VOLUME 75 ☐ NUMBER 2 ☐ FEBRUARY 1989

FEDERAL RESERVE BULLETIN

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, WASHINGTON, D.C.

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Monetary Policy in an Era of Change

This article has been adapted from remarks made by Donald L. Kohn, Director of the Board's Division of Monetary Affairs, at the opening session of a conference on this subject sponsored by the American Enterprise Institute on November 16, 1988, in Washington D.C.

The pace of change in financial markets and the economy seems to have accelerated over the past decade or so. To the ongoing process of private adaptation and innovation in a dynamic market economy has been added the dismantling of regulations in a number of areas. This article discusses those developments that have been most important from one perspective—that of monetary policy.

Relation of Policy Actions to Economic Objectives

The practical question a monetary policymaker must ask constantly is, how do I judge whether the instruments at my disposal are at the right settings to foster national economic objectives? Or, more broadly, is there a system to guide adjustment of those instruments to get them closer to their appropriate settings? Such a system need not involve frequent discretionary changes in the instrument settings in response to a variety of incoming information. Rather, it could be embodied in a policy rule in which the instruments reacted fairly automatically to certain developments, such as changes in demands for money, and in which few, if any, ad hoc adjustments were required.

These questions arise in part out of the uncertainties created by the lags between policy actions and economic results. The lags are inherent in a complex process through which actions to alter policy instruments, such as adjustments to reserve availability through open market operations or changes in the discount rate, are transmitted to the economy. In a simplified description of this process, the central bank alters the cost and quantity of reserves, and those alterations work through the supply of and demand for money and credit to affect interest rates, exchange rates, and other financial variables and to influence the demand for output and the price level. Inevitably, it takes some time for people to recognize that factors important to their spending decisions have changed in more than trivial ways and to alter their behavior accordingly, and then for the full effects of the new behavior to be felt in the economy. In practice, the process involves the simultaneous determination of these variables through complex interactions, affected powerfully by expectations about the future actions of the participants, including those of the central bank. As a consequence, the duration of the lags may vary over time.

Questions about the relation of policy settings to objectives also arise because of the effects of factors outside the direct influence of the monetary policymaker, such as developments abroad or changes in fiscal policy or private spending behavior. These factors could significantly influence the level of economic activity and prices, possibly requiring some reaction by monetary policymakers.

Because of the lags involved, making monetary policy necessarily involves predicting the effects of policy actions and of these other influences. The predictions may be arrived at through formal forecasting exercises. However, the experience of recent decades has reinforced skepticism about detailed forecasts of gross national product that attempt to take explicit account of the interactions over time, a skepticism already present in face of the complexity of the economy and of the transmission of policy actions. That skepticism has prompted a search for intermediate guideposts along the way, so that policymakers can judge whether they are on the right track and the public can judge the direction of policy.

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It has also prompted a search for policy rules—ways of setting or adjusting the instruments of policy, usually keyed to an intermediate guidepost such as a measure of the money stock—that require little judgment by policymakers. Of course, the use of guideposts and rules itself involves implicit forecasting: the intermediate guide should be related predictably to objectives; and predetermined changes in instruments in reaction to deviations of the guide from its path should be proportioned and timed appropriately to achieve progress toward those objectives.

It is in the context of the need to predict the effect of policy actions that questions arise about how financial and economic changes have affected the transmission of policy and about the implications of these changes for the variables to which the central bank is, or ought to be, paying attention. That is, harking back to the issues facing the policymaker, how have these changes affected the instrument settings needed to achieve ultimate objectives and the criteria for judging whether the settings are appropriate?

Effects of Deregulation and Innovation

A number of developments in the economic and financial environment bear on these questions. Several involved discrete changes in law, regulation, and international agreements. A key series of changes concerned deregulation of interest rates on both sides of the balance sheets of depository institutions: through removal of Regulation Q on deposits and of usury ceilings on loans. In the international arena, the earlier moves to floating exchange rates and freer capital flows seemed to take on greater importance in the past decade.

At the same time, certain evolutionary changes in financial markets and the economy may have affected the way monetary policy works. In financial markets such changes include the greater use of floating-rate financing, and of futures and options and other forms of reallocation of the risks of fluctuations in interest rates or other prices in financial markets. The expansion of markets in derivative instruments has been fostered in part by improvements to information systems, which have facilitated more complex strategies for managing assets and liabilities. Such strategies also have included greater economizing on lower-yielding financial assets, such as transaction deposits, and on lower-yielding real assets in the form of business inventories. In the economy, imports and exports have become more important in variations in domestic spending and production. Deregulation and technological advances have made some of these developments possible, but many have also been impelled by the unusually wide amplitude of cycles in the economy, in inflation, and in financial markets. These swings have reflected in part the supply shocks of the last 15 years as well as unprecedented shifts in monetary and fiscal policy, and they have been associated with huge fluctuations in interest and exchange rates.

Certainly, taken together these developments have mattered for the transmission of monetary policy to the economy. They have altered the responses of certain financial variables to policy impulses and the responses of the economy to those financial variables. And they have changed the importance of particular channels of policy influence as well as the way other variables affect the economy.

The effects can be seen clearly in new behavior patterns of traditional intermediate indicators of policy, both money and interest rates—changes that have been well-documented elsewhere, most recently in articles by William Poole and Benjamin Friedman in the Summer 1988 issue of *Journal of Economic Perspectives*.

Effects on the Monetary Aggregates

As the character of monetary assets has changed with innovation and deregulation, so has the way these assets have been supplied and demanded in financial markets. In effect, new instruments have been created bearing old names, and quite naturally they do not behave in the old ways.

The most important effect of deregulation on the monetary aggregates has been on their interest elasticity over the short and intermediate terms. Many observers expected that, when deposit rates were deregulated, adjustment of these rates to market yields would forestall widespread

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reallocation of asset portfolios in the wake of changes in market interest rates. Instead, demands for the aggregates remain quite sensitive to movements in market interest rates; indeed, the interest sensitivity of the narrow aggregates has increased. As anticipated, since deregulation the opportunity costs of holding deposits have fallen as deposit rates have moved up toward market rates. Yet, for many household deposits opportunity costs continue to fluctuate over a wide range in response to changes in market rates, and on average, for periods of a year or two, may be relatively as variable as before.

The behavior of opportunity costs results from the tendency for depository institutions to adjust many of their retail deposit rates only sluggishly. The effects have been greatest on M1, since yields on NOW accounts, which are an important component of that aggregate, move much more slowly than short-term market rates or yields on small time deposits do. Also, NOW accounts have attracted considerable savings funds, which may be particularly sensitive to changes in interest differentials. The lag in adjustment of rates on NOW accounts has occasioned substantial shifts of funds between these accounts and small time deposits as yield relationships have changed. Such shifts would be subsumed within M2, but even demands for this aggregate seem to exhibit substantial interest sensitivity over the periods of a year or so that are relevant to standard targeting exercises.

For the policymaker, the practical effect of an interest-sensitive money demand is a loose tie between money and income within a business cycle. The amount of money the public wishes to hold at any level of income or spending can vary substantially depending on the interest rates prevailing. For example, strong growth of income might be associated with fairly subdued monetary expansion if the robust behavior of the economy were accompanied by higher interest rates, whose depressing effects on money demand could more than offset the boost from greater income and savings. Although rapid money growth in a strong economy might well signal a monetary policy that had been too easy, weak money growth would not necessarily suggest that policy was too tight and might lead to a downturn. In fact, such a path for money might be an aspect of a prescient and appropriate policy that had moved toward restraint to head off inflationary pressures. Similar problems could cloud the interpretation of opposite movements of money supply indicators if the economy were weak and interest rates had fallen substantially.

As a consequence of deregulation, these problems have become so serious for M1 that this aggregate, which formerly was considered the most reliable intermediate guide, has not been able to serve as a useful indicator or target for policy. M2 has not been affected in this way, but it remains sufficiently interest sensitive that it is difficult to judge the import of a path for this aggregate without reference to the surrounding economic situation.

Effects on Interest Rates and Spending

The natural inclination in such circumstances is to pay closer attention directly to spending trends, relating them to such determinants as interest rates. But, even that relationship has been affected by deregulation and innovation in recent years.

In particular, removal of Regulation Q ceilings on deposits and of usury ceilings on loans has meant that financial intermediaries no longer abruptly reduce the supply of mortgage credit and certain other types of credit, with effects on associated spending, when interest rates reach certain levels. Moreover, new financial instruments, markets, and techniques have broadened the choices available to savers, spenders, and intermediaries for structuring their assets and liabilities. Small savers have many more opportunities to earn market-related rates of return, and investors can adjust the liquidity and other risk characteristics of their portfolios at lower transaction costs. Borrowers have new, inexpensive channels for liquefying fixed assets and for tapping savings flows—for example, through home equity lines of credit and securitized mortgages. Financial intermediaries have gained greater flexibility for asset and liability management. The result has been to reduce quantity or liquidity constraints in financial markets, and thus to elevate rate movements as a transmission channel for monetary policy and other influences in the economy. In turn, this development means

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that real interest rates now may vary more as economic conditions change and in particular they may need to rise to higher levels than previously to provide equivalent restraint on spending during "booms" in business activity.

International Considerations

At the same time, judgments about what policy settings are appropriate for the desired results with respect to prices and output have been affected by the growing need to take account of international considerations. This need reflects the shift to floating exchange rates and the increasing mobility of capital, as well as the greater proportion of imports and exports in spending and production. Changes in interest rates, for example, may have a significant effect on the economy through their influence on capital flows, exchange rates, and the competitive position of domestic versus foreign providers of goods and services, as well as through their direct effect on spending and saving decisions. In addition, wide variations in exchange rates in recent years—under the influence of a variety of factors besides monetary policy—have had major effects on the economy.

One consequence of this confluence of international factors has been increasing attention to the exchange rate as an influence on prices and output and as a channel through which various forces, including monetary policy, affect the economy. A related consequence has been heightened sensitivity to foreign economic developments and policies as influences on the exchange rate, financial markets, and the economy in the United States. Recognition of these interdependencies has argued strongly that policy can be improved through more regular and more systematic exchanges of information about economic developments and policy intentions with foreign authorities. And, it has prompted exploration of the potential benefits from more formal schemes for policy cooperation or coordination.

Further Research

Together, these changes in the transmission of policy to the economy probably have added to the uncertainty associated with predicting the effects of particular policy actions. Certainly, projections made using older relationships—based on either the money stock or interest rates—have foundered at one time or another in recent years. These failures have spurred a fresh examination of the fundamental relationships among financial and real variables. The U.S. economy probably never was so orderly or so easily described as implied by the settled relationships that, until the mid-1970s, seemed to emerge from the data of the postwar era, with its damped business cycles and stable exchange rates. Attempts to respecify and rethink these relationships are clearly desirable from the perspective of the policymaker.

Important aspects of this work, and, indeed, good indicators of the unsettled nature of the debate, have been the renewed attention to the value of particular intermediate targets or indicators for policy and the proposals of new candidates. Many of those who would run policy according to a rule for money stock growth have acknowledged the disturbances to deposits that accompanied deregulation and are looking to the monetary base as a guide. Those who focus on interest rates have acknowledged the difficulty of determining their appropriate level without reference to numerous other factors. Recently, commodity prices, exchange rates, the slope of the yield curve, and various leading indicators of real activity all have been mentioned for use as intermediate guides to policy in combination with each other or with other variables, such as the money supply and interest rates. Given the added uncertainty, this discussion takes on greater significance, though perhaps with even less chance of successful conclusion than before.

Some Caveats

At the same time, we should be careful not to overstate the effects of changes in the economic and financial environment on the policy process. Monetary policy seems to have done reasonably well in fostering progress toward national economic goals in recent years. One reason for this relative success may be that, although the precise specifications of key relationships have changed, many of the changes have been more

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evolutionary than revolutionary, leaving longer-term and more fundamental relationships essentially intact. Policymakers have, with due caution, been able to take advantage of the lessons of history.

The monetary aggregates, for example, always have had some interest sensitivity that policymakers needed to be aware of when interpreting their movements. In fact, deregulation probably has enhanced the monetary aggregates as nominal anchors for policy over the long run, by reducing longer-term interest elasticity and by diluting the incentives for financial innovation that would facilitate economizing on holdings of monetary assets.

Although the fading of credit-availability effects undoubtedly has lifted equilibrium real interest rates under certain circumstances, it has not altered the fundamental comparison of cost, including interest rates, with return when deciding whether to spend. This decision also has been basically unaffected by the use of variable-rate loans, futures, swaps, and the like. These instruments serve primarily to redistribute cash flow and wealth when interest rates, exchange rates, or stock prices change; they do not alter the prospective profitability of a capital project.

Moreover, attention to international considerations is not a new aspect of monetary policy. Even before the gyrations of exchange markets and trade balances of recent years, movements of the dollar, and before that of international reserves, were taken as indicators of underlying conditions in the economy and prices and as influences on future developments. As such, they frequently have had a bearing on the stance of policy.

A recent twist for the United States has been concern that the move from net creditor to net debtor status internationally will constrain monetary policy. The underlying hypothesis, it seems, is that crossing that essentially unknowable line heightens the risk of shifts out of dollar claims that would cause conflicts between the need to stabilize the dollar to prevent inflation and the need to supply sufficient liquidity to sustain growth. But, a large volume of liquid dollar claims has long been held in internationally mobile portfolios, and an exogenous impulse to flee from these assets could be just as serious for the United States whether it is a net creditor or a net debtor. Furthermore, in the last few years the Federal Reserve has not encountered prolonged or disruptive conflict between the needs of internal and external balance. Nevertheless, the deterioration in our external position is a serious problem: it represents an underlying imbalance between domestic spending and production that is not sustainable. Reliance on monetary policy alone to address this problem will damp growth of capital and add to strains in our financial markets. We need, instead, to augment national savings by bringing down our federal budget deficit.

With all the changes in the financial and economic system, monetary policy continues to work through the same basic mechanisms that alter the incentives to save and to spend and that shift the locus of such spending. Many of these changes arise in the natural evolution of a dynamic economic and financial system to which a central bank must learn to adapt. Some of them may have weakened the effectiveness of policy—defined narrowly as the impact of a given twist of the instrument dials—while others have probably strengthened it. On balance, they do not justify holding policymakers any less accountable for results today than they were 10, 20, or 30 years ago.

Even so, the system is changing, and along with that, so are the answers to the policymakers' questions about the relationship of instrument settings to ultimate outcomes. To enable policy to adapt to the changes in the system, we must find out as much about their effects as possible. □

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Treasury and Federal Reserve Foreign Exchange Operations

This quarterly report, covering the period August through October 1988, provides information on Treasury and System foreign exchange operations. It was prepared by Sam Y. Cross, Manager of Foreign Operations of the System Open Market Account and Executive Vice President in charge of the Foreign Group of the Federal Reserve Bank of New York.[1]

During the early weeks of the period under review, the dollar continued the generally upward trend that had prevailed throughout the summer, moving higher against all major foreign currencies but especially against the German mark. At times during August and to a lesser extent during September, there were episodes of upward pressure whereupon the U.S. authorities intervened, selling dollars to restrain the dollar's rise. As the period progressed, shifts in expectations about the U.S. economic outlook, about the prospects for further increases in U.S. short-term interest rates, and about the progress of external adjustment led to a more cautious attitude toward the dollar, and the currency started to ease. During October, selling pressures intensified, and late that month the U.S. authorities intervened in the foreign exchange market to support the dollar. On balance, the dollar ended the three-month period about 5½ percent lower against the Japanese yen and 5 percent lower against the German mark from levels at the end of July.

In the opening weeks of the period, the dollar was buttressed by the release of economic statistics indicating continued strength in the U.S. economy. The August 5 announcement of preliminary employment data for July, together with an upward revision to June employment data and evidence of increasing capacity utilization, suggested that U.S. economic growth was proceeding at a pace that could give rise to new inflationary pressures. Market participants interpreted these economic statistics as increasing the likelihood that the Federal Reserve would tighten its monetary policy stance. Some observers already claimed to see signs of Federal Reserve tightening and were attracted by the prospects of rising short-term interest rates and the relatively high yields available on dollar-denominated assets. Even so, market participants were somewhat surprised when the Federal Reserve raised the discount rate ½ percentage point to 6½ percent on August 9. Subsequently, short-term interest rate differentials favoring the dollar against both the German mark and the Japanese yen widened. On August 10, the dollar reached

1. Federal Reserve reciprocal currency arrangements

Millions of dollars

Institution	Amount of facility, October 31, 1988
Austrian National Bank	250
National Bank of Belgium	1,000
Bank of Canada	2,000
National Bank of Denmark	250
Bank of England	3,000
Bank of France	2,000
German Federal Bank	6,000
Bank of Italy	3,000
Bank of Japan	5,000
Bank of Mexico	700
Netherlands Bank	500
Bank of Norway	250
Bank of Sweden	300
Swiss National Bank	4,000
Bank for International Settlements:	
Dollars against Swiss francs	60
Dollars against other authorized European currencies	1,250
Total	**30,100**

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

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its period high of DM1.9245 against the mark while trading as high as ¥135.20 against the yen. At that time, the dollar was 2½ percent higher against the mark and 1½ percent higher against the yen from the start of the period. From its low point around the turn of the year, the dollar had moved up more than 23 percent against the mark and more than 12 percent against the yen.

For several weeks thereafter the dollar traded firmly as market participants adjusted commercial leads and lags and implemented other hedging strategies to take account of the dollar's renewed strength. Sentiment toward the dollar remained bullish, with traders interpreting even potentially unfavorable news as favorable for the dollar. In these circumstances, market participants questioned the degree of the administration's concern over the dollar's rise.

Perceptions that external adjustment was proceeding on track encouraged positive sentiment toward the dollar. Market participants noted that the trade deficit had narrowed with each of the previous three monthly reports, setting in place a trend of improved performance based on varying combinations of strong export performance and slower growth of imports. The August 16 report that the U.S. trade deficit for June had widened to a seasonally adjusted $12.5 billion from a revised $9.8 billion in May initially disappointed the market, and the dollar briefly declined. But strong upward pressure on the dollar soon reemerged as some market participants seemed to view the widening of the deficit—and in particular the rise in imports—as yet another indication that the Federal Reserve might further tighten its policy stance to counter inflationary pressures. Meanwhile, others noted the favorable implications for increasing U.S. industrial capacity of the substantial rise in imports of capital goods.

The dollar moved as high as DM1.9230 against the mark on August 22 and ¥134.70 against the yen on August 24, almost matching the highs reached earlier in the month. Between August 5 and August 23, the U.S. monetary authorities at times intervened heavily in the foreign exchange market to resist the tendency for the dollar to advance, selling a total of $1,806 million against marks in operations often coordinated with other central banks. The intervention operations, reinforced by official commentary both in the United States and abroad expressing concern that any further rise of the dollar against the German mark might impede improvement in the trade balances, were, by the end of August, beginning to be viewed as a forceful demonstration that international agreements to foster exchange market stability remained intact.

Then on August 25, in a move prompted by developments in the foreign exchange market as well as by domestic conditions in the individual countries, the German Bundesbank and several other European central banks raised their official interest rates. As German interest rates edged higher after the Bundesbank's announcement of a ½ percentage point rise in the discount rate, interest rate differentials favoring the dollar against the mark narrowed, diminishing the relative attractiveness of dollar-denominated assets.

That day the dollar declined almost 1 percent against the mark, bringing the dollar to about the same level as at the opening of the period. The yen declined even more against the mark on that and subsequent days because the Bank of Japan was not expected to follow actions by the other central banks to raise official interest rates. As the yen weakened, the dollar moved to its period high against the yen of ¥137.25 on September 2.

Throughout much of September, the dollar traded within a relatively narrow range. Market participants expressed renewed confidence in the official commitments to promote exchange rate stability and perceived that monetary authorities would not welcome any further rise of the dollar. Many of the factors that had contributed to the upward pressure during late summer also had become much less evident. In particular, a new round of statistics suggested that U.S. economic growth was slowing to a more sustainable pace. While that development was viewed as generally favorable for long-run economic prospects, it weakened some of the short-term demand for dollars by contributing to expectations that upward pressure on dollar interest rates was likely to subside. The financial markets took special note of the September 2 release of U.S. nonfarm payroll figures for August that showed slower employment growth than the market had previously anticipated. Inflation concerns were also allayed by the outlook for declining oil prices and

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2. Drawings and repayments by foreign central banks[1]

Millions of dollars; drawings or repayments (−)

Central bank	Amount of facility	Outstanding as of July 31, 1988	August	September	October	Outstanding as of October 31, 1988
	Under reciprocal currency arrangements with the Federal Reserve System					
Bank of Mexico	700.0	0	700.0	−700.0	0	0
	Under reciprocal currency arrangements with the U.S. Treasury					
Bank of Mexico	300.0	0	300.0	−300.0	0	0
	Under special swap arrangements with the U.S. Treasury					
National Bank of Yugoslavia	50.0	33.8	0	−33.8	0	0
Central Bank of Brazil	250.0	232.5	−232.5	0	0	0
Central Bank of the Argentine Republic	265.0[2]	. . .	. . .	. . .	0	0

1. Data are on a value-date basis.
2. Arrangement was in effect as of October 20, 1988.

the report of unchanged average earnings during August.

As the upward pressures on the dollar eased and as market participants perceived prospects for greater exchange rate stability, investors were increasingly attracted to certain relatively high-yielding currencies, such as the Canadian dollar. The Canadian dollar also benefited from early public opinion polls in advance of the Canadian elections showing strong support for the incumbent Conservative party that favored the enactment of the U.S.–Canadian free trade agreement. The U.S. dollar declined steadily against the Canadian dollar from early September through mid-October.

Although the positive outlook that had prevailed during the summer tended to erode during September, there were episodes of upward pressure on the dollar. One occasion followed the September 14 announcement of a U.S. trade deficit for July that was smaller than expected and that provided reassurance to the market that the correction of global imbalances was continuing. Another occurred following the release of a statement by the Group of Seven (G-7) finance ministers and central bank governors attending a meeting in Berlin over the weekend of September 24. Although that statement reaffirmed the basic objectives of previous commitments regarding cooperative efforts, including exchange rate stability, it contained no precise reference to dollar exchange rates. Some market participants, therefore, concluded that the G-7 was prepared to tolerate further dollar appreciation.

During these episodes, the dollar moved up smartly, and the U.S. authorities intervened to resist these pressures. Between September 14 and September 22, the Trading Desk at the Federal Reserve Bank of New York sold $230 million against marks. On September 26, the first business day after the G-7 meeting, the Desk sold an additional $100 million against marks, and a substantial number of other central banks intervened forcefully to sell dollars at the same time. The visible, concerted intervention operations provided a clear signal to the market that the G-7 had not changed its exchange market objectives.

At the end of September, market participants noted that there was significant concerted intervention to sell dollars against the mark when the dollar, at about DM1.89, was still well below the levels reached the previous month. Furthermore, subsequent official statements from various sources pointed to the economic risks of a further dollar rise and gave new weight to the September 24 statement.

During October, market sentiment toward the dollar turned negative. For one thing, the prospect of upward pressure on short-term dollar interest rates appeared to diminish further. Release of a series of economic reports indicated that U.S. economic activity, while still showing strength, was moderating even more. News of increases in U.S. employment during September that were smaller than had been forecast (although they were later revised upward) and preliminary third-quarter U.S. GNP figures rein-

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forced the view that a further tightening of U.S. monetary policy was less likely in the near term.

Moreover, market participants, having seen repeated evidence of coordinated central bank sales of dollars during the summer and early autumn, remained convinced that the monetary authorities would firmly resist any further substantial rise of the dollar.

In addition, concerns were aroused about the pace of adjustment of global imbalances by the October 13 release of U.S. trade data for August showing a widening of the trade deficit to $12.2 billion. Despite comments of U.S. officials cautioning that wide fluctuations in monthly trade data were of little significance and noting the clear trend of improvement in the U.S. trade accounts over a longer period, the market continued to focus closely on these monthly trade releases. Participants expressed growing concern about the sustainability of U.S. progress in reducing its external deficit.

The dollar's decline against the yen during October was particularly noteworthy. Over the course of the month, the dollar moved approximately 6 percent lower against the Japanese yen. Widespread reports circulated of substantial sales of dollars against yen by Japanese institutional investors and by U.S. investment banks seeking to hedge an increasing proportion of their dollar portfolios in anticipation of further dollar declines. Furthermore, the yen's strength seemed to reflect a relatively favorable market assessment of Japan's progress in adapting to the rise in its currency since 1985. Selling pressure intensified as the dollar moved below important technical and psychological levels, reaching the period lows of about ¥124.50 against the yen and DM1.76 against the mark at one point on October 31. Under these circumstances, the U.S. authorities entered the market to buy dollars for the first and only time in the period, purchasing on that day $200 million against yen to support the dollar.

As the period ended, the dollar was underpinned by a widely held market view that the authorities would act to prevent any sharp fall in the dollar, at least through early November, in advance of the U.S. presidential election. In addition, interest rate differentials favoring the dollar widened slightly as Japanese money market rates eased by a modest amount. However, market sentiment toward the dollar remained distinctly negative as skepticism deepened that the policy initiatives needed to keep the international adjustment process intact, both here and abroad, would be undertaken promptly enough.

The dollar closed the three-month period at ¥125.50 against the yen, barely 4½ percent above its record low of ¥120.20 recorded on January 4, 1988. Against the mark, the dollar closed the reporting period at around DM1.79, more than 14½ percent above its record low of DM1.5615 in January. On a trade-weighted basis, as measured by the index of the Federal Reserve Board staff, the dollar declined 4½ percent in terms of the other Group of Ten currencies during the period.

The U.S. monetary authorities sold a total of $2,136 million against German marks and purchased a total of $200 million against Japanese yen during the three-month period. The Federal Reserve and the Treasury's Exchange Stabilization Fund (ESF) participated equally in the financing of all intervention operations.

During the period, there were several other foreign currency transactions of the ESF and the Federal Reserve.

- On August 1, the Bank of Mexico activated its reciprocal arrangements with the Federal Reserve and the U.S. Treasury, drawing $700 million and $300 million respectively. On September 15, both amounts were fully repaid.
- On August 26, the Central Bank of Brazil repaid an outstanding drawing of $232.5 million on a short-term ESF financing facility of $250 million. The remaining $17.5 million was not drawn during the period.
- The National Bank of Yugoslavia repaid $17.2 million to the U.S. Treasury on September 26 and $16.6 million on September 30, thereby liquidating the $50 million ESF facility. This facility was provided to Yugoslavia in June along with a $200 million facility by the Bank for International Settlements, acting for a number of central banks.
- On October 20, the U.S. Treasury through the ESF, together with a number of other monetary institutions, agreed to establish a facility to provide up to $500 million in short-term financing

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3. Net profits or losses (−) on U.S. Treasury and Federal Reserve current foreign exchange operations[1]

Millions of dollars

Period	Federal Reserve	U.S. Treasury Exchange Stabilization Fund
August 1, 1988 to October 31, 1988	0	0
Valuation profits and losses on outstanding assets and liabilities as of October 31, 1988	1,536.9	1,258.9

1. Data are on a value-date basis.

to Argentina. The ESF's share was $265 million. No drawings were made as of October 31.

As in previous periods, the U.S. authorities acquired foreign currencies through sales of dollars to other official institutions and through receipt of principal repayments and interest payments received under the Supplementary Financing Facility of the International Monetary Fund. Such foreign currency acquisitions totaled $2,103.4 million equivalent.

As of the end of October, cumulative bookkeeping or valuation gains on outstanding foreign currency balances were $1,536.9 million for the Federal Reserve and $1,258.9 million for the ESF. These valuation gains represent the increase in the dollar value of outstanding currency assets valued at exchange rates at the end of the period, compared with the rates prevailing at the time the foreign currencies were acquired.

The Federal Reserve and the ESF regularly invest their foreign currency balances in a variety of instruments that yield market-related rates of return and that have a high degree of quality and liquidity. A portion of the balances is invested in securities issued by foreign governments. As of the end of October, holdings of such securities by the Federal Reserve amounted to $2,540.1 million equivalent, and holdings by the Treasury amounted to the equivalent of $2,816.9 million.

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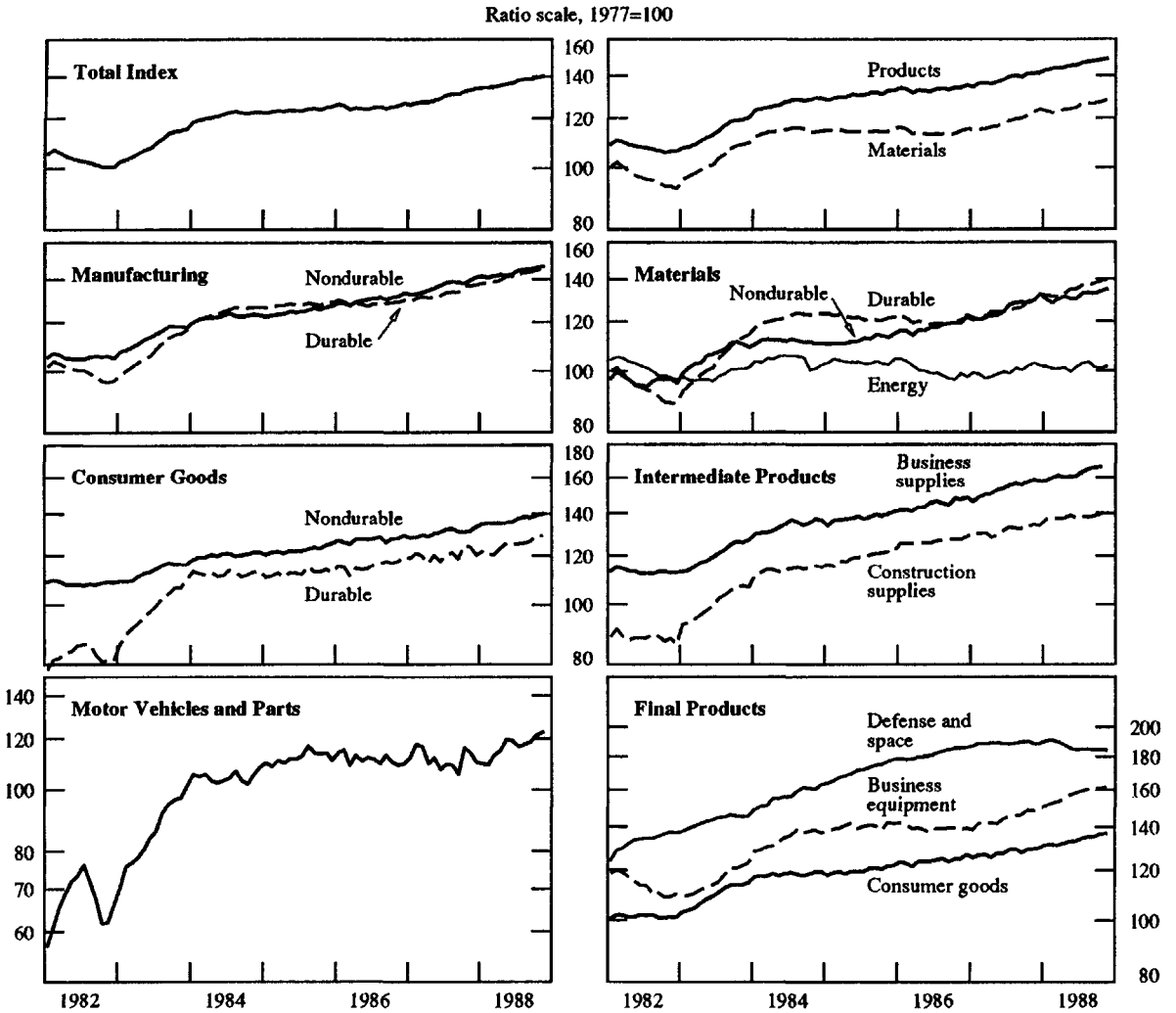
Industrial Production

Released for publication December 14

Industrial production increased 0.5 percent in November after having risen a revised 0.5 percent in October and 0.1 percent in September. In November, the output of materials, business equipment (other than commercial equipment), and construction supplies led the advance. At 139.9 percent of the 1977 average, the total index in November was 5.1 percent higher than it was a year earlier.

In market groups, output of consumer goods increased 0.3 percent in November as production of light trucks and nondurable goods posted gains. However, auto assemblies, at an annual rate of 7.6 million units, were down slightly from October. Moreover, output of home goods, such as appliances, declined in November after having



All series are seasonally adjusted. Latest figures: November.

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Group	1977 = 100		Percentage change from preceding month					Percentage change, Nov. 1987 to Nov. 1988
	1988		1988					
	Oct.	Nov.	July	Aug.	Sept.	Oct.	Nov.	
	Major market groups							
Total industrial production	**139.3**	**139.9**	**1.1**	**.3**	**.1**	**.5**	**.5**	**5.1**
Products, total	148.2	148.7	.8	.5	.1	.5	.3	5.4
Final products	146.7	146.9	.7	.5	.0	.6	.2	5.5
Consumer goods	136.4	136.8	.9	.6	−.1	1.2	.3	5.7
Durable	129.1	128.9	.0	.3	.5	2.2	−.1	4.1
Nondurable	139.2	139.7	1.2	.7	−.3	.9	.4	6.3
Business equipment	160.7	161.3	.8	.5	.4	.0	.4	8.8
Defense and space	184.4	184.3	.2	.0	−.2	−.1	−.1	−2.3
Intermediate products	153.8	154.8	1.0	.5	.5	.5	.6	5.1
Construction supplies	139.6	140.7	.6	−.2	.4	.7	.8	4.8
Materials	127.1	128.0	1.6	.1	.0	.5	.7	4.5
	Major industry groups							
Manufacturing	145.3	146.0	1.1	.3	.3	.6	.5	5.9
Durable	144.7	145.4	.9	.2	.4	.6	.5	6.4
Nondurable	146.2	146.8	1.4	.3	.1	.6	.4	5.1
Mining	102.6	103.2	1.3	−.5	−.2	−.9	.6	−1.4
Utilities	113.5	114.0	1.0	2.9	−4.2	.6	.4	.7

NOTE. Indexes are seasonally adjusted.

risen sharply in October. Total production of business equipment advanced 0.4 percent in November as all major components other than commercial equipment continued to advance rapidly. Output of commercial equipment, which includes computers, decreased for the third successive month. Gains in materials production were widespread in November; the most notable advances occurred in the output of parts for consumer durables, basic metals, chemicals, and coal.

In industry groups, manufacturing output increased 0.5 percent as most major industries posted gains; the only significant decline was in petroleum refining. Mining output rose 0.6 percent, and production at utilities increased 0.4 percent.

Capacity utilization in total industry for November 1988 was estimated at 84.2 percent, up 0.2 percentage point from October. In manufacturing, capacity utilization for November was 84.5 percent, 0.2 percentage point higher than it was in October, and 2.3 percentage points higher than it was a year earlier. Detailed data for capacity utilization are shown separately in "Capacity Utilization," Federal Reserve monthly statistical release, G.3.

Total industrial production—Revisions

Estimates as shown last month and current estimates

Month	Index (1977=100)		Percentage change from previous months	
	Previous	Current	Previous	Current
August	138.4	138.5	.3	.3
Sept.	138.7	138.6	.2	.1
Oct.	139.2	139.3	.4	.5
Nov.	...	139.9	...	.5

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Announcements

Increase in Amount to Which Reserve Requirement Will Apply

The Federal Reserve Board announced on December 6, 1988, an increase from $40.5 million to $41.5 million in the net transaction accounts to which a 3 percent reserve requirement will apply in 1989. The Board also increased the amount of reservable liabilities that are exempt from reserves from $3.2 million to $3.4 million of total reservable liabilities.

Additionally, the Board increased the deposit cutoff level, which separates weekly reporting institutions from quarterly reporters, from $40.0 million to $42.1 million. Institutions with total reservable liabilities below the exemption level of $3.4 million are excused from reporting even on a quarterly basis if their deposits can be estimated from other sources.

These adjustments took effect beginning December 20, 1988.

Proposed Action

The Federal Reserve Board issued for public comment on December 22, 1988, a proposal to amend its Regulation Z (Truth in Lending) to implement the Fair Credit and Charge Card Disclosure Act. Comment is requested by February 21, 1989.

Hearing Scheduled on Proposal to Rescind Rule

The Federal Reserve Board scheduled an informal hearing for February 3, 1989, on a recent proposal to rescind the Board's current rule that permits state banks in a holding company to acquire all of the shares of a company engaged in nonbanking activities that the state bank is permitted to conduct directly.

Changes in Board Staff

James McAfee, Associate Secretary in the Office of the Secretary, resigned, effective January 23, 1989.

Jennifer J. Johnson has been appointed to the Board's staff as Associate Secretary. Ms. Johnson was Vice President and General Counsel of Shawmut Bank and Secretary of Shawmut Corporation. She received an A.B. degree from Mount Holyoke College and a J.D. degree from the University of Pennsylvania.

System Membership: Admission of State Banks

The following state bank was admitted to membership in the Federal Reserve System for the period December 1 through December 31, 1988.

Virginia

Stephens City ..... Marathon Bank

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Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON NOVEMBER 1, 1988

1. Domestic Policy Directive

The information reviewed at this meeting indicated that the expansion in economic activity had moderated from the vigorous pace evident earlier in the year. Private domestic final demand grew at an appreciably slower pace in the third quarter than in the first half of the year; and other recent statistics, including data on labor market activity, also suggested some slowing in the rate of economic expansion. Information on wage and price developments gave no clear evidence on balance of any change in underlying inflation trends.

Total nonfarm payroll employment increased considerably in the third quarter, but the gains were less than those registered in the first half. In August and September, hiring in all major sectors except government moderated, and employment in manufacturing declined. Despite this broad-based slowing in the growth of private payrolls, the civilian unemployment rate fell to 5.4 percent in September and has remained in a narrow range around 5½ percent since early spring.

Industrial production increased only slightly on balance in August and September after a strong surge earlier in the summer. Output of business equipment continued to advance fairly rapidly while production of consumer goods was sluggish. Total industrial capacity utilization declined slightly in September but was still more than ½ percent above the relatively high second-quarter level.

Overall consumer spending in constant dollar terms increased substantially on average in the third quarter, as outlays for services and nondurable goods strengthened while purchases of durables were little changed. However, retail sales weakened in August and September, owing partly to reduced sales of motor vehicles.

Indicators of business capital spending in the third quarter suggested a considerably reduced rate of expansion compared with the first half of the year. Growth of real outlays for business equipment slowed sharply, as investment in information-processing equipment decelerated. Nonresidential construction activity was weak in the first two months of the quarter, with oil drilling and expenditures on commercial and industrial structures other than office buildings contracting further. Inventory investment in the manufacturing and wholesale sectors picked up in July and August, but stocks accumulated about in line with the growth of sales. Retail inventories, reflecting little further change in stocks at auto dealers after a sharp rise in the second quarter, increased much less rapidly. Housing construction had been flat in recent months; the third-quarter pace of starts of single-family homes was unchanged from that of the previous quarter while multifamily starts edged down.

Preliminary data for the nominal U.S. merchandise trade deficit in August showed a larger deficit than in July. However, the average for July and August was slightly lower than the second-quarter rate as exports increased more than imports. Most of the rise in exports was in nonagricultural goods, particularly capital goods and consumer durables; increased imports of consumer goods and food outweighed a slight reduction in the value of purchases of imported oil. Economic activity in the major foreign industrial economies appeared to have rebounded somewhat in the third quarter, following a pronounced slackening in the second quarter.

Reflecting a decline in gasoline prices at the refinery level, producer prices of finished goods registered a smaller advance in September than

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in August; however, for the third quarter as a whole, these prices rose more rapidly than during the first half of the year. At the crude materials level, producer food prices continued to rise sharply. Consumer prices increased at a somewhat slower rate in September as declines in energy prices outweighed the passthrough to the retail level of higher wholesale food prices. Excluding food and energy items, consumer prices on a year-over-year basis continued to rise at about the 4½ percent annual rate evident since late 1987. Most measures of labor costs indicated some slowing in the rate of increase over the summer months, after a sharp upward movement in the second half of 1987 and early 1988.

In the foreign exchange markets, the trade-weighted value of the dollar in terms of the other G-10 currencies had declined from its high level of last summer by the time of the previous Committee meeting on September 20. Following the meeting, the dollar initially fluctuated in a narrow range but later declined appreciably in response to indications of more moderate U.S. economic growth and to information suggesting a slower U.S. external adjustment than the markets had anticipated earlier.

At its meeting on September 20, the Committee adopted a directive calling for no change in the degree of pressure on reserve positions. These reserve conditions were expected to be consistent with growth of M2 and M3 at annual rates of about 3 and 5 percent respectively over the period from August to December. The members agreed that somewhat greater reserve restraint would, or slightly lesser reserve restraint might, be acceptable depending on indications of inflationary pressures, the strength of the business expansion, the behavior of the monetary aggregates, and developments in foreign exchange and domestic financial markets.

Adjustment plus seasonal borrowing fluctuated over a sizable range during the intermeeting period, averaging about $630 million in the two complete reserve maintenance periods since the September meeting. The federal funds rate rose somewhat, with funds trading around 8¼ percent and sometimes higher over most of the intermeeting period. Most other short-term interest rates edged higher, perhaps reflecting the firmer federal funds rate as well as increased supplies of Treasury bills and CDs. Interest rates in long-term debt markets declined a little further as indications of more moderate economic expansion and weak energy prices apparently reduced concerns about inflation and buoyed expectations that money market conditions would not be tightened substantially further. Lower bond yields apparently contributed to higher equity prices; some broad indexes of stock prices had risen about 3 percent since the September meeting.

Expansion of M2 slowed further in September, and preliminary data suggested that growth remained quite weak in October as earlier increases in market interest rates and opportunity costs continued to damp demands for liquid deposit components. By contrast, after slow growth in August and September, M3 appeared to have strengthened somewhat in October, in association with a resumption in growth of bank credit. After registering relatively strong expansion in June and July, M1 had increased only slightly on balance in recent months, with total transactions deposits falling marginally.

The staff projection prepared for this meeting suggested that growth of the nonfarm sector of the economy in the current quarter might be near the reduced pace of the third quarter and that expansion in 1989 was likely to remain, on balance, well below the pace of the first half of 1988. The effects of the drought would continue to be reflected in an uneven quarterly pattern of growth of GNP, notably through the first half of next year. To the extent that expansion of final demand at a pace that could foster higher inflation was not accommodated by monetary policy, pressures would be generated in financial markets that would restrain domestic spending. The staff projection, which assumed a slightly restrictive fiscal policy, continued to indicate relatively sluggish growth of consumer spending, sharply reduced expansion of business fixed investment from the pace in the first half of 1988, and restrained housing activity. As in earlier projections, the external sector was expected to contribute importantly to domestic economic growth. The staff now anticipated some marginal easing in aggregate price increases in 1989, in large part because recent declines in crude oil prices portended lower energy prices more gen-

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erally. However, any decline in inflation would be limited, largely because of continuing pressures stemming from still strong demands pressing against reduced margins of unutilized labor and other production resources.

In the Committee's discussion of the economic situation and outlook, members welcomed the apparent moderation in the expansion of economic activity toward a pace that might prove to be more sustainable and consistent with progress over time toward price stability. Continuing expansion, but at a more moderate pace than that experienced in the first half of 1988, was viewed as a reasonable expectation, partly in light of the monetary policy tightening that already had been implemented this year. There was no evidence of emerging imbalances in key sectors of the economy that might bring the expansion to an end, although the outlook remained clouded by the nation's outsized trade and federal budget deficits and the financial problems or debt exposure of a number of depository institutions and business firms. In the view of many of the members, the risks of deviations from current expectations continued to be in the direction of greater inflationary pressures. Other members, while concerned about the potential for inflation, felt that the economy already appeared to be on a track consistent with no pickup in inflation and perhaps some improvement next year.

In the course of the Committee's discussion, members noted that despite signs of some slowing in recent months, the expansion in business activity retained appreciable momentum as evidenced, for example, by order backlogs, ongoing strength in business capital spending, and noteworthy improvement in the agricultural sector. Further improvement in the nation's trade balance also appeared likely, and while the gains might be more limited than in recent quarters, they would help to sustain domestic manufacturing activity. Consumer spending might be supported to some extent by gains in real incomes stemming from reduced energy prices. By most measures, business inventories appeared to be relatively lean and, assuming continued moderate growth in overall final demand, further inventory accumulation might provide a modest fillip to the expansion over the year ahead. On the other hand, members also took note of the relatively sluggish performance of retail sales recently, notably of durable goods, and the continuing weakness of construction activity, including housing. A review of local business conditions continued to indicate an uneven pattern of regional activity, but on balance local developments tended to confirm broader indications of further, though reduced, growth in overall business activity.

With regard to the outlook for inflation, a critical issue in the view of many members was whether overall demand conditions in the economy would be consistent with containing or reducing inflation. A number of members expressed concern that underlying pressures on resources remained strong and that the possibility of greater inflation constituted the major current threat to sustained economic expansion. One observed that the uncertainties in the outlook for inflation were compounded by the prospect that, with production resources at or close to full capacity, even small differences in demand pressures could have a disproportionate effect on the actual rate of inflation next year. However, some members commented that, on the whole, price and wage developments were more favorable than might have been anticipated at current rates of capacity utilization. Recent reports from around the nation suggested that inflation was not worsening in regional markets, including parts of the country where business activity remained relatively robust. Indeed, there were indications that prices of some business products previously in short supply now were showing some tendency to level off, and there was little or no evidence of faster increases in wages. Moreover, recent developments in financial markets suggested some lessening of inflationary expectations, although the latter remained volatile.

At its meeting in late June, the Committee reviewed the basic policy objectives that it had set for growth of the monetary and debt aggregates in 1988, and it established tentative objectives for expansion of those aggregates in 1989. For the period from the fourth quarter of 1987 to the fourth quarter of 1988, the Committee reaffirmed the ranges of 4 to 8 percent set in February for growth of both M2 and M3. The monitoring range for expansion of total domestic nonfinancial debt in 1988 was left unchanged

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from its February specification of 7 to 11 percent. For the year to date, M2 had grown at an annual rate somewhat below, and M3 at a rate somewhat above, the midpoints of their annual ranges. Expansion of total domestic nonfinancial debt appeared to have moderated to a pace marginally below the midpoint of its range. For 1989 the Committee agreed on tentative reductions to ranges of 3 to 7 percent for M2 and 3½ to 7½ percent for M3. The monitoring range for growth of total domestic nonfinancial debt was lowered to 6½ to 10½ percent for 1989. It was understood that all the ranges for next year were provisional and that they would be reviewed in February 1989 in the light of intervening developments. With respect to M1, the Committee reaffirmed in June its earlier decision not to set a specific target for growth in 1988 and it also decided not to establish a tentative range for 1989.

In the Committee's discussion of policy implementation for the period immediately ahead, the members generally agreed that the current relatively balanced performance of the economy and the uncertainties surrounding the outlook argued for an unchanged policy at this point. Some commented that the apparent strength of underlying inflationary pressures might require further monetary restraint later, but for now they favored or could accept a steady policy course. Other members were more persuaded that, in the context of the recent evidence of slower economic growth, monetary policy already appeared to be on a course that would promote progress in reducing inflation. From the perspective of the growth of the monetary aggregates and reserve as well as interest rate developments, monetary policy had been fairly restrictive for some months and further restraint needed to be approached with some caution. At the same time, members stressed the continuing need to sustain the System's commitment to its long-run objective of controlling inflation, including the desirability of making clear that the current rate of inflation was unacceptable.

In the course of the Committee's discussion, the members took account of a staff analysis that concluded that the maintenance of unchanged reserve conditions was likely to be associated with relatively slow monetary growth over the balance of the year. Some pickup in the growth of M2 and M3 was anticipated from the very sluggish performance of September and October, but further adjustments of asset portfolios to previous increases in interest rates and opportunity costs were likely to limit the rise. In addition, reductions in compensating balances in response to earlier increases in market interest rates were expected to be more pronounced late in the year, though such adjustments would have their major impact on M1 growth. Concurrently, expansion of M3 and, to a lesser degree, M2 might be buttressed to some extent as banks undertook to secure funds to underwrite a perhaps substantial portion of the initial cash needed to finance the recent surge in merger and buyout activities. Although members observed that any easing of reserve conditions to stimulate monetary growth would not be desirable at this point, some indicated that they would become increasingly concerned if very weak monetary growth were to persist in the context of sluggish expansion in economic activity.

With regard to possible adjustments in the degree of reserve pressure in the intermeeting period, a majority of the members believed that operations should be adjusted more readily toward further tightening than toward any easing. Some indicated that they viewed the incorporation of such an understanding as a key element of an acceptable directive, given their assessment of the inflationary risks in the economic outlook. Most of the other members indicated that they could accept such a directive, although they were less inclined than they had been previously to bias it toward further restraint; in this view, the direction of any potential adjustment in policy implementation was less certain than earlier, given the recent performance of the economy and behavior of the monetary aggregates. One member felt that the risks of some further weakness in the economy were sufficiently strong that a continued bias toward possible tightening during the intermeeting period was not acceptable.

At the conclusion of the Committee's discussion, all but one member indicated that they favored or could accept a directive that called for maintaining the current degree of pressure on reserve conditions and that provided for remaining especially alert to potential developments

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that might require some firming during the intermeeting period. Accordingly, somewhat greater reserve restraint would be acceptable, or slightly lesser reserve restraint might be acceptable, over the intermeeting period depending on indications of inflationary pressures, the strength of the business expansion, the behavior of the monetary aggregates, and developments in foreign exchange and domestic financial markets. The reserve conditions contemplated by the Committee were expected to be consistent with growth of M2 and M3 at annual rates of around 2½ percent and 6 percent respectively over the three-month period from September to December. The intermeeting range for the federal funds rate, which provides one mechanism for initiating consultation of the Committee when its boundaries are persistently exceeded, was left unchanged at 6 to 10 percent.

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

The information reviewed at this meeting indicates that the expansion in economic activity has moderated from the vigorous pace earlier in the year. Total nonfarm payroll employment grew considerably in the third quarter but the gains were less than those registered in the first half of the year and employment in manufacturing declined in August and September. The civilian unemployment rate fell to 5.4 percent in September, remaining in the narrow range that has prevailed since early spring. Industrial production advanced only slightly on balance in August and September after a sharp increase in July, while housing construction has been flat in recent months. Consumer spending increased substantially on average in the third quarter but apparently slowed in recent months. Indicators of business capital spending suggest considerably slower expansion in the third quarter, following very rapid growth in the first half of the year. Preliminary data for the nominal U.S. merchandise trade deficit in August showed a greater deficit than in July, but the average for July–August was slightly less than the second-quarter rate. The latest information on prices and wages suggests little if any change from recent trends.

Interest rates in long-term debt markets have declined a little further since the Committee meeting on September 20, while rates in short-term markets have edged higher. The trade-weighted foreign exchange value of the dollar in terms of the other G-10 currencies declined appreciably over the intermeeting period from the high level of last summer.

Expansion of M2 has slowed considerably in recent months; growth of M3 moderated in August and September but appears to have strengthened somewhat in October. Thus far this year, M2 has grown at a rate somewhat below, and M3 at a rate somewhat above, the midpoint of the ranges established by the Committee for 1988. M1 has increased only slightly on balance in recent months after registering relatively strong growth in June and July. Expansion of total domestic nonfinancial debt for the year thus far appears to be at a pace somewhat below that in 1987.

The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability over time, promote growth in output on a sustainable basis, and contribute to an improved pattern of international transactions. In furtherance of these objectives, the Committee at its meeting in late June reaffirmed the ranges it had established in February for growth of 4 to 8 percent for both M2 and M3, measured from the fourth quarter of 1987 to the fourth quarter of 1988. The monitoring range for growth of total domestic nonfinancial debt was also maintained at 7 to 11 percent for the year.

For 1989, the Committee agreed on tentative ranges for monetary growth, measured from the fourth quarter of 1988 to the fourth quarter of 1989, of 3 to 7 percent for M2 and 3½ to 7½ percent for M3. The Committee set the associated monitoring range for growth of total domestic nonfinancial debt at 6½ to 10½ percent. It was understood that all these ranges were provisional and that they would be reviewed in early 1989 in the light of intervening developments.

With respect to M1, the Committee reaffirmed its decision in February not to establish a specific target for 1988 and also decided not to set a tentative range for 1989. The behavior of this aggregate will continue to be evaluated in the light of movements in its velocity, developments in the economy and financial markets, and the nature of emerging price pressures.

In the implementation of policy for the immediate future, the Committee seeks to maintain the existing degree of pressure on reserve positions. Taking account of indications of inflationary pressures, the strength of the business expansion, the behavior of the monetary aggregates, and developments in foreign exchange and domestic financial markets, somewhat greater reserve restraint would, or slightly lesser reserve restraint might, be acceptable in the intermeeting period. The contemplated reserve conditions are expected to be consistent with growth of M2 and M3 over the period from September through December at annual rates of about 2½ and 6 percent, respectively. The Chairman may call for Committee consultation if it appears to the Manager for Domestic Operations that reserve conditions during the period before the next meeting are likely to be associated with a federal funds rate persistently outside a range of 6 to 10 percent.

Votes for this action: Messrs. Greenspan, Corrigan, Angell, Black, Forrestal, Heller, Hoskins,

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Johnson, Kelley, LaWare, and Parry. Vote against this action: Ms. Seger.

Ms. Seger indicated that while an unchanged policy was acceptable to her at this point, she did not want to bias the directive toward potential tightening. In her view current indications of slower economic growth and the lagged effects of earlier policy tightening actions pointed to relatively slow expansion and reduced inflationary pressures over the year ahead. In these circumstances, she would not want to react more promptly or vigorously to indications of greater strength or price pressures in the economy, which might well prove to be temporary, than to evidence of a weakening economy.

In the period following the Committee meeting on November 1, it became increasingly evident in the implementation of policy that depository institutions had reduced their demands on the discount window; in this period, a significantly lower level of adjustment plus seasonal borrowing was being associated with a slightly higher federal funds rate than had been anticipated at the time of the meeting. To take account of this change in behavior, but also in light of recent information suggesting that the economic expansion retained considerable strength, the Manager for Domestic Operations adjusted the reserve paths to incorporate a lower level of borrowing, with the expectation that federal funds would continue to trade in the slightly higher range that had prevailed recently. This adjustment in open market operations was discussed with the Committee on November 22, 1988. The members agreed that the factors relating to the apparent change in the relationship between borrowing and the federal funds rate, and the broader implications for the conduct of open market operations, would be reviewed further at the December meeting.

2. *Authorization for Domestic Open Market Operations*

Effective November 2, 1988, the Committee approved a temporary increase of $4 billion, to $10 billion, in the limit between Committee meetings on changes in System Account holdings of U.S. government and federal agency securities that is specified in paragraph 1(a) of the Authorization for Domestic Open Market Operations. The increase was effective for the intermeeting period ending with the close of business on December 14, 1988.

Votes for this action: Messrs. Greenspan, Corrigan, Angell, Black, Forrestal, Heller, Hoskins, Johnson, Kelley, LaWare, Parry, and Ms. Seger. Votes against this action: None.

This action was taken on the recommendation of the Manager for Domestic Operations. The Manager had advised that the usual leeway of $6 billion for changes in System Account holdings would probably not be sufficient over the intermeeting period because of seasonal increases in currency in circulation and in required reserves.

3. *Change in Terms of Certain Members to Calendar-Year Basis*

The Committee amended its "Rules of Organization" to advance from March 1 to January 1 of each year the start of the terms of office of the Federal Reserve Bank presidents who serve one-year terms as Committee members or alternate members. The change will be effective starting with the calendar year 1990. Because the Committee's objectives for monetary growth are established on a calendar-year basis, the Committee believed that it would be appropriate to have all the members responsible for carrying out those objectives during the year participate in the vote to establish them at the start of the year. The Committee emphasized that this change was essentially procedural in nature, given the continuity of its decisionmaking process. The Full Employment and Balanced Growth Act of 1978 requires that the Committee's monetary growth objectives for the calendar year be transmitted to the Congress by February 20 of each year.

Votes for this action: Messrs. Greenspan, Corrigan, Angell, Black, Forrestal, Heller, Hoskins, Johnson, Kelley, LaWare, Parry, and Ms. Seger. Votes against this action: None.

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Legal Developments

FINAL RULE—AMENDMENT TO REGULATION E

The Board of Governors is amending 12 C.F.R. Part 205, its Regulation E (Electronic Fund Transfers), to reflect properly an amendment that was incorrectly incorporated into the *Code of Federal Regulations.*

Effective December 30, 1988, 12 C.F.R. Part 205 is amended as follows:

1. The authority citation for 12 C.F.R. Part 205 continues to read as follows:

Authority: Pub. L. 95–630, 92 Stat. 3730 (15 U.S.C. 1693b).

2. Section 205.6(c) is revised in its entirety to read as follows:

Section 205.6—Liability of Consumer for Unauthorized Transfers

* * * * *

(c) *Notice to financial institution.* For purposes of this section, notice to a financial institution is given when a consumer takes such steps as are reasonably necessary to provide the financial institution with the pertinent information, whether or not any particular officer, employee, or agent of the financial institution does in fact receive the information. Notice may be given to the financial institution, at the consumer's option, in person, by telephone, or in writing. Notice in writing is considered given at the time the consumer deposits the notice in the mail or delivers the notice for transmission by any other usual means to the financial institution. Notice is also considered given when the financial institution becomes aware of circumstances that lead to the reasonable belief that an unauthorized electronic fund transfer involving the consumer's account has been or may be made.

* * * * *

FINAL RULE—AMENDMENT TO REGULATION CC

The Board of Governors is amending 12 C.F.R. Part 229, its Regulation CC (Availability of Funds and Collection of Checks), with respect to the law of New Jersey. The Expedited Funds Availability Act provides standards for determining whether State law governing funds availability supersedes, or is preempted by Federal law. Under Regulation CC, the Board will issue preemption determinations upon request.

Effective December 19, 1988, 12 C.F.R. Part 229 is amended as follows:

Part 229—[Amended]

1. The authority citation for Part 229 continues to read as follows:

Authority: Title VI of Pub. L. 100–86, 101 Stat. 522, 635, 12 U.S.C. 4001 *et seq.*

2. Appendix F is amended by adding a preemption determination for the state of New Jersey alphabetically to read as follows:

Appendix F—Official Board Interpretations; Preemption Determinations

* * * * *

New Jersey

Background

The Board has been requested, in accordance with section 229.20(d) of Regulation CC (12 C.F.R. Part 229), to determine whether the Expedited Funds Availability Act (the "Act") and Subpart B (and in connection therewith, Subpart A) of Regulation CC preempt the provisions of New Jersey law concerning disclosure of a bank's funds availability policy. (*See also* the Board's preemption determination regarding the Uniform Commercial Code, section 4–213(5), pertaining to availability of cash deposits.)

New Jersey does not have a law or regulation establishing the maximum time periods within which funds deposited by check or electronic payment must be made available for withdrawal. New Jersey does, however, have regulations concerning the disclosure of a banking institution's availability policy (N.J.A.C. §§ 3:1–15.1 *et seq.*).

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Disclosures

New Jersey law requires every banking institution (defined as any state or federally chartered commercial bank, savings bank, or savings and loan association) to provide written disclosure to all holders of and applicants for deposit accounts which describes the institution's funds availability policy. Institutions must also disclose to their customers any significant changes to their availability policy.

Regulation CC preempts state disclosure requirements concerning funds availability that relate to "accounts" that are inconsistent with the federal requirements. The state requirements are different from, and therefore inconsistent with, the federal disclosure rules. (Section 229.25(c)(2)). Thus, the New Jersey statute (N.J.A.C. §§ 3:1–15.1 *et seq.*) is preempted by Regulation CC to the extent that these disclosure provisions apply to "accounts" as defined by Regulation CC. The New Jersey disclosure rules would continue to apply to other "deposit accounts," as defined by New Jersey law, including money market accounts and saving accounts established by a natural person for personal for family purposes, which are not governed by the Regulation CC disclosure requirements.

Orders Issued Under Bank Holding Company Act

Orders Issued Under Section 3 of the Bank Holding Company Act

First Bank System, Inc.
Minneapolis, Minnesota

Order Approving the Merger of Bank Holding Companies

First Bank System, Inc., Minneapolis, Minnesota, a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) ("BHC Act"), has applied for the Board's approval under section 3(a)(5) of the BHC Act to merge with Suburban Bancorporation, Inc., Eden Prairie, Minnesota ("Suburban"), and thereby to acquire indirectly Suburban National Bank, Eden Prairie, Minnesota ("Bank").[1]

Notice of the application, affording interested persons an opportunity to submit comments, has been published (53 *Federal Register* 43,037 (1988)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the BHC Act.

First Bank System is the largest commercial banking organization in Minnesota, controlling deposits of $12.3 billion, representing 31 percent of total deposits in commercial banking organizations in the state.[2] Suburban is the 46th largest commercial banking organization in Minnesota, controlling deposits of $73 million, representing less than one percent of total deposits in commercial banking organizations in the state. Upon consummation of this proposal, First Bank System would control approximately $12.4 billion in deposits, representing 31.1 percent of total deposits in commercial banking organizations in the state. Consummation of the proposal would not increase significantly the concentration of banking resources in Minnesota.

First Bank System competes directly with Suburban in the Minneapolis - St. Paul banking market.[3] First Bank System is the largest commercial banking organization in the market, with deposits of $10.9 billion, representing 44 percent of the total deposits in commercial banks in the market. Suburban is among the smaller commercial banking organizations in the market, with $73 million in deposits, representing less than one percent of the total deposits in commercial banks in the market. Upon consummation of this proposal, First Bank System would control $10.9 billion in deposits, representing 44.3 percent of the total commercial banking deposits in the market. The Minneapolis - St. Paul banking market would be considered highly concentrated with a four firm ratio of 74.8 percent. Consummation of this proposal would increase the Herfindahl–Hirschman Index ("HHI") of the market by 26 points to 2519.[4]

1. In connection with the holding company merger, Suburban's banking subsidiary, Suburban National Bank, Eden Prairie, Minnesota, will be merged into First Bank System's lead bank, First Bank National Association, Minneapolis, Minnesota.

2. Banking data are as of March 31, 1988.

3. The Minneapolis - St. Paul banking market is defined as the Minneapolis - St. Paul Ranally Metropolitan Area adjusted to include all of Scott and Carver Counties and Lanesburgh Township in Le Sueur County.

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

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Although consummation of this proposal would eliminate some existing competition in the Minneapolis - St. Paul banking market, 108 other commercial banking organizations would continue to operate in the market. In addition, the Board has considered the presence of thrift institutions in the banking market in its analysis of this proposal. The Board has previously indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks.[5] Thrift institutions already exert a considerable competitive influence in the market as providers of NOW accounts and consumer loans, and many are engaged in the business of making commercial loans. Based upon the number, size, market share and commercial lending activities of thrift institutions in the market, the Board has concluded that thrift institutions exert a significant influence upon competition in the Minneapolis - St. Paul banking market.[6] Accordingly, in view of all the facts of record, and in particular in light of the small increase in concentration in the market, the Board has determined that consummation of this proposal would not have a significant adverse effect on existing competition in the Minneapolis - St. Paul banking market.

The financial and managerial resources of First Bank System and its subsidiary banks are consistent with approval. In reaching this conclusion, the Board has taken into account First Bank System's recent announcement of the substantial loss resulting from the sale of its government bond portfolio, as well as the steps First Bank System intends to take to restore its capital position to more satisfactory levels. Considerations relating to the convenience and needs of the community to be served are also consistent with approval.

In connection with this application, the Board has received comments from various insurance trade associations ("Protestants").[7] Protestants assert that the proposal to merge Suburban into First Bank System would result in an impermissible broadening of First Bank System's grandfather rights to conduct insurance agency activities. First Bank System is authorized to engage in insurance agency activities pursuant to exemption G to section 4(c)(8) of the BHC Act, which authorizes those bank holding companies that engaged, with Board approval, in insurance agency activities prior to 1971, to engage, or control a company engaged, in insurance agency activities. 12 U.S.C. § 1843(c)(8)(G). The record indicates that First Bank System has been engaged in general insurance agency activities in the state of Minnesota on a continuous basis since receiving Board approval in 1959, and is one of 16 companies that qualify for exemption G.[8] Protestants claim, however, that as a result of this proposal a new bank holding company is being created that would not be entitled to exercise the grandfather rights of First Bank System.

The Board has considered carefully the arguments made by Protestants and concludes that facts and circumstances do not support Protestants' arguments that First Bank System would cease to exist under this proposal. As noted above, the structure of the proposal is a merger of Suburban into First Bank System, with First Bank System continuing to exist as the surviving corporation. First Bank System will continue to operate under the same corporate charter following consummation. The much larger size of First Bank System, with approximately $26 billion in assets, relative to the size of Suburban, with approximately $60 million in assets, reflects a bona fide acquisition by First Bank System of Suburban.

In addition, the Board notes that the acquisition of Suburban would not expand First Bank System's authority to engage in insurance activities under exemption G, since First Bank System currently has authority to engage in insurance agency activities at the locations in which Suburban operates, or other locations in the United States.[9] The Board notes that the Board's original approval in 1959 gave First Bank System authority to engage in insurance agency activities at all of its bank subsidiaries in Minnesota.[10]

Based on the structure of the proposal, the relative size of the two institutions involved, the continuation of First Bank System's charter, and all the other facts of record indicating that the essential characteristics of First Bank System will continue to exist, the Board concludes that this proposal would not result in the

nizes the competitive effects of limited purpose lenders and other non-depository financial entities.

5. *National City Corporation*, 70 FEDERAL RESERVE BULLETIN 743 (1984); *NCNB Bancorporation* 70 FEDERAL RESERVE BULLETIN 225 (1984); *General Bancshares Corporation*, 69 FEDERAL RESERVE BULLETIN 802 (1983); and *First Tennessee National Corporation*, 69 FEDERAL RESERVE BULLETIN 298 (1983).

6. If 50 percent of the deposits controlled by thrift institutions were included in the calculation of market concentration, First Bank System and Suburban would control 38.7 percent and 0.3 percent of total market deposits, respectively. The HHI would increase by 21 points to 2005 upon consummation of this proposal.

7. The Independent Insurance Agents of America, Inc., National Association of Casualty and Surety Agents, National Association of Life Underwriters, National Association of Professional Insurance Agents, and National Association of Surety Bond Producers.

8. *See First Bank Stock Corporation*, 45 FEDERAL RESERVE BULLETIN 917 (1959). The name of First Bank Stock Corporation has been changed to First Bank System, and the name of First Service Agencies, Inc. has been changed to First System Agencies, Inc.

9. *See First Bank System*, 70 FEDERAL RESERVE BULLETIN 657 (1984); *Norwest Corporation*, 70 FEDERAL RESERVE BULLETIN 235 (1984).

10. *First Bank Stock Corporation*, 45 FEDERAL RESERVE BULLETIN 929 (1959).

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formation of a new bank holding company or the loss of First Bank System's exemption G rights.[11]

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

By order of the Board of Governors, effective December 21, 1988.

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

JAMES MCAFEE
Associate Secretary of the Board

Security Pacific Corporation
Los Angeles, California

Order Approving Acquisition of a Bank Holding Company

Security Pacific Corporation, Los Angeles, California ("Security Pacific"), a bank holding company within the meaning of the Bank Holding Company Act (the "BHC Act") (12 U.S.C. § 1842(a)(3)), has applied for the Board's approval under section 3(a)(3) of the BHC Act to acquire 100 percent of the outstanding voting shares of Nevada National Bancorporation, Reno, Nevada ("Nevada National"), and thereby indirectly to acquire Nevada National Bank, Reno, Nevada.

Notice of the application, affording interested persons an opportunity to submit comments, has been published (53 *Federal Register* 36,638 (1988)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the BHC Act.

The Douglas Amendment to the BHC Act prohibits the Board from approving an application by a bank holding company to acquire a bank located outside the bank holding company's home state, unless such acquisition is "specifically authorized by the statute laws of the state in which such bank is located, by language to that effect and not merely by implication."[1]

Effective December 31, 1988, the Nevada interstate banking statute will permit out-of-state bank holding companies to acquire established Nevada banks and bank holding companies.[2] Security Pacific will not acquire Nevada National until after December 31, 1988. The Nevada Commissioner of Financial Institutions has approved Security Pacific's proposal pursuant to the Nevada statute. In light of the foregoing, the Board has determined that its approval of the proposal is not prohibited by the Douglas Amendment.

Security Pacific operates 10 banking subsidiaries located in California, Washington, Oregon, Arizona, Alaska, and New York. Security Pacific is the third largest banking organization in California, controlling deposits of $27.1 billion, representing 13.8 percent of the total deposits in commercial banks in California.[3] Nevada National is the fourth largest commercial banking organization in Nevada, controlling deposits of $516.8 million, representing 8.5 percent of total deposits in commercial banks in the state. Consummation of the proposal would not have any significant adverse effect upon the concentration of banking resources in California or Nevada.

Security Pacific and Nevada National do not compete directly in any banking market. Accordingly, consummation of the proposal would not eliminate any significant existing competition in any relevant banking market. Consummation also would not have any significant adverse effect on probable future competition in any relevant banking market.

The financial and managerial resources of Security Pacific, Nevada National, and their subsidiaries are consistent with approval. Considerations relating to the convenience and needs of the communities to be served by Security Pacific's and Nevada National's subsidiary banks are also consistent with approval.

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

11. Protestants also requested the Board to order new publication of notice of the application to permit public comment on the entry of a new bank holding company into insurance activities. Because the Board has concluded that no new bank holding company is being formed as a result of the proposal, the Board has determined there is no basis for ordering republication of notice in this case.

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

2. Nev. Rev. Stat. Ann. § 666.335 (Michie 1986) (Effective December 31, 1988. Expires by limitation July 1, 1990). Nevada National was in operation on July 1, 1985, as required by the statute. *Id.*

3. Deposit data are as of June 30, 1987.

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

By order of the Board of Governors, effective December 5, 1988.

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

JAMES MCAFEE
Associate Secretary of the Board

SouthTrust Corporation
Birmingham, Alabama

Order Approving the Acquisition of a Bank Holding Company

SouthTrust Corporation, Birmingham, Alabama ("SouthTrust"), a bank holding company within the meaning of the Bank Holding Company Act (the "Act") (12 U.S.C. § 1841 *et seq.*), has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire at least 80 percent of the voting shares of The Wiregrass Bank & Trust Company, Headland, Alabama ("Wiregrass").

Notice of the application, affording interested persons an opportunity to submit comments, has been duly published (53 *Federal Register* 37,053 (1988)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the Act.

SouthTrust is the second largest commercial banking organization in Alabama, controlling total deposits of approximately $4.3 billion, representing 17.9 percent of the total deposits in commercial banking organizations ("total bank deposits") in the state.[1] Wiregrass is the 96th largest commercial banking organization in Alabama, controlling deposits of $17.4 million, representing 0.07 percent of the total bank deposits in the state. Consummation of this proposal would not have any significant adverse effect on the concentration of banking resources in Alabama.

Wiregrass and a subsidiary bank of SouthTrust compete directly in the Dothan, Alabama, banking market.[2] In this market, SouthTrust's subsidiary bank, SouthTrust Bank of Dothan, N.A., Dothan, Alabama, is the largest bank, with deposits of $274.8 million, representing 44.15 percent of deposits in commercial banks in the market. Wiregrass is the seventh largest banking organization, with deposits of $18.4 million, representing 2.95 percent of market deposits. The Dothan market is highly concentrated, with the four largest commercial banks controlling 82.91 percent of the total bank deposits in the market. Upon consummation, SouthTrust would remain the largest commercial banking organization in the market, controlling $293.1 million in deposits, or 47.1 percent of market deposits. The four-firm concentration ratio would increase 2.95 points to 85.86 percent. The market would be considered highly concentrated after consummation of the proposed transaction, with the Herfindahl–Hirschman Index ("HHI") increasing 260 points to 2881.[3]

Although consummation of this proposal would eliminate some existing competition between SouthTrust and Wiregrass in the Dothan banking market, numerous other commercial banks would continue to operate in the market after consummation of this proposal. In addition, the Board has considered the presence of thrift institutions in this market. The Board has previously indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks.[4] In the Dothan market, thrift institutions account for a significant percentage of the total deposits.[5] Based upon the size and market share of thrift institutions, the Board has concluded that thrift institutions exert a significant competitive influence that mitigates the anticompetitive effects of this proposal in this banking market.[6]

On the basis of the foregoing and other facts of record, the Board concludes that consummation of this proposal would not have a significantly adverse

1. State banking data are as of December 31, 1987. Market deposit data are as of June 30, 1987.

2. The Dothan banking market is approximated by the following areas in Alabama: Houston County; Midland City and Grimes in Dale County; and Headland and Newville in Henry County.

3. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (June 29, 1984), a market in which the post-merger HHI is above 1800 is considered highly concentrated. In such markets, the Justice Department is likely to challenge a merger that increases the HHI by more than 50 points. The Justice Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by at least 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognizes the competitive effect of limited-purpose lenders and other non-depository financial entities.

4. *National City Corporation*, 70 FEDERAL RESERVE BULLETIN 743 (1984); *The Chase Manhattan Corporation*, 70 FEDERAL RESERVE BULLETIN 529 (1984); *NCNB Bancorporation*, 70 FEDERAL RESERVE BULLETIN 225 (1984); *General Bancshares Corporation*, 69 FEDERAL RESERVE BULLETIN 802 (1983); and *First Tennessee National Corporation*, 69 FEDERAL RESERVE BULLETIN 298 (1983).

5. Thrift institutions control nearly 25 percent of the combined deposits of banks and thrifts in the Dothan banking market. Market deposit data for thrift institutions are as of June 30, 1987.

6. If 50 percent of deposits held by thrift institutions in the Dothan banking market were included in the calculation of market concentration, SouthTrust's pro forma market share would be 40.65 percent. The HHI would increase by 193 points to 2311.

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effect on existing competition in the Dothan banking market.

The financial and managerial resources of SouthTrust and Wiregrass are considered satisfactory and consistent with approval. Further, the Board concludes that convenience and needs of the communities to be served are consistent with approval of this application.

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

By order of the Board of Governors, effective December 5, 1988.

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

JAMES MCAFEE
Associate Secretary of the Board

Orders Issued Under Section 4 of the Bank Holding Company Act

BankAmerica Corporation
San Francisco, California

Order Approving Application to Execute and Clear Futures Contracts on Stock Indexes and a Municipal Bond Index and Options on such Futures Contracts

BankAmerica Corporation, San Francisco, California ("BankAmerica"), a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied pursuant to section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) for its wholly owned subsidiary, BA Futures, Incorporated, San Francisco, California ("BA Futures"), to engage *de novo* in the execution and clearance, on major commodity exchanges, of futures contract on stock indexes, a futures contract on a municipal bond index, and options on such futures contracts.

BA Futures proposes to execute and clear:

(1) the Standard & Poor's 500 Stock Price Index futures contract ("S&P 500"), the Standard & Poor's 100 Stock Price Index futures contract ("S&P 100"), and options on the S&P 500 futures contract; which are traded on the Chicago Mercantile Exchange;

(2) the Bond Buyer Municipal Bond Index futures contract, the Major Market Index futures contract, and options on the Bond Buyer Municipal Bond Index futures contract, all of which are traded on the Chicago Mercantile Exchange;

(3) the New York Stock Exchange Composite Index futures contract, which is traded on the New York Futures Exchange, a subsidiary of the New York Stock Exchange;

(4) the Financial Times Stock Index futures contract, which is traded on the London International Financial Futures Exchange; and

(5) the Nikkei Stock Average futures contract, which is traded on the Singapore International Monetary Exchange.

Notice of the application, affording interested persons an opportunity to submit comments on the proposed activities has been duly published (53 *Federal Register* 44,666 (1988)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.

BankAmerica, with total consolidated assets of $95 billion, is the largest banking organization in California.[1] BankAmerica operates two subsidiary banks and engages through certain of its subsidiaries in a variety of nonbanking activities. BA Futures is a futures commission merchant ("FCM") registered with the Commodity Futures Trading Commission ("CFTC") that engages in the execution and clearance of futures contracts and options on futures contracts for bullion, foreign exchange, government securities, certificates of deposit, and other money market instruments that a bank may buy or sell in the cash market for its own account, pursuant to section 225.25(25)(b)(18) of the Board's Regulation Y, 12 C.F.R. § 225.25(b)(18).[2]

The Board has previously determined that the execution and clearance of futures contracts and options on futures contracts based on stock indexes and on a municipal bond index are closely related to banking. (*J.P. Morgan & Co. Incorporated*, 71 FEDERAL RESERVE BULLETIN 251 (1985); and *Northern Trust Corporation*, 74 FEDERAL RESERVE BULLETIN 333 (1988). The proposed activities of BA Futures are essentially identical to those activities previously approved by the Board.[3] Accordingly, the Board concludes that

1. As of September 30, 1988.
2. In March 1984, the Federal Reserve Bank of San Franscisco, acting pursuant to delegated authority under 12 C.F.R. § 225.23(a)(1), authorized BA Futures to engage in the above activities.
3. The Board has previously approved under section 4(c)(8) the execution and clearance of futures contracts and options on those

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BankAmerica's proposed activities are closely related to banking.

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

Consummation of BankAmerica's proposal would provide added convenience to its customers. In addition, the Board expects that the *de novo* entry of BankAmerica into the market for these services would increase the level of competition among providers of these services already in operation. Accordingly, the Board concludes that the performance of the proposed activities by BankAmerica can reasonably be expected to provide benefits to the public.

Moreover, there is no evidence in the record that consummation of the proposed FCM activities would result in any adverse effects such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. In addition, the Board has taken into account and has relied on the regulatory framework established pursuant to law by the CFTC for the trading of futures.

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

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

By order of the Board of Governors, effective December 13, 1988.

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

JAMES MCAFEE
Associate Secretary of the Board

futures contracts on all of the indexes being applied for by BankAmerica with the exception of the Financial Times futures contract and the Nikkei futures contract. The Board has however permitted bank holding companies to execute and clear the Financial Times futures contract and the Nikkei futures contract pursuant to Regulation K (12 C.F.R. Part 211). Board letters, dated August 6, 1984 and January 27, 1986. These contracts have essentially the same terms and serve the same functions as the futures contracts for which execution and clearance has been previously approved by Board order. Therefore, the Board has determined that the execution and clearance of futures contracts on these additional indexes is closely related to banking.

Bank of Boston Corporation
Boston, Massachusetts

Order Approving the Acquisition of Factoring Assets

Bank of Boston Corporation, Boston, Massachusetts ("Bank of Boston"), a bank holding company within the meaning of the Bank Holding Company Act (the "Act") (12 U.S.C. § 1841 *et seq.*), has applied for the Board's approval under section 4(c)(8) of the Act and section 225.23(a)(2) of the Board's Regulation Y (12 C.F.R. § 225.23(a)(2)) to acquire all of the factoring assets and assume related liabilities of First Union Commercial Corporation, Charlotte, North Carolina ("First Union"). First Union engages in commercial financing and factoring activities, primarily for the furniture, textile, apparel, and carpet industries. Factoring activities have previously been determined by the Board to be closely related to banking and permissible for bank holding companies or their subsidiaries (12 C.F.R. § 225.25(b)(1)(v)).

Notice of the application, affording interested persons an opportunity to submit comments and views, has been duly published (53 *Federal Register* 46,660 (1988)). 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 specified in section 4(c)(8) of the Act.

Bank of Boston, with consolidated assets of approximately $34.2 billion,[1] operates four subsidiary banks in Massachusetts, Connecticut, Maine and Rhode Island.[2] Bank of Boston also engages through its

1. Asset data are as of September 30, 1988.

2. On November 30, 1988, the Board approved the application of Bank of Boston Corporation to acquire BankVermont Corporation, Burlington, Vermont. This transaction has not yet been consummated and the asset data regarding Bank of Boston do not reflect this acquisition.

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nonbank subsidiaries in various nonbanking activities, such as mortgage banking, trust activities, leasing, investment advisory services, and underwriting and dealing in municipal revenue bonds, commercial paper and consumer-receivable related securities.

Bank of Boston controls indirectly BancBoston Financial Company ("BBFC"), Boston, Massachusetts, which engages in factoring activities world-wide. Through BBFC, Bank of Boston controls the eighth largest factoring operation in the United States, with year-end 1987 receivables of $2.96 billion, representing 6.57 percent of the market for factoring in the United States.[3]

First Union is the eighteenth largest factoring operation in the United States, with year-end 1987 receivables of $615 million, representing 1.36 percent of the market for factoring services in the United States. First Union provides factoring services primarily in North Carolina, South Carolina and New York through offices located in Charlotte, North Carolina and New York, New York. Upon consummation of this proposal, Bank of Boston would control the sixth largest factoring operation in the United States, with a 7.93 percent market share.

The Board has previously stated that the market for factoring services is nationwide. The market is considered unconcentrated, with a four-firm concentration ratio of 38.0 percent. The Herfindahl–Hirschman Index ("HHI") of the market is 705 and would increase by 18 points to 723 upon consummation of this proposal.[4] Although the acquisition of First Union would eliminate some existing competition between Bank of Boston and First Union, numerous other factors continue to operate in the market and the market would remain unconcentrated. Accordingly, consummation of this proposal would not have a significant adverse effect on competition in the factoring market.

There is no evidence in the record that consummation of this proposal would result in adverse effects, such as unsound banking practices, unfair competition, conflicts of interest, or an undue concentration of resources. Financial and managerial resources also are consistent with approval of this application.

Based upon the foregoing and other considerations reflected in the record, the Board has determined that the balance of the public interest factors that the Board is required to consider under section 4(c)(8) is favorable. Accordingly, the application is hereby approved.

3. Market data are as of December 31, 1987.

4. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,823 (June 29, 1984)), any market in which the post-merger HHI is below 1000 is considered unconcentrated, and the Department will not challenge a merger with a post-merger HHI below 100, except in extraordinary circumstances.

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

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

By order of the Board of Governors, effective December 21, 1988.

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

JAMES MCAFEE
Associate Secretary of the Board

Barnett Banks, Inc.
Jacksonville, Florida

Order Approving Acquisition of a Federal Savings Bank

Barnett Banks, Inc., Jacksonville, Florida ("Barnett"), a bank holding company within the meaning of the Bank Holding Company Act (the "BHC Act") (12 U.S.C. § 1841 *et seq.*), has applied pursuant to section 4(c)(8) of the BHC Act and section 225.23 of the Board's Regulation Y (12 C.F.R. § 225.23), to acquire all of the voting shares of Barnett Federal Savings Bank ("Barnett Federal"), a *de novo* federal savings bank formed to acquire substantially all of the assets and certain liabilities of First Federal Savings and Loan Association of Columbus, Columbus, Georgia ("First Federal"), an insolvent thrift institution.[1] Upon consummation of the proposed acquisition, Barnett Federal will operate as a federal savings bank in Georgia.[2]

1. First Federal is currently operated as a federal stock savings and loan association and will be placed into receivership by the Federal Savings and Loan Insurance Corporation (the "FSLIC"). Immediately thereafter, Barnett Federal will acquire substantially all of the assets, as well as the secured, deposit and certain tax claim liabilities of First Federal, from the FSLIC as receiver for First Federal. FSLIC will also provide financial assistance for the acquisition.

2. Barnett Federal will be operated as a wholly owned subsidiary of First City Bancorp, Inc., Marietta, Georgia, which is a wholly owned subsidiary of Suncoast Bancorp, Inc., Vero Beach, Florida, which, in turn, is a wholly owned subsidiary of Barnett.

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Barnett, with total consolidated assets of $24.5 billion, is the largest commercial banking organization in Florida.[3] It operates 34 banking subsidiaries and engages in numerous nonbanking activities, including trust company functions, check-guaranty services, discount securities brokerage, and permissible credit related insurance activities.

First Federal, with total assets of $265.8 million, is the eleventh largest savings institution in Georgia, and operates one office in the state.

By letter dated December 27, 1988, the Federal Home Loan Bank Board ("Bank Board") requested that the Board approve this application to acquire Barnett Federal under the Bank Board's Expedited Case Processing Program for failing thrift institutions. The Bank Board urged the Board to approve this application in order to restore public confidence, maintain confidence in the savings and loan industry generally, and stabilize the daily increasing potential cost to the FSLIC. The Bank Board based its request on the insolvent condition of First Federal as well as on the substantial public benefits of the proposal, including the significant and stabilizing capital injections proposed by Barnett and the FSLIC.

In light of the condition of First Federal, the Board promptly caused notice of the application to be published in the *Federal Register* (53 *Federal Register* 49,228 (1988)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.[4]

Section 4(c)(8) of the BHC Act authorizes a bank holding company to engage in, or acquire and retain a company that engages in, activities determined by the Board to be "so closely related to banking or managing or controlling banks as to be a proper incident thereto." The Board has determined previously that the operation of a thrift institution is closely related to banking, and reaffirms that determination in this Order.[5]

In *D.H. Baldwin & Co.*,[6] however, the Board determined that, as a general matter, the operation of a savings and loan association is not a proper incident to banking because the potential adverse effects of generally allowing affiliations of banks and thrift institutions were not outweighed by the potential public benefits. In individual cases involving failing thrifts, the Board has found that the balance of public benefits was favorable on the basis that the adverse effects of the affiliation would be overcome by the public benefits of preserving the failing thrift institution as a competitive entity in the market and ensuring public confidence.[7] The 1982 Garn–St Germain Act recognized the Board's authority under section 4(c)(8) of the BHC Act to approve such acquisitions by authorizing the Board in these cases to dispense with the usual notice and hearing requirements of section 4(c)(8) under appropriate emergency circumstances.

Based upon the Board's review of the record, the Board has determined that there are substantial benefits to the public in this case that outweigh the generalized adverse effects found by the Board in the *D.H. Baldwin* case. In particular, under the proposal, Barnett Federal will have the financial and managerial resources to continue to provide service to the convenience and needs of the customers and community served by First Federal.

As the Board previously has noted, bank holding companies contemplating expansion proposals are expected to maintain consolidated capital levels significantly above the minimums set forth in the Board's Capital Adequacy Guidelines and without undue reliance on intangibles, particularly goodwill. In that regard, Barnett is an adequately capitalized institution, and, because this transaction will have a *de minimis* effect on its financial condition, it will remain so on a consolidated basis upon consummation of the proposal. Moreover, in accordance with its prior rulings in this area, the Board expects that Barnett will cause Barnett Federal to achieve and maintain levels of capital consistent with those applying to banking

3. Asset data are as of September 30, 1988.

4. The Board received a protest to the proposal alleging an unfairness in the Bank Board's bidding procedure in favor of out-of-state institutions as well as an inability on Barnett's part to acquire First Federal directly under applicable law. As the Board has previously held, the Board's consideration of the effects of a proposal involving a bank holding company acquisition under the prudential standards of section 4(c)(8), which involve an evaluation of the possible adverse effects and anticipated public benefits of the proposal, does not include a review of the FSLIC's selection of the appropriate bidder for the failing thrift. *Citicorp*, 72 FEDERAL RESERVE BULLETIN 724, 728 (1986); *Citicorp*, 68 FEDERAL RESERVE BULLETIN 656, 668 (1982). That decision is committed to the discretion of the FSLIC. With regard to protestant's second contention, the Board notes that Barnett could acquire First Federal directly under applicable law. Accordingly, and in light of the facts of record in this case, the Board concludes that protestant's comments do not warrant denial of this application.

5. *See, e.g., Citicorp*, 72 FEDERAL RESERVE BULLETIN 724 (1986); *First Pacific Investments Limited*, 72 FEDERAL RESERVE BULLETIN 342 (1986); *F.N.B. Corporation*, 71 FEDERAL RESERVE BULLETIN 340 (1985).

6. *D.H. Baldwin & Co.*, 63 FEDERAL RESERVE BULLETIN 280 (1977). The Board has invited public comment on a proposal to reexamine this position. 52 *Federal Register* 36,041 (1987).

7. *See, e.g., F.N.B. Corporation, supra*; *The Chase Manhattan Corporation*, 71 FEDERAL RESERVE BULLETIN 462 (1985); *Interstate Financial Corp.*, 68 FEDERAL RESERVE BULLETIN 316 (1982).

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organizations generally as soon as possible, and in any case within one year.[8]

First Federal operates in the Columbus Area banking market.[9] Barnett does not control a depository institution in that market. Accordingly, the Board has determined that consummation of this proposal would not have a significant adverse effect on competition. In addition, the Board concludes that consummation of this proposal would not have a significant adverse effect on probable future competition in any relevant market.

To guard against possible adverse effects of affiliation between a banking organization and a savings and loan association, the Board conditions its approval as follows:

1. Barnett will operate Barnett Federal as a federal savings bank having as its primary purpose the provision of residential housing credit. Barnett Federal will limit its activities to those currently permitted to thrift institutions under the Home Owners' Loan Act, but shall not engage in any activity prohibited to bank holding companies and their subsidiaries under section 4(c)(8) of the BHC Act.[10]
2. Barnett Federal will not establish or operate a remote service unit at any location outside of Georgia.
3. Barnett Federal will not establish or operate branches at locations not permissible for national banks located in Georgia.
4. Barnett shall not change Barnett Federal's name to any title that might confuse the public regarding its status as a nonbank thrift institution.[11]
5. Barnett Federal will not convert its charter to that of a national or state commercial bank without the Board's prior approval.

The Board concludes that consummation of the proposal, subject to the conditions set out above, would not result in conflicts of interests, unsound banking practices, decreased or unfair competition, undue concentration of resources, or other adverse effects.

Based upon the foregoing and other facts and circumstances reflected in the record, the Board has determined that the acquisition of Barnett Federal by Barnett would result in substantial and compelling public benefits that are sufficient to outweigh any adverse effects that may reasonably be expected to result from this proposal. Accordingly, the application is approved subject to the conditions described in this Order, and the record of the application.

The Board's decision in this case is subject to the conditions set forth in Regulation Y, including sections 225.4(d) and 225.23(b), and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. This transaction shall not be consummated later than three months after the effective date of this Order, unless that period is extended for good cause by the Board or by the Federal Reserve Bank of Atlanta, pursuant to delegated authority.

By order of the Board of Governors, effective December 27, 1988.

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

WILLIAM W. WILES
Secretary of the Board

Barnett Banks, Inc.
Jacksonville, Florida

Order Approving Acquisition of a Federal Savings Bank

Barnett Banks, Inc., Jacksonville, Florida ("Barnett"), a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) (the "BHC Act"), has applied pursuant to section 4(c)(8) of the BHC Act and section 225.23 of the Board's Regulation Y (12 C.F.R. § 225.23), to acquire all of the voting shares of the successor to First Federal Savings and Loan Association, Summerville, Georgia ("First Federal"), an insolvent thrift institution.[1] Upon consummation of the proposed acquisition, First Federal will operate as a federal savings bank in Georgia.[2]

8. *See First Bancorporation of Ohio*, 74 FEDERAL RESERVE BULLETIN 817 (1988).

9. The Columbus Area banking market is approximated by Chattahoochee and Muskogee Counties in Georgia, Russell County, Alabama, and the city of Smiths in Lee County, Alabama.

10. These limitations also apply to First Federal's wholly owned subsidiary, First Columbus Service Corporation, Columbus, Georgia ("Company"), which is primarily engaged in the sale of real estate owned by the company. Barnett has committed that Company will engage in only those real estate activities permissible under the BHC Act and the Board's Regulation Y. Barnett has also committed that Company will discontinue any impermissible activities within two years after consummation of the proposed transaction.

11. *See Barnett Banks, Inc.*, 75 FEDERAL RESERVE BULLETIN___ (Order dated December 5, 1988).

1. Under Barnett's proposal, the assets and liabilities of First Federal will be transferred to the FSLIC as receiver, and then to a newly-formed federal savings bank.

2. Through its acquisition of First Federal, Barnett will also indirectly acquire First Federal's wholly owned insurance agency

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Barnett, with total consolidated assets of $24.2 billion, is the largest commercial banking organization in Florida.[3] It operates 34 banking subsidiaries and engages in numerous nonbanking activities, including trust company functions, check-guaranty services, discount securities brokerage, and permissible credit related insurance activities.

First Federal, with total assets of $41.4 million, is the fifty-eighth largest savings institution in Georgia. First Federal operates one office in Summerville, Georgia.

By letter dated December 2, 1988, the Federal Home Loan Bank Board ("Bank Board") requested that the Board act immediately upon the application in view of the emergency nature of the situation at First Federal, its deteriorating financial condition, the need to restore public confidence in First Federal, and in order to stabilize the increasing potential cost to the FSLIC.[4]

In light of the condition of First Federal, the Board promptly caused notice of the application to be published in the *Federal Register*[5] and determined that a shortened public comment period was necessary.[6] The time for filing comments has expired and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.[7]

Section 4(c)(8) of the BHC Act authorizes a bank holding company to engage or acquire a company that engages in activities determined by the Board to be "so closely related to banking or managing or controlling banks as to be a proper incident thereto." The Board has determined previously that the operation of a thrift institution is closely related to banking, and reaffirms that determination in this Order.[8]

In *D.H. Baldwin & Co.*,[9] however, the Board determined that, as a general matter, the operation of a savings and loan association is not a proper incident to banking because the potential adverse effects of generally allowing affiliations of banks and thrift institutions were not outweighed by the potential public benefits. In individual cases involving failing thrifts the Board has found that the balance of public benefits was favorable on the basis that the adverse effects of the affiliation would be overcome by the public benefits of preserving the failing thrift institution as a competitive entity in the market and ensuring public confidence.[10] The 1982 Garn–St Germain Act recognized the Board's authority under section 4(c)(8) of the BHC Act to approve such acquisitions by authorizing the Board in these cases to dispense with the usual notice and hearing requirements of section 4(c)(8) under appropriate emergency circumstances.

Based upon the Board's review of the record, the Board has determined that there are substantial benefits to the public in this case that outweigh the generalized adverse effects found by the Board in *D.H. Baldwin*. In particular, Barnett's acquisition of First Federal will provide First Federal with the financial and managerial resources to enable it to continue its operations and its service to the convenience and needs of its community.

As the Board previously has noted, bank holding companies contemplating expansion proposals are expected to maintain consolidated capital levels significantly above the minimums set forth in the Board's Capital Adequacy Guidelines and without undue reliance on intangibles, particularly goodwill. In that regard, Barnett is a strongly capitalized institution, and will remain so on a consolidated basis upon consummation of the proposal. Moreover, in accordance with its prior rulings in this area, the Board expects that Barnett will cause First Federal to achieve and maintain levels of capital consistent with those applying to banking organizations generally.

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subsidiary, Summerville Service, Inc., Summerville, Georgia ("Company"). Barnett has committed that Company will engage in only those insurance activities permissible under the Board's Regulation Y.

3. Asset data are as of June 30, 1988.

4. The Bank Board has indicated that First Federal has incurred significant operating losses over a prolonged period, and has negative capital of $3.68 million, as of June 30, 1988.

5. Notice of the application, providing an opportunity for interested third parties to submit comments, was also published in newspapers of general circulation in Summerville and Atlanta, Georgia, and Jacksonville, Florida.

6. The Board is authorized by statute to waive or shorten the usual notice and comment period under section 4 in the case of failing thrift acquisitions, if the Board, with the concurrence of the primary Federal regulator of the thrift being acquired, determines that an emergency exists which requires the Board to act immediately on the application. 12 U.S.C. § 1843(c)(8); 12 C.F.R. § 225.23(i). The FHLBB has concurred in the Board's finding that an emergency exists requiring immediate action.

7. The Board received one comment on the application, from Farmers & Merchants Bank, Summerville, Georgia ("F&M"). F&M argued that Barnett's acquisition of First Federal would result in decreased competition in the Chattooga Area banking market. As discussed below, the Board has considered the effect on competition of the proposal, and concluded that consummation of the proposal would not have a significant adverse effect on competition in the relevant market. Indeed, the proposal would have a beneficial impact on competition by ensuring the continued operation of First Federal as a viable institution.

8. *See, e.g., Citicorp*, 72 FEDERAL RESERVE BULLETIN 724 (1986); *First Pacific Investments Limited*, 72 FEDERAL RESERVE BULLETIN 342 (1986); *F.N.B. Corporation*, 71 FEDERAL RESERVE BULLETIN 340 (1985); *Old Stone Corporation*, 69 FEDERAL RESERVE BULLETIN 812 (1983); *Interstate Financial Corp.*, 68 FEDERAL RESERVE BULLETIN 316 (1982); *D.H. Baldwin & Co.*, 63 FEDERAL RESERVE BULLETIN 280 (1977).

9. *D.H. Baldwin & Co.*, 63 FEDERAL RESERVE BULLETIN 280 (1977). The Board has invited public comment on a proposal to reexamine this position. 52 *Federal Register* 36,041 (1987).

10. *See, e.g., F.N.B. Corporation, supra; The Chase Manhattan Corporation*, 71 FEDERAL RESERVE BULLETIN 462 (1985); *Interstate Financial Corp., supra.*

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First Federal operates in the Chattooga Area banking market.[11] Barnett does not control a depository institution in that market. Accordingly, the Board has determined that consummation of this proposal would not have a significant adverse effect on competition.

To guard against possible adverse effects of affiliation between a banking organization and a savings bank, the Board conditions its approval as follows:

1. Barnett will operate First Federal as a federal savings bank having as its primary purpose the provision of residential housing credit. First Federal will limit its activities to those currently permitted to thrift institutions under the Home Owners' Loan Act, but shall not engage in any activity prohibited to bank holding companies and their subsidiaries under section 4(c)(8) of the BHC Act.
2. First Federal will not establish or operate a remote service unit at any location outside of Georgia.
3. First Federal will not establish or operate branches at locations not permissible for national or state banks located in Georgia.
4. Barnett shall not change First Federal's name to any title that might confuse the public regarding its status as a nonbank thrift institution.
5. First Federal will not convert its charter to that of a national or state commercial bank without the Board's prior approval.

Barnett has requested that the Board not limit the branching ability of First Federal to that permitted a commercial bank in Georgia. Under Georgia law, banks generally may only branch within their home counties. Ga. Code Ann. §§ 7–1-601 (1988).[12] In this case, the Georgia Department of Banking and Finance has conditioned its approval of Barnett's acquisition on a requirement that First Federal not branch beyond those areas permissible for commercial banks in Georgia.

In enacting the emergency thrift acquisition provisions of the 1982 Garn–St Germain Act, Congress imposed a series of restrictions and limitations on the operation of thrift institutions acquired by bank holding companies with federal assistance, including a limitation that the acquired thrift "may retain and operate any existing branch or branches—but otherwise shall be subject to the conditions upon which a national bank may establish and operate branches in the state in which the thrift is located." 12 U.S.C. § 1730a(m)(5)(A). The Bank Board has chosen not to process this application under the emergency thrift acquisition provisions of the Garn–St Germain Act, but under another provision of the Savings and Loan Holding Company Amendments ("S&LHC Act") (12 U.S.C. § 1729(f)).

While the branching restriction may not be required under the S&LHC Act, the Board believes that it continues to be appropriate under the BHC Act. Commencing in 1982 (prior to the enactment of the Garn–St Germain Act) and continuing to the present, the Board has allowed emergency thrift acquisitions as an exception to its *D.H. Baldwin* doctrine under certain limitations, including the branching restriction noted above. The branching restriction was established in order to minimize the impact of bank holding company thrift acquisitions on the authority of a state to limit the expansion of financial institutions within its borders. The Board was also concerned with the competitive impact bank holding company thrift acquisitions could have on local commercial banking organizations, which, unlike thrift institutions, could be limited in their ability to branch. That concern is heightened where federal assistance has been provided to the bank holding company in order to facilitate its acquisition of the thrift.

The legislative history of the 1982 Garn–St Germain Act evidences a clear Congressional policy of promoting competitive equality between branches of thrifts acquired by banks with federal assistance and branches of commercial banks.[13] Accordingly, Congress established specific policies for handling federally assisted emergency thrift acquisitions by bank holding companies, such as this, that limit the acquired thrift's branching. The Board finds no compelling reason to deviate from those policies in this case.

Barnett also has proposed to rename First Federal "Barnett Bank, a Federal Savings Bank". In that regard, Barnett has applied to acquire and operate First Federal as a thrift and not as a bank. The Board has, however, required in previous thrift acquisitions that any name proposed for an acquired thrift not blur the distinction between banking and nonbanking subsidiaries of bank holding companies.

The Board does not believe that this case presents any facts which would justify departing from past practice, particularly in view of the fact that Barnett

11. The Chattooga Area banking market is approximated by Chattooga and Floyd Counties in Georgia.

12. A federally-chartered thrift institution is not limited in its branching power in Georgia.

13. *See, e.g., Financial Institutions Restructuring and Services Act of 1981: Hearings on S.1686, S.1703, S.1720, and S.1721 Before the Senate Committee on Banking, Housing, and Urban Affairs*, 97th Cong. 1st Sess. 215 (1981): "This [branching restriction] assures the acquiring institution will not gain competitive advantage over a bank or bank holding company, because it has acquired an institution which has greater branching powers" (Remarks of Mr. Bianchi, President, Conference of State Bank Supervisors). *See also id.* at 309, 386–387; and S. Rep. No. 97–536 at 6–7.

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currently controls a bank subsidiary in Georgia named Barnett Bank of Atlanta. Barnett Bank of Atlanta currently operates 15 offices in Cobb and Fulton counties in Georgia. Accordingly, the Board's approval is conditioned on Barnett's not changing the name of First Federal as proposed.

The Board concludes that consummation of the proposal, subject to the conditions set out above, would not result in conflicts of interests, unsound banking practices, decreased or unfair competition, undue concentration of resources, or other adverse effects.

Based upon the foregoing and other facts and circumstances reflected in the record, the Board has determined that the acquisition of First Federal by Barnett would result in substantial and compelling public benefits that are sufficient to outweigh any adverse effects that may reasonably be expected to result from this proposal. Accordingly, the application is approved subject to the conditions described in this Order, and the record of the application.

The Board's decision in this case is subject to the conditions set forth in Regulation Y, including sections 225.4(d) and 225.23(b), and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. This transaction shall not be consummated later than three months after the effective date of this Order, unless that period is extended for good cause by the Board or by the Federal Reserve Bank of Atlanta, pursuant to delegated authority.

By order of the Board of Governors, effective December 5, 1988.

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

JAMES MCAFEE
Associate Secretary of the Board

Concurring Statement of Governor Seger

I concur in the Board's decision to approve this application. I am concerned, however, regarding the requirement that First Federal's future branching be limited to that of a commercial bank in Georgia. I recognize that the Board has consistently imposed the branching limitation in past failing thrift acquisitions, that such limitation is required by the Garn–St Germain Act, and that the state of Georgia has chosen to limit branching by commercial banks in that state. On the other hand, I would note that First Federal is a thrift institution and not a commercial bank, and I am concerned that the branching restriction will, in the future, diminish the attractiveness of failing thrift acquisitions for bank holding companies.

I would also allow Barnett to rename First Federal, "Barnett Bank, a Federal Savings Bank". The FHLBB has expressed the opinion that the name change is consistent with that agency's regulations. Moreover, many thrift institutions that are not owned by bank holding companies have adopted names that contain the word "bank" and that identify the thrift as a federal savings bank. In these circumstances I believe Barnett's proposed name change for First Federal is not likely to confuse the public regarding that institution's status as a thrift, and is consistent with the standards the Board must apply under the Bank Holding Company Act. Accordingly, I would approve the application and permit the name change proposed by Barnett.

December 5, 1988

Citicorp
New York, New York

Order Approving Acquisition of a Federal Savings and Loan Association

Citicorp, New York, New York, a bank holding company within the meaning of the Bank Holding Company Act (the "BHC Act") (12 U.S.C. § 1841 *et seq.*), has applied pursuant to section 4(c)(8) of the BHC Act and section 225.23 of the Board's Regulation Y (12 C.F.R. § 225.23), for Citicorp Mortgage, Inc., St. Louis, Missouri, a wholly owned subsidiary of Citicorp, to acquire all of the voting shares of Glen Ellyn Savings and Loan Association, A Federal Savings and Loan Association, Glen Ellyn, Illinois ("Glen Ellyn").[1] Glen Ellyn is a failed thrift institution in receivership that will be merged into and operated as a branch of Citicorp Savings of Illinois, A Federal Savings and Loan Association, Chicago, Illinois ("Citicorp Savings") upon consummation of the proposed acquisition.

Citicorp, with total consolidated assets of $209.2 billion, is the largest commercial banking organization

1. Glen Ellyn currently operates as a mutual thrift institution and will be converted to a federal stock savings and loan association on a voluntary supervisory basis. Glen Ellyn is qualified for such a conversion under Federal Home Loan Bank Board regulations (12 C.F.R. § 563b.24), because its liabilities exceed its assets under generally accepted accounting principles and, upon consummation of the proposed transaction, Glen Ellyn will become a viable entity under 12 C.F.R. § 563b.26. Glen Ellyn will retain its Federal Savings and Loan Insurance Corporation ("FSLIC") deposit insurance.

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in New York.[2] It presently operates nine banking subsidiaries.

Glen Ellyn, with total assets of $71.3 million, is the 148th largest of 252 savings institutions in Illinois, and operates one office in the state.[3]

By letter dated December 16, 1988, the Federal Home Loan Bank Board ("Bank Board") requested that the Board approve this application to acquire Glen Ellyn under the Bank Board's Expedited Case Processing Program for failing thrift institutions. The Bank Board urged the Board to approve this application in order to restore public confidence in Glen Ellyn, maintain confidence in the savings and loan industry generally, and stabilize the daily increasing potential cost to the FSLIC. The Bank Board based its request on both the deteriorating and volatile condition of Glen Ellyn, as well as on the substantial public benefits of the proposal, including the significant and stabilizing capital injections proposed by Citicorp and the FSLIC.

In light of the condition of Glen Ellyn, the Board promptly caused notice of the application to be published in the *Federal Register* (53 *Federal Register* 44,666 (1988)) and determined that a shortened public comment period was necessary.[4] The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.

Section 4(c)(8) of the BHC Act authorizes a bank holding company to engage in, or acquire a company that engages in, activities determined by the Board to be "so closely related to banking or managing or controlling banks as to be a proper incident thereto." The Board has determined previously that the operation of a thrift institution is closely related to banking, and reaffirms that determination in this Order.[5]

In *D.H. Baldwin & Co.*,[6] however, the Board determined that, as a general matter, the operation of a savings and loan association is not a proper incident to banking because the potential adverse effects of generally allowing affiliations of banks and thrift institutions were not outweighed by the potential public benefits. In individual cases involving failing thrifts, the Board has found that the balance of public benefits was favorable on the basis that the adverse effects of the affiliation would be overcome by the public benefits of preserving the failing thrift institution as a competitive entity in the market and ensuring public confidence.[7] The 1982 Garn–St Germain Act recognized the Board's authority under section 4(c)(8) of the BHC Act to approve such acquisitions by authorizing the Board in these cases to dispense with the usual notice and hearing requirements of section 4(c)(8) under appropriate emergency circumstances.

Based upon the Board's review of the record, the Board has determined that there are substantial benefits to the public in this case that outweigh the generalized adverse effects found by the Board in *D.H. Baldwin*. In particular, Citicorp's acquisition of Glen Ellyn will provide Glen Ellyn with the financial and managerial resources to enable it to continue its operations and its service to the convenience and needs of its community.

As the Board previously has noted, bank holding companies contemplating expansion proposals are expected to maintain consolidated capital levels significantly above the minimums set forth in the Board's Capital Adequacy Guidelines and without undue reliance on intangibles, particularly goodwill. In that regard, Citicorp is an adequately capitalized institution, and, because this transaction will not result in a diminution of its capital, it will remain so on a consolidated basis upon consummation of the proposal. Moreover, in accordance with its prior rulings in this area, the Board expects that Citicorp will cause Glen Ellyn to achieve and maintain levels of capital consistent with those applying to banking organizations generally as soon as possible, and in any case within one year.[8]

The proposed acquisition would not substantially lessen or otherwise decrease competition in any relevant market. On the contrary, the acquisition would have the substantial beneficial effect of preserving

2. Asset data are as of September 30, 1988.

3. Asset data are as of June 30, 1988.

4. The Board is authorized by statute and regulation to waive or shorten the usual notice and comment period, as well as the hearing requirements normally accorded section 4 applications, in the case of failing thrift acquisitions. Under these provisions, the Board is required to determine, with the concurrence of the primary Federal regulator of the thrift being acquired, that an emergency exists which requires the Board to act immediately on an application to acquire a failing thrift institution. 12 U.S.C. § 1843(c)(8); 12 C.F.R. § 225.23(i). The Bank Board has concurred that an emergency exists and has requested that the Board act immediately on the application.

5. *See, e.g., Citicorp*, 72 FEDERAL RESERVE BULLETIN 724 (1986); *First Pacific Investments Limited*, 72 FEDERAL RESERVE BULLETIN 342 (1986); *F.N.B. Corporation*, 71 FEDERAL RESERVE BULLETIN 340 (1985); *Old Stone Corporation*, 69 FEDERAL RESERVE BULLETIN 812 (1983); *Interstate Financial Corp.*, 68 FEDERAL RESERVE BULLETIN 316 (1982); *D.H. Baldwin & Co.*, 63 FEDERAL RESERVE BULLETIN 280 (1977).

6. *D.H. Baldwin & Co.*, 63 FEDERAL RESERVE BULLETIN 280 (1977). The Board has invited public comment on a proposal to reexamine this position. 52 *Federal Register* 36,041 (1987).

7. *See, e.g., F.N.B. Corporation, supra; The Chase Manhattan Corporation*, 71 FEDERAL RESERVE BULLETIN 462 (1985); *Interstate Financial Corp., supra.*

8. *See First Bancorporation of Ohio*, 74 FEDERAL RESERVE BULLETIN 817 (1988).

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Glen Ellyn as an effective competitor. In that regard, both Citicorp Savings and Glen Ellyn engage in deposit taking and lending activities within the Chicago, Illinois banking market.[9] In view of Glen Ellyn's small market share, the unconcentrated nature of the market and the *de minimis* increase in concentration resulting from this proposal, the deteriorating condition of Glen Ellyn, and the fact that numerous other bank and thrift institutions would remain in the market, the Board concludes that the acquisition would have no substantial adverse effect on existing competition in the Chicago market. In addition, the Board concludes that consummation of this proposal would not have a significant adverse effect on probable future competition in any relevant market.

To guard against possible adverse effects of affiliation between a banking organization and a savings and loan association, the Board conditions its approval as follows:

1. Citicorp will operate Glen Ellyn as a federal savings and loan association having as its primary purpose the provision of residential housing credit. Glen Ellyn will limit its activities to those currently permitted to thrift institutions under the Home Owners' Loan Act, but shall not engage in any activity prohibited to bank holding companies and their subsidiaries under section 4(c)(8) of the BHC Act.[10]
2. Glen Ellyn will not establish or operate a remote service unit at any location outside of Illinois.
3. Glen Ellyn will not establish or operate branches at locations not permissible for national banks located in Illinois.
4. Citicorp shall not change Glen Ellyn's name to any title that might confuse the public regarding its status as a nonbank thrift institution.[11]
5. Glen Ellyn will not convert its charter to that of a national or state commercial bank without the Board's prior approval.

The Board concludes that consummation of the proposal, subject to the conditions set out above, would not result in conflicts of interests, unsound banking practices, decreased or unfair competition, undue concentration of resources, or other adverse effects.

Citicorp's previous acquisition of Citicorp Savings and its application to acquire Glen Ellyn were made pursuant to section 408(m) of the National Housing Act ("section 408(m)").[12] Section 408(m) and the Board's previous approval restrict Citicorp Savings from establishing branches in Illinois at locations not permissible for national or state banks. A recently enacted exception to Illinois bank branching restrictions provides that the main office of a bank acquired by merger with another bank may be operated as a branch of the acquiring bank.[13] Correspondingly, Citicorp proposes to operate Glen Ellyn's only office as a branch of Citicorp Savings after Glen Ellyn is acquired by merger. The Board has requested the views of the Illinois Commissioner of Banks and Trust Companies on the permissibility of the proposal under Illinois law and has received no objections. Accordingly, the Board concludes that approval of this application is consistent with the provisions of section 408(m).

Based upon the foregoing and other facts and circumstances reflected in the record, the Board has determined that the acquisition of Glen Ellyn by Citicorp would result in substantial and compelling public benefits that are sufficient to outweigh any adverse effects that may reasonably be expected to result from this proposal. Accordingly, the application is approved subject to the conditions described in this Order and the record of the application.

The Board's decision in this case is subject to the conditions set forth in Regulation Y, including sections 225.4(d) and 225.23(b), and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. This transaction shall not be consummated later than three months after the effective date of this Order, unless that period is extended for good cause by the Board or by the Federal Reserve Bank of New York, pursuant to delegated authority.

By order of the Board of Governors, effective December 19, 1988.

9. The Chicago, Illinois banking market is approximated by Cook, DuPage and Lake counties in Illinois. Within the Chicago market, Citicorp Savings is the fifth largest depository institution among banks and thrift institutions in the market with total deposits of $3.8 billion, representing approximately 4.0 percent of market deposits in such institutions. Glen Ellyn is the 189th largest depository institution among banks and thrifts in the market, with total deposits of $71.0 million, representing less than one percent of the total deposits in banks and thrifts in the market. Market data are as of June 30, 1987.

10. These limitations also apply to Glen Ellyn's wholly owned subsidiary, Trust Company of Glen Ellyn ("Company"). Citicorp has committed to divest Company's real estate investments within two years from the date of consummation of this proposal, and will not undertake any new projects or investments during this period.

11. *See Barnett Banks, Inc.*, 75 FEDERAL RESERVE BULLETIN ___ (Order dated December 5, 1988).

12. Section 408(m) was enacted by section 123 of the Garn–St Germain Act of 1982, and is codified at 12 U.S.C. § 1730a(m). *Citicorp*, 70 FEDERAL RESERVE BULLETIN 149, 151 (1984).

13. This exception provides that a "continuing bank" may "continue, maintain and operate the main banking premises and facilities of any merging bank." Ill. Ann. Stat. ch. 17, para. 311(15)(g) (Smith-Hurd, West Supp. 1988).

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

JAMES MCAFEE
Associate Secretary of the Board

Michigan National Corporation
Farmington Hills, Michigan

Order Approving Acquisition of a Federal Savings and Loan Association

Michigan National Corporation, Farmington Hills, Michigan ("Michigan National"), a bank holding company within the meaning of the Bank Holding Company Act (the "BHC Act") (12 U.S.C. § 1843(c)(8)), has applied pursuant to section 4(c)(8) of the BHC Act and section 225.23 of the Board's Regulation Y (12 C.F.R. § 225.23), to acquire all of the voting shares of Beverly Hills Savings, A Federal Savings and Loan Association, Beverly Hills, California ("Beverly Hills Savings"), an insolvent thrift institution. Upon consummation of the proposal, Beverly Hills Savings will be operated as a subsidiary of Michigan National.[1]

Michigan National, with assets in Michigan of $8.4 billion, is the third largest commercial banking organization in Michigan. It presently operates four banking subsidiaries.

Beverly Hills Savings, with total assets of $1.4 billion, is the 34th largest savings institution in California, and operates six branches in the state.[2]

By letter dated December 30, 1988, the Federal Home Loan Bank Board ("Bank Board") requested that the Board approve this application to acquire Beverly Hills Savings. The Bank Board urged the Board to approve this application in order to restore public confidence in Beverly Hills Savings, maintain confidence in the savings and loan industry generally, and stabilize the daily increasing potential cost to the FSLIC. The Bank Board based its request on both the deteriorating and volatile condition of Beverly Hills Savings, and on the substantial public benefits of the proposal, including the significant and stabilizing capital injections proposed by Michigan National and the FSLIC.

Section 4(c)(8) of the BHC Act authorizes a bank holding company to engage in, or acquire and retain a company that engages in, activities determined by the Board to be "so closely related to banking or managing or controlling banks as to be a proper incident thereto." The Board has determined previously that the operation of a thrift institution is closely related to banking, and reaffirms that determination in this Order.[3]

In *D.H. Baldwin & Co.*,[4] however, the Board determined that, as a general matter, the operation of a savings and loan association is not a proper incident to banking because the potential adverse effects of generally allowing affiliations of banks and thrift institutions were not outweighed by the potential public benefits. In individual cases involving failing thrifts, the Board has found that the balance of public benefits was favorable on the basis that the adverse effects of the affiliation would be overcome by the public benefits of preserving the failing thrift institution as a competitive entity in the market and ensuring public confidence.[5] The 1982 Garn–St Germain Act recognized the Board's authority under section 4(c)(8) of the BHC Act to approve such acquisitions by authorizing the Board in these cases to dispense with the usual notice and hearing requirements of section 4(c)(8) under appropriate emergency circumstances.

After considering all the facts and circumstances in this case, the Board has concluded that an emergency situation exists at Beverly Hills Savings that requires the Board to act immediately on this application, and the Bank Board has concurred in this finding. Accordingly, the Board has, under the authority provided in section 118 of the Garn–St Germain Act, dispensed with the notice and hearing requirements of section 4(c)(8) with respect to this application.[6]

1. Beverly Hills Savings currently operates as a mutual thrift institution and will be converted to a federal stock savings association on a supervisory basis with assistance from the Federal Savings and Loan Insurance Corporation (the "FSLIC"). Beverly Hills Savings will retain its FSLIC deposit insurance.

2. Asset data are as of June 30, 1988.

3. *See, e.g., Citicorp*, 72 FEDERAL RESERVE BULLETIN 724 (1986); *First Pacific Investments Limited*, 72 FEDERAL RESERVE BULLETIN 342 (1986); *F.N.B. Corporation*, 71 FEDERAL RESERVE BULLETIN 340 (1985); *Old Stone Corporation*, 69 FEDERAL RESERVE BULLETIN 812 (1983); *Interstate Financial Corp.*, 68 FEDERAL RESERVE BULLETIN 316 (1982); *D.H. Baldwin & Co.*, 63 FEDERAL RESERVE BULLETIN 280 (1977).

4. *D.H. Baldwin & Co.*, 63 FEDERAL RESERVE BULLETIN 280 (1977). The Board has invited public comment on a proposal to reexamine this position. 52 *Federal Register* 36,041 (1987).

5. *See, e.g., F.N.B. Corporation, supra; The Chase Manhattan Corporation*, 71 FEDERAL RESERVE BULLETIN 462 (1985); *Interstate Financial Corp., supra.*

6. The Board is authorized by statute and regulation to waive or shorten the usual notice and comment period, as well as the hearing requirements normally accorded section 4 applications, in the case of failing thrift acquisitions. Under these provisions, the Board is required to determine, with the concurrence of the primary Federal regulator of the thrift being acquired, that an emergency exists which requires the Board to act immediately on an application to acquire a failing thrift institution. 12 U.S.C. § 1843(c)(8); 12 C.F.R. § 225.23(i). The Board has waived the notice and hearing requirements of section 4(c)(8) in similar circumstances. *First Pacific Investments Limited, supra; F.N.B. Corporation, supra.*

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Based upon the Board's review of the record, the Board has determined that there are substantial benefits to the public in this case that outweigh the generalized adverse effects found by the Board in *D.H. Baldwin*. In particular, Michigan National's acquisition of Beverly Hills Savings will provide Beverly Hills Savings with the financial and managerial resources to enable it to continue its operations and its service to the convenience and needs of its community.

As the Board previously has noted, bank holding companies contemplating expansion proposals are expected to maintain consolidated capital levels significantly above the minimums set forth in the Board's Capital Adequacy Guidelines and without undue reliance on intangibles, particularly goodwill. In evaluating such a proposal, the Board will consider, among other factors, the effect of the acquisition on the tangible primary capital of the applicant and the acquired institution.

Michigan National's primary capital on a tangible basis is above levels specified in the Board's Capital Adequacy Guidelines. While the proposal would reduce Michigan National's tangible primary capital, its capital position would continue to be well in excess of minimum requirements under the Guidelines, and Michigan National has indicated that it plans to restore its capital position by internal capital generation or otherwise to take into account the expansion effected through this acquisition. Moreover, in accordance with its prior rulings in this area, the Board expects that Michigan National will cause Beverly Hills Savings to achieve and maintain levels of capital consistent with those generally applying to banking organizations as soon as possible, and in any case within one year.[7]

Beverly Hills Savings operates in the consolidated Los Angeles metropolitan banking market.[8] Michigan National does not control a depository institution in that market. Accordingly, the Board has determined that the acquisition would have no substantial adverse effect on existing competition in any market. In addition, the Board concludes that consummation of this proposal would not have a significant adverse effect on probable future competition in any relevant market.

To guard against possible adverse effects of affiliation between a banking organization and a savings and loan association, the Board conditions its approval as follows:

1. Michigan National will operate Beverly Hills Savings as a federal savings and loan association having as its primary purpose the provision of residential housing credit. Beverly Hills Savings will limit its activities to those currently permitted to thrift institutions under the Home Owners' Loan Act, but shall not engage in any activity prohibited to bank holding companies and their subsidiaries under section 4(c)(8) of the BHC Act.[9]
2. Beverly Hills Savings will not establish or operate a remote service unit at any location outside of California.
3. Beverly Hills Savings will not establish or operate branches at locations not permissible for national banks located in California.
4. Beverly Hills Savings will be operated as a separate, independent, profit-oriented corporate entity and shall not be operated in tandem with any other subsidiary of Michigan National. Michigan National and Beverly Hills Savings will limit their operations to effect this condition and will observe the following conditions:
   a. No banking or other subsidiary of Michigan National will link its deposit-taking activities to accounts at Beverly Hills Savings in a sweeping arrangement or similar arrangement.
   b. Neither Michigan National nor any of its subsidiaries will solicit deposits or loans for Beverly Hills Savings, nor shall Beverly Hills Savings solicit deposits or loans for any other subsidiary of Michigan National.
5. Michigan National shall not change Beverly Hills Savings' name to any title that might confuse the public regarding its status as a nonbank thrift institution.[10]
6. Beverly Hills Savings will not convert its charter to that of a national or state commercial bank without the Board's prior approval.
7. To the extent necessary to insure independent operation of Beverly Hills Savings and prevent the improper diversion of funds, there shall be no transactions between Beverly Hills Savings and Michigan National or any of its subsidiaries without the prior approval of the Federal Reserve Bank of Chicago. This limitation encompasses the transfer, purchase, sale or loan of any assets or liabilities, but does not include infusions of capital from Michigan National, the payment of dividends by Beverly Hills Savings, or the sale of residential real estate loans from

7. *See First Bancorporation of Ohio*, 74 FEDERAL RESERVE BULLETIN 817 (1988).
8. The consolidated Los Angeles metropolitan banking market is approximated by the Los Angeles RMA.
9. These limitations also apply to Beverly Hills Savings' service corporation subsidiaries.
10. *See Barnett Banks, Inc.*, 75 FEDERAL RESERVE BULLETIN___ (Order dated December 5, 1988).

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Beverly Hills Savings to any subsidiary of Michigan National.

The Board concludes that consummation of the proposal, subject to the conditions set out above, would not result in conflicts of interests, unsound banking practices, decreased or unfair competition, undue concentration of resources, or other adverse effects.

Based upon the foregoing and other facts and circumstances reflected in the record, the Board has determined that the acquisition of Beverly Hills Savings by Michigan National would result in substantial and compelling public benefits that are sufficient to outweigh any adverse effects that may reasonably be expected to result from this proposal. Accordingly, the application is approved subject to the conditions described in this Order and the record of the application.

The Board's decision in this case is subject to the conditions set forth in Regulation Y, including sections 225.4(d) and 225.23(b), and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. This transaction shall not be consummated later than three months after the effective date of this Order, unless that 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 December 30, 1988.

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

WILLIAM W. WILES
Secretary of the Board

MNC Financial, Inc.
Baltimore, Maryland

Order Approving Acquisition of a Federal Savings Bank

MNC Financial, Inc., Baltimore, Maryland ("MNC"), a bank holding company within the meaning of the Bank Holding Company Act (the "BHC Act") (12 U.S.C. § 1841 *et seq.*), has applied pursuant to section 4(c)(8) of the BHC Act and section 225.23 of the Board's Regulation Y (12 C.F.R. § 225.23), to acquire all of the voting shares of Virginia Federal Savings Bank, Richmond, Virginia ("Savings Bank"), the successor to Virginia Federal Savings and Loan Association, Richmond, Virginia ("Virginia Federal").[1]

MNC, with total consolidated assets of $17.8 billion, is the largest commercial banking organization in Maryland.[2] It presently operates three banking subsidiaries.

Virginia Federal, with total assets of $662 million, is the tenth largest savings institution in Virginia, and operates 16 full-service offices in the state.[3]

By letter dated December 22, 1988, the Federal Home Loan Bank Board ("Bank Board") requested that the Board approve this application to acquire Virginia Federal under the Bank Board's Expedited Case Processing Program for failing thrift institutions. The Bank Board stated that Virginia Federal is insolvent and urged the Board to approve this application in order to restore public confidence in Virginia Federal, maintain confidence in the savings and loan industry generally, and stabilize the daily increasing potential cost to the FSLIC. The Bank Board based its request on both the deteriorating and volatile condition of Virginia Federal, and on the substantial public benefits of the proposal, including the significant and stabilizing capital injections proposed by MNC and the FSLIC.

In light of the condition of Virginia Federal, the Board promptly caused notice of the application to be published in the *Federal Register* (53 *Federal Register* 49,230 (1988)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.

Section 4(c)(8) of the BHC Act authorizes a bank holding company to engage in, or acquire a company that engages in, activities determined by the Board to be "so closely related to banking or managing or controlling banks as to be a proper incident thereto." The Board has determined previously that the operation of a thrift institution is closely related to banking, and reaffirms that determination in this Order.[4]

1. Virginia Federal currently operates as a mutual thrift institution and will be converted to a federal stock savings bank on a supervisory basis. Virginia Federal will then be merged with and into Savings Bank, a *de novo* federal stock savings bank, and will retain its Federal Savings and Loan Insurance Corporation ("FSLIC") deposit insurance.

2. Asset data are as of September 30, 1988.

3. Asset data are as of June 30, 1988.

4. *See, e.g., Citicorp*, 72 FEDERAL RESERVE BULLETIN 724 (1986); *First Pacific Investments Limited*, 72 FEDERAL RESERVE BULLETIN 342 (1986); F.N.B. Corporation, 71 FEDERAL RESERVE BULLETIN 340 (1985); *Old Stone Corporation*, 69 FEDERAL RESERVE BULLETIN 812 (1983); *Interstate Financial Corp.*, 68 FEDERAL RESERVE BULLETIN 316 (1982); *D.H. Baldwin & Co.*, 63 FEDERAL RESERVE BULLETIN 280 (1977).

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In *D.H. Baldwin & Co.*,[5] however, the Board determined that, as a general matter, the operation of a savings and loan association is not a proper incident to banking because the potential adverse effects of generally allowing affiliations of banks and thrift institutions were not outweighed by the potential public benefits. In individual cases involving failing thrifts, the Board has found that the balance of public benefits was favorable on the basis that the adverse effects of the affiliation would be overcome by the public benefits of preserving the failing thrift institution as a competitive entity in the market and ensuring public confidence.[6] The 1982 Garn–St Germain Act recognized the Board's authority under section 4(c)(8) of the BHC Act to approve such acquisitions by authorizing the Board in these cases to dispense with the usual notice and hearing requirements of section 4(c)(8) under appropriate emergency circumstances.

Based upon the Board's review of the record, the Board has determined that there are substantial benefits to the public in this case that outweigh the generalized adverse effects found by the Board in *D.H. Baldwin*. In particular, MNC's acquisition of Savings Bank will provide Savings Bank with the financial and managerial resources to enable it to continue its operations and its service to the convenience and needs of its community.

As the Board previously has noted, bank holding companies contemplating expansion proposals are expected to maintain consolidated capital levels significantly above the minimums set forth in the Board's Capital Adequacy Guidelines and without undue reliance on intangibles, particularly goodwill. In evaluating such a proposal, the Board will consider, among other factors, the effect of the acquisition on the tangible primary capital of the applicant and the acquired institution.

MNC's primary capital on a tangible basis is above levels specified in the Board's Capital Adequacy Guidelines. While the proposal would reduce MNC's tangible primary capital, its capital position would continue to be well in excess of minimum requirements under the Guidelines. Moreover, in accordance with its prior rulings in this area, the Board expects that MNC will cause Savings Bank to achieve and maintain levels of capital consistent with those generally applying to banking organizations as soon as possible, and in any case within one year.[7]

The proposed acquisition would not substantially lessen or otherwise decrease competition in any relevant market. On the contrary, the acquisition would have the substantial beneficial effect of preserving Virginia Federal as an effective competitor. In view of the fact that MNC's bank subsidiaries and Virginia Federal operate in separate banking markets, the Board concludes that the acquisition would have no substantial adverse effect on existing competition in any market. Moreover, while both MNC and Virginia Federal offer mortgage lending in the Richmond banking market, consummation of the proposal would have a *de minimis* effect on existing competition. In addition, the Board concludes that consummation of this proposal would not have a significant adverse effect on probable future competition in any relevant market.

To guard against possible adverse effects of affiliation between a banking organization and a savings institution, the Board conditions its approval as follows:

1. MNC will operate Savings Bank as a federal savings bank having as its primary purpose the provision of residential housing credit. Savings Bank will limit its activities to those currently permitted to thrift institutions under the Home Owners' Loan Act, but shall not engage in any activity prohibited to bank holding companies and their subsidiaries under section 4(c)(8) of the BHC Act.[8]
2. Savings Bank will not establish or operate a remote service unit at any location outside of Virginia.
3. Savings Bank will not establish or operate branches at locations not permissible for national banks located in Virginia.
4. MNC shall not change Savings Bank's name to any title that might confuse the public regarding its status as a nonbank thrift institution.[9]
5. Savings Bank will not convert its charter to that of a national or state commercial bank without the Board's prior approval.[10]

5. *D.H. Baldwin & Co.*, 63 FEDERAL RESERVE BULLETIN 280 (1977). The Board has invited public comment on a proposal to reexamine this position. 52 *Federal Register* 36,041 (1987).

6. *See, e.g., F.N.B. Corporation, supra; The Chase Manhattan Corporation*, 71 FEDERAL RESERVE BULLETIN 462 (1985); *Interstate Financial Corp., supra.*

7. *See First Bancorporation of Ohio*, 74 FEDERAL RESERVE BULLETIN 817 (1988).

8. These limitations also apply to Savings Bank's seven wholly owned subsidiaries. MNC has committed to terminate any impermissible insurance activities of Savings Bank within two years of consummation of this proposal. During this two-year period, MNC will limit the insurance agency activities of Savings Bank and its subsidiaries to the renewal of existing policies and those credit-related insurance agency activities permitted under section 4(c)(8)(A) of the BHC Act.

9. *See Barnett Banks, Inc.*, 75 FEDERAL RESERVE BULLETIN___ (Order dated December 5, 1988).

10. *See Citicorp (Fidelity Federal Savings and Loan Association)*, 68 FEDERAL RESERVE BULLETIN 656 (1982). The Board notes that MNC may acquire a bank in Virginia pursuant to relevant state law

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The Board concludes that consummation of the proposal, subject to the conditions set out above, would not result in conflicts of interests, unsound banking practices, decreased or unfair competition, undue concentration of resources, or other adverse effects.

Based upon the foregoing and other facts and circumstances reflected in the record, the Board has determined that the acquisition of Savings Bank by MNC would result in substantial and compelling public benefits that are sufficient to outweigh any adverse effects that might reasonably be expected to result from this proposal. Accordingly, the application is approved subject to the conditions described in this Order and the record of the application.

The Board's decision in this case is subject to the conditions set forth in Regulation Y, including sections 225.4(d) and 225.23(b), and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. This transaction shall not be consummated later than three months after the effective date of this Order, unless that period is extended for good cause by the Board or by the Federal Reserve Bank of Richmond, pursuant to delegated authority.

By order of the Board of Governors, effective December 22, 1988.

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

JAMES MCAFEE
Associate Secretary of the Board

Southeast Banking Corporation Miami, Florida

Order Approving Acquisition of Federal Savings and Loan Associations

Southeast Banking Corporation, Miami, Florida ("Southeast"), a bank holding company within the meaning of the Bank Holding Company Act (the "BHC Act") (12 U.S.C. § 1841 *et seq.*), has applied pursuant to section 4(c)(8) of the BHC Act and section 225.23 of the Board's Regulation Y (12 C.F.R. § 225.23), to acquire all of the voting shares of First Federal Savings and Loan Association of Jacksonville, Jacksonville, Florida ("First Federal"); and subsequently to acquire South Florida Savings, A Federal Savings and Loan Association, Miami, Florida ("South Florida"), by merger with First Federal.[1]

Southeast, with total consolidated assets of $13.2 billion, is the third largest commercial banking organization in Florida.[2] It presently operates five banking subsidiaries and engages in a number of nonbanking activities.

First Federal, with total assets of $1.2 billion, is the 25th largest savings institution in Florida. It currently operates 18 branches in Florida and controls five service corporation subsidiaries. South Florida, with total assets of $133 million, is the 60th largest savings institution in Florida. It currently operates four branches in Florida and controls three service corporation subsidiaries.[3]

By letter dated December 14, 1988, the Federal Home Loan Bank Board ("Bank Board") requested that the Board approve Southeast's application to acquire First Federal and South Florida. The Bank Board stated that both thrifts are insolvent and have incurred significant operating losses. The Bank Board urged the Board to approve this application in order to restore public confidence in the resulting thrift institu-

and section 3(d) of the BHC Act. Va. Code Ann. § 6.1-399 (1988); 12 U.S.C. § 1842(d). In these situations, the Board has relied on the conditions listed above to address the potential adverse effects rather than the more extensive tandem conditions applicable where the thrift to be acquired is located in a state in which the applicant bank holding company may not acquire a bank. *See Letter from William W. Wiles to Patrick Mulhern, Senior Vice President and General Counsel, Citicorp* (August 10, 1987).

1. First Federal is currently operated as a mutual thrift institution, and will be converted to a federal stock savings and loan association on a voluntary supervisory basis. First Federal is qualified for such a conversion under Federal Home Loan Bank Board regulations (12 C.F.R. § 563b.24), because its liabilities exceed its assets under generally accepted accounting principles and, upon consummation of the proposed transaction, First Federal will become a viable entity under 12 C.F.R. § 563b.26 South Florida will then be merged with and into First Federal in a supervisory merger with Federal Savings & Loan Insurance Corporation (the "FSLIC") assistance, pursuant to an agreement to be entered into by the FSLIC, First Federal and Southeast. First Federal will retain its FSLIC deposit insurance.

2. Asset data are as of June 30, 1988.

3. The service corporation subsidiaries of First Federal engage in real estate investment and development, mortgage banking activities, insurance brokerage and agency activities, and advertising, marketing, promotional and public relation services on behalf of First Federal. The service corporation subsidiaries of South Florida engage in real estate investment and development.

Southeast has committed to terminate any impermissible real estate development activities within two years of consummation of this proposal and will not undertake any new projects or investments during this period. Southeast has also committed that, within two years of consummation of its acquisition of First Federal, Southeast will divest or terminate its general insurance agency activities, unless during such period Southeast receives approval pursuant to an application under section 4(c)(8) of the BHC Act to retain such activities. During this two-year period or unless authorization is granted pursuant to the BHC Act for broader activities, Southeast will limit the insurance agency activities of First Federal and its subsidiaries to the renewal of existing policies and those credit-related insurance agency activities permitted under section 4(c)(8)(A) of the BHC Act.

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tion, maintain confidence in the savings and loan industry generally, and stabilize the daily increasing potential cost to the FSLIC. The Bank Board based its request on both the deteriorating condition of the thrifts and the substantial public benefits of the proposal, including the significant and stabilizing capital injections proposed by Southeast and the FSLIC.

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been duly published (53 *Federal Register* 41,412 (1988)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.

Section 4(c)(8) of the BHC Act authorizes a bank holding company to engage in or acquire a company that engages in activities determined by the Board to be "so closely related to banking or managing or controlling banks as to be a proper incident thereto." The Board has determined previously that the operation of a thrift institution is closely related to banking, and reaffirms that determination in this Order.[4]

In *D.H. Baldwin & Co.*,[5] however, the Board determined that, as a general matter, the operation of a savings and loan association is not a proper incident to banking because the potential adverse effects of generally allowing affiliations of banks and thrift institutions are not outweighed by the potential public benefits. In individual cases involving failing thrifts, the Board has found that the balance of public benefits was favorable on the basis that the adverse effects of the affiliation would be overcome by the public benefits of preserving the failing thrift institution as a competitive entity in the market and ensuring public confidence.[6] The 1982 Garn–St Germain Act recognized the Board's authority under section 4(c)(8) of the BHC Act to approve such acquisitions by authorizing the Board in these cases to dispense with the usual notice and hearing requirements of section 4(c)(8) under appropriate emergency circumstances.

Based upon the Board's review of the record, the Board has determined that there are substantial benefits to the public in this case that outweigh the generalized adverse effects found by the Board in *D.H. Baldwin*. In particular, Southeast's acquisition of First Federal and South Florida will provide them with the financial and managerial resources to enable them as a combined entity to continue to serve the convenience and needs of their communities.

As the Board previously has noted, bank holding companies contemplating expansion proposals are expected to maintain consolidated capital levels significantly above the minimums set forth in the Board's Capital Adequacy Guidelines and without undue reliance on intangibles, particularly goodwill. In evaluating such a proposal, the Board will consider, among other factors, the effect of the acquisition on the tangible primary capital of the applicant and the acquired institution.

Southeast's primary capital on a tangible basis is above levels specified in the Board's Capital Adequacy Guidelines. While the proposal would reduce Southeast's tangible primary capital, its capital position would continue to be well in excess of minimum requirements under the Guidelines, and Southeast has indicated that it plans to restore its capital position by internal capital generation or otherwise to take into account the expansion effected through this acquisition. Moreover, the Board expects that Southeast will cause First Federal to achieve and maintain levels of capital consistent with those applying to banking organizations generally as soon as possible, and in any case within approximately one year.[7]

The proposed acquisitions would not substantially lessen competition in any relevant market. On the contrary, the acquisitions would have the substantial beneficial effect of preserving the resulting merged thrift institution as an effective competitor. In that regard, Southeast and South Florida engage in deposit taking and lending activities within the Miami-Fort Lauderdale banking market.[8] In view of South Florida's small market share and the *de minimis* increase in concentration resulting from this proposal, the deteriorating condition of South Florida, and the fact that 141 other bank and thrift institutions would re-

4. *See, e.g., Citicorp*, 72 FEDERAL RESERVE BULLETIN 724 (1986); *First Pacific Investments Limited*, 72 FEDERAL RESERVE BULLETIN 342 (1986); *F.N.B. Corporation*, 71 FEDERAL RESERVE BULLETIN 340 (1985); *Old Stone Corporation*, 69 FEDERAL RESERVE BULLETIN 812 (1983); *Interstate Financial Corp.*, 68 FEDERAL RESERVE BULLETIN 316 (1982); *D.H. Baldwin & Co.*, 63 FEDERAL RESERVE BULLETIN 280 (1977).

5. *D.H. Baldwin & Co.*, 63 FEDERAL RESERVE BULLETIN 280 (1977). The Board has invited public comment on a proposal to reexamine this position. 52 *Federal Register* 36,041 (1987).

6. *See, e.g., F.N.B. Corporation, supra; The Chase Manhattan Corporation*, 71 FEDERAL RESERVE BULLETIN 462 (1985); *Interstate Financial Corp., supra.*

7. *See First Bancorporation of Ohio*, 74 FEDERAL RESERVE BULLETIN 817 (1988).

8. The Miami-Fort Lauderdale banking market is approximated by Dade and Broward Counties. Within the Miami-Fort Lauderdale banking market, Southeast is the largest depository institution among banks and thrift institutions in the market with total deposits of $4.9 billion, representing approximately 9.4 percent of market deposits in such institutions. South Florida is the 40th largest depository institution among banks and thrifts in the market, with total deposits of $204.3 million, representing approximately 0.4 percent of the total deposits in banks and thrifts in the market. Upon consummation of the proposal, Southeast would control 9.8 percent of the total deposits of banks and thrifts in the market. Market data are as of June 30, 1986.

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main in the market, the Board concludes that the acquisitions would have no substantial adverse effect on existing competition in the Miami-Fort Lauderdale banking market.

In the Jacksonville banking market, Southeast and First Federal engage in deposit taking and lending activities.[9] In view of the small increase in concentration resulting from this proposal, the deteriorating condition of First Federal, and the fact that 23 other bank and thrift institutions would remain in the market, the Board concludes that the acquisitions would have no substantial adverse effect on existing competition in the Jacksonville banking market. In addition, the Board concludes that consummation of this proposal would not have a significant adverse effect on probable future competition in any relevant market.

Regarding the nonbanking activities of First Federal and South Florida, consummation of the proposal would have a *de minimis* effect on existing competition, and there are numerous competitors for these services.

To guard against possible adverse effects of affiliation between a banking organization and a savings and loan institution, the Board conditions its approval as follows:

1. Southeast will operate First Federal as a federal savings and loan association having as its primary purpose the provision of residential housing credit. First Federal will limit its activities to those permitted to thrift institutions under the Home Owners' Loan Act, but shall not engage in any activity prohibited to bank holding companies and their subsidiaries under section 4(c)(8) of the BHC Act.[10]
2. First Federal will not establish or operate a remote service unit at any location outside of Florida.
3. First Federal will not establish or operate branches at locations not permissible for national banks located in Florida.
4. Southeast shall not change First Federal's name to any title that might confuse the public regarding its status as a nonbank thrift institution.[11]
5. First Federal will not convert its charter to that of a national or state commercial bank without the Board's prior approval.

The Board concludes that consummation of the proposal, subject to the conditions set out above, would not result in conflicts of interests, unsound banking practices, unfair competition, undue concentration of resources, or other adverse effects.

Based upon the foregoing and other facts and circumstances reflected in the record, the Board has determined that the acquisition of First Federal and South Florida by Southeast would result in substantial and compelling public benefits that are sufficient to outweigh any adverse effects that may reasonably be expected to result from this proposal. Accordingly, the application is approved subject to the conditions described in this Order, applicable Bank Board approvals, and the record of the application.

The Board's decision in this case is subject to the conditions set forth in Regulation Y, including sections 225.4(d) and 225.23(b), and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. This transaction shall not be consummated later than three months after the effective date of this Order, unless that period is extended for good cause by the Board or by the Federal Reserve Bank of Atlanta, pursuant to delegated authority.

By order of the Board of Governors, effective December 15, 1988.

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

JAMES MCAFEE
Associate Secretary of the Board

The Fuji Bank, Limited Tokyo, Japan

Order Approving Application to Acquire 24.9 Percent of the Shares of a Company Engaged in Certain Securities and Futures Activities

The Fuji Bank, Limited, Tokyo, Japan ("Fuji"), a registered bank holding company, has applied for the Board's approval under section 4(c)(8) of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1843(c)(8)), and section 225.21(a) of the Board's Regulation Y, 12 C.F.R. § 225.21(a), to acquire 24.9

9. The Jacksonville banking market is approximated by Duval County plus Orange Park in Clay County. Within the Jacksonville banking market, Southeast is the 7th largest depository institution among banks and thrift institutions in the market, with total deposits of $235.1 million, representing approximately 2.9 percent of market deposits in such institutions. First Federal is the 4th largest depository institution among banks and thrifts in the market, with total deposits of $909.8 million, representing approximately 11.4 percent of the total deposits in banks and thrifts in the market. Upon consummation of the proposal, Southeast would control 14.3 percent of the total deposits of banks and thrifts in the market. Market data are as of June 30, 1986.

10. These limitations also apply to First Federal's service corporation subsidiaries.

11. *See Barnett Banks, Inc.*, 75 FEDERAL RESERVE BULLETIN ___ (Order dated December 5, 1988).

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percent of the outstanding voting shares of Kleinwort Benson Government Securities, Inc., Chicago, Illinois ("Company"). Fuji will acquire the shares from Kleinwort Benson Group plc, London, United Kingdom ("Kleinwort"), which currently owns 100 percent of Company. Company engages in the following activities that the Board has determined by regulation to be closely related to banking and generally permissible for bank holding companies:

(1) underwriting and dealing in obligations of the United States, general obligations of states and their political subdivisions, and other obligations ("bank-eligible securities"), pursuant to 12 C.F.R. § 225.25(b)(16);[1]

(2) purchasing and selling futures, forward and options contracts for its own account on bank-eligible securities for hedging purposes in accordance with 12 C.F.R. § 225.142;

(3) providing portfolio investment advice and research and furnishing general economic information and advice, general economic statistical forecasting services and industry studies pursuant to 12 C.F.R. §§ 225.25(b)(4)(iii) and (iv) in connection with and as an incident to the proposed bank-eligible securities activities; and

(4) acting as a futures commission merchant ("FCM") for affiliated and nonaffiliated persons in the execution and clearance on major commodity exchanges of futures contracts and options on futures contracts for bullion, foreign exchange, government securities, certificates of deposit, and other money market instruments that a bank may buy or sell in the cash market for its own account; and providing investment advice to institutional customers in conjunction therewith as permitted by 12 C.F.R. §§ 225.25(b)(18) and (19), respectively.[2]

In addition, Fuji has also applied for approval to acquire indirectly through Company one percent of the voting shares of Liberty Brokerage, Inc., New York, New York, an inter-dealer blind broker of government securities.

Notice of the application, affording interested persons an opportunity to submit comments, has been duly published (53 *Federal Register* 26,663 (1988)). The time for filing comments has expired, and the Board has considered the application in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.

Fuji, with total consolidated assets equivalent to approximately $326.4 billion, is the fifth largest banking organization in the world.[3] Fuji owns a bank subsidiary in New York City, and operates branches in New York and Chicago, and agencies in Los Angeles, Houston, San Francisco and Atlanta. Fuji engages in various activities in the United States under sections 4(c)(8) and 4(c)(9) of the BHC Act and the Board's Regulations Y and K (12 C.F.R. Parts 225 and 211, respectively).

In acting on Fuji's proposed acquisition, the Board must consider whether the standards enumerated in section 4(c)(8) of the BHC Act are satisfied. As noted above, the Company's activities have previously been determined by the Board to be closely related to banking within the meaning of section 4(c)(8) of the BHC Act. The Board must also find that the proposed acquisition can reasonably be expected to produce benefits to the public that outweigh the possible adverse effects. 12 U.S.C. § 1843(c)(8).

In prior decisions, the Board has expressed concern about joint ventures, particularly those between bank holding companies and securities firms. The Board has previously stated that such relationships could potentially lead to a matrix of relationships between coventurers that could break down the legally mandated separation of banking and commerce, create the possibility of conflicts of interest and concentration of resources that the BHC Act was designed to prevent, or impair or give the appearance of impairing, the ability of the banking organization to function effectively as an independent and impartial provider of credit.[4] Further, joint ventures must be carefully analyzed for any possible adverse effects on competition and on the financial condition of the banking organization involved in the proposal. The Board has also stated that such concerns are exacerbated where, as here, the joint venture involves a relationship between a bank holding company and a securities firm that is more than a passive investor, because such an arrangement creates the potential for the mingling of permissible and impermissible securities activities.[5]

To address the possible adverse effects of Fuji's association with Company, Fuji has made a series of commitments which are consistent with prior Board

1. Company also engages in the following incidental activities: engaging in repurchase and reverse repurchase transactions and collateralized bank-eligible securities borrowing and lending transactions.

2. Until Company becomes a registered FCM, Fuji proposes that Company continue to receive customer orders to purchase and sell financial contracts and pass them on to registered FCM's for execution, clearing and settlement for a fee. Company would not take a position as principal in such contracts.

3. Asset data are as of March 31, 1988. Banking data are as of December 31, 1987. Ranking is as of December 31, 1986.

4. *See e.g., Independent Bankers Financial Corporation*, 72 FEDERAL RESERVE BULLETIN 664 (1986); and *Amsterdam-Rotterdam Bank, N.V.*, 70 FEDERAL RESERVE BULLETIN 835 (1984).

5. *Id.*

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decisions in this area. These commitments require a separation between the activities of the bank holding company and the impermissible activities of the nonbanking joint venture partner (in this case Kleinwort).

While Fuji's commitments are slightly different than in prior cases, in light of the temporary nature of the joint venture, the Board believes that the commitments adequately separate Company's permissible securities activities from the impermissible activities of Kleinwort's other subsidiaries. In this case, Fuji states that the parties do not intend to enter into the transaction for the purpose of being in business together. Rather, the parties expect that either Fuji or Kleinwort will divest its interest in Company by year-end 1989, or shortly thereafter.

Accordingly, the Board concludes that no adverse effects would be likely to result from the proposal which would warrant denial of the application.

With regard to competitive issues, Fuji and Company do not currently compete with each other in any market either in the United States or abroad. Accordingly, consummation of the proposed transaction would not eliminate any existing competition between Fuji and Company.

In every case involving a nonbanking acquisition by a bank holding company under section 4 of the BHC Act, the Board considers the financial condition and resources of the applicant and its subsidiaries and the effect of the transaction on these resources.[6] In accordance with the principles of national treatment and competitive equity, the Board has stated that it expects a foreign bank to meet the same general standards of financial strength as domestic bank holding companies and to be able to serve as a source of strength to its United States banking operations.[7] In considering applications of foreign banking organizations, the Board has noted that foreign banks operate outside the United States in accordance with different regulatory and supervisory requirements, accounting principles, asset quality standards, and banking practices and traditions, and that these differences have made it difficult to compare the capital positions of domestic and foreign banks. The Board, however, recently adopted a proposal to supplement its consideration of capital adequacy with a risk-based system that has been agreed to by the member countries of the Basle Committee on Banking Regulations and Supervisory Practices and the other domestic federal banking agencies.[8] The Japanese Ministry of Finance in April of this year acted to implement for Japanese banking organizations the risk-based capital framework developed by the Basle Committee. The Board considers the Basle Committee proposal an important step toward a more consistent and equitable international standard for assessing capital adequacy.

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

The Board has also considered several additional factors that mitigate its concern in this case. The Board notes that the application involves nonbanking activities that require a small commitment of capital and that Fuji's bank in the United States is among the more strongly capitalized banking organizations in the United States. The Board notes further that Fuji is in compliance with the capital and other financial requirements of Japanese banking organizations. In this regard, the Board has considered as favorable factors that, in anticipation of implementation of the Basle Committee risk-based capital framework, Fuji has, through the issuance of common stock and retention of earnings increased its equity capital by almost $1.2 billion in its latest fiscal year and that Fuji's capital improvement program is consistent with meeting the standards in the Basle Committee capital framework for 1990 and 1992.

Based on these and other facts of record, the Board concludes that financial considerations are consistent with approval of the application.

Consummation of Fuji's proposal would provide increased convenience to Company's customers and gains in efficiency. In addition, the Board expects that the *de novo* entry of Fuji into the market for these services would increase the level of competition among providers of these services. Accordingly, the Board has determined that the performance of the

6. 12 C.F.R. § 225.24; *Bayerische Vereinsbank AG*, 73 FEDERAL RESERVE BULLETIN 155, 156 (1987).

7. *Toyo Trust and Banking Co., Ltd.*, 74 FEDERAL RESERVE BULLETIN 623 (1988); *Taiyo Kobe Bank, Ltd.*, 74 FEDERAL RESERVE BULLETIN 621 (1988); *The Long-Term Credit Bank of Japan, Limited*, 74 FEDERAL RESERVE BULLETIN 573 (1988); *The Sanwa Bank, Limited*, 74 FEDERAL RESERVE BULLETIN 578 (1988); *Sumitomo Trust & Banking Co., Ltd.*, 73 FEDERAL RESERVE BULLETIN 749 (1987); *Ljubljanska Banka-Associated Bank*, 72 FEDERAL RESERVE BULLETIN 489 (1986); *The Mitsubishi Trust and Banking Corporation*, 72 FEDERAL RESERVE BULLETIN 256 (1986); *The Industrial Bank of Japan, Ltd.*, 72 FEDERAL RESERVE BULLETIN 71 (1986); and *The Mitsubishi Bank, Limited*, 70 FEDERAL RESERVE BULLETIN 518 (1984). *See also*, Policy Statement on Supervision and Regulation of Foreign-Based Bank Holding Companies, Federal Reserve Regulatory Service ¶ 4–835 (1979).

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

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proposed activities by Company can reasonably be expected to produce benefits to the public.

The Board believes that the proposal is not likely to result in decreased or unfair competition, conflicts of interests, unsound banking practices, concentration of resources, or other adverse effects. Based on the foregoing and other facts of record, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the BHC Act is favorable. Accordingly, the Board has determined that the application should be, and hereby is, approved. This determination is further subject to all of the conditions set forth in the Board's Regulation Y, including those in sections 225.4(d) and 225.23(b), and to the Board's authority to require modification or termination of the activities of the holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

The Primary Dealers Act of 1988, enacted as part of the Omnibus Trade and Competitiveness Act of 1988, prohibits ownership or control of a primary dealer by a foreign person from a country that does not accord U.S. financial institutions the same competitive opportunities as it affords to domestic companies with respect to the underwriting and distribution of government debt instruments. In this case, Fuji proposes

(i) to acquire 24.9 percent of the voting shares of Company;

(ii) to hold subordinated debt of Company;

(iii) to provide capital support to Company if necessary;

(iv) to acquire an option to purchase up to 80 percent of Company; and

(v) to have representation on the board of directors and the executive committee of Company.

In the light of these facts, under a reasonable construction of the term control the Board is likely to find that Fuji controls Company. It is not necessary, however, to make a control determination at this time as the Primary Dealers Act does not become effective until August 23, 1989, and then only if it were to be determined that the home country of Fuji does not accord U.S. institutions the same competitive opportunities as it affords to domestic companies in its government debt market.

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

By order of the Board of Governors, effective December 19, 1988.

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

JAMES MCAFEE
Associate Secretary of the Board

Dissenting Statement of Governor Seger

I dissent from the Board's action in this case. I believe that foreign banking organizations whose primary capital, based on U.S. accounting principles, is below the Board's minimum capital guidelines for U.S. banking organizations have an unfair competitive advantage in the United States over domestic banking organizations. In my view, such foreign organizations should be judged against the same financial and managerial standards, including the Board's capital adequacy guidelines, as are applied to domestic banking organizations. The majority concludes that Applicant's primary capital meets United States standards. To do so, however, the majority makes adjustments that are not available for U.S. banks under guidelines that have not yet become effective for U.S. or foreign banking organizations.

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

December 19, 1988

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

Chemical Banking Corporation
New York, New York

Order Approving Acquisition of a Bank Holding Company, Banks, and Nonbanking Subsidiaries

Chemical Banking Corporation, New York, New York, a bank holding company within the meaning of the Bank Holding Company Act (the "Act") (12 U.S.C. § 1841 *et seq.*), has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire Horizon Bancorp, Morristown, New Jersey ("Horizon"), and thereby indi-

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rectly to acquire Horizon's four subsidiary banks.[1] Applicant has also applied under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) to indirectly acquire Horizon's two nonbanking subsidiaries: Horizon Brokerage Services, Inc., Morristown, New Jersey, engaged in discount brokerage activities; and Horizon Trust Company of Florida, N.A., Boca Raton, Florida, engaged in providing corporate trust operations and services.

Notice of the applications, affording an opportunity for interested persons to submit comments, has been duly published (53 *Federal Register* 43,037 (1988)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in sections 3(c) and 4(c)(8) of the Act (12 U.S.C. §§ 1842(c) and 1843(c)(8)).

Applicant, with $40.9 billion in domestic deposits, is the fourth largest banking organization in the United States. Applicant ranks third in the state of New York, with deposits representing 10.7 percent of the total deposits in commercial banks in the state. Applicant also ranks third in the state of Texas, controlling 9.4 percent of the total deposits in commercial banks in the state. Horizon is the fifth largest commercial banking organization in New Jersey, with total deposits of $3.6 billion, representing 5.4 percent of the total deposits in commercial banks in New Jersey.[2]

The Board has previously determined that the acquisition of a New Jersey bank holding company by a New York bank holding company is specifically authorized by the statute laws of New Jersey, subject to the determination by the New Jersey Commissioner of Banking that the specific proposal is consistent with the New Jersey banking statute.[3] Based on the foregoing, the Board has determined that the proposed acquisition is specifically authorized by the statute laws of New Jersey and that Board approval of the proposal is not barred by the Douglas Amendment to the BHC Act (12 U.S.C. § 1842(d)), subject to the New Jersey Commissioner's specific determination that the proposal is consistent with the New Jersey interstate banking statute.[4]

Applicant competes with Horizon in the Metropolitan New York - New Jersey banking market.[5] Applicant is the fourth largest of 155 commercial banking organizations in the market, with deposits of $23.3 billion, controlling 9.7 percent of total deposits in commercial banks in the market.[6] Horizon is the 25th largest commercial banking organization in the market, with deposits of $1.6 billion, controlling 0.7 percent of total deposits in commercial banks in the market. The Metropolitan New York - New Jersey market is considered unconcentrated, with a Herfindahl–Hirschman Index ("HHI") of 686, which would increase by 13 points to 699 upon consummation of the proposal. On the basis of the foregoing, the Board concludes that consummation of the proposal would not have a substantial adverse competitive effect in the Metropolitan New York - New Jersey banking market. The Board also concludes that consummation of the proposal would not have a significant adverse effect on probable future competition in any relevant banking market.

Section 3(c) of the Act requires in every case that the Board consider the financial resources of the applicant and the bank or bank holding company to be acquired. The Board has stated and continues to believe that capital adequacy is an especially important factor in the analysis of bank holding company expansion proposals. The Board expects banking organizations contemplating expansion proposals to maintain strong capital levels substantially above the minimum levels specified in the Board's Capital Adequacy Guidelines without significant reliance on intangibles, particularly goodwill.[7]

The Board carefully analyzes the effect of expansion proposals on the preservation or achievement of strong capital levels and has adopted a policy that there should be no significant diminution of financial strength below these levels for the purpose of effecting major expansion proposals.[8] To achieve full compli-

1. Applicant will acquire Horizon through a merger of New Jersey Holdings, Inc., a wholly owned subsidiary of Applicant, with and into Horizon.

Horizon's bank subsidiaries, all located in New Jersey, are Horizon Bank, N.A., Morristown; Horizon Trust Company, N.A., Morristown; Marine National Bank, Pleasantville; and Princeton Bank, Princeton.

2. National and state deposit data are as of June 30, 1988.

3. N.J. Stat. Ann. § 17:9A-370 *et seq.* (West 1988); *National Westminster Bank PLC*, 74 FEDERAL RESERVE BULLETIN 142 (1988).

4. Horizon owns Princeton Bank of Pennsylvania, Philadelphia, Pennsylvania ("PBP"). Pennsylvania law, however, does not currently permit New York bank holding companies to acquire banks in Pennsylvania. Accordingly, Horizon has agreed to dissolve PBP prior to consummation. The Pennsylvania Department of Banking has approved the plan of dissolution.

5. The Metropolitan New York - New Jersey market includes New York City; Nassau, Orange, Putnam, Rockland, Suffolk, Sullivan, and Westchester Counties in New York; Bergen, Essex, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, Union, and Warren Counties in New Jersey; and parts of Fairfield County in Connecticut.

6. Market deposit data are as of June 30, 1986.

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

8. Thus, for example, the Board has generally approved proposals involving a decline in capital only where the applicants have promptly restored their capital to pre-acquisition levels following consummation of the proposals and have implemented programs of capital improvement to raise capital significantly above minimum levels. *See, e.g., Citicorp*, 72 FEDERAL RESERVE BULLETIN 724 (1986); *Security*

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ance with this policy, the Board has required, as a condition for approval of expansion proposals, that a substantial majority of the cash outlay for an acquisition be supported by the issuance before consummation of an equal amount of new equity capital, with the remaining portion of the cash outlay supported by the issuance of new equity capital within a short period of time thereafter.[9]

Applicant proposes to acquire Horizon through a cash purchase amounting to approximately $642 million. While the proposal will result in a lessening of the overall capital strength of Applicant, Applicant has taken, and has committed to take in the near term, substantial steps to satisfy the Board's policy against declines in necessary capital strength to support expansion proposals. Applicant already has issued $200 million of perpetual preferred stock and $150 million of mandatory convertible debt. It will issue $150 million of subordinated debt within one year of consummation. In addition, the Board has relied on assurances of Applicant that it plans to further strengthen its equity capital in the near future.

The Board has also considered several additional factors that bear on the financial assessment of this case. Initially, the Board notes that this acquisition is of a company that is in strong condition and that the acquisition, in conjunction with asset reductions Applicant has already made, should result in an overall strengthening of Applicant's asset structure. The Board has also considered that Applicant negotiated the terms of this agreement before the Board had announced its policy regarding diminution in capital strength to support expansion proposals.[10] Moreover, taking into account the substantial steps already taken and proposed to be taken by Applicant to improve its capital position, Applicant will be in compliance with the 1990 transitional risk-based capital requirements established by the Basle Committee on Banking Regulations and Supervisory Practices at consummation of this proposal and appears well positioned to meet the Basle Committee's 1992 minimum ratios in the near future.

Finally, and most significantly, the Board expects Applicant to continue to improve its equity capital base through controlled asset growth, external capital improvement initiatives, and sound dividend policies. In acting on future proposals, the Board will consider Applicant's progress in this regard.

Accordingly, on the basis of the above considerations, the particular facts of this case, and Applicant's continuing steps to strengthen its capital position, the Board concludes that financial factors are consistent with approval of the proposal. Managerial resources, convenience and needs considerations, and future prospects of Applicant and Horizon are also consistent with approval.

Applicant competes with Horizon in the provision of discount brokerage and corporate trust operations and services. In view of the small market share held by Applicant and Horizon in the relevant markets and the unconcentrated nature of the markets, the Board concludes that the proposal would not have any significant adverse effect on existing or probable future competition in any relevant market for these services.

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

Based on the foregoing and other facts of record and in reliance on the commitments made by Applicant, the Board has determined that consummation of the transaction would be in the public interest and that the applications under sections 3 and 4 of the Act should be, and hereby are, approved. The transaction shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of New York, pursuant to delegated authority.

By order of the Board of Governors, effective December 2, 1988.

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

JAMES MCAFEE
Associate Secretary of the Board

Pacific Corporation, 72 FEDERAL RESERVE BULLETIN 800 (1986). *See also Security Banks of Montana*, 71 FEDERAL RESERVE BULLETIN 246 (1985).

9. *The Bank of New York Company, Inc.*, 74 FEDERAL RESERVE BULLETIN 257, 264–265 (1988).

10. Applicant signed the agreement May 1, 1986. The Board's policy was announced May 19, 1986. *See Citicorp*, 72 FEDERAL RESERVE BULLETIN 497 (1986).

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Applications Approved Under Bank Holding Company Act

By the Secretary of the Board

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

Section 4

Applicant	Nonbanking Activity/Company	Effective date
Norwest Corporation, Minneapolis, Minnesota	HBE Leasing Corporation, St. Louis, Missouri	December 12, 1988

By Federal Reserve Banks

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

Section 3

Applicant(s)	Bank(s)	Reserve Bank	Effective date
American Chartered Bancorp, Inc., Schaumburg, Illinois	American Chartered Bank, Schaumburg, Illinois	Chicago	December 16, 1988
American State Corporation, Lawrenceburg, Indiana	American State Bank, Lawrenceburg, Indiana	Chicago	December 1, 1988
ANB Bankcorp, Inc., Bristow, Oklahoma	Citizens Bank, N.A., Sapulpa, Oklahoma	Kansas City	December 1, 1988
Bainum Bancorp, Glenwood, Arkansas	The Bank of Glenwood, Glenwood, Arkansas	St. Louis	December 19, 1988
Barnett Banks, Inc., Jacksonville, Florida	ANB Bankshares, Inc., Brusnwick, Georgia	Atlanta	December 15, 1988
BON, Inc., Moundridge, Kansas	Farmers State Bank and Trust Company, Canton, Kansas	Kansas City	November 28, 1988
Bosshard Financial Group, Inc., La Crosse, Wisconsin	Grand Marsh State Bank, Grand Marsh, Wisconsin Farmers State Bank, Hillsboro, Wisconsin	Chicago	December 2, 1988
Cenvest, Inc., Meriden, Connecticut	First Central Bank, Hartford, Connecticut	Boston	December 9, 1988
Charter 95 Corporation, Hudson, Wisconsin	Merchants State Bank of North Branch, North Branch, Minnesota	Minneapolis	December 9, 1988
Commbanc Shares, Inc., Erlanger, Kentucky	The Community Bank, Erlanger, Kentucky	Cleveland	November 28, 1988

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Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective date
Community Bancorp, Inc., St. Charles, Michigan	Community State Bank of St. Charles, St. Charles, Michigan	Chicago	December 7, 1988
Community Financial Corporation, Harbor Beach, Michigan	The Peoples State Bank of Caro, Michigan, Caro, Michigan	Chicago	December 1, 1988
Dassel Investment Company, Minneapolis, Minnesota	Fidelity State Bank, New Prague, Minnesota	Minneapolis	December 20, 1988
D & D Bancshares, Inc., Garrison, Iowa	Mount Auburn Savings Bank, Mount Auburn, Iowa	Chicago	December 1, 1988
Dumas Bancshares, Inc., Dumas, Arkansas	First State Bank, Gould, Arkansas	St. Louis	December 13, 1988
Evans Bancorp, Inc., Angola, New York	The Evans National Bank of Angola, Angola, New York	New York	December 21, 1988
Exchange Bancorp, Inc., Chicago, Illinois	Rankin State Bank, Rakin, Illinois	Chicago	November 30, 1988
Fairfield County Bancorp, Inc., Stamford, Connecticut	Bank of Stamford, Stamford, Connecticut	New York	December 1, 1988
Farmers State Bancorp, Union City, Ohio	Farmers State Bank, Losantville, Indiana	Cleveland	December 16, 1988
Fifth Third Bancorp, Cincinnati, Ohio	New Palestine Bancorp, New Palestine, Indiana	Cleveland	December 21, 1988
First Busey Corporation, Urbana, Illinois	Community Bank of Mahomet, Mahomet, Illinois	Chicago	December 8, 1988
First City Bank of Dallas, Dallas, Texas	First City Bank-Central Arlington, N.A., Arlington, Texas First City National Bank of Arlington, Arlington, Texas First City National Bank of Colleyville, Colleyville, Texas First City Bank-Forest Hill, Forest Hill, Texas First City National Bank of Fort Worth, Fort Worth, Texas	Dallas	November 29, 1988
First Dakota Financial Corporation, Yankton, South Dakota	First Dakota National Bank, Yankton, South Dakota	Minneapolis	December 9, 1988
First Interstate Corporation of Wisconsin, Kohler, Wisconsin	First Interstate Bank of Northern Indiana, National Association, South Bend, Indiana	Chicago	November 28, 1988
First National Bancorp, Inc., Joliet, Illinois	Southwest Suburban Bank, Bolingbrook, Illinois	Chicago	December 7, 1988

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Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective date
First National Bancshares of Winfield, Inc., Winfield, Kansas	Oxford Bancshares, Inc., Oxford, Kansas	Kansas City	December 2, 1988
First of America Bank Corporation, Kalamazoo, Michigan First of America Bank Corporation-Indiana, Indianapolis, Indiana	Wabash Valley Bancorporation, Inc., Peru, Indiana	Chicago	December 20, 1988
First Paxton Bancorp, Inc., Paxton, Illinois	Cissna Park State Bank, Cissna Park, Illinois	Chicago	December 8, 1988
FIRST SUBURBAN BANCORP CORPORATION, Maywood, Illinois	First State Bank of Alsip, Alsip, Illinois	Chicago	December 1, 1988
First Wisconsin Corporation, Milwaukee, Wisconsin	Metro Bancorp, Incorporated, Phoenix, Arizona	Chicago	December 19, 1988
IBT Bancorp, Inc., Mount Pleasant, Michigan	Isabella Bank and Trust, Mount Pleasant, Michigan	Chicago	December 20, 1988
Jacob Schmidt Company, St. Paul, Minnesota American Bancorporation, Inc., St. Paul, Minnesota	Barnesville Investment Corporation, Barnesville, Minnesota	Minneapolis	December 19, 1988
Klossner Bancorporation, Inc., Klossner, Minnesota	Houston State Holding, Inc., Houston, Minnesota	Minneapolis	December 7, 1988
Lakeland Bancorp, Inc., Newfoundland, New Jersey	Lakeland State Bank, Newfoundland, New Jersey	New York	December 21, 1988
Lawton Partners Holding Company, Central City, Kentucky	First United, Inc., Central City, Kentucky	St. Louis	December 13, 1988
Midwest Guaranty Bancorp, Inc., Birmingham, Michigan	Midwest Guaranty Bank, Troy, Michigan	Chicago	November 30, 1988
Monticello Bankshares, Inc., Monticello, Kentucky	Bank of Clinton County, Albany, Kentucky	St. Louis	December 14, 1988
Moody Bank Holding Company, Inc., Reno, Nevada	Bank of Galveston, N.A., Galveston, Texas The Moody National Bank of Galveston, Galveston, Texas	Dallas	November 28, 1988
Mountain-Valley Bancshares, Inc., Parsons, West Virginia	The First National Bank of Parsons, Parsons, West Virginia	Richmond	December 13, 1988
National City Bancshares, Inc., Evansville, Indiana	The Farmers and Merchants Bank, Fort Branch, Indiana	St. Louis	November 23, 1988
NBD Bancorp, Inc., Detroit, Michigan	NBD New Castle Bank, Newark, Delaware	Chicago	December 9, 1988

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Section 3—Continued

Applicant(s)	Bank(s)	Reserve Bank	Effective date
New Mexico Financial Corporation, Belen, New Mexico	Ranchers State Bank, Belen, New Mexico	Kansas City	December 15, 1988
Schneider Bancorporation, Plattsmouth, Nebraska	Plattsmouth State Bank, Plattsmouth, Nebraska	Kansas City	December 1, 1988
Sovran Financial Corporation, Norfolk, Virginia	First Bank of Marion County, South Pittsburg, Tennessee	Richmond	December 19, 1988
Sovran Financial Corporation, Norfolk, Virginia	First National Bank of Collierville, Collierville, Tennessee	Richmond	December 19, 1988
State Bancshares, Inc., Springfield, Missouri	State Bank of Southwest Missouri, Springfield, Missouri	St. Louis	December 16, 1988
Summcorp, Fort Wayne, Indiana	Summit Bank of Indianapolis, Indianapolis, Indiana	Chicago	December 1, 1988
Texas Peoples National Bancshares, Inc., Paris, Texas	Peoples National Bank, Bogata, Texas	Dallas	December 15, 1988
United Security Bancorporation, Chewelah, Washington	Home Security Bank, Sunnyside, Washington	San Francisco	December 14, 1988
Wheeler County Bancshares, Inc., Shamrock, Texas	First Bank & Trust, Shamrock, Texas	Dallas	December 19, 1988
Winter-Park Bancshares, Inc., Exeland, Wisconsin	Owen-Curtiss Financial Corporation, Owen, Wisconsin Gilman Corporation, Gilman, Wisconsin	Minneapolis	December 16, 1988
WNB Bancshares, Inc., Odessa, Texas	WNB Financial Corp., Odessa, Texas Western National Bank, Odessa, Texas	Dallas	November 25, 1988

Section 4

Applicant	Nonbanking Activity/Company	Reserve Bank	Effective date
First Interstate Corporation of Wisconsin, Kohler, Wisconsin	reinsurance of group credit insurance through a joint venture with American Bankers Life Assurance Company of Florida	Chicago	November 28, 1988
First Tennessee National Corporation, Memphis, Tennessee	Check Consultants, Inc., Memphis, Tennessee	St. Louis	December 9, 1988

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Section 4—Continued

Applicant	Nonbanking Activity/Company	Reserve Bank	Effective date
Guaranty Bancshares Corporation, Shamokin, Pennsylvania	Brant Leasing, Inc., Trevose, Pennsylvania	Philadelphia	December 15, 1988
Hampton Park Corporation, Romeoville, Illinois	The Palwaukee Bank, Prospect Heights, Illinois First Bank of Romeoville, Romeoville, Illinois	Chicago	December 9, 1988
Kermit State Bancshares, Inc., Kermit, Texas	Computer Center, Inc., Monahans, Texas	Dallas	November 25, 1988
Lake Crystal Bancorporation, Inc., Lake Crystal, Minnesota	Lake Crystal National Agency, Lake Crystal, Minnesota	Minneapolis	December 16, 1988
Mercantile Bankshares Corporation, Baltimore, Maryland	Benchmark Appraisal Group, Inc., Columbia, Maryland	Richmond	December 5, 1988
Monahans Bancshares, Inc., Monahans, Texas	Computer Center, Inc., Monahans, Texas	Dallas	November 25, 1988
Trustcorp, Inc., Toledo, Ohio	Gotfryd Corp., Constantine, Michigan	Cleveland	December 8, 1988
Wisdom Holding Corporation, Salem, Missouri	Wisdom & Merrell Insurance Agency, Inc., Rolla, Missouri	St. Louis	November 25, 1988

Sections 3 and 4

Applicant	Nonbanking Activity/Company	Reserve Bank	Effective date
Brooke Holdings, Inc., Jewell, Kansas	Citizens State Bank, Jewell, Kansas	Kansas City	December 1, 1988

APPLICATIONS APPROVED UNDER BANK MERGER ACT

By Federal Reserve Banks

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

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Applicant	Bank(s)	Reserve Bank	Effective date
Cole Taylor Bank/Drovers, Chicago, Illinois	Cole Taylor Bank/Main, Wheeling, Illinois Cole Taylor Bank/Skokie, Skokie, Illinois Cole Taylor Bank/Ford City, Chicago, Illinois	Chicago	November 29, 1988
First Community Bank, Inc., Princeton, West Virginia	Valley Bank & Trust Company, Bluefield, West Virginia	Richmond	November 29, 1988

PENDING CASES INVOLVING THE BOARD OF GOVERNORS

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

American Land Title Association v. Board of Governors, No. 88–1872 (D.C. Cir., filed December 16, 1988).

MCorp v. Board of Governors, No. CA3–88–2693-F (N.D. Tex., filed October 28, 1988).

White v. Board of Governors, No. CU-S-88–623-RDF (D. Nev., filed July 29, 1988).

VanDyke v. Board of Governors, No. 88–5280 (8th Cir., filed July 13, 1988).

Whitney v. United States, et al., No. CA3–88–1596-H (N.D. Tex., filed July 7, 1988).

Baugh v. Board of Governors, No. C88–3037 (N.D. Iowa, filed April 8, 1988).

Bonilla v. Board of Governors, No. 88–1464 (7th Cir., filed March 11, 1988).

Cohen v. Board of Governors, No. 88–1061 (D.N.J., filed March 7, 1988).

Stoddard v. Board of Governors, No. 88–1148 (D.C. Cir., filed February 25, 1988).

Independent Insurance Agents of America, Inc. v. Board of Governors, No. 87–1686 (D.C. Cir., filed November 19, 1987).

*National Association of Casualty and Surety Agents, et al., v. Board of Governors,*Nos. 87–1644, 87–1801, 88–1001 88–1206, 88–1245, 88–1270 (D.C. Cir., filed Nov. 4, Dec. 21, 1987, Jan. 4, March 18, March 30, April 7, 1988).

Teichgraeber v. Board of Governors, No. 87–2505–0 (D. Kan., filed Oct. 16, 1987).

Northeast Bancorp v. Board of Governors, No. 87–1365 (D.C. Cir., filed July 31, 1987).

National Association of Casualty & Insurance Agents v. Board of Governors, Nos. 87–1354, 87–1355 (D.C. Cir., filed July 29, 1987).

The Chase Manhattan Corporation v. Board of Governors, No. 87–1333 (D.C. Cir., filed July 20, 1987).

Lewis v. Board of Governors, Nos. 87–3455, 87–3545 (11th Cir., filed June 25, Aug. 3, 1987).

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

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

Item	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)[1]								
	1987	1988			1988				
	Q4	Q1	Q2	Q3	July	Aug.	Sept.[r]	Oct.[r]	Nov.
Reserves of depository institutions[2]									
1 Total	2.5	3.5	5.8	4.3	11.9	−2.9	−1.9	−.8	2.0
2 Required	1.4	2.9	7.2	4.0	9.7	−1.9	−2.3	−2.6	1.1
3 Nonborrowed	2.4	1.5	−6.5	2.5	5.1	1.1	6.4	10.3	−9.4
4 Monetary base[3]	7.8	8.3	7.6	6.6	10.4	2.5	5.5	5.7	3.3
Concepts of money, liquid assets, and debt[4]									
5 M1	3.9	3.8	6.3	5.2	9.0	.3	−.3	1.8	.3
6 M2	3.9	6.8	7.7	3.6	3.7	2.3	1.0	1.2	6.4
7 M3	5.5	7.1	7.7	5.7	7.0	3.8	1.7	4.7	6.3
8 L	5.8	6.9	9.1[r]	7.2[r]	11.5[r]	5.4[r]	1.8	5.9	n.a.
9 Debt	10.0	8.2[r]	8.7[r]	8.6[r]	8.3[r]	9.3[r]	8.8	7.8	n.a.
Nontransaction components									
10 In M2[5]	3.9	7.8	8.2	3.1	1.8	3.1	1.4	1.0	8.6
11 In M3 only[6]	11.9	8.2	7.4	13.7[r]	19.6	9.2	4.1	17.4	5.8
Time and savings deposits									
Commercial banks									
12 Savings[7]	.7	6.3	11.0	8.8	9.6	7.6	−2.5	−2.5	19.0
13 Small-denomination time[8]	14.8	13.7	11.8	10.2	8.8	12.6	20.0	23.4	17.1
14 Large-denomination time[9,10]	10.5	3.4	6.7	21.5	25.5	21.1	18.0	14.6	1.7
Thrift institutions									
15 Savings[7]	−3.8	−2.4	6.6	5.8[r]	7.5[r]	5.4	−2.5	−8.9	−2.5
16 Small-denomination time[8]	16.0	21.3	14.0	4.5	1.3	6.1	10.1	9.0	6.2
17 Large-denomination time[9]	22.2	13.7	9.3	4.5	3.6	−.7	24.3	14.0	2.8
Debt components[4]									
18 Federal	7.6	8.0	8.2[r]	7.2[r]	5.7[r]	10.3[r]	12.3	5.4	n.a.
19 Nonfederal	10.7	8.2[r]	8.9[r]	9.1[r]	9.1[r]	9.0[r]	7.7	8.6	n.a.
20 Total loans and securities at commercial banks[11]	5.2	5.3	11.0[r]	7.3	6.3	7.2	−.7	7.1	6.0

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

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

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

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

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

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

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

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

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

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

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

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

7. Excludes MMDAs.

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

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

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

11. Changes calculated from figures shown in table 1.23.

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1.11 RESERVES OF DEPOSITORY INSTITUTIONS AND RESERVE BANK CREDIT

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for week ending						
	1988			1988						
	Sept.	Oct.	Nov.	Oct. 19	Oct. 26	Nov. 2	Nov. 9	Nov. 16	Nov. 23	Nov. 30
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit**	**256,979**	**255,178**	**258,858**	**255,563**	**254,497**	**255,673**	**259,022**	**259,508**	**258,005**	**259,428**
2 U.S. government securities[1]	226,629	225,724	229,131	225,964	225,397	225,868	228,318	228,920	229,119	231,005
3 Bought outright	224,058	225,210	228,390	225,964	225,094	224,865	227,958	228,482	229,119	229,259
4 Held under repurchase agreements	2,571	514	741	0	303	1,003	360	438	0	1,746
5 Federal agency obligations	8,525	7,482	7,332	7,186	7,198	7,460	7,221	7,229	7,102	7,730
6 Bought outright	7,191	7,160	7,106	7,186	7,116	7,116	7,116	7,102	7,102	7,102
7 Held under repurchase agreements	1,334	322	226	0	82	344	105	127	0	628
8 Acceptances	0	0	0	0	0	0	0	0	0	0
9 Loans	2,722	2,337	2,883	2,283	2,359	2,346	2,966	3,500	2,757	2,367
10 Float	1,154	1,219	1,186	1,721	828	1,094	1,082	1,169	1,401	495
11 Other Federal Reserve assets	17,951	18,416	18,327	18,409	18,715	18,904	19,435	18,690	17,626	17,831
12 Gold stock[2]	11,062	11,064	11,061	11,063	11,064	11,063	11,062	11,061	11,060	11,060
13 Special drawing rights certificate account	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018
14 Treasury currency outstanding	18,606	18,667	18,718	18,667	18,681	18,694	18,704	18,714	18,724	18,734
ABSORBING RESERVE FUNDS										
15 Currency in circulation	236,382	237,156	240,343	237,898	236,965	237,185	238,635	240,626	240,657	242,179
16 Treasury cash holdings[2]	392	398	401	401	396	395	401	404	401	399
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	7,684	5,954	5,268	5,470	5,623	6,197	5,509	5,209	5,288	5,137
18 Foreign	236	240	246	236	238	234	216	233	289	262
19 Service-related balances and adjustments	1,848	1,848	1,746	1,982	1,915	2,109	1,929	1,887	1,897	1,932
20 Other	404	352	380	314	389	402	333	305	328	552
21 Other Federal Reserve liabilities and capital	7,632	7,617	7,955	7,567	7,524	7,946	8,225	7,751	7,717	8,042
22 Reserve balances with Federal Reserve Banks[3]	37,087	36,361	37,316	36,443	36,210	35,981	38,558	37,886	36,231	35,738
	End-of-month figures			Wednesday figures						
	1988			1988						
	Sept.	Oct.	Nov.	Oct. 19	Oct. 26	Nov. 2	Nov. 9	Nov. 16	Nov. 23	Nov. 30
SUPPLYING RESERVE FUNDS										
23 **Reserve Bank credit**	**261,855**	**257,722**	**261,971**	**257,243**	**253,025**	**256,369**	**259,289**	**259,803**	**255,616**	**261,971**
24 U.S. government securities[1]	229,181	225,638	232,702	226,242	224,263	225,785	227,837	229,178	228,077	232,702
25 Bought outright	223,573	223,041	228,701	226,242	224,263	224,553	227,837	229,178	228,077	228,701
26 Held under repurchase agreements	5,608	2,597	4,001	0	0	1,232	0	0	0	4,001
27 Federal agency obligations	11,073	8,767	8,384	7,186	7,116	7,544	7,116	7,102	7,102	8,384
28 Bought outright	7,191	7,116	7,102	7,186	7,116	7,116	7,116	7,102	7,102	7,102
29 Held under repurchase agreements	3,882	1,651	1,282	0	0	428	0	0	0	1,282
30 Acceptances	0	0	0	0	0	0	0	0	0	0
31 Loans	2,154	2,275	2,328	3,546	1,980	2,611	3,079	3,406	1,570	2,328
32 Float	1,199	1,690	389	1,855	1,005	1,095	1,968	3,057	920	389
33 Other Federal Reserve assets	18,248	19,352	18,168	18,414	18,661	19,334	19,289	17,060	17,947	18,168
34 Gold stock[2]	11,062	11,062	11,059	11,063	11,063	11,062	11,062	11,060	11,061	11,059
35 Special drawing rights certificate account	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018
36 Treasury currency outstanding	18,637	18,693	18,743	18,679	18,693	18,703	18,713	18,723	18,733	18,743
ABSORBING RESERVE FUNDS										
37 Currency in circulation	235,527	237,094	242,472	237,648	236,948	237,930	239,924	240,480	241,883	242,472
38 Treasury cash holdings[2]	389	397	402	396	394	397	404	401	399	402
Deposits, other than reserve balances, with Federal Reserve Banks										
39 Treasury	13,023	6,151	5,198	5,532	5,690	4,467	6,792	5,384	4,631	5,198
40 Foreign	338	301	251	239	226	223	186	182	287	251
41 Service-related balances and adjustments	1,605	1,662	1,613	1,629	1,662	1,662	1,649	1,648	1,613	1,613
42 Other	358	348	398	337	600	351	279	354	259	398
43 Other Federal Reserve liabilities and capital	7,899	8,463	8,058	7,330	7,319	8,076	7,531	7,467	7,542	8,058
44 Reserve balances with Federal Reserve Banks[3]	37,433	38,079	38,399	38,892	34,959	38,046	37,317	38,688	33,813	38,399

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

2. Revised for periods between October 1986 and April 1987. At times during this interval, outstanding gold certificates were inadvertently in excess of the gold stock. Revised data not included in this table are available from the Division of Research and Statistics, Banking Section.

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

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

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1.12 RESERVES AND BORROWINGS Depository Institutions[1]

Millions of dollars

Reserve classification	Monthly averages[9]									
	1985	1986	1987	1988						
	Dec.	Dec.	Dec.	May	June	July	Aug.	Sept.	Oct.	Nov.
1 Reserve balances with Reserve Banks[2]	27,620	37,360	37,673	36,509	37,907	37,992	36,911	37,213	36,421	36,997
2 Total vault cash[3]	22,953	24,079	26,155	25,873	25,717	26,479	26,895	26,726	27,196	26,746
3 Vault[4]	20,522	22,199	24,449	24,172	24,084	24,763	25,054	24,940	25,494	25,410
4 Surplus[5]	2,431	1,879	1,706	1,700	1,632	1,715	1,841	1,786	1,702	1,335
5 Total reserves[6]	48,142	59,560	62,123	60,681	61,991	62,756	61,965	62,153	61,915	62,407
6 Required reserves	47,085	58,191	61,094	59,641	61,103	61,749	61,012	61,181	60,853	61,287
7 Excess reserve balances at Reserve Banks[7]	1,058	1,369	1,029	1,040	888	1,007	953	972	1,062	1,119
8 Total borrowings at Reserve Banks	1,318	827	777	2,578	3,083	3,440	3,241	2,839	2,299	2,861
9 Seasonal borrowings at Reserve Banks	56	38	93	246	311	376	423	421	332	186
10 Extended credit at Reserve Banks[8]	499	303	483	2,107	2,554	2,538	2,653	2,059	1,781	2,322
	Biweekly averages of daily figures for weeks ending									
	1988									
	July 27	Aug. 10	Aug. 24	Sept. 7	Sept. 21	Oct. 5	Oct. 19	Nov. 2[r]	Nov. 16	Nov. 30
11 Reserve balances with Reserve Banks[2]	37,399	37,343	36,422	37,273	37,625	36,527	36,678	36,078	38,143	35,981
12 Total vault cash[3]	26,647	26,571	27,400	26,351	26,787	26,924	27,612	26,825	26,221	27,259
13 Vault[4]	24,889	24,762	25,513	24,555	25,054	25,063	25,806	25,309	25,022	25,814
14 Surplus[5]	1,758	1,810	1,887	1,797	1,733	1,861	1,806	1,516	1,200	1,446
15 Total reserves[6]	62,288	62,104	61,935	61,827	62,679	61,590	62,484	61,387	63,165	61,795
16 Required reserves	61,085	61,309	60,954	60,705	61,896	60,442	61,509	60,260	61,562	61,160
17 Excess reserve balances at Reserve Banks[7]	1,203	796	981	1,123	783	1,148	975	1,128	1,603	635
18 Total borrowings at Reserve Banks	3,268	3,339	3,245	3,093	2,971	2,438	2,204	2,353	3,233	2,562
19 Seasonal borrowings at Reserve Banks	390	407	431	432	408	433	337	285	180	178
20 Extended credit at Reserve Banks[8]	2,663	2,748	2,671	2,482	2,075	1,704	1,681	1,931	2,838	1,863

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

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

3. Dates refer to the maintenance periods in which the vault cash can be used to satisfy reserve requirements. Under contemporaneous reserve requirements, maintenance periods end 30 days after the lagged computation periods in which the balances are held.

4. Equal to all vault cash held during the lagged computation period by institutions having required reserve balances at Federal Reserve Banks plus the amount of vault cash equal to required reserves during the maintenance period at institutions having no required reserve balances.

5. Total vault cash at institutions having no required reserve balances less the amount of vault cash equal to their required reserves during the maintenance period.

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

7. Reserve balances with Federal Reserve Banks plus vault cash used to satisfy reserve requirements less required reserves.

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

9. Data are prorated monthly averages of biweekly averages.

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

Averages of daily figures, in millions of dollars

Maturity and source	1988 week ending Monday								
	Mar. 7	Mar. 14	Mar. 21	Mar. 28	Apr. 4	Apr. 11	Apr. 18	Apr. 25	May 2
Federal funds purchased, repurchase agreements, and other selected borrowing in immediately available funds									
From commercial banks in the United States									
1 For one day or under continuing contract	74,546	74,875	70,844	66,924	75,487	75,392	72,737	67,632	64,874
2 For all other maturities	10,486	10,990	11,063	10,781	10,964	10,407	10,492	10,738	10,683
From other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies									
3 For one day or under continuing contract	38,939	40,780	38,287	36,308	35,383	39,168	36,509	31,334	28,596
4 For all other maturities	7,002	7,567	5,974	6,270	7,084	7,176	7,543	8,080	9,081
Repurchase agreements on U.S. government and federal agency securities in immediately available funds									
Brokers and nonbank dealers in securities									
5 For one day or under continuing contract	12,705	12,181	12,768	13,570	13,685	13,367	13,659	13,648	13,705
6 For all other maturities	13,797	14,617	14,374	13,645	15,050	14,082	14,777	16,544	17,892
All other customers									
7 For one day or under continuing contract	24,513	24,704	24,364	25,634	24,025	25,567	25,461	24,743	25,708
8 For all other maturities	9,613	10,403	12,275	10,562	11,956	9,572	10,279	9,705	9,324
MEMO: Federal funds loans and resale agreements in immediately available funds in maturities of one day or under continuing contract									
9 To commercial banks in the United States	35,273	35,864	35,301	31,377	36,189	33,848	34,565	34,092	34,774
10 To all other specified customers[2]	13,953	14,047	13,503	14,184	12,487	13,170	13,321	13,252	14,708

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

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

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1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per year

Current and previous levels

Federal Reserve Bank	Adjustment credit and Seasonal credit[1]			Extended credit[2]						
				First 30 days of borrowing			After 30 days of borrowing[3]			
	On 12/30/88	Effective date	Previous rate	On 12/30/88	Effective date	Previous rate	On 12/30/88	Effective date	Previous rate	Effective date
Boston	6½	8/9/88	6	6½	8/9/88	6	9.55	12/29/88	9.40	12/15/88
New York	↑	8/9/88	↑	↑	8/9/88	↑	↑	12/29/88	↑	12/15/88
Philadelphia	↑	8/9/88	↑	↑	8/9/88	↑	↑	12/29/88	↑	12/15/88
Cleveland	↑	8/9/88	↑	↑	8/9/88	↑	↑	12/29/88	↑	12/15/88
Richmond	↑	8/9/88	↑	↑	8/9/88	↑	↑	12/29/88	↑	12/15/88
Atlanta	↑	8/9/88	↑	↑	8/9/88	↑	↑	12/29/88	↑	12/15/88
Chicago	↑	8/10/88	↑	↑	8/10/88	↑	↑	12/29/88	↑	12/15/88
St. Louis	↑	8/9/88	↑	↑	8/9/88	↑	↑	12/29/88	↑	12/15/88
Minneapolis	↑	8/9/88	↑	↑	8/9/88	↑	↑	12/29/88	↑	12/15/88
Kansas City	↑	8/9/88	↑	↑	8/9/88	↑	↑	12/29/88	↑	12/15/88
Dallas	↑	8/11/88	↑	↑	8/11/88	↑	↑	12/29/88	↑	12/15/88
San Francisco	6½	8/9/88	6	6½	8/9/88	6	9.55	12/29/88	9.40	12/15/88

Range of rates for adjustment credit in recent years[4]

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

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

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

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

3. For extended-credit loans outstanding more than 30 days, a flexible rate somewhat above rates on market sources of funds ordinarily will be charged, but in no case will the rate charged be less than the basic discount rate plus 50 basis points. The flexible rate is reestablished on the first business day of each two-week reserve maintenance period. At the discretion of the Federal Reserve Bank, the time period for which the basic discount rate is applied may be shortened.

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

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

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1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

Percent of deposits

Type of deposit, and deposit interval[2]	Depository institution requirements after implementation of the Monetary Control Act	
	Percent of deposits	Effective date
Net transaction accounts[3,4]		
$0 million–$41.5 million	3	12/20/88
More than $41.5 million	12	12/20/88
Nonpersonal time deposits[5]		
By original maturity		
Less than 1½ years	3	10/6/83
1½ years or more	0	10/6/83
Eurocurrency liabilities		
All types	3	11/13/80

1. Reserve requirements in effect on Dec. 31, 1988. Required reserves must be held in the form of deposits with Federal Reserve Banks or vault cash. Nonmembers may maintain reserve balances with a Federal Reserve Bank indirectly on a pass-through basis with certain approved institutions. For previous reserve requirements, see earlier editions of the *Annual Report* and of the FEDERAL RESERVE BULLETIN. Under provisions of the Monetary Control Act, depository institutions include commercial banks, mutual savings banks, savings and loan associations, credit unions, agencies and branches of foreign banks, and Edge corporations.

2. The Garn–St Germain Depository Institutions Act of 1982 (Public Law 97-320) requires that $2 million of reservable liabilities (transaction accounts, nonpersonal time deposits, and Eurocurrency liabilities) of each depository institution be subject to a zero percent reserve requirement. The Board is to adjust the amount of reservable liabilities subject to this zero percent reserve requirement each year for the succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is to be made in the event of a decrease. On Dec. 20, 1988, the exemption was raised from $3.2 million to $3.4 million. In determining the reserve requirements of depository institutions, the exemption shall apply in the following order: (1) net NOW accounts (NOW accounts less allowable deductions); (2) net other transaction accounts; and (3) nonpersonal time deposits or Eurocurrency liabilities starting with those with the highest reserve ratio. With respect to NOW accounts and other transaction accounts, the exemption applies only to such accounts that would be subject to a 3 percent reserve requirement.

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

4. The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage increase in transaction accounts held by all depository institutions, determined as of June 30 each year. Effective Dec. 20, 1988 for institutions reporting quarterly and Dec. 27, 1988 for institutions reporting weekly, the amount was increased from $40.5 million to $41.5 million.

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

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1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

	Type of transaction	1985	1986	1987	1988						
					Apr.	May	June	July	Aug.	Sept.	Oct.
	U.S. TREASURY SECURITIES										
	Outright transactions (*excluding matched transactions*)										
	Treasury bills										
1	Gross purchases	22,214	22,602	18,983	423	0	0	515	0	1,280	375
2	Gross sales	4,118	2,502	6,050	0	0	0	0	0	0	0
3	Exchange	0	0	0	0	0	0	0	0	0	0
4	Redemptions	3,500	1,000	9,029	0	0	0	0	0	0	0
	Others within 1 year										
5	Gross purchases	1,349	190	3,658	1,092	0	0	0	0	0	0
6	Gross sales	0	0	300	0	0	0	0	0	0	0
7	Maturity shift	19,763	18,673	21,502	868	1,646	1,384	1,033	3,932	1,368	1,669
8	Exchange	−17,717	−20,179	−20,388	−1,688	−4,324	−1,826	−87	−4,296	−1,646	−916
9	Redemptions	0	0	70	0	0	0	0	0	0	0
	1 to 5 years										
10	Gross purchases	2,185	893	10,231	3,661	0	0	0	0	0	0
11	Gross sales	0	0	452	0	0	0	0	0	0	0
12	Maturity shift	−17,459	−17,058	−17,974	−823	−1,102	−1,384	−997	−1,821	−1,368	−1,544
13	Exchange	13,853	16,984	18,938	1,434	3,724	1,826	0	3,971	1,646	639
	5 to 10 years										
14	Gross purchases	458	236	2,441	1,017	0	0	0	0	0	0
15	Gross sales	100	0	0	0	0	0	0	0	0	0
16	Maturity shift	−1,857	−1,620	−3,529	−45	−387	0	−36	−2,111	0	−125
17	Exchange	2,184	2,050	950	254	400	0	87	325	0	276
	Over 10 years										
18	Gross purchases	293	158	1,858	966	0	0	0	0	0	0
19	Gross sales	0	0	0	0	0	0	0	0	0	0
20	Maturity shift	−447	0	0	0	−157	0	0	0	0	0
21	Exchange	1,679	1,150	500	0	200	0	0	0	0	0
	All maturities										
22	Gross purchases	26,499	24,078	37,171	7,160	0	0	515	0	1,280	375
23	Gross sales	4,218	2,502	6,802	0	0	0	0	0	0	0
24	Redemptions	3,500	1,000	9,099	0	0	0	0	0	0	0
	Matched transactions										
25	Gross sales	866,175	927,997	950,923	86,900	115,287	73,708	81,979	124,875	113,886	98,804
26	Gross purchases	865,968	927,247	950,935	85,608	115,115	72,966	83,464	123,220	113,384	97,897
	Repurchase agreements[2]										
27	Gross purchases	134,253	170,431	314,620	18,696	15,871	10,520	22,978	0	35,800	4,715
28	Gross sales	132,351	160,268	324,666	11,088	23,478	5,334	28,164	0	30,191	7,727
29	Net change in U.S. government securities	20,477	29,989	11,235	13,476	−7,779	4,444	−3,186	−1,655	6,386	−3,544
	FEDERAL AGENCY OBLIGATIONS										
	Outright transactions										
30	Gross purchases	0	0	0	0	0	0	0	0	0	0
31	Gross sales	0	0	0	0	0	0	0	0	0	0
32	Redemptions	162	398	276	120	11	0	67	10	0	75
	Repurchase agreements[2]										
33	Gross purchases	22,183	31,142	80,353	4,243	4,771	5,083	12,355	0	12,107	2,223
34	Gross sales	20,877	30,522	81,351	1,447	7,566	2,843	14,594	0	8,225	4,454
35	Net change in federal agency obligations	1,144	222	−1,274	2,676	−2,807	2,239	−2,306	−10	3,882	−2,306
36	**Total net change in System Open Market Account**	**21,621**	**30,211**	**9,961**	**16,151**	**−10,585**	**6,683**	**−5,492**	**−1,665**	**10,268**	**−5,850**

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

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

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1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements[1]

Millions of dollars

Account	Wednesday					End of month		
	1988					1988		
	Nov. 2	Nov. 9	Nov. 16	Nov. 23	Nov. 30	Sept.	Oct.	Nov.
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,062	11,062	11,060	11,061	11,059	11,062	11,062	11,059
2 Special drawing rights certificate account	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018
3 Coin	423	425	422	417	404	397	434	404
Loans								
4 To depository institutions	2,611	3,079	3,406	1,570	2,328	2,154	2,275	2,328
5 Other	0	0	0	0	0	0	0	0
6 Acceptances held under repurchase agreements	0	0	0	0	0	0	0	0
Federal agency obligations								
7 Bought outright	7,116	7,116	7,102	7,102	7,102	7,191	7,116	7,102
8 Held under repurchase agreements	428	0	0	0	1,282	3,882	1,651	1,282
U.S. Treasury securities								
Bought outright								
9 Bills	107,576	110,860	112,201	111,100	111,724	106,596	106,064	111,724
10 Notes	87,484	87,484	87,484	87,484	87,484	87,484	87,484	87,484
11 Bonds	29,493	29,493	29,493	29,493	29,493	29,493	29,493	29,493
12 Total bought outright[2]	224,553	227,837	229,178	228,077	232,701	223,573	223,041	228,701
13 Held under repurchase agreements	1,232	0	0	0	4,001	5,608	2,597	4,001
14 Total U.S. Treasury securities	225,785	227,837	229,178	228,077	232,702	229,181	225,638	232,702
15 Total loans and securities	**235,940**	**238,032**	**239,686**	**236,749**	**243,414**	**242,408**	**236,680**	**243,414**
16 Items in process of collection	7,909	7,740	11,445	7,441	6,121	8,052	6,785	6,121
17 Bank premises	741	742	740	742	743	736	740	743
Other assets								
18 Denominated in foreign currencies[3]	10,332	10,181	9,987	9,631	9,565	9,528	10,423	9,565
19 All other[4]	8,261	8,366	6,333	7,574	8,096	7,984	8,189	8,096
20 Total assets	**279,686**	**281,566**	**284,691**	**278,633**	**284,420**	**285,185**	**279,331**	**284,420**
LIABILITIES								
21 Federal Reserve notes	220,047	222,040	222,580	223,967	224,535	217,676	219,232	224,535
Deposits								
22 To depository institutions	39,708	38,966	40,336	35,426	40,012	39,038	39,741	40,012
23 U.S. Treasury—General account	4,467	6,792	5,384	4,631	5,198	13,023	6,151	5,198
24 Foreign—Official accounts	223	186	182	287	251	338	301	251
25 Other	351	279	354	259	398	358	354	398
26 Total deposits	**44,749**	**46,223**	**46,256**	**40,603**	**45,859**	**52,757**	**46,547**	**45,859**
27 Deferred credit items	6,814	5,772	8,388	6,521	6,020	6,853	5,089	6,020
28 *Other liabilities and accrued dividends*[5]	2,931	2,939	2,885	2,951	3,221	3,277	3,051	3,221
29 Total liabilities	**274,541**	**276,974**	**280,109**	**274,042**	**279,635**	**280,563**	**273,919**	**279,635**
CAPITAL ACCOUNTS								
30 Capital paid in	2,109	2,112	2,107	2,107	2,106	2,097	2,108	2,106
31 Surplus	2,046	2,047	2,047	2,047	2,047	2,047	2,047	2,047
32 Other capital accounts	990	433	428	437	632	478	1,257	632
33 Total liabilities and capital accounts	**279,686**	**281,566**	**284,691**	**278,633**	**284,420**	**285,185**	**279,331**	**284,420**
34 MEMO: Marketable U.S. Treasury securities held in custody for foreign and international accounts	228,668	227,934	229,502	231,905	235,131	225,561	231,250	235,131
	Federal Reserve note statement							
35 Federal Reserve notes outstanding issued to bank	267,614	268,623	269,699	270,471	270,577	265,671	267,461	270,577
36 LESS: Held by bank	47,567	46,583	47,119	46,504	46,042	47,995	48,229	46,042
37 Federal Reserve notes, net	220,047	222,040	222,580	223,967	224,535	217,676	219,232	224,535
Collateral held against notes net:								
38 Gold certificate account	11,062	11,062	11,060	11,061	11,059	11,062	11,062	11,059
39 Special drawing rights certificate account	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities	203,967	205,960	206,502	207,888	208,458	201,596	203,152	208,458
42 Total collateral	**220,047**	**222,040**	**222,580**	**223,967**	**224,535**	**217,676**	**219,232**	**224,535**

1. Some of these data also appear in the Board's H.4.1 (503) release. For address, see inside front cover.
2. Includes securities loaned—fully guaranteed by U.S. Treasury securities pledged with Federal Reserve Banks—and excludes securities sold and scheduled to be bought back under matched sale-purchase transactions.
3. Valued monthly at market exchange rates.
4. Includes special investment account at the Federal Reserve Bank of Chicago in Treasury bills maturing within 90 days.
5. Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign-exchange commitments.

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1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity groupings	Wednesday					End of month		
	1988					1988		
	Nov. 2	Nov. 9	Nov. 16	Nov. 23	Nov. 30	Sept. 30	Oct. 31	Nov. 30
1 Loans—Total	2,611	3,079	3,406	1,570	2,328	2,154	2,275	2,328
2 Within 15 days	2,509	2,965	3,369	1,552	2,289	1,996	2,189	2,289
3 16 days to 90 days	102	114	37	18	39	158	86	39
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances—Total	0	0	0	0	0	0	0	0
6 Within 15 days	0	0	0	0	0	0	0	0
7 16 days to 90 days	0	0	0	0	0	0	0	0
8 91 days to 1 year	0	0	0	0	0	0	0	0
9 U.S. Treasury securities—Total	225,785	227,837	229,178	228,077	232,702	223,573	223,041	232,702
10 Within 15 days[1]	9,953	6,428	12,890	11,817	12,583	2,318	5,789	12,583
11 16 days to 90 days	50,962	54,892	47,825	52,598	53,659	55,265	51,917	53,659
12 91 days to 1 year	70,013	71,660	75,939	71,138	74,475	70,379	70,477	74,475
13 Over 1 year to 5 years	54,498	54,498	54,040	54,040	53,501	55,403	54,499	53,501
14 Over 5 years to 10 years	13,851	13,851	12,007	12,007	12,007	13,700	13,851	12,007
15 Over 10 years	26,508	26,508	26,477	26,477	26,477	26,508	26,508	26,477
16 Federal agency obligations—Total	7,544	7,116	7,102	7,102	8,384	7,191	7,116	8,384
17 Within 15 days[1]	542	114	254	254	1,557	215	228	1,557
18 16 days to 90 days	782	878	664	664	675	793	782	675
19 91 days to 1 year	1,606	1,510	1,470	1,470	1,457	1,563	1,492	1,457
20 Over 1 year to 5 years	3,322	3,322	3,322	3,322	3,413	3,293	3,322	3,413
21 Over 5 years to 10 years	1,103	1,103	1,203	1,203	1,093	1,138	1,103	1,093
22 Over 10 years	189	189	189	189	189	189	189	189

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

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1.20 AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND MONETARY BASE[1]

Billions of dollars, averages of daily figures

Item	1984 Dec.	1985 Dec.	1986 Dec.	1987 Dec.	1988 Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]	Seasonally adjusted											
1 **Total reserves**[3]	**40.96**	**47.26**	**57.46**	**58.72**	**60.37**	**60.37**	**60.64**	**61.24**	**61.09**	**61.00**	**60.96**	**61.06**
2 Nonborrowed reserves	37.77	45.94	56.63	57.94	57.38	57.79	57.55	57.80	57.85	58.16	58.66	58.20
3 Nonborrowed reserves plus extended credit[4]	40.38	46.44	56.93	58.43	60.00	59.89	60.11	60.34	60.50	60.21	60.44	60.52
4 Required reserves	40.11	46.20	56.09	57.69	59.51	59.32	59.75	60.23	60.14	60.02	59.89	59.95
5 Monetary base[5]	200.45	218.26	240.80	257.93	265.81	266.92	268.31	270.63	271.20	272.45	273.73[r]	274.48
	Not seasonally adjusted											
6 **Total reserves**[3]	**41.84**	**48.27**	**58.70**	**60.02**	**60.95**	**59.45**	**60.68**	**61.47**	**60.59**	**60.65**	**60.54[r]**	**61.16**
7 Nonborrowed reserves	38.65	46.95	57.87	59.25	57.95	56.88	57.60	58.03	57.35	57.82	58.24[r]	58.30
8 Nonborrowed reserves plus extended credit[4]	41.26	47.45	58.18	59.73	60.58	58.98	60.15	60.57	60.00	59.87	60.02[r]	60.62
9 Required reserves	40.99	47.21	57.33	58.99	60.09	58.41	59.79	60.46	59.64	59.68	59.48	60.05
10 Monetary base[5]	203.39	221.49	244.55	262.05	265.01	265.73	269.44	272.41	271.73	271.57	272.44[r]	275.49
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[6]												
11 **Total reserves**[3]	**40.70**	**48.14**	**59.56**	**62.12**	**62.06**	**60.68**	**61.99**	**62.76**	**61.97**	**62.15**	**61.92**	**62.41**
12 Nonborrowed reserves	37.51	46.82	58.73	61.35	59.07	58.10	58.91	59.32	58.72	59.31	59.62	59.55
13 Nonborrowed reserves plus extended credit[4]	40.09	47.41	59.04	61.86	61.89	60.08	61.47	61.99	61.26	61.32	61.45[r]	61.86
14 Required reserves	39.84	47.08	58.19	61.09	61.21	59.64	61.10	61.75	61.01	61.18	60.85	61.30
15 Monetary base[5]	204.18	223.53	247.71	266.16	268.13	268.90	272.65	275.59	275.03	274.87	275.78[r]	278.66

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

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

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

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

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

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

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

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1.21 MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES[1]

Billions of dollars, averages of daily figures

Item[2]	1984 Dec.	1985 Dec.	1986 Dec.	1987 Dec.	1988 Aug.	1988 Sept.	1988 Oct.[r]	1988 Nov.
	Seasonally adjusted							
1 M1	551.9	620.1	725.4	750.8	782.5	782.3[r]	783.5	783.7
2 M2	2,363.6	2,562.6	2,807.7	2,901.0	3,031.6	3,034.1[r]	3,037.5	3,054.2
3 M3	2,978.3	3,196.4	3,490.8	3,664.4	3,848.3	3,853.6[r]	3,868.6	3,888.9
4 L	3,519.4	3,825.9	4,134.3	4,329.3	4,582.3[r]	4,589.0[r]	4,608.6	n.a.
5 Debt	5,910.1[r]	6,719.9[r]	7,576.8[r]	8,282.1[r]	8,758.3[r]	8,822.6[r]	8,880.2	n.a.
M1 components								
6 Currency[3]	156.1	167.7	180.4	196.5	207.2	208.5	209.5	210.3
7 Travelers checks[4]	5.2	5.9	6.5	7.1	7.2	7.3	7.4	7.5
8 Demand deposits[5]	244.1	267.2	303.3	288.0	290.1	288.4	288.6	286.9
9 Other checkable deposits[6]	146.4	179.2	235.2	259.3	278.0	278.2	277.9	279.1
Nontransactions components								
10 In M2[7]	1,811.7	1,942.5	2,082.3	2,150.2	2,249.2	2,251.8[r]	2,254.1	2,270.4
11 In M3 only[8]	614.7	633.8	683.1	763.4	816.6[r]	819.4[r]	831.1	834.8
Savings deposits[9]								
12 Commercial Banks	122.6	124.8	155.5	178.2	190.7	190.3	189.9	192.9
13 Thrift institutions	162.9	176.6	215.2	236.0	243.6[r]	243.1	241.3	240.8
Small-denomination time deposits[10]								
14 Commercial Banks	386.3	383.3	364.6	384.6	414.1	421.0	429.2	435.3
15 Thrift institutions	497.0	496.2	488.6	528.5	571.6	576.4	580.7	583.7
Money market mutual funds								
16 General purpose and broker-dealer	167.5	176.5	208.0	221.1	230.8	230.8[r]	231.2	238.0
17 Institution-only	62.7	64.5	84.4	89.6	84.0	83.7	84.6	87.4
Large-denomination time deposits[11]								
18 Commercial Banks[12]	270.2	284.9	288.9	323.5	347.1[r]	352.3	357.1	357.9
19 Thrift institutions	146.8	151.6	150.3	161.2	167.9	171.3	173.3	173.7
Debt components								
20 Federal debt	1,366.1	1,585.3	1,805.8	1,956.1	2,058.5[r]	2,079.6[r]	2,089.0	n.a.
21 Nonfederal debt	4,544.0[r]	5,134.6[r]	5,771.1[r]	6,326.0[r]	6,699.8[r]	6,743.0[r]	6,791.2	n.a.
	Not seasonally adjusted							
22 M1	564.5	633.5	740.6	765.9	781.2	779.8	780.9	787.1
23 M2	2,373.2	2,573.9	2,821.4	2,914.7	3,030.8	3,029.4[r]	3,039.0	3,057.9
24 M3	2,991.4	3,211.0	3,507.6	3,681.0	3,845.9[r]	3,852.2[r]	3,868.9	3,896.9
25 L	3,532.7	3,841.4	4,152.3	4,347.4	4,574.3[r]	4,584.8[r]	4,610.0	n.a.
26 Debt	5,903.8[r]	6,710.1[r]	7,561.0[r]	8,264.2[r]	8,719.1[r]	8,788.9[r]	8,846.1	n.a.
M1 components								
27 Currency[3]	158.5	170.2	183.0	199.4	207.9	207.9	209.0	211.3
28 Travelers checks[4]	4.9	5.5	6.0	6.5	8.2	7.9	7.5	7.1
29 Demand deposits[5]	253.0	276.9	314.4	298.5	288.7	287.1	288.4	289.7
30 Other checkable deposits[6]	148.2	180.9	237.3	261.6	276.3	276.9	276.1	279.0
Nontransactions components								
31 M2[7]	1,808.7	1,940.3	2,080.7	2,148.8	2,249.6	2,249.6[r]	2,258.1	2,270.8
32 M3 only[8]	618.2	637.1	686.2	766.3	815.2	822.8[r]	829.9	839.0
Money market deposit accounts								
33 Commercial Banks	267.4	332.8	379.6	358.2	357.0	353.7	352.3	353.4
34 Thrift institutions	149.4	180.8	192.9	167.0	160.0[r]	156.9[r]	154.4	152.4
Savings deposits[9]								
35 Commercial Banks	121.5	123.7	154.2	176.7	190.9	189.8	190.1	192.2
36 Thrift institutions	161.5	174.8	212.9	233.3	244.1[r]	242.3	242.0	239.7
Small-denomination time deposits[10]								
37 Commercial Banks	386.9	384.0	365.3	385.2	415.3	422.8	430.0	436.5
38 Thrift institutions	498.2	497.5	489.7	529.3	571.4	575.6	582.0	584.5
Money market mutual funds								
39 General purpose and broker-dealer	167.5	176.5	208.0	221.1	230.8	230.8[r]	231.2	238.0
40 Institution-only	62.7	64.5	84.4	89.6	84.0	83.7	84.6	87.4
Large-denomination time deposits[11]								
41 Commercial Banks[12]	270.9	285.4	289.1	323.6	346.4[r]	352.3	356.4	357.9
42 Thrift institutions	146.8	151.9	150.7	161.8	167.6	171.7	174.4	174.6
Debt components								
43 Federal debt	1,364.7	1,583.7	1,803.9	1,954.1	2,036.6[r]	2,056.2[r]	2,069.2	n.a.
44 Nonfederal debt	4,539.1[r]	5,126.4[r]	5,757.1[r]	6,310.1[r]	6,682.5[r]	6,732.6[r]	6,776.9	n.a.

For notes see following page.

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NOTES TO TABLE 1.21

1. Latest monthly and weekly figures are available from the Board's H.6 (508) release. Historical data are available from the Monetary and Reserves Projection section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

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

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

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

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

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

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

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

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

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

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

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

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

9. Savings deposits exclude MMDAs.

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

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

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

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1.22 BANK DEBITS AND DEPOSIT TURNOVER[1]

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

Bank group, or type of customer	1985[2]	1986[2]	1987[2]	1988					
				Apr.	May	June	July	Aug.	Sept.
DEBITS TO	Seasonally adjusted								
Demand deposits[3]									
1 All insured banks	156,091.6	188,345.8	217,115.9	213,971.5	224,052.3	230,198.8	224,512.7	228,898.2	227,617.3
2 Major New York City banks	70,585.8	91,397.3	104,496.3	100,695.1	109,714.7	111,402.1	107,336.7	110,150.0	108,741.8
3 Other banks	85,505.9	96,948.8	112,619.6	113,276.4	114,337.6	118,796.6	117,176.0	118,748.2	118,875.5
4 ATS–NOW accounts[4]	1,823.5	2,182.5	2,402.7	2,557.9	2,664.9	2,786.0	2,570.4	2,963.6	2,871.2
5 Savings deposits[5]	384.9	403.5	526.5	543.7	574.7	597.1	583.3[r]	609.6	578.6
DEPOSIT TURNOVER									
Demand deposits[3]									
6 All insured banks	500.3	556.5	612.1	600.2	630.9	649.8	622.7	645.8	651.0
7 Major New York City banks	2,196.9	2,498.2	2,670.6	2,700.6	2,881.3	2,911.0	2,789.6	2,939.3	3,102.4
8 Other banks	305.7	321.2	357.0	354.9	360.6	376.0	363.8	374.6	377.9
9 ATS–NOW accounts[4]	15.8	15.6	13.8	13.8	14.2	14.8	13.5	15.6	15.1
10 Savings deposits[5]	3.2	3.0	3.1	3.0	3.1	3.2	2.9	3.2	3.1
DEBITS TO	Not seasonally adjusted								
Demand deposits[3]									
11 All insured banks	156,052.3	188,506.4	217,124.8	214,848.8	222,685.5	241,133.2	217,350.7	237,459.0	224,089.2
12 Major New York City banks	70,559.2	91,500.0	104,518.6	101,141.9	106,335.6	117,287.7	103,561.2	112,654.6	107,115.7
13 Other banks	85,493.1	97,006.6	112,606.1	113,706.9	116,349.9	123,845.5	113,789.6	124,804.4	116,973.5
14 ATS–NOW accounts[4]	1,826.4	2,184.6	2,404.8	2,745.3	2,601.3	2,851.4	2,536.6	2,828.0	2,951.1
15 MMDA[6]	1,223.9	1,609.4	1,954.2	2,372.8	2,341.0	2,557.1	2,399.0	2,530.0	2,409.4
16 Savings deposits[5]	385.3	404.1	526.8	603.2	566.4	598.3	566.2	615.9	570.1
DEPOSIT TURNOVER									
Demand deposits[3]									
17 All insured banks	499.9	556.7	612.3	601.8	638.6	679.5	599.9	681.6	642.9
18 Major New York City banks	2,196.3	2,499.1	2,674.9	2,706.2	2,895.6	3,121.4	2,660.7	3,170.3	3,046.4
19 Other banks	305.6	321.2	356.9	355.7	372.9	390.3	351.9	398.9	373.3
20 ATS–NOW accounts[4]	15.8	15.6	13.8	14.4	14.1	15.2	13.4	15.1	15.6
21 MMDA[6]	4.0	4.5	5.3	6.6	6.6	7.2	6.7	7.2	6.9
22 Savings deposits[5]	3.2	3.0	3.1	3.3	3.1	3.2	3.0	3.3	3.1

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

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

2. Annual averages of monthly figures.

3. Represents accounts of individuals, partnerships, and corporations and of states and political subdivisions.

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

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

6. Money market deposit accounts.

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1.23 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars; averages of Wednesday figures

Category	1987	1988										
	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
	Seasonally adjusted											
1 **Total loans and securities[2]**	**2,233.0**	**2,244.8**	**2,264.1**	**2,281.3**	**2,304.7**	**2,328.5**	**2,348.4**	**2,360.8**	**2,374.9**	**2,373.6**	**2,387.5**	**2,398.1**
2 U.S. government securities	335.0	336.4	336.4	340.2	343.8	346.5	350.5	348.0	350.5	352.5	355.1	356.8
3 Other securities	194.5	192.0	193.7	195.7	196.6	196.1	196.5	196.8	196.4	194.2	195.4	194.8
4 Total loans and leases[2]	1,703.5	1,716.5	1,734.0	1,745.4	1,764.3	1,786.0	1,801.5	1,815.9	1,827.9	1,826.8	1,836.9	1,846.5
5 Commercial and industrial	562.4	565.2	569.3	568.6	578.1	586.3	592.4	598.3	599.4	597.1	600.9	599.2
6 Bankers acceptances held[3]	4.1	4.3	4.3	4.7	4.6	4.4	4.4	4.4	4.6	4.5	4.2	4.2
7 Other commercial and industrial	558.3	560.9	564.9	564.0	573.5	582.0	588.1	593.9	594.7	592.7	596.7	595.0
8 U.S. addressees[4]	550.2	552.2	556.3	555.8	565.5	575.1	581.3	587.4	588.4	586.4	590.6	589.5
9 Non-U.S. addressees[4]	8.1	8.7	8.7	8.2	8.1	6.9	6.8	6.5	6.3	6.3	6.1	5.5
10 Real estate	588.4	593.7	599.2	604.9	611.3	618.6	625.0	631.4	638.7	644.7	652.0	659.2
11 Individual	327.8	329.8	333.0	337.0	340.4	342.8	344.4	345.3	347.0	349.1	349.6	350.8
12 Security	33.4	36.5	42.1	41.2	39.5	39.8	39.4r	38.6	40.1	36.3	38.4	37.5
13 Nonbank financial institutions	31.8	31.4	31.8	31.2	30.4	30.9	30.6	31.0	30.8	29.9	29.8	29.8
14 Agricultural	29.5	29.6	29.5	29.3	29.4	29.6	29.7	29.6	29.4	29.3	29.3	29.8
15 State and political subdivisions	52.2	52.3r	52.3r	52.1r	51.9r	51.6r	51.5r	50.2	49.6	49.4	48.8r	48.0
16 Foreign banks	7.5	7.6	7.4	7.8	8.3	8.0	7.9	8.2	8.1	7.4	7.6	8.2
17 Foreign official institutions	5.3	5.4	5.1	5.1	5.1	5.1	5.0	5.0	5.2	5.2	5.1	5.4
18 Lease financing receivables	24.6	25.1	25.3	25.4	25.7	26.0	26.5	27.2	27.3	27.7	28.1	28.1
19 All other loans	40.5	39.8r	39.1r	42.7r	44.1r	47.2r	49.0r	51.0	52.3	50.7	47.3	50.5
	Not seasonally adjusted											
20 **Total loans and securities[2]**	**2,249.2**	**2,257.5**	**2,268.8**	**2,281.6**	**2,305.9**	**2,325.2**	**2,344.6**	**2,350.7**	**2,363.5**	**2,370.3**	**2,382.0**	**2,397.3**
21 U.S. government securities	334.9	337.9	341.5	342.0	343.4	344.9	347.0	347.1	350.5	352.7	352.8	356.9
22 Other securities	195.0	194.6	194.4	195.3	196.2	196.1	196.0	195.5	196.3	194.3	194.3	194.1
23 Total loans and leases[2]	1,719.3	1,724.9	1,732.9	1,744.2	1,766.3	1,784.2	1,801.6	1,808.1	1,816.7	1,823.3	1,834.9	1,846.2
24 Commercial and industrial	566.4	564.9	568.5	573.8	582.1	588.8	594.0	595.4	594.2	593.7	596.4	598.1
25 Bankers acceptances held[3]	4.2	4.1	4.3	4.7	4.5	4.4	4.5	4.4	4.6	4.5	4.1	4.2
26 Other commercial and industrial	562.2	560.7	564.2	569.1	577.6	584.4	589.5	591.0	589.6	589.1	592.3	593.9
27 U.S. addressees[4]	554.1	552.8	556.0	561.2	569.7	577.3	582.6	584.0	582.9	582.5	586.0r	587.8
28 Non-U.S. addressees[4]	8.1	8.0	8.2	7.9	7.9	7.1	6.9	7.0	6.7	6.6	6.2	6.1
29 Real estate	589.3	594.1	598.5	604.1	610.3	618.1	624.8	631.5	638.7	645.5	652.7r	659.7
30 Individual	332.1	333.3	332.4	333.9	337.4	339.9	342.3	343.8	347.1	350.7	351.3	352.7
31 Security	35.0	37.3	40.5	40.6	41.2	40.4	40.8	38.2	38.3	35.3	37.1	37.6
32 Nonbank financial institutions	33.1	31.6	30.8	30.3	30.3	30.7	30.6	30.8	30.7	30.2	29.9	30.2
33 Agricultural	29.3	28.9	28.5	28.3	28.6	29.3	30.0	30.3	30.3	30.3	30.2	30.1
34 State and political subdivisions	52.2	54.1r	53.5r	53.0r	52.4r	51.6r	51.1r	49.5	49.1r	48.7r	48.0r	47.1
35 Foreign banks	7.9	7.8	7.6	7.7	7.9	7.7	7.8	8.2	7.9	7.6	7.8	8.2
36 Foreign official institutions	5.3	5.4	5.1	5.1	5.1	5.1	5.0	5.0	5.2	5.2	5.1	5.4
37 Lease financing receivables	24.6	25.2	25.4	25.6	25.9	26.1	26.7	27.2	27.2	27.5	27.6	27.8
38 All other loans	44.0	42.3r	42.0r	41.9r	45.1r	46.6r	48.6r	48.2	48.0	48.5	48.8	49.6

1. These data also appear in the Board's G.7 (407) release. For address, see inside front cover.
2. Excludes loans to commercial banks in the United States.
3. Includes nonfinancial commercial paper held.
4. United States includes the 50 states and the District of Columbia.

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1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	1987	1988										
	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
Total nondeposit funds												
1 Seasonally adjusted[2]	178.4	180.2	178.1	175.8	183.1	194.3	194.8	192.2	195.4r	181.0	177.9r	184.1
2 Not seasonally adjusted	179.3	180.6	180.7	176.6	182.2	194.1r	191.0r	188.2	195.7r	181.6	178.1	186.4
Federal funds, RPs, and other borrowings from nonbanks[3]												
3 Seasonally adjusted	163.2	171.1	175.0	178.9	181.1	184.5	186.1	181.4	176.8	171.9	173.0	173.9
4 Not seasonally adjusted	164.1	171.4	177.6	179.8	180.2	184.3	182.4	177.4	177.1	172.5	173.3	176.3
5 Net balances due to foreign-related institutions, not seasonally adjusted	15.2	9.1	3.1	−3.1	2.0	9.7	8.7	10.8	18.6r	9.1	4.9r	10.2
MEMO												
6 Domestically chartered banks' net positions with own foreign branches, not seasonally adjusted[4]	−14.0	−16.5	−20.2	−25.3	−22.2	−16.5	−16.3	−14.0	−7.3r	−15.7r	−20.6r	−19.2
7 Gross due from balances	69.5	71.2	72.9	76.6	73.0r	69.7	69.6	70.4r	70.4	74.8	76.6r	77.1
8 Gross due to balances	55.5	54.7	52.7	51.4	50.7	53.2	53.3	56.4	63.1	59.1	56.0	57.9
9 Foreign-related institutions' net positions with directly related institutions, not seasonally adjusted[5]	29.2	25.6	23.3	22.1	24.2	26.2	25.0	24.8	25.9r	24.7	25.5	29.3
10 Gross due from balances	79.8	85.2	87.3	88.6	88.3	89.9	93.6	94.1	93.9	89.6	88.4	87.9
11 Gross due to balances	109.0	110.9	110.6	110.7	112.5r	116.1	118.6	118.9	119.8	114.3r	113.9	117.3
Security RP borrowings												
12 Seasonally adjusted[6]	107.3	110.0	109.0	109.7	113.5	117.7	122.0	119.5	116.6	112.6	112.3	112.0
13 Not seasonally adjusted	108.1	110.4	111.6	110.6	112.6	117.5	118.3	115.5	116.9	113.2	112.6	114.3
U.S. Treasury demand balances[7]												
14 Seasonally adjusted	26.1	18.6	22.6	24.9	21.8	24.7	22.0	20.2	15.8	24.5	30.7	22.1
15 Not seasonally adjusted	22.4	24.9	28.2	22.3	21.7	30.4	21.0	22.0	11.9	24.6	27.7	16.2
Time deposits, $100,000 or more[8]												
16 Seasonally adjusted	389.2	389.1	394.4	396.1	394.0	396.4	400.5	406.8	413.6	419.7	423.7	424.0
17 Not seasonally adjusted	389.3	390.1	394.7	398.2	393.9	397.1	399.8	404.0	412.9	419.7	423.0	424.0

1. Commercial banks are those in the 50 states and the District of Columbia with national or state charters plus agencies and branches of foreign banks. New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.
These data also appear in the Board's G.10 (411) release. For address, see inside front cover.
2. Includes seasonally adjusted federal funds, RPs, and other borrowings from nonbanks and not seasonally adjusted net Eurodollars.
3. Other borrowings are borrowings on any instrument, such as a promissory note or due bill, given for the purpose of borrowing money for the banking business. This includes borrowings from Federal Reserve Banks and from foreign banks, term federal funds, overdrawn due from bank balances, loan RPs, and participations in pooled loans.
4. Averages of daily figures for member and nonmember banks.
5. Averages of daily data.
6. Based on daily average data reported by 122 large banks.
7. Includes U.S. Treasury demand deposits and Treasury tax-and-loan notes at commercial banks. Averages of daily data.
8. Averages of Wednesday figures.

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1.25 ASSETS AND LIABILITIES OF COMMERCIAL BANKING INSTITUTIONS Last-Wednesday-of-Month Series[1]

Billions of dollars

Account	1988										
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
ALL COMMERCIAL BANKING INSTITUTIONS[2]											
1 Loans and securities	2,417.6	2,427.7	2,450.0	2,466.8	2,473.2	2,511.7	2,509.0	2,523.3	2,522.7	2,537.9	2,575.7
2 Investment securities	515.7	514.9	517.7	519.7	521.6	518.6	521.6	525.4	525.9	523.6	529.6
3 U.S. government securities	325.5	325.0	325.7	328.8	330.7	328.0	331.6	334.6	336.5	334.4	340.4
4 Other	190.3	190.0	192.0	190.9	191.0	190.6	190.0	190.8	189.4	189.2	189.2
5 Trading account assets	18.2	21.9	20.3	19.6	20.3	22.1	23.9	22.8	21.3	24.8	24.8
6 Total loans	1,883.6	1,890.9	1,912.0	1,927.5	1,931.3	1,971.0	1,963.5	1,975.1	1,975.5	1,989.4	2,021.3
7 Interbank loans	159.0	161.4	159.5	158.0	152.3	163.7	158.7	154.7	151.2	158.5	167.7
8 Loans excluding interbank	1,724.6	1,729.5	1,752.4	1,769.5	1,779.1	1,807.3	1,804.8	1,820.4	1,824.3	1,830.9	1,853.6
9 Commercial and industrial	562.9	568.9	576.2	583.4	587.8	598.2	592.4	592.8	593.8	593.8	600.1
10 Real estate	595.2	599.2	607.3	612.5	619.7	627.5	633.1	641.8	647.8	654.1	661.6
11 Individual	332.9	332.7	334.8	339.1	340.0	343.2	344.1	349.2	351.5	351.9	354.1
12 All other	233.6	228.7	234.1	234.6	231.7	238.4	235.2	236.6	231.2	231.1	237.8
13 Total cash assets	213.4	207.4	211.2	214.3	200.3	221.4	217.0	221.8	215.9	208.5	235.1
14 Reserves with Federal Reserve Banks	33.3	32.7	32.0	32.2	26.0	34.4	30.7	33.0	31.1	31.6	33.7
15 Cash in vault	25.7	25.1	24.8	25.4	25.4	26.5	25.9	26.5	26.2	26.3	28.7
16 Cash items in process of collection	70.8	66.9	74.1	76.4	71.5	77.2	75.7	79.9	76.4	72.6	89.5
17 Demand balances at U.S. depository institutions	31.7	30.4	32.0	30.3	29.2	31.6	31.3	31.5	29.4	29.2	32.0
18 Other cash assets	51.9	52.3	48.2	49.9	48.3	51.8	53.5	50.9	52.8	48.8	51.2
19 Other assets	181.5	180.9	193.1	190.9	186.6	194.3	188.4	187.5	191.8	201.2	201.1
20 **Total assets/total liabilities and capital**	**2,812.5**	**2,816.0**	**2,854.3**	**2,871.9**	**2,860.2**	**2,927.5**	**2,914.4**	**2,932.6**	**2,930.3**	**2,947.6**	**3,012.0**
21 Deposits	1,971.6	1,978.4	2,008.5	2,011.6	2,008.6	2,042.5	2,050.2	2,072.9	2,058.8	2,067.3	2,120.6
22 Transaction deposits	577.4	568.6	588.5	595.9	579.1	603.3	598.4	609.5	588.3	586.9	627.2
23 Savings deposits	531.6	535.7	540.0	536.4	542.2	544.5	545.4	542.2	536.9	538.4	542.2
24 Time deposits	862.6	874.1	879.9	879.3	887.3	894.7	906.4	921.2	933.6	941.9	951.2
25 Borrowings	452.1	450.8	454.9	465.8	458.4	487.4	470.7	452.4	470.8	481.3	476.4
26 Other liabilities	205.4	202.5	207.7	210.1	207.4	209.7	208.2	218.5	213.1	210.0	222.6
27 Residual (assets less liabilities)	183.5	184.4	183.2	184.4	185.8	187.8	185.3	188.7	187.6	189.0	192.3
MEMO											
28 U.S. government securities (including trading account)	339.5	342.1	341.2	343.4	346.3	344.7	349.2	351.4	352.7	354.3	359.9
29 Other securities (including trading account)	194.5	194.7	196.8	195.9	195.6	196.0	196.4	196.7	194.4	194.2	194.5
DOMESTICALLY CHARTERED COMMERCIAL BANKS[3]											
30 Loans and securities	2,240.5	2,246.3	2,266.0	2,282.3	2,286.4	2,314.6	2,319.3	2,330.5	2,329.1	2,342.4	2,376.2
31 Investment securities	489.1	488.6	491.7	494.6	495.7	492.8	495.3	499.3	501.0	498.5	504.7
32 U.S. Treasury securities	313.9	313.6	314.5	317.7	318.6	316.3	319.3	322.8	325.0	323.1	329.2
33 Other	175.2	175.0	177.2	176.9	177.1	176.6	176.1	176.5	175.9	175.5	175.6
34 Trading account assets	18.2	21.9	20.3	19.6	20.3	22.1	23.9	22.8	21.3	24.8	24.8
35 Total loans	1,733.1	1,735.8	1,754.0	1,768.1	1,770.4	1,799.7	1,800.1	1,808.5	1,806.8	1,819.0	1,846.7
36 Interbank loans	130.3	132.0	131.2	128.5	124.9	133.1	130.7	125.2	121.8	127.8	136.3
37 Loans excluding interbank	1,602.8	1,603.8	1,622.9	1,639.6	1,645.6	1,666.6	1,669.4	1,683.3	1,685.0	1,691.2	1,710.4
38 Commercial and industrial	472.7	475.8	481.0	487.4	488.8	492.6	490.8	489.7	489.2	490.2	495.4
39 Real estate	581.7	584.5	592.1	597.0	603.6	611.4	617.5	625.4	631.5	636.5	642.8
40 Individual	332.6	332.4	334.5	338.8	339.7	342.9	343.8	348.9	351.2	351.6	353.8
41 All other	215.9	211.1	215.3	216.4	213.5	219.7	217.3	219.2	213.2	212.9	218.4
42 Total cash assets	194.2	186.6	193.9	196.7	183.0	201.6	196.4	202.8	193.4	189.7	215.2
43 Reserves with Federal Reserve Banks	31.7	30.5	30.1	30.7	23.6	32.9	29.5	31.4	29.0	29.8	32.6
44 Cash in vault	25.7	25.1	24.7	25.4	25.4	26.4	25.9	26.4	26.2	26.3	28.7
45 Cash items in process of collection	70.3	66.4	73.5	75.8	71.0	76.5	75.1	79.2	75.7	71.9	88.7
46 Demand balances at U.S. depository institutions	30.1	28.8	30.4	28.7	27.5	29.8	29.4	29.8	27.3	27.2	30.1
47 Other cash assets	36.5	35.8	35.2	36.0	35.6	35.8	36.5	36.0	35.3	34.4	35.1
48 Other assets	116.0	118.5	123.1	121.3	118.3	125.6	121.6	123.8	127.8	132.9	134.0
49 **Total assets/liabilities and capital**	**2,550.6**	**2,551.4**	**2,583.0**	**2,600.3**	**2,587.7**	**2,641.8**	**2,637.4**	**2,657.2**	**2,650.3**	**2,665.0**	**2,725.4**
50 Deposits	1,910.2	1,916.1	1,944.5	1,948.1	1,944.7	1,976.9	1,984.4	2,006.4	1,991.0	1,999.1	2,051.1
51 Transaction deposits	569.3	560.7	580.0	587.2	570.7	594.5	589.6	600.6	579.1	577.3	617.2
52 Savings deposits	529.3	533.3	537.6	533.9	539.8	541.8	542.9	539.7	534.4	535.8	539.8
53 Time deposits	811.6	822.0	826.9	827.0	834.2	840.6	851.9	866.1	877.5	885.9	894.2
54 Borrowings	351.7	349.9	350.1	358.4	351.7	369.4	358.5	345.7	358.6	363.2	362.5
55 Other liabilities	108.6	104.4	108.6	112.7	108.8	111.0	112.5	119.6	116.4	117.0	122.8
56 Residual (assets less liabilities)	180.2	181.1	179.9	181.1	182.4	184.5	182.0	185.4	184.3	185.6	189.0
MEMO[4]											
57 Real estate loans, revolving	31.3	31.7	32.1	33.0	33.7	34.8	35.3	36.3	37.3	37.9	39.1
58 Real estate loans, other	550.4	552.9	560.0	564.0	569.9	576.6	582.2	589.2	594.1	598.5	603.7

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

Data have been revised because of benchmarking to new Call reports beginning January 1987.

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

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

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

4. Memorandum items for real estate loans; revolving and other, are shown as separate breakdowns for the first time.

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1.26 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS[1]

Millions of dollars, Wednesday figures

Account	1988								
	Oct. 5	Oct. 12	Oct. 19	Oct. 26	Nov. 2	Nov. 9	Nov. 16	Nov. 23	Nov. 30
1 Cash and balances due from depository institutions	105,122	119,433	106,386	99,726r	114,422	102,187	116,679	103,700	117,512
2 **Total loans, leases, and securities, net**	**1,137,731**	**1,132,809**	**1,140,338**	**1,134,358r**	**1,151,943**	**1,140,001**	**1,150,913**	**1,142,918**	**1,157,802**
3 U.S. Treasury and government agency	132,177r	132,717r	132,826	134,381r	132,734	132,345	134,711	134,944	135,890
4 Trading account	17,529	18,534	18,784	20,227r	19,278	18,688	21,049	19,971	19,818
5 Investment account	114,648r	114,183r	114,042	114,154r	113,456	113,657	113,663	114,973	116,072
6 Mortgage-backed securities[2]	44,186r	44,158r	44,466	44,668r	44,825	44,858	44,873	45,459	46,226
All other maturing in									
7 One year or less	19,212	19,228	19,234	19,172	19,623	19,739	20,339	20,625	21,137
8 Over one through five years	41,832	41,550	41,240	41,188	40,341	40,373	40,013	40,438	40,328
9 Over five years	9,418	9,247	9,101	9,125	8,667	8,687	8,438	8,451	8,380
10 Other securities	72,798r	72,814r	72,776	72,777	72,812	72,811	72,859	72,970	73,303
11 Trading account	1,736	1,564	1,596	1,518	1,336	1,336	1,446	1,643	1,681
12 Investment account	71,062r	71,250r	71,180	71,259	71,476	71,475	71,412	71,327	71,623
13 States and political subdivisions, by maturity	46,328r	46,272r	46,140	46,136	45,794	45,711	45,560	45,479	45,484
14 One year or less	5,452	5,468	5,420	5,386r	5,262	5,263	5,138	5,087	5,103
15 Over one year	40,876r	40,804r	40,719	40,750r	40,532	40,448	40,422	40,391	40,381
16 Other bonds, corporate stocks, and securities	24,734	24,979	25,040	25,123	25,681	25,764	25,852	25,848	26,139
17 Other trading account assets	3,336	3,502	3,634	3,548	3,986	3,739	3,929	3,843	3,723
18 Federal funds sold[3]	73,973	67,251	71,754	68,860	78,740	68,841	71,955	66,424	76,096
19 To commercial banks	50,554	43,109	46,430	44,186	51,278	42,594	48,581	42,579	51,272
20 To nonbank brokers and dealers in securities	15,068	16,317	16,737	16,030	18,313	16,832	14,478	14,797	15,593
21 To others	8,351	7,825	8,586	8,644	9,148	9,415	8,896	9,049	9,230
22 Other loans and leases, gross	895,743	896,574	899,321	894,831	903,752	902,354	907,531	905,533	909,443
23 Other loans, gross	872,630r	873,414	876,142	871,640	880,526	879,105	884,207	882,192	886,067
24 Commercial and industrial	298,239r	297,932r	297,843r	296,977	300,502	300,317	300,389	299,887	301,234
25 Bankers acceptances and commercial paper	1,685	1,701	1,703	1,759	1,871	1,805	1,860	1,876	1,904
26 All other	296,554r	296,232r	296,140r	295,218	298,631	298,511	298,528	298,010	299,330
27 U.S. addressees	294,302r	294,010r	293,914r	292,938	296,374	296,317	296,269	295,778	297,073
28 Non-U.S. addressees	2,252	2,222	2,225	2,279	2,258	2,194	2,259	2,232	2,256
29 Real estate loans	291,731r	292,395r	293,675r	293,498	293,436	294,502	295,176	295,347	296,015
30 Revolving, home equity	20,620	20,707	20,808	20,887	21,067	21,146	21,262	21,350	21,443
31 All other	271,111r	271,688r	272,867r	272,610	272,370	273,355	273,914	273,997	274,572
32 To individuals for personal expenditures	164,894r	164,198r	164,158r	164,423	165,281	165,117	165,636	165,861	165,723
33 To depository and financial institutions	46,135r	47,820r	47,489r	46,960	48,574	49,158	50,628	48,890	49,307
34 Commercial banks in the United States	20,551	21,338	21,886	22,142	22,776	23,120	24,115	23,059	22,714
35 Banks in foreign countries	3,941r	4,884r	3,964r	3,653	3,746	4,318	4,528	4,432	4,632
36 Nonbank depository and other financial institutions	21,643	21,599	21,640	21,165	22,051	21,720	21,985	21,398	21,961
37 For purchasing and carrying securities	12,462	12,369	13,925	12,650	14,001	12,838	13,743	14,411	15,271
38 To finance agricultural production	5,613	5,587	5,585	5,567	5,558	5,512	5,495	5,484	5,469
39 To states and political subdivisions	29,584r	29,512	29,452	29,337	29,104	28,849	28,804	28,954	28,871
40 To foreign governments and official institutions	2,251r	2,188r	2,140r	2,147	2,131	2,077	2,132	2,098	2,026
41 All other	21,721r	21,412r	21,875r	20,080	21,938	20,736	22,204	21,260	22,151
42 Lease financing receivables	23,113r	23,160	23,178	23,191	23,225	23,249	23,323	23,341	23,376
43 LESS: Unearned income	4,921	4,934	4,862	4,885	4,844	4,879	4,871	4,874	4,847
44 Loan and lease reserve[4]	35,374	35,117	35,110	35,152	35,236	35,210	35,201	35,923	35,806
45 Other loans and leases, net	855,447	856,524	859,348	854,793	863,671	862,265	867,459	864,736	868,790
46 All other assets	133,590r	133,326r	130,602r	130,403r	132,549	130,480	131,367	130,374	131,928
47 **Total assets**	**1,376,443r**	**1,385,568r**	**1,377,327r**	**1,364,487r**	**1,398,914**	**1,372,668**	**1,398,958**	**1,376,993**	**1,407,241**
48 Demand deposits	232,206	238,057	223,717	215,618	235,658	217,665	241,854	225,530	240,653
49 Individuals, partnerships, and corporations	182,012	189,160	177,227	172,689	185,719	175,655	190,422	180,647	191,636
50 States and political subdivisions	5,975	5,288	5,658	5,575	6,581	5,275	6,420	5,935	6,456
51 U.S. government	5,118	1,776	4,107	2,610	1,688	1,518	3,247	3,182	2,949
52 Depository institutions in the United States	23,136	25,389	21,710	20,264	23,179	19,587	25,398	19,594	22,067
53 Banks in foreign countries	6,111	6,905	6,500	5,868	5,786	6,637	6,754	7,042	7,239
54 Foreign governments and official institutions	868	581	688	629	741	663	888	918	832
55 Certified and officers' checks	8,985	8,959	7,827	7,983	11,963	8,330	8,722	8,213	9,474
56 Transaction balances other than demand deposits	73,902	73,328	72,480	71,308	74,006	73,605	73,698	72,917	73,637
57 Nontransaction balances	616,774	617,829	617,061	616,576	620,448	623,481	623,274	622,587	622,745
58 Individuals, partnerships, and corporations	576,569	577,586	577,108	576,532	581,065	583,887	583,645	582,787	583,097
59 States and political subdivisions	30,408	30,539	30,394	30,540	30,007	30,213	30,307	30,349	30,025
60 U.S. government	890	872	917	896	855	942	959	943	965
61 Depository institutions in the United States	8,056	7,991	7,796	7,729	7,669	7,596	7,535	7,712	7,829
62 Foreign governments, official institutions, and banks	850	840	846	879	852	843	827	795	828
63 Liabilities for borrowed money	278,315	279,945	283,452	279,931	286,324	275,150	277,098	272,478	278,897
64 Borrowings from Federal Reserve Banks	4,130	1,750	2,901	1,500	2,160	2,700	3,000	1,200	1,872
65 Treasury tax-and-loan notes	13,956	16,856	18,482	22,464	16,174	7,553	3,510	13,425	12,853
66 All other liabilities for borrowed money[5]	260,229	261,339	262,069	255,967	267,990	264,897	270,588	257,853	264,172
67 Other liabilities and subordinated notes and debentures	83,693	83,992	88,454	88,895	90,310	90,090	90,595	89,958	97,056
68 **Total liabilities**	**1,284,890**	**1,293,152**	**1,285,164**	**1,272,328**	**1,306,746**	**1,279,992**	**1,306,520**	**1,283,469**	**1,312,988**
69 Residual (total assets minus total liabilities)[6]	91,553r	92,416r	92,163r	92,159r	92,168	92,677	92,439	93,524	94,253
MEMO									
70 Total loans and leases (gross) and investments adjusted[7]	1,106,922	1,108,412	1,111,995	1,108,067r	1,117,969	1,114,376	1,118,289	1,118,078	1,124,470
71 Total loans and leases (gross) adjusted[7]	898,611	899,378	902,759	897,362	908,437	905,481	906,790	906,319	911,553
72 Time deposits in amounts of $100,000 or more	194,386r	193,835r	194,166	194,428	193,997	194,552	194,051	194,751	194,464
73 U.S. Treasury securities maturing in one year or less	18,959	18,715	18,986	19,473	19,402	18,861	21,072	20,925	19,895
74 Loans sold outright to affiliates—total[8]	1,303	1,304	1,291	1,367	1,401	1,380	1,303	1,342	1,308
75 Commercial and industrial	879	879	866	953	987	965	924	968	929
76 Other	424	426	426	414	414	414	379	374	380
77 Nontransaction savings deposits (including MMDAs)	251,186	252,360	250,789	249,650	253,371	255,025	254,856	253,029	253,021

1. Beginning Jan. 6, 1988, the "Large bank" reporting group was revised somewhat, eliminating some former reporters with less than $2 billion of assets and adding some new reporters with assets greater than $3 billion.

2. Includes U.S. government-issued or guaranteed certificates of participation in pools of residential mortgages.

3. Includes securities purchased under agreements to resell.

4. Includes allocated transfer risk reserve.

5. 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.

6. This is not a measure of equity capital for use in capital-adequacy analysis or for other analytic uses.

7. Exclusive of loans and federal funds transactions with domestic commercial banks.

8. 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.

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1.28 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS IN NEW YORK CITY[1]

Millions of dollars, Wednesday figures

Account	1988								
	Oct. 5	Oct. 12	Oct. 19	Oct. 26	Nov. 2	Nov. 9	Nov. 16	Nov. 23	Nov. 30
1 Cash balances due from depository institutions	22,715	25,251	21,944	20,285	27,028	22,061	24,007	20,026	27,884
2 Total loans, leases and securities, net[2]	**211,942**	**212,650**	**218,380**	**212,164**	**219,266**	**214,932**	**217,719**	**213,718**	**221,963**
Securities									
3 U.S. Treasury and government agency[3]	0	0	0	0	0	0	0	0	0
4 Trading account[3]	0	0	0	0	0	0	0	0	0
5 Investment account	15,056	15,074	15,306	15,198	15,256	15,180	15,113	15,381	15,623
6 Mortgage-backed securities[4]	5,935	5,905	6,119	6,110	6,125	6,126	6,183	6,465	6,660
All other maturing in									
7 One year or less	2,249	2,337	2,377	2,306	2,432	2,429	2,320	2,323	2,217
8 Over one through five years	4,783	4,760	4,754	4,720	4,740	4,664	4,677	4,672	4,835
9 Over five years	2,088	2,070	2,057	2,062	1,958	1,961	1,934	1,921	1,911
10 Other securities[3]	0	0	0	0	0	0	0	0	0
11 Trading account[3]	0	0	0	0	0	0	0	0	0
12 Investment account	17,171	17,165	17,197	17,206	17,350	17,435	17,403	17,512	17,718
13 States and political subdivisions, by maturity	12,711	12,703	12,652	12,653	12,562	12,557	12,496	12,481	12,482
14 One year or less	1,229	1,230	1,224	1,226	1,155	1,156	1,098	1,090	1,092
15 Over one year	11,482	11,473	11,428	11,427	11,407	11,401	11,399	11,391	11,390
16 Other bonds, corporate stocks, and securities	4,460	4,462	4,545	4,553	4,788	4,878	4,907	5,031	5,236
17 Other trading account assets[3]	0	0	0	0	0	0	0	0	0
Loans and leases									
18 Federal funds sold[5]	25,177	25,200	29,831	26,759	30,393	26,868	26,548	24,195	29,736
19 To commercial banks	12,510	10,937	14,362	12,608	14,210	10,798	13,642	10,424	14,717
20 To nonbank brokers and dealers in securities	7,401	8,866	9,313	8,123	9,818	9,462	7,151	7,578	8,394
21 To others	5,267	5,397	6,156	6,028	6,366	6,609	5,755	6,193	6,625
22 Other loans and leases, gross	169,432	170,132	170,930	167,894	171,189	170,445	173,614	171,595	173,781
23 Other loans, gross	163,954	164,636	165,406	162,370	165,662	164,906	168,008	165,990	168,182
24 Commercial and industrial	55,825	56,030	55,973	55,474	56,646	56,438	56,622	55,816	56,290
25 Bankers acceptances and commercial paper	363	376	368	352	493	422	462	440	483
26 All other	55,462	55,654	55,606	55,122	56,153	56,016	56,160	55,376	55,807
27 U.S. addressees	55,071	55,265	55,222	54,700	55,769	55,652	55,773	55,001	55,372
28 Non-U.S. addressees	392	388	383	422	383	363	387	375	436
29 Real estate loans	49,341	49,215	49,569	49,366	49,125	49,332	49,436	49,162	49,292
30 Revolving, home equity	3,107	3,128	3,128	3,142	3,189	3,183	3,194	3,211	3,222
31 All other	46,234	46,087	46,441	46,224	45,936	46,149	46,242	45,951	46,069
32 To individuals for personal expenditures	21,120	20,632	20,431	20,449	20,457	20,453	20,578	20,679	20,709
33 To depository and financial institutions	19,985	21,098	20,132	19,501	20,316	21,168	22,568	21,123	21,789
34 Commercial banks in the United States	11,367	11,631	11,459	11,235	11,435	11,826	12,977	11,565	11,748
35 Banks in foreign countries	2,542	3,202	2,401	1,989	2,118	2,672	2,973	2,807	2,964
36 Nonbank depository and other financial institutions	6,076	6,265	6,272	6,277	6,762	6,671	6,618	6,752	7,077
37 For purchasing and carrying securities	4,360	4,434	5,761	4,804	5,496	4,765	5,075	5,976	6,294
38 To finance agricultural production	203	222	263	247	227	209	204	207	197
39 To states and political subdivisions	6,689	6,647	6,615	6,560	6,509	6,444	6,439	6,524	6,397
40 To foreign governments and official institutions	724	656	618	596	658	622	667	660	592
41 All other	5,707	5,702	6,044	5,372	6,228	5,474	6,420	5,842	6,622
42 Lease financing receivables	5,478	5,496	5,524	5,525	5,527	5,539	5,606	5,605	5,600
43 LESS: Unearned income	1,624	1,621	1,582	1,598	1,587	1,613	1,608	1,616	1,611
44 Loan and lease reserve	13,269	13,300	13,301	13,295	13,335	13,383	13,352	13,351	13,284
45 Other loans and leases, net[6]	154,538	155,212	156,046	153,001	156,267	155,449	158,654	156,628	158,886
46 All other assets[7]	61,586	63,863	62,012	63,701	63,616	60,123	63,359	61,660	61,130
47 Total assets	**296,244**	**301,764**	**302,336**	**296,150**	**309,910**	**297,117**	**305,085**	**295,404**	**310,977**
Deposits									
48 Demand deposits	53,516	55,520	53,195	50,013	56,273	50,729	58,595	52,540	57,536
49 Individuals, partnerships, and corporations	36,786	39,033	37,717	35,664	38,544	36,031	41,024	37,369	40,412
50 States and political subdivisions	910	590	597	550	652	535	760	568	661
51 U.S. government	1,032	243	834	467	215	269	588	562	596
52 Depository institutions in the United States	5,555	5,928	5,424	5,370	5,695	4,557	6,452	4,438	5,542
53 Banks in foreign countries	4,957	5,642	5,278	4,635	4,626	5,466	5,548	5,722	5,922
54 Foreign governments and official institutions	708	432	526	444	567	522	745	758	666
55 Certified and officers' checks	3,567	3,651	2,818	2,883	5,975	3,349	3,477	3,123	3,736
56 Transaction balances other than demand deposits (ATS, NOW, Super NOW, telephone transfers)	8,663	8,618	8,573	8,373	8,688	8,634	8,646	8,574	8,608
57 Nontransaction balances	107,490	108,884	109,499	109,263	109,637	110,680	110,439	110,632	110,972
58 Individuals, partnerships, and corporations	97,784	99,019	99,222	98,984	99,412	100,420	100,171	100,190	100,625
59 States and political subdivisions	7,580	7,703	8,108	8,131	8,157	8,202	8,216	8,247	8,140
60 U.S. government	29	27	29	32	35	23	26	28	32
61 Depository institutions in the United States	1,776	1,826	1,822	1,806	1,747	1,751	1,741	1,887	1,894
62 Foreign governments, official institutions, and banks	320	309	318	310	285	284	284	280	282
63 Liabilities for borrowed money	70,285	72,084	72,342	69,315	74,428	66,848	68,566	65,773	68,091
64 Borrowings from Federal Reserve Banks	1,595	0	0	0	0	0	0	0	0
65 Treasury tax-and-loan notes	3,556	4,728	5,163	5,928	4,184	1,911	1,262	3,807	3,451
66 All other liabilities for borrowed money[8]	65,134	67,357	67,180	63,386	70,244	64,938	67,303	61,966	64,640
67 Other liabilities and subordinated notes and debentures	30,012	29,731	32,024	32,576	34,225	33,186	31,985	31,256	38,718
68 Total liabilities	**269,967**	**274,838**	**275,634**	**269,541**	**283,252**	**270,078**	**278,230**	**268,774**	**283,926**
69 Residual (total assets minus total liabilities)[9]	26,277	26,927	26,702	26,609	26,658	27,039	26,855	26,630	27,051
MEMO									
70 Total loans and leases (gross) and investments adjusted[2,10]	202,959	205,002	207,442	203,215	208,543	207,305	206,060	206,696	210,393
71 Total loans and leases (gross) adjusted[10]	170,732	172,764	174,939	170,811	175,937	174,690	173,543	173,802	177,052
72 Time deposits in amounts of $100,000 or more	39,974	40,062	40,924	40,941	40,996	40,998	41,022	41,310	41,053
73 U.S. Treasury securities maturing in one year or less	3,491	3,346	3,990	3,600	3,998	3,654	4,816	4,163	3,299

1. These data also appear in the Board's H.4.2 (504) release. For address, see inside front cover.
2. Excludes trading account securities.
3. Not available due to confidentiality.
4. Includes U.S. government-issued or guaranteed certificates of participation in pools of residential mortgages.
5. Includes securities purchased under agreements to resell.
6. Includes allocated transfer risk reserve.
7. Includes trading account securities.
8. Includes federal funds purchased and securities sold under agreements to repurchase.
9. Not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.
10. Exclusive of loans and federal funds transactions with domestic commercial banks.

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1.30 LARGE WEEKLY REPORTING U.S. BRANCHES AND AGENCIES OF FOREIGN BANKS[1] Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1988								
	Oct. 5	Oct. 12	Oct. 19	Oct. 26	Nov. 2	Nov. 9	Nov. 16	Nov. 23	Nov. 30
1 Cash and due from depository institutions	10,810	10,389	11,434	10,286	11,233	12,579	11,887	11,126	10,817
2 Total loans and securities	111,005	109,214	111,938	109,648	111,506	111,583	112,279	110,161	112,853
3 U.S. Treasury and government agency securities	7,978	8,035	7,756	7,760	7,885	7,751	7,834	7,546	7,651
4 Other securities[2]	7,178	7,186	7,320	7,315	7,288	7,237	7,242	7,202	7,259
5 Federal funds sold[3]	8,064	7,583	10,198	9,290	8,489	9,036	10,864	7,293	10,173
6 To commercial banks in the United States	5,690	5,201	7,972	6,852	5,823	6,729	8,861	5,465	7,878
7 To others	2,374	2,382	2,226	2,437	2,666	2,307	2,003	1,828	2,294
8 Other loans, gross	87,785	86,410	86,663	85,283	87,843	87,558	86,340	88,120	87,771
9 Commercial and industrial	56,508r	55,974r	55,384r	55,229r	56,483	55,888	55,485	55,635	56,064
10 Bankers acceptances and commercial paper	1,679	1,595	1,617	1,630	1,555	1,604	1,689	1,736	1,554
11 All other	54,829r	54,378r	53,767r	53,599r	54,928	54,283	53,797	53,899	54,511
12 U.S. addressees	53,093r	52,758r	52,185r	51,931r	53,223	52,608	52,224	52,279	52,871
13 Non-U.S. addressees	1,736	1,620	1,582	1,668	1,704	1,675	1,573	1,620	1,640
14 To financial institutions	17,212	16,615	17,759	16,460	17,062	17,078	16,136	17,424	16,307
15 Commercial banks in the United States	13,114	12,330	13,462	12,372	12,648	12,773	11,902	13,038	12,018
16 Banks in foreign countries	1,025	974	1,247	1,133	1,350	1,174	1,157	1,221	1,220
17 Nonbank financial institutions	3,074	3,311	3,050	2,955	3,065	3,130	3,076	3,166	3,070
18 To foreign governments and official institutions	639	642	637	548	621	743	820	801	830
19 For purchasing and carrying securities	1,647	1,432	1,238	1,235	1,611	1,467	1,449	1,805	1,761
20 All other	11,779r	11,748r	11,645r	11,810r	12,066	12,382	12,448	12,455	12,808
21 Other assets (claims on nonrelated parties)	30,253	30,248	30,266	30,442	30,628	31,572	32,296	32,715	33,025
22 Net due from related institutions	17,264	16,149	17,907	18,220	17,526	16,796	14,936	18,101	15,233
23 Total assets	169,331	166,000	171,546	168,596	170,893	172,529	171,399	172,104	171,928
24 Deposits or credit balances due to other than directly related institutions	44,095	44,238r	43,954	44,232	43,758	43,029	43,390	43,941	44,179
25 Transaction accounts and credit balances[3]	3,785	3,820	3,836	4,393	4,549	3,642	4,301	3,888	3,954
26 Individuals, partnerships, and corporations	2,459	2,471	2,486	2,613	2,655	2,350	2,882	2,497	2,451
27 Other	1,326	1,349	1,350	1,780	1,894	1,292	1,418	1,391	1,503
28 Nontransaction accounts[4]	40,310	40,417r	40,118	39,838	39,209	39,387	39,089	40,053	40,225
29 Individuals, partnerships, and corporations	33,344	33,443r	33,308	33,030	32,723	32,891	32,634	33,630	33,713
30 Other	6,966	6,974	6,809	6,808	6,486	6,496	6,455	6,423	6,512
31 Borrowings from other than directly related institutions	69,346	67,445	72,608	69,962	69,132	70,561	68,504	67,646	68,197
32 Federal funds purchased[5]	34,338	33,094	35,647	35,242	33,914	33,385	31,479	24,603	31,021
33 From commercial banks in the United States	19,425	16,299	18,337	19,373	17,088	17,674	16,307	12,087	16,454
34 From others	14,914	16,795	17,309	15,869	16,826	15,712	15,172	12,516	14,567
35 Other liabilities for borrowed money	35,007	34,351	36,961	34,720	35,218	37,176	37,024	43,043	37,176
36 To commercial banks in the United States	24,526	23,776	26,219	23,552	23,628	25,763	25,668	28,072	25,744
37 To others	10,481	10,575	10,742	11,168	11,590	11,413	11,356	14,971	11,432
38 Other liabilities to nonrelated parties	31,423	31,387	31,439	31,354	31,582	32,911	33,837	33,964	34,168
39 Net due to related institutions	24,468	22,931r	23,546	23,048	26,420	26,028	25,668	26,552	25,383
40 Total liabilities	169,331	166,000	171,546	168,596	170,893	172,529	171,399	172,104	171,928
MEMO									
41 Total loans (gross) and securities adjusted[6]	92,202	91,683	90,504	90,424	93,035	92,081	91,516	91,659	92,957
42 Total loans (gross) adjusted[6]	77,045	76,462	75,427	75,348	77,862	77,092	76,440	76,910	78,048

1. Effective Jan. 1, 1986, the reporting panel includes 65 U.S. branches and agencies of foreign banks that include those branches and agencies with assets of $750 million or more on June 30, 1980, plus those branches and agencies that had reached the $750 million asset level on Dec. 31, 1984. These data also appear in the Board's H.4.2 (504) release. For address, see inside front cover.
2. Includes securities purchased under agreements to resell.
3. Includes credit balances, demand deposits, and other checkable deposits.
4. Includes savings deposits, money market deposit accounts, and time deposits.
5. Includes securities sold under agreements to repurchase.
6. Exclusive of loans to and federal funds sold to commercial banks in the United States.

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

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

Type of holder	Commercial banks									
	1983 Dec.	1984 Dec.	1985 Dec.[3,4]	1986 Dec.	1987			1988		
					June	Sept.	Dec.	Mar.	June	Sept.
1 **All holders—Individuals, partnerships, and corporations**	**293.5**	**302.7**	**321.0**	**363.6**	**340.2**	**339.0**	**343.5**	**328.6**	**346.5**	**337.8**
2 Financial business	32.8	31.7	32.3	41.4	36.6	36.5	36.3	33.9	37.2	34.8
3 Nonfinancial business	161.1	166.3	178.5	202.0	187.2	188.2	191.9	184.1	194.3	190.3
4 Consumer	78.5	81.5	85.5	91.1	90.1	88.7	90.0	86.9	89.8	87.8
5 Foreign	3.3	3.6	3.5	3.3	3.2	3.2	3.4	3.5	3.4	3.2
6 Other	17.8	19.7	21.2	25.8	23.1	22.4	21.9	20.3	21.9	21.7
	Weekly reporting banks									
	1983 Dec.	1984 Dec.[2]	1985 Dec.[3,4]	1986 Dec.	1987			1988		
					June	Sept.	Dec.	Mar.[5]	June	Sept.
7 **All holders—Individuals, partnerships, and corporations**	**146.2**	**157.1**	**168.6**	**195.1**	**179.3**	**179.1**	**183.8**	**181.8**	**191.5**	**185.3**
8 Financial business	24.2	25.3	25.9	32.5	29.3	29.3	28.6	27.0	30.0	27.2
9 Nonfinancial business	79.8	87.1	94.5	106.4	94.8	96.0	100.0	98.2	103.1	101.5
10 Consumer	29.7	30.5	33.2	37.5	37.5	37.2	39.1	41.7	42.3	41.8
11 Foreign	3.1	3.4	3.1	3.3	3.1	3.1	3.3	3.4	3.3	3.1
12 Other	9.3	10.9	12.0	15.4	14.6	13.5	12.7	11.4	12.8	11.7

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. Figures may not add to totals because of rounding.

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

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

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

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

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1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1983 Dec.	1984 Dec.	1985 Dec.	1986 Dec.	1987 Dec.	1988 May	1988 June	1988 July	1988 Aug.	1988 Sept.	1988 Oct.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**187,658**	**237,586**	**298,779**	**329,991**	**357,129**	**414,312**	**417,788**	**423,599**	**426,685**	**421,224**	**423,759**
Financial companies[1]											
Dealer-placed paper[2]											
2 Total	44,455	56,485	78,443	101,072	101,958	137,838	142,322	148,125	148,224	151,491	148,944
3 Bank-related (not seasonally adjusted)	2,441	2,035	1,602	2,265	1,428	1,422	1,448	1,340	983	901	840
Directly placed paper[3]											
4 Total	97,042	110,543	135,320	151,820	173,939	185,876	184,658	185,063	187,305	179,690	182,663
5 Bank-related (not seasonally adjusted)	35,566	42,105	44,778	40,860	43,173	47,719	45,294	44,975	47,818	43,887	41,803
6 Nonfinancial companies[4]	46,161	70,558	85,016	77,099	81,232	90,598	90,808	90,411	91,156	90,043	92,152
	Bankers dollar acceptances (not seasonally adjusted)[5]										
7 **Total**	**78,309**	**78,364**	**68,413**	**64,974**	**70,565**	**63,381**	**64,359**	**63,240**	**64,036**	**63,452**	**62,253**
Holder											
8 Accepting banks	9,355	9,811	11,197	13,423	10,943	9,412	9,734	9,655	9,551	9,334	9,083
9 Own bills	8,125	8,621	9,471	11,707	9,464	8,588	8,861	8,702	8,664	8,400	8,026
10 Bills bought	1,230	1,191	1,726	1,716	1,479	825	873	953	888	934	1,057
Federal Reserve Banks											
11 Own account	418	0	0	0	0	0	0	0	0	0	0
12 Foreign correspondents	729	671	937	1,317	965	1,050	1,273	1,114	9,915	9,634	1,166
13 Others	67,807	67,881	56,279	50,234	58,658	52,918	53,351	52,471	53,493	53,154	52,004
Basis											
14 Imports into United States	15,649	17,845	15,147	14,670	16,483	14,045	14,244	14,001	14,608	14,622	14,064
15 Exports from United States	16,880	16,305	13,204	12,960	15,227	14,534	14,606	14,676	14,345	13,946	14,067
16 All other	45,781	44,214	40,062	37,344	38,855	34,803	35,510	34,564	35,083	34,884	34,122

1. 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.
2. Includes all financial company paper sold by dealers in the open market.
3. As reported by financial companies that place their paper directly with investors.
4. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.
5. Beginning January 1988, the number of respondents in the bankers acceptance survey were reduced from 155 to 111 institutions—those with $100 million or more in total acceptances. The new reporting group accounts for over 90 percent of total acceptances activity.

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

Percent per year

Date of change	Rate	Period	Average rate	Period	Average rate	Period	Average rate
1985—Jan. 15	10.50	1985	9.93	1986—Mar.	9.10	1987—Sept.	8.70
May 20	10.00	1986	8.33	Apr.	8.83	Oct.	9.07
June 18	9.50	1987	8.21	May	8.50	Nov.	8.78
				June	8.50	Dec.	8.75
1986—Mar. 7	9.00	1985—Jan.	10.61	July	8.16		
Apr. 21	8.50	Feb.	10.50	Aug.	7.90	1988—Jan.	8.75
July 11	8.00	Mar.	10.50	Sept.	7.50	Feb.	8.51
Aug. 26	7.50	Apr.	10.50	Oct.	7.50	Mar.	8.50
		May	10.31	Nov.	7.50	Apr.	8.50
1987—Apr. 1	7.75	June	9.78	Dec.	7.50	May	8.84
May 1	8.00	July	9.50			June	9.00
15	8.25	Aug.	9.50	1987—Jan.	7.50	July	9.29
Sept. 4	8.75	Sept.	9.50	Feb.	7.50	Aug.	9.84
Oct. 7	9.25	Oct.	9.50	Mar.	7.50	Sept.	10.00
22	9.00	Nov.	9.50	Apr.	7.75	Oct.	10.00
Nov. 5	8.75	Dec.	9.50	May	8.14	Nov.	10.05
				June	8.25		
1988—Feb. 2	8.50	1986—Jan.	9.50	July	8.25		
May 11	9.00	Feb.	9.50	Aug.	8.25		
July 14	9.50						
Aug. 11	10.00						
Nov. 28	10.50						

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

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1.35 INTEREST RATES Money and Capital Markets

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

Instrument	1985	1986	1987	1988				1988, week ending				
				Aug.	Sept.	Oct.	Nov.	Oct. 28	Nov. 4	Nov. 11	Nov. 18	Nov. 25
MONEY MARKET RATES												
1 Federal funds[1,2]	8.10	6.80	6.66	8.01	8.19	8.30	8.35	8.29	8.36	8.31	8.26	8.33
2 Discount window borrowing[1,2,3]	7.69	6.32	5.66	6.37	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
Commercial paper[4,5]												
3 1-month	7.93	6.61	6.74	8.09	8.09	8.12	8.38	8.16	8.22	8.31	8.42	8.46
4 3-month	7.95	6.49	6.82	8.26	8.17	8.24	8.66	8.29	8.32	8.42	8.65	8.86
5 6-month	8.00	6.39	6.85	8.36	8.23	8.24	8.55	8.28	8.25	8.34	8.57	8.71
Finance paper, directly placed[4,5]												
6 1-month	7.90	6.57	6.61	7.96	7.96	8.05	8.29	8.08	8.12	8.23	8.35	8.37
7 3-month	7.77	6.38	6.54	7.95	7.95	8.06	8.20	8.11	8.12	8.20	8.23	8.22
8 6-month	7.74	6.31	6.37	7.57	7.71	7.80	7.94	7.80	7.80	7.91	7.95	8.03
Bankers acceptances[5,6]												
9 3-month	7.91	6.38	6.75	8.19	8.06	8.15	8.55	8.18	8.18	8.34	8.59	8.78
10 6-month	7.95	6.28	6.78	8.30	8.15	8.13	8.46	8.16	8.11	8.26	8.50	8.67
Certificates of deposit, secondary market[7]												
11 1-month	7.96	6.61	6.75	8.08	8.12	8.15	8.43	8.18	8.23	8.30	8.41	8.49
12 3-month	8.04	6.51	6.87	8.35	8.23	8.36	8.78	8.41	8.43	8.55	8.80	9.00
13 6-month	8.24	6.50	7.01	8.66	8.50	8.48	8.81	8.51	8.45	8.58	8.84	9.04
14 Eurodollar deposits, 3-month[8]	8.28	6.71	7.06	8.47	8.31	8.51	8.91	8.56	8.51	8.61	8.85	9.05
U.S. Treasury bills[5]												
Secondary market[9]												
15 3-month	7.47	5.97	5.78	7.06	7.24	7.35	7.76	7.42	7.38	7.57	7.91	8.01
16 6-month	7.65	6.02	6.03	7.39	7.43	7.50	7.86	7.53	7.51	7.75	7.94	8.06
17 1-year	7.81	6.07	6.33	7.59	7.53	7.54	7.87	7.55	7.53	7.76	7.94	8.06
Auction average[10]												
18 3-month	7.47	5.98	5.82	7.02	7.23	7.34	7.68	7.45	7.37	7.54	7.82	7.97
19 6-month	7.64	6.03	6.05	7.36	7.43	7.50	7.76	7.54	7.48	7.71	7.87	7.99
20 1-year	7.80	6.18	6.33	7.40	7.60	7.57	7.92	7.57	n.a.	n.a.	n.a.	7.92
CAPITAL MARKET RATES												
U.S. Treasury notes and bonds[11]												
Constant maturities[12]												
21 1-year	8.42	6.45	6.77	8.17	8.09	8.11	8.48	8.13	8.10	8.35	8.55	8.71
22 2-year	9.27	6.86	7.42	8.63	8.46	8.35	8.67	8.34	8.29	8.55	8.72	8.89
23 3-year	9.64	7.06	7.68	8.77	8.57	8.43	8.72	8.42	8.38	8.61	8.77	8.94
24 5-year	10.12	7.30	7.94	8.94	8.69	8.51	8.79	8.47	8.44	8.69	8.84	8.99
25 7-year	10.50	7.54	8.23	9.13	8.87	8.69	8.89	8.66	8.59	8.81	8.92	9.05
26 10-year	10.62	7.67	8.39	9.26	8.98	8.80	8.96	8.77	8.72	8.91	8.99	9.10
27 20-year	10.97	7.85	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
28 30-year	10.79	7.78	8.59	9.32	9.06	8.89	9.02	8.88	8.80	8.98	9.08	9.13
Composite[13]												
29 Over 10 years (long-term)	10.75	8.14	8.64	9.33	9.06	8.89	9.07	8.88	8.78	8.97	9.15	9.24
State and local notes and bonds												
Moody's series[14]												
30 Aaa	8.60	6.95	7.14	7.51	7.39	7.25	7.35	7.20	7.28	7.34	7.37	7.41
31 Baa	9.58	7.76	8.17	7.89	7.84	7.72	7.78	7.65	7.70	7.77	7.82	7.84
32 *Bond Buyer* series[15]	9.11	7.32	7.64	7.79	7.66	7.47	7.46	7.36	7.33	7.44	7.50	7.58
Corporate bonds												
Seasoned issues[16]												
33 All industries	12.05	9.71	9.91	10.58	10.28	9.90	9.91	9.87	9.81	9.85	9.92	10.00
34 Aaa	11.37	9.02	9.38	10.11	9.82	9.51	9.45	9.44	9.39	9.38	9.45	9.52
35 Aa	11.82	9.47	9.68	10.37	10.06	9.71	9.72	9.68	9.63	9.67	9.74	9.80
36 A	12.28	9.95	9.99	10.63	10.34	9.99	9.99	9.97	9.90	9.93	10.00	10.08
37 Baa	12.72	10.39	10.58	11.21	10.90	10.41	10.48	10.39	10.32	10.40	10.49	10.58
38 A-rated, recently offered utility bonds[17]	12.06	9.61	9.95	10.45	10.26	10.11	10.12	10.00	10.02	10.08	10.20	10.20
MEMO: Dividend/price ratio[18]												
39 Preferred stocks	10.44	8.76	8.37	9.39	9.25	9.23	9.29	9.23	9.20	9.20	9.35	9.35
40 Common stocks	4.25	3.48	3.08	3.75	3.69	3.61	3.70	3.55	3.56	3.68	3.82	3.76

1. Weekly, monthly and annual figures are averages of all calendar days, where the rate for a weekend or holiday is taken to be the rate prevailing on the preceding business day. The daily rate is the average of the rates on a given day weighted by the volume of transactions at these rates.
2. Weekly figures are averages for statement week ending Wednesday.
3. Rate for the Federal Reserve Bank of New York.
4. Unweighted average of offering rates quoted by at least five dealers (in the case of commercial paper), or finance companies (in the case of finance paper). Before November 1979, maturities for data shown are 30–59 days, 90–119 days, and 120–179 days for commercial paper; and 30–59 days, 90–119 days, and 150–179 days for finance paper.
5. Yields are quoted on a bank-discount basis, rather than in an investment yield basis (which would give a higher figure).
6. Dealer closing offered rates for top-rated banks. Most representative rate (which may be, but need not be, the average of the rates quoted by the dealers).
7. Unweighted average of offered rates quoted by at least five dealers early in the day.
8. Calendar week average. For indication purposes only.
9. Unweighted average of closing bid rates quoted by at least five dealers.
10. Rates are recorded in the week in which bills are issued. Beginning with the Treasury bill auction held on Apr. 18, 1983, bidders were required to state the percentage yield (on a bank discount basis) that they would accept to two decimal places. Thus, average issuing rates in bill auctions will be reported using two rather than three decimal places.
11. Yields are based on closing bid prices quoted by at least five dealers.
12. Yields adjusted to constant maturities by the U.S. Treasury. That is, yields are read from a yield curve at fixed maturities. Based on only recently issued, actively traded securities.
13. Averages (to maturity or call) for all outstanding bonds neither due nor callable in less than 10 years, including one very low yielding "flower" bond.
14. General obligations based on Thursday figures; Moody's Investors Service.
15. General obligations only, with 20 years to maturity, issued by 20 state and local governmental units of mixed quality. Based on figures for Thursday.
16. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.
17. Compilation of the Federal Reserve. This series is an estimate of the yield on recently-offered, A-rated utility bonds with a 30-year maturity and 5 years of call protection. Weekly data are based on Friday quotations.
18. Standard and Poor's corporate series. Preferred stock ratio based on a sample of ten issues: four public utilities, four industrials, one financial, and one transportation. Common stock ratios on the 500 stocks in the price index.

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

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1.36 STOCK MARKET Selected Statistics

Indicator	1985	1986	1987	1988								
				Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
	Prices and trading (averages of daily figures)											
Common stock prices												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	108.09	136.00	161.70	149.88	148.46	144.99	152.72	152.12	149.25	151.47	156.36	152.67
2 Industrial	123.79	155.85	195.31	181.57	181.01	176.02	184.92	184.09	179.72	182.18	188.58	182.25
3 Transportation	104.11	119.87	140.39	135.15	133.40	127.63	136.02	136.49	132.52	136.27	141.83	137.51
4 Utility	56.75	71.36	74.29	71.16	69.35	68.66	72.25	71.49	70.67	71.83	74.19	79.28
5 Finance	114.21	147.19	146.48	125.27	121.66	120.35	129.04	129.99	130.77	133.15	136.09	130.05
6 Standard & Poor's Corporation (1941–43 = 10)[1]	186.84	236.34	286.83	265.74	262.61	256.12	270.68	269.05	263.73	267.97	277.40	271.02
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	229.10	264.38	316.61	295.78	300.43	296.30	306.13	307.48	297.76	297.86	302.83	292.25
Volume of trading (thousands of shares)												
8 New York Stock Exchange	109,191	141,385	188,647	176,189	162,518	153,906	195,772	166,916	144,668	145,702	162,631	134,427
9 American Stock Exchange	8,355	11,846	13,832	12,442	10,706	8,931	11,348	9,938	9,307	8,198	9,051	8,497
	Customer financing (end-of-period balances, in millions of dollars)											
10 **Margin credit at broker-dealers**[3]	**28,390**	**36,840**	**31,990**	**32,660**	**33,270**	**33,070**	**32,300**	**31,770**	**31,930**	**32,770**	**33,410**	**33,640**
Free credit balances at brokers[4]												
11 Margin-account[5]	2,715	4,880	4,750	4,615	4,395	4,380	4,580	4,485	4,655	4,725	5,065	4,920
12 Cash-account	12,840	19,000	15,640	14,355	13,965	14,150	14,460	14,340	14,045	14,175	14,880	15,185

	Margin requirements (percent of market value and effective date)[6]					
	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
13 Margin stocks	70	80	65	55	65	50
14 Convertible bonds	50	60	50	50	50	50
15 Short sales	70	80	65	55	65	50

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

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

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

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

5. New series beginning June 1984.

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

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

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1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1985	1986	1987	1988								
			Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.[r]	Sept.
	FSLIC-insured institutions											
1 **Assets**	**1,070,012**	**1,163,851**	**1,250,855**	**1,254,885**	**1,257,466**	**1,261,581**	**1,274,494[r]**	**1,285,329[r]**	**1,290,209[r]**	**1,299,668[r]**	**1,311,687**	**1,323,444**
2 Mortgages	690,717	697,451	721,593	722,944	723,856	725,625	728,984[r]	733,549[r]	737,171[r]	743,374[r]	751,802	754,926
3 Mortgage-backed securities	115,525	158,193	201,828	201,732	197,811	197,889	202,742	205,028	207,524[r]	208,223	210,317	211,246
4 Contra-assets to mortgage assets[1]	45,219	41,799	42,344	41,291	40,836	41,268	39,359[r]	39,765[r]	40,123[r]	40,165[r]	38,968	38,539
5 Commercial loans	17,424	23,683	23,163	23,538	23,340	24,004	24,243	24,201	24,681[r]	24,965[r]	25,096	24,864
6 Consumer loans	45,809	51,622	57,902	58,342	58,687	58,390	59,121[r]	60,250[r]	61,137[r]	61,573[r]	62,402	61,809
7 Contra-assets to nonmortgage loans[2]	2,521	3,041	3,467	3,580	3,524	3,628	3,513[r]	3,395[r]	3,504[r]	3,372[r]	3,137	3,069
8 Cash and investment securities	143,538	164,844	169,717	169,953	174,106	176,386	177,980	179,645	177,607[r]	178,643[r]	175,730	182,277
9 Other[3]	104,739	112,898	122,462	123,247	124,025	124,184	124,296[r]	125,816[r]	125,716[r]	126,428[r]	128,446	129,930
10 **Liabilities and net worth**	**1,070,012**	**1,163,851**	**1,250,855**	**1,254,885**	**1,257,466**	**1,261,581**	**1,274,494[r]**	**1,285,329[r]**	**1,290,209[r]**	**1,299,668[r]**	**1,311,687**	**1,323,444**
11 Savings capital	843,932	890,664	932,616	939,080	946,790	958,471	962,316[r]	963,761[r]	966,759[r]	968,221[r]	968,303	973,598
12 Borrowed money	157,666	196,929	249,917	246,088	239,452	237,563[r]	244,990	250,695	257,117[r]	262,730[r]	266,710	273,588
13 FHLBB	84,390	100,025	116,363	114,053	112,725	112,389	113,029	114,994	117,281[r]	118,207[r]	120,667	123,390
14 Other	73,276	96,904	133,554	132,035	126,727	125,174[r]	131,961	135,701	139,836[r]	144,523[r]	146,043	150,198
15 Other	21,756	23,975	21,941	23,873	25,818	22,555	24,620[r]	27,157[r]	24,556[r]	27,109[r]	28,911	25,995
16 Net worth	46,657	52,282	46,382	45,845	45,406	42,892	42,568[r]	43,717[r]	41,777[r]	41,608[r]	47,763	50,264
	FSLIC-insured federal savings banks											
17 **Assets**	**131,868**	**210,562**	**284,272**	**284,303**	**295,951**	**307,756**	**311,434**	**323,030**	**329,739[r]**	**333,612[r]**	**357,626**	**367,178**
18 Mortgages	72,355	113,638	164,013	163,915	171,592	178,260	180,586	186,818	190,646[r]	193,155[r]	204,350	207,978
19 Mortgage-backed securities	15,676	29,766	45,826	46,171	46,687	47,979	49,075[r]	51,290[r]	52,648[r]	53,049[r]	55,710	56,402
20 Contra-assets to mortgage assets[1]	.....	.....	9,100	8,909	9,175	9,460	9,346	9,736	10,087	10,134[r]	10,913	11,127
21 Commercial loans	.....	.....	6,504	6,496	6,971	7,378	7,531	7,639	7,906	7,920	8,570	8,699
22 Consumer loans	8,361	13,180	17,696	17,649	18,795	19,141	19,616	20,426	21,142[r]	21,444[r]	22,520	22,412
23 Contra-assets to nonmortgage loans[2]	.....	.....	678	698	737	800	724	707[r]	739[r]	699[r]	771	792
24 Finance leases plus interest	.....	.....	591	604	584	611	615	652	708	735	791	806
25 Cash and investment	.....	.....	35,347	34,645	35,718	38,224	38,273	39,903	40,274	40,842	44,790	48,442
26 Other	11,723	19,034	24,070	24,430	25,517	26,424	25,822	26,760	27,230[r]	27,317[r]	32,598	34,359
27 **Liabilities and net worth**	**131,868**	**210,562**	**284,272**	**284,303**	**295,951**	**307,756**	**311,434**	**323,030**	**329,739[r]**	**333,612[r]**	**357,626**	**367,178**
28 Savings capital	103,462	157,872	203,196	204,329	214,169	224,169	226,544[r]	232,656[r]	236,759[r]	239,591[r]	256,224	261,725
29 Borrowed money	19,323	37,329	60,716	59,206	59,704	61,552	62,566	66,816	69,348	70,015	75,808	80,639
30 FHLBB	10,510	19,897	29,617	28,280	29,169	30,456	30,075	31,682	32,177	31,941	35,357	37,204
31 Other	8,813	17,432	31,099	30,926	30,535	31,096	32,491	35,134	37,171	38,074	40,451	43,435
32 Other	2,732	4,263	5,324	5,838	6,602	6,089	6,390[r]	7,122[r]	6,643[r]	7,061[r]	8,061	7,374
33 Net worth	6,351	11,098	15,036	14,930	15,477	15,946	16,087	16,587	16,886	16,859	17,432	17,340
	Savings banks											
34 **Assets**	**216,776**	**236,866**	**259,643**	**258,628**	**259,224**	**262,100**	**262,269**	**264,507**	**269,369**	**272,459**	**272,327**	**255,544**
Loans												
35 Mortgage	110,448	118,323	138,494	137,858	139,108	140,835	139,691	143,235	147,366	149,115	150,293	143,628
36 Other	30,876	35,167	33,871	35,095	35,752	36,476	37,471	35,927	35,990	36,538	36,402	33,140
Securities												
37 U.S. government	13,111	14,209	13,510	12,776	12,269	12,225	13,203	12,490	12,227	12,222	11,939	11,120
38 Mortgage-backed securities	19,481	25,836	32,772	32,241	32,423	32,272	31,072	31,861	32,669	33,017	32,982	28,205
39 State and local government	2,323	2,185	2,003	1,994	2,053	2,033	2,013	1,933	1,877	1,868	1,929	1,891
40 Corporate and other	21,199	20,459	18,772	18,780	18,271	18,336	18,549	18,298	18,332	18,376	18,134	17,234
41 Cash	6,225	6,894	5,864	4,841	5,002	4,881	5,237	5,383	5,094	5,449	4,906	5,155
42 Other assets	13,113	13,793	14,357	15,043	14,346	15,042	15,033	15,380	15,814	15,874	15,742	14,171
43 **Liabilities**	**216,776**	**236,866**	**259,643**	**258,628**	**259,224**	**262,100**	**262,269**	**264,507**	**269,369**	**272,459**	**272,327**	**255,544**
44 Deposits	185,972	192,194	201,497	199,545	200,391	203,407	203,273	205,692	209,227	210,751	210,399	197,151
45 Regular[4]	181,921	186,345	196,037	194,322	195,336	198,273	197,801	200,098	203,434	204,851	204,866	192,079
46 Ordinary savings	33,018	37,717	41,959	41,047	41,234	41,867	41,741	42,403	43,282	43,228	42,651	39,916
47 Time	103,311	100,809	112,429	112,781	113,751	115,529	115,887	117,297	119,815	121,356	122,959	116,086
48 Other	4,051	5,849	5,460	5,223	5,055	5,134	5,472	5,594	5,793	5,900	5,533	5,436
49 Other liabilities	17,414	25,274	35,720	36,836	35,787	35,737	35,827	35,836	36,779	37,584	37,824	35,019
50 General reserve accounts	12,823	18,105	20,633	20,514	20,894	21,024	21,109	21,179	21,385	21,559	21,405	20,142

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1.37—Continued

Account	1985	1986	1987	1988								
			Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.[r]	Sept.
	Credit unions[5]											
51 **Total assets/liabilities and capital**	**118,010**	**147,726**	↑	↑	↑	**169,111**	**169,175**	**172,456**	**172,345**	**173,276**	↑	↑
52 Federal	77,861	95,483				109,797	109,913	112,595	112,573	113,068		
53 State	40,149	52,243				59,314	59,262	59,855	59,772	60,208		
54 Loans outstanding	73,513	86,137	n.a.	n.a.	n.a.	101,965	103,271	105,704	105,800	107,065	n.a.	n.a.
55 Federal	47,933	55,304				65,732	66,431	68,213	68,658	69,626		
56 State	25,580	30,833				36,233	36,840	37,491	37,142	37,439		
57 Savings	105,963	134,327				156,045	155,105	157,764	158,186	159,314		
58 Federal	70,926	87,954				101,847	101,048	103,129	103,347	104,256		
59 State	35,037	46,373	↓	↓	↓	54,198	54,057	54,635	54,839	55,058	↓	↓
	Life insurance companies											
60 **Assets**	**825,901**	**937,551**	**1,044,459[r]**	**1,042,350[r]**	**1,052,645**	**1,065,549**	**1,075,541**	**1,094,827**	**1,105,546**	**1,113,547**	**1,121,337**	↑
Securities												
61 Government	75,230	84,640	84,426[r]	91,682[r]	92,497	92,408	93,946	86,711	87,160	88,218	88,362	
62 United States[6]	51,700	59,033	57,078[r]	64,922[r]	65,534	65,218	66,749	58,988	59,351	60,244	60,407	
63 State and local	9,708	11,659	10,681[r]	11,749[r]	11,859	12,033	11,976	11,016	11,114	11,102	11,190	
64 Foreign[7]	13,822	13,948	16,667[r]	15,011[r]	15,104	15,157	15,221	16,707	16,695	16,872	16,765	
65 Business	423,712	492,807	569,199[r]	563,019[r]	571,070	580,392	587,846	606,445	614,052	618,742	644,917	n.a.
66 Bonds	346,216	401,943	472,684[r]	469,207[r]	476,448	484,403	490,285	503,728	509,105	514,926	540,796	
67 Stocks	77,496	90,864	96,515[r]	93,812[r]	94,622	95,989	97,561	102,717	104,947	103,816	104,121	
68 Mortgages	171,797	193,842	203,545[r]	212,637[r]	213,182	214,815	215,383	219,012	220,870	221,990	233,438	
69 Real estate	28,822	31,615	34,172[r]	34,178[r]	34,503	34,845	34,964	35,484	35,545	35,737	35,920	
70 Policy loans	54,369	54,055	53,626[r]	53,265[r]	52,720	52,604	52,568	53,013	53,107	53,142	53,194	
71 Other assets	71,971	80,592	89,586[r]	87,569[r]	88,673	90,499	90,834	94,162	94,812	95,718	95,505	↓

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

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

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

4. Excludes checking, club, and school accounts.

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

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

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

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

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

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

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

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

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1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1986	Fiscal year 1987	Fiscal year 1988	Calendar year 1988					
				June	July	Aug.	Sept.	Oct.	Nov.
U.S. budget[1]									
1 Receipts, total	769,091	854,143	908,953	99,205	60,690	69,479	97,803	63,646	64,408
2 On-budget	568,862	640,741	667,462	77,643	40,980	51,015	75,586	45,847	47,023
3 Off-budget	200,228	213,402	241,491	21,562	19,710	18,464	22,217	17,799	17,385
4 Outlays, total	990,258	1,004,586	1,064,055	90,071	83,634	92,561	87,588	91,086	93,426
5 On-budget	806,760	810,754	861,364	72,888	66,818	74,756	70,071	73,945	75,427
6 Off-budget	183,498	193,832	202,691	17,184	16,816	17,805	17,518	17,141	17,999
7 Surplus, or deficit (−), total	−221,167	−150,444	−155,102	−22,583	9,134	−22,944	−23,082	−27,440	−29,018
8 On-budget	−237,898	−170,014	−193,901	4,755	−25,838	−23,741	5,515	−28,097	−28,403
9 Off-budget	16,731	19,570	38,800	4,379	2,894	659	4,699	658	−614
Source of financing (total)									
10 Borrowing from the public	236,187	150,070	166,171	11,391	3,665	23,370	14,665	10,716	31,520
11 Operating cash (decrease, or increase (−))	−14,324	−5,052	−7,963	−20,638	15,696	10,954	−31,444	13,748	9,218
12 Other[2]	−696	5,426	−3,106	113	3,583	−11,242	6,564	2,976	−11,720
MEMO									
13 Treasury operating balance (level, end of period)	31,384	36,436	44,398	39,604	23,908	12,954	44,398	30,650	21,432
14 Federal Reserve Banks	7,514	9,120	13,024	9,762	3,910	4,390	13,024	6,151	5,198
15 Tax and loan accounts	23,870	27,316	31,375	29,842	19,998	8,564	31,375	24,499	16,234

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

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

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

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1.39 U.S. BUDGET RECEIPTS AND OUTLAYS[1]

Millions of dollars

Source or type	Fiscal year 1987	Fiscal year 1988	Calendar year						
			1986	1987		1988	1988		
			H2	H1	H2	H1	Sept.	Oct.	Nov.
RECEIPTS									
1 **All sources**	**854,143**	**908,954**	**387,524**	**447,282**	**421,712**	**476,115**	**97,803**	**63,646**	**64,408**
2 Individual income taxes, net	392,557	401,181	183,156	205,157	192,575	207,659	41,784	31,287	29,822
3 Withheld	322,463	341,435	164,071	156,760	170,203	169,300	27,209	28,824	30,092
4 Presidential Election Campaign Fund	33	33	4	30	4	28	1	0	0
5 Nonwithheld	142,957	132,199	27,733	112,421	31,223	101,614	16,793	3,430	1,367
6 Refunds	72,896	72,487	8,652	64,052	8,853	63,283	2,219	967	1,638
Corporation income taxes									
7 Gross receipts	102,859	109,683	42,108	52,396	52,821	58,002	21,380	3,789	2,662
8 Refunds	18,933	15,487	8,230	10,881	7,119	8,706	712	1,995	1,219
9 Social insurance taxes and contributions, net	303,318	334,335	134,006	163,519	143,755	181,058	28,694	23,848	25,075
10 Employment taxes and contributions[2]	273,028	305,093	122,246	146,696	130,388	164,412	27,991	22,400	22,051
11 Self-employment taxes and contributions[3]	13,987	17,691	1,338	12,020	1,889	14,839	2,326	0	326
12 Unemployment insurance	25,575	24,584	9,328	14,514	10,977	14,363	285	1,101	2,641
13 Other net receipts[4]	4,715	4,659	2,429	2,310	2,390	2,284	419	347	382
14 Excise taxes	32,457	35,540	15,947	15,845	17,680	16,440	3,158	3,134	3,247
15 Customs deposits	15,085	16,198	7,282	7,129	7,993	7,851	1,367	1,381	1,403
16 Estate and gift taxes	7,493	7,594	3,649	3,818	3,610	3,863	678	662	753
17 Miscellaneous receipts[5]	19,307	19,909	9,605	10,299	10,399	9,950	1,454	1,540	2,666
OUTLAYS									
18 **All types**	**1,003,830**	**1,064,044**	**506,556**	**503,267**	**532,839**	**513,210**	**87,588**	**91,086**	**93,426**
19 National defense	281,999	290,349	138,544	142,886	146,995	143,080	21,941	25,938	24,702
20 International affairs	11,649	10,469	8,938	4,374	4,487	7,150	−691	2,176	−2,055
21 General science, space, and technology	9,216	10,876	4,594	4,324	5,469	5,361	702	1,136	1,116
22 Energy	4,115	2,342	2,446	2,335	1,468	555	116	366	539
23 Natural resources and environment	13,363	14,538	7,141	6,175	7,590	6,776	1,625	1,451	1,465
24 Agriculture	27,356	17,210	15,660	11,824	14,640	7,872	−414	3,025	3,243
25 Commerce and housing credit	6,182	19,064	3,764	4,893	3,852	5,951	6,076	477	2,764
26 Transportation	26,228	27,196	14,745	12,113	14,096	12,700	2,568	2,504	2,570
27 Community and regional development	5,051	5,577	3,651	3,108	2,075	2,765	743	648	588
28 Education, training, employment, and social services	29,724	30,856	16,209	14,182	15,592	15,451	2,588	2,644	3,054
29 Health	39,968	44,482	18,795	20,318	20,750	22,643	3,823	3,994	3,962
30 Social security and medicare	282,473	297,828	138,299	142,864	158,469	135,322	25,215	23,951	25,310
31 Income security	123,250	130,174	59,979	62,248	61,201	65,555	11,226	8,855	11,054
32 Veterans benefits and services	26,782	29,248	14,190	12,264	14,956	13,241	3,085	1,857	2,713
33 Administration of justice	7,548	9,205	3,413	3,626	4,291	4,761	710	865	803
34 General government	5,948	8,552	1,860	3,344	3,560	4,337	796	934	819
35 General-purpose fiscal assistance	1,621	966	2,886	337	1,175	448	0	0	0
36 Net interest[6]	138,570	151,711	66,226	70,110	71,933	76,098	12,371	13,014	13,622
37 Undistributed offsetting receipts[7]	−36,455	−36,576	−16,475	−19,102	−17,684	−17,766	−4,892	−2,751	−2,844

1. Functional details do not add to total outlays for calendar year data because revisions to monthly totals have not been distributed among functions. Fiscal year total for outlays does not correspond to calendar year data because revisions from the *Budget* have not been fully distributed across months.
2. Old-age, disability, and hospital insurance, and railroad retirement accounts.
3. Old-age, disability, and hospital insurance.
4. Federal employee retirement contributions and civil service retirement and disability fund.
5. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.
6. Net interest function includes interest received by trust funds.
7. Consists of rents and royalties on the outer continental shelf and U.S. government contributions for employee retirement.

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

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1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1986			1987				1988	
	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30
1 **Federal debt outstanding**	**2,063.6**	**2,129.5**	**2,218.9**	**2,250.7**	**2,313.1**	**2,354.3**	**2,435.2**	**2,493.2**	**2,555.1**
2 Public debt securities	2,059.3	2,125.3	2,214.8	2,246.7	2,309.3	2,350.3	2,431.7	2,487.6	2,547.7
3 Held by public	1,684.9	1,742.4	1,811.7	1,839.3	1,871.1	1,893.1	1,954.1	1,996.7	2,013.4
4 Held by agencies	374.4	382.9	403.1	407.5	438.1	457.2	477.6	490.8	534.2
5 Agency securities	4.3	4.2	4.0	4.0	3.8	4.0	3.5	5.6	7.4
6 Held by public	3.2	3.2	3.0	2.9	2.8	3.0	2.7	5.1	7.0
7 Held by agencies	1.1	1.1	1.1	1.1	1.0	1.0	.8	.6	.5
8 **Debt subject to statutory limit**	**2,060.0**	**2,111.0**	**2,200.5**	**2,232.4**	**2,295.0**	**2,336.0**	**2,417.4**	**2,472.6**	**2,532.2**
9 Public debt securities	2,058.7	2,109.7	2,199.3	2,231.1	2,293.7	2,334.7	2,416.3	2,472.1	2,532.1
10 Other debt[1]	1.3	1.3	1.3	1.3	1.3	1.3	1.1	.5	.1
11 MEMO: Statutory debt limit	2,078.7	2,111.0	2,300.0	2,300.0	2,320.0	2,800.0	2,800.0	2,800.0	2,800.0

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

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

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

Billions of dollars, end of period

Type and holder	1984	1985	1986	1987	1987		1988	
					Q3	Q4	Q1	Q2
1 **Total gross public debt**	**1,663.0**	**1,945.9**	**2,214.8**	**2,431.7**	**2,350.3**	**2,431.7**	**2,487.6**	**2,547.7**
By type								
2 Interest-bearing debt	1,660.6	1,943.4	2,212.0	2,428.9	2,347.7	2,428.9	2,484.9	2,545.0
3 Marketable	1,247.4	1,437.7	1,619.0	1,724.7	1,676.0	1,724.7	1,758.7	1,769.9
4 Bills	374.4	399.9	426.7	389.5	378.3	389.5	392.6	382.3
5 Notes	705.1	812.5	927.5	1,037.9	1,005.1	1,037.9	1,059.9	1,072.7
6 Bonds	167.9	211.1	249.8	282.5	277.6	282.5	291.3	299.9
7 Nonmarketable[1]	413.2	505.7	593.1	704.2	671.8	704.2	726.2	775.1
8 State and local government series	44.4	87.5	110.5	139.3	129.0	139.3	142.9	146.9
9 Foreign issues[2]	9.1	7.5	4.7	4.0	4.3	4.0	6.1	5.7
10 Government	9.1	7.5	4.7	4.0	4.3	4.0	6.1	5.7
11 Public	.0	.0	.0	.0	.0	.0	.0	.0
12 Savings bonds and notes	73.1	78.1	90.6	99.2	97.0	99.2	102.3	104.5
13 Government account series[3]	286.2	332.2	386.9	461.3	440.7	461.3	474.4	517.5
14 Non-interest-bearing debt	2.3	2.5	2.8	2.8	2.5	2.8	2.6	2.7
By holder[4]								
15 U.S. government agencies and trust funds	289.6	348.9	403.1	477.6	457.2	477.6	490.8	534.2
16 Federal Reserve Banks	160.9	181.3	211.3	222.6	211.9	222.6	217.5	227.6
17 Private investors	1,212.5	1,417.2	1,602.0	1,745.2	1,682.6	1,745.2	1,778.2	1,784.9
18 Commercial banks	183.4	192.2	238.3	253.3	251.3	253.3	260.7	263.0
19 Money market funds	25.9	25.1	28.0	14.3	15.2	14.3	15.2	13.4
20 Insurance companies	76.4	115.4	135.4	n.a.	143.0	n.a.	n.a.	n.a.
21 Other companies	50.1	59.0	68.8	84.6	81.8	84.6	n.a.	n.a.
22 State and local Treasurys	173.0	224.0	260.0	n.a.	n.a.	n.a.	n.a.	n.a.
Individuals								
23 Savings bonds	74.5	79.8	92.3	101.1	98.5	101.1	104.0	106.2
24 Other securities	69.3	75.0	70.5	n.a.	70.4	n.a.	n.a.	n.a.
25 Foreign and international[5]	192.9	212.5	251.6	287.3	267.0	287.3	320.8	332.3
26 Other miscellaneous investors[6]	354.7	434.2	467.1	n.a.	n.a.	n.a.	n.a.	n.a.

1. Includes (not shown separately): Securities issued to the Rural Electrification Administration; depository bonds, retirement plan bonds, and individual retirement bonds.
2. Nonmarketable dollar-denominated and foreign currency-denominated series held by foreigners.
3. Held almost entirely by U.S. Treasury agencies and trust funds.
4. Data for Federal Reserve Banks and U.S. Treasury agencies and trust funds are actual holdings; data for other groups are Treasury estimates.
5. Consists of investments of foreign and international accounts. Excludes non-interest-bearing notes issued to the International Monetary Fund.
6. Includes savings and loan associations, nonprofit institutions, credit unions, mutual savings banks, corporate pension trust funds, dealers and brokers, certain U.S. Treasury deposit accounts, and federally-sponsored agencies.

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

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1.42 U.S. GOVERNMENT SECURITIES DEALERS Transactions[1]

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

	Item	1985	1986	1987	1988			1988					
					Sept.	Oct.[r]	Nov.	Oct. 26	Nov. 2	Nov. 9	Nov. 16	Nov. 23	Nov. 30
	Immediate delivery[2]												
1	**U.S. Treasury securities**	**75,331**	**95,445**	**110,052**	**99,232**	**109,772**	**114,839**	**108,709[r]**	**113,848**	**123,649**	**128,035**	**108,879**	**99,379**
	By maturity												
2	Bills	32,900	34,247	37,924	27,406	29,617	32,560	30,237[r]	30,401	32,870	37,877	30,342	30,851
3	Other within 1 year	1,811	2,115	3,272	3,249	3,287	3,537	2,641[r]	4,455	3,409	4,313	2,588	3,568
4	1–5 years	18,361	24,667	27,918	28,204	28,673	32,827	31,231[r]	29,073	35,124	38,559	33,669	26,236
5	5–10 years	12,703	20,456	24,014	25,854	30,401	27,078	26,837	31,032	32,679	26,259	22,745	24,067
6	Over 10 years	9,556	13,961	16,923	14,519	17,794	18,838	17,762	18,886	19,567	21,027	19,536	14,658
	By type of customer												
7	U.S. government securities dealers	3,336	3,670	2,936	2,669	3,225	3,123	3,503	3,510	3,167	3,410	3,431	2,104
8	U.S. government securities brokers	36,222	49,558	61,539	58,674	65,612	67,172	64,917[r]	68,026	74,829	73,917	62,572	57,330
9	All others[3]	35,773	42,218	45,576	37,888	40,933	44,543	40,288[r]	42,312	45,652	50,708	42,875	39,945
10	Federal agency securities	11,640	16,748	18,087	15,473	17,653	17,538	15,898[r]	18,731	17,949	22,852	15,760	13,979
11	Certificates of deposit	4,016	4,355	4,112	3,128	3,636	3,537	3,564	3,121	2,948	3,818	3,941	3,816
12	Bankers acceptances	3,242	3,272	2,965	1,994	2,178	2,563	2,034	2,054	2,643	3,404	2,057	2,497
13	Commercial paper	12,717	16,660	17,135	26,416	28,748	26,591	26,399	28,662	25,452	27,892	25,960	26,914
	Futures contracts[4]												
14	Treasury bills	5,561	3,311	3,233	2,555	2,777	2,461	2,059	3,529	2,847	2,346	2,737	1,907
15	Treasury coupons	6,085	7,175	8,964	9,393	10,681	11,018	10,369	12,349	11,057	11,710	9,575	11,389
16	Federal agency securities	252	16	5	0	0	0	0	0	0	0	0	0
	Forward transactions[5]												
17	U.S. Treasury securities	1,283	1,876	2,029	1,479	1,769	3,114	2,128	1,778	3,362	4,579	2,899	1,572
18	Federal agency securities	3,857	7,831	9,290	7,601	8,024	8,190	6,406[r]	5,771	10,289	10,201	7,328	5,348

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

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

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

3. Includes, among others, all other dealers and brokers in commodities and securities, nondealer departments of commercial banks, foreign banking agencies, and the Federal Reserve System.

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

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

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1.43 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing[1]

Averages of daily figures, in millions of dollars

Item	1985	1986	1987	1988			1988				
				Sept.	Oct.	Nov.	Nov. 2	Nov. 9	Nov. 16	Nov. 23	Nov. 30
	Positions										
Net immediate[2]											
1 U.S. Treasury securities	7,391	12,912	−6,216	−26,759	−25,794[r]	−23,896	−20,420	−26,361	−21,394	−24,242	−25,085
2 Bills	10,075	12,761	4,317	6,816	3,691[r]	411	2,876	−1,369	1,295	1,760	−1,274
3 Other within 1 year	1,050	3,706	1,557	−3,811	−5,534	−3,599	−5,404	−5,003	−3,298	−2,521	−2,731
4 1–5 years	5,154	9,146	649	−2,896	855	−1,327	4,175	1,732	223	−4,888	−5,134
5 5–10 years	−6,202	−9,505	−6,564	−13,750	−11,191	−7,619	−9,494	−9,817	−7,334	−7,549	−4,172
6 Over 10 years	−2,686	−3,197	−6,174	−13,117	−13,615	−11,761	−12,573	−11,905	−12,280	−11,045	−11,774
7 Federal agency securities	22,860	32,984	31,910	29,023	30,169	32,174	31,554	33,920	34,515	31,092	28,925
8 Certificates of deposit	9,192	10,485	8,188	8,200	8,262	8,436	9,071	8,724	8,732	7,748	8,131
9 Bankers acceptances	4,586	5,526	3,661	1,786	2,247	2,565	2,729	2,481	2,845	2,452	2,317
10 Commercial paper	5,570	8,089	7,496	6,830	6,770	5,965	6,466	6,079	6,615	5,593	5,352
Futures positions											
11 Treasury bills	−7,322	−18,059	−3,373	−4,049	−4,388[r]	−1,978	−6,658	−4,336	−1,233	−547	1,058
12 Treasury coupons	4,465	3,473	5,988	7,745	6,532	5,873	5,468	5,065	6,321	5,960	6,664
13 Federal agency securities	−722	−153	−95	0	0	0	0	0	0	0	0
Forward positions											
14 U.S. Treasury securities	−911	−2,144	−1,211	−347	−969	−759	−653	−1,796	−919	−428	452
15 Federal agency securities	−9,420	−11,840	−18,817	−16,988	−17,558	−16,961	−17,791	−18,872	−17,278	−15,998	−15,081
	Financing[3]										
Reverse repurchase agreements[4]											
16 Overnight and continuing	68,035	98,954	124,791	139,167	149,450	n.a.	153,796	143,779	n.a.	n.a.	n.a.
17 Term	80,509	108,693	148,033	185,275	193,290	n.a.	212,406	216,432	n.a.	n.a.	n.a.
Repurchase agreements[5]											
18 Overnight and continuing	101,410	141,735	170,840	178,459	189,508	n.a.	193,396	181,667	n.a.	n.a.	n.a.
19 Term	70,076	102,640	120,980	134,107	145,288	n.a.	162,654	170,116	n.a.	n.a.	n.a.

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

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

2. Immediate positions are net amounts (in terms of par values) of securities owned by nonbank dealer firms and dealer departments of commercial banks on a commitment, that is, trade-date basis, including any such securities that have been sold under agreements to repurchase (RPs). The maturities of some repurchase agreements are sufficiently long, however, to suggest that the securities involved are not available for trading purposes. Immediate positions include reverses to maturity, which are securities that were sold after having been obtained under reverse repurchase agreements that mature on the same day as the securities. Data for immediate positions do not include forward positions.

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

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

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

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

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1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1984	1985	1986	1987	1988				
					June	July	Aug.	Sept.	Oct.
1 **Federal and federally sponsored agencies**	**271,220**	**293,905**	**307,361**	**341,386**	**354,446**	**355,810**	n.a.	n.a.	n.a.
2 Federal agencies	35,145	36,390	36,958	37,981	36,361	36,465	n.a.	n.a.	n.a.
3 Defense Department[1]	142	71	33	13	11	11	11	11	8
4 Export-Import Bank[2,3]	15,882	15,678	14,211	11,978	11,232	11,232	11,232	10,964[r]	10,964
5 Federal Housing Administration[4]	133	115	138	183	116	116	115	120	118
6 Government National Mortgage Association participation certificates[5]	2,165	2,165	2,165	1,615	830	830	n.a.	n.a.	n.a.
7 Postal Service[6]	1,337	1,940	3,104	6,103	5,842	5,842	5,842	5,842	5,842
8 Tennessee Valley Authority	15,435	16,347	17,222	18,089	18,330	18,434	18,494	18,511	18,138
9 United States Railway Association[6]	51	74	85	0	0	0	0	0	0
10 Federally sponsored agencies[7]	237,012	257,515	270,553	303,405	318,085	319,345	324,110	328,246	n.a.
11 Federal Home Loan Banks	65,085	74,447	88,752	115,725	117,773	119,409	121,266	126,011	127,113
12 Federal Home Loan Mortgage Corporation	10,270	11,926	13,589	17,645	17,619	17,844	19,652	18,368	17,384
13 Federal National Mortgage Association	83,720	93,896	93,563	97,057	104,757	104,751	105,730	105,986	105,698
14 Farm Credit Banks[8]	72,192	68,851	62,478	55,275	55,779	54,538	53,582	53,764	53,923
15 Student Loan Marketing Association[9]	5,745	8,395	12,171	16,503	19,257	19,453	19,680	19,917	n.a.
16 Financing Corporation[10]	n.a.	n.a.	n.a.	1,200	2,900	2,900	3,750	3,750	3,750
17 Farm Credit Financial Assistance Corporation[11]	n.a.	n.a.	n.a.	n.a.	n.a.	450	450	450	450
MEMO									
18 **Federal Financing Bank debt**[12]	**145,217**	**153,373**	**157,510**	**152,417**	**149,833**	**149,937**	**149,809**	**146,151**	**145,529**
Lending to federal and federally sponsored agencies									
19 Export-Import Bank[3]	15,852	15,670	14,205	11,972	11,226	11,226	11,226	10,958	10,958
20 Postal Service[6]	1,087	1,690	2,854	5,853	5,592	5,592	5,592	5,592	5,592
21 Student Loan Marketing Association	5,000	5,000	4,970	4,940	4,940	4,940	4,940	4,910	4,910
22 Tennessee Valley Authority	13,710	14,622	15,797	16,709	16,950	17,054	17,114	17,131	16,758
23 United States Railway Association[6]	51	74	85	0	0	0	0	0	0
Other Lending[13]									
24 Farmers Home Administration	58,971	64,234	65,374	59,674	59,674	59,674	59,464	58,496	58,496
25 Rural Electrification Administration	20,693	20,654	21,680	21,191	19,204	19,206	19,225	19,205	19,222
26 Other	29,853	31,429	32,545	32,078	32,247	32,245	32,248	29,859	29,593

1. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
2. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.
3. Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.
4. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
5. Certificates of participation issued before fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare; Department of Housing and Urban Development; Small Business Administration; and the Veterans Administration.
6. Off-budget.
7. Includes outstanding noncontingent liabilities: notes, bonds, and debentures. Some data are estimated.
8. Excludes borrowing by the Farm Credit Financial Assistance Corporation, shown in line 17.
9. Before late 1981, the Association obtained financing through the Federal Financing Bank (FFB). Borrowing excludes that obtained from the FFB, which is shown on line 21.
10. The Financing Corporation, established in August 1987 to recapitalize the Federal Savings and Loan Insurance Corporation, undertook its first borrowing in October 1987.
11. The Farm Credit Financial Assistance Corporation (established in January 1988 to provide assistance to the Farm Credit System) undertook its first borrowing in July 1988.
12. 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.
13. Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

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1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1985	1986	1987	1988							
				Apr.	May	June	July	Aug.	Sept.	Oct.[r]	Nov.
1 **All issues, new and refunding**[1]	**214,189**	**147,011**	**102,407**	**5,847**	**7,846**	**13,912**	**9,746**	**6,966**	**9,669**	**10,455**	**7,815**
Type of issue											
2 General obligation	52,622	46,346	30,589	1,707	3,085	4,237	1,959	2,472	2,370	2,058	2,332
3 Revenue	161,567	100,664	71,818	4,140	4,761	9,675	7,788	4,494	7,299	8,387	5,483
Type of issuer											
4 State	13,004	14,474	10,102	441	913	1,349	140	576	1,206	734	513
5 Special district and statutory authority[2]	134,363	89,997	65,460	4,078	4,625	8,629	6,752	3,749	6,407	7,283	4,963
6 Municipalities, counties, and townships	78,754	42,541	26,845	1,328	2,308	3,934	2,854	2,641	2,056	2,438	2,339
7 **Issues for new capital, total**	**156,050**	**83,490**	**56,789**	**1,476**	**2,334**	**2,352**	**2,079**	**2,318**	**2,783**	**2,840**	**3,555**
Use of proceeds											
8 Education	16,658	12,307	9,524	911	1,316	1,320	1,699	694	1,351	512	715
9 Transportation	12,070	7,246	3,677	215	452	858	1,446	265	732	559	212
10 Utilities and conservation	26,852	14,594	7,912	429	580	635	225	613	694	1,238	1,013
11 Social welfare	63,181	11,353	11,106	1,099	694	2,060	1,222	1,242	2,358	2,478	1,730
12 Industrial aid	12,892	6,190	7,474	298	248	434	128	460	280	393	264
13 Other purposes	24,398	31,802	18,020	996	1,900	3,628	3,666	2,043	1,661	1,785	1,430

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

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

1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

Type of issue or issuer, or use	1985	1986	1987	1988							
				Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
1 **All issues**[1]	**239,015**	**423,726**	**392,156**	**25,902**	**21,227**	**23,413**	**30,043**	**18,037**[r]	**19,305**[r]	**23,933**[r]	**20,817**
2 **Bonds**[2]	**203,500**	**355,293**	**325,648**	**20,815**	**18,515**	**19,382**	**25,748**	**12,899**[r]	**15,970**[r]	**20,928**[r]	**18,190**
Type of offering											
3 Public, domestic	119,559	231,936	209,279	19,827	16,202	17,496	22,753	10,850	14,595	18,000	16,500
4 Private placement, domestic[3]	46,200	80,760	92,070	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5. Sold abroad	37,781	42,596	24,299	988	2,313	1,886	2,995	1,994	1,339	2,700	1,400
Industry group											
6 Manufacturing	63,973	91,548	61,666	3,482	4,513	4,206	5,305	2,204	3,476	3,749[r]	3,479
7 Commercial and miscellaneous	17,066	40,124	49,327	1,007	771	1,446	2,281	1,531	2,227	1,035	765
8 Transportation	6,020	9,971	11,974	1,017	890	184	580	100	0	150	705
9 Public utility	13,649	31,426	23,004	2,259	1,170	1,929	1,707	540	298	856	1,324
10 Communication	10,832	16,659	7,340	115	411	69	925	577	29	1,064	0
11 Real estate and financial	91,958	165,564	172,343	12,935	10,760	11,546	14,949	7,948[r]	9,939[r]	14,073[r]	11,917
12 **Stocks**[3]	**35,515**	**68,433**	**66,508**	**5,087**	**2,712**	**4,031**	**4,295**	**5,138**	**3,335**	**3,005**[r]	**2,627**
Type											
13 Preferred	6,505	11,514	10,123	625	241	285	501	407	498	385[r]	865
14 Common	29,010	50,316	43,228	4,462	2,471	3,746	3,794	4,731	2,837	2,620[r]	1,762
15 Private placement[3]	.. ....	6,603	13,157	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Industry group											
16 Manufacturing	5,700	15,027	13,880	256	318	1,080	1,676	296	538	244	288
17 Commercial and miscellaneous	9,149	10,617	12,888	99	276	157	522	2,073	347	525[r]	222
18 Transportation	1,544	2,427	2,439	32	150	15	51	0	72	5	25
19 Public utility	1,966	4,020	4,322	93	238	59	207	20	135	215	282
20 Communication	978	1,825	1,458	63	109	78	13	20	3	23	0
21 Real estate and financial	16,178	34,517	31,521	4,544	1,621	2,642	1,826	2,729	2,240	1,993[r]	1,810

1. Figures which represent gross proceeds of issues maturing in more than one year, are principal amount or number of units multiplied by offering price. Excludes secondary offerings, employee stock plans, investment companies other than closed-end, intracorporate transactions, equities sold abroad, and Yankee bonds. Stock data include ownership securities issued by limited partnerships.
2. Monthly data include only public offerings.
3. Data are not available on a monthly basis. Before 1987, annual totals include underwritten issues only.

SOURCES. IDD Information Services, Inc., U.S. Securities and Exchange Commission and the Board of Governors of the Federal Reserve System.

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1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1986	1987	1988							
			Mar.	Apr.	May	June	July	Aug.	Sept.[r]	Oct.
INVESTMENT COMPANIES[1]										
1 **Sales of own shares**[2]	**411,751**	**381,260**	**24,589**	**23,162**	**19,579**	**22,503**	**20,728**	**20,595**	**19,872**	**20,497**
2 Redemptions of own shares[3]	239,394	314,252	23,968	25,000	21,412	23,168	20,561	22,836	21,330	19,361
3 Net sales	172,357	67,008	620	−1,828	−1,833	−665	167	−2,242	−1,458	1,136
4 **Assets**[4]	**424,156**	**453,842**	**473,206**	**473,321**	**468,735**	**481,120**	**477,076**	**465,822**	**474,662**	**481,965**
5 Cash position[5]	30,716	38,006	43,561	45,307	45,003	43,229	44,015	45,229	46,706	46,122
6 Other	393,440	415,836	426,645	428,014	423,732	437,891	433,061	420,595	427,956	435,843

1. Excluding money market funds.
2. Includes reinvestment of investment income dividends. Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group.
3. Excludes share redemption resulting from conversions from one fund to another in the same group.
4. Market value at end of period, less current liabilities.
5. Also includes all U.S. government securities and other short-term debt securities.

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

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

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

Account	1985	1986	1987	1986	1987				1988		
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3[r]
1 Corporate profits with inventory valuation and capital consumption adjustment	282.3	298.8	310.4	293.9	298.3	305.2	322.0	316.1	316.2	326.5	330.0
2 Profits before tax	224.2	236.3	276.7	252.1	261.8	273.7	289.4	281.9	286.2	305.9	313.9
3 Profits tax liability	96.4	106.6	133.8	114.3	126.3	132.6	140.0	136.2	136.9	143.2	144.8
4 Profits after tax	127.8	129.8	142.9	137.9	135.5	141.1	149.5	145.7	149.4	162.7	169.1
5 Dividends	83.2	88.2	95.5	89.8	91.7	94.0	97.0	99.3	101.3	103.1	105.7
6 Undistributed profits	44.5	41.5	47.4	48.1	43.8	47.0	52.4	46.4	48.1	59.6	63.4
7 Inventory valuation	−1.7	8.3	−18.0	−8.1	−14.4	−20.0	−19.5	−18.2	−19.4	−27.4	−29.3
8 Capital consumption adjustment	59.8	54.1	51.7	49.8	50.8	51.5	52.1	52.4	49.4	48.0	45.4

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

1.50 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment ▲

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

Industry	1986	1987	1988[1]	1987				1988			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4[1]
1 **Total nonfarm business**	**379.47**	**389.67**	**430.95**	**376.73**	**380.66**	**394.54**	**406.82**	**412.02**	**426.94**	**440.42**	**444.40**
Manufacturing											
2 Durable goods industries	69.14	71.01	78.06	70.79	69.05	71.96	72.28	75.70	76.87	80.59	79.09
3 Nondurable goods industries	73.56	74.88	85.50	70.70	72.66	76.24	79.92	82.90	84.82	85.78	88.48
Nonmanufacturing											
4 Mining	11.22	11.39	12.62	10.38	11.02	11.81	12.32	12.59	13.26	12.74	11.89
Transportation											
5 Railroad	6.66	5.92	7.05	5.68	5.84	6.07	6.12	6.92	7.01	7.07	7.19
6 Air	6.26	6.53	7.61	7.01	6.02	6.15	6.94	6.43	6.66	9.31	8.02
7 Other	5.89	6.40	6.91	6.08	6.26	6.97	6.28	7.08	7.05	7.06	6.44
Public utilities											
8 Electric	33.91	31.63	32.20	31.23	31.47	31.57	32.28	30.31	30.95	33.79	33.76
9 Gas and other	12.47	13.25	14.27	12.72	12.47	13.73	14.11	14.30	14.48	14.26	14.04
10 Commercial and other[2]	160.38	168.65	186.74	162.13	165.86	170.05	176.56	175.79	185.83	189.82	195.50

▲Trade and services are no longer being reported separately. They are included in Commercial and other, line 10.
1. Anticipated by business.
2. "Other" consists of construction; wholesale and retail trade; finance and insurance; personal and business services; and communication.
SOURCE. *Survey of Current Business* (Department of Commerce).

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1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities[1]

Billions of dollars, end of period

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

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

1.52 DOMESTIC FINANCE COMPANIES Business Credit Outstanding and Net Change[1]

Millions of dollars, seasonally adjusted

Type	1985	1986	1987	1988					
				May	June	July	Aug.	Sept.	Oct.
1 **Total**	**156,297**	**171,966**	**205,869**	**220,304**	**222,133**	**223,706**	**223,958**	**230,474**	**231,807**
Retail financing of installment sales									
2 Automotive (commercial vehicles)	20,660	25,952	35,674	37,219	37,519	37,682	37,519	37,120	37,359
3 Business, industrial, and farm equipment	22,483	22,950	24,987	27,081	27,548	27,428	27,603	27,569	27,841
Wholesale financing									
4 Automotive	23,988	23,419	31,059	28,260	28,731	28,449	27,721	32,732	32,523
5 Equipment	4,568	5,423	5,693	5,237	5,557	5,654	5,803	5,949	5,888
6 All other	6,809	7,079	8,408	8,414	8,481	8,458	8,531	8,738	8,867
Leasing									
7 Automotive	16,275	19,783	21,943	23,690	24,076	24,400	24,370	23,861	24,186
8 Equipment	34,768	37,833	43,002	52,126	52,365	52,803	53,671	55,400	55,786
9 Loans on commercial accounts receivable and factored commercial accounts receivable	15,765	15,959	18,024	18,700	18,595	19,095	19,132	19,386	19,239
10 All other business credit	10,981	13,568	17,079	19,578	19,260	19,736	19,609	19,719	20,117
	Net change (during period)								
11 **Total**	**19,607**	**15,669**	**3,040**	**1,390**	**1,829**	**1,573**	**252**	**6,515**	**1,333**
Retail financing of installment sales									
12 Automotive (commercial vehicles)	5,067	5,292	1,220	−400	300	163	−163	−399	239
13 Business, industrial, and farm equipment	−363	467	223	−181	467	−120	175	−35	272
Wholesale financing									
14 Automotive	5,423	−569	158	899	471	−282	−728	5,011	−208
15 Equipment	−867	855	−101	−192	320	97	149	146	−60
16 All other	1,069	270	257	103	67	−23	73	207	129
Leasing									
17 Automotive	3,896	3,508	−70	231	386	324	−30	−509	325
18 Equipment	2,685	3,065	1,038	1,034	239	438	867	1,729	386
19 Loans on commercial accounts receivable and factored commercial accounts receivable	2,161	194	−477	−88	−105	500	37	255	−148
20 All other business credit	536	2,587	792	−14	−318	476	−127	110	398

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

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1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1985	1986	1987	1988						
				May	June	July	Aug.	Sept.	Oct.	Nov.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Conventional mortgages on new homes										
Terms[1]										
1 Purchase price (thousands of dollars)	104.1	118.1	137.0	145.3	152.0	152.9	154.2	148.3	153.8	155.3
2 Amount of loan (thousands of dollars)	77.4	86.2	100.5	108.0	110.2	111.9	114.9	109.8	114.0	115.6
3 Loan/price ratio (percent)	77.1	75.2	75.2	76.4	73.8	75.2	76.7	75.4	75.8	76.1
4 Maturity (years)	26.9	26.6	27.8	28.1	27.5	28.4	28.5	27.6	28.4	28.4
5 Fees and charges (percent of loan amount)[2]	2.53	2.48	2.26	2.15	2.16	2.24	2.35	2.14	1.98	2.28
6 Contract rate (percent per year)	11.12	9.82	8.94	8.59	8.90	8.80	8.68	8.90	8.77	9.05
Yield (percent per year)										
7 FHLBB series[3]	11.58	10.25	9.31	8.95	9.26	9.17	9.06	9.26	9.10	9.43
8 HUD series[4]	12.28	10.07	10.17	10.48	10.35	10.47	10.55	10.39	n.a.	n.a.
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (HUD series)[5]	12.24	9.91	10.16	10.84	10.65	10.66	10.74	10.58	n.a.	n.a.
10 GNMA securities[6]	11.61	9.30	9.42	9.93	9.88	9.91	10.09	9.93	9.77	9.85
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	94,574	98,048	95,030	101,747	102,368	102,540	102,540	102,453	102,493	102,696
12 FHA/VA-insured	34,244	29,683	21,660	19,805	19,765	19,677	19,586	19,526	19,464	19,467
13 Conventional	60,331	68,365	73,370	81,941	82,603	82,864	82,954	82,927	83,032[r]	83,228
Mortgage transactions (during period)										
14 Purchases	21,510	30,826	20,531	2,138	2,372	1,960	1,638	1,111	1,488	1,596
Mortgage commitments[7]										
15 Contracted (during period)	20,155	32,987	25,415	2,142	2,179	1,108	1,041	1,439	1,740	1,289
16 Outstanding (end of period)	3,402	3,386	4,886	5,777	5,365	4,277	3,135	3,257	3,165	2,740
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	12,399	13,517	12,802	15,228	15,576	15,133	15,142	15,442	n.a.	n.a.
18 FHA/VA	841	746	686	633	627	619	611	606	n.a.	n.a.
19 Conventional	11,559	12,771	12,116	14,595	14,949	14,514	14,531	14,836	n.a.	n.a.
Mortgage transactions (during period)										
20 Purchases	44,012	103,474	76,845	2,877	4,117	3,879	3,858	4,192	n.a.	n.a.
21 Sales	38,905	100,236	75,082	2,325	3,649	4,115	3,719	3,728	3,594	4,331
Mortgage commitments[9]										
22 Contracted (during period)	48,989	110,855	71,467	5,159	6,447	5,328	3,480	6,209	n.a.	n.a.

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups; compiled by the Federal Home Loan Bank Board in cooperation with the Federal Deposit Insurance Corporation.
2. Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) to obtain a loan.
3. Average effective interest rates on loans closed, assuming prepayment at the end of 10 years.
4. Average contract rates on new commitments for conventional first mortgages; from Department of Housing and Urban Development.
5. Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. Based on transactions on first day of subsequent month. Large monthly movements in average yields may reflect market adjustments to changes in maximum permissable contract rates.
6. Average net yields to investors on Government National Mortgage Association guaranteed, mortgage-backed, fully modified pass-through securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are averages of Friday figures from the *Wall Street Journal*.
7. Includes some multifamily and nonprofit hospital loan commitments in addition to 1- to 4-family loan commitments accepted in FNMA's free market auction system, and through the FNMA-GNMA tandem plans.
8. Includes participation as well as whole loans.
9. Includes conventional and government-underwritten loans. FHLMC's mortgage commitments and mortgage transactions include activity under mortgage/securities swap programs, while the corresponding data for FNMA exclude swap activity.

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1.54 MORTGAGE DEBT OUTSTANDING[1]

Millions of dollars, end of period

Type of holder, and type of property	1985	1986	1987	1987		1988		
				Q3	Q4	Q1	Q2	Q3
1 **All holders**	**2,289,843**	**2,597,175**	**2,943,144**	**2,864,736**	**2,943,144**	**2,988,100**	**3,067,691**	**3,154,128**
2 1- to 4-family	1,488,009	1,698,524	1,925,197	1,870,635	1,925,197	1,955,770	2,015,759	2,079,732
3 Multifamily	214,470	247,831	273,830	268,911	273,830	277,622	282,756	286,510
4 Commercial	481,514	555,039	655,249	635,230	655,249	666,521	681,246	698,721
5 Farm	105,850	95,781	88,868	89,960	88,868	88,187	87,930	89,165
6 Selected financial institutions	1,390,394	1,507,289	1,700,820	1,648,328	1,700,820	1,723,737	1,773,569	1,828,599
7 Commercial banks[2]	429,196	502,534	591,151	567,000	591,151	604,403	628,132	653,388
8 1- to 4-family	213,434	235,814	275,761	263,762	275,761	280,439	291,767	303,629
9 Multifamily	23,373	31,173	33,296	32,114	33,296	33,640	34,672	35,936
10 Commercial	181,032	222,799	267,663	256,981	267,663	275,535	286,366	297,880
11 Farm	11,357	12,748	14,431	14,143	14,431	14,789	15,327	15,943
12 Savings institutions[3]	760,499	777,312	856,945	838,737	856,945	863,110	882,049	904,613
13 1- to 4-family	554,301	558,412	598,886	583,432	598,886	603,532	622,976	645,406
14 Multifamily	89,739	97,059	106,359	104,609	106,359	107,687	109,353	108,659
15 Commercial	115,771	121,236	150,943	149,938	150,943	151,136	148,969	149,798
16 Farm	688	605	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
17 Life insurance companies	171,797	193,842	212,375	204,263	212,375	214,815	220,870	227,120
18 1- to 4-family	12,381	12,827	13,226	12,742	13,226	13,653	14,172	14,573
19 Multifamily	19,894	20,952	22,524	21,968	22,524	22,723	23,021	23,667
20 Commercial	127,670	149,111	166,722	159,464	166,722	168,774	174,086	179,012
21 Farm	11,852	10,952	9,903	10,089	9,903	9,665	9,591	9,868
22 Finance companies[4]	28,902	33,601	40,349	38,328	40,349	41,409	42,518	43,478
23 Federal and related agencies	166,928	203,800	192,721	191,520	192,721	196,909	199,474	198,527
24 Government National Mortgage Association	1,473	889	444	458	444	434	42	43
25 1- to 4-family	539	47	25	25	25	25	24	24
26 Multifamily	934	842	419	433	419	409	18	19
27 Farmers Home Administration[5]	733	48,421	43,051	42,978	43,051	43,076	42,767	41,836
28 1- to 4-family	183	21,625	18,169	18,111	18,169	18,185	18,248	18,268
29 Multifamily	113	7,608	8,044	7,903	8,044	8,115	8,213	8,349
30 Commercial	159	8,446	6,603	6,592	6,603	6,640	6,288	5,300
31 Farm	278	10,742	10,235	10,372	10,235	10,136	10,018	9,919
32 Federal Housing and Veterans Administration	4,920	5,047	5,574	5,330	5,574	5,660	5,673	5,545
33 1- to 4-family	2,254	2,386	2,557	2,452	2,557	2,608	2,564	2,445
34 Multifamily	2,666	2,661	3,017	2,878	3,017	3,052	3,109	3,100
35 Federal National Mortgage Association	98,282	97,895	96,649	94,884	96,649	99,787	102,368	102,453
36 1- to 4-family	91,966	90,718	89,666	87,901	89,666	92,828	95,404	95,417
37 Multifamily	6,316	7,177	6,983	6,983	6,983	6,959	6,964	7,036
38 Federal Land Banks	47,498	39,984	34,131	34,930	34,131	33,566	33,048	33,208
39 1- to 4-family	2,798	2,353	2,008	2,055	2,008	1,975	1,945	1,954
40 Farm	44,700	37,631	32,123	32,875	32,123	31,591	31,103	31,254
41 Federal Home Loan Mortgage Corporation	14,022	11,564	12,872	12,940	12,872	14,386	15,576	15,442
42 1- to 4-family	11,881	10,010	11,430	11,570	11,430	12,749	13,631	13,589
43 Multifamily	2,141	1,554	1,442	1,370	1,442	1,637	1,945	1,853
44 Mortgage pools or trusts[6]	439,058	565,428	718,297	692,944	718,297	736,344	754,045	782,093
45 Government National Mortgage Association	212,145	262,697	317,555	308,339	317,555	322,976	322,616	332,926
46 1- to 4-family	207,198	256,920	309,806	300,815	309,806	315,095	314,728	324,469
47 Multifamily	4,947	5,777	7,749	7,524	7,749	7,881	7,888	8,457
48 Federal Home Loan Mortgage Corporation	100,387	171,372	212,634	208,872	212,634	214,724	216,155	220,683
49 1- to 4-family	99,515	166,667	205,977	202,308	205,977	208,138	209,702	214,063
50 Multifamily	872	4,705	6,657	6,564	6,657	6,586	6,453	6,620
51 Federal National Mortgage Association	54,987	97,174	139,960	130,540	139,960	145,242	157,438	167,170
52 1- to 4-family	54,036	95,791	137,988	128,770	137,988	142,330	153,253	162,228
53 Multifamily	951	1,383	1,972	1,770	1,972	2,912	4,185	4,942
54 Farmers Home Administration[5]	47,523	348	245	333	245	172	106	106
55 1- to 4-family	22,186	142	121	144	121	65	23	27
56 Multifamily	6,675	.....	.....	.....	.....	.....	.....	.....
57 Commercial	8,190	132	63	124	63	58	41	38
58 Farm	10,472	74	61	65	61	49	42	41
59 Individuals and others[7]	293,463	320,658	331,306	331,944	331,306	331,110	340,603	344,909
60 1- to 4-family	162,419	177,374	171,325	173,360	171,325	169,509	177,074	178,954
61 Multifamily	55,849	66,940	75,368	74,795	75,368	76,021	76,935	77,872
62 Commercial	48,692	53,315	63,255	62,131	63,255	64,378	65,496	66,693
63 Farm	26,503	23,029	21,358	21,658	21,358	21,202	21,098	21,390

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

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

3. Includes savings banks and savings and loan associations. Beginning 1987:1, data reported by FSLIC-insured institutions include loans in process and other contra assets (credit balance accounts that must be subtracted from the corresponding gross asset categories to yield net asset levels).

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

5. FmHA-guaranteed securities sold to the Federal Financing Bank were reallocated from FmHA mortgage pools to FmHA mortgage holdings in 1986:4, because of accounting changes by the Farmers Home Administration.

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

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

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1.55 CONSUMER INSTALLMENT CREDIT[1] Total Outstanding, and Net Change, seasonally adjusted

Millions of dollars

Holder, and type of credit	1986	1987	1988								
			Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.[r]	Oct.
	Amounts outstanding (end of period)										
1 **Total**	**571,833**	**613,022**	**624,294**	**629,485**	**633,336**	**636,318**	**644,372**	**647,993**	**653,317**	**653,319**	**656,880**
By major holder											
2 Commercial banks[2]	262,139	281,564	287,344	290,831	293,166	295,546	300,275	303,189	307,119	308,960	312,867
3 Finance companies[2]	133,698	140,072	142,946	144,053	144,516	144,454	144,748	143,812	143,962	142,723	142,480
4 Credit unions	76,191	81,065	81,897	82,595	83,204	83,881	84,912	85,468	85,881	85,553	85,781
5 Retailers[3]	39,660	42,782	43,080	43,271	43,295	43,162	43,450	43,634	43,712	43,956	44,250
6 Savings institutions	56,881	63,949	65,396	65,078	65,387	65,509	67,274	68,182	68,909	68,462	67,845
7 Gasoline companies	3,264	3,590	3,631	3,657	3,769	3,765	3,713	3,707	3,735	3,665	3,658
By major type of credit											
8 Automobile	246,109	267,180	273,133	276,762	278,567	279,418	282,254	283,359	285,560	284,782	286,101
9 Commercial banks	100,907	108,438	111,021	113,593	114,868	115,951	117,322	118,650	120,380	121,450	123,124
10 Credit unions	38,413	43,474	44,251	44,795	45,293	45,831	46,565	47,043	47,444	47,436	47,735
11 Finance companies	92,350	98,026	100,123	100,669	100,564	99,708	99,900	98,896	98,711	96,939	96,400
12 Savings institutions	14,439	17,242	17,738	17,705	17,841	17,928	18,465	18,770	19,026	18,958	18,842
13 Revolving	136,381	159,307	163,462	165,643	167,356	169,154	172,809	174,927	177,568	178,675	180,841
14 Commercial banks	86,757	98,808	101,537	103,152	104,250	105,742	108,309	109,645	111,623	112,341	113,994
15 Retailers	34,320	36,959	37,231	37,408	37,414	37,259	37,526	37,671	37,708	37,914	38,169
16 Gasoline companies	3,264	3,590	3,631	3,657	3,769	3,765	3,713	3,707	3,735	3,665	3,658
17 Savings institutions	8,366	13,279	13,945	14,059	14,309	14,518	15,098	15,492	15,850	15,938	15,984
18 Credit unions	3,674	6,671	7,117	7,368	7,614	7,870	8,162	8,413	8,652	8,816	9,038
19 Mobile home	26,883	25,957	25,857	25,732	25,764	25,703	25,852	25,882	25,915	25,746	25,645
20 Commercial banks	8,926	9,101	9,035	8,993	9,047	8,966	8,933	8,913	8,893	8,833	8,917
21 Finance companies	8,822	7,771	7,679	7,640	7,575	7,578	7,513	7,436	7,387	7,341	7,243
22 Savings institutions	9,135	9,085	9,143	9,099	9,142	9,159	9,406	9,533	9,634	9,572	9,485
23 Other	162,460	160,578	161,842	161,348	161,649	162,043	163,456	163,825	164,274	164,116	164,294
24 Commercial banks	65,549	65,217	65,750	65,094	65,001	64,887	65,710	65,981	66,222	66,335	66,833
25 Finance companies	32,526	34,275	35,144	35,744	36,376	37,168	37,335	37,480	37,863	38,443	38,837
26 Credit unions	34,104	30,920	30,529	30,432	30,297	30,180	30,184	30,012	29,785	29,302	29,008
27 Retailers	5,340	5,823	5,849	5,863	5,880	5,903	5,923	5,964	6,004	6,041	6,081
28 Savings institutions	24,941	24,343	24,570	24,216	24,095	23,904	24,305	24,388	24,399	23,995	23,534
	Net change (during period)										
29 **Total**	**54,078**	**41,189**	**5,036**	**5,191**	**3,851**	**2,982**	**8,054**	**3,621**	**5,324**	**2**	**3,561**
By major holder											
30 Commercial banks[2]	20,495	19,425	2,591	3,487	2,335	2,380	4,729	2,914	3,930	1,841	3,907
31 Finance companies[2]	22,670	6,374	1,251	1,107	463	−62	294	−936	150	−1,239	−243
32 Credit unions	4,268	4,874	235	698	609	677	1,031	556	413	−328	228
33 Retailers[3]	466	3,122	154	191	24	−133	288	184	78	244	294
34 Savings institutions	7,223	7,068	763	−318	309	122	1,765	908	727	−447	−617
35 Gasoline companies	−1,044	326	41	26	112	−4	−52	−6	28	−70	−7
By major type of credit											
36 Automobile	36,473	21,071	3,250	3,629	1,805	851	2,836	1,105	2,201	−778	1,319
37 Commercial banks	8,178	7,531	1,723	2,572	1,275	1,083	1,371	1,328	1,730	1,070	1,674
38 Credit unions	2,388	5,061	292	544	498	538	734	478	401	−8	299
39 Finance companies	22,823	5,676	976	546	−105	−856	192	−1,004	−185	−1,772	−539
40 Savings institutions	3,084	2,803	259	−33	136	87	537	305	256	−68	−116
41 Revolving	14,368	22,926	1,397	2,181	1,713	1,798	3,655	2,118	2,641	1,107	2,166
42 Commercial banks	11,150	12,051	658	1,615	1,098	1,492	2,567	1,336	1,978	718	1,653
43 Retailers	47	2,639	144	177	6	−155	267	145	37	206	255
44 Gasoline companies	−1,044	326	41	26	112	−4	−52	−6	28	−70	−7
45 Savings institutions	2,078	4,913	344	114	250	209	580	394	358	88	46
46 Credit unions	2,137	2,997	209	251	246	256	292	251	239	164	222
47 Mobile home	49	−926	−69	−125	32	−61	149	30	33	−169	−101
48 Commercial banks	−627	175	−29	−42	54	−81	−33	−20	−20	−60	84
49 Finance companies	−472	−1,051	−74	−39	−65	3	−65	−77	−49	−46	−98
50 Savings institutions	1,148	−50	34	−44	43	17	247	127	101	−62	−87
51 Other	3,188	−1,882	458	−494	301	394	1,413	369	449	−158	178
52 Commercial banks	1,794	−332	238	−656	−93	−114	823	271	241	113	498
53 Finance companies	319	1,749	349	600	632	792	167	145	383	580	394
54 Credit unions	−257	−3,184	−266	−97	−135	−117	4	−172	−227	−483	−294
55 Retailers	419	483	10	14	17	23	20	41	40	37	40
56 Savings institutions	913	−598	126	−354	−121	−191	401	83	11	−404	−461

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

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

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

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1.56 TERMS OF CONSUMER INSTALLMENT CREDIT[1]

Percent unless noted otherwise

	Item	1985	1986	1987	1988						
					Apr.	May	June	July	Aug.	Sept.	Oct.
	INTEREST RATES										
	Commercial banks[2]										
1	48-month new car[3]	12.91	11.33	10.45	n.a.	10.55	n.a.	n.a.	10.93	n.a.	n.a.
2	24-month personal	15.94	14.82	14.22	n.a.	14.40	n.a.	n.a.	14.81	n.a.	n.a.
3	120-month mobile home[3]	14.96	13.99	13.38	n.a.	13.49	n.a.	n.a.	13.62	n.a.	n.a.
4	Credit card	18.69	18.26	17.92	n.a.	17.78	n.a.	n.a.	17.79	n.a.	n.a.
	Auto finance companies										
5	New car	11.98	9.44	10.73	12.29	12.29	12.32	12.44	12.64	12.93	13.10
6	Used car	17.59	15.95	14.60	14.82	14.81	14.83	14.99	15.16	15.46	15.67
	OTHER TERMS[4]										
	Maturity (months)										
7	New car	51.5	50.0	53.5	56.2	56.2	56.3	56.4	56.5	56.3	56.3
8	Used car	41.4	42.6	45.2	46.9	46.9	46.9	46.8	46.8	46.5	46.3
	Loan-to-value ratio										
9	New car	91	91	93	94	94	94	94	94	94	94
10	Used car	94	97	98	98	99	99	99	98	98	99
	Amount financed (dollars)										
11	New car	9,915	10,665	11,203	11,553	11,624	11,626	11,663	11,593	11,530	11,845
12	Used car	6,089	6,555	7,420	7,662	7,778	7,899	7,947	7,918	7,903	7,944

1. These data also appear in the Board's G.19 (421) release. For address, see inside front cover.
2. Data for midmonth of quarter only.
3. Before 1983 the maturity for new car loans was 36 months, and for mobile home loans was 84 months.
4. At auto finance companies.

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1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

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

Transaction category, sector	1983	1984	1985	1986	1987	1987				1988		
						Q1	Q2	Q3	Q4	Q1	Q2	Q3
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**546.8**	**750.8**	**846.3**	**830.6**	**680.6**	**552.0**	**751.7**	**652.1**	**766.8**	**731.8**	**704.0**	**760.4**
By sector and instrument												
2 U.S. government	186.6	198.8	223.6	215.0	143.8	161.6	145.2	101.8	166.7	226.3	87.6	195.5
3 Treasury securities	186.7	199.0	223.7	214.7	142.3	157.7	147.1	102.7	161.8	226.8	79.8	174.6
4 Agency issues and mortgages	−.1	−.2	−.1	.4	1.5	3.9	−1.9	−.9	5.0	−.5	7.7	20.9
5 Private domestic nonfinancial sectors	360.2	552.0	622.7	615.6	536.8	390.3	606.4	550.3	600.1	505.6	616.5	564.9
6 Debt capital instruments	257.6	319.3	452.3	460.7	446.1	473.3	466.7	428.1	416.1	363.3	452.2	457.1
7 Tax-exempt obligations	53.7	50.4	136.4	30.8	34.5	38.7	33.1	32.7	33.5	24.8	32.6	44.4
8 Corporate bonds	16.0	46.1	73.8	121.3	99.9	128.9	88.5	100.7	81.6	101.3	118.4	90.8
9 Mortgages	187.9	222.8	242.2	308.6	311.6	305.7	345.1	294.7	301.1	237.1	301.2	322.0
10 Home mortgages	120.4	136.7	156.8	210.9	221.7	224.2	243.5	212.1	206.9	177.9	228.0	210.1
11 Multifamily residential	14.1	25.2	29.8	33.5	24.3	27.4	30.9	23.1	15.9	21.4	14.0	33.5
12 Commercial	51.0	62.2	62.2	73.6	72.0	66.5	77.2	64.1	80.2	43.2	60.8	72.7
13 Farm	2.4	−1.2	−6.6	−9.5	−6.4	−12.4	−6.6	−4.7	−1.9	−5.4	−1.6	5.7
14 Other debt instruments	102.6	232.7	170.3	154.9	90.7	−83.0	139.7	122.2	184.0	142.3	164.2	107.8
15 Consumer credit	49.0	81.6	82.5	54.4	40.7	−.3	52.4	61.4	49.4	34.8	59.5	43.3
16 Bank loans n.e.c.	23.2	67.1	38.6	69.3	8.8	−107.8	36.6	21.0	85.3	40.4	74.2	2.6
17 Open market paper	−.8	21.7	14.6	−9.3	2.3	−.5	4.7	1.0	3.9	−3.8	4.0	11.1
18 Other	31.3	62.2	34.6	40.5	38.9	25.5	46.1	38.7	45.5	70.9	26.6	50.7
19 By borrowing sector	360.2	552.0	622.7	615.6	536.8	390.3	606.4	550.3	600.1	505.6	616.5	564.9
20 State and local governments	34.0	27.4	91.8	44.3	34.4	37.0	31.4	34.8	34.6	22.3	31.1	41.3
21 Households	186.1	231.5	283.6	286.1	261.5	197.3	302.7	281.2	264.9	220.0	288.0	250.9
22 Nonfinancial business	140.1	293.1	247.3	285.1	240.8	156.0	272.4	234.2	300.7	263.3	297.3	272.7
23 Farm	3.9	−.4	−14.5	−16.3	−11.2	−23.5	−12.7	−9.4	.8	−12.5	−3.6	1.3
24 Nonfarm noncorporate	81.9	123.2	129.3	127.6	115.8	108.4	125.7	105.4	123.8	91.0	87.1	120.3
25 Corporate	54.4	170.3	132.4	173.8	136.3	71.2	159.4	138.3	176.1	184.9	213.9	151.1
26 Foreign net borrowing in United States	17.3	8.4	1.2	9.6	4.3	−8.7	−.1	12.3	13.9	−1.0	4.9	9.7
27 Bonds	3.1	3.8	3.8	3.0	6.8	3.0	−4.1	6.7	21.6	16.8	−2.9	7.4
28 Bank loans n.e.c.	3.6	−6.6	−2.8	−1.0	−3.6	−1.2	−3.5	−3.7	−6.1	.7	−3.5	.3
29 Open market paper	6.5	6.2	6.2	11.5	2.1	−4.2	−6.4	21.6	−2.5	1.5	6.4	10.7
30 U.S. government loans	4.1	5.0	−5.9	−3.9	−1.0	−6.4	13.9	−12.3	.8	−19.9	4.9	−8.8
31 **Total domestic plus foreign**	**564.1**	**759.2**	**847.5**	**840.2**	**685.0**	**543.3**	**751.6**	**664.3**	**780.7**	**730.9**	**709.0**	**770.1**
	Financial sectors											
32 **Total net borrowing by financial sectors**	**99.2**	**148.7**	**198.3**	**297.2**	**303.1**	**340.0**	**316.7**	**306.4**	**249.2**	**218.9**	**250.1**	**249.1**
By instrument												
33 U.S. government related	67.8	74.9	101.5	178.1	185.8	193.5	196.8	185.5	167.5	137.4	84.7	140.2
34 Sponsored credit agency securities	1.4	30.4	20.6	15.2	30.2	−4.4	21.5	32.0	71.6	56.8	9.4	42.8
35 Mortgage pool securities	66.4	44.4	79.9	163.3	156.4	200.7	175.4	153.5	95.9	80.5	75.3	97.4
36 Loans from U.S. government	....	....	1.1	−.4	−.7	−2.9	−.1	....	....	....	....	....
37 Private financial sectors	31.4	73.8	96.7	119.1	117.2	146.5	119.9	120.8	81.7	81.6	165.4	108.9
38 Corporate bonds	17.3	33.0	47.9	70.9	67.1	103.2	45.6	77.7	41.8	74.7	67.9	65.9
39 Mortgages	*	.4	.1	.1	.3	.4	.1	.2	.4	.2	*	*
40 Bank loans n.e.c.	−.1	.7	2.6	4.0	−3.3	−9.5	.6	6.3	−10.7	−26.8	8.7	−4.9
41 Open market paper	21.3	24.1	32.0	24.2	28.8	41.5	54.0	14.3	5.4	28.0	78.7	21.3
42 Loans from Federal Home Loan Banks	−7.0	15.7	14.2	19.8	24.4	11.0	19.6	22.2	44.9	5.4	10.1	26.6
By sector												
43 **Total**	**99.2**	**148.7**	**198.3**	**297.2**	**303.1**	**340.0**	**316.7**	**306.4**	**249.2**	**218.9**	**250.1**	**249.1**
44 Sponsored credit agencies	1.4	30.4	21.7	14.9	29.5	−7.2	21.4	32.0	71.6	56.8	9.4	42.8
45 Mortgage pools	66.4	44.4	79.9	163.3	156.4	200.7	175.4	153.5	95.9	80.5	75.3	97.4
46 Private financial sectors	31.4	73.8	96.7	119.1	117.2	146.5	119.9	120.8	81.7	81.6	165.4	108.9
47 Commercial banks	5.0	7.3	−4.9	−3.6	7.1	6.4	20.0	−13.1	15.0	−22.4	6.2	−12.9
48 Bank affiliates	12.1	15.6	14.5	4.6	2.9	25.6	−2.7	11.3	−22.6	−5.0	7.6	5.2
49 Savings and loan associations	−2.1	22.7	22.3	29.8	36.0	28.0	22.2	41.9	51.9	9.1	18.2	52.9
50 Finance companies	13.0	18.2	52.7	48.4	30.6	18.1	39.9	36.3	28.2	54.5	100.4	40.6
51 REITs	−.2	.8	.5	1.0	1.5	1.7	−.5	1.7	3.2	2.4	1.8	1.9
52 CMO Issuers	3.6	9.3	11.5	39.0	39.1	66.8	41.0	42.7	6.0	43.1	31.2	21.3

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1.57—Continued

Transaction category, sector	1983	1984	1985	1986	1987	1987				1988		
						Q1	Q2	Q3	Q4	Q1	Q2	Q3
	All sectors											
53 **Total net borrowing**	**663.4**	**907.9**	**1,045.7**	**1,137.4**	**988.0**	**883.3**	**1,068.3**	**970.7**	**1,029.9**	**949.8**	**959.1**	**1,019.2**
54 U.S. government securities	254.4	273.8	324.2	393.5	330.4	358.0	342.2	287.3	334.2	363.6	172.3	335.7
55 State and local obligations	53.7	50.4	136.4	30.8	34.5	38.7	33.1	32.7	33.5	24.8	32.6	44.4
56 Corporate and foreign bonds	36.4	83.0	125.4	195.2	173.8	235.2	130.0	185.1	145.0	192.8	183.5	164.1
57 Mortgages	187.8	223.1	242.2	308.6	311.9	306.0	345.2	294.9	301.4	237.4	301.2	322.0
58 Consumer credit	49.0	81.6	82.5	54.4	40.7	−.3	52.4	61.4	49.4	34.8	59.5	43.3
59 Bank loans n.e.c.	26.7	61.1	38.3	72.3	1.9	−118.5	33.8	23.6	68.5	14.2	79.4	−2.0
60 Open market paper	26.9	52.0	52.8	26.4	33.2	36.8	52.3	36.9	6.7	25.7	89.1	43.1
61 Other loans	28.4	82.9	44.0	56.1	61.6	27.3	79.4	48.7	91.2	56.4	41.7	68.6
62 MEMO: U.S. government, cash balance	−7.1	6.3	14.4	*	−7.9	−34.9	77.7	−19.6	−54.7	60.9	3.3	6.4
Totals net of changes in U.S. government cash balances												
63 Net borrowing by domestic nonfinancial	553.9	744.5	831.9	830.6	688.5	586.9	674.0	671.7	821.5	670.9	700.8	754.0
64 Net borrowing by U.S. government	193.7	192.5	209.3	215.0	151.7	196.6	67.6	121.4	221.4	165.4	84.3	189.1
	External corporate equity funds raised in United States											
65 **Total net share issues**	**58.1**	**−36.0**	**20.1**	**93.9**	**13.3**	**170.1**	**13.9**	**−47.1**	**−83.6**	**−73.7**	**−141.0**	**−70.3**
66 Mutual funds	27.2	29.3	84.4	161.8	72.3	205.4	79.1	13.8	−9.1	5.0	−8.1	6.0
67 All other	30.8	−65.3	−64.3	−68.0	−59.0	−35.3	−65.2	−60.9	−74.6	−78.7	−132.9	−76.3
68 Nonfinancial corporations	23.5	−74.5	−81.5	−80.7	−76.5	−57.0	−83.0	−78.0	−88.0	−95.0	−140.0	−92.0
69 Financial corporations	3.6	8.2	13.5	11.5	19.9	19.1	16.5	18.4	25.5	17.0	13.8	13.6
70 Foreign shares purchased in United States	3.7	.9	3.7	1.3	−2.4	2.7	1.2	−1.3	−12.0	−.7	−6.7	2.1

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1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

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

Transaction category, or sector	1983	1984	1985	1986	1987	1987				1988		
						Q1	Q2	Q3	Q4	Q1	Q2	Q3
1 Total funds advanced in credit markets to domestic nonfinancial sectors	**546.8**	**750.8**	**846.3**	**830.6**	**680.6**	**552.0**	**751.7**	**652.1**	**766.8**	**731.8**	**704.0**	**760.4**
By public agencies and foreign												
2 Total net advances	117.8	157.6	193.1	304.2	256.3	270.9	279.3	211.1	264.0	281.7	162.5	196.6
3 U.S. government securities	29.0	38.9	37.9	69.4	68.2	59.0	55.3	35.1	123.3	148.6	38.2	17.3
4 Residential mortgages	76.1	56.5	94.6	160.3	153.2	194.8	169.4	146.0	102.7	100.7	89.7	97.5
5 FHLB advances to savings and loans	−7.0	15.7	14.2	19.8	24.4	11.0	19.6	22.2	44.9	5.4	10.1	26.6
6 Other loans and securities	19.7	46.6	46.3	54.6	10.5	6.1	35.1	7.8	−6.8	27.0	24.5	55.3
Total advanced, by sector												
7 U.S. government	9.7	17.1	16.8	9.7	−11.5	−8.5	−12.3	−24.1	−.9	−8.9	−10.1	1.5
8 Sponsored credit agencies	69.8	74.3	95.5	177.3	180.6	204.9	177.0	187.0	153.6	123.3	86.3	119.9
9 Monetary authorities	14.7	8.4	18.4	19.4	24.7	9.4	29.8	29.0	30.4	−5.5	4.1	17.1
10 Foreign	23.7	57.9	62.3	97.8	62.5	65.1	84.8	19.1	81.0	172.9	82.2	58.2
Agency and foreign borrowing not in line 1												
11 Sponsored credit agencies and mortgage pools	67.8	74.9	101.5	178.1	185.8	193.5	196.8	185.5	167.5	137.4	84.7	140.2
12 Foreign	17.3	8.4	1.2	9.6	4.3	−8.7	−.1	12.3	13.9	−1.0	4.9	9.7
Private domestic funds advanced												
13 Total net advances	514.2	676.4	756.0	714.1	614.5	465.9	669.1	638.7	684.2	586.5	631.2	713.7
14 U.S. government securities	225.4	234.9	286.2	324.1	262.2	299.0	286.9	252.2	210.9	215.0	134.1	318.4
15 State and local obligations	53.7	50.4	136.4	30.8	34.5	38.7	33.1	32.7	33.5	24.8	32.6	44.4
16 Corporate and foreign bonds	14.5	35.1	40.8	84.1	86.5	100.4	58.8	83.7	102.9	115.7	88.1	68.6
17 Residential mortgages	58.3	105.3	91.8	84.1	92.8	56.7	105.0	89.3	120.0	98.7	152.4	146.1
18 Other mortgages and loans	155.1	266.3	214.9	210.8	162.9	−18.0	204.8	203.0	261.7	137.7	234.1	162.8
19 LESS: Federal Home Loan Bank advances	−7.0	15.7	14.2	19.8	24.4	11.0	19.6	22.2	44.9	5.4	10.1	26.6
Private financial intermediation												
20 Credit market funds advanced by private financial institutions	394.7	581.0	569.8	746.3	564.9	521.5	549.7	639.7	548.5	674.9	615.7	606.4
21 Commercial banking	144.3	168.9	186.3	194.8	136.3	−56.2	198.0	150.9	252.6	56.0	213.3	132.3
22 Savings institutions	135.6	150.2	83.0	105.5	140.4	89.9	132.0	188.7	151.0	87.9	120.7	166.4
23 Insurance and pension funds	100.1	121.8	148.9	181.9	210.8	266.3	178.0	246.2	152.8	282.4	235.3	217.6
24 Other finance	14.7	140.1	151.6	264.3	77.3	221.6	41.7	54.0	−7.9	248.6	46.5	90.1
25 Sources of funds	394.7	581.0	569.8	746.5	564.9	521.5	549.7	639.7	548.5	674.9	615.7	606.4
26 Private domestic deposits and RPs	210.4	321.9	210.6	264.7	146.2	−17.1	141.1	193.9	266.8	287.7	127.3	206.1
27 Credit market borrowing	31.4	73.8	96.7	119.1	117.2	146.5	119.9	120.8	81.7	81.6	165.4	108.9
28 Other sources	152.9	185.3	262.5	362.7	301.4	392.1	288.6	325.0	200.0	305.6	323.0	291.3
29 Foreign funds	14.6	8.8	19.7	12.9	43.7	14.9	35.1	99.5	25.2	−80.1	106.6	−39.2
30 Treasury balances	−5.3	4.0	10.3	1.7	−5.8	−36.9	43.6	6.1	−36.1	53.3	−17.5	−1.9
31 Insurance and pension reserves	115.0	124.0	131.9	144.3	175.0	195.1	191.1	194.8	118.9	247.6	207.8	173.7
32 Other, net	28.7	48.5	100.7	203.8	88.6	219.0	18.9	24.6	91.9	84.8	26.1	158.6
Private domestic nonfinancial investors												
33 Direct lending in credit markets	150.9	169.2	282.9	86.7	166.8	90.9	239.3	119.8	217.3	−6.9	180.9	216.2
34 U.S. government securities	91.0	115.4	175.7	50.1	103.2	52.1	170.1	70.9	119.6	117.6	23.8	160.0
35 State and local obligations	38.8	26.5	39.6	−13.6	46.1	27.8	58.1	42.4	56.0	1.5	29.7	39.1
36 Corporate and foreign bonds	−8.3	−.8	2.4	32.6	5.1	9.3	−58.6	28.3	41.5	−40.6	52.7	−25.9
37 Open market paper	12.4	4.0	45.6	−3.0	7.9	−1.9	64.2	−23.3	−7.5	−65.6	77.7	40.5
38 Other	17.0	24.2	19.6	20.7	4.6	3.6	5.6	1.6	7.7	−19.7	−3.0	2.5
39 Deposits and currency	227.8	325.4	220.9	285.0	162.4	−46.6	149.2	229.3	317.6	282.7	134.9	256.7
40 Currency	14.3	8.6	12.4	14.4	19.0	9.4	12.5	17.3	36.8	8.2	11.9	17.5
41 Checkable deposits	28.8	28.0	40.9	93.2	−2.4	−98.7	40.3	34.5	14.4	4.2	21.5	−.6
42 Small time and savings accounts	215.4	150.7	138.4	120.6	75.9	31.3	69.3	79.9	123.1	195.1	125.5	102.1
43 Money market fund shares	−39.0	49.0	8.9	41.5	28.2	14.4	2.4	32.7	63.3	59.1	−34.8	13.0
44 Large time deposits	−8.3	84.3	7.7	−11.5	27.6	13.7	4.8	.2	91.6	12.0	−7.6	92.0
45 Security RPs	13.5	10.0	14.6	20.8	16.9	22.1	24.3	46.6	−25.6	17.3	22.7	−.4
46 Deposits in foreign countries	3.1	−5.1	−2.1	5.9	−2.8	−38.9	−4.4	18.1	13.9	−13.3	−4.3	33.1
47 Total of credit market instruments, deposits, and currency	**378.7**	**494.6**	**503.7**	**371.8**	**329.2**	**44.3**	**388.5**	**349.1**	**534.9**	**275.8**	**315.8**	**472.9**
48 Public holdings as percent of total	20.9	20.8	22.8	36.2	37.4	49.9	37.2	31.8	33.8	38.5	22.9	25.5
49 Private financial intermediation (in percent)	76.8	85.9	75.4	104.5	91.9	112.0	82.2	100.2	80.2	115.1	97.6	85.0
50 Total foreign funds	38.2	66.7	82.0	110.7	106.2	80.0	119.9	118.7	106.2	92.8	188.9	19.0
MEMO: Corporate equities not included above												
51 Total net issues	**58.1**	**−36.0**	**20.1**	**93.9**	**13.3**	**170.1**	**13.9**	**−47.1**	**−83.6**	**−73.7**	**−141.0**	**−70.3**
52 Mutual fund shares	27.2	29.3	84.4	161.8	72.3	205.4	79.1	13.8	−9.1	5.0	−8.1	6.0
53 Other equities	30.8	−65.3	−64.3	−68.0	−59.0	−35.3	−65.2	−60.9	−74.6	−78.7	−132.9	−76.3
54 Acquisitions by financial institutions	50.4	15.8	45.6	48.5	22.6	29.2	72.6	5.2	−16.5	−33.0	−10.1	−9.4
55 Other net purchases	7.7	−51.8	−25.5	45.4	−9.3	140.9	−58.7	−52.4	−67.1	−40.7	−131.0	−61.0

NOTES BY LINE NUMBER.

1. Line 1 of table 1.57.
2. Sum of lines 3–6 or 7–10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by federally sponsored credit agencies, and net issues of federally related mortgage pool securities.
13. Line 1 less line 2 plus line 11 and 12. Also line 20 less line 27 plus line 33. Also sum of lines 28 and 47 less lines 40 and 46.
18. Includes farm and commercial mortgages.
26. Line 39 less lines 40 and 46.
27. Excludes equity issues and investment company shares. Includes line 19.
29. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates, less claims on foreign affiliates and deposits by banking in foreign banks.
30. Demand deposits and note balances at commercial banks.
31. Excludes net investment of these reserves in corporate equities.
32. Mainly retained earnings and net miscellaneous liabilities.
33. Line 13 less line 20 plus line 27.
34–38. Lines 14–18 less amounts acquired by private finance plus amounts borrowed by private finance. Line 38 includes mortgages.
40. Mainly an offset to line 9.
47. Lines 33 plus 39, or line 13 less line 28 plus 40 and 46.
48. Line 2/line 1.
49. Line 20/line 13.
50. Sum of lines 10 and 29.
51, 53. Includes issues by financial institutions.

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

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1.59 SUMMARY OF CREDIT MARKET DEBT OUTSTANDING

Billions of dollars; period-end levels.

Transaction category, sector	1983	1984	1985	1986	1987	1987				1988		
						Q1	Q2	Q3	Q4	Q1	Q2	Q3
	Nonfinancial sectors											
1 **Total credit market debt owed by domestic nonfinancial sectors**	**5,204.3**	**5,953.7**	**6,797.0**	**7,618.1**	**8,301.3**	**7,725.8**	**7,917.4**	**8,074.1**	**8,301.3**	**8,444.3**	**8,629.8**	**8,817.3**
By sector and instrument												
2 U.S. government	1,177.9	1,376.8	1,600.4	1,815.4	1,959.2	1,843.9	1,875.3	1,897.0	1,959.2	2,001.8	2,020.4	2,063.8
3 Treasury securities	1,174.4	1,373.4	1,597.1	1,811.7	1,954.1	1,839.3	1,871.2	1,893.1	1,954.1	1,996.7	2,013.5	2,051.6
4 Agency issues and mortgages	3.6	3.4	3.3	3.6	5.2	4.6	4.2	3.9	5.2	5.0	7.0	12.2
5 Private domestic nonfinancial sectors	4,026.4	4,577.0	5,196.6	5,802.7	6,342.1	5,881.9	6,042.1	6,177.1	6,342.1	6,442.6	6,609.4	6,753.5
6 Debt capital instruments	2,717.8	3,040.0	3,488.4	3,946.4	4,404.5	4,065.6	4,189.4	4,296.9	4,404.5	4,479.3	4,596.7	4,715.0
7 Tax-exempt obligations	471.7	522.1	658.4	689.2	723.7	696.9	705.2	715.5	723.7	728.0	735.8	749.4
8 Corporate bonds	423.0	469.2	542.9	664.2	764.1	696.4	718.5	743.7	764.1	789.4	819.1	841.7
9 Mortgages	1,823.1	2,048.8	2,287.1	2,593.0	2,916.6	2,672.2	2,765.7	2,837.7	2,916.6	2,961.8	3,041.9	3,123.8
10 Home mortgages	1,200.2	1,336.2	1,490.2	1,699.6	1,908.7	1,730.4	1,800.7	1,853.8	1,908.7	1,939.7	2,000.4	2,056.6
11 Multifamily residential	158.8	183.6	213.0	246.3	269.9	254.2	259.9	264.9	269.9	273.8	278.1	285.6
12 Commercial	350.4	416.5	478.1	551.4	649.2	594.8	613.8	629.0	649.2	660.2	675.5	692.5
13 Farm	113.7	112.4	105.9	95.8	88.9	92.8	91.3	90.0	88.9	88.2	87.9	89.2
14 Other debt instruments	1,308.6	1,536.9	1,708.2	1,856.3	1,937.6	1,816.4	1,852.7	1,880.2	1,937.6	1,963.3	2,012.6	2,038.5
15 Consumer credit	437.7	519.3	601.8	656.2	696.9	643.3	658.7	680.9	696.9	692.2	709.6	727.8
16 *Bank loans n.e.c.*	490.2	552.9	592.6	658.6	656.7	627.7	636.3	637.5	656.7	669.4	689.9	688.7
17 Open market paper	36.8	58.5	72.2	62.9	73.8	63.6	67.9	68.1	73.8	73.5	77.8	80.3
18 Other	344.0	406.2	441.6	478.6	510.1	481.7	489.9	493.7	510.1	528.1	535.3	541.6
19 By borrowing sector	4,026.4	4,577.0	5,196.6	5,802.7	6,342.1	5,881.9	6,042.1	6,177.1	6,342.1	6,442.6	6,609.4	6,753.5
20 State and local governments	357.7	385.1	476.9	520.2	554.7	527.5	535.3	546.2	554.7	558.3	565.7	578.5
21 Households	1,811.6	2,038.2	2,314.5	2,594.2	2,836.6	2,605.4	2,691.2	2,762.8	2,836.6	2,866.2	2,945.7	3,016.4
22 Nonfinancial business	1,857.1	2,153.7	2,405.2	2,688.3	2,950.9	2,749.0	2,815.7	2,868.1	2,950.9	3,018.1	3,097.9	3,158.5
23 Farm	188.4	187.9	173.4	156.6	144.9	149.9	150.2	148.5	144.9	141.5	144.0	145.0
24 Nonfarm noncorporate	645.8	769.0	898.3	1,025.9	1,141.7	1,053.8	1,084.3	1,106.7	1,141.7	1,165.2	1,186.0	1,211.9
25 Corporate	1,022.9	1,196.8	1,333.5	1,505.8	1,664.3	1,545.3	1,581.2	1,612.9	1,664.3	1,711.5	1,767.8	1,801.6
26 Foreign credit market debt held in United States	227.3	235.1	236.7	238.2	244.3	236.7	236.8	238.9	244.3	245.1	246.3	247.8
27 Bonds	64.2	68.0	71.8	74.8	81.6	75.1	74.6	75.9	81.6	85.4	85.2	86.7
28 Bank loans n.e.c.	37.4	30.8	27.9	26.9	23.3	26.0	25.4	24.2	23.3	22.8	22.4	22.0
29 Open market paper	21.5	27.7	33.9	37.4	41.2	37.3	35.6	40.6	41.2	42.5	44.0	46.3
30 U.S. government loans	104.1	108.6	103.0	99.1	98.1	98.3	101.2	98.2	98.1	94.4	94.7	92.8
31 **Total domestic plus foreign**	**5,431.6**	**6,188.8**	**7,033.7**	**7,856.3**	**8,545.6**	**7,962.5**	**8,154.2**	**8,313.1**	**8,545.6**	**8,689.4**	**8,876.1**	**9,065.1**
	Financial sectors											
32 **Total credit market debt owed by financial sectors**	**857.9**	**1,006.2**	**1,206.2**	**1,510.8**	**1,862.6**	**1,621.8**	**1,710.0**	**1,783.8**	**1,862.6**	**1,903.8**	**1,972.6**	**2,035.7**
By instrument												
33 U.S. government related	456.7	531.2	632.7	810.3	1,026.5	887.1	937.1	981.6	1,026.5	1,054.8	1,076.9	1,113.7
34 Sponsored credit agency securities	206.8	237.2	257.8	273.0	303.2	268.4	275.8	283.7	303.2	313.5	317.9	328.5
35 Mortgage pool securities	244.9	289.0	368.9	531.6	718.3	613.7	656.4	692.9	718.3	736.3	754.0	780.2
36 Loans from U.S. government	5.0	5.0	6.1	5.7	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
37 Private financial sectors	401.2	475.0	573.4	700.5	836.1	734.8	772.9	802.1	836.1	849.0	895.7	922.0
38 Corporate bonds	115.8	148.9	197.5	268.4	335.5	293.4	304.6	324.2	335.5	353.2	370.0	386.8
39 Mortgages	2.1	2.5	2.7	2.7	3.0	2.8	2.9	2.9	3.0	3.1	3.1	3.1
40 Bank loans n.e.c.	28.9	29.5	32.1	36.1	40.8	36.5	40.1	42.2	40.8	31.7	34.3	33.9
41 Open market paper	195.5	219.5	252.4	284.6	323.8	295.2	311.1	312.7	323.8	331.5	353.4	356.8
42 Loans from Federal Home Loan Banks	59.0	74.6	88.8	108.6	133.1	106.8	114.3	120.1	133.1	129.5	134.8	141.6
43 **Total, by sector**	**857.9**	**1,006.2**	**1,206.2**	**1,510.8**	**1,862.6**	**1,621.8**	**1,710.0**	**1,783.8**	**1,862.6**	**1,903.8**	**1,972.6**	**2,035.7**
44 Sponsored credit agencies	211.8	242.2	263.9	278.7	308.2	273.4	280.7	288.7	308.2	318.5	322.9	333.5
45 Mortgage pools	244.9	289.0	368.9	531.6	718.3	613.7	656.4	692.9	718.3	736.3	754.0	780.2
46 Private financial sectors	401.2	475.0	573.4	700.5	836.1	734.8	772.9	802.1	836.1	849.0	895.7	922.0
47 Commercial banks	76.8	84.1	79.2	75.6	82.7	76.1	80.7	78.6	82.7	76.4	77.2	75.4
48 Bank affiliates	71.0	86.6	101.2	101.3	104.2	109.0	108.7	109.5	104.2	104.4	106.5	105.8
49 Savings and loan associations	73.9	93.2	115.5	145.1	181.1	146.6	157.0	165.4	181.1	177.4	187.3	198.0
50 Finance companies	171.7	193.2	246.9	308.1	357.0	315.4	328.8	339.9	357.0	368.3	393.8	406.3
51 REITs	3.5	4.3	5.6	6.5	8.1	7.0	6.8	7.3	8.1	8.7	9.1	9.6
52 CMO Issuers	4.2	13.5	25.0	64.0	103.1	80.7	90.9	101.6	103.1	113.9	121.7	127.0
	All sectors											
53 **Total credit market debt**	**6,289.5**	**7,195.0**	**8,239.8**	**9,367.2**	**10,408.1**	**9,584.3**	**9,864.2**	**10,096.9**	**10,408.1**	**10,593.3**	**10,848.6**	**11,100.8**
54 U.S. government securities	1,629.4	1,902.8	2,227.0	2,620.0	2,980.7	2,726.0	2,807.4	2,873.7	2,980.7	3,051.6	3,092.3	3,172.5
55 State and local obligations	471.7	522.1	658.4	689.2	723.7	696.9	705.2	715.5	723.7	728.0	735.8	749.4
56 Corporate and foreign bonds	603.0	686.0	812.1	1,007.4	1,181.2	1,064.9	1,097.7	1,143.9	1,181.2	1,228.1	1,274.2	1,315.2
57 Mortgages	1,825.4	2,051.4	2,289.8	2,595.8	2,919.7	2,675.1	2,768.6	2,840.6	2,919.7	2,964.9	3,045.0	3,127.0
58 Consumer credit	437.7	519.3	601.8	656.2	696.9	643.3	658.7	680.9	696.9	692.2	709.6	727.8
59 Bank loans n.e.c.	556.5	613.2	652.6	721.6	720.8	690.3	701.7	703.8	720.8	723.9	746.6	744.6
60 Open market paper	253.8	305.7	358.5	384.9	438.8	396.1	414.6	421.4	438.8	447.5	475.3	483.4
61 Other loans	512.1	594.4	639.5	692.0	746.3	691.8	710.4	717.0	746.3	757.0	769.8	780.9

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1.60 SUMMARY OF CREDIT MARKET CLAIMS, BY HOLDER

Billions of dollars, except as noted; period-end levels.

	Transaction category, or sector	1983	1984	1985	1986	1987	1987				1988		
							Q1	Q2	Q3	Q4	Q1	Q2	Q3
1	**Total funds advanced in credit markets to domestic nonfinancial sectors**	**5,204.3**	**5,953.7**	**6,797.0**	**7,618.1**	**8,301.3**	**7,725.8**	**7,917.4**	**8,074.1**	**8,301.3**	**8,444.3**	**8,629.8**	**8,817.3**
	By public agencies and foreign												
2	Total held	1,101.7	1,259.2	1,459.4	1,759.3	2,037.8	1,847.6	1,918.0	1,967.0	2,037.8	2,098.6	2,144.4	2,192.8
3	U.S. government securities	339.0	377.9	421.8	491.2	559.4	502.3	519.5	525.6	559.4	592.7	606.1	607.1
4	Residential mortgages	367.0	423.5	518.2	678.5	862.0	758.9	800.0	834.6	862.0	884.8	906.1	932.2
5	FHLB advances to savings and loans	59.0	74.6	88.8	108.6	133.1	106.8	114.3	120.1	133.1	129.5	134.8	141.6
6	Other loans and securities	336.8	383.1	430.6	481.0	483.4	479.6	484.3	486.8	483.4	491.5	497.4	511.9
7	Total held, by type of lender	1,101.7	1,259.2	1,459.4	1,759.3	2,037.8	1,847.6	1,918.0	1,967.0	2,037.8	2,098.6	2,144.4	2,192.8
8	U.S. government	212.8	229.7	247.6	254.3	235.4	249.2	242.9	237.1	235.4	233.7	232.0	232.6
9	Sponsored credit agencies and mortgage pools	482.0	556.3	657.8	833.9	1,044.1	912.0	957.9	1,003.7	1,044.1	1,068.2	1,091.6	1,124.2
10	Monetary authority	159.2	167.6	186.0	205.5	230.1	204.1	214.9	219.6	230.1	224.9	229.7	230.8
11	Foreign	247.7	305.6	367.9	465.7	528.2	482.3	502.3	506.7	528.2	571.8	591.1	605.3
	Agency and foreign debt not in line 1												
12	Sponsored credit agencies and mortgage pools	456.7	531.2	632.7	810.3	1,026.5	887.1	937.1	981.6	1,026.5	1,054.8	1,076.9	1,113.7
13	Foreign	227.3	235.1	236.7	238.2	244.3	236.7	236.8	238.9	244.3	245.1	246.3	247.8
	Private domestic holdings												
14	Total private holdings	4,786.6	5,460.8	6,207.0	6,907.3	7,534.2	7,002.0	7,173.2	7,327.7	7,534.2	7,645.7	7,808.6	7,985.9
15	U.S. government securities	1,290.4	1,524.9	1,805.2	2,128.7	2,421.3	2,223.7	2,287.9	2,348.1	2,421.3	2,458.9	2,486.3	2,565.3
16	State and local obligations	471.7	522.1	658.4	689.2	723.7	696.9	705.2	715.5	723.7	728.0	735.8	749.4
17	Corporate and foreign bonds	441.7	476.8	517.6	601.7	688.1	626.0	642.4	663.4	688.1	716.3	740.1	757.3
18	Residential mortgages	992.2	1,096.5	1,185.1	1,267.4	1,316.7	1,225.8	1,260.6	1,284.2	1,316.7	1,328.7	1,372.4	1,410.0
19	Other mortgages and loans	1,649.6	1,915.2	2,129.5	2,328.9	2,517.4	2,336.4	2,391.5	2,436.6	2,517.4	2,543.3	2,608.9	2,645.5
20	LESS: Federal Home Loan Bank advances	59.0	74.6	88.8	108.6	133.1	106.8	114.3	120.1	133.1	129.5	134.8	141.6
	Private financial intermediation												
21	Credit market claims held by private financial institutions	4,111.2	4,691.0	5,264.4	6,009.5	6,585.2	6,126.1	6,277.5	6,433.5	6,585.2	6,723.0	6,892.6	7,042.6
22	Commercial banking	1,622.1	1,791.1	1,978.5	2,173.2	2,309.6	2,155.9	2,207.9	2,248.7	2,309.6	2,322.1	2,377.5	2,414.3
23	Savings institutions	944.0	1,092.8	1,178.4	1,283.0	1,434.2	1,308.4	1,355.4	1,396.5	1,434.2	1,440.3	1,486.8	1,523.4
24	Insurance and pension funds	1,093.5	1,215.3	1,364.2	1,546.0	1,756.9	1,608.7	1,652.6	1,715.3	1,756.9	1,823.0	1,880.9	1,937.2
25	Other finance	451.6	591.7	743.4	1,007.3	1,084.6	1,053.1	1,061.5	1,073.0	1,084.6	1,137.6	1,147.5	1,167.7
26	Sources of funds	4,111.2	4,691.0	5,264.4	6,009.5	6,585.2	6,126.1	6,277.5	6,433.5	6,585.2	6,723.0	6,892.6	7,042.6
27	Private domestic deposits and RPs	2,389.8	2,711.5	2,922.1	3,182.6	3,328.8	3,165.0	3,198.6	3,234.4	3,328.8	3,385.7	3,417.0	3,455.1
28	Credit market debt	401.2	475.0	573.4	700.5	836.1	734.8	772.9	802.1	836.1	849.0	895.7	922.0
29	Other sources	1,320.2	1,504.5	1,768.9	2,126.4	2,420.4	2,226.3	2,305.9	2,397.0	2,420.4	2,488.4	2,579.9	2,665.6
30	Foreign funds	−23.0	−14.1	5.6	18.6	62.2	26.7	26.1	52.7	62.2	45.9	62.3	54.8
31	Treasury balances	11.5	15.5	25.8	27.5	21.6	8.6	30.9	33.0	21.6	23.5	32.6	31.5
32	Insurance and pension reserves	1,036.1	1,160.8	1,289.5	1,427.9	1,592.2	1,461.8	1,507.5	1,552.8	1,592.2	1,656.3	1,706.7	1,751.9
33	Other, net	295.6	342.2	448.0	652.5	744.3	729.2	741.4	758.5	744.3	762.8	778.3	827.4
	Private domestic nonfinancial investors												
34	Credit market claims	1,076.6	1,244.8	1,516.0	1,598.3	1,785.0	1,610.7	1,668.7	1,696.3	1,785.0	1,771.6	1,811.6	1,865.3
35	U.S. government securities	548.6	663.6	830.7	881.2	1,014.7	912.0	950.4	969.4	1,014.7	1,025.7	1,027.0	1,071.4
36	Tax-exempt obligations	170.0	196.3	235.9	222.3	268.4	226.2	243.1	255.9	268.4	265.6	275.3	287.3
37	Corporate and foreign bonds	45.4	44.5	47.6	80.1	85.3	88.8	71.4	80.6	85.3	82.7	93.0	88.4
38	Open market paper	68.4	72.4	118.0	115.0	143.5	115.5	132.6	118.7	143.5	127.8	148.5	149.6
39	Other	244.3	268.0	283.8	299.7	273.2	268.1	271.2	271.9	273.2	269.9	267.9	268.5
40	Deposits and currency	2,566.4	2,891.7	3,112.5	3,393.4	3,555.7	3,364.7	3,405.6	3,444.5	3,555.7	3,607.4	3,646.4	3,690.7
41	Currency	150.9	159.6	171.9	186.3	205.4	185.3	191.3	192.4	205.4	204.0	209.9	210.7
42	Checkable deposits	350.9	378.8	419.7	512.9	510.5	468.5	488.0	487.2	510.5	491.1	506.8	497.3
43	Small time and savings accounts	1,542.9	1,693.5	1,831.9	1,948.3	2,024.2	1,965.2	1,977.7	1,990.8	2,024.2	2,079.4	2,107.9	2,126.8
44	Money market fund shares	169.5	218.5	227.3	268.9	297.1	281.3	279.5	286.4	297.1	322.1	310.4	311.1
45	Large time deposits	247.7	332.1	339.8	328.4	356.0	323.4	322.5	326.3	356.0	351.0	346.1	372.4
46	Security RPs	78.8	88.7	103.3	124.1	141.0	126.6	130.9	143.6	141.0	142.1	145.9	147.4
47	Deposits in foreign countries	25.7	20.6	18.5	24.5	21.6	14.4	15.7	17.8	21.6	17.8	19.4	25.0
48	**Total of credit market instruments, deposits, and currency**	**3,643.0**	**4,136.5**	**4,628.5**	**4,991.7**	**5,340.8**	**4,975.4**	**5,074.2**	**5,140.8**	**5,340.8**	**5,379.0**	**5,458.0**	**5,556.1**
49	Public holdings as percent of total	20.3	20.3	20.7	22.4	23.8	23.2	23.5	23.7	23.8	24.2	24.2	24.2
50	Private financial intermediation (in percent)	85.9	85.9	84.8	87.0	87.4	87.5	87.5	87.8	87.4	87.9	88.3	88.2
51	Total foreign funds	224.7	291.5	373.5	484.2	590.5	509.0	528.4	559.4	590.5	617.6	653.4	660.0
	MEMO: Corporate equities not included above												
52	**Total market value**	**2,134.0**	**2,158.2**	**2,824.5**	**3,362.0**	**3,313.4**	**3,990.2**	**4,110.0**	**4,300.8**	**3,313.4**	**3,494.8**	**3,612.6**	**3,577.5**
53	Mutual fund shares	112.1	136.7	240.2	413.5	460.1	485.2	520.7	525.1	460.1	479.2	486.8	483.9
54	Other equities	2,021.9	2,021.5	2,584.3	2,948.5	2,853.2	3,505.0	3,589.3	3,775.7	2,853.2	3,015.7	3,125.9	3,093.6
55	Holdings by financial institutions	612.0	615.6	800.0	972.2	1,021.7	1,175.7	1,238.9	1,312.5	1,021.7	1,087.1	1,133.8	1,133.0
56	Other holdings	1,522.0	1,542.6	2,024.5	2,389.8	2,291.7	2,814.5	2,871.1	2,988.4	2,291.7	2,407.7	2,478.9	2,444.4

NOTES BY LINE NUMBER.

1. Line 1 of table 1.59.
2. Sum of lines 3–6 or 7–10.
6. Includes farm and commercial mortgages.
12. Credit market debt of federally sponsored agencies, and net issues of federally related mortgage pool securities.
14. Line 1 less line 2 plus line 12 and 13. Also line 21 less line 28 plus line 34. Also sum of lines 29 and 48 less lines 41 and 47.
19. Includes farm and commercial mortgages.
27. Line 40 less lines 41 and 47.
28. Excludes equity issues and investment company shares. Includes line 20.
30. Foreign deposits at commercial banks plus bank borrowings from foreign affiliates, less claims on foreign affiliates and deposits by banking in foreign banks.
31. Demand deposits and note balances at commercial banks.
32. Excludes net investment of these reserves in corporate equities.
33. Mainly retained earnings and net miscellaneous liabilities.
34. Line 14 less line 21 plus line 28.
35–39. Lines 15–19 less amounts acquired by private finance plus amounts borrowed by private finance. Line 39 includes mortgages.
41. Mainly an offset to line 10.
48. Lines 34 plus 40, or line 14 less line 29 plus 41 and 47.
49. Line 2/line 1 and 13.
50. Line 21/line 14.
51. Sum of lines 11 and 30.
52–54. Includes issues by financial institutions.

NOTE. Full statements for sectors and transaction types in flows and in amounts outstanding may be obtained from Flow of Funds Section, Stop 95, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

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2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures[1]

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

Measure	1985	1986	1987	1988								
				Mar.	Apr.	May	June	July	Aug.	Sept.[r]	Oct.[r]	Nov.
1 **Industrial production**	**123.7**	**125.1**	**129.8**	**134.7**	**135.4**	**136.1**	**136.5**	**138.0**	**138.5**[r]	**138.6**	**139.3**	**139.9**
Market groupings												
2 Products, total	130.6	133.3	138.3	143.6	144.1	145.0	145.3	146.5	147.3[r]	147.5	148.2	148.7
3 Final, total	131.0	132.5	136.8	141.8	142.5	143.5	144.0	145.0	145.8[r]	145.8	146.7	146.9
4 Consumer goods	119.8	124.0	127.7	131.2	131.9	132.7	133.0	134.2	135.0[r]	134.8	136.4	136.8
5 Equipment	145.8	143.6	148.8	155.9	156.5	157.7	158.5	159.4	160.1[r]	160.4	160.2	160.4
6 Intermediate	129.3	136.2	143.5	149.9	149.6	150.4	150.0	151.6	152.3[r]	153.1	153.8	154.8
7 Materials	114.3	113.8	118.2	122.5	123.6	123.9	124.5	126.4	126.5[r]	126.5	127.1	128.0
Industry groupings												
8 Manufacturing	126.4	129.1	134.6	140.0	140.8	141.8	142.1	143.6	144.0[r]	144.4	145.3	146.0
Capacity utilization (percent)[2]												
9 Manufacturing	80.1	79.7	81.1	82.7	82.9	83.3	83.3	84.0	84.0[r]	84.0	84.3	84.5
10 Industrial materials industries	80.3	78.6	80.5	82.4	82.9	83.0	83.2	84.4	84.3	84.1	84.4	84.8
11 Construction contracts (1982 = 100)[3]	150.0	158.0	161.0	154.0	144.0	157.0	165.0	156.0	155.0	151.0	153.0	157.0
12 Nonagricultural employment, total[4]	118.3	120.7	124.1	127.3	127.7	127.9	128.6	128.9	129.1	129.4	129.7	130.3
13 Goods-producing, total	102.1	100.9	101.8	104.1	104.5	104.6	105.1	105.4	105.3	105.4	105.7	106.2
14 Manufacturing, total	97.8	96.3	96.8	98.6	98.8	99.0	99.3	99.5	99.4	99.3	99.8	100.2
15 Manufacturing, production-worker	92.6	91.2	92.1	93.7	93.9	94.1	94.4	94.6	94.4	94.3	94.9	95.3
16 Service-producing	125.0	129.0	133.4	137.1	137.4	137.7	138.4	138.7	139.0	139.5	139.8	140.3
17 Personal income, total	206.9	219.7	235.1	248.0	248.8	250.2	251.6	253.3	254.5	256.0	260.2	259.7
18 Wages and salary disbursements	198.8	210.7	226.2	238.9	240.9	242.3	244.2	246.7	247.4	249.0	252.7	253.6
19 Manufacturing	172.8	177.4	183.8	193.6	192.8	193.8	195.4	196.6	196.8	198.1	202.3	201.4
20 Disposable personal income[5]	205.8	218.9	232.7	247.0	243.3	249.5	251.2	253.1[r]	254.2[r]	255.6	260.1	259.3
21 Retail sales[6]	189.6	199.5	209.3	220.3	219.4	221.2	222.5	223.7	224.4[r]	223.7	227.4	229.9
Prices[7]												
22 Consumer (1982–84 = 100)	107.6	109.6	113.6	116.5	117.1	117.5	118.0	118.5	119.0	119.8	120.2	120.3
23 Producer finished goods (1982 = 100)	104.7	103.2	105.4	106.3	107.0	107.5	107.9	108.5	108.8	108.6	109.3	109.7

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

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

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

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

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

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

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

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

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

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2.11 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

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

Category	1985	1986	1987	1988							
				Apr.	May	June	July	Aug.	Sept.[r]	Oct.[r]	Nov.
HOUSEHOLD SURVEY DATA											
1 **Noninstitutional population**[1]	**180,440**	**182,822**	**185,010**	**186,478**	**186,600**	**186,755**	**186,911**	**187,033**	**187,178**	**187,333**	**187,471**
2 Labor force (including Armed Forces)[1]	117,695	120,078	122,122	123,569	123,204	123,665	123,866	124,234	124,140	124,231	124,799
3 Civilian labor force	115,461	117,834	119,865	121,323	120,978	121,472	121,684	122,031	121,924	122,012	122,572
Employment											
4 Nonagricultural industries[2]	103,971	106,434	109,232	111,485	111,160	111,933	112,014	112,029	112,158	112,255	112,700
5 Agriculture	3,179	3,163	3,208	3,228	3,035	3,085	3,046	3,151	3,169	3,266	3,276
Unemployment											
6 Number	8,312	8,237	7,425	6,610	6,783	6,455	6,625	6,851	6,596	6,491	6,595
7 Rate (percent of civilian labor force)	7.2	7.0	6.2	5.4	5.6	5.3	5.4	5.6	5.4	5.3	5.4
8 Not in labor force	62,745	62,744	62,888	62,909	63,396	63,090	63,045	62,799	63,038	63,102	62,672
ESTABLISHMENT SURVEY DATA											
9 **Nonagricultural payroll employment**[3]	**97,519**	**99,525**	**102,310**	**105,281**	**105,489**	**106,057**	**106,271**	**106,425**	**106,737**	**106,975**	**107,438**
10 Manufacturing	19,260	18,965	19,065	19,460	19,490	19,544	19,593	19,560	19,549	19,648	19,719
11 Mining	927	777	721	737	739	740	740	739	734	729	722
12 Contract construction	4,673	4,816	4,998	5,238	5,237	5,308	5,330	5,340	5,365	5,364	5,419
13 Transportation and public utilities	5,238	5,255	5,385	5,543	5,556	5,582	5,598	5,605	5,618	5,623	5,662
14 Trade	23,073	23,683	24,381	25,182	25,245	25,353	25,435	25,471	25,510	25,571	25,618
15 Finance	5,955	6,283	6,549	6,650	6,656	6,679	6,684	6,689	6,692	6,710	6,729
16 Service	22,000	23,053	24,196	25,163	25,216	25,472	25,561	25,662	25,737	25,814	26,008
17 Government	16,394	16,693	17,015	17,308	17,350	17,379	17,330	17,359	17,532	17,516	17,561

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

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

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

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2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]

Seasonally adjusted

Series	1987	1988			1987	1988			1987	1988		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3[r]
	Output (1977 = 100)				Capacity (percent of 1977 output)				Utilization rate (percent)			
1 **Total industry**	**133.2**	**134.5**	**136.0**	**138.2**	**162.2**	**163.1**	**164.2**	**165.2**	**82.1**	**82.4**	**82.8**	**83.8**
2 Mining	104.3	102.5	103.3	104.8	128.4	127.7	127.0	126.2	81.2	80.3	81.5	82.3
3 Utilities	112.3	114.7	111.7	114.9	139.4	139.8	140.1	140.4	80.6	82.0	79.9	81.9
4 **Manufacturing**	**138.1**	**139.6**	**141.6**	**143.7**	**167.7**	**168.9**	**170.2**	**171.5**	**82.3**	**82.7**	**83.2**	**84.0**
5 Primary processing	122.2	123.0	123.9	125.7	140.6	141.6	142.7	143.9	86.9	86.9	86.8	87.4
6 Advanced processing	147.6	149.7	152.3	154.5	184.1	185.6	186.7	188.1	80.1	80.7	81.5	82.4
7 **Materials**	**122.5**	**122.5**	**124.0**	**126.6**	**147.8**	**148.5**	**149.3**	**150.1**	**82.9**	**82.5**	**83.0**	**84.3**
8 Durable goods	130.3	131.5	134.2	136.9	164.7	165.7	166.8	167.9	79.1	79.4	80.4	81.6
9 Metal materials	91.4	86.2	88.1	92.4	108.9	108.8	109.1	109.4	84.0	79.2	80.8	84.8
10 Nondurable goods	130.1	129.4	130.5	132.4	145.6	146.8	148.3	149.8	89.3	88.1	87.9	88.7
11 Textile, paper, and chemical	133.0	131.6	132.6	135.1	145.4	146.7	148.5	150.2	91.5	89.7	89.2	90.1
12 Paper	145.1	145.7	145.9	.....	146.2	147.6	149.2	.....	99.2	98.7	97.8	98.8
13 Chemical	135.5	133.5	135.7	.....	152.0	153.5	155.4	.....	89.1	87.0	87.3	88.7
14 Energy materials	102.1	100.9	100.4	103.5	119.9	119.7	119.4	119.1	85.2	84.3	84.2	86.0

	Previous cycle[2]		Latest cycle[3]		1987	1988							
	High	Low	High	Low	Nov.	Mar.	Apr.	May	June	July	Aug.	Sept.[r]	Oct.[r]	Nov.
	Capacity utilization rate (percent)													
15 **Total industry**	**88.6**	**72.1**	**86.9**	**69.5**	**82.1**	**82.4**	**82.7**	**82.9**	**83.0**	**83.7**	**83.8**	**83.7**	**84.0**	**84.2**
16 Mining	92.8	87.8	95.2	76.9	81.5	80.6	82.3	80.8	81.2	82.5	82.2	82.2	81.6	82.2
17 Utilities	95.6	82.9	88.5	78.0	81.2	81.0	79.3	79.7	80.8	81.5	83.9	80.3	80.8	81.0
18 **Manufacturing**	**87.7**	**69.9**	**86.5**	**68.0**	**82.2**	**82.7**	**82.9**	**83.3**	**83.3**	**84.0**	**84.0**	**84.0**	**84.3**	**84.5**
19 Primary processing	91.9	68.3	89.1	65.0	87.0	86.9	86.9	87.0	86.6	87.8	87.4	87.2	87.6	88.0
20 Advanced processing	86.0	71.1	85.1	69.5	80.0	80.7	81.2	81.7	81.7	82.2	82.4	82.5	82.7	82.9
21 **Materials**	**92.0**	**70.5**	**89.1**	**68.5**	**82.9**	**82.4**	**82.9**	**83.0**	**83.2**	**84.4**	**84.3**	**84.1**	**84.4**	**84.8**
22 Durable goods	91.8	64.4	89.8	60.9	79.0	79.1	79.7	80.8	80.7	81.7	81.4	81.9	82.3	82.7
23 Metal materials	99.2	67.1	93.6	45.7	83.3	78.3	79.3	82.1	80.8	84.9	83.4	86.0	87.1	87.4
24 Nondurable goods	91.1	66.7	88.1	70.7	89.0	88.3	88.7	87.7	87.4	88.9	88.8	88.2	88.7	89.0
25 Textile, paper, and chemical	92.8	64.8	89.4	68.8	91.0	89.9	90.1	88.8	88.9	90.4	90.3	89.5	90.0	90.2
26 Paper	98.4	70.6	97.3	79.9	98.7	97.8	98.1	98.1	97.1	100.0	98.4	97.9	98.2	.....
27 Chemical	92.5	64.4	87.9	63.5	88.6	87.5	88.0	86.9	87.0	88.8	89.0	88.3	89.1	.....
28 Energy materials	94.6	86.9	94.0	82.3	85.7	84.1	84.5	83.3	84.4	86.2	86.6	85.1	84.7	85.5

1. These data also appear in the Board's G.3 (402) release. For address, see inside front cover.
2. Monthly high 1973; monthly low 1975.
3. Monthly highs 1978 through 1980; monthly lows 1982.

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2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data are seasonally adjusted

Groups	1977 proportion	1987 avg.	1987		1988										
			Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.[r]	Sept.	Oct.[p]	Nov.[e]
			Index (1977 = 100)												
MAJOR MARKET															
1 **Total index**	**100.00**	**129.8**	**133.2**	**133.9**	**134.4**	**134.4**	**134.7**	**135.4**	**136.1**	**136.5**	**138.0**	**138.5**	**138.6**	**139.3**	**139.9**
2 Products	57.72	138.3	141.0	141.3	142.7	143.4	143.6	144.1	145.0	145.3	146.5	147.3	147.5	148.2	148.7
3 Final products	44.77	136.8	139.2	139.8	141.1	141.6	141.8	142.5	143.5	144.0	145.0	145.8	145.8	146.7	146.9
4 Consumer goods	25.52	127.7	129.4	129.8	131.2	131.3	131.2	131.9	132.7	133.0	134.2	135.0	134.8	136.4	136.8
5 Equipment	19.25	148.8	152.2	153.1	154.3	155.3	155.9	156.5	157.7	158.5	159.4	160.1	160.4	160.2	160.4
6 Intermediate products	12.94	143.4	147.3	146.5	148.1	149.4	149.9	149.6	150.4	150.0	151.6	152.3	153.1	153.8	154.8
7 Materials	42.28	118.2	122.5	123.7	123.0	122.1	122.5	123.6	123.9	124.5	126.4	126.5	126.5	127.1	128.0
Consumer goods															
8 Durable consumer goods	6.89	120.2	123.9	120.3	121.7	120.6	120.4	123.3	125.6	125.3	125.3	125.7	126.3	129.1	128.9
9 Automotive products	2.98	118.5	121.3	115.4	118.7	117.6	120.6	121.9	127.1	127.1	124.4	124.2	126.3	128.6	129.8
10 Autos and trucks	1.79	115.1	118.7	110.2	112.8	111.8	116.4	118.0	126.9	125.3	120.8	123.1	124.8	128.3	129.5
11 Autos, consumer	1.16	90.7	91.9	83.7	77.5	79.5	86.3	91.0	98.9	99.0	93.8	93.0	97.7	101.3	101.0
12 Trucks, consumer	.63	160.5	168.5	159.5	178.3	171.6	172.2	168.2	178.9	174.1	170.8	179.0	175.3	178.4	....
13 Auto parts and allied goods	1.19	123.5	125.2	123.3	127.7	126.4	126.9	127.8	127.4	129.7	129.9	125.9	128.6	129.1	130.2
14 Home goods	3.91	121.6	125.8	123.9	124.0	122.8	120.2	124.3	124.4	123.9	125.9	126.8	126.3	129.4	128.2
15 Appliances, A/C and TV	1.24	141.5	150.1	142.7	142.2	140.6	132.8	143.2	142.2	138.0	143.3	146.5	144.9	154.4	150.1
16 Appliances and TV	1.19	142.1	150.5	142.6	140.9	141.4	132.7	142.2	143.0	137.1	143.8	146.1	143.7	151.9	....
17 Carpeting and furniture	.96	130.7	133.5	133.9	134.2	132.3	133.1	133.1	135.8	135.9	136.6	137.2	137.3	137.8	....
18 Miscellaneous home goods	1.71	102.0	103.9	104.8	105.2	104.7	103.9	105.7	105.2	107.0	107.4	106.8	106.8	106.6	....
19 Nondurable consumer goods	18.63	130.5	131.5	133.3	134.7	135.3	135.1	135.1	135.4	135.8	137.5	138.5	138.0	139.2	139.7
20 Consumer staples	15.29	137.3	138.3	140.7	142.3	142.9	142.5	142.5	143.1	143.5	145.3	146.6	145.8	147.3	147.9
21 Consumer foods and tobacco	7.80	136.2	137.3	139.2	140.3	140.8	139.4	138.3	139.2	139.3	141.1	141.3	141.0	142.4	....
22 Nonfood staples	7.49	138.5	139.4	142.2	144.3	145.0	145.7	146.8	147.0	147.9	149.6	152.1	150.9	152.4	152.7
23 Consumer chemical products	2.75	162.9	163.5	167.7	170.7	171.7	172.7	175.6	177.9	179.5	181.8	183.8	185.1	186.0	....
24 Consumer paper products	1.88	151.8	152.8	157.0	157.1	157.5	159.1	161.4	162.4	162.8	164.0	165.3	167.0	168.3	....
25 Consumer energy	2.86	106.3	107.4	108.0	110.6	111.3	111.0	109.6	107.3	107.7	109.3	113.0	107.5	109.6	....
26 Consumer fuel	1.44	93.1	93.2	95.4	95.4	97.0	97.9	98.9	94.3	93.0	94.6	95.5	92.5	95.7	....
27 Residential utilities	1.42	119.8	121.8	120.7	126.0	125.8	124.5	120.5	120.6	122.6	124.4	130.9	122.8	....	....
Equipment															
28 Business and defense equipment	18.01	153.6	156.6	157.8	159.2	160.3	160.8	161.4	162.7	163.5	164.6	165.2	165.7	165.5	166.0
29 Business equipment	14.34	144.5	148.3	149.8	151.2	152.4	153.3	154.6	156.9	158.1	159.3	160.2	160.8	160.7	161.3
30 Construction, mining, and farm	2.08	62.2	66.3	67.4	67.1	67.6	68.3	70.8	71.8	72.4	73.6	73.1	73.9	74.6	75.3
31 Manufacturing	3.27	117.9	120.6	122.2	125.4	124.9	127.0	127.7	128.3	130.3	132.4	134.0	135.5	136.8	138.3
32 Power	1.27	82.6	83.1	84.2	86.2	88.3	87.8	87.0	87.4	88.3	89.8	90.9	92.2	92.6	93.3
33 Commercial	5.22	226.5	232.1	235.5	238.0	240.3	239.9	241.5	245.7	247.1	248.2	249.8	249.2	246.5	246.1
34 Transit	2.49	108.4	111.2	109.1	106.5	108.2	111.1	112.3	115.3	115.7	115.9	115.2	116.6	119.3	120.7
35 Defense and space equipment	3.67	188.9	188.7	188.9	190.6	191.0	189.9	187.9	185.5	184.6	184.9	184.9	184.6	184.4	184.3
Intermediate products															
36 Construction supplies	5.95	131.5	134.2	133.8	136.8	137.7	137.3	137.6	138.8	137.6	138.4	138.1	138.6	139.6	140.7
37 Business supplies	6.99	153.5	158.4	157.4	157.8	159.4	160.7	159.9	160.3	160.6	162.8	164.4	165.4	165.9	....
38 General business supplies	5.67	158.6	164.3	163.3	163.1	165.0	166.6	165.7	165.5	165.9	168.6	170.6	172.1	172.6	....
39 Commercial energy products	1.31	131.1	132.9	131.8	135.0	135.3	135.3	134.6	137.8	137.5	137.6	137.7	136.4	136.7	....
Materials															
40 Durable goods materials	20.50	125.0	130.2	132.0	131.8	131.4	131.3	132.7	134.8	134.9	136.8	136.6	137.9	138.8	139.7
41 Durable consumer parts	4.92	100.9	103.1	104.6	104.7	104.4	103.5	106.2	110.0	110.3	110.1	109.8	111.0	111.8	113.0
42 Equipment parts	5.94	159.0	163.2	165.3	167.4	167.6	167.3	168.9	170.8	171.6	174.1	173.5	173.8	174.6	174.9
43 Durable materials n.e.c.	9.64	116.4	123.6	125.5	123.7	123.0	123.4	124.0	125.3	124.8	127.5	127.6	129.4	130.5	131.7
44 Basic metal materials	4.64	86.7	96.5	100.0	92.9	91.4	90.5	91.6	94.8	93.7	98.4	97.3	100.3	100.8	101.5
45 Nondurable goods materials	10.09	125.8	129.6	132.5	129.9	128.1	130.1	131.1	130.1	130.1	132.8	133.1	132.6	133.8	134.8
46 Textile, paper, and chemical materials	7.53	127.6	132.3	135.6	132.7	129.9	132.4	133.3	131.9	132.1	135.3	135.7	135.0	136.2	137.1
47 Textile materials	1.52	111.7	112.7	113.6	112.6	110.2	112.7	111.9	107.5	107.5	108.5	110.1	108.3	108.2	....
48 Pulp and paper materials	1.55	141.0	144.4	149.0	148.0	144.4	144.8	145.8	146.4	145.4	150.3	148.3	148.1	149.0	....
49 Chemical materials	4.46	128.4	134.7	138.4	134.2	131.5	134.8	136.2	135.1	135.8	139.2	140.0	139.5	141.3	....
50 Miscellaneous nondurable materials	2.57	120.4	121.7	123.3	121.8	123.0	123.2	124.6	125.1	124.2	125.6	125.6	125.8	....	....
51 Energy materials	11.69	99.8	102.8	101.7	101.4	100.6	100.6	101.0	99.5	101.3	102.7	103.2	101.3	100.8	101.6
52 Primary energy	7.57	105.0	108.4	107.7	107.3	104.8	105.0	106.7	104.0	105.6	106.8	106.2	106.5	105.8	....
53 Converted fuel materials	4.12	90.3	92.6	90.7	90.6	93.0	92.6	90.5	91.2	93.5	95.3	97.7	91.7	91.5	....

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2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]—Continued

Groups	SIC code	1977 proportion	1987 avg.	1987		1988										
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.[r]	Sept.	Oct.[p]	Nov.[e]
				Index (1977 = 100)												
MAJOR INDUSTRY																
1 Mining and utilities	.....	15.79	104.3	107.9	107.3	107.8	106.8	106.7	107.1	106.0	106.8	108.1	109.0	107.0	106.7	107.3
2 Mining	.....	9.83	100.7	104.6	104.6	103.3	101.5	102.7	104.7	102.6	103.0	104.3	103.8	103.5	102.6	103.2
3 Utilities	.....	5.96	110.3	113.2	111.7	115.2	115.6	113.3	111.0	111.6	113.2	114.4	117.8	112.8	113.5	114.0
4 Manufacturing	.....	84.21	134.6	137.9	138.9	139.4	139.5	140.0	140.8	141.8	142.1	143.6	144.0	144.4	145.3	146.0
5 Nondurable	.....	35.11	136.7	139.6	141.3	141.4	141.1	141.7	142.3	142.1	142.6	144.6	145.1	145.3	146.2	146.8
6 Durable	.....	49.10	133.1	136.7	137.3	137.9	138.4	138.8	139.7	141.5	141.7	142.9	143.2	143.8	144.7	145.4
Mining																
7 Metal	10	.50	77.5	90.4	96.5	91.5	83.9	84.9	86.9	86.0	82.2	94.0	96.6	99.1	.....	.....
8 Coal	11.12	1.60	131.8	142.9	140.6	140.2	133.7	129.1	136.0	127.8	126.9	141.5	137.2	142.2	138.5	145.6
9 Oil and gas extraction	13	7.07	92.7	94.2	94.1	93.1	92.4	94.8	95.5	94.6	95.8	93.3	93.2	91.7	91.1	.....
10 Stone and earth minerals	14	.66	128.2	134.1	135.6	132.1	134.3	136.9	141.2	140.1	137.4	140.2	141.3	139.5	141.4	.....
Nondurable manufactures																
11 Foods	20	7.96	137.7	138.9	140.1	141.2	141.9	141.1	140.3	141.0	141.3	143.3	143.3	143.2	144.3	.....
12 Tobacco products	21	.62	103.4	106.5	110.5	105.8	107.0	107.2	107.2	107.2	104.5	100.6	105.1	103.0	.....	.....
13 Textile mill products	22	2.29	115.8	117.3	118.2	116.2	115.3	117.0	117.3	114.6	114.3	117.1	116.4	115.7	115.1	.....
14 Apparel products	23	2.79	107.4	109.4	107.8	108.7	108.5	108.7	109.2	108.6	109.3	109.4	108.9	109.6	.....	.....
15 Paper and products	26	3.15	144.4	148.3	150.6	149.9	148.0	149.1	149.2	149.5	148.6	152.3	151.0	150.8	151.9	.....
16 Printing and publishing	27	4.54	172.0	175.7	176.9	177.5	178.7	180.4	181.8	180.7	182.3	184.9	186.7	188.7	189.3	189.2
17 Chemicals and products	28	8.05	140.1	144.4	147.9	147.9	145.4	146.4	148.9	149.1	150.5	153.4	154.8	155.5	156.5	.....
18 Petroleum products	29	2.40	93.5	93.3	96.1	96.3	95.9	98.4	98.5	95.2	94.1	95.0	96.0	93.6	96.2	94.3
19 Rubber and plastic products	30	2.80	163.6	169.9	170.6	170.5	172.3	172.2	172.3	173.4	174.4	175.4	175.3	175.2	176.0	.....
20 Leather and products	31	.53	60.0	60.7	57.5	58.3	59.7	59.5	58.0	57.1	58.9	59.1	59.4	59.5	59.8	.....
Durable manufactures																
21 Lumber and products	24	2.30	130.3	134.0	133.6	136.3	139.0	137.8	138.0	139.8	136.4	136.6	133.8	133.5	136.9	.....
22 Furniture and fixtures	25	1.27	152.8	158.5	159.4	158.0	158.3	159.4	159.2	160.5	161.2	162.9	164.9	165.1	164.1	.....
23 Clay, glass, and stone products	32	2.72	119.1	120.5	120.1	120.4	121.6	122.5	121.4	121.5	123.4	122.2	122.6	122.8	122.6	.....
24 Primary metals	33	5.33	81.5	90.2	90.6	86.5	86.4	85.1	85.3	89.2	87.5	91.5	90.8	93.0	94.3	94.8
25 Iron and steel	331.2	3.49	70.8	79.7	81.9	77.8	77.4	74.2	74.5	78.6	74.2	80.2	78.9	81.4	83.7	.....
26 Fabricated metal products	34	6.46	111.0	113.6	115.8	117.1	117.6	118.8	118.8	119.8	120.4	121.7	122.1	122.6	122.9	124.3
27 Nonelectrical machinery	35	9.54	152.7	157.2	161.0	162.9	163.6	164.6	167.2	170.3	171.2	173.1	174.1	175.0	175.3	176.2
28 Electrical machinery	36	7.15	172.3	175.6	175.9	177.4	177.8	176.6	178.7	179.1	179.5	181.5	182.2	181.7	183.1	182.8
29 Transportation equipment	37	9.13	129.2	130.4	128.1	128.6	128.4	130.0	130.4	133.1	132.8	131.9	131.8	132.6	134.3	135.4
30 Motor vehicles and parts	371	5.25	111.8	114.0	110.2	109.7	109.3	113.0	114.8	119.6	119.1	116.6	117.5	118.5	121.4	122.8
31 Aerospace and miscellaneous transportation equipment	372–6.9	3.87	152.8	152.7	152.4	154.2	154.5	153.0	151.5	151.5	151.4	152.7	151.3	151.7	151.9	152.5
32 Instruments	38	2.66	143.9	147.8	145.5	148.2	149.2	149.7	150.5	151.3	153.0	156.4	156.8	158.0	159.1	159.6
33 Miscellaneous manufactures	39	1.46	102.6	104.5	105.6	105.0	104.4	105.1	105.9	106.0	107.6	107.8	108.3	108.5	107.9	.....
Utilities																
34 Electric	.....	4.17	126.6	127.5	125.6	130.3	130.7	129.0	127.6	129.7	132.1	134.6	138.8	131.9	132.4	.....
	Gross value (billions of 1982 dollars, annual rates)															
MAJOR MARKET																
35 **Products, total**	.....	**517.5**	**1,735.8**	**1,772.4**	**1,778.8**	**1,790.6**	**1,797.5**	**1,807.5**	**1,812.2**	**1,820.1**	**1,813.9**	**1,822.3**	**1828.6**	**1829.1**	**1855.1**	**1857.6**
36 Final	.....	405.7	1,333.8	1,359.9	1,359.4	1,375.5	1,381.1	1,385.9	1,393.9	1,397.1	1,394.3	1,398.9	1404.2	1404.2	1425.3	1426.3
37 Consumer goods	.....	272.7	866.0	879.8	881.2	893.6	893.7	893.2	899.1	898.9	893.6	895.6	900.4	896.9	915.8	916.1
38 Equipment	.....	133.0	467.8	480.1	478.2	481.9	487.3	492.7	494.7	498.3	500.7	503.2	503.8	507.3	509.5	510.2
39 Intermediate	.....	111.9	402.0	412.5	419.4	415.1	416.5	421.6	418.4	423.0	419.6	423.4	424.3	424.9	429.8	431.3

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

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

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2.14 HOUSING AND CONSTRUCTION

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

Item	1985	1986	1987	1988									
				Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.[r]	Sept.[r]	Oct.
	Private residential real estate activity (thousands of units)												
NEW UNITS													
1 Permits authorized	1,733	1,750	1,535	1,248	1,429	1,476	1,449	1,436	1,493	1,420	1,464	1,394	1,516
2 1-family	957	1,071	1,024	918	1,003	1,030	960	982	1,002	984	1,022	974	1,027
3 2-or-more-family	777	679	511	330	426	446	489	454	491	436	442	420	489
4 Started	1,742	1,805	1,621	1,382	1,519	1,529	1,584	1,393	1,465	1,477	1,461	1,467	1,542
5 1-family	1,072	1,179	1,146	1,016	1,102	1,172	1,093	1,004	1,092	1,068	1,078	1,045	1,142
6 2-or-more-family	669	626	474	366	417	357	491	389	373	409	383	422	400
7 Under construction, end of period[1]	1,063	1,074	987	1,008	983	999	999	984	982	974	965	957	956
8 1-family	539	583	591	614	596	617	622	610	609	606	603	598	600
9 2-or-more-family	524	490	397	394	387	382	377	374	373	368	362	359	356
10 Completed	1,703	1,756	1,669	1,550	1,452	1,598	1,665	1,450	1,518	1,529	1,538	1,540	1,505
11 1-family	1,072	1,120	1,123	1,098	1,043	1,094	1,059	1,090	1,106	1,077	1,072	1,093	1,077
12 2-or-more-family	631	637	546	452	409	504	606	360	412	452	466	447	428
13 Mobile homes shipped	284	244	233	200	208	212	213	216	230	206	223	228	214
Merchant builder activity in 1-family units													
14 Number sold	688	748	672	579	648	664	681	681	718	703[r]	718	708	733
15 Number for sale, end of period[1]	350	361	370	368	359	372	367	370	367	365[r]	363	361	356
Price (thousands of dollars)[2]													
Median													
16 Units sold	84.3	92.2	104.7	119.0	110.9	108.9	111.0	110.0	111.5	118.0[r]	110.0	117.0	115.9
Average													
17 Units sold	101.0	112.2	127.9	144.4	137.6	133.2	135.6	133.5	136.5	141.3[r]	140.0	143.0	140.1
EXISTING UNITS (1-family)													
18 Number sold	3,217	3,566	3,530	3,170	3,250	3,330	3,520	3,590	3,820	3,630	3,710	3,670	3,630
Price of units sold (thousands of dollars)[2]													
19 Median	75.4	80.3	85.6	87.4	88.1	87.9	87.3	88.8	90.2	90.7	91.4	88.2	88.1
20 Average	90.6	98.3	106.2	108.7	110.4	110.7	108.7	111.9	115.4	114.8	115.1	112.3	110.5
	Value of new construction[3] (millions of dollars)												
CONSTRUCTION													
21 **Total put in place**	**355,735**	**386,093**	**398,848**	**395,264**	**392,456**	**403,555**	**396,238**	**398,473**	**395,714**	**401,777**	**402,820**	**405,505**	**409,242**
22 Private	291,665	314,651	323,819	321,550	317,754	324,257	318,515	320,194	317,708	322,497	326,170	326,514	328,366
23 Residential	158,475	187,147	194,772	195,168	192,097	195,554	192,026	190,374	188,071	192,777	195,758	196,896	198,920
24 Nonresidential, total	133,190	127,504	129,047	126,382	125,657	128,703	126,489	129,820	129,637	129,720	130,412	129,618	129,446
Buildings													
25 Industrial	15,769	13,747	13,707	13,480	13,489	14,546	13,849	13,907	13,676	13,183	12,906	12,745	13,730
26 Commercial	59,629	56,762	55,448	53,555	53,571	54,843	56,169	57,447	56,585	56,658	56,381	55,712	54,226
27 Other	12,619	13,216	15,464	16,954	17,101	17,301	16,382	16,847	16,757	16,148	16,618	16,662	17,062
28 Public utilities and other	45,173	43,779	44,428	42,393	41,496	42,013	40,089	41,619	42,619	43,731	44,507	44,499	44,428
29 Public	64,070	71,437	75,028	73,715	74,702	79,298	77,723	78,278	78,007	79,280	76,651	78,991	80,875
30 Military	3,235	3,868	4,327	4,172	3,280	4,216	3,872	3,547	4,844	4,182	4,043	4,469	3,558
31 Highway	21,540	22,681	22,758	24,808	25,348	26,963	26,912	25,254	24,822	27,548	23,537	24,040	25,894
32 Conservation and development	4,777	4,646	5,162	4,038	4,535	4,899	4,226	4,460	4,596	4,884	4,853	4,981	4,886
33 Other	34,518	40,242	42,781	40,697	41,539	43,220	42,713	45,017	43,745	42,666	44,218	45,501	46,537

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 previous periods because of changes by the Bureau of the Census in its estimating techniques. For a description of these changes see *Construction Reports* (C–30–76–5), issued by the Bureau in July 1976.

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

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2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data, except as noted

Item	Change from 12 months earlier		Change from 3 months earlier (at annual rate)				Change from 1 month earlier					Index level Nov. 1988[1]
	1987 Nov.	1988 Nov.	1987	1988			1988					
			Dec.	Mar.	June	Sept.	July	Aug.	Sept.	Oct.	Nov.	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**4.5**	**4.2**	**3.2**	**4.2**	**4.5**	**4.8**	**.4**	**.4**	**.3**	**.4**	**.3**	**120.3**
2 Food	3.3	5.3	2.8	1.4	7.1	9.9	1.0	.6	.8	.2	.1	120.2
3 Energy items	9.3	−.1	−3.9	−4.9	4.2	2.7	.3	.9	−.6	.1	.2	88.9
4 All items less food and energy	4.4	4.4	4.4	5.4	4.3	4.0	.3	.2	.4	.5	.3	125.8
5 Commodities	3.9	3.6	2.5	4.7	3.9	3.1	.3	−.3	.8	.7	.1	118.2
6 Services	4.5	4.9	5.0	5.9	4.5	4.1	.4	.5	.1	.5	.5	130.3
PRODUCER PRICES (1982=100)												
7 Finished goods	2.6	3.2	−1.9	2.7	3.8	6.5	.7	.5[r]	.4	.0	.3	109.7
8 Consumer foods	.5	4.6	−5.7	6.0	8.2	10.0	.6[r]	.5[r]	1.2	−.1	.0	114.9
9 Consumer energy	13.4	−4.3	−9.6	−18.5	.7	−.7	2.0[r]	1.2[r]	−3.3	.3	1.2	59.8
10 Other consumer goods	2.4	4.2	1.7	5.7	2.4	6.6	.8[r]	.3	.4	.0	.3	120.5
11 Capital equipment	1.3	3.1	−.7	3.2	2.5	6.5	.4	.4	.8	−.3	.3	116.0
12 Intermediate materials[3]	5.4	5.0	4.3	4.3	7.8	4.9	.5	.4	.4	.1	.6	108.8
13 Excluding energy	4.8	7.2	7.2	8.2	6.9	7.2	.7	.4	.6	.5	.7	118.0
Crude materials												
14 Foods	−.3	13.0	−4.8	17.7	31.0	23.0	1.4	2.2	1.6	1.4	−6.0	107.7
15 Energy	11.5	−16.2	−15.2	−24.1	7.8	−26.1	−3.9[r]	−.4[r]	−3.1	−2.2	−1.4	62.6
16 Other	23.9	5.4	18.0	15.9	−6.5	8.5	1.8	.8[r]	−.6	.2	.7	134.0

1. Not seasonally adjusted.
2. Figures for consumer prices are those for all urban consumers and reflect a rental equivalence measure of homeownership after 1982.
3. Excludes intermediate materials for food manufacturing and manufactured animal feeds.

SOURCE. Bureau of Labor Statistics.

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2.16 GROSS NATIONAL PRODUCT AND INCOME

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

Account	1985	1986	1987	1987		1988		
				Q3	Q4	Q1	Q2	Q3[r]
GROSS NATIONAL PRODUCT								
1 **Total**	**4,014.9**	**4,240.3**	**4,526.7**	**4,568.0**	**4,662.8**	**4,724.5**	**4,823.8**	**4,909.0**
By source								
2 Personal consumption expenditures	2,629.0	2,807.5	3,012.1	3,058.2	3,076.3	3,128.1	3,194.6	3,261.2
3 Durable goods	372.2	406.5	421.9	441.4	422.0	437.8	449.8	452.9
4 Nondurable goods	911.2	943.6	997.9	1,006.6	1,012.4	1,016.2	1,036.6	1,060.8
5 Services	1,345.6	1,457.3	1,592.3	1,610.2	1,641.9	1,674.1	1,708.2	1,747.5
6 Gross private domestic investment	643.1	665.9	712.9	702.8	764.9	763.4	758.1	772.5
7 Fixed investment	631.8	650.4	673.7	688.3	692.9	698.1	714.4	722.8
8 Nonresidential	442.9	433.9	446.8	462.1	464.1	471.5	487.8	493.7
9 Structures	153.2	138.5	139.5	143.0	147.7	140.1	142.3	143.8
10 Producers' durable equipment	289.7	295.4	307.3	319.1	316.3	331.3	345.5	349.9
11 Residential structures	188.8	216.6	226.9	226.2	228.8	226.6	226.5	229.1
12 Change in business inventories	11.3	15.5	39.2	14.5	72.0	65.3	43.7	49.7
13 Nonfarm	14.6	17.4	40.7	17.8	72.8	49.4	33.1	41.9
14 Net exports of goods and services	−78.0	−104.4	−123.0	−125.2	−125.7	−112.1	−90.4	−80.0
15 Exports	370.9	378.4	428.0	440.4	459.7	487.8	507.1	536.1
16 Imports	448.9	482.8	551.1	565.6	585.4	599.9	597.5	616.0
17 Government purchases of goods and services	820.8	871.2	924.7	932.2	947.3	945.2	961.6	955.3
18 Federal	355.2	366.2	382.0	386.3	391.4	377.7	382.2	367.7
19 State and local	465.6	505.0	542.8	546.0	555.9	567.5	579.4	587.6
By major type of product								
20 Final sales, total	4,003.6	4,224.7	4,487.5	4,553.5	4,590.7	4,659.2	4,780.1	4,859.3
21 Goods	1,641.2	1,697.9	1,792.5	1,812.9	1,849.4	1,879.4	1,928.0	1,960.1
22 Durable	706.5	725.3	776.3	792.2	808.7	819.3	849.5	881.6
23 Nondurable	934.6	972.6	1,016.3	1,020.7	1,040.7	1,060.1	1,078.5	1,078.5
24 Services	1,968.3	2,118.3	2,295.7	2,314.4	2,363.9	2,405.2	2,451.5	2,501.6
25 Structures	405.4	424.0	438.4	440.6	449.5	439.9	444.3	447.3
26 Change in business inventories	11.3	15.5	39.2	14.5	72.0	65.3	43.7	49.7
27 Durable goods	6.4	4.2	26.6	2.9	50.5	26.6	17.8	45.1
28 Nondurable goods	4.9	11.3	12.6	11.6	21.6	38.6	25.9	4.6
MEMO								
29 **Total GNP in 1982 dollars**	**3,618.7**	**3,721.7**	**3,847.0**	**3,865.3**	**3,923.0**	**3,956.1**	**3,985.2**	**4,009.4**
NATIONAL INCOME								
30 **Total**	**3,234.0**	**3,437.1**	**3,678.7**	**3,708.0**	**3,802.0**	**3,850.8**	**3,928.8**	**4,000.7**
31 Compensation of employees	2,367.5	2,507.1	2,683.4	2,702.8	2,769.9	2,816.4	2,874.0	2,933.2
32 Wages and salaries	1,975.2	2,094.0	2,248.4	2,265.3	2,324.8	2,358.7	2,410.0	2,462.0
33 Government and government enterprises	372.0	393.7	420.1	423.2	429.2	437.1	442.9	449.1
34 Other	1,603.4	1,700.3	1,828.3	1,842.1	1,895.6	1,921.6	1,967.1	2,012.9
35 Supplement to wages and salaries	392.4	413.1	435.0	437.5	445.1	457.7	464.0	471.1
36 Employer contributions for social insurance	204.8	217.0	227.1	228.2	232.7	243.1	247.5	251.7
37 Other labor income	187.6	196.1	207.9	209.3	212.4	214.6	216.5	219.5
38 Proprietors' income[1]	255.9	286.7	312.9	306.8	326.0	323.9	328.8	321.6
39 Business and professional[1]	225.6	250.3	270.0	271.5	279.0	279.2	285.3	290.7
40 Farm[1]	30.2	36.4	43.0	35.2	47.0	44.7	43.4	30.9
41 Rental income of persons[2]	9.2	12.4	18.4	18.1	20.5	20.5	19.1	19.7
42 Corporate profits[1,3]	282.3	298.9	310.4	322.0	316.1	316.2	326.5	330.0
43 Profits before tax[3]	224.3	236.4	276.7	289.4	281.9	286.2	305.9	313.9
44 Inventory valuation adjustment	−1.7	8.3	−18.0	−19.5	−18.2	−19.4	−27.4	−29.3
45 Capital consumption adjustment	59.7	54.2	51.7	52.1	52.4	49.4	48.0	45.4
46 Net interest	319.0	331.9	353.6	358.3	369.5	373.9	380.6	396.2

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.
3. For after-tax profits, dividends, and the like, see table 1.48.

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

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2.17 PERSONAL INCOME AND SAVING

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

Account	1985	1986	1987	1987		1988		
				Q3	Q4	Q1	Q2	Q3[r]
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**3,325.3**	**3,531.1**	**3,780.0**	**3,801.0**	**3,906.8**	**3,951.4**	**4,022.4**	**4,094.0**
2 Wage and salary disbursements	1,975.4	2,094.0	2,248.4	2,265.1	2,325.1	2,358.7	2,410.0	2,462.0
3 Commodity-producing industries	608.9	625.5	649.8	652.8	665.5	676.0	689.1	701.3
4 Manufacturing	460.9	473.1	490.3	492.6	501.3	509.6	517.4	525.9
5 Distributive industries	473.2	498.9	531.7	536.8	547.3	558.2	572.1	585.8
6 Service industries	521.3	575.9	646.8	652.4	682.8	687.4	705.9	725.8
7 Government and government enterprises	372.0	393.7	420.1	423.0	429.5	437.1	442.9	449.1
8 Other labor income	187.6	196.1	207.9	209.3	212.4	214.6	216.5	219.5
9 Proprietors' income[1]	255.9	286.7	312.9	306.8	326.0	323.9	328.8	321.6
10 Business and professional[1]	225.6	250.3	270.0	271.5	279.0	279.2	285.3	290.7
11 Farm[1]	30.2	36.4	43.0	35.2	47.0	44.7	43.4	30.9
12 Rental income of persons[2]	9.2	12.4	18.4	18.1	20.5	20.5	19.1	19.7
13 Dividends	78.7	82.8	88.6	89.9	91.9	93.5	95.0	97.3
14 Personal interest income	478.0	499.1	527.0	533.0	550.0	554.2	563.7	581.9
15 Transfer payments	489.8	521.1	548.8	551.7	556.8	576.3	582.8	588.6
16 Old-age survivors, disability, and health insurance benefits	253.4	269.3	282.9	284.5	286.5	298.1	300.4	303.1
17 LESS: Personal contributions for social insurance	149.3	161.1	172.0	172.7	175.9	190.2	193.5	196.7
18 EQUALS: Personal income	3,325.3	3,531.1	3,780.0	3,801.0	3,906.8	3,951.4	4,022.4	4,094.0
19 LESS: Personal tax and nontax payments	486.6	511.4	570.3	576.2	591.0	575.8	601.0	586.5
20 EQUALS: Disposable personal income	2,838.7	3,019.6	3,209.7	3,224.9	3,315.8	3,375.6	3,421.5	3,507.5
21 LESS: Personal outlays	2,713.3	2,898.0	3,105.5	3,152.3	3,171.8	3,225.7	3,293.6	3,361.8
22 EQUALS: Personal saving	125.4	121.7	104.2	72.6	144.0	149.9	127.8	145.7
MEMO								
Per capita (1982 dollars)								
23 Gross national product	15,120.6	15,401.2	15,770.0	15,834.9	16,031.8	16,127.6	16,213.1	16,265.3
24 Personal consumption expenditures	9,839.4	10,160.1	10,334.3	10,426.8	10,346.1	10,435.4	10,492.2	10,563.1
25 Disposable personal income	10,625.0	10,929.0	11,012.0	10,989.0	11,145.0	11,260.0	11,237.0	11,362.0
26 Saving rate (percent)	4.4	4.0	3.2	2.3	4.3	4.4	3.7	4.2
GROSS SAVING								
27 **Gross saving**	**533.5**	**537.2**	**560.4**	**556.8**	**603.4**	**627.0**	**634.1**	**665.4**
28 Gross private saving	665.3	681.6	665.3	642.2	714.1	726.3	711.2	732.9
29 Personal saving	125.4	121.7	104.2	72.6	144.0	149.9	127.8	145.7
30 Undistributed corporate profits[1]	102.6	104.1	81.1	85.0	80.5	78.1	80.1	79.5
31 Corporate inventory valuation adjustment	−1.7	8.3	−18.0	−19.5	−18.2	−19.4	−27.4	−29.3
Capital consumption allowances								
32 Corporate	268.6	282.4	297.5	299.7	303.7	309.8	313.3	316.8
33 Noncorporate	168.7	173.5	182.5	184.9	185.8	188.5	189.9	190.9
34 Government surplus, or deficit (−), national income and product accounts	−131.8	−144.4	−104.9	−85.5	−110.7	−99.2	−77.1	−67.5
35 Federal	−196.9	−205.6	−157.8	−138.3	−160.4	−155.1	−133.3	−123.5
36 State and local	65.1	61.2	52.9	52.9	49.7	55.8	56.2	56.0
37 **Gross investment**	**528.7**	**523.6**	**552.3**	**541.7**	**597.0**	**612.0**	**629.0**	**651.4**
38 Gross private domestic	643.1	665.9	712.9	702.8	764.9	763.4	758.1	772.5
39 Net foreign	−114.4	−142.4	−160.6	−161.1	−167.8	−151.3	−129.1	−121.1
40 **Statistical discrepancy**	**−4.8**	**−13.6**	**−8.1**	**−15.1**	**−6.4**	**−15.0**	**−5.1**	**−14.0**

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

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

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3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

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

Item credits or debits	1985	1986	1987	1987		1988		
				Q3	Q4	Q1	Q2	Q3[p]
1 Balance on current account	−115,102	−138,827	−153,964	−41,967	−33,523	−36,938	−33,739	−30,894
2 Not seasonally adjusted	.....	.....	.....	−47,330	−31,803	−32,179	−34,606	−37,029
3 Merchandise trade balance[2]	−122,148	−144,547	−160,280	−39,665	−41,192	−35,184	−30,151	−28,533
4 Merchandise exports	215,935	223,969	249,570	64,902	68,013	75,300	79,606	82,306
5 Merchandise imports	−338,083	−368,516	−409,850	−104,567	−109,205	−110,484	−109,757	−110,839
6 Military transactions, net	−3,431	−4,372	−2,369	−851	−1,261	−1,033	−914	−934
7 Investment income, net	25,936	23,143	20,374	1,067	12,539	1,159	−1,940	−337
8 Other service transactions, net	−449	2,257	1,755	87	479	1,241	2,017	2,028
9 Remittances, pensions, and other transfers	−3,786	−3,571	−3,434	−855	−828	−882	−793	−806
10 U.S. government grants (excluding military)	−11,223	−11,738	−10,011	−2,125	−3,545	−2,239	−1,958	−2,312
11 Change in U.S. government assets, other than official reserve assets, net (increase, −)	−2,829	−2,000	1,162	252	1,012	−814	−801	1,931
12 Change in U.S. official reserve assets (increase, −)	−3,858	312	9,149	32	3,741	1,503	39	−7,380
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−897	−246	−509	−210	−205	155	180	−35
15 Reserve position in International Monetary Fund	908	1,500	2,070	407	722	446	69	202
16 Foreign currencies	−3,869	−942	7,588	−165	3,225	901	−210	−7,547
17 Change in U.S. private assets abroad (increase, −)	−25,949	−96,303	−86,298	−25,576	−43,645	5,903	−18,210	−34,181
18 Bank-reported claims[3]	−1,323	−59,975	−40,531	−16,519	−23,460	17,108	−13,274	−27,023
19 Nonbank-reported claims	923	−4,220	3,145	−215	1,248	−315	−7,061	.....
20 U.S. purchase of foreign securities, net	−7,481	−4,297	−4,456	−972	−1,757	−4,467	1,529	−1,521
21 U.S. direct investments abroad, net	−18,068	−27,811	−44,456	−7,870	−19,676	−6,423	596	−5,637
22 Change in foreign official assets in the United States (increase, +)	−1,196	35,507	44,968	611	20,047	24,670	5,946	−2,902
23 U.S. Treasury securities	−838	34,364	43,361	842	19,243	27,701	5,863	−3,706
24 Other U.S. government obligations	−301	−1,214	1,570	714	662	−121	202	572
25 Other U.S. government liabilities[4]	767	2,054	−2,824	−287	108	−123	−570	−354
26 Other U.S. liabilities reported by U.S. banks[3]	645	1,187	3,901	−34	−223	−1,954	868	1,094
27 Other foreign official assets[5]	−1,469	−884	−1,040	−624	257	−833	−417	−508
28 Change in foreign private assets in the United States (increase, +)	131,096	185,746	166,521	71,047	36,025	1,395	59,549	50,928
29 U.S. bank-reported liabilities[3]	41,045	79,783	87,778	46,153	29,764	−17,233	31,121	30,434
30 U.S. nonbank-reported liabilities	−366	−2,906	2,150	−116	−1,000	2,015	113	.....
31 Foreign private purchases of U.S. Treasury securities, net	20,433	3,809	−7,596	−2,835	496	6,887	5,457	4,322
32 Foreign purchases of other U.S. securities, net	50,962	70,969	42,213	12,819	−4,977	2,379	9,797	8,043
33 Foreign direct investments in the United States, net	19,022	34,091	41,976	15,026	11,742	7,347	13,061	8,129
34 Allocation of SDRs	0	0	0	0	0	0	0	0
35 Discrepancy	17,839	15,566	18,461	−4,399	16,342	4,282	−12,784	22,498
36 Owing to seasonal adjustments	.....	.....	.....	−4,658	3,138	3,747	−3,585	−5,205
37 Statistical discrepancy in recorded data before seasonal adjustment	17,839	15,566	18,461	259	13,204	535	−9,199	27,703
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	−3,858	312	9,149	32	3,741	1,503	39	−7,380
39 Foreign official assets in the United States (increase, +) excluding line 25	−1,963	33,453	47,792	898	19,939	24,793	6,516	−2,548
40 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 22 above)	−6,709	−9,327	−9,956	−1,723	−2,750	−1,375	−1,783	−423
41 Transfers under military grant programs (excluded from lines 4, 6, and 10 above)	46	101	58	13	12	45	4	5

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

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

3. Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.

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

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

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

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3.11 U.S. FOREIGN TRADE[1]

Millions of dollars; monthly data are not seasonally adjusted.

Item	1985	1986	1987	1988						
				Apr.	May	June	July	Aug.	Sept.[r]	Oct.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments, f.a.s. value	218,815	227,159	254,122	26,335	28,143	26,839	25,098	26,538	27,237	28,477
GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses										
2 C.I.F. value	352,463	382,295	424,442	36,528	37,657	40,158	37,084	39,370	37,935	40,229
3 Customs value	345,276	365,438	406,241	35,027	36,147	38,590	35,583	37,741	36,459	38,685
Trade balance										
4 **C.I.F. value**	**−133,648**	**−155,137**	**−170,320**	**−10,193**	**−9,514**	**−13,319**	**−11,986**	**−12,832**	**−10,698**	**−11,752**
5 **Customs value**	**−132,129**	**−138,279**	**−152,119**	**−8,692**	**−8,004**	**−11,751**	**−10,485**	**−11,203**	**−9,223**	**−10,208**

1. The Census basis data differ from merchandise trade data shown in table 3.10, U.S. International Transactions Summary, for reasons of coverage and timing. On the *export side*, the largest adjustment is the exclusion of military sales (which are combined with other military transactions and reported separately in the "service account" in table 3.10, line 6). On the *import side*, additions are made for gold, ship purchases, imports of electricity from Canada, and other transactions; military payments are excluded and shown separately as indicated above. As of Jan. 1, 1987 census data are released 45 days after the end of the month; the previous month is revised to reflect late documents. Total exports and the trade balance reflect adjustments for undocumented exports to Canada.

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

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1985	1986	1987	1988						
				May	June	July	Aug.	Sept.	Oct.	Nov.[p]
1 **Total**	**43,186**	**48,511**	**45,798**	**41,949**	**41,028**	**43,876**	**47,778**	**47,788**	**50,204**	**48,944**
2 Gold stock, including Exchange Stabilization Fund[1]	11,090	11,064	11,078	11,063	11,063	11,063	11,061	11,062	11,062	11,059
3 Special drawing rights[2,3]	7,293	8,395	10,283	9,543	9,180	8,984	9,058	9,074	9,464	9,785
4 Reserve position in International Monetary Fund[2]	11,947	11,730	11,349	10,431	9,992	9,773	9,642	9,637	10,075	10,103
5 Foreign currencies[4]	12,856	17,322	13,088	10,912	10,793	14,056	18,017	18,015	19,603	17,997

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

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

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

4. Valued at current market exchange rates.

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS[1]

Millions of dollars, end of period

Assets	1985	1986	1987	1988						
				May	June	July	Aug.	Sept.	Oct.	Nov.[p]
1 Deposits	480	287	244	297	381	269	230	338	301	251
Assets held in custody										
2 U.S. Treasury securities[2]	121,004	155,835	195,126	226,341	223,127	223,296	221,715	221,119	226,533	229,926
3 Earmarked gold[3]	14,245	14,048	13,919	13,654	13,662	13,666	13,658	13,653	13,637	13,640

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

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

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

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3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data[1]

Millions of dollars, end of period

Asset account	1985	1986	1987	1988						
				Apr.	May	June	July	Aug.	Sept.	Oct.[p]
	All foreign countries									
1 **Total, all currencies**	**458,012**	**456,628**	**518,618**	**488,939**	**492,844**	**487,677**	**488,283**	**487,895**	**490,582**	**493,728**
2 Claims on United States	119,706	114,563	138,034	139,176	141,790	140,932	147,662	157,021	155,386	155,281
3 Parent bank	87,201	83,492	105,845	102,957	104,299	104,405	109,929	117,525	115,286	115,954
4 Other banks in United States	13,057	13,685	16,416	13,332	14,625	14,424	15,954	16,176	16,121	14,593
5 Nonbanks	19,448	17,386	15,773	22,887	22,866	22,103	21,779	23,320	23,979	24,734
6 Claims on foreigners	315,676	312,955	342,520	314,348	315,302	311,308	305,556	295,270	298,466	301,105
7 Other branches of parent bank	91,399	96,281	122,155	103,090	102,931	106,722	103,646	98,299	102,355	100,609
8 Banks	102,960	105,237	108,859	101,233	103,427	100,669	99,660	98,982	98,563	102,208
9 Public borrowers	23,478	23,706	21,832	20,827	20,991	20,438	19,276	18,709	18,444	18,205
10 Nonbank foreigners	97,839	87,731	89,674	89,198	87,953	83,479	82,974	79,280	79,104	80,083
11 Other assets	22,630	29,110	38,064	35,415	35,752	35,437	35,065	35,604	36,730	37,342
12 **Total payable in U.S. dollars**	**336,520**	**317,487**	**350,107**	**327,736**	**334,112**	**334,990**	**336,233**	**342,906**	**340,901**	**337,346**
13 Claims on United States	116,638	110,620	132,023	133,289	136,078	135,348	141,415	151,581	149,764	149,562
14 Parent bank	85,971	82,082	103,251	100,320	101,578	101,422	106,792	114,943	112,621	113,569
15 Other banks in United States	12,454	12,830	14,657	12,318	13,600	13,661	14,434	14,901	14,687	13,114
16 Nonbanks	18,213	15,708	14,115	20,651	20,900	20,265	20,189	21,737	22,456	22,879
17 Claims on foreigners	210,129	195,063	202,428	179,722	182,980	183,568	179,076	174,433	174,271[r]	171,717
18 Other branches of parent bank	72,727	72,197	88,284	75,654	76,136	79,774	78,071	73,792	76,506	73,508
19 Banks	71,868	66,421	63,707	54,588	57,102	55,234	54,189	54,839	52,503	54,793
20 Public borrowers	17,260	16,708	14,730	14,407	14,342	13,851	13,247	12,933	12,770	12,616
21 Nonbank foreigners	48,274	39,737	35,707	35,073	35,400	34,709	33,569	32,869	32,492[r]	30,800
22 Other assets	9,753	11,804	15,656	14,725	15,054	16,074	15,742	16,892	16,866	16,067
	United Kingdom									
23 **Total, all currencies**	**148,599**	**140,917**	**158,695**	**152,592**	**156,184**	**151,835**	**151,017**	**149,646**	**147,329**	**155,580**
24 Claims on United States	33,157	24,599	32,518	31,618	32,832	33,852	35,708	36,307	32,048	36,210
25 Parent bank	26,970	19,085	27,350	26,155	27,506	28,535	30,615	30,767	26,661	30,569
26 Other banks in United States	1,106	1,612	1,259	1,013	1,360	1,322	1,064	1,197	1,238	994
27 Nonbanks	5,081	3,902	3,909	4,450	3,966	3,995	4,029	4,343	4,149	4,647
28 Claims on foreigners	110,217	109,508	115,700	112,261	114,452	107,856	105,594	103,527	105,824	109,793
29 Other branches of parent bank	31,576	33,422	39,903	33,019	33,849	32,446	30,228	29,656	31,758	33,103
30 Banks	39,250	39,468	36,735	38,790	39,883	37,108	37,805	38,259	38,848	40,236
31 Public borrowers	5,644	4,990	4,752	4,914	4,987	4,742	4,665	4,543	4,250	4,190
32 Nonbank foreigners	33,747	31,628	34,310	35,538	35,733	33,560	32,896	31,069	30,968	32,264
33 Other assets	5,225	6,810	10,477	8,713	8,900	10,127	9,715	9,812	9,457	9,577
34 **Total payable in U.S. dollars**	**108,626**	**95,028**	**100,574**	**93,214**	**97,188**	**95,326**	**94,492**	**96,767**	**93,790**	**99,868**
35 Claims on United States	32,092	23,193	30,439	29,555	30,736	31,855	33,795	34,535	30,116	34,134
36 Parent bank	26,568	18,526	26,304	25,137	26,608	27,672	29,706	29,837	25,692	29,667
37 Other banks in United States	1,005	1,475	1,044	781	1,068	1,069	870	1,039	910	606
38 Nonbanks	4,519	3,192	3,091	3,637	3,060	3,114	3,219	3,659	3,514	3,861
39 Claims on foreigners	73,475	68,138	64,560	59,434	62,018	57,969	55,832	57,037	58,474	61,034
40 Other branches of parent bank	26,011	26,361	28,635	24,867	25,448	23,843	22,549	22,465	24,472	25,703
41 Banks	26,139	23,251	19,188	18,065	19,555	17,477	18,025	19,165	19,066	20,488
42 Public borrowers	3,999	3,677	3,313	3,412	3,252	3,188	3,133	3,105	3,022	2,984
43 Nonbank foreigners	17,326	14,849	13,424	13,090	13,763	13,461	12,125	12,302	11,914	11,859
44 Other assets	3,059	3,697	5,575	4,225	4,434	5,502	4,865	5,195	5,200	4,700
	Bahamas and Caymans									
45 **Total, all currencies**	**142,055**	**142,592**	**160,321**	**152,930**	**156,353**	**159,718**	**160,516**	**165,771**	**164,313**	**155,265**
46 Claims on United States	74,864	78,048	85,318	88,283	90,896	88,116	92,308	99,090	99,541	94,301
47 Parent bank	50,553	54,575	60,048	59,240	60,419	58,579	61,397	67,034	66,607	62,709
48 Other banks in United States	11,204	11,156	14,277	11,470	12,489	12,236	13,863	13,907	13,878	12,353
49 Nonbanks	13,107	12,317	10,993	17,573	17,988	17,301	17,048	18,149	19,056	19,239
50 Claims on foreigners	63,882	60,005	70,162	58,818	59,374	65,855	62,508	60,822	57,887	54,630
51 Other branches of parent bank	19,042	17,296	21,277	17,790	18,463	24,745	22,797	20,789	20,320	17,331
52 Banks	28,192	27,476	33,751	26,700	27,019	27,650	26,120	26,866	24,545	25,463
53 Public borrowers	6,458	7,051	7,428	6,849	6,955	6,835	6,457	6,185	6,219	6,045
54 Nonbank foreigners	10,190	8,182	7,706	7,479	6,937	6,625	7,134	6,982	6,803	5,791
55 Other assets	3,309	4,539	4,841	5,829	6,083	5,747	5,700	5,859	6,885	6,334
56 **Total payable in U.S. dollars**	**136,794**	**136,813**	**151,434**	**145,398**	**148,545**	**152,219**	**152,685**	**157,975**	**156,409**	**147,481**

1. Beginning with June 1984 data, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from $50 million to $150 million equivalent in total assets, the threshold now applicable to all reporting branches.

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3.14—Continued

Liability account	1985	1986	1987	1988						
				Apr.	May	June	July	Aug.	Sept.	Oct.[p]
	All foreign countries									
57 **Total, all currencies**	**458,012**	**456,628**	**518,618**	**488,939**	**492,844**	**487,677**	**488,283**	**487,895**	**490,582**	**493,728**
58 Negotiable CDs	34,607	31,629	30,929	31,585	32,175	29,485	30,159	31,203	28,953	27,969
59 To United States	156,281	152,465	161,390	155,411	162,027	156,294	159,009	164,401	165,492	161,783
60 Parent bank	84,657	83,394	87,606	85,543	86,901	87,260	84,196	88,819	94,953[r]	95,427
61 Other banks in United States	16,894	15,646	20,559	16,312	15,423	14,680	15,310	16,356[r]	14,272[r]	14,029
62 Nonbanks	54,730	53,425	53,225	53,556	59,703	54,354	59,503	59,226[r]	56,267	52,327
63 To foreigners	245,939	253,775	304,803	281,132	277,082	280,939	277,776	270,678	274,822	281,143
64 Other branches of parent bank	89,529	95,146	124,601	105,148	104,667	110,429	107,084	100,538	106,284	106,010
65 Banks	76,814	77,809	87,274	85,016	82,421	82,380	83,086	80,606	80,382	81,946
66 Official institutions	19,520	17,835	19,564	18,005	17,699	17,159	16,628	17,232	16,911	18,786
67 Nonbank foreigners	60,076	62,985	73,364	72,963	72,295	70,971	70,978	72,302	71,245	74,401
68 Other liabilities	21,185	18,759	21,496	20,811	21,560	20,959	21,339	21,613	21,315	22,833
69 **Total payable in U.S. dollars**	**353,712**	**336,406**	**361,438**	**337,122**	**341,729**	**341,411**	**341,539**	**346,185**	**348,248**	**343,233**
70 Negotiable CDs	31,063	28,466	26,768	26,596	27,233	25,015	24,870	26,128	24,353	23,218
71 To United States	150,905	144,483	148,442	144,863	149,645	144,464	147,551	152,745	154,647	150,497
72 Parent bank	81,631	79,305	81,783	79,857	80,331	80,752	77,503	81,710	88,413[r]	88,447
73 Other banks in United States	16,264	14,609	19,155	15,115	14,073	13,256	14,011	15,153[r]	13,153[r]	12,868
74 Nonbanks	53,010	50,569	47,504	49,891	55,241	50,456	56,037	55,882[r]	53,081	49,182
75 To foreigners	163,583	156,806	177,711	156,768	155,450	162,056	158,901	156,358	158,325	158,514
76 Other branches of parent bank	71,078	71,181	90,469	76,708	76,920	83,493	81,144	75,014	79,450	78,423
77 Banks	37,365	33,850	35,065	29,844	28,635	28,909	28,495	30,041	29,341	28,831
78 Official institutions	14,359	12,371	12,409	10,539	10,028	9,571	9,354	9,938	9,207	10,624
79 Nonbank foreigners	40,781	39,404	39,768	39,677	39,867	40,083	39,908	41,365	40,327	40,636
80 Other liabilities	8,161	6,651	8,517	8,895	9,401	9,876	10,217	10,954	10,923	11,004
	United Kingdom									
81 **Total, all currencies**	**148,599**	**140,917**	**158,695**	**152,592**	**156,184**	**151,835**	**151,017**	**149,646**	**147,329**	**155,580**
82 Negotiable CDs	31,260	27,781	26,988	27,090	27,659	25,390	25,750	26,998	24,311	23,345
83 To United States	29,422	24,657	23,470	23,868	27,145	25,120	26,859	25,013	25,657	31,575
84 Parent bank	19,330	14,469	13,223	14,904	15,518	15,996	16,844	15,100	17,115	22,800
85 Other banks in United States	2,974	2,649	1,740	1,508	2,408	1,791	2,051	1,878	2,021	2,192
86 Nonbanks	7,118	7,539	8,507	7,456	9,219	7,333	7,964	8,035	6,521	6,583
87 To foreigners	78,525	79,498	98,689	92,219	91,995	91,691	88,489	87,504	87,212	89,934
88 Other branches of parent bank	23,389	25,036	33,078	27,383	28,743	28,967	26,948	25,570	26,837	25,743
89 Banks	28,581	30,877	34,290	32,970	31,995	33,125	32,763	31,829	31,701	32,385
90 Official institutions	9,676	6,836	11,015	10,181	9,672	8,893	9,034	9,982	8,570	10,656
91 Nonbank foreigners	16,879	16,749	20,306	21,685	21,585	20,706	19,744	20,123	20,104	21,150
92 Other liabilities	9,392	8,981	9,548	9,415	9,385	9,634	9,919	10,131	10,149	10,726
93 **Total payable in U.S. dollars**	**112,697**	**99,707**	**102,550**	**96,532**	**99,378**	**97,555**	**96,908**	**97,926**	**96,970**	**101,689**
94 Negotiable CDs	29,337	26,169	24,926	24,392	24,994	22,960	22,846	24,229	22,043	20,864
95 To United States	27,756	22,075	17,752	20,310	22,405	20,889	23,105	20,993	22,177	28,063
96 Parent bank	18,956	14,021	12,026	13,947	14,134	14,712	15,729	13,745	16,031	21,665
97 Other banks in United States	2,826	2,325	1,512	1,306	2,184	1,512	1,817	1,655	1,819	1,978
98 Nonbanks	5,974	5,729	4,214	5,057	6,087	4,665	5,559	5,593	4,327	4,420
99 To foreigners	51,980	48,138	55,919	47,589	47,969	48,777	46,083	47,227	47,149	47,278
100 Other branches of parent bank	18,493	17,951	22,334	18,060	18,902	20,303	18,539	17,550	18,696	17,384
101 Banks	14,344	15,203	15,580	12,889	12,860	12,957	12,240	13,501	13,417	13,436
102 Official institutions	7,661	4,934	7,530	5,918	5,470	4,700	5,036	5,781	4,519	6,186
103 Nonbank foreigners	11,482	10,050	10,475	10,722	10,737	10,817	10,268	10,395	10,517	10,272
104 Other liabilities	3,624	3,325	3,953	4,241	4,010	4,929	4,874	5,477	5,601	5,484
	Bahamas and Caymans									
105 **Total, all currencies**	**142,055**	**142,592**	**160,321**	**152,930**	**156,353**	**159,718**	**160,516**	**165,771**	**164,313**	**155,265**
106 Negotiable CDs	610	847	885	1,038	1,096	941	940	731	924	1,092
107 To United States	104,556	106,081	113,950	109,199	112,605	109,424	112,540	117,765	116,687	107,115
108 Parent bank	45,554	49,481	53,239	50,576	51,745	52,221	49,896	54,174	56,818	51,522
109 Other banks in United States	12,778	11,715	17,224	13,621	11,659	11,451	12,069	13,412[r]	11,106	10,824
110 Nonbanks	46,224	44,885	43,487	45,002	49,201	45,752	50,575	50,179[r]	48,763	44,769
111 To foreigners	35,053	34,400	43,815	40,953	40,369	47,361	44,993	45,062	44,478	44,636
112 Other branches of parent bank	14,075	12,631	19,185	19,420	18,909	24,755	22,288	21,221	22,872	23,283
113 Banks	10,669	8,617	10,769	9,162	9,080	9,779	10,155	9,607	8,405	8,154
114 Official institutions	1,776	2,719	1,504	1,164	1,053	1,850	1,015	1,099	1,067	972
115 Nonbank foreigners	8,533	10,433	12,357	11,207	11,327	10,977	11,535	13,135	12,134	12,227
116 Other liabilities	1,836	1,264	1,671	1,740	2,283	1,992	2,043	2,213	2,224	2,422
117 **Total payable in U.S. dollars**	**138,322**	**138,774**	**152,927**	**146,134**	**148,923**	**151,684**	**152,235**	**157,512**	**156,215**	**147,718**

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3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1986	1987	1988						
			Apr.	May	June	July	Aug.	Sept.	Oct.[p]
1 **Total**[1]	**211,834**	**259,517**	**286,529**	**294,729**	**290,842**	**290,775**	**290,263**[r]	**288,643**[r]	**294,431**
By type									
2 Liabilities reported by banks in the United States[2]	27,920	31,838	29,683	31,460	30,761	31,971	32,813[r]	32,224[r]	33,956
3 U.S. Treasury bills and certificates[3]	75,650	88,829	94,974	96,604	95,299	96,645	96,698	96,812[r]	100,804
U.S. Treasury bonds and notes									
4 Marketable	91,368	122,432	145,929	150,991	149,333	146,971	145,521[r]	144,082[r]	144,669
5 Nonmarketable[4]	1,300	300	795	499	502	506	509	513[r]	516
6 U.S. securities other than U.S. Treasury securities[5]	15,596	16,123	15,148	15,175	14,947	14,682	14,722	15,012[r]	14,486
By area									
7 Western Europe[1]	88,629	124,620	129,739	131,406	126,772	125,095	123,428[r]	121,249[r]	124,609
8 Canada	2,004	4,961	8,314	9,372	10,773	10,725	9,981	10,054[r]	11,014
9 Latin America and Caribbean	8,417	8,328	8,520	9,145	9,407	9,818	11,336	10,136[r]	9,840
10 Asia	105,868	116,098	132,050	135,120	134,285	135,657	136,165[r]	137,513[r]	139,447
11 Africa	1,503	1,402	1,417	1,418	1,266	1,179	1,196	1,130[r]	1,094
12 Other countries[6]	5,412	4,147	5,993	7,773	7,837	7,793	7,646	8,049[r]	7,912

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[1]

Millions of dollars, end of period

Item	1984	1985	1986	1987	1988		
				Dec.	Mar.	June	Sept.
1 Banks' own liabilities	8,586	15,368	29,702	55,075	55,457	54,046	61,819
2 Banks' own claims	11,984	16,294	26,180	50,663	51,428	50,098	47,730
3 Deposits	4,998	8,437	14,129	18,253	17,614	16,723	21,165
4 Other claims	6,986	7,857	12,052	32,410	33,814	33,375	26,565
5 Claims of banks' domestic customers[2]	569	580	2,507	551	810	1,004	392

1. Data on claims exclude foreign currencies held by U.S. monetary authorities.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of the domestic customers.

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3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States[1] Payable in U.S. dollars

Millions of dollars, end of period

Holder and type of liability	1985	1986	1987	1988						
				Apr.	May	June	July	Aug.[r]	Sept.	Oct.[p]
1 **All foreigners**	**435,726**	**540,996**	**618,978**	**611,031**	**629,139**	**637,396**	**654,760**	**658,362**	**658,591**	**651,436**
2 Banks' own liabilities	341,070	406,485	470,056	449,324	465,665	476,117	490,660	494,125	491,149	481,989
3 Demand deposits	21,107	23,789	22,383	20,330	22,181	22,990	21,983	20,314	21,390	21,740
4 Time deposits[2]	117,278	130,891	148,444	134,320	138,255	141,553	142,670	145,663	149,347	141,994
5 Other[3]	29,305	42,705	51,607	46,018	48,489	47,658	51,244	52,091	53,201	56,664
6 Own foreign offices[4]	173,381	209,100	247,621	248,655	256,741	263,916	274,762	276,057	267,210	261,591
7 Banks' custody liabilities[5]	94,656	134,511	148,923	161,707	163,474	161,279	164,101	164,237	167,442	169,447
8 U.S. Treasury bills and certificates[6]	69,133	90,398	101,743	107,881	108,803	108,614	109,555	109,106	110,686	112,257
9 Other negotiable and readily transferable instruments[7]	17,964	15,417	16,791	16,017	16,595	16,626	16,165	15,970	15,556	16,459
10 Other	7,558	28,696	30,388	37,810	38,075	36,039	38,381	39,161	41,200	40,731
11 **Nonmonetary international and regional organizations[8]**	**5,821**	**5,807**	**4,464**	**4,575**	**6,889**	**7,879**	**7,036**	**4,749**	**7,764**	**6,077**
12 Banks' own liabilities	2,621	3,958	2,702	2,412	4,898	5,142	4,857	2,925	5,104	4,265
13 Demand deposits	85	199	124	67	84	84	92	85	104	143
14 Time deposits[2]	2,067	2,065	1,538	335	1,981	1,873	1,857	966	1,688	1,299
15 Other[3]	469	1,693	1,040	2,010	2,833	3,185	2,908	1,874	3,311	2,823
16 Banks' custody liabilities[5]	3,200	1,849	1,761	2,163	1,991	2,737	2,179	1,824	2,660	1,812
17 U.S. Treasury bills and certificates[6]	1,736	259	265	587	132	745	286	43	755	62
18 Other negotiable and readily transferable instruments[7]	1,464	1,590	1,497	1,564	1,852	1,989	1,861	1,769	1,899	1,750
19 Other	0	0	0	11	7	3	32	12	5	0
20 **Official institutions[9]**	**79,985**	**103,569**	**120,667**	**124,657**	**128,065**	**126,060**	**128,616**	**129,511**	**129,036**	**134,760**
21 Banks' own liabilities	20,835	25,427	28,703	26,623	28,451	27,882	28,386	29,079	28,725	30,203
22 Demand deposits	2,077	2,267	1,757	1,498	1,882	1,834	1,696	1,405	1,756	1,776
23 Time deposits[2]	10,949	10,497	12,843	11,753	12,860	11,864	11,464	12,289	11,613	11,134
24 Other[3]	7,809	12,663	14,103	13,372	13,709	14,184	15,226	15,385	15,356	17,293
25 Banks' custody liabilities[5]	59,150	78,142	91,965	98,033	99,613	98,178	100,230	100,432	100,311	104,557
26 U.S. Treasury bills and certificates[6]	53,252	75,650	88,829	94,974	96,604	95,299	96,645	96,698	96,812	100,804
27 Other negotiable and readily transferable instruments[7]	5,824	2,347	2,990	2,939	2,775	2,672	3,368	3,450	3,221	3,612
28 Other	75	145	146	120	234	207	217	284	279	141
29 **Banks[10]**	**275,589**	**351,745**	**414,181**	**401,743**	**413,460**	**423,396**	**436,310**	**439,668**	**437,288**	**424,849**
30 Banks' own liabilities	252,723	310,166	371,651	353,971	365,512	375,093	387,456	390,553	385,283	374,246
31 Unaffiliated foreign banks	79,341	101,066	124,030	105,315	108,771	111,177	112,694	114,495	118,073	112,655
32 Demand deposits	10,271	10,303	10,898	9,153	10,260	10,898	10,217	9,258	9,349	10,233
33 Time deposits[2]	49,510	64,232	79,787	68,098	69,616	72,612	73,186	74,374	78,313	70,679
34 Other[3]	19,561	26,531	33,345	28,065	28,895	27,668	29,291	30,864	30,411	31,743
35 Own foreign offices[4]	173,381	209,100	247,621	248,655	256,741	263,916	274,762	276,057	267,210	261,591
36 Banks' custody liabilities[5]	22,866	41,579	42,530	47,772	47,948	48,303	48,854	49,116	52,005	50,603
37 U.S. Treasury bills and certificates[6]	9,832	9,984	9,134	8,889	8,872	9,212	9,394	9,299	9,888	7,976
38 Other negotiable and readily transferable instruments[7]	6,040	5,165	5,392	4,637	4,341	4,725	4,625	4,090	4,224	5,265
39 Other	6,994	26,431	28,004	34,245	34,735	34,365	34,835	35,727	37,893	37,362
40 **Other foreigners**	**74,331**	**79,875**	**79,666**	**80,056**	**80,726**	**80,061**	**82,800**	**84,433**	**84,503**	**85,749**
41 Banks' own liabilities	64,892	66,934	67,000	66,318	66,804	67,999	69,961	71,568	72,037	73,274
42 Demand deposits	8,673	11,019	9,604	9,612	9,955	10,173	9,979	9,566	10,181	9,588
43 Time deposits[2]	54,752	54,097	54,277	54,134	53,798	55,204	56,163	58,033	57,733	58,882
44 Other[3]	1,467	1,818	3,119	2,571	3,051	2,622	3,819	3,969	4,123	4,805
45 Banks' custody liabilities[5]	9,439	12,941	12,666	13,739	13,922	12,062	12,839	12,865	12,466	12,475
46 U.S. Treasury bills and certificates[6]	4,314	4,506	3,515	3,430	3,196	3,358	3,231	3,066	3,231	3,414
47 Other negotiable and readily transferable instruments[7]	4,636	6,315	6,914	6,876	7,628	7,241	6,311	6,661	6,212	5,832
48 Other	489	2,120	2,238	3,433	3,099	1,464	3,297	3,137	3,023	3,228
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	9,845	7,496	7,314	7,480	8,261	7,711	6,975	6,792	6,121	6,236

1. Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.
2. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
3. Includes borrowing under repurchase agreements.
4. 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.
5. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
6. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
7. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
8. Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks. Data exclude "holdings of dollars" of the International Monetary Fund.
9. Foreign central banks, foreign central governments, and the Bank for International Settlements.
10. Excludes central banks, which are included in "Official institutions."

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3.17—Continued

Area and country	1985	1986	1987	1988						
				Apr.	May	June	July	Aug.	Sept.	Oct.[p]
1 **Total**	**435,726**	**540,996**	**618,978**	**611,031**	**629,139**	**637,396**	**654,760**	**658,362**[r]	**658,591**	**651,436**
2 **Foreign countries**	**429,905**	**535,189**	**614,514**	**606,456**	**622,250**	**629,517**	**647,725**	**653,612**[r]	**650,827**	**645,358**
3 Europe	164,114	180,556	234,641	218,515	227,867	227,626	231,170	232,796[r]	224,723	226,068
4 Austria	693	1,181	920	1,162	1,090	941	1,412	1,245[r]	1,072	1,370
5 Belgium–Luxembourg	5,243	6,729	9,347	9,629	9,893	10,363	9,494	10,051[r]	9,997	10,227
6 Denmark	513	482	760	1,034	1,164	1,364	1,474	2,078	1,402	2,358
7 Finland	496	580	377	504	478	426	549	417	447	339
8 France	15,541	22,862	29,835	27,015	28,193	26,975	26,002	24,237[r]	24,295	23,285
9 Germany	4,835	5,762	7,022	6,878	6,487	5,105	5,211	6,226	5,085	5,849
10 Greece	666	700	689	656	675	653	620	694	633	707
11 Italy	9,667	10,875	12,073	10,040	9,285	10,695	9,361	9,766	8,550	12,511
12 Netherlands	4,212	5,600	5,014	5,154	5,757	5,351	5,560	5,647[r]	6,168	5,777
13 Norway	948	735	1,362	1,101	1,240	1,078	1,330	900	1,060	1,143
14 Portugal	652	699	801	917	910	897	859	848	858	915
15 Spain	2,114	2,407	2,621	2,415	2,839	4,168	5,011	5,570[r]	6,248	6,838
16 Sweden	1,422	884	1,379	1,692	2,280	1,522	1,926	2,011	2,196	1,579
17 Switzerland	29,020	30,534	33,766	30,523	31,293	31,226	30,451	29,274[r]	31,894	31,222
18 Turkey	429	454	703	518	628	570	537	709	706	963
19 United Kingdom	76,728	85,334	116,852	109,547	115,439	115,521	121,895	122,620[r]	113,287	109,889
20 Yugoslavia	673	630	710	566	586	690	614	629	579	655
21 Other Western Europe[1]	9,635	3,326	9,798	8,473	9,038	9,230	8,135	9,232[r]	9,643	9,633
22 U.S.S.R.	105	80	32	44	136	239	81	99[r]	45	100
23 Other Eastern Europe[2]	523	702	582	648	456	611	648	544[r]	559	709
24 Canada	17,427	26,345	30,095	27,011	27,890	30,051	29,944	28,128	28,247	26,697
25 Latin America and Caribbean	167,856	210,318	220,399	225,708	229,829	232,760	242,674	246,604[r]	246,945	240,923
26 Argentina	6,032	4,757	5,006	5,307	5,219	5,876	5,975	6,775	7,106	7,065
27 Bahamas	57,657	73,619	74,676	69,975	73,990	74,034	75,910	78,810	77,921	76,805
28 Bermuda	2,765	2,922	2,344	2,402	2,927	2,077	2,413	2,394[r]	2,389	2,562
29 Brazil	5,373	4,325	4,005	3,992	4,122	4,205	4,489	4,563[r]	4,475	4,720
30 British West Indies	42,674	72,263	81,612	92,534	91,601	94,311	101,378	99,827[r]	101,939	96,625
31 Chile	2,049	2,054	2,210	2,251	2,184	2,378	2,323	2,463[r]	2,467	2,727
32 Colombia	3,104	4,285	4,204	3,843	4,395	4,502	4,441	4,403	4,171	4,136
33 Cuba	11	7	12	13	9	10	9	8	9	12
34 Ecuador	1,239	1,236	1,082	1,174	1,206	1,212	1,216	1,224	1,244	1,265
35 Guatemala	1,071	1,123	1,082	1,209	1,191	1,209	1,183	1,182	1,177	1,150
36 Jamaica	122	136	160	209	152	156	154	149	166	177
37 Mexico	14,060	13,745	14,480	15,347	15,866	15,801	16,334	17,260	15,818	15,671
38 Netherlands Antilles	4,875	4,970	4,975	5,345	5,348	5,338	4,798	5,011	5,252	5,328
39 Panama	7,514	6,886	7,414	4,059	4,005	4,171	4,251	4,262	4,128	4,114
40 Peru	1,167	1,163	1,275	1,424	1,423	1,438	1,514	1,538[r]	1,584	1,669
41 Uruguay	1,552	1,537	1,582	1,745	1,717	1,882	1,828	1,899[r]	1,884	1,788
42 Venezuela	11,922	10,171	9,048	9,564	9,255	8,950	9,116	9,330	9,752	9,547
43 Other	4,668	5,119	5,234	5,313	5,219	5,209	5,343	5,504[r]	5,461	5,560
44 Asia	72,280	108,831	121,364	125,653	125,750	128,100	134,003	136,293	140,768	141,914
China										
45 Mainland	1,607	1,476	1,162	1,814	1,921	1,725	1,564	1,757	1,608	1,479
46 Taiwan	7,786	18,902	21,503	23,982	23,874	23,072	24,023	23,422	22,334	23,377
47 Hong Kong	8,067	9,393	10,180	9,635	10,214	9,255	9,951	10,417	10,875	11,487
48 India	712	674	582	675	619	942	858	845[r]	1,013	838
49 Indonesia	1,466	1,547	1,404	1,063	1,036	1,075	1,036	1,255	1,126	1,290
50 Israel	1,601	1,892	1,292	1,292	1,190	1,334	1,244	1,194	1,130	2,322
51 Japan	23,077	47,410	54,398	58,576	58,151	60,916	63,529	65,001	70,188	70,341
52 Korea	1,665	1,141	1,637	1,574	1,476	1,572	1,459	1,720	2,091	2,574
53 Philippines	1,140	1,866	1,085	1,015	975	954	1,085	1,001	971	1,140
54 Thailand	1,358	1,119	1,345	1,181	1,448	1,099	1,650	1,422	2,288	1,363
55 Middle-East oil-exporting countries[3]	14,523	12,352	13,988	12,639	12,413	12,089	14,298	12,787[r]	14,091	13,200
56 Other	9,276	11,058	12,788	12,207	12,434	14,066	13,305	15,472	13,053	12,503
57 Africa	4,883	4,021	3,945	3,878	4,055	4,023	3,837	3,846	3,659	3,702
58 Egypt	1,363	706	1,151	1,218	1,196	1,187	1,039	969	813	850
59 Morocco	163	92	194	68	65	73	80	70	111	66
60 South Africa	388	270	202	195	267	245	200	204	247	245
61 Zaire	163	74	67	82	63	60	63	67	71	71
62 Oil-exporting countries[4]	1,494	1,519	1,014	1,008	1,090	1,111	1,052	1,039	1,015	993
63 Other	1,312	1,360	1,316	1,307	1,373	1,348	1,403	1,498	1,402	1,477
64 Other countries	3,347	5,118	4,070	5,689	6,859	6,957	6,098	5,945	6,484	6,054
65 Australia	2,779	4,196	3,327	4,885	5,943	6,017	5,329	5,170	5,640	5,199
66 All other	568	922	744	804	916	939	769	775	845	854
67 Nonmonetary international and regional organizations	5,821	5,807	4,464	4,575	6,889	7,879	7,036	4,749	7,764	6,077
68 International[5]	4,806	4,620	2,830	2,691	4,955	5,925	5,105	2,979	5,721	4,110
69 Latin American regional	894	1,033	1,272	1,528	1,727	1,769	1,651	1,614	1,762	1,662
70 Other regional[6]	121	154	362	356	207	185	279	156	281	306

1. Includes the Bank for International Settlements and Eastern European countries that are not listed in line 23.
2. 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. Excludes "holdings of dollars" of the International Monetary Fund.
6. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."

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3.18 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States[1] Payable in U.S. Dollars

Millions of dollars, end of period

Area and country	1985	1986	1987	1988						
				Apr.	May	June	July	Aug.	Sept.	Oct.[p]
1 **Total**	**401,608**	**444,745**	**459,706**	**432,679**	**450,678**	**459,411**	**471,697**	**471,536**[r]	**483,467**	**464,679**
2 **Foreign countries**	**400,577**	**441,724**	**456,302**	**431,317**	**449,532**	**456,866**	**468,541**	**468,274**[r]	**476,448**	**461,303**
3 Europe	106,413	107,823	102,375	93,507	100,484	100,925	99,705	99,205[r]	102,632	106,240
4 Austria	598	728	793	893	865	806	888	743	808	812
5 Belgium–Luxembourg	5,772	7,498	9,397	8,792	8,724	7,863	8,530	8,419[r]	8,846	8,907
6 Denmark	706	688	717	612	630	640	743	608[r]	582	536
7 Finland	823	987	1,010	993	1,103	954	1,325	1,231	1,195	913
8 France	9,124	11,356	13,553	10,885	12,147	12,184	11,861	11,963	12,164	12,338
9 Germany	1,267	1,816	2,039	1,610	1,719	2,840	2,153	1,976[r]	1,718	2,290
10 Greece	991	648	463	513	558	590	563	524	521	494
11 Italy	8,848	9,043	7,460	6,201	6,606	7,072	6,607	6,626	6,117	6,040
12 Netherlands	1,258	3,296	2,624	2,865	2,766	2,656	3,017	2,938	3,202	3,182
13 Norway	706	672	934	650	886	589	484	534	510	535
14 Portugal	1,058	739	477	439	400	358	333	321	333	266
15 Spain	1,908	1,492	1,858	1,766	1,911	1,867	1,978	2,016	1,969	1,766
16 Sweden	2,219	1,964	2,269	2,347	2,480	2,087	1,958	2,256	1,968	1,852
17 Switzerland	3,171	3,352	2,719	2,452	3,093	3,274	2,486	2,559	2,560	2,919
18 Turkey	1,200	1,543	1,680	1,733	1,543	1,495	1,432	1,397	1,396	1,353
19 United Kingdom	62,566	58,335	50,819	47,319	51,679	52,084	51,885	51,728	54,829	57,873
20 Yugoslavia	1,964	1,835	1,700	1,618	1,586	1,624	1,559	1,537	1,494	1,472
21 Other Western Europe[2]	998	539	619	573	598	647	671	524[r]	860	1,156
22 U.S.S.R.	130	345	389	377	339	506	431	466	503	724
23 Other Eastern Europe[3]	1,107	948	852	866	851	787	800	838[r]	1,056	813
24 Canada	16,482	21,006	25,288	22,101	23,799	24,639	23,939	24,139[r]	23,954	22,435
25 Latin America and Caribbean	202,674	208,825	214,641	200,220	203,941	203,208	206,547	208,513[r]	213,973	199,202
26 Argentina	11,462	12,091	11,996	12,288	12,297	12,365	12,359	12,238[r]	12,235	12,077
27 Bahamas	58,258	59,342	64,586	54,625	59,251	56,722	62,333	65,702[r]	65,451	58,444
28 Bermuda	499	418	471	669	369	818	460	419[r]	688	586
29 Brazil	25,283	25,716	25,897	26,042	26,119	26,230	26,041	25,909[r]	25,660	25,886
30 British West Indies	38,881	46,284	49,896	48,212	48,873	51,140	49,745	48,970[r]	55,105	47,405
31 Chile	6,603	6,558	6,308	6,132	6,018	5,881	5,778	5,677[r]	5,656	5,459
32 Colombia	3,249	2,821	2,740	2,721	3,082	3,095	3,127	3,029	3,023	3,016
33 Cuba	0	0	1	1	0	0	0	0	0	0
34 Ecuador	2,390	2,439	2,286	2,883	2,197	2,142	2,146	2,156[r]	2,185	2,168
35 Guatemala[4]	194	140	144	141	149	144	157	148	150	175
36 Jamaica[4]	224	198	188	212	177	187	214	184	185	201
37 Mexico	31,799	30,698	29,532	27,296	26,679	26,177	26,017	25,885[r]	25,963	25,637
38 Netherlands Antilles	1,340	1,041	980	1,304	1,434	1,238	1,055	1,269	1,079	1,500
39 Panama	6,645	5,436	4,744	2,749	2,566	2,492	2,400	2,369	2,233	2,304
40 Peru	1,947	1,661	1,329	1,283	1,297	1,149	1,136	1,192[r]	1,080	1,065
41 Uruguay	960	940	968	913	880	885	878	920	891	850
42 Venezuela	10,871	11,108	10,838	10,944	10,833	10,912	11,016	10,794[r]	10,753	10,720
43 Other Latin America and Caribbean	2,067	1,936	1,738	1,805	1,719	1,631	1,686	1,649[r]	1,636	1,709
44 Asia	66,212	96,126	106,025	108,395	113,797	120,120	130,443	128,615[r]	128,259	124,970
China										
45 Mainland	639	787	968	1,135	841	1,065	1,033	1,017[r]	1,180	928
46 Taiwan	1,535	2,681	4,577	3,812	3,805	3,957	3,562	3,241	2,829	2,940
47 Hong Kong	6,797	8,307	8,216	6,343	8,356	9,632	8,342	7,451	8,440	9,431
48 India	450	321	510	542	507	499	508	548	540	634
49 Indonesia	698	723	580	643	631	695	688	703	738	739
50 Israel	1,991	1,634	1,363	1,284	1,259	1,213	1,206	1,174	1,180	1,170
51 Japan	31,249	59,674	68,628	75,166	78,638	82,361	93,093	92,806	90,599	87,652
52 Korea	9,226	7,182	5,127	4,781	4,886	4,987	4,882	4,853[r]	5,126	5,134
53 Philippines	2,224	2,217	2,071	1,959	2,012	2,055	2,029	2,030	2,009	1,912
54 Thailand	845	578	496	516	596	641	668	683	759	766
55 Middle East oil-exporting countries[5]	4,298	4,122	4,858	4,077	3,541	4,573	6,400	6,215[r]	6,400	5,407
56 Other Asia	6,260	7,901	8,633	8,136	8,725	8,441	8,031	7,891	8,462	8,257
57 Africa	5,407	4,650	4,742	4,879	5,092	5,423	5,493	5,462	5,462	5,722
58 Egypt	721	567	521	483	503	605	539	530	535	540
59 Morocco	575	598	542	495	483	484	481	478[r]	478	474
60 South Africa	1,942	1,550	1,507	1,439	1,496	1,693	1,726	1,711[r]	1,702	1,706
61 Zaire	20	28	15	47	42	41	38	36	16	17
62 Oil-exporting countries[6]	630	694	1,003	1,138	1,244	1,275	1,340	1,359[r]	1,388	1,484
63 Other	1,520	1,213	1,153	1,276	1,324	1,325	1,369	1,348	1,343	1,501
64 Other countries	3,390	3,294	3,230	2,216	2,419	2,551	2,414	2,341[r]	2,167	2,735
65 Australia	2,413	1,949	2,191	1,360	1,413	1,678	1,554	1,499	1,392	1,876
66 All other	978	1,345	1,039	856	1,006	873	860	842	775	859
67 Nonmonetary international and regional organizations[7]	1,030	3,021	3,404	1,362	1,147	2,545	3,156	3,262[r]	7,019	3,376

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

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3.19 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. Dollars

Millions of dollars, end of period

Type of claim	1985	1986	1987	1988						
				Apr.	May	June	July	Aug.[r]	Sept.	Oct.[p]
1 **Total**	**430,489**	**478,650**	**497,464**	.....	.....	**494,843**	.....	.....	**519,268**	.....
2 Banks' own claims on foreigners	401,608	444,745	459,706	432,679	450,678	459,411	471,697	471,536	483,467	464,679
3 Foreign public borrowers	60,507	64,095	64,703	61,173	61,276	62,711	63,212	62,532	65,063	59,959
4 Own foreign offices[2]	174,261	211,533	224,567	211,576	225,498	230,527	240,342	238,627	250,332	236,092
5 Unaffiliated foreign banks	116,654	122,946	127,573	117,539	122,447	123,418	127,181	128,305	124,827	122,419
6 Deposits	48,372	57,484	60,490	55,984	57,502	58,806	59,769	60,281	61,408	54,896
7 Other	68,282	65,462	67,083	61,555	64,945	64,612	67,413	68,024	63,419	67,524
8 All other foreigners	50,185	46,171	42,863	42,391	41,458	42,755	40,962	42,072	43,244	46,209
9 Claims of banks' domestic customers[3]	28,881	33,905	37,758	.....	.....	35,432	.....	.....	35,801	.....
10 Deposits	3,335	4,413	3,692	.....	.....	4,843	.....	.....	5,391	.....
11 Negotiable and readily transferable instruments[4]	19,332	24,044	26,696	.....	.....	24,120	.....	.....	20,916	.....
12 Outstanding collections and other claims	6,214	5,448	7,370	.....	.....	6,468	.....	.....	9,494	.....
13 MEMO: Customer liability on acceptances	28,487	25,706	23,329	.....	.....	19,618	.....	.....	18,690	.....
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	38,102	43,974	40,059	43,147	44,425	42,243	46,796[r]	49,720	42,635	n.a.

1. Data for banks' own claims are given on a monthly basis, but the data for claims of banks' own domestic customers are available on a quarterly basis only.
Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.

2. *U.S. banks:* includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. *Agencies, branches, and majority-owned subsidiaries of foreign banks:* principally amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.

3. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account of their domestic customers.

4. Principally negotiable time certificates of deposit and bankers acceptances.

5. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see July 1979 BULLETIN, p. 550.

3.20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. Dollars

Millions of dollars, end of period

Maturity; by borrower and area	1984	1985	1986	1987	1988		
				Dec.	Mar.	June	Sept.[p]
1 **Total**	**243,952**	**227,903**	**232,295**	**235,037**	**218,843**	**227,521**	**229,178**
By borrower							
2 Maturity of 1 year or less[2]	167,858	160,824	160,555	163,895	151,998	162,874	166,739
3 Foreign public borrowers	23,912	26,302	24,842	26,001	24,253	25,608	27,591
4 All other foreigners	143,947	134,522	135,714	137,894	127,745	137,267	139,148
5 Maturity over 1 year[2]	76,094	67,078	71,740	71,142	66,845	64,647	62,439
6 Foreign public borrowers	38,695	34,512	39,103	38,652	35,836	35,605	35,074
7 All other foreigners	37,399	32,567	32,637	32,491	31,009	29,042	27,365
By area							
Maturity of 1 year or less[2]							
8 Europe	58,498	56,585	61,784	59,068	51,464	55,169	53,896
9 Canada	6,028	6,401	5,895	5,684	4,937	6,425	5,907
10 Latin America and Caribbean	62,791	63,328	56,271	56,494	55,433	56,298	55,609
11 Asia	33,504	27,966	29,457	35,938	35,505	38,965	42,327
12 Africa	4,442	3,753	2,882	2,824	2,596	2,914	3,112
13 All other[3]	2,593	2,791	4,267	3,887	2,062	3,103	5,887
Maturity of over 1 year[2]							
14 Europe	9,605	7,634	6,737	6,867	6,040	5,401	5,272
15 Canada	1,882	1,805	1,925	2,661	2,239	2,337	2,070
16 Latin America and Caribbean	56,144	50,674	56,719	53,817	51,583	49,775	48,280
17 Asia	5,323	4,502	4,043	3,668	3,669	3,699	4,015
18 Africa	2,033	1,538	1,539	1,747	2,201	2,429	2,261
19 All other[3]	1,107	926	777	2,381	1,114	1,006	541

1. Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.

2. Remaining time to maturity.

3. Includes nonmonetary international and regional organizations.

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3.21 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks[1,2]

Billions of dollars, end of period

Area or country	1984	1985	1986		1987				1988		
			Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.
1 **Total**	**405.7**	**385.4**	**381.6**	**385.1**	**394.8**	**384.6**	**387.7**	**381.3**	**372.3**	**353.1**	**359.4**
2 G-10 countries and Switzerland	148.1	146.0	154.8	156.6	162.7	158.1	155.2	159.9	156.5	150.5	150.3
3 Belgium-Luxembourg	8.7	9.2	8.3	8.3	9.1	8.3	8.2	10.1	9.3	9.2	9.5
4 France	14.1	12.1	14.5	13.7	13.3	12.5	13.7	13.8	11.5	10.8	10.0
5 Germany	9.0	10.5	12.4	11.6	12.7	11.2	10.5	12.6	11.8	10.6	8.9
6 Italy	10.1	9.6	7.8	9.0	8.6	7.5	6.6	7.3	7.4	6.1	5.9
7 Netherlands	3.9	3.7	3.9	4.6	4.4	7.3	4.8	4.1	3.3	3.3	3.0
8 Sweden	3.2	2.7	2.7	2.4	3.0	2.4	2.6	2.1	2.1	1.9	2.0
9 Switzerland	3.9	4.4	4.7	5.8	5.8	5.7	5.4	5.6	5.1	5.6	5.2
10 United Kingdom	60.3	63.0	68.8	71.0	73.7	72.1	72.1	69.1	71.3	69.8	68.9
11 Canada	7.9	6.8	5.9	5.3	5.3	4.7	4.7	5.5	5.0	5.4	5.2
12 Japan	27.1	23.9	25.8	24.9	26.9	26.4	26.6	29.8	29.7	28.0	31.7
13 Other developed countries	33.6	29.9	28.9	25.7	25.7	25.2	25.9	26.3	26.2	23.7	22.7
14 Austria	1.6	1.5	1.7	1.7	1.9	1.8	1.9	1.9	1.6	1.6	1.6
15 Denmark	2.2	2.3	2.2	1.7	1.7	1.5	1.6	1.7	1.4	1.0	1.1
16 Finland	1.9	1.6	1.6	1.4	1.4	1.4	1.4	1.3	1.0	1.2	1.3
17 Greece	2.9	2.6	2.3	2.3	2.1	2.0	1.9	2.0	2.3	2.2	2.1
18 Norway	3.0	2.9	2.7	2.4	2.2	2.1	2.0	2.3	2.0	2.0	2.0
19 Portugal	1.4	1.2	1.0	.8	.8	.8	.8	.5	.4	.4	.4
20 Spain	6.5	5.8	6.7	5.8	6.3	6.1	7.4	8.0	9.0	7.2	6.3
21 Turkey	1.9	1.8	1.9	1.8	1.7	1.7	1.5	1.6	1.6	1.5	1.3
22 Other Western Europe	1.7	2.0	1.6	1.4	1.4	1.5	1.6	1.6	1.9	1.6	1.9
23 South Africa	4.5	3.2	3.0	3.0	3.0	3.0	2.9	2.9	2.8	2.8	2.7
24 Australia	6.0	5.0	4.2	3.5	3.2	3.1	2.9	2.5	2.1	2.2	1.8
25 OPEC countries[3]	24.9	21.3	19.7	19.3	20.0	18.8	19.0	17.1	17.1	16.4	17.6
26 Ecuador	2.2	2.1	2.2	2.2	2.1	2.1	2.1	1.9	1.9	1.8	1.8
27 Venezuela	9.3	8.9	8.7	8.6	8.5	8.4	8.3	8.1	8.1	8.0	7.9
28 Indonesia	3.3	3.0	2.8	2.5	2.4	2.2	2.0	1.9	1.9	1.8	1.9
29 Middle East countries	7.9	5.3	4.4	4.3	5.4	4.4	5.0	3.6	3.6	3.1	4.3
30 African countries	2.3	2.0	1.7	1.7	1.6	1.7	1.7	1.7	1.7	1.7	1.7
31 Non-OPEC developing countries	111.8	104.2	99.1	99.1	100.3	100.5	97.7	97.7	94.0	91.3	87.0
Latin America											
32 Argentina	8.7	8.8	9.2	9.5	9.5	9.5	9.3	9.4	9.5	9.4	9.2
33 Brazil	26.3	25.4	25.2	25.2	26.1	25.1	25.1	24.7	23.9	23.7	22.4
34 Chile	7.0	6.9	7.1	7.1	7.2	7.2	7.0	6.9	6.6	6.4	6.2
35 Colombia	2.9	2.6	1.9	2.1	2.0	1.9	1.9	2.0	1.9	2.1	2.1
36 Mexico	25.7	23.9	23.9	23.8	23.9	25.3	24.8	23.7	22.5	21.1	20.6
37 Peru	2.2	1.8	1.5	1.4	1.4	1.3	1.2	1.1	1.1	.9	.8
38 Other Latin America	3.9	3.4	3.3	3.1	3.0	2.9	2.8	2.7	2.8	2.6	2.5
Asia											
China											
39 Mainland	.7	.5	.6	.4	.9	.6	.3	.3	.4	.3	.3
40 Taiwan	5.1	4.5	4.3	4.9	5.5	6.6	6.0	8.2	6.1	4.9	3.1
41 India	.9	1.2	1.3	1.2	1.7	1.7	1.9	1.9	2.1	2.3	2.0
42 Israel	1.8	1.6	1.4	1.5	1.4	1.3	1.3	1.0	1.0	1.0	1.0
43 Korea (South)	10.6	9.2	7.1	6.6	6.2	5.6	5.0	4.9	5.6	5.9	6.0
44 Malaysia	2.7	2.4	2.1	2.1	1.9	1.7	1.6	1.5	1.5	1.5	1.6
45 Philippines	6.0	5.7	5.4	5.4	5.4	5.4	5.4	5.1	5.1	4.9	4.5
46 Thailand	1.8	1.4	1.0	.9	.9	.8	.7	.7	1.0	1.1	1.2
47 Other Asia	1.1	1.0	.6	.7	.6	.7	.7	.7	.7	.8	.8
Africa											
48 Egypt	1.2	1.0	.7	.7	.6	.6	.6	.5	.5	.6	.5
49 Morocco	.8	.9	.9	.9	.9	.9	.8	.9	.9	.9	.8
50 Zaire	.1	.1	.1	.1	.1	.1	.1	.0	.1	.1	.0
51 Other Africa[4]	2.1	1.9	1.6	1.6	1.4	1.3	1.3	1.3	1.0	1.2	1.2
52 Eastern Europe	4.4	4.1	3.3	3.2	3.0	3.3	3.3	3.0	2.9	3.1	3.1
53 U.S.S.R.	.1	.1	.1	.1	.1	.3	.5	.4	.3	.4	.4
54 Yugoslavia	2.3	2.2	1.9	1.7	1.6	1.7	1.7	1.6	1.7	1.7	1.7
55 Other	2.0	1.8	1.4	1.4	1.3	1.3	1.2	1.0	.9	1.0	1.1
56 Offshore banking centers	65.6	62.9	58.3	61.3	62.8	60.5	64.3	54.1	54.1	45.9	50.0
57 Bahamas	21.5	21.2	19.6	22.0	23.8	19.9	25.5	17.1	18.3	12.1	17.0
58 Bermuda	.9	.7	.4	.7	.8	.6	.6	.6	.8	1.0	.9
59 Cayman Islands and other British West Indies	11.8	11.6	11.3	12.4	12.1	13.9	12.8	13.1	11.7	10.0	10.6
60 Netherlands Antilles	3.4	2.2	1.8	1.8	1.7	1.3	1.2	1.2	1.3	1.2	1.2
61 Panama[5]	6.7	6.0	5.1	4.0	4.2	3.9	3.7	3.7	3.2	3.0	2.7
62 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong	11.4	11.4	10.3	11.1	11.4	12.5	12.3	11.2	11.3	11.7	10.6
64 Singapore	9.8	9.8	9.7	9.2	8.6	8.3	8.1	7.0	7.4	6.8	7.0
65 Others[6]	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
66 Miscellaneous and unallocated[7]	17.3	16.9	17.3	19.8	20.1	18.1	22.3	23.2	21.5	22.2	28.4

1. The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices *not* covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. To minimize duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution. The data in this table combine foreign branch claims in table 3.14 (the sum of lines 7 through 10) with the claims of U.S. offices in table 3.18 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches).

2. Beginning with June 1984 data, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from $50 million to $150 million equivalent in total assets, the threshold now applicable to all reporting branches.

3. This group comprises the Organization of Petroleum Exporting Countries shown individually, other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates), and Bahrain and Oman (not formally members of OPEC).

4. Excludes Liberia.

5. Includes Canal Zone beginning December 1979.

6. Foreign branch claims only.

7. Includes New Zealand, Liberia, and international and regional organizations.

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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	1984	1985	1986	1987			1988	
				June	Sept.	Dec.	Mar.	June
1 **Total**	**29,357**	**27,825**	**25,779**	**29,019**	**28,669**	**27,590**	**28,840**	**29,299**r
2 Payable in dollars	26,389	24,296	21,980	24,565	24,141	22,253	23,246	24,047r
3 Payable in foreign currencies	2,968	3,529	3,800	4,454	4,528	5,337	5,594	5,252r
By type								
4 Financial liabilities	14,509	13,600	12,312	14,096	13,034	11,574	13,066	13,009r
5 Payable in dollars	12,553	11,257	9,827	11,197	10,080	8,097	9,384	9,513r
6 Payable in foreign currencies	1,955	2,343	2,485	2,899	2,954	3,477	3,681	3,497
7 Commercial liabilities	14,849	14,225	13,467	14,923	15,635	16,016	15,774	16,290r
8 Trade payables	7,005	6,685	6,462	7,286	7,548	7,425	6,601	6,873r
9 Advance receipts and other liabilities	7,843	7,540	7,004	7,637	8,086	8,591	9,173	9,417
10 Payable in dollars	13,836	13,039	12,153	13,368	14,061	14,156	13,862	14,534r
11 Payable in foreign currencies	1,013	1,186	1,314	1,555	1,574	1,859	1,912	1,755r
By area or country								
Financial liabilities								
12 Europe	6,728	7,700	8,079	9,713	9,298	7,794	8,939	8,710r
13 Belgium-Luxembourg	471	349	270	257	230	202	241	267
14 France	995	857	661	822	615	364	365	330
15 Germany	489	376	368	402	505	583	586	623
16 Netherlands	590	861	704	669	641	1,014	1,013	879r
17 Switzerland	569	610	646	655	685	493	652	705
18 United Kingdom	3,297	4,305	5,140	6,646	6,357	4,946	5,900	5,733
19 Canada	863	839	399	441	397	400	467	458
20 Latin America and Caribbean	5,086	3,184	1,961	1,744	961	847	1,195	1,175r
21 Bahamas	1,926	1,123	614	398	280	278	249	211
22 Bermuda	13	4	4	0	0	0	0	0
23 Brazil	35	29	32	22	22	25	23	19
24 British West Indies	2,103	1,843	1,163	1,223	580	476	824	879r
25 Mexico	367	15	22	29	17	13	15	26
26 Venezuela	137	3	0	2	3	0	2	0
27 Asia	1,777	1,815	1,805	2,131	2,300	2,429	2,379	2,591
28 Japan	1,209	1,198	1,398	1,751	1,830	2,042	1,987	2,063
29 Middle East oil-exporting countries[2]	155	82	8	7	7	8	12	11
30 Africa	14	12	1	1	2	4	5	2
31 Oil-exporting countries[3]	0	0	1	0	0	1	3	1
32 All other[4]	41	50	67	66	76	100	80	73
Commercial liabilities								
33 Europe	4,001	4,074	4,447	4,966	4,951	5,626	5,757	5,839r
34 Belgium-Luxembourg	48	62	101	111	59	125	148	150
35 France	438	453	352	423	437	451	441	433
36 Germany	622	607	714	585	674	916	817	798
37 Netherlands	245	364	424	324	336	421	484	535
38 Switzerland	257	379	387	557	556	559	529	482r
39 United Kingdom	1,095	976	1,341	1,380	1,473	1,668	1,798	1,850
40 Canada	1,975	1,449	1,405	1,371	1,399	1,301	1,393	1,169
41 Latin America and Caribbean	1,871	1,088	924	1,069	1,082	865	937	994r
42 Bahamas	7	12	32	13	22	19	17	58r
43 Bermuda	114	77	156	266	252	168	325	272
44 Brazil	124	58	61	88	40	46	59	54
45 British West Indies	32	44	49	67	47	19	14	28
46 Mexico	586	430	217	214	231	189	164	233
47 Venezuela	636	212	216	203	176	162	85	111
48 Asia	5,285	6,046	5,091	5,919	6,511	6,573	5,899	6,270
49 Japan	1,256	1,799	2,052	2,481	2,422	2,580	2,509	2,659
50 Middle East oil-exporting countries[2,5]	2,372	2,829	1,679	1,867	2,104	1,964	1,069	1,320
51 Africa	588	587	619	524	572	574	576	624
52 Oil-exporting countries[3]	233	238	197	166	151	135	159	115
53 All other[4]	1,128	982	980	1,074	1,119	1,078	1,212	1,394

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.
5. Revisions include a reclassification of transactions, which also affects the totals for Asia and the grand totals.

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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	1984	1985	1986	1987			1988	
				June	Sept.	Dec.	Mar.	June
1 **Total**	**29,901**	**28,876**	**36,248**	**33,578**	**33,209**	**32,285**	**31,389**	**38,476**r
2 Payable in dollars	27,304	26,574	33,850	30,597	30,648	29,192	29,410	36,567r
3 Payable in foreign currencies	2,597	2,302	2,399	2,981	2,561	3,093	1,979	1,909r
By type								
4 Financial claims	19,254	18,891	26,273	23,686	22,857	21,747	20,606	26,847r
5 Deposits	14,621	15,526	19,916	16,014	17,286	15,535	13,205	19,808r
6 Payable in dollars	14,202	14,911	19,331	14,775	16,377	14,089	12,650	19,117r
7 Payable in foreign currencies	420	615	585	1,238	908	1,447	555	691
8 Other financial claims	4,633	3,364	6,357	7,673	5,572	6,212	7,400	7,039r
9 Payable in dollars	3,190	2,330	5,005	6,391	4,447	5,099	6,349	6,237r
10 Payable in foreign currencies	1,442	1,035	1,352	1,282	1,124	1,113	1,051	803
11 Commercial claims	10,646	9,986	9,975	9,892	10,352	10,537	10,784	11,628r
12 Trade receivables	9,177	8,696	8,783	8,848	9,399	9,530	9,726	10,571r
13 Advance payments and other claims	1,470	1,290	1,192	1,043	953	1,007	1,057	1,057r
14 Payable in dollars	9,912	9,333	9,513	9,431	9,824	10,005	10,410	11,213r
15 Payable in foreign currencies	735	652	462	461	528	533	373	415r
By area or country								
Financial claims								
16 Europe	5,762	6,929	10,744	11,468	10,785	10,666	10,340	12,495r
17 Belgium-Luxembourg	15	10	41	6	26	6	15	15
18 France	126	184	138	169	171	359	328	174
19 Germany	224	223	116	96	103	72	85	154
20 Netherlands	66	161	151	140	157	348	334	333
21 Switzerland	66	74	185	98	44	76	56	82r
22 United Kingdom	4,864	6,007	9,855	10,745	10,074	9,561	9,276	11,371r
23 Canada	3,988	3,260	4,808	3,712	3,294	3,294	2,840	3,009
24 Latin America and Caribbean	8,216	7,846	9,291	7,638	7,579	6,831	6,511	10,847r
25 Bahamas	3,306	2,698	2,628	2,589	3,299	1,804	2,268	4,121
26 Bermuda	6	6	6	6	2	7	43	126
27 Brazil	100	78	86	115	113	64	86	46
28 British West Indies	4,043	4,571	6,078	4,429	3,716	4,439	3,580	6,051r
29 Mexico	215	180	174	168	174	172	154	147
30 Venezuela	125	48	21	20	18	19	35	23
31 Asia	961	731	1,317	789	1,105	830	841	416r
32 Japan	353	475	999	452	737	550	673	184
33 Middle East oil-exporting countries[2]	13	4	7	6	10	10	8	6
34 Africa	210	103	85	59	71	65	53	61
35 Oil-exporting countries[3]	85	29	28	9	14	7	7	10
36 All other[4]	117	21	28	20	24	61	21	20
Commercial claims								
37 Europe	3,801	3,533	3,708	3,845	4,120	4,132	4,135	4,900r
38 Belgium-Luxembourg	165	175	133	137	169	179	192	159
39 France	440	426	414	439	416	595	485	686r
40 Germany	374	346	444	526	550	560	629	769r
41 Netherlands	335	284	164	172	190	133	151	173
42 Switzerland	271	284	217	187	206	185	173	262r
43 United Kingdom	1,063	898	999	1,074	1,228	1,086	1,084	1,300
44 Canada	1,021	1,023	934	1,046	1,051	931	1,167	946r
45 Latin America and Caribbean	2,052	1,753	1,857	1,727	1,711	1,912	1,963	2,093r
46 Bahamas	8	13	28	14	12	19	14	13
47 Bermuda	115	93	193	169	143	159	171	174
48 Brazil	214	206	234	204	231	226	215	233
49 British West Indies	7	6	39	19	20	26	24	25
50 Mexico	583	510	412	347	369	366	371	399r
51 Venezuela	206	157	237	204	192	298	322	344
52 Asia	3,073	2,982	2,755	2,642	2,800	2,919	2,867	3,009r
53 Japan	1,191	1,016	881	952	1,027	1,160	1,109	1,168
54 Middle East oil-exporting countries[2]	668	638	563	452	434	450	412	449
55 Africa	470	437	500	378	407	401	420	423
56 Oil-exporting countries[3]	134	130	139	123	124	144	157	136
57 All other[4]	229	257	222	255	262	241	231	257

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.

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3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transactions, and area or country	1986	1987	1988 Jan.–Oct.	1988 Apr.	1988 May	1988 June	1988 July	1988 Aug.	1988 Sept.	1988 Oct.p
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	148,114	249,113	157,676	15,022	13,654	20,007	19,207	17,275	11,971	13,205
2 Foreign sales	129,395	232,849	158,661	13,705	14,723	19,678	18,383	16,704	12,552	14,824
3 Net purchases, or sales (−)	**18,719**	**16,264**	**−985**	**1,317**	**−1,069**	**329**	**824**	**572**	**−581**	**−1,619**
4 Foreign countries	**18,927**	**16,313**	**−832**	**1,300**	**−976**	**287**	**793**	**548**	**−554**	**−1,506**
5 Europe	9,559	1,928	−1,772	481	−1,151	33	227	287	−616	−128
6 France	459	905	−168	−1	−153	121	−34	−21	−37	89
7 Germany	341	-74	301	104	−66	−36	−3	9	−14	106
8 Netherlands	936	892	−506	−145	−43	−56	20	−5	−56	15
9 Switzerland	1,560	−1,123	−1,710	−17	−247	−204	−90	−37	−506	−216
10 United Kingdom	4,826	630	−43	429	−711	146	253	234	245	−41
11 Canada	816	1,048	236	241	102	−172	58	162	44	−118
12 Latin America and Caribbean	3,031	1,314	1,150	230	−82	−116	58	159	310	376
13 Middle East[1]	976	−1,360	−2,501	24	62	−549	−159	91	−188	−846
14 Other Asia	3,876	12,896	1,791	372	106	1,039	518	−228	−127	−693
15 Japan	3,305	11,365	2,197	262	85	1,187	475	−282	24	−626
16 Africa	297	123	168	19	23	3	78	41	5	5
17 Other countries	373	365	96	−67	−35	51	13	36	19	−102
18 Nonmonetary international and regional organizations	**−208**	**−48**	**−153**	**17**	**−92**	**42**	**31**	**23**	**−28**	**−112**
BONDS[2]										
19 Foreign purchases	123,169	105,856	70,324	5,618	7,810	8,341	8,277	5,966	7,450	7,585
20 Foreign sales	72,520	78,312	48,175	4,433	3,518	4,590	5,064	4,144	4,953	4,647
21 Net purchases, or sales (−)	**50,648**	**27,544**	**22,149**	**1,185**	**4,292**	**3,751**	**3,213**	**1,822**	**2,497**	**2,938**
22 Foreign countries	**49,801**	**26,804**	**22,730**	**1,186**	**4,262**	**3,569**	**3,190**	**1,837**	**2,433**	**3,063**
23 Europe	39,313	21,989	14,364	658	2,256	2,203	1,744	1,482	1,639	2,384
24 France	389	194	260	7	−18	15	−7	5	90	45
25 Germany	−251	33	1,422	347	11	226	8	166	160	65
26 Netherlands	387	269	829	58	180	55	17	41	415	48
27 Switzerland	4,529	1,587	271	−15	152	−71	−139	84	97	175
28 United Kingdom	33,900	19,770	10,744	228	1,886	1,738	1,685	1,188	821	1,839
29 Canada	548	1,296	528	104	98	216	130	27	−155	20
30 Latin America and Caribbean	1,552	2,857	1,616	96	141	174	254	193	45	198
31 Middle East[1]	−3,113	−1,314	−476	−54	−4	−124	−101	−87	−14	−45
32 Other Asia	11,346	2,021	6,724	373	1,755	1,091	1,152	254	916	502
33 Japan	9,611	1,622	5,748	336	1,641	1,049	1,035	178	575	399
34 Africa	16	16	−7	4	−2	4	0	1	1	4
35 Other countries	139	−61	−19	5	17	5	10	−33	1	−1
36 Nonmonetary international and regional organizations	**847**	**740**	**−581**	**−1**	**31**	**182**	**23**	**−14**	**64**	**−124**
	Foreign securities									
37 Stocks, net purchases, or sales (−)	−1,853	1,149	−333	372	905	−154	−126	−257r	−57	−124
38 Foreign purchases	49,149	95,263	59,644	5,797	5,964	6,404	7,052	5,904r	5,054	6,071
39 Foreign sales	51,002	94,114	59,978	5,425	5,059	6,558	7,178	6,161	5,111	6,195
40 Bonds, net purchases, or sales (−)	−3,685	7,836	−8,849	−137	873	−708	−659	−363	−509	−3,408
41 Foreign purchases	166,992	199,010	174,990	15,593	15,119	17,013	19,224	17,038	25,271	20,502
42 Foreign sales	170,677	206,845	183,838	15,730	14,246	17,721	19,882	17,401	25,780	23,910
43 Net purchases, or sales (−), of stocks and bonds	**−5,538**	**−6,687**	**−9,182**	**235**	**1,778**	**−863**	**−785**	**−620r**	**−566**	**−3,532**
44 Foreign countries	**−6,493**	**−6,718**	**−9,526**	**179**	**1,562**	**−774**	**−759**	**−650r**	**−547**	**−3,582**
45 Europe	−18,026	−12,088	−8,231	483	681	−1,185	−488	−897r	−446	−2,886
46 Canada	−876	−4,065	−3,541	−406	−162	−186	−319	216	−730	−287
47 Latin America and Caribbean	3,476	828	1,448	538	322	301	−48	−34	290	−120
48 Asia	10,858	9,338	975	−407	696	557	237	−114	189	130
49 Africa	52	89	−38	14	−1	1	11	37	28	−189
50 Other countries	−1,977	−820	−138	−43	24	−262	−153	143	121	−230
51 Nonmonetary international and regional organizations	**955**	**31**	**343**	**56**	**216**	**−89**	**−26**	**30**	**−19**	**49**

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.

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

Millions of dollars

Country or area	1986	1987	1988 Jan.–Oct.	1988 Apr.	1988 May	1988 June	1988 July	1988 Aug.	1988 Sept.	1988 Oct.p
	Transactions, net purchases or sales (−) during period[1]									
1 **Estimated total**[2]	**19,388**	**25,587**	**39,475**	**3,433**	**11,062**	**−2,162**	**905**	**−383**r	**−2,686**	**2,597**
2 Foreign countries[2]	20,491	30,889	37,856	3,728	9,972	−3,337	2,156	−149r	−2,259	155
3 Europe[2]	16,326	23,716	12,184	2,332	3,108	−3,226	−1,460	−836	−1,233	−172
4 Belgium–Luxembourg	−245	653	860	47	159	−68	122	−209	−333	−23
5 Germany[2]	7,670	13,330	−3,927	1,576	79	−4,241	−4,240	−2,020	−720	277
6 Netherlands	1,283	−913	−365	117	−22	−796	312	−346	−58	53
7 Sweden	132	210	−796	−93	104	−232	−187	175	−121	−162
8 Switzerland[2]	329	1,917	−712	344	−309	654	−51	344	−1,355	88
9 United Kingdom	4,546	3,975	7,953	97	1,523	47	837	416	2,023	−1,019
10 Other Western Europe	2,613	4,563	9,154	238	1,560	1,420	1,755	803	−663	614
11 Eastern Europe	0	−19	17	5	14	−10	−9	0	−7	1
12 Canada	881	4,526	3,342	133	1,415	669	−314	−315	−167	633
13 Latin America and Caribbean	926	−2,192	287	75	360	−580	0	−312	269	−574
14 Venezuela	−96	150	−109	15	1	2	−2	−128	−17	1
15 Other Latin America and Caribbean	1,130	−1,142	536	97	−17	63	57	−292	285	−331
16 Netherlands Antilles	−108	−1,200	−140	−36	376	−645	−55	108	1	−244
17 Asia	1,345	4,488	20,065	713	4,476	−382	3,246	919r	−1,351	289
18 Japan	−22	868	18,087	687	2,820	−52	3,006	1,540r	−2,841	622
19 Africa	−54	−56	3	0	−13	−1	−10	5	31	0
20 All other	1,067	407	1,976	475	626	183	694	391	193	−21
21 Nonmonetary international and regional organizations	−1,104	−5,300	1,617	−295	1,090	1,174	−1,252	−234r	−428	2,441
22 International	−1,430	−4,387	1,922	−334	1,155	1,546	−1,137	−282	−455	2,365
23 Latin American regional	157	3	−51	0	7	−38	−14	−8	0	0
Memo										
24 Foreign countries[2]	20,491	30,889	37,856	3,728	9,972	−3,337	2,156	−40	−2,259	155
25 Official institutions	14,214	31,064	22,238	3,075	5,062	−1,658	−2,362	−1,450r	−1,439	587
26 Other foreign[2]	6,283	−181	15,619	653	4,910	−1,678	4,518	1,301r	−821	−431
Oil-exporting countries										
27 Middle East[3]	−1,529	−3,142	−1,287	514	−612	−201	295	449	−182	−1,023
28 Africa[4]	5	16	1	0	0	0	0	0	0	0

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

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

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

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

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3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per year

Country	Rate on Dec. 31, 1988		Country	Rate on Dec. 31, 1988		Country	Rate on Dec. 31, 1988	
	Percent	Month effective		Percent	Month effective		Percent	Month effective
Austria	4.0	Aug. 1988	France[1]	7.75	Dec. 1988	Norway	8.0	June 1983
Belgium	7.5	Dec. 1988	Germany, Fed. Rep. of	3.5	Aug. 1988	Switzerland	3.5	Dec. 1988
Brazil	49.0	Mar. 1981	Italy	12.5	Aug. 1988	United Kingdom[2]	.....	.....
Canada	11.17	Dec. 1988	Japan	2.5	Feb. 1987	Venezuela	8.0	Oct. 1985
Denmark	7.0	Oct. 1983	Netherlands	4.5	Dec. 1988			

1. As of the end of February 1981, the rate is that at which the Bank of France discounts Treasury bills for 7 to 10 days.
2. Minimum lending rate suspended as of Aug. 20, 1981.

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

3.27 FOREIGN SHORT-TERM INTEREST RATES

Percent per year, averages of daily figures

Country, or type	1986	1987	1988	1988						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1 Eurodollars	6.70	7.07	7.86	7.61	8.09	8.47	8.31	8.51	8.91	9.30
2 United Kingdom	10.87	9.65	10.28	8.91	10.45	11.29	12.09	11.94	12.23	13.07
3 Canada	9.18	8.38	9.63	9.44	9.42	9.92	10.48	10.48	10.86	11.15
4 Germany	4.58	3.97	4.28	3.88	4.88	5.28	4.93	5.03	4.91	5.32
5 Switzerland	4.19	3.67	2.94	2.82	3.67	3.57	3.34	3.62	4.10	4.77
6 Netherlands	5.56	5.24	4.72	4.10	4.85	4.50	5.51	5.35	5.30	5.60
7 France	7.68	8.14	7.80	7.27	7.32	7.58	7.86	7.87	8.03	8.36
8 Italy	12.60	11.15	11.04	10.90	11.02	11.02	11.27	11.30	11.48	11.96
9 Belgium	8.04	7.01	6.69	6.04	6.84	7.25	7.39	7.24	7.18	7.38
10 Japan	4.96	3.87	3.96	3.82	3.84	3.98	4.15	4.26	4.22	4.16

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

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3.28 FOREIGN EXCHANGE RATES[1]

Currency units per dollar

Country/currency	1986	1987	1988	1988					
				July	Aug.	Sept.	Oct.	Nov.	Dec.
1 Australia/dollar[2]	67.093	70.136	78.408	80.00	80.57	79.15	80.96	85.07	85.73
2 Austria/schilling	15.260	12.649	12.357	12.991	13.281	13.135	12.777	12.307	12.359
3 Belgium/franc	44.662	37.357	36.783	38.649	39.562	39.149	38.077	36.670	36.815
4 Canada/dollar	1.3896	1.3259	1.2306	1.2075	1.2237	1.2267	1.2055	1.2186	1.1962
5 China, P.R./yuan	3.4615	3.7314	3.7314	3.7314	3.7314	3.7314	3.7314	3.7314	3.7314
6 Denmark/krone	8.0954	6.8477	6.7411	7.0266	7.2280	7.1764	7.0055	6.7547	6.7891
7 Finland/markka	5.0721	4.4036	4.1933	4.3896	4.4720	4.4282	4.3041	4.1522	4.1408
8 France/franc	6.9256	6.0121	5.9594	6.2241	6.3919	6.3515	6.1975	5.9746	5.9994
9 Germany/deutsche mark	2.1704	1.7981	1.7569	1.8466	1.8880	1.8668	1.8165	1.7491	1.7563
10 Greece/drachma	139.93	135.47	142.00	147.85	151.62	151.47	148.71	145.22	146.10
11 Hong Kong/dollar	7.8037	7.7985	7.8071	7.8135	7.8050	7.8106	7.8133	7.8095	7.8062
12 India/rupee	12.597	12.943	13.899	14.079	14.217	14.490	14.720	14.966	15.019
13 Ireland/punt[2]	134.14	148.79	152.49	145.49	142.17	143.60	147.30	152.70	152.29
14 Italy/lira	1491.16	1297.03	1302.39	1367.26	1397.93	1393.15	1353.36	1300.22	1295.61
15 Japan/yen	168.35	144.60	128.17	133.02	133.77	134.32	128.68	123.20	123.61
16 Malaysia/ringgit	2.5830	2.5185	2.6189	2.6267	2.6520	2.6643	2.6785	2.6779	2.6935
17 Netherlands/guilder	2.4484	2.0263	1.9778	2.0827	2.1319	2.1063	2.0486	1.9729	1.9824
18 New Zealand/dollar[2]	52.456	59.327	65.558	66.832	64.815	61.480	62.113	64.067	63.621
19 Norway/krone	7.3984	6.7408	6.5242	6.7207	6.9016	6.9150	6.7400	6.5796	6.5234
20 Portugal/escudo	149.80	141.20	144.26	150.42	153.72	154.18	150.13	145.57	145.56
21 Singapore/dollar	2.1782	2.1059	2.0132	2.0459	2.0417	2.0409	2.0202	1.9616	1.9442
22 South Africa/rand	2.2918	2.0385	2.1900	2.3985	2.4531	2.4575	2.4662	2.3943	2.3487
23 South Korea/won	884.61	825.93	734.51	728.67	725.74	723.00	712.72	696.08	687.89
24 Spain/peseta	140.04	123.54	116.52	122.27	124.122	124.36	120.02	115.17	113.73
25 Sri Lanka/rupee	27.933	29.471	31.847	31.782	32.807	32.953	32.989	32.989	33.016
26 Sweden/krona	7.1272	6.3468	6.1369	6.3542	6.4878	6.4448	6.2694	6.0968	6.0888
27 Switzerland/franc	1.7979	1.4918	1.4642	1.5343	1.5837	1.5763	1.5372	1.4675	1.4799
28 Taiwan/dollar	37.837	31.756	28.636	28.726	28.693	28.914	28.880	28.170	28.199
29 Thailand/baht	26.314	25.774	25.312	25.523	25.560	25.548	25.365	25.146	25.146
30 United Kingdom/pound[2]	146.77	163.98	178.13	170.51	169.65	168.40	173.87	180.85	182.58
MEMO									
31 United States/dollar[3]	112.22	96.94	92.72	96.53	98.29	97.91	95.10	91.91	91.88

1. Averages of certified noon buying rates in New York for cable transfers. Data in this table also appear in the Board's G.5 (405) release. For address, see inside front cover.
2. Value in U.S. cents.
3. Index of weighted-average exchange value of U.S. dollar against the currencies of 10 industrial countries. The weight for each of the 10 countries is the 1972–76 average world trade of that country divided by the average world trade of all 10 countries combined. Series revised as of August 1978 (see FEDERAL RESERVE BULLETIN, vol. 64, August 1978, p. 700).

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Guide to Tabular Presentation, Statistical Releases, and Special Tables

GUIDE TO TABULAR PRESENTAION

Symbols and Abbreviations

c	Corrected	0	Calculated to be zero
e	Estimated	n.a.	Not available
p	Preliminary	n.e.c.	Not elsewhere classified
r	Revised (Notation appears on column heading when about half of the figures in that column are changed.)	IPCs	Individuals, partnerships, and corporations
		REITs	Real estate investment trusts
*	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)	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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Memphis	38101	To be announced		Paul I. Black, Jr.
MINNEAPOLIS	55480	Michael W. Wright John A. Rollwagen	Gary H. Stern Thomas E. Gainor	
Helena	59601	To be announced		Robert F. McNellis
KANSAS CITY	64198	Fred W. Lyons, Jr. To be announced	Roger Guffey Henry R. Czerwinski	
Denver	80217	James C. Wilson		Kent M. Scott
Oklahoma City	73125	Patience S. Latting		David J. France
Omaha	68102	Kenneth L. Morrison		Harold L. Shewmaker
DALLAS	75222	Bobby R. Inman Hugh G. Robinson	Robert H. Boykin William H.Wallace	Tony J. Salvaggio[1]
El Paso	79999	To be announced		Sammie C. Clay
Houston	77252	To be announced		Robert Smith, III[1]
San Antonio	78295	To be announced		Thomas H. Robertson
SAN FRANCISCO	94120	Robert F. Erburu Carolyn S. Chambers	Robert T. Parry Carl E. Powell	John F. Hoover[1]
Los Angeles	90051	Yvonne B. Burke		Thomas C. Warren[2]
Portland	97208	Paul E. Bragdon		Angelo S. Carella[1]
Salt Lake City	84125	Don M. Wheeler		E. Ronald Liggett[1]
Seattle	98124	Carol A. Nygren		Gerald R. Kelly[1]

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

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

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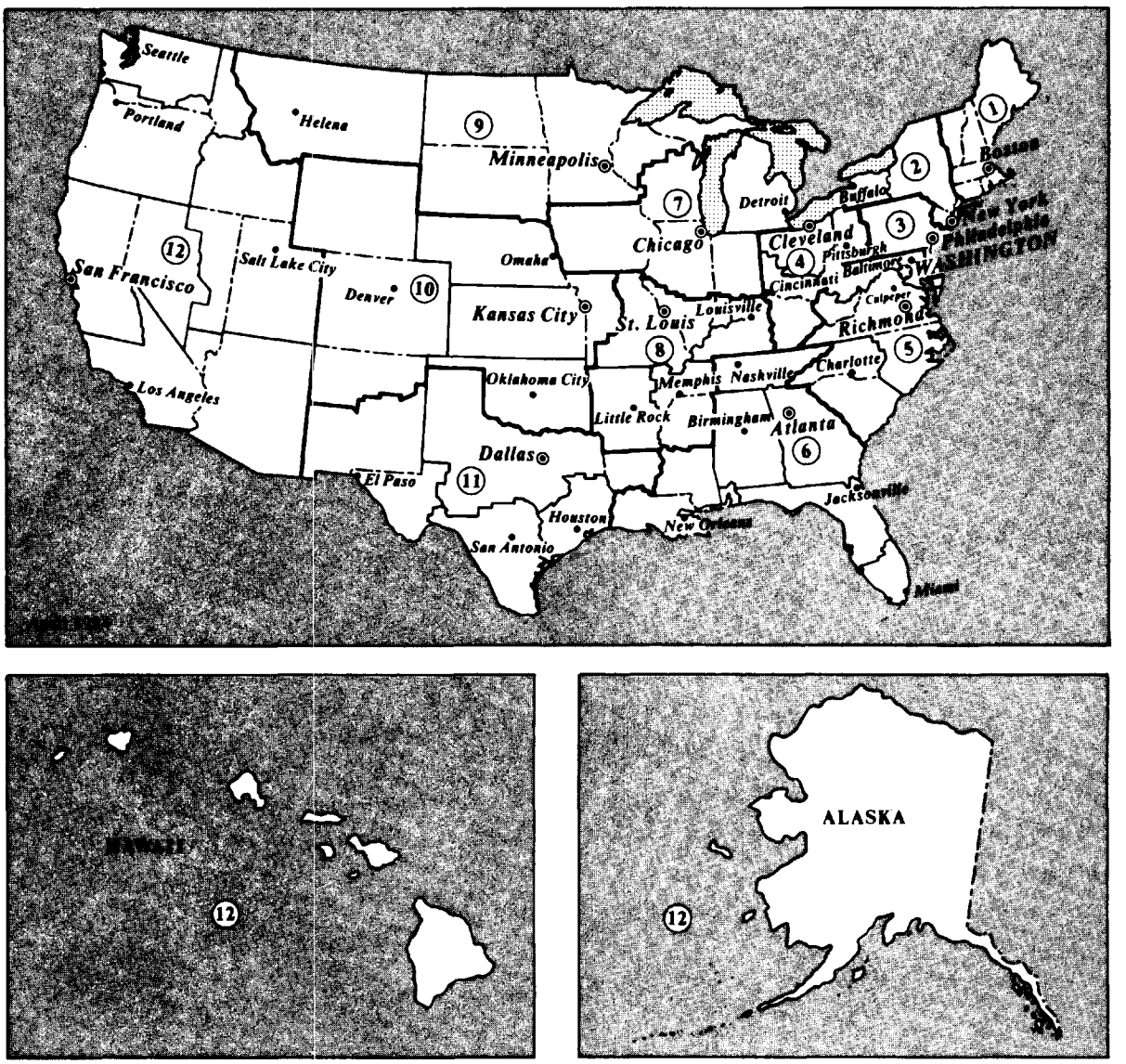
Federal Reserve Bank of St. Louis

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

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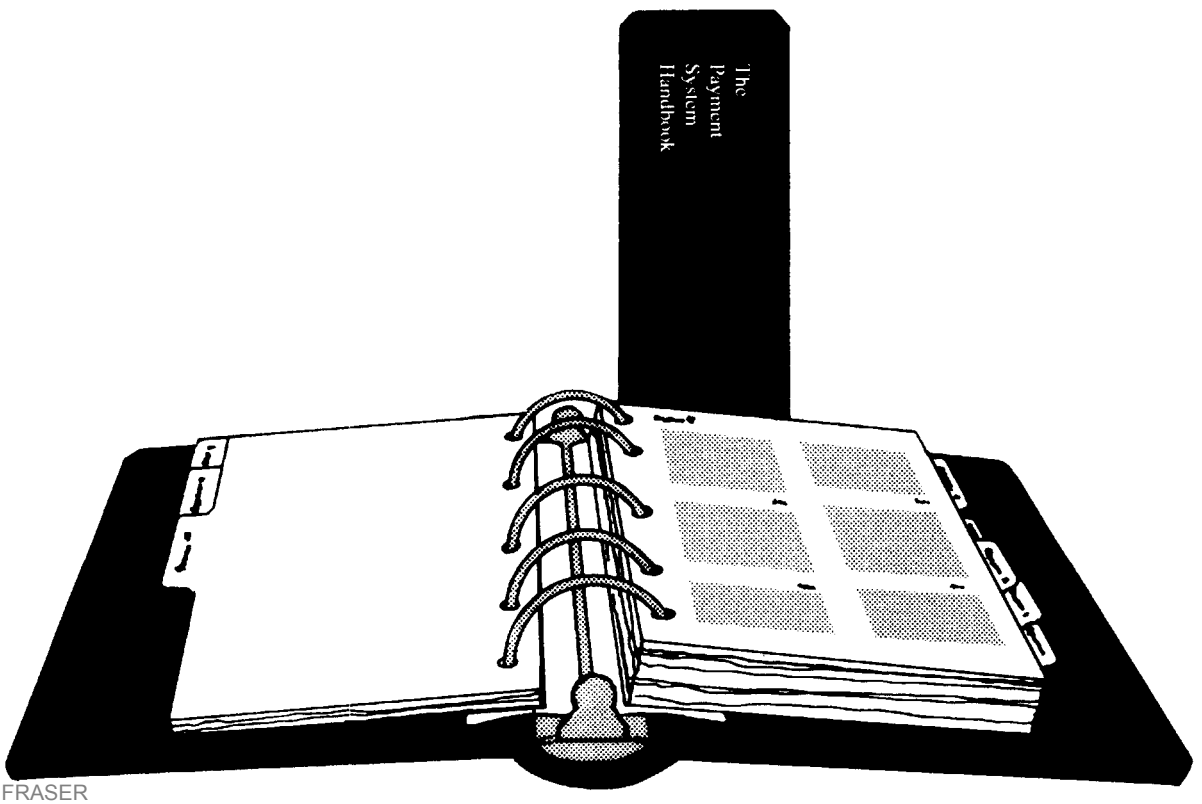
Publications of Interest

NEW HANDBOOK AVAILABLE FROM THE REGULATORY SERVICE

The Federal Reserve Board has announced publication of *The Payment System Handbook*. The new handbook, which is part of the *Federal Reserve Regulatory Service*, deals with expedited funds availability, check collection, wire transfers, and risk-reduction policy. It includes Regulation CC (Availability of Funds and Collection of Checks), Regulation J (Collection of Checks and Other Items and Wire Transfers of Funds by Federal Reserve Banks), the Expedited Funds Availability Act and related statutes, official Board commentary on Regulation CC, and policy statements on risk reduction in the payment system. In addition, it contains detailed subject and citation indexes. It is published in loose-leaf binder form and is updated monthly.

To promote public understanding of its regulatory functions, the Board publishes the *Federal Reserve Regulatory Service*, a three-volume loose-leaf 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, consumer affairs, and, available for the first time in September 1988, *The Payment System Handbook*.

For domestic subscribers, the annual rate for *The Payment System Handbook* is $75. For subscribers outside the United States, the price, including additional air mail costs, is $90. For the *Federal Reserve Regulatory Service*, not including handbooks, the annual rate is $200 for domestic subscribers and $250 for subscribers outside the United States. All subscription requests must be accompanied by a check payable to "Board of Governors of the Federal Reserve System." Orders should be addressed to Publications Services, Mail Stop 138, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.



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Publications of Interest

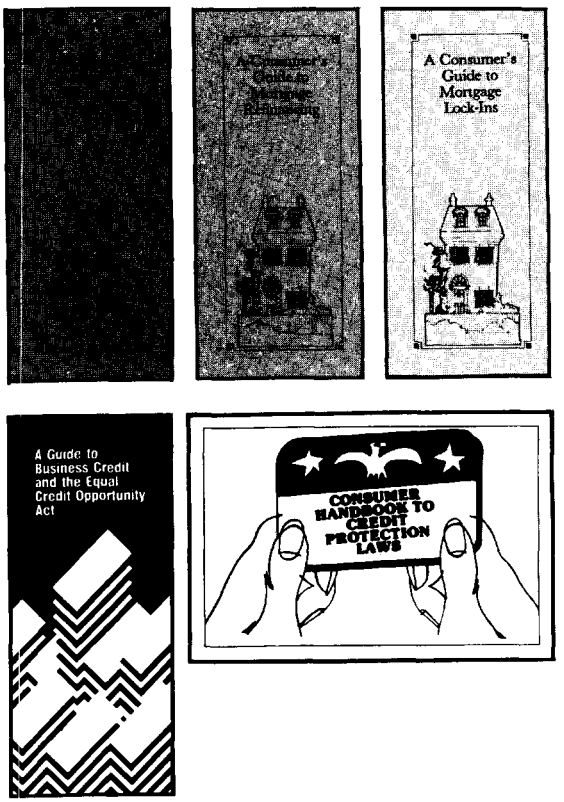
FEDERAL RESERVE CONSUMER CREDIT PUBLICATIONS

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 resolve a billing error.

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 credit.

Three booklets on the mortgage process are also available: *A Consumer's Guide to Mortgage Refinancing, A Consumer's Guide to Mortgage Lock-Ins,* and *A Consumer's Guide to Mortgage Closings*. These booklets were prepared in conjunction with the Federal Home Loan Bank Board and in consultation with other federal agencies and trade and consumer groups.

Copies of consumer publications are available free of charge from Publications Services, Mail Stop 138, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. Multiple copies for classroom use are also available free of charge.



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