	4,682
6 To commercial banks in the United States	3,003	2,789	2,855	3,630	3,089	4,352	4,594	4,174	3,902
7 To others	972	966	916	1,175	1,004	1,026	1,178	1,306	780
8 Other loans, gross	58,714	57,758	58,142	60,030	61,000	58,776	58,316	56,580	57,728
9 Commercial and industrial	33,964	34,172	34,604	35,910	36,724	35,588	35,503	35,678	36,307
10 Bankers acceptances and commercial paper	2,984	3,143	3,223	3,225	3,305	3,064	2,977	3,058	3,036
11 All other	30,980	31,029	31,381	32,685	33,419	32,524	32,526	32,620	33,271
12 U.S. addressees	28,702	28,682	29,064	30,326	31,156	30,294	30,183	30,240	30,955
13 Non-U.S. addressees	2,278	2,347	2,317	2,359	2,263	2,229	2,343	2,381	2,316
14 To financial institutions	16,918	16,194	15,605	15,680	15,877	15,350	14,776	13,922	14,174
15 Commercial banks in the United States	13,932	13,167	12,679	12,696	12,535	12,196	11,458	10,786	11,022
16 Banks in foreign countries	1,202	1,182	1,166	1,161	1,291	1,064	1,109	986	1,038
17 Nonbank financial institutions	1,784	1,845	1,760	1,822	2,051	2,089	2,209	2,150	2,114
18 To foreign govts. and official institutions	605	605	602	642	561	567	702	541	532
19 For purchasing and carrying securities	2,918	2,495	2,919	3,403	3,257	2,802	2,841	2,022	2,249
20 All other	4,309	4,292	4,411	4,395	4,581	4,468	4,492	4,417	4,465
21 Other assets (claims on nonrelated parties)	23,007	22,738	22,900	22,880	23,087	23,221	22,958	23,303	23,280
22 Net due from related institutions	14,968	13,706	13,389	13,552	15,675	15,791	15,050	13,708	12,934
23 Total assets	122,355	119,378	119,229	122,542	124,850	125,268	123,673	120,438	120,817
24 Deposits or credit balances due to other than directly related institutions	35,704	35,779	36,561	36,579	36,775	36,344	36,446	35,342	36,608
25 Transaction accounts and credit balances[3]	3,232	3,134	3,275	3,149	3,097	3,312	3,574	3,050	3,284
26 Individuals, partnerships, and corporations	1,802	1,800	1,777	1,778	1,721	1,994	1,882	1,825	1,811
27 Other	1,430	1,335	1,498	1,371	1,376	1,318	1,692	1,224	1,473
28 Nontransaction accounts[4]	32,472	32,644	33,286	33,430	33,677	33,032	32,872	32,292	33,324
29 Individuals, partnerships, and corporations	26,349	26,508	27,253	27,427	27,646	26,748	26,642	26,014	27,129
30 Other	6,122	6,136	6,033	6,003	6,031	6,284	6,230	6,278	6,195
31 Borrowings from other than directly related institutions	51,432	48,755	47,563	47,806	50,875	52,898	50,873	46,956	46,772
32 Federal funds purchased[5]	26,483	26,124	24,985	25,059	27,680	31,046	28,947	25,278	24,966
33 From commercial banks in the United States	17,888	17,387	16,577	15,189	19,103	21,302	19,317	15,266	16,527
34 From others	8,595	8,737	8,408	9,870	8,577	9,744	9,630	10,012	8,439
35 Other liabilities for borrowed money	24,949	22,632	22,578	22,747	23,195	21,852	21,926	21,678	21,805
36 To commercial banks in the United States	22,452	20,141	20,129	20,457	21,026	19,651	19,841	19,303	19,741
37 To others	2,497	2,491	2,450	2,290	2,168	2,201	2,085	2,374	2,065
38 Other liabilities to nonrelated parties	24,155	24,138	24,676	24,815	24,750	24,931	24,570	24,805	24,833
39 Net due to related institutions	11,064	10,706	10,428	13,341	12,450	11,095	11,784	13,335	12,605
40 Total liabilities	122,355	119,378	119,229	122,542	124,850	125,268	123,673	120,438	120,817
MEMO									
41 Total loans (gross) and securities adjusted[6]	56,858	56,913	58,018	60,136	61,113	59,328	59,591	58,224	59,086
42 Total loans (gross) adjusted[6]	45,754	45,557	46,378	48,508	49,469	47,605	48,035	47,100	47,486

1. Effective Jan. 1, 1986, the reporting panel includes 65 U.S. branches and agencies of foreign banks that include those branches and agencies with assets of $750 million or more on June 30, 1980, plus those branches and agencies that had reached the $750 million asset level on Dec. 31, 1984.
2. Includes securities purchased under agreements to resell.
3. Includes credit balances, demand deposits, and other checkable deposits.
4. Includes savings deposits, money market deposit accounts, and time deposits.
5. Includes securities sold under agreements to repurchase.
6. Exclusive of loans to and federal funds sold to commercial banks in the United States.

1.31 GROSS DEMAND DEPOSITS Individuals, Partnerships, and Corporations[1]

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

Type of holder	1981 Dec.	1982 Dec.	1983 Dec.	1984 Dec.	1985 Mar.[3,4]	1985 June	1985 Sept.	1985 Dec.	1986 Mar.	1986 June
	Commercial banks									
1 **All holders—Individuals, partnerships, and corporations**	**288.9**	**291.8**	**293.5**	**302.7**	**286.3**	**298.4**	**299.3**	**321.0**	**307.4**	**322.4**
2 Financial business	28.0	35.4	32.8	31.7	27.3	27.9	28.1	32.3	31.8	32.3
3 Nonfinancial business	154.8	150.5	161.1	166.3	157.9	164.5	167.2	178.5	166.6	180.0
4 Consumer	86.6	85.9	78.5	81.5	78.9	82.8	82.0	85.5	84.0	86.4
5 Foreign	2.9	3.0	3.3	3.6	3.6	3.7	3.5	3.5	3.4	3.0
6 Other	16.7	17.0	17.8	19.7	18.7	19.5	18.5	21.2	21.6	20.6
	Weekly reporting banks									
	1981 Dec.	1982 Dec.	1983 Dec.	1984 Dec.[2]	1985 Mar.[3,4]	1985 June	1985 Sept.	1985 Dec.	1986 Mar.	1986 June
7 **All holders—Individuals, partnerships, and corporations**	**137.5**	**144.2**	**146.2**	**157.1**	**147.7**	**151.2**	**153.6**	**168.6**	**159.7**	**168.5**
8 Financial business	21.0	26.7	24.2	25.3	21.9	22.1	22.7	25.9	25.5	25.7
9 Nonfinancial business	75.2	74.3	79.8	87.1	82.3	83.7	85.5	94.5	86.8	93.1
10 Consumer	30.4	31.9	29.7	30.5	30.2	31.0	31.6	33.2	32.6	34.9
11 Foreign	2.8	2.9	3.1	3.4	3.4	3.5	3.3	3.1	3.3	2.9
12 Other	8.0	8.4	9.3	10.9	9.8	10.9	10.5	12.0	11.5	11.9

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

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

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

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

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1981 Dec.	1982 Dec.	1983 Dec.	1984 Dec.	1985 Dec.	1986 Apr.	1986 May	1986 June	1986 July	1986 Aug.	1986 Sept.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**165,829**	**166,436**	**187,658**	**237,586**	**300,899**	**297,108**	**309,843**	**310,211**	**311,435**	**326,601**	**326,567**
Financial companies[3]											
Dealer-placed paper[4]											
2 Total	30,333	34,605	44,455	56,485	78,443	83,871	87,423	89,757	90,038	94,084	97,994
3 Bank-related (not seasonally adjusted)	6,045	2,516	2,441	2,035	1,602	1,520	1,575	1,568	1,772	1,799	1,980
Directly placed paper[5]											
4 Total	81,660	84,393	97,042	110,543	135,504	135,801	142,252	142,933	142,121	149,200	147,497
5 Bank-related (not seasonally adjusted)	26,914	32,034	35,566	42,105	44,778	37,835	39,009	40,147	39,067	40,415	37,455
6 Nonfinancial companies[6]	53,836	47,437	46,161	70,558	86,952	77,436	80,168	78,021	79,276	83,317	81,076
	Bankers dollar acceptances (not seasonally adjusted)[7]										
7 **Total**	**69,226**	**79,543**	**78,309**	**77,121**	**68,115**	**66,235**	**66,759**	**67,080**	**66,437**	**64,480r**	**67,009**
Holder											
8 Accepting banks	10,857	10,910	9,355	9,811	11,174	12,287	12,216	12,789	11,577	12,127	13,101
9 Own bills	9,743	9,471	8,125	8,621	9,448	10,261	10,254	10,641	9,257	9,794	11,001
10 Bills bought	1,115	1,439	1,230	1,191	1,726	2,026	1,962	2,147	2,320	2,333	2,101
Federal Reserve Banks											
11 Own account	195	1,480	418	0	0	0	0	0	0	0	0
12 Foreign correspondents	1,442	949	729	671	937	746	664	896	931	897	924
13 Others	56,731	66,204	67,807	66,639	56,004	53,202	53,880	53,396	53,929	51,456r	52,984
Basis											
14 Imports into United States	14,765	17,683	15,649	17,560	15,147	14,464	15,094	15,106	15,601	15,796	16,612
15 Exports from United States	15,400	16,328	16,880	15,859	13,204	13,473	13,574	13,721	13,781	12,948	12,693
16 All other	39,060	45,531	45,781	43,702	39,765	38,299	38,091	38,254	37,056	35,736r	37,704

1. Effective Dec. 1, 1982, there was a break in the commercial paper series. The key changes in the content of the data involved additions to the reporting panel, the exclusion of broker or dealer placed borrowings under any master note agreements from the reported data, and the reclassification of a large portion of bank-related paper from dealer-placed to directly placed.
2. Correction of a previous misclassification of paper by a reporter has created a break in the series beginning December 1983. The correction adds some paper to nonfinancial and to dealer-placed financial paper.
3. Institutions engaged primarily in activities such as, but not limited to, commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.
4. Includes all financial company paper sold by dealers in the open market.
5. As reported by financial companies that place their paper directly with investors.
6. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.
7. Beginning October 1984, the number of respondents in the bankers acceptance survey were reduced from 340 to 160 institutions—those with $50 million or more in total acceptances. The new reporting group accounts for over 95 percent of total acceptances activity.

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

Percent per annum

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

Instrument	1983	1984	1985	1986				1986, week ending				
				July	Aug.	Sept.	Oct.	Oct. 3	Oct. 10	Oct. 17	Oct. 24	Oct. 31
MONEY MARKET RATES												
1 Federal funds[1,2]	9.09	10.22	8.10	6.56	6.17	5.89	5.85	6.08	5.75	5.83	5.91	5.86
2 Discount window borrowing[1,2,3]	8.50	8.80	7.69	6.16	5.82	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Commercial paper[4,5]												
3 1-month	8.87	10.05	7.94	6.42	6.02	5.74	5.74	5.83	5.67	5.73	5.78	5.74
4 3-month	8.88	10.10	7.95	6.33	5.92	5.68	5.68	5.76	5.61	5.67	5.74	5.69
5 6-month	8.89	10.16	8.01	6.24	5.83	5.61	5.61	5.70	5.53	5.59	5.68	5.61
Finance paper, directly placed[4,5]												
6 1-month	8.80	9.97	7.91	6.42	5.98	5.76	5.74	5.84	5.67	5.77	5.79	5.69
7 3-month	8.70	9.73	7.77	6.31	5.94	5.61	5.56	5.65	5.53	5.53	5.57	5.55
8 6-month	8.69	9.65	7.75	6.24	5.90	5.54	5.50	5.61	5.50	5.46	5.49	5.46
Bankers acceptances[5,6]												
9 3-month	8.90	10.14	7.92	6.23	5.80	5.60	5.58	5.63	5.43	5.60	5.67	5.59
10 6-month	8.91	10.19	7.96	6.14	5.71	5.56	5.52	5.59	5.36	5.55	5.64	5.53
Certificates of deposit, secondary market[7]												
11 1-month	8.96	10.17	7.97	6.43	5.97	5.73	5.71	5.79	5.62	5.70	5.79	5.69
12 3-month	9.07	10.37	8.05	6.37	5.92	5.71	5.69	5.77	5.59	5.69	5.78	5.68
13 6-month	9.27	10.68	8.25	6.36	5.92	5.71	5.70	5.77	5.59	5.69	5.79	5.69
14 Eurodollar deposits, 3-month[8]	9.56	10.73	8.28	6.54	6.06	5.88	5.88	5.99	5.84	5.79	5.95	5.94
U.S. Treasury bills[5]												
Secondary market[9]												
15 3-month	8.61	9.52	7.48	5.83	5.53	5.21	5.18	5.19	5.05	5.20	5.29	5.19
16 6-month	8.73	9.76	7.65	5.86	5.58	5.35	5.26	5.35	5.10	5.28	5.37	5.27
17 1-year	8.80	9.92	7.81	5.90	5.60	5.45	5.41	5.47	5.27	5.41	5.49	5.43
Auction average[10]												
18 3-month	8.52	9.57	7.47	5.84	5.57	5.19	5.18	5.20	5.08	5.13	5.30	5.18
19 6-month	8.76	9.80	7.64	5.85	5.58	5.31	5.26	5.37	5.13	5.22	5.39	5.21
20 1-year	8.86	9.91	7.76r	5.98	5.82	5.33	5.44	5.47	n.a.	n.a.	n.a.	5.44
CAPITAL MARKET RATES												
U.S. Treasury notes and bonds[11]												
Constant maturities[12]												
21 1-year	9.57	10.89	8.43	6.27	5.93	5.77	5.72	5.79	5.57	5.73	5.82	5.74
22 2-year	10.21	11.65	9.27	6.67	6.33	6.35	6.28	6.35	6.14	6.30	6.37	6.30
23 3-year	10.45	11.89	9.64	6.86	6.49	6.62	6.56	6.65	6.43	6.59	6.66	6.57
24 5-year	10.80	12.24	10.13	7.06	6.80	6.92	6.83	6.93	6.72	6.88	6.92	6.80
25 7-year	11.02	12.40	10.51	7.22	7.01	7.28	7.24	7.28	7.13	7.33	7.35	7.17
26 10-year	11.10	12.44	10.62	7.30	7.17	7.45	7.43	7.43	7.31	7.53	7.52	7.39
27 20-year	11.34	12.48	10.97	7.29	7.28	7.56	7.61	7.55	7.50	7.71	7.71	7.59
28 30-year	11.18	12.39	10.79	7.27	7.33	7.62	7.70	7.60	7.59	7.81	7.80	7.68
Composite[13]												
29 Over 10 years (long-term)	10.84	11.99	10.75	7.86	7.72	8.08	8.04	8.03	7.97	8.16	8.14	7.96
State and local notes and bonds												
Moody's series[14]												
30 Aaa	8.80	9.61	8.60	7.24	7.11	6.91	6.44	6.85	6.50	6.45	6.30	6.10
31 Baa	10.17	10.38	9.58	7.95	7.81	7.59	7.23	7.45	7.25	7.40	7.10	6.95
32 *Bond Buyer* series[15]	9.51	10.10	9.11	7.51	7.21	7.11	7.08	7.19	7.06	7.08	7.11	6.94
Corporate bonds												
Seasoned issues[16]												
33 All industries	12.78	13.49	12.05	9.52	9.44	9.55	9.54	9.56	9.54	9.56	9.56	9.49
34 Aaa	12.04	12.71	11.37	8.88	8.72	8.89	8.86	8.90	8.86	8.88	8.89	8.80
35 Aa	12.42	13.31	11.82	9.28	9.22	9.36	9.33	9.36	9.33	9.35	9.35	9.30
36 A	13.10	13.74	12.28	9.76	9.64	9.73	9.72	9.74	9.74	9.75	9.73	9.65
37 Baa	13.55	14.19	12.72	10.16	10.18	10.20	10.24	10.23	10.24	10.25	10.26	10.19
38 A-rated, recently-offered utility bonds[17]	12.73	13.81	12.06	9.57	9.51	9.56	9.48	9.50	9.51	9.52	9.49	9.32
MEMO: Dividend/price ratio[18]												
39 Preferred stocks	11.02	11.59	10.49	8.68	8.42	8.10	8.17	8.18	8.15	8.23	8.20	8.09
40 Common stocks	4.40	4.64	4.25	3.41	3.36	3.43	3.49	3.53	3.49	3.47	3.50	3.44

1. Weekly and monthly figures are averages of all calendar days, where the rate for a weekend or holiday is taken to be the rate prevailing on the preceding business day. The daily rate is the average of the rates on a given day weighted by the volume of transactions at these rates.
2. Weekly figures are averages for statement week ending Wednesday.
3. Rate for the Federal Reserve Bank of New York.
4. Unweighted average of offering rates quoted by at least five dealers (in the case of commercial paper), or finance companies (in the case of finance paper). Before November 1979, maturities for data shown are 30–59 days, 90–119 days, and 120–179 days for commercial paper; and 30–59 days, 90–119 days, and 150–179 days for finance paper.
5. Yields are quoted on a bank-discount basis, rather than an investment yield basis (which would give a higher figure).
6. Dealer closing offered rates for top-rated banks. Most representative rate (which may be, but need not be, the average of the rates quoted by the dealers).
7. Unweighted average of offered rates quoted by at least five dealers early in the day.
8. Calendar week average. For indication purposes only.
9. Unweighted average of closing bid rates quoted by at least five dealers.
10. Rates are recorded in the week in which bills are issued. Beginning with the Treasury bill auction held on Apr. 18, 1983, bidders were required to state the percentage yield (on a bank discount basis) that they would accept to two decimal places. Thus, average issuing rates in bill auctions will be reported using two rather than three decimal places.
11. Yields are based on closing bid prices quoted by at least five dealers.
12. Yields adjusted to constant maturities by the U.S. Treasury. That is, yields are read from a yield curve at fixed maturities. Based on only recently issued, actively traded securities.
13. 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	1983	1984	1985	1986 Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
	Prices and trading (averages of daily figures)											
Common stock prices												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	92.63	92.46	108.09	126.43	133.97	137.25	137.37	140.82	138.32	140.91	137.06	136.74
2 Industrial	107.45	108.01	123.79	144.03	152.75	157.35	158.59	163.15	158.06	160.10	156.52	156.56
3 Transportation	89.36	85.63	104.11	124.18	128.66	125.92	122.21	120.65	112.03	111.24	114.06	120.04
4 Utility	47.00	46.44	56.75	65.18	68.06	69.35	68.65	70.69	74.20	77.84	74.56	73.38
5 Finance	95.34	89.28	114.21	142.13	153.94	154.83	151.28	151.73	150.23	152.90	145.56	143.89
6 Standard & Poor's Corporation (1941–43 = 10)[1]	160.41	160.50	186.84	219.37	232.33	237.97	238.46	245.30	240.18	245.00	238.27	237.36
7 American Stock Exchange[2] (Aug. 31, 1973 = 50)	216.48	207.96	229.10	246.09	264.91	270.59	274.22	281.18	269.93	268.55	264.30	257.82
Volume of trading (thousands of shares)												
8 New York Stock Exchange	85,418	91,084	109,191	152,590	160,755	146,330	127,624	126,151	137,709	128,661	150,831	131,155
9 American Stock Exchange	8,215	6,107	8,355	14,057	15,902	13,503	11,870	12,795	10,320	9,885	10,853	8,930
	Customer financing (end-of-period balances, in millions of dollars)											
10 Margin credit at broker–dealers[3]	**23,000**	**22,470**	**28,390**	**27,450**	**29,090**	**30,760**	**32,370**	**32,480**	**33,170**	**34,550**	**34,580**	**36,310**
Free credit balances at brokers[4]												
11 Margin-account[5]	......	1,755	2,715	2,545	2,715	3,065	2,405	2,585	2,570	3,035	3,395	3,805
12 Cash-account	8,430	10,215	12,840	12,355	13,920	14,340	12,970	13,570	14,600	14,210	14,060	14,445
	Margin-account debt at brokers (percentage distribution, end of period)[6]											
13 Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**				
By equity class (in percent)[7]												
14 Under 40	22.0	18.0	34.0	28.0	29.0	29.0	30.0	31.0				
15 40–49	22.0	18.0	20.0	19.0	19.0	20.0	19.0	20.0	n.a.	n.a.	n.a.	n.a.
16 50–59	16.0	16.0	19.0	21.0	22.0	20.0	22.0	20.0				
17 60–69	9.0	9.0	11.0	13.0	13.0	13.0	12.0	13.0				
18 70–79	6.0	5.0	8.0	9.0	8.0	9.0	8.0	8.0				
19 80 or more	6.0	6.0	8.0	10.0	9.0	9.0	9.0	8.0				
	Special miscellaneous-account balances at brokers (end of period)[6]											
20 Total balances (millions of dollars)[8]	**58,329**	**75,840**	**99,310**	**104,228**	**103,450**	**105,790**	**109,620**	**112,401**				
Distribution by equity status (percent)												
21 Net credit status	63.0	59.0	58.0	60.0	61.0	59.0	58.0	59.0	n.a.	n.a.	n.a.	n.a.
Debt status, equity of												
22 60 percent or more	28.0	29.0	31.0	32.0	31.0	33.0	33.0	32.0				
23 Less than 60 percent	9.0	11.0	11.0	8.0	8.0	8.0	9.0	9.0				

Margin requirements (percent of market value and effective date)[9]

	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
24 Margin stocks	70	80	65	55	65	50
25 Convertible bonds	50	60	50	50	50	50
26 Short sales	70	80	65	55	65	50

1. Effective July 1976, includes a new financial group, banks and insurance companies. With this change the index includes 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.
2. Beginning July 5, 1983, the American Stock Exchange rebased its index effectively cutting previous readings in half.
3. Beginning July 1983, under the revised Regulation T, margin credit at broker-dealers includes credit extended against stocks, convertible bonds, stocks acquired through exercise of subscription rights, corporate bonds, and government securities. Separate reporting of data for margin stocks, convertible bonds, and subscription issues was discontinued in April 1984, and margin credit at broker-dealers became the total that is distributed by equity class and shown on lines 17–22.
4. Free credit balances are in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand.
5. New series beginning June 1984.
6. In July 1986, the New York Stock Exchange stopped reporting certain data items that were previously obtained in a monthly survey of a sample of brokers and dealers. Data items that are no longer reported include distributions of margin debt by equity status of the account and special miscellaneous-account balances.
7. Each customer's equity in his collateral (market value of collateral less net debit balance) is expressed as a percentage of current collateral values.
8. Balances that may be used by customers as the margin deposit required for additional purchases. Balances may arise as transfers based on loan values of other collateral in the customer's margin account or deposits of cash (usually sales proceeds) occur.
9. Regulations G, T, and U of the Federal Reserve Board of Governors, prescribed in accordance with the Securities Exchange Act of 1934, limit the amount of credit to purchase and carry margin stocks that may be extended on securities as collateral by prescribing a maximum loan value, which is a specified percentage of the market value of the collateral at the time the credit is extended. Margin requirements are the difference between the market value (100 percent) and the maximum loan value. The term "margin stocks" is defined in the corresponding regulation.

1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1983	1984	1985	1986									
			Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
	Savings and loan associations												
1 **Assets**	**773,417**	**903,488**	**948,781**	**938,467**	**943,029**	**947,302**	**954,129**	**962,509**	**953,580**	**957,294**	**964,378**	**954,960**	
2 Mortgages	494,789	555,277	585,462	578,472	576,608	574,732	575,288r	575,097r	565,148r	565,376r	566,506r	557,429r	
3 Mortgage-backed securities	....	....	97,303	96,891	98,482	99,332	102,419	107,311	112,148	112,054	112,594	112,720	
4 Cash and investment securities[1]	104,274	124,801	126,712	123,415	127,028	131,464	132,347	134,870	131,000	132,769	138,876	139,861	
5 Other	174,354	223,396	238,833	236,850	239,394	241,104	246,484	252,522	257,372	259,089	258,968	256,688	
6 **Liabilities and net worth**	**773,417**	**903,488**	**948,781**	**938,467**	**943,029**	**947,302**	**954,129**	**962,509**	**953,580**	**957,294**	**964,378**	**954,960**	
7 Savings capital	634,455	725,045	750,071	745,218	747,016	752,056	750,299	751,138	744,018	747,015	749,086	743,635	n.a.
8 Borrowed money	92,127	125,666	138,798	131,521	131,671	133,407	139,574	144,179	147,166	145,691	147,658	151,899	
9 FHLBB	52,626	64,207	73,888	71,488	71,214	70,464	73,815	73,520	73,555	75,059	75,594	80,409	
10 Other	39,501	61,459	64,910	60,033	60,457	62,943	65,759	70,659	73,611	70,632	72,064	71,490	
11 Other	15,968	17,944	19,045	21,024	23,125	20,078	22,078	24,803	20,947	22,899	24,788	16,181	
12 Net worth[2]	30,867	34,833	41,064	40,704	41,227	41,760	42,178	42,388	41,450	41,689	42,846	43,245	
MEMO													
13 Mortgage loan commitments outstanding[3]	54,113	61,305	56,051	51,130	52,542r	54,366	55,818r	57,997r	57,183r	55,687r	53,164r	51,531r	
	FSLIC-insured federal savings banks												
14 **Assets**	**64,969**	**98,559**	**131,868**	**142,136**	**146,508**	**152,823**	**155,684**	**164,129**	**180,134**	**183,239**	**186,693**	**196,173**	
15 Mortgages	38,698	57,429	72,355	78,984	81,641	85,028	86,599	89,108	99,599	101,206	102,422	107,335	
16 Mortgage-backed securities	7,172	9,949	15,676	16,620	16,367	17,851	18,661	19,829	21,649	23,330	24,187	24,447	
17 Other	6,595	10,971	11,723	13,274	13,759	13,923	14,590	15,083	16,816	17,714	17,794	18,326	
18 **Liabilities and net worth**	**64,969**	**98,559**	**131,868**	**142,136**	**146,508**	**152,823**	**155,684**	**164,129**	**180,134**	**183,239**	**186,693**	**196,173**	
19 Savings capital	53,227	79,572	103,462	111,879	114,743	119,434	121,133	126,123	138,168	140,610	142,805	149,086	n.a.
20 Borrowed money	7,477	12,798	19,323	20,419	21,254	22,747	23,196	25,686	28,502	28,697	29,387	32,231	
21 FHLBB	4,640	7,515	10,510	11,151	11,283	12,064	12,476	12,830	15,301	15,866	16,157	16,845	
22 Other	2,837	5,283	8,813	9,268	9,971	10,683	10,720	12,856	13,201	12,831	13,230	15,386	
23 Other	1,157	1,903	2,732	2,983	3,397	3,291	3,755	4,338	4,279	4,504	4,851	4,675	
24 Net worth	3,108	4,286	6,351	6,855	7,114	7,349	7,599	7,982	9,186	9,427	9,650	10,180	
MEMO													
25 Mortgage loan commitments outstanding[3]	2,151	3,234	5,355	6,707	7,718	8,330	8,287	8,762	9,343	10,134	9,378	10,113	
	Savings banks												
26 **Assets**	**193,535**	**203,898**	**216,776**	**216,673**	**218,119**	**221,256**	**222,542**	**226,495**	**223,367r**	**224,569**	**227,011**	**228,854**	
Loans													
27 Mortgage	97,356	102,895	110,371	108,973	109,702	110,271	11,813	112,417	110,958r	111,971	113,265	114,188	
28 Other	19,129	24,954	30,876	31,752	32,501	34,873	34,591	35,500	36,692r	36,421	37,350	37,298	
Securities													
29 U.S. government	15,360	14,643	13,111	12,568	12,474	12,313	12,013	13,210	12,115r	12,297	12,043	12,357	
30 Mortgage-backed securities	18,205	19,215	19,481	21,372	21,525	21,593	21,885	22,546	22,413r	22,954	21,161	23,216	
31 State and local government	2,177	2,077	2,323	2,298	2,297	2,306	2,372	2,343	2,281r	2,309	2,400	2,407	
32 Corporate and other	25,375	23,747	21,199	20,828	20,707	20,403	20,439	20,260	2,036r	20,862	20,602	20,902	
33 Cash	6,263	4,954	6,225	5,645	5,646	5,845	5,570	6,225	5,301r	4,651	5,018	4,811	n.a.
34 Other assets	9,670	11,413	13,113	13,237	13,267	13,652	13,859	13,994	13,244r	13,104	13,172	13,675	
35 **Liabilities**	**193,535**	**203,898**	**216,776**	**216,673**	**218,119**	**221,256**	**222,542**	**226,495**	**223,367r**	**224,569**	**227,011**	**228,854**	
36 Deposits	172,665	180,616	185,972	186,321	186,777	188,960	189,025	190,310	189,109r	188,615	189,937	190,210	
37 Regular[4]	170,135	177,418	181,921	182,399	182,890	184,704	184,580	185,716	183,970r	183,433	184,764	185,002	
38 Ordinary savings	38,554	33,739	33,018	32,365	32,693	33,021	33,057	33,577	34,008r	34,166	34,530	35,227	
39 Time	95,129	104,732	103,311	104,436	104,588	105,562	105,550	105,146	103,083r	102,374	102,668	102,191	
40 Other	2,530	3,198	4,051	3,922	3,887	4,256	4,445	4,594	5,139r	5,182	5,173	5,208	
41 Other liabilities	10,154	12,504	17,414	17,086	17,793	18,412	19,074	21,384	19,226r	20,641	21,360	21,947	
42 General reserve accounts	10,368	10,510	12,823	12,925	13,211	13,548	14,114	14,519	14,731r	15,084	15,427	16,319	

1.37—Continued

Account	1983	1984	1985 Dec.	1986 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
						Credit unions[5]							
43 **Total assets/liabilities and capital**	**81,961**	**93,036**	**118,010**	**118,933**	**122,623**	**126,653**	**128,229**	**132,415**	**134,703**	**137,901**	**139,233**	**140,496**	n.a.
44 Federal	54,482	63,205	77,861	78,619	80,024	82,275	83,543	86,289	87,579	89,539	90,367	91,981	n.a.
45 State	27,479	29,831	40,149	40,314	42,599	44,378	44,686	46,126	47,124	48,362	48,866	48,515	n.a.
46 Loans outstanding	50,083	62,561	73,513	73,513	74,207	75,300	76,385	76,774	77,847	79,647	80,656	81,820	n.a.
47 Federal	32,930	42,337	47,933	48,055	48,059	48,633	49,756	49,950	50,613	51,331	52,007	53,042	n.a.
48 State	17,153	20,224	25,580	25,458	26,148	26,667	26,629	26,824	27,234	28,316	28,649	28,778	n.a.
49 Savings	74,739	84,348	105,963	107,238	110,541	114,579	116,703	120,331	122,952	125,331	126,268	128,125	n.a.
50 Federal	49,889	57,539	70,926	72,166	73,227	75,698	77,112	79,479	80,975	82,596	83,132	84,607	n.a.
51 State	24,850	26,809	35,037	35,072	37,314	38,881	39,591	40,852	41,977	42,735	43,136	43,518	n.a.
						Life insurance companies							
52 **Assets**	**654,948**	**722,979**	**825,901r**	**831,716**	**839,856**	**848,535**	**855,605**	**863,610**	**872,359**	**877,919**	**887,255**	n.a.	n.a.
Securities													
53 Government	50,752	63,899	75,230r	75,937	76,761	77,965	78,494	79,051	78,284	78,722	79,188	n.a.	n.a.
54 United States[6]	28,636	42,204	51,700r	52,243	53,264	54,289	54,705	55,120	54,197	54,321	54,487	n.a.	n.a.
55 State and local	9,986	8,713	9,708r	9,869	9,588	9,674	9,869	9,930	10,114	10,350	10,472	n.a.	n.a.
56 Foreign[7]	12,130	12,982	13,822r	13,825	13,909	14,002	13,920	14,001	13,973	14,051	14,229	n.a.	n.a.
57 Business	322,854	359,333	423,712r	428,979	435,758	440,963	445,573	450,279	455,119	455,013	463,135	n.a.	n.a.
58 Bonds	257,986	295,998	346,216r	351,402	354,911	357,196	361,306	364,122	367,966	369,704	374,670	n.a.	n.a.
59 Stocks	64,868	63,335	77,496r	77,577	80,847	83,767	84,267	86,157	87,153	85,309	88,465	n.a.	n.a.
60 Mortgages	150,999	156,699	171,797r	172,324	172,997	174,823	175,951	177,554	180,041	182,542	183,943	n.a.	n.a.
61 Real estate	22,234	25,767	28,822r	29,035	29,356	29,804	30,059	30,025	30,350	31,151	31,844	n.a.	n.a.
62 Policy loans	54,063	54,505	54,369r	54,264	54,267	54,273	54,272	54,351	57,342	54,249	54,247	n.a.	n.a.
63 Other assets	54,046	63,776	71,971r	57,090	57,351	57,753	57,492	57,802	58,290	58,792	57,905	n.a.	n.a.

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

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

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

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

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

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

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1984	Fiscal year 1985	Fiscal year 1986	Calendar year 1986 May	June	July	Aug.	Sept.	Oct.
U.S. budget[1]									
1 Receipts, total	666,457	734,057	769,091	46,246	77,024	62,974	56,523	78,013	59,012
2 On-budget	n.a.	547,886	568,862	30,004	58,400	47,571	41,404	59,978	43,865
3 Off-budget	n.a.	186,170	200,228	16,242	18,624	15,402	15,119	18,035	15,147
4 Outlays, total	851,796	945,987	989,789	85,642	78,034	85,203	84,434	81,750	84,267
5 On-budget	n.a.	769,180	806,291	69,611	60,982	69,604	68,112	65,614	68,780
6 Off-budget	n.a.	176,807	183,498	16,031	17,052	15,599	16,322	16,136	15,486
7 Surplus, or deficit (−), total	−185,339	−211,931	−220,698	−39,396	−1,011	−22,229	−27,911	−3,737	−25,255
8 On-budget	n.a.	−221,294	−237,428	−39,607	−2,583	−22,033	−26,708	−5,636	−24,915
9 Off-budget	n.a.	9,363	16,371	211	1,572	−196	−1,203	1,898	−340
Source of financing (total)									
10 Borrowing from the public	170,817	197,269	235,745	17,960	18,500	14,980	20,278	22,188	5,936
11 Cash and monetary assets (decrease, or increase (−))[2]	5,636	10,673	−18,044	22,774	−13,065	3,972	10,298	−21,313	18,131
12 Other[3]	8,885	3,989	2,997	−1,338	−4,424	3,277	−2,665	2,862	1,188
MEMO									
13 Treasury operating balance (level, end of period)	22,345	17,060	31,384	12,808	24,641	20,810	10,428	31,384	13,616
14 Federal Reserve Banks	3,791	4,174	7,514	3,083	3,143	3,983	1,106	7,514	2,491
15 Tax and loan accounts	18,553	12,886	23,870	9,725	21,498	16,827	9,322	23,870	11,126

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

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

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

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

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1985	Fiscal year 1986	Calendar year						
			1984	1985		1986	1986		
			H2	H1	H2	H1	Aug.	Sept.	Oct.
RECEIPTS									
1 All sources	**734,057**	**769,091**	**341,392**	**380,618**	**364,790**	**394,345**	**56,523**	**78,013**	**59,012**
2 Individual income taxes, net	334,560	348,959	157,229	166,783	169,987	169,444	25,764	37,125	31,123
3 Withheld	298,941	314,803	145,210	149,288	155,725	153,919	24,504	24,707	29,556
4 Presidential Election Campaign Fund	35	36	5	29	6	31	1	1	0
5 Nonwithheld	101,328	105,994	19,403	76,155	22,295	78,981	2,846	14,199	3,122
6 Refunds	65,743	71,873	7,387	58,684	8,038	63,488	1,587	1,782	1,554
Corporation income taxes									
7 Gross receipts	77,413	80,442	35,190	42,193	36,528	41,946	1,997	13,162	3,219
8 Refunds	16,082	17,298	6,847	8,370	7,751	9,557	922	1,713	2,679
9 Social insurance taxes and contributions, net	265,163	283,901	118,690	144,598	128,017	156,714	23,738	23,507	21,179
10 Employment taxes and contributions[1]	234,646	255,062	105,624	126,038	116,276	139,706	19,529	22,819	19,583
11 Self-employment taxes and contributions[2]	10,468	11,840	1,086	9,482	985	10,581	0	1,379	0
12 Unemployment insurance	25,758	24,098	10,706	16,213	9,281	14,674	3,842	314	1,135
13 Other net receipts[3]	4,759	4,741	2,360	2,350	2,458	2,333	366	374	459
14 Excise taxes	35,992	32,919	18,961	17,259	18,470	15,944	2,340	2,653	2,708
15 Customs deposits	12,079	13,323	6,329	5,807	6,354	6,369	1,272	1,236	1,281
16 Estate and gift taxes	6,422	6,958	3,029	3,204	3,323	3,487	608	599	647
17 Miscellaneous receipts[4]	18,510	19,887	8,812	9,144	9,861	10,002	1,725	1,445	1,534
OUTLAYS									
18 All types	**946,223**	**989,789**	**446,944**	**463,842**	**487,188**	**486,037**	**84,434**	**81,750**	**84,267**
19 National defense	252,748	273,369	118,286	124,186	134,675	135,367	22,448	23,964	23,177
20 International affairs	16,176	14,471	8,550	6,675	8,367	5,384	999	2,603	1,259
21 General science, space, and technology	8,627	9,017	4,473	4,230	4,727	12,519	694	876	794
22 Energy	5,685	4,792	1,423	680	3,305	2,484	671	228	405
23 Natural resources and environment	13,357	13,508	7,370	5,892	7,553	6,245	1,142	1,227	1,200
24 Agriculture	25,565	31,169	8,524	11,705	15,412	14,482	844	2,801	3,573
25 Commerce and housing credit	4,229	4,258	2,663	−260	644	860	175	1,884	593
26 Transportation	25,838	28,058	13,673	11,440	15,360	12,658	2,310	2,969	2,107
27 Community and regional development	7,680	7,510	4,836	3,408	3,901	3,169	582	516	735
28 Education, training, employment, social services	29,342	29,662	13,737	14,149	14,481	14,712	2,630	2,507	2,332
29 Health	33,542	35,936	15,692	16,945	17,237	17,872	3,241	2,997	4,266
30 Social security and medicare	254,446	268,925	119,613	128,351	129,037	135,214	22,809	22,756	23,700
31 Income security	128,200	120,686	61,558	65,246	59,457	60,786	10,740	8,574	9,367
32 Veterans benefits and services	26,352	26,614	13,317	11,956	14,527	12,193	3,373	829	3,491
33 Administration of justice	6,277	6,555	2,992	3,016	3,212	3,352	516	513	539
34 General government	5,228	6,796	2,552	2,857	3,634	3,566	598	525	209
35 General-purpose fiscal assistance	6,353	6,430	3,458	2,659	3,391	2,179	49	1,139	284
36 Net interest[5]	129,436	135,284	61,293	65,143	67,448	68,054	12,652	8,640	9,951
37 Undistributed offsetting receipts[6]	−32,759	−33,244	−17,061	−14,436	−17,953	−17,193	−2,079	−3,796	−3,719

1. Old-age, disability, and hospital insurance, and railroad retirement accounts.
2. Old-age, disability, and hospital insurance.
3. Federal employee retirement contributions and civil service retirement and disability fund.
4. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.
5. Net interest function includes interest received by trust funds.
6. Consists of rents and royalties on the outer continental shelf and U.S. government contributions for employee retirement.

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

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1984 June 30	1984 Sept. 30	1984 Dec. 31	1985 Mar. 31	1985 June 30	1985 Sept. 30	1985 Dec. 31	1986 Mar. 31	1986 June 30
1 **Federal debt outstanding**	**1,517.2**	**1,576.7**	**1,667.4**	**1,715.1**	**1,779.0**	**1,827.5**	**1,950.3**	**1,991.1**	**2,063.6**
2 Public debt securities	1,512.7	1,572.3	1,663.0	1,710.7	1,774.6	1,823.1	1,945.9	1,986.8	2,059.3
3 Held by public	1,255.1	1,309.2	1,373.4	1,415.2	1,460.5	1,506.6	1,597.1	1,634.3	1,684.9
4 Held by agencies	257.6	263.1	289.6	295.5	314.2	316.5	348.9	352.6	374.4
5 Agency securities	4.5	4.5	4.5	4.4	4.4	4.4	4.4	4.3	4.3
6 Held by public	3.4	3.4	3.4	3.3	3.3	3.3	3.3	3.2	3.2
7 Held by agencies	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
8 **Debt subject to statutory limit**	**1,513.4**	**1,573.0**	**1,663.7**	**1,711.4**	**1,775.3**	**1,823.8**	**1,932.4**	**1,973.3**	**2,060.0**
9 Public debt securities	1,512.1	1,571.7	1,662.4	1,710.1	1,774.0	1,822.5	1,931.1	1,972.0	2,058.7
10 Other debt[1]	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
11 MEMO: Statutory debt limit	1,520.0	1,573.0	1,823.8	1,823.8	1,823.8	1,823.8	2,078.7	2,078.7	2,078.7

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

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

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

Billions of dollars, end of period

Type and holder	1981	1982	1983	1984	1985 Q3	1985 Q4	1986 Q1	1986 Q2
1 **Total gross public debt**	**1,028.7**	**1,197.1**	**1,410.7**	**1,663.0**	**1,823.1**	**1,945.9**	**1,986.8**	**2,059.3**
By type								
2 Interest-bearing debt	1,027.3	1,195.5	1,400.9	1,660.6	1,821.0	1,943.4	1,984.2	2,056.7
3 Marketable	720.3	881.5	1,050.9	1,247.4	1,360.2	1,437.7	1,472.8	1,498.2
4 Bills	245.0	311.8	343.8	374.4	384.2	399.9	393.2	396.9
5 Notes	375.3	465.0	573.4	705.1	776.4	812.5	842.5	869.3
6 Bonds	99.9	104.6	133.7	167.9	199.5	211.1	223.0	232.3
7 Nonmarketable[1]	307.0	314.0	350.0	413.2	460.8	505.7	511.4	558.5
8 State and local government series	23.0	25.7	36.7	44.4	62.8	87.5	88.5	98.2
9 Foreign issues[2]	19.0	14.7	10.4	9.1	6.6	7.5	6.7	5.3
10 Government	14.9	13.0	10.4	9.1	6.6	7.5	6.7	5.3
11 Public	4.1	1.7	.0	.0	.0	.0	.0	.0
12 Savings bonds and notes	68.1	68.0	70.7	73.1	77.0	78.1	79.8	82.3
13 Government account series[3]	196.7	205.4	231.9	286.2	313.9	332.2	336.0	372.3
14 Non-interest-bearing debt	1.4	1.6	9.8	2.3	2.1	2.5	2.6	2.6
By holder[4]								
15 U.S. government agencies and trust funds	203.3	209.4	236.3	289.6	316.5	348.9	352.6	374.4
16 Federal Reserve Banks	131.0	139.3	151.9	160.9	169.7	181.3	184.8	183.8
17 Private investors	694.5	848.4	1,022.6	1,212.5	1,338.2	1,417.2	1,473.1	1,502.7
18 Commercial banks	111.4	131.4	188.8	183.4	196.9	192.2	195.1	197.2
19 Money market funds	21.5	42.6	22.8	25.9	22.7	25.1	29.9	22.8
20 Insurance companies	29.0	39.1	56.7	76.4	88.6	93.2	95.8	n.a.
21 Other companies	17.9	24.5	39.7	50.1	59.0	59.0	59.6	59.8
22 State and local governments	104.3	127.8	155.1	179.4	n.a.	n.a.	n.a.	n.a.
Individuals								
23 Savings bonds	68.1	68.3	71.5	74.5	78.2	79.8	81.4	83.8
24 Other securities	42.7	48.2	61.9	69.3	73.2	75.0	76.1	73.4
25 Foreign and international[5]	136.6	149.5	166.3	192.9	209.8	214.6	225.4	237.9
26 Other miscellaneous investors[6]	163.0	217.0	259.8	360.6	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 series held by foreigners.
3. Held almost entirely by U.S. government agencies and trust funds.
4. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.
5. Consists of investments of foreign and international accounts. Excludes non-interest-bearing notes issued to the International Monetary Fund.
6. Includes savings and loan associations, nonprofit institutions, credit unions, mutual savings banks, corporate pension trust funds, dealers and brokers, certain U.S. government deposit accounts, and U.S. government-sponsored agencies.

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

1.42 U.S. GOVERNMENT SECURITIES DEALERS Transactions[1]

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

	Item	1983	1984	1985	1986			1986 week ending Wednesday					
					Aug.[r]	Sept.	Oct.	Sept. 24	Oct. 1	Oct. 8	Oct. 15	Oct. 22	Oct. 29
	Immediate delivery[2]												
1	U.S. government securities	42,135	52,778	75,331	101,864	102,015	93,411	100,295	99,451	100,394	74,151	85,841	100,711
	By maturity												
2	Bills	22,393	26,035	32,900	36,838	35,526	32,633	33,413	33,793	39,287	22,255	30,593	33,796
3	Other within 1 year	708	1,305	1,811	2,249	2,263	2,221	2,663	2,961	2,375	1,878	1,536	2,411
4	1–5 years	8,758	11,733	18,361	30,255	29,743	25,485	31,802	31,441	26,937	23,597	24,950	25,699
5	5–10 years	5,279	7,606	12,703	21,269	21,718	21,286	19,448	18,139	21,557	16,947	17,526	25,946
6	Over 10 years	4,997	6,099	9,556	11,252	12,766	11,786	12,969	13,118	10,238	9,474	11,236	12,861
	By type of customer												
7	U.S. government securities dealers	2,257	2,919	3,336	4,570	4,232	3,905	3,791	4,681	4,567	3,036	2,747	3,637
8	U.S. government securities brokers	21,045	25,580	36,222	53,216	54,585	49,366	55,012	51,605	52,595	38,372	45,456	53,876
9	All others[3]	18,833	24,278	35,773	44,078	43,199	40,140	41,493	43,165	43,232	32,743	37,638	43,198
10	Federal agency securities	5,576	7,846	11,640	16,963	17,693	18,302	15,786	14,039	14,226	14,200	23,727	20,222
11	Certificates of deposit	4,333	4,947	4,016	4,381	4,724	4,351	4,295	4,300	5,123	3,698	3,982	4,141
12	Bankers acceptances	2,642	3,243	3,242	3,215	3,452	3,348	3,591	3,262	4,292	2,623	3,549	2,534
13	Commercial paper	8,036	10,018	12,717	17,093	16,058	17,078	15,277	16,547	15,880	16,738	17,401	17,014
	Futures transactions[4]												
14	Treasury bills	6,655	6,947	5,561	2,871	3,056	1,754	2,992	2,655	1,387	1,194	2,728	1,361
15	Treasury coupons	2,501	4,503	6,069	5,939	7,784	5,416	8,974	7,679	4,859	5,100	5,307	5,430
16	Federal agency securities	265	262	240	12	4	0	3	4	*	0	*	2
	Forward transactions[5]												
17	U.S. government securities	1,493	1,364	1,283	2,907	1,838	1,734	3,356	1,092	812	875	3,096	1,968
18	Federal agency securities	1,646	2,843	3,857	7,785	8,684	8,450	8,778	8,040	8,089	7,276	10,917	7,581

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

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

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

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

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

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

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

1.43 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing[1]

Averages of daily figures, in millions of dollars

Item	1983	1984	1985	1986			1986 week ending Wednesday				
				Aug.r	Sept.r	Oct.	Oct. 1	Oct. 8	Oct. 15	Oct. 22	Oct. 29
						Positions					
Net immediate[2]											
1 U.S. government securities	14,082	5,429	7,391	18,616	11,302	8,313	16,823	10,711	7,964	2,602	10,038
2 Bills	10,800	5,500	10,075	12,812	8,676	11,070	12,790	11,901	10,726	8,381	11,633
3 Other within 1 year	921	63	1,050	3,515	2,847	2,704	2,719	3,338	3,119	2,659	2,150
4 1–5 years	1,912	2,159	5,154	11,627	11,917	9,682	16,324	10,344	9,377	7,164	10,946
5 5–10 years	−78	−1,119	−6,202	−7,797	−9,181	−11,127	−10,552	−10,819	−11,371	−11,253	−11,098
6 Over 10 years	528	−1,174	−2,686	−1,541	−2,957	−4,017	−4,459	−4,053	−3,887	−4,348	−3,593
7 Federal agency securities	7,313	15,294	22,860	26,857	30,165	29,073	29,597	28,268	29,064	31,224	28,155
8 Certificates of deposit	5,838	7,369	9,192	9,960	11,289	9,511	10,998	10,101	10,164	8,882	8,944
9 Bankers acceptances	3,332	3,874	4,586	5,172	5,665	5,897	5,393	6,149	7,111	5,852	5,074
10 Commercial paper	3,159	3,788	5,570	7,469	8,991	8,302	8,746	9,219	8,438	7,973	7,250
Futures positions											
11 Treasury bills	−4,125	−4,525	−7,322	−16,246	−15,996	−15,845	−15,099	−17,574	−18,105	−14,733	−13,900
12 Treasury coupons	−1,033	1,794	4,465	2,427	4,234	3,424	4,809	3,842	3,409	3,561	3,132
13 Federal agency securities	171	233	−722	−60	−64	−70	−68	−67	−67	−68	−75
Forward positions											
14 U.S. government securities	−1,936	−1,643	−911	−3,503	−3,769	−128	−3,565	−640	−63	−196	410
15 Federal agency securities	−3,561	−9,205	−9,420	−9,906	−10,224	−11,329	−9,799	−9,215	−11,999	−13,785	−11,378
						Financing[3]					
Reverse repurchase agreements[4]											
16 Overnight and continuing	29,099	44,078	68,035	98,805	113,057	n.a.	116,444	114,643	122,784	120,516	115,125
17 Term agreements	52,493	68,357	80,509	106,640	106,335	n.a.	106,464	111,545	107,286	111,172	115,093
Repurchase agreements[5]											
18 Overnight and continuing	57,946	75,717	101,410	138,823	149,027	n.a.	153,787	151,714	159,950	152,871	144,895
19 Term agreements	44,410	57,047	77,748	103,532	104,455	n.a.	104,984	111,097	102,440	110,249	114,034

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

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

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

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

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

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

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

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1983	1984	1985	1986					
				Apr.	May	June	July	Aug.	Sept.
1 **Federal and federally sponsored agencies**	**240,068**	**271,220**	**293,905**	**293,336**	**294,961**	**296,226**	**298,361**	**n.a.**	**n.a.**
2 Federal agencies	33,940	35,145	36,390	35,530	36,110	35,826	35,768	36,132	36,473
3 Defense Department[1]	243	142	71	55	52	48	45	40	37
4 Export-Import Bank[2,3]	14,853	15,882	15,678	15,257	15,256	14,953	14,953	14,953	14,274
5 Federal Housing Administration[4]	194	133	115	114	118	115	115	115	117
6 Government National Mortgage Association participation certificates[5]	2,165	2,165	2,165	2,165	2,165	2,165	2,165	2,165	2,165
7 Postal Service[6]	1,404	1,337	1,940	1,940	1,940	1,854	1,854	1,854	3,104
8 Tennessee Valley Authority	14,970	15,435	16,347	15,925	16,505	16,617	16,562	16,931	16,702
9 United States Railway Association[6]	111	51	74	74	74	74	74	74	74
10 Federally sponsored agencies[7]	206,128	236,075	257,515	257,806	258,851	260,400	262,593	n.a.	n.a.
11 Federal Home Loan Banks	48,930	65,085	74,447	76,527	78,718	81,558	83,081	85,997	87,133
12 Federal Home Loan Mortgage Corporation	6,793	10,270	11,926	13,492	12,475	12,276	12,818	n.a.	n.a.
13 Federal National Mortgage Association	74,594	83,720	93,896	92,401	92,629	92,562	93,417	92,286	91,629
14 Farm Credit Banks	72,816	71,193	68,851	65,188	64,629	63,585	62,857	61,575	63,073
15 Student Loan Marketing Association[8]	3,402	5,745	8,395	10,198	10,400	10,419	10,420	10,420	10,555
MEMO									
16 **Federal Financing Bank debt[9]**	**135,791**	**145,217**	**153,373**	**153,508**	**155,076**	**155,222**	**155,526**	**156,132**	**156,871**
Lending to federal and federally sponsored agencies									
17 Export-Import Bank[3]	14,789	15,852	15,670	15,250	15,250	14,947	14,947	14,947	14,268
18 Postal Service[6]	1,154	1,087	1,690	1,690	1,690	1,604	1,604	1,604	2,854
19 Student Loan Marketing Association	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	4,978
20 Tennessee Valley Authority	13,245	13,710	14,622	14,250	14,830	14,942	14,937	15,306	15,077
21 United States Railway Association[6]	111	51	74	74	74	74	74	74	74
Other Lending[10]									
22 Farmers Home Administration	55,266	58,971	64,234	63,829	64,544	64,924	65,174	65,274	65,374
23 Rural Electrification Administration	19,766	20,693	20,654	21,061	21,154	21,255	21,321	21,398	21,460
24 Other	26,460	29,853	31,429	32,354	32,534	32,476	32,469	32,529	32,786

1. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
2. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.
3. Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.
4. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
5. Certificates of participation issued before fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare; Department of Housing and Urban Development; Small Business Administration; and the Veterans Administration.
6. Off-budget.
7. Includes outstanding noncontingent liabilities: Notes, bonds, and debentures. Some data are estimated.
8. Before late 1981, the Association obtained financing through the Federal Financing Bank.
9. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.
10. Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1983	1984	1985	1986 Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
1 **All issues, new and refunding**[1]	**86,421**	**106,641**	**214,189**	**3,300**	**8,008**	**12,578**	**13,215**	**12,611**	**19,833**	**25,965**	**4,532**
Type of issue											
2 General obligation	21,566	26,485	52,622	916	2,720	5,459	7,115	6,326	6,531	5,931	1,267
3 Revenue	64,855	80,156	161,567	2,384	5,288	7,120	6,100	6,285	13,302	20,034	3,265
Type of issuer											
4 State	7,140	9,129	13,004	287	1,088	1,956	2,825	1,705	2,879	2,121	9
5 Special district and statutory authority[2]	51,297	63,550	134,363	1,691	4,383	7,350	6,427	6,351	10,589	15,714	3,275
6 Municipalities, counties, townships	27,984	33,962	66,822	1,322	2,537	3,273	3,962	4,554	6,365	8,125	1,248
7 **Issues for new capital, total**	**72,441**	**94,050**	**156,050**	**2,022**	**3,314**	**6,938**	**7,155**	**8,178**	**13,165**	**17,810**	**2,558**
Use of proceeds											
8 Education	8,099	7,553	16,658	441	624	1,706	1,827	1,694	2,800	2,926	558
9 Transportation	4,387	7,552	12,070	380	795	815	273	947	3,164	1,460	827
10 Utilities and conservation	13,588	17,844	26,852	1,352	4,082	4,554	3,450	1,583	4,425	6,292	1,365
11 Social welfare	26,910	29,928	63,181	239	337	579	1,424	1,518	1,186	2,554	812
12 Industrial aid	7,821	15,415	12,892	134	37	313	264	255	975	489	138
13 Other purposes	11,637	15,758	24,398	729	2,132	4,610	5,978	6,614	7,281	12,245	832

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

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

1.46 NEW SECURITY ISSUES Corporations

Millions of dollars

Type of issue or issuer, or use	1983	1984	1985	1986 Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
1 **All issues**[1]	**119,949**	**132,531**	**201,269**	**23,931**	**30,444**	**33,489**	**19,564**	**25,776**	**21,093r**	**24,245r**	**15,967**
2 **Bonds**[2]	**68,370**	**109,903**	**165,754**	**19,469**	**24,923**	**27,883**	**13,050**	**20,756**	**16,766r**	**18,481r**	**12,739**
Type of offering											
3 Public	47,244	73,579	119,559	19,469	24,923	27,883	13,050	20,756	16,766r	18,481r	12,739
4 Private placement	21,126	36,324	46,195	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Industry group											
5 Manufacturing	17,001	24,607	52,228	3,950	8,895	7,975	3,939	5,368	2,535	4,536	2,345
6 Commercial and miscellaneous	7,540	13,726	15,215	1,216	790	2,640	1,776	2,206	3,410	1,045	1,405
7 Transportation	3,833	4,694	5,743	373	303	614	427	250	497	550	375
8 Public utility	9,125	10,679	12,957	2,540	2,133	3,330	1,709	1,948	1,470	2,098	1,905
9 Communication	3,642	2,997	10,456	1,200	1,907	3,115	712	810	465	1,615	417
10 Real estate and financial	27,227	53,199	69,157	10,190	10,895	10,210	4,487	10,174	8,389r	8,638r	6,292
11 **Stocks**[3]	**51,579**	**22,628**	**35,515**	**4,462**	**5,521**	**5,606**	**6,514**	**5,020**	**4,327**	**5,764r**	**3,228**
Type											
12 Preferred	7,213	4,118	6,505	975	1,160	751	856	1,284	726	1,290	402
13 Common	44,366	18,510	29,010	3,487	4,361	4,855	5,658	3,736	3,601	4,474r	2,826
Industry group											
14 Manufacturing	14,135	4,054	5,700	1,269	851	1,434	1,827	1,132	746	982r	227
15 Commercial and miscellaneous	13,112	6,277	9,149	434	607	910	953	421	917	803	1,005
16 Transportation	2,729	589	1,544	302	355	158	372	154	179	57	28
17 Public utility	5,001	1,624	1,966	153	357	165	346	406	305	208	174
18 Communication	1,822	419	978	282	0	27	74	140	107	379	0
19 Real estate and financial	14,780	9,665	16,178	2,022	3,351	2,912	2,942	2,767	2,073	3,335r	1,794

1. Figures, which represent gross proceeds of issues maturing in more than one year, sold for cash in the United States, are principal amount or number of units multiplied by offering price. Excludes offerings of less than $100,000, secondary offerings, undefined or exempted issues as defined in the Securities Act of 1933, employee stock plans, investment companies other than closed-end, intracorporate transactions, and sales to foreigners.
2. Monthly data include only public offerings.
3. Beginning in August 1981, gross stock offerings include new equity volume from swaps of debt for equity.

SOURCES. IDD Information Services, Inc., Securities and Exchange Commission and the Board of Governors of the Federal Reserve System.

1.47 OPEN–END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1984	1985	1986							
			Feb.	Mar.	Apr.	May	June	July	Aug.r	Sept.
INVESTMENT COMPANIES[1]										
1 Sales of own shares[2]	107,480	222,670	27,489	33,764	37,656	31,251	30,619	35,684	32,636	34,282
2 Redemptions of own shares[3]	77,032	132,440	11,860	15,085	21,699	16,706	18,921	21,508	20,102	21,464
3 Net sales	30,448	90,230	15,629	18,679	15,957	14,545	11,698	14,176	12,534	12,818
4 Assets[4]	137,126	251,695	292,002	315,245	329,684	343,926	356,040	360,050	387,547	381,655
5 Cash position[5]	12,181	20,607	23,716	27,639	29,599	28,184	28,083	28,080	28,682	29,516
6 Other	124,945	231,088	268,286	287,606	300,085	315,742	327,957	331,970	358,865	352,139

1. Excluding money market funds.
2. Includes reinvestment of investment income dividends. Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group.
3. Excludes share redemption resulting from conversions from one fund to another in the same group.
4. Market value at end of period, less current liabilities.
5. Also includes all U.S. government securities and other short–term debt securities.

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

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

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

Account	1983	1984	1985	1984	1985				1986		
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1 Corporate profits with inventory valuation and capital consumption adjustment	213.7	264.7	280.6	265.0	266.4	274.3	296.3	285.6	296.4	293.1	299.6
2 Profits before tax	207.6	235.7	223.1	221.9	213.8	213.8	229.2	235.8	224.3	231.3	241.3
3 Profits tax liability	77.2	95.4	91.8	87.8	87.8	87.1	95.8	96.4	89.1	93.3	97.4
4 Profits after tax	130.4	140.3	131.4	134.1	126.0	126.7	133.4	139.4	135.2	138.0	144.0
5 Dividends	71.5	78.3	81.6	80.1	80.9	81.4	81.6	82.5	85.2	87.5	88.8
6 Undistributed profits	58.8	62.0	49.8	54.0	45.1	45.3	51.8	57.0	50.0	50.4	55.2
7 Inventory valuation	−10.9	−5.5	−.6	−1.6	−.5	1.6	6.1	−9.4	16.5	10.6	8.0
8 Capital consumption adjustment	17.0	34.5	58.1	44.7	53.2	58.9	61.0	59.2	55.6	51.3	50.2

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

1.49 NONFINANCIAL CORPORATIONS Assets and Liabilities

Billions of dollars, except for ratio

Account	1980	1981	1982	1983	1984	1985				1986
						Q1	Q2	Q3	Q4	Q1
1 **Current assets**	**1,328.3**	**1,419.6**	**1,437.1**	**1,575.9**	**1,703.0**	**1,722.7**	**1,734.6**	**1,763.0**	**1,784.6**	**1,795.7**
2 Cash	127.0	135.6	147.8	171.8	173.6	167.5	167.1	176.3	189.2	195.3
3 U.S. government securities	18.7	17.7	23.0	31.0	36.2	35.7	35.4	32.6	33.0	31.0
4 Notes and accounts receivable	507.5	532.5	517.4	583.0	633.1	650.3	654.1	661.0	671.5	663.4
5 Inventories	543.0	584.0	579.0	603.4	656.9	665.7	666.7	675.0	666.0	679.6
6 Other	132.1	149.7	169.8	186.7	203.2	203.5	211.2	218.0	224.9	226.3
7 **Current liabilities**	**890.6**	**971.3**	**986.0**	**1,059.6**	**1,163.6**	**1,174.1**	**1,182.9**	**1,211.9**	**1,233.6**	**1,222.3**
8 Notes and accounts payable	514.4	547.1	550.7	595.7	647.8	636.9	651.7	670.4	682.7	668.4
9 Other	376.2	424.1	435.3	463.9	515.8	537.1	531.2	541.5	550.9	553.9
10 **Net working capital**	**437.8**	**448.3**	**451.1**	**516.3**	**539.5**	**548.6**	**551.7**	**551.1**	**551.0**	**573.4**
11 MEMO: Current ratio[1]	1.492	1.462	1.458	1.487	1.464	1.467	1.466	1.455	1.447	1.469

1. Ratio of total current assets to total current liabilities.

NOTE. For a description of this series, see "Working Capital of Nonfinancial Corporations" in the July 1978 BULLETIN, pp. 533–37.

All data in this table reflect the most current benchmarks. Complete data are available upon request from the Flow of Funds Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

SOURCE. Federal Trade Commission and Bureau of the Census.

1.50 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment ▲

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

Industry	1984	1985	1986[1]	1985				1986			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3[1]	Q4[1]
1 **Total nonfarm business**	**354.44**	**387.13**	**379.59**	**373.56**	**387.86**	**389.23**	**397.88**	**377.94**	**375.92**	**380.52**	**383.99**
Manufacturing											
2 Durable goods industries	66.24	73.27	68.23	70.29	74.34	72.99	75.47	68.01	68.33	66.30	70.28
3 Nondurable goods industries	72.58	80.21	75.78	76.64	79.91	81.48	82.79	76.02	73.35	76.43	77.32
Nonmanufacturing											
4 Mining	16.86	15.88	11.29	15.81	16.56	15.89	15.25	12.99	11.22	10.80	10.16
Transportation											
5 Railroad	6.79	7.08	6.60	6.42	7.38	7.79	6.74	6.22	6.77	7.09	6.31
6 Air	3.56	4.79	5.88	4.23	3.71	5.17	6.07	6.58	5.77	5.40	5.75
7 Other	6.17	6.15	5.87	6.04	6.35	5.85	6.34	5.42	5.74	6.25	6.08
Public utilities											
8 Electric	37.03	36.11	33.60	36.49	36.00	35.58	36.38	34.21	33.81	33.61	32.78
9 Gas and other	10.44	12.71	12.62	11.95	12.61	12.86	13.41	12.82	12.74	12.46	12.46
10 Commercial and other[2]	134.75	150.93	159.72	145.68	150.99	151.62	155.42	155.67	158.18	162.18	162.84

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

1. Anticipated by business.

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

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

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

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

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

1.52 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding Sept. 30, 1986[1]	Changes in accounts receivable 1986 July	Aug.	Sept.	Extensions 1986 July	Aug.	Sept.	Repayments 1986 July	Aug.	Sept.
1 **Total**	**152,689**	**949**	**190**	**−6,552**	**27,277**	**28,014**	**26,662**	**26,328**	**27,824**	**33,214**
Retail financing of installment sales										
2 Automotive (commercial vehicles)	18,048	390	291	1,290	1,365	1,302	2,299	975	1,011	1,009
3 Business, industrial, and farm equipment	19,979	−106	−91	−212	1,022	786	986	1,128	876	1,197
Wholesale financing										
4 Automotive	15,626	−1,097	127	−9,172	9,030	10,220	7,536	10,128	10,093	16,708
5 Equipment	4,745	211	−44	36	900	845	829	689	889	793
6 All other	7,311	−242	33	113	1,656	1,703	1,881	1,898	1,669	1,768
Leasing										
7 Automotive	16,570	103	185	549	1,077	892	1,075	973	707	526
8 Equipment	40,711	647	22	286	1,669	1,540	1,574	1,022	1,518	1,289
9 Loans on commercial accounts receivable and factored commercial accounts receivable	16,922	716	−307	539	9,208	9,429	9,298	8,492	9,735	8,760
10 All other business credit	12,777	327	−27	19	1,350	1,298	1,183	1,023	1,325	1,164

1. Not seasonally adjusted.

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

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1983	1984	1985	1986 Apr.	1986 May	1986 June	1986 July	1986 Aug.	1986 Sept.	1986 Oct.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Conventional mortgages on new homes										
Terms[1]										
1 Purchase price (thousands of dollars)	92.8	96.8	104.1	114.2	114.7	122.1	115.7	117.9	124.0r	127.2
2 Amount of loan (thousands of dollars)	69.5	73.7	77.4	83.9	83.0	88.0	83.4	84.8	90.4r	93.6
3 Loan/price ratio (percent)	77.1	78.7	77.1	75.9	74.7	74.9	73.9	74.5	75.2r	75.6
4 Maturity (years)	26.7	27.8	26.9	25.9	25.8	26.6	26.2	26.5	27.1r	28.1
5 Fees and charges (percent of loan amount)[2]	2.40	2.64	2.53	2.34	2.19	2.40	2.35	2.40	2.49r	2.70
6 Contract rate (percent per annum)	12.20	11.87	11.12	9.87	9.84	9.74	9.89	9.84	9.74r	9.58
Yield (percent per annum)										
7 FHLBB series[3]	12.66	12.37	11.58	10.27	10.22	10.15	10.30	10.26	10.17r	10.03
8 HUD series[4]	13.43	13.80	12.28	9.99	10.32	10.38	10.28	9.88	9.96	9.89
SECONDARY MARKETS										
Yield (percent per annum)										
9 FHA mortgages (HUD series)[5]	13.11	13.81	12.24	9.80	10.07	9.98	10.01	9.80	9.90	9.80
10 GNMA securities[6]	12.25	13.13	11.61	9.17	9.23	9.57	9.31	9.11	9.17	9.06
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	74,847	83,339	94,574	98,746	98,096	97,295	97,255	96,675	97,717	98,402
12 FHA/VA-insured	37,393	35,148	34,244	33,246	32,558	31,241	30,766	28,451	26,658	25,435
13 Conventional	37,454	48,191	60,331	65,500	65,538	66,054	66,489	68,224	71,059	72,967
Mortgage transactions (during period)										
14 Purchases	17,554	16,721	21,510	1,631	1,978	3,000	3,343	3,800	4,649	3,784
15 Sales	3,528	978	1,301	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Mortgage commitments[7]										
16 Contracted (during period)	18,607	21,007	20,155	3,774	3,538	3,049	3,270	3,840	4,248	2,375
17 Outstanding (end of period)	5,461	6,384	3,402	6,942	8,444	7,862	7,706	7,671	7,252	5,740
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
18 Total	5,996	9,283	12,399	13,144	14,302	14,194	13,795	14,010		
19 FHA/VA	974	910	841	778	769	742	692	688		
20 Conventional	5,022	8,373	11,558	12,366	13,533	13,452	13,103	13,322		
Mortgage transactions (during period)										
21 Purchases	23,089	21,886	44,012	6,195	8,947	10,505	8,518	10,458	n.a.	n.a.
22 Sales	19,686	18,506	38,905	5,591	7,354	9,588	8,113r	10,132		
Mortgage commitments[9]										
23 Contracted (during period)	32,852	32,603	48,989	9,869	10,612	10,338	7,863r	13,707		
24 Outstanding (end of period)	16,964	13,318	16,613	n.a.	n.a.	n.a.	n.a.	n.a.		

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups; compiled by the Federal Home Loan Bank Board in cooperation with the Federal Deposit Insurance Corporation.
2. Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) to obtain a loan.
3. Average effective interest rates on loans closed, assuming prepayment at the end of 10 years.
4. Average contract rates on new commitments for conventional first mortgages; from Department of Housing and Urban Development.
5. Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. Based on transactions on first day of subsequent month. Large monthly movements in average yields may reflect market adjustments to changes in maximum permissable contract rates.
6. Average net yields to investors on Government National Mortgage Association guaranteed, mortgage-backed, fully modified pass-through securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are averages of Friday figures from the *Wall Street Journal*.
7. Includes some multifamily and nonprofit hospital loan commitments in addition to 1- to 4-family loan commitments accepted in FNMA's free market auction system, and through the FNMA-GNMA tandem plans.
8. Includes participation as well as whole loans.
9. Includes conventional and government-underwritten loans. FHLMC's mortgage commitments and mortgage transactions include activity under mortgage/securities swap programs, while the corresponding data for FNMA exclude swap activity.

1.54 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

Type of holder, and type of property	1983	1984	1985	1985		1986		
				Q3	Q4	Q1	Q2[r]	Q3
1 **All holders**	**1,813,856**	**2,034,602**	**2,266,267[r]**	**2,200,561[r]**	**2,266,267[r]**	**2,315,038[r]**	**2,381,232**	**2,456,895**
2 1- to 4-family	1,189,822	1,318,888	1,466,117[r]	1,425,357[r]	1,466,117[r]	1,493,772[r]	1,541,478	1,595,974
3 Multifamily	160,805	185,414	213,817[r]	203,626[r]	213,817[r]	221,508[r]	228,255	236,220
4 Commercial	350,389	418,300	480,718[r]	463,272[r]	480,718[r]	495,865[r]	509,873	525,109
5 Farm	112,840	112,000	105,615[r]	108,306[r]	105,615[r]	103,893[r]	101,626	99,592
6 Selected financial institutions	1,130,781	1,272,206	1,392,084[r]	1,357,483[r]	1,392,084[r]	1,410,541[r]	1,437,054	1,464,604
7 Commercial banks[1]	330,521	379,498	429,386[r]	415,599	429,386[r]	441,293[r]	456,146	472,048
8 1- to 4-family	182,514	196,163	213,624[r]	209,119	213,624[r]	216,580[r]	222,144	228,471
9 Multifamily	18,410	20,264	23,374[r]	22,254	23,374[r]	25,310[r]	26,306	27,709
10 Commercial	120,210	152,894	181,031[r]	173,190	181,031[r]	187,606[r]	195,459	203,217
11 Farm	9,387	10,177	11,357[r]	11,036	11,357[r]	11,797[r]	12,237	12,651
12 Savings banks	131,940	154,441	177,263	174,427	177,263	188,154[r]	203,238	215,135
13 1- to 4-family	93,649	107,302	121,879	119,952	121,879	131,381[r]	142,215	148,702
14 Multifamily	17,247	19,817	23,329	22,604	23,329	23,980[r]	26,549	28,593
15 Commercial	21,016	27,291	31,973	31,757	31,973	32,707[r]	34,370	37,752
16 Farm	28	31	82	114	82	86	104	88
17 Savings and loan associations	494,789	555,277	583,236[r]	573,682[r]	583,236[r]	574,732[r]	565,205	558,409
18 1- to 4-family	387,924	421,489	432,422[r]	425,596[r]	432,422[r]	420,073[r]	413,952	408,584
19 Multifamily	44,333	55,750	66,410[r]	62,390[r]	66,410[r]	67,140[r]	65,966	65,902
20 Commercial	62,403	77,605	83,798[r]	85,061[r]	83,798[r]	86,860[r]	84,755	83,409
21 Farm	129	433	606[r]	635[r]	606[r]	659[r]	532	514
22 Life insurance companies	150,999	156,699	171,797[r]	164,760[r]	171,797[r]	174,823[r]	180,041	185,241
23 1- to 4-family	15,319	14,120	12,381[r]	13,454[r]	12,381[r]	12,605[r]	12,608	12,958
24 Multifamily	19,107	18,938	19,894[r]	19,074[r]	19,894[r]	20,009[r]	20,181	20,981
25 Commercial	103,831	111,175	127,670[r]	120,183[r]	127,670[r]	130,569[r]	135,924	140,124
26 Farm	12,742	12,466	11,852[r]	12,049[r]	11,852[r]	11,640[r]	11,328	11,178
27 Finance companies[2]	22,532	26,291	30,402	29,015	30,402	31,539	32,424	33,771
28 Federal and related agencies	148,328	158,993	166,928	166,248	166,928	165,041[r]	161,398	159,429
29 Government National Mortgage Association	3,395	2,301	1,473	1,640	1,473	1,533	876	826
30 1- to 4-family	630	585	539	552	539	527	49	44
31 Multifamily	2,765	1,716	934	1,088	934	1,006	827	782
32 Farmers Home Administration	2,141	1,276	733	577	733	704	570	457
33 1- to 4-family	1,159	213	183	185	183	217	146	132
34 Multifamily	173	119	113	139	113	33	66	57
35 Commercial	409	497	159	72	159	217	111	115
36 Farm	400	447	278	181	278	237	247	153
37 Federal Housing and Veterans Administration	4,894	4,816	4,920	4,918	4,920	4,964	5,094	4,966
38 1- to 4-family	1,893	2,048	2,254	2,251	2,254	2,309	2,449	2,331
39 Multifamily	3,001	2,768	2,666	2,667	2,666	2,655	2,645	2,635
40 Federal National Mortgage Association	78,256	87,940	98,282	96,769	98,282	98,795	97,295	97,717
41 1- to 4-family	73,045	82,175	91,966	90,590	91,966	92,315	90,460	90,508
42 Multifamily	5,211	5,765	6,316	6,179	6,316	6,480	6,835	7,209
43 Federal Land Banks	52,010	52,261	47,498	49,255	47,498	45,422[r]	43,369	41,669
44 1- to 4-family	3,081	3,074	2,798	2,895	2,798	2,673[r]	2,552	2,452
45 Farm	48,929	49,187	44,700	46,360	44,700	42,749[r]	40,817	39,217
46 Federal Home Loan Mortgage Corporation	7,632	10,399	14,022	13,089	14,022	13,623	14,194	13,794
47 1- to 4-family	7,559	9,654	11,881	11,457	11,881	12,231	11,890	10,890
48 Multifamily	73	745	2,141	1,632	2,141	1,392	2,304	2,904
49 Mortgage pools or trusts[3]	285,073	332,057	415,042	388,948	415,042	440,701	475,615	520,675
50 Government National Mortgage Association	159,850	179,981	212,145	201,026	212,145	220,348	229,204	241,230
51 1- to 4-family	155,950	175,589	207,198	196,198	207,198	215,148	223,838	235,582
52 Multifamily	3,900	4,392	4,947	4,828	4,947	5,200	5,366	5,648
53 Federal Home Loan Mortgage Corporation	57,895	70,822	100,387	91,915	100,387	110,337	125,903	144,825
54 1- to 4-family	57,273	70,253	99,515	90,997	99,515	108,020	123,676	142,638
55 Multifamily	622	569	872	918	872	2,317	2,227	2,187
56 Federal National Mortgage Association	25,121	36,215	54,987	48,769	54,987	62,310	72,377	86,359
57 1- to 4-family	25,121	35,965	54,036	47,857	54,036	61,117	71,153	85,171
58 Multifamily	n.a.	250	951	912	951	1,193	1,224	1,188
59 Farmers Home Administration	42,207	45,039	47,523	47,238	47,523	47,706	48,131	48,261
60 1- to 4-family	20,404	21,813	22,186	22,090	22,186	22,082	21,987	21,782
61 Multifamily	5,090	5,841	6,675	6,415	6,675	6,943	7,170	7,353
62 Commercial	7,351	7,559	8,190	8,192	8,190	8,150	8,347	8,409
63 Farm	9,362	9,826	10,472	10,541	10,472	10,531	10,627	10,717
64 Individuals and others[4]	249,674	271,346	292,213	287,882	292,213	298,755	307,165	312,187
65 1- to 4-family	141,769	152,154	162,853	163,149	162,853	164,955	169,935	171,958
66 Multifamily	40,873	48,480	55,195	52,526	55,195	57,850	60,589	63,072
67 Commercial	35,169	41,279	47,897	44,817	47,897	49,756	50,907	52,083
68 Farm	31,863	29,433	26,268	27,390	26,268	26,194	25,734	25,074

1. Includes loans held by nondeposit trust companies but not bank trust departments.
2. Assumed to be entirely 1- to 4-family loans.
3. Outstanding principal balances of mortgage pools backing securities insured or guaranteed by the agency indicated.
4. Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and other U.S. agencies.

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

1.55 CONSUMER INSTALLMENT CREDIT[1,4] Total Outstanding, and Net Change, seasonally adjusted

Millions of dollars

Holder, and type of credit	1984	1985	1986 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.[r]	Sept.
	Amounts outstanding (end of period)										
1 **Total**	**453,580**	**535,098**	**542,753**	**547,852**	**550,939**	**555,810**	**562,267**	**567,653**	**573,216**	**576,609**	**584,977**
By major holder											
2 Commercial banks	209,158	240,796	243,256	244,761	245,172	247,498	248,681	249,753	251,197	251,908	253,543
3 Finance companies[2]	96,126	120,095	123,717	126,001	127,422	128,728	131,172	134,933	137,197	138,938	144,559
4 Credit unions	66,544	75,127	75,810	76,431	76,953	77,957	78,474	79,095	80,130	80,622	81,594
5 Retailers[3]	37,061	39,187	39,416	39,497	39,844	39,826	40,139	40,076	40,251	40,351	40,445
6 Savings institutions	40,330	55,555	56,290	57,048	57,573	58,024	60,247	60,352	61,051	61,421	61,540
7 Gasoline companies	4,361	4,337	4,264	4,114	3,975	3,777	3,554	3,445	3,389	3,368	3,295
By major type of credit											
8 Automobile	173,122	206,482	210,661	213,342	214,361	215,814	218,965	222,606	226,234	228,814	236,551
9 Commercial banks	83,900	92,764	93,489	93,828	93,377	93,013	93,157	93,261	94,014	94,686	95,988
10 Credit unions	28,614	30,577	30,855	31,107	31,320	31,728	31,939	32,191	32,613	32,813	33,209
11 Finance companies	54,663	73,391	76,410	78,310	79,416	80,685	83,221	86,520	88,862	90,578	96,598
12 Savings institutions	5,945	9,750	9,907	10,097	10,248	10,386	10,648	10,634	10,745	10,736	10,757
13 Revolving	98,514	118,296	119,682	120,724	122,131	123,442	124,545	124,720	125,577	125,915	126,426
14 Commercial banks	58,145	73,893	74,991	75,953	77,021	78,421	79,151	79,397	79,998	80,133	80,551
15 Retailers	33,064	34,560	34,770	34,843	35,188	35,170	35,449	35,390	35,542	35,639	35,688
16 Gasoline companies	4,361	4,337	4,264	4,114	3,975	3,777	3,554	3,445	3,389	3,368	3,295
17 Savings institutions	2,944	5,506	5,657	5,813	5,947	6,075	6,392	6,488	6,649	6,775	6,893
18 Mobile home	24,184	25,461	25,371	25,573	25,584	25,513	25,560	25,479	25,398	25,215	24,949
19 Commercial banks	9,623	9,578	9,457	9,566	9,348	9,264	9,215	9,196	9,156	9,086	9,037
20 Finance companies	9,161	9,116	9,125	9,161	9,327	9,286	9,115	9,077	8,989	8,882	8,681
21 Savings institutions	5,400	6,767	6,789	6,846	6,909	6,963	7,230	7,206	7,253	7,248	7,231
22 Other	157,760	184,859	187,039	188,212	188,863	191,041	193,197	194,847	196,007	196,665	197,050
23 Commercial banks	57,490	64,561	65,319	65,414	65,427	66,800	67,158	67,898	68,030	68,003	67,967
24 Finance companies	32,302	37,588	38,182	38,530	38,678	38,757	38,836	39,336	39,345	39,479	39,281
25 Credit unions	37,930	44,550	44,955	45,323	45,633	46,228	46,535	46,903	47,517	47,809	48,385
26 Retailers	3,997	4,627	4,646	4,653	4,656	4,656	4,690	4,686	4,710	4,712	4,758
27 Savings institutions	26,041	33,533	33,937	34,291	34,469	34,600	35,977	36,024	36,405	36,662	36,660
	Net change (during period)										
28 **Total**	**77,341**	**81,518**	**7,655**	**5,099**	**3,087**	**4,871**	**6,457**	**5,386**	**5,563**	**3,393**	**8,368**
By major holder											
29 Commercial banks	39,819	31,638	2,460	1,505	411	2,326	1,183	1,072	1,444	711	1,635
30 Finance companies[2]	9,961	23,969	3,622	2,284	1,421	1,306	2,444	3,761	2,264	1,741	5,621
31 Credit unions	13,456	8,583	683	621	522	1,004	517	621	1,035	492	972
32 Retailers[3]	2,900	2,126	229	81	347	−18	313	−63	175	100	94
33 Savings institutions	11,038	15,225	735	758	525	451	2,223	105	699	370	119
34 Gasoline companies	167	−24	−73	−150	−139	−198	−223	−109	−56	−21	−73
By major type of credit											
35 Automobile	27,214	33,360	4,179	2,681	1,019	1,453	3,151	3,641	3,628	2,580	7,737
36 Commercial banks	16,352	8,864	725	339	−451	−364	144	104	753	672	1,302
37 Credit unions	3,223	1,963	278	252	213	408	211	252	422	200	396
38 Finance companies	4,576	18,728	3,019	1,900	1,106	1,269	2,536	3,299	2,342	1,716	6,020
39 Savings institutions	3,063	3,805	157	190	151	138	262	−14	111	−9	21
40 Revolving	20,145	19,782	1,386	1,042	1,407	1,311	1,103	175	857	338	511
41 Commercial banks	15,949	15,748	1,098	962	1,068	1,400	730	246	601	135	418
42 Retailers	2,512	1,496	210	73	345	−18	279	−59	152	97	49
43 Gasoline companies	167	−24	−73	−150	−139	−198	−223	−109	−56	−21	−73
44 Savings institutions	1,517	2,562	151	156	134	128	317	96	161	126	118
45 Mobile home	1,990	1,277	−90	202	11	−71	47	−81	−81	−183	−266
46 Commercial banks	−199	−45	−121	109	−218	−84	−49	−19	−40	−70	−49
47 Finance companies	544	−45	9	36	166	−41	−171	−38	−88	−107	−201
48 Savings institutions	1,645	1,367	22	57	63	54	267	−24	47	−5	−17
49 Other	27,992	27,099	2,180	1,173	651	2,178	2,156	1,650	1,160	658	385
50 Commercial banks	7,717	7,071	758	95	13	1,373	358	740	132	−27	−36
51 Finance companies	4,841	5,286	594	348	148	79	79	500	9	134	−198
52 Credit unions	10,233	6,620	405	368	310	595	307	368	614	292	576
53 Retailers	388	630	19	7	3	0	34	−4	24	2	46
54 Savings institutions	4,813	7,492	404	354	178	131	1,377	47	381	257	−2

1. The Board's series cover most short- and intermediate-term credit extended to individuals that is scheduled to be repaid (or has the option of repayment) in two or more installments.
2. More detail for finance companies is available in the G.20 statistical release.
3. Excludes 30-day charge credit held by travel and entertainment companies.
4. All data have been revised.

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT

Percent unless noted otherwise

	Item	1983	1984	1985	1986 Mar.	Apr.	May	June	July	Aug.	Sept.
	INTEREST RATES										
	Commercial banks[1]										
1	48-month new car[2]	13.92	13.71	12.91	n.a.	n.a.	11.45	n.a.	n.a.	11.00	n.a.
2	24-month personal	16.68	16.47	15.94	n.a.	n.a.	14.89	n.a.	n.a.	14.70	n.a.
3	120-month mobile home[2]	16.08	15.58	14.96	n.a.	n.a.	13.97	n.a.	n.a.	13.95	n.a.
4	Credit card	18.78	18.77	18.69	n.a.	n.a.	18.32	n.a.	n.a.	18.15	n.a.
	Auto finance companies										
5	New car	12.58	14.62	11.98	10.51	10.55	9.49	9.35	9.31	9.29	5.40
6	Used car	18.74	17.85	17.59	16.63	16.67	16.56	16.06	15.83	15.56	15.23
	OTHER TERMS[3]										
	Maturity (months)										
7	New car	45.9	48.3	51.5	51.0	50.6	49.4	49.5	49.9	50.4	44.5
8	Used car	37.9	39.7	41.4	42.4	42.5	42.5	42.7	42.8	42.9	42.5
	Loan-to-value ratio										
9	New car	86	88	91	90	89	89	89	89	90	92
10	Used car	92	92	94	95	96	97	97	97	97	98
	Amount financed (dollars)										
11	New car	8,787	9,333	9,915	10,306	10,402	10,521	10,608	10,748	10,756	11,162
12	Used car	5,033	5,691	6,089	6,207	6,281	6,393	6,611	6,614	6,569	6,763

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

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

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

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

Transaction category, sector	1980	1981	1982	1983	1984	1985	1983	1984		1985		1986
							H2	H1	H2	H1	H2	H1
						Nonfinancial sectors						
1 Total net borrowing by domestic nonfinancial sectors	**344.9**	**375.8**	**387.4**	**548.8**	**756.3**	**859.1**	**591.5**	**728.8**	**783.8**	**726.3**	**992.0**	**668.6**
By sector and instrument												
2 U.S. government	79.2	87.4	161.3	186.6	198.8	223.6	156.6	181.0	216.6	201.3	246.0	210.7
3 Treasury securities	79.8	87.8	162.1	186.7	199.0	223.7	156.7	181.2	216.8	201.4	246.0	210.8
4 Agency issues and mortgages	−.6	−.5	−.9	−.1	−.2	−.1	−.1	−.2	−.1	−.1	−.1	−.1
5 Private domestic nonfinancial sectors	265.7	288.5	226.2	362.2	557.5	635.5	434.9	547.8	567.2	525.1	746.0	457.9
6 Debt capital instruments	189.1	155.5	148.3	252.8	314.0	462.4	277.9	298.5	329.5	354.3	570.6	371.2
7 Tax-exempt obligations	30.3	23.4	44.2	53.7	50.4	152.4	51.8	42.7	58.0	67.4	237.3	11.8
8 Corporate bonds	27.7	22.8	18.7	16.0	46.1	73.9	11.5	31.2	61.0	72.7	75.0	129.2
9 Mortgages	131.2	109.3	85.4	183.0	217.5	236.2	214.6	224.5	210.4	214.1	258.2	230.2
10 Home mortgages	94.2	72.2	50.5	117.1	129.9	151.8	135.0	135.2	124.6	133.1	170.4	151.7
11 Multifamily residential	7.6	4.8	5.4	14.1	25.1	29.3	20.4	27.5	22.7	24.5	34.1	27.3
12 Commercial	19.2	22.2	25.2	49.0	63.3	61.5	55.3	62.9	63.7	59.3	63.7	58.1
13 Farm	10.2	10.0	4.2	2.8	−.8	−6.4	3.9	−1.1	−.5	−2.8	−9.9	−6.8
14 Other debt instruments	76.6	133.0	77.9	109.5	243.5	173.1	157.0	249.3	237.7	170.8	175.4	86.7
15 Consumer credit	4.5	22.6	17.7	56.8	95.0	96.6	75.1	98.7	91.3	97.3	95.9	74.9
16 Bank loans n.e.c.	37.8	57.0	52.9	25.8	80.1	37.6	41.1	93.0	67.2	28.5	46.8	4.9
17 Open market paper	4.0	14.7	−6.1	−.8	21.7	14.6	4.3	24.8	18.7	12.3	16.9	−15.7
18 Other	30.3	38.7	13.4	27.7	46.6	24.3	36.5	32.8	60.4	32.7	15.8	22.6
19 By borrowing sector	265.7	288.5	226.2	362.2	557.5	635.5	434.9	547.8	567.2	525.1	746.0	457.9
20 State and local governments	17.2	6.8	21.5	34.0	27.4	107.8	33.7	25.2	29.6	56.8	158.8	31.4
21 Households	120.0	121.4	88.4	188.0	239.5	292.0	223.2	232.9	246.1	248.5	335.5	217.5
22 Farm	15.2	16.6	6.8	4.3	.1	−14.3	6.7	−.4	.5	−7.4	−21.2	−16.5
23 Nonfarm noncorporate	31.8	38.5	40.2	76.6	97.1	90.0	91.7	101.4	92.7	83.3	96.7	85.8
24 Corporate	81.5	105.2	69.2	59.3	193.4	160.1	79.7	188.6	198.2	143.9	176.3	139.7
25 Foreign net borrowing in United States	23.8	23.5	16.0	17.4	6.1	2.1	15.5	35.4	−23.2	−4.2	8.4	27.5
26 Bonds	.8	5.4	6.7	3.1	1.3	4.0	2.3	1.1	1.5	5.5	2.6	6.9
27 Bank loans n.e.c.	11.8	3.0	−5.5	3.6	−6.6	−2.6	−3.4	−2.3	−11.0	−6.1	.9	.9
28 Open market paper	2.4	3.9	1.9	6.5	6.2	6.2	6.0	18.0	−5.6	4.2	8.2	20.6
29 U.S. government loans	8.8	11.1	13.0	4.1	5.3	−5.5	10.7	18.7	−8.1	−7.8	−3.2	1.0
30 Total domestic plus foreign	**368.7**	**399.3**	**403.4**	**566.2**	**762.4**	**861.2**	**607.1**	**764.2**	**760.6**	**722.1**	**1000.4**	**696.0**
						Financial sectors						
31 Total net borrowing by financial sectors	**65.4**	**101.9**	**90.1**	**94.0**	**139.0**	**186.9**	**123.1**	**134.3**	**143.8**	**154.9**	**218.8**	**186.4**
By instrument												
32 U.S. government related	44.8	47.4	64.9	67.8	74.9	101.5	68.8	69.8	80.0	92.9	110.2	130.2
33 Sponsored credit agency securities	24.4	30.5	14.9	1.4	30.4	20.6	8.1	29.1	31.8	25.3	15.9	4.4
34 Mortgage pool securities	19.2	15.0	49.5	66.4	44.4	79.9	60.7	40.7	48.2	67.6	92.1	125.1
35 Loans from U.S. government	1.2	1.9	.4	......	......	1.1	......	......	......	......	2.2	.8
36 Private financial sectors	20.6	54.5	25.2	26.2	64.1	85.3	54.3	64.5	63.8	62.0	108.7	56.2
37 Corporate bonds	1.6	4.4	12.5	12.1	23.3	36.5	13.1	17.3	29.3	35.3	37.7	24.0
38 Mortgages	*	*	.1	*	.4	.1	*	.4	.4	*	.1	.1
39 Bank loans n.e.c.	−1.0	1.2	1.9	−.1	.7	2.5	2.1	*	1.4	1.0	4.1	3.5
40 Open market paper	12.9	32.7	9.9	21.3	24.1	32.0	40.9	31.1	17.0	13.9	50.1	15.2
41 Loans from Federal Home Loan Banks	7.1	16.2	.8	−7.0	15.7	14.2	−1.8	15.7	15.7	11.7	16.7	13.5
By sector												
42 Sponsored credit agencies	25.6	32.4	15.3	1.4	30.4	21.7	8.1	29.1	31.8	25.3	18.1	5.2
43 Mortgage pools	19.2	15.0	49.5	66.4	44.4	79.9	60.7	40.7	48.2	67.6	92.1	125.1
44 Private financial sectors	20.6	54.5	25.2	26.2	64.1	85.3	54.3	64.5	63.8	62.0	108.7	56.2
45 Commercial banks	8.3	11.6	11.7	5.0	7.3	−4.9	17.1	15.4	−.9	−9.2	−.6	−13.4
46 Bank affiliates	6.7	9.2	6.8	12.1	15.6	14.5	14.9	23.7	7.5	13.7	15.3	7.1
47 Savings and loan associations	7.4	15.5	2.5	−2.1	22.7	22.3	4.6	20.2	25.1	12.1	32.6	31.9
48 Finance companies	−1.3	18.5	4.3	11.4	17.8	52.8	18.0	4.4	31.2	44.9	60.8	28.9
49 REITs	−.5	−.2	*	−.2	.8	.5	−.3	.8	.8	.5	.5	1.7
						All sectors						
50 Total net borrowing	**434.1**	**501.3**	**493.5**	**660.2**	**901.4**	**1048.1**	**730.2**	**898.5**	**904.3**	**877.0**	**1219.2**	**882.5**
51 U.S. government securities	122.9	133.0	225.9	254.4	273.8	324.2	225.5	250.9	296.7	294.3	354.0	340.2
52 State and local obligations	30.3	23.4	44.2	53.7	50.4	152.4	51.8	42.7	58.0	67.4	237.3	11.8
53 Corporate and foreign bonds	30.1	32.6	37.8	31.2	70.7	114.4	26.8	49.6	91.8	113.5	115.3	160.1
54 Mortgages	131.1	109.2	85.4	183.0	217.8	236.1	214.5	224.9	210.7	214.0	258.2	230.3
55 Consumer credit	4.5	22.6	17.7	56.8	95.0	96.6	75.1	98.7	91.3	97.3	95.9	74.9
56 Bank loans n.e.c.	48.5	61.2	49.3	29.3	74.2	37.6	39.8	90.7	57.6	23.3	51.8	9.3
57 Open market paper	19.3	51.3	5.7	26.9	52.0	52.8	51.2	73.9	30.1	30.4	75.2	20.0
58 Other loans	47.5	68.0	27.6	24.8	67.6	34.1	45.4	67.1	68.0	36.6	31.5	35.9
						External corporate equity funds raised in United States						
59 Total new share issues	**21.2**	**−3.3**	**33.6**	**67.0**	**−31.1**	**37.5**	**52.1**	**−40.1**	**−22.2**	**33.3**	**41.6**	**163.4**
60 Mutual funds	4.5	6.0	16.8	32.1	38.0	103.4	28.7	39.3	36.6	93.6	113.1	214.1
61 All other	16.8	−9.3	16.8	34.9	−69.1	−65.9	23.4	−79.4	−58.8	−60.4	−71.5	−50.7
62 Nonfinancial corporations	12.9	−11.5	11.4	28.3	−77.0	−81.6	18.4	−84.5	−69.4	−75.7	−87.5	−67.5
63 Financial corporations	1.8	1.9	4.0	2.7	6.7	11.7	2.9	5.9	7.6	11.0	12.4	8.3
64 Foreign shares purchased in United States	2.1	.3	1.5	3.9	1.2	4.0	2.1	−.7	3.0	4.3	3.6	8.5

1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

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

Transaction category, or sector	1980	1981	1982	1983	1984	1985	1983 H2	1984 H1	1984 H2	1985 H1	1985 H2	1986 H1
1 **Total funds advanced in credit markets to domestic nonfinancial sectors**	**344.9**	**375.8**	**387.4**	**548.8**	**756.3**	**859.1**	**591.5**	**728.8**	**783.8**	**726.3**	**992.0**	**668.6**
By public agencies and foreign												
2 Total net advances	94.9	104.4	115.4	115.3	154.6	193.0	106.8	133.4	175.8	195.6	190.3	255.9
3 U.S. government securities	15.8	17.1	22.7	27.6	36.0	43.1	19.0	27.6	44.4	50.1	36.1	63.3
4 Residential mortgages	31.7	23.5	61.0	76.1	56.5	94.6	71.5	52.7	60.2	85.6	103.7	121.2
5 FHLB advances to savings and loans	7.1	16.2	.8	−7.0	15.7	14.2	−1.8	15.7	15.7	11.7	16.7	13.5
6 Other loans and securities	40.2	47.7	30.8	18.6	46.5	41.0	18.1	37.5	55.5	48.2	33.9	57.9
Total advanced, by sector												
7 U.S. government	23.7	24.0	15.9	9.7	17.4	10.8	9.7	9.0	25.7	20.8	.7	7.9
8 Sponsored credit agencies	45.6	48.2	65.5	69.8	73.3	101.5	70.5	74.0	72.5	98.2	104.9	128.0
9 Monetary authorities	4.5	9.2	9.8	10.9	8.4	21.6	12.2	9.0	7.8	24.0	19.2	10.1
10 Foreign	21.1	23.0	24.1	24.9	55.5	59.1	14.5	41.3	69.8	52.6	65.6	109.9
Agency and foreign borrowing not in line 1												
11 Sponsored credit agencies and mortgage pools	44.8	47.4	64.9	67.8	74.9	101.5	68.8	69.8	80.0	92.9	110.2	130.2
12 Foreign	23.8	23.5	16.0	17.4	6.1	2.1	15.5	35.4	−23.2	−4.2	8.4	27.5
Private domestic funds advanced												
13 Total net advances	318.7	342.3	352.9	518.7	682.7	769.8	569.1	700.6	664.8	619.4	920.2	570.4
14 U.S. government securities	107.1	115.9	203.1	226.9	237.8	281.1	206.5	223.3	252.3	244.2	317.9	276.8
15 State and local obligations	30.3	23.4	44.2	53.7	50.4	152.4	51.8	42.7	58.0	67.4	237.3	11.8
16 Corporate and foreign bonds	20.3	19.8	14.8	14.6	32.6	36.5	9.0	25.6	39.5	47.1	25.9	88.8
17 Residential mortgages	70.0	53.5	−5.3	55.0	98.5	86.3	83.9	109.9	87.0	71.9	100.8	57.7
18 Other mortgages and loans	98.1	145.9	96.9	161.5	279.1	227.7	216.0	314.7	243.6	200.4	255.0	148.7
19 LESS: Federal Home Loan Bank advances	7.1	16.2	.8	−7.0	15.7	14.2	−1.8	15.7	15.7	11.7	16.7	13.5
Private financial intermediation												
20 Credit market funds advanced by private financial institutions	286.2	320.2	261.9	391.9	550.5	547.2	447.6	583.4	517.5	461.2	633.2	574.1
21 Commercial banking	107.6	106.5	110.2	144.3	168.9	186.8	167.2	185.7	152.0	135.8	237.9	86.6
22 Savings institutions	51.3	26.2	21.8	135.6	149.2	85.7	143.8	173.6	124.9	63.1	108.3	113.8
23 Insurance and pension funds	93.2	93.5	86.2	97.8	124.0	133.4	105.7	144.6	103.5	113.9	153.0	141.5
24 Other finance	34.0	94.0	43.7	14.1	108.3	141.3	30.9	79.5	137.1	148.4	134.1	232.1
25 Sources of funds	286.2	320.2	261.9	391.9	550.5	547.2	447.6	583.4	517.5	461.2	633.2	574.1
26 Private domestic deposits and RPs	170.8	214.5	195.2	212.2	317.6	206.9	235.7	300.3	334.8	201.8	212.1	215.1
27 Credit market borrowing	20.6	54.5	25.2	26.2	64.1	85.3	54.3	64.5	63.8	62.0	108.7	56.2
28 Other sources	94.8	51.2	41.5	153.4	168.8	254.9	157.6	218.6	119.0	197.4	312.5	302.7
29 Foreign funds	−25.1	−23.7	−31.4	16.3	5.4	16.2	46.2	3.0	7.8	11.2	21.2	−6.4
30 Treasury balances	−2.6	−1.1	6.1	−5.3	4.0	10.3	−21.9	−.4	8.5	13.9	6.6	−7.8
31 Insurance and pension reserves	88.9	89.6	92.5	110.6	112.5	102.2	122.4	146.5	78.5	92.0	112.5	107.7
32 Other, net	33.6	−13.6	−25.7	31.8	46.8	126.3	10.9	69.5	24.2	80.4	172.2	209.3
Private domestic nonfinancial investors												
33 Direct lending in credit markets	53.1	76.6	116.3	153.0	196.4	307.9	175.8	181.7	211.0	220.2	395.6	52.5
34 U.S. government securities	34.2	37.1	69.9	95.5	132.9	156.8	89.2	140.9	125.0	134.4	179.3	55.7
35 State and local obligations	7.0	11.1	25.0	39.0	29.6	58.8	37.8	25.0	34.3	20.2	97.4	−37.1
36 Corporate and foreign bonds	−11.7	−4.0	2.0	−12.7	−3.4	15.5	−4.5	−26.7	19.9	34.5	−3.5	27.2
37 Open market paper	−4.6	1.4	−1.3	15.1	8.9	49.9	32.1	15.6	2.3	4.9	94.9	−16.4
38 Other	28.2	31.0	20.6	16.2	28.3	26.9	21.2	26.9	29.7	26.3	27.6	23.1
39 Deposits and currency	183.9	222.4	204.5	229.7	321.1	217.2	248.8	311.5	330.7	215.0	219.3	216.6
40 Currency	10.3	9.5	9.7	14.3	8.6	12.4	17.4	13.2	4.1	15.9	8.9	11.4
41 Checkable deposits	6.5	18.5	18.6	28.8	27.8	44.2	16.2	30.2	25.4	18.1	70.2	76.0
42 Small time and savings accounts	82.3	47.3	135.7	215.3	150.7	137.5	148.1	136.2	165.1	166.7	108.3	115.5
43 Money market fund shares	29.2	107.5	24.7	−44.1	47.2	−2.2	−4.2	30.2	64.2	4.2	−8.6	29.0
44 Large time deposits	45.9	36.0	5.2	−6.3	84.9	14.0	53.8	92.9	77.0	−1.5	29.6	−5.4
45 Security RPs	6.8	5.2	11.1	18.5	7.0	13.4	21.8	10.8	3.1	14.3	12.5	.1
46 Deposits in foreign countries	2.8	−1.7	−.4	3.1	−5.1	−2.1	−4.3	−2.0	−8.2	−2.6	−1.7	−10.0
47 **Total of credit market instruments, deposits and currency**	**237.0**	**299.0**	**320.7**	**382.7**	**517.4**	**525.1**	**424.6**	**493.2**	**541.7**	**435.2**	**614.9**	**269.0**
48 Public holdings as percent of total	25.7	26.2	28.6	20.4	20.3	22.4	17.6	17.5	23.1	27.1	19.0	36.8
49 Private financial intermediation (in percent)	89.8	93.6	74.2	75.5	80.6	71.1	78.7	83.3	77.8	74.5	68.8	100.7
50 Total foreign funds	−4.0	−.7	−7.3	41.3	60.9	75.2	60.6	44.3	77.6	63.7	86.7	103.5
MEMO: Corporate equities not included above												
51 **Total net issues**	**21.2**	**−3.3**	**33.6**	**67.0**	**−31.1**	**37.5**	**52.1**	**−40.1**	**−22.2**	**33.3**	**41.6**	**163.4**
52 Mutual fund shares	4.5	6.0	16.8	32.1	38.0	103.4	28.7	39.3	36.6	93.6	113.1	214.1
53 Other equities	16.8	−9.3	16.8	34.9	−69.1	−65.9	23.4	−79.4	−58.8	−60.4	−71.5	−50.7
54 Acquisitions by financial institutions	22.2	19.9	27.6	46.8	8.2	31.2	35.6	−4.1	20.6	48.0	14.3	28.5
55 Other net purchases	−1.0	−23.2	6.0	20.2	−39.4	6.3	16.5	−36.0	−42.7	−14.7	27.3	134.9

NOTES BY LINE NUMBER.
1. Line 1 of table 1.57.
2. Sum of lines 3–6 or 7–10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by federally sponsored credit agencies, and net issues of federally related mortgage pool securities.
13. Line 1 less line 2 plus line 11 and 12. Also line 20 less line 27 plus line 33. Also sum of lines 28 and 47 less lines 40 and 46.
18. Includes farm and commercial mortgages.
26. Line 39 less lines 40 and 46.
27. Excludes equity issues and investment company shares. Includes line 19.
29. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates, less claims on foreign affiliates and deposits by banking in foreign banks.
30. Demand deposits and note balances at commercial banks.
31. Excludes net investment of these reserves in corporate equities.
32. Mainly retained earnings and net miscellaneous liabilities.
33. Line 13 less line 20 plus line 27.
34–38. Lines 14–18 less amounts acquired by private finance plus amounts borrowed by private finance. Line 38 includes mortgages.
40. Mainly an offset to line 9.
47. Lines 33 plus 39, or line 13 less line 28 plus 40 and 46.
48. Line 2/line 1.
49. Line 20/line 13.
50. Sum of lines 10 and 29.
51, 53. Includes issues by financial institutions.

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

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures[1]

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

Measure	1983	1984	1985	1986 Feb.	Mar.	Apr.	May	June	July	Aug.[r]	Sept.[r]	Oct.
1 **Industrial production**	**109.2**	**121.8**	**124.5**	**125.3**	**123.6**	**124.7**	**124.2**	**124.2**	**124.9[r]**	**125.1**	**125.2**	**125.2**
Market groupings												
2 Products, total	113.9	127.1	131.7	132.9	131.2	132.7	132.4	132.4	133.2[r]	133.7	133.8	133.8
3 Final, total	114.7	127.8	132.0	132.8	130.6	132.1	131.6	131.1	132.0[r]	132.5	132.9	132.7
4 Consumer goods	109.3	118.2	120.7	123.3	121.8	124.5	124.3	124.4	125.2[r]	125.1	125.1	124.6
5 Equipment	121.7	140.5	147.1	145.4	142.3	142.3	141.2	140.0	141.0[r]	142.4	143.1	143.5
6 Intermediate	111.2	124.9	130.6	133.4	133.3	134.5	135.1	137.0	137.3[r]	137.8	137.2	137.7
7 Materials	102.8	114.6	114.7	114.8	113.3	113.8	113.0	113.1	113.6[r]	113.2	113.5	113.5
Industry groupings												
8 Manufacturing	110.2	123.9	127.1	128.7	127.2	128.7	128.2	128.3	129.2[r]	129.5	129.5	129.5
Capacity utilization (percent)[2]												
9 Manufacturing	74.0	80.8	80.3	80.2	79.1	79.9	79.4	79.3	79.7	79.8	79.6	79.4
10 Industrial materials industries	75.3	82.3	80.2	79.6	78.5	78.7	78.1	78.0	78.3	78.0	78.1	77.9
11 Construction contracts (1977 = 100)[3]	138.0	150.0	161.0	162.0	149.0	176.0	160.0	161.0	163.0	168.0	158.0	170.0
12 Nonagricultural employment, total[4]	109.4	114.5	118.5	120.6	120.6	121.0	121.2	121.1	121.4	121.6	121.8	122.2
13 Goods-producing, total	95.9	101.6	102.9	102.9	102.5	102.9	102.6	102.1	102.2	102.2	102.1	102.2
14 Manufacturing, total	93.6	98.6	98.7	98.0	97.8	97.8	97.5	97.2	97.1	97.1	97.0	97.2
15 Manufacturing, production-worker	88.6	94.1	93.5	92.6	92.4	92.4	92.1	91.8	91.7	91.7	91.6	91.9
16 Service-producing	115.0	120.0	125.0	128.0	128.2	128.6	129.0	129.0	129.4	129.7	130.1	130.5
17 Personal income, total	176.6	193.5	206.2	213.7	214.3	216.9	216.6	216.6	217.3	217.8	218.5	219.2
18 Wages and salary disbursements	168.7	184.8	197.8	205.7	206.4	206.8	207.1	207.6	208.5	209.6	210.1	211.5
19 Manufacturing	149.0	164.6	172.5	176.2	176.4	175.8	176.1	175.4	175.5	176.6	176.4	178.9
20 Disposable personal income[5]	176.0	193.6	205.0	212.9	213.7	216.5	215.9	215.5	216.0	216.1	216.6	217.2
21 Retail sales (1977 = 100)[6]	162.0	179.0	190.6	194.5	193.7	195.4	197.0	197.5	198.9	201.7	212.5	201.8
Prices[7]												
22 Consumer	298.4	311.1	322.2	327.5	326.0	325.3	326.3	327.9	328.0	328.6	330.2	330.5
23 Producer finished goods	285.2	291.1	293.7	291.9	288.0[r]	287.2	288.9[r]	289.3[r]	288.0	288.3	287.5	290.5

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	1983	1984	1985	1986							
				Mar.	Apr.	May	June	July	Aug.	Sept.r	Oct.
HOUSEHOLD SURVEY DATA											
1 **Noninstitutional population**[1]	**176,414**	**178,602**	**180,440**	**182,223**	**182,387**	**182,545**	**182,732**	**182,906**	**183,074**	**183,261**	**183,450**
2 Labor force (including Armed Forces)[1]	113,749	115,763	117,695	119,445	119,473	119,898	120,345	120,296	120,428	120,484	120,746
3 Civilian labor force	111,550	113,544	115,461	117,207	117,234	117,664	118,116	118,072	118,182	118,220	118,482
Employment											
4 Nonagricultural industries[2]	97,450	101,685	103,971	105,503	105,670	105,950	106,508	106,769	107,107	106,770	107,091
5 Agriculture	3,383	3,321	3,179	3,285	3,222	3,160	3,165	3,112	3,048	3,121	3,149
Unemployment											
6 Number	10,717	8,539	8,312	8,419	8,342	8,554	8,443	8,190	8,027	8,329	8,242
7 Rate (percent of civilian labor force)	9.6	7.5	7.2	7.2	7.1	7.3	7.1	6.9	6.8	7.0	7.0
8 Not in labor force	62,665	62,839	62,745	62,778	62,914	62,647	62,387	62,610	62,646	62,777	62,704
ESTABLISHMENT SURVEY DATA											
9 **Nonagricultural payroll employment**[3]	**90,196**	**94,461**	**97,698**	**99,484**	**99,783**	**99,918**	**99,843**	**100,105**	**100,283r**	**100,448**	**100,746**
10 Manufacturing	18,434	19,412	19,426	19,255	19,245	19,201	19,135	19,121	19,123r	19,099	19,126
11 Mining	952	974	969	852	821	790	772	768	753r	743	746
12 Contract construction	3,948	4,345	4,661	4,838	4,972	4,974	4,947	4,980	5,012	5,008	5,010
13 Transportation and public utilities	4,954	5,171	5,300	5,280	5,266	5,265	5,167	5,288	5,255r	5,309	5,314
14 Trade	20,881	22,134	23,195	23,669	23,715	23,783	23,773	23,841	23,893r	23,888	23,980
15 Finance	5,468	5,682	5,924	6,184	6,228	6,261	6,295	6,334	6,364r	6,383	6,399
16 Service	19,694	20,761	21,929	22,707	22,825	22,924	23,072	23,176	23,255r	23,275	23,368
17 Government	15,869	15,984	16,295	16,699	16,711	16,720	16,682	16,597	16,628r	16,743	16,803

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).
4. In addition to the revisions noted here, data for January through June 1985 have been revised as follows: Jan., 21,382; Feb., 21,480; Mar., 21,644; Apr., 21,723; May, 21,813; and June, 21,856. These data were reported incorrectly in the BULLETIN for November 1985 through March 1986.

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	Output (1977 = 100) 1985 Q4	1986 Q1	1986 Q2	1986 Q3	Capacity (percent of 1977 output) 1985 Q4	1986 Q1	1986 Q2	1986 Q3	Utilization rate (percent) 1985 Q4	1986 Q1	1986 Q2	1986 Q3
1 **Total industry**	**124.7**	**125.0**	**124.3**	**125.1**	**155.4**	**156.3**	**157.1**	**157.9**	**80.2**	**80.0**	**79.2**	**79.2**
2 Mining	107.1	105.4	100.1	96.6	132.5	132.1	132.1	137.5	80.9	79.6	75.6	73.2
3 Utilities	112.8	110.5	109.5	110.6	135.7	136.3	136.9	149.0	83.2	81.1	79.5	80.5
4 **Manufacturing**	**127.4**	**128.4**	**128.3**	**129.5**	**159.5**	**160.5**	**161.4**	**162.3**	**79.9**	**80.0**	**79.5**	**79.8**
5 Primary processing	110.3	111.5	111.1	111.9	133.1	133.6	134.0	134.5	82.8	83.5	82.9	83.2
6 Advanced processing	137.8	138.5	138.8	140.1	175.3	176.7	177.9	179.2	78.6	78.4	78.0	78.2
7 **Materials**	**114.3**	**114.5**	**113.4**	**113.4**	**143.6**	**144.2**	**144.7**	**145.3**	**79.6**	**79.4**	**78.3**	**78.1**
8 Durable goods	121.1	120.9	118.8	118.7	159.0	159.9	160.7	161.5	76.2	75.6	73.9	73.5
9 Metal materials	82.6	79.0	75.2	72.6	115.5	115.0	114.5	114.0	71.5	68.7	65.7	63.7
10 Nondurable goods	113.9	115.7	116.8	118.9	138.6	139.0	139.5	139.9	82.2	83.2	83.8	85.0
11 Textile, paper, and chemical	114.0	116.2	117.0	119.6	138.0	138.4	138.8	139.2	82.7	83.9	84.3	85.9
12 Paper	124.8	128.8	130.2	......	136.5	137.3	138.1	....	91.4	93.8	94.3	....
13 Chemical	113.4	115.3	115.4	......	143.6	144.0	144.3	....	79.0	80.1	79.9	....
14 Energy materials	102.6	102.2	100.8	99.4	120.9	121.1	121.3	121.4	84.9	84.4	82.9	81.9

Capacity utilization rate (percent)

Series	Previous cycle[1] High	Previous cycle[1] Low	Latest cycle[2] High	Latest cycle[2] Low	1985 Aug.	1986 Feb.	Mar.	Apr.	May	June	July[r]	Aug.[r]	Sept.[r]	Oct.
15 **Total industry**	**88.6**	**72.1**	**86.9**	**69.5**	**80.6**	**80.2**	**79.0**	**79.5**	**79.1**	**79.0[r]**	**77.2**	**79.2**	**79.2**	**79.0**
16 Mining	92.8	87.8	95.2	76.9	81.6	79.4	77.9	76.4	75.5	74.9	73.5	73.1	72.7	72.5
17 Utilities	95.6	82.9	88.5	78.0	81.5	80.4	80.1	80.0	79.3	79.2	79.9	78.8	80.7	81.3
18 **Manufacturing**	**87.7**	**69.9**	**86.5**	**68.0**	**80.3**	**80.2**	**79.1**	**79.9**	**79.4**	**79.3**	**79.7**	**79.8**	**79.6**	**79.4**
19 Primary processing	91.9	68.3	89.1	65.1	82.5	83.6	82.4	83.2	82.9	82.7	82.9	83.3	83.3	83.6
20 Advanced processing	86.0	71.1	85.1	69.5	79.3	78.6	77.4	78.5	78.0	77.7	78.4	78.0	77.8	77.5
21 **Materials**	**92.0**	**70.5**	**89.1**	**68.4**	**79.8**	**79.6**	**78.5**	**78.7**	**78.1**	**78.0**	**78.3**	**78.0**	**78.1**	**77.9**
22 Durable goods	91.8	64.4	89.8	60.9	76.8	75.9	74.5	74.9	73.7	73.2	73.7	73.5	73.3	73.3
23 Metal materials	99.2	67.1	93.6	45.7	70.2	69.0	66.0	68.3	65.2	63.2	63.8	63.8	63.8	64.8
24 Nondurable goods	91.1	66.7	88.1	70.6	81.6	83.5	82.5	83.6	83.5	84.3	85.0	85.4	85.9	85.7
25 Textile, paper, and chemical	92.8	64.8	89.4	68.6	81.7	84.2	83.4	83.6	84.2	85.1[r]	85.6	86.4	86.9	86.8
26 Paper	98.4	70.6	97.3	79.9	89.7	93.8	93.0	93.6	93.1	95.9[r]	97.8	97.6	96.4	94.6
27 Chemical	92.5	64.4	87.9	63.3	78.7	80.2	79.4	79.4	80.2	80.4	80.2	81.1	81.9	80.8
28 Energy materials	94.6	86.9	94.0	82.2	84.8	84.3	83.7	82.8	82.9	83.1	82.3	81.0	81.4	81.1

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

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

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value ▲

Monthly data are seasonally adjusted

Grouping	1977 proportion	1985 avg.	1985			1986									
			Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July[r]	Aug.	Sept.[p]	Oct.[e]
			Index (1977 = 100)												
MAJOR MARKET															
1 **Total index**	**100.00**	**123.8**	**123.6**	**124.8**	**125.6**	**126.2**	**125.3**	**123.6**	**124.7**	**124.2**	**124.2**	**124.9**	**125.1**	**125.2**	**125.2**
2 Products	57.72	130.8	131.0	132.8	133.0	134.0	132.9	131.2	132.7	132.4	132.4	133.2	133.7	133.8	133.8
3 Final products	44.77	131.1	131.0	133.1	133.2	133.9	132.8	130.6	132.1	131.6	131.1	132.0	132.5	132.9	132.7
4 Consumer goods	25.52	120.2	120.5	122.7	123.3	123.8	123.3	121.8	124.5	124.3	124.4	125.2	125.1	125.1	124.6
5 Equipment	19.25	145.4	144.9	147.0	146.4	147.5	145.4	142.3	142.3	141.2	140.0	141.0	142.4	143.1	143.5
6 Intermediate products	12.94	130.0	131.2	131.8	132.0	134.2	133.4	133.3	134.5	135.1	137.0	137.3	137.8	137.2	137.7
7 Materials	42.28	114.2	113.4	113.9	115.4	115.5	114.8	113.3	113.8	113.0	113.1	113.6	113.2	113.5	113.5
Consumer goods															
8 Durable consumer goods	6.89	112.9	112.3	115.4	115.3	116.0	116.6	112.4	115.9	113.8	114.3	116.3	115.5	117.0	115.1
9 Automotive products	2.98	114.0	113.2	115.6	113.9	116.2	117.6	110.4	116.4	113.2	113.7	116.4	114.5	117.4	112.0
10 Autos and trucks	1.79	112.0	111.3	114.1	110.4	118.2	119.4	106.3	115.1	110.3	112.2	114.5	110.4	116.8	107.7
11 Autos, consumer	1.16	98.9	94.9	95.6	94.6	105.5	107.1	93.7	100.8	94.8	99.3	95.3	87.8	96.2	91.9
12 Trucks, consumer	.63	136.3	141.8	148.6	139.8	141.7	142.1	129.6	141.5	139.1	136.1	150.3	152.4	155.1	.....
13 Auto parts and allied goods	1.19	116.9	116.0	117.7	119.0	113.3	114.9	116.6	118.4	117.4	116.1	119.1	120.6	118.4	118.5
14 Home goods	3.91	112.2	111.6	115.3	116.4	115.8	115.8	113.9	115.5	114.3	114.8	116.3	116.3	116.7	117.4
15 Appliances, A/C and TV	1.24	131.0	127.5	138.8	140.4	133.2	135.1	133.7	138.8	133.9	137.5	138.9	139.4	140.8	141.4
16 Appliances and TV	1.19	131.8	129.8	141.3	143.2	135.7	137.6	136.0	140.6	135.8	139.1	141.6	142.5	143.0	.....
17 Carpeting and furniture	.96	119.8	121.9	124.6	123.3	125.1	124.4	121.2	121.8	123.3	122.5	126.6	124.2	124.1	.....
18 Miscellaneous home goods	1.71	94.3	94.4	93.1	95.1	98.0	97.0	95.5	95.0	95.0	94.1	94.1	95.2	95.2	.....
19 Nondurable consumer goods	18.63	122.9	123.5	125.3	126.3	126.6	125.8	125.3	127.7	128.1	128.1	128.4	128.6	128.1	128.1
20 Consumer staples	15.29	129.0	129.4	131.3	132.5	132.8	132.3	131.6	134.3	135.0	135.1	135.3	135.6	135.1	135.0
21 Consumer foods and tobacco	7.80	128.8	128.7	130.5	131.6	130.1	131.1	130.3	131.9	132.4	133.3	132.2	133.3	132.5	.....
22 Nonfood staples	7.49	129.2	130.1	132.1	133.4	135.6	133.5	133.0	136.7	137.7	137.0	138.5	138.1	137.8	138.0
23 Consumer chemical products	2.75	149.1	149.1	154.8	153.6	156.3	158.3	156.4	163.1	162.4	163.6	166.4	163.4	163.7	.....
24 Consumer paper products	1.88	141.9	143.5	143.2	146.5	148.9	143.4	143.1	145.1	148.6	147.1	146.4	147.4	146.8	.....
25 Consumer energy	2.86	101.8	103.0	103.1	105.4	107.0	103.2	104.0	106.0	106.8	104.8	106.6	107.6	107.1	.....
26 Consumer fuel	1.44	88.6	90.1	89.8	91.7	94.1	92.0	92.2	93.7	96.4	91.8	91.2	95.9	93.3	.....
27 Residential utilities	1.42	115.3	116.2	116.6	119.4	120.1	114.5	116.1	118.4	117.5	118.1	122.3	119.6	.....	.....
Equipment															
28 Business and defense equipment	18.01	146.0	145.7	148.2	147.8	149.1	147.8	145.5	146.6	146.0	145.1	146.4	147.7	148.4	148.6
29 Business equipment	14.34	139.6	138.3	140.8	140.0	141.5	140.5	137.7	138.6	137.9	136.6	137.9	139.2	139.7	139.6
30 Construction, mining, and farm	2.08	64.3	64.2	65.1	66.3	65.3	63.0	59.5	58.6	60.9	61.9	60.6	58.3	57.8	.....
31 Manufacturing	3.27	110.7	110.0	110.5	111.6	113.0	112.9	112.4	111.9	111.9	111.7	112.6	113.3	112.2	112.0
32 Power	1.27	83.5	85.3	84.1	85.4	82.9	82.3	82.0	83.0	82.9	83.5	81.7	81.6	81.3	81.9
33 Commercial	5.22	217.9	212.3	218.6	217.0	217.8	216.8	214.3	213.4	212.9	208.2	214.5	217.2	216.3	216.4
34 Transit	2.49	105.4	109.5	109.7	105.5	112.7	111.7	104.3	112.1	107.3	108.8	103.9	106.9	113.7	112.6
35 Defense and space equipment	3.67	170.6	174.8	177.2	178.5	178.7	176.3	176.2	178.0	178.0	178.4	179.5	181.0	182.4	183.6
Intermediate products															
36 Construction supplies	5.95	118.3	120.2	120.5	119.8	124.0	122.6	122.6	123.6	123.5	124.1	124.0	125.1	124.8	125.2
37 Business supplies	6.99	140.0	140.5	141.5	142.4	142.9	142.6	142.5	143.8	145.0	147.9	148.6	148.7	147.7	.....
38 General business supplies	5.67	143.9	144.3	145.3	146.2	147.2	146.7	146.4	148.0	148.3	151.6	153.3	152.9	152.1	.....
39 Commercial energy products	1.31	122.9	123.8	125.4	126.2	124.4	124.9	125.6	125.8	130.7	131.9	128.3	130.6	128.9	.....
Materials															
40 Durable goods materials	20.50	121.4	120.1	121.2	121.9	122.2	121.3	119.3	120.2	118.4	117.8	118.8	118.7	118.5	118.7
41 Durable consumer parts	4.92	100.3	99.8	100.7	101.1	103.5	103.2	99.9	99.3	96.4	96.3	96.7	95.0	94.2	94.0
42 Equipment parts	5.94	158.0	152.7	154.0	154.1	153.8	153.0	153.7	154.8	152.3	151.8	154.3	155.6	155.2	154.9
43 Durable materials n.e.c.	9.64	109.7	110.3	111.4	112.8	112.2	111.0	108.0	109.4	108.8	107.9	108.2	108.0	108.4	109.0
44 Basic metal materials	4.64	84.8	85.5	87.8	87.9	85.2	83.0	79.6	82.9	78.9	76.7	77.4	76.9	77.1	.....
45 Nondurable goods materials	10.09	112.2	113.6	113.3	114.9	116.2	116.1	114.8	116.5	116.5	117.7	118.9	119.5	120.3	120.2
46 Textile, paper, and chemical materials	7.53	112.2	113.7	113.4	115.0	116.5	116.5	115.5	115.9	116.9	118.2	119.0	120.2	121.1	121.1
47 Textile materials	1.52	98.7	105.2	106.1	103.8	104.1	107.5	105.7	106.7	108.4	109.5	111.2	113.4	115.1	.....
48 Pulp and paper materials	1.55	124.1	121.8	123.6	129.0	129.7	128.8	128.0	129.0	128.6	132.7	135.6	135.5	134.1	.....
49 Chemical materials	4.46	112.7	113.7	112.4	114.0	116.2	115.4	114.5	114.5	115.7	116.1	115.9	117.3	118.6	.....
50 Miscellaneous nondurable materials	2.57	112.1	113.4	112.8	114.4	115.4	115.0	112.8	118.2	115.3	116.4	118.3	117.2	117.9	.....
51 Energy materials	11.69	103.4	101.5	101.8	104.5	103.0	102.1	101.4	100.4	100.5	100.8	99.9	98.3	98.9	98.5
52 Primary energy	7.57	107.2	105.5	106.5	108.1	106.9	106.7	107.4	106.2	106.7	106.5	104.8	104.4	102.8	.....
53 Converted fuel materials	4.12	96.4	94.2	93.3	97.9	95.8	93.6	90.5	89.7	89.2	90.4	90.9	87.3	91.6	.....

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value—Continued

Grouping	SIC code	1977 proportion	1985 avg.	1985 Oct.	1985 Nov.	1985 Dec.	1986 Jan.	1986 Feb.	1986 Mar.	1986 Apr.	1986 May	1986 June	1986 July[r]	1986 Aug.	1986 Sept.[p]	1986 Oct.[e]
				Index (1977 = 100)												
MAJOR INDUSTRY																
1 Mining and utilities	......	15.79	110.0	108.8	108.8	110.2	109.8	106.8	105.4	104.2	103.1	102.6	101.8	101.1	101.6	101.8
2 Mining	......	9.83	108.8	106.9	106.9	107.4	108.1	105.1	103.0	101.0	99.8	98.9	97.1	96.8	95.8	95.6
3 Utilities	......	5.96	111.9	111.8	111.9	114.8	112.5	109.7	109.3	109.4	108.5	108.6	109.7	108.3	111.1	112.1
4 Manufacturing	......	84.21	126.4	126.3	127.8	128.2	129.4	128.7	127.2	128.7	128.2	128.3	129.2	129.5	129.5	129.5
5 Nondurable	......	35.11	125.1	125.8	127.2	127.5	129.3	128.7	127.7	129.6	129.9	131.2	131.7	132.4	132.2	132.4
6 Durable	......	49.10	127.3	126.7	128.2	128.7	129.5	128.7	126.8	128.1	127.0	126.2	127.4	127.5	127.6	127.4
Mining																
7 Metal	10	.50	75.0	76.0	78.3	77.3	73.5	77.2	75.9	76.0	72.0	65.9	69.2	.....	.....	.....
8 Coal	11.12	1.60	126.8	122.9	125.8	128.4	130.8	126.5	124.7	124.4	124.0	127.3	120.2	122.2	120.8	.....
9 Oil and gas extraction	13	7.07	106.2	104.4	103.6	104.2	104.9	101.1	99.2	96.2	95.1	93.3	92.4	91.2	90.6	90.4
10 Stone and earth minerals	14	.66	118.3	118.5	118.0	114.6	113.5	116.8	111.6	115.0	112.4	114.5	111.8	115.8	108.1	.....
Nondurable manufactures																
11 Foods	20	7.96	130.2	129.4	131.5	132.1	132.0	132.9	132.2	133.1	133.7	134.6	134.3	135.4	134.8	.....
12 Tobacco products	21	.62	100.2	103.2	102.8	100.3	93.8	97.0	93.6	100.3	101.6	97.6	97.9	96.9	.....	.....
13 Textile mill products	22	2.29	103.2	107.7	110.0	107.7	107.9	109.9	108.0	111.4	111.3	112.6	113.4	114.2	116.2	.....
14 Apparel products	23	2.79	100.9	102.1	103.8	104.5	105.5	102.8	102.8	103.1	102.6	101.7	102.5	102.2	103.0	.....
15 Paper and products	26	3.15	127.6	127.7	128.9	131.3	133.6	132.6	132.4	134.1	133.2	137.2	138.1	138.9	137.5	.....
16 Printing and publishing	27	4.54	153.9	154.5	156.8	157.6	160.9	156.7	157.8	161.6	161.9	164.0	165.4	165.0	164.0	164.5
17 Chemicals and products	28	8.05	127.1	127.3	128.2	128.1	131.7	132.0	130.2	132.8	131.5	134.2	134.1	134.4	134.7	.....
18 Petroleum products	29	2.40	86.8	87.9	87.6	88.9	94.7	90.1	88.6	91.3	95.7	91.8	90.6	94.5	93.3	92.4
19 Rubber and plastic products	30	2.80	146.9	149.0	150.1	149.4	150.2	151.1	147.8	146.8	150.1	152.2	155.5	156.0	156.4	.....
20 Leather and products	31	.53	68.5	68.2	68.7	66.4	65.4	64.8	62.7	61.5	59.5	57.9	61.9	62.0	60.2	.....
Durable manufactures																
21 Lumber and products	24	2.30	113.4	116.2	115.0	116.1	120.5	120.3	120.7	121.3	121.6	120.9	120.8	123.1	.....	.....
22 Furniture and fixtures	25	1.27	139.7	140.0	142.2	140.5	141.2	143.2	142.9	145.9	146.2	147.1	149.5	147.8	147.0	.....
23 Clay, glass, stone products	32	2.72	115.5	116.1	116.7	118.2	120.0	119.3	120.0	121.6	120.2	120.8	119.6	119.6	121.4	.....
24 Primary metals	33	5.33	80.5	81.9	82.9	81.7	82.4	80.3	76.3	78.1	74.8	71.4	73.6	73.4	72.8	73.7
25 Iron and steel	331.2	3.49	70.4	72.4	73.9	71.6	72.2	69.5	64.3	65.6	60.2	58.3	61.7	60.8	59.2	.....
26 Fabricated metal products	34	6.46	107.3	107.9	107.6	108.2	109.2	108.5	107.6	108.2	106.5	106.6	105.7	105.8	105.9	106.0
27 Nonelectrical machinery	35	9.54	145.3	141.7	144.8	146.2	144.9	143.9	141.7	140.8	141.3	140.4	142.6	143.0	141.3	142.0
28 Electrical machinery	36	7.15	168.4	164.2	166.9	168.7	166.1	164.8	165.2	166.8	166.0	163.2	166.8	167.1	166.8	167.3
29 Transportation equipment	37	9.13	121.4	123.3	124.8	124.0	128.2	127.5	122.6	126.2	124.1	125.1	125.6	125.1	127.8	125.2
30 Motor vehicles and parts	371	5.25	111.5	111.4	112.6	111.4	116.5	116.4	108.1	112.6	108.7	110.6	111.2	108.2	112.3	107.2
31 Aerospace and miscellaneous transportation equipment	372–6.9	3.87	134.9	139.4	141.3	141.0	143.9	142.6	142.4	144.8	145.0	144.7	145.2	148.0	148.8	149.7
32 Instruments	38	2.66	139.1	138.4	139.9	140.4	141.5	141.9	142.0	142.4	140.3	139.9	141.7	142.1	140.6	139.4
33 Miscellaneous manufactures	39	1.46	96.1	95.0	94.8	96.6	100.9	100.9	99.0	99.2	101.0	98.3	97.5	97.8	97.0	.....
Utilities																
34 Electric	......	4.17	119.7	119.4	120.1	122.4	119.7	119.5	119.8	121.6	121.7	123.1	125.4	122.4	126.0	.....
		Gross value (billions of 1978 dollars, annual rates)														
MAJOR MARKET																
35 Products, total	......	**517.5**	**1,650.9**	**1,658.6**	**1,680.6**	**1,676.6**	**1,702.1**	**1,686.5**	**1,660.8**	**1,686.3**	**1,687.6**	**1,676.7**	**1,669.9**	**1,682.2**	**1,685.1**	**1,684.9**
36 Final	......	405.7	1,282.3	1,284.6	1,304.9	1,302.5	1,321.2	1,310.3	1,282.5	1,307.0	1,301.1	1,289.5	1,282.7	1,293.7	1,299.3	1,293.5
37 Consumer goods	......	272.7	820.7	822.1	838.1	841.7	850.7	845.3	832.0	852.3	852.4	843.8	842.3	848.2	846.1	839.9
38 Equipment	......	133.0	461.7	462.5	466.8	460.8	470.5	465.1	450.4	454.7	448.7	445.7	440.4	445.5	453.2	453.7
39 Intermediate	......	111.9	368.6	374.0	375.7	374.1	380.8	376.2	378.3	379.3	386.4	387.2	387.1	388.5	385.8	391.4

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

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

2.14 HOUSING AND CONSTRUCTION

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

Item	1983	1984	1985	1985 Dec.	1986 Jan.	Feb.	Mar.	Apr.	May	June	July[r]	Aug.[r]	Sept.
	Private residential real estate activity (thousands of units)												
NEW UNITS													
1 Permits authorized	1,605	1,682	1,733	1,839	1,861	1,808	1,834	1,885	1,788	1,792	1,759	1,673	1,603
2 1-family	902	922	957	963	1,060	1,033	1,043	1,139	1,092	1,121	1,093	1,039	1,047
3 2-or-more-family	703	759	777	876	801	775	791	746	696	671	666	634	556
4 Started	1,703	1,749	1,742	1,882	2,034	2,001	1,960	2,019	1,853	1,852	1,782	1,795	1,652
5 1-family	1,067	1,084	1,072	1,098	1,335	1,202	1,221	1,242	1,241	1,230	1,137	1,186	1,100
6 2-or-more-family	635	665	669	784	699	799	739	777	612	622	645	609	552
7 Under construction, end of period[1]	1,003	1,051	1,063	1,088	1,094	1,110	1,099	1,135	1,132	1,151	1,157	1,164	1,155
8 1-family	524	556	539	561	571	581	574	586	597	612	623	629	626
9 2-or-more-family	479	494	524	528	522	529	526	549	534	539	533	535	529
10 Completed	1,390	1,652	1,703	1,762	1,778	1,725	1,806	1,693	1,829	1,620	1,761	1,769	1,730
11 1-family	924	1,025	1,072	1,141	1,075	1,038	1,153	1,127	1,140	1,060	1,067	1,132	1,112
12 2-or-more-family	466	627	631	621	703	687	653	566	689	560	694	637	618
13 Mobile homes shipped	296	296	284	285	280	266	240	249	239	226	236	232	244
Merchant builder activity in 1-family units													
14 Number sold	622	639	688	729	735	741	924	880	787	722[r]	695	624	690
15 Number for sale, end of period[1]	304	358	350	349	352	352	338	336	336	340[r]	349	354	357
Price (thousands of dollars)[2]													
Median													
16 Units sold	75.5	80.0	84.3	87.9	86.6	89.7	88.7	92.5	92.1	91.2	93.5	91.6	91.7
Average													
17 Units sold	89.9	97.5	101.0	106.1	104.1	106.6	108.0	110.3	114.6	110.9[r]	116.3	113.8	114.1
EXISTING UNITS (1-family)													
18 Number sold	2,719	2,868	3,217	3,520	3,300	3,270	3,200	3,570	3,450	3,390	3,470	3,610	3,770
Price of units sold (thousands of dollars)[2]													
19 Median	69.8	72.3	75.4	75.5	77.1	77.4	79.8	80.2	83.2	82.6	79.9	82.0	79.4
20 Average	82.5	85.9	90.6	91.8	93.0	93.1	96.8	98.1	101.7	102.1	99.2	100.3	96.8
	Value of new construction[3] (millions of dollars)												
CONSTRUCTION													
21 Total put in place	**279,240**	**327,209**	**355,570**	**365,554**	**373,378**	**373,947**	**368,027**	**373,904**	**374,483**	**375,397**	**376,613**	**380,428**	**385,656**
22 Private	228,527	271,973	292,792	300,619	305,366	305,682	298,868	303,320	302,573	304,567	304,241	307,511	309,113
23 Residential	126,553	155,148	158,818	161,786	163,413	164,713	165,645	170,520	172,491	174,478	174,263	175,168	176,712
24 Nonresidential, total	101,974	116,825	133,974	138,833	141,953	140,969	133,223	132,800	130,082	130,089	129,978	132,343	132,401
Buildings													
25 Industrial	12,863	13,746	15,769	16,546	15,783	16,381	13,354	14,557	13,658	13,027	12,866	12,591	13,485
26 Commercial	35,789	48,100	59,626	63,863	65,222	63,494	60,716	59,763	57,368	57,443	58,077	60,050	58,839
27 Other	11,838	12,547	12,619	12,487	12,781	13,065	13,131	13,006	13,131	13,263	13,296	13,394	14,707
28 Public utilities and other	41,484	42,432	45,960	45,937	48,167	48,029	46,022	45,474	45,925	46,356	45,739	46,308	45,370
29 Public	50,715	55,232	62,777	64,935	68,013	68,264	69,159	70,583	71,910	70,830	72,373	72,917	76,543
30 Military	2,544	2,839	3,283	3,539	3,407	3,974	3,673	3,725	3,637	3,761	3,768	4,021	4,285
31 Highway	14,143	16,343	19,998	21,017	22,129	22,273	22,673	23,155	23,240	22,001	21,771	21,843	21,641
32 Conservation and development	4,820	4,654	4,952	4,958	5,614	4,372	4,598	4,947	4,729	4,657	4,371	4,365	5,022
33 Other	29,208	31,396	34,544	35,421	36,863	37,645	38,215	38,756	40,304	40,411	42,463	42,688	45,595

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

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

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data, except as noted

Item	Change from 12 months earlier		Change from 3 months earlier (at annual rate)				Change from 1 month earlier					Index level Oct. 1986 (1967 = 100)[1]
	1985 Oct.	1986 Oct.	1985	1986			1986					
			Dec.	Mar.	June[r]	Sept.[r]	June[r]	July[r]	Aug.	Sept.	Oct.	
CONSUMER PRICES[2]												
1 **All items**	**3.2**	**1.5**	**5.3**	**−1.9**	**1.5**	**2.2**	**.5**	**.0**	**.2**	**.3**	**.2**	**330.5**
2 Food	1.8	4.5	5.9	−1.4	3.4	9.4	.1	.9	.9	.4	.3	323.7
3 Energy items	.1	−18.4	3.3	−34.2	−12.5	−19.5	2.3	−4.1	−1.9	.7	−2.2	348.6
4 All items less food and energy	4.2	4.0	5.4	4.1	3.1	3.7	.3	.4	.3	.3	.4	331.6
5 Commodities	2.0	1.3	3.6	.3	−.5	3.1	.1	.2	.3	.2	.2	265.5
6 Services	5.5	5.5	6.5	6.5	5.2	4.1	.4	.4	.3	.3	.5	403.7
PRODUCER PRICES												
7 Finished goods	1.1	−1.4	9.2	−12.5	.4	.7	.1	−.5	.3	.4	.3	290.5
8 Consumer foods	−1.1	5.5	16.0	−8.1	5.9	13.0	.0	1.9	1.3	−.2	.9	282.9
9 Consumer energy	−3.6	−36.5	20.7	−66.9	−22.3	−36.9	.1	−12.7	−1.5	3.7	−4.3	454.9
10 Other consumer goods	3.0	2.9	4.4	2.5	2.0	2.2	.2	.2	.1	.2	.8	262.4
11 Capital equipment	2.6	2.2	5.6	.7	2.3	2.2	.2	.1	.1	.4	.5	310.1
12 Intermediate materials[3]	−.5	−4.2	2.9	−11.8	−5.3	−.8	.0	−.6	−.2	.5	−.3	310.4
13 Excluding energy	.0	.1	.0	−1.0	−1.3	2.0	.0	.2	.0	.3	.1	304.9
Crude materials												
14 Foods	−8.3	4.1	47.0	−24.7	1.6	20.1	−.7	2.9	2.5	−.8	2.6	233.7
15 Energy	−5.6	−27.4	−4.0	−51.3	−29.1	−13.3	−1.2	−4.5	−2.6	3.7	−.9	539.2
16 Other	−4.5	−1.7	1.5	−.2	7.0	−18.1	1.2	.0	−5.3	.5	1.7	242.3

1. Not seasonally adjusted.
2. Figures for consumer prices are those for all urban consumers and reflect a rental equivalence measure of homeownership after 1982.
3. Excludes intermediate materials for food manufacturing and manufactured animal feeds.

SOURCE. Bureau of Labor Statistics.

2.16 GROSS NATIONAL PRODUCT AND INCOME

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

Account	1983	1984	1985	1985 Q3	1985 Q4	1986 Q1	1986 Q2	1986 Q3[r]
GROSS NATIONAL PRODUCT								
1 **Total**	**3,405.7**	**3,765.0**	**3,998.1**	**4,030.5**	**4,087.7**	**4,149.2**	**4,175.6**	**4,241.1**
By source								
2 Personal consumption expenditures	2,234.5	2,428.2	2,600.5	2,627.1	2,667.9	2,697.9	2,732.0	2,795.9
3 Durable goods	289.1	331.2	359.3	373.3	362.0	360.8	373.9	410.7
4 Nondurable goods	816.7	870.1	905.1	907.4	922.6	929.7	928.4	932.2
5 Services	1,128.7	1,227.0	1,336.1	1,346.4	1,383.2	1,407.4	1,429.8	1,453.0
6 Gross private domestic investment	502.3	662.1	661.1	657.4	669.5	708.3	687.3	674.8
7 Fixed investment	509.4	598.0	650.0	654.3	672.6	664.4	672.8	682.8
8 Nonresidential	356.9	416.5	458.2	459.8	474.0	459.2	457.5	461.0
9 Structures	124.0	139.3	154.8	155.0	157.2	154.6	141.5	140.0
10 Producers' durable equipment	232.8	277.3	303.4	304.7	316.8	304.6	316.0	321.0
11 Residential structures	152.5	181.4	191.8	194.5	198.6	205.3	215.3	221.9
12 Change in business inventories	−7.1	64.1	11.1	3.1	−3.1	43.8	14.5	−8.0
13 Nonfarm	.4	56.6	12.2	3.2	16.7	41.2	10.5	−10.1
14 Net exports of goods and services	−6.1	−58.7	−78.9	−83.7	−105.3	−93.7	−104.5	−108.2
15 Exports	352.5	382.7	369.8	362.3	368.2	374.8	363.0	368.0
16 Imports	358.7	441.4	448.6	446.0	473.6	468.5	467.5	476.1
17 Government purchases of goods and services	675.0	733.4	815.4	829.7	855.6	836.7	860.8	878.5
18 Federal	283.5	311.3	354.1	360.9	380.9	355.7	367.6	372.7
19 State and local	391.5	422.2	461.3	468.8	474.7	480.9	493.3	505.7
By major type of product								
20 Final sales, total	3,412.8	3,700.9	3,987.0	4,027.4	4,090.8	4,105.4	4,161.2	4,249.0
21 Goods	1,396.1	1,576.7	1,630.2	1,642.8	1,644.1	1,669.0	1,661.6	1,682.6
22 Durable	573.3	675.0	700.2	710.3	709.1	710.6	703.1	729.4
23 Nondurable	822.7	901.7	930.0	932.5	935.0	958.4	958.5	953.2
24 Services	1,682.5	1,813.1	1,959.8	1,971.9	2,025.5	2,057.7	2,087.4	2,121.3
25 Structures	327.1	375.1	408.1	415.9	418.1	422.6	426.7	437.2
26 Change in business inventories	−7.1	64.1	11.1	3.1	−3.1	43.8	14.5	−8.0
27 Durable goods	−1.0	39.2	6.6	−2.7	9.5	28.6	−.1	−17.0
28 Nondurable goods	−6.1	24.9	4.5	5.8	−12.7	15.3	14.6	9.0
29 **MEMO: Total GNP in 1982 dollars**	**3,279.1**	**3,489.9**	**3,585.2**	**3,603.8**	**3,622.3**	**3,655.9**	**3,661.4**	**3,687.3**
NATIONAL INCOME								
30 **Total**	**2,719.5**	**3,032.0**	**3,222.3**	**3,243.4**	**3,287.3**	**3,340.7**	**3,376.4**	**3,396.7**
31 Compensation of employees	2,020.7	2,214.7	2,368.2	2,380.9	2,423.6	2,461.5	2,480.2	2,507.3
32 Wages and salaries	1,676.2	1,837.0	1,965.8	1,976.0	2,012.8	2,044.1	2,058.8	2,081.1
33 Government and government enterprises	324.3	346.2	372.2	374.2	381.6	387.2	392.5	398.4
34 Other	1,352.3	1,490.6	1,593.9	1,601.8	1,631.1	1,656.8	1,666.3	1,682.7
35 Supplement to wages and salaries	344.5	377.7	402.4	404.9	410.9	417.4	421.3	426.2
36 Employer contributions for social insurance	170.9	193.1	205.5	206.1	209.1	212.9	214.1	215.8
37 Other labor income	173.6	184.5	196.9	198.8	201.7	204.5	207.3	210.4
38 Proprietors' income[1]	190.9	236.9	254.4	249.3	262.1	265.3	289.1	279.5
39 Business and professional[1]	178.4	205.3	225.2	227.7	232.7	240.9	249.6	258.0
40 Farm[1]	12.4	31.5	29.2	21.6	29.4	24.4	39.5	21.4
41 Rental income of persons[2]	13.2	8.3	7.6	7.3	8.3	12.8	16.3	15.9
42 Corporate profits[1]	213.7	264.7	280.7	296.3	285.6	296.4	293.1	299.6
43 Profits before tax[3]	207.6	235.7	223.2	229.2	235.8	224.3	231.3	241.3
44 Inventory valuation adjustment	−10.9	−5.5	−.6	6.1	−9.4	16.5	10.6	8.0
45 Capital consumption adjustment	17.0	34.5	58.1	61.0	59.2	55.6	51.3	50.2
46 Net interest	281.0	307.4	311.4	309.7	307.6	304.9	297.7	294.5

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	1983	1984	1985	1985		1986		
				Q3	Q4	Q1	Q2	Q3[r]
Personal Income and Saving								
1 **Total personal income**	**2,838.6**	**3,110.2**	**3,314.5**	**3,323.2**	**3,382.9**	**3,432.6**	**3,483.3**	**3,501.6**
2 Wage and salary disbursements	1,676.6	1,836.8	1,966.1	1,976.0	2,012.8	2,044.1	2,058.8	2,081.1
3 Commodity-producing industries	523.1	577.8	607.7	608.3	617.7	622.0	620.8	621.7
4 Manufacturing	397.4	439.1	460.1	460.7	467.5	470.5	468.8	469.9
5 Distributive industries	404.2	442.2	469.8	472.4	478.9	485.2	484.3	488.2
6 Service industries	425.1	470.6	516.4	521.1	534.6	549.6	561.3	572.8
7 Government and government enterprises	324.3	346.2	372.2	374.2	381.6	387.2	392.5	398.4
8 Other labor income	173.6	184.5	196.9	198.8	201.7	204.5	207.3	210.4
9 Proprietors' income[1]	190.9	236.9	254.4	249.3	262.1	265.3	289.1	279.5
10 Business and professional[1]	178.4	205.3	225.2	227.7	232.7	240.9	249.6	258.0
11 Farm[1]	12.4	31.5	29.2	21.6	29.4	24.4	39.5	21.4
12 Rental income of persons[2]	13.2	8.3	7.6	7.3	8.3	12.8	16.3	15.9
13 Dividends	68.7	74.7	76.4	76.3	76.7	79.1	81.1	82.0
14 Personal interest income	393.1	446.9	476.2	475.2	480.6	480.8	480.1	475.1
15 Transfer payments	442.6	455.6	487.1	491.1	493.6	504.7	510.1	518.4
16 Old-age survivors, disability, and health insurance benefits	221.7	235.7	253.4	256.5	256.8	263.2	264.1	269.6
17 Less: Personal contributions for social insurance	120.1	133.5	150.2	150.7	152.9	158.6	159.5	160.7
18 Equals: Personal income	2,838.6	3,110.2	3,314.5	3,323.2	3,382.9	3,432.6	3,483.3	3,501.6
19 Less: Personal tax and nontax payments	410.5	439.6	486.5	491.2	500.7	497.5	504.8	518.9
20 Equals: Disposable personal income	2,428.1	2,670.6	2,828.0	2,832.0	2,882.2	2,935.1	2,978.5	2,982.7
21 Less: Personal outlays	2,297.4	2,501.9	2,684.7	2,712.4	2,756.4	2,789.4	2,825.5	2,892.3
22 Equals: Personal saving	130.6	168.7	143.3	119.6	125.8	145.6	153.1	90.4
Memo								
Per capita (1982 dollars)								
23 Gross national product	13,963.7	14,721.1	14,980.9	15,040.5	15,079.9	15,188.0	15,179.9	15,249.3
24 Personal consumption expenditures	9,138.5	9,475.4	9,713.0	9,774.4	9,790.3	9,857.1	9,985.0	10,119.1
25 Disposable personal income	9,930.0	10,421.0	10,563.0	10,537.0	10,577.0	10,723.0	10,886.0	10,796.0
26 Saving rate (percent)	5.4	6.3	5.1	4.2	4.4	5.0	5.1	3.0
Gross Saving								
27 **Gross saving**	**463.6**	**573.3**	**551.5**	**541.7**	**524.1**	**583.2**	**539.7**	**520.2**
28 Gross private saving	592.2	674.8	687.8	679.6	679.2	714.8	718.7	661.7
29 Personal saving	130.6	168.7	143.3	119.6	125.8	145.6	153.1	90.4
30 Undistributed corporate profits[1]	65.0	91.0	107.3	118.8	106.8	122.1	112.3	113.5
31 Corporate inventory valuation adjustment	−10.9	−5.5	−.6	6.1	−9.4	16.5	10.6	8.0
Capital consumption allowances								
32 Corporate	242.7	253.9	268.2	270.1	273.3	275.3	278.9	281.6
33 Noncorporate	153.9	161.2	169.0	171.2	173.4	171.8	174.4	176.3
34 Wage accruals less disbursements	.0	.0	.0	.0	.0	.0	.0	.0
35 Government surplus, or deficit (−), national income and product accounts	−128.6	−101.5	−136.3	−138.0	−155.1	−131.6	−179.0	−141.5
36 Federal	−176.0	−170.0	−198.0	−197.5	−217.6	−201.6	−238.1	−205.8
37 State and local	47.5	68.5	61.7	59.5	62.5	70.0	59.0	64.3
38 Capital grants received by the United States, net	.0	.0	.0	.0	.0	.0	.0	.0
39 **Gross investment**	**468.8**	**571.4**	**545.9**	**536.2**	**525.7**	**579.6**	**544.3**	**530.0**
40 Gross private domestic	502.3	662.1	661.1	657.4	669.5	708.3	687.3	674.8
41 Net foreign	−33.5	−90.7	−115.2	−121.2	−143.8	−128.6	−143.0	−144.8
42 **Statistical discrepancy**	**5.2**	**−1.9**	**−5.5**	**−5.5**	**1.6**	**−3.6**	**4.6**	**9.8**

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

Source. *Survey of Current Business* (Department of Commerce).

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

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

Item credits or debits	1983	1984	1985	1985			1986	
				Q2	Q3	Q4	Q1	Q2p
1 Balance on current account	−46,605	−106,466	−117,677	−29,416	−28,454	−33,698	−34,038	−34,731
2 Not seasonally adjusted	....	....	....	−30,362	−32,275	−31,510	−31,020	−35,753
3 Merchandise trade balance[2]	−67,080	−112,522	−124,439	−30,367	−31,675	−37,352	−36,459	−36,023
4 Merchandise exports	201,820	219,900	214,424	53,875	52,498	52,727	53,661	54,795
5 Merchandise imports	−268,900	−332,422	−338,863	−84,242	−84,173	−90,079	−90,120	−90,818
6 Military transactions, net	−370	−1,827	−2,917	−729	−619	−1,322	−1,066	−704
7 Investment income, net[3]	24,841	18,751	25,188	5,449	8,262	9,255	6,517	5,290
8 Other service transactions, net	5,484	1,288	−525	−311	−421	−35	−7	753
9 Remittances, pensions, and other transfers	−3,194	−3,621	−3,787	−881	−914	−937	−954	−843
10 U.S. government grants (excluding military)	−6,286	−8,536	−11,196	−2,577	−3,087	−3,307	−2,069	−3,204
11 Change in U.S. government assets, other than official reserve assets, net (increase, −)	−5,005	−5,523	−2,824	−1,055	−422	−540	−250	−181
12 Change in U.S. official reserve assets (increase, −)	−1,196	−3,130	−3,858	−356	−121	−3,148	−115	16
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−66	−979	−897	−180	−264	−189	−274	−104
15 Reserve position in International Monetary Fund	−4,434	−995	908	72	388	168	344	366
16 Foreign currencies	3,304	−1,156	−3,869	−248	−245	−3,126	−185	−246
17 Change in U.S. private assets abroad (increase, −)[3]	−43,821	−14,987	−25,754	−1,382	−5,324	−19,579	−12,533	−17,584
18 Bank-reported claims	−29,928	−11,127	−691	3,450	4,009	−8,485	6,333	−10,744
19 Nonbank-reported claims	−6,513	5,081	1,665	1,706	−1,517	418	−2,842	n.a.
20 U.S. purchase of foreign securities, net	−7,007	−5,082	−7,977	−2,325	−1,664	−1,411	−6,133	−1,567
21 U.S. direct investments abroad, net[3]	−373	−3,859	−18,752	−4,213	−6,152	−10,101	−9,891	−5,273
22 Change in foreign official assets in the United States (increase, +)	5,968	3,037	−1,324	8,486	2,577	−1,322	2,469	13,766
23 U.S. Treasury securities	6,972	4,690	−546	8,685	−81	−1,976	3,256	13,889
24 Other U.S. government obligations	−476	13	−295	136	46	−171	−177	−597
25 Other U.S. government liabilities[4]	725	436	483	606	58	263	288	663
26 Other U.S. liabilities reported by U.S. banks	545	555	522	−107	2,932	722	−1,261	350
27 Other foreign official assets[5]	−1,798	−2,657	−1,488	−834	−378	−160	363	−539
28 Change in foreign private assets in the United States (increase, +)[3]	79,528	99,730	128,430	16,872	33,088	53,158	34,151	32,738
29 U.S. bank-reported liabilities	50,342	33,849	40,387	606	7,276	20,427	8,434	4,983
30 U.S. nonbank-reported liabilities	−118	4,704	−1,172	−1,837	589	2,232	−2,057	n.a.
31 Foreign private purchases of U.S. Treasury securities, net	8,721	23,059	20,500	5,123	7,484	5,676	7,666	1,391
32 Foreign purchases of other U.S. securities, net	8,636	12,759	50,859	7,223	11,628	22,441	18,686	22,590
33 Foreign direct investments in the United States, net[3]	11,947	25,359	17,856	5,757	6,111	2,382	1,422	3,774
34 Allocation of SDRs	0	0	0	0	0	0	0	0
35 Discrepancy	11,130	27,338	23,006	6,851	−1,344	5,128	10,316	5,976
36 Owing to seasonal adjustments	....	....	....	−1,175	−3,688	3,774	1,216	−1,464
37 Statistical discrepancy in recorded data before seasonal adjustment	11,130	27,338	23,006	8,026	2,344	1,354	9,100	7,440
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	−1,196	−3,130	−3,858	−356	−121	−3,148	−115	16
39 Foreign official assets in the United States (increase, +)	5,243	2,601	−1,807	7,880	2,519	−1,585	2,181	13,103
40 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 22 above)	−8,283	−4,304	−6,599	−1,843	−1,831	−1,002	1,421	−2,609
41 Transfers under military grant programs (excluded from lines 4, 6, and 10 above)	194	190	64	12	15	28	22	61

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 TRADE

Millions of dollars; monthly data are not seasonally adjusted.

Item	1983	1984	1985	1986						
				Mar.	Apr.	May	June	July	Aug.	Sept.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	200,486	217,865	213,146	18,913	17,965	17,431	19,070	17,707	17,604	17,518
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	258,048	325,726	345,276	31,972	28,762	30,272	31,764	34,121	29,476	28,695
3 **Trade balance**	**−57,562**	**107,861**	**−132,129**	**−13,059**	**−10,797**	**−12,842**	**−12,694**	**−16,414**	**−11,871**	**−11,177**

NOTE. The data through 1981 in this table are reported by the Bureau of Census data of a free-alongside-ship (f.a.s.) value basis—that is, value at the port of export. Beginning in 1981, foreign trade of the U.S. Virgin Islands is included in the Census basis trade data; this adjustment has been made for all data shown in the table. Beginning with 1982 data, the value of imports are on a customs valuation basis.

The Census basis data differ from merchandise trade data shown in table 3.10, U.S. International Transactions Summary, for reasons of coverage and timing. On the *export side*, the largest adjustments are: (1) the addition of exports to Canada not covered in Census statistics, and (2) the exclusion of military sales (which are combined with other military transactions and reported separately in the "service account" in table 3.10, line 6). On the *import side*, additions are made for gold, ship purchases, imports of electricity from Canada, and other transactions; military payments are excluded and shown separately as indicated above.

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

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1983	1984	1985	1986						
				Apr.	May	June	July	Aug.	Sept.	Oct.
1 **Total**	**33,747**	**34,934**	**43,191**	**46,491**	**45,260**	**46,635**	**47,430**	**48,161**	**48,086**	**47,166**
2 Gold stock, including Exchange Stabilization Fund[1]	11,121	11,096	11,090	11,089	11,085	11,084	11,084	11,084	11,084	11,143
3 Special drawing rights[2,3]	5,025	5,641	7,293	8,098	8,066	8,213	8,085	8,250	8,295	8,090
4 Reserve position in International Monetary Fund[2]	11,312	11,541	11,952	12,242	11,789	12,109	12,114	12,017	11,922	11,575
5 Foreign currencies[4]	6,289	6,656	12,856	15,062	14,320	15,229	16,147	16,810	16,785	16,358

1. Gold held under earmark at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.13. Gold stock is valued at $42.22 per fine troy ounce.
2. Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, 16 currencies were used; from January 1981, 5 currencies have been used. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974.
3. Includes allocations by the International Monetary Fund of SDRs as follows: $867 million on Jan. 1, 1970; $717 million on Jan. 1, 1971; $710 million on Jan. 1, 1972; $1,139 million on Jan. 1, 1979; $1,152 million on Jan. 1, 1980; and $1,093 million on Jan. 1, 1981; plus transactions in SDRs.
4. Valued at current market exchange rates.

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1983	1984	1985	1986						
				Apr.	May	June	July	Aug.	Sept.	Oct.
1 Deposits	190	267	480	325	253	354	233	227	342	303
Assets held in custody										
2 U.S. Treasury securities[1]	117,670	118,000	121,004	132,017	136,762	137,820	144,527	148,263	152,275	156,076
3 Earmarked gold[2]	14,414	14,242	14,245	14,160	14,145	14,128	14,131	14,120	14,115	14,110

1. Marketable U.S. Treasury bills, notes, and bonds; and nonmarketable U.S. Treasury securities payable in dollars and in foreign currencies.
2. Earmarked gold is valued at $42.22 per fine troy ounce.

NOTE. Excludes deposits and U.S. Treasury securities held for international and regional organizations. Earmarked gold is gold held for foreign and international accounts and is not included in the gold stock of the United States.

3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data[1]

Millions of dollars, end of period

Asset account	1983	1984	1985	1986 Mar.	Apr.	May	June	July	Aug.	Sept.p
	All foreign countries									
1 **Total, all currencies**	**477,090**	**453,656**	**458,012**	**459,885**	**475,158**	**459,587**	**467,565**	**454,886r**	**461,404**	**474,562**
2 Claims on United States	115,542	113,393	119,713	118,524	122,487	117,627	117,680	113,383	117,661	116,378
3 Parent bank	82,026	78,109	87,201	85,164	88,975	83,404	82,514	79,387	83,779	82,297
4 Other banks in United States[2]	33,516	13,664	13,057	12,960	12,792	13,185	14,019r	13,508r	13,071	13,624
5 Nonbanks[2]		21,620	19,455	20,400	20,720	21,038	21,147r	20,488r	20,811	20,457
6 Claims on foreigners	342,689	320,162	315,702	316,493	326,013	316,151	324,128	314,153	315,583	328,635
7 Other branches of parent bank	96,004	95,184	91,399	91,586	95,238	90,447	98,457	92,641	93,435	103,278
8 Banks	117,668	100,397	102,960	101,743	107,141	103,851	105,570	103,002	102,849	107,631
9 Public borrowers	24,517	23,343	23,478	23,770	23,645	23,823	23,273	23,561	23,720	23,376
10 Nonbank foreigners	107,785	101,238	97,865	99,394	99,989	98,030	96,828	94,949	95,579	94,350
11 Other assets	18,859	20,101	22,597	24,868	26,658	25,809	25,757	27,350r	28,160	29,549
12 **Total payable in U.S. dollars**	**371,508**	**350,636**	**336,288**	**324,129**	**331,511**	**322,837**	**327,639**	**313,703**	**318,357**	**330,215**
13 Claims on United States	113,436	111,426	116,645	114,965	118,629	113,767	113,387	109,172	113,636	112,129
14 Parent bank	80,909	77,229	85,971	83,841	87,597	82,110	81,022	78,025	82,261	80,748
15 Other banks in United States[2]	32,527	13,500	12,454	12,261	11,891	12,272	12,887r	12,354r	12,179	12,802
16 Nonbanks[2]		20,697	18,220	18,863	19,141	19,385	19,478r	18,793r	19,196	18,579
17 Claims on foreigners	247,406	228,600	209,927	199,279	202,498	198,172	203,846	193,901	194,643	207,378
18 Other branches of parent bank	78,431	78,746	72,689	70,910	73,109	69,684	75,934	69,135	68,604	78,400
19 Banks	93,332	76,940	71,748	63,849	66,006	65,053	66,673	64,940	64,940	68,322
20 Public borrowers	17,890	17,626	17,252	17,219	16,752	17,180	16,492	16,667	16,788	16,417
21 Nonbank foreigners	60,977	55,288	48,238	47,301	46,631	46,255	44,747	43,159	44,311	44,239
22 Other assets	10,666	10,610	9,716	9,885	10,384	10,898	10,406	10,630	10,078	10,708
	United Kingdom									
23 **Total, all currencies**	**158,732**	**144,385**	**148,599**	**150,975**	**155,867**	**152,075**	**151,593**	**145,448**	**145,619**	**151,596**
24 Claims on United States	34,433	27,675	33,157	33,990	34,234	34,231	31,364	30,223	29,839	30,880
25 Parent bank	29,111	21,862	26,970	27,881	28,058	28,001	25,106	24,252	23,466	24,291
26 Other banks in United States[2]	5,322	1,429	1,106	1,129	1,386	1,312	1,365r	1,369r	1,448	2,092
27 Nonbanks[2]		4,384	5,081	4,980	4,790	4,918	4,893r	4,602r	4,925	4,497
28 Claims on foreigners	119,280	111,828	110,217	111,468	115,485	111,823	113,739	108,156	109,024	113,440
29 Other branches of parent bank	36,565	37,953	31,576	31,250	32,516	31,984	34,670	31,613	31,828	34,678
30 Banks	43,352	37,443	39,250	38,929	41,593	39,222	39,430	38,393	38,048	40,332
31 Public borrowers	5,898	5,334	5,644	5,833	5,642	5,427	5,236	5,229	5,336	4,957
32 Nonbank foreigners	33,465	31,098	33,747	35,456	35,734	35,190	34,403	32,921	33,812	33,473
33 Other assets	5,019	4,882	5,225	5,517	6,148	6,021	6,490	7,069	6,756	7,276
34 **Total payable in U.S. dollars**	**126,012**	**112,809**	**108,626**	**105,118**	**107,364**	**106,716**	**104,013**	**97,641**	**97,771**	**102,851**
35 Claims on United States	33,756	26,868	32,092	32,746	32,959	32,872	29,944	28,848	28,446	29,513
36 Parent bank	28,756	21,495	26,568	27,393	27,629	27,584	24,693	23,888	22,972	23,826
37 Other banks in United States[2]	5,000	1,363	1,005	1,027	1,225	1,152	1,102r	1,131r	1,194	1,848
38 Nonbanks[2]		4,010	4,519	4,326	4,105	4,136	4,149r	3,829r	4,280	3,839
39 Claims on foreigners	88,917	82,945	73,475	69,433	71,058	70,406	70,697	65,472	66,465	70,002
40 Other branches of parent bank	31,838	33,607	26,011	25,250	26,224	26,265	27,559	24,258	24,657	27,151
41 Banks	32,188	26,805	26,139	22,106	23,310	23,134	22,825	21,938	21,636	22,643
42 Public borrowers	4,194	4,030	3,999	4,223	4,012	3,937	3,777	3,793	3,838	3,674
43 Nonbank foreigners	20,697	18,503	17,326	17,854	17,512	17,070	16,536	15,483	16,334	16,534
44 Other assets	3,339	2,996	3,059	2,939	3,347	3,438	3,372	3,321	2,860	3,336
	Bahamas and Caymans									
45 **Total, all currencies**	**152,083**	**146,811**	**142,055**	**136,529**	**137,272**	**132,122**	**138,944**	**134,238**	**137,526**	**143,082**
46 Claims on United States	75,309	77,296	74,864	71,735	72,755	68,710	70,751	69,721	73,047	71,918
47 Parent bank	48,720	49,449	50,553	46,813	47,613	42,868	44,132	43,867	47,694	46,635
48 Other banks in United States[2]	26,589	11,544	11,204	10,827	10,445	10,895	11,710r	11,182r	10,812	10,641
49 Nonbanks[2]		16,303	13,107	14,095	14,697	14,947	14,909r	14,672r	14,541	14,642
50 Claims on foreigners	72,868	65,598	63,904	60,564	60,301	59,106	63,955	60,162	60,167	66,620
51 Other branches of parent bank	20,626	17,661	19,042	19,131	18,286	15,703	20,636	16,682	16,539	22,763
52 Banks	36,842	30,246	28,192	25,129	25,809	26,290	27,000	27,067	27,065	27,779
53 Public borrowers	6,093	6,089	6,458	6,292	6,326	6,694	6,399	6,534	6,675	6,434
54 Nonbank foreigners	12,592	11,602	10,212	10,012	9,880	10,419	9,920	9,879	9,888	9,644
55 Other assets	3,906	3,917	3,287	4,230	4,216	4,306	4,238	4,355	4,312	4,544
56 **Total payable in U.S. dollars**	**145,641**	**141,562**	**136,794**	**130,438**	**130,530**	**125,681**	**132,353**	**127,910**	**130,723**	**136,615**

1. Beginning with June 1984 data, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from $50 million to $150 million equivalent in total assets, the threshold now applicable to all reporting branches.

2. Data for assets vis-à-vis other banks in the United States and vis-à-vis nonbanks are combined for dates before June 1984.

3.14 Continued

Liability account	1983	1984	1985	1986 Mar.	1986 Apr.	1986 May	1986 June	1986 July	1986 Aug.	1986 Sept.p
	All foreign countries									
57 **Total, all currencies**	**477,090**	**453,656**	**458,012**	**459,885**	**475,158**	**459,587**	**467,565**	**454,886r**	**461,404**	**474,562**
58 Negotiable CDs[3]	n.a.	37,725	34,607	36,066	33,229	35,006	34,683	32,656	31,475	33,642
59 To United States	188,070	147,583	155,538	140,401	150,390	144,241	149,848r	141,599r	145,488	151,287
60 Parent bank	81,261	78,739	83,914	74,952	81,594	77,484	85,126r	81,299	80,219	87,927
61 Other banks in United States	29,453	18,409	16,894	15,744	14,270	14,347	16,118	14,191r	14,496	14,159
62 Nonbanks	77,356	50,435	54,730	49,705	54,526	52,410	48,604	46,109	50,773	49,201
63 To foreigners	269,685	247,907	245,942	261,763	269,814	258,700	262,329r	259,133r	262,978	269,442
64 Other branches of parent bank	90,615	93,909	89,529	90,921	93,768	90,228	97,717	91,144	91,307	102,245
65 Banks	92,889	78,203	76,814	84,800	89,608	83,251	81,008	82,854r	85,239	81,967
66 Official institutions	18,896	20,281	19,523	20,688	20,744	20,792	20,480	20,608	20,637	20,089
67 Nonbank foreigners	68,845	55,514	60,076	65,354	65,694	64,429	63,124r	64,527	65,795	65,141
68 Other liabilities	19,335	20,441	21,925	21,655	21,725	21,640	20,705	21,498r	21,463	20,191
69 **Total payable in U.S. dollars**	**388,291**	**367,145**	**353,470**	**341,550**	**347,587**	**340,176**	**346,428**	**330,183r**	**333,581**	**349,254**
70 Negotiable CDs[3]	n.a.	35,227	31,063	32,418	29,912	31,513	31,076	28,970	28,091	30,560
71 To United States	184,305	143,571	150,161	134,204	143,601	137,694	142,730	133,908r	137,805	143,633
72 Parent bank	79,035	76,254	80,888	71,616	78,061	73,950	81,066	77,048	76,046	83,790
73 Other banks in United States	28,936	17,935	16,264	14,953	13,477	13,575	15,323	13,507r	13,709	13,179
74 Nonbanks	76,334	49,382	53,009	47,635	52,063	50,169	46,341	43,353	48,050	46,664
75 To foreigners	194,139	178,260	163,361	166,329	166,229	162,528	163,943	158,314r	158,931	167,411
76 Other branches of parent bank	73,522	77,770	70,943	70,465	71,841	69,978	75,805	68,065	66,878	77,464
77 Banks	57,022	45,123	37,323	37,470	37,240	36,335	33,745	34,827r	36,460	35,372
78 Official institutions	13,855	15,773	14,354	14,719	14,746	14,049	13,772	14,091	14,125	13,677
79 Nonbank foreigners	51,260	39,594	40,741	43,675	42,402	42,166	40,621	41,331	41,468	40,898
80 Other liabilities	9,847	10,087	8,885	8,599	7,845	8,441	8,679	8,991r	8,754	7,650
	United Kingdom									
81 **Total, all currencies**	**158,732**	**144,385**	**148,599**	**150,975**	**155,867**	**152,075**	**151,593**	**145,448**	**145,619**	**151,596**
82 Negotiable CDs[3]	n.a.	34,413	31,260	32,217	29,898	31,734	31,396	29,295	28,279	30,352
83 To United States	55,799	25,250	29,422	22,945	28,450	27,505	26,270	22,671	22,831	26,540
84 Parent bank	14,021	14,651	19,330	13,724	17,231	16,624	15,892	13,300	14,188	17,399
85 Other banks in United States	11,328	3,125	2,974	2,793	1,966	2,175	1,997	1,999	2,148	2,062
86 Nonbanks	30,450	7,474	7,118	6,428	9,253	8,706	8,381	7,372	6,495	7,079
87 To foreigners	95,847	77,424	78,525	86,053	87,773	83,067	84,362	83,707	84,880	85,680
88 Other branches of parent bank	19,038	21,631	23,389	24,733	25,379	23,838	27,029	25,106	24,962	28,272
89 Banks	41,624	30,436	28,581	33,301	34,294	31,584	30,505	31,678	32,250	31,190
90 Official institutions	10,151	10,154	9,676	9,750	9,757	9,548	9,543	9,074	9,330	8,652
91 Nonbank foreigners	25,034	15,203	16,879	18,269	18,343	18,097	17,285	17,849	18,338	17,566
92 Other liabilities	7,086	7,298	9,392	9,760	9,746	9,769	9,565	9,775	9,629	9,024
93 **Total payable in U.S. dollars**	**131,167**	**117,497**	**112,697**	**108,420**	**110,378**	**109,337**	**108,375**	**101,095**	**101,397**	**108,249**
94 Negotiable CDs[3]	n.a.	33,070	29,337	30,042	27,978	29,542	29,135	27,015	26,114	28,490
95 To United States	54,691	24,105	27,756	21,070	26,411	25,490	24,214	20,065	20,403	24,039
96 Parent bank	13,839	14,339	18,956	13,405	16,867	16,233	15,331	12,648	13,707	16,984
97 Other banks in United States	11,044	2,980	2,826	2,596	1,774	1,944	1,817	1,738	1,879	1,735
98 Nonbanks	29,808	6,786	5,974	5,069	7,770	7,313	7,066	5,679	4,817	5,320
99 To foreigners	73,279	56,923	51,980	53,219	52,262	50,441	51,056	49,932	50,855	52,706
100 Other branches of parent bank	15,403	18,294	18,493	19,068	19,297	18,043	20,455	17,868	17,790	21,305
101 Banks	29,320	18,356	14,344	14,731	14,125	14,114	13,073	14,251	15,056	14,491
102 Official institutions	8,279	8,871	7,661	7,839	7,449	6,953	6,914	6,658	6,724	6,015
103 Nonbank foreigners	20,277	11,402	11,482	11,581	11,391	11,331	10,614	11,155	11,285	10,895
104 Other liabilities	3,197	3,399	3,624	4,089	3,727	3,864	3,970	4,083	4,025	3,014
	Bahamas and Caymans									
105 **Total, all currencies**	**152,083**	**146,811**	**142,055**	**136,529**	**137,272**	**132,122**	**138,944**	**134,238**	**137,526**	**143,082**
106 Negotiable CDs[3]	n.a.	615	610	1,132	629	634	567	565	470	527
107 To United States	111,299	102,955	103,813	97,686	98,621	94,128	98,897	96,636r	99,585	102,018
108 Parent bank	50,980	47,162	44,811	43,834	43,662	40,757	47,014	47,862	45,072	49,981
109 Other banks in United States	16,057	13,938	12,778	11,624	11,014	10,738	12,868	11,131r	11,297	10,992
110 Nonbanks	44,262	41,855	46,224	42,228	43,945	42,633	39,015	37,643	43,216	41,045
111 To foreigners	38,445	40,320	35,053	35,646	35,901	35,139	37,340	34,827r	35,216	38,441
112 Other branches of parent bank	14,936	16,782	14,075	13,198	14,077	13,731	15,882	13,561	13,368	15,918
113 Banks	11,876	12,405	10,669	10,340	10,788	10,318	9,991	9,636r	10,216	10,152
114 Official institutions	1,919	2,054	1,776	1,759	2,176	2,144	2,427	2,468	2,386	2,834
115 Nonbank foreigners	11,274	9,079	8,533	10,349	8,860	8,946	9,040	9,162	9,246	9,537
116 Other liabilities	2,339	2,921	2,579	2,065	2,121	2,221	2,140	2,210	2,255	2,096
117 **Total payable in U.S. dollars**	**148,278**	**143,582**	**138,322**	**132,308**	**132,966**	**127,918**	**134,606**	**130,075**	**133,256**	**138,733**

3. Before June 1984, liabilities on negotiable CDs were included in liabilities to the United States or liabilities to foreigners, according to the address of the initial purchaser.

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1984	1985[r]	1986[r]						
			Mar.	Apr.	May	June	July	Aug.	Sept.[p]
1 Total[1]	**180,552**	**178,356**	**180,538**	**188,914**	**190,159**	**194,562**	**198,784**	**203,364**	**209,447**
By type									
2 Liabilities reported by banks in the United States[2]	26,089	26,734	25,479	27,028	24,911	26,142	25,143	25,482	29,342
3 U.S. Treasury bills and certificates[3]	59,976	53,252	55,933	59,547	63,614	65,790	70,721	74,766	75,095
U.S. Treasury bonds and notes									
4 Marketable	69,019	77,108	78,483	82,345	82,501	84,113	85,561	85,622	87,570
5 Nonmarketable[4]	5,800	3,550	2,750	2,300	1,800	1,800	1,300	1,300	1,300
6 U.S. securities other than U.S. Treasury securities[5]	19,668	17,712	17,893	17,694	17,333	16,717	16,059	16,194	16,139
By area									
7 Western Europe[1]	69,776	74,418	72,435	76,354	76,405	79,641	81,524	83,874	86,979
8 Canada	1,528	1,314	1,445	1,711	1,502	1,529	1,627	1,535	1,626
9 Latin America and Caribbean	8,561	11,141	10,425	10,785	10,595	11,046	11,242	10,801	10,351
10 Asia	93,954	86,459	90,882	94,653	96,487	97,359	100,070	102,362	105,717
11 Africa	1,264	1,824	1,846	1,833	1,718	1,717	1,525	1,958	1,864
12 Other countries[6]	5,469	3,200	3,505	3,578	3,452	3,270	2,796	2,833	2,909

1. Includes the Bank for International Settlements.
2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.
3. Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.
4. Excludes notes issued to foreign official nonreserve agencies. Includes bonds and notes payable in foreign currencies.
5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.
6. Includes countries in Oceania and Eastern Europe.

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

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

Millions of dollars, end of period

Item	1982	1983	1984	1985		1986	
				Sept.	Dec.	Mar.	June
1 Banks' own liabilities	4,844	5,219	8,586	12,982	15,368	21,364	24,137
2 Banks' own claims	7,707	7,231	11,984	15,233	16,161	19,736	21,584
3 Deposits	4,251	2,731	4,998	8,540	8,304	11,318	11,912
4 Other claims	3,456	4,501	6,986	6,693	7,857	8,418	9,672
5 Claims of banks' domestic customers[1]	676	1,059	569	328	580	1,426	1,385

1. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of their domestic customers.

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

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States Payable in U.S. dollars

Millions of dollars, end of period

Holder and type of liability	1983	1984	1985	1986 Mar.[r]	Apr.	May	June[p]	July	Aug.	Sept.[p]
1 **All foreigners**	**369,607**	**407,306**	**435,726[r]**	**441,004**	**443,456**	**444,528**	**457,350**	**469,720[r]**	**486,519**	**504,685**
2 Banks' own liabilities	279,087	306,898	341,070	344,449	346,469	342,074	345,663	342,267[r]	355,009	371,601
3 Demand deposits	17,470	19,571	21,107	20,208	19,751	19,651	21,332	19,607	20,281	21,384
4 Time deposits[1]	90,632	110,413	117,278	116,325	114,209	114,055[r]	115,246	117,010	122,325	126,033
5 Other[2]	25,874	26,268	29,305	32,212	33,220	31,686[r]	31,712	30,650[r]	33,026	36,621
6 Own foreign offices[3]	145,111	150,646	173,381	175,705	179,289	176,683	177,373	174,999	179,378	187,563
7 Banks' custody liabilities[4]	90,520	100,408	94,656[r]	96,555	96,987	102,454	111,687	127,453	131,511	133,085
8 U.S. Treasury bills and certificates[5]	68,669	76,368	69,133[r]	73,044	74,631	80,192	82,701	86,789	89,586	90,467
9 Other negotiable and readily transferable instruments[6]	17,467	18,747	17,964	15,329	13,776	13,917	14,729	16,132	16,288	16,231
10 Other	4,385	5,293	7,558[r]	8,182	8,580	8,346	14,257	24,532	25,637	26,387
11 **Nonmonetary international and regional organizations[7]**	**5,957**	**4,454**	**5,821**	**5,223**	**3,495**	**4,519**	**3,441**	**3,974**	**5,253**	**3,038**
12 Banks' own liabilities	4,632	2,014	2,621	1,404	1,749	2,388	891	1,857	4,090	1,721
13 Demand deposits	297	254	85	102	138	99	79	156	165	180
14 Time deposits[1]	3,584	1,267	2,067	391	681	1,109	551	1,209	3,233	1,243
15 Other[2]	750	493	469	911	931	1,179	262	492	691	299
16 Banks' custody liabilities[4]	1,325	2,440	3,200	3,820	1,746	2,131	2,550	2,118	1,163	1,137
17 U.S. Treasury bills and certificates	463	916	1,736	2,311	768	1,282	1,619	991	129	218
18 Other negotiable and readily transferable instruments[6]	862	1,524	1,464	1,508	970	849	918	1,126	1,033	1,099
19 Other	0	0	0	0	7	0	13	0	1	0
20 **Official institutions[8]**	**79,876**	**86,065**	**79,985**	**81,412**	**86,576**	**88,526**	**91,932**	**95,863[r]**	**100,247**	**104,439**
21 Banks' own liabilities	19,427	19,039	20,835	21,726	23,927	22,018	22,928	22,044[r]	22,710	26,619
22 Demand deposits	1,837	1,823	2,077	1,917	1,832	1,810	2,131	1,609	1,582	1,893
23 Time deposits[1]	7,318	9,374	10,949	10,259	9,368	9,850	10,347	10,116	9,892	10,924
24 Other[2]	10,272	7,842	7,809	9,550	12,728	10,358	10,450	10,319[r]	11,236	13,802
25 Banks' custody liabilities[4]	60,448	67,026	59,150	59,686	62,648	66,508	69,004	73,820	77,538	77,819
26 U.S. Treasury bills and certificates[5]	54,341	59,976	53,252	55,933	59,547	63,614	65,790	70,721	74,766	75,095
27 Other negotiable and readily transferable instruments[6]	6,082	6,966	5,824	3,585	2,916	2,754	2,996	2,892	2,624	2,524
28 Other	25	84	75	168	185	139	218	207	148	199
29 **Banks[9]**	**226,887**	**248,893**	**275,589[r]**	**279,364**	**277,856**	**275,047[r]**	**284,637**	**290,397[r]**	**299,771**	**315,527**
30 Banks' own liabilities	205,347	225,368	252,723	255,941	254,617	251,126[r]	255,673	251,779	260,953	275,907
31 Unaffiliated foreign banks	60,236	74,722	79,341	80,236	75,328	74,444[r]	78,300	76,780[r]	81,576	88,344
32 Demand deposits	8,759	10,556	10,271	9,704	8,689	9,036	10,277	9,180	9,307	9,306
33 Time deposits[1]	37,439	47,095	49,510	50,142	48,484	46,780[r]	48,480	49,418	52,811	58,157
34 Other[2]	14,038	17,071	19,561	20,390	18,155	18,627	19,544	18,181	19,458	20,881
35 Own foreign offices[3]	145,111	150,646	173,381	175,705	179,289	176,682	177,373	174,999	179,378	187,563
36 Banks' custody liabilities[4]	21,540	23,525	22,866[r]	23,423	23,239	23,922[r]	28,964	38,618	38,818	39,620
37 U.S. Treasury bills and certificates	10,178	11,448	9,832[r]	10,131	9,914	10,841	10,688	10,934	10,543	10,635
38 Other negotiable and readily transferable instruments[6]	7,485	7,236	6,040	5,752	5,423	5,451	5,448	5,585	5,526	5,526
39 Other	3,877	4,841	6,994	7,540	7,901	7,629[r]	12,828	22,099	22,749	23,458
40 **Other foreigners**	**56,887**	**67,894**	**74,331[r]**	**75,005**	**75,530**	**76,436[r]**	**77,339**	**79,485**	**81,248**	**81,682**
41 Banks' own liabilities	49,680	60,477	64,892	65,379	66,176	66,543[r]	66,170	66,587	67,256	67,354
42 Demand deposits	6,577	6,938	8,673	8,484	9,093	8,705	8,845	8,663	9,227	10,005
43 Time deposits	42,290	52,678	54,752	55,533	55,677	56,316	55,869	56,267	56,388	55,710
44 Other[2]	813	861	1,467	1,361	1,406	1,521[r]	1,456	1,657	1,641	1,639
45 Banks' custody liabilities[4]	7,207	7,417	9,439[r]	9,626	9,354	9,893[r]	11,169	12,898	13,992	14,328
46 U.S. Treasury bills and certificates	3,686	4,029	4,314[r]	4,669	4,401	4,454	4,604	4,143	4,149	4,519
47 Other negotiable and readily transferable instruments[6]	3,038	3,021	4,636	4,483	4,465	4,862	5,367	6,529	7,105	7,081
48 Other	483	367	489[r]	473	487	577[r]	1,198	2,226	2,738	2,729
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	10,346	10,476	9,845	6,603	6,286	6,269	6,419	6,492	6,569	6,543

1. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
2. Includes borrowing under repurchase agreements.
3. U.S. banks: includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due to head office or parent foreign bank, and foreign branches, agencies or wholly owned subsidiaries of head office or parent foreign bank.
4. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
5. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
6. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
7. Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.
8. Foreign central banks and foreign central governments, and the Bank for International Settlements.
9. Excludes central banks, which are included in "Official institutions."

3.17 Continued

	Area and country	1983	1984	1985	1986						
					Mar.	Apr.	May	June	July	Aug.	Sept.p
1	**Total**	**369,607**	**407,306**	**435,726r**	**441,004r**	**443,456**	**444,528**	**457,350**	**469,720r**	**486,519**	**504,685**
2	**Foreign countries**	**363,649**	**402,852**	**429,905r**	**435,781r**	**439,961**	**440,009**	**453,909r**	**465,745r**	**481,267**	**501,647**
3	Europe	138,072	153,145	164,114r	157,306r	165,193	165,795r	166,382	163,016r	166,149	173,732
4	Austria	585	615	693	910r	931	897	1,013	988	1,035	1,106
5	Belgium-Luxembourg	2,709	4,114	5,243r	5,031r	5,737	5,425	5,224	5,343	5,114	6,132
6	Denmark	466	438	513	536	752	523	519	560r	643	483
7	Finland	531	418	496	354	619	514	484	449	365	407
8	France	9,441	12,701	15,541r	15,906	19,322	19,423	19,862	20,129	21,470	21,339
9	Germany	3,599	3,358	4,835	5,691	6,718	4,964	4,639	5,646	5,291	5,361
10	Greece	520	699	666r	536r	559	552	657	604	570	623
11	Italy	8,462	10,762	9,667	7,215	6,553	7,875	8,918	8,828	9,269	8,820
12	Netherlands	4,290	4,731	4,212	4,334	4,320	4,183	4,224	4,682	4,495	4,952
13	Norway	1,673	1,548	948	469	731	850	710	497	542	575
14	Portugal	373	597	652	705	674	796r	795	711	791	757
15	Spain	1,603	2,082	2,114r	1,774r	1,919	1,879	2,069	1,894	1,979	2,083
16	Sweden	1,799	1,676	1,422	1,547	1,313	1,299	1,118	1,267r	944	1,295
17	Switzerland	32,246	31,740	29,020r	26,864r	27,247	26,848	27,812	28,455	29,065	29,209
18	Turkey	467	584	429	383	363	434	586	310	285	448
19	United Kingdom	60,683	68,671	76,728	78,585	81,983	83,885	82,314	78,193	79,947	86,209
20	Yugoslavia	562	602	673	535	547	556	661	542	482	561
21	Other Western Europe[1]	7,403	7,192	9,635	5,293r	4,233	4,165	3,997	3,366	3,277	2,729
22	U.S.S.R.	65	79	105	61	38	34	89	48	32	84
23	Other Eastern Europe[2]	596	537	523	578r	634	693	690	506	553	562
24	Canada	16,026	16,059	17,427r	22,498r	20,450	21,257	22,926	22,359	23,933	24,150
25	Latin America and Caribbean	140,088	153,381	167,856r	165,074r	164,801	161,405r	169,650	181,737r	187,781	196,128
26	Argentina	4,038	4,394	6,032r	5,158r	5,627	6,075	6,229	6,336	6,096	6,069
27	Bahamas	55,818	56,897	57,657	55,791	57,865	53,680	60,081	60,764	67,096	69,119
28	Bermuda	2,266	2,370	2,765	2,324	2,270	2,016	2,513	2,201	2,195	2,199
29	Brazil	3,168	5,275	5,373r	6,102r	5,788	5,542	5,185	5,134	5,179	5,359
30	British West Indies	34,545	36,773	42,674r	44,180r	41,354	42,116r	43,278	55,552	55,614	60,918
31	Chile	1,842	2,001	2,049r	2,094r	2,147	2,223	2,270	2,227	2,139	2,426
32	Colombia	1,689	2,514	3,104r	3,078r	3,101	3,053	3,419	3,334	3,315	3,373
33	Cuba	8	10	11	6	7	7	8	7	8	75
34	Ecuador	1,047	1,092	1,239r	1,209	1,199	1,166	1,262	1,196	1,232	1,260
35	Guatemala	788	896	1,071	1,126	1,128	1,097	1,108	1,123	1,140	1,129
36	Jamaica	109	183	122	144	173	201	185	184	177	187
37	Mexico	10,392	12,303	14,060r	13,004r	13,126	13,153	13,633	12,985	13,610	13,138
38	Netherlands Antilles	3,879	4,220	4,875	4,561	4,859	4,798	4,358	4,382	4,383	4,765
39	Panama	5,924	6,951	7,514r	7,306r	6,960	7,042	6,686	6,639	6,391	6,416
40	Peru	1,166	1,266	1,167r	1,107r	1,116	1,132	1,254	1,158	1,149	1,253
41	Uruguay	1,244	1,394	1,552r	1,570r	1,646	1,703	1,664	1,687	1,636	1,589
42	Venezuela	8,632	10,545	11,922r	11,672r	11,727	11,712	11,734	12,058	11,668	11,780
43	Other Latin America and Caribbean	3,535	4,297	4,668	4,641	4,708	4,689	4,783	4,770	4,754	5,073
44	Asia	58,570	71,187	72,280r	82,656r	81,682	83,817	86,977	91,669	96,022	100,055
	China										
45	Mainland	249	1,153	1,607	1,347	1,550	973	1,469	1,795	1,185	1,947
46	Taiwan	4,051	4,990	7,786	10,838r	11,027	12,687	13,683	14,331	15,608	16,132
47	Hong Kong	6,657	6,581	8,067	8,707r	8,757	8,745	8,656	8,934	9,026	9,339
48	India	464	507	712r	928r	574	577	695	562	685	651
49	Indonesia	997	1,033	1,466	2,107	1,787	1,758	1,416	1,572r	1,474	1,611
50	Israel	1,722	1,268	1,601r	1,458r	1,490	1,671	1,725	1,731	1,686	2,109
51	Japan	18,079	21,640	23,077	28,274	28,279	29,689	31,325	36,286	38,221	39,955
52	Korea	1,648	1,730	1,665	1,551	1,337	1,336	1,414	1,392	1,251	1,282
53	Philippines	1,234	1,383	1,140	978	1,051	1,331	1,306	1,363	1,458	1,400
54	Thailand	747	1,257	1,358	1,104r	993	1,155	1,068	1,104	1,080	1,100
55	Middle-East oil-exporting countries[3]	12,976	16,804	14,523	15,384	14,418	14,537r	14,581	12,739r	13,227	13,047
56	Other Asia	9,748	12,841	9,276	9,980	10,419	9,355r	9,638	9,861	11,121	11,481
57	Africa	2,827	3,396	4,883	4,260	4,173	4,227	4,291	4,041	4,227	4,156
58	Egypt	671	647	1,363	870	960	910	1,079	820	1,088	843
59	Morocco	84	118	163	91	85	92	87	93	82	91
60	South Africa	449	328	388	465	386	414	414	609	438	328
61	Zaire	87	153	163	95	90	105	92	65	60	80
62	Oil-exporting countries[4]	620	1,189	1,494	1,601	1,442	1,490	1,463	1,368	1,371	1,572
63	Other Africa	917	961	1,312	1,137	1,210	1,216	1,156	1,086	1,189	1,244
64	Other countries	8,067	5,684	3,347	3,987	3,662	3,507	3,682	2,924	3,155	3,426
65	Australia	7,857	5,300	2,779	3,237	3,058	2,744	2,943	2,173	2,459	2,786
66	All other	210	384	568	750	604	763	739	751	696	640
67	Nonmonetary international and regional organizations	5,957	4,454	5,821	5,223	3,495	4,519	3,441	3,974	5,253	3,038
68	International	5,273	3,747	4,806	4,139	2,512	3,669	2,471	2,714	4,147	1,759
69	Latin American regional	419	587	894	916	823	748	845	922	916	972
70	Other regional[5]	265	120	121	168	160	102	126	338	190	307

1. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.
2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.
5. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."

3.18 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars

Millions of dollars, end of period

Area and country	1983	1984	1985	1986 Mar.	Apr.	May	June	July	Aug.	Sept.p
1 **Total**	**391,312**	**400,162**	**401,608r**	**394,702r**	**401,109**	**394,667r**	**403,843**	**403,494**	**403,729**	**417,778**
2 **Foreign countries**	**391,148**	**399,363**	**400,577r**	**394,219r**	**400,607**	**394,259r**	**403,387**	**403,002**	**403,309**	**417,577**
3 Europe	91,927	99,014	106,413r	100,262r	101,250	100,903r	104,441	100,321	100,323	107,313
4 Austria	401	433	598	494	429	501	609	619	694	654
5 Belgium-Luxembourg	5,639	4,794	5,772	5,429	5,502	5,696	7,243	6,113	6,990	6,708
6 Denmark	1,275	648	706	845	794	882	750	856	783	807
7 Finland	1,044	898	823	1,194	795	866	983	1,041	961	1,085
8 France	8,766	9,157	9,124	8,636	8,902	8,861	9,455	9,583	9,483	10,185
9 Germany	1,284	1,306	1,267	1,374	1,341	1,176	1,095	1,426	1,181	1,600
10 Greece	476	817	991	798	764	723	629	622	660	747
11 Italy	9,018	9,119	8,848	7,297	6,709	6,806	7,474	7,266	5,981	6,661
12 Netherlands	1,267	1,356	1,258	1,394	1,380	1,384	1,407	1,427	1,254	2,051
13 Norway	690	675	706	613	786	746	905	614	698	730
14 Portugal	1,114	1,243	1,058	893	874	850	776	789	757	728
15 Spain	3,573	2,884	1,908	1,885r	1,701	1,986	2,001	1,863	1,749	1,994
16 Sweden	3,358	2,230	2,219	2,422	1,924	2,239	2,478	2,906	2,404	2,357
17 Switzerland	1,863	2,123	3,171	2,940	2,978	3,134	3,553	2,617	3,306	2,665
18 Turkey	812	1,130	1,200	1,587	1,584	1,649	1,856	1,709	1,649	1,585
19 United Kingdom	47,364	56,185	62,566r	57,713r	60,602	59,332r	58,224	56,249	57,846	62,532
20 Yugoslavia	1,718	1,886	1,964	1,978	1,950	1,928	2,005	1,902	1,852	1,876
21 Other Western Europe[1]	477	596	998	1,166	649	491	1,253	1,102	521	791
22 U.S.S.R	192	142	130	424	477	489	568	504	528	462
23 Other Eastern Europe[2]	1,598	1,389	1,107	1,180r	1,111	1,164	1,176	1,112	1,026	1,094
24 Canada	16,341	16,109	16,482r	17,982r	18,814	17,910	18,270	18,303	19,401	18,112
25 Latin America and Caribbean	205,491	207,862	202,674r	196,815r	199,032	193,625	200,733	202,204	197,866	206,143
26 Argentina	11,749	11,050	11,462	11,456	11,803	11,921	12,079	12,282	12,009	12,119
27 Bahamas	59,633	58,009	58,258	55,692r	55,260	52,537	57,075	56,250r	55,453	61,697
28 Bermuda	566	592	499	460	275	238	274	432r	373	320
29 Brazil	24,667	26,315	25,283	25,379	25,363	25,271	24,855	24,915	24,762	25,461
30 British West Indies	35,527	38,205	38,881	36,888r	38,932	37,072	40,043	41,923	39,740	40,270
31 Chile	6,072	6,839	6,603	6,557	6,540	6,537	6,507	6,514	6,449	6,488
32 Colombia	3,745	3,499	3,249	2,903	2,861	2,820	2,789	2,776	2,642	2,634
33 Cuba	0	0	0	1	0	0	0	0	0	0
34 Ecuador	2,307	2,420	2,390	2,399	2,388	2,382	2,397	2,366	2,375	2,387
35 Guatemala[3]	129	158	194	167	124	112	136	113	127	135
36 Jamaica[3]	215	252	224	213	216	218	244	209	209	224
37 Mexico	34,802	34,885	31,799r	31,692r	32,367	31,493	31,399	31,168r	30,839	31,032
38 Netherlands Antilles	1,154	1,350	1,340	927	839	1,075	1,086	996r	1,060	1,138
39 Panama	7,848	7,707	6,645	6,179	6,133	5,919	5,860	6,280	5,862	6,377
40 Peru	2,536	2,384	1,947	1,806	1,767	1,757	1,738	1,703	1,677	1,600
41 Uruguay	977	1,088	960	961	953	951	931	927	936	1,052
42 Venezuela	11,287	11,017	10,871	11,204	11,295	11,326	11,304	11,364	11,289	11,174
43 Other Latin America and Caribbean	2,277	2,091	2,067	1,931	1,917	1,997	2,015	1,985	2,065	2,035
44 Asia	67,837	66,316	66,212	70,729	73,421	73,965r	72,033	74,253	77,792	78,097
China										
45 Mainland	292	710	639	902	593	703	567	779	526	758
46 Taiwan	1,908	1,849	1,535	1,403	1,151	1,446	1,238	1,089	1,637	1,903
47 Hong Kong	8,489	7,293	6,796	8,208	8,134	8,315	7,526	8,445	8,632	8,878
48 India	330	425	450	479	398	420	440	372	375	355
49 Indonesia	805	724	698	712	717	736	675	720	729	689
50 Israel	1,832	2,088	1,991	1,617	1,611	1,766r	1,772	1,567	1,541	1,636
51 Japan	30,354	29,066	31,249	36,711	38,781	38,629	38,524	40,902	43,327	42,751
52 Korea	9,943	9,285	9,226	9,242	9,286	9,176	8,977	8,900	8,476	7,855
53 Philippines	2,107	2,555	2,224	2,336	2,325	2,263	2,393	2,168	2,128	2,148
54 Thailand	1,219	1,125	845	810	775	716	706	711	736	636
55 Middle East oil-exporting countries[4]	4,954	5,044	4,298	3,577	3,838	3,948	3,680	2,919	2,764	3,733
56 Other Asia	5,603	6,152	6,260	4,732	5,812	5,845	5,535	5,680	6,921	6,754
57 Africa	6,654	6,615	5,407	5,128	5,007	4,890	4,971	4,817	4,693	4,660
58 Egypt	747	728	721	653	639	619	740	701	633	593
59 Morocco	440	583	575	646	662	640	642	615	617	636
60 South Africa	2,634	2,795	1,942	1,799	1,716	1,743	1,705	1,661	1,683	1,603
61 Zaire	33	18	20	17	17	17	17	17	21	42
62 Oil-exporting countries[5]	1,073	842	630	488	465	417	415	413	445	511
63 Other	1,727	1,649	1,520	1,525	1,508	1,455	1,452	1,410	1,294	1,274
64 Other countries	2,898	3,447	3,390	3,305	3,082	2,966	2,939	3,103	3,232	3,253
65 Australia	2,256	2,769	2,413	2,473	2,237	2,050	2,023	2,159	2,293	2,249
66 All other	642	678	978	832	845	916	916	945	940	1,004
67 Nonmonetary international and regional organizations[6]	164	800	1,030	483	502	408	456	493	420	200

1. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.
2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.
3. Included in "Other Latin America and Caribbean" through March 1978.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Excludes the Bank for International Settlements, which is included in "Other Western Europe."

3.19 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States
Payable in U.S. Dollars

Millions of dollars, end of period

Type of claim	1983	1984	1985	1986						
				Mar.r	Apr.	May r	June	July	Aug.	Sept.r
1 **Total**	**426,215**	**433,078**	**430,489r**	**419,746**	....	....	**432,326**	....	....	**417,778**
2 Banks' own claims on foreigners	391,312	400,162	401,608r	394,702	401,109	394,667	403,843	403,494r	403,729	417,778
3 Foreign public borrowers	57,569	62,237	60,507r	60,659	60,157	59,972	60,622	60,667	59,776	61,110
4 Own foreign offices[1]	146,393	156,216	174,261	173,400	179,662	173,094	181,867	181,590r	182,151	193,987
5 Unaffiliated foreign banks	123,837	124,932	116,654r	110,571	111,832	112,522	112,996	114,101	115,888	116,819
6 Deposits	47,126	49,226	48,372r	45,043	46,393	47,493	47,041	49,326r	52,410	52,136
7 Other	76,711	75,706	68,282	65,529	65,439	65,029	65,955	64,775r	63,477	64,683
8 All other foreigners	63,514	56,777	50,185	50,072	49,458	49,079	48,358	47,137	45,913	45,862
9 Claims of banks' domestic customers[2]	34,903	32,916	28,881	25,044	....	....	28,483	....	....	....
10 Deposits	2,969	3,380	3,335	2,494	....	....	3,475	....	....	....
11 Negotiable and readily transferable instruments[3]	26,064	23,805	19,332	17,859	....	....	20,294	....	....	....
12 Outstanding collections and other claims	5,870	5,732	6,214	4,692	....	....	4,715	....	....	....
13 MEMO: Customer liability on acceptances	37,715	37,103	28,487	28,541	....	....	28,328r	....	....	....
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[4]	46,337	40,714	37,399	41,442	42,771	47,351	46,200r	45,848	47,526	n.a.

1. *U.S. banks:* includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. *Agencies, branches, and majority-owned subsidiaries of foreign banks:* principally amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account of their domestic customers.
3. Principally negotiable time certificates of deposit and bankers acceptances.
4. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see July 1979 BULLETIN, p. 550.

NOTE. Beginning April 1978, data for banks' own claims are given on a monthly basis, but the data for claims of banks' own domestic customers are available on a quarterly basis only.

3.20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States
Payable in U.S. Dollars

Millions of dollars, end of period

Maturity; by borrower and area	1982	1983	1984	1985		1986	
				Sept.	Dec.	Mar.	June
1 **Total**	**228,150**	**243,715**	**243,952**	**232,803**	**227,903**	**221,177**	**222,256**
By borrower							
2 Maturity of 1 year or less[1]	173,917	176,158	167,858	161,642	160,824	152,696	152,249
3 Foreign public borrowers	21,256	24,039	23,912	25,537	26,302	23,845	23,183
4 All other foreigners	152,661	152,120	143,947	136,105	134,522	128,851	129,066
5 Maturity of over 1 year[1]	54,233	67,557	76,094	71,161	67,078	68,481	70,008
6 Foreign public borrowers	23,137	32,521	38,695	36,820	34,512	36,681	37,177
7 All other foreigners	31,095	35,036	37,399	34,340	32,567	31,800	32,830
By area							
Maturity of 1 year or less[1]							
8 Europe	50,500	56,117	58,498	58,520	56,585	53,462	57,929
9 Canada	7,642	6,211	6,028	6,117	6,401	5,899	6,043
10 Latin America and Caribbean	73,291	73,660	62,791	62,148	63,328	59,538	57,134
11 Asia	37,578	34,403	33,504	29,120	27,966	28,034	25,772
12 Africa	3,680	4,199	4,442	3,954	3,753	3,331	3,297
13 All other[2]	1,226	1,569	2,593	1,782	2,791	2,433	2,073
Maturity of over 1 year[1]							
14 Europe	11,636	13,576	9,605	8,078	7,634	7,783	7,934
15 Canada	1,931	1,857	1,882	1,940	1,805	1,925	2,256
16 Latin America and Caribbean	35,247	43,888	56,144	53,090	50,674	52,165	53,572
17 Asia	3,185	4,850	5,323	5,230	4,502	4,251	4,034
18 Africa	1,494	2,286	2,033	1,665	1,538	1,634	1,497
19 All other[2]	740	1,101	1,107	1,157	926	722	714

1. Remaining time to maturity.
2. Includes nonmonetary international and regional organizations.

3.21 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks[1]

Billions of dollars, end of period

Area or country	1982	1983	1984 June[2]	1984 Sept.	1984 Dec.	1985 Mar.	1985 June	1985 Sept.	1985 Dec.	1986 Mar.	1986 June[p]
1 **Total**	**436.1**	**433.9**	**427.6**	**406.4**	**405.7**	**405.5**	**396.8**	**394.9**	**391.9**	**394.4**	**391.1**
2 G-10 countries and Switzerland	179.6	167.8	157.4	147.5	148.1	153.0	146.7	152.0	148.5	156.6	159.7
3 Belgium-Luxembourg	13.1	12.4	10.9	9.8	8.7	9.3	8.9	9.5	9.3	8.3	9.0
4 France	17.1	16.2	14.2	14.3	14.1	14.5	13.5	14.8	12.3	13.8	14.7
5 Germany	12.7	11.3	10.9	10.0	9.0	8.9	9.6	9.8	10.5	11.2	11.5
6 Italy	10.3	11.4	11.5	9.7	10.1	10.0	8.6	8.4	9.8	8.5	9.3
7 Netherlands	3.6	3.5	3.0	3.4	3.9	3.8	3.7	3.4	3.7	3.5	3.4
8 Sweden	5.0	5.1	4.3	3.5	3.2	3.1	2.9	3.1	2.8	2.9	2.9
9 Switzerland	5.0	4.3	4.2	3.9	3.9	4.2	4.0	4.1	4.4	5.4	5.6
10 United Kingdom	72.1	65.3	60.3	57.1	60.3	65.4	65.7	67.1	64.6	68.8	68.9
11 Canada	10.4	8.3	8.9	8.1	7.9	9.1	8.1	7.6	7.0	6.1	7.0
12 Japan	30.2	29.9	29.3	27.7	27.1	24.7	21.7	24.3	24.2	28.1	27.4
13 Other developed countries	33.5	36.0	37.0	36.2	33.6	32.8	32.3	32.0	30.4	31.5	30.6
14 Austria	1.9	1.9	1.9	1.8	1.6	1.6	1.6	1.7	1.6	1.6	1.7
15 Denmark	2.4	3.4	3.1	2.9	2.2	2.1	1.9	2.1	2.4	2.5	2.4
16 Finland	2.2	2.4	2.3	1.9	1.9	1.8	1.8	1.8	1.6	1.9	1.6
17 Greece	3.0	2.8	3.3	3.2	2.9	2.9	2.9	2.8	2.6	2.5	2.6
18 Norway	3.3	3.3	3.2	3.2	3.0	2.9	2.9	3.4	2.9	2.7	3.0
19 Portugal	1.5	1.5	1.7	1.6	1.4	1.4	1.3	1.4	1.3	1.1	1.0
20 Spain	7.5	7.1	7.3	6.9	6.5	6.4	5.9	6.1	5.8	6.4	6.4
21 Turkey	1.4	1.7	2.0	2.0	1.9	1.9	2.0	2.1	1.9	2.3	2.5
22 Other Western Europe	2.3	1.8	1.9	1.7	1.7	1.7	1.8	1.7	2.0	2.4	2.1
23 South Africa	3.7	4.7	4.7	5.0	4.5	4.2	3.9	3.3	3.2	3.2	3.1
24 Australia	4.3	5.4	5.6	6.1	6.0	6.1	6.2	5.6	5.0	4.9	4.2
25 OPEC countries[3]	26.9	28.4	26.0	24.4	24.9	24.5	22.8	22.7	21.6	20.6	20.6
26 Ecuador	2.2	2.2	2.1	2.1	2.2	2.2	2.2	2.2	2.1	2.2	2.1
27 Venezuela	10.5	9.9	9.5	9.2	9.3	9.3	9.3	9.0	8.9	8.7	8.8
28 Indonesia	2.9	3.4	3.5	3.2	3.3	3.3	3.1	3.1	3.0	3.3	3.0
29 Middle East countries	8.5	9.8	8.2	7.3	7.9	7.4	6.1	6.2	5.5	4.8	5.0
30 African countries	2.8	3.0	2.7	2.5	2.3	2.3	2.2	2.3	2.0	1.8	1.7
31 Non-OPEC developing countries	106.5	110.8	112.3	111.6	111.8	110.8	110.0	107.8	105.0	103.4	101.6
Latin America											
32 Argentina	8.9	9.5	9.2	9.1	8.7	8.6	8.6	8.9	8.9	8.9	9.2
33 Brazil	22.9	23.1	25.4	26.3	26.3	26.4	26.6	25.5	25.6	25.7	25.3
34 Chile	6.3	6.4	6.7	7.1	7.0	7.0	6.9	6.6	7.0	7.0	7.1
35 Colombia	3.1	3.2	3.0	2.9	2.9	2.8	2.7	2.6	2.7	2.3	2.2
36 Mexico	24.2	25.8	25.9	26.0	25.7	25.5	25.3	24.4	24.1	23.9	23.9
37 Peru	2.6	2.4	2.3	2.2	2.2	2.2	2.1	1.9	1.8	1.7	1.6
38 Other Latin America	4.0	4.2	4.1	3.9	3.9	3.8	3.7	3.5	3.4	3.3	3.3
Asia											
China											
39 Mainland	.2	.3	.6	.5	.7	.7	.3	1.1	.5	.6	.6
40 Taiwan	5.3	5.2	5.2	5.1	5.1	5.3	5.5	5.1	4.5	4.3	3.6
41 India	.5	.9	.9	1.0	.9	.9	.9	1.1	1.2	1.2	1.3
42 Israel	2.3	1.9	1.9	1.7	1.8	1.7	2.3	1.5	1.6	1.3	1.6
43 Korea (South)	10.7	11.2	11.0	10.3	10.6	10.4	10.0	10.4	9.4	9.5	8.7
44 Malaysia	2.1	2.8	2.7	2.9	2.7	2.7	2.8	2.7	2.4	2.2	2.0
45 Philippines	6.3	6.1	6.2	5.9	6.0	6.1	6.0	6.0	5.7	5.6	5.7
46 Thailand	1.6	2.2	1.9	1.8	1.8	1.7	1.6	1.6	1.4	1.3	1.1
47 Other Asia	1.1	1.0	1.1	.9	1.1	1.1	.9	.9	1.0	.9	.8
Africa											
48 Egypt	1.2	1.5	1.4	1.2	1.2	1.1	1.0	1.0	1.0	.9	.9
49 Morocco	.7	.8	.8	.8	.8	.8	.8	.9	.9	.9	.9
50 Zaire	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
51 Other Africa[4]	2.4	2.3	1.9	1.9	2.1	2.2	2.0	2.0	1.9	1.9	1.7
52 Eastern Europe	6.2	5.3	4.9	4.5	4.4	4.3	4.3	4.6	4.2	4.0	4.0
53 U.S.S.R.	.3	.2	.2	.2	.1	.2	.3	.2	.1	.3	.3
54 Yugoslavia	2.2	2.4	2.3	2.3	2.3	2.2	2.2	2.4	2.2	2.0	2.0
55 Other	3.7	2.8	2.4	2.1	2.0	1.9	1.8	1.9	1.8	1.7	1.7
56 Offshore banking centers	66.0	68.9	72.8	65.1	65.6	63.2	63.9	58.8	65.4	61.5	57.2
57 Bahamas	19.0	21.7	27.4	23.3	21.5	20.1	21.1	16.6	21.4	21.5	17.3
58 Bermuda	.9	.9	.7	1.0	.9	.7	.9	.8	.7	.7	.4
59 Cayman Islands and other British West Indies	12.8	12.2	12.2	11.1	11.8	12.3	12.1	12.3	13.4	11.3	12.8
60 Netherlands Antilles	3.3	4.2	3.3	3.1	3.4	3.3	3.2	2.3	2.3	2.3	2.3
61 Panama[5]	7.5	5.8	6.5	5.6	6.7	5.5	5.4	6.1	6.0	5.9	5.5
62 Lebanon	.1	.1	.1	.1	.1	.1	.1	.0	.1	.1	.1
63 Hong Kong	13.3	13.8	12.4	11.6	11.4	11.4	11.4	11.4	11.5	11.4	9.4
64 Singapore	9.1	10.3	10.2	9.4	9.8	9.9	9.7	9.4	9.9	8.4	9.4
65 Others[6]	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
66 Miscellaneous and unallocated[7]	17.5	16.8	17.3	17.1	17.3	16.9	16.9	17.3	16.9	16.8	17.4

1. The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices *not* covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. To minimize duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution. The data in this table combine foreign branch claims in table 3.14 (the sum of lines 7 through 10) with the claims of U.S. offices in table 3.18 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches).

2. Beginning with June 1984 data, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from \$50 million to \$150 million equivalent in total assets, the threshold now applicable to all reporting branches.

3. Besides the Organization of Petroleum Exporting Countries shown individually, this group includes other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates) as well as Bahrain and Oman (not formally members of OPEC).

4. Excludes Liberia.

5. Includes Canal Zone beginning December 1979.

6. Foreign branch claims only.

7. Includes New Zealand, Liberia, and international and regional organizations.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

	Type, and area or country	1982	1983	1984	1985			1986	
					June	Sept.	Dec.	Mar.	June[p]
1	**Total**	**27,512**	**25,346**	**29,357**	**24,574**	**25,256**	**27,230**	**25,635**	**24,222**
2	Payable in dollars	24,280	22,233	26,389	21,899	22,408	23,994	22,022	20,692
3	Payable in foreign currencies	3,232	3,113	2,968	2,675	2,848	3,236	3,613	3,530
	By type								
4	Financial liabilities	11,066	10,572	14,509	11,528	11,815	13,005	12,328	11,117
5	Payable in dollars	8,858	8,700	12,553	9,543	9,824	10,955	10,205	9,177
6	Payable in foreign currencies	2,208	1,872	1,955	1,985	1,991	2,050	2,123	1,940
7	Commercial liabilities	16,446	14,774	14,849	13,046	13,441	14,225	13,307	13,105
8	Trade payables	9,438	7,765	7,005	5,797	5,694	6,685	5,598	5,503
9	Advance receipts and other liabilities	7,008	7,009	7,843	7,249	7,747	7,540	7,710	7,602
10	Payable in dollars	15,423	13,533	13,836	12,356	12,584	13,039	11,817	11,516
11	Payable in foreign currencies	1,023	1,241	1,013	690	857	1,186	1,490	1,590
	By area or country								
	Financial liabilities								
12	Europe	6,501	5,742	6,728	5,944	6,568	7,270	6,971	6,705
13	Belgium-Luxembourg	505	302	471	351	367	329	338	288
14	France	783	843	995	865	849	857	851	701
15	Germany	467	502	489	474	493	419	371	262
16	Netherlands	711	621	590	604	624	745	630	651
17	Switzerland	792	486	569	566	593	676	702	561
18	United Kingdom	3,102	2,839	3,297	2,835	3,351	3,924	3,736	3,960
19	Canada	746	764	863	850	826	760	753	287
20	Latin America and Caribbean	2,751	2,596	5,086	3,106	2,619	3,152	2,788	2,404
21	Bahamas	904	751	1,926	1,107	1,145	1,120	954	859
22	Bermuda	14	13	13	10	4	4	13	14
23	Brazil	28	32	35	27	23	29	26	27
24	British West Indies	1,027	1,041	2,103	1,734	1,234	1,814	1,610	1,362
25	Mexico	121	213	367	32	28	15	20	30
26	Venezuela	114	124	137	3	3	3	4	3
27	Asia	1,039	1,424	1,777	1,584	1,767	1,790	1,799	1,660
28	Japan	715	991	1,209	994	1,136	1,173	1,192	1,189
29	Middle East oil-exporting countries[2]	169	170	155	147	82	82	78	43
30	Africa	17	19	14	14	14	12	12	12
31	Oil-exporting countries[3]	0	0	0	0	0	0	0	0
32	All other[4]	12	27	41	30	22	21	4	49
	Commercial liabilities								
33	Europe	3,831	3,245	4,001	3,461	3,897	4,074	3,915	3,761
34	Belgium-Luxembourg	52	62	48	53	56	62	66	58
35	France	598	437	438	423	431	453	382	357
36	Germany	468	427	622	428	601	607	546	512
37	Netherlands	346	268	245	284	386	364	545	587
38	Switzerland	367	241	257	349	289	379	251	283
39	United Kingdom	1,027	732	1,095	730	858	976	957	861
40	Canada	1,495	1,841	1,975	1,494	1,383	1,449	1,442	1,351
41	Latin America and Caribbean	1,570	1,473	1,871	1,225	1,262	1,088	1,097	1,304
42	Bahamas	16	1	7	12	2	12	26	10
43	Bermuda	117	67	114	77	105	77	210	294
44	Brazil	60	44	124	90	120	58	64	107
45	British West Indies	32	6	32	1	15	44	7	35
46	Mexico	436	585	586	492	415	430	256	235
47	Venezuela	642	432	636	309	311	212	364	488
48	Asia	8,144	6,741	5,285	5,246	5,353	6,046	5,384	5,068
49	Japan	1,226	1,247	1,256	1,219	1,567	1,799	2,039	2,095
50	Middle East oil-exporting countries[2,5]	5,503	4,178	2,372	2,396	2,109	2,829	2,171	1,731
51	Africa	753	553	588	631	572	587	486	569
52	Oil-exporting countries[3]	277	167	233	265	235	238	148	215
53	All other[4]	651	921	1,128	988	975	982	983	1,053

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.
5. Revisions include a reclassification of transactions, which also affects the totals for Asia and the grand totals.

3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

	Type, and area or country	1982	1983	1984	1985			1986	
					June	Sept.	Dec.	Mar.	June[p]
1	**Total**	**28,725**	**34,911**	**29,901**	**26,750**	**28,610**	**28,085**	**30,927[r]**	**32,519**
2	Payable in dollars	26,085	31,815	27,304	24,121	25,743	25,783	28,740[r]	30,337
3	Payable in foreign currencies	2,640	3,096	2,597	2,629	2,866	2,302	2,187	2,182
	By type								
4	Financial claims	17,684	23,780	19,254	16,695	19,203	18,099	21,540	23,324
5	Deposits	13,058	18,496	14,621	12,839	15,315	14,852	18,146	20,034
6	Payable in dollars	12,628	17,993	14,202	12,283	14,611	14,237	17,689	19,479
7	Payable in foreign currencies	430	503	420	556	704	615	457	555
8	Other financial claims	4,626	5,284	4,633	3,856	3,889	3,248	3,394	3,290
9	Payable in dollars	2,979	3,328	3,190	2,375	2,351	2,213	2,301	2,269
10	Payable in foreign currencies	1,647	1,956	1,442	1,480	1,538	1,035	1,093	1,021
11	Commercial claims	11,041	11,131	10,646	10,055	9,406	9,986	9,387[r]	9,195
12	Trade receivables	9,994	9,721	9,177	8,688	7,932	8,696	8,086[r]	7,858
13	Advance payments and other claims	1,047	1,410	1,470	1,367	1,475	1,290	1,301	1,337
14	Payable in dollars	10,478	10,494	9,912	9,463	8,782	9,333	8,750[r]	8,589
15	Payable in foreign currencies	563	637	735	592	624	652	637	606
	By area or country								
	Financial claims								
16	Europe	4,873	6,488	5,762	5,477	6,463	6,327	6,859	8,877
17	Belgium-Luxembourg	15	37	15	15	12	10	10	11
18	France	134	150	126	51	132	184	217	257
19	Germany	178	163	224	175	158	223	172	148
20	Netherlands	97	71	66	46	127	61	61	17
21	Switzerland	107	38	66	16	53	74	166	177
22	United Kingdom	4,064	5,817	4,864	4,900	5,736	5,522	5,986	8,051
23	Canada	4,377	5,989	3,988	3,756	4,037	3,256	4,024	4,464
24	Latin America and Caribbean	7,546	10,234	8,216	6,616	7,603	7,697	9,934	9,151
25	Bahamas	3,279	4,771	3,306	2,204	2,315	2,685	3,500	3,251
26	Bermuda	32	102	6	6	5	6	2	17
27	Brazil	62	53	100	96	92	78	77	75
28	British West Indies	3,255	4,206	4,043	3,747	4,632	4,440	5,904	5,359
29	Mexico	274	293	215	206	201	180	178	176
30	Venezuela	139	134	125	100	73	48	43	42
31	Asia	698	764	961	640	969	696	621	723
32	Japan	153	297	353	281	725	475	350	499
33	Middle East oil-exporting countries[2]	15	4	13	6	6	4	2	2
34	Africa	158	147	210	111	104	103	87	89
35	Oil-exporting countries[3]	48	55	85	25	31	29	27	25
36	All other[4]	31	159	117	95	26	21	14	20
	Commercial claims								
37	Europe	3,826	3,670	3,801	3,680	3,235	3,533	3,387[r]	3,304
38	Belgium-Luxembourg	151	135	165	212	158	175	148	131
39	France	474	459	440	408	360	426	384[r]	390
40	Germany	357	349	374	375	336	346	396	414
41	Netherlands	350	334	335	301	286	284	221[r]	237
42	Switzerland	360	317	271	376	208	284	248	221
43	United Kingdom	811	809	1,063	950	779	898	793	668
44	Canada	633	829	1,021	1,065	1,100	1,023	1,060	970
45	Latin America and Caribbean	2,526	2,695	2,052	1,803	1,660	1,753	1,599[r]	1,590
46	Bahamas	21	8	8	11	18	13	27	24
47	Bermuda	261	190	115	65	62	93	82	148
48	Brazil	258	493	214	193	211	206	231[r]	194
49	British West Indies	12	7	7	29	7	6	7	24
50	Mexico	775	884	583	468	416	510	388[r]	320
51	Venezuela	351	272	206	181	149	157	172	180
52	Asia	3,050	3,063	3,073	2,707	2,712	2,982	2,606[r]	2,649
53	Japan	1,047	1,114	1,191	954	884	1,016	801[r]	846
54	Middle East oil-exporting countries[2]	751	737	668	593	541	638	630[r]	691
55	Africa	588	588	470	464	434	437	491	447
56	Oil-exporting countries[3]	140	139	134	137	131	130	167	171
57	All other[4]	417	286	229	336	264	257	244	235

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (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	1984	1985	1986 Jan.–Sept.	1986 Mar.r	Apr.r	Mayr	June	July	Aug.	Sept.p
	U.S. corporate securities									
Stocks										
1 Foreign purchases	59,834	81,995r	110,917	13,568	15,414	13,244	11,176	13,268	12,040	12,180
2 Foreign sales	62,814	77,054	92,636	10,687	11,468	10,388	10,832	11,258	10,611	10,926
3 **Net purchases, or sales (−)**	**−2,980**	**4,941r**	**18,281**	**2,881**	**3,947**	**2,856**	**344**	**2,010**	**1,429**	**1,253**
4 **Foreign countries**	**−3,109**	**4,857r**	**18,391**	**2,833**	**3,883**	**2,814**	**464**	**2,075**	**1,469**	**1,298**
5 Europe	−3,077	2,057	10,614	2,212	2,066	1,571	192	576	823	584
6 France	−405	−438	510	−26	36	99	219	182	105	29
7 Germany	−50	730	423	229	47	99	−174	−130	−42	7
8 Netherlands	−357	−123	991	166	123	236	97	52	50	36
9 Switzerland	−1,542	−75	2,153	697	569	376	−134	−198	44	70
10 United Kingdom	−677	1,665	5,060	1,029	733	563	38	481	520	461
11 Canada	1,691	356	766	77	52	44	131	214	97	92
12 Latin America and Caribbean	495	1,718	2,284	195	880	489	60	269	108	146
13 Middle East[1]	−1,992	238	852	127	339	117	−236	181	78	58
14 Other Asia	−378	296r	3,318	135	399	472	288	830	376	346
15 Africa	−22	24	219	59	48	43	−3	30	−1	−13
16 Other countries	175	168	338	28	100	78	32	−23	−13	86
17 **Nonmonetary international and regional organizations**	**129**	**84**	**−111**	**47**	**63**	**42**	**−121**	**−65**	**−40**	**−45**
Bonds[2]										
18 Foreign purchases	39,296	86,587r	91,739	12,515	13,483	12,044	8,964	8,937r	9,420	10,161
19 Foreign sales	26,399	42,439r	52,412	7,379	8,855	5,252	5,686	5,679	5,348	5,578
20 **Net purchases, or sales (−)**	**12,897**	**44,149r**	**39,327**	**5,137**	**4,628**	**6,792**	**3,278**	**3,259r**	**4,072**	**4,582**
21 **Foreign countries**	**12,600**	**44,244r**	**38,447**	**4,836**	**4,438**	**6,696**	**2,798**	**3,197r**	**4,077**	**4,872**
22 Europe	11,697	40,047	30,625	3,690	3,641	6,221	2,763	2,395r	2,484	3,385
23 France	207	210	29	−17	−22	83	−6	6	20	−28
24 Germany	1,724	2,001	−204	−224	−73	205	−3	−91	−81	28
25 Netherlands	100	222	277	25	2	89	−37	−39	98	51
26 Switzerland	643	3,987	4,178	459	1,231	456	490	180	564	30
27 United Kingdom	8,429	32,762	26,498	3,374	2,578	5,631	2,214	2,213r	1,917	3,410
28 Canada	−62	190r	155	−197	74	54	55	85	110	3
29 Latin America and Caribbean	376	498	1,201	200	263	142	63	250r	160	65
30 Middle East[1]	−1,230	−2,631r	−2,305	8	−396	−186	−632	−718r	−40	−169
31 Other Asia	1,817	6,091	8,642	1,144	840	464	480	1,177r	1,329	1,586
32 Africa	1	11	14	0	3	−2	3	−3	5	6
33 Other countries	0	38	116	−10	13	3	66	11	29	−4
34 **Nonmonetary international and regional organizations**	**297**	**−95**	**880**	**301**	**190**	**96**	**480**	**61**	**−4**	**−290**
	Foreign securities									
35 Stocks, net purchases, or sales (−)	−1,101	−3,894r	−3,362	−1,364	−1,668	−221	−238	404r	−83	480
36 Foreign purchases	14,816	20,851r	34,520	3,710	4,390	3,454	3,775	4,310r	4,610	4,811
37 Foreign sales	15,917	24,746r	37,883	5,073	6,057	3,675	4,013	3,907r	4,694	4,330
38 Bonds, net purchases, or sales (−)	−3,930	−3,996r	−4,169	−2,963	−1,251	188	1,540	359r	1,232	−2,221
39 Foreign purchases	56,017	81,214r	120,591	12,700	15,296	13,491	15,632	13,559	14,086	15,157
40 Foreign sales	59,948	85,210r	124,760	15,663	16,546	13,303	14,091	13,200r	12,854	17,378
41 **Net purchases, or sales (−), of stocks and bonds**	**−5,031**	**−7,891r**	**−7,531**	**−4,326**	**−2,918**	**−33**	**1,302**	**762r**	**1,149**	**−1,741**
42 **Foreign countries**	**−4,642**	**−8,954r**	**−7,879**	**−4,003**	**−2,788**	**−106**	**1,122**	**438r**	**1,090**	**−1,678**
43 Europe	−8,655	−9,887r	−14,636	−3,802	−2,649	208	−1,332	−683r	−714	−3,366
44 Canada	542	−1,682r	−596	−488	−286	82	16	245	263	111
45 Latin America and Caribbean	2,460	1,845	2,746	205	176	363	742	278	127	352
46 Asia	1,356	658r	5,501	126	−124	−746	1,639	659	1,337	1,653
47 Africa	−108	75	46	4	6	3	3	9	1	3
48 Other countries	−238	38r	−939	−47	89	−16	55	−70	75	−430
49 **Nonmonetary international and regional organizations**	**−389**	**1,063**	**347**	**−324**	**−130**	**73**	**180**	**324**	**59**	**−63**

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

2. Includes state and local government securities, and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

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

Millions of dollars

Country or area	1984	1985	1986 Jan.–Sept.	1986 Mar.	Apr.	May	June	July	Aug.	Sept.[p]
	Transactions, net purchases or sales (−) during period[1]									
1 **Estimated total[2]**	**21,501**	**29,047**	**22,385**	**9,765[r]**	**8,658[r]**	**−2,132[r]**	**3,112**	**−254[r]**	**752**	**5,095**
2 Foreign countries[2]	16,496	28,591[r]	23,351	2,554[r]	8,398[r]	−252[r]	2,230	2,705[r]	2,215	4,105
3 Europe[2]	11,014	4,145	13,478	1,813	1,625	1,436[r]	2,562	2,544[r]	2,442	−765
4 Belgium-Luxembourg	287	476	316	−196	29	39	82	−46	180	239
5 Germany[2]	2,929	1,917	4,785	322	139	468	357	818	1,050	1,042
6 Netherlands	449	269	1,191	61	81	−31	−64	1,756	−64	−313
7 Sweden	40	976	459	−14	113	236	16	42	−25	100
8 Switzerland[2]	656	760	772	22	163	365	349	−278	52	−68
9 United Kingdom	5,188	−1,954	3,797	1,474	−206	698[r]	698	610[r]	1,207	−1,959
10 Other Western Europe	1,466	1,701	2,158	144	1,307	−339	1,125	−358	43	195
11 Eastern Europe	0	0	0	0	0	0	0	0	0	0
12 Canada	1,586	−188	789	762	55	908	−302	67	105	−198
13 Latin America and Caribbean	1,418	4,312	949	227	1,234	−954	−460	28	−37	220
14 Venezuela	14	238	−29	127	196	36	−170	−72	−294	266
15 Other Latin America and Caribbean	536	2,343	1,343	171	173	372	−290	96	255	32
16 Netherlands Antilles	869	1,731	−365	−70	865	−1,363	0	5	2	−78
17 Asia	2,431	19,899[r]	7,752	−253[r]	5,092[r]	−1,617[r]	515	−137[r]	−133	5,036
18 Japan	6,289	17,920[r]	5,969	334[r]	2,267[r]	−1,148[r]	223	273	683	4,095
19 Africa	−67	112	−30	−18	−1	−2	−5	6	−1	11
20 All other	114	311	413	22	394	−22	−80	198	−160	−200
21 Nonmonetary international and regional organizations	5,009	457[r]	−965	7,212[r]	260	−1,880[r]	882	−2,959[r]	−1,462	990
22 International	4,612	−420	−1,224	6,957	198	−1,889	899	−2,804	−1,511	885
23 Latin American regional	0	18	162	23	30	0	5	0	0	39
MEMO										
24 Foreign countries[2]	16,496	28,591[r]	23,351	2,554[r]	8,398[r]	−252[r]	2,230	2,705[r]	2,215	4,105
25 Official institutions	505	8,088	10,462	394	3,862	157	1,612	1,448[r]	61	1,948
26 Other foreign[2]	15,992	20,503[r]	12,891	2,160[r]	4,537[r]	−409[r]	619	1,257[r]	2,154	2,158
Oil-exporting countries										
27 Middle East[3]	−6,270	−1,581	−88	−607	1,334	−14	−290	14[r]	−239	−205
28 Africa[4]	−101	7	4	−2	1	1	0	2	−1	2

1. Estimated official and private transactions in marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.
2. Includes U.S. Treasury notes publicly issued to private foreign residents denominated in foreign currencies.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per annum

Country	Rate on Oct. 31, 1986		Country	Rate on Oct. 31, 1986		Country	Rate on Oct. 31, 1986	
	Per-cent	Month effective		Per-cent	Month effective		Per-cent	Month effective
Austria	4.0	Aug. 1985	France[1]	7.0	June 1986	Norway	8.0	June 1983
Belgium	8.0	May 1986	Germany, Fed. Rep. of	3.5	Mar. 1986	Switzerland	4.0	Mar. 1983
Brazil	49.0	Mar. 1981	Italy	12.0	May 1986	United Kingdom[2]	....	....
Canada	8.55	Oct. 1986	Japan	3.0	Oct. 1986	Venezuela	8.0	Oct. 1985
Denmark	7.0	Oct. 1983	Netherlands	4.5	Mar. 1986			

1. As of the end of February 1981, the rate is that at which the Bank of France discounts Treasury bills for 7 to 10 days.
2. Minimum lending rate suspended as of Aug. 20, 1981.
NOTE. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or government commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

3.27 FOREIGN SHORT-TERM INTEREST RATES

Percent per annum, averages of daily figures

Country, or type	1983	1984	1985	1986 Apr.	May	June	July	Aug.	Sept.	Oct.
1 Eurodollars	9.57	10.75	8.27	6.80	6.86	6.95	6.54	6.06	5.88	5.88
2 United Kingdom	10.06	9.91	12.16	10.43	10.16	9.70	9.91	9.79	10.05	11.08
3 Canada	9.48	11.29	9.64	9.57	8.60	8.72	8.45	8.50	8.38	8.45
4 Germany	5.73	5.96	5.40	4.48	4.58	4.59	4.61	4.56	4.48	4.56
5 Switzerland	4.11	4.35	4.92	4.04	4.32	4.96	4.80	4.30	4.13	3.96
6 Netherlands	5.58	6.08	6.29	5.23	5.76	5.90	5.69	5.28	5.17	5.32
7 France	12.44	11.66	9.91	7.66	7.21	7.23	7.13	7.09	7.07	7.38
8 Italy	18.95	17.08	14.86	13.62	12.35	11.78	11.70	11.18	10.84	10.85
9 Belgium	10.51	11.41	9.60	8.51	7.90	7.27	7.25	7.25	7.25	7.29
10 Japan	6.49	6.32	6.47	4.85	4.58	4.64	4.62	4.68	4.71	4.75

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

3.28 FOREIGN EXCHANGE RATES

Currency units per dollar

Country/currency	1983	1984	1985	1986 May	1986 June	1986 July	1986 Aug.	1986 Sept.	1986 Oct.
1 Australia/dollar[1]	90.14	87.937	70.026	72.72	68.89	62.91	61.23	62.21	63.83
2 Austria/schilling	17.968	20.005	20.676	15.667	15.699	15.117	14.502	14.349	14.111
3 Belgium/franc	51.121	57.749	59.336	45.497	45.633	44.304	42.701	42.315	41.635
4 Brazil/cruzeiro	573.27	1841.50	6205.10	13.84	13.84	13.84	13.84	13.84	13.98
5 Canada/dollar	1.2325	1.2953	1.3658	1.3757	1.3899	1.3808	1.3885	1.3872	1.3885
6 China, P.R./yuan	1.9809	2.3308	2.9434	3.2014	3.2115	3.6435	3.7129	3.7150	3.7257
7 Denmark/krone	9.1483	10.354	10.598	8.2479	8.2822	8.0635	7.7657	7.7278	7.5607
8 Finland/markka	5.5636	6.0007	6.1971	5.0967	5.1954	5.0744	4.9377	4.9190	4.8684
9 France/franc	7.6203	8.7355	8.9799	7.0967	7.1208	6.9323	6.7215	6.6835	6.5628
10 Germany/deutsche mark	2.5539	2.8454	2.9419	2.2277	2.2337	2.1517	2.0621	2.0415	2.0054
11 Greece/drachma	87.895	112.73	138.40	139.64	140.98	138.40	134.68	135.07	135.44
12 Hong Kong/dollar	7.2569	7.8188	7.7911	7.8080	7.8107	7.8123	7.8003	7.8026	7.7999
13 India/rupee	10.1040	11.348	12.332	12.466	12.599	12.508	12.567	12.676	12.848
14 Ireland/pound[1]	124.81	108.64	106.62	136.62	135.68	139.00	134.67	134.53	135.89
15 Italy/lira	1519.30	1756.10	1908.90	1528.50	1533.10	1478.31	1420.33	1410.23	1387.67
16 Japan/yen	237.55	237.45	238.47	167.03	167.54	158.61	154.18	154.73	156.47
17 Malaysia/ringgit	2.3204	2.3448	2.4806	2.5978	2.6231	2.6455	2.6121	2.6174	2.6245
18 Netherlands/guilder	2.8543	3.2083	3.3184	2.5082	2.5154	2.4236	2.3242	2.3050	2.2663
19 New Zealand/dollar[1]	66.790	57.837	49.752	56.666	54.585	53.176	50.068	47.950	50.392
20 Norway/krone	7.3012	8.1596	8.5933	7.4106	7.6117	7.4800	7.3534	7.3429	7.3611
21 Portugal/escudo	111.610	147.70	172.07	149.12	151.09	148.67	146.17	146.83	147.24
22 Singapore/dollar	2.1136	2.1325	2.2008	2.2157	2.2232	2.1861	2.1601	2.1680	2.1777
23 South Africa/rand[1]	89.85	69.534	45.57	45.67	39.49	39.04	38.39	43.36	44.42
24 South Korea/won	776.04	807.91	861.89	889.09	890.74	888.59	886.45	883.06	879.22
25 Spain/peseta	143.500	160.78	169.98	141.62	142.91	137.58	134.11	134.10	133.43
26 Sri Lanka/rupee	23.510	25.428	27.187	27.932	27.955	28.065	28.187	28.297	28.407
27 Sweden/krona	7.6717	8.2706	8.6031	7.1458	7.2124	7.0715	6.9365	6.9191	6.8901
28 Switzerland/franc	2.1006	2.3500	2.4551	1.8538	1.8406	1.7445	1.6616	1.6537	1.6433
29 Taiwan/dollar	n.a.	39.633	39.889	38.460	38.163	38.119	37.422	36.885	36.647
30 Thailand/baht	22.991	23.582	27.193	26.327	26.400	26.204	26.093	26.120	26.129
31 United Kingdom/pound[1]	151.59	133.66	129.74	152.11	150.85	150.71	148.61	146.98	142.64
MEMO									
32 United States/dollar[2]	125.34	138.19	143.01	113.27	113.77	110.38	107.50	107.15	106.58

1. Value in U.S. cents.
2. Index of weighted-average exchange value of U.S. dollar against currencies of other G-10 countries plus Switzerland. March 1973 = 100. Weights are 1972–76 global trade of each of the 10 countries. Series revised as of August 1978. For description and back data, see "Index of the Weighted-Average Exchange Value of the U.S. Dollar: Revision" on p. 700 of the August 1978 BULLETIN.
3. Currency reform.

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

Guide to Tabular Presentation, Statistical Releases, and Special Tables

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

c	Corrected
e	Estimated
p	Preliminary
r	Revised (Notation appears on column heading when about half of the figures in that column are changed.)
*	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)
0	Calculated to be zero
n.a.	Not available
n.e.c.	Not elsewhere classified
IPCs	Individuals, partnerships, and corporations
REITs	Real estate investment trusts
RPs	Repurchase agreements
SMSAs	Standard metropolitan statistical areas
. . . .	Cell not applicable

General Information

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

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct obligations of the Treasury. "State and local government" also includes municipalities, special districts, and other political subdivisions.

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

STATISTICAL RELEASES

List Published Semiannually, with Latest Bulletin Reference

SPECIAL TABLES

Published Irregulary, with Latest Bulletin Reference

Special tables begin on next page.

4.20 DOMESTIC AND FOREIGN OFFICES, Insured Commercial Bank Assets and Liabilities[1,2]
Consolidated Report of Condition, December 31, 1985

Millions of dollars

Item	Total	Banks with foreign offices[3,4]			Banks with domestic offices only[5]	
		Total	Foreign	Domestic	Over 100	Under 100
1 **Total assets[6]**	**2,706,663**	**1,590,531**	**415,674**	**1,233,483**	**676,166**	**439,966**
2 Cash and balances due from depository institutions	335,330	234,619	109,765	124,855	63,719	37,000
3 Cash items in process of collection, unposted debits, and currency	n.a.	92,859	1,513	91,345	26,711	n.a.
4 Cash items in process of collection and unposted debits and coin	n.a.	n.a.	n.a.	78,961	18,424	n.a.
5 Currency and coin	n.a.	n.a.	n.a.	12,385	8,288	n.a.
6 Balances due from depository institutions in the United States	n.a.	32,992	20,175	12,817	20,937	n.a.
7 Balances due from banks in foreign countries and foreign central banks	n.a.	91,189	87,847	3,343	7,614	n.a.
8 Balances due from Federal Reserve Banks	n.a.	17,579	229	17,350	8,456	n.a.
MEMO						
9 Noninterest-bearing balances due from commercial banks in the United States (included in balances due from depository institutions in the U.S.)	n.a.	n.a.	n.a.	8,479	13,620	15,625
10 **Total securities, loans and lease financing receivables, net**	**2,162,514**	**1,195,253**	**n.a.**	**n.a.**	**583,685**	**383,576**
11 Total securities, book value	435,599	162,297	16,847	145,450	149,930	123,372
12 U.S. Treasury securities and U.S. government agency and corporation obligations	243,615	73,745	172	73,573	86,582	83,288
13 U.S. Treasury securities	n.a.	56,124	162	55,962	60,626	n.a.
14 U.S. government agency and corporation obligations	n.a.	17,621	10	17,611	25,956	n.a.
15 All holdings of U.S. government-issued or guaranteed certificates of participation in pools of residential mortgages	23,961	11,554	0	11,554	6,098	6,309
16 All other	n.a.	6,067	10	6,057	19,858	n.a.
17 Securities issued by states and political subdivisions in the United States	159,469	65,586	603	64,984	56,534	37,348
18 Other securities	32,515	22,966	16,072	6,893	6,813	2,737
19 Other domestic securities	n.a.	6,023	502	5,521	6,393	...
20 All holdings of private certificates of participation in pools of residential mortgages	540	257	3	254	145	137
21 All other	14,613	5,766	499	5,267	6,248	2,599
22 Foreign securities	n.a.	16,942	15,570	1,373	420	...
23 Federal funds sold and securities purchased under agreements to resell	132,055	64,027	130	63,897	37,321	30,707
24 Total loans and lease financing receivables, gross	1,635,479	990,373	244,136	746,237	408,403	236,703
25 LESS: Unearned income on loans	17,649	7,081	1,865	5,216	6,469	4,098
26 Total loans and leases (net of unearned income)	1,617,830	983,292	242,269	741,023	401,934	232,604
27 LESS: Allowance for loan and lease losses	22,897	14,290	n.a.	n.a.	5,499	3,107
28 LESS: Allocated transfer risk reserves	72	72	n.a.	n.a.	0	0
29 EQUALS: Total loans and leases, net	1,594,861	968,929	n.a.	n.a.	396,435	229,497
Total loans, gross, by category						
30 Loans secured by real estate	435,493	205,230	13,268	191,962	138,343	91,920
31 Construction and land development	n.a.	n.a.	n.a.	58,934	21,517	8,698
32 Farmland	n.a.	n.a.	n.a.	1,371	2,701	7,268
33 1–4 family residential properties	n.a.	n.a.	n.a.	78,611	66,871	50,580
34 Multifamily (5 or more) residential properties	n.a.	n.a.	n.a.	6,152	4,503	1,883
35 Nonfarm nonresidential properties	n.a.	n.a.	n.a.	46,894	42,750	23,492
36 Loans to depository institutions	67,700	61,897	37,022	24,875	5,139	664
37 To commercial banks in the United States	n.a.	15,729	1,340	14,389	4,232	n.a.
38 To other depository institutions in the United States	n.a.	5,134	463	4,671	849	n.a.
39 To banks in foreign countries	n.a.	41,034	35,219	5,815	58	n.a.
40 Loans to finance agricultural production and other loans to farmers	36,086	6,996	599	6,397	6,980	22,110
41 Commercial and industrial loans	576,206	407,071	130,327	276,744	111,761	57,374
42 To U.S. addressees (domicile)	n.a.	290,322	19,189	271,133	111,516	n.a.
43 To non-U.S. addressees (domicile)	n.a.	116,750	111,138	5,611	246	n.a.
44 Acceptances of other banks	4,824	1,328	586	742	1,864	1,632
45 U.S. banks	n.a.	474	90	385	n.a.	n.a.
46 Foreign banks	n.a.	853	496	357	n.a.	n.a.
47 Loans to individuals for household, family and other personal expenditures (includes purchased paper)	301,330	132,930	9,207	123,722	113,181	55,219
48 Credit cards and related plans	73,757	43,120	n.a.	n.a.	28,655	1,982
49 Other (includes single payment and installment)	227,573	89,810	n.a.	n.a.	84,526	53,237
50 Obligations (other than securities) of states and political subdivisions in the U.S.	61,057	39,280	629	38,650	18,439	3,338
51 Nonrated industrial development obligations	45,688	28,433	12	28,421	14,951	2,304
52 Other obligations (excluding securities)	15,369	10,847	618	10,229	3,488	1,034
53 All other loans	128,571	115,555	48,564	66,992	9,265	3,750
54 Loans to foreign governments and official institutions	n.a.	39,427	35,814	3,613	44	n.a.
55 Other loans	n.a.	76,128	12,750	63,378	9,221	n.a.
56 Loans for purchasing and carrying securities	n.a.	n.a.	n.a.	21,431	2,290	n.a.
57 All other loans	n.a.	n.a.	n.a.	41,947	6,931	n.a.
58 Lease financing receivables	24,214	20,087	3,934	16,152	3,433	694
59 Assets held in trading accounts	40,431	39,395	11,731	27,664	899	137
60 Premises and fixed assets (including capitalized leases)	40,412	20,390	n.a.	n.a.	11,812	8,210
61 Other real estate owned	7,129	2,910	n.a.	n.a.	2,045	2,175
62 Investments in unconsolidated subsidiaries and associated companies	2,083	1,725	n.a.	n.a.	297	61
63 Customers' liability on acceptances outstanding	50,336	50,010	n.a.	n.a.	296	30
64 Net due from own foreign offices, Edge and Agreement subsidiaries and IBFs	n.a.	n.a.	n.a.	48,414	n.a.	n.a.
65 Intangible assets	2,698	1,563	n.a.	n.a.	980	155
66 Other assets	65,720	44,666	n.a.	n.a.	12,432	8,621

4.20 Continued

Item	Total	Banks with foreign offices[3,4]			Banks with domestic offices only[5]	
		Total	Foreign	Domestic	Over 100	Under 100
67 **Total liabilities, limited-life preferred stock and equity capital**	**2,706,663**	**1,590,530**	**n.a.**	**n.a.**	**676,166**	**439,966**
68 **Total liabilities**[7]	**2,539,095**	**1,507,283**	**414,484**	**1,151,425**	**629,800**	**402,012**
69 Limited-life preferred stock	14	0	n.a.	n.a.	14	0
70 Total deposits	2,101,008	1,146,851	321,660	825,191	562,987	391,170
71 Individuals, partnerships, and corporations	n.a.	n.a.	173,528	718,506	506,541	354,749
72 U.S. government	n.a.	n.a.	n.a.	2,125	2,021	840
73 States and political subdivisions in the United States	n.a.	n.a.	n.a.	35,435	37,128	28,751
74 Commercial banks in the United States	n.a.	n.a.	n.a.	37,860	9,791	1,913
75 Other depository institutions in the United States	n.a.	n.a.	n.a.	5,072	2,057	1,210
76 Banks in foreign countries	n.a.	n.a.	n.a.	8,060	189	n.a.
77 Foreign governments and official institutions	n.a.	31,100	27,922	3,177	180	n.a.
78 Certified and official checks	23,963	15,537	581	14,956	5,080	3,347
79 All other[8]	n.a.	n.a.	119,628	. . .	. . .	360
80 Total transaction accounts	n.a.	n.a.	n.a.	306,782	167,101	104,925
81 Individuals, partnerships, and corporations	n.a.	n.a.	n.a.	241,140	143,823	93,003
82 U.S. government	n.a.	n.a.	n.a.	1,573	1,536	634
83 States and political subdivisions in the United States	n.a.	n.a.	n.a.	7,789	7,945	6,691
84 Commercial banks in the United States	n.a.	n.a.	n.a.	28,261	7,103	487
85 Other depository institutions in the United States	n.a.	n.a.	n.a.	4,498	1,555	637
86 Banks in foreign countries	n.a.	n.a.	n.a.	7,252	54	n.a.
87 Foreign governments and official institutions	n.a.	n.a.	n.a.	1,314	6	n.a.
88 Certified and official checks	n.a.	n.a.	n.a.	14,956	5,080	3,347
89 All other	n.a.	n.a.	n.a.	. . .	. . .	126
90 Demand deposits (included in total transaction accounts)	n.a.	n.a.	n.a.	261,554	120,628	65,946
91 Individuals, partnerships, and corporations	n.a.	n.a.	n.a.	196,940	100,037	57,614
92 U.S. government	n.a.	n.a.	n.a.	1,558	1,520	617
93 States and political subdivisions in the United States	n.a.	n.a.	n.a.	6,778	5,292	3,156
94 Commercial banks in the United States	n.a.	n.a.	n.a.	28,260	7,093	485
95 Other depository institutions in the United States	n.a.	n.a.	n.a.	4,497	1,548	629
96 Banks in foreign countries	n.a.	n.a.	n.a.	7,252	53	n.a.
97 Foreign governments and official institutions	n.a.	n.a.	n.a.	1,313	5	n.a.
98 Certified and official checks	n.a.	n.a.	n.a.	14,956	5,080	3,347
99 All other	n.a.	n.a.	n.a.	. . .	. . .	100
100 Total nontransaction accounts	n.a.	n.a.	n.a.	518,408	395,885	286,245
101 Individuals, partnerships, and corporations	n.a.	n.a.	n.a.	477,366	362,718	261,746
102 U.S. government	n.a.	n.a.	n.a.	552	484	206
103 States and political subdivisions in the United States	n.a.	n.a.	n.a.	27,646	29,184	22,060
104 Commercial banks in the United States	n.a.	n.a.	n.a.	9,599	2,688	1,426
105 U.S. branches and agencies of foreign banks	n.a.	n.a.	n.a.	311	156	n.a.
106 Other commercial banks in the United States	n.a.	n.a.	n.a.	9,288	2,532	n.a.
107 Other depository institutions in the United States	n.a.	n.a.	n.a.	574	502	572
108 Banks in foreign countries	n.a.	n.a.	n.a.	808	135	n.a.
109 Foreign branches of other U.S. banks	n.a.	n.a.	n.a.	22	4	n.a.
110 Other banks in foreign countries	n.a.	n.a.	n.a.	785	131	n.a.
111 Foreign governments and official institutions	n.a.	n.a.	n.a.	1,864	175	n.a.
112 All other	n.a.	n.a.	n.a.	. . .	. . .	234
113 Federal funds purchased and securities sold under agreements to repurchase	219,327	172,740	368	172,372	42,996	3,592
114 Demand notes issued to the U.S. Treasury	n.a.	n.a.	n.a.	17,310	3,833	694
115 Other borrowed money	71,449	63,053	22,130	40,923	7,837	558
116 Banks liability on acceptances executed and outstanding	50,775	50,449	10,577	39,872	296	30
117 Notes and debentures subordinated to deposits	14,561	12,572	n.a.	n.a.	1,708	280
118 Net due to own foreign offices, Edge and Agreement subsidiaries and IBFs	n.a.	n.a.	n.a.	10,212	n.a.	n.a.
119 All other liabilities	60,138	44,307	n.a.	n.a.	10,144	5,687
120 Total equity capital[9]	167,554	83,248	n.a.	n.a.	46,352	37,954
121 Perpetual preferred stock	982	667	n.a.	n.a.	220	95
122 Common stock	28,717	14,261	n.a.	n.a.	7,296	7,161
123 Surplus	57,992	27,198	n.a.	n.a.	16,718	14,006
124 Undivided profits and capital reserves	80,328	41,517	n.a.	n.a.	22,119	16,693
125 Cumulative foreign currency translation adjustments	n.a.	−396	n.a.	. . .	. . .	n.a.
MEMO						
126 Holdings of commercial paper included in total loans, gross	n.a.	388	240	148	1,426	n.a.
127 Total individual retirement accounts (IRA) and Keogh plan accounts	n.a.	n.a.	n.a.	24,715	22,431	13,658
128 Total brokered deposits	n.a.	n.a.	n.a.	21,885	2,428	500
129 Total brokered retail deposits	n.a.	n.a.	n.a.	4,964	1,747	320
130 Issued in denominations of $100,000 or less	n.a.	n.a.	n.a.	1,243	780	272
131 Issued in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less	n.a.	n.a.	n.a.	3,721	967	48
132 Nontransaction savings deposits	n.a.	n.a.	n.a.	205,427	157,360	91,047
133 Total time deposits of less than $100,000	n.a.	n.a.	n.a.	134,980	158,302	145,600
134 Time certificates of deposit of $100,000 or more	n.a.	n.a.	n.a.	148,435	76,087	47,434
135 Open-account time deposits of $100,000 or more	n.a.	n.a.	n.a.	29,566	4,129	2,161
136 Super NOW accounts	n.a.	n.a.	n.a.	13,396	15,997	17,096
137 Money market deposit accounts (MMDAs)	n.a.	n.a.	n.a.	160,217	110,840	61,549
138 Total time and savings deposits	n.a.	n.a.	n.a.	563,637	442,359	325,223
Quarterly averages						
139 Total loans	n.a.	n.a.	n.a.	705,023	390,076	230,699
140 Obligations (other than securities) of states and political subdivisions in the United States	n.a.	n.a.	n.a.	34,159	16,305	n.a.
141 Time certificates of deposit of $100,000 or more	n.a.	n.a.	n.a.	144,893	74,488	46,394
142 Super NOW accounts, money market deposit accounts, and time deposits (other than certificates of deposits of $100,000 or more)	n.a.	n.a.	n.a.	321,403	286,502	225,697
143 Number of banks	14,285	268	n.a.	n.a.	2,017	12,000

Footnotes appear at the end of table 4.22

4.21 DOMESTIC OFFICES, Insured Commercial Banks with Assets of $100 Million or more or with foreign offices [1,2,3]
Consolidated Report of Condition, December 31, 1985

Millions of dollars

Item	Total	Members			Nonmembers
		Total	National	State	
1 **Total assets**[6]	**1,909,650**	**1,587,304**	**1,237,085**	**350,219**	**322,346**
2 Cash and balances due from depository institutions	188,573	160,761	123,110	37,651	27,812
3 Cash items in process of collection and unposted debits	97,384	90,919	66,628	24,291	6,466
4 Currency and coin	20,672	17,233	14,155	3,078	3,439
5 Balances due from depository institutions in the United States	33,754	22,469	19,009	3,460	11,285
6 Balances due from banks in foreign countries and foreign central banks	10,957	8,126	6,856	1,270	2,831
7 Balances due from Federal Reserve Banks	25,806	22,014	16,463	5,551	3,792
8 **Total securities, loans and lease financing receivables, (net of unearned income)**	**1,539,555**	**1,260,169**	**994,520**	**265,649**	**279,386**
9 Total securities, book value	295,380	225,423	176,209	49,214	69,957
10 U.S. Treasury securities	116,588	89,368	70,171	19,197	27,220
11 U.S. government agency and corporation obligations	43,567	30,962	26,160	4,802	12,605
12 All holdings of U.S. government-issued or guaranteed certificates of participation in pools of residential mortgages	17,652	14,012	12,151	1,861	3,640
13 All other	25,915	16,950	14,009	2,940	8,966
14 Securities issued by states and political subdivisions in the United States	121,518	95,709	72,646	23,064	25,809
15 Other domestic securities	11,914	7,995	6,587	1,408	3,918
16 All holdings of private certificates of participation in pools of residential mortgages	399	273	177	96	126
17 All other	11,514	7,722	6,410	1,312	3,792
18 Foreign securities	1,793	1,388	644	744	405
19 Federal funds sold and securities purchased under agreements to resell	101,218	86,849	65,711	21,138	14,369
20 Total loans and lease financing receivables, gross	1,154,640	956,878	759,420	197,458	197,763
21 LESS: Unearned income on loans	11,685	8,983	6,823	2,160	2,702
22 Total loans and leases (net of unearned income)	1,142,957	947,897	752,600	195,297	195,060
Total loans, gross, by category					
23 Loans secured by real estate	330,305	259,077	220,159	38,918	71,228
24 Construction and land development	80,452	66,591	54,403	12,188	13,860
25 Farmland	4,071	2,873	2,583	289	1,199
26 1-4 family residential properties	145,482	113,162	97,929	15,233	32,321
27 Multifamily (5 or more) residential properties	10,655	8,159	6,984	1,175	2,496
28 Nonfarm nonresidential properties	89,645	68,292	58,260	10,033	21,352
29 Loans to commercial banks in the United States	18,621	14,296	9,258	5,038	4,324
30 Loans to other depository institutions in the United States	5,520	5,289	4,069	1,220	231
31 Loans to banks in foreign countries	5,873	5,689	3,047	2,643	184
32 Loans to finance agricultural production and other loans to farmers	13,377	11,260	9,997	1,263	2,117
33 Commercial and industrial loans	388,505	326,881	252,484	74,397	61,624
34 To U.S. addressees (domicile)	382,648	321,548	248,151	73,398	61,100
35 To non-U.S. addressees (domicile)	5,857	5,333	4,334	999	524
36 Acceptances of other banks[10]	2,606	1,816	1,609	207	790
37 Of U.S. banks	1,002	710	648	61	292
38 Of foreign banks	420	342	304	38	77
39 Loans to individuals for household, family and other personal expenditures (includes purchased paper)	236,903	195,198	162,704	32,494	41,705
40 Loans to foreign governments and official institutions	3,657	3,538	2,691	847	119
41 Obligations (other than securities) of states and political subdivisions in the United States	57,089	48,382	35,468	12,914	8,707
42 Nonrated industrial development obligations	43,372	36,021	26,086	9,935	7,351
43 Other obligations (excluding securities)	13,717	12,360	9,382	2,979	1,356
44 Other loans	72,600	67,831	43,917	23,914	4,768
45 Loans for purchasing and carrying securities	23,721	22,491	11,758	10,733	1,230
46 All other loans	48,878	45,340	32,159	13,181	3,538
47 Lease financing receivables	19,585	17,620	14,017	3,602	1,965
48 Customers' liability on acceptances outstanding	37,844	37,045	27,270	9,774	800
49 Net due from own foreign offices, Edge and Agreement subsidiaries and IBFs	48,414	44,880	35,310	9,570	3,534
50 Remaining assets	143,677	129,330	92,184	37,145	14,348

4.21 Continued

Item	Total	Members			Non-members
		Total	National	State	
51 **Total liabilities and equity capital**	**1,909,650**	**1,587,304**	**1,237,085**	**350,219**	**322,346**
52 **Total liabilities**[7]	**1,781,225**	**1,480,965**	**1,155,227**	**325,738**	**300,260**
53 Total deposits	1,388,177	1,116,257	892,347	233,910	271,921
54 Individuals, partnerships, and corporations	1,225,047	979,195	791,837	187,358	245,852
55 U.S. government	4,145	3,421	3,028	393	724
56 States and political subdivisions in the United States	72,563	54,962	46,193	8,768	17,601
57 Commercial banks in the United States	47,651	44,420	32,774	11,645	3,231
58 Other depository institutions in the United States	7,129	6,077	4,120	1,957	1,052
59 Banks in foreign countries	8,249	7,776	3,750	4,026	473
60 Foreign governments and official institutions	3,358	3,114	1,529	1,584	244
61 Certified and official checks	20,035	17,292	9,114	8,178	2,743
62 Total transaction accounts	473,884	396,962	303,317	93,644	76,922
63 Individuals, partnerships, and corporations	384,963	316,496	248,708	67,788	68,467
64 U.S. government	3,109	2,651	2,337	313	459
65 States and political subdivisions in the United States	15,733	12,956	10,499	2,457	2,777
66 Commercial banks in the United States	35,364	33,837	25,139	8,698	1,527
67 Other depository institutions in the United States	6,053	5,408	3,564	1,844	645
68 Banks in foreign countries	7,306	7,114	3,363	3,751	192
69 Foreign governments and official institutions	1,319	1,208	593	615	111
70 Certified and official checks	20,035	17,292	9,114	8,178	2,743
71 Demand deposits (included in total transaction accounts)	382,182	326,070	242,913	83,157	56,112
72 Individuals, partnerships, and corporations	296,977	248,404	190,659	57,745	48,573
73 U.S. government	3,078	2,622	2,311	311	456
74 States and political subdivisions in the United States	12,070	10,203	8,187	2,016	1,867
75 Commercial banks in the United States	35,354	33,826	25,130	8,696	1,527
76 Other depository institutions in the United States	6,045	5,400	3,557	1,844	644
77 Banks in foreign countries	7,305	7,113	3,362	3,751	192
78 Foreign governments and official institutions	1,318	1,208	593	615	110
79 Certified and official checks	20,035	17,292	9,114	8,178	2,743
80 Total nontransaction accounts	941,294	719,295	589,030	130,265	194,999
81 Individuals, partnerships, and corporations	840,084	662,699	543,129	119,570	177,385
82 U.S. government	1,036	770	691	79	266
83 States and political subdivisions in the United States	56,830	42,006	35,695	6,311	14,824
84 Commercial banks in the United States	12,287	10,583	7,635	2,948	1,704
85 U.S. branches and agencies of foreign banks	467	203	137	66	264
86 Other commercial banks in the United States	11,820	10,380	7,498	2,882	1,440
87 Other depository institutions in the United States	1,076	669	556	113	407
88 Banks in foreign countries	942	661	387	275	281
89 Foreign branches of other U.S. banks	26	22	19	3	4
90 Other banks in foreign countries	916	639	368	272	276
91 Foreign governments and official institutions	2,038	1,905	936	969	133
92 Federal funds purchased and securities sold under agreements to repurchase	215,368	200,898	151,364	49,534	14,470
93 Demand notes issued to the U.S. Treasury	21,144	19,486	14,981	4,505	1,657
94 Other borrowed money	48,760	44,802	26,129	18,673	3,958
95 Banks liability on acceptances executed and outstanding	40,169	39,369	28,537	10,831	800
96 Notes and debentures subordinated to deposits	1,708	1,147	1,020	127	561
97 Net due to own foreign offices, Edge and Agreement subsidiaries and IBFs	10,212	8,314	5,342	2,972	1,897
98 Remaining liabilities	65,900	59,006	40,849	18,157	6,894
99 **Total equity capital**[9]	**128,425**	**106,338**	**81,858**	**24,481**	**22,086**
MEMO					
100 Holdings of commercial paper included in total loans, gross	1,574	959	781	178	614
101 Total individual retirement accounts (IRA) and Keogh plan accounts	47,146	37,188	31,077	6,111	9,958
102 Total brokered deposits	24,313	20,346	16,831	3,514	3,967
103 Total brokered retail deposits	6,711	6,055	5,698	357	656
104 Issued in denominations of $100,000 or less	2,023	1,498	1,446	52	525
105 Issued in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less	4,688	4,557	4,252	305	131
106 Nontransaction savings deposits	362,786	287,550	234,681	52,869	75,236
107 Total time deposits of less than $100,000	293,282	224,163	191,154	33,009	69,119
108 Time certificates of deposit of $100,000 or more	224,523	177,364	143,081	34,283	47,159
109 Open-account time deposits of $100,000 or more	33,695	30,215	20,111	10,104	3,480
110 Super NOW accounts	29,394	22,470	19,361	3,110	6,923
111 Money market deposit accounts (MMDAs)	271,057	216,728	176,435	40,293	54,330
112 Total time and savings deposits	1,005,996	790,187	649,434	140,753	215,809
Quarterly averages					
113 Total loans	1,095,099	906,590	722,255	184,335	188,509
114 Obligations (other than securities) of states and political subdivisions in the United States	50,464	42,886	31,497	11,389	7,578
115 Time certificates of deposit of $100,000 or more	219,381	173,409	140,902	32,507	45,972
116 Super NOW accounts, money market deposit accounts, and time deposits (other than certificates of deposits of $100,000 or more)	607,904	473,428	396,436	76,992	134,476
117 Number of banks	2,285	1,359	1,154	205	926

Footnotes appear at the end of table 4.22

4.22 DOMESTIC OFFICES, Insured Commercial Bank Assets and Liabilities[1,2,3]
Consolidated Report of Condition, December 31, 1985

Millions of dollars

Item	Total	Members: Total	Members: National	Members: State	Nonmembers
1 **Total assets**[6]	**2,349,616**	**1,774,344**	**1,392,787**	**381,557**	**575,271**
2 Cash and balances due from depository institutions	225,574	177,212	136,938	40,273	48,362
3 Currency and coin	25,519	19,370	15,939	3,431	6,150
4 Noninterest-bearing balances due from commercial banks	37,724	21,204	17,681	3,523	16,520
5 Other	162,330	136,638	103,318	33,319	25,693
6 **Total securities, loans, and lease financing receivables (net of unearned income)**	**1,926,238**	**1,423,945**	**1,130,650**	**293,295**	**502,293**
7 Total securities, book value	418,752	275,739	217,560	58,179	143,013
8 U.S. Treasury securities and U.S. government agency and corporation obligations	243,443	153,814	123,727	30,086	89,629
9 Securities issued by states and political subdivisions in the United States	158,866	111,350	85,590	25,760	47,516
10 Other securities	16,443	10,575	8,242	2,333	5,868
11 All holdings of private certificates of participation in pools of residential mortgages	537	314	207	107	223
12 All other	15,906	10,262	8,036	2,226	5,645
13 Federal funds sold and securities purchased under agreements to resell	131,925	100,758	77,429	23,329	31,167
14 Total loans and lease financing receivables, gross	1,391,343	1,058,194	843,938	214,256	333,149
15 LESS: Unearned income on loans	15,784	10,748	8,279	2,469	5,036
16 Total loans and leases (net of unearned income)	1,375,561	1,047,448	835,661	211,787	328,113
Total loans, gross, by category					
17 Loans secured by real estate	422,225	298,101	252,487	45,614	124,124
18 Construction and land development	89,149	70,579	57,870	12,709	18,570
19 Farmland	11,339	5,373	4,579	794	5,966
20 1–4 family residential properties	196,062	134,895	115,679	19,217	61,167
21 Multifamily (5 or more) residential properties	12,538	8,955	7,653	1,302	3,583
22 Nonfarm nonresidential properties	113,136	78,299	66,707	11,592	34,838
23 Loans to depository institutions	30,678	25,582	16,639	8,943	5,097
24 Loans to finance agricultural production and other loans to farmers	35,486	19,499	16,633	2,866	15,987
25 Commercial and industrial loans	445,879	352,548	274,315	78,234	93,331
26 Acceptances of other banks	4,238	2,580	2,236	343	1,658
27 Loans to individuals for household, family and other personal expenditures (includes purchased paper)	292,123	219,279	182,798	36,481	72,844
28 Obligations (other than securities) of states and political subdivisions in the United States	60,427	49,783	36,686	13,097	10,644
29 Nonrated industrial development obligations	45,676	36,997	26,936	10,061	8,679
30 Other obligations (excluding securities)	14,751	12,786	9,749	3,036	1,966
31 All other loans	80,007	72,896	47,869	25,027	7,110
32 Lease financing receivables	20,279	17,926	14,275	3,651	2,353
33 Customers' liability on acceptances outstanding	37,874	37,058	27,281	9,777	816
34 Net due from own foreign offices, Edge and Agreement subsidiaries and IBFs	48,414	44,880	35,310	9,570	3,534
35 Remaining assets	159,930	136,129	97,917	38,212	23,801
36 **Total liabilities and equity capital**	**2,349,616**	**1,774,344**	**1,392,787**	**381,557**	**575,271**
37 **Total liabilities**[7]	**2,183,236**	**1,652,241**	**1,297,885**	**354,356**	**530,995**
38 Total deposits	1,779,348	1,282,483	1,030,837	251,647	496,865
39 Individuals, partnerships, and corporations	1,579,796	1,130,380	917,789	212,591	449,415
40 U.S. government	4,986	3,785	3,337	448	1,202
41 States and political subdivisions in the United States	101,314	66,305	55,660	10,645	35,009
42 Commercial banks in the United States	49,564	45,466	33,612	11,854	4,098
43 Other depository institutions in the United States	8,339	6,670	4,627	2,042	1,669
44 Certified and official checks	23,382	18,809	10,400	8,409	4,573
45 All other	11,966	11,067	5,410	5,657	899
46 Total transaction accounts	578,810	442,209	341,217	100,991	136,601
47 Individuals, partnerships, and corporations	477,966	356,565	282,350	74,215	121,401
48 U.S. government	3,744	2,921	2,567	354	823
49 States and political subdivisions in the United States	22,425	15,600	12,700	2,900	6,824
50 Commercial banks in the United States	35,852	34,184	25,343	8,840	1,668
51 Other depository institutions in the United States	6,690	5,742	3,845	1,897	948
52 Certified and official checks	23,382	18,809	10,400	8,409	4,573
53 All other	8,752	8,388	4,012	4,375	364
54 Demand deposits (included in total transaction accounts)	448,129	354,974	267,181	87,792	93,156
55 Individuals, partnerships, and corporations	354,590	273,568	211,861	61,707	81,023
56 U.S. government	3,696	2,885	2,533	352	811
57 States and political subdivisions in the United States	15,226	11,438	9,222	2,216	3,789
58 Commercial banks in the United States	35,838	34,173	25,334	8,838	1,666
59 Other depository institutions in the United States	6,673	5,731	3,834	1,897	942
60 Certified and official checks	23,382	18,809	10,400	8,409	4,573
61 All other	8,723	8,370	3,997	4,374	353
62 Total nontransaction accounts	1,200,538	840,274	689,619	150,655	360,263
63 Individuals, partnerships, and corporations	1,101,829	773,815	635,439	138,376	328,015
64 U.S. government	1,242	864	770	93	379
65 States and political subdivisions in the United States	78,890	50,705	42,960	7,745	28,184
66 Commercial banks in the United States	13,712	11,283	8,269	3,014	2,430
67 Other depository institutions in the United States	1,648	927	783	145	721
68 All other	3,215	2,680	1,398	1,282	535
69 Federal funds purchased and securities sold under agreements to repurchase	218,960	202,897	152,982	49,915	16,062
70 Demand notes issued to the U.S. Treasury	21,837	19,821	15,259	4,562	2,016
71 Other borrowed money	49,318	45,074	26,359	18,714	4,245
72 Banks liability on acceptances executed and outstanding	40,199	39,383	28,548	10,834	816
73 Notes and debentures subordinated to deposits	1,988	1,271	1,130	141	717
74 Net due to own foreign offices, Edge and Agreement subsidiaries and IBFs	10,212	8,314	5,342	2,972	1,897
75 Remaining liabilities	71,586	61,312	42,771	18,541	10,274

4.22 Continued

Item	Total	Members			Nonmembers
		Total	National	State	
76 **Total equity capital**[9]	**166,380**	**122,103**	**94,902**	**27,201**	**44,276**
MEMO					
77 Assets held in trading accounts	28,701	28,413	17,560	10,853	288
78 U.S. Treasury securities	9,315	9,304	4,862	4,442	12
79 U.S. government agency corporation obligations	2,938	2,938	1,638	1,301	0
80 Securities issued by states and political subdivisions in the United States	11,301	11,205	7,106	4,099	96
81 Other bonds, notes and debentures	257	257	111	147	0
82 Certificates of deposit	1,318	1,318	1,009	309	0
83 Commercial paper	59	59	59	0	0
84 Bankers acceptances	2,647	2,621	2,155	466	26
85 Other	328	322	243	78	6
86 Total individual retirement accounts (IRA) and Keogh plan accounts	60,804	42,734	35,697	7,036	18,071
87 Total brokered deposits	24,813	20,542	17,004	3,539	4,271
88 Total brokered retail deposits	7,031	6,161	5,785	376	871
89 Issued in denominations of $100,000 or less	2,295	1,586	1,519	66	710
90 Issued in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less	4,736	4,575	4,266	309	161
91 Nontransaction savings deposits	453,832	327,480	267,785	59,695	126,352
92 Total time deposits of less than $100,000	438,881	282,660	239,215	43,445	156,221
93 Time certificates of deposit of $100,000 or more	271,956	199,028	161,738	37,291	72,928
94 Open-account time deposits of $100,000 or more	35,828	31,100	20,876	10,224	4,758
95 Super NOW accounts	46,489	29,776	25,362	4,414	16,713
96 Money market deposit accounts (MMDAs)	332,608	244,057	199,315	44,742	88,551
97 Total time and savings deposits	1,331,219	927,510	763,655	163,854	403,709
Quarterly averages					
98 Total loans	1,325,799	1,004,969	804,421	200,548	320,830
99 Time certificates of deposit of $100,000 or more	265,775	194,468	159,046	35,422	71,307
100 Super NOW accounts, money market deposit accounts, and time deposits (other than certificates of deposit of $100,000 or more)	833,601	566,579	474,169	92,410	267,023
101 Number of banks	14,285	5,978	4,909	1,069	8,307

1. The data in these tables have not appeared since Mar. 31, 1984, when the report of condition was substantially revised for commercial banks. Some of the changes are as follows: (1) Previously, banks with international banking facilities (IBFs) that had no other foreign offices were considered domestic reporters. Beginning with the Mar. 31, 1984 call report these banks are considered foreign and domestic reporters and must file the foreign and domestic report of condition; (2) banks with assets greater than $1 billion have additional items reported; (3) the domestic office detail for banks with foreign offices has been reduced considerably; and (4) banks with assets under $25 million have been excused from reporting certain detail items.

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

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

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

5. The 'over 100' column refers to those respondents whose assets, as of June 30 of the previous calendar year, were equal to or exceeded $100 million. (These respondents file the FFIEC 032 or FFIEC 033 call report.) The 'under 100' column refers to those respondents whose assets, as of June 30 of the previous calendar year, were less than $100 million. (These respondents filed the FFIEC 034 call report.)

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

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

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

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

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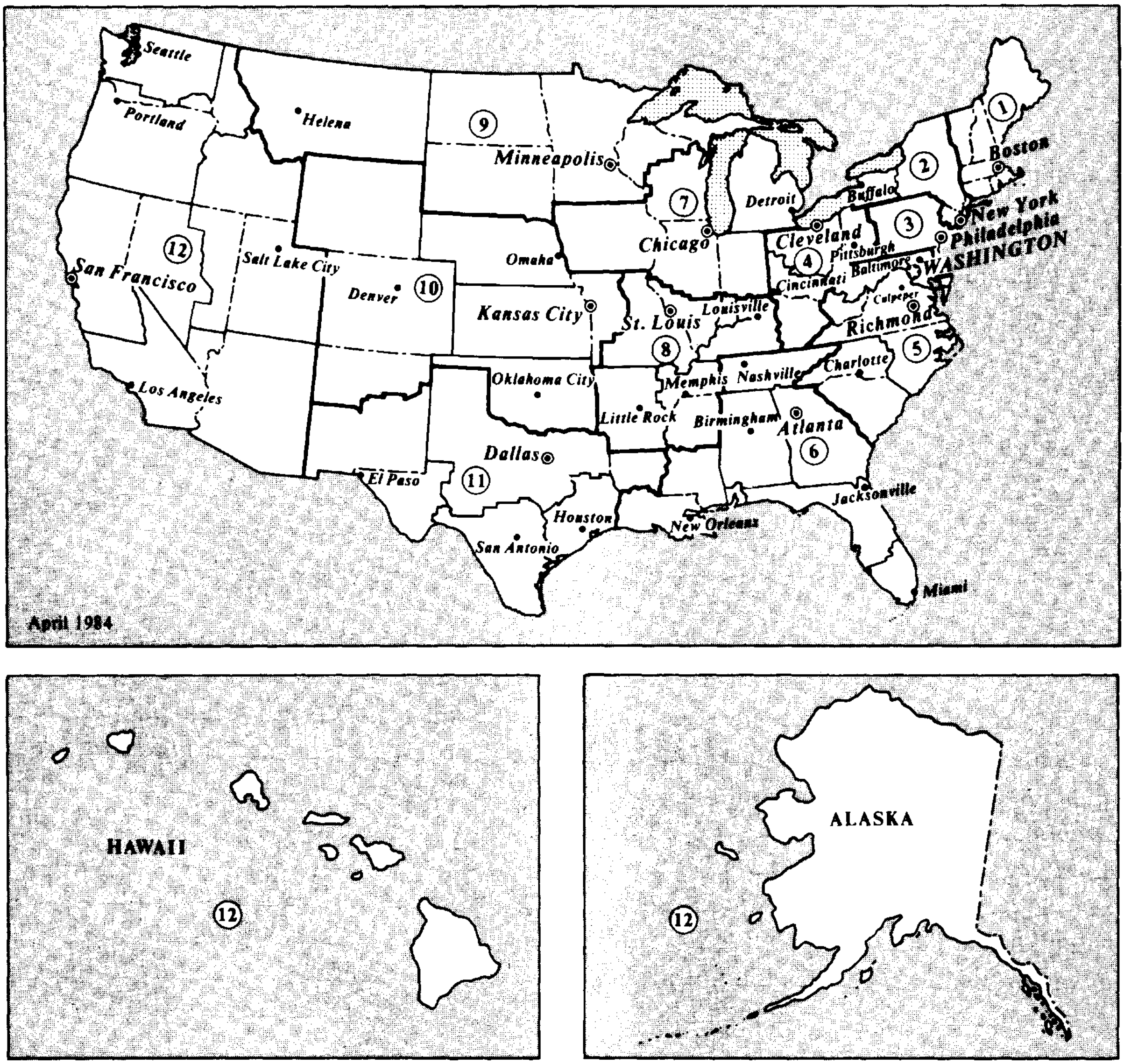

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