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The Housing Market

Recent Developments and Underlying Trends

This article was prepared by James L. Freund of the Board's Division of Research and Statistics. Eric L. Jorgensen provided research assistance.

The inflationary experience of the 1970s and early 1980s has had profound effects on the housing market. The burst of home prices during that period along with high mortgage interest rates—caused in considerable measure by fears of further inflation—raised costs of carrying newly purchased houses relative both to family incomes and to prices of other goods and services. Since 1980, rising unemployment and slack income growth in general also have discouraged housing activity.

Although the recent period was dismal for those producing and selling residential real estate, 1982 ended on a positive note. As mortgage rates declined during the year and house prices stabilized, homebuilding activity gathered considerable strength. With underlying demand for housing likely to remain strong in the near term, any further improvement in financial conditions can be expected to foster additional gains in residential construction.

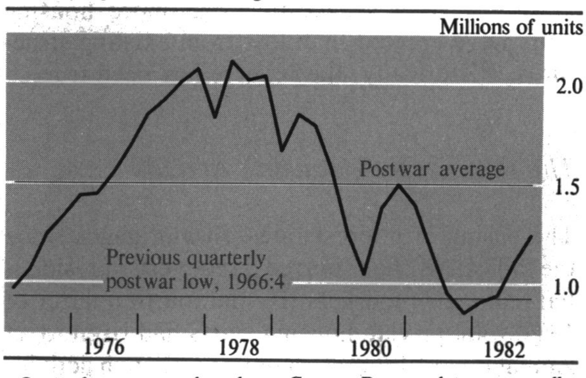
Longer-term prospects for the housing market also depend on a favorable financial environment. In this connection, major changes during recent years in the sources and the methods of funding residential real estate transactions have given mortgage markets better means to cope with financial instability and uncertainty. However, the outlook for housing also will be determined by underlying demographic and economic developments. Much of the initial demand for housing created by the maturing of young people born during the baby boom of the 1950s and the early 1960s has already been felt in the market, and the negative influence of the ensuing "baby bust" is beginning to damp incremental demand for shelter. A significant increase in the relative cost of housing during the past decade also will help shape the course of residential construction in the future.

RECENT DEVELOPMENTS IN HOUSING MARKETS

Homebuilding and house sales have been deeply depressed of late. In the second half of 1981 and the first half of 1982, the annual rate of private housing starts fell below the million-unit mark for four consecutive quarters (chart 1). During the previous three decades new production had been that low in only two isolated quarters. In fact, housing starts during the past two years recorded the lowest annual totals since 1946.

House sales also were depressed in 1982. Sales of existing homes plummeted to their lowest total in more than a decade, and sales of new houses fell to their slowest annual pace since such data were first collected in 1963. As the demand for homes softened, pressures on prices abated. The average price of existing homes sold (not adjusted for changes in quality or for concessionary financing) rose less than 5 percent during both

1. Total private housing starts



Quarterly averages based on Census Bureau data, seasonally adjusted at annual rates.

1981 and 1982; this compares with double-digit rates during each of the three preceding years. Increases in prices of new homes sold also slowed considerably. Indeed, the average sales price of a new house in the second half of 1982 was virtually unchanged from that of a house of comparable quality a year earlier.

Alternative Means of Providing Housing

As the cost of traditional units has risen and production has fallen, alternative means of providing housing services apparently have increased in importance. For example, the production of manufactured units (mobile homes) has declined little relative to its pace in the late 1970s, when financial and economic conditions were more favorable. During the past two years mobile homes have accounted for nearly 20 percent of all new housing units produced, up from 12 percent just four years earlier.

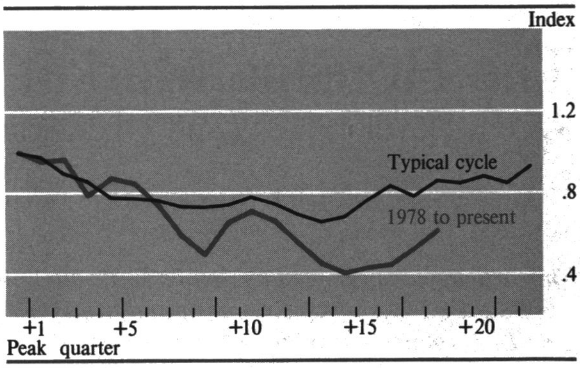
Other ways of making up for reduced production of traditional dwellings have included expansion or subdivision of existing residences, prolonged use of older units of marginal quality, and conversion of nonresidential structures to housing units. Apparently, an unusual number of new dwelling units are being supplied through such unconventional means. While all other expenditures on residential investment declined more than 50 percent in real terms between 1978 and 1982, spending on additions and alterations to existing homes increased 10 percent after adjustment for inflation. Moreover, growth in the number of occupied housing units has exceeded the number of new traditional dwellings completed in recent years, suggesting that more housing units were created than lost from existing structures. Historically, the reverse has been true.

The Recovery of Housing Activity

The easing of interest rates on mortgages since the fall of 1981 has spurred a recovery in residential real estate markets. By the fourth quarter of 1982, total private housing starts had risen to an annual rate of 1.3 million units. Although activity during this upswing is still well below levels of new construction at comparable stages of earlier cycles (chart 2), starts have risen sharply from the quarterly postwar low rate of 870,000 units registered in late 1981.

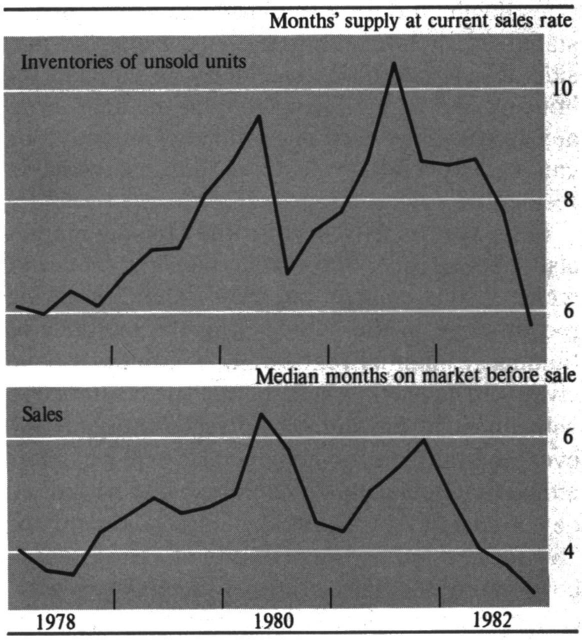
Sales of homes also improved considerably toward the end of last year. As the stock of unsold new units fell relative to current sales and as new houses sold more rapidly (chart 3), builders stepped up production. By the final quarter of

2. Relative weakness of recent housing starts



The curve labeled typical cycle plots the median values for quarters in cycles in housing starts from 1950 to 1978. The values on both curves are indexes, with the peak quarter of each cycle equal to 1.

3. Market conditions for new houses



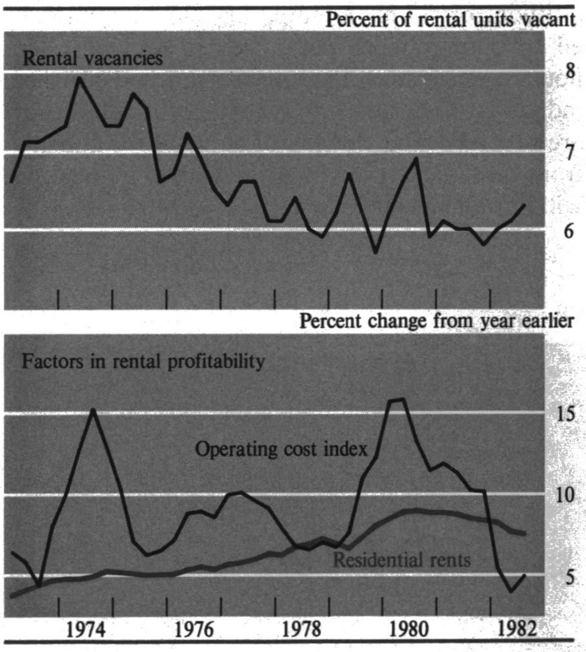
The value plotted for inventories is an estimate of the number of months' supply of new single-family houses for sale by merchant-builders at the end of that quarter, assuming that the then-current pace of sales is maintained. The pace of sales is the seasonally adjusted number of months between the start and the sale of the house.

1982, single-family houses were being started at an annual rate of 807,000 units. This level of new construction was nearly 50 percent above the cyclical low reached a year earlier.

On balance, construction of units in multifamily structures remained depressed in 1982. But activity improved during the course of the year, and by year-end starts of such units were up more than 40 percent from their recent quarterly low in late 1981. Starts of multifamily units intended for sale (condominiums and cooperatives) continued at a relatively brisk rate. During the past two years, these units accounted for around 40 percent of all multifamily starts; at the peak of the housing boom in 1978, units intended for sale accounted for only 20 percent of multifamily construction.

Construction of rental units in multifamily structures was buoyed during 1982 by a push to start dwellings under the expiring section 8 rental subsidy program of the Department of Housing and Urban Development (HUD). At the same time, incentives to build unsubsidized rental units improved (chart 4). Although vacancy rates increased late in the year, most rental markets were still tight by historical standards. Moreover, rents rose more rapidly than operating costs during the year, reversing the pattern typical of the last decade. These positive influences on profitability, along with favorable changes in the federal income tax laws regarding rental properties, helped support production.

4. Market conditions for multifamily units



The data on rental vacancies are from the Census Bureau and are not seasonally adjusted. Residential rents are from the Department of Labor and cover both single- and multifamily units. The operating cost index, which covers only multifamily units, is calculated by the Federal Reserve from Department of Labor data.

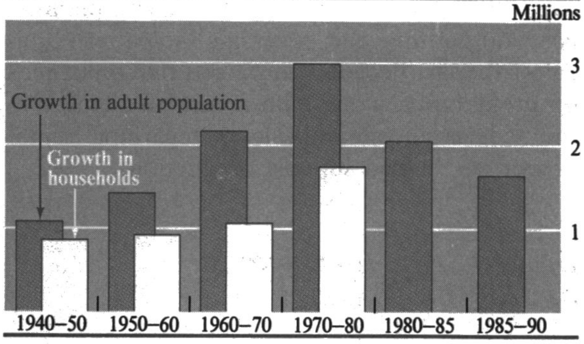
Demographic Influences on Housing Markets

The recent weak performance of the housing market primarily reflects adverse economic and financial conditions of a cyclical nature. If job or housing prospects are poor, a young adult may delay leaving home or may choose to live with friends. Or a growing family may decide not to move to a larger house.

After a period in which decisions to form a new household or to find another residence have been delayed, a rebound may be expected. Current housing markets reflect this pattern. With a substantial number of individuals born during the baby boom still reaching the prime ages for household formation, underlying demand for additional housing units clearly has exceeded the 1 million traditional dwellings built per year in 1981 and 1982. Increases in the number of new units supplied by nontraditional means have not, in all likelihood, filled this gap. Thus, if financial and economic conditions permit, this postponed demand should prove stimulative in the near future.

On the other hand, demand for housing generated by longer-term demographic factors is likely to abate in coming years. The growth of the population old enough to form households (15 years of age or older) is expected to slow markedly once it begins to reflect the sharp decline in births during the mid-1960s (chart 5). As babies born during the surge of births in the 1950s matured in the 1970s, the adult population grew almost 3 million persons per year. This pace more than doubled that of two decades earlier (1.4 million) and was much higher than that of the 1960s (2 million plus). Largely reflecting these population trends, the number of households grew 1.75 million per year on average in the 1970s; this rate compared with about 1 million a year in the 1950s and the 1960s.

5. Demographic factors influencing housing demand



Average annual rates, from the Census Bureau. Projections for 1980–85 and 1985–90 are derived from the Census "middle" series. Population is noninstitutional residents 15 years and older.

During the first half of the current decade, annual growth in the adult population is apt to slow to around 2 million persons, about the same as in the 1960s. In the latter half of the 1980s, the expansion of the adult population is likely to be even slower: the Bureau of the Census projects an average annual increase of only 1.6 million adults in that period. This deceleration inevitably will be translated into slower growth in households and thus less incremental demand for housing units.

The demand for dwelling units also depends on how economic and social forces affect the rate at which households are formed from a given population. Earlier departures by young people from home, fewer marriages among individuals living alone, and more divorces all create demand for additional housing units. The most common measure of the propensity of people to form separate households is the headship rate—the ratio, for a given age group, of households to population.

Headship rates for all age categories have risen steadily in the decades following World War II, as a larger proportion of the population has chosen to live alone or in smaller households (top panel of the table). In 1950, for instance, there were 39 households for every 100 persons aged 25 to 34 years old; in 1980 there were 50. Headship rates for all other age groups also rose noticeably during the same period. While growth in the number of households primarily reflects population trends, these increases in headship rates have had a positive effect. For example, if headship rates had stayed at 1970 levels throughout the subsequent decade, the average annual growth in households during those 10 years would have been close to 1.3 million rather than the 1.7 million actually experienced.

The rise in headship rates may have slackened in recent years (bottom panel). Although the aggregate headship rate has moved up during the past five years, the incidence of households among younger people (15 to 34 years old), for instance, has declined somewhat. The latest evidence could mark a fundamental change in social attitudes or simply a temporary slowdown related to poor job prospects and to difficulties in housing markets. If the longer-run trends toward individual and smaller households moderate or are reversed, the slowing of demand for housing from less rapid growth in the adult population will be reinforced.

Headship rates

Number of households per 100 persons

Year	Age group					
	15 and over	15–24	25–34	35–44	45–54	55 and over
	Historical trends					
1950	41.0	9.9	38.9	48.0	51.3	56.9
1960	43.8	11.1	43.3	49.0	52.9	59.0
1970	44.6	12.8	47.5	51.5	53.1	62.3
1980	47.0	15.8	50.5	55.0	55.7	63.7
	Recent developments					
1978	46.6	15.5	50.8	54.4	54.6	63.8
1979	46.7	15.7	49.9	54.2	55.1	64.1
1980	47.0	15.8	50.5	55.0	55.7	63.7
1981	47.3	15.6	50.6	55.2	56.4	63.8
1982	47.4	15.0	49.9	55.9	56.0	64.2

SOURCE. Estimates derived from Census Bureau data.

The High Cost of Shelter

Another fundamental influence on housing demand is the cost of housing relative to family incomes and to the prices of other goods and services. Although in the long run most decisions to form households do not depend on housing market factors, the size and the quality of units produced do. The types of structures built, in turn, determine the share of total resources absorbed by the housing sector. During the past decade or so, some basic changes have raised the relative cost of acquiring shelter, especially units intended for owner occupancy. These changes are likely to be felt in housing markets for some time.

Owning a Home

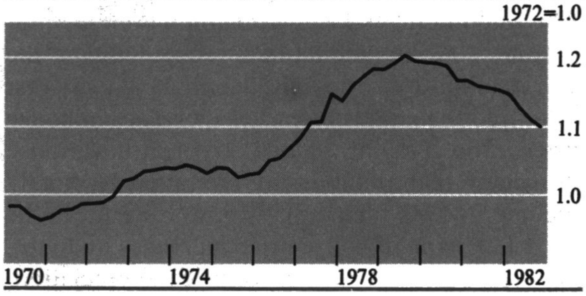
For most households, owning a home, whether through a condominium, cooperative, or traditional arrangement, has been a good investment during the postwar era. Because most families can use "leverage" by borrowing the bulk of the purchase price, appreciation in home prices has been translated into high rates of return on initial investments. And the real cost of borrowing often has turned out to be quite low, as borrowers with fixed-rate mortgages have found that unexpected inflation made their debt service a bargain. Moreover, as inflation has moved families into higher tax brackets, the substantial tax advantages of homeownership have been enhanced.

The Increased Out-of-Pocket Costs of Homeownership

The attractive returns that most homeowners enjoyed during the past decade or so masked developing problems caused by a sharp increase in the out-of-pocket costs associated with purchasing a house. Between 1970 and 1982, the price of newly purchased dwellings increased dramatically relative to other prices. The average sales price of a new house, adjusted for changes in quality, rose 190 percent during that period. The average price of an existing home (not adjusted for quality changes) increased 230 percent, while the consumer price index (excluding the cost of home purchase) rose 143 percent.

The rise in relative house prices reflects, in large part, a sharp escalation in building costs in the 1970s. The cost of residential construction increased 136 percent in that decade, while the cost of production for all goods and services was up 96 percent. Subsequent declines in relative construction costs, which could be largely cyclical in nature, have offset only part of the earlier increase (chart 6).

6. Relative construction costs of residential structures



Relative cost is the fixed-weight price index for residential construction investment divided by the fixed-weight price index for gross business product. The basic data are seasonally adjusted indexes, 1972=1.0, from the Bureau of Economic Analysis.

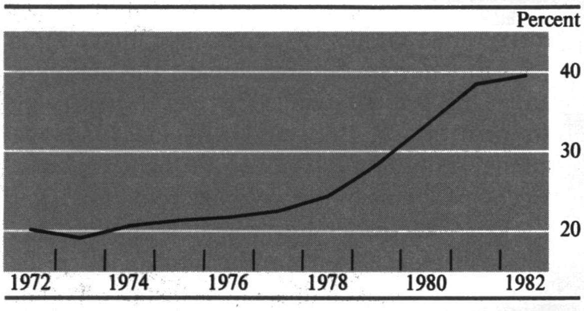
The cost of financing all types of home purchases also has risen sharply. The average interest rate on conventional first mortgages closed by institutional lenders was 8 percent in 1970. By the fall of 1981, the average rate had climbed to more than 15 percent, and it was still in the 13 percent range in late 1982. Because financing is crucial for the typical homebuyer, this increase in rates has added significantly to the carrying costs of a house. Between 1970 and 1982, the combination of higher prices and higher interest rates helped cause the average out-of-pocket costs of homeownership for new buyers (as traditionally measured in the consumer price index) to rise almost half again as fast as all other items in the CPI.

Coping with the High Cost of Houses

As house prices and the cost of credit surged, homebuyers began to confront downpayments and monthly carrying costs that claimed increasingly large portions of their resources. The high out-of-pocket outlays—for downpayments and for monthly debt service—associated with home purchase did not dim the desire to buy a house so long as home prices were expected to continue escalating rapidly relative to other prices and to interest rates. Because the "true" cost of homeownership was still perceived to be quite low when capital gains and tax advantages were taken into account, what appeared to many observers to be serious problems of "affordability" really consisted of cash flow problems. Many homebuyers and lenders found that necessary monthly payments were too high for current income levels, even though purchasing a house was a sound investment decision.

Recent developments in a sense combine the worst of both worlds. Reflecting high interest rates and the effects of earlier increases in house prices, the carrying cost of a typical new house remained high relative to the average family income in 1982 (chart 7). At the same time, the recent slowing in house price increases undoubtedly lowered expectations of price appreciation. The prospect of lower capital gains, in turn, blunted the investment motive behind the demand for houses that had helped generate earlier gains in relative house prices. The reduced pace in sales of both new and existing houses testifies to the damping effect of these developments.

7. Carrying costs of new houses relative to average household income



The data plotted are the average annual payments to principal and interest on new-home conventional first mortgages closed by major private lenders (Federal Home Loan Bank Board data) divided by average annual disposable income per household (Bureau of Economic Analysis and Census Bureau data).

How will housing markets shed the legacy of high home prices and financing costs facing homebuyers? Significant relative declines in home prices would alleviate problems of meeting monthly payments. Barring an economic upheaval, such declines are unlikely for either new or existing homes. The market price of houses is fundamentally related to the cost of production of new units over the long run. Higher land costs, elevated developmental expenses, limited availability of forest products, and stricter environmental standards have contributed to increases in the relative prices of new homes that are unlikely to be reversed. For existing homes prices have fallen short of inflation in general during the past two years, especially when account is taken of the support to prices lent by concessionary financing arrangements. Such declines in relative prices of homes have, however, only partially offset earlier increases. And these declines are unlikely to persist if the demand for housing postponed over the past several years reinforces the ongoing upswing in home sales.

Moreover, even if fundamental forces were working to lower home prices, the deflationary process might be disrupted by short-run instability in the market. Falling prices could well generate expectations of further declines, and the specter of capital losses would discourage potential homebuyers. Difficulties in obtaining mortgages related to the increased risk of default would further damage activity.

In contrast, significant increases in the price of homes in excess of interest rates and the general rate of inflation arguably could resuscitate demand by lowering the true cost of homeownership through capital gains. But, as experience suggests, reinflating home prices would not be a long-run solution because downpayments and monthly carrying costs would rise even further relative to family incomes and other prices. These burdens eventually would choke off demand. Thus adjustments in home prices themselves do not appear to be a promising solution to the problems of high housing costs.

Housing markets would, however, benefit from a resumption of noninflationary economic growth. Gains in real income would gradually ease household budget constraints now associated with home purchases. Moreover, mortgage interest rates would fall as lenders and borrowers came to believe that inflation, including increases in house prices, would not be reignited.

Even with such relief, homebuyers will be forced to cope directly with past increases in home prices relative to the prices of other goods and services. Families may have to accept smaller houses with fewer amenities to keep out-of-pocket costs down. Or, to maintain the standard of their housing, they may choose to commit more of their income to housing than has been traditional. Elements of both these adjustments are likely.

The Persistent Difficulty of Producing New Rental Units

With homeownership more costly, renting should be more attractive to many households. But several factors continue to work against the profitability of building rental units. The construction and the financing of rental housing involve the same cost pressures as does single-family construction. Moreover, the profitability of multifamily rental units has suffered from the failure of rents to keep pace with operating costs during the past decade. The presence—or possibility—of rent controls in many areas adds to the uncertainty of future income for investors in rental properties.

Because the demand for rental housing is concentrated among lower-income groups, obtaining rents in the market high enough to offset the full costs has proved difficult. By reducing the depreciable life of residential rental structures, the Economic Recovery Tax Act of 1981 significantly improved the tax advantages of this kind of investment. Nonetheless, the underlying profitability problem in this sector remains a deterrent to new building.

The Changing Role of Financial Instruments and Institutions

During the late 1970s and early 1980s, dramatic changes have taken place in the way that housing transactions are financed. The lifting of interest rate ceilings at depository institutions and the federal override of state laws limiting interest rates on conventional home mortgage loans have eliminated two impediments to market activity. In the past, these artificial barriers constrained the flow of funds to the housing sector during periods of high interest rates.

Financing Housing Transactions

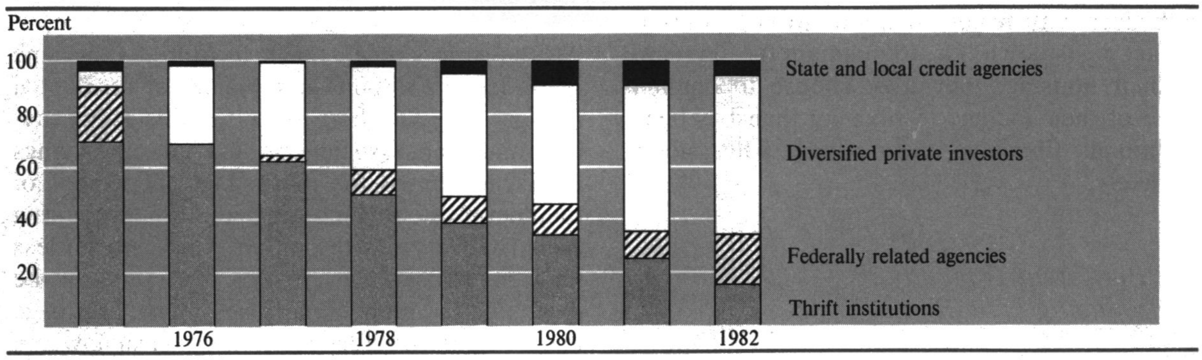
At the same time, thrift institutions became much less important as suppliers of residential mortgage credit (chart 8). In the mid-1970s savings and loan associations and mutual savings banks accounted for more than 60 percent of total net residential mortgage investment; during the past two years the proportion has been less than 20 percent. Part of this reduction can be attributed to an unwillingness to make mortgage loans due to transitory problems of cash flow and profitability. But even when these problems are solved, the increased use of the new powers that thrift institutions have been given to acquire other assets could hold down their mortgage lending in coming years.

Thrift institutions are likely, nonetheless, to maintain a significant—albeit reduced—presence in financing housing transactions. Income tax treatment continues to encourage them to hold mortgage-related assets. In addition, their expertise in residential mortgage lending will afford these institutions a competitive advantage in the near term.

The development of the market for residential mortgage passthrough securities has opened the way for individual investors and financial institutions with broad investment powers, such as pension funds and life insurance companies, to invest more heavily in mortgage assets. Such investors are likely to become more active in mortgage markets. Recent court and legislative actions upholding the enforceability of due-on-sale clauses in mortgage contracts have removed this element of uncertainty from these markets. Moreover, the development and the acceptance of more flexible mortgage instruments should broaden the appeal of mortgage-backed securities for investors.

Finally, to help borrowers avoid the burdensome carrying costs of traditional mortgage arrangements offered by institutional lenders, home sellers have provided concessionary financing. As long as cost pressures on homebuyers persist, incentives will exist for seller financing. Thus, directly or indirectly, diversified investors and individuals, who together financed more than half of total net extensions of housing credit in the past two years, are likely to

8. Residential mortgage assets, by lender



Diversified private investors include individual as well as institutional investors. The share of thrift institutions includes both mortgages and mortgage-backed securities. The data for 1982 are averages for the first three quarters.

remain important participants in mortgage markets.

New Mortgage Instruments

New types of mortgage arrangements have developed in recent years to meet the needs of a rapidly changing financial environment. Lenders who suffered from unanticipated increases in interest rates because they relied on short-term sources of funds to make long-term mortgages have found adjustable-rate mortgages an attractive alternative to fixed-rate loans. In return for sharing the risks of movements in rates, borrowers generally pay an initial interest rate that is lower than the going rate for traditional mortgages. Moreover, a variety of new mortgage arrangements let monthly debt service rise during the term of the loan. Most of these techniques—including graduated-payment mortgages, short-term second mortgages at below-market rates granted by sellers, and builder "buydowns" of interest rates—also offer borrowers lower initial payments than does a traditional level-payment mortgage. A second advantage of rising mortgage payments is that they better match the long-run growth in income typically experienced by borrowers.

The evolving system of mortgage instruments, which gives investors and borrowers a broad array of choices with regard to the assumption of risks and to payment streams, should allow residential mortgage markets to cope with a variety of developments. If inflation continues to abate and interest rates fall further, the traditional fixed-rate mortgage could regain its dominance. If, on the other hand, financial and economic conditions are unsettled, new mortgage techniques and instruments can be expected to be used more widely.

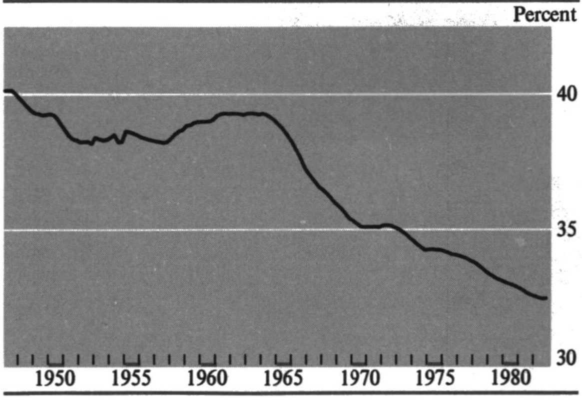
A Concluding Note

As the housing industry continues to recover from the current period of reduced production, its prospects will be determined by the longer-run market forces that influence the demand for housing services. During the past several decades these underlying influences have channeled a declining share of the nation's output into residential investment. As a result, housing has accounted for a declining portion of the nation's reproducible assets (chart 9).

Real estate markets face a maturing population, high relative housing costs, and a possible slackening in replacement demand for existing structures. Recent changes in the federal tax laws have emphasized incentives for investment in corporate capital. The simultaneous general cut in personal income tax rates, along with a diminution of inflation in general, has lessened the tax advantages of homeownership. Moreover, with the virtual termination of the HUD section 8 rental subsidy plan, no large-scale direct government program is in place to encourage private production. All these considerations suggest that the share of the nation's output devoted to housing is likely to continue to shrink.

Nonetheless, the owner-occupied dwelling

9. Residential structures as a proportion of reproducible assets



Reproducible assets include residential structures, nonresidential plant and equipment, nonfarm inventories, and consumer durables, all in 1972 dollars.

unit will no doubt remain a key asset for most households. Homeownership still commands substantial tax advantages, and the ability to finance a large proportion of the purchase price continues to provide a unique investment dimension to ownership for most families. But when buying a dwelling most households are likely to emphasize the consumption rather than the investment features.

In the 1970s, the size and the quality of new homes built increased even though households were getting smaller on average. In part, large units were bought with a view toward resale rather than toward the immediate living requirements of the occupants. Facing carrying costs that are high relative to income and expecting capital gains to remain moderate, households may respond by buying smaller units. Indeed, the median size of new houses sold in the past two or three years was somewhat smaller than those sold in the late 1970s.

In summary, the recovery in residential construction activity now under way is being supported by demands for shelter that were postponed in recent years. In the longer run, however, housing requirements associated with population growth are apt to moderate. And the continued high cost of housing services is likely to favor the construction of smaller housing units requiring fewer resources. □

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. In some instances the Federal Reserve System finances similar studies by members of the academic profession.

From time to time, papers that are of general interest to the professions and to others are selected for the Staff Studies series. These papers are summarized—or, occasionally, printed in full—in the FEDERAL RESERVE BULLETIN.

In all cases 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.

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STUDY SUMMARY

BANK CAPITAL TRENDS AND FINANCING

Samuel H. Talley—Staff, Board of Governors
Prepared as a staff paper in early 1983

In the past several years, U.S. banks have operated in a difficult economic and financial environment in this country and abroad. This unfavorable environment has resulted in an increase in bank failures and in the number of banks experiencing financial problems. Because of these adverse developments, banks, bank supervisors, and depositors have focused increased attention on bank capital and its ability to absorb losses.

This study has two primary objectives. The first is to add historical perspective by reviewing the trends since 1970 in bank capital ratios, the sources of capital growth, and the composition of bank equity financing. This analysis is performed separately for all insured commercial banks and for the nation's 17 largest banking organizations, all of which operate on a multinational basis. The second objective is to present simulations of bank capital covering the period from mid-1982 to year-end 1986 for both all banks and the 17 multinational organizations. These simulations are designed to indicate the conditions under which the banking system and the multinational organizations should be able to maintain, or even improve, their capital ratios from the levels prevailing at mid-1982.

The analysis of trends shows that the equity capital ratios for both all banks and the 17 multinational organizations have increased slightly since 1974, after a precipitous decline during the early 1970s. The most important factor accounting for the improved ratios since 1974 has been a substantial slowdown in the growth of bank assets from the extremely high rates that prevailed in the early 1970s. However, a healthy level of retained earnings, as well as several innovations in bank equity financing in the past two years, also made important contributions. The equity financing innovations included the issuance of floating-rate perpetual preferred stock and mandatory convertible securities, and the use of equity for debt swaps.

The bank capital simulations indicate that the commercial banking system should be able to grow at an annual rate of about 9 to 9½ percent from mid-1982 to year-end 1986 and still maintain the industry's equity ratio at its mid-1982 level of 5.98 percent. The 17 multinational organizations should be able to grow at a slightly faster rate—about 10 to 11 percent—over the same period and still hold their equity ratio constant at 3.98 percent, the level in mid-1982.

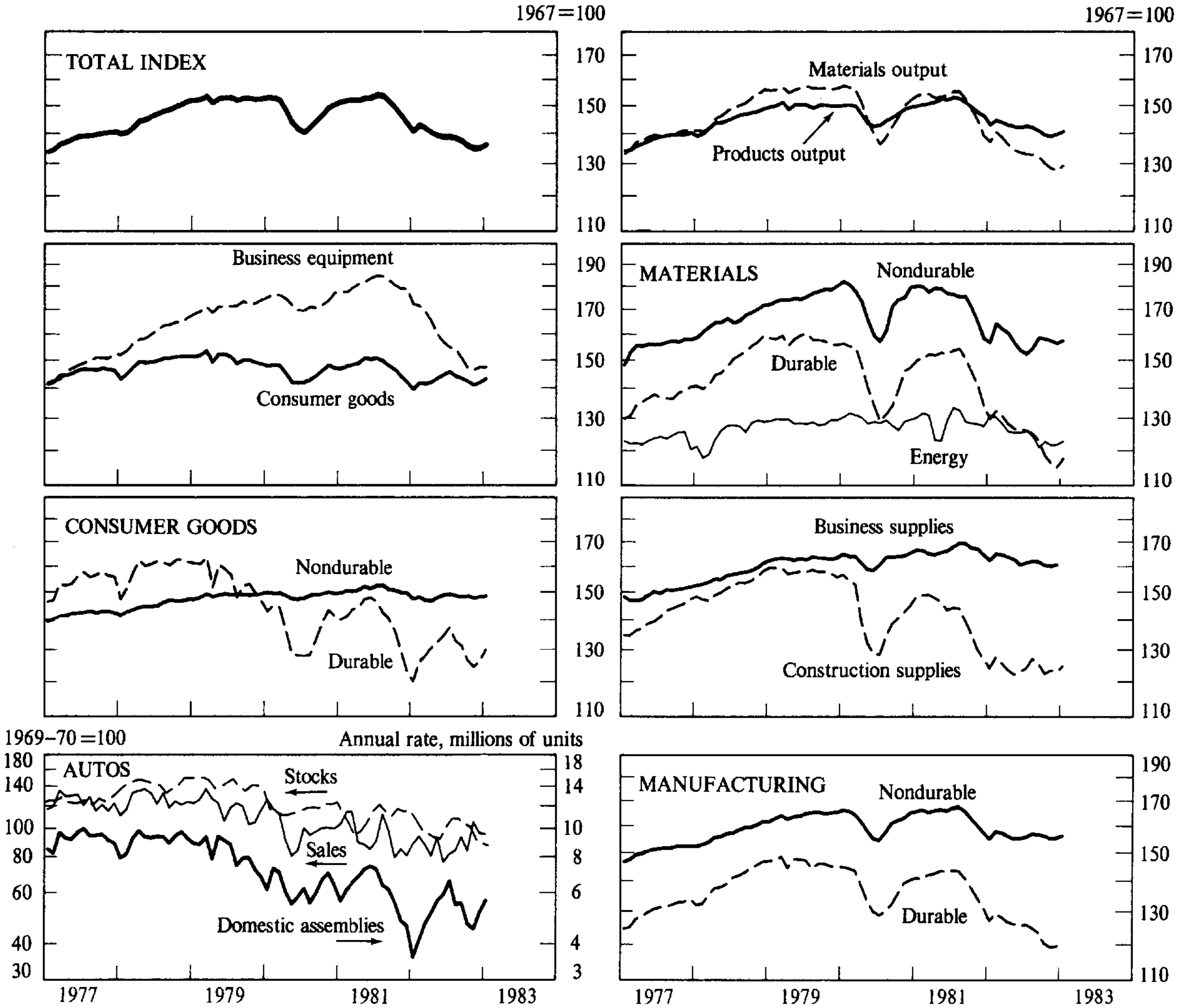
The growth rate of bank assets tends to approximate quite closely the growth rate of nominal gross national product over time. During the next several years, the growth rate of nominal GNP will be considerably affected by the rate of inflation. If that inflation rate does not exceed the current rate, the annual growth rate of bank assets during 1982–86 may not exceed 8 to 9 percent. In that event, the capital ratios of both the commercial banking system and the large multinational organizations could well improve somewhat over the next several years. This improvement would be a positive development, given the recent increased risk exposure of banks resulting from adverse economic and financial developments in this country and abroad. □

Industrial Production

Released for publication February 16

Industrial production increased in January an estimated 0.9 percent after a revised gain of 0.1 percent in December. In both months large increases occurred in the output of automotive products and defense and space equipment; in January the production of construction supplies and of basic metals, particularly steel, also advanced sharply. At 136.2 percent of the 1967 average, industrial production in January was 11.5 percent below its latest high in July 1981 but 1 percent above the low of November 1982.

In market groupings, output of consumer goods rose 0.9 percent in January as the production of autos and home goods increased. Auto



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

Grouping	1967 = 100		Percentage change from preceding month					Percentage change, Jan. 1982 to Jan. 1983
	1982	1983	1982				1983	
	Dec.p	Jan.e	Sept.	Oct.	Nov.	Dec.	Jan.	
	Major market groupings							
Total industrial production	**135.0**	**136.2**	**−.8**	**−1.2**	**−.7**	**.1**	**.9**	**−3.2**
Products, total	139.8	140.6	−.8	−1.1	−.2	.6	.6	−1.6
Final products	139.2	140.0	−.9	−.9	−.4	.7	.6	−2.0
Consumer goods	142.0	143.3	−.5	−.8	−.8	.6	.9	2.7
Durable	126.6	130.1	−1.2	−3.7	−1.7	1.8	2.8	8.3
Nondurable	148.2	148.5	−.3	.2	−.5	.3	.2	.7
Business equipment	147.5	147.4	−2.2	−2.3	−.3	.6	−.1	−14.4
Defense and space	114.6	115.5	.0	2.2	1.5	.9	.8	9.8
Intermediate products	142.0	143.0	−.7	−1.5	.2	.1	.7	−.3
Construction supplies	123.1	124.8	−1.3	−2.4	.7	−.2	1.4	.5
Materials	127.7	129.4	−.6	−1.5	−1.2	−.6	1.3	−5.7
	Major industry groupings							
Manufacturing	134.2	135.4	−.7	−1.5	−.7	.1	.9	−2.2
Durable	119.4	120.9	−1.1	−2.6	−.8	.1	1.3	−4.9
Nondurable	155.5	156.3	−.1	−.3	−.6	.2	.5	.8
Mining	118.9	120.8	−1.9	1.0	.6	2.0	1.6	−16.4
Utilities	165.9	164.2	−.6	.2	−.3	−.8	−1.0	−4.4

p Preliminary. e Estimated. NOTE. Indexes are seasonally adjusted.

assemblies, at an annual rate of 5.6 million units, were about 10 percent higher than in December; however, production of trucks for consumer use fell in January. Output of nondurable consumer goods edged up as increases in food and clothing were partially offset by a decline in consumer energy products. Production of business equipment was essentially unchanged in January following a 0.6 percent rise in December, but the level in January was still more than 20 percent below its latest peak. Output of construction supplies increased 1.4 percent in January.

Production of materials rose 1.3 percent in January, reflecting gains in each major grouping. Output of durable materials rose 2.0 percent as production of basic metals and parts for consumer durables increased. Increases were reported for output of nondurable materials, particularly chemicals and textiles, while the production of energy materials, reflecting gains in coal and crude oil, also increased.

In industry groupings, manufacturing production rose 0.9 percent in January. Output of durable manufacturing increased 1.3 percent, with sizable gains in several industries including primary metals and lumber. Nondurable manufacturing rose 0.5 percent, reflecting widespread gains. Mining activity continued to increase while utility production fell again.

Statements to Congress

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Joint Economic Committee of the U.S. Congress, January 27, 1983.

I appreciate the opportunity to appear before this committee today. In about three weeks, the Federal Reserve will submit its semiannual monetary policy report to the Congress. At that time, I will be reporting on the details of monetary policy, including the Federal Reserve's objectives for the growth of money and credit over the period ahead. This morning I will confine my statement to more general considerations of domestic and international economic policies within the context of recent and prospective developments.

The past year and a half has been a difficult period in the nation's economic history. Output has contracted; too much of our industrial capacity lies idle; and unemployment is far too high—the highest since World War II. But as we enter the new year, there are encouraging signs that recessionary pressures in some key sectors are abating. Substantial progress has been made in reversing the inflationary trend of the past decade, and we can build on that progress. Of central importance to that outlook are signs that productivity may be growing more rapidly after a decade of increasingly unsatisfactory performance. Consequently, the stage appears set for sustainable recovery in business activity, bringing with it the higher levels of employment and real income that we all desire. The challenge for policy is to make that prospect a reality that can carry forward for many years.

An important element in this improved outlook is the change in financial market conditions over the past year. Federal Reserve policy has been aimed at avoiding monetary excesses that would lead to resurgent inflation, while providing enough liquidity to meet the needs of economic growth. In the midst of rapidly changing economic and financial conditions, meeting this objective could not be a simple mechanical matter of adhering rigidly to a present guideline for money and credit growth. At times in the past year there have been indications of unusual demands for highly liquid assets, evidently reflecting shifting preferences on the part of the public in an environment of uncertainty. Moreover, the monetary aggregates, particularly in the latter part of the year, have been distorted by a sequence of special developments—most prominently, the maturing of all saver certificates and the introduction of new deposit instruments.

These and other influences resulted in extraordinary decreases in the observed velocity of money—loosely speaking, the turnover of money balances. In fact, velocity has declined to an extent without precedent in the postwar period. We thus have had to approach monetary targeting and our operational decisions to provide reserves with greater elements of judgment and flexibility in the light of emerging developments. There has been a need to take account of the possibility that underlying trends in the relationship between measures of money and economic activity may be shifting as inflation and market interest rates decline while, to a greatly increased extent, market-oriented interest rates are paid on bank deposits. In the end, we accepted some "overshooting" of the ranges we set for monetary growth—relatively small for the broader aggregates M2 and M3, and sizable for M1.

A number of factors, including the halving of the inflation rate during 1982 and the recession, contributed to substantial declines in nominal interest rates all along the maturity spectrum in the second half of the year. Short-term interest rates are now as much as 10 percentage points below their earlier peaks, and long-term rates are down 5 to 7 percentage points. Meanwhile, equity prices have risen sharply.

Lower interest rates for mortgages and—to a lesser degree—for installment credit have helped to make the financing of purchases by households more affordable. At the same time, businesses could begin to improve their balance sheet positions. Bond issuance by nonfinancial corporations in recent months has more than tripled from levels in early 1982 as corporations have been refunding short-term debt.

Reflecting these developments, activity has been improving for some months in the credit-sensitive sectors of the economy—housing and consumer durables. The most notable turnaround has been in real estate markets. Construction of new, single-family homes is up a third from last summer's low levels and sales of new and existing homes have climbed substantially. Housing activity is still, of course, well below earlier peak rates and below what we would like to see over time in order to ensure that our growing population can be well housed; but the inventory of unsold new homes is quite low, and the improved financial climate bodes well for further gains in this sector. With personal disposable income relatively well maintained, with some improvement in the liquidity and debt position of consumers, and with much more moderate price increases, consumer purchases of "big ticket" items also appear to be stabilizing or improving.

The short-term business outlook is often dominated by inventory adjustments, and 1983 may be no exception. Recalling the excesses of earlier recessions and faced with high borrowing charges, businesses made vigorous attempts to curtail the accumulation of unwanted stocks late last year. The process moved more unevenly over the summer as sales were disappointing, but picked up in the final quarter. Further liquidation would restrain production growth in the months immediately ahead, but any sustained improvement in final demand could soon be reflected in more than proportionate increases in output.

As production begins rising, we are likely to see more substantial increases in productivity. In fact, productivity grew in 1982, which is unusual during a period of recession. Widely reported efforts of businessmen and workers to increase efficiency and to reduce "breakeven" points should pay off more visibly during a period of expansion. Combined with continued moderation in nominal wage increases, such an increase in productivity would imply relatively modest increases in unit labor costs—about two-thirds of all costs in the economy—and thus would prolong and reinforce the progress on inflation.

For the time being, with excess capacity large and profits depressed, business investment in new plant and equipment is likely to continue to fall. Some delay in the recovery of capital spending is not out of line with previous cyclical experience, as businesses initially boost operating rates for existing capital rather than invest in new plant and equipment. But it is critical to the long-run health of the economy that a recovery in business fixed investment not be postponed too long. Capital spending has a pivotal role in extending the length and durability of an economic expansion and in improving productivity and living standards.

The outlook for business fixed investment is in good measure dependent on renewed profits and recovery, but also on a sense that monetary and fiscal policies will succeed in fostering a more stable financial and economic climate over time. During a period of transition toward price stability, some investment plans based in part on expectations of rising prices may be cut back, particularly if conditions in the financial markets are slow to reflect the progress toward stability. Cutbacks in some sectors of the energy industry in 1982 may be a case in point. One important factor affecting the financial climate and business confidence today is concern about federal budget deficits and their effects on the cost and availability of funds needed to finance private sector investment. This is a point I will return to later.

The deficit also contributes to uncertainty about whether the gains against inflation can be sustained. By all the various measures, prices rose 5 percent or less last year, the slowest rate of increase in a decade. To be sure, part of that improvement reflected favorable food and energy price developments, abnormally low commodity prices, the effects of the sharp appreciation of the dollar, and more generally, the cyclical weakness of the economy. Obviously, we are still short of the goal of reasonable price stability. In fact, inflation is really only back to the pace of 1971, which was judged to be so intolerable at that time that wage and price controls were imposed, and the American people

—habituated to high and rising rates of inflation for a decade—remain skeptical about whether the progress will be lasting.

Unlike 1971, however—in fact, unlike the entire decade of the seventies—trends of underlying costs and inflation expectations are now moving in a favorable direction. I believe this improvement can be sustainable as the economy recovers its upward momentum. I alluded earlier to the favorable signs with respect to productivity. At the same time, increases in nominal wage and salary costs slowed to a range of 6 to 7 percent—a development that was fully consistent with maintaining real incomes of workers because price increases were slowing more rapidly than wages.

Clearly, the more restrained wage increases were directly related to the pressures in labor markets during the recession. Total employment fell. While layoffs were concentrated in the industrial sector of the economy, even the service-producing sector—the primary source of growth in employment in recent years—experienced declining payrolls. The overall jobless rate reached a postwar high of nearly 11 percent in December, more than 3 percentage points above the rate before the current contraction began.

Obviously, success in dealing with inflation cannot be based on an economy that stays in recession, with all the hardship and misery that recession implies. We need to maintain moderation in wage settlements and pricing policies as the economy expands. In the near term, the slack in the economy and the present momentum in wages and prices should be consistent with continuing restraint on unit labor costs. But sustained improvement will also depend on a sense of conviction that prices will remain under control, and on prospects for rising real income even as nominal income grows more slowly. Bargaining practices and attitudes—built up during a period of accelerating inflation—change only slowly, but surely success will fundamentally be dependent upon a sense that the financial environment will remain conducive to progress against inflation. The implications for both monetary and fiscal policy seem clear to me.

Other countries have been attempting to deal with some of the same basic problems that we have been facing. After a decade of inflation, subnormal economic performance has been pervasive, and unemployment in the industrialized world has risen to levels unprecedented in the postwar period. The abrupt and disturbing increases in oil prices have certainly been an important influence, first in aggravating the inflation, and then in the subsequent dislocation attendent on the efforts of almost all countries to contain that inflation by restraining demand. But the stubborn inflationary pressures that arose in nearly all countries cannot be attributed to oil alone, and there was, de facto, a broad consensus that policies needed to be directed toward restoring stability.

While wide divergences remain among individual countries, by now striking progress has been made generally in achieving lower rates of inflation. But, at the same time, growth has essentially stopped, with real gross national product in major foreign industrial countries showing no significant change on average last year (from fourth quarter to fourth quarter). Most developing countries had an abrupt and substantial deceleration from the growth rates of recent years, from about 4 to 5 percent in 1979–80 to an estimated ½ percent last year. In Latin America, growth apparently was negative.

In this situation there has been a substantial risk of recession feeding on itself internationally and countries turning toward protectionism in an attempt to insulate their own industries. That approach would, of course, be self-defeating. As protectionist measures spread from one country to another, gains from reduced imports would be offset by closed export markets. At the same time, protectionist measures work directly against the competition necessary to restrain inflation. In the United States, as elsewhere, compromises have been made with protectionist pressures. Nonetheless, we can take some satisfaction from the fact that over all a liberal trading order has not broken down. Maintenance of that approach, which has been a cornerstone of our prosperity for a generation, seems to me critical to the outlook.

Our own vulnerability to weakness in international trade has been conclusively illustrated by events in 1982. The slowdown in business activity abroad, combined with a surge in the strength of the dollar relative to other currencies, has sharply curtailed our export opportunities—and merchandise exports now account for some 16 percent of total output of U.S. goods.

From the beginning of the dollar's upsurge in the fall of 1980 through November 1982, the average value of the dollar rose more than 40 percent against other major currencies; it has given up only a limited portion of that rise over the past couple of months. Some of that strength was a reflection of the progress against inflation, and greater confidence in the price outlook is, of course, healthy. The United States was also in a relatively strong current-account position in 1980 and 1981 and continuing into the first half of 1982, when some other major countries were running large deficits. However, in 1982 the dollar may also have been unusually strengthened by more temporary, and even noneconomic, factors. For much of the period our interest rates were exceptionally high, and the apparent strength, stability, and security of the United States and of its financial system at a time of widespread financial pressures and political and economic uncertainty abroad played a role.

Under the combined impact of world recession and an exceptionally strong dollar, our export volume dropped about 15 percent from the fourth quarter of 1981 to the fourth quarter of 1982, considerably greater than the declines experienced by other industrial countries. While imports have also declined, the change was small. As a result, the decline in real U.S. exports of goods and services during the recession has been equal to nearly one-half the total decline in U.S. GNP. In contrast to earlier periods of U.S. recession, when our trade balance generally improved, thus tending to offset other areas of weakness, the export sector has been one of the major depressing influences on the U.S. economy. While the dollar has lost some of the earlier gains in recent months as our current account has moved into large deficit, the external sector is likely to remain a source of weakness for some time.

The simple fact is that the health of the international economy and our trading position are today highly important to our recovery and prosperity. The point is emphasized all the more by the sharply deteriorated financial position of several large developing countries, countries heavily indebted to commercial banks and other institutions in the industrialized world.

For several years, a number of large developing countries had been increasing their foreign debts at a pace that could not be sustained indefinitely, from the standpoint either of the rising debt service burden on the borrower or of the gradually increasing exposure relative to assets and capital of the lending banks. For a time, the heavy borrowing helped to sustain rapid internal growth in much of the developing world, but increasingly the need for adjustment to reduce internal pressures and balance of payments deficits became apparent. Some of the borrowers started that process some time ago, but with inadequate force and conviction.

The slowdown in world growth helped expose the increasingly precarious position of borrowers as prices of commodity exports fell, markets for manufactured goods weakened, and higher real interest rates increased debt-servicing requirements. The difficulties experienced by our Mexican neighbors—the largest of the international borrowers—in maintaining their debt payments last summer precipitated widespread public awareness and concern about the potential repercussions for the international financial system. The problems are not unique to Mexico, or to banks located in the United States. Without action to deal with these problems, the consequences could be harsh, not only for the borrowing countries but for their trading partners and for all countries dependent on a smoothly functioning financial system. But the fact is that vigorous efforts are under way to deal with the problems. With the active cooperation of the borrowers, the lenders, and the lending countries, these problems can be successfully resolved.

A basic element in any program must be strong actions by the borrowing countries themselves to restore internal and external equilibrium. It is particularly encouraging that a number of important developing countries have taken the significant step of negotiating comprehensive stabilization programs with the International Monetary Fund. Upon approving such a program, the IMF itself provides limited sums of medium-term financing; even more important, IMF imprimatur should reinforce the confidence of other lenders.

In some instances, governments, acting bilaterally or through the Bank for International Settlements, have provided temporary financing to meet pressing liquidity needs as the IMF program is established.

On that base, commercial banks have acted together in important instances to "roll over" existing indebtedness and to assure enough additional funding to permit time for orderly adjustment. Those efforts, involving hundreds of banks here and abroad, typically call for a reduced flow of new bank loans, commensurate with reduced payment deficits by the borrowers, and no increase in bank exposure relative to capital. Well conceived and constructed, the net result of the adjustment and refinancing programs should be to improve the creditworthiness of the country concerned.

All of this emphasizes the key role of the IMF in the international financial system. But if the Fund is to play the strong role required, currently and prospectively, it must be able to look forward with confidence to enough resources to meet potential demands on it. Much progress has been made in reaching an international consensus in the discussions about enlarging the resources of the IMF, and agreement on a substantial augmentation of those resources by means of increased IMF quotas and a broadened IMF borrowing arrangement is expected in February. That program will require legislative approval, and I believe timely action by the Congress is essential to assure that IMF resources are commensurate with possible needs and, more broadly, to demonstrate that governments can act together, decisively and effectively, to deal with potential threats to our prosperity arising from international debt problems. Conversely, failure to strengthen the international financial system could only feed back adversely on our own prospects for growth.

All of this implies intense and continuing efforts by the borrowers to expand exports and reduce imports, with implications for the United States and other leading trading countries. Clearly, we cannot all increase exports and reduce imports together, and equally clear is that the whole process will be—and over time must be—facilitated by renewed growth in the industrial world. As understated in the communique issued following the January 18 meeting of the Group of Ten, "a sustainable improvement in activity in the industrialized countries in 1983 can make an important contribution to a lasting solution of the indebtedness problem of many developing countries."

I would emphasize the word "sustainable" in that communique. A short-lived recovery, without staying power and accompanied by reignition of inflationary pressures, offers no real solution to our problems or those of developing countries. It is in that context that I believe we need to approach domestic policy. There was a time when the American public felt confident about the ability of government to improve economic conditions. But long years of accelerating inflation and rising unemployment, instability in financial markets and the economy, and concern about burgeoning budgetary deficits have eroded that confidence. It can be restored, and I am convinced the economy can be returned to a path of sustained growth. But that effort must rest in part on a demonstrated commitment to disciplined financial policies.

As we look ahead, and as the President has emphasized, the state of the federal budget, as it now stands under current law and policies, could undermine that effort. To be sure, a substantial part of the deficits in the 1982 and 1983 fiscal years—certainly more than half—reflects the impact of current business conditions on the budget. Those cyclically induced deficits are not my main concern—indeed they help support spendable income and buoy the economy.

In the past as the economy recovered, the cyclical component of the deficit would diminish and the budget would move toward balance. What is unprecedented about the current situation—and is of great concern—is that even as revenues benefit from an expanding economy over the coming years, we still face continuing sizable deficits unless significant action is taken.

There can be disagreement about the precise size of the prospective deficits; what does seem beyond dispute is that little improvement, if any, in the budgetary position will develop under current law and policies even with a strong and continuing recovery. A number of the proposals of the President in his state of the union address were, of course, directed toward this problem.

Left unattended, the situation would pose a strong potential for a clash between the need to finance the deficit and the rising financial requirements for housing and the business investment that is crucial to a healthy recovery. In the end, all those needs have to be met out of saving, and there simply isn't enough to go around. The federal government will have to bid funds away from potential private borrowers, and the higher real interest rates that result will work against growth in private investment and housing.

It is not just a problem for the future. The perception that there is a major structural imbalance between our spending programs and our revenue base affects financial markets today. Lenders, fearful of renewed inflation and the high interest rates that budget deficits would produce in a growing economy, are more reluctant to commit funds for a long period of time now. The sensitivity extends beyond financial markets because inflationary concerns affect the climate of wage bargaining and pricing policies.

To suggest that the budget problem and its consequences for the performance of the economy could be solved by monetary policy is tempting. But excessive money and credit creation to meet the needs of the government would only risk adding to the uncertainty about future inflation and interest rates. In the end, nothing real would be gained, while hardfought ground in the battle against inflation would be jeopardized.

Certainly a better fiscal outlook—with all it implies—would provide a better environment for the conduct of monetary policy, relieving concern about the longer-term implications of every twist and turn in the monetary aggregates or short-term policy actions. But as things stand, fear of deficits clouds the future and contributes to market pressures and inflationary uncertainties, adding to the burdens on monetary policy. Conversely, meaningful action to demonstrate the government's economic discipline on the fiscal side would reinforce confidence that monetary policy over the years ahead can do its job, without intolerable market pressures, in maintaining a course consistent with price stability.

As I indicated at the outset, I will be able to deal more specifically with our targets for the growth of money and credit after the Federal Open Market Committee, in the normal course, meets in early February to adopt guidelines for the coming year. In approaching those specifics, we are, and will continue to be, concerned with maintaining a monetary environment consistent both with continuing progress against inflation and with lasting expansion. Reconciling those goals, at a time when institutional and economic factors have called into question the reliability of past relationships between money and the economy will be a difficult and delicate job. The approach cannot be reduced to an arithmetic, or econometric, formula, nor can success be achieved by monetary policy alone. But I am also convinced that those goals of growth and stability are not inconsistent as we look ahead in 1983. Indeed, I believe that neglect of one of them would, sooner or later, jeopardize the other.

I am also acutely aware that the recent gains against inflation have been achieved in a context of serious economic hardship. The present state of affairs must not continue. Millions of workers are unemployed, many businesses are hard-pressed to maintain profitability, and business bankruptcies are at a postwar high. But in coping with inflation I also firmly believe we have laid much of the foundation for a long period of noninflationary economic expansion. Only by building on that effort can we realize the true potential of the American economy. □

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, February 2, 1983.

I am glad to have this opportunity to discuss some recent international economic and financial problems and measures to deal with them. These problems have emerged in the context of deep and prolonged recessionary forces in the industrialized world, with severe unemployment of labor and productive facilities, stagnation of private investment initiatives, and strains on the financial capabilities of many borrowers and lenders, domestic as well as international. At the same time, some signs of recovery are emerging in the United States, striking progress has been made against inflation, and active efforts are under way to deal with and contain the problems in the financial system. We now have an opportunity to build a prolonged expansion on the basis of a far healthier outlook for price stability and productivity.

One of the potential threats to that outlook arises in the area you have requested that I particularly concentrate on today—the heavy indebtedness of some developing countries and the related exposure of the commercial banking system of the industrialized world. Failure to manage and diffuse these strains could deal a serious blow to the recovery of the United States and the world economy. But the essence of my testimony is that that problem is increasingly well understood, and on the basis of that understanding, for all its complexity and difficulty, it can be dealt with effectively. The United States, and the U.S. Congress, have a key role to play in that process, alongside international institutions and other countries.

A successful program must rest on action in several interrelated areas, involving a high degree of cooperation among countries and among lenders, coordinated in large part by the International Monetary Fund. The necessary approach falls under five main headings:

1. An indispensable first step is determined action by major borrowing countries to change their economic policies to cope with the realities of their situation—that is, to reduce internal and external imbalances. Typically, measures are required to cut down on very high rates of inflation and budget deficits, to establish realistic foreign exchange rates and domestic interest rates, to encourage greater economic efficiency, and, as a result, to aim for substantial reductions in external deficits. Working with the IMF in developing such programs, culminating in IMF approval of medium-term credit assistance, can be a critically important signal to other lenders that a country is committed to an effective adjustment program.

We are now seeing that process in action; Argentina, Brazil, and Mexico—the largest international borrowers among the developing countries—have reached agreement with the IMF on a set of economic policies that will satisfy the basic requirements for receiving financial support from that institution. A number of other countries have already established, or are in the process of developing, such programs.

2. Closely tied in with the adjustment programs worked out between the IMF and the borrowing countries are arrangements among the bank creditors to provide enough continuing credit to maintain continuity of payments and a financial environment in which orderly adjustment programs can be implemented. In important instances, current and future debt maturities have been "rolled over" or restructured, and agreement has been (or is being) reached on some extensions of new bank credit—conditional on the performance of the borrower in meeting its agreed-upon program with the IMF. While the cases of Argentina, Brazil, and Mexico have received the greatest attention, similar needs have arisen with other countries. The fact is that few countries are in a position rapidly to repay indebtedness built up over a number of years, just as, in a purely domestic context, many companies or individuals could not suddenly repay debt. Efforts by their creditors to withdraw from lending simultaneously can only be mutually self-defeating, precipitating a financial crisis even when sound adjustment programs are under way.

3. In specific instances, short-term "bridging" credits by national monetary authorities, acting bilaterally or through the Bank for International Settlements, may be appropriate to meet minimum and immediate liquidity requirements while adjustment and borrowing programs are being arranged. The funds advanced are to be promptly repaid as commercial, IMF, or other credits become available. Both the Federal Reserve and the Exchange Stabilization Fund of the U.S. Treasury have participated in such credits. These credits have been limited to instances that present a clear threat to international financial stability and when there is adequate assurance of repayment. Monetary authorities have neither the capacity nor the mandate to substitute short-term central bank credit for medium or longer-term financing.

4. The earlier points emphasize the key coordinating and substantive role of the IMF, and clearly the resources of that institution need to be enlarged so that it can, with assurance, meet

the potential demands upon it. Literally no other body in the world can effectively combine the several ingredients necessary to encourage both sound adjustment and necessary financing:

• It has legitimacy, as the agreed-upon and politically neutral international vehicle for evaluating national economic programs.

• It has financial capacity, as the organization through which 146 countries, large and small, have provided a pool of funds for meeting transitional, financial needs of its members.

• It has ability, in terms of experience, expertise, and respect by other lenders and borrowers alike.

IMF funding may provide only a relatively small fraction of the funds required by borrowers in specific instances. However, the availability of those funds provides a base for attracting commercial bank and other financing to cover the bulk of the need. Indeed, in instances when countries have had access to international banking markets in the past, the success of IMF programs may require some prior assurance that adequate amounts of private financing will be available for a time. Current and prospective demands could well tax the present resources of the IMF, and sharply impair its ability to encourage orderly financing programs. Consequently, enlargement of quotas and other IMF resources, a matter that has been under consideration in any event, needs to be speeded.

5. Finally, the success of all these efforts over time in easing current financial strains and pressures will ultimately be dependent upon the elimination or substantial reduction of current account deficits by borrowing countries. That objective will require some combination of reduced imports and larger exports, but it is patently clear that not all countries can achieve those objectives together because we buy and sell from one another. In fact, the strong adjustment efforts by a significant fraction of the world economy will—other things equal—tend to damp growth of their trading partners, as well as their internal growth. In the circumstances, an environment of sustained recovery and expansion in the industrialized world is critically important.

In all of this, the mutual dependency of the U. S. economy and the stability of the international financial system should be apparent. Failure to deal successfully with the immediate international financial pressures could only jeopardize prospects for our recovery—for our jobs, for our export markets, and for our financial markets. Conversely, sustained, noninflationary growth in the United States and elsewhere is needed to provide an economic environment in which borrowing countries can improve their balance of payments over time and in which debt burdens can be reduced.

The Background of Current Pressures

It is convenient to trace part of the present liquidity crises of some developing and Eastern European countries to the two massive oil price increases of 1973–74 and 1979–80. Since the first oil shock the oil import bill of the developing countries that are not members of the Organization of Petroleum Exporting Countries has escalated sharply, reaching more than $20 billion in 1978, and then jumping to more than $50 billion in 1980 and 1981. As a result, some oil-importing countries have been burdened with chronically large and growing burdens on their current accounts.

However, the direct impact of high oil prices on import bills does not provide a full and general explanation of the present difficulties; indeed, some of the most heavily indebted countries are oil exporters or are roughly in balance on oil account. While great differences can be found in specific causes of the resort to huge amounts of external borrowing by particular countries, and in the extent to which they tried to correct the situation, some general "environmental" factors seemed to affect them all.

The borrowing countries have all, understandably, wished to expand rapidly their industrial base to meet the needs of a growing population and increase national income and economic welfare. In fact, after the oil shock of 1973, as a group, they maintained much faster growth than the more mature economies. Some (with Mexico the leading example) benefited from oil development and rising oil exports, the volume of exports of manufactures increased sharply, and world inflation was accompanied by relatively buoyant prices for commodity exports. But in addition, domestic expansion was frequently pressed by budget deficits and relatively low interest rates. As a result, internal inflation and rising current account deficits were common.

At the time oil prices first rose sharply, great concern had been expressed that industrialized and developing countries alike might be unable to finance the increased cost of oil imports. In fact, a rapid expansion of international bank lending, from a low base, helped greatly in "recycling" surpluses of OPEC countries to borrowers, including Eastern European nations and middle-income developing countries. Whereas the debts of those countries rose rapidly, the view was increasingly taken by many banks and others, both in the United States and elsewhere, that prospects for their future growth were reasonably good, and that on that base, increasing debt burdens in real terms would be manageable. During much of the 1970s, rising world inflation, and low or even negative "real" interest rates greatly moderated the rising debt ratios. Moreover, with credit in ample supply, most of the largest borrowers were able to add substantial amounts to their official reserve assets; taken together the non-OPEC developing countries added $40 billion to their reserves in those years, tending to maintain confidence in their financial management and outlook.

The second great increase in oil prices and other developments in the world economy at the end of the 1970s helped to call some of the favorable assumptions of borrowers and lenders into question. Export markets for manufactures weakened, prices of commodity exports declined, and annual interest payments rose sharply as both the amount of indebtedness and world interest rates escalated. In the interest of prolonging and maximizing internal growth, adjustment measures were delayed or unconvincing, and budgetary imbalances, inflation, and current account deficits increased. Confidence at home was undermined in some cases, leading to capital flight.

In the case of Mexico, the current account deficit reached $13 billion in 1981 in spite of petroleum exports of $14 billion, and Mexicans moved large amounts of money abroad. Mexican external indebtedness rose $20 billion in a single year, with commercial banks increasing their exposure nearly $15 billion. Brazil found its oil import bill rising to $9½ billion, and interest payments to $12 billion last year. The result was a current account deficit of about $15 billion, despite adjustment efforts.

Throughout this period, losses on foreign credits of commercial banks continued to be substantially lower than on domestic lending—as they had been for many years. Foreign lending accounted for a rising share of the assets and the earnings of most large international banks, U.S. and foreign based. The bulk of the lending was undertaken by banks with established international concerns and expertise, and it was to a small group of rapidly growing countries deemed to have good prospects. The poorest countries continued to rely almost entirely on official financing.

As a result, developing country debts to commercial banks are relatively highly concentrated. Of the $270 billion owed to banks by public- and private-sector borrowers in all developing countries at mid-1982, more than half was accounted for by three countries (Argentina, Brazil, and Mexico), and another 10 percent by Chile and South Korea. Eastern European countries owed another $64 billion to banks abroad as of mid-1982, but the share of U.S. banks in total claims on those countries was only slightly more than 10 percent.

The relative participation by U.S. banks in lending to developing countries, while remaining large, tended to decline somewhat in the latter part of the 1970s, holding recently at about 35 percent of the total. The fact that interest margins had been driven to levels that provided little allowance for risk and capital growth seemed at times to moderate the enthusiasm of U.S. banks for foreign lending, and the share of our banks in providing new financing to the largest borrowers declined to less than one-third from 1979 to 1981. But in absolute terms, the increases remained large, and exposure relative to capital and assets rose.

International lending has traditionally been pretty much the province of the largest banking institutions with a long history of experience with international business, extensive information networks through foreign branches, and a resource base capable of sustaining potential losses. During more recent years, more and more essentially domestic banks were drawn into international lending. The amounts loaned, while typically involving less relative exposure, became significant in the aggregate. Nevertheless, of total U.S. bank claims on the developing countries in June 1982 of about $100 billion, the nine largest banks accounted for 60 percent, and the next fifteen banks for an additional 20 percent. These amounts represented a growing commitment of capital resources; for the nine largest banks, claims on all developing countries had grown to about twice their capital by last June, and about half of the claims of those banks were on Argentina, Brazil, and Mexico.

By that time, hundreds of regional and smaller banks around the world had participated to some degree in lending to developing countries through direct credits or as a result of syndications of credits by the large "lead" banks. The largest borrowing countries had well over a thousand bank lenders. Because the participations of smaller banks are, individually, limited in size, many of those banks no doubt assumed that their commitment to foreign lending could be handled quite flexibly, and reduced over short periods of time as their judgment dictated. That normal presumption is, however, called into question precisely at a time of financial crisis for the borrowing country when many banks may want to reduce exposure and other sources of financing are not available. Consequently, the refinancing programs under way have necessarily involved virtually all lending banks.

Supervisory Policies

The rapid development of international lending in recent years has received increased attention by the supervisory agencies here and abroad.

In international lending, several considerations arise beyond the usual "credit" risk—that is, the ability of the borrower to generate funds in his own country for repayment. Banks are often dealing with sovereign rather than private borrowers. A sovereign borrower can usually generate resources in its own currency and need not meet a "market test" domestically, but the fact that the borrower is a sovereign political body also limits the recourse of the lender, when conditions deteriorate. Both sovereign and private foreign borrowers are subject to "currency" or "transfer" risk—that is, conditions under which the country will be unable or unwilling to obtain enough foreign exchange to service external indebtedness.

Our traditional approach toward examining banks was not well suited to dealing with these kinds of risk. Individual bank examiners were not generally equipped to evaluate economic conditions and prospects of countries. There was a high degree of variability in the way country lending was handled in examination reports. The traditional criteria for formally "classifying" or "criticizing" loans were developed for private borrowers or local governments, and were not readily adaptable to consideration of "transfer risk" or evaluating sovereign entities. We were also aware that blanket "classifications" of a particular country—classifications that would necessarily have arbitrary elements—could have sudden and devastating effects on the availability of credit, sometimes defeating the possibility of orderly adjustment and inviting a misinterpretation that the U.S. government might be making a political judgment.

In recognition of these problems, the three federal bank regulatory agencies instituted in 1979 a new system for evaluating country risk. A detailed description of that system is contained in an appendix to this statement.[1]

In summary, the system has four elements. The first is a statistical report designed to identify the country exposures of each bank on a basis consistent with aggregate data, and to enable the regulators to monitor those exposures.

A second element is an evaluation of each bank's internal system for managing country risk, with the aim of encouraging more systematic internal review of, and judgments about, foreign lending.

As a third element, exposure to a particular country may be "classified," but only on the basis of collective judgment by the examining agencies and in instances when debt service is interrupted (or such interruption is imminent) and unlikely to be promptly resumed.

A fourth and critical element is country-by-country appraisal of each bank's large exposures. The principle underlying that appraisal is

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

that adequate diversification should be the cardinal rule in banks' management of their international portfolios. Neither banks nor their supervisors can expect to anticipate all significant political changes and economic developments. Diversification of a portfolio provides a degree of protection against events in a few countries seriously undermining the earnings and condition of an individual bank.

These appraisals draw upon the findings of an Interagency Country Exposure Review Committee charged with reviewing conditions in borrowing countries. The Committee evaluates conditions in individual countries; with its guidance, examiners review and comment on country exposures that exceed a certain portion of bank's capital.

The overall purpose is to call significant exposures to the attention of senior management and boards of directors of the banks, to raise questions, and to force careful consideration.

This approach obviously involves striking a difficult balance. I am aware, for instance, that in reviewing these procedures, the General Accounting Office questioned whether comments were sufficiently pointed, or bank managements adequately sensitized, to influence lending policies appropriately. At the same time, in our system of banking and supervision, the supervisor should not take responsibility for the lending decision, beyond assuring to the extent feasible that relevant factors are weighed and appropriate procedures followed by those responsible for the management and direction of the banks.

In the light of recent developments, we have in process a reevaluation of our current approach toward supervision. My own preliminary judgment is that the basic framework of the system introduced in 1979 is constructive and sound, but important questions arise about implementation.

Between mid-1980 and mid-1982, the claims on Mexico of the nine largest U.S. banks grew from 32 to 50 percent of capital funds, with lending terms tightening only toward the end of that period. Less dramatic but significant increases in these banks' exposures to Argentina and Brazil also occurred. The comments made in examination reports during this period did reflect growing supervisory concerns about the situation in these countries and the potential for payment difficulties. However, questions naturally arise as to whether those comments were stated forcefully or early enough, whether they were considered carefully enough by the banks—or, indeed, whether that kind of approach to the problem, involving the most difficult kind of judgment by banks and supervisors alike, needs to be supplemented by other techniques.

There are several possibilities for consideration. One approach would be to consider setting formal limits, by law or regulation, on bank exposures in different countries. In effect "single country" limits analogous to "single borrower" limits would be imposed. Such limits, while capable of enforcing diversification, have inherent difficulties. They would inevitably be arbitrary, unable to distinguish among the capabilities of different banks, the size and conditions of different countries, or different types of borrowers—the government, public agencies, financial institutions, and nonbank private entities—within a country. If applied judgmentally and changed from time to time, they would imply inherently controversial economic and political judgments about other countries by the U.S. government.

I would note that the present system already uses various ratios of exposure to capital as a threshold point for commenting on exposures in certain countries. We will want to examine whether we can build on that approach while retaining important elements of flexibility.

Looking to the future, another possible approach would be to promote, through accounting and reserving practices, appropriate financial incentives. For instance, practices in accounting for "front end" fees in large syndicated credits appear to differ, and a conservative and uniform approach could be encouraged. Some discussion has taken place here and abroad about the possibility of more formal rules, based on rather specific criteria, for setting up specific prudential reserves against severely troubled country credits. That approach would build upon and supplement the existing practice of establishing loan loss reserves in relation to the risk in particular loans and the unforeseen risk in the total portfolio. Provision for reserves of that kind would impact on current earnings, and in some instances there may have been reluctance to "penalize" earnings, particularly with respect to sovereign credits when the argument may plausibly be made that the borrower will not "disappear" or go "bankrupt" in the sense of a private borrower, and interest or principal arrears should ultimately be recovered. Another approach would be to supplement general reserves or strengthen capital ratios for institutions with relatively high concentrations of foreign risk. Experience does demonstrate that countries are not insulated from protracted difficulties, and such provisions would recognize that, all other risks equal, lending abroad has the additional dimension of country risk and should be supported by adequate capital. Seen in this light, it is clear that such an approach would need to be integrated into the analysis of capital adequacy of the banking organization taken on a consolidated basis.

A different approach would be to rely more fully upon public disclosure of large concentrations to promote market discipline. There has already been movement in that direction, but a balance must be struck. When lending is fashionable, there may be little discipline and even incentives to "follow the leader." When sentiment shifts, markets may react abruptly, undermining confidence by simplistic or naive interpretations of the data. Considerations of customer confidentiality and competition impose limits.

There is an additional complication in supervision of international lending. Competitive pressures are heavily conditioned by the behavior of lenders in other countries. To the extent feasible, our approaches should be coordinated with those of banking supervisors abroad, guarding, of course, against tendencies to retreat to the "least common denominator." Recent experience also suggests a need for some reexamination of the scope of, and supervisory approaches to, the operations of banks outside their home country markets, reinforcing the need for a multilateral approach to address considerations of safety and soundness and of competitive equity among banks from different countries.

In sum, there is no easy and obvious answer; banking, by its nature has risks, and none of us can fully protect against the unknown. Moreover, excessive caution can be as damaging as excessive risk. International lending has made an immense contribution to the growth of the world economy and to cushioning the oil price and other shocks. Actual losses have been limited, and the present difficulties are themselves a powerful disciplinary force. We do not want to substitute government credit judgments for those of the banks, and we do not want to curtail the necessary and legitimate flow of bank credit. A sudden excess of caution would be damaging to the world economy and to the United States, and our supervisory policies should not feed such overreaction. We are examining our own approaches within those parameters, and will need to review our thinking further with our colleagues here and abroad. I would like to report to you further as that process is completed.

Bank Lending As Part of Adjustment Programs

The situation of the large borrowers among the developing countries has frequently been characterized as a "liquidity"—rather than a "credit" or "solvency"—problem. To be sure, events last year unfolded with a speed disconcerting to many lenders, but that is characteristic of liquidity problems when the balance of confidence shifts. The fact remains that each of the major borrowers, given time, can bring large resources to bear on the need to correct their external payments problem and to service their debts.

Many of these nations have already demonstrated a considerable capacity to adjust. Non-OPEC developing countries cut almost $20 billion from their combined trade deficits last year, and Argentina, Brazil, and Mexico all had trade surpluses. Those borrowers have attached the highest priority to that effort in their economic policymaking, recognizing their future growth and stability is dependent on access to credit. In a growing world economy, their current account deficits can be reduced to sustainable levels, or for a time eliminated.

In some of the countries, adjustment efforts had begun some time ago. In Argentina, for example, attempts were made to reduce an explosive rate of inflation and correct an overvalued peso, but the war in the South Atlantic undermined those efforts. In Brazil, monetary policy was tightened in 1981 to counter soaring inflation and efforts were made to hold down the current account deficit, which was pushed up by sharply increased interest payments and larger payments for imported oil. In Mexico, the external situation weakened rapidly in 1981 and little had been done to counter that tendency, perhaps in part because oil revenues gave an undue sense of comfort. In all these cases, the effects of the recession in the world economy and high real interest rates had not been anticipated, leaving little or no room for maneuver.

Now, each of those countries is putting in place a strong adjustment program. The aim is massive curtailment of large budgetary deficits—programs that imply changes in taxation and expenditures far beyond anything that, for instance, has been discussed in relation to our own budgetary problem. Money growth is being cut back, and interest rates are in some instances sharply higher. In Mexico and Brazil, growth will be curtailed for a time, and Argentina is expected to recover only part of last year's losses in output.

All of that involves immense economic and political difficulties. The difficulties are justified by the prospect that the austerity programs should also cut external borrowing needs, permit servicing of existing debt, and lay the base for resuming growth on a solid foundation. The programs cannot be successful, however, without liquidity support for an interim period, and the necessary support has required the organized effort of virtually all lending banks.

The first reaction of many banks to the critical situation that emerged for Mexico last year was to reduce or stop new lending; given the size of Mexico's need, the inevitable result was to deplete reserves and jeopardize its ability to service its debt. The more cautious lending attitudes quickly spread to other developing countries, especially those in Latin America. As fears of currency depreciation and capital controls intensified, capital flight helped to aggravate the resulting problems.

On a number of occasions in recent years, it was necessary for banks to restructure or renegotiate loans to particular countries. The situation that emerged last year was unique in its scope and potential effects. It involved several major debtors at the same time, and threatened to spread to others, weak and strong alike. This potential for cascading liquidity pressures, undermining the stability of the financial system, has demanded prompt and forceful action by governments, as well as by private institutions, to protect the stability of the financial system as a whole and our own economy. Fortunately, institutions and facilities designed to cope with problems of this kind were in place and can be adapted as necessary to cope with the present circumstances.

In this context organized programs have been needed to combine and coordinate the efforts of the debtors, the commercial banks, the authorities of the major industrial countries, and the International Monetary Fund.

The issue has not been whether the debtors will have to close the gap in their external payments: when the supply of credit is curtailed, there is simply no alternative. Nor can private creditors abstain from participation; limited available official funds, whether short or medium term, could be marshalled to ease the adjustment in some cases, but they should not be dissipated by repayment of private creditors.

The need has been to recognize these imperatives and reconcile them in a way that would promote needed adjustment without intolerable burdens on the debtor countries and the world economy. The aim is to forestall potential threats to the financial system and to economic recovery in a way consistent with future stability.

One element in that solution has had to be organized efforts by banks worldwide to restructure existing loans and to provide enough new credit to satisfy reduced needs as the adjustment programs take hold. Supervisory authorities both here and abroad have recognized that these efforts are necessary to the success of the program. We cannot, of course, abandon our concern for prudence in lending. But we can and do recognize that sound adjustment programs, carefully monitored by the IMF, can contribute to the creditworthiness of individual countries, as well as to the stability of the financial system as a whole.

In cases like these when moderate amounts of new bank credit and some restructuring of existing debt are required as part of effective adjustment programs and the loans can be serviced, supervisory objectives do not require criticism of the restructured and new loans. Indeed, refusal of banks to participate in such programs could undermine their common interest in maintaining the servicing and the ultimate collectibility of existing credits.

Enlarged IMF Resources

Member countries of the IMF appear close to agreement—subject to legislative approval—to expand the effective resources of that institution, and to do so promptly. The decision has not been reached in haste: discussions about the potential demands on the IMF have been in progress for many months in connection with the Eighth General Review of quotas. Throughout the negotiating process, the United States has emphasized the need to avoid excessively large additions to resources for fear that those resources might be used too freely, or might encourage laxity or delay in adjustment actions when they are necessary. Those concerns, of course, remain relevant and have been taken into account. But events also conclusively demonstrate that a substantial increase in resources is indeed required to meet potential needs. The amount to be agreed upon by U.S. negotiators, I feel sure, will not exceed the basic requirements of the IMF if it is to discharge its large responsibilities with confidence and effectiveness.

Recent discussions among the leading countries have focused on an increase in quotas in the neighborhood of 50 percent, or about $30 billion to $35 billion. The Group of Ten has decided upon an enlargement and broadening of the General Arrangements to Borrow (GAB) from SDR6.4 billion to SDR17 billion (or from $7.1 billion to about $19 billion). For the first time, money available through that arrangement could be used for lending to any member country, but only when the borrower has agreed to a major adjustment program and when there is deemed to be a threat to the stability of the international monetary system.

Both the quotas and the GAB essentially provide a commitment to contribute to a pool of funds that can be drawn upon for loans to IMF member countries in time of need. As more funds are borrowed by a country, stricter conditions are required. The aim is to provide assurance that there is adequate, temporary multilateral financial support available for well-designed and executed economic and financial programs.

As I have indicated, in the case of major borrowers like Argentina, Brazil, and Mexico, the actual financing that can be committed by the IMF within its resources and under its procedures is only a fraction of the total financial flows that must be organized and maintained. The IMF programs and financing are, of course, in the interests of banks and other lenders, because they have a large stake in the stability and creditworthiness of the countries involved and in the functioning of the system as a whole. But as I have emphasized, the programs and IMF participation do not contemplate banks can "bail out" existing loans, and they are, in fact, called upon to play a responsible part in the lending process.

The precise share of the United States in the proposed quota increase is not yet finally agreed upon, but is likely to be less than 20 percent. Our share of the enlarged GAB is contemplated at 25 percent, involving about $4.7 billion at current exchange rates for the dollar. About $2 billion of that amount will be covered by our current $2 billion commitment to the present GAB, an amount that has been unchanged for more than 20 years.

These are standby commitments. They will involve cash advances only when and if demands on the IMF exceed amounts that can be provided from current resources. IMF facilities are reciprocal; in case of need, the United States can draw on resources provided to the IMF by other countries.

Commitments for increases in IMF quotas and for an enlarged GAB require budget authority and appropriation for the full amount. They do not, however, lead to a net budget outlay, in recognition of their monetary and reciprocal character. Should the IMF call upon the U.S. commitment, there is an equal and offsetting debit and credit to the appropriation account, as the cash transferred to the IMF is reflected in an increased U.S. reserve position in the Fund. That reserve position is freely available to us in time of foreign exchange need.

Transfer of cash to the IMF does add to the borrowing requirements of the Treasury; a corresponding reduction in borrowing requirements evolves when dollars are received by the Treasury from the Fund as a result of repayments to the IMF or of U.S. drawings. To the extent that the IMF's lending activity is apt to increase during periods of global economic recession and decline during periods of prosperity, any marginal effects on credit markets are ameliorated. Relative to the totality of U.S. financial markets, these flows will be relatively modest; for long periods, the funds may not be used at all. To the extent funds are drawn, interest is paid at levels related to average short-term interest rates in major countries.

Questions have been raised about the impact of IMF lending programs on our economy relative to domestic credit programs. That is a difficult comparison to make. As noted, our commitments to the IMF are standby and reciprocal, and drawings on those commitments are likely to be short term and reversible. The operations are not aimed at a particular part of the economy, nor are subsidies to one sector of the U.S. economy or another involved. To be sure, some of the IMF advances to borrowing countries, whether or not the United States is the immediate source of the funds, are likely, directly or indirectly, to be spent on U.S. exports. Some of the funds may promptly find their way back into the U.S. banking system or credit markets.

But those technical comparisons should not obscure the basic point of the IMF commitment. The strengthening of the IMF is an integral part of the overall effort to defend the stability of the international financial system. The success of that effort will not be measured by the amount of dollars drawn, but by its contribution to confidence that governments can and will work together to assure that the financial system can and will withstand strains and pressures, continuing to function effectively in the interest of every country.

That concern is not abstract or altruistic. The international financial system is not separable from our domestic banking and credit system. The same institutions are involved in both markets. A shock to one would be a shock to the other. In that very real sense, we are not considering esoteric matters of international finance, or primarily what is in the interest of heavily indebted developing countries, although that is involved. We are talking about dealing with a threat to the recovery, the jobs, and the prosperity of our own country, a threat essentially without parallel in the postwar period.

CONCLUSION

I do not minimize the pressures on the international financial system nor the implicit risks. Those risks in the most immediate sense are financial and economic, but they could potentially be broader than that, affecting the cohesion and political relationships of the Western World.

At the same time, I can only be encouraged by the understanding and cooperation that have marked the response to the difficult circumstances—by governments and central banks, by private financial institutions, and not least, by the borrowing countries themselves that carry the most difficult burden. The IMF stands at the center of the process, and has responded with force and leadership.

We—the United States and other countries, lenders and borrowers, banking supervisors and those supervised—have much to learn from this experience. No single action—no magic wand—is available to assure success.

What is sure is that, working together, solutions can be found and are being found. That effort does, and will continue to, demand the active participation of the United States. As the largest economy, increasingly dependent on world trade and finance ourselves, we cannot escape that responsibility.

The benefits of the total effort, which many countries are sharing, will be broadly felt. Our own direct stake is large, for we are dealing with a potential obstacle to our objective of moving from recession into a period of long-sustained growth. And, as we do so, we will have made an enormous contribution to a world economic environment in which the acute debt problems of today will recede and the international financial system can support growth in investment, trade, and economic activity. □

Announcements

REGULATION D: AMENDMENT

The Federal Reserve Board has amended its Regulation D (Reserve Requirements of Depository Institutions) to implement congressional action exempting money market deposit accounts (MMDAs) from the phase-in reserve requirements of the Monetary Control Act of 1980.

The revision makes all depository institutions covered by the rules of the Depository Institutions Deregulation Committee subject (without the phase-down requirements of the Monetary Control Act for member banks and the phase-up requirements for nonmember institutions) to a reserve requirement of 3 percent on all nonpersonal MMDAs and to a 0 percent requirement on all personal MMDAs.

The Board also modified the procedure for allocating the statutory exemption from reserve requirements for the first \$2.1 million of an institution's deposits on accounts that are subject to reserve requirements, in order to provide maximum benefit to institutions in light of the legislation exempting MMDAs from phase-in provisions.

The reduction in reserve requirements for member banks was effective December 14, 1982. For nonmember banks the revisions of Regulation D were effective January 13 and apply first to the maintenance period beginning January 27, 1983.

EARNINGS OF FEDERAL RESERVE BANKS

Preliminary figures indicate that gross income of the Federal Reserve Banks amounted to \$16.520 billion during 1982. Of this, more than \$15 billion in earnings was paid to the U.S. Treasury.

Income of the Federal Reserve System is derived primarily from interest accrued on U.S. government securities that the Federal Reserve has acquired in the conduct of monetary policy through open market operations. In 1982, earnings on such securities were up \$942 million over 1981, accounting for most of the increase of \$1.011 billion in gross income. Income from Federal Reserve services amounted to \$390 million during 1982.

Operating expenses of the 12 Reserve Banks and their branches totaled \$998 million, which was partially offset by income from priced services. Assessment for expenditures of the Board of Governors amounted to \$62 million. Other deductions from current net income amounted to \$69 million. This was primarily the result of a \$150 million unrealized loss on assets denominated in foreign currencies related to revaluation of these assets to market exchange rates, and an \$85 million gain on sales of U.S. government obligations. Earnings credits granted to depository institutions amounted to \$26 million.

Net income before payments to the Treasury totaled \$15.365 billion. Payments to the Treasury as interest on Federal Reserve notes amounted to \$15.208 billion; statutory dividends to member banks, \$79 million; and additions to Reserve Bank surplus, \$78 million.

Under the policy established by the Board of Governors at the end of 1964, all net income after the statutory dividend to member banks and additions to surplus to bring it to the level of paid-in capital are paid to the U.S. Treasury as interest on Federal Reserve notes.

PROPOSED ACTIONS

The Federal Reserve Board has proposed for public comment draft regulations to implement the Bank Export Services Act (BESA) authorizing investments in export trading companies by bank holding companies and certain other banking organizations. The BESA is part of the Export Trading Company Act of 1982. The Board asked for comment by March 14, 1983.

The Federal Reserve Board has also proposed for comment several amendments to its Regulation Z (Truth in Lending) affecting arrangers of credit, student loans, and the use of calculation devices in determining annual percentage rates. The Board asked for comment by March 3, 1983.

The Board has also published for comment several proposals regarding bankers acceptances in connection with the recently enacted Bank Export Services Act. The Board asked for comment on its proposals by March 18, 1983.

Changes in Board Staff

The Board of Governors has announced the following changes in its official staff.

William Taylor, Associate Director, Division of Banking Supervision and Regulation, has been promoted to Deputy Director.

David E. Lindsey, Assistant Director, Division of Research and Statistics, has been made Deputy Associate Director.

Frederick M. Struble, Assistant Director, Division of Research and Statistics, has been promoted to Deputy Associate Director.

Susan J. Lepper has been appointed Assistant Director, Division of Research and Statistics. Before joining the Board's staff in February 1981, Ms. Lepper was with the Senate Budget Committee and with the Council of Economic Advisers. She holds a B.A. from Swarthmore College and an M.A. and a Ph.D. from Yale University.

Thomas D. Simpson has been named Assistant Director, Division of Research and Statistics. Mr. Simpson was appointed to the Board's staff in August 1976. He holds a B.A. from the University of Minnesota and has a Ph.D. from the University of Chicago.

Revised OTC Stock List

The Federal Reserve Board has published a supplement to its list of over-the-counter (OTC) stocks that are subject to its margin regulations, effective February 22, 1983. The supplement should be used in conjunction with the July 26, 1982, list of OTC margin stocks and the October 18, 1982, supplement to the list.

Changes that have been made in the list, which now includes 1,596 OTC stocks, are as follows: 67 stocks have been included for the first time; 17 stocks previously on the list have been removed for substantially failing to meet the requirements for continued listing; 31 stocks have been removed for reasons such as the companies being listed on a national securities exchange or being acquired by another firm.

The supplement is available on request from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

System Membership: Admission of State Banks

The following banks were admitted to membership in the Federal Reserve System during the period January 11 through February 10, 1983:

California

Coronado .... Bank of Coronado

Colorado

Glenwood Springs .... Alpine Bank

Delaware

Wilmington .... Manufacturers Hanover Bank (Delaware)

Legal Developments

AMENDMENTS TO REGULATION D

The Board of Governors has amended Regulation D—Reserve Requirements of Depository Institutions (12 CFR Part 204) to implement Section 13 of Senate Joint Resolution 271, which exempts Money Market Deposit Accounts ("MMDAs") from the phase-in of reserve requirements under the Monetary Control Act of 1980. Under this action, all depository institutions will be subject, without application of the phase-in provisions, to a reserve requirement of three percent on all nonpersonal MMDAs and to a zero percent reserve requirement on all personal MMDAs.

Effective January 13, 1983, the Board amends Regulation D (Part 204) as set forth below:

Part 204—Reserve Requirements of Depository Institutions

1. In section 204.3 by revising paragraph (a)(3)(i) to read as follows:

Section 204.3—Computation and Maintenance

(a) ***

(3) *Allocation of exemption from reserve requirements.* (i) In determining the reserve requirements of a depository institution, the exemption provided for in section 204.9(a) shall apply in the following order of priorities: (A) First, to nonpersonal time deposits representing deposits or accounts issued pursuant to 12 CFR 1204.122; (B) second, to net transaction accounts that are first authorized by Federal law in any State after April 1, 1980; (C) third, to other net transaction accounts; and (D) fourth, to other nonpersonal time deposits or Eurocurrency liabilities starting with those with the highest reserve ratio under § 204.9(a) and then to succeeding lower reserve ratios.

* * * * *

2. In section 204.4, the last sentence of paragraph (a), paragraphs (b)(1) introductory text, (b)(1)(i), (b)(2) introductory text, and (b)(2)(i), and the last sentence of paragraph (c) are revised and paragraph (f) is amended by revising the first sentence and adding a sentence at the end to read as follows:

Section 204.4—Transitional Adjustments

* * * * *

(a) *** However, an institution shall not reduce the amount of required reserves on any category of deposits or accounts that are first authorized under Federal law in any State after April 1, 1980, or on deposits or accounts issued pursuant to (12 CFR 1204.122).

(b) ***

(1) A depository institution whose required reserves are higher using the reserve ratios in effect during a given computation period (§ 204.9(a)) than its required reserves using the reserve ratios in effect on August 31, 1980 (§ 204.9(b)) (without regard to required reserves on deposits or accounts issued pursuant to (12 CFR 1204.122)):

(i) Shall maintain the full amount of required reserves on deposits or accounts issued pursuant to (12 CFR 1204.122); and

(ii) ***

(2) A depository institution whose required reserves are lower using the reserve ratios in effect during a given computation period (§ 204.9(a)) than its required reserves computed using the reserve ratios in effect on August 31, 1980 (§ 204.9(b)) (without regard to required reserves on deposits or accounts issued pursuant to (12 CFR 1204.122)):

(i) Shall maintain the full amount of required reserves on deposits or accounts issued pursuant to (12 CFR 1204.122); and

* * * * *

(c) *** However, an institution shall not reduce the amount of required reserves on any category of deposits or accounts that are first authorized under Federal law in any State after April 1, 1980, or on deposits or accounts issued pursuant to (12 CFR 1204.122).

* * * * *

(f) *Nonmember depository institutions with offices in Hawaii.* Any depository institution that, on August 1, 1978, (i) was engaged in business as a depository institution in Hawaii, and (ii) was not a member of the

Federal Reserve System at any time on or after such date shall not maintain reserves imposed under this part against deposits, including deposits or accounts issued pursuant to (12 CFR 1204.122), held or maintained at its offices located in Hawaii until January 2, 1986. *** However, after January 1, 1986, an institution shall not reduce the amount of required reserves on any deposits or accounts issued pursuant to (12 CFR 1204.122).

* * * * *

Bank Holding Company and Bank Merger Orders Issued by the Board of Governors

Orders Under Section 3 of Bank Holding Company Act

Ellis Banking Corporation, Bradenton, Florida

Order Approving Acquisition of Bank

Ellis Banking Corporation, Bradenton, Florida, a bank holding company within the meaning of the Bank Holding 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 100 percent of the voting shares of First Commercial Bank of Live Oak, Live Oak, Florida ("Bank").

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

Applicant, the tenth largest banking organization in Florida, controls 19 banks with aggregate deposits of $1.1 billion, representing approximately 2.8 percent of total deposits in commercial banks in the state.[1] Bank, with deposits of $42.7 million, is the 268th largest commercial bank in Florida, holding less than 0.1 percent of total deposits in commercial banks in the state. Acquisition of Bank would have no appreciable effect upon the concentration of banking resources in Florida.

Bank is the second largest of three banking organizations competing in the Suwannee County banking market,[2] controlling approximately 37.8 percent of the total deposits in commercial banks in the market. Because Applicant does not currently operate in this market, consummation of the proposed transaction would not increase the concentration of banking resources or reduce the number of competitors in the market. The Board concludes that consummation of the proposal would not eliminate substantial probable future competition in the market because of the large number of potential entrants into the market and other facts of record. Accordingly, the Board concludes that competitive considerations are consistent with approval of the application.

The financial and managerial resources of Applicant, its subsidiaries and Bank are regarded as generally satisfactory and their future prospects appear favorable. The Board has indicated on previous occasions that a holding company should serve as a source of financial and managerial strength to its subsidiary bank(s), and that the Board would closely examine the condition of an applicant in each case with this consideration in mind. In this case, the Board concludes that although the proposal would entail the use of acquisition debt, the amount of debt involved in this proposal would not preclude the Applicant from serving as a source of strength to its subsidiary banks. Accordingly, considerations relating to banking factors are consistent with approval of the application. Following consummation of the proposal, Applicant intends to provide Bank with additional expertise in accounting, operations, credit, trust, investments, and marketing and auditing, thereby increasing Bank's ability to serve its customers. Thus, the Board concludes that considerations relating to the convenience and needs of the community to be served lend slight weight toward approval. Accordingly, the Board's judgment is that consummation of the proposal to acquire Bank would be in the public interest and that the application should be approved.

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

By order of the Board of Governors, effective January 17, 1983.

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

(Signed) James McAfee,
[SEAL] *Associate Secretary of the Board.*

1. All banking data are as of December 31, 1981.
2. The Suwannee County banking market includes all of Suwannee County, Florida.

Fourth Financial Corporation, Wichita, Kansas

Order Approving Acquisition of Shares of a Bank Holding Company

Fourth Financial Corporation, Wichita, Kansas, a registered bank holding company under the Bank Holding Company Act, as amended, (12 U.S.C. § 1841 et seq.), has applied for the Board's approval under section 3(a)(3) of the act, (12 U.S.C. § 1842(a)(3)), to acquire 24.98 percent of the outstanding voting shares[1] and 100 percent of the outstanding nonvoting preferred stock of Coffeyville Bancshares, Inc., Wichita, Kansas ("Coffeyville"), and, thereby, indirectly acquire an interest in the First National Bank of Coffeyville, Coffeyville, Kansas ("Bank").[2]

Applicant's investment in the voting and nonvoting preferred stock of Coffeyville amounts to $7.7 million, and will represent 88 percent of the total equity of Coffeyville. An officer and director of Applicant will serve as one of the three directors of Coffeyville. Applicant will not have officers or directors in common with Bank. In addition, Applicant has a 10 year option to purchase the remaining 75.02 percent of the outstanding voting shares of Coffeyville in the event Kansas law is changed to permit such an acquisition and a right of first refusal and certain other rights with respect to these shares, which are to be acquired by Ms. Sue Anschutz Rodgers. Ms. Rodgers is a private investor who is not an officer or director or a significant shareholder of Applicant and is not related to any of the officers or directors of Applicant.[3] Ms. Rodgers' investment will total $1.0 million and will not be financed in any manner by Applicant. Ms. Rodgers will act as chairman of Coffeyville and her business adviser wll also serve as a director of Coffeyville and Bank.

Notice of the application, affording interested persons an opportunity to submit comments and views, has been given in accordance with section 3(b) of the act. The time for filing comments and views has expired and the Board has considered all comments received, including those of the Kansas State Bank Commissioner and the Kansas Independent Bankers Association ("KIBA"), in light of the factors set forth in section 3(c) of the act, (12 U.S.C. § 1842(c)).

Applicant, with assets of $952 million,[4] is the largest banking organization in Kansas. It controls $635 million in deposits, representing 5.9 percent of statewide deposits, through the Fourth National Bank and Trust Company, Wichita, Kansas.[5] Bank is the seventeenth largest bank in Kansas, and controls $87.5 million in deposits, representing 0.58 percent of commercial banking deposits statewide. Upon consummation of the proposed acquisition, Applicant will remain the largest commercial banking organization in Kansas and will control 6.48 percent of total deposits in commercial banking organizations in Kansas. Accordingly, the acquisition proposed by Applicant will not have any significant effect on the concentration of banking resources in Kansas.

Bank is the largest commercial banking organization in the Montgomery County banking market,[6] and controls 30.5 percent of deposits in commercial banks in the market. Applicant does not control a banking organization in the Montgomery County banking market, and is prohibited by Kansas law from operating a branch in that market.[7] Accordingly, consummation of the proposed transaction would not have any significant effect on existing or potential competition in any relevant banking market.

In view of the Board's finding, as discussed below, that Applicant will, upon consummation of the proposal, control Coffeyville and Bank under the federal Bank Holding Company Act, the Board has evaluated the financial and managerial resources of Applicant, Coffeyville, and Bank within the context of the Board's multibank holding company standards. Under these standards, the financial and managerial resources of these organizations are regarded as generally statisfactory, and their future prospects appear favorable. Considerations relating to the convenience and needs of the communities to be served are also consistent with approval.

1. Under section 3(a)(3) of the act, a bank holding company may not, without the prior approval of the Board, acquire directly or indirectly more than 5 percent of the voting shares of a bank. The Board has held that this requirement applies to the acquisition by a bank holding company of shares of another bank holding company. *State Street Boston Corporation,* 67 FEDERAL RESERVE BULLETIN 862 (1981).

2. In a separate application, Coffeyville Bancshares, Inc., has applied for Board approval to acquire at least 80 percent of the outstanding voting shares of Bank.

3. At the expiration of this 10 year option, Ms. Rodgers has a one year option to purchase all of the voting common and nonvoting preferred stock held by Applicant. In addition, the Stockholders Agreement between Ms. Rodgers and Applicant provides that neither party may transfer any voting or preferred shares of Coffeyville without allowing the other party an opportunity to sell the shares of Coffeyville to the proposed third party purchaser. In the event the option is not exercised or the third party purchaser does not purchase all of the shares of Coffeyville, either Applicant or Ms. Rodgers may require the dissolution and liquidation of Coffeyville.

4. All data with respect to Applicant are as of June 30, 1982. Data with respect to Bank are as of December 31, 1981.

5. Applicant also owns as an investment 24.9 percent of the outstanding voting shares of M-L Bancshares, Inc., Wichita, Kansas, a registered one-bank holding company by virtue of its control of The Kansas State Bank, Newton, Kansas.

6. The Montgomery County banking market is approximated by Montgomery County, Kansas.

7. Kansas Statutes Annotated Section 9-1111.

In acting on an application under the act, the Board is required to consider, in addition to the competitive, financial, managerial and convenience and needs factors set out in the act, whether the proposal would comply with the provisions of relevant state law, and the Board may not approve an application that would result in a violation of state law.[8]

KIBA has objected to approval of this application, contending that the proposed acquisition would violate a provision of Kansas law that prohibits a company from owning, controlling or holding with power to vote 25 percent or more of the voting shares of each of two or more banks in Kansas, or controlling in any manner the election of a majority of the directors of each of two or more banks in Kansas.[9] KIBA contends that, as a result of several factors, including the relative size of the investment proposed by Applicant, the existence of an option in favor of Applicant to purchase the remaining outstanding voting shares of Coffeyville, and certain provisions in the Stockholders Agreement restricting the transfer of Ms. Rodgers' shares, the proposed transaction will allow Applicant to acquire control of a second bank in Kansas. KIBA has requested that the Board hold a formal hearing to explore whether under Kansas law a control relationship between Fourth Financial and Coffeyville will result upon consummation of the proposal.

In light of the concerns raised by KIBA, the Kansas State Bank Commissioner requested an opinion from the Kansas Attorney General regarding the legality of Applicant's proposal under the Kansas bank holding company statute. In an opinion dated September 8, 1982,[10] the Attorney General concluded that, under Kansas law, a company "indirectly controls" voting shares of a bank or the election of a majority of the board of directors of a bank if a factual determination is made that the company controls, within the ordinary dictionary meaning of the term "control", a second company that owns voting shares of a bank or controls the election of a majority of the directors of a bank. The Kansas Attorney General advised the Bank Commissioner that the definition of "control" that should be used in making this factual determination is whether the company has the ability "to exercise restraining or directing influence" over the second company. The Attorney General further stated that ownership by Applicant of 24.9 percent of the voting shares and 100 percent of the preferred stock of Coffeyville is insufficient to give Applicant control, as a matter of law, over Coffeyville, the voting shares of Bank held by Coffeyville, or the election of a majority of the directors of Bank. The opinion also concludes that Applicant's option to acquire Ms. Rodgers' shares does not give Applicant control of Coffeyville or the voting shares of Bank held by Coffeyville because the exercise of Applicant's option is expressly conditioned on compliance with Kansas law. Similarly, the Attorney General stated that Applicant's right of first refusal with respect to Ms. Rodgers' shares and its attendant right to sell its common and preferred shares to Ms. Rodgers or her transferee does not give Applicant the right to designate or approve the transferee, or to control the voting shares of Bank held by Coffeyville or the election of a majority of the directors of Bank.[11]

Acting on the basis of the Attorney General's opinion, the Commissioner took sworn depositions of Ms. Rodgers, and the president and general counsel of Applicant. These persons stated that the documents submitted to the Board and to the Commissioner with respect to the application represent all of the documents and agreements between the parties regarding control of Coffeyville or the shares of Bank held by Coffeyville. Based on the Attorney General's opinion and after review of all of the underlying agreements and memoranda submitted by Applicant and KIBA and the depositions of Ms. Rodgers and Applicant's officers, the Commissioner concluded that "there was no apparent violation of the Kansas banking statutes" involved in Applicant's proposal. The Attorney General's and Commissioner's opinions and the transcript of the evidentiary proceedings before the Commissioner have been furnished to the Board and have been made a part of the record on this application.

In determining the compliance of a proposed bank holding company acquisition with state law, the Board has given substantial weight to opinions of state administrative authorities in the absence of a dispositive judicial decision concerning the relevant provisions and where the Board's review of those opinions reveals that they are consistent with the statutory language being interpreted and the purpose and legislative history of the statute.[12] In this case, the Board concludes that the opinion of the Kansas Attorney General and the findings of the Kansas State Bank Commissioner, entered after consideration of the contentions

8. *Whitney National Bank in Jefferson Parish* v. *Bank of New Orleans & Trust Company*, 379 U.S. 411 (1965); *Bankers Trust New York Corporation*, 59 FEDERAL RESERVE BULLETIN 364 (1973).

9. Kan. Stat. Ann. §§ 9-504 and 9-505 (1975).

10. 82 Op. Kan. Att'y Gen. 196 (September 8, 1982).

11. Applicant's right to cause the dissolution of Coffeyville and the sale of its shares of Bank in the event Applicant's option is not exercised or a transfer under the provisions of the Stockholders Agreement cannot be made, was also not viewed by the Attorney General as giving Applicant control over Bank's voting shares because such action would cause the dispersal of the bank shares and assets and would be consistent with the underlying purpose of the Kansas statute prohibiting "perpetual corporate management of bank shares and assets."

12. See, e.g., *Credit and Commerce American Holding, N.V., Netherlands Antilles*, 65 FEDERAL RESERVE BULLETIN 254 (1979). *NCNB Corporation*, 68 FEDERAL RESERVE BULLETIN 54 (1982).

of KIBA and all facts developed in the proceeding, are not unreasonable or inconsistent with the evidence of record or the language and purpose of the Kansas banking statute. The opinions are therefore entitled to deference and may be relied upon by the Board as evidence of the consistency of this proposal with Kansas law.[13]

The record, including the depositions conducted by the Commissioner, contains no evidence of explicit or tacit agreements between Ms. Rodgers and Applicant, other than the documents and agreements submitted with this application, relating to ownership or control of Coffeyville or Bank or their management, policies or operations, or regarding the voting shares of Bank held by Coffeyville. The record shows that Ms. Rodgers has made a personal investment in Coffeyville using her own resources; that she has not been indemnified by Applicant for her investment; and that she has no significant ownership or management affiliation with Applicant. There is no evidence that she is acting as an agent of or for or on behalf of Applicant or any person acting for Applicant, or that she is affiliated in any other way with Applicant.

The record also shows that Ms. Rodgers proposes to act as President and Chairman of the Board of Coffeyville and to exercise active control over Coffeyville and Bank, and to appoint her personal financial adviser as a director of Coffeyville and Bank. Ms. Rodgers will thus control two of the three seats on Coffeyville's board of directors. Applicant will elect one representative to the board of directors of Coffeyville and has committed not to take any action that would represent or result in control over Coffeyville or Bank for purposes of the Kansas banking statute.

In view of all of the facts of record, and, in particular, the opinions of the Kansas Attorney General and State Bank Commissioner, the Board concludes that consummation of the proposal will not violate the Kansas bank holding company statute.[14]

While consummation of the proposed transaction does not appear to allow Applicant to control Coffeyville or Bank for purposes of the Kansas banking statute, the Board concludes, based upon the facts of record and established Board precedent, that Applicant will control Coffeyville and Bank for purposes of the federal Bank Holding Company Act. Because of significant differences between the federal Bank Holding Company Act and the Kansas bank holding company statute, a finding of control for purposes of the federal act is not precluded by a finding of no control under the Kansas statute. Unlike the Kansas banking statute, which focuses only on ownership of voting shares or control of the election of a majority of the board of directors of a bank, the federal act defines control to include any situation where the Board determines that a company exercises a controlling influence over the management or policies of a bank, without regard to whether that company owns or controls voting shares of the bank or has the ability to elect a majority of the bank's board of directors.[15]

In the Board's judgment, the long-term option in favor of Applicant to purchase the voting shares of Coffeyville owned by Ms. Rodgers and the other restrictions on the transferability of these shares,[16] Applicant's guarantee of the purchase agreement between Coffeyville and present shareholders of Bank,[17] and the fact that Applicant will hold approximately 88 percent of the total equity of Coffeyville and will bear substantially all of the risk of loss or gain on the proposal,[18] demonstrate that Applicant will control Coffeyville and Bank for purposes of section 2(a)(2) of the act and the Board's regulations thereunder.[19] In this connection, Applicant has agreed to register and report Coffeyville and Bank as subsidiaries for purposes of the Bank Holding Company Act and section 23A of the Federal Reserve Act, (12 U.S.C. § 371c).

The Board's finding that Applicant will control Coffeyville under the federal Bank Holding Company Act does not bar approval of this application since the

13. See, *Northwest Kansas Banc Shares, Inc.*, 69 FEDERAL RESERVE BULLETIN 105 (1983) (Press Release, dated January 11, 1983); *Sierra Petroleum Co., Inc.*, 63 FEDERAL RESERVE BULLETIN 938 (1977); *Valley View Bancshares, Inc.*, 61 FEDERAL RESERVE BULLETIN 676 (1975).

14. The Board agrees with the Attorney General that KIBA's reliance on interpretations of the federal Bank Holding Company Act is misplaced because of certain significant differences between the federal act and the Kansas bank holding company statute, which are discussed below.

15. (12 U.S.C. § 1841(a)(2)(C)). The federal act also defines control to include control by a company acting through one or more persons. (12 U.S.C. § 1841(a)(2)(A)). The Kansas statute has no similar provision.

16. The Board has established a presumption in Regulation Y that attributes control of shares to any company that enters into any agreement placing long-term restrictions on the rights of a holder of voting securities. (12 CFR § 225.2(b)(4)) (1982).

17. See, e.q., *The Jacobus Company and Inland Financial Corporation*, 60 FEDERAL RESERVE BULLETIN 130 (1974); *Mid America Bancorporation, Inc.*, 60 FEDERAL RESERVE BULLETIN 131 (1974).

18. In its letter, dated June 23, 1982, regarding a proposal by Security Corporation, Duncan, Oklahoma, the Board determined that the ownership by a one-bank holding company of nonvoting common stock representing 99.6 percent of another bank's total equity coupled with the purchase of 100 percent of the voting stock of the bank by the company's officers and directors represented control of the bank under both the act and an Oklahoma statute prohibiting the formation of multibank holding companies. The presence in this case of an independent third party with control of 75.02 percent of the voting shares of Coffeyville may distinguish this case from the Oklahoma situation for purposes of state law. In addition, in the Oklahoma situation, the Oklahoma Bank Commissioner had advised the Board of his determination that the proposal violated the Oklahoma statute and Security did not seek the approval of the Board or the state for the acquisition.

19. (12 U.S.C. § 1841(a)(2)); (12 CFR § 225.2(b)). See also *Policy Statement on Nonvoting Equity Investments by Bank Holding Companies*, 68 FEDERAL RESERVE BULLETIN 413 (1982).

federal act specifically permits the formation and operation of multibank holding companies. The required application for the Board's approval under the act has been filed and, as noted, the competitive, financial, managerial, and convenience and needs standards in the act have been met. The proposal also does not involve an interstate bank acquisition that would violate section 3(d) of the act, and Applicant is not engaged in impermissible nonbanking activities. There is thus no basis for denial of this application under the federal Bank Holding Company Act.

The Board has also considered KIBA's request for a formal hearing. KIBA contends that a formal hearing is required in this case in order to explore fully and develop information regarding whether Applicant will control Coffeyville for purposes of Kansas law.

The act requires the Board to hold a formal hearing regarding an application submitted under section 3 of the act only in the event that the Office of the Comptroller of the Currency or the state supervisory authority expresses written disapproval of the proposed transaction.[20] This hearing requirement is not triggered in this case because the Comptroller of the Currency has not expressed written disapproval of the proposed transaction.

Further, KIBA has been given the opportunity to submit facts and arguments to the Board regarding this application, and has not provided any basis to support the belief that the facts already before the Board are incomplete or insufficient to permit the Board to carry out its responsibility under the act, or that further investigation would produce additional relevant information. Nor has KIBA identified any relevant facts that are in dispute. Rather, KIBA disputes the conclusion drawn by the state authorities regarding the existence of control under state law. The Board is not required to hold a formal hearing where a party disputes the conclusion to be drawn from established facts or where such proceeding would not serve to develop new or useful facts.[21]

Accordingly, based on these facts, the extensive submissions by the parties, and the investigation by the Commissioner, including the depositions of Ms. Rodgers and representatives of Applicant, the Board concludes that a formal hearing is not warranted in this case, and hereby denies KIBA's request for a hearing.

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

By order of the Board of Governors, effective January 18, 1983.

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

(Signed) JAMES MCAFEE,
[SEAL] *Associate Secretary of the Board.*

Northwest Kansas Banc Shares, Inc., Hutchinson, Kansas

Southwest Kansas Banc Shares, Inc., Hutchinson, Kansas

Santa Fe Trail Banc Shares, Inc., Hutchinson, Kansas

Arkansas Valley Banc Shares, Inc., Hutchinson, Kansas

Order Approving Acquisition of Shares of a Bank Holding Company

Northwest Kansas Banc Shares, Inc. ("Northwest"), Southwest Kansas Banc Shares, Inc. ("Southwest"), Santa Fe Trail Banc Shares, Inc. ("Santa Fe"), Arkansas Valley Banc Shares, Inc. ("Arkansas"), all in Hutchinson, Kansas (together, "Applicants"), each a registered one-bank holding company within the meaning of the Bank Holding Company Act, as amended, (12 U.S.C. § 1841 et seq.), have applied for the Board's approval under section 3(a)(3) of the act, (12 U.S.C. § 1842(a)(3)), to acquire 20.06 percent each of the voting shares of Valley Bancorp., Inc., Syracuse, Kansas ("Valley"), and, thereby, indirectly to acquire an interest in Valley State Bank, Syracuse, Kansas ("Valley Bank").[1]

20. (12 U.S.C. § 1842(b)); *Northwest Bancorporation* v. *Board of Governors*, 303 F.2d 832, 843-44 (8th Cir. 1962); *Grandview Bank & Trust Co.* v. *Board of Governors*, 550 F.2d 415 (8th Cir.), cert. denied, 434 U.S. 821 (1977); and, *Farmers & Merchants Bank of Las Cruces* v. *Board of Governors*, 567 F.2d 1089 (D.C. Cir. 1977).

21. *Northwest Bancorporation*, supra, n. 20. Moreover, as noted by the Kansas Attorney General, the State Bank Commissioner has a continuing obligation to monitor the future relationship between Applicant and Coffeyville to determine whether Applicant will in fact control Bank through means other than those presented in the structure of the proposal itself. In the event such determination is made in the future, the state has the authority to require termination of the control relationship at that time.

1. Under section 3(a)(3) of the act, a bank holding company must obtain the Board's prior approval to acquire 5 percent or more of the voting shares of a bank or bank holding company, regardless of whether the acquisition would result in control of the bank or company.

Notice of these applications, affording opportunity for interested persons to submit comments and views, has been given in accordance with section 3(b) of the act. The time for filing comments and views has expired and the Board has considered all comments received, including those of the Kansas Bank Commissioner and the Kansas Independent Bankers Association, in light of the factors set forth in section 3(c) of the act, (12 U.S.C. § 1842(c)).

Each Applicant is a one-bank holding company by virtue of its control of a bank located in Kansas. Northwest controls The Trego-Wakeeney State Bank, Wakeeney, Kansas, with deposits of $28.9 million.[2] Southwest controls The First National Bank of Meade, Meade, Kansas, with deposits of $25.4 million. Santa Fe controls Haskell County State Bank, Sublette, Kansas, with deposits of $28.6 million. Arkansas controls The Farmers State Bank, Yoder, Kansas, with deposits of $9.4 million.

Arkansas, Sante Fe, and Southwest are affiliated through common management and shareholders.[3] Mr. Merle D. Starr now owns approximately 44 percent of each of these three Applicants and is the largest single shareholder of each. Upon consummation of the proposal, Mr. Starr's ownership in these organizations would be reduced to about 40 percent. Mr. Starr and Messrs. Richard C. Cooper and James C. Thompson, Jr., are directors and officers of these three holding companies and their subsidiary banks.[4] Messrs. Cooper and Thompson also each own between 2.65 and 7.7 percent of Arkansas, Santa Fe, and Southwest. Following the acquisition of Valley by the Applicants, Messrs. Starr, Cooper, and Thompson would become directors and officers of Valley.

Each of the Applicants is one of the smaller banking organizations in Kansas, and together they control less than one percent of the total deposits in commercial banks in the state. Valley, which is a one-bank holding company by reason of its ownership of Valley Bank with deposits of $13.4 million, is also one of the smaller banking organizations in the state, and controls less than one percent of the total deposits in commercial banks in the state. Accordingly, acquisition of Valley's voting shares by each of these Applicants will not have any significant effect on the concentration of banking resources in Kansas.

Bank competes in the Hamilton County banking market, and with 51.9 percent of the total deposits in commercial banks in the market, is the larger of the two banking organizations located in that market.[5] None of the subsidiary banks controlled by Applicants competes in the same banking market as Valley Bank. With respect to probable future competition, while the Hamilton County banking market is highly concentrated, under Kansas banking law none of the Applicants' subsidiaries is permitted to branch into the market.[6] Accordingly, consummation of the proposed transaction would not have any significant effect on competition in any relevant market.[7]

Where, as in the present case, principals of an applicant are engaged in operating a chain of banking organizations, the Board analyzes the proposal before it, as well as the financial and managerial resources and prospects of the chain, within the context of the Board's multi-bank holding company standards. Thus, the Board has considered the financial and managerial resources of the three commonly owned Applicants within the context of its multi-bank holding company standards. In addition, the Board has evaluated the financial and managerial resources of the fourth Applicant, Northwest, as well as those of Valley and Valley Bank. In this instance, the financial and managerial resources of each of the Applicants, their subsidiaries, Valley and Valley Bank are considered generally satisfactory and the future prospects of each are favorable. Considerations relating to the convenience and needs of the communities involved are consistent with approval.

In acting on an application under the act, the Board is required to consider, in addition to the competitive, financial, managerial and convenience and needs factors set out in the act, whether the proposal would comply with the provisions of relevant state law, and the Board may not approve an application that would result in a violation of state law.[8]

The Kansas Independent Bankers Association ("KIBA") has objected to approval of these applications based on its view that consummation of the proposed transactions would violate a provision of Kansas law that prohibits a company from owning,

2. All financial data are as of December 31, 1981.

3. The fourth Applicant, Northwest, is majority-owned by an individual who is not a shareholder, director or officer of the other three Applicants. Northwest holds approximately 4 percent of the voting shares of each of the other three Applicants. Arkansas and Santa Fe hold approximately 4.5 percent of the voting shares of Northwest.

4. Messrs. Starr, Cooper, and Thompson do not serve as officers or directors and are not shareholders of Northwest.

5. The Hamilton County banking market is approximated by Hamilton County, Kansas.

6. Kan. Stat. Ann. § 9-1111 (1975).

7. Although one Applicant, Sante Fe, holds 4.9 percent of the voting shares of First National Bank, Syracuse, Kansas ("First National"), the only other bank in the Hamilton County banking market, they do not have any common directors and officers and it does not appear that Santa Fe controls First National within the meaning of the act.

8. *Whitney National Bank in Jefferson Parish* v. *Bank of New Orleans & Trust Company*, 379 U.S. 411 (1965).

controlling or holding with power to vote 25 percent or more of the voting shares of each of two or more banks, or from controlling the election of a majority of the directors of each of two or more banks.[9] KIBA asserts that, as a result of the common ownership and the common officers and directors among three of the Applicants, one or more of these Applicants, or all of the Applicants as a combined entity, would control more than 25 percent or more of the shares of more than one bank in violation of Kansas law.[10]

By letter dated July 8, 1982, the Kansas Bank Commissioner advised the Board that the applications raised questions under state law and that he had requested from the State Attorney General an opinion regarding the legality under Kansas law of a case involving similar facts. The Commissioner, KIBA and the Applicants requested that the Board defer action on these applications pending receipt of an opinion from the state.

On September 8, 1982, the Attorney General issued an opinion concerning the proposed acquisition by three commonly owned and managed Kansas one-bank holding companies of 24 percent each of the voting shares of a new one-bank holding company.[11] The Attorney General's opinion states that the question of control for purposes of the Kansas bank holding company statute is an issue of fact and that, because of certain important differences between Kansas law and the federal act, Board and judicial interpretations of the federal act are not relevant in interpreting the Kansas law. The opinion identified a number of factors, including the following, that would be evidence of control under Kansas law: the existence of a stockholders' agreement, voting trust or other agreement regarding the voting shares of the acquiree bank or bank holding company, or any oral or written agreement or arrangement that could provide for the horizontal integration of two or more of the existing bank holding companies. The Attorney General rejected the claim that the three holding companies may be deemed to control the shares of the acquiree bank held by each other merely because the three bank holding companies are commonly owned and have common officers and directors. The Attorney General also stated that the three commonly owned and managed companies would not together constitute a "company" under Kansas law in the absence of evidence that they were being operated as a single, "horizontal" or integrated organization.

Acting on the basis of the Attorney General's opinion, the Commissioner initiated an investigation. Specifically, on October 12, 1982, the Commissioner deposed a number of the individuals associated with the Applicants, Valley, and Valley Bank. The Commissioner questioned the individuals concerning their interests in the various institutions involved and the existence of agreements among them or the Applicants in connection with their purchase or ownership of shares of Valley. The parties indicated that the only such agreement was the right of first refusal by each Applicant and its shareholders with respect to the sale of its own shares. On October 21, 1982, the Commissioner issued an opinion stating that the proposal involved "no apparent violation" of Kansas banking statutes. The Attorney General's and Commissioner's opinions and the transcript of the evidentiary proceedings before the Commissioner have been furnished to the Board and have been made a part of the record on these applications.

The Board, in acting on applications under the act, is required to make a determination of whether a proposal is consistent with state law.[12] The Board may and has in the past given substantial weight to reasoned opinions of state authorities.[13] In this case the Board believes that the opinion of the Attorney General and the findings of the Bank Commissioner are reasonable and entitled to deference and may be relied on by the Board as evidence of the consistency of this proposal with Kansas law.[14]

The Kansas authorities found that there are no agreements, understandings or arrangements among the Applicants or their shareholders relating to the sale or voting of the shares of Valley or Valley Bank or the operations or control of Valley or Valley Bank. There is also no evidence in the record that any of the Applicants is acting for, at the direction of, or on behalf of any of the other Applicants or that the shareholders of the Applicants are acting for or on behalf of any of the Applicants such that the shares of Valley held by any of the Applicants may be attributed to any other Applicant. Similarly, there is no evidence that any of the Applicants has made loans or issued

9. Kan. Stat. Ann. §§ 9-504 and 9-505 (1975).

10. While KIBA includes Northwest in the alleged control group, Northwest does not have shareholders or management in common with the other three Applicants.

11. 82 Op. Kan. Att'y Gen. 195 (September 8, 1982).

12. *Iowa Independent Bankers Association* v. *Board of Governors of the Federal Reserve System*, 511 F.2d 1288, 1293 (1975).

13. *NCNB Corporation*, 68 FEDERAL RESERVE BULLETIN 54 (1982); *Western Kentucky Bancshares, Inc.*, 67 FEDERAL RESERVE BULLETIN 741 (1981); *Credit and Commerce American Holdings, N.V. and Credit and Commerce American Investment, B.V.*, 65 FEDERAL RESERVE BULLETIN 254 (1979); *Valley View Bancshares, Inc.*, 61 FEDERAL RESERVE BULLETIN 676 (1975).

14. The Board has previously approved the acquisition by two commonly owned Kansas one-bank holding companies of 24.9 percent each in a third Kansas one-bank holding company in reliance on an opinion of the Kansas Bank Commissioner that the proposal would not violate Kansas law. *Sierra Petroleum Company, Inc. and K&B Producers, Inc.*, 63 FEDERAL RESERVE BULLETIN 938 (1977).

indemnifications or guarantees with respect to the acquisition of any of the Applicant's shares by their shareholders. Each Applicant bears the risk of gain or loss from its proposed investment in Valley and does not in any way guarantee or support the investment of any other Applicant. There is also no evidence of a "formalized structure" or agreements or arrangements binding the Applicants together as an organized group or that the Applicants are operated as a "horizontal," integrated organization.[15] For these reasons, and in particular based upon the opinions of the Attorney General of Kansas and the Kansas Bank Commissioner, the Board concludes that consummation of the proposal would not violate the Kansas prohibition against multi-bank holding companies.[16]

The Board also believes that the proposal is consistent with the provisions of the act. Even if the proposal involves control of Valley or Valley Bank by one or more of the Applicants under the federal act, or the Applicants together would constitute a multi-bank holding company under the federal act,[17] there is no bar to Board approval of the proposal, since the federal act specifically permits the formation and operation of multi-bank holding companies. Each of the Applicants is a registered bank holding company subject to the Board's supervision, has filed an application for the Board's approval to acquire Valley's shares in compliance with the act, and has met the competitive, financial, managerial and convenience and needs tests set forth in the act. The proposal also does not involve an interstate bank acquisition that would violate section 3(d) of the act, and none of the Applicants is engaged in impermissible nonbanking activities. There is thus no basis for denial of any of these applications under the federal act. Because each of the Applicants has registered as a bank holding company with the Board and has filed an application for the Board's approval to acquire an interest in Valley, the Board finds no purpose to be served in requiring the Applicants to register as a single multi-bank holding company under the federal act or to file another application with the Board as a single multi-bank holding company.

Although KIBA has urged the Board to undertake an "investigation" of this proposal, it has not indicated what new relevant information such an investigation might disclose or provided any evidence that further investigation is warranted. Based upon the extensive submissions of the parties, the investigation by the Commissioner, including the depositions of the individuals associated with the Applicants, and the opportunity afforded KIBA to submit evidence and arguments concerning the proposed acquisitions, the Board concludes that it has sufficient information upon which to make a decision and that no further investigation is necessary or warranted.

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

By order of the Board of Governors, effective January 11, 1983.

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

(Signed) JAMES MCAFEE,
[SEAL] *Associate Secretary of the Board.*

15. The Kansas statute expressly excludes "partnership" from the definition of company, while the federal act expressly includes a partnership as a company. The Board has stated that the addition of the term "partnership" to the definition of company in the federal act indicates a Congressional intent to include groups of individuals and companies bound together by a formal structure or agreement. *American Security and Trust Company and American Security Corporation*, 60 FEDERAL RESERVE BULLETIN 875 (1974). Thus, it is possible for a group of individuals or companies to constitute a "company" for the purpose of the federal act, but not under the Kansas statute. As noted below, the Applicants have each filed an application for the Board's prior approval under section 3 of the act, and the Board is not required to make a finding concerning whether the Applicants together constitute a company for the purposes of the act.

16. The Board agrees with the Attorney General that KIBA's reliance on interpretations of the federal act is misplaced. There are significant differences between the federal act and the Kansas bank holding company statute. For example, the federal act definition of control includes control by a company "acting through one or more persons," as well as by "exercising a controlling influence over the management or policies of the bank or company." (12 U.S.C. § 1841(a)(2)). The Kansas statute does not contain similar control provisions. See also footnote 15, above.

17. In the past the Board has concluded that a group of individuals or companies would not together constitute a "company" under the act where there is no formalized structure or agreements among them for the purpose of acquiring or managing a bank or a bank holding company. See Board letter, dated September 13, 1982, to John D. Hawke, Jr.; Board letter, dated November 15, 1978, to William C. Beaman; *Commerce Bank Corporation*, 66 FEDERAL RESERVE BULLETIN 506 (1980); and Board letter, dated September 13, 1977, to John P. Roemer, aff. sub. nom., *Central Bank* v. *Board of Governors*, No. 77-1937 (D.C. Cir. November 21, 1978).

The Beaman letter involved six one-bank holding companies under the complete control of an individual, acting at his direction as an organized group to make a tender offer for an out-of-state bank holding company. In the present case, there is no absolute control exercised by any individual over the Applicants that would deprive them of the ability to act independently and there is no evidence of integrated operations among the Applicants. Finally, even if the commonly owned Applicants were together a "company" under federal law, the proposed acquisition (unlike the interstate acquisition at issue in the Beaman letter) would not be prohibited by the act.

Old Kent Financial Corporation, Grand Rapids, Michigan

Order Approving the Acquisition of a Bank Holding Company

Old Kent Financial Corporation, Grand Rapids, Michigan, a bank holding company within the meaning of the Bank Holding Company Act, 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 the successor by consolidation to Pacesetter Financial Corporation, Grand Rapids, Michigan ("Pacesetter"). As a result of the acquisition and merger, Applicant would indirectly acquire Pacesetter's 10 subsidiary banks: Pacesetter Bank & Trust–Grand Traverse, Traverse City, Michigan; Pacesetter Bank and Trust, Owosso, Michigan; Pacesetter Bank & Trust–Southwest, Niles, Michigan; Pacesetter Bank & Trust–West, Grand Haven, Michigan, The Brighton State Bank, Brighton, Michigan; Hillsdale State Savings Bank, Hillsdale, Michigan; Pacesetter Bank–Southeast, Grand Blanc, Michigan; Pacesetter National Bank, Cassopolis, Michigan; Pacesetter Bank–Lansing, Michigan; The Almont Savings Bank, Almont, Michigan.

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

Applicant, with 13 subsidiary commercial banks, has aggregate deposits of $1.7 billion.[2] It is the sixth largest commercial banking organization in Michigan and controls 3.9 percent of total deposits in commercial banks in the state. Pacesetter is the state's seventh largest banking organization, controlling $924.1 million in deposits, or 2.1 percent of total deposits in commercial banks in the state. Upon consummation of the proposed acquisition, Applicant would remain Michigan's sixth largest banking organization and its share of deposits in commercial banks in the state would increase to 6 percent. The concentration ratio of the five largest banking organizations in Michigan would be unaffected by this proposal, and there would remain a number of other banking organizations in Michigan of the approximate size of Pacesetter.[3] Accordingly, it is the Board's view that consummation of this acquisition would have no significant effect upon the concentration of commercial bank resources in Michigan.

The subsidiary banks of Applicant compete directly with the subsidiary banks of Pacesetter in the Detroit and Muskegon-Grand Haven banking markets.[4] In the Detroit market, consummation of the merger would not have any significant effect on competition between Applicant and Pacesetter.[5] The combined post-merger market share of Applicant's and Pacesetter's subsidiary banks in Detroit would be 1.3 percent. The four-firm concentration ratio after consummation would remain unchanged at its current ratio of 71 percent and approximately 45 other commercial banking organizations would continue to compete in the market.

Applicant is the seventh largest of eight banking organizations in the Muskegon-Grand Haven banking market and controls 2.3 percent of market deposits in commercial banks in the market.[6] Pacesetter is the fourth largest organization in this market and controls 16.7 percent of market deposits. Upon consummation, Applicant would become the third largest banking organization in the market with 19 percent of deposits in commercial banks in the market. In view of the size of the market shares held by Applicant and Pacesetter, the Board has carefully considered whether consummation of the proposal would eliminate substantial existing competition between Applicant and Pacesetter. On previous occasions, the Board has relied upon commitments by bank holding company applicants to divest banking subsidiaries in markets where a proposed acquisition raised serious concerns regarding the elimination of existing competition. See *Barnett Banks of Florida, Inc.*, 68 FEDERAL RESERVE BULLETIN 190 (1982); *Fidelity Union Bancorporation,* 66

1. The Board received a comment on the application from two shareholders of Pacesetter who claimed that they would not receive equitable treatment under the terms of the merger agreement. Although there are limits on the Board's ability to consider complaints by dissenting shareholders, the Board has taken these comments into consideration in reviewing this application. See *Western Bancshares, Inc.* v. *Board of Governors of the Federal Reserve System,* 480 F.2d 749 (10th Cir. 1973). Upon the basis of all facts of record the Board does not believe these comments warrant an adverse finding as to Applicant's overall managerial resources.

2. Statewide deposit data represent total deposits in domestic offices as of December 31, 1981.

3. These facts, the increased competition in the financial services industry generally, and the absence of any substantial adverse effects on probable future competition in any relevant geographic market in this case mitigate the Board's previously expressed concerns regarding the concentration of banking resources in Michigan. *Old Kent Financial Corporation/Peoples Banking Corporation,* 65 FEDERAL RESERVE BULLETIN 1010 (1979).

4. Market data for the Detroit market are as of December 31, 1981. All other individual market data are as of June 30, 1981.

5. The Detroit market is approximated by Wayne, Macomb, and Oakland Counties plus 33 cities and townships from St. Clair, Lapeer, Livingston, Washtenaw, and Monroe Counties, all in Michigan.

6. The Muskegon-Grand Haven market is approximated by Muskegon County, Michigan, except for Casnovia township plus Grand Haven, Spring Lake, Crockery, and Robinson townships in Ottawa County, Michigan.

FEDERAL RESERVE BULLETIN 576 (1980). While the Board is concerned with the effects of the merger in the Muskegon-Grand Haven market, a number of factors indicate that the anticompetitive effects in this banking market are not so serious as to warrant denial.

First, consummation of this proposal would not disturb the competitive balance or structure in the Muskegon-Grand Haven market. Applicant's subsidiary bank in the market, a comparatively small market institution, would be combined with the Pacesetter subsidiary bank to become a viable, but not dominant, competitor. There are currently eight banking organizations in the market, five of which have market shares in excess of 10 percent, and three of which are controlled by banking organizations that are among the 15 largest in the state. After the merger, five of the seven remaining banking organizations in the market would continue to have market shares of over 10 percent, and two of these institutions would have market shares larger than Applicant.

Second, the level of market concentration has declined by 10 percentage points over the last five years. In this regard, although the market's Herfindahl-Hirshmann Index ("HHI") is 1963, consummation of this merger would increase the HHI by only 71 points. On this basis, the merger would not be subject to challenge under the Department of Justice guidelines. The Department has not commented upon the application.[7] In light of the foregoing and other facts of record, the Board concludes that consummation of this proposal would not have a significant effect on existing competition in the Muskegon-Grand Haven market.[8]

There are 17 markets in which either Applicant or Pacesetter, but not both, compete. The nine markets in which only Old Kent operates are: Big Rapids, Cadillac, Fremont-Newaygo, Gaylord, Grand Rapids, Holland, Kalamazoo-Battle Creek, Petoskey, and Roscommon. The eight markets in which only Pacesetter competes are: Ann Arbor, Benton Harbor-St. Joseph, Elkhart-Niles, Flint, Hillsdale, Lansing, Owosso, and Traverse City. The Board has considered the effects of the proposal on probable future competition in these geographic markets and has also examined the proposal in light of its proposed guidelines for assessing the competitive effects of market extension mergers and acquisitions.[9] In evaluating the effects of a proposed merger or acquisition upon probable future competition, the Board considers market concentration, the number of probable future entrants into the market, the attractiveness of the market for de novo and/or foothold entry, and the size and market position of the firm to be acquired. The Board has also considered the likelihood that the Applicant or Pacesetter would enter each other's markets de novo or on a foothold basis absent approval of the acquisition.

With regard to 13 of these 17 markets, two or more of the criteria set out in the Board's guidelines are not met. In light of this fact and based upon the Board's review of the other factors listed above, the Board concludes that the acquisition would not have a substantial adverse effect on probable future competition in these markets.

With respect to the remaining four markets, the record shows that none of these markets is attractive for de novo or foothold entry. The Owosso market has commercial bank deposits of $266 million, only slightly higher than required by the guidelines, is rural in nature, and has an average growth rate and deposit-to-office ratio below the state and national average.[10] The Holland market includes a part of the Grand Rapids SMSA, and all banks in the Holland market are currently controlled by the state's major bank holding companies.[11] The Holland market also has deposit to office and population-to-office ratios that are below the state average. The Grand Rapids market[12] also has below average deposit to office and population-to-office ratios as well as a growth rate below the state and national averages. Finally, the Hillsdale market has total deposits of only $178.2 million and a deposit-to-office ratio significantly below the state average.[13] Based on the foregoing and other facts of record, including the specific economic, demographic, and structural characteristics of these markets, the Board

7. Although the market is considered highly concentrated because it has an HHI of over 1800, the Department of Justice has stated that it is not likely to challenge a merger unless the change in the HHI exceeds 100 points, although it scrutinizes all mergers in highly concentrated markets where the change is between 50 and 100 points.

8. The Board also notes that three thrift institutions in the market have aggregate deposits of $215.5 million, or approximately 30 percent of total commercial banking deposits in the market.

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

10. The Owosso banking market is approximated by Shiawassee County, Michigan.

11. The Holland banking market is approximated by Park, Holland, Zeeland, Olive, and Port Sheldon townships in Ottawa County, Michigan plus Laketown, Fillmore, and Overisel townships in Allegan County, Michigan.

12. The Grand Rapids banking market is approximated by Kent County except for Oakfield and Spencer townships; Thornapple township in Barry County; Leighton, Dorr, and Salem townships in Allegan County; Jamestown, Georgetown, Blendon, Allendale, Tallmadge, Polkton, Wright, and Chester townships in Ottawa County; and Casnovia township in Muskegon County, all in Michigan.

13. The Hillsdale County banking market is approximated by Hillsdale County, Michigan.

concludes that there are insufficient grounds upon which to determine that consummation of the proposal would have any significant adverse effect on probable future competition. Thus, competitive considerations are consistent with approval of the application.

The financial and managerial resources of Applicant and its subsidiaries are regarded as generally satisfactory, and their future prospects appear favorable. Financial and managerial considerations are, therefore, consistent with approval of the application. Applicant intends to centralize certain of Pacesetter's services and to make other specialized services, including Economic Development Corporation financing, cash management techniques, and trust and international services, available to all Pacesetter banks. Thus, considerations relating to the convenience and needs of the communities to be served lend weight towards approval of the applications.

Based on the foregoing and the facts of record, the applications are approved for the reasons set forth above. The acquisition and merger pursuant to section 3 of the act shall not be made before the thirtieth calender day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Chicago, pursuant to delegated authority.

By order of the Board of Governors, effective January 25, 1983.

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

(Signed) JAMES MCAFEE,
[SEAL] *Associate Secretary of the Board.*

Dissenting Statement of Governor Teeters

I dissent from the decision of the Board that the competitive effects resulting from consummation of this proposal would not be so serious as to warrant denial of the application.

In my opinion, the effects of this proposed merger on existing competition in the Muskegon-Grand Haven banking market would be substantially adverse. The Muskegon-Grand Haven market is highly concentrated and Applicant's share of commercial bank deposits in the market would increase from approximately 2.3 percent to 19 percent. Pacesetter would be eliminated as an independent competitor and the number of commercial banking alternatives would be reduced to seven. In other instances where the elimination of existing competition has been of serious concern, the Board has relied, as a condition to approval of the applications, upon commitments by bank holding company applicants to divest subsidiary banks or offices in the affected banking markets. I believe it would be appropriate for the Board to require such an undertaking in this case.

I continue to be concerned, moreover, with the Board's general approach to the evaluation of the effects of a merger on probable future competition in particular banking markets. In this regard, the Board has proposed guidelines as a method of addressing the standards set out by the United States Court of Appeals for the Fifth Circuit in *Mercantile Texas Corporation* v. *Board of Governors*, 638 F.2d 1255 (5th Cir. 1981). By their terms, the Board's proposed guidelines are inapplicable to 13 of the 17 markets affected by the proposed merger. In addition, although the Board's proposed probable future guidelines appear to require more intensive analysis in the remaining four markets, the Board has nonetheless determined that consummation of the proposal would not have any significant adverse effect on probable future competition in these markets. Given the relative and absolute size of the banking organizations involved, I find it difficult to believe that the amount of probable future competition eliminated as a result of this proposal would be as insignificant as application of the Board's proposed guidelines seems to imply. As I have previously stated, the Board's reliance upon its proposed guidelines has allowed a number of combinations of bank holding companies that, in my opinion, are substantially anticompetitive.

January 25, 1983

Texas Commerce Bancshares, Inc., Houston, Texas

Order Approving Acquisition of Bank

Texas Commerce Bancshares, Inc., Houston, Texas ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3(a)(3) of the act (12 U.S.C. § 1842(a)(3)) to acquire 100 percent of the voting shares of Lockwood National Bank of Houston, Houston, Texas ("Bank").

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

Applicant, the second largest banking organization in Texas, controls 62 banking subsidiaries[1] with total deposits of approximately \$10.0 billion, representing 9.43 percent of total deposits in commercial banks in the state.[2] Bank, with deposits of \$130.4 million, is the 53rd largest commercial banking organization in Texas, holding 0.12 percent of total deposits in commercial banks in the state. Upon consummation, Applicant will remain the second largest banking organization in the state, controlling 9.55 percent of total commercial bank deposits in the state. Thus, the Board concludes that acquisition of Bank would have no significant effect on the concentration of banking resources in Texas.

Bank is the 20th largest banking organization in the Houston banking market,[3] controlling approximately 0.48 percent of the total deposits in commercial banks in the market. Applicant also competes in the Houston banking market, and is the largest banking organization in the relevant market, controlling about 20.8 percent of total deposits in commercial banks in the market. Upon consummation, Applicant's market share of deposits would increase to 21.3 percent. Thus, consummation of this proposal would eliminate some existing competition between Applicant and Bank. However, any adverse competitive consequences are mitigated by the following and other facts of record. First, numerous banking organizations compete in the market, including the state's largest banking organizations. Also, the Houston banking market would not be a highly concentrated market after consummation of this proposal, with a four-firm concentration ratio of 61.8 percent. In light of the above, the Board finds that the acquisition would not have any significant adverse effects on competition or on the concentration of resources in any relevant area.

The financial and managerial resources and future prospects of Applicant, its subsidiaries and Bank are regarded as generally satisfactory. Accordingly, considerations relating to banking factors are consistent with approval. Moreover, Bank's affiliation with Applicant will enable Bank to avail itself of Applicant's resources and services. Thus, considerations relating to the convenience and needs of the community to be served lend slight weight toward approval and outweigh any adverse competitive effects that might result from consummation of the proposal. Accordingly, the Board has determined that consummation of the transaction would be consistent with the public interest and that the application should be approved.

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

By order of the Board of Governors, effective January 31, 1983.

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

(Signed) JAMES MCAFEE,
[SEAL] *Associate Secretary of the Board.*

Orders Under Section 4 of Bank Holding Company Act

BankAmerica Corporation, San Francisco, California

Order Approving Acquisition of Retail Discount Brokerage Firm

BankAmerica Corporation, San Francisco, California ("BAC"), a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 4(c)(8) of the act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)) to acquire 100 percent of the voting shares of The Charles Schwab Corporation, San Francisco, California, a company that engages, through its wholly-owned subsidiary, Charles Schwab & Co., Inc. ("Schwab"), in retail discount securities brokerage, extending margin loans, and other incidental activities. None of the proposed activities is among those that the Board has designated in Regulation Y as being closely related to banking and thus permissible for bank holding companies under section 4(c)(8) of the act.

Notice of the application, affording interested parties an opportunity to submit comments and views, was duly published in the *Federal Register*. In response to its request for comments on this application, the Board received 17 written comments opposing the acquisition, and 82 favoring the acquisition, including comments from the Department of Justice, the Comptroller of the Currency, and the Securities and Exchange Commission. Among the comments opposing the proposal were those of the Securities Industry

1. This figure includes five acquisitions which have received Board approval, but which have not yet been consummated.
2. All banking data are as of December 31, 1981, and include acquisitions as of November 30, 1982.
3. The Houston banking market is approximated by the Houston RMA.

Association (the "SIA"), a national trade association representing over 540 securities brokers, dealers, and investment banking organizations. The SIA requested that the Board either deny, or order a formal hearing on, BAC's application.

On July 6, 1982, the Board issued an order scheduling a formal public administrative hearing on BAC's proposal. The Board's hearing order observed that, although the questions raised by the various comments and protests to BAC's application might appropriately be resolved through additional written submissions, a formal hearing would provide an appropriate and expeditious method for developing a full record for Board consideration of any disputed material facts. The Board's order established an expedited briefing and hearing schedule. With the consent of the parties to the hearing, the United States Department of Justice was permitted to intervene as a party by order dated August 20, 1982.

A formal public administrative hearing, conducted in accordance with the Board's Rules of Practice for Hearings (12 CFR Part 263) was held on September 8, 9, 10, 14, 15, and 16, 1982, in Washington, D.C., before an Administrative Law Judge appointed at the request of the Board. A substantial record on the application was developed through the submission of exhibits and testimony and through the participation of the SIA, BAC, the Department of Justice, and other interested parties.

In a Recommended Decision dated November 12, 1982, Administrative Law Judge Ernest G. Barnes concluded, based upon the evidence of record, that BAC's application met the criteria of section 4(c)(8) of the act and, accordingly, recommended that the Board approve the application without condition. The SIA and BAC timely filed exceptions to the Administrative Law Judge's Recommended Decision.

Having carefully considered the entire record of the proceeding, including the comments received, and the transcript, exhibits, written testimony, rulings, and briefs filed in connection with the hearing, the Recommended Decision filed by the Administrative Law Judge, together with the exceptions thereto, the Board has determined that the Administrative Law Judge's findings of fact, conclusions, and recommendations, as modified and supplemented herein, are fully supported by the evidence of record and should be adopted as the findings and conclusions of the Board.

BAC, with total consolidated assets of $120.5 billion is one of the two largest banking organizations in the United States.[1] BAC operates one subsidiary bank, Bank of America N.T. & S.A., San Francisco, California ("Bank"). Bank, with domestic deposits of $51.9 billion, is the largest commercial bank in the United States.[2] BAC also operates numerous nonbanking subsidiaries located throughout the United States and abroad, including subsidiaries engaged in consumer and commercial lending, mortgage banking, leasing, data processing, investment advisory services, and certain credit-related insurance underwriting and insurance agency activities in California.

Schwab is a retail discount securities brokerage firm headquartered in San Francisco, California. Schwab operates 51 offices in 26 states and the District of Columbia, and has recently opened an additional office in Hong Kong. Schwab is a member of, and maintains seats on, various national and regional securities exchanges, including the New York Stock Exchange, the Chicago Board Options Exchange, and the Pacific Stock Exchange, and is registered with the Securities and Exchange Commission pursuant to section 15 of the Securities Exchange Act of 1934. Schwab buys and sells securities solely as agent, on the order and for the account of customers. Schwab does not purchase or sell securities for its own account except to an insignificant extent, does not engage in dealing or underwriting, and gives no investment advice. Schwab characterizes itself as a "discount" broker because its commissions are significantly lower than those charged by full-line brokers. In addition to brokerage services, full-line brokers offer investment advice. A Schwab customer is not assigned a personal representative but deals with any available representative, who in many cases enters the customer's order in an automated execution system, which can execute the order in as short a time as thirty seconds.

Schwab also extends credit for the purchase and carrying of securities and provides securities custodial services and various other services related to maintaining customer accounts, such as individual retirement accounts, a "sweep" arrangement with an unaffiliated money market mutual fund, payment of interest on net free balances awaiting investment, and third party payment services.

Schwab's Activities are Closely Related to Banking

Section 4(c)(8) of the act permits a bank holding company to engage, directly or through a subsidiary, in activities that the Board, after due notice and opportunity for a hearing, has determined by order or regulation to be "so closely related to banking . . . as to be a proper incident thereto." The statutory standard requires that two separate tests be met for an

1. Asset data are as of September 30, 1982.

2. Deposit data are as of December 31, 1981.

activity to be permissible for a bank holding company. First, the Board must determine that the activity is, as a general matter, "closely related to banking." Second, the Board must find in a particular case that the performance of the activity by the applicant bank holding company may reasonably be expected to produce public benefits that outweigh possible adverse effects.

Closely Related to Banking

Based on guidelines established in *National Courier Association* v. *Board of Governors*, a particular activity may be found to meet the "closely related to banking" test if it is demonstrated that banks generally have in fact provided the proposed activity; banks generally provide services that are operationally or functionally so similar to the proposed activity so as to equip them particularly well to provide the proposed activity; or that banks generally provide services that are so integrally related to the proposed activity as to require their provision in a specialized form.[3] However, the *National Courier* guidelines are not the exclusive basis for finding a close relationship between a proposed activity and banking.[4]

Retail Securities Brokerage. The undisputed facts of record demonstrate that many banks currently offer certain types of securities brokerage services. Many banks provide informal brokerage services, in which, as an accommodation to their customers, banks transmit customer orders to buy or sell securities selected by their customers to brokers for execution. In addition, banks, through the trading desks of their trust departments, routinely buy and sell securities as agent for trusts and other accounts managed by banks.[5]

As the SIA points out, Schwab's activities differ somewhat from the brokerage functions usually performed by banks: Schwab executes orders for the purchase or sale of securities directly, without the assistance of an intervening broker; and executes directly on the exchange orders involving securities listed on such exchanges. The Board finds, however, that Schwab's brokerage services are operationally and functionally very similar to the types of brokerage services that are generally provided by banks and that banking organizations are particularly well equipped to provide such services.[6]

The record shows that, as part of their current services, banks often execute orders involving securities not listed on an exchange by dealing directly with dealers making a market in the particular security or with other third parties. In performing these services, banks exercise the same type of discretion and judgment with respect to the best method of execution that brokers do with respect to similar types of orders. Moreover, many banks use a number of brokers to execute orders placed with the bank by its customers or trust department. The record shows that in selecting a particular broker to execute a given order (especially in the case of orders for a block of securities), these banks make the decision themselves as to the best method of execution, leaving to the broker only the technical execution of the transaction. The Securities and Exchange Commission's 1977 report on bank securities activities found that bank trust department trading desks, at least at the largest banks, perform the same functions, utilize the same execution techniques, employ personnel with the same general training and expertise, and use the same facilities, for example, the consolidated tape, Quotron, Aut-Ex, and other market information services, that brokers do.

In addition, national banks are expressly authorized by statute to purchase and sell securities without recourse, solely upon the order, and for the account of, customers. (12 U.S.C. § 24 Seventh). This authority supports the conclusion that Schwab's brokerage activities, which are within the plain meaning of the language of this authorization, are closely related to banking.[7]

Although the record indicates that in 1977 generally only the largest banks employed sophisticated securities trading procedures and resources, the record also shows that the technological changes in the securities markets and other developments have forced bank securities traders in large banks to develop and expand their skills and that this trend is

3. 516 F.2d 1229, 1237 (D.C. Cir. 1975).

4. Id.

5. Banks also administer employee stock purchase, dividend reinvestment, and automatic investment service plans, which involve the periodic purchase of a particular security or securities from a fixed list of securities, on behalf of a customer.

6. The Board has found that the execution of unsolicited orders to buy or sell securities primarily of Israeli corporations solely as agent of the customer by a company that is not a member of a securities exchange is closely related to banking. *JCT Trust Company, Ltd.*, 67 Federal Reserve Bulletin 635 (1981).

7. The SIA asserts that this statutory authorization is limited to providing accommodation brokerage services to existing customers of the bank. Even if this assertion were correct, the fact that an activity is not permitted to a bank does not preclude a finding that the activity is closely related to banking and thus permissible for a bank holding company. *Board of Governors* v. *Investment Company Institute*, 450 U.S. 46, 64 (1981).

expected to continue.[8] The Board finds that the use of sophisticated techniques, resources and personnel to execute orders for the purchase or sale of securities for the account of customers is sufficiently widespread in the banking industry to justify a finding that banks generally provide securities execution services that equip them to offer the type of retail brokerage services provided by Schwab. Moreover, the Board finds that execution "in the crowd" on an exchange is a largely ministerial function that involves no greater expertise or resources than the execution of orders directly with third party market makers, which banks generally now perform.[9,10]

The conclusion that Schwab's brokerage activities are closely related to banking is also consistent with the purposes of the act, which mandates the separation of banking from commerce in order to guard against the potential concentration of financial resources, conflicts of interest, in the control of credit, and risks to insured depository institutions that are likely to result from the control by banking organizations of commercial enterprises. The laws restricting bank involvement in the investment banking business generally, while expressly recognizing that banks have been historically involved in some types of securities activities, are also designed to avoid conflicts of interests and risks to the safety of depository institutions.

Margin Lending. Schwab also engages in the extension of margin credit to Schwab's brokerage customers for the purchase and carrying of securities. Banks generally and traditionally have extended credit to their customers for the purpose of buying and carrying securities. At the end of 1981, banks had outstanding approximately $5 billion in loans to borrowers other than securities firms or financial institutions for the purpose of purchasing or carrying securities. In addition, the extension of credit secured by stock and other collateral has long been an important bank activity. The Board's margin credit regulations apply both to brokers such as Schwab (Regulation T) and to banks (Regulation U).[11] While Regulations T and U impose somewhat different requirements, the underlying margin credit activity engaged in by both banks and brokers is functionally the same. The Board therefore concludes that Schwab's margin lending activity is closely related to banking.

Maintenance of Customer Securities Accounts. In connection with carrying accounts of its securities brokerage customers, Schwab offers various services to its brokerage customers. These services include: Individual Retirement Accounts, for which an unaffiliated savings and loan association serves as trustee; a "sweep" arrangement, pursuant to which idle customer balances exceeding a predetermined minimum are automatically invested in an unaffiliated money market mutual fund; the payment of interest on net free balances awaiting investment; and the "Schwab-One Account", which combines the payment of interest on free credit balances with customer access to such balances through a debit card and checking account offered under an arrangement with an unaffiliated commercial bank. These services are increasingly being offered by other brokerage firms. The Board finds that each of these services is identical, or functionally and operationally equivalent to, services generally offered by banks to customers directly or through banks' trust departments. Accordingly, the Board finds, on the facts of this case, that BAC's provision through Schwab of IRA accounts, a money market sweep, and the "Schwab One Account" is closely related to banking as well as an incidental activity in connection with Schwab's securities brokerage and margin lending activities.

Custodial Services. Schwab also provides various types of securities custodial services, involving the safekeeping of customers' securities, accounting for dividends or interest received on such securities, and other ancillary services. Banks generally offer securities custodial services in connection with their trust department and other securities transaction services. In addition, in extending margin credit, a lender is required to maintain custody of the securities pledged to the lender as collateral to secure the

8. Schwab also maintains customers' accounts and clears and settles executed transactions. Banks perform these functions in connection with the buy or sell orders banks effect for trust departments and as an accommodation to their customers. In addition, as a retail broker, Schwab deals directly with the public to a far greater extent than the typical bank that offers securities brokerage services. However, the Board concludes that the degree of contact with the public does not substantially alter the type of expertise and judgment necessary to perform execution services, which in the case of both Schwab and banks generally is substantially the same.

9. Exchange members that are specialists in particular securities may exercise significant discretion and judgment with respect to trading in those securities. Specialists, however, trade for their own account. Schwab does not buy or sell securities for its own account and is not, therefore, a specialist on any exchange.

10. The fact that in many cases banks rely on brokers to execute customer orders placed with the bank does not preclude a finding that banks are well equipped to execute these orders directly, since the record shows that to a significant extent banks do effect buy and sell orders directly without the intervention of a broker or employ the broker merely to carry out the decision as to the method of execution made by the bank.

11. 12 CFR Parts 220, 221.

loan. Accordingly, the Board finds that the provision of securities custodial services is closely related to banking and is a necessary incident to permissible margin lending activities.

Balance of Public Benefits and Adverse Effects

With respect to the "proper incident" requirement, section 4(c)(8) of the act requires the Board to consider whether the performance of the proposed nonbanking activity by an affiliate of a bank holding company "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." The Board finds that consummation of this proposal can reasonably be expected to result in public benefits outweighing possible adverse effects.

Public Benefits

Increased Competition. The record shows that the proposed acquisition is likely to make Schwab a more effective competitor in the retail brokerage market. It is likely that the proposal will strengthen Schwab as a competitor by affording Schwab greater acceptability by the public. The record indicates that discount brokers in general are hampered competitively, at least to some extent, because of a lack of public awareness and acceptance of their services due, in large part, to the relatively recent emergence of discount brokers and their lack of extensive office networks. Schwab's affiliation with BAC, a large, internationally recognized and diversified banking and financial services company with substantial resources, can reasonably be expected to result in enhanced public recognition and confidence in Schwab in particular, and discount brokers in general.

As a relatively new and small company, Schwab needs capital in order to expand its office network and facilities. It is undisputed that, because of its affiliation with BAC, Schwab expects to be able to obtain funds at a lower cost and more efficiently than at present.[12] The proposal is also likely to provide Schwab with access to BAC's managerial and technological resources, which, in view of BAC's size and expertise, are likely to assist Schwab in becoming a more effective competitor.[13]

Strengthening Schwab as a competitor is likely to have a procompetitive impact on price competition in the retail brokerage industry.[14] Because Schwab, like other discount brokers, competes primarily and aggressively on the basis of price, the strengthening of Schwab may induce full-line brokers to compete more vigorously for brokerage business on the basis of price. It is uncontested that the lower commission rates charged by discount brokers are taken into account by full-line brokers. The Recommended Decision forecast that this acquisition might produce a major change in the price structure of the brokerage industry by causing full-line brokers to "unbundle" their services. However, the evidence in the record is not substantial either in support of or against such a change. In any event, the acquisition is likely to have some procompetitive effect.

With respect to the likelihood of increased competition in the development of technology and in the provision of new combinations of financial services, the record indicates that Schwab has developed one of the most sophisticated automated order execution systems in the industry, which is important to Schwab's competitive efforts. Because this type of automated technology is rapidly developing and because it requires large financial resources to support such development, Schwab's access to BAC's funding support and technical resources can aid Schwab in continuing to offer efficient automated systems. Development of this type of automated technology is likely to have a procompetitive effect throughout the industry.

Increased Convenience and Efficiencies. With respect to projected increases in convenience and efficiencies, the record shows that BAC will assist Schwab in adding new offices, some of which may be at locations where Bank has branches or where BAC's other nonbank subsidiaries have offices. Although most of Schwab's brokerage business is done by telephone or mail, there is evidence in the record that some office locations are necessary to provide effective service. Customers can make payments and deposit securities at Schwab offices without the inconvenience, cost, and risk of nondelivery, by mail.

12. The SIA's claim that Schwab currently has no difficulty in raising capital is immaterial (even if true), since an improvement in the costs and methods of raising funds is likely to produce an increase in Schwab's ability to compete for brokerage services. As explained below, the anticipated improvement in funding would not result in any unfair competitive advantage, because, among other things, BAC, not Bank, would provide funds to Schwab.

13. BAC has an extensive network of offices in this country and in many other countries, and plans to assist Schwab in opening new offices.

14. The SIA claims that there already is active price competition among retail brokerage firms. However, the fact that a market already is competitive does not preclude any further increase in competition.

Moreover, the acquisition will permit Schwab and BAC to share their capital, managerial, technological, and marketing resources. In addition, by facilitating joint purchases of securities brokerage and other financial services, the acquisition can be expected to result in lower consumer search costs and greater efficiency in the purchase of such services.

In summary, the Board finds that this acquisition can reasonably be expected to result in some significant public benefits in the form of intensified competition, increased efficiency, and greater consumer convenience in the provision of retail securities brokerage services to the public.

Adverse Effects

Having considered the facts of record and the allegations of all of the parties, the Board finds that the proposal is not likely to result in any signficant adverse effects.

Undue Concentration of Resources or Decreased Competition. Assessment of the potential competitive impact of this proposal begins with a definition of the relevant product and geographic markets. The relevant product market includes all products that are reasonably interchangeable in practical function and use.[15] It is not disputed that retail securities brokerage constitutes a relevant product market. The SIA contends that discount securities brokerage is a relevant product submarket.[16] Based on the facts of record, the Board concludes that discount brokerage is not a sufficiently unique product to be considered a separate submarket. The record shows that some discount brokers offer investment advice in addition to the execution of buy and sell orders, while some full-line brokers offer discount brokerage services to large, active retail customers. According to the record, discount and full-line brokers are viewed by the public as reasonable substitutes, since many of Schwab's new customers are gained from full-line brokers, while Schwab has lost customers to full-line brokers.

The relevant geographic market is comprised of the market area in which the seller operates and to which the purchaser can practicably turn for supplies.[17] With 51 offices in 26 states and the District of Columbia, Schwab operates nationwide. Schwab is licensed to do business in all fifty states, has a uniform nationwide pricing policy, and advertises chiefly in nationwide financial publications. Customers can obtain access to Schwab's service from any place in the country by calling a toll-free telephone number. Based on this and the other evidence of record, the Board finds that the relevant geographic market for purposes of this proposal is the United States.[18]

The Board finds that this acquisition will not result in any significant reduction of competition or any increase in concentration of resources to an undue level in any relevant market. With respect to undue concentration of resources, BAC has substantial assets ($112.9 billion in 1981), but Schwab is not of significant asset size ($104 million). BAC's acquisition of Schwab (an increase of less than one percent in BAC's assets) would not result in any unwarranted increase in the concentration of resources controlled by BAC.

The record indicates that Schwab's acquisition by BAC would not eliminate any significant existing competition in the nationwide retail brokerage market.[19] Schwab's share of the retail brokerage market, expressed in terms of a percentage of total commissions in that market, is less than one percent. Bank's brokerage activities, primarily an accommodation for existing customers and employees, do not represent a significant market share.[20] BAC may be viewed as a potential entrant into the retail securities brokerage market, a market that is unconcentrated and characterized by low barriers to entry and numerous potential entrants.

The SIA notes that BAC anticipates an increase in Bank's deposits after the acquisition as a result of

15. See, *United States* v. *E. I. duPont de Nemours & Co.*, 351 U.S. 377, 395 (1956).

16. The existence of a product submarket is determined by examining such practical indicia as industry or public recognition as a separate economic entity, the product's peculiar characteristics and uses, unique production facilities, distinct customers, distinct prices, sensitivity to price changes, and specialized vendors. *Brown Shoe Co.* v. *United States*, 370 U.S. 294, 325 (1962).

17. *United States* v. *Philadelphia National Bank*, 374 U.S. 321, 359 (1963).

18. The SIA claims that the State of California is the relevant geographic market on the theory that that area represents the area of competitive overlap between BAC and Schwab. This contention ignores the fact that Schwab and BAC each compete in different product markets. For similar reasons, the SIA's contentions regarding the inclusion of nonbank financial institutions in the banking product market are immaterial, because Schwab, the firm to be acquired, does not engage in banking activities.

19. Both Bank and Schwab engage in extending margin credit for the purchasing and carrying of securities. To the extent margin lending is a separate product, the proposal would not eliminate any significant competition. Neither Bank's nor Schwab's outstanding margin loans are substantial.

20. There is no substantial record evidence that the Board's conclusion concerning lack of elimination of potential competition would be altered even if discount brokerage were viewed as a product submarket. The record does not indicate that such a submarket is highly concentrated or that the number of potential entrants is low. Indeed, recent developments suggest that many banks must now be viewed as likely entrants into any such discount brokerage submarket.

cross-selling Bank's services to Schwab's customers. Although significant concentration exists in some local California banking markets and BAC's market share in those markets is significant, this acquisition will not directly cause any increase in Bank's deposits in any market. Such an increase, if it occurs, would result from success in cross-selling by BAC. In any event, the projected increase in Bank's deposits is of de minimis proportions.[21]

The SIA contends that BAC's acquisition will eliminate competition in the brokerage product market by forcing other discount brokers either to become affiliated with a banking organization or be driven from the market. There is no evidentiary support for this allegation. However, even if the SIA's hypothesis is correct, it does not necessarily lead to the conclusion that competition will be diminished as a result. Indeed, such affiliations are likely to increase the vigor of competition. Moreover, the SIA does not contend that the acquisition will preclude any further entry into the retail brokerage market.

Unfair Competitive Practices. The SIA contends that, as a result of the acquisition, Schwab would have an unfair advantage over other brokers in the rates Schwab would pay for its funding. BAC plans to provide funding to Schwab by lending to Schwab the proceeds of funds raised directly by BAC. The SIA asserts that, because of explicit and implicit guarantees given by the federal government to the creditors of Bank (BAC's major asset), BAC is able to raise funds at lower rates than brokerage firms that are not affiliated with a bank.[22] According to the SIA, this alleged funding advantage is unfair because it rests on federal guarantees unavailable to brokerage firms not affiliated with banking organizations.[23] The SIA also argues that after the acquisition Schwab could obtain funds from BAC at rates lower than it currently pays and that this reduction in funding costs is not economically justified. The Board finds no significant adverse effects are likely to result from the proposed method of funding Schwab.

The record does not demonstrate that BAC's costs of funds are significantly lower than those of other corporations of similar resources. For example, the rates paid by BAC on its commercial paper during May through July 1982 were generally the same or higher than rates on commercial paper paid by corporations of similar size and credit ratings. Moreover, any cost advantage in raising funds enjoyed by BAC may be due to economic factors such as BAC's size, capital, and earnings, rather than to any guarantees applying to Bank alleged by SIA.[24] In any event, the Board finds that any advantage Schwab might obtain as the result of its borrowing from BAC is not unfair competition for purposes of section 4(c)(8). The legislative history of that section indicates that the term "unfair competition" was intended to refer to unfair or unethical business conduct (as defined by common law or under state or federal law), not disparities or advantages based on the structure and operations of the banking industry.[25] While the original 1956 Bank Holding Company Act severely restricted borrowing by a bank holding company (or its nonbank subsidiaries) from its subsidiary bank, Congress expressly declined to prohibit "downstream" financing, that is, borrowing by any subsidiary in the system from the parent.[26] Congress found that downstream financing is a beneficial advantage of the bank holding company structure and permits the parent holding company to draw on its own capital and funds to strengthen the financial condition of its subsidiaries.[27] Recognizing this advantage, Congress authorized bank holding companies to acquire certain types of *nonbank* subsidiaries, which would compete against firms in the same line of commerce.

Moreover, the Board finds no basis in the SIA's claim that Schwab's ability to obtain low cost funding from BAC is economically unjustified. The Administrative Law Judge found, and the SIA does not contest, that the rate of interest BAC charges its subsidiaries on loans to such subsidiaries reasonably approximates BAC's own cost of funds. Moreover,

21. It is not likely that BAC would gain significant competitive advantage from the projected growth in Bank's deposits since other large California banks, (Security Pacific National Bank and Crocker National Bank), have recently entered the retail brokerage field, and other banking organizations are also likely to enter.

22. Creditors of a bank holding company are not protected by federal deposit insurance. The SIA contends, however, that the government would come to the aid of any large bank in difficulty to maintain the stability of the financial system and that such assistance would benefit the parent holding company.

23. Brokerage firms benefit from a federal guarantor, the Securities Investor Protection Corporation.

24. BAC states that funds for Schwab would be provided by the parent holding company, not by Bank. Thus, any cost advantage Bank might enjoy because its deposit liabilities are federally insured is immaterial. In any event, it should be emphasized that the extent to which funds from Bank may be transferred to Schwab is strictly limited by section 23A of the Federal Reserve Act. (12 U.S.C. § 371c).

25. H.R. Rep. No. 1747, 91st Cong., 2d Sess. 18-19 (1970). The legislative history identified such practices as intimidation of customers and commercial espionage. Id.

26. 70 Stat. 133, 137. These limitations were repealed in 1966 on the grounds they were unnecessary in light of the similar, more flexible restrictions in section 23A of the Federal Reserve Act. 80 Stat. 236, 240; S. Rep. No. 1179, 89th Cong., 2d Sess. 10-11 (1966).

27. S. Rep. No. 1095, 84th Cong., 1st Sess. 15 (1955).

the fact that the rates at which Schwab would be able to obtain funding might be lower than the rates at which other brokers pay does not per se demonstrate that the rates BAC charges Schwab are unfair or unjustified, since other economic factors not applicable to Schwab or BAC (for example, lower capital or earnings or lack of complete credit information) might justify higher rates paid by other brokers.[28]

The SIA also asserts that BAC intends to cross-sell banking services to Schwab customers, and thus has an incentive to subsidize Schwab's brokerage business. Cross-subsidization is an unfair competitive practice that occurs when the profits of one company are used to enable an affiliated company to offer its services at prices below its costs.[29] Cross-subsidization is successful, and therefore a likely practice, only where a company offering below-cost pricing has sufficient market dominance to be able to eliminate competitors by sustained below-cost pricing and thereafter to raise prices to recover the losses incurred through offering services below cost. It is clear from the record that Schwab does not have such a dominant position in the retail brokerage market and that the industry has very low barriers to entry. There is no evidence that BAC plans to offer brokerage services through Schwab at below Schwab's costs. The evidence shows that BAC expects Schwab to provide a positive return on equity.[30] The record evidence showing that BAC intends to cross-sell banking services to Schwab brokerage customers does not in itself demonstrate that BAC will cause Schwab to offer services at below cost.

Bank serves as a dealer in municipal securities. After the announcement of this proposal, BAC and Schwab entered into an arrangement under which Schwab provides its customers with information on municipal securities Bank holds in its inventory. The SIA contends that, since bank dealers in municipal securities enjoy more favorable tax treatment than nonbank dealers, the arrangement between Schwab and Bank would permit Bank to exploit this allegedly "unfair" competitive advantage.[31] However, the Board finds that any such competitive advantage results from the application of the federal tax laws, which affect all participants in the municipal securities markets, and does not represent the type of adverse effect about which the act was concerned.

The Board further finds that the risk of voluntary tying of bank credit to use of Schwab's brokerage services is not substantial, given existing legal, regulatory and internal BAC safeguards, and the record facts.[32] Voluntary tying results when a customer believes that he or she stands a better chance of obtaining a scarce product by purchasing another product or service from the same seller. Where both products are in ample supply, voluntary tie-ins are not likely. These implicitly coerced joint sales are different from voluntary joint sales which, as the Administrative Law Judge found, can result in benefits to the customer by reducing search costs for the consumer and increasing efficiencies inherent in joint production and sale.

As the Board has previously found, the likelihood of voluntary tying depends on market structure and on the offering of a product that is relatively scarce.[33] The possibility of such tying is significantly reduced in competitive markets where there is a large number of alternatives sources of the product involved (for example, credit). The Board finds that there are many alternative sources of credit (both bank and nonbank) available to the customers (mostly individuals) that are likely to use a discount broker like Schwab.

The SIA claims that because BAC intends to promote Schwab's services and because Bank's pricing of loans or other services, as a matter of policy, takes account of a customer's relationship with a nonbank subsidiary in the BAC system, there is the likelihood of implicitly coerced joint sales. The record shows that employees of Bank are expressly advised not to create even the impression

28. The Board does not accept the SIA's contention that BAC will lend funds to Schwab without regard to the risk involved. The record indicates that BAC does account for risk in determining the amount of funds to advance to a nonbank subsidiary and in determining whether an appropriate return will be earned on such advances.

29. See, *Citicorp (Citishare)*, 68 FEDERAL RESERVE BULLETIN 505, 512 (1982).

30. The SIA contends that BAC will have an incentive to subsidize Schwab's services because SIA expects that some Schwab customers will bring business to Bank and that Bank's earnings from this increased business will be greater than the losses caused by offering brokerage services at below cost. This contention, in the Board's view, is not based on any evidence in the record. The Board also notes that competition by financial institutions for deposits is strong, making it unlikely that Bank would be able to attain profit levels on deposits by customers of Schwab that would justify cross-subsidization. Moreover, in this connection, the Board notes that federal limitations on interest rates payable on deposits are being rapidly eliminated, resulting in increases in the cost of deposits.

31. The interest paid by nonbank dealers on funds borrowed to finance their inventory of municipal securities is not deductible for federal income tax purposes. (26 U.S.C. § 265(2)). Bank dealers are exempt from this provision.

32. Explicitly coerced joint sales are expressly prohibited by section 106 of the Bank Holding Company Act Amendments of 1970, 12 U.S.C. §§ 1972–78, and are not an issue in this application.

33. See, *Citicorp (Person-to-Person Financial Center)*, 67 FEDERAL RESERVE BULLETIN 443, 446 (1981). There is no evidence that brokerage services are such a scarce service that brokerage customers of Schwab will feel implicitly coerced into seeking deposit or credit services of Bank in order to continue to obtain brokerage services from Schwab.

that a customer might enhance the likelihood of obtaining a desired service by purchasing other products or services from Bank or its affiliates. Moreover, the record shows that customers of Bank that would be likely to use a discount broker are also likely to be (as are Schwab's current customers) relatively knowledgeable about financial matters. Such customers are less likely to be implicitly coerced into using brokerage services that are not independently desired. The Board does not believe the evidence suggests the likelihood of significant coerced joint sales.

Other Adverse Effects. The Board finds no persuasive evidence that BAC's acquisition of Schwab would result in significant conflicts of interest. The possibility that Bank might make unsound loans to Schwab customers to maximize Schwab's profits is not substantial and is neither based on evidence nor reasonable. Moreover, it would not be rational for Bank to place its own funds at risk in an unsound loan merely to increase brokerage commissions earned by Schwab. The Board finds no realistic basis for the SIA's contention that Schwab might "dump" worthless municipal securities on its customers as a result of its arrangement with Bank's municipal securities dealer operations. Under this arrangement Schwab identifies for its customers municipal securities held in Bank's inventory and does not give investment advice concerning the purchase or sale of the securities. There does not appear to be any substantive basis for any conflicts of interest arising from this procedure. Nor is there any credible evidence that Bank would breach its fiduciary duty by placing orders with Schwab for the purchase or sale of securities by Bank's trust department or customers where Schwab would not effect the best execution of the order.[34] There is no record evidence suggesting that Bank would use Schwab's services in situations that would result in a breach of fiduciary duty.

The earnings of discount brokers are heavily dependent on the volume of trading in securities and have fluctuated to a significant degree. However, the SIA's claim that Schwab is a high risk enterprise and that BAC might be compelled to make unsound loans to shore up Schwab is not supported by the record. Despite fluctuations in earnings, discount brokers in general, and Schwab in particular, have been profitable. Schwab's income has grown significantly in recent years. Schwab is not a speculative enterprise and the financial risks at BAC as a result of this proposal do not appear to be any greater than the risks involved in other permissible nonbank activities. The Board finds that it is unlikely that significant financial risks to BAC or Bank would result from the proposal.

The Board finds no basis for the SIA's contention that, because BAC intends to advertise its affiliation with Schwab, the proposed acquisition would result in public confusion. There is no evidence that BAC would misrepresent the nature of Schwab's affiliation with BAC or Bank, and BAC should assure that fully adequate disclosure of the status of Schwab obligations is made available to all customers.

The SIA further contends, without any evidentiary record for its claim, that Schwab solicits customers to place funds in Schwab's cash management account solely to earn interest and not for purchasing securities, that such funds might not be protected by Securities Investor Protection Corporation insurance (a protection that Schwab advertises), and that such an account constitutes the unlawful taking of deposits. The Board finds no basis for this allegation on the facts of this case. Guidelines issued by the Securities and Exchange Commission restrict registered brokers, such as Schwab, from soliciting funds solely to earn interest.[35] The rules of the New York Stock Exchange prohibit a member (such as Schwab) from paying interest on any free credit balance created for the purpose of receiving interest.[36] There is no evidence that Schwab will not comply with these limitations or that Schwab's advertising of SIPC insurance will be materially misleading.

In the exercise of its responsibility under the act, the Board has carefully considered whether BAC's financial and managerial resources are adequate to effect the proposed acquisition. In its evaluation of BAC's financial resources, the Board has reviewed all the relevant data concerning BAC's financial condition. Based upon this review, the Board concludes that the proposed acquisition would not represent a significant additional burden on BAC's financial resources. The Board notes the improvement in BAC's capital over the past year and expects that BAC will continue its efforts to improve its capital position. On balance, the Board concludes that BAC has both financial and managerial resources that are consistent with approval.

In sum, the Board finds that this acquisition may reasonably be expected to result in public benefits that outweigh possible adverse effects. Accordingly,

34. Bank's trust department is subject to a judicially enforceable duty to obtain best execution of orders under applicable statutes (15 U.S.C. § 78bb(e)(2)) and related regulations of its federal supervisor. (12 C.F.R. § 9.5), 47 *Federal Register* 27831 (1982).

35. 3 Fed. Sec. L. Rep. (CCH) ¶25,134B.

36. Id.

since this acquisition satisfies both the "closely related" and the net public benefits tests of section 4(c)(8), the Board finds no basis for the SIA's contention that BAC must be required to enter the retail securities brokerage industry de novo.[37]

Glass-Steagall Act. The SIA and various other commenters contend that the acquisition of a securities brokerage firm by a bank holding company is prohibited by provisions of the Glass-Steagall Act, the popular term for provisions of the Banking Act of 1933, that insulate commercial banking from certain aspects of the securities business. Section 20 of the Glass-Steagall Act (12 U.S.C. § 377) prohibits the affiliation of any bank that is a member of the Federal Reserve System with any corporation or similar organization that is "engaged principally in the issue, flotation, underwriting, public sale, or distribution" of securities.[38] For the reasons stated and upon the findings made in this Order, the Board concludes that Schwab is not engaged principally in any of the activities prohibited to member bank affiliates by the Glass-Steagall Act and accordingly concludes that this acquisition is consistent with the letter and spirit of that act.

As a result of the consummation of this proposal, Bank, a member bank, would become affiliated with Schwab for purposes of section 20.[39] The SIA alleges that Schwab is engaged principally in the "public sale" of securities within the proscription of section 20 by virtue of its retail brokerage activities.[40] The Board finds, however, that the business of purchasing or selling securities upon the unsolicited order of, and as agent for, a particular customer does not constitute the "public sale" of securities for purposes of section 20. It is significant that, in describing proscribed activities of bank affiliates, section 20 does not mention "brokerage" activities, the generic term commonly associated with the business of buying and selling securities as agent for a customer.[41] In addition, in executing a customer's order to buy or sell securities, a broker does not make a public offer or hold itself out to the public as a seller or buyer for its own account but only acts as agent to assist the seller or buyer.[42] Furthermore, the terms "issue," "flotation," "underwriting," and "distribution" (used in section 20 in conjunction with "public sale") generally refer to the process by which new issues or large blocks of securities are distributed to the public, not to brokerage functions, which are primarily concerned with the transfer of securities at the request of a particular customer.[43] The term "public sale" used in association with this series of terms should be given a meaning similar to those terms since, under the rules of statutory construction, words grouped in a list should be given a related meaning.[44]

The view that "public sale" was not intended to apply to purchasing or selling securities as agent for a customer is further supported by the fact that the Board has consistently interpreted section 32 of the Glass-Steagall Act (12 U.S.C. § 78) as not applying to any brokerage activities. Section 32 prohibits managerial interlocks between a member bank and a firm primarily engaged in the same securities activities described in section 20. Beginning in 1936, the Board's Regulation R, which implements the provisions of section 32, has consistently provided that "[a] broker who is engaged solely in executing orders for the purchase and sale of securities on behalf of others in the open market is not engaged in the business referred to in section 32."[45] Since section 20 and section 32 are part of the same statute and were enacted for the same purpose, the meaning

37. The decisions cited by the SIA where the Board has denied the acquisition of a going concern by a bank holding company with the resources for de novo entry are inapposite. In those cases, the Board expressly found that acquisition of the going concern would eliminate substantial potential competition. *BTNB Corp.*, 58 FEDERAL RESERVE BULLETIN 70, 71, (1972); *Marine Bancorporation*, 58 FEDERAL RESERVE BULLETIN 504, 505 (1972); *Crocker National Corp.*, 58 FEDERAL RESERVE BULLETIN 419, 420 (1972). Section 4(c)(8) does not require de novo entry by a bank holding company if, as here, the company's acquisition of a going concern will not substantially lessen competition and is likely to produce benefits that outweigh possible adverse effects.

38. Section 16 of the Glass-Steagall Act, (12 U.S.C. § 24 Seventh), provides that a national bank's dealing in securities and stock is limited to "purchasing and selling such securities and stock without recourse, solely upon the order, and for the account of, customers" and not for the bank's own account, and that a national bank "shall not underwrite any issue of securities or stock". Section 21, (12 U.S.C. § 378), prohibits any organization that receives deposits to engage at the same time "in the business of issuing, underwriting, selling, or distributing" securities.

39. (12 U.S.C. § 221a(b)(2)).

40. It is undisputed that Schwab's brokerage activities do not constitute the "issue, flotation, underwriting . . . or distribution" of securities.

41. 2 L. Loss, *Securities Regulation* 1215 (2d ed. 1961). A securities dealer sells securities it has purchased for its own account elsewhere or purchases securities for its own account with a view toward selling them elsewhere. Id. A dealer ordinarily maintains an inventory of particular issues of securities and holds itself out to the public as being willing to purchase or sell such securities for its own account. A dealer is thus unlike a broker, which acts for the account of a customer.

42. Cf. Securities and Exchange Commission, *Final Report on Bank Securities Activities* 121–22, 167 (1977).

43. 1 L. Loss, supra at 159-72.

44. See, *Third National Bank in Nashville* v. *Impac, Ltd.*, 432 U.S. 312, 322 (1977).

45. 22 FEDERAL RESERVE BULLETIN 51 (1936), codified at (12 CFR § 218.1 n.1).

of "public sale" as used in section 20 should be interpreted consistently with the same term in section 32.[46]

The SIA and other commenters contend that Schwab's retail brokerage activities are prohibited to banks under section 16 of the Glass-Steagall Act and thus should not be permitted to affiliates of banks. However, as the Supreme Court has made clear, section 20 determines the permissible securities activities of an affiliate of a bank and the fact that a bank might be precluded from engaging in a particular securities activity does not necessarily mean that a bank holding company is precluded from performing such services.[47] Moreover, section 16 authorizes national banks to engage in retail brokerage, that is, to engage in "purchasing and selling . . . securities and stock without recourse, solely upon the order, and for the account of, customers." (12 U.S.C. § 24 Seventh).

The SIA concedes that section 16 expressly authorizes some securities brokerage activities for banks, but contends, based on early interpretations of section 16 by the Comptroller of the Currency, that national banks are limited to executing orders without profit and only as an accommodation to existing customers, and that Schwab's services, not tied to the customers of any bank, clearly exceed these limitations.[48] However, beginning in 1957, the Comptroller has gradually departed from these early interpretations on the grounds that they are not supported by the express language of the statute, reflected an overcautious approach to bank regulation in the aftermath of the Great Depression, and are erroneous. Indeed, the Comptroller has recently authorized a national bank to establish a subsidiary to engage in discount brokerage services substantially the same as those provided by Schwab and has advised the Board, in comments on BAC's proposal, that a national bank's purchase and sale of securities as agent is permissible under the Glass-Steagall Act.[49,50] In any event, independent of the validity of the Comptroller's constructions of section 16, the Board finds that Schwab's brokerage functions do not constitute the "public sale" of securities (or any other proscribed activity) within the meaning of section 20 of the Glass-Steagall Act, the applicable statutory provision.[51]

This conclusion is consistent with the purposes of the Glass-Steagall Act. During congressional consideration of the Glass-Steagall legislation, the scope of permissible bank brokerage activity was not discussed in detail.[52] However, because the types of bank securities activities considered harmful and contrary to public policy were exhaustively catalogued in the legislative history and brokerage activities received no serious attention, it is unlikely that Congress viewed such activities as the target of the act's prohibitions.[53] Indeed, the particular types of securities activities engaged in by Schwab are fully consistent with the objectives of the Glass-

46. The Board's view that brokerage activities do not constitute the public sale of securities was implicitly upheld by the Supreme Court in *Board of Governors* v. *Agnew,* 329 U.S. 441 (1947). In Agnew, the Court affirmed a Board order finding that a particular securities firm with significant income from both underwriting activities and brokerage activities was "primarily" engaged in underwriting securities and thus covered by section 32. 329 U.S. at 445-46. The Supreme Court affirmed the Board's finding that the firm was primarily engaged in underwriting even though the amount of underwriting done by the firm did not exceed 50 percent of its business. Id. at 447-49. The Court left undisturbed the Board's implicit finding that the brokerage business was not part of the business described in section 32.

47. *Board of Governors* v. *Investment Company Institute,* 450 U.S. 46, 63-64 (1981).

48. See, 20 FEDERAL RESERVE BULLETIN 609 (1934).

49. Comptroller of the Currency, *Decision on the Application by Security Pacific National Bank to Establish an Operating Subsidiary To Be Known as Security Pacific Discount Brokerage Services, Inc.* (August 26, 1982). The SIA is seeking judicial review of this decision. Among other things, the SIA has alleged that the establishment by a national bank of brokerage offices at locations where the bank is not permitted to branch violates the National Bank Act. The Board finds that there would be no violation of the federal branching laws in this application under the Bank Holding Company Act, because Schwab is a separate corporation, has its own capital and officers and directors, and would not be operated in a unitary fashion with Bank, but as a nonbank subsidiary of a bank holding company. See *Grandview Bank & Trust Co.* v. *Board of Governors,* 550 F.2d 415 (8th Cir.), cert. denied, 434 U.S. 821 (1977).

50. The SIA argues that Schwab's activities do not meet the "without recourse" requirements of section 16, because in many cases Schwab executes transactions directly without the assistance of an intervening broker against whom Schwab's customers might otherwise have recourse for any alleged fraud or negligence. However, in the Board's view, the ordinary commercial meaning of "without recourse" indicates that section 16 prohibits a bank from assuming the liability of endorser or maker with respect to the securities brought or sold as agent of the customer. See G. Munn & F. Garcia, *Encyclopedia of Banking & Finance* 943 (7th ed. 1973; U.C.C. § 3-414(1)). There is no evidence that Schwab would assume any such liability.

51. The SIA further asserts that "public sale" in section 20 must be interpreted similarly to the terms "purchasing and selling" as used in sections 16 and 21, which, the SIA contends, clearly include brokerage functions. However, section 16 expressly permits purchasing and selling securities for the account of customers.

52. The relevant legislative history merely states that national banks would be permitted to buy and sell securities for their customers to the same extent as heretofore. S. Rep. No. 77, 73d Cong., 1st Sess. 16 (1933).

53. The SIA's reliance on various statements by a draftsman of the Securities Exchange Act of 1934 is without merit. These statements were made after enactment of the Glass-Steagall legislation, are not the views of a member of the legislature, and do not purport to deal with the outer limits of permissible bank brokerage activities. In addition, the Comptroller of the Currency's explanation of the 1935 amendment to section 16 (which merely clarified that the scope of permissible brokerage included execution of orders for stock as well as for debt securities) appears merely to be a statement of the Comptroller's now-rejected administrative interpretation of the 1933 legislation.

Steagall Act. As has been widely recognized, the Glass-Steagall legislation was intended to eliminate the risk of loss or insolvency that may result when a bank purchases securities for resale to the public, makes unsound loans to bolster its marketing of particular securities, or loses public confidence when it becomes apparent that the bank has a "salesman's stake" in the success of a particular investment opportunity.[54] Further, as noted above, the Board believes that Schwab's activities pose no greater risk of failure than other nonbanking activities permitted by the Board to bank holding companies. The Board finds that these types of hazards are not present in connection with Schwab's activities, since, except on very infrequent occasions, Schwab does not purchase or sell securities as a principal, that is, with its own assets.[55] Nor does Schwab have any interest in the success or failure of any particular issue of securities, since its operations are limited to providing a service enabling investors to purchase or sell expeditiously securities selected by the customer. Although, as the SIA points out, unsuccessful operations by an affiliate may well damage the reputation of a bank or bank holding company, the Board finds that the likelihood of harm to the reputation of BAC or Bank as a result of this proposal is minimal, because Schwab does not actively promote any particular securities and does not offer investment advice.

Schwab also offers to its customers a "sweep" arrangement, under which idle customer balances awaiting investment and exceeding a predetermined amount are routinely and automatically used to purchase shares of an unaffiliated money market mutual fund. The Board has pending before it a separate petition submitted by the SIA alleging that such "sweep" arrangements by banks constitute the impermissible underwriting of the securities of the money market mutual fund and believes that this issue is more appropriately resolved in that context. Even if it is assumed that Schwab's sweep arrangement constitutes underwriting of the money fund's securities, the record clearly shows that Schwab is not principally engaged in that activity. Thus, no violation of section 20 would arise as the result of the present application.

Proposed Restrictions on Schwab's Activities

The SIA asserts that, if the Board determines to approve the proposal, various restrictions should be imposed to address the alleged adverse effects of the acquisition by limiting Schwab's activities solely to securities brokerage, by restricting the method by which Schwab obtains funds, establishes offices, advertises its affiliation with BAC, and by prohibiting Bank from using Schwab to execute transactions for Bank's fiduciary accounts or to sell municipal securities. For the reasons explained above, the Board concludes that significant adverse effects are not likely to result from the proposal and, accordingly, the Board finds that the imposition of the restrictions advanced by the SIA is not warranted. Because BAC's plans to finance and promote Schwab and to place Schwab offices at some BAC locations are not likely to produce any unfair competitive advantage, public confusion, or other adverse effects, the Board finds no basis to restrict such activities. Also, Bank's use of Schwab to buy or sell securities as agent for the Bank's trust department or to transmit information on Bank's municipal securities inventory should not be prohibited, since these operations present the prospect of no serious adverse effects.[56]

In approving BAC's application to acquire Schwab, the Board grants approval under the act only for those activities considered by the Board.[57] Thus, any change or expansion in the activities described in this Order would require the approval of the Board.

Consistency with Objectives of the Bank Holding Company Act

The Board has reviewed this application from the viewpoint of its basic consistency with the objectives of the Bank Holding Company Act. This act was designed to eliminate the potential for conflicts of interests and concentration of resources that are inher-

54. *Board of Governors* v. *Investment Company Institute,* supra, 450 U.S. at 61-62; *Investment Company Institute* v. *Camp,* 401 U.S. 617, 629-34, 635-38 (1971). The SIA's reliance on the Supreme Court's passing remark in the second ICI decision that the act was intended to divorce banks from underwriters and brokerage houses, 450 U.S. at 63, is misplaced. Brokerage activities were clearly not at issue in that case. Also, most brokerage firms also engage in dealing in securities, an activity that is generally impermissible under the act. See 2 L. Loss, supra at 1215.

55. Schwab acts as a principal if it mistakenly purchases securities not authorized by the customer. Such "inadvertent principal" transactions are less than one percent of Schwab's business and clearly not a principal activity. In addition, in infrequent cases, Schwab may purchase municipal securities in a new issue as riskless principal—with its own assets but only after a firm customer order for such securities has been received. These riskless principal transactions (also not a principal activity of Schwab) appear to be consistent with permissible brokerage activities, and, in any event, section 16 expressly authorizes banks to act as principal with respect to certain types of municipal securities.

56. Indeed, a complete prohibition against Bank's use of Schwab's brokerage service could conceivably cause a breach of fiduciary duty in a particular case where Schwab in fact can provide the best execution of the order. Moreover, there is no indication that Schwab will not comply with the limitations that the SEC and other authorities have prescribed on the receipt by brokers of funds solely to earn interest. A similar Board-imposed limitation is unnecessary.

57. (12 CFR § 225.4(c)(2)).

ent in the commingling of banking and commerce to help maintain banks as impartial providers of credit, to avoid the anticompetitive effects that would inevitably arise from close links between the control and use of credit, and to protect the banking system and ultimately the economy as a whole from the instability that could result from bank participation in commerce. The Board believes that these fundamental considerations retain their essential validity and should continue to guide the evolution of banking services in the changing economic and competitive environment that we have today.

The Board finds that there is no inconsistency between the basic policies of the act and the conduct of the nonbanking activity that is the subject of this application. As described in detail in this Order, the Board has found that a securities brokerage service that is essentially confined to the purchase and sale of securities for the account of third parties, and without the provision of investment advice to the purchaser or seller, does not raise the potential for conflicts of interest or concentration of resources that were the object of the prohibitions that were instituted to assure the separation of banking from commerce. Expansion of banking into securities activities must proceed carefully, but the proposed activity raises none of the concern that engenders the need for restrictions on banking or bank holding company activities.

Conclusion

Based upon the foregoing and other considerations reflected in the record, the Board has determined that the public benefits associated with consummation of this proposal can reasonably be expected to outweigh possible adverse effects, and that the balance of the public interest factors, which the Board is required to consider under section 4(c)(8) of the act, is favorable. Accordingly, the application is hereby approved.

This determination is subject to the conditions set forth in section 255.4(c) of Regulation Y and the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

Because of the extensive consideration accorded to Schwab's securities brokerage, margin lending, and incidental activities in the context of this application, and having determined that the public interest considerations of section 4(c)(8) favor approval of BAC's proposal, the Board has determined that further applications by BAC to extend Schwab's retail discount securities brokerage, margin lending, and incidental activities to additional offices may be processed in the same manner as other de novo applications under the provisions of section 225.4(b)(1) of Regulation Y (12 CFR § 225.4(b)(1)). Authority is hereby delegated to the Federal Reserve Bank of San Francisco to take action on such notices properly filed as prescribed in that section.

The proposed activities shall not commence 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.

By order of the Board of Governors, effective January 7, 1983.

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

(Signed) JAMES MCAFEE,
[SEAL] *Associate Secretary of the Board.*

Orders Under Section 3 and 4 of Bank Holding Company Act

Heber Springs Bancshares, Inc., Heber Springs, Arkansas

Order Approving Formation of a Bank Holding Company and Application to Engage de novo in Mortgage Placement and Real Estate Appraisal Activities

Heber Springs Bancshares, Inc., Heber Springs, Arkansas, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) to form a bank holding company by acquiring at least 86.9 percent of the voting shares of Heber Springs State Bank, Heber Springs, Arkansas ("Bank").

Applicant has also applied under section 4(c)(8) of the act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)) to engage de novo in the placement of commercial mortgage loans with third party lenders and in the performance of real estate appraisals. These activities would be conducted from the main office of Applicant and Bank in Heber Springs, Arkansas, and the geographic area to be served is the state of Arkansas. The arranging of mortgage financing and the performance of real estate appraisals are activities that have been determined by the Board to be closely related to banking and permissible for bank holding companies. (12 CFR § 225.4(a)(1) and (a)(14)).

Notice of the applications, affording opportunity for interested persons to submit comments and views, has been given in accordance with sections 3 and 4 of the act. 47 *Federal Register* 51618 (1982). The time for filing comments and views has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) (12 U.S.C. § 1842(c)) and section 4(c)(8) (12 U.S.C. § 1843(c)(8)) of the act.

Applicant, a nonoperating Arkansas corporation, was organized for the purpose of becoming a bank holding company by acquiring Bank, which holds deposits of $22.7 million.[1] Upon acquisition of Bank, Applicant would control the 142nd largest bank in Arkansas and would hold approximately .2 percent of the total deposits in commercial banks in the state.[2]

Bank is the second largest of three banking organizations in the Cleburne County banking market and holds approximately 26.6 percent of total deposits in commercial banks in the market.[3] Based on the facts of record, it appears that consummation of the proposal would not result in any adverse effects upon competition or increase the concentration of banking resources in any relevant area. Accordingly, the Board concludes that competitive considerations are consistent with approval of the application.

The financial and managerial resources of Applicant and Bank are considered generally satisfactory and their future prospects appear favorable. Accordingly, considerations relating to banking factors are consistent with approval. Moreover, considerations relating to the convenience and needs of the community to be served are consistent with approval.

There is no evidence in the record to indicate that Applicant's performance of commercial mortgage financing and real estate appraisal activities 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. In fact, the Board views such de novo entry as procompetitive and a positive public benefit since such entry provides an additional source of competition in the market.[4] In addition, approval of the proposal would provide residents of Applicant's service area with a new and convenient source of mortgage placement and real estate appraisal services. Accordingly, the Board concludes that the balance of the public interest factors it must consider under section 4(c)(8) of the act favors approval of the application.

Based on the foregoing and other considerations reflected in the record, the Board has determined that the applications under sections 3(a)(1) and 4(c)(8) of the act should be and hereby are approved. The acquisition of Bank shall not be made before the thirtieth calendar day following the effective date of this Order. The commencement of the proposed nonbanking activities and the acquisition of Bank shall not be made 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. Applicant's performance of commercial mortgage placement and real estate appraisal activities are subject to the considerations set forth in section 225.4(c) of Regulation Y, and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective January 24, 1983.

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

(Signed) JAMES MCAFEE,
[SEAL] *Associate Secretary of the Board.*

Southeast Banking Corporation, Miami, Florida

Order Approving Acquisition of Voting Shares of Banks and Mortgage Servicing Portfolio

Southeast Banking Corporation, Miami, Florida, a bank holding company within the meaning of the Bank Holding Company Act, has applied for approval under section 3(a)(3) of the act (12 U.S.C. § 1842(a)(3)) to acquire from Florida National Banks of Florida, Inc., Boca Raton, Florida ("Florida National") 80 percent or more of the voting shares of the following banks: Florida National Bank of Lee County, Cape Coral; Florida National Bank of the Florida Keys, Key West; Florida National Bank of Bartow, Bartow; Florida National Bank at Chipley, Chipley; Florida National Bank of Madison County, Madison; Florida National Bank of Belle Glade, Belle Glade; and Florida Nation-

1. Deposit and market share data are as of March 31, 1982.
2. State rank data are as of June 30, 1982.
3. The relevant banking market is approximated by Cleburne County, Arkansas.
4. *Virginia National Bancshares Inc.*, 66 FEDERAL RESERVE BULLETIN 668, 671 (1980).

al Bank at Perry, Perry; all in Florida.[1] Through the acquisition of Florida National Bank of Belle Glade, Applicant will acquire nine branch offices of First Marine Bank, Inc. that Florida National acquired from Barnett Banks of Florida, Inc.[2]

Applicant also has applied under section 4(c)(8) of the act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)) to acquire mortgage servicing rights from Florida National's mortgage banking subsidiary, Charter Mortgage Company. This activity would be conducted by Applicant's existing subsidiary, Southeast Mortgage Company, Miami, Florida. The servicing of mortgage loans is an activity that has been determined by the Board to be closely related to banking and permissible for bank holding companies. (12 CFR § 225.4(a)(3)).

As part of the proposed acquisition, Applicant has applied to acquire approximately 21 percent of the outstanding voting stock of Florida National pursuant to a stock option agreement between Applicant and C. A. Cavendes, Sociedad Financiera, Caracas, Venezuela ("Cavendes"). Following exercise of Applicant's option with Cavendes, all of the shares of Florida National held by Applicant, with the exception of 230,000 shares,[3] will be immediately transferred to Florida National in exchange for the assets that are the subject of this application.

Notice of the applications, affording opportunity for interested persons to submit comments and views, has been given in accordance with sections 3 and 4 of the act.[4] (47 *Federal Register* 20,023 (1982)). The time for filing comments and views has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) (12 U.S.C. § 1842(c)) and section 4(c)(8) (12 U.S.C. § 1843 (c)(8)) of the act.

Applicant is the largest commercial banking organization in Florida and controls one subsidiary bank with total deposits of $4.7 billion, representing 10.6 percent of total deposits in commercial banks in that state.[5] Florida National is the fourth largest commercial banking organization in Florida and controls 25 subsidiary banks with aggregate deposits of $2.0 billion. The seven banks of Florida National that Applicant proposes to acquire, including the nine branches to be acquired by the Florida National Bank at Belle Glade, hold total deposits of $364 million. Upon consummation of the acquisition, Applicant would control 11.5 percent of the total deposits in commercial banks in the state.

Consummation of the proposal would eliminate some existing competition between Applicant and Florida National in two of the nine relevant geographic markets in which the banks and branch offices to be acquired by Applicant compete. In the Eastern Palm Beach banking market,[6] Applicant is the eighth largest banking organization controlling approximately 5 percent of the total deposits in commercial banks in the market. The nine branches to be acquired by the Florida National Bank of Belle Glade control approximately 5.2 percent of the total deposits in commercial banks in the Eastern Palm Beach market and together represent the seventh largest banking organization in the market. Upon consummation of the proposal, Applicant would become the fourth largest banking organization in the market and control 10.2 percent of the total deposits in commercial banks in the market. The Board does not consider the competitive effects of the proposal in this market to be significant in view of the relatively unconcentrated nature of the market and the large number of banking organizations already represented in the market.

In the Ft. Myers banking market,[7] Applicant is the smallest of 13 banking organizations controlling 0.6 percent of the total deposits in commercial banks in the market. Florida National is the seventh largest banking organization in the market controlling 3.6 percent of the total deposits in commercial banks in the market. Upon consummation of the proposal, Applicant would rank as the seventh largest banking organization and control 4.2 percent of market deposits. In view of the relatively small market shares of the banks involved and the large number of commercial banking organizations represented in the market, the Board does not consider the competitive effects of the proposal in the Ft. Myers market to be significant.

The Board has considered the effects of the proposal on probable future competition in the relevant geographic markets and has also examined the proposal in

1. Applicant originally submitted a proposal in February of 1982 to acquire the entire Florida National organization. Following Florida National's protest and resulting litigation, Applicant and Florida National entered into an agreement for the acquisition of certain assets of Florida National as reflected in this application.

2. These nine branch offices are currently held by Florida National Bank of Palm Beach County and will be acquired by the Florida National Bank of Belle Glade prior to consummation of this proposal.

3. Applicant will retain these shares, representing less than 5 percent of the outstanding voting shares of Florida National.

4. No new *Federal Register* Notice of the proposal has been published. The proposal does not represent an expansion of the original proposal for which adequate notice and opportunity for comment was provided, and therefore no further notice is required. The appropriate regulatory agencies were notified of the amended proposal and all statutory and regulatory notice requirements have been satisfied.

5. Banking data are as of March 31, 1982.

6. The Eastern Palm Beach County market is approximated by Palm Beach County, excluding the area surrounding the cities of Belle Glade and Pahokee, Florida.

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

light of its proposed guidelines for assessing the competitive effects of market extension mergers and acquisitions.[8] In evaluating the effects of a proposed merger or acquisition upon probable future competition, the Board considers market concentration, the number of probable future entrants into the market, the attractiveness of the market for de novo and/or foothold entry, and the size and market position of the firm to be acquired. The Board has also considered the likelihood that the institutions would enter the market de novo or on a foothold basis absent approval of the acquisition. In six of the seven markets where probable future competition is an issue, there are a significant number of other probable future entrants. The one other market is relatively unconcentrated as measured by the Board's guidelines. Accordingly, on the basis of the above and other facts of record, the Board concludes that consummation of the proposal would not have such adverse effects upon probable future competition in these markets to warrant denial of the proposal.

The financial and managerial resources of Applicant and the banks and branches to be acquired are regarded as generally satisfactory and their future prospects appear favorable. Applicant has stated that it would expand the long-term mortgage lending and international banking services offered by the acquired banks and offer their customers access to Applicant's nationwide ATM network and at-home electronic banking services. Accordingly, considerations relating to banking factors and the convenience and needs of the communities to be served are consistent with approval.

There is no evidence in the record to indicate that Applicant's acquisition of the servicing rights to the GNMA mortgage loan portfolio of Charter Mortgage Company 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 concludes that the balance of public interest factors it must consider under section 4(c)(8) of the act is consistent with approval of the application.

Based on the foregoing and other considerations reflected in the record, the Board has determined that the applications under sections 3(a)(3) and 4(c)(8) of the act should be and are hereby approved. The Board's approval is conditioned upon Applicant's transfer to Florida National of all but 230,000 of Applicant's shares of Florida National immediately upon Applicant's purchase from Cavendes of shares of Florida National.[9] The acquisition of the banks to be acquired shall not be made before the thirtieth calendar day following the effective date of this Order, and neither the bank acquisition nor the acquisition of the servicing rights shall be made 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, under delegated authority. Acquisition of the servicing rights to the GNMA mortgage loan portfolio of Charter Mortgage Company under section 4(c)(8) is subject to the conditions set forth in section 225.4(c) of Regulation Y, and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective January 17, 1983.

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

(Signed) JAMES MCAFEE,
[SEAL] *Associate Secretary of the Board.*

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

9. The Board regards this condition to be necessary to prevent the anticompetitive effects that would result from Applicant's ownership of over 21 percent of the voting shares of one of its principal competitors. See *State Street Boston Corporation (Worcester Bancorp, Inc.)*, 67 FEDERAL RESERVE BULLETIN 862 (1981); *Barnett Banks of Florida, Inc. (First Marine Banks, Inc.)*, 68 FEDERAL RESERVE BULLETIN 190 (1982).

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

By the Board of Governors

During January 1983, the Board of Governors approved the applications listed below. Copies are available upon request to Publications Services, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Section 3

Applicant	Bank(s)	Board action (effective date)
California City Bancorp, Orange, California	California City Bank, N.A., Orange, California	January 19, 1983
Coffeyville Bancshares, Inc., Coffeyville, Kansas	The First National Bank of Coffeyville, Coffeyville, Kansas	January 18, 1983
First Arkansas Bankstock Corporation, Little Rock, Arkansas	Pope County Bankshares, Inc., Russellville, Arkansas	January 20, 1983
Mercantile Texas Corporation, Dallas, Texas	Exposition Bank, N.A., San Antonio, Texas	January 6, 1983
Union Planters Corporation, Memphis, Tennessee	Tennessee Commerce Corporation, Jacksonville, Tennessee	January 20, 1983

By Federal Reserve Banks

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

Section 3

Applicant	Bank(s)	Reserve Bank	Effective date
A & K Bancshares, Inc., Roby, Texas	Citizens State Bank, Roby, Texas	Dallas	January 14, 1983
American Bank Corporation, Denver, Colorado	First Wyoming Bank, N.A., Laramie, Laramie, Wyoming	Kansas City	January 20, 1983
Athena Bancshares Corporation, Pampa, Texas	Pampa Bancshares, Inc., Pampa, Texas	Dallas	December 31, 1982
Banzano International, N.V., Curacao, Netherlands Antilles Banzano, B.V., Amsterdam, Netherlands Miami National Bancorp, Coral Gables, Florida	Miami National Bank, Miami, Florida	Atlanta	January 17, 1983
Brannen Banks of Florida, Inc., Dunnellon, Florida	Bank of Inverness, Inverness, Florida Crystal River Bank, Crystal River, Florida Homosassa Springs Bank, Homosassa Springs, Florida	Atlanta	January 14, 1983

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
C. J. Bancshares, Inc., Carl Junction, Missouri	Citizens Bank of Carl Junction, Carl Junction, Missouri	Kansas City	January 10, 1983
Charter Bancshares, Inc., Oklahoma City, Oklahoma	Charter National Bank, Oklahoma City, Oklahoma	Kansas City	December 23, 1982
Coastal Bend Bancshares, Inc., Robstown, Texas	Coastal Bend National Bank, Corpus Christi, Texas	Dallas	January 6, 1983
Cohutta Bancshares, Inc., Chatsworth, Georgia	Cohutta Banking Company, Chatsworth, Georgia	Atlanta	January 11, 1983
Dakota Company, Inc., Minneapolis, Minnesota	South Dakota Bancorp, Inc., Minneapolis, Minnesota	Minneapolis	January 21, 1983
Evco, Inc., Casper, Wyoming	First National Bank in Evanston, Evanston, Wyoming	Kansas City	January 20, 1983
Exchange Financial Corporation, Mount Sterling, Kentucky	The Exchange Bank of Kentucky, Mount Sterling, Kentucky	Cleveland	January 12, 1983
Farmers State Investment Co., Dodge, Nebraska	Farmers State Bank, Dodge, Nebraska	Kansas City	January 12, 1983
First Blevins Bancshares, Inc., Hope, Arkansas	Bank of Blevins, Blevins, Arkansas	St. Louis	January 14, 1983
First Commerce Bancorp, Inc., Eubank, Kentucky	First State Bank, Eubank, Kentucky	Cleveland	December 28, 1982
First Community Bancorp, Inc., Rockford, Illinois	The Guaranty National Bank, Rockford, Illinois	Chicago	January 14, 1983
First Community Bancshares, Inc., Houston, Texas	The First National Bank of Killeen, Killeen, Texas Fort Hood National Bank, Fort Hood, Texas American Bank, Conroe, Texas	Dallas	December 31, 1982
First Dumas Bancshares, Inc., Dumas, Texas	First National Bank of Dumas, Dumas, Texas	Dallas	December 30, 1982
First Fordyce Bancshares, Inc., Fordyce, Arkansas	The First National Bank of Fordyce, Fordyce, Arkansas	St. Louis	January 18, 1983
First Gonzales Bancshares, Inc., Gonzales, Louisiana	First Gonzales Corporation, Gonzales, Louisiana	Atlanta	January 17, 1983
First National Cincinnati Corporation, Cincinnati, Ohio	The Farmers and Traders Bank of Hillsboro, Hillsboro, Ohio	Cleveland	January 6, 1983
First National Vermont Corporation, Springfield, Vermont	The Bradford National Bank, Bradford, Vermont	Boston	January 6, 1983
First Peoria Corp., Peoria, Illinois	The First National Bank of Peoria, Peoria, Illinois First National Bank of Metamora, Metamora, Illinois	Chicago	January 14, 1983
First Sharon Holding Company, Sharon, North Dakota	First State Bank of Sharon, Sharon, North Dakota	Minneapolis	January 7, 1983
First Wyoming Bancorporation, Cheyenne, Wyoming	State Bank of Big Piney, Big Piney, Wyoming	Kansas City	January 11, 1983
Flathead Holding Company of Bigford, Bigford, Montana	Flathead Bank of Bigford, Bigford, Montana	Minneapolis	January 14, 1983

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
FPB Corporation, Gallatin, Tennessee	First and Peoples Trust Company, Gallatin, Tennessee First and Peoples National Bank, Gallatin, Tennessee Farmers and Merchants Bank, Lethpage, Tennessee	Atlanta	December 29, 1982
GN Bankshares, Inc., Girard, Kansas	The Girard National Bank, Girard, Kansas	Kansas City	December 27, 1982
Granada Bankshares, Inc., Granada, Colorado	The American State Bank, Granada, Colorado	Kansas City	January 7, 1983
Gravois Bancorp, Inc., St. Louis, Missouri	Mehlville Bank, St. Louis, Missouri	St. Louis	January 25, 1983
Groos Financial Corporation, San Antonio, Texas	Groos Bank, N.A., San Antonio, Texas	Dallas	December 31, 1982
Guthrie County Bancshares, Inc., Guthrie Center, Iowa	Guthrie County State Bank, Guthrie Center, Iowa	Chicago	December 29, 1982
Hawkeye Bancorporation, Des Moines, Iowa	Onawa State Bank, Onawa, Iowa	Chicago	January 7, 1983
Holly Bankshares, Inc., Holly, Colorado	First Bank & Trust Holly, Colorado	Kansas City	January 10, 1983
Hutchinson Bancorp, Minneapolis, Minnesota	First National Bank of Hutchinson, Hutchinson, Minnesota	Minneapolis	January 3, 1983
Interstate Financial Corporation, Edmond, Oklahoma	First InterState Bank and Trust Company, Edmond, Oklahoma	Kansas City	January 13, 1983
Kaw Valley Bancshares, Inc., Kansas City, Kansas	Kaw Valley State Bank & Trust, Kansas City, Kansas	Kansas City	December 29, 1982
Kingswood Bank-Corp, Wolfeboro, New Hampshire	Kingswood Trust & Savings, Wolfeboro, New Hampshire	Boston	December 29, 1982
Lamar Bancshares, Inc., Beaumont, Texas	Lamar State Bank, Beaumont, Texas	Dallas	January 14, 1983
Magnolia State Capital Corp., Magee, Mississippi	Bank of Simpson County, Magee, Mississippi	Atlanta	December 30, 1982
Marshall & Ilsley Corporation, Milwaukee, Wisconsin	Central Bank & Trust, Marshfield, Wisconsin	Chicago	January 24, 1983
Meigs County Bancshares, Inc., Decatur, Tennessee	Meigs County Bank, Decatur, Tennessee	Atlanta	December 29, 1982
Middle States Bancorporation, Inc., East Moline, Illinois	Colona Avenue State Bank, East Moline, Illinois	Chicago	January 13, 1983
Morgantown Deposit Bancorp, Inc., Morgantown, Kentucky	Morgantown Deposit Bank, Morgantown, Kentucky	St. Louis	December 31, 1982
MWA Bancorporation, Estherville, Iowa	Emmet County State Bank, Estherville, Iowa First Bank and Trust, Spirit Lake, Iowa	Chicago	January 7, 1983
National Bancshares Corporation of Texas, San Antonio, Texas	Southwest State Bank, Corpus Christi, Texas	Dallas	January 6, 1983
Northern Trust Bank of Florida Naples N.A., Naples, Florida	Northern Trust Bank of Florida Palm Beach N.A., Palm Beach, Florida	Chicago	January 20, 1983

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Northwest Missouri Bancshares, Inc., Craig, Missouri	Bank of Craig Bancshares, Inc., Craig, Missouri	Kansas City	January 6, 1983
Pembroke Bancshares, Inc., Kansas City, Missouri	Civic Plaza National Bank, Kansas City, Missouri	Kansas City	January 10, 1983
Pomeroy Bancorporation, Pomeroy, Iowa	Pomeroy State Bank, Pomeroy, Iowa	Chicago	December 30, 1982
Pueblo Bancorporation, Pueblo, Colorado	The Pueblo Bank & Trust Co., Pueblo, Colorado	Kansas City	December 30, 1982
Quad Cities First Company, Rock Island, Illinois	Midwest National Bank of Moline, Moline, Illinois	Chicago	January 11, 1983
Quadco Bancshares, Inc., Ladonia, Texas	Farmers & Merchants State Bank, Ladonia, Texas	Dallas	January 14, 1983
Ravenswood Financial Corporation, Chicago, Illinois	Bank of Ravenswood, Chicago, Illinois	Chicago	January 26, 1983
RepublicBank Corporation, Dallas, Texas	Texas National Bank of Midland, Midland, Texas	Dallas	January 19, 1983
SBC Financial Corp., Como, Mississippi	State Bank of Como, Como, Mississippi	St. Louis	December 30, 1982
South Dakota Bancorp, Inc., Minneapolis, Minnesota	Big Stone State Bank, Big Stone City, South Dakota Farmers and Merchants Bank of Huron, Huron, South Dakota Dakota State Bank, Milbank, South Dakota	Minneapolis	January 21, 1983
Southern BancShares, Inc., West Helena, Arkansas	Merchants & Farmers Bank, West Helena, Arkansas	St. Louis	January 24, 1983
Statewide Bancshares Corporation, Cedar Hill, Texas	First Bank & Trust Company, Cedar Hill, Texas	Dallas	January 6, 1983
Steel City Bancorporation, Inc., Chicago, Illinois	Tinley Park Bank, Tinley Park, Illinois	Chicago	January 13, 1983
Taney County Bancorporation, Inc., Kansas City, Missouri	Security Bank and Trust Company, Branson, Missouri	St. Louis	January 12, 1983
Union Bancorporation, Inc., Oklahoma City, Oklahoma	United Oklahoma Bankshares, Inc., Oklahoma City, Oklahoma	Kansas City	January 18, 1983
Union Bancshares, Incorporated, Marksville, Louisiana	The Union Bank, Marksville, Louisiana	Atlanta	January 6, 1983
United Bankers, Inc., Waco, Texas	Marlin Bancshares, Inc., Marlin, Texas	Dallas	January 13, 1983
Victoria Bankshares, Inc., Victoria, Texas	Bank of Commerce, Point Comfort, Texas	Dallas	January 17, 1983
Washington Community Bancshares, Tacoma, Washington	Tumwater State Bank, Tumwater, Washington	San Francisco	January 6, 1983
West Frankfort Community Bancshares, Inc., West Frankfort, Illinois	First Community Bank of West Frankfort, West Frankfort, Illinois	St. Louis	January 6, 1983
Woodville Bancshares, Inc., Woodville, Texas	Citizens State Bank, Woodville, Texas	Dallas	January 14, 1983

Section 4

Applicant	Nonbanking company	Reserve Bank	Effective date
Bank South Corporation, Atlanta, Georgia	Bank South Mortgage Company, Atlanta, Georgia	Atlanta	January 19, 1983
Keewatin Bancorporation, Inc., Keewatin, Minnesota	First National Insurance Agency, Keewatin, Minnesota	Minneapolis	January 24, 1983

ORDERS APPROVED UNDER BANK MERGER ACT

By Federal Reserve Banks

Applicant	Bank(s)	Reserve Bank	Effective date
Am-Ba-Co., Inc., Lake Wales, Florida	American Bank of Lake Wales, Lake Wales, Florida	Atlanta	January 14, 1983
United Counties Trust Company, Elizabeth, New Jersey	Kenilworth State Bank, Kenilworth, New Jersey	New York	January 18, 1983
United Jersey Bank, Hackensack, New Jersey	United Jersey Bank/North, Montvale, New Jersey	New York	January 18, 1983

*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.*

Flagship Banks, Inc. v. *Board of Governors,* filed January 1983, U.S.D.C. for the District of Columbia.

Flagship Banks, Inc. v. *Board of Governors,* filed October 1982, U.S.D.C. for the District of Columbia.

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

The Philadelphia Clearing House Association, et al. v. *Board of Governors,* filed July 1982, U.S.D.C. for the Eastern District of Pennsylvania.

Richter v. *Board of Governors, et al.,* filed May 1982, U.S.D.C. for the Northern District of Illinois.

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

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

Charles G. Vick v. *Paul A. Volcker, et al.,* filed March 1982, U.S.D.C. for the District of Columbia.

Jolene Gustafson v. *Board of Governors,* filed March 1982, U.S.C.A. for the Fifth Circuit.

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

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

Bank Stationers Association, Inc., et al. v. *Board of Governors,* filed July 1981, U.S.D.C. for the Northern District of Georgia.

Public Interest Bounty Hunters v. *Board of Governors, et al.,* filed June 1981, U.S.D.C. for the Northern District of Georgia.

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

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

9 to 5 Organization for Women Office Workers v. *Board of Governors,* filed December 1980, U.S.D.C. for the District of Massachusetts.

Securities Industry Association v. *Board of Governors, et al.,* filed October 1980, U.S.D.C. for the District of Columbia.

Securities Industry Association v. *Board of Governors, et al.,* filed October 1980, U.S.C.A. for the District of Columbia.

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

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

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

Berkovitz, et al. v. *Government of Iran, et al.,* filed June 1980, U.S.D.C. for the Northern District of California.

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1.10 MONETARY AGGREGATES AND INTEREST RATES

Item	1982				1982				
	Q1	Q2	Q3	Q4	Aug.	Sept.	Oct.	Nov.	Dec.
	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)[1]								
Reserves of depository institutions									
1 Total	7.5	6	4.8	14.8	8.8	23.6	9.4	17.5	13.0
2 Required	7.1	1.1	4.6	13.9	8.9	21.5	8.9	17.8	10.0
3 Nonborrowed	-.9	4.2	11.2	16.6	14.5	10.7	23.8	13.4	13.5
4 Monetary base[2]	7.8	7.1	6.5	8.2	6.8	12.2	6.7r	6.1r	9.7
Concepts of money and liquid assets[3]									
5 M1	10.4	3.3	3.5	16.1	10.4	14.0	20.6	16.9r	8.8
6 M2	9.8	9.5	9.8	8.8	14.3	5.1	8.0	11.6r	7.3
7 M3	8.7	10.7	12.1	8.3	18.5	4.0	9.1	9.6	1.3
8 L	10.4	12.0	11.5	n.a.	11.1	3.3	n.a.	n.a.	n.a.
Time and savings deposits									
Commercial banks									
9 Total	7.5	17.1	17.8	2.4	16.5	4.1	.4	-3.3	2.7
10 Savings[4]	8.7	2.0	-9.7	12.8	-8.4	5.4	20.7	35.4	-20.5
11 Small-denomination time[5]	9.7	23.8	21.3	-1.8	20.3	8.8	-9.6	-.9r	-23.0
12 Large-denomination time[6]	4.6	17.0	26.7	-6.8	23.0	-1.6	2.6	-22.9r	-44.6
13 Thrift institutions[7]	3.1	6.6	6.8	2.8	6.3	-.3	5.8	-10.7r	-19.1
14 Total loans and securities at commercial banks[8]	2.6	-6.7	6.0	5.5	6.6	4.4	6.8	1.5	10.5
	1982				1982				1983
	Q1	Q2	Q3	Q4	Sept.	Oct.	Nov.	Dec.	Jan.
	Interest rates (levels, percent per annum)								
Short-term rates									
15 Federal funds[9]	14.23	14.52	11.01	9.28	10.31	9.71	9.20	8.95	8.68
16 Discount window borrowing[10]	12.00	12.00	10.83	9.25	10.00	9.68	9.35	8.73	8.50
17 Treasury bills (3-month market yield)[11]	12.81	12.42	9.32	7.90	7.92	7.71	8.07	7.94	7.86
18 Commercial paper (3-month)[11,12]	13.81	13.81	11.15	8.80	10.36	9.20	8.69	8.51	8.17
Long-term rates									
Bonds									
19 U.S. government[13]	14.27	13.74	12.94	10.72	12.16	10.97	10.57	10.62	10.78
20 State and local government[14]	13.02	12.33	11.39	9.90	10.66	9.69	10.06	9.96	9.50
21 Aaa utility (new issue)[15]	15.71	15.73	14.25	12.10	13.52	12.20	11.76	11.84	12.05
22 Conventional mortgages[16]	17.10	16.63	15.65	13.79	15.05	13.95	13.80	13.62	n.a.

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

2. Includes reserve balances at Federal Reserve Banks in the current week plus vault cash held two weeks earlier used to satisfy reserve requirements at all depository institutions plus currency outside the U.S. Treasury, Federal Reserve Banks, the vaults of depository institutions, and surplus vault cash at depository institutions.

3. M1: Averages of daily figures for (1) currency outside the Treasury, Federal Reserve Banks, and the vaults of commercial banks; (2) traveler's 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) negotiable order of withdrawal (NOW) and automatic transfer service (ATS) accounts at banks and thrift institutions, credit union share draft (CUSD) accounts, and demand deposits at mutual savings banks.

M2: M1 plus savings and small-denomination time deposits at all depository institutions, overnight repurchase agreements at commercial banks, overnight Eurodollars held by U.S. residents other than banks at Caribbean branches of member banks, and balances of money market mutual funds (general purpose and broker/dealer).

M3: M2 plus large-denomination time deposits at all depository institutions and term RPs at commercial banks and savings and loan associations and balances of institution-only money market mutual funds.

L: M3 plus other liquid assets such as term Eurodollars held by U.S. residents other than banks, bankers acceptances, commercial paper, Treasury bills and other liquid Treasury securities, and U.S. savings bonds.

4. Savings deposits exclude NOW and ATS accounts at commercial banks and thrifts and CUSD accounts at credit unions.

5. Small-denomination time deposits—including retail RPs—are those issued in amounts of less than $100,000.

6. Large-denomination time deposits are those issued in amounts of $100,000 or more.

7. Savings and loan associations, mutual savings banks, and credit unions.

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

9. Averages of daily effective rates (average of the rates on a given date weighted by the volume of transactions at those rates).

10. Rate for the Federal Reserve Bank of New York.

11. Quoted on a bank-discount basis.

12. Unweighted average of offering rates quoted by at least five dealers.

13. Market yields adjusted to a 20-year maturity by the U.S. Treasury.

14. *Bond Buyer* series for 20 issues of mixed quality.

15. Weighted averages of new publicly offered bonds rated Aaa, Aa, and A by Moody's Investors Service and adjusted to an Aaa basis. Federal Reserve compilations.

16. Average rates on new commitments for conventional first mortgages on new homes in primary markets, unweighted and rounded to nearest 5 basis points, from Dept. of Housing and Urban Development.

NOTE. Revisions in reserves of depository institutions reflect the transitional phase-in of reserve requirements as specified in the Monetary Control Act of 1980.

1.11 RESERVES OF DEPOSITORY INSTITUTIONS, RESERVE BANK CREDIT

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for week ending						
	1982		1983	1982			1983			
	Nov.	Dec.	Jan.p	Dec. 15	Dec. 22	Dec. 29	Jan. 5	Jan. 12	Jan. 19p	Jan. 26p
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit outstanding**	**156,151**	**159,659**	**157,285**	**158,689**	**160,507**	**161,408**	**162,503**	**157,958**	**158,155**	**155,785**
2 U.S. government securities[1]	134,461	137,248	135,318	137,166	138,177	137,766	138,453	135,843	136,497	134,037
3 Bought outright	134,207	136,139	134,862	136,700	136,751	135,808	136,335	135,464	136,210	133,739
4 Held under repurchase agreements	254	1,109	456	466	1,426	1,958	2,118	379	287	298
5 Federal agency securities	8,981	9,110	8,987	9,089	9,097	9,156	9,333	8,976	8,944	8,946
6 Bought outright	8,943	8,939	8,934	8,938	8,937	8,937	8,937	8,937	8,937	8,928
7 Held under repurchase agreements	38	171	53	151	160	219	396	39	7	18
8 Acceptances	47	281	126	75	204	599	792	58	55	21
9 Loans	579	699	506	703	546	690	1,198	425	467	328
10 Float	2,730	2,827	2,412	2,347	2,938	3,390	2,964	2,918	1,933	2,391
11 Other Federal Reserve assets	9,353	9,494	9,936	9,308	9,544	9,806	9,763	9,738	10,259	10,061
12 Gold stock	11,148	11,148	11,146	11,148	11,148	11,148	11,148	11,148	11,146	11,144
13 Special drawing rights certificate account	4,371	4,431	4,618	4,418	4,418	4,418	4,618	4,618	4,618	4,618
14 Treasury currency outstanding	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786
ABSORBING RESERVE FUNDS										
15 Currency in circulation	151,288	154,269	152,672	153,853	154,610	155,707	155,079	154,167	152,616	151,188
16 Treasury cash holdings	449	436	438	438	434	438	430	433	437	443
Deposits, other than reserves, with Federal Reserve Banks										
17 Treasury	3,097	3,227	3,250	3,341	2,959	3,328	4,188	2,915	3,115	3,909
18 Foreign	273	277	259	272	279	331	275	257	273	221
19 Other	569	571	691	524	538	340	1,017	657	589	602
20 Required clearing balances	391	423	460	422	426	430	434	451	460	477
21 Other Federal Reserve liabilities and capital	4,785	5,017	4,868	4,910	4,942	5,050	4,895	4,881	4,927	4,865
22 Reserve accounts[2]	24,604	24,804	24,197	24,281	25,671	25,136	25,737	23,748	25,289	23,627

Factors	End-of-month figures			Wednesday figures						
	1982		1983	1982			1983			
	Nov.	Dec.	Jan.	Dec. 15	Dec. 22	Dec. 29	Jan. 5	Jan. 12	Jan. 19	Jan. 26
SUPPLYING RESERVE FUNDS										
23 **Reserve Bank credit outstanding**	**159,079**	**163,659**	**152,537**	**163,802**	**159,227**	**164,141**	**159,538**	**162,160**	**161,260**	**157,105**
24 U.S. government securities[1]	137,676	139,312	132,368	138,230	135,757	138,148	137,641	138,227	137,519	135,206
25 Bought outright	137,676	135,607	132,368	137,653	135,757	134,801	137,641	135,574	135,510	133,121
26 Held under repurchase agreements	0	3,705	0	577	0	3,347	0	2,653	2,009	2,085
27 Federal agency securities	8,943	9,525	8,928	9,238	8,937	9,448	8,937	9,212	8,985	9,057
28 Bought outright	8,943	8,937	8,928	8,937	8,937	8,937	8,937	8,937	8,937	8,928
29 Held under repurchase agreements	0	588	0	301	0	511	0	275	48	129
30 Acceptances	0	1,480	0	105	0	731	0	406	385	148
31 Loans	374	717	354	3,368	762	1,813	408	1,823	2,186	489
32 Float	2,401	2,735	1,006	3,277	3,909	4,048	2,685	2,459	1,956	2,216
33 Other Federal Reserve assets	9,685	9,890	9,881	9,584	9,862	9,953	9,867	10,033	10,229	9,989
34 Gold stock	11,148	11,148	11,144	11,148	11,148	11,148	11,148	11,146	11,146	11,144
35 Special drawing rights certificate account	4,418	4,618	4,618	4,418	4,418	4,418	4,618	4,618	4,618	4,618
36 Treasury currency outstanding	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786
ABSORBING RESERVE FUNDS										
37 Currency in circulation	152,895	154,908	150,511	154,604	155,666	156,181	155,032	153,924	152,188	151,092
38 Treasury cash holdings	444	429	448	436	433	435	432	435	437	444
Deposits, other than reserves, with Federal Reserve Banks										
39 Treasury	2,247	5,033	2,627	2,918	2,226	3,620	3,028	2,753	3,468	2,140
40 Foreign	387	328	366	385	280	261	238	271	270	217
41 Other	717	1,033	603	516	269	259	662	581	545	609
42 Required clearing balances	408	436	478	422	426	428	436	449	460	477
43 Other Federal Reserve liabilities and capital	5,209	4,990	4,850	4,828	4,736	4,777	4,719	4,858	4,857	4,728
44 Reserve accounts[2]	26,124	26,053	22,201	29,045	24,542	27,532	24,543	28,438	28,584	26,944

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

2. Excludes required clearing balances.

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

1.12 RESERVES AND BORROWINGS Depository Institutions

Millions of dollars

Reserve classification	Monthly averages of daily figures									
	1981	1982								1983
	Dec.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[p]
1 Reserve balances with Reserve Banks[1]	26,163	24,207	24,031	24,273	24,471	23,385	24,252	24,604	24,804	24,197
2 Total vault cash (estimated)	19,538	19,048	19,318	19,448	19,500	19,921	19,578	19,807	20,392	21,452
3 Vault cash at institutions with required reserve balances[2]	13,577	12,972	13,048	13,105	13,188	13,651	13,658	13,836	14,292	14,744
4 Vault cash equal to required reserves at other institutions	2,178	2,373	2,488	2,486	2,518	2,927	2,677	2,759	2,757	2,748
5 Surplus vault cash at other institutions[3]	3,783	3,703	3,782	3,857	3,794	3,343	3,243	3,212	3,343	3,960
6 Reserve balances + total vault cash[4]	45,701	43,255	43,349	43,721	43,971	43,306	43,830	44,411	45,196	45,649
7 Reserve balances + total vault cash used to satisfy reserve requirements[4,5]	41,918	39,552	39,567	39,864	40,177	39,963	40,587	41,199	41,853	41,689
8 Required reserves (estimated)	41,606	39,192	39,257	39,573	39,866	39,579	40,183	40,797	41,353	41,314
9 Excess reserve balances at Reserve Banks[4,6]	312	360	310	291	311	384	404	402	500	375
10 Total borrowings at Reserve Banks	642	1,105	1,205	669	510	976	455	579	697	506
11 Seasonal borrowings at Reserve Banks	53	237	239	225	119	102	86	47	33	33
12 Extended credit at Reserve Banks	149	177	103	46	94	118	141	188	187	156

Reserve classification	Weekly averages of daily figures for week ending									
	1982						1983			
	Nov. 24	Dec. 1	Dec. 8	Dec. 15	Dec. 22	Dec. 29	Jan. 5	Jan. 12	Jan. 19[p]	Jan. 26[p]
13 Reserve balances with Reserve Banks[1]	25,347	24,748	23,869	24,281	25,671	25,136	25,737	23,748	25,289	23,627
14 Total vault cash (estimated)	18,688	20,387	20,267	21,382	19,506	20,496	20,105	21,463	22,168	21,837
15 Vault cash at institutions with required reserve balances[2]	13,474	14,262	14,218	14,484	14,112	14,406	14,126	14,516	14,968	15,034
16 Vault cash equal to required reserves at other institutions	2,355	2,841	2,839	3,295	2,494	2,464	2,490	3,017	2,917	2,718
17 Surplus vault cash at other institutions[3]	2,859	3,284	3,210	3,603	2,900	3,626	3,489	3,930	4,283	4,085
18 Reserve balances + total vault cash[4]	44,035	45,135	44,136	45,663	45,177	45,632	45,842	45,211	47,457	45,464
19 Reserve balances + total vault cash used to satisfy reserve requirements[4,5]	41,176	41,851	40,926	42,060	42,277	42,006	42,353	41,281	43,174	41,379
20 Required reserves (estimated)	40,852	41,355	40,612	41,506	42,047	41,243	41,360	40,990	42,501	41,041
21 Excess reserve balances at Reserve Banks[4,6]	324	496	314	554	230	763	993	291	673	338
22 Total borrowings at Reserve Banks	467	622	437	703	546	690	1,198	425	467	328
23 Seasonal borrowings at Reserve Banks	46	35	26	24	38	44	37	31	30	34
24 Extended credit at Reserve Banks	186	185	186	189	189	191	143	133	113	197

1. As of Aug. 13, 1981, excludes required clearing balances of all depository institutions.
2. Before Nov. 13, 1980, the figures shown reflect only the vault cash held by member banks.
3. Total vault cash at institutions without required reserve balances less vault cash equal to their required reserves.
4. Adjusted to include waivers of penalties for reserve deficiencies in accordance with Board policy, effective Nov. 19, 1975, of permitting transitional relief on a graduated basis over a 24-month period when a nonmember bank merged into an existing member bank, or when a nonmember bank joins the Federal Reserve System. For weeks for which figures are preliminary, figures by class of bank do not add to total because adjusted data by class are not available.
5. Reserve balances with Federal Reserve Banks, which exclude required clearing balances plus vault cash at institutions with required reserve balances plus vault cash equal to required reserves at other institutions.
6. Reserve balances with Federal Reserve Banks, which exclude required clearing balances plus vault cash used to satisfy reserve requirements less required reserves. (This measure of excess reserves is comparable to the old excess reserve concept published historically.)

1.13 FEDERAL FUNDS AND REPURCHASE AGREEMENTS Large Member Banks[1]

Averages of daily figures, in millions of dollars

By maturity and source	1982 and 1983, week ending Wednesday								
	Dec. 1	Dec. 8	Dec. 15	Dec. 22	Dec. 29	Jan. 5	Jan. 12	Jan. 19	Jan. 26
One day and continuing contract									
1 Commercial banks in United States	54,783	59,807	60,297	60,403	57,614r	63,310	69,120	66,138	60,172
2 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	23,675	22,407	24,624	23,945	22,007	21,947	25,588	28,792	29,051
3 Nonbank securities dealers	4,565	5,689	5,503	5,028	4,494r	4,056	4,515	4,437	4,342
4 All other	21,195	24,365	23,767	23,536	20,715	22,310	26,005	25,279	25,232
All other maturities									
5 Commercial banks in United States	4,338	3,828	4,100	4,466	6,127r	5,768	4,352	4,229	4,299
6 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	8,585	8,671	9,296	9,516	11,065r	10,352	8,801	8,652	8,580
7 Nonbank securities dealers	5,227	4,318	4,207	3,696	3,866r	4,072	3,439	4,270	4,809
8 All other	12,224	8,803r	9,461	8,855	13,494r	13,064	8,697	9,187	8,938
MEMO: Federal funds and resale agreement loans in maturities of one day or continuing contract									
9 Commercial banks in United States	23,523	23,809	23,253	24,482	21,544r	23,750	27,326	27,936	24,771
10 Nonbank securities dealers	5,186	5,537	5,630	5,415	5,115	4,848	5,328	4,641	3,968

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

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

Current and previous levels

Federal Reserve Bank	Short-term adjustment credit and seasonal credit			Extended credit[1]						
				First 60 days of borrowing		Next 90 days of borrowing		After 150 days		Effective date for current rates
	Rate on 1/31/83	Effective date	Previous rate	Rate on 1/31/83	Previous rate	Rate on 1/31/83	Previous rate	Rate on 1/31/83	Previous rate	
Boston	8½	12/14/82	9	8½	9	9½	10	10½	11	12/14/82
New York		12/15/82								12/15/82
Philadelphia		12/17/82								12/17/82
Cleveland		12/15/82								12/15/82
Richmond		12/15/82								12/15/82
Atlanta		12/14/82								12/14/82
Chicago		12/14/82								12/14/82
St. Louis		12/14/82								12/14/82
Minneapolis		12/14/82								12/14/82
Kansas City		12/15/82								12/15/82
Dallas		12/14/82								12/14/82
San Francisco	8½	12/14/82	9	8½	9	9½	10	10½	11	12/14/82

Range of rates in recent years[2]

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1973	7½	7½	1978— July 3	7–7¼	7¼	1981— May 5	13–14	14
1974— Apr. 25	7½–8	8	10	7¼	7¼	8	14	14
30	8	8	Aug. 21	7¾	7¾	Nov. 2	13–14	13
Dec. 9	7¾–8	7¾	Sept. 22	8	8	6	13	13
16	7¾	7¾	Oct. 16	8–8½	8½	Dec. 4	12	12
			20	8½	8½			
1975— Jan. 6	7¼–7¾	7¾	Nov. 1	8½–9½	9½	1982— July 20	11½–12	11½
10	7¼–7¾	7¼	3	9½	9½	23	11½	11½
24	7¼	7¼				Aug. 2	11–11½	11
Feb. 5	6¾–7¼	6¾	1979— July 20	10	10	3	11	11
7	6¾	6¾	Aug. 17	10–10½	10½	16	10½	10½
Mar. 10	6¼–6¾	6¼	20	10½	10½	27	10–10½	10
14	6¼	6¼	Sept. 19	10½–11	11	30	10	10
May 16	6–6¼	6	21	11	11	Oct. 12	9½–10	9½
23	6	6	Oct. 8	11–12	12	13	9½	9½
			10	12	12	Nov. 22	9–9½	9
1976— Jan. 19	5½–6	5½				26	9	9
23	5½	5½	1980— Feb. 15	12–13	13	Dec. 14	8½–9	9
Nov. 22	5¼–5½	5¼	19	13	13	15	8½–9	8½
26	5¼	5¼	May 29	12–13	13	17	8½	8½
			30	12	12			
1977— Aug. 30	5¼–5¾	5¼	June 13	11–12	11			
31	5¼–5¾	5¾	16	11	11			
Sept. 2	5¾	5¾	July 28	10–11	10			
Oct. 26	6	6	29	10	10			
			Sept. 26	11	11			
1978— Jan. 9	6–6½	6½	Nov. 17	12	12			
20	6½	6½	Dec. 5	12–13	13			
May 11	6½–7	7	8	13	13			
12	7	7				In effect Jan. 31, 1983	8½	8½

1. Applicable to advances when exceptional circumstances or practices involve only a particular depository institution and to advances when an institution is under sustained liquidity pressures. See section 201.3(b)(2) of Regulation A.

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

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 in millions of dollars	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]		
0–2	7	12/30/76	\$0–\$26.3 million	3	12/30/82
2–10	9½	12/30/76	Over \$26.3 million	12	12/30/82
10–100	11¾	12/30/76			
100–400	12¾	12/30/76	*Nonpersonal time deposits*[9]		
Over 400	16¼	12/30/76	By original maturity		
			Less than 3½ years	3	4/29/82
Time and savings[2,3]			3½ years or more	0	4/29/82
Savings	3	3/16/67			
			Eurocurrency liabilities		
Time[4]			All types	3	11/13/80
0–5, 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, 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. In determining the reserve requirements of a depository institution, the exemption shall apply in the following order: (1) nonpersonal money market deposit accounts (MMDAs) authorized under 12 CFR section 1204.122; (2) net NOW accounts (NOW accounts less allowable deductions); (3) net other transaction accounts; and (4) nonpersonal time deposits or Eurocurrency liabilities starting with those with the highest reserve ratio. With respect to NOW accounts and other transaction accounts, the exemption applies only to such accounts that would be subject to a 3 percent reserve requirement.

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

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

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

9. In general, nonpersonal time deposits are time deposits, including savings deposits, that are not transaction accounts and in which the 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. After implementation of the Monetary Control Act, nonmembers may maintain reserves on a pass-through basis with certain approved institutions.

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

Percent per annum

Type and maturity of deposit	Commercial banks				Savings and loan associations and mutual savings banks (thrift institutions)			
	In effect January 31, 1983		Previous maximum		In effect January 31, 1983		Previous maximum	
	Percent	Effective date	Percent	Effective date	Percent	Effective date	Percent	Effective date
1 Savings	5¼	7/1/79	5	7/1/73	5½	7/1/79	5¼	(1)
2 Negotiable order of withdrawal accounts[2]	5¼	12/31/80	5	1/1/74	5¼	12/31/80	5	1/1/74
Time accounts[3]								
Fixed ceiling rates by maturity[4]								
3 14–89 days[5]	5¼	8/1/79	5	7/1/73	(6)	....	(6)	....
4 90 days to 1 year	5¾	1/1/80	5½	7/1/73	6	1/1/80	5¾	(1)
5 1 to 2 years[7]	6	7/1/73	5½	1/21/70	6½	(1)	5¾	1/21/70
6 2 to 2½ years[7]			5¾	1/21/70			6	1/21/70
7 2½ to 4 years[7]	6½	7/1/73	5¾	1/21/70	6¾	(1)	6	1/21/70
8 4 to 6 years[8]	7¼	11/1/73	(9)	....	7½	11/1/73	(9)	....
9 6 to 8 years[8]	7½	12/23/74	7¼	11/1/73	7¾	12/23/74	7½	11/1/73
10 8 years or more[8]	7¾	6/1/78	(6)	....	8	6/1/78	(6)	....
11 Issued to governmental units (all maturities)[10]	8	6/1/78	7¾	12/23/74	8	6/1/78	7¾	12/23/74
12 IRAs and Keogh (H.R. 10) plans (3 years or more)[10,11]	8	6/1/78	7¾	7/6/77	8	6/1/78	7¾	7/6/77

1. July 1, 1973, for mutual savings banks; July 6, 1973, for savings and loans.
2. Federally insured commercial banks, savings and loan associations, cooperative banks, and mutual savings banks in Massachusetts and New Hampshire were first permitted to offer negotiable order of withdrawal (NOW) accounts on Jan. 1, 1974. Authorization to issue NOW accounts was extended to similar institutions throughout New England on Feb. 27, 1976, in New York State on Nov. 10, 1978, New Jersey on Dec. 28, 1979, and to similar institutions nationwide effective Dec. 31, 1980. Effective January 5, 1983 the interest rate ceiling is removed for NOW accounts with an initial balance and average maintenance balance of $2,500.
3. For exceptions with respect to certain foreign time deposits see the BULLETIN for October 1962 (p. 1279), August 1965 (p. 1084), and February 1968 (p. 167).
4. Effective Nov. 10, 1980, the minimum notice period for public unit accounts at savings and loan associations was decreased to 14 days and the minimum maturity period for time deposits at savings and loan associations in excess of $100,000 was decreased to 14 days. Effective Oct. 30, 1980, the minimum maturity or notice period for time deposits was decreased from 30 to 14 days at mutual savings banks.
5. Effective Oct. 30, 1980, the minimum maturity or notice period for time deposits was decreased from 30 to 14 days at commercial banks.
6. No separate account category.
7. No minimum denomination. Until July 1, 1979, a minimum of $1,000 was required for savings and loan associations, except in areas where mutual savings banks permitted lower minimum denominations. This restriction was removed for deposits maturing in less than 1 year, effective Nov. 1, 1973.
8. No minimum denomination. Until July 1, 1979, the minimum denomination was $1,000 except for deposits representing funds contributed to an individual retirement account (IRA) or a Keogh (H.R. 10) plan established pursuant to the Internal Revenue Code. The $1,000 minimum requirement was removed for such accounts in December 1975 and November 1976 respectively.
9. Between July 1, 1973, and Oct. 31, 1973, certificates maturing in 4 years or more with minimum denominations of $1,000 had no ceiling; however, the amount of such certificates that an institution could issue was limited to 5 percent of its total time and savings deposits. Sales in excess of that amount, as well as certificates of less than $1,000, were limited to the 6½ percent ceiling on time deposits maturing in 2½ years or more. Effective Nov. 1, 1973, ceilings were reimposed on certificates maturing in 4 years or more with minimum denomination of $1,000. There is no limitation on the amount of these certificates that banks can issue.
10. Accounts subject to fixed-rate ceilings. See footnote 8 for minimum denomination requirements.
11. Effective Jan. 1, 1980, commercial banks are permitted to pay the same rate as thrifts on IRA and Keogh accounts and accounts of governmental units when such deposits are placed in 2½-year-or-more variable-ceiling certificates or in 26-week money market certificates regardless of the level of the Treasury bill rate.

NOTE. Before Mar. 31, 1980, the maximum rates that could be paid by federally insured commercial banks, mutual savings banks, and savings and loan associations were established by the Board of Governors of the Federal Reserve System, the Board of Directors of the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board under the provisions of 12 CFR 217, 329, and 526 respectively. Title II of the Depository Institutions Deregulation and Monetary Control Act of 1980 (P.L. 96-221) transferred the authority of the agencies to establish maximum rates of interest payable on deposits to the Depository Institutions Deregulation Committee. The maximum rates on time deposits in denominations of $100,000 or more with maturities of 30–89 days were suspended in June 1970; the maximum rates for such deposits maturing in 90 days or more were suspended in May 1973. For information regarding previous interest rate ceilings on all types 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.*

For deposits subject to variable ceiling rates and deposits not subject to interest rate ceilings see page A10.

1.16 Continued

TIME DEPOSITS SUBJECT TO VARIABLE CEILING RATES

7- to 31-day time deposits. Effective Sept. 1, 1982, depository institutions are authorized to issue nonnegotiable time deposits of $20,000 or more with a maturity or required notice period of 7 to 31 days. The maximum rate of interest payable by thrift institutions is the rate established and announced (auction average on a discount basis) for U.S. Treasury bills with maturities of 91 days at the auction held immediately before the date of deposit or renewal ("bill rate"). Commercial banks may pay the bill rate minus 25 basis points. The interest rate ceiling is suspended when the bill rate is 9 percent or below for the four most recent auctions held before the date of deposit or renewal. Effective January 5, 1983, the minimum denomination required for this deposit is reduced to $2,500 and the interest rate ceiling is removed.

91-day time deposits. Effective May 1, 1982, depository institutions were authorized to offer time deposits that have a minimum denomination of $7,500 and a maturity of 91 days. Effective January 5, 1983, the minimum denomination required for this deposit is reduced to $2,500. The ceiling rate of interest on these deposits is indexed to the discount rate (auction average) on most recently issued 91-day Treasury bills for thrift institutions and the discount rate minimum 25 basis points for commercial banks. The rate differential ends 1 year from the effective date of these instruments and is suspended at any time the Treasury bill discount rate is 9 percent or below for four consecutive auctions. The maximum allowable rates in January 1983 (in percent) for commercial banks and thrifts were as follows: Jan. 4, 7.896; Jan. 11, 7.671; Jan. 18, 7.619; Jan. 25, 8.055.

Six-month money market time deposits. Effective June 1, 1978, commercial banks and thrift institutions were authorized to offer time deposits with a maturity of exactly 26 weeks and a minimum denomination requirement of $10,000. Effective January 5, 1983, the minimum denomination required for this deposit is reduced to $2,500. The ceiling rate of interest on these deposits is indexed to the discount rate (auction average) on most recently issued 26-week U.S. Treasury bills. Interest on these certificates may not be compounded. Effective for all 6-month money market certificates issued beginning Nov. 1, 1981, depository institutions may pay rates of interest on these deposits indexed to the higher of (1) the rate for 26-week Treasury bills established immediately before the date of deposit (bill rate) or (2) the average of the four rates for 26-week Treasury bills established for the 4 weeks immediately before the date of deposit (4-week average bill rate). Ceilings are determined as follows:

Bill rate or 4-week average bill rate	*Commercial bank ceiling*
7.50 percent or below	7.75 percent
Above 7.50 percent	¼ of 1 percentage point plus the higher of the bill rate or 4-week average bill rate
	Thrift ceiling
7.25 percent or below	7.75 percent
Above 7.25 percent, but below 8.50 percent	½ of 1 percentage point plus the higher of the bill rate or 4-week average bill rate
8.50 percent or above, but below 8.75 percent	9 percent
8.75 percent or above	¼ of 1 percentage point plus the higher of the bill rate or 4-week average bill rate

The maximum rates in January 1983 for commercial banks based on the bill rate were as follows: Jan. 4, 8.196; Jan. 11, 8.024; Jan. 18, 7.978; Jan. 25, 8.394; and based on the 4-week average bill rate were as follows: Jan. 4, 8.326; Jan. 11, 8.218; Jan. 18, 8.124; Jan. 25, 8.148. The maximum allowable rates in January 1983 for thrifts based on the bill rate were as follows: Jan. 4, 8.446; Jan. 11, 8.274; Jan. 18, 8.228; Jan. 25, 8.644; and based on the 4-week average bill rate were as follows: Jan. 4, 8.576; Jan. 11, 8.468; Jan. 18, 8.374; Jan. 25, 8.398.

12-month all savers certificates. Effective Oct. 1, 1981, depository institutions are authorized to issue all savers certificates (ASCs) with a 1-year maturity and an annual investment yield equal to 70 percent of the average investment yield for 52-week U.S. Treasury bills as determined by the auction of 52-week Treasury bills held immediately before the calendar week in which the certificate is issued. A maximum lifetime exclusion of $1,000 ($2,000 on a joint return) from gross income is generally authorized for interest income from ASCs. The annual investment yield for ASCs issued in December 1982 (in percent) was as follows: Dec. 26, 6.26.

2½-year to less than 3½-year time deposits. Effective Aug. 1, 1981, commercial banks are authorized to pay interest on any variable ceiling nonnegotiable time deposit with an original maturity of 2½ years to less than 4 years at a rate not to exceed ¼ of 1 percent below the average 2½-year yield for U.S. Treasury securities as determined and announced by the Treasury Department immediately before the date of deposit. Effective May 1, 1982, the maximum maturity for this category of deposits was reduced to less than 3½ years. Thrift institutions may pay interest on these certificates at a rate not to exceed the average 2½-year yield for Treasury securities as determined and announced by the Treasury Department immediately before the date of deposit. If the announced average 2½-year yield for Treasury securities is less than 9.50 percent, commercial banks may pay 9.25 percent and thrift institutions 9.50 percent for these deposits. These deposits have no required minimum denomination, and interest may be compounded on them. The ceiling rates of interest at which they may be offered vary biweekly. The maximum allowable rates in January 1983 (in percent) for commercial banks were as follows: Jan. 4, 9.40; Jan. 18, 9.25; and for thrift institutions: Jan. 4, 9.65; Jan. 18, 9.50.

Between Jan. 1, 1980, and Aug. 1, 1981, commercial banks and thrift institutions were authorized to offer variable ceiling nonnegotiable time deposits with no required minimum denomination and with maturities of 2½ years or more. Effective Jan. 1, 1980, the maximum rate for commercial banks was ¾ percentage point below the average yield on 2½-year U.S. Treasury securities; the ceiling rate for thrift institutions was ¼ percentage point higher than that for commercial banks. Effective Mar. 1, 1980, a temporary ceiling of 11¾ percent was placed on these accounts at commercial banks and 12 percent on these accounts at savings and loans. Effective June 2, 1980, the ceiling rates for these deposits at commercial banks and savings and loans were increased ½ percentage point. The temporary ceiling was retained, and a minimum ceiling of 9.25 percent for commercial banks and 9.50 percent for thrift institutions was established.

TIME DEPOSITS NOT SUBJECT TO INTEREST RATE CEILINGS

Money market deposit account. Effective Dec. 14, 1982, depository institutions are authorized to offer a new account with a required initial balance of $2,500 and an average maintenance balance of $2,500 not subject to interest rate restrictions. No minimum maturity period is required for this account, but depository institutions must reserve the right to require seven days' notice before withdrawals. When the average balance is less than $2,500, the account is subject to the maximum ceiling rate of interest for NOW accounts; compliance with the average balance requirement may be determined over a period of one month. Depository institutions may not guarantee a rate of interest for this account for a period longer than one month or condition the payment of a rate on a requirement that the funds remain on deposit for longer than one month. No more than six preauthorized, automatic, or other third-party transfers are permitted per month, of which no more than three can be checks. Telephone transfers to third parties or to another account of the same depositor are regarded as preauthorized transfers.

IRAs and Keogh (H.R. 10) plans (18 months or more). Effective Dec. 1, 1981, depository institutions are authorized to offer time deposits not subject to interest rate ceilings when the funds are deposited to the credit of, or in which the entire beneficial interest is held by, an individual pursuant to an IRA agreement or Keogh (H.R. 10) plan. Such time deposits must have a minimum maturity of 18 months, and additions may be made to the time deposit at any time before its maturity without extending the maturity of all or a portion of the balance of the account.

Time deposits of 3½ years or more. Effective May 1, 1982, depository institutions are authorized to offer negotiable or nonnegotiable time deposits with a minimum original maturity of 3½ years or more that are not subject to interest rate ceilings. Such time deposits have no minimum denomination, but must be made available in a $500 denomination. Additional deposits may be made to the account during the first year without extending its maturity.

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

Type of transaction	1980	1981	1982	1982						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.
U.S. Government Securities										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	7,668	13,899	17,067	1,559	1,905	1,721	425	774	2,552	1,897
2 Gross sales	7,331	6,746	8,369	0	1,175	651	674	0	0	731
3 Exchange	0	0	0	200	−200	0	0	0	0	0
4 Redemptions	3,389	1,816	3,000	0	200	600	400	0	0	200
Others within 1 year										
5 Gross purchases	912	317	312	0	71	0	0	0	88	0
6 Gross sales	0	23	0	0	0	0	0	0	0	0
7 Maturity shift	12,427	13,794	17,295	988	382	4,938	733	623	2,819	906
8 Exchange	−18,251	−12,869	−14,164	−1,249	0	−3,914	−650	0	−1,924	−943
9 Redemptions	0	0	0	0	0	0	0	0	0	0
1 to 5 years										
10 Gross purchases	2,138	1,702	1,797	0	691	0	0	0	485	0
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shift	−8,909	−10,299	−14,524	−988	−382	−4,938	−733	−623	−2,204	−906
13 Exchange	13,412	10,117	11,804	1,049	200	3,078	650	0	1,515	943
5 to 10 years										
14 Gross purchases	703	393	388	0	113	0	0	0	194	0
15 Gross sales	0	0	0	0	0	0	0	0	0	0
16 Maturity shift	−3,092	−3,495	−2,172	0	0	601	0	0	−616	0
17 Exchange	2,970	1,500	2,128	0	0	837	0	0	250	0
Over 10 years										
18 Gross purchases	811	379	307	0	123	0	0	0	132	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shift	−426	0	−601	0	0	−601	0	0	0	0
21 Exchange	1,869	1,253	234	0	0	0	0	0	159	0
All maturities										
22 Gross purchases	12,232	16,690	19,870	1,559	2,903	1,721	425	774	3,452	1,897
23 Gross sales	7,331	6,769	8,369	0	1,175	651	674	0	0	731
24 Redemptions	3,389	1,816	3,000	0	200	600	400	0	0	200
Matched transactions										
25 Gross sales	674,000	589,312	543,804	41,509	54,646	39,403	51,983	45,655	39,579	72,123
26 Gross purchases	675,496	589,647	543,173	37,548	58,753	37,962	51,554	46,370	41,724	69,088
Repurchase agreements										
27 Gross purchases	113,902	79,920	130,774	5,332	18,267	3,755	9,649	5,618	4,161	15,229
28 Gross sales	113,040	78,733	130,286	5,332	18,267	2,567	7,035	9,420	4,161	11,525
29 Net change in U.S. government securities	3,869	9,626	8,358	−2,402	5,636	217	1,535	−2,313	5,596	1,636
Federal Agency Obligations										
Outright transactions										
30 Gross purchases	668	494	0	0	0	0	0	0	0	0
31 Gross sales	0	0	0	0	0	0	0	0	0	0
32 Redemptions	145	108	189	6	1	46	5	6	*	6
Repurchase agreements										
33 Gross purchases	28,895	13,320	18,957	831	4,389	1,095	1,997	1,776	739	2,566
34 Gross sales	28,863	13,576	18,638	831	4,389	866	1,225	2,778	739	1,978
35 Net change in federal agency obligations	555	130	130	−6	−1	183	767	−1,008	*	582
Bankers Acceptances										
36 Repurchase agreements, net	73	−582	1,285	0	0	565	248	−813	0	1,480
37 **Total net change in System Open Market Account**	**4,497**	**9,175**	**9,773**	**−2,408**	**5,634**	**966**	**2,550**	**−4,134**	**5,596**	**3,697**

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		
	1982	1983				1982		1983
	Dec. 29	Jan. 5	Jan. 12	Jan. 19	Jan. 26	Nov.	Dec.	Jan.
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,148	11,148	11,146	11,146	11,144	11,148	11,148	11,144
2 Special drawing rights certificate account	4,418	4,618	4,618	4,618	4,618	4,418	4,618	4,618
3 Coin	433	424	441	459	490	436	438	506
Loans								
4 To depository institutions	1,813	408	1,823	2,186	489	374	717	354
5 Other	0	0	0	0	0	0	0	0
Acceptances								
6 Held under repurchase agreements	731	0	406	385	148	0	1,480	0
Federal agency obligations								
7 Bought outright	8,937	8,937	8,937	8,937	8,928	8,943	8,937	8,928
8 Held under repurchase agreements	511	0	275	48	129	0	588	0
U.S. government securities								
Bought outright								
9 Bills	53,619	56,459	54,392	54,328	51,939	56,494	54,425	51,186
10 Notes	62,626	62,626	62,626	62,626	62,626	62,626	62,626	62,626
11 Bonds	18,556	18,556	18,556	18,556	18,556	18,556	18,556	18,556
12 Total[1]	134,801	137,641	135,574	135,510	133,121	137,676	135,607	132,368
13 Held under repurchase agreements	3,347	0	2,653	2,009	2,085	0	3,705	0
14 Total U.S. government securities	138,148	137,641	138,227	137,519	135,206	137,676	139,312	132,368
15 **Total loans and securities**	**150,140**	**146,986**	**149,668**	**149,075**	**144,900**	**146,993**	**151,034**	**141,650**
16 Cash items in process of collection	11,567	11,627	9,830	10,121	8,832	11,893	9,807	6,620
17 Bank premises	550	549	549	550	552	546	549	550
Other assets								
18 Denominated in foreign currencies[2]	5,548	5,658	5,690	5,705	5,359	5,649	5,764	5,263
19 All other[3]	3,855	3,660	3,794	3,974	4,078	3,490	3,577	4,068
20 **Total assets**	**187,659**	**184,670**	**185,736**	**185,648**	**179,973**	**184,573**	**186,935**	**174,419**
LIABILITIES								
21 Federal Reserve notes	143,263	142,102	141,015	139,299	138,242	139,989	141,990	137,680
Deposits								
22 Depository institutions	27,961	24,982	28,888	29,045	27,431	26,533	26,489	22,683
23 U.S. Treasury—General account	3,620	3,028	2,753	3,468	2,140	2,247	5,033	2,627
24 Foreign—Official accounts	261	238	271	270	217	387	328	366
25 Other	258	659	580	544	599	716	1,033	599
26 **Total deposits**	**32,100**	**28,907**	**32,492**	**33,327**	**30,387**	**29,883**	**32,883**	**26,275**
27 Deferred availability cash items	7,519	8,942	7,371	8,165	6,616	9,492	7,072	5,614
28 Other liabilities and accrued dividends[4]	1,784	1,806	1,858	1,837	1,705	1,799	2,272	1,708
29 **Total liabilities**	**184,666**	**181,757**	**182,736**	**182,628**	**176,950**	**181,163**	**184,217**	**171,277**
CAPITAL ACCOUNTS								
30 Capital paid in	1,356	1,363	1,367	1,374	1,376	1,354	1,359	1,381
31 Surplus	1,278	1,359	1,359	1,359	1,359	1,278	1,359	1,359
32 Other capital accounts	359	191	274	287	288	778	0	402
33 **Total liabilities and capital accounts**	**187,659**	**184,670**	**185,736**	**185,648**	**179,973**	**184,573**	**186,935**	**174,419**
34 MEMO: Marketable U.S. government securities held in custody for foreign and international account	106,142	106,197	109,068	110,215	111,362	101,703	106,762	112,040
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to bank)	160,245	159,524	159,540	160,045	159,988	159,408	159,979	159,546
36 LESS: Held by bank[5]	16,982	17,422	18,525	20,746	21,746	19,419	17,989	21,866
37 Federal Reserve notes, net	143,263	142,102	141,015	139,299	138,242	139,989	141,990	137,680
Collateral for Federal Reserve notes								
38 Gold certificate account	11,148	11,148	11,146	11,146	11,144	11,148	11,148	11,144
39 Special drawing rights certificate account	4,418	4,618	4,618	4,618	4,618	4,418	4,618	4,618
40 Other eligible assets	262	4	46	0	0	0	107	0
41 U.S. government and agency securities	127,435	126,332	125,205	123,535	122,480	124,423	126,117	121,918
42 **Total collateral**	**143,263**	**142,102**	**141,015**	**139,299**	**138,242**	**139,989**	**141,990**	**137,680**

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. Includes U.S. government securities held under repurchase agreement against receipt of foreign currencies and foreign currencies warehoused for the U.S. Treasury. Assets shown in this line are revalued monthly at market exchange rates.
3. Includes special investment account at Chicago of Treasury bills maturing within 90 days.
4. Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign-exchange commitments.
5. Beginning September 1980, Federal Reserve notes held by the Reserve Bank are exempt from the collateral requirement.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity groupings	Wednesday					End of month		
	1982	1983				1982		1983
	Dec. 29	Jan. 5	Jan. 12	Jan. 19	Jan. 26	Nov. 30	Dec. 31	Jan. 31
1 Loans—Total	1,813	408	1,823	2,186	489	374	717	354
2 Within 15 days	1,804	392	1,810	2,170	470	356	697	338
3 16 days to 90 days	9	16	13	16	19	18	20	16
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances—Total	731	0	406	385	148	0	1,480	0
6 Within 15 days	731	0	406	385	148	0	1,480	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	138,148	137,641	138,227	137,519	135,206	137,676	139,312	132,368
10 Within 15 days[1]	7,657	4,940	6,319	5,442	5,204	5,515	4,396	3,755
11 16 days to 90 days	27,649	28,964	28,248	28,597	27,945	30,242	31,088	25,796
12 91 days to 1 year	39,108	39,966	39,889	39,709	38,286	38,185	40,057	39,060
13 Over 1 year to 5 years	35,065	35,102	35,102	35,106	35,106	35,065	35,102	35,092
14 Over 5 years to 10 years	12,095	12,095	12,095	12,091	12,091	12,095	12,095	12,091
15 Over 10 years	16,574	16,574	16,574	16,574	16,574	16,574	16,574	16,574
16 Federal agency obligations—Total	9,448	8,937	9,212	8,985	9,057	8,943	9,525	8,928
17 Within 15 days[1]	653	109	384	256	228	161	730	99
18 16 days to 90 days	564	577	764	665	690	528	564	690
19 91 days to 1 year	1,954	1,974	1,837	1,837	1,957	1,988	1,954	1,957
20 Over 1 year to 5 years	4,780	4,780	4,730	4,730	4,715	4,804	4,780	4,715
21 Over 5 years to 10 years	979	979	979	979	949	944	979	949
22 Over 10 years	518	518	518	518	518	518	518	518

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	1978 Dec.	1979 Dec.	1980 Dec.	1981 Dec.	1982							1983
					June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[1]												
1 **Total reserves[2]**	**32.82**	**34.26**	**36.46**	**37.99**	**38.58**	**38.52**	**38.80**	**39.57**	**39.88**	**40.46**	**40.89**	**40.95**
2 Nonborrowed reserves	31.95	32.79	34.77	37.35	37.37	37.83	38.29	38.63	39.40	39.84	40.26	40.41
3 Required reserves	32.59	33.93	35.95	37.67	38.27	38.21	38.49	39.18	39.47	40.06	40.39	40.42
4 Monetary base[3]	132.2	142.5	155.0	162.7	168.8	169.2	170.1	171.9	172.9	173.8	175.1	176.8
	Not seasonally adjusted											
5 **Total reserves[2]**	**33.37**	**34.83**	**37.11**	**38.66**	**38.07**	**38.43**	**38.51**	**39.35**	**40.00**	**40.68**	**41.57**	**42.24**
6 Nonborrowed reserves	32.50	33.35	35.42	38.03	36.86	37.74	38.00	38.42	39.52	40.06	40.94	41.71
7 Required reserves	33.13	34.50	36.59	38.34	37.76	38.12	38.20	38.97	39.59	40.28	41.07	41.72
8 Monetary base[3]	134.8	145.4	158.0	165.8	168.2	170.0	170.4	171.4	172.9	175.1	178.5	177.4
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[4]												
9 **Total reserves[2]**	**41.68**	**43.91**	**40.66**	**41.92**	**39.57**	**39.97**	**40.18**	**39.96**	**40.59**	**41.20**	**41.85**	**41.85**
10 Nonborrowed reserves	40.81	42.43	38.97	41.29	38.36	39.28	39.66	39.03	40.11	40.58	41.22	41.32
11 Required reserves	41.45	43.58	40.15	41.60	39.26	39.65	39.87	39.58	40.18	40.80	41.35	41.32
12 Monetary base[3]	144.6	156.2	162.4	169.7	170.4	172.3	172.8	172.3	173.8	176.0	179.3	177.9

For notes see bottom of next page.

1.21 MONEY STOCK MEASURES AND COMPONENTS

Billions of dollars, averages of daily figures

Item	1979 Dec.	1980 Dec.	1981 Dec.	1982 Dec.	1982 Aug.	1982 Sept.	1982 Oct.	1982 Nov.	1982 Dec.
	Seasonally adjusted								
MEASURES[1]									
1 M1	389.0	414.5	440.9	478.5	455.2	460.5	468.4	475.0	478.5
2 M2	1,518.9	1,656.2	1,822.7	1,999.2	1,946.8	1,955.0r	1,968.1r	1,987.1	1,999.2
3 M3	1,779.4	1,963.1	2,188.1	2,403.8	2,356.4	2,364.2	2,382.1	2,401.1	2,403.8
4 L[2]	2,153.9	2,370.4	2,653.8	n.a.	2,858.3r	2,866.2	n.a.	n.a.	n.a.
SELECTED COMPONENTS									
5 Currency	106.1	116.2	123.1	132.7	129.5	130.5	131.2	131.6	132.7
6 Traveler's checks[3]	3.7	4.2	4.3	4.3	4.4	4.4	4.4	4.4	4.3
7 Demand deposits	262.2	267.2	236.4	240.3	231.1	232.6	236.2	238.3	240.3
8 Other checkable deposits[4]	16.9	26.9	77.0	101.3	90.2	93.0	96.5	100.7	101.3
9 Savings deposits[5]	421.7	398.9	343.6	357.6	342.0	342.4	352.6	362.3	357.6
10 Small-denomination time deposits[6]	652.6	751.7	854.7	904.7	930.6	932.6	923.8	922.9	904.7
11 Large-denomination time deposits[7]	221.8	257.9	300.3	332.7	339.6	339.3	342.5	340.4	332.7
	Not seasonally adjusted								
MEASURES[1]									
12 M1	398.8	424.6	451.2	470.5	454.0	460.5	470.2	478.5	490.5
13 M2	1,524.7	1,662.5	1,829.4	2,007.3	1,939.4	1,951.3	1,972.1	1,986.9	2,007.3
14 M3	1,789.2	1,973.9	2,199.9	2,417.5	2,343.1	2,356.8r	2,383.4	2,402.1	2,417.5
15 L[2]	2,162.8	2,380.2	2,653.8	n.a.	2,843.5r	2,855.1	n.a.	n.a.	n.a.
SELECTED COMPONENTS									
16 Currency	108.2	118.3	125.4	135.2	130.0	130.2	131.2	132.7	135.2
17 Traveler's checks[3]	3.5	3.9	4.1	4.0	4.9	4.7	4.5	4.2	4.0
18 Demand deposits	270.1	275.1	243.3	247.3	229.3	232.5	237.2r	240.1	247.3
19 Other checkable deposits[4]	17.0	27.2	78.4	104.0	89.8	93.2	97.3	101.5	104.0
20 Overnight RPs and Eurodollars[8]	26.3	35.0	38.1	45.6	44.5	43.3	45.9	47.2	45.6
21 Savings deposits[5]	420.5	398.0	343.0	357.0	346.1	347.4	357.0	363.7	357.0
22 Small-denomination time deposits[6]	649.7	748.9	851.7	901.6	920.2	923.9r	921.6	917.3	901.6
Money market mutual funds									
23 General purpose and broker/dealer	34.4	61.9	151.2	177.5	180.6	182.5	184.1	186.6	177.5
24 Institution only	9.3	13.9	33.7	43.1	43.1	43.9	44.8	45.3	43.1
25 Large-denomination time deposits[7]	226.0	262.3	305.4	338.2	333.7	335.7	339.9r	341.6	338.2

1. Composition of the money stock measures is as follows:

M1: Averages of daily figures for (1) currency outside the Treasury, Federal Reserve Banks, and the vaults of commercial banks; (2) traveler's 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) negotiable order of withdrawal (NOW) and automatic transfer service (ATS) accounts at banks and thrift institutions, credit union share draft (CUSD) accounts, and demand deposits at mutual savings banks.

M2: M1 plus savings and small-denomination time deposits at all depository institutions, overnight repurchase agreements at commercial banks, overnight Eurodollars held by U.S. residents other than banks at Caribbean branches of member banks and balances of money market mutual funds (general purpose and broker/dealer).

M3: M2 plus large-denomination time deposits at all depository institutions, term RPs at commercial banks and savings and loan associations, and balances of institution-only money market mutual funds.

2. L: M3 plus other liquid assets such as term Eurodollars held by U.S. residents other than banks, bankers acceptances, commercial paper, Treasury bills and other liquid Treasury securities, and U.S. savings bonds.

3. Outstanding amount of U.S. dollar-denominated traveler's checks of nonbank issuers.

4. Includes ATS and NOW balances at all institutions, credit union share draft balances, and demand deposits at mutual savings banks.

5. Excludes NOW and ATS accounts at commercial banks and thrift institutions and CUSDs at credit unions.

6. Issued in amounts of less than $100,000 and includes retail RPs.

7. Issued in amounts of $100,000 or more and are net of the holdings of domestic banks, thrift institutions, the U.S. government, money market mutual funds, and foreign banks and official institutions.

8. Overnight (and continuing contract) RPs are those issued by commercial banks to other than depository institutions and money market mutual funds (general purpose and broker/dealer), and overnight Eurodollars are those issued by Caribbean branches of member banks to U.S. residents other than depository institutions and money market mutual funds (general purpose and broker/dealer).

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

NOTES TO TABLE 1.20

1. Reserve aggregates include required reserves of member banks and Edge Act corporations and other depository institutions. Discontinuities associated with the implementation of the Monetary Control Act, the inclusion of Edge Act corporation reserves, and other changes in Regulation D have been removed. Beginning with the week ended December 23, 1981, reserve aggregates have been reduced by shifts of reservable liabilities to international banking facilities (IBFs). On the basis of reports of liabilities transferred to IBFs by U.S. commercial banks and U.S. agencies and branches of foreign banks, it is estimated that required reserves were lowered on average $10 millon to $20 million in December 1981 and $40 million to $70 million in January 1982.

2. Reserve balances with Federal Reserve Banks (which exclude required clearing balances) plus vault cash at institutions with required reserve balances plus vault cash equal to required reserves at other institutions.

3. Includes reserve balances and required clearing balances at Federal Reserve Banks in the current week plus vault cash held two weeks earlier used to satisfy reserve requirements at all depository institutions plus currency outside the U.S. Treasury, Federal Reserve Banks, the vaults of depository institutions, and surplus vault cash at depository institutions.

4. Reserves of depository institutions series reflect actual reserve requirement percentages with no adjustments to eliminate the effect of changes in Regulation D including changes associated with the implementation of the Monetary Control Act. Includes required reserves of member banks and Edge Act corporations and beginning November 13, 1980, other depository institutions. Under the transitional phase-in program of the Monetary Control Act of 1980, the net changes in required reserves of depository institutions have been as follows: Effective Nov. 13, 1980, a reduction of $2.9 billion; Feb. 12, 1981, an increase of $245 million; Mar. 12, 1981, an increase of $75 million; May 14, 1981, an increase of $245 million; Aug. 13, 1981, an increase of $230 million; Sept. 3, 1981, a reduction of $1.1 billion; Nov. 12, 1981, an increase of $210 million; Jan. 14, 1982, a reduction of $60 million; Feb. 11, 1982 an increase of $170 million; Mar. 4, 1982, an estimated reduction of $2.0 billion; May 13, 1982, an estimated increase of $150 million; Aug. 12, 1982 an estimated increase of $140 million; and Sept. 2, 1982, an estimated reduction of $1.2 billion. Beginning with the week ended December 23, 1981, reserve aggregates have been reduced by shifts of reservable liabilities to IBFs. On the basis of reports of liabilities transferred to IBFs by U.S. commercial banks and U.S. agencies and branches of foreign banks, it is estimated that required reserves were lowered on average by $60 million to $90 million in December 1981 and $180 million to $230 million in January 1982, mostly reflecting a reduction in reservable Eurocurrency transactions.

NOTE. Latest monthly and weekly figures are available from the Board's H.3(502) statistical release. Back data and estimates of the impact on required reserves and 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.

1.22 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	1980[1]	1981[1]	1982[1]	1982					
				July	Aug.	Sept.	Oct.	Nov.	Dec.
	Seasonally adjusted								
DEBITS TO									
Demand deposits[2]									
1 All insured banks	62,757.8	80,858.7	90,004.8	90,280.7	95,177.9	94,480.0	97,097.0	95,475.9	86,832.4
2 Major New York City banks	25,156.1	33,891.9	37,023.2	36,880.8	39,525.3	37,986.3	42,077.9	38,971.6	31,188.4
3 Other banks	37,601.7	46,966.9	52,981.6	53,399.8	55,652.6	56,493.7	55,019.1	56,504.4	55,644.1
4 ATS-NOW accounts[3]	159.3	743.4	1,036.4	1,049.9	1,146.2	1,165.4	1,109.4	1,224.6	1,450.9
5 Savings deposits[4]	670.0	672.7	721.4	773.8	770.7	707.8	637.0	697.1	889.3
DEPOSIT TURNOVER									
Demand deposits[2]									
6 All insured banks	198.7	285.8	321.0	325.0	341.6	341.0	343.0	333.8	304.3
7 Major New York City banks	803.7	1,105.1	1,257.8	1,265.7	1,424.2	1,282.5	1,298.7	1,263.7	1,023.1
8 Other banks	132.2	186.2	211.1	214.8	221.8	228.3	219.5	221.4	218.3
9 ATS-NOW accounts[3]	9.7	14.0	14.5	15.3	16.2	15.9	14.7	15.6	18.4
10 Savings deposits[4]	3.6	4.1	4.5	5.0	5.0	4.6	4.0	4.3	4.7
	Not seasonally adjusted								
DEBITS TO									
Demand deposits[2]									
11 All insured banks	63,124.4	81,197.9	90,031.9	91,318.9	94,968.5	95,557.1	93,543.3	91,838.3	95,454.9
12 Major New York City banks	25,243.1	34,032.0	37,001.0	37,502.5	39,126.7	39,634.0	39,657.6	36,893.5	35,576.3
13 Other banks	37,881.3	47,165.9	53,030.9	53,816.4	55,841.8	55,923.1	53,885.7	54,944.8	59,878.6
14 ATS-NOW accounts[3]	158.0	737.6	1,027.3	1,021.0	1,020.5	1,097.3	1,098.0	1,115.0	1,414.7
15 Savings deposits[4]	669.8	672.9	720.0	778.2	763.7	695.2	672.7	663.3	878.0
DEPOSIT TURNOVER									
Demand deposits[2]									
16 All insured banks	202.3	286.1	321.6	328.2	346.9	345.3	327.8	319.3	326.2
17 Major New York City banks	814.8	1,114.2	1,263.3	1,305.8	1,472.8	1,362.5	1,220.8	1,198.6	1,152.1
18 Other banks	134.8	186.2	211.5	215.7	225.9	225.8	213.1	213.9	228.8
19 ATS-NOW accounts[3]	9.7	14.0	14.3	14.8	14.4	15.0	14.5	14.1	17.5
20 Savings deposits[4]	3.6	4.1	4.5	4.9	4.9	4.4	4.2	4.1	4.7

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 as well as special club accounts, such as Christmas and vacation clubs.

NOTE. Historical data for demand deposits are available back to 1970 estimated in part from the debits series for 233 SMSA's 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.

1.23 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars; averages of Wednesday figures

Category	1981	1982					1981	1982				
	Dec.[2]	Aug.	Sept.[3]	Oct.	Nov.	Dec.	Dec.[2]	Aug.	Sept.[3]	Oct.	Nov.	Dec.
	Seasonally adjusted						Not seasonally adjusted					
1 **Total loans and securities[4]**	**1,316.3**	**1,383.1**	**1,389.4**	**1,397.5**	**1,398.5**	**1,412.4**	**1,326.1**	**1,377.7**	**1,391.0**	**1,402.8**	**1,405.4**	**1,422.8**
2 U.S. Treasury securities	111.0	117.8	118.2	122.3	126.4	130.9	111.4	116.4	117.8	121.3	125.5	131.4
3 Other securities	231.4	237.1	237.6	237.2	235.8	239.2	232.8	236.4	237.7	237.5	236.3	240.7
4 Total loans and leases[4]	973.9	1,028.3	1,033.5	1,038.1	1,036.4	1,042.3	981.8	1,024.9	1,035.5	1,044.0	1,043.5	1,050.7
5 Commercial and industrial loans	358.0	387.9	392.5	394.8	392.0	392.4	360.1	385.5	392.1	395.4	393.8	394.7
6 Real estate loans	285.7	298.5	299.5	300.5	301.6	303.0	286.8	298.2	300.1	301.7	302.8	303.9
7 Loans to individuals	185.1	189.5	189.6	190.0	190.3	192.1	186.4	189.7	190.9	191.5	191.5	193.4
8 Security loans	21.9	21.4	22.6	24.2	23.4	24.7	22.7	22.0	22.3	23.9	23.9	25.5
9 Loans to nonbank financial institutions	30.2	33.2	32.6	32.4	32.2	31.1	31.2	33.1	32.8	32.7	32.6	32.1
10 Agricultural loans	33.0	36.0	36.3	36.3	36.3	36.3	33.0	36.5	36.8	36.8	36.5	36.3
11 Lease financing receivables	12.7	13.1	13.1	13.1	13.1	13.1	12.7	13.1	13.1	13.1	13.1	13.1
12 All other loans	47.2	48.7	47.4	46.8	47.5	49.6	49.2	46.8	47.5	48.9	49.3	51.7
MEMO:												
13 **Total loans and securities plus loans sold[4,5]**	**1,319.1**	**1,386.0**	**1,392.2**	**1,400.3**	**1,401.5**	**1,415.3**	**1,328.9**	**1,380.5**	**1,393.8**	**1,405.6**	**1,408.3**	**1,425.7**
14 Total loans plus loans sold[4,5]	976.7	1,031.1	1,036.4	1,040.9	1,039.3	1,045.2	984.7	1,027.7	1,038.4	1,046.9	1,046.4	1,053.6
15 Total loans sold to affiliates[4,5]	2.8	2.8	2.8	2.8	2.9	2.9	2.8	2.8	2.8	2.8	2.9	2.9
16 Commercial and industrial loans plus loans sold[5]	360.2	390.2	394.7	397.0	394.3	394.7	362.3	387.8	394.4	397.7	396.1	397.0
17 Commercial and industrial loans sold[5]	2.2	2.3	2.3	2.2	2.3	2.3	2.2	2.3	2.3	2.2	2.3	2.3
18 Acceptances held	8.9	9.1	9.3	9.4	8.4	8.5	9.8	8.8	9.4	9.3	8.7	9.5
19 Other commercial and industrial loans	349.1	378.8	383.1	385.3	383.6	383.9	350.3	376.7	382.7	386.1	385.1	385.2
20 To U.S. addressees[6]	334.9	365.8	369.8	372.7	371.5	372.5	334.3	364.0	369.6	373.4	372.6	372.8
21 To non-U.S. addressees	14.2	13.0	13.3	12.6	12.1	11.4	16.1	12.8	13.1	12.7	12.6	12.4
22 Loans to foreign banks	19.0	14.6	13.8	13.9	14.0	13.5	20.0	14.1	14.2	14.2	14.1	14.5

1. Includes domestically chartered banks; U.S. branches and agencies of foreign banks, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.
2. Beginning December 1981, shifts of foreign loans and securities from U.S. banking offices to international banking facilities (IBFs) reduced the levels of several items. Seasonally adjusted data that include adjustments for the amounts shifted from domestic offices to IBFs are available in the Board's G.7 (407) statistical release (available from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551).
3. Reclassification of loans beginning September 29, 1982, increased real estate loans $0.3 billion and decreased nonbank financial loans $0.3 billion.
4. Excludes loans to commercial banks in the United States.
5. 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.
6. United States includes the 50 states and the District of Columbia.

NOTE. Data are prorated averages of Wednesday estimates for domestically chartered banks, based on weekly reports of a sample of domestically chartered banks and quarterly reports of all domestically chartered banks. For foreign-related institutions, data are averages of month-end estimates based on weekly reports from large agencies and branches and quarterly reports from all agencies, branches, investment companies, and Edge Act corporations engaged in banking.

1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	1980	1981	1982									
	Dec.	Dec.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Total nondeposit funds												
1 Seasonally adjusted[2]	122.0	98.5	83.8	83.4	82.0	84.2	79.8	78.1	71.5	76.3	79.2	78.8
2 Not seasonally adjusted	122.6	98.9	84.8	84.3	85.4	86.3	81.8	82.6	77.2	78.6	84.5	79.3
Federal funds, RPs, and other borrowings from nonbanks[3]												
3 Seasonally adjusted	111.1	114.2	113.6	113.1	113.2	113.8	114.3	116.7	114.8	121.9	121.7	124.2
4 Not seasonally adjusted	111.6	114.6	114.6	113.9	116.6	115.9	116.3	121.2	120.5	124.2	126.9	124.7
5 Net balances due to foreign-related institutions, not seasonally adjusted	8.2	−18.6	−32.6	−32.5	−34.0	−32.5	−37.3	−41.4	−46.1	−48.4	−45.4	−48.3
6 Loans sold to affiliates, not seasonally adjusted[4]	2.7	2.8	2.8	2.8	2.8	3.0	2.8	2.8	2.8	2.8	2.9	2.9
MEMO												
7 Domestically chartered banks' net positions with own foreign branches, not seasonally adjusted[5]	−14.7	−22.5	−28.8	−29.8	−29.9	−29.2	−33.0	−34.4	−38.7	−40.4	−38.3	−39.5
8 Gross due from balances	37.5	54.9	56.7	57.4	58.1	57.7	60.6	65.1	68.5	69.8	69.9	72.2
9 Gross due to balances	22.8	32.4	27.9	27.6	28.3	28.5	27.6	30.6	29.8	29.4	31.6	32.7
10 Foreign-related institutions' net positions with directly related institutions, not seasonally adjusted[6]	22.9	3.9	−3.8	−2.7	−4.1	−3.3	−4.4	−7.0	−7.3	−8.0	−7.1	−8.9
11 Gross due from balances	32.5	48.1	50.0	49.1	49.5	50.2	52.6	53.4	54.1	53.9	53.6	54.8
12 Gross due to balances	55.4	52.0	46.2	46.4	45.4	46.9	48.3	46.4	46.7	45.8	46.5	45.9
Security RP borrowings												
13 Seasonally adjusted[7]	64.0	70.0	71.4	71.9	69.0	69.1	69.3	71.9	68.5	75.2	74.4	77.8
14 Not seasonally adjusted	62.3	68.2	70.0	70.4	70.0	68.7	68.9	73.9	71.7	75.0	77.1	75.8
U.S. Treasury demand balances[8]												
15 Seasonally adjusted	9.5	11.8	17.5	13.6	15.3	9.9	8.4	9.2	10.6	13.6	9.8	11.5
16 Not seasonally adjusted	9.0	11.2	15.5	13.8	15.4	10.8	8.3	8.2	12.4	16.5	7.9	10.9
Time deposits, $100,000 or more[9]												
17 Seasonally adjusted	267.0	324.0	332.0	334.4	341.1	349.5	360.1	367.0	366.5	367.4	360.4	346.8
18 Not seasonally adjusted	272.4	330.3	337.2	335.6	340.0	344.6	350.5	359.2	361.6	364.7	361.5	353.5
IBF ADJUSTMENTS FOR SELECTED ITEMS[10]												
19 Items 1 and 2	....	22.4	30.8	31.4	31.7	32.0	32.2	32.4	32.4	....	....	....
20 Items 3 and 4	....	1.7	2.4	2.4	2.4	2.4	2.4	2.4	2.4	....	....	....
21 Item 5	....	20.7	28.4	29.0	29.3	29.6	29.8	30.0	30.0	....	....	....
22 Item 7	....	3.1	4.9	5.0	5.0	5.0	5.1	5.1	5.1	....	....	....
23 Item 10	....	17.6	23.6	24.0	24.3	24.6	24.7	24.9	24.9	....	....	....

1. Commercial banks are those in the 50 states and the District of Columbia with national or state charters plus agencies and branches of foreign banks, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.
2. Includes seasonally adjusted federal funds, RPs, and other borrowings from nonbanks and not seasonally adjusted net Eurodollars and loans to affiliates. Includes averages of Wednesday data for domestically chartered banks and averages of current and previous month-end data for foreign-related institutions.
3. Other borrowings are borrowings on any instrument, such as a promissory note or due bill, given for the purpose of borrowing money for the banking business. This includes borrowings from Federal Reserve Banks and from foreign banks, term federal funds, overdrawn due from bank balances, loan RPs, and participations in pooled loans. Includes averages of daily figures for member banks and averages of current and previous month-end data for foreign-related institutions.
4. Loans initially booked by the bank and later sold to affiliates that are still held by affiliates. Averages of Wednesday data.
5. Averages of daily figures for member and nonmember banks.
6. Averages of daily data.
7. Based on daily average data reported by 122 large banks.
8. Includes U.S. Treasury demand deposits and Treasury tax-and-loan notes at commercial banks. Averages of daily data.
9. Averages of Wednesday figures.
10. Estimated effects of shifts of foreign assets from U.S. banking offices to international banking facilities (IBFs).

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

Billions of dollars except for number of banks

Account	1982 Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1983 Jan.
DOMESTICALLY CHARTERED COMMERCIAL BANKS[1]											
1 Loans and securities, excluding interbank	1,285.8	1,292.6	1,300.7	1,315.4	1,313.2	1,318.8	1,337.1	1,343.0	1,347.0	1,370.4	1,370.5
2 Loans, excluding interbank	939.9	947.2	954.3	969.1	966.6	970.6	985.9	988.5	990.4	1,000.8	993.1
3 Commercial and industrial	332.4	336.7	341.9	348.7	346.4	346.2	354.4	355.2	354.8	357.3	355.5
4 Other	607.5	610.5	612.4	620.4	620.3	624.4	631.5	633.3	635.6	643.5	637.6
5 U.S. Treasury securities	114.5	113.0	111.5	113.4	113.4	113.7	115.0	119.4	122.2	129.0	136.1
6 Other securities	231.4	232.4	234.9	232.9	233.2	234.5	236.2	235.1	234.4	240.5	241.3
7 Cash assets, total	164.5	153.6	153.0	165.4	154.5	160.8	157.4	162.1	169.7	184.4	167.9
8 Currency and coin	18.9	19.9	20.0	20.1	20.5	20.3	20.4	20.5	19.0	23.0	20.4
9 Reserves with Federal Reserve Banks	25.7	25.5	21.7	18.2	25.1	26.1	17.0	23.5	22.0	25.4	23.7
10 Balances with depository institutions	55.9	52.4	54.9	59.6	55.4	58.8	60.4	61.3	64.6	67.6	67.8
11 Cash items in process of collection	64.0	55.8	56.3	67.4	53.6	55.5	59.6	56.8	64.1	68.4	55.9
12 Other assets[2]	219.3	206.6	209.9	223.2	224.2	231.3	234.9	237.0	241.8	265.3	259.9
13 **Total assets/total liabilities and capital**	**1,669.5**	**1,652.9**	**1,663.6**	**1,704.0**	**1,692.0**	**1,710.9**	**1,729.3**	**1,742.1**	**1,758.6**	**1,820.1**	**1,798.2**
14 Deposits	1,250.8	1,231.0	1,244.0	1,284.8	1,266.4	1,279.1	1,290.7	1,300.2	1,316.9	1,361.8	1,339.3
15 Demand	338.3	315.5	315.4	345.2	314.4	315.5	323.0	326.5	338.1	363.9	323.7
16 Savings	229.9	226.6	227.6	228.9	227.1	229.5	230.9	238.2	244.9	296.4	360.8
17 Time	682.6	688.9	701.0	710.7	724.8	734.1	736.8	735.4	733.9	701.5	654.7
18 Borrowings	196.4	201.1	195.1	189.7	195.4	196.0	202.8	203.7	198.1	215.1	221.5
19 Other liabilities	94.4	92.4	93.9	96.6	99.1	103.9	103.4	106.2	109.3	109.2	106.1
20 Residual (assets less liabilities)	128.0	128.4	130.6	133.0	131.1	131.9	132.5	132.0	134.3	133.9	131.4
MEMO:											
21 U.S. Treasury note balances included in borrowing	10.9	16.6	7.1	7.5	8.0	5.9	17.0	11.7	2.4	10.7	17.0
22 Number of banks	14,709	14,710	14,722	14,736	14,752	14,770	14,785	14,797	14,782	14,787	14,787
ALL COMMERCIAL BANKING INSTITUTIONS[3]											
23 Loans and securities, excluding interbank	1,345.8	1,350.7	1,358.5	1,374.3	1,371.3	1,376.6	1,397.3	1,401.7	1,413.7	1,429.8	1,427.1
24 Loans, excluding interbank	995.1	1,000.6	1,007.6	1,023.7	1,020.8	1,024.7	1,042.4	1,042.3	1,052.1	1,054.9	1,044.6
25 Commercial and industrial	372.4	374.7	379.3	386.7	384.4	384.5	395.0	393.1	398.3	395.9	392.8
26 Other	622.7	625.8	628.3	637.0	636.4	640.2	647.4	649.2	653.8	659.0	651.8
27 U.S. Treasury securities	117.6	116.1	114.3	116.2	115.7	115.8	117.2	122.7	125.7	132.8	139.6
28 Other securities	233.1	234.1	236.6	234.4	234.8	236.1	237.7	236.7	235.9	242.1	242.9
29 Cash assets, total	178.8	168.1	167.7	180.3	169.3	176.2	173.7	178.7	181.2	200.7	183.8
30 Currency and coin	18.9	19.9	20.0	20.2	20.5	20.4	20.4	20.5	19.0	23.0	20.4
31 Reserves with Federal Reserve Banks	26.9	26.8	23.0	19.6	26.5	27.5	18.4	25.0	23.4	26.8	25.2
32 Balances with depository institutions	68.0	64.6	67.3	72.2	67.8	71.8	74.2	75.3	74.4	81.4	81.2
33 Cash items in process of collection	65.0	56.8	57.3	68.4	54.6	56.5	60.6	57.8	64.3	69.4	56.9
34 Other assets[2]	295.2	280.3	285.9	300.0	299.4	306.8	310.3	313.9	323.3	341.7	333.1
35 **Total assets/total liabilities and capital**	**1,819.9**	**1,799.1**	**1,812.1**	**1,854.7**	**1,840.1**	**1,859.6**	**1,881.3**	**1,894.2**	**1,918.2**	**1,972.2**	**1,944.0**
36 Deposits	1,295.0	1,272.7	1,286.2	1,325.8	1,307.3	1,321.7	1,335.5	1,345.2	1,358.1	1,409.7	1,384.1
37 Demand	350.8	327.9	327.9	357.4	326.8	327.7	335.1	338.9	344.9	376.2	335.7
38 Savings	230.2	226.9	227.8	229.1	227.4	229.7	231.1	238.5	245.1	296.7	361.2
39 Time	714.0	717.9	730.4	739.3	753.1	764.3	769.2	767.8	768.0	736.7	687.2
40 Borrowings	260.0	260.8	255.3	253.2	260.0	260.0	267.6	268.3	267.0	278.3	283.4
41 Other liabilities	135.0	135.3	138.2	140.8	139.8	144.1	143.8	146.9	156.6	148.4	143.2
42 Residual (assets less liabilities)	129.9	130.3	132.5	134.9	133.0	133.8	134.4	133.9	136.6	135.8	133.3
MEMO:											
43 U.S. Treasury note balances included in borrowing	10.9	16.6	7.1	7.5	8.0	5.9	17.0	11.7	2.4	10.7	17.0
44 Number of banks	15,214	15,215	15,235	15,235	15,271	15,289	15,311	15,330	15,318	15,329	15,329

1. Domestically chartered commercial banks include all commercial banks in the United States except branches of foreign banks; included are member and nonmember banks, stock savings banks, and nondeposit trust companies.
2. Other assets include loans to U.S. commercial banks.
3. Commercial banking institutions include domestically chartered commercial banks, branches and agencies of foreign banks, Edge Act and Agreement corporations, and New York State foreign investment corporations.

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

1.26 ALL LARGE WEEKLY REPORTING COMMERCIAL BANKS with Domestic Assets of $750 Million or More on December 31, 1977, Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1982					1983				Adjustment bank, 1982
	Dec. 1	Dec. 8	Dec. 15	Dec. 22	Dec. 29p	Jan. 5p	Jan. 12p	Jan. 19p	Jan. 26p	
1 Cash items in process of collection	58,943	52,754	61,362	56,097	54,686	54,325	48,913	49,770	44,373	215
2 Demand deposits due from banks in the United States	8,210	7,274	8,428	8,532	9,424	8,713	7,493	8,162	7,242	197
3 All other cash and due from depository institutions	35,003	31,847	38,714	34,124	38,553	35,759	38,807	39,369	37,471	394
4 Total loans and securities	**648,709**	**651,589**	**651,576**	**654,636**	**655,562**	**671,742**	**661,699**	**658,729**	**653,892**	**5,369**
Securities										
5 U.S. Treasury securities	44,152	45,093	43,445	44,308	44,586	48,816	47,182	46,129	46,738	354
6 Trading account	9,411	9,716	7,817	8,154	7,856	10,720	9,215	8,204	8,436	....
7 Investment account, by maturity	34,740	35,376	35,627	36,154	36,730	38,096	37,967	37,925	38,302	354
8 One year or less	10,897	11,322	11,346	11,657	12,097	12,261	11,861	11,671	11,600	145
9 Over one through five years	21,816	21,933	22,171	22,363	22,491	23,022	23,270	23,385	23,947	175
10 Over five years	2,027	2,121	2,110	2,134	2,142	2,813	2,836	2,868	2,754	33
11 Other securities	77,899	79,797	79,400	80,242	81,277	84,902	82,175	82,271	81,783	1,190
12 Trading account	4,643	6,421	5,695	5,813	5,877	7,447	4,672	4,512	3,897	4
13 Investment account	73,256	73,376	73,705	74,429	75,400	77,454	77,503	77,758	77,887	1,186
14 U.S. government agencies	14,935	15,017	15,140	15,272	15,391	16,050	16,077	16,297	16,196	475
15 States and political subdivisions, by maturity	55,375	55,497	55,676	56,218	57,034	58,300	58,258	58,260	58,399	608
16 One year or less	6,872	6,980	6,882	7,035	7,162	7,416	7,250	7,268	7,176	106
17 Over one year	48,503	48,517	48,794	49,183	49,872	50,884	51,008	50,993	51,223	503
18 Other bonds, corporate stocks and securities	2,946	2,862	2,889	2,939	2,975	3,104	3,168	3,201	3,292	103
Loans										
19 Federal funds sold[1]	40,984	43,259	42,708	41,729	41,566	45,581	45,131	42,585	40,519	292
20 To commercial banks	28,815	29,763	30,395	28,543	29,253	33,435	32,475	30,666	28,620	292
21 To nonbank brokers and dealers in securities	9,221	10,184	9,301	10,181	9,347	9,257	9,506	8,893	8,561	....
22 To others	2,949	3,312	3,012	3,004	2,966	2,888	3,150	3,027	3,338	....
23 Other loans, gross	498,853	496,643	499,208	501,470	501,095	505,583	500,420	500,945	498,050	3,756
24 Commercial and industrial	217,027	215,834	215,893	216,621	216,880	219,464	217,265	218,315	216,409	812
25 Bankers acceptances and commercial paper	4,812	4,500	5,276	5,840	6,075	5,418	5,146	5,349	4,951	23
26 All other	212,214	211,334	210,617	210,781	210,805	214,047	212,119	212,966	211,458	789
27 U.S. addressees	205,337	204,480	203,714	203,972	203,988	207,360	205,423	206,309	204,809	787
28 Non-U.S. addressees	6,878	6,854	6,903	6,809	6,817	6,687	6,696	6,657	6,649	2
29 Real estate	131,987	131,966	132,132	132,310	132,324	133,469	133,371	133,320	133,336	1,906
30 To individuals for personal expenditures	73,988	74,052	74,564	75,016	75,551	76,533	76,275	76,037	75,880	920
To financial institutions										
31 Commercial banks in the United States	7,460	7,275	7,456	8,112	7,804	8,119	7,842	7,687	7,439	4
32 Banks in foreign countries	7,359	7,291	7,370	7,254	7,506	7,084	7,167	6,864	7,052	....
33 Sales finance, personal finance companies, etc.	11,179	10,872	10,834	10,540	10,693	10,494	10,359	10,406	10,331	2
34 Other financial institutions	15,838	16,018	15,968	15,926	16,231	16,369	16,350	15,985	16,053	34
35 To nonbank brokers and dealers in securities	8,594	8,632	9,763	9,613	8,321	7,855	7,279	7,415	6,643	....
36 To others for purchasing and carrying securities[2]	3,033	3,015	3,108	2,931	2,902	2,689	2,660	2,607	2,622	2
37 To finance agricultural production	6,362	6,330	6,327	6,222	6,290	6,359	6,356	6,311	6,287	32
38 All other	16,026	15,357	15,792	16,925	16,591	17,145	15,495	15,998	15,999	44
39 Less: Unearned income	5,523	5,508	5,505	5,498	5,451	5,576	5,604	5,584	5,560	188
40 Loan loss reserve	7,657	7,695	7,679	7,615	7,510	7,563	7,605	7,616	7,638	35
41 Other loans, net	485,673	483,440	486,024	488,357	488,133	492,444	487,211	487,744	484,852	3,533
42 Lease financing receivables	11,038	11,057	11,035	11,052	11,136	11,256	11,244	11,233	11,223	1
43 All other assets	136,150	135,652	137,504	138,653	141,168	145,975	149,332	144,625	143,026	359
44 Total assets	**898,052**	**890,173**	**908,619**	**903,094**	**910,531**	**927,771**	**917,487**	**911,888**	**897,228**	**6,534**
Deposits										
45 Demand deposits	190,848	181,304	195,136	188,733	189,652	192,966	176,842	175,373	165,588	1,369
46 Mutual savings banks	716	678	881	660	627	872	759	736	607	10
47 Individuals, partnerships, and corporations	143,159	134,561	144,032	140,189	139,364	144,936	136,126	131,200	126,148	1,216
48 States and political subdivisions	5,238	4,565	5,586	5,570	5,487	6,035	4,888	5,172	5,141	70
49 U.S. government	1,064	1,907	6,138	2,016	1,767	3,033	2,212	4,084	2,086	9
50 Commercial banks in the United States	23,374	20,173	22,045	22,818	23,613	23,550	18,653	19,749	18,415	21
51 Banks in foreign countries	6,562	6,304	6,164	6,584	6,650	5,480	5,799	5,542	5,739	2
52 Foreign governments and official institutions	1,084	1,069	943	1,077	1,310	1,057	1,140	998	1,053	....
53 Certified and officers' checks	9,653	12,046	9,346	9,820	10,833	8,004	7,265	7,891	6,398	41
54 Time and savings deposits	400,640	401,109	401,661	405,404	406,773	412,367	415,185	413,494	413,380	4,275
55 Savings	85,764	86,406	95,319	104,685	110,611	123,752	132,060	137,805	141,645	1,449
56 Individuals and nonprofit organizations	82,287	82,930	90,793	98,415	103,180	114,241	121,190	125,766	128,730	1,394
57 Partnerships and corporations operated for profit	2,901	2,928	3,795	5,572	6,635	8,600	9,899	10,899	11,789	46
58 Domestic governmental units	556	530	710	674	765	865	926	1,078	1,029	9
59 All other	20	18	20	25	30	46	44	61	97	....
60 Time	314,876	314,703	306,342	300,719	296,162	288,615	283,126	275,689	271,736	2,826
61 Individuals, partnerships, and corporations	276,065	275,937	268,249	262,593	257,937	251,484	246,002	239,411	235,551	2,674
62 States and political subdivisions	20,892	20,883	20,497	20,582	20,636	20,026	20,273	20,114	20,294	148
63 U.S. government	570	580	570	567	644	614	568	547	398	....
64 Commercial banks in the United States	12,534	12,469	12,240	12,342	12,287	11,948	11,874	11,237	11,178	3
65 Foreign governments, official institutions, and banks	4,815	4,834	4,786	4,635	4,658	4,542	4,408	4,380	4,314	....
Liabilities for borrowed money										
66 Borrowings from Federal Reserve Banks	1,642	1,188	2,917	378	1,123	50	1,535	1,850	50	....
67 Treasury tax-and-loan notes	5,704	892	535	7,067	7,938	9,449	8,764	10,554	12,972	....
68 All other liabilities for borrowed money[3]	150,946	158,314	159,365	154,264	158,222	166,707	168,379	166,655	160,411	324
69 Other liabilities and subordinated notes and debentures	90,546	89,456	91,360	90,010	89,411	87,265	87,760	85,129	85,907	110
70 Total liabilities	**840,326**	**832,262**	**850,973**	**845,857**	**853,119**	**868,805**	**858,465**	**853,056**	**838,309**	**6,077**
71 Residual (total assets minus total liabilities)[4]	57,726	57,911	57,646	57,237	57,412	58,966	59,022	58,832	58,919	457

1. Includes securities purchased under agreements to resell.
2. Other than financial institutions and brokers and dealers.
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. Not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

1.27 LARGE WEEKLY REPORTING COMMERCIAL BANKS with Domestic Assets of $1 Billion or More on December 31, 1977, Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1982					1983				Adjustment bank, 1982
	Dec. 1	Dec. 8	Dec. 15	Dec. 22	Dec. 29p	Jan. 5p	Jan. 12p	Jan. 19p	Jan. 26p	
1 Cash items in process of collection	55,815	50,189	58,121	52,851	51,767	51,057	46,024	46,761	41,839	146
2 Demand deposits due from banks in the United States	7,452	6,630	7,697	7,682	8,577	9,928	6,836	7,426	6,496	180
3 All other cash and due from depository institutions	32,152	29,362	35,783	31,318	35,695	32,858	35,734	36,149	34,348	174
4 Total loans and securities	**606,457**	**608,763**	**608,691**	**611,680**	**611,936**	**624,963**	**615,485**	**612,874**	**608,496**	**3,763**
Securities										
5 U.S. Treasury securities	40,388	41,253	39,637	40,499	40,746	44,793	43,154	42,068	42,782	293
6 Trading account	9,285	9,588	7,734	8,073	7,782	10,621	9,112	8,084	8,328	....
7 Investment account, by maturity	31,102	31,664	31,903	32,426	32,964	34,172	34,042	33,984	34,454	292
8 One year or less	9,734	10,013	10,017	10,300	10,701	10,722	10,372	10,189	10,177	113
9 Over one through five years	19,605	19,797	20,042	20,257	20,399	20,919	21,116	21,208	21,713	157
10 Over five years	1,763	1,855	1,844	1,868	1,863	2,532	2,555	2,588	2,563	22
11 Other securities	71,480	73,389	72,852	73,609	74,538	77,744	75,001	75,039	74,386	774
12 Trading account	4,461	6,247	5,486	5,583	5,649	7,278	4,515	4,303	3,730	4
13 Investment account	67,019	67,143	67,366	68,026	68,889	70,467	70,486	70,736	70,656	770
14 U.S. government agencies	13,703	13,780	13,854	14,017	14,148	14,639	14,643	14,858	14,778	301
15 States and political subdivisions, by maturity	50,571	50,703	50,829	51,287	51,996	52,962	52,927	52,930	52,847	379
16 One year or less	6,237	6,349	6,227	6,373	6,452	6,660	6,509	6,524	6,432	58
17 Over one year	44,334	44,354	44,602	44,914	45,544	46,302	45,418	46,406	46,415	322
18 Other bonds, corporate stocks and securities	2,745	2,660	2,683	2,723	2,745	2,865	2,916	2,948	3,031	90
Loans										
19 Federal funds sold[1]	36,287	38,024	37,781	36,881	36,373	39,209	39,242	37,195	35,263	161
20 To commercial banks	24,704	25,222	26,141	24,410	24,889	27,888	27,517	26,128	24,078	161
21 To nonbank brokers and dealers in securities	8,731	9,683	8,759	9,576	8,656	8,567	8,661	8,119	7,964	....
22 To others	2,852	3,119	2,882	2,894	2,828	2,754	3,065	2,948	3,220	....
23 Other loans, gross	470,484	468,301	470,606	472,813	472,254	475,324	470,266	470,742	468,231	2,724
24 Commercial and industrial	205,989	204,813	204,812	205,508	205,698	207,907	205,774	206,813	205,279	562
25 Bankers acceptances and commercial paper	4,488	4,179	4,952	5,502	5,728	5,018	4,708	4,921	4,554	9
26 All other	201,501	200,634	199,860	200,006	199,970	202,889	201,065	201,892	200,725	553
27 U.S. addressees	194,748	193,904	193,087	193,317	193,273	196,332	194,484	195,346	194,181	551
28 Non-U.S. addressees	6,754	6,730	6,774	6,689	6,697	6,556	6,582	6,546	6,544	2
29 Real estate	124,583	124,585	124,714	124,894	124,931	125,567	125,433	125,350	125,398	1,373
30 To individuals for personal expenditures	66,073	66,139	66,587	66,976	67,454	68,030	67,813	67,600	67,456	704
To financial institutions										
31 Commercial banks in the United States	7,322	7,117	7,299	7,935	7,621	7,947	7,664	7,500	7,240	....
32 Banks in foreign countries	7,285	7,224	7,283	7,186	7,440	7,020	7,099	6,794	6,978	....
33 Sales finance, personal finance companies, etc.	10,997	10,690	10,658	10,357	10,503	10,307	10,191	10,236	10,167	2
34 Other financial institutions	15,388	15,556	15,496	15,466	15,763	15,820	15,782	15,401	15,456	26
35 To nonbank brokers and dealers in securities	8,560	8,598	9,727	9,581	8,268	7,786	7,237	7,377	6,610	....
36 To others for purchasing and carrying securities[2]	2,807	2,785	2,884	2,706	2,681	2,457	2,429	2,374	2,390	2
37 To finance agricultural production	6,197	6,167	6,164	6,056	6,125	6,177	6,169	6,129	6,084	19
38 All other	15,283	14,629	14,981	16,148	15,770	16,304	14,675	15,166	15,173	37
39 LESS: Unearned income	4,906	4,892	4,888	4,882	4,836	4,942	4,969	4,949	4,926	164
40 Loan loss reserve	7,275	7,312	7,296	7,240	7,138	7,165	7,210	7,221	7,241	25
41 Other loans, net	458,303	456,097	458,422	460,691	460,280	463,216	458,087	458,571	456,064	2,535
42 Lease financing receivables	10,669	10,682	10,643	10,660	10,743	10,857	10,844	10,833	10,824	....
43 All other assets	132,198	131,685	133,486	134,450	136,889	141,792	145,192	140,472	139,006	296
44 Total assets	**844,744**	**837,311**	**854,421**	**848,641**	**855,606**	**869,455**	**860,116**	**854,520**	**841,011**	**4,559**
Deposits										
45 Demand deposits	177,957	169,150	181,911	175,663	176,773	178,681	164,010	162,716	153,477	920
46 Mutual savings banks	696	659	860	638	610	843	736	715	587	7
47 Individuals, partnerships, and corporations	133,169	125,008	134,026	130,109	129,320	134,120	126,178	121,675	116,817	832
48 States and political subdivisions	4,704	4,048	4,970	4,867	4,870	5,341	4,276	4,607	4,538	36
49 U.S. government	960	1,758	5,653	1,827	1,619	2,717	1,946	3,445	1,887	8
50 Commercial banks in the United States	21,610	18,671	20,409	21,170	22,003	21,642	17,059	18,197	16,836	5
51 Banks in foreign countries	6,514	6,262	6,091	6,541	6,604	5,434	5,758	5,506	5,695	2
52 Foreign governments and official institutions	1,082	1,068	936	1,074	1,309	1,055	1,139	994	1,050	....
53 Certified and officers' checks	9,220	11,677	8,965	9,437	10,439	7,528	6,918	7,576	6,068	31
54 Time and savings deposits	375,664	375,878	376,026	379,426	380,614	384,499	387,140	385,496	385,526	3,024
55 Savings	79,108	79,696	87,957	96,700	102,248	114,077	121,873	127,332	131,008	990
56 Individuals and nonprofit organizations	75,899	76,492	83,912	90,908	95,391	105,374	111,922	116,253	119,127	952
57 Partnerships and corporations operated for profit	2,666	2,691	3,477	5,132	6,103	7,840	9,039	10,003	10,821	34
58 Domestic governmental units	523	495	548	635	724	818	868	1,020	968	4
59 All other	20	17	20	25	30	46	44	56	92	....
60 Time	296,556	296,183	288,069	282,726	278,367	270,422	265,266	258,164	254,518	2,034
61 Individuals, partnerships, and corporations	259,951	259,656	252,187	246,775	242,374	235,589	230,446	224,147	220,533	1,917
62 States and political subdivisions	18,962	18,914	18,577	18,725	18,729	18,033	18,280	18,152	18,400	114
63 U.S. government	512	512	502	498	576	545	502	483	334	....
64 Commercial banks in the United States	12,316	12,268	12,016	12,092	12,030	11,711	11,630	11,001	10,936	3
65 Foreign governments, official institutions, and banks	4,815	4,834	4,786	4,635	4,658	4,542	4,408	4,380	4,314	....
Liabilities for borrowed money										
66 Borrowings from Federal Reserve Banks	1,642	1,188	2,853	378	1,025	50	1,475	1,850	50	....
67 Treasury tax-and-loan notes	5,410	818	483	6,646	7,391	8,983	8,283	9,893	12,239	....
68 All other liabilities for borrowed money[3]	141,491	148,591	149,789	145,047	148,841	156,901	158,334	156,524	150,776	224
69 Other liabilities and subordinated notes and debentures	88,380	87,303	89,217	87,821	87,138	85,094	85,587	82,928	83,736	76
70 Total liabilities	**790,544**	**782,928**	**800,278**	**794,980**	**801,782**	**814,208**	**804,828**	**799,407**	**785,805**	**4,245**
71 Residual (total assets minus total liabilities)[4]	54,199	54,382	54,142	53,661	53,824	55,247	55,288	55,113	55,205	314

1. Includes securities purchased under agreements to resell.
2. Other than financial institutions and brokers and dealers.
3. Includes federal funds purchased and securities sold under agreement 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. Not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

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

Millions of dollars, Wednesday figures

Account	1982					1983			
	Dec. 1	Dec. 8	Dec. 15	Dec. 22	Dec. 29p	Jan. 5p	Jan. 12p	Jan. 19p	Jan. 26p
1 Cash items in process of collection	20,816	21,325	21,868	18,715	18,515	15,296	15,459	17,014	14,632
2 Demand deposits due from banks in the United States	1,678	1,560	1,431	1,392	1,513	1,271	1,424	1,881	1,485
3 All other cash and due from depository institutions	5,214	6,466	8,068	7,179	8,117	9,438	8,864	7,142	8,497
4 **Total loans and securities**[1]	**147,775**	**147,579**	**148,016**	**147,748**	**146,974**	**145,937**	**145,994**	**146,775**	**143,222**
Securities									
5 U.S. Treasury securities[2]	...	...	...	...	...	...	...	...	...
6 Trading account[2]	...	...	...	...	...	...	...	...	...
7 Investment account, by maturity	8,498	8,655	8,660	8,646	8,686	8,750	8,754	8,715	8,868
8 One year or less	1,271	1,286	1,286	1,285	1,282	1,288	1,287	1,276	1,249
9 Over one through five years	6,794	6,838	6,840	6,827	6,870	6,929	6,934	6,910	7,088
10 Over five years	432	531	534	534	534	534	534	529	531
11 Other securities[2]	...	...	...	...	...	...	...	...	...
12 Trading account[2]	...	...	...	...	...	...	...	...	...
13 Investment account	13,283	13,266	13,367	13,634	13,774	14,058	13,983	14,000	13,980
14 U.S. government agencies	1,693	1,663	1,636	1,604	1,577	1,542	1,530	1,512	1,496
15 States and political subdivisions, by maturity	10,746	10,845	10,965	11,267	11,435	11,748	11,693	11,715	11,700
16 One year or less	1,202	1,309	1,333	1,485	1,390	1,572	1,534	1,506	1,529
17 Over one year	9,543	9,535	9,631	9,782	10,045	10,175	10,159	10,209	10,172
18 Other bonds, corporate stocks and securities	845	759	766	762	762	767	760	772	783
Loans									
19 Federal funds sold[3]	11,319	11,484	11,799	10,311	11,344	9,190	11,178	11,331	9,347
20 To commercial banks	5,944	5,444	6,515	4,170	6,003	4,303	5,748	6,285	3,882
21 To nonbank brokers and dealers in securities	4,190	4,946	3,818	4,653	3,756	3,422	3,774	3,534	3,715
22 To others	1,186	1,094	1,466	1,488	1,586	1,464	1,656	1,511	1,750
23 Other loans, gross	118,583	118,081	118,092	119,068	117,074	117,740	115,896	116,558	114,854
24 Commercial and industrial	61,644	61,316	61,024	61,003	60,750	61,510	60,988	61,360	60,684
25 Bankers acceptances and commercial paper	1,257	1,121	1,322	1,666	1,619	1,371	1,368	1,202	1,221
26 All other	60,386	60,194	59,703	59,337	59,059	60,139	59,620	60,157	59,463
27 U.S. addressees	58,845	58,679	58,126	57,875	57,614	58,721	58,167	58,706	58,033
28 Non-U.S. addressees	1,541	1,516	1,577	1,462	1,445	1,418	1,453	1,451	1,430
29 Real estate	18,831	18,879	18,878	18,990	19,086	19,040	18,945	18,948	19,010
30 To individuals for personal expenditures	11,495	11,519	11,597	11,668	11,723	11,719	11,622	11,571	11,525
To financial institutions									
31 Commercial banks in the United States	2,655	2,616	2,588	3,098	2,931	3,339	3,071	2,735	2,700
32 Banks in foreign countries	3,031	2,964	2,892	2,901	3,191	2,804	2,826	2,557	2,743
33 Sales finance, personal finance companies, etc.	4,880	4,685	4,609	4,360	4,406	4,430	4,389	4,428	4,404
34 Other financial institutions	4,848	4,837	4,827	4,712	4,818	4,792	4,756	4,757	4,858
35 To nonbank brokers and dealers in securities	5,737	5,806	6,258	6,208	4,655	4,418	4,534	5,080	3,725
36 To others for purchasing and carrying securities[4]	944	910	940	954	928	713	687	671	684
37 To finance agricultural production	378	376	382	372	387	381	383	412	385
38 All other	4,139	4,173	4,096	4,801	4,200	4,592	3,696	4,039	4,135
39 LESS: Unearned income	1,475	1,469	1,474	1,478	1,474	1,449	1,453	1,452	1,447
40 Loan loss reserve	2,433	2,438	2,428	2,434	2,430	2,350	2,365	2,378	2,381
41 Other loans, net	114,675	114,174	114,190	115,157	113,170	113,940	112,079	112,728	111,027
42 Lease financing receivables	2,030	2,033	2,035	2,037	2,054	2,060	2,067	2,066	2,066
43 All other assets[5]	56,795	57,050	57,190	58,519	58,880	63,395	63,417	60,110	58,906
44 **Total assets**	**234,308**	**236,012**	**238,608**	**235,589**	**236,053**	**237,398**	**237,226**	**234,989**	**228,809**
Deposits									
45 Demand deposits	55,691	54,020	56,252	53,672	53,766	51,308	48,075	48,650	45,179
46 Mutual savings banks	349	321	464	312	266	400	401	380	271
47 Individuals, partnerships, and corporations	37,444	34,271	38,151	34,615	33,504	35,525	34,017	32,717	31,396
48 States and political subdivisions	552	500	626	778	516	838	599	772	572
49 U.S. government	148	473	1,507	483	442	700	599	1,028	574
50 Commercial banks in the United States	6,246	4,901	5,024	5,796	6,708	5,608	3,764	4,799	4,324
51 Banks in foreign countries	5,140	4,792	4,737	5,235	5,403	4,166	4,514	4,235	4,382
52 Foreign governments and official institutions	876	866	718	876	1,086	820	913	791	837
53 Certified and officers' checks	4,934	7,896	5,026	5,576	5,840	3,249	3,267	3,929	2,824
54 Time and savings deposits	74,449	74,994	74,740	74,964	74,722	73,734	75,110	74,667	75,036
55 Savings	10,672	10,789	11,527	13,009	14,040	15,518	17,128	18,292	19,270
56 Individuals and nonprofit organizations	10,339	10,460	11,190	12,388	13,203	14,538	16,018	17,060	17,908
57 Partnerships and corporations operated for profit	237	239	246	526	720	859	984	1,070	1,187
58 Domestic governmental units	94	88	89	94	116	110	122	154	170
59 All other	1	1	1	1	1	10	3	8	6
60 Time	63,778	64,205	63,213	61,956	60,682	58,216	57,982	56,375	55,766
61 Individuals, partnerships, and corporations	53,282	53,665	53,135	51,850	50,702	48,689	48,226	46,626	46,049
62 States and political subdivisions	2,460	2,445	2,337	2,326	2,281	2,037	2,138	2,194	2,356
63 U.S. government	201	202	206	206	206	210	235	235	85
64 Commercial banks in the United States	5,840	5,877	5,581	5,685	5,602	5,416	5,592	5,514	5,476
65 Foreign governments, official institutions, and banks	1,994	2,016	1,954	1,888	1,892	1,864	1,789	1,805	1,801
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	1,150	675	970	355	150	...	1,075	1,545	...
67 Treasury tax-and-loan notes	1,557	197	56	1,956	2,154	1,839	2,090	2,666	3,069
68 All other liabilities for borrowed money[6]	48,935	54,283	53,049	52,630	52,862	57,382	57,557	55,760	53,225
69 Other liabilities and subordinated notes and debentures	33,920	33,194	34,976	33,842	34,078	34,346	34,454	32,818	33,493
70 **Total liabilities**	**215,702**	**217,362**	**220,044**	**217,420**	**217,732**	**218,609**	**218,360**	**216,106**	**210,003**
71 Residual (total assets minus total liabilities)[7]	18,606	18,650	18,564	18,169	18,322	18,789	18,866	18,882	18,805

1. Excludes trading account securities.
2. Not available due to confidentiality.
3. Includes securities purchased under agreements to resell.
4. Other than financial institutions and brokers and dealers.
5. Includes trading account securities.
6. Includes federal funds purchased and securities sold under agreements to repurchase.
7. Not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

1.29 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures

Account	1982					1983				Adjustment bank, 1982
	Dec. 1	Dec. 8	Dec. 15	Dec. 22	Dec. 29[p]	Jan. 5[p]	Jan. 12[p]	Jan. 19[p]	Jan. 26[p]	
Banks with Assets of $750 Million or More										
1 Total loans (gross) and securities adjusted[1]	625,613	627,754	626,909	631,119	631,466	643,328	634,591	633,577	631,030	5,296
2 Total loans (gross) adjusted[1]	503,562	502,864	504,065	506,569	505,603	509,610	505,234	505,178	502,509	3,752
3 Demand deposits adjusted[2]	107,467	106,470	105,587	107,795	109,585	112,058	107,064	101,771	100,713	1,124
4 Time deposits in accounts of $100,000 or more	200,000	199,481	194,249	191,147	187,825	180,283	177,066	171,252	169,290	487
5 Negotiable CDs	140,933	139,843	136,407	134,636	132,340	126,340	124,454	119,939	118,865	244
6 Other time deposits	59,067	59,637	57,843	56,511	55,484	53,943	52,611	51,313	50,425	242
7 Loans sold outright to affiliates[3]	2,982	2,952	2,937	2,952	2,891	2,917	2,974	2,998	2,965	....
8 Commercial and industrial	2,375	2,329	2,319	2,254	2,236	2,261	2,308	2,336	2,311	....
9 Other	607	623	618	697	655	656	666	661	654	....
Banks with Assets of $1 Billion or More										
10 Total loans (gross) and securities adjusted[1]	586,613	588,629	587,435	591,478	591,400	601,236	592,483	591,416	589,345	3,790
11 Total loans (gross) adjusted[1]	474,745	473,986	474,947	477,370	476,117	478,698	474,328	474,309	472,176	2,724
12 Demand deposits adjusted[2]	99,572	98,532	97,724	99,807	101,384	103,264	98,981	94,306	92,915	761
13 Time deposits in accounts of $100,000 or more	190,762	190,130	185,038	181,943	178,745	171,353	168,299	162,717	160,941	356
14 Negotiable CDs	135,510	134,403	131,062	129,319	127,051	121,211	119,484	115,164	114,245	229
15 Other time deposits	55,252	55,726	53,977	52,624	51,694	50,142	48,815	47,552	46,696	127
16 Loans sold outright to affiliates[3]	2,915	2,884	2,876	2,882	2,823	2,848	2,905	2,928	2,894	....
17 Commercial and industrial	2,318	2,270	2,268	2,195	2,179	2,202	2,250	2,281	2,253	....
18 Other	597	614	608	687	644	646	655	647	640	....
Banks in New York City										
19 Total loans (gross) and securities adjusted[1,4]	143,084	143,427	142,816	144,391	141,945	142,095	140,993	141,585	140,467	....
20 Total loans (gross) adjusted[1]	121,303	121,505	120,788	122,111	119,485	119,287	118,256	118,869	117,619	....
21 Demand deposits adjusted[2]	28,480	27,321	27,854	28,678	28,101	29,704	28,253	25,809	25,649	....
22 Time deposits in accounts of $100,000 or more	49,080	49,395	48,715	47,838	46,772	44,500	44,688	43,336	43,080	....
23 Negotiable CDs	37,249	37,328	37,097	36,576	35,612	33,327	33,699	32,444	32,424	....
24 Other time deposits	11,831	12,067	11,618	11,262	11,159	11,173	10,988	10,892	10,656	....

1. Exclusive of loans and federal funds transactions with domestic commercial banks.
2. All demand deposits except U.S. government and domestic banks less cash items in process of collection.
3. 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.
4. Excludes trading account securities.

1.291 LARGE WEEKLY REPORTING BRANCHES AND AGENCIES OF FOREIGN BANKS Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1982					1983			
	Dec. 1	Dec. 8	Dec. 15	Dec. 22	Dec. 29p	Jan. 5p	Jan. 12p	Jan. 19p	Jan. 26p
1 Cash and due from depository institutions	7,440	7,313	7,278	7,259	7,369	7,575	7,329	7,014	7,042
2 Total loans and securities	45,478	45,119	44,718	46,730	45,249	43,938	44,055	42,707	42,791
3 U.S. Treasury securities	2,818	2,881	2,804	2,974	3,107	3,340	3,144	2,970	2,900
4 Other securities	826	831	850	845	874	893	915	913	888
5 Federal funds sold[1]	3,079	2,449	2,157	3,410	2,617	1,982	2,622	2,289	2,861
6 To commercial banks in United States	2,581	2,220	2,042	3,000	2,243	1,786	2,533	2,130	2,785
7 To others	498	229	115	409	373	197	89	158	76
8 Other loans, gross	38,754	38,958	38,906	39,500	38,650	37,722	37,374	36,536	36,142
9 Commercial and industrial	18,976	19,013	19,036	19,319	19,003	19,074	19,154	18,797	18,408
10 Bankers acceptances and commercial paper	2,809	2,734	2,842	2,910	2,816	2,741	2,847	2,701	2,717
11 All other	16,168	16,278	16,195	16,408	16,187	16,333	16,307	16,096	15,691
12 U.S. addressees	14,263	14,351	14,244	14,381	14,217	14,288	14,328	14,143	13,761
13 Non-U.S. addressees	1,905	1,927	1,951	2,027	1,970	2,045	1,979	1,953	1,930
14 To financial institutions	15,599	15,575	15,604	15,861	15,463	14,889	14,544	14,098	13,963
15 Commercial banks in United States	12,600	12,577	12,422	12,708	12,285	11,684	11,466	11,045	10,902
16 Banks in foreign countries	2,342	2,334	2,602	2,573	2,622	2,626	2,479	2,464	2,497
17 Nonbank financial institutions	657	664	581	579	556	578	600	589	564
18 For purchasing and carrying securities	345	480	530	555	480	187	166	175	240
19 All other	3,834	3,890	3,735	3,765	3,705	3,572	3,511	3,466	3,530
20 Other assets (claims on nonrelated parties)	12,128	12,406	12,349	12,404	12,556	11,478	11,011	10,928	10,974
21 Net due from related institutions	13,223	13,850	13,043	13,694	14,328	14,474	15,100	14,928	14,416
22 Total assets	78,268	78,688	77,387	80,086	79,502	77,466	77,495	75,578	75,223
23 Deposits or credit balances[2]	25,060	25,097	25,104	26,729	26,473	24,718	24,116	23,686	23,755
24 Credit balances	275	293	254	251	206	196	184	221	226
25 Demand deposits	2,463	2,298	1,999	2,430	2,104	1,676	1,904	1,897	1,764
26 Individuals, partnerships, and corporations	1,165	851	849	989	871	755	882	874	738
27 Other	1,298	1,446	1,150	1,441	1,233	921	1,022	1,023	1,026
28 Total time and savings	22,322	22,506	22,851	24,048	24,163	22,846	22,028	21,568	21,765
29 Individuals, partnerships, and corporations	19,209	19,379	19,631	20,670	20,929	19,763	19,065	18,593	18,913
30 Other	3,113	3,128	3,220	3,379	3,234	3,083	2,963	2,975	2,852
31 Borrowings[3]	32,016	33,030	31,590	32,383	32,343	33,612	34,483	32,356	31,859
32 Federal funds purchased[4]	8,678	9,448	8,182	8,603	8,356	10,350	11,330	10,138	9,308
33 From commercial banks in United States	7,462	8,049	6,906	7,122	6,877	8,834	9,968	8,981	8,242
34 From others	1,216	1,339	1,277	1,481	1,479	1,517	1,362	1,156	1,066
35 Other liabilities for borrowed money	23,337	23,582	23,407	23,780	23,987	23,261	23,154	22,218	22,551
36 To commercial banks in United States	20,719	21,262	20,508	20,932	21,198	20,578	20,404	19,508	20,025
37 To others	2,618	2,320	2,899	2,848	2,788	2,684	2,749	2,711	2,526
38 Other liabilities to nonrelated parties	11,878	11,956	12,078	12,203	12,196	11,292	12,122	11,929	11,731
39 Net due to related institutions	9,314	8,605	8,615	8,770	8,490	7,844	6,773	7,606	7,878
40 Total liabilities	78,268	78,688	77,387	80,086	79,502	77,466	77,495	75,578	75,223
MEMO									
41 Total loans (gross) and securities adjusted[5]	30,296	30,321	30,254	31,020	30,720	30,468	30,056	29,532	29,104
42 Total loans (gross) adjusted[5]	26,652	26,610	26,600	27,201	26,738	26,235	25,998	25,649	25,316

1. Includes securities purchased under agreements to resell.
2. Balances due to other than directly related institutions.
3. Borrowings from other than directly related institutions.
4. Includes securities sold under agreements to repurchase.
5. Excludes loans and federal funds transactions with commercial banks in United States.

1.30 LARGE WEEKLY REPORTING COMMERCIAL BANKS Domestic Classified Commercial and Industrial Loans

Millions of dollars

Industry classification	Outstanding					Net change during				
	1982					1982				
	Aug. 25	Sept. 29	Oct. 27	Nov. 24	Dec. 29	Q3	Q4	Oct.	Nov.	Dec.
1 Durable goods manufacturing	29,117	31,424	31,345	30,124	29,940	2,347	−1,484	−80	−1,220	−184
2 Nondurable goods manufacturing	24,866	25,811	24,774	24,632	23,908	512	−1,904	−1,037	−142	−725
3 Food, liquor, and tobacco	4,596	4,838	4,637	4,847	4,405	34	−433	−202	210	−442
4 Textiles, apparel, and leather	5,064	4,855	4,571	4,268	3,812	−7	−1,044	−284	−303	−456
5 Petroleum refining	4,717	5,323	5,464	5,518	5,627	228	304	141	54	110
6 Chemicals and rubber	5,518	5,810	5,426	5,386	5,530	259	−280	−384	−39	143
7 Other nondurable goods	4,971	4,985	4,677	4,614	4,534	1	−451	−308	−63	−80
8 Mining (including crude petroleum and natural gas)	27,313	28,406	29,266	29,633	29,568	154	1,162	860	368	−65
9 Trade	28,320	29,048	28,960	28,732	28,037	−142	−1,011	−88	−227	−696
10 Commodity dealers	1,788	1,977	2,036	2,102	2,305	116	328	60	65	204
11 Other wholesale	13,488	13,975	13,692	13,652	13,648	198	−327	−283	−39	−4
12 Retail	13,044	13,096	13,231	12,978	12,084	−456	−1,012	135	−253	−894
13 Transportation, communication, and other public utilities	24,751	24,913	24,840	25,152	24,953	−89	39	−74	313	−200
14 Transportation	8,964	8,976	8,913	9,025	9,103	−251	127	−62	112	78
15 Communication	4,905	5,153	5,254	5,297	5,258	374	106	101	43	−38
16 Other public utilities	10,882	10,785	10,672	10,830	10,591	−212	−194	−112	158	−239
17 Construction	7,825	7,815	7,757	7,759	7,863	55	48	−58	2	103
18 Services	28,938	29,196	29,587	29,472	30,502	466	1,306	392	−115	1,029
19 All other[1]	17,536	17,916	17,966	17,945	18,502	680	586	50	−21	557
20 **Total domestic loans**	**188,667**	**194,530**	**194,494**	**193,452**	**193,272**	**3,982**	**−1,258**	**−36**	**−1,042**	**−180**
21 MEMO: Term loans (original maturity more than 1 year) included in domestic loans	87,027	89,152	89,776	89,944	90,088	−655	936	623	168	144

1. Includes commercial and industrial loans at a few banks with assets of $1 billion or more that do not classify their loans.

1.31 GROSS DEMAND DEPOSITS of Individuals, Partnerships, and Corporations[1]

Billions of dollars, estimated daily-average balances

Type of holder	1978 Dec.	1979[2] Dec.	1980 Dec.	1981 June[3]	1981 Sept.	1981 Dec.	1982 Mar.	1982 June	1982 Sept.
Commercial banks									
1 **All holders—Individuals, partnerships, and corporations**	**294.6**	**302.2**	**315.5**	n.a.	**277.5**	**288.9**	**268.9**	**271.5**	**276.7**
2 Financial business	27.8	27.1	29.8	n.a.	28.2	28.0	27.8	28.6	31.9
3 Nonfinancial business	152.7	157.7	162.3	n.a.	148.6	154.8	138.7	141.4	142.9
4 Consumer	97.4	99.2	102.4	n.a.	82.1	86.6	84.6	83.7	83.3
5 Foreign	2.7	3.1	3.3	n.a.	3.1	2.9	3.1	2.9	2.9
6 Other	14.1	15.1	17.2	n.a.	15.5	16.7	14.6	15.0	15.7
Weekly reporting banks	1978 Dec.	1979[4] Dec.	1980 Dec.	1981 June[3]	1981 Sept.	1981 Dec.	1982 Mar.	1982 June	1982 Sept.
7 **All holders—Individuals, partnerships, and corporations**	**147.0**	**139.3**	**147.4**	n.a.	**131.3**	**137.5**	**126.8**	**127.9**	**132.1**
8 Financial business	19.8	20.1	21.8	n.a.	20.7	21.0	20.2	20.2	23.4
9 Nonfinancial business	79.0	74.1	78.3	n.a.	71.2	75.2	67.1	67.7	68.7
10 Consumer	38.2	34.3	35.6	n.a.	28.7	30.4	29.2	29.7	29.6
11 Foreign	2.5	3.0	3.1	n.a.	2.9	2.8	2.9	2.8	2.7
12 Other	7.5	7.8	8.6	n.a.	7.9	8.0	7.3	7.5	7.7

1. Figures include cash items in process of collection. Estimates of gross deposits are based on reports supplied by a sample of commercial banks. Types of depositors in each category are described in the June 1971 BULLETIN, p. 466.
2. Beginning with the March 1979 survey, the demand deposit ownership survey sample was reduced to 232 banks from 349 banks, and the estimation procedure was modified slightly. To aid in comparing estimates based on the old and new reporting sample, the following estimates in billions of dollars for December 1978 have been constructed using the new smaller sample; financial business, 27.0; nonfinancial business, 146.9; consumer, 98.3; foreign, 2.8; and other, 15.1.
3. Demand deposit ownership survey estimates for June 1981 are not available due to unresolved reporting errors.
4. After the end of 1978 the large weekly reporting bank panel was changed to 170 large commercial banks, each of which had total assets in domestic offices exceeding $750 million as of Dec. 31, 1977. See "Announcements," p. 408 in the May 1978 BULLETIN. Beginning in March 1979, demand deposit ownership estimates for these large banks are constructed quarterly on the basis of 97 sample banks and are not comparable with earlier data. The following estimates in billions of dollars for December 1978 have been constructed for the new large-bank panel; financial business, 18.2; nonfinancial business, 67.2; consumer, 32.8; foreign, 2.5; other, 6.8.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1977 Dec.	1978 Dec.	1979[1] Dec.	1980 Dec.	1981 Dec.	1982 July	1982 Aug.	1982 Sept.	1982 Oct.	1982 Nov.	1982 Dec.[6]
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**65,051**	**83,438**	**112,803**	**124,524**	**165,508**	**180,669**	**177,182**	**173,836**	**170,253**	**165,534**	**166,367**
Financial companies[2]											
Dealer-placed paper[3]											
2 Total	8,796	12,181	17,359	19,790	30,188	37,961	38,066	36,692	35,130	35,304	34,590
3 Bank-related (not seasonally adjusted)	2,132	3,521	2,784	3,561	6,045	6,427	6,038	5,924	5,791	6,232	2,026
Directly placed paper[4]											
4 Total	40,574	51,647	64,757	67,854	81,660	85,684	81,707	81,347	79,846	79,143	83,492
5 Bank-related (not seasonally adjusted)	7,102	12,314	17,598	22,382	26,914	31,141	28,901	27,761	25,712	27,769	31,428
6 Nonfinancial companies[5]	15,681	19,610	30,687	36,880	53,660	57,024	57,409	55,797	55,277	51,087	48,285
	Bankers dollar acceptances (not seasonally adjusted)										
7 **Total**	**25,450**	**33,700**	**45,321**	**54,744**	**69,226**	**72,559**	**72,709**	**73,818**	**75,811**	**77,125**	
Holder											
8 Accepting banks	10,434	8,579	9,865	10,564	10,857	11,164	11,805	10,752	10,661	10,596	
9 Own bills	8,915	7,653	8,327	8,963	9,743	9,734	10,740	9,370	9,399	9,455	
10 Bills bought	1,519	927	1,538	1,601	1,115	1,431	1,065	1,382	1,262	1,140	
Federal Reserve Banks											
11 Own account	954	1	704	776	0	0	0	0	0	0	n.a.
12 Foreign correspondents	362	664	1,382	1,791	1,442	1,250	1,239	1,139	1,080	992	
13 Others	13,700	24,456	33,370	41,614	56,926	60,145	59,664	61,927	64,070	65,537	
Basis											
14 Imports into United States	6,378	8,574	10,270	11,776	14,765	15,094	14,921	16,075	16,511	16,716	
15 Exports from United States	5,863	7,586	9,640	12,712	15,400	16,167	15,883	15,608	16,463	16,711	
16 All other	13,209	17,540	25,411	30,257	39,061	41,298	41,898	42,136	42,837	43,699	

1. A change in reporting instructions results in offsetting shifts in the dealer-placed and directly placed financial company paper in October 1979.
2. Institutions engaged primarily in activities such as, but not limited to, commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.
3. Includes all financial company paper sold by dealers in the open market.
4. As reported by financial companies that place their paper directly with investors.
5. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.
6. Effective December 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.

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

Percent per annum

Effective date	Rate	Effective Date	Rate	Month	Average rate	Month	Average rate
1981—Nov. 3	17.50	July 20	16.00	1981—June	20.03	1982—Apr.	16.50
9	17.00	29	15.50	July	20.39	May	16.50
17	16.50–17.00	Aug. 2	15.00	Aug.	20.50	June	16.50
		16	14.50	Sept.	20.08	July	16.26
20	16.50	18	14.00	Oct.	18.45	Aug.	14.39
24	16.00	23	13.50	Nov.	16.84	Sept.	13.50
Dec. 1	15.75	Oct. 7	13.00	Dec.	15.75	Oct.	12.52
1982—Feb. 2	16.50	14	12.00	1982—Jan.	15.75	Nov.	11.85
18	17.00	Nov. 22	11.50	Feb.	16.56	Dec.	11.50
23	16.50	1983—Jan. 11	11.00	Mar.	16.50	1983—Jan.	11.16

1.34 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, November 1–6, 1982

Item	All sizes	Size of loan (in thousands of dollars)					
		1–24	25–49	50–99	100–499	500–999	1,000 and over
Short-Term Commercial and Industrial Loans							
1 Amount of loans (thousands of dollars)	37,830,563	1,004,140	642,584	562,394	2,129,432	913,862	32,578,151
2 Number of loans	170,984	123,157	20,331	9,027	12,408	1,403	4,658
3 Weighted-average maturity (months)	1.2	3.6	3.6	4.1	4.8	3.2	.8
4 Weighted-average interest rate (percent per annum)	11.26	15.63	15.32	13.80	13.85	12.93	10.79
5 Interquartile range[1]	10.38–11.34	14.37–16.99	13.72–16.45	12.68–14.45	12.68–15.01	12.25–13.80	10.38–10.90
Percentage of amount of loans							
6 With floating rate	26.4	32.5	39.5	70.8	65.4	65.0	21.6
7 Made under commitment	70.1	40.8	35.8	64.5	54.4	68.9	72.8
8 With no stated maturity	9.6	15.9	18.7	40.0	22.2	29.5	7.3
Long-Term Commercial and Industrial Loans		1–99					
9 Amount of loans (thousands of dollars)	4,007,972	380,177			459,970	204,266	2,963,558
10 Number of loans	25,270	22,129			2,265	311	565
11 Weighted-average maturity (months)	46.2	43.9			26.4	45.3	49.6
12 Weighted-average interest rate (percent per annum)	12.24	15.17			13.98	13.02	11.54
13 Interquartile range[1]	10.68–13.55	13.80–16.65			13.50–14.94	12.55–13.88	10.62–12.68
Percentage of amount of loans							
14 With floating rate	77.8	49.0			67.9	81.6	82.7
15 Made under commitment	76.1	44.1			32.4	69.6	87.5
Construction and Land Development Loans		1–24	25–49	50–99		500 and over	
16 Amount of loans (thousands of dollars)	1,433,072	157,866	179,347	85,282	531,567	479,010	
17 Number of loans	25,255	16,181	4,750	1,278	2,806	241	
18 Weighted-average maturity (months)	11.1	14.4	16.0	6.4	8.3	12.2	
19 Weighted-average interest rate (percent per annum)	15.14	16.74	17.44	18.52	15.01	13.30	
20 Interquartile range[1]	12.73–16.09	15.02–18.10	14.75–18.97	14.23–20.57	12.69–15.58	11.82–14.50	
Percentage of amount of loans							
21 With floating rate	56.6	27.8	27.2	34.9	47.4	91.1	
22 Secured by real estate	71.6	75.0	85.6	92.8	69.2	64.3	
23 Made under commitment	39.6	44.4	43.1	29.7	21.5	58.7	
24 With no stated maturity	2.9	3.7	.4	4.8	2.1	4.0	
Type of construction							
25 1- to 4-family	43.3	74.8	64.2	72.2	56.7	5.2	
26 Multifamily	12.1	1.5	18.8	7.6	4.6	22.2	
27 Nonresidential	44.6	23.7	17.0	20.2	38.7	72.6	
Loans to Farmers	All sizes	1–9	10–24	25–49	50–99	100–249	250 and over
28 Amount of loans (thousands of dollars)	1,457,533	158,122	234,089	169,062	282,570	200,860	412,831
29 Number of loans	67,611	40,418	15,969	5,177	4,206	1,304	536
30 Weighted-average maturity (months)	5.8	5.4	7.1	6.4	5.7	6.1	4.7
31 Weighted-average interest rate (percent per annum)	14.84	15.60	15.38	15.34	15.57	15.01	13.46
32 Interquartile range[1]	13.96–15.71	15.00–16.21	14.65–16.11	14.57–16.02	15.03–16.08	14.00–15.57	11.01–15.22
By purpose of loan							
33 Feeder livestock	13.90	15.48	15.19	15.22	15.01	14.35	12.66
34 Other livestock	15.49	15.46	15.42	15.34	15.58	*	*
35 Other current operating expenses	15.33	15.65	15.40	15.42	15.50	14.56	15.20
36 Farm machinery and equipment	15.68	15.53	15.16	15.76	*	*	*
37 Other	14.53	15.62	15.66	14.84	16.26	14.65	13.74

1. Interest rate range that covers the middle 50 percent of the total dollar amount of loans made.
2. Fewer than 10 sample loans.

NOTE. For more detail, see the Board's E.2 (111) statistical release.

1.35 INTEREST RATES Money and Capital Markets

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

	Instrument	1980	1981	1982	1982			1983	1982 and 1983, week ending				
					Oct.	Nov.	Dec.	Jan.	Dec. 31	Jan. 7	Jan. 14	Jan. 21	Jan. 28
	Money Market Rates												
1	Federal funds[1,2]	13.36	16.38	12.26	9.71	9.20	8.95	8.68	8.79	10.21	8.42	8.49	8.44
	Commercial paper[3,4]												
2	1-month	12.76	15.69	11.83	9.08	8.66	8.53	8.19	8.69	8.43	8.04	8.03	8.23
3	3-month	12.66	15.32	11.89	9.20	8.69	8.51	8.17	8.52	8.35	8.03	8.02	8.26
4	6-month	12.29	14.76	11.89	9.21	8.72	8.50	8.15	8.45	8.23	8.00	8.01	8.32
	Finance paper, directly placed[3,4]												
5	1-month	12.44	15.30	11.64	8.89	8.51	8.35	8.03	8.34	8.22	7.88	7.83	8.15
6	3-month	11.49	14.08	11.23	8.60	8.39	8.18	7.96	8.12	8.09	7.92	7.79	8.03
7	6-month	11.28	13.73	11.20	8.60	8.42	8.20	7.97	8.10	8.08	7.98	7.80	8.01
	Bankers acceptances[4,5]												
8	3-month	12.72	15.32	11.89	9.24	8.76	8.54	8.19	8.54	8.32	7.99	8.05	8.32
9	6-month	12.25	14.66	11.83	9.21	8.77	8.50	8.19	8.40	8.16	7.98	8.07	8.46
	Certificates of deposit, secondary market[6]												
10	1-month	12.91	15.91	12.04	9.36	8.82	8.64	8.28	8.81	8.53	8.16	8.12	8.32
11	3-month	13.07	15.91	12.27	9.51	8.95	8.66	8.36	8.57	8.51	8.18	8.18	8.51
12	6-month	12.99	15.77	12.57	9.67	9.13	8.80	8.46	8.65	8.47	8.29	8.29	8.74
13	Eurodollar deposits, 3-month[2]	14.00	16.79	13.12	10.43	9.77	9.47	8.97	9.36	9.08	8.75	8.76	9.19
	U.S. Treasury bills[4]												
	Secondary market[7]												
14	3-month	11.43	14.03	10.61	7.71	8.07	7.94	7.86	8.01	7.92	7.66	7.75	8.05
15	6-month	11.37	13.80	11.07	8.29	8.34	8.16	7.93	8.07	7.95	7.73	7.85	8.13
16	1-year	10.89	13.14	11.07	8.63	8.44	8.23	8.01	8.11	8.02	7.82	7.96	8.19
	Auction average[8]												
17	3-month	11.506	14.077	10.686	7.750	8.042	8.013	7.810	7.975	7.896	7.671	7.619	8.055
18	6-month	11.374	13.811	11.084	8.299	8.319	8.225	7.898	8.051	7.946	7.774	7.728	8.144
19	1-year	10.748	13.159	11.099	9.521	8.567	8.234	8.007	8.095	....	....	....	8.007
	Capital Market Rates												
	U.S. Treasury notes and bonds[9]												
	Constant maturities[10]												
20	1-year	12.05	14.78	12.27	9.32	9.16	8.91	8.62	8.75	8.62	8.41	8.56	8.83
21	2-year	11.77	14.56	12.80	10.19	9.80	9.66	9.33	9.52	9.35	9.17	9.25	9.49
22	2-½-year[11]	....	....	....	....	....	....	....	9.65	....	9.30	....	9.70
23	3-year	11.55	14.44	12.92	10.62	9.98	9.88	9.64	9.79	9.65	9.45	9.55	9.87
24	5-year	11.48	14.24	13.01	10.80	10.38	10.22	10.03	10.15	10.04	9.88	9.92	10.22
25	7-year	11.43	14.06	13.06	10.88	10.53	10.49	10.36	10.40	10.29	10.22	10.28	10.58
26	10-year	11.46	13.91	13.00	10.91	10.55	10.54	10.46	10.43	10.36	10.32	10.41	10.68
27	20-year	11.39	13.72	12.92	10.97	10.57	10.62	10.78	10.66	10.63	10.65	10.76	11.01
28	30-year	11.30	13.44	12.76	11.17	10.54	10.54	10.63	10.45	10.46	10.48	10.63	10.87
	Composite[12]												
29	Over 10 years (long-term)	10.81	12.87	12.23	10.51	10.18	10.33	10.37	10.26	10.24	10.23	10.34	10.61
	State and local notes and bonds												
	Moody's series[13]												
30	Aaa	7.85	10.43	10.88	9.15	9.45	9.34	9.00	9.40	9.40	9.40	8.50	8.70
31	Baa	9.01	11.76	12.48	10.66	10.79	10.80	10.98	11.00	11.00	11.00	10.80	11.10
32	*Bond Buyer* series[14]	8.59	11.33	11.66	9.69	10.07	9.96	9.50	9.56	9.48	9.37	9.48	9.66
	Corporate bonds												
	Seasoned issues[15]												
33	All industries	12.75	15.06	14.94	13.54	13.08	13.02	12.90	12.98	12.94	12.85	12.81	12.97
34	Aaa	11.94	14.17	13.79	12.12	11.68	11.83	11.79	11.82	11.77	11.70	11.70	11.94
35	Aa	12.50	14.75	14.41	12.97	12.51	12.44	12.35	12.40	12.35	12.28	12.25	12.45
36	A	12.89	15.29	15.43	14.34	13.81	13.66	13.53	13.58	13.61	13.51	13.44	13.53
37	Baa	13.67	16.04	16.11	14.73	14.30	14.14	13.94	14.11	14.04	13.92	13.84	13.96
	Aaa utility bonds[16]												
38	New issue	12.74	15.56	14.41	12.20	11.76	11.84	12.05	....	....	....	....	12.05
39	Recently offered issues	12.70	15.56	14.45	12.34	11.88	11.91	11.84	11.85	11.75	11.70	11.89	12.02
	Memo: Dividend/price ratio[17]												
40	Preferred stocks	10.60	12.36	12.53	11.71	11.18	11.20	11.23	11.39	11.41	11.16	11.18	11.15
41	Common stocks	5.26	5.20	5.81	5.12	4.92	4.93	4.79	4.87	4.84	4.69	4.74	4.87

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 statement week averages—that is, averages for the week ending Wednesday.
3. 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.
4. Yields are quoted on a bank-discount basis, rather than an investment yield basis (which would give a higher figure).
5. 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).
6. Unweighted average of offered rates quoted by at least five dealers early in the day.
7. Unweighted average of closing bid rates quoted by at least five dealers.
8. Rates are recorded in the week in which bills are issued.
9. Yields are based on closing bid prices quoted by at least five dealers.
10. 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.
11. Each weekly figure is calculated on a biweekly basis and is the average of five business days ending on the Monday following the calendar week. *The biweekly rate is used to determine the maximum interest rate payable in the* following two-week period on small saver certificates. (See table 1.16.)
12. Unweighted averages of yields (to maturity or call) for all outstanding notes and bonds neither due nor callable in less than 10 years, including several very low yielding "flower" bonds.
13. General obligations only, based on figures for Thursday, from Moody's Investors Service.
14. General obligations only, with 20 years to maturity, issued by 20 state and local governmental units of mixed quality. Based on figures for Thursday.
15. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.
16. Compilation of the Federal Reserve. Issues included are long-term (20 years or more). New-issue yields are based on quotations on date of offering; those on recently offered issues (included only for first 4 weeks after termination of underwriter price restrictions), on Friday close-of-business quotations.
17. Standard and Poor's corporate series. Preferred stock ratio based on a sample of ten issues: four public utilities, four industrials, one financial, and one transportation. Common stock ratios on the 500 stocks in the price index.

1.36 STOCK MARKET Selected Statistics

Indicator	1980	1981	1982	1982 May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1983 Jan.
	Prices and trading (averages of daily figures)											
Common stock prices												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	68.06	74.02	68.93	67.07	63.10	62.82	62.91	70.21	76.10	79.75	80.30	83.25
2 Industrial	78.64	85.44	78.18	75.97	71.59	71.37	70.98	80.08	86.67	90.76	92.00	95.37
3 Transportation	60.52	72.61	60.41	56.84	53.07	53.40	53.98	61.39	66.64	71.92	73.40	75.65
4 Utility	37.35	38.90	39.75	39.40	37.34	37.20	38.19	40.36	42.67	43.46	42.93	45.59
5 Finance	64.28	73.52	71.99	69.16	63.19	61.59	62.84	69.66	80.59	88.66	86.22	85.66
6 Standard & Poor's Corporation (1941–43 = 10)[1]	118.71	128.05	119.71	116.35	109.70	109.38	109.65	122.43	132.66	138.10	139.37	145.13
7 American Stock Exchange (Aug. 31, 1973 = 100)	300.94	343.58	282.62	272.88	254.72	250.63	253.54	286.22	308.74	333.54	333.36	360.92
Volume of trading (thousands of shares)												
8 New York Stock Exchange	44,867	46,967	64,617	51,328	50,481	54,530	76,031	73,710	98,508	88,431	76,463	88,463
9 American Stock Exchange	6,377	5,346	5,283	4,292	3,720	3,611	5,567	5,064	7,828	8,672	7,475	9,220
	Customer financing (end-of-period balances, in millions of dollars)											
10 **Regulated margin credit at brokers–dealers[2]**	**11,619**	**14,721**	**14,411**	**12,237**	**11,783**	**11,729**	**11,396**	**11,208**	**11,728**	**12,459**	**13,325**	
11 Margin stock[3]	11,450	14,500	14,150	11,990	11,540	11,470	11,150	10,950	11,450	12,170	12,980	
12 Convertible bonds	167	219	259	246	242	258	245	257	277	288	344	
13 Subscription issues	2	2	2	1	1	1	1	1	1	1	1	n.a.
Free credit balances at brokers[4]												
14 Margin-account	1,105	2,105	3,515	4,175	4,215	4,410	4,470	4,990	5,520	5,600	5,735	
15 Cash-account	4,060	6,070	7,150	6,355	6,345	6,730	7,550	7,475	8,120	8,395	8,390	
	Margin-account debt at brokers (percentage distribution, end of period)											
16 **Total**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**		
By equity class (in percent)[5]												
17 Under 40	16.0	14.0	37.0	40.0	43.0	44.0	30.0	27.0	21.0	20.0		
18 40–49	29.0	30.0	21.0	24.0	21.0	23.0	26.0	26.0	24.0	21.0		
19 50–59	27.0	25.0	22.0	15.0	16.0	13.0	18.0	20.0	22.0	25.0	n.a.	n.a.
20 60–69	14.0	14.0	10.0	9.0	9.0	9.0	12.0	12.0	16.0	15.0		
21 70–79	8.0	9.0	6.0	6.0	6.0	6.0	8.0	8.0	9.0	10.0		
22 80 or more	7.0	8.0	6.0	5.0	5.0	5.0	6.0	7.0	8.0	9.0		
	Special miscellaneous-account balances at brokers (end of period)											
23 **Total balances (millions of dollars)[6]**	**16,150**	**21,690**	**25,870**	**28,521**	**29,798**	**29,773**	**31,102**	**31,644**	**33,689**	**34,909**		
Distribution by equity status (percent)												
24 Net credit status	44.2	47.8	58.0	58.0	59.0	59.0	60.0	61.0	61.0	62.0	n.a.	n.a.
Debt status, equity of												
25 60 percent or more	47.0	44.4	31.0	29.0	28.0	26.0	28.0	27.0	29.0	29.0		
26 Less than 60 percent	8.8	7.7	11.0	13.0	13.0	14.0	12.0	12.0	10.0	9.0		

Margin requirements (percent of market value and effective date)[7]

Indicator	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
27 Margin stocks	70	80	65	55	65	50
28 Convertible bonds	50	60	50	50	50	50
29 Short sales	70	80	65	55	65	50

1. Effective July 1976, includes a new financial group, banks and insurance companies. With this change the index includes 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.
2. Margin credit includes all credit extended to purchase or carry stocks or related equity instruments and secured at least in part by stock. Credit extended is end-of-month data for member firms of the New York Stock Exhange.
In addition to assigning a current loan value to margin stock generally, Regulations T and U permit special loan values for convertible bonds and stock acquired through exercise of subscription rights.
3. A distribution of this total by equity class is shown on lines 17–22.
4. Free credit balances are in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand.
5. Each customer's equity in his collateral (market value of collateral less net debit balance) is expressed as a percentage of current collateral values.
6. Balances that may be used by customers as the margin deposit required for additional purchases. Balances may arise as transfers based on loan values of other collateral in the customer's margin account or deposits of cash (usually sales proceeds) occur.
7. Regulations G, T, and U of the Federal Reserve Board of Governors, prescribed in accordance with the Securities Exchange Act of 1934, limit the amount of credit to purchase and carry margin stocks that may be extended on securities as collateral by prescribing a maximum loan value, which is a specified percentage of the market value of the collateral at the time the credit is extended. Margin requirements are the difference between the market value (100 percent) and the maximum loan value. The term "margin stocks" is defined in the corresponding regulation.

1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1979	1980	1981	1982 Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.r	Dec.p
	Savings and loan associations											
1 **Assets**	**578,962**	**630,712**	**664,167**	**681,696**	**687,273**	**692,759**	**697,690**	**703,399**	**691,077**	**692,549**	**697,189**	**706,021**
2 Mortgages	475,688	503,192	518,547	514,702	514,046	512,997	510,678	509,776	493,899	489,923	488,614	484,297
3 Cash and investment securities[1]	46,341	57,928	63,123	68,227	70,302	70,824	72,854	74,141	74,692	75,638	78,122	83,460
4 Other	56,933	69,592	82,497	98,767	102,925	108,938	114,158	119,482	122,486	126,988	130,453	138,264
5 **Liabilities and net worth**	**578,962**	**630,712**	**664,167**	**681,696**	**687,273**	**692,759**	**697,690**	**703,399**	**691,077**	**692,549**	**697,189**	**706,021**
6 Savings capital	470,004	511,636	525,061	533,595	535,215	538,667	539,830	542,648	547,628	547,112	548,439	565,502
7 Borrowed money	55,232	64,586	88,782	93,560	94,117	96,850	98,433	98,803	99,771	100,881	102,948	97,982
8 FHLBB	40,441	47,045	62,794	65,347	65,216	66,925	67,019	66,374	65,567	65,015	64,202	64,015
9 Other	14,791	17,541	25,988	28,213	28,901	29,925	31,414	32,429	34,204	35,866	38,746	33,967
10 Loans in process	9,582	8,767	6,385	6,568	6,766	7,116	7,250	7,491	8,084	8,484	8,967	10,003
11 Other	11,506	12,394	15,544	21,948	25,756	24,671	27,375	29,965	19,202	20,018	21,048	16,684
12 Net worth[2]	32,638	33,329	28,395	26,025	25,419	25,455	24,802	24,492	24,476	24,538	24,754	25,853
13 MEMO: Mortgage loan commitments outstanding[3]	16,007	16,102	15,225	16,375	16,622	16,828	15,924	16,943	17,256	18,407	19,682	17,815
	Mutual savings banks[4]											
14 **Assets**	**163,405**	**171,564**	**175,728**	**174,813**	**174,952**	**175,091**	**175,563**	**175,563**	**173,487**	**172,908**	**172,287**	
Loans												
15 Mortgage	98,908	99,865	99,997	97,160	96,334	96,346	96,231	94,448	94,382	94,261	94,017	
16 Other	9,253	11,733	14,753	16,424	17,409	16,546	17,104	16,919	17,458	17,035	16,702	
Securities												
17 U.S. government[5]	7,658	8,949	9,810	10,146	9,968	10,112	10,036	9,653	9,404	9,219	9,456	
18 State and local government	2,930	2,390	2,288	2,269	2,259	2,253	2,247	2,214	2,191	2,505	2,496	
19 Corporate and other[6]	37,086	39,282	37,791	37,473	37,486	36,958	36,670	35,956	35,845	35,599	35,753	
20 Cash	3,156	4,334	5,442	5,494	5,469	6,040	6,167	6,405	6,695	6,749	6,291	
21 Other assets	4,412	5,011	5,649	5,846	6,027	6,836	7,109	7,185	7,514	7,540	7,572	n.a.
22 **Liabilities**	**163,405**	**171,564**	**175,728**	**174,813**	**174,952**	**175,091**	**175,563**	**172,780**	**173,487**	**172,908**	**172,287**	
23 Deposits	146,006	154,805	155,110	153,187	153,354	154,273	154,204	151,897	153,089	152,210	151,304	
24 Regular[7]	144,070	151,416	153,003	151,021	151,253	152,030	151,845	149,613	150,795	149,928	149,167	
25 Ordinary savings	61,123	53,971	49,425	47,733	47,895	47,942	47,534	46,856	47,496	48,520	49,208	
26 Time	82,947	97,445	103,578	103,288	103,358	104,088	104,310	102,756	103,299	101,408	99,959	
27 Other	1,936	2,086	2,108	2,166	2,101	2,243	2,359	2,285	2,294	2,283	2,137	
28 Other liabilities	5,873	6,695	10,632	12,141	12,246	11,230	11,940	11,691	11,166	11,556	11,893	
29 General reserve accounts	11,525	11,368	9,986	9,485	9,352	9,588	9,419	21,145	9,232	9,141	9,089	
30 MEMO: Mortgage loan commitments outstanding[8]	3,182	1,476	1,293	953	998	1,010	992	1,056	1,217	1,281	1,400	
	Life insurance companies											
31 **Assets**	**432,282**	**479,210**	**525,803**	**539,801**	**543,470**	**547,075**	**551,124**	**557,094**	**563,321**	**571,902**	**578,200**	
Securities												
32 Government	338	21,378	25,209	27,346	27,835	28,243	28,694	30,263	30,759	31,791	32,682	
33 United States[9]	4,888	5,345	8,167	9,832	10,187	10,403	10,774	12,214	12,606	13,538	14,370	
34 State and local	6,428	6,701	7,151	7,467	7,543	7,643	7,705	7,799	7,834	7,871	7,935	
35 Foreign[10]	9,022	9,332	9,891	10,045	10,105	10,197	10,215	10,250	10,319	10,382	10,377	n.a.
36 Business	222,332	238,113	255,769	262,599	264,107	265,080	267,627	270,029	273,539	279,918	283,650	
37 Bonds	178,171	190,747	208,098	215,586	217,594	219,006	221,503	221,642	223,783	226,879	229,101	
38 Stocks	48,757	47,366	47,670	47,013	46,513	46,074	46,124	48,387	49,756	53,039	54,549	
39 Mortgages	119,421	131,030	137,747	139,206	139,455	139,539	140,044	140,244	140,404	140,678	140,956	
40 Real estate	13,007	15,063	18,278	19,516	19,713	19,959	20,198	20,176	20,268	20,293	20,480	
41 Policy loans	44,825	41,411	48,706	50,573	50,992	51,438	51,867	52,238	52,525	52,751	52,916	
42 Other assets	27,563	31,702	40,094	40,561	41,368	42,816	42,694	44,144	45,826	46,471	47,516	
	Credit unions											
43 **Total assets/liabilities and capital**	**65,854**	**71,709**	**77,682**	**81,351**	**82,858**	**84,107**	**84,423**	**85,102**	**86,554**	**88,144**	**89,261**	
44 Federal	35,934	39,801	42,382	44,371	45,077	45,705	45,931	46,310	47,076	47,649	48,272	
45 State	29,920	31,908	35,300	36,980	37,781	38,402	38,492	38,792	39,478	40,495	40,989	
46 Loans outstanding	53,125	47,774	50,448	49,533	49,556	49,919	50,133	50,733	51,047	50,934	50,936	
47 Federal	28,698	25,627	27,458	27,064	27,073	27,295	27,351	27,659	27,862	27,789	27,824	n.a.
48 State	24,426	22,147	22,990	22,469	22,483	22,624	22,782	23,074	23,185	23,145	23,139	
49 Savings	56,232	64,399	68,871	72,569	73,602	74,834	75,088	75,331	76,874	78,529	79,799	
50 Federal (shares)	35,530	36,348	37,574	39,688	40,213	40,710	40,969	41,178	41,961	42,852	43,413	
51 State (shares and deposits)	25,702	28,051	31,297	32,881	33,389	34,124	34,119	34,153	34,913	35,677	36,386	

For notes see bottom of opposite page.

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1980	Fiscal year 1981	Fiscal year 1982	Calendar year 1981 H2	1982 H1	1982 H2	1982 Oct.	1982 Nov.	1982 Dec.
U.S. budget									
1 Receipts[1]	517,112	599,272	617,776	301,777	322,478	286,338	40,539	42,007	54,498
2 Outlays[1,2]	576,675	657,204	728,375	358,558	348,678	390,846	66,708	66,166	72,436
3 Surplus, or deficit (−)	−59,563	−57,932	−110,609	−56,780	−26,200	−104,508	−26,169	−24,159	−17,938
4 Trust funds	8,801	6,817	5,456	−8,085	−17,690	−6,576	−6,269	−5,750	3,382
5 Federal funds[3]	−68,364	−64,749	−116,065	−48,697	−43,889	−97,934	−19,889	−18,409	−21,320
Off-budget entities (surplus, or deficit (−))									
6 Federal Financing Bank outlays	−14,549	−20,769	−14,142	−8,728	−7,942	−4,923	−521	−559	−198
7 Other[4]	303	−236	−3,190	−1,752	227	−2,267	226	−127	33
U.S. budget plus off-budget, including Federal Financing Bank									
8 Surplus, or deficit (−)	−73,808	−78,936	−127,940	−67,260	−33,914	−111,699	−26,462	−24,845	−18,103
Source or financing									
9 Borrowing from the public	70,515	79,329	134,993	54,081	41,728	119,609	6,228	25,923	29,895
10 Cash and monetary assets (decrease, or increase (−))[5]	−355	−1,878	−11,911	−1,111	−408	−9,057	13,964	7,231	−13,002
11 Other[6]	3,648	1,485	4,858	14,290	−7,405	1,146	6,270	−8,309	1,211
MEMO:									
12 Treasury operating balance (level, end of period)	20,990	18,670	29,164	12,046	10,999	19,773	14,078	5,210	19,773
13 Federal Reserve Banks	4,102	3,520	10,975	4,301	4,099	5,033	2,309	2,247	5,033
14 Tax and loan accounts	16,888	15,150	18,189	7,745	6,900	14,740	11,769	2,963	14,740

1. The *Budget of the U.S. Government, Fiscal Year 1983*, has reclassified supplemental medical insurance premiums and voluntary hospital insurance premiums, previously included in other social insurance receipts, as offsetting receipts in the health function.
2. Effective Oct. 1, 1980, the Pension Benefit Guaranty Corporation was reclassified from an off-budget agency to an on-budget agency in the Department of Labor.
3. Half-year figures are calculated as a residual (total surplus/deficit less trust fund surplus/deficit).
4. Other off-budget includes Postal Service Fund; Rural Electrification and Telephone Revolving Fund; and Rural Telephone Bank; it also includes petroleum acquisition and transportation and strategic petroleum reserve effective November 1981.
5. Includes U.S. Treasury operating cash accounts; special drawing rights; gold tranche drawing rights; loans to International Monetary Fund; and other cash and monetary assets.
6. Includes accrued interest payable to the public; allocations of special drawing rights; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seigniorage; increment on gold; net gain/loss for U.S. currency valuation adjustment; net gain/loss for IMF valuation adjustment; and profit on the sale of gold.

SOURCE. "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government." *Treasury Bulletin*, and the *Budget of the United States Government, Fiscal Year 1984*.

NOTES TO TABLE 1.37

1. Holdings of stock of the Federal Home Loan Banks are included in "other assets."
2. Includes net undistributed income, which is accrued by most, but not all, associations.
3. Excludes figures for loans in process, which are shown as a liability.
4. The NAMSB reports that, effective April 1979, balance sheet data are not strictly comparable with previous months. Beginning April 1979, data are reported on a net-of-valuation-reserves basis. Before that date, data were reported on a gross-of-valuation-reserves basis.
5. Beginning April 1979, includes obligations of U.S. government agencies. Before that date, this item was included in "Corporate and other."
6. Includes securities of foreign governments and international organizations and, before April 1979, nonguaranteed issues of U.S. government agencies.
7. Excludes checking, club, and school accounts.
8. Commitments outstanding (including loans in process) of banks in New York State as reported to the Savings Banks Association of the state of New York.
9. Direct and guaranteed obligations. Excludes federal agency issues not guaranteed, which are shown in the table under "Business" securities.
10. 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. Data are based on monthly reports of federally insured associations and annual reports of other associations. Even when revised, data for current and preceding year are subject to further revision.

Mutual savings banks: Estimates of National Association of Mutual Savings Banks for all savings banks in the United States.

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

Credit unions: Estimates by the National Credit Union Administration for a group of federal and state-chartered credit unions that account for about 30 percent of credit union assets. Figures are preliminary and revised annually to incorporate recent benchmark data.

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1980	Fiscal year 1981	Fiscal year 1982r	Calendar year 1981 H2	Calendar year 1982 H1	Calendar year 1982 H2	1982 Oct.	1982 Nov.	1982 Dec.
RECEIPTS									
1 **All sources**[1]	**517,112**	**599,272**	**617,766**	**301,777**	**322,478**	**286,338**	**40,539**	**42,007**	**54,498**
2 Individual income taxes, net	244,069	285,917	298,111	147,035	150,565	145,676	20,832	22,452	24,946
3 Withheld	223,763	256,332	267,474	134,199	133,575	131,567	19,541	22,079	23,843
4 Presidential Election Campaign Fund	39	41	39	5	34	5	0	0	0
5 Nonwithheld	63,746	76,844	85,096	17,391	66,174	20,040	1,791	1,153	1,906
6 Refunds	43,479	47,299	54,498	4,559	49,217	5,938	500	779	804
Corporation income taxes									
7 Gross receipts	72,380	73,733	65,991	31,056	37,836	25,661	2,371	1,630	9,402
8 Refunds	7,780	12,596	16,784	738	8,028	11,467	2,832	2,310	1,238
9 Social insurance taxes and contributions, net	157,803	182,720	201,131	91,592	108,079	94,278	15,157	14,902	15,776
10 Payroll employment taxes and contributions[2]	133,042	156,953	172,744	82,984	88,795	85,063	14,036	12,924	15,138
11 Self-employment taxes and contributions[3]	5,723	6,041	7,941	244	7,357	177	36	0	0
12 Unemployment insurance	15,336	16,129	16,234	6,355	9,809	6,857	762	1,629	264
13 Other net receipts[1,4]	3,702	3,598	4,212	2,009	2,119	2,181	324	349	373
14 Excise taxes	24,329	40,839	36,311	22,097	17,525	16,556	2,623	2,925	2,674
15 Customs deposits	7,174	8,083	8,854	4,661	4,310	4,299	675	692	724
16 Estate and gift taxes	6,389	6,787	7,991	3,742	4,208	3,445	500	472	572
17 Miscellaneous receipts[5]	12,748	13,790	16,161	8,441	7,984	7,891	1,212	1,243	1,643
OUTLAYS									
18 **All types**[1,6]	**576,675**	**657,204**	**728,375**	**358,558**	**346,286**	**390,846**	**66,708**	**66,166**	**72,436**
19 National defense	135,856	159,765	187,418	87,421	93,154	100,419	16,283	16,937	18,141
20 International affairs	10,733	11,130	9,982	4,655	5,183	4,406	1,027	45	1,044
21 General science, space, and technology	5,722	6,359	7,070	3,388	3,370	3,903	603	771	838
22 Energy	6,313	10,277	4,674	4,394	2,814	2,059	694	504	362
23 Natural resources and environment	13,812	13,525	12,934	7,296	5,636	6,940	1,137	1,100	1,060
24 Agriculture	4,762	5,572	14,875	5,181	7,087	13,260	2,029	3,322	5,326
25 Commerce and housing credit	7,788	3,946	3,865	1,825	1,410	2,244	1,119	−52	968
26 Transportation	21,120	23,381	20,560	10,753	9,915	10,686	1,745	1,876	1,567
27 Community and regional development	10,068	9,394	7,165	4,269	3,193	4,186	946	718	638
28 Education, training, employment, social services	30,767	31,402	26,300	13,878	12,595	12,187	2,167	2,058	2,019
29 Health[1]	55,220	65,982	74,017	35,322	37,213	39,073	6,403	6,644	6,895
30 Income security[6]	193,100	225,101	248,343	129,269	112,782	133,779	22,186	22,987	24,263
31 Veterans benefits and services	21,183	22,988	23,955	12,880	10,865	13,241	1,945	2,069	3,202
32 Administration of justice	4,570	4,696	4,671	2,290	2,334	2,373	368	419	382
33 General government	4,505	4,614	4,726	2,311	2,410	2,322	146	524	451
34 General-purpose fiscal assistance	8,584	6,856	6,393	3,043	3,325	3,152	1,558	302	58
35 Net Interest[7]	52,458	68,726	84,697	39,950	41,880	44,948	7,508	8,469	6,611
36 Undistributed offsetting receipts[8]	−9,887	−16,509	−13,270	−9,564	−6,490	−8,333	−1,155	−2,529	−1,389

1. The *Budget of the U.S. Government, Fiscal Year 1983* has reclassified supplemental medical insurance premiums and voluntary hospital insurance premiums, previously included in other social insurance receipts, as offsetting receipts in the health function.
2. Old-age, disability, and hospital insurance, and railroad retirement accounts.
3. Old-age, disability, and hospital insurance.
4. Federal employee retirement contributions and civil service retirement and disability fund.
5. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.
6. Effective Oct. 1, 1980, the Pension Benefit Guaranty Corporation was reclassified from an off-budget agency to an on-budget agency in the Department of Labor.
7. Net interest function includes interest received by trust funds.
8. 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 1984*.

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1980		1981				1982		
	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30
1 **Federal debt outstanding**	**914.3**	**936.7**	**970.9**	**977.4**	**1,003.9**	**1,034.7**	**1,066.4**	**1,084.7**	**1,147.0**
2 Public debt securities	907.7	930.2	964.5	971.2	997.9	1,028.7	1,061.3	1,079.6	1,142.0
3 Held by public	710.0	737.7	773.7	771.3	789.8	825.5	858.9	867.9	925.6
4 Held by agencies	197.7	192.5	190.9	199.9	208.1	203.2	202.4	211.7	216.4
5 Agency securities	6.6	6.5	6.4	6.2	6.1	6.0	5.1	5.0	5.0
6 Held by public	5.1	5.0	4.9	4.7	4.6	4.6	3.9	3.9	3.7
7 Held by agencies	1.5	1.5	1.5	1.5	1.5	1.4	1.2	1.1	1.3
8 **Debt subject to statutory limit**	**908.7**	**931.2**	**965.5**	**972.2**	**998.8**	**1,029.7**	**1,062.2**	**1,080.5**	**1,142.9**
9 Public debt securities	907.1	929.6	963.9	970.6	997.2	1,028.1	1,060.7	1,079.0	1,141.4
10 Other debt[1]	1.6	1.6	1.6	1.6	1.6	1.6	1.5	1.5	1.5
11 MEMO: Statutory debt limit	925.0	935.1	985.0	985.0	999.8	1,079.8	1,079.8	1,143.1	1,143.1

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

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

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

Billions of dollars, end of period

Type and holder	1978	1979	1980	1981	1982				1983
					Sept.	Oct.	Nov.	Dec.	Jan.
1 **Total gross public debt**	**789.2**	**845.1**	**930.2**	**1,028.7**	**1,142.0**	**1,142.8**	**1,161.7**	**1,197.1**	**1,201.0**
By type									
2 Interest-bearing debt	782.4	844.0	928.9	1,027.3	1,140.9	1,136.8	1,160.5	1,195.5	1,199.6
3 Marketable	487.5	530.7	623.2	720.3	824.4	824.7	852.5	881.5	888.0
4 Bills	161.7	172.6	216.1	245.0	277.9	283.9	293.5	311.8	308.1
5 Notes	265.8	283.4	321.6	375.3	442.9	438.1	454.2	465.0	473.0
6 Bonds	60.0	74.7	85.4	99.9	103.6	102.7	104.7	104.6	107.6
7 Nonmarketable[1]	294.8	313.2	305.7	307.0	316.5	312.2	308.0	314.0	310.9
8 Convertible bonds[2]	2.2	2.2	...	...	...	...	...	...	...
9 State and local government series	24.3	24.6	23.8	23.0	23.6	23.8	25.0	25.7	25.6
10 Foreign issues[3]	29.6	28.8	24.0	19.0	14.6	14.6	14.9	14.7	14.0
11 Government	28.0	23.6	17.6	14.9	12.2	12.2	12.5	13.0	12.7
12 Public	1.6	5.3	6.4	4.1	2.4	2.4	2.4	1.7	1.3
13 Savings bonds and notes	80.9	79.9	72.5	68.1	67.5	67.8	68.1	68.0	68.1
14 Government account series[4]	157.5	177.5	185.1	196.7	210.5	205.7	199.9	205.4	203.0
15 Non-interest-bearing debt	6.8	1.2	1.3	1.4	1.2	6.0	1.2	1.6	1.4
By holder[5]									
16 U.S. government agencies and trust funds	170.0	187.1	192.5	203.3	216.4				
17 Federal Reserve Banks	109.6	117.5	121.3	131.0	134.4				
18 Private investors	508.6	540.5	616.4	694.5					
19 Commercial banks	93.2	96.4	116.0	109.4					
20 Mutual savings banks	5.0	4.7	5.4	5.2					
21 Insurance companies	15.7	16.7	20.1	19.1					
22 Other companies	19.6	22.9	25.7	37.8	n.a.	n.a.	n.a.	n.a.	n.a.
23 State and local governments	64.4	69.9	78.8	85.6					
Individuals									
24 Savings bonds	80.7	79.9	72.5	68.0					
25 Other securities	30.3	36.2	56.7	75.6					
26 Foreign and international[6]	137.8	124.4	127.7	141.4					
27 Other miscellaneous investors[7]	58.9	90.1	106.9	152.3					

1. Includes (not shown separately): Securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds.
2. These nonmarketable bonds, also known as Investment Series B Bonds, may be exchanged (or converted) at the owner's option for 1½ percent, 5-year marketable Treasury notes. Convertible bonds that have been so exchanged are removed from this category and recorded in the notes category (line 5).
3. Nonmarketable dollar-denominated and foreign currency-denominated series held by foreigners.
4. Held almost entirely by U.S. government agencies and trust funds.
5. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.
6. Consists of investments of foreign balances and international accounts in the United States.
7. Includes savings and loan associations, nonprofit institutions, corporate pension trust funds, dealers and brokers, certain government deposit accounts, and government sponsored agencies.

NOTE. Gross public debt excludes guaranteed agency securities.
Data by type of security from *Monthly Statement of the Public Debt of the United States* (U.S. Treasury Department); data by holder from *Treasury Bulletin*.

1.42 U.S. GOVERNMENT MARKETABLE SECURITIES Ownership, by maturity▲

▲Series discontinued.

1.43 U.S. GOVERNMENT SECURITIES DEALERS Transactions

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

	Item	1979	1980	1981	1982 Oct.	1982 Nov.	1982 Dec.	1982 and 1983, week ending Wednesday Dec. 22	Dec. 29r	Jan. 5	Jan. 12	Jan. 19	Jan. 26
	Immediate delivery[1]												
1	U.S. government securities	13,183	18,331	24,728	35,137	35,933	30,099	34,781	27,375	30,397	37,810	34,744	39,180
	By maturity												
2	Bills	7,915	11,413	14,768	18,466	19,275	17,709	17,868	16,089	16,570	20,938	20,938	20,742
3	Other within 1 year	454	421	621	816	748	598	612	663	814	1,168	719	1,125
4	1–5 years	2,417	3,330	4,360	7,629	6,875	5,081	7,507	4,131	5,827	6,670	6,268	8,813
5	5–10 years	1,121	1,464	2,451	4,250	4,162	3,679	5,024	2,878	3,803	4,590	4,290	4,208
6	Over 10 years	1,276	1,704	2,528	3,976	4,873	3,032	3,771	3,614	3,384	4,444	3,610	4,291
	By type of customer												
7	U.S. government securities dealers	1,448	1,484	1,640	1,614	2,151	2,057	2,102	1,896	2,096	2,282	2,299	2,544
8	U.S. government securities brokers	5,170	7,610	11,750	17,298	16,819	13,706	15,626	11,374	13,439	17,875	16,311	18,965
9	All others[2]	6,564	9,237	11,337	16,225	16,962	14,336	17,053	14,105	14,863	17,654	16,134	17,670
10	Federal agency securities	2,723	3,258	3,306	5,827	4,951	4,310	4,257	4,027	3,905	6,113	6,026	4,846
11	Certificates of deposit	1,764	2,472	4,477	5,273	4,848	4,216	4,935	3,433	3,393	5,611	4,560	4,354
12	Bankers acceptances	↑	↑	1,807	3,065	2,895	2,396	2,597	2,036	2,581	3,268	2,570	2,567
13	Commercial paper			6,128	7,342	7,392	6,528	7,382	6,309	7,317	7,768	8,058	7,664
	Futures transactions[3]												
14	Treasury bills			3,523	4,499	387	4,105	4,645	2,969	3,652	3,717	5,121	6,814
15	Treasury coupons	n.a.	n.a.	1,330	1,922	794	1,531	2,208	1,017	1,146	1,543	1,526	1,989
16	Federal agency securities			234	332	195	243	273	192	177	152	164	186
	Forward transactions[4]												
17	U.S. government securities			365	760	6,747	1,087	2,345	992	649	397	1,349	1,562
18	Federal agency securities	↓	↓	1,370	1,132	969	1,033	965	1,243	857	1,340	1,469	942

1. Before 1981, data for immediate transactions include forward transactions.
2. Includes, among others, all other dealers and brokers in commodities and securities, nondealer departments of commercial banks, foreign banking agencies, and the Federal Reserve System.
3. Futures contracts are standardized agreements arranged on an organized exchange in which parties commit to purchase or sell securities for delivery at a future date.
4. Forward transactions are agreements arranged in the over-the-counter market in which securities are purchased (sold) for delivery after 5 business days from the date of the transaction for government securities (Treasury bills, notes, and bonds) or after 30 days for mortgage-backed agency issues.

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

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

1.44 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing

Averages of daily figures, in millions of dollars

	Item	1979	1980	1981	1982 Oct.	1982 Nov.	1982 Dec.	1982 and 1983, week ending Wednesday Dec. 8	Dec. 15	Dec. 22	Dec. 29	Jan. 5
		Positions										
	Net immediate[1]											
1	U.S. government securities	3,223	4,306	9,033	3,641	8,417	14,811	12,088	10,433	16,988	19,626	17,933
2	Bills	3,813	4,103	6,485	1,024	3,654	8,732	7,761	6,694	9,252	11,156	10,378
3	Other within 1 year	−325	−1,062	−1,526	109	593	428	484	432	376	373	473
4	1–5 years	−455	434	1,488	2,612	2,850	4,249	2,463	2,390	6,550	5,866	4,674
5	5–10 years	160	166	292	−691	−274	−33	−6	−479	−466	565	561
6	Over 10 years	30	665	2,294	587	1,594	1,436	1,386	1,396	1,275	1,665	1,846
7	Federal agency securities	1,471	797	2,277	5,241	5,680	5,952	6,275	6,162	5,722	5,513	5,948
8	Certificates of deposit	2,794	3,115	3,435	6,109	5,316	6,850	6,355	6,183	6,907	7,711	7,842
9	Bankers acceptances	↑	↑	1,746	3,283	3,240	4,037	3,609	3,414	4,316	4,786	4,342
10	Commercial paper			2,658	3,965	3,265	3,157	2,763	3,183	3,445	3,179	3,474
	Futures positions											
11	Treasury bills			−8,934	5,347	1,761	−4,904	−1,633	−3,445	−6,624	−8,117	−9,481
12	Treasury coupons	n.a.	n.a.	−2,733	−1,141	−2,700	−2,289	−2,441	−2,471	−2,094	−2,117	−2,611
13	Federal agency securities			522	−569	−344	−335	−220	−285	−358	−420	−566
	Forward positions											
14	U.S. government securities			−603	−565	−828	−1,235	−807	−976	−1,769	−1,596	−815
15	Federal agency securities	↓	↓	−451	−1,835	−2,028	−2,108	−2,022	−2,246	−1,880	−2,077	−2,816
		Financing[2]										
	Reverse repurchase agreements[3]	↑	↑									
16	Overnight and continuing			14,568	29,581	22,186	29,053	30,338	31,293	27,277	27,303	28,190
17	Term agreements			32,048	50,483	55,024	61,639	51,860	55,352	55,025	84,320	48,726
	Repurchase agreements[4]	n.a.	n.a.									
18	Overnight and continuing			35,919	51,250	43,112	57,009	52,553	57,152	57,402	60,927	64,874
19	Term agreements	↓	↓	29,449	43,963	54,999	50,073	49,253	52,511	49,528	48,501	42,007

For notes see opposite page.

1.45 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1978	1979	1980	1982						
				Mar.	Apr.	May	June	July	Aug.	Sept.
1 **Federal and federally sponsored agencies**[1]	**137,063**	**163,290**	**193,229**	**228,749**	**232,274**	**234,593**	**238,787**	**242,565**	**n.a.**	**n.a.**
2 Federal agencies	23,488	24,715	28,606	31,408	31,613	31,551	32,274	32,302	32,280	32,606
3 Defense Department[2]	968	738	610	454	447	434	419	408	399	388
4 Export-Import Bank[3,4]	8,711	9,191	11,250	13,421	13,475	13,416	13,939	13,938	13,918	14,042
5 Federal Housing Administration[5]	588	537	477	382	376	363	358	353	345	335
6 Government National Mortgage Association participation certificates[6]	3,141	2,979	2,817	2,165	2,165	2,165	2,165	2,165	2,165	2,165
7 Postal Service[7]	2,364	1,837	1,770	1,538	1,538	1,471	1,471	1,471	1,471	1,471
8 Tennessee Valley Authority	7,460	8,997	11,190	13,250	13,410	13,500	13,715	13,760	13,775	14,010
9 United States Railway Association[7]	356	436	492	198	202	202	207	207	207	195
10 Federally sponsored agencies[1]	113,575	138,575	164,623	197,341	200,661	203,042	206,513	210,263	n.a.	n.a.
11 Federal Home Loan Banks	27,563	33,330	41,258	58,839	59,937	60,772	61,883	62,058	n.a.	n.a.
12 Federal Home Loan Mortgage Corporation	2,262	2,771	2,536	2,500	2,500	2,500	3,099	3,099	n.a.	n.a.
13 Federal National Mortgage Association	41,080	48,486	55,185	59,270	60,478	61,996	62,660	65,563	65,733	68,130
14 Federal Land Banks	20,360	16,006	12,365	8,717	8,217	8,217	8,217	7,652	7,652	7,652
15 Federal Intermediate Credit Banks	11,469	2,676	1,821	1,388	926	926	926	926	926	926
16 Banks for Cooperatives	4,843	584	584	220	220	220	220	220	220	220
17 Farm Credit Banks[1]	5,081	33,216	48,153	61,405	63,381	63,409	64,506	65,743	65,657	65,553
18 Student Loan Marketing Association	915	1,505	2,720	5,000	5,000	5,000	5,000	5,000	5,000	5,000
19 Other	2	1	1	2	2	2	2	2	2	2
MEMO:										
20 **Federal Financing Bank debt**[1,8]	**51,298**	**67,383**	**87,460**	**113,567**	**114,961**	**117,475**	**120,241**	**121,261**	**122,623**	**124,357**
Lending to federal and federally sponsored agencies										
21 Export-Import Bank[4]	6,898	8,353	10,654	13,305	13,305	13,305	13,829	13,829	13,823	13,954
22 Postal Service[7]	2,114	1,587	1,520	1,288	1,288	1,221	1,221	1,221	1,221	1,221
23 Tennessee Valley Authority	5,635	7,272	9,465	11,525	11,685	11,775	11,990	12,035	12,050	12,285
24 United States Railway Association[7]	356	436	492	198	202	202	207	207	207	195
Other Lending[9]										
25 Farmers Home Administration	23,825	32,050	39,431	48,681	49,356	51,056	52,346	52,711	53,311	53,736
26 Rural Electrification Administration	4,604	6,484	9,196	14,452	14,716	15,046	15,454	15,688	15,916	16,282
27 Other	6,951	9,696	13,982	19,118	19,409	19,870	20,194	20,570	21,095	21,684

1. In September 1977 the Farm Credit Banks issued their first consolidated bonds, and in January 1979 they began issuing these bonds on a regular basis to replace the financing activities of the Federal Land Banks, the Federal Intermediate Credit Banks, and the Banks for Cooperatives. Line 17 represents those consolidated bonds outstanding, as well as any discount notes that have been issued. Lines 1 and 10 reflect the addition of this item.
2. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
3. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.
4. Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.
5. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
6. Certificates of participation issued prior to 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.
7. Off-budget.
8. 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.
9. Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

NOTES TO TABLE 1.44

1. Immediate positions are net amounts (in terms of par values) of securities owned by nonbank dealer firms and dealer departments of commercial banks on a commitment, that is, trade-date basis, including any such securities that have been sold under agreements to repurchase (RPs). The maturities of some repurchase agreements are sufficiently long, however, to suggest that the securities involved are not available for trading purposes. Securities owned, and hence dealer positions, do not include securities to resell (reverse RPs). Before 1981, data for immediate positions include forward positions.
2. Figures cover financing involving U.S. government and federal agency securities, negotiable CDs, bankers acceptances, and commercial paper.
3. Includes all reverse repurchase agreements, including those that have been arranged to make delivery on short sales and those for which the securities obtained have been used as collateral on borrowings, i.e., matched agreements.
4. Includes both repurchase agreements undertaken to finance positions and "matched book" repurchase agreements.

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

1.46 NEW SECURITY ISSUES of State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1979	1980	1981	1982						
				May^r	June	July	Aug.^r	Sept.^r	Oct.^r	Nov.
1 **All issues, new and refunding**[1]	**43,365**	**48,367**	**47,732**	**5,705**	**5,793**	**5,624**	**6,527**	**6,504**	**8,339**	**9,638**
Type of issue										
2 General obligation	12,109	14,100	12,394	1,510	1,814	974	1,683	1,703	2,330	3,251
3 U.S. government loans[2]	53	38	34	10	16	22	25	30	30	34
4 Revenue	31,256	34,267	35,338	4,195	3,979	4,650	4,844	4,801	6,009	6,387
5 U.S. government loans[2]	67	57	55	38	45	49	52	54	57	57
Type of issuer										
6 State	4,314	5,304	5,288	601	1,074	257	835	1,077	1,010	1,086
7 Special district and statutory authority	23,434	26,972	27,499	3,045	2,867	3,735	3,670	3,456	5,062	5,165
8 Municipalities, counties, townships, school districts	15,617	16,090	14,945	2,059	1,852	1,632	2,022	1,971	2,267	3,387
9 **Issues for new capital, total**	**41,505**	**46,736**	**46,530**	**5,574**	**5,703**	**5,438**	**6,099**	**6,301**	**7,175**	**8,932**
Use of proceeds										
10 Education	5,130	4,572	4,547	484	727	293	516	831	562	712
11 Transportation	2,441	2,621	3,447	292	245	117	769	546	651	1,279
12 Utilities and conservation	8,594	8,149	10,037	1,363	830	1,272	685	283	1,323	1,928
13 Social welfare	15,968	19,958	12,729	2,102	2,307	2,745	2,515	2,542	2,665	2,157
14 Industrial aid	3,836	3,974	7,651	355	416	564	728	1,054	556	673
15 Other purposes	5,536	7,462	8,119	978	1,178	447	886	1,045	1,418	2,183

1. Par amounts of long-term issues based on date of sale.
2. Consists of tax-exempt issues guaranteed by the Farmers Home Administration.

SOURCE. Public Securities Association.

1.47 NEW SECURITY ISSUES of Corporations

Millions of dollars

Type of issue or issuer, or use	1979	1980	1981	1982						
				May	June	July	Aug.	Sept.	Oct.	Nov.
1 **All issues**[1]	**51,533**	**73,694**	**69,992**	**7,106**	**4,546**	**6,162**	**8,757**	**7,748**	**9,235**	**8,710**
2 **Bonds**	**40,208**	**53,206**	**44,643**	**4,420**	**2,836**	**3,919**	**6,509**	**5,486**	**6,706**	**5,412**
Type of offering										
3 Public	25,814	41,587	37,653	3,973	2,398	2,868	5,546	5,308	6,425	4,927
4 Private placement	14,394	11,619	6,989	447	438	1,051	963	178	281	485
Industry group										
5 Manufacturing	9,678	15,409	12,325	608	211	1,638	1,602	1,615	1,871	2,138
6 Commercial and miscellaneous	3,948	6,693	5,229	490	329	493	1,202	465	387	523
7 Transportation	3,119	3,329	2,054	74	79	43	402	64	272	88
8 Public utility	8,153	9,557	8,963	1,186	699	717	902	900	1,539	1,246
9 Communication	4,219	6,683	4,280	315	174	84	205	301	163	115
10 Real estate and financial	11,094	11,534	11,793	1,748	1,344	944	2,196	2,141	2,474	1,302
11 **Stocks**[2]	**11,325**	**20,489**	**25,349**	**2,686**	**1,710**	**2,243**	**2,248**	**2,262**	**2,529**	**3,298**
Type										
12 Preferred	3,574	3,631	1,797	888	67	645	622	447	611	573
13 Common	7,751	16,858	23,522	1,798	1,643	1,598	1,627	1,815	1,918	2,725
Industry group										
14 Manufacturing	1,679	4,839	5,073	458	444	203	727	254	479	400
15 Commercial and miscellaneous	2,623	5,245	7,557	578	397	615	374	733	612	1,024
16 Transportation	255	549	779	35	52	17	62	84	80	225
17 Public utility	5,171	6,230	5,577	477	277	267	697	928	620	741
18 Communication	303	567	1,778	44	8	96	31	4	33	14
19 Real estate and financial	1,293	3,059	4,585	1,094	532	1,045	357	259	705	894

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

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

1.48 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1981	1982	1982 May	June	July	Aug.	Sept.	Oct.	Nov.[r]	Dec.
INVESTMENT COMPANIES[1]										
1 Sales of own shares[2]	20,596	45,675	2,345	3,061	3,304	4,322	4,709	5,668	5,815	5,291
2 Redemptions of own shares[3]	15,866	30,078	1,854	2,038	2,145	2,335	3,052	3,046	3,493	4,835
3 Net sales	4,730	15,597	491	1,023	1,159	1,987	1,657	2,622	2,322	456
4 Assets[4]	55,207	76,741	54,889	54,238	54,592	62,212	63,783	70,964	74,864	76,741
5 Cash position[5]	5,277	5,999	5,992	6,298	5,992	6,039	5,556	5,948	5,838	5,999
6 Other	49,930	70,742	48,896	47,940	48,600	56,173	58,227	65,016	69,026	70,742

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.

1.49 CORPORATE PROFITS AND THEIR DISTRIBUTION

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

Account	1979	1980	1981	1981 Q1	1981 Q2	1981 Q3	1981 Q4	1982 Q1	1982 Q2	1982 Q3
1 Corporate profits with inventory valuation and capital consumption adjustment	194.8	181.6	190.6	200.3	185.1	193.1	183.9	157.1	155.4	166.2
2 Profits before tax	252.7	242.4	232.1	253.1	225.4	233.3	216.5	171.6	171.7	180.3
3 Profits tax liability	87.6	84.6	81.2	91.5	79.2	82.4	71.6	56.7	55.3	60.9
4 Profits after tax	165.1	157.8	150.9	161.6	146.2	150.9	144.9	114.9	116.3	119.4
5 Dividends	52.7	58.1	65.1	61.5	64.0	66.8	68.1	68.8	69.3	70.5
6 Undistributed profits	112.4	99.7	85.8	100.1	82.2	84.1	76.8	46.1	47.0	48.8
7 Inventory valuation	−43.1	−43.0	−24.6	−35.5	−22.8	−23.0	−17.1	−4.4	−9.4	−10.3
8 Capital consumption adjustment	−14.8	−17.8	−16.8	−17.3	−17.5	−17.1	−15.5	−10.1	−6.9	−3.8

SOURCE. *Survey of Current Business* (U.S. Department of Commerce).

1.50 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, except for ratio

Account	1976	1977	1978	1979	1980	1981			1982	
						Q2	Q3	Q4	Q1	Q2
1 **Current assets**	**827.4**	**912.7**	**1,043.7**	**1,218.2**	**1,333.5**	**1,388.3**	**1,410.9**	**1,427.1**	**1,423.6**	**1,419.4**
2 Cash	88.2	97.2	105.5	118.0	127.1	126.2	125.1	131.7	121.3	123.4
3 U.S. government securities	23.5	18.2	17.3	17.0	19.3	19.9	18.0	17.9	17.1	17.4
4 Notes and accounts receivable	292.9	330.3	388.0	461.1	510.6	533.1	542.4	536.7	537.8	534.4
5 Inventories	342.5	376.9	431.6	505.5	543.7	565.3	577.0	587.1	593.8	589.2
6 Other	80.3	90.1	101.3	116.7	132.7	143.8	148.3	153.6	153.6	155.0
7 **Current liabilities**	**495.1**	**557.1**	**669.3**	**807.8**	**890.9**	**931.5**	**967.2**	**980.0**	**985.7**	**982.6**
8 Notes and accounts payable	282.1	317.6	382.9	461.2	515.2	525.9	549.5	562.9	555.0	554.9
9 Other	213.0	239.6	286.4	346.6	375.7	405.5	417.7	417.1	430.8	427.8
10 **Net working capital**	**332.4**	**355.5**	**374.4**	**410.5**	**442.6**	**456.8**	**443.7**	**447.1**	**437.9**	**436.8**
11 MEMO: Current ratio[1]	1.671	1.638	1.559	1.508	1.497	1.490	1.459	1.456	1.444	1.445

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.

SOURCE. Federal Trade Commission.

1.51 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment

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

Industry[1]	1980	1981	1982[1]	1981			1982			
				Q2	Q3	Q4	Q1	Q2	Q3	Q4[1]
1 **Total nonfarm business**	**295.63**	**321.49**	**319.99**	**316.73**	**328.25**	**327.83**	**327.72**	**323.22**	**315.79**	**315.21**
Manufacturing										
2 Durable goods industries	58.91	61.84	57.95	63.10	62.58	60.78	60.84	59.03	57.14	55.80
3 Nondurable goods industries	56.90	64.95	64.72	62.40	67.53	66.14	67.48	64.74	62.32	64.70
Nonmanufacturing										
4 Mining	13.51	16.86	16.05	16.80	17.55	16.81	17.60	16.56	14.63	15.56
Transportation										
5 Railroad	4.25	4.24	4.12	4.38	4.18	4.18	4.56	4.73	3.94	3.33
6 Air	4.01	3.81	3.97	3.29	3.34	4.82	3.20	3.54	4.11	5.02
7 Other	3.82	4.00	3.71	4.04	4.09	4.12	4.23	4.06	3.24	3.48
Public utilities										
8 Electric	28.12	29.74	33.06	29.32	30.54	31.14	30.95	32.26	34.98	33.89
9 Gas and other	7.32	8.65	8.56	8.53	9.01	8.60	9.17	9.14	8.40	7.78
10 Trade and services	81.79	86.33	86.42	85.88	87.55	88.33	87.80	88.85	87.31	82.01
11 Communication and other[2]	36.99	41.06	41.43	39.02	41.89	42.92	41.89	40.33	39.73	43.65

1. Anticipated by business.
2. "Other" consists of construction; social services and membership organizations; and forestry, fisheries, and agricultural services.

SOURCE. *Survey of Current Business* (U.S. Dept. of Commerce).

1.52 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1977	1978	1979	1980	1981 Q2	1981 Q3	1981 Q4	1982 Q1	1982 Q2	1982 Q3
ASSETS										
Accounts receivable, gross										
1 Consumer	44.0	52.6	65.7	73.6	79.0	84.5	85.5	85.1	88.0	88.3
2 Business	55.2	63.3	70.3	72.3	78.2	76.9	80.6	80.9	82.6	82.2
3 Total	99.2	116.0	136.0	145.9	157.2	161.3	166.1	166.0	170.6	170.5
4 LESS: Reserves for unearned income and losses	12.7	15.6	20.0	23.3	25.7	27.7	28.9	29.1	30.2	30.4
5 Accounts receivable, net	86.5	100.4	116.0	122.6	131.4	133.6	137.2	136.9	140.4	140.1
6 Cash and bank deposits	2.6	3.5								
7 Securities	.9	1.3	24.9[1]	27.5	31.6	34.5	34.2	35.0	37.3	39.1
8 All other	14.3	17.3								
9 **Total assets**	**104.3**	**122.4**	**140.9**	**150.1**	**163.0**	**168.1**	**171.4**	**171.9**	**177.8**	**179.2**
LIABILITIES										
10 Bank loans	5.9	6.5	8.5	13.2	14.4	14.7	15.4	15.4	14.5	16.8
11 Commercial paper	29.6	34.5	43.3	43.4	49.0	51.2	51.2	46.2	50.3	46.7
Debt										
12 Short-term, n.e.c.	6.2	8.1	8.2	7.5	8.5	11.9	9.6	9.0	9.3	9.9
13 Long-term, n.e.c.	36.0	43.6	46.7	52.4	52.6	50.7	54.8	59.0	60.3	60.9
14 Other	11.5	12.6	14.2	14.3	17.0	17.1	17.8	19.0	18.9	20.5
15 Capital, surplus, and undivided profits	15.1	17.2	19.9	19.4	21.5	22.4	22.8	23.3	24.5	24.5
16 **Total liabilities and capital**	**104.3**	**122.4**	**140.9**	**150.1**	**163.0**	**168.1**	**171.4**	**171.9**	**177.8**	**179.2**

1. Beginning Q1 1979, asset items on lines 6, 7, and 8 are combined.

NOTE. Components may not add to totals due to rounding.

1.53 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding Nov. 30, 1982[1]	Changes in accounts receivable 1982 Sept.	Oct.	Nov.	Extensions 1982 Sept.	Oct.	Nov.	Repayments 1982 Sept.	Oct.	Nov.
1 **Total**	**80,929**	**208**	**−1,215**	**−1,891**	**19,991**	**18,041**	**22,319**	**19,783**	**19,256**	**24,210**
2 Retail automotive (commercial vehicles)	12,279	−59	−82	430	869	842	1,330	928	924	900
3 Wholesale automotive	12,552	52	−596	−1,416	6,040	4,500	6,637	5,988	5,096	8,053
4 Retail paper on business, industrial, and farm equipment	28,137	362	−608	−476	1,148	971	1,297	786	1,579	1,773
5 Loans on commercial accounts receivable and factored commercial accounts receivable	9,202	−78	54	−13	10,279	10,102	11,310	10,357	10,048	11,323
6 All other business credit	18,759	−69	17	−416	1,655	1,626	1,745	1,724	1,609	2,161

1. Not seasonally adjusted.

1.54 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1980	1981	1982	1982 June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Conventional mortgages on new homes										
Terms[1]										
1 Purchase price (thousands of dollars)	83.4	90.4	94.6	89.4	98.4	91.4	95.0	99.1	97.9[r]	91.8
2 Amount of loan (thousands of dollars)	59.2	65.3	69.8	66.2	73.1	66.5	71.6	74.4	75.6[r]	67.6
3 Loan/price ratio (percent)	73.2	74.8	76.6	77.0	77.3	74.1	78.7	77.9	79.0[r]	75.2
4 Maturity (years)	28.2	27.7	27.6	27.4	28.4	26.4	28.1	28.4	27.9	26.9
5 Fees and charges (percent of loan amount)[2]	2.09	2.67	2.95	3.00	3.15	2.87	3.04	2.74	2.76[r]	2.98
6 Contract rate (percent per annum)	12.25	14.16	14.47	14.74	15.01	15.05	14.34	13.86	13.26[r]	13.09
Yield (percent per annum)										
7 FHLBB series[3]	12.65	14.74	15.12	15.40	15.70	15.68	14.98	14.41[r]	13.81[r]	13.69
8 HUD series[4]	13.95	16.52	15.79	16.75	16.50	15.40	15.05	13.95	13.80	13.62
SECONDARY MARKETS										
Yield (percent per annum)										
9 FHA mortgages (HUD series)[5]	13.44	16.31	15.31	16.73	16.29	14.61	14.03	12.99	12.82	12.80
10 GNMA securities[6]	12.55	15.29	14.68	15.84	15.56	14.51	13.57	12.83	12.66	12.60
FNMA auctions[7]										
11 Government-underwritten loans	14.11	16.70	....	16.22	....	15.78	....	....	....	....
12 Conventional loans	14.43	16.64	15.95	16.73	16.85	15.78	15.36	13.92	13.75	13.72
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
13 Total	55,104	58,675	66,031	65,008	66,158	67,810	68,841	69,152	70,126	71,814
14 FHA/VA-insured	37,365	39,341	39,718	39,829	39,853	39,922	39,871	39,523	39,174	39,057
15 Conventional	17,725	19,334	26,312	25,179	26,305	27,888	28,970	29,629	30,952	32,757
Mortgage transactions (during period)										
16 Purchases	8,099	6,112	15,116	1,223	1,354	1,931	1,670	1,449	1,681	2,495
17 Sales	0	2	0	0	0	0	0	0	0	0
Mortgage commitments[8]										
18 Contracted (during period)	8,083	9,331	22,105	1,583	2,016	1,820	1,482	1,426	2,795	3,055
19 Outstanding (end of period)	3,278	3,717	7,606	7,206	7,674	6,900	6,587	6,268	7,286	7,606
Auction of 4-month commitments to buy										
Government-underwritten loans										
20 Offered	8,605.4	2,487.2	307.4	33.1	8.9	43.3	16.4	2.5	27.0[r]	4.6
21 Accepted	4,002.0	1,478.0	104.3	7.4	0.0	5.7	0.0	0.0	0.0	0.0
Conventional loans										
22 Offered	3,639.2	2,524.7	445.3	59.0	37.2	70.1	27.5	13.6	22.1	23.2
23 Accepted	1,748.5	1,392.3	237.6	33.1	23.6	42.9	0.0	8.9	11.4	15.3
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[9]										
24 Total	4,362	5,245	n.a.	5,295	5,309	5,201	5,207	4,957	4,676	n.a.
25 FHA/VA	2,116	2,236	n.a.	2,225	2,232	2,216	2,225	1,016	1,012	n.a.
26 Conventional	2,246	3,010	n.a.	3,069	3,077	2,985	2,982	3,891	3,663	n.a.
Mortgage transactions (during period)										
27 Purchases	3,723	3,789	n.a.	1,581	2,237	2,529	1,799	2,000	1,917	n.a.
28 Sales	2,527	3,531	n.a.	1,562	2,204	2,619	1,923	2,197	2,182	n.a.
Mortgage commitments[10]										
29 Contracted (during period)	3,859	6,974	n.a.	3,166	2,189	2,768	2,892	2,506	1,714	n.a.
30 Outstanding (end of period)	447	3,518	n.a.	8,970	8,544	9,318	10,211	10,572	10,407	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, rounded to the nearest 5 basis points; from Department of Housing and Urban Development.
5. Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. Any gaps in data are due to periods of adjustment to changes in maximum permissible contract rates.
6. Average net yields to investors on Government National Mortgage Association guaranteed, mortgage-backed, fully modified pass-through securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are unweighted averages of Monday quotations for the month.
7. Average gross yields (before deduction of 38 basis points for mortgage servicing) on accepted bids in Federal National Mortgage Association's auctions of 4-month commitments to purchase home mortgages, assuming prepayment in 12 years for 30-year mortgages. No adjustments are made for FNMA commitment fees or stock related requirements. Monthly figures are unweighted averages for auctions conducted within the month.
8. 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.
9. Includes participation as well as whole loans.
10. Includes conventional and government-underwritten loans.

1.55 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

	Type of holder, and type of property	1980	1981	1982	1981 Q3	1981 Q4	1982 Q1	1982 Q2[r]	1982 Q3[r]	1982 Q4
1	**All holders**	**1,471,786**	**1,583,732**	**1,655,773**	**1,561,813[r]**	**1,583,732[r]**	**1,603,450[r]**	**1,624,707**	**1,633,618**	**655,773**
2	1- to 4-family	986,979	1,060,633	1,105,641	1,047,799[r]	1,060,633[r]	1,071,462[r]	1,082,971	1,089,545	105,641
3	Multifamily	137,134	141,442	148,300	140,243[r]	141,442[r]	143,812[r]	145,559	145,917	148,300
4	Commercial	255,655	279,930	294,709	273,765[r]	279,930[r]	284,261[r]	290,693	291,740	294,709
5	Farm	92,018	101,727	107,123	100,006	101,727	103,915[r]	105,484	106,416	107,123
6	Major financial institutions	997,168	1,040,827[r]	1,021,225	1,034,032[r]	1,040,827[r]	1,041,702[r]	1,042,904	1,027,027	1,021,225
7	Commercial banks[1]	263,030	284,536	301,742	279,017	284,536	289,365	294,022	298,342	301,742
8	1- to 4-family	160,326	170,013	177,122	167,550	170,013	171,350	172,596	175,126	177,122
9	Multifamily	12,924	15,132	15,841	14,481	15,132	15,338	15,431	15,666	15,841
10	Commercial	81,081	91,026	100,269	88,588	91,026	94,256	97,522	99,050	100,269
11	Farm	8,699	8,365	8,510	8,398	8,365	8,421	8,473	8,500	8,510
12	Mutual savings banks	99,865	99,997	93,882	99,994	99,997	97,464	96,346	94,382	93,882
13	1- to 4-family	67,489	68,187	63,708	68,116	68,187	66,305	65,381	63,849	63,708
14	Multifamily	16,058	15,960	14,946	15,939	15,960	15,536	15,338	15,026	14,946
15	Commercial	16,278	15,810	15,200	15,909	15,810	15,594	15,598	15,479	15,200
16	Farm	40	40	28	30	40	29	29	28	28
17	Savings and loan associations	503,192	518,547[r]	484,297	518,985[r]	518,547[r]	516,111[r]	512,997	493,899	484,297
18	1- to 4-family	419,763	433,142[r]	400,563	433,923[r]	433,142[r]	430,178[r]	425,890	410,035	400,563
19	Multifamily	38,142	37,699[r]	36,177	37,990[r]	37,699[r]	37,986[r]	38,321	36,894	36,177
20	Commercial	45,287	47,706	47,557	47,072[r]	47,706[r]	47,947	48,786	46,970	47,557
21	Life insurance companies	131,081	137,747	141,304	136,036	137,747	138,762	139,539	140,404	141,304
22	1- to 4-family	17,943	17,201	16,975	17,376	17,201	17,086	16,451	16,865	16,975
23	Multifamily	19,514	19,283	19,107	19,441	19,283	19,199	18,982	18,967	19,107
24	Commercial	80,666	88,163	92,322	86,070	88,163	89,529	91,113	91,640	92,322
25	Farm	12,958	13,100	12,900	13,149	13,100	12,948	12,993	12,932	12,900
26	Federal and related agencies	114,300	126,112	138,561	121,772	126,112	128,721	131,485	135,008	138,561
27	Government National Mortgage Association	4,642	4,765	4,556	4,382	4,765	4,438	4,669	4,110	4,556
28	1- to 4-family	704	693	683	696	693	689	688	682	683
29	Multifamily	3,938	4,072	3,873	3,686	4,072	3,749	3,981	3,428	3,873
30	Farmers Home Administration	3,492	2,235	872	1,562	2,235	2,469	1,335	947	872
31	1- to 4-family	916	914	242	500	914	715	491	302	242
32	Multifamily	610	473	25	242	473	615	179	46	25
33	Commercial	411	506	150	325	506	499	256	164	150
34	Farm	1,555	342	455	495	342	640	409	435	455
35	Federal Housing and Veterans Administration	5,640	5,999	6,130	6,005	5,999	6,003	5,908	5,921	6,130
36	1- to 4-family	2,051	2,289	2,280	2,240	2,289	2,266	2,218	2,171	2,280
37	Multifamily	3,589	3,710	3,850	3,765	3,710	3,737	3,690	3,750	3,850
38	Federal National Mortgage Association	57,327	61,412	71,814	59,682	61,412	62,544	65,008	68,841	71,814
39	1- to 4-family	51,775	55,986	66,500	54,227	55,986	57,142	59,631	63,495	66,500
40	Multifamily	5,552	5,426	5,314	5,455	5,426	5,402	5,377	5,346	5,314
41	Federal Land Banks	38,131	46,446	50,433	44,708	46,446	47,947	49,270	49,983	50,433
42	1- to 4-family	2,099	2,788	3,077	2,605	2,788	2,874	2,954	3,029	3,077
43	Farm	36,032	43,658	47,356	42,103	43,658	45,073	46,316	46,954	47,356
44	Federal Home Loan Mortgage Corporation	5,068	5,255	4,756	5,433	5,255	5,320	5,295	5,206	4,756
45	1- to 4-family	3,873	4,018	3,494	4,166	4,018	4,075	4,042	3,944	3,494
46	Multifamily	1,195	1,237	1,262	1,267	1,237	1,245	1,253	1,262	1,262
47	Mortgage pools or trusts[2]	142,258	162,990	216,487	158,140	162,990	172,292	183,647	198,365	216,487
48	Government National Mortgage Association	93,874	105,790	119,149	103,750	105,790	108,592	111,459	114,776	119,149
49	1- to 4-family	91,602	103,007	116,040	101,068	103,007	105,701	108,487	111,728	116,040
50	Multifamily	2,272	2,783	3,109	2,682	2,783	2,891	2,972	3,048	3,109
51	Federal Home Loan Mortgage Corporation	16,854	20,560	55,728	17,936	20,560	26,745	33,249	43,254	55,728
52	1- to 4-family	13,471	16,605	46,903	14,401	16,605	21,781	27,193	35,686	46,903
53	Multifamily	3,383	3,955	8,825	3,535	3,955	4,964	6,056	7,568	8,825
54	Federal National Mortgage Association[3]	n.a.	717	14,450	n.a.	717	2,786	4,556	8,133	14,450
55	1- to 4-family	n.a.	717	14,450	n.a.	717	2,786	4,556	8,133	14,450
56	Farmers Home Administration	31,530	36,640	41,610	36,454	36,640	36,955	38,939	40,335	41,610
57	1- to 4-family	16,683	18,378	20,729	18,407	18,378	18,740	19,357	20,079	20,729
58	Multifamily	2,612	3,426	4,619	3,488	3,426	3,447	4,044	4,344	4,619
59	Commercial	5,271	6,161	7,306	6,040	6,161	6,351	6,762	7,056	7,306
60	Farm	6,964	8,675	8,956	8,519	8,675	8,417	8,776	8,856	8,956
61	Individual and others[4]	218,060	253,808	279,500	247,869	253,803	260,735[r]	266,671	273,218	279,500
62	1- to 4-family[5]	138,284	167,412	187,325	162,524	167,412	172,560[r]	177,592	182,554	187,325
63	Multifamily	27,345	28,286	31,352	28,272	28,286	29,703[r]	29,935	30,572	31,352
64	Commercial	26,661	30,558	31,905	29,761	30,558	30,085[r]	30,656	31,381	31,905
65	Farm	25,770	27,547	28,918	27,312	27,547	28,387[r]	28,488	28,711	28,918

1. Includes loans held by nondeposit trust companies but not bank trust departments.
2. Outstanding principal balances of mortgages backing securities insured or guaranteed by the agency indicated.
3. Outstanding balances on FNMA's issues of securities backed by pools of conventional mortgages held in trust. The program was implemented by FNMA in October 1981.
4. Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and U.S. agencies for which amounts are small or for which separate data are not readily available.
5. Includes a new estimate of residential mortgage credit provided by individuals.

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

1.56 CONSUMER INSTALLMENT CREDIT[1] Total Outstanding, and Net Change

Millions of dollars

Holder, and type of credit	1979	1980	1981	1982 June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Amounts outstanding (end of period)									
1 **Total**	**312,024**	**313,472**	**333,375**	**331,851**	**332,471**	**333,808**	**335,948**	**334,871**	**336,991**	**343,372**
By major holder										
2 Commercial banks	154,177	147,013	149,300	146,775	146,745	147,275	148,280	147,926	148,270	150,643
3 Finance companies	68,318	76,756	89,818	93,009	93,353	93,207	93,357	92,541	93,462	94,322
4 Credit unions	46,517	44,041	45,954	45,882	45,698	46,154	46,846	46,645	46,832	47,253
5 Retailers[2]	28,119	28,448	29,551	26,645	26,710	26,751	26,829	27,046	27,639	30,202
6 Savings and loans	8,424	9,911	11,598	12,312	12,520	12,833	13,051	13,457	13,672	13,891
7 Gasoline companies	3,729	4,468	4,403	4,398	4,600	4,714	4,669	4,322	4,141	4,063
8 Mutual savings banks	2,740	2,835	2,751	2,830	2,845	2,874	2,916	2,934	2,975	2,998
By major type of credit										
9 Automobile	116,362	116,838	126,431	128,415	128,359	128,281	129,085	128,619	129,594	130,504
10 Commercial banks	67,367	61,536	59,181	58,140	58,131	58,222	58,762	58,796	58,996	59,128
11 Indirect paper	38,338	35,233	35,097	34,903	34,979	34,996	35,449	35,490	35,686	35,962
12 Direct loans	29,029	26,303	24,084	23,237	23,152	23,226	23,313	23,306	23,310	23,166
13 Credit unions	22,244	21,060	21,975	21,940	21,852	22,071	22,402	22,306	22,395	22,596
14 Finance companies	26,751	34,242	45,275	48,335	48,376	47,988	47,921	47,518	48,203	48,780
15 Revolving	56,937	58,352	63,049	59,302	59,824	60,475	60,932	60,811	61,500	66,273
16 Commercial banks	29,862	29,765	33,110	31,974	32,205	32,691	33,104	33,085	33,371	35,777
17 Retailers	23,346	24,119	25,536	22,930	23,019	23,070	23,159	23,404	23,988	26,433
18 Gasoline companies	3,729	4,468	4,403	4,398	4,600	4,714	4,669	4,322	4,141	4,063
19 Mobile home	16,838	17,322	18,486	18,543	18,601	18,741	18,778	18,814	18,821	18,768
20 Commercial banks	10,647	10,371	10,300	9,924	9,857	9,790	9,723	9,631	9,578	9,464
21 Finance companies	3,390	3,745	4,494	4,731	4,801	4,916	4,953	4,971	4,970	4,965
22 Savings and loans	2,307	2,737	3,203	3,400	3,458	3,544	3,604	3,716	3,775	3,836
23 Credit unions	494	469	489	488	486	491	498	496	498	503
24 Other	121,887	120,960	125,409	125,591	125,687	126,311	127,153	126,627	127,076	127,827
25 Commercial banks	46,301	45,341	46,709	46,737	46,552	46,572	46,691	46,414	46,325	46,274
26 Finance companies	38,177	38,769	40,049	39,943	40,176	40,303	40,483	40,052	40,289	40,577
27 Credit unions	23,779	22,512	23,490	23,454	23,360	23,592	23,946	23,844	23,939	24,154
28 Retailers	4,773	4,329	4,015	3,715	3,691	3,681	3,670	3,642	3,651	3,769
29 Savings and loans	6,117	7,174	8,395	8,912	9,063	9,289	9,447	9,741	9,897	10,055
30 Mutual savings banks	2,740	2,835	2,751	2,830	2,845	2,874	2,916	2,934	2,975	2,998
	Net change (during period)[3]									
31 **Total**	**38,381**	**1,448**	**19,894**	**1,349**	**570**	**66**	**1,092**	**−324**	**2,523**	**2,192**
By major holder										
32 Commercial banks	18,161	−7,163	2,284	−100	−66	−252	481	−49	904	1,099
33 Finance companies	14,020	8,438	13,062	874	195	−142	115	−393	1,133	845
34 Credit unions	2,185	−2,475	1,913	38	−69	179	346	−32	418	169
35 Retailers[2]	2,132	329	1,103	304	297	−109	60	−88	−98	−35
36 Savings and loans	1,327	1,485	1,682	187	196	268	181	328	194	171
37 Gasoline companies	509	739	−65	38	3	65	−115	−115	−39	−93
38 Mutual savings banks	47	95	−85	8	14	57	24	25	11	36
By major type of credit										
39 Automobile	14,715	477	9,595	655	61	−402	505	−78	1,816	1,303
40 Commercial banks	6,857	−5,830	−2,355	−240	101	−146	435	52	600	479
41 Indirect paper	4,488	−3,104	−136	−52	225	−129	332	72	496	463
42 Direct loans	2,369	−2,726	−2,219	−188	−124	−17	103	−20	104	16
43 Credit unions	1,044	−1,184	914	28	−26	65	159	−12	232	62
44 Finance companies	6,814	7,491	11,033	867	−14	−321	−89	−118	984	762
45 Revolving	8,628	1,415	4,697	507	612	143	210	108	107	532
46 Commercial banks	5,521	−97	3,345	219	266	162	243	246	202	680
47 Retailers	2,598	773	1,417	250	343	−84	82	−23	−56	−55
48 Gasoline companies	509	739	−65	38	3	65	−115	−115	−39	−93
49 Mobile home	1,603	483	1,161	67	63	141	10	−4	40	−68
50 Commercial banks	1,102	−276	−74	−58	−57	−62	−67	−97	−19	−90
51 Finance companies	238	355	749	64	73	108	20	−7	3	−25
52 Savings and loans	240	430	466	60	47	94	54	100	53	44
53 Credit unions	23	−25	20	1	0	1	3	0	3	3
54 Other	13,435	−927	4,441	120	−166	184	367	−350	560	425
55 Commercial banks	4,681	−960	1,368	−21	−376	−206	−130	−250	121	30
56 Finance companies	6,986	592	1,280	−57	136	71	184	−268	146	108
57 Credit unions	1,118	−1,266	975	9	−43	113	184	−20	183	104
58 Retailers	−466	−444	−314	54	−46	−25	−22	−65	−42	20
59 Savings and loans	1,087	1,056	1,217	127	149	174	127	228	141	127
60 Mutual savings banks	47	95	−85	8	14	57	24	25	11	36

1. The Board's series cover most short- and intermediate-term credit extended to individuals through regular business channels, usually to finance the purchase of consumer goods and services or to refinance debts incurred for such purposes, and scheduled to be repaid (or with the option of repayment) in two or more installments.
2. Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.
3. Net change equals extensions minus liquidations (repayments, charge-offs and other credit); figures for all months are seasonally adjusted.

NOTE: Total consumer noninstallment credit outstanding—credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit—amounted to, not seasonally adjusted, \$71.3 billion at the end of 1979, \$74.8 billion at the end of 1980, and \$80.2 billion at the end of 1981.

1.57 CONSUMER INSTALLMENT CREDIT Extensions and Liquidations

Millions of dollars; monthly data are seasonally adjusted.

Holder, and type of credit	1979	1980	1981	1982						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Extensions									
1 **Total**	**324,777**	**306,076**	**336,341**	**29,737**	**27,514**	**27,579**	**28,268**	**28,062**	**31,610**	**30,462**
By major holder										
2 Commercial banks	154,733	134,960	146,186	13,460	12,485	12,499	12,750	13,322	14,616	13,992
3 Finance companies	61,518	60,801	66,344	5,700	4,607	4,685	4,894	4,427	6,231	5,752
4 Credit unions	34,926	29,594	35,444	2,887	2,711	2,904	3,092	2,897	3,438	3,315
5 Retailers[1]	47,676	49,942	53,430	4,762	4,785	4,396	4,684	4,431	4,383	4,518
6 Savings and loans	5,901	6,621	8,142	785	803	863	786	961	884	871
7 Gasoline companies	18,005	22,253	24,902	1,969	1,944	2,021	1,876	1,835	1,867	1,799
8 Mutual savings banks	2,018	1,905	1,893	174	179	211	186	189	191	215
By major type of credit										
9 Automobile	93,901	83,454	94,404	8,182	7,332	7,112	7,546	7,970	10,329	9,618
10 Commercial banks	53,554	41,109	42,792	3,404	3,687	3,454	3,702	4,296	4,796	4,472
11 Indirect paper	29,623	22,558	24,941	2,036	2,324	1,957	2,077	2,785	3,016	2,744
12 Direct loans	23,931	18,551	17,851	1,368	1,363	1,497	1,625	1,511	1,780	1,728
13 Credit unions	17,397	15,294	18,084	1,497	1,389	1,499	1,579	1,514	1,786	1,743
14 Finance companies	22,950	27,051	33,527	3,281	2,256	2,159	2,265	2,160	3,747	3,403
15 Revolving	120,174	128,068	140,135	13,361	12,551	12,497	12,464	12,340	12,489	12,336
16 Commercial banks	61,048	61,593	67,370	7,141	6,237	6,512	6,336	6,455	6,638	6,473
17 Retailers	41,121	44,222	47,863	4,251	4,370	3,964	4,252	4,050	3,984	4,064
18 Gasoline companies	18,055	22,253	24,902	1,969	1,944	2,021	1,876	1,835	1,867	1,799
19 Mobile home	6,471	5,093	6,028	459	441	581	452	476	484	455
20 Commercial banks	4,542	2,937	3,106	180	173	194	191	174	237	196
21 Finance companies	797	898	1,313	129	133	193	105	81	84	84
22 Savings and loans	948	1,146	1,432	137	123	181	140	207	147	157
23 Credit unions	184	113	176	13	12	13	16	14	16	18
24 Other	104,231	89,461	95,774	7,735	7,190	7,389	7,806	7,276	8,308	8,053
25 Commercial banks	35,589	29,321	32,918	2,735	2,388	2,339	2,521	2,397	2,945	2,851
26 Finance companies	37,771	32,852	31,504	2,290	2,218	2,333	2,524	2,186	2,400	2,265
27 Credit unions	17,345	14,187	17,182	1,377	1,310	1,392	1,497	1,369	1,636	1,554
28 Retailers	6,555	5,720	5,567	511	415	432	432	381	399	454
29 Savings and loans	4,953	5,476	6,710	648	680	682	646	754	737	714
30 Mutual savings banks	2,018	1,905	1,893	174	179	211	186	189	191	215
	Liquidations									
31 **Total**	**286,396**	**304,628**	**316,447**	**28,388**	**26,944**	**27,513**	**27,176**	**28,386**	**29,087**	**28,270**
By major holder										
32 Commercial banks	136,572	142,123	143,902	13,560	12,551	12,751	12,269	13,371	13,712	12,893
33 Finance companies	47,498	52,363	53,282	4,826	4,412	4,827	4,779	4,820	5,098	4,907
34 Credit unions	32,741	32,069	33,531	2,849	2,780	2,725	2,746	2,929	3,020	3,146
35 Retailers[1]	45,544	49,613	52,327	4,458	4,488	4,505	4,624	4,519	4,481	4,553
36 Savings and loans	4,574	5,136	6,640	598	607	595	605	633	690	700
37 Gasoline companies	17,496	21,514	24,967	1,931	1,941	1,956	1,991	1,950	1,906	1,892
38 Mutual savings banks	1,971	1,810	1,978	166	165	154	162	164	180	179
By major type of credit										
39 Automobile	79,186	82,977	84,809	7,527	7,271	7,514	7,041	8,048	8,513	8,315
40 Commercial banks	46,697	46,939	45,147	3,644	3,586	3,600	3,267	4,244	4,196	3,993
41 Indirect paper	25,135	25,662	25,077	2,088	2,099	2,086	1,745	2,713	2,520	2,281
42 Direct loans	21,562	21,277	20,070	1,556	1,487	1,514	1,522	1,531	1,676	1,712
43 Credit unions	16,353	16,478	17,169	1,469	1,415	1,434	1,420	1,526	1,554	1,681
44 Finance companies	16,136	19,560	22,494	2,414	2,270	2,480	2,354	2,278	2,763	2,641
45 Revolving	111,546	126,653	135,438	12,854	11,939	12,354	12,254	12,232	12,382	11,804
46 Commercial banks	55,527	61,690	64,025	6,922	5,971	6,350	6,093	6,209	6,436	5,793
47 Retailers	38,523	43,449	46,446	4,001	4,027	4,048	4,170	4,073	4,040	4,119
48 Gasoline companies	17,496	21,514	24,967	1,931	1,941	1,956	1,991	1,950	1,906	1,892
49 Mobile home	4,868	4,610	4,867	392	378	440	442	480	444	523
50 Commercial banks	3,440	3,213	3,180	238	230	256	258	271	256	286
51 Finance companies	559	543	564	65	60	85	85	88	81	109
52 Savings and loans	708	716	966	77	76	87	86	107	94	113
53 Credit unions	161	138	156	12	12	12	13	14	13	15
54 Other	90,796	90,388	91,333	7,615	7,356	7,205	7,439	7,626	7,748	7,628
55 Commercial banks	30,908	30,281	31,550	2,756	2,764	2,545	2,651	2,647	2,824	2,821
56 Finance companies	30,803	32,260	30,224	2,347	2,082	2,262	2,340	2,454	2,254	2,157
57 Credit unions	16,227	15,453	16,207	1,368	1,353	1,279	1,313	1,389	1,453	1,450
58 Retailers	7,021	6,164	5,881	457	461	457	454	446	441	434
59 Savings and loans	3,866	4,420	5,493	521	531	508	519	526	596	587
60 Mutual savings banks	1,971	1,810	1,978	166	165	154	162	164	180	179

1. Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.

1.58 FUNDS RAISED IN U.S. CREDIT MARKETS

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

Transaction category, sector	1976	1977	1978	1979	1980	1981	1979	1980		1981		1982
							H2	H1	H2	H1	H2	H1
					Nonfinancial sectors							
1 **Total funds raised**	**273.5**	**334.3**	**401.7**	**402.0**	**397.1**	**406.9**	**406.6**	**363.0**	**431.2**	**438.2**	**375.7**	**380.6**
2 Excluding equities	262.7	331.2	402.3	409.1	382.2	418.4	411.0	354.2	410.2	436.7	400.2	381.0
By sector and instrument												
3 U.S. government	69.0	56.8	53.7	37.4	79.2	87.4	46.1	63.3	95.1	81.9	92.9	98.1
4 Treasury securities	69.1	57.6	55.1	38.8	79.8	87.8	46.6	63.9	95.7	82.4	93.2	98.6
5 Agency issues and mortgages	−.1	−.9	−1.4	−1.4	−.6	−.5	−.5	−.6	−.6	−.5	−.4	−.5
6 All other nonfinancial sectors	204.5	277.5	348.0	364.7	317.9	319.6	360.5	299.8	336.1	356.3	282.8	282.6
7 Corporate equities	10.8	3.1	−.6	−7.1	15.0	−11.5	−4.3	8.9	21.0	1.6	−24.5	−.4
8 Debt instruments	193.6	274.4	348.7	371.7	303.0	331.0	364.9	290.9	315.0	354.8	307.3	282.9
9 Private domestic nonfinancial sectors	184.9	263.6	314.8	343.6	288.7	292.3	332.2	268.8	308.5	321.7	262.9	266.5
10 Corporate equities	10.5	2.7	−.1	−7.8	12.9	−11.5	−6.1	6.9	18.8	.9	−23.8	−.1
11 Debt instruments	174.3	260.9	314.9	351.5	275.8	303.7	338.3	261.9	289.7	320.8	286.7	266.7
12 Debt capital instruments	123.6	169.8	198.7	216.0	204.1	175.0	213.1	203.8	204.4	196.5	153.5	156.7
13 State and local obligations	15.7	21.9	28.4	29.8	35.9	32.9	32.8	30.7	41.0	35.1	30.6	47.9
14 Corporate bonds	22.8	21.0	20.1	22.5	33.2	23.9	22.6	37.3	29.0	24.7	23.0	18.5
Mortgages												
15 Home mortgages	63.9	94.3	112.1	120.1	96.7	78.6	113.9	96.5	96.9	95.2	62.0	59.5
16 Multifamily residential	3.9	7.1	9.2	7.8	8.8	4.6	6.9	8.1	9.5	5.1	4.1	5.1
17 Commercial	11.6	18.4	21.7	23.9	20.2	25.3	25.4	20.3	20.1	27.4	23.2	20.3
18 Farm	5.7	7.1	7.2	11.8	9.3	9.8	11.5	10.9	7.8	9.0	10.5	5.4
19 Other debt instruments	50.7	91.1	116.2	135.5	71.7	128.8	125.2	58.1	85.4	124.3	133.2	110.0
20 Consumer credit	25.4	40.2	48.8	45.4	4.9	25.3	41.0	−3.3	13.0	29.4	21.2	16.0
21 Bank loans n.e.c.	4.4	26.7	37.1	49.2	35.4	51.1	39.6	18.0	52.7	47.7	54.6	78.2
22 Open market paper	4.0	2.9	5.2	11.1	6.6	19.2	17.4	20.3	−7.1	10.7	27.6	3.4
23 Other	16.9	21.3	25.1	29.7	24.9	33.1	27.2	23.0	26.7	36.5	29.8	12.4
24 By borrowing sector	184.9	263.6	314.8	343.6	288.7	292.3	332.2	268.8	308.5	321.7	262.9	266.5
25 State and local governments	15.2	15.4	19.1	20.2	27.3	22.3	22.5	21.8	32.8	25.1	19.5	36.3
26 Households	89.5	137.3	169.3	176.5	117.5	120.4	165.8	115.2	119.8	141.0	99.9	89.7
27 Farm	10.2	12.3	14.6	21.4	14.4	16.4	22.7	15.7	13.0	19.9	12.8	8.4
28 Nonfarm noncorporate	15.4	28.3	32.4	34.4	33.8	40.5	37.0	27.5	40.2	41.8	39.3	30.4
29 Corporate	54.5	70.4	79.3	91.2	95.7	92.6	84.2	88.6	102.7	93.9	91.4	101.8
30 Foreign	19.6	13.9	33.2	21.0	29.3	27.3	28.3	31.0	27.5	34.6	19.9	16.0
31 Corporate equities	.3	.4	−.5	.8	2.1	*	1.7	1.9	2.2	.7	−.7	−.2
32 Debt instruments	19.3	13.5	33.8	20.2	27.2	27.3	26.6	29.0	25.3	34.0	20.6	16.2
33 Bonds	8.6	5.1	4.2	3.9	.8	5.5	4.9	2.0	−.4	3.3	7.6	2.2
34 Bank loans n.e.c.	5.6	3.1	19.1	2.3	11.5	3.7	2.6	5.9	17.2	5.0	2.3	−.6
35 Open market paper	1.9	2.4	6.6	11.2	10.1	13.9	16.3	15.7	4.5	20.6	7.1	11.3
36 U.S. government loans	3.3	3.0	3.9	2.9	4.7	4.3	2.8	5.4	4.0	5.0	3.6	3.3
					Financial sectors							
37 **Total funds raised**	**22.5**	**52.2**	**77.5**	**83.9**	**68.5**	**89.3**	**78.7**	**65.1**	**71.9**	**95.5**	**83.0**	**107.9**
By instrument												
38 U.S. government related	14.3	21.9	36.7	47.3	43.6	45.1	50.8	47.3	39.8	42.5	47.8	57.9
39 Sponsored credit agency securities	2.5	7.0	23.1	24.3	24.4	30.1	25.8	27.1	21.7	26.9	33.3	21.4
40 Mortgage pool securities	12.2	16.1	13.6	23.1	19.2	15.0	25.0	20.2	18.1	15.6	14.5	36.5
41 Loans from U.S. government	−.4	−1.2	...	...	...	...	...	...	...	...	...	...
42 Private financial sectors	8.2	30.3	40.8	36.6	24.9	44.1	27.9	17.7	32.0	53.0	35.3	50.0
43 Corporate equities	−.2	3.4	2.5	3.2	7.2	8.6	2.6	7.5	6.9	9.7	7.5	16.0
44 Debt instruments	8.4	26.9	38.3	33.4	17.7	35.6	25.3	10.3	25.2	43.4	27.8	34.0
45 Corporate bonds	9.8	10.1	7.5	7.8	7.1	−.8	7.7	9.9	4.4	−2.1	.4	−3.6
46 Mortgages	2.1	3.1	.9	−1.2	−.9	−2.9	−2.9	−5.3	3.5	−2.3	−3.5	1.9
47 Bank loans n.e.c.	−3.7	−.3	2.8	−.4	−.4	2.2	.5	.1	−.9	3.7	.7	5.9
48 Open market paper and RPs	2.2	9.6	14.6	18.0	4.8	20.9	10.8	−.1	9.7	24.8	17.0	16.1
49 Loans from Federal Home Loan Banks	−2.0	4.3	12.5	9.2	7.1	16.2	9.2	5.8	8.5	19.3	13.2	13.8
By sector												
50 Sponsored credit agencies	2.1	5.8	23.1	24.3	24.4	30.1	25.8	27.1	21.7	26.9	33.3	21.4
51 Mortgage pools	12.2	16.1	13.6	23.1	19.2	15.0	25.0	20.2	18.1	15.6	14.5	36.5
52 Private financial sectors	8.2	30.3	40.8	36.6	24.9	44.1	27.9	17.7	32.0	53.0	35.3	50.0
53 Commercial banks	2.3	1.1	1.3	1.6	.5	.4	1.8	.8	.3	.2	.5	.6
54 Bank affiliates	5.4	2.0	7.2	6.5	6.9	8.3	4.9	5.8	8.0	6.9	9.7	9.7
55 Savings and loan associations	.1	9.9	14.3	11.4	6.6	13.1	10.2	.1	13.2	19.2	6.9	16.8
56 Other insurance companies	.9	1.4	.8	.9	1.1	1.1	.9	1.0	1.1	1.1	1.1	1.0
57 Finance companies	4.3	16.9	18.1	16.6	6.3	14.1	11.0	6.0	6.5	17.3	11.0	7.7
58 REITs	−2.2	−1.9	−.9	−.3	−1.5	−.5	−.1	−1.4	−1.7	−.6	−.3	−.2
59 Open-end investment companies	−2.4	.9	−.1	.1	5.0	7.7	−.8	5.5	4.5	8.9	6.5	14.5
					All sectors							
60 **Total funds raised, by instrument**	**296.0**	**386.5**	**479.2**	**485.9**	**465.6**	**496.2**	**485.3**	**428.1**	**503.1**	**533.7**	**458.7**	**488.6**
61 Investment company shares	−2.4	.9	−.1	.1	5.0	7.7	−.8	5.5	4.5	8.9	6.5	14.5
62 Other corporate equities	13.1	5.6	1.9	−3.9	17.1	−10.6	−.9	10.8	23.4	2.3	−23.5	1.2
63 Debt instruments	285.4	379.9	477.4	489.7	443.5	499.1	487.1	411.8	475.2	522.5	475.7	472.9
64 U.S. government securities	83.8	79.9	90.5	84.8	122.9	132.6	97.0	110.7	135.1	124.5	140.7	156.1
65 State and local obligations	15.7	21.9	28.4	29.8	35.9	32.9	32.8	30.7	41.0	35.1	30.6	47.9
66 Corporate and foreign bonds	41.2	36.1	31.8	34.2	41.1	28.5	35.2	49.3	33.0	26.0	30.9	17.0
67 Mortgages	87.1	129.9	151.0	162.4	134.0	115.2	154.7	130.4	137.7	134.3	96.2	92.1
68 Consumer credit	25.4	40.2	48.8	45.4	4.9	25.3	41.0	−3.3	13.0	29.4	21.2	16.0
69 Bank loans n.e.c.	6.2	29.5	59.0	51.0	46.5	57.0	42.7	24.0	69.0	56.4	57.6	83.6
70 Open market paper and RPs	8.1	15.0	26.4	40.3	21.6	54.0	44.5	35.9	7.2	56.2	51.8	30.9
71 Other loans	17.8	27.4	41.5	41.8	36.6	53.7	39.2	34.1	39.2	60.7	46.6	29.4

1.59 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	1976	1977	1978	1979	1980	1981	1979	1980		1981		1982
								H2	H1	H2	H1	H2	H1r
1	**Total funds advanced in credit markets to nonfinancial sectors**	**262.7**	**331.2**	**402.3**	**409.1**	**382.2**	**418.4**	**411.0**	**354.2**	**410.2**	**436.7**	**400.2**	**381.0**
	By public agencies and foreign												
2	Total net advances	49.8	79.2	101.9	74.6	95.8	95.9	101.0	104.6	87.0	98.7	93.2	91.9
3	U.S. government securities	23.1	34.9	36.1	−6.3	15.7	17.2	16.6	20.5	10.9	15.9	18.5	−.8
4	Residential mortgages	12.3	20.0	25.7	35.8	31.7	23.4	36.7	34.9	28.5	21.4	25.5	47.4
5	FHLB advances to savings and loans	−2.0	4.3	12.5	9.2	7.1	16.2	9.2	5.8	8.5	19.3	13.2	13.8
6	Other loans and securities	16.4	20.1	27.6	35.9	41.3	39.1	38.6	43.4	39.1	42.1	36.0	31.5
	Total advanced, by sector												
7	U.S. government	7.9	10.0	17.1	19.0	23.7	24.2	18.7	24.6	22.8	27.1	21.2	15.4
8	Sponsored credit agencies	16.8	22.4	39.9	52.4	44.4	46.0	56.9	45.2	43.7	44.3	47.7	59.0
9	Monetary authorities	9.8	7.1	7.0	7.7	4.5	9.2	14.0	14.9	−5.9	−3.7	22.1	−6.5
10	Foreign	15.2	39.6	38.0	−4.6	23.2	16.6	11.3	19.9	26.5	30.9	2.2	23.9
11	Agency borrowing not included in line 1	14.3	21.9	36.7	47.3	43.6	45.1	50.8	47.3	39.8	42.5	47.8	57.9
	Private domestic funds advanced												
12	Total net advances	227.1	273.9	337.1	381.8	329.9	367.6	360.8	296.9	362.9	380.5	354.7	347.0
13	U.S. government securities	60.7	45.1	54.3	91.1	107.2	115.4	80.5	90.2	124.2	108.5	122.3	156.9
14	State and local obligations	15.7	21.9	28.4	29.8	35.9	32.9	32.8	30.7	41.0	35.1	30.6	47.9
15	Corporate and foreign bonds	30.5	22.2	22.4	23.7	25.8	20.6	24.1	31.6	20.1	18.6	22.7	4.5
16	Residential mortgages	55.4	81.4	95.5	92.0	73.7	59.7	84.0	69.6	77.8	78.8	40.5	17.0
17	Other mortgages and loans	62.9	107.6	149.1	154.3	94.4	155.3	148.7	80.6	108.3	158.7	151.8	134.5
18	LESS: Federal Home Loan Bank advances	−2.0	4.3	12.5	9.2	7.1	16.2	9.2	5.8	8.5	19.3	13.2	13.8
	Private financial intermediation												
19	Credit market funds advanced by private financial institutions	190.9	261.7	302.9	292.2	257.9	301.3	260.7	245.4	270.4	326.3	276.3	281.3
20	Commercial banking	59.6	87.6	128.7	121.1	99.7	103.5	108.1	64.7	134.8	107.8	99.2	122.3
21	Savings institutions	70.2	81.6	73.6	55.5	54.1	24.6	48.9	34.9	73.2	43.9	5.3	30.2
22	Insurance and pension funds	49.7	69.0	75.0	66.4	74.4	75.8	60.1	84.3	64.4	75.8	75.8	89.0
23	Other finance	11.4	23.5	25.6	49.2	29.8	97.4	43.6	61.5	−1.9	98.8	95.9	39.7
24	Sources of funds	190.9	261.7	302.9	292.2	257.9	301.3	260.7	245.4	270.4	326.3	276.3	281.3
25	Private domestic deposits	124.4	138.9	141.1	142.5	167.8	211.2	145.9	162.5	173.1	212.0	210.3	177.5
26	Credit market borrowing	8.4	26.9	38.3	33.4	17.7	35.6	25.3	10.3	25.2	43.4	27.8	34.0
27	Other sources	58.0	96.0	123.5	116.4	72.4	54.6	89.5	72.7	72.1	70.9	38.2	69.8
28	Foreign funds	−4.7	1.2	6.3	25.6	−23.0	−8.8	3.4	−20.0	−26.0	−.7	−16.8	−31.1
29	Treasury balances	−.1	4.3	6.8	.4	−2.6	−1.1	−.7	−6.1	1.0	6.0	−8.2	−4.1
30	Insurance and pension reserves	34.3	51.4	62.2	49.1	65.4	70.8	43.8	70.3	60.5	66.0	75.6	77.4
31	Other, net	28.5	39.1	48.3	41.3	32.6	−6.4	43.0	28.6	36.6	−.4	−12.3	27.6
	Private domestic nonfinancial investors												
32	Direct lending in credit markets	44.7	39.0	72.5	122.9	89.7	101.9	125.4	61.7	117.7	97.5	106.2	99.8
33	U.S. government securities	15.9	24.6	36.3	61.4	38.3	50.4	54.9	23.3	53.3	43.0	57.7	54.8
34	State and local obligations	3.3	−.8	3.6	9.4	12.6	20.3	11.5	6.2	18.9	22.8	17.8	35.7
35	Corporate and foreign bonds	11.8	−5.1	−2.9	10.2	9.3	−7.9	16.9	7.8	10.8	−9.2	−6.6	−22.9
36	Commercial paper	1.9	9.6	15.6	12.1	−3.4	3.5	14.6	−8.1	1.4	−1.4	8.4	7.9
37	Other	11.8	10.7	19.9	29.8	32.9	35.6	27.6	32.5	33.3	42.3	29.0	24.2
38	Deposits and currency	133.4	148.5	152.3	151.9	179.2	221.0	149.9	172.4	186.1	218.6	223.4	177.5
39	Currency	7.3	8.3	9.3	7.9	10.3	9.5	6.3	9.3	11.3	5.8	13.2	2.0
40	Checkable deposits	10.4	17.2	16.3	19.2	4.2	18.3	22.5	−2.5	11.0	26.5	10.1	6.9
41	Small time and savings accounts	123.7	93.5	63.7	61.0	79.5	46.6	50.7	73.4	85.7	26.9	66.3	78.8
42	Money market fund shares	*	.2	6.9	34.4	29.2	107.5	38.6	61.9	−3.4	104.1	110.8	39.4
43	Large time deposits	−12.0	25.8	46.6	21.2	48.3	36.3	39.4	24.4	72.1	46.8	25.7	51.4
44	Security RPs	2.3	2.2	7.5	6.6	6.5	2.5	−5.3	5.3	7.8	7.7	−2.6	1.0
45	Foreign deposits	1.7	1.3	2.0	1.5	1.1	.3	−2.3	.6	1.7	.8	−.2	−2.0
46	**Total of credit market instruments, deposits and currency**	**178.1**	**187.5**	**224.9**	**274.8**	**269.0**	**322.8**	**275.3**	**234.1**	**303.8**	**316.1**	**329.6**	**277.2**
47	Public support rate (in percent)	19.0	23.9	25.3	18.2	25.1	22.9	24.6	29.5	21.2	22.6	23.3	24.1
48	Private financial intermediation (in percent)	84.0	95.6	89.9	76.5	78.2	82.0	72.3	82.7	74.5	85.8	77.9	81.0
49	Total foreign funds	10.5	40.8	44.3	21.0	.2	7.8	14.8	*	.5	30.3	−14.6	−7.2
	MEMO: Corporate equities not included above												
50	**Total net issues**	**10.6**	**6.5**	**1.9**	**−3.8**	**22.1**	**−2.9**	**−1.7**	**16.3**	**27.9**	**11.2**	**−17.0**	**15.7**
51	Mutual fund shares	−2.4	.9	−.1	.1	5.0	7.7	−.8	5.5	4.5	8.9	6.5	14.5
52	Other equities	13.1	5.6	1.9	−3.9	17.1	−10.6	−.9	10.8	23.4	2.3	−23.5	1.2
53	Acquisitions by financial institutions	12.5	7.4	4.6	10.4	14.6	22.9	14.2	8.6	20.7	25.3	20.5	20.7
54	Other net purchases	−1.9	−.8	−2.7	−14.2	7.5	−25.8	−15.9	7.7	7.2	−14.1	−37.5	−5.1

NOTES BY LINE NUMBER.
1. Line 2 of table 1.58.
2. Sum of lines 3–6 or 7–10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by federally sponsored credit agencies, and net issues of federally related mortgage pool securities.
12. Line 1 less line 2 plus line 11. Also line 19 less line 26 plus line 32. Also sum of lines 27, 32, and 38 less lines 39 and 45.
17. Includes farm and commercial mortgages.
25. Line 38 less lines 39 and 45.
26. Excludes equity issues and investment company shares. Includes line 18.
28. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates.
29. Demand deposits at commercial banks.
30. Excludes net investment of these reserves in corporate equities.
31. Mainly retained earnings and net miscellaneous liabilities.
32. Line 12 less line 19 plus line 26.
33–37. Lines 13–17 less amounts acquired by private finance. Line 37 includes mortgages.
39. Mainly an offset to line 9.
46. Lines 32 plus 38, or line 12 less line 27 plus 39 and 45.
47. Line 2/line 1.
48. Line 19/line 12.
49. Sum of lines 10 and 28.
50, 52. Includes issues by financial institutions.

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

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

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

Measure	1980	1981	1982	1982 May	1982 June	1982 July	1982 Aug.	1982 Sept.	1982 Oct.r	1982 Nov.r	1982 Dec.p	1983 Jan.
1 **Industrial production**[1]	**147.0**	**151.0**	**138.6**	**139.2**	**138.7**	**138.8**	**138.4**	**137.3**	**135.7**	**134.8**	**135.0**	**136.2**
Market groupings												
2 Products, total	146.7	150.6	141.8	142.3	142.1	142.6	142.0	140.8	139.3	139.0	139.8	140.6
3 Final, total	145.3	149.5	141.4	142.2	142.1	142.5	141.2	140.0	138.7	138.2	139.2	140.0
4 Consumer goods	145.4	147.9	142.6	143.6	144.8	145.8	144.1	143.4	142.2	141.1	142.0	143.3
5 Equipment	145.2	151.5	139.7	140.4	138.4	138.0	137.3	135.2	134.0	134.3	135.2	135.5
6 Intermediate	151.9	154.4	143.4	142.6	141.9	142.8	144.7	143.7	141.6	141.9	142.0	143.0
7 Materials	147.6	151.6	133.7	134.3	133.5	133.0	132.8	132.0	130.0	128.5	127.7	129.4
Industry groupings												
8 Manufacturing	146.7	150.4	137.6	137.9	137.7	138.1	138.0	137.1	135.0	134.0	134.2	135.4
Capacity utilization (percent)[1,2]												
9 Manufacturing	79.1	78.5	69.8	70.2	70.0	70.0	69.8	69.2	68.0	67.4	67.3	67.8
10 Industrial materials industries	80.0	79.9	68.9	69.4	68.8	68.5	68.2	67.7	66.6	65.7	65.2	65.9
11 Construction contracts (1977 = 100)[3]	107.0r	111.0r	111.0	94.0	111.0	98.0	112.0	117.0	105.0	122.0	131.0	n.a.
12 Nonagricultural employment, total[4]	137.4	138.5	136.2	137.0	136.5	136.1	135.7	135.7	135.1	134.9	134.5	135.1
13 Goods-producing, total	110.3	109.3	102.5	104.1	102.9	102.3	101.5	101.0	99.7	99.0	98.6	99.2
14 Manufacturing, total	104.3	103.7	96.9	98.3	97.3	96.7	96.0	95.5	94.2	93.5	93.2	93.4
15 Manufacturing, production-worker	99.4	98.0	89.3	90.9	89.8	89.2	88.4	87.8	86.2	85.3	85.1	85.3
16 Service-producing	152.6	154.4	154.7	155.1	154.9	154.6	154.5	154.7	154.4	154.5	154.3	154.8
17 Personal income, total	342.9	383.5	407.9	405.7	407.3	410.8	411.4	412.3	414.5	416.1	418.5	....
18 Wages and salary disbursements	317.6	349.9	365.4	365.4	366.0	367.6	367.8	367.7	368.0	368.0	368.6	....
19 Manufacturing	264.3	288.1	284.9	288.1	288.4	287.7	286.4	284.5	281.3	280.1	279.3	....
20 Disposable personal income[5]	332.9	370.3	396.5	392.9	393.4	400.6	400.9	402.0	404.0	405.5	407.9	n.a.
21 Retail sales[6]	303.8	330.6	326.0	347.1	336.4	341.8	338.2	341.3	345.0	353.6	349.6	349.9
Prices[7]												
22 Consumer	246.8	272.4	289.1	287.1	290.6	292.2	292.8	293.3	294.1	293.6	292.4	....
23 Producer finished goods	247.0	269.8	280.6	277.8	279.9	281.7	282.4	281.4	284.1	284.9	285.1	....

1. The industrial production and capacity utilization series have been revised back to January 1979.
2. Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, and Department of Commerce.
3. Index of dollar value of total construction contracts, including residential, nonresidential and heavy engineering, from McGraw-Hill Information Systems Company, F. W. Dodge Division.
4. Based on data in *Employment and Earnings* (U.S. Department of Labor). Series covers employees only, excluding personnel in the Armed Forces.
5. Based on data in *Survey of Current Business* (U.S. Department of Commerce).
6. Based on Bureau of Census data published in *Survey of Current Business*.
7. Data without seasonal adjustment, as published in *Monthly Labor Review*. Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Department of Labor.

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

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

2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	1982 Q1	1982 Q2	1982 Q3	1982 Q4	1982 Q1	1982 Q2	1982 Q3	1982 Q4	1982 Q1	1982 Q2	1982 Q3	1982 Q4
	Output (1967 = 100)				Capacity (percent of 1967 output)				Utilization rate (percent)			
1 **Manufacturing**	**139.8**	**138.1**	**137.7**	**134.4**	**195.2**	**196.4**	**197.7**	**198.9**	**71.6**	**70.3**	**69.7**	**67.6**
2 Primary processing	137.1	132.3	132.4	129.3	198.6	199.5	200.4	201.3	69.1	66.3	66.1	64.1
3 Advanced processing	141.6	141.2	140.5	137.1	193.5	194.9	196.2	197.6	73.2	72.5	71.6	69.4
4 **Materials**	**138.7**	**134.7**	**132.6**	**128.7**	**192.6**	**193.7**	**194.6**	**195.5**	**72.0**	**69.6**	**68.1**	**65.8**
5 Durable goods	130.9	127.1	124.7	116.8	196.4	197.3	198.3	199.2	66.7	64.4	62.9	58.6
6 Metal materials	90.9	77.0	73.0	66.1	142.3	142.4	142.3	142.4	63.9	54.1	51.3	46.4
7 Nondurable goods	161.0	156.8	155.1	157.3	214.6	216.1	217.4	218.9	75.0	72.6	71.3	71.9
8 Textile, paper, and chemical	164.5	160.5	158.4	161.4	225.6	227.3	228.8	230.5	72.9	70.6	69.2	70.1
9 Textile	101.3	101.8	102.0	103.0	142.1	142.4	142.8	143.1	71.3	71.5	71.5	71.9
10 Paper	146.1	142.0	145.9	148.2	163.8	164.6	165.4	166.3	89.2	86.3	88.2	89.1
11 Chemical	200.0	194.0	188.5	192.7	287.3	289.6	291.9	294.3	69.6	67.0	64.6	65.5
12 Energy materials	129.8	125.5	123.8	122.0	156.5	157.0	157.6	158.2	82.9	79.9	78.5	77.1

2.11 Continued

Series	Previous cycle[1]		Latest cycle[2]		1982	1982								1983
	High	Low	High	Low	Jan.	May	June	July	Aug.	Sept.	Oct.r	Nov.r	Dec.r	Jan.
	Capacity utilization rate (percent)													
13 Manufacturing	88.0	69.0	87.2	74.9	71.1	70.2	70.0	70.0	69.8	69.2	n.a.	n.a.	n.a.	67.8
14 Primary processing	93.8	68.2	90.1	71.0	68.5	66.1	65.7	65.7	66.1	66.4	65.0	63.9	63.5	64.6
15 Advanced processing	85.5	69.4	86.2	77.2	72.8	72.5	72.3	72.3	71.7	70.7	69.6	69.2	69.4	69.7
16 Materials	92.6	69.4	88.8	73.8	71.4	69.4	68.8	68.5	68.2	67.7	66.6	65.7	65.2	65.9
17 Durable goods	91.5	63.6	88.4	68.2	66.2	64.2	64.0	63.7	63.1	61.9	59.6	58.4	57.8	58.9
18 Metal materials	98.3	68.6	96.0	59.6	65.8	53.9	52.2	50.7	51.2	51.9	48.6	45.5	45.1	n.a.
19 Nondurable goods	94.5	67.2	91.6	77.5	73.2	72.5	70.9	70.2	71.0	72.8	72.5	71.9	71.4	71.8
20 Textile, paper, and chemical	95.1	65.3	92.2	75.3	70.7	70.6	68.8	68.0	68.9	70.7	70.3	69.9	69.9	70.1
21 Textile	92.6	57.9	90.6	80.9	68.6	71.5	69.6	69.8	72.3	72.3	73.0	71.6	71.2	n.a.
22 Paper	99.4	72.4	97.7	89.3	87.6	86.1	85.3	86.0	88.6	89.8	89.7	89.8	87.8	n.a.
23 Chemical	95.5	64.2	91.3	70.7	67.4	66.9	65.0	63.7	63.9r	66.2	65.4	65.3	65.7	n.a.
24 Energy materials	94.6	84.8	88.3	82.7	83.7	79.9	79.8	80.0	79.0	76.6	77.6	76.9	76.9	77.4

1. Monthly high 1973; monthly low 1975.

2. Preliminary; monthly highs December 1978 through January 1980; monthly lows July 1980 through October 1980.

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

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

Category	1980	1981	1982	1982						1983
				July	Aug.	Sept.	Oct.	Nov.r	Dec.r	Jan.
Household Survey Data										
1 **Noninstitutional population[1]**	**169,847**	**172,272**	**174,451**	**174,544**	**174,707**	**174,888**	**175,069**	**175,238**	**175,381**	**175,543**
2 Labor force (including Armed Forces)[1]	109,042	110,812	112,383	112,596	112,810	113,056	112,940	113,222	113,311	112,737
3 Civilian labor force	106,940	108,670	110,204	110,416	110,614	110,858	110,752	111,042	111,129	110,548
Employment										
4 Nonagricultural industries[2]	95,938	97,030	96,125	96,143	96,254	96,180	95,763	95,670	95,682	95,691
5 Agriculture	3,364	3,368	3,401	3,445	3,429	3,363	3,413	3,466	3,411	3,412
Unemployment										
6 Number	7,637	8,273	10,678	10,828	10,931	11,315	11,576	11,906	12,036	11,446
7 Rate (percent of civilian labor force)	7.1	7.6	9.7	9.8	9.9	10.2	10.5	10.7	10.8	10.4
8 Not in labor force	60,805	61,460	62,061	61,948	61,897	61,832	62,129	62,016	62,070	62,806
Establishment Survey Data										
9 **Nonagricultural payroll employment[3]**	**90,406**	**91,105**	**89,619**	**89,535**	**89,312**	**89,264r**	**88,877r**	**88,750**	**88,535**	**88,874**
10 Manufacturing	20,285	20,173	18,849	18,813	18,672	18,572	18,325	18,181	18,129	18,158
11 Mining	1,020	1,104	1,122	1,100	1,086	1,075	1,058	1,046	1,034	1,028
12 Contract construction	4,399	4,307	3,917	3,927	3,899	3,883	3,856	3,854	3,812	3,927
13 Transportation and public utilities	5,143	5,152	5,057	5,044	5,025	5,031	5,007	4,992	4,984	4,973
14 Trade	20,386	20,736	20,547	20,615	20,550	20,492	20,441	20,425	20,306	20,549
15 Finance	5,168	5,330	5,350	5,359	5,360	5,367	5,357	5,363	5,373	5,401
16 Service	17,901	18,598	19,000	19,042	19,048	19,084	19,074	19,135	19,141	19,170
17 Government	16,249	16,056	15,784	15,635	15,672	15,763	15,742	15,754	15,756	15,668

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 1979 benchmark and only seasonally adjusted data are available at this time. Based on data from *Employment and Earnings* (U.S. Department of Labor).

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value

Monthly data are seasonally adjusted

Grouping	1967 proportion	1982 avg.	1982 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.[r]	Nov.	Dec.[p]	1983 Jan.[e]
			Index (1967 = 100)												
MAJOR MARKET															
1 **Total index**	**100.00**	**138.6**	**140.7**	**142.9**	**141.7**	**140.2**	**139.2**	**138.7**	**138.8**	**138.4**	**137.3**	**135.7**	**134.8**	**135.0**	**136.2**
2 Products	60.71	141.8	142.9	144.6	143.7	142.9	142.3	142.1	142.6	142.0	140.8	139.3	139.0	139.8	140.6
3 Final products	47.82	141.4	142.8	144.1	143.3	142.6	142.2	142.1	142.5	141.2	140.0	138.7	138.2	139.2	140.0
4 Consumer goods	27.68	142.6	139.6	141.8	141.5	142.1	143.6	144.8	145.8	144.1	143.4	142.2	141.1	142.0	143.3
5 Equipment	20.14	139.7	147.2	147.3	145.9	143.4	140.4	138.4	138.0	137.3	135.2	134.0	134.3	135.2	135.5
6 Intermediate products	12.89	143.4	143.4	146.3	145.2	143.7	142.6	141.9	142.8	144.7	143.7	141.6	141.9	142.0	143.0
7 Materials	39.29	133.7	137.2	140.4	138.5	136.2	134.3	133.5	133.0	132.8	132.0	130.0	128.5	127.7	129.4
Consumer goods															
8 Durable consumer goods	7.89	129.3	120.1	125.9	128.1	130.7	132.6	134.6	137.3	132.9	131.3	126.5	124.4	126.6	130.1
9 Automotive products	2.83	129.5	109.2	117.5	125.0	129.9	138.9	143.0	149.7	135.5	135.5	123.6	120.7	129.3	135.1
10 Autos and utility vehicles	2.03	99.0	71.6	82.0	93.6	100.5	111.8	117.1	127.7	107.1	105.8	89.6	86.9	99.0	106.8
11 Autos	1.90	86.6	61.3	70.5	79.8	87.2	96.1	101.9	114.6	93.3	94.3	79.5	77.7	87.9	97.1
12 Auto parts and allied goods	.80	207.1	204.4	207.8	204.5	204.6	207.6	208.6	205.4	207.6	210.7	210.0	206.6	206.2	207.0
13 Home goods	5.06	129.2	126.3	130.6	129.9	131.1	129.1	129.9	130.4	131.4	128.9	128.1	126.5	125.1	127.3
14 Appliances, A/C, and TV	1.40	102.5	100.6	103.5	97.0	102.7	100.5	106.4	102.7	104.5	99.4	106.1	103.9	94.4	101.1
15 Appliances and TV	1.33	104.5	101.6	104.1	97.4	103.1	101.5	108.8	106.1	108.6	104.1	110.5	107.4	98.5	.....
16 Carpeting and furniture	1.07	149.7	137.9	147.8	151.3	151.8	145.9	149.0	151.4	152.5	153.3	151.9	151.4	151.1	.....
17 Miscellaneous home goods	2.59	135.1	135.4	138.1	138.9	138.0	137.7	134.9	136.7	137.2	134.9	130.1	128.6	130.9	131.1
18 Nondurable consumer goods	19.79	147.9	147.4	148.1	146.8	146.6	147.9	148.8	149.1	148.6	148.2	148.5	147.7	148.2	148.5
19 Clothing	4.29	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
20 Consumer staples	15.50	158.9	158.9	159.2	158.1	158.3	159.0	159.9	159.7	159.4	158.8	159.1	158.0	158.5	158.7
21 Consumer foods and tobacco	8.33	.....	150.0	151.1	149.6	148.1	149.9	150.9	149.9	149.6	148.6	150.2	149.0	.....	.....
22 Nonfood staples	7.17	169.6	169.1	168.7	168.0	170.0	169.5	170.4	171.2	170.8	170.7	169.5	168.4	168.4	168.2
23 Consumer chemical products	2.63	219.9	220.1	218.2	217.8	218.3	216.6	219.8	222.3	222.4	221.7	220.0	218.9	220.9	.....
24 Consumer paper products	1.92	127.6	127.0	130.2	127.8	128.7	126.7	126.7	128.1	129.4	128.2	125.3	125.1	125.9	.....
25 Consumer energy products	2.62	150.0	148.9	147.2	147.6	151.9	153.6	152.8	151.4	149.3	150.6	151.1	149.5	146.8	.....
26 Residential utilities	1.45	.....	172.3	171.6	170.4	174.5	173.7	171.1	167.7	169.7	169.5	169.1	171.5	.....	.....
Equipment															
27 Business	12.63	157.9	172.2	171.6	169.0	164.9	159.9	156.7	154.9	153.9	150.5	147.1	146.6	147.5	147.4
28 Industrial	6.77	135.0	158.1	155.9	151.2	145.9	138.9	134.0	131.3	128.4	123.8	118.3	117.4	117.7	118.0
29 Building and mining	1.44	214.5	289.0	274.9	256.9	242.2	224.4	209.0	200.4	190.8	182.1	169.3	166.8	173.3	173.0
30 Manufacturing	3.85	107.1	116.9	116.8	116.3	114.0	109.7	107.5	106.0	104.4	101.6	98.0	97.5	96.0	96.7
31 Power	1.47	129.9	137.4	141.1	139.0	134.8	131.5	129.9	129.6	130.1	124.7	121.0	121.0	120.1	119.5
32 Commercial transit, farm	5.86	184.3	188.5	189.9	189.5	186.9	184.1	183.0	182.2	183.3	181.4	180.5	180.2	181.9	181.4
33 Commercial	3.26	253.2	256.1	256.4	257.8	253.1	247.7	247.5	248.8	253.5	254.0	253.5	254.8	256.5	257.3
34 Transit	1.93	103.7	109.0	110.4	110.5	110.9	110.9	108.3	106.3	102.0	95.5	93.2	92.3	95.3	93.0
35 Farm	.67	80.7	88.4	95.1	84.9	83.5	85.8	84.1	76.9	75.8	76.1	76.8	70.7	68.5	.....
36 Defense and space	7.51	109.3	105.2	106.5	107.0	107.2	107.7	107.6	109.5	109.5	109.5	111.9	113.6	114.6	115.5
Intermediate products															
37 Construction supplies	6.42	124.3	124.2	127.5	125.6	123.6	122.2	123.1	124.1	127.1	125.5	122.5	123.4	123.1	124.8
38 Business supplies	6.47	162.2	162.4	165.1	164.6	163.7	162.8	160.6	161.4	162.1	161.8	160.5	160.2	160.7	.....
39 Commercial energy products	1.14	181.1	181.7	184.1	184.5	183.5	180.3	178.3	179.8	178.1	179.2	180.4	182.7	182.2	.....
Materials															
40 Durable goods materials	20.35	124.9	129.7	132.4	130.7	128.1	126.6	126.6	126.0	125.1	123.0	118.5	116.4	115.4	117.7
41 Durable consumer parts	4.58	95.3	86.9	92.2	94.1	94.7	98.9	103.1	103.8	101.0	97.1	91.4	90.0	90.6	93.0
42 Equipment parts	5.44	166.6	177.2	180.1	177.5	173.9	170.0	168.3	166.1	164.1	158.3	155.4	155.1	153.0	154.0
43 Durable materials n.e.c.	10.34	116.1	123.6	125.1	122.2	118.8	116.1	115.1	114.8	115.4	115.8	111.1	107.7	106.6	109.5
44 Basic metal materials	5.57	79.8	94.5	94.3	88.6	82.3	79.4	77.4	75.7	76.1	77.7	73.0	69.1	67.2	.....
45 Nondurable goods materials	10.47	157.6	156.8	164.2	162.0	160.3	156.6	153.5	152.3	154.5	158.5	158.2	157.3	156.5	157.6
46 Textile, paper, and chemical materials	7.62	161.2	159.1	167.9	166.6	164.4	160.4	156.7	155.3	157.7	162.2	161.5	161.2	161.4	162.2
47 Textile materials	1.85	102.2	97.3	102.2	104.5	104.5	101.8	99.1	99.6	103.2	103.3	104.4	102.5	102.0	.....
48 Paper materials	1.62	145.7	143.2	148.5	146.7	143.5	141.8	140.7	142.1	146.6	148.9	148.9	149.4	146.3	.....
49 Chemical materials	4.15	193.7	193.0	204.9	202.2	199.3	193.9	188.7	185.4	186.5	193.7	192.0	192.1	193.9	.....
50 Containers, nondurable	1.70	161.3	162.4	166.7	161.3	159.8	157.2	158.5	158.1	162.8	167.3	164.9	160.8	154.4	.....
51 Nondurable materials n.e.c.	1.14	127.8	132.4	136.0	132.4	134.2	130.6	124.8	123.4	120.1	121.1	125.5	126.2	126.7	.....
52 Energy materials	8.48	125.3	130.9	130.3	128.2	125.8	125.4	125.4	126.0	124.5	121.0	122.6	121.6	121.8	122.8
53 Primary energy	4.65	115.9	119.2	119.5	119.2	117.3	116.9	116.6	117.2	113.8	111.1	114.4	112.5	112.9	.....
54 Converted fuel materials	3.82	136.8	145.1	143.4	139.1	136.1	135.7	136.0	136.7	137.4	133.0	132.6	132.8	132.7	.....
Supplementary groups															
55 Home goods and clothing	9.35	119.5	117.0	120.1	118.9	118.9	119.5	120.2	121.4	121.3	120.1	119.9	119.2	118.6	120.2
56 Energy, total	12.23	135.8	139.5	138.9	137.6	136.7	136.5	136.2	136.4	134.8	132.7	134.1	133.3	132.8	132.9
57 Products	3.76	159.5	158.8	158.4	158.8	161.5	161.7	160.5	160.0	158.0	159.3	160.0	159.6	157.5	.....
58 Materials	8.48	125.3	130.9	130.3	128.2	125.8	125.4	125.4	126.0	124.5	121.0	122.6	121.6	121.8	122.8

2.13 Continued

Grouping	SIC code	1967 proportion	1982 avg.	1982 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.r	Nov.	Dec.p	1983 Jan.e
				Index (1967 = 100)												
MAJOR INDUSTRY																
1 Mining and utilities	......	12.05	146.4	157.4	155.6	153.1	151.6	148.8	145.2	142.6	141.3	139.7	140.4	140.5	141.1	141.3
2 Mining	......	6.36	126.2	144.5	142.4	138.1	134.1	128.9	123.5	120.1	116.9	114.7	115.9	116.6	118.9	120.8
3 Utilities	......	5.69	169.0	171.8	170.4	170.0	171.0	170.9	169.4	167.7	168.5	167.5	167.8	167.3	165.9	164.2
4 Electric	......	3.88	190.6	195.2	192.5	191.7	193.1	193.4	191.6	189.2	189.9	188.2	188.4	188.2	186.9	184.9
5 Manufacturing	......	87.95	137.6	138.5	140.9	140.1	138.7	137.9	137.7	138.1	138.0	137.1	135.0	134.0	134.2	135.4
6 Nondurable	......	35.97	156.2	155.1	157.8	157.3	156.1	155.0	155.3	155.7	156.9	156.7	156.2	155.2	155.5	156.3
7 Durable	......	51.98	124.7	127.1	129.3	128.2	126.7	126.1	125.5	125.9	124.9	123.5	120.3	119.3	119.4	120.9
Mining																
8 Metal	10	.51	82.3	121.3	120.8	109.9	108.8	90.0	71.8	58.1	53.4	55.4	63.1	70.4	73.9	.....
9 Coal	11.12	.69	142.7	147.9	156.0	155.6	146.2	149.2	144.4	140.3	135.8	127.9	143.2	134.1	129.7	138.5
10 Oil and gas extraction	13	4.40	131.1	151.5	146.6	141.4	137.7	132.7	129.1	127.0	123.3	121.0	119.1	120.0	123.2	123.8
11 Stone and earth minerals	14	.75	112.3	115.8	120.5	121.6	119.6	114.6	106.6	103.8	105.7	106.3	108.5	111.9	114.4	.....
Nondurable manufactures																
12 Foods	20	8.75	.....	151.1	151.7	150.8	149.7	150.5	151.0	151.0	150.7	149.0	151.5	151.9	.....	.....
13 Tobacco products	21	.67	.....	112.7	126.7	126.7	116.1	118.6	123.6	121.4	120.6	113.3	110.6	113.0	.....	.....
14 Textile mill products	22	2.68	124.5	120.0	125.8	126.0	126.3	123.5	123.7	124.3	125.9	126.1	125.9	123.1	122.0	.....
15 Apparel products	23	3.31	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
16 Paper and products	26	3.21	150.8	148.3	151.5	150.6	149.8	146.5	146.8	147.0	152.5	154.3	155.0	154.3	151.6	150.6
17 Printing and publishing	27	4.72	144.2	145.6	146.4	145.9	144.2	143.8	142.6	143.9	145.3	144.3	142.0	141.8	144.0	145.5
18 Chemicals and products	28	7.74	196.1	196.7	201.3	200.3	198.6	193.6	193.2	194.1	195.6	196.4	194.1	193.0	195.6	.....
19 Petroleum products	29	1.79	121.8	123.3	119.5	121.3	120.8	122.2	124.3	124.7	121.4	122.6	123.8	120.0	118.7	117.0
20 Rubber and plastic products	30	2.24	254.6	244.7	251.8	253.4	255.1	257.0	258.9	256.8	261.1	262.0	256.3	250.2	248.2	.....
21 Leather and products	31	.86	60.9	63.1	64.0	61.2	60.6	61.1	62.3	62.9	60.8	60.9	59.5	57.7	55.7	.....
Durable manufactures																
22 Ordnance, private and government	19.91	3.64	86.9	84.1	83.8	83.8	85.2	86.3	86.5	87.1	86.5	86.9	89.5	91.9	92.0	92.4
23 Lumber and products	24	1.64	112.6	99.2	104.9	103.5	106.2	110.6	112.2	116.9	120.3	119.9	117.2	119.1	120.5	.....
24 Furniture and fixtures	25	1.37	151.9	144.3	148.4	150.2	151.8	151.1	152.5	154.5	156.7	155.7	154.3	152.4	152.7	.....
25 Clay, glass, stone products	32	2.74	128.4	128.5	135.0	131.5	127.0	125.0	126.1	126.9	128.8	130.4	128.1	127.3	127.8	.....
26 Primary metals	33	6.57	75.2	89.7	88.5	83.0	76.4	75.2	72.8	72.9	72.9	73.2	69.6	63.6	62.7	66.1
27 Iron and steel	331.2	4.21	61.7	79.6	78.5	73.0	65.1	62.4	58.0	58.1	57.4	56.4	54.1	47.5	46.7	.....
28 Fabricated metal products	34	5.93	114.7	120.7	121.4	121.1	119.1	115.8	115.0	115.5	114.3	112.3	107.6	107.0	106.6	107.6
29 Nonelectrical machinery	35	9.15	148.9	160.9	160.0	157.3	153.7	150.0	147.4	147.1	147.2	144.9	140.4	139.6	138.0	137.9
30 Electrical machinery	36	8.05	169.2	168.2	172.9	172.6	172.2	170.9	170.8	170.3	169.7	167.0	165.4	165.4	164.0	166.2
31 Transportation equipment	37	9.27	104.9	96.6	102.0	104.4	105.9	110.0	111.6	112.7	107.0	105.3	100.8	100.2	103.6	104.9
32 Motor vehicles and parts	371	4.50	109.7	90.4	98.6	105.6	110.7	119.8	124.0	127.2	116.7	113.5	103.0	101.7	108.5	111.7
33 Aerospace and miscellaneous transportation equipment	372–9	4.77	100.4	102.4	105.3	103.2	101.3	100.8	99.9	99.0	97.8	97.6	98.6	98.7	98.9	98.4
34 Instruments	38	2.11	162.1	162.2	164.5	163.0	162.8	163.8	164.8	165.2	165.5	161.9	157.4	155.8	157.2	158.6
35 Miscellaneous manufactures	39	1.51	137.2	144.9	144.5	145.3	144.6	141.7	136.8	134.7	133.9	132.9	129.6	129.5	130.7	132.6
	Gross value (billions of 1972 dollars, annual rates)															
MAJOR MARKET																
36 Products, total	......	**507.4**	**579.6**	**577.4**	**588.1**	**586.8**	**582.1**	**586.1**	**584.1**	**585.8**	**578.5**	**575.3**	**570.0**	**568.2**	**572.5**	**577.3**
37 Final	......	390.9	451.0	448.8	457.1	456.6	453.5	458.3	456.7	457.2	449.2	446.3	442.8	440.5	444.9	447.7
38 Consumer goods	......	277.5	308.0	298.9	306.3	306.9	306.7	312.3	313.1	314.9	309.1	309.3	306.6	305.0	307.1	309.9
39 Equipment	......	113.4	143.0	149.9	150.8	149.7	146.8	146.0	143.5	142.3	140.1	137.0	136.2	135.5	137.8	137.8
40 Intermediate	......	116.6	128.6	128.7	131.1	130.2	128.6	127.8	127.4	128.7	129.3	129.0	127.2	127.7	127.6	129.6

1. 1972 dollar value.

NOTE. Published groupings include some series and subtotals not shown separately. For description and historical data, see *Industrial Production—1976 Revision* (Board of Governors of the Federal Reserve System: Washington, D.C.), December 1977.

2.14 HOUSING AND CONSTRUCTION

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

Item	1980	1981	1982	1982 May	1982 June	1982 July	1982 Aug.	1982 Sept.	1982 Oct.[r]	1982 Nov.[r]	1982 Dec.
	Private residential real estate activity (thousands of units)										
New Units											
1 Permits authorized	1,191	986	984	944	929	1,062	888	1,003	1,172	1,192	1,291
2 1-family	710	564	537	488	516	500	497	561	651	729	732
3 2-or-more-family	480	421	447	456	413	562	391	442	521	463	559
4 Started	1,292	1,084	1,061	1,066	908	1,193	1,033	1,129	1,126	1,404	1,222
5 1-family	852	705	661	631	621	628	645	677	701	883	800
6 2-or-more-family	440	379	400	435	287	565	388	452	425	521	422
7 Under construction, end of period[1]	896	682	n.a.	664	660	673	670	687[r]	689	715	n.a.
8 1-family	515	382	n.a.	382	384	377	373	379	383	397	n.a.
9 2-or-more-family	382	301	n.a.	282	276	296	296	308	305	317	n.a.
10 Completed	1,502	1,266	n.a.	1,138	939	1,007	1,002	929[r]	1,113	1,049	n.a.
11 1-family	957	818	n.a.	684	582	693	638	585[r]	679	673	n.a.
12 2-or-more-family	545	447	n.a.	454	357	314	364	344[r]	434	376	n.a.
13 Mobile homes shipped	222	241	n.a.	246	257	246	234	222	218	246	n.a.
Merchant builder activity in 1-family units											
14 Number sold	545	436	414	395	369	352	379	473[r]	498	563	515
15 Number for sale, end of period[1]	342	278	255	259	254	250	248	247[r]	244	246	250
Price (thousands of dollars)[2]											
Median											
16 Units sold	64.7	68.8	69.3	69.3	69.3	70.9	70.1	67.7[r]	69.5	73.9	71.7
Average											
17 Units sold	76.4	83.1	83.9	86.5	84.9	86.5	86.5	79.6[r]	79.8	89.0	86.1
Existing Units (1-family)											
18 Number sold	2,881	2,350	1,938	1,900	1,980	1,890	1,820	1,840	1,930	2,120	2,180
Price of units sold (thousands of dollars)[2]											
19 Median	62.1	66.1	67.7	67.8	69.4	69.2	68.9	67.3	66.9	67.7	67.5
20 Average	72.7	78.0	80.3	80.6	82.3	82.0	82.0	80.0	79.3	80.4	80.2
	Value of new construction[3] (millions of dollars)										
Construction											
21 **Total put in place**	**230,748**	**238,198**	**229,045**	**228,745**	**231,589**	**227,638**	**228,053**	**228,136**	**228,779**	**235,825**	**238,961**
22 Private	175,701	185,221	178,554	179,941	182,651	178,734	176,644	177,002	177,682	183,780	186,754
23 Residential	87,261	86,566	74,340	75,453	75,251	73,436	72,139	71,451	74,042	78,902	83,122
24 Nonresidential, total	88,440	98,655	104,214	104,488	107,400	105,298	104,505	105,551	103,640	104,878	103,632
Buildings											
25 Industrial	13,839	17,031	16,645	17,118	18,424	16,404	16,691	16,587	17,072	15,838	14,977
26 Commercial	29,940	34,243	37,090	36,818	38,048	37,512	36,091	37,129	35,677	37,769	37,074
27 Other	8,654	9,543	10,418	10,427	10,579	10,130	10,499	10,506	10,778	11,100	11,437
28 Public utilities and other	36,007	37,838	40,061	40,125	40,349	41,252	41,224	41,329	40,113	40,171	40,144
29 Public	55,047	52,977	50,491	48,804	48,938	48,904	51,409	51,134	51,097	52,045	52,207
30 Military	1,880	1,966	2,202	2,140	1,901	2,261	2,481	2,674	2,347	2,468	2,485
31 Highway	13,808	13,304	13,226	11,655	13,073	14,119	13,327	13,464	14,314	13,906	13,219
32 Conservation and development	5,089	5,225	5,028	5,223	5,051	5,055	5,036	4,719	4,546	4,718	5,168
33 Other	34,270	32,482	30,035	29,786	28,913	27,469	30,565	30,277	29,890	30,953	31,335

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	From 12 months earlier		From 3 months earlier (at annual rate)				From 1 month earlier					Index level Dec. 1982 (1967 = 100)[1]
	1981 Dec.	1982 Dec.	1982				1982					
			Mar.	June	Sept.	Dec.	Aug.	Sept.	Oct.	Nov.	Dec.	
CONSUMER PRICES[2]												
1 **All items**	**8.9**	**3.9**	**1.0**	**9.3**	**4.2**	**1.1**	**.3**	**.2**	**.5**	**.1**	**−.3**	**292.4**
2 Commodities	6.6	3.6	−.8r	7.8	3.4	4.1	.0	.2	.6	.3	.1	267.7
3 Food	4.3	3.1	3.9	7.3	.6	.6	−.3r	.5	.2	.1	−.1	286.5
4 Commodities less food	6.7	3.8	−2.6	7.9	4.7	5.5	.2	.2	.8	.3	.2	255.8
5 Durable	5.7	5.8	3.5	14.1	1.5	4.5	.3	−.2	.5	.4	.3	247.3
6 Nondurable	7.9	1.4	−4.9	1.9	6.1	3.1	.2	.2	1.1	.3	−.7	264.7
7 Services	13.0	4.3	3.5	11.3	5.4	−2.9	.6	.1	.2	−.1	−.8	335.6
8 Rent	8.5	6.6	5.9	5.6	8.0	7.1	.5	.4	.9	.6	.3	230.8
9 Services less rent	13.7	3.9	3.3	11.9	5.0	−4.2	.6	.1	.2	−.2	−1.0	355.5
Other groupings												
10 All items less food	9.9	4.0	.9	9.7	4.9	1.1	.4	.1	.5	.1	−.3	292.1
11 All items less food and energy	9.6	4.5	3.0	10.6	4.6	.1	.5	.0	.4	−.2	−.1	279.9
12 Homeownership	10.1	1.4	−2.4	19.8	.4	−9.9	.4	−.7	−.1	−.8	−1.7	372.9
PRODUCER PRICES												
13 Finished goods	7.1	3.5	.9	4.1	4.2	4.8	.6	−.1	.5	.6	.1	285.1
14 Consumer	6.5	3.4	.6	3.7	4.2	5.0	.6	−.1	.5	.8	−.1	285.1
15 Foods	1.4	2.1	6.1	11.5	−7.4	−.9	.2	−.5	−.2	−.2	.1	258.2
16 Excluding foods	8.5	3.9	−1.4	.7	9.5	7.2	.8r	.1	.8	1.1	−.1	294.3
17 Capital equipment	9.2	4.0	2.4	5.6	3.8	4.3	.7r	−.1r	.2	.3	.6	285.1
18 Intermediate materials[3]	7.3	.3	−1.8	−1.5	2.4	1.8	.1r	.2r	−.1	.5	.0	315.7
Crude materials												
19 Nonfood	10.3	−.8	−18.0	8.3	8.1	.7	.0	1.0	.6	.7	−1.1	475.0
20 Food	−14.0	1.4	23.3	24.3	−26.4	−6.5	−1.4	−3.4r	−1.9	1.0	−.7	237.0

1. Not seasonally adjusted.
2. Figures for consumer prices are those for all urban consumers.
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	1980	1981	1982	1981	1982			
				Q4	Q1	Q2	Q3	Q4p
GROSS NATIONAL PRODUCT								
1 **Total**	**2,633.1**	**2,937.7**	**3,057.5**	**3,003.2**	**2,995.5**	**3,045.2**	**3,088.2**	**3,101.3**
By source								
2 Personal consumption expenditures	1,667.2	1,843.2	1,972.0	1,884.5	1,919.4	1,947.8	1,986.3	2,034.6
3 Durable goods	214.3	234.6	242.7	229.6	237.9	240.7	240.3	251.7
4 Nondurable goods	670.4	734.5	762.7	746.5	749.1	755.0	768.4	778.3
5 Services	782.5	874.1	966.6	908.3	932.4	952.1	977.6	1,004.5
6 Gross private domestic investment	402.4	471.5	421.9	468.9	414.8	431.5	443.3	397.9
7 Fixed investment	412.4	451.1	443.3	455.7	450.4	447.7	438.6	436.4
8 Nonresidential	309.2	346.1	347.5	360.2	357.0	352.2	344.2	336.6
9 Structures	110.5	129.7	141.7	139.6	141.4	143.6	141.3	140.4
10 Producers' durable equipment	198.6	216.4	205.8	220.6	215.6	208.6	203.0	196.2
11 Residential structures	103.2	105.0	95.8	95.5	93.4	95.5	94.3	99.8
12 Nonfarm	98.3	99.7	90.1	89.4	87.9	89.6	88.7	94.1
13 Change in business inventories	−10.0	20.5	−21.4	13.2	−35.6	−16.2	4.7	−38.5
14 Nonfarm	−5.7	15.0	−21.6	6.0	−36.0	−15.0	3.7	−39.0
15 Net exports of goods and services	25.2	26.1	16.5	23.5	31.3	34.9	6.9	−6.9
16 Exports	339.2	367.3	349.7	367.9	359.9	365.8	349.5	323.7
17 Imports	314.0	341.3	333.2	344.4	328.6	330.9	342.5	330.6
18 Government purchases of goods and services	538.4	596.9	647.1	626.3	630.1	630.9	651.7	675.7
19 Federal	197.2	229.0	257.3	250.5	249.7	244.3	259.0	276.1
20 State and local	341.2	368.0	389.8	375.7	380.4	386.6	392.7	399.6
By major type of product								
21 Final sales, total	2,643.1	2,917.3	3,078.9	2,989.9	3,031.1	3,061.4	3,083.5	3,139.8
22 Goods	1,141.9	1,289.2	1,280.6	1,298.5	1,269.4	1,283.1	1,295.5	1,274.5
23 Durable	477.3	528.1	495.2	504.9	482.4	505.9	516.9	475.6
24 Nondurable	664.6	761.1	785.4	793.6	787.0	777.2	778.6	798.9
25 Services	1,225.6	1,364.3	1,492.6	1,421.5	1,444.4	1,476.7	1,509.5	1,539.6
26 Structures	265.7	284.2	284.9	283.3	281.7	285.3	283.2	289.2
27 Change in business inventories	−10.0	20.5	−21.4	13.2	−35.6	−16.2	4.7	−38.5
28 Durable goods	−5.2	8.7	−15.5	−5.6	−30.9	−6.6	10.1	−34.7
29 Nondurable goods	−4.8	11.8	−5.9	18.9	−4.8	−9.6	−5.4	−3.8
30 MEMO: **Total GNP in 1972 dollars**	**1,474.0**	**1,502.6**	**1,475.5**	**1,490.1**	**1,470.7**	**1,478.4**	**1,481.1**	**1,471.7**
NATIONAL INCOME								
31 **Total**	**2,117.1**	**2,352.5**	**2,436.5**	**2,404.5**	**2,396.9**	**2,425.2**	**2,455.6**	n.a.
32 Compensation of employees	1,598.6	1,767.6	1,855.9	1,813.4	1,830.8	1,850.7	1,868.3	1,873.7
33 Wages and salaries	1,356.1	1,494.0	1,560.1	1,531.1	1,541.5	1,556.6	1,570.0	1,572.3
34 Government and government enterprises	260.2	283.1	302.3	292.3	296.3	300.0	303.5	309.1
35 Other	1,095.9	1,210.9	1,257.8	1,238.8	1,245.2	1,256.6	1,266.4	1,263.2
36 Supplement to wages and salaries	242.5	273.6	295.8	282.3	289.3	294.1	298.3	301.4
37 Employer contributions for social insurance	115.3	133.2	142.0	136.5	140.2	141.7	142.8	143.4
38 Other labor income	127.3	140.4	153.8	145.8	149.1	152.5	155.5	157.9
39 Proprietors' income[1]	116.3	124.7	120.1	124.1	116.4	117.3	118.4	128.1
40 Business and professional[1]	96.9	100.7	101.4	99.5	98.6	99.9	101.7	105.5
41 Farm[1]	19.4	24.0	18.6	24.6	17.8	17.4	16.6	22.6
42 Rental income of persons[2]	32.9	33.9	34.1	33.6	33.9	34.2	34.6	33.9
43 Corporate profits[1]	181.6	190.6	161.1	183.9	157.1	155.4	166.2	n.a.
44 Profits before tax[3]	242.5	232.1	175.4	216.5	171.6	171.7	180.3	n.a.
45 Inventory valuation adjustment	−43.0	−24.6	−9.4	−17.1	−4.4	−9.4	−10.3	−13.4
46 Capital consumption adjustment	−17.8	−16.8	−4.9	−15.5	−10.1	−6.9	−3.8	1.2
47 Net interest	187.7	235.7	265.3	249.5	258.7	267.5	268.1	267.0

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.
3. For after-tax profits, dividends, and the like, see table 1.49.

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	1980	1981	1982	1981	1982			
				Q4	Q1	Q2	Q3	Q4p
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**2,160.2**	**2,404.1**	**2,569.7**	**2,494.6**	**2,510.5**	**2,552.7**	**2,592.5**	**2,623.2**
2 Wage and salary disbursements	1,356.1	1,493.9	1,560.1	1,531.2	1,541.6	1,556.6	1,570.0	1,572.3
3 Commodity-producing industries	468.0	510.8	509.9	517.7	514.3	513.6	510.2	501.4
4 Manufacturing	354.4	386.4	382.0	388.7	385.1	385.6	383.8	375.8
5 Distributive industries	330.5	361.4	375.7	368.3	371.4	375.4	378.4	377.4
6 Service industries	297.5	338.6	372.3	352.8	359.5	367.6	377.8	384.3
7 Government and government enterprises	260.2	283.1	302.3	292.4	296.5	300.0	303.5	307.1
8 Other labor income	127.3	140.4	153.8	145.8	149.1	152.5	155.5	157.9
9 Proprietors' income[1]	116.3	124.7	120.1	124.1	116.4	117.3	118.4	128.1
10 Business and professional[1]	96.9	100.7	101.4	99.5	98.6	99.9	101.7	105.5
11 Farm[1]	19.4	24.0	18.6	24.6	17.8	17.4	16.6	22.6
12 Rental income of persons[2]	32.9	33.9	34.1	33.6	33.9	34.2	34.6	33.9
13 Dividends	55.9	62.5	67.0	65.2	65.8	66.1	67.2	68.8
14 Personal interest income	256.3	308.5	371.8	351.0	359.7	372.0	378.2	377.2
15 Transfer payments	297.2	336.3	374.5	350.7	354.6	365.2	381.0	397.2
16 Old-age survivors, disability, and health insurance benefits	154.2	182.0	204.5	192.8	194.7	197.5	209.2	216.6
17 LESS: Personal contributions for social insurance	88.7	104.9	111.7	107.0	110.6	111.4	112.4	112.4
18 EQUALS: Personal income	2,160.2	2,404.1	2,569.7	2,494.6	2,510.5	2,552.7	2,592.5	2,623.2
19 LESS: Personal tax and nontax payments	336.2	386.7	397.2	393.2	393.4	401.2	394.4	399.7
20 EQUALS: Disposable personal income	1,824.1	2,029.2	2,172.5	2,101.4	2,117.1	2,151.5	2,198.1	2,223.5
21 LESS: Personal outlays	1,717.9	1,898.9	2,031.4	1,942.7	1,977.9	2,007.2	2,046.1	2,094.6
22 EQUALS: Personal saving	106.2	130.2	141.1	158.6	139.1	144.3	152.0	128.9
MEMO:								
Per capita (1972 dollars)								
23 Gross national product	6,474	6,536	6,357	6,458	6,360	6,380	6,376	6,319
24 Personal consumption expenditures	4,087	4,122	4,123	4,088	4,104	4,121	4,117	4,156
25 Disposable personal income	4,472	4,538	4,544	4,559	4,527	4,552	4,555	4,542
26 Saving rate (percent)	5.8	6.4	6.5	7.5	6.6	6.7	6.9	5.8
GROSS SAVING								
27 **Gross saving**	**406.3**	**477.5**	**413.9**	**476.3**	**428.8**	**441.5**	**422.4**	**n.a.**
28 Gross private saving	438.3	504.7	529.9	547.7	520.3	529.0	546.1	n.a.
29 Personal saving	106.2	130.2	141.1	158.6	139.1	144.3	152.0	128.9
30 Undistributed corporate profits[1]	38.9	44.4	32.1	44.3	32.5	30.7	34.8	n.a.
31 Corporate inventory valuation adjustment	−43.0	−24.6	−9.4	−17.1	−4.4	−9.4	−10.3	−13.4
Capital consumption allowances								
32 Corporate	181.2	206.2	225.1	216.0	218.9	223.4	227.5	230.7
33 Noncorporate	112.0	123.9	131.6	128.7	129.8	130.5	131.9	134.3
34 Wage accruals less disbursements	.0	.0	.0	.0	.0	.0	.0	.0
35 Government surplus, or deficit (−), national income and product accounts	−33.2	−28.2	−116.1	−72.5	−90.7	−87.5	−123.7	n.a.
36 Federal	−61.4	−60.0	−147.9	−101.7	−118.4	−119.6	−156.0	n.a.
37 State and local	28.2	31.7	31.9	29.1	27.7	32.1	32.3	n.a.
38 Capital grants received by the United States, net	1.2	1.1	.0	1.1	.0	.0	.0	.0
39 **Gross investment**	**410.1**	**475.6**	**414.0**	**469.0**	**421.3**	**442.3**	**426.0**	**366.3**
40 Gross private domestic	402.4	471.5	421.9	468.9	414.8	431.5	443.3	397.9
41 Net foreign	7.8	4.1	−7.9	0.1	6.5	10.8	−17.3	−31.7
42 **Statistical discrepancy**	**3.9**	**−1.9**	**.1**	**−7.2**	**−7.5**	**.8**	**3.6**	**n.a.**

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	1979	1980	1981	1981		1982		
				Q3	Q4	Q1	Q2	Q3p
1 Balance on current account	−466	1,520	4,471	751	−927	1,088	2,231	−4,227
2 Not seasonally adjusted	....	....	....	−1,834	1,293	742	2,841	−6,471
3 Merchandise trade balance[2]	−27,346	−25,338	−27,889	−7,845	−9,185	−5,873	−5,695	−12,458
4 Merchandise exports	184,473	224,237	236,254	57,694	57,593	55,780	55,174	52,480
5 Merchandise imports	−211,819	−249,575	−264,143	−65,539	−66,778	−61,653	−60,869	−64,938
6 Military transactions, net	−2,035	−2,472	−1,541	61	−528	167	247	527
7 Investment income, net[3]	31,215	29,910	33,037	8,183	8,529	6,861	7,688	7,418
8 Other service transactions, net	3,262	6,203	7,472	2,160	2,127	1,981	1,731	1,939
9 Remittances, pensions, and other transfers	−2,011	−2,101	−2,104	−558	−562	−575	−671	−602
10 U.S. government grants (excluding military)	−3,549	−4,681	−4,504	−1,250	−1,308	−1,473	−1,069	−1,051
11 Change in U.S. government assets, other than official reserve assets, net (increase, −)	−3,743	−5,126	−5,137	−1,257	−987	−904	−1,547	−2,418
12 Change in U.S. official reserve assets (increase, −)	−1,133	−8,155	−5,175	−4	262	−1,089	−1,132	−794
13 Gold	−65	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−1,136	−16	−1,823	−225	−134	−400	−241	−434
15 Reserve position in International Monetary Fund	−189	−1,667	−2,491	−647	−358	−547	−814	−459
16 Foreign currencies	257	−6,472	−861	868	754	−142	−77	99
17 Change in U.S. private assets abroad (increase, −)[3]	−59,469	−72,746	−98,982	−15,996	−46,952	−29,208	−35,111	−23,152
18 Bank-reported claims	−26,213	−46,838	−84,531	−15,254	−42,645	−32,708	−36,923	−21,032
19 Nonbank-reported claims	−3,307	−3,146	−331	855	−508	4,112	−304	n.a.
20 U.S. purchase of foreign securities, net	−4,726	−3,524	−5,429	−618	−2,843	−531	−441	−3,103
21 U.S. direct investments abroad, net[3]	−25,222	−19,238	−8,691	−979	−956	−81	2,557	983
22 Change in foreign official assets in the United States (increase, +)	−13,697	15,442	4,785	−5,835	8,119	−3,122	1,998	2,102
23 U.S. Treasury securities	−22,435	9,708	4,983	−4,635	4,439	−1,344	−2,076	4,880
24 Other U.S. government obligations	463	2,187	1,289	545	−246	−296	258	−101
25 Other U.S. government liabilities[4]	−73	561	−69	−337	275	−182	387	−509
26 Other U.S. liabilities reported by U.S. banks	7,213	−159	−4,083	−2,382	3,436	−1,516	3,393	−2,160
27 Other foreign official assets[5]	1,135	3,145	2,665	974	215	216	36	−8
28 Change in foreign private assets in the United States (increase, +)[3]	52,157	39,042	73,136	22,715	30,988	28,202	27,621	13,952
29 U.S. bank-reported liabilities	32,607	10,743	41,262	16,916	20,476	25,423	22,552	10,224
30 U.S. nonbank-reported liabilities	1,362	6,530	532	1,006	−457	−982	−2,304	n.a.
31 Foreign private purchases of U.S. Treasury securities, net	4,960	2,645	2,932	−446	1,238	1,277	2,095	1,308
32 Foreign purchases of other U.S. securities, net	1,351	5,457	7,109	761	396	1,319	2,497	134
33 Foreign direct investments in the United States, net[3]	11,877	13,666	21,301	4,478	9,335	1,165	2,781	2,286
34 Allocation of SDRs	1,139	1,152	1,093	0	0	0	0	0
35 Discrepancy	25,212	28,870	25,809	−374	9,497	5,032	5,940	14,537
36 Owing to seasonal adjustments	....	....	....	−2,144	2,474	−899	574	−1,973
37 Statistical discrepancy in recorded data before seasonal adjustment	25,212	28,870	25,809	1,770	7,023	5,931	5,366	16,510
MEMO:								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	−1,133	−8,155	−5,175	−4	262	−1,089	−1,132	−794
39 Foreign official assets in the United States (increase, +)	−13,624	14,881	4,854	−5,498	7,844	−2,940	1,611	2,611
40 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 22 above)	5,543	12,769	13,314	2,935	2,230	4,988	3,073	164
41 Transfers under military grant programs (excluded from lines 4, 6, and 10 above)	465	631	602	132	64	93	125	137

1. Seasonal factors are no longer calculated for lines 12 through 41.
2. Data are on an international accounts (IA) basis. Differs from the Census basis data, shown in table 3.11, for reasons of coverage and timing; military exports are excluded from merchandise data and are included in line 6.
3. Includes reinvested earnings of incorporated affiliates.
4. Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.
5. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

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

3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted

Item	1980	1981	1982	1982 June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	220,626	233,677	212,193	18,822	18,026	17,498	17,387	16,698	15,693	16,335
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	244,871	261,305	243,952	21,310	19,559	23,494	20,644	21,096	18,936	18,865
3 **Trade balance**	**−24,245**	**−27,628**	**−31,759**	**−2,488**	**−1,532**	**−5,996**	**−3,257**	**−4,398**	**−3,244**	**−2,529**

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" (U.S. Department of Commerce, Bureau of the Census).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1979	1980	1981	1982 July	Aug.	Sept.	Oct.	Nov.	Dec.	1983 Jan.
1 **Total**[1]	**18,956**	**26,756**	**30,075**	**31,227**	**31,233**	**31,864**	**31,711**	**34,006**	**33,958**	**33,936**
2 Gold stock, including Exchange Stabilization Fund[1]	11,172	11,160	11,151	11,149	11,148	11,148	11,148	11,148	11,148	11,144
3 Special drawing rights[2,3]	2,724	2,610	4,095	4,591	4,601	4,809	4,801	4,929	5,250	5,267
4 Reserve position in International Monetary Fund[2]	1,253	2,852	5,055	6,386	6,433	6,406	6,367	7,185	7,348	8,035
5 Foreign currencies[4,5]	3,807	10,134	9,774	9,101	9,051	8,630	9,395	10,744	10,212	9,490

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.
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. Beginning November 1978, valued at current market exchange rates.
5. Includes U.S. government securities held under repurchase agreement against receipt of foreign currencies, if any.

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1979	1980	1981	1982 July	Aug.	Sept.	Oct.	Nov.[r]	Dec.[r]	1983 Jan.
1 Deposits	429	411	505	982	347	396	326	386	328	366
Assets held in custody										
2 U.S. Treasury securities[1]	95,075	102,417	104,680	106,696	104,136	106,117	107,636	107,467	112,544	115,872
3 Earmarked gold	15,169	14,965	14,804	14,762	14,761	14,726	14,706	14,711	14,716	14,717

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

NOTE. Excludes deposits and U.S. Treasury securities held for international and regional organizations. Earmarked gold is gold held for foreign and international accounts and is not included in the gold stock of the United States.

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

Millions of dollars, end of period

Asset account	1979	1980	1981	1982						
				May	June	July[r]	Aug.[r]	Sept.[r]	Oct.	Nov.[p]
	All foreign countries									
1 **Total, all currencies**	**364,409**	**401,135**	**462,790**	**461,800**	**458,841**	**465,633**	**471,433**	**470,816**	**463,601**	**468,376**
2 Claims on United States	32,302	28,460	63,743	79,701	83,573	82,555	88,928	90,262	89,036	90,877
3 Parent bank	25,929	20,202	43,267	57,172	58,583	55,962	60,307	60,867	61,283	62,472
4 Other	6,373	8,258	20,476	22,529	24,990	26,593	28,621	29,395	27,753	28,405
5 Claims on foreigners	317,330	354,960	378,899	362,377	356,389	363,842	362,180	360,210	354,373	357,071
6 Other branches of parent bank	79,662	77,019	87,821	88,380	87,163	89,446	91,593	93,283	90,030	91,891
7 Banks	123,420	146,448	150,708	139,535	137,614	142,763	138,436	135,377	133,365	133,239
8 Public borrowers	26,097	28,033	28,197	25,002	25,239	24,654	24,492	24,306	23,850	23,340
9 Nonbank foreigners	88,151	103,460	112,173	109,460	106,373	106,979	107,659	107,244	107,128	108,601
10 Other assets	14,777	17,715	20,148	19,722	18,879	19,236	20,325	20,344	20,192	20,428
11 **Total payable in U.S. dollars**	**267,713**	**291,798**	**350,678**	**351,966**	**353,816**	**359,978**	**366,140**	**369,741**	**361,804**	**363,483**
12 Claims on United States	31,171	27,191	62,142	78,095	82,006	80,912	87,320	88,608	87,316	89,001
13 Parent bank	25,632	19,896	42,721	56,687	58,086	55,283	59,626	60,202	60,538	61,655
14 Other	5,539	7,295	19,421	21,408	23,920	25,629	27,694	28,406	26,778	27,346
15 Claims on foreigners	229,120	255,391	276,882	261,928	260,530	267,267	266,420	268,253	261,896	261,671
16 Other branches of parent bank	61,525	58,541	69,398	70,725	70,386	72,488	74,252	77,470	74,032	74,759
17 Banks	96,261	117,342	122,055	110,900	110,274	115,072	111,712	110,591	107,448	106,606
18 Public borrowers	21,629	23,491	22,877	19,592	19,957	19,306	19,043	18,984	18,659	18,187
19 Nonbank foreigners	49,705	56,017	62,552	60,711	59,913	60,401	61,413	61,208	61,757	62,119
20 Other assets	7,422	9,216	11,654	11,943	11,280	11,799	12,400	12,880	12,592	12,811
	United Kingdom									
21 **Total, all currencies**	**130,873**	**144,717**	**157,229**	**161,036**	**158,466**	**164,106**	**164,523**	**167,189**	**164,582**	**165,687**
22 Claims on United States	11,117	7,509	11,823	20,155	20,744	23,962	27,031	27,534	27,829	28,677
23 Parent bank	9,338	5,275	7,885	15,854	16,768	19,680	22,730	22,970	23,717	24,278
24 Other	1,779	2,234	3,938	4,301	3,976	4,282	4,301	4,564	4,112	4,399
25 Claims on foreigners	115,123	131,142	138,888	134,845	131,860	133,964	130,814	132,746	129,913	130,666
26 Other branches of parent bank	34,291	34,760	41,367	39,621	37,696	37,250	36,937	40,385	37,013	38,319
27 Banks	51,343	58,741	56,315	54,674	54,727	56,428	53,582	52,203	52,568	51,414
28 Public borrowers	4,919	6,688	7,490	6,663	6,595	6,456	6,286	6,086	6,157	6,170
29 Nonbank foreigners	24,570	30,953	33,716	33,887	32,842	33,830	34,009	34,072	34,165	34,763
30 Other assets	4,633	6,066	6,518	6,063	5,862	6,180	6,678	6,909	6,840	6,344
31 **Total payable in U.S. dollars**	**94,287**	**99,699**	**115,188**	**119,586**	**120,002**	**125,247**	**126,344**	**131,129**	**127,517**	**128,863**
32 Claims on United States	10,746	7,116	11,246	19,608	20,256	23,421	26,514	26,919	27,255	28,093
33 Parent bank	9,297	5,229	7,721	15,663	16,599	19,451	22,496	22,758	23,478	24,035
34 Other	1,449	1,887	3,525	3,945	3,657	3,970	4,018	4,161	3,777	4,058
35 Claims on foreigners	81,294	89,723	99,850	95,926	95,857	97,699	95,293	99,008	95,269	95,870
36 Other branches of parent bank	28,928	28,268	35,439	33,922	32,567	32,007	31,414	35,703	32,243	33,154
37 Banks	36,760	42,073	40,703	39,593	40,479	42,515	40,321	39,786	39,077	38,310
38 Public borrowers	3,319	4,911	5,595	4,507	4,655	4,513	4,336	4,214	4,251	4,281
39 Nonbank foreigners	12,287	14,471	18,113	17,904	18,156	18,664	19,222	19,305	19,698	20,125
40 Other assets	2,247	2,860	4,092	4,052	3,889	4,127	4,537	5,202	4,993	4,900
	Bahamas and Caymans									
41 **Total, all currencies**	**108,977**	**123,837**	**149,051**	**140,045**	**141,878**	**141,099**	**144,194**	**140,614**	**139,438**	**140,939**
42 Claims on United States	19,124	17,751	46,546	54,411	56,704	52,646	56,087	55,467	55,713	57,106
43 Parent bank	15,196	12,631	31,643	37,119	36,608	31,242	32,822	32,155	32,927	34,015
44 Other	3,928	5,120	14,903	17,292	20,096	21,404	23,265	23,312	22,786	23,091
45 Claims on foreigners	86,718	101,926	98,002	81,297	81,170	84,416	83,835	81,054	79,539	79,155
46 Other branches of parent bank	9,689	13,342	12,951	14,186	15,407	17,538	17,806	17,772	17,955	18,066
47 Banks	43,189	54,861	55,096	43,274	42,747	44,229	43,616	41,333	40,439	40,995
48 Public borrowers	12,905	12,577	10,010	7,361	7,327	7,031	7,036	6,999	6,743	6,310
49 Nonbank foreigners	20,935	21,146	19,945	16,476	15,689	15,618	15,377	14,950	14,402	13,784
50 Other assets	3,135	4,160	4,503	4,337	4,004	4,037	4,272	4,093	4,186	4,678
51 **Total payable in U.S. dollars**	**102,368**	**117,654**	**143,686**	**135,134**	**136,910**	**135,619**	**138,771**	**136,077**	**134,607**	**35,648**

3.14 Continued

Liability account	1979	1980	1981	1982 May	1982 June	1982 July[r]	1982 Aug.[r]	1982 Sept.[r]	1982 Oct.	1982 Nov.[p]
	All foreign countries									
52 **Total, all currencies**	**364,409**	**401,135**	**462,790**	**461,800**	**458,841**	**465,633**	**471,433**	**470,816**	**463,601**	**468,376**
53 To United States	66,689	91,079	137,712	156,352	160,914	164,504	167,627	170,396	169,312	171,756
54 Parent bank	24,533	39,286	56,289	56,470	59,202	60,939	64,385	66,994	64,102	66,254
55 Other banks in United States	13,968	14,473	19,197	27,685	29,534	31,555	32,425	33,763	32,607	31,764
56 Nonbanks	28,188	37,275	62,226	72,197	72,178	72,010	70,817	69,639	72,603	73,738
57 To foreigners	283,510	295,411	305,630	284,355	278,451	281,592	283,720	280,226	274,222	276,293
58 Other branches of parent bank	77,640	75,773	86,396	85,629	84,516	86,776	92,191	93,753	91,658	91,270
59 Banks	122,922	132,116	124,906	107,321	105,148	105,959	103,417	99,920	98,259	98,209
60 Official institutions	35,668	32,473	25,997	22,703	19,914	20,239	20,004	20,527	19,440	21,095
61 Nonbank foreigners	47,280	55,049	68,331	68,702	68,873	68,618	68,108	66,026	64,865	65,719
62 Other liabilities	14,210	14,690	19,448	21,093	19,476	19,537	20,086	20,194	20,067	20,327
63 **Total payable in U.S. dollars**	**273,857**	**303,281**	**364,390**	**368,544**	**369,380**	**376,129**	**381,898**	**385,440**	**377,121**	**379,182**
64 To United States	64,530	88,157	134,645	153,222	157,717	161,250	164,403	167,534	166,377	168,325
65 Parent bank	23,403	37,528	54,437	54,508	57,174	58,958	62,369	65,114	62,191	64,003
66 Other banks in United States	13,771	14,203	18,883	27,270	29,198	31,224	32,162	33,508	32,362	31,428
67 Nonbanks	27,356	36,426	61,325	71,444	71,345	71,068	69,872	68,912	71,824	72,894
68 To foreigners	201,514	206,883	217,602	202,529	200,262	203,767	205,709	206,553	199,297	198,944
69 Other branches of parent bank	60,551	58,172	69,299	68,538	68,516	70,429	75,344	78,499	76,237	74,621
70 Banks	80,691	87,497	79,594	66,611	65,821	66,520	63,959	62,535	59,782	58,829
71 Official institutions	29,048	24,697	20,288	17,900	15,373	15,737	15,672	16,607	15,253	16,774
72 Nonbank foreigners	31,224	36,517	48,421	49,480	50,552	51,081	50,734	48,912	48,025	48,720
73 Other liabilities	7,813	8,241	12,143	12,793	11,401	11,112	11,786	11,353	11,447	11,913
	United Kingdom									
74 **Total, all currencies**	**130,873**	**144,717**	**157,229**	**161,036**	**158,466**	**164,106**	**164,523**	**167,189**	**164,582**	**165,687**
75 To United States	20,986	21,785	38,022	43,882	44,086	46,965	49,001	53,919	53,777	54,003
76 Parent bank	3,104	4,225	5,444	6,694	6,323	6,679	8,022	11,336	10,568	10,597
77 Other banks in United States	7,693	5,716	7,502	8,972	9,985	11,215	11,616	13,280	12,567	12,374
78 Nonbanks	10,189	11,844	25,076	28,216	27,778	29,071	29,363	29,303	30,642	31,032
79 To foreigners	104,032	117,438	112,255	109,199	106,665	109,105	107,268	104,967	102,611	103,927
80 Other branches of parent bank	12,567	15,384	16,545	19,412	17,771	18,010	18,666	19,123	18,399	19,372
81 Banks	47,620	56,262	51,336	46,204	46,628	48,541	47,502	45,526	45,601	44,266
82 Official institutions	24,202	21,412	16,517	14,119	11,746	12,076	12,006	12,348	11,379	12,940
83 Nonbank foreigners	19,643	24,380	27,857	29,464	30,520	30,478	29,094	27,970	27,232	27,349
84 Other liabilities	5,855	5,494	6,952	7,955	7,715	8,036	8,254	8,303	8,194	7,757
85 **Total payable in U.S. dollars**	**95,449**	**103,440**	**120,277**	**126,901**	**125,859**	**131,199**	**132,536**	**137,268**	**133,591**	**135,186**
86 To United States	20,552	21,080	37,332	43,143	43,323	46,129	48,266	53,262	53,146	53,056
87 Parent bank	3,054	4,078	5,350	6,624	6,212	6,603	7,928	11,223	10,442	10,306
88 Other banks in United States	7,651	5,626	7,249	8,755	9,806	11,048	11,510	13,142	12,472	12,188
89 Nonbanks	9,847	11,376	24,733	27,764	27,305	28,478	28,828	28,897	30,232	30,562
90 To foreigners	72,397	79,636	79,034	79,914	78,794	81,207	79,954	80,025	76,519	77,982
91 Other branches of parent bank	8,446	10,474	12,048	14,958	13,903	14,202	14,514	15,548	14,614	15,310
92 Banks	29,424	35,388	32,298	29,965	30,557	32,364	31,898	31,187	30,404	29,092
93 Official institutions	20,192	17,024	13,612	11,829	9,843	10,200	10,322	11,012	9,806	11,198
94 Nonbank foreigners	14,335	16,750	21,076	23,162	24,491	24,441	23,220	22,278	21,895	22,382
95 Other liabilities	2,500	2,724	3,911	3,844	3,742	3,863	4,316	3,981	3,926	4,150
	Bahamas and Caymans									
96 **Total, all currencies**	**108,977**	**123,837**	**149,051**	**140,045**	**141,878**	**141,099**	**144,194**	**140,614**	**139,438**	**140,939**
97 To United States	37,719	59,666	85,704	94,635	97,916	98,609	99,270	96,936	96,810	98,475
98 Parent bank	15,267	28,181	39,396	36,608	39,416	41,122	42,971	41,806	40,225	41,900
99 Other banks in United States	5,204	7,379	10,474	16,827	17,410	17,831	17,911	17,927	17,481	16,805
100 Nonbanks	17,248	24,106	35,834	41,200	41,090	39,656	38,388	37,203	39,104	39,770
101 To foreigners	68,598	61,218	60,012	42,026	41,204	39,740	42,039	40,965	39,793	39,603
102 Other branches of parent bank	20,875	17,040	20,641	15,887	15,855	15,018	17,348	17,690	17,421	17,566
103 Banks	33,631	29,895	23,202	13,452	12,702	11,766	11,599	10,910	10,297	10,413
104 Official institutions	4,866	4,361	3,498	2,448	2,471	2,407	2,288	2,091	2,137	1,846
105 Nonbank foreigners	9,226	9,922	12,671	10,239	10,176	10,549	10,804	10,274	9,938	9,778
106 Other liabilities	2,660	2,953	3,335	3,384	2,758	2,750	2,885	2,713	2,835	2,861
107 **Total payable in U.S. dollars**	**103,460**	**119,657**	**145,227**	**136,713**	**138,640**	**137,910**	**140,750**	**137,717**	**136,574**	**137,828**

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1980	1981	1982						
			June[r]	July[r]	Aug.[r]	Sept.[r]	Oct.	Nov.	Dec.[p]
1 **Total[1]**	**164,578**	**169,702**	**168,322**	**170,228**	**169,289**	**171,094**	**171,308**	**168,048**	**172,690**
By type									
2 Liabilities reported by banks in the United States[2]	30,381	26,572	28,421	25,867	26,594	26,440	26,965	25,376	24,787
3 U.S. Treasury bills and certificates[3]	56,243	52,389	43,509	45,824	44,182	44,450	43,964	42,906	46,658
U.S. Treasury bonds and notes									
4 Marketable	41,455	53,150	60,256	63,048	63,415	64,940	65,581	65,801	67,678
5 Nonmarketable[4]	14,654	11,791	10,150	9,750	9,350	9,350	9,350	8,750	8,750
6 U.S. securities other than U.S. Treasury securities[5]	21,845	25,800	25,986	25,739	25,748	25,914	25,448	25,215	24,817
By area									
7 Western Europe[1]	81,592	65,484	58,171	58,791	61,120	61,350	60,723	59,356	61,338
8 Canada	1,562	2,403	1,577	1,519	1,771	2,057	2,204	2,044	2,070
9 Latin America and Caribbean	5,688	6,954	7,559	7,522	6,802	6,385	7,181	5,884	6,028
10 Asia	70,784	91,790	95,465	97,112	94,883	95,822	95,187	94,091	95,996
11 Africa	4,123	1,829	1,437	1,485	1,326	1,303	1,452	1,371	1,350
12 Other countries[6]	829	1,242	4,113	3,799	3,387	4,177	4,561	5,302	5,908

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	1979	1980	1981	1981	1982		
				Dec.	Mar.	June[r]	Sept.
1 Banks' own liabilities	1,918	3,748	3,767[r]	3,767[r]	4,290[r]	4,783	4,841
2 Banks' own claims	2,419	4,206	5,224	5,224	5,574	6,401	6,604
3 Deposits	994	2,507	3,398	3,398	3,532	3,526	3,537
4 Other claims	1,425	1,699	1,826	1,826	2,042	2,875	3,067
5 Claims of banks' domestic customers[1]	580	962	971	971	944	921	506

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	1979	1980	1981▲[r]	1982 June[r]	1982 July[r]	1982 Aug.[r]	1982 Sept.	1982 Oct.[r]	1982 Nov.	1982 Dec.[p]
1 **All foreigners**	**187,521**	**205,297**	**243,279**	**287,244**	**285,114**	**293,122**	**298,515**	**297,617**	**302,001**	**305,218**
2 Banks' own liabilities	117,196	124,791	162,974	213,910	209,172	217,564	220,427	218,741	225,293	225,277
3 Demand deposits	23,303	23,462	19,628	17,273	17,071	15,840	15,418	17,064	17,215	16,086
4 Time deposits[1]	13,623	15,076	28,903	55,986	59,603	62,208	62,332	62,236	62,988	67,021
5 Other[2]	16,453	17,583	17,398	22,944	20,292	24,211	23,520	22,842	24,382	23,702
6 Own foreign offices[3]	63,817	68,670	97,044	117,707	112,206	115,305	119,158	116,600	120,708	118,469
7 Banks' custody liabilities[4]	70,325	80,506	80,305	73,335	75,941	75,558	78,089	78,876	76,708	79,941
8 U.S. Treasury bills and certificates[5]	48,573	57,595	55,316	48,817	51,211	49,646	51,572	53,374	52,138	55,614
9 Other negotiable and readily transferable instruments[6]	19,396	20,079	19,019	20,506	20,722	22,134	22,437	21,787	20,965	20,609
10 Other	2,356	2,832	5,970	4,011	4,009	3,778	4,080	3,715	3,605	3,718
11 **Nonmonetary international and regional organizations[7]**	**2,356**	**2,344**	**2,721**	**4,001**	**4,082**	**5,073**	**5,050**	**6,036**	**6,465**	**4,597**
12 Banks' own liabilities	714	444	638	1,233	2,246	3,093	2,752	2,337	3,387	1,584
13 Demand deposits	260	146	262	300	343	265	194	261	257	106
14 Time deposits[1]	151	85	58	586	633	453	734	431	969	1,339
15 Other[2]	303	212	318	347	1,271	2,376	1,825	1,645	2,161	139
16 Banks' custody liabilities[4]	1,643	1,900	2,083	2,768	1,835	1,980	2,298	3,699	3,078	3,013
17 U.S. Treasury bills and certificates	102	254	541	1,425	487	328	676	2,160	1,774	1,621
18 Other negotiable and readily transferable instruments[6]	1,538	1,646	1,542	1,343	1,349	1,652	1,621	1,539	1,304	1,392
19 Other	2	0	0	0	0	0	0	0	0	0
20 **Official institutions[8]**	**78,206**	**86,624**	**79,037**	**71,931**	**71,690**	**70,776**	**70,891**	**70,930**	**68,282**	**71,446**
21 Banks' own liabilities	18,292	17,826	16,813	18,869	16,279	16,323	16,646	16,898	16,676	16,440
22 Demand deposits	4,671	3,771	2,564	3,155	2,788	1,994	2,526	2,138	2,127	1,981
23 Time deposits[1]	3,050	3,612	4,197	5,414	6,497	5,859	5,312	6,132	5,524	5,427
24 Other[2]	10,571	10,443	10,052	10,300	6,994	8,470	8,809	8,629	9,025	9,033
25 Banks' custody liabilities[4]	59,914	68,798	62,224	53,062	55,411	54,453	54,245	54,031	51,607	55,006
26 U.S. Treasury bills and certificates[5]	47,666	56,243	52,389	43,509	45,824	44,182	44,450	43,964	42,906	46,658
27 Other negotiable and readily transferable instruments[6]	12,196	12,501	9,787	9,519	9,552	10,234	9,755	10,033	8,672	8,319
28 Other	52	54	47	33	36	37	39	34	28	28
29 **Banks[9]**	**88,316**	**96,415**	**135,558**	**174,439**	**171,474**	**177,557**	**181,452**	**179,672**	**184,778**	**185,053**
30 Banks' own liabilities	83,299	90,456	123,839	161,733	157,802	163,348	165,627	164,054	168,511	168,636
31 Unaffiliated foreign banks	19,482	21,786	26,795	44,027	45,596	48,043	46,469	47,454	47,803	50,167
32 Demand deposits	13,285	14,188	11,614	9,274	9,384	8,765	8,138	9,887	9,739	8,733
33 Time deposits[1]	1,667	1,703	8,695	23,239	25,006	26,698	26,503	26,099	26,232	28,320
34 Other[2]	4,530	5,895	6,486	11,513	11,206	12,580	11,828	11,468	11,833	13,114
35 Own foreign offices[3]	63,817	68,670	97,044	117,707	112,206	115,305	119,158	116,600	120,708	118,469
36 Banks' custody liabilities[4]	5,017	5,959	11,718	12,706	13,671	14,209	15,825	15,618	16,267	16,417
37 U.S. Treasury bills and certificates	422	623	1,687	2,926	3,872	3,970	4,897	5,634	5,792	5,809
38 Other negotiable and readily transferable instruments[6]	2,415	2,748	4,421	6,520	6,661	7,102	7,916	7,181	7,782	7,827
39 Other	2,179	2,588	5,611	3,260	3,138	3,138	3,012	2,803	2,693	2,782
40 **Other foreigners**	**18,642**	**19,914**	**25,964**	**36,873**	**37,868**	**39,716**	**41,123**	**40,980**	**42,475**	**44,122**
41 Banks' own liabilities	14,891	16,065	21,684	32,073	32,845	34,800	35,401	35,452	36,719	38,617
42 Demand deposits	5,087	5,356	5,189	4,544	4,556	4,816	4,560	4,778	5,093	5,266
43 Time deposits	8,755	9,676	15,953	26,746	27,467	29,199	29,783	29,574	30,263	31,935
44 Other[2]	1,048	1,033	543	783	822	785	1,059	1,100	1,363	1,416
45 Banks' custody liabilities[4]	3,751	3,849	4,279	4,800	5,023	4,916	5,721	5,528	5,756	5,505
46 U.S. Treasury bills and certificates	382	474	699	957	1,028	1,167	1,548	1,615	1,666	1,525
47 Other negotiable and readily transferable instruments[6]	3,247	3,185	3,268	3,125	3,160	3,147	3,146	3,035	3,207	3,071
48 Other	123	190	312	718	835	603	1,028	878	884	908
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	10,984	10,745	10,747	12,921	13,029	13,921	13,533	13,999	13,408	14,296

1. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
2. Includes borrowing under repurchase agreements.
3. U.S. banks: includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due to head office or parent foreign bank, and foreign branches, agencies or wholly owned subsidiaries of head office or parent foreign bank.
4. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
5. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
6. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
7. Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.
8. Foreign central banks and foreign central governments, and the Bank for International Settlements.
9. Excludes central banks, which are included in "Official institutions."

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

3.17 Continued

	Area and country	1979	1980	1981▲	1982						
					June^r	July	Aug.	Sept.	Oct.	Nov.	Dec.^p
1	**Total**	**187,521**	**205,297**	**243,279r**	**287,244**	**285,114r**	**293,122r**	**298,515**	**297,617r**	**302,001**	**305,218**
2	**Foreign countries**	**185,164**	**202,953**	**240,558r**	**283,243**	**281,032r**	**288,049r**	**293,466**	**291,581r**	**295,536**	**300,621**
3	Europe	90,952	90,897	91,019r	103,494	107,158r	112,017r	114,263	114,895	117,087	117,888
4	Austria	413	523	587	432	501	531	537	508	441	512
5	Belgium-Luxembourg	2,375	4,019	4,117	2,872	2,967r	3,218	3,259	2,782	2,498	2,496
6	Denmark	1,092	497	333	510	452r	446	149	166	221	509
7	Finland	398	455	296	181	162	224	328	478	572	805
8	France	10,433	12,125	8,486	9,241	8,642r	8,145	7,720	7,358r	7,065	8,112
9	Germany	12,935	9,973	7,665	6,221	5,624	5,397	5,331	5,360	6,093	5,405
10	Greece	635	670	463	512	506	559	471	516	496	537
11	Italy	7,782	7,572	7,290	4,720	5,760	6,703	6,714	5,541	4,779	5,674
12	Netherlands	2,337	2,441	2,823	2,868	2,789	2,838	2,899	3,102	3,100	3,362
13	Norway	1,267	1,344	1,457	1,370	1,333	1,634	1,773	2,026	2,197	1,567
14	Portugal	557	374	354	365	365	453	386	356	453	388
15	Spain	1,259	1,500	916	1,191	1,133	1,223	1,106	1,315	1,301	1,405
16	Sweden	2,005	1,737	1,545	1,381	1,385	1,278	1,324	2,000	1,615	1,380
17	Switzerland	17,954	16,689	18,720r	22,391	23,847r	25,014r	26,519	26,736r	27,994	28,979
18	Turkey	120	242	518	167	222	287	301	317	255	296
19	United Kingdom	24,700	22,680	28,287r	41,971	44,970r	46,881	48,478	48,809	50,119	48,390
20	Yugoslavia	266	681	375	314	320	317	307	390	470	499
21	Other Western Europe[1]	4,070	6,939	6,245r	6,223	5,739r	6,381	6,294	6,484r	6,889	6,948
22	U.S.S.R.	52	68	49	44	41	47	47	111	45	50
23	Other Eastern Europe[2]	302	370	493	521	397	440	322	541	486	573
24	Canada	7,379	10,031	10,250	11,566	11,168	12,194	11,623	12,163	11,720	12,198
25	Latin America and Caribbean	49,686	53,170	84,685	109,096	103,810r	106,882r	109,110	106,616r	109,487	112,790
26	Argentina	1,582	2,132	2,445	2,030	2,154r	2,713r	3,359	3,482r	3,432	3,575
27	Bahamas	15,255	16,381	34,400	44,300	39,388r	41,502	42,164	41,100r	43,548	44,010
28	Bermuda	430	670	765	1,286	1,302	1,289	1,519	1,507	1,596	1,571
29	Brazil	1,005	1,216	1,568	1,822	1,823	1,865	1,752	2,020r	1,865	2,078
30	British West Indies	11,138	12,766	17,794	22,562	22,039r	22,871	23,294	23,071r	24,302	26,006
31	Chile	468	460	664	1,124	1,442	1,170	1,293	1,438	1,444	1,626
32	Colombia	2,617	3,077	2,993	2,700	2,699	2,636	2,516	2,407	2,426	2,598
33	Cuba	13	6	9	6	7	9	7	7	8	9
34	Ecuador	425	371	434	559	527	478	524	556	519	446
35	Guatemala	414	367	479	580	613	616	639	636	639	670
36	Jamaica	76	97	87	100	139	136	121	118	108	126
37	Mexico	4,185	4,547	7,163	8,953	9,643	9,259	8,468	8,031r	8,135	7,967
38	Netherlands Antilles	499	413	3,182	3,728	3,601r	3,759	3,713	3,677r	3,518	3,596
39	Panama	4,483	4,718	4,847	5,377	4,884	4,656	6,172	4,688r	4,702	4,699
40	Peru	383	403	694	1,059	931	984	974	1,031	959	1,147
41	Uruguay	202	254	367	542	609	665	721	844	651	759
42	Venezuela	4,192	3,170	4,245	9,382	9,140r	9,219	8,625	8,796	8,315	8,365
43	Other Latin America and Caribbean	2,318	2,123	2,548	2,986	2,869r	3,056	3,249	3,207	3,321	3,540
44	Asia	33,005	42,420	50,005r	52,011	52,118r	50,854	51,115	49,800r	48,597	48,528
	China										
45	Mainland	49	49	158	244	261	245	254	216	214	198
46	Taiwan	1,393	1,662	2,082	2,335	2,371	2,323	2,490	2,568r	2,786	2,720
47	Hong Kong	1,672	2,548	3,950	4,880	4,918	4,551	4,945	4,957	4,847	4,428
48	India	527	416	385	540	551	655	407	449	507	433
49	Indonesia	504	730	640	583	722	593	436	748	534	849
50	Israel	707	883	592	620	476	486	583	622r	705	606
51	Japan	8,907	16,281	20,750r	19,823	19,861r	19,291	18,895	16,860r	15,680	15,987
52	Korea	993	1,528	2,013	1,863	1,934	1,712	1,905	1,886	1,791	1,692
53	Philippines	795	919	874	841	660	728	712	736	768	770
54	Thailand	277	464	534	485	450	369	310	365	349	629
55	Middle-East oil-exporting countries[3]	15,300	14,453	13,174	14,257	14,252r	14,106	14,026	14,050r	14,396	13,433
56	Other Asia	1,879	2,487	4,854r	5,540	5,662r	5,795	6,152	6,344r	6,020	6,784
57	Africa	3,239	5,187	3,180	2,675	2,692	2,586	2,783	3,369	3,192	3,070
58	Egypt	475	485	360	447	430	405	385	242	373	398
59	Morocco	33	33	32	59	52	47	63	54	66	75
60	South Africa	184	288	420	335	339	341	344	279	564	277
61	Zaire	110	57	26	37	25	25	20	23	22	23
62	Oil-exporting countries[4]	1,635	3,540	1,395	901	1,025	908	1,074	1,669	1,250	1,280
63	Other Africa	804	783	946	896	821	860	897	1,103	918	1,017
64	Other countries	904	1,247	1,419	4,400	4,085	3,516	4,572	4,738	5,452	6,147
65	Australia	684	950	1,223	4,172	3,831	3,317	4,355	4,530	5,224	5,904
66	All other	220	297	196	228	254	199	216	207	228	243
67	Nonmonetary international and regional organizations	2,356	2,344	2,721	4,001	4,082	5,073	5,050	6,036	6,465	4,597
68	International	1,238	1,157	1,661	2,860	3,064	3,936r	3,934	5,141	5,522	3,705
69	Latin American regional	806	890	710	694	606	776	719	573	533	517
70	Other regional[5]	313	296	350	446	412	362r	397	322	410	375

1. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.
2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.
5. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

3.18 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars

Millions of dollars, end of period

Area and country	1979	1980	1981▲[r]	1982						
				June[r]	July[r]	Aug.	Sept.	Oct.	Nov.	Dec.[p]
1 **Total**	**133,943**	**172,592**	**251,047**	**315,738**	**323,295**	**328,621[r]**	**339,367**	**334,138[r]**	**334,699**	**353,039**
2 **Foreign countries**	**133,906**	**172,514**	**250,991**	**315,695**	**323,250**	**328,515[r]**	**339,323**	**334,082[r]**	**334,642**	**352,971**
3 Europe	28,388	32,108	49,058	64,101	67,491	70,807[r]	76,481	78,346[r]	78,047	84,009
4 Austria	284	236	121	137	189	186	146	173[r]	197	216
5 Belgium-Luxembourg	1,339	1,621	2,843	3,760	4,092	4,421	4,804	4,962[r]	5,403	5,113
6 Denmark	147	127	187	281	303	323	358	396	406	554
7 Finland	202	460	546	732	699	776	806	813	904	990
8 France	3,322	2,958	4,124	6,319	5,860	5,960	5,815	6,218	6,636	6,864
9 Germany	1,179	948	936	1,757	1,730	1,565	1,609	1,522	1,766	1,849
10 Greece	154	256	333	297	294	270	283	335	373	452
11 Italy	1,631	3,364	5,240	6,022	6,292	6,569	6,733	7,346	7,718	7,510
12 Netherlands	514	575	682	988	1,118	1,085	1,099	1,285	1,122	1,394
13 Norway	276	227	384	424	538	482	575	544	650	569
14 Portugal	330	331	529	938	990	970	998	1,018	924	943
15 Spain	1,051	993	2,100	3,091	3,304	3,520	3,469	3,558	3,633	3,719
16 Sweden	542	783	1,205	1,613	1,510	1,693	2,398	2,799	2,804	3,041
17 Switzerland	1,165	1,446	2,213	1,596	1,610	1,589	1,859	1,636	1,516	1,674
18 Turkey	149	145	424	589	646	600	605	603	598	560
19 United Kingdom	13,795	14,917	23,655	31,966	34,702	37,181[r]	41,370	41,652[r]	39,699	44,761
20 Yugoslavia	611	853	1,224	1,294	1,266	1,220	1,196	1,248	1,261	1,418
21 Other Western Europe[1]	175	179	209	238	280	286	325	266	380	368
22 U.S.S.R	268	281	377	296	274	296	246	242	227	263
23 Other Eastern Europe[2]	1,254	1,410	1,725	1,763	1,793	1,814	1,787	1,728	1,832	1,751
24 Canada	4,143	4,810	9,164	12,652	13,049	12,083	11,852	12,977[r]	12,514	14,191
25 Latin America and Caribbean	67,993	92,992	138,121	173,445	178,323	181,708[r]	186,355	179,981[r]	180,183	186,788
26 Argentina	4,389	5,689	7,522	11,014	10,971	10,936	10,964	11,019	10,816	11,025
27 Bahamas	18,918	29,419	43,437	51,861	52,503	54,706[r]	55,340	51,692[r]	51,859	55,868
28 Bermuda	496	218	346	414	388	385	429	602[r]	957	600
29 Brazil	7,713	10,496	16,918	21,179	21,560	22,146	23,081	22,970[r]	22,965	23,164
30 British West Indies	9,818	15,663	21,920	26,033	28,136	28,519[r]	29,982	28,223[r]	27,309	28,743
31 Chile	1,441	1,951	3,690	5,270	5,228	5,367	5,394	5,276	5,091	5,565
32 Colombia	1,614	1,752	2,018	2,558	2,607	2,650	2,826	2,838	2,895	3,185
33 Cuba	4	3	3	3	8	3	3	3	3	3
34 Ecuador	1,025	1,190	1,531	2,022	2,027	2,048	2,127	2,057	2,101	2,052
35 Guatemala[3]	134	137	124	124	121	116	119	111	140	124
36 Jamaica[3]	47	36	62	124	578	508	387	151	218	181
37 Mexico	9,099	12,595	22,408	29,537	29,742	29,347	29,596	29,371	29,508	29,385
38 Netherlands Antilles	248	821	1,076	1,028	1,032	778	825	688	730	906
39 Panama	6,041	4,974	6,779	8,662	9,147	9,842	10,583	9,983[r]	10,265	10,123
40 Peru	652	890	1,218	2,047	2,064	2,062	2,252	2,244	2,259	2,330
41 Uruguay	105	137	157	381	413	457	550	572	606	683
42 Venezuela	4,657	5,438	7,069	9,145	9,692	9,800	9,867	9,925	10,250	10,682
43 Other Latin America and Caribbean	1,593	1,583	1,844	2,042	2,105	2,039	2,032	2,257	2,211	2,168
44 Asia	30,730	39,078	49,770	58,567	57,388	57,229[r]	57,335	55,678[r]	56,667	60,633
China										
45 Mainland	35	195	107	124	139	127	126	139	194	215
46 Taiwan	1,821	2,469	2,461	2,048	1,977	1,891	1,949	2,020	2,255	2,285
47 Hong Kong	1,804	2,247	4,126	6,390	6,124	6,447	6,723	5,976	6,200	7,705
48 India	92	142	123	252	266	235	275	254	258	222
49 Indonesia	131	245	346	288	294	297	292	315	314	342
50 Israel	990	1,172	1,562	1,835	1,637	1,534	1,623	1,748	1,895	2,031
51 Japan	16,911	21,361	26,757	30,437	30,026	29,491[r]	28,496	26,722[r]	26,049	27,225
52 Korea	3,793	5,697	7,324	7,119	7,046	6,967	7,365	7,790[r]	8,536	9,377
53 Philippines	737	989	1,817	2,605	2,605	2,611	2,508	2,560	2,467	2,555
54 Thailand	933	876	564	459	415	388	409	442	501	638
55 Middle East oil-exporting countries[4]	1,548	1,432	1,575	2,550	2,493	2,633	2,591	2,848	3,176	3,088
56 Other Asia	1,934	2,252	3,009	4,460	4,366	4,607[r]	4,978	4,865[r]	4,823	4,949
57 Africa	1,797	2,377	3,503	4,821	4,971	4,811[r]	5,176	5,017	5,274	5,350
58 Egypt	114	151	238	416	378	399	386	365	349	322
59 Morocco	103	223	284	334	314	368	376	367	384	347
60 South Africa	445	370	1,011	1,467	1,620	1,574	1,775	1,744	1,832	2,013
61 Zaire	144	94	112	84	81	58	59	61	58	57
62 Oil-exporting countries[5]	391	805	657	799	848	761	842	762	903	803
63 Other	600	734	1,201	1,722	1,730	1,651[r]	1,738	1,718	1,747	1,807
64 Other countries	855	1,150	1,376	2,108	2,028	1,878	2,125	2,083	1,957	2,000
65 Australia	673	859	1,203	1,806	1,700	1,534	1,792	1,713	1,528	1,627
66 All other	182	290	172	302	328	344	332	370	429	373
67 Nonmonetary international and regional organizations[6]	36	78	56	43	45	106	44	56	57	68

1. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.
2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.
3. Included in "Other Latin America and Caribbean" through March 1978.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Excludes the Bank for International Settlements, which is included in "Other Western Europe."

NOTE. Data for period prior to April 1978 include claims of banks' domestic customers on foreigners.

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

3.19 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars

Millions of dollars, end of period

Type of claim	1979	1980	1981▲[r]	1982						
				June[r]	July[r]	Aug.[r]	Sept.	Oct.[r]	Nov.	Dec.[p]
1 **Total**	**154,030**	**198,698**	**286,415**	**356,449**	....	....	**376,443**	....	....	....
2 Banks' own claims on foreigners	133,943	172,592	251,047	315,738	323,295	328,621	339,367	334,138	334,699	353,039
3 Foreign public borrowers	15,937	20,882	31,316	40,053	40,612	41,758	42,682	42,459	42,275	44,522
4 Own foreign offices[1]	47,428	65,084	96,647	115,096	114,412	118,642	125,761	116,870	115,961	126,460
5 Unaffiliated foreign banks	40,927	50,168	74,086	101,809	108,572	109,143	111,499	114,301	115,465	119,547
6 Deposits	6,274	8,254	22,979	36,802	40,276	40,929	40,705	42,024	41,336	43,102
7 Other	34,654	41,914	51,107	65,007	68,296	68,214	70,794	72,278	74,130	76,445
8 All other foreigners	29,650	36,459	48,998	58,780	59,699	59,078	59,424	60,508	60,998	62,511
9 Claims of banks' domestic customers[2]	20,088	26,106	35,368	40,712	....	....	37,076	....	....	....
10 Deposits	955	885	1,378	1,426	....	....	1,390	....	....	....
11 Negotiable and readily transferable instruments[3]	13,100	15,574	25,752	31,966	....	....	28,577	....	....	....
12 Outstanding collections and other claims	6,032	9,648	8,238	7,320	....	....	7,110	....	....	....
13 MEMO: Customer liability on acceptances	18,021	22,714	29,517	33,131	....	....	35,103	....	....	....
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[4]	22,333	24,511	39,831	44,566	45,239	43,911	43,671	45,443	46,805	n.a.

1. *U.S. banks:* includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. *Agencies, branches, and majority-owned subsidiaries of foreign banks:* principally amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account of their domestic customers.
3. Principally negotiable time certificates of deposit and bankers acceptances.
4. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see July 1979 BULLETIN, p. 550.

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

NOTE. Beginning April 1978, data for banks' own claims are given on a monthly basis, but the data for claims of banks' own domestic customers are available on a quarterly basis only.

3.20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars

Millions of dollars, end of period

Maturity; by borrower and area	1979	1980	1981		1982		
			Sept.	Dec.▲[r]	Mar.[r]	June[r]	Sept.
1 **Total**	**86,181**	**106,748**	**122,475[r]**	**153,839**	**174,506**	**200,493**	**213,061**
By borrower							
2 Maturity of 1 year or less[1]	65,152	82,555	94,957	115,818	133,035	151,622	160,949
3 Foreign public borrowers	7,233	9,974	12,978	15,099	16,573	19,397	20,138
4 All other foreigners	57,919	72,581	81,979	100,718	116,463	132,225	140,811
5 Maturity of over 1 year[1]	21,030	24,193	27,518[r]	38,022	41,470	48,871	52,112
6 Foreign public borrowers	8,371	10,152	12,562[r]	15,662	16,831	20,082	21,928
7 All other foreigners	12,659	14,041	14,956	22,360	24,639	28,789	30,184
By area							
Maturity of 1 year or less[1]							
8 Europe	15,235	18,715	23,015	27,903	34,284	39,053	44,555
9 Canada	1,777	2,723	3,959	4,634	5,805	6,582	6,975
10 Latin America and Caribbean	24,928	32,034	35,590	48,473	58,244	67,975	71,536
11 Asia	21,641	26,686	29,295	31,408	30,564	33,537	33,079
12 Africa	1,077	1,757	2,324	2,457	2,890	3,259	3,624
13 All other[2]	493	640	774	943	1,249	1,217	1,180
Maturity of over 1 year[1]							
14 Europe	4,160	5,118	6,422[r]	8,092	8,333	9,243	10,576
15 Canada	1,317	1,448	1,347	1,774	1,858	2,340	1,867
16 Latin America and Caribbean	12,814	15,075	17,478	25,088	27,666	32,897	34,258
17 Asia	1,911	1,865	1,550	1,902	2,245	2,474	3,370
18 Africa	655	507	548	899	1,056	1,295	1,351
19 All other[2]	173	179	172	267	312	622	690

1. Remaining time to maturity.
2. Includes nonmonetary international and regional organizations.

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

3.21 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks[1]

Billions of dollars, end of period

Area or country	1978[2,c]	1979[c]	1980		1981				1982		
			Sept.	Dec.	Mar.	June	Sept.	Dec.[c]	Mar.[c]	June[c]	Sept.[p,c]
1 **Total**	**266.2**	**303.9**	**339.3**	**352.0**	**372.1**	**382.8**	**399.8**	**414.3**	**417.5**	**430.7**	**431.4**
2 G-10 countries and Switzerland	124.7	138.4	158.8	162.1	168.5	168.3	172.2	175.2	173.7	173.8	172.0
3 Belgium-Luxembourg	9.0	11.1	13.6	13.0	13.6	13.8	14.1	13.3	13.2	14.1	13.5
4 France	12.2	11.7	13.9	14.1	14.5	14.7	16.0	15.3	15.9	16.5	15.7
5 Germany	11.3	12.2	12.9	12.1	13.3	12.1	12.7	12.9	12.5	12.7	12.2
6 Italy	6.7	6.4	7.2	8.2	7.7	8.4	8.6	9.6	9.0	9.0	9.6
7 Netherlands	4.4	4.8	4.4	4.4	4.6	4.2	3.7	4.0	4.0	4.1	3.8
8 Sweden	2.1	2.4	2.8	2.9	3.2	3.1	3.4	3.7	4.1	4.0	4.7
9 Switzerland	5.3	4.7	3.4	5.0	5.1	5.2	5.1	5.5	5.3	5.1	5.0
10 United Kingdom	47.3	56.4	66.7	67.4	68.5	67.0	68.8	69.8	69.7	68.3	68.7
11 Canada	6.0	6.3	7.7	8.4	8.9	10.8	11.8	10.9	11.6	11.3	10.7
12 Japan	20.6	22.4	26.1	26.5	29.1	28.9	28.0	30.1	28.4	28.7	28.0
13 Other developed countries	19.4	19.9	20.6	21.6	23.5	24.8	26.4	28.4	30.6	32.1	32.6
14 Austria	1.7	2.0	1.8	1.9	1.8	2.1	2.2	1.9	2.1	2.1	2.0
15 Denmark	2.0	2.2	2.2	2.3	2.4	2.3	2.5	2.3	2.5	2.6	2.5
16 Finland	1.2	1.2	1.2	1.4	1.4	1.3	1.4	1.7	1.6	1.6	1.8
17 Greece	2.3	2.4	2.6	2.8	2.7	3.0	2.9	2.8	2.8	2.6	2.5
18 Norway	2.1	2.3	2.4	2.6	2.8	2.8	3.0	3.1	3.2	3.2	3.4
19 Portugal	.6	.7	.7	.6	.6	.8	1.0	1.1	1.2	1.5	1.6
20 Spain	3.5	3.5	4.2	4.4	5.5	5.7	5.8	6.7	7.2	7.3	7.7
21 Turkey	1.5	1.4	1.3	1.5	1.5	1.4	1.5	1.4	1.6	1.5	1.5
22 Other Western Europe	1.3	1.4	1.7	1.7	1.8	1.8	1.9	2.1	2.2	2.2	2.1
23 South Africa	2.0	1.3	1.2	1.1	1.5	1.9	2.5	2.8	3.3	3.5	3.6
24 Australia	1.4	1.3	1.2	1.3	1.5	1.7	1.9	2.5	3.0	4.0	4.0
25 OPEC countries[3]	22.7	22.9	21.4	22.7	21.7	22.2	23.5	24.5	25.2	26.2	27.0
26 Ecuador	1.6	1.7	1.9	2.1	2.0	2.0	2.1	2.2	2.3	2.4	2.3
27 Venezuela	7.2	8.7	8.5	9.1	8.3	8.8	9.2	9.7	9.7	9.9	10.1
28 Indonesia	2.0	1.9	1.9	1.8	2.1	2.1	2.5	2.5	2.7	2.7	2.9
29 Middle East countries	9.5	8.0	6.7	6.9	6.7	6.8	7.1	7.5	8.2	8.7	9.1
30 African countries	2.5	2.6	2.4	2.8	2.6	2.6	2.6	2.5	2.2	2.5	2.7
31 Non-OPEC developing countries	52.6	63.0	73.0	77.4	82.2	84.8	90.2	96.2	97.5	103.6	103.9
Latin America											
32 Argentina	3.0	5.0	7.6	7.9	9.5	8.5	9.3	9.4	9.9	9.7	9.1
33 Brazil	14.9	15.2	15.8	16.2	17.0	17.5	17.7	19.1	19.7	21.3	22.3
34 Chile	1.6	2.5	3.2	3.7	4.0	4.8	5.5	5.8	6.0	6.4	6.2
35 Colombia	1.4	2.2	2.4	2.6	2.4	2.5	2.5	2.6	2.3	2.6	2.8
36 Mexico	10.8	12.0	14.4	15.9	17.0	18.2	20.0	21.6	22.9	25.1	24.8
37 Peru	1.7	1.5	1.5	1.8	1.8	1.7	1.8	2.0	1.9	2.4	2.6
38 Other Latin America	3.6	3.7	3.9	3.9	4.7	3.8	4.2	4.1	4.1	4.0	4.5
Asia											
China											
39 Mainland	.0	.1	.1	.2	.2	.2	.2	.2	.2	.3	.2
40 Taiwan	2.9	3.4	4.1	4.2	4.4	4.6	5.1	5.1	5.1	5.0	4.9
41 India	.2	.2	.2	.3	.3	.3	.3	.3	.5	.5	.5
42 Israel	1.0	1.3	1.1	1.5	1.3	1.8	1.5	2.1	1.7	2.2	1.9
43 Korea (South)	3.9	5.4	7.3	7.1	7.7	8.8	8.6	9.4	8.6	8.9	9.3
44 Malaysia	.6	1.0	1.1	1.1	1.2	1.4	1.4	1.7	1.7	1.9	1.8
45 Philippines	2.8	4.2	4.8	5.1	4.8	5.1	5.6	6.0	5.9	6.3	6.0
46 Thailand	1.2	1.5	1.5	1.6	1.6	1.5	1.4	1.5	1.4	1.3	1.3
47 Other Asia	.2	.5	.5	.6	.5	.7	.8	1.0	1.2	1.2	1.3
Africa											
48 Egypt	.4	.6	.6	.8	.8	.7	1.0	1.1	1.3	1.3	1.3
49 Morocco	.6	.6	.6	.7	.6	.5	.7	.7	.7	.7	.8
50 Zaire	.2	.2	.2	.2	.2	.2	.2	.2	.2	.2	.1
51 Other Africa[4]	1.4	1.7	2.1	2.1	2.2	2.1	2.2	2.3	2.3	2.3	2.3
52 Eastern Europe	6.9	7.3	7.3	7.4	7.7	7.7	7.7	7.8	7.2	6.7	6.4
53 U.S.S.R.	1.3	.7	.5	.4	.4	.5	.4	.6	.4	.4	.3
54 Yugoslavia	1.5	1.8	2.1	2.3	2.4	2.5	2.5	2.5	2.5	2.4	2.2
55 Other	4.1	4.8	4.7	4.6	4.8	4.8	4.7	4.7	4.3	3.9	3.8
56 Offshore banking centers	31.0	40.4	44.6	47.0	53.7	59.3	61.7	63.5	65.0	70.3	69.6
57 Bahamas	10.4	13.7	13.2	13.7	15.5	17.9	21.3	18.9	19.8	23.1	20.2
58 Bermuda	.7	.8	.6	.6	.7	.7	.8	.7	.7	.7	.8
59 Cayman Islands and other British West Indies	7.4	9.4	10.1	10.6	11.9	12.6	12.1	12.4	11.8	12.0	13.0
60 Netherlands Antilles	.8	1.2	1.3	2.1	2.3	2.4	2.2	3.2	3.2	3.0	3.3
61 Panama[5]	3.0	4.3	5.6	5.4	6.5	6.9	6.7	7.6	7.1	7.3	7.7
62 Lebanon	.1	.2	.2	.2	.2	.2	.2	.2	.2	.2	.1
63 Hong Kong	4.2	6.0	7.5	8.1	8.4	10.3	10.3	11.8	12.9	14.3	14.9
64 Singapore	3.9	4.5	5.6	5.9	7.3	8.1	8.0	8.7	9.3	9.7	9.6
65 Others[6]	.5	.4	.4	.3	.9	.3	.1	.1	.1	.1	.0
66 Miscellaneous and unallocated[7]	9.1	11.7	13.7	14.0	14.9	15.7	18.2	18.8	18.3	18.3	19.9

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). However, see also footnote 2.
2. Beginning with data for June 1978, the claims of the U.S. offices in this table include only banks' own claims payable in dollars. For earlier dates the claims of the U.S. offices also include customer claims and foreign currency claims (amounting in June 1978 to $10 billion).
3. In addition to 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 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	1979	1980	1981	1981	1982		
					Dec.	Mar.	June	Sept.^{p}
1	**Total**	**17,418**	**22,212**	**22,460**	**22,460**	**22,366**	**20,843**	**21,269**
2	Payable in dollars	14,323	18,481	18,749	18,749	19,605	18,102	18,378
3	Payable in foreign currencies	3,095	3,731	3,711	3,711	2,761	2,740	2,892
	By type							
4	Financial liabilities	7,507	11,316	12,103	12,103	12,585	10,017	10,537
5	Payable in dollars	5,223	8,528	9,444	9,444	10,622	8,056	8,456
6	Payable in foreign currencies	2,284	2,788	2,660	2,660	1,963	1,961	2,081
7	Commercial liabilities	9,910	10,896	10,357	10,357	9,782	10,826	10,732
8	Trade payables	4,591	4,993	4,720	4,720	4,022	4,967	4,526
9	Advance receipts and other liabilities	5,320	5,903	5,637	5,637	5,760	5,859	6,206
10	Payable in dollars	9,100	9,953	9,305	9,305	8,983	10,047	9,921
11	Payable in foreign currencies	811	943	1,052	1,052	798	779	811
	By area or country							
	Financial liabilities							
12	Europe	4,649	6,467	6,808	6,808	7,874	5,947	6,407
13	Belgium-Luxembourg	322	465	460	460	596	518	494
14	France	175	327	709	709	924	581	664
15	Germany	497	582	491	491	503	439	446
16	Netherlands	829	681	748	748	755	517	763
17	Switzerland	170	354	715	715	707	661	670
18	United Kingdom	2,477	3,923	3,559	3,559	4,282	3,084	3,240
19	Canada	532	964	958	958	914	758	702
20	Latin America and Caribbean	1,514	3,136	3,353	3,353	3,327	2,794	2,782
21	Bahamas	404	964	1,279	1,279	1,095	1,003	933
22	Bermuda	81	1	7	7	6	7	14
23	Brazil	18	23	22	22	27	24	28
24	British West Indies	516	1,452	1,241	1,241	1,469	1,044	990
25	Mexico	121	99	102	102	67	83	85
26	Venezuela	72	81	98	98	97	100	104
27	Asia	804	723	957	957	455	502	631
28	Japan	726	644	792	792	293	340	424
29	Middle East oil-exporting countries[2]	31	38	75	75	63	66	67
30	Africa	4	11	3	3	2	3	3
31	Oil-exporting countries[3]	1	1	0	0	0	0	0
32	All other[4]	4	15	24	24	12	11	13
	Commercial liabilities							
33	Europe	3,709	4,402	3,771	3,771	3,422	3,661	3,862
34	Belgium-Luxembourg	137	90	71	71	50	47	50
35	France	467	582	573	573	504	657	759
36	Germany	545	679	545	545	473	457	431
37	Netherlands	227	219	221	221	232	247	281
38	Switzerland	316	499	424	424	400	412	358
39	United Kingdom	1,080	1,209	880	880	824	849	904
40	Canada	924	888	897	897	884	1,116	1,188
41	Latin America and Caribbean	1,325	1,300	1,037	1,037	804	1,399	1,219
42	Bahamas	69	8	2	2	22	20	6
43	Bermuda	32	75	67	67	71	102	48
44	Brazil	203	111	67	67	83	62	128
45	British West Indies	21	35	2	2	27	1	3
46	Mexico	257	367	340	340	210	727	484
47	Venezuela	301	319	276	276	194	219	269
48	Asia	2,991	3,034	3,285	3,285	3,404	3,286	3,201
49	Japan	583	802	1,094	1,094	1,090	1,060	1,133
50	Middle East oil-exporting countries[2]	1,014	890	910	910	998	954	821
51	Africa	728	817	703	703	664	733	668
52	Oil-exporting countries[3]	384	517	344	344	247	340	248
53	All other[4]	233	456	664	664	604	630	595

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.

3.23 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	1979	1980	1981	1981	1982		
				Dec.	Mar.	June	Sept.p
1 **Total**	**31,305**	**34,535**	**35,674**	**35,674**	**30,189**	**30,234**	**29,294**
2 Payable in dollars	28,108	31,591	32,091	32,091	27,554	27,735	26,612
3 Payable in foreign currencies	3,197	2,944	3,584	3,584	2,635	2,500	2,682
By type							
4 Financial claims	18,404	19,816	20,756	20,756	17,752	18,215	17,580
5 Deposits	12,852	14,180	14,657	14,657	12,656	13,428	12,498
6 Payable in dollars	11,936	13,405	14,043	14,043	12,199	13,054	12,096
7 Payable in foreign currencies	916	775	614	614	457	374	402
8 Other financial claims	5,552	5,636	6,098	6,098	5,096	4,787	5,082
9 Payable in dollars	3,726	3,953	3,644	3,644	3,439	3,219	3,395
10 Payable in foreign currencies	1,826	1,683	2,454	2,454	1,657	1,568	1,687
11 Commercial claims	12,901	14,720	14,919	14,919	12,437	12,019	11,714
12 Trade receivables	12,185	13,960	13,954	13,954	11,477	10,960	10,709
13 Advance payments and other claims	716	759	965	965	960	1,058	1,005
14 Payable in dollars	12,447	14,233	14,403	14,403	11,917	11,461	11,121
15 Payable in foreign currencies	454	487	516	516	520	557	593
By area or country							
Financial claims							
16 Europe	6,191	6,094	4,533	4,533	4,511	4,486	4,693
17 Belgium-Luxembourg	32	145	43	43	16	13	16
18 France	177	312	315	315	422	313	305
19 Germany	409	230	224	224	197	148	174
20 Netherlands	53	51	50	50	79	56	52
21 Switzerland	73	59	67	67	53	63	60
22 United Kingdom	5,111	4,982	3,505	3,505	3,502	3,620	3,714
23 Canada	4,997	5,064	6,624	6,624	4,931	4,395	4,318
24 Latin America and Caribbean	6,312	7,811	8,615	8,615	7,432	8,312	7,529
25 Bahamas	2,773	3,477	3,925	3,925	3,537	3,845	3,301
26 Bermuda	30	135	18	18	27	42	19
27 Brazil	163	96	30	30	49	76	76
28 British West Indies	2,011	2,755	3,503	3,503	2,797	3,504	3,136
29 Mexico	157	208	313	313	281	274	268
30 Venezuela	143	137	148	148	130	134	133
31 Asia	601	607	759	759	680	800	830
32 Japan	199	189	363	363	267	327	252
33 Middle East oil-exporting countries[2]	16	20	37	37	36	33	30
34 Africa	258	208	173	173	164	156	165
35 Oil-exporting countries[3]	49	26	46	46	43	41	50
36 All other[4]	44	32	51	51	34	66	44
Commercial claims							
37 Europe	4,922	5,544	5,359	5,359	4,381	4,241	4,164
38 Belgium-Luxembourg	202	233	234	234	246	209	178
39 France	727	1,129	776	776	698	634	646
40 Germany	593	599	557	557	452	391	408
41 Netherlands	298	318	303	303	227	296	277
42 Switzerland	272	354	427	427	354	383	258
43 United Kingdom	901	929	969	969	1,062	893	1,036
44 Canada	859	914	967	967	943	707	665
45 Latin America and Caribbean	2,879	3,766	3,468	3,468	2,907	2,763	2,772
46 Bahamas	21	21	12	12	80	30	19
47 Bermuda	197	108	223	223	212	226	154
48 Brazil	645	861	668	668	417	419	481
49 British West Indies	16	34	12	12	23	14	7
50 Mexico	708	1,102	1,022	1,022	762	748	869
51 Venezuela	343	410	424	424	396	381	373
52 Asia	3,451	3,522	3,914	3,914	3,155	3,297	3,027
53 Japan	1,177	1,052	1,244	1,244	1,160	1,211	866
54 Middle East oil-exporting countries[2]	765	825	901	901	757	793	775
55 Africa	551	653	750	750	587	597	638
56 Oil-exporting countries[3]	130	153	152	152	143	132	148
57 All other[4]	240	321	461	461	463	413	448

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	1980[r]	1981[r]	1982 Jan.–Dec.	1982 June[r]	July[r]	Aug.	Sept.	Oct.	Nov.	Dec.[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	40,298	40,686	41,845	2,166	2,708	3,183	4,292	5,967	5,581	5,783
2 Foreign sales	34,870	34,856	37,950	1,864	2,697	2,650	4,399	5,675	5,245	4,868
3 **Net purchases, or sales (−)**	**5,427**	**5,830**	**3,895**	**302**	**11**	**532**	**−107**	**292**	**336**	**915**
4 **Foreign countries**	**5,409**	**5,803**	**3,810**	**298**	**5**	**530**	**−110**	**282**	**325**	**890**
5 Europe	3,116	3,662	2,540	158	302	272	−268	175	69	616
6 France	492	900	−143	−25	0	−7	−43	−30	−8	43
7 Germany	169	−22	333	11	20	−12	−43	47	26	138
8 Netherlands	−328	42	−60	23	0	12	−62	−102	−24	25
9 Switzerland	310	288	−529	−85	−34	−53	−144	−118	−208	226
10 United Kingdom	2,528	2,235	3,073	225	309	366	73	435	317	186
11 Canada	887	783	222	1	−36	73	115	5	72	154
12 Latin America and Caribbean	148	−30	304	25	−69	121	−82	142	54	39
13 Middle East[1]	1,206	1,140	368	73	−137	101	134	−98	9	−153
14 Other Asia	16	287	244	39	−57	−43	−16	22	112	210
15 Africa	−1	7	2	−3	1	1	0	0	2	3
16 Other countries	38	−46	131	6	0	5	6	35	7	22
17 **Nonmonetary international and regional organizations**	**18**	**27**	**85**	**4**	**6**	**2**	**3**	**10**	**11**	**25**
BONDS[2]										
18 Foreign purchases	15,425	17,290	21,429	1,483	1,743	1,513	2,088	2,778	2,099	2,097
19 Foreign sales	9,964	12,247	20,340	1,153	1,634	1,760	2,230	2,939	2,280	2,457
20 **Net purchases, or sales (−)**	**5,461**	**5,043**	**1,089**	**330**	**109**	**−247**	**−142**	**−162**	**−181**	**−360**
21 **Foreign countries**	**5,526**	**4,976**	**1,116**	**356**	**74**	**−111**	**−106**	**−202**	**−190**	**−350**
22 Europe	1,576	1,356	1,734	244	189	−27	−279	429	−236	−160
23 France	129	11	296	23	5	−18	25	−16	24	146
24 Germany	212	848	2,122	115	258	106	86	190	11	43
25 Netherlands	−65	70	29	5	−3	0	−10	−2	−4	−1
26 Switzerland	54	108	161	12	−22	32	−24	−4	−13	44
27 United Kingdom	1,257	181	−1,087	67	−63	−109	−380	240	−327	−463
28 Canada	135	−12	25	21	1	4	2	−152	10	−2
29 Latin America and Caribbean	185	132	160	61	18	18	19	−15	28	−6
30 Middle East[1]	3,499	3,465	−769	22	−68	−78	193	−435	−20	−177
31 Other Asia	117	44	−23	9	−66	−31	−47	−30	28	−5
32 Africa	5	−1	−19	0	0	0	0	0	0	0
33 Other countries	10	−7	7	−1	0	2	5	0	0	−1
34 **Nonmonetary international and regional organizations**	**−65**	**66**	**−28**	**−26**	**35**	**−136**	**−36**	**41**	**10**	**−10**
	Foreign securities									
35 Stocks, net purchases, or sales (−)	−2,148	−188	−1,334	69	44	11	−160	−308	−740	−272
36 Foreign purchases	7,897	9,281	7,151	619	452	532	545	706[r]	772	927
37 Foreign sales	10,044	9,469	8,485	550	409	520	705	1,014[r]	1,512	1,199
38 Bonds, net purchases, or sales (−)	−1,001	−5,449	−6,613	−796	−698	−1,353	−1,157	−1,331[r]	−463	−420
39 Foreign purchases	17,090	17,553	29,956	2,033	2,293	3,279	3,064	3,058[r]	2,948	2,959
40 Foreign sales	18,090	23,003	36,569	2,830	2,991	4,632	4,222	4,389[r]	3,411	3,379
41 **Net purchases, or sales (−), of stocks and bonds**	**−3,148**	**−5,637**	**−7,947**	**−727**	**−655**	**−1,342**	**−1,317**	**−1,639[r]**	**−1,204**	**−692**
42 **Foreign countries**	**−4,025**	**−4,625**	**−6,759**	**−349**	**−662**	**−1,144**	**−810**	**−1,247[r]**	**−1,173**	**−739**
43 Europe	−1,113	−707	−2,489	−430	−26	−128	−271	−517[r]	−572	−555
44 Canada	−1,949	−3,697	−2,379	−115	−344	−678	−299	−181	−12	−32
45 Latin America and Caribbean	87	69	336	76	3	49	−65	−268	−62	29
46 Asia	−1,153	−322	−1,853	122	−303	−433	241	−283[r]	−536	−195
47 Africa	24	−55	−9	0	3	17	1	0	4	4
48 Other countries	78	87	−364	−2	6	29	−416	3	5	10
49 **Nonmonetary international and regional organizations**	**876**	**−1,012**	**−1,188**	**−379**	**7**	**−198**	**−507**	**−392**	**−31**	**47**

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Includes state and local government securities, and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

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

Millions of dollars

Country or area	1980	1981	1982	1982						
			Jan.–Dec.	June	July	Aug.	Sept.	Oct.	Nov.	Dec.p
	Holdings (end of period)[1]									
1 **Estimated total[2]**	**57,549**	**70,201**	....	**78,204r**	**79,873r**	**80,694r**	**82,345r**	**84,047r**	**84,844**	**85,358**
2 Foreign countries[2]	52,961	64,530	....	73,010r	75,348r	76,722r	78,339r	79,132r	79,402	80,558
3 Europe[2]	24,468	23,976	....	25,743r	26,447r	27,722r	28,805r	29,023r	29,388	29,227
4 Belgium-Luxembourg	77	543	....	152	155	576	551	834	448	440
5 Germany[2]	12,327	11,861	....	13,022	13,535	13,959	14,520	14,493	14,704	14,841
6 Netherlands	1,884	1,955	....	2,176	2,137	2,302	2,333	2,315	2,420	2,702
7 Sweden	595	643	....	652	650	644	635	655r	687	678
8 Switzerland[2]	1,485	846	....	1,039	1,016	1,100	1,233	1,266	1,532	1,540
9 United Kingdom	7,323	6,709	....	6,679r	6,927r	7,129r	7,362r	7,242r	7,104	6,554
10 Other Western Europe	777	1,419	....	2,023	2,028	2,012	2,171	2,218	2,493	2,473
11 Eastern Europe	0	0	....	0	0	0	0	0	0	0
12 Canada	449	514	....	410	446	353	428	482	552	602
13 Latin America and Caribbean	999	736	....	910	848	1,166	1,204	1,086	1,231	1,076
14 Venezuela	292	286	....	253	229	222	221	204	172	188
15 Other Latin America and Caribbean	285	319	....	432	402	611	771	657	759	656
16 Netherlands Antilles	421	131	....	224	217	333	211	225	300	232
17 Asia	26,112	38,671	....	45,516	47,179	47,165	47,682	48,302r	48,093	49,521
18 Japan	9,479	10,780	....	11,137	11,289	11,247	11,395	11,381	11,299	11,568
19 Africa	919	631	....	405	405	305	180	180	78	78
20 All other	14	2	....	26	23	12	41	60	61	54
21 Nonmonetary international and regional organizations	4,588	5,671	....	5,194	4,525r	3,972r	4,006r	4,915r	5,442	4,800
22 International	4,548	5,638r	....	5,123	4,419r	3,882r	3,811r	4,670r	5,192	4,439
23 Latin American regional	36	1	....	−4	−4	−4	−4	−4	−4	6
	Transactions (net purchases, or sales (−) during period)									
24 **Total[2]**	**6,066**	**12,652**	**15,157**	**362**	**1,669r**	**822**	**1,651r**	**1,703r**	**797**	**514**
25 Foreign countries[2]	6,906	11,568	16,028	54	2,338	1,374	1,618	792r	270	1,156
26 Official institutions	3,865	11,694	14,528	318	2,792	367	1,525	641r	220	1,878
27 Other foreign[2]	3,040	−127	1,499	−264	−454	1,007	93	152	51	−722
28 Nonmonetary international and regional organizations	−843	1,085	−870	309	−669r	−553	33r	910	526	−642
MEMO: Oil-exporting countries										
29 Middle East[3]	7,672	11,156	7,537	924	1,313	257	176	209r	−320	303
30 Africa[4]	327	−289	−552	0	0	−100	−125	0	−100	0

1. Estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.
2. Beginning December 1978, includes U.S. Treasury notes publicly issued to private foreign residents denominated in foreign currencies.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per annum

Country	Rate on Jan. 31, 1983		Country	Rate on Jan. 31, 1983		Country	Rate on Jan. 31, 1983	
	Percent	Month effective		Percent	Month effective		Percent	Month effective
Austria	4.75	Dec. 1982	France[1]	12.38	Jan. 1983	Norway	9.0	Nov. 1979
Belgium	11.5	Nov. 1982	Germany, Fed. Rep. of	5.0	Dec. 1982	Switzerland	4.5	Dec. 1982
Brazil	49.0	Mar. 1981	Italy	18.0	Aug. 1981	United Kingdom[2]	....	....
Canada	9.83	Jan. 1983	Japan	5.5	Dec. 1981	Venezuela	13.0	Sept. 1982
Denmark	10.0	Nov. 1980	Netherlands	4.5	Jan. 1983			

1. As of the end of February 1981, the rate is that at which the Bank of France discounts Treasury bills for 7 to 10 days.
2. Minimum lending rate suspended as of Aug. 20, 1981.

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

3.27 FOREIGN SHORT-TERM INTEREST RATES

Percent per annum, averages of daily figures

Country, or type	1980	1981	1982	1982						1983
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
1 Eurodollars	14.00	16.79	12.24	14.37	11.57	11.74	10.43	9.77	9.47	8.97
2 United Kingdom	16.59	13.86	12.21	12.35	11.08	10.84	9.74	9.30	10.55	11.04
3 Canada	13.12	18.84	14.38	16.23	14.76	13.57	12.14	11.08	10.56	9.87
4 Germany	9.45	12.05	8.81	9.41	8.94	8.13	7.55	7.24	6.54	5.78
5 Switzerland	5.79	9.15	5.04	4.32	4.07	3.97	3.66	3.76	3.71	2.78
6 Netherlands	10.60	11.52	8.26	8.95	8.66	7.85	7.09	6.36	5.66	4.97
7 France	12.18	15.28	14.61	14.64	14.43	14.09	13.51	12.98	12.70	12.55
8 Italy	17.50	19.98	19.99	20.18	19.52	18.56	18.57	19.05	19.20	18.95
9 Belgium	14.06	15.28	14.10	15.22	14.00	13.06	12.75	12.50	12.25	12.25
10 Japan	11.45	7.58	6.84	7.15	7.14	7.19	6.97	6.98	6.96	6.47

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	1980	1981	1982	1982					1983
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
1 Argentina/peso	n.a.	n.a.	20985.00	21172.73	25961.90	29487.50	39200.00	43883.91	48916.66
2 Australia/dollar[1]	114.00	114.95	101.65	97.83	95.820	94.35	94.27	96.82	98.26
3 Austria/schilling	12.945	15.948	17.060	17.431	17.597	17.797	17.947	16.994	16.783
4 Belgium/franc	29.237	37.194	45.780	47.483	48.300	49.103	49.600	47.493	46.888
5 Brazil/cruzeiro	n.a.	92.374	179.22	188.25	201.73	215.34	228.51	244.63	262.30
6 Canada/dollar	1.1693	1.1990	1.2344	1.2452	1.2348	1.2301	1.2262	1.2385	1.2287
7 Chile/peso	n.a.	n.a.	51.118	54.941	62.643	66.770	69.050	72.630	74.257
8 China, P.R./yuan	n.a.	1.7031	1.8978	1.9432	1.9567	1.9887	2.0002	1.9445	1.9238
9 Colombia/peso	n.a.	n.a.	64.071	65.179	65.921	66.856	68.168	69.526	70.762
10 Denmark/krone	5.6345	7.1350	8.3443	8.6482	8.8038	8.9192	8.9595	8.5275	8.4171
11 Finland/markka	3.7206	4.3128	4.8086	4.7515	4.8014	5.3480	5.5263	5.3425	5.3120
12 France/franc	4.2250	5.4396	6.5793	6.9285	7.0649	7.1557	7.2152	6.8548	6.7725
13 Germany/deutsche mark	1.8175	2.2631	2.428	2.4813	2.5055	2.5320	2.5543	2.4193	2.3893
14 Greece/drachma	n.a.	n.a.	66.872	70.165	70.946	71.948	72.889	70.788	80.761
15 Hong Kong/dollar	n.a.	5.5678	6.0697	6.0598	6.1253	6.6038	6.6724	6.5417	6.5252
16 India/rupee	7.8866	8.6807	9.4846	9.5741	9.6495	9.7005	9.7968	9.6926	9.7938
17 Indonesia/rupiah	n.a.	n.a.	660.43	662.11	662.75	670.31	680.92	687.95	694.62
18 Iran/rial	n.a.	79.324	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
19 Ireland/pound[1]	205.77	161.32	142.05	138.54	136.53	134.35	132.91	137.69	139.16
20 Israel/shekel	n.a.	n.a.	24.407	26.940	28.922	29.860	31.344	32.966	34.863
21 Italy/lira	856.20	1138.60	1354.00	1392.60	1411.19	1439.94	1468.84	1398.74	1374.71
22 Japan/yen	226.63	220.63	249.06	259.04	263.29	271.61	264.09	241.94	232.73
23 Malaysia/ringgit	2.1767	2.3048	2.3395	2.3528	2.3610	2.3688	2.3647	2.3529	2.2822
24 Mexico/peso	22.968	24.547	72.990	90.187	101.86	108.83	130.61	147.35	150.75
25 Netherlands/guilder	1.9875	2.4998	2.6719	2.7295	2.7444	2.7608	2.7861	2.6698	2.6310
26 New Zealand/dollar[1]	97.34	86.848	75.101	73.217	72.419	71.431	71.092	72.569	72.921
27 Norway/krone	4.9381	5.7430	6.4567	6.6785	6.8999	7.1735	7.2397	7.0346	7.0447
28 Peru/sol	n.a.	n.a.	694.59	730.97	772.08	819.14	878.66	942.47	1019.54
29 Philippines/peso	n.a.	7.8113	8.5324	8.5142	8.6521	8.7760	8.8733	9.0546	9.2632
30 Portugal/escudo	50.082	61.739	80.101	85.914	87.702	89.652	91.911	92.685	94.548
31 Singapore/dollar	n.a.	2.1053	2.1406	2.1594	2.1671	2.1984	2.2123	2.1522	2.0768
32 South Africa/rand[1]	128.54	114.77	92.297	86.77	86.830	86.20	87.77	92.03	93.82
33 South Korea/won	n.a.	n.a.	731.93	744.45	743.61	743.65	745.60	746.36	749.80
34 Spain/peseta	71.758	92.396	110.09	112.079	113.049	115.20	119.09	126.125	126.844
35 Sri Lanka/rupee	16.167	18.967	20.756	20.895	20.918	20.898	21.009	21.166	21.378
36 Sweden/krona	4.2309	5.0659	6.2838	6.1441	6.2313	7.1543	7.5095	7.3555	7.3227
37 Switzerland/franc	1.6772	1.9674	2.0327	2.1119	2.1418	2.1736	2.1931	2.0588	1.9679
38 Thailand/baht	n.a.	21.731	23.014	23.000	23.000	23.000	23.000	23.000	23.000
39 United Kingdom/pound[1]	232.58	202.43	174.80	172.50	171.20	169.62	163.21	161.60	157.56
40 Venezuela/bolivar	n.a.	4.2781	4.2981	4.2981	4.3006	4.2976	4.2996	4.2971	4.2973
MEMO:									
United States/dollar[2]	87.39	102.94	116.57	119.63	120.93	123.16	124.27	119.22	117.73

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 page 700 of the August 1978 BULLETIN.

NOTE. Averages of certified noon buying rates in New York for cable tranfers.

Guide to Tabular Presentation, Statistical Releases, and Special Tables

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

c	Corrected
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.

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List Published Semiannually, with Latest Bulletin Reference

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Published Irregularly, with Latest Bulletin Reference

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Alice in Debitland
Consumer Handbook to Credit Protection Laws
The Equal Credit Opportunity Act and . . . Age
The Equal Credit Opportunity Act and . . . Credit Rights in Housing
The Equal Credit Opportunity Act and . . . Doctors, Lawyers, Small Retailers, and Others Who May Provide Incidental Credit
The Equal Credit Opportunity Act and . . . Women
Fair Credit Billing
Federal Reserve Glossary
Guide to Federal Reserve Regulations
How to File A Consumer Credit Complaint
If You Borrow To Buy Stock
If You Use A Credit Card
Series on the Structure of the Federal Reserve System
The Board of Governors of the Federal Reserve System
The Federal Open Market Committee
Federal Reserve Bank Board of Directors
Federal Reserve Banks
Monetary Control Act of 1980
Organization and Advisory Committees
Truth in Leasing
U.S. Currency
What Truth in Lending Means to You

STAFF STUDIES: Summaries Only Printed in the Bulletin

Studies and papers on economic and financial subjects that are of general interest. Requests to obtain single copies of the full text or to be added to the mailing list for the series may be sent to Publications Services.

BELOW THE BOTTOM LINE: THE USE OF CONTINGENCIES AND COMMITMENTS BY COMMERCIAL BANKS, by Benjamin Wolkowitz and others. Jan. 1982. 186 pp.
MULTIBANK HOLDING COMPANIES: RECENT EVIDENCE ON COMPETITION AND PERFORMANCE IN BANKING MARKETS, by Timothy J. Curry and John T. Rose. Jan. 1982. 9 pp.
COSTS, SCALE ECONOMIES, COMPETITION, AND PRODUCT MIX IN THE U.S. PAYMENTS MECHANISM, by David B. Humphrey. Apr. 1982. 18 pp.
DIVISIA MONETARY AGGREGATES: COMPILATION, DATA, AND HISTORICAL BEHAVIOR, by William A. Barnett and Paul A. Spindt. May 1982. 82 pp.
THE COMMUNITY REINVESTMENT ACT AND CREDIT ALLOCATION, by Glenn Canner. June 1982. 8 pp.
INTEREST RATES AND TERMS ON CONSTRUCTION LOANS AT COMMERCIAL BANKS, by David F. Seiders. July 1982. 14 pp.
STRUCTURE–PERFORMANCE STUDIES IN BANKING: AN UPDATED SUMMARY AND EVALUATION, by Stephen A. Rhoades. Aug. 1982. 15 pp.
FOREIGN SUBSIDIARIES OF U.S. BANKING ORGANIZATIONS, by James V. Houpt and Michael G. Martinson. Oct. 1982. 18 pp.
REDLINING: RESEARCH AND FEDERAL LEGISLATIVE RESPONSE, by Glenn B. Canner. Oct. 1982. 20 pp.

REPRINTS

Most of the articles reprinted do not exceed 12 pages.

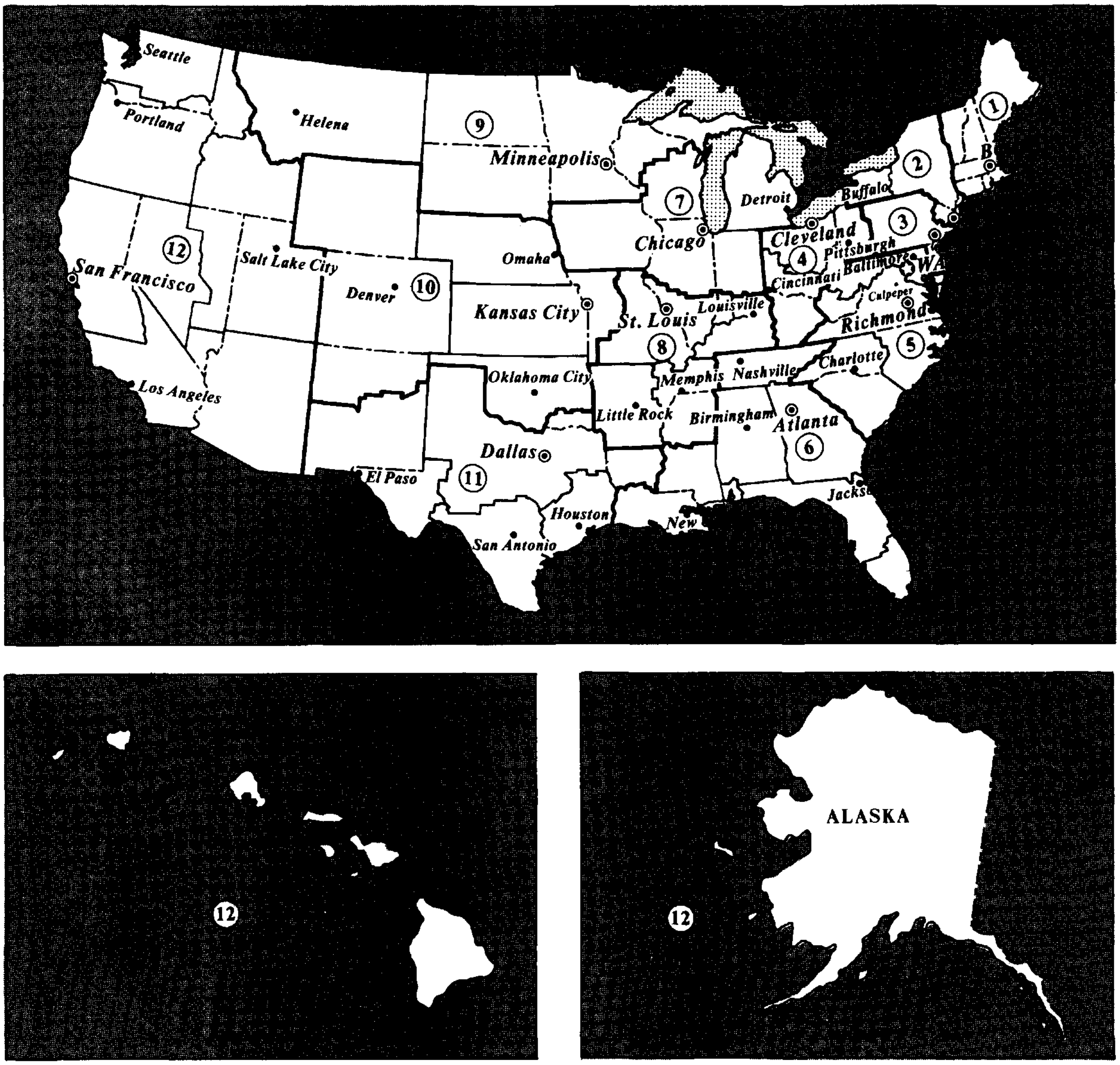
Perspectives on Personal Saving. 8/80.
The Impact of Rising Oil Prices on the Major Foreign Industrial Countries. 10/80.
Federal Reserve and the Payments System: Upgrading Electronic Capabilities for the 1980s. 2/81.
Survey of Finance Companies, 1980. 5/81.
Bank Lending in Developing Countries. 9/81.
U.S. International Transactions in 1981. 4/82.
The Commercial Paper Market since the Mid-Seventies. 6/82.
Applying the Theory of Probable Future Competition. 9/82.
International Banking Facilities. 10/82.

Index to Statistical Tables

References are to pages A3 through A68 although the prefix "A" is omitted in this index

The Federal Reserve System

Boundaries of Federal Reserve Districts and Their Branch Territories



LEGEND

- Boundaries of Federal Reserve Districts
- Boundaries of Federal Reserve Branch Territories
- Board of Governors of the Federal Reserve System
- Federal Reserve Bank Cities
- Federal Reserve Branch Cities
- Federal Reserve Bank Facility

Publications of Interest

FEDERAL RESERVE REGULATORY SERVICE

To promote public understanding of its regulatory functions, the Board publishes the *Federal Reserve Regulatory Service,* a three-volume looseleaf service containing all Board regulations and related statutes, interpretations, policy statements, rulings, and staff opinions. For those with a more specialized interest in the Board's regulations, parts of this service are published separately as handbooks pertaining to monetary policy, securities credit, and consumer affairs.

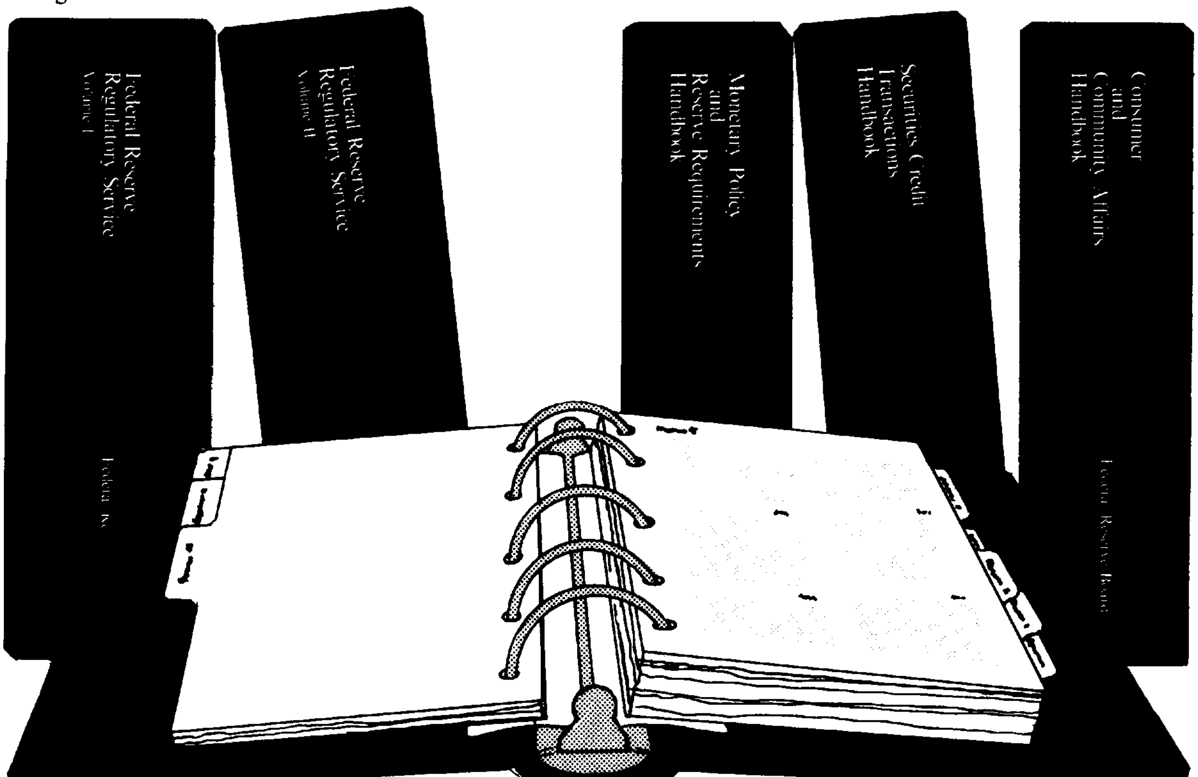
These publications are designed to help those who must frequently refer to the Board's regulatory materials. They are updated at least monthly, and each contains conversion tables, citation indexes, and a subject index.

The *Monetary Policy and Reserve Requirements Handbook* contains Regulations A, D, and Q plus related materials. For convenient reference, it also contains the rules of the Depository Institutions Deregulation Committee.

The *Securities Credit Transactions Handbook* contains Regulations G, T, U, and X, dealing with extensions of credit for the purchase of securities, together with all related statutes, Board interpretations, rulings, and staff opinions. Also included is the Board's list of OTC margin stocks.

The *Consumer and Community Affairs Handbook* contains Regulations B, C, E, M, Z, AA, and BB and associated materials.

For domestic subscribers, the annual rate is $175 for the *Federal Reserve Regulatory Service* and $60 for each handbook. For subscribers outside the United States, the price including additional air mail costs is $225 for the *Service* and $75 for each *Handbook.* All subscription requests must be accompanied by a check or money order payable to Board of Governors of the Federal Reserve System. Orders should be addressed to Publications Services, Federal Reserve Board, 20th Street and Constitution Avenue, N.W., Washington, D.C. 20551.



Publications of Interest

Federal Reserve Consumer Credit Publications

The Federal Reserve Board publishes a series of pamphlets covering individual credit laws and topics, as pictured below. The series includes such subjects as how the Equal Credit Opportunity Act protects women against discrimination in their credit dealings, how to use a credit card, and how to use Truth in Lending information to compare credit costs.

The Board also publishes the *Consumer Handbook to Credit Protection Laws,* a complete guide to consumer credit protections. This 44-page booklet explains how to use the credit laws to shop for credit, apply for it, keep up credit ratings, and complain about an unfair deal.

Protections offered by the Electronic Fund Transfer Act are explained in *Alice in Debitland.* This booklet offers tips for those using the new "paperless" systems for transferring money.

Copies of consumer publications are available free of charge from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. Multiple copies for classroom use are also available free of charge.